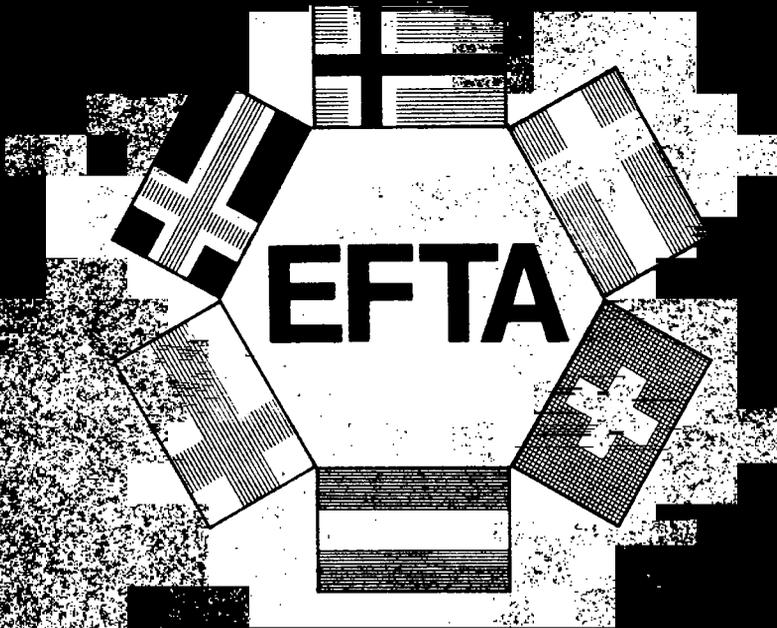


1989

Twenty-ninth  
Annual Report  
of the  
European Free Trade  
Association



Geneva, May 1990

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# EFTA IN 1989

1989 was one of the most eventful years in EFTA's nearly three decades of history. It was marked by three major developments: by an unprecedented acceleration of the Association's already close relations with the European Community, by an intensification of internal EFTA cooperation and, towards the end of the year, by the historic changes in Eastern Europe which could not leave the Association indifferent. The new pace of EFTA work found its visible expression in the holding of an EFTA Summit in March, of two joint EFTA-EC ministerial meetings in March and December, and of an informal EFTA ministerial meeting in October, in addition to the traditional ministerial meetings in June and December.

The starting point for the acceleration of the relations with the European Community and the intensification of internal EFTA cooperation was the speech by the President of the EC Commission, Mr Jacques Delors, to the European Parliament in Strasbourg on 17 January, in which he proposed to the EFTA countries "a new, more structured partnership, with common decision-making and administrative institutions". The need for a more global relationship between the EFTA countries and the EC had already become apparent during 1988, when the increased dynamism of the Community in the pursuit of its internal market programme of 1992 had led to the question of whether the pragmatic, case-by-case cooperation instituted by the Luxembourg Declaration of 1984 would take care of the EFTA countries' interests, or whether a more global approach would be called for.

The EFTA countries reacted promptly to the ideas of President Delors. The first occasion was the Summit meeting of the Heads of Government of the EFTA countries held on 14 and 15 March in Oslo - the first meeting at the highest political level since the Visby Summit of 1984 - following an initiative taken by the then Norwegian Prime Minister, Mrs Gro Harlem Brundtland, in the summer of 1988. The Heads of Government gave an unequivocal and positive response to the proposal of President Delors and declared themselves ready to envisage negotiations with the Community

leading to "the fullest possible realization of free movement of goods, services, capital and persons, with the aim of creating a dynamic and homogeneous European Economic Space". Only a week later, on 20 March, the ministers from all the EFTA and EC countries met in Brussels to discuss the future relationship between EC and EFTA in the light of the results of the Oslo meeting and of the speech by President Delors. They noted that the EFTA countries and the EC Commission would initiate talks in the near future. Moreover, ministers decided to meet again before the end of the year.

As a result of the Brussels meeting, a period of intensive informal fact-finding talks began in late April in the framework of a High-Level Steering Group of high officials from the EFTA countries and the EC Commission, which completed its work in October. Political assessment of this work was made by both sides separately: by an extraordinary EFTA ministerial meeting in late October, by the EC Council in late November, by the European Council on 8 and 9 December as well as by the regular EFTA ministerial meeting on 11 and 12 December. On the basis of the positive assessment on both sides, the second joint EFTA-EC ministerial meeting in Brussels on 19 December finally opened the way to formal negotiations on a comprehensive EFTA-EC agreement for the establishment of the European Economic Space (EES), to commence as soon as possible in the first half of 1990, with the aim of concluding them as rapidly as possible. More details on these meetings are contained in the following chapter.

On 17 July the Austrian government submitted an application for EC membership to the EC Commission. The Austrian government, however, stressed that the application was in line with Austria's continued cooperation concerning the EES within the framework of EFTA.

The developments in 1989 led to a situation in which EFTA-EC relations were being brought forward through two parallel processes: the new, more global approach initiated during the year under review, which came to be known as the "Oslo-Brussels" process, and the ongoing negotiations on the follow-up to the Luxembourg Declaration of 1984, the "Luxembourg process". At their meeting in Kristiansand, Norway, on 13 and 14 June, EFTA ministers underlined that the two processes are complementary since they both aim at the same objective: the creation of a dynamic and homogeneous European Economic Space. At the subsequent joint meeting, also in Kristiansand, of the EFTA ministers with the Vice-President of the EC Commission, Henning Christophersen, both sides confirmed that the search for an expanded and institutionalised partnership should not lessen the common resolve for progress in the cooperation pursuant to the Luxembourg Declaration and reiterated their determination to continue and step up their cooperation within this framework. A concrete result of this determination was the signing of two EFTA-EC agreements in conjunction with the joint ministerial meeting of 19 December, on the participation of the EFTA countries in the Community's COMETT II

programme and on the mutual information on draft technical regulations. (For details on these agreements, see chapter 2, section 2 below)

The present annual report takes into account this double approach to the creation of the EES. The chapter "Developing the European Economic Space" is therefore divided into two parts:

1. EFTA-EC cooperation under the Oslo-Brussels process; and
2. EFTA-EC cooperation under the Luxembourg process.

As the Oslo-Brussels process is a global one, it clearly covers the same subjects covered by the Luxembourg process, although in substance it goes considerably beyond the latter. A certain overlapping between the two processes is therefore inevitable, at least until an EES agreement has been reached. The individual subjects at present dealt with under the Luxembourg process will eventually be taken up also by the Oslo-Brussels process as part of the more global exercise. As the EES negotiations will only start during 1990, this annual report for 1989 continues to mention the state of progress in the individual areas of cooperation under the chapter on Developing the European Economic Space, part 2.

The historic changes in Eastern Europe for which 1989 will be remembered, were followed by the EFTA countries with increasing attention throughout the year. In their Oslo Declaration of 15 March, the Heads of Government of the EFTA countries noted with interest the political and economic reforms in Eastern Europe and expressed their hope that they would create a basis for closer trade and other economic relations. At their Kristiansand meeting in June, the EFTA ministers requested the EFTA Council and the Secretariat to work out proposals for a more structured relationship between EFTA as an organization and the countries of Eastern Europe, in addition to the existing close relations between the EFTA member states and these countries. At their December meeting in Geneva, the EFTA ministers adopted a special statement on relations with countries of Eastern Europe, in which they warmly welcomed the progress of economic and political change and the efforts in some of those countries towards achieving a market economy, as well as the establishment of political pluralism and democratic freedoms, and accepted their responsibility to support these reforms. (see also "Relations with third countries", page 32).

# DEVELOPING THE EUROPEAN ECONOMIC SPACE

## 1. EFTA-EC cooperation under the Oslo-Brussels process

### From Strasbourg to Oslo and Brussels

In his speech to the European Parliament in Strasbourg on 17 January 1989, President Delors presented the EFTA countries with two options: "We can stick to our present relations, essentially bilateral, with the ultimate aim of creating a free trade area encompassing the Community and EFTA; or, alternatively, we can look for a new, more structured partnership with common decision-making and administrative institutions to make our activities more effective and to highlight the political dimension of our cooperation in the economic, social, financial and cultural spheres."

In their Declaration at the Oslo Summit of 15 March, the Heads of Government of the EFTA countries clearly expressed themselves in favour of the second option: "We give our positive response to Mr Delors' initiative and declare our readiness to explore together with the EC ways and means to achieve a more structured partnership with common decision-making and administrative institutions in order to make our cooperation more effective." They continued by stating: "We envisage that negotiations would lead to the fullest possible realization of free movement of goods, services, capital and persons, with the aim of creating a dynamic and homogeneous European Economic Space. To this end we are ready to explore various options and ways and means to strengthen the institutional links between the EFTA States and the EC. We would not exclude any such option from the scope of our future dialogue with the EC."

At their joint meeting in Brussels on 20 March, the foreign ministers of the EFTA and EC countries noted that the EFTA States and the EC Commission would initiate talks in the near future.

## **The High-Level Steering Group**

On 17 April, the Commission member responsible for external relations and trade policy, Vice-President Frans Andriessen, on an official visit to Oslo, discussed with the Norwegian Prime Minister, Ms Gro Harlem Brundtland, the establishment of a joint EFTA-EC High-Level Steering Group (HLSG) in order to proceed to a comprehensive examination of the possible scope and content of an expanded and more structured partnership between the Community and the EFTA countries. The EFTA countries agreed to proceed in such a way and the first meeting of the HLSG took place on 28 April between high officials from the EFTA countries and the EC Commission. The HLSG decided to set up five working groups: on the free movement of goods; the free movement of services and capital; the free movement of persons; on flanking and horizontal policies such as environment, education, social policy aspects, research and development, consumer policy etc.; and on legal and institutional questions.

The EFTA countries decided to present common views in the talks, which were then presented by a representative of the country in the chair - Norway in the first part of the year, Iceland in the second - and by one other EFTA country in each of the working groups.

Four out of the five working groups instituted by the HLSG held their first meetings in June and July. The fifth, on legal and institutional questions, met for the first time on 24 July. On the following day, the HLSG held its second plenary meeting, which marked at the same time the end of the first phase of its work.

The second phase of HLSG work started in September. While the "four freedoms" and the so-called flanking and horizontal policies, had dominated the agenda during the first phase, the accent was moved to the legal and institutional aspects. The working group on these questions met four times during that phase. The HLSG concluded the fact-finding phase on 20 October by registering its results in a commonly agreed paper. As regards the possible substance of an expanded and more structured partnership, the HLSG noted that, in the clear common assessment of both sides, to achieve the objective of the fullest possible realization of free movement of goods, services, capital and persons, the relevant Community *acquis* - that is, existing EC legislation - which would be identified jointly, should in one way or another be integrated into an agreement as the common legal basis for the future EES. Exceptions justified by considerations of fundamental interests, and transitional arrangements, would be matters for negotiation.

As regards free movement of goods, the possibility of a customs union as well as that of a fundamentally improved free trade area were exam-

ined. Both sides recognized that mutual recognition of national requirements (Cassis de Dijon), harmonization of essential requirements and mutual recognition of test and certificates had to be regarded as an indissoluble package. It was noted that there existed areas where the EFTA countries had more elaborate rules and that the implications of this would have to be settled in any future negotiations. On agriculture, different possibilities were examined for improving market access. However, it was not considered realistic to aim at an EES-wide common agricultural policy. On fish and other marine products, the EFTA side stated that an agreement should ensure the free circulation of fisheries products.

As regards free movement of capital, the HLSG noted a general trend towards liberalisation of capital movements *erga omnes*. It appeared possible to aim at the creation of an EES-wide market for all services. As regards free movement of persons, it appeared realistic to work towards the free movement of employees/self-employed persons and members of their families throughout the EES, based on the principle of equal treatment with nationals of the host country. Given the particular situation in some EFTA countries on free movement of persons, the EFTA side underlined that particular arrangements, quantitative or otherwise, would be a prerequisite for any negotiations in this field. The EFTA side thought that simplifications of border formalities should be included in the negotiations.

Both sides considered it natural that a broad realization of the "four freedoms" should be accompanied by expanded cooperation in flanking and horizontal policies such as research and development, environment, consumer protection, education, programmes for small and medium-sized enterprises, tourism, social policy aspects and statistical cooperation. The cooperation should aim at high levels of environment, health and safety standards in Europe. Common rules to ensure equal conditions of competition throughout the EES would also be required. Both sides considered that the reduction of economic and social disparities between their various regions should be aimed at. The cooperation within Citizens' Europe, including cultural cooperation, should be further developed in order to promote solidarity and common identity among EFTA and EC nationals.

On legal and institutional questions, the HLSG noted that on a series of questions of a more strictly legal character (e.g. surveillance, joint judicial body) a good deal of common ground had been identified. On the central issue of the process of decision-shaping/making in respect of future legislation, a number of options were examined, inter alia, a structure based on separate EFTA and Community "pillars" with constant inter-relations, "reciprocal osmosis", throughout the decision-shaping stage. Both sides recognized that the aim is to reach at the very end of the process a joint decision to be adopted by consensus by the Contracting Parties. The EFTA side stressed that a genuine joint decision-making mechanism in substance and form would be a basic prerequisite for the political acceptability and the legal effectiveness of an agreement.

