

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Balance-of-Payments Restrictions

Original: English

1969 CONSULTATION UNDER ARTICLE XII:4(b) 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 transfers of invisible payments.

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, in every year except 1968, expanded the liberalization measures. The regulation on licensed commodities now in force was issued on 11 January 1967, 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, announces global quotas for most of the goods still subject to import control. Licences issued according to global quotas are valid for all countries with which Iceland carries on trade on a multilateral basis. 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.

3. Treatment of imports from different sources including information on the use 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 1967 broken down according to different import procedures.

	C.i.f. value US\$ million	Percentage
Liberalized commodities	146.3	90.2
Commodities under global quotas	2.8	1.7
Other licensed commodities	13.1	8.1
Total	162.2	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. The liberalized sector includes agricultural commodities which are purchased from the United States under a Public Law 480 agreement. The last agreement for calendar year 1968 includes the following items:

	US\$ '000
Wheat and/or wheat flour	528
Tobacco	700
Corn meal	600
Ocean transportation	237
Total	2,065

In order to ensure the execution of the Public Law 480 agreement the foreign exchange banks are authorized to control the foreign exchange allotments for the purchase of the 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 1969 are shown in Annex II. In 1967 the imports of commodities now under global quotas represented 1.7 per cent of the value of total imports. The global quota imports have decreased as commodities previously imported under that system have been liberalized. In January 1967 a few commodities were removed from the list of global quota commodities although the commodities are still subject to licence. The reason for this change is that the trade with Czechoslovakia and Poland is now on a convertible payments basis.

C. Other licensing

Commodities in the category "other licensing" represented 8.1 per cent of total 1967 imports. The most important commodities in this category are gasoline, gas oil and fuel oil (6.1 per cent). Iceland has bilateral trade and payments agreements with the following countries: Hungary, Romania, USSR 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 1966 and 1967:

(c.i.f. US\$'000)

BTN	Name of commodity	1966	1967
11.01.26	Rye meal	267.4	196.3
17.01.22- 17.01.25	Sugar	969.8	943.0
27.10.29	Motor gasoline	1,383.7	1,566.2
27.10.50	Fuel oil	2,070.0	1,621.0
27.10.40	Gas oil	6,141.9	6,392.7
44.22.02	Herring barrels	1,816.0	1,269.4

5. Imports under State trading

State trading in Iceland is limited to fertilizers, tobacco, wine, liquor, essences, perfumes and matches. The monopoly arrangements for perfumes, essences and matches will presumably be abolished this year. 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 the commodities which the State companies import are liberalized.

In 1967 total imports of commodities subject to State trading amounted to \$7,769,300 or 4.8 per cent of total imports. The imports of the State-trading companies were as follows in the years 1966 and 1967:

(c.i.f. US\$'000)

	1966	1967
Fertilizers	1,788.3	2,002.3
Tobacco	1,620.9	1,995.4
Wine and liquor	1,337.2	1,385.9
Telegraphs and other telecommunications apparatus	1,637.2	2,353.9
Perfumes	41.9	31.8
Total	6,425.5	7,769.3

6. Measures taken since the last consultation

In spite of the serious economic difficulties affecting the Icelandic economy during the past two years it has been possible to maintain the high rate of liberalization. Since the last consultations were held in January 1968 there have been only a few minor changes in the import régime. These are the de-liberalization of paper boxes, cartons and other containers (headings Nos. 48.16.01 and 48.16.06) and synthetic cream, synthetic milk and milk-powder, and ice-cream and milk-ice (heading ex 21.07.09).

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

The reason for the remaining import restrictions are twofold. In the first place they are still necessary in order to protect Iceland's trade and payment relations with the Eastern European trading partners. By channelling the purchase of certain products to these countries exports of Icelandic fisheries products are being furthered. In the second place they are of some importance in order to protect a few domestic industries. The remaining import restrictions have, however, only a minor effect on the volume of imports. And the general policy of the Icelandic Government is to abolish import restrictions to the extent possible without conflicting with the country's traditional trade interests.

