

40th

In Commemoration of EFTA's 40th Anniversary

foreword



When the achievements of the European Free Trade Association are measured against the fundamental objectives set by its founding states there is ample reason to celebrate the 40th Anniversary of the Association. The core objectives were to increase the economic prosperity amongst its Member States, to build a bridge to other European countries and to contribute to the expansion and liberalisation of world trade. On the threshold of a new century, the economically prosperous EFTA States enjoy solid co-operation with their partners in the European Union through the European Economic Area (EEA) and other arrangements, while they continue to forge trade and co-operative links with countries and regional groupings in Europe and beyond.

Perhaps the most important contribution of EFTA in shaping the European architecture of today lies in its historic role as a bridge-builder. Firstly, it was through a joint EFTA initiative that the free trade agreements with the EC were negotiated in the early 1970s, laying the foundation for intensified EFTA-EC co-operation in the 1980s, which culminated in the creation of the European Economic Area, which now enables three EFTA States to participate as fully-fledged members in the Single Market. Hence, even during periods when the EC was more concerned with the development of its internal relations, the EFTA States were able to avoid exclusion from this market of utmost importance to their economic and political interests. Today, EFTA is the second largest trading partner of the EU.

EFTA has served as a bridge-builder in the process of European integration in another sense. The Association was never meant to be an end in itself. Rather, EFTA was and is a means to an end; an association of states pooling their forces to obtain shared common goals. Along the way, some members chose to join what is now the EU; an organisation of a quite different nature and with a



more far-reaching agenda than EFTA. The EFTA experience and the gradual bridge-building to the EC side undeniably facilitated the eventual accession to the EC of several EFTA members. Through enhanced co-operation with the EC, EFTA countries became more familiar with its functions and structures and, hence, membership became more of a viable option. In this perspective, EFTA has been a victim of its own success.

Enjoying a sound relationship with the EU and true to its objective of promoting the expansion of free trade, EFTA has in the past decade built up the second largest trade network in the world after the EU, extending to non-EU countries and beyond the confines of Europe. On the threshold of its 40th Anniversary, EFTA is about to add a transatlantic dimension to this network by concluding free trade negotiations with Canada. EFTA will continue its efforts to forge new links in other parts of the world, wherever the shared interests of its Member States are at stake.

The four EFTA countries are small, but prosperous. When looking at EFTA's economic standing in comparative terms, it becomes clear that the association of the EFTA countries makes political and economic sense. They are attractive trade partners measured against any standard. The figures and statistics presented in this commemorative publication speak for themselves. Compared to other regional groupings in the world, the EFTA countries rank number one in terms of GNP per capita. They have the highest export per capita ratio and exports drive their impressive economic growth. Unemployment is notably lower than in most other OECD countries and inflation is under control. These and other economic factors are testament to EFTA's success in achieving its goal of prosperity and illustrate the importance of the Association in global trade.

Since its creation 40 years ago, EFTA has been successful in adapting to the dramatic changes that the world has undergone. The market

economy has become the universal economic model. Rapid technological advances have unleashed the twin forces of trade liberalisation and globalisation. The new millennium will usher in further transformation of international relations based on increased co-operation and prosperity. The future tasks of EFTA are numerous. There are bridges to be built to extend EFTA's trade network to the peripheries of an enlarged Europe, as well as to Asia, Africa and across the Atlantic. There are issues of growing importance in the global economy which must be dealt with. Numerous challenges such as environmental protection, labour rights, public health and consumer protection are becoming ever more pressing.

There is also a role for EFTA to play in bringing the countries of Europe together. As the EU welcomes new members from Central and Eastern Europe, EFTA also welcomes their participation in the European Economic Area. EFTA, which has already concluded free trade agreements with the Central and Eastern European countries, is ready to further intensify its relations with the countries in question and to align its strategy with that of the EU to assist its European neighbours in becoming fully-fledged members of the European family.

Forty years ago when EFTA was established, Western European countries were seeking ways and means to develop closer co-operation amongst themselves. Today, not only Europe, but also the whole world, is rapidly becoming more integrated, in no small measure due to the expansion of free trade. EFTA is proud of the part it has played in the shaping of this transformed international environment and looks forward meeting the challenges of the future.

Kjartan Jóhannsson
Secretary-General of EFTA

40th A Continuing Saga of Achievement

Measured against the objectives that EFTA set itself forty years ago in the EFTA Convention, its achievements are impressive. Its key first objective of promoting continuous improvement in living standards in the EFTA States has clearly been met over the past 40 years. The second and third objectives of securing fair competition and conditions for supply of raw material within the area were met many years ago. The fourth objective, of contributing to harmonious development and expansion of world trade continues to drive EFTA's work. It is this objective which has allowed EFTA to continue to look forward and outwards, and to adapt to changing circumstances in a creative and, for its Member States, very beneficial manner. The success of EFTA's forty years of existence has proven, beyond any doubt, that the Association makes economic sense.

For Iceland, participation in EFTA, which we joined in 1970, has been invaluable. As a small country heavily reliant on external trade, it is clear that we must be competitive on world markets and that we must have a voice on the global stage. While ensuring fair trading terms for our main product, fish, we have also needed to create trading opportunities that would allow for diversification when the time came. The special terms we enjoy under the EFTA Convention considerably improved the conditions for our export of industrial goods. With marine products constituting over 70% of our exports of goods, free trade in fish and other marine products were of a paramount significance for the further development of the Icelandic economy. As of 1 July 1990 trade in fish products was fully liberalised. This has since been a fundamental EFTA policy and is at the very basis of Iceland's participation in the Association.

The economic and business environment in Iceland has changed considerably over the years. EFTA has been central to our success in aligning our practices to international standards at the same time as organising our external trading relations.

As the European Union has grown in economic and political might, the ability to establish firm and consistent relations with this major trading partner has become crucial. While negotiation between a small country and a large block can be difficult, the European Free Trade Association proved to be an effective bridge to the European Union. This bridge first took the form of free trade agreements between the EFTA States and the EC in the early seventies. This was further reinforced by the so-called Luxembourg process and culminated in the EEA Agreement for most EFTA States. Through the EEA, Iceland, together with its EEA EFTA partners, has been able to participate in the EU's single market and in a wide range of co-operation programmes operated by the EU. In effect, EFTA has given Iceland a middle way between joining the EU and staying outside the walls of Europe.

Just as EFTA has proved to be an effective vehicle for conducting relations with the EU, so it has also been able to structure relations with non-EU countries both in and outside Europe. Iceland has been able, together with its partners, to establish free trade arrangements with fourteen countries and has thus ensured a level playing field for its own operators.

It is no exaggeration to say that EFTA has been an important aid in ensuring that the citizens of my country have maintained and improved their living standards in an increasingly competitive world. We can expect the trends of globalisation to continue. New and promising free trade partners, further afield, continue to emerge. The Association is now in the process of building a free trade bridge over the Atlantic. Since the conclusion of the EEA Agreement, the negotiations on a free trade agreement with Canada are EFTA's greatest challenge.



But EFTA is not only about trade. I believe that the EFTA countries share many of the same values and have grown closer together over the years. The two EFTA advisory bodies, the Parliamentary Committee and the Consultative Committee, have doubtless assisted this process. They have been valuable partners and provided very useful input into the deliberations of both EFTA and EEA bodies, as well as providing a forum for increased understanding between Parliamentarians and social partners in our countries.

Our thanks and appreciation also go to the highly professional staff of the EFTA Secretariat, past and present, who have served the Association so well. Their accumulated expertise has been an invaluable resource for all the Member States.

To conclude, I would like to reiterate the words of the Declaration we adopted at our last Ministerial meeting in Geneva, 13 - 14 December 1999.

We stated that adaptability and pragmatism have been the great strength of the Association and that the success of EFTA in serving its Member States' political and economic objectives bears witness to this. I rest assured that Iceland will be able to rely on its EFTA partners and on the EFTA Secretariat in continuing developments, both in Europe and beyond.



Halldór Ásgrímsson
*Minister for Foreign Affairs
and External Trade, Iceland*

40th EFTA's Contribution to the Economic and Political Development of Liechtenstein

It has been a tradition within EFTA to celebrate anniversaries every five years. At the 35th anniversary of EFTA, in 1995, Liechtenstein participated as a full member for the first time, having become EFTA's newest member in 1991. However, my country's links with EFTA date all the way back to its establishment. Taking into account the customs union between Switzerland and Liechtenstein, the founding members signed not only the Convention establishing the European Free Trade Association in Stockholm on 4 January 1960, but also a Protocol relating to the application of the Convention to Liechtenstein. A similar approach was used twelve years later when the EFTA States, numbering six at the time, negotiated agreements with the European Coal and Steel Community (ECSC) and with the European Economic Community (EEC). Liechtenstein's continuous and steadily growing informal participation in the work of EFTA and its wish to participate fully in the EEA negotiation process finally led to full and formal EFTA membership in 1991.

When EFTA was founded 40 years ago, Liechtenstein had just laid the foundation for the future, in which its economic structure and its society would be completely transformed, changing Liechtenstein from a largely agricultural country to a modern industrial State. Since that time, its development has been remarkable indeed.

Comprising a wide variety of high-tech industrial goods, Liechtenstein's exports amount to 4 billion Swiss francs, as opposed to 40 years ago, when the value of exports was 2% of the current figure. The production sector now provides over 7000 jobs in Liechtenstein and two to three times as many in subsidiaries of Liechtenstein companies abroad.

It goes without saying that the benefits stemming from free trade through the EFTA Convention and the agreement with the EEC on free trade in industrial goods have been of paramount importance to our export industry.



As a small economy with no significant domestic market, production is almost entirely for export. Liechtenstein depends heavily on open markets and, like the other EFTA States, has always believed in the virtue of free trade. To this end, my country has always welcomed, and will continue to welcome, the extension of EFTA's network of Free Trade Agreements. The achievements of the EFTA States in this respect can indeed be called a success.

Our membership in EFTA constitutes the basis for our close relations with the EU. The EEA Agreement provides us with an efficient and effective framework for these relations. Liechtenstein is committed to intensifying and deepening its relations with the EU on this basis. The EEA Agreement entered into force for Liechtenstein on 1 May 1995 and represented a radical step for my country, requiring concentrated action at the political and administrative levels over an extended period of time, as well as far-reaching legal and organisational adjustments, not least in order to preserve our customs union with Switzerland. However, our efforts have been worthwhile – the outcome has been largely positive. The beneficial economic impact has been recognised and the EEA Agreement is well accepted as a form of integration adapted to our needs and possibilities.

I would like to conclude by wishing EFTA every success for the future, which, as we all know, will be shaped by many possible developments. Right now, EFTA serves its member States well and we are pleased and proud to be one of them.



Andrea Willi
Minister for Foreign Affairs,
Liechtenstein

Liechtenstein

40th EFTA

Still Going Strong after Forty Years

EFTA is currently celebrating its 40th anniversary as a small but efficient organisation that safeguards the economic interests of its Member States. When the EFTA family was reduced from 7 to 4 members in 1995, many people predicted that this would be the end of the organisation. However, EFTA has once again demonstrated an ability to adapt to changed circumstances.

When it was established 40 years ago, EFTA was comprised of a group of Western European countries that did not opt for membership of the European Communities (EC). Today, six of the former EFTA members have left to become members of the European Union.

The close integration between the EU and EFTA has made these transitions relatively easy. Free trade agreements between the EFTA countries and the EC were concluded in 1972, and the entry into force of the EEA Agreement more than six years ago extended the European Single Market to three of the four EFTA countries. Although a relatively new agreement, it is an important and dynamic one.

EFTA has also made increasingly active efforts to develop its relations with other European countries. The end of the cold war meant that cooperation and free trade relations could be extended to include new democracies in Central and Eastern Europe and the Baltic States as they made the transition to a market economy. EFTA seized this opportunity, developing a policy in collaboration with the EU to enhance cooperation and free trade relations with these countries. Today, we are witnessing the results of more than 10 years of sustainable effort, a network of interlinked agreements in Europe creating a free trade area encompassing 30 countries.

During the 1980s, EFTA also developed close cooperation with former Yugoslavia, a process that was interrupted by the tragic events in this region during the 1990s. As this difficult period is now hopefully coming to an end, EFTA should continue to take responsibility for developing cooperation with countries that respect democratic rules and share a common set of values.



In 1995 EFTA broadened the scope of its cooperation to include for the first time countries and regions outside the European continent. This policy was based on the principle of parallelism vis-à-vis partners in the EU, and was intended to prevent EFTA companies from being discriminated against in other markets.

