



# THIS IS EFTA

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2006



# 2006

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“This is EFTA” is an overview of EFTA's activities and its institutional framework. For an updated summary of the more specific activities in the last year, please consult EFTA's Annual Report. It is also available on our website: [secretariat.efta.int](http://secretariat.efta.int).

# FOREWORD

When EFTA, the European Free Trade Association, was established in 1960, it became the first free trade area in modern economic history. This was made possible by an innovative approach to a number of problems. An important aspect was the determination of origin of products, to which a practical solution had to be found in order to secure the proper functioning of a free trade area. EFTA moved quickly to abolish industrial tariffs and, ten years later, it had nine Member States which an internal market of 100 million consumers.

With time, EFTA's membership changed and from 1995 it has consisted of four countries with 12 million people.

In spite of its modest size, EFTA is currently the world's ninth largest trader in merchandise trade. It is the fifth largest in commercial services and ranks among the world's largest markets for both outward and inward investment flows. The EFTA members rank among the ten countries with the highest GDP per capita in the world.

EFTA ensures free market access for its companies far beyond the frontiers of its Member States. These

concluded free trade agreements with the European Economic Community in the 1970s. Later, the EEA Agreement and the Swiss-EU bilateral agreements established for the EFTA countries free access to the EU's internal market, which has now 460 million consumers. EFTA's free trade agreements with third countries around the world, starting in the 1990s, have secured free market access to an additional 385 million consumers. EFTA is not only the world's oldest free trade area. It has now the world's largest network of free trade partners.

These developments demonstrate that, for the past 45 years, EFTA has shown remarkable ability to adapt to the economic needs of its Member States. EFTA's close cooperation with the European Union, and its ever expanding network of free trade agreements are outstanding accomplishments. All this has been achieved through a small, flexible, close-knit and effectively run inter-governmental organisation.

I hope you agree that these are good reasons for broadening your knowledge of EFTA. I wish you happy reading and trust that this publication will provide you with some answers.

William Rossier

A handwritten signature in blue ink, consisting of a large, sweeping 'W' followed by a stylized 'R' and a small dot.

Secretary General

# THE EUROPEAN FREE TRADE ASSOCIATION

The European Free Trade Association (EFTA) is an inter-governmental organisation for the promotion of free trade and economic integration to benefit 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;
- The European Economic Area (EEA) Agreement, which enables three of the four EFTA Member States (Iceland, Liechtenstein and Norway) to fully participate in the EU's Internal Market.



Creating Europe's largest free trade area. EFTA's founding Member States at the signing of the EFTA Convention that established the European Free Trade Association in 1960.

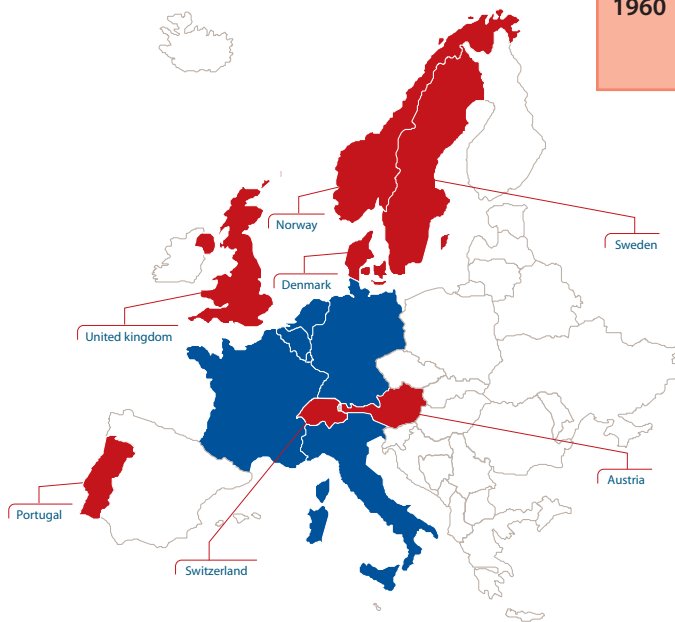
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## EFTA History at a Glance

- 1960** The Association is founded by Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the UK, to promote closer economic co-operation and free trade in Europe
- 1961** Finland becomes an associate member of EFTA
- 1966** Full free trade in industrial products is achieved among the EFTA States
- 1970** Iceland becomes a member of EFTA
- 1972** Denmark and the UK leave EFTA to join the European Economic Community (EEC). The remaining EFTA States sign bilateral free trade agreements (FTAs) with the EEC
- 1977** Elimination of tariffs on industrial goods in trade between the EEC and the EFTA States
- 1979** Free Trade Agreement signed with Spain
- 1984** Luxembourg Declaration on broader co-operation between the EEC and EFTA
- 1985** Portugal leaves EFTA to become a member of the EEC
- 1986** Finland becomes a full member of EFTA
- 1989** Start of negotiations on a European Economic Space, later to become the European Economic Area (EEA). Agreement on free trade in fish between the EFTA States
- 1991** Liechtenstein becomes a member of EFTA. FTA signed with Turkey
- 1992** The Agreement on a European Economic Area signed in Oporto, Portugal. FTAs signed with the former Czechoslovakia, Israel, Poland and Romania. Declaration on Co-operation signed with Albania. Switzerland rejects participation in the EEA by referendum
- 1993** FTA signed with Bulgaria and Hungary. Protocol on the succession of the Czech Republic and the Slovak Republic to the EFTA-Czechoslovakia Agreement signed
- 1994** The Agreement on the European Economic Area enters into force. The EEA Financial Mechanism is established for the period 1994-1998
- 1995** Austria, Finland and Sweden leave EFTA to join the European Union. Liechtenstein becomes a full participant in the EEA Agreement. FTAs signed with Estonia, Latvia, Lithuania and Slovenia. Declarations on Co-operation signed with Egypt, Morocco and Tunisia
- 1996** Declarations on Co-operation signed with Macedonia and the Palestinian Authority
- 1997** FTA signed with Morocco. Declarations on Co-operation signed with Jordan and Lebanon
- 1998** Interim Agreement signed with the Palestinian Authority. Formal negotiations on an FTA launched with Canada, Egypt and Jordan
- 1999** FTAs with the Palestinian Authority and with Morocco enter into force
- 2000** FTAs signed with Macedonia and Mexico. Declarations on Co-operation signed with Croatia, Ukraine, the Cooperation Council of the Arab States of the Gulf (GCC), the Southern Common Market (MERCOSUR) and Serbia and Montenegro. A new EEA Financial Instrument is established for the period 1999-2003
- 2001** Updated EFTA Convention signed at an EFTA ministerial meeting in Vaduz, Liechtenstein. FTAs signed with Croatia and Jordan
- 2002** Updated EFTA Convention (Vaduz Convention) enters into force. FTA signed with Singapore. Declaration on Co-operation signed with Algeria. Application for EEA membership submitted by ten countries acceding to the European Union
- 2003** Agreement on EEA enlargement signed. New EEA Financial Mechanism and Norwegian Financial Mechanism established in support of social and economic cohesion for the period 2004-2009. FTA with Singapore enters into force. FTA signed with Chile. Formal launch of free trade negotiations with the Southern African Customs Union (SACU)
- 2004** Simultaneous enlargement of the EU and the EEA. FTA with Chile enters into force. FTAs signed with Lebanon and Tunisia. Formal launch of free trade negotiations with the Republic of Korea
- 2005** FTA signed with the Republic of Korea. Two Mutual Recognition Agreements (MRAs) signed with the USA. Negotiations with the Southern African Customs (SACU) finalised. Formal launch of free trade negotiations with Thailand

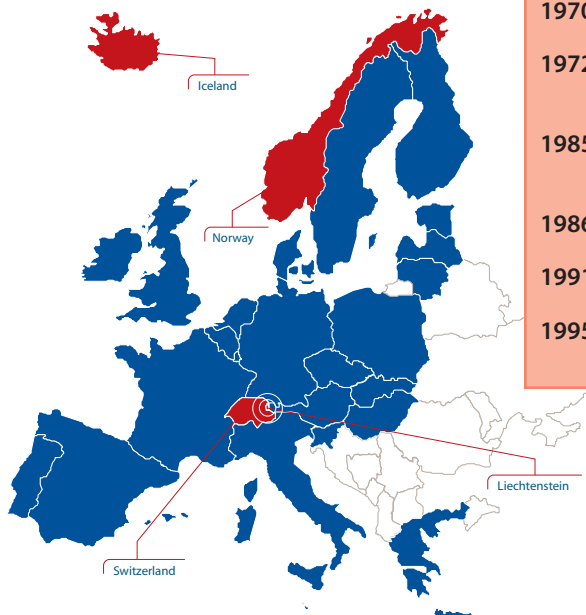


## EFTA and the EU 1960



**1960** Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the UK found EFTA

## EFTA and the EU 2006



**1970** Iceland becomes a member of EFTA

**1972** Denmark and the UK 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



# THE EFTA CONVENTION

The EFTA Convention regulates the free trade relations between the Member States and provides the legal framework for EFTA as an organisation.

The updated EFTA Convention was signed in Vaduz in Liechtenstein on 21 June 2001. The new Vaduz Convention entered into force on 1 June 2002.

With the Vaduz Convention, the relationship between EFTA Members is now virtually the same as that between EFTA and the EU. The scope of the Convention was expanded to include new trade areas such as: trade in services and investment,

mutual recognition of conformity assessment, free movement of persons, social security and mutual recognition of diplomas, land and air transport, public procurement and intellectual property rights. The functions of the EFTA Council were broadened to reflect the historical changes in EFTA's mission, in particular with respect to EFTA's free trade regime with partner countries. The new Convention provides a more cohesive framework for economic relations between the four EFTA Member States and gives them an improved instrument to manage their internal relations and those with present and potential partner countries.



Ernst Walch, Foreign Minister of Liechtenstein, William Rossier, Secretary General of EFTA and Pascal Couchepin, Swiss Federal Councillor, after the signing of the new EFTA Convention, Vaduz, 2001.



# FREE TRADE AGREEMENTS

EFTA has established an extensive network of contractual relations with countries that are not part of the European Union, thus creating the world's largest network of free trade partners. The EFTA free trade agreement (FTA) network secures economic operators free access to markets of around 385 million consumers.

The main reason why Iceland, Liechtenstein, Norway and Switzerland use EFTA as their common vehicle for free trade negotiations is that, as a trade grouping, the EFTA countries carry more weight as economic players and are thus more interesting for potential trade partners. In 2005, the EFTA States' combined GDP amounted to 620 billion US dollars, while their combined GDP per capita (PPP) was 33 283 US

dollars. EFTA's exports per capita ratio reached 16 391 US dollars, the highest of all the regional groupings in the world.

At present, the EFTA network consists of 16 FTAs and 7 Joint Declarations on Cooperation (JDC); several more agreements are under negotiation (see page 9).

Preferential trade under the FTAs represents 3.7% of EFTA's total trade. Combined, EFTA's 16 FTA partners constitute the EFTA States' third largest trading partner, after the European Union and the United States.



## Free Trade Agreements (FTAs)

### **Establish a free trade area between the partners.**

They provide for free trade in industrial goods, including fish and other marine products; cover trade with processed agricultural products; provide for trade disciplines; governing the preferential trade in goods under the FTA; contain elaborate rules on customs and origin matters, including as regards cumulation<sup>1</sup>; trade in basic agricultural products is covered in separate bilateral agreements relating to the FTA.

**Liberalise trade in services, investments and public procurement** in more recent agreements, including those with Mexico, Singapore, Chile and South Korea. Other agreements contain rules allowing for the further development and deepening of relations in these fields through evolutionary clauses, e.g. with partners in the Mediterranean region.

**Include rules on competition** to avoid adverse effect in the case of restraints of competition which frustrate the liberalisation benefits of the FTA.

