

# THIS IS EFTA

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2009



This is EFTA 2009

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### Editor's Note:

"This is EFTA" is an overview of EFTA's activities and 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: <http://www.efta.int/publications/>



# FOREWORD



The history of EFTA, since it was established in 1960, is part of the political and economic history of Europe after the Second World War. The present membership and structure of EFTA can only be understood in the light of the wider quest for European economic integration and the development of the global multilateral trading system.

After the war, the importance of free trade for economic growth and reconstruction was recognised. Countries were determined not to return to the chaotic trading situation of the pre-war period, and the General Agreement on Tariffs and Trade (GATT) was set up. In Europe, free trade and economic integration were seen as important parts of the political process to avoid future conflicts. In 1957, six European countries signed the Treaty of Rome, thus creating a customs union and close economic co-operation in key areas. Two years later, seven other European countries signed the EFTA Agreement, thereby forming a free trade area among them.

The membership of EFTA changed during the next decades as political integration in Europe gathered pace. "The New EFTA", as we know it today, came into existence in 1995 with its present membership of Iceland, Liechtenstein, Norway and Switzerland. The Member States have updated the EFTA Convention.

In addition to promoting intra-EFTA free trade, the organisation has two other distinct tasks. It negotiates and maintains free trade agreements with third countries, and assists in the administration of the Agreement on the European Economic Area (EEA). This Agreement is a joint venture between three EFTA States (Iceland, Liechtenstein and Norway) and the EU. The work on free trade agreements is carried out at EFTA's headquarters in Geneva while the work on EEA matters is conducted at EFTA's Brussels office.

The results achieved by EFTA are formidable. EFTA has concluded 17 free trade agreements (FTAs) with countries all over the world. Discussions are also taking place with a number of countries for new agreements. I wish to underline that EFTA's FTA

negotiating policy is based upon the multilateral trading system, which it also aims to strengthen.

As members of the EEA, Iceland, Liechtenstein, and Norway are part of the EU's Internal Market, which covers the three States and all the EU Member States. The Internal Market is based on the principle of free movement of goods, services, capital and persons with uniform trade and competition rules. Switzerland, although not a member of the EEA, also benefits from its active observer status in the EEA EFTA structure in the administration of its bilateral agreements with the EU.

The system of free trade agreements (described above) gives the EFTA States access to one of the world's largest networks of free trade partners. So although EFTA has a small membership, it is a world leader in the promotion of free trade to the benefit of its own citizens and close to one billion people in Europe and other partner countries.

In 2007, the EFTA States together were the world's eleventh largest traders in merchandise goods and fifth largest traders in commercial services as well as leading markets for both outward and inward investment flows. Levels of per capita GDP were amongst the highest globally.

2008 has been a year of unprecedented financial turmoil. The EFTA States have also, to varying degrees, been affected. It is, however, too early to assess the full impact of the looming international economic downturn on the EFTA States.

For almost 50 years now, EFTA has shown remarkable ability to adapt to new realities. I am proud that EFTA has contributed significantly to the economic development of its Member States and to the promotion of free trade. I remain confident that the organisation will continue to be an indispensable instrument for our countries for years to come.

Kåre Bryn

A handwritten signature in blue ink that reads "Kåre Bryn".

Secretary-General

# THE EUROPEAN FREE TRADE ASSOCIATION

The European Free Trade Association (EFTA) 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 European Economic Area (EEA) Agreement, which enables three of the four EFTA Member States (Iceland, Liechtenstein and Norway) to participate in the EU's Internal Market.



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

© Keystone



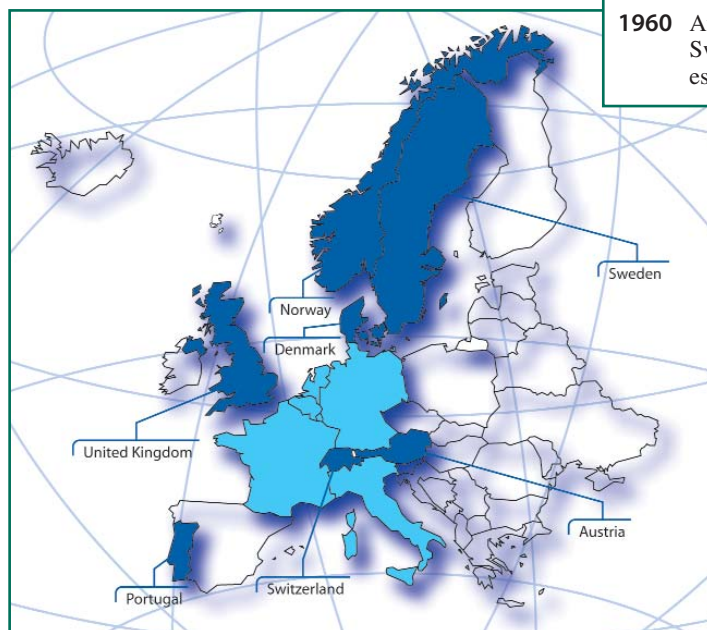
## The Vaduz Convention (the updated EFTA Convention)

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 (Liechtenstein) on 21 June 2001. The new Vaduz Convention entered into force on 1 June 2002 with the following main changes:

- The scope of the Convention was expanded to include new areas such as: trade in services and investment, mutual recognition of conformity assessments, 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.

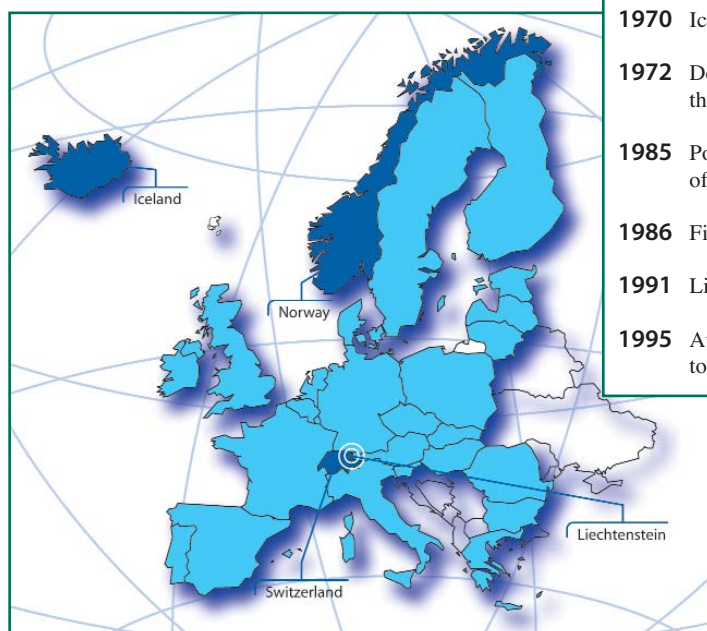
## EFTA and the EU 1960



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



## EFTA and the EU 2009



- 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



## 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** FTAs 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** 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 Co-operation 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 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. Formal launch of free trade negotiations with Thailand.

**2006** FTA signed with the Southern African Customs Union (SACU). Formal launch of free trade negotiations with the Gulf Co-operation Council (GCC). FTA with the Republic of Korea enters into force. Launch of Joint Study Group with India.

**2007** Agreement on EEA enlargement of Bulgaria and Romania signed. Start of negotiations on an FTA with Colombia, Peru and Algeria. Declaration on Co-operation signed with Mongolia. FTAs with Egypt and Lebanon enter into force.

**2008** FTAs with Canada and Colombia signed. Start of negotiations on an FTA with India. FTA with the Southern African Customs Union (SACU) enters into force. Joint Study Group report with Russia finalised.



The EFTA Ministers and the Secretary-General: Rita Kieber-Beck, Minister of Foreign Affairs, Liechtenstein, Doris Leuthard, Federal Councillor, Head of the Federal Department of Economic Affairs, Switzerland, Kåre Bryn, EFTA Secretary-General, Ingibjörg Sólrún Gísladóttir, Minister for Foreign Affairs and External Trade of Iceland and Annelene Svigen, State Secretary, Ministry of Trade and Industry, Norway.

# THE EFTA STATES

Although the EFTA countries (Iceland, Liechtenstein, Norway and Switzerland) are small, they are world leaders in several sectors vital to the global economy.

The two EFTA Alpine countries – Liechtenstein and Switzerland – are internationally renowned financial centres and hosts to major companies and multinationals. The Swiss economy is based on high quality products commanding high prices in world markets. Switzerland is a world leader in pharmaceuticals, biotechnology, machinery, watch-making, banking and insurance. Despite its small size and limited national resources, Liechtenstein is highly industrialised and specialized in capital- and R&D-intensive, high-technology products, notably precision instruments.

The two EFTA Nordic countries, Iceland and Norway, stand out in fish production, the metal industry and maritime transport. The Icelandic economy benefits from renewable natural resources: in particular rich fishing grounds, and hydro- and geothermal power. While still heavily relying on fishing and fish processing, the Icelandic economy has in the last two decades increasingly diversified into the aluminium industry and services. Much of Norway's economic growth has been fuelled by an abundance of natural resources, including petroleum exploration and production, hydroelectric power, and fisheries. Other important sectors include services, notably maritime transport and oil-related industries.

The EFTA members ranked among the countries with the highest GDP per capita in the world (figure 16-17) in 2007. They also benefited from very low unemployment rates compared to other OECD countries (figure 27).

The EFTA States are traditionally dependent on, and open to, international trade. As a consequence, trade accounts for a significant share of the EFTA States' economic activity (figure 2).

In spite of EFTA's modest size, in 2007 the EFTA States taken together constituted the world's eleventh largest merchandise trader (figure 10) and the fifth largest trader in commercial services (figure 11), counting the EU as one.

The EFTA States represent a sizeable market characterised by a high purchasing power (figure 17). In 2007, EFTA's combined GDP (excluding Liechtenstein) amounted to 817 billion USD (figure 16). The EFTA economies are also consistently high performers as to competitiveness, ranking among the top 20 most competitive economies worldwide according to the World Economic Forum Global Competitiveness Report 2008/2009 (figure 24-25).

EFTA countries are key investors abroad, both in terms of direct investment and portfolio investment. Their combined stock of foreign direct investment (FDI) outwards in 2007 amounted to 762 billion USD (figure 18-21). The EFTA States are also hosts to a significant number of major multinational companies such as Nestlé, Roche, Novartis, UBS, Credit Suisse and StatoilHydro (figure 22).

The EU-27 is EFTA's main trading partner, accounting for 75% of EFTA's merchandise imports and 70% of its exports in 2007 (figure 23). EFTA is the EU's third largest trading partner, placing it before Japan and the Russian Federation (taking total merchandise trade, imports plus exports) (figure 6). EFTA also ranked second in trade in services in 2007, after the United States and before Japan, the Russian Federation and China (figure 7).