The EFTA countries support the objectives of the Barcelona process and the creation of an Euro-Mediterranean free trade zone. Encouraged by these initiatives, we are currently concluding free trade agreements in parallel with the EU association agreements. I believe that economic integration leading to a Euro-Mediterranean free trade zone will have positive effects on stability and economic development in the entire region.

The perspectives for cooperation in the Western Hemisphere have also become broader. We are in the final phase of negotiations for our first transatlantic free trade agreement with Canada, and the establishment of transregional agreements with other partners is also under consideration.

All in all, EFTA is a vital organisation that is continuing to develop its role in fostering regional and transregional trade and contributes in a very real way to the economic prosperity of its member countries. These 40 years have clearly shown that EFTA has a part to play in European economic cooperation and integration. I am confident that its ability to adapt to change will enable it to meet and deal successfully with the challenges of the century that lies ahead.

Thorbjørn Jagland
*Minister for Foreign Affairs,
Norway*



The Significance of EFTA for Switzerland



In the course of the past four decades EFTA Countries have been remarkably successful in promoting cooperation between themselves. This cooperation has brought additional economic benefits, permitted them to make a contribution to the European construction and provided them with a basis to extend their special relations outside Western Europe in a first phase now even and beyond.

Despite the departure of Austria, Finland and Sweden, EFTA is not as small as may seem at first glance; its main trading partner is the EU and EFTA ranks as its second largest trading partner, after the United States. EFTA's foreign trade also amounts to over 250 billion dollars, a figure that is roughly equivalent to the combined foreign trade of the very ASEAN countries often described as Asian Tigers! EFTA is evidently able to play a significant role, not only in the context of European integration, but also in a wider sense, through the promotion and the establishment of free trade relations beyond Europe.

Third country policy of the EFTA States has become an important part of EFTA activities, which is not only in the interest of, but is even vital for, Switzerland in order to maintain one of the highest per capita export of goods (10'000 USD) and to increase Switzerland's share of world markets. The past years have shown that it pays to be part of this multilateral, well established group and that it is easier to gain the attention of trading partners than as a free-standing country. EFTA today consists of likeminded countries deeply committed to free trade.

One major achievement of recent EFTA third country policy was the linking-up of all European countries in a single free trade network for originating products (the so-called paneuropean cumulation), an action which is particularly important for certain sectors of Swiss industry. In addition, the EFTA States and Switzerland also wished to contribute to the reconstruction of the former communist countries and to the welfare of the Mediterranean countries by stimulating market economy principles and, in broader terms, by bringing about economic prosperity as a means to consolidating political stability and democracy.

With regard to the future, the present track in third country relations will be pursued. On the one hand, existing agreements could be deepened and expanded in tandem with international developments, and on the other, new agreements could be concluded whenever and wherever it seems to be politically and economically attractive and appropriate. The pattern which EFTA followed over past years was to establish relations between EFTA and individual countries. Even if this approach is likely to continue in the cases of Canada, Mexico, Chile or South Africa, future trends increasingly appear to be pointing towards relations between regional groupings such as Mercosur, ASEAN, or the Gulf Cooperation Council (GCC), with which talks have already started with some.

*Federal Councillor,
Pascal Couchepin,
Minister of Economic Affairs,
Switzerland,*



EFTA

Facts and Figures

The European Free Trade Association is a free trade area comprising four small open economies:

The Republic of Iceland

The Principality of Liechtenstein

The Kingdom of Norway

The Swiss Confederation

The core activities of EFTA are:

- The monitoring and management of relationships between the EFTA States on the basis of the Stockholm Convention, which is the legal basis of the Association. The EFTA countries have eliminated barriers amongst themselves for industrial products but do not apply a common external tariff.
- The management of relations with the European Union which are based on the European Economic Area Agreement, through which three of the EFTA States (Iceland, Liechtenstein and Norway) participate in the Single Market. Switzerland's relations with the EU is based on bilateral agreements.
- The development and management of free trade relations with non-EU countries and regional groupings in Europe and beyond.

	ICELAND	LIECHTENSTEIN	NORWAY	SWITZERLAND
Population (millions)	0,28	0,03	4,4	7,1
Land area (1000 km ²)	103	0,16	323,9	41,3
Capital	Reykjavík	Vaduz	Oslo	Bern

EFTA: facts and figures

In 1998 EFTA had

- ▶ a combined GDP of US\$ 419 billion
- ▶ a GDP per capita of US\$ 35,505
- ▶ a total trade of US\$ 240 billion representing 57 % of the EFTA combined GDP and 2.2 % of world trade
- ▶ the highest export per capita ratio of all regional groupings in the world (US\$ 10,419 per capita)
- ▶ GDP growth ranging from 2.1 % to 5.0 %
- ▶ an average unemployment rate of 3.4 %
- ▶ an average inflation rate of 1.1 %
- ▶ a gross government debts of 46,2 % of GDP (on average)
- ▶ a government financial balance ranging from 0.0 % to 3.9 % of GDP (on average)

The EFTA free trade network

Entities and countries with which EFTA has a Free Trade Agreement (FTA):

Bulgaria
Czech Republic
Estonia
Hungary
Israel
Latvia
Lithuania
Morocco
Palestinian Authority
Poland
Romania
Slovak Republic
Slovenia
Turkey

Entities with which EFTA States have bilateral FTAs:

The European Union*
Faroe Islands

Countries with which EFTA has a Declaration on Co-operation:

Albania
Egypt
Jordan
Lebanon
Macedonia
Tunisia

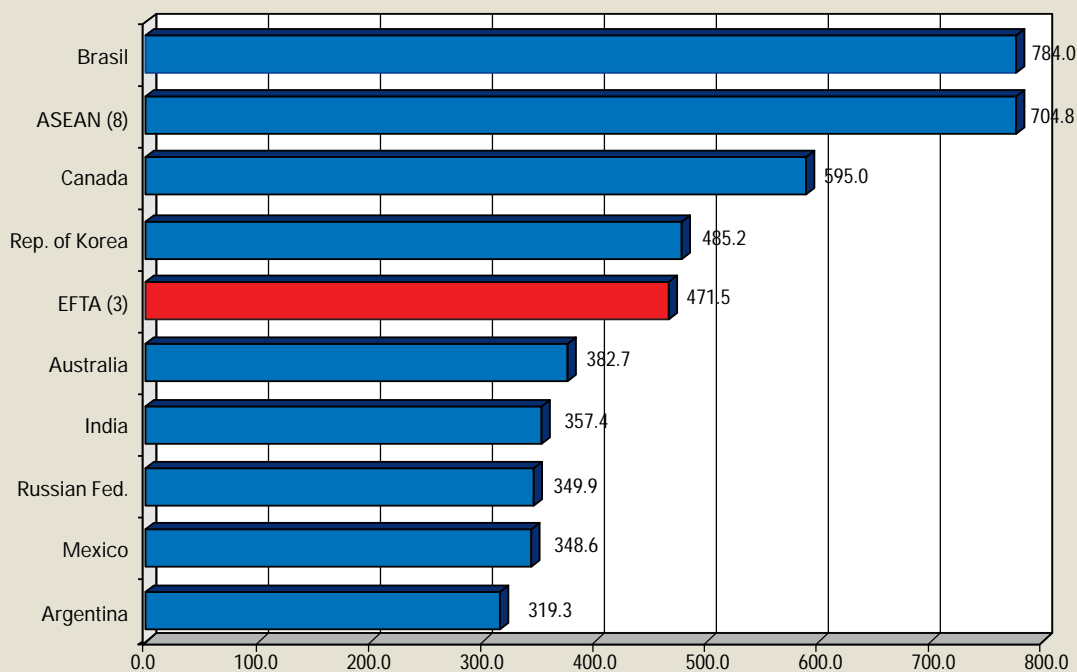
Countries with which EFTA has started negotiations on an FTA:

Canada
Cyprus
Egypt
Jordan
Macedonia
Tunisia

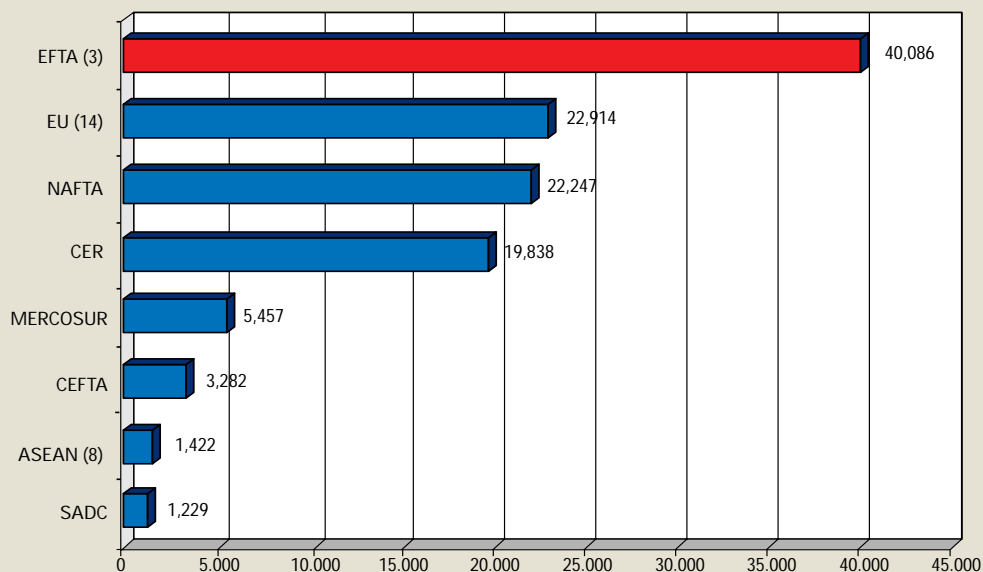
* Iceland and Norway have bilateral free trade agreements with the EU in addition to their membership in the EEA. Switzerland has a bilateral agreement with the EU. Due to its customs union with Switzerland, Liechtenstein is covered by the Swiss - EU Agreement in addition to its membership in the EEA.

Small but... Prosperous

GNP of Selected Countries and Regional Groupings (1997)



GNP per Capita of Major Regional Groupings (1997)



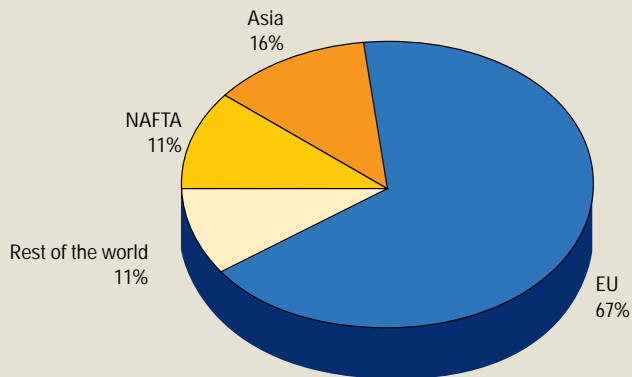
Top 25 countries in terms of GNP/capita (1997)

COUNTRY	GNP/CAPITA (in US\$)
1. Switzerland	43,064
2. Japan	38,164
3. Norway	36,097
4. Denmark	34,888
5. Singapore	32,807
6. United States	29,081
7. Germany	28,280
8. Austria	27,920
9. Iceland	27,028
10. Belgium	26,730
11. France	26,305
12. Sweden	26,207
13. Netherlands	25,825
14. Hong Kong, China	25,197
15. Finland	24,786
16. United Kingdom	20,866
17. Australia	20,651
18. Italy	20,174
19. Canada	19,645
20. Ireland	17,792
21. New Zealand	15,831
22. Spain	14,486
23. Taiwan	13,134
24. Greece	11,636
25. Portugal	11,008

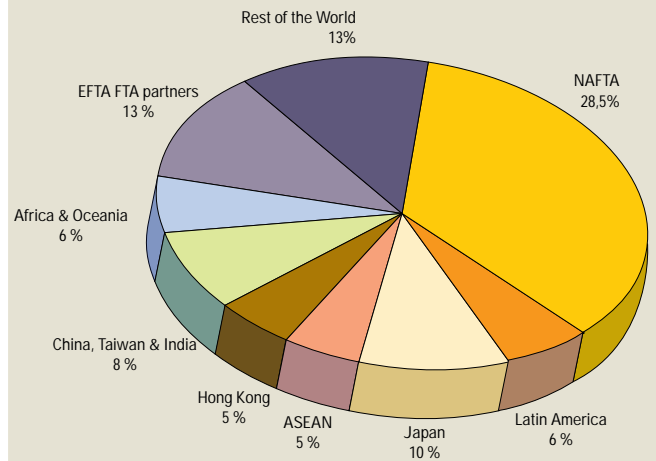
Note: Figures on the GNP of Liechtenstein and Luxembourg are not available.

