

AGREEMENT BETWEEN THE EUROPEAN COMMUNITY AND THE
FAROE ISLANDS (GOVERNMENT OF DENMARK)

Communication from the Parties to the Agreement

The following text has been received from the Parties to the Agreement.

I. BACKGROUND INFORMATION ON THE AGREEMENT

1. Membership and dates of signature, ratification and entry into force

The Agreement was concluded between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part.

It was signed on 6 December 1996 and entered into force on 1 January 1997.

2. Type of agreement

Free trade agreement.

3. Scope

All industrial products, certain fish and fishery products, as well as certain agricultural and processed agricultural products (other than fish) are covered by the Agreement. For further details: see the product codes listed in Protocols 1, 2 and 4 to the Agreement.

Articles 35 and 36 provide for the possibility to extend the Agreement to other fields or to other specific products.

4. Trade data

Data concerning imports into the EC from the Faroe Islands, as well as concerning exports from the EC to the Faroe Islands concerning the years 1993, 1994, 1995, and the first nine months of 1996 are attached. Analysis of 1994 figures suggests that around 90 per cent of all Faroese products are imported into the Community free of duty, and around 99 per cent of all Community products are imported into the Faroe Islands free of duty. On this basis, using 1996 figures, 92.6 per cent of two-way trade is conducted duty free. These figures are conservative, as they do not reflect the more liberal provisions of one 1996 agreement.

No estimates on trade-creating effects are available. The Agreement should have no trade-diverting effects.

II. TRADE PROVISIONS

1. Import restrictions

(a) Duties and charges

In the intra-trade of products covered by the Agreement, customs duties have been abolished. For certain fish and fishery products, as well as for the agricultural products covered by the Agreement, the preferential duty rate at 0 per cent is subject to tariff quotas, tariff ceilings, or to a statistical surveillance. Preferential Faroe exports of fish and fisheries products to the EU is subject to those exports entering the EU with a free-at-frontier price which is at or above reference prices fixed by the EU authorities on an annual basis.

(b) Quantitative restrictions

According to Article 13 (2), quantitative restrictions on imports have been abolished.

(c) Common external tariff

Not applicable.

2. Export restrictions

Nil.

3. Rules of origin

The general criteria used for the purpose of determining the origin of products are wholly obtained or sufficiently worked or processed. The list of working of processing required to be carried out on non-originating materials in order that the product manufactured can obtain originating status are set out in Annex II to Protocol 3 to the Agreement subject to transitional arrangements until 21 December 1997.

4. Standards

No specific provisions concerning technical, sanitary or phytosanitary standards are provided for under the Agreement.

5. Safeguards

According to Article 26 of the Agreement, a Contracting Party may take appropriate measures where an increase in imports of a given product is seriously detrimental to any production activity carried on in the territory of one of the Contracting Parties and where this increase is due to a difference in the duties applicable.

According to Article 28 of the Agreement, a Contracting Party may take appropriate measures if serious disturbances arise in any sector of the economies or if difficulties arise which could bring about serious deterioration in the economic situation of a region.

According to Article 30 of the Agreement, the necessary safeguard measures may be taken in case of balance of payments difficulties.

6. Anti-dumping and countervailing measures

According to Article 27 of the Agreement, anti-dumping measures may be taken in accordance with the Agreement on implementation of Article VI of the GATT 1994.

7. Subsidies

According to Article 25 (1) of the Agreement, any public aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods is incompatible with the proper functioning of the Agreement and may justify appropriate measures.

8. Sector-specific provisions

Apart from the specific provisions concerning certain fish and fishery products, and certain agricultural and processed agricultural products (other than fish), the Agreement contains no specific provisions applicable to trade in individual sectors, other than a reservation of both parties' rights in respect of the petroleum sector.

9. Other

Protocol 5 to the Agreement lays down the provisions on mutual administrative assistance in customs matters, in order to ensure that the customs legislation is correctly applied, in particular by the prevention, detection and investigation of operations in breach of that legislation.

III. GENERAL PROVISIONS OF THE AGREEMENT

1. Exceptions and reservations

Articles 22 and 23 contain standard exceptions related to essential security interests and defence industries, public morality, law and order and public security, the protection of life and health of humans, animals or plants, national treasures, industrial and commercial property and gold and silver. Other than security and defence, these exceptions must not be used so as to constitute a means of arbitrary discrimination or a disguised restriction on trade between the parties.

2. Accession

Not applicable. Either party may denounce the agreement with twelve months' notice.

3. Dispute settlement procedures

The Agreement does not provide for a specific procedure for resolving disputes. The Joint Committee, responsible for the administration and the proper implementation of the Agreement (cf. item 5) shall act by mutual agreement.

4. Relation with other trade agreements

According to Article 40 of the Agreement, the provisions of the 1991 trade agreement between the European Community and Denmark/Faroe Islands, as well as the provisions of the bilateral agreements between Finland and Sweden and the Faroes, have ceased to be in force.