## General information: 2009

Fig. 1

	Iceland	Liechtenstein	Norway	Switzerland
<b>Name</b>	Republic of Iceland	Principality of Liechtenstein	Kingdom of Norway	Swiss Confederation
<b>Government</b>	Parliamentary Government	Constitutional Monarchy	Constitutional Monarchy	Federal Republic
<b>Head of State</b>	President Ólafur Ragnar Grímsson	Prince Hans-Adam II of Liechtenstein	King Harald V	President of the Swiss Confederation Hans-Rudolf Merz
<b>Head of Government</b>	Prime Minister Geir H. Haarde	Prime Minister Otmar Hasler	Prime Minister Jens Stoltenberg	President of the Swiss Confederation Hans-Rudolf Merz
<b>Official Languages</b>	Icelandic	German	Norwegian (Bokmål and Nynorsk)	German, French, Italian, Romansch
<b>Capital</b>	Reykjavik	Vaduz	Oslo	Bern
<b>Area</b>	103 000 km <sup>2</sup>	160 km <sup>2</sup>	384 802 km <sup>2</sup>	41 285 km <sup>2</sup>
<b>Population (31.12.2007)</b>	313 376	35 356	4 737 171	7 593 500
<b>Population Density</b> (inhabitants per km <sup>2</sup> )	3.0	221.0	12.3	189.9
<b>Currency</b>	Icelandic króna (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



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## Economic indicators: 2007

Fig. 2

	Iceland	Liechtenstein <sup>[1], [2], [3]</sup>	Norway	Switzerland	EU27
<b>GDP (in million EUR at market prices)<sup>[1]</sup></b>	14 762	2 942	284 009	311 769	12 339 731
<b>GDP Per Capita (PPS in EUR)<sup>[1][2]</sup></b>	34 026	38 500	45 700	34 700	24 900
<b>GDP Growth (in %)<sup>[1]</sup></b>	4.9	5.7	5.8	0.7	5.8
<b>Inflation (in %)</b>	5.0	0.8	0.7	0.8	2.4
<b>Unemployment (in %)</b>	2.3	2.9	2.5	3.7	7.1
<b>Exports: Goods (in million EUR)<sup>[4]</sup></b>	3 492	n.a.	99 248	126 058	1 244 272
<b>Imports: Goods (in million EUR)<sup>[4]</sup></b>	4 496	n.a.	59 341	120 327	1 397 170
<b>Exports: Services (in million EUR)<sup>[4]</sup></b>	1 663	n.a.	30 824	48 162	498 523
<b>Imports: Services (in million EUR)<sup>[4]</sup></b>	2 214	n.a.	26 272	25 206	414 399
<b>Total trade balance (in million EUR)<sup>[4]</sup></b>	-1 554	n.a.	44 458	28 687	-68 774
<b>Total: Trade (in million EUR)<sup>[4]</sup></b>	11 865	n.a.	215 685	319 753	3 556 394
<b>Government Financial Balance (in % of GDP)</b>	4.0	n.a.	17.4	0.0	-0.9
<b>Government debt (in % of GDP)</b>	54.2	n.a.	52.0	25.4	58.7
<b>Total trade (as % of GDP)<sup>[5]</sup></b>	80.4	n.a.	75.9	102.6	28.8

Sources: National Statistical Offices and EUROSTAT

<sup>[1]</sup> Liechtenstein figures are from 2005.

<sup>[2]</sup> Liechtenstein's inhabitants adjusted by cross-border commuter population.

<sup>[3]</sup> In Liechtenstein the Swiss national consumer prices index applies.

<sup>[4]</sup> Liechtenstein's trade figures are included in Switzerland's trade figures due to the existence of the Swiss-Liechtenstein Customs Union.

<sup>[5]</sup> The trade-to-GDP ratio is estimated as the economy's total trade in goods and commercial services (exports & imports) divided by GDP.

# FREE TRADE AGREEMENTS

EFTA's trade strategy has progressively evolved to reach beyond the confines of the European continent. Since the late 1990s, the EFTA States have 'gone global' in order to maintain their competitive position in the world.

Through EFTA, the Member States have created one of the world's largest networks of free trade relations and are extending it further. The EFTA free trade agreement (FTA) network secures economic operators preferential access to markets of around 520 million consumers outside the European Union.

The main reason why Iceland, Liechtenstein, Norway and Switzerland use EFTA as their common vehicle for free trade negotiations is that, as a group, they carry more weight economically and politically, thus being more interesting for potential trade partners.

At the time of writing, EFTA had concluded 17 Free Trade Agreements with a total of 21 partner countries and territories around the world: Canada, Chile, Colombia, Croatia, Egypt, Israel, Jordan, Lebanon, Macedonia, Mexico, Morocco, Palestinian Authority, Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa, and Swaziland), Singapore, the Republic of Korea, Tunisia, and Turkey.

During the 1990s, EFTA also concluded Free Trade Agreements with 10 other European countries (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, and Slovenia). Upon the accession of these countries to the European Union, the agreements were replaced by the relevant arrangements between the EFTA States and the EU (EEA Agreement for Iceland, Liechtenstein and Norway; bilateral treaties for Switzerland).

It should be noted that while the EFTA States are pursuing a policy of strengthening and expanding their free trade network, they continue to attach the highest priority to a well-functioning multilateral trade system under the auspices of the WTO. In EFTA's view, the multilateral and bilateral approaches are mutually supportive.

At the time of writing, negotiations were in progress with Algeria, the Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates), India, Peru, and Thailand. In addition, the EFTA States were conducting dialogues on closer trade and investment relations notably with Albania, Indonesia, Malaysia, the Russian Federation, Serbia, and Ukraine. For a full overview of EFTA's trade relations, see the map and legend on page 13.



## What is in an EFTA Free Trade Agreement?

**EFTA FTAs establish a free trade area between the partner countries**, by providing for free trade in industrial goods, including fish and other marine products; by covering trade in processed agricultural products; by including trade disciplines; and by establishing rules on customs and origin matters. Trade in basic agricultural products is covered in bilateral agreements between the individual EFTA States and the partner country, which form part of the instruments establishing the free trade area.

**Some EFTA FTAs liberalise trade in services, investments and/or public procurement**, as in the case of the agreements with Chile, Colombia, Mexico, the Republic of Korea, and Singapore. In other FTAs (e.g. with partners in the Mediterranean region) the further development and deepening of relations in these fields is foreseen through evolutionary clauses.

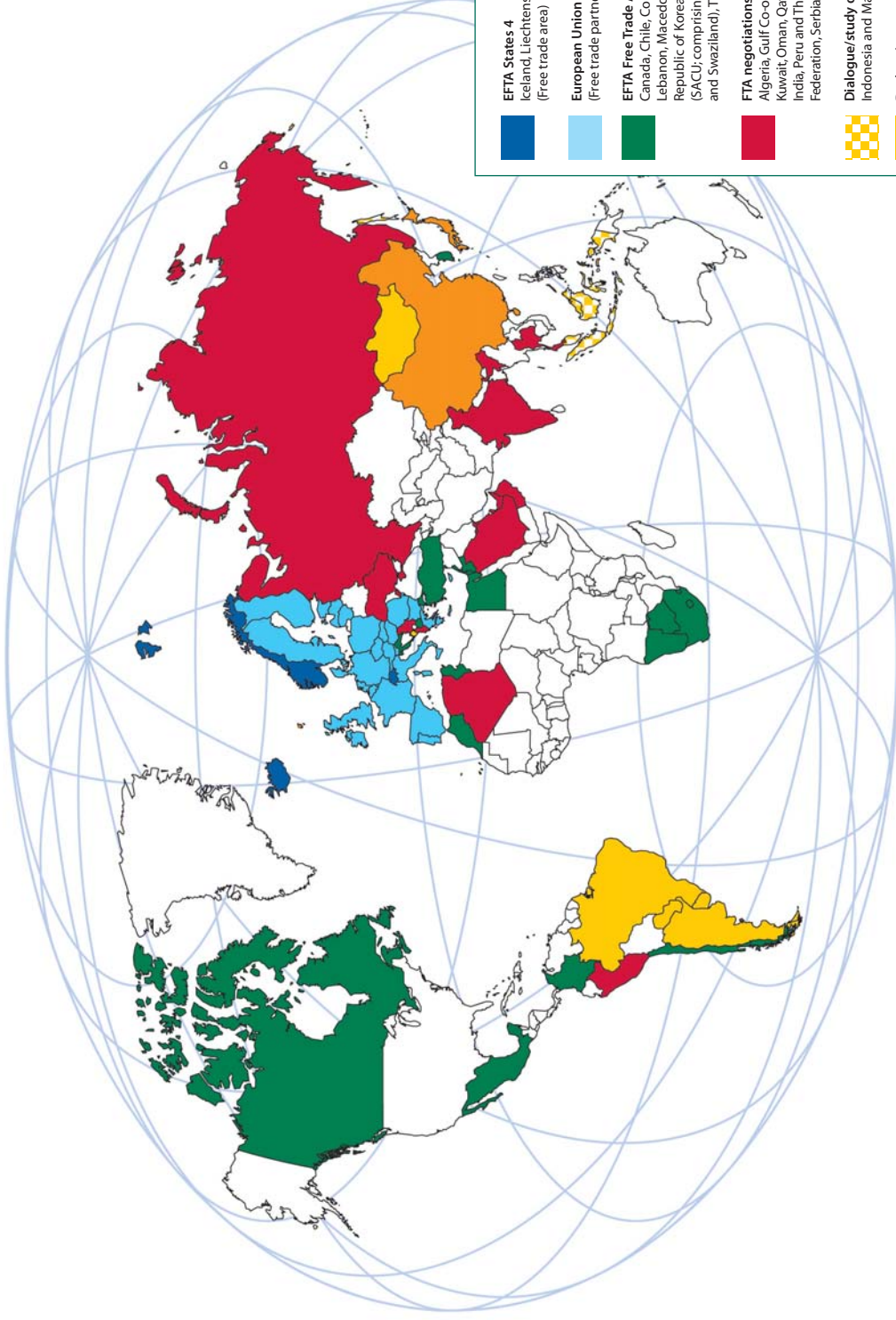
**EFTA FTAs provide for the protection of intellectual property rights.**

**EFTA FTAs include rules on competition** to avoid restraints which could reduce the benefits of the agreement.

**EFTA FTAs contain provisions for the avoidance and the settlement of disputes** between the parties.

**EFTA FTAs are regularly reviewed and upgraded**, taking into account developments in WTO and in relations with other trading partners.

# FTA NETWORK - ACROSS EUROPE AND BEYOND





## Different Levels of Economic Development

EFTA FTAs take into account the partner countries' levels of economic development. While the EFTA States normally abolish all tariffs and other restrictions on industrial products upon entry into force of the agreement, less economically developed partner countries may benefit from transitional periods. These periods are intended to provide the partners concerned with the time necessary to adapt their economies to free trade conditions.

## Agriculture

In its FTAs, EFTA – as does the European Union – generally distinguishes between basic agricultural products (e.g. grain, milk, sugar) and processed agricultural products (e.g. bread, soup, chocolate). In principle, EFTA grants free trade in processed products. However, certain measures that compensate for the higher costs of raw materials used by the EFTA food processing industry are maintained.

Basic agricultural products are dealt with in separate bilateral arrangements between each EFTA State and the

partner country concerned, taking into account that the EFTA States do not have a common agricultural policy.

## Fish and Other Marine Products

The fisheries sector accounts for nearly one half of Iceland's total exports of goods and is also an important part of Norway's export industry. As the fisheries sector of both EFTA States export worldwide, free trade in fish and other marine products constitutes an important element of EFTA's free trade agreements.