As regards the framework of the EES agreement, the HLSG stated that this could consist of a comprehensive treaty. It should provide for rapid

and effective decision-making structures for the management of the agreement. It should also provide for political involvement by Ministers. There could furthermore be provisions for common bodies involving representatives of the European Parliament and of the Parliaments of the EFTA countries. Similar provisions could be made for the social partners.

The HLSG concluded on 20 October by stating "that there now appeared to be a substantive and sufficiently clear understanding of the positions of both sides on the content and form of a possible future agreement". During the whole fact-finding phase, EFTA continued to speak with one voice. Thus the role of the country in the chair has become more important than before.

### **The political phase**

At their informal ministerial meeting on 27 October in Geneva, the EFTA ministers gave a positive political assessment of the HLSG results and declared themselves ready to continue the process without losing momentum. They expressed their hope that the joint ministerial meeting of 19 December would give a clear political signal to open negotiations on a comprehensive EES agreement early in 1990, preceded by exploratory talks. They stressed that an agreement should secure a balance between rights and obligations and take as a basis that all members of the future EES should be equal partners. They further underlined that the EFTA countries would continue to speak with one voice and act in unity, while continuing to work on the basis of consensus. Finally, they expressed their resolve to strengthen EFTA as an organization.

These conclusions were conveyed by the EFTA ministerial chairman for the second half of 1989, Iceland's Minister for Foreign Affairs and External Trade, Jón Baldvin Hannibalsson, to Vice-President Andriessen on 30 October.

During the month of November, the EC Commission made its own assessment. This was submitted to the EC Council of Ministers on 22 November. The Commission came to the conclusion that sufficient common ground had been found to envisage the possibility of global negotiations between the Community and the EFTA countries as a whole, with a view to concluding a general EFTA-EC agreement. On 27 November, the EC Council expressed the opinion, followed by the European Council on 8 and 9 December, that the joint ministerial meeting of 19 December should approve the principle of the opening of negotiations in 1990 with a view to defining a new framework of relations between the Community and EFTA.

At their regular meeting in Geneva on 11 and 12 December, the EFTA ministers confirmed their first political assessment given on 27 October and added a number of details regarding the time-frame: the aim should be to have an outline of an agreement around the middle of 1990, to conclude the negotiations within the year and to have the agreement enter into force in parallel with the EC's internal market, i.e. 1 January 1993. The EFTA

ministers stated once more "that the establishment of a genuine joint decision-making mechanism in substance and form is a basic prerequisite for the political acceptability and the legal effectiveness of an agreement, and would be justified by the envisaged scope thereof." As regards the role of the Association in the future EES, Ministers agreed that EFTA's structures will be strengthened as required by the joint solutions developed in the new process.

On 19 December, the foreign ministers of all the EFTA and EC countries met for the second time during the year. They decided to commence formal negotiations as soon as possible in the first half of 1990 with the aim of concluding them as rapidly as possible. The HLSG should continue to constitute the structure of the negotiations since it proved to be useful during the fact-finding phase. They welcomed the fact that the talks had led to broadly convergent analyses of the scope and content of a renewed framework for relations between the EC and the EFTA countries.

(The full texts of the official documents mentioned above are to be found in the appendix.)

## **2. EFTA-EC cooperation under the Luxembourg process**

The joint EFTA-EC High-Level Contact Group (HLCG) which was set up in 1984 in order to coordinate expert work in the increasing number of areas dealt with in the Luxembourg process - not to be confused with the HLSG mentioned above - held two meetings in Brussels, in May and November, to take stock of progress achieved and to give further guidance to experts.

Echoing the statements made in Kristiansand in June both by EFTA and the EC concerning the relationship between the Luxembourg and the Oslo-Brussels processes (see chapter "EFTA in 1989"), the EFTA spokesman at the HLCG November meeting referred to the mutually reinforcing character of the two processes and stressed that efforts should be made towards further progress under the Luxembourg process, without impairing the Oslo-Brussels process. Particular emphasis should be given to areas where it would be possible to achieve concrete results before the end of 1992, i.e. before the expected entry into force of an EFTA-EC agreement on the European Economic Space.

### **Technical barriers to trade**

#### **(a) Standards**

In a new step towards coordinating and accelerating standardisation work on telecommunications, EFTA signed a framework agreement with the European Telecommunications Standards Institute (ETSI) on 20 September. The work of the ETSI includes the drafting of standards that are important for the opening up of European markets for telecommunications terminal equipment and for the harmonisation of European telecommunications systems. The existing framework agreements with the traditional European standards organisations CEN and CENELEC were renewed at the same time. A further contract was also signed allowing for EFTA participation in the Integrated Standards Information Systems, ISIS, a more developed information system on existing and draft standards.

#### **(b) Technical regulations**

An agreement that provides for a systematic exchange of information on proposals or amendments for new compulsory technical regulations and a three-month standstill period for comments was signed in connection with the joint EFTA-EC ministerial meeting in Brussels on 19 December. It is expected to come into force on 1 July 1990 and should help to prevent obstacles to trade between the eighteen countries that arise from the differences in national technical regulations.

The negotiations for this bridging agreement between the EC and the EFTA countries took place in the autumn of 1988 and the summer of 1989. On 14 July 1989, the negotiating parties agreed on the content of a joint information procedure and initialled the agreement. In preparation for the new agreement, the EFTA countries adopted a new procedure for the notification of draft technical regulations which entered into force on 1 July 1988. The new EFTA procedure corresponds to a similar notification procedure which exists between the EC countries, thus facilitating the building of a bridge between the two information systems and the creating of an EES-wide information procedure for draft technical legislation.

### **(c) The new approach**

EFTA and EC experts have continued to discuss the parallel application of the new approach, by which the EC Commission lays down the essential safety requirements in the form of directives and leaves the working out of technical specifications to two European standards-writing institutions, CEN for non-electrical products and Cenelec for electrical, with regard to a number of types of products including pressure vessels, toys, low voltage products, construction products, personal protective equipment, and medical devices. Drafts for EFTA internal sectoral agreements under the Tampere Convention are in preparation in several of these fields. The agreements will be parallel to corresponding EC directives and will serve as an EFTA contribution to future EES-wide mutual recognition systems. The Tampere Convention concerns the mutual recognition of test results and proofs of conformity and was signed in June 1988.

The High Officials of the EFTA countries and the EC Commission agreed at their meetings in May and November on initiating discussions with a view to future mutual agreements for the elimination of technical barriers to trade in thirteen different product sectors. The EFTA-EC cooperation in promoting the joint initiative of setting up a European infrastructure for testing and certification, EOTC, was reconfirmed on the same occasions.

In July and November, EFTA and EC experts exchanged views on possible key elements for future mutual recognition agreements. Such agreements would permit the free movement of particular categories of products across national borders throughout the European Economic Space.

### **Simplifying the rules of origin**

The origin rules in the free trade agreements between EFTA countries and the EC determine which products are duty-free in EFTA-EC trade. They have been simplified in various ways since they first came into effect in 1973, one example being the introduction of alternative percentage rules

in the engineering sector in 1983. Such alternative criteria allows products to qualify as originating by satisfying either the processing rules or the new criteria. Discussions on the possibility of extending the alternative percentage criterion to other sectors were held during the year.

Changes to the origin rules as a result of the introduction of the Harmonized System on 1 January 1988 are under constant review. In a joint EFTA-EC declaration it was decided that in cases where it became apparent that the substance of the old origin rule had been altered, the need to restore the substance had to be examined. In several cases the substance of the old rule was to be restored.

EFTA-EC discussions were held on different proposals for amendments to the origin rules since the rules are not static but should reflect the development of new production techniques and other changes in manufacturing processes as much as possible.

### **Computerised administrative procedures**

Bilateral agreements providing for the participation of the EFTA countries in the Commission's programme for Trade Electronic Data Interchange Systems (TEDIS) were signed in December. The main aim of TEDIS is to coordinate and promote the use of electronic data interchange within Europe. Electronic Data Interchange, or the electronic transfer of commercial and administrative data, involves the exchange of information and messages between trading partners and public administrations via electronic means of communication. These new possibilities have considerable advantages: increased efficiency, reduced costs and improved competitiveness.

In order to be as effective as possible, these new techniques must process information electronically in an integrated fashion using international standards. Pioneering work in standardisation of electronic messages is carried out under the auspices of the United Nations Economic Commission for Europe which set up the Western European EDIFACT Board for that purpose. The EC provides the Secretariat of the EDIFACT Board, under the TEDIS programme. The EFTA Secretariat has also provided one staff member to the WE EDIFACT Board/TEDIS Secretariat since December 1988. In November, the EFTA Council gave its agreement to the employment of another EFTA staff member in this Secretariat.

At a meeting in November High Officials agreed that experts should cooperate closely in preparations for the participation of EFTA countries in the next phase of the TEDIS programme.

## **Abolishing export restrictions**

In November 1988 the EC and all EFTA countries signed supplementary protocols to the free trade agreements to provide for the elimination of export restrictions. The protocols introduce a general prohibition on any new restrictions on the export of products covered by the free trade agreements between the EFTA countries and the EC and require the gradual removal of export restrictions currently in force. The elimination of the restrictions is to take effect from 1 January 1990, with transitional periods applicable to certain products until the beginning of 1993.

## **Public procurement**

In the revision of the EFTA rules on public procurement both of the rules on substance and those on surveillance and enforcement, an alignment as far as possible with those in the EC is considered desirable. The revision is intended to take place at the same time as the EFTA-EC rules on public procurement are agreed upon. Experts from the EFTA countries and the EC Commission met regularly during 1989 and made good progress towards identifying the conditions for a reciprocal opening of the markets for supplies and works, as well as the rules on substance. The beginning of 1993 is seen on both sides as a target date for the entry into force of an agreement covering public procurement for works and supplies at central government, regional and local level. Such an agreement may become an integral part of a future EES treaty.

## **Government aid**

The annual report on government aid indicated a considerable drop in the level of government aid to industry in the EFTA countries in 1988. Government aid to industry in that year was estimated to have totalled 1.7 billion ECU, a decrease of 31.5 per cent from the sum for the preceding year. The total for 1988 represents 0.29 per cent of GDP for EFTA as a whole. The main reason for the decline in the total was a large reduction in aid given in Austria under a programme for the restructuring of manufacturing industry which was completed earlier in the year.

In December, Ministers considered a proposal to strengthen EFTA's surveillance system. New aid schemes would be examined by a panel of experts, and a standstill procedure would apply during the examination. Furthermore, the Council would be allowed to decide by majority vote that aid not in conformity with EFTA rules should be recovered from the recipients. The Ministers agreed that the proposed new system would form an adequate and effective internal EFTA surveillance and enforcement system for government aid. The EC has for some time applied such an enforcement mechanism in the field of government aid.

## **Telecommunications**

In the search for specific areas for cooperation, experts from the two sides exchanged views in November on telecommunications terminal equipment (including the mutual recognition of type approval), telecommunications services including ONP, "Open Network Provision" (harmonised condition for the provision of telecommunications services over the network). The experts also agreed to cooperate in international fora in connection with the development of High Definition Television (HDTV). In parallel with the EC, a memorandum of understanding was concluded with the Conference of European Postal and Telecommunications Administrations, CEPT, as a means of achieving closer cooperation in the future.

## **Processed agricultural products**

Products manufactured from agricultural raw materials - they range from biscuits to penicillin - receive a special treatment in the EFTA-EC free trade system since the free trade rules do not cover the raw materials. To ensure competition on equal terms, manufacturers may be given protection through import levies, or compensation through export refunds, to make up for the difference in the prices of the raw materials.

In the interest of eliminating over-compensation, experts from the EFTA countries and the EC Commission have been examining the price compensation systems in use and concentrating in the first place on the possibility of a system-based calculation of the amounts of raw materials actually used in the manufacture of the products concerned, rather than on standard recipes for the products. The aim is to agree on the details of such a system by July 1990. A further examination of these options is requested on both sides.

## **Veterinary and phytosanitary controls**

Experts from the EFTA countries and the EC Commission met in April and November to exchange information on national legislation concerning veterinary controls with the purpose of identifying areas for EFTA-EC cooperation in the fields of animal health and meat hygiene with a view to remove obstacles to trade. The two sides agreed to exchange information at an early stage on any new legislation being prepared in this matter. They also agreed that suitable areas for future cooperation were, i.a., the principle of regionalization in respect of epizootic diseases, the phasing out of vaccination against foot and mouth diseases, reference laboratories and a vaccination campaign against rabies.

Experts on phytosanitary controls from the EFTA countries and the EC Commission met in April and November. They exchanged information on national legislation and recent developments in the control of plant health.

They considered that, in particular, there was scope for close EFTA-EC cooperation in the field of scientific and technical activities concerning plant health protection.

### **Liability for defective products**

Experts from the EFTA countries and the EC Commission continued their exchange of information on the progress of work on the implementation of the EC directive, and on the introduction of product liability legislation in the EFTA countries. Experts agreed that the question of the liability of the importer, in cases of liability for products imported into the EC, could constitute a barrier to trade, and they therefore examined solutions for waiving it on a reciprocal basis. They recalled that with the successful conclusion of the 1988 Lugano Convention (on jurisdiction in civil and commercial matters) one condition for such a waiver would be met.

### **Trade in counterfeit goods**

All EFTA countries started preparatory work on introducing legislation equivalent to the EC regulation, containing measures to prohibit the release for free circulation of counterfeit goods. In April, the EFTA experts presented to the Commission a draft text of a multilateral agreement, and the EC and EFTA experts defined a range of options as elements not excluded at this stage as possible solutions. A further examination of these options is requested on both sides.