EFTA's External Trade

EFTA's exports to the world (1998)



EFTA's exports to non-EU countries (1998)

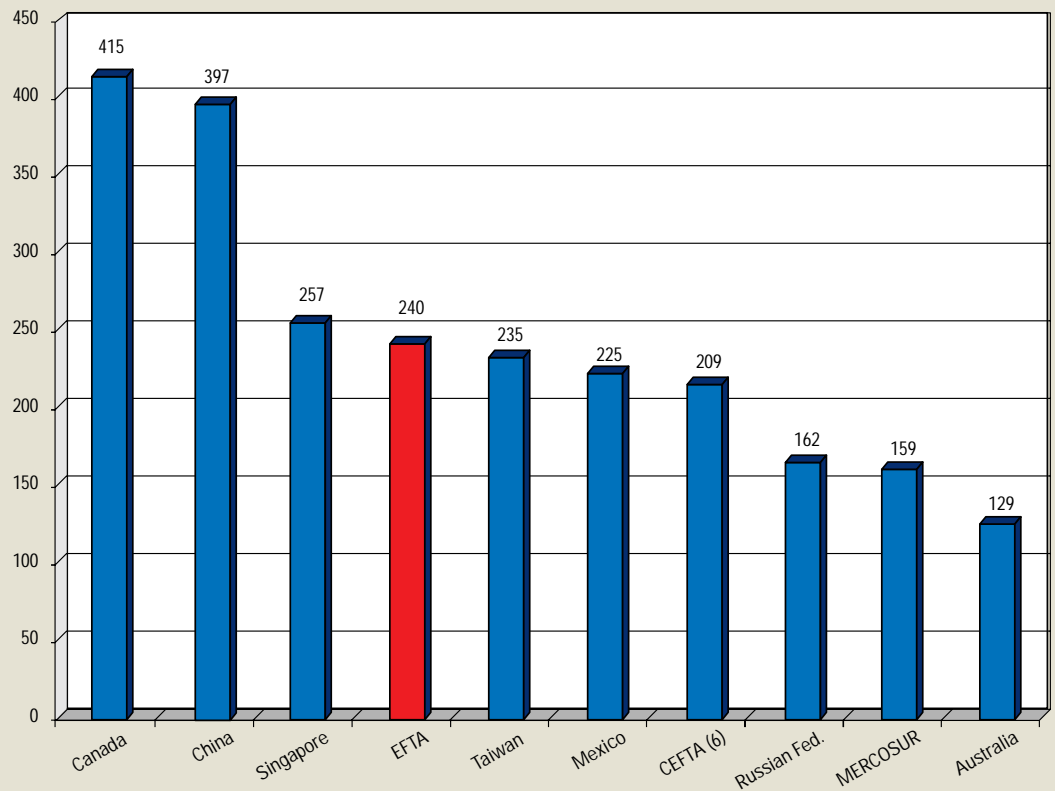


The EU's main trading partners (1998)

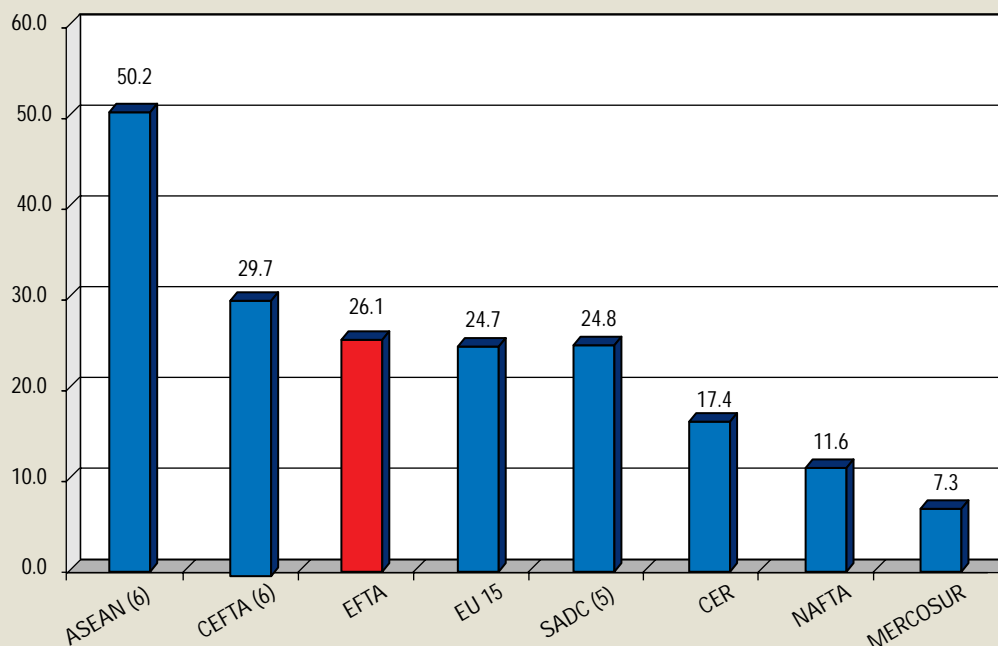
Country in rank	Trade	% in billion ECU
1. USA	311.5	21.6
2. EFTA	163.9	11.4
3. Japan	97.0	6.7
4. China	59.1	4.1
5. Russia	44.1	3.1

Merchandise trade of selected countries and regional groupings

(in billion US dollars, 1997)



Exports as a % of GNP of selected regional groupings (1998)



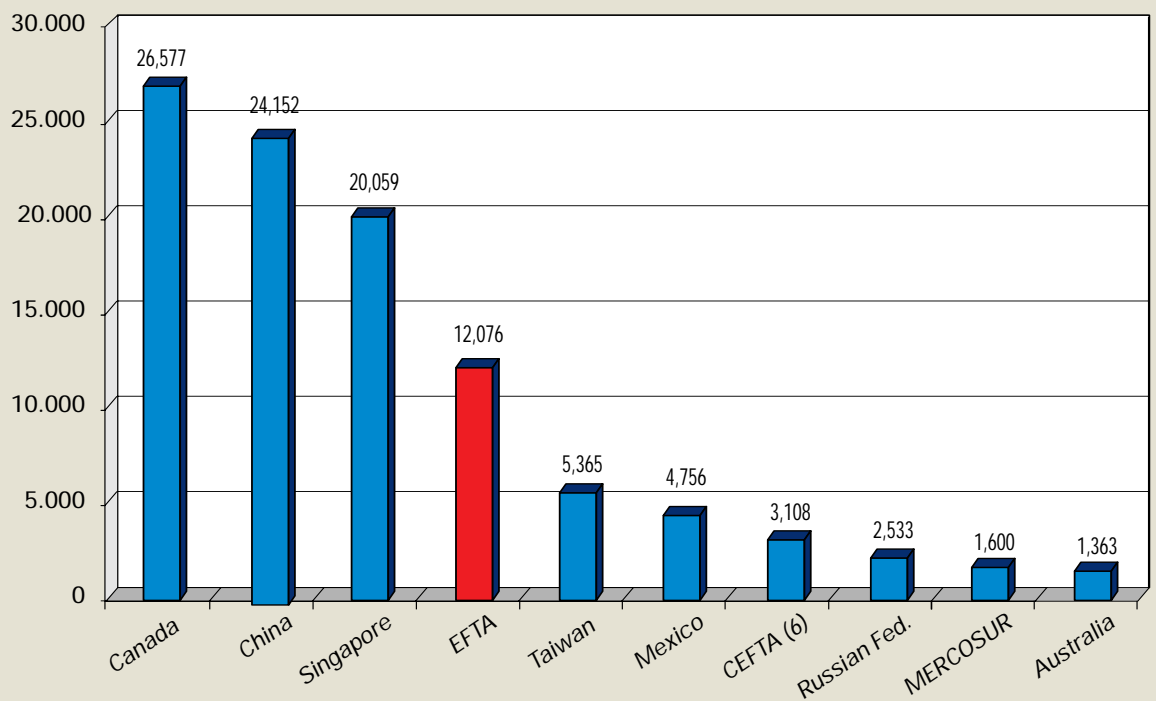
Per capita export of goods (1997)

Country in rank	Export/capita (in US\$)
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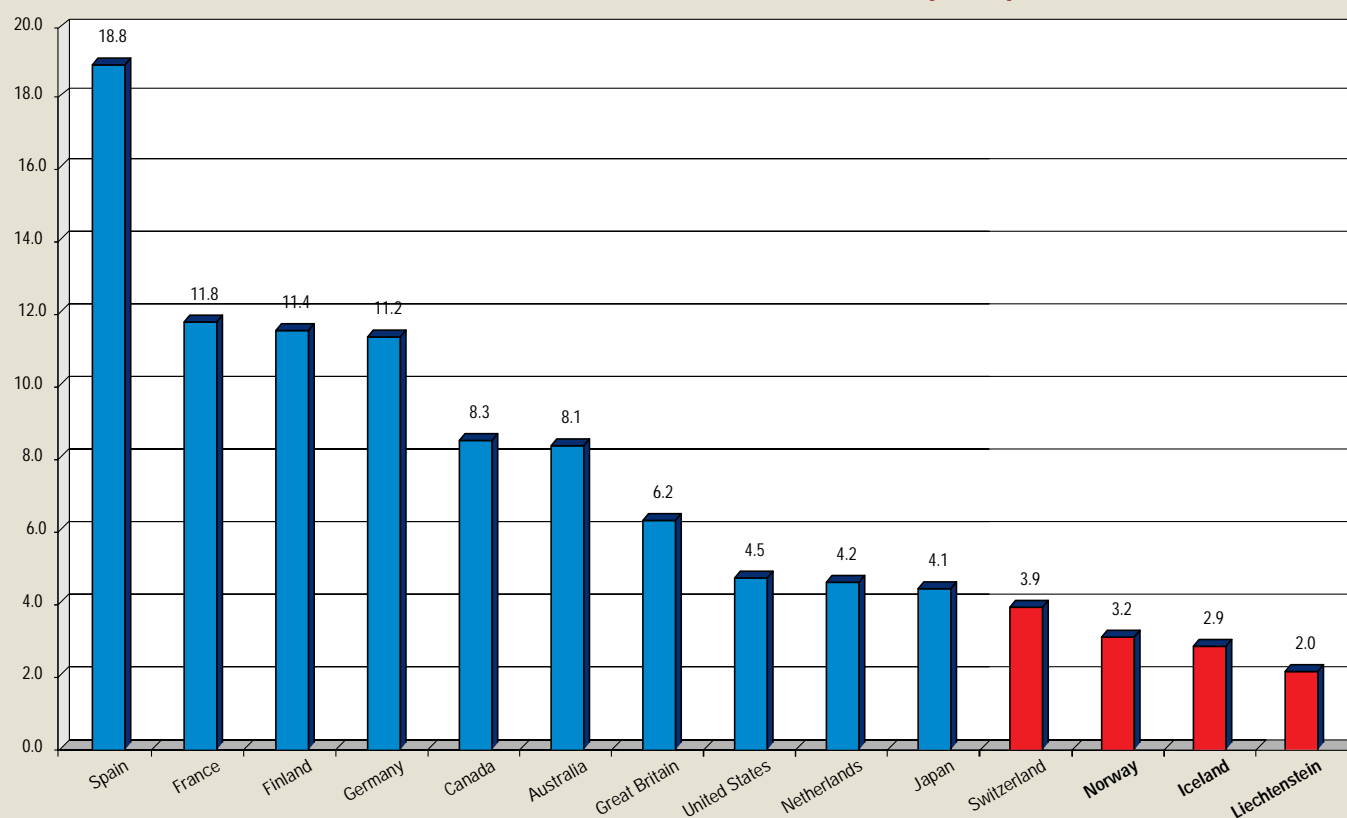
1. Singapore	40,266 *
2. Hong Kong, China	28,923 *
3. Norway	11,022
4. Switzerland	10,228
5. Canada	7,080
6. Iceland	6,834
7. European Union (15)	5,654
8. Taiwan	5,584
9. Slovenia	4,216
10. New Zealand	3,777

