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Annual Report of the European Free Trade Association 2008

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FOREWORD

Dear Reader,

2008 has been a productive year for the European Free Trade Association. Significant progress was made in EFTA's two core activities: the European Economic Area and the organisation's expanding network of free trade relations. The results include securing the participation of the EEA EFTA States in REACH (the EU Chemical Regulation) and the signing of free trade agreements (FTAs) with Canada and Colombia.

On 1 May 2008, EFTA's FTA with SACU (Botswana, Lesotho, Namibia, South Africa and Swaziland) entered into force. It is EFTA's first agreement with another trading block and the first time that EFTA has concluded an agreement with sub-Saharan African countries. This agreement reflects the different levels of development between the parties, for example by addressing economic cooperation and technical assistance.

The EFTA States and Colombia finalised their free trade negotiations in 2008 and signed an FTA at the EFTA Ministerial meeting in Geneva on 25 November. Negotiations with Peru and the Gulf Cooperation Council also progressed well in 2008. Agreements are foreseen to be signed in 2009.

During 2008, EFTA explored opportunities for developing closer free trade relations with several other countries. Negotiations between India and the EFTA States were initiated in 2008. India is already an important economic partner of the EFTA States, with a total two-way merchandise trade of 4.1 billion USD in 2008, an increase of 14% from the previous year. A joint feasibility study between EFTA and the Russian Federation was concluded in 2008, and the aim is to launch negotiations in 2009. Closer economic ties between EFTA and those two important trading partners will surely prove mutually beneficial.

It is important that EFTA maintain an active free trade policy to secure competitive market access conditions for our operators. At the same time the EFTA countries strongly support the World Trade Organization and underline that their FTAs are complementing the multilateral trading system.

The Agreement on the European Economic Area has now been in force for 15 years. The Agreement is based on the objective of providing for the free movement of goods,

persons, services and capital among its members, as well as close cooperation in other fields. The EEA has expanded considerably over the years. It now consists of three EFTA States and 27 EU Member States with a combined population of approximately 500 million people, and constitutes the biggest common market in the world.



In 2008 we made good progress in the management of the Agreement. After years of active follow-up from the EEA EFTA States, the EU Chemicals Regulation – REACH – was inserted into the EEA, well in time for businesses in the EEA EFTA States to participate in the pre-registration of substances on an equal footing with their counterparts from the EU Member States. This Regulation also ensures the participation of the EEA EFTA States in the new European Chemicals Agency.

Securing the environment for future generations and the fight against climate change are important priorities today in European policies. In 2008 the EEA EFTA States adopted the Decision on the Greenhouse Gas Emissions Trading Scheme enabling their participation in the Scheme for the period 2008-2012.

Through the EEA Agreement, the EEA EFTA States also contribute to reducing social and economic disparities throughout the European Economic Area. The EEA Grants and Norway Grants are administered from Brussels by the Financial Mechanism Office. In 2008 the final open calls for individual projects for the period 2004-2009 were launched and closed. By the end of the year more than €800 million had been committed to the beneficiary states.

Together with the two Deputy Secretaries-General, I have worked to further improve the efficiency of the EFTA Secretariat to the benefit of the EFTA States. We are pleased with the results achieved and will strive to continually increase our productivity in 2009.

Kåre Bryn

A handwritten signature in blue ink that reads "Kåre Bryn". The signature is written in a cursive, flowing style.

Secretary-General

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EFTA COUNCIL

EFTA Ministerial meetings

The EFTA Council met twice at Ministerial level in 2008 in Switzerland, in Lugano on 30 June and in Geneva on 25 November. During the first half of 2008 the Council was chaired by Switzerland, and Iceland served as chair during the second half.

At their summer meeting in June, the EFTA Ministers met with Mr Luis Guillermo Plata, Minister of Trade, Industry and Tourism of Colombia, to mark the recent conclusion of a free trade agreement between Colombia and the EFTA States. In their communiqué, the EFTA Ministers expressed their satisfaction with the continued expansion of EFTA's network of free trade agreements. They welcomed the signing of the FTA with Canada at the end of January 2008, the entry into force of the FTA with the Southern African Customs Union (SACU)^[1] on 1 May 2008, as well as the conclusion of negotiations with the Gulf Cooperation Council (GCC).^[2] The Ministers noted the significant progress achieved with Algeria and Peru, and the steps taken to advance relations between EFTA and important economic partners in Asia, such as the decision to launch negotiations

with India. They stated their readiness to resume negotiations with Thailand, commence negotiations with Indonesia, and deepen the dialogue with Malaysia. Additionally, the Ministers underlined the importance of the further expansion of EFTA's FTA network in Europe by preparing the ground for free trade negotiations with Russia and Ukraine, and by continuing the processes with Serbia and Albania. Finally, the Ministers established an ad hoc EFTA Working Group on Trade and Environment.

At the Ministerial meeting held in Geneva on 25 November 2008 the EFTA Ministers and the Colombian Trade Minister signed the EFTA-Colombia Free Trade Agreement. The EFTA Ministers looked forward to settling outstanding issues in the negotiations with Peru, expecting an agreement to be signed in 2009. Similarly, the Ministers hoped that an FTA with the GCC could be signed in the coming months. They also welcomed the EFTA-Russia Joint Study Group Report, which concluded that a broad-based bilateral FTA between the EFTA States and the Russian Federation would significantly advance the economic relationship between the Parties, and the Ministers expressed their wish to start preparations for the opening of free trade negotiations in 2009. EFTA Ministers



The EFTA Ministers and the Secretary-General met with Colombia at the summer Ministerial Meeting in Lugano: Kåre Bryn, EFTA Secretary-General, Rita Kieber-Beck, Minister of Foreign Affairs, Liechtenstein, Annelene Svingen, State Secretary, Ministry of Trade and Industry, Norway, Luis Guillermo Plata, Minister of Trade, Tourism and Industry, Colombia, Doris Leuthard, Federal Councillor, Head of the Federal Department of Economic Affairs, Switzerland and Ingibjörg Sólrún Gísladóttir, Minister for Foreign Affairs and External Trade of Iceland.

^[1] SACU: Botswana, Lesotho, Namibia, South Africa, Swaziland.

^[2] GCC: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates.

welcomed the start of negotiations with India, underlining their interest in reaching an early conclusion, and reiterated their hope that negotiations with Algeria would be concluded in the first quarter of 2009. The EFTA Ministers expressed their readiness to launch negotiations with Albania, Serbia and Ukraine in the first half of 2009. Moreover, the Ministers were satisfied with the ongoing process with Malaysia and confirmed EFTA's interest in engaging in negotiations with Indonesia. They further decided to establish an ad hoc Working Group on Social and Labour Standards in FTAs.

At the summer meeting in June, the EEA EFTA Ministers welcomed the recent adoption of various Decisions in the Agreement on the European Economic Area (EEA). These included the Food Law Package, which formalises EEA EFTA participation in the European Food Safety Authority (EFSA); the EU's Greenhouse Gas Emission Trading Scheme for the period 2008-2012; the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States according to the provisions of the EEA Agreement; and the EU Chemicals Regulation – REACH – including the EEA EFTA States' participation in the new European Chemicals Agency. Additionally, the Ministers stressed the importance of continuous close cooperation with the EU on Energy and Climate Change policies. They also underlined the importance of the close involvement of the EEA EFTA States in the further development of the EU's Integrated Maritime Policy and expressed their support for the comprehensive integrated approach. Overall, the Ministers reaffirmed the importance of continued EEA EFTA contributions to the decision-shaping process of EEA-relevant EU legislation through participation in appropriate Committees and Working Groups, and by submission of EEA EFTA Comments. The Ministers also welcomed the active participation of the EEA EFTA States in the EU Programmes for the period 2007-2013, which promotes common interests towards a more competitive and innovative Europe.

At their meeting in June, the EFTA Ministers reasserted their strong support for the WTO and the multilateral trading system. They highlighted the need for a comprehensive approach to the Doha Round negotiations, and agreed that progress needed to be made not only in agriculture, but also in other areas like industrial goods, services and rules.

At their November meeting, the Ministers reiterated their commitment to a successful conclusion of the Doha negotiations and agreed to support all efforts to move the talks forward. They also emphasised the importance of reinforcing the multilateral system and resisting protectionist tendencies in the context of the current economic crisis.

At the summer Ministerial meeting in 2008, the EFTA Ministers met with the two EFTA advisory bodies, the Parliamentary Committee and the Consultative Committee, and discussed recent developments in EFTA's free trade relations, the EEA, and the Doha negotiations. The Ministers expressed their appreciation for the high-quality input and useful work undertaken by the Committees.

At the Ministerial meeting in Geneva, the Ministers met with the Parliamentary Committee and discussed recent developments in EFTA's free trade policies and EEA matters.

The Communiqués from the Ministerial meetings can be found in the Appendices to this Report.

The EFTA Council at Ambassadorial Level

In the first half of 2008 Switzerland served as EFTA Council Chair, and Iceland chaired the Council in the second half. The Council met ten times during 2008 at the level of Heads of Permanent Delegations to EFTA in Geneva. The Council discussed EFTA's free trade relations with regard to potential new partners, ongoing free trade negotiations and the management of existing agreements. The Council approved a number of technical cooperation projects and dealt with administrative and budgetary matters.

The EFTA Convention

The EFTA Council is responsible for the Vaduz Convention, which is regularly updated to reflect legislative developments in the EEA Agreement and the Swiss-EU agreements. In 2008, the Council amended tables 2 and 3 of Annex D to the Convention, listing tariff concessions on agricultural products, to increase the concessions for cheese and curd granted by Norway and Liechtenstein/Switzerland to all EFTA States to a tariff-free quota of 90 tons.



FREE TRADE RELATIONS

In 2008, EFTA dynamically pursued its policy of expanding preferential trade relations and concluding free trade agreements (FTAs) with partner countries worldwide. By the end of the year, EFTA's formal trade relations beyond the European Union extended to 42 countries at the following levels of engagement:

- Free Trade Agreements in force:
EFTA had fully operational FTAs with nineteen partner countries (Chile, Croatia, Egypt, Israel,

Jordan, Republic of Korea, Lebanon, Macedonia, Mexico, Morocco, Palestinian Authority, Singapore, Tunisia, Turkey, and the Southern African Customs Union, comprising Botswana, Lesotho, Namibia, South Africa and Swaziland).

- Signed Free Trade Agreements:
The FTA with Canada was signed in January 2008. Negotiations with Colombia were successfully concluded in June, and the agreement was formally

Joint Declarations and Free Trade Agreements between EFTA and Third Countries

Fig. 1

Partner	Joint Declaration	Free Trade Agreement	
	Signature	Signature	Entry into force
Albania	10 December 1992		
Algeria	12 December 2002		
Canada		26 January 2008	
Chile		26 June 2003	1 December 2004
Colombia	17 May 2006	25 November 2008	
Croatia	19 June 2000	21 June 2001	1 April 2002
Egypt	8 December 1995	27 January 2007	1 August 2007
Gulf Cooperation Council (GCC) ^[1]	23 May 2000		
Israel		17 September 1992	1 January 1993
Jordan	19 June 1997	21 June 2001	1 September 2002
Korea, Republic of		15 December 2005	1 September 2006
Lebanon	19 June 1997	24 June 2004	1 January 2007
Macedonia	29 March 1996	19 June 2000	1 May 2002
Mexico		27 November 2000	1 July 2001
Southern Common Market (MERCOSUR) ^[2]	12 December 2000		
Mongolia	28 July 2007		
Montenegro	12 December 2000		
Morocco	8 December 1995	19 June 1997	1 December 1999
Palestinian Authority	16 December 1996	30 November 1998	1 July 1999
Peru	24 April 2006		
Southern African Customs Union (SACU) ^[3]		26 June 2006	1 May 2008
Serbia	12 December 2000		
Singapore		26 June 2002	1 January 2003
Tunisia	8 December 1995	17 December 2004	1 June 2005
Turkey		10 December 1991	1 April 1992
Ukraine	19 June 2000		

^[1] Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

^[2] Argentina, Brazil, Paraguay and Uruguay.

^[3] Botswana, Lesotho, Namibia, South Africa, Swaziland.



signed in November. Both FTAs are in the process of being ratified by the Parties.

- **Free Trade Negotiations:**
EFTA was in FTA negotiations with ten countries (Algeria, India, Peru, Thailand, and the Gulf Cooperation Council comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates).
- **Joint Feasibility Studies:**
Reports by Joint Study Groups on closer trade relations were finalised with Indonesia and the Russian Federation.
- **Joint Declarations:**
Joint Declarations on Cooperation existed with nine countries with which EFTA has not yet entered into free trade negotiations (Albania, Mongolia, Montenegro, Serbia, Ukraine, and the MERCOSUR States comprising Argentina, Brazil, Paraguay and Uruguay).

Main Developments

Southern African Customs Union (SACU)

On 1 May 2008, the FTA between the EFTA States and the five SACU member countries (Botswana, Lesotho, Namibia, South Africa and Swaziland) entered into force. It represents the four EFTA States' first free trade agreement with another trading bloc, their first with partners in sub-Saharan Africa, and the first with a Least Developed Country (Lesotho).

The EFTA-SACU agreement focuses on the liberalisation of trade in goods. The dismantling of customs duties is being carried out in an asymmetrical way: while EFTA is granting duty-free market access on most products as of the entry into force of the FTA, the SACU States will remove tariffs gradually until 2014 or after a joint review by the Parties, depending on the products concerned. The different levels of development of the Parties are also taken into account by the possibility of special treatment for Botswana, Lesotho, Namibia and Swaziland, and by setting out principles of economic cooperation and technical assistance.

Bilateral arrangements between SACU and the individual EFTA States cover basic agricultural products and form part of the instruments establishing

the free trade area. Furthermore, the agreement contains provisions on the protection of intellectual property rights and on anti-competitive practices. Within five years after the FTA enters into force, the Joint Committee established thereunder will examine an extension of the scope to trade in services, investment and government procurement.

In 2007, the EFTA States exported goods worth 850 million USD to the SACU countries, with pharmaceutical products and machinery constituting the leading items. EFTA's imports from SACU amounted to 1.6 billion USD, with precious stones and metals being the main product categories.

Colombia

On 25 November 2008 the EFTA States and Colombia signed a free trade agreement in Geneva. The negotiations leading to this FTA lasted one year and were concluded in June 2008, after five rounds. Up until the fourth round, in what was a novel process for EFTA, talks with Colombia and with Peru were conducted jointly, before concluding separate FTAs with the two countries.