### **Mutual assistance in customs matters**

In May, the Commission invited the EFTA countries to discuss a possible EFTA-EC arrangement on mutual assistance in customs matters. An EFTA ad hoc group was established in order to prepare a common EFTA platform.

### **Intellectual property rights**

#### **(a) Semiconductors**

At a meeting in April of EFTA and EC experts on intellectual property rights, the question of reciprocal extension of the legal protection of topographies of semi-conductor products between the EC and the EFTA countries was raised. Further expert talks are needed to discuss the implementation of the requirements of reciprocity and it needs to be ensured that appropriate measures are taken to fulfil the agreement made in Tampere in June 1988 to extend the protection of semiconductor products

between the EC and the EFTA countries. The protection which the EC provides to the EFTA countries is valid until 1 November 1990.

### **(b) Biotechnological inventions**

The legal protection of biotechnological inventions - that is, lower or higher forms of animal or plant life - is one of the potential fields for EFTA-EC cooperation. In September experts from the two sides discussed the state of work on the EC Commission's proposal for a directive on this matter.

### **(c) Trade marks**

At a meeting in April, the EC Commission Services informed the EFTA experts of the state of work on the Community Trade Mark, in particular the question of linking it with the worldwide Madrid Agreement, which was dealt with at the Madrid Diplomatic Conference in June.

### **(d) Copyright**

At a meeting of EFTA and EC experts on intellectual property rights in April, an exchange of views on the follow-up to the EC Green Paper on Copyright was continued. The EFTA experts also presented their comments on the EC Commission's proposal of 21 December 1988 for legal protection of computer programmes.

### **(e) Patents**

The Community Patent Convention was subject to negotiations at a Diplomatic Conference in Luxembourg in December where all the outstanding issues were solved so that the Convention may enter into force by the end of 1991. In this connection the EFTA countries have raised certain problems for EFTA defendants with some of the litigation clauses contained in a protocol to the Convention which appear to be contradictory to the principles of the Lugano Convention. They will be subject to negotiations between EFTA and EC experts in early 1990.

There has also been a first exchange of views on EC Commission proposals on the possibility of, in effect, extending the period of protection of patents when, as in the case of pharmaceutical products for example, part of the normal life of the patent is used for obtaining the necessary forms of approval for selling the patented product on the market.

## **Indirect taxation**

The EFTA countries are considering the possibility of aligning certain aspects of their indirect taxation systems - specifically, the exemptions and allowances permitted in the case of cross-frontier trade and traffic - with the EC rules. This could facilitate EFTA-EC cooperation after the completion of the internal market of the EC.

## **The Lugano Convention**

By the end of the year five EFTA countries and ten EC countries had signed the 1988 Lugano Convention on the jurisdiction and enforcement of judgments in civil and commercial matters. Since then only the Netherlands have ratified it. The Convention will come into force as soon as one EFTA country and one EC country have ratified it.

## **Financial Services**

The group of EFTA and EC experts on financial services, which was set up in November 1988, has carried out an extensive exchange of information on the relevant legislation in EFTA countries and the EC. The EFTA side has expressed its interest in achieving full rights of establishment for subsidiaries and branches and in freedom to provide cross-border services in banking, insurance and securities. In addition, the EC Commission has expressed the Community's particular interest in the removal of restrictions in the EFTA countries on inward direct investment, cooperation on taxing the income from savings, money-laundering and insider trading.

## **Land transport**

Solutions to a number of problems relating to road and rail transport in Europe require cooperation between the EFTA countries and the EC. Bilateral negotiations between the EC and Austria are continuing on transit questions and between the EC and Switzerland on transit and other questions relating to land transport. There have also been discussions between the Nordic countries and the EC on matters concerning land transport. EFTA experts have continued to examine possibilities for cooperation with the EC in specific transport matters.

## **Civil aviation**

Experts on civil aviation matters from the EFTA countries continued to discuss the implications for their countries of the EC's 1987 programme for the liberalisation of air transport in the EC. At their meeting in September,

they noted that no negotiations with the EC had started. Norway and Sweden, due to their joint ownership with Denmark of SAS, had asked at an earlier stage for negotiations with the EC on the application to them of the EC's liberalisation measures. The four other EFTA countries have also requested the opening of negotiations with the EC. A joint EFTA approach was expected for 1990.

### **New technologies and services**

A first meeting of EFTA and EC experts on new technologies and services was held in November. EFTA experts had already begun to look for possible areas for cooperation with the EC concerning services that are based on the application of new technologies. At the joint meeting the exchanges of information mainly concerned developments relating to the Commission's action plan (IMPACT) for setting up an information services market and building up a strong European information services industry, and on the possibilities for EFTA countries to participate in future work in this area. Experts also discussed new electronic methods of payment.

### **Liberalisation of capital movements**

The consequences for the EFTA countries of the EC's programme for liberalising capital movements by 1992 were studied by a temporary working group which completed its report to the Economic Committee in June. According to the report, the EFTA countries would gain from liberalising capital movements along the lines being followed in the European Community. Liberalisation would contribute to a better allocation of resources and could help to promote economic stability. The working group pointed out that main allocation benefits would be realised if liberalisation of capital movements was combined with liberalisation of financial services. EFTA countries have already abolished many limitations on capital movements, which range from trade in foreign exchange to the purchase of foreign stocks abroad.

### **Exchange of information on the economic situation**

Members of EFTA's Economic Committee and economic experts from the EC Commission met twice to exchange information on current economic issues in the international and European contexts. At the second meeting, in December, following the Commission's proposal, the scope of the exchange of information was broadened within the existing mandate, in particular by giving more weight to economic aspects of the integration process in Europe. The agenda covered such items as exchange of information concerning regulations on capital movements in different European

countries, economic developments in Eastern Europe, and aspects of financial and monetary integration.

## **Education**

Universities and industries in the EFTA countries and the EC are now able to develop partnerships, to exchange students and staff and to take part in joint projects for continuing training under agreements on EFTA participation in COMETT II, the EC programme for cooperation between universities and industry on training in technology, which were signed in connection with the joint EFTA-EC ministerial meeting in Brussels on 19 December. It covers the calendar years 1990 to 1994. To administer and facilitate the running of the programme, each EFTA country, in cooperation with the EC, is setting up a national information centre. This was the first agreement to be negotiated and concluded within the framework of EFTA-EC cooperation in the field of education and vocational training.

The conditions for EFTA participation in other EC programmes in the field of education, particularly in ERASMUS, the EC action scheme for the mobility of university students, will be discussed with the EC during 1990.

## **Environment**

EFTA and EC senior environment officials held their second meeting in Vienna on 20 and 21 February. The main result of the meeting was the decision to arrange seminars or workshops on environment and agriculture, cleaner technologies, climate change and positive labelling. The officials also agreed that EFTA-EC cooperation in the field of environment should be strengthened, but that the informal structure should be kept. The meeting was preceded by an EFTA internal preparatory meeting in Vienna on 12 and 13 January.

At Kristiansand in June the EFTA Council expressed the wish of the EFTA countries to discuss with the EC the modalities for the establishment of the European Environment Agency proposed by the EC Commission, with the participation of the EFTA countries. The EFTA countries wish to participate fully and on an equal footing with the EC in this agency. Common EFTA views on the subject have been conveyed to the EC.

The EFTA Environment Group was set up in the first half of the year to promote cooperation with the EC for the protection of the environment and to help to implement the Noordwijk declaration on environmental questions adopted in 1987 by the ministers concerned in all EFTA and EC countries.

An EFTA-EC seminar on "Pesticides in Agriculture" was held in Uppsala, Sweden, on 14 and 15 November. The debate focused on modern management of pesticides, ways and means of reducing the use of pesticides, and the use of alternative methods. Some 40 environmental

and agricultural officials from 14 countries, the Commission and the EFTA Secretariat attended the seminar.

## **Research and development**

It is recognized that cooperation in research and development is mutually beneficial and that it has enhanced the competitiveness of European industry. The EC has gradually been opening up its research and development programmes to EFTA for full or project-level participation. A framework agreement between Iceland and the EC on scientific and technical cooperation was signed on 30 October. All EFTA countries now have such an agreement.

Senior government officials responsible for the research and development policies of the EFTA countries attended a special meeting of the EC's high level Scientific and Technical Research Committee (CREST) in Brussels on 4 October. This meeting enabled the EFTA countries to comment on the main features and the modalities of proposals, to be finalised in CREST, for the EC's 1990-1994 programme of research and development activities.

## **Company law**

The EFTA and EC experts met once, in Brussels, for their first informal fact-finding meeting. The Commission informed EFTA about the seven directives on company law adopted in the Community, and the EFTA experts pointed out the main differences between the company law of the EFTA countries and the existing EC directives. The experts continued to exchange views in order to define the areas where further cooperation would be considered necessary.

## **Consumer protection**

Possible areas for EFTA-EC cooperation for the protection of consumers are: product safety, the involvement of consumers in standardization work, new electronic methods of payment, consumer credits, package travel, unfair contract terms, access to justice, the provision of information for consumers and consumer education. This was the main conclusion drawn by experts from the EFTA countries and the EC Commission at a meeting in October.

## **Social policy aspects**

The importance of the social policy aspects of European cooperation is

recognized by both the EFTA countries and the EC Commission, and a continuation of the dialogue is welcomed.

### **Small and medium-sized enterprises**

The joint EFTA-EC expert group on small and medium-sized enterprises has discussed the future participation of EFTA in the Community Business Cooperation Network, BC-NET. The discussion concerned particularly the financial, legal and technical aspects of an EFTA link with this network of business advisers, which was established primarily to help small and medium-sized enterprises to find commercial partners. The experts agreed to make the necessary preparations in order to allow for the EFTA countries to participate from the beginning of the operational phase on 1 August 1990. The EFTA and EC experts have also discussed the possibility of extending EFTA participation to other Community schemes for small and medium-sized enterprises, one example being the Euro-Info Centres.

### **Tourism**

A "European Year of Tourism 1990" was launched in Strasbourg on 11 December. All EFTA countries and the EC will take part in the programme. The purpose, as conceived by the EC, is to contribute to the establishing of a single frontier-free area, to develop the integrating role of tourism, in order to create a peoples' Europe, and to stress the economic and social importance of the tourism sector. All EFTA countries are represented in the Steering Committee and each has its national committee to propose national or European projects as features of the Year.

### **Civil protection**

Delegations from five EFTA countries and all the EC countries participated from 17 to 19 October in a simulated civil protection exercise on the French-Spanish border. The exercise simulated the crash in the Pyrenees of an international medium-range aircraft. The purpose of the exercise was to contribute to the harmonisation of emergency procedures for such a contingency.

### **Statistical cooperation**

Future cooperation in statistical matters was discussed in Brussels in November at the first meeting of the heads of the national statistical offices of the EFTA countries, their counterparts in the EC countries and Eurostat, the statistical office of the EC. The meeting concluded that statistical coop-

eration in Europe should be intensified. A week after the meeting, High Officials of the EC and EFTA decided to include statistics among the horizontal policies dealt with under the Oslo-Brussels process. The joint group will meet again in the spring of 1990 to develop means of deepening and accelerating the cooperation process.

# FUNCTIONING OF THE ASSOCIATION

## **Standing Committees and Advisory Organs**

The work of the various standing committees was increasingly geared to specific elements of the cooperation between the EFTA countries and the EC. During the year, with the widening of the range of matters under discussion between the EFTA countries and the EC, the number of groups of experts and other working groups examining specific questions continued to increase.

### **(a) Standing Committees**

The Committee on Technical Barriers to Trade continued to deal with the development of EFTA policies and actions in all matters relating to technical barriers, particularly the necessary preparations for cooperation with the EC. Much time was devoted to working out, and beginning to implement, a policy on certification. A growing number of expert groups and sub-groups of the TBT Committee concentrated on the harmonisation of standards and technical regulations for specific types of products, from toys to medical devices.

The Committee of Trade Experts devoted the major part of its time to such matters as public procurement policies, price compensation arrangements for processed agricultural products, aspects of government aid, and the removal of export restrictions.

The Committee of Origin and Customs Experts continued to deal with matters related to the application of the rules of origin, as well as the possibilities for simplifying the rules. Discussions were held on possible consequences for the EFTA countries of the EC local content rules and on

the effects of a possible introduction in the EC of provisions on so-called donor country content in its GSP scheme. The work also covered trade in counterfeit goods and exemptions and allowances in cross-border traffic, i.e. indirect taxation. An ad hoc group on mutual assistance in customs matters was set up in order to prepare a possible EFTA-EC arrangement in this respect.

The Group of Legal Experts continued to examine various legal questions arising in EFTA-EC cooperation in general. In particular during the second half of the year, the Group increased its activity considerably in undertaking studies on a number of legal and institutional questions linked to the emerging European Economic Space in response to mandates from the High-Level Steering Group and its Working Groups.

The Economic Committee increased its activities considerably during the year. In addition to its ordinary activities, it held a path-breaking meeting with the representatives of the Commission Services in Brussels in the autumn. The participants discussed a broad range of issues in the field of economic developments and policies, and economic analyses of European integration. In response to demands from the Oslo-Brussels process, the Committee is considering appropriate forms for economic and monetary policy cooperation for the future EES.

