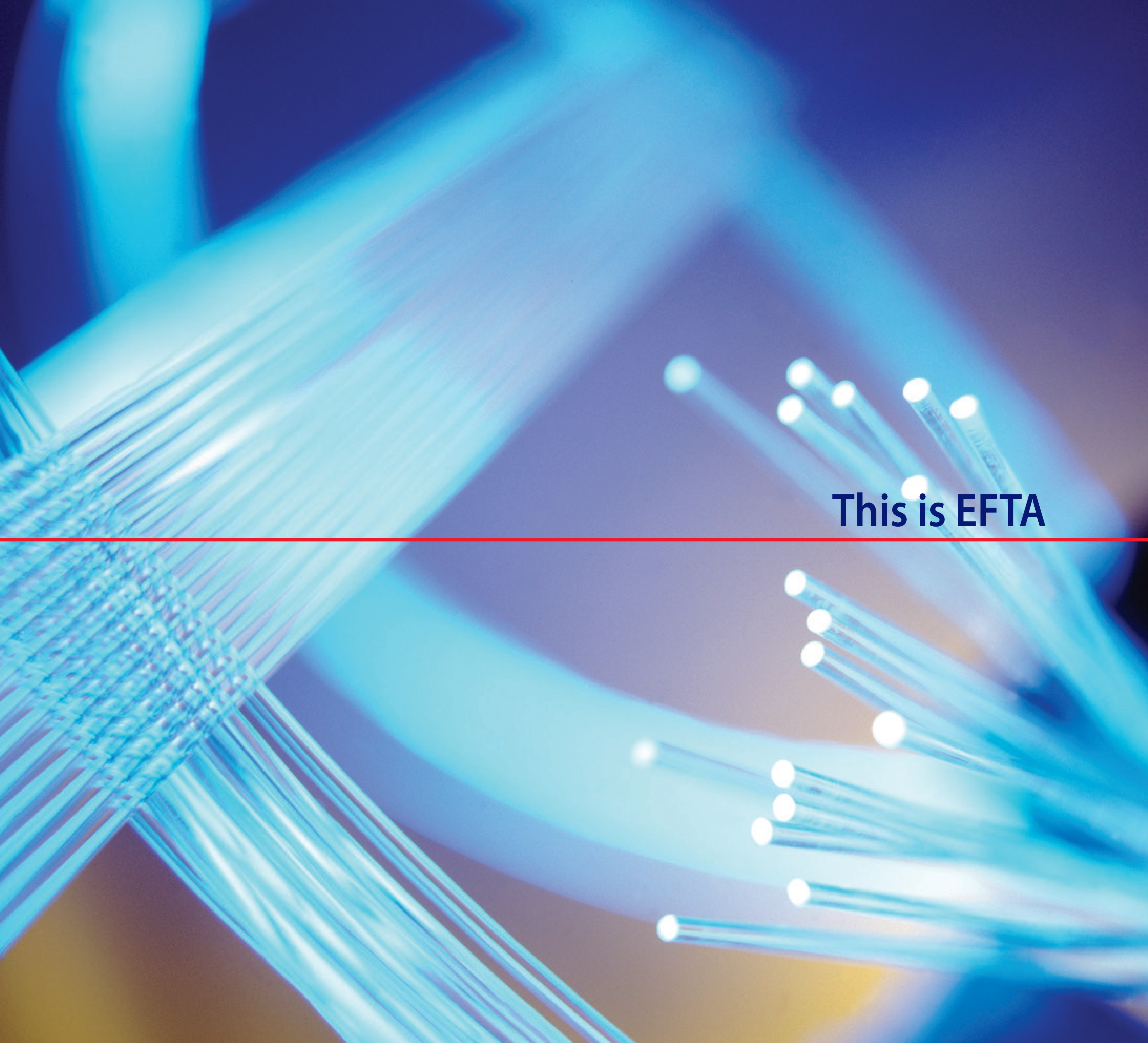

This is EFTA

2014

This is EFTA 2014

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Foreword

This is EFTA provides an overview of the activities and institutional framework of the European Free Trade Association (EFTA), which has played an important role in the political and economic development of Europe and beyond since it was established more than half a century ago.

This publication also offers updates on recent developments and presents statistical information about EFTA's Member States – Iceland, Liechtenstein, Norway and Switzerland. Together, they represent the world's twelfth largest trader in merchandise goods and sixth largest trader in commercial services, while being important markets for both outward and inward investment.

EFTA has three core tasks. The first is the liberalisation of intra-EFTA trade, which has been achieved in most areas through the EFTA Convention. Second, the EFTA States have built one of the largest networks of preferential trade relations in the world, currently consisting of 25 free trade agreements (FTAs) with 35 partners. Third, three of the four EFTA States – Iceland, Liechtenstein and Norway – are parties to the Agreement on the European Economic Area (the EEA Agreement), which ensures their participation in the Internal Market of the European Union in a comprehensive and effective manner.

The key to the remarkable success and longevity of EFTA lies in its ability to adapt to evolving political and economic realities, while serving as a highly practical and efficient economic policy instrument for its Member States.

Looking forward, EFTA has an ambitious agenda for extending its network of FTAs further, both in terms of geographical and substantive coverage. EFTA is also committed to maintaining a homogeneous Internal Market on the basis of the EEA Agreement. At the same time, EFTA's Member States remain strongly committed to the multilateral trading system embodied by the World Trade Organization and seek to develop this further.

Kristinn F. Árnason

Secretary-General

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 largely 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 with the European Union, ensuring that the EFTA States benefit from virtually the same privileged relationship among themselves as they do with the EU.

The European Free Trade Association

Representatives of the EFTA States initialling the EFTA Convention, Stockholm, November 1959. © Keystone

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 Member States (today 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, which extends the Internal Market of the European Union to three of the four EFTA States (Iceland, Liechtenstein and Norway).

EFTA and the EU 1960

EFTA and the EU 2014

EFTA

EU

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

1970 Iceland becomes a member of EFTA

1972 Denmark and the United Kingdom leave EFTA to join the European Economic Community (EEC)

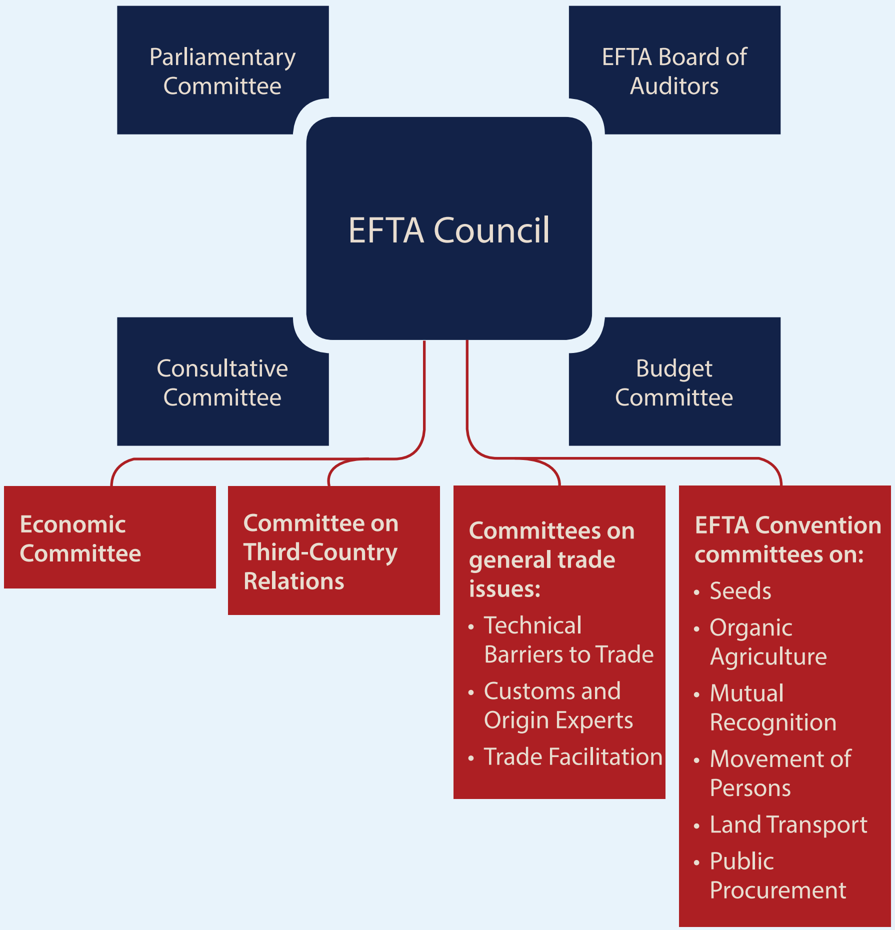
1985 Portugal leaves EFTA to become a member of the EEC

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 European Union

Council Structure



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 political guidance to EFTA's work. At their summer meeting, the EFTA Ministers discuss free trade relations and developments under the EEA Agreement. An additional meeting devoted to free trade relations is usually held towards the end of the year. Between the ministerial meetings the Council convenes 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 Customs and Origin Experts deals with cooperation in the field of customs. The Committee on Trade Facilitation seeks to improve procedures and reduce costs in cross-border trade. The Committee on Technical Barriers to Trade advises the Council on policy and financial issues regarding standardisation, conformity assessment and other issues related to technical legislation. The EFTA Board of Auditors is the auditing authority for the EFTA Secretariat. The Budget Committee assists the Council in 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 (Iceland, Liechtenstein and Norway) consult each other with a view to agreeing on a common position before meeting with the European Union in the EEA Joint Committee (for further details on the Standing Committee, see page 21).

EFTA Advisory Bodies

The EFTA Parliamentary Committee (comprising members of EFTA's national parliaments) and the EFTA Consultative Committee (made up of social partner representatives) 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 18). They also meet occasionally with their counterparts in countries where EFTA has free trade relations. For details of the EEA EFTA Forum of Elected Representatives, see page 22.

The EFTA Secretariat

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. It 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 therefore not responsible to their national governments.

The structure of the Secretariat reflects the different fields of EFTA's activities. The duty stations work closely together on implementing the EFTA Convention.

Staff at EFTA's headquarters in Geneva assist the EFTA Council and deal with the negotiation and management of free trade and partnership agreements with non-EU countries.

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.