**Provide for the protection of intellectual property rights** in accordance with high standards.

**Contain provisions for the avoidance and the settlement of disputes** between the Parties.

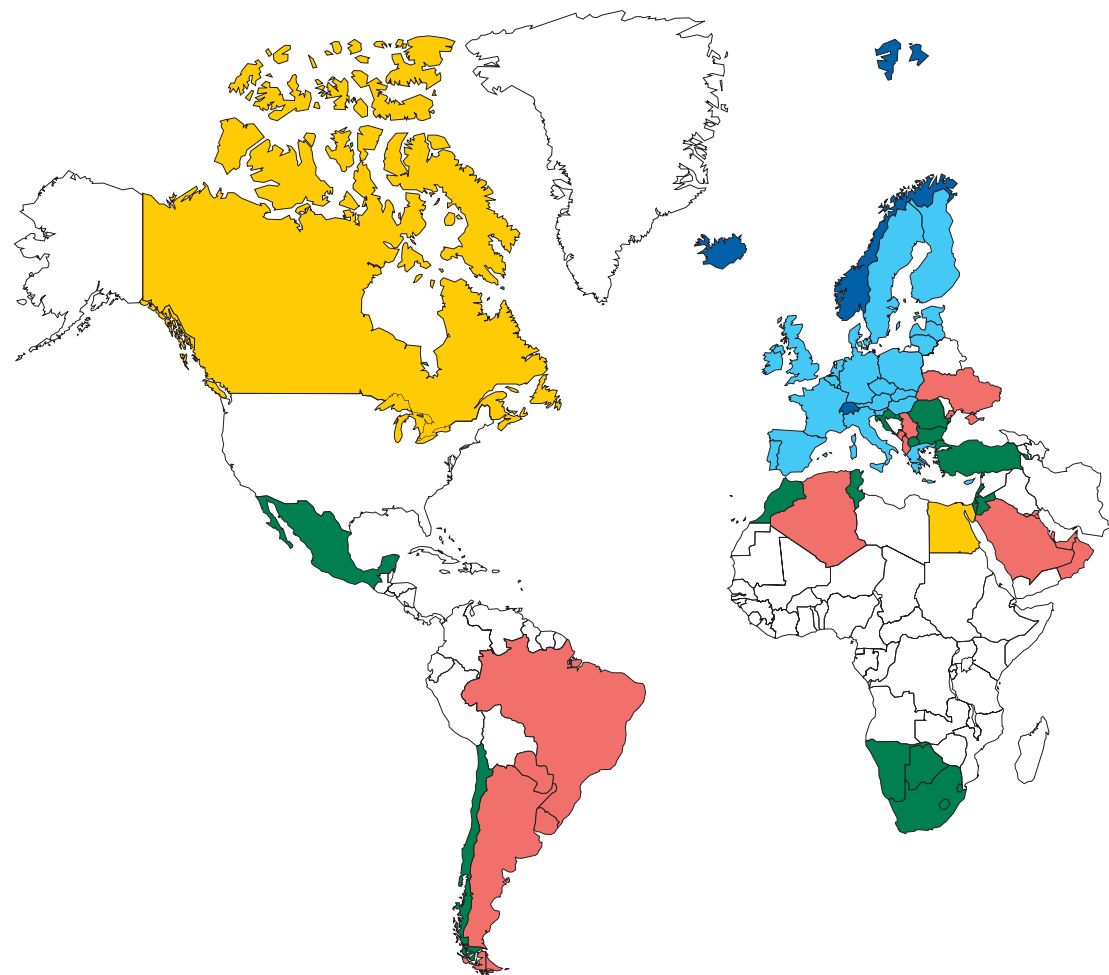
### **Are regularly adapted and upgraded to:**

make them as efficient as possible; take into account developments in the World Trade Organization (WTO); make them compatible with developments within the wider European economic integration framework.

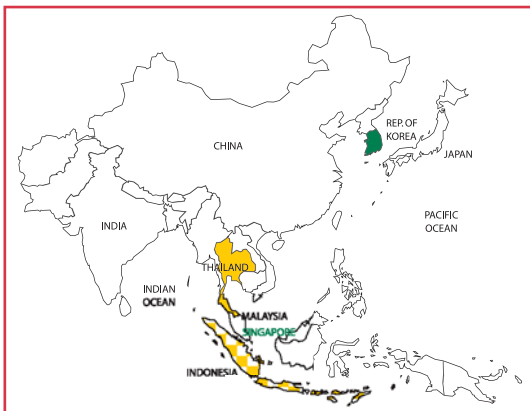
<sup>1</sup> Cumulation means that products originating in one partner country may be used as materials in the production of a product in another partner country without prejudice to the preferential status of the finished product.



# FTA Network – Across Europe and Beyond



- EFTA States 4**  
Iceland, Liechtenstein, Norway and Switzerland  
(Free trade area)
- European Union 25**  
(Free trade partner)
- EFTA Free Trade Agreements 20**  
Bulgaria, Chile, Croatia, Israel, Jordan, Lebanon, Macedonia,  
Mexico, Morocco, the Palestinian Authority, Romania,  
Singapore, Republic of Korea, Southern African Customs Union  
(SACU), Tunisia and Turkey
- Ongoing FTA negotiations**  
Canada, Egypt and Thailand
- Dialogue on possible FTA**  
Indonesia
- Declarations on Cooperation**  
Albania, Algeria, Gulf Cooperation Council (GCC),  
Southern Common Market (MERCOSUR),  
Serbia & Montenegro and Ukraine



## What is in an EFTA Free Trade Agreement?

All EFTA FTAs cover trade in industrial products, including fish, and processed agricultural products. They include trade disciplines as well as rules on competition, protection of intellectual property and payments and transfers. Bilateral arrangements between the individual EFTA countries and the respective partner countries cover trade in basic agricultural products. Since 2000, EFTA FTAs also contain substantive rules liberalising trade in services, investments and public procurement.

## Different Levels of Economic Development

EFTA FTAs take into account the partner countries' different levels of economic development, sometimes leading to an asymmetrical approach. While the EFTA States normally abolish all tariffs and other restrictions on industrial products at the entry into force of the agreement, the partner countries concerned may enjoy transition periods if their economic development is significantly less advanced. This gives them the necessary time to adapt their economies to free trade conditions. Such transition periods for the abolition of industrial tariffs do normally not exceed 10 years.



## Agriculture

Most EFTA FTAs contain protocols or annexes on processed agricultural products. The duties on these products reflect the difference between the domestic market price and the world market price of the basic agricultural component (raw material) of the product. Duties on the industrial (processing) component are eliminated. The EFTA States on the one hand and the partner country on the other have their own lists of products for which they grant concessions to the other side.

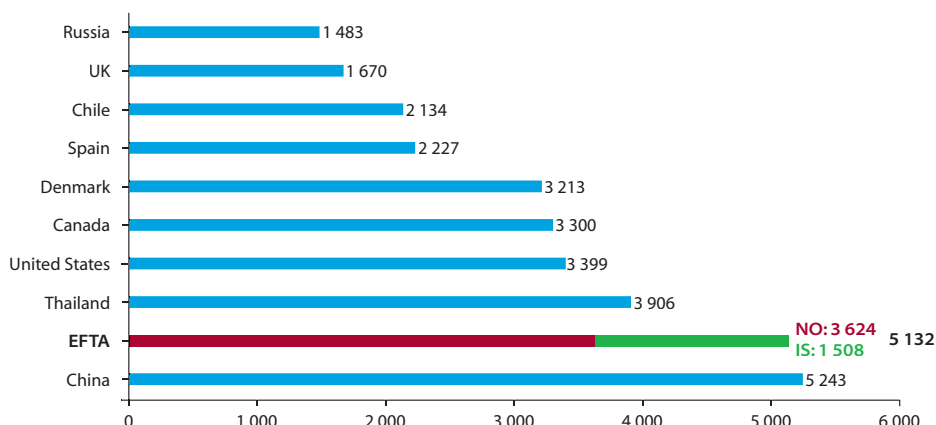
Since the EFTA States do not have a common agricultural policy, basic agricultural products are dealt with in bilateral arrangements. Such bilateral agreements on agriculture are concluded between each EFTA State and the partner country in parallel with the main agreement. These arrangements form part of the instruments creating the free trade area.

## Fish and other Marine Products

The fisheries sector accounts for approximately two thirds of Iceland's total exports of goods and is one of the main contributors to Norway's GDP. The two countries export fish to more than 170 countries. Free trade in fish and other marine products is therefore a key element in all EFTA FTAs (see fig. below).

### Leading fish exporters in 2003

(in million USD)



Source: FAO

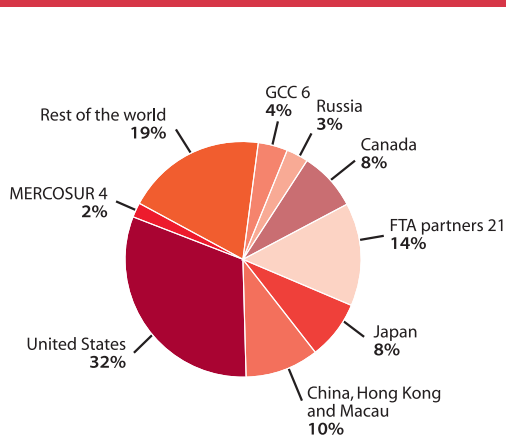
## Rules of Origin

In an FTA, the country of origin of a product is determined on the basis of rules of origin. These rules indicate which goods qualify for preferential market access. They are fundamental to the functioning of a free trade area, as they tell the economic operator whether or not a given product can be traded under the FTA. Products (both industrial and agricultural) need to be either “wholly obtained” or “sufficiently worked or processed” in order to be considered as originating products. Globalisation of production processes has made the identification of the country of origin increasingly complex, as few products exist without input of foreign origin. Consequently, one of the main functions of rules of origin is to determine to what extent domestic products may contain imported materials from a country outside the free trade area concerned without losing their preferential status under the FTA.

## Public Procurement

Effective liberalisation of public procurement markets is an integral objective of EFTA FTAs. In recent agreements, liberalisation obligations have been included on the basis of the principles of reciprocity, non-discrimination and transparency. Such provisions either build on the WTO Government Procurement Agreement or substantially replicate its structure and content.

### EFTA's main trading partners in 2005 (excluding the EU)



Source: World Trade Atlas

## Intellectual Property Rights

The protection of intellectual property rights (IPR) has become very important in international trade, as inadequate levels of protection may hamper commerce and impede the smooth running of a free trade area.

EFTA's FTAs provide for high standards of IPR protection. The provisions afford adequate, effective and non-discriminatory protection of intellectual property rights. They include measures to enforce the protection of such rights against infringement, counterfeiting and piracy. The provisions build on the principles of national treatment and most-favoured-nation (MFN) treatment as set out in the WTO TRIPS Agreement.

## Competition Rules

EFTA FTAs contain rules on competition, assuming that the removal of traditional barriers to trade, such as tariffs and quantitative restrictions does not as such guarantee free trade and market access. The rules on competition ensure that liberalisation of trade under an agreement is not hindered by new barriers in the form of agreements between, or practices by, enterprises whose objective or effect is to prevent, restrict or distort competition.

The provisions on competition also apply to the activities of public enterprises and monopolies.

## Services and Investment

EFTA FTAs with European and Mediterranean countries contain evolutionary clause on services and investment with the aim of achieving gradual liberalisation and the mutual opening of markets for investments and trade in services.

In line with their active involvement in other international fora (EEA, WTO etc.) as regards trade in services, the EFTA States have been including comprehensive substantial provisions in this field in most of their FTAs entered into force since 2000. Such provisions cover all modes of service supply and contain separate sections or annexes relating to specific sectors (financial services, telecommunication). They build on the General Agreement on Trade in Services (GATS) and follow a similar approach, complemented by enhanced specific commitments that apply between the parties to the respective FTA.



On investment, FTAs concluded by the EFTA States to date follow different patterns as far as its coverage is concerned. Provisions have been elaborated in connection with all recently concluded trans-continental FTAs (i.e. with Mexico, Singapore, Chile, and with South Korea through a related investment agreement by Iceland, Liechtenstein and Switzerland). These rules substantially liberalise investments between the parties, covering - as the case may be - promotion, establishment, transfers, capital movements and/or protection.

## Joint Committee

A Joint Committee composed of representatives of the EFTA States and the respective partner country supervises the implementation of each FTA. The Joint Committee may set up subcommittees where necessary to assist it in its work - this is the case in the field of customs and origin matters, for example. The Joint Committee normally meets every second year.

## Arbitration

Diplomacy remains the fundamental principle for the settlement of disputes under international law. The same applies to disputes between the EFTA States and their FTA partners.

## Dispute Settlement

EFTA FTAs foresee that the resolution of any differences between Parties arising from the interpretation and application of an agreement be conducted through direct and Joint Committee consultations.

There has, however, been an increasing international trend over the last decade to establish dispute settlement mechanisms under free trade agreements for situations where diplomatic means fail. Accordingly, the EFTA States have been introducing arbitration mechanisms in their FTAs.



Expanding free trade beyond Europe: free trade negotiations with the Republic of Korea, Oslo, 2005.