## **(b) The Consultative Committee**

EFTA's Consultative Committee continued to review various aspects of and to prepare for cooperation between EFTA and the EC. To be able to keep up with the increased pace of the integration process, the Committee improved its working methods. At its April session it unanimously approved a report by its Economic and Social Sub-Committee on the creation of a European financial area, the main thrust of which is that uniform rules throughout Europe would be to the benefit of both the EC and the EFTA countries. In October the Committee approved, also unanimously, another report by its Economic and Social Sub-Committee, on the social dimension of the European Economic Space. This report concentrates on four areas: employment and cross-border mobility in the EES; cooperation in education and vocational training; regulations concerning health and safety; and the social dialogue between employers, trade unions and governments. A second Sub-Committee, on Consumer Policy Affairs, was created during the year.

In the context of the developments initiated by the Delors speech of 17 January 1989, the Consultative Committee issued several statements: in March to Heads of Government of the EFTA countries, asking them to respond positively to the challenge of developing a more structured partnership with the EC; in May, to EFTA Ministers, on the scope of the future negotiations leading to the creation of an EES; and in November, with reference to the planned meeting of EFTA and EC Ministers on 19 December, stressing the Committee's full support for the outcome of the

talks which had established sufficient common ground to envisage negotiations for an EES. The Committee expressed the hope that Ministers could give their agreement to negotiations on a broad and comprehensive agreement which should permit entry into force of the EES at the same time as the Internal Market.

During the period under review two joint meetings with the Economic and Social Committee of the EC took place, in June in Kristiansand and in November in Paris. In June two joint papers were adopted: one related to joint conclusions and recommendations on EFTA-EC cooperation in the field of land and air transport; the second on EFTA-EC co-operation in the field of financial services. Other issues discussed at the June meeting were the external impact of the internal market and EFTA-EC relations and the social dimension. This latter theme was further developed at the joint meeting in November, on the basis of a report entitled "The social dimension and basic social rights" worked out by a small joint working group, reflecting the actual situation in both groups of countries. The working group was asked to continue its work and to make proposals how to bring about a social area by practical measures. The other major item at the October meeting concerned the progress made in developing relations between the EC and EFTA. As a part of this, the joint meeting invited rapporteurs from both sides to come forward with detailed suggestions on how to reinforce the existing co-operation and on models of cooperation in the future EES.

### **(c) The Committee of Members of Parliament**

The Committee of Members of Parliament of the EFTA countries was the first EFTA body to give a positive response, at its preparatory meeting on 25 January 1989, to the initiative for a strengthening of the special relationship and cooperation between the European Community and the EFTA countries, as set out in the speech by Mr Jacques Delors, President of the EC Commission, before the European Parliament on 17 January 1989.

The Committee subsequently presented a statement to that effect to the meeting of EFTA Heads of Government in Oslo on 15 March 1989, which was duly taken into account in the Declaration issued after the Summit meeting.

At its 14th Meeting in Helsinki in May 1989, under the chairmanship of Mr Ingvar S. Melin, Swedish People's Party, Finland, the Committee decided to set up a working group with the task of reviewing the role of the Committee within EFTA and in the perspective of a European Economic Space.

As an outcome of the deliberations of the working group, a letter containing proposals for the strengthening of the role of the Committee within EFTA was sent to the Chairman of the EFTA Council on 13 October 1989.

At their meeting on 11 and 12 December 1989, EFTA Ministers recognized the importance of increased consultation on major issues facing the Association and decided that the Council should invite the opinion of the Committee of Members of Parliament on such issues. Ministers also agreed to hold joint meetings with the Committee in conjunction with meetings called by Ministers. When joint meetings with Ministers were not arranged, the Chairman of the Committee would be invited to present to Ministers the work and opinions of the Committee. In accordance with the aforementioned procedure, Mr Ingvar S. Melin was invited to present the views of the Committee already at that meeting.

The Committee held its third joint meeting with the Committee for External Relations of the European Parliament (REX Committee) in Brussels on 30 November 1989. The President of the European Parliament, Mr Enrique Baron Crespo addressed the meeting. For the first time, a joint declaration was issued at the end of the meeting. The meeting was co-chaired by Mr Willy De Clercq, Chairman of the REX Committee, Mr Rui Amaral, Chairman of the European Parliament's Transport Committee, and Mr Ingvar S. Melin and Mr Peter Jankowitsch, Chairman and Vice-Chairman of the EFTA Parliamentarians, respectively.

The Committee's working group on trade in fish and processed food products held three meetings in 1989. The main theme of discussion at those meetings was "environment and agriculture".

### **Annual review of trade in agricultural products**

Intra-EFTA trade in agricultural goods in 1987 was reviewed by the Council in April on the basis of a report compiled by the Secretariat. The review covered trade in those agricultural raw materials which were not subject to the removal of import duties in EFTA. Parts II and III of Annex D to the Stockholm Convention list the products concerned: all agricultural raw materials and some goods produced by the processing of raw materials.

The statistics showed that imports of agricultural products from all sources amounted to 5.6 per cent of all imports into EFTA in 1987, and that agricultural products accounted for 1.8 per cent of total EFTA exports. In intra-EFTA trade agricultural goods formed only 1.9 per cent of imports.

### **Intra-EFTA trade in fish**

Trade in fish and other marine products between the EFTA countries will in principle be liberalised by 1 July 1990. An agreement to this effect was reached at the EFTA summit meeting in Oslo in March. The formal decision to amend the EFTA Convention accordingly was taken at the ministerial meeting of the EFTA Council in Kristiansand in June. A few transitional arrangements remain.

## **EFTA Industrial Development Fund for Portugal**

Economic activity in Portugal remained fairly lively all through 1989. In spite of a tightening of monetary policy at the end of the first quarter, domestic demand still rose by 5.5 per cent during the year as a whole and the GDP went up by around 4.75 per cent, one of the best performances in the OECD area. Investment was especially buoyant, increasing by nearly 12 per cent to reach 30 per cent of GDP.

With credit tightening and strong investment activity, the EFTA Fund was called upon to make a particular effort to meet the growing demand for its finance, straining the use of its resources to grant 95 loans, for an amount of 9.0 billion escudos during its thirteenth year of operation (from 1 February 1989 to 31 January 1990). This represents an increase of over 40 per cent compared with the amount lent in the twelfth year. Including finance from other sources, the projects undertaken with the support of the Fund during its thirteenth year gave rise to an investment of 40.6 billion escudos. When completed, the projects financed by the EFTA Fund in 1989 are expected to create more than 1,400 new jobs and to increase the security of about 14,000 existing ones.

The number of loans approved by the Fund since it started its operation in February 1977 thus totalled 680 and the cumulative amount lent to around 42 billion escudos, or more than the equivalent of three times the original capital of the Fund (84.6 million SDRs) at the current exchange rate of the escudo to the SDR. The projects financed by the Fund so far have involved an investment in excess of 130 billion escudos of which 100 billion have been spent on purchases of goods and services in the Contributory States, creating around 8,000 new jobs and increasing the security of more than 90,000 existing ones.

During its thirteen years of activity - slightly more than half of the Fund's life, foreseen to be of 25 years - the Fund has provided financial support to virtually all major sectors of economic activity in Portugal, financing projects in all the districts of Continental Portugal and in the autonomous regions of the Azores and Madeira. Through its activity the Fund has proved an important link between Portugal and the EFTA countries, promoting trade between them and helping to launch more than 20 joint ventures between Portuguese and EFTA companies. In this way the Fund has been instrumental in transferring new technologies from EFTA countries to Portugal.

To be able to raise an equivalent amount of lending as in its thirteenth year, the Fund used virtually all the resources at its disposal, benefiting from the decision of the Council taken the previous year, which postponed the start of repayment of contributions to the Contributory States until 1998. During the year the EFTA Council authorized the Fund to borrow short-term in the Portuguese money market up to twice the amount of its accumulated reserves - a facility that the Fund, however, did not need to use during its thirteenth year. The Fund also agreed to give support to the

so-called *Sociedades de Fomento Empresarial*, the aim of which is to help young entrepreneurs in launching new ventures.

During the period 1 February 1989 to 31 January 1990 the Fund benefited from a considerable improvement in the situation of arrears, the amount of which declined by two-thirds to its lowest level for several years.

The Fund also continued its activity in the field of management training, which so far has helped in the training of nearly 1,300 managers and key personnel, mainly from companies financed by the Fund.

### **Relations with Yugoslavia**

The joint EFTA-Yugoslavia Committee did not meet during the year due to a Yugoslav wish to have a meeting in February 1990.

EFTA's Secretary-General visited Belgrade in September for discussions with the Yugoslav authorities. During the visit he was received by the Head of State of Yugoslavia, Mr Janez Drnovsek. This was the first time that an EFTA Secretary-General was received at the highest political level.

For the fourth year in succession there was an EFTA stand at the Zagreb International Autumn Fair in September 1989, a manifestation of EFTA's continuing interest in promoting trade with Yugoslavia.

At their meeting on 11 and 12 December 1989, EFTA ministers acknowledged that economic reforms towards a market economy should be encouraged and supported, and expressed their readiness to intensify the dialogue with the Yugoslav authorities on economic developments in Yugoslavia. They confirmed their willingness to explore possibilities under the Bergen Declaration of 1983, both to deepen existing co-operation and to look into ways and means of promoting the cooperation further in areas of mutual concern.

They reaffirmed the importance they attached to supporting measures aimed at promoting the restructuring and liberalization process of the Yugoslav economy and as a major effort in that direction agreed to establish an EFTA development fund for Yugoslavia amounting to US 100 million.

### **Relations with third countries**

At the EFTA Ministerial meeting on 11 and 12 December, the Ministers discussed relations with East European countries and adopted a statement (see Annex). They welcomed the interest of various East European countries in promoting contacts and relations with EFTA. In October the Hungarian government requested formal relations of the same type as contained in the Bergen Declaration between the EFTA countries and Yugoslavia by presenting a draft common declaration on EFTA-Hungarian cooperation. The draft declaration is still under consideration. Czechoslo-

vakia, the GDR, Poland and the Soviet Union have expressed their interest in participation in various schemes and conventions. Hungary and Romania are already participating in the Pharmaceutical Inspection Convention. The Ministers also considered how joint EFTA efforts could complement the efforts of individual EFTA countries, and entrusted the Council to enter into a dialogue with individual countries in Eastern Europe. The discussion on Eastern Europe took place in the framework of a general discussion on EFTA's relations with third countries.

## **Relations with other international organisations**

The EFTA countries used the framework of EFTA for consultations on matters of common interest that were under discussion in other international economic organisations.

Attention was given, in particular, to activities in the context of the Organisation for Economic Cooperation and Development (OECD) and the General Agreement on Tariffs and Trade (GATT). Cooperation and consultation were especially close and sustained in relation to the current Uruguay Round of multilateral trade negotiations in the GATT.

Progress reports on EFTA's activities were presented to the May meeting of the Committee of Ministers of the Council of Europe by Mr Thorvald Stoltenberg, Norway's Minister for Foreign Affairs, and to the November meeting by Mr Jón Baldvin Hannibalsson, Iceland's Minister of Foreign Affairs and External Trade. In September, EFTA's activities were debated in the Parliamentary Assembly of the Council of Europe. On that occasion, Mr Hannibalsson and EFTA's Secretary-General met the President of the Parliamentary Assembly, Mr Anders Björk, as well as the new Secretary General of the Council of Europe, Ms Catherine Lalumière.

The Deputy Secretary-General of EFTA was present at the annual meeting of the Nordic Council in February in Stockholm. The Secretary-General addressed the Nordic Seminar on European integration and Nordic economic integration in Visby, Sweden, in September. The Association was also represented at the third extra session of the Nordic Council in November in Mariehamn, Finland.

The European Trade Union Confederation (ETUC) and the Union of industrial and employers' confederations of Europe (UNICE) were represented at two meetings each out of a total of four sessions of the Consultative Committee during the year.

The Association regularly attended the Executive Committee in Special Session of the OECD.

## **Finance**

EFTA's net expenditure for the financial year 1988-89 was 15,138,347 Swiss francs. For the current financial year, which began on 1 July 1989,

the Council set a net budget of 19,973,000 francs to be financed by contributions from the EFTA countries. In order to finance an addition of 28 posts the Council augmented the budget by SFR 2,440,000 on 2 December. This budget is 35.7 per cent higher than the previous one.

The size of the contributions of the individual EFTA countries to the budget is determined by the relative size of their gross national products at factor costs. The basis for the contributions to the budgets for 1988-89 and 1989-90 was as follows, in percentages.

	1988-89	1989-90
Switzerland	28.50	29.40
Sweden	25.13	24.62
Austria	17.03	17.44
Norway	14.00	13.16
Finland	13.66	13.67
Iceland	1.68	1.71

### **Secretariat**

At the end of December 1989 there were 50 staff members in the professional category in the Secretariat, one of whom was employed on a half-time basis, and 40 general service staff members, one of whom was employed on a half-time basis. At the end of the year it was decided to reinforce the Secretariat with 28 positions in order to cope with the increasing demands of the EFTA-EC negotiations in which the Secretariat plays a vital supporting role.

A new department was created as from 1 July. The department, Specific Integration Affairs, services EFTA and EFTA-EC cooperation in the fields of environment, education, research and development, social policy, consumer protection, border formalities for persons, and small and medium-sized enterprises.

