

productivity and the rational use of resources, financial stability and continuous improvement in living standards,

(b) to secure that trade between Member States takes place in conditions of fair competition,

(c) to avoid significant disparity between Member States in the conditions of supply of raw materials produced within the Area of the Association, and

(d) to contribute to the harmonious development and expansion of world trade and to the progressive removal of barriers to it.

ARTICLE 3

Import duties

1. Member States shall reduce and ultimately eliminate, in accordance with this Article, customs duties and any other charges with equivalent effect, except duties notified in accordance with Article 6 and other charges which fall within that Article, imposed on or in connection with the importation of goods which are eligible for Area tariff treatment in accordance with Article 4. Any such duty or other charge is hereinafter referred to as an "import duty".

2. (a) On and after each of the following dates, Member States shall not apply an import duty on any product at a level exceeding the percentage of the basic duty specified against that date 1:

1 Concerning the timetable applying to Iceland see paragraph 1 of Council Decision No. 17 of 1969 (page Ic/1).

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1st July, 1960 80 per cent,

1st July, 1961 1 70 per cent,

1st March, 1962 2 60 per cent,

31st October, 1962 3 50 per cent,

31st December, 1963 4 40 per cent,

31st December, 1964 4 30 per cent,

31st December, 1965 4 20 per cent.

(b) On and after 31st December, 1966 4, 5, Member States shall not apply any import duties 6.

3. Subject to Annex A, the basic duty referred to in paragraph 2 of this Article is, in respect of each Member State and in respect of any product, the import duty applied by that Member State to the imports of that product from other Member States on 1st January, 1960 7.

4. Each Member State declares its willingness to apply import duties at a level below that indicated in paragraph 2 of this Article if it considers that its economic and financial position and the position of the sector concerned so permit.

5. The Council may at any time decide that any import duties shall be reduced more rapidly or eliminated earlier than is provided in paragraph 2 of this Article. Between 1st July, 1960 and 31st December, 1961, the Council shall examine whether it is possible so to decide in respect of import duties applied on some or all goods by some or all of the Member States.

ARTICLE 4

Area tariff treatment

1. For the purposes of this Convention goods shall be accepted as eligible for Area