

# WORLD TRADE ORGANIZATION

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## Working Party on the Accession of Lithuania

### DRAFT REPORT OF THE WORKING PARTY ON THE ACCESSION OF LITHUANIA TO THE WORLD TRADE ORGANIZATION

#### Revision

#### INTRODUCTION

1. The Government of Lithuania applied for accession to the General Agreement on Tariffs and Trade (GATT 1947) in January 1994. At its meeting on 22-23 February 1994, the GATT 1947 Council of Representatives established a Working Party to examine the application of the Government of Lithuania to accede to the General Agreement under Article XXXIII of the General Agreement. Following the conclusion of the Uruguay Round, Lithuania requested accession to the World Trade Organization (WTO) under Article XII of the Marrakesh Agreement Establishing the World Trade Organization. In accordance with the Decision adopted by the WTO General Council on 31 January 1995, the existing GATT 1947 Accession Working Party was transformed into a WTO Accession Working Party. The terms of reference and the membership of the Working Party are reproduced in document WT/ACC/LTU/1/Rev.7.

2. The Working Party met on 10 November 1995; 25-26 March and 7 October 1996; 26 March 1997 and ..... under the Chairmanship of Mr. Peter Witt (Germany).

#### DOCUMENTATION PROVIDED

3. The Working Party had before it, to serve as a basis for its discussions, a Memorandum on the Foreign Trade Regime of Lithuania (L/7551), the questions submitted by Members on the foreign trade regime of Lithuania together with the replies thereto and other information provided by the Lithuanian authorities (WT/ACC/LTU/2 and Addendum 1; WT/ACC/LTU/4; WT/ACC/LTU/5; WT/ACC/LTU/7 and Addendum 1; WT/ACC/LTU/9; WT/ACC/LTU/10; WT/ACC/LTU/12; WT/ACC/LTU/15; WT/ACC/LTU/16; WT/ACC/LTU/17; WT/ACC/LTU/19; WT/ACC/LTU/22 and Revision 1; WT/ACC/LTU/23; WT/ACC/LTU/24; WT/ACC/LTU/26; WT/ACC/LTU/27; WT/ACC/LTU/32; WT/ACC/LTU/33; WT/ACC/LTU/35; WT/ACC/LTU/36, including Revisions 1, 2 and 3; WT/ACC/LTU/41; WT/ACC/LTU/42; WT/ACC/LTU/43; WT/ACC/LTU/48;.....), including the legislative texts and other documentation listed in Annex I.

## INTRODUCTORY STATEMENTS

4. In his introductory statement, the representative of Lithuania noted that his country was small and heavily dependent on foreign trade. Since restoration of independence in 1990, the centrally planned system in force had been effectively replaced by a market-oriented economy. Lithuania had established a new banking system and its own currency and was proceeding on fundamental economic reforms, including the enactment of new legislative measures, privatization, deregulation of prices and trade, in close cooperation with international institutions. However, economic transformation could only be successful if supported by integration into the world economy and the international trading system based on the principles of the WTO.

5. Lithuania's foreign trade patterns had also changed significantly since 1990. The share of trade with countries in the Commonwealth of Independent States had declined substantially while trade flows with other countries had increased. Lithuania's overall balance of payments was in surplus despite a trade deficit. Lithuania had resisted protectionism in a period of difficult economic transition. The foreign trade regime would be liberalized further. Several trade agreements had been signed, reducing barriers to trade, and other agreements were under negotiation. Accession to the WTO was a matter of highest priority as Lithuania sought integration into the world economy on the basis of internationally recognized rules, providing a stable and predictable environment and a precise legal framework for trade among nations. Lithuania's accession would also have positive repercussions for its trading partners.

6. In their opening remarks, members of the Working Party welcomed the request from Lithuania to accede to the WTO. Lithuania's integration into the world economy and trade on the basis of multilaterally agreed principles and rules was seen as an important element underpinning economic and institutional reforms in Lithuania.

7. The Working Party reviewed the economic policies and foreign trade regime of Lithuania and the possible terms of a draft Protocol of Accession to the WTO. The views expressed by members of the Working Party on the various aspects of Lithuania's foreign trade regime, and on the terms and conditions of Lithuania's accession to the WTO are summarized below in paragraphs 8 to [184].

## ECONOMIC POLICIES

### Monetary and Fiscal Policy

8. The representative of Lithuania recalled that the direction of macro-economic policies during 1995 to 1997 had been laid down in a Memorandum of State Economic Policy of the Republic of Lithuania, a copy of which had been provided to the Working Party. More specifically, he explained that the tax system consisted of corporate profit tax; personal income tax; value added tax; excises; social security tax; taxes on natural resources, oil and gas; pollution tax; customs duties; a tax on fixed property; road tax; land taxes; stamp tax (State fees and charges, for example, for obtaining licences); and other taxes (inheritance tax, consular fees, etc.). The tax on pollution was meant to encourage investment in clean (environmentally-friendly) technologies. The tax was levied on legal and natural persons polluting the environment. The tax was specific and its level was based on the quantity, degree of harm and type of pollution. Taxes on fixed property and the road tax had been introduced in 1995. The road tax was levied on enterprise revenue (0-1 per cent) except for banks which paid a percentage of the margin earned.

9. Monetary policy was determined in the context of Lithuania's currency board arrangement, implemented by the Bank of Lithuania in accordance with the Law on the Credibility of the Litas, which had entered into force on 1 April 1994. Since 1997, the Bank of Lithuania had followed a monetary policy strategy approved by its Board and outlined in the Monetary Policy Programme for 1997-2000. The currency board arrangement whereby the Litas was pegged to the U.S. dollar was being continued to anchor Lithuania's macroeconomic policies.

### Foreign Exchange and Payments

10. The representative of Lithuania informed the Working Party that his country had recorded a steadily rising deficit in its merchandise trade of US\$324 million in 1994, US\$943 million in 1995, US\$1,204 million in 1996, US\$1,784 million in 1997, US\$2,083 million in 1998, and US\$1,795 million in 1999. Monetary and foreign exchange policies in Lithuania had been based on a currency board arrangement since 1 April 1994. The national currency - the Litas - was pegged to the US Dollar. Lithuania's acceptance of the requirements of Article VIII of the Articles of Agreement of the IMF, providing for currency convertibility for current international transactions, constituted formal confirmation of the maintenance of convertibility of the Litas. According to a statement by the Bank of Lithuania of 13 October 1999, the Lithuanian Government intended to modify the currency board arrangement by basing it on the Euro, although the precise moment for doing so would depend on developments in the Lithuanian economy. Lithuania maintained no restrictions on capital transfers. Residents could open accounts in foreign banks and non-residents were allowed to keep accounts with

commercial banks in Lithuania. Current accounts and other types of accounts in any currency could be opened and maintained without restriction.

### Investment Regime

11. The representative of Lithuania said that foreign and domestic investment was as a rule treated equally, except that foreign investment was prohibited in areas related to national security and defence, and the organizing of lotteries in accordance with the new Law on Investment of 7 July 1999, which had replaced the Law on Foreign Capital Investments in the Republic of Lithuania. Further, in June 1996, Parliament (the Seimas) had approved an amendment to the Constitution allowing foreigners to purchase certain types of land (non-agricultural plots required for the construction and operation of buildings and facilities necessary for their direct activity).

12. Following its replacement by the Law on Investment in July 1999, the tax advantages for investors foreseen in the previous Law on Foreign Capital Investments had been maintained in various other tax laws. Taxation of foreign enterprises would continue to be no less favourable than the rules applied to domestic natural and legal persons. Lithuania offered certain tax holidays. Enterprises established between 1 August 1995 and 1 April 1997, with foreign investment of minimum US\$2 million were exempt from profit (income) tax for the first three years and subject to a 50 per cent tax reduction for the following three years, starting from the day the first profit was achieved. Domestic and foreign small enterprises (number of employees not exceeding 50 and annual sales of no more than 1 million Litass) received tax reductions amounting to 50 per cent. Producers of agricultural products were assessed profit tax at the rate of 10 per cent provided the agricultural items accounted for minimum 50 per cent of total sales of the enterprise. As from 1 April 1997, Lithuania exempted all profit of domestic or foreign enterprises spent on capital investments from profit (income) tax. Foreign investors had the right, having paid the taxes, to transfer the profit, income or dividends belonging to them by virtue of ownership to a foreign country without any restrictions. If an enterprise was under liquidation by its founders, the assets or a portion thereof corresponding to the amount of foreign investment which, on the decision of the shareholders, were due to foreign investors, could be taken out of the country tax free (covering physical and financial assets) upon payment of corporate taxes due to the State and settlement of accounts with creditors and employees. Eligibility for these benefits was not contingent upon export performance or use of domestic inputs in the production process. Since 1 October 1998, an investor investing not less than 200 million Litass within three years could request an investment agreement with the Government. The agreement confirmed that direct taxes stipulated in the tax laws in force at the time of investment could not be increased for this enterprise for a period of five years from the time of the investment.

### State Ownership and Privatization

13. The representative of Lithuania explained that privatization had initially been implemented through investment vouchers which could be used to purchase State property, residential housing, agricultural enterprises and repurchasing of land. Most of this privatization, which allowed bids by employees and management, had proceeded without foreign participation. Marking the second stage of the privatization process, a Law on Privatization of State-Owned and Municipal Property had entered into force in September 1995, providing for privatization through public subscription of shares; public auction; public tender; sale through direct negotiation; capital lease; and the creation of a State Privatization Agency, which had become the State Property Fund on 11 May 1998. The State had retained stakes in some farms or enterprises (30-90 per cent) until they were fully privatized in connection with their transformation into joint-stock companies during the first stage of privatization. Assets sold by public auction were privatized in their entirety and the State generally did not retain ownership in privatized enterprises. The new Law on Privatization of 4 November 1997, which had replaced the 1995 Law, stipulated that foreign and domestic investors would participate in the privatization process on an equal basis, both in the form of direct and portfolio investments. Pursuant to the 1995 Law, the Government had established a list of enterprises in agro-processing, agro-services, industrial and other sectors to be subject to auctions and tendering. The list established in 1997 had comprised 1,114 enterprises, including enterprises part-privatized at the first stage of privatization, and large-scale enterprises previously excluded from privatization such as energy, communications and transport services. As of 1 January 2000, the number of enterprises offered for privatization had increased to 3,100 entities.

14. Privatization in agriculture, including the restoration of land to former owners, had proceeded despite certain legal problems (only the State and natural persons could own land), uneconomic partitioning of land and other main assets, and lack of capital for family farming. The general policy in this area was to offer preferential bidding terms to agricultural producers. Farmers had been offered favourable terms in the privatization of some processing industries (meat, grain, dairies and sugar factories). In most food processing sectors 90 per cent or more of the assets had already been privatized. Regarding privatization in the sugar sector, Lithuania had four sugar refineries, all of which had been transformed into joint-stock companies. These had been fully privatized in Summer 1998, when a private investor purchased the remaining State share in all four companies.

15. As a result of these various privatization efforts, by 1 January 1999 Lithuania had wholly privatized all State-owned farms (not including agricultural processing enterprises). By 1 January 2000, Lithuania had made significant progress in the privatization of 218 agro-processing (meat, milk, grain, crop selection, etc.) and agro-service enterprises that had been identified for privatization and expected

to complete the process by the end of 2000. The 218 enterprises represented the entire share of all State-owned assets in agro-processing. The State had excluded from the privatization process its stakes in (i) 19 experimental farms at research institutions of agricultural science studies; (ii) 54 teaching farms at agriculture schools; and (iii) eight farms of pure-strain enterprises. However, the State was not the sole provider of agriculture research and technical facilities. Private companies were free to engage in such activities, and there were no restrictions or special requirements on imports of such products and services.

16. Significant progress had also been made in privatizing industry. During 1991-1995 (the first stage of privatization), approximately 88 per cent of the industrial (goods) enterprises, 97 per cent of the services enterprises, 86 per cent of the transportation enterprises and 82 per cent of the commerce enterprises identified for privatization, had been privatized. Enterprises not privatized or partially privatized during the first stage had been included in a new list of enterprises earmarked for privatization at the second stage. During 1996-1999, privatization had been completed for 25 per cent of the identified industrial enterprises, 28 per cent of the transportation enterprises and 36 per cent of the commerce enterprises. The process had been given new impetus by the decision to allow privatization in industrial and non-agricultural service sectors to take place on a cash (rather than voucher) basis, allowing the participation of foreigners. As part of the plan to privatize on a cash basis the State intended to sell shares in joint-stock companies, retained during the first stage of privatization, to qualified bidders. The Lithuanian Government had built on its success in privatizing small and medium sized enterprises to draw up plans for the privatization of 14 large and strategic enterprises in key industries and services sectors (energy, communications, transportation, etc.). Privatization was carried out on a cash basis and was open to foreign and domestic investors alike. In addition, the Government had undertaken programmes to privatize the two remaining State commercial banks in Lithuania - the Lithuanian Savings Bank and the Lithuanian Agriculture Bank. These currently State-owned enterprises and banks represented the bulk of the remaining capital to be transferred to private ownership. The process of privatizing large State enterprises, including banks, was expected to continue for some time. The largest privatization contract in the Baltic States had been concluded on 7 July 1998 with the purchase of 60 per cent of "Lietuvos Telekomas" (Lithuanian Telecom) by Amber Teleholdings, a consortium owned by Telia (Sweden) and Sonera (Finland). The most important privatization agreement had been concluded on 29 October 1999, when the U.S. company "Williams International" had bought 33 per cent of the shares of the State-owned oil refinery, joint stock company "Mazeikiu Nafta". A hotel ("Lietuva"), a sea cargo company ("Klaipėdos Smeltė"), a ship repair yard ("Vakarų laivų remontas"), a Lithuanian shipping company ("Klaipėdos jūrų krovinių kompanija"), an insurance company ("Lietuvos draudimas"), and the joint stock company "Lietuvos kuras" (Lithuanian Fuel) had also been privatized, and other enterprises were in the process of privatization.

17. A Law of 28 December 1994 provided a list of State enterprises not to be privatized until the year 2000. The original list had been reexamined, and the authorities had decided to proceed on the basis of a more specific sub-division of these enterprises, hence the list had been broken down into 960 entities active in areas such as recreation, transportation, pharmacies and postal services. The list had subsequently been reduced under an amendment to this Law on 3 April 1997, and currently comprised 59 entities, including large-scale entities such as Lithuanian Post, railways and their infrastructure, pipelines, electricity transmission lines, sea ports, etc. The Government would review the need for further privatization in 2000. Another 95 enterprises, such as the State Nuclear Power Plant, were currently not included in the privatization plans.

18. Some members requested Lithuania to provide a table or chart indicating the status of privatization, by size and/or type of firm, addressing all enterprises still wholly or partly owned by the State, information on how many State-owned firms existed prior to privatization, how many had been fully privatized, a list of enterprises and sectors still wholly or partly owned by the State, the portion of equity still owned by the State, the portion of output and trade represented by private firms, how many firms had been prepared for privatization and for which privatization was pending, and how many were not at this time contemplated as part of the privatization programme. Lithuania should also define the conditions whereby it would consider its privatization programme completed and when it expected to accomplish this. The representative of Lithuania submitted information on the privatization process in Lithuania (1991 - 31 July 1997), circulated in document WT/ACC/LTU/17 of 26 September 1997. Of the approximately 8,065 enterprises owned by the State prior to privatization, 5,714 entities valued at 3.2 billion litas had been privatized during the first stage of privatization (1991-1995). Entities not 100 per cent privatized during the first stage had been included in the second stage of privatization. The second stage (January 1996 – December 2000) had thus far covered the privatization of 1,364 entities worth some 3 billion litas. Detailed information on privatization of State and municipal assets and agricultural enterprises is presented in Table 1(a)-(c).

19. The representative of Lithuania confirmed the readiness of Lithuania to ensure the transparency of its ongoing privatization programme and to keep WTO Members informed of its progress in the reform of its transforming economic and trade regime. He stated that his Government would provide annual reports, along the lines of that provided to the Working Party, to WTO Members on developments in its programme of privatization as long as the privatization programme would be in existence. He also stated that his Government would provide annual reports on other issues related to economic reforms as relevant to its obligations under the WTO until 31 December 2004. The Working Party took note of these commitments.

### Pricing Policies

20. Some members of the Working Party noted that certain goods and services remained subject to price controls and requested details and plans regarding further deregulation of prices. Lithuania was asked to list the products subject to price controls and to provide information on the legal basis for these controls, the reasons for these controls and the conditions under which such or extended controls might be applied in the future.

21. The representative of Lithuania replied that price controls had been relaxed gradually in Lithuania. Controls on mark-ups on foodstuffs had ceased as of 1 April 1995, thus profit margins were no longer limited at the processor or retail level. He provided an updated list of goods and services subject to price control, reproduced in Table 2. He did not believe that the number of goods and services subject to price controls would increase in the future. Further price liberalization in transportation and telecommunications would be linked to increasing competition resulting from economic restructuring and privatization. He confirmed that Lithuanian industries did not receive electricity and gas at subsidized prices, but price controls would remain on residential use of electricity, natural gas and heating to support low-income households. He said that the price control on State-owned land was connected with the restoration of private land ownership as part of agricultural reform. He further stated that price control on State-owned land would be abolished after the restoration of private land ownership in the course of the implementation of agricultural reform. Upright wood (HS 0602.99.41) from State-owned forests was subject to minimum, not maximum, prices. Wood from private-owned forests was not under State price regulation. He confirmed that the Government would revise those price controls. He confirmed that prices of goods and services in every sector, with the exceptions listed in Table 2, were determined freely by market forces. The list of goods and services subject to price controls set by the State and any changes to this list would be published in the Official Gazette, and price controls set by municipalities would be published in the local mass media.

22. The representative of Lithuania confirmed that his Government would apply the minimum prices and price controls on products and services contained in Table 2, and any that are introduced or re-introduced in the future, in a WTO consistent fashion, and take account of the interests of exporting WTO Members as provided for in Article III.9 of the GATT 1994. Lithuania also will publish the list of goods and services subject to State price controls in the Official Gazette including any changes from the list in Table 2. The Working Party took note of this commitment.

### Competition Policy

23. The representative of Lithuania said that a new Law on Competition had been adopted by Parliament on 23 March 1999. The new Law, which had replaced the 1992 Law on Competition,



improved the control of restrictions of competition in Lithuania. Supervised by the Competition Council, the Law was applied to all enterprises irrespective of ownership or kind of economic activity across the entire territory of Lithuania. The Law regulated practices restricting competition or involving unfair competition. The exemption from the Law on Competition in favour of the union of sugar producers had been eliminated in accordance with the Law on the Amendment and Supplement to the Law on Sugar of 8 July 1999. He added that the Government had approved Resolution No.137 of 18 February 1997 (amendment of 30 April 1999) concerning the "State Aid Monitoring Order", which sought to prevent distortions to competition being created by State aid provided to individual operators in the market.

24. The Competition Council had investigated 48 cases of abuse of dominant position between 1992 and 1999. A further 3 cases had been opened in 2000. Dominant enterprises were those controlling 40 per cent or more of the relevant domestic market; the Council had included enterprises with market shares exceeding 60 per cent in a list of dominant suppliers. In January 1996, the Competition Council had listed six enterprises holding from 60 to 90 per cent of their respective markets and having abused their dominant positions by charging unreasonably high prices during 1994-1995. The six enterprises were obliged to notify price changes in advance to the Competition Council. The list of dominant enterprises had been discontinued. Abuse of dominant position would henceforth be investigated on a case-by-case basis. In 1997, 44 cases of presumed violation (abuse of dominant position, mergers, unfair competition, prohibited agreements) of the Law on Competition had been investigated, and the Competition Council had adopted the appropriate decisions. Fines had been imposed in 36 cases. By January 1999, 107 investigations had been carried out on the basis of complaints or at the Council's own initiative. During 1998, the Council had taken 19 decisions, and fined 23 economic entities. In 1999, 80 investigations had been carried out, 14 decisions had been taken, and 3 enterprises had been fined.

#### FRAMEWORK FOR MAKING AND ENFORCING POLICIES

25. The representative of Lithuania said that sovereign State power in Lithuania was exercised by the President, the Seimas, the Government and the judiciary. The Seimas was a one-chamber Parliament with 141 members. The Seimas considered and enacted amendments to the Constitution, enacted laws, considered the programme of the Government, approved the State budget, established State taxes and other obligatory payments, ratified international treaties, and considered other domestic and foreign policy issues. The President of the Republic was the Head of State. The President represented the State of Lithuania and performed the duties laid down by the Constitution and the laws, including the passage of Presidential Decrees. The Government was the highest authority of executive power. The Government was led by the Prime Minister and currently consisted of 14 Ministries.

Discharging the duties prescribed by the Constitution and other laws, the Government was bound in its activities by the Constitution, laws and other legal acts adopted by the Seimas, including international treaties and Agreements, or decrees of the President. The Government implemented these legal acts in the form of resolutions. Each resolution of the Government was an act incorporating concrete implementation measures. Thus, legal acts of the Government did not require further approval by Parliament. In exceptional circumstances requiring immediate decision, the Government could pass a temporary measure (resolution) while Parliament's adoption of a law was pending.

26. The hierarchy of legislative acts in Lithuania comprised the Constitution, Constitutional Law, International Treaties and Agreements, Laws and other legal acts adopted by Parliament, decrees of the President, Government Resolutions, and other legal acts of governmental bodies. The WTO Agreement would have the status of an international treaty. The Law on Order of Publishing and Entry into Force of Legal Acts of 6 April 1993 and its amendment of 18 May 1999 had established the order of entry into force of legal acts in Lithuania. Having been published in the Official Gazette, legal acts entered into force on the following day, or on a later date stipulated in the published legal act. The judicial system in Lithuania comprised the Constitutional Court, the Supreme Court, the Appeals Court, the County Court and District (city) Courts, and the system of administrative courts described in paragraph [27].

27. A special dispute settlement order existed under Article 24/1 of the Civil Process Code with regard to measures or decisions taken by official or government institutions. On 14 January 1999, Parliament had passed the Law on Administrative Procedure. The Law, which had entered into force on 1 May 1999, set out the legal procedure for administrative cases. The objective of the Law was to establish how administrative cases of conflicts, deriving from relations governed by administrative law, would be examined. The Law established a system of three-stage administrative courts. In general, the administrative court had competence to act as an arbiter in disputes involving public administration and natural or legal persons, including decisions or actions of State or local self-government administration going beyond their competence or specifically infringing laws or supplementary legal documents. The Law was the principal law determining legal procedures for administrative cases, including the procedure for traders to refer measures affecting international trade to an independent judicial body. Issues not regulated by the Law were covered by the Code of Civil Procedures. In his view, Lithuania's mechanism complied fully with the requirements of GATT Article X:3(b) and GATS Article VI:2.

28. The representative of Lithuania added that local governments acted freely and independently within the limits of their competence, established by the Constitution and laws. Local Councils maintained the right, within established limits and in accordance with procedures laid down by law, to levy taxes on excavation sites, traffic access, parking, street vendors, visual commercial advertisements, etc. However, municipalities were not entitled to tax items subject to taxation at the national level.

Local authorities thus could not apply duties on imported goods. The representative of Lithuania confirmed that sub-central administrative authorities, e.g. local administrative bodies, had no jurisdiction or authority to establish regulations or taxes on goods and services in Lithuania independent of the central authorities, and that application of these measures was exclusively the responsibility of the executive and legislative branches of the central Government.

29. The representative of Lithuania confirmed that sub-central entities had no autonomous authority over issues of subsidies, taxation, trade policy or any other measures covered by WTO provisions. He confirmed that the provisions of the WTO Agreement, including Lithuania's Protocol, shall be applied uniformly throughout its customs territory and other territories under its control, including in regions engaging in border trade or frontier traffic, special economic zones, and other areas where special regimes for tariffs, taxes and regulations are established. He added that when apprized of a situation where WTO provisions were not being applied or were applied in a non-uniform manner, central authorities would act to enforce WTO provisions without requiring affected parties to petition through the courts. The Working Party took note of these commitments.

#### POLICIES AFFECTING TRADE IN GOODS

##### Trading Rights (the right to import and export)

30. Some members of the Working Party noted that laws and regulations relating to the right to trade in goods (also sometimes referred to as "registration requirements" or "activity licensing") should not restrict imports of goods in violation of the general prohibition on quantitative restrictions in GATT Article XI:1, nor should they discriminate against imported goods in violation of the non-discrimination provisions of GATT Article III:4. Furthermore, fees and charges levied on the right to import should be limited to the approximate cost of services rendered (Article VIII:1(a)) and taxes and charges on the right to trade in imported goods should not lead to discrimination in favour of like domestic products (Article III:2).

31. In order to establish whether these GATT provisions were observed, some members requested Lithuania to supply information on (i) the conditions attached to the right to import individual products or groups of products, including all fees and charges levied on these rights; and (ii) the conditions attached to the right to engage in the internal sale, offering for sale, purchase, transportation, distribution or use of individual products or groups of products, including all taxes and charges on these activities, in particular when these distinguished between imported products and products of national origin. Lithuania was also asked to provide information on how it would bring its policies into line with GATT requirements whenever this was necessary and, in particular, how it would modify its stamp taxes to conform to relevant GATT rules.

32. The representative of Lithuania replied that the following types of entities, which have the right to engage in commercial/economic activities could be registered in Lithuania: individual (personal) enterprises; partnerships; limited partnerships; stock corporations (public and closed); State enterprises; agricultural companies and cooperative companies. Both foreign and domestic legal or natural persons could register to do business in Lithuania. However, individuals could not register to import, but they could establish an enterprise and the enterprise could register to import.

33. He added that certain activities were subject to licensing in accordance with the Law on Amendments and Supplements of the Law on Enterprises of 25 September 1997. Table 3.1 listed goods-related business activities subject to licensing in Lithuania. He confirmed that Lithuania maintained the same criteria and procedures for reviewing applications for licences to engage in trade or production of goods, whether the applicants intended to deal in domestic or imported goods, or a combination thereof, except as noted in paragraph [36] below. The number of economic activities requiring licence had been significantly reduced under a new amendment of the Law on Enterprises, and he expected further reductions in the number of licensed activities in the future. Licensing of commercial activity, including importation, was currently applied to products containing alcohol; tobacco and tobacco products; oil products; narcotics and poisonous substances; and ammunition, weapons and pyrotechnics (updated information on licensing criteria for imported goods was provided in document WT/ACC/LTU/19). Two activities - production of products with ethyl alcoholic strength exceeding 22 per cent; and the printing of money, postage stamps and coins - could only be undertaken by enterprises owned by the State or municipalities, or special enterprises. The exclusive rights to produce alcoholic beverages with strength greater than 22 per cent did not extend to the importation of such beverages.

34. Concerning the activity licensing of production and trade in alcoholic beverages, he said that the State Tobacco and Alcohol Control Agency issued separate activity licences for wholesale trade in alcoholic beverages produced in Lithuania, and for importation and production of alcoholic beverages. The licensing requirements for alcoholic beverages were identical for all types of activity. The Agency issued licences for importation and wholesale trade in alcoholic beverages while retail traders obtained authorization from municipal authorities. He stressed that domestically-produced alcohol was subject to the same restrictions and regulations as imported products. In all, about 12,000 import, wholesale and retail licences had been issued during 1995, about 11,000 licences in 1996, 10,500 in 1997, 10,200 licences in 1998, and some 10,600 in 1999.

35. The activity licensing for importation of alcoholic beverages had been changed. Parliament had approved the Law on Amendment and Supplement to the Law on Alcohol Control on 8 April 1997. One of the purposes of the new Law was to harmonize the existing Law on Alcohol Control with the

provisions of the WTO. The new Law did not restrict the number of activity licences to import alcoholic beverages and did not require importers to limit their choice of imports to foreign companies included in the bulletins of the Association of Manufacturers of Alcoholic Beverages. According to the provisions of the new Law, there were no tenders for issuing activity licences for importation of alcoholic beverages or for engaging in domestic trade. Activity licences for importation of alcoholic beverages were accordingly now granted to all applicants against payment of the stamp tax provided the companies were registered in Lithuania, followed the regular procedures for obtaining a licence, and submitted all documentation required under Lithuanian law. The conditions for new entrants had improved as no credit was given for prior experience as an importer. In addition, the licences to engage in importation, production, and wholesale and retail trade of alcohol - previously valid for one year only - were now of unlimited duration. Interested enterprises were required to renew their registration once a year, but this was effected without any additional documentation.

