

THIS IS EFTA

2013





This is EFTA 2013

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Editor's Note:

"This is EFTA" is an overview of EFTA's activities and institutional framework. For a description of the more specific activities that took place last year, please consult EFTA's Annual Report, available on our website: www.efta.int/publications. The latest updates from Eurostat can be accessed via its homepage: www.epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home.

FOREWORD



Since its establishment over 50 years ago, the European Free Trade Association has played an important role in Europe's political and economic development. EFTA's present membership and structure must therefore be seen in the context of the wider quest for European economic integration and the development of a

global trading system.

In the post-war years, it was widely recognised that free trade was vital for European economic growth and reconstruction. Countries were determined not to return to the chaotic trading situation of the pre-war period, and so the General Agreement on Tariffs and Trade was born. In Western Europe, free trade and economic integration were seen as important steps in the political process aimed at averting future conflicts. In 1957, six European states signed the Treaty of Rome, creating the European Economic Community, a customs union with close economic cooperation in key areas. Three years later, seven other European states signed the EFTA Convention, forming their own free trade area.

Over the ensuing decades, EFTA's membership changed several times as political integration in Europe gathered pace. The "new EFTA" as we know it today came into existence in 1995 with its present membership of Iceland, Liechtenstein, Norway and Switzerland.

Today, the liberalisation of intra-EFTA trade relations has been achieved in most areas through the EFTA Convention. In addition, the Association has two substantive tasks: to assist the EFTA States in negotiating and maintaining free trade agreements (FTAs) with non-EU countries; and to assist Iceland, Liechtenstein and Norway in the operation and development of the Agreement on the European

Economic Area (EEA). Work on FTAs is carried out in EFTA's headquarters in Geneva, while EEA matters are managed in Brussels.

The results achieved by EFTA are considerable.

Within the framework of EFTA, its Member States have at present concluded 24 FTAs with 33 countries globally. Negotiations with several large emerging economies are ongoing and exploratory discussions are taking place with a number of other states on possible future agreements. At the same time, EFTA's Member States maintain their strong commitment to the multilateral rule-based trading system embodied by the World Trade Organization, and EFTA's FTAs are based on and seek to promote this system.

The EEA Agreement forms the legal basis for economic cooperation between the three EEA EFTA States and the European Union. As parties to the EEA Agreement, they are full participants in the EU's Internal Market, which is based on the principle of the free movement of goods, services, capital and persons, with uniform and homogeneous rules governing state aid and competition. Switzerland, though not a member of the EEA, benefits from its active observer status in the EEA EFTA structure.

In 2011, EFTA represented the world's 12th largest trader in merchandise goods and seventh largest trader in commercial services, with the EFTA States maintaining their positions as important markets for both outward and inward investment. Levels of gross domestic product per capita were among the highest globally.

Over the past 50 years, EFTA has shown a remarkable ability to adapt to new political and economic realities. EFTA has contributed significantly to the economic development of its Member States and to the promotion of free trade. I remain confident that the Association will continue to be an indispensable instrument for our countries.

Kristinn F. Arnason
Secretary-General

THE EUROPEAN FREE TRADE ASSOCIATION

The European Free Trade Association is an intergovernmental organisation set up for the promotion of free trade and economic integration to the benefit of its four Member States: Iceland, Liechtenstein, Norway and Switzerland. The Association is responsible for the management of:

- The EFTA Convention, which forms the legal basis of the organisation and governs free trade relations between the EFTA States;
- EFTA's worldwide network of free trade and partnership agreements; and
- The Agreement on the European Economic Area (EEA), which enables three of the four EFTA Member States (Iceland, Liechtenstein and Norway) to participate in the Internal Market of the European Union.



Representatives of the EFTA States initialing the EFTA Convention in Stockholm in November 1959.

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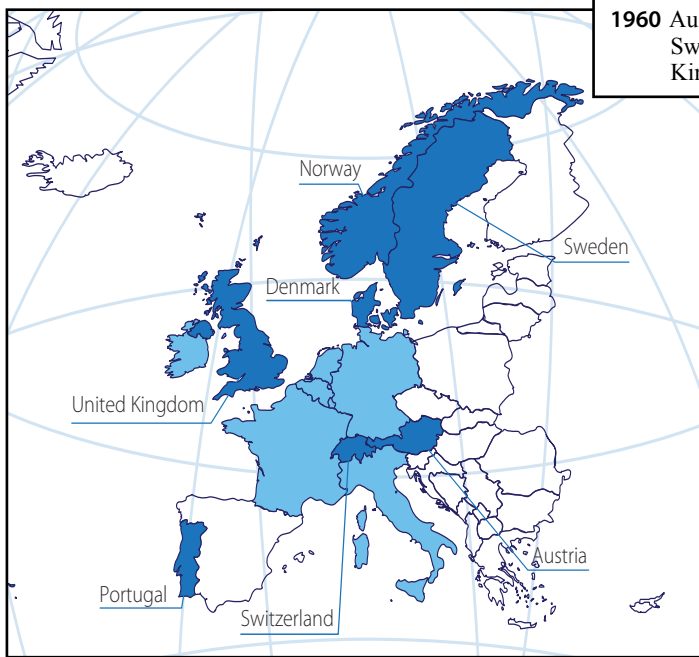


The EFTA Convention

Originally signed in Stockholm in 1960 and covering trade in goods, a new and more comprehensive EFTA Convention was signed in Vaduz in 2001. The present convention, frequently referred to as the Vaduz Convention, covers all important aspects of modern trade, including provisions on the free movement of persons, trade in services, movement of capital and protection of intellectual property. It has led to a strengthening of economic relations between the EFTA Member States and also provides an enhanced common platform for developing relations with trade partners around the world.

The EFTA Convention effectively applies to relations between Switzerland and the EEA EFTA States, as trade relations between Iceland, Liechtenstein and Norway are governed by the EEA Agreement. It is updated regularly by the EFTA Council to reflect common developments under both the EEA Agreement and Swiss Bilateral Agreements, ensuring that the EFTA States benefit from virtually the same privileged relationship between themselves as they do with the EU.

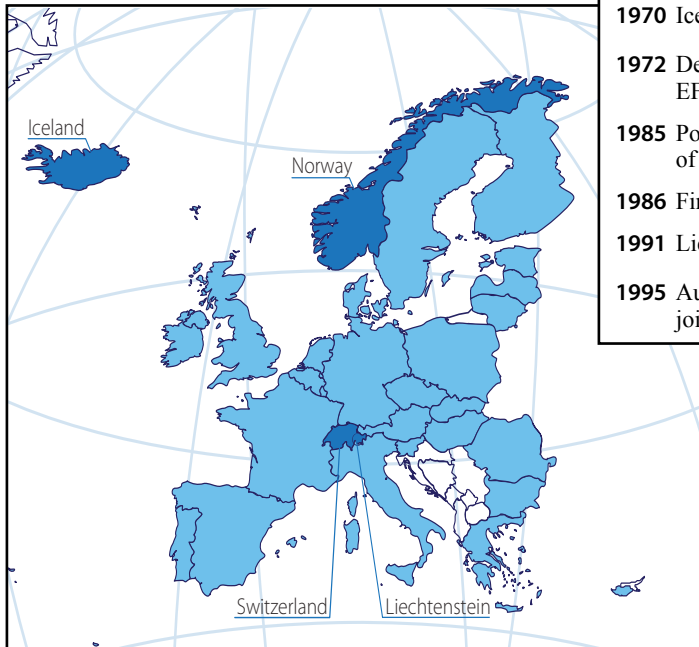
EFTA and the EU 1960



1960 Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom establish EFTA



EFTA and the EU 2013



1970 Iceland becomes a member of EFTA

1972 Denmark and the United Kingdom leave EFTA to join the EEC (EU)

1985 Portugal leaves EFTA to become a member of the EEC (EU)

1986 Finland becomes a full member of EFTA

1991 Liechtenstein becomes a member of EFTA

1995 Austria, Finland and Sweden leave EFTA to join the EU



EFTA: THE ORGANISATION

The EFTA Council

The EFTA Council manages relations between the EFTA States under the EFTA Convention. It is the forum in which the Member States consult each other, negotiate and act together. The Council's policy-making mandate is broad. The policies are designed to promote the overall objectives of the Association and to facilitate the development of links with other states and international organisations. The Council is also responsible for administrative and budgetary matters within EFTA.

The Council normally meets twice a year at ministerial level to provide direct political guidance to EFTA's work. At their summer meeting, the EFTA Ministers discuss free trade relations and developments under the EEA Agreement. If required, an additional meeting devoted to free trade relations is held at the end of the year. Between the ministerial meetings the Council meets at ambassadorial level.

A number of specialised committees assist and report directly to the Council. The Committee on Third-Country Relations, for instance, oversees

the functioning and development of free trade and cooperation agreements with countries outside the European Union. The Committee of Origin and Customs Experts deals with cooperation in the field of customs. The EFTA Board of Auditors is the auditing authority for the EFTA Secretariat. The Budget Committee assists the Council in EFTA budgetary matters. Finally, a number of committees manage the updating of the EFTA Convention.

The Standing Committee of the EFTA States

The Standing Committee of the EFTA States serves as a forum in which the EEA EFTA States consult each other and arrive at a common position before meeting with the European Union in the EEA Joint Committee (for further details on the Standing Committee, see page 20.)

EFTA Advisory Bodies

The EFTA Consultative Committee (made up of social partner representatives) and the EFTA Parliamentary

Council Structure



Committee (comprising members of EFTA's national parliaments) advise the Council and the Standing Committee on current EFTA matters. Both committees have formal links with their EU colleagues (see the two-pillar EEA structure on page 21). They also meet occasionally with their counterparts in countries with which EFTA has free trade relations. (See page 21 for details of the EEA EFTA Forum of Elected Representatives.)

The EFTA Secretariat

The day-to-day running of the Secretariat is headed by the Secretary-General, who is assisted by two Deputy Secretaries-General based in Geneva and Brussels and an Assistant Secretary-General in Brussels. The Secretariat employs approximately 80 staff members, a quarter of whom are based in Geneva, a small team in Luxembourg and the remainder in Brussels. All staff members are employed on three-year contracts, renewable once. Whilst working at the Secretariat, staff members are servants of the Association and are therefore not responsible to their national governments.

The structure of the Secretariat reflects the different fields of EFTA's activities. Staff at EFTA's headquarters in Geneva deal with the management and negotiation of free trade and partnership agreements with non-EU countries, and assist the EFTA Council.

The Secretariat in Brussels provides support for the management of the EEA Agreement and assists the Member States in preparing new legislation for

integration into the Agreement. The Secretariat also supports the Member States in the elaboration of input into EU decision making.

These two duty stations work together closely to implement the EFTA Convention as regards the intra-EFTA free trade area.

The EFTA Statistical Office in Luxembourg contributes to the development of a broad and integrated European Statistical System.

EFTA Statistical Office

The EFTA Statistical Office (ESO) was created in 1991 as a liaison office between Eurostat (the statistical office of the European Union) and the EFTA national statistical institutes (NSIs), and is located on the premises of Eurostat in Luxembourg. ESO's main objective is to sustain the integration of the EFTA States into the evolving European Statistical System, providing harmonised and comparable statistics to support the general cooperation process between EFTA and the EU. This cooperation is governed by the EEA Agreement and the Swiss-EU Agreement in the field of statistics. It has extended progressively to EFTA cooperation with the EU in statistical assistance projects for third countries and in the European Statistical Training Programme.

ESO is supported by the Working Group of the Heads of the NSIs of all EFTA countries. For EEA matters, Switzerland is an observer.



Georges Baur, Assistant Secretary-General in Brussels; Kristinn F. Árnason, Secretary-General; Ivo Kaufmann, Deputy Secretary-General in Geneva; and Helge Skaara, Deputy Secretary-General in Brussels.