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

Through the EFTA Secretariat in Brussels, the EFTA States, in partnership with the European Commission, financially support the development of standards-related work carried out by the European Standardisation Organisations (ESOs): **CEN**, the European Committee for Standardization; **CENELEC**, the European Committee for Electrotechnical Standardization; and **ETSI**, the European Telecommunications Standards Institute. The EFTA States and the European Commission cooperate closely to develop and implement European standardisation policy. The EFTA Secretariat has the status of European Counsellor within the ESOs, implying participation in general assemblies and selected board meetings and policy groups.

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.

EFTA Through the Years

1960 The European Free Trade Association 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 upon their accession to 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.

2013 Two FTAs are signed: with Bosnia and Herzegovina, and with Costa Rica and Panama.

EFTA Budget 2014

Fig. 1

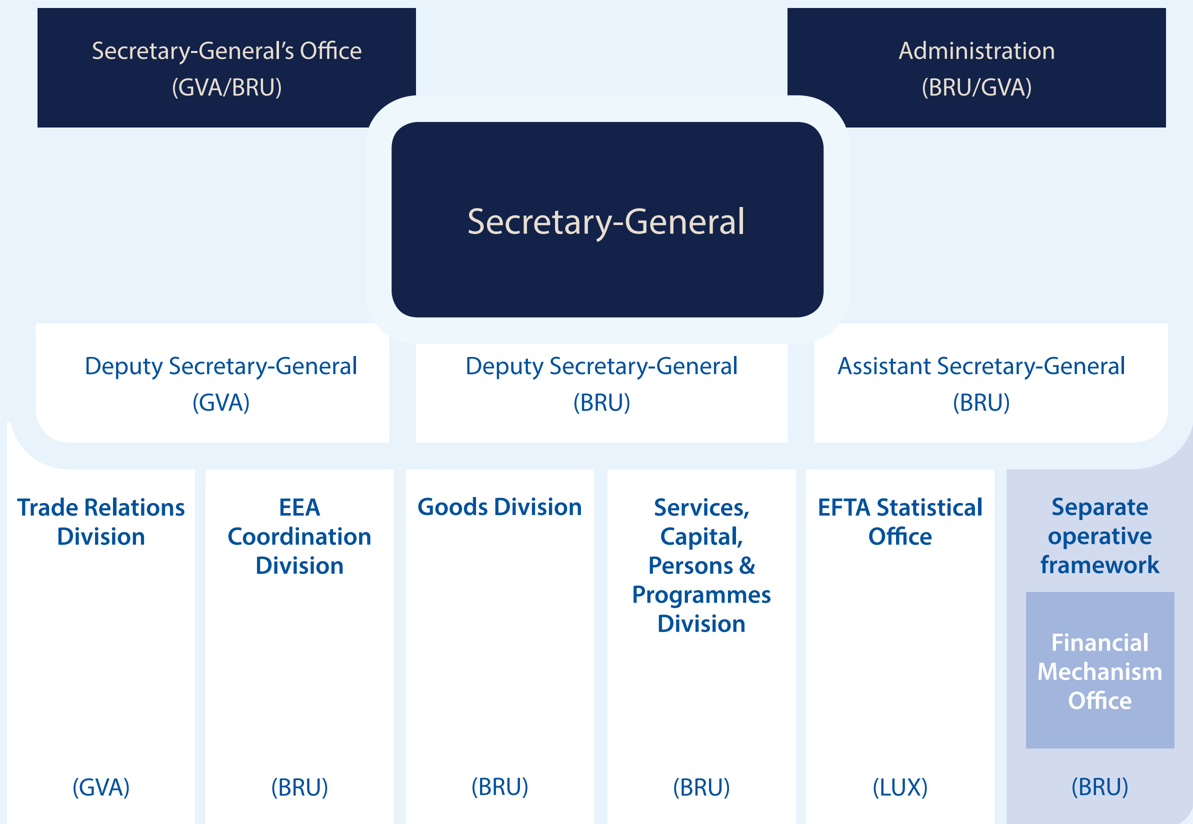
Budget posts 2014	Budget 2014 (in CHF)
EFTA Council and horizontal activities	2 104 000
Administration and management	3 658 000
Trade relations with countries outside the EU	4 562 000
EU/EFTA and EFTA cooperation programmes	3 177 000
EEA-related activities	8 145 000
EFTA-EU statistical cooperation	723 000
Total	**22 369 000**

Contributions to the EFTA Budget 2014

Fig. 2

Member State	Contributions (in CHF)	Share (as %)
Iceland	611 757	2.73
Liechtenstein	214 272	0.96
Norway	12 381 800	55.35
Switzerland	9 161 172	40.95
Total	**22 369 000**	**100.00**

Organisational Chart of the EFTA Secretariat



EFTA 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, its 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 platform for preferential trade relations is that, as a group, they carry more economic and political weight, thus being more attractive to trade partners.

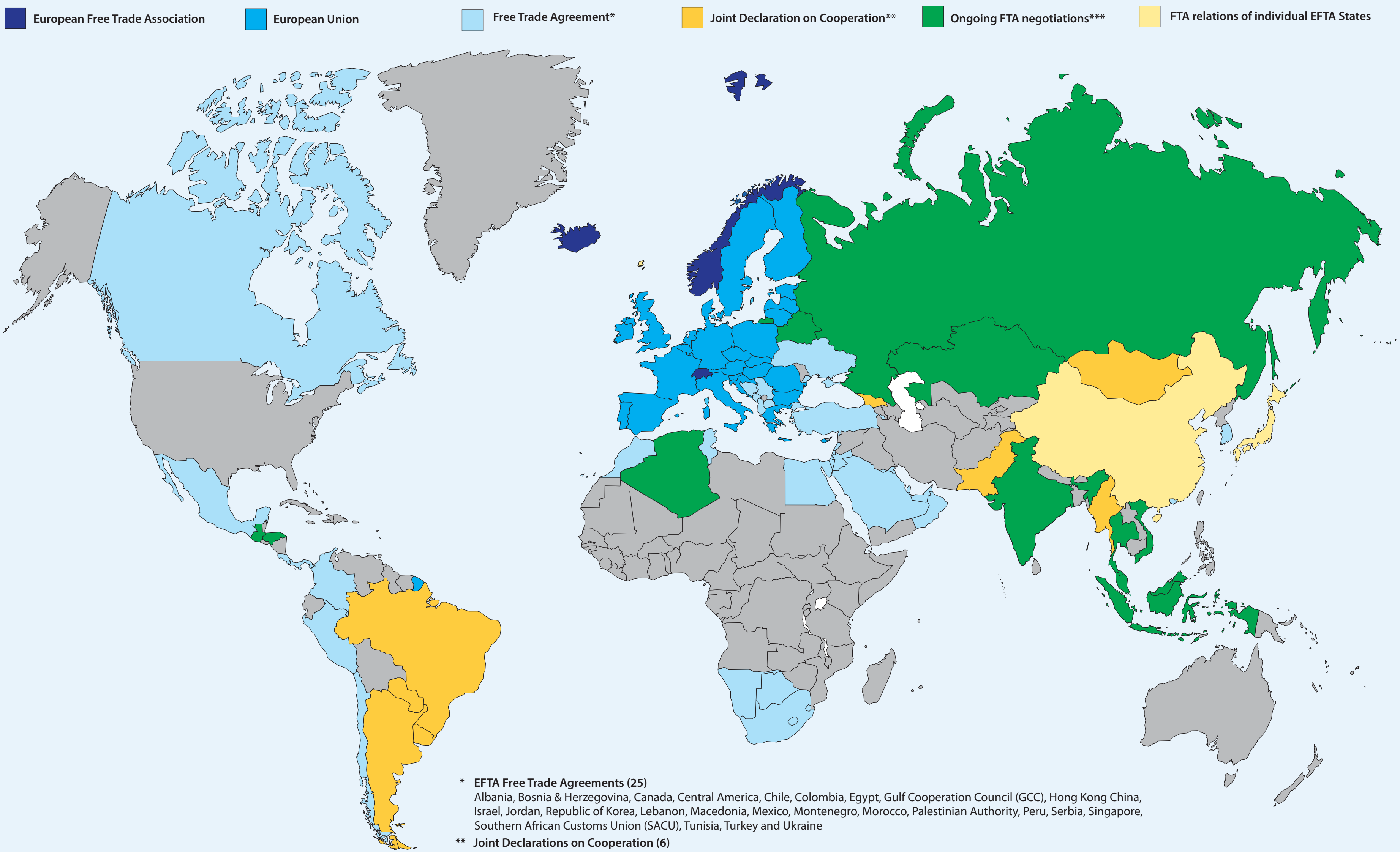
At the time of writing, EFTA has 25 FTAs with a total of 35 partners outside the EU: Albania, Bosnia and Herzegovina, Canada, the Central American States of Costa Rica and Panama, Chile, Colombia, Egypt, the Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong China, Israel, Jordan, the 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 Guatemala, India, Indonesia, Malaysia and Vietnam, as well as with the Customs Union of Russia, Belarus and Kazakhstan. Negotiations with Algeria, Honduras and Thailand are on hold.

In addition, the EFTA States have joint declarations on cooperation (JDCs) with Georgia, Mauritius, MERCOSUR (comprising Argentina, Brazil, Paraguay and Uruguay), Mongolia, Myanmar 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 12.

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.

EFTA'S Worldwide Network



* **EFTA Free Trade Agreements (25)**
Albania, Bosnia & Herzegovina, Canada, Central America, Chile, Colombia, Egypt, Gulf Cooperation Council (GCC), Hong Kong China, Israel, Jordan, Republic of Korea, Lebanon, Macedonia, Mexico, Montenegro, Morocco, Palestinian Authority, Peru, Serbia, Singapore, Southern African Customs Union (SACU), Tunisia, Turkey and Ukraine

** **Joint Declarations on Cooperation (6)**
Georgia, Mauritius, MERCOSUR (the Southern Common Market; comprising Argentina, Brazil, Paraguay and Uruguay), Mongolia, Myanmar and Pakistan

*** **Ongoing FTA negotiations**
Algeria, Guatemala, Honduras, India, Indonesia, Malaysia, Russia, Belarus, Kazakhstan, Thailand and Vietnam

Industrial Products

The EFTA States have a highly developed and diversified industrial base. Their FTAs normally grant duty-free access 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 the higher costs of domestic raw materials used by EFTA's food processing industry. Basic agricultural products are negotiated bilaterally between each EFTA State and the partner concerned, reflecting the fact that the EFTA States do not have a common agricultural policy.