Separately, a Joint Declaration concerning a review of the Agreement in keeping with the development of EC-EFTA trade relations provides that if the Community in the context of the agreement on the European Economic Area (EEA) grants concessions to the EEA countries going beyond those granted at the Faroe Islands in areas covered by the EC-Faroe Agreement, the Community will, upon request from the Faroes, consider positively on a case-by-case basis to what extent and on what basis corresponding concessions could be offered to the Faroe Islands.

Furthermore, the Declaration provides that if agreements or arrangements are concluded by the Faroe Islands and the Member States of EFTA whereby the Faroe Islands grants concessions to EFTA countries going beyond those granted to the Community in areas covered by the EC-Faroe Agreement, the Faroe Islands will, upon request from the Community, consider positively on a case-by-case basis to what extent and on what basis corresponding concessions could be offered to the Community.

5. Institutional framework

According to Article 31 of the Agreement, a Joint Committee is established, which is responsible for the administration of the Agreement and for its proper implementation. It can make recommendations and take decisions in the cases provided for in the Agreement. The Contracting Parties exchange information and hold consultations within the Joint Committee.

The Joint Committee may amend the provisions of each of the Protocols to the Agreement. Any recommendation or decision by the Joint Committee is taken by mutual agreement.

IV. OTHER

Nil.

ANNEXEU Exports to Faroe Islands

PRODUCT (CN)	1993 VALUE 1,000 ECU	1994 VALUE 1,000 ECU	1995 VALUE 1,000 ECU	1996 (Jan-Sept) VALUE 1,000 ECU
TOTAL	89,831	99,573	127,829	115,714
01	1.47	0	0	0
02	2,548.48	2,125.9	2,333.24	2,150.08
03	1,207.28	1,699.34	754.62	4,769.94
04	1,846.69	1,607.84	2,039.88	1,541.85
05	38.26	76.98	64.43	1,567.17
06	233.07	226.8	248.98	143.01
07	650.14	745.65	866.54	657.61
08	374.69	440.15	430.6	235.77
09	97569	1,269.46	1,142.88	769.76
10	34.7	27.1	183.69	14.62
11	608.61	490.05	678.16	879.33
12	121.54	298.73	171.86	125.5
13	78.35	10.26	52.5	61.86
14	1.87	1.06	1.02	0
15	548.32	584.64	553.75	449.22
16	1,225.36	1,155.88	1,227.83	1,114.43
17	809.2	1,709.92	1,096.28	768.18
18	563.59	785.59	671.57	607.02
19	1,283.06	1,231.39	1,368.69	1,235.05
20	747.32	648.91	678.59	536.21
21	862.52	809.76	872.06	831.59
22	1,597.46	1,576.66	1,769.41	1,641.89
23	4,291.72	3,204.04	4381.13	3,209.49
24	1235.91	1,204.1	1,485.89	1,110.86
25	442.1	810.63	626.11	844.77
26	16.45	0.53	2.54	7.34
27	3,285.95	3,244.01	5,032.45	4,132.54
28	558.53	325.73	353.99	262.92
29	450.01	338.02	471.58	328.61
30	5,498.14	5,132.33	5,568.77	4,310.56
31	123.11	128.97	106.98	70.64
32	3106.49	2,578	3,580.78	3,276.24
33	721.27	804.76	654.33	643.17
34	843.38	853.91	848.55	716.95
35	212.25	230.54	394.85	252.51
36	12.2	84.36	86.77	44.06
37	473.88	467.18	440.19	290.74
38	227.03	278.67	487.17	255.01
39	2,773.63	2,822.45	3,269.1	2,855.62
40	893.3	1,168.32	1,440.54	1,019.79
41	119.3	1.32	0	0
42	97.76	112.7	218.84	122.03
43	1.83	14.83	1.27	0
44	1,873.75	1,427.59	2,693.63	2,584.07
45	14.36	8.89	9.21	4.94
46	15.29	2.2	3.09	12.48
47	0	15.04	18.31	19.62
48	5,112.74	5239.78	6272.53	4,558.23
49	3,865.55	3,718.49	4,148.52	2,883.56
50	2.04	3.83	2.02	0.13
51	124.77	318.21	229.71	160.07
52	66.31	59.51	140.03	110.39
53	2.59	2.38	4.89	0.04
54	46,35	24,87	61,47	109,04
55	47.27	40.1	77.92	78.51