European Standardisation

The EFTA States and the European Commission cooperate closely to create and implement a European standardisation policy. This includes the parallel financing of standards-related work carried out by CEN, the European Committee for Standardization; CENELEC, the European Committee for Electrotechnical Standardization; and ETSI, the European Telecommunications Standards Institute. EFTA also cofinances the activities of ANEC, the European association for the coordination of consumer representation in standardisation; ECOS, the European Environmental Citizens Organisation for Standardisation; and EOTA, the European Organisation for Technical Approvals. NORMAPME, the European Office of Crafts, Trades and Small and Medium-sized Enterprises for Standardisation, is cofinanced by the EEA EFTA States through the Competitiveness and Innovation Programme. EFTA is a partner in cofinancing and contributing to projects with seconded European standardisation experts in China and India, and also to CESIP, the Europe-China Standards Information Platform. This platform is an information tool that aims at strengthening mutual trade and investment flow between Europe and China by making standards and related technical regulations more accessible.

European Accreditation

The EFTA States and the European Commission have been working together since 2010 on implementing a European accreditation policy. This includes the cofinancing of activities carried out by EA, the European co-operation for Accreditation.



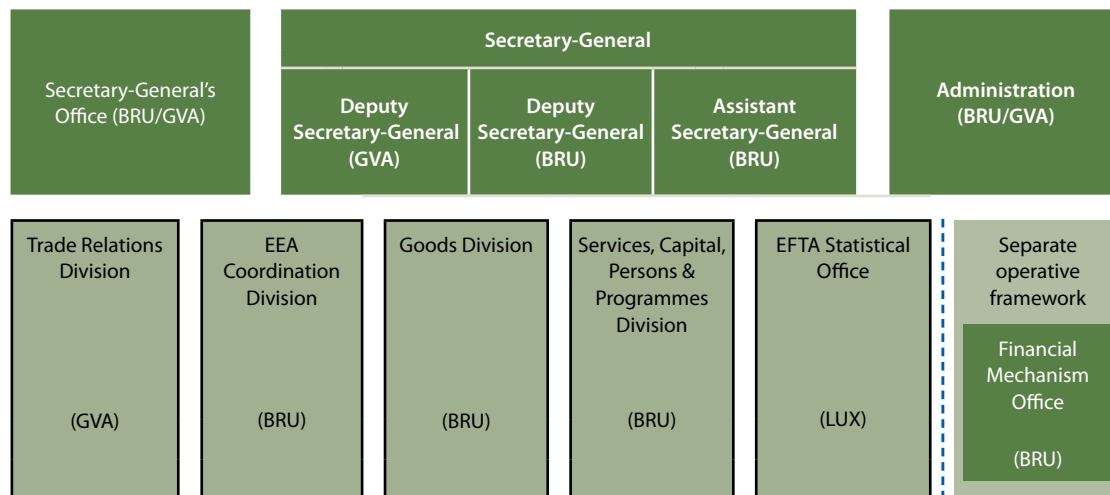
The EFTA Ministerial meeting in November 2012: Kristinn F. Árnason, Secretary-General, EFTA; Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; Össur Skarphéðinsson (Chair), Minister for Foreign Affairs and External Trade, Iceland; Roger Ingebrigtsen, State Secretary, Ministry of Trade and Industry, Norway; and Johann N. Schneider-Ammann, Federal Councillor, Head of the Federal Department of Economic Affairs, Switzerland.

EFTA Through the Years

- 1960** The European Free Trade Association (EFTA) is founded by Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom, to promote closer economic cooperation and free trade in Europe.
- 1961** Finland becomes an associate member of EFTA. The EFTA Consultative Committee is established (representatives of trade unions and employers' organisations).
- 1966** Full free trade in industrial products is achieved between the EFTA States.
- 1970** Iceland becomes a member of EFTA.
- 1973** Denmark and the United Kingdom leave EFTA to join the European Economic Community (EEC). The remaining EFTA States sign bilateral free trade agreements (FTAs) with the EEC during the 1970s.
- 1977** The EFTA Parliamentary Committee is established. Tariffs on industrial goods in trade are eliminated between the EEC and the EFTA States.
- 1979** EFTA's first FTA is signed with Spain.
- 1984** The Luxembourg Declaration on broader cooperation between the EEC and EFTA is signed.
- 1985** Portugal leaves EFTA to become a member of the EEC.
- 1986** Finland becomes a full member of EFTA.
- 1989** Negotiations start on a European Economic Space, later to become the European Economic Area (EEA). The EFTA States sign an agreement on free trade in fish.
- 1991** Liechtenstein becomes a member of EFTA. An FTA is signed with Turkey, EFTA's oldest agreement still in force. A further 12 FTAs are signed in the 1990s, of which three are still in force (Israel, Morocco and the Palestinian Authority). The others, all of which are with Central and Eastern European countries, lapse when those countries join the European Union (EU).
- 1992** The Agreement on the European Economic Area is signed in Porto, Portugal. Switzerland rejects participation in the EEA by referendum.
- 1994** The EEA Agreement enters into force between the EU and five EFTA States. An EEA financial mechanism for the reduction of economic and social disparities in the EEA is established for the period 1994-1998.
- 1995** Austria, Finland and Sweden leave EFTA to join the EU. Liechtenstein becomes a full participant in the EEA Agreement together with Iceland and Norway.
- 2000** A new EEA financial instrument is established for the period 1999-2003. Eight FTAs are signed between 2000 and 2004 (in chronological order: Macedonia, Mexico, Croatia, Jordan, Singapore, Chile, Lebanon and Tunisia).
- 2001** The updated EFTA Convention is signed in Vaduz, Liechtenstein, entering into force a year later.
- 2003** An agreement on EEA enlargement in 2004 is signed as ten Central and Southern European countries join the EU. New EEA and Norwegian financial mechanisms are established for the period 2004-2009.
- 2005** Eight FTAs are signed between 2005 and 2009 (in chronological order: Republic of Korea, Southern African Customs Union, Egypt, Canada, Colombia, Albania, the Gulf Cooperation Council and Serbia).
- 2007** An agreement on EEA enlargement is signed as Bulgaria and Romania join the EU.
- 2009** Iceland applies for EU membership. New financial mechanisms are agreed for the period 2009-2014.
- 2010** The EEA EFTA Forum of Elected Representatives of Local and Regional Authorities is established. FTAs are signed with Peru and Ukraine.
- 2011** FTAs are signed with Hong Kong China and Montenegro.
- 2012** Member States agree on further liberalisation of trade in agricultural products under the EFTA Convention.



Organisational Chart of the EFTA Secretariat



EFTA Budget 2013 (in CHF)

Fig. 1

Budget posts 2013	Budget 2013
EFTA Council and horizontal activities	2 097 000
Administration and management	3 924 000
Trade relations with countries outside the EU	4 749 000
EU/EFTA and EFTA cooperation programmes	3 173 000
EEA-related activities	7 621 000
EFTA/EU statistical cooperation	734 000
Total	22 298 000

Contributions to the EFTA Budget 2013

Fig. 2

Member State	Contributions (in CHF)	Share (as %)
Iceland	684 000	3.07
Liechtenstein	207 000	0.93
Norway	12 454 000	55.85
Switzerland	8 953 000	40.15
Total	22 298 000	100.00

FREE TRADE AGREEMENTS

EFTA's trade strategy has evolved progressively to reach beyond the confines of Europe. Since the late 1990s, the EFTA States have "gone global" with the objective of maintaining and strengthening their competitive position worldwide.

Through EFTA, the Member States have created one of the world's largest networks of preferential trade relations, which they continue to extend and upgrade. EFTA's current free trade agreement (FTA) network secures economic operators preferential access to markets of around 680 million consumers outside the European Union.

The main reason why Iceland, Liechtenstein, Norway and Switzerland use EFTA as their common vehicle for preferential trade relations is that, as a group, they carry more economic and political weight, thus being more attractive to trade partners.

At the time of writing, EFTA has concluded 24 FTAs with a total of 33 partner countries and territories outside the EU: Albania, Canada, Chile, Colombia, Croatia, Egypt, the Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong China, Israel, Jordan, Republic of Korea, Lebanon, Macedonia, Mexico, Montenegro, Morocco, the Palestinian Authority, Peru, Serbia, Singapore, the Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.

Negotiations are in progress with Bosnia and Herzegovina, Central American States, India, Indonesia, Malaysia and Vietnam, as well as with the Russian Federation, Belarus and Kazakhstan. The resumption of negotiations with Algeria and Thailand is pending.

In addition, the EFTA States have concluded joint declarations on cooperation (JDCs) with Georgia, Mauritius, MERCOSUR (comprising Argentina, Brazil, Paraguay and Uruguay), Mongolia and Pakistan. These instruments provide for a framework of dialogue and cooperation towards closer trade and

investment relations. For a full overview of EFTA's trade relations, see the map and legend on page 17.

While the EFTA States are pursuing a policy of strengthening and expanding preferential trade relations worldwide, they continue to attach the highest priority to a well-functioning multilateral trade system under the auspices of the World Trade Organization (WTO). In EFTA's view, the multilateral and bilateral approaches are mutually supportive.

Industrial Products

The EFTA States have a highly developed and diversified industrial base. Their FTAs normally grant total elimination of import duties for all industrial products.

Fishery Products

In EFTA's free trade agreements, fish and other marine products are dealt with as industrial goods, in accordance with the framework of the WTO. As the fisheries sector is of major importance to both Iceland and Norway, free trade in these products constitutes an essential element of EFTA FTAs.

Agricultural Products

EFTA, like the EU, distinguishes in its FTAs between basic agricultural products (such as grain, milk and sugar) and processed agricultural products (such as bread, chocolate and soup). In principle, EFTA grants free trade in processed products. However, certain measures are maintained to compensate for higher costs of raw materials used by EFTA's food processing industry. Basic agricultural products are negotiated bilaterally between each EFTA State and the partner country, taking into account the fact that the EFTA States do not have a common agricultural policy.

Rules of Origin

With production processes increasingly spread over several economies, rules of origin play a key role in the functioning of FTAs. These rules determine which



products may benefit from preferential conditions. In order to qualify as “originating” under an FTA, products (both industrial and agricultural) need to be either “wholly obtained” or “sufficiently worked or processed” in the territory of an FTA partner. EFTA promotes liberal and user-friendly rules of origin reflecting the needs of globalised value chains.

Trade Facilitation

In recent years, EFTA has started to include disciplines on trade facilitation in its free trade agreements. These provisions aim at simplifying and accelerating the import and export of goods, thereby enhancing predictability and reducing costs for the business community.

SPS/TBT

Sanitary and phytosanitary measures (SPS) and technical regulations and standards that may lead to technical barriers to trade (TBT) have the potential to hamper international trade significantly. Building on the relevant agreements of the WTO, EFTA FTAs feature additional elements aimed at avoiding these barriers.

Trade Remedies

Trade remedies are policy tools that allow for remedial action in exceptional cases when imports cause, or threaten to cause, serious injury to a domestic industry. EFTA FTAs normally include provisions on subsidies and countervailing duties, actions taken against selling at an unfairly low price (anti-dumping) and emergency measures to limit imports temporarily. Building on WTO law, these provisions seek to reflect the special relationship established between free trade partners.

Intellectual Property Rights

The effective protection of intellectual property rights (IPR) is essential for innovation and international trade. EFTA FTAs provide for high standards of IPR protection and contain measures to enforce such rights against infringement, including through counterfeiting and piracy. The provisions build on the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), as well as other international treaties in the area of IPR.

Services and Investment

EFTA FTAs that are concluded with European and Mediterranean countries normally contain evolutionary clauses in the area of services and investment. Other agreements liberalise trade in services, based on the WTO General Agreement on Trade in Services (GATS), and contain enhanced provisions in areas of mutual interest to the parties. The services chapter is accompanied by annexes covering specific services sectors, such as financial, telecommunications and maritime transport services.

With respect to investment, FTAs concluded by the EFTA States follow different patterns. Substantive provisions have notably been included in the FTAs with Chile, Colombia, Hong Kong China, Peru, Singapore and Ukraine. These agreements liberalise the establishment of businesses and may extend to other aspects such as the promotion of capital movements and investments.

Competition

EFTA FTAs contain rules on competition in recognition of the fact that the liberalisation of trade may be undermined by business practices that prevent, restrict or distort competition between economic actors in the free trade area. These provisions also apply to activities of public enterprises and monopolies.