## Rules of Origin

Rules of origin are essential to the functioning of a free trade agreement since they determine which products may benefit from preferential conditions. In order to qualify as 'originating' under an FTA, products (both industrial and agricultural) need to be either 'wholly obtained' or 'sufficiently worked or processed' in the country of a free trade partner. With production processes increasingly spread over several countries, rules of origin specify the extent to which domestic products may contain materials imported from a third country without losing preferential status under the FTA.



Signing of EFTA free trade agreement with Colombia: Marie-Gabrielle Ineichen-Fleisch, Ambassador and EFTA Spokesperson in the negotiations with Colombia, State Secretariat for Economic Affairs, Switzerland, Kåre Bryn, EFTA Secretary-General, Rikke Lind, Deputy Minister of Trade and Industry, Norway, Rita Kieber-Beck, Minister of Foreign Affairs, Liechtenstein, Björgvin G. Sigurdsson, Minister of Business Affairs, Iceland, Doris Leuthard, Federal Councillor, Head of the Federal Department of Economic Affairs, Switzerland, Luis Guillermo Plata, Minister for Trade, Industry and Tourism, Colombia and Ricardo Duarte, Chief International Negotiator, Colombia.

## Public Procurement

Open public procurement markets reduce public expenditure, ensure fair competition and provide for transparency, thereby preventing corruption and illicit purchasing practices. In several of EFTA's recent FTAs, chapters on public procurement have therefore 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.

## Intellectual Property Rights

The effective protection of intellectual property rights (IPR) is crucial to international trade. EFTA's FTAs provide for high standards of IPR protection and include measures to enforce such rights against infringement, counterfeiting and piracy. The provisions build on the principles of national treatment and most-favoured-nation treatment as set out in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

## Competition

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

## Services and Investment

EFTA FTAs with European and Mediterranean countries normally contain evolutionary clauses

aiming at the gradual liberalisation and mutual opening of markets in the area of services. Other agreements liberalise trade in services, covering all modes of supply and featuring special sections or annexes for certain sectors of particular importance, e.g. financial services and telecommunications. Such provisions are based on the WTO General Agreement on Trade in Services (GATS) and comprise enhanced commitments for specific services sectors.

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

## Joint Committee

A Joint Committee composed of representatives of the EFTA States and the partner country supervises the implementation of each FTA. To facilitate its work, the Joint Committee may establish subcommittees, e.g. in the field of customs and origin matters. Joint Committees normally meet every second year.

## Dispute Settlement

EFTA FTAs provide for consultations as the means of settling any differences that may arise between the partner countries concerning the interpretation and application of an agreement. However, if an amicable solution cannot be found, arbitration mechanisms included in all recent agreements allow for a judicial decision on the matter.



### Joint Declarations on Co-operation

**Can be the first step towards free trade relations between the partners.**

**Cover co-operation on trade-related issues** such as technical and other barriers to trade, customs and origin matters, and intellectual property rights.

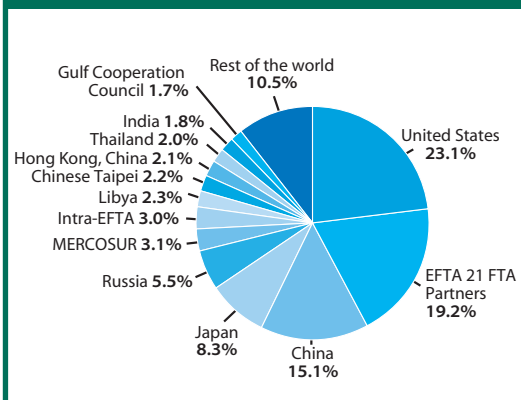
**Aim to improve conditions for co-operation projects of the private sector.**

**Establish a Joint Committee** to review the co-operation between the partners, to examine ways and means to liberalise trade and investment between the parties, and to discuss any other issue of mutual interest.

EFTA has signed JDCs with: Albania, Algeria, Colombia, the Gulf Co-operation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates), the Southern Common Market (MERCOSUR; comprising Argentina, Brazil, Paraguay and Uruguay), Mongolia, Montenegro, Peru, Serbia, and Ukraine.

Fig.3

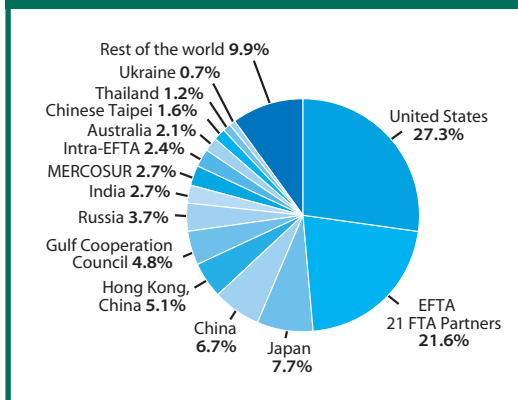
### EFTA's main import sources of merchandise trade, excluding EU27: 2007



Source: GTI, Global Trade Atlas

Fig.4

### EFTA's main export destinations for merchandise trade, excluding EU27: 2007



Source: GTI, Global Trade Atlas

## Technical Assistance

Technical assistance is included in some of EFTA's FTAs. Its main objective is to assist free trade partners in the implementation of the agreements and to strengthen their capacity to benefit from preferential access to the EFTA markets. Capacity-building, training, and transfer of know-how in trade-related matters are at the core of technical assistance activities.

To make the best use of available resources, technical assistance focuses on areas where EFTA can provide optimal expertise: technical standards, rules of origin and general customs procedures, fisheries, trade in services, intellectual property rights, and promotion of exports towards the EFTA States. However, EFTA's approach is flexible and allows for an examination of all requests for assistance from partner countries, in accordance with the guidelines set by the EFTA Council.

### EFTA's main trading partners in merchandise trade: 2007 (in million USD and %) Fig. 5

Rank	Country	Total trade	Share (%) in world total	Exports	Imports
	<b>World</b>	<b>561 164</b>	<b>100</b>	<b>313 360</b>	<b>247 804</b>
1	<b>Free Trade Partners</b>	<b>443 352</b>	<b>79.0</b>	<b>242 681</b>	<b>200 671</b>
	EU27	407 627	72.6	220 414	187 213
	EFTA 21 FTA Partners	31 692	5.6	20 070	11 622
	Intra-EFTA	4 033	0.7	2 197	1 836
2	United States	39 328	7.0	25 341	13 987
3	China	15 333	2.7	6 181	9 152
4	Japan	12 140	2.2	7 134	5 006
5	Russia	6 805	1.2	3 455	3 350
6	Hong Kong, China	5 972	1.1	4 707	1 265
7	Gulf Cooperation Council	5 485	1.0	4 449	1 036
8	MERCOSUR	4 362	0.8	2 479	1 883
9	India	3 624	0.6	2 518	1 106
10	Singapore	3 461	0.6	2 892	569
11	Chinese Taipei	2 880	0.5	1 526	1 354
12	Australia	2 306	0.4	1 944	362
13	Thailand	2 306	0.4	1 098	1 208
14	Libya	1 646	0.3	234	1 412
15	Malaysia	1 217	0.2	681	536

Source: GTI, Global Trade Atlas



# THE EEA AGREEMENT

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

The EEA Agreement provides for the inclusion of EU legislation that covers the four freedoms — the free movement of goods, services, capital and persons — throughout the 30 EEA States. In addition, the Agreement covers co-operation in other important areas such as research and development, education, social policy, the environment, consumer protection, tourism and culture, collectively known as “flanking and horizontal” policies. The Agreement guarantees

equal rights and obligations within the Internal Market for citizens and economic operators in the EEA.

## What is the EEA Not?

The EEA Agreement does not cover the EU’s:

- 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 the EFTA countries are, or soon will be, part of the Schengen area); or
- Monetary Union (EMU).

## The EU27’s top trading partners in merchandise trade: 2007

(in million EUR and %)

Fig. 6

Rank	Country	Trade	EU exports	EU imports	Balance	In % of EU's external trade
	Extra EU27	2665800	1239850	1425950	-186100	100.0
1	United States	442530	261430	181100	80330	16.6
2	China	303270	71760	231510	-159750	11.4
3	<b>EFTA</b>	<b>297700</b>	<b>140430</b>	<b>157270</b>	<b>-16840</b>	<b>11.2</b>
4	Russia	232980	89100	143880	-54780	8.7
5	Japan	121850	43750	78100	-34350	4.6

Source: Eurostat



## The EU27’s top trading partners in trade in services: 2007

(in million EUR and %)

Fig. 7

Rank	Country	Trade	EU exports	EU imports	Balance	In % of EU's external trade
	Extra EU27	912922	498523	414399	84124	100.0
1	United States	266852	139135	127717	11418	29.2
2	<b>EFTA</b>	<b>139090</b>	<b>81901</b>	<b>57189</b>	<b>24712</b>	<b>15.2</b>
3	Japan	33183	19378	13805	5573	3.6
4	China	31535	17766	13769	3997	3.5
5	Russia	31268	19238	12030	7208	3.4

Source: Eurostat

## The EU27’s merchandise trade with EFTA (excluding intra-EU27 trade): 2007

(in million EUR and %)

Fig. 8

Country	EU imports from	Annual % change	Share (%) in total EU imports	EU exports to	Annual % change	Share (%) in total EU exports	Balance	Imports+ exports
EFTA	162 077	5.3	11.4	137 898	5.8	11.1	-24 179	299 975
Iceland	2 596	27.9	0.2	2 932	0.6	0.2	336	5 528
Liechtenstein	1 456	30.3	0.1	1 257	3.5	0.1	-199	2 713
Norway	80 209	1.3	5.6	40 249	4.6	3.2	-39 959	120 458
Switzerland	77 816	8.7	5.5	93 460	6.5	7.5	15 644	171 276

Source: Eurostat

## Decision-making

Whenever an Internal Market-related EU act is amended or a new one adopted by the EU, the contracting parties assess its EEA relevance with a view to amending the applicable annex to the EEA Agreement in order to bring the Agreement as close as possible to EU legislation. This permits the harmonious development of law in the EEA, i.e. both within the EU and the EEA EFTA States. However, both parties to the Agreement can request consultation on matters of concern, and negotiate adaptations to the EU legislation in question.

The EEA Agreement does not transfer any legislative powers from any of the contracting parties and therefore does not impose any direct effect of EU legislation in the EEA EFTA States. The adoption of EEA rules thus takes place in the EEA institutions set up by the Agreement. The EEA EFTA States then implement the EEA rules on the national level.

## Decision-shaping

The EEA EFTA States do not have the right to vote in the political decision-making process within EU institutions. However, the EEA Agreement provides the EEA EFTA States 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. Expert 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 participation of EEA EFTA experts and representatives in over 500 such committees and expert groups is a valuable and much appreciated opportunity for acquiring information and contributing to new legislative proposals at the earliest stages of policy formation.

## Participation in Programmes

Every year, more than 1 500 organizations, public bodies and entities in the EEA EFTA States participate in the numerous EU programmes. The programmes, projects and networks range from youth exchange programmes and research to public health and development of digital content. More than 15 000 students from the EEA EFTA States have studied abroad through the Erasmus programme, while many cultural institutions participate

in film, theatre or musical projects through the Culture programme. The participation of EFTA States has proven to be beneficial for both sides. While allowing EFTA and EU participants to find partners across the continent, the programmes also provide an opportunity for the EU to benefit from the expertise and best practices of EFTA States, in addition to the increase in the programmes' budget through the financial contributions of the EFTA States.