Rules of Origin

With production processes often spread over several economies, rules of origin are essential to the functioning of FTAs. These rules determine which products may benefit from preferential market access. 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 FTAs. These provisions aim at simplifying and accelerating import and export procedures for goods, thereby enhancing predictability and reducing costs for the business community.

SPS/TBT

Sanitary and phytosanitary (SPS) measures, as well as technical regulations and standards which may result in technical barriers to trade (TBT), have a significant potential to hamper international trade. Building on the relevant agreements of the WTO, EFTA free trade agreements feature additional elements aimed at avoiding these barriers.

Mirko Šarović, Minister of Foreign Trade and Economic Relations, Bosnia and Herzegovina, signing the Free Trade Agreement with EFTA.

Trade Remedies

Trade remedies are policy measures designed to apply in exceptional cases when imports of goods cause, or threaten to cause, serious injury to a domestic industry. EFTA free trade agreements normally include disciplines on subsidies and countervailing duties, actions taken against selling at unfairly low prices ("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 and investment. EFTA free trade agreements 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 free trade agreements with European and Mediterranean countries normally contain evolutionary clauses with regard to trade in services and investment. Other agreements liberalise trade in services, building on the WTO General Agreement on Trade in Services (GATS), and contain enhanced disciplines in areas of mutual interest to the parties. The services chapter is complemented by annexes covering specific sectors, such as financial and telecommunications 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, Central American States, Colombia, Hong Kong China, Peru, Singapore and Ukraine. These agreements liberalise the establishment of businesses and may extend to other aspects.

Competition

Many EFTA free trade agreements feature 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 extend to the activities of public enterprises and monopolies.

Technical Cooperation

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

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

Government Procurement

Open and transparent government procurement markets reduce public expenditure by providing for fair competition and preventing corruption. Chapters on government 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) serves as the main reference for EFTA's negotiations in this field.

Sustainable Development

Since 2010, EFTA has sought to include provisions on trade and sustainable development in all of its FTAs. 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 Bosnia and Herzegovina, the Central American States of Costa Rica and Panama, Hong Kong China and Montenegro.

Joint Committee

A joint committee, composed of representatives of the EFTA States and the partner country, supervises the implementation and examines the further development 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 free trade agreements provide for consultation as the principal means of settling any differences that may arise with a partner country with regard to the implementation or interpretation of the FTA. In the unlikely event that an amicable solution cannot be found, arbitration mechanisms included in all recent FTAs allow for a judicial review of the matter.

EFTA Joint Declarations on Cooperation

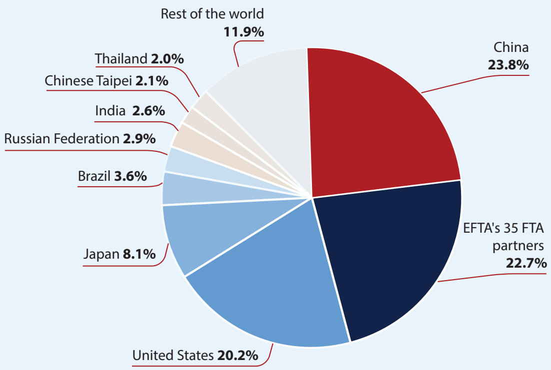
- Address cooperation on trade-related issues such as technical and other barriers to trade, customs and origin matters, and intellectual property rights.
- Aim to improve conditions for projects of private sector operators.
- Establish joint committees to discuss cooperation between partners, to examine ways and means to increase trade and investment, and to address other issues of mutual interest.
- May prepare the ground for free trade negotiations between the partners.

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

Ricardo Quijano, Minister of Trade and Industry, Panama, and Anabel González, Minister of Foreign Trade, Costa Rica, signing the EFTA-Central America Free Trade Agreement.

Fig. 3

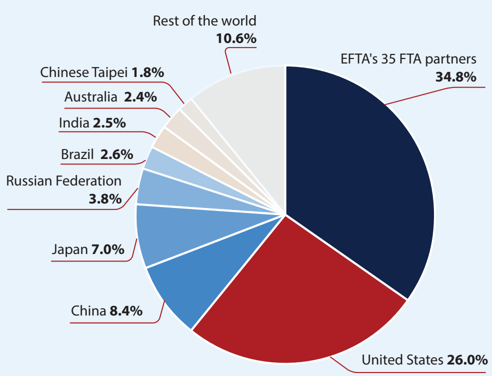
EFTA's main import sources of merchandise trade, excluding EU27 and intra-EFTA: 2012



Source: Eurostat (COMEXT), trade in non-monetary gold excluded.

Fig. 4

EFTA's main export destinations for merchandise trade, excluding EU27 and intra-EFTA: 2012



Source: Eurostat (COMEXT), trade in non-monetary gold excluded.

Different Levels of Economic Development

EFTA free trade agreements 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 the entry into force of an FTA, while a less economically developed country may benefit from transitional periods to adapt to free trade conditions.

EFTA's main trading partners in merchandise trade: 2012 (in million EUR and as %)

Fig. 5

Rank	Country	Total trade	Share (%)	Export	Import	Trade balance
	World	**534 594**	**100.0**	**307 575**	**227 019**	**80 556**
1	**Free trade partners**	**419 422**	**78.46**	**241 577**	**177 845**	**63 732**
	EU27	**365 274**	**68.33**	**203 999**	**161 275**	**42 724**
	EFTA's 35 FTA partners*	**49 730**	**9.30**	**35 259**	**14 471**	**20 788**
	Intra-EFTA	**4 418**	**0.83**	**2 319**	**2 099**	**220**
2	United States	39 205	7.33	26 375	12 830	13 545
3	China	23 697	4.43	8 534	15 163	-6 629
4	Japan	12 244	2.29	7 084	5 160	1 924
5	Hong Kong China	8 764	1.64	7 139	1 625	5 514
6	Republic of Korea	7 090	1.33	5 497	1 593	3 904
7	Canada	5 849	1.09	3 327	2 522	805
8	Russian Federation	5 655	1.06	3 800	1 855	1 945
9	Brazil	4 965	0.93	2 680	2 285	395
10	India	4 194	0.78	2 515	1 679	836
11	Turkey	3 828	0.72	2 251	1 577	674
12	United Arab Emirates	3 378	0.63	2 904	474	2 430
13	Chinese Taipei	3 169	0.59	1 851	1 318	533
14	Australia	2 803	0.52	2 413	390	2 023
15	Thailand	2 548	0.48	1 269	1 279	-10

Source: Eurostat (COMEXT), trade in non-monetary gold excluded.

* EFTA's 35 FTA partners (excluding EU27) are: Albania, Bosnia Herzegovina, Canada, Chile, Colombia, Costa Rica, 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, Panama, Peru, Serbia, Singapore, Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.

The EEA Agreement

The Agreement on the European Economic Area (the EEA Agreement), which entered into force on 1 January 1994, extends the Single Market of the European Union to three of the EFTA countries — Iceland, Liechtenstein and Norway (the EEA EFTA States).

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 EEA States. In addition, it 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 EEA Agreement guarantees equal rights and obligations within the Single Market for citizens and economic operators in the EEA.

Thorir Ibsen, Chair of the Standing Committee in the second half of 2013, and Joško Klisović, Deputy Minister of Foreign and European Affairs of the Republic of Croatia, at the signing of the agreed minutes on the enlargement of the EEA in November 2013. Croatia will become the 31st member of the EEA.

What Does the EEA Agreement NOT Cover?

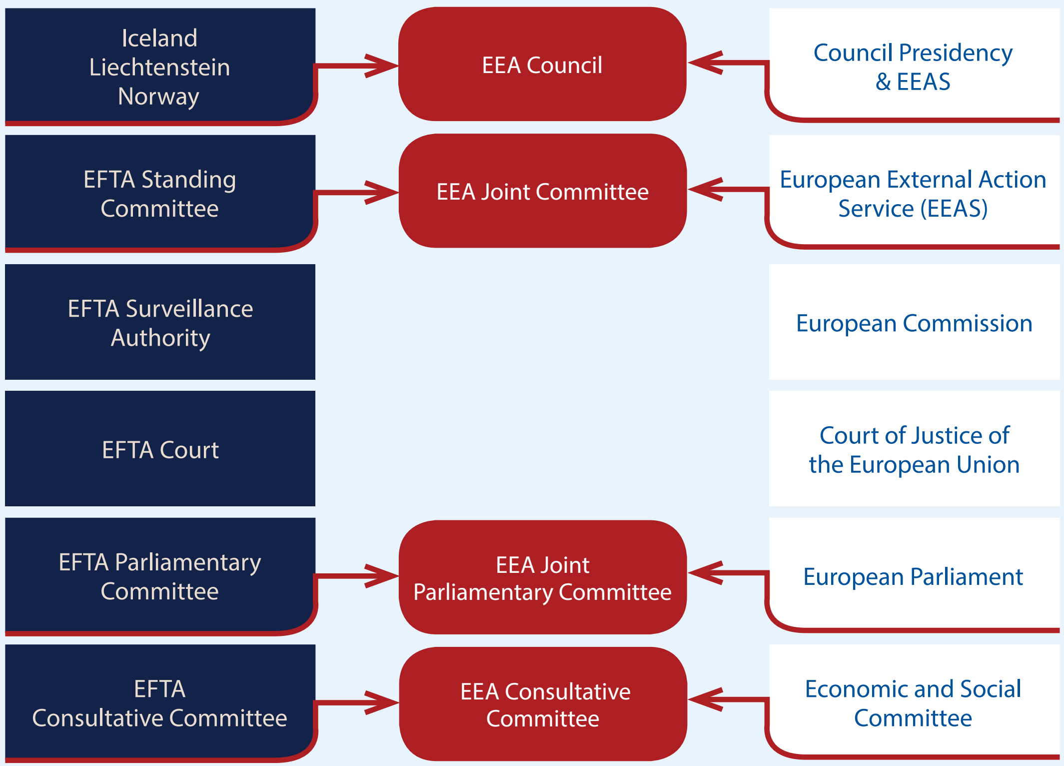
The EEA Agreement does not include the following EU policies:

- 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 align it as closely as possible with 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 act in question.

EU legislation is incorporated into the EEA Agreement through the adoption of an EEA Joint Committee Decision, and implemented by the EEA EFTA States at national level.