## Technical Cooperation with Free Trade Partners

### Joint Declarations on Cooperation

In addition to their 16 Free Trade Agreements, the EFTA States have concluded 7 Declarations on Cooperation, namely with Albania, Algeria, Egypt, the Gulf Cooperation Council of the Arab States of the Gulf (GCC), MERCOSUR, Serbia and Montenegro and Ukraine.

Under each Declaration, the parties meet in a Joint Committee to review their cooperation on trade and related matters and to discuss any other issue of mutual interest. The Joint Committees may formulate appropriate recommendations on the cooperation.

### EFTA Trade Policy Projects

EFTA projects on trade policy issues have a dual purpose: to assist free trade partners in the implementation of FTAs and to assist partners within the framework of co-operation declarations, in order to prepare for free trade relations. Upon request, EFTA arranges seminars, workshops and study visits adapted to the particular needs of individual countries. The activities cover areas such as customs and origin, services, technical barriers to trade, trade facilitation, intellectual property rights, competition rules, state aid and public procurement.

#### Joint declarations on cooperation (JDCs)

**Are a first step towards free trade relations between the partners concerned.**

They aim to promote the harmonious development of economic relations; create an environment supportive of private entrepreneurship, free competition and economic activity based on market forces; examine ways and means to expand and liberalise trade relations.

**Cover cooperation on trade-related issues such as:**

technical and other barriers to trade; information on foreign trade; competition; trade in services; public procurement markets; intellectual property rights.

**Aim to improve conditions for the implementation of private sector cooperation projects.**



### EFTA's main trading partners in merchandise trade 2005

(in million USD and %)

Rank	Country	Total trade	Exports	Imports	Share (%)
	<b>World</b>	<b>411 211</b>	<b>230 849</b>	<b>180 362</b>	<b>100</b>
1	<b>Free Trade Partners</b>	<b>317 893</b>	<b>172 870</b>	<b>145 023</b>	<b>77.3</b>
	EU 25	300 220	162 164	138 056	73.0
	Third Country Partners 21	15 096	9 468	5 628	3.7
	Intra-EFTA 4	2 577	1 237	1 340	0.63
2	United States	31 129	21 368	9 761	7.6
3	China, (including Hong Kong and Macau)	14 323	7 005	7 318	3.5
4	Japan	10 107	5 830	4 277	2.5
5	Canada	7 942	5 828	2 114	1.9
6	Russia	4 141	2 099	2 042	1.01
7	GCC 6	3 176	2 660	515	0.77
8	MERCOSUR 4	2 869	1 673	1 197	0.70
9	Chinese Taipei	2 169	1 210	959	0.53
10	India	2 016	1 261	755	0.49
11	Thailand	1 589	807	782	0.39
12	Australia	1 553	1 339	214	0.38
13	Libya	1 230	153	1 077	0.30
14	Malaysia	909	518	391	0.22
15	Iran	686	633	53	0.17
16	Nigeria	643	190	453	0.16
17	Indonesia	567	310	258	0.14
18	Ukraine	528	430	98	0.13
19	Egypt	413	367	46	0.10
20	Pakistan	398	305	92	0.10
21	Viet Nam	373	108	265	0.09
22	Colombia	369	204	166	0.09
23	Philippines	307	190	117	0.07
24	Algeria	290	124	166	0.07
25	Panama	288	196	92	0.07

Source: Trade figures - World Trade Atlas 2005; Population 2004, GDP 2004 and GDP per capita 2004 (based on constant USD 2000)  
- World Bank Development Indicators Database. Please see page 35 for complete overview of statistics.

# THE EEA AGREEMENT

## The EEA Enlargement Agreement

The EEA was enlarged on 1 May 2004. In 2005, all the contracting parties had ratified the EEA Enlargement Agreement. Business and citizens are able to enjoy the benefits of an enlarged Internal Market. The EEA is expected to expand further with Bulgaria and Romania joining the EU, which is anticipated in 2007. Simultaneous accession of new members to the EU and to the EEA is a common objective. The aim is to secure the homogeneity and the good functioning of the European Economic Area.

## What is the EEA Not?

The EEA Agreement does not cover the following EU policy areas:

- Common Agriculture and Fisheries Policies (although the Agreement contains provisions on various aspects of trade in agricultural and fish products);
- Customs Union;
- Common Trade Policy;
- Common Foreign and Security Policy;
- Justice and Home Affairs (even though Iceland and Norway are part of the Schengen area) and;
- Monetary Union (EMU).



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## EU trade in services in 2004 (in billion €)

Country	Exports from EU to EFTA	Imports by EU from EFTA	Balance
USA	116.3	105.1	11.2
EFTA	57.8	44.3	13.5
Japan	18.9	10.3	8.6
Canada	8.0	7.2	0.8
China	8.8	7.3	1.5

Source: Eurostat

## EFTA trade with the EU in 2004 (in thousand €)

Country	Total trade with world	Total trade with EU	%	Total trade with EFTA	%
Norway	104 639 000	79 337 000	75.8	605 000	0.6
Switzerland	199 791 000	138 779 000	69.5	588 000	0.3
Iceland	5 164 000	3 469 000	67.2	422 000	8.2

Source: IMF (Dots)

## The EU's main trading partners in 2004

Rank	Country	Trade (billion €)	In % of EU's external trade
1	USA	392	20
2	EFTA	225	12
3	China	148	8
4	Japan	118	6
5	Russia	106	6

Source: Eurostat 2004

## The EU's trade with EFTA in 2004

Year	Imports	Yearly % change	Share of total EU imports	Exports	Yearly % change	Share of total EU exports	Balance	Imports+ Exports
2004	120 248	6.9	11.68	108 673	7.4	11.28	-11 575	228 921

Source: Eurostat 2004



## Decision-making

Whenever an Internal Market-related EC act is amended or a new one adopted by the EU, the relevant annex of the EEA Agreement is amended to bring the EEA Agreement as close as possible to the EC legislation. This is essential in maintaining the principle of homogeneity of the EEA. Amendment of the EEA Agreement should ensure that the ensuing text is as close as possible to the adopted legislation on the EU side. This permits simultaneous application in the Union and in the EFTA States. The EEA EFTA States can request for consultation on matters of concern and can negotiate adaptations to EU legislation when this is called for by special circumstances and agreed on by both sides.

## Policy-shaping

The EEA Agreement does not transfer any legislative powers from any of the contracting parties and does not therefore impose direct effect of EC legislation in the EEA EFTA States. The adoption of EEA rules is conducted in the EEA institutions set up by the Agreement.

The EEA EFTA States do not have a formal right to participate in the decision making process in the EU institutions. According to the EEA Agreement, they however have the opportunity to contribute to the shaping of EU legislation at the preparatory or pre-pipeline stage by participating in the Commission's experts groups and in the work of its Comitology committees. Experts groups are formed to advise and assist the Commission with the drafting of new laws, which the EU Council of Ministers and the European Parliament subsequently adopt. The Commission consults the comitology committees before it adopts an implementary measures.

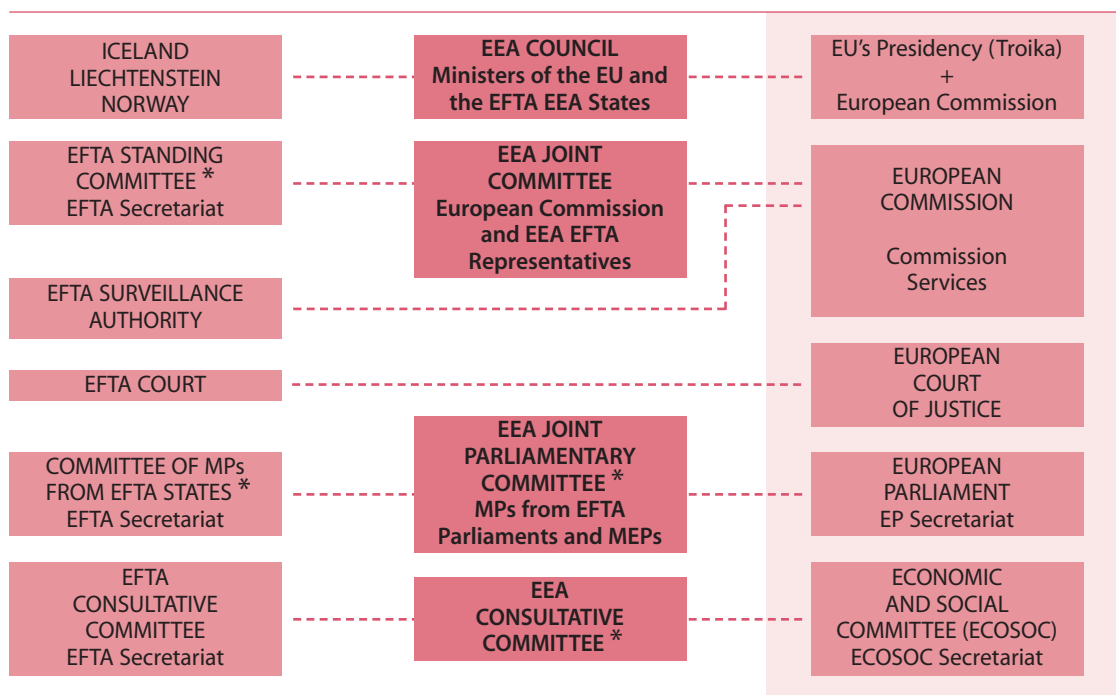
The participation of EEA EFTA experts and representatives in over 400 such committees and expert groups is a valuable and much appreciated opportunity for acquiring information and make contribution to new legislative proposals at the earliest stages of policy formation.

Through the EEA Agreement, EEA EFTA nationals can participate in the numerous EU programmes, projects and networks: from youth exchange programmes and research to public health and development of digital content. Students from Iceland, Liechtenstein and Norway can study in EU universities (Erasmus programme), while cultural institutions can participate in film, theatre or musical projects (Culture 2000). For a full listing of available programmes, please go to <http://secretariat.efta.int>



Bjørn Tore Godal, Foreign Minister of Norway, signed the EEA Agreement, Oporto, Portugal, 1992. This is the most comprehensive agreement ever signed by both EFTA and the EU.

## The Two-Pillar EEA Structure



\* Switzerland is an observer

This figure 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.

The institutional arrangements under the EEA Agreement are laid down in a **two-pillar structure** with the EEA EFTA institutions matching those on the EU side. Substantive decisions relating to the EEA Agreement and its operation are a joint venture and are taken by joint bodies.

### Joint bodies

The **EEA Joint Committee** is responsible for the management of the EEA Agreement. It is a forum in which views are exchanged and decisions taken by consensus to incorporate EU legislation in the EEA Agreement. The Joint Committee is made up of Ambassadors of the EEA EFTA States to the EU and representatives of the European Commission.

The **EEA Council** is composed of EEA EFTA foreign ministers, the EU foreign minister of the current and forthcoming EU Council Presidencies, the EU Commissioner for External Relations and the High Representative for the EU's Common Foreign and Security Policy.

The EEA Council provides political impetus for the development of the Agreement and guidelines for the Joint 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 included in the EEA decision-making process, but through reports and resolutions it aims to scrutinise the decisions taken in the EEA JC.

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 the social partners on both sides and to co-operate in an organised and regular manner to enhance awareness and provide input on the economic and social aspects of the EEA.