36. The representative of Lithuania added that activity licences and licences for importation and transit were granted automatically and on a non-discriminatory basis, except in the following cases:

- (i) no activity licences were granted to foreigners for the organizing of lotteries;
- (ii) applications for licences to import or transit could be rejected or subject to limitations regarding activities related to strategic goods - production and importation was strictly controlled for reasons of national security (according to COCOM requirements - see paragraph [69] for further details) or environmental protection;
- (iii) the right to manufacture products of ethyl alcoholic strength exceeding 22 per cent (by volume) was reserved for enterprises owned by the State or municipalities, or special enterprises; and
- (iv) the right to print money, postage stamps and mintage was reserved for State enterprises.

37. The representative of Lithuania said that the Government levied a stamp tax on a number of services provided by its institutions (described in the Section "Fees and Charges for Services Rendered"). The Government also levied stamp taxes for the issuance of activity licences. The annual stamp taxes for activity licences on alcohol and alcoholic beverages, tobacco and petroleum products are listed in Table 4. Tax rates had been established in accordance with Resolution No. 1123 of 11 November 1994, and were indexed to the rate of inflation. The tax was related or limited to the approximate cost of the services rendered and differed according to the nature of the licensed activity, bearing in mind that activity licences to import alcoholic beverages and petroleum products would also cover wholesale of the products, and that importation/wholesale licences also included a larger number of products than wholesale licences for domestically-produced goods only. Stamp taxes for activity

licensing related to importation and wholesale included an important fiscal element, and were also important to encourage responsible importers and wholesalers who would be prepared to follow customs and tax procedures, and pay the required tariffs and taxes. When granting the activity licence the Government would specify the type of beverage to be imported by a particular enterprise, i.e. vodka, vodka and other spirits, wine, etc., but not the value or volume.

38. A member welcomed the reduction of activity licensing as a method of regulation and revenue, but was concerned that licences such as those to import alcohol and petroleum were being granted only with a tax which did not apply to domestic producers or distributors. The size of some of the fees were not associated with the cost of the services rendered; they rather served as revenue raisers and barriers to entry, thus WTO rules on national treatment applied in full. The licensing fees on trade in oil products were possibly a disguised tax on the importation of refined petroleum products. He remained concerned that the fees applied for certain import activity, e.g. in the areas of alcoholic beverages, tobacco products, and petroleum products were a disguised tax on that trade. Lithuania would need to change its system if it amounted to a tax on importation.

39. The representative of Lithuania replied that the system had been changed through Government Resolution No. 744 of June 1998 (as amended by Resolution No. 366 of 31 March 2000), and would be further amended prior to accession to address remaining issues. He confirmed that the new system would be in full compliance with WTO rules prior to that time. The new equalized stamp taxes for engaging in importation and trade in alcoholic beverages had been applied since 1 May 2000. Under the new order, an activity licence, valid for one year, to import and engage in wholesale of imported alcoholic beverages cost 80,000 litas (US\$20,000); for beverages of alcohol strength less than 22 per cent – 40,000 litas (US\$10,000); and beer only – 10,000 litas (US\$2,500). The same taxes would be charged for activity licences to engage in wholesale trade of alcohol produced in Lithuania (see Table 4 for a full list of these stamp taxes). An activity licence to import alcoholic beverages also covered wholesale of the products. The importation/wholesale licence also included a larger number of beverage brands (about 1,000) than a wholesale licence for domestically produced beverages (some 100-150 products). He confirmed that further amendments to Government Resolution No.1123 of 11 November 1994 "On the Approval of Stamp Tax Tariffs and Procedure of Stamp Tax Payment and Refunding" and Government Resolution No.559 of 5 June 1997 "On Licensing the Importation, Wholesale and Retail Trade in Alcoholic Products" would be implemented to equalize the stamp taxes for production, wholesale and importation activities for alcoholic beverages prior to Lithuania's accession to the WTO.

40. Stamp taxes for activity licence in importation/wholesale and wholesale of oil and oil products as well as of motor oils had been equalized through Government Resolution No.366 of 31 March 2000.

An activity licence for importation/wholesale of oil and oil products cost 120,000 litas (US\$30,000), and the same stamp taxes were charged for wholesale in oil and oil products. The stamp taxes for licences to engage in importation/wholesale of motor oil amounted to 5,000 litas (US\$1,250), and the stamp taxes for wholesale of motor oil also cost 5,000 litas. The new equalized stamp taxes had been applied since 1 May 2000. The licence fee for importation of tobacco products - Lt. 15,000 per year - was equal to the corresponding fee for wholesale trade in tobacco products according to Government Resolution No. 180 of 13 February 1998.

41. The representative of Lithuania confirmed that the former State monopoly in foreign trade had been abolished and that no restrictions existed on the right of foreign and domestic individuals and enterprises registered in Lithuania to import and export goods within Lithuania's customs territory, except as provided in paragraph [36] and as provided for in WTO Agreements. He confirmed that individuals and firms were not restricted in their ability to import and export based on their registered scope of business, and the criteria for registration were generally applicable and published in the Official Gazette.

42. The representative of Lithuania confirmed that Lithuania would ensure that its laws and regulations relating to the right to trade in goods and all fees, charges or taxes levied on such rights were in full conformity with its WTO obligations, including Articles VIII:1(a), XI:1, and III:2 and 4 of the GATT 1994 and that it would also implement such laws and regulations in full conformity with these obligations. The Working Party took note of this commitment.

#### Market Access Negotiations

43. Lithuania engaged in market access negotiations on goods with interested Members. Lithuania's Schedule of Concessions and Commitments on Goods is annexed to the Protocol of Accession of Lithuania which is reproduced in the Appendix to this Report.

### IMPORT REGULATION

#### Customs Code

44. The representative of Lithuania said that the Seimas had approved a Customs Code on 18 April 1996, replacing the Law on Customs of 29 April 1993 and certain provisions of the Law on Customs Tariff and other legislation. The Customs Code had entered into force on 1 January 1998. The Customs Code was based on the provisions of the Community Customs Code (Council Regulation 92/2913/EEC and its amendments), defining the responsibilities of government institutions involved in the administration of customs and providing the framework for importation, exportation and goods in

transit. The implementing provisions of the Code were fully based on the Implementing Provisions of the Community Customs Code (Commission Regulation 93/2454/EEC and its amendments). Among the most important provisions were the Order of Customs Valuation of Goods No. 748 of 9 June 1999 (described in the section "Customs Valuation"), and the Order of Determination of Origin of Goods and on Certificates of Origin.

45. [The representative of Lithuania confirmed that Lithuania's customs regulations would be fully consistent with WTO provisions from the date of accession and that Lithuania's implementing regulations and other legal requirements for implementation would be in place by that date. The Working Party took note of this commitment.]

#### Ordinary Customs Duties

46. The representative of Lithuania confirmed that the Convention on the Harmonized System had entered into force in Lithuania on 1 January 1995. The structure of customs tariffs was regulated by the new Law on Customs Tariffs, which had entered into force on 1 July 1998. Tariff rates could be changed by government decision based on proposals by Ministries, taking account of Lithuania's international obligations and commitments. Tariffs had accordingly been reduced on major food products (milk and dairy products, butter, eggs, sausages and sugar) in September 1995. In accordance with Government resolution No. 1245 of 20 October 1998, customs duties had been increased temporarily on some agricultural and food products (meat, milk, sugar, grain and grain products), effective 1 November 1998. The increase in duty rates was based on Government Resolution No. 1122 of 17 September 1998 "On provisional measures for the facilitation of export of Lithuanian goods, protection of domestic market, strengthening the position of Lithuania", which had been approved in response to the financial crisis in Russia. Goods were subject to the autonomous rate of duty, except for imports originating in countries enjoying most-favoured-nation status in Lithuania which were subject to conventional import duties, and goods imported under free trade agreements.

47. Applied tariff rates were *ad valorem* except for specific (mixed) duties on alcohol, tobacco, raw sugar and fertilizers. The specific elements of mixed duties on meat and dairy products had been eliminated in February 1995.

#### Other Duties and Charges

48. The representative of Lithuania confirmed that Lithuania did not apply duties and charges on imports other than ordinary customs duties. Any such charges applied to imports after accession would be in accordance with WTO provisions. He further confirmed that Lithuania would not list any other charges in its goods schedule under Article II:1(b) of the GATT 1994, binding such charges at "zero".



Tariff Rate Quotas, Tariff Exemptions

49. Some members noted that Lithuania had used tariff quotas to provide for temporary import relief for goods in short supply. Lithuania was asked to specify the goods subject to tariff quotas and to explain the operation of the quota system. Lithuania should also provide a justification for the system, some information on the portion of imported products affected, and outline plans for the disposition of the system after Lithuania's accession to the WTO.

50. The representative of Lithuania replied that general tariff quotas could be opened for any product considered to be in short supply. Tariff quotas had been opened under Government Resolution No. 653 (8 May 1995), implementing the Law on State Regulation of Economic Relations in Agriculture (22 December 1994), but the list of products subject to general tariff-rate quotas had been abolished by Government Resolution No. 793 of 30 June 1998. He confirmed that imports from all countries were afforded the same access under the general tariff-rate quotas.

51. In general, tariff rate quotas allowed imports at zero (or reduced) tariffs. Tariff rate quotas could be granted only when domestic production of a certain commodity or product, combined with imports at the MFN tariff rate, would be insufficient to satisfy domestic demand or when certain commodities or products were not produced in Lithuania. If such a shortage was deemed imminent in Lithuania, the tariff quota amount would be determined and a public tender announced in the Official Gazette. Enterprises/importers requesting quotas or participation in tenders submitted application forms to the responsible Ministry. In most cases, tariff rate quotas for the main agricultural products and foodstuffs were auctioned to the highest bidder, and tariff quotas for some products (such as pure-breeding animals and poultry, semen, boars, etc.) were provided to applicants without restrictions. Tariff rate quotas could also be distributed proportionally to the quantities requested to all applicants if all met the requirements of the tender. The same system applied to industrial products, but it had not yet been used.

52. The representative of Lithuania said that the Ministry of Agriculture authorized imports of non-bottled alcoholic beverages and raw materials for alcoholic beverages under general tariff-rate quotas (30 per cent reduction of the tariff rate) opened in accordance with Government Resolution No. 672 of 27 May 1999. Permission was granted automatically upon presentation of an application and a sales contract, but only to companies holding activity licences for the production of alcoholic beverages, i.e. to the authorized producers (not necessarily "State enterprises") which had obtained licences from the State Tobacco and Alcohol Control Agency to import alcohol and produce alcoholic beverages. Their number was not limited, and new entrants could obtain an activity licence against payment of the corresponding fee. Enterprises not licensed for the production of alcoholic beverages could import such

raw materials at the MFN rate of duty. The system had been introduced to fight illegal production of counterfeit alcoholic products. Tariff quotas for imports of ethyl alcohol for technical uses were granted automatically to companies substantiating their needs.

53. A member requested the disposal, prior to accession, of Lithuania's requirement to use domestic sugar prior to allowing imports. In reply, the representative of Lithuania said that Lithuania had abolished the requirement to use domestic sugar prior to allowing imports. The Law on Sugar (with recently adopted amendments) regulated the sugar market in Lithuania. The Law defined measures to regulate the internal sugar market such as purchase quotas and minimum purchase prices for local raw sugar purchased under these quotas, and State control of sugar quality and certification. In response to requests from WTO Members, Lithuania had decided to eliminate arrangements whereby sugar processors' imports of sugar under tariff quota had been made conditional on the purchase of specific quantities of domestically-produced beet sugar, the exemption from the Law on Competition for the union of sugar producers, minimum import prices, and import quotas. These measures had been terminated through the "Amendment and Supplement to the Law on Sugar" approved by Parliament on 8 July 1999. He added that his Government determined the order and conditions for application of measures defined under the Law on Sugar. Current measures regulating the sugar market were import duty, excise duty (on sugar and products containing more than 20 per cent sugar, since 1 November 1998), automatic import licensing, and minimum import prices (to be abolished on 1 April 2000). Moreover, his Government determined an annual production quota for white sugar used by sugar refineries, and minimum purchase prices for sugar produced from beet purchased under these quotas.

54. A member noted that, in the market access negotiations, Lithuania had agreed to provide guaranteed minimum quantities of access for a number of products, including sugar, through opening of a tariff rate quota. This commitment differed from the arrangements described above in paragraph [51]. This member asked for details of how this tariff quota would be allocated.

55. In reply, the representative of Lithuania said that tariff quotas included in Lithuania's schedule of concessions and commitments on goods would be made available only for the importation of product from MFN suppliers and would not be used to meet Lithuania's preferential obligations under bilateral or regional free trade agreements. The Working Party took note of this commitment.

56. The representative of Lithuania said that from the date of accession any application of general tariff rate quotas [such as those described in paragraph 51] would be in accordance with the provisions of Articles III and XIII of GATT 1994. The Working Party took note of this commitment.

Fees and Charges for Services Rendered

57. The representative of Lithuania said that, in accordance with the Law on Stamp Tax of 23 June 1994 and rates established through Resolutions No. 1123 of 11 November 1994 and No. 640 of 23 June 1997, stamp taxes (i.e. State fees and charges) were levied for the issuance of official documents (such as licences) as well as for the provision of certain services by government institutions, including customs clearance operations. Stamp taxes were collected by the institutions responsible for issuing the appropriate documents. The State Tax Inspectorate of the Ministry of Finance controlled how these institutions collected the Stamp Taxes. He stated that the Stamp Tax was set at different rates depending on the nature of the product and the type of service provided. Customs services fees amounted to 10-110 Litas for the registration of goods and 25 Litas for the issuance of documents, including certificates of origin. The stamp taxes applicable for the processing of imports by customs and for other purposes related to trade are enumerated in Table 5. He stated that these fees and charges were related or limited to the approximate cost of the services rendered. Additional customs fees were assessed for supplementary services such as customs formalities performed outside the Customs office or outside its normal business hours, for the supply of non-confidential information from the database of the Customs Department, etc. At the request of a member seeking clarification whether taxes on trade activities were collected by Lithuania's consulates abroad, in particular whether formalization of export or import documents was required at consulates prior to shipment, he also provided information on consular fees, underlining that these fees were not related to importation, exportation or transit issues. He also confirmed that formalization of export or import documents was not required at Lithuania's consulates abroad.

58. A member asked whether the list of stamp taxes in Table 5 was comprehensive, and noted that while some of these fees were not large, many of them did not seem related to any service other than generating revenue, e.g. fees of 2,000 to 6,000 Litas on imports for commercial sale of colour copiers and guns did not seem related to the cost of customs operations. These "fees" appeared to be taxes applied to imports and should be adjusted to ensure their conformity with Article III of the GATT. In reply, the representative of Lithuania said that the list of stamp taxes provided in Table 5 covered the fees and charges for services rendered relating to importation and exportation, and the list was comprehensive. He added that revenues generated by stamp tax fees were remitted to the general revenues in the State budget, and that Lithuania could not supply specific data on whether the stamp tax revenues collected were in line with the cost of customs operations covered by the fees since neither the Customs Department nor any other institution had performed such calculations

59. The representative of Lithuania confirmed that Lithuania would ensure that any fees and charges for services rendered listed in Table 5 or introduced in the future would only be applied in

conformity with the relevant obligations of GATT 1994, and from the date of accession any application of fees and charges by Lithuania for services rendered on or in connection with importation or exportation would be in accordance with the relevant provisions of the WTO Agreements, in particular Articles VIII and X of GATT 1994. After accession, information regarding the application and level of any such fees, revenues collected and their use, would be provided to WTO Members upon request. The Working Party took note of these commitments.

#### Application of Internal Taxes to Imports

60. Some members of the Working Party asked Lithuania to enumerate the products subject to excise taxes, comment on the use of specific rates and confirm whether imported and domestic products were treated equally. In reply, the representative of Lithuania provided the information on product-specific excise taxes reproduced in Table 6. Rates were *ad valorem*, in some cases specific minima had been established (in Litass per unit). Lithuania had no plans to convert specific amounts into *ad valorem* rates since large price differentials existed between domestic and imported goods. On domestic products, excise taxes were levied on the selling price exclusive of VAT; the tax base for imports was the customs value inclusive of customs duties.

61. Some members noted that excise taxes on beer and wine were differentiated and that imported cigarettes attracted the highest excise tax rate, while taxes on domestically-produced cigarettes were differentiated according to quality. A member requested Lithuania to (i) explain exactly what it would do concerning the preferential tax on small breweries; (ii) confirm that the differential treatment of tobacco excise taxes for "Philip Morris Lietuva" and "House of Prince Lietuva" [Table 6, footnote] had expired and that all tobacco products were taxed equally; (iii) explain the exemption for a jet fuel joint venture; and (iv) explain why meads were taxed at a rate different from other distilled spirits, reminding Lithuania that a preferential tax rate for a domestic product was not consistent with GATT Article III.

62. The representative of Lithuania replied that excise taxes had been differentiated (based on quality) for cigarettes and certain domestically-produced and imported wine and beer until April 1998. Lithuania had taken concrete steps to bring its excise taxes into conformity with GATT Article III, as follows: Imported wine was no longer taxed at differentiated rates, and differentiated excise taxes had been abolished for both imported and domestically-produced filter-tipped cigarettes according to Government Resolution No. 393 of 3 April 1998. Addressing the specific points, he said that (i) a lower rate of excise tax was applied to small producers of beer. As from 1 January 2000 and in accordance with the Amendment to the Law on Excise Taxes of 23 December 1999, a partial exemption of excise tax (i.e. a 50 per cent reduction) was granted for the first 100,000 dekalitres of beer produced by small producers with annual production of less than 800,000 dekalitres. The lower tax rate was also applicable

to foreign small producers of beer. He considered that this measure, while not fully consistent with GATT Article III, would provide more equitable treatment for imports pending further amendments to the Law on Excise Taxes to bring it into conformity with WTO provisions; (ii) "Philip Morris Lietuva" was at present the only importer of tobacco (HS 2403.10.90.1.) for the production of cigarettes. The "House of Prince Lietuva" did not produce cigarettes and therefore did not benefit from the exemption. However, according to the Law any new entrant would benefit from the same exemption for the importation of tobacco to be used for the production of cigarettes which, in his view, justified such differential treatment of tobacco; (iii) as from 1 April 2000 (under the Amendment to the Law on Excise Taxes of 17 February 2000), excise tax was not levied on any enterprise (domestic or foreign) having a licence to supply jet fuel (HS code 2710.00.51.0) to enterprises transporting passengers or cargo in international air traffic; and (iv) the excise tax exemption for beverages (HS code 2206.00.89.0) produced by "Lietuviškas midus" had been eliminated in accordance with Government Resolution No.1515 of 30 December 1998 and the Amendment to the Law on Excise Taxes No.VIII-982 of 21 December 1998. Concerning the excise tax differentiation between mead and other distilled spirits, he stressed that products under HS Code 2208.90.69.1 included mead of foreign origin, and Lithuania's treatment was therefore, in his view, consistent with GATT Article III. The different taxation of mead beverages (domestic or foreign) from other beverages was due to the costs of the special production technology of mead beverages, i.e. the raw materials used in such production (the most important ingredient of these beverages being mead) were 10-12 times more expensive than the spirit raw material used in the production of other alcohol beverages. Thus, prices of mead-based alcohol beverages were much higher than prices of other alcohol beverages. [Moreover, different excise taxes were also applied to alcohol beverages with the same strength in recently acceded countries such as Georgia, Kyrgyz Republic and Estonia.][A member reiterated that Lithuania's practice of taxing mead and other strong distilled alcoholic beverages at a lower rate than distilled alcoholic beverages of lesser strength was inconsistent with recent WTO panel rulings, which had confirmed the need for domestic taxes on such products to be levied at an equal rate. Lithuania's mead tax did not meet this standard.]

63. The representative of Lithuania added that sugar and products containing more than 20 percent sugar had become subject to excise as from 1 November 1998. Revenue from this excise tax was earmarked for farmers growing sugar beet. Purchase prices for domestically-grown sugar beet had been reduced to world market levels (i.e. the price did not exceed US\$300 per ton), and to compensate farmers for the income loss, excise tax had been introduced on sugar and sugar containing products at the rate of Lt 1 per kg sugar. The tax was levied on domestically-produced and imported products. The list of sugar containing products (included in Table 6), and their basic sugar content, had been approved by the Ministry of Agriculture. The revenue collected from the excise was accumulated in a special account for farmers' compensation; subsidies for sugar processors were not foreseen. There were no

exemptions from excise tax for any supplier of sugar. VAT and excise tax on exported sugar and sugar containing products were refunded upon exportation.

64. Some members of the Working Party asked about the application of value added tax in Lithuania, including the basis for taxation of imported products. A member asked for a clarification on the treatment of imported like-products in the light of Article III of the GATT 1994, noting that Lithuania had applied a reduced rate of VAT to some agricultural products of domestic origin.

65. The representative of Lithuania said that value added tax of 18 per cent was charged on goods and services. Goods imported into bonded warehouses and all exports were zero rated, and a number of goods and services were exempt from VAT (Table 7). Provisions regarding VAT had been changed in 1995 and 1996; a temporary rate of 9 per cent and exemptions from VAT for some products had been applied until 1 January 1997. Since that date, both domestic and imported products had been subject to 18 per cent value added tax. The tax base for the imposition of VAT included excise taxes, if any, and customs duties on imported products.

66. The representative of Lithuania stated that, from the date of accession, Lithuania would, with one exception, apply its domestic taxes on products, including those listed in paragraphs [62 to 65 and] Tables 6 and 7 in strict compliance with Article III of the GATT 1994, in a non-discriminatory manner to imports regardless of country of origin and to domestically-produced goods. Lithuania's excise taxes applied to imported and domestic beer, from whatever size brewery, would be equalized or otherwise brought into conformity with Article III of the GATT by 31 December 2005. The Working Party took note of this commitment.

#### Quantitative Import Restrictions, including Prohibitions, Quotas and Licensing Systems

67. A member sought an undertaking from Lithuania that any quantitative import restrictions inconsistent with Article XI of the GATT 1994 would be eliminated on accession. This member also noted a ban on imports of alcoholic beverages with more than 50 per cent alcohol content, although one such beverage (mead) was produced domestically by a State-trading enterprise, and stated that this practice was not justifiable under Article XX of the GATT. Lithuania was accordingly asked how it intended to address this issue.

68. The representative of Lithuania stated that Lithuania did not maintain import prohibitions other than a ban on the import of snuff and chewing tobacco (HS 2403.99.10.0), which was administered in conjunction with a ban on domestic production of the same products which would be justified under Article XX(b) of the GATT 1994. A ban on the importation of mead and other beverages with alcohol content of more than 50 per cent had been abolished in accordance with the Law on Amendments and

Supplements on Alcohol Control of 10 December 1998. Lithuania did not maintain any import quotas. The Law on Alcohol Control authorized the introduction of production and import quotas for certain alcohol products should the number of patients suffering from alcoholic psychosis exceed levels established by the Ministry of Health. However, these provisions had not been applied thus far.

69. Information on import licensing procedures according to the format applicable to WTO Members was provided to the Working Party in documents WT/ACC/LTU/7/Add.1 and WT/ACC/LTU/19 (the section "Trading Rights" and Tables 3.1 and 3.2 contain information on licensing of business activities). The representative of Lithuania stated that Lithuania did not maintain any import licensing restrictions other than for the following goods:

- narcotics and other controlled substances (HS codes 1211; 1301; 1302; 2905; 2918; 2921; 2922; 2924; 2925; 2926; 2932; 2933; 2934; 2939; 2914.30.10; 2924.29.50; 2932.90.75; 2932.90.77; 2939.40.10; 2939.40.30; 2939.60.10; 2939.60.30; 2939.60.50; 2939.90.71) - justified under Article XX(b);
- dual use goods (civil and military), means of defence, chemical and biological materials which can be used in the production of chemical and bacteriological weapons of mass destruction; nuclear missiles, equipment and technologies; and goods and technologies used in the production of missiles - justified under Article XXI;
- dangerous goods (United Nations list of goods - justified under Article XXI);
- used tyres (HS 4012.20.90) and electric fishing tackle (HS 8543.80.80.0) - justified under Article XX for reasons of environmental protection. The criteria for granting permission to import used tyres were based on the importer presenting evidence to the authorities that he had contracted the delivery of the equivalent of half the quantity to be imported to a company specializing in the processing or utilization of used tyres and that he possessed storage facilities for tyres. The importer should also own equipment for restoration of used tyres, and he should have permission from the authorities to use national resources.

Common requirements for the issuance of import licences were: the application; the certificate of enterprise registration; the statutes of the enterprise; a tax inspection certificate confirming all income declared and taxes paid; a certificate from the Customs Office regarding compliance with customs obligations; confirmation of payment of Stamp taxes; and, in the case of rental, the lease contract for storage or warehouse premises.

70. The representative of Lithuania confirmed that Lithuania would, from the date of accession, eliminate and would not introduce, reintroduce or apply quantitative restrictions on imports or other non-tariff measures such as quotas, bans, permits, prior authorization requirements, licensing requirements and other restrictions having equivalent effect that cannot be justified under the provisions of the WTO Agreement. He added that import licences required for importation described in paragraphs [68 and 69] of this report and in document WT/ACC/LTU/19 would be granted in conformity with WTO provisions. He further confirmed that the legal authority of the Government of Lithuania to suspend imports or exports or to apply licensing requirements that could be used to suspend, ban or otherwise restrict the quantity of trade would be applied from the date of accession in conformity with the requirements of the WTO, in particular Articles III, XI, XII, XIII, XIX, XX and XXI of the GATT 1994, and the Multilateral Trade Agreements on Agriculture, the Application of Sanitary and Phytosanitary Measures, Import Licensing Procedures, Safeguards, Technical Barriers to Trade and the Understanding on Balance-of-Payments Provisions of the GATT 1994. The Working Party took note of these commitments.

#### Customs Valuation

71. Noting a statement by Lithuania that existing legislation did not yet incorporate all provisions of the GATT 1994 Customs Valuation Agreement, Lithuania was requested to explain which provisions were missing and detail plans for the introduction of these provisions. Some members further noted that Government Resolutions No. 751 of 25 June 1996 and No. 895 of 7 August 1997 appeared to authorize reference prices on imports.

72. The representative of Lithuania said that provisions governing customs valuation were laid down in Chapter 6 of the Customs Code, which had entered into force on 1 January 1998. Articles 29-37 of the Code repeated verbatim the key provisions on customs valuation of the GATT 1994 Agreement, and other elements of the GATT 1994 Agreement had been incorporated in the implementing provisions of the Customs Code laid down in the Order of Customs Valuation of Goods, adopted by Government Resolution No. 748 of 9 June 1999, which had entered into force on 1 April 2000. Articles 29-37 of the Customs Code and its implementing legislation contained WTO-conform provisions in several areas which had been missing in previous legislation governing customs valuation, including on prohibited valuation methods, notification to importers, confidentiality, the valuation of carrier media bearing software for data processing equipment, and valuation of interest charges. The Interpretative Notes of the GATT 1994 Agreement earlier omitted from the above-mentioned legislation had been included in the new Order of Customs Valuation of Goods. The conformity of Lithuania's current provisions with the WTO Agreement on Customs Valuation on an article by article basis is set out in Table 8.