The Two-Pillar Structure under the EEA Agreement

The decision-making process is characterised by its two-pillar structure, illustrated in the diagram. The EEA EFTA States have not transferred any legislative competencies to the EEA institutions. However, the EEA Agreement established EEA EFTA bodies to match those on the EU side. The left pillar shows the EFTA States and their institutions, while the right pillar shows the corresponding EU institutions. Substantive decisions relating to the EEA Agreement and its operation are a joint venture with the EU and the responsibility of common bodies, in the middle column.

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 to acquire information and contribute to new legislative proposals at the earliest stages of policy formation.

Participation in Programmes

Through the EEA Agreement, the EEA EFTA States participate in a wide array of EU programmes. These programmes, projects and networks range from youth exchange and research programmes to public health and the development of digital content. Thousands of 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 been beneficial for all parties concerned, 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 contributions increase these programmes' budgets significantly.

During the period programme period 2007-2013, the EEA EFTA States participated in the following EU programmes (highest budget first):

- Seventh Framework Programme for Research (FP7)
- Lifelong Learning Programme
- Galileo Programme
- Competitiveness and Innovation Framework Programme (CIP)
- Youth in Action Programme
- MEDIA and MEDIA Mundus Programmes
- Employment and Social Solidarity – PROGRESS Programme
- Erasmus Mundus II
- Marco Polo II Programme
- Culture Programme
- Public Health Programme
- European Statistical Programme
- Interoperability Solutions for Public Administrations (ISA) Programme
- Community Mechanism for Civil Protection
- Consumer Programme
- Combating Violence – Daphne III Programme
- Safer Internet Plus (2005-2008) and the Safer Internet Programme (2009-2013)
- Modernisation of European Enterprise and Trade Statistics (MEETS) Programme
- Drug Prevention and Information Programme

EEA EFTA financial contributions to EU programmes, agencies and other activities

(payments in EUR 1 000)

Fig. 6

Sectors of activity	2012	2013
Research	168 785	206 140
Education, training and youth	30 498	37 654
Transport	16 706	28 033
Information services	4 139	3 946
Social policy and employment	3 389	3 065
Audiovisual sector	3 103	3 310
Enterprise, innovation and SMEs	1 935	10 771
Public health	3 540	2 921
Product requirements (chemicals, food and medicines)	2 238	3 032
Culture	1 482	1 576
Statistics	1 351	1 424
Environment	940	1 003
Consumer protection	573	673
Civil protection	436	458
Energy	2 105	3 477
Total EEA EFTA contribution	**241 220**	**307 500**

A new generation of programmes has been established for the period 2014-2020. The EEA EFTA States are currently negotiating their participation in a range of programmes within this new framework. A detailed overview of EU programmes can be found in the EFTA Bulletin: Issue 1-2010 and the "EU Programmes with EEA EFTA Participation" section of the EFTA website: www.efta.int/eea/eu-programmes.

Committee of Members of Parliament

Consultative Committee

Standing Committee of the EFTA States

Subcommittee I
Free Movement of Goods

Working Groups
- Competition Policy
- Customs Matters
- Customs Security Measures
- Energy Matters
- Fisheries
- Food Chain
- Intellectual Property
- Processed Agricultural Products
- Public Procurement
- State Aid
- Technical Barriers to Trade

Subcommittee II
Free Movement of Capital and Services

Working Groups
- Company Law
- Electronic Communications, Audiovisual Services and Information Society
- Financial Services
- Postal Services
- Transport

Subcommittee III
Free Movement of Persons

Working Groups
- Free Movement of Persons, Employment and Social Policy
- Recognition of Professional Qualifications
- Social Security

Subcommittee IV
Flanking and Horizontal Policies

Working Groups
- Budgetary Matters
- Civil Protection
- Consumer Affairs
- Cultural Affairs
- Education, Training and Youth
- Enterprise Policy and Internal Market Affairs
- Environment
- Gender Equality, Anti-Discrimination and Family Policy
- Heads of National Statistical Institutes
- Health and Safety at Work and Labour Law
- Public Health
- Research and Development

Subcommittee V
Legal and Institutional Matters

Participation in EU Agencies

A number of EU decentralised agencies have been set up in recent years to implement EU policies. 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
- European Chemicals Agency
- European Environment Agency
- European Food Safety Authority
- European Foundation for the Improvement of Living and Working Conditions
- European Global Navigation Satellite Systems (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. The EEA EFTA States contribute to the operation of many of these agencies through their participation in the relevant EU programmes.

EEA EFTA and Joint EEA Bodies

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 one another and arrive at a common position before meeting with the EU in the EEA Joint Committee. It 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 EEA Joint Committee

The EEA Joint Committee 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 Joint Committee 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 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 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.

Supervisory Bodies

The EFTA Surveillance Authority

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

EFTA Seminar on the EEA

EFTA organises a regular 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.

Discussing the role of the EEA in a multi-speed Europe – at the EEA Seminar in March 2013. Christa Tobler, Professor of European Law, Universities of Leiden (NL) and Basel (CH); Kurt Jäger, Ambassador of Liechtenstein to the EU; Marc Maresceau, Professor of European Law, University of Gent; Oda Helen Sletnes, President, EFTA Surveillance Authority; and Jean-Claude Piris, former Director-General of the Legal Service of the Council of the European Union.

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.

Advisory Bodies

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. 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 Joint Committee.

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 regarding the economic and social aspects of the EEA.

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 in the EEA EFTA States. 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.

EEA Grants and Norway Grants

The EEA Grants 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 16 beneficiary countries in Central and Southern Europe.

Reducing economic and social disparities among people in 16 European countries. Poland is the largest beneficiary of the EEA and Norway Grants. Photo: Maciek Nabradalik.

Results

The five-year funding schemes under the EEA Grants and Norway Grants have been in place since 1994. For the 2004-2009 period, EUR 1.3 billion was allocated to 1 155 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 had been completed by the end of 2013.

Objectives

Under the 2009-2014 Grants, funding has increased to EUR 1.79 billion. EUR 993 million is financed by the EEA Grants, with Norway providing around 94%, Iceland close to 5% and Liechtenstein just over 1%. The Norway Grants (EUR 800 million) are financed by Norway alone. The establishment of programmes began in 2011, and by the end of 2013, 143 of 147 programmes had been approved. There are 16 beneficiary countries: Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain. Programmes may be put into effect until 2016.

Grants are available for non-governmental organisations, 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 Grants 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** contributes to safe capture and storage of carbon dioxide.
- **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 Grants and Norway Grants seek to strengthen relations between 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 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	993	800	Bulgaria, Croatia, 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, protecting 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 2013, 143 of 147 programmes had been approved. 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 had been completed by the end of 2013.

* Since 2004, Greece, Portugal and Spain have only been eligible for funding through the EEA Grants. Spain received 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. Liechtenstein, despite its small size and limited national resources, is highly industrialised and specialised in capital-intensive and R&D-driven technology products.

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.

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 other industries and services.

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.

General Information: 2014

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 Didier Burkhalter
Head of Government	Prime Minister Sigmundur Davíð Gunnlaugsson	Prime Minister Adrian Hasler	Prime Minister Erna Solberg	President of the Swiss Confederation Didier Burkhalter
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 2013)	321 857	36 838	5 051 275	8 039 060
Population Density (inhabitants per km^2)	3.1	230.2	13.1	194.7
Currency	Icelandic króna (ISK)	Swiss franc (CHF)	Norwegian krone (NOK)	Swiss franc (CHF)
National Holiday	17 June	15 August	17 May	1 August

Sources: Official government websites and Eurostat

In 2012, the combined gross domestic product (GDP) of the EFTA States amounted to USD 1 144 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 2013 and the World Economic Forum's Global Competitiveness Index 2013 (figures 29 and 30), and EFTA citizens enjoy a high quality of life (figure 31).

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 2012 the EFTA States together constituted the world's twelfth largest merchandise trader (figure 14) and sixth largest trader in commercial services (figure 15), when counting the EU as one.

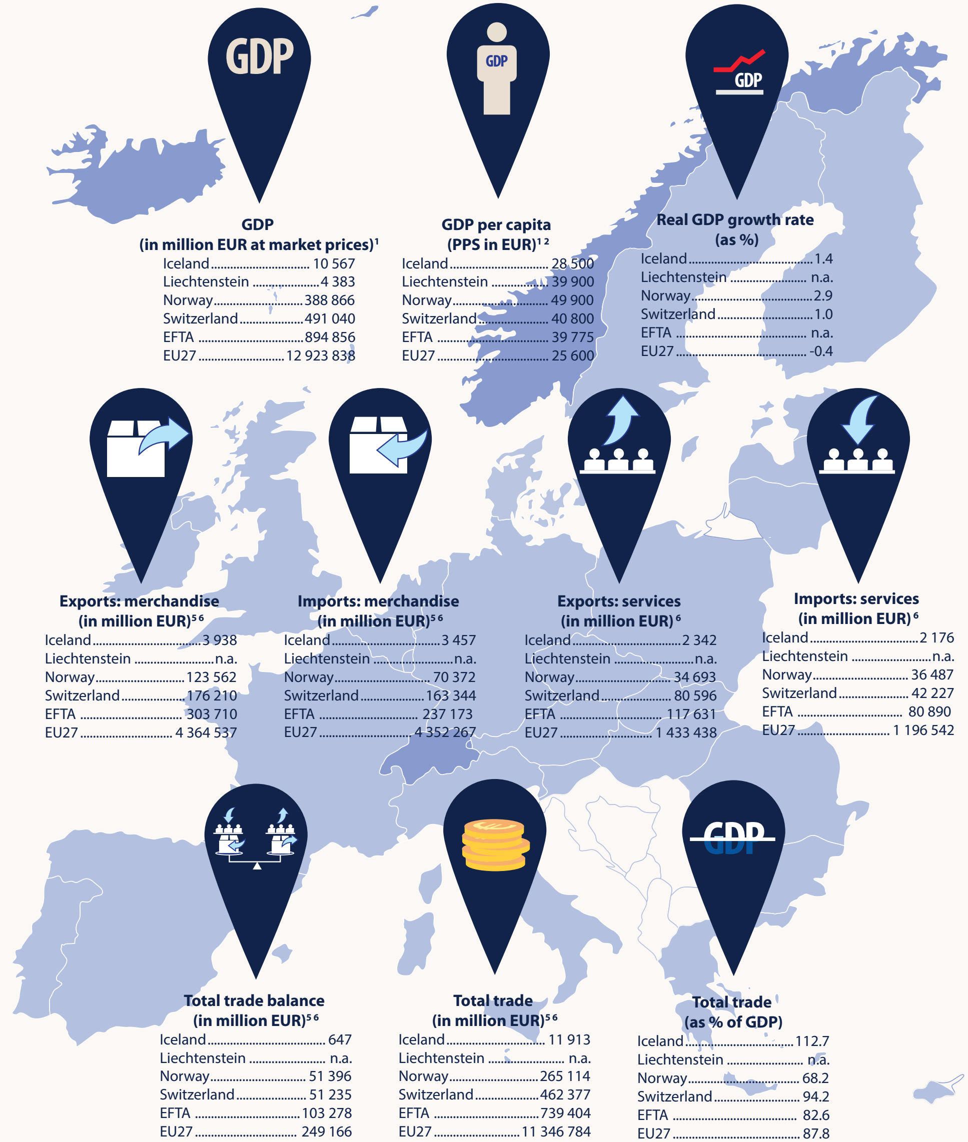
The EU is EFTA's main trading partner, accounting for 71.0% of EFTA's merchandise imports and 66.3% of its exports in 2012 (figure 5). EFTA is the EU's third largest trading partner, placing it before the Russian Federation (figure 9). EFTA also ranked second in trade in services in 2012, after the United 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 in 2012 amounted to USD 1 356 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 2012