The FTA with Colombia is EFTA's third in Latin America, alongside Mexico and Chile. Its comprehensive coverage ranges from trade in industrial and agricultural goods to trade in services, investment, government procurement, competition and intellectual property rights. Basic agricultural products are covered by bilateral arrangements between Colombia and the respective EFTA States. Two-way merchandise trade between EFTA and Colombia reached 720 million USD in 2007.



EFTA Ministers signing the Free Trade Agreement with Colombia on 25 November 2008.



India

With total two-way merchandise trade of 3.6 billion USD in 2007, as well as substantial levels of bilateral trade in services and direct investments, India is already an important economic partner of the EFTA States. As shown in the joint EFTA-India study undertaken in 2007, the relationship holds significant potential, and a broad-based free trade agreement would create an effective basis for strengthened trade and investment linkages between both sides.

In January 2008, Ministers from the EFTA States and India endorsed the report of the Joint Study Group and agreed to prepare for the start of free trade negotiations. The first full round of negotiations took place in October 2008 in New Delhi, followed by a second round in December in Geneva. The Parties are committed to continuing, and if possible finalising, the negotiating process during 2009.

Other Partners

In 2008 EFTA conducted a joint feasibility study with the Russian Federation, examining the potential for closer trade and investment relations. Completed in November, the report by the Joint EFTA-Russia Study Group concluded that a comprehensive free trade agreement would significantly advance the economic relationship for both sides. EFTA Ministers endorsed the report on 25 November 2008 and expressed their willingness to start preparing for free trade negotiations in 2009.

At their meeting in November 2008, the EFTA Ministers also reviewed economic relations with other European countries and declared their interest and readiness to commence free trade negotiations with Albania, Serbia and Ukraine. The basis for enhanced economic partnerships with all three States was established by earlier Joint Declarations on Cooperation.

In the Mediterranean region, EFTA pursued its free trade negotiations with Algeria, with a view to completing its FTA network in the area. Three full rounds of negotiations were held in 2008, and the Parties aim at finalising the negotiating process in early 2009.

In the Middle East, the negotiations with the six member states of the Gulf Cooperation Council were substantively concluded in April 2008, after five



The EFTA States and Peru completed the last round of FTA negotiations on 31 October 2008. The spokespersons for the two sides were Ambassador Marie-Gabrielle Ineichen-Fleisch, Switzerland, and Vice-Minister Eduardo Ferreyros, Peru.

rounds. The legal review of the negotiated texts and clarifications of other issues continued throughout the second half of the year. EFTA expects the FTA with the GCC States to be signed in the course of 2009.

In Southeast Asia, EFTA continued its respective dialogues on closer economic relations with Indonesia and Malaysia. In November 2008, EFTA Ministers reiterated their readiness to engage in negotiations with Indonesia on the basis of the recommendations by the Joint Study Group of 2006, and expressed their hope that the suspended negotiations with Thailand could resume at the earliest possible opportunity.

In a further important development, the FTA with Canada was signed in January 2008 in Davos, Switzerland. After the EU, the United States, China and Japan, Canada is EFTA's fifth largest trading partner. Total two-way trade merchandise trade amounted to 10.9 billion USD in 2007. The agreement is foreseen to enter into force in mid-2009.

In Latin America, in addition to the signing of the free trade agreement with Colombia, a final round of negotiations with Peru took place in October 2008 in Lima. Following a legal review and settlement of the last outstanding issues, EFTA hopes that the Parties will be able to sign the agreement in 2009.



Management of EFTA Free Trade Agreements

In 2008, the EFTA States held Joint Committee meetings with seven free trade partners (Chile, Egypt, Israel, Republic of Korea, Macedonia, Mexico, and the Palestinian Authority). On these occasions, EFTA and its partner countries reviewed the functioning of the respective agreements. They also assessed the need for adjustments and extensions of commitments in light of recent developments. As a result, several decisions to update the legal texts of FTAs were taken, and substantive follow-up work was agreed on, in particular with Israel (FTA partner since 1993) and Mexico (partner since 2001). Furthermore, work on possible future amendments to existing FTAs was also pursued with other partners, such as Singapore.



The second Joint EFTA-Macedonia Committee was co-chaired by Ambassador Norbert Frick from Liechtenstein and Macedonian Deputy Minister of Economy Metodij Hadzi-Vaskov.

Joint Committee Meetings in 2008

Fig. 2

Free Trade Partner	Venue and date of meeting
Joint EFTA-Palestinian Authority Committee (2 nd)	Geneva, 13 March 2008
Joint EFTA-Chile Committee (2 nd)	Santiago de Chile, 8 April 2008
Joint EFTA-Korea Committee (1 st)	Seoul, 28 May 2008
Joint EFTA-Israel Committee (6 th)	Crans-Montana, 12 June 2008
Joint EFTA-Mexico Committee (4 th)	Geneva, 23 September 2008
Joint EFTA-Egypt Committee (1 st)	Geneva, 4 November 2008
Joint EFTA-Macedonia Committee (2 nd)	Geneva, 28 November 2008

EFTA's Technical Assistance



In March 2008 EFTA co-organised a Technical Assistance seminar in Indonesia.

EFTA's economic cooperation and technical assistance activities cover a range of projects and programmes funded through the organisation's budget. The main objective of these activities is to prepare prospective partners for free trade relations with EFTA and to assist existing FTA partners in the implementation of their free trade agreements. The programmes and projects are primarily directed at developing countries and economies in transition.

EFTA arranges training, seminars, workshops and study visits adapted to the particular needs of the partner countries. Areas where EFTA provides assistance include trade facilitation and trade promotion, customs and origin matters, technical barriers to trade, sanitary and phytosanitary measures, intellectual property rights, government procurement, competition, services, and statistics. Moreover, EFTA participates in EU technical assistance programmes and in projects aimed at third countries, especially with regard to customs matters, standardisation and statistics.

Technical assistance activities are organized by the EFTA Secretariat. Experts from EFTA Member States, the Secretariat and partner countries implement the projects.

Technical Assistance

In the framework of EFTA's technical assistance activities, projects undertaken in 2008 included:

- seminars in Chile, Indonesia and the Palestinian territories on how to export to the EFTA States;
- a seminar in Indonesia on fisheries;
- a seminar in Lebanon on sanitary and phytosanitary measures;
- a seminar with the Palestinian Authority on rules of origin and verification procedures; and
- scholarships at the World Trade Institute in Bern, Switzerland for officials from Tunisia.

The budget allocated to these activities amounted to 500 000 Swiss francs. However, this figure does not include bilateral programmes and initiatives undertaken by individual EFTA Member States alongside EFTA activities.

Relations with WTO

Under the WTO's transparency mechanism for bilateral and regional trade agreements (see box on page 12), EFTA submitted an early notification regarding the start of negotiations with India in 2008. EFTA also filed a notification for the signing of the agreement with Canada and the entry into force of the FTA with the SACU States. Moreover, the EFTA-Egypt and EFTA-Tunisia agreements were examined by the WTO's Committee on Regional Trade Agreements in November.

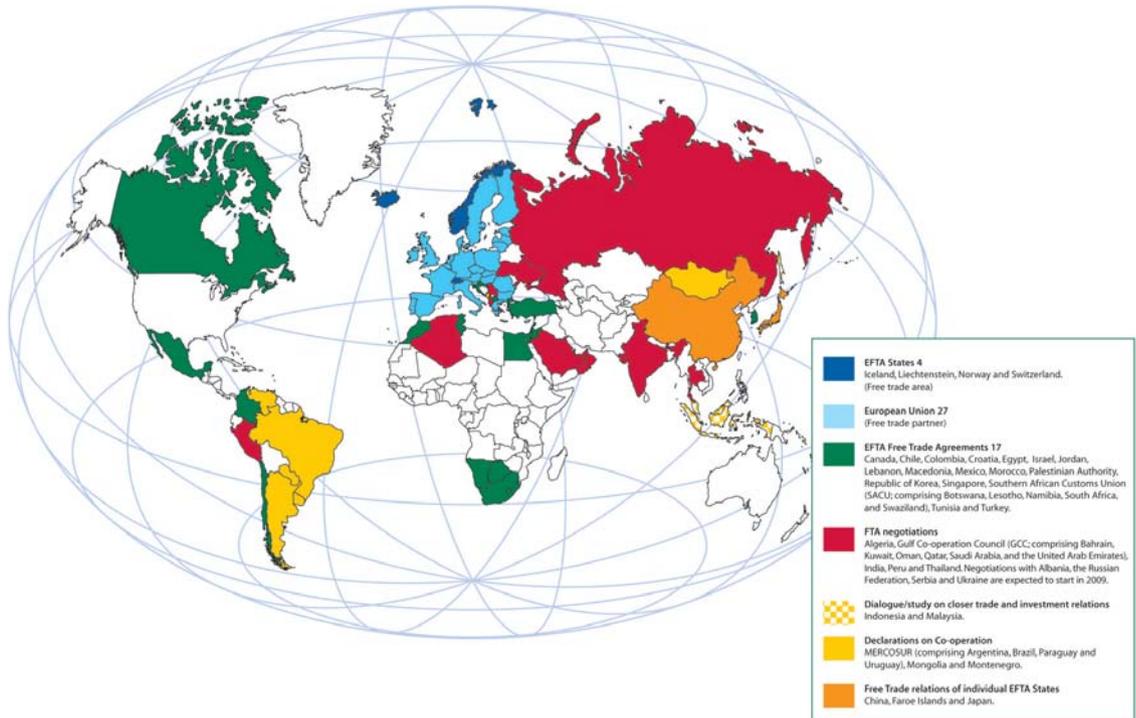
WTO's Monitoring of Free Trade Agreements

Most-favoured-nation (MFN) treatment is a key principle underlying the multilateral trading system. In particular, MFN treatment means that a lower customs duty offered by one Member of the World Trade Organisation (WTO) to another country must be extended to all other Members of the WTO. However, a country may enter into a free trade agreement or customs union granting more favourable treatment to the participating States than to the other WTO Members if it observes certain conditions stipulated in the relevant provisions of the WTO Agreements, to ensure the complementarity of the FTA with the WTO system (notably Article XXIV of the GATT, for trade in goods, and Article V of the GATS, for trade in services).

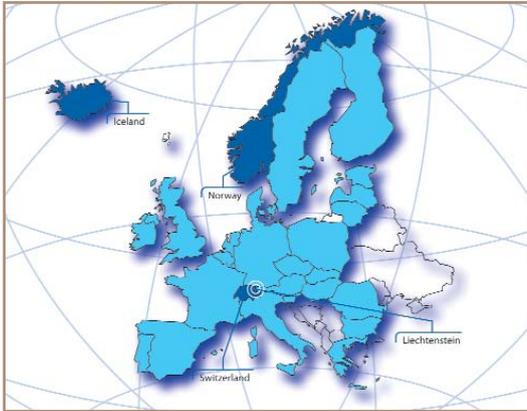
By the end of 2008, the WTO had been notified of a total of 421 free trade agreements (or “bilateral/regional trade agreements”). The WTO General Council established a new transparency mechanism for such agreements in 2006. This mechanism provides for the early announcement and notification to the WTO of any agreement, as well as for consideration by the WTO membership of such agreements on the basis of a “Factual Presentation” prepared by the WTO Secretariat. The factual presentations provide an overview of the main provisions of the FTA as well as information on the overall liberalisation undertaken by the Parties within the agreement. In addition, the WTO is to receive notification with regard to any changes affecting the implementation or the operation of an FTA.

The current transparency mechanism is being implemented on a provisional basis – a permanent one is to be adopted as part of the overall results of the ongoing Doha round of negotiations. The EFTA Member States are committed to the rules and the implementation of this mechanism, in line with their overall priority given to the multilateral trading system. Since the introduction of the 2006 transparency mechanism, and alongside numerous notifications, three free trade agreements have been considered by the WTO Committee on Regional Trade Agreements (CRTA), namely EFTA-Chile, EFTA-Egypt and EFTA-Tunisia.

FTA Network - Across Europe and beyond



THE EEA AGREEMENT



The Agreement on the European Economic Area (EEA) brings together the 27 EU Members and three of the EFTA countries – Iceland, Liechtenstein and Norway – in a single internal market.

The EEA Council

The EEA Council was chaired by the EU side during the first half of the year, and by EFTA in the latter half. In 2008 the EEA Council met on 27 May and 13 November. The EEA Council reviewed the ongoing work in EEA cooperation and noted the progress reports from the EEA Joint Committee. The Ministers confirmed the positive overall functioning and development of the EEA Agreement and appreciated the fact that new acts were being quickly incorporated into the Agreement. They also discussed the current financial

crisis and the EEA Financial Mechanisms; an orientation debate also took place on the European Commission's Communication on "the European Union and the Arctic Region". The Conclusions from these meetings are found in the appendices to this Report.

The EEA Joint Committee

The Joint Committee met 8 times in 2008, and adopted 130 decisions incorporating 218 legal acts.

During the year, the Joint Committee discussed the appropriate level of participation for the EEA EFTA States in the European Institute of Gender Equality, as well as access for EEA EFTA citizens to work in the European Commission Executive Agencies. On 28 November 2008 the Icelandic Government presented a Notification of protective measures under Article 43 of the EEA Agreement.

Among the decisions adopted by the Joint Committee were: the Decision providing for EEA EFTA participation in REACH; the Decision on the European Institute of Innovation and Technology; and the Directive on the right of citizens of the European Union and their family members to move and reside freely within the territory of the Member States. In conjunction with the latter a General Declaration was adopted stating that immigration policy is not a part of the EEA Agreement.



Meeting of the Standing Committee of the EFTA States and the EEA Joint Committee in Brussels on 4 July 2008.

The Lugano Convention

In order to revise and update the Lugano Convention (Convention on jurisdiction and the enforcement of judgments in civil and commercial matters), the Council of the European Union in 2002 authorised the Commission to open negotiations with Iceland, Norway and Switzerland. The negotiations were opened with an exchange of views in September 2003 and were suspended until 2006. Negotiations on the formal revision of the Lugano Convention re-opened at the diplomatic session in Lugano from 9 to 12 October 2006. On 30 October 2007, the revised Lugano Convention was signed in Lugano.

The EFTA Secretariat continued to follow the work under the Lugano Convention and participated as an observer institution in the 15th session of the Standing Committee of the Lugano Convention.

The Standing Committee of the EFTA States

In the first half of the year, Norway chaired the Standing Committee and Liechtenstein served as chair in the second half. The agendas and conclusions of the Standing Committee meetings are available on the EFTA website.

