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**The Application of EU Common Trade Policy in New Member
States after Enlargement – Consequences on Russia’s Trade
with Poland**

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Summary: When the Enlargement took place on 1 May 2004, The Common Trade Policy with all trade policy instrument were automatically applied to imports into the enlarged European Union. As a result, current EU trade defence law and measures are automatically in force in Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Following this the new Member States no longer apply their own, national trade defence action, they also cannot use trade defence instruments against each other. It means, furthermore, that all trade defence measures that EU-15 had against imports from any of the new Member States disappeared automatically after 1 May 2004. Equally, measures among the new Member States also disappear. Undoubtedly, the EU Eastern Enlargement created new conditions in which found themselves 8 countries from Central and Eastern Europe that became EU new members as well as Russia that stayed outside the Community. The aim of this paper, therefore was to analyse the potential effect of adopting the EU trade laws and measures applicable to Russian imports by Poland – country that always had the strongest trade ties with Russia from all post –Soviet bloc. Despite the comparative analysis of customs duty rates applied to Russian products and as well as selection of trade defence measures against Russia’s export before and after Poland’s accession to the EU in chapter third, the paper also describes the EU Common Trade Policy and what the adoption of this policy means for member states and non-members. Moreover, a short outline of mutual Russia – Poland trade relations is included in order to present subject in more comprehensive way and make reader familiar with the back ground of research.

Zusammenfassung: Mit der Erweiterung am 1. Mai 2004 wurde die Gemeinsame Handelspolitik mit all ihren Instrumenten automatisch bei allen Importen in die Europäische Union angewendet. In der Folge wurden die laufenden Gesetze und Bestimmungen zur Handelsverteidigung der EU in Zypern, Tschechien, Estland, Ungarn, Lettland, Litauen, Malta, Polen, der Slowakei und Slowenien in Kraft gesetzt. Diese neuen Mitgliedsstaaten konnten ihre eigenen Handelsverteidigungsaktionen nicht mehr anwenden, auch nicht gegeneinander. Alle Beschränkungen, die die EU gegenüber einer der neuen Mitgliedsländer hatte, verschwanden ebenfalls am 1. Mai 2004. Zweifelsohne hat die Osterweiterung der EU neue Bedingungen sowohl für die acht Länder aus Mittel- und Osteuropa geschaffen als auch für Russland, das außerhalb der Gemeinschaft blieb. Ziel dieses Papers ist es den potentiellen Effekt der Übernahme der EU Handelsgesetze und –maßnahmen, die sich auf russische Importe beziehen, zu analysieren – aus der Perspektive Polens, das schon immer die engsten Handelsbeziehungen aller post-sovietischen Länder mit Russland hatte. Neben einer vergleichenden Analyse der Zollsätze, die für russische Produkte angewendet werden und der Darstellung der Handelsverteidigungsmaßnahmen gegen Russlands Exporte durch Polen vor und nach dem EU-Beitritt, beschreibt dieses Paper im dritten Kapitel die Gemeinsame Handelspolitik der EU und das, was diese Politik für die Mitglieds- und Nicht-Mitgliedsstaaten bedeutet. Eine kurze Zusammenfassung der gegenseitigen russisch-polnischen Handelsbeziehungen macht den Leser zudem mit dem Hintergrund der Forschungsthematik vertraut.

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Contents

1. The Common Trade Policy of the European Union.....	1
1.1. Common Customs Tariff	1
1.2. Trade Policy Instruments	2
1.2.1. Trade Defence Instruments.....	2
1.2.2. Trade Barriers Regulation.....	6
2. Adoption of EU Common Trade Policy by New Member States and Russia's Interest.....	7
3. Russia – Poland Trade Relations after Enlargement.....	8
3.1. Comparative Analysis of Customs Duty Rates applied to Russian Products before and after Poland's Accession to the EU.	9
3.2. Trade Defence Measures against Russia's Export.....	11
References	16

1. The Common Trade Policy of the European Union

According to theory of economic integration a customs union aims at economic integration with no internal border restrictions (but different internal sales taxes hinder this). Members of a Customs Union apply a **common trade policy: common customs tariff and trade policy instruments** towards third country goods, so no rules are needed to determine which goods inside the union can move freely and no origin rules are needed. Thus no internal frontiers are needed for customs or external trade purposes. A common customs tariff enables the application of common policies vis-à-vis non-members (EUROPEAN COMMISSION, 2004).

A custom union becomes a **single market** with the removal of all restrictions on the movement of goods, persons, services and capital in a frontier-free internal market. The single internal market serves as an engine for greater harmonisation in a variety of customs and non-customs areas.