Fig. 8



	GDP (in million EUR at market prices)[1]	GDP per capita (PPS in EUR)[1,2]	Real GDP growth rate (as %)
Iceland	10 567	28 500	1.4
Liechtenstein	4 383	39 900	n.a.
Norway	388 866	49 900	2.9
Switzerland	491 040	40 800	1.0
EFTA	894 856	39 775	n.a.
EU27	12 923 838	25 600	-0.4

	Exports: merchandise (in million EUR)[5,6]	Imports: merchandise (in million EUR)[5,6]	Exports: services (in million EUR)[6]	Imports: services (in million EUR)[6]
Iceland	3 938	3 457	2 342	2 176
Liechtenstein	n.a.	n.a.	n.a.	n.a.
Norway	123 562	70 372	34 693	36 487
Switzerland	176 210	163 344	80 596	42 227
EFTA	303 710	237 173	117 631	80 890
EU27	4 364 537	4 352 267	1 433 438	1 196 542

	Total trade balance (in million EUR)[5,6]	Total trade (in million EUR)[5,6]	Total trade (as % of GDP)
Iceland	647	11 913	112.7
Liechtenstein	n.a.	n.a.	n.a.
Norway	51 396	265 114	68.2
Switzerland	51 235	462 377	94.2
EFTA	103 278	739 404	82.6
EU27	249 166	11 346 784	87.8

Sources: Eurostat and national statistical offices

1 Liechtenstein figures are from 2011.
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 Figure is from 2011.

The EU27's top trading partners in merchandise trade: 2012

Fig. 9

(in million EUR and as %)

Rank	Partner	Import	Export	Trade	Balance	As % of EU27's external trade
	Extra-EU27*	1 794 590	1 689 780	3 484 370	-104 810	100.0
1	United States	205 953	292 338	498 291	86 385	14.3
2	China	290 342	143 957	434 299	-146 385	12.5
3	**EFTA**	**209 127**	**186 329**	**395 456**	**-22 798**	**11.3**
4	Russian Federation	213 243	123 053	336 296	-90 190	9.7
5	Turkey	47 901	75 175	123 076	27 274	3.5

Source: Eurostat (COMEXT), trade in non-monetary gold excluded.

* Extra-EU27 trade includes 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: 2012

Fig. 10

(in million EUR and as %)

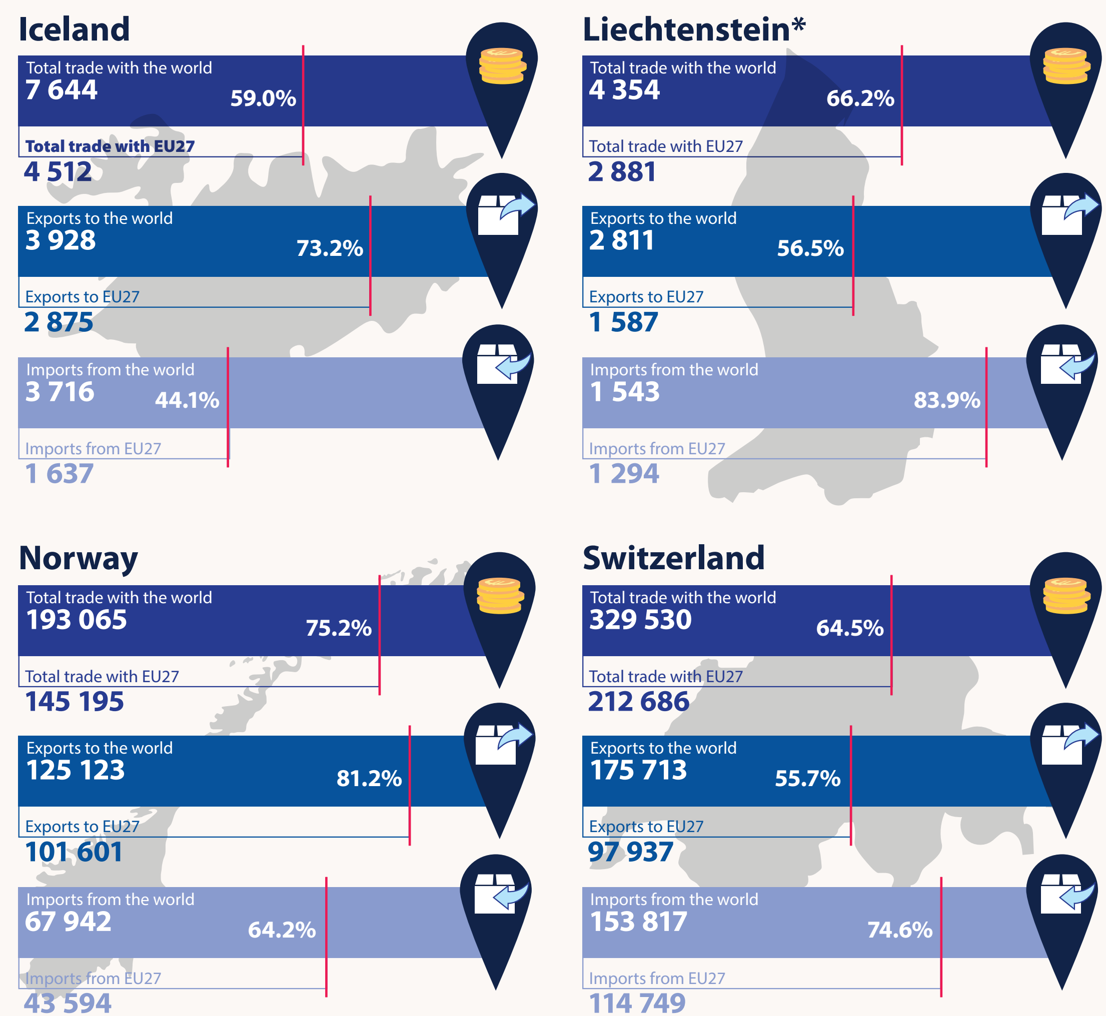
Rank	Partner	Import	Export	Trade	Balance	As % of EU27's external trade
	Extra-EU27*	513 565	661 937	1 175 503	148 372	100.0
1	United States	150 736	164 646	315 382	13 910	26.8
2	**EFTA**	**74 166**	**105 135**	**179 302**	**30 969**	**15.3**
3	China (except Hong Kong)	19 942	29 376	49 318	9 433	4.2
4	Russia	15 095	29 049	44 144	13 955	3.8
5	Japan	15 575	24 737	40 312	9 162	3.4

Source: Eurostat

* Extra-EU27 trade includes 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: 2012 Fig. 11

(in million EUR and as %)



Source: Eurostat (COMEXT), trade in non-monetary gold excluded.

* 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: 2012

Fig. 12

(in million EUR)*

	EFTA			Iceland			Liechtenstein			Norway			Switzerland		
Partner	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	**161 274**	**204 000**	**365 274**	**1 637**	**2 875**	**4 512**	**1 294**	**1 587**	**2 882**	**43 594**	**101 601**	**145 195**	**114 748**	**97 937**	**212 685**
Germany	54 902	50 861	105 763	341	506	846	578	663	1 241	8 417	14 980	23 398	45 566	34 713	80 278
United Kingdom	9 962	43 043	53 005	173	387	560	23	71	94	4 158	33 131	37 289	5 607	9 455	15 062
France	15 277	20 716	35 994	80	174	254	30	245	274	2 203	7 856	10 060	12 965	12 441	25 405
Italy	17 700	15 484	33 185	111	81	192	73	106	180	1 895	2 849	4 744	15 621	12 448	28 069
Netherlands	8 133	20 820	28 953	212	1 182	1 394	20	23	44	2 653	15 327	17 980	5 248	4 287	9 535
Sweden	10 487	9 314	19 801	143	18	161	9	37	46	9 196	7 935	17 131	1 139	1 324	2 463
Austria	7 479	6 194	13 673	17	8	25	464	269	732	594	767	1 361	6 405	5 150	11 555
Belgium	5 619	7 709	13 328	49	61	110	7	11	18	1 367	3 575	4 942	4 195	4 063	8 258
Spain	5 521	6 735	12 256	43	137	180	11	43	54	929	1 988	2 917	4 538	4 567	9 105
Denmark	5 128	6 081	11 209	210	96	305	4	9	13	4 225	5 170	9 395	689	806	1 496
Ireland	6 162	1 885	8 047	42	8	51	2	3	5	514	1 286	1 800	5 604	588	6 192
Poland	3 453	3 544	6 997	44	57	101	24	20	44	2 060	1 897	3 958	1 324	1 570	2 894
Finland	2 488	2 575	5 063	35	9	44	4	16	20	1 884	1 823	3 707	565	727	1 292
Czech Republic	2 586	2 460	5 046	28	1	29	12	17	30	704	1 198	1 903	1 841	1 244	3 085
Portugal	871	1 131	2 002	13	57	70	1	2	3	212	402	613	645	671	1 316
Hungary	1 043	915	1 958	10	1	11	8	12	20	290	72	362	735	830	1 566
Romania	743	848	1 591	4	1	5	2	10	13	316	179	495	421	658	1 079
Slovakia	1 068	406	1 474	12	6	18	9	9	18	322	21	344	724	370	1 094
Greece	178	1 102	1 279	2	9	11	0	9	9	41	298	339	134	786	920
Lithuania	611	463	1 074	18	68	86	0	1	2	530	260	790	62	133	196
Estonia	538	363	901	22	3	26	0	1	1	462	257	719	53	102	155
Slovenia	365	332	697	4	0	4	6	4	10	91	40	131	264	287	551
Latvia	434	231	666	15	2	18	0	1	1	381	109	490	38	119	157
Luxembourg	257	285	542	1	0	2	1	3	4	83	24	108	171	258	428
Bulgaria	223	268	491	2	0	2	4	4	7	49	17	66	169	247	416
Cyprus	21	156	177	0	0	1	0	1	1	9	104	113	12	50	62
Malta	26	79	105	5	2	6	0	1	1	9	33	42	13	43	56

Source: Eurostat (COMEXT), trade in non-monetary gold excluded.

