

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## EUROPEAN FREE TRADE ASSOCIATION AND THE ASSOCIATION AGREEMENT WITH FINLAND

### Information Furnished by Member States

#### European Free Trade Association

1. In November 1961 at the nineteenth session of the CONTRACTING PARTIES, the member States of EFTA submitted their first report of the progress made in implementing the Stockholm Convention. In the past twelve months much has happened to extend and deepen the scope of international economic co-operation. Against the background of these events a brief outline of the developments which have taken place in EFTA since the last session of the CONTRACTING PARTIES may be of interest. More detailed information is given in the Second Annual Report of the European Free Trade Association for the period 1 July 1961 - 30 June 1962, which is distributed to the contracting parties.<sup>1</sup>

2. When the seven countries formed EFTA over two years ago they emphasized their desire to contribute towards the creation of an economically united Europe. Important steps have been taken in the last year towards the achievement of this goal. At the present time three members of EFTA, the United Kingdom, Denmark, and Norway, are negotiating with the EEC to join the Community as full members. Three others, Austria, Sweden and Switzerland, have applied for negotiations for association with the Community. Portugal has informed the Community that she wishes to establish as soon as possible an adequate form of collaboration with the Six. It is the sincere hope of the EFTA countries that these negotiations will be successfully completed in a not too distant future.

3. The EFTA countries have accepted to provide, as the Association develops, additional information according to Article XXIV 7(a) of the General Agreement. The main amendments made to the Convention are the decisions to accelerate the time-table of tariff reductions between member States. The third round of tariff reductions on imports of goods of EFTA-origin, originally scheduled for 1 July 1963, was made by most member States on 1 March 1962, and by the rest before 1 September 1962. By a decision of the Council taken on 22 June 1962, the fourth round of tariff reductions (which, like the second and third was equal to 10 per cent of the basic duties, was brought forward from 1 January 1965, to 31 October 1962. The total by which the basic duties have been reduced since the Association began on 1 July 1960, is 50 per cent. In the case of two

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<sup>1</sup> A copy of this report will be given to each delegation attending the session.

countries, Austria and Norway, the latest reduction will enter into force on 31 December 1962. Denmark is postponing temporarily the two latest reductions on a small proportion of her imports.

4. Other amendments made to the Convention have been of minor importance. Those made during the past year are listed in an Appendix to the Second Annual Report of the Association.

5. Reductions have been made in the protective elements of a number of revenue duties in accordance with paragraph 3(b) of Article 6 of the Convention. Under paragraph 3(a) of that Article, member States took steps to eliminate not later than 1 January 1962, any effective protective elements in their internal taxes.

6. On 1 July 1962, the third general relaxation of remaining quantitative import restrictions in the industrial sector was made. The minimum annual increase of 20 per cent of the basic quotas was in most cases substantially exceeded. Member States have also completely abolished restrictions on a substantial range of items during the past year.

7. Export duties and quantitative export restrictions were abolished at the end of 1961, according to the provisions of Articles 8 and 11 of the EFTA Convention.

8. On 22 February 1962, an agreement forming an integral part of the Free Trade Area arrangements was concluded between Portugal and Switzerland under Article 23 of the EFTA Agreement. This Agreement was circulated to contracting parties as document L/1167/Add 5. No other agricultural agreements have been concluded since the last EFTA report.

9. In the agricultural and fishery sectors the objective of the Association is to facilitate an expansion of trade, thereby providing reasonable reciprocity to member States whose economies are largely dependent on exports of these products. In preparation for the examination of trade in these sectors, for which provision is made under Articles 25 and 28 of the Stockholm Convention, the EFTA secretariat has collected information analysing the trade of the EFTA countries in the relevant products. However, in the new situation created by the negotiations described in paragraph 2 above, the EFTA Council decided to postpone action in these fields for the time being.

#### The Finland/EFTA Association

10. The members of EFTA and Finland also wish to take this opportunity to give information for the first time about the progress made in implementing the Association Agreement creating a free-trade area between them. At the nineteenth session the CONTRACTING PARTIES adopted conclusions on that Agreement similar to those adopted with regard to the EFTA Convention. At the same time the EFTA spokesman stated that the parties to the Finland/EFTA Agreement were prepared to give reports to the CONTRACTING PARTIES from time to time, containing information which might be thought to be of general interest to the contracting parties.

11. The FINEFTA Agreement provides for the progressive abolition of customs duties and quantitative restrictions, broadly in accordance with the same rules and the same time-table as those laid down in the EFTA Convention. The Joint Council, established according to the provisions of the Agreement, is responsible for dealing with all matters concerning the supervision of the Agreement and keeping its operation under review. Finnish representatives have participated in the EFTA work when dealing with subjects of common interest to the eight parties of the Agreement.

12. The Joint Council has taken the necessary decisions by which all the arrangements which EFTA countries have made among themselves in the trade field are also applied between the EFTA countries and Finland. The decision taken by the EFTA countries in November 1961, to accelerate the date of the third round of tariff reductions from 1 July 1963 to 1 March 1962, was adopted by the Joint Council on 8 May 1962. Finland implemented this decision on 1 August 1962. In the same way the decision of the EFTA Council taken on 22 June 1962 to accelerate the fourth round of tariff reductions was adopted by the Joint Council on 22 October 1962. Finland will implement this decision from 30 April 1963. This will bring Finland into line with the reductions undertaken by the EFTA members. Thus, in twenty-two months, Finland will have reduced her tariff barriers towards EFTA countries by a total of 50 per cent.