### **Secretariat office in Brussels**

The Secretariat office in Brussels increased its capacity by acquiring additional meeting rooms and increasing the staff with two positions. At the end of December there were two officials in the professional category and two general service staff members.

# Appendix

## Meeting of EFTA Heads of Government

Oslo, 14 and 15 March, 1989

### **Declaration**

1. We, the Heads of Government of the Member States of the European Free Trade Association, met in Oslo on 14 and 15 March 1989 to discuss EFTA's contribution to European integration, the relations between the EFTA States and the European Community and EFTA's objectives in a global context.
2. We reaffirm our commitment to European integration. We believe that the policies and the international cooperation pursued by the EFTA States contribute substantially to the political and social stability in Europe. We are therefore convinced that the high degree of integration between the EFTA and the EC economies adds further to the strength and prosperity of Europe.
3. We welcome the efforts of the European Community to deepen the integration by completing its internal market by 1992. The basis of our cooperation with the European Community is a common cultural heritage, adherence to the fundamental values of democracy and human rights, geographical proximity and a high degree of interdependence in the fields of industry, trade and technological development. We share the belief that free trade and open markets are vital for the realisation of our commitment to promote economic development and full employment. We are prepared to pool resources with the European Community in order to improve the welfare of our citizens.
4. We reaffirm the goals set out in the Stockholm Convention and the Free Trade Agreements as well as our common undertaking with the Euro-

pean Community in the Luxembourg Declaration of 1984 to establish a homogeneous and dynamic European Economic Space (EES), consisting of all Member States of EFTA and the EC.

5. In reviewing achievements so far, we welcome the progress made in removing obstacles to the free movement of industrial goods. Tariffs and quantitative restrictions have been eliminated, origin rules and customs procedures have been simplified. Substantial progress has been made in the field of technical regulations as well as in that of safety and health standards. These developments have strengthened an already close trade relationship and have consolidated the position of the EC and EFTA as each other's main trading partner.

6. Our cooperation has furthermore extended into research and development and negotiations are under way aimed at liberalisation of trade in services. Work is progressing in the fields of education and in the protection of the environment and is gradually extending to capital movements and aspects of free movements of persons. In some respects, however, this broadened cooperation has not quite matched our ambitions and expectations.

7. We face a common challenge with the EC in the construction of the European Economic Space. The road we have embarked upon under the joint Luxembourg Declaration goes in the right direction. We aim, however, at further reinforcing our special relationship with the EC on the basis of a balance of rights and obligations. Therefore, we recognize that increased efforts and additional instruments are needed and wish to explore the question of an appropriate framework to reach this goal.

8. In this respect, we welcome the declaration from the European Council meeting in Rhodes where the Community expressed its wish to strengthen and expand relations with the EFTA States and the statement of the Spanish Presidency that it would look on EFTA-EC relations as a priority. We appreciate the initiative of the President of the Commission, Jacques Delors, in the European Parliament on 17 January calling for an open and comprehensive dialogue on the scope and the institutional framework for closer cooperation with the EFTA States.

9. We give our positive response to Mr. Delors' initiative and declare our readiness to explore together with the EC ways and means to achieve a more structured partnership with common decision-making and administrative institutions in order to make our cooperation more effective.

10. We expect that the forthcoming EFTA-EC Ministerial meeting on 20 March in Brussels will initiate a procedure to open talks on form and scope of future cooperation between the EFTA States and the Community in the near future.

11. We envisage that negotiations would lead to the fullest possible realisation of free movement of goods, services, capital and persons, with the aim of creating a dynamic and homogeneous European Economic Space. To this end we are ready to explore various options and ways and means to strengthen the institutional links between the EFTA States and the EC.

We would not exclude any such option from the scope of our future dialogue with the EC.

12. We see considerable mutual advantage in further developing our cooperation in fields going beyond the internal market programme. In particular we would aim at:

- extensive participation by the research community and industry of the EFTA States in the Community programmes for research and development, thereby making a substantial contribution towards improving the competitiveness of European industry
- expanded cooperation in the field of education to facilitate the free exchange of students, teachers and researchers and to provide for mutual recognition of examination and diplomas.
- the solution of regional and global environmental problems by pooling resources and by coordinating activities throughout all of Europe. We share the view that the goals of economic integration in Europe must be reconciled with the vital goal of preserving our environment. We are prepared to examine together with the European Community the creation of new instruments where this could improve the efficiency of our action.
- extended consultations in the fields of economic and monetary policies.

13. We share the view that enlarged economic cooperation must be accompanied by the creation of a citizens' Europe and progress in the social dimension of integration, to be achieved in full cooperation with the social partners.

14. In order to further integration and reach balanced solutions within a homogeneous European Economic Space we envisage the use of early exchange of information on legislation under preparation, established consultation procedures, mutual recognition of equivalent legislation and common decision-making. This should be supported by equally strong and reliable surveillance and enforcement procedures and common mechanism for settlement of disputes.

15. We stress that the search for a more structured relationship must not lessen our common resolve to progress in the present programme of cooperation.

16. We are aware of the full autonomy of each individual EFTA country with regard to bilateral initiatives and negotiations with the EC according to its specific aims and interests.

17. We consider EFTA as our principal platform for multilateral negotiations with the EC and agree to intensify cooperation under EFTA's auspices in all fields related to the EES. We will take the necessary steps to strengthen EFTA's decision-making process and collective negotiating capacity. We will also strengthen our mechanisms for surveillance and enforcement of treaty obligations in order to ensure their harmonious and uniform application and interpretation throughout the whole of the EES.

18. It is further our aim to strengthen the internal EFTA cooperation through , inter alia, full liberalisation of intra-EFTA trade in fish.<sup>1</sup>

19. We welcome the statements by the Committee of Members of Parliament of the EFTA countries and the EFTA Consultative Committee as important contributions to our discussions.

20. We stress our determination to strengthen and further improve the multilateral trading system and to fight all forms of protectionism. To this end we pledge our active and constructive support for the efforts being made in GATT and underline the complementarity of the European integration efforts to the aim of global liberalisation as pursued in the Uruguay Round. We are concerned about the present state of affairs in the GATT negotiations and hope that obstacles to proceeding in the efforts to establish new and stronger rules for global trade can soon be removed.

21. We also continue to stress the need for developing countries to become better integrated into the open multilateral system, realising our responsibility to contribute to their development, including the finding of a solution to the debt problem. We pledge ourselves to make every effort to maintain and, wherever possible, to improve market access in our countries for imports from developing countries, and in particular from the least developed among them.

22. We attach great importance to the work of the Council of Europe in promoting closer European cooperation, in particular in the fields of human rights, education, culture and social affairs.

23. We also continue to value highly the cooperation of industrialised countries within the OECD, which has contributed greatly to the pursuit of policies for economic stability, structural adjustment and growth.

24. We express our full support for the restructuring and liberalisation process of the Yugoslav economy and invite representatives of that country to participate in joint efforts to look into ways and means of developing our cooperation.

25. We welcome the successful conclusion of the Vienna meeting of the Conference on Security and Cooperation in Europe and pledge our full support for the follow-up activities. In this context, we note with interest the political and economic reforms in Eastern Europe, and express the hope that this development will create a basis for closer trade and other economic relations. We underline the role which the Economic Commission for Europe plays as a multilateral forum for discussion with the countries of Eastern Europe of important topics of mutual interest.

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<sup>1</sup> This liberalisation of trade in fish and other marine products will be implemented as of 1 July 1990.

Finland may temporarily maintain the present import regime on Baltic herring and salmon. Before 1 January 1993 Finland shall present a fixed timetable within which these exemptions shall be eliminated.

# Informal Ministerial Meeting between the European Community and its Member States and the Member States of EFTA

Brussels, 20 March 1989

## **Joint Declaration**

1. The Ministers of the Member States and the Commission of the European Communities held an informal meeting in Brussels on 20 March 1989 with the Ministers of the Member States of the European Free Trade Association.

The meeting was chaired, for the Community, by Mr Francisco Fernandez Ordonez, Minister for Foreign Affairs of the Kingdom of Spain and President-in-Office of the Council, and for the EFTA countries, by Mr Thorvald Stoltenberg, Minister for Foreign Affairs of the Kingdom of Norway. The Commission of the European Communities was represented by Mr Jacques Delors, President, and Mr Frans Andriessen, Vice-President. Mr Georg Reisch, Secretary-General of EFTA also attended the meeting.

2. The Ministers reviewed the special relations between the EC and EFTA in the light of the Declaration made by the European Council in Rhodes on 2 and 3 December 1988 and the Community's programme for completing its internal market and implementing the Single Act and of the Declaration adopted at the meeting of the Heads of Government of the EFTA States in Oslo on 15 March 1989.

3. The Ministers noted that important results have been achieved in the on-going process of creating the single European Economic Space (EES)

pursuant to the Luxembourg Declaration of 1984 and the extensive programme of work under way and confirmed their determination to continue and step up their cooperation in this framework.

4. They discussed the scope for broadening and deepening their cooperation in the areas linked to the internal market - free movement of goods, services, capital and persons - and in other areas such as research, technology, education, environment, social policy aspects, transport.

5. The Ministers also exchanged views on the ideas outlined to the European Parliament by President Delors and the Declaration made at the meeting of the Heads of Government of the EFTA States in Oslo on 15 March 1989, about the scope for expanding cooperation and about ways and means of achieving a more structured partnership.

The Ministers took note with interest of these developments, They noted that the Commission is still considering the matter and that the EFTA States and the Commission will initiate talks in a near future.

6. The Ministers agreed to meet again before the end of this year on a date to be arranged.

# Ministerial meeting of the EFTA Council

Kristiansand, 13 and 14 June 1989

## Communiqué

1. The EFTA Council met at ministerial level in Kristiansand, Norway, on 13 and 14 June 1989. Mr Jan Balstad, Norway's Minister for Trade and Shipping, was in the chair.
2. Ministers noted with satisfaction that the relations between the EFTA countries and the EC had entered into a new phase, in particular since the meeting of Heads of Government of the EFTA countries in Oslo and the EFTA-EC ministerial meeting in Brussels. These meetings had prepared the ground for a comprehensive examination of a possible new form and scope for future cooperation between the EFTA countries and the European Community.
3. Ministers welcomed the fact that, in preparation of the next EFTA-EC ministerial meeting, a joint High-Level Steering Group had been established with the task of exploring in depth the scope and content as well as the legal and institutional aspects of a more structured partnership.
4. Ministers welcomed the initiative to arrange the next joint ministerial meeting to be convened before the end of this year. They hoped that this meeting would establish a platform for comprehensive negotiations between the EFTA countries and the EC starting at the beginning of 1990.
5. In the light of the results of the informal talks, these negotiations should not only concern the movement of goods, services, capital and persons, but also closer cooperation in areas going beyond the EC's internal market programme, such as research, technology, education, environment and social policy aspects. They should furthermore lead to the establishment of a qualitatively new and comprehensive framework of EFTA-EC relations, with common decision-making and administrative institutions.
6. Ministers noted that EFTA-EC relations are now being brought forward through two processes, the ongoing negotiations on the follow-up to the Luxembourg Declaration of 1984 and the new talks on a more structured

relationship. Ministers underlined that the two processes are complementary, as they are both directed toward the same objective: the creation of a dynamic and homogeneous European Economic Space (EES).

7. Ministers recalled the agreement by EFTA Heads of Government at their meeting in Oslo to strengthen EFTA as their principal platform for multilateral negotiations with the EC. They agreed on a number of concrete steps to strengthen EFTA in this regard and welcomed the measures taken to increase the resources of the Secretariat. They noted that the need for adjusting EFTA's institutional structure and negotiating mode could emerge as a result of the exploratory talks now initiated with the EC on a more structured relationship.

8. Ministers welcomed a report by experts on such legal matters as the direct applicability and direct effect of treaty provisions between the EFTA countries and the EC, the Cassis de Dijon principle and dispute settlement. They endorsed the conclusions by the experts and agreed that a good basis had been established for the exploratory talks with the EC on these issues.

9. Ministers welcomed the opportunity to assess, together with the Vice-President of the EC Commission, Mr. Henning Christophersen, the cooperation between the EFTA countries and the European Community in the light of the common aim to develop the European Economic Space in parallel with the EC's programme to complete its internal market.

10. In this context, Ministers noted with satisfaction that negotiations:

- have been successfully concluded with regard to supplementary protocols to the Free Trade Agreements on the abolition of existing and prohibition of new export restrictions.
- are in a final stage with regard to:
  - agreements on the participation of the EFTA countries in the Community's programme for Trade Electronic Data Interchange System (TEDIS), and
  - a multilateral agreement between the EC and the EFTA countries on the exchange of notifications of draft technical regulations, as a contribution towards preventing technical barriers to trade. They expressed the hope that these negotiations would be finalised in the near future.

They furthermore welcomed the concrete progress made in particular in the field of education as well as the addition of new areas to the programme of cooperation.

11. Ministers took note with great interest of the EC plans to establish a European Environmental Agency. They expressed the wish to discuss and clarify with the EC modalities for the establishment of such a European agency, with full and equal participation of EFTA countries. They welcomed the intention of Switzerland to convene in the course of this year a conference of Ministers for Environment from the EFTA countries and the EC.

Taking into account the environmentally damaging effects of road trans-

port, as well as the increased use of modern technology in the transport field, they underlined the benefits of combined road-rail transport.