73. Some members noted that Lithuania had been applying a "price-in-checking" system which, in their view, did not conform to the hierarchy of valuation methods provided for in the Agreement. Lithuania was urged to use WTO-consistent provisions to assess valuation of imports; the "price-in-checking" system should not be in place after Lithuania's accession to the WTO. In reply, the representative of Lithuania confirmed that Government Resolution No. 751 of 25 June 1996 (as amended) on "Customs Assessment of Prices for Imported Goods" had allowed minimum import prices and also established a special price list ("price-in-checking" system) for some specific goods. However, these measures were no longer valid as from 1 April 2000. The current customs valuation system of Lithuania was therefore, in his view, in full conformity with WTO requirements.

74. Having reviewed the new Customs Code with respect to customs valuation, a member noted that its provisions did not seem to represent full implementation of the WTO Agreement on the Implementation of Article VII of the GATT 1994. Article 29 appeared to permit customs valuation based on measures inconsistent with the Agreement, the Interpretative Notes of the Agreement were not fully incorporated, Articles 2 to 6 of the WTO Agreement were implemented on an incomplete basis, the Code contained no legal reference to the provisions of Article 7.3 of the Agreement (importers' right to a written explanation of alternative valuation methods), the wording of Article 33 of the Customs Code regarding the dutiability of royalty payments was somewhat broader than the WTO Agreement, Article 35 of the Customs Code did not commit Lithuania to valuation of software based on the value of the media, and the Customs Code contained no legal counterparts to WTO provisions regarding confidentiality, right of appeal, and the right to a written explanation.

75. The representative of Lithuania replied that the concern regarding Article 29 of the Customs Code was a misunderstanding arising from a translation error; the Article was to be used in all cases when import duties and other import taxes, or value-based import prohibitions (for products such as snuff and chewing tobacco and nuclear materials) or restrictions (i.e. licensing or certification procedures), were applied. Existing implementing provisions of the Customs Code, laid down in the Order of Customs Valuation of Goods (Government Resolution No. 748 of 9 June 1999), incorporated the provisions of Articles 2 to 6 of the WTO Agreement, which had been missing in Article 31 of the Customs Code, as well as the definitions set forth in paragraphs 1 to 3 and in paragraph 5 of Article 15 of the Agreement, and the provisions concerning valuation of software based on the value of the carrier media. Lithuania had accordingly implemented Decision 4.1 of the Customs Valuation Committee concerning the valuation of carrier media bearing software for data processing equipment.

76. The Order of Customs Valuation of Goods, based on the appropriate provisions of the Code and incorporating all (except the few examples of the above mentioned Interpretative Notes) of the above-mentioned provisions had been adopted by Government Resolution No. 748 of 9 June 1999. This Order

was based on the Implementing Provisions of the Community Customs Code (Commission Regulation 93/2454/EEC) and had entered into force on 1 April 2000. The Order included the provisions of the Interpretative Notes of GATT 1994 Agreement which had not been incorporated in Lithuania's legislation previously. A comparison of the new Order with the provisions of the Customs Valuation Agreement, on an article-by-article basis, is presented in Table 8.

77. Regarding the right to written explanation and appeal, he said that Article 5 of the Customs Code covered requests of importers concerning explanation of alternative valuation methods. Customs was required to respond in writing to written requests. In case of rulings against the applicant, this information would also set out the grounds on which Customs had based its decision. The right of appeal was provided for in Article 226 of the Customs Code. He acknowledged that the Customs Code contained broader wording regarding the dutiability of royalty payments than the WTO Agreement, but noted that the wording of paragraph 1(3) of Article 33 of the Customs Code had been taken from the Interpretative Note to paragraph 1(c) of Article 8 of the Agreement.

78. The representative of Lithuania stated that the system of import reference prices, including those applied to sugar, grain and products thereof, poultry, forage products, leguminous vegetables, oil and products thereof, matches and corrugated sheets, as well as the system of "price-in-checking", had been eliminated on 1 April 2000, and that such measures would not be reintroduced except in accordance with WTO Agreements. The Working Party took note of this commitment.

79. The representative of Lithuania confirmed that as from the date of its accession Lithuania would not use any form of reference price of fixed values to establish the value of imports and exports for customs purposes. He also stated that from the date of its accession Lithuania's customs valuation legislation and practice would be in full conformity with the relevant WTO provisions, including Article VII of GATT 1994 and the Agreement on Implementation of Article VII without any transition period. The Working Party took note of this commitment.

#### Rules of Origin

80. The representative of Lithuania said that Lithuania followed the work of the World Customs Organization and the WTO regarding a harmonization programme for non-preferential rules of origin. In the meantime, Lithuania was taking into account and implementing the results of the WTO negotiations to maintain a transparent system for non-preferential rules of origin; to administer these rules of origin in a consistent uniform, impartial and reasonable manner; and to base these rules of origin on a positive standard. According to Chapter 5 of the Customs Code and Government Resolution No. 1077 of 1 October 1997 "On the Order of Determination of Non-Preferential Origin of Goods", which was based on the Implementing Provisions of the Community Customs Code (Commission

Regulation 93/2454/EEC), goods originated in a country if wholly obtained or produced in that country or, if more than one country was involved, where the raw materials or components underwent substantial, economically justified processing or working. Processing or working was considered substantial if resulting in a change in four-digit HS tariff heading for the new product, in other cases also when the value of materials or components which did not have country origin status formed not more than 50 per cent of the costs of value as well as for goods having undergone specific processing methods as indicated in Government Resolution No. 1077. These criteria applied in respect of goods originating in countries enjoying most-favoured-nation status in Lithuania. Imports from these countries satisfying the origin criteria would be subject to conventional (i.e. MFN) tariff rates, otherwise the (normally higher) autonomous tariff rates would apply.

81. He added that Chapter 5 of the Customs Code, which had entered into force on 1 January 1998, provided the framework for the application of non-preferential rules of origin which, in his view, were WTO-consistent. Those provisions stated, inter *alia*, that the originating status of a particular good was either the country where the good had been wholly obtained or, when more than one country was concerned in its production, the country where the last substantial transformation had been carried out. According to the Law on Customs Tariff, which had entered into force on 1 July 1998 and replaced the old Law, the country from which goods were imported into Lithuania was defined according to the regulations of the Customs Code and international agreements.

82. A member reviewed the information provided by Lithuania and was not convinced that Lithuania's rules of origin system met the procedural obligations in the WTO Agreement on Rules of Origin. Specifically, regarding preferential rules of origin, Lithuania was asked to confirm that administrative determinations of general application for preferential rules of origin were issued; that when issuing administrative determinations of general application, the method for calculating the *ad valorem* percentage criterion would be indicated in the preferential rules of origin; that assessments of the preferential origin accorded to a good were issued as soon as possible, but no later than 150 days after a request for such an assessment by an exporter, importer, or any person with a justifiable cause; and that any administrative actions taken in relation to the determination of preferential origin was reviewable promptly by judicial, arbitral or administrative tribunals or procedures, independent of the authority issuing the determination. Lithuania was also asked to clarify the role of "independent experts" in the determination of rules of origin.

83. The representative of Lithuania replied that preferential rules of origin, which formed an integral part of all free trade agreements concluded by Lithuania and enjoying the status of law, were applied in accordance with the implementing regulations of the Customs Department (currently the Order of Application of Preferential Duties of 4 July 1997). All free trade agreements in force had been

published in the Official Gazette. The method for calculating the *ad valorem* percentage was indicated in the preferential rules of origin, and Lithuania applied it in the same manner as the EU; EFTA States and CEFTA countries. Pursuant to Government Resolution No. 774 of 16 October 1992, all complaints, requests or suggestions of exporters, importers or any other person, including requests concerning assessments of preferential origin, were to be considered within one month. The Customs Code contained similar provisions on the examination of requests; where request for a decision was made in writing the decision should be made within 8 working days, unless laws and other legal acts provided another term, and a decision requiring additional information should be made within thirty working days. Exceptionally, the customs authorities could exceed the stipulated period by up to 10 working days. The applicant would be informed in writing of the decision or the extension of the period necessary for the examination of the request. According to the Customs Code, legal and natural persons had the right to appeal against all decisions taken by customs authorities including the determination of preferential origin to the Customs Department and/or to the Court.

84. Concerning the "independent experts", the representative of Lithuania said that this expression referred to private individuals or entities, licensed by the Customs Department, examining goods produced in Lithuania or exported from Lithuania, including verification of prices and preliminary assessment of preferential origin. The assessment procedure for goods produced in Lithuania had been established by the Ministry of Industry and Trade and Customs Department on 26 March 1993. Such examination was not obligatory for exporting companies; they could present documents proving the origin of goods or their own motivated conclusions. The experts were required to pass a test at the Customs Department once a year; ten "independent experts" had been certified for 2000. The experts were normally employees of companies carrying out such examinations, i.e. "Beckmann&Jorgensen kontrole" (Klaipeda), the Joint Stock Company Ltd. "Siauliu prekiu ekspertize" (Siauliai), the Joint Stock Company "Impeksservis" (Vilnius), "Kauno prekiu ekspertize" (Kaunas), and the Vilnius Chamber of Commerce, Industry and Crafts. Most of these enterprises were members of the Lithuanian Association of the Goods' Examination Enterprises. According to the procedure for assigning experts approved pursuant to the Statute of this Association, the experts were prohibited from disseminating confidential information. The procedure for assigning experts was based on the rules of the German Chamber of Commerce. Customs was not bound by examinations performed by "independent experts" – whose functions were of auxiliary or purely technical nature - and in issuing documents on preferential origin of goods these examinations would be verified once more. The final decision and the approval of certificates of origin of goods were taken by Customs or the Chamber of Commerce. He stressed that the "independent experts" did not evaluate whether or not imported goods fulfilled the requirements of preferential rules. The only function performed by the experts in respect of rules of origin was a preliminary assessment as to whether goods destined for export fulfilled the requirements of preferential

rules of origin in force. Payment for the work performed by the experts was calculated case-by-case and was approximate to the cost of the service rendered.

85. The representative of Lithuania confirmed that from the date of accession Lithuania's laws and regulations on rules of origin for both MFN and preferential trade would be [applied] in conformity with the provisions of the WTO Agreement on Rules of Origin[, in particular the provisions of Annex II]. In this regard, the requirements of Article 2(h) and Annex II, paragraph 3(d), i.e., that for non-preferential and preferential rules of origin, respectively, its customs authority will provide upon the request of an exporter, importer or any person with a justifiable cause an assessment of the origin of the import and outline the terms under which it will be provided. [Any request for such an assessment would be accepted even before trade in the goods concerned began. Any such assessment would be binding for three years.] The Working Party took note of this commitment.

#### Other Customs Formalities

86. Customs procedures had been streamlined for imports and exports of small consignments and frequent traders. The Customs Code contained appropriate provisions regarding the application of simplified procedures. Further work on simplification of existing customs procedures included the creation of a Customs Information System based on the ASYCUDA package of UNCTAD and the establishment of audit units at regional customs houses. These steps should reduce delays in customs clearance of goods at the border.

#### Pre-Shipment Inspection

87. The representative of Lithuania said that Lithuania did not engage private sector firms to carry out pre-shipment inspection. In case such a system would be introduced in the future, it would be temporary and consistent with the provisions and requirements of the WTO, in particular the Agreements on Preshipment Inspection and Customs Valuation.

#### Anti-Dumping, Countervailing Duties and Safeguard Regimes

88. Some members of the Working Party requested information about the status of legislation related to anti-dumping, countervailing duties and safeguard measures and its conformity with WTO disciplines. Lithuania was asked to provide an update on its intent and the development of legislation. A member reminded Lithuania that in the absence of the required legislation, Lithuania would not be able to avail itself of the temporary protection mechanisms provided for in the relevant WTO Agreements.

89. The representative of Lithuania replied that Lithuania had approved a Law on Antidumping, which followed fully the requirements of the WTO regarding anti-dumping, on 23 June 1998. The Law had entered into force on 1 July 1998, and implementing regulations concerning the determination of normal value, export price, dumping margin, domestic industry and injury, and the procedure for spot investigation had also been approved. Lithuania had adopted the Law on Countervailing Duties, and the Law on Safeguards, on 23 May 2000.

90. The representative of Lithuania said that any legislation in place at the time of accession or implemented in the future providing for the application of measures taken for safeguard, anti-dumping or countervailing duty purposes would conform to the provisions of the WTO Agreements on Safeguards, on Anti-dumping and on Subsidies and Countervailing Measures. In the absence of such legislative authority in place at the time of accession, Lithuania would not apply measures for safeguard, anti-dumping or countervailing duty purposes until legislation in conformity with the provisions of these WTO Agreements had been implemented. The Working Party took note of this commitment.

## EXPORT REGULATIONS

### Customs Tariffs, Fees and Charges for Services Rendered, Application of Internal Taxes to Exports

91. The representative of Lithuania said that export duties ranging from 15 to 50 per cent had been imposed temporarily on certain raw materials of importance to the local industry. All these export duties had been abolished in October 1994 by Government Resolution No. 985. Effective 1 July 1996, all export prohibitions of interest to the domestic industry had been lifted and replaced by export duties of 60 per cent, applied on an MFN basis, through Government Resolution No. 268 of 24 March 1997. In accordance with an amendment to Government Resolution No. 268 of 4 January 2000, all export duties had been eliminated, except for raw hides and skins, effective 10 January 2000. The export duties on raw hides and skins had been reduced from 30 to 15 per cent. [The products currently subject to export duties are listed in Table 9.1.] Export duties applied on a bilateral basis also affected only raw hides and skins, and were applied in accordance with the same amendment and at the same rate (Table 9.2, and discussed in further detail in the section "Trade Agreements"). All export duties, including those based on bilateral agreements, would be eliminated by 1 January 2001. The representative of Lithuania confirmed that any changes in the export tariff regime would be published in the Official Gazette.

92. Exported goods (other than raw hides and skins) were exempt from customs duties and VAT. Lithuania maintained some customs fees on exportation as part of the application of the Stamp Tax. These fees were related or limited to the approximate cost of the services rendered. The fees and charges are enumerated in [Table 5]. The new Customs Code, which had entered into force on

1 January 1998, provided a framework for the implementation of a duty drawback system in its Section 6 pertaining to inward processing. Article 125 of Section 6 allowed the holder of an authorization (generally the importer) to request the Government of Lithuania to repay an import duty when the authorization holder could prove that the imported good had been exported as part of a compensation product (a product incorporating the good originally imported). The refunded duty was limited to the amount of import duties paid for the originally imported products included in the compensating product, and thus did not constitute a subsidy to the exporter.

93. A member stated that Lithuania should eliminate the difference in the application of its export tariffs, and should commit that after accession, it would minimize the use of such taxes and that they would be applied in accordance with the provisions of the WTO Agreement. The representative of Lithuania said that use of export taxes would be consistent with WTO norms. Any such taxes at the time of accession would be in the Working Party report. After accession, any subsequent use of such measures would be published in the Official Gazette and notified to the WTO.

#### Export Restrictions

94. The representative of Lithuania said that all previous export bans had been abolished by Government Resolution No. 716 (of 18 June 1996) and replaced by export duties (Tables 9.1 and 9.2). Non-automatic licences or permits were required for exports of objects of cultural value (including raw materials of amber), wild animals (including their eggs, furs and stuffed animals), hunting and fishing trophies, products made from non-worked wild animals or their parts, objects of geological value, and colour copy machines. Licences were also required to engage in exportation of narcotics and highly effective substances (non-automatic), and oil products (automatic). The Law concerning Control of Import, Transit and Export of Strategic Goods and Technologies, entering into force on 1 July 1997, stipulated licensing by the Ministry of National Economy for exports of dual use goods, technologies and software. As a temporary measure in 1995, continued through 1996, the Government had maintained certain export restrictions during periods of short supply of grain, flour and compound feed. In the future, export quotas on agricultural products would only be temporary measures applied in emergency situations and, as from accession, in conformity with GATT 1994 obligations.

95. Some members asked Lithuania to provide the WTO justification for export licences. In reply, the representative of Lithuania said that automatic licensing for export of oil products was maintained for monitoring purposes, and that the licences for dual use products served to check and identify the use of the product at the foreign destination. Permits for export of wild animals, hunting and fishing trophies, products made from wild animals or their parts were required for the purpose of plant and animal protection; export permits for colour copy machines sought to prevent illegal printing of

counterfeit documents; and permits for export of objects of geological and cultural value were, in his view, justified on the basis of GATT Article XX.

96. The representative of Lithuania said that from the date of accession export restrictions would only be imposed in conformity with the provisions of Article XI of the GATT 1994. The Working Party took note of this commitment.

#### Export Subsidies

97. The representative of Lithuania said that Lithuania did not maintain any non-agricultural export subsidies, but he provided information on export promotion measures. His Government had adopted a Resolution "On Actions Improving Foreign Trade Regulation and Export Development" in January 1995. The Resolution covered drafting of legislation, export promotion and funding, management of trade-related information and education and training of export specialists. Lithuania had also adopted a National Programme of Implementation of Lithuanian Foreign Trade Policy Guidelines for 1996-1998. The programme included implementation of an export programme set up by the Lithuanian Development Agency and the establishment of an Export Promotion Fund and "Insurance of Lithuanian Export and Import" (LEID), in December 1997.

98. He added that five export promotion institutions were functioning in Lithuania, i.e. the Lithuanian Development Agency (LDA), the Insurance of Lithuanian Export and Import (LEID), the Export Promotion Fund, the Lithuanian Agricultural International Trade Agency (LAITA) and the Lithuanian Agricultural Products and Foodstuff Market Regulation Agency (LAPFMRA). The Lithuanian Development Agency (LDA), established in accordance with Government Resolution No.432 of 8 May 1997, performed a very important role in export promotion. The objective of the LDA was to provide comprehensive information on investment opportunities, conditions and procedures and to promote exports of Lithuanian goods and demand for Lithuanian services. The LDA had been established on the basis of two agencies, i.e. the Lithuanian Export Promotion Agency (established at the end of 1995) and the Lithuanian Investment Agency (established at the end of 1993). The LDA's main functions were to facilitate business partnerships and assist in contracts with Lithuanian authorities and business organizations; to analyze and provide information to Lithuanian exporters and service providers on foreign market conditions; to establish Lithuania's trade representation offices abroad; to prepare, implement and monitor trade development programmes to ensure their consistency with WTO rules; to study issues affecting trade activities and formulate recommendations to Lithuanian authorities; to consult State, public and private institutions on foreign trade issues; and to provide education and training to the foreign trade community in Lithuania.



99. LEID, which was minimum 51 per cent government-owned, insured bank loans related to production and export of goods and services. Responding to demands from the lending banks, companies concluded insurance contracts and paid the required premium to LEID. The Government had allocated Lt 27.6 million for the formation of the initial capital, reserves, etc., and had issued State guarantees for insurance contracts amounting to Lt 50 million. The Government had the right to cover LEID losses related to the insurance of political risk. He stated that LEID activities were based on the principles of the Bern Arrangement and recommendations of the OECD. The Business Development Council supervised LEID activities, decisions to assume losses of the LEID for insured political risks, etc. In addition, the Council decided on the financing of other export support measures, such as training, co-financing of exhibitions and fairs, preparation of prospects and catalogues, co-financed introduction of international standards and quality systems, etc. Some Lt 9 million had been allocated for such purposes in 1998, and about Lt 15.9 million in 1999.

100. The purpose of the Export Promotion Fund, established in December 1997, was to accumulate the State budget allocations designed to finance the export promotion measures, to increase LEID's (Insurance of Lithuanian Export and Import) capital or to execute undertaken guarantee obligations of the State with regard to companies which concluded insurance contracts. The Lithuanian Agricultural International Trade Agency (LAITA) had been launched in April 1997 by the Ministry of Agriculture to strengthen export promotion activities in Lithuania with the aim to assist the food and agriculture industry to improve the competitive position of Lithuanian produce in local and global markets. The State Enterprise Lithuanian Agricultural Products and Foodstuff Market Regulation Agency (LAPFMRA), founded in May 1998, was responsible for the execution of Lithuania's agricultural products and foodstuff market regulation and export stimulation program, for the purchase and sale of agricultural products and surplus foodstuff production; etc. Lithuania had notified LAPFMRA as a State trading enterprise on 17 March 1999 (document WT/ACC/LTU/31).

101. The representative of Lithuania said that Lithuania would not maintain, and from the date of accession would not introduce, subsidies which met the definition of a prohibited subsidy within the meaning of Article 3 of the Agreement on Subsidies and Countervailing Measures and would therefore not seek a transitional period for the elimination of such measures. The Working Party took note of this commitment.

## INTERNAL POLICIES AFFECTING FOREIGN TRADE IN GOODS

### Industrial Policy, including Subsidies

102. The representative of Lithuania expected that more time would be required to restructure Lithuania's industrial sector. The policy was to give priority to strategic restructuring, i.e. encourage the

development of new products, entry into new markets, the creation of international companies, quality improvement, reducing production costs and restructuring of pre-privatization large-scale entities. Industries targeted for development included food and beverages; light industry; wood processing and furniture; construction materials; machinery; electronics and electrical engineering; chemicals and oil processing; and pharmaceuticals. Potentially competitive enterprises had been identified through indicators such as current exports, labour productivity and size of investments. The Government had rejected applications for direct subsidies and other forms of financial support, giving more attention to general measures to improve the economic and legal environment. The Government paid due attention to the support of scientific research, introduction of innovations, environmental protection, assistance to newly established enterprises and the promotion of their establishment. Other State support measures were related to credit insurance, promotion of small and medium sized enterprises and quality improvement, the implementation of Small and Medium Business Development and other programs. Government agencies also played a role in seeking foreign partners for Lithuanian enterprises, and in channeling foreign technical assistance in strategic planning, company restructuring or in improving management skills to the recipients. Local authorities had the right to grant direct tax deductions for the development of small and medium sized enterprises, or direct tax exemptions for limited periods, in which case the local authorities were required to compensate the State budget for the shortfall in tax revenue. Certain subsidies were also provided to the State enterprises "Lietuvos Pastas" (Lithuanian Post), "Lietuvos Gelezinkeliai" (Lithuanian Railways) and to the State Agency for Inland Transport. Lithuania did not provide any other assistance to the industrial sector (other than tariff protection as laid down in the national customs tariff).

103. The representative of Lithuania confirmed that Lithuania did not maintain subsidies, including export subsidies, which met the definition of a prohibited subsidy within the meaning of Article 3 of the Agreement on Subsidies and Countervailing Measures, and that it would not introduce such prohibited subsidies in the future. The representative of Lithuania confirmed that any subsidy programs would be administered in line with the Agreement on Subsidies and Countervailing Measures and that all necessary information on programs to be notified, if such exist, would be provided to the Committee on Subsidies and Countervailing Measures in accordance with Article 25 of the Agreement upon entry into force of Lithuania's Protocol of Accession. The Working Party took note of this commitment.

#### Technical Barriers to Trade, Standards and certification

104. The representative of Lithuania explained that Lithuania was in a process of transition where mandatory (GOST) standards established under the former USSR system were replaced by a new system of voluntary standards and mandatory technical regulations. The Lithuanian Standards Board had performed functions relating to standardization, metrology, conformity assessment and quality

assurance until 1 January 1998, when the Board had been reorganized (Government Resolution No.105) in three State institutions under the Ministry of Public Administration Reforms and Local Authorities, i.e. the Lithuanian Standards Board, the State Metrology Service and the National Accreditation Bureau. The Lithuanian Standards Board had membership status within various international and European standardization organizations to facilitate adoption of international and European standards as Lithuanian standards. The Lithuanian Standards Board had been an affiliate member of the European Committee for Electrotechnical Standardization (CENELEC) since 1997, an affiliate member of the European Committee for Standardization (CEN) since 1993, a member of the European Telecommunication Standards Institute (ETSI) since 1996, a correspondent member of the International Organization for Standardization (ISO) since 1992, and an associated member of the International Electrotechnical Commission (IEC) since 1996. The State Metrology Service had been a correspondent member of the Organization for Legal Metrology (OIML) since 1994. The functions of national accreditation body were fulfilled by the National Accreditation Bureau in Lithuania. The Bureau was responsible for accreditation of testing, calibration laboratories, certification bodies for products, quality systems and personnel, as well as for inspection bodies. The Bureau had been full member of the European cooperation for Accreditation (EA) since June 1999. Lithuania had concentrated its resources toward implementation of a long-term programme for the adoption of international and European standards as Lithuanian standards, covering approximately 800 international and European standards. By April 2000, adopted European and international standards as Lithuanian standards comprised 66.5 per cent of all Lithuanian standards. According to the Law on Standardization, adopted on 11 April 2000, the status of the Lithuanian Standards Board had been changed from a governmental institution to a non-profit association. The Lithuanian Standards Board followed the principles of international and European standardization. Lithuanian standards were drafted in technical committees with the participation of manufacturers, consumers and representatives of State institutions on a voluntary and equal basis. The technical committees had been established according to the so-called "mirror principle" in relation to the technical committees of international and European standardization organizations. A national technical committee would nevertheless follow and take active part in the activities of several corresponding technical committees of international and European organizations.

105. A member noted that some of the legislation critical to the development of Lithuania's standards regime was still in preparation and expected Lithuania to adopt all necessary legislation to implement fully all obligations under the Agreement on Technical Barriers to Trade prior to the date of accession.

106. The representative of Lithuania said that all work required to bring technical regulations into conformity with the WTO Agreement on TBT had been completed. A Law on Metrology had been adopted in July 1996. A Law on Standardization, which defined the organizational framework for

standardization, including the basic principles, functional requirements and main resources, had been adopted on 11 April 2000. The Law on Conformity Assessment had been approved in October 1998. The Law defined the main principles of the conformity assessment system covering mandatory and voluntary sectors, and the structure of the system, including accreditation, testing, certification, inspection and suppliers' declaration. A Law on Products' Safety had been adopted on 1 June 1999. The Law determined the general requirements for product safety, the basis for imposition of technical regulations, and the general principles for the functioning of a market surveillance system. Lithuania had established the TBT Enquiry Point at the Lithuanian Standards Board in November 1996. The Enquiry Point, inter alia, fulfilled the function of enquiry point in conformity with the WTO Agreement on TBT and would also provide notifications. Rules governing the exchange of information between Ministries involved in standards issues and the enquiry point, including the notification requirements, had been approved by the Government on 20 May 1999. Lithuania had introduced provisions allowing foreigners to comment on technical regulations not consistent with international norms. Information on draft standards in Lithuania was published in the official bulletin of the Lithuanian Standards Board. Basic rules of procedure for technical work relating to the preparation and adoption of international and European standards as Lithuanian standards and the Code of Good Practice, as required under Annex 3 of the TBT Agreement, had been approved on 22 February 1999. The representative of Lithuania provided a detailed checklist of on TBT requirements and compliance by Lithuania in document WT/ACC/LTU/41.

107. Lithuania's system of conformity assessment, notably the certification activities, was based on normative documents prepared according to ISO/IEC guidelines, mainly ISO/IEC Guides 22 and 28, and the Supplier's Declaration of Conformity. Domestic and imported goods were treated equally. Lithuanian certification bodies could recognize certificates issued by foreign bodies in accordance with the relevant procedures. Certification bodies had been established for mandatory certification of electrical appliances (the Certification Centre of Electrotechnical Production in Vilnius), for general-purpose electronic equipment (the State Medical and Electronic Equipment Centre of Certification "SERTIKA" in Kaunas), for construction materials (the State enterprise Certification Centre of Building Products in Vilnius), and for information technology products (the State Certification Body "Infostruktura"). The four certification bodies based their work on Government Resolution No. 474 of 22 June 1992, Order No. 160/114 of 29 June 1995 of the Ministry of Industry and Trade and Lithuania's Standards Board, Government Resolution No. 593 of 12 June 1997, and Government Resolution No. 687 of 26 June 1997.

108. Foreign certificates for imported oil products needed to correspond to mandatory quality indicators approved by the Ministry of Economy. Government Resolution No. 883 (29 November 1993) On the Approval of Traffic Rules established technical inspection requirements for

imported vehicles. All pharmaceutical products required registration before being sold in Lithuania. Some other non-food items were subject to verification requirements under Government Resolution No. 53/89 of 31 August 1994. Marking regulations had been established by Order No. 42/25/107 of 23 February 1995. For other technical requirements see document WT/ACC/LTU/7/Add.1.

