

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Balance-of-Payments Restrictions

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## 1973 CONSULTATION UNDER ARTICLE XII:4(b) WITH ICELAND

### Basic Document Supplied by the Icelandic Authorities

#### 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 transfers for invisible payments.

On 27 May 1960, a regulation implementing the provisions of the Act was issued. Another regulation specified the commodities which were subject to import licence, which in effect eliminated a great part of the quantitative restrictions. Since 1960 the Government has periodically expanded the scope of liberalization. When Iceland joined EFTA on 1 March 1970, the list of liberalized commodities was also somewhat expanded. The regulation on licensed commodities now in force was issued on 5 January 1973 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 a 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, announces global quotas for some of the goods still subject to import control. Licences issued according to global quotas are valid for imports from all countries.

3. Treatment of imports from different sources and the use of bilateral agreements

Imports are admitted under the following procedures: (a) free importation, (b) global quotas, and (c) other licensing.

The following table shows the actual imports in 1972 broken down according to different import procedures:

	<u>C.i.f. value</u> <u>Ikr million</u>	<u>Percentage</u>
Liberalized commodities	18,949.4	92.8
Commodities under global quotas	122.5	0.6
Other licensed commodities	<u>1,347.7</u>	<u>6.6</u>
Total	<u>20,419.6</u>	<u>100.0</u>

(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.

(b) Global quotas

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

- (i) To industrial enterprises and other direct users of imported goods according to their requirements as estimated by the licensing authorities.
- (ii) To regular importers according to their imports in a previous period, with some consideration being given to new importers.

The global quotas for 1973 are shown in Annex II. In 1972 the imports of commodities under global quotas represented 0.6 per cent of the value of total imports.

(c) Other licensing

Commodities in the category "other licensing" represented 6.6 per cent of total 1972 imports. The most important commodities in this category are gasoline, gasoil and fuel oil (5.3 per cent).

Bilateral agreements

Iceland's only remaining bilateral trade and payments agreement is with the Soviet Union. The trade agreement with the Soviet Union is valid for a period of four years, 1972 - 1975.

4. Commodities affected by various forms of restrictions

The value of imports of the main commodities subject to quantitative restrictions was as follows in 1971 and 1972:

<u>BTN</u>	<u>Name of commodity</u>	<u>1971</u> <u>IKr million</u>	<u>1972</u> <u>IKr million</u>
7.01.10	Potatoes	27.8	18.7
11.01.26	Ryemeal	13.1	16.9
17.01.21-17.01.25	Sugar	130.0	204.9
27.10.29	Motor gasoline	170.4	168.6
27.10.40	Gasoil	882.9	764.5
27.10.50	Fuel oil	154.4	157.2
94.01.09; 94.03.09;	Furniture	27.0	35.0
94.04.00			

5. Imports under State trading

State trading in Iceland is limited to fertilizers, tobacco, wine, liquor and matches. Telephones and other telecommunications apparatus are imported solely by the State Telephone Administration. In addition fresh vegetables and potatoes are imported under the auspices of the Agricultural Production Board in accordance with an authorization from the Government. Imports of all these commodities, which the State companies import, are liberalized.

In 1972 total imports of commodities subject to State trading amounted to IKr 990.8 million or 4.9 per cent of total imports. Imports of the State-trading companies were as follows in the year 1972:

	<u>1972</u> <u>C.i.f. IKr million</u>
Fertilizers	338.4
Tobacco	242.4
Wine and liquor	156.1
Telegraphs and other telecommunications apparatus	<u>253.9</u>
Total	<u>990.8</u>

6. Measures taken since the last consultations

In the beginning of this year the imports of ground lines and fishing lines and ropes were liberalized. After that the liberalization percentage is up to 92.8 per cent based on the 1972 imports. The global quotas were also increased substantially this year according to our obligations to EFTA. The global quota for furniture was i.e. increased from IKr 35 million to IKr 50 million and the quota for candy from IKr 25 million to IKr 50 million.

On 6 February 1973, Iceland signed a trade and payments agreement with the German Democratic Republic and thereby the trade was changed to a convertible payments basis.

Public Law 480

There is no Public Law 480 agreement for imports of agricultural products in force for the fiscal year 1974 between Iceland and the United States.

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

The remaining import restrictions are insignificant and have in fact only a minor effect on the volume of imports. By far the largest commodity group on the restricted list is petroleum products which have traditionally been mostly imported from the Soviet Union. Under the present payments arrangements this purchase is essential in order to enable Iceland to market a substantial quantity of frozen fish fillets in the Soviet Union.