Shahid Bashir, Ambassador of Pakistan to the WTO, and Össur Skarphéðinsson (Chair of the EFTA Council), Minister for Foreign Affairs and External Trade, Iceland, at the signing of the Joint Declaration on Cooperation between the EFTA States and Pakistan on 12 November 2012 in Geneva.

Public Procurement

Open public procurement markets reduce public expenditure, ensure fair competition and provide for transparency, thereby preventing corruption and other illicit purchasing practices. Chapters on public procurement have been included in several of EFTA's recent FTAs on the basis of reciprocity, non-discrimination and transparency. The WTO's revised Government Procurement Agreement (2012) provides the main reference for EFTA's negotiations in this field.

Sustainable Development

Since 2010, EFTA has been seeking to include provisions on trade and sustainable development in all free trade agreements. EFTA's model chapter on sustainable development does not aim to introduce new environmental or labour standards but to give recognition to existing instruments in the context of the FTA. EFTA's first agreements containing such provisions were concluded with Hong Kong China and Montenegro.

Joint Committee

A joint committee, composed of representatives of the EFTA States and the partner country, supervises the implementation of each FTA. Its work is typically facilitated by a subcommittee dealing with customs and origin matters. Meetings are normally held every two years.

Dispute Settlement

EFTA FTAs provide for consultations as the principal means of settling any differences that may arise with a partner country. In the unlikely event that an amicable solution cannot be found, arbitration mechanisms included in all recent agreements allow for a judicial review of the matter.

Different Levels of Economic Development

EFTA FTAs take into account the partner country's level of economic development. For instance, the EFTA States normally abolish all tariffs and other restrictions on industrial products upon entry into force of an FTA, while a less economically developed country may benefit from transitional periods to adapt to free trade conditions.



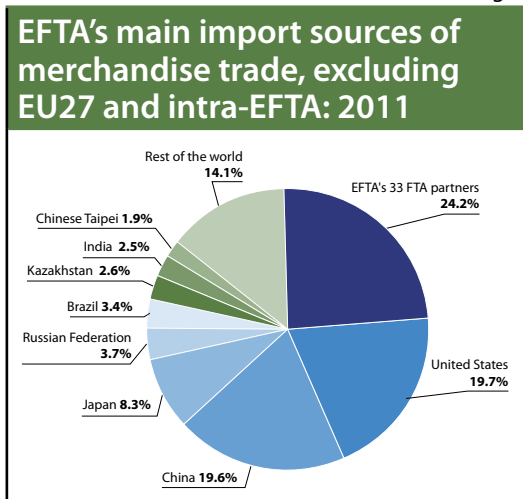
Vera Kobalia, Minister of Economy and Sustainable Development of Georgia, signing the Joint Declaration on Cooperation between the EFTA States and Georgia on 28 June 2012 in Gstaad.

EFTA Joint Declarations on Cooperation

- Cover cooperation on trade-related issues such as technical and other barriers to trade, customs and origin matters, and intellectual property rights.
- Aim to improve conditions for projects in the private sector.
- Establish a joint committee to review cooperation between the partners, to examine ways and means to liberalise trade and investment between the parties, and to discuss other issues of mutual interest.
- May prepare the ground for free trade relations between the partners.

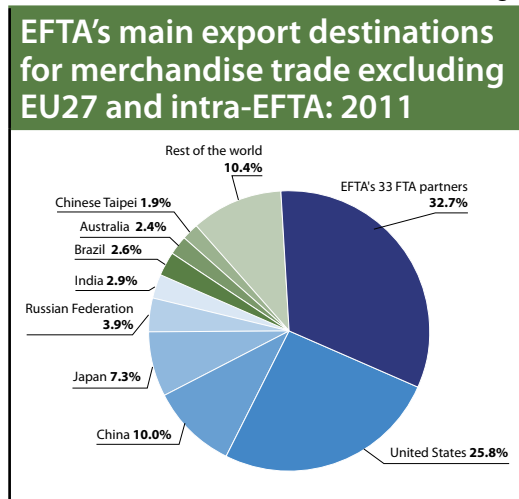
EFTA has signed JDCs with the following partners, the majority of which have gone on to become free trade partners: Albania, Algeria, Colombia, Croatia, Egypt, Georgia, the Gulf Cooperation Council, Jordan, Lebanon, Malaysia, Mauritius, MERCOSUR, Mongolia, Montenegro, Morocco, Pakistan, the Palestinian Authority, Panama, Peru, Serbia, Tunisia and Ukraine.

Fig. 3



Source: Eurostat (COMEXT)

Fig. 4



Source: Eurostat (COMEXT)

Technical Cooperation

Technical cooperation is foreseen under some of EFTA's free trade agreements, with the objective of assisting partner countries in their implementation of the FTAs and of strengthening their capacity to benefit from preferential access to the EFTA markets.

To make the best use of the available resources, EFTA's technical cooperation focuses on areas where special expertise may be provided, such as on technical standards, rules of origin and general customs procedures, fisheries, trade in services and intellectual property rights.



EFTA's main trading partners in merchandise trade: 2011 (in million EUR and as %)

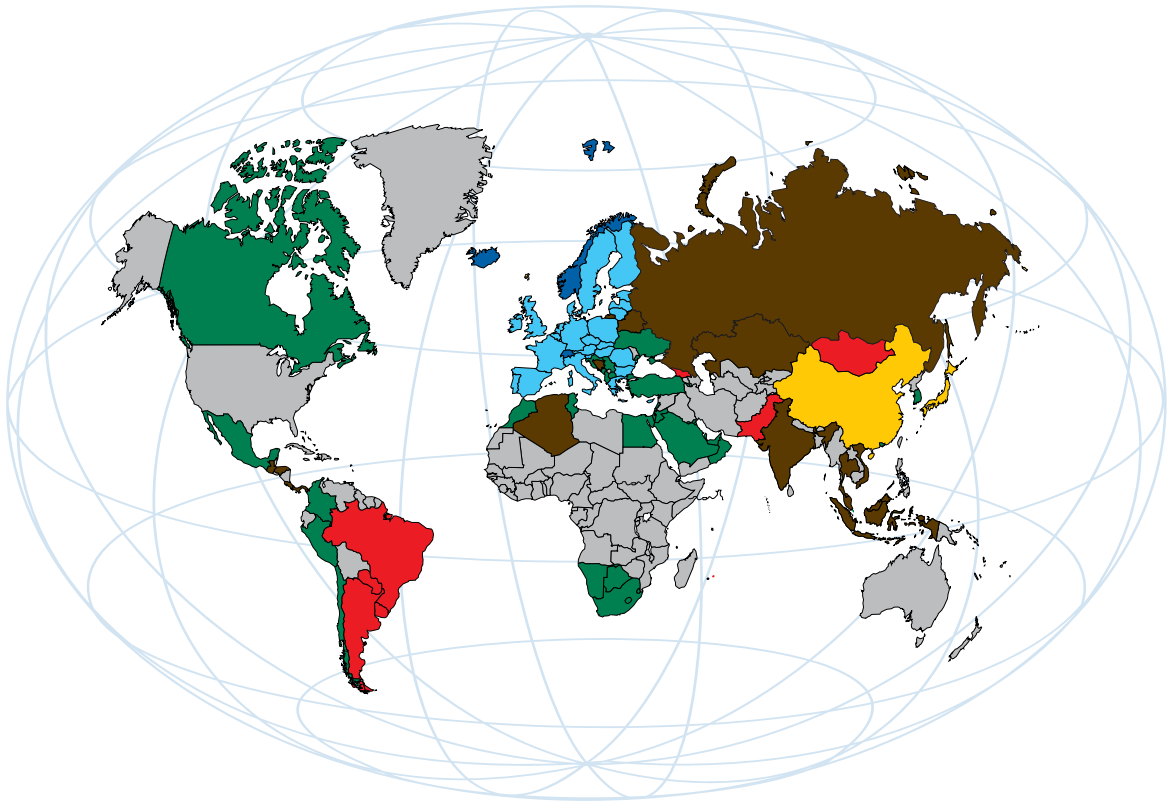
Fig. 5

Rank	Country	Total trade	Share (%)	Export	Import	Trade balance
	World	523 406	100.0	298 195	225 211	72 984
1	Free trade partners	414 602	79.2	234 184	180 417	53 767
	EU27	364 794	69.7	200 781	164 014	36 767
	EFTA's 33 FTA partners *	45 651	8.7	31 168	14 484	16 684
	Intra-EFTA	4 156	0.8	2 236	1 920	316
2	United States	36 311	6.9	24 547	11 764	12 783
3	China	21 242	4.1	9 553	11 689	-2 135
4	Japan	11 903	2.3	6 948	4 955	1 994
5	Hong Kong China	8 260	1.6	6 688	1 572	5 116
6	Canada	7 645	1.5	4 293	3 352	941
7	Russian Federation	5 940	1.1	3 688	2 253	1 435
8	Republic of Korea	5 309	1.0	3 127	2 182	945
9	Brazil	4 508	0.9	2 487	2 022	465
10	India	4 305	0.8	2 790	1 515	1 275
11	Turkey	3 625	0.7	2 437	1 188	1 249
12	Chinese Taipei	2 972	0.6	1 808	1 164	644
13	United Arab Emirates	2 917	0.6	2 504	414	2 090
14	Australia	2 748	0.5	2 264	484	1 780
15	South Africa	2 249	0.4	768	1 481	-713

Source: Eurostat (COMEXT)

* EFTA's 33 FTA partners (excluding EU27) are: Albania, Canada, Chile, Colombia, Croatia, Egypt, Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates), Hong Kong China, Israel, Jordan, Lebanon, Macedonia, Mexico, Montenegro, Morocco, Palestinian Authority, Peru, Republic of Korea, Serbia, Singapore, Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.

EFTA'S Worldwide Network



- EFTA States 4
(Free trade area)
- European Union 27
(Free trade partner)
- EFTA Free Trade Agreements 24
Albania, Canada, Chile, Colombia, Croatia, Egypt, Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates), Hong Kong China, Israel, Jordan, Republic of Korea, Lebanon, Macedonia, Mexico, Montenegro, Morocco, Palestinian Authority, Peru, Serbia, Singapore, Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.
- FTA negotiations
Algeria, Bosnia and Herzegovina, Central American States (Costa Rica, Guatemala, Honduras and Panama), India, Indonesia, Malaysia, Russian Federation/Belarus/Kazakhstan, Thailand and Vietnam.
- Declarations on Cooperation
Georgia, Mauritius, MERCOSUR (comprising Argentina, Brazil, Paraguay and Uruguay), Mongolia and Pakistan.
- Free trade relations of individual EFTA States
China, Faroe Islands and Japan.

THE EEA AGREEMENT

The Agreement on the European Economic Area (EEA), which entered into force on 1 January 1994, brings together the 27 EU Member States and three of the EFTA countries — Iceland, Liechtenstein and Norway (the EEA EFTA States) — in an internal market, also referred to as the “Single Market”.

The EEA Agreement provides for the application of EU legislation covering the four freedoms — the free movement of goods, services, capital and persons — and common rules on competition and state aid, throughout the 30 EEA States. In addition, the Agreement covers cooperation in other important areas such as research and development, education, social policy, environment, consumer protection, tourism and culture, collectively known as “flanking and horizontal” policies. The Agreement guarantees equal rights and obligations within the Single Market for citizens and economic operators in the EEA.



What Does the EEA Not Cover?

The EEA Agreement does not include the following EU policies:

- Common Agriculture and Fisheries Policies
- Customs Union
- Common Trade Policy
- Common Foreign and Security Policy
- Justice and Home Affairs (the EFTA States are part of the Schengen area)
- Economic and Monetary Union (EMU)

Decision Making

Whenever the European Union adopts or amends an act related to the Single Market, the contracting parties assess its EEA relevance with a view to amending the applicable annex to the EEA Agreement, in order to bring the Agreement as close as possible to EU legislation. This permits the harmonious development of law in the EEA, i.e. both within the EU and in the EEA EFTA States. Both sides to the EEA Agreement can request consultation on matters of concern and negotiate adaptations to the EU legislation in question.

The EEA Agreement does not transfer legislative powers from any of the contracting parties and therefore does not impose any direct effect of EU legislation on the EEA EFTA States. Following the adoption of EEA rules by the EEA Joint Committee, established by the Agreement, the EEA EFTA States implement them at national level.

