

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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1966 CONSULTATION UNDER ARTICLE XII WITH ICELAND

Basic Document for the Consultation

1. Legal and administrative basis of the restrictions

The statutory basis for Iceland's import controls is Act No. 30 of 25 May 1960, on Import Trade and Foreign Exchange Transactions etc. According to Article 1 of the Act all goods can be imported without restrictions unless otherwise decided in a special law or a regulation which the Government is authorized to issue after consulting the Central Bank. The same provision applies to payments of invisibles in foreign exchange.

On 27 May 1960 a regulation implementing the provisions of the Act was issued and also another regulation, specifying the commodities which were subject to import licence, which in effect eliminated a great part of the quantitative restrictions. Since 1960 the Government has annually extended the liberalization of imports. The regulation on licensed commodities now in force was issued on 21 January 1966, and contains the negative list attached hereto as Annex I.

2. Methods used in restricting imports

Licences for imports and foreign exchange are granted by an informal committee consisting of one representative of the Ministry of Commerce and one from each of the two State-owned commercial banks, authorized to deal in foreign exchange, the National Bank of Iceland and the Fisheries Bank of Iceland.

The supervision of the foreign exchange controls, such as the surrender requirements and capital transfers, is in the hands of the Central Bank.

At the beginning of each year the Government, in consultation with the Central Bank, decides upon the total amount of licences to be issued in convertible currencies for goods subject to licence and divides the amount between different classes of goods. The amount accorded each class of goods is called its global

quota. These quotas are made public. Licences issued according to global quotas are valid for all countries with which Iceland carries on trade on a multilateral basis.¹ The commercial banks shall keep the allocation of exchange and import licences in convertible currency within the global quotas. Licences for imports from countries with which Iceland has bilateral trade and payment agreements do not come under the global quotas and are generally freely granted for these commodities. On an individual basis, licences may also be granted for importation of goods on "other licensing" from countries enjoying multilateral treatment.

3. Treatment of imports from different sources including information on the case of bilateral agreements

Imports are admitted under the following procedures:

(a) free importation, (b) global quotas, (c) other licensing.

The following table shows the actual imports in 1965 broken down according to different import procedures. Rate of exchange \$1 = kr.43.06.

	C.i.f. value Million kronur	Percentage
Liberalized commodities	4,989.5	84.5
Commodities under global quotas	345.2	5.9
Other licensed commodities	567.2	9.6
Total	5,901.9	100.0

(a) Free importation

All imports except those mentioned in the list of licensed commodities, Annex I to this document, are admitted without licence. Imports of the liberalized goods are free from all countries. Importation of liberalized goods under State-trading (see paragraph 5) is however only permitted to the appropriate State agency. The liberalized sector includes agricultural commodities which

¹The countries not included are listed in section 3(c).

are purchased from the United States under a Public Law 480 agreement. The agreement now in force was amended in January 1966 and provides for the following purchases:

	<u>US\$ '000</u>
Cracked corn and/or cornmeal	800
Wheat and/or wheat flour	600
Tobacco	500
Ocean transportation	<u>302</u>
Total	<u><u>2,202</u></u>

In order to ensure the execution of the Public Law 480 agreement the foreign exchange banks are authorized to regulate the purchase of the above commodities.

(b) Global quotas

Licences for global quota imports are issued according to the following general rules:

1. To industrial enterprises and other direct users of imported goods in accordance with their requirements as estimated by the licensing authorities.
2. To regular importers according to their imports in a previous period with some consideration being given to new importers.

The global quotas for 1966 are shown in Annex II. In 1965 the imports of commodities now under global quotas represented 5.9 per cent of the value of total imports. The global quota imports have decreased as commodities previously imported under that system have been liberalized.

(c) Other licensing

Commodities in the category "other licensing" represented 9.6 per cent of total 1965 imports. The most important commodities in this category are gasoline, gas oil and fuel oil (6.9 per cent) and herring barrels (0.8 per cent). Iceland has bilateral trade and payments agreements with the following countries: Czechoslovakia, Poland, Hungary, Rumania, Soviet Union and Brazil. Trade with Eastern Germany is based upon a private agreement between the Kammer für Aussenhandel, Berlin, and the Iceland Barter Association. Most of the trade agreements contain fixed quotas and the payments agreements stipulate swing credit margins. Licences for imports of most commodities from these countries are granted freely upon application. Liberalized goods are importable from these countries on the same conditions as from other countries.