109. Conformity assessment procedures were established by legal acts of responsible government institutions. The Law on Conformity Assessment did not contain specific guidelines for testing laboratories, certification bodies, inspection bodies and accreditation bodies, but indicated that participants in the conformity assessment system should meet the requirements of international and relevant European documents and other related regulations. The Law permitted Lithuania to recognize product test reports and issue certificates of conformity in accordance with procedures established by the relevant international agreements. Lithuania had signed agreements on mutual recognition of test reports and certificates of conformity with Poland, Slovakia, Bulgaria, Belarus, Russia and Ukraine; agreements with the Czech Republic and Romania were under negotiation. Cooperation agreements on accreditation between the corresponding institutions of Lithuania, Latvia and Estonia had also been signed. Lithuania recognized certificates of conformity of foreign countries after performing their recognition procedure by the relevant Lithuanian certification bodies. Lithuania recognized certificates for measuring instruments issued by the International Organization for Legal Metrology (OIML). The representative of Lithuania stressed that no relationship existed between the certification process and import licensing requirements.

110. The representative of Lithuania stated that Lithuania would ensure that its technical regulations, standards, certification and labelling requirements were not applied to imports in an arbitrary manner, in a way that discriminates between supplier countries where the same conditions apply, or as a disguised restriction on international trade. He added that Lithuanian legal acts relating to technical measures applicable to trade regulated domestically and foreign made products uniformly, and did not give rise to any discrimination between producers or suppliers.

111. The representative of Lithuania stated that, upon accession to the WTO, Lithuania would comply with all the provisions of the Agreement on Technical Barriers to Trade without recourse to any transitional arrangements. The Working Party took note of this commitment.

#### Sanitary and Phytosanitary Measures

112. The representative of Lithuania said that all work required to bring Lithuania's regulations into conformity with the Agreement on the Application of Sanitary and Phytosanitary Measures had been completed. He added that Lithuania had renewed its membership in the Organisation Internationale des Epizooties (OIE) in 1992, and joined the Codex Alimentarius Commission in 1992 and the European

and Mediterranean Plant Protection Organization (EPPO) in 1998. Lithuania had ratified the International Plant Protection Convention (IPPC) in November 1999. Lithuania based its SPS measures on international standards and guidelines established by these organizations to the greatest extent possible. For the purpose of transparency, his Government had adopted a Resolution in February 1999 which made all legal acts subject to public notice to enable the submission of remarks and suggestions by those concerned, including on draft SPS legislation. He provided information on specific Lithuanian requirements pertaining to seeds, fertilizers, pesticides, animal and plant health, feeds, plant breeders' rights, fruit and berries, food additives and contaminants, packaging and labelling standards, and inspections of meat, dairy products, eggs and egg products. The requirements for items intended to be imported were the following:

- Seeds - presentation of phytosanitary certificate issued by the State Plant Protection Service of the exporter country and a seed quality certificate issued by the responsible authority of the exporting country;
- Fertilizer - suppliers' declaration of conformity (or quality certificate), and products needed to be identical to information stated on their label;
- Pesticides - product permitted to use in Lithuania and included in the national positive list of pesticides prior to importation (in the sense of SPS requirements, fertilizers and pesticides could be evaluated only as contaminants for quantity reasons);
- Plants and plant products – presentation of phytosanitary certificate issued by the State Plant Protection Authority of the exporter country and import permit issued by the State Plant Protection Service of Lithuania;
- Plant breeders' rights - presentation of phytosanitary certificate issued by the State Plant Protection Service of the exporter country;
- Foodstuff of vegetable origin (processed fruit, berries, vegetables, etc.) and foodstuff of combined origin (margarine, mayonnaise, etc.) - presentation of suppliers' declaration of conformity (according to EN 45014) of the exporter country; sanitary inspection of these products provided by customs within Lithuania;
- Foodstuff of animal origin (meat, dairy, poultry, fish products) and foodstuff of combined origin with a large amount (more than 20 per cent) of components of animal origin - presentation of veterinary certificate of the exporter country; veterinary inspection of these products provided at the border;
- Food additives and their mixtures - items needed to be included in the national register of food additives - suppliers' declaration of conformity (specification of purity levels) of the exporter country; for food additives as a component of a foodstuff - obligatory compliance with the food additives requirements established in Lithuanian Hygiene Norm HN 53-1998;

- Contaminants - chemical and microbiological contamination levels of foodstuffs not to exceed the maximum limits established in Lithuanian Hygiene Norms HN 54-1998 and HN 26-1998;
- Packaging - requirements laid down in Lithuanian Hygiene Norm HN 77-1998; and
- Labelling - all requirements harmonized to Codex Alimentarius provisions; labelling should be in Lithuanian language.

Further information regarding veterinary matters was provided to the Working Party in a note entitled "Veterinary Requirements of the Republic of Lithuania".

113. The representative of Lithuania provided information on Lithuania's progress in implementing the provisions of the WTO Agreement on Sanitary and Phytosanitary Measures in document WT/ACC/LTU/22 of 14 May 1998 and WT/ACC/LTU/22/Add.1 of 17 March 1999. The submission listed the institutions responsible for application of SPS measures; relevant legislation pertaining to foodstuffs and food safety, non-processed agricultural commodities and animal health, and plant health; and outlined plans for recognizing equivalence of SPS regulations of exporting countries and implementation of transparency provisions. He also provided a checklist of SPS requirements and compliance by Lithuania in document WT/ACC/LTU/43.

114. Imported foodstuffs were required to pass through border crossing points manned to perform foodstuff controls. The Ministry of Health Care had approved a list of foodstuffs subject to quality control, thus requiring phytosanitary, veterinary or health and safety certificates on importation. Products included in the list are enumerated in Table 10. Lithuania required veterinary and phytosanitary certificates for processed foodstuffs only to ensure that imported products fulfilled appropriate veterinary and phytosanitary requirements (such as animal health and public health attestations).

115. In response to a request from a member for an explanation as to why processed foodstuffs required a veterinary or phytosanitary permit, as these are consumer-ready products, the representative of Lithuania said that certificates were required for certain foodstuffs in accordance with international rules as some processing methods (e.g. smoking of meat) did not eradicate bacteria.

116. A member inquired about the relationship between foodstuff certification and import licensing. The representative of Lithuania replied that at present the Government approved a list of products and foodstuff subject to control on importation. Foodstuff subject to veterinary or phytosanitary import control in Lithuania (Table 10); veterinary certificates required for all raw and processed products of animal origin (Table 11(a)), and all unprocessed products of plant origin subject to phytosanitary certification (Table 11(b)) required certification of each consignment. The issuance of

certificates was coordinated between the State Veterinary Service and the State Plant Protection Service at the Ministry of Agriculture. For products subject to veterinary inspection (Tables 10 and 11(a)), the importer should apply for an import permit to the State Veterinary Service stating details concerning the product, its origin, the exporting country and the border crossing point. An import permit would be issued without delay provided the epizootic situation in the exporting country was propitious. A suppliers' conformity declaration would suffice for consumer products and other foodstuff (all processed products of non-animal origin) not subject to veterinary or phytosanitary certification. Exporters' own declaration would suffice for fertilizer. Products not specifically listed were not subject to certification or suppliers' declaration. He added that Government Resolution No. 1132 "On the Approval of the Order on Import of Foodstuffs and Their Control of Harmless and Quality" of 8 October 1999 (which had replaced the corresponding Order of 9 October 1997) regulated the system for the importation of foodstuff. The State Veterinary Service and the Nutrition Centre in the Ministry of Health Care had prepared a register of foodstuff importers, which had entered into force on 1 July 1998. The register improved the surveillance and control of importers and guaranteed importation of safe products only.

117. A member pointed out that Article 5 of the WTO Agreement on SPS required Lithuania to carry out risk assessment. A member expected Lithuania to establish its SPS enquiry point and adopt all necessary legislation to implement fully all obligations under the Agreement on SPS by the date of accession to the WTO.

118. The representative of Lithuania replied that Lithuania's legal and institutional structure had been adjusted to comply with the requirements of WTO Agreement on SPS. The Law on Food had been approved on 4 April 2000. He added that a system of risk assessment for food had been introduced in several steps during the period 1994-2000 with the approval of six major laws - the Law on Health System, the Law Products Safety, the Law on Food, the Law on Health Care Institutions, the Law on Phytosanitary and the Law (with its Amendments) on Veterinary Activities. The laws gave responsibility for the implementation of the risk assessment mechanism to the National Nutrition Center at the Ministry of Health, the State Hygiene Inspectorate, the State Veterinary Service and to the State Plant Protection Service. The Law on Products Safety determined the general requirements for products safety, the basis for the imposition of SPS regulations, and the general principles for the operation of a market surveillance system. Further supplementing provisions on risk assessment based on the SPS Agreement had been approved by Parliament on 7 October 1999 with the Amendment and Supplement to the Law on Veterinary Activities. The Law on Phytosanitary, approved on 16 December 1999, established general compulsory phytosanitary requirements consistent with the SPS Agreement, the basis of phytosanitary control for the physical and legal entities, and measures for the prevention of importation and dissemination of harmful organisms. The Law on Food finalized the mechanism for



risk assessment of food. With this step, Lithuania had completed the harmonization of its SPS legislation and brought it into full compliance with WTO requirements.

119. As for transparency, Lithuania published promptly all adopted sanitary and phytosanitary regulations in the Official Gazette. Lithuania had established the SPS Enquiry point, which would also carry out the notifications of the Agreement, at the Ministry of Agriculture. Three institutions – the National Nutrition Center at the Ministry of Health, the State Plant Protection Service and the State Veterinary Service – would provide information to the SPS Enquiry Point for distribution according to the requirements of the Agreement. The SPS Enquiry Point would be responsible for responding to all relevant questions of WTO members and supply appropriate documentation on (i) any proposed or adopted SPS regulation; (ii) procedures for determination of risk and the corresponding level of SPS protection; and (iii) Lithuanian participation and the nature of its commitments arising from international and regional sanitary and phytosanitary organizations and systems, and bilateral or multilateral agreements and arrangements within the scope of the SPS Agreement, including the texts of such agreements and arrangements.

120. The representative of Lithuania stated that, upon accession to the WTO, Lithuania would apply all its sanitary and phytosanitary requirements consistently with the requirements of the WTO, including the Agreements on the Application of Sanitary and Phytosanitary Measures and Import Licensing Procedures, without recourse to any transitional arrangements. The Working Party took note of this commitment.

#### Trade-Related Investment Measures

121. The representative of Lithuania said that his Government had reviewed carefully the provisions of the WTO Agreement on Trade-Related Investment Measures (TRIMs), including its Annex and had concluded that Lithuania did not maintain any measures inconsistent with the TRIMs Agreement. His Government applied the principle of national treatment and did not resort to performance requirements which could affect trade. Lithuania was ready to implement fully the provisions of the WTO TRIMs Agreement upon accession without exception or transitional periods.

122. The representative of Lithuania confirmed that Lithuania would not invoke the provisions of the TRIMs Agreement that provide for the progressive elimination of measures inconsistent with the TRIMs Agreement within a fixed period of time as it did not maintain any such measures and would not introduce any such measures in the future. The Working Party took note of this commitment.

State-Trading Entities

123. The representative of Lithuania said that the Law on Trade, adopted in January 1995, authorized the establishment of State monopolies in any sector in emergency situations (war, natural calamities, etc.) and to protect health and safety. He considered such measures consistent with the provisions of the GATT 1994. Exclusive rights existed for State enterprises, or special enterprises in which the State held all or the majority of the shares, regarding trade in radioactive and nuclear material and waste. He added that the joint-stock company "Lietuvos energija" operated as a natural monopoly in the production, input, transmission and distribution of energy. However, on 8 April 1997, the Seimas had approved the reorganization of "Lietuvos energija" into 16 thermal supplier companies.

124. A member understood that Lithuania used licences to allow commerce to a certain point, and stated that Lithuania should notify firms under Article XVII of the GATT 1994 in areas where business licences were rationed arbitrarily or acted as quantitative restrictions. Current programmes were clearly WTO-inconsistent, whether or not they qualified under Article XVII. In particular, Lithuania's system of activity licensing appeared to restrict trade in alcoholic beverages in a manner conflicting with the provisions of Article XI and Article XVII of the GATT 1994. The Government seemed to play a controlling role in the selection and limitation of firms engaging in trade in these products, in effect creating State-trading enterprises. A distribution monopoly maintained by the State could also distort import prices. It was noted that the company "Lietuviškas Midus" held monopoly rights on the production of high-alcohol beverage and even if "Lietuviškas Midus" was notified as a State trading enterprise, an import ban would still be problematic vis-à-vis GATT Articles III and XI. Lithuania was asked to provide the criteria upon which the licensing system for alcoholic beverages was based and explain how Lithuania's restrictive import system could be consistent with WTO rules.

125. In reply, the representative of Lithuania said that the Law on Amendments and Supplements of the Law on Enterprises of 25 September 1997 stipulated that two activities - the production of products with ethyl alcoholic strength exceeding 22 per cent, and the printing of money, coins and postage stamps - could only be undertaken by enterprises owned by the State or municipalities, or special enterprises licensed to do so. Although the Law on Trade had established the legal basis for introducing a State monopoly on alcohol products in cases of force majeure (war, famine and natural disasters), the present situation did not qualify as force majeure. Instead, his Government had established a State Tobacco and Alcohol Control Agency on 12 July 1996 in accordance with the Law on Health System and the Law on Alcohol Control. The Agency did not operate a production monopoly; its main functions were to formulate and implement State policy in cooperation with Ministries and other governmental institutions with a view to discouraging consumption and reducing its harmful effects on the population. The Agency itself did not engage in production or trade, but

performed various trade-related administrative and monitoring tasks, including the issuance of activity licences, monitoring of adherence to legal requirements, establishment of additional marking procedures for alcoholic beverages, etc.

126. The representative of Lithuania reassured the Working Party that the State did not maintain any form of distribution monopoly with respect to alcohol, nor did it play a "controlling role". As far as the number of activity licenses granted for trade in alcoholic beverages was concerned, the Law on Amendment and Supplement to the Law on Alcohol Control of 8 April 1997 had (i) eliminated all restrictions on the number of activity licenses to import alcoholic beverages; and (ii) eliminated an earlier requirement which had restricted the choice of importers' foreign partners to companies listed in the bulletins of the Association of Manufacturers of Alcoholic Beverages. He recalled that Government Resolution No. 366 of 31 March 2000 had completed the alignment of the rules governing trade in alcohol with the requirements of GATT 1994 by equalising the stamp taxes on such licensing for both the importation and the wholesale of alcohol and alcoholic beverages. A member did not agree that Lithuania had resolved all problems of WTO-inconsistency in this area. In particular, the current exemption for domestic firms producing alcoholic beverages from the stamp tax on wholesale distribution clearly favoured the production monopoly in the cost of distribution of its products vis-a-vis imports, which were distributed by firms required to pay the wholesale distribution stamp tax. The representative of Lithuania indicated that amendments to current law would eliminate this inconsistency prior to Lithuania's accession.

127. Concerning the company "Lietuviškas Midus", the representative of Lithuania confirmed this company did indeed have exclusive rights. Lithuania had submitted a notification (document WT/ACC/LTU/35 of 4 June 1999) on the company's exclusive right to manufacture products with ethyl alcohol strength exceeding 22 per cent and on its exclusive right to produce beverages with high alcohol content. "Lietuviškas Midus" was a cooperative consumers' enterprise producing mead in accordance with patented ancient recipes which Lithuania considered to be part of its national heritage. Thus, due to the fact that the enterprise followed ancient traditions of manufacture and was the only enterprise in Lithuania which manufactured national beverages, the Government had granted "Lietuviškas Midus" the right to manufacture one traditional alcoholic beverage, and this until the year 2001. The State did not provide the company with privileges or subsidies, and the company had no obligations towards the State. The company could import inputs for the production of mead without restrictions.

128. Addressing the specific concerns raised about the import ban on mead, the representative of Lithuania confirmed that this ban was no longer in place. The Law on Alcohol Control of 10 December 1998 had removed fully the earlier import ban on mead and other alcoholic beverages with an alcohol content of more than 50 per cent. Having taken these steps, the representative of Lithuania

considered that Lithuania had thus brought its alcohol regime in general, and the regime specific to the production of mead, into conformity with the GATT 1994.

129. Lithuania had also notified the Lithuanian Agricultural Products and Foodstuff Market Regulation Agency (LAPFMRA) as State trading enterprise (document WT/ACC/LTU/31 of 17 March 1999). The enterprise had been founded in May 1998, and was responsible for the execution of Lithuania's agricultural products and foodstuff market regulation and export stimulation program, and for the purchase and sale of agricultural products and surplus foodstuff production.

130. Referring to arrangements in the sugar processing sector regarding an exemption from provisions in the Law on Competition governing dominant firms, and the distribution of tariff-rate quotas, some members noted that this would appear to be a special right within the meaning of Article XVII. Moreover, if a refiners association had any rôle in import policy, or protected access to sugar imports on a preferential basis, this should be indicated by Lithuania, and justified under appropriate WTO agreements and provisions, e.g. GATT, the Agreement on Import Licensing Procedures and the Agreement on Agriculture. [A member considered the commitment paragraph had no meaning if Lithuania and the working party did not agree on how Article XVII and the Understanding were applied and what they would mean for Lithuania's trade.]

131. The representative of Lithuania replied that his Government had not approved any special rights for sugar producers. The sugar manufacturers' association had been exempt from the Law on Competition under previous legislation, but these provisions, as well as the minimum import price and tariff quota arrangements, had been eliminated in accordance with the Amendment of the Law on Sugar of 8 July 1999.

132. The representative of Lithuania stated that his Government had identified the following entities as State trading companies: special State enterprises "Stumbras", "Vilniaus degtine", "Anyksciu vynas", and "Alita"; the closed-stock company "Lietuviškas Midus" – all of them producing alcoholic beverages with strength greater more than 22 per cent - and the Lithuanian Agricultural Products and Foodstuff Market Regulation Agency (LAPFMRA). His Government had identified the trading activities of the entities listed above as subject to the provisions of Article XVII of the GATT 1994, and was prepared to notify these firms as State trading enterprises within the meaning of Article XVII upon accession.

133. The representative of Lithuania confirmed that his Government would apply its laws and regulations governing the trading activities of State-owned enterprises and other enterprises with special or exclusive privileges and would otherwise act in full conformity with the provisions of the WTO Agreement, in particular Article XVII of the GATT 1994 and the Understanding on that Article and

Article VIII of the GATS, and Article III and XI of the GATT 1994. The Working Party took note of this commitment.

#### Free Zones, Special Economic Areas

134. The representative of Lithuania said that a Law on Free Economic Zones had been adopted in June 1995. Each zone would be established by separate law. Certain activities would be prohibited in free zones, including production, storage and sale of weapons, ammunition, explosives, dangerous and radioactive materials, narcotics and poisonous substances; manufacture of spirits, securities, money and postage stamps; radio and television broadcasting; hospitals; gambling houses; and organization of lotteries. Licences would be required to carry out activities subject to authorization (see "Trading Rights") within Lithuania. Enterprises operating in a free zone would be exempt from customs duties, excise taxes and VAT, but would be subject to profit tax, payroll taxes (including social insurance), tax on land rent, stamp tax, taxes on natural resources and pollution tax (amendment of Law on Free Economic Zones of 2 April 1996). An enterprise established in the zone would benefit from an 80 per cent profit (income) tax reduction from the day of its registration for the first five years and a 50 per cent profit (income) tax reduction for the subsequent five years. If a foreign investor acquired at least 30 per cent of the authorized (ownership) capital of an enterprise registered and operating in the zone, and invested not less than US\$1 million of capital of foreign origin, the enterprise would be exempt from profit (income) tax for 5 years from the day of its registration. The enterprise would benefit from a 50 per cent profit (income) tax reduction for the subsequent 10 years.

135. Thus far, Parliament had adopted separate laws for the establishment of free economic zones in three cities - Siauliai, Klaipeda and Kaunas. In this connection, the Government had organized tenders to select the company or group of companies to govern the zone, and a subsequent tender to determine the companies operating in the zone. Both foreign and domestic companies could participate in these tenders, provided they prepared an entrepreneurship project, including estimates of proposed investment in the infrastructure of the zone. International tenders had already taken place for the preparation of business plans, statute of the zones and choice of establishing groups for the Kaunas, Siauliai and Klaipeda free economic zones. The Kaunas, Siauliai and Klaipeda free economic zones were expected to start operating in the course of 2000. Companies operating in the zone would need to register as enterprises in accordance with Lithuanian legislation and the registration should be duly recorded by the governing company of the zone. Companies were not required to export part or all of their output to gain access to Lithuanian free zones. The purpose of the free economic zones was to attract investment, not to introduce requirements to export. Goods brought into the customs territory of Lithuania from a free economic zone would be subject to all laws and other legal acts regulating the

importation of goods from abroad, notably the application of import duties and taxes, as well as any prohibitions or restrictions of economic character.

136. The representative of Lithuania confirmed that any free zones or free economic zones would be fully subject to the coverage of the commitments taken in the Protocol of Accession, and that Lithuania would ensure enforcement of its WTO obligations in those zones, including those commitments derived from the TRIPS Agreement. He also confirmed that, when goods produced or imported into the zones under the special tax and tariff regime existing in these areas enter into the rest of Lithuania, normal customs formalities, tariffs and taxes would be applied. The Working Party took note of this commitment.

#### Government Procurement

137. The representative of Lithuania said that a new Law on Public (Government) Procurement, consistent with WTO requirements, had been adopted on 3 June 1999. The Law had entered into force on 1 October 1999, and replaced the previous Law of 13 August 1996. The new Law aimed at ensuring open and transparent public procurement procedures, equality of participation for suppliers (domestic or foreign), effective competition, and more effective use of State funds. Article 1.6 of The Law allowed the Government to give preference to goods, services and works (in connection with construction and renovation) produced, effected or provided by enterprises, including foreign-owned, registered in Lithuania, when this supply was important to the State for economic or social reasons. However, such a decision would be passed in compliance with Lithuania's obligations under international agreements. The Government Procurement Agency had been established in June 1997. The Agency prepared regulations related to the implementation of the Law on Public Procurement; announced tenders; coordinated Ministries' activities related to procurement; investigated complaints by suppliers; etc. The Government of Lithuania had been granted observer status in the Committee on Government Procurement in June 1998.

138. The representative of Lithuania confirmed that Lithuania would initiate negotiations for membership in the Agreement on Government Procurement by tabling an entity offer within three months after the accession date, at the latest. He also confirmed that if the results of the negotiations were satisfactory to Lithuania and other members of the Agreement, negotiations would be completed in the course of 2002. The Working Party took note of these commitments.

#### Transit

139. The representative of Lithuania said that Lithuania required submission of a security or cash deposit which would normally be equal to the sum of import duties and taxes levied on imports. The

amount considered sufficient could be set at a higher level if the customs value or tariff classification of the goods in transit could not be determined with certainty.

140. The representative of Lithuania added that the Prime Ministers of the Baltic States had signed a Resolution "On Via Baltica" on 13 February 1995, seeking to create a Baltic Transit System which would facilitate and simplify transit formalities for cargo traffic between the Baltic States. The system would be based on, and could pave the way for, future accession to the EC-EFTA SAD and Common Transit Conventions (1987). An Agreement on the Common Transit Procedure of the Baltic States had been signed on 10 July 1998, and had entered into force upon ratification of Parliaments of the three Baltic States on 1 June 1999.

141. The representative of Lithuania confirmed that Lithuania would conform to the relevant WTO provisions, including Article V of the GATT 1994. The Working Party took note of this commitment.

#### Agricultural Policies

142. [Members of the Working Party asked Lithuania to outline the main direction of its agricultural policies. Specific questions were raised with respect to customs duties on agricultural products, the enforcement of recommended purchase prices on some commodities, direct and indirect support measures, export subsidies, and measures in the sugar sector. Lithuania was requested to provide information on domestic support and export subsidies in agriculture in the format of document WT/ACC/4. A member noted that Lithuania's domestic support and export subsidy programmes were of recent date and wondered why Lithuania had implemented programmes which could be in contrast with WTO provisions after deciding to join the organization.

143. The representative of Lithuania noted that domestic support and export subsidy programmes had been in place since 1995. He did not consider such programmes incompatible with the provisions of the WTO Agreement on Agriculture. He added that agriculture was of exceptional economic and social significance to Lithuania. About one third of Lithuania's population resided in rural areas and the production of primary agricultural commodities provided work for 21.7 per cent of the total employed workforce in Lithuania. Milk production was one of the most important economic activities in Lithuania. However, agricultural production was hampered by small-scale, inefficient farming and marketing infrastructure. Domestic prices for most agricultural commodities were below the world market level, but prices for final products could sometimes be equal to, or higher than, world market prices. The Government aimed at creating a competitive agricultural sector and a viable rural economy while minimizing the negative social and economic consequences during the period of transition. The average weighted MFN tariff on major food products (milk, dairy products, butter, eggs, sausages and sugar) was 39.5 per cent.

144. Some members were particularly concerned about subsidies granted in the form of purchases of agricultural production at "recommended" prices. The representative of Lithuania explained that farmers were supported through the mechanism of minimum (recommended) purchase prices for wheat, flax, rapeseed, protein feed crops and milk. The product coverage of the minimum price programme could be expanded in extreme situations. Prices were determined by average production costs in Lithuania and the market situation in neighbouring countries. A subsidy element was added to the minimum prices within fixed purchasing quotas for flax, rapeseed and protein feed crops. Subsidies were channelled to farmers through the processors to reduce paperwork. Subsidies were granted through the Rural Support Fund. Types of assistance also included soft credits and preferential loans (at 5 per cent annual interest) for farmers, support to trade intermediaries and services providers, rebates on agricultural machinery, support for cooperative efforts among farmers, ecologic farming and compensation for accidents and calamities. The State also offered indirect support by financing land reclamation works, liming of soil, construction of roads and other infrastructure, animal breeding and agricultural research and training. Tax concessions to the sector consisted of exemption from corporate profit tax and tax holidays on reclaimed land. The Government also encouraged diversification in rural areas and afforestation.

145. Automatic import licensing had been introduced on 1 November 1998 for the main agricultural products. The principal purpose of the licensing system was to monitor imports of sensitive products to allow improved prediction of import trends. In his view, the licensing procedures were not administered in a manner restricting imports, and corresponded to the requirements of Article 2 of Agreement on Import Licensing Procedures. Import licenses were issued immediately upon receipt of a completed application - including copies of the certificate of registration, the importer's certificate and the contract with the foreign commercial entity - or within a maximum of 10 days.

146. In 1997, the Government had decided to channel all fiscal resources for the National Agricultural Development Programme and the Agriculture Support Fund into a Rural Support Fund to improve the efficiency and administration of State support to the agricultural sector. The Ministry of Agriculture had established the Rural Support Fund. The main purpose of the Fund was to create viable farms which would guarantee employment and income for farmers. The Rural Support Fund would facilitate a gradual move from price subsidies to maintaining producer income through the application of price support and other economic measures on the main agricultural products. The Fund would also finance investment programmes. Some of the programmes financed from the fund were: the establishment of farmer and cooperative societies; agro-services; new technologies; livestock breeding; ecological (environmentally-friendly) farming; structural adjustment of marginally productive land; and the development of quality systems for agricultural products.



147. A member noted that Lithuania subsidized certain agricultural exports and requested Lithuania to bind its export subsidies at zero and use other, less distortive, forms of agricultural support. The representative of Lithuania explained that export subsidies were provided for storage of surplus production and improvement of marketing conditions. In 1995, export subsidies had been provided for beef, pork, pigs, butter, cheese, grain, flour, condensed milk and milk powder at a budget cost of US\$9.8 million. Lithuania had subsidized exports of beef, butter, condensed milk, milk powder, cheese, pork, grain and flour at a budget cost of US\$8 million in 1996; beef, butter, condensed milk, milk powder, cheese, pork, grain, vegetable oil, meat preserves and flour at a budget cost of US\$14.8 million in 1997; beef, butter, condensed milk, milk powder, cheese, casein and other milk protein products, vegetable oil and preserved meat at a budget cost of US\$12 million in 1998; and beef, butter, condensed milk, milk powder, cheese, casein and other milk protein products, and vegetable oil at a budget cost of US\$14 million in 1999. The representative of Lithuania confirmed that Lithuania would not use agricultural export subsidies after the date of accession, and that this commitment had been recorded in its goods market access schedule.

