

**THIS IS EFTA**

2011





This is EFTA 2011

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*Cover picture: University of Liechtenstein, inaugurated on 1 February 2011*

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### Editor's Note:

"This is EFTA" is an overview of EFTA's activities and institutional framework. For an overview of the more specific activities that took place last year, please consult EFTA's Annual Report. It is also available on our website: <http://www.efta.int/publications/>



# FOREWORD



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

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

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

Today, the liberalisation of intra-EFTA trade relations has been achieved in most areas. In addition to updating the EFTA Convention, the Association has two substantive tasks: to assist the EFTA States in negotiating and maintaining free trade agreements (FTAs) with non-EU countries; and to assist Iceland, Liechtenstein and Norway in the operation and development of the Agreement on the European Economic Area (EEA). Work on the FTAs is carried out in EFTA's headquarters in Geneva, while EEA matters are managed in Brussels.

The results achieved by EFTA are considerable.

Within the framework of EFTA, its Member States have at present concluded 22 FTAs with 31 countries globally. Negotiations are ongoing with several large emerging economies and exploratory discussions are taking place with a number of other states on possible future agreements. At the same time, EFTA's Member States maintain their strong commitment to the multilateral rule-based trading system embodied by the World Trade Organization, and EFTA's FTAs are based on and seek to promote this system.

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

In 2009, EFTA represented the world's eighth largest trader in merchandise goods and fifth largest trader in commercial services, with the EFTA States maintaining their positions as important markets for both outward and inward investment. Levels of GDP per capita were among the highest globally.

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



A book tracing EFTA's 50-year history was published in 2010. The picture shows four of the authors: René Schwok, University of Geneva; Richard T Griffiths, University of Leiden; Helge Pharo, University of Oslo; and Gudmundur Jonsson, University of Iceland.



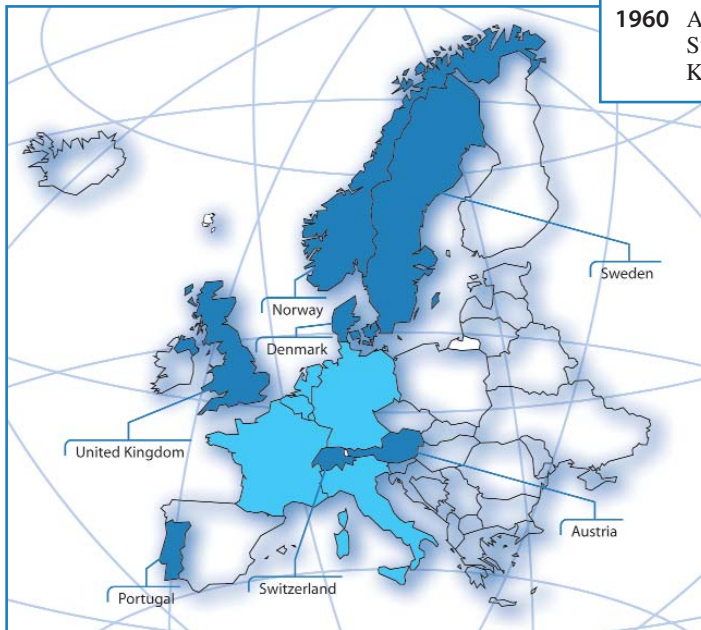
## The Vaduz Convention

The EFTA Convention regulates free trade relations between its 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 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 Member States, as well as giving them an improved instrument to manage their internal relations and those with present and potential partner countries.

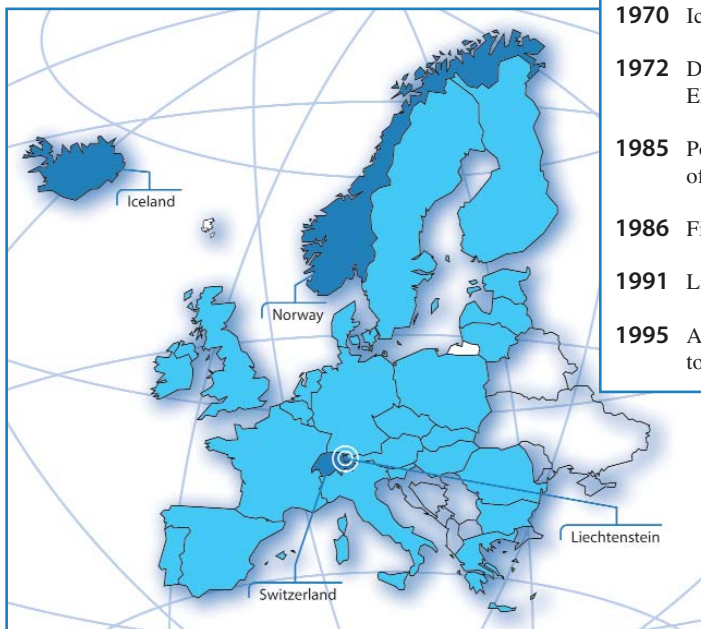
## EFTA and the EU 1960



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



## EFTA and the EU 2011



- 1970** Iceland becomes a member of EFTA
- 1972** Denmark and the United Kingdom leave EFTA to join the EEC (EU)
- 1985** Portugal leaves EFTA to become a member of the EEC (EU)
- 1986** Finland becomes a full member of EFTA
- 1991** Liechtenstein becomes a member of EFTA
- 1995** Austria, Finland and Sweden leave EFTA to join the EU



## EFTA through the years

- 1960** The European Free Trade Association (EFTA) is founded by Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom, to promote closer economic cooperation and free trade in Europe.
- 1961** Finland becomes an associate member of EFTA. The EFTA Consultative Committee is established (representatives of trade unions and employers' organisations).
- 1966** Full free trade in industrial products is achieved between the EFTA States.
- 1970** Iceland becomes a member of EFTA.
- 1973** Denmark and the United Kingdom leave EFTA to join the European Economic Community (EEC). The remaining EFTA States sign bilateral free trade agreements (FTAs) with the EEC during the 1970s.
- 1977** The EFTA Parliamentary Committee is established. Tariffs on industrial goods in trade are eliminated between the EEC and the EFTA States.
- 1979** EFTA's first FTA is signed with Spain.
- 1984** The Luxembourg Declaration on broader cooperation between the EEC and EFTA is signed.
- 1985** Portugal leaves EFTA to become a member of the EEC.
- 1986** Finland becomes a full member of EFTA.
- 1989** Negotiations start on a European Economic Space, later to become the European Economic Area (EEA). An agreement on free trade in fish between the EFTA States is signed.
- 1991** Liechtenstein becomes a member of EFTA. An FTA is signed with Turkey, EFTA's oldest agreement still in force. A further 12 FTAs are signed in the 1990s, of which three are still in force (Israel, Morocco and the Palestinian Authority). The others, all of which are with Central and Eastern European countries, lapse when those countries join the European Union (EU).
- 1992** The Agreement on the European Economic Area is signed in Oporto, Portugal. Switzerland rejects participation in the EEA by referendum.
- 1994** The EEA Agreement enters into force between the EU and five EFTA States. An EEA Financial Mechanism for the reduction of economic and social disparities in the EEA is established for the period 1994 to 1998.
- 1995** Austria, Finland and Sweden leave EFTA to join the EU. Liechtenstein becomes a full participant in the EEA Agreement together with Iceland and Norway.
- 2000** A new EEA Financial Instrument is established for the period 1999 to 2003. Eight FTAs are signed between 2000 and 2004 (in chronological order: Macedonia, Mexico, Croatia, Jordan, Singapore, Chile, Lebanon and Tunisia).
- 2001** The updated EFTA Convention is signed in Vaduz, Liechtenstein, entering into force a year later.
- 2003** An agreement on EEA enlargement is signed as ten Central and Southern European countries join the EU. New EEA and Norwegian Financial Mechanisms are established for the period 2004 to 2009.
- 2004** EU and EEA enlargement enter into effect simultaneously.
- 2005** Five FTAs are signed between 2005 and 2008 (in chronological order: Republic of Korea, Southern African Customs Union, Egypt, Canada and Colombia).
- 2007** An agreement on EEA enlargement is signed as Bulgaria and Romania join the EU.
- 2009** Iceland applies for EU membership. New Financial Mechanisms are agreed for the period 2009 to 2014. FTAs are signed with Albania, the Gulf Cooperation Council and Serbia.
- 2010** Iceland begins accession negotiations with the EU. The EEA EFTA Forum of Elected Representatives of Local and Regional Authorities is established. FTAs are signed with Peru and Ukraine.







The EFTA Ministers and Secretary-General at the autumn Ministerial meeting in 2010: Kåre Bryn, EFTA Secretary-General; Johann N. Schneider-Ammann, Federal Councillor, Head of the Federal Department of Economic Affairs, Switzerland; Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; Trond Giske, Minister of Trade and Industry, Norway; and Össur Skarphéðinsson, Minister for Foreign Affairs and External Trade, Iceland.

# THE EFTA STATES

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

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

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

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

The Icelandic economy benefits from renewable natural resources, in particular rich fishing grounds and hydro and geothermal power. While still relying heavily on fishing and fish processing, the Icelandic economy has increasingly diversified into the aluminium and services industries over the last two decades.

Abundant natural resources also contribute significantly to Norway's economic growth, with activities focused on petroleum exploration and production, hydroelectric power and fisheries. Other important sectors include services, notably maritime transport, and oil related industries.

In 2009, the combined GDP of the EFTA States (excluding Liechtenstein) amounted to USD 883 billion (figure 23). In terms of purchasing power, the EFTA States represented a sizeable market, ranking alongside countries with the highest GDP per capita in the world (figure 24). Notwithstanding the global financial crisis, the EFTA States also benefited from low unemployment rates in comparison to other OECD countries (figure 34). The EFTA economies are consistent strong performers with regard to competitiveness, according to the IMD World Competitiveness Scoreboard 2010 and the WEF Global Competitiveness Report 2010 (figure 30-31),

and EFTA citizens maintain a high quality of life (figures 32-33).

The EFTA States are traditionally dependent on, and open to, international trade. As a consequence, trade accounts for a significant share of their economic activity (figure 2). In spite of their modest size, the EFTA States together constituted the world's eighth largest merchandise trader (figure 15) and fifth largest trader in commercial services in 2009 (figure 16), counting the European Union as one.

The EU27 is EFTA's main trading partner, accounting for 74.1% of EFTA's merchandise imports and 68.3% of its exports in 2009 (figure 14). EFTA is the EU's third largest trading partner, placing it before the Russian Federation and Japan (figure 6). EFTA also ranked second in trade in services in 2008, after the United States and before China, the Russian Federation and Japan (figure 7).

The EFTA States are key investors abroad, both in terms of direct investment and portfolio investment. Their combined stock of outward foreign direct investment (FDI) in 2009 amounted to USD 977 billion (figures 25-28). The EFTA States also play host to a significant number of major multinational companies such as Nestlé, Novartis, Roche, Statoil, Credit Suisse, UBS and ABB (figure 29).