The single market of European Union entered into force in 1993, really ensuring the four basic freedoms. The single market, securely based on the Customs Union, is the foundation on which EU initiatives on policies for growth, competitiveness and employment can be based. The single market serves as a catalyst in the strategy for economic expansion of the EU. This would not be possible without the existence of the Customs Union and its principle of free circulation of goods. As a consequence of this economic integration, not only has the Community become the world's most important trading partner with third countries, intra-Community trade has also grown considerably (EC, 2004).

1.1 Common Customs Tariff

The common trade policy fixes the tariff rates for customs charges due on goods imported into the Community and the exceptions to this, as well as prohibitions and restrictions.

While the free circulation of goods within the European Union is the internal aspect of the Customs Union, the **Common Customs Tariff (CCT)** is the external aspect. It applies to imports of goods across the external borders of the Customs Union with the principle that domestic producers should be able to compete fairly and equally on the internal market with manufacturers exporting from other countries (EC, 2004).

The Common Customs Tariff (CCT) is common to all members of the Union, but the rates of duty differ from one kind of import to another depending on what they are and where they come from. The tariff is the name given to the combination of the [nomenclature](#) (or classification of goods) and the duty rates that apply to each class of goods. In addition the tariff contains all other Community legislation that has an effect on the level of customs duty payable on a particular import, for example country of origin. Rates depend on the economic sensitivity of products and are a means of protecting the Community's economic interests. Increases in duties are only possible in accordance with the rules of the WTO, which normally require compensation by reducing other rates. This can be needed when countries join Customs Unions, as sometimes, for some products, the Customs Union may have higher duties. (EC, 2004)

However, as tariffs are nowadays being reduced and the product range of goods being imported evolves, the protection of the Union's economic interests is shifting more and more towards the use of other trade policy instruments: Trade Defence Instruments (TDI) and Trade Barriers Regulation (TBR).

1.2 Trade Policy Instruments

1.2.1 Trade Defence Instruments

Trade Defence Instruments (TDI) may be used by countries, in accordance with a WTO agreement, to challenge the import of goods where they are seen to be unfair foreign competition.

Trade defence measures typically take the form of additional duties payable by the importer upon the importation of the relevant good. Currently, measures on more than 60 goods originating in more than 30 countries are in place. They concern ca. 0,5% of total imports of products into the EU (EC, 2004). There are such TDI as:

- **Anti-dumping measures** - created to counter dumping practices, that means selling goods in the EU below the sales price in the domestic market, or below the cost of production, causing significant injury to Community producers.

The requirements to impose anti-dumping measures are:

- Dumping: manufacturer from a non-EU country sells goods in the EU below the sales price in their domestic market, or below the cost of production;
- Injury to EU industry: the imports cause damage to the EU industry, such as loss of market share, reduced prices and resulting pressure on production, sales, profits or productivity;
- “Community interest”: the costs for the EU of taking measures must not be disproportionate to the benefits.

Existing Community rules were replaced by a new anti-dumping regulation that came into force on 1 January 1995. This in turn was updated by Regulation 384/96, which came into force on 6 March 1996. This Regulation incorporates measures agreed in the Uruguay Round of the GATT. It also imposes strict time limits for the completion of investigations and decision-making to ensure that complaints are dealt with rapidly and efficiently. The body that is responsible for investigating complaints and assessing whether they are justified or not is European Commission. When a branch of industry in the Community considers that dumped imports from non-EU countries are causing injury, it may submit a complaint to the European Commission, either directly or through its national government. The Commission's investigation normally takes no more than a year, and this may result in changes in the level of duties.

The EU uses 140 antidumping duties (EC, 2004). However, as tables below show, the EU is a moderate user of trade defence.

Table 1: Definitive anti-dumping measures by main users of anti-dumping in force as of 31 December 2002 compared to the value of imports in 2001

	Imports (€ billion)	Definitive measures	Ratio
S. Africa	31,5	97	3,08
Argentina	27,5	52	1,89
Brazil	75,4	56	0,74
Australia	79,1	46	0,58
Turkey	48,1	27	0,56
Canada	279,6	90	0,32
Mexico	174,5	55	0,32
India	53,9	191	3,54
USA	1 300,9	266	0,20
EU	1 035,9	174	0,17
WORLD	5 525,3	1 220	

Source: European Commission - Directorate General Trade, March 2004

Table 2: Number of initiations of anti-dumping investigations

Initiator	Year							TOTAL
	96	97	98	99	00	01	02	
India	21	13	27	65	41	61	79	313
USA	22	15	36	47	47	76	35	292
EU	25	41	22	65	31	27	20	262
Argentina	22	15	8	24	45	27	15	183
South Africa	33	23	41	16	21	6	4	160
Australia	17	42	13	24	15	20	20	156
Canada	5	14	8	18	21	25	6	108
Brazil	18	11	18	16	11	17	9	105
Mexico	4	6	12	11	7	5	11	60
Indonesia	11	5	8	10	3	15	8	57
Total initiations by WTO members	224	243	193	296	242	279	207	

Source: European Commission - Directorate General Trade, March 2004

Initiations of anti-dumping investigations by the 10 principal users of the anti-dumping instrument between 1996 and 2002 account for around 80% of all initiations by WTO members. In the number of initiations the EU ranks third.