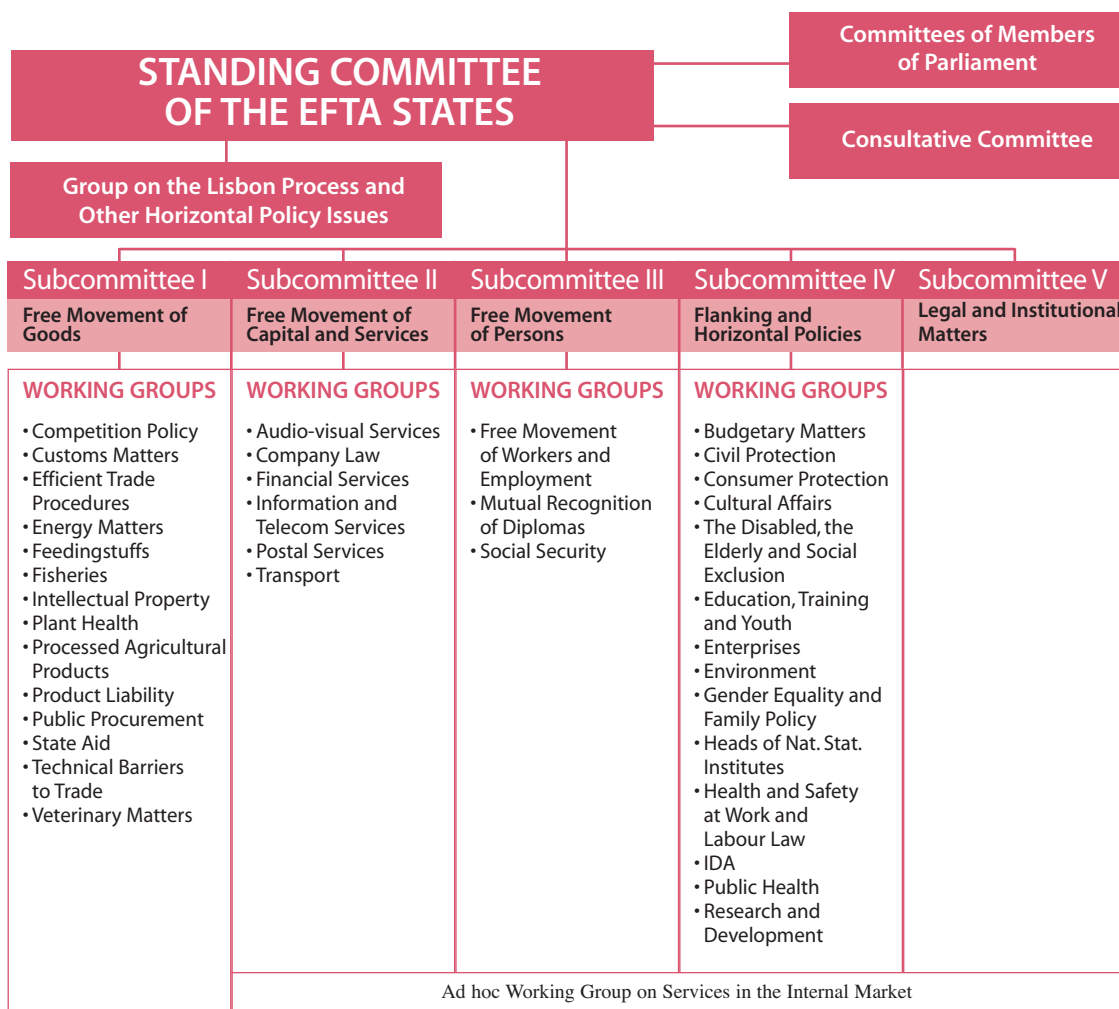
## EEA EFTA bodies (EEA EFTA pillar)

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 is made up of the Ambassadors of Norway, Iceland and Liechtenstein to the EU and observers from Switzerland and the EFTA Surveillance Authority. The Committee's sub-structure currently consists of five subcommittees, under which there are several working groups.

The **EFTA Surveillance Authority**, based in Brussels, ensures that the EEA EFTA States fulfil their obligations under the EEA Agreement. In addition to the general surveillance of compliance, the Surveillance Authority has powers in the fields of

competition, state aid and public procurement. This reflects the extension of competencies of the European Commission to the Authority in these fields within the Community.

The **EFTA Court**, based in Luxembourg, corresponds to the Court of Justice of the European Communities in matters relating to the EEA EFTA States. The Court deals with infringement actions brought by the EFTA Surveillance Authority against an 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 EFTA States. Furthermore, it hears appeals against decisions taken by the EFTA Surveillance Authority and gives advisory opinions to courts in the EFTA States on the interpretation of EEA rules.



## Financial Mechanisms

Through the Financial Mechanisms, the EEA EFTA States actively participate in the reduction of economic and social disparities between the regions of the EEA.

### The EEA Financial Mechanism 1994-98

The first Financial Mechanism entered into force on 1 January 1994 and was open for commitments until 31 December 1998. The decisions on the allocation of funds were made by the Financial Mechanism Committee representing the funding parties. The European Investment Bank (EIB) administers the Financial Mechanism under a co-operation agreement.

### The EEA Financial Instrument 1999-2003

The Financial Instrument made 119.6 million euros entirely in the form of grants available for projects in Greece, Ireland, Northern Ireland, Portugal and Spain.

### The EEA Financial Mechanism and the Norwegian Financial Mechanism 2004-2009

The EEA Financial Mechanism and the Norwegian Financial Mechanism were established as part of the EEA Enlargement Agreement when 10 new Member States joined the EU in May 2004.

### Beneficiary States and EEA EFTA Contributions

Through the Financial Mechanisms, the three EEA EFTA States make available a total 1.17 billion euros over a five-year period to Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Slovakia, Slovenia, and Spain. The EEA Financial Mechanism will make 600 million euros available for commitments in annual tranches of 120 million euros over the 2004-2009 five-year period, while the Norwegian Financial Mechanism will make available 567 million euros for commitments in annual tranches of 113.4 million euros over the same period.

## Priority Sectors

In the negotiations leading to the enlargement of the EEA, the EEA EFTA States, the government of Norway and the European Commission agreed on a list of priority sectors, within which grants are to be made available. Both Mechanisms provide grants in the following sectors:

- protection of the environment;
- promotion of sustainable development;
- conservation of European cultural heritage;
- human resources development;
- health and childcare.

Academic research may also be eligible for funding in so far as it targets one or more of the priority sectors.

In addition to those listed above, the Norwegian Financial Mechanism also gives priority to and grants in the following sectors:

- implementation of Schengen acquis;
- protection of the environment with emphasis on strengthening the administrative capacity;
- regional development and cross-border co-operation;
- assistance in the implementation of EU legislation;
- regional policy and cross-border activities;
- technical assistance relating to the implementation of *acquis communautaire*.

## Flexible Forms of Project Assistance

The Financial Mechanisms offer several different types of assistance to allow end-recipients in the beneficiary states more flexibility and greater possibilities. Assistance may be awarded in the form of individual projects, programmes (groups of projects) or as specific types of grant assistance, namely block grants or seed money. The different types of assistance are described in the Rules and Procedures of the Financial Mechanisms and in separate guidelines that have been adopted by the EEA Financial Mechanism Committee in the case of the EEA Financial Mechanism, or by the Norwegian Ministry of Foreign Affairs in the case of the Norwegian Financial Mechanism.

## Beneficiary States

All 13 beneficiary states and the 3 EEA EFTA States have established contact points to handle the Financial Mechanisms. In the beneficiary states, these are known as Focal Points. They are responsible for implementing the Financial Mechanisms within their territory. Companies, local authorities, social partners, NGOs and other potential project promoters can contact the Focal Point in their country with inquiries and submit project applications for assistance from the Mechanisms. The Focal Points select projects to be submitted to the decision-making bodies of the two Financial Mechanisms. The three EEA EFTA States have set up the Financial Mechanism Office (FMO) within the EFTA Secretariat in Brussels to act as their contact point for the Financial Mechanisms. The FMO handles the day-to-day operations (of the Financial

Mechanisms) and acts as a clearing house for information between the beneficiary states and the EEA EFTA States. An application submitted by a Focal Point for approval is assessed by the FMO and screened by the European Commission before it reaches either the Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs for final approval.

The Financial Mechanisms Office in Brussels assists in the preparatory stage of the Financial Mechanisms. Each beneficiary state negotiates and signs a Memorandum of Understanding (MoU) that defines the framework of co-operation and the administrative set-up in the beneficiary state, its priorities and specific forms of grant assistance.



Ten new European States in join Internal Market. Chief Negotiators initialling the EEA Enlargement Agreement on 3 July 2003 in Brussels. From left to right: Percy Westerlund, Chief Negotiator of the European Commission, H.S.H. Prince Nikolaus of Liechtenstein, Ambassador of Liechtenstein to the EU, William Rossier, Secretary-General of EFTA, Kjartan Jóhannsson, Ambassador of Iceland to the EU and Bjørn T. Grydeland, Ambassador of Norway to the EU.



# EFTA IN FIGURES

To the casual observer, Iceland, Liechtenstein, Norway and Switzerland may seem an odd grouping — four European States located in different corners of Europe with seemingly little in common, apart from their stunning natural beauty and non-membership of the European Union. However, these countries share more characteristics: they are world leaders in several sectors vital to the Global economy and they make up EFTA.

With a population totalling just 12 million, the EFTA States are dominant players in sectors such as oil and gas, fish and crustaceans, pharmaceuticals, clock and watch-making, machinery, financial services and maritime transport.

The two EFTA Alpine countries — Liechtenstein and Switzerland — are internationally renowned financial centres and hosts to major companies and multinationals. They are both key outward investors and Switzerland is a world leader in pharmaceuticals, machinery, watch-making, insurance and banking.

The two EFTA Nordic countries — Iceland and Norway — stand out in fish production, in the metal industry and in maritime transport. Thanks to its considerable mineral resources, Norway is the world's third largest exporter of oil and gas.



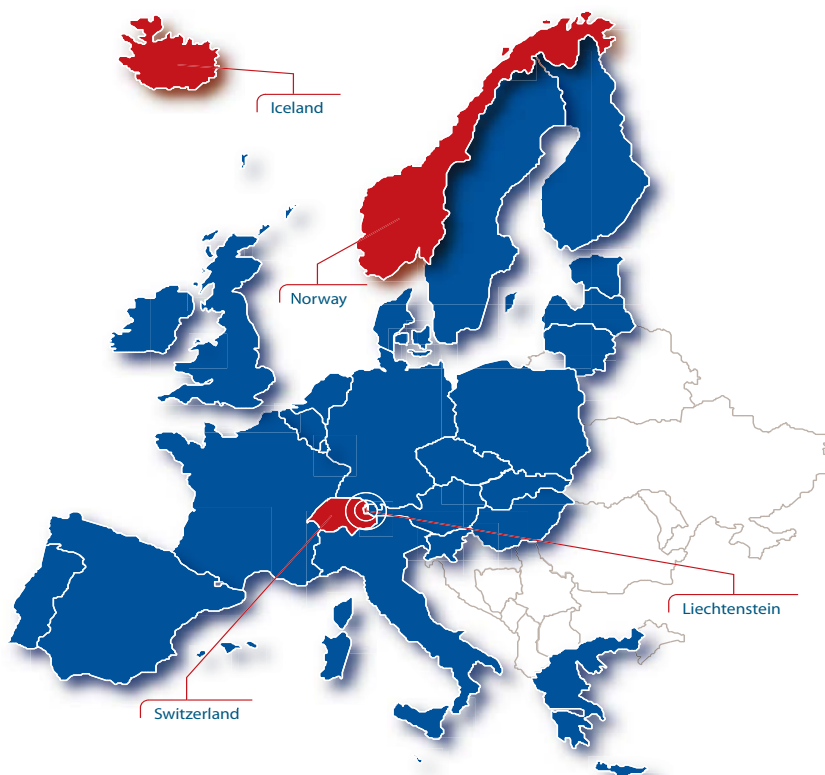
## General Information 2005

	Iceland	Liechtenstein	Norway	Switzerland
<b>Name</b>	Republic of Iceland	Principality of Liechtenstein	Kingdom of Norway	Swiss Confederation
<b>Government</b>	Parliamentary Republic	Constitutional Monarchy	Constitutional Monarchy	Federal State
<b>Head of State</b>	President Ólafur Ragnar Grímsson	Prince Hans-Adam II of Liechtenstein	King Harald V	President of Swiss Confederation Moritz Leuenberger*
<b>Head of Government</b>	Prime Minister Halldór Asgrímsson	Prime Minister Otmar Hasler	Prime Minister Jens Stoltenberg	President of Swiss Confederation Moritz Leuenberger*
<b>Official Languages</b>	Icelandic	German	Norwegian (Bokmål and Nynorsk))	German, French, Italian and Romansch
<b>Capital</b>	Reykjavik	Vaduz	Oslo	Berne
<b>Area (per km<sup>2</sup>)</b>	103 000	160	323 802	41 284
<b>Population (in '000; 1.1.2005)</b>	300	35	4 606	7 422
<b>Population Density (inhabitants per km<sup>2</sup>)</b>	2.9	216.3	14.2	179.8
<b>Currency</b>	Icelandic Krone (ISK)	Swiss Franc (CHF)	Norwegian Krone (NOK)	Swiss Franc (CHF)
<b>National Holiday</b>	17 June	15 August	17 May	1 August