Last but not least, the EEA EFTA States continued to monitor other horizontal policy developments in the EU in light of how they may affect the EEA Agreement. To this end, in 2008 the Secretariat prepared papers on the Single Market Review and the Better Regulation Initiative.

Free Movement of Goods

A substantial part of EU legislation concerns the free movement of goods, a principle which is applied throughout the Internal Market. This does not mean that all products can circulate freely. They must conform to requirements set for the protection of legitimate interests, such as health, safety and the environment. In addition, in order to ensure a fair and efficient market, a wide range of legislative measures have been established in the fields of competition, state aid and public procurement.

Subcommittee I prepares for the integration into the EEA Agreement of legislation that relates to all aspects of the free movement of goods, competition, state aid, public procurement, intellectual property rights and energy matters. The work of Subcommittee I is assisted by 14 Working Groups and 26 Expert Groups.

Under the EFTA Council two committees work on issues related to goods, the Committee on Technical Barriers to Trade and the Origin and Customs Experts Committee. They met several times in 2008 and were involved, among other things, in revisions of parts of the EFTA Vaduz Convention, standardisation and conformity assessment issues, requests for funding of joint EU-EFTA quality infrastructure projects geared towards third countries, and coordination of relevant customs matters.

Legal and Institutional Matters

Subcommittee V met 6 times in 2008. The Committee devoted considerable efforts to analysing the Lisbon Treaty and its potential implications for the EEA Agreement.

Also, Subcommittee V addressed numerous other issues in 2008. The Committee started work on an analysis of authorisation procedures for placing products on the market and will continue with this in 2009. Work was completed on the analysis of the Competition rules in the coal and steel sectors and the streamlining of the procedures regarding Declarations and Statements to Decisions of the EEA Joint Committee. In addition, a comprehensive note containing a case study of the EEA two-pillar system was finalised.

Moreover, the Subcommittee revisited the issue of the publication procedures for the EEA Supplement and the implementation of the Decision of the Standing Committee of the EFTA States on public access to documents.



	Number of meetings in 2008	Number of acts incorporated in 2008
The Joint Committee	8	218
The Standing Committee	8	218
SUBCOMMITTEE I	8	100
Working Groups		
Competition Policy	2	-
Customs Matters	3	-
Efficient Trade Procedures	2	-
Energy Matters	5	3
Feedingstuffs	2	13
Fisheries	-	-
Intellectual Property Rights	3	-
Plant Health	-	4
Processed Agricultural Products	1	-
Product Liability	-	-
Public Procurement	1	2
State Aid	-	1
Veterinary Matters	1	21
Technical Barriers to Trade (TBT)	5	56
Expert Groups under TBT		
Motor Vehicles	-	7
Agricultural and Forestry Tractors	-	1
Machinery	-	-
Appliances Burning Liquid or Gaseous Fuels	-	-
Construction	-	8
Pressure Equipment	-	-
Measuring Instruments	-	1
Electrical Equipment	-	-
Foodstuffs	1	18
Organic Production	-	2
MRLs	-	4
Medicinal Products	1	-
Chemicals	-	13
Fertilisers	-	-
Good Laboratory Practice	-	-
Cosmetics	-	2
Telecommunications Equipment	-	-
Medical Devices	-	-
Personal Protective Equipment	-	-
Consumer Product Safety and Toys	-	-
Wine and Spirit Drinks	-	-

	Number of meetings in 2008	Number of acts incorporated in 2008
Explosives	-	-
Recreational Crafts	-	-
Marine Equipment	-	-
ATEX (equipment for use in explosive atmospheres)	-	-
Precious Metals	-	-
Cableway Installations	-	-
Other	-	-
SUBCOMMITTEE II	8	52
Working Groups		
Ad Hoc Working Group on Services	3	-
Financial Services	3	16
Economic Committee ECFIN (with SG's Office)	3	-
Company Law	1	2
Information and Telecommunication Services	3	11
- <i>Audiovisual Services Subgroup</i>	2	-
- <i>Data Protection Expert Group</i>	1	-
Postal services	1	-
Transport	6	23
SUBCOMMITTEE III	8	6
Working Groups		
Free Movement of Workers and Employment	-	-
Social Security	5	4
Recognition of Professional Qualifications	2	2
SUBCOMMITTEE IV	8	61
Working Groups		
Research and Development	2	1
Environment	4	17
Education, Training and Youth	2	2
Gender Equality and Family Policy	2	1
Disabled, the Elderly and Social Exclusion	-	-
Health and Safety at Work and Labour Law	2	1
Consumer Affairs	2	2
EFTA Consumers' Consultative Committee	1	-
Enterprise Policy	2	-
Civil Protection	3	1
Cultural Affairs	3	1
Public Health	2	3
Budgetary Matters	4	-
Heads of National Statistical Institutes	1	31
<i>Subcommittee II and IV</i>		<i>1*</i>

* Protocol 31 on cooperation in specific fields outside the four freedoms: Implementation of the Internal Market Information System (IMI) as regards the protection of personal data.



Meeting of Subcommittee I on the Free Movement of Goods, 16 September 2008, at the EFTA Secretariat in Brussels.

Veterinary, Food and Agricultural Issues

The veterinary and food legislation in the EEA Agreement applies only to Iceland and Norway. Since 2007, Liechtenstein has been subject to the Swiss-EU Agricultural Agreement as regards legislation in these areas.

Veterinary Issues

In 2008, the EEA Joint Committee incorporated the implementation rules regarding control and surveillance of the animal disease 'bluetongue' and several amendments of the Transmissible Spongiform Encephalopathies (TSE) Regulation, as well as a number of other acts concerning animal diseases and animal products.

The Food Law Package, including key legislation on general food law and on the European Food Safety Authority (EFSA), a regulatory framework for animal by-products, hygiene issues and official food and feed control, was incorporated into the EEA Agreement in 2007. An extension of certain veterinary legislation to Iceland was also part of the Package. Parliamentary procedures were finalised in Norway in June 2008 and in Iceland they are still ongoing. The Package is expected to enter into force in 2009.

During 2008, approximately 60 veterinary acts under simplified procedures were identified.

Animal Feed

The Working Group on Feedingstuffs met twice in 2008, and discussed, among other things, legislation which had recently been adopted in the EU. This includes implementing rules for the authorisation of feed additives, the revision of the maximum limit for undesirable substances, and methods of sampling and analysis. The Working Group also prepared EEA EFTA comments to a new proposal for a regulation on the placing on the market and the use of feed, which were taken into account by the Council of the European Union. All acts incorporated during 2008 were related to authorisations for additives under the legal framework for additives in animal feed.

Food

The two most important regulations in the food area that were incorporated into the EEA Agreement in 2008 dealt with nutrition and health claims made on foods and with the addition of vitamins and minerals to food. These regulations are not yet in force in the EEA EFTA Member States, as parliamentary procedures must first be finalised. Several legal acts concerning food contact materials were also incorporated into the EEA Agreement in 2008, as well as a directive concerning infant formulae.

The EFSA Food Law Regulation, which is the new general legal basis in the food area, is still awaiting entry into force (see page 16 under Veterinary Issues).

During 2008, discussions continued between the EEA EFTA Member States and the Commission on the integration of the Novel Foods Regulation of 1997, the Regulations of 2003 on genetically modified food and feed, and the traceability and labelling of genetically modified organisms (GMOs).

The Commission adopted two important legislative proposals on novel foods and food information to the consumers in 2008. The Expert Group on Foodstuffs prepared EEA EFTA comments to these two proposals. The Expert Group on Organic Production continued preparations for the incorporation into the EEA Agreement of the new framework legislation regarding organic production, which entered into force in the EU on 1 January 2009.

Trade in Agricultural Products

Throughout 2008, Norway met several times with the European Commission to discuss extended concessions on trade in agricultural products, based on Article 19 of the EEA Agreement. Negotiations will

continue in 2009. Meanwhile, Iceland continued its negotiations with the Commission with regard to processed agricultural products. The outcome of these negotiations, which are expected to be completed soon, is foreseen to be implemented in Protocol 3 of the EEA Agreement as a bilateral regime.

Technical Barriers to Trade (TBT)

EFTA deals with the removal of technical barriers to trade in two fora: the EFTA Committee on Technical Barriers to Trade (TBT), which reports to the EFTA Council (i.e. including Switzerland), and the Working Group on Technical Barriers to Trade, which coordinates the assessment of EEA relevance and acceptability of new EU legislation to the three EEA EFTA Member States. Switzerland is an observer within this Working Group. The TBT Committee and the Working Group each met five times in 2008.

The main issues in 2008 were the EFTA study on certification and marks, and the New Legislative Framework (NLF) for the marketing of products adopted in the EU in July 2008. Other topics of interest were standardisation policy issues, technical assistance projects to third countries in the field of quality infrastructure and a mutual recognition agreement with Turkey.



EFTA study on Certification and Marks in Europe



The report from the EFTA study on “Certification and Marks in Europe” was published on 21 April 2008. The main objective of the study was to create a better understanding of crucial parts of the market for marks in Europe with a view to improving the functioning of the Internal Market. Multiple certification, with or without marks, can amount to a barrier to trade for SMEs.

The study sheds light on certification leading to the affixing of marks in selected sectors, with special emphasis on what is happening at national level. Schemes operating at European level were also covered. The study shows that there is a need for a shift in policy focus, from marks to certification (and marks). The study also identifies several success factors for European marking schemes such as the withdrawal of equivalent national schemes and strong support from manufacturers, scheme operators and public authorities.

On 11 June 2008, in cooperation with the European Commission and the European Parliament, EFTA held a workshop entitled "Certification and marking for Europe." The workshop was attended by 100 representatives of important stakeholders. The political aim of the Workshop was to make a contribution to the free movement of safe products in Europe, where a balance is to be struck between free movement and the level of certification required.

The executive summary and the full report, as well as the presentations from the workshop, can be downloaded from the EFTA website: www.efta.int/publications

Technical Cooperation in the Field of Quality Infrastructure

The four EFTA States have a long-standing policy of contributing financially and participating actively in EU technical cooperation programmes in the field of quality infrastructure. Quality infrastructure refers to all aspects of metrology, standardisation, accreditation, market surveillance, testing, quality management, inspection and certification that have a bearing on conformity assessment.

The overall objective of these jointly financed EU/EFTA programmes consists of facilitating intra-regional trade and overall free movement of goods, with a view to improving the competitiveness of the economy in the targeted region and preparing the beneficiaries for future EU/EEA accession negotiations.

In September 2008 EFTA and the Commission successfully completed a 16-month regional project running under the



July 2008: Final Steering Committee meeting in Koper (Slovenia) of the CARDS 2006-2008 Quality Infrastructure project co-financed by EFTA.

Community Assistance for Reconstruction, Development and Stabilisation (CARDS) framework, which aims to further strengthen cooperation between quality infrastructure institutions in the Western Balkans. The beneficiaries of this project were Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo. In view of the project's positive outcome, the EFTA Council decided to support a follow-up initiative running under the new EU Pre-Accession Assistance (IPA) Instrument framework. This new €2 million regional project, scheduled to start in early 2009, will also include Turkey in addition to the Western Balkans. EFTA will have a seat on the Steering Committee of this project.



Motor Vehicles

In February 2008 a regulation concerning type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information was incorporated into the EEA agreement. In 2008, the Commission followed up the adoption of Directive 2007/46/EC (framework directive) with a regulation replacing several annexes in the Directive. The adopted system establishes a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles. The framework directive still awaits incorporation into the EEA agreement. In total seven acts concerning vehicles were incorporated into the EEA Agreement in 2008.

Medicinal Products

On 2 October 2008, the EFTA Secretary-General participated in the 3rd and final meeting of the Pharmaceutical Forum on behalf of the EFTA

countries. The Forum was established in 2005 by the Commission to examine the competitiveness of the European-based pharmaceutical industry and related public health issues. Among the more than 40 presentations during the meeting, prepared remarks by the Secretary-General on an issue related to access of medicines in small markets was well-received by the audience. The attendance at this final meeting of the Forum was particularly high, with all 27 EU Member States represented.

In November 2008, after several rounds of discussions and requests for clarification triggered by the adaptations proposed by the EEA EFTA Member States, the Secretariat officially sent the 2004 Pharmaceutical Package to the Commission. The Package consists of a set of EU legal acts, essentially updating rules on the authorisation and supervision of medicinal products. The incorporation of this long-pending Package into the EEA Agreement, scheduled for early 2009, will allow for the parallel incorporation of several other key pharmaceutical acts dealing among other things with paediatric issues.

Chemicals

The main issue in 2008 was the incorporation of the REACH Regulation. This regulation requires producers and importers of chemicals to register substances and to provide a set of safety testing results before the products are placed on the market. The most hazardous substances will require authorisation in order to be legally placed on the market. The EFTA Secretariat worked throughout the year to secure access to all the relevant committees set up under the European Chemical Agency (ECHA) for the EEA EFTA Member States.

The EEA EFTA States adopted the REACH Regulation in March 2008 in the EEA Joint Committee and the national parliaments finalised their procedures in June. This ensured that companies located in these countries could pre-register their chemicals in the same way as businesses in the EU Member States. The deadline for such pre-registrations was set at 1 December 2008, and companies that pre-registered their products by then will benefit from transitional periods ranging from 3.5 to 11 years. Companies that did not meet this deadline

will have to submit a full registration file before being able to place their products on the market.

In total 13 acts on chemicals were incorporated into the agreement in 2008.

Mutual Recognition Agreements

Mutual Recognition Agreements (MRAs) are instruments that facilitate market access to third countries by reducing the costs and time associated with obtaining product certifications. Protocol 12 of the EEA Agreement ensures the smooth functioning and the homogeneity of the EEA market with regard to MRAs. In April 2008 the EEA EFTA Member States and Canada completed the revision of parts of their MRA, in particular the chapters on Telecommunications Terminal Equipment and Electromagnetic Compatibility. The implementation of the agreed changes is scheduled to be completed in 2009. The EFTA TBT Committee also held an additional round of negotiations with Turkey on a protocol to the EFTA-Turkey Free Trade Agreement on Mutual Recognition of Conformity Assessment in 2008.

Market Surveillance and Consumer Product Safety

A key issue in the New Legislative Framework for the marketing of products is the obligation of the EFTA states to get ready for the implementation of improved market surveillance instruments. Through the TBT Committee, initiatives such as the sharing of experiences and the development of common positions are discussed and agreed. EFTA States have further been active in meetings conducted by the Senior Officials Group for Standardisation and Conformity Assessment policy (SOGS). They also joined the recently formed SOGS Market Surveillance Group.