Anti-subsidy - designed to combat subsidies (direct grant; tax concession, or provision by the national authorities of certain goods and services at subsidised prices), which are made available to manufacturers by public authorities and which can also distort trade when they help to reduce production costs or cut the prices of exports to the EU unfairly (EC, 2004).

The requirements to impose anti-subsidy measures are:

- Specific subsidy given to a company, industry or group of companies/industries;
- Injury to EU industry: the imports cause damage to the EU industry such as loss of market share, reduced prices and resulting pressure on production, sales, profits or productivity;
- “Community interest”: the costs for the EU of taking measures must not be disproportionate to the benefits.

International rules on subsidies were substantially strengthened by the World Trade Organisation’s Agreement on Subsidies and Countervailing Measures, negotiated as part of the Uruguay Round, which entered into force on 1 January 1995. The terms of this Agreement are incorporated in the European Community’s Regulation on protection against subsidised imports only concerns imports from outside the EC, providing for imposition of countervailing duties on goods which have been subsidised by the governments of non-EU countries and whose import into the Community causes or threatens injury to EC producers of the same product. The complaint and investigation procedures as well as a framework for imposition of duties and deciding at what level the duties will be set are similar to that of anti-dumping actions.

Safeguard measures - may be applied to imports that increase in such quantities and are made under such conditions as to cause or threaten to cause serious injury to the Community industry, provided there is a Community interest to do so. At the request of a Member State or at the Commission's own initiative, an investigation may be initiated on the basis of which measures may be applied on a case-by-case basis. Branch of industry may not directly request the introduction of these measures. These measures must respect the WTO Agreement on Safeguards (EC, 2004). Free importation is the general rule of the Community's Common Import Regime which is established principally in Regulations (EC) 3285/94 (for WTO Members) and 519/94 (for non-WTO Members).

The defensive instruments sometimes rise a lot of controversy because may seem to be unclear. Being aware of this, the EU acts to increase transparency, efficiency and predictability in the use of trade defence. On 8 March 2004 the EU Member States have endorsed a Commission proposal - Council Regulation no 461/2004 - to introduce greater transparency, efficiency and predictability in the use of anti-dumping and anti-subsidy. Under the new rules, definitive anti-dumping or countervailing measures will be considered adopted unless a simple majority of EU Members States opposes the move. The EU will also introduce mandatory deadlines to complete review investigations that will lead to faster investigations and will also introduce clearer rules on enforcement of trade defence measures. After the EU Enlargement, these changes will make the use of trade defence instruments more efficient, workable and transparent for EU operators as well as third countries subject to trade defence cases in the EU (EC, 2004).

Table 3: Adopted changes in the EU’s anti-dumping and anti-subsidy regulations

Changes	Before
<ul style="list-style-type: none"> • Streamlined decision-making <p>Definitive anti-dumping and anti-subsidy measures will be considered adopted unless a simple majority of Member States rejects the measures within one month after the Commission has made a proposal. The new rules do not upset the balance of powers between the Commission and the Council: the simple majority principle will continue to operate. But it will require affirmative action by Member States to overturn a Commission proposal.</p>	<p>A simple majority of EU Member States was necessary to impose definitive measures. This means that abstentions were counted as being votes against.</p>
<ul style="list-style-type: none"> • Faster Investigations <p>Investigations aimed at reviewing existing anti-dumping or anti-subsidy measures and changes in form or in the level of such measures (review investigations) will be subject to strict mandatory deadlines. This should put an end to concerns about uncertainty regarding measures that remain in force while - sometimes lengthy – reviews are ongoing.</p> <p>This responds to calls from economic operators (in particular importers and exporters from third countries) for greater predictability.</p> <p>In particular, “expiry reviews”, i.e. those that take place at the end of the 5-year period of validity of the measures will now need to be concluded within 15 months. From 2006, “interim reviews”, i.e. those that take place at the request of any party any time during the 5-year period of validity of the measures will also take place within 15 months.</p>	<p>Review investigations were subject to an indicative period of completion of 12-month. Experience gained in the past shows that reviews have lasted longer than the normal timeframe. The introduction of mandatory deadlines will thus speed up the conduct of reviews.</p>
Changes	Before
<ul style="list-style-type: none"> • Clearer rules for companies on enforcement of anti-dumping and anti-subsidy measures 	<p>Two legal acts were needed, one to withdraw the undertaking and a second one to re-impose an anti-dumping/anti-subsidy duty.</p>