PRODUCT (CN)	1993 VALUE 1,000 ECU	1994 VALUE 1,000 ECU	1995 VALUE 1,000 ECU	1996 (Jan-Sept) VALUE 1,000 ECU
56	1,212.45	1,234.3	1,802.28	1,147.13
57	95.46	119.61	105.9	155.86
58	8.92	6.93	20	107.6
59	98.32	67.46	105.23	30.98
60	49.99	32.27	19	12.46
61	1,152.55	1303.07	1500.9	934.66
62	1,244.11	1,749.51	1,864.09	1,583.95
63	214.47	268.9	395.84	250.81
64	618.79	669.39	905.5	694.85
65	6.88	38.78	36.71	43.91
66	0	0	2.21	2.37
67	1.15	5.98	16.39	7.07
68	429.07	263.41	325.57	402.42
69	157.37	177.95	471.88	172.75
70	414.22	244.65	349.59	266.15
71	62.71	56.7	282.22	97.16
72	624.25	685.33	984.7	593.76
73	3,502.08	3,188.24	3,631.52	4,227.82
74	149.04	165.77	173.5	178.58
76	784.01	601.16	877.91	951.16
78	15.82	18.12	20.89	30.83
79	35.56	40.05	27.08	27.49
80	1.07	0	0	0
81	2	6.54	21.55	5.27
82	255.71	195.87	337.47	261.24
83	422.74	484.22	506.8	455.78
84	10,888.2	11,724.56	17,545.33	17,431.94
85	4,439.51	9,233.84	7,234.6	6,029.23
86	13.23	168.03	42.21	62.28
87	2,160.99	3,292.33	13,111.93	12,549.87
88	356.62	349.7	135.44	141.16
89	63.11	103.83	348.45	1,381.11
90	2,454.35	3,509.86	3,183.8	2,253.77
91	74.45	28.4.3	394.89	32.52
92	239.67	48.98	175.75	41.46
93	35.86	24.25	46.22	30.07
94	2,410.32	2,257.64	2745.09	2427.15
95	498.72	914.47	1,007.13	646.32
96	269.33	228.35	369.27	161.16
97	179.18	206.58	75.6	95.64
99	1,276.42	3,670	6,300.8	2,257.76

EU Imports from Faroe Islands

PRODUCT (CN)	1993 VALUE 1,000 ECU	1994 VALUE 1,000 ECU	1995 VALUE 1,000 ECU	1996 (Jan-Sept) VALUE 1,000 ECU
TOTAL	274,186	244,357	234,043	223,345
01	0	4.91	0	0
02	9.73	1.33	6.76	2.36
03	237,003.4	218,051.84	199477.55	187,159.5
04	0	0	1.69	0
05	1387.77	1,615.55	2743.79	2,553.95
06	0	0	0	32.05
08	33.34	4.62	0	0
09	0	0	1.37	0
10	0	0	15.35	0
11	9.18	0	0	0
15	1,840.21	1,103.09	1577.89	2,705.12
16	15,585.71	8,405.46	8316.75	8,491.83
17	0	1.45	0	0
18	0	1.29	2.4	0
19	0	0	2.04	0
21	3.21	26.69	0	0
22	1.04	1.47	6.09	16.35
23	7,811.09	7,651.85	9143.9	12,311.95
24	16.57	2.09	0	0
25	0	1.26	0.79	0.02
27	78.44	0	1.37	0
28	1.3	0	0.84	0
29	3.32	0	38.13	1.36
30	2.24	20.14	3.59	17.69
31	435.95	0	0	0
32	5.37	0	0	0
33	0	57.72	0	0
34	113.57	128.94	162.15	96.08
37	0	0	2.68	0
38	3.57	0	1029.66	0
39	50.95	37.96	109.01	55.69
40	1.24	0	0.05	30.01
41	83.2	62.73	163.25	4.98
42	2.58	0	0	0
43	48.49	0	0	0
44	3.01	80.48	13.44	21.53
47	0	0	0.06	0
48	32.28	52.4	5.25	65.84
49	10.32	11.38	30.18	14.97
51	61	91.22	27.19	19.82
52	1.01	0	0	0
54	0	0	0	15.11
55	9.13	0	1.19	0
56	1.02	21.54	52.92	10.49
61	17.85	22.67	36.83	12.12
62	21.53	1.19	5.34	10.97
63	0.92	2.13	0	0
64	0	0.93	0	0
65	0	0	2.75	0
68	0	0.13	7.64	0
70	10.69	15.62	7.05	0
71	5.42	2.4	5.72	8.38
72	45.12	52.07	80.31	62.53
73	9.97	24.83	134.34	69.21

PRODUCT (CN)	1993 VALUE 1,000 ECU	1994 VALUE 1,000 ECU	1995 VALUE 1,000 ECU	1996 (Jan-Sept) VALUE 1,000 ECU
74	13.87	5.5	5.21	0.85
76	16.97	4.35	8.33	0
78	0	0.26	0.38	0.27
79	0	1.72	0	0
81	0	0	0	75.78
82	2.1	8.73	49.96	1.24
83	0	38.71	22.76	6.1
84	1,844.,52	525.07	808,6	1,277.3
85	278.23	296.44	579,21	363.49
87	66.08	167.23	450,49	165.25
88	113.32	35.9	56,83	13-05
89	922.71	260.98	94,37	3,493.09
90	449.49	1,613.82	375,69	159.84
91	0	0	29,18	0
92	6.59	0	16,6	21.56
93	0	0	2,03	0
94	10.28	162.46	113,9	24.45
95	32.3	0	4,57	7.22
96	0	0	0,54	0
97	527.15	1,119.87	965,55	898.15
99	5,141.71	2,556.29	7241,86	3,047.47