

# WORLD TRADE ORGANIZATION

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**Working Party on the  
Accession of Lithuania**

Original: English

## **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.5/Corr.1.

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 and ...), 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 [176].

## ECONOMIC POLICIES

### Monetary and Fiscal Policy

8. The representative of Lithuania recalled that the direction of macro-economic policies during 1995 to 1997 was 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; taxes on natural resources, oil and gas; pollution tax; customs duties; a tax on fixed property; road tax; land taxes; stamp tax on activity (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 established based on the quantity, degree of harm and type of pollution. Since July 1995 (Government Resolution No. 1026), the corporate profit tax was reduced for certain sectors, notably those related to production of medicines and medical services, agricultural machinery, waste processing and disposal, new forms of energy, transportation, construction and telecommunications. 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 1997-1999. Based on the present currency board arrangement, the monetary policy function of the Bank of Lithuania would be developed into a regime of discretionary currency issue after the Law on the Credibility of the Litas had been amended and supplemented, followed by the introduction of new monetary policy measures and stabilization of the credit and money market.

#### Foreign Exchange and Payments

10. The representative of Lithuania informed the Working Party that his country had recorded deficits in its merchandise trade equal to US\$324 million in 1994, US\$943 million in 1995, US\$1,124 million in 1996, US\$1,784 million in 1997, and US\$1,518 million in 1998. 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 in agreement with the IMF. 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. The Monetary Policy Programme for 1997-1999 of the Bank of Lithuania would allow the Litas to be linked to a US dollar/euro basket, but not before 2000. 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, narcotic and poisonous substances, and the organizing of lotteries in accordance with 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. The Law on Foreign Capital Investments stipulated that taxation of foreign enterprises 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 500,000 Litas) received tax reductions amounting to 70 per cent for the first two years after their establishment and 50 per cent for each year thereafter. Producers of agricultural products were assessed profit tax at the rate of 10 per cent provided the agricultural items accounted for minimum 60 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 Litas 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; joint-ventures with State property; capital lease; and the creation of a State Privatization Agency (State Property Fund from 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 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 and industrial sectors to be subject to tendering. The list established in 1997 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.

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). As of the same date, Lithuania had made significant progress in the privatization of 287 agro-processing (meat, milk, grain, crop selection, etc.) and agro-service enterprises that were identified for privatization and expected to complete the process by 2000. These 287 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. As of 1 January 1999, the Government estimated that approximately 88 per cent of the industrial (goods) enterprises and 97 per cent of the services enterprises identified for privatization, had been privatized. The privatization 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 9 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 the 9 State enterprises and the banks was expected to continue for some time. The largest ever privatization contract in the Baltic States had been concluded on 7 July 1998 with the purchase of 60 per cent of "Lietuvas Telekomas" (Lithuanian Telecom) by Amber Teleholdings, a consortium owned by Telia (Sweden) and Sonora (Finland). The other 40 per cent of Lietuvas Telekomas remained in State ownership. A hotel ("Lietuva"), a sea cargo company ("Klaipedos Smelte") and a ship repair yard ("Vakaru laivu remontas") 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 95 entities. The Government would review the need for further privatization in 2000. In addition, 142 enterprises were currently not included in the privatization plans, including strategic entities such as the State Nuclear Power Plant, Lithuanian Post, airports, railways and their infrastructure, pipelines, electricity transmission lines, sea ports, etc.

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 8,050 enterprises owned by the State prior to privatization, 5,714 entities valued at 3.9 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 – January 1999) had covered the privatization of 664 entities worth some 2.4 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 said that Lithuania agreed to continue to provide information [every two years] [on an annual basis] on developments in its programme of privatization after accession along the lines of that provided to the Working Party during the accession process [until 1 January 2003]. The Working Party took note of this [assurance][commitment].

#### 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. Private health service providers could not exceed the prices set for State-supplied services by more than 60 per cent [a draft law abolishing this restriction is in preparation]. This measure was applied in an environment of insufficient competition to alleviate the financial burden on the State Social Insurance Fund, which compensated citizens fully or in part for their expenditures on health services and pharmaceuticals. 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 in the application of minimum prices and price controls on products and services contained in Table 2, and any [such prices, his Government][that are introduced or re-introduced in the future, Lithuania] will apply such measures 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 the new Law on Competition had been adopted by Parliament on 11 February 1999. The new Law, which had replaced the 1992 Law on Competition, improved the control of restrictions of competition in Lithuania. Supervised by the State Competition and Consumer Protection Office, 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 union of sugar producers is exempt from the Law on Competition under the existing Law on Sugar. Lithuania's Government decided to eliminate this provision on 12 May 1999, and has submitted a draft amendment to the Law on Sugar to Parliament for approval.] He added that the Government had approved Resolution No.137 of 18 February 1997 concerning the "Order of Execution of the State Support", which sought to prevent distortions to competition being created by State support provided to operators in the market.



24. The State Competition and Consumer Protection Office had investigated 48 cases of abuse of dominant position between 1992 and 1 January 1999. Dominant enterprises were those controlling 40 per cent or more of the relevant domestic market; the Office had included enterprises with market shares exceeding 60 per cent in a list of dominant suppliers. In January 1996, the Competition Council (the decision-making body of the Office) 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 State Competition and Consumer Protection Office. 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 1 August 1998, 46 investigations had been carried out on the basis of complaints or at the Council's own initiative. The Council had taken 17 decisions, and fined 19 economic entities, until March 1999.

#### 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 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 Law on Order of

Publishing and Entry into Force of Legal Acts of 6 April 1993 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 stated that, from the date of accession, Lithuania would ensure observance of the provisions of WTO by its local authorities, including Article XXIV:12 of the GATT 1994 and the Understanding on the Interpretation of Article XXIV:12 and Article I:3(a) of GATS. The Working Party took note of this commitment.

## POLICIES AFFECTING TRADE IN GOODS

### Trading Rights

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 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 [35] 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.

33. 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, importation and retail trade. 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 wholesale and retail licences had been issued during 1995, about 11,000 wholesale and retail licences in the course of 1996, and some 10,500 import, wholesale and retail licences in the course of 1997.

34. 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.

35. 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 and activities related to narcotic or poisonous substances;
- (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 [65] 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.

36. 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.

37. 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 had been 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.

38. The representative of Lithuania replied that new rates of stamp tax had been established in June 1998 in accordance with Government Resolution No. 774. The new equalized stamp taxes for engaging in importation and trade in alcoholic beverages would be applied from 1 January 2000. Under the new order, an activity licence, valid for one year, to import and engage in wholesale of imported vodka and other spirits would cost 100,000 litas (US\$25,000); for wine and beer - 50,000 litas (US\$12,500); beer only - 15,000 litas (US\$3,750); and 500 litas (US\$125) for alcohol products. 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 would also cover wholesale of the products. The importation/wholesale licence also included

a larger number of beverage brands (about 400) than a wholesale licence for domestically-produced beverages (some 100-150 products). The licence fee for importation of tobacco products - Lit. 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.

39. 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 [35]. 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.

40. 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

41. 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.

#### A. IMPORT REGULATION

##### Customs Code

42. The representative of Lithuania said that the Seimas had approved a new 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 new 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][would be] fully based on the Implementing Provisions of the Community Customs Code (Commission Regulation 93/2454/EEC and its amendments). [A member requested clarification on what aspects of EC "implementing provisions" had been adopted.]

[43. 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

44. 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. [According to Lithuania, the current applied tariffs do not exceed the bound levels proposed by Lithuania in the context of its market access negotiations.] The applied customs tariff was provided to the Working Party [the latest version has been established in accordance with Government Resolutions Nos. 793 of 30 June 1998 and 1245 of 20 October 1998]. 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.

45. 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

46. 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

47. 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.

48. 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.