<p>The changes also introduce rules aimed at clarifying the application of anti-dumping and anti-subsidy measures on exporters from third countries and importers in the EU.</p> <p>Price undertakings consist in the engagement made by the exporter concerned to respect a minimum price when exporting to the EU and are an alternative to anti-dumping/anti-subsidy duties.</p> <p>From now on: in cases where the exporter does not respect the engagement and price undertakings need to be withdrawn, the Commission by a single act will withdraw the price undertaking and will replace it with duties.</p>	
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Source: European Commission - Directorate General Trade, March 2004

Clearer rules are also introduced to fight against circumvention of anti-dumping/anti-subsidy measures as well as against the absorption of the duties. In particular, the new rules give precise indications about who can request the initiation of these enforcement investigations, about when absorption is considered to exist, about what practices constitute circumvention and about whether exporters can be exempted from anti-circumvention measures if they can show that they were not involved in circumvention practices (EC, 2004).

Trade sanctions in the form of extra, targeted, duties (anti-dumping duties) or insistence upon importers agreeing a certain level of prices (price undertakings) can be applied to imports that cause significant economic difficulties to producers in the European Union, because of unfair trade practices. Sanctions are usually introduced after considering the request made by Community producers of a particular product about unfair competition. The measures we are allowed to take have to be in accordance with the criteria stipulated in the World Trade Organisation agreement and those laid down by Community legislation.

1.2.2 Trade Barriers Regulation

The Trade Barriers Regulation (TBR) – another trade policy instrument, however, is a proactive (rather than defensive) instrument to open markets, aimed at eliminating obstacles to trade. It gives industry (enterprises) the opportunity to lodge a complaint with the Commission when there is reason to believe that companies are encountering trade barriers that restrict their access to third country markets. **The Council adopted the Trade Barriers Regulation in December 1994 Council Regulation N°3286/94 which came into effect on 1 January 1995.**

The TBR is an instrument of commercial offence to open third country markets by eliminating obstacles to trade for the benefit of Community exporters. The TBR can also be used to evaluate whether there is evidence of violation of international trade rules, resulting in adverse trade effects. The outcomes of lodged complaint and investigation taken by EC can

be as follows: the non EC country takes satisfactory steps to eliminate the adverse trade effects or injury complained of; initiation of international (WTO or other) dispute settlement or, in certain cases, an international agreement between the non-EC country and the European Community.

2. Adoption of EU Common Trade Policy by New Member States and Russia's Interest

On May 1, 2004, Poland, Czech Republic, Hungary, Slovakia, Slovenia, Lithuania, Latvia, Estonia, Cyprus and Malta became the members of the EU. Outside the bloc remained Romania, Bulgaria and Turkey, but they hope to join the European Union in the near future (EC, 2004).

As the result, the 25 Member States of the enlarged EU formed one single market with a Common Trade Policy including the uniform EU-wide application of Custom Tariffs and **Trade Policy Instruments**. That means that all national measures taken by the new Member States disappeared. Moreover, none of the 25 Members States is allowed also to use trade defence instruments against each other and all trade defence measures that EU-15 had against imports from any of the new Member States also dropped automatically, and vice versa. For example, upon accession all antidumping duties against Polish products such as: pallet, string for sheaf-binder, steel products, fertilisers disappeared. Moreover, markets of other accession countries are open, what creates the opportunity for Polish companies to get back lost customers. Barrage duty for sugar introduced formerly by Hungary and Slovakia were removed as well as custom duties for Polish pork imported to Latvia (RZECZPOSPOLITA, 2004).

In policy terms, the fifth Enlargement did not change the EU's traditionally high standards and prudent approach for initiation and imposition of trade defence measures. EU trade defence legislation, which is fully in line with WTO agreements and subject to scrutiny by that organisation and its Members, were applied throughout the enlarged EU-25. There are no reasons to believe that the enlargement causes an increase or decrease in the number of trade defence measures applied by the EU. Moreover, there is such tendency that after the enlargement trade defence actions taken by the EU continue to be mainly anti-dumping and anti-subsidy measures, and a very conservative approach towards the use of safeguards will be continued (EC, 2004). Concerning customs tariff - just in few cases the duties on imported products raised. The custom duties for example for bananas, rise or Norwich salmon indeed raised, but all members have to obey the same rules. On the other hand- exporters, in due course, will benefit from free trade agreements signed by the EU with many countries (RZECZPOSPOLITA, 2004).