The EFTA countries participate in the work of PROSAFE, the product safety enforcement forum of Europe, which consists of an informal network of market surveillance enforcement authorities. This organisation was successful in its application for EU financing for an extensive three-year project entitled EMARS – enhancing market surveillance through best practices – which commenced in 2006 and was due to be completed at the end of 2008. The secretariat for this project is located in the EFTA Secretariat building in Brussels. A two-day PROSAFE meeting on the EMARS project was held in the EFTA premises on 28-29 October and addressed practical proposals for joint actions in 2009-2011. The EFTA States are actively involved in this process and they also participated in



Following the incorporation of the REACH Regulation, companies in the EEA EFTA States were free to participate in the pre-registration of chemicals.

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the International Product Safety Week, organised by DG SANCO on 17-21 November 2008. Both the PROSAFE meeting and the International Product Safety Week meetings were attended by the EFTA Secretariat and reports were given to the EFTA countries via the TBT Committee.

Another key issue in the New Legislative Framework (NLF) is the strengthening of accreditation at national and European level. As a consequence of the NLF, the EFTA Secretariat is preparing for the signing of Guidelines of Co-operation between the European Co-operation for Accreditation (EA), the European Commission and EFTA. This agreement will be followed by an annual operating grant agreement between the EA and the Commission and between the EA and EFTA.

European Standardisation

The EFTA countries and the European Commission give financial support to the work carried out by the European Standardisation Organisations (ESOs) – CEN (European Committee for Standardisation), CENELEC (European Committee for Electrotechnical Standardisation) and ETSI (European Telecommunications Standardisation Institute). Like the Commission, EFTA has the formal status of Counsellor to CEN and ETSI, and is entitled to participate in the Administrative Boards of these organisations, as well as the General Assemblies of the three ESOs. In their respective General Assemblies, CEN and CENELEC decided to enhance cooperation and agreed to have a common Director General in 2009.



Senior Officer Tore N. Thomassen represents EFTA at the CEN General Assembly in Bucharest, Tuesday 24 June 2008.

In 2008, the Working Group on TBT continued to be involved in the preparation of mandates for the ESOs for new standardisation activities to facilitate the functioning of the Internal Market. The mandates that were approved in 2008 mainly concerned consumer product safety, telecommunications, ICT, bio-based products and environmental issues. The EFTA TBT Committee decided to support the prolongation of a European seconded standardisation expert in China, for 3 new years from July 2009, and also gave its support to the placement of a similar expert in India in 2009. The Committee also follows the development of a project aiming at establishing an EU-China internet information-sharing platform for standardisation.

In parallel with the Commission, EFTA also signed Annual Operating Grants with the three ESOs to contribute to the operational costs of the Central Secretariats of the organisations. EFTA's 5% financial commitment to standardisation activities amounted to almost one million euros in 2008. EFTA continued its financial support to ANEC, the European Association for the Coordination of Consumer Representation in Standardisation, and ECOS, the European Environmental Citizens Organisation for Standardisation, which represent consumers and environmental interests in standardisation. It also continued to provide financial support to EOTA, the European Organisation for Technical Approvals (relating to the construction sector). At the end of 2008 the Commission adopted the final proposal for new Framework Partnership Agreements for future standardisation activities, and the EFTA Secretariat has been preparing the parallel agreements for approval by the EFTA countries as early as possible in 2009.

Energy

The EEA EFTA Member States closely followed the 3rd liberalisation package, launched by the Commission in September 2007, the Climate and Energy Package presented in January 2008, and the Second Strategic Energy Review which the Commission published on 13 November 2008.

Three acts in the field of energy were incorporated into the EEA Agreement during 2008: a Commission Decision 2006/770/EC concerning congestion management of the infrastructure, a Commission Decision on the methodology to be applied for the collection of gas and electricity prices charged to industrial end-users, and a Regulation concerning access to the natural gas transmission networks.

One additional act, a Directive on security of electricity supply and infrastructure investment, entered into force during 2008. This Directive was incorporated into the EEA Agreement in 2007 and entered into force in November 2008.

Renewables and energy efficiency were high on the agenda for the Working Group on Energy Matters. In April 2008 the Group held a separate meeting with the Commission on the proposal for a modification of the Directive on the promotion of the use of energy from renewable sources. The Working Group also examined the Decision on harmonisation of efficiency standards and the Directive on energy end-use efficiency and energy services. The EEA EFTA Member States followed up on developments for the Eco-design Directive by participating in the Eco-design Consultative Forum. The Working Group worked towards incorporating the Energy Star Regulation into the EEA Agreement and also made efforts to enter into an exchange of letters with the Environment Protection Agency in the United States on this matter. The Regulation and the agreement with the US EPA concern a voluntary labelling system that aims at identifying certain standards regarding energy efficiency in office equipment.

Competition Policy

The Working Group on Competition Policy developed a draft agreement amending Protocol 4 to the Surveillance and Court Agreement on the functions and powers of the EFTA Surveillance Authority in the field of competition. This work was delayed due to the need to wait for a revision of the merger implementation regulation, which was published in October 2008. The Working Group also prepared for the incorporation into the EEA Agreement of an act concerning settlement procedures in cartel cases, and one act concerning competition in the markets in telecommunications terminal equipment. The Working Group observed closely several initiatives by the EU, in particular the White Paper on damages actions for breach of the EC antitrust rules. Finally, the start of the reviews of the merger regulation, the modernisation regulation and the block exemptions were monitored by the Working Group.

State Aid

The EEA EFTA Member States continued to closely follow the State Aid Action Plan which was launched by the Commission in 2005 and is in effect until 2009.

Within the framework of the State Aid Action Plan, the General Block Exemption 2008/800/EC was incorporated into the EEA Agreement and entered into force in November 2008.

The EEA EFTA Member States participated actively in multilateral state aid meetings in 2008, concerning the Draft Communication from the Commission on the application of State aid rules to public service broadcasting, State aid concerning new temporary measures in the context of financial crises, and on the Enforcement Notice. The EEA EFTA Member States participated in the Commission State Aid seminar on 21 November 2008.

Public Procurement

The Working Group on Public Procurement monitored progress on the Commission's proposal for a directive on defence and sensitive security procurement. Meanwhile, the EEA EFTA Member States discussed the incorporation into the EEA Agreement of the Remedies Directive. This Directive improves the national review procedures that businesses can use when they consider that a public authority has awarded a contract unfairly.

The EEA EFTA Member States also participated in the European Commission's Advisory Committee meetings during which some of the topics discussed were: green procurement, public procurement and antitrust, a draft Guide related to the insertion of the social meanings in the public procurement, and measures to make access to public works contracts easier for small and medium-sized enterprises (SMEs).

Intellectual Property

The Working Group on Intellectual Property followed developments with regard to a levy reform and the review of the EC legal copyright acquis. In particular it also monitored the Commission's work on the future of the Patent Policy in Europe. The main event in 2008 was the adoption of an Industrial Property Strategy for Europe in June. The strategy is meant to spark the debate and work on several important issues related to industrial rights. The main element of this strategy relates to the work to establish a European Patent Strategy, and then a sustainable and efficient litigation process. The Working Group also closely monitored the progress of various EU initiatives against counterfeiting, particularly the EU's Action Plan against Counterfeiting and the Anti-Counterfeiting Agreement (ACTA) and counterfeiting of medicines.

Customs Matters and Trade Facilitation

A long-standing development in the customs field, not only within the EFTA administrations but globally, is a clear shift of focus from the collection of VAT and customs duties towards the application of non-tariff measures, especially those related to security and safety in the supply chain.

Safety and security matters

In 2008, the EFTA Secretariat kept up to date with developments regarding separate bilateral negotiations between the European Commission and Norway and Switzerland on the initiative to integrate the two EFTA countries into the EU security standards of the international supply chain. The most important element of these standards for the EFTA countries is the requirement of security data (pre-arrival/pre-departure declarations) to be submitted to the EU customs authorities before goods physically arrive in or leave the customs territory of the Union. Integration into the EU security standards means a waiver of the obligation to present pre-arrival/pre-departure declarations.

Free Trade Agreements

The continued integration into the pan-Euro-Med free trade system of the Mediterranean partner countries, i.e., Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, West Bank and Gaza Strip, Syria, Tunisia and Turkey, was an important topic for

the Committee of Origin and Customs Experts in 2008. The Ministers of the Euro-Mediterranean Partnership decided in 2007 to extend the Pan-Euro-Med cumulation system to include the Western Balkan countries. The necessary amendments in the origin protocols to establish the legal basis for this extension have been subject to delays. In 2008 the Committee of Origin and Customs experts addressed customs matters related to free trade agreements with third country partners and open technical customs issues among EFTA countries.

Conventions on Common Transit and the Simplification of Formalities in Trade in Goods

The purpose of these conventions, to which the EFTA countries and the EU Member States are the contracting parties, is to simplify the customs clearance formalities upon border-crossing. The adaptation of the convention is necessary in order to reflect the New Computerised Transit System (NCTS) as the standard procedure was finalised in the first half of 2008 and entered into force on 1 July 2008.

Trade Facilitation

The EFTA Group of Experts on Efficient Trade Procedures (GEETP) discussed cooperation on trade facilitation matters with EFTA partner countries. The growing complexity of trade facilitation tasks at national and international levels and the increasing importance of such tasks have necessitated a thorough review of the functioning of the GEETP. The Group should aim to ensure mutual exchange of information concerning such actions, and coordinate and provide for their input to the negotiations of free trade agreements.

Free Movement of Services and Capital

Subcommittee II on the Free Movement of Capital and Services under the EFTA Standing Committee coordinates matters of financial services, transport, information and telecommunications services, audiovisual services, postal services and company law, as well as data protection.

Five Working Groups report to Subcommittee II. In addition, an Ad Hoc Working Group on Services in the Internal Market reports to Subcommittees II, III and IV.



Knut Hermansen, Subcommittee I, gives a presentation for the politicians and representatives of the trade community in conjunction with a COCE/WGCM meeting in the Faeroe Islands.

Services

The Ad Hoc Working Group on Services was established in March 2004 to follow and assess the Directive on Services in the Internal Market in the context of the EEA Agreement. The Directive aims to create a real internal market in services by removing administrative and legal barriers to the cross-border provision of services between Member States. After actively following the political developments in 2006, the Working Group now prepares the implementation work and the work necessary for the incorporation of the Directive into the EEA Agreement. The Group's mandate was prolonged to May 2009.

Financial Services

In 2008 the Working Group on Financial Services assisted in the incorporation of the Banking Directives on Capital Requirement and Capital Adequacy, the Payment Services Directive, and implementing the measures of the Transparency Directive and the Banking Directives into the EEA Agreement.

The Working Group also considered and discussed a number of new EU policy initiatives and proposals of importance to the EEA EFTA States. A seminar on the proposal for the new insurance framework Directive on Solvency II was organised in Iceland on 30 May 2008, with stakeholders from the EEA EFTA States, the Commission, and the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS).

During 2008 the Working Groups monitored some important proposals, including the Amendments to the Settlement Finality and Financial Collateral Directives, Codification and revision of the UCITS (Undertakings for Collective Investment in Transferable Securities) Directive, Amendments to the Banking Directives, Revision of the E-Money Directive, Amendments to the Cross-border Payment in Euros Regulation, Amendments to the Deposit Guarantee Scheme Directive and a New Regulation for Credit Rating Agencies.

Company Law

In 2008, the Working Group on Company Law considered a number of new policy initiatives and proposals emanating from the EU. The Working Group followed with particular attention the Commission's proposal for a European Private

Company (SPE) and a series of amendments concerning accounting standards.

Information and Telecommunications Services

The discussions on (1) two Commission proposals to amend the existing regulatory framework for electronic communications networks and services, and (2) a proposal establishing the European Electronic Communications Authority, were at the core of the Working Group's activities in 2008. The Working Group participated in the discussion in the EU Parliament and Council, contributing the EEA EFTA Comment of 18 March 2008 focusing on the Electronic Communications Authority and participation of regulators from the EFTA States. The Working Group also had regular exchanges of views with representatives of the EU institutions (the Slovenian and French Presidencies, the responsible rapporteurs, and DG INFSO).

The EEA EFTA experts continued their active participation in the discussion on the further harmonisation of spectrum on the European level, which is needed to boost the markets of electronic communications services.

Audio-visual Services

After the adoption of the new Audiovisual and Media Services Directive (AVMS Directive) the EEA EFTA States participated in a series of workshops organised by the Commission, dedicated to the harmonised implementation of the Directive into national law. They prepared the incorporation of the AVMS Directive into the EEA Agreement. At the same time they also prepared the necessary changes at national level. In addition, the EEA EFTA States participated in the discussion on a review of the Commission Communication on the application of state aid rules to Public Service Broadcasting (Broadcasting Communication) by sending in EEA EFTA Comments to the public consultation at the end of 2008.

The new MEDIA 2007-2013 programme was incorporated without delay, allowing for the EFTA States' timely and uninterrupted participation in the programme. The EEA EFTA States also closely monitored the preparatory work of the Commission for a MEDIA Mundus programme, for which a proposal was published in January 2009.



Postal Services

The Working Group on Postal Services coordinated its meeting with the Consultative Committee for the Postal Services Directive 2002/39/EC, in which the EEA EFTA States participate as observers. In collaboration with the Commission unit responsible for postal services, the Working Group started the work on the incorporation of the amended Postal Services Directive, which confirms the full opening of the market for postal services by 2009. The EEA EFTA States also contributed to the yearly data collection exercise on postal services, which the Commission had relaunched in 2006. They also co-financed the external study published in 2008 on the main developments in the postal sector (2006-2008).

Transport

A significant number of proposals for new EU acts were considered and discussed in depth with the Commission during 2008. The Working Group also met with the EU Presidencies. The EFTA States have actively participated in the various EU working groups in the transport field.

In 2008, an EEA EFTA Comment regarding the EU Freight Transport Agenda was handed over to the European Commission. The Working Group closely monitored developments of the proposals in the Land Transport field, especially concerning the Third Railway Package. Several acts on the technical specification of rail interoperability were incorporated into the EEA Agreement in 2008. One important issue in 2008 was the publication of the new "Greening Transport" package, which is an initiative to steer transport towards sustainability. The package, presented by the European Commission in July 2008, includes a strategy to ensure that the prices of transport better reflect their real cost to society.