49. The general tariff quotas allowed importation at zero (or reduced) tariffs for a very limited number of agricultural commodities and a few industrial products. The application of tariff quotas was intended to be temporary; they were granted only when domestic production of a certain commodity or products, combined with imports at the MFN tariff rate, would be insufficient to satisfy domestic demand. 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 requesting quotas or participation in tenders submitted application forms to the responsible Ministry. 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 restriction. Domestic sugar processors were required to exhaust the supply of domestic raw sugar before being allowed to import raw or white (refined) sugar at zero duty under tariff quotas. Unlimited quantities of raw or white sugar could be imported at the MFN over-quota duty rate at any time. Concerning the allocation of the tariff-rate quotas for raw sugar, the Government (Ministry of Agriculture) would select one or more suppliers based on the highest bid. The winner(s) subsequently concluded contracts with domestic processors having filled their purchasing quotas for domestic sugar beets. Entitlements to tariff quotas for irregular transparent glass bottles was automatic upon presentation of the application and the sales contract. Tariff quotas for special ships furniture had been abolished.

50. 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. 268 of



24 March 1997. 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. nine 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. 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.

51. A member requested a commitment paragraph addressing 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 cultivation and processing of sugar beet, purchase and sale of domestic sugar, and importation/exportation of sugar, raw sugar and products containing sugar would be covered by a new sugar regime to be approved by the Government. The Government would introduce the new regime within three months after the passage of the new Sugar Law by Parliament. In accordance with WTO requirements, the [draft] Law [which has been approved by the Government and submitted to Parliament for approval] eliminated protective measures for the domestic sugar market such as minimum import prices, minimum purchase prices for sugar produced from beet purchased under quotas, and arrangements making sugar processors' imports of sugar under tariff quota conditional on the purchase of specific quantities of domestically-produced beet sugar. He confirmed that the new regime would grant no special privileges to Lithuanian producers. [Current measures regulating the sugar market are import duty, excise duty (introduced on 1 November 1998, for sugar and products containing more than 20 per cent sugar), automatic import licensing, and minimum import prices (to be abolished on 1 January 2000).][Some members have reiterated their request for more information concerning the new Law on Sugar. Until the provisions of the new Law on Sugar (under preparation) are known, a member reserves on all aspects of the report and protocol addressing the restrictions, subsidies, and other requirements in this area.]

52. The representative of Lithuania said that from the date of accession any application of [general] tariff rate quotas would be in accordance with the provisions of Article XIII of GATT 1994. The Working Party took note of this commitment.

#### Fees and Charges for Services Rendered

53. 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 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 20 to 30 Litass for the registration of goods and 25 Litass 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.

[54. A member asked whether the list of stamp taxes in Table 5 was comprehensive, and noted that while these fees were not large, they did not seem related to any service other than generating revenue. This member reserved on this issue until Lithuania clarified why these taxes were applied, their scope in trade and domestic use, and why they seemed to be clustered on import trade. 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. The stamp tax fees covered the cost, and no more, of supplying the indicated services.]

55. The representative of Lithuania said that Lithuania would ensure that any fees and charges for services rendered 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. The Working Party took note of this commitment.

#### Application of Internal Taxes to Imports

56. 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 Litas 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.

57. 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.

58. 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 (in accordance with Government Resolution No. 328 of 9 April 1997). Lithuania had taken concrete steps to bring its excise taxes into conformity with GATT Article III. 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 for small producers of beer (0.2 Litas per litre for those with annual production below 100,000 dekalitres) was a transitional measure which, according to the Amendment to the Law on Excise Taxes No.VIII-982 of 21 December 1998, would expire on [1 January 2000 (the Government has approved a decision to abolish this measure on this date and has submitted this decision to Parliament for its consideration)]; (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 which, in his view, justified such differential treatment of tobacco; (iii) excise tax was not levied on enterprises transporting passengers or cargo in international air traffic, and imported and domestically produced jet fuel (HS code 2710.00.51.0) received equal treatment in accordance with the Amendment to the Law on Excise Taxes No. VIII-982 of 21 December 1998. The list of tax exempt enterprises (at present the joint-stock companies "Lietuvos avialinijos" and "Lietuva") was determined by the Government, and the tax exemption was considered a subsidy to the service supplier; and (iv) the excise tax exemption for beverages (HS code 2206.00.89.0) produced by "Lietuviskas 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.

59. 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 Llt 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.

60. 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.

61. 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 were 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.

62. The representative of Lithuania stated that, from the date of accession, Lithuania would apply its domestic taxes on products, including those listed in paragraphs [58 to 61 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. The Working Party took note of this commitment.

Quantitative Import Restrictions, including Prohibitions, Quotas and Licensing Systems

63. 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.

64. 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.

65. 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);
- goods and loads of dual purpose (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 loads (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.

66. 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 [licensing,] 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[.], including those described in paragraphs [64 and 65]. He added that import licences required for importation described in paragraphs [64 and 65] would be granted automatically to all who requested them or were otherwise justifiable under WTO provisions, and would not restrict the [right to] import [of] these products into Lithuania or in any way discriminate against imported products.] 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 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 and Technical Barriers to Trade. The Working Party took note of these commitments.

#### Customs Valuation

67. 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.

68. 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 - except some of the Interpretative Notes - had been incorporated in the implementing provisions of the Customs Code laid down in the Temporary Order of Customs Valuation of Goods, adopted by Government Resolution No.897 of 11 August 1997. 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 not yet incorporated in existing legislation would be included in a new Order of Customs Valuation of Goods [almost ready and will be provided to the Secretariat for circulation to the Working Party as soon as possible], which would enter into force on 1 January 2000.

69. The representative of Lithuania confirmed that Government Resolution No.751 of 25 June 1996 had introduced minimum import prices (amended by Government Resolution No. 751 of 22 June 1998) for sugar, grain and products thereof, poultry, forage products, leguminous vegetables, oil and products thereof, matches and corrugated sheets as a transitional measure to be abolished on 1 January 2000. The Law on Sugar and the Law on State Regulation of Economic Relations for Agriculture also granted the Government authority to establish minimum import prices. The authority to establish minimum import prices was not included in the new Law on Sugar (in preparation). He added that on 25 June 1996, Lithuania had approved Government Resolution No. 751 on "Customs Assessment of Prices for Imported Goods" (amended by Government Resolution No. 504 of 24 April 1998). According to this Resolution, Ministries responsible for trade issues established a special price list ("price-in-checking" system), to be reviewed every three months, for certain imported goods to fight customs fraud. [Products covered by the system are enumerated in Table 8.] The established order of customs valuation was followed for goods not included in the special list.

70. Concern was expressed about the "price-in-checking" system and Lithuania was asked to explain in detail why the system would not constitute a minimum price scheme. A minimum import price could not be considered a transaction value as defined in the WTO Customs Valuation Agreement, and the process of using "price-in-checking" did not conform to the hierarchy of other valuation methods provided for in the Agreement and in Lithuania's new Customs Code. 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.

71. The representative of Lithuania explained that prices in the special list were used in the assessment of duties and taxes when importers were unable to substantiate declarations of a lower customs value, or to provide information to allow the other methods of customs valuation (non-transaction value) to be used. The importer was normally asked to demonstrate that the value of the imported goods approximated the value of identical or similar goods imported and sold in Lithuania. Deductions would be made for expenses on commissions, and the value would be adjusted for profit and general expenses, transportation and insurance costs, import duties and taxes, etc. Article 226 of the Customs Code allowed all decisions taken by the customs authorities, including "price-in-checking" decisions, to be appealed to the Customs Department and/or the Court. The "price-in-checking" system was a transitional measure; its application had been extended until 1 January 2000. In any case, in his view, these checking prices did not constitute a minimum price system.

72. 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.

73. 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 required the rules of customs valuation laid down by the Customs Code to be used in all cases when import taxes, other than import duties, or value-based import prohibitions or restrictions, were applied. Existing implementing provisions of the Customs Code, laid down in the Temporary Order of Customs Valuation of Goods (Government Resolution No.897 of 11 August 1997), 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. Some of the Interpretative Notes of GATT 1994 Agreement were had not yet been incorporated Lithuania's legislation, but would be included in a new Order of Customs Valuation of Goods, entering into force on 1 January 2000.