Nevertheless, adoption by new Member States common customs tariff and trade policy instruments still rises a lot of controversy among thirds countries that stayed outside common market of the EU. Russia – one of the biggest EU's trade partner and future Eastern neighbour has a lot of doubt whether this event will not deteriorate its trade with those Central and East European countries that a few months ago became new members of the EU adopting all trade rules. The expansion of the European Union could complicate Russia's economic relations with the new member states, said former Russian Deputy Prime Minister Viktor Khristenko (CEE MARKET, 2004). The European Union currently accounts for about 35 percent of Russian exports, and the figure would rise beyond 50 percent after the EU accepts 10 new

members, giving the alliance a "controlling stake" in Russia's foreign trade, Khristenko added (RUSSIA JOURNAL, 2003)

On May, 1 Partnership and Co-operation Agreement (PCA), signed in 1997, which regulates economic relations between EU and Russia was automatically extended also to any new member state. Russia for a long time could not agree to accept these new terms of trade and political relations with the eight incoming EU members from Central Europe stating that this agreement does not embraced complexity of the trade relations between CEE countries and Russia. Russia's worried that the EU Enlargement could complicate the conditions for Russian exports of strategic product such as: energy, metals, chemical fertilizers, nuclear products and others. For examples Russia exported grain to Eastern European countries and the Baltic states without any restrictions, however, since these countries joined the EU, grain quotas have been also applied to them. There hundreds of such examples and in fact, according to the estimation of Russian government officials, Russia may sustain 150m euro in annual losses as a result of the EU Enlargement (RUSSIA JOURNAL, 2004).

However, analysing the EU trade defence measures as well as the customs tariffs that were adopted by new members and which rises so many controversy among Russian experts, one can notice that the upon upcoming enlargement of the European Union, Russia will retain the conditions of access of its products to the markets of those Central and East European countries that joined the EU (GATEWAY TO RUSSIA, 2004). Therefore, in order to prove it, customs tariffs as well as the trade defence instruments against Russian products used by Poland before accession will be compared with those used by EU-15 in the next part.

The reason for choosing Poland is that this country is one of the main (on 8 place) foreign trade partners of Russian Federation and is the largest trading partner of the Russian Federation among the countries Central and the East Europe (Ministerstvo ekonomicheskovo razvitia i torgowli RF, 2004). Short outline of mutual trade relations will explain the importance of influence that these two countries have on each other.

3. Russia – Poland Trade Relations after Enlargement

One of the basic factors determining the importance of Poland for Russia as the trading partner, is its geographical position for a way of commodity streams from Russia to the Western Europe. Through territory of Poland are laid gas mains Yamal - Western Europe determining strategic value in trade and economic relations Russia with Poland (Russia is practically exclusive supplier of gas to Poland), and Russia with the Western Europe. The important place in the Russian - Polish economic relations has investment cooperation. The Russian investments in economy of Poland make approx. 1 250 million USD. Polish investments in Russian economy exceeds 100 million USD (Ministerstvo ekonomicheskovo razvitia i torgowli RF, 2004).

In the Russian - Polish trade and economic relations an appreciable role have regional connections in view of growing economic independence of Russian regions: Kaliningrad, Moscow, Saratov, Nizhniy Novgorod, Yaroslavl, Kursk, Smolensk, Samara areas, Saint Petersburg.

Table 4: The volume of mutual deliveries of the goods between Russia and Poland 2000-2003 (million USD)

Year	2000	2001	2002	2003 (5 months)
Total trade	5 481,6	5 481,0	5 728,6	2 798,0
Export	4 619,5	4 422,3	4 396,8	2 212,5
Import	862,1	1 058,7	1 331,8	5 85,5
Trade Balance	+3 757,4	+3 363,6	+3 065,0	+1 627,0

Source: Ministerstvo ekonomicheskovo razvitiia i torgovli RF, March 2004

For the five months of 2003 mutual trade volume has grown to 31,7 % and has made 2,8 billion USD. The Russian export has increased to 34 % (2,2 billion USD), and the Polish deliveries to Russia have grown to 15,6 % (0,58 billion USD).