Foreign Direct Investment

Outward investment of selected countries
and regional groupings (1998)



Unemployment rates in EFTA in comparison with some OECD countries (1998)



1998

ICELAND

LIECHTENSTEIN

NORWAY

SWITZERLAND

GDP growth (%)

5.0

na

2.1

2.1

Inflation (%)

1.7

0.2

2.6

0.2

Unemployment (%)

2.9

2.0

3.2

3.9

Government gross
debt (% of GDP)

45.6

na

33.4

53.5

Government financial
balance (% of GDP)

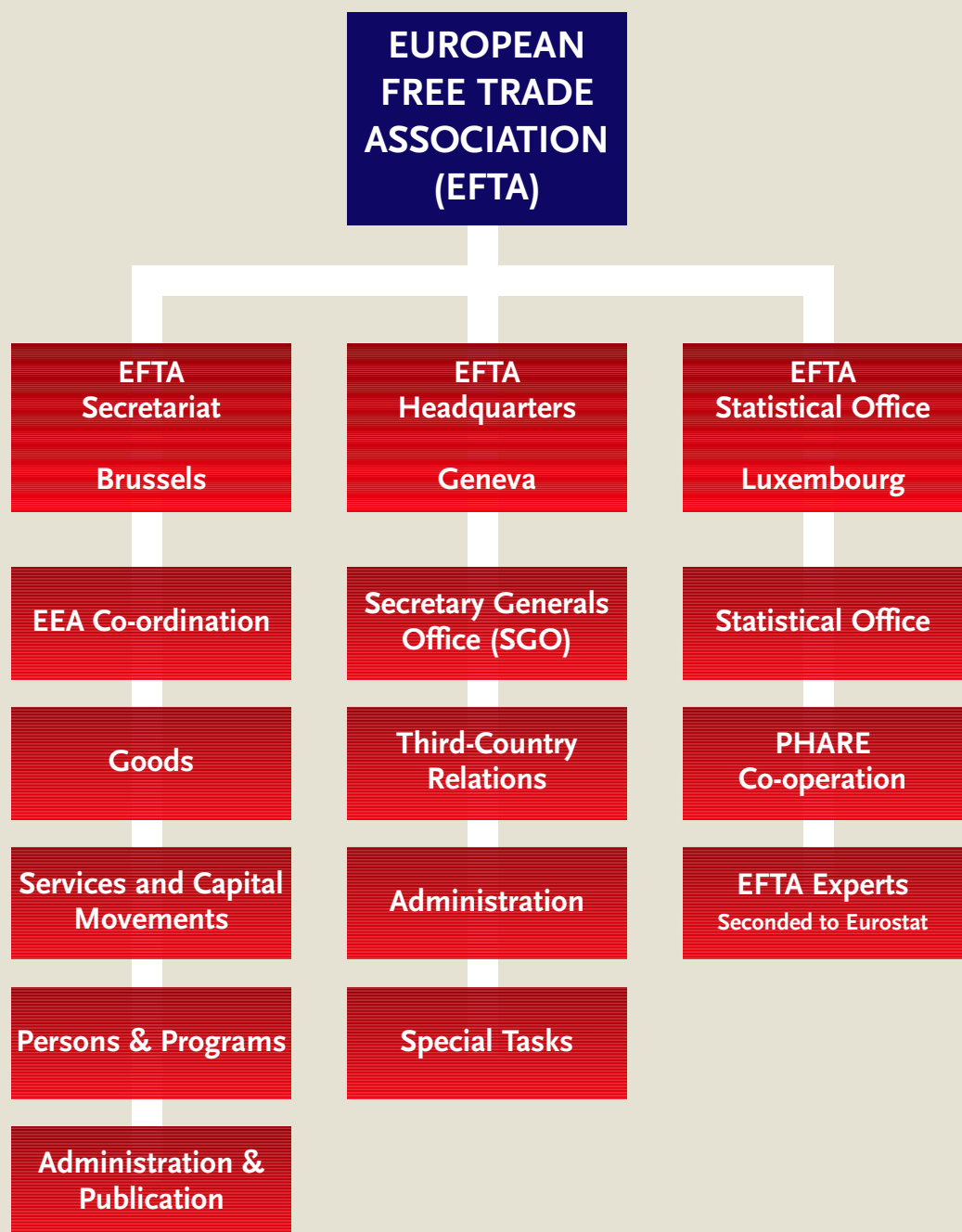
0.4

na

3.9

0.0

The EFTA Secretariat



The Two Pillar Structure under the EEA Agreement



EFTA: 40 Years of Free Trade

The History



Gottlieb Gut, Swiss Ambassador, signing the EFTA Convention. Awaiting their turn from left: Augusto Rato Potier, Portuguese Ambassador, Rudolf Krippel-Redlich, Austrian Ambassador, and Östen Undén, Foreign Minister of Sweden.



The EFTA Convention is ratified
on 3 May 1960 in Stockholm. ▲

Östen Undén, the Swedish Foreign Minister,
announcing the signing of the
EFTA Convention on 4 January 1960. ▼



The European Free Trade Association (EFTA) was founded on the premise of free trade as a means of achieving growth and prosperity amongst its Member States as well as promoting closer economic co-operation between the Western European countries. Furthermore, through their initiative the EFTA countries wished to contribute to the expansion of trade in the world at large.

The seven founding members of EFTA - Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom - were members of the Organisation for European Economic Co-operation (OEEC), which was established in 1947 to implement the Marshall Plan for the economic recovery of war-shattered Europe and to promote economic co-operation between member countries. The OEEC was very successful in terms of economic results, freeing trade and payments in Western Europe and fashioning effective new methods for the conduct of international economic relations.

By the nineteen-fifties strong currents in Western Europe were moving in the direction of a more rapid and more complete economic integration of its nation states. Some European governments were making plans to go beyond "co-operation" as exemplified in such inter-governmental organisations as the OEEC. They proposed to begin the process of close integration of their national economies and to create strong central institutions under a common authority to help bring this about.

The first successful move on this path had been the conclusion in April 1951 of the Treaty establishing the European Coal and Steel Community (ECSC), which created a common market for coal and steel within the territories of its six Member States: Belgium, France, the German Federal Republic, Italy, Luxembourg and the Netherlands. The next move was even more important. It came in 1955 and took the form of proposals for the formation of a European Economic Community (EEC). Its objective in the field of trade was to operate a customs union applying to all types of goods. A Community concerned with the non-military development of atomic energy was also to be established. It was on the basis of those propos-

***The seven founding members of EFTA
were: Austria, Denmark, Norway,
Portugal, Sweden, Switzerland and
the United Kingdom***

The first Secretary-General of EFTA, Sir Frank Figgures, together with the Prime Minister of Denmark, Jens Otto Krag, at a Ministerial meeting in Copenhagen in June 1962.



EFTA Ministers and officials at a Ministerial meeting in Geneva in February 1961.

als that negotiations were conducted which led to the treaties establishing the EEC and the European Atomic Energy Community (EURATOM). The two treaties were signed in Rome on 25 March 1957. The EEC came into being on 1 January 1958.

In 1956, while discussions concerning the establishment of the EEC were taking place, some other members of the OEEC presented the idea of a broad free trade area, covering the whole of Western Europe. This initiative led to the establishment of an inter-governmental Committee of Ministers to negotiate a free trade area agreement. A special Committee examined the complex issues involved and considerable progress was made in finding solutions to the numerous problems – solutions which were later to be applied in the negotiations of the EFTA Convention. Nevertheless, these negotiations were suspended at the end of 1958 mainly due to differences between France, which was devoted to the EEC, and Britain, which sought to form a looser alliance based on free trade.

The governments of other OEEC countries outside the EEC then

began to explore the idea of a free trade arrangement between themselves with the aim of counterbalancing the EEC and finding a joint agreement with the Six. The first exploratory meeting between government officials took place in Oslo in February 1959. Other meetings followed, and in the first part of June 1959 officials from seven governments (the United Kingdom, Denmark, Norway, Sweden, Austria, Switzerland and Portugal) assembled at Saltsjöbaden, near Stockholm, to draw up a draft plan for a European free trade association. On the basis of this draft, Ministers agreed in principle towards the end of July to the creation of such an association among the seven countries. Officials assembled again at the beginning of September and completed the final text of the Convention establishing EFTA in the short period of eight weeks. The Convention was initialled at a Ministerial meeting in Stockholm on 20 November 1959 and signed on 4 January 1960. It entered into force after parliamentary approvals (a national referendum in the case of Switzerland) on 3 May 1960.

EFTA Ministers attending a gala dinner in the aftermath of a Ministerial meeting in Lisbon in May 1963.



The Stockholm Convention

The objectives of the Association shall be

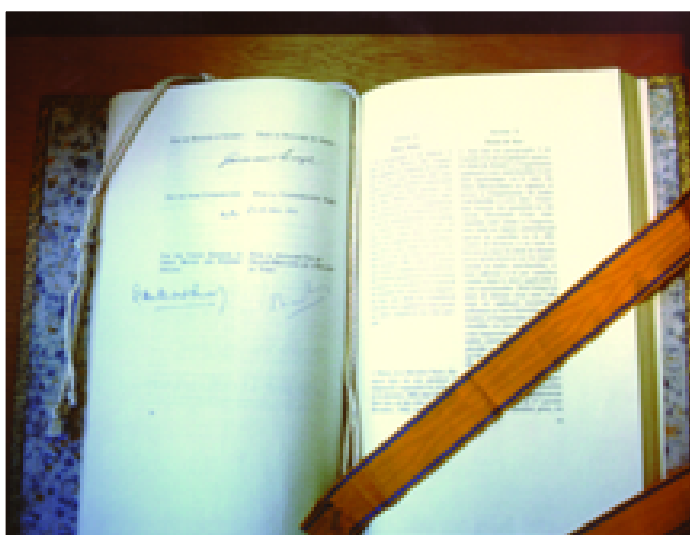
- *to promote in the Area of the Association and in each Member State a sustained expansion of economic activity, full employment, increased productivity and the rational use of resources, financial stability and continuous improvement in living standards,*
- *to secure that trade between Member States takes place in conditions of fair competition,*
- *to avoid significant disparity between Member States in the conditions of supply of raw materials produced within the Area of the Association, and to contribute to the harmonious development and expansion of world trade and to the progressive removal of barriers to it.*

The Stockholm Convention

The authors of the Convention were essentially pragmatic in their approach. They did not try to legislate in detail and in advance for every contingency that might arise. Instead, they established a framework within which the necessary minimum set of rules was spelt out. For the rest, they contented themselves with the statement of certain guiding principles and the indication of procedures which could be applied in actual situations. However, the Convention went into detail with regard to the provision for tariff reductions and the elimination of quantitative restrictions. The origin rules were also spelt out in detail.

As originally provided for in the Stockholm Convention, the abolition of tariffs and quantitative restrictions was to take ten years. This timetable was drawn up with the hope of achieving parallelism with the similar process taking place in the EEC. When the latter decided to accelerate this process, EFTA did likewise. As a result, tariffs on industrial goods traded between the EFTA countries – with few exceptions – were abolished three years ahead of schedule, on 31 December 1966. The timetable for the abolition of quantitative restrictions on trade was also accelerated and was brought to completion by the middle of 1965.

The opening pages of the EFTA Convention.



The Association Agreement with Finland and the Accession of Iceland

When EFTA was founded in 1960, Finland expressed great interest in a relationship with the new Association because of the importance of her trade with the seven members. The result was an Agreement, signed in Helsinki on 27 March 1961, creating an association between the Member States of EFTA and the Republic of Finland.

The Finland-EFTA Agreement established a new free trade area on the basis that Finland was to have the same rights and obligations towards the EFTA Member States as these had among themselves. In practice, this was achieved by the simple expedient of making all

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Iceland joins EFTA on 1 of March 1970: Negotiations in Geneva. Left to right: Sir John Coulson, EFTA Secretary-General, Einar Benediktsson, Iceland's first permanent representative to EFTA and Gylfi Th. Gíslason, Iceland's Minister of Commerce.

the provisions of the EFTA Convention which concerned trade and economic aspects also applicable to the commercial relations between Finland and the seven EFTA countries.

Finland's tariffs applied in trade with the other EFTA countries were reduced to zero on 31 December 1967, i.e. one year after the same stage had been reached by the EFTA member countries. Finland became a full member of EFTA on 1 January 1986.