## General information: 2011

Fig. 1

	Iceland	Liechtenstein	Norway	Switzerland
<b>Name</b>	Republic of Iceland	Principality of Liechtenstein	Kingdom of Norway	Swiss Confederation
<b>Government type</b>	Constitutional Republic	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 Micheline Calmy-Rey
<b>Head of government</b>	Prime Minister Jóhanna Sigurðardóttir	Prime Minister Klaus Tschütscher	Prime Minister Jens Stoltenberg	President of the Swiss Confederation Micheline Calmy-Rey
<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 (01.01.2010)</b>	317 630	35 894	4 858 199	7 785 806
<b>Population density (inhabitants per km<sup>2</sup>)</b>	3.1	224.3	12.6	188.6
<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 and official government websites



## Economic indicators: 2009

Fig. 2

	Iceland	Liechtenstein	Norway	Switzerland	EFTA <sup>[9]</sup>	EU27 <sup>[10]</sup>
<b>GDP (in million EUR at market prices)<sup>[1]</sup></b>	8 692	3 363	272 774	354 492	639 320	11 790 842
<b>GDP per capita (PPS in EUR)<sup>[2]</sup> [3]</b>	28 300	38 500	41 500	33 900	36 617	23 600
<b>GDP real growth (in %)</b>	-6.8	n.a.	-1.4	-1.9	n.a.	-4.2
<b>Inflation (in %)<sup>[4]</sup></b>	16.3	-0.7	2.3	-0.7	n.a.	1.0
<b>Unemployment (in %)</b>	7.0	2.8	3.1	4.3	n.a.	8.9
<b>Exports: merchandise (in million EUR)<sup>[5]</sup> [6]</b>	2 901	n.a.	86 690	124 799	214 390	3 175 645
<b>Imports: merchandise (in million EUR)<sup>[5]</sup> [6]</b>	2 378	n.a.	50 502	113 766	166 646	3 194 166
<b>Exports: services (in million EUR)<sup>[5]</sup> [6]</b>	1 702	n.a.	28 890	58 405	88 997	1 131 317
<b>Imports: services (in million EUR)<sup>[5]</sup> [6]</b>	1 463	n.a.	24 694	30 647	56 804	991 260
<b>Total trade balance (in million EUR)<sup>[5]</sup> [6]</b>	762	n.a.	40 385	38 790	79 937	121 536
<b>Total trade (in million EUR)<sup>[5]</sup> [6]</b>	8 444	n.a.	190 776	327 617	526 837	8 492 388
<b>Total trade as % of GDP</b>	97.2	n.a.	69.9	92.4	82.4	72.0
<b>Government financial balance (in % of GDP)<sup>[7]</sup></b>	-9.1	n.a.	9.7	1.0	n.a.	-6.8
<b>Government debt (in % of GDP)<sup>[7]</sup> [8]</b>	57.5	n.a.	43.7	41.3	n.a.	73.6

Sources: EUROSTAT and National Statistical Offices

<sup>[1]</sup> Liechtenstein figure is from 2008.

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

<sup>[3]</sup> Liechtenstein figure is from 2006.

<sup>[4]</sup> The Swiss national consumer prices index applies in Liechtenstein.

<sup>[5]</sup> Liechtenstein's trade figures are included in Switzerland's trade figures due to the existence of the Swiss-Liechtenstein Customs Union.

<sup>[6]</sup> Trade figures taken from national accounts data.

<sup>[7]</sup> Switzerland figure is from 2008.

<sup>[8]</sup> Iceland figure is from 2008.

<sup>[9]</sup> Figures include intra-EFTA trade.

<sup>[10]</sup> Figures include intra-EU27 trade.

# FREE TRADE AGREEMENTS

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

Through EFTA, its Member States have created one of the world's largest networks of preferential trade relations, which they continue to extend. EFTA's current free trade agreement (FTA) network secures economic operators preferential access to markets of around 670 million consumers outside the European Union.

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

At the time of writing, EFTA has concluded 22 FTAs with a total of 31 partner countries and territories beyond the EU: Albania, Canada, Chile, Colombia, Croatia, Egypt, the Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the

United Arab Emirates), Israel, Jordan, the Republic of Korea, Lebanon, Macedonia, Mexico, Morocco, Palestinian Authority, Peru, Serbia, Singapore, the Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.

Negotiations are in progress with Bosnia-Herzegovina, Hong Kong China, India, Indonesia and Montenegro, as well as with Russia, Belarus and Kazakhstan. Resumption of negotiations with Algeria and Thailand is pending. In addition, the EFTA States are conducting dialogues on closer trade relations notably with Central American states, Malaysia and Vietnam. For a full overview of EFTA's trade relations, see the map and legend on page 16.

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



## What is in an EFTA Free Trade Agreement?

**EFTA Free Trade Agreements (FTAs) establish a free trade area between the partner countries by:**

- Providing for free trade in industrial goods, including fish and other marine products;
- Liberalising trade in processed agricultural products;
- Including trade disciplines; and
- Establishing rules on customs and origin matters.

Trade in basic agricultural products is covered by 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 also liberalise trade in services, investment and/or public procurement**, as in the case of EFTA's agreements with Chile, Colombia, the Gulf Cooperation Council, the Republic of Korea, Mexico, Peru, Singapore and Ukraine. 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 that could reduce the benefits of the agreement.

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

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

## Industrial Products, Including Fish and Other Marine Products

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

Fish and other marine products are considered industrial goods in accordance with the framework of the WTO. As the fisheries sector is of major importance to both Iceland and Norway, free trade in these products constitutes an essential element of EFTA FTAs.

## Agriculture

EFTA, like the European Union, generally distinguishes in its FTAs between basic agricultural products such as grain, milk and sugar, and processed agricultural products such as bread, chocolate and soup. In principle, EFTA grants free trade in processed products. Certain measures are maintained, however, to compensate for higher costs of raw materials used by EFTA's food processing industry.

Basic agricultural products are dealt with in separate bilateral arrangements between each EFTA State and the partner country, taking into account that the EFTA States do not have a common agricultural policy.

## Rules of Origin

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

products may benefit from preferential conditions. In order to qualify as “originating” under an FTA, products (both industrial and agricultural) need to be either “wholly obtained” or “sufficiently worked or processed” in the territory of an FTA partner.

## Intellectual Property Rights

The effective protection of intellectual property rights (IPR) is essential for international trade. EFTA 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 (MFN) treatment as set out in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

## Services and Investment

EFTA FTAs with European and Mediterranean countries normally contain evolutionary clauses aimed 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 interest such as financial services, telecommunications and maritime transport. 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, Peru, Singapore and Ukraine.



Launching of EFTA free trade negotiations with Russia, Belarus and Kazakhstan: Kåre Bryn, EFTA Secretary-General; Össur Skarphéðinsson, Minister for Foreign Affairs and External Trade, Iceland; Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; Elvira Nabiullina, Minister of Economic Development and Trade, Russian Federation; Zhanar Aitzhanova, Minister of Economic Development and Trade, Republic of Kazakhstan; Trond Giske, Minister of Trade and Industry, Norway; Johann N. Schneider-Ammann, Federal Councillor, Head of the Federal Department of Economic Affairs, Switzerland; Nikolai Snopkov, Minister of Economy, Republic of Belarus.



These agreements liberalise the establishment of businesses and may extend to other aspects such as the promotion of investments and capital movements.

## Competition

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

## Public Procurement

Open public procurement markets reduce public expenditure, ensure fair competition and provide for transparency, thereby preventing corruption and other illicit purchasing practices. Chapters on public procurement have been included in several of EFTA's recent FTAs on the basis of reciprocity, non-discrimination and transparency. Such provisions either build on the WTO Government Procurement Agreement or replicate its structure and content substantially.

## Sustainable Development

EFTA has started to negotiate FTA provisions on trade and sustainable development to reflect the relevance of international environmental and labour standards for trade and economic development.

## Joint Committee

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

## Dispute Settlement

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

## Different Levels of Economic Development

EFTA FTAs take into account the partner 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 FTA, a less economically developed partner country may benefit from transitional periods. Such periods are intended to provide the partner concerned with the time necessary to adapt its economy to free trade conditions.



Signing of EFTA's free trade agreement with Ukraine: Kostyantyn Gryshchenko, Minister of Foreign Affairs and Valeriy Piatnytskyi, Deputy Minister of Economy, Ukraine.

### EFTA Joint Declarations on Cooperation:

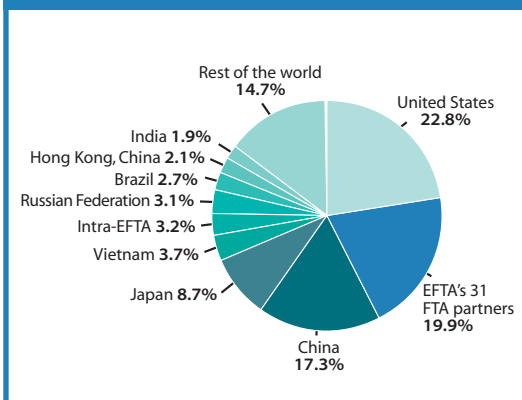
- Cover cooperation on trade-related issues such as technical and other barriers to trade, customs and origin matters, or intellectual property rights.
- Aim to improve conditions for projects in the private sector.
- Establish a joint committee to review cooperation between the partners, to examine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

### EFTA has signed Joint Declarations on Cooperation with:

Albania, Algeria, Colombia, Croatia, Egypt, the Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Jordan, Lebanon, Malaysia, Mauritius, the Southern Common Market (MERCOSUR; comprising Argentina, Brazil, Paraguay and Uruguay), Mongolia, Montenegro, Morocco, the Palestinian Authority, Panama, Peru, Serbia, Tunisia and Ukraine.

Fig.3

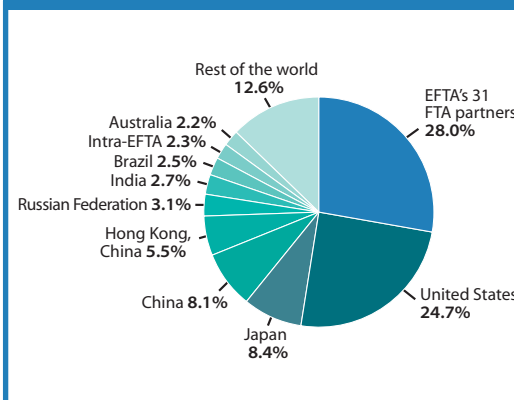
### EFTA's main import sources of merchandise trade, excluding EU27: 2009



Source: EUROSTAT (COMEXT)

Fig.4

### EFTA's main export destinations for merchandise trade, excluding EU27: 2009



Source: EUROSTAT (COMEXT)

## Technical Assistance

Technical assistance is included in some EFTA FTAs. Its main objective is to assist partner countries in the implementation of the FTAs 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 EFTA's technical assistance activities.

To make the best use of the available resources, technical assistance focuses on areas where EFTA may provide expertise, such as on technical standards, rules of origin and general customs procedures, fisheries, trade in services, intellectual property rights and the promotion of exports to the EFTA States. EFTA's approach is flexible, however, and allows for an examination of any request from partner countries in accordance with the guidelines set by the EFTA Council.



