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Page: 1/4

**Committee on Regional Trade Agreements
Hundred and Fourth Session**

ASSOCIATION AGREEMENT BETWEEN THE UNITED KINGDOM AND TUNISIA (GOODS)

NOTE ON THE MEETING OF 22 SEPTEMBER 2022

Chairman: Ambassador H.E. Mr. Taeho LEE (Republic of Korea)

1.1. The 104th Session of the Committee on Regional Trade Agreements (hereinafter "CRTA" or the "Committee") was convened in Airgram WTO/AIR/RTA/29/Rev.1 dated 12 September 2022.

1.2. Under Agenda Item F.IV of the Session, the CRTA considered the Association Agreement between the United Kingdom and Tunisia, goods (hereinafter "the Agreement"). The Chairman stated that the factual presentation had been prepared by the Secretariat on its own responsibility in full consultation with the Parties, in accordance with paragraph 7(b) of the Transparency Mechanism for Regional Trade Agreements (document WT/L/671).

1.3. The Chairman recalled that the Agreement had entered into force on 1 January 2021. It had been notified to the WTO by the Parties on 31 December 2020 under Article XXIV:7(a) of the GATT 1994 (document WT/REG433/N/1) as an agreement establishing a free trade area for trade in goods, within the meaning of Article XXIV of the GATT 1994. The text of the Agreement and its Annexes were available on the Parties' official websites and in the WTO RTA database. The factual presentation (document WT/REG433/1) and the questions and replies on this Agreement (documents WT/REG433/2 and RD/RTA/57) had been distributed.

1.4. The representative of the United Kingdom noted that the Agreement had successfully entered into force on 1st January 2021 following the end of the transition period of the UK's membership of the European Union. The Agreement had replicated the legal, governance and political elements of the EU-Tunisia Association Agreement, which had entered into force in 1998 and the EU-Tunisia Dispute Settlement Mechanism Protocol, which had entered into force in 2011, both hereby referred to as the EU-Tunisia Agreements.

1.5. The Agreement reaffirmed the relationship between the UK and Tunisia and provided important continuity and predictability to individuals, businesses, and stakeholders in both the UK and Tunisia. It was a comprehensive agreement that established political and economic association between the UK and Tunisia.

1.6. Tunisia was a valued trading partner to the UK with their trading relationship worth over GBP570 million in the four quarters to the end of Q1 2022. This had been an increase of 49.5% from the four quarters to the end of Q1 2021.

1.7. The Agreement followed the short form approach, which incorporated by reference the relevant provisions of the EU-Tunisia Agreements with relatively few, necessary modifications. The UK and Tunisia had agreed that using a short form agreement was the most appropriate and proportionate approach to delivering continuity. The approach mirrored that used in other UK continuity agreements that had been ratified since February 2019.

1.8. The Agreement mirrored the EU-Tunisia Agreements as far as possible, including by establishing institutional arrangements between the UK and Tunisia that were based on existing structures under the EU-Tunisia Agreements. For instance, the UK and Tunisia had agreed that

committees, including the Association Council and the Association Committee, were provided for in the Agreement to allow for ongoing management and updating of the agreement.

1.9. The provisions in the EU-Tunisia Agreements had been applied by incorporation *mutatis mutandis*, that is, with technical changes necessary, to apply as if they had been concluded between the UK and Tunisia in the first instance.

1.10. Across the whole Agreement, most of the institutional provisions and bodies provided for in the EU-Tunisia Agreement had been incorporated and retained *mutatis mutandis*, although some modifications had been made to the names and function of these bodies to ensure they were operable in the bilateral context.

1.11. Where more substantive amendments had been required to ensure operability in a bilateral context, or where the UK and Tunisia jointly agreed that *mutatis mutandis* would not deliver adequate certainty or transparency, detailed amendments had been included in the Annexes to the Agreement. Annex C provided that the Joint Declaration concerning the Principality of Andorra would also apply *mutatis mutandis* whereas Annex D provided that the Joint Declaration concerning the Republic of San Marino would apply *mutatis mutandis*. In addition, the Parties had adopted a Joint Declaration concerning a Trilateral Approach to Rules of Origin.

1.12. As a guiding principle, wherever the time bound commitments related to liberalizing market access, it had been decided to 'inherit the clock' applied under the EU-Tunisia Agreements to ensure that continuity was maintained in the new bilateral Agreement. Should the time bound commitments be to undertake reviews, the clock had been reset, thus allowing the UK and Tunisia to carry out the reviews in a bilateral context.

1.13. For trade in goods, Annex I, which outlined modifications to Title II of the EU-Tunisia Agreement, stipulated that under Article 18, the UK and Tunisia would assess the situation with a view to determining the liberalisation measures three years after entry into force of the Agreement.

1.14. Annex 1 under point 9 "Modifications to Protocol No 1" detailed the resizing to tariff rate quotas from the EU agreement where a standard 2.72% resize had been applied, other than for olive oil, where the quota had been resized to 7,723 tonnes.

1.15. References to EU State aid rules in the EU-Tunisia Agreements had not been incorporated into the Agreement. In particular, Article 36(2) and Article 36(5) (second indent) of the EU-Tunisia Association Agreement had not been incorporated into the Agreement. Articles 36(2) and 36(5) (second indent) provided that certain practices in conflict with the Agreement would be assessed on the basis of criteria arising from the application of EU rules and it would not be appropriate to replicate such provisions in a bilateral context.