The largest programmes are the 7th Framework Programme on Research and Development (FP7), the Competitiveness and Innovation programme (CIP) and the Lifelong Learning programme (LLP). All three are directly connected to the objectives of the Lisbon Strategy, i.e. to make the EU the most competitive knowledge economy in the world, based on social equality and ecological sustainability.

While the EEA EFTA States have full access to the EU programmes through the EEA Agreement, Switzerland has ensured access to the Research and Media programmes through separate bilateral agreements with the EU.

For a detailed overview of the programmes that the EEA EFTA States participate in, please see the relevant section on the EFTA website: <http://www.efta.int/content/eea/eu-programmes>

## Participation in EU Agencies

Over the last decades, a number of EU agencies and institutes have been set up. Most of the agencies are **regulatory** agencies which implement and execute EU regulations. Lately, several executive agencies have also been set up. Their tasks are limited to the implementation of EU programmes. The EEA EFTA States participate in several of these EU institutes and agencies:

- European Institute of Innovation and Technology (from 2008)
- European Food Safety Agency (from 2009)
- Community Fisheries Control Agency
- Community Plant Variety Office
- European Agency for Reconstruction
- European Agency for Safety and Health at Work
- European Agency for the Management of Operational Cooperation at the External Borders
- 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 Fundamental Rights Agency
- European GNSS Supervisory Authority
- European Maritime Safety Agency
- European Medicines Agency
- European Monitoring Centre for Drugs and Drug Addiction
- European Network and Information Security Agency
- European Railway Agency
- European Training Foundation
- Office for Harmonisation in the Internal Market (Trade Marks and Designs)

### Executive Agencies

- Education, Audiovisual and Culture Executive Agency
- European Research Council Executive Agency
- Executive Agency for Competitiveness and Innovation
- Executive Agency for Health and Consumers
- Research Executive Agency
- Trans-European Transport Network Executive Agency

## EFTA Statistical Office (ESO)

The EFTA Statistical Office (ESO) was created in 1991 as a liaison office between Eurostat and the EFTA national statistical institutes and is located on the premises of Eurostat, the Statistical Office of the European Communities, in Luxembourg.

ESO's main objective is to sustain the integration of the EFTA States in the evolving European Statistical System, and thus to provide harmonised and comparable statistics supporting the general cooperation process between EFTA and the EU. This cooperation is governed by the EEA Treaty and the Swiss/EC Bilateral Agreement in the field of statistics. It has progressively extended to EFTA participation in EU statistical assistance projects with third countries and the European Statistical Training Programme (ESTP).

ESO is backed by the Working Group of the Heads of National Statistical Institutes. The Group meets at least once a year and brings together the Directors General of the national statistical institutes of all EFTA countries. For EEA matters, Switzerland is an observer.

## Joint EEA Bodies

### The EEA Council

The EEA Council meets twice a year and provides political impetus for the development of the Agreement. In the EEA Council the EEA EFTA side is represented by their respective foreign ministers. The EU is represented by foreign ministers in the troika format (past, present and future EU Council Presidencies), the European Commissioner for External Relations and the High Representative for the EU's Common Foreign and Security Policy.

### The EEA Joint Committee

The EEA Joint Committee (EEA JC) 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 the EEA EFTA Ambassadors and representatives of the European Commission and meets monthly.

### The EEA Joint Parliamentary Committee

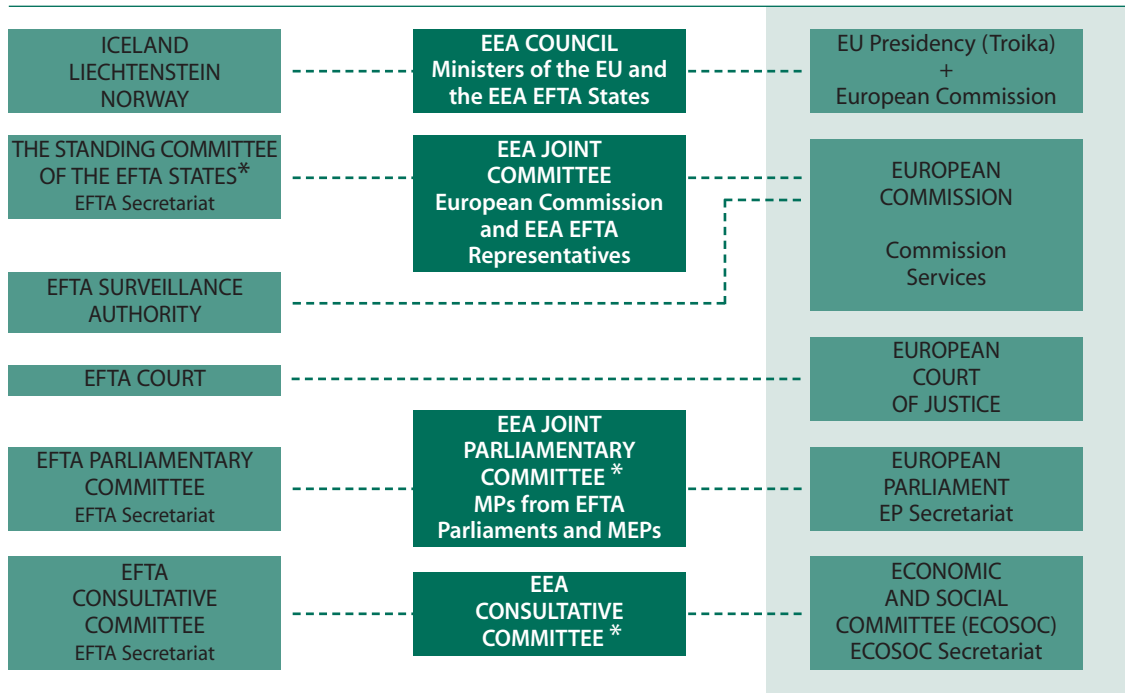
The EEA Joint Parliamentary Committee is an advisory body that comprises members of the national parliaments of the EEA EFTA States and Members of the European Parliament (MEPs). It is not directly included in the EEA decision-making process, but through reports and resolutions it aims to scrutinise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

### The EEA Consultative Committee

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.



## 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.

## EEA EFTA 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 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 consists of five subcommittees, under which there are several working groups.

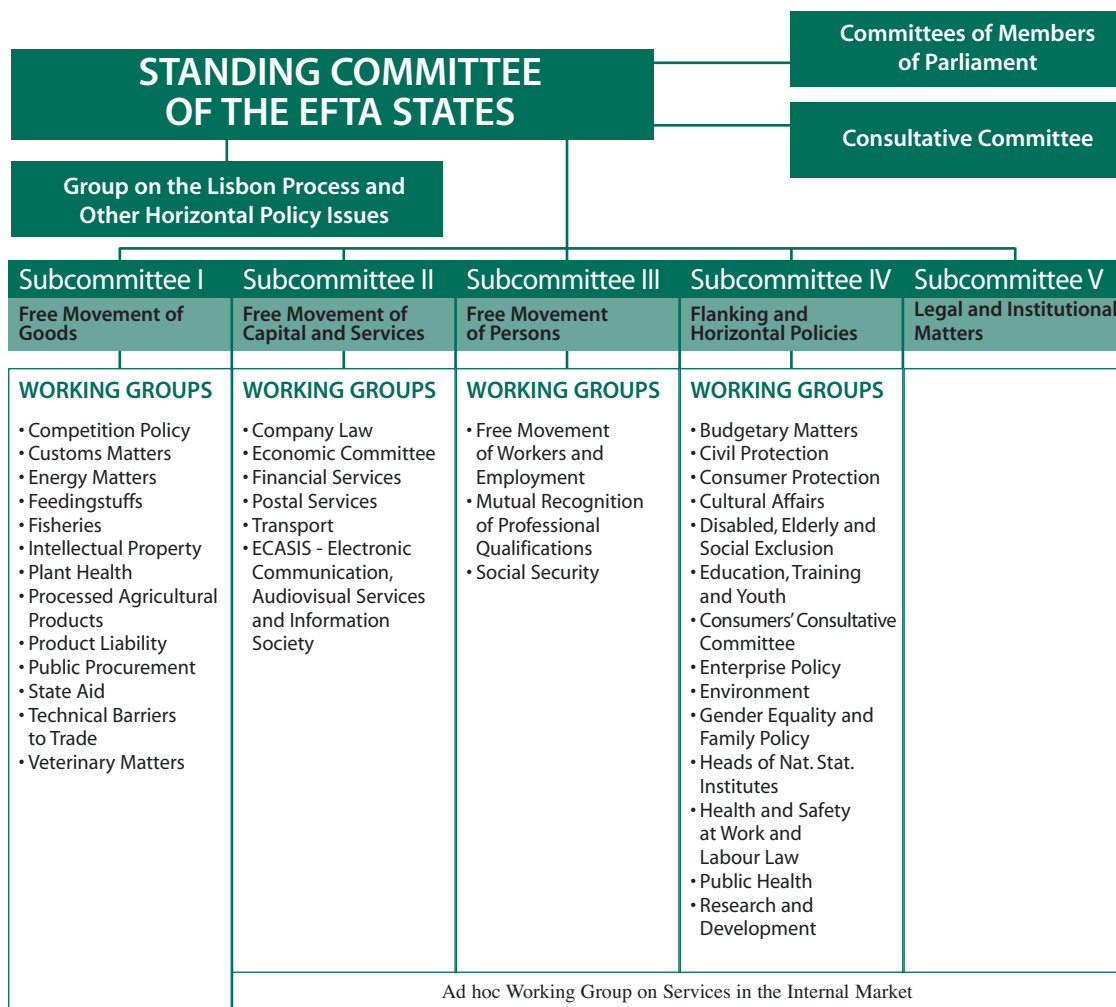
### The EFTA Surveillance Authority

Located in Brussels, the EFTA Surveillance Authority ensures that Iceland, Liechtenstein and Norway respect their obligations under the EEA Agreement, in the same way that the EU Member States are supervised by the European Commission. It also ensures that enterprises in these countries abide by the rules

relating to effective competition. The Authority can investigate possible infringements of EEA provisions, either on its own initiative, or on the basis of complaints. There is close contact and co-operation between the Commission and the Authority.

### The EFTA Court

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 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 also hears appeals against decisions taken by the EFTA Surveillance Authority and gives advisory opinions to courts in the EEA EFTA States on the interpretation of EEA rules.



## EFTA EEA Seminar

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

More information regarding the EEA Seminars is available on the EFTA website: <http://www.efta.int/content/eea/seminars/>





## Financial Mechanisms

Since the establishment of the European Economic Area in 1994, the EEA EFTA States have contributed substantial funding in order to reduce economic and social disparities in Europe.

### 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 former EFTA members Austria, Finland and Sweden also contributed to this grant scheme. Greece, Ireland, Portugal, Northern Ireland and Spain benefited from €500 million of funding, as well as an interest rebate scheme in the European Investment Bank. A total 56 projects were funded within the fields of environment (61%), education and training (22%) and transport (17%).