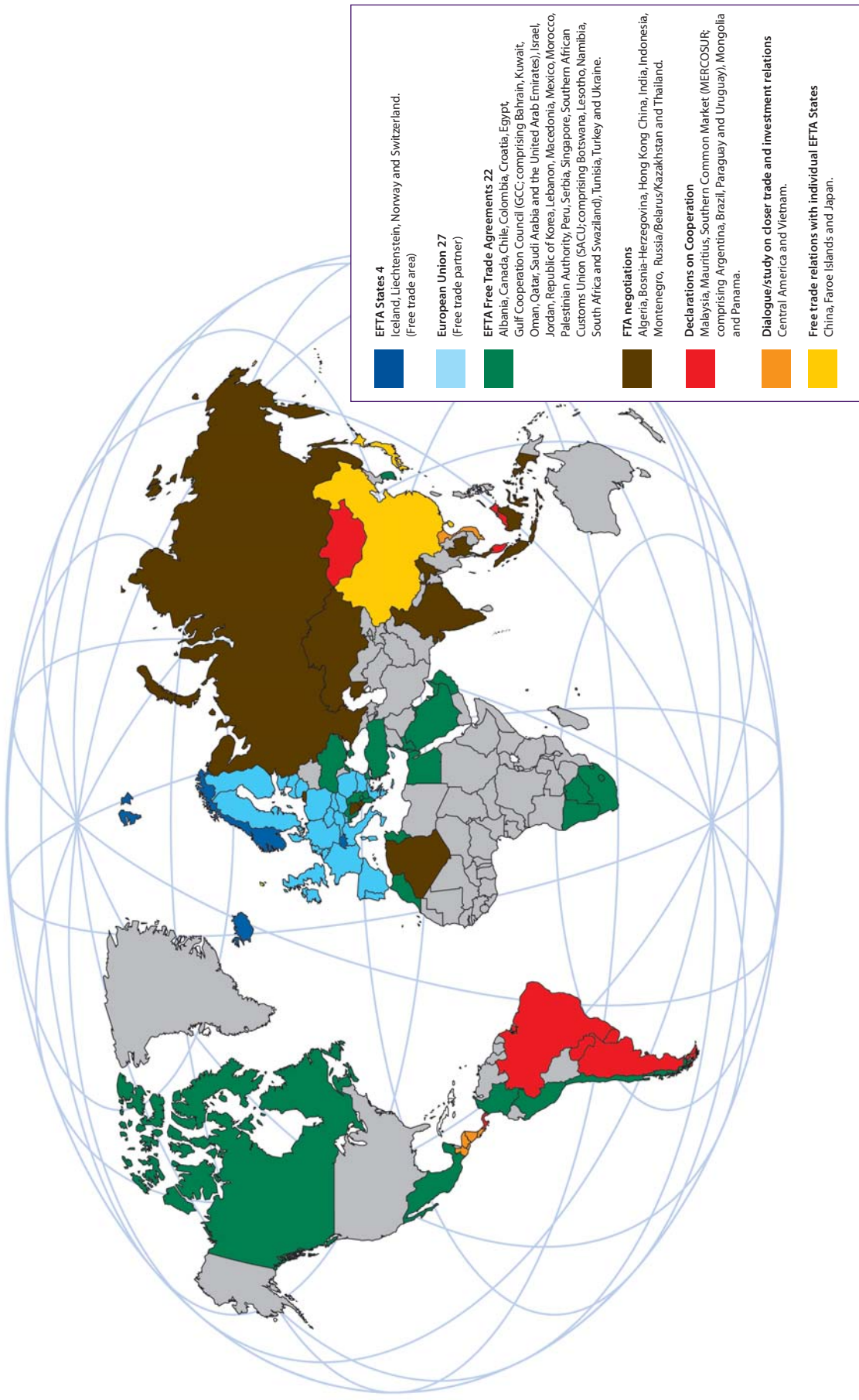
### EFTA's main trading partners in merchandise trade: 2009 (in million EUR and %) Fig. 5

Rank	Country	Total trade	Share (%)	Export	Import	Trade balance
	<b>World</b>	<b>377 774</b>	<b>100.0</b>	<b>213 670</b>	<b>164 103</b>	<b>49 567</b>
1	<b>Free trade partners</b>	<b>297 891</b>	<b>78.9</b>	<b>166 488</b>	<b>131 403</b>	<b>35 086</b>
	<b>EU27</b>	<b>267 548</b>	<b>70.8</b>	<b>145 973</b>	<b>121 575</b>	<b>24 398</b>
	<b>EFTA 31 FTA partners (excluding EU27)</b>	<b>27 459</b>	<b>7.3</b>	<b>18 983</b>	<b>8 475</b>	<b>10 508</b>
	<b>Intra-EFTA</b>	<b>2 885</b>	<b>0.8</b>	<b>1 532</b>	<b>1 352</b>	<b>180</b>
2	United States	26 370	7.0	16 688	9 682	7 006
3	China	12 842	3.4	5 465	7 377	-1 912
4	Japan	9 379	2.5	5 691	3 688	2 002
5	Hong Kong, China	4 648	1.2	3 737	911	2 826
6	Russian Federation	3 413	0.9	2 100	1 313	787
7	Brazil	2 825	0.7	1 677	1 149	528
8	India	2 616	0.7	1 822	794	1 029
9	Vietnam	1 994	0.5	442	1 553	-1 111
10	Australia	1 762	0.5	1 463	299	1 164
11	Chinese Taipei	1 717	0.5	945	772	173
12	Thailand	1 466	0.4	713	752	-39
13	Malaysia	903	0.2	484	419	65
14	Kazakhstan	854	0.2	380	474	-94
15	Libya	612	0.2	122	490	-368

Source: EUROSTAT (COMEXT)

EFTA's 31 FTA partners (excluding EU27) are: Albania, Canada, Chile, Colombia, Croatia, Egypt, Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Israel, Jordan, Lebanon, Macedonia, Mexico, Morocco, Palestinian Authority, Peru, Republic of Korea, Serbia, Singapore, Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.

# EFTA'S WORLDWIDE NETWORK





# THE EEA AGREEMENT

The Agreement on the European Economic Area (EEA), which entered into force on 1 January 1994, brings together the 27 EU Member States and three 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 covering the four freedoms — the free movement of goods, services, capital and persons — throughout the 30 EEA States. In addition, the Agreement covers cooperation 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 following EU policies:

- Common Agriculture and Fisheries Policies (although the EEA 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 part of the Schengen area); or
- Monetary Union (EMU).

## The EU27's top trading partners in merchandise trade: 2009

(in million EUR and %)

Fig. 6

Rank	Partner	Import	Export	Trade	Balance	As % of EU27's external trade
	Extra-EU27*	1 199 244	1 094 718	2 293 962	-104 526	100.0
1	United States	159 531	205 055	364 586	45 523	15.9
2	China	214 832	81 622	296 454	-133 211	12.9
3	EFTA	144 477	127 060	271 538	-17 417	11.8
4	Russian Federation	115 276	65 475	180 750	-49 801	7.9
5	Japan	55 827	35 948	91 775	-19 880	4.0

Source: EUROSTAT (COMEXT)

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



## The EU27's top trading partners in commercial services: 2009

(in million EUR and %)

Fig. 7

Rank	Partner	Import	Export	Trade	Balance	As % of EU27's external trade
	Extra-EU27	409 361	472 728	882 089	63 367	100.0
1	United States	125 031	118 132	243 163	-6 899	27.6
2	EFTA	59 665	82 764	142 429	23 099	16.1
3	China	13 201	18 590	31 791	5 389	3.6
4	Russian Federation	11 196	18 501	29 697	7 305	3.4
5	Japan	12 185	16 872	29 057	4 687	3.3

Source: EUROSTAT

## The EU27's merchandise trade with EFTA: 2009

(in million EUR and %)

Fig. 8

Country	EU imports from	Annual change %	Share (%) of extra-EU27 imports	EU exports to	Annual change %	Share (%) of extra-EU27 exports	Balance
EFTA	144 477	-19.3	12.0	127 060	-11.8	11.6	-17 417
Iceland	2 166	-19.8	0.2	1 337	-40.9	0.1	-828
Liechtenstein	1 022	-12.8	0.1	1 035	-16.2	0.1	13
Norway	68 558	-28.5	5.7	37 445	-14.4	3.4	-31 112
Switzerland	72 732	-8.1	6.1	87 243	-9.8	8.0	14 511

Source: EUROSTAT (COMEXT)

## Decision Making

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

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

## Decision Shaping

The EEA EFTA States do not have the right to vote in the political decision making within the EU institutions. The EEA Agreement does, however, provide 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 of these committees and experts 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 organisations, public bodies and entities in the EEA EFTA States participate in the numerous EU programmes available to them. These programmes, projects and networks range from youth exchange and research programmes to public health and the development of digital content. More than 15 000 students from the EEA EFTA States have studied abroad through the Erasmus Programme, and many cultural institutions have participated in film,

theatre or music projects through the Culture Programme. The EEA EFTA States' participation in these programmes has proven to be beneficial for both sides, enabling EFTA participants to find partners across the European Union, and EU participants to take advantage of the expertise and best practices that exist in the EEA EFTA States. In addition, the EEA EFTA States' financial contribution to these programmes increases their budgets significantly.

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

- Seventh Research Framework Programme
- Lifelong Learning Programme
- Galileo Programme (Norway only)
- Competitiveness and Innovation Programme
- Youth in Action
- MEDIA Programme
- Erasmus Mundus II (Actions 1 and 3)
- Employment and Social Solidarity (PROGRESS)
- Culture Programme
- Community Statistical Programme
- Health Programme
- European Institute of Innovation and Technology
- Intermodal Transport (Marco Polo II)
- Civil Protection Financial Instrument
- Implementation and Development of the Internal Market
- Consumer Protection
- European Employment Service (EURES)
- Fight Against Violence (Daphne)
- Interoperable eGovernment Services
- Safer Internet Programme
- Media Mundus Programme
- Drugs Prevention and Information Programme
- Modernisation of EU Enterprise and Trade Statistics (MEETS)

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

## Participation in EU Agencies

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

- European Agency for Safety and Health at Work
- European Aviation Safety Agency

- European Centre for Disease Prevention and Control
- European Centre for the Development of Vocational Training
- European Chemicals Agency
- European Environment Agency
- European Food Safety Authority
- European Foundation for the Improvement of Living and Working Conditions
- European GNSS Supervisory Authority
- European Maritime Safety Agency
- European Medicines Agency
- European Network and Information Security Agency
- European Railway Agency

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

## EFTA Statistical Office

The EFTA Statistical Office (ESO) was created in 1991 as a liaison office between Eurostat (the Statistical Office of the European Union) and the EFTA National Statistical Institutes (NSIs), and is located on the premises of Eurostat in Luxembourg.

ESO's main objective is to sustain the integration of the EFTA States into the evolving European Statistical System, providing harmonised and comparable

statistics to support the general cooperation process between EFTA and the EU. This cooperation is governed by the EEA Agreement and the Swiss-EU Bilateral Agreement in the field of statistics. It has extended progressively to EFTA participation in EU statistical assistance projects with third countries and the European Statistical Training Programme.