4. Commodities affected by various forms of restrictions

The value of imports of the main commodities subject to quantitative restrictions was as follows in 1964 and 1965:

(c.i.f. million kronur)

BTN	Name of commodity	1964	1965
11.01.26	Ryemeal	6.9	12.2
27.10.29	Motor gasoline	56.1	57.3
27.10.40	Gas oil	276.6	260.4
27.10.50	Fuel oil	73.3	79.7
44.22.02	Herring barrels	88.0	45.1

The above petroleum products were mainly imported from the Soviet Union and Rumania but 83 per cent of imports of ryemeal and herring barrels in 1965 came from countries outside the bilateral trading area.

5. Imports under State-trading

State-trading in Iceland is limited to fertilizers, tobacco, wine and liquor, radio receivers, telephones and other telecommunications apparatus, perfumes, matches, tree-plants and a few other minor products. In addition fresh vegetables and potatoes are imported by a monopoly operated by the Agricultural Production Board under an authorization from the Government. Imports of all the commodities which the State companies import are liberalized.

In 1965 total imports of commodities subject to State-trading amounted to 289.5 million kronur or 5.0 per cent of total imports.

The imports of the State-trading companies were as follows in the year 1965:

	<u>C.i.f. million kronur</u>
Fertilizers	88.5
Tobacco	71.8
Wine and liquor	44.8
Telegraphs and other telecommunications apparatus	75.8
Radio receivers	7.3
Perfumes	1.3
Total	<u>289.5</u>

6. Liberalization measures taken since last consultation

Since the last consultations were held on 6 May 1965, imports have been further liberalized. On 21 January 1966 a number of commodities listed in Annex III were added to the liberalized list. The imports of these commodities in 1964 amounted to 395 million kronur and represented 7 per cent of commodity imports that year. This measure increased the liberalization percentage from 79.2 to 86.2 based on 1964 imports. In terms of 1965 imports the liberalization percentage is slightly lower or 84.5.

7. Effects of the import restrictions on trade, and general policy in the use of restrictions

Since the last review of Iceland's import restrictions in the GATT further progress towards liberalization has been made: 85 per cent of imports are fully liberalized on 1965 basis and a further 6 per cent are under global quotas. This step - in line with a policy followed consistently since 1960 - was made possible because of a continued relatively favourable balance-of-payments situation. In 1966, however, it is to be expected that Iceland's external position will decline reflecting an expansion of home demand and less favourable export conditions for fish products. The Government is, however, anxious to maintain the present liberal import régime.

Iceland is also faced with another problem. Around 60 per cent of Iceland's exports go to Western Europe. Many of these countries pursue different policies which hamper international trade in fish. Moreover, nearly all the large importing countries are members of either the European Economic Community or the European Free Trade Association to which some of Iceland's main competitors in fish production also belong. The discrimination which Iceland now meets is a growing problem which will have reached serious dimensions when these marketing groups will be fully instituted. This applies in particular to the Common External Tariff of fish products of the EEC and the possible trade implications of the Community's common fisheries' policy.

An important reason underlying the maintenance of existing import restrictions continues to be the reliance on Eastern European markets for such products as frozen fish and particularly salted herring of which these countries are traditional buyers. Some import restrictions in line with the obligations of bilateral trade and payments agreements with Eastern European countries need to be maintained to assure an outlet for imports from this source.

ANNEX I

ICELAND

Commodities Subject to Import Licence

<u>Customs Tariff No.</u>	<u>Commodity</u>
01.01.00- 01.06.20	Live animals
02.01.10- 02.01.50	Meat and edible offals falling within heading No. 01.01-01.04, fresh, chilled or frozen
02.02.00	Dead poultry (that is to say, fowls, ducks, geese, turkeys and guinea fowls) and edible offals thereof (except liver), fresh, chilled or frozen
02.03.00	Poultry liver, fresh, chilled, frozen, salted or in brine
02.04.01- 02.04.09	Other meat and edible meat offals, fresh, chilled or frozen
02.05.00	Unrendered pig fat free of lean meat and unrendered poultry fat, fresh, chilled, frozen, in brine, dried or smoked
02.06.10- 02.06.20	Meat and edible meat offals (except poultry liver), salted, in brine, dried or smoked
04.01.00- 04.05.00	Dairy produce; birds' eggs
07.01.10	Potatoes, fresh or chilled
07.01.20	Tomatoes, fresh or chilled
09.01.11- 09.01.20	Coffee, whether or not roasted or freed of caffeine; coffee husks and skins; coffee substitutes containing coffee in any proportion
11.01.25- 11.01.26	Ryemeal, excluding ryeflour
15.01.00	Lard and other rendered pig fat; rendered poultry fat
15.02.00	Unrendered fats of bovine cattle, sheep or goats; tallow (incl. "premier jus"), produced from those fats