Decision Shaping

The EEA EFTA States do not have the right to participate in the political decision making within the EU institutions. The EEA Agreement does, however, provide the EEA EFTA State experts with the opportunity to contribute to the shaping of EU legislation at the preparatory stage by participating in the European Commission’s expert groups and comitology committees. These expert groups advise and assist the Commission with the drafting of new laws, which the EU Council of Ministers and the European Parliament subsequently adopt. The participation of EEA EFTA experts and representatives in over 500 of these committees and expert groups is a valuable and much appreciated opportunity for acquiring information and contributing to new legislative proposals at the earliest stages of policy formation.

Participation in Programmes

Every year, more than 1500 organisations, public bodies and entities in the EEA EFTA States participate in the numerous EU programmes available to them. These programmes, projects and networks range from youth exchange and research programmes to public health and the development of digital content. More than 15 000 students from the EEA EFTA States have studied abroad through the Erasmus Programme, and many cultural institutions have participated in film, theatre or music projects through the Media and Culture Programmes. The EEA EFTA States’ participation in these programmes has proven to be beneficial for both sides, enabling EFTA participants to find partners across the European Union, and EU participants to take

advantage of the expertise and best practices that exist in the EEA EFTA States. In addition, the EEA EFTA States' financial contribution to these programmes increases their budgets significantly.

Through the EEA Agreement, the EEA EFTA States currently participate in the following EU programmes and activities (in order of decreasing budgets):

- Seventh Research Framework Programme (FP7)
- Competitiveness and Innovation Programme
- Lifelong Learning Programme
- Galileo Programme (Norway only)
- Youth in Action
- MEDIA Programme
- Erasmus Mundus II (Actions 1 and 3)
- Employment and Social Solidarity (PROGRESS)
- Culture Programme
- European Statistical Programme
- Programme of Community Action in the Field of Health
- European Institute of Innovation and Technology
- Intermodal Transport (Marco Polo II)
- Civil Protection Financial Instrument
- Implementation and Development of the Internal Market
- Consumer Programme
- European Employment Service (EURES)

- Fight Against Violence (Daphne III)
- Interoperable Delivery of European eGovernment Services to Public Administrations, Businesses and Citizens (IDABC)
- Safer Internet Plus Programme
- MEDIA Mundus Programme
- Drugs Prevention and Information Programme
- Modernisation of EU Enterprise and Trade Statistics (MEETS)
- Marco Polo Programme

A detailed overview of EU programmes can be found in the EFTA Bulletin: Issue 1-2010 and the EU programmes section of the EFTA website: www.efta.int/eea/eu-programmes.

Participation in EU Agencies

A number of EU agencies, mainly regulatory, have been set up in recent years to implement and execute EU regulations. The EEA EFTA States participate in several of these EU agencies, namely:

- European Agency for Safety and Health at Work
- European Aviation Safety Agency
- European Centre for Disease Prevention and Control
- European Centre for the Development of Vocational Training



EEA EFTA financial contribution and payment to EU programmes, agencies and other activities (payments in EUR 1 000)

Fig. 6

Sectors of activity	2011	2012
Research	144 075	168 785
Education, training and youth	27 520	30 498
Transport	12 779	16 706
Information services	3 715	4 139
Social policy and employment	2 874	3 389
Audiovisual sector	2 824	3 103
Enterprise, innovation and SMEs	2 742	1 935
Public health	2 551	3 540
Product requirements (chemicals, food and medicines)	2 489	2 238
Culture	1 320	1 482
Statistics	1 316	1 351
Environment	836	940
Consumer protection	533	573
Civil protection	290	436
Energy	220	2 105
Total EEA EFTA contribution	206 084	241 220

- European Chemicals Agency
- European Environment Agency
- European Food Safety Authority
- European Foundation for the Improvement of Living and Working Conditions
- European GNSS Agency
- European Maritime Safety Agency
- European Medicines Agency
- European Network and Information Security Agency
- European Railway Agency

Several executive agencies, whose tasks are limited to the implementation of EU programmes, have also been established.

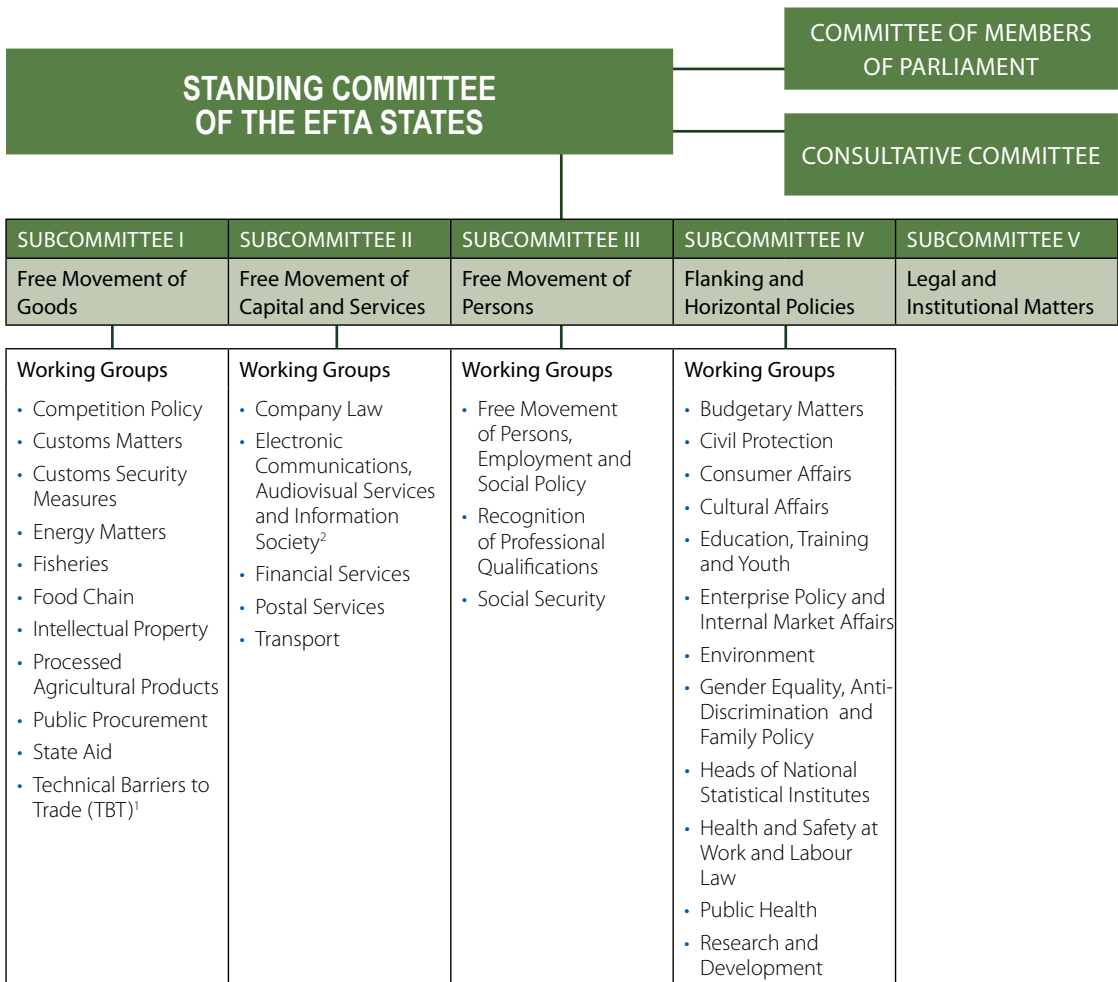
EEA EFTA Bodies

The Standing Committee of the EFTA States

The Standing Committee consists of the ambassadors to the EU of Iceland, Liechtenstein and Norway, and observers from Switzerland and the EFTA Surveillance Authority. The Committee's substructure consists of five subcommittees, under which there are several working groups.

The EFTA Surveillance Authority

Located in Brussels, the EFTA Surveillance Authority (ESA) ensures that Iceland, Liechtenstein and Norway



¹ Assisted by sector-specific expert groups.

² Assisted by the Expert Group on Data Protection.

respect their obligations under the EEA Agreement, in the same way that the EU Member States are supervised by the European Commission. It also ensures that enterprises in these countries abide by the rules relating to effective competition. ESA can investigate possible infringements of EEA provisions, either on its own initiative, or on the basis of complaints. ESA maintains close contact and cooperates frequently with the Commission.

The EFTA Court

The EFTA Court, based in Luxembourg, corresponds to the Court of Justice of the European Union in matters relating to the EEA EFTA States. The Court deals with infringement actions brought by ESA against an EEA EFTA State with regard to the implementation, application or interpretation of an EEA rule. The Court also handles the settlement of disputes between two or more EEA EFTA States. It hears appeals against decisions taken by ESA and gives advisory opinions to courts in the EEA EFTA States on the interpretation of EEA rules.

EEA EFTA Forum of Elected Representatives of Local and Regional Authorities

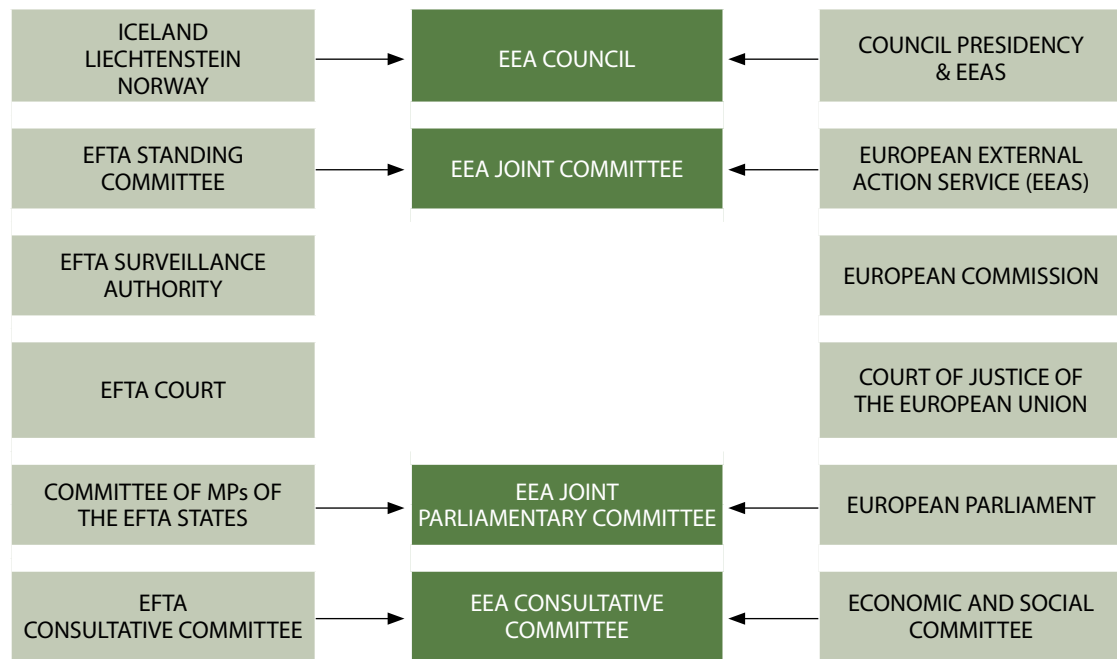
The EEA EFTA Forum is an informal body of elected representatives from local and regional authorities. The Forum expresses opinions on EEA matters of particular concern to local government, and has links with the Committee of the Regions of the EU.

Joint EEA Bodies

The EEA Council

The EEA Council meets twice a year and provides the political impetus for the development of the EEA Agreement. The EEA EFTA States are represented in the EEA Council by their respective foreign ministers. Before the Lisbon Treaty, the European Union was represented by the so-called “Troika”, which was led by the foreign minister of the rotating EU Council presidency, the European Commissioner for External Relations and the High Representative for the EU’s

The Two-Pillar Structure under the EEA Agreement



This diagram illustrates the management of the EEA Agreement. The left pillar shows the EFTA States and their institutions, while the right pillar shows the EU side. The joint EEA bodies are in the middle.

Common Foreign and Security Policy. When the two latter positions were merged under the Lisbon Treaty, the EU Council decided that the EEA Council would continue to be chaired on the EU side by the rotating presidency.