12. They expressed their wish to begin early in 1990 formal negotiations with the EC on the mutual opening-up of public procurement markets in the fields of public supplies and works and to proceed with exploratory talks with the EC on the remaining sectors of public procurement.

13. Ministers welcomed the progress made within EFTA in preparation for a removal of trade-distorting government aid measures within the EES. They approved an outline for a system of surveillance and enforcement to be introduced among EFTA countries in this field.

14. Ministers recalled that solutions in the transport sector are essential for the wider EFTA-EC cooperation in the completion of the European Economic Space.

15. Ministers also expressed their interest in exploring the possibilities of EFTA countries' participation in EC cultural and educational programmes and welcomed the invitation to participate in the audio-visual Eureka initiative.

16. Ministers stressed the importance they attach to the work of the Council of Europe in promoting European cooperation, in particular in the field of human rights, education, culture and social affairs. They noted the closer coordination of activities between the EC and the Council of Europe.

17. Ministers agreed on the need to use also other channels and fora in Europe to further and deepen the European integration and cooperation process.

18. Ministers also stressed the increasing importance of EFTA's advisory bodies, the Committee of Members of Parliament and the Consultative Committee. They expressed their appreciation for the work of these bodies which continue to give the Association valuable input in such fields as transport, financial services, education, environment, consumer policy and the social dimension of European integration. Ministers agreed that the possibility of establishing a joint EFTA-EC Consumer Policy Committee of CEN/CENELEC level should be explored.

19. Ministers welcomed the final report of the Working Group on the liberalisation of trade in fish set up at their meeting in Tampere in June 1988. They adopted a decision to amend the EFTA Convention accordingly.

20. Ministers exchanged views on the present state of the multilateral trade negotiations in GATT and expressed their satisfaction that the negotiations were back on track after the mid-term review. They stressed the paramount importance of the open multilateral trading system based on clear and operationally-effective rules and expressed concern at the increasing tendency of governments to resort to unilateral measures in solving trade disputes.

Ministers recalled the constructive role which the EFTA countries had played in the Uruguay Round since its inception and emphasised the need for intensified cooperation among them during the final phase of the negotiations. They underlined the need for increased efforts to advance on all

areas of the Uruguay Round. They noted the fundamental importance of strengthening and reforming the rules and disciplines of the General Agreement. They furthermore underlined the complementary and mutually reinforcing nature of the Uruguay Round and the creation of a dynamic and homogeneous European Economic Space open to the world.

21. Ministers had a thorough exchange of views on EFTA's relations with Yugoslavia. They agreed on the importance to support measures aimed at promoting the restructuring and liberalisation process of the Yugoslav economy. In this context, Ministers invited experts to complete their study on the establishment of an EFTA industrial development fund for Yugoslavia and to report to the next meeting of the Council at Ministerial level for a final decision.

22. The next ministerial meeting of the EFTA Council will be held on 11 and 12 December 1989 in Geneva.

# Meeting between EFTA Ministers and Mr Henning Christophersen, Vice- President of the EC Commission

Kristiansand, 14 June 1989

## **Joint conclusions**

1. The Ministers of the EFTA countries and Mr. Henning Christophersen, Vice-President of the Commission of the European Communities, met, under the Chairmanship of Mr. Jan Balstad, Minister for Trade and Shipping of Norway, in Kristiansand, Norway, to review the state of relations between the Community and the EFTA countries. Mr. Georg Reisch, Secretary-General of EFTA, also attended the meeting.
2. They recalled the Luxembourg Declaration of 9 April 1984, the Joint Declaration of 2 February 1988 as well as the Declaration of the European Council of 3 December 1988 that the Community wishes to strengthen and expand relations with the EFTA countries.
3. Recalling the Declaration of the Heads of Government of the EFTA States adopted in Oslo on 15 March 1989 and the outcome of the Informal Ministerial Meeting between the European Community and its Member States and the EFTA countries in Brussels on 20 March 1989, Ministers of the EFTA countries and Mr. Christophersen welcomed the agreement reached at the meeting of the High-Level Steering Group in Brussels on 28 April 1989, to undertake a comprehensive examination of the possible scope and content of an expanded and more structured partnership between the EC and the EFTA countries, based on the fullest possible realisation of free movement of goods, services, capital and persons as

well as on a closer cooperation in areas going beyond the EC Internal Market Programme.

4. They expressed their hope that the ongoing talks would provide a good basis for the Ministerial Meeting between the EC and its Member States and the Member States of EFTA scheduled for the autumn 1989 which would thus be in a position to mark a joint political commitment to a qualitatively new phase in EFTA-EC relations leading to a more structured partnership.

5. They confirmed that the search for an expanded and more structured partnership should not lessen the common resolve to progress in the present cooperation pursuant to the Luxembourg Declaration, and reiterated their determination to continue and step up their cooperation in this framework.

6. Reviewing the progress made towards their common goal of establishing a dynamic and homogeneous European Economic Space (EES), and in particular developments since the last Ministerial Meeting in Geneva on 29 November 1988, Ministers of the EFTA countries and Mr. Christophersen noted with satisfaction the joint conclusions of the 10th meeting of High Officials from EFTA countries and the EC Commission on 31 May 1989 and in particular the concrete results that had been achieved as regards:

- *Export restrictions* where negotiations on the abolition of existing and prohibition of new export restrictions have been concluded and where supplementary protocols to the Free Trade Agreements will shortly be signed.
- *Trade facilitation* where negotiations have been concluded and where agreements on the association of the EFTA countries with the Community's TEDIS (Trade Electronic Data Interchange Systems) Programme would shortly be signed with the aim of co-coordinating and promoting electronic data interchange in Europe.
- *Public procurement* where the joint publication of tender notices had now been implemented.
- *Simplification of origin rules*, where joint decisions on multilateral cumulation entered into force on 1 January 1989.

7. They welcomed the fact that additional protocols to the agreements between the EFTA countries and the European Economic Community consequent on the accession of Spain and Portugal to the EC had now been signed, accelerating the suspension of EFTA countries' customs duties on products imported from Spain.

8. Ministers of the EFTA countries and Mr. Christophersen welcomed the new developments with regard to:

- *Technical barriers to trade*, where:

further substantial progress had recently been achieved in the negotiations concerning an exchange of information between the EC and the EFTA countries in the field of technical regulations, as a contribution to

the prevention of barriers to trade in this field, and it is hoped that an agreement will shortly be signed;

it had been agreed to extend to certain new areas (safety of machines, electromagnetic compatibility, measuring instruments, telecommunication terminal equipment) the discussions currently under way between experts, with a view to the elimination of technical barriers to trade in specific sectors;

it had been agreed that EC and EFTA experts should examine the common elements to be included in EFTA-EC mutual recognition agreements;

the EC Commission would shortly be making recommendations to the EC Council concerning the general approach to be followed as regards testing and certification.

- *Environment*, where they noted with satisfaction the positive results from the second Senior Environmental Officials meeting held in Vienna in February 1989 for the implementation of the Luxembourg and Noordwijk declarations in the field of the environment where many of the problems are, by nature, global.

Ministers from the EFTA countries underlined, and Mr. Christophersen noted, the desire of their countries to participate on a full and equal basis in the proposed European environmental monitoring and information network and the proposed European Environmental Agency. In this context they agreed to convene in the near future a meeting between representatives of the EFTA countries and the EC Commission services to exchange further information on the modalities of co-operation with and participation of the EFTA countries.

They welcomed the intention of Switzerland to convene in the course of this year a conference of Ministers for Environment from the EFTA countries and the EC.

- *Education*, where, following the recent decision of principle by the EC Council, exploratory contacts had begun with a view to securing participation by the EFTA countries in COMETT II by 1 January 1990, where, during 1990, the possibilities for participation by the EFTA countries in ERASMUS will be examined and where i.a. exchanges of views and experience will take place on the mutual recognition of higher education diplomas.
- *Public procurement*, where in line with the political and economic importance of this area for the development of the EES, it has now been agreed that the necessary measures should be taken with a view to the objective of opening as soon as possible in 1990 formal negotiations on the mutual opening up of public supplies and works markets and where the exchange of information should continue on Community work in the fields of the four excluded sectors (water, energy, transport and telecommunications) with a view to exploring conditions necessary for the mutual opening up of these sectors.

— Trade facilitation, where there had been substantial progress as regards the development within the CD project of electronic customs declaration messages based on the Single Administrative Document (SAD) as well as with respect to joint efforts to facilitate other customs procedures.

— *Transport*, where, following the previous request from Norway and Sweden, the other EFTA countries have now also jointly requested early negotiations with the Community in the field of civil aviation. The Commission is examining these two requests and is expected to take a position on the matter in the near future. Negotiations are being continued on transit matters between EC and Austria and on transit and other questions related to land transport between EC and Switzerland.

9. They further noted that there are good prospects for early progress in the fields of:

— *Price compensation for processed agricultural products* covered by the Free Trade Agreements, where detailed discussions had been opened at expert level on the technical feasibility of mutual recognition of declarations of actual raw material content as a basis for calculating price compensation.

— *Counterfeit goods*, where experts will continue their work on the options for solutions.

10. Ministers of the EFTA countries and Mr. Christophersen emphasized the importance of further strengthening the cooperation in the fields of:

— State aids

— Simplification of origin rules

— Financial services

— Free movement of capital

— Telecommunications

— Intellectual and industrial property rights

— Product liability

— Indirect taxation

11. On *research and development* they noted the mutually beneficial experiences arising out of the participation of enterprises and institutes from the EFTA countries in numerous EC projects and programmes. They agreed that efforts should be made to increase, improve and rationalize co-operation in this field making the utmost use of the bilateral agreements between the EFTA countries and the European Communities in order to expand research and development co-operation within the framework programme of the Communities and contribute to the creation of the Scientific and Technological Europe.

12. They furthermore agreed that the exchange of information and experience should continue in the field of:

— Economic situation

— Consumer protection

— Anti-dumping measures

- Foodstuff legislation
- Veterinary and phytosanitary measures
- Company law

They considered *social policy aspects* of European integration to be an important area for co-operation and welcomed the intention of the Norwegian Government to host a seminar with participation of representatives of authorities as well as the social partners in the EC/EFTA countries as an important contribution to furthering a dialogue in this context.

13. Finally they agreed that co-operation should be extended to certain new areas:

- *New Technologies and Services* where it was noted that experts would begin talks to exchange information and to examine the possible scope for co-operation between the EFTA countries and the EC.
- *Small and Medium Sized Enterprises (SMEs)* where experts of EFTA countries and the EC will hold exploratory talks on the possibilities for establishing co-operation between small and medium sized enterprises throughout the European Economic Space.
- *Statistical co-operation* where co-operation will be strengthened to ensure that statistics in the Community and in EFTA countries are as comparable as possible and harmonized where necessary.
- *Tourism* where they noted that "The European Year of Tourism 1990" will be implemented as a joint project between the EC and EFTA countries.

14. In line with the special relationship between the EC and the EFTA countries, and the need to consolidate and strengthen mutual co-operation at the same time as the EC progresses towards completion of the Internal Market, Ministers of the EFTA countries and Mr. Christophersen stressed the need to achieve further concrete results in the co-operation between the EC and the EFTA countries. Efforts to identify further fields of co-operation, without excluding any area from the outset, will be pursued and intensified.

# Meeting of the EFTA Council at Ministerial level

Geneva, 11 and 12 December 1989

## Communiqué

1. The EFTA Council met at ministerial level in Geneva, Switzerland, on 11 and 12 December 1989. Mr. Jón Baldvin Hannibalsson, Minister for Foreign Affairs and External Trade of Iceland, was in the chair.

2. Ministers discussed the important developments taking place in Europe. In particular, they addressed the positive developments in relations between EFTA and the EC. They also discussed EFTA relations with East European countries in the light of the fundamental economic and political changes taking place. To this end they adopted a statement which is attached at Annex.

Ministers expressed appreciation that the Presidency's conclusions of the European Council held in Strasbourg on 8 and 9 December 1989, endorsed the idea of reaching a comprehensive agreement strengthening the co-operation between the EC and EFTA countries in the framework of a European Economic Space of eighteen States.

3. They recalled the agreed aims and commitments of the EFTA Heads of Government at the Oslo Summit with regard to the establishment of the European Economic Space in response to President Delors' initiative to explore ways and means to achieve a more structured partnership with common decision-making and administrative institutions.

4. Ministers expressed their satisfaction at the outcome of the high-level talks held since April between the EFTA countries and the EC Commission. They affirmed their positive political evaluation of the joint examination of the possible scope and content of a more structured partnership between the Community and the EFTA countries. They agreed that sufficiently broad common ground had been identified and committed themselves to continue the process without losing momentum.

5. Ministers expected that the joint EFTA-EC Ministerial meeting in Brussels on 19 December will give a clear political signal to open negotiations on a comprehensive EES Agreement in early 1990. Until then exploratory talks will be conducted. The aim should be to have an outline of an agreement around the middle of 1990 and to conclude the negotiations within the year. Ministers expressed the aim that an EES agreement would enter into force in parallel with the EC's internal market.

6. They foresaw that negotiations would lead to a more structured partnership with common decision-making and administrative institutions in order to provide for the joint shaping and making of future EES rules. They stated that the establishment of a genuine joint decision-making mechanism in substance and form is a basic prerequisite for the political acceptability and the legal effectiveness of an agreement, and would be justified by the envisaged scope thereof.

