

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## EUROPEAN FREE TRADE ASSOCIATION AND FINLAND-EFTA ASSOCIATION

### Information Furnished by Member States

1. This biennial report covers the period from 1 July 1983 to 30 June 1985. More detailed information can be found in the twenty-fourth Annual Report<sup>1</sup> of the European Free Trade Association (1984), as well as in the publication "EFTA Trade 1983".<sup>1</sup>

#### European Free Trade Association

2. EFTA's main schedule for tariff and quota dismantlement had been carried out by the end of 1966. Only one Member State still maintains Customs tariffs upon imports of certain products from the other EFTA countries (see paragraphs 8 - 10).

3. Some of the measures which the Portuguese Government introduced since 1975 in order to reduce a growing balance-of-payments deficit remained in force throughout the period under review. The import surcharge of 30 per cent levied on a wide range of products was reduced to 10 per cent in April 1984, whereas the surcharge of 60 per cent was alleviated in what regards certain products and rolled back to 10 per cent in the case of other products. The import surcharge scheme will be maintained until 31 December 1985. The imports of most consumer products subject to the global import quota system were liberalized in April and June 1985.

4. The rules of origin applied in EFTA (Annex B to the Convention) - which are identical to those applied by each member State and Finland under their Free Trade Agreements with the European Community - have been amended by Decisions of the Council. These Decisions have been related to amendments to Articles 25 and 25bis and a revision of value limits referred to in Article 8 of Annex B to the Convention.<sup>2</sup>

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<sup>1</sup> Copies of these publications are being distributed to all Contracting Parties

<sup>2</sup> Decisions EFTA/DC 18/84 and EFTA/DC 2/85 are being sent to each Contracting Party

5. With regard to the removal of non-tariff barriers to trade, EFTA has continued to give priority to this work as an essential complement to the removal of tariffs. In 1984 a Committee on technical barriers to trade was established with the mandate to make proposals on the prevention and removal of technical barriers to trade, such as questions concerning the exchange of information on technical regulations and standards and reciprocal recognition of tests inspections and certification.

6. The internal procedure for the advance notification of new or amended technical regulations of significance for intra-EFTA trade (the "INST" procedure) has functioned satisfactorily and has continued to be applied in parallel to the notification procedure in the GATT TBT Agreement.

7. The seven schemes in force for the reciprocal recognition of tests and inspections carried out in respect of pressure vessels, ships' equipment, gas appliances, agricultural machines and tractors, lifting appliances, heating equipment using liquid fuel and that of the evaluation reports on pharmaceutical products have in the majority of cases functioned satisfactorily. Both the Convention for the mutual recognition of inspections in respect of the manufacture of pharmaceutical products and the Convention on the control and marking of articles of precious metals have been operating successfully. It should be noted that all these Schemes and Conventions have been concluded outside the framework of the EFTA Convention. They are open for participation by other countries and most of them already include a number of countries which are not members of EFTA. The Pharmaceutical Inspection Convention has, thus, fourteen Member countries.

8. In June 1984 Annex G to the Convention ("Special arrangements for Portugal in regard to import duties and quantitative export restrictions") was amended by Decisions of the Council<sup>1</sup>, adding a new paragraph 6 quater and amending sub-paragraph (a) of paragraph 6 ter of that Annex.

In December 1984 the Council decided<sup>2</sup>

- to modify the time-tables for the elimination of duties in accordance with paragraphs 6 bis, 6 ter (as amended) and 6 quater of Annex G to the Convention;

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<sup>1</sup> Decisions EFTA/DC 8/84 and EFTA/DC 9/84 are being sent to each Contracting Party

<sup>2</sup> Decisions EFTA/DC 13/84, EFTA/DC 14/84, EFTA/DC 16/84 and EFTA/DC 17/84 are being sent to each Contracting Party

- to authorize Portugal to apply duties of 15 per cent or 65 per cent ad valorem respectively on certain processed agricultural products in accordance with paragraph 6 ter of Annex G to the Convention
  
- to authorize Portugal to introduce or increase duties at a maximum of 20 per cent ad valorem on the products of certain infant industries in accordance with paragraphs 6 and 6 bis of Annex G to the Convention.

9. In May 1985 the Council authorized Portugal<sup>1</sup> to apply duties at a maximum of 10 per cent, 16 per cent or 20 per cent ad valorem respectively on the products of certain further infant industries in accordance with paragraphs 6, 6 bis and 6 quater of Annex G to the Convention.

10. The authorizations for Portugal to apply duties under Annex G to the Convention will lapse on 31 December 1985, when Portugal leaves EFTA to become a member of the European Community.

#### Finland-EFTA Association

11. Finland has participated fully in all activities to which reference is made in the preceding paragraphs.

12. All the Decisions of the Council referred to in this report have effect also in relations between the member States of EFTA and Finland by virtue of corresponding Decisions adopted by the Finland-EFTA Joint Council<sup>2</sup>.

#### EFTA-Spain Agreement

13. The first biennial report on the Agreement between the EFTA countries and Spain contained in Document L/5465 was noted by the GATT Council on 20 April 1983. The Agreement will lapse on 31 December when Spain becomes a member of the European Community.

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<sup>1</sup> Decision EFTA/DC 3/85 is being sent to each Contracting Party

<sup>2</sup> Pursuant to Council Decision No. 7 of 1985 Finland has acceded to the EFTA Convention and has become a full member of EFTA as from 1 January 1986. The Finland-EFTA Association has expired upon the accession of Finland to the Convention.