

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## EUROPEAN FREE TRADE ASSOCIATION AND THE FINLAND-EFTA ASSOCIATION

### Information Furnished by Member States

#### European Free Trade Association

1. The EFTA member States have undertaken to provide, as the Association develops, additional information in accordance with Article XXIV:7(a) of the General Agreement.
2. In December 1969, at the 59th Meeting of the GATT Council the member States of EFTA presented their eighth report on the progress made in implementing the Stockholm Convention. A brief outline of the development since then is given below. More detailed information can be found in the Tenth Annual Report<sup>1</sup> of the European Free Trade Association covering the period from 1 July 1969 to 30 June 1970, as well as in the publication "EFTA trade 1969"<sup>1</sup> (published in December 1970).
3. EFTA's main schedule of tariff and quota dismantling was completed by the end of 1966. Only two member States are still in the transitional period.
4. Under Annex G of the Stockholm Convention, Portugal retains duties on a range of EFTA goods. The rate is now 50 per cent of the basic duties. In December 1969 the Councils agreed on the time-table to be applied to Portuguese tariff reductions after 1 January 1971. Under this time-table duties will be further reduced by 10 per cent on 1 January 1973, 1 January 1975 and on 1 January 1977, and will be finally eliminated by 1 January 1980.
5. Negotiations on the accession of Iceland to EFTA were successfully completed in December 1969 and Iceland acceded to the Association and to the Finland-EFTA Agreement on 1 March 1970. According to the time-table agreed during the accession negotiations, Icelandic import duties on EFTA goods were reduced on average by 30 per cent on 1 March 1970, the date of Iceland's accession. From 1 January 1974 these duties will be reduced annually by 10 per cent of the basic duties. They will be finally eliminated by 1 January 1980. Icelandic exports have from the date of accession enjoyed the same treatment as is accorded to exports from other member States. A report by a working party on the accession of Iceland to EFTA and FINEFTA was adopted by the GATT Council on 29 September 1970 and its conclusions approved.

<sup>1</sup>Copies are being distributed to delegations with document L/3519/Add.1.

6. In September 1970 the Council and Joint Council agreed that the effective protective element in internal fiscal charges on the Faeroe Islands should be progressively phased out vis-à-vis the EFTA countries and completely eliminated on 31 December 1974.

7. The internal activity of the Association since December 1969 has to a large extent been devoted to work on the escape clause and on non-tariff barriers to trade.

8. With regard to the escape clause, in December 1970 a permanent clause (Article 20) was agreed, the validity of the original Article 20 having lapsed. The text of the new Article is attached.

9. With regard to the elimination of non-tariff barriers to trade, EFTA has encouraged the preparation of agreements for the reciprocal recognition of tests and inspections. A "Convention for the mutual recognition of inspections in respect of the manufacture of pharmaceutical products" was signed by EFTA member States, Finland and Liechtenstein on 8 October 1970. It has so far been ratified by Denmark, Finland, Iceland, Norway and Sweden, and will come into force between those countries on 27 May 1971. The convention is open for accession upon invitation to countries which have a system of inspection for pharmaceutical products comparable to that referred to in the Convention. Schemes for the reciprocal recognition of tests and inspections<sup>1</sup> carried out

- (a) on pressure vessels (except such vessels within the nuclear field which upon failure may cause the release of radio-activity); and
- (b) on ships' equipment, including life-saving appliances and fire-fighting equipment, which is subject to the approval of or acceptance by authorities

were implemented by the respective participating authorities of the EFTA countries and Finland on 1 January 1971. These schemes are also open to participation by authorities from non-EFTA countries.

#### The Finland-EFTA Association

10. As stated in the report on the implementation of the Finland-EFTA Agreement submitted to the twenty-fifth session of the CONTRACTING PARTIES, Finland abolished all import duties and quantitative restrictions on industrial products of EFTA origin on 31 December 1967. Finland is currently participating in the work to which reference is made in the preceding paragraphs.

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<sup>1</sup>Copies are being distributed to delegations with document L/3519/Add.2.

ARTICLE 20<sup>1</sup>

Difficulties in Particular Sectors

1. If, in the territory of a Member State,
  - (a) unforeseen and serious difficulties arise or threaten to arise in a particular sector of industry or region, and
  - (b) to remedy the situation the enforcement of measures which derogate from the Convention or from decisions or agreements reached under the Convention is required,

that Member State may, if so authorized by prior decision of the Council, temporarily apply such measures in accordance with terms and conditions which the Council may include in its decision. The Council shall take this decision as soon as possible.

2. Such measures shall be applied for a period of not more than eighteen months unless the Council decides on an extension.

3. If, in order to avoid a rapid deterioration of the situation, immediate application of measures is indispensable, the Council shall, upon request of the Member State concerned and without prejudice to subsequent decisions by the Council, decide within fifteen days after the matter has been referred to it what measures that Member State may apply immediately. The request shall demonstrate the urgency of and necessity for such measures.

4. A Member State applying measures according to paragraph 1 or 3 of this Article shall report to the Council on the operation and effects of these measures. The Council may at any time consider these measures and make recommendations designed to moderate any damaging effect of the measures or to assist the Member State concerned to overcome its difficulties.

5. When considering what measures may be applied according to paragraph 1 or 3 of this Article preference shall be given to measures which will allow the pursuance of the objectives of the Association and the maintenance of the trade benefits of other Member States.

6. Measures authorized in accordance with paragraph 1 or 3 of this Article shall be applied in such a way as to give like treatment to all Member States, unless the Council decides otherwise.

7. Decisions of the Council under paragraphs 1 and 3 of this Article concerning import duties, quantitative import restrictions and other measures with similar effect, as well as recommendations referred to in paragraph 4 of this Article, shall be made by majority vote.

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<sup>1</sup>As amended by Council Decision No.15 of 1970 (3 December 1970)