Sources: National Statistical Offices, EUROSTAT and Official Government Websites

\* 2006





## Economic Indicators 2004

	Iceland*	Liechtenstein *	Norway	Switzerland
<b>GDP (in million €)</b>	9 837	n.a.	210 071	287 315
<b>GDP per capita (PPS** in €)</b>	27 800	n.a.	34 600	29 800
<b>GDP Growth (in %)</b>	6.2	n.a.	2.9	1.9
<b>Inflation (in %)</b>	2.3	1.0	0.7	1.0
<b>Unemployment (in %)</b>	3.1	2.4	4.5	4.2
<b>Exports: Goods (in million €)</b>	2 320	n.a.	65 649	95 483
<b>Main Exports</b>	Fish and crustaceans (48%) Aluminium (18%) Food waste (6%) Meat and fish preparations (6%)	n.a.	Mineral fuels and oil (64%) Machinery (6%) Fish and crustaceans (5%) Aluminium (5%)	Machinery (24%) Pharmaceuticals (17%) Organic chemicals (10%) Clocks and watches (8%)
<b>Imports: Goods (in million €)</b>	2 754	n.a.	38 586	89 907
<b>Main Imports</b>	Machinery (23%) Vehicles (11%) Mineral fuels and oil (9%) Furniture and bedding (4%)	n.a.	Machinery (25%) Vehicles (11%) Iron and steel products (5%) Mineral fuels and oil (4%)	Machinery (21%) Pharmaceuticals (10%) Vehicles (8%) Organic chemicals (6%)
<b>Exports: Services (in million €)</b>	1 173	n.a.	20 499	29 825
<b>Imports: Services (in million €)</b>	1 303	n.a.	19 213	16 400
<b>Total Trade (in million €)</b>	7 550	n.a.	143 947	231 615
<b>Government Financial Balance (in % of GDP)</b>	0.4	n.a.	11.5	-1.0
<b>Government Debt (in % of GDP)</b>	36.3	n.a.	51.1	56.7

Sources: National Statistical Offices, EUROSTAT, OECD, WTO, IMF and WTA; n.a. - not available

\* Iceland's trade in services figures are from 2003

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

Liechtenstein unemployment figures are expressed as share of persons employed

\*\* Purchasing Power Standards

## Leaders in world merchandise trade in 2004

(in billion USD and %)

Rank	Country	Exports	Imports	Total	Share (%)
1	EU 25	1 204	1 281	2 484	13.4
2	United States	819	1 526	2 345	12.6
3	China	593	561	1 154	6.2
4	Japan	565	455	1 020	5.5
5	Canada	322	276	598	3.2
6	Hong Kong (China)	266	273	539	2.9
7	Rep. of Korea	254	224	478	2.6
8	Mexico	189	206	395	2.1
9	EFTA	203	163	366	2.0
10	Chinese Taipei	181	168	349	1.9

Sources: WTO and WTA

## Leaders in world commercial services trade in 2004

(in billion USD and %)

Rank	Country	Exports	Imports	Total	Share (%)
1	EU 25	n.a.	n.a.	n.a.	n.a.
2	United States	319	259	578	13.8
3	Japan	94	134	228	5.5
4	China	59	70	129	3.1
5	EFTA	64	46	110	2.6
6	Canada	47	56	103	2.5
7	Rep. of Korea	40	50	90	2.2
8	Hong Kong (China)	54	29	83	2.0
9	Singapore	37	36	73	1.7
10	India	32	38	70	1.7

Source: WTO

## Key EFTA Figures

**Total merchandise trade** of 366 billion USD (2% of world trade (2003), making EFTA the world's 9<sup>th</sup> largest trader)

**Export per capita ratio** of 16 391 USD (the highest level of major regional groupings)

**Combined export of commercial services** worth 64 billion USD

**Combined FDI outflow** of 29.7 billion USD

**Combined FDI inflow** of 6.9 billion USD

**Combined GDP** of 620 billion USD

**Combined GDP per capita (PPP)** of 33 283 USD

**Average gross government debt** of 54% of GDP

**Average government financial balance** of 4.0% of GDP

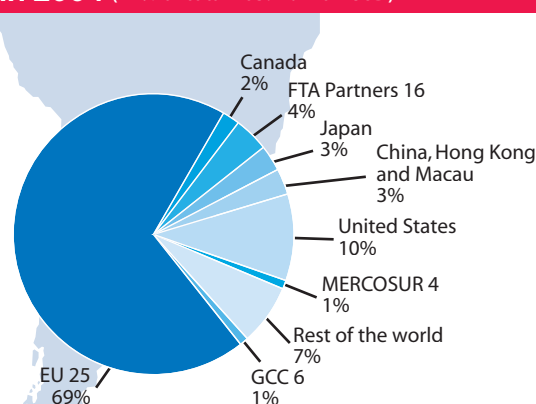
**Average inflation rate** of 0.9%

**Combined population** of 12.4 million

**Average unemployment rate** of 4.2%

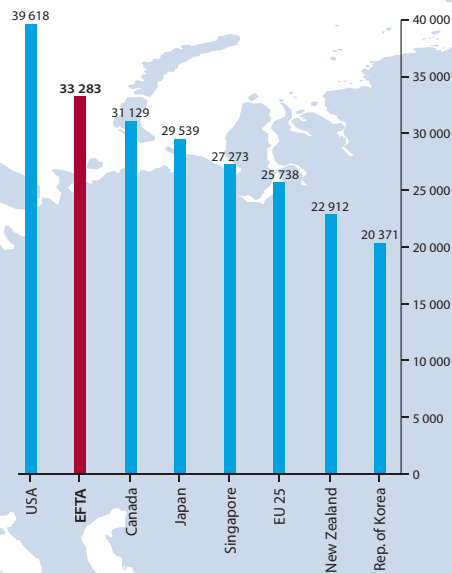
Sources: OECD, WTO, National Statistical Offices and World Trade Atlas

## EFTA States' exports to the world in 2004 (in % of total 203.2 billion USD)



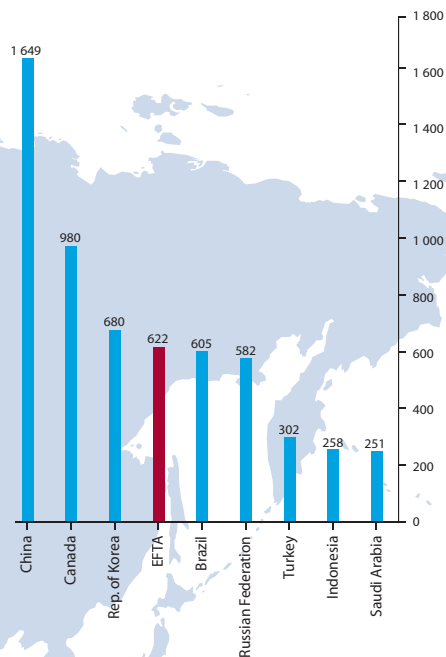
Source: World Trade Atlas

## GDP per capita (PPP) of EFTA and selected countries in 2004 (in USD)



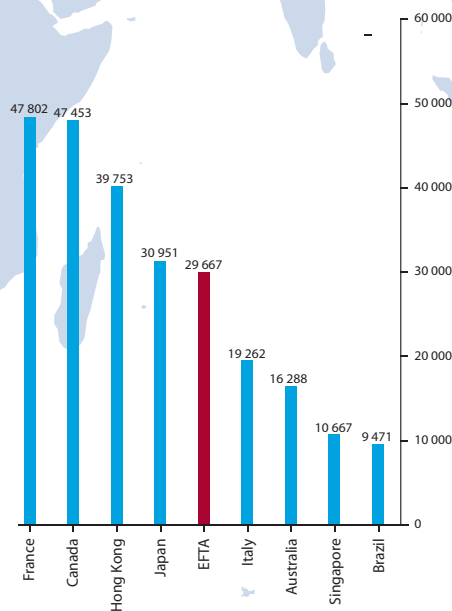
Sources: World Bank and OECD

## GDP of EFTA and selected countries in 2004 (in billion USD)



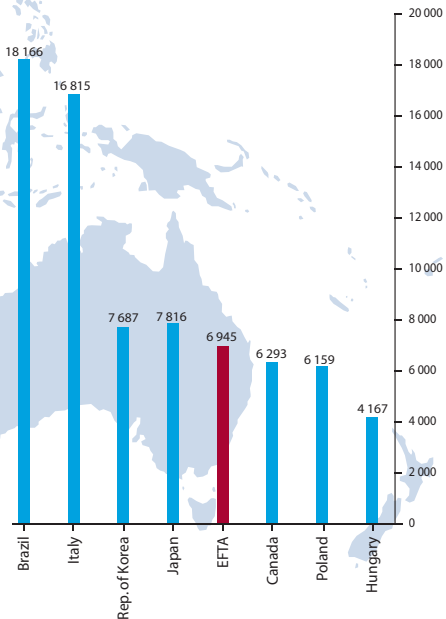
Source: World Bank

## FDI outflows of EFTA and selected countries in 2004 (in million USD)



Source: UNCTAD

## FDI inflows of EFTA and selected countries (in million USD)



Source: UNCTAD



## How Competitive and Productive are the EFTA States?

### Competitiveness in 2005

Rank	Country
4	Iceland
8	Switzerland
15	Norway

Source: IMD (Institute for Management Development) 2005

### Overall Productivity in 2004

GDP (PPP) per person employed (in USD)

Rank	Country	USD
5	Norway	77 204
16	Iceland	61 122
18	Switzerland	60 301

Source: OECD estimates, 2005

### The EFTA States' Strengths

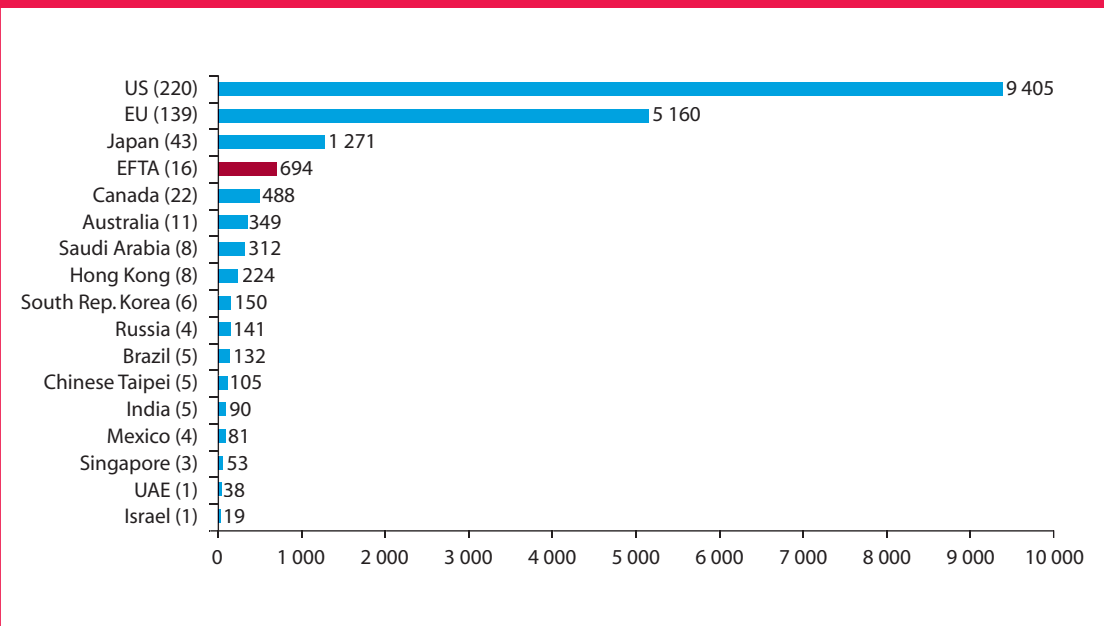
- Availability and quality of human resources;
- Strong performance of capital markets and high quality of financial services;
- Infrastructure that meets the basic needs of business;
- Scientific and technological capacity;
- Government efficiency;
- Efficient management and high productivity.