### The EEA Financial Instrument 1999-2003

The EEA Financial Instrument was established in 1999, making available €120 million of support from Iceland, Liechtenstein and Norway to Greece, Ireland, Portugal, Northern Ireland and Spain. By the end of the commitment period, 25 projects within the fields of environment (93%), education and training (5.4%) and transport (1.3%) had received funding.

### The EEA and Norway Grants 2004-2009

The EEA Grants and the Norway Grants represent the current contribution from Iceland, Liechtenstein and Norway towards European cohesion efforts. Building on the previous grant schemes, the EEA and Norway Grants were established in 2004 in connection with the historic enlargement of the European Union and the European Economic Area (EEA). The Financial Mechanism Office (FMO) in Brussels, which is administratively linked to the EFTA Secretariat, administers the grant schemes.



The city of Poznań in western Poland has redeveloped five sport activity zones with support from the EEA Grants.

With the EEA and Norway Grants, the EEA EFTA States aim to contribute towards:

- **solidarity**, by reducing social and economic disparities in the enlarged EEA;
- **opportunity**, by helping new EEA members become fully integrated in the Internal market; and
- **cooperation**, by bringing old and new EEA members together and opening new arenas of political and economic relations.

These values form the foundation on which the EEA and Norway Grants are based. In the five-year period 2004-2009 the EEA EFTA States will make a total of €1.3 billion available to projects in 15 beneficiary states to ensure that these resources are translated into concrete activities and results. Norway's contribution makes up 97 percent of the total support from the EEA and Norway Grants.

The beneficiary states are the twelve new EU member states since 2004, as well as Greece, Spain and Portugal. Eligible applicants include a wide range of public authorities, education and research institutions, non-governmental organisations and businesses.

## Open and flexible form for support

The grant support is distributed on the basis of open calls for proposals. All public and private actors may apply for grants, as may non-governmental organisations (NGOs) and other civil society organisations.

In addition to individual projects of a minimum of €250,000, small-scale grants are provided through the many funds and programmes established in the beneficiary states. The programmes and funds are operated by national intermediaries, to offer an easier application process to groups such as students, NGOs and other civil society actors. While all calls for individual project proposals have been concluded, calls are still ongoing under several of the funds.

The most notable example among the funds is the Polish fund for NGOs which will provide over €40 million to Polish civil society actors and their partners in the EEA EFTA States. When seen in combination with the 18 NGO funds in other beneficiary states, the EEA EFTA States clearly rank among the primary supporters of civil society in Central Europe.

## Priority sectors

The project sectors listed below are supported through the EEA and Norway Grants; the first four are receiving the most funding.

- Conservation of European cultural heritage
- Protection of the environment
- Sustainable development
- Schengen and the judiciary
- Academic research
- Development of human resources
- Health and childcare
- Acquis communautaire
- Cross-border activities and regional policy

By the end of 2008, more than 750 projects, programmes and funds were being implemented or ready to be started. Based on reports from the beneficiary states, some 1300 individual projects, programmes and funds will be selected nationally for funding under EEA and Norway Grants and forwarded for approval by the EEA EFTA States.

## Partnership projects

Institutions from Iceland, Liechtenstein and Norway can participate as project partners with beneficiaries. Around 20 percent of all supported projects are being implemented by cooperating institutions in the beneficiary and donor states. In addition, several of the funds explicitly target partnerships with stakeholders in the EEA EFTA states, making them instrumental in achieving the aim of strengthening bilateral relations between Iceland, Liechtenstein and Norway and the beneficiary states.



# EFTA INSTITUTIONS

## 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.

The Council normally meets at Ministerial level twice a year. The ministers meet in both formal and informal settings to provide direct political guidance for EFTA's work. At their June meeting, they discuss both free trade relations and the EEA Agreement. If required, an additional meeting exclusively devoted to free trade is held at the end of the year. Between the Ministerial meetings the Council meets monthly at ambassadorial level.

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

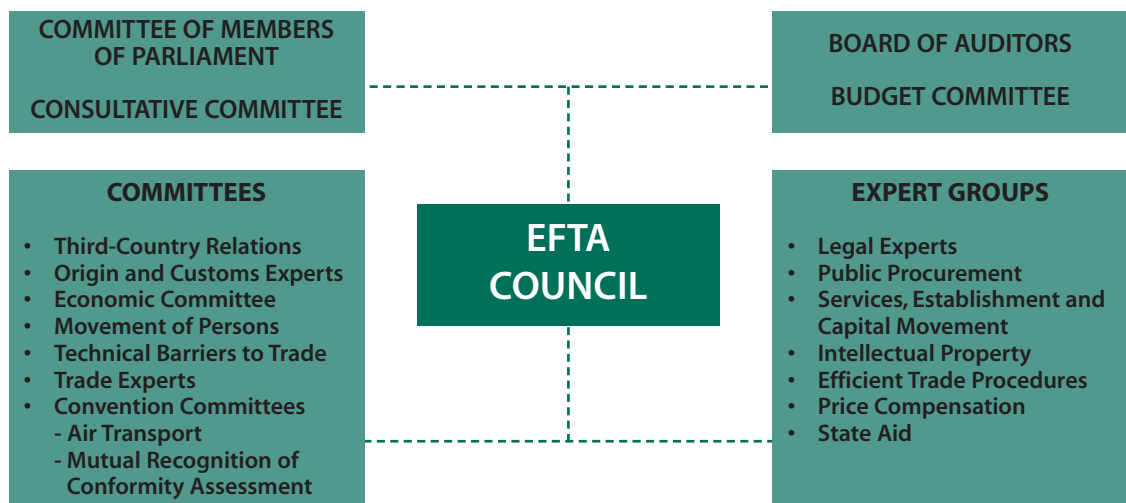
instance, oversees the functioning and development of free trade and co-operation agreements with countries outside the European Union. The Committee on Customs and Origin Matters oversees co-operation in the customs field. The EFTA Board of Auditors is the supreme auditing authority for the EFTA Secretariat. It also serves as a point of contact with the European Court of Auditors for the auditing of EFTA contributions to the EU budget. The Budget Committee assists the Council on EFTA budgetary matters.

A number of committees manage the updating of the EFTA Convention.

## EFTA Advisory Bodies

The EFTA Consultative Committee (comprising representatives of industry and labour) and the EFTA Parliamentary Committee (comprising members from the EFTA parliaments), work to advise the Council on current EFTA affairs. Both Committees have formal links with their colleagues in the EU ("The Two-Pillar EEA Structure" p. 20). Occasionally, they also meet with their counterparts in countries with which EFTA has free trade agreements.

## The EFTA Council Structure





## European Standardisation

**The EFTA countries and the European Commission** closely co-operate on creating and implementing a European standardisation policy. This includes parallel financing of standards-related work carried out by the European Standards Organisations: the European Committee for Standardisation (CEN), the European Committee for Electrotechnical Standardisation (CENELEC) and the European Telecommunications Standardisation Institute (ETSI). EFTA also co-finances the activities of ANEC (European association for the co-ordination of consumer representation in standardisation), ECOS (European Environmental Citizens Organisation for Standardisation) and EOTA (European Organisation for Technical Approvals).

## Managing 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 among the Member States.

The division of the Secretariat reflects the division of EFTA's activities. The Secretariat employs approximately 90 staff members, one third of whom 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 Headquarters in Geneva deals with the management and negotiation of free trade agreements

with non-EU countries, 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 Secretariat also assists the Member States in the elaboration of input to EU decision-making.

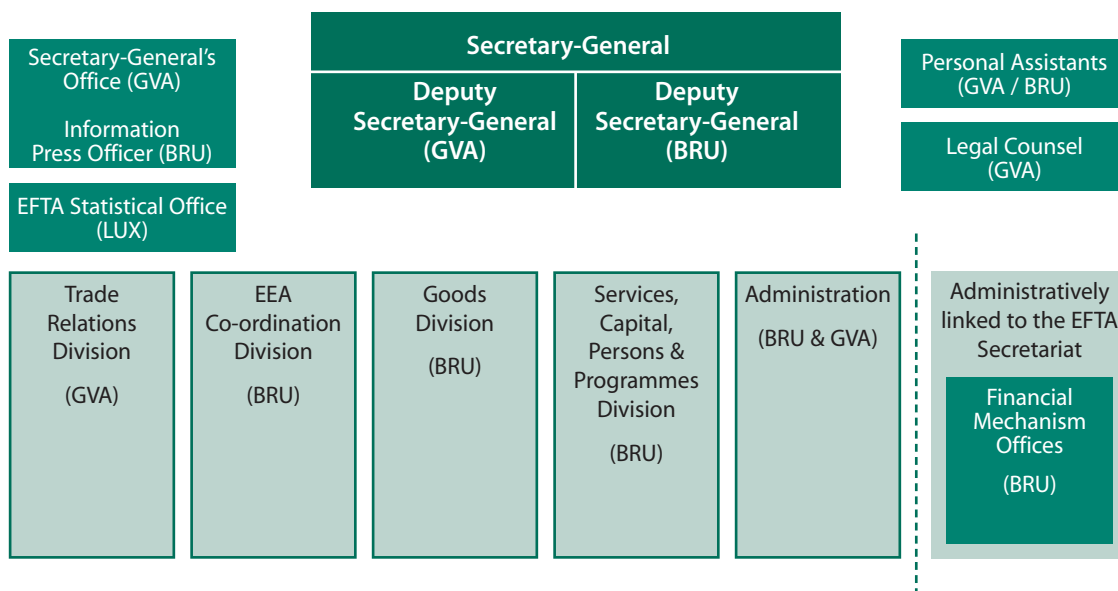
The two duty stations work closely together to implement the Vaduz Convention's stipulations on the intra-EFTA free trade area.

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



The Secretaries-General troika. Kåre Bryn, Secretary-General, Bergdís Ellertsdóttir, Deputy Secretary-General in Brussels, and Didier Chambovey, Deputy Secretary-General in Geneva.

