

Meeting of the EEC/Iceland Joint Committee

The EEC/Iceland Joint Committee will meet in Reykjavik on 26 June 1984 for its regular bi-annual session. Among the points on the agenda are a general exchange of views on the operation of the agreement and an examination of the activities of the Customs Committee.

The State of EC-Iceland Relations

Iceland and the Community form, with the other members of the European Free Trade Association, an industrial free trade zone which comprises almost all of Western Europe and its more than 300 million consumers. Spain is the only exception but is currently negotiating membership of the Community. This is the end result of the free trade agreements which were signed in 1972 and 1973 in the wake of the decision by three EFTA Members, Britain, Ireland and Denmark, to become full members of the European Community.

Since the end of the transition period, a transition which was effectively accomplished in 1980 without encountering any major difficulties, trade in industrial products has been made completely free of tariffs and quantitative restrictions.

One small exception exists on the Icelandic side where quantitative restrictions may be maintained on certain oil products and brushes.

Since Iceland does not produce any products covered by the European Coal and Steel Treaty, the agreement between the ECSC and Iceland only covers Community exports to Iceland.

Although agriculture was not part of the original agreement a provision was included whereby both parties would foster the harmonious development of trade. In an Annex to the 1972 Agreement specific rules were also agreed clearly defining how tariff reductions would be applied to the industrial element of transformed agricultural produce.

An important element of the agreement was Protocol 6 dealing with tariff concessions for fishery products. Fish products are Iceland's principal export to the Community accounting for 57% of the EC total imports from Iceland in 1982. The application of Protocol 6 was delayed to 1 July 1976 when the economic problems caused by Iceland's extension of its fishery zone were resolved.

COOPERATION BEYOND THE FREE TRADE AGREEMENT

Fisheries

Discussions have taken place between the Commission and the Icelandic authorities on the possibility of concluding a framework fisheries agreement to deal with questions of conservation and access.

Sheepmeat

Following the introduction of a Community sheepmeat regime the Commission negotiated an agreement with Iceland whereby Iceland limits her exports to the EC to 600 tonnes per year in return for a reduction in the duty applicable.

TRADE STRUCTURE AND DEVELOPMENT

The Community is Iceland's main trading partner accounting for 44% of her imports and 31% of her exports. Iceland's main exports to the Community are fish products, aluminium, fish oil and animal feed. The Community's principal exports to Iceland are machinery and transport equipment and oil.

EC trade with Iceland has shown a rapid growth in the past ten years though the level of EC exports to Iceland has fallen by 15% in 1983 following the economic measures introduced by the Icelandic government.

TRADE BETWEEN THE COMMUNITY AND ICELAND

(million ECU)(*)

	1973	1978	1979	1980	1981	1982	1983 (11 months)
EC Imports	48	172	249	288	277	265	303
EC Exports	65	256	272	324	417	531	371
Balance	17	84	23	36	140	266	68

Source: EUROSTAT

(*) The exchange rate ECU/dollar varies daily as the various EC currencies, which make up the ECU, vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.