CustomsTariff No.Commodity

15.03.00	Lard stearin, oleostearin and tallow stearin; lard oil, oleo-oil and tallow oil, not emulsified or mixed or prepared in any way
15.13.00	Margarine, imitation lard and other prepared edible fats
16.01.00	Sausages and the like, of meat, meat offal or animal blood
16.02.00	Other prepared or preserved meat or meat offal
17.01.21- 17.01.22	Cube sugar
17.01.23- 17.01.24	Granulated sugar
17.04.01 17.04.03- 17.04.09	Sugar confectionery, not containing cocoa, excluding paste of powdered almonds and sugar or persipan in blocks of 10 kilos or more
ex 18.06.09	Chocolate and other food preparations, containing cocoa, excluding paste of powdered almonds and sugar or persipan in blocks of 10 kilos or more
ex 20.04.00	Fruit, fruit-peel and parts of plants, preserved by sugar (drained, glacé or crystallized), excluding candied peel
21.01.00	Roasted chicory and other roasted coffee substitutes; extracts, essences and concentrates thereof
22.02.00	Lemonade, flavoured spa waters and other non-alcoholic beverages
22.03.00	Beer made from malt
22.04.00	Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol
23.02.00	Bran, sharps and other residues derived from the sifting, milling or working of cereals or of leguminous vegetables
25.23.00	Portland cement, ciment fondu, slag cement, supersulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinker
27.01.10	Steam coal
27.04.00	Coke and semi-coke of coal, of lignite or of peat
27.05.00	Gas carbon

<u>Customs</u> <u>Tariff No.</u>	<u>Commodity</u>
27.09.00	Petroleum and shale oils, crude
27.10.10	Partly refined petroleum, including topped crudes
27.10.29	Motor gasoline, excluding aviation gasoline
27.10.40	Gasoil (distillate fuel)
27.10.50	Fueloil (residual fuel oil)
44.15.00	Plywood, blockboard, laminboard, battenboard and veneered panels, whether or not containing any material other than wood; inlaid wood and wood marquetry
44.16.00	Hollow or cellular panels of wood, whether or not faced with base metal
ex 44.18.00	Reconstituted wood, being wood shavings, wood chips, sawdust, wood flour or other ligneous waste agglomerated with natural or artificial resins or other organic binding substances, in sheets, blocks or the like, excluding plastic coated plates
44.22.00	Casks, barrels, vats, tubs, buckets and other coopers' products, excluding staves and parts
ex 48.09.00	Building board of wood pulp or of vegetable fibre, whether or not bonded with natural or artificial resins or with similar binders, excluding plastic coated plates
59.04.01	Fishing lines and cords
ex 59.04.02	Ropes, excl. grass ropes and metal twined ropes
60.03.01	Ladies' stockings of silk or artificial fibres
70.04.00	Unworked cast or rolled glass (including flashed or wired glass), whether figured or not, in rectangles
70.05.00	Unworked drawn or blown glass (including flashed glass), in rectangles
70.06.00	Cast, rolled, drawn or blown glass (including flashed or wired glass) in rectangles, surface ground or polished, but not further worked
73.23.01	Drums of sheet or plate iron or steel
85.01.00	Electrical motors and transformers, excluding ballasts for fluorescent lamps

<u>Customs</u> <u>Tariff No.</u>	<u>Commodity</u>
ex 87.02.12- 87.02.32	
ex 87.02.35- 87.02.39	Used cars, with a carrying capacity of less than 3 tons
93.01.00- 93.03.00 93.04.03- 93.07.29	Arms and ammunition; parts thereof; excluding life saving guns and whaling guns and parts thereof
94.01.00 ex 94.03.00 94.04.00	Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings, excluding medical furniture and filing cabinets of iron and steel and built-in cabinets and closets
95.01.00	Brooms and brushes, consisting of twigs or other vegetable materials merely bound together and not mounted in a head, with or without handles
ex 95.02.01 ex 95.02.09	Other brooms and brushes, excluding brushes of a kind used as parts of machines, paint rollers, squeegees and mops, tooth brushes and artists' brushes
95.04.00	Feather dusters
99.01.00- 99.06.00	Works of art, collectors' pieces and antiques

The following items will be subject to import and currency licence until 1 July 1966:

<u>Customs</u> <u>Tariff No.</u>	<u>Commodity</u>
85.04.01- 85.04.09	Electrical accumulators and material for same

ANNEX II

ICELAND

Global Quotas for 1966

The Ministry of Commerce, announced on 21 January the global quotas for imports to Iceland in 1966. The global quotas cover imports from all countries except those with which Iceland has bilateral trade and payments agreements (i.e. Brazil, Czechoslovakia, Eastern Germany, Hungary, Poland, Rumania and the Soviet Union).