## Organisational Chart



## EFTA Budget 2009 (in CHF)

Budget posts	Budget 2009
Trade relations	4 450 000
Managing the EEA Agreement	9 418 000
EFTA/EU Statistical cooperation	851 000
Secretary-General Services	1 994 000
EU-EFTA and EFTA cooperation programmes	3 461 000
Internal activities	4 263 000
<b>Total EFTA Secretariat</b>	<b>24 437 000</b>

## Contributions to the EFTA Budget 2009

Member State	Contributions (in CHF)	Share (in %)
Iceland	1 151 000	4.71
Liechtenstein	225 000	0.92
Norway	13 382 000	54.76
Switzerland	9 679 000	39.61
<b>Total</b>	<b>24 437 000</b>	<b>100.00</b>

# EFTA IN FIGURES

## EFTA's merchandise trade with the world and the EU27: 2007

(in million EUR and %)

Fig. 9

Country	Total trade with world	Imports	Exports	Total trade with EU	%	Imports	Exports
Switzerland	243 135	117 600	125 535	171 276	70.4	93 459.9	77 816.3
Norway	157 744	58 479	99 265	120 458	76.4	40 249.4	80 208.7
Iceland	8 360	4 881	3 479	5 528	66.1	2 932	2 596

Source: Eurostat

## Leaders in world merchandise trade (excluding intra-EU27 trade): 2007

(in billion USD and %)

Fig. 10

Rank	Country	Total	Share (%) in world total	Exports	Imports
1	Extra-EU27	3 649.7	17.42	1 697.7	1 952.0
2	United States	3 182.9	15.19	1 162.5	2 020.4
3	China	2 173.7	10.38	1 217.8	956.0
4	Japan	1 333.9	6.37	712.8	621.1
5	Hong Kong, China <sup>[2]</sup>	719.5	3.43	349.4	370.1
	domestic exports/retained imports <sup>[1]</sup>	111.4	0.53	18.1	93.3
	re-exports	331.3	1.58	331.3	
6	Canada	808.6	3.86	419.0	389.6
7	Korea, Republic of	728.3	3.48	371.5	356.8
8	Russia	578.6	2.76	355.2	223.4
9	Mexico	568.3	2.71	272.0	296.3
10	Singapore <sup>[2]</sup>	562.4	2.68	299.3	263.2
	domestic exports/retained imports <sup>[1]</sup>	275.9	1.32	156.0	119.9
	re-exports	143.3	0.68	143.3	
11	<b>EFTA</b>	<b>561.4</b>	<b>2.68</b>	<b>313.2</b>	<b>248.2</b>
12	Chinese Taipei	466.0	2.22	246.4	219.6
13	India	361.9	1.73	145.3	216.6
14	Saudi Arabia <sup>[1]</sup>	324.4	1.55	234.2	90.2
15	Malaysia	323.2	1.54	176.2	147.0
16	Australia	306.7	1.46	141.3	165.3
17	United Arab Emirates <sup>[1]</sup>	305.0	1.46	173.0	132.0
18	Thailand	293.9	1.40	153.1	140.8
19	Brazil	287.2	1.37	160.6	126.6
20	Turkey	277.3	1.32	107.2	170.1
21	Indonesia	210.4	1.00	118.0	92.4
22	South Africa <sup>[1]</sup>	160.8	0.77	69.8	91.0
23	Iran, Islamic Rep. Of <sup>[1]</sup>	132.0	0.63	86.0	46.0
24	Chile	115.4	0.55	68.3	47.1
25	Bolivarian Rep. of Venezuela	115.3	0.55	69.2	46.1
	<b>Total of above<sup>[2]</sup></b>	<b>18 546.9</b>	<b>88.53</b>	<b>9 119.0</b>	<b>9 427.9</b>
	<b>World (excl. intra-EU27)<sup>[2]</sup></b>	<b>20 950.0</b>	<b>100.00</b>	<b>10 328.0</b>	<b>10 622.0</b>

Source: WTO Secretariat

<sup>[1]</sup> WTO Secretariat estimates.

<sup>[2]</sup> Includes significant re-exports or imports for re-export.



## Leaders in world commercial services trade (excluding intra-EU27 trade): 2007

(in billion USD and %)

Fig. 11

Rank	Country	Total	Share (%) in world total	Exports	Imports
1	Extra-EU27	1 212.1	25.90	667.2	544.9
2	United States	792.2	16.93	456.4	335.9
3	Japan	275.7	5.89	127.1	148.7
4	China <sup>(1)</sup>	250.9	5.36	121.7	129.3
5	<b>EFTA</b>	<b>179.9</b>	<b>3.84</b>	<b>104.5</b>	<b>75.4</b>
6	India <sup>(1)</sup>	166.9	3.57	89.7	77.2
7	Korea, Republic of	144.1	3.08	61.5	82.5
8	Canada	141.7	3.03	61.4	80.3
9	Singapore <sup>(1)</sup>	137.4	2.94	67.3	70.1
10	Hong Kong, China	123.8	2.64	82.7	41.0
11	Russia	96.9	2.07	39.1	57.8
12	Australia	77.9	1.67	39.7	38.2
13	Thailand	66.8	1.43	28.8	38.0
14	Chinese Taipei	66.2	1.41	30.9	35.3
15	Brazil	57.3	1.23	22.6	34.8
16	Malaysia	56.0	1.20	28.2	27.8
17	Turkey	42.4	0.91	28.2	14.1
18	Mexico <sup>(1)</sup>	41.8	0.89	17.8	24.0
19	Israel	38.9	0.83	21.1	17.8
20	Saudi Arabia <sup>(1)</sup>	38.5	0.82	7.9	30.6
21	Egypt <sup>(1)</sup>	32.8	0.70	19.7	13.1
22	South Africa	29.5	0.63	13.2	16.3
23	Ukraine	24.4	0.52	13.6	10.8
24	Lebanon	22.5	0.48	12.5	10.0
25	Argentina	20.2	0.43	9.8	10.5
<b>Total of above<sup>(2)</sup></b>		<b>4 136.8</b>	<b>88.39</b>	<b>2 172.7</b>	<b>1 964.1</b>
<b>World (excl. intra-EU27)<sup>(2)</sup></b>		<b>4 680.0</b>	<b>100.00</b>	<b>2 410.0</b>	<b>2 270.0</b>

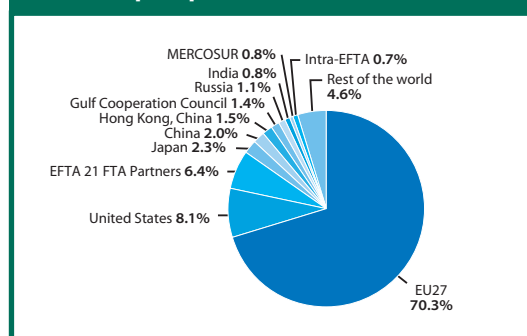
Source: WTO Secretariat

<sup>(1)</sup> WTO Secretariat estimates.

<sup>(2)</sup> Includes significant re-exports and imports for re-export.

Fig. 12

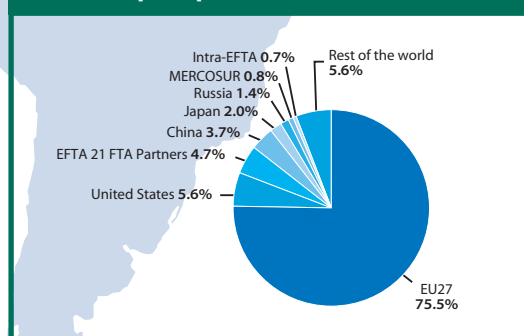
### EFTA's top export destinations: 2007



Source: GTI, Global Trade Atlas

Fig. 13

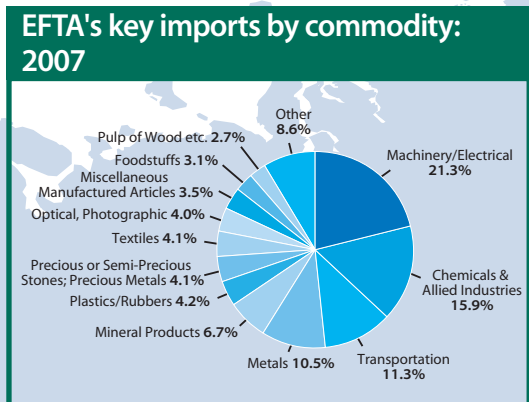
### EFTA's top import sources: 2007



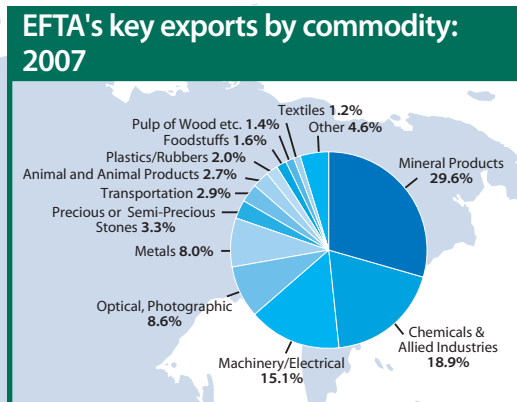
Source: GTI, Global Trade Atlas

Fig. 14

Fig. 15



Source: GTI, Global Trade Atlas

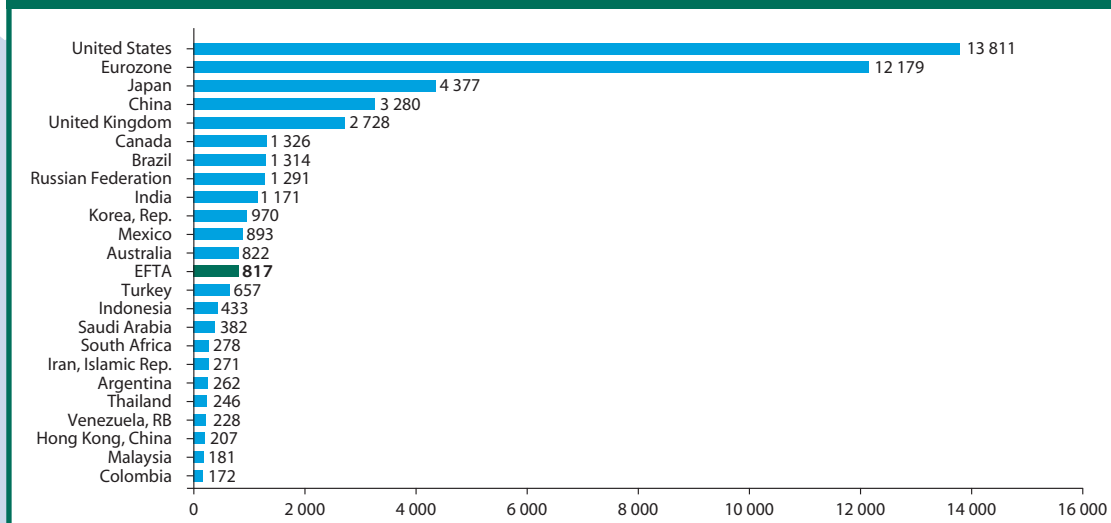


Source: GTI, Global Trade Atlas

## GDP world ranking: 2007

(in billion USD)

Fig. 16

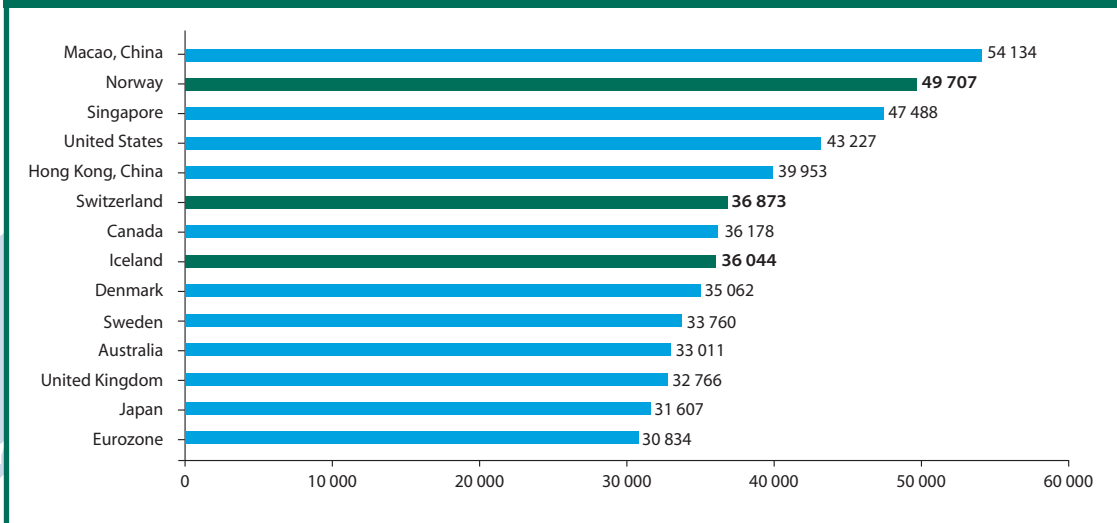


Source: World Bank, World Development Indicators

## Leaders in GDP per capita (PPP): 2007

(in constant 2005 international USD)