The EEA Joint Committee

The EEA Joint Committee (EEA JC) is responsible for the management of the EEA Agreement and typically meets six to eight times a year. It is a forum in which views are exchanged and decisions are taken by consensus to incorporate EU legislation into the EEA Agreement. Before the Lisbon Treaty, the EEA JC comprised the ambassadors of the EEA EFTA States and representatives of the European Commission. In accordance with the Treaty of Lisbon, responsibility for coordinating EEA matters on the EU side was moved from the European Commission to the European External Action Service following its launch on 1 December 2010.

The EEA Joint Parliamentary Committee

The EEA Joint Parliamentary Committee is an advisory body that comprises members of the national parliaments of the EEA EFTA States and Members of the European Parliament (MEPs). It is not directly involved in the EEA decision-making process, but through reports and resolutions it aims to scrutinise and influence EEA-relevant EU policies and decisions in the EEA JC.

The EEA Consultative Committee

The EEA Consultative Committee is an advisory body made up of members of the EFTA Consultative Committee and the European Economic and Social Committee. The Committee works to strengthen contacts between social partners on both sides and to cooperate in an organised and regular manner to enhance awareness of and provide input on the economic and social aspects of the EEA.

EEA and Norway Grants

The EEA and Norway Grants contribute to reducing economic and social disparities in the European Economic Area and to strengthening bilateral relations between the three EEA EFTA States and the 15 beneficiary countries in Central and Southern Europe.

Results

The five-year funding schemes under the EEA and Norway Grants have been in place since 1994. For the 2004-2009 period, EUR 1.3 billion was allocated to 1 250 projects and funds, with the Grants focusing on areas where support was most needed by the beneficiary countries, in line with wider European interests and goals. Available funding was committed in all of these countries and the implementation rate was very high. About 97% of the projects were completed by April 2012.



EFTA Seminar on the EEA

EFTA organises a biannual EEA seminar in Brussels. The aim of this seminar is to provide professionals, from both the public and private sectors, with an overview of how the EEA Agreement works in practice, including its structure and procedures.

More information regarding the EEA seminar is available on the EFTA website: www.efta.int/eea/seminars.



Chair of the Norwegian EEA Review Committee, Professor Fredrik Sejersted, speaking at the EFTA seminar on the EEA in January 2012.



The EEA and Norway Grants give special attention to the needs of vulnerable groups, such as children and youth at risk (pictured) and the Roma. Photo: © Christophe Vander Eecken.

Objectives

Under the 2009-2014 Grants, funding has increased to EUR 1.79 billion, with about 97% of the total amount being provided by Norway. The establishment of programmes began in 2011 and by the end of 2012 around 40% of the 146 programmes had been approved. There are 15 beneficiary countries: Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain. Programmes may be implemented until 2016.

Grants are available for non-governmental organisations (NGOs), research and academic institutions, and the public and private sectors. Special attention is given to the needs of vulnerable groups, such as the Roma and children and youth at risk.

There are ten priority sectors supported by the EEA and Norway Grants 2009-2014:

- **Environmental protection and management** aims to implement sustainable water management, halt the loss of biodiversity, improve compliance with environmental legislation and prevent adverse environmental effects.
- **Climate change mitigation and promotion of renewable energy** fosters reduced emissions of greenhouse gases and air pollutants, increased use of renewable energy, reduced human and ecosystem vulnerability to climate change, and climate change-related research and technology.

- **Civil society development** is being strengthened to enhance its contribution to social justice, democracy and sustainable development.
- **Human and social development** supports the well-being of children and youth at risk, local and regional initiatives reducing national inequalities and promoting social inclusion, public health initiatives, gender equality and work-life balance, and migrants and unaccompanied asylum-seeking children. The Norway Grants finance capacity-building and institutional cooperation, as well as cross-border cooperation.
- **Protection of cultural and natural heritage** through conservation, revitalisation and the promotion of diversity in culture and arts, preserves national heritage, increases cultural dialogue and fosters local communities.
- **Research and scholarship** aims to promote cooperation and mobility in research and education between the donor and beneficiary countries, and enhance the development of human capital and knowledge.
- **Carbon capture and storage** allows the safe capture and storage of carbon dioxide, contributing to climate change mitigation.
- **Green industry innovation** increases the competitiveness of green enterprises, strengthens green innovation and entrepreneurship, and creates green jobs.
- **Promotion of decent work and tripartite dialogue** improves social dialogue and cooperation between employers' organisations, trade unions and public authorities.
- **Justice and home affairs** aims to reduce gender-based violence, combat cross-border and organised crime, and support the reforms of judicial systems and correctional services.

Strengthening Bilateral Ties

The EEA and Norway Grants benefit both the donors and the beneficiaries. In more than half of the programmes, public bodies from Iceland, Liechtenstein and Norway are involved as partners to the programme operators.

The role of the donor programme partners is to advise the programme operators and contribute with their expertise in both programme planning and implementation. They also provide advice on the selection of projects to be awarded funding under the programmes, and inform potential project partners in the donor states about cooperation possibilities.

Partnerships between entities in the beneficiary and donor states are also encouraged at project level. In some programmes, project partnerships with entities from the donor states are mandatory. A partnership project is a joint project where input from both partners is necessary to achieve its objectives.

Bilateral funds

To strengthen bilateral ties in all programme areas, 1.5% of each programme's allocation is set aside to promote such cooperation in the relevant areas. At national level, a further 0.5% of the beneficiary country's allocation is earmarked for strengthening bilateral relations. Networks developed through the Grants are expected to create sustainable partnerships in the political, institutional, cultural and academic fields.

EEA EFTA Support Overview: 2004-2014

Grant schemes are negotiated and agreed between the EEA EFTA States and the European Commission on a five-year basis.

Period	EEA Grants (in million EUR)	Norway Grants (in million EUR)	Beneficiary countries*	Supported sectors	Status
2009-2014	998.5	800	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Slovenia and Spain	Environmental protection and management, climate change and renewable energy, carbon capture and storage, green industry innovation, civil society, human and social development, protection of cultural heritage, academic research and scholarship, promotion of decent work and tripartite dialogue, and justice and home affairs	Establishment of programmes began in late 2011. By the end of 2012 around 50% of the programmes had been sent to the donors for approval. Projects may be implemented until 2016.
2004-2009	672	635	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Slovenia and Spain	Environment and sustainable development (23%), conservation of European cultural heritage (21%), health and childcare (14%), human resource development (11%), Schengen and judiciary (10%), civil society (7%), academic research (7%) and regional policy and cross-border activities (4%)	1 250 projects and funds were approved in the 15 beneficiary states. About 97% of the projects were completed by the end of April 2012.

* Since 2004, Greece, Portugal and Spain have only been eligible for funding through the EEA Grants. Spain will receive transitional support until the end of 2013.

THE EFTA STATES

The four EFTA States are world leaders in several sectors vital to the global economy. EFTA's two Alpine States, Liechtenstein and Switzerland, are internationally renowned financial centres and hosts to major companies and multinationals.

The Swiss economy is based on high quality products that are competitive in world markets. Switzerland is a world leader in pharmaceuticals, biotechnology, machinery, watchmaking, banking and insurance.

Liechtenstein, despite its small size and limited national resources, is highly industrialised and specialised in capital-intensive and R&D-intensive high technology products.

EFTA's two Nordic States, Iceland and Norway, stand out in fish production, the metals industry and maritime transport.

The Icelandic economy benefits from renewable natural resources, in particular rich fishing grounds and hydro

and geothermal power. While still relying heavily on fishing and fish processing, the Icelandic economy has increasingly diversified into the aluminium and services industries.

Abundant natural resources also contribute significantly to Norway's economic strength. Key activities are related to petroleum exploration and production, hydroelectric power and fisheries. Important services sectors include maritime transport, telecommunications and energy-related services.

In 2011, the combined gross domestic product (GDP) of the EFTA States amounted to USD 1 160 billion (figure 22). In terms of purchasing power, the EFTA States represented a sizeable market, ranking alongside countries with the highest GDP per capita in the world (figure 23). The EFTA economies perform consistently well with regard to competitiveness, according to the Institute for Management Development's World Competitiveness Scoreboard 2012 and the World



General Information: 2013

Fig. 7

	Iceland	Liechtenstein	Norway	Switzerland
Name	Iceland	Principality of Liechtenstein	Kingdom of Norway	Swiss Confederation
Government	Constitutional republic	Constitutional monarchy	Constitutional monarchy	Federal republic
Head of state	President Ólafur Ragnar Grímsson	Prince Hans-Adam II of Liechtenstein	King Harald V	President of the Swiss Confederation Ueli Maurer
Head of government	Prime Minister Jóhanna Sigurðardóttir	Prime Minister Klaus Tschütscher	Prime Minister Jens Stoltenberg	President of the Swiss Confederation Ueli Maurer
Official languages	Icelandic	German	Norwegian (Bokmål and Nynorsk)	German, French, Italian, Romansh
Capital	Reykjavík	Vaduz	Oslo	Bern
Area	103 000 km ²	160 km ²	384 802 km ²	41 285 km ²
Population (1 January 2012)*	319 575	38 479	5 017 500	7 954 700
Population density (inhabitants per km ²)	3.1	240.5	13.0	192.7
Currency	Icelandic króna (ISK)	Swiss franc (CHF)	Norwegian krone (NOK)	Swiss franc (CHF)
National holiday	17 June	15 August	17 May	1 August

Source: National statistical offices and official government websites

* Liechtenstein 2011 population estimate.

Economic Forum's Global Competitiveness Index 2012 (figures 29 and 30), and EFTA citizens enjoy a high quality of life (figures 31 and 32).

The EFTA States are traditionally dependent on, and open to, international trade. As a consequence, trade accounts for a significant share of their economic activity (figure 8). In spite of their modest size, in 2011 the EFTA States together constituted the world's 12th largest merchandise trader (figure 14) and seventh largest trader in commercial services (figure 15), when counting the EU as one.

The EU is EFTA's main trading partner, accounting for 72.8 % of EFTA's merchandise imports and 67.3% of its exports in 2011 (figure 5). EFTA is the EU's third

largest trading partner, placing it before the Russian Federation (figure 9). EFTA also ranked second in trade in services in 2011, after the United States and before China, the Russian Federation and Japan (figure 10).

The EFTA States are significant investors abroad, both in terms of direct investment and portfolio investment. Their combined stock of outward foreign direct investment (FDI) in 2011 amounted to USD 1 245 billion (figures 24 to 27). The EFTA States are hosts to a significant number of major multinational companies such as Nestlé, Novartis, Roche, Statoil, UBS and ABB (figure 28).

EFTA IN FIGURES

Economic Indicators: 2011

Fig. 8

	Iceland	Liechtenstein	Norway	Switzerland	EFTA ⁷	EU27 ⁸
GDP (in million EUR at market prices) ¹	10 074	3 860	352 858	476 053	842 845	12 649 785
GDP per capita (PPS in EUR) ^{1 2}	27 600	39 400	47 500	39 300	42 279	25 200
Real GDP growth rate (as %)	2.6	n.a.	1.4	1.9	n.a.	1.5
Inflation (as %) ^{3 4}	4.2	0.1	1.2	0.1	n.a.	3.1
Unemployment (as %)	7.1	2.3	3.3	4.1	n.a.	9.7
Exports: merchandise (in million EUR) ^{5 6}	3 842	n.a.	114 512	169 506	287 860	4 184 254
Imports: merchandise (in million EUR) ^{5 6}	3 240	n.a.	66 847	157 557	227 644	4 246 376
Exports: services (in million EUR) ^{5 6}	2 135	n.a.	32 430	74 245	108 810	1 342 101
Imports: services (in million EUR) ^{5 6}	1 876	n.a.	31 992	34 939	68 807	1 131 162
Total trade balance (in million EUR) ^{5 6}	861	n.a.	48 103	51 255	100 219	148 817
Total trade (in million EUR) ^{5 6}	11 093	n.a.	245 781	436 247	693 121	10 903 893
Total trade (as % of GDP)	110.1	n.a.	69.7	91.6	82.2	86.2
Government financial balance (as % of GDP)	-5.4	n.a.	13.6	0.4	n.a.	-4.4
Government debt (as % of GDP)	98.8	n.a.	29.0	36.7	n.a.	82.5

Sources: Eurostat and national statistical offices

¹ Liechtenstein figures are from 2010.