In structure of the Russian export to Poland dominant remain (more than 88 %) mineral products. A share of chemical and petrochemical production – 4,1 %, metallurgical production – 3,6 %, machines, equipment, vehicles, devices and tools – 1,3 %. In structure of Polish deliveries: 20,1 % agricultural and food articles, 21,4 % - machines and equipment, 18,1 % - chemical goods, 23,2 % - consumer goods. (BOSS, 2003)

Import of natural gas and petroleum from Russia has priority value for economy of Poland as this cover in 90 % and 70 % of the country import needs. For example 16,06 million tones of petroleum and 7,2 billion cube meters of natural gas were delivered to Poland in 2002. (BOSS, 2003)

3.1 Comparative Analysis of Customs Duty Rates applied to Russian Products before and after Poland's Accession to the EU.

In this chapter the answer to the question whether custom duty rates on Russia's imports applied by Poland upon its accession to the EU will increase so that it may deteriorate Russia - Poland trade will be searched for.

The answer demanded comparative analysis of custom duty rates used in Poland with those in the EU. Therefore, the conclusions will be based on the analysis that were available at the Polish Ministry of Economy web site at the beginning of 2004. Analysed were only those products which import is more than 100 000 USD per year. This allows concentrating only on those products that have significant impact on Polish economy. Should be mentioned that 99,46% of total import from Russia was analysed, 0,54% did not fulfil criteria.

In order to compare real rate of customs duty rates, was used the methodology of WTO, World Bank and other different organizations of international range. This method depends on proportional qualification of customs duty rate in relation to value of imported goods. Usage of this method has special meaning in case of comparison specific custom duties. Having the set of parameters - the value, quantity and mass of import and euro exchange rate - the proportional rate of customs duty rate is counted. According to the adopted methodology, the calculations were conducted on gross values of import, treating the statistical data for concrete goods and direction of origin as one commercial transaction. In order to assure larger comparability of the results, Ad Valorem Equivalent (AVE) was applied for both Polish and EU's customs duty rates. AVE customs duty rate was calculated as proportional relation of

size of taken duty to declared value of goods. Obtained in this way calculations became verified with the data contained in IDB database, led by World Trade Organization.

Each line of the table shows the difference of customs duty rates. For example, line no 1 refers to those Russian imported goods, for which customs duty rates will be reduced more than 15,1 %, line no 5 – to those goods for which customs duty rates do not change after Poland’s accession to the EU.

Table 5: Percentage changes in customs duty rates on Russian products imported by Poland after enlargement

	Difference in AVE rate	Number of group products	Import value (million USD)	Share (%)		Products (examples)
1.	bellow - 15,1	27	122,47	2,79	11,39	Heavy oils, gas oil, tubes, rubber, weapon, wheat grain, tractors, vehicles
2.	-15 to -8,1	113	112,61	2,57		Lubricating oil, passenger ships, fishing boats, casein, timber, tires, roofs, salts, bearing, cages, chests, paper, wires, air-screw, ferrosilicon, furniture parts, pallets, , matches, paper, tools, textiles, chemicals etc.
3.	-8 to -3,1	57	37,67	0,86		Paraffin, wax, aluminium foil, feather, chemicals, fibreboard, sheet metal plate, building materials
4.	-3 to -0,1	34	226,58	5,17		Electric energy, cow hide, fresh water fishes, combed wool, chemicals
5.	0	54	3 666,89	83,63		Natural gas, petroleum, iron ore, gas oil, coal, nitrogenous and phosphatic fertiliser, hard wheat, scrap, chemicals.
6.	+0,1 to 3	7	45,68	1,04	4,95	Methanol, vinyl acetate and other chemicals

7.	+3,1 to 8	9	134,02	3,06	Cod, polythene, ferrochromium, aluminium alloy, frozen sea fish
8.	+8,1 to 15	5	2,91	0,07	Shutter strips, frozen sea fish, chemicals.
9.	+15,1 and higher	8	34,43	0,79	Carbamide, potassium chloride, milk, sour cream
Total		315	4 384,88	99,49	
Import		2 213	4 407,43		

Source: Ministry of Economy, Labour and Social Policy in Poland, March 2004

As table shows - for 11,39 % of total import value customs duties will be reduced, **for 83,63% of imported Russian goods by Poland the duties will be the same** and only for 4,95 % will rise. These figures do not need extra comment as they clearly state that adoption by Poland EU customs duty rates should not influence the import of Russia's products and through this Russia – Poland trade relations should not harmed.

3.2 Trade Defence Measures against Russia's Export

Regarding the Defence Measures against Russia's products used in Poland, at the end of 2003 there were just against 2 products measures – safeguard and anti-dumping.