In 2008 the maritime safety legislation package, introducing seven proposals, continued to be one of the main issues on the agenda and was closely monitored by the Group. The Group also followed the development of the Communication of an Integrated Maritime Policy for the EU, which included an extensive action plan.

In air transport, the second Single European Sky Package was one of the main issues on the agenda in 2008. Several Regulations concerning a Community

list of air carriers subject to an operating ban (the so-called black list) were incorporated into the EEA Agreement as well as several regulations concerning aviation safety and security. The Working Group considered a number of policy initiatives and proposals. The new airport legislative package and the initiative concerning a regulation on common rules for the operation of air transport services were the issues of highest importance in this field.

Other major developments in the area of transport in 2008 were the publication of the Green Paper on Urban Mobility and the communication on the EU's Freight Transport Agenda, as well as communications concerning railway freight, port policy and an extensive action plan.

Free Movement of Persons

Subcommittee III on the Free Movement of Persons coordinates matters related to all aspects of the movement of persons, including the recognition of professional qualifications and social security. Three Working Groups report to Subcommittee III.

Free Movement of Workers and Employment

In 2008 the Working Group on the Free Movement of Workers and Employment focused mainly on the preparation of the report on the Functioning of the Transitional Arrangements applied to the Free Movement of Workers in the European Economic Area. The first part of the report analyses the Transitional Arrangements applied to Bulgarian and Romanian workers and the second part examines the Transitional Arrangements applied to the workers from 8 of the 10 States that joined the EU in 2004.

The EEA EFTA States continued to participate in the meetings of the Technical Committee on free movement of workers and of the Advisory Committee on free movement of workers, which is made up of representatives of the Member States and social partners. They also attended two meetings of the newly set up expert group on the practical challenges of implementing Directive 2004/38/EC in the Member States.

With regard to Employment, the EEA EFTA States were invited to the EU Employment Committee's (EMCO) informal meeting, which is organised each

semester by the Presidency. They also participated in EURES, a cooperation network between the European Commission and the Public Employment Services of the EEA Member States which provides information and helps both workers and employers. The EEA EFTA States also took part in the Employment section of the PROGRESS Programme, which supports the implementation of the European Employment Strategy through promoting "flexicurity" strategies and the life-cycle approach to work.

Social Security

The main task of the Working Group on Social Security was to continue the work to compare Regulation 883/2004, simplifying the co-ordination of the social security systems, with Regulation 1408/71, which it will replace. The Working Group also closely followed developments concerning the Commission's proposals to amend Regulation 883/2004 and complete its Annexes, and the Commission proposal for a new Implementing Regulation.

The EEA EFTA States participated in the meetings of the Administrative Commission on Social Security for Migrant Workers and in its various working parties, as well as in the Technical Commission on Data Processing and the Audit Board.

The EEA EFTA States are also part of the MISSOC network, a mutual information system on social protection in the European Union, which is part of the PROGRESS Programme (2007-2013) in which the EEA EFTA States participate.

Recognition of Professional Qualifications

In 2008, the Working Group on the Recognition of Professional Qualifications focused on the implementation of Directive 2005/36/EC on the recognition of professional qualifications and on the incorporation of two Commission Regulations amending this Directive.

The EEA EFTA States attended the meetings of the Committee on the recognition of professional qualifications, and the Group of Coordinators for the recognition of professional qualifications. They also participated in the meeting of the newly established Group of Contact Points.

Flanking and Horizontal Policies

Subcommittee IV on Flanking and Horizontal Policies under the Standing Committee coordinates matters related to all aspects of the horizontal provisions of the EEA Agreement as well as cooperation outside the four freedoms. Fifteen Working Groups report to Subcommittee IV.

Research and Development

In 2008, the key focus for the Working Group on Research and Development was the preparation for the European Research Area (ERA), where the working group drafted an EEA EFTA Comment. The ERA grew out of the realisation that research in Europe suffers from insufficient funding, a lack of an environment to stimulate and exploit results, the fragmented nature of activities and the dispersal of resources.

During 2008 the Group joined the discussions in Europe on a common vision and on the governance of the ERA. Two open seminars on issues relating to ERA were organised by the EFTA Working Group on Research and Development in 2008, together with the scientific magazine "ScienceBusiness".

The Working Group also followed the proposal for a Council Regulation on the Community legal framework for a European Research Infrastructure (ERIC). This proposal is designed to facilitate the joint establishment and operation of research facilities between several Member States and countries associated with the Community R&D Framework Programme. All EFTA States foresee participation in ERIC.

Joint Technology Initiatives (JTIs) are part of the Seventh Research Framework Programme (FP7) set up to strengthen Europe's position as a technologically innovative economy and respond to industry needs. JTIs are large scale public-private partnerships involving industry, the research Community and public authorities. Four JTIs were adopted by the Council in 2008, all including EFTA participation. Among them are 'ENIAC', the JTI on Nanoelectronic technologies and the 'Clean Sky' air transport JTI.

Over the last few years, the European Commission has set up five Executive Agencies, direct subordinates of the European Commission, with a view to entrusting them with certain tasks relating to the management of

EU programmes. The EEA EFTA States contribute to the Executive Agencies on the same basis as for the programmes, and hope to participate on an equal footing in the operations of these agencies.

Finally, the Working Group followed the developments with regard to the establishment of a European Institute of Innovation and Technology (EIT).

Environment

The main issues followed by the Working Group in 2008 were the revision of the EU Emission Trading Scheme and the inclusion of aviation in the scheme. The trading scheme is based on the recognition that creating a price for CO₂, through the establishment of a market for emission reductions, offers the most cost-effective way for countries to meet their Kyoto obligations and move towards a low-carbon economy. The EEA EFTA States, Iceland, Liechtenstein and Norway, have been participating in the trading scheme since 1 January 2008. The Working Group also closely followed a proposal for an updated Waste Directive and a proposal for a new Directive on Industrial Emissions. Another issue closely followed by the Working Group was a proposed Directive that will aim at protecting the environment through criminal law, an issue that will need the special attention of the Working Group.

In 2008, the EEA Joint Committee adopted a broad range of decisions including eco-labels, the shipment of waste, fluorinated greenhouse gases, the monitoring and reporting of greenhouse gas emissions and a standardised and secured system of registries pursuant to the EU

Emission Trading Scheme, on environmental liability and the management of mining waste.

On several occasions the Working Group discussed policy documents and progress in the field of environmental legislation with the Commission. Among the topics discussed were the revision of the EU Emission Trading Scheme, the EU proposal on Carbon Capture & Storage, the Protection of the Environment through Criminal Law and the EEA relevance of the National Emission Ceilings Directive.

The Working Group on the Environment and the Working Group on Transport jointly discussed issues of mutual relevance and met with the Commission to discuss the environmental challenges in the transport sector, the Renewables Directive and the inclusion of aviation in the EU Emission Trading Scheme.

In 2008, the Group met with both the Slovenian Presidency to discuss its priorities for the first half of 2008, and the Czech Presidency to discuss its priorities for the first half of 2009.

Education, Training and Youth

The EFTA participation in the Lifelong Learning Programme (2007-2013) and the Youth in Action Programme (2007-2013) are the main priority areas of the Working Group on Education, Training and Youth.

The Working Group followed the development of a European Qualification Framework (EQF), which is a translation tool for comparing and transferring qualifications across the EEA. Another key issue for the Working Group during 2008 was EFTA's



Gordon Clark, Head of Unit with the European Commission gave a presentation of the role of the OMC within the Lifelong Learning agenda.

OMC Seminar

On 14 May 2008, the Working Group on Education, Training and Youth held a conference at the EFTA Secretariat on the Open Method of Coordination (OMC) and Lifelong Learning and Youth. The day-long seminar brought together both practitioners and academics for a fruitful debate. The conference also provided an arena for the members of the working group to share their experiences with the use of OMC. One main focus of the conference was to prepare and engage people from the EFTA States to participate actively and efficiently in the OMC cycles, and provide input to and feedback from the upcoming consultations on concrete actions. All four EFTA countries participated and reiterated the importance of OMC initiatives as arenas for learning and for gathering as well as sharing information.

participation in the “Rights of the Child” initiative and other initiatives in the area of education, training and youth.

In 2008, the Working Group also followed the setting up of The European Institute of Innovation and Technology (EIT). The EIT is a major EU initiative which aims to foster excellence in European innovation and to provide new solutions for major challenges, such as climate change, renewable energies or the next generation of information and communication technologies. The EFTA States co-fund and participate in the activities of the EIT – Iceland, Liechtenstein and Norway by way of the EEA Agreement, and Switzerland on a bilateral basis. The EIT held the first meeting of its Governing Board in September at its new site in Budapest.

During 2008, the Working Group also followed the Commission Communications in areas such as multilingualism, schools and migration.

The Disabled, the Elderly and Social Exclusion

In 2008, the EEA EFTA States focused their attention on the EU’s Renewed Social Agenda which was tabled on 2 July 2008, with particular emphasis on the proposal for a Directive on anti-discrimination outside the labour market. They also closely followed the preparations for the European Year for Combating Poverty and Social Exclusion 2010 and continued active participation in the PROGRESS Programme.

Gender Equality and Family Policy

A key focus for the Group in 2008 continued to be the discussions with the Commission concerning the modalities for EEA EFTA participation in the European Institute for Gender Equality.

The EEA EFTA States continued their active participation in the gender equality strand of the PROGRESS Programme and in the Daphne III Programme on Community action to prevent violence against children, young people and women and to protect victims and groups at risk (2007-2013).

The Group closely studied the EU’s Renewed Social Agenda with particular emphasis on the proposals for directives to reconcile private and professional life, as well as the proposal for an anti-discrimination directive outside the labour market.

Health and Safety at Work and Labour Law

In 2008 the experts continued to follow closely the discussions on the revision of the Working Time Directive, and likewise the proposal for a Temporary Agency Directive, in particular since both reached a political agreement in the EU Council in June 2008. The Temporary Agency Work Directive was adopted in November 2008 and the Group began discussions on its possible incorporation in the EEA Agreement.

Another key focus for the Working Group was the proposal for a revised European Works Councils Directive, and the debate taking place at EU level with regard to the Posting of Workers Directive. One priority for the Group was to discuss a possible EEA EFTA participation in the Bilbao Agency on Health and Safety at Work.

Consumer Affairs

The actions under the Consumer Programme (2007-2013), in which the EEA EFTA States participate, were a high priority issue for the Working Group in 2008. The aim of this Programme is to complement, support and monitor national consumer policies and to contribute to protecting consumer rights to health, education, and information. One of the main actions under the Programme is linked to the Consumer Markets Scoreboard. The annual Consumer Markets Scoreboard, which was first published on 29 January 2008, monitors the performance of markets in terms of economic and social outcomes for consumers. The Working Group’s top priority in 2008 was to ensure the inclusion of EEA EFTA data in the 2009 edition of the Scoreboard.

The group has also tracked progress on the proposal for a Directive on the protection of consumers with respect to certain aspects of timeshare, long-term holiday products, resale and exchange.

During 2008 the EEA EFTA States closely followed the developments regarding the revision of the Consumer acquis and namely the new proposal for a Directive on Consumer Rights. The EEA EFTA States also continued their participation in the EU’s Consumer Policy Network (CPN).

Consumers' Consultative Committee

The Consumers' Consultative Committee, made up of representatives from the consumers' organisations in the EEA EFTA States, plays an advisory role on consumer issues. The Committee met in May 2008, in connection with a meeting of ANEC, an organisation responsible for coordinating consumer participation in European standardisation.

Enterprise Policy

The main issues followed by the Working Group in 2008 were the Small and Medium Sized Enterprise Policy (SME) and the follow-up regarding the Competitiveness and Innovation Programme (CIP). The SME Policy recognises the central role of SMEs in European economies and puts into place a comprehensive SME policy framework for the EU and its Member States. The Competitiveness and Innovation Programme also targets small and medium-sized enterprises and helps them to innovate. Its aim is to boost energy efficiency and renewable energy sources, environmental technologies, entrepreneurship and a better use of information and communication technology.

The Working Group continued to follow the development of SOLVIT, an on-line problem-solving network through which the authorities work together to solve problems caused by the misapplication of Internal Market law by public authorities without legal proceedings. The Working Group also monitored the EU Better Regulation, the development of the Your Europe

Portal, the EU Innovation Agenda and the development of the Internal Market Information system (IMI), which provides Member State administrations with a multilingual, open and flexible database tool to support the mutual assistance and information exchange required to implement Internal Market legislation efficiently.

On several occasions the Working Group discussed policy documents and progress in the field of enterprise policy with the Commission. Among the topics discussed were Industrial Policy, Better Regulation, the Small and Medium Sized Enterprise Policy and the Small Business Act.

Civil Protection

The EEA EFTA States continued to actively participate in two programmes in the field of civil protection: the Community Mechanism for Civil Protection and the Civil Protection Financial Instrument 2007-2013.

The horizontal package concerning European Critical Infrastructure, including the EU programme "Prevention, Preparedness and Consequence Management of Terrorism and Other Security related Risks", continued to be closely monitored and coordinated by the Working Group on Civil Protection. Particular attention was given to the proposed Directive on Critical Infrastructure Protection with a view to possible incorporation into the EEA Agreement.

The Group also followed the developments on EU level with regard to CBRN, i.e. chemicals, biological, radiological and nuclear threats.



Who will Lead the Lead Markets

Together with the international news service "SciencelBusiness", the Working Group on Enterprise Policy organised a conference on 12 March 2008 at the EFTA Secretariat. The theme of the conference was "Who Will Lead the Lead Markets" and it focused on the EU Lead Markets Initiative and ways to speed up the development of emerging technologies in Europe. At this event the experts in the Working Group had the opportunity to meet and exchange views with 30 leading international representatives of research organizations, business and academia.



SCIENCE BUSINESS



The EFTA Secretariat organised an annual seminar for the Seconded National Experts on 19 September 2008.

Cultural Affairs

The key priority for the Working Group on Cultural Affairs in 2008 was the EU Culture Programme, which was originally set up to stimulate the mobility of artists and art. The Culture 2007-2013 Programme not only sets ambitious political goals for unity of diversity through mobility, but also contains a new methodology of consultation and partnership, as the programme attempts to reach out to stakeholders for help in implementing the programme.

The EFTA Working Group on Cultural Affairs also prepared EFTA participation in the European Year for Creativity and Innovation 2009. EFTA activities in the European Year 2009 will include cross-cutting initiatives covering areas such as education, culture, media, research, enterprise, and social policy. It includes information and awareness-raising campaigns, promotion of good practices, debates, meetings, conferences and the promotion of a wide variety of projects at regional, national and European level.

