tariff treatment if they are originating products in accordance with the provisions of
Annex B 8.

1 As amended by Council Decision No. 4 of 1961 (16th February, 1961).
2 As amended by Council Decision No. 22 of 1961 (21st November, 1961).
3 As amended by Council Decision No. 11 of 1962 (22nd June, 1962).
4 As amended by Council Decision No. 6 of 1963 (10th May, 1963).
5 In the case of Iceland: 1st January, 1980; see paragraph 2 of Council Decision No. 17 of 1969 (page Ic/2).
6 Concerning Iceland see paragraph 3 of Council Decision No. 17 of 1969 (page Ic/2).
7 In the case of Iceland: 1st January, 1970; see paragraph 4 of Council Decision No. 17 of 1969 (page Ic/3).
8 As amended by Council Decision No. 1 of 1973 (2nd March, 1973).

2. Provisions necessary for the administration and effective application of this Article are contained in Annex B and Council Decisions 1.

3. Nothing in this Convention shall prevent a Member State from accepting as eligible for Area tariff treatment any goods imported from the territory of another Member State, provided that the like goods imported from the territory of any Member State are accorded the same treatment.

4. The Council shall from time to time examine in what respect this Convention can be amended in order to ensure the smooth operation of the origin rules and especially to make them simpler and more liberal 1.

5. The Council may decide to amend the provisions of this Article and of Annex B.

ARTICLE 5

Deflection of trade

1. For the purposes of this Article, trade is said to be deflected when

(a) imports of a particular product into the territory of a Member State from the territory of another Member State are increasing,

(i) as a result of the reduction or elimination in the importing Member State of duties and charges on that product in accordance with Article 3 or 6, and

(ii) because the duties or charges levied by the exporting Member State on imports of raw materials or intermediate products, used in the production of the product in question, are significantly lower than the corresponding duties or charges levied by the importing Member State, and

(b) this increase in imports causes or would cause serious injury to production which is carried on in the territory of the importing Member State.

2. The Council shall keep under review the question of deflections of trade and their causes. It shall take such decisions as are necessary in order to deal with the causes of deflection of trade by amending the rules of origin in accordance with paragraph 5 of Article 4 or by such other means as it may consider appropriate.

3. If a deflection of trade of a particularly urgent nature occurs, any Member State may refer the matter to the Council. The Council shall take its decision as quickly as possible, and, in general, within one month. The Council may, by majority decision,

1 As amended by Council Decision No. 1 of 1973 (2nd March, 1973).

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authorise interim measures to safeguard the position of the Member State in question. Such measures shall not continue for longer than is necessary for the procedure under paragraph 2 above to take place, and for not more than two months, unless, in exceptional cases, the Council, by majority decision, authorises an extension of this period by not more than two months.

4. A Member State which is considering the reduction of the effective level of its duties or charges on any product not eligible for Area tariff treatment shall, as far as may be practicable, notify the Council not less than thirty days before such reduction comes into effect, and shall consider any representations by other Member States that the reduction is likely to lead to a deflection of trade. Information received under this paragraph shall not be disclosed to any person outside the service of the Association or the Government of any Member State.

5. When considering changes in their duties or charges on any product not eligible for Area tariff treatment, Member States shall have due regard to the desirability of avoiding consequential deflections of trade. In such cases, any Member State which considers that trade is being deflected may refer the matter to the Council in accordance with Article 31.

6. If, in the consideration of any complaint in accordance with Article 31, reference is made to a difference in the level of duties or charges on any product not eligible for Area tariff treatment, that difference shall be taken into account only if the Council finds by majority vote that there is a deflection of trade.

7. The Council shall review from time to time the provisions of this Article and may decide to amend those provisions.

ARTICLE 6

Revenue duties and internal taxation

1. Member States shall not

(a) apply directly or indirectly to imported goods any fiscal charges in excess of those applied directly or indirectly to like domestic goods, nor otherwise apply such charges so as to afford effective protection to like domestic goods, or

(b) apply fiscal charges to imported goods of a kind which they do not produce, or which they do not produce in substantial quantities, in such a way as to afford effective protection to the domestic production of goods of a different kind which are substitutable for the imported goods, which enter into direct competition with them and which do not bear directly or indirectly, in the country of importation, fiscal charges of equivalent incidence,

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and shall give effect to these obligations in the manner laid down in paragraphs 2 and 3 of this Article.

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2. Member States shall not introduce new fiscal charges which are inconsistent with paragraph 1 of this Article, and shall not vary an existing fiscal charge in such a way as to increase, above the level in force on the date by reference to which the basic duty is determined in accordance with paragraph 3 of Article 3, any effective protective element in the fiscal charge, that is to say, the extent to which that charge is inconsistent with