148. The representative of Lithuania stressed that, as with the economy as a whole, Lithuania's food and agriculture sector was facing difficult adjustment to new market-oriented conditions. Agriculture was still in the process of recovery, and productivity in the sector, including the food industry, had not reached its potential level due to inflation, distortions in production and prices, and a disruption in relations - and resulting competition with Lithuania's main trading partners - in the former Soviet Union. Growth and development within the sector was restrained by insecurity concerning farm and land user rights, poor infrastructure, and lack of proper distribution of inputs and output. In addition to fragmented farms and insufficient competition, farmers' incomes were squeezed by a negative trade balance and lack of access to credit. Land reform, in particular the process of restitution, privatization and the development of clear-cut ownership rights had not proceeded as quickly as hoped. Lithuania was revising its agricultural policies and had developed a new system for domestic support to agriculture (outlined in paragraphs [144 to 147]).

149. Some members asked specific questions regarding measures affecting the sugar sector, notably the possible introduction of minimum import prices and the opening of tariff-rate quotas for domestic processors. Lithuania was reminded that Article VII of the GATT 1994 and the WTO Agreement on Agriculture prohibited the use of reference prices.

150. The representative of Lithuania said that raw sugar (HS code 1701.11-1701.12) was protected by tariffs of 35 per cent *ad valorem* (minimum Litas 1.36 per kg); sugar (HS code 1701.91.00.0) by a tariff of 87 per cent (minimum Litas 1.76 per kg); sugar (HS code 1701.99) by tariffs of 87 per cent (minimum Litas 1.68 per kg); other sugar products (HS codes 1702.30, 1702.40, 1702.90) by tariffs of

87 per cent, and confectionery made of sugar by tariffs of 25 per cent (HS code 1704.10.11) and 40 per cent (1704.90.51, 1704.90.61-1704.90.99). Processors were provided seasonal soft credits for purchases of sugar beet. Excise taxes on sugar and products containing more than 20 per cent sugar had been introduced on 1 November 1998; the tax revenue was earmarked for sugar beet farmers to compensate for reductions in domestic purchase prices. Imports of sugar could also take place under tariff-rate quotas, with no prior need to exhaust reserves of domestic sugar. A previous requirement to this effect had been abolished in accordance with the Amendment to the Law on Sugar of 8 July 1999. The Amendment had also eliminated the exemption for sugar producers from provisions of the Law on Competition, and the minimum import prices on raw sugar (effective 1 April 2000).

151. Information on Lithuania's domestic support and export subsidies in agriculture in place in the period 1995-1997 was presented by Lithuania in document WT/ACC/SPEC/LTU/7/Rev.2 in the format provided by document WT/ACC/4. Some members noted that calculations of Lithuania's Base Total AMS also include domestic support that is equal to or below the de minimis level. Further, some members noted that Lithuania would therefore be required to calculate its Current Total AMS, as set out in Article 1(h)(ii), in accordance with the Agreement on Agriculture and the methodology used in the tables of supporting materials.

152. Lithuania's commitments on agricultural tariffs, on domestic support and export subsidies for agricultural products are in the Schedule of Concessions and Commitments on Goods annexed to Lithuania's Protocol of Accession to the WTO.]

#### Trade in Civil Aircraft

153. The representative of Lithuania said that Lithuania had implemented the Agreement on Trade in Civil Aircraft without exceptions from 10 January 2000.

154. The representative of Lithuania confirmed that Lithuania would become a signatory to the Agreement on Trade in Civil Aircraft upon accession to the WTO. The Working Party took note of this commitment.

#### Trade-Related Intellectual Property Regime

155. Some members of the Working Party asked Lithuania to describe its system of protection of intellectual property in the light of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and indicate areas which would be subject to new or revised legislation. A member noted that Lithuania's intellectual property rights regime was still being developed and that the current regime did not meet all the requirements of the WTO, and requested Lithuania to accelerate its

legislative process in order to ensure full implementation of the TRIPS Agreement at the time of accession to the WTO.

156. Lithuania provided a note on TRIPS to the Working Party in document WT/ACC/LTU/7 (Annex I), a note on progress in implementing the TRIPS Agreement in document WT/ACC/SPEC/LTU/10, and a checklist on implementation of the TRIPS Agreement in document WT/ACC/LTU/42. The status of Lithuanian legislation and the corresponding WTO requirements, and steps taken to address obligations under the TRIPS Agreement are presented in Table 12. In response to specific questions, the representative of Lithuania said that national legislation - including laws on copyright and related rights, patents, industrial design, trademarks and service marks, layout-designs (topographies) of integrated circuits, the Law on Competition, the Criminal Code and the Code of Criminal Procedure - corresponded to the basic provisions of the TRIPS Agreement. Lithuania's legislation on intellectual property contained no exceptions to the principle of national or MFN treatment. Lithuania did not use the possibilities provided in Article 6 of the Berne Convention and maintained no exceptional measures as provided for under Article 4(d) of the TRIPS Agreement.

157. Lithuania had joined the World Intellectual Property Organization (WIPO) in 1992 and the Paris Convention in 1994. On 17 September 1996, the Seimas (Parliament of Lithuania) had ratified the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks of 15 June 1957, which had entered into force in Lithuania on 22 February 1997, and on 29 April 1997 the Seimas had ratified the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, entering into force on 15 November 1997. In November 1997, the Seimas had ratified the Trademark Law Treaty (TLT), which had entered into force on 27 April 1998, and the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of the Patent Procedure (1997, modified in 1980), which had entered into force on 9 May 1998. In the area of copyright and related rights, Lithuania had acceded to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971) in 1994 and had ratified the Convention in 1996. Lithuania had ratified the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations at the end of 1998 (which had entered into force on 22 July 1999), and the Geneva Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Programs in 1999 (the Geneva Convention had entered into force on 27 January 2000). Lithuania had also concluded international agreements on intellectual property with Denmark, Norway, Switzerland, the United States and the European Patent Organization.

158. Parliament had adopted a Law on Copyright and Related Rights on 18 May 1999. The Law corresponded to the regulations of international conventions on copyright and neighbouring rights and the requirements of the TRIPS Agreement, and included a system of collective administration and

protection of copyright and related rights. The Association of Performers and Producers of Phonograms had been established; authors, artists and creators had founded the Lithuanian Copyright Protection Association (LATGAA) which was concluding agreements with similar organizations in other countries. Broadcasting organizations maintained copyright on radio and television programmes according to Article 47 of the Law. The Law provided rental rights for cinematographic works, computer programmes and sound recordings. In his view, the protection of the rights of performers, phonogram producers and broadcasting organizations corresponded fully to the requirements of Article 14 of the TRIPS Agreement.

159. Minor amendments to the Law on Trademarks, to adjust to requirements of the TRIPS Agreement, would be enacted in the course of 2000. Amendments to the Law on Industrial Design had already been adopted (in 2000). Lithuania considered the exceptions in its law to the rights conferred by a trademark to be in compliance with Article 17 of the TRIPS Agreement. Geographical indications were in part protected under the new Law on Competition. The provisions complied, in his view, with the requirements of Article 22 of the TRIPS Agreement.

160. The representative of Lithuania said that the Patent Law amendments, which incorporated the provisions of the TRIPS Agreement and the Paris Convention regarding compulsory licensing of patented inventions, had been introduced on 15 June 2000. Disputes regarding working or non-working of a patent could be settled in Court. Generally, importation of a patented product should be considered equivalent to the use of a patent.

161. The representative of Lithuania said that the Ministries and institutions involved in the development of intellectual property rights legislation were accelerating their work. On 16 June 1998, Parliament had adopted a Law on the Legal Protection of Topographies of Semiconductor Products, conforming with Articles 35 to 38 of the TRIPS Agreement. The Law had entered into force on 1 December 1998. The Law on Legal Protection of Computer Programs and Data Bases (subsequently incorporated in the Law on Copyright and Related Rights) and the Law on Plant Variety Protection and Seed Growing had been adopted in 1996. The latter Law assured the protection of all plant varieties registered in Lithuania and guaranteed the rights of variety owners. Lithuania was not yet a member of the International Plant Variety Protection Organization (UPOV), but would join following the adoption of appropriate amendments to the Law on Plant Variety Protection and Seed Growing.

162. Intellectual property rights were enforced by civil action, unless the infringement was considered a criminal violation. Procedures were laid down in the Civil Code and the Code of Civil Process of the Republic of Lithuania. The Laws on Trademarks, Patents, Topographies of Semiconductor Products, and Industrial Design contained specific provisions regarding owners' rights to

stop infringements and claims for compensation; remedies against violations of copyright and related rights were provided under the Civil Code, the Criminal Code and the Code of Administrative Law Infringements. A Law on Amendment and Supplement to the Code of Administrative Infringements had been passed in February 1998. The special Amendments and Supplements to the Criminal Code and the Code of Criminal Procedure had also been adopted. They ensured implementation and effective enforcement of the Law on Copyright and Related Rights and the other intellectual property laws. Lithuania had improved its system of administrative, civil and criminal remedies for infringements of all types of intellectual property. The Law on Copyright and Related Rights included a separate Article on provisional measures. Border enforcement of copyright and other intellectual property would be strengthened under a new Law on the Protection of Intellectual Property for Imported and Exported Goods, to be introduced in 2000. A special unit responsible for the protection of intellectual property rights had been established in the Department of Tax Police (Order No. 238 of 6 June 1998 of the Ministry of Interior Affairs).

163. The representative of Lithuania confirmed that his Government would fully apply the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) by the date of its accession to the WTO without recourse to a transitional period. The Working Party took note of this commitment.

#### Policies Affecting Trade in Services

164. The representative of Lithuania submitted to the Working Party a separate Memorandum on the services regime (WT/ACC/LTU/5), an additional presentation (WT/ACC/LTU/9) and supplementary information in document WT/ACC/LTU/10. The documentation outlined the market structure, regulatory framework and policies affecting services generally or in relation to specific sectors. Concerning the development of services-related legislation, he added that Lithuania had adopted several new laws or amendments, notably the Law on Insurance, Law on Telecommunications, Law on Public Trading of Securities, amendments and supplements to the Law on Commercial Banks, Law on Construction, Law on Mass Media, the Civil Aviation Code, Inland Transport Code, Road Transport Code, Railway Transport Code, the Law on Tourism, the Law on Pension Funds, the Law on Audit, and the amendment and supplement to the Law on Enterprises (provisions concerning the establishment of branches).

165. The representative of Lithuania said that requirements for the registration of an enterprise were the same irrespective of the nationality of ownership, except that a foreign investor would need to submit certificates of incorporation in the home country for legal persons, documentation on the financial condition/status, and verification of the origin of the foreign capital. Foreign investment was

permitted in all sectors with the exception of areas related to defence and national security and the organization of lotteries. The State Post Office was the only service supplier with monopoly or exclusive rights; its rights concerned collection and delivery of letters, postcards and printed matter; installation of letter collection boxes; and issuance of postage stamps. The State Post Office did not have exclusive rights on courier services. The former State enterprise "Lietuvos Telekomas" had been privatized, but would hold exclusive rights to provide telecommunication services until 1 January 2003.

166. The representative of Lithuania provided information on licensing of business activities in the area of services in Table 3.2. In addition, the establishment of a commercial bank required a licence issued by the Bank of Lithuania.

167. Lithuania did not maintain any specific measures of horizontal nature which would limit market access or national treatment in the financial services sector. Permission from the Bank of Lithuania was required for foreign banks to establish bank branches and representative offices. According to the Law on Commercial Banks of 21 December 1994, foreign banks could establish subsidiaries; acquire shares of a new or operating bank (acquisition of a block of shares (10 per cent or more) in an operating bank required the consent of the Bank of Lithuania); and establish branches and representative offices. An individual acquiring 10 per cent or more of the shares in a bank without permission from the Bank of Lithuania would not be entitled to vote at the shareholders' general meeting. Minimum capital requirements were the same for domestic and foreign banks; the minimum from 1 January 1998 had been set at ECU 5 million (in Litas equivalent). Lithuania intended to approximate its banking laws with European Communities' directives which could lead to further liberalization. Foreign securities firms could conduct business through any legal form of enterprise in Lithuania.

168. Insurance services were provided by 32 companies, of which 4 included foreign participation. The State Insurance Company had held exclusive rights to issue all types of mandatory insurance and pensions insurance; the company had been privatized under a new Law on Insurance. The new Law would codify the situation under which all exclusive rights for the State Insurance Company had been eliminated. The Law enabled foreign insurance companies to established wholly-owned companies, joint-ventures or subsidiaries provided the foreign insurance company had permission from its own Government to conduct insurance activities in foreign countries. Foreign financial institutions were permitted to deliver transportation insurance (maritime and aviation) and reinsurance services across the border. Insurance inter-mediation on behalf of foreign insurance companies was allowed for intermediaries registered in Lithuania. The representative of Lithuania indicated that an MFN exemption for insurance services, providing reciprocity treatment for commercial presence, had been deleted from Lithuania's list of MFN exemptions as a result of an amendment to the Law on Insurance.

169. Concerning the supply of professional services by foreigners, the Lithuanian Labour Exchange issued work permits and would evaluate and fully recognize the qualifications of applicants in accordance with the documentation submitted. Lithuania had no agreements with other countries regarding the recognition of qualifications. Qualification requirements for auditors in the country of origin of the auditors or auditing companies should not be lower than in Lithuania. Legal services were regulated by the Ministry of Justice and could be provided by advocates and lawyers licensed to engage in such activities. Foreign lawyers could provide services on international law and home-country law. However, foreigners could not act as defenders in criminal proceedings; such services were reserved for advocates who were citizens of Lithuania and included in a list of attorneys. Foreign attorneys could represent clients before the Courts in Lithuania only if provided under bilateral agreements on legal assistance. Agreements were in force with Belarus, Estonia, Kazakstan, Latvia, Moldova, Poland, the Russian Federation, [Turkey], Ukraine, United States and Uzbekistan. The limitations on citizenship, which were applicable to advocates (representing clients before the Courts), were not applied to lawyers wishing to engage in other lawyers' practices.

170. The Law on Legal Status of Aliens had been approved on 17 December 1998. The Government established an annual quota on the number of foreign employees in accordance with the Regulation on Temporary Employment of Foreigners of 13 February 1995. Employers applied to the Lithuanian Labour Exchange which would issue special visas and work permits for foreigners. This regulation was not applied to intra-corporate transferees (managers, executives and specialists) working 1 to 2 years with a possibility of extension, or to business visitors working no longer than 3 months, for purposes related to the negotiation of contracts, training of staff, installing equipment and similar activities.

171. Regarding procurement of services by government agencies, the representative of Lithuania said that the new Law on Public (Government) Procurement, which had entered into force on 1 October 1999, included no provisions on preferences for local suppliers.

172. The representative of Lithuania said that his Government was working with responsible Ministries, organizations and Parliament to ensure that WTO requirements were reflected in new laws and regulations. Lithuania had notified the establishment of an enquiry point for services within the Ministry of Foreign Affairs in document WT/ACC/LTU/29. Lithuania's services regime did not discriminate among services or service supplier countries (Article II) except as provided in economic integration agreements meeting the standards of Article V of the GATS. The Government provided full information on laws and regulations in the Official Gazette as required under Article III, and was drafting qualification requirements, technical standards and licensing requirements in accordance with the requirements of Article VI.

173. Lithuania's Schedule of Specific Commitments on Services is annexed to its draft Protocol of Accession reproduced in the Appendix to this Report (see paragraph [186] below). This Schedule of Specific Commitments on Services contains the legally binding market-access commitments of Lithuania in respect of services.

#### Transparency

##### Publication of information on trade

174. The representative of Lithuania said that according to Lithuanian procedures legal acts could not be enforced until they had been published in the Official Gazette. According to the Law on Order of Publishing and Entry into Force of Legal Acts of 6 April 1993, legal acts entered into force the day after their publication in the Official Gazette, or on a later date stipulated in the legal act.

175. The representative of Lithuania stated that all laws, regulations, rulings, decrees and other normative acts related to trade were to be promptly published in the Official Gazette, and that no law, rule, etc. related to international trade would become effective prior to such publication. He further stated that Lithuania would implement fully Article X of the GATT 1994, Article III of the GATS, and the other transparency requirements in WTO Agreements requiring notification and publication.

#### Notifications

176. The representative of Lithuania said that at the latest upon entry into force of the Protocol of Accession, Lithuania would submit all notifications (other than those required to be made on an initial basis) required by any Agreement constituting part of the WTO Agreement. Any regulations subsequently enacted by Lithuania which gave effect to the laws enacted to implement any Agreement constituting part of the WTO Agreement would also conform to the requirements of that Agreement. The Working Party took note of this commitment.

#### Trade Agreements

177. Some members of the Working Party asked Lithuania to provide information on bilateral or regional agreements affecting trade and investment. Some members wondered whether the free trade agreements covered substantially all trade. Lithuania was asked to notify its free trade agreements. A member requested a copy of the Trilateral Agreement on Agricultural Trade between the Baltic countries, including the specific market access provisions for the removal of barriers among the three countries.



178. The representative of Lithuania said that Lithuania had negotiated Free Trade Agreements (FTA's) with the European Communities, the European Free Trade Association (EFTA), Estonia and Latvia (a trilateral agreement), Ukraine, Poland, Slovenia, the Czech Republic, Slovakia, Turkey and Hungary. Lithuania intended to conclude free trade agreements with all CEFTA countries. A Free Trade Agreement between Lithuania, Estonia and Latvia, covering industrial products, had entered into force on 1 April 1994 and a second part of the Agreement, on agricultural products, on 1 January 1997. Together, the two parts of the FTA provided for free trade (no interim measures) at zero tariffs among the Baltic States.

179. Trade agreements providing for MFN treatment (conventional duties) had been concluded with Australia, Belarus, Bulgaria, China, Cyprus, Cuba, Georgia, Hungary, India, the Republic of Korea, [the Philippines], Romania, the Russian Federation, Uzbekistan, Venezuela and Vietnam. Conventional MFN duties were also applied on imports from Canada, Japan, Kazakstan, Moldova, Tadjikistan and the United States. Goods originating in other countries were subject to autonomous customs duties. Agreements on investment promotion and protection had been concluded with Argentina, Austria, China, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Israel, Italy, Kazakstan, Republic of Korea, Latvia, Netherlands, Norway, Poland, Romania, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, Venezuela [and Vietnam]. Lithuania had also concluded an agreement with the Multilateral Investment Guarantee Agency.

180. The representative of Lithuania said that the free trade agreements covered substantially all trade. Under the Lithuania/European Communities Agreement, tariffs would nevertheless remain on some agriculture and fishery products after the six-year transitional period to implement the agreement. This FTA had already been notified by the European Communities under Article XXIV. Preferential treatment was granted in the form of tariff-rate quotas for some products; quota amounts were listed in Annex XIII, and the respective in-quota tariff rates in Annex XII, of the Free Trade Agreement. Tariff quotas in the context of preferential trade were only applied towards the European Communities; the relevant implementing regulation (Government Resolution No. 205 of 8 February 1995 and No. 515 of 26 May 1997) had been provided to the Working Party. The tariff-rate quotas concerned tariff positions HS 0201, 0202, 0203, 0406 and 1601.

181. The Free Trade Agreements with the European Communities and EFTA States were asymmetric, but only for industrial products. The two agreements were similar in content, except that the agreement with EFTA States contained a smaller number of products subject to a transitional period and provided a specific date for the abolition of import duties on textile products. The FTA with EFTA States included agricultural products, but the trade regime was based on reciprocal concessions from the MFN level. The FTA with EFTA States had already been notified by EFTA under Article XXIV. The

FTA with Ukraine stipulated MFN treatment for the majority of agricultural products, for the remaining items the tariff was zero. The Agreement included Annexes on rules of origin and administrative cooperation which had been signed in February 1994. New rules of origin were in preparation and would be similar to those established in the FTA's with the European Communities, EFTA States and CEFTA countries. The Parties of the Agreement committed to ensure free transit of goods through their customs territory. He stated that the Agreement with Ukraine was in conformity with the provisions of GATT 1994. Some members requested Lithuania to supply the full text of its Agreement with Ukraine. The representative of Lithuania replied that no English version of the Agreement existed, and therefore provided a summary of the Free Trade Agreement with Ukraine to the Working Party. He added that all FTA's (except those with Ukraine and Hungary) had been notified to the WTO Secretariat, and the FTA with Ukraine would be notified upon accession.

182. A member noted that Lithuania applied export taxes which were differentiated according to the market of destination and wondered whether Lithuania intended to maintain this practice. The representative of Lithuania replied that Lithuania maintained some export duties on a bilateral basis in connection with the Free Trade Agreements with the European Communities; the Czech Republic; Slovakia; Slovenia; a Trilateral Free Trade Agreement between Lithuania, Latvia and Estonia; Turkey; and Hungary (Table 9.2). The Free Trade Agreement with Poland also allowed the possible use of export duties. Exports of the affected products had been prohibited at the time of conclusion of these Free Trade Agreements and the introduction of export duties in bilateral trade had thus been a step towards liberalization of trade. He added that, effective 10 January 2000 (in accordance with Government Resolution No. 2 of 4 January 2000), export duties had been eliminated on all products except raw hides and skins, for which the bilateral duties had been reduced to the new general rate of 15 per cent. The preferential duties were thus now equal to the non-preferential rates. [He stressed that all export duties applied on the basis of bilateral agreement would be eliminated by 1 January 2001.]

183. Preferential rules of origin were in place in the context of all free trade agreements. The origin of goods was determined in accordance with list of rules applied for all products. Certificates of preferential origin were issued by the Customs authorities according to Government Resolution No. 1077 of 1 October 1997 "On the Order of Determination of the Origin of Goods and on Certificates of Origin (General Form)". Simplified procedures had been established in the appropriate Protocols on the Rules of Origin in the Free Trade Agreements concluded by Lithuania, and were used when invoice declarations (i.e. declarations of preferential origin given by the exporter on an invoice, a delivery note or any other commercial document describing the products concerned in sufficient detail to enable their identification) had been made by approved exporters.

184. The representative of Lithuania stated that his Government would observe the provisions of the WTO including Article XXIV of the GATT 1994 and Article V of the GATS in its trade agreements, and would ensure that the provisions of the WTO Agreements for notification, consultation and other requirements concerning preferential trading systems, free trade areas and customs unions of which Lithuania is a member are met from the date of accession. The Working Party took note of this commitment.

### Conclusions

185. The Working Party took note of the explanations and statements of Lithuania concerning its foreign trade regime, as reflected in this Report. The Working Party took note of the commitments given by Lithuania in relation to certain specific matters which are reproduced in paragraphs 19, 22, 29, 42, [45], 55, 56, 59, 66, 70, 78, 79, [85], 90, 96, 101, 103, 111, 120, 122, 133, 136, 138, 141, 154, 163, 176 and 184 of this Report. The Working Party took note that these assurances and commitments had been incorporated in paragraph 2 of the Protocol of Accession of Lithuania to the WTO.

186. Having carried out the examination of the foreign trade regime of Lithuania and in the light of the explanations, commitments and concessions made by the representative of Lithuania, the Working Party reached the conclusion that Lithuania be invited to accede to the Marrakesh Agreement Establishing the WTO under the provisions of Article XII. For this purpose, the Working Party has prepared the draft Decision and Protocol of Accession reproduced in the Appendix to this Report, and takes note of Lithuania's Schedule of Specific Commitments on Services (document WT/ACC/LTU/.....) and its Schedule of Concessions and Commitments on Goods (document WT/ACC/LTU/.....) that are annexed to the Protocol. It is proposed that these texts be adopted by the General Council when it adopts the Report. When the Decision is adopted, the Protocol of Accession would be open for acceptance by Lithuania which would become a Member thirty days after it accepts the said Protocol. The Working Party agreed, therefore, that it had completed its work concerning the negotiations for the accession of Lithuania to the Marrakesh Agreement Establishing the WTO.