*Trade totals may not add up due to rounding differences

EFTA's top 50 trading partners in merchandise trade: 2012

(in million EUR and as %)

Fig. 13

Rank	Country	Total trade	Share %	Export	Share %	Rank	Import	Share %	Rank	Trade balance
	World	**534 594**	**100.00**	**307 575**	**100.00**	**n.a.**	**227 019**	**100.00**	**n.a.**	**80 556**
	Free trade partners	**419 422**	**78.46**	**241 577**	**78.54**	**n.a.**	**177 845**	**78.34**	**n.a.**	**63 732**
	EU27	**365 274**	**68.33**	**203 999**	**66.32**	**n.a.**	**161 275**	**71.04**	**n.a.**	**42 724**
	EFTA's 35 FTA partners (excluding EU27)	**49 730**	**9.30**	**35 259**	**11.46**	**n.a.**	**14 471**	**6.37**	**n.a.**	**20 788**
	Intra-EFTA	**4 418**	**0.83**	**2 319**	**0.75**	**n.a.**	**2 099**	**0.92**	**n.a.**	**220**
1	Germany	105 763	19.78	50 861	16.54	1	54 902	24.18	1	-4 041
2	United Kingdom	53 005	9.91	43 043	13.99	2	9 962	4.39	7	33 081
3	United States	39 206	7.33	26 375	8.58	3	12 830	5.65	5	13 545
4	France	35 994	6.73	20 716	6.74	5	15 277	6.73	3	5 439
5	Italy	33 185	6.21	15 484	5.03	6	17 700	7.80	2	-2 216
6	Netherlands	28 953	5.42	20 820	6.77	4	8 133	3.58	8	12 686
7	China	23 697	4.43	8 534	2.77	8	15 163	6.68	4	-6 629
8	Sweden	19 801	3.70	9 314	3.03	7	10 487	4.62	6	-1 172
9	Austria	13 673	2.56	6 194	2.01	13	7 479	3.29	9	-1 284
10	Belgium	13 328	2.49	7 709	2.51	9	5 619	2.47	11	2 091
11	Spain	12 256	2.29	6 735	2.19	12	5 522	2.43	12	1 213
12	Japan	12 243	2.29	7 084	2.30	11	5 160	2.27	13	1 924
13	Denmark	11 209	2.10	6 081	1.98	14	5 128	2.26	14	953
14	Hong Kong China	8 763	1.64	7 139	2.32	10	1 625	0.72	22	5 514
15	Ireland	8 047	1.51	1 885	0.61	27	6 162	2.71	10	-4 278
16	Republic of Korea	7 089	1.33	5 497	1.79	15	1 593	0.70	23	3 904
17	Poland	6 997	1.31	3 544	1.15	18	3 453	1.52	15	91
18	Canada	5 849	1.09	3 327	1.08	19	2 522	1.11	17	805
19	Russian Federation	5 655	1.06	3 800	1.24	17	1 855	0.82	20	1 945
20	Singapore	5 254	0.98	4 047	1.32	16	1 207	0.53	27	2 840
21	Finland	5 063	0.95	2 575	0.84	22	2 488	1.10	18	87
22	Czech Republic	5 046	0.94	2 460	0.80	24	2 586	1.14	16	-126
23	Brazil	4 965	0.93	2 680	0.87	21	2 285	1.01	19	394

Rank	Country	Total trade	Share %	Export	Share %	Rank	Import	Share %	Rank	Trade balance
24	India	4 194	0.78	2 515	0.82	23	1 679	0.74	21	836
25	Turkey	3 827	0.72	2 251	0.73	26	1 577	0.69	24	674
26	United Arab Emirates	3 379	0.63	2 904	0.94	20	474	0.21	43	2 430
27	Chinese Taipei	3 169	0.59	1 851	0.60	28	1 318	0.58	25	533
28	Australia	2 804	0.52	2 413	0.78	25	390	0.17	46	2 023
29	Thailand	2 548	0.48	1 269	0.41	31	1 279	0.56	26	-10
30	Mexico	2 193	0.41	1 287	0.42	30	906	0.40	33	381
31	Portugal	2 002	0.37	1 131	0.37	32	871	0.38	34	260
32	Hungary	1 958	0.37	915	0.30	36	1 043	0.46	31	-128
33	South Africa	1 920	0.36	730	0.24	39	1 189	0.52	28	-459
34	Saudi Arabia	1 848	0.35	1 743	0.57	29	105	0.05	75	1 638
35	Romania	1 591	0.30	848	0.28	37	743	0.33	37	105
36	Slovakia	1 474	0.28	406	0.13	54	1 068	0.47	30	-662
37	Malaysia	1 450	0.27	787	0.26	38	663	0.29	38	123
38	Israel	1 441	0.27	918	0.30	35	522	0.23	42	396
39	Libya	1 296	0.24	193	0.06	78	1 103	0.49	29	-910
40	Greece	1 279	0.24	1 102	0.36	33	178	0.08	62	924
41	Vietnam	1 202	0.22	401	0.13	55	801	0.35	36	-401
42	Lithuania	1 074	0.20	463	0.15	49	611	0.27	39	-148
43	Nigeria	945	0.18	534	0.17	45	411	0.18	45	123
44	Ukraine	916	0.17	677	0.22	40	239	0.11	56	438
45	Estonia	901	0.17	363	0.12	58	538	0.24	41	-176
46	Indonesia	828	0.15	467	0.15	48	361	0.16	50	106
47	Kazakhstan	774	0.14	223	0.07	71	551	0.24	40	-327
48	Qatar	731	0.14	528	0.17	46	203	0.09	59	326
49	Algeria	709	0.13	554	0.18	44	155	0.07	64	399
50	Egypt	707	0.13	634	0.21	42	73	0.03	83	561
	Other countries	22 394	4.19	13 563	4.41	n.a.	8 831	3.89	n.a.	4 732

Source: Eurostat (COMEXT), trade in non-monetary gold excluded.

Leaders in world merchandise trade: 2012

Fig. 14

(in billion USD and as %)

Rank	Country	Total	Share (as %) of world total	Exports	Imports
1	European Union	11 741	31.73	5 803	5 938
2	United States	3 882	10.49	1 546	2 336
3	China	3 867	10.45	2 049	1 818
4	Japan	1 685	4.55	799	886
5	Republic of Korea	1 068	2.88	548	520
6	Hong Kong China[1]	1 046	2.83	493	553
7	Canada	930	2.61	455	475
8	Russian Federation	864	2.34	529	335
9	Singapore[1]	788	2.13	408	380
10	India	784	2.12	294	490
11	Mexico	751	2.03	371	380
12	**EFTA**	**682**	**1.84**	**392**	**290**
13	United Arab Emirates	580	1.57	350	230
14	Chinese Taipei	571	1.54	301	270
15	Saudi Arabia	544	1.47	388	156
16	Australia	518	1.40	257	261
17	Thailand	477	1.29	230	248
18	Brazil	476	1.29	243	233
19	Malaysia	424	1.15	227	197
20	Turkey	389	1.05	152	237
21	Indonesia	379	1.02	188	190
22	Vietnam	228	0.62	114	114
23	South Africa	212	0.57	87	124
24	Nigeria	167	0.45	116	51
25	Islamic Republic of Iran	161	0.44	104	57
	Total of above	**33 214**	**89.86**	**16 444**	**16 769**
	World[1 2]	**37 002**	**100.00**	**18 401**	**18 601**

Source: WTO Secretariat

[1] Includes significant re-exports or imports for re-export.
[2] Excludes intra-EU trade.

Leaders in world commercial services trade: 2012

Fig. 15

(in billion USD and as %)

Rank	Country	Total	Share (as %) of world total	Exports	Imports
1	European Union	3 401	40.00	1 832	1 569
2	United States	1 032	12.14	621	411
3	China	470	5.54	190	280
4	Japan	317	3.73	142	175
5	India	268	3.15	141	127
6	**EFTA**	**235**	**2.77**	**137**	**98**
7	Singapore	230	2.70	112	118
8	Republic of Korea	217	2.55	110	107
9	Canada	183	2.15	78	105
10	Hong Kong China	180	2.12	123	57
11	Russian Federation	162	1.91	58	104
12	Brazil	116	1.36	38	78
13	Australia	115	1.35	52	63
14	Thailand	102	1.20	49	53
15	Chinese Taipei	91	1.07	49	42
16	Malaysia	79	0.94	37	42
17	United Arab Emirates	77	0.91	14	63
18	Turkey	61	0.72	42	19
19	Saudi Arabia	60	0.71	10	50
20	Macao, China	56	0.66	45	11
21	Indonesia	56	0.66	23	33
22	Israel	50	0.59	30	20
23	Mexico	41	0.49	16	25
24	Argentina	33	0.39	15	18
25	Ukraine	32	0.38	19	13
	Total of above	**7 664**	**90.19**	**3 983**	**3 681**
	World*	**8 502**	**100.00**	**4 350**	**4 152**

Source: WTO Secretariat

* Excludes intra-EU trade.