Although the other countries participating in the Nordic Council – Denmark, Finland, Norway and Sweden – took part in EFTA from the beginning of the sixties, Iceland did not join them in the Association until the end of the decade. Of some importance in this connection was the fact that the economy of Iceland depended almost exclusively on its fisheries exports, which could not benefit fully from the industrial free trade provisions of the EFTA Convention. In connection with Iceland's accession to EFTA, and to foster the industrial development of the country, the five Nordic countries established the Industrialization Fund for Iceland. Concerning industrial products, Iceland was granted tariff and quota-free entry to the markets of the other EFTA countries immediately upon accession.



EFTA Ministers gathered at Lancaster House in London to attend a meeting in 1966 convened by Harold Wilson, UK's Prime Minister, to discuss Britain's bid to enter the EC.



Sir John Coulson, Secretary-General of EFTA, preparing for a meeting in EFTA Headquarters in Geneva in 1969.



Finland's Pentti Talvitie appears satisfied after signing the free trade treaty with the EC.

The signing ceremony at EC headquarters ended 14 months of discussions among Finns over trade protection laws and how the Agreement would effect the country.

To the left of Talvitie is Denmark's Niels Ersböll.



Press conference in EFTA's Headquarters in Geneva in 1970.

The Accession of the United Kingdom and Denmark to the European Communities

The preamble to the Stockholm Convention reiterated the desire for a wider European solution to the question of economic integration. Accordingly, throughout the nineteen-sixties the EFTA countries continued their efforts, which had begun in the OEEC in 1956-58, to find an acceptable solution to the problem created by the division of Western Europe into two regional economic groups. A number of proposals was put forward to bridge the gap.

At a meeting of EFTA Ministers in London in June 1961 it was agreed to try the bilateral approach. On this basis, the EFTA member countries made applications for membership of, or association with, the Communities. The subsequent negotiations were brought to an end, without achieving their aim, in January 1963.

In the following years, various unsuccessful attempts were made to arrive at some arrangement between EFTA and the European Communities (EC, referring to the three European Communities), including renewed efforts by the British Government in 1966 and 1967 for membership.

In December 1969, a meeting of the Heads of Government of the six Community countries was held at The Hague. One decision made at this meeting was to open negotiations by 30 June 1970 on Community membership for the four countries which had applied for it: Denmark, Ireland, Norway and the United

Kingdom. It was also decided to begin talks soon thereafter with the six EFTA countries which were not applicants for membership but which wished to arrive at suitable trading arrangements with the Community.

Britain and Denmark, along with Ireland, became members of the Community on 1 January 1973. However, Norway did not join. In a referendum held in Norway in September 1972 the majority of voters opted against Community membership. As a result, Norway negotiated the same type of Free Trade Agreement (FTA) with the Community as had been concluded in the meantime by the EFTA countries not seeking EC membership.



Icelandic Secretaries providing information at a Ministerial meeting in Reykjavik in April 1971

Britain and Denmark, along with Ireland, became members of the Community on 1 January 1973. However, Norway did not join. In a referendum held in Norway in September 1972 the majority of voters opted against Community membership

Andreas Cappelen, Foreign Minister of Norway, signing the Agreement on the accession of Norway to the EC in 1972. The accession was later rejected in a national referendum. He is assisted by two Norwegian Officials: Sigurd Ekeland (left) and Martin Huslid (right).



Free Trade Agreements Negotiated

The Community had decided at the Hague Summit in December 1969 that negotiations should also take place with the EFTA countries, on the understanding that:

- the enlargement of the Communities should not involve the re-erection of tariff barriers in Europe;
- the Agreements with the non-candidate countries should, if possible, enter into force at the same time as the candidate countries took up membership of the Communities.

Fourteen agreements were negotiated in all; seven of them were those of the EFTA countries with the EEC and seven with the ECSC. All the agreements were with the “enlarged” Communities, consisting of Belgium, Denmark, France, the German Federal Republic, Ireland, Italy, Luxembourg, the Netherlands and the United Kingdom. The negotiations culminated on 22 July 1972 with the signature in Brussels of Free Trade Agreements (FTAs) between the Communities and Austria, Iceland, Portugal, Sweden and Switzerland. Those with the EEC came into force in time for the first reciprocal tariff cuts to be made on 1 April 1973. The Norwegian FTAs were signed on 14 May 1973 and those of Finland in the autumn of 1973.

In general, the FTAs provided for a gradual reduction of import duties, arriving at zero duties for almost all industrial products on 1 July 1977. This timetable was respected by all concerned, with the result that by that date virtually



Charles Muller,
Secretary-General
of EFTA at the
Vienna Summit
in May 1977.

all trade in industrial products between the sixteen countries was free of duty.

In the case of “sensitive” products the remaining duties were all removed by the end of 1983 (or, in the case of Finland, the end of 1984).

The FTAs with the EEC and the ECSC naturally also applied to trade with any new members of the Communities. This was the case when Greece and Spain, which had negotiated a free trade arrangement with EFTA in 1979, joined the EC in 1981 and 1986, respectively. However, both countries were allowed some transitional arrangements. When Portugal - an EFTA member since its foundation - joined the EC, the trade liberalisation achieved between Portugal and other EFTA countries remained intact, while transitional arrangements with Portugal as an EC member were negotiated.

The conclusion of the Free Trade Agreements with the Communities was celebrated, at the time, as a major step towards the original goal of building the bridge between the two areas of economic integration in Western Europe and provided the basis for closer and more substantial co-operation between EFTA and the EC.

The FTAs between the EFTA countries and the EC provided for a gradual reduction of import duties, arriving at zero duties for almost all industrial products on 1 July 1977.

This timetable was respected by all concerned, with the result that by that date virtually all trade in industrial products between the sixteen countries was free of duty.

EFTA Industrial Development Fund for Portugal

Portugal was a founding member of EFTA.
It withdrew from the Association on
31 December 1985, to accede to the EC on
1 January 1986.

In November 1975 the EFTA Council at
Ministerial level agreed to set up an EFTA
Industrial Development Fund for Portugal with
a capital of 84.6 million US dollars. The Fund
officially came into operation on
1 February 1977 and is still active.

The primary aim of the Fund is to contribute to the development of Portuguese industry through the financing of specific projects, especially those involving the restructuring or creation of small and medium-sized enterprises.



Where should we go from here?
That was, perhaps, the core question facing EFTA in 1980,
especially with regard to the relationship with the EC.



From the signing of the EFTA-Spain Free
Trade Agreement in Madrid in June 1979.



The Steering Committee of the Development Fund for Portugal at work in 1984.
The Fund was founded by the EFTA States in 1975.

Olof Palme, Prime Minister of Sweden, chairing the Visby Summit in May 1984. Per Kleppe, EFTA Secretary-General is to his left.



EFTA and EC representatives introducing the Luxembourg Declaration to the press in 1984.



EFTA-EC meeting in Vienna in May 1985. Kurt Furgler, Federal Councillor and Head of the Swiss Federal Department for Public Economy, in conversation with Norbert Steger and Jacques Delors.



Bridge-building... The EFTA Chairman at the Ministerial meeting in Tampere, Finland in June 1988, talking a walk with Willi de Clercq, member of the European Commission.

The Tampere Ministerial meeting in June 1988 attracted considerable interest from the media.



The Luxembourg Declaration

The relationship between the EC and the EFTA countries had functioned well during the 1970s in the sense that the obligations under the FTAs were gradually fulfilled. On the other hand, the possibilities to further develop the relationship had been somewhat restrained by the economic problems hitting Western Europe during these years as a consequence of the oil crises in 1973 and 1979. However, improving world economic conditions after 1982 paved the way for initiating the process of enhanced economic co-operation in Western Europe. At the same time European countries became increasingly aware of the need to re-establish their competitiveness in relation to the United States and Japan (a rising economic power at the time) as well as certain newly-industrialised countries. Although the bulk of tariff barriers had been eliminated, there was an ever increasing multitude of rules and requirements, mainly for the protection of the health, safety and economic interests of the consumers: These rules varied from country to country and thus often constituted much more of an impediment to trade than relatively modest tariff rates. It is against this background that the first multilateral meeting at Ministerial level between the EFTA countries and the EC in Luxembourg on 9 April 1984 should be viewed.

At the Luxembourg meeting, a programme for the development of future European economic co-operation was laid down. This would lead to creation of the largest free trade system in the world.

The Luxembourg Declaration in the making. The Joint EFTA-EC Jumbo Ministerial meeting in Luxembourg in April 1984.



Initialling additional protocols to the Free Trade Agreements on the suspension of duties on some imports from Spain.

Left to right: Georg Reisch, Secretary-General of EFTA, Willy de Clercq, Member of the European Commission, Robert Graf (Austria), and Chairman, Pertti Salolainen (Finland).

The aim on the EFTA side, from which the initiative rose, was to build on the FTAs, conscious of the projected evolution of the EC. The Luxembourg Declaration expressed the strong political will on both sides to create what was called a dynamic economic space in Western Europe.

The intensified co-operation between the EFTA countries and the EC aimed at removing in a pragmatic and sectoral way technical and other non-tariff barriers to trade and to extend co-operation to a number of non-trade areas, such as research and development, the telecommunications sector and new information technologies. As far as more concrete measures were concerned the co-operation focused on the following areas: harmonisation of standards, elimination of technical barriers, simplification of border facilities and rules of origin, elimination of unfair trade practices, abolition of State aid contrary to the FTAs and access to government procurement. In this regard the Communities' efforts to strengthen their internal market were of particular relevance.

Between 1984 and 1989 the EFTA countries and the EC achieved agreements on many specific issues to ease or remove trade barriers. These specific projects had accumulated to well over twenty at the end of 1988 but they were insubstantial and not sufficient to ensure a coherent development of the co-operation. For that purpose a new approach was needed.

The Luxembourg Declaration expressed the strong political will of the EFTA countries and the EC to create what was called a dynamic economic space in Western Europe.

On 17 January 1989, in a speech before the European Parliament, Jacques Delors, the then President of the EC Commission, proposed “a new, more structured partnership, with common decision-making and administrative institutions” with the EFTA countries.

The EFTA countries declared themselves ready to initiate 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”.



Gro Harlem Brundtland, Prime Minister of Norway, chaired the Holmenkollen meeting. The briefcase contains the solemn declaration of the Heads of Government of the EFTA countries expressing their willingness to enhance the relations with the EC.



EEA: A New Momentum in EFTA-EC Relations

On 17 January 1989, in a speech before the European Parliament, Jacques Delors, the then President of the EC Commission, proposed “a new, more structured partnership, with common decision-making and administrative institutions” with the EFTA countries. The rationale behind Delors’ ideas was to increase the efficiency of the co-operation between the EC and EFTA. He therefore raised the question whether the EFTA countries were prepared to strengthen their internal structures and to accept the same discipline as the Community Member States in the numerous fields of co-operation.

The Delors proposal was reviewed by the EFTA countries at a meeting of Heads of Government at Holmenkollen, outside Oslo, in March 1989. The EFTA countries declared themselves ready to initiate 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”, as it was initially called. “To this end”, they noted, “we are ready to explore various options and ways and means to strengthen the institutional links between the EFTA States and the EC.”

Heads of EFTA Governments gathering for a photo session after their meeting in Homenkollen, outside Oslo, in March 1989.

At this meeting the EFTA countries declared themselves ready to initiate negotiations with the EC on what was later to be called the European Economic Area, EEA.



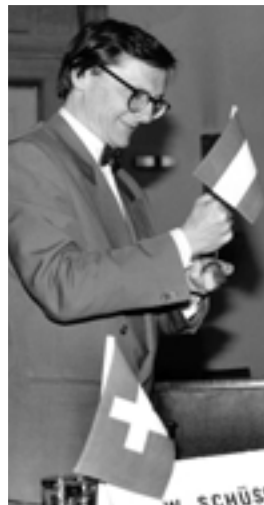
EFTA MPs Response to the Delors Initiative

The first response to Delors' offer came from the Committee of Members of Parliament of the EFTA countries, who in a message to the Oslo Summit urged the Heads of EFTA Governments "to seize the opportunity to broaden the substance of the dialogue with the EC with a view to establishing a structured and institutionalised framework in order to avoid a division or the creation of barriers between EFTA and EC member countries."



The joint EFTA-EC Ministerial meeting in Brussels on 19 December 1989 brought to a close an eventful year for EFTA. Before the discussions with the EC colleagues, EFTA Ministers signed, together with the President of the EC Council, French Foreign Minister Roland Dumas, and Vice-President Frans Andriessen of the European Commission, two important agreements on the participation of EFTA in the EC's COMETT II programme and on the mutual exchange of information on planned technical regulations.

