

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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TRADE POLICY REVIEW MECHANISM

Trade Policy Review of Iceland

Communication from the Discussants

Pursuant to the revised procedures for review meetings circulated in the communication from the Chairman of the Council dated 30 April 1993 (L/7208), the following are outlines of the main points to be raised by Mr. Janusz Kaczurba (Poland) and Mr. Jorge B. Riaboi (Argentina) at the review of Iceland to be held on 9-10 February 1994.

It is recalled that discussants act in their personal capacity.

(a) Mr. Janusz Kaczurba

1. Government-supported structural policies of Iceland appear to be traditionally heavily biased in favour of fishing and a high-cost agricultural sector, largely at the expense of manufacturing industries. How is this policy likely to evolve in the light, inter alia, of the new and strengthened disciplines imposed on agricultural support by the Uruguay Round? How to interpret in this context the statement by the Government of Iceland that "... agriculture will be prepared to meet the foreign competition which is set to follow the entry into force of the EEA Agreement as well as the GATT Agreement"? (page 27).
2. Iceland is uniquely endowed with natural resources, based on abundant fishing grounds. One issue on which further clarification might be sought from Iceland is the question of management of these resources, which are practically closed to foreign competition. The problems involved relate to such factors as a low cost of access to the fisheries for Iceland's operators and the long-term implications of this situation for the country's economic structure, export orientation and marine ecology.
3. One remarkable feature of Iceland's trade pattern is the predominant share of the European Union, several times greater than the share of the EFTA partners. Could Iceland comment?
4. Iceland offers relatively high protection to agriculture, both in the form of public support and specific policy measures. As a matter of policy, import competition in agriculture seems to have been restrained by such instruments as Government-funded support, discretionary import licensing or equalization taxes. As mentioned, foreign businesses are largely excluded from access to fish-related activities. Iceland has not joined any MTN Codes or Arrangements citing constraints on administrative resources. In all these, and many other areas, the Uruguay Round imposes new obligations. Comments

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on how Iceland plans to better adapt itself to the post-Uruguay Round trading environment might be useful for other contracting parties, which also face the problems of such adaptation.

(b) Mr. Jorge B. Riaboi

5. Iceland as a high-income country with the vulnerabilities typical of developing countries.
6. M.f.n. tariffs and real protection. A typical case of trade fragmentation.
7. Profile of tariff and non-tariff barriers and subsidies.
8. Trade policy rules for agriculture.
9. The Uruguay Round adjustment.