Table 6: List of Polish defence measures in force and ongoing investigations against Russia's products

Product	Measure	Status of investigation	Date of initiation	Normal date of expiry
Ammonium nitrate ex 3102 30 90 0	SFG Quota	Definitive measure in force	17.06.2002	15.02.2004
Synthetic butadiene rubber 4002 19 00 0	AD	Definitive measure in force	14.02.2002 12.11.2002	12.11.2007

Source: Ministry of Economy, Labour and Social Policy in Poland, March 2004

After accession, of course, all 140 antidumping duties used by EU against imported products including also those shown in the Table 7 against Russian products were applicable in Poland.

Table 7: List of all anti-dumping and anti-subsidy measures against Russian imported products either in force and or under current investigation.

Product	CN/TARIC Codes	Type	Status	Normal expiry
Aluminium Foil	7607 11 10 10	ad	Def/IR	18.05.2006
Aluminium Foil	7607 11 10 10	ad/UT	Def/IR	18.05.2006
Ammonium nitrate	3102 30 90 00 / 3102 40 90 00	ad	Def/IR	19.04.2007
Calcium metal	2805 21 00	ad	Expired	-----
Carbon blacks (rubber grade)	ex 2803 00 10 / ex 2803 00 80	ad	Term	-----
Ferro-chrome (low-carbon)	7202 49 10 / 7202 49 50	ad	Term	-----
Ferro-silico-manganese	7202 30 00	ad	Term	-----
Ferro-silicon	7202 21 00 / 7202 21 90 / 7202 29 00 11	ad	Term	-----
Flat-rolled narrow strips (regional case)	7211 23 99 / 7211 29 50 / 7211 29 90 / ex 7211 90 90	ad	Term	-----
Grain-oriented electrical steel sheets (big)	7225 11 00 00 / 7226 11 10 00	ad	Def/IR	31.01.2008
Grain-oriented electrical steel sheets (big)	7225 11 00 00 / 7226 11 10 00	ad/UT	Def/IR	31.01.2008
Grain-oriented electrical steel sheets (small)	7226 11 90	ad	Term	-----
Hardboard	4411 11 90 10 / 4411 19 90 10	ad	Expired	-----
Hollow sections	7306 60 31 90 / 7306 60 39 90	ad	Term	-----
Isobutanol	2905 14 90 10	ad	Expired	-----
Magnesium, unwrought	8104 11 00 / 8104 19 00 10	ad	Expired	-----
Magnesium, unwrought	8104 11 00 / 8104 19 00 10	ad/UT	Expired	-----
Seamless pipes	7304 10 10 10 /	ad	Def/IR/SRart1	n.a.(review)

and tubes	7304 10 30 10 / 7304 31 99 00 / 7304 39 91 00 / 7304 39 93 00		3	on-going)
Potassium chloride	3104 20 10 10 / 3104 20 10 90 / 3104 20 50 10 / 3104 20 50 90 / 3104 20 90 00 / 3105 20 10 10 / 3105 20 10 20 / 3105 20 90 10 / 3105 20 90 20 / 3105 60 90 10 / 3105 60 90 20 / 3105 90 91 10 / 3105 90 91 20 / 3105 90 99 10/ 3105 90 99 20	ad	Def/IR	12.05.2005
Seamless pipes and tubes	7304 10 10 10 / 7304 10 30 10 / 7304 31 99 00 / 7304 39 91 00 / 7304 39 93 00	ad/UT	Def/IR/SR	n.a.(review on-going)
Silicon carbide	2849 20 00 00	ad	Def/IR	27.05.2005
Silicon carbide	2849 20 00 00	ad/UT	Def/IR	27.05.2005
Silicon metal	2804 69 00 00	ad	Def	25.12.2008
Steel ropes and cables	7312 10 82 00 / 7312 10 84 00 / 7312 10 86 00 / 7312 10 88 00 / 7312 10 99 00	ad	Def	05.08.2006
Steel ropes and cables	7312 10 82 00 / 7312 10 84 00 / 7312 10 86 00 / 7312 10 88 00 / 7312 10 99 00	ad/UT	Def	05.08.2006
Tube and pipe fitting, of iron or steel	7307 93 11 91 / 7307 93 11 99 / 7307 93 19 91 / 7307 93 19 99 / 7307 99 30 92 / 7307 99 30 98 / 7307 99 90 92 / 7307 99 90 98	ad	Def	25.08.2007
Urea and ammonium nitrate solutions	3102 80 00 00	ad	Def	23.09.2005
Zinc	7901 11 00 / 7901	ad	Expired	-----

(unwrought unalloyed)	12 10 / 7901 12 30			
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Source: European Commission - Directorate General Trade

One the other hand all definitive measures used by Russia against products imported from EU, will apply also to Polish upon enlargement.