The other items on which imports are still restricted are mostly goods which are also manufactured in Iceland and on which restrictions will be abolished before 1 January 1975.

ANNEX I

Commodities Subject to Import Licence, 1973

<u>Customs tariff No.</u>	<u>Commodity</u>
01.01.00)	Live animals
01.06.29)	
02.01.10)	Meat and edible offals falling within heading Nos: 01.01.- 01.04, fresh, chilled or frozen
02.01.50)	
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
02.04.09	Other meat and edible meat offals, fresh, chilled or frozen
02.05.00	Pig fat free of lean meat and poultry fat, (not rendered or solvent-extracted), fresh, chilled, frozen, salted, in brine, dried or smoked.
02.06.10)	Meat and edible meat offals (except poultry liver), salted, in brine, dried or smoked
02.06.20)	
04.01.00-	Dairy produce, birds' eggs, edible products of animal origin, not elsewhere specified or included
04.05.00	
07.01.10	Potatoes, fresh or chilled
07.01.20	Tomatoes, fresh or chilled
09.01.11)	Coffee, roasted or freed of caffeine; coffee husks and skins; coffee substitutes containing coffee in any proportion
09.01.20)	
ex 11.01.25)	Rye meal, excluding rye flour
ex 11.01.26)	
15.01.00	Lard, other pig fat and poultry fat, rendered or solvent-extracted
15.02.00	Fats of bovine cattle, sheep or goats, unrendered; rendered or solvent-extracted fats (including "premier jus") obtained from those unrendered fats
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

<u>Customs tariff No.</u>	<u>Commodity</u>
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
17.01.28)	
17.04.01)	
17.04.03-)	Sugar confectionery, not containing cocoa, excluding paste
17.04.09)	of powdered almonds and sugar or marzipan in blocks of 10 kgs. or more
ex 18.06.09	Chocolate and other food preparations, containing cocoa, excluding paste of powdered nougat, and sugar or persipan in blocks of 10 kgs. or more
ex 21.07.09	Synthetic cream, synthetic milk and milk powder and ice- cream and milk-ice
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
25.23.00	Portland cement, cement fondu, slag cement, super- sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinker
27.09.00	Petroleum oils and oils obtained from bituminous numerals, 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	Fuel oil (residual fuel oil)
ex 85.01.09	Transformers, excluding ballasts for fluorescent lamps
ex 94.01.09)	
ex 94.03.09)	Furniture and parts thereof, bedding, mattresses, mattress supports, cushions and similar stuffed furnishings, excluding medical furniture and filing cabinets of iron and 94.04.00 steel and seats for motor vehicles
96.01.00	Brooms and brushes, consisting of twigs or other vegetable materials merely bound together and not mounted in a head, with or without handles
ex 96.02.01)	
ex 96.02.09)	Other brooms and brushes, excluding squeegees and mops

ANNEX II

Global Quotas for 1973

The Ministry of Commerce has announced the following global quotas for imports to Iceland in 1973:

<u>Number in Icelandic customs tariff</u>	<u>Commodity</u>	<u>Icelandic kronur</u>
09.01.11	Coffee roasted in retail packings 2 kgs. or less	Ikr 6,000,000
17.04.01	Sweetened liquorice and liquorice preparations	)
17.04.03	Sugar bonbons, sweet tablets and lozenges	
17.04.04	Chewing gum, whether or not covered with sugar	
17.04.05	Caramels	
17.04.09	Other sugar confectionery, not containing cocoa	
18.06.09	Chocolate and other food preparations containing cocoa	
22.03.00	Beer made from malt containing 2 1/4% of alcohol by volume or less	
25.03.00	Portland cement, cemend fondu, slag cement, super-sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinker	15,000 tons
ex 85.01.09	Transformers excluding welding transformers	Ikr. 13,000,000
ex 94.01.09	Chairs and other seats (other than those falling within heading No. 94.02) whether or not convertible into beds and parts thereof excluding chairs for motor vehicles	)
94.03.09	Other furniture and parts thereof	

Numbers in Icelandic  
customs tariff

Commodity

Icelandic  
kronur

94.04.00	Mattress supports, articles of bedding or similar furnishing, fitted with springs or stuffed or internally fitted with any material or of expanded, foam or sponge rubber or expanded foam or sponge artificial plastic material, whether or not covered (for example mattresses, quilts, eiderdowns, cushions, pouffes and pillows)	Ikr 50,000,000
96.01.00	Brooms and brushes, consisting of twigs or other vegetable materials merely bound together and not mounted in a head, with or without handles	Ikr 3,000,000
ex 96.02.01 ex 96.02.09	Other brooms and brushes except squeegees and mops	