ESO is supported by the Working Group of the Heads of the NSIs. The Group meets at least once a year and brings together the Directors-General of the NSIs 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 EEA Agreement. The EEA EFTA States are represented in the EEA Council by their respective foreign ministers. Before the Lisbon Treaty, the European Union was represented by the so-called "Troika", which was led by the foreign minister of the rotating EU Council presidency, the European Commissioner for External Relations and the High Representative for the EU's Common Foreign and Security Policy. When the two latter positions were merged under the Lisbon Treaty, the EU Council decided that the EEA Council would continue to be chaired on the EU side by the rotating presidency.



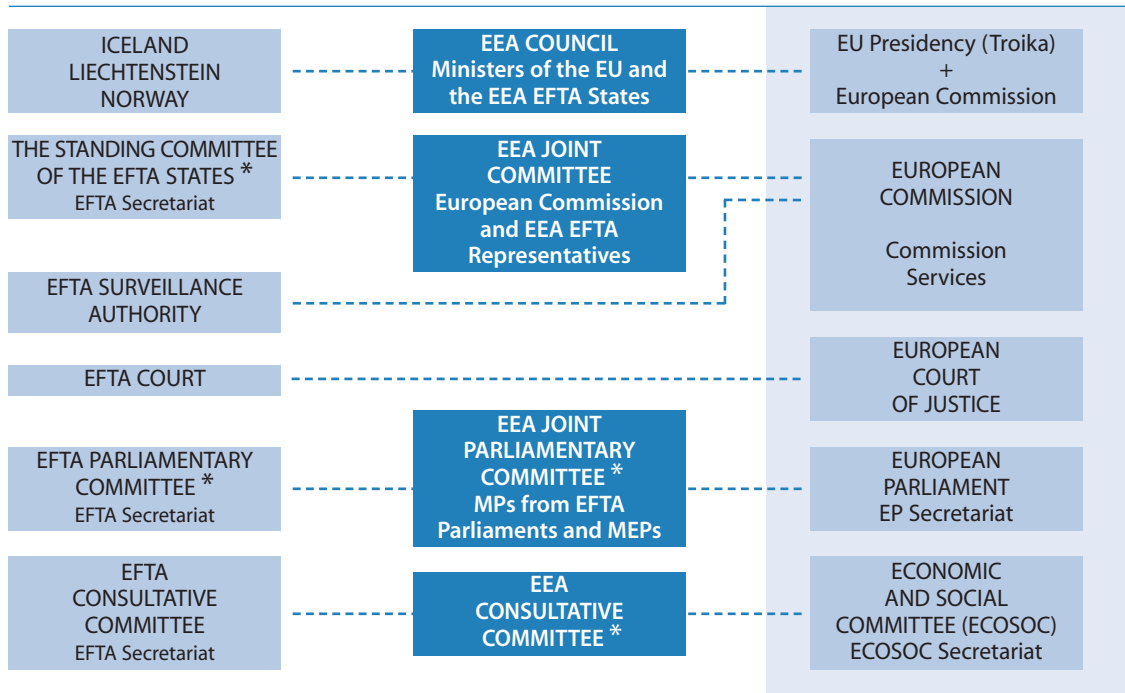
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## EEA EFTA financial contribution and payment to EU programmes, agencies and other activities (payments in EUR 1 000)

Fig. 9

Sectors of Activity	2009	2010
Research	155 145	150 212
Education, training and youth	28 540	30 863
Enterprise, innovation, SMEs	8 412	5 807
Transport	5 824	19 481
Audiovisual sector	3 476	2 711
Social policy and employment	2 890	3 747
Public health	2 828	2 409
Energy	2 795	1 856
Product requirements (chemicals, food and medicines)	2 421	3 533
Information services	2 260	4 362
Culture	1 245	1 284
Statistics	953	1 341
Environment	829	892
Civil protection	653	551
Consumer protection	620	631
<b>Total EEA EFTA Contribution</b>	<b>218 891</b>	<b>229 680</b>

## 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 EEA Joint Committee

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

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 cooperate in an organised and regular manner to enhance awareness and provide input on the economic and social aspects of the EEA.

## The EEA Joint Parliamentary Committee

The EEA Joint Parliamentary Committee is an advisory body that comprises members of the national parliaments of the EEA EFTA States and Members of the European Parliament (MEPs). It is not directly involved in the EEA decision-making process, but

## 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 each other and arrive at a common position before meeting with the European Union in the EEA Joint Committee.

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

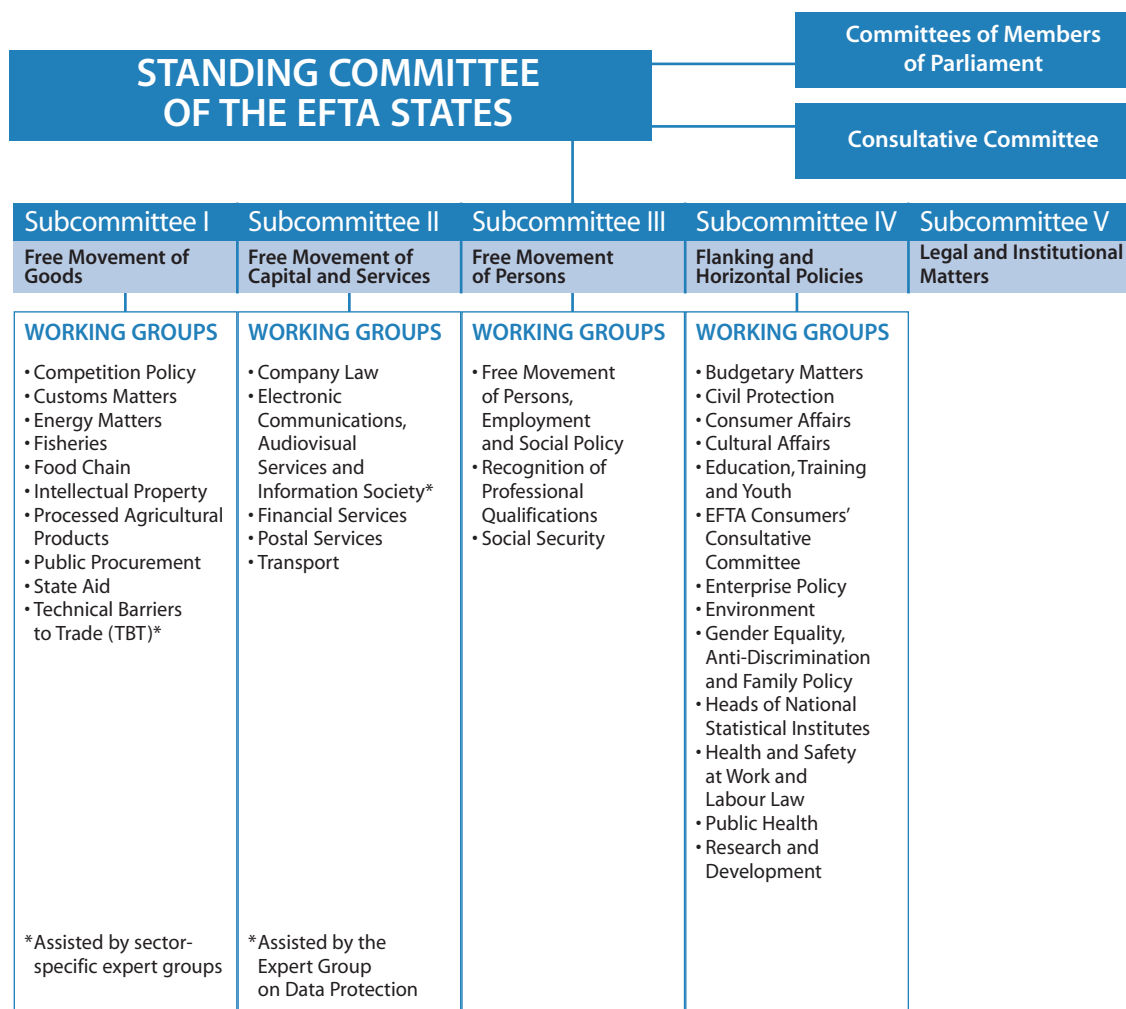
## The EFTA Surveillance Authority

Located in Brussels, the EFTA Surveillance Authority (ESA) 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. ESA can investigate possible infringements of EEA provisions,

either on its own initiative, or on the basis of complaints. ESA maintains close contact and cooperates frequently with the Commission.

## The EFTA Court

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



## EFTA EEA Seminar

The EFTA Secretariat organises a biannual 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/eea/seminars/>



## EEA Grants Norway Grants

The EEA Agreement of 1994 includes a goal to reduce social and economic disparities in the European Economic Area. Through five-year grant schemes, the EEA EFTA States contribute to European cohesion efforts. These grants are also a vehicle for strengthening bilateral relations between the EEA EFTA States and beneficiary states.

The Financial Mechanism Office (FMO) of the EFTA Secretariat in Brussels administers the grant schemes on behalf of Iceland, Liechtenstein and Norway.

### Reducing Disparities

Since the EEA Agreement entered into force in 1994, the EEA EFTA States have contributed towards reducing social and economic disparities in the least developed countries of the EEA. From 1994 to 2003, this funding was reserved for Greece, Ireland, Northern Ireland, Portugal and Spain.

With the enlargement of the EU and EEA in 2004, focus turned to the ten new Member States – and from 2007 also to Bulgaria and Romania – while Greece, Portugal and Spain continue to be granted funding. The EEA Grants are funded jointly by Iceland, Liechtenstein and Norway, while the Norway Grants are funded by Norway alone.

For the period 2004 to 2009, EUR 1.307 billion in support was allocated to the 15 beneficiary states, while EUR 1.789 billion has been set aside for the period 2009 to 2014. Key areas of support include environment, climate change, civil society, academic research and human resource development.

Between 2004 and 2009, the financial support covered the refurbishment of more than 350 schools, hospitals and other public buildings. Energy savings in these projects are expected to exceed an average of 50%, contributing to significant reductions in emissions of carbon dioxide (CO<sub>2</sub>) and other pollutants. Through non-governmental organisation (NGO) funds in 12 beneficiary states in Central and Southern Europe, vital support was secured for civil society, helping in particular to promote advocacy and social inclusion initiatives. The support also financed capacity-building initiatives for more than 56 000 public sector employees. Around 2 000 students were awarded scholarships for studies in the donor states and 150 PhDs were supported.

### Strengthening Cooperation

The EEA Grants and Norway Grants also contribute to strengthening relations and cooperation between the donor states and beneficiary states.

One in five projects awarded support between 2004 and 2009 were implemented in cooperation between



project promoters in the beneficiary states and entities in the donor states. The majority of these were in the fields of academic research, environmental protection and sustainable development. One in three partnership projects are in Poland, while the countries with the highest proportion of partnership projects are Bulgaria, Hungary, Latvia, Portugal and Romania.

One example of increased bilateral cooperation is the Czech Research Support Fund of the EEA and Norway Grants 2004-09. Through financial support to 79 projects, the fund promotes academic research and contributes to the transfer of know-how between research teams from the Czech Republic and those of Iceland, Liechtenstein and Norway. One such project supports Czech and Norwegian scientists who work together to chart potential sites in the Czech Republic for future CO<sub>2</sub> capture and geological storage.