74. The Temporary Order of Customs Valuation of Goods, based on the appropriate provisions of the Code and incorporating most of the above-mentioned provisions (except some of the Interpretative Notes), had been adopted by Government Resolution No. 897 of 11 August 1997. This Order was based on the Implementing Provisions of the Community Customs Code (Commission Regulation 93/2454/EEC) and contained the following provisions missing in previous legislation governing customs valuation:

- definitions of "produced goods", "identical goods", "similar goods" and "goods of the same class or kind" (Articles 15(1), (2) and (3) of the GATT 1994 Agreement on Implementation of Article VII);
- provisions governing the application of test values in case of sales between related persons (Articles 1(2)(b) and (c) of the Agreement);
- provisions concerning prohibition to require any person not resident in the territory of Lithuania to produce records for the purposes of determining a computed value (Article 6(2) of the Agreement);
- provisions concerning application of reasonable means consistent with the principles and general provisions of the Agreement (Article 7(1) of the Agreement);
- a list of prohibited valuation methods (Article 7(2) of the Agreement);
- provisions indicating that the sole agent, sole distributor or sole concessionaire shall not be treated as a person related with the seller (Article 15(5) of the Agreement);
- provisions concerning rates of exchange of the Litas;
- provisions governing customs valuation of goods in case of successive sales (e.g. in customs warehouses);
- provisions concerning place of introduction into the customs territory of Lithuania;
- provisions concerning valuation of carrier media for use in ADP equipment;
- provisions concerning the lodging of a value declaration;
- requirements applied to the supporting documents (commercial invoices, contracts, transportation and insurance documents, etc.); and
- provisions concerning the valuation of used cars.

The Temporary Order had entered into force before the Customs Code, and some of its provisions were therefore identical to provisions now contained in the Code. The Temporary Order would be replaced by the new order of Customs Valuation of Goods entering into force on 1 January 2000.

75. 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.

76. 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", would be eliminated upon accession, and that such measures would not be reintroduced except in accordance with WTO Agreements. The Working Party took note of this commitment.

77. 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.

#### Other Customs Formalities

78. 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" currently in force, 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 more than 50 per cent of the costs of production of goods, 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.

79. He added that Chapter V 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 new Law on Customs Tariff, which 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. The Implementing Provisions on rules of origin of 1 October 1997 were based on the Implementing Provisions of the Community Customs Code.

80. 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.

81. 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 new 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.

[82. A member stated that Lithuania seemed to be avoiding a description in the report of its preferential rules of origin. The representative of Lithuania was surprised by this statement regarding preferential rules of origin. He pointed out that no summary of preferential rules of origin appeared in accession reports that had been adopted recently or were about to be adopted. The text in paragraph [81] responded to all points made in paragraph [80]. Lithuania was not avoiding any response to reasonable requests by members of the Working Party.]

83. Concerning the "independent experts", the representative of Lithuania said that these were enterprises dealing with examination of 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 was 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; 11 "independent experts" had been certified for 1997. The experts were normally employees of companies carrying out such examinations, i.e. "Beckmann&Jorgensen kontrolė" (Klaipėda), the Joint Stock Company Ltd. "Siaulių prekių ekspertizė" (Siauliai), the Joint Stock Company "Impeksservis" (Vilnius), "Kauno prekių ekspertizė" (Kaunas), the regional Chamber of Commerce and Trade of Vilnius and the representative office in Lithuania of the German company "Pražisa Industrielektronik" (Vilnius). 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 of origin.

84. 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.

85. The representative of Lithuania confirmed that from the date of accession Lithuania's application of rules of origin [for both MFN and preferential trade] would be administered in conformity with the provisions of the WTO Agreement on Rules of Origin. The Working Party took note of this commitment.

#### Pre-Shipment Inspection

86. The representative of Lithuania said that Lithuania did not engage private sector firms to carry out pre-shipment inspection.

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

87. 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.

88. 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 prepared draft laws on countervailing duties and on safeguards [currently being considered by the Government].

89. 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.

## B. EXPORT REGULATIONS

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

90. 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. These export duties had been reduced from 60 per cent to 30 per cent - except for the duty on certain types of log wood and unprocessed oak and ash timber, which remained at 60 per cent - by Government Resolution No. 896 of 7 August 1997. At present, export duties were applied only on raw hides and skin, log wood and unprocessed oak and ash timber. [The products currently subject to export duties are listed in Table 9.1.] The export duties applied on a bilateral basis remained in effect as these were somewhat lower than the duties established through Government Resolution No. 268 (discussed in further detail in the section "Trade Agreements" and Table 9.2). 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.

91. Exported goods, with the few listed exceptions in [Tables 9.1 and 9.2], 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 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.

[92. 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

93. 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 were required only for exports of objects of cultural value (made before 1950). 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.

94. 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.

95. 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

96. The representative of Lithuania said that Lithuania did not maintain any non-agricultural export subsidies, but he provided information on export promotion measures. The 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 developed by the Lithuanian Export Promotion Agency and the establishment of Export Support and Export Insurance Funds. Lithuania had also considered the development of a credit insurance system, but had yet to decide on its implementation. In developing an export credit insurance model, Lithuania took into account the recommendations of the OECD. In August 1997, the Government had established a closed joint stock company "Lietuvos eksporto ir importo draudimas" (LEID – Insurance of Lithuanian Export

and Import) and formed an interministerial commission - the Business Development Council - to deal with export promotion issues.

97. LEID, which was minimum 62 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.

98. The purpose of the Lithuanian Export Promotion Agency, which had been established at the end of 1995, was to promote exports of Lithuanian goods and demand for Lithuanian services. Its main functions were 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. Recently, the Lithuanian Export Promotion Agency and a sister agency focusing on encouraging foreign investment in Lithuania, the Lithuanian Investment Agency, had been brought under the umbrella of a new agency - the Lithuanian Economic Development Agency.

[99. 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.]



C. INTERNAL POLICIES AFFECTING FOREIGN TRADE IN GOODS

Industrial Policy, including Subsidies

100. The representative of Lithuania expected some six years would be required to restructure Lithuania's industrial sector. Industries targeted for development included wood processing; flax; processing of skins and furs; production of construction materials; agricultural machinery; new forms of energy; waste processing; and production of medicines and medical equipment. Potentially competitive enterprises had been identified through indicators such as current exports. Government funding was limited. Restructuring and promotion measures therefore concentrated on general improvements in the legal and economic environment. The Government issued financial guarantees to enterprises receiving long-term credits from foreign banks, thereby assisting these enterprises in obtaining lower interest rates. All companies were eligible for such guarantees provided they presented properly prepared business plans. Other support measures included credit insurance and export assistance measures such as the activities of the Export Promotion Agency, measures related to the implementation of national quality programs, temporary tax exemptions (e.g. for investors and for small enterprises), as well as other support to small and medium sized enterprises. 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 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).

101. Referring specifically to the energy sector, the representative of Lithuania said that domestic production of energy from local resources, including nuclear energy, had covered approximately 41-45 per cent of Lithuania's needs in 1996-1998. The share was expected to reach about 50 per cent by 2005 with increasing availability of domestic petroleum products and nuclear power. The State-owned gas importer and supplier "Lietuvos Dujos" had been subsidized to help offset the cost of imported natural gas and to compensate for low tariffs on deliveries of heating and hot water to households. The main reason for this subsidy was to shield the Lithuanian population from paying the full price for thermal energy, which it could ill afford, while no such advantage was granted to industrial users. Under a restructuring programme for the energy sector the Government was considering plans for privatization that could affect "Lietuvos Dujos".

102. 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, Sanitary and Phytosanitary Measures

#### Standards and certification

103. 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. 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 600 international and European standards. By 1 November 1998, European standards had been adopted as Lithuanian standards in 1,797 instances representing 18.1 per cent of all Lithuanian standards, and adopted European standards and international standards represented 42.7 per cent of all Lithuanian standards. Adopted European and international standards were expected to account for 50 per cent of Lithuanian standards in 1999, rising to 75-80 per cent in 2000. According to the new draft Law on

Standardization, which had been submitted to the Ministries for agreement and to the Government for its consideration, the status of the National Standardization Body would be changed from a governmental institution to a non-profit association. The National Standardization Body 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.

104. 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.

105. The representative of Lithuania said that work was under way to bring technical regulations into conformity with the WTO Agreement on TBT. A Law on Metrology had been adopted in July 1996. A draft Law on Standardization, which defined the organizational framework for standardization, including the basic principles, functional requirements and main resources, was intended for presentation to Parliament in the first half of 1999. 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. Lithuania had established an Information Centre at the Lithuanian Standards Board in November 1996. This Centre, 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 14 April 1999. Lithuania had introduced provisions allowing foreigners to comment on technical regulations not consistent with international norms. Information on draft standards in force in Lithuania was published in the official bulletin of the Lithuanian Standards Board. Lithuania would be able to adopt the Code of Good Practice, as required under Annex 3 of the WTO TBT Agreement, in the first half of 1999. Basic rules of procedure for technical work relating to the preparation and adoption of international and European standards as Lithuanian standards had been approved on 22 February 1999.