[to be completed]

## ANNEX 1

Laws, Regulations and Other Information Provided to the Working Party by Lithuania

- Memorandum of Economic Policies of the Government of the Republic of Lithuania for the period 1 October 1994 and 30 September 1997;
- Law on Taxes on Profits of Legal Persons of 31 July 1990, No. I-442;
- Law on Taxes on State Natural Resources of 21 March 1991, No. I-1163;
- Law on the Credibility of the Litas of 17 March 1994;
- Law on Foreign Currency in the Republic of Lithuania of 7 July 1993, No. I-202;
- Company Law of 5 July 1994, No. I-528;
- Law on Enterprises of 8 May 1990, No. I-196;
- Law No. I-196 of 8 May 1990 On Enterprises;
- Law on Small Enterprises of 20 December 1991, No. I-2125;
- Cooperative Law of 1 June 1993, No. I-164;
- Law on Partnerships of 16 October 1990, No. I-676;
- Law on Enterprise Bankruptcy of 15 September 1992, No. I-2880;
- Law on Investment No. VIII-1312, 7 July 1999;
- Law on Foreign Investment in the Republic of Lithuania of 29 December 1990, No. I-905;
- Law on Foreign Capital Investment in the Republic of Lithuania No. I-938 of 13 June 1995;
- Law on Spheres of Business Activity wherein Foreign Investment is Prohibited or Limited of 2 May 1991, No. I-1276;
- Law on Privatization of State-Owned and Municipal Property, No. I-1001, 4 July 1995;
- Law on Prices of 26 July 1990, No. I-413;
- Law on Competition of 15 September 1992, No. I-2878;
- Law on Competition, 23 March 1999, No. VIII-1099;
- Law on Administrative Proceedings No. VIII-1029 of 14 January 1999;
- Resolution No. 806 of 24 July 1997 On the Tariff and Non-Tariff Regulation of Export and Import of Goods and Improvement of Establishment of Customs Tariffs and Procedure of Change;
- Law on Alcohol Control No. I-857 of 18 April 1995 (as amended by 3 July 1995);
- Law No. I-857 of 18 April 1995 On Alcohol Control;
- Law on Alcohol Control, 18 April 1995 No. I-857 as amended by 10 December 1998, No. VIII-961;
- Government Resolution No. 1459 On Licensing Import, Wholesale and Retail Trade in Alcoholic Products of 17 November 1995;
- Government Resolution No. 559 of 5 June 1997 On Licensing the Importation, Wholesale and Retail Trade in Alcoholic Products;
- Law on Tobacco Control No. I-1143 of 20 December 1995;
- Government Resolution No. 1622 On Licensing the Production of Tobacco and its Products and their Import into the Republic of Lithuania of 27 December 1995;
- Government Resolution No. 1221 On Licensing Wholesale and Retail Trade in Import and Export of Oil Products and Retail Trade in Liquid Gas of 14 September 1995;
- The Customs Code of the Republic of Lithuania of 18 April 1996;
- Law on Customs Tariffs of 27 April 1993, No. I-138;
- Law No. VIII-633 of 19 February 1998 on Customs Tariffs;
- Schedule of tariffs approved by the Lithuanian Government's Resolution No. 443 (16 June 1993);
- Resolution No. 1367 of 30 December 1994 On the Establishment of the Structure of Customs Tariffs;

- Government Resolution No. 1114 On the Approval of Customs Duties of Bound Tariff Rates for the Imported Goods of 26 September 1996;
- Government Resolution No. 1245 of 20 October 1998 Amending Government Resolution No. 268 of 24 March 1997 on the Procedure of Export and Import Regulation in the Republic of Lithuania;
- Government Resolution No. 641 of 24 May 1999 on Partial Amendments to Resolution No. 268 of 24 March 1997 of the Government of the Republic of Lithuania on the Procedure for Export and Import Regulation in the Republic of Lithuania;
- Government Resolution No. 635 On the General Order of the Administration of Tariff Quotas for Implementation and Exportation of Goods of 8 May 1995;
- Law on Stamp Duty No. I-508 of 23 June 1994;
- Government Resolution No. 774 of 23 June 1998 on the Amendment of Government Resolution No. 1123 of 11 November 1994 on the Approval of Stamp Duty Rates and the Procedure for Payment and Refund of Stamp Duty;
- Government Resolution No. 1169 of 29 September 1998 on the Amendment of Government Resolution No. 1123 of 11 November 1994 on the Approval of Stamp Duty Rates and the Procedure for Payment and Refund of Stamp Duty;
- Resolution on Partial Amendments to Resolution No. 1123 "On the Approval of Stamp Tax Tariffs and Procedure of Stamp Tax Payment and Refunding" No. 601 of 11 November 1994;
- Resolution regarding the Amendment of the Resolution of the Government of the Republic of Lithuania of 11 November 1994 No. 1123 "Regarding the Revision of the Rates of Stamp Duty as well as the Approval of the Stamp Duty Payment and Refund Procedure";
- Information on consular fees levied in accordance with the Law of 16 November 1994;
- Law on Excise Taxes of 12 April 1994, No. I-429;
- Law No. I-429 of 12 April 1994 On Excise Duties;
- Law on Excise Duties No.I-429 of 12 April 1994, as amended on 23 December 1999 (No. VIII-1494);
- New excise duties (January 1995);
- Law No. I-429 of 12 April 1994 on Excise Duties (as amended by Law No. VIII-901 of 20 October 1998);
- Law on Excise Duties, 12 April 1994, No. I-429 as amended on 21 December 1998, No. VIII-982;
- Law on Excise Duties dated 12 April 1994 No.I-429, as amended on 8 July 1999 No. VIII-1321;
- Law on Excise Duties, 12 April 1994, No. I-429 as amended on 23 December 1999 No. VIII-1494;
- Government Resolution No. 1297 of 4 November 1998 Supplementing the Government Resolution No. 302 of 25 April 1994 on Excise Taxes;
- Resolution of the Government of the Republic of Lithuania No. 1296 of 4 November 1998 on the Procedure for Withholding and Refund of Excise Tax and Approval of the List of Products which Contain Sugar;
- Resolution of the Government No. 529 On the Approval Procedure for the Application of Excise Tax Relief on Beer Made by the Small Breweries of 10 May 2000;
- Law on Value-Added-Tax of 22 December 1993, No. I-345;
- Law No. I-345 of 22 December 1993 On Value-Added Tax;
- Regime of Import/Export Regulation in the Republic of Lithuania;
- Government Decision on the Procedure of Commodity Export and Import Regulation in the Republic of Lithuania of 14 October 1994, No. 985;
- Government Resolution No. 281 "On Partial Amendments to Resolution No. 985 "On Procedure of Export and Import Regulation in the Republic of Lithuania" adopted by the Government of the Republic of Lithuania on 14 October 1994" of 28 February 1995;
- Law Concerning Control of Import, Transit and Export of Strategic Goods and Technologies, No. I-1022, 5 July 1995;

- Government Resolution No. 718 On the Restriction of Import of Certain Things (Goods) to the Republic of Lithuania, their Export and Transit of 19 May 1995;
- Republic of Lithuania, Minister of Agriculture, Order No. 240, 9 November 1998, regarding the Procedure for Automatic Issuing of Import Permits (Licenses) for Agricultural and Food Products;
- Government Resolution No. 449 On the Approval of the Order of Customs Valuation of Goods of 16 June 1993;
- Government Decree No. 751 On Prices of Imported Goods Used for their Customs Valuation Purpose of 25 June 1996 (unofficial translation);
- Decree of the Government of the Republic of Lithuania No. 751 On Prices of Imported Goods Used for their Customs Valuation Purpose;
- Government Resolution No. 751 On the Customs Assessment of Prices for Imported Goods of 25 June 1996;
- Government Resolution No. 504 of 24 April 1998 amending Government Resolution No. 751 of 25 June 1996 "On the Prices of Import for their Customs Valuation";
- Government Resolution No. 748 of 9 June 1999 on the Approval of the Procedure of the Customs Valuation of Goods;
- Government Resolution No. 1077 of 1 October 1977 on the Determination of Origin of Goods and on the Certificates of Origin of the General Form;
- Law No. VIII-807 of 23 June 1998 on Anti-Dumping;
- Secondary Legal Acts of the Law on Anti-Dumping;
- Draft Law on Countervailing Duties dated 1999;
- Draft Law on Safeguard Measures;
- Law on Safeguard Measures of 23 May 2000, No. VIII-1703;
- Government Decision on More Stringent Regulations on Purchase and Sale of Waste and Scrap of Ferrous Metals of 23 May 1994, No. 388;
- Government Decision on Order of Purchase in the Republic of Lithuania, Re-melting of Export of Copper and other Non-ferrous Metals, their Alloys, Scrap and Waste of 29 June 1994, No. 526;
- Resolution on Temporary Economic Measures to Facilitate the Export of Lithuanian Goods, Protect the Internal Market and Strengthen Lithuania's Position Therein No. 1122 of 17 September 1998;
- Law on Standardisation No. VIII-1618 of 11 April 2000;
- Government Resolution No 617 of 20 May 1999 "On Information Exchange in the Field of Standards, Technical Regulations and Conformity Assessment Procedures";
- Lithuanian Standards Board Order No 13 of 22 February 1999 (this document, which contains a part of the Code of Good Practice disciplines, established procedure of drafting, approval, publication and revision of standards);
- Law on Metrology No. I-1452 of 9 July 1996;
- Law No. VIII-870 of 6 October 1998 on the Conformity Assessment;
- Law on Product Safety No. VIII-1206 of 1 June 1999;
- Law on Mental Health Care No. I-924 of 6 June 1996;
- Law on the Amendment to the Law on Health Care Institutions No. VIII-288 of 24 June 1997;
- Law on Health System No. I-552 of 19 July 1994;
- Resolution No. 1106 of 9 October 1997 On Approval of the Procedure of the Importation of Foodstuffs into the Republic of Lithuania and Control of Their Quality and Non-Hazardness to Health;
- Law on Food No. VIII-1608 of 4 April 2000;
- Law on Phytosanitary No. VIII-1481 of 16 December 1999;
- Law on Veterinary Activities No. I-2110 of 17 December 1991;
- Law on Veterinary Activities No. I-2110 of 17 December 1999;
- Government Decision on Veterinary and Sanitary Requirements on Livestock, their Products, Raw Materials and Fodder Imported into the Republic of Lithuania and Transported as Transit through its Territory of 27 April 1993, No. 284;

- Veterinary requirements of the Republic of Lithuania for import, export and transit of livestock, poultry, animal products, raw materials, feedstuffs;
- Veterinary Requirements of the Republic of Lithuania for import, export and transit of livestock, poultry, animal products, raw materials, feedstuffs;
- Law on Plant Protection No. I-1069 of 19 October 1995;
- Law on the Protection of Plant Varieties and Seed Cultivation No. I-1518 of 17 September 1996;
- Government Decision on the Approval of Vegetable Quarantine Regulations for Import and Export of Goods of Vegetable Origin to and from the Republic of Lithuania and their Transit through the Territory of the Republic of Lithuania of 3 August 1993, No. 599;
- Government Resolution No. 384 On the Approval of Quarantine Regulations for the Production, Transportation, Conservation, Sale and Utilization of Plants and Plant Products on the Territory of the Republic of Lithuania of 25 March 1996;
- Law on Trade No. I-747 of 12 January 1995;
- Law on the Fundamentals of Free Economic Zones, No. I-976, 28 June 1995;
- Government Resolution No. 510 On Approving Provisional Regulations of Government Procurement of 12 April 1995;
- Law on Public Procurement No. I-1491 of 13 August 1996;
- Law on the Amendment of the Law on Public Procurement, No. VIII-1210, 3 June 1999;
- Law on State Regulation of Economic Relations in Agriculture No. I-734 of 22 December 1994;
- Law No. I-734 of 22 December 1994 On State Regulation of Economic Relations in Agriculture;
- Decree of the Government of the Republic of Lithuania No. 788 On the Approval of the Programme for the Regulation of Agricultural and Food Products Market and Export Promotion;
- Law on Sugar No. I-867 of 27 April 1995;
- Law on the Amendment of the Law on Sugar, No. VIII-1328, 8 July 1999;
- Legal Acts subject to calculation of total AMS for Lithuania's producers;
- Law No. VIII-1185 of 18 May 1999 on Copyright and Related Rights;
- Draft Law on the Amendment of Article 71 of the Law on Copyright and Related Rights;
- Law on Trademarks and Service Marks of 3 June 1993, No. I-173;
- Draft Law Amending the Law on Trademarks and Service Marks;
- Patent Law of 18 January 1994, No. I-372;
- Draft Law on the Amendment of Articles 26, 39 and 40 and on the Invalidation of Article 38 of the Patent Law of the Republic of Lithuania;
- Law on Industrial Design No. I-1006 of 4 July 1995;
- Draft Law on Amending and Supplementing Article 5 of the Law on Industrial Design;
- Law No. VIII-791 of 16 June 1998 on the Legal Protection of Topographies of Semiconductor Products;
- Draft Law on the Protection of Intellectual Property in the Field of Import and Export of Goods;
- Law on Amending Articles 35, 142, 308, 321-2 of the Criminal Code and Supplementing the Code with Articles 142-1, 142-2 and 142-3;
- Law Amending Articles 37, 126 and 143 of the Code of Criminal Procedures;
- Law on the Legal Status of Aliens, No VIII-978, 17 December 1998;
- Law No. I-425 of 30 July 1990 on Stock Corporations;
- Government Resolution No. 511 On Approving Regulations of Rendering Services of 12 April 1995;
- Government Decision on Registration of Representation Offices of Foreign Enterprises and Banks in the Republic of Lithuania of 31 May 1991, No. 223;
- Law on Commercial Banks No. I-720 of 21 December 1994;
- Law on Insurance No. I-590 of 20 September 1990;
- Law on Insurance No. I-1456 of 10 July 1996, as amended on 23 March 2000 (No. VII-1587);

- Draft Law amending the Law on Insurance (Articles 2, 7, 11, 17, 22, 27, 28, 29, 31, 37, 39, 42, 43, 45, 46, 47, 60, 63, 66);
- Law on Public Trading in Securities No. I-1169 of 16 January 1996;
- Law No. VIII-744 of 9 June 1998 on Telecommunications;
- Law on Communications No. I-1109 of 30 November 1995;
- Law on Tourism No. VIII-667 of 19 March 1998;
- Law on Audit of 15 June 1999 No. VIII-1227;
- Law No. I-119 of 6 April 1993 on Procedure of Publication and Coming into Force of Laws and other Legal Acts of the Republic of Lithuania;
- Free Trade Agreement between the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania on Trade in Agricultural Products of 16 June 1996;
- Free Trade Agreement between the Republic of Lithuania and the Czech Republic;
- Free Trade Agreement between the Republic of Lithuania and the Slovak Republic;
- Free Trade Agreement between the Republic of Lithuania and the Republic of Slovenia;
- Agreement between the Government of the Kingdom of Norway and the Government of the Republic of Lithuania concerning Trade in Agricultural Products;
- Free Trade Agreement between the Swiss Confederation and the Republic of Lithuania;
- Free Trade Agreement between the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania;
- Agreement on Free Trade-Related Matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community, of the one part, and the Republic of Lithuania, of the other part;
- Government Resolution No. 205 On Enactment of the Free Trade Agreement between the Republic of Lithuania and the European Communities, the European Atomic Energy Community, and the European Coal and Steel Community of 8 February 1995;
- Government Resolution No. 176 of 19 February 1999 Concerning the Amendment of Government Resolution of 30 December 1998 No. 1524 Regarding the Implementation of the Europe Agreement Establishing an Association Between the European Communities and Their Member States, of the One Part, and the Republic of Lithuania, of the Other Part;
- Government Resolution No. 1524 of 30 December 1998 Regarding the Implementation of the Europe Agreement Establishing an Association Between the European Communities and Their Member States, of the One Part, and the Republic of Lithuania, of the Other Part
- Summary of the Free Trade Agreement Between the Republic of Lithuania and Ukraine;
- Statistical data on imports into Lithuania of agricultural and food products; and
- Statistical data on exports from Lithuania of agricultural and food products.

Laws and Regulations provided to the Working Party by Lithuania during the accession process,  
but no longer valid (June 1999):

- Law on Foreign Investment in the Republic of Lithuania of 29 December 1990, No. I-905;
- Law on Spheres of Business Activity wherein Foreign Investment is Prohibited or Limited of 2 May 1991, No. I-1276;
- Government Resolution No. 1459 On Licensing Import, Wholesale and Retail Trade in Alcoholic Products of 17 November 1995;
- Government Resolution No. 1622 On Licensing the Production of Tobacco and its Products and their Import into the Republic of Lithuania of 27 December 1995;
- Law on Customs Tariffs of 27 April 1993, No. I-138;
- Schedule of tariffs approved by the Lithuanian Government's Resolution No. 443 (16 June 1993);
- Resolution No. 1367 of 30 December 1994 On the Establishment of the Structure of Customs Tariffs;



- Government Resolution No. 1297 of 4 November 1998 Supplementing the Government Resolution No. 302 of 25 April 1994 on Excise Taxes;
- Government Decision on the Procedure of Commodity Export and Import Regulation in the Republic of Lithuania of 14 October 1994, No. 985;
- Government Resolution No. 281 "On Partial Amendments to Resolution No. 985 "On Procedure of Export and Import Regulation in the Republic of Lithuania" adopted by the Government of the Republic of Lithuania on 14 October 1994" of 28 February 1995;
- Government Resolution No. 449 On the Approval of the Order of Customs Valuation of Goods of 16 June 1993;
- Government Decision on More Stringent Regulations on Purchase and Sale of Waste and Scrap of Ferrous Metals of 23 May 1994, No. 388;
- Government Decision on Order of Purchase in the Republic of Lithuania, Re-melting of Export of Copper and other Non-ferrous Metals, their Alloys, Scrap and Waste of 29 June 1994, No. 526;
- Government Resolution No. 510 On Approving Provisional Regulations of Government Procurement of 12 April 1995;
- Law on the Amendment and Supplement to the Civil Code of the Republic of Lithuania, No. I-459, 17 May 1994 (provisions on copyright);
- Law on the Legal Protection of Computer Programs and Databases No. I-1188 of 30 January 1996;
- Government Decision on Registration of Representation Offices of Foreign Enterprises and Banks in the Republic of Lithuania of 31 May 1991, No. 223;
- Law on Insurance No. I-590 of 20 September 1990; and
- Government Resolution No. 205 On Enactment of the Free Trade Agreement between the Republic of Lithuania and the European Communities, the European Atomic Energy Community, and the European Coal and Steel Community of 8 February 1995.

[Table 1(a): Information on the Privatization Process of State Property

First Stage of the Process  
(1 September 1991 - 31 December 1995)

	Description	Number of objects (units)	Capital (mln Litass*)
1.	Total State property (except budgetary institutions, apartment fund and agricultural enterprises)	8,065	13,547.4
2.	Property included in a list of object to be privatized according to the data provided by founders	6,650	9,836.3
3.	Property included in privatization programmes, via signing the shares:	3,953	8,524.8
3.1	- for the employees of the enterprises	2,077	1,223.6
3.2	- percentage	52.5%	14.4%
4.	Privatized via signing the shares:	2,927	2,627.7
4.1	- for the employees of the enterprises	1,887	860.5
4.2	- percentage	64.5%	32.7%
5.	Comparing with those included in the programmes of the privatization (4:3)	74%	60%
6.	Property included into privatization programmes, via auctions	2,964	111.9
7.	Privatized via auctions	2,726	79.1
8.	Comparing with those included into privatization programmes (7:6)	92.0%	70.7%
9.	Property expected to privatize via tenders	15	499.3
10.	Privatized via tenders	14	485.8
11.	Property expected to privatize for hard currency	61	40.9
12.	Privatized for hard currency	47	28.0
13.	Total State property included into privatization programmes (3+6+9+11)	6,993	9,176.9
14.	Privatized State property (4+7+10+12)	5,714	3,220.6
15.	Comparing with those included into privatization programmes (14:13)	81.7%	35.1%
16.	Comparing with total property included in a list of objects to be privatized (14:2)	85.9%	32.7%
17.	State capital purchased by investment joint-stock companies		737.6
18.	Comparing with total privatized capital (17:14)		22.9%
19.	Total State capital in privatized objects (until privatization)		6,904.1
20.	Comparing with total capital included in a list of objects to be privatized (19:2)		59.0%
21.	State property remained after the initial privatization and purchased according to Government Resolution No.1063	803	284.5
22.	Comparing with total privatized property (21:14)	14.0%	8.83%
23.	Total privatized State capital (4+7+10+12+21)		3,505.1
24.	State property transferred to the investment fund	1,363	218.3
25.	Comparing with total State capital remained in privatized enterprises (24:19)		3.2%
26.	State capital remained in privatized enterprises with the limited degree of the privatization	437	2,966.5

Notes:

1. The number of investment accounts opened for the population is 2.6 million for a total amount of 10,504 million Litass (after indexation).
2. 17 special enterprises were included into privatization programme. State capital of these enterprises amounts to 3,825 million Litass.

\* 4 Litass = US\$1]

[Table 1(b): Information on the Privatization Process of State and Municipalities Property

(Second stage of the process - privatization by cash)  
August 1996 – 1 April 2000  
(number of objects (units))

STEP UNDERTAKEN	State property	Municipal property	Total
Enterprises included in a list of objects to be privatized	2,226	822	3,048
Enterprises later excluded from the list of objects to be privatized	30	71	101
Enterprises included in privatization programmes:	1,379	1,151	2,530
- public signing of shares	69	0	69
- auctions	1,233	1,125	2,358
- tenders	61	6	67
- leasing	11	19	30
- direct negotiations	5	1	6
Suspended privatization	10	4	14
Privatized enterprises:	852	739	1,591
- public signing of shares	46	0	46
- auctions	760	716	1,476
- tenders	40	6	46
- leasing	2	17	19
- direct negotiations	4	0	4
Privatized enterprises			
- industry	153	13	166
- transport	29	0	29
- communication	5	0	5
- construction	78	3	81
- trade	228	158	386
- public utilities	8	13	21
- services	14	27	41
- real estate	280	516	796
- other	57	9	66
Proceeds (Litas '000)	2,938,443	87,353	3,025,796

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[Table 1 (c): Progress in Privatization of Up and Downstream Industries in Lithuanian Agriculture (by 1 November 1999)]

Type of Enterprise	Number	Statutory capital (million Litas)	Capital structure (per cent)		
			State	Private	Foreign
*Agroservice and agro-chemistry	30	48.4	5.5	94.5	-
Pure-strain stock breeding	9	8.2	0.5	99.5	-
**Meat processing	8	89.5	13.2	86.8	-
***Dairy industry	22	359.1	12.8	87.2	-
Fruit & vegetables processing	2	5.4	24.2	75.8	-
Grain processing industry	20	149.7	7.9	92.1	-
Sugar industry	4	131.0	0	100	58
Vegetable oil industry	2	12.3	0	100	-
Soap industry	2	11.5	13.3	86.7	-
Bread and bakery industry	11	58.4	41.8	58.2	-
Confectionery.	6	72.0	3.6	96.4	59.2
****Alcoholic beverages industry	5	202.7	72.7	27.3	-
Beer industry	7	191.9	1.8	98.2	46.6

\* State has shares in some enterprises.

\*\* In some enterprises, the State share exceeds the average; State shares constitute about 45,7 per cent in the Stock company "Panevezio maistas" and 16 per cent in "Taurages maistas".

\*\*\* In some enterprises, the State share exceeds the average, i.e. State shares constitute about 48.9 per cent in the Stock company "Marijampoles pieno konservai", 62.6 per cent in "Svencioniu pienine", 21.8 per cent in "Siauliu pienas" and 15 per cent in "Kauno pienas".

\*\*\*\* Alcoholic beverages producing enterprises are on the list of special-purpose enterprises and privatisation degree of such companies can not exceed 30 per cent

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[Table 2: List of Goods and Services Subject to Price Control]

Code according		Items subject to price control	Institution applying control	Reasons and perspectives for control
HS	NACE			
1	2	3	4	5
-	-	Price of land sold by the State, price of land for computing of land tax and land lease tax	Government	Regulation of land price is related to the restitution of the rights to private land ownership. Having implemented land reform and having restored property ownership, the regulation of prices for land will be abolished.
-	-	Tax tariffs for lease of the State-owned land and the State-owned water reservoirs	Government	Regulation is related to the State ownership for these items.
	4010	Electricity production and transmission	Suppliers of electricity in coordination with the independent State Prices and Energy Control Commission	Controlled because of absence of sufficient competition in the market.
	4020	Distribution of gas fuel (including only the distribution of natural gas)	Suppliers of natural gas in coordination with the independent State Prices and Energy Control Commission	Controlled because of absence of sufficient competition in the market.
	4030	Supply of heat and hot water	Suppliers of heat and hot water in coordination with the independent State Prices and Energy Control Commission	Controlled because of absence of sufficient competition in the market.
		Prices and tariffs for goods and services of economic entities having a dominant position in the market:		
	4100	Extraction, distribution and cleaning of water	Local governments	Controlled because of a monopoly position of the enterprises.
	6010	Transportation of passengers by local railway routes	Ministry of Communication	Controlled because of a monopoly position of the stock company "Lithuanian railways".
	6021	Transportation of passengers by other type of land transport (passenger buses of local and long distance routes)	Ministry of Communication and Local governments	Subsidised service, it is planned to liberalise these prices.
	6022	Passenger transportation by taxi	Local governments	Controlled because of specific character of this service in order to avoid a taxi drivers abuse of unreasonably high prices.
	6120	Transportation of passengers by local ship routes	Ministry of Communication	It is planned to liberalise prices for these services.

Code according		Items subject to price control	Institution applying control	Reasons and perspectives for control
HS	NACE			
1	2	3	4	5
	6323	Control activities of the airport and aeroplanes' flights, on land services (air navigation, terminal air navigation, landing, guide-vehicle, follow-me, parking, security (Government Resolution No. 866, 21 06 1995)	Ministry of Communication	Controlled because of a monopoly position of the airports.
	6210	Transportation of passengers by air transport	Ministry of Communication	Regulated on basis of international agreements.
	6322	Activities of navigation, ship ruling and anchorage, raising of sank ships (dues of the State Klaipėda Sea Port for: tonnage, canal, light house, pilotage, regulation of ship traffic, anchorage, sanitary, people rescuing and anti-pollution activities, mooring, quay, passenger toll (Government Resolution No. 410, 10 06 1993)	Ministry of Communication	Controlled because of a monopoly position in the market.
	6411	Postal services of the National post office (collection, transportation and delivery of letters, postcards, printed matter, sekograms, aerograms, small packages; receiving and payment of money orders; supply of postal cash (giro) banking operations; delivery (payment) of pensions and allowances)	Ministry of Communication	Subsidised services of social importance.
	6420	Communication services (transmission by using international, inter town, local telephone lines,; switchboard services of telephone and telex, data transmission, line radio broadcasting)	Ministry of Communication	Services of social importance, controlled because of a monopoly position of the State enterprise "Lithuanian Telecom".
	70	House rent prices of local governments' apartments	Local governments	Controlled in order to protect consumers from unreasonably high prices.
	9000	Transportation of garbage and liquid sewage, care of courtyard territory	Local governments	Controlled in order to protect consumers from unreasonably high prices
	6340, 10	Maximum tariffs for services provided by customs intermediators	Customs Department under the Ministry of Finance	Controlled in order to protect consumers from unreasonably high prices
	7492	Tariffs for apartment security services (Vilnius, Klaipėda)	Security Police Divisions under Chief Police Commissariats	Services of specific character, absence of sufficient competition.

Code according		Items subject to price control	Institution applying control	Reasons and perspectives for control
HS	NACE			
1	2	3	4	5
	7422	Tariffs for services of legalisation of potential dangerous equipment, produced in Lithuania or imported, and tariffs for other similar services	Technical Supervision Service under the Ministry of Social Security and Labour	Services of specific character, absence of sufficient competition.
		Tariffs for services on issuing of a number of publisher of local credit card, a code of drafter of technical documents and of an assortment number of canned food	Lithuanian Standards Board under the Ministry of Public Administration and Local Authorities	Services of specific character, absence of sufficient competition.
	7422	Tariffs for issuing of quality certificates	The Competition Council	Controlled in order to protect consumers from unreasonably high prices
	851	Tariffs of health care services for persons, supported by government or local government and provided by government or local government health care institutions	Ministry of Health Care	Controlled in order to protect consumers from unreasonably high prices
	851	Tariffs for paid (private) health care services, provided by government or local government health care institutions	Ministry of Health Care	Controlled in order to protect consumers from unreasonably high prices
30.03; 30.04		Maximum trade mark ups for medicines	Ministry of Health Care	Controlled in order to protect consumers from unreasonably high prices.
	523	Retail prices for medicines and medical materials of necessary assortment (about 350 items)	Ministry of Health Care	Controlled in order to protect consumers from unreasonably high prices.
		Basic prices of compensated medicine and medicine materials	Ministry of Health Care	Controlled in order to protect consumers from unreasonably high prices.
-	-	The prices for standing wood from State-owned forests and the order of determination of these prices.	Ministry of Environment	Governing of State-owned wood.
		Tariffs for real estate and registration of the rights into it	Ministry of Environment; Ministry of Agriculture	Controlled because of a monopoly position of the enterprises.
		Methods of calculation of the prices for checking of measuring appliances	State Metrology Service	Controlled because of absence of sufficient competition in the market, services of specific character.
		Tariffs for assaying, marking and issuing the certificates of quality of precious metals and their products	Ministry of Finance	Controlled because of absence of sufficient competition in the market in order to protect consumers from unreasonably high prices

Code according		Items subject to price control	Institution applying control	Reasons and perspectives for control
HS	NACE			
1	2	3	4	5
		Tariffs for registration of vehicles	Ministry of Interior	Controlled because of exclusive rights of the institution
		Tariffs for carriage of goods by railway transport	Ministry of Communication	Controlled because of dominant position of enterprise
		Tariffs for certification of obligatory conformity assessment tests	The Competition Council	Absence of competition
		Prices and tariffs for services of structural subdivisions of local administration	The Competition Council	Controlled in order to protect consumers from unreasonably high prices
		Tariffs for issuing the certificates of quality of precious stones	Ministry of Finance	Controlled because of absence of sufficient competition in the market in order to protect consumers from unreasonably high prices
		Tariffs and prices for services provided by the State Government institutions	The Competition Council	Controlled in order to protect consumers from unreasonably high prices
		Tariffs for providing notary services, preparation of projects of deals, providing of consultations and for the technical services	Ministry of Justice	Controlled in order to protect consumers from unreasonably high prices
		Tariffs and prices for the goods and services provided by the enterprises of local municipality	Executive institutions of local municipality	Services of social importance, absence of sufficient competition.
		Tariffs and prices for utility services provided to the population	Executive Inspections of local municipality	Services of social importance, absence of sufficient competition.