For the period 2009 to 2014, cooperation is being established at a more strategic level between programme operators in the beneficiary states and similar public entities in the donor states whose contribution will be through expertise, experience and know-how. Project-level partnerships will also continue to be encouraged. In line with recommendations made by the external mid-term evaluation of the EEA and Norway Grants 2004-09, a programme model has been introduced for all funding in the new period to ensure more targeted support and increased impact.



The Museum of Technology and Transport is the Polish city of Szczecin's newest tourist attraction. The new museum, financed by the EEA Grants, opened on 21 October 2010.

## EEA EFTA Support: Overview 1994-2014

The grant schemes have been negotiated and agreed between the EEA EFTA States and the European Commission on a five-year basis.

Period	EEA Grants (in million EUR)	Norway Grants (in million EUR)	Beneficiary countries*	Supported sectors	Status
2009-2014	998.5	800	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain.	Environmental protection and management, climate change and renewable energy, carbon capture and storage, green industry innovation, civil society, human and social development, protecting cultural heritage, academic research and scholarship, promotion of decent work and tripartite dialogue, and justice and home affairs.	Programmes are expected to be established from late 2011, onwards. Programmes will launch calls for funding of projects which may be implemented until 2016.
2004-2009	672	635	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain.	Environment and sustainable development (22.2%), conservation of European cultural heritage (22%), health and childcare (14.3%), human resource development (10.6%), Schengen and judiciary (10.4%), civil society (7.3%), academic research (7.1%) and regional policy and cross-border activities (3.6%).	1 250 projects, programmes and funds were approved in the 15 beneficiary states. The large majority of projects will be implemented by 30 April 2011.
<b>Financial Instrument (FI) (in million EUR)</b>					
1999-2003	120		Greece, Ireland, Northern Ireland, Portugal and Spain.	Environment (93%), education and training (5.4%) and transport (1.3%).	25 projects were approved in 2003. The FI is expected to close in spring 2011.
<b>Financial Mechanism (FM) (in million EUR)</b>					
1994-1998	Grants: 500 Interest rebate loans: 1 500		Greece, Ireland, Northern Ireland, Portugal and Spain.	Environmental protection (61%), education and training (22%) and transport (17%).	56 projects and 37 interest rebate applications for a loan portfolio of EUR 1.5 billion in EIB loans were approved. The accounts for the FM were closed in 2008.

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



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

The Council normally meets twice a year at Ministerial level to provide direct political guidance to EFTA's work. These meetings take place in both formal and informal settings. At their summer meeting, the EFTA Ministers discuss free trade relations and the EEA Agreement. If required, an additional meeting devoted to free trade relations is held at the end of the year. Between the Ministerial meetings the Council meets 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 cooperation agreements with countries outside the European Union. The Committee of Origin and Customs Experts deals with cooperation in the field of customs. The EFTA Board of Auditors is the supreme auditing authority for the EFTA Secretariat. It also serves as a point of contact for the European Court of Auditors when auditing EFTA contributions to the EU budget on the basis of the EEA Agreement. The Budget Committee assists the Council in EFTA budgetary matters. A number of committees manage the updating of the EFTA Convention.

## EFTA Advisory Bodies

The EFTA Consultative Committee (made up of social partner representatives) and the EFTA Parliamentary Committee (comprising members of EFTA's national parliaments) advise the Council on current EFTA



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

matters. Both committees have formal links with their colleagues in the European Union (see the Two-Pillar EEA Structure on page 20). They also meet occasionally with their counterparts in countries where EFTA has free trade relations.

## 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 based in Geneva and the other in Brussels. The three posts are divided between the Member States.

The organisational structure of the Secretariat reflects the different fields of EFTA's activities. The Secretariat employs approximately 90 staff members, a third of whom are based in Geneva, two thirds in Brussels and a small team in Luxembourg. All staff members are employed on three-year contracts, renewable once. Whilst working at the Secretariat, staff members are

servants of the Association and therefore not responsible to their national governments.

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

The Secretariat in Brussels provides support for the management of the EEA Agreement, and assists the Member States in preparing new legislation for integration into the EEA Agreement. The Secretariat also supports the Member States in the elaboration of input to EU decision making.

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

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



### European Standardisation

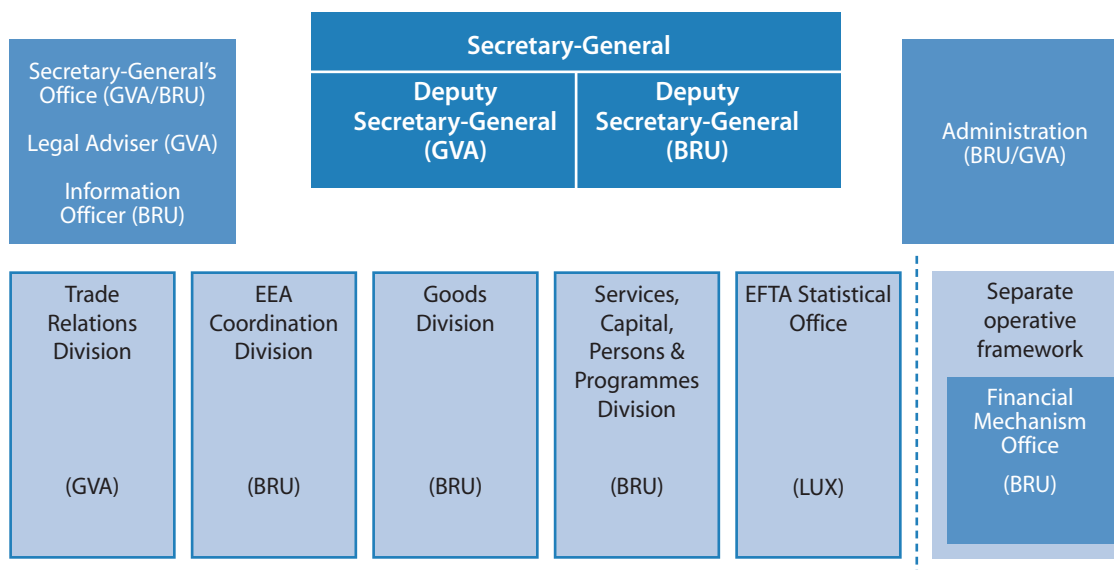
The EFTA States and the European Commission cooperate closely to create and implement a European standardisation policy. This includes parallel financing of standards-related work carried out by CEN, the European Committee for Standardization; CENELEC, the European Committee for Electrotechnical Standardization; and ETSI, the European Telecommunications Standards Institute.

EFTA also cofinances the activities of ANEC, the European association for the coordination of consumer representation in standardisation; ECOS, the European Environmental Citizens Organisation for Standardisation; and EOTA, the European Organisation for Technical Approvals.

### European Accreditation

The EFTA States and the European Commission have also been working together since 2010 to implement a European accreditation policy. This includes the cofinancing of activities carried out by the European co-operation for Accreditation (EA).

## Organisational Chart



## EFTA Budget 2011 (in CHF)

Fig. 10

Budget Posts	Budget 2011
Trade relations	4 682 000
Managing the EEA Agreement	8 824 000
EFTA/EU statistical cooperation	747 000
Secretary-General's services	1 964 000
EU/EFTA and EFTA cooperation programmes	3 245 000
Internal activities	4 192 000
<b>Total EFTA Secretariat</b>	<b>23 654 000</b>

## Contributions to the EFTA Budget 2011

Fig. 11

Member State	Contributions (in CHF)	Share (in %)
Iceland	1 025 000	4.33
Liechtenstein	205 000	0.87
Norway	13 510 000	57.12
Switzerland	8 914 000	37.68
<b>Total</b>	<b>23 654 000</b>	<b>100.00</b>

# EFTA IN FIGURES

## EFTA's merchandise trade with the world and the EU27: 2009

(in million EUR and %)

Fig. 12

Country	Total trade with world	Imports	Exports	Total trade with EU27	% of total trade	Imports	Exports
Iceland	5 328	2 554	2 775	3 435	64.5	1 312	2 123
Liechtenstein*	3 315	1 274	2 041	2 496	75.3	1 164	1 332
Norway	136 359	49 609	86 750	102 684	75.3	33 011	69 673
Switzerland	232 772	110 667	122 105	158 933	68.3	86 088	72 845

Sources: Eurostat (COMEXT) and National Statistical Institutes

\* Trade between Liechtenstein and Switzerland is not included.

## EFTA merchandise trade with the EU27: 2009

(in million EUR)

Fig. 13

Partner	EFTA			Iceland			Norway			Switzerland*		
	Imports from	Exports to	Trade	Imports from	Exports to	Trade	Imports from	Exports to	Trade	Imports from	Exports to	Trade
EU27	121 575	145 973	267 548	1 312	2 123	3 435	33 011	69 673	102 684	87 252	74 177	161 429
Germany	42 962	35 516	78 477	216	324	540	6 311	11 309	17 621	36 435	23 882	60 317
United Kingdom	7 222	26 794	34 015	118	369	486	2 950	20 182	23 132	4 154	6 243	10 397
France	12 256	17 681	29 936	50	102	152	1 788	7 149	8 936	10 418	10 430	20 848
Italy	13 574	13 227	26 801	72	29	101	1 530	2 725	4 255	11 972	10 473	22 445
Netherlands	7 204	14 256	21 460	222	793	1 015	1 915	9 911	11 826	5 066	3 553	8 619
Sweden	7 870	5 973	13 844	193	20	213	6 800	4 956	11 756	877	997	1 875
Spain	3 680	6 448	10 128	32	123	154	1 113	1 996	3 109	2 536	4 329	6 864
Austria	5 289	4 136	9 425	14	6	20	497	502	998	4 779	3 628	8 407
Belgium	4 153	4 932	9 085	40	53	93	957	2 302	3 260	3 155	2 577	5 732
Denmark	4 178	4 269	8 448	174	64	239	3 328	3 420	6 748	676	785	1 460
Ireland	3 484	1 347	4 831	40	93	133	632	838	1 470	2 813	416	3 228
Poland	2 119	2 227	4 346	30	30	60	1 348	991	2 340	741	1 205	1 946
Finland	1 990	1 635	3 625	25	6	32	1 437	1 020	2 456	528	609	1 137
Czech Republic	1 634	1 798	3 432	10	2	13	484	816	1 301	1 140	979	2 119
Portugal	460	1 402	1 862	6	52	58	145	678	823	308	672	981
Hungary	874	723	1 597	10	2	13	254	58	312	610	663	1 272
Greece	192	1 148	1 341	2	11	13	39	179	218	151	959	1 110
Romania	518	618	1 136	3		3	361	127	487	154	491	645
Slovakia	480	370	849	3	4	7	221	39	261	255	327	582
Lithuania	408	230	638	12	33	44	356	139	494	41	59	99
Slovenia	216	231	447	2		2	63	15	78	151	216	367
Estonia	283	157	440	18	2	20	239	119	358	26	36	62
Latvia	190	241	431	14	1	15	158	113	272	17	127	145
Luxembourg	218	196	413	2	1	3	42	31	73	173	163	337
Bulgaria	96	194	290	1		1	30	15	45	65	178	244
Malta	14	158	172	3		3	4	28	32	8	130	138
Cyprus	12	67	79				8	15	23	3	52	55

Source: EUROSTAT (COMEXT)

\* Including Liechtenstein.