106. 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.

107. Foreign certificates for imported oil products needed to correspond to mandatory quality indicators approved by the Lithuanian Standards Board. 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.

108. 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.

109. 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.

110. 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

111. The representative of Lithuania said that Lithuania had renewed its membership in the Organisation International 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 was preparing ratification of the International Plant Protection Convention (IPPC) by the end of 1999, at the latest. Lithuania based its SPS measures on international standards and guidelines established by these organizations to the greatest extent possible. Lithuania was working to conform its sanitary and phytosanitary measures with the requirements of the WTO. Procedures would be established for public notice and comment for all sanitary and phytosanitary measures. 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;
- 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);
- Plant breeders' rights - presentation of phytosanitary certificate issued by the State Plant Protection Service of the exporter country;
- Fruit and berries, meat, dairy and egg products (all processed) - suppliers' declaration of conformity; actual chemical and contamination levels not to exceed the maximum limits set by Lithuanian Hygiene Norms HN 54-1995 and HN 26-1994; presentation of phytosanitary certificate issued by the State Plant Protection Service of the exporter country;
- Meat and dairy products - sanitary control (inspection) of non-processed products at the border; for processed items, sanitary inspection by customs within Lithuania;

- Food additives - items needed to be included in the national positive list of food additives (Lithuanian Hygiene Norm HN 53-1995); suppliers' declaration of conformity (specification of purity levels); foodstuffs should comply with the food additives requirements established in HN 53/1995;
- Contaminants - chemical and microbiological contamination levels of foodstuffs not to exceed the maximum limits established in Lithuanian Hygiene Norms HN 54-1995 and HN 26-1995;
- Packaging - requirements laid down in Lithuanian Hygiene Norm HN 77-1998; presentation of phytosanitary certificate issued by the State Plant Protection Service of the exporter country; and
- Labelling - all requirements harmonized to Codex Alimentarius provisions; labelling should be in Lithuanian language.

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

112. 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.

113. 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 quality certificates on importation. Products included in the list were set out in document WT/ACC/LTU/12, pages 20-21. 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).

114. 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.

115. 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, and all unprocessed products of plant origin subject to phytosanitary certification) 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 (Table 11), 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. 1106 "On the Approval of the Order on Import of Foodstuffs and Their Control of Harmless and Quality" of 9 October 1997 envisaged a new system for the importation of foodstuff. In implementing this Resolution, the State Veterinary Service and the Nutrition Centre in the Ministry of Health Care had prepared a register of foodstuff importers, entering into force on 1 July 1998. The register improved the surveillance and control of importers and guaranteed importation of safe products only.

116. 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.

117. The representative of Lithuania replied that a system of risk assessment for food had been introduced with the approval of three major laws - the Law on Health System, the Law on Mental Health Care, and the Law on Health Care Institutions - during 1994-1996. 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 and the State Veterinary Service. The Law on Food, which had been submitted to Parliament for approval, would finalize the mechanism for risk assessment of food. 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.

118. 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 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

119. 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.

120. 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

121. 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.

122. 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 "Lietuviskas 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.

123. 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. Lithuania had established the legal basis for introduction of a State monopoly on alcohol products in cases of force majeure (war, famine and natural disasters), a measure he felt could be justified under Articles XX(b) and (d). The present situation did not qualify as *force majeure*. 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 main functions of the Agency 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 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.

124. Production of beverages with high alcohol content was reserved for the company "Lietuviskas Midus", 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 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. Lithuania submitted a notification on the exclusive right to manufacture products with ethyl alcohol strength exceeding 22 per cent and on the exclusive right of "Lietuviskas midus" to produce beverages with high alcohol content, as well as a notification on the operation of the Lithuanian Agricultural Products and Foodstuff Market Regulation Agency (WT/ACC/LTU/35). The representative of Lithuania added that an amendment to the Law on Alcohol Control of 10 December 1998 had removed the ban on importation of mead and other alcoholic beverages with alcohol content exceeding than 50 per cent.

125. 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.]

126. The representative of Lithuania replied that his Government had not approved any special rights for sugar refineries. The sugar manufacturers' association was exempt from the Law on Competition under the existing legislation [Parliament is considering elimination of this provision].

127. 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

128. 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 tobacco, 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.

129. 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 Siauliai and Klaipeda free economic zones were expected to start operating in 1999. 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.

130. 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

131. The representative of Lithuania said that a Law on Public (Government) Procurement, consistent with WTO requirements, had entered into force on 1 January 1997. The Law allowed domestic or foreign suppliers (contractors) to participate in procurement procedures. Article 1, part 4 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 had approved a new Law on Public Procurement which was currently being considered by Parliament. The new version aimed at ensuring open and transparent public procurement procedures, equality of participation for suppliers, effective competition and more effective use of State funds. The Government of Lithuania had been granted observer status in the Committee on Government Procurement in June 1998.

132. 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 by [the end of 1999]. The Working Party took note of these commitments.

#### Transit

133. 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.

134. 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 would enter into force upon ratification of the Parliaments of the three Baltic States in early 1999.

135. 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

[Information on Domestic Support and Export Subsidies, circulated as document WT/ACC/SPEC/LTU/2 of 30 July 1996 for background information purposes only. Offer concerning commitments on domestic support and export subsidies circulated as document WT/ACC/SPEC/LTU/7

on 12 June 1997. Revised commitments on domestic support and export subsidies were circulated in document WT/ACC/SPEC/LTU/7/Rev.1 on 17 October 1997. Explanatory note on the tables circulated in document WT/ACC/SPEC/LTU/7/Rev.1/Add.1 on 8 January 1998. Information on "conditions causing a necessity for Lithuania to maintain export subsidies in agriculture" circulated in document WT/ACC/LTU/23 on 14 May 1998.]

[136. 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 had implemented domestic support and export subsidy programmes very recently and wondered why Lithuania had implemented programmes which could be in contrast with WTO provisions after deciding to join the organization.

137. The representative of Lithuania said 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.

138. Some members were particularly concerned about subsidies granted in the form of [government] 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.

139. 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.

140. 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.

141. 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; and beef, butter, condensed milk, milk powder, cheese, vegetable oil and preserved meat at a budget cost

of US\$12 million in 1998. Lithuania expected to continue applying such subsidies in the future, especially in extreme market situations. Export subsidies were not administered as a regular programme, but were targeted at a specific, limited market segment both in terms of product coverage and geographical location. The product list included dairy and meat products which were exported when surplus quantities accumulated in the domestic market, and these surpluses could not be absorbed domestically due to rising imports and declining purchasing power in Lithuania. The subsidized exports were destined for the Russian market.

142. 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 [138 and 140]). The Working Party would be informed about the new policy and support measures once the new system had been appropriately defined.

143. 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.

144. The representative of Lithuania said that raw sugar (HS code 1701.11-1702.12) was protected by tariffs of 35 per cent *ad valorem* (minimum Litas 0.75 per kg), sugar (HS code 1701.91-1701.99) by tariffs of 87 per cent, 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, but processors would first need to exhaust reserves of domestic sugar [to be abolished with the new Law on Sugar]. Producers of sugar had also been exempted from provisions of the Law on

Competition to allow the establishment of a producer association, but no such association had been formed yet [the new Law on Sugar does not grant any special privileges to Lithuanian producers]. The representative of Lithuania stated that the minimum import price on raw sugar would be applied only until 1 January 2000.

145. [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.]

[to be completed]

#### Trade in Civil Aircraft

146. The representative of Lithuania said that Lithuania would implement the Agreement on Trade in Civil Aircraft [without exceptions or transitional period] [(with some exceptions)] at the time of accession. [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

147. 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.

148. Lithuania provided a note on TRIPS to the Working Party in document WT/ACC/LTU/7 (Annex I) and a note on progress in implementing the TRIPS Agreement in document WT/ACC/SPEC/LTU/10. The status of Lithuanian legislation and the corresponding WTO requirements, and planned steps 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 and the Criminal Code - 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.