In 2008 the Working Group also followed closely the Commission initiative to link the cultural sector more closely to the Lisbon Strategy through objectives that form a new “common” cultural strategy for the European institutions, the EU Member States, and the cultural and creative sector. The three objectives are the promotion of cultural diversity and intercultural dialogue; the promotion of culture as a catalyst for creativity in the framework of the Lisbon Strategy; and

the promotion of culture as a vital element in relations with countries outside the European Union.

The Working Group also followed developments regarding the EU recommendation on the digitization and online accessibility of cultural material and digital preservation, which was included in the EEA agreement in 2008.

Public Health

A significant development in 2008 was the incorporation into the EEA Agreement of the EU Health Programme 2008-2013 and the new EU Programme on Drugs Prevention and Information 2007-2013.

A key focus for the Group was the new proposal for a Directive on the application of Patients’ Rights in Cross-border Healthcare, and several discussions with the Commission were held on this issue.

Particular attention was also given to the planned reorganisation of the EU High Level Groups on Health and Health Services and Medical Care in order to ensure continued EEA EFTA participation in this regard.

Budgetary Matters

The main task of the Working Group is to monitor and coordinate the preparation of the yearly EEA EFTA budget covering the EEA EFTA contributions to the EU budget in return for participation in EU programmes, actions and agencies. The principles applied in relation to the contributions are set out in Article 82 and Protocol 32 of the EEA Agreement. The Working Group meets regularly with the European Commission to ensure the timely and correct execution of the budgetary procedures.

During 2008 the Working Group has been heavily involved in the revision of Protocol 32 of the EEA Agreement, which was finally adopted by the EEA Joint Committee at the end of the year. The main objective of the revision was to update the text to bring it in line with current EU budgetary procedures. Of main importance for the EEA EFTA side was the reduction from 2 yearly calls for funds to one single call.

The contributions to the operational costs of the joint EU activities are defined by applying the “proportionality factor” to the relevant EU budget lines. In 2008, the proportionality factor was 2.39% compared to 2.28% in 2007. The EEA EFTA States

committed themselves to contributing €194 million to the operational costs of the EU budget in 2008, an increase of €29 million over the 165 million in 2007. The corresponding EEA EFTA payments in 2008 were €199 million, which constituted an increase of €62 million from €137 million in 2007.

Within the EEA programme cooperation, the EEA EFTA States also contribute to the Commission's administrative costs. The amount of this contribution is negotiated yearly for each programme. An important part of this contribution is provided in-kind through the secondment of national experts, and cost-free for the Commission.

The arrangement of seconding national experts provides for a valuable exchange of expertise both for the Commission and the EEA EFTA States. In 2008 it was agreed through the budgetary procedure to second 34 EEA EFTA national experts to the various Directorates within the European Commission dealing with the joint EU programmes and activities.



EEA EFTA Payment to EU Programmes, Agencies and other activities

(all amounts in € 000)

Fig. 3

Sectors of Activity	EEA EFTA Contributions (EUR)	
	2007	2008
Research	89,003	140,293
Information services	1,580	1,777
Environment programmes	694	808
Education, training and youth	22,490	27,587
Social policy	2,267	2,501
Consumer protection	592	583
Enterprise, Innovation, SMEs	5,701	8,245
Audio-visual sector	2,716	3,236
Civil protection	540	675
Culture	1,061	1,431
Energy	1,966	1,994
Employment	370	392
Public health	2,070	2,384
Telematic Interchange of Data between Administrators	757	576
Statistics	1,304	1,117
Technical regulations, standards, testing and certification	957	2,427
Transport	2,605	3,114
Total EEA EFTA Contribution (EUR)	136,673	199,140



The Heads of the EFTA National Statistical Institutes met in Vaduz 24 April 2008.

Heads of EFTA National Statistical Institutes

In 2008, the Working Group of the Heads of EFTA National Statistical Institutes (EFTA NSIs) dealt in particular with:

- the draft Protocol 30;
- the development of the 2008 EEA Annual Statistical Programme based on an assessment of the EEA relevance of the EC Annual Statistical Programme;
- timeliness of GDP figures used for the calculation of the EFTA cost-sharing formula; and
- the European Statistical Advisory Committee and EFTA participation.

EFTA-EU Cooperation in the Field of Statistics

The EFTA Statistical Office (ESO) was created in the perspective of the EEA Agreement to liaise between Eurostat – the Statistical Office of the European Communities – and the EFTA National Statistical Institutes (NSIs).

Integration of EFTA statistics in the European Statistical System

The basic legal act on Community Statistics, the so-called “Statistical Law” from 1997 will be replaced in 2009 by a new, revised, modernised and extended act on European statistics. This new regulation will also have significant implications for the EFTA States, and ESO has promoted EFTA interests in its

participation in the decision-shaping process taking place in the EU throughout 2008. This legal act is relevant both for the EEA Agreement and the bilateral agreement between Switzerland and the European Community on statistical cooperation (CH-EC Bilateral Agreement), and it will have to be included and reflected in the agreements.

In addition to its core activities, EFTA’s visibility in 2008 was ensured by the ESO and the EFTA NSIs through:

- more EFTA data in Eurostat databases and publications;
- EFTA’s active involvement in EU technical cooperation programmes in the field of statistics with European and non-European third countries;
- significant contribution to the running and development of the European Statistical Training Programme; and
- peer reviews of all four EFTA National Statistical Institutes according to the principles in the Code of Practice. The reports were published on the Eurostat website.

Production and Dissemination of EFTA Statistics

Protocol 30 of the EEA Agreement and the CH-EC Bilateral Agreement provide for statistical information from all EFTA States to be transmitted to Eurostat for storage, processing and dissemination. ESO continues to strive for the regular inclusion of EFTA data in Eurostat databases and publications. This activity requires constant monitoring of the treatment of EFTA data in Eurostat’s dissemination process, and needs regular contact between ESO and Eurostat to ensure that data from all EFTA countries are published when available. The tangible result of this joint initiative between ESO, the EFTA NSIs and Eurostat was that more EFTA data than ever before were included in Eurostat databases and publications. A major achievement has been the inclusion of regional statistics from the EFTA States in the Eurostat database and publications.

EFTA Participation in Eurostat Working Groups and Committees

In 2008, Eurostat organised more than 150 meetings to prepare and implement new legislation, exchange and develop methodologies, and follow up on data collection. The EFTA Member States participate actively in the relevant meetings. Swiss delegates participated in Eurostat meetings on an equal footing with colleagues from EEA EFTA countries.

Technical cooperation in the field of statistics

A new Memorandum of Understanding (MoU) on technical cooperation between the EFTA Secretariat and Eurostat came into force on 1 January 2008. The MoU, which covers a three-year period (2008-2010), involves funds totalling €1.9 million. The general objective of the MoU is to ensure further close cooperation between the EFTA States and Eurostat in a number of programmes for technical cooperation within the field of statistics. EFTA's involvement in technical cooperation programmes within the scope of the MoU gives priority to countries which have concluded declarations on cooperation or free trade agreements with EFTA. Support is granted mainly to developing countries and economies in transition covered by the European Neighbourhood Policy (ENP), to the Western Balkans, and to Turkey. The scope of the cooperation can also include EFTA free trade and prospective partners in other regions of the world.

Two EFTA national experts are seconded to Eurostat as part of the contribution to ensure continuity of support and EFTA visibility in the overall programming and management of EFTA-EU actions.

Technical cooperation activities and projects in 2008

The main technical cooperation activities and projects in the field of statistics were:

- Capacity building on statistics for Western Balkan countries. The purpose of this project was to sustain the improvement of the international comparability of statistics in different areas such as external trade statistics and national accounts as well as to secure the overall organisational capacity of national statistical systems in the Western Balkans.
- Measuring the non-observed economy in Western Balkan countries (WBCs). The aim of this major project, financed by the EFTA Secretariat, was to enable the WBCs to tackle the problem of the non-observed economy in a sustainable and systematic manner in the production of official statistics, in particular their national accounts.
- Reconciliation of Ukrainian economic statistics. The purpose of this project was to contribute to the

coherence of national accounts data and underlying statistics.

- Training course for staff members of regional statistical offices of TurkStat.
- Training course on advanced sampling surveys for CIS countries.
- Training course on User-friendly Dissemination of Official Statistics for Mediterranean countries.

EFTA Experts at Eurostat

Statistical experts from EFTA countries work at Eurostat as seconded national experts (SNEs). At the end of 2008, four experts from Norway were seconded to Eurostat within the framework of the EEA agreement and three Swiss experts were seconded to Eurostat under the umbrella of the CH-EC Bilateral Agreement in the field of statistics. In addition, one Norwegian and one Swiss expert were seconded to Eurostat as a contribution in kind to the EFTA-EU technical cooperation programme in the Western Balkans and Turkey and the Mediterranean Area (MEDSTAT).

European Statistical Training Programme

The EFTA Secretariat has committed itself through an exchange of letters with Eurostat to finance annually the organisation of at least two training courses. These courses are provided by EFTA National Statistical Institutes and are open to the participation of statisticians from EFTA and EU Member States. In return, Eurostat ensures that EFTA statisticians have the right to participate in all ESTP courses financed by Eurostat.

In 2008, two courses were organised by Statistics Norway on business registers and on the use of administrative registers in production of statistics, and one by the Swiss Federal Statistical Office on data analysis and data modelling. Close to 30 courses were organised within the framework of the ESTP, and all courses were open to participation from the EFTA Member States.

THE EEA AND NORWAY GRANTS

Since the establishment of the European Economic Area (EEA) in 1994, the EEA EFTA States have contributed substantial funding in order to reduce economic and social disparities in Europe. The EEA and Norway Grants were established in 2004, and in the five-year period 2004-2009 a total €1.3 billion of funding has been made available. The 15 beneficiary states comprise the twelve new EU member states since 2004, as well as Greece, Portugal and Spain. The Financial Mechanisms Office (FMO) in Brussels, which is administratively linked to the EFTA Secretariat, administers the grant schemes.

Close to 800 projects in implementation

In 2008 the EEA and Norway Grants approached the end of their five-year commitment period, making it the most productive year to date for all parties involved

in the grant schemes' implementation. The final open calls for individual projects were launched and closed, bringing the EEA cohesion support into effect in all beneficiary states. By year-end, the EEA EFTA States had committed €808 million to a total of 766 projects, programmes and funds.

By year-end, the sectors receiving most funding under the EEA and Norway Grants were the conservation of European cultural heritage, environment and sustainable development, and Schengen and the judiciary. Around two thirds of the cultural heritage projects concern renovation of historical buildings, fortresses, manor houses, religious monuments and historical urban areas. The majority of the environmental projects target energy efficiency and renewable energy measures. Under Schengen and the judiciary, grants have been awarded to projects related to border security, police cooperation and a strengthened judiciary.



Fund focus: Supporting NGOs in the enlarged EU



Czech NGO Fund: The youth club in Olomouc in the eastern Czech Republic is supported by the EEA and Norway Grants.

With 19 funds for non-governmental organisations (NGOs) in twelve beneficiary states, Norway – as the largest donor – is turning into one of the primary supporters of civil society in Central Europe.

The most notable example among the NGO funds is the €41.5 million fund in Poland, representing a considerable push for civil society development. Grants are awarded to projects within the three focus areas for democracy and civil society, protection of the environment and sustainable development, and equal opportunities and social integration. More than 1,000 projects are expected to be financed under this fund.

Peak period for appraisal of applications

Following national selection, project proposals are forwarded for appraisal by the FMO before the EEA EFTA States make a grant decision. For the FMO, 2008 saw a surge in the number of projects appraised. A total of 486 projects were submitted to the FMO for appraisal in 2008, an increase of 37 percent from the previous year. On average, the FMO submitted 37 grant recommendations to the donors per month – taking the 2008 figure to 440. The increased number of ongoing projects was reflected in a six-fold increase in

disbursements compared to the previous year as well as increased monitoring.

Several hundred applications will be appraised by the FMO and the donors by the commitment deadline on 30 April 2009, bringing the total number of approved projects, programmes and funds above 1100. To face the anticipated project peak at year-end 2008 and early 2009, a detailed work plan for the last nine months of the commitment period was elaborated in 2008. Some procedural changes undertaken in the second half of 2008 were also implemented as a follow-up of the conclusions of a mid-term review of the EEA and Norway Grants published in August.

Project focus: Waste for energy in Estonia

The cement industry is a major contributor of greenhouse gases, and AS Kunda Nordic Tsement will in a €3.4 million project cut its CO₂ emissions through enabling its plant to use waste for energy production.

The Estonian company will contribute to a reduction of pollution from its plant in Kunda, by recycling waste and decreasing the plant's use of oil shale as a source of energy. With €0.8 million in support from the EEA Grants, waste from Kunda and the town's surrounding region, rather than traditional fuels, will be burnt in the plant's cement kilns. According to Meelis Einstein, Purchasing Manager at Kunda Nordic Tsement, the company aims to replace 25 percent of the present fuels with waste materials by 2011.



ADVISORY BODIES

Parliamentary Committees

In 2008 the Parliamentary Committee had four meetings and focused its work on a variety of topics such as: the latest developments in EFTA third country relations; developments in the Internal Market; free trade and climate change; the EU's renewed social agenda; and the Doha Development Agenda.

Committee work

The Committee meets with the EFTA Ministers twice a year, at the summer Ministerial meetings and the informal Ministerial meetings in late autumn. In this year's joint meetings the Parliamentarians received updates from the Ministerial Chair on the main developments in EFTA third country relations. Concerning EEA matters, the Committee members also inquired about specific issues. These joint meetings constitute an increasingly important dialogue between the EFTA Council and the Members of Parliament of the EFTA Countries.

In addition to its regular meetings, a Committee delegation visited New Delhi in April with the aim of adding its weight to strengthening trade relations between India and EFTA. In September a delegation attended the 2008 Parliamentary Conference on the WTO, a biannual event which is co-hosted by the Inter-Parliamentary Union (IPU) and the European Parliament. The Committee received observer status to the Conference earlier in the year. In October, after an invitation from the Faeroese Parliament a Committee delegation visited the Faeroe Islands. Moreover, the Chairman of the Committee attended the Nordic Council meeting in Helsinki in October as an observer.