1.16. The representative of the United Kingdom was pleased to conduct this important exercise of transparency, and, on behalf of both Parties, she thanked the Secretariat for the work done in preparing for the meeting and the Members who had joined the debate for the consideration.

1.17. The representative of Tunisia expressed sincere condolences to the United Kingdom on the loss of Queen Elizabeth II and wished the UK all the best under King Charles III.

1.18. He thanked the Secretariat for its factual presentation of the Agreement and for its valuable co-ordination efforts in sending the questions and replies. In this regard, he noted that document WT/REG433/2 did not contain Tunisia's reply to Mexico's question, probably because the reply had been sent late on the day on which it was due, but he hoped that the Members of the Mexican delegation had received it since then.

1.19. The representative of the Secretariat clarified that the responses had been received after the deadline to circulate the document, but a document had been circulated in the form of an unofficial room document because there had not been enough time to translate the responses, which had been provided in French.

1.20. The Chairman indicated that the properly translated answer would be reflected duly in the records.

1.21. The representative of Tunisia thanked the United Kingdom for the very detailed presentation on the Agreement between Tunisia and the United Kingdom, and he aligned himself with the statement. He confirmed that, since Brexit, trade between Tunisia and the United Kingdom had been regulated by the Agreement which had been concluded on 4 October 2019 and had come into force on 1 January 2021.

1.22. The Agreement preserved the trade concessions and benefits applied under Tunisia's Association Agreement with the European Union of 1998, in particular regarding free trade in industrial products and rules of origin, as well as dispute settlement all dating from 2011. For agricultural products not covered by free trade provisions, the two Parties had exchanged, on a reciprocal basis, annual quotas, including a tariff-free quota for Tunisian olive oil exports of 7,723 tonnes.

1.23. Trade had grown steadily in recent years, despite a slight decline during the pandemic, and the United Kingdom remained one of Tunisia's principal partners. The United Kingdom was Tunisia's 4th largest export destination and 11th largest source of imports.

1.24. With both countries keen to strengthen this new era of cooperation and to diversify their centuries-old cooperation, which dated back to the 17th century, in order to target new areas such as education, the environment, scientific research and youth employability, the two countries had held the first meeting of the Tunisia-UK Association Council on 7 June in Tunis.

1.25. The representative of Tunisia returned briefly to the questions posed by the Members and thanked Canada and Mexico for their interest in the Agreement and the questions they had posed.

1.26. Concerning the reply to Canada's question, Tunisia confirmed the response given by the United Kingdom that the Agreement provided, by virtue of Article 41, for bilateral negotiations through the Association Council on the reciprocal and gradual liberalization of public procurement contracts, but the two Parties had not yet begun such discussions.

1.27. Turning to Mexico's questions, which focussed on the concept of serious disturbances, he clarified that Article 27 of the Agreement provided for specific safeguard measures where any product was being imported in such increased quantities and under such conditions as to cause, or threaten to cause, serious injury to domestic producers or serious disturbances in any sector of the economy. It did not, however, define serious disturbances, since it linked the application of the measure to each disturbance referred for examination to the Association Committee, which could take any decision needed to put an end to such disturbances.

1.28. It should also be noted that the provisions of Articles 25, 26 and 27 were also found in other association agreements concluded by Tunisia, including its agreement with the EU, which had inspired the Agreement, and that Tunisia had never activated those provisions with its trading partners.

1.29. In closing, he indicated that Tunisia remained at the disposal of any Members who wished to discuss these or other issues.

1.30. The Chairman opened the floor for Members to comment on the Agreement under consideration.

1.31. The representative of the European Union took due note of the Agreement and of the detailed information provided. She also had taken note of the fact that the Agreement contained provisions that could be found in the Agreement between the EU and Tunisia. It was also worth noting that the changes that had been made to the Agreement could be found in the Annex. The European Union therefore thanked both Parties for having duly contributed to the transparency exercise.

1.32. The representative of the United States thanked both Parties for participating in the valuable transparency exercise. He had taken particular note of the Parties' interesting and informative presentations. He also thanked the Secretariat for preparing the factual presentation and for its efforts to circulate the questions and answers.

1.33. The representative of Canada thanked the Parties for their efforts to bring this transparency process to a fruitful conclusion for their regional trade agreement.

1.34. The representative of Japan thanked the Parties for their comprehensive and informative presentations. He also thanked the Secretariat for its efforts for preparing the factual presentations and wished the Parties success in the implementation of their agreement. Japan believed that they would further strengthen the multilateral trading system.

1.35. The Chairman noted the consideration of the Association Agreement between the United Kingdom and Tunisia (goods) had allowed the Committee to clarify a number of questions and conclude oral discussion of the RTA in accordance with paragraph 11 of the Transparency Mechanism. Any delegations wishing to ask follow-up questions were invited to forward submissions in writing to the Secretariat by 29 September 2022 and the Parties were asked to submit replies in writing by no later than 13 October 2022. In accordance with paragraph 13 of the Transparency Mechanism all written submissions, as well as the minutes of the meeting would be circulated promptly, in all WTO official languages, and made available on the WTO website.

1.36. The Committee took note of the comments made.