Fig. 17



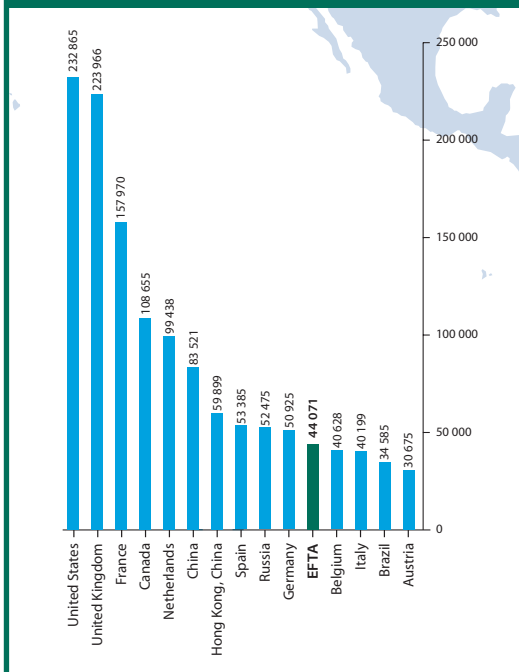
Sources: World Bank, World Development Indicators



## Global FDI flows by recipient: 2007

(in million USD)

Fig. 18

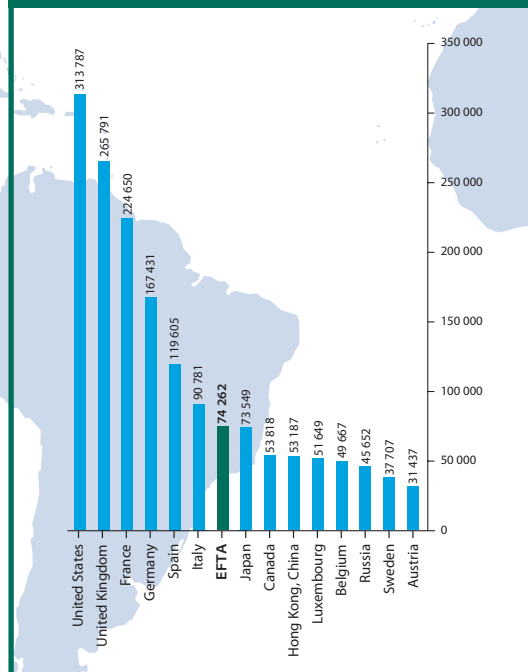


Source: UNCTAD

## Global FDI flows by origin: 2007

(in million USD)

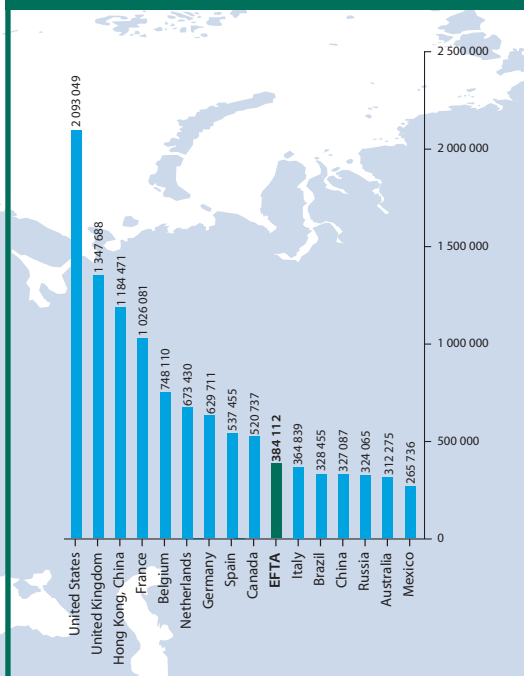
Fig. 19



Source: UNCTAD

**Global FDI stocks  
by recipient: 2007**  
(in million USD)

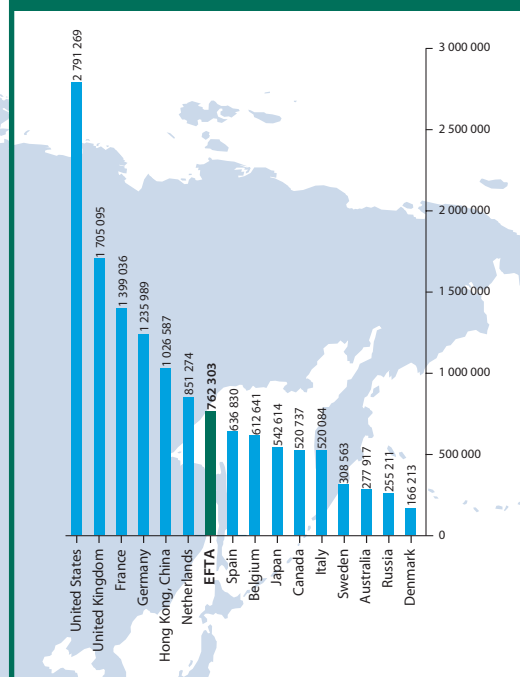
Fig. 20



Source: UNCTAD

**Global FDI stocks  
by origin: 2007**  
(in million USD)

Fig. 21



Source: UNCTAD



## Top EFTA listed companies: 2008

Fig. 22

EFTA Rank	Europe Rank	World Rank	Company	Activity	Market Value (in billion USD)
1	3 (7)	14 (26)	Nestlé (CH)	Food producer	197.2
2	7 (8)	24 (27)	Roche Holding (CH)	Pharmaceuticals	165.2
3	12 (10)	38 (30)	Novartis (CH)	Pharmaceuticals	134.9
4	24 (52)	66 (125)	StatoilHydro (NO)	Oil & Gas	95.7
5	50 (92)	108 (224)	ABB (CH)	Electronic & electric equipment	62.4
6	53 (13)	114 (114)	UBS (CH)	Banking	60.5
7	56 (32)	118 (71)	Credit Suisse (CH)	Banking	59.4
8	73 (83)	173 (197)	Zurich Financial Services (CH)	Banking	46.0
9	101 (101)	272 (253)	Swiss Re (CH)	Insurance	32.5
10	103 (113)	276 (292)	Telenor (NO)	Telecom	32.2
11	115 (160)	303 (467)	Syngenta (CH)	Chemicals	29.6
12	118 (116)	309 (305)	Richemont (CH)	Personal goods	29.4
13	122 (133)	361 (361)	Holcim (CH)	Construction & materials	27.8
14	158 (168)	466 (495)	DnB Nor (NO)	Banking	20.3
15	166 (155)	489 (449)	Swisscom (CH)	Telecom	19.5
16	171 (78)		Norsk Hydro (NO)	Industrial metals & mining	18.9
17	190 (344)		Yara International (NO)	Chemicals	16.9
18	193 (215)		Synthes (CH)	Health care equipment	16.7
19	195 (206)		Julius Baer (CH)	General financial	16.5
20	202 (205)		The Swatch Group (CH)	Personal goods	15.1

Source: FT Global 500 Survey: 2008

The FT Global 500 2008 is based on market values and prices at 31 March 2008; the 2007 ranking is indicated in brackets.

## EFTA's main trading partners in merchandise trade: 2007

(in million USD and %)

Fig. 23

Rank No	Country	Total trade mn USD	Share %	Exports mn USD	Share %	Rank No	Imports mn USD	Share %	Rank No
	<b>World</b>	<b>561 164</b>	<b>100</b>	<b>313 360</b>	<b>100</b>	<b>n.a.</b>	<b>247 804</b>	<b>100</b>	<b>n.a.</b>
	<b>Free Trade Partners</b>	<b>443 352</b>	<b>79.0</b>	<b>242 681</b>	<b>77.4</b>	<b>n.a.</b>	<b>200 671</b>	<b>81.0</b>	<b>n.a.</b>
	<b>EFTA 21 FTA Partners</b>	<b>31 692</b>	<b>5.6</b>	<b>20 070</b>	<b>6.4</b>	<b>n.a.</b>	<b>11 622</b>	<b>4.7</b>	<b>n.a.</b>
	<b>Intra-EFTA</b>	<b>4 033</b>	<b>0.7</b>	<b>2 197</b>	<b>0.7</b>	<b>n.a.</b>	<b>1 836</b>	<b>0.7</b>	<b>n.a.</b>
	<b>EU27</b>	<b>407 627</b>	<b>72.6</b>	<b>220 414</b>	<b>70.3</b>	<b>n.a.</b>	<b>187 213</b>	<b>75.5</b>	<b>n.a.</b>
1	Germany (EU)	116 589	20.8	52 415	16.7	1	64 174	25.9	1
2	United Kingdom (EU)	57 855	10.3	45 278	14.4	2	12 577	5.1	6
3	France (EU)	43 849	7.8	25 429	8.1	3	18 420	7.4	3
4	United States	39 328	7.0	25 341	8.1	4	13 987	5.6	4
5	Italy (EU)	38 993	6.9	18 749	6.0	6	20 244	8.2	2
6	Netherlands (EU)	30 874	5.5	20 188	6.4	5	10 686	4.3	7
7	Sweden (EU)	24 377	4.3	10 544	3.4	7	13 833	5.6	5
8	China	15 333	2.7	6 181	2.0	12	9 152	3.7	8
9	Spain (EU)	15 063	2.7	9 753	3.1	8	5 310	2.1	13
10	Belgium (EU)	13 432	2.4	6 746	2.2	10	6 686	2.7	10
11	Austria (EU)	13 263	2.4	5 690	1.8	13	7 573	3.1	9
12	Denmark (EU)	12 228	2.2	5 677	1.8	14	6 551	2.6	11
13	Japan	12 140	2.2	7 134	2.3	9	5 006	2.0	14
14	Canada	10 901	1.9	6 432	2.1	11	4 469	1.8	15
15	Ireland (EU)	9 498	1.7	3 421	1.1	18	6 077	2.5	12
16	Russia	6 805	1.2	3 455	1.1	16	3 350	1.4	17
17	Finland (EU)	6 622	1.2	2 599	0.8	21	4 023	1.6	16
18	Poland (EU)	6 121	1.1	3 453	1.1	17	2 668	1.1	18
19	Hong Kong, China	5 972	1.1	4 707	1.5	15	1 265	0.5	26
20	Czech Republic (EU)	4 737	0.8	2 503	0.8	24	2 234	0.9	19
21	South Korea	4 293	0.8	2 831	0.9	20	1 462	0.6	21
22	Turkey	3 927	0.7	2 590	0.8	22	1 337	0.5	25
23	Brazil	3 732	0.7	2 039	0.7	25	1 693	0.7	20
24	India	3 624	0.6	2 518	0.8	23	1 106	0.4	28
25	Singapore	3 461	0.6	2 892	0.9	19	569	0.2	37
26	Chinese Taipei	2 880	0.5	1 526	0.5	30	1 354	0.5	24
27	Portugal (EU)	2 551	0.5	1 896	0.6	28	655	0.3	33
28	Hungary (EU)	2 476	0.4	1 089	0.3	34	1 387	0.6	23
29	United Arab Emirates	2 401	0.4	1 975	0.6	26	426	0.2	44
30	Australia	2 306	0.4	1 944	0.6	27	362	0.1	47
31	Thailand	2 306	0.4	1 098	0.4	33	1 208	0.5	27
32	Greece (EU)	1 965	0.4	1 624	0.5	29	341	0.1	49
33	Switzerland	1 955	0.3	980	0.3	35	975	0.4	30
34	South Africa	1 904	0.3	841	0.3	38	1 063	0.4	29
35	Saudi Arabia	1 791	0.3	1 418	0.5	31	373	0.2	45
36	Libya	1 646	0.3	234	0.1	71	1 412	0.6	22
37	Israel	1 544	0.3	966	0.3	36	578	0.2	36
38	Norway	1 493	0.3	880	0.3	37	613	0.2	35
39	Mexico	1 490	0.3	1 232	0.4	32	258	0.1	55
40	Slovakia (EU)	1 312	0.2	553	0.2	43	759	0.3	31
41	Romania (EU)	1 298	0.2	737	0.2	39	561	0.2	38
42	Malaysia	1 217	0.2	681	0.2	41	536	0.2	40
43	Lithuania (EU)	981	0.2	350	0.1	47	631	0.3	34
44	Kazakhstan	921	0.2	242	0.1	66	679	0.3	32
45	Ukraine	887	0.2	690	0.2	40	197	0.1	59
46	Luxembourg (EU)	748	0.1	317	0.1	57	431	0.2	43
47	Estonia (EU)	743	0.1	203	0.1	75	540	0.2	39
48	Indonesia	729	0.1	455	0.1	44	274	0.1	54
49	Colombia	718	0.1	273	0.1	62	445	0.2	42
50	Latvia (EU)	716	0.1	364	0.1	46	352	0.1	48
	<b>Other Countries</b>	<b>19 169</b>	<b>3.4</b>	<b>12 227</b>	<b>3.9</b>	<b>n.a.</b>	<b>6 942</b>	<b>2.8</b>	<b>n.a.</b>

