

## **15 Years EEA Membership of the Principality of Liechtenstein: A Success Story**

Vaduz, 26 March (pafl) – On 1 May 2010, Liechtenstein will be able to look back on 15 years of membership in the European Economic Area (EEA). The Government is taking this occasion to brief Parliament and the Liechtenstein public in an extensive report on Liechtenstein's experiences of EEA membership – as it already did after one, five and ten years of membership.

### **Positive assessment**

Prime Minister Klaus Tschüscher offers a positive summary of 15 years of EEA membership: "Our EEA membership has been an extremely positive success story. Our economic development since 1995 shows that we have succeeded in using our EEA membership to sustain and even expand our good framework conditions." This is confirmed by the statements of various professional bodies and organisations. Unhindered access to the EU Single Market for goods and services, encompassing a total of 30 countries and about 500 million citizens, represents a significant locational advantage for Liechtenstein, as is reflected in the country's export statistics. The diversification and internationalization of the services sector have also been a positive consequence of EEA membership.

### **Promise fulfilled**

Upon joining the EEA, it was promised that Liechtenstein's good relations with Switzerland would be maintained and further developed. This has happened in an outstandingly successful way, since the principle of "parallel marketability" has worked smoothly. It was also assured that Liechtenstein would be able to maintain its competitiveness when joining the EEA – a fact reflected in the thoroughly positive economic development in Liechtenstein's industrial, trades and services sectors.

### **Sticking point of free movement of persons solved**

The solutions to very sensitive Liechtenstein-specific topics set out in the EEA Agreement have proven to be not only adequate but also adaptable. The provisions relating to the free movement of persons negotiated upon accession to the EEA and adjusted upon enlargement of the EEA in 2004 and 2007 take account of Liechtenstein's geographic, demographic and sociological particularities. Liechtenstein was able to negotiate a tailor-made solution that was not only maintained upon enlargement of the EEA in 2004 and 2007, but even improved upon, since the provisions no longer automatically expire.

### **Successful economy**

The competitive pressure due to EEA membership is a great challenge for individual sectors and enterprises. But here again, the Liechtenstein economy has faced the new challenges and taken advantage of the opening of foreign markets. Overall, the Liechtenstein national economy is in very good shape today.

The fears raised before accession to the EEA have not come true, and most of the hopes have been realized. Of course, there are some areas in the EEA Agreement that give rise to problems in application and implementation into domestic law. But EEA membership offers

new business opportunities, for instance for insurance undertakings, investment funds, telecommunication, and certification, and has opened up new markets.

### **Appropriate to Liechtenstein's size**

Prior to accession, some concerns were expressed that EEA membership would give rise to disproportionately high costs. The past 15 years of experience have been positive in this regard, even if the establishment of new positions in the National Administration has not been within the scope originally projected. Experience has shown that the creation of the EEA Coordination Unit as the central contact and coordination point, the strengthening of the Liechtenstein Mission in Brussels, the expansion of expertise in the ministries and administrative offices, and the inclusion of stakeholders have contributed to an efficient administration of the EEA Agreement and in particular also an optimal preservation of Liechtenstein's interests. The implementation statistics show that Liechtenstein is in a very good position in terms of compliance with its obligations on the implementation of EEA law

Some of the parties invited to comment on the EEA Agreement for the report and application by the Government to the Parliament of the Principality of Liechtenstein on "15 Years Membership in the EEA" voiced criticism where accustomed practices and processes have been affected by competition demanded by the EEA (such as in public procurement) or where the state's scope of action has been restricted by the EEA rules governing state aid. Some stakeholders also criticize the regulation density associated with the EEA Agreement.

### **EEA and taxes**

Questions concerning tax harmonization have been raised by the EU not only within the EU/EEA institutions they concern all countries with favourable tax systems (including Switzerland, which is not an EEA member, but also the new EU member states). In the view of the Government, EEA membership has been an advantage in this regard as well, since only members are able to benefit from the basic principle the EEA as an economic area governed by the rule of law. In the fields covered by the EEA, relations with the EU and other EEA member states are governed by legal rules. The Savings Tax Agreement is not directly related to the EEA Agreement, but was adopted in the wider context of European integration.

### **EEA Agreement: not merely an economic agreement**

The EEA Agreement is far more than simply an economic agreement. According to Prime Minister Klaus Tschüscher, "the Agreement has also brought about various changes relating to the protection of consumers and workers, gender equality, and other social domains. These changes benefit every individual." For instance, the opening of the European Single Market is advantageous for consumers, since less expensive products can be imported from throughout the EEA without obstacles. Even if these developments take some time due to traditional acquisition and distribution structures, consumers increasingly will benefit directly from EEA membership in the long run.

### **Education and youth**

With respect to participation in EEA programmes, especially relating to education and youth, expectations have been far surpassed. This component of the EEA Agreement is of particular

significance to the European self-image of the EEA's citizens, representing a long-term investment that contributes to peace and quality of life.

### **Good basis for further developments**

Concluding its positive assessment of 15 years of Liechtenstein's EEA membership, the Government notes that Liechtenstein's integration status is currently deemed appropriate and that it constitutes the best starting position for any other integration scenarios that may become necessary. "However, we cannot underestimate the dynamics both within and beyond the EEA, such as those concerning the integration policy developments in the EU, our EFTA partner countries, and especially Switzerland. The Government is observing these developments very closely, with a view to taking appropriate steps in a timely manner," says Prime Minister Klaus Tschütscher.

### **Availability of the report**

The report and application by the Government to the Parliament of the Principality of Liechtenstein regarding 15 years of membership of the Principality of Liechtenstein in the European Economic Area (no. 17/2010) can be obtained from the Government Chancellery (telephone +423 236 60 30) or downloaded from the Internet at [www.bua.llv.li](http://www.bua.llv.li).