## EFTA's main trading partners in merchandise trade: 2009

(in million EUR and %)

Fig. 14

Rank	Country	Total trade	Share %	Export	Share %	Rank	Imports	Share %	Rank	Trade balance
	<b>World</b>	<b>377 774</b>	<b>100</b>	<b>213 670</b>	<b>100</b>	<b>n.a.</b>	<b>164 103</b>	<b>100</b>	<b>n.a.</b>	<b>49 567</b>
	<b>Free trade partners</b>	<b>297 891</b>	<b>78.9</b>	<b>166 488</b>	<b>77.9</b>	<b>n.a.</b>	<b>131 403</b>	<b>80.1</b>	<b>n.a.</b>	<b>35 086</b>
	<b>EU27</b>	<b>267 548</b>	<b>70.8</b>	<b>145 973</b>	<b>68.3</b>	<b>n.a.</b>	<b>121 575</b>	<b>74.1</b>	<b>n.a.</b>	<b>24 398</b>
	<b>EFTA's 31 FTA partners (excluding EU27)</b>	<b>27 459</b>	<b>7.3</b>	<b>18 983</b>	<b>8.9</b>	<b>n.a.</b>	<b>8 475</b>	<b>5.2</b>	<b>n.a.</b>	<b>10 508</b>
	<b>Intra-EFTA</b>	<b>2 885</b>	<b>0.8</b>	<b>1 532</b>	<b>0.7</b>	<b>n.a.</b>	<b>1 352</b>	<b>0.8</b>	<b>n.a.</b>	<b>180</b>
1	Germany	78 477	20.8	35 516	16.6	1	42 962	26.2	1	-7 446
2	United Kingdom	34 015	9.0	26 794	12.5	2	7 222	4.4	7	19 572
3	France	29 936	7.9	17 681	8.3	3	12 256	7.5	3	5 425
4	Italy	26 801	7.1	13 227	6.2	6	13 574	8.3	2	-347
5	United States	26 370	7.0	16 688	7.8	4	9 682	5.9	4	7 006
6	Netherlands	21 460	5.7	14 256	6.7	5	7 204	4.4	8	7 053
7	Sweden	13 844	3.7	5 973	2.8	8	7 870	4.8	5	-1 897
8	China	12 842	3.4	5 465	2.6	10	7 377	4.5	6	-1 912
9	Spain	10 128	2.7	6 448	3.0	7	3 680	2.2	13	2 768
10	Austria	9 425	2.5	4 136	1.9	13	5 289	3.2	9	-1 153
11	Japan	9 379	2.5	5 691	2.7	9	3 688	2.2	12	2 002
12	Belgium	9 085	2.4	4 932	2.3	11	4 153	2.5	11	780
13	Denmark	8 448	2.2	4 269	2.0	12	4 178	2.5	10	91
14	Canada	5 235	1.4	3 547	1.7	15	1 688	1.0	17	1 859
15	Ireland	4 831	1.3	1 347	0.6	28	3 484	2.1	14	-2 137
16	Hong Kong, China	4 648	1.2	3 737	1.7	14	911	0.6	24	2 826
17	Poland	4 346	1.2	2 227	1.0	17	2 119	1.3	15	107
18	Republic of Korea	4 158	1.1	2 931	1.4	16	1 227	0.7	22	1 704
19	Finland	3 625	1.0	1 635	0.8	25	1 990	1.2	16	-355
20	Czech Republic	3 432	0.9	1 798	0.8	21	1 634	1.0	18	164
21	Russian Federation	3 413	0.9	2 100	1.0	19	1 313	0.8	20	787
22	Brazil	2 825	0.7	1 677	0.8	24	1 149	0.7	23	528
23	Singapore	2 784	0.7	2 190	1.0	18	594	0.4	30	1 596
24	India	2 616	0.7	1 822	0.9	20	794	0.5	27	1 029
25	Turkey	2 564	0.7	1 692	0.8	23	872	0.5	26	820
26	United Arab Emirates	2 112	0.6	1 737	0.8	22	375	0.2	38	1 362
27	Vietnam	1 994	0.5	442	0.2	42	1 553	0.9	19	-1 111
28	Portugal	1 862	0.5	1 402	0.7	27	460	0.3	35	942
29	South Africa	1 802	0.5	524	0.2	38	1 278	0.8	21	-753
30	Australia	1 762	0.5	1 463	0.7	26	299	0.2	42	1 164
31	Chinese Taipei	1 717	0.5	945	0.4	31	772	0.5	28	173
32	Hungary	1 597	0.4	723	0.3	33	874	0.5	25	-151
33	Thailand	1 466	0.4	713	0.3	34	752	0.5	29	-39
34	Greece	1 341	0.4	1 148	0.5	30	192	0.1	49	956
35	Saudi Arabia	1 266	0.3	1 163	0.5	29	102	0.1	63	1 061
36	Mexico	1 201	0.3	858	0.4	32	343	0.2	40	515
37	Romania	1 136	0.3	618	0.3	36	518	0.3	31	100
38	Israel	1 004	0.3	676	0.3	35	327	0.2	41	349
39	Malaysia	903	0.2	484	0.2	40	419	0.3	36	65
40	Kazakhstan	854	0.2	380	0.2	45	474	0.3	34	-94
41	Slovakia	849	0.2	370	0.2	46	480	0.3	33	-110
42	Lithuania	638	0.2	230	0.1	55	408	0.2	37	-179
43	Egypt	626	0.2	519	0.2	39	107	0.1	60	412
44	Libya	612	0.2	122	0.1	75	490	0.3	32	-368
45	Ukraine	581	0.2	415	0.2	44	166	0.1	52	249
46	Islamic Republic of Iran	566	0.1	528	0.2	37	38	0.0	87	490
47	Qatar	565	0.1	461	0.2	41	104	0.1	62	357
48	Algeria	539	0.1	425	0.2	43	114	0.1	58	311
49	Indonesia	496	0.1	291	0.1	48	205	0.1	48	86
50	Nigeria	479	0.1	320	0.1	47	159	0.1	53	162
	<b>Other countries</b>	<b>15 120</b>	<b>4.0</b>	<b>8 936</b>	<b>4.2</b>	<b>n.a.</b>	<b>6 184</b>	<b>3.8</b>	<b>n.a.</b>	<b>2 751</b>

Source: EUROSTAT (COMEXT)



## Leaders in world merchandise trade: 2009

(in billion USD and %)

Fig. 15

Rank	Country	Total	Share (%) in world total	Exports	Imports
1	Extra-EU27	3 201.6	16.80	1 528.3	1 673.3
2	United States	2 661.3	13.97	1 056.0	1 605.3
3	China	2 207.2	11.58	1 201.5	1 005.7
4	Japan	1 132.7	5.94	580.7	552.0
5	Republic of Korea	686.6	3.60	363.5	323.1
6	Hong Kong, China	681.7	3.58	329.4	352.2
	Retained imports	90.7	0.48		90.7
	Domestic exports	16.8	0.09	16.8	
	Re-exports	312.6	1.64	312.6	
7	Canada	646.6	3.39	316.7	329.9
8	EFTA	526.4	2.76	297.8	228.6
9	Singapore	515.6	2.71	269.8	245.8
	Retained imports	114.0	0.60		114.0
	Domestic exports	138.1	0.72	138.1	
	Re-exports	131.8	0.69	131.8	
10	Russian Federation	495.2	2.60	303.4	191.8
11	Mexico	471.2	2.47	229.6	241.5
12	India	412.2	2.16	162.6	249.6
13	Chinese Taipei	378.0	1.98	203.7	174.4
14	Australia	319.7	1.68	154.2	165.5
15	United Arab Emirates	315.0	1.65	175.0	140.0
16	Saudi Arabia	287.9	1.51	192.3	95.6
17	Brazil	286.7	1.50	153.0	133.7
18	Thailand	286.3	1.50	152.5	133.8
19	Malaysia	281.3	1.48	157.4	123.8
20	Turkey	243.0	1.28	102.1	140.9
21	Indonesia	211.2	1.11	119.5	91.7
22	South Africa	135.8	0.71	62.6	73.2
23	Islamic Republic of Iran	128.5	0.67	78.1	50.4
24	Vietnam	127.0	0.67	57.1	69.9
25	Bolivarian Republic of Venezuela	98.2	0.52	57.6	40.6
<b>Total of above <sup>(1)</sup></b>		<b>16 736.9</b>	<b>87.8</b>	<b>8 304.6</b>	<b>8 432.3</b>
<b>World <sup>(1) (2)</sup></b>		<b>19 053.3</b>	<b>100.00</b>	<b>9 430.7</b>	<b>9 622.7</b>

Source: WTO Secretariat

<sup>(1)</sup> Includes significant re-exports or imports for re-export.

<sup>(2)</sup> Excluding intra-EU27 trade.

## Leaders in world commercial services trade: 2009

(in billion USD and %)

Fig. 16

Rank	Country	Total	Share (%) in world total	Exports	Imports
1	Extra-EU27	1 195	24.73	652	543
2	United States	804	16.65	474	331
3	China	287	5.94	129	158
4	Japan	273	5.65	126	147
5	EFTA	184	3.81	109	75
6	Singapore	169	3.50	88	81
7	India	167	3.46	87	80
8	Canada	135	2.80	57	78
9	Republic of Korea	132	2.74	57	75
10	Hong Kong, China	131	2.71	86	44
11	Russian Federation	101	2.08	41	59
12	Australia	83	1.71	41	41
13	Brazil	70	1.46	26	44
14	Thailand	68	1.40	30	38
15	Chinese Taipei	60	1.24	31	29
16	Malaysia	55	1.14	28	27
17	Saudi Arabia	55	1.14	9	46
18	Turkey	48	1.00	33	16
19	United Arab Emirates	46	0.96	10	37
20	Indonesia	41	0.85	13	28
21	Israel	39	0.80	22	17
22	Mexico	36	0.75	15	21
23	Egypt	34	0.71	21	13
24	Lebanon	31	0.65	17	14
25	South Africa	26	0.54	12	14
<b>Total of above</b>		<b>4 270</b>	<b>88.39</b>	<b>2 215</b>	<b>2 055</b>
<b>World <sup>(1)</sup></b>		<b>4 831</b>	<b>100.00</b>	<b>2 474</b>	<b>2 356</b>

Source: WTO Secretariat

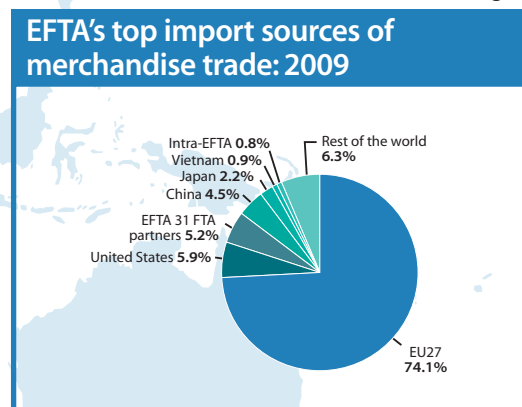
<sup>(1)</sup> Excluding intra-EU27 trade.

