This report covers the period from 1 October 1979 until 30 September 1981.

The Free Trade Agreement between the EEC and Switzerland which entered into force on 1 January 1973 and the Free Trade Agreement between the member States of the ECSC and Switzerland, which entered into force on 1 January 1974 have functioned normally and have been applied in accordance with their provisions.

The accession of Greece to the Community on 1 January 1981 necessitated the introduction of certain transitional provisions, which were included in Additional Protocols. An account of these arrangements is given in paragraphs 5, 6, 7 and 8 below. The texts of the Additional Protocols are available in the secretariat.

The objective of the Agreements is to eliminate progressively the obstacles to substantially all the trade between the parties, in accordance with the provisions of the GATT concerning the establishment of free-trade areas.

The main results are as follows:

1. Since 1 July 1977 almost all industrial products are traded free of duty between the parties to the Agreement. For the tariff treatment of other products, see paragraph 3 below.

2. On the date of entry into force of the Agreements no quantitative import restrictions regarding products covered by the Agreements, except those which Ireland is allowed to maintain in accordance with Protocol No. 4 to the Agreement EEC-Switzerland, existed between the parties nor were any such restrictions introduced during the period under review, with the exception of certain transitional arrangements for Greece.

3. Protocol No. 1 to the Agreement EEC-Switzerland foresees a slower than normal rhythm of tariff reduction for certain sensitive products. Tariffs for certain products of this Protocol have been reduced again on 1 January 1981. Protocol No. 2 to the Agreement EEC-Switzerland provides for tariff reductions on processed agricultural products. On 5 February 1981 an exchange of letters between Switzerland and the Community has been signed concerning certain processed agricultural products covered by the Free Trade Agreement. Both Protocols have been applied as foreseen.
4. The rules of origin in Protocol No. 3 to the Agreement, EEC-Switzerland which determine the eligibility of products for the tariff reduction under the Agreements have been applied as foreseen. In accordance with the provisions of this Protocol the rules have, in specific cases, been amended and supplemented in order to facilitate their implementation and application (see Annex).

5. Some products have been added to the list concerning Article 2 of Protocol No. 5 in 1979 and 1981. Upon the accession of Greece to the European Communities on 1 January 1981 the Free Trade Agreements also apply to the relations between Greece and Switzerland. In order to arrange for a smooth transition the Parties to the Agreements have agreed to provide for a gradual introduction of some of the provisions of the Agreements. These transitional arrangements have as indicated above been included in Additional Protocols to the Agreements. They are limited to trade between Greece and Switzerland and will be abolished during a period of five years.

6. According to the Additional Protocol to the Agreement EEC-Switzerland, Greece has abolished customs duties for several industrial products since 1 January 1981 and will progressively reduce and eliminate remaining customs duties, and charges having effects equivalent to customs duties, on certain industrial products. The reduction shall take place in six steps of which the first was taken on 1 January 1981 and the elimination will be achieved by 1 January 1986.

Following the same time-table, Greece will progressively reduce customs duties, other than variable levies, on the processed agricultural products, listed in Protocol No. 2 of the Free Trade Agreements. Quantitative restrictions between Greece and Switzerland have been abolished from 1 January 1981, with the exception of fourteen products for which Greece may maintain some restrictions during the transitional period. Switzerland has not introduced any transitional measures on imports from Greece.

7. The Additional Protocol to the Agreement ECSC-Switzerland contains the time-table according to which Greece and Switzerland will progressively reduce and eliminate by 1 January 1986 customs duties on products covered by the Agreement. Following the same time-table Greece will progressively reduce and eliminate charges having effects equivalent to customs duties.

8. The requirements of cash payment and import deposit in force in Greece will be eliminated over a period of three years from 1 January 1981.

9. The two Joint Committees, established to administer and supervise the implementation of the Agreements and also to act as a forum for the information and consultation procedures foreseen in the Agreements, have taken a certain number of decisions which provide for the simplification of the procedures of administrative co-operation and documentation.
10. Commercial incidence

Approximately 97 per cent of Switzerland's exports to the Communities are covered by the Agreements. On Switzerland's imports from the Communities this figure is 94.5 per cent.

Volume of commercial exchanges EC/Switzerland in millions of EUR

- Exports from Switzerland to the EC:
  
  1979: 12,581
  1980: 15,421

- Imports to Switzerland from the EC:
  
  1979: 17,758
  1980: 22,276

\[\text{Source: EEC Statistical Office.}\]
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