Source: IMD 2005



### Top 500 companies in the world in 2005

(Country (number of companies) and market capitalisation in billion USD)



Source: Financial Times, Global 500 2005 (market value at 31 March)

## Top EFTA companies in 2005

EFTA Rank	World Rank	Company	Activity	Market Value (2003 billion USD)
1	23	Novartis	Pharmaceuticals	124.6
2	28	Nestlé	Food	110.4
3	34	Roche Holding	Pharmaceuticals	95.8
4	35	UBS	Banking	95.1
5	94	Credit Suisse Group	Banking	51.4
6	142	Statoil	Oil / Gas	37.2
7	222	Zurich Financial Services	Banking	25.3
8	231	Swisscom	Telecom	24.3
9	246	Swiss Re	Insurance	23.1
10	265	Norsk Hydro	Energy/mining	21.3
11	371	Richemont	Watches/jewellery	16.4
12	390	Telenor	Telecom	15.7
13	440	Holcim	Cement/concrete	14.1
14	463	DnB NOR	Banking	13.6
15	497	ABB	Electronic & electrical equipment	12.9
16	500	Synthes	Health	12.8
17	540	Serono	Biotechnology	10.0
18	612	Adecco	Human resources	9.0
19	616	Syngenta	Agritechnology	8.9
20	647	Swatch Group	Watches	8.5

Source: Business Week 2004



## World's friendliest business locations

Rank	Country
5	Norway
12	Iceland
17	Switzerland

Sources: The International Bank for Reconstruction and Development/  
The World Bank: Ease of Doing Business Rank reforms in 2006

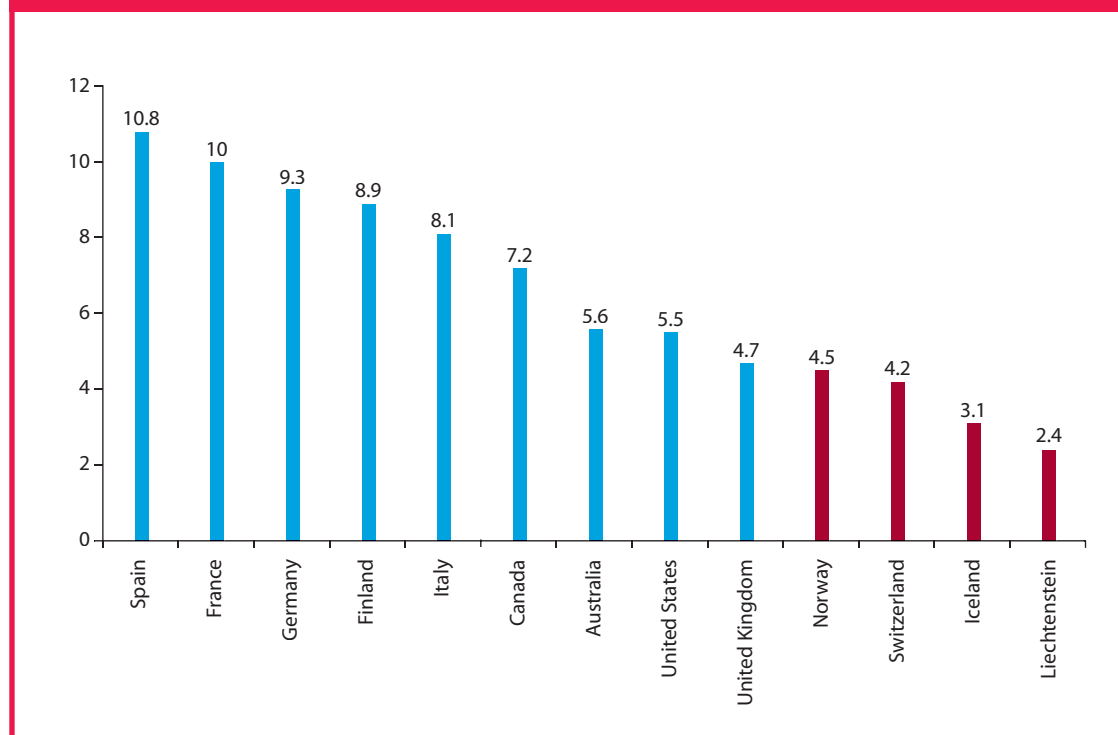
## Social Indicators 2005

	Iceland	Liechtenstein *	Norway	Switzerland
<b>Life Expectancy at Birth - Women</b>	82.6	82.1	82.3	83.7
<b>Life Expectancy at Birth - Men</b>	78.8	78.7	77.5	78.6
<b>Infant Mortality Rate (per '000 live births)</b>	2.8	2.7	3.2	4.2
<b>Population Growth Rate (in %)</b>	1.0	0.9	0.6	0.7

Source: National Statistical Offices

\* Life expectancy figures: 2002; infant mortality rate: 2004

## Unemployment rates in selected countries



Source: OECD Economic Outlook



# INSTITUTIONAL ASPECTS

## 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, 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, unions of States and international organisations. The Council is also responsible for administrative and budgetary matters within EFTA.

A number of specialised committees and experts groups assist and report directly to the Council. The Committee on Third-Country Relations, for instance, oversees the functioning and development of free trade and co-operation agreements with third-countries. The Committee on Customs and Origin Matters oversees co-operation in the customs field. A number of Convention committees ensure the updating of the EFTA Convention. The Board of Auditors is the supreme auditing authority for the EFTA Secretariat, the EFTA Surveillance Authority and the EFTA Court.

It also serves as a point of contact with the Court of Auditors for the auditing of EEA EFTA contributions to the EU budget. The Budget Committee assists the Council on EFTA budgetary matters.

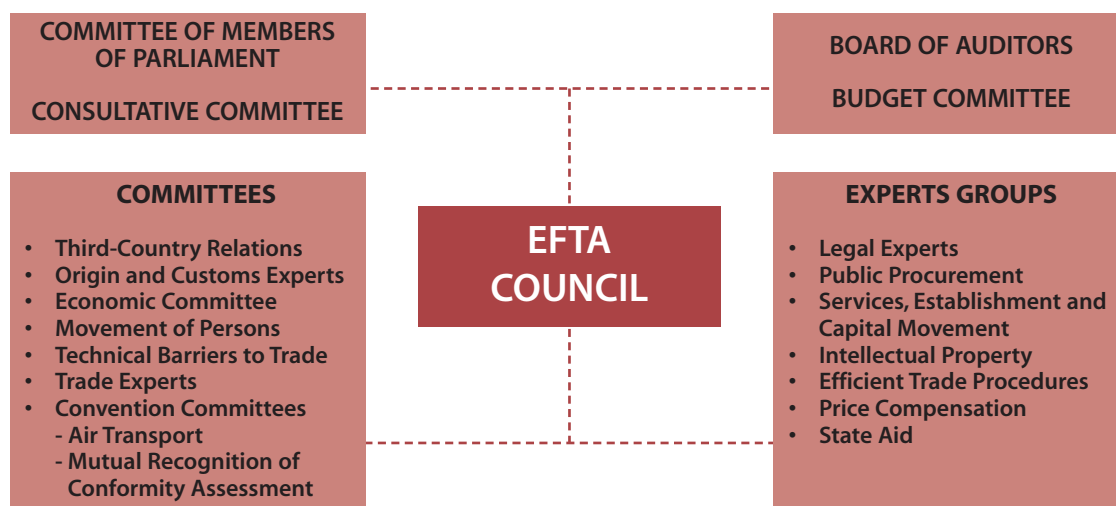
Within the EFTA Consultative Committee and the EFTA Parliamentary Committee, representatives of industry and labour, and members of Parliament, work to advise the Council on current EFTA affairs. Both Committees have formal links with their colleagues in the EU. Occasionally, they also meet with their counterparts in countries with which EFTA has free trade agreements.

## EFTA Ministerial Meetings

To provide political guidance, EFTA Ministers meet twice a year. In the first meeting — usually in June — Ministers discuss both trade relations and the EEA Agreement. The second meeting — usually at the end of the year — is a more informal and is devoted exclusively to free trade discussions.



## The EFTA Council Structure



## Management of 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, one located in Geneva and the other in Brussels. The three posts are shared between the Member States, which usually nominate candidates from their diplomatic corps.

The division of the Secretariat reflects the division of EFTA's activities. The Secretariat employs approximately 100 staff members, of whom one third are based in Geneva and two thirds in Brussels and Luxembourg.

All Secretariat staff members are employed on three-year contracts, renewable once. While working at the Secretariat, staff members are servants of the Association and therefore not responsible to their national governments.

The Headquarter in Geneva deals with the management and negotiation of free trade agreements and provides support to the EFTA Council.

In Brussels, the Secretariat provides support for the management of the EEA Agreement and assists the Member States in the preparation of new legislation for integration into the EEA Agreement.

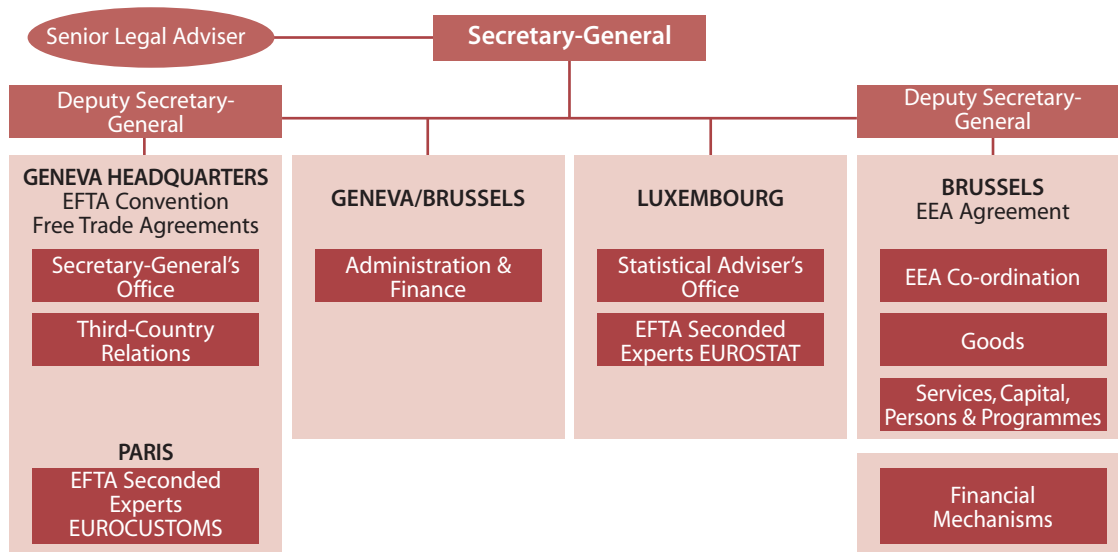
The two duty stations work closely together to implement the Vaduz Convention's stipulations on the intra-EFTA free trade area.

The Statistical Adviser's Office in Luxembourg contributes to the development of a broad and integrated European Statistical System (ESS).



Pinning Ministers to the wall. EFTA's Secretary-General ensures that EFTA Ministers are properly equipped with EFTA pins.  
William Rossier, Secretary-General of EFTA, Odd Eriksen, Trade and Industry Minister of Norway and Joseph Deiss, Federal Councillor of Switzerland.

## Organisational Chart



## EFTA Budget

Budget posts	Budget 2005 (in CHF)
Intra-EFTA relations	85 528
Management of FTAs with third countries	768 118
Free trade negotiations	1 933 641
Prospective FTA partners	328 837
Servicing the EFTA Council and programmes	855 554
EEA matters	7 272 330
Statistical co-operation - Luxembourg	615 708
Organisation management and administration	4 483 600
Horizontal activities	2 718 975
EU-EFTA and EFTA co-operation activities	3 202 967
<b>TOTAL</b>	<b>22 265 257</b>

## Contributions to the EFTA Budget 2005

Member State	Contributions (in CHF)	Share
Iceland	922 547	4.14%
Liechtenstein	227 975	1.02%
Norway	11 416 307	51.27%
Switzerland	9 698 428	43.56%
<b>TOTAL</b>	<b>22 265 257</b>	<b>100%</b>



#### Secretaries-General

From left to right: Deputy Secretary-General, Geneva, Pétur Thorsteinsson; Secretary-General William Rossier; Deputy Secretary-General, Brussels, Øystein Hovdikkinn

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#### Secretary-General's Office, Geneva

From left to right: Thordur Jonsson, Christine Rahn, Geir Ulle, Rachel Philips, Tore Myhre (Head of Unit), Marino Baldi (Senior Legal Adviser) (absent) and Claudia Locatelli (absent)

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#### Secretary-General's Office, Brussels

Carole Berthelot and Pål A. Hvistendahl

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#### Administration and Finance Unit, Geneva

From left to right: Edgardo Marual, Bente Gjoertz, Daniel Frieder and Roberta Martinelli O'Neil (Head of Human Resources)

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#### Administration and Finance Unit, Brussels

From left to right: Dirk Gillis, Mike Boot, Cécile De Groote, Jorgen van Assche, Juliet Varela (EEA Co-ordination Unit), Viviane Munroop, Doris Leuenberger (Head of Unit), Susanne Persson, Eivind Norebø and Elin Kildemo Heidebroek