Fig. 17



Source: EUROSTAT (COMEXT)

Fig. 18

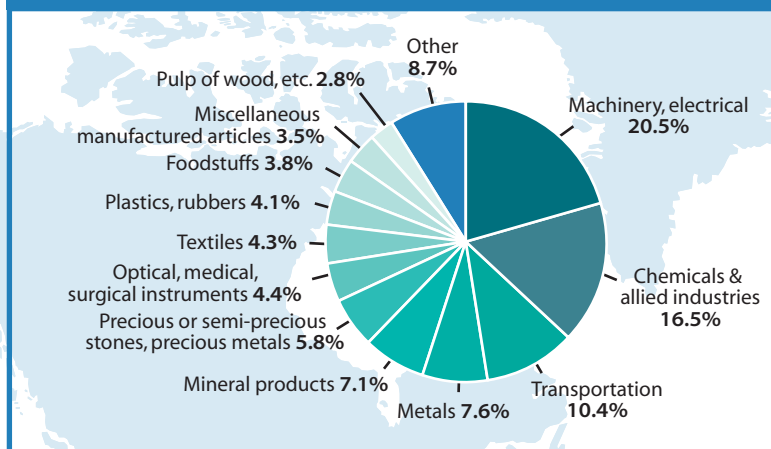


Source: EUROSTAT (COMEXT)



Fig. 19

### EFTA's key imports by commodity HS\* section: 2009

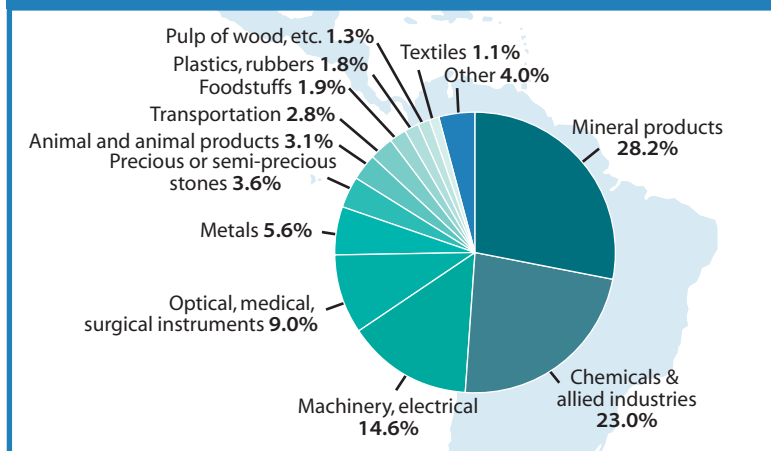


Source: EUROSTAT (COMEXT)

\* HS: Harmonised System for Product Classification.

Fig. 20

### EFTA's key exports by commodity HS\* section: 2009

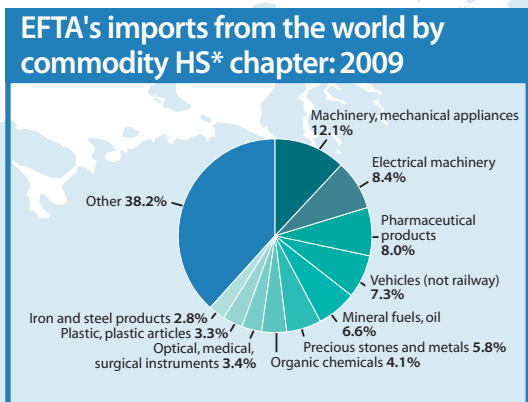


Source: EUROSTAT (COMEXT)

\* HS: Harmonised System for Product Classification.



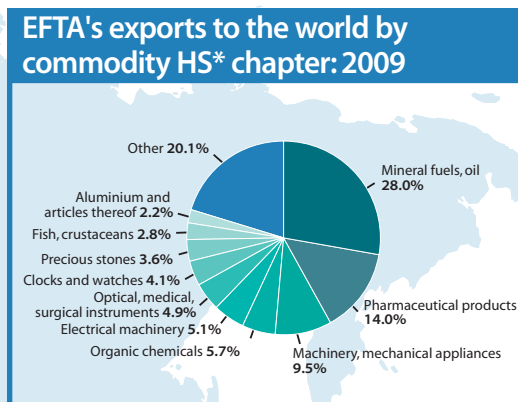
Fig. 21



Source: EUROSTAT (COMEXT)

\* HS: Harmonised System for Product Classification.

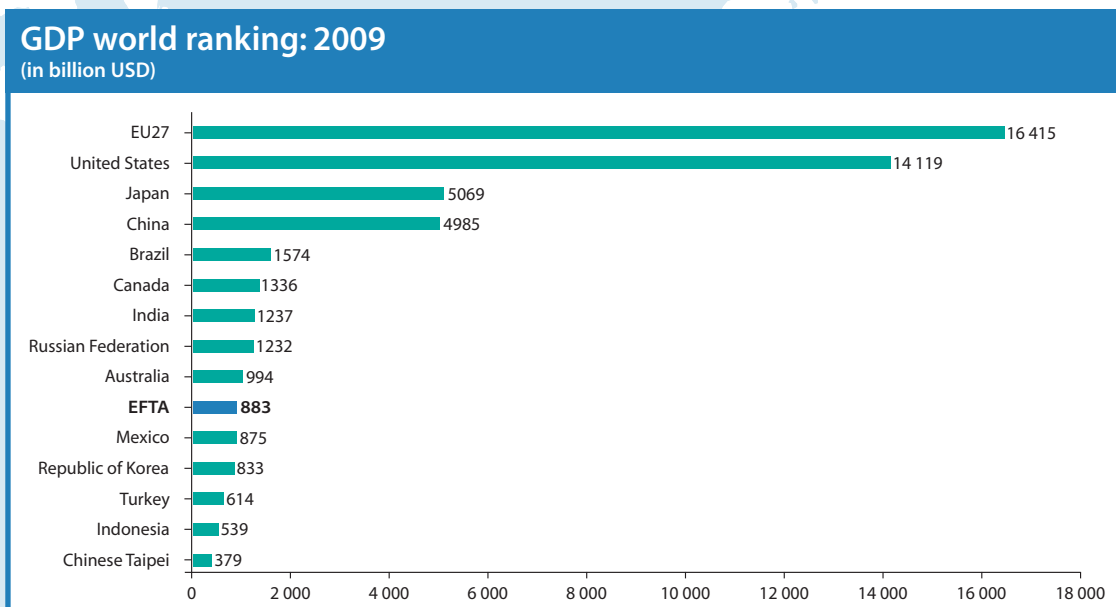
Fig. 22



Source: EUROSTAT (COMEXT)

\* HS: Harmonised System for Product Classification.

Fig. 23



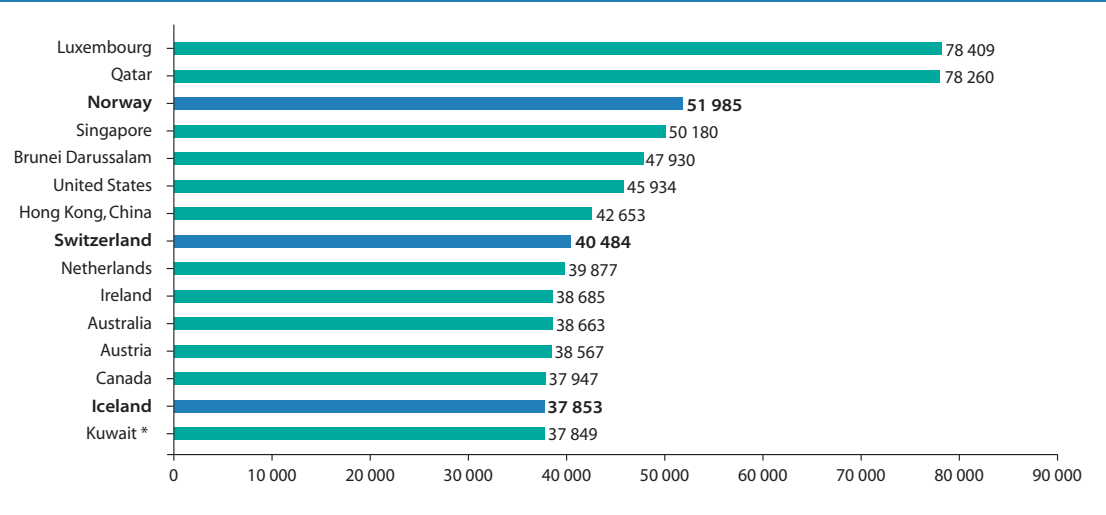
Source: International Monetary Fund, World Economic Outlook Database



## Leaders in GDP per capita (PPP): 2009

(in USD)

Fig. 24



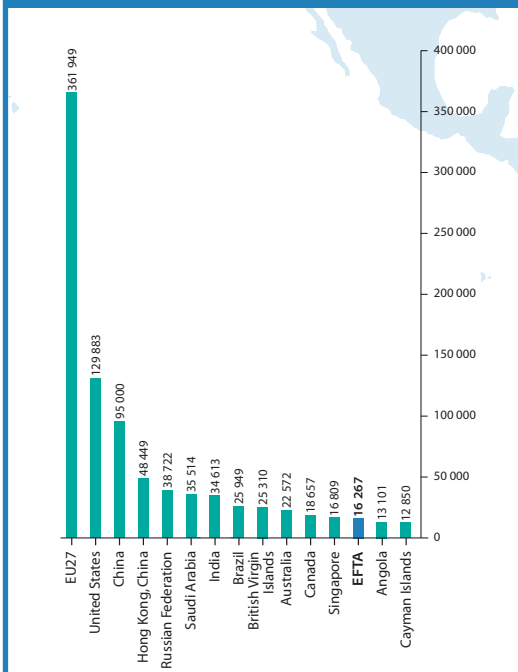
Source: International Monetary Fund, World Economic Outlook Database  
\* Estimate.



## Global FDI\* flows by recipient: 2009

(in million USD)

Fig. 25

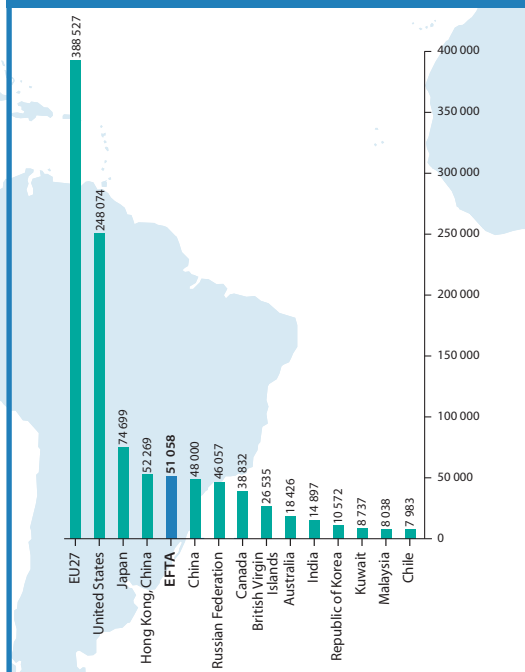


Source: United Nations Conference on Trade and Development (UNCTAD)  
\* FDI: Foreign Direct Investment.