149. 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, and the Geneva Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Programs in 1999. Lithuania had also concluded international agreements on intellectual property with Denmark, Norway, Switzerland, the United States and the European Patent Organization.

150. 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.

151. Minor amendments to the Law on Trademarks and Service Marks and the Law on Industrial Design to adjust to requirements of the TRIPS Agreement would be enacted in 1999. 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 protected under the new Law on

Competition. The provisions complied, in his view, with the requirements of Articles 22 to 24 of the TRIPS Agreement.

152. The representative of Lithuania said that the Law on Patents appeared to require amendments, to be introduced in 1999, to incorporate the provisions of the TRIPS Agreement and the Paris Convention regarding compulsory licensing of patented inventions. 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.

153. 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 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 a member of the International Plant Variety Protection Organization (UPOV) and would not join UPOV until varieties of Lithuanian breeders had been recognized and registered in countries in western Europe.

154. 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. Lithuania was working to improve its system of administrative, civil and criminal remedies for infringements of all types of intellectual property, and would amend the Criminal Code. With due regard to this fact, the Law on Amendment and Supplement to the Code of Administrative Infringements had been passed in February 1998. A Law on Amendment and Supplement to the Criminal Code and the Code of Criminal Procedure had been drafted and, once adopted, would ensure implementation and effective enforcement of the Law on Copyright and Related Rights. 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 1999. 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).

155. 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

[A revised offer of initial commitments on trade in services circulated as document WT/ACC/SPEC/LTU/1/Rev.1 of 17 September 1997, and additional commitments in the sector of telecommunication services (document WT/ACC/SPEC/LTU/1/REV.1/Add.1 of 15 October 1997). Information on "MFN problematicity related to the commitments for commercial presence" circulated in document WT/ACC/LTU/24 on 14 May 1998.]

156. 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 and the Law on Tourism.

157. 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; production and sale of narcotic substances, and other non-medicinal or poisonous substances having similar effects; cultivation and sale of crops containing narcotic substances or substances with similar effects; 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.

158. 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.

159. 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.

160. 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 no commitment would be undertaken for the establishment of foreign insurance companies, but this right was accorded on the basis of reciprocity. Such cases were covered by Lithuania's MFN exemption.

161. 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. Lithuania was developing licensing procedures for auditing services. Auditors were required to pass a qualifications examination and receive a licence issued by the Institute of Audit. 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, [Kazakhstan], Latvia, Moldova, Poland, the Russian Federation, [Turkey] and Ukraine. 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.

162. 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.

163. Regarding procurement of services by government agencies, the representative of Lithuania said that the Law on Public Procurement (entering into force on 1 January 1997) included provisions on preferences for local suppliers. The margin of preference would not exceed 15 per cent of the value for goods and services, and 20 per cent for works (in connection with construction and renovation). Lithuania had no agreements with third countries concerning government procurement of services.

164. 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'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.

165. [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 ... below). This Schedule of Specific Commitments on Services contains the legally binding market-access commitments of Lithuania in respect of services.]

[to be completed]

## Transparency

### Publication of information on trade

166. 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.

167. The representative of Lithuania stated that [at the latest from the date of accession,] all laws, regulations, rulings, decrees and other normative acts related to trade would be promptly published in the Official Gazette [or other official newspapers published by appropriate Ministries or departments] and 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

168. 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 ad hoc 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

169. 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.

170. 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 and Turkey.

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.

171. 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.

172. 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.

173. 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.

174. 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 - on raw hides and skins and timber of oak and ash - in connection with the Free Trade Agreements with the European Communities, the Czech Republic, Slovakia, Slovenia and a Trilateral Free Trade Agreement between Lithuania, Latvia and Estonia (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 (on a bilateral basis) had thus been a step towards liberalization of trade. The preferential duties were generally equal to the non-preferential rates although in some cases preferential trade was exempt from export duties or subject to lower rates. [He said that this practice could be justified under Article XXIV of the GATT 1994, and stressed that all export duties applied on the basis of bilateral agreement would be eliminated by 1 January 2001. However, some members did not agree that this practice could be so justified.]

175. 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. Declarations of preferential origin, accompanied by a statement of an independent expert, were made by the suppliers of materials or products in accordance with Government Resolution No. 110 of 24 February 1993. 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 EUR.1 movement certificates had been issued by approved exporters.

176. 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

177. 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 assurances given by Lithuania in relation to certain specific matters which are reproduced in paragraph 19 of 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, 40, [43], 52, 55, 62, 66, 76, 77, 85, 89, 95, [99], 102, 110, 118, 120, 127, 130, 132, 135, 146, 155, 168 and 176 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.

178. 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]

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 ... 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 ... 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 .....

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 .... one thousand nine hundred and ninety ....., 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.

ANNEXES

[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 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;
- 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 6 June 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. 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;
- 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;
- 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 by 21 December 1998, No. VIII-982;
- 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;
- 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;
- 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;
- Law No. VIII-807 of 23 June 1998 on Anti-Dumping;
- 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;
- Law on Metrology No. I-1452 of 9 July 1996;
- Draft Law on the Conformity Assessment System;
- Law No. VIII-870 of 6 October 1998 on the Conformity of Assessment;
- 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 Veterinary Activities No. I-2110 of 17 December 1991;
- 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 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 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;
- Law on Trademarks and Service Marks of 3 June 1993, No. I-173;
- Patent Law of 18 January 1994, No. I-372;
- Law on Industrial Design No. I-1006 of 4 July 1995;
- Law No. VIII-791 of 16 June 1998 on the Legal Protection of Topographies of Semiconductor Products;
- 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;
- 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;



- 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 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 1996)

	Description	Number of objects (units)	Capital (mln Litas*)
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%

	Description	Number of objects (units)	Capital (mln Litas*)
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. Number of the investment accounts opened for the population is 2.6 million. Amount of the means after indexation was 10,504 million Litas.
2. 17 special enterprises were included into privatization programme. State capital of these enterprises amounts to 3,825 million Litas.

\* 4 Litas = 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 - March 1998  
(number of objects (units))

STEP UNDERTAKEN	National Security Fund	Ministry of						Districts	Municipalities	Tourism Dept.	Total
		National Economy	Agriculture and Forestry	Construction and Urban Planning	Transport	Communications and Informatics	Others				
Enterprises included in a list of objects to be privatized	998	29	1	15	20	7	24	4	1165	0	2,263
Enterprises later excluded from the list of objects to be privatized	12	9	1	3	1	1	1	0	26	0	54
Enterprises included in privatization programmes:	431	19	1	13	16	6	8	1	734	0	1,229
- public signing of shares	19	0	0	0	0	0	0	0	0	0	19
- auctions	387	18	1	13	14	6	8	1	723	0	1,171
- tenders	23	1	0	0	2	0	0	0	1	0	27
- leasing	0	0	0	0	0	0	0	0	10	0	10
- direct negotiations	2	0	0	0	0	0	0	0	0	0	2
Pending privatization	6	0	0	0	0	0	0	0	6	0	12
Privatized enterprises:	198	15	0	12	15	6	7	1	410	0	664
- public signing of shares	6	0	0	0	0	0	0	0	0	0	6
- auctions	178	14	0	12	14	6	7	1	400	0	632
- tenders	13	1	0	0	1	0	0	0	0	0	15
- leasing	0	0	0	0	0	0	0	0	10	0	10
- direct negotiations	1	0	0	0	0	0	0	0	0	0	1
Incomes (thou. Litas)	2,305,050	2 530	0	39,072	15,915	1,528	10,858	2	39,435	0	2,414,390

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

n: Enterprise	Statutory Capital mln Lt	Structure	of Share	Capital	Shares sold by 9/97 mln Lt
		State %	Employee %	Farmers %	
Agroservice Enterprises - 27	46.17	6.74	50.65	42.61	19.67
Flax Selection Enterprises - 9	8.24	0.84	56.08	43.08	3.55
Meat Processing Enterprises - 14	102.61	16.68	53.89	29.43	30.20
Dairy Processing Enterprises - 38	281.15	15.21	49.26	35.53	99.89
Fruit & Vegetables Processing - 2	2.05	2.60	50.52	46.88	0.96
Grain Processing Enterprises - 21	147.34	2.5	50.96	46.54	68.42
Sugar Processing Enterprises - 4	98.52	0.0	54.88	45.12	44.45
Total - 115 Enterprises	686.08	9.78	51.30	38.92	267.14

]

[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 Commission of Energy Resources' Prices and Energy Activity	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 Commission of Energy Resources' Prices and Energy Activity	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 Commission of Energy Resources' Prices and Energy Activity	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	State Competition and Consumer Protection Office	In order to abolish tariffs control the draft Government Resolution is under preparation now.
	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	State Quality Inspection under the State Competition and Consumer Protection Office	Services of specific character, absence of sufficient competition.
	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.
	851	Prices for services provided by profit seeking institutions. These prices can not exceed 60% of prices set for services of the State institutions	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.