From left to right: P.Salolainen (Finland), K.Kullmann (Norway), J.B. Hannibalsson (Iceland), R.Dumas (France), F.Andriessen (EC).



Austria's Trade Minister, Wolfgang Schüssel, prepares a flag before an EFTA meeting in 1990.



Swedish Prime Minister Ingvar Carlsson, left, walking together with European Commission President, Jacques Delors during a visit at the EC Headquarters in January 1990.



The EFTA Heads of Government and Ministers met in Gothenburg, Sweden in June 1990. They took several important political decisions regarding the EEA, Eastern Europe, and relations with third countries. They also celebrated EFTA's 30th Anniversary in the presence of Jacques Delors, President of the European Commission.

Left to right: Steingrímur Hermannsson (Iceland), Franz Vranitzky (Austria), Jacques Delors (European Commission), Ingvar Carlsson (Sweden), Arnold Koller (Switzerland), Harri Holkeri (Finland), and Jan P. Syse (Norway).



EEA negotiators preparing for a joint meeting of EFTA and EC Ministers in Luxembourg in June 1991.

At the same time as some EFTA countries were considering EC membership Liechtenstein became a full EFTA member on 1 September 1991. Hitherto, Liechtenstein had been covered by the Stockholm Convention through a particular Protocol under which the interests of Liechtenstein were represented through Switzerland.

Meetings on the EEA in 1991 were intense and frequent. The legal and institutional questions were largely resolved at a joint Ministerial meeting in May. The Ministers envisaged safeguard clauses, re-balancing measures, involvement in EC committees, an EFTA surveillance mechanism and an independent EEA Court.

The next joint Ministerial meeting, in June 1991, had to tackle the complicated question of fisheries. The EFTA countries' request for free trade in fish was countered by EC demands for some access to EFTA countries' fish resources. The meeting resulted in a delicate compromise, but when it came to translation into concrete terms, it emerged that the two sides had interpreted the compromise differently.

After preparatory talks, negotiations on the European Economic Area, as it was renamed, began in June 1990. The first step was the joint identification of the relevant parts of the "acquis communautaire" (all existing EC law, treaties and judgements) which would be integrated into the EEA Agreement as the legal basis of the EEA. The negotiations in October 1990 focused on two key issues: the requests of the EFTA countries for a certain number of permanent derogations from the "acquis"; and substantive talks on the institutional arrangements for the EEA.

In December 1990, a joint Ministerial meeting led to progress in a number of key areas, even though it left open some crucial questions: agriculture, fisheries, participation of EFTA countries in EC committees, composition and competence of a joint judicial body (an EEA Court). The firm desire on both sides was to see the EEA Agreement enter into force on 1 January 1993, which meant that efforts had to be made to sign before the summer of 1991.

The second half of 1990 witnessed a growing public debate in most EFTA countries on the advantages and disadvantages of EC membership, against the backdrop of the changes taking place in Europe.

Jón Baldvin Hannibalsson, Foreign Minister of Iceland, briefs the press on the results of the joint EFTA-EC Ministerial meeting in Luxembourg in June 1991. The main issue at this meeting was the question of how to deal with fisheries in the EEA.



Georg Reisch, Secretary-General of EFTA, and Per Mannes, Head of the EFTA Brussels office, compare notes at a meeting between EFTA and EC representatives in Salzburg in June 1991.

*The political conclusion of the **EEA Agreement** was achieved in the early hours of 22 October 1991 in Luxembourg. The idea had been to initial the Agreement in November. However, with an EC Court of Justice hearing scheduled, the initialing was delayed. The EEA Agreement was finally signed in Oporto on 2 May 1992.*

Liberalisation of Intra-EFTA Trade in Fish

In Hamar, Norway at their meeting on 22-24 June 1987 the Committee of Members of Parliament of the EFTA countries adopted a resolution that i.a. requested "EFTA Ministers to take the necessary steps to proceed towards complete liberalisation of intra-EFTA trade in fish to be implemented over a period of four to five years in order to allow for the necessary adjustments to be made". As of 1 July 1990 trade in fish and other marine products was fully liberalised within EFTA.

The joint Ministerial meeting in October 1991 saw the resolution of the last big questions concerning fish, the contribution of the EFTA States to the reduction of economic and social disparities in the EEA area (the Financial Mechanism) and road transit through the Alpine countries which, although being negotiated bilaterally, was made a condition of agreement by the EC side.

With these issues off the table the political conclusion of the EEA Agreement was achieved in the early hours of 22 October 1991 in Luxembourg. The idea had been to initial the Agreement in November. However, with an EC Court of Justice hearing scheduled, the initialing was delayed. On 14 December 1991, the Court delivered its opinion that the system of judicial supervision envisaged, the creation of an inde-

pendent EEA Court, was incompatible with the Treaty of Rome and its own competencies.

In February 1992 a solution to this setback was found through the creation of a separate EFTA Court and the inclusion of additional provisions to the Agreement to further ensure legal homogeneity. The Agreement was signed in Oporto on 2 May. On the same day, the EFTA Ministers signed the agreements establishing the EFTA Surveillance Authority (ESA), the EFTA Court and the Standing Committee.

The process of parliamentary approval and formal ratification lasted for the rest of 1992, monitored closely by the EFTA side. But what prevented the Agreement from entering into force on 1 January 1993 was the result of the Swiss referendum on 6 December 1992 rejecting the Agreement, which meant that the Agreement had to be adjusted.



The press awaiting comments from EFTA and EC Ministers at the end of their meeting in Luxembourg in June 1991.



EEA talks in full force in 1991. Left to right: Hannes Hafstein, Chief Negotiator of Iceland, Anti Hynninen, Finnish Ambassador in Geneva, Steingrímur Hermannsson, Prime Minister of Iceland, Bolli Hédinnsson, personal assistant to Prime Minister of Iceland, Einar Benediktsson, Icelandic Ambassador in Brussels and Kristinn Árnason, Icelandic Official.

The consequent Adjusting Protocol, signed on 17 March 1993, had also to pass through a complete ratification procedure, with the result that the EEA finally entered into force on 1 January 1994. Liechtenstein, which had held observer status in the Joint Committee and participated in the work on the EFTA side had to sort out its relations with Switzerland concerning the customs union, in order to join the EEA and eventually became a full member on 1 May 1995. All references to Switzerland in the Agreement were deleted. However, Switzerland was granted observer status in EFTA's internal meetings.

Through the EEA negotiations the EFTA countries became more familiar with the European Union (EU, established by the Maastricht Treaty) system and membership came to be more favorably looked upon. Austria and Sweden applied for EU membership in 1989 and 1991, Finland in March 1992, Switzerland in May 1992 and Norway in March 1993.

As a result of the negative referendum on EEA membership, Switzerland decided to leave her application on the table, but not to pursue it with the EU for the time being, while membership was turned down in the Norwegian referendum in November 1994.

EEA Put to the Test

The beginning of 1995 saw a much reduced EFTA. Nevertheless, at the meeting of EEA Ministers in the EEA Council in December 1994, all the signatories to the Agreement had expressed their firm commitment to the Agreement. At the same time, the uncertainty which had dominated business in the EEA during 1994 was lifted. The remaining EEA EFTA States were able to concentrate their energies on making the EEA function well. Thus, in some ways, 1995 can be seen as the first year in which the EEA Agreement was really put to the test, free of the diversion of accession negotiations.

The engine of the EEA, the Joint Committee, became increasingly active and efficient over the years. This is partly reflected in the increased efficiency with which EU legislation has been incorporated into the various annexes of the Agreement to ensure homogeneity across the whole eighteen-country area. The number of decisions taken by the EEA Joint Committee rose from 44 in 1994, to 75 in 1995 and to 192 in 1999. This development reflected to a large extent the streamlining of procedures in the light of experience.

Andrea Willi, Ambassador of Liechtenstein, deposits the accession documents to the EFTA Convention in Stockholm in September 1991. At her side is Frank Belfrage, Ambassador of Sweden.





Having completed the EEA negotiations the EFTA Ministers held a press conference in Geneva on 11 December 1991. A few days later the EC Court of Justice delivered its opinion that the system of judicial supervision envisaged was incompatible with the Treaty of Rome. This meant that a separate EFTA Court had to be created.

EFTA's Participation in the EEA Decision Shaping

The provisions on participation in the decision shaping, a key aspect of the EEA Agreement, were brought to life from 1995 onwards. These provisions had to a large extent lain dormant during 1994 because the four EFTA States negotiating EU accession had had direct access as observers to the EU decision making process and, therefore, had little need to use the EEA avenues.

Under the EEA the EFTA States are consulted by the Commission when it is preparing draft legislation, in the same way as EU Member State experts are consulted. Frequently, this is done through the channels of the many Commission committees. By 1996, experts from the EEA EFTA States were attending meetings of some 300 Commission committees.

The EFTA States have one further opportunity to be heard before a Commission draft becomes a formal proposal. The formal noting of EFTA written comments on Commission proposals and policy papers became a regular feature of EEA Joint Committee meetings from 1995 onwards.

As to the substance of the EEA, an important development for the EFTA States was the incorporation of a large body of EU law on veterinary matters. This meant that health checks on the borders were removed for fish from Iceland and Norway and for all animal products for Norway, while scientific co-operation on human and animal health matters related to this trade was increased.

Jean-Pascal Delamuraz in high spirits after the signing of the EEA Agreement in Oporto, Portugal on 2 May 1992.



Willy Claes, the Belgian Minister of Foreign Affairs, signs the EEA Agreement in Oporto, Portugal, on 2 May 1992.

The period from 1995 saw several important developments in the further realisation of the EU Single Market, in which the EEA EFTA States were able to participate. The most profound of these was perhaps the deregulation of services, particularly telecommunications, but also financial services.

The EEA EFTA countries also took over the new wave of social legislation emanating from the EU. This included such laws as the working time directive and the directive on young people at work, both of

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which seek to protect the interests of people in the work place.

Another important aspect of the EEA is the participation in EU programmes related to co-operation on research and development, education, the media and many other areas. This co-operation also developed dramatically from 1995 onwards. In 1995, the EEA EFTA States participated in 11 programmes; at the end of 1999 the number of programmes had risen to 32.

As might be expected, the major preoccupations of the EU inevitably became preoccupations of the EEA EFTA States. This was particularly true of the revision of the EU Treaties, which started with Maastricht and moved on to Amsterdam. The EEA EFTA States carried out a number of detailed analyses of these developments and identified possible areas in which, in years to come, divergence between the EEA Agreement and the EU Treaty on which it was originally based could become a cause for concern. It can be expected that the EFTA States will follow closely the forthcoming intergovernmental conference in the EU.

Another EU development of direct relevance to the EEA is enlargement. Article 128 of the EEA Agreement provides that any state becoming a member of the EU shall apply to become a party to the EEA.

The EEA Council and Political Dialogue

Of important political significance to the functioning of the EEA Agreement are the twice-yearly EEA Council meetings at ministerial level, as well as the political dialogue on foreign affairs which has been linked to the Council meetings.

At the highest political level, EEA summits began in 1996 between the Prime Ministers of the EEA EFTA countries, the President of the European Council and the President of the European Commission.

Therefore, the EFTA States began following closely the screening process carried out by the Commission and the subsequent opening of negotiations.

The third major development in the EU, the establishment of economic and monetary union, is not covered by the EEA Agreement, though it has major implications for all the EU's neighbours. The EFTA countries have followed events closely and the matter has been discussed in the annual informal joint ECOFIN meetings between EFTA and EU finance and economy ministers. These meetings have also addressed other important economic issues, such as employment.

EFTA's Social Partners Build Bridges to Prospective EU Members

The EFTA Consultative Committee comprising representatives from the social partners of the EFTA countries, organised a conference on enlargement in Vaduz, Liechtenstein, in November 1999. Representatives from both sides of industry from all the EU candidate countries were invited.





EFTA's top management.
Kjartan Jóhannsson, Secretary-General (right)
and Aldo Matteucci, Deputy Secretary-General (left)
at the EFTA Ministerial meeting
in Geneva in December 1994.



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Grete Knudsen, Norwegian
Minister of Trade, at a Ministerial
meeting in Geneva.

Relations with non-EU Countries

Traditionally EFTA refers to Non-EU countries as third countries. The origins of EFTA's third country relations reach as far back as 1967 when the EFTA States as a group established cooperation with the former Yugoslavia by means of a joint working group. In 1983, the relationship became more formal under the so-called (first) Bergen Declaration and the creation of a Joint EFTA-Yugoslavia Committee, which held annual meetings until the disintegration of that country.