² Liechtenstein inhabitants adjusted by cross-border commuter population.

³ The Swiss national consumer prices index applies in Liechtenstein.

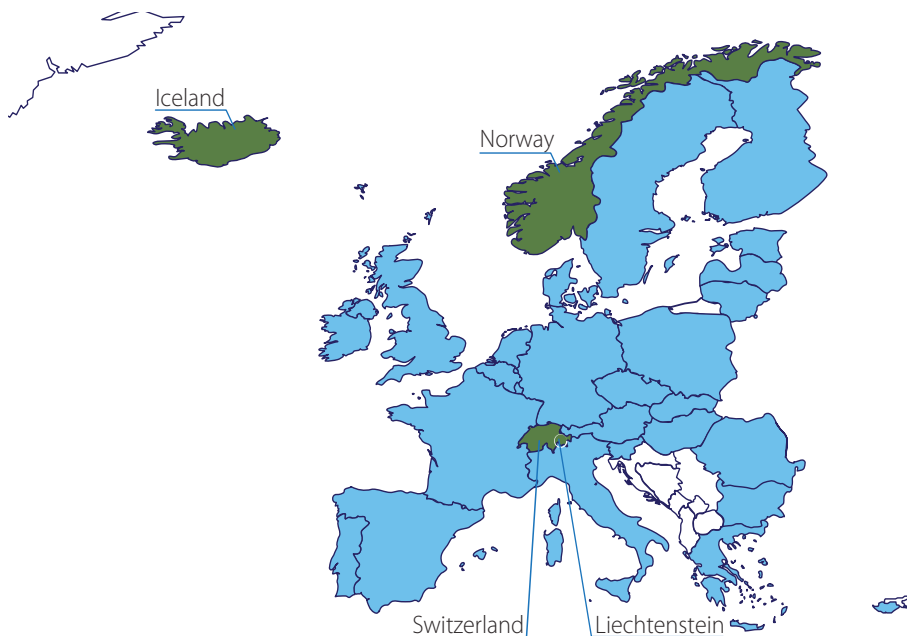
⁴ Inflation is measured by the Harmonised Index of Consumer Prices (HICP).

⁵ Liechtenstein's trade figures are included in Switzerland's due to the existence of the Swiss-Liechtenstein Customs Union.

⁶ Trade figures taken from national accounts data.

⁷ Trade figures include intra-EFTA trade.

⁸ Trade figures include intra-EU27 trade.



The EU27's top trading partners in merchandise trade: 2011

Fig. 9

(in million EUR and as %)

Rank	Partner	Import	Export	Trade	Balance	As % of EU27's external trade
	Extra EU27 *	1 714 350	1 557 591	3 271 941	-156 759	100.0
1	United States	190 073	263 602	453 675	717 276	13.9
2	China	292 509	136 245	428 754	564 998	13.6
3	EFTA	189 223	188 828	378 050	566 878	11.6
4	Russian Federation	199 834	108 391	308 225	416 617	9.4
5	Turkey	47 913	72 960	120 873	193 833	3.7

Source: Eurostat (COMEXT)

* Extra-EU27 trade refers to imports/exports of goods which enter/leave the statistical territory of the EU27 from a third country.

The EU27's top trading partners in trade in services: 2011

Fig. 10

(in million EUR and as %)

Rank	Partner	Import	Export	Trade	Balance	As % of EU27's external trade
	Extra EU27 *	603 941	482 902	1 086 843	121 040	100.0
1	United States	145 548	140 159	285 707	5 389	26.3
2	EFTA	102 222	67 285	169 508	34 937	15.6
3	China	26 245	18 314	44 560	7 931	4.1
4	Russian Federation	24 085	14 253	38 338	9 832	3.5
5	Japan	21 802	15 909	37 711	5 892	3.5

Source: Eurostat

* Extra-EU27 trade refers to imports/exports of services which enter/leave the statistical territory of the EU27 from a third country.

EFTA's merchandise trade with the world and the EU27: 2011

Fig. 11

(in million EUR and as %)

Country	Total trade with the world	Imports from the world	Exports to the world	Total trade with EU27	% of total trade with the world	Imports from EU27	Exports to EU27
Iceland	7 316	3 477	3 839	4 637	63.4	1 607	3 030
Liechtenstein *	4 290	1 593	2 698	3 042	70.9	1 423	1 619
Norway	193 389	70 505	122 884	144 477	74.7	44 363	100 115
Switzerland	318 411	149 636	168 774	212 638	66.8	116 621	96 017

Source: Eurostat (COMEXT)

* Liechtenstein's trade with Switzerland is not included due to the existence of the Swiss-Liechtenstein Customs Union.

EFTA's merchandise trade with the EU27: 2011 (in million EUR)

Fig. 12

Partner	EFTA			Iceland			Liechtenstein			Norway			Switzerland		
	Imports from	Exports to	Trade	Imports from	Exports to	Trade	Imports from	Exports to	Trade	Imports from	Exports to	Trade	Imports from	Exports to	Trade
EU27	164 014	200 781	364 794	1 607	3 030	4 637	1 423	1 619	3 042	44 363	100 115	144 477	116 621	96 017	212 638
Germany	57 579	48 316	105 895	274	575	847	595	652	1 246	8 444	13 038	21 481	48 267	34 054	82 320
United Kingdom	9 305	42 952	52 257	180	346	526	23	72	95	3 945	34 476	38 421	5 158	8 057	13 215
France	15 259	20 949	36 207	64	150	215	30	233	263	2 303	8 491	10 794	12 862	12 074	24 935
Italy	17 536	16 185	33 721	110	97	207	59	125	184	1 825	2 788	4 613	15 542	13 175	28 717
Netherlands	9 743	19 628	29 371	255	1 245	1 499	27	19	46	2 949	14 194	17 143	6 512	4 172	10 684
Sweden	10 925	9 442	20 367	135	23	159	6	38	44	9 495	8 082	17 577	1 289	1 298	2 587
Austria	7 609	6 439	14 048	30	6	36	598	291	889	508	763	1 272	6 473	5 378	11 851
Belgium	5 980	6 862	12 842	47	57	104	9	10	19	1 306	3 365	4 672	4 617	3 430	8 047
Spain	5 595	6 712	12 307	35	148	183	8	54	62	1 337	1 810	3 147	4 215	4 700	8 915
Denmark	5 400	5 365	10 765	216	88	304	4	6	10	4 437	4 457	8 894	743	814	1 557
Ireland	5 442	2 099	7 540	18	16	34	2	1	3	648	1 377	2 025	4 774	704	5 478
Poland	3 057	3 881	6 938	68	47	115	20	26	45	1 856	2 209	4 065	1 113	1 600	2 713
Finland	2 454	2 704	5 158	53	7	59	4	14	17	1 807	1 975	3 782	590	709	1 299
Czech Republic	2 493	2 422	4 915	21	2	22	9	16	25	720	1 132	1 851	1 743	1 273	3 016
Portugal	639	1 421	2 061	7	66	73	1	2	3	220	640	860	412	713	1 125
Hungary	1 013	839	1 853	10	2	12	8	12	20	306	62	368	690	764	1 453
Romania	640	819	1 458	4	1	5	3	12	15	351	188	539	282	618	900
Slovakia	866	449	1 315	8	0	9	9	11	20	306	35	341	543	402	946
Greece	158	1 089	1 246	2	13	15	0	9	9	40	180	219	116	887	1 003
Lithuania	567	424	991	16	72	88	0	3	3	513	240	754	38	108	146
Estonia	489	266	755	22	7	29	1	0	1	430	176	606	37	83	119
Slovenia	357	292	648	3	1	4	4	3	7	89	31	120	261	256	517
Luxembourg	306	339	645	1	36	37	2	5	7	110	34	144	194	264	457
Latvia	335	284	619	12	1	14	0	0	0	289	120	409	34	162	197
Bulgaria	149	234	384	2	0	2	4	4	8	46	14	60	98	216	314
Cyprus	43	103	146	0	0	1	0	2	2	35	44	79	7	57	64
Malta	26	56	82	5	1	6	0	1	1	10	5	15	11	49	60

Source: Eurostat (COMEXT)

EFTA's top 50 trading partners in merchandise trade: 2011 (in million EUR and %) Fig. 13

Rank	Country	Total trade	Share %	Export	Share %	Rank	Import	Share %	Rank	Trade balance
	World	523 406	100.00	298 195	100.00	n.a.	225 211	100.00	n.a.	72 984
	Free trade partners	414 602	79.21	234 184	78.53	n.a.	180 417	80.11	n.a.	53 767
	EU27	364 794	69.70	200 781	67.33	n.a.	164 014	72.83	n.a.	36 767
	EFTA's 33 FTA partners (excluding EU27)	45 651	8.72	31 168	10.45	n.a.	14 484	6.43	n.a.	16 684
	Intra-EFTA	4 156	0.79	2 236	0.75	n.a.	1 920	0.85	n.a.	316
1	Germany	105 895	20.23	48 316	16.20	1	57 579	25.57	1	-9 262
2	United Kingdom	52 257	9.98	42 952	14.40	2	9 305	4.13	8	33 647
3	United States	36 311	6.94	24 547	8.23	3	11 764	5.22	4	12 783
4	France	36 207	6.92	20 949	7.03	4	15 259	6.78	3	5 690
5	Italy	33 721	6.44	16 185	5.43	6	17 536	7.79	2	-1 351
6	Netherlands	29 371	5.61	19 628	6.58	5	9 743	4.33	7	9 885
7	China	21 242	4.06	9 553	3.20	7	11 689	5.19	5	-2 135
8	Sweden	20 367	3.89	9 442	3.17	8	10 925	4.85	6	-1 482
9	Austria	14 048	2.68	6 439	2.16	13	7 609	3.38	9	-1 170
10	Belgium	12 842	2.45	6 862	2.30	10	5 980	2.66	10	883
11	Spain	12 307	2.35	6 712	2.25	11	5 595	2.48	11	1 117
12	Japan	11 903	2.27	6 948	2.33	9	4 955	2.20	14	1 994
13	Denmark	10 765	2.06	5 365	1.80	14	5 400	2.40	13	-35
14	Hong Kong China	8 260	1.58	6 688	2.24	12	1 572	0.70	23	5 116
15	Canada	7 645	1.46	4 293	1.44	15	3 352	1.49	15	941
16	Ireland	7 540	1.44	2 099	0.70	27	5 442	2.42	12	-3 343
17	Poland	6 938	1.33	3 881	1.30	16	3 057	1.36	16	824
18	Russian Federation	5 940	1.13	3 688	1.24	17	2 253	1.00	19	1 435
19	Republic of Korea	5 309	1.01	3 127	1.05	19	2 182	0.97	20	945
20	Finland	5 158	0.99	2 704	0.91	21	2 454	1.09	18	250
21	Czech Republic	4 915	0.94	2 422	0.81	25	2 493	1.11	17	-70
22	Brazil	4 508	0.86	2 487	0.83	23	2 022	0.90	21	465
23	Singapore	4 385	0.84	3 447	1.16	18	938	0.42	31	2 509
24	India	4 305	0.82	2 790	0.94	20	1 515	0.67	24	1 275
25	Turkey	3 625	0.69	2 437	0.82	24	1 188	0.53	26	1 249
26	Chinese Taipei	2 972	0.57	1 808	0.61	28	1 164	0.52	27	644
27	United Arab Emirates	2 917	0.56	2 504	0.84	22	414	0.18	42	2 090
28	Australia	2 748	0.52	2 264	0.76	26	484	0.21	41	1 780
29	South Africa	2 249	0.43	768	0.26	37	1 481	0.66	25	-713
30	Thailand	2 208	0.42	1 120	0.38	32	1 089	0.48	29	31
31	Portugal	2 061	0.39	1 421	0.48	30	639	0.28	34	782
32	Kazakhstan	1 879	0.36	299	0.10	56	1 580	0.70	22	-1 282
33	Hungary	1 853	0.35	839	0.28	35	1 013	0.45	30	-174
34	Mexico	1 766	0.34	1 177	0.39	31	588	0.26	35	589
35	Saudi Arabia	1 601	0.31	1 423	0.48	29	178	0.08	55	1 244
36	Vietnam	1 490	0.28	372	0.12	48	1 119	0.50	28	-747
37	Romania	1 458	0.28	819	0.27	36	640	0.28	33	179
38	Israel	1 362	0.26	870	0.29	34	491	0.22	39	379
39	Slovakia	1 315	0.25	449	0.15	44	866	0.38	32	-418
40	Greece	1 246	0.24	1 089	0.37	33	158	0.07	58	931
41	Malaysia	1 230	0.24	733	0.25	38	497	0.22	38	236
42	Algeria	1 000	0.19	491	0.16	43	508	0.23	37	-17
43	Lithuania	991	0.19	424	0.14	46	567	0.25	36	-143
44	Ukraine	886	0.17	701	0.24	39	184	0.08	54	517
45	Nigeria	814	0.16	526	0.18	42	288	0.13	47	239
46	Estonia	755	0.14	266	0.09	62	489	0.22	40	-224
47	Indonesia	710	0.14	438	0.15	45	272	0.12	49	166
48	Egypt	654	0.12	564	0.19	41	90	0.04	76	473
49	Slovenia	648	0.12	292	0.10	57	357	0.16	44	-65
50	Luxembourg	645	0.12	339	0.11	51	306	0.14	46	32
	Other countries	20 184	3.90	12 239	3.40	n.a.	7 954	3.60	n.a.	4 285