Code according		Items subject to price control	Institution applying control	Reasons and perspectives for control
HS	NACE			
1	2	3	4	5
		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
		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	State Competition and Consumer Protection Service	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 weapons, ammunition, explosives and pyrotechnics; repair of weapons unless the laws provide otherwise*;	Licence required for domestic and foreign interests. Licences for activity (3) are available only for domestic interests.
2.	pharmaceutical activity*;	
3.	import and export of narcotics and highly effective substances, wholesale and retail trade in Lithuania <sup>*#</sup>	
4.	production of alcohol products which do not exceed 22% of ethyl alcohol by volume*;	
5.	import of alcohol products to Lithuania, wholesale and retail trade by alcohol products*;	
6.	production, import of tobacco and tobacco products, wholesale trade*;	
7.	purchasing of non-ferrous metals, its alloys, scrap and waste in Lithuania*;	
8.	purchasing of ferrous metals scrap and its waste in Lithuania*;	
9.	purchasing and processing of precious metals waste, commercial activity related with the precious metals and jewels; <sup>##</sup>	
10.	production of seals, stamps*;	
11.	production, transportation, wholesale trade, and storage of dangerous chemical, nuclear or radioactive materials listed by the Ministry of Environment Protection; gathering, making harmless, storage and burying of waste thereof;	
12.	import, export, wholesale and retail trade by the non-packed oil products listed by Government*;	
13.	import of pyrotechnics (listed by the Ministry of Interior), civil weapons and ammunition; retail trade (excluding pistols and revolvers and ammunition thereof for self-defence)*;	
14.	publishing of securities and document forms*	
15.	import and production of biological plants protection measures and trade by its <sup>##</sup>	
1.	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
2.	production of, monetary signs and coins, post-stamps;	

\* licensing of business activity

# the words “cultivation and sale of crops containing narcotic, highly effective or poisonous substances” must be crossed out, because in accordance with the Law No. VIII-602 of 8 January 1998 on Control of Narcotic and Psihotropic Substances the cultivation of opium and oil poppies, hemsps and cocatrees it is prohibited in the territory of Lithuania.

## the licenses are not longer necessary for these business activities; they have been changed into permits or certificates, which to obtain the procedure is more simple.

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

	Business Activity	Licence Required
1.	prospecting of natural resources;	Licence required for domestic and foreign interests. Licences for activity (10) are available only for domestic interests.
2.	the exploitation of natural resources;	
3.	repair of sports and hunting firearms, weapons*;	
4.	pharmaceutical activity;	
5.	provision of medical services, medical treatment*;	
6.	veterinary practice;	
7.	lawyer practice, unless the laws provide otherwise;	
8.	training and education activity <sup>##</sup> ;	
9.	carrying out of geodetic and topographical works*;	
10.	activity by the international transportation, passenger transportation in Lithuania*;	
11.	tourism services <sup>##</sup> ;	
12.	organizing of lotteries*;	
13.	providing of communication services using of common network of telecommunications lines and stations*;	
14.	establishment and exploitation of the shooting-galleries and stands of hunting shooting;	
15.	mediation activity in the public turnover of stock exchange;	
16.	stock exchange activity;	
17.	investment and reinvestment to securities and trade by its as main activity; possession of the investments companies property, unless the laws provide otherwise;	
18.	energetic activity <sup>##</sup> ;	
19.	ship agency services <sup>##</sup> ;	
20.	lockman services <sup>##</sup> ;	
21.	fulfilment of audit*;	
22.	insurance activity*;	
23.	treatment of animals ill with especially dangerous;	
24.	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;	
25.	towing of ships; rescue and submarine technical works;	
26.	bank or credit institution activity*	
27.	construction activity	
1. 2.	post work (only the State enterprise "Lietuvos pastas"); accepting and paying off of postal orders (only the State enterprises "Lietuvos pastas");	Activities reserved for State enterprises, local enterprises and special enterprises

\* licensing of business activity\*

## the licenses are not longer necessary for these business activities; they have been changed into permits or certificates, which to obtain the procedure is more simple.]

[Table 4: Rates of Stamp Tax Established in Accordance with  
Government Resolutions No. 1123 of 11 November 1994  
(amended No. 774 of 23 June 1998 which will enter into force on 1 January 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	Lt. 470,000 (US\$117,500) (after accession Lt.100,000 (US\$25,000))
(b) Alcoholic beverages except vodka	Lt. 380,000 (US\$95,000) (after accession this kind of licence will not be applied)
(c) Wine (not exceeding 22% of volume concentration of ethyl alcohol) and beer	Lt. 150,000 (US\$37,000) (after accession Lt. 50,000 (US\$12,500))
(d) Beer	Lt. 30,000 (US\$7,500) (after accession Lt. 15,000 (US\$3,750))
(e) Alcohol products (except alcoholic beverages)	Lt. 300 (US\$75) (after accession Lt. 500, US\$125)
2. For issuing a licence to engage in wholesale of alcohol produced in Lithuania (for the term of one year):	
(a) Alcoholic beverages	Lt. 35,000 (US\$8,750) (after accession Lt 100,000 (US\$25,000))
(b) Alcoholic beverages not exceeding 22% of volume concentration of ethyl alcohol	Lt. 17,500 (US\$4,375) (after accession Lt. 50,000 (US\$12,500))
(c) Beer	Lt. 8,000 (US\$2,000) (after accession Lt 15,000 (US\$3,750))
3. For issuing an activity licence for importation of tobacco (for the term of one year)	Lt. 6,000 (US\$1,500)
For issuing an activity licence for importation (and wholesale) of tobacco products (for the term of one year)	Lt. 15,000 (US\$3,750)
4. For issuing an activity licence for wholesale of tobacco products (for the term of one year)	Lt. 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)	Lt. 500,000 (US\$125,000)
6. For issuing a licence to engage in wholesale of oil products (for the term of one year)	Lt. 100,000 (US\$25,000)
7. For issuing a licence to engage in retail trade of oil products in each petrol station	Lt. 3,000 (US\$750) for each qualify of petrol, diesel fuel and liquid fuel
8. For issuing a licence to engage in retail trade of lubricants	Lt. 1,000 (US\$250)

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	300 litas

]

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

1. Formalities in connection with placement of one consignment of goods under one of the following customs procedures:	
(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
3. Issuance of stickers used for marking of imported alcoholic beverages and tobacco goods (under one request)	Lit. 20
4. Issuance of authorization for inward processing	Lit. 200
5. Issuance of authorization for outward processing	Lit. 221
6. Issuance of permit to carry out formalities in connection with customs procedures at other customs office:	
(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
7. 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
8. Issuance of permit to import:	
(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 ballones for commercial goals	Lit. 3,000
(i) Colour copy machinery	Lit. 40
(j) Colour copy machinery for commercial goals	Lit. 4,000
9. Issuance of permit to export:	
(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 ballones for commercial goals	Lit. 3,000
(i) Colour copy machinery	Lit. 40