The first free trade agreement negotiated by the EFTA States as a group was with Spain. Concluded in 1979 with a view to completing the European free trade system and ensuring that EFTA exporters would be on the same footing as exporters from the EC countries in their dealings with Spain, the EFTA-Spain Agreement entered into force on 1 May 1980 and expired on 31 December 1985 upon Spain's accession to the EC. Trade relations between Spain and the EFTA States were thereafter covered by the bilateral free trade agreements in force between the individual EFTA Member States and the EC.

The Bergen Declaration and the EFTA-Spain Agreement, together with the free trade agreements that had been negotiated between individual EFTA Member States and the EC - and to some extent the Stockholm Convention - formed the model for the declarations and free trade agreements concluded by EFTA since 1989.

EFTA's policy towards non-EU countries has, however, become increasingly important during the last decade. At the end of the Cold War in 1989 the EC initiated the so-called Europe agreements with the transition economies of Central and Eastern Europe. These Agreements aimed at free trade in industrial goods, thereby posing a threat of discrimination in these markets to businesses based in the EFTA States. The EFTA countries therefore needed to react in order to ensure the economic interests of their economic operators. At the same time they wanted to contribute to the reconstruction of the former "command economies" and to support their transition towards a market based economy and democracy. This policy was initially established in Gothenburg in 1990 where EFTA Ministers decided to build their own network of free trade agreements with third-country partners in parallel with the EC. In a first phase in the early years of the 1990's the EFTA States concluded free trade agreements with Poland, Romania, Bulgaria, Hungary, the Czech and Slovak Republics, and initiated a technical assistance programme. In addition, EFTA countries have provided bilaterally financial assistance to these partner countries.



Franz Blankart, State Secretary
of Switzerland, at the EFTA Ministerial
meeting in Geneva in December 1994.

***EFTA's policy towards non-EU countries
has become increasingly important during the last decade.
At the end of the Cold War in 1989 the
EC initiated the so-called Europe Agreements with the
transition economies of Central and Eastern Europe.
EFTA followed suit.***

At a Ministerial meeting in Bergen in 1995 the EFTA Ministers looked, for the first time, beyond the immediate confines of Europe and opened the geographical scope of EFTA's third country relations.



Arne Skauge, Norwegian Minister of Trade, shakes hands with his Yugoslavian counterpart after signing a declaration between the EFTA countries and Yugoslavia in Bergen in June 1983.

Parallel to these developments, but mainly in reaction to the risk of discrimination faced by the EFTA economic operators vis-à-vis their main competitors from the EC or the United States, the EFTA States also entered into negotiations with Israel and Turkey in order to establish a free trade area. The agreement with Turkey was signed in 1991 and with Israel in 1992.

A second phase was opened in 1995, twelve years after the first meeting in Bergen, when EFTA Ministers, for the first time, looked beyond the immediate confines of Europe and opened the geographical scope of EFTA's third country relations. A declaration adopted at their spring meeting in that Norwegian city confirmed the aim of the EFTA States to respond in a dynamic manner to the growing need for political, social and economic stability in Europe as well as in adjacent regions. This (second) Bergen Declaration confirmed the policy of parallelism and coherence with the policies of the European Union (EU). This Declaration was also a reaction to the Barcelona process and an assertion of the intention of the EFTA States to make an independent contribution to this process, similar to their policy towards the central and east European countries. In the same year, the EFTA States signed Declarations on Co-operation with Egypt, Tunisia and Morocco. The PLO followed in 1996 and Lebanon in 1997. Morocco and the PLO on behalf of the Palestinian Authority were the first among them to begin negotiations on a free trade agreement. These were concluded in 1997 and 1998 respectively and both agreements entered into force last year. Meanwhile, negotiations have also been opened with Cyprus, Jordan, Egypt and Tunisia.

During the second phase, the extension of the network in Central and Eastern Europe continued: in 1995, Slovenia and the three Baltic States, Latvia, Lithuania and Estonia, were added to the list of EFTA's free trade partner countries. Relations with the Southwest Balkans date back to the first phase of EFTA's Third-Country policy; a Declaration on Co-operation with Albania had been signed in 1992. However, the conflict in the former Yugoslavia was a seri-

ous impediment to a deepening of relations with countries there. With the stabilisation process underway, the EFTA States are now playing an active part in common efforts of the international community to bring peace to the region. Negotiations on a free trade agreement with Macedonia were opened in 1999. The EFTA Ministers have stressed their determination to make a substantial contribution to reconstruction in the region, considering the EU's stabilisation and association policy for south-eastern Europe.

One important element common to all these negotiations and agreements concerns the rules of origin. In this respect, the EFTA States succeeded in offering to their economic operators a level playing field throughout Europe with their competitors based in EU countries, from Iceland and Norway in the North to Greece and Italy in the South, from Portugal in the West, to Bulgaria and Poland in the East. This was not automatic, but the result of lengthy negotiations. The end result is a Europe-wide network of free trade agreements with harmonised rules of origin allowing for preferential trade within a 30-country area that now also includes Turkey.

A third phase in their third country policy finally began when the EFTA States opened negotiations with Canada. Since then, they have

From the signing of the Free Trade Agreement between the EFTA countries and the Czech and Slovak Republics in Prague in March 1992. In the middle is Einar Bull, Director-General of the Norwegian Ministry of Foreign Affairs





Björn Tore Godal, Foreign Minister of Norway, signs the Free Trade Agreement between the EFTA States and Israel in Geneva in September 1992.

also proposed to conclude Declarations on Co-operation with MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) and the Gulf Co-operation Council (GCC). Furthermore, at their last two meetings Ministers discussed the possibility of opening negotiations with other countries outside Europe. Countries such as Mexico, Chile, South Africa and also South Korea were mentioned as possible candidates for entering into a free trade partnership.



Eva Gerner, from the European Commission, and Guttorm Vik, Deputy Secretary-General of EFTA, exchanging views in Brussels in December 1999.

A third phase in their third country policy finally began when the EFTA States opened negotiations with Canada. Since then, they have also proposed to conclude Declarations on Co-operation with MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) and the Gulf Co-operation Council (GCC).

Future Challenges

On the threshold of the fifth decade of EFTA's existence, the Association's work is being characterised by the EEA Agreement on the one hand and a network of free trade agreements with third countries on the other. The EEA constitutes an important chapter in EFTA's history. Since its entry into force in 1994, the Agreement has served the interests of the EEA EFTA Member States. The participation of the EEA EFTA States in the Single Market, through application of the so-called "four freedoms" has been of mutual benefit to all parties involved and vastly increased business opportunities for their economic operators.

The free trade agreements with the Central and Eastern European countries form the link between the EFTA States and the new EU members who will also become new members of the EEA. The challenge for the EEA EFTA States will be to cope with the deepening and widening of the EU. The institutional reform of the EU will have implications for the decision-shaping process within the EEA, while enlargement will affect its overall balance.

In this anniversary year, the work of the Association has come full circle and is, at least for a while, again focused on intra-EFTA relations. Following the conclusion of its bilateral agreements with the EU, Switzerland offered to extend the same treatment to its EFTA partners. The EFTA States are currently engaged in this work of updating the EFTA Convention and deepening intra-EFTA co-operation. The updating of the EFTA Convention will contribute to increasing the substantive cohesion of economic relations among all countries in Western Europe.



Photo session at the end of the EFTA Ministerial meeting in Lillehammer, Norway, in June 1999. Left to right: Knut Vollebæk (Norway), Pascal Couchepin (Switzerland), Andrea Willy (Liechtenstein), Halldór Ásgrímsson (Iceland) and Kjartan Jóhannsson, EFTA Secretary-General.

EFTA 40th at the Service of its Members

In the history of European Integration, historians are paying attention to the nature of the institutions that help drive it. It is a characteristic of the cooperation among European democracies that governments have access to a variety of institutions to forward their individual and common interests.

During the second half of the 20th century a number of European institutions were created, developed and tailored to the needs of their Member States. They are there to serve the Member States, not the other way around. Together they represent the patch-work of our continent and contribute to more civilized relations among European countries.

EFTA counts among these organizations. Looking back at EFTA's 40 years of existence, to me the most striking message is how the organization has remained at the service of its Member States, through changing times, within its specific mandate and with light structures - removing customs barriers in the 1960s; moving into dealing with the more complex barriers of trade of the 1970s and 80s, and finally taking on the broad process towards a new concept – the European Economic Area in the early 1990s.

Europe has changed and so has EFTA, and that was its duty as several of the Member States changed their approach and method to European integration. However, the fact that the majority of the founding members of EFTA left to join the European Union is not a judgement of EFTA's performance. It is merely an expression of these countries' free will to take part in a closer kind of European integration. It was never EFTA's mandate or mission to play a role similar to that of the EU, and I am convinced that without EFTA, an important chapter in the history of European integration would never have been written.

In a historic context, the EEA Agreement has served at least three purposes.

First it facilitated the smooth integration of all the EFTA States, with the exception of Switzerland, into the internal market, all of whom benefited from this integration. EFTA and EC members were each others' leading trading partners and no one would stand to gain from not maintaining this close relationship.



I remember our deliberations on the EFTA side back in 1987-88 as we observed how the internal market took shape. While preparing for Norway's EFTA presidency in the first half of 1989, I had several conversations with the President of the European Commission, Jacques Delors, on how we could keep together what really belonged together, the markets of Western Europe, and at the same time introduce new areas of cooperation. It was easy to conclude that closer EFTA-EC cooperation offered the most promising route forward.

EFTA proved its real potential by offering to its Member States a framework for negotiations towards an expanded agreement with the 12 EC Member States. The meeting of EFTA heads of Government at Holmenkollen in March 1989 launched the process. At times we endured painful negotiations with the EC, but also internally. The Alpine countries got acquainted with the intricacies of trade in fish – be it in the Baltic Sea, or off the coast of Norway and Iceland. The Nordic countries learned a lot about the complex issues of transport across the Alps. Seen with hindsight, this mutual learning was in itself a contribution to increased understanding and respect for European diversity.

Secondly, the process towards the EEA Agreement facilitated the integration of Austria, Sweden and Finland into the European Union, as it will, I am certain, one day facilitate membership of one or more of the remaining EFTA members. It is no coincidence that many of the features of the EEA negotiations are now being copied as the candidates of Central and Eastern Europe enter into their accession negotiations. The EFTA candidates negotiated individually back in 1993, but all benefited from the work done during the EEA negotiations.

Thirdly and finally, EFTA continues to be there to serve its remaining Member States – again adapting to new needs and new circumstances. Short of membership, the EEA still represents the most effective mechanism of expanded cooperation that benefits all citizens of the European Economic Area – an area which is bound to expand as new members join the European Union, bringing yet new challenges and opportunities to EFTA.

Gro Harlem Brundtland,
*Director-General of WHO
 and a former Prime Minister of Norway*

EFTA Forty Years



W

hen EFTA celebrated its last birthday in 1990

I had the honour in my capacity of Swedish Minister for Foreign Trade and European affairs to be in the Chair. The celebration took place in Gothenburg in the most beautiful summer weather. The then Prime Minister, Ingvar Carlsson, and I had the pleasure of welcoming six heads of governments, three members from the governments of Poland, Hungary and the Czech and Slovak Republics and three very influential gentlemen from the EC. They were the President of European Commission, Mr. Jacques Delors, Mr. Frans Andriessen, responsible for foreign affairs and Mr. Willy de Clercq, the Chairman of the European Parliament's Committee for Foreign Relations.

All these important people did not come simply for the 30th Anniversary celebrations, but more importantly because the relationship between EFTA and the EC had reached important crossroads. Free trade by itself was not enough. A challenging paper by Secretary General, Per Kleppe, started an interesting debate about EFTA's future. As a result, it was decided in Luxemburg in 1984 to widen our cooperation and to create a European Economic Space (EES). My ambition at the meeting was to find ways and means of coordinating the EFTA countries in order to be able to speak with one voice. The ambition was to have an EES-agreement by 1 January 1993. At that point in time the internal market of the EC enabling free movement for goods, services, capital and persons was to come into force. For Sweden, it was also a priority to open EFTA to East and Central Europe and we had worked hard so the EFTA countries could sign an agreement on economic and industrial cooperation with the Polish, Hungarian, Czech and Slovak Republics.

