

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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AGREEMENT OF ASSOCIATION BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE REPUBLIC OF CYPRUS

Information furnished by the Parties to the Agreement

1. This report covers the period from 1 April 1984 to 31 August 1987.
2. Industrial products originating in Cyprus are admitted for import by the Community without any quantitative restrictions and exempt from customs duties, with the exception of two textile products which are imported free of customs duties within the limits of annual Community tariff ceilings.
3. Cyprus, for its part, applies tariff reductions of 35 per cent in respect of most of its imports originating in the Community.
4. Since 1 January 1984 both parties have been applying the 1983 trade arrangements on an autonomous basis.
5. After two years of negotiations a Protocol laying down the conditions and procedures for the implementation of the second stage of the Agreement was signed on 19.10.1987. This Protocol provides for the establishment of a customs union in two phases :
 - the first : ten years
 - the second : five years (possibly four).
6. In the first phase Cyprus will progressively eliminate customs duties and abolish quantitative restrictions on industrial products subject to certain exceptions. Cyprus will also adopt the Common Customs Tariff. The existing system of origin rules is maintained during the first phase subject to certain exceptions.
7. In the first phase the Protocol provides a number of safeguard mechanisms for Cyprus in order to take account of a number of sensitive industrial sectors.

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8. In the agricultural sector the Community and Cyprus will gradually abolish customs duties on products covered by the Agreement and subject to reciprocal concessions. The Community will gradually increase its concessions on the principal agricultural exports of Cyprus to the Community.
9. The second phase will contain the necessary measures to ensure the free movement of agricultural goods covered by reciprocal concessions and the application by Cyprus of the various accompanying policies designed to ensure the proper functioning of the customs union. This phase will enter into force by a decision of the Association Council. In the framework of this decision, the Association Council will decide, before the end of the first phase of the second stage, on accompanying policies, the free movement of certain agricultural goods covered in the Agreement by reciprocal concessions, remaining obstacles to trade and the regime to apply to the movement of goods. The customs union shall be achieved at the end of the second phase of the second stage.
10. A Protocol adapting the Agreement consequent upon the accession of the Kingdom of Spain and the Portuguese Republic to the Community was also signed on 19.10.1987.
11. The statistics in the table below concerning the foreign trade of Cyprus in recent years show that during the period under review (1986 in relation to 1984), exports from Cyprus to the Community decreased by 10.3 per cent and its civil imports from the Community decreased by 20.9 per cent.

EEC-Cyprus Trade in ECU (min.)

	1984 (10)	1985 (10)	1986 (10)	1987 (12)	Percentage change 1986/1987
Civil Imports from EEC (cif)	929	902	692	735	- 20.9
Total Exports to EEC (fob)	204	166	180	183	- 10.3

(1) Civil imports refers to imports for home consumption