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#### Third-Country Unit, Geneva

From left to right: Bergthor Magnusson, Ingibjorg Olof Vilhjalmsdóttir, Louise Fréchin, Jean-François Fassora, Eivind Skjulestad, Bente Gjoertz, Philippe Metzger (Head of Unit), Mathias Hirsch, Jane Mulder, Sandrine Merckaert, Merete Berg Fagerhaug and Tormod Simensen (absent)

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#### EEA Co-ordination Unit, Brussels

From left to right: Jannicke Witso, Margrethe Saxegaard, Titus van Stiphout, Tore Jan Narvestad, Sebastian Remøy, Sigurjón Halldórsson, Hrunn Hafsteinsdóttir, Simon Planzer, Harald E. Nybølet (Head of Unit), Fabian Mahnig, Margrethe W. Kvarenes, Jean Lusweti, Nessa Cullimore (absent) and Andri Lúthersson (absent)

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#### Goods Unit, Brussels

From left to right: Kathleen Byrne, Jóhannes Thorsteinsson, Jeanette Durkin, Lars Varden, Telma Halldórsdóttir, Geir Bekkevold (Head of Unit), Jenny Hanssen, Sverre Trulsen, Birgitte Andersen, Ingvild Anestad, Steffen E. Milner (absent) and Tore N. Thomassen (absent)

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**Services, Capital, Persons & Programmes Unit, Brussels**

From left to right: Anne-Marie Vandenberghe, Deirdre Murray, François Baur, Nadja Rossetti, Thorunn J. Hafstein (Head of Unit), Ásta Magnúsdóttir, Anne Camilla Hilton, Anne Cornu, Kristín Egilsdóttir, Tor-Egil Hodne, Siv Christin Gaalaas (absent), Kristian Røed (absent) and Jan Bertil Lieng (absent)

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**Financial Mechanism Office, Brussels**

From left to right: Kurt Haugen, Malene Christiansen, Karen Turner, Geir Age Andreassen, Michael Reiertsen, Ágústa Ýr Thorbergsdóttir, Matúš Minárik, Laura Harjapää, Hjörtur Bragi Sverrisson, Stine Lundin Andresen (Director), Pawel Krzczunowicz, Norman Weisz, Anders Flock Bachmann, Dávid Tas and Erik Brynhildsbakken (absent)

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## Members of the EFTA Consultative Committee

### Iceland

<b>Mr Halldór Grönvold</b> (Vice-Chairman)	Icelandic Confederation of Labour (ASÍ)
<b>Mr Halldór Benjamín Thorbergsson</b>	Iceland Chamber of Commerce
<b>Ms Erna Guðmundsdóttir</b>	Federation of State and Municipal Employees (BSRB)
<b>Mr Jón Steindor Valdimarsson</b>	Federation of Icelandic Industries (SI)
<b>Mr Gústaf Adolf Skúlason</b>	Confederation of Icelandic Employers (SA)

### Liechtenstein

<b>Mr Josef Beck</b>	Liechtenstein Chamber of Commerce and Industry (LCCI)
<b>Mr Sigi Langenbahn</b>	Federation of Liechtenstein Employees
<b>Mr Albert Jehle</b>	Federation of Liechtenstein Employees

### Norway

<b>Mr Jon Vea</b> (Chairman)	Confederation of Norwegian Enterprise (NHO)
<b>Mr Thomas Angell</b>	Federation of Norwegian Commercial and Service Enterprises (HSH)
<b>Mr Tor Jørgen Lindahl</b>	Norwegian Confederation of Trade Unions (LO)
<b>Ms Åse Erdal</b>	Norwegian Association of Local and Regional Authorities (KS)
<b>Ms Wenche Paulsrud</b>	Norwegian Confederation of Vocational Unions (YS)
<b>Mr Ingunn Yssen</b>	Norwegian Confederation of Trade Unions (LO)

### Switzerland

<b>Ms Ruth Derrer Balladore</b> (Vice Chairwoman)	Swiss Union of Employers
<b>Mr Gregor Kündig</b>	Economiesuisse
<b>Mr Vital G. Stutz</b>	Swiss Federation of Employees
<b>Mr Marco Taddei</b>	Swiss Union of Small and Medium-sized Enterprises
<b>Mr Pierre Weiss</b>	Federation des entreprises romandes (FER) Genève
<b>Mr Hans-Peter Tinguely</b>	Swiss Workers' Federation

### Permanent Observers

<b>Mr Tom Jenkins</b>	European Trade Union Confederation (ETUC)
<b>Vacant</b>	Union of Industrial and Employers' Confederation of Europe (UNICE)

## Members of the EFTA Parliamentary Committee

### Icelandic Delegation

<b>Mr Guðlaugur Thór Thórdarson</b> (CMP*/MPS** Vice-Chairman)	Independence Party
<b>Ms Ingibjörg Sólrún Gísladóttir</b>	Social Democratic Alliance
<b>Mr Kristinn H. Gunnarsson</b>	Progressive Party
<b>Mr Bjarni Benediktsson</b>	Independence Party
<b>Mr Lúdvík Bergvinsson</b>	Social Alliance

### Alternate Members

<b>Mr Birgir Ármannsson</b>	Independence Party
<b>Mr Jón Gunnarsson</b>	Social Alliance
<b>Ms Jónína Bjartmarz</b>	Progressive Party
<b>Ms Þórunn Sveinbjarnardóttir</b>	Social Alliance
<b>Mr Sigurdur Kári Kristjánsson</b>	Independence Party

### Liechtenstein Delegation

<b>Mr Franz Heeb</b> (MPS** Chairman)	Progressive Citizen's Party
<b>Mr Henrik Caduff</b>	Patriotic Union

### Alternate Members

<b>Mr Adrian Gstöhl</b>	Progressive Citizen's Party
<b>Mr Alexander Marxer</b>	Patriotic Union

\* Committee of Members of Parliament of the EFTA States

\*\* Committee of Members of Parliament of the EFTA Countries

#### Norwegian Delegation

Mr Svein Roald Hansen	Labour Party
Ms Laila Dævøy	Christian Democratic Party
Ms Marianne Aasen Agdestein	Labour Party
Mr Gjermund Hagesæter	Progress Party
Mr Børge Brende	Conservative Party
Ms Lena Jensen	Socialist Left Party

#### Alternate Members

Mr Steinar Gullvåg	Labour Party
Ms Tove Karoline Knutsen	Labour Party
Mr Morten Høglund	Progress Party
Mr Lodve Solholm	Progress Party
Mr Lars Sponheim	Liberal Party
Mr Ola Borten Moe	Centre Party

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Mr Erwin Jutzet	Social-Democratic Party
Mr Peter Briner	Radical-Democratic Party
Mr Mario Fehr	Social-Democratic Party
Mr Hans Ulrich Mathys	Swiss People's Party

#### Alternate Members

Ms Kathy Riklin	Christian-Democratic Party
Mr Hannes Germann	Swiss People's Party
Mr Félix Müri	Swiss People's Party
Ms Gisèle Ory	Social-Democratic Party
Mr René Vaudroz	Radical-Democratic Party

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Ambassador Kristinn F. Árnason (from November 2005)	Iceland
Ambassador Stefán Haukur Jóhannesson (until October 2005)	Iceland
Ambassador Norbert Frick	Liechtenstein
Ambassador Eirik Glenne	Norway
Ambassador Pierre-Louis Girard	Switzerland

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Ambassador Kjartan Jóhannsson (until October 2005)	Iceland
H.S.H. Prince Nikolaus of Liechtenstein	Liechtenstein
Ambassador Oda Helen Sletnes (from the beginning of 2006)	Norway
Ambassador Bjørn T. Grydeland (until the end of 2005)	Norway

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Mr William Rossier	Secretary-General
Mr Pétur G. Thorsteinsson	Deputy Secretary-General (Geneva)
Mr Øystein Hovdkinn	Deputy Secretary-General (Brussels)

# ANNEX

## EFTA's free trade partners in merchandise trade 2005

(in million USD and %)

Rank No	Country	Total trade mn USD	Share %	Exports mn USD	Share %	Rank No	Imports mn USD	Share %	Rank No
	<b>World</b>	<b>411 211</b>	<b>100</b>	<b>230 849</b>	<b>100</b>	<b>n.a.</b>	<b>180 362</b>	<b>100</b>	<b>n.a.</b>
	<b>Free Trade Partners</b>	<b>317 893</b>	<b>77.3</b>	<b>172 870</b>	<b>74.9</b>	<b>n.a.</b>	<b>145 023</b>	<b>80.4</b>	<b>n.a.</b>
	<b>EU 25</b>	<b>300 220</b>	<b>73.0</b>	<b>162 164</b>	<b>70.2</b>	<b>n.a.</b>	<b>138 056</b>	<b>76.5</b>	<b>n.a.</b>
1	Germany (EU)	84 764	20.61	37 773	16.36	1	46 991	26.05	1
2	United Kingdom (EU)	42 481	10.33	33 220	14.39	2	9 262	5.14	5
3	France (EU)	34 532	8.40	20 840	9.03	3	13 692	7.59	3
4	Italy (EU)	27 809	6.76	12 837	5.56	5	14 972	8.30	2
5	Netherlands (EU)	22 997	5.59	14 605	6.33	4	8 392	4.65	6
6	Sweden (EU)	17 643	4.29	8 084	3.50	6	9 559	5.30	4
7	Spain (EU)	12 511	3.04	8 046	3.49	7	4 465	2.48	11
8	Belgium (EU)	10 243	2.49	4 973	2.15	8	5 270	2.92	9
9	Austria (EU)	10 159	2.47	4 286	1.86	10	5 873	3.26	7
10	Denmark (EU)	9 447	2.30	4 429	1.92	9	5 018	2.78	10
11	Ireland (EU)	7 759	1.89	2 212	0.96	11	5 547	3.08	8
12	Finland (EU)	4 485	1.09	2 007	0.87	13	2 478	1.37	12
13	Poland (EU)	3 679	0.89	2 009	0.87	12	1 670	0.93	13
14	Korea. South	3 033	0.74	1 815	0.79	15	1 218	0.68	15
15	Czech Republic (EU)	2 975	0.72	1 667	0.72	16	1 308	0.73	14
16	Turkey	2 872	0.70	1 928	0.83	14	945	0.52	18
17	Singapore	2 079	0.51	1 642	0.71	17	438	0.24	22
18	Portugal (EU)	1 948	0.47	1 379	0.60	18	568	0.32	20
19	Hungary (EU)	1 774	0.43	824	0.36	21	951	0.53	17
20	South Africa	1 579	0.38	590	0.26	23	989	0.55	16
21	Greece (EU)	1 269	0.31	1 092	0.47	19	177	0.10	34
22	Mexico	1 115	0.27	932	0.40	20	183	0.10	32
22	Norway	1 115	0.27	560	0.24	24	555	0.31	21
24	Israel	1 061	0.26	637	0.28	22	424	0.24	30
25	Switzerland	963	0.23	312	0.14	29	651	0.36	19
26	Romania	904	0.22	533	0.23	25	371	0.21	25
27	Luxembourg (EU)	785	0.19	495	0.21	26	290	0.16	29
28	Slovakia (EU)	705	0.17	322	0.14	28	383	0.21	24
29	Lithuania (EU)	592	0.14	233	0.10	31	359	0.20	26
30	Slovenia (EU)	493	0.12	265	0.11	30	228	0.13	30
31	Estonia (EU)	487	0.12	150	0.06	39	336	0.19	27
32	Iceland	477	0.12	364	0.16	27	113	0.06	37
33	Latvia (EU)	452	0.11	225	0.10	33	227	0.13	31
34	Morocco	347	0.08	213	0.09	34	134	0.07	35
35	Lebanon	338	0.08	159	0.07	38	179	0.10	33
36	Botswana	332	0.08	2	0.00	47	330	0.18	28
37	Chile	309	0.08	186	0.08	36	123	0.07	36
38	Croatia	307	0.07	228	0.10	32	78	0.04	39
39	Bulgaria	293	0.07	193	0.08	35	100	0.06	38
40	Faroe Islands	208	0.05	162	0.07	37	45	0.03	41
41	Malta (EU)	145	0.04	119	0.05	41	26	0.01	42
42	Tunisia	128	0.03	79	0.03	42	49	0.03	40
43	Jordan	121	0.03	121	0.05	40	1	0.00	47
44	Cyprus (EU)	86	0.02	72	0.03	43	13	0.01	44
45	Macedonia	43	0.01	35	0.01	44	8	0.00	46
46	Liechtenstein	22	0.01	1	0.00	49	21	0.01	43
47	Namibia	15	0.00	3	0.00	46	13	0.01	45
48	Palestinian Authority	10	0.00	10	0.00	45	0	0.00	48
49	Swaziland	2	0.00	1	0.00	48	0	0.00	49
50	Lesotho	0	0.00	0	0.00	50	0	0.00	50
	<b>Other partners</b>	<b>93 318</b>	<b>22.7</b>	<b>57 979</b>	<b>25.1</b>	<b>n.a.</b>	<b>35 339</b>	<b>19.6</b>	<b>n.a.</b>

Source: World Trade Atlas 2005.