Source: World Bank, World Development Indicators



## The EFTA States combine competitiveness ...

### The Global Competitiveness Index: 2008

Fig. 24

#### WEF

Rank	Country
2 (2)	Switzerland
15 (16)	Norway
20 (23)	Iceland

\* 2007 rankings are in brackets

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

Sources: World Economic Forum, The Global Competitiveness Report 2008/9.

## ... with a high quality of life

### The Human Development Index: 2007/08

Fig. 25

Rank	Country	Rank	Country
1	Iceland	6	Sweden
2	Norway	7	Switzerland
3	Australia	8	Japan
4	Canada	9	Netherlands
5	Ireland	10	France

Source: United Nations Development Programme (UNDP), the 2007/8 Human Development Report

The HDI - Human Development Index - is a summary composite index that measures a country's average achievements in three basic aspects of human development: health, knowledge, and a decent standard of living.



## Social Indicators: 2007

Fig. 26

	Iceland	Liechtenstein	Norway	Switzerland	EU27
<b>Life Expectancy at Birth - Women<sup>[1]</sup></b>	82.9	83.1	82.7	84.2	81.5
<b>Life Expectancy at Birth - Men<sup>[1]</sup></b>	79.4	78.9	78.2	79.4	75.2
<b>Infant Mortality Rate (per 1 000 live births)<sup>[1][2]</sup></b>	1.3	2.8[1]	3.1	4.4	4.7
<b>Population Growth Rate (in %)</b>	1.9	0.5	1.2	1.1	0.4
<b>Employment Rate (in % of persons aged 15-64 in employment)</b>	85.7	73.5	76.8	78.6	65.4
<b>Women</b>	81.7	63.8	74.0	71.6	58.3
<b>Men</b>	89.5	83.2	79.5	85.6	72.5
<b>Unemployment Rate</b>	2.3	2.9	2.5	3.7	7.1

Sources: National Statistical Offices, Eurostat

<sup>[1]</sup> Liechtenstein five years average from 2003 to 2007

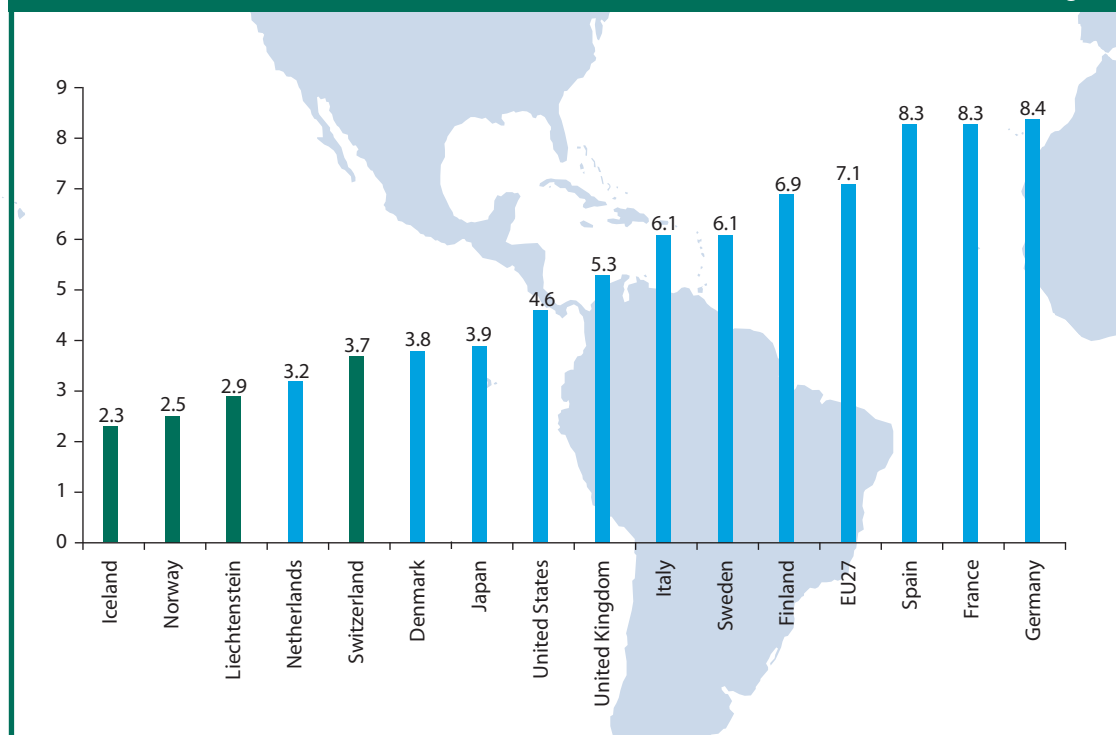
<sup>[2]</sup> EU27 figures are from 2004



## Unemployment rates: 2007

(in %)

Fig. 27



Sources: National Statistical Offices, Eurostat

## EU Programmes, agencies and other activities with EEA EFTA participation 2007-2013 – EU budget and estimated EEA EFTA contribution

Fig. 28

	Total EU Commitments 2007-2013 (million euros)	Estimated EEA EFTA Commitments 2007-2013 (million euros)
<b>EU Programmes and activities with EEA EFTA participation</b>		
7 <sup>th</sup> Research Programme	50 521.0	1 205.8
Lifelong Learning Programme	6 970.0	165.7
Competitiveness and Innovation Programme incl E-content +	3 710.0	88.2
Youth in action	885.0	21.0
MEDIA	754.9	17.9
Employment and Social Solidarity (PROGRESS)	743.3	17.7
Erasmus Mundus I (2007-2008) + continuation (2009-2013)	648.3	15.4
Intermodal Transport (Marco Polo II)	450.0	10.7
Culture	400.0	9.5
Public health	326.8	8.7
Community Statistical Programme	325.3	5.8
The Civil Protection Financial Instrument	191.9	4.6
Implementation and development of the Internal Market	189.6	4.5
Consumer Protection	155.1	3.7
European Employment Service (EURES)	137.8	3.3
Fight against violence (Daphne) (2008-2013)	102.7	2.5
Safer Internet Plus (2007-2008) + Continuation ( 2009-2013)	82.7	2.0
Interoperable e-government Services (IDABC) (2007-2009)	72.6	1.7
Drugs Prevention and information (2008-2013)	18.3	0.4
<b>Sub total I</b>	<b>66 685.3</b>	<b>1 589.1</b>
<b>EU Agencies and Institutes with EEA EFTA participation</b>		
European Food Safety Authority (2009 - 2013)	379.9	9.0
European Centre for Disease Prevention and Control	347.7	8.3
European Maritime Safety Agency	343.0	8.1
European Medicines Agency incl. Special contribution to Orphan drugs	280.7	6.7
European Environment Agency	228.0	5.4
European Aviation Safety Agency	213.7	5.1
European Railway Agency	130.3	3.1
The European Chemicals Agency (2008 - 2013)	128.7	3.1
European Network and Information Security Agency	59.5	1.4
<b>Sub total II</b>	<b>2 111.5</b>	<b>50.2</b>
<b>TOTAL EEA EFTA commitment to all EU activities with EEA EFTA participation</b>	<b>68 796.8</b>	<b>1 639.3</b>

Please note:

- List contains joint EU activities with legal basis for EEA EFTA participation established as of December 2008.
- The estimated EEA EFTA contributions from 2009 and onwards are based on the EEA proportionality factor of 2009: 2.40%.



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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 Agreement on the European Economic Area (EEA), which enables three of the four EFTA Member States (Iceland, Liechtenstein and Norway) to fully participate in the EU's Internal Market.
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## **EFTA Secretariat, Geneva (Headquarters)**

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9-11, rue de Varembé	Tel: +41 22 33 22 600
CH-1211 Geneva 20	Fax: +41 22 33 22 677
Switzerland	Email: <a href="mailto:mail.gva@efta.int">mail.gva@efta.int</a>
	<a href="http://www.efta.int/">http://www.efta.int/</a>

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## **EFTA Secretariat, Brussels**

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12-16, rue Joseph II	Tel.: +32 2 286 17 11
B-1000 Brussels	Fax: +32 2 286 17 50
Belgium	Email: <a href="mailto:mail@efta.int">mail@efta.int</a>
	<a href="http://www.efta.int/">http://www.efta.int/</a>

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## **EFTA Statistical Office, Luxembourg**

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<i>Visiting address:</i>	<i>Postal address:</i>	
Bâtiment Bech	EFTA F2/908 Bech	Tel: +352 4301 37775
Office F2/908	Bâtiment Jean Monnet	Fax: +352 4301 32145
5 Rue Alphonse Weicker	rue Alcide de Gasperi	Email: <a href="mailto:mail.lux@efta.int">mail.lux@efta.int</a>
L-2721 Luxembourg	L-2920 Luxembourg	<a href="http://www.efta.int/">http://www.efta.int/</a>