7. They envisaged an agreement providing for the fullest possible realization of the free movement of goods, services, capital and persons within the whole EES as well as expanded co-operation in flanking and horizontal policies, such as education, environment, research and development and the social dimension. In this context, Ministers agreed that the relevant Community acquis, to be identified jointly with the EC, should be integrated, in one way or another, into an agreement as the common legal basis, while allowing for exceptions justified by considerations of fundamental interests and for transitional arrangements.

8. Ministers also recalled that both sides had noted that there existed areas in which the EFTA countries had more elaborate rules and that the implications of this would have to be settled in future negotiations. In this respect, EFTA ministers underlined that future co-operation relating to health, safety, consumers or the environment should be based on high standards of protection.

9. As regards legal questions, Ministers foresaw the establishment of independent, effective and reliable mechanisms for the surveillance of the EES rules, and a joint judicial body for the settlement of disputes and for the uniform interpretation of these rules.

10. As regards the role of the Association in the future EES, Ministers agreed that EFTA's structures will be strengthened as required by the joint solutions developed in the new process. They noted that a considerable increase in the resources of the Secretariat had recently been decided on. Recalling that the EFTA countries have spoken with one voice during the high-level talks, they stated their intention to continue to do so.

11. Ministers emphasized the importance of continued co-operation on the basis of the Luxembourg Declaration of 1984, which also provides useful input for the negotiations on an EES agreement. They noted that the agreements on EFTA participation in the EC education programme COMETT II and on mutual exchange of information on planned technical regulations would be signed at the joint EFTA-EC ministerial meeting on 19 December 1989. They also welcomed the agreements associating the

EFTA countries with the Community's TEDIS (Trade Electronic Data Interchange Systems) Programme. They reiterated the wish of EFTA countries for full and equal participation in the areas of research and development, and education, as well as in the European Environment Agency. They recalled that Switzerland had invited the Ministers of Environment of the EC and EFTA countries to a joint meeting in the beginning of 1990. Ministers underlined that efforts should be made to achieve additional sectoral results where these could become operational before the entry into force of an EES Agreement and be made consistent therewith.

12. Ministers reconfirmed their support for the Uruguay Round and their firm intention to further contribute constructively in order to advance and successfully complete the Uruguay Round in December 1990. They emphasized the need for intensified co-operation among themselves during this final phase of the negotiations. They stressed the fundamental importance of strengthening and reforming the rules and disciplines of the GATT and of extending the multilateral system to the new areas under negotiation in the Uruguay Round. They furthermore underlined the complementarity and mutually reinforcing nature of the Uruguay Round and the creation of a dynamic and homogeneous European Economic Space open to the world.

13. Ministers expressed appreciation for the work of the two advisory committees of the Association and agreed that the Council would submit major issues to the Committee of Members of Parliament of the EFTA Countries and to the Consultative Committee for their opinions.

14. Ministers acknowledged that economic reforms towards a market economy should be encouraged and supported, and expressed their readiness to intensify the dialogue with the Yugoslav authorities on economic developments in Yugoslavia. They confirmed their willingness to explore possibilities under the Bergen Declaration, both to deepen existing co-operation and to look into ways and means to promote the co-operation further in areas of mutual concern. They reaffirmed the importance they attached to supporting measures aimed at promoting the restructuring and liberalization process of the Yugoslav economy and as a major effort in that direction, agreed to establish an EFTA development fund for Yugoslavia amounting to US\$100 million.

## **STATEMENT BY EFTA MINISTERS ON RELATIONS WITH COUNTRIES OF EASTERN EUROPE**

1. We, the Ministers of the Member States of EFTA, warmly welcome the progress of economic and political change in Eastern Europe and the efforts in some of those countries orientated towards a market economy, as well as the establishment of political pluralism and democratic freedoms. We accept our responsibility to support these reforms.
2. We recall the various measures already undertaken by EFTA countries, either individually or within the Group of 24, with a view to assisting the current process of change in some countries of Eastern Europe and we trust that the newly-created political and economic climate will be conducive to further intensified co-operation in Europe and offer new possibilities for enhancing the relations already existing between EFTA countries and countries in Eastern Europe.
3. We welcome the interest of several countries in Eastern Europe in promoting contacts and relations with the European Free Trade Association. In this context the Hungarian Government has presented a draft common declaration on EFTA-Hungarian co-operation.
4. We are actively considering how joint EFTA efforts could complement the efforts of individual EFTA countries vis-à-vis Eastern Europe. We entrust the Council at official level to enter into a dialogue with individual countries in Eastern Europe, with due regard to the different wishes expressed by them. We furthermore entrust the Council at official level to work out the most appropriate and mutually advantageous forms of co-operation, taking into account the nature and scope of the ongoing reforms and ask it to report on progress achieved.
5. We have taken note with interest of the initiatives of the European Council with regard to financial support to Eastern Europe and are prepared to engage in a constructive discussion of these proposals.

# Meeting between EFTA Ministers and the EC Commission

Brussels, 19 December, 1989

## **Joint Declaration**

As agreed at their meeting on 20 March 1989, the Ministers of the Member States and the Commission of the European Communities and the Ministers of the countries of the European Free Trade Association met in Brussels on 19 December 1989.

The meeting was chaired, for the Community, by Mr Roland DUMAS, Minister of State, Minister for Foreign Affairs of the French Republic and President-in-Office of the Council, and for the EFTA countries, by Mr Jón Baldvin HANNIBALSSON, Minister for Foreign Affairs and External Trade of the Republic of Iceland and current ministerial Chairman of the EFTA Council. The Commission of the European Communities was represented by Mr Jacques DELORS, President, and Mr Frans ANDRIESEN, Vice-President. Mr Georg REISCH, Secretary-General of EFTA, also attended the meeting.

The Ministers agreed to meet again in the course of next year on a date to be agreed.

The participants adopted the following joint declaration at the end of the meeting:

1. The Ministers reaffirmed the very special importance of the privileged relations between the Community, its Member States and the EFTA countries, which are a fundamental factor, not only for each of them but also for the entire European continent: as heirs to the same values, committed to common principles and bound in a shared destiny, they contribute together to Europe's vitality and today are a model to all neighbouring countries.

They warmly welcomed the recent political and economic changes in other European countries. They reaffirmed their desire to encourage the

movement of these countries towards pluralist democracy and to support the necessary economic reforms.

2. They recalled the important impetus given to EC/EFTA relations in 1984 by the Luxembourg Declaration and welcomed the considerable progress which this process has already made it possible to achieve towards the aim of creating a European Economic Space.

3. Convinced of the need to deepen these relations still further in order to achieve the European Economic Space and to give them a new dimension as part of a common European outlook, they agreed to seek jointly to define a more structured framework for cooperation between the EC and all of the EFTA countries together.

To this end, they decided to commence formal negotiations as soon as possible in the first half of 1990, with the aim of concluding them as rapidly as possible.

4. The Ministers noted with satisfaction the quality of the preparatory work carried out so far, in particular the "Results of the Commission/EFTA High Level Steering Group Meeting" of 20 October 1989; they welcomed the fact that the talks held between the Commission and the EFTA countries, speaking with one voice, had led to broadly convergent analyses of the scope and the content of a renewed framework for relations between the Community and all of the EFTA countries together.

They agreed that this work should continue in order to create the best possible conditions for entering into future negotiations.

5. In the light of the above discussions, they felt that this framework should ensure the greatest possible mutual interest for the parties concerned as well as the global and balanced character of their cooperation, and should in particular, on substance, fulfil the following objectives:

- to achieve the free movement of goods, services, capital and persons, on the basis of the relevant *acquis communautaire*, to be identified jointly; exceptions justified by considerations of fundamental interests, as well as transitional arrangements, could be matter for negotiation; equal conditions of competition should be ensured;
- to strengthen and to broaden cooperation in the context of the Community's actions in other areas, such as research and development, the environment, education, working conditions and social welfare, consumer protection, programmes for small and medium-sized enterprises and tourism;
- to reduce economic and social disparities between their regions.

6. They take the view that this framework should *inter alia* respect in full the decision-making autonomy of the parties.

In accordance with this principle negotiations should permit provision for:

- procedures which effectively ensure that both Parties' views are taken into account, so as to facilitate the reaching of consensus in decisions relating to the European Economic Space;

- appropriate formulae to ensure the direct effect of common legislation, surveillance of its implementation as well as judicial monitoring and the proper functioning, in general, of the agreement.
7. The negotiations between the Community on the one hand and the EFTA countries acting as a single interlocutor on the other hand shall have as their aim the conclusion of a comprehensive agreement covering both the substantive and the legal and institutional aspects mentioned above.
  8. They consider moreover that a political dialogue could be envisaged including at the ministerial level.

# European Free Trade Association 1989

## MEMBER COUNTRIES:

Austria      Finland      Iceland      Norway      Sweden      Switzerland

## CHAIRMANSHIP OF THE EFTA COUNCIL

January-June      Norway  
July-December      Iceland

## HEADS OF PERMANENT DELEGATIONS TO EFTA

Austria:      Franz Ceska  
Finland:      Olli Mennander,  
                  Antti Hynninen  
                  (as from 1 November)  
Iceland:      Sverrir Gunnlaugsson  
                  Kjartan Johannsson  
                  (as from 1 August)  
Norway:      Martin Huslid  
                  Erik Selmer  
                  (as from 15 August)  
Sweden:      Lars Anell  
Switzerland:      William Rossier

## EFTA STANDING COMMITTEES

Economic Committee  
Committee of Trade Experts  
Committee of Origin and Customs Experts  
Committee on Technical Barriers to Trade  
Group of Legal Experts  
Consultative Committee  
Committee of Members of Parliament of the EFTA Countries  
Committee on Agriculture and Fisheries  
Economic Development Committee  
Budget Committee

## EFTA SECRETARIAT

Secretary-General      Georg Reisch  
Deputy Secretary-General      Berndt Olof Johansson  
Secretary-General's Office      Director: Per Mannes  
Trade Policy Affairs      Director: Hanspeter Tschäni  
Legal Affairs      Director: Sven Norberg  
Economic Affairs      Director: Per Wijkman  
Specific Integration Affairs      Director: Jérôme Lugon  
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# **Overcoming Technical Barriers to Trade**

**The arrangements introduced by EFTA**

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# Overcoming technical barriers to trade

## **The arrangements introduced by EFTA**

Health and safety are among the reasons why governments and other national authorities lay down compulsory regulations for the composition or performance of a variety of types of product. Frequently the regulations differ from one country to another if only because they reflect national habits or practices and the choice available on the market. In the absence of internationally accepted standards the differences can restrict trade if a particular country requires products to be tested or inspected to ensure that they conform with national requirements.

It was to overcome that problem - the need for tests or inspections of imported products - that, starting in the late 1960s, a number of international arrangements were initiated under EFTA auspices. Although they originated in EFTA, it was always the intention that other countries should be able to take part. The arrangements are therefore entirely independent. In one of them, the Pharmaceutical Inspection Convention, as many as fourteen European countries are already taking part.

What is common to these arrangements is that the national authorities concerned may accept the findings of tests or inspections carried out in another country. This is commonly referred to as the reciprocal recognition of tests and inspections. For obvious reasons, an important element in any such system is that the authorities in the various countries involved should have confidence in the work and the standards of their counterparts in other countries.

The practical effect of these arrangements is that the manufacturer of a particular product, in one of the countries in which an arrangement is applied, can have the product tested or inspected in his own country to confirm that it meets the requirements of the country he wishes to export to. This can save time and money.

Two of these arrangements take the form of conventions which are signed by sovereign states. One of these, already mentioned, concerns the manufacture of pharmaceutical products, and one the hallmarking of articles of precious metals. In the other cases the arrangement is an agreement between the regulatory authorities in a number of countries.

A brief account of the state of these schemes and conventions at the end of 1989, with some notes on relevant developments during that year, is given in this report. It was prepared by the EFTA Secretariat which serves as the secretariat for each of the schemes and conventions.

A more general approach to the removal of a wide range of technical barriers to trade was taken in June 1988, when the EFTA countries signed the Tampere Convention for the "reciprocal recognition of test results and proofs of conformity". The Convention serves as an umbrella for sectoral agreements and obliges the EFTA countries to recognise, under specified conditions, the results of tests performed in another EFTA country to ensure that particular types of product conform to the relevant standards or technical requirements. EFTA has begun to work on the formulation of separate agreements to permit the reciprocal recognition of test results in particular sectors. These sectoral agreements are expected to provide a basis for arrangements that would produce the same effects between the EFTA countries and the EC.

### **Pharmaceutical Inspection Convention (PIC)**

The reciprocal recognition of inspections relating to the manufacture of pharmaceuticals is the key element in the Pharmaceutical Inspection Convention. Its aim is to help to remove obstacles to international trade while maintaining the necessary high standards for the manufacture of pharmaceutical products, in the interest of public health.

All medicines and similar products for human consumption which are subject to control under health legislation are covered by the PIC. It enables the countries participating to exchange such information as is necessary for a health authority to be able to ascertain that pharmaceuticals imported from another Convention country are manufactured in accordance with the standards applied under the Convention. Inspections carried out by national inspectors in the country where the product is manufactured are thus recognised by the country into which it is imported.

The Convention is an agreement between states: ten when it first came into force in 1971, fourteen at the end of 1989. Some are in the EFTA area (Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland), some in the EC (Denmark, the Federal Republic of Germany, Ireland, Portugal and the United Kingdom), and two in Eastern Europe (Hungary and Romania).