Fig. 16

EFTA's top import sources of merchandise trade: 2012

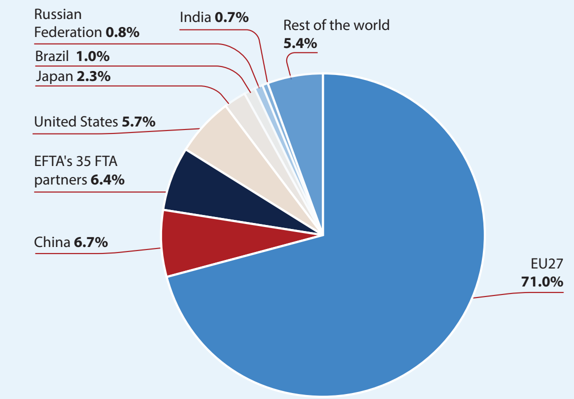


Fig. 18

EFTA's key imports by commodity HS* section: 2012

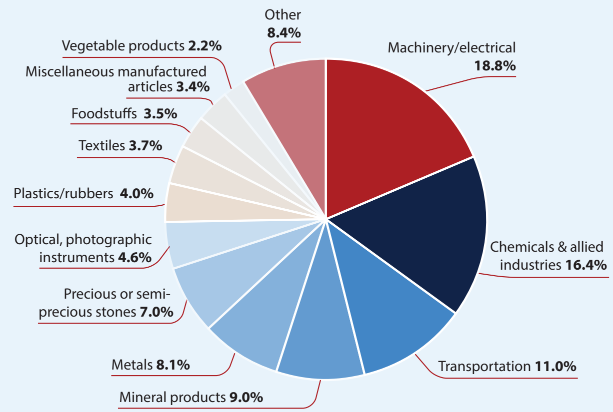


Fig. 20

EFTA's key imports by HS* chapter: 2012

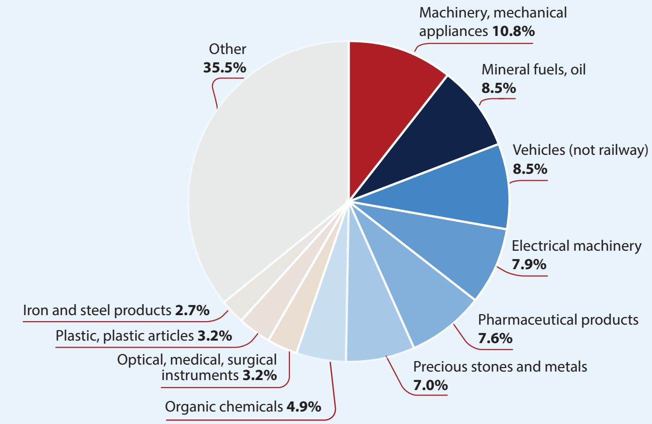


Fig. 17

EFTA's top export destinations for merchandise trade: 2012

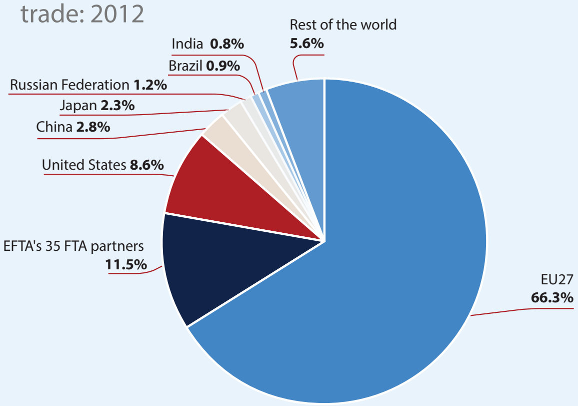


Fig 19

EFTA's key exports by commodity HS* section: 2012

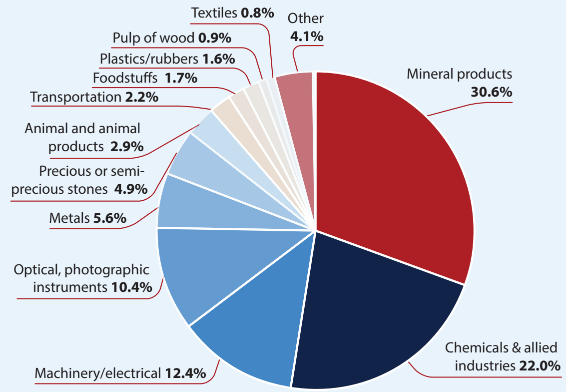
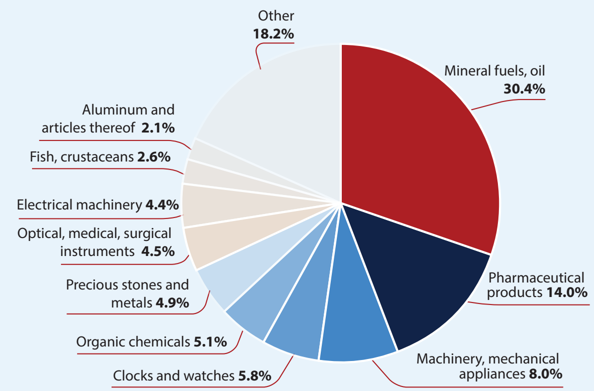


Fig 21

EFTA's key exports by HS* chapter: 2012



Source: Eurostat (COMEXT), trade in non-monetary gold excluded.
* HS: Harmonised System for Product Classification.

Fig. 22

GDP world ranking: 2012 (in billion USD)

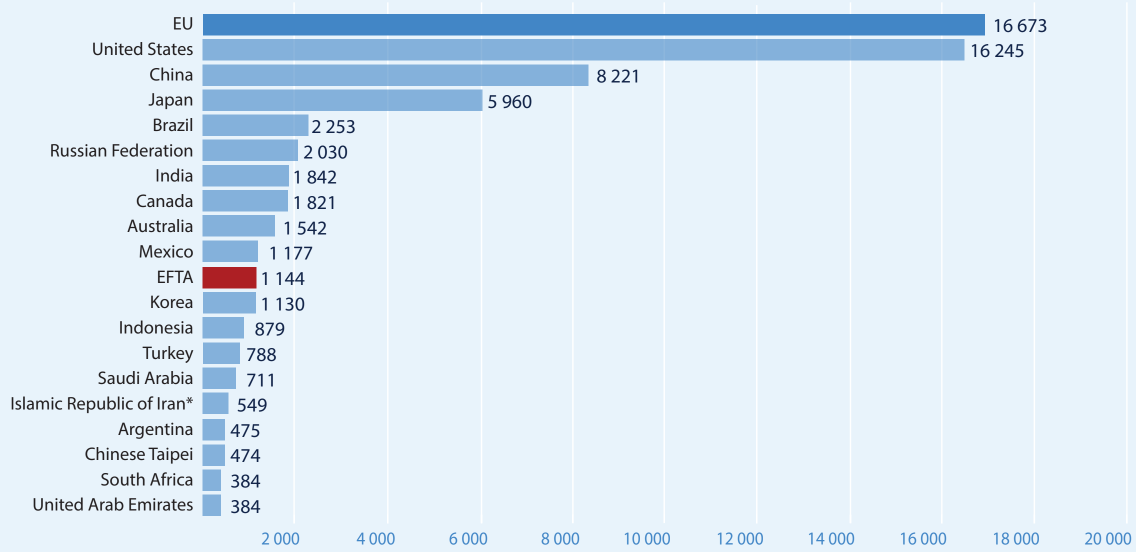
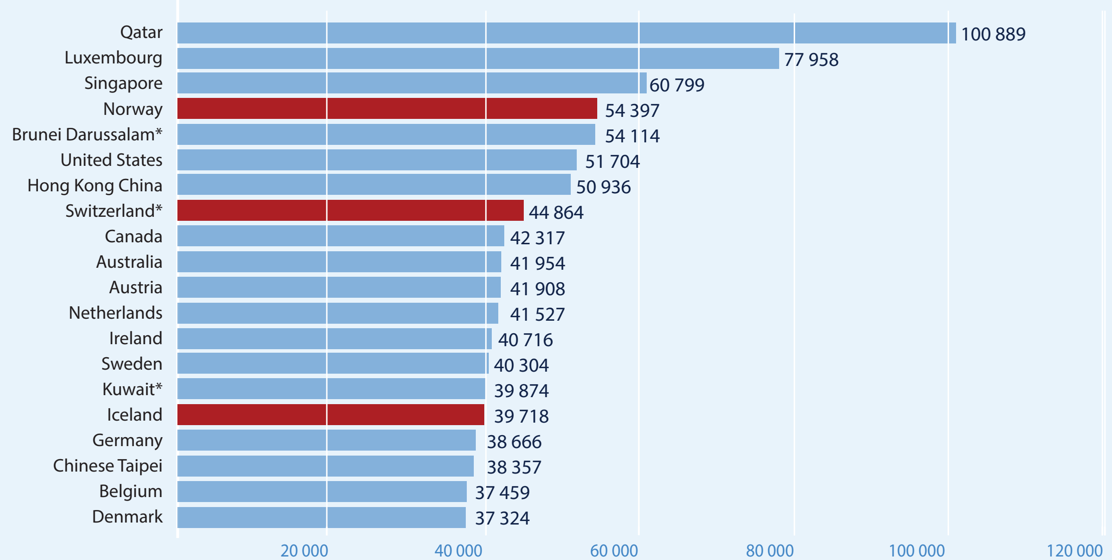


Fig. 23

Leaders in GDP per capita (PPP): 2012 (in current international dollars)



Source: International Monetary Fund, World Economic Outlook Database

* Estimate.