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[Table 3.1: Licensing in Lithuania (Goods-Related Activities)]

	Business Activity	Licence Required
1.	production of guns and their parts, ammunition, explosive chemicals, explosives, pyrotechnics; repair of guns unless the laws provide otherwise	Licence required for both domestic and foreign interests.
2.	pharmaceutical activity	Licence required for both domestic and foreign interests.
3.	growing and selling plants which contain narcotic, psychotropic, deadly and poisonous substances, also manufacturing, importing, and exporting narcotic and psychotropic substances, precursors and engaging in their wholesale and retail trade	Licences are available only for domestic interests.
4.	production of alcohol products which do not exceed 22% of ethyl alcohol by volume	Licence required for both domestic and foreign interests.
5.	import of alcohol products to Lithuania, wholesale and retail trade by alcohol products	Licence required for both domestic and foreign interests.
6.	production, import of tobacco and tobacco products, wholesale and retail trade	Licence required for both domestic and foreign interests.
7.	purchasing of non-ferrous metals and its alloys scrap and waste in Lithuania	Licenses are not necessary when the scrap metal is bought up not for sale, but for production.
8.	purchasing of ferrous metals scrap and its waste in Lithuania	Licenses are not necessary when the scrap metal is bought up not for sale, but for production.
9.	purchasing and processing of precious metals waste, commercial activity related with the precious metals and jewels	Licences have been changed into permits or certificates, for which the procedure is fully automatic.
10.	production of seals, stamps	Licence required for both domestic and foreign interests.
11.	production, transportation, wholesale trade, and storage of dangerous chemical, nuclear or radioactive materials listed by the Ministry of Environment; also collection, decontamination, storage and landfill of hazardous waste	Licence required for both domestic and foreign interests.
12.	import, export, wholesale and retail trade by the non-packed oil products listed by Government	Licence required for both domestic and foreign interests.
13.	import of pyrotechnics (listed by the Ministry of Interior), civil weapons and ammunition; wholesale and retail trade (excluding pistols and revolvers and ammunition thereof for self-defence)	Licence required for both domestic and foreign interests.
14.	printing of securities and document forms	Licence required for both domestic and foreign interests.
15.	import and production of biological plants protection products and commerce in such products	Licences have been changed into permits or certificates, for which the procedure fully automatic.
16.	importation of radionics apparatus and electrical equipment which can diffuse radio waves	Licences have been changed into permits or certificates, for which the procedure is fully automatic.
17.	importation of colour copy machines	Licences have been changed into permits or certificates, for which the procedure is fully automatic.
18.	production of undenatured ethyl alcohol and alcohol beverages which contain more than 22% of ethyl alcohol by volume (this right is given only to State enterprises unless the Law on Alcohol Control provides otherwise)	Activities reserved for State and special enterprises
19.	production of, monetary signs and coins, post-stamps	Activities reserved for State and special enterprises

Table 3.2: Licensing in Lithuania (Services-Related Activities)

	Business Activity	Licensing Requirements
1.	prospecting of natural resources	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
2.	the exploitation of natural resources	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
3.	repair of sports and hunting firearms, weapons	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
4.	pharmaceutical activity	Business activity licence required for both foreign and domestic interests.
5.	provision of health care services	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
6.	veterinary practice	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
7.	lawyer practice, unless the laws provide otherwise	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
8.	engaging in teaching activities, provided that a certificate of education recognized by the State is issued upon completion	Business activity licence required for both foreign and domestic interests.
9.	performing State land surveying, geodetic and topographical works	Business activity licence required for both foreign and domestic interests.
10.	provision of passenger transportation services within the Republic of Lithuania, also international passenger and cargo transportation services, unless other laws establish otherwise	Business activity licence required for both foreign and domestic interests.
11.	tourism services	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
12.	organizing of lotteries	Business activity licence required, available only for domestic interests.
13.	setting up and operating general telecommunications network, providing telecommunications services	Business activity licence required for both foreign and domestic interests.
14.	establishment and operation of shooting-ranges, shooting-galleries and hunting shooting-ranges	Business activity licence required for both foreign and domestic interests.
15.	mediation activity in public turnover of securities or advisory activity of third parties related to investment in securities	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
16.	energetic activity	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
17.	provision of shipbroker's services	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
18.	lockman services	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
19.	insurance activity	Business activity licence required for both foreign and domestic interests.

	Business Activity	Licensing Requirements
20.	research, preservation and restoration of immovable cultural values, preparation of conditions, projects and programs for these works; also preservation and restoration of movable cultural values;	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
21.	towing of ships; rescue and submarine technical works;	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
22.	bank or credit institution activity	Business activity licence required for both foreign and domestic interests.
23.	construction activity	Permit or certificate required for both foreign and domestic interests. Procedure is fully automatic.
24.	Collection, distribution, transportation and delivery of post dispatches with weight not exceeding 2 kg, post parcels with weight not exceeding 10 kg, registered and estimated post dispatches and parcels	Universal post services are reserved for State Post.

[Table 4: Rates of Stamp Tax Established in Accordance with  
Government Resolution No. 1123 of 11 November 1994  
(with amendment No. 366 of 31 March 2000, which entered into force on 1 May 2000)]

1.	For issuing an activity licences for importation and wholesale of imported alcohol (for the term of one year):	
(a)	Vodka and other alcoholic beverages	Lit. 80,000 (US\$20,000)
(b)	Wine (not exceeding 22% of volume concentration of ethyl alcohol) and beer	Lit. 40,000 (US\$10,000)
(c)	Beer	Lit. 10,000 (US\$2,500)
(d)	Alcohol products (except alcoholic beverages)	Lit. 300 (US\$75)
2.	For issuing a licence to engage in wholesale of alcohol produced in Lithuania (for the term of one year):	
(a)	Alcoholic beverages	Lit. 80,000 (US\$20,000)
(b)	Alcoholic beverages not exceeding 22% of volume concentration of ethyl alcohol	Lit. 40,000 (US\$10,000)
(c)	Beer	Lit. 10,000 (US\$2,500)
3.	For issuing an activity licence for importation of tobacco (for the term of one year)	Lit. 6,000 (US\$1,500)
	For issuing an activity licence for importation (and wholesale) of tobacco products (for the term of one year)	Lit. 15,000 (US\$3,750)*
4.	For issuing an activity licence for wholesale of tobacco products (for the term of one year)	Lit. 15,000 (US\$3,750)*
5.	For issuing an activity licence for importation and for wholesale of imported oil products: petrol, liquid fuel, kerosene, aircraft fuel, diesel fuel and lubricants (for the term of one year)	Lit. 120,000 (US\$30,000)
6.	For issuing a licence to engage in wholesale of oil products (for the term of one year)	Lit. 120,000 (US\$30,000)
7.	For issuing a licence to engage in retail trade of oil products in each petrol station	Lit. 3,000 (US\$750) for each qualify of petrol, diesel fuel and liquid fuel
8.	For issuing a licence to engage in importation/wholesale of motor oil.	Lit 5,000 (US\$1,250)
9.	For issuing a licence for wholesale of motor oil	Lit 5,000 (US\$1,250)
10.	For issuing a licence to engage in retail trade of lubricants	Lit. 1,000 (US\$250)

\* additional stamp tax for wholesale trade charged for each additional branch/division – Lit. 3,000 (US\$750).

#### Licensing Fees for Pharmaceutical Business Activity

Retail sale of medicine and medicine materials	300 litas
Production and retail sale of medicine and medicine materials	300 litas
Wholesale of medicine and medicine materials	1,000 litas
Production of pharmaceutical products and preparations	800 litas
Rendering of information about medicine	300 litas
Production of narcotics and psychotropic substances and medicine materials	200 litas
Production of psychotropic substances and medicine materials	200 litas
Wholesale, import and export of narcotics and psychotropic substances and medicine materials	300 litas
Wholesale, import and export of psychotropic substances and medicine materials	300 litas
Retail sale of narcotics and psychotropic substances and medicine materials	100 litas
Retail sale, of psychotropic substances and medicine materials	100 litas

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[Table 5: Fees and Charges for Services Rendered Relating to Importation or Exportation

Description	Rates	Purpose of taxes
1. Formalities in connection with placement of one consignment of goods under one of the following customs procedures:		To cover expenses for the acceptance of corresponding documents, verification of data, registration, etc. The number of documents and the time of verification and registration is different for different procedures (indicated below). Therefore, the taxes also are different.
(a) Exportation (including re-exportation)	Lit. 22 (Lit. 1 - US\$0.25)	
(b) Importation (including re-importation and customs warehousing)	Lit. 33	
(c) Temporary admission and temporary exportation	Lit. 55	
(d) Inward processing and outward processing	Lit. 110	
2. Issuance of one certificate of origin	Lit. 25	To cover expenses of verification of documents, verification of origin of goods, issuance of certificate of origin
3. Issuance of stickers used for marking of imported alcoholic beverages and tobacco goods (under one request)	Lit. 20	To cover expenses of issuance of stickers
4. Issuance of permit to carry out formalities in connection with customs procedures at other customs office:		When an importer or exporter wants to declare the goods with Customs office in which his abode (residence) is not registered, he has to get the permit from the Customs operating in his zone. The taxes are different (indicated below) depending on the duration of permits.
(a) Single	Lit. 10	
(b) For period not exceeding 3 months	Lit. 20	
(c) For the period not exceeding 6 months	Lit. 60	
(d) For the period exceeding 6 months	Lit. 80	
5. For the security of goods carriage through customs territory (only for the services of police financed by state budget)	Lit. 0.8 per 1 kilometre	To cover the expenses of issuance of corresponding documents and for the services of the police ensuring security of goods carriage
6. Issuance of permit to import:		To cover the expenses of issuance of permit and for the control of import of guns and ammunition (safety reasons)
(a) Shotguns, hunting rifles, its parts arbalets	Lit. 70	
(b) Shotguns, hunting rifles, its parts arbalets for the commercial goals	Lit. 6,000	
(c) Pistols (revolvers), its parts for the self-defence, for commercial goals	Lit. 2,000	
(d) Ammunition and explosives	Lit. 50	
(e) Ammunition for commercial goals	Lit. 4,000	
(f) Sporting firearms	Lit. 20	
(g) Sporting firearms for commercial goals	Lit. 2,000	

Description	Rates	Purpose of taxes
(h) Air gains (pistols), gas pistols (revolvers) and ballones for commercial goals	Lit. 3,000	
(i) Colour copy machinery	Lit. 40	
(j) Colour copy machinery for commercial goals	Lit. 4,000	To prevent illegal printing of counterfeit documents
7. Issuance of permit to export:		To cover the expenses of issuance of permit and for the control of export of guns and ammunition (safety reasons)
(a) Shotguns, hunting rifles, its parts arbalets	Lit. 70	
(b) Shotguns, hunting rifles, its parts arbalets for the commercial goals	Lit. 6,000	
(c) Pistols (revolvers), its parts for the self-defence, for commercial goals	Lit. 2,000	
(d) Ammunition and explosives	Lit. 50	
(e) Ammunition for commercial goals	Lit. 4,000	
(f) Sporting firearms	Lit. 20	
(g) Sporting firearms for commercial goals	Lit. 2,000	
(h) Air gains (pistols), gas pistols (revolvers) and balloons for commercial goals	Lit. 3,000	
(i) Colour copy machinery	Lit. 40	
(j) Colour copy machinery for commercial goals	Lit. 4,000	for prevention of illegal printing of counterfeit documents
8. Issuance of permit to wholesale trade, import and export of narcotic drugs, psyhotropic medicine and their medicine substance	Lit. 300	To cover expenses of issuance of permit and for the control the activity related to narcotic and psyhotropic substances (to protect life and health of people, animals and plants)
9. Issuance of permit to wholesale trade, import and export of psyhotropic medicine and psyhotropic medicine substances	Lit. 300	To cover expenses of issuance of permit and for the control the activity related to narcotic and psyhotropic substances (to protect life and health of people, animals and plants)
10. Transportation of nuclear and radioactive materials	Lit. 500	To cover expenses of issuance of permit and for control of safety
11. Import of pyrotechnics remedies, civil guns and its ammunition, except pistols and revolvers for the self-defence and its ammunition	Lit. 5,000	To cover expenses of issuance of licence and for the control of enterprises (illegal activity)
12. Issuance of permission to temporary export for processing	Lit. 221	To cover expenses of issuance of permit and for the evaluation of conformity with the conditions related to this procedure. Because, in accordance with Customs Code, any customs procedure which can have an economic influence, can be performed only with Customs permit.

Description	Rates	Purpose of taxes
13. Issuance of permission to temporary import for processing	Lit. 200	To cover expenses of issuance of permit and for the evaluation of conformity with the conditions related to this procedure. Because, in accordance with the Customs Code, any customs procedure which can have an economic influence, can be performed only with Customs permit.
14. Issuance of license to import, export and transport:		To cover expenses of issuance of licence and for the safety reasons. Below enumerated charges allows to control the movement of dangerous chemical materials and identify their users.
(a) Controlled goods	Lit. 120	
(b) Dangerous materials according UN classification	Lit. 44	
(c) Radioactive materials according UN classification	Lit. 77	
15. Issuance of certificate confirming about the delivering and import of controlled goods	Lit. 100	To cover expenses of issuance of licence and for the safety reasons
16. Export of itinerant culture values (older than 50 years) or antiquarian things	20% of value	National value
17. Export of numismatics, philately, bonistics and faleristics	10% of value	National value

[Table 6: Excise Taxes Levied in Lithuania According to  
Government Resolution No.1515 of 30 December 1998 (with Amendment No. 875 of 30 July 1999)  
and Amendments to the Law on Excise Taxes of 21 December 1998, 30 September 1999,  
23 December 1999 and 17 February 2000

Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Lt for indicated measurement unit*)
2207.10.00.0; 2208 (except 2208.90.69.1 ; 2208.90.69.3)**	Undenatured ethyl alcohol and alcoholic beverages, except for mead brandy, champagne, wine, beer and medicinal preparations with medicinal herbs containing ethyl alcohol and registered in the State Medicines Register	Llt. 0.30 per 1% of an alcoholic strength by volume per one litre
2208.90.69.1	Mead brandies	Llt. 0.12 per 1% of an alcoholic strength by volume per one litre
	Wine (fortified wines including) of an alcoholic strength by volume not exceeding 13% vol:	
2204.21.11.0- 2204.21.80.0, 2204.29.12.0- 2204.29.75.0, 2205.10.10.1, 2205.90.10.1	Wine of fresh grapes	Llt. 0.16 per 1% of an alcoholic strength by volume per one litre
2204.30, ex2206.00	Grape must, other fermented beverages and their mixtures	Llt. 0.12 per 1% of an alcoholic strength by volume per one litre
	Wine (fortified wines including) of an alcoholic strength by volume of more than 13% vol, but not exceeding 18% vol:	
2204.21.81.0- 2204.21.94.0, 2204.29.81.0- 2204.29.94.0, 2205.10.10.9, 2205.90.10.9,	Wine of fresh grapes	Llt. 0.29 per 1% of an alcoholic strength by volume per one litre
ex2206.00	Other fermented beverages and their mixtures	Llt. 0.16 per 1% of an alcoholic strength by volume per one litre
2204.21.95.0- 2204.21.99.0, 2204.29.95.0- 2204.29.99.0, 2205.10.90.0, 2205.90.90.0, ex2206.00	Wine and other fermented beverages and their mixtures of an alcoholic strength by volume exceeding 18% vol	Llt. 0.38 per 1% of an alcoholic strength by volume per one litre
2204.10.11.0- 2204.21.10.0, 2204.29.10.0	Champagne, sparkling wine and wine with an excess pressure	Llt. 0.25 per 1% of an alcoholic strength by volume per one litre
2203.00	Beer	Llt. 0.40/litre***
2402.20.10.0- 2402.20.90.0	Filter and filterless cigarettes	Llt. 30 per 1,000 units (from 1 March 2000)
2402.10.00.0, 2402.90.00.0, 2403****	Packed smoking tobacco and other tobacco products	50
2710.00.27.1- 2710.00.37.0	Motor fuel/petrol	Llt. 1210 per ton*****



Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Lt for indicated measurement unit*)
2710.00.51.0, 2710.00.55.0, 2710.00.66.1- 2710.00.68.9	Jet fuel, kerosene, gas oils (diesel fuel oil), heavy fuel oil	Lt. 560 per ton)*****
2710.00.74.0, 2710.00.76.0, 2710.00.78.0, 2710.00.97.1, 2714.90.00.1	Heavy fuel oil, orimulsion	Lt. 20 per ton
2710.00.87.0- 2710.00.96.0, 2710.00.97.8	Lubricants of all types	Lt. 240 per ton
ex1806.20, ex1806.31, ex1806.32, ex1806.90	Chocolate and other food preparations containing cocoa, except cocoa powder and food preparations containing less than 18% by weight of cocoa butter	10
0901	Coffee	10
7113, 7114, 7116	Articles of jewellery and parts thereof, of precious metal or clad with precious metal, articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metals or of clad with precious metal, articles of natural or cultured pearls, precious or semi-precious stones-natural, synthetic or reconstructed	10
8703.21.10.1, 8703.21.90.2, 8703.22.19.1, 8703.22.90.2, 8703.23.19.1, 8703.23.90.2, 8703.24.10.1, 8703.24.90.2, 8703.31.10.1, 8703.31.90.2, 8703.32.19.1, 8703.32.90.2, 8703.33.19.1, 8703.33.90.2	Luxury motor vehicles, not older than 5 years (except for special motor vehicles) specified in the list of State Agency of Competition and Consumer Protection at the Government of Lithuania	15 from price exceeding Lt. 60,000
2716.00.00.0	Electricity	1

Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Llt for indicated measurement unit*)
4901.10.00.1, 4901.99.00.1, 4902.10.00.1, 4902.90.10.1, 4902.90.30.1, 4902.90.90.1, 4908.10.00.1, 4908.90.00.1, 4909.00.10.1, 4909.00.90.1, 4910.00.00.1, 4911.10.10.1, 4911.10.90.1, 4911.91.10.1, 4911.91.80.1, 4911.99.00.1, 9504.40.00.1	Publications of erotic and violent character	75
0402.10.91.0, 0402.10.99.0, 0402.29.15.0, 0402.29.19.0, 0402.29.91.0, 0402.29.99.0, 0402.99.11.0, 0402.99.19.0, 0402.99.31.0, 0402.99.39.0, 0402.99.91.0, 0402.99.99.0, 0404.10.26.0, 0404.10.28.0, 0404.10.32.0, 0404.10.34.0, 0404.10.36.0, 0404.10.38.0, 0404.10.72.0, 0404.10.74.0, 0404.10.76.0, 0404.10.78.0, 0404.10.82.0, 0404.10.84.0, 0406.10.20.1, 0406.10.80.1, 1701.11.10.0, 1701.11.90.0, 1701.12.10.0, 1701.12.90.0, 1701.91.00.0, 1701.99.10.0, 1701.99.90.0, 1702.20.10.0, 1702.20.90.0, 1702.90.60.0, 1702.90.71.0,	Sugar, including sugar contained in food preparations	0.01 Llt per 1% of sugar per 1 kg of preparation

Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Lt for indicated measurement unit*)
1702.90.75.0, 1702.90.79.0, 1702.90.99.0, 1704.10.11.0, 1704.10.19.0, 1704.10.91.0, 1704.10.99.0, 1704.90.30.0, 1704.90.51.0, 1704.90.55.9, 1704.90.61.2, 1704.90.61.3, 1704.90.61.4, 1704.90.65.0, 1704.90.71.0, 1704.90.75.0, 1704.90.81.0, 1704.90.99.0, 1806.10.20.0, 1806.10.30.0, 1806.10.90.0, 1806.20.10.0, 1806.20.30.0, 1806.20.50.0, 1806.20.70.1, 1806.20.70.9, 1806.20.80.1, 1806.20.80.9, 1806.20.95.1##, 1806.31.00.2, 1806.31.00.3, 1806.31.00.7, 1806.31.00.8, 1806.32.10.2, 1806.32.10.7, 1806.32.90.4, 1806.32.90.6, 1806.90.11.2, 1806.90.11.6, 1806.90.19.2, 1806.90.19.7, 1806.90.31.2, 1806.90.31.6, 1806.90.39.2, 1806.90.39.6, 1806.90.50.2, 1806.90.50.6, 1806.90.60.1, 1806.90.60.3, 1806.90.60.6, 1806.90.60.8, 1806.90.70.2, 1806.90.70.6,		

Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Lt for indicated measurement unit*)
1806.90.90.2, 1806.90.90.7, 1901.20.00.1, 1901.90.99.1, 1901.90.99.2, 1901.90.99.3, 1901.90.99.4, 1905.20.10.0, 1905.20.30.0, 1905.20.90.0, 1905.30.11.0, 1905.30.11.1, 1905.30.19.0, 1905.30.19.1, 1905.30.30.0, 1905.30.30.1, 1905.30.51.1, 1905.30.59.1, 1905.30.99.1, 1905.30.99.3, 1905.90.60.1, 2006.00.38.0, 2006.00.10.0, 2006.00.31.0, 2007.91.10.0, 2007.99.10.0, 2007.99.20.0, 2007.99.31.0, 2007.99.33.0, 2007.99.35.0, 2007.99.39.1, 2007.99.39.9, 2009.11.91.0, 2009.19.91.0, 2009.20.91.0, 2009.30.51.0, 2009.30.91.0, 2009.40.91.0, 2009.60.71.0, 2009.60.79.0, 2009.70.91.0, 2009.80.61.0, 2009.80.83.0, 2009.80.84.0, 2009.80.86.0, 2009.90.31.0, 2009.90.71.0, 2009.90.92.0, 2009.90.94.0, 2101.12.92.1, 2101.12.92.2, 2101.12.92.3, 2101.12.92.4,		

Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Lt for indicated measurement unit*)
2101.12.92.5, 2101.12.98.1, 2101.12.98.2, 2101.12.98.3, 2101.12.98.4, 2101.12.98.5, 2101.20.91.1, 2101.20.91.2, 2101.20.91.3, 2101.20.91.4, 2101.20.91.5, 2101.30.99.1, 2101.30.99.2, 2101.30.99.3, 2101.30.99.4, 2101.30.99.5, 2106.90.98.7##, 2105.00.10.0, 2105.00.91.0, 2105.00.99.0, 2106.90.59.0, 2106.90.98.7, 2309.10.90.0		
3303.00.10.1, 3303.00.90.1, 3304.99.00.1, 3307.10.00.1, 3307.90.00.1, 1302.19.30.1, 2008.20.11.1, 2008.20.19.1, 2008.20.31.1, 2008.20.39.1, 2008.30.19.1, 2008.30.39.1, 2008.40.19.1, 2008.40.29.1, 2008.40.31.1, 2008.40.39.1, 2008.50.19.1, 2008.50.39.1, 2008.50.51.1, 2008.50.59.1, 2008.60.19.1, 2008.60.39.1, 2008.70.19.1, 2008.70.19.1, 2008.70.39.1, 2008.70.51.1, 2008.70.59.1, 2008.80.19.1, 2008.80.19.1,	Liquid perfumes, cosmetic and toilet preparations and other preparations, which contain ethyl alcohol and due to their low price may be used as substitutes or alcoholic beverages	10 Lt per 1 liter of preparation

Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Lt for indicated measurement unit*)
2008.80.39.1, 2008.92.16.1, 2008.92.18.1, 2008.92.36.1, 2008.92.38.1, 2008.99.19.1, 2008.99.21.1, 2008.99.23.1, 2008.99.32.1, 2008.99.33.1, 2008.99.34.1, 2008.99.38.1, 2008.99.40.1, 2103.90.90.3, 2106.90.20.1, 2106.90.92.7, 2106.90.98.8, 2207.20.00.1, 2207.20.00.9, 3302.10.10.1, 3302.10.40.2, 3302.10.90.2, 3306.90.00.1, 3824.90.95.1		

\* The taxable value shall be:

- sale price free from excise tax and VAT of commodities produced in Lithuania;
- customs value, including duties, of imported commodities.

\*\* Commodity codes are presented according to the HS (1999) codes.

\*\*\* Excise tax - Lt. 0.2 per litre - shall be levied on the first 100 thousand decalitres of domestically-produced or imported beer by beer manufacturing companies producing 800 thousand decalitres per year (this provision is applied from 1 January 2000).

\*\*\*\* Excise tax shall not be levied on tobacco (Code 2403.10.90.1) imported by the joint-stock company "Philip Morris Lietuva". Only one producer of tobacco (Code 2403.10.90.1) operates in Lithuania currently, but if the number of such producers would increase on all of them the excise tax will not be levied. In the case when imported tobacco in this company is used not for production of cigarettes, but for other purposes, the excise tax shall be levied.

\*\*\*\*\* As from 1 April 2000 (under the Amendment to the Law on Excise Taxes of 17 February 2000), excise tax is not levied on any enterprise (domestic or foreign) having a licence to supply jet fuel (HS code 2710.00.51.0) to enterprises transporting passengers or cargo in international air traffic

# medicines with herbs (domestically-produced and imported).

## excise is not adjusted for sugar syrup with sorbitol.

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[Table 7: VAT Exemptions in Accordance with the Amendment No.VIII-451  
to the Law on Value Added Tax of 14 October 1997 and No. VIII-557 of 9 December 1997

1	health supervision services rendered by the public and budgetary institutions of the State and municipalities health supervision and veterinary services rendered by the institutions of the State veterinary service; medicines (including veterinarian); medical equipment; materials, used for medicines production; medicine goods.
2	social services rendered by kindergartens and day care centres, old and disabled peoples board and lodging
3	training, science, studies services rendered by education, science and studies institutions, registered according the order established by the Government; non-commercial culture services listed by the Government;
4	post services (except sending forward the parcels and the telecommunication services and postage stamps and envelopes);
5	financial services listed by the Government and rendered by the insurance, banks and other credit unions institutions; turnover of securities and lotteries;
6	coffins; funeral wreaths; temporary tombstones; burying services;
7	printing, publishing and distribution of magazines (listed by the Government), newspapers, books (except editions, which Journalists and Editors Commission for Ethics recognised among the categories having erotic and violent character); news-print;
8	services and actions, rated by consular and stamp taxes; local, State levies and taxes included in the State and municipalities budgets or special accounts opened in fisc or in the privatization funds;
9	State property being privatized;
10	works and services done for traditional Lithuanian religious communities and paid from sacrificed means;
11	rent (more than 2 months) of flats and houses;
12	rent of land;
13	services rendered by traditional Lithuanian religious communities and paid by sacrificed means, traditional handicrafts for which the special commission of handicraft experts gave such status;
14	passenger transport services according certain routes defined by the Ministry of Transport or municipalities;
15	levies for sea ports, airports, flights ruling and aeronavigation services;
16	construction of apartments; renovation, heating and projecting works; including construction of engineering networks and territory improvement financed from State or municipalities budgets, soft credits provided by State or special State funds;
17	goods with UNICEF mark according the list formed by the Government;
18	restoration or conservation of culture monuments and heritage financed from the State or municipalities budgets, also from sacrificed means or received as support;
19	exported goods (including returned to abroad temporary imported goods for processing) (zero VAT tariff);
20	transportation of exported goods when final point is outside Lithuanian customs territory; also all services related with foreign cargo transportation by transit through territory of Lithuania (zero VAT tariff);
21	freight, exploitation, repairmen, agency of ships and planes transporting goods and passengers by international routes (zero VAT tariff);
22	goods imported to bonded warehouses, duty-free shops, free economic zones and free warehouses;
23	services provided by enterprises, institutions and organizations outside Lithuania (zero VAT tariff);
24	goods and services for which directly paid residents of foreign countries and which are used for the production of goods for export or reexport (zero VAT tariff);
25	imported goods received as charity (humanitarian aid);
26	imported by natural persons (passengers) if the quantity of imported goods is permitted to import without customs duties;

27	goods transported by diplomatic and consular representatives, also by international organizations for the official activity of mission, if VAT exemptions are foreseen in the agreements between these international organizations and the Republic of Lithuania.;
28	received as support for budget institutions;
29	parcels sent by mail which weight is not more than 31.5 kg and value up to 400 Litas;
30	goods related with defence and safety of the Republic of Lithuania according the single cases defined by the Government;



Table 8: Conformity of Lithuania's current provisions with the WTO Agreement on Customs Valuation on an article by article basis

Agreement on Implementation of Article VII of the GATT 1994	The Order of Customs Valuation of Goods approved by Government Resolution No.748 of 9 June 1999 of Lithuania (which entered into force on 1 April 2000)	The Customs Code of Lithuania (entered into force 1 January 1998)
Article 1		Chapter VI Value of goods for customs purposes Article 30 Paragraphs 1-5 conform to the respective Article of WTO Agreement.
Article 2	(i) Section III (ii) Application of other methods of customs valuation Paragraphs 18.1-18.3 conform to paragraphs 1(b), 2 and 3 of the respective Article of WTO Agreement.	Chapter VI Value of goods for customs purposes Article 31 Paragraphs 1 and 2(1) conform to paragraph 1(a) of the respective Article of WTO Agreement.
Article 3	(iii) Section III (iv) Application of other methods of customs valuation Paragraphs 19.1-19.3 conform to paragraphs 1(b), 2 and 3 of the respective Article of WTO Agreement.	Chapter VI Value of goods for customs purposes Article 31 Paragraphs 1 and 2(2) conform to paragraph 1(a) of the respective Article of WTO Agreement.
Article 4	(v)	Chapter VI Value of goods for customs purposes Article 31 Paragraph 1 conforms to the respective Article of WTO Agreement.
Article 5	(vi) Section III. (vii) Application of other methods of customs valuation Paragraphs 21-22 conform the respective Article of WTO Agreement.  Note: Draft amendment of paragraph 21 of Government Resolution No. 748 has been prepared in order to make it fully conform with paragraphs 1(a) and 1(b) of the respective Article of the WTO Agreement. Government will approve it within the next two months.	Chapter VI Value of goods for customs purposes Article 31 Paragraph 2(3) conforms to paragraph 1(a) of the respective Article of WTO Agreement. Paragraph 3 provides reference to the implementing provisions.
Article 6	(viii) Section III (ix) Application of other methods of customs valuation (x) Paragraph 24.1 conforms to paragraph 2 of the respective Article of WTO Agreement.	Chapter VI Value of goods for customs purposes Article 31 Paragraph 2(4) conforms to paragraph 1 of the respective Article of WTO Agreement.