(j) Colour copy machinery for commercial goals	Llt. 4,000
10. Import of narcotic, psychotropic medicine and medicine stuff	Llt. 300
11. Import of psychotropic medicine and medicine stuff	Llt. 300
12. Import of biological plants protection remedies	Llt. 500
13. Import of chemical materials, which can harmfully effect environment	Llt. 700
14. Transportation of nuclear and radioactive materials	Llt. 1,500
15. Import of pyrotechnics remedies, civil guns and its ammunition, except pistols and revolvers for the self-defence and its ammunition	Llt. 5,000
16. Issuance of permission to temporary export for processing	Llt. 221
17. Issuance of permission to temporary import for processing	Llt. 200
18. Issuance of license to import, export and transport:	
(a) Controlled goods	Llt. 120
(b) Dangerous materials according UN classification	Llt. 44
(c) Radioactive materials according UN classification	Llt. 77
19. Issuance of certificate confirming about the delivering and import of controlled goods	Llt. 100
20. Export of itinerant culture values (elder than 50 years) or antiquarian things	20% of value
21. Export of numismatics, philately, bonistics and faleristics	10% of value

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[Table 6: Excise Taxes Levied in Lithuania According to  
Government Resolution No.1515 of 30 December 1998 and  
Amendment to the Law on Excise Taxes No. VIII-982 of 21 December 1998

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	Lt. 0.54 per 1% of an alcoholic strength by volume per one litre
2208.90.69.1	Mead brandies	Lt. 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	Lt. 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	Lt. 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	Lt. 0.29 per 1% of an alcoholic strength by volume per one litre
ex2206.00	Other fermented beverages and their mixtures	Lt. 0.20 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	Lt. 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	Lt. 0.42 per 1% of an alcoholic strength by volume per one litre
2203.00	Beer	Lt. 0.40/litre***
2402.20.10.0- 2402.20.90.0	Filter and filterless cigarettes	Lt. 25 for 1000 units
2402.10.00.0, 2402.90.00.0, 2403****	Packed smoking tobacco and other tobacco products	50

Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Lt for indicated measurement unit*)
2710.00.27.1- 2710.00.37.0	Motor fuel/petrol	Lt. 1210 per ton (since 1 January 1999)***** Lt. 1370 per ton (since 1 January 2000)***** Lt. 1150 per 1000 litre (since 1 January 2001)*****
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 (since 1 January 1999)***** Lt. 720 per ton (since 1 January 2000)***** Lt. 740 per 1000 litre (since 1 January 2001)*****
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 Lt 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, 0403.10.31.0, 0403.10.33.0, 0403.10.39.0, 0403.90.31.0, 0403.90.33.0, 0403.90.39.0, 0403.90.61.0, 0403.90.63.0, 0403.90.69.0, 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, 1701.11.10.0, 1701.11.90.0, 1701.12.10.0,	Sugar, including sugar contained in food preparations	0.01 Lt 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*)
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,		
1702.90.75.0,		
1702.90.79.0,		
1702.90.80.0,		
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,		
1704.90.61.0,		
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,		
1806.20.70.0,		
1806.20.80.0,		
1806.20.95.1,		
1806.31.00.0,		
1806.32.10.0,		
1806.32.90.0,		
1806.90.11.0,		
1806.90.19.0,		
1806.90.31.0,		
1806.90.39.0,		
1901.20.00.0,		
1905.20.10.0,		
1905.20.30.0,		
1905.20.90.0,		
1905.30.11.0,		
1905.30.19.0,		
1905.30.30.0,		
2006.00.38.0,		
2007.91.10.0,		
2007.99.10.0,		
2007.99.20.0,		
2007.99.31.0,		
2007.99.33.0,		
2007.99.35.0,		

Commodity code	Commodity description	Taxes (by percentage of taxable value or absolute Lt for indicated measurement unit*)
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, 2105.00.10.0, 2105.00.91.0, 2105.00.99.0, 2106.90.30.0, 2106.90.55.0, 2106.90.59.0, 2106.90.98.7, 2309.10.90.0		
1905.30.51.0,  1905.30.59.0, 1905.90.60.0, 2006.00.10.0, 2006.00.31.0, 3303.00.10.1; 3303.00.90.1; 3304.99.00.1; 3307.10.00.1; 3307.90.00.1, 1302.19.30.1, 1302.19.99.1, 2008.20.11.1, 2008.20.19.1, 2008.20.31.1, 2008.20.39.1, 2008.30.19.1, 2008.30.39.1, 2008.30.39.1, 2008.40.19.1, 2008.40.29.1, 2008.40.31.1, 2008.40.39.1,	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*)
2008.50.19.1, 2008.50.39.1,		
2008.50.51.1, 2008.50.59.1, 2008.60.19.1, 2008.60.39.1, 2008.70.19.1, 2008.70.39.1, 2008.70.51.1, 2008.70.59.1, 2008.80.19.1, 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, 2207.20.00.0, 3302.10.10.1, 3302.10.40.2, 3302.10.90.2, 3302.90.10.1, 3306.90.00.1, 3402.20.90.2, 3402.20.90.7, 3402.90.90.2, 3402.90.90.7, 3814.00.90.1, 3820.00.00.1,		

\* 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 beer produced and sold by each Lithuanian beer manufacturing company producing 100 thousand decalitres per year (this provision shall be applied until Lithuanian Membership of the World Trade Organization).

\*\*\*\* Excise tax shall not be levied on tobacco (Code 2403.10.90.1) imported by the joint-stock company "Philip Morris Lietuva". In the case when imported tobacco in these companies is used not for production of cigarettes, but for other purposes, the excise tax shall be levied.

\*\*\*\*\* From 1 August 1995 excise tax shall be not applied on imported or domestically produced jet fuel (Code 2710.00.51.0) and used by enterprises determined by the Government (currently joint-stock companies "Lietuvos avialinijos" and "Lietuva" in accordance with Government Resolution No. 1515 of 30 December 1998)

[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: List of goods subject to "price-in-checking" (valid until Lithuania's accession to the WTO)]

HS code	Description
0201-0205.00, 0206.10-0206.22, 0206.29.10.9-0206.29.91.0, 0206.29.99.9-0206.90, 0209.00-0210	meat and meat offal, not rendered pig and poultry fat
0207.11.10.0 - 0207.13.70.0, 0207.14.10.0 - 0207.14.70.0, 0207.24.10.0 - 0207.26.80.0, 0207.27.10.0 - 0207.27.80.0, 0207.32.11.0 - 0207.33.90.0, 0207.35.11.0 - 0207.35.79.0, 0207.36.11.0 - 0207.36.79.0	poultry, fresh, chilled or frozen
0401 - 0402.21.99.0, 0402.29.15.0 - 0404	milk and dairy products
0407.00	birds' eggs, in shell, fresh, preserved or cooked
0408	birds' eggs, not in shell and egg yolks, fresh, dried, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved
0701	potatoes, fresh or chilled
0702.00.00.4-0702.00.00.6	tomatoes, fresh or chilled, from 15 May to 31 October
0703.10	onions and shallots, fresh or chilled
0703.20.00.00	garlic, fresh or chilled
0707.00.05.04-0707.00.05.5	cucumbers, fresh or chilled, from 15 May to 31 October
0708.10	peas ( <i>Pisum sativum</i> ), fresh or chilled
ex0708.90.00.0	beans, except seed-beans
0808.10.10.0	cider apples, in bulk, from 16 September to 15 December
0808.10.20.4, 0808.10.50.4	"Golden Delicious" and "Granny Smith" apples, fresh, from 16 September to 15 December
0808.10.90.4	other apples, fresh, from 1 August to 31 December,
0808.20.10.0	peery pears, in bulk, from 1 August to 31 December
1001.90 - 1004.00.00.0	grain
1008.10.00.0	buckwheat
1101.00	wheat and meslin
1102.10.00.0	rye flour
1103.19.30.0	fine ground barley
1104	cereal grains otherwise worked
1108.13.00.0	potato starch
1209.29.50.0	lupine seeds
1214.90	fodder roots and other fodder products
1514	rape, colza or mustard oil
1601.00	sausages and products thereof
1602	other prepared or preserved meat
1701.91.00.0	cane sugar and beet sugar and chemically pure sucrose, in solid form, containing added flavouring or colouring matter
1701.99.10.0	white sugar
2102.10	active yeast