EEA Joint Parliamentary Committee

The EEA JPC met twice during the year, in Iceland in April and in Brussels in November. As with previous meetings, the EEA JPC engaged in a dialogue with the EEA Council, the EEA Joint Committee and the EFTA Surveillance Authority on the functioning of the EEA and on progress regarding prior resolutions of the JPC. At these meetings the EEA JPC discussed and adopted resolutions on the functioning of the EEA Agreement during 2007; cross-border health



Members of the European Parliament and Parliamentarians from Iceland, Norway and Liechtenstein met in Svartsengi, Iceland, on 29 April 2008 for the 30th meeting of the EEA Joint Parliamentary Committee.

policies in the EEA; research and education programmes in the EEA; and future perspectives for the EEA. The Committee had invited guests from the European Commission and the European Parliament to give presentations on various topics such as the Treaty of Lisbon and EU's renewed social agenda. Furthermore, the Committee held an in-depth discussion on the financial crisis and its impact on the EEA. As has become customary, the Committee forwarded its resolutions to the EEA Council, EU institutions and to national parliaments.

The President of the EEA JPC in 2008 was Ms Bilyana Raeva (ALDE, Bulgaria) and the Vice President was Mr Svein Roald Hansen.

Consultative Committees

In 2008, the EFTA Consultative Committee had four internal meetings and focused on topics such as EFTA's third-country relations; the interplay between energy, trade and climate; the Treaty of Lisbon and its implications for the EEA; developments in the Internal Market; labour market policies; and the free movement of workers and migration.

Committee work

In addition to the internal meetings, the Committee also met with the Standing Committee of the EFTA States in March 2008, the EFTA Ministers in June and November 2008, and the EFTA Parliamentary Committee in June and October 2008. The Committee continues to strongly

emphasise these joint meetings, which contribute to enhancing the dialogue with relevant EFTA authorities both at governmental, parliamentary, and diplomatic levels in the four EFTA countries. The Committee also presented written opinions and specific recommendations to the EEA EFTA authorities. In March 2008, the Committee's opinion on the Treaty of Lisbon and the EEA was high on the agenda. In June 2008, the Committee addressed the Single Market Review and called for an in-depth analysis by the EEA EFTA authorities on the specific challenges in the EU proposals for the EEA. In November 2008, as a follow-up to the joint EFTA Parliamentary Committee and EFTA Consultative Committee conference in Bergen in October 2008 (see text box below), the Committee adopted an opinion on energy, climate and trade, in which it explored how the global trade and climate agendas could be as mutually supportive as possible without contradicting each other.

EEA Joint Consultative Committee

At its meeting in May 2008, hosted by the EFTA side in Svalbard, Norway, the EEA Consultative Committee held an exchange of views with the State Secretary of the Norwegian Ministry of Foreign Affairs, Ms Elisabeth Walaas, on challenges and the Norwegian government's

strategy in the High North. The Committee also engaged in dialogue with representatives of the EEA Joint Committee on the latest EEA developments, and discussed labour migration from third countries and the European Commission's so-called 'Blue Card' proposal. The Committee also discussed and adopted a resolution on 'An ambitious transport policy for Europe' and a resolution on 'Lifelong learning: A key component for growth and jobs'.

Osmosis

Cooperation between social partners in the EEA was further reinforced in 2008 through the Osmosis procedure, which allows representatives of the EFTA Consultative Committee to participate in the work of the European Economic and Social Committee (EESC) and vice-versa. Cooperation in 2008 included, among others, EFTA participation in the EESC Joint Consultative Committee meetings with Croatia and Turkey, the new EESC Lisbon Strategy Observatory, the EESC Single Market Observatory, and the EESC Sustainable Development Observatory. In addition, the Co-chairs of the EEA CC participated in the EEA JPC meetings in April and November of 2008. This reflects the continued cooperation between the social partners and the parliamentarians in the EEA.



Conference on trade and climate

On 13 October 2008 the EFTA Parliamentary Committee and the EFTA Consultative Committee presented a joint conference on energy and climate outside Bergen, Norway, called 'From Bali to Copenhagen: Developing the right toolbox to fight climate change in a globalised economy'. Drawing on the expertise of speakers such as MEP Chris Davies and Professor Thomas L. Brewer, climate and trade specialist at Georgetown University, the goal of the conference was to address how the EU and the EFTA countries together can take the lead in the post-Bali negotiations and contribute to an ambitious global climate agreement in Copenhagen in 2009.



The conference consisted of three sessions: one on trade and climate, looking at the rapidly expanding climate-trade agenda in the post-Bali period and the relationship between the WTO and UNFCCC agendas; a second on the EU Emission Trading Scheme (EU ETS), looking at the workings of the scheme, its expansion, and the extent to which it is likely to become a global instrument for emission reductions; and finally, a session on 'the extended toolbox', debating different tools available to fight climate change such as renewable energy, biofuels, carbon capture and storage (CCS), and nuclear energy. The conference was followed by an excursion to Mongstad, where Statoil is developing a carbon capture and storage (CCS) test facility.

The conference had approximately 100 participants, representing parliaments and social partners all over Europe, as well as other relevant stakeholders in the energy and climate field.

INFORMATION ACTIVITIES

One of EFTA's obligations is to inform its stakeholders and the general public of its activities in an open and transparent manner. Within the area of public communication, 2008 was an active year:

- A number of seminars and workshops were held in the EFTA Member States, at the EFTA Secretariat's locations in Brussels and Geneva, and elsewhere in Europe;
- Websites were launched and continuously updated throughout the year;
- A public Register of EFTA documents was introduced; and
- Presentations were given to visiting groups. In Brussels alone, around 120 groups (2 300 persons) visited the Secretariat during 2008.

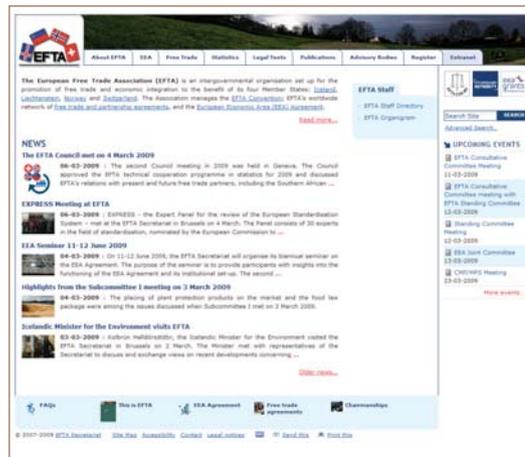
Register of EFTA Documents

In line with the rules on public access to EFTA's documents that were laid down in 2007, EFTA introduced a web-based document register on 1 April 2008. The Register is updated daily. The registered documents are either directly available for download on the site or can be requested by contacting the EFTA Secretariat.

Websites

In February 2008 EFTA launched a new public website with an improved design, to make information more easily accessible to the general public. In addition, an updated Extranet for the use of EFTA committees, working groups and other stakeholders was made available in June 2008.

The Financial Mechanism Office set up a new website for the EEA and Norway Grants in September 2008. The site focuses on news and project results, and aims to provide information to a broader audience, while keeping technical information and documents available for grants applicants in the 15 beneficiary states.



Seminars

In 2008, EFTA held several seminars and workshops, of which the most notable were the following:

- A successful EEA decision-shaping seminar was arranged in Brussels on 9 December 2008. The seminar shed light on how the decision-making procedures of the European Union have changed over the past 15 years and how these changes affect the involvement of the EEA EFTA States.
- On 13 October, 2008 the EFTA Parliamentary Committee and the EFTA Consultative Committee held a joint conference on energy and climate in Bergen, Norway, called "From Bali to Copenhagen: Developing the right toolbox to fight climate change in a globalised economy".
- EFTA's two-day EEA Seminar was held on 12 and 13 June in Brussels. Around 100 professionals attended the seminar, which provided a thorough overview of the EEA Agreement. The second day of the seminar highlighted current policy developments that have an impact on the future of Europe, in particular climate change and energy policies.
- On 11 June, in cooperation with the European Commission and the European Parliament, EFTA held a workshop entitled "Certification and marking for Europe", attended by 100 representatives of important stakeholders. The workshop was a





The EFTA Workshop on Certification and marking for Europe was held in the European Parliament in Brussels. Among the participants were: Bergdís Ellertsdóttir, EFTA Deputy Secretary-General, Vincent Merken, Chairman, Heinz Zourek, Secretary-General DG Enterprise, Tore Nyvold Thomassen, Project Manager & Chris Evans, Consultant for the Study.

follow-up to the EFTA Study on Certification and Marks in Europe, and its aim was to make a contribution to the free movement of safe products in Europe.

- EFTA and the international news service ScienceBusiness organised a roundtable on the theme “New Perspectives in Intellectual Property” was held in Brussels on 29 May. The key challenge discussed was the fragmentation of the current Intellectual Property system and how this can be harmonised at European level, especially for the benefit of SMEs.
- On 14 May the EFTA Working group on Education, Training and Youth held a conference on the Open Method of Coordination (OMC) and Lifelong Learning at the EFTA Secretariat in Brussels. OMC is known for its soft law mechanisms; it has developed into an important tool for EU policymaking and constitutes a central part of the renewed Lisbon Strategy. The conference brought together both practitioners and academics.

Publications

The latest versions of all EFTA publications are available online on EFTA's website, where paper copies can also be ordered free of charge (subject to availability). The following publications were released in 2008:

- ‘This is EFTA 2008’: This is an annual publication, which provides an easy overview of EFTA and its activities, together with useful trade and economic statistics;
- ‘EFTA Study on Certification and Marks in Europe – Executive Summary of the final report’: The main objective of the study was to create a better understanding of crucial parts of the market for marks in Europe. It attempts to shed light on certification leading to the affixing of marks in selected sectors, with special emphasis on what is happening at national level. Schemes operating at European level were also covered.

In addition to the new publications, EFTA published the fact sheet 'EFTA at a Glance', which gives a brief introduction to EFTA and its activities.

EEA Supplement

The EEA Supplement to the Official Journal of the European Union is a translation into Icelandic and Norwegian of EEA-relevant texts. The EEA Supplement contains material from:

- the EEA Joint Committee;
- the Standing Committee of the EFTA States;
- The EFTA Surveillance Authority;
- the EFTA Court;
- the EEA Joint Parliamentary Committee;
- the EEA Consultative Committee; and
- the European Commission.

The EEA Supplement is published on the EFTA website once a week. Additional issues which include EEA Joint Committee Decisions and EC Acts are also printed on paper and distributed to subscribers.

In 2008, the EFTA Secretariat published 80 issues of the EEA Supplement.

The publication of acts incorporated in the EEA Agreement continued to increase in 2008 compared to previous years.

Since July 2008, the Icelandic and Norwegian versions of the EEA Supplement are no longer synchronised as to content. By the end of 2008, all 2006 EC acts in Icelandic had been published; in other words, all EC acts from 2005 and 2006 in Icelandic were published in 2008. At the same time, the last EC acts published in Norwegian date from January 2006.

Publication in the EEA Supplement 2008

Fig. 4

	Number of pages	
	Icelandic	Norwegian
EEA Joint Committee		
Joint Committee decisions	385	385
EC acts	6 112	3 714
EFTA Standing Committee	48	48
EFTA Surveillance Authority	350	350
EFTA Court	25	25
EU institutions	1 100	1 100
Total	8 020	5 622



ADMINISTRATION

At the end of 2008 there were 24 fixed-term and short-term staff based in Geneva, and 63 in Brussels and Luxembourg. The Financial Mechanism Office employed 43 staff in Brussels. All figures are on a full-time equivalent basis and include trainees.

The Secretariat's budget is prepared according to the framework budgeting principle established in public administrations in the Member States. This approach aims to increase awareness of budgetary spending at all levels. The budget is accompanied by a performance plan where the Secretariat's activities are divided into projects. The plan and the ensuing reporting raises the Member States' awareness of the costs and outcomes of the Secretariat's various activities. EFTA's budget is prepared in two currencies: Swiss francs and euros. The total budget for 2008 was equivalent to 25 328 000 Swiss francs.

The EFTA Board of Auditors

The EFTA Board of Auditors (EBOA) is a permanent Committee established in May 1992. The Board is the supreme audit authority of EFTA and performs a yearly audit of the three EFTA institutions, the EFTA Secretariat, the EFTA Surveillance Authority and the EFTA Court in cooperation with external auditors. For matters related to the Secretariat, the Board meets "at four" (one representative of each EFTA Member State) and reports directly to the EFTA Council. For matters related to the EEA Agreement (the EFTA Surveillance Authority and the EFTA Court), the Board meets "at three" (Iceland, Liechtenstein and Norway, where Switzerland is an observer) and reports to the ESA/Court Committee. The Board also works in cooperation with the European Court of Auditors. In 2008, the EBOA met four times.

The yearly audit report the EBOA issues on the EFTA Secretariat will be available on the Secretariat's website.