Source: Eurostat (COMEXT)

Leaders in world merchandise trade: 2011 (in billion USD and as %)

Fig. 14

Rank	Country	Total	Share (as %) of world total	Exports	Imports
1	European Union	12 185	33.21%	6 039	6 146
2	United States	3 746	10.21%	1 480	2 266
3	China	3 642	9.93%	1 898	1 743
4	Japan	1 678	4.57%	823	855
5	Republic of Korea	1 080	2.94%	555	524
6	Hong Kong China ¹	967	2.63%	456	511
7	Canada	915	2.49%	452	463
8	Russian Federation	846	2.31%	522	324
9	Singapore ¹	775	2.11%	410	366
10	India	767	2.09%	305	463
11	Mexico	711	1.94%	350	361
12	EFTA	703	1.92%	399	304
13	Chinese Taipei	590	1.61%	308	281
14	Australia	514	1.40%	270	244
15	Saudi Arabia	496	1.35%	365	132
16	Brazil	493	1.34%	256	237
17	United Arab Emirates	490	1.34%	285	205
18	Thailand	457	1.25%	229	228
19	Malaysia	455	1.24%	227	228
20	Indonesia	377	1.03%	201	177
21	Turkey	376	1.02%	135	241
22	South Africa	218	0.60%	97	122
23	Vietnam	204	0.56%	97	107
24	Islamic Republic of Iran	194	0.53%	132	62
25	Nigeria	171	0.47%	116	55
Total of above¹		33 050	90.07%	16 405	16 644
World^{1 2}		36 693	100.00%	18 255	18 438

Source: WTO Secretariat

¹ Includes significant re-exports or imports for re-export.

² Excluding intra-EU27 trade.



Leaders in world commercial services trade: 2011 (in billion USD and as %)

Fig. 15

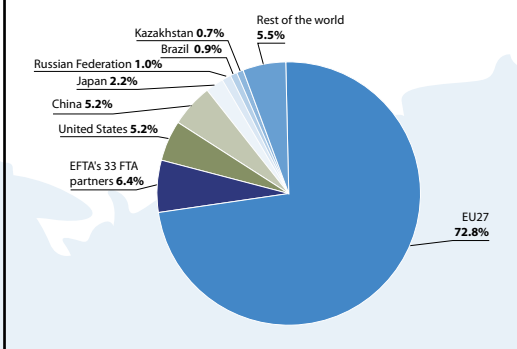
Rank	Country	Total	Share (as %) of world total	Exports	Imports
1	European Union	3 269	40.25%	1 776	1 493
2	United States	976	12.02%	581	395
3	China	419	5.16%	182	237
4	Japan	308	3.80%	142	166
5	India	260	3.20%	137	124
6	Singapore	243	2.99%	129	114
7	EFTA	233	2.87%	139	94
8	Republic of Korea	192	2.36%	94	98
10	Hong Kong China	177	2.18%	121	56
9	Canada	174	2.15%	75	100
11	Russian Federation	141	1.74%	53	88
12	Australia	110	1.36%	51	60
13	Brazil	110	1.35%	37	73
14	Thailand	92	1.13%	41	51
15	Chinese Taipei	87	1.08%	46	41
16	Malaysia	72	0.89%	35	37
17	Saudi Arabia	66	0.81%	11	55
18	United Arab Emirates	61	0.75%	12	49
19	Turkey	58	0.71%	38	20
20	Indonesia	52	0.64%	20	32
24	Macao, China	49	0.61%	40	10
21	Israel	46	0.57%	27	20
22	Mexico	40	0.50%	15	25
25	South Africa	34	0.41%	14	19
23	Ukraine	33	0.41%	19	14
24	Egypt	32	0.39%	19	13
25	Argentina	30	0.37%	14	16
Total of above		7 366	89.93%	3 867	3 498
World*		8 122	100.00%	4 169	3 953

Source: WTO Secretariat

* Excluding intra-EU27 trade.

Fig. 16

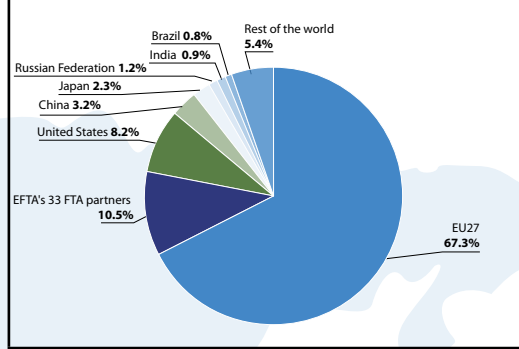
EFTA's top import sources of merchandise trade: 2011



Source: Eurostat (COMEXT)

Fig. 17

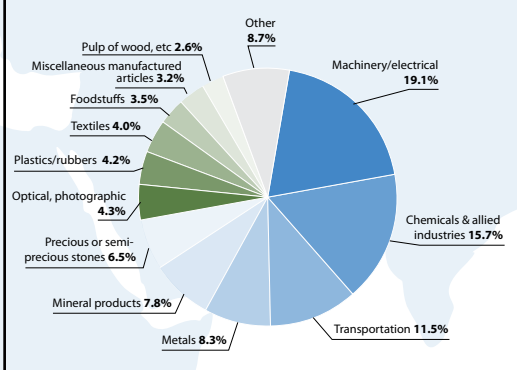
EFTA's top export destinations for merchandise trade: 2011



Source: Eurostat (COMEXT)

Fig. 18

EFTA's key imports by commodity HS* section: 2011

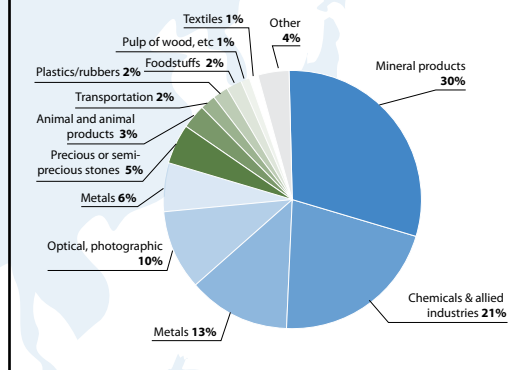


Source: Eurostat (COMEXT)

* HS: Harmonised System for Product Classification.

Fig. 19

EFTA's key exports by commodity HS* section: 2011

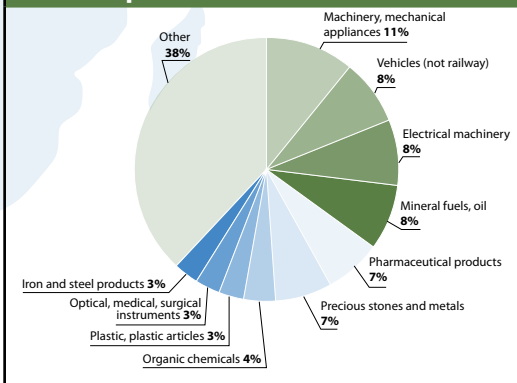


Source: Eurostat (COMEXT)

* HS: Harmonised System for Product Classification.

Fig. 20

EFTA's key imports by HS* chapter: 2011

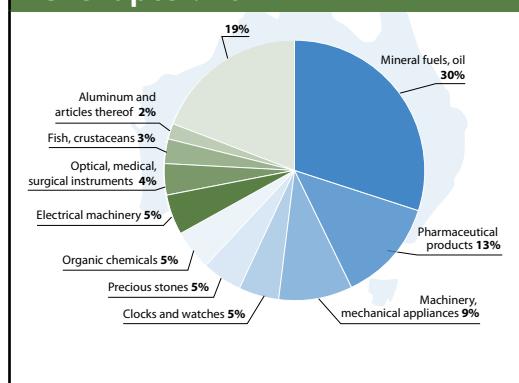


Source: Eurostat (COMEXT)

* HS: Harmonised System for Product Classification.

Fig. 21

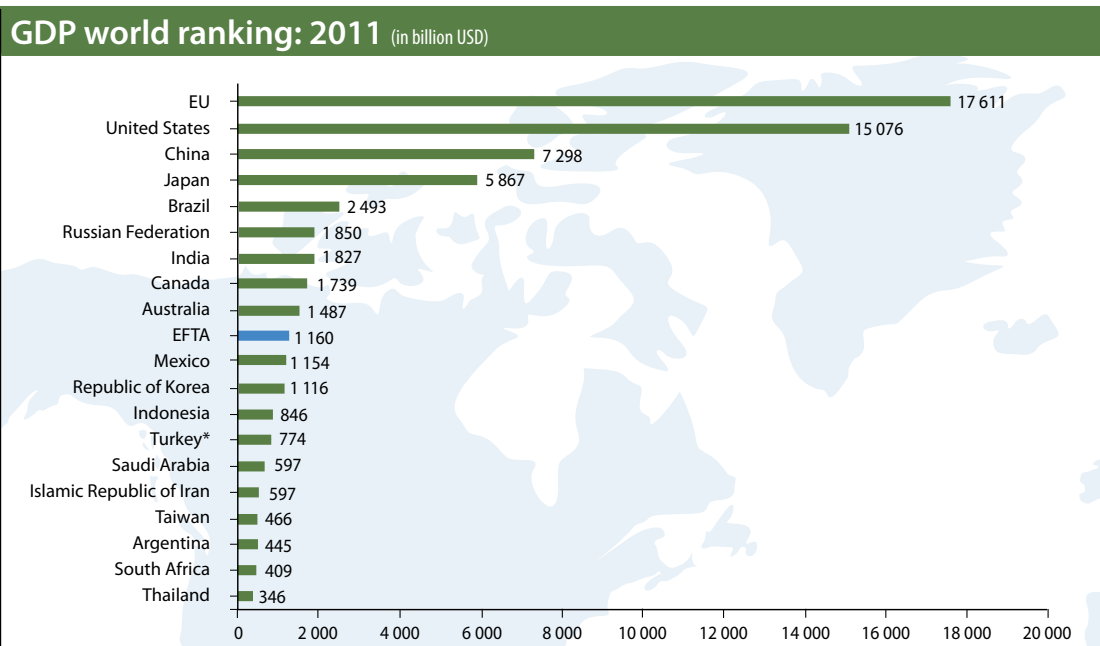
EFTA's key exports by HS* chapter: 2011



Source: Eurostat (COMEXT)