Agreement on Implementation of Article VII of the GATT 1994	The Order of Customs Valuation of Goods approved by Government Resolution No.748 of 9 June 1999 of Lithuania (which entered into force on 1 April 2000)	The Customs Code of Lithuania (entered into force 1 January 1998)
Article 7	(xi) Section V (xii) Final provisions  Paragraph 59 conforms to paragraph 3 of the respective Article of the WTO Agreement.	Chapter VI Value of goods for customs purposes Article 32 Paragraphs 1-2 conform to paragraphs 1-2 of the respective Article of the WTO Agreement.
Article 8	(xiii)	Chapter VI Value of goods for customs purposes Article 33 Paragraphs 1-3 conform to the respective Article of the WTO Agreement.
Article 9	(xiv) Section V (xv) Final provisions  Paragraphs 48-50 conform to the respective Article of the WTO Agreement.	Chapter VI Value of goods for customs purposes Article 36 The Article conforms to the respective Article of WTO Agreement.
Article 10	(xvi)	Chapter II The rights and obligations of persons with regard to the implementation of the provisions of the Code Article 8 The Article conforms to the respective Article of WTO Agreement.
Article 11	(xvii)	Chapter XXII Appeals Right to appeal against decisions taken by the customs authorities is provided in this Chapter. The provisions of this Chapter conform to the respective Article of the WTO Agreement.
Article 13	(xviii) Government Resolution No. 748 of 9 June 1999  Paragraph 2.2 conforms to the respective Article of the WTO Agreement.	Chapter XI Customs procedures Article 73 Paragraph 1 conforms to the respective Article of WTO Agreement. Article 199 Paragraph 2 provides reference to the implementing provisions.

Agreement on Implementation of Article VII of the GATT 1994	The Order of Customs Valuation of Goods approved by Government Resolution No.748 of 9 June 1999 of Lithuania (which entered into force on 1 April 2000)	The Customs Code of Lithuania (entered into force 1 January 1998)
Article 15	<p>(xix) Section I General provisions Paragraph 2 conforms to sub-paragraphs 1(c), 2(a), 2(b), 2(d), and paragraph 3 of the respective Article of the WTO Agreement. Paragraph 3 conforms to sub-paragraph 2(c) of the respective Article of the WTO Agreement.</p> <p>(xx) Section II Application of transaction value method Paragraph 9 conforms to paragraph 5 of the respective Article of the WTO Agreement.</p> <p>(xxi) Section III Application of other methods of customs valuation. Paragraphs 18.4 and 19.4 conform to sub-paragraph 2(e) of the respective Article of the WTO Agreement.</p>	<p>Chapter VI Value of goods for customs purposes Article 29 This Article conforms to sub-paragraph 1(a) of the respective Article of the WTO Agreement.</p> <p>Article 30 Paragraph 8 includes provisions of paragraph 4 of the respective Article of WTO Agreement.</p>
Article 16	<p>(xxii) Section V Final provisions Paragraph 59 conforms to the respective Article of the WTO Agreement.</p>	<p>Chapter II The rights and obligations of persons with regard to the implementation of the provisions of the Code Article 4 Paragraph 3 conforms to the respective Article of WTO Agreement.</p>

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[Table 9.1: Rates of Export Duties Approved by Government Resolution No. 2 of 4 January 2000

Code of group of goods*	Description of group of goods	Tariff rate**
4101, 4103	Raw hides and skin	15 per cent

\* Codes of groups (goods) are presented according to the EEC Harmonized Commodity Description and Coding System.

\*\* Goods without codes herein are subject to a zero rate customs duties.

Table 9.2: Rates of Export Duties under Free Trade Agreements

Code of group of goods	Description of group of goods	Tariff rate (%) for particular country
4101 10-4101 21, 4103	Raw hides and skins of bovine animals	EU, EE, LV, CZ, SK, SI, TR, Hu – 15
4401 22-4101 40	Other hides and skins of bovine animals	EU, CZ, SK, SI, TR, Hu – 15

EU - European Union; EE - Estonia; LV - Latvia; CZ - Czech Republic; SK - Slovakia; SI - Slovenia; TR – Turkey; Hu – Hungary]

[Table 10: List of Foodstuffs to be Checked by official Control Authorities under Importation

Description of products	HS Code	Controlling Institution*
Meat and edible meat sub-products	02.01-02.08 (except 0206.10.10.0; 0206.22.10.0; 0206.29.10; 0206.30.10.0; 0206.41.10.0; 0206.49.10; 0206.80.10.0; 0206.90.10.0); 0209 (except ex0209.00 (fresh, chilled or frozen)); 02.10	V
Fish and crustaceans, molluscs and other aquatic invertebrates	03.01-03.04 (except 0301.10); 03.05; 03.06(except ex03.06 (fresh, chilled or frozen)); 03.07 (except ex03.07(fresh, chilled or frozen))	V
Milk and milk products; birds eggs; natural honey; edible products of animal origin, not elsewhere specified or included	04.01-04.06 (except 0402.29.11.0); 0407.00-0410.00.00.0 (except 0408.11.20.0; 0408.19.20.0; 0408.91.20.0; 0408.99.20.0)	V
Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof	0504.00.00.0(except ex0504.00.00.0(fresh, chilled or frozen))	V
Edible vegetables and some root crops and tuber crops	07.01 (except 0701.10.00.00); 0702.00.00; 07.03 (except 0703.10.11.0); 07.04 - 07.09; 07.10; 07.11-07.12 (except 0712.90.11.0); 07.13-07.14 (except 0713.10.10.0; 0713.33.10.0; 0713.90.10.0; ex07.14 (frozen))	HP  H HP
Edible fruit and nuts; peel and husk of citrus fruit or melons	08.01-08.06 (ex0803.00(fresh); ex08.04(fresh); ex08.06(fresh)); 08.07-08.10; 08.11-08.12; 08.13; 0814.00.00. (except ex0814.00.00 (frozen))	HP  H HP H
Coffee, tea, mate and spices	09.01-0903.00.00.0 (except positions 0901.90.10.0); 09.04-09.08 (except 0904.20.31.0); 09.09-09.10	HP  H HP
Grain	10.01-10.08 (except these positions: 1001.90.10.0; 1001.90.91.0 1003.00.10.0; 1005.10; 1006.10.10.0; 1007.00.10.0; 1008.30.00.0) ex10.01-10.08 (for fodder)	HP      -
Milled production. malt starch; inulin; wheat gluten	1101.00-11.07 (except these positions: 11.05; 1107.20.00.0); 11.08-1109.00.00.0 ex1101.00-1109.00.00.0 (for fodder); ex11.08 (for the technical or industrial use, except production of foodstuffs)	HP   H - -



Description of products	HS Code	Controlling Institution*
Various food products	21.01-21.04; 21.06	H
	(except these positions: ex2102.20.19.0 (for fodder); ex2102.20.90.0(for fodder)	H*
	2104.20.00.0; 2106.10.20.2; 2106.10.80.2; 2106.90.92.2; 2106.90.98.2;	-
	2106.10.20.1; 2106.10.80.1; 2106.90.92.1; 2106.90.98.1;	H*
	ex21.06 (food additive) 2105.00	V
Alcoholic and non-alcoholic beverages and vinegar	22.01-2209.00 (except 2208.90.69.3)	H
Salt, sulphur, earths and stone, plastering materials, lime and cement	2501.00.91.0	H
Inorganic chemicals; organic and inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	ex2803.00; ex2804.21.00.0-2804.40.00.0; ex28.06; ex2807.00.10.0; ex2809.20.00.0; ex2810.00.90.0; ex28.11; ex28.12; ex2814.20.00.0; ex28.15; ex2816.10.00.0; ex28.18; ex28.21; ex2825.90.11.0; ex2825.90.19.0; ex2825.90.80.0; ex2827.20.00.0; ex2827.31.00.0; ex2827.39.10.0; ex2827.39.90.0; ex2832.10.00.0; ex2832.20.00.0; ex2833.11.00.0; ex2833.19.00.0; ex2833.22.00.0; ex2833.29; ex2834.10.00.0; ex2834.21.00.0; ex2834.29.90.0; ex28.35; ex2836.30.00.0; ex2836.40.00.0; ex2836.50.00.0; ex2836.99.11.0; ex2836.99.18.0; ex2837.20.00.0; ex2839.19.00.0; ex2839.90.00.0; ex28.40; ex2842.10.00.0 (food additives)	H*
Organic chemicals	ex29.01-ex2940.00 (food additives)	H*
Pharmaceutical products	ex3002.90.50.0 (for use in the production of foodstuffs)	H*
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks.	ex3203.00 (food additives or raw materials, designed for use in the production of foodstuffs); ex32.04(food additives); ex32.06(food additives)	H*
Essential oils, mixtures of flavouring substances (resinoids), liquid perfumes, cosmetics and toilet preparations	ex33.01(food additives); 3302.10(food additives)	H
Albumins; modified starches; glues; ferments (enzymes)	3501.10.90.0; 3502.11.90.0; 3502.19.90.0; 3502.20.91.0; 3502.20.99.0; 3502.90.70.0; 3503.00.10.0;	V
	ex3504.00.00.9 (for the production of foodstuffs);	H*
	ex3505.10.50.0 (food additives); ex3505.10.90.0 (food additives)	H*

- \* H - State control agencies under the Ministry of Health Care (Nutrition Centre, etc.)
- H\* - State control agencies under the Ministry of Health Care (Nutrition Centre, etc.), if there is an indication in the suppliers declaration of conformity, that the product is foodstuff for special purpose, food additive or is used for the production of foodstuffs.
- V - State Veterinary Service
- P - State Plant Protection Service
- “-” - State control agencies under the Ministry of Health Care (Nutrition Centre, etc.) do not control these products.]



[Table 11(a): List of Products of Animal Origin Subject to Veterinary Inspection

HS Code	Description
0502	Pigs, hogs or boars bristles and hair; badger hair and other brush making hair; waste of such bristles or hair
0503	Horsehair and horsehair waste, whether or not put up as a layer with or without supporting material
0505	Skins and other parts of birds, with their feathers or down, feathers and parts of feathers (whether or not with trimmed edges) and down, not further worked than cleaned, disinfected or treated for preservation; powder and waste of feathers or parts of feathers
0506	Bones and horn-cores, unworked, defatted, simply prepared (but not cut to shape), treated with acid or degelatinised; powder and waste of these products
0507	Ivory, tortoise-shell, whalebone and whalebone hair, horns, antlers, hooves, nails, claws and beaks, unworked or simply prepared but not cut to shape; powder and waste of these products
0508	Coral and similar materials, unworked or simply prepared but not otherwise worked; shells of molluscs, ceustaceans or echinoderms and cuttle-bone, unworked or simply prepared but not cut to shape, powder and waste thereof
0509	Natural sponges of animal origin
0510	Ambergris, castereum, civet and musk; cantharides; bile, whether or not dried; glands and other animal products used in the preparation of pharmaceutical products, fresh, chilled, frozen or otherwise provisionally preserved
0511	Animal products not elsewhere specified or included; dead animals of Chapter 1 or 2, unfit for human consumption
0511.10.00	Bovine semen
	Other:
	Fish waste
	Sinews or tendons
	Bovine embryos
3501	Casein, caseinates and other casein derivatives; casein glues:
4101	Raw hides and skins of bovine or equine animals (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split:
4102	Raw skins of sheep or lambs (fresh, or salted, dried, limed pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not with wool on or split, other than those excluded by note 1 (c) to this chapter:
4103	Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split, other than those excluded by note 1 (b) or 1 (c) to this chapter:
4104	Leather of bovine or equine animals, without hair on, other than leather of heading No.4108 or 4109:
4105	Sheep or lamb skin leather, without wool on, other than leather of heading No.4108 or 4109:
4106	Goat or kid skin leather, without hair on, other than leather of heading No.4108 or 4109:
4107	Leather of other animals, without hair on, other than leather of heading No.4108 or 4109:
5101	Wool, fine or coarse animal hair; horsehair yarn and woven fabric:
5102	Fine or coarse animal hair, not carded or combed:
5103	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garnetted stock:
5104	Garnetted stock of wool or of fine or coarse animal hair:
5105	Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments):

Table 11(b): Goods of Vegetable Origin Subject to Quarantine Inspection

HS code	Description
06.01	bulbs, tubers, tuberous roots, corms, dormant in growth or in flower, chicory plants and roots other than roots of heading No. 12.12*
06.02	other live plants (including their roots), cuttings and slips, mushroom spawn*
06.03	cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared*
06.04	foliage, branches or other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared*
07.01	potatoes, fresh or chilled*
07.02	tomatoes, fresh or chilled*
07.03	onions, garlic, shallots, leeks and other alliaceous vegetables, fresh or chilled*
07.04	cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled
07.05	lettuce and chicory fresh or chilled
07.06	carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled*
07.07	cucumbers and gherkins, fresh or chilled*
07.08	leguminous vegetables, including unshelled, fresh or chilled*
07.09	other vegetables, fresh or chilled*
07.11	vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption
07.12	dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared
07.13	dried leguminous vegetables, unshelled, whether or not skinned or split*
07.14	manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh or dried, whether or not sliced or in the form of pellets, sago pith*
08.01	coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled*
08.02	other nuts, fresh or dried, whether or not shelled or peeled*
08.03	bananas, including plantains, fresh or dried*
08.04	dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried*
08.05	citrus fruit, fresh or dried*
08.06	grapes, fresh or dried*
08.07	melons (including watermelons) and papaws (papayas), fresh*
08.08	apples, pears and quinces, fresh*
08.09	apricots, cherries, peaches (including nectarines), plums and sloes, fresh*
08.10	other fruit (berries), fresh*
08.13	fruit, dried, other than that of headings Nos. 08.01-08.06; mixtures of nuts or dried fruits of this Chapter
09.01	coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion
09.02	tea, whether or not flavoured
09.03	mate
09.09	seeds of anise, badian, fennel, coriander, cumin, caraway or juniper*
09.10	ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices
10.01	wheat and meslin*
10.02	rye*
10.03	barley*
10.04	oats*
10.05	maize (corn)*
10.06	rice*
10.07	grain sorghum*
10.08	buckwheat, millet and canary seed; other cereals*

HS code	Description
11.01	wheat or meslin flour
11.02	cereal flours other than of wheat or meslin
11.03	cereal groats, meal and pellets
11.04	cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice of heading No. 10.06; germ of cereals, whole, rolled, flaked or ground
11.06	flour and meal of the dried leguminous vegetables of heading No. 07.13, of sago or of roots of tubers of heading No. 07.14; flour, meal and powder of the products of Chapter 8
11.07	malt, whether or not roasted
12.01	soya beans, whether or not broken*
12.02	ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken*
12.03	Copra
12.04	linseed, whether or not broken*
12.05	rape seeds, whether or not broken*
12.06	sunflower seeds, whether or not broken*
12.07	other oil seeds and oleaginous fruits, whether or not broken*
12.08	flours and meals of oil seeds or oleaginous fruits, other than those of mustard
12.09	seeds, fruit and spores, of a kind used for sowing*
12.10	hop cones, fresh or dried, whether or not ground, powdered or in the form of pellets; lupulin
12.11	plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purpose, fresh or dried, whether or not cut, crushed or powdered
12.12	locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh or dried, whether or not ground; fruit stones and kernels and other vegetable products (including unroasted chicory roots of the variety ) of a kind used primarily for human consumption, not elsewhere specified or included*
12.13	cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets
12.14	swedes, mangolds, fodder roots, fodder swedes, hay, lucerne (alfalfa), clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets*
14.01	vegetable materials of a kind used primarily for plaiting (for example, bamboos, rattans, reeds, rushes, osier, raffia, cleaned, bleached or dyed cereal straw, and lime bark)
14.02	vegetable materials of a kind used primarily as stuffing or as padding (for example, kapok, vegetable hair and eelgrass), whether or not put up as a layer with or without supporting material
14.03	vegetable materials of a kind used primarily in brooms or in brushes (for example, broomcorn, piassava, couchgrass and istle), whether or not in hanks or bundles
18.01	cocoa beans, whole or broken, raw or roasted
18.02	cocoa shells, husks, skins and other cocoa waste
20.03	mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid
23.02	bran, sharps and other residues, whether or not in the form of pellets, derived from the sifting, milling or other working of cereals or of leguminous plants
24.01	unmanufactured tobacco; tobacco refuse*
27.03	peat (including peat litter), whether or not agglomerated
44.01	fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms
44.03	wood in the rough, whether or not stripped of bark or sapwood, or roughly squared*
44.04	hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking-sticks, umbrellas, tool handles or the like; chipwood and the like
44.06	railway or tramway sleepers (cross-ties) of wood
44.07	wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding 6 mm

HS code	Description
44.09	wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed
44.13	densified wood, in blocks, plates, strips or profile shapes
44.15	packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, box pallets and other load boards, of wood
45.01	natural cork, raw or simply prepared; waste cork; crushed, granulated or ground cork
46.01	plaits and similar products of plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles (for example, mats, matting, screens)
53.01	flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock)
53.02	true hemp, raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock)
97.05	collections and collectors pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, paleontological, ethnographic or numismatic interest

- \* All these goods of vegetable origin are imported to the Republic of Lithuania in line with the Article 5 of the "Regulations of import and export of goods of vegetable origin to and from the Republic of Lithuania and their transit through the territory of the Republic of Lithuania", i.e. it is obligatory to present to the customs the phytosanitary certificate issued by the Vegetable Quarantine or Vegetable Protection Service of the exporting state. While importing the goods of vegetable origin marked in the appendix with a star (\*) one must additionally present to the customs the quarantine permit for import issued by the State Plant Protection Service of the Republic of Lithuania.]

[Table 12: Status of Lithuanian Legislation to meet WTO TRIPS Requirements]

TRIPS Agreement	Laws and other legal acts addressing the subject-matter	Draft legislation to address subject-matter
Part II, Section 1. Copyright and Related Rights	<ul style="list-style-type: none"> <li>- Law on Copyright and Related Rights of 18 May 1999;</li> <li>- Law on the Legal Protection of Computer Programs and Databases of 30 January 1996, which has been incorporated into the Law on Copyright and Related Rights;</li> <li>- Membership in the Berne Convention since 1994;</li> <li>- Membership in the Rome Convention since 1999</li> <li>- Membership in the Geneva Convention since 1999;</li> </ul>	
Part II, Section 2. Trademarks	<ul style="list-style-type: none"> <li>- Law on Trademarks and Service Marks of 3 June 1993, as amended and supplemented on 8 November, 1994 and 13 November, 1997;</li> <li>- Membership in the Paris Convention from 1994;</li> <li>- Membership from 1996 in the Nice Agreement (1957) Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks;</li> <li>- Membership from 1997 (15 November) in the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks;</li> <li>- Membership from April 1998 in the Trademark Law Treaty (TLT) (1994);</li> <li>- new Law on Competition of 23 March 1999 includes provisions on geographical indications;</li> </ul>	<ul style="list-style-type: none"> <li>- amendment to the Law on Trademarks and Service Marks to include measures which are prohibited to use in connection with geographical indications (terms as "kind", "style", "like", etc.) (in the course of 2000);</li> <li>- amendment to procedures followed by the State Patent Bureau to certify a mark as well-known (in the course of 2000);</li> </ul>
Part II, Section 3. Geographical Indications	<ul style="list-style-type: none"> <li>- new Law on Competition of 23 March 1999;</li> </ul>	<ul style="list-style-type: none"> <li>- see previous section;</li> </ul>
Part II, Section 4. Industrial Design	<ul style="list-style-type: none"> <li>- Law on Industrial Design of 4 July 1995;</li> <li>- Membership in the Paris Convention from 1994;</li> <li>- Law of Amendment of Article 5 of the Law on Industrial Design of 10 May 2000;</li> </ul>	

TRIPS Agreement	Laws and other legal acts addressing the subject-matter	Draft legislation to address subject-matter
Part II, Section 5. Patents	<ul style="list-style-type: none"> <li>- Patent Law of 18 January 1994, as amended and supplemented on 8 November 1994, 9 and 23 December 1997, and 15 June 2000;</li> <li>- Law on the Protection of Plant Varieties and Seed Cultivation of 17 September 1996, as amended and supplemented on 10 June, 1997;</li> <li>- Membership in the Paris Convention from 1994;</li> <li>- Membership in the Patent Cooperation Treaty from 1994;</li> <li>- Membership in the Budapest Treaty on the International Recognition of the Deposit of Microorganism for the Purposes of the Patent Procedure from May 1998;</li> </ul>	
Part II, Section 6. Layout Designs of Integrated Circuits	<ul style="list-style-type: none"> <li>- Law on the Legal Protection of Topographies and Semiconductor Products of 16 June 1998</li> </ul>	
Part II, Section 7. Protection of Undisclosed Information	<ul style="list-style-type: none"> <li>- new Law on Competition of 23 March 1999;</li> </ul>	
Part II, Section 8. Control of Anti-competitive Practices in Contractual Licences	<ul style="list-style-type: none"> <li>- partially new Law on Competition of 23 March 1999;</li> </ul>	
Part III, Section 2. Civil and Administrative Procedures and Remedies	<ul style="list-style-type: none"> <li>- Civil Code of Lithuania;</li> <li>- Code of Civil Process of Lithuania;</li> <li>- Code of Administrative Infringements (Article 214(10) from 1996);</li> <li>- new Law on Competition of 23 March 1999;</li> <li>- Law on Trademarks and Service Marks of 3 June 1993;</li> <li>- Law on Amendments and Supplement to the Code of Administrative Infringements (improvements);</li> <li>- Law on Copyright and Related Rights of 18 May 1999</li> </ul>	
Part III, Section 3. Provisional Measures	<ul style="list-style-type: none"> <li>- Law on Copyright and Related Rights of 18 May 1999</li> </ul>	-
Part III, Section 4. Special Requirements Related to Border Measures	<ul style="list-style-type: none"> <li>- Law on Trademarks and Service Marks of 3 June 1993 (only on trademarks and service marks);</li> </ul>	<ul style="list-style-type: none"> <li>- draft law on the protection of intellectual property for imported and exported goods (in the course of 2000);</li> </ul>

TRIPS Agreement	Laws and other legal acts addressing the subject-matter	Draft legislation to address subject-matter
Part III, Section 5. Criminal Procedures	<ul style="list-style-type: none"><li>- Criminal Code of Lithuania (Articles 35, 142 and 308) with amendments of 20 April 2000;</li><li>- Code of Criminal Procedure of Lithuania (Articles 37, 126 and 143 with amendments) of 20 April 2000;</li></ul>	-

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APPENDIX

ACCESSION OF LITHUANIA

Draft Decision

The General Council,

Having regard to the results of the negotiations directed towards the establishment of the terms of accession of the Republic of Lithuania to the Marrakesh Agreement Establishing the World Trade Organization and having prepared a Protocol for the Accession of Lithuania,

Decides, in accordance with Article XII of the Marrakesh Agreement Establishing the World Trade Organization, that the Republic of Lithuania may accede to the Marrakesh Agreement Establishing the World Trade Organization on the terms set out in the said Protocol.



PROTOCOL OF ACCESSION OF LITHUANIA  
TO THE MARRAKESH AGREEMENT ESTABLISHING  
THE WORLD TRADE ORGANIZATION

Draft

The World Trade Organization (hereinafter referred to as the "WTO"), pursuant to the approval of the General Council of the WTO accorded under Article XII of the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as the "WTO Agreement"), and the Republic of Lithuania (hereinafter referred to as "Lithuania"),

Taking note of the Report of the Working Party on the Accession of Lithuania to the WTO in document WT/ACC/LTU/... (hereinafter referred to as the "Working Party Report"),

Having regard to the results of the negotiations on the accession of Lithuania to the WTO,

Agree as follows:

Part I - General

1. Upon entry into force of this Protocol, Lithuania accedes to the WTO Agreement pursuant to Article XII of that Agreement and thereby becomes a Member of the WTO.
2. The WTO Agreement to which Lithuania accedes shall be the WTO Agreement as rectified, amended or otherwise modified by such legal instruments as may have entered into force before the date of entry into force of this Protocol. This Protocol, which shall include the commitments referred to in paragraph [185] of the Working Party Report, shall be an integral part of the WTO Agreement.
3. Except as otherwise provided for in the paragraphs referred to in paragraph [185] of the Working Party Report, those obligations in the Multilateral Trade Agreements annexed to the WTO Agreement that are to be implemented over a period of time starting with the entry into force of that Agreement shall be implemented by Lithuania as if it had accepted that Agreement on the date of its entry into force.

4. Lithuania may maintain a measure inconsistent with paragraph 1 of Article II of the GATS provided that such a measure is recorded in the list of Article II Exemptions annexed to this Protocol and meets the conditions of the Annex to the GATS on Article II Exemptions.

#### Part II - Schedules

5. The Schedules annexed to this Protocol shall become the Schedule of Concessions and Commitments annexed to the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "GATT 1994") and the Schedule of Specific Commitments annexed to the General Agreement on Trade in Services (hereinafter referred to as "GATS") relating to Lithuania. The staging of concessions and commitments listed in the Schedules shall be implemented as specified in the relevant parts of the respective Schedules.

6. For the purpose of the reference in paragraph 6(a) of Article II of the GATT 1994 to the date of that Agreement, the applicable date in respect of the Schedules of Concessions and Commitments annexed to this Protocol shall be the date of entry into force of this Protocol.

#### Part III - Final Provisions

7. This Protocol shall be open for acceptance, by signature or otherwise, by Lithuania until [1 May 2001].

8. This Protocol shall enter into force on the thirtieth day following the day of its acceptance.

9. This Protocol shall be deposited with the Director-General of the WTO. The Director-General of the WTO shall promptly furnish a certified copy of this Protocol and a notification of acceptance thereto pursuant to paragraph 7 to each Member of the WTO and Lithuania.

10. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

11. Done at Geneva this ... day of .... two thousand ....., in a single copy in the English, French and Spanish languages each text being authentic, except that a Schedule annexed hereto may specify that it is authentic in only one or more of these languages.

ANNEX

SCHEDULE .....- LITHUANIA

Part I - Goods

[WT/ACC/LTU/./Add.1]

Part II - Services

[WT/ACC/LTU/./Add.2]

[to be completed]

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