For Sweden, being a small and export-dependent country, multilateral co-operation through EFTA was very important. One of my predecessors, Gunnar Lange, was therefore a strong supporter of developing EFTA. Not only was the Minister of Trade engaged in the work of EFTA on behalf of the Swedish Government, but Prime Minister Olof Palme was eager to take part in the debate about the future of EFTA and how to develop a much closer EFTA-EC cooperation. The well functioning free trade area for goods had meant economic development and an improved employment rate in Sweden. 370 million consumers in the 18 EFTA-EC countries could benefit from the free market. To support the consumers better became one of my priorities as EFTA Minister.

As the first Swedish EU Commissioner I did my best to maintain and develop my relations with the EFTA countries. I also took the responsibility for the Schengen negotiations with Norway and Iceland. I knew how important the freedom of movement without passports was for all the Nordic countries and I was very happy when we signed the agreement.

All my best wishes for the anniversary,

Anita Gradin,
Former Trade Minister of Sweden
and EU-Commissioner

Friendship and Co-operation

Mr Jon Ivar Nålsund, Chairman of the EFTA Consultative Committee, and I are the co-Chairmen of the EEA Consultative Committee. Co-operation between EU delegates and their counterparts from Iceland, Norway, Liechtenstein and Switzerland (which has permanent observer status) is hallmarked by confidence based on partnership, by friendship, but above all by efficiency and proximity to the man in the street. The EEA Consultative Committee is comprised of representatives of the social partners (employers and employees) and, on the Economic and Social Committee's side, of delegates from agriculture, SMEs, consumers, environmental organisations, NGOs etc.

Our resolutions, which are generally adopted unanimously, reflect the concerns and needs of organised civil society. Most recently, the EEA Consultative Committee has dealt with the following issues:

- employment and social policy;
- the Single Market Action Plan and the Scoreboards from the Commission and from the EFTA Surveillance Authority (furthermore, the EEA Consultative Committee has been informed regularly about the activities of the EFTA Surveillance Authority);
- environment policy: issues and priorities;
- priorities and challenges in preparation for the enlargement of the European Union.

The enlargement of the EU is synonymous with enlargement of the EEA and as such the issue is at the core of our joint work. The highly successful conference of the EFTA Consultative Committee in Vaduz in November 1999, in which Economic and Social Committee members of the EEA Consultative Committee took part, was devoted solely to this topic. The question now is: will the invaluable EEA experiences help us to hammer out acceptable transitional arrangements for those candidate countries who do not succeed in joining the EU within the next five years?

Johannes Jaschick
*Co-Chairman of the EEA
Consultative Committee*



From Tariffs to Politics

40th

President of EFTA's Consultative Committee

Forty years ago I was preparing for my college exams and had to read a considerable amount of documents about the new international animal that was called EFTA. Unfortunately, it was all wasted because during the examination I had to write about the liberation of Africa instead. But the basics about the structure of EFTA stuck with me. Little did I know that I would be so much involved in EFTA matters later in life.

In its childhood EFTA tended to be an organisation which existed purely to promote and secure free trade for industrial goods between the member countries. Not much to fire the imagination of young people. It became an organisation for trade experts and those directly involved.

As European integration speeded up, all EFTA countries had to discuss membership in the EC - yes or no. In my country - Norway - the debate was more difficult than anywhere else. EFTA became the salvation for those who did not want to join the EC, while the yes-side regarded the EFTA option more as the purgatory before the bliss of membership.

One country after the other chose to join the other side: Great Britain, Denmark and later Portugal decided to join the EC. Then a new group jumped the fence: Austria, Finland and Sweden. They were members of the team when we negotiated the EEA Agreement. As soon as the deal was made they decided to join the other side.

A strange group of countries remain: Switzerland, Norway, Iceland and Liechtenstein. Do we have anything in common apart from mountains?

The employers and the trade unions have a long tradition of contacts and cooperation in non-tariff questions in most of the countries in the old and larger EFTA. This is still true today.

Fortunately, the agenda of EFTA has changed tremendously. The lack of members is balanced by the agenda becoming much more interesting:

- the implementation of the EEA Agreement involves very important elements of society in the member countries;
- EFTA is involved in a large network of free trade agreements with Eastern Europe and the Middle East, and may become involved elsewhere;
- ensuring that free trade of industrial goods between member countries is being enforced.

So, what is the Consultative Committee really doing?

1. We are meeting up with the ECOSOC of the EU. This is the only formal link between the social partners and the EEA.
2. We meet the leadership of EFTA and exchange detailed points of view. So far, trade unions and employers have been able to agree on a surprisingly broad menu of political issues.
3. We discuss the implication of the enlargement of the EU for EFTA countries.
4. We do not discuss the implementation of the EFTA Agreement on free trade of industrial goods. The original idea of EFTA has become insignificant.
5. In Norway, the members of the EFTA Consultative Committee have become a body which meets regularly with the leadership of the Foreign Ministry. Of course we discuss other European questions as well.

It is only natural that we sometimes question the strange composition of EFTA and ask ourselves: How long can it last?

Experience so far seems to indicate that it may have more lives than the proverbial cat.

Jon Ivar Nålsund,
President of EFTA's Consultative Committee



EFTA's history is one of constant change: of its original seven founding members (Austria, Denmark, Norway, Portugal, Sweden, Switzerland and UK), only two – Norway and Switzerland – are still members of EFTA. In the meantime, others have joined and stayed, like Iceland and Liechtenstein, or joined and left, like Finland. Those which left did so to join the European Community, thereby taking the road of European Integration.

Despite these dramatic movements, EFTA has remained a motor of trade liberalisation among its members, as well as in relations with the Community. It is worth recalling that one of the first bilateral free trade agreements that were concluded between the EFTA countries and the Community, namely the one with Switzerland, remains the basis for the European Union's relations with that country until the new package of agreements can enter into force. At present, EFTA has free trade agreements with fourteen countries and is extending its free trade concept internationally beyond our continent to countries such as Mexico and Canada. This is an invaluable contribution to the ideal of free trade and to the extension of its benefits.

In 1989 the initiative was taken to negotiate a more structured and strengthened relationship between the Community and EFTA. The outcome of this negotiation was the EEA Agreement: This agreement creates the closest relationship that the EU has negotiated with any of its neighbours or partners to this day. It is based on the concept of dynamic homogeneity and has shown its strength by its good functioning despite the fact that only 3 members remain on the EFTA side.

EFTA has successfully pursued its concept of liberalisation throughout the economic and political changes in Europe. EFTA is the EU's second most important trading partner. Its members are among the most prosperous countries in Europe.

I would like to congratulate EFTA for its achievements. As to the future, I hope to see its Member States also participating in the political shaping of the wider European structures in solidarity, especially with our fellow European countries of the East.



Christopher Patten,
*EU Commissioner
for External Relations*

40th Democracy and European Integration

On 1 January 1994, with the entry into force of the EEA Agreement between the EU and the five members of EFTA, (Liechtenstein joined in 1995 and Switzerland achieved observer status following the result of a referendum in 1992 not to join the EEA), EFTA moved into a period of much closer co-operation with the EC.

The EEA Agreement gave birth to the World's largest and most important integrated economic zone, surpassing the North American Free Trade Area in scope, trading importance and population. Moreover, it marked a further step in the long-standing process of rapprochement between the Union and the EFTA countries.

The system set up by the EEA Treaty represents one of the closest ties between the European Union and any state outside its periphery. Under this agreement, the ties that had already existed between the EFTA economies and the Union became even stronger. Although one could regard it as a "learning process" which would ease the way towards full membership of the Union, it was not meant to be. Indeed, some EFTA States have no intention of joining the Union at present, moreover the EEA reflects the Union's openness to third countries and its ability to adapt itself to new challenges and circumstances.

It is generally difficult to assess the influence of the European Parliament and of the EEA EFTA parliaments on the EEA Agreement and European integration. However, given the EP's implicit right of veto, inherent in the requirement for its assent under Article 238 of the EEC Treaty, this influence has in fact been quite substantial. Throughout the negotiation process the EP, in close co-operation with its EFTA partners, was able to place demands on the negotiating parties, threatening to refuse accession should those demands not be met - accession was eventually granted with an overwhelming majority in October 1992.

Over the years, parliamentarians from the EFTA countries and members of the European Parliament have worked closely together to meet the objectives of the EEA Agreement, which are to boost the competitive position of the EFTA countries by removing barriers to the free movement of goods, persons, services and capital, thereby increasing prosperity in the area. This is clearly reflected in the high number of *acquis communautaire* implemented by the EEA EFTA countries.

The Treaty of Amsterdam has had a variety of indirect effects not only on the EEA Agreement and its functioning, but also on the EEA EFTA States and their relationship with the EU.

Within the EU-EFTA political dialogue, the EEA-EFTA States have been encouraged to adopt the EU's position on a Common Foreign and Security Policy. In addition, areas such as visa, asylum and immigration, as well as the removal of border controls (Schengen), are matters covered by EU-EFTA relations. The EEA JPC has stressed that the EEA EFTA States should be consulted before common EU rules are introduced, especially with regard to changes in visa requirements for EEA EFTA citizens and also to changes within the passport free area of the Nordic countries. Moreover, the EEA JPC considers it important for EEA EFTA States to closely monitor developments regarding inter-institutional relationships and to continue to assess the decision-shaping and decision-making processes in the EP and the national parliaments in relation to the Union's legislative procedures.

This is especially important in light of the forthcoming enlargement of the Union, as membership of the EU implies full acceptance of the existing EU legislation including the EEA Agreement.



One must therefore conclude that the inter-parliamentary co-operation between the EU and the EFTA countries has been of great value to European integration and I am looking forward to contributing, within the scope of the EEA JPC, to a better understanding between the EU and the EFTA States and to ensuring above all democratic parliamentary control and full implementation of all EU legislation relating to the EEA.

Edward H.C. McMillan-Scott
*Chairman of the EEA Joint
Parliamentary Committee*

Chairman of the EEA Joint Parliamentary Committee

A Platform of Co-operation

While EFTA celebrates its 40th anniversary, the Committee of Members of Parliament (CMP) is quite a few years younger. During its first fifteen years EFTA did not officially have a parliamentary body, even though there were informal meetings between members of Parliament of EFTA Member States, first in Strasbourg in connection with the Sessions of the Council of Europe, then also in Geneva at EFTA headquarters. In 1977 the Committee of Members of Parliament was established and held its first official meeting in Geneva in November of that year. The initiative had come from the parliamentarians themselves, as they wished to increase their participation in the work of the Association. It was decided that the Committee should serve as a consultative body to the Council on matters within the scope of the Association and as a channel of information on such matters between EFTA and the national parliaments of its members.

Since then the CMP has become a body that has proved to be able to adapt itself to the rapidly changing political and institutional structures of our continent. In 1983, for instance, 27 members of parliament from the seven EFTA Member States and Liechtenstein participated in the CMP meeting. Among the main topics discussed were relations with the European Parliament and rates of unemployment in the EFTA Member States. In 1989 the CMP was the first EFTA body to welcome a proposal by the President of the European Commission, Jacques Delors, aimed at strengthening the partnership between the European Community and EFTA, which eventually became the EEA. In 1994 the parliamentarians of the eight EFTA States met for the first time in a joint meeting of the Committee of Members of Parliament of the EFTA Countries (CMP) and the Committee of Members of Parliament of the EFTA States that are members of the EEA.

When EFTA celebrated its 25th anniversary very few would have known the answer to the question of how Europe would look in the year 2000. Similarly, we cannot be sure about the political landscape of this continent, ten or twenty years from now. But it is probably safe to assume that cooperation among European nations will continue to increase, while countries will still have different needs and expectations concerning the form of this cooperation and the speed at which it increases. In this context, the CMP offers a platform for friendly discussions among the parliamentary delegations of EFTA members and a forum for dialogue with ministers from our countries. It is providing new and creative structures such as the joint meetings of the CMP and MPS, bringing together the delegations of those EFTA members that are part of the EEA with the delegation from my own country, Switzerland. It continues to serve as an excellent channel of information between EFTA and the parliaments of its Member States, and it will also contribute to the further developments beyond Europe. In fact, EFTA's third country relations will probably become increasingly important, as the world turns into the proverbial global village. The experience of our parliamentary committees may prove very valuable in the context our developing relationships with countries outside Europe.

I am convinced that our Committee will have an important role to play in the years to come, and I look forward to its work in this new millennium.

Marcel Sandoz,
*Chairman of the Committee of
Members of Parliament CMP*