Seven other European countries have expressed interest in acceding to the Convention. The formalities for accession of Belgium, Italy and France are virtually complete; the other European countries concerned are Czechoslovakia, the German Democratic Republic, Luxembourg and Spain. Australia, Israel and Turkey have also indicated interest in acceding.

The Committee of Officials, which has the task of ensuring that the Convention works effectively and is applied in a uniform way, met in Geneva in April and in Baden, Austria, in September. The Committee agreed on new PIC rules of Good Manufacturing Practice (GMP) aligned to the EC rules.

The Committee also continued to give particular attention to the mutual training of national inspectors responsible for seeing that the standards of good manufacturing practice established under the Convention are observed in their countries. A key element here is the organising of seminars which make it possible for national inspectors to keep informed about the most up-to-date thinking on manufacturing standards and inspection techniques in the industry.

The eighteenth seminar was held in Baden, Austria, in September on the subject of "Contamination Risks in the Manufacture of Parenterals". It was attended by inspectors from the Convention countries and also from Australia, Belgium, Canada, Czechoslovakia, Luxembourg, the Netherlands, Italy and the United States.

## **Registration of pharmaceutical products**

Another aspect of the reliability of pharmaceutical products is the subject of an arrangement known as the PER scheme. This has been in operation since June 1979 and concerns not the manufacture but the registration of the products. The scheme aims at simplifying the process of obtaining, or granting, authority to market a new product in more than one country.

The scheme promotes the reciprocal recognition of evaluation reports. These are reports which evaluate the tests and scientific documentation submitted by the manufacturer when he first applied successfully for the registration of a particular new product. Though the evaluation of the tests and the documentation is an essential condition for registration, the drawing up of evaluation reports in a form that can be transmitted from one national registration authority to another is a concept specially introduced for the purpose of the scheme.

At the outset the scheme was in force in five EFTA countries: Austria, Finland, Norway, Sweden and Switzerland. It was extended to a sixth country, the first non-EFTA country, when the registration authority of the

Federal Republic of Germany began to participate in February 1986. The UK thereafter joined the scheme in March 1988 followed by Italy in March 1989 and Canada in February 1990, bringing the number of countries participating to nine. The Dutch authority has now requested participation.

The Committee, which met twice during the year, continued to follow relevant developments within the European Community, particularly arrangements concerning mutual recognition of assessment reports, and to deal with any matters relating to the efficient operation of the scheme.

## **Hallmarking**

The Hallmarking Convention - the Convention on the Control and Marking of Articles of Precious Metals - introduced the first international hallmark. Specifically, it enables national assay offices to apply common control marks to articles of gold, silver or platinum after they have tested the fineness of the metal or metals used. Articles bearing these hallmarks are accepted without further testing or marking by any of the countries taking part.

The operation of this Convention is supervised by a Standing Committee. At a meeting in February the Committee noted that 1,863,677 articles were marked with the common control marks in 1989, a substantial increase over the previous year.

Work continued on the coordination of the practices used in the Convention countries for assaying and marking the various types of article of precious metals.

The Convention first came into operation in 1975. It is in force in nine countries: Austria, Denmark, Finland, Ireland, Norway, Portugal, Sweden, Switzerland and the United Kingdom. The Netherlands is expected to join in the near future and France and Spain have also expressed their interest in acceding to the Convention. One of the conditions for membership is that an applicant country must have arrangements for the assay and marking of articles of precious metals which are sufficient for the country to comply with the requirements of the Convention.

## **Pressure vessels**

The scheme for the reciprocal recognition of tests and inspections carried out on pressure vessels has been in operation since 1 January 1971.

The scheme is in force in the following countries: Austria, Denmark, Finland, Iceland, Norway, Portugal, Sweden, Switzerland and the United Kingdom. Czechoslovakia has shown an interest in the scheme.

It applies to any static or transportable vessel for use on land which is intended to contain a fluid - liquid, steam or gas - at a pressure greater than atmospheric pressure. It does not apply to pressure vessels for use within the nuclear field which, in the case of failure, may cause a release of radioactivity.

A precondition of the use of the scheme is that the designs and calculations relating to the pressure vessel must first have been approved by the appropriate authority in the country into which it is to be imported. Then the complete range of tests required, apart from any that are normally performed on installation, can be delegated to a testing body in the exporting country, provided the testing body is recognised by the relevant authority in the importing country.

The national authorities participating in the scheme have drawn up model certificates for the export of pressure vessels to other countries covered by the scheme.

At their meeting in Geneva in May, the group noted developments with regard to the EFTA Convention on the mutual recognition of test results and proofs of conformity and in particular that an EFTA ad hoc group was preparing a sectoral agreement on simple pressure vessels. As usual the work in the EC in connection with the directive on simple pressure vessels and the relevant standardisation work taking place in CEN (the European Committee for Standardization) was followed with interest.

## **Ships' equipment**

The scheme for the reciprocal recognition of tests and inspections carried out on ships' equipment has been in force since 1 January 1971. It applies to any kind of equipment for ships, including life-saving appliances and fire-fighting equipment, which is subject to the requirements and approval of a national authority. It is in use in ten European countries: Denmark, Finland, the Federal Republic of Germany, Iceland, the Netherlands, Norway, Portugal, Sweden, the United Kingdom and Yugoslavia.

Representatives of the national authorities taking part in the scheme met in April. On the basis of national reports on the working of the scheme they found that it continued to function to their satisfaction.

The drawing up or revision of "common requirements" for various items of ships' equipment continued to be an important feature of the cooperation between the national authorities. These common requirements are not international standards. They simplify the operation of the scheme by expressing the elements that are common to the national requirements of the countries participating. In part, the work involved revising common requirements already accepted in order to take into account amendments

to the International Convention for the Safety of Life at Sea that entered into force on 1 July 1986.

Under the scheme there are now common requirements for: lifeboat engines, electro-hydraulic steering gear for passenger ships, the design and construction of lifeboat davits and winches, glass-fibre reinforced plastic lifeboats, inflatable life-rafts, lifeboat covers, non-portable fire extinguishers, magnetic compasses, the performance of pilot hoists, self-contained breathing apparatus for firemen on board ships, totally enclosed lifeboats, gangways and accommodation ladders, life-jackets, the type testing of fire alarm cabinets and of electrical component parts for fire alarm and detection systems, hydrostatic release units and double-compartment inflatable work vests and thermal protective aids.

### **Gas appliances**

The scheme for the reciprocal recognition of tests and inspections carried out on gas appliances covers any appliance that uses town gas, natural gas or liquefied petroleum gas and is subject to approval by a national authority. It came into operation on 1 August 1972 and is in force in Austria, Denmark, Finland, Iceland, Italy, Norway, Portugal, Sweden, Switzerland and the United Kingdom. Czechoslovakia has shown an interest in the scheme.

Little use has been made of the scheme, however, and few licences have been granted under it.

The main part of the last meeting of the approval bodies, which was held in October 1988, was devoted to a discussion of the draft EC proposal for a Council Directive on appliances burning gaseous fuels and the standardisation work on gas appliances taking place in CEN.

### **Agricultural machines and tractors**

The scheme for the reciprocal recognition of tests carried out on agricultural machines and tractors has been in operation since 1 September 1972. Tests for operational safety and ergonomics and for safety in road traffic are the subject of the scheme. It applies to any machine, implement or vehicle for use in agriculture, horticulture or forestry, and to their accessories, provided they are subject to approval by national authorities. Electrical equipment is not included in the scheme.

At their meeting in October, representatives of the national authorities participating in the scheme found that it continued to work satisfactorily. Certain test procedures agreed internationally in the OECD and the ECE are accepted under it. This does not, however, prevent the participating

authorities from imposing additional tests which are laid down in their national requirements.

The scheme is in force in eight European countries: Austria, Denmark, Finland, Norway, Portugal, Sweden, Switzerland and the United Kingdom. Czechoslovakia and the Soviet Union have shown an interest in the scheme.

### **Heating equipment using liquid fuel**

The scheme for the reciprocal recognition of tests and inspections of heating equipment using liquid fuel has been in force since 1 January 1978. Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland participate in it. The scheme concerns all appliances subject to national approval that use liquid fuel for heating purposes. They include oil burners, domestic boilers, air heaters and dryers, oil stoves with flue connections, portable heaters and portable cooking and lighting appliances.

Use of the scheme remains limited. Type-testing of equipment of these kinds is not compulsory in all the seven countries concerned. Some countries use electricity rather than liquid fuel. Some import mostly from countries outside the scheme.

As a means of encouraging the application of the scheme, testing procedures and standard test reports were again on the agenda of the participating approval bodies at their annual meeting in September.

### **Lifting appliances**

The scheme for the reciprocal recognition of tests and inspections carried out on lifting appliances came into force on 1 January 1978. Austria, Finland, Iceland, Norway, Sweden and Switzerland participate in the scheme. Czechoslovakia has shown an interest in it.

The scheme covers all kinds of lifting, handling, loading and unloading machinery, including building cranes, harbour cranes, deck cranes, lifts for passengers or goods, escalators, ski lifts, mine lifts and fork lift trucks. Tests or inspections required after the installation of the equipment are excluded.

The authorities participating in the scheme are following with interest the work taking place in CEN and the recent developments within the EC concerning lifting appliances.

## List of publications

### Texts of the conventions and reciprocal recognition schemes

The years mentioned are those in which each convention or scheme first came into force,

Convention for the Mutual Recognition of Inspections in respect of the Manufacture of Pharmaceutical Products. 1970. Bilingual English-French, German, and Italian.

Convention on the Control and Marking of Articles of Precious Metals. 1972. Bilingual English-French.

Scheme for the reciprocal recognition of tests and inspections carried out on Pressure Vessels. 1971. English, French and German.

Scheme for the reciprocal recognition of tests and inspections carried out on Ships' Equipment. 1971. English, French and German.

Scheme for the reciprocal recognition of tests carried out on Agricultural Machines and Tractors. 1972. English, French and German.

Scheme for the reciprocal recognition of tests and inspections carried out on Gas Appliances. 1972. English, French, German.

Scheme for the reciprocal recognition of tests and inspections carried out on Lifting Appliances. 1978. English, French and German.

Scheme for the reciprocal recognition of tests and inspections carried out on Heating Equipment using Liquid Fuel. 1978. English, French and German.

Scheme for the reciprocal recognition of Evaluation Reports on Pharmaceutical Products. 1979. Revised 1986. English, French and German.

Convention on the mutual recognition of test results and proofs of conformity (the Tampere Convention). English.

### Pharmaceutical Seminars

The places and dates mentioned are those of the seminars. The texts were all published in Geneva several months later. The price of each of these seminar volumes is 15 Swiss francs.

Sampling and analytical control. Edinburgh, September 1973. English.

Manufacture and quality control under contract. Berne, July 1974. English.

The manufacturer's quality control department. Structural and functional aspects. Copenhagen, June 1975. English.

Stability of pharmaceutical products. Salzburg, June 1976. English.

Modern Methodology for the isolation, identification and quantification of drugs and related substances. Uppsala, June 1977. English.

Good manufacturing practice in tablet manufacture. Sunningdale, March 1978. English.

Large volume parenterals. Oslo, June 1978. English.

Inspection in tablet manufacture. Copenhagen, June 1980. English.

Good manufacturing practice in the manufacture of active ingredients. Liestal/Basle, June 1980. English.

Pharmaceutical Inspection Convention: collected papers of 10th anniversary symposium. Geneva, May 1981. English. (Free).

Application of GMP rules in the control laboratory. Budapest, June 1981. English.

Validation. Dublin, June 1982. English.

Safety aspects of the packaging of pharmaceutical products. Lisbon, June 1983. English.

Requirements of good manufacturing practice and quality control in the production of biological products. Frankfurt am Main, May 1984. English.

Premises for pharmaceutical manufacture. Oslo, June 1985. English.

Plastics and their pharmaceutical applications. Sigtuna, June 1986. English.

The business of pharmaceutical inspection. Cambridge, September 1987. English.

Water for pharmaceutical purposes. Jongny, September 1988. English.

## **Brochures enlisted under the auspices of the Pharmaceutical Inspection Convention**

The price of each of these brochures is 5 Swiss francs.

Basic Standards of Good Manufacturing Practice for Pharmaceutical Products (PH 3/1983). Prepared by EFTA Working Party on Pharmaceutical Inspections. Revised in 1983. Trilingual English, French and German.

Guidelines for the Handling of Starting Materials (PH 2/1973). Trilingual.

Guidelines for the Manufacture and Analysis under Contract (PH 3/1976). Trilingual.

Guidelines for the Manufacture of Sterile Products (PH 1/1981). Trilingual.

Guidelines for the Packaging of Pharmaceutical Products (PH 1/1984). English and German.

Guidelines for Good Pharmaceutical Control-Laboratory Practice (PH 5/1985). English and German.

Guidelines for the Manufacture of Active Pharmaceutical Ingredients (PH 2/1987). English and German.

These guidelines are annexes to the brochure on basic standards for the manufacture of pharmaceuticals.

Guide to Good Manufacturing Practice for Pharmaceutical Products (PH 5/1989). The Guide will replace, not later than 1 January 1992, the PIC Basic Standards of GMP (PH 3/1983) and supplementary Guidelines (PH 2/1973, 3/1976, 1/1981, 1/1984, and 5/1985). Price: 10 Swiss francs.