Table 8: Russia's definitive measures in force against the EC or EC Member States (on 30/01/2004)

Product	Type	Date of imposition	Extension of measures	Date of expiry	EU Trade Interest Mio €
Ball bearings and taper roller bearing	SG	2003-07-24	N/A	2006-07-24	10,60
Caramels	SG	2002-01-25	N/A	2005-01-25	25,00
Refrigerators parts	SG	2002-08-02	N/A	2004-08-02	12,00
Native starches (maize and potato)	SG	2001-12-01	29/07/2003 (Midterm-Review)	2004-06-01	0,50

Source: European Commission - Directorate General Trade

Some products which are under trade defence measures in the ten new Member States today, might also be subject to trade defence measures in EU-25 so it might not notice a big change. Still, as comparing table no. 6 and 7, can be noticed that the EU's measure adopted by new members might be of a different kind e.g. anti-dumping instead of safeguard, as, for example, against Ammonium nitrate, as well can be at a different level (higher or lower) or take a different form (e.g. duty instead of quota) or can apply to different products than the measure used before accession. For example Poland will no more use anti-dumping measures against Synthetic butadiene rubber as this product is not on the list of Russian products against which the EU applies the defence measures. Moreover, what was said above, Poland, while being the member of the EU, cannot undertake any measurements because economic relations between EU and Russia will belong entirely to Community's responsibility. Following this, however, **if Russia decides to impose also any sanctions against Polish companies they will apply also to French and British companies** (RZECZPOSPOLITA, 2004).

Existing trade defence measures in the EU-15 were applied automatically in the enlarged EU-25 but as in the previous 1995 enlargement, the Commission did not automatically review all the existing EU trade defence measures due to enlargement, but just a few that might cause 'economic hardship'. Moreover, the EU legislation foresees a number of **individual possibilities to modify existing measures** (OFFICIAL JOURNAL OF THE EC, 2004). The anti-dumping measures chosen for the review concerns two categories: measures that are subject to undertakings with a quantitative and/or a price element (for example measures on imports of silicon carbide and aluminium foil originating in Russian Federation) and measures that regards imports that are of special importance for new Member States and may be associated with negative effects of the EU enlargement (measures on imports of potassium

chloride, grain-oriented electrical steel sheets and ammonium nitrate originating in the Russian Federation). Any interested party may lodge a request for an enlargement-related review. It could be exporter in a country that is not a member of the enlarged EU-25 and I have never had any exports to the EU-15, but I have had exports to the new Member States before they joined the EU. A producer can also request a modification of the measure through an interim review if notices, for example, that upon enlargement an existing measure has become too low to effectively counter unfair trade practice in third countries. Importer who imports raw materials from third countries and is paying extra duties upon importation may also have substantial reasons to seek review of the existing measures as well as other parties such as: consumer organizations or authorities of the exporting country.

All investigations initiated after the date of the enlargement will be carried out on an EU-25 basis (i.e., examining all economic parameters on the basis of the whole EU-25). In addition, in conformity with the past practices adopted after the former rounds of enlargement, in the conduct of investigations initiated after the enlargement, the new Member States will be considered as part of the EU, i.e. the facts will be collected and the calculations performed in the framework of the EU-25 even if the investigation period covers a period in which the EU formerly had only 15 Members States (RZECZPOSPOLITA, 2004).

The issue of adopting by Poland all trade policy instruments and measures against Russia's products is not only of special importance of Russian exporters but also of Polish importers. The European Commission has identified those defence measures which in the opinion of new member states need to be verified in the view of the Enlargement. Pascal Lamy during his visit in Poland on 3rd of March 2004 assured that after the Enlargement trade policy with interest for Polish companies/importers will be elaborated. As a result **some anti-dumping measures against strategic raw materials and semi-finished products for Polish industry might not be applied in Poland**. Among such products is potassium chloride imported from Russia and Byelorussia. Otherwise, prices of fertiliser produced from potassium chloride imported from West European countries would be several times higher (RZECZPOSPOLITA, 2004).

After 1 May for 5 kinds of products imported by Poland, which were subjected anti-dumping fees, were set up duty-free quota for the period of 6 to 12 months. It concerns not only potassium chloride imported from Russia, but also bike parts and TV from China as well as aluminium foil from Russia and silicon carbide from Russian and Ukraine. During this time European Commission will once again estimate and elaborate legitimacy of antidumping duties for this products, taking into consideration interests of acceding countries. There is also possibility of lengthening the list of the products against which antidumping duties will not be used. It concerns especially ammonium nitrate and stitched pipes, sheet metal plates, cables and, wire ropes (RZECZPOSPOLITA, 2004).

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