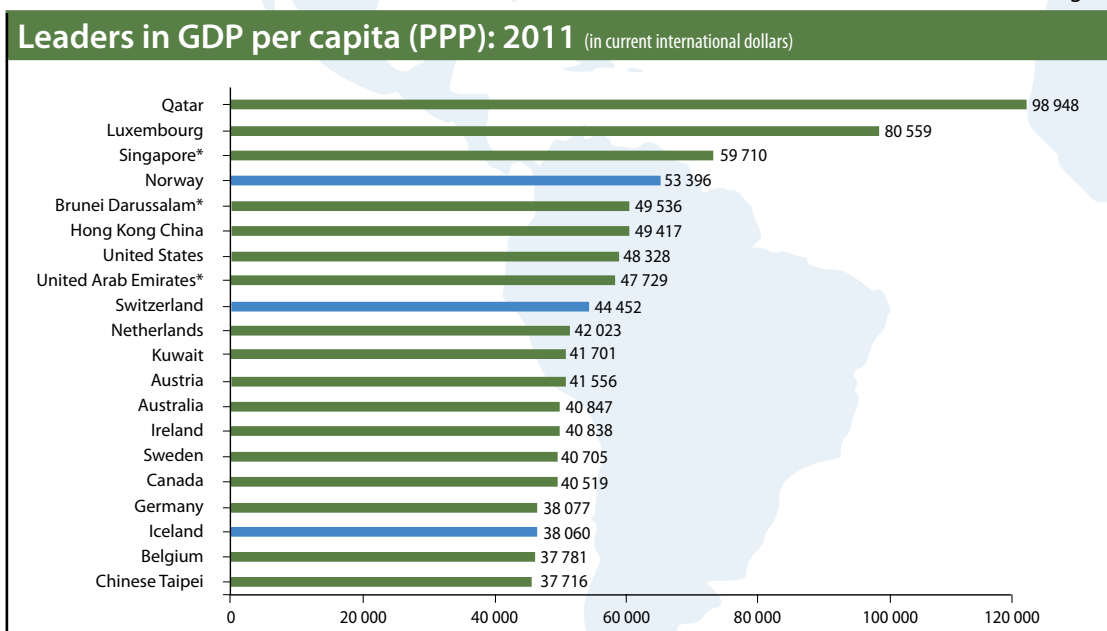
* HS: Harmonised System for Product Classification.

Fig. 22



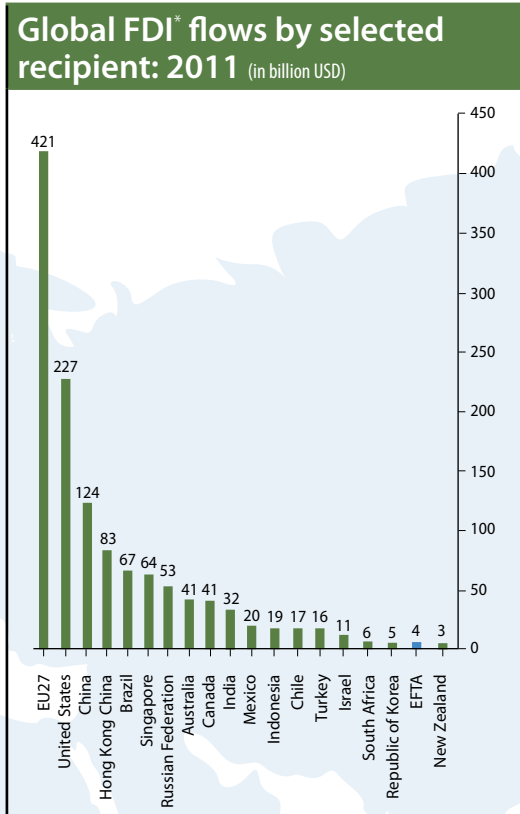
Source: International Monetary Fund, World Economic Outlook Database
 * Estimate.

Fig. 23



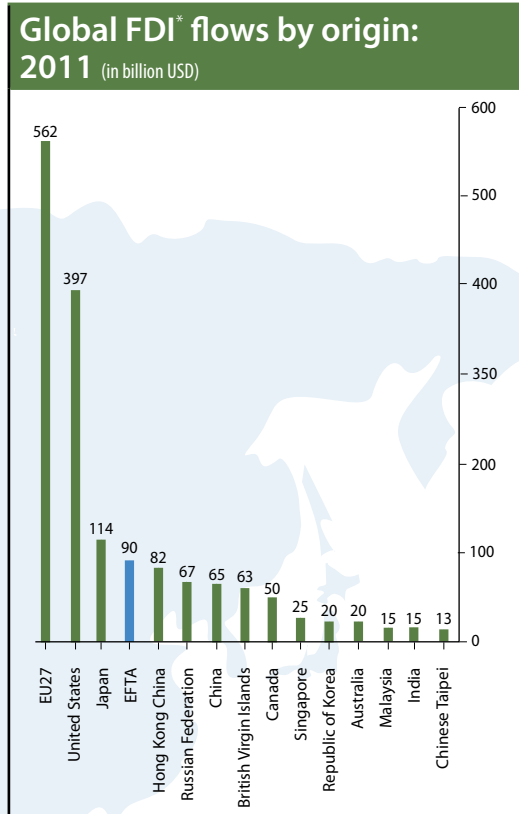
Source: International Monetary Fund, World Economic Outlook Database
 * Estimate.

Fig. 24



Source: United Nations Conference on Trade and Development (UNCTAD)
* FDI: Foreign Direct Investment.

Fig. 25

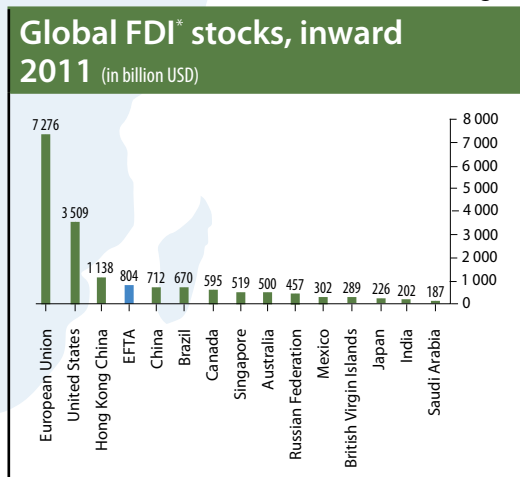


Source: United Nations Conference on Trade and Development (UNCTAD)
* FDI: Foreign Direct Investment.



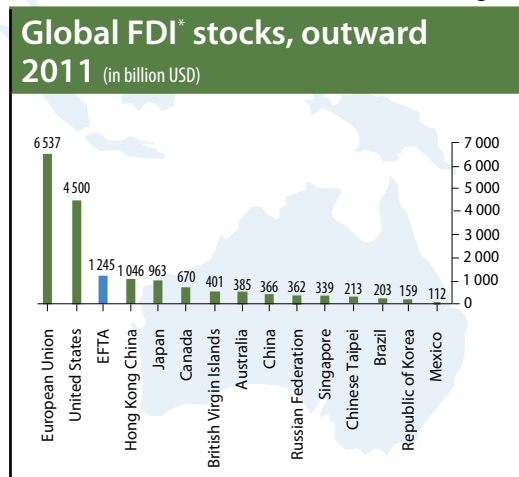
35

Fig. 26



Source: United Nations Conference on Trade and Development (UNCTAD)
* FDI: Foreign Direct Investment.

Fig. 27



Source: United Nations Conference on Trade and Development (UNCTAD)
* FDI: Foreign Direct Investment.

Top EFTA Listed Companies: 2012

Fig. 28

EFTA ranking	Europe ranking	World ranking	Company	Sector	Market value (in million USD)
1	2 (2)	12 (13)	Nestlé (CH)	Food producers	207 376.0
2	4 (6)	28 (32)	Novartis (CH)	Pharmaceuticals & biotechnology	151 760.0
3	5 (9)	29 (40)	Roche (CH)	Pharmaceuticals & biotechnology	151 496.6
4	18 (20)	65 (65)	StatoilHydro (NO)	Oil & gas	86 423.1
5	42 (35)	128 (98)	UBS (CH)	Banks	53 632.2
6	49 (50)	146 (127)	ABB (CH)	Industrial engineering	47 428.6
7	60 (72)	188 (193)	Zurich Financial Services (CH)	Nonlife insurance	39 558.8
8	72 (56)	225 (149)	Credit Suisse (CH)	Banks	34 245.4
9	79 (95)	249 (297)	Richemont (CH)	Personal goods	32 687.6
10	80 (94)	253 (291)	Syngenta (CH)	Chemicals	32 375.9
11	89 (102)	278 (333)	Telenor (NO)	Mobile telecommunications	29 772.6
12	102 (117)	359 (389)	The Swatch Group (CH)	Personal goods	24 133.6
13	106 (127)	369 (441)	Swiss Re (CH)	Nonlife insurance	23 644.3
14	119 (112)	419 (371)	Holcim (CH)	Construction & materials	21 314.5
15	121 (119)	429 (396)	Swisscom (CH)	Fixed line telecommunications	20 913.0
16	122 (110)	430 (366)	DNB Nor (NO)	Banks	20 902.2
17	123 (175)	438 (-)	Synthes (CH)	Health care equipment & services	20 578.8
18	132 (108)	464 (363)	Transocean (CH)	Oil equipment & services	19 094.0
19	142 (203)	n.a.	Seadrill (NO)	Oil equipment & services	17 500.2
20	152 (168)	n.a.	Kuhne+Nagel International (CH)	Industrial transportation	16 210.4

Source: Financial Times (FT) Global 500 Survey 2012
The FT Global 500 2012 is based on market values and prices on 30 March 2012.
(2011 rankings are indicated in brackets)

The World Competitiveness Scoreboard: 2012

Fig. 29

Rank*	Country
3 (5)	Switzerland
8 (13)	Norway
26 (31)	Iceland

Source: Institute for Management Development (IMD), World Competitiveness Yearbook 2012

The World Competitiveness Scoreboard ranks 59 countries.

* 2011 rankings are in brackets.

The Global Competitiveness Index: 2012/13

Fig. 30

Rank*	Country
1 (1)	Switzerland
15 (16)	Norway
30 (30)	Iceland

Source: World Economic Forum (WEF), The Global Competitiveness Report 2012/13

The Global Competitiveness Index ranks 144 countries.

* 2011/12 rankings are in brackets.



The Human Development Index: 2011

Fig. 31

Rank	Country	Rank	Country
1	Norway	10	Sweden
2	Australia	11	Switzerland
3	Netherlands	12	Japan
4	United States	13	Hong Kong China
5	New Zealand	14	Iceland
6	Canada	15	Republic of Korea
7	Ireland	16	Denmark
8	Liechtenstein	17	Israel
9	Germany	18	Belgium

Source: United Nations Development Programme (UNDP), the 2011 Human Development Report
The HDI - Human Development Index - is a summary composite index that measures a country's average achievements in three basic aspects of human development: health, knowledge, and a decent standard of living.

Social Indicators: 2011

Fig. 32

	Iceland	Liechtenstein	Norway	Switzerland	EU27
Life expectancy at birth – women ¹	84.1	84.2	83.6	85.0	82.6
Life expectancy at birth – men ¹	80.7	79.5	79.1	80.5	76.7
Infant mortality rate (per 1 000 live births) ^{2 3}	0.9	2.5	2.4	3.8	4.1
Population growth rate (as %)	0.3	0.7	1.3	1.1	0.3
Employment rate (as % of people aged 15 to 64 in employment)	78.5	71.4	75.3	79.3	64.3
Women	76.6	63.7	73.4	73.3	58.5
Men	80.3	79.1	77.1	85.4	70.1
Unemployment rate ⁴	7.1%	2.3%	3.3%	4.1%	9.7%

Sources: Eurostat and national statistical offices

¹ EU27 figures are from 2009.

² Liechtenstein and Swiss data are provisional.

³ EU27 figures are from 2010.

⁴ Liechtenstein unemployment is register-based unemployment.





The European Free Trade Association (EFTA) is an intergovernmental organisation for the promotion of free trade and economic integration to the benefit of its four Member States: Iceland, Liechtenstein, Norway and Switzerland. The Association is responsible for the management of:

- The EFTA Convention, which forms the legal basis of the organisation and governs free trade relations between the EFTA States;
 - EFTA's worldwide network of free trade and partnership agreements; and
 - The Agreement on the European Economic Area (EEA), which enables three of the four EFTA States (Iceland, Liechtenstein and Norway) to participate fully in the Internal Market of the European Union.
-

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