The global quotas are stated in the following list:

<u>Customs Tariff No.</u>	<u>Commodity</u>	<u>Kronur</u>
04.01.00- 04.05.00	Dairy produce; bird's eggs	150,000
07.01.10	Potatoes, fresh	3,000,000
09.01.12	Coffee, not roasted	10,000,000
17.01.21- 17.01.24	Cube sugar Granulated sugar	15,000,000
17.04.00	Chewing gum whether or not covered with sugar	2,000,000
20.04.00	Fruit, fruit peel, and parts of plants, preserved by sugar	4,000,000
25.23.00	Portland cement, ciment fondu, slag cement, supersulphate cement and similar hydraulic cements whether or not coloured or in the form of clinker	10,000,000
27.01.10	Steam coal	700,000
27.04.00	Coke and semicoke of coal, of lignite or of peat	300,000

<u>Customs Tariff No.</u>	<u>Commodity</u>	<u>Kronur</u>
44.15.00	Plywood, blackboard, laminboard, battenboard and veneered panels, whether or not containing any material other than wood; inlaid wood and wood marquetry; hollow and cellular panels of wood, whether or not faced with base metal, reconstituted wood etc. excluding plastic coated plates	20,000,000
44.16.00		
44.18.00		
48.09.00	Building board of wood pulp or of vegetable fibre, whether or not bonded with natural or artificial resins or with similar binders	12,000,000
60.03.01	Ladies' stockings	15,000,000
70.04.00	Unworked cast or rolled glass; drawn or blown glass	12,000,000
70.05.00		
70.06.00		
85.01.00	Electrical motors and transformers, excluding ballasts for fluorescent lamps	8,000,000
93.01.00- 93.07.29	Arms and ammunition, parts thereof, excluding life saving guns and whaling guns and parts thereof	6,000,000
94.01.00 94.03.00 94.04.00	Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings, excluding built-in cabinets and closets, seats for motor vehicles and other commodities which are liberalized	12,000,000
96.01.00 96.02.01 96.02.09 96.04.00	Brooms and brushes, excluding brushes of a kind used as parts of machines, paint rollers, squeegees and mops	2,000,000
99.01.00- 99.06.00	Works of art, collectors' pieces and antiques	500,000
	Commodities falling within other customs tariff numbers, which are not liberalized	<u>500,000</u>
		<u><u>133,150,000</u></u>

<u>Customs</u> <u>Tariff</u> <u>No.</u>	<u>Commodity</u>	
59.04.01	Fishing lines and cords	300 tons
59.04.02	Ropes, excluding grass ropes	600 tons
		<u>Kronur</u>
85.04.01	Electrical accumulators and	
85.04.09	material for same	1,500,000

(For first half of the year as
these commodities will be liberalized
on 1 July.)

ANNEX III

ICELAND

Import Liberalization

The following items were added to the list of liberalized commodities on 21 January 1966:

<u>Customs Tariff No.</u>	<u>Commodity</u>
11.07.00	Malt, roasted or not
11.08.01- 11.08.02	Potato starch
12.05.00	Chicory roots, fresh or dried, whole or cut, unroasted
12.06.00	Hop cones and lupulin
17.01.27	Candy sugar
17.02.01	Glucose
20.03.00	Fruit preserved by freezing, containing added sugar
25.20.01- 25.20.09	Gypsum, anhydrite, calcined gypsum
36.06.00	Matches (excluding Bengal matches)
44.05.19	Coniferous wood, sawn lengthwise, sliced or peeled, but not further prepared, of a thickness exceeding 5 mm.
44.13.19	Coniferous wood, planed, tongued, grooved, rebated, chamfered, V-jointed, centre V-jointed, beaded, centre-beaded or the like, but not further manufactured, excluding deck boards of Oregon pine, pitch pine or Douglas fir, 5 ins. x 5 ins. or thicker
ex 58.01.00	Carpets, carpeting and rugs, knotted
ex 58.02.00	Other carpets, carpeting, rugs, mats and matting and "Kelem", "Schumacks" and "Karamanie" rugs and the like
60.03.02	Stockings, understockings, socks, ankle-socks, sockettes and the like knitted or crocheted, not elastic nor rubberized, of silk or artificial fibres
60.03.04	Stockings, understockings, socks, ankle-socks, sockettes and the like, knitted or crocheted of cotton