Annex ICOMMODITIES SUBJECT TO IMPORT LICENCE

<u>Customs Tariff No.</u>	<u>Commodity</u>
01.01.00-)	Live animals
01.06.20 )	
02.01.10-)	
02.01.50 )	
02.02.00	Meat and edible offals falling within heading No. 01.01.-01.04. fresh, chilled or frozen
02.03.00	Dead poultry (that is to say, fowls, ducks, geese, turkeys and guinea-fowls) and edible offals thereof (except liver), fresh, chilled or frozen
02.04.01)	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	Unrendered pig fat free of lean meat and unrendered poultry fat, fresh, chilled, frozen, 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
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)	
11.01.25)	Rye meal, excluding rye flour
11.01.26)	
15.01.00	Lard and other rendered pig fat; rendered poultry fat
15.02.00	Unrendered fats of bovine cattle, sheep or goats; tallow (including "premier jus"), produced from those fats
15.03.00	Lard stearin, oleostearin and tallow steaming; 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)	Cube sugar
17.01.22)	
17.01.23)	
17.01.24)	
17.04.01 )	Sugar confectionery, not containing cocoa, excluding paste of powdered almonds and sugar or marzipan in blocks of 10 kgs. or more
17.04.03-)	
17.04.09 )	
ex 18.06.09	Chocolate and other food preparations, containing cocoa, excluding paste of powdered almonds and sugar or persipan in blocks of 10 kgs. or more
ex 20.04.00	Fruit, fruit-peel and parts of plants, preserved by sugar (drained, glacé or crystallized), excluding candied peel

Annex I (cont'd)

<u>Customs Tariff No.</u>	<u>Commodity</u>
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
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
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	Gas oil (distillate fuel)
27.10.50	Fuel oil (residual fuel oil)
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 cooper's 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
ex 21.07.09	Synthetic cream, synthetic milk and milk-powder and ice-cream and milk-ice
48.16.01	Paper boxes and cartons
48.16.06	Paper boxes for exported fish
59.04.01	Fishing lines and cords
ex 59.04.02	Ropes, excluding grass ropes and metal-twined ropes
60.03.01	Ladies stockings of silk or artificial fibres
73.23.01	Drums of sheet or plate iron or steel
ex 85.01.00	Transformers, excluding ballasts for fluorescent lamps
ex 87.02.12-)	Used cars, with a carrying capacity of less than three tons
87.02.32 )	
ex 87.02.35-)	
87.02.39 )	
93.01.00-)	Arms and ammunition; parts thereof; excluding life-saving
93.03.00 )	guns and whaling guns and parts thereof
93.04.03-)	
93.07.29 )	

Annex I (cont'd)

<u>Customs</u> <u>Tariff No.</u>	<u>Commodity</u>
94.01.00 )	Furniture and parts thereof; bedding, mattresses, mattress
ex 94.03.00 )	supports, cushions and similar stuffed furnishings,
94.04.00 )	excluding medical furniture and filing cabinets of iron
	and steel and built-in cabinets and closets
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)	Other brooms and brushes, excluding brushes of a kind used
ex 96.02.09)	as parts of machines, paint rollers, squeegees and mops,
	tooth-brushes and artists' brushes
96.04.00	Feather dusters
99.01.00-)	
99.06.00 )	Works of art, collectors' pieces and antiques

Annex II

GLOBAL QUOTAS FOR 1969

The Ministry of Commerce announced on 17 January the global quotas for imports to Iceland in 1969. The global quotas cover imports from all free-currency countries.

The global quotas are stated in the following list:

<u>Customs Tariff No.</u>	<u>Commodity</u>	<u>IKr</u>
09.01.11	Coffee, roasted	4,000,000
20.04.00	Fruit, fruit-peel and parts of plants, preserved by sugar	4,000,000
44.18.00	Reconstituted wood etc. excluding plastic-coated plates	20,000,000
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	16,000,000
60.03.01	Ladies' stockings	15,000,000
85.01.00	Transformers, excluding ballasts for fluorescent lamps	6,000,000
93.01.00- 93.07.29	Arms and ammunition, parts thereof, excluding life-saving guns and whaling guns and parts thereof	7,000,000
94.01.00 94.03.09 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	20,000,000
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	3,000,000
99.01.00- 99.06.00	Works of art, collectors' pieces and antiques	1,500,000
	Commodities falling within other customs tariff numbers, which are not liberalized	1,500,000
		<u>IKr 98,000,000</u>
59.04.01	Fishing lines and cords	70 tons
59.04.02	Ropes, excluding grass ropes	200 tons