Fig. 24

Global FDI* inflows by selected recipient: 2012 (in billion USD)

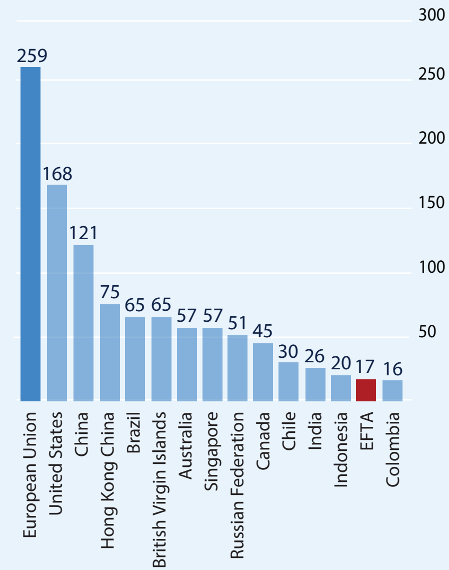


Fig. 25

Global FDI* outflows by origin: 2012 (in billion USD)

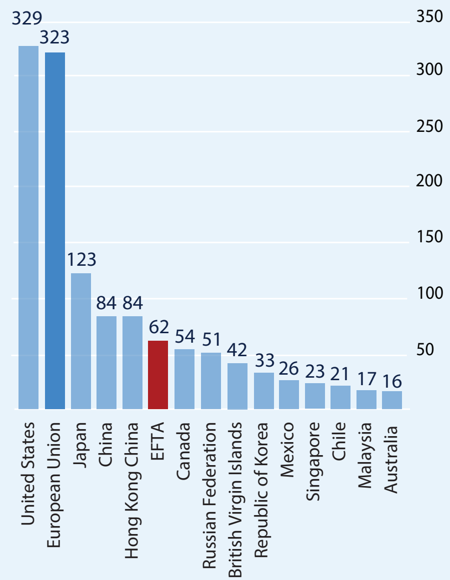


Fig. 26

Global FDI* stocks, inward 2012 (in billion USD)

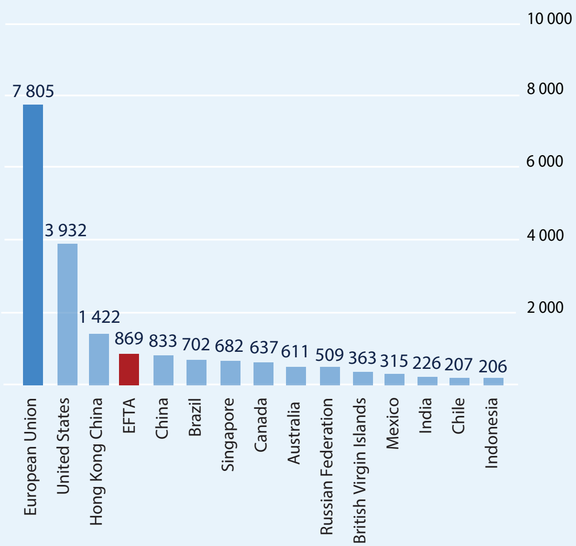
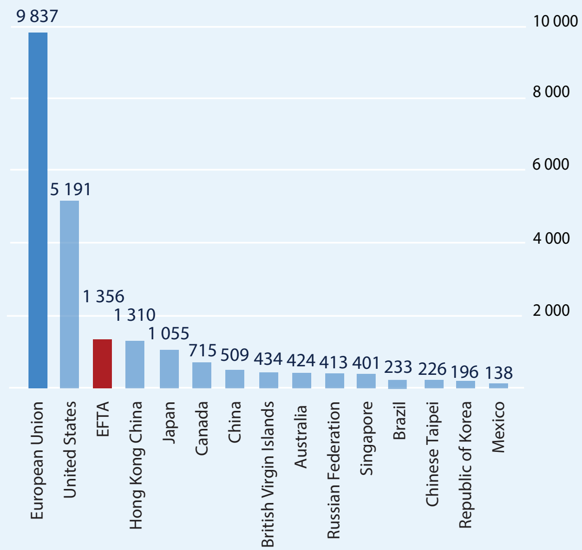


Fig. 27

Global FDI* stocks, outward 2012 (in billion USD)



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

Fig. 28

Top EFTA Listed Companies: 2013

EFTA ranking	Europe ranking	World ranking	Company	Sector	Market value (in million USD)
1	1 (2)	9 (12)	Nestlé (CH)	Food producers	233 792.1
2	3 (5)	20 (29)	Roche (CH)	Pharmaceuticals & biotechnology	201 514.7
3	5 (4)	24 (28)	Novartis (CH)	Pharmaceuticals & biotechnology	192 764.2
4	27 (18)	84 (65)	StatoilHydro (NO)	Oil & gas	77 195.0
5	38 (42)	123 (128)	UBS (CH)	Banks	58 882.9
6	45 (49)	149 (146)	ABB (CH)	Industrial engineering	52 336.7
7	61 (60)	208 (188)	Zurich Financial Services (CH)	Nonlife insurance	41 122.1
8	62 (79)	210 (249)	Richemont (CH)	Personal goods	41 069.0
9	64 (80)	219 (253)	Syngenta (CH)	Chemicals	38 945.2
10	74 (72)	247 (225)	Credit Suisse (CH)	Banks	34 746.2
11	76 (89)	252 (278)	Telenor (NO)	Mobile telecommunications	34 154.6
12	89 (102)	301 (359)	The Swatch Group (CH)	Personal goods	30 599.7
13	90 (106)	307 (369)	Swiss Re (CH)	Nonlife insurance	30 222.8
14	104 (119)	363 (419)	Holcim (CH)	Construction & materials	26 131.1
15	111 (121)	397 (429)	Swisscom (CH)	Fixed line telecommunications	24 026.8
16	113 (122)	401 (430)	DNB Nor (NO)	Banks	23 919.0
17	141 (168)	n.a.	SGS (CH)	Support services	19 231.4
18	144 (132)	- (464)	Transocean (CH)	Oil equipment & services	18 692.5
19	156 (174)	n.a.	Schindler (CH)	Industrial engineering	17 403.9
20	158 (142)	n.a.	Seadrill (NO)	Oil equipment & services	17 027.6

Source: Financial Times (FT) Global 500 Survey 2013
The FT Global 500 2013 is based on market values and prices on 28 March 2013.
(2012 rankings are indicated in brackets)

Fig. 29

The World Competitiveness Scoreboard: 2013

Rank	Country
2 (3)	Switzerland
6 (8)	Norway
29 (26)	Iceland

Source: Institute for Management Development (IMD), World Competitiveness Yearbook 2013

The Overall Competitiveness Scoreboard ranks the world's 55 leading economic nations. It is calculated by combining four factors of competitiveness: economic performance, government efficiency, business efficiency and infrastructure.

(2012 rankings are in brackets)

Fig. 30

The Global Competitiveness Index: 2013/14

Rank	Country
1 (1)	Switzerland
11 (15)	Norway
31 (30)	Iceland

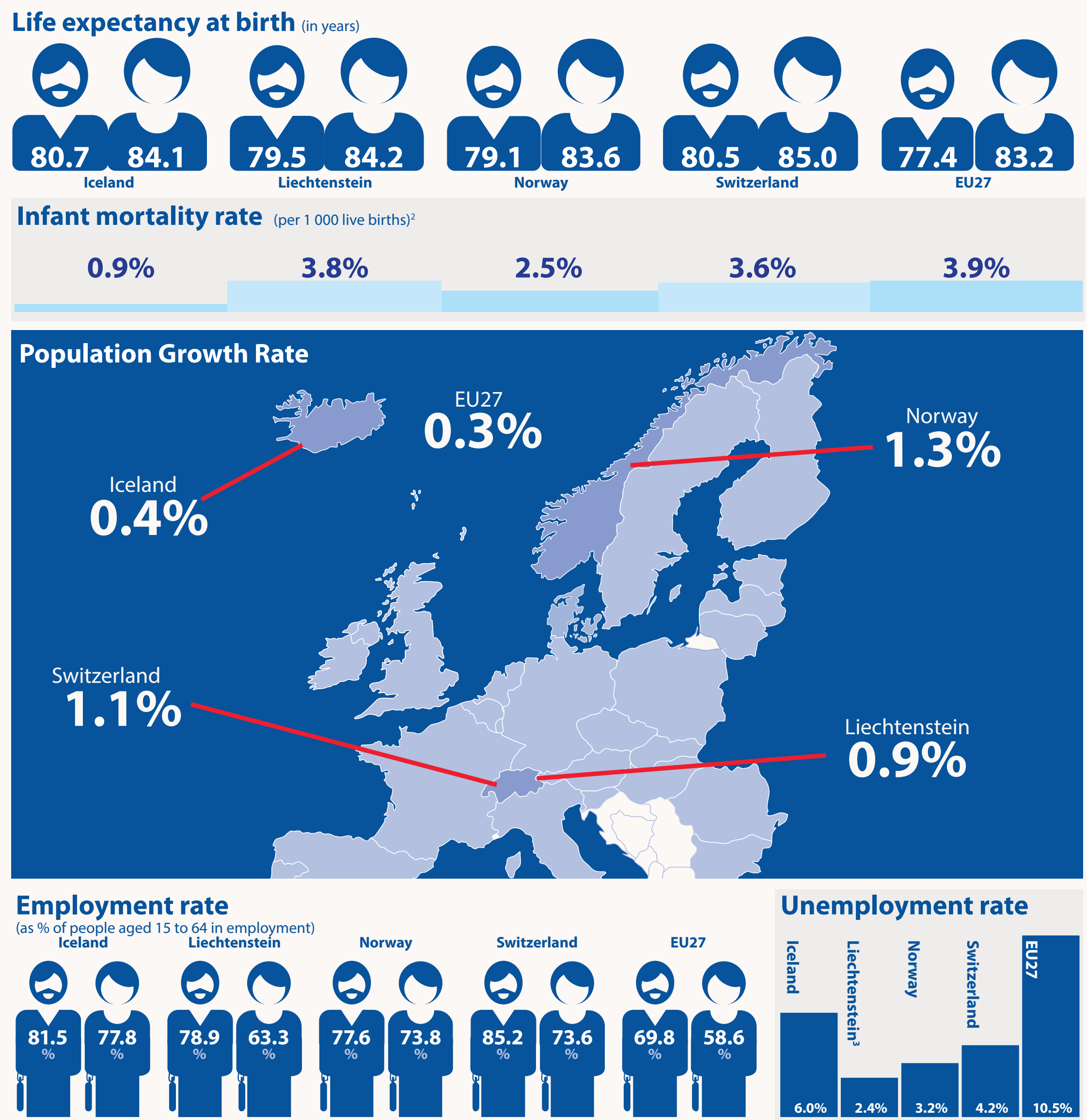
Source: World Economic Forum (WEF), the Global Competitiveness Report 2013/14

The Global Competitiveness Index measures the set of institutions, policies and factors that set the sustainable current and medium-term levels of economic prosperity.

(2012/13 rankings are in brackets)

Social indicators: 2012

Fig. 31



Sources: Eurostat and national statistical offices

1 EU27 figures are estimates.

2 EU27 and Icelandic figures are from 2011. Liechtenstein figure is based on a five-year average.

3 Liechtenstein unemployment is register-based unemployment.

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, which extends the Internal Market of the European Union to three of the four EFTA States (Iceland, Liechtenstein and Norway).

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