<u>Customs Tariff No.</u>	<u>Commodity</u>
60.04.02	Undergarments, knitted or crocheted of cotton, not elastic nor rubberized
61.03.01- 61.03.09	Mens' and boys' undergarments, including collars, shirt fronts and cuffs of cotton
61.04.01	Women's girls' and infants' undergarments of cotton woven fabrics
ex 64.01.09	Footwear with outer soles and uppers of rubber
ex 64.02.01	Footwear with outer soles of rubber for women and children
64.02.02	Canvas shoes without heels
64.02.09	Other footwear with outer soles of rubber but not with outer soles of leather
68.08.00	Articles of asphalt or of similar material (for example, of petroleum bitumen or coal tar pitch)
68.09.00	Panels, boards, tiles, blocks and similar articles of vegetable fibre, of wood fibre, of straw, of wood shavings or of wood waste, agglomerated with cement, plaster or with other mineral binding substances
ex 68.11.01 ex 68.11.09	Articles of cement (including slag cement), of concrete or of artificial stone (including granulated marble) agglomerated with cement, reinforced or not, excluding rollers
68.12.01 68.12.09	Articles of asbestos cement, of cellulose fibre cement or the like
68.16.02- 68.16.09	Articles of stones or of other mineral substances
69.06.00	Piping conduits and guttering (including angles, bends and and similar fittings)
70.10.01- 70.10.09	Bottles, jars, pots and similar containers of glass
70.10.09 70.21.09	Other articles of glass
73.10.11	Wire rod used in manufacturing of nails
73.10.19	Other wire rod

<u>Customs</u> <u>Tariff No.</u>	<u>Commodity</u>
73.10.21- 73.10.22	Bars and rods of iron or steel, hot rolled
73.11.10- 73.11.20	Angles, shapes and sections of iron or steel, hot rolled, forged, coldformed or cold-finished
73.13.10	Sheets and plates of iron or steel, hot rolled or cold rolled more than 4.75 mm. in thickness
73.13.20	Sheets and plates of iron or steel 3 mm. or more, but not more than 4.75 mm. in thickness
73.13.30	Sheets and plates of iron or steel less than 3 mm. in thickness
73.13.40	Tinned plates and sheets
73.13.59	Other sheets and plates of iron or steel
73.14.00	Iron or steel wire, whether or not coated but not insulated
73.15.67- 73.15.71	Alloy steel, wire rod and bars
73.15.72- 73.15.75	Alloy steel, angles, shapes and section
73.15.76- 73.15.77	Alloy steel, plates and sheets more than 4.75 mm. of thickness
73.15.78	High carbon steel, plates and sheets 3 mm.-4.75 mm. of thickness
73.15.79	Plates and sheets of alloy steel 3 mm.-4.75 mm. of thickness
73.15.81	Plates and sheets, less than 3 mm. of thickness, not plated, coated or clad of high carbon steel
73.15.82	Plates and sheets, less than 3 mm. of thickness, plated, coated or clad of alloy steel
73.15.83	Plates and sheets, less than 3 mm. of thickness, plated, coated or clad of high carbon steel
73.15.84	Plates and sheets, less than 3 mm. of thickness, plated, coated, or clad of alloy steel
73.15.87	Wire of high carbon steel
73.15.88	Wire of alloy steel
73.17.00	Tubes and pipes of cast iron
73.17.29- 73.18.39	Tubes and pipes of iron or steel, excl. electrical and nickel and chromium coated pipes

<u>Customs Tariff No.</u>	<u>Commodity</u>
ex 73.20.00	Tube and pipe fittings (for example joints, elbows, unions and flanges) of iron or steel excluding fittings for electrical installation tubes
73.26.00	Barbed iron or steel wire, twisted hoop or single flat wire, barbed or not, and loosely twisted double wire of kinds used for fencing, of iron or steel
73.27.01	Reinforcing fabric of iron or steel wire
ex 76.02.09	Wire, not insulated and barbed wire of aluminium
85.04.00	Electrical accumulators and material for same
85.23.01- 85.29.09	Electrical cables, subterranean and submarine
94.01.00	Seats for motor vehicles
ex 94.03.00	Built-in cabinets and closets