## Global FDI\* flows by origin: 2009

(in million USD)

Fig. 26

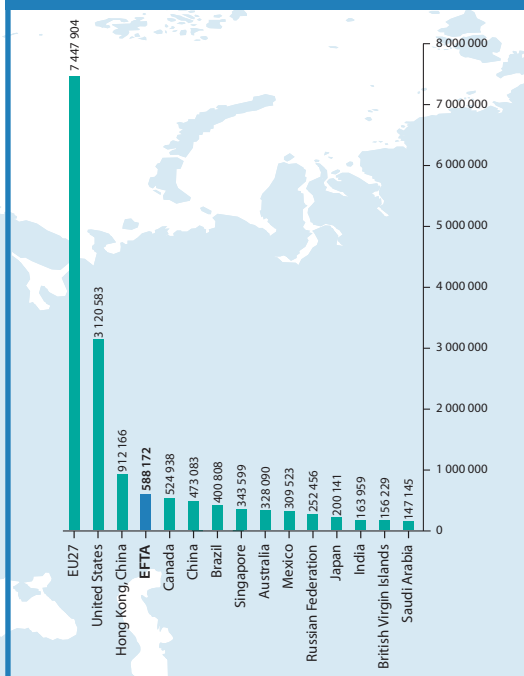


Source: United Nations Conference on Trade and Development (UNCTAD)  
\* FDI: Foreign Direct Investment.

## Global FDI\* stocks by recipient: 2009

(in million USD)

Fig. 27

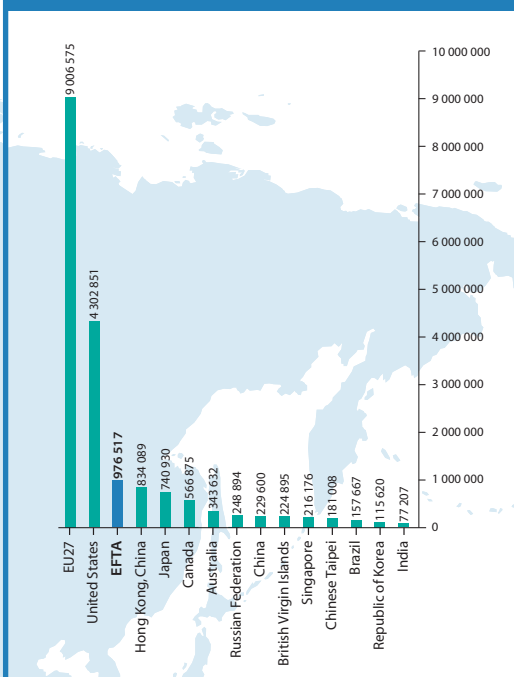


Source: United Nations Conference on Trade and Development (UNCTAD)  
\* FDI: Foreign Direct Investment.

## Global FDI\* stocks by origin: 2009

(in million USD)

Fig. 28



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

## Top EFTA listed companies: 2010

Fig. 29

EFTA ranking	Europe ranking	World ranking	Company	Activity	Market value (in billion USD)
1	1 (2)	12 (15)	Nestlé (CH)	Food producer	187.3
2	5 (6)	28 (26)	Novartis (CH)	Pharmaceuticals	142.7
3	6 (4)	29 (18)	Roche Holding (CH)	Pharmaceuticals	140.9
4	25 (19)	74 (63)	Statoil (NO)	Oil & gas	73.9
5	34 (38)	94 (110)	Credit Suisse (CH)	Banking	61.2
6	39 (51)	105 (145)	UBS (CH)	Banking	57.9
7	52 (42)	130 (123)	ABB (CH)	Electronic & electric equipment	51.0
8	73 (72)	187 (199)	Zurich Financial Services (CH)	Banking	37.9
9	90 (82)	293 (244)	Syngenta (CH)	Chemicals	26.3
10	96 (143)	323 (n.a.)	Holcim (CH)	Construction & materials	24.4
11	100 (142)	347 (n.a.)	Telenor (NO)	Telecom	22.5
12	108 (163)	386 (n.a.)	Richemont (CH)	Personal goods	20.2
13	117 (95)	411 (328)	Swisscom (CH)	Telecom	18.9
14	118 (228)	419 (n.a.)	DnB Nor (NO)	Banking	18.6
15	124 (229)	433 (n.a.)	Swiss Re (CH)	Nonlife insurance	18.3
16	131 (201)	467 (n.a.)	The Swatch Group (CH)	Personal goods	17.2
17	159 (105)	n.a. (380)	Synthes (CH)	Health care equipment	14.8
18	185 (212)	n.a.	Yara International (NO)	Chemicals	12.7
19	194 (196)	n.a.	Kuhne + Nagel International (CH)	Industrial transport	12.2
20	212 (162)	n.a.	SGS (CH)	Support services	10.8

Source: Financial Times (FT) Global 500 Survey: 2010

The FT Global 500 Survey: 2010 is based on market values and prices on 31 March 2010.  
(2009 rankings are indicated in brackets)

## The EFTA States combine competitiveness ...

### The World Competitiveness Scoreboard: 2010

#### According to IMD\*

Fig. 30

Rank	Country
4 (4)	Switzerland
9 (11)	Norway
30 (-)	Iceland

Source: \* Institute for Management Development, World Competitiveness Yearbook 2010 (2009 rankings are indicated in brackets)

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

### The Global Competitiveness Index: 2010

#### According to WEF\*

Fig. 31

Rank	Country
1 (1)	Switzerland
14 (14)	Norway
31 (26)	Iceland

Source: \* World Economic Forum, the Global Competitiveness Report 2010/11 (2009 rankings are indicated in brackets)

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

## ... with a high quality of life

### The Human Development Index: 2010

Fig. 32

Rank	Country
1	Norway
2	Australia
3	New Zealand
4	United States
5	Ireland
6	Liechtenstein
7	Netherlands
8	Canada
9	Sweden

Rank	Country
10	Germany
11	Japan
12	Republic of Korea
13	Switzerland
14	France
15	Israel
16	Finland
17	Iceland
18	Belgium

Source: United Nations Development Programme (UNDP), the 2010 Human Development Report

The Human Development Index (HDI) 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: 2009

Fig. 33

	Iceland	Liechtenstein	Norway	Switzerland	EU27
<b>Life expectancy at birth - women</b> <sup>[1]</sup>	83.3	85.4	83.1	84.4	82.2
<b>Life expectancy at birth - men</b> <sup>[1]</sup>	79.7	80.0	78.6	79.8	76.1
<b>Infant mortality rate (per 1 000 live births)</b> <sup>[1][2]</sup>	1.8	2.5	3.1	4.3	4.7
<b>Population growth rate (in %)</b>	-0.5	0.7	1.3	1.1	0.4
<b>Employment rate (in % of people aged 15 to 64 in employment)</b>	78.3	71.9	76.4	79.2	64.6
<b>Women</b>	76.5	62.9	74.4	73.8	58.6
<b>Men</b>	80.0	80.7	78.3	84.5	70.7
<b>Unemployment rate (in %)</b>	7.0	2.8	3.1	4.3	8.9

Sources: EUROSTAT and National Statistical Offices

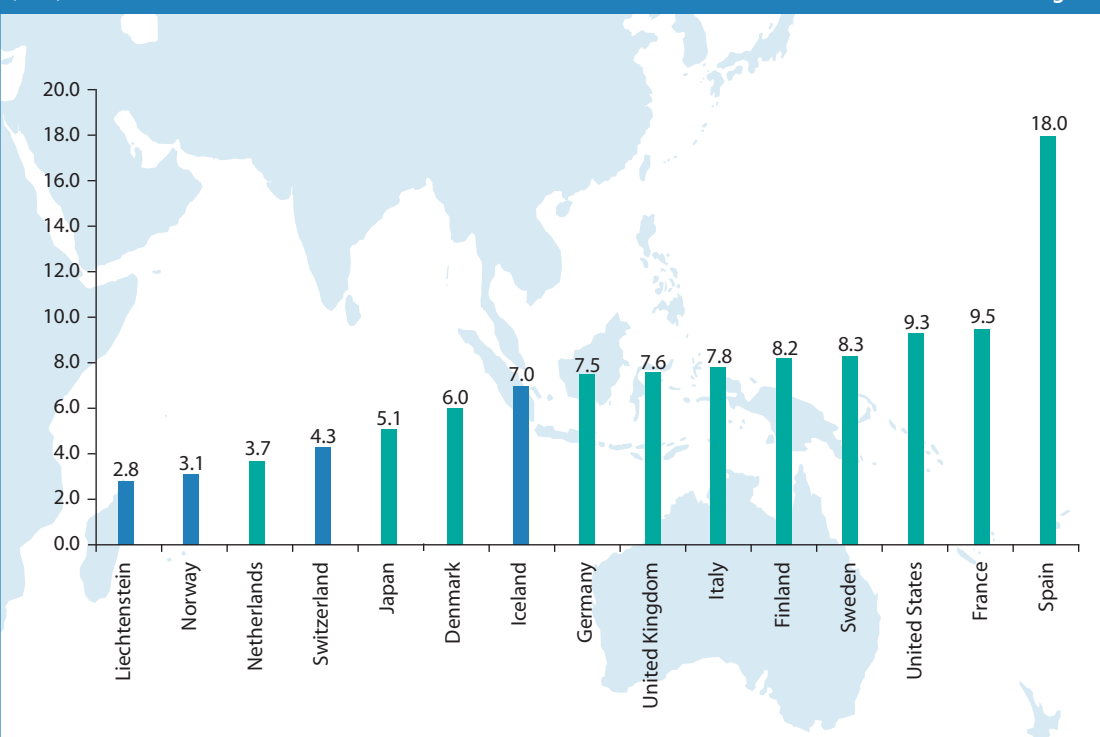
<sup>[1]</sup> EU27 figures are from 2006.

<sup>[2]</sup> Liechtenstein five-year average from 2004 to 2007.

## Unemployment rates: 2009

(in %)

Fig. 34

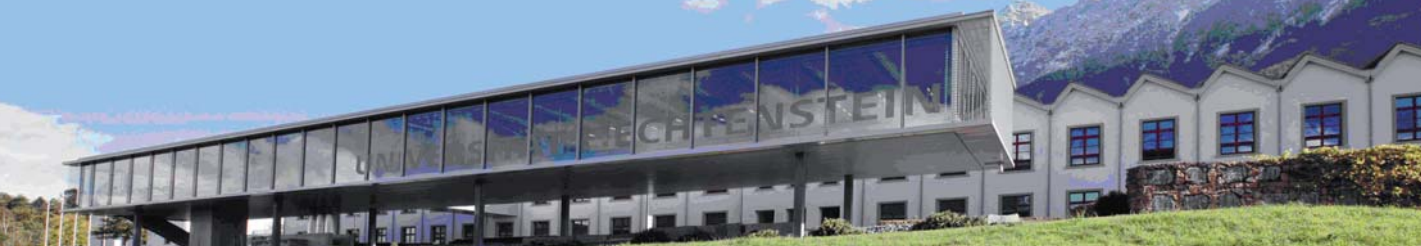


Source: EUROSTAT









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The European Free Trade Association (EFTA) is an intergovernmental 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 and;
  - The Agreement on the European Economic Area (EEA), which enables three of the four EFTA Member States (Iceland, Liechtenstein and Norway) to participate fully in the Internal Market of the European Union.
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