HS code	Description
2105.00	ice cream and other edible ice, whether or not containing cocoa
2202.10.00.0	waters, including mineral waters and aerated waters, containing added sugar or other sweetening or flavoured matter
2203.00	beer made from malt
ex 2309.90	preparations of a kind used in animal feeding except premixes
2523.29.00.0	other portland cement
2710.00.27.0-2710.00.32.0	motor fuel
2710.00.66.1	diesel fuel
2804.10.00.0	hydrogen
2804.30.00.0	nitrogen
2804.40.00.0	oxygen
2811.21.00.0	carbon dioxide
2901.29.20.1, 2901.29.80.1	acetylene
3605.00.00.0	matches, except pyrotechnic articles
3921.11.00.0	plates, sheets, films, foils and strips of plastics of polymers of styrene
4818.10	toilet paper
6806.10.00.0	slag wool, rock wool and similar mineral wools (including intermixtures thereof), in bulk, sheets or rolls
ex6807.10.10.0	roofing and facing products, except ruberoid
6811.10.00.0	corrugated sheets of asbestos-cement (slate)
6907, 6908	glazed and non glazed ceramic flags and paving
7005.10	non-wired glass, having an absorbent, reflecting or non-reflecting layer
7006.00	glass of heading No.7003, 7004 and 7005, bent, edge-worked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials
7007	safety glass, consisting of toughened (tempered) or laminated glass
7008.00	multiple-walled insulating units of glass
7010	carboys, bottles, flasks, jars pots, phials, ampoules and other containers, of glass, of a kind used for the conveyance or packing of goods; preserving jars of glass; stoppers, lids and other closures, of glass

[Table 9.1: Rates of Export Duties Approved by Government Resolutions  
No. 896 of 7 August 1997 and No.1 of 6 January 1998

Code of group of goods*	Description of group of goods	Tariff rate (%)**
4101, 4103	Raw hides and skin	30
4403 20 90 6	Pine wood in logs, with a circumference not less than 20 cm at the thin end	60
4403 20 90 7	Spruce wood in logs	60
4403 91	Unprocessed oak timber	60
4403 99 99 1	Unprocessed ash timber	60
4403 99 99 2	Birch wood in logs, with a circumference not less than 20 cm at the thin end	60

\* 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 - 30 EE, LV - 25 CZ, SK, SI - 15
4401 22-4101 40	Other hides and skins of bovine animals	EU - 30 CZ, SK, SI - 15
4403 20 10 5	Spruce of the kind "Picea abies Karst." or silver fir (Abies alba Mill.)	EE, LV - 10 CZ, SK, SI - 30
4403 20 30 5	Pine of the kind "Pinus sylvestris L."	EE, LV - 10 CZ, SK, SI - 30
4403 91 00, 4403 99 99 1	Wood and articles of wood; wood charcoal	EE, LV - 10 EU, CZ, SK, SI - 30
4403 99 50 1	Wood and articles of wood; wood charcoal	CZ, SK, SI - 30

EU - European Union; EE - Estonia; LV - Latvia; CZ - Czech Republic; SK - Slovakia; SI - Slovenia;

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

HS code	Description
0201	Meat of bovine animals, fresh or chilled
0202	Meat of bovine animals, frozen
0203	Meat of swine, fresh, chilled or frozen
0204	Meat of sheep or goats, fresh, chilled or frozen
0205	Meat of horse, asses, mules or hinnies, fresh, chilled or frozen
0206	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen
0207	Meat and edible offal, of the poultry of heading No.0105, fresh, chilled or frozen
0208	Other meat and edible meat offal, fresh, chilled or frozen
0209.00-0209.00.90.0	Pig fat free of lean meat and poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked
	Subcutaneous pig fat
0209.00.11.0	Fresh, chilled, frozen, salted or in brine
0209.00.19.0	Dried or smoked
	Pig fat, other than that falling within subheading 0209.00.11.0-0209.00.19.0
	Poultry fat
0210	Meat of swine:
	Salted or in brine
	Dried or smoked
	Other
	Salted or in brine
	Dried or smoked
	Other
	Other:
	Salted or in brine
	Dried or smoked
	Other
0210.20-0210.90	Meat of bovine animals
0210.90	Other meat, including edible flours and meals of meat or meat offal:
	Meat:
	Horsemeat, salted, in brine or dried
	Sheep and goats:
	With bone in
	Boneless
	Reindeers
	Other meat and edible meat offal
	Edible flours and meals of meat or meat offal
0301	Live fish
0302	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading No 0304
0303	Fish, frozen, excluding fish fillets and other fish meat of heading No 0304
0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen

HS code	Description
0305	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human consumption
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption
	Frozen
	Not frozen
	Shrimps of the genus Crangon
	Fresh, chilled or cooked by steaming or by boiling in water
	Other
	Crabs
	Other
0307	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; aquatic invertebrates other than crustaceans and molluscs, live, fresh, chilled, frozen, dried, salted or in brine; flours, meals and pellets of aquatic invertebrates other than crustaceans, fit for human consumption
0401	Milk and cream, not concentrated nor containing added sugar or other sweetening material
0402	Milk and cream, concentrated nor containing added sugar or other sweetening material
0403	Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa
0404	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included
0405	Butter and other fats and oils derived from milk; dairy spreads
0406	Cheese and curd
0407	Birds' eggs, in shell, fresh, preserved or cooked
0408	Birds' eggs, not in shell and egg yolks, fresh, dried, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter
0408.11-0408.99.90	Other
0409	Natural honey
0410	Edible products of animal origin, not elsewhere specified or included
0504	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof
1501.00	Lard; other pig fat and poultry fat, excluding those of headings No.0209 or No.1503
1501.00.90	Poultry fat
1501.00.91	Bovine animals fat
1501.00.99	Sheep and goats fat
1503	Lard stearin and oleostearin

HS code	Description
1504	Fats and oils and their fractions, of fish or marine mammals, whether or not refined, but not chemically modified
1506	Other animal fats and oils and their fractions, whether or not refined, but not chemically modified
1516	Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared
1516.10	Animal fats and oils and their fractions
1601	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products
1602	Other prepared or preserved meat, meat offal or blood
1603.00	Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates
1604	Prepared and juices of meats, fish or crustaceans, molluscs or other aquatic invertebrates
1605	Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved

\* H - State control agencies to the Ministry of Health Care (Nutrition Centre, etc.)

V - State Veterinary Service

P - State Plant Protection Service

Table 11: 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 embrions

[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;</li> <li>- Membership in the Berne Convention since 1994;</li> <li>- Membership in the Rome Convention since 1998</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 11 February 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 1999);</li> <li>- amendment to procedures followed by the State Patent Bureau to certify a mark as well-known (in the course of 1999);</li> </ul>
Part II, Section 3. Geographical Indications	<ul style="list-style-type: none"> <li>- new Law on Competition of 11 February 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> </ul>	<ul style="list-style-type: none"> <li>- amendment to include “selling” products as infringing act (amendment is not essential: the term “accumulate for market”, which is used in Lithuanian Law on Industrial Design should be changed into term “selling” used in the TRIPS Agreement) (in the course of 1999);</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 of 8 November, 1994, of 9 December, 1997 and 23 December, 1997;</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>	<ul style="list-style-type: none"> <li>- after the comments of WIPO concerning conformity of the Patent Law with the provisions of TRIPs Agreement, which were sent to the State Patent Bureau on May 1998, the amendments will be made in the course of 1999 (amendment to allow patent owner to prohibit the sale of a patented products; amendment to provide specific occasions when a non-exclusive compulsory licence may be granted; amendment to allow invalidation of a compulsory licence);</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 11 February 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 11 February 1999;</li> <li>- Order of the Competition Council on Enforcement of Agreements (concerted activities) Prohibited by the Law on Competition because they Restrict or Hinder Competition between Economic Subjects of 11 November 1993;</li> <li>- - Order of the Competition Council on Enforcement and Explanation of Abuse of Dominant Position Prohibited by the Law on Competition of 7 April 1994;</li> </ul>	

TRIPS Agreement	Laws and other legal acts addressing the subject matter	Draft legislation to address subject-matter
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 11 February 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> </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 1999);</li> </ul>
Part III, Section 5. Criminal Procedures	<ul style="list-style-type: none"> <li>- Criminal Code of Lithuania (Articles 35, 142 and 308);</li> <li>- Code of Criminal Process of Lithuania (Articles 37 and 143);</li> </ul>	<ul style="list-style-type: none"> <li>- draft law on amendment and supplement to the Criminal Code (improvements) ( in the course of 1999);</li> <li>- - draft law on amendment and supplement to the Code of Criminal Process (in the course of 1999);</li> </ul>

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