## EFTA's main trading partners in merchandise trade 2005

Rank No	Country	Total trade mn USD	Share %	Exports mn USD	Share %	Rank No	Imports mn USD	Share %	Rank No
	<b>World</b>	<b>411 211</b>	<b>100</b>	<b>230 849</b>	<b>100</b>	<b>n.a.</b>	<b>180 362</b>	<b>100</b>	<b>n.a.</b>
<b>1</b>	<b>Free Trade Partners</b>	<b>317 893</b>	<b>77.3</b>	<b>172 870</b>	<b>74.9</b>	<b>1</b>	<b>145 023</b>	<b>80.4</b>	<b>1</b>
	EU 25	300 220	73.0	162 164	70.2		138 056	76.5	
	Third Country Partners 21 <sup>1</sup>	15 096	3.7	9 468	4.1		5 628	3.1	
	Intra-EFTA 4	2 577	0.63	1 237	0.54		1 340	0.74	
<b>2</b>	<b>United States (incl. PR)</b>	<b>31 129</b>	<b>7.6</b>	<b>21 368</b>	<b>9.3</b>	<b>2</b>	<b>9 761</b>	<b>5.4</b>	<b>2</b>
	United States	30 485	7.4	21 184	9.2		9 301	5.2	
	Puerto Rico	644	0.2	184	0.1		460	0.3	
<b>3</b>	<b>China (incl. HK &amp; Macau)<sup>2</sup></b>	<b>14 323</b>	<b>3.5</b>	<b>7 005</b>	<b>3.0</b>	<b>3</b>	<b>7 318</b>	<b>4.1</b>	<b>3</b>
	China, People's Republic of	9 615	2.3	3 686	1.6		5 929	3.3	
	Hong Kong	4 684	1.1	3 310	1.4		1 374	0.8	
	Macau	24	0.01	9	0.00		15	0.01	
<b>4</b>	<b>Japan<sup>3</sup></b>	<b>10 107</b>	<b>2.5</b>	<b>5 830</b>	<b>2.5</b>	<b>4</b>	<b>4 277</b>	<b>2.4</b>	<b>4</b>
<b>5</b>	<b>Canada<sup>4</sup></b>	<b>7 942</b>	<b>1.9</b>	<b>5 828</b>	<b>2.5</b>	<b>5</b>	<b>2 114</b>	<b>1.2</b>	<b>5</b>
<b>6</b>	<b>Russia</b>	<b>4 141</b>	<b>1.01</b>	<b>2 099</b>	<b>0.91</b>	<b>7</b>	<b>2 042</b>	<b>1.13</b>	<b>6</b>
<b>7</b>	<b>GCC 6<sup>5</sup></b>	<b>3 176</b>	<b>0.77</b>	<b>2 660</b>	<b>1.15</b>	<b>6</b>	<b>515</b>	<b>0.29</b>	<b>12</b>
<b>8</b>	<b>MERCOSUR 4<sup>6</sup></b>	<b>2 869</b>	<b>0.70</b>	<b>1 673</b>	<b>0.72</b>	<b>8</b>	<b>1 197</b>	<b>0.66</b>	<b>7</b>
<b>9</b>	<b>Chinese Taipei</b>	<b>2 169</b>	<b>0.53</b>	<b>1 210</b>	<b>0.52</b>	<b>11</b>	<b>959</b>	<b>0.53</b>	<b>9</b>
<b>10</b>	<b>India</b>	<b>2 016</b>	<b>0.49</b>	<b>1 261</b>	<b>0.55</b>	<b>10</b>	<b>755</b>	<b>0.42</b>	<b>11</b>
<b>11</b>	<b>Thailand<sup>7</sup></b>	<b>1 589</b>	<b>0.39</b>	<b>807</b>	<b>0.35</b>	<b>12</b>	<b>782</b>	<b>0.43</b>	<b>10</b>
<b>12</b>	<b>Australia</b>	<b>1 553</b>	<b>0.38</b>	<b>1 339</b>	<b>0.58</b>	<b>9</b>	<b>214</b>	<b>0.12</b>	<b>18</b>
<b>13</b>	<b>Libya</b>	<b>1 230</b>	<b>0.30</b>	<b>153</b>	<b>0.07</b>	<b>27</b>	<b>1 077</b>	<b>0.60</b>	<b>8</b>
<b>14</b>	<b>Malaysia</b>	<b>909</b>	<b>0.22</b>	<b>518</b>	<b>0.22</b>	<b>14</b>	<b>391</b>	<b>0.22</b>	<b>14</b>
<b>15</b>	<b>Iran</b>	<b>686</b>	<b>0.17</b>	<b>633</b>	<b>0.27</b>	<b>13</b>	<b>53</b>	<b>0.03</b>	<b>34</b>
<b>16</b>	<b>Nigeria</b>	<b>643</b>	<b>0.16</b>	<b>190</b>	<b>0.08</b>	<b>22</b>	<b>453</b>	<b>0.25</b>	<b>13</b>
<b>17</b>	<b>Indonesia<sup>8</sup></b>	<b>567</b>	<b>0.14</b>	<b>310</b>	<b>0.13</b>	<b>17</b>	<b>258</b>	<b>0.14</b>	<b>17</b>
<b>18</b>	<b>Ukraine<sup>9</sup></b>	<b>528</b>	<b>0.13</b>	<b>430</b>	<b>0.19</b>	<b>15</b>	<b>98</b>	<b>0.05</b>	<b>28</b>
<b>19</b>	<b>Egypt<sup>10</sup></b>	<b>413</b>	<b>0.10</b>	<b>367</b>	<b>0.16</b>	<b>16</b>	<b>46</b>	<b>0.03</b>	<b>35</b>
<b>20</b>	<b>Pakistan</b>	<b>398</b>	<b>0.10</b>	<b>305</b>	<b>0.13</b>	<b>18</b>	<b>92</b>	<b>0.05</b>	<b>30</b>
<b>21</b>	<b>Viet Nam</b>	<b>373</b>	<b>0.09</b>	<b>108</b>	<b>0.05</b>	<b>33</b>	<b>265</b>	<b>0.15</b>	<b>16</b>
<b>22</b>	<b>Colombia</b>	<b>369</b>	<b>0.09</b>	<b>204</b>	<b>0.09</b>	<b>20</b>	<b>166</b>	<b>0.09</b>	<b>20</b>
<b>23</b>	<b>Philippines</b>	<b>307</b>	<b>0.07</b>	<b>190</b>	<b>0.08</b>	<b>23</b>	<b>117</b>	<b>0.06</b>	<b>26</b>
<b>24</b>	<b>Algeria<sup>11</sup></b>	<b>290</b>	<b>0.07</b>	<b>124</b>	<b>0.05</b>	<b>29</b>	<b>166</b>	<b>0.09</b>	<b>19</b>
<b>25</b>	<b>Panama</b>	<b>288</b>	<b>0.07</b>	<b>196</b>	<b>0.08</b>	<b>21</b>	<b>92</b>	<b>0.05</b>	<b>31</b>
<b>26</b>	<b>Bahamas<sup>12</sup></b>	<b>288</b>	<b>0.07</b>	<b>244</b>	<b>0.11</b>	<b>19</b>	<b>44</b>	<b>0.02</b>	<b>37</b>
<b>27</b>	<b>New Zealand</b>	<b>287</b>	<b>0.07</b>	<b>189</b>	<b>0.08</b>	<b>24</b>	<b>98</b>	<b>0.05</b>	<b>29</b>
<b>28</b>	<b>Suriname</b>	<b>274</b>	<b>0.07</b>	<b>2</b>	<b>0.00</b>	<b>126</b>	<b>272</b>	<b>0.15</b>	<b>15</b>
<b>29</b>	<b>Peru</b>	<b>262</b>	<b>0.06</b>	<b>110</b>	<b>0.05</b>	<b>32</b>	<b>152</b>	<b>0.08</b>	<b>21</b>
<b>30</b>	<b>Kazakhstan</b>	<b>243</b>	<b>0.06</b>	<b>87</b>	<b>0.04</b>	<b>36</b>	<b>156</b>	<b>0.09</b>	<b>20</b>
	<b>Other partners</b>	<b>3 949</b>	<b>0.96</b>	<b>2 539</b>	<b>1.10</b>	<b>n.a.</b>	<b>1 408</b>	<b>0.78</b>	<b>n.a.</b>

Source: Trade figures - World Trade Atlas 2005; Population 2004, GDP 2004 and GDP per capita 2004 (based on constant USD 2000)  
- World Bank Development Indicators Database..

(in million USD and %)

Population in mn	Share %	GDP bn USD	Share %	Per capita GDP USD
<b>6 345,127</b>	<b>100</b>	<b>34 908</b>	<b>100</b>	<b>5 501</b>
<b>860,806</b>	<b>13.6</b>	<b>11 325</b>	<b>32.4</b>	<b>13,156<sup>13</sup></b>
455,297	7.2	8 768	25.1	19,257 <sup>13</sup>
393,221	6.2	2 116	6.1	5,381 <sup>13</sup>
12,288	0.2	441	1.3	35 921
297,436	4.7	10 864	31.1	36,525 <sup>13</sup>
293,507	4.6	10 798	30.9	36 790
3,929	0.1	66	0.2	16 800
1 303,794	20.5	1 704	4.9	1,307 <sup>13</sup>
1 296,500	20.4	1 506	4.3	1 162
6,845	0.1	189	0.5	27 597
0,449	0.0	9	0.0	19 532
127,764	2.0	5 007	14.3	39 195
31,902	0.5	788	2.3	24 712
142,814	2.3	329	0.9	2 302
34,000	0.5	358	1.0	10,529 <sup>13</sup>
227,000	3.6	909	2.6	4,004 <sup>13</sup>
22,750	0.4	282	0.8	23 400
1 079,721	17.0	581	1.7	538
62,387	1.0	150	0.4	2 399
20,120	0.3	431	1.2	22 074
5,674	0.1	41	0.1	7 483
25,209	0.4	106	0.3	4 221
66,927	1.1	121	0.3	1 812
139,823	2.2	51	0.1	361
217,587	3.4	197	0.6	906
48,007	0.8	44	0.1	917
68,737	1.1	114	0.3	1 663
152,061	2.4	86	0.2	566
82,162	1.3	41	0.1	500
45,300	0.7	94	0.3	2 069
82,986	1.3	90	0.3	1 079
32,372	0.5	64	0.2	1 981
3,027	0.0	13	0.0	4 373
0,320	0.0	5	0.0	15 772
4,061	0.1	61	0.2	14 984
0,443	0.0	1	0.0	2 388
27,546	0.4	61	0.2	2 207
14,957	0.2	27	0.1	1 822
<b>1 117,434</b>	<b>17.6</b>	<b>963</b>	<b>2.8</b>	<b>862</b>

<sup>1</sup> See separate table "EFTA's Trade with FTA Partners in 2005".

<sup>2</sup> Ongoing bilateral feasibility study on a FTA between Iceland and the People's Republic of China.

<sup>3</sup> Ongoing bilateral feasibility study on an FTA between Switzerland and Japan.

<sup>4</sup> Ongoing FTA negotiations between EFTA and Canada.

<sup>5</sup> FTA negotiations scheduled between EFTA and the GCC (Saudi Arabia, Bahrain, Kuwait, Qatar, United Arab Emirates and Oman).

<sup>6</sup> Argentina, Brazil, Paraguay and Uruguay.

<sup>7</sup> Ongoing FTA negotiations.

<sup>8</sup> Feasibility study scheduled.

<sup>9</sup> Joint declaration on cooperation.

<sup>10</sup> Ongoing negotiations.

<sup>11</sup> FTA negotiations scheduled.

<sup>12</sup> GDP and GDP per capita figures 2003.

<sup>13</sup> Calculated from World Bank Development Indicators Database.



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