EFTA Budget 2008 (in CHF)

Fig. 5

Budget posts	Budget 2008
Trade relations	2 761 000
Managing the EEA Agreement	5 916 000
EFTA/EU Statistical cooperation	547 000
Secretary/General Services	1 313 000
EU-EFTA and EFTA cooperation programmes	3 480 000
Internal activities	11 311 000
Total EFTA Secretariat	25 328 000

Contributions to the EFTA Budget 2008

Fig. 6

Member State	Contributions (in CHF)	Share (in %)
Iceland	1 163 000	4.59
Liechtenstein	246 000	0.97
Norway	13 590 000	53.00
Switzerland	10 329 000	41.44
Total	25 328 000	100.00

APPENDICES

EFTA Parliamentary Committee Members

Iceland

Ms Katrín Júlíusdóttir	Social Democratic Alliance
Mr Bjarni Benediktsson	Independence Party
Mr Árni Thór Sigurdsson	Left-Green Movement
Mr Illugi Gunnarsson	Independence Party
Ms Arnbjörg Sveinsdóttir	Independence Party

Liechtenstein

Ms Renate Wohlwend	Progressive Citizen's Party
Mr Henrik Caduff	Patriotic Union

Norway

Mr Svein Roald Hansen (CMP/MPS Chairman)	Labour Party
Ms Laila Dávøy	Christian Democratic Party
Ms Marianne Aasen	Labour Party
Mr Gjermund Hagesæter	Progress Party
Mr Bent Høie	Conservative Party
Ms Øystein Djupedal	Socialist Left Party

Switzerland

Ms Brigitta M. Gadiant	Civic Democratic Party of Switzerland
Mr Didier Burkhalter	Liberal Democratic Party
Mr Hans Kaufmann	Swiss People's Party
Mr Eugen David	Christian-Democratic Party
Mr Hans Widmer	Social-Democratic Party

EFTA Consultative Committee Members

Iceland

Mr Guðlaugur Stefánsson (Vice-Chair)	Confederation of Icelandic Employers
Mr Haraldur Ingi Birgisson	Iceland Chamber of Commerce
Mr Halldór Grönvold	Icelandic Confederation of Labour
Mr Páll H. Hannesson	Federation of State and Municipal Employees
Mr Bjarni Már Gylfason	Federation of Icelandic Industries (replaced Jón Steindór Valdimarsson)

Liechtenstein

Mr Josef Beck (Vice-Chair from Nov. 08)	Liechtenstein Chamber of Commerce and Industry
Mr Sigi Langenbahn	Federation of Liechtenstein Employees

Norway

Ms Wenche Paulsrud (Chair)	Norwegian Confederation of Vocational Unions
Mr Thomas Angell	Federation of Norwegian Commercial and Service Enterprises
Ms Liz Helgesen	Norwegian Confederation of Unions for Professionals
Mr André Nerheim	Norwegian Confederation of Trade Unions
Ms Bente Stenberg-Nilsen	Norwegian Association of Local and Regional Authorities
Mr Espen Søylen	Confederation of Norwegian Enterprise

Switzerland

Mr Vital G. Stutz	Swiss Federation of Employees (Vice-Chair until Nov. 08)
Ms Ruth Derrer Ballardore	Swiss Union of Employers
Mr Gregor Kündig	economiesuisse
Mr Marco Taddei	Swiss Union of Small and Medium-sized Enterprises
Mr Hans-Peter Tinguely	Swiss Workers' Federation
Mr Pierre Weiss	Fédération des Entreprises Romandes Genève

EFTA Ministerial Meeting, Lugano, 30 June 2008

Communiqué

The EFTA Ministers underlined the importance of expanding EFTA's network of free trade agreements. They welcomed the signing earlier this year of the Free Trade Agreement (FTA) with Canada as well as the entry into force of the FTA with the Southern African Customs Union (SACU) on 1 May 2008. They furthermore expressed their satisfaction with the recent finalization of free trade negotiations with the Gulf Cooperation Council (GCC) and Colombia. They noted with satisfaction the launch of negotiations with India and stressed the importance of engaging in a swift process of negotiations. Ministers also welcomed the Intermediary Report of the Joint Study Group on closer trade and investment cooperation between EFTA and Russia. Ministers also welcomed participation of the EFTA EEA States in the EU's Greenhouse Gas Emission Trading Scheme for the period 2008-2012. They emphasised the importance of continuous close co-operation with the EU on Energy and Climate Change policies. Moreover, Ministers expressed satisfaction with the timely insertion of the EU Chemicals Regulation – REACH – into the EEA Agreement and the participation of the EEA EFTA States in the new European Chemicals Agency. Finally they welcomed the active participation of the EEA EFTA States in EU Programmes for the period 2007-2013, thereby promoting a more competitive and innovative Europe.

On 30 June 2008, the European Free Trade Association (EFTA) held its Summer Ministerial meeting in Lugano, Switzerland, under the Chairmanship of Federal Councillor Doris Leuthard, Head of the Federal Department of Economic Affairs of Switzerland. The EFTA Ministers met with Mr Luis Guillermo Plata, Minister of Trade, Industry and Tourism of Colombia, welcoming the recent conclusion of a free trade agreement with that country.

Preferential trade relations

EFTA Ministers expressed their satisfaction with the continued expansion of EFTA's network of free trade agreements globally. Ministers confirmed that they constitute an important tool, complementary to the

WTO, to intensify trade and investment relations with trading partners worldwide. Ministers also noted the good functioning of the EFTA Convention.

Ministers welcomed the signing of the Free Trade Agreement with Canada at the end of January 2008 in Davos and the entry into force of the EFTA-SACU (Southern African Customs Union)^[1] Free Trade Agreement on 1 May 2008.

The entry into force of this Agreement broadens the basis to promote economic relations and co-operation with partners in the region.

Ministers also welcomed the conclusion of the free trade negotiations with the Gulf Cooperation Council (GCC)^[2] and Colombia and look forward to signing these agreements in the coming months. The agreements are expected to further strengthen trade and investment relations with the Middle East and South America.

Ministers noted the significant progress achieved in ongoing negotiations with Algeria and Peru and expressed the hope that these might be concluded by the end of the year.

Ministers stressed the importance of recent steps taken to advance relations between EFTA and important economic partners in Asia. In this respect, Ministers welcomed the launch of negotiations with India on a comprehensive trade and investment agreement and expressed their willingness to contribute to a swift process of negotiations. In addition, Ministers stated their readiness to resume negotiations with Thailand and to start negotiations with Indonesia. They furthermore confirmed their interest in deepening the dialogue aimed at intensifying trade and investment relations with Malaysia.

Ministers exchanged views about bilateral ongoing processes of different EFTA States with China and with Japan.

Ministers also underlined the importance of the further expansion of EFTA's FTA network in Europe, by preparing the ground for free trade negotiations

^[1] SACU: Botswana, Lesotho, Namibia, South Africa and Swaziland.

^[2] Gulf Cooperation Council: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

with Russia and Ukraine, and by continuing the process with Serbia and Albania. The Ministers expressed their satisfaction with the Intermediary Report of the Joint Study Group on closer trade and investment cooperation between EFTA and Russia and look forward to the finalisation of the report by November this year.

Relations with the European Union

Ministers welcomed the recent adoption of the following Decisions into the EEA Agreement:

- The Food Law Package, formalising EEA EFTA participation in the European Food Safety Authority (EFSA) and expanding the scope of the EEA veterinary legislation to Iceland;
- The Greenhouse Gas Emissions Trading Scheme enabling participation of the EEA EFTA States in the Scheme for the period 2008-2012;
- The right of citizens of the Union and their family members to move and reside freely within the territory of the Member States, according to the provisions of the EEA Agreement; and
- The EU Chemicals Regulation, REACH, including the participation of the EEA EFTA States in the new European Chemical Agency.

On Energy and Climate Change, Ministers stressed the importance of continuous close cooperation with the EU, inter alia, in promoting energy technology, increased use of renewable energy resources such as geothermal energy and carbon capture and storage (CCS) alongside other technologies.

Furthermore, the Ministers noted proposals from the EU on the introduction of new sectors into the Emission Trading Scheme and underlined the need to take into account the special circumstances of the EEA EFTA States.

Ministers underlined the importance of the close involvement of the EEA EFTA States in further developments of EU's Integrated Maritime Policy and expressed their support for the comprehensive integrated approach.

Ministers welcomed the active participation of the EEA EFTA States in EEA-relevant EU Programmes for the period 2007-2013, thus promoting common interests towards a more competitive and innovative Europe. This cooperation promotes the common political and economic goals of the EEA Agreement.

Ministers reaffirmed the importance attached to continued EEA EFTA contributions to the decision-making process of EEA-relevant EU legislation through participation in appropriate Committees and Working Groups, and by submission of EEA EFTA Comments. In this context, Ministers also noted the importance of assessing the implications of the Lisbon Treaty on this process.

The Ministers expressed their satisfaction with the progress made in the implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism. Around €934 million have been made available for individual projects and €145 million to groups such as NGOs, students and researchers through specific block grants. A total €140 million will be made available to Bulgaria and Romania until April 2009, and specific funds for students and NGOs are under preparation.

WTO

Ministers reasserted their strong support for the WTO and the multilateral trading system. They highlighted the need for a comprehensive approach to the negotiations and shared the view that progress needs to be made not only in Agriculture but also in other areas like Industrial Goods (NAMA), Services and Rules. Furthermore, they expressed their commitment to ensuring a successful conclusion of the Round in the near future.

Advisory Bodies

Ministers held meetings with EFTA's two advisory bodies, the Parliamentary Committee and the Consultative Committee, and had a fruitful exchange of views with Committee members on a range of issues including the most recent developments in EFTA third country relations, the state of play in the WTO Doha negotiations, latest developments in the EEA and the future of the EEA. Ministers appreciated the high-quality input and welcomed the useful work

undertaken by the Committees both in terms of EFTA third country policies and developments in the EEA. The two Committees take an active interest in EFTA's work and continue to enjoy the fruitful co-operation with their counterparts in the EU and other EFTA partner countries.

Ministers attending:

Switzerland:	Ms Doris Leuthard, Federal Councillor, Head of the Federal Department of Economic Affairs (Chair)
Iceland:	Ms Ingibjörg Sólrún Gísladóttir, Minister for Foreign Affairs and External Trade
Liechtenstein:	Ms Rita Kieber-Beck, Minister of Foreign Affairs
Norway:	Ms Annelene Svingen, State Secretary, Ministry of Trade and Industry

EFTA Ministerial Meeting, Geneva, 25 November 2008

Communiqué

EFTA Ministers were joined by Mr Luis Guillermo Plata, Minister of Trade, Industry and Tourism of Colombia, for the signing of the EFTA-Colombia Free Trade Agreement.

The EFTA Ministers welcomed the commencement of negotiations with India and look forward to the settling of the last outstanding issues in the negotiations with Peru. They endorsed the EFTA-Russia Joint Study Group Report and expressed their wish to start preparations for the opening of free trade negotiations in 2009. Ministers further expressed their readiness to launch negotiations with Albania, Serbia and Ukraine.

On 25 November 2008, the European Free Trade Association (EFTA) held a Ministerial Meeting in Geneva under the Chairmanship of Mr Björgvin G. Sigurdsson, Minister of Business Affairs of Iceland.

Ministers from the four EFTA Member States, together with the Minister of Trade, Industry and Tourism of Colombia, signed the EFTA-Colombia Free Trade Agreement. Ministers welcomed the strengthening of trade and economic relations with Colombia and are confident that the new trade opportunities would contribute to economic growth and development.

Ministers look forward to the settling of the last outstanding issues in the negotiations with Peru and expect the Agreement to be signed in the course of 2009. They also expressed their hope that a free trade agreement with the Gulf Cooperation Council be signed in the coming months.

The EFTA Ministers welcomed and endorsed the EFTA-Russia Joint Study Group Report, which concluded that a broad-based bilateral Free Trade Agreement between the EFTA States and the Russian Federation would significantly advance the economic relationship between the Parties. They expressed their wish to start preparations for the opening of free trade negotiations in 2009.

Ministers welcomed the commencement of negotiations with India. They underlined their interest in developing a stronger trade and economic relationship with India by reaching an early conclusion of the free trade negotiations.

Progress in ongoing negotiations with Algeria was noted with satisfaction and Ministers expressed hope for a conclusion of the negotiations in the first quarter of 2009. They also reiterated their wish to see negotiations with Thailand resume at the earliest possible opportunity.

Ministers discussed the further expansion of EFTA's free trade network and expressed their readiness to



start negotiations with Albania, Serbia and Ukraine in the first half of 2009.

They noted with satisfaction the ongoing process with Malaysia on the development of closer trade and economic relations, and reiterated their readiness to engage in negotiations with Indonesia on the basis of recommendations by the Joint Study Group.

Ministers discussed the ongoing negotiations on the WTO Doha Development Agenda. They stressed their commitment to a successful conclusion of these negotiations and extended their strong backing to all efforts to move the talks forward. Ministers emphasised the importance of reinforcing the multilateral system and resisting protectionist tendencies in the context of the current financial crisis.

Ministers welcomed the interim report from the ad hoc EFTA Working Group on Trade and Environment and looked forward to receiving the final report at their

next meeting. Ministers furthermore decided to establish an ad hoc Working Group on social and labour standards in Free Trade Agreements.

Ministers also met with EFTA's Parliamentary Committee and had a fruitful exchange of views on recent developments in EFTA's third country policies and on EEA matters.

Ministers attending:

Iceland:	Mr Björgvin G. Sigurdsson, Minister of Business Affairs (Chair)
Liechtenstein:	Ms Rita Kieber-Beck, Minister of Foreign Affairs
Norway:	Ms Rikke Lind, Deputy Minister of Trade and Industry
Switzerland:	Ms Annelene Svingen, State Ms Doris Leuthard, Federal Councillor, Head of the Federal Department of Economic Affairs

Conclusions of the 29th meeting of the EEA Council Brussels, 27 May 2008

1. The twenty-ninth meeting of the EEA Council took place in Brussels on 27 May 2008 under the Presidency of Mr. Matjaž Šinkovec, State Secretary at the Office of the Prime Minister of Slovenia. The meeting was attended by Ms. Elisabeth Walaas, State Secretary, Ministry of Foreign Affairs, Norway, by Ms. Rita Kieber-Beck, Minister for Foreign Affairs of Liechtenstein, by Mr. Grétar Már Sigurðsson, Permanent Secretary of State, Ministry of Foreign Affairs of Iceland, by Members of the Council of the European Union and by a Representative of the European Commission.
2. The EEA Council noted that within the framework of the Political Dialogue, the Ministers discussed Kosovo, Middle East and Afghanistan.
3. The EEA Council noted that the Lisbon Strategy for Growth and Jobs has entered into a more focused phase with integrated guidelines for growth and jobs, recognising that the renewed Strategy has already yielded results. The EEA Council welcomed the new cycle of the Strategy starting in 2008, following its endorsement at the Spring European Council.
4. The Ministers stressed the importance of the proposals in the Third Energy Market Package submitted on 19 September 2007 for effective, fully-functioning and interconnected European Electricity and Gas Markets. The Ministers agreed that the further legislative processes in this Package are now approaching a decisive phase and underlined the necessity and feasibility of finding appropriate solutions to the issues at stake.
5. The Ministers welcomed the comprehensive approach of the Energy and Climate Change Package launched on 23 January and endorsed at the Spring European Council. The Package is currently under consideration within the EEA EFTA States. The Ministers stressed the importance of continuous close co-operation between the EU and the EEA EFTA States, inter alia, in promoting energy technology, increased use of renewable energy resources (e.g. geothermal energy), and carbon capture and storage (CCS) alongside other technologies. They underlined the importance of supporting early and environmentally safe demonstration of CCS, and expressed interest for EEA EFTA States' CCS projects to participate in the EU project network for early movers. They

recognised the need to address the concern represented by the risk of carbon leakage in certain sectors such as energy intensive industry particularly exposed to international competition.

6. Furthermore, the Ministers noted proposals on the introduction of new sectors into the Emission Trading Scheme and took note of the need to take into account the special circumstances of the EEA EFTA States.
7. The Ministers expressed their appreciation for the continued progress concerning the EEA Financial Mechanism and the Norwegian Financial Mechanism, with a current portfolio of almost 500 committed projects and block grants supported across Central and Southern Europe, and for the direct co-operation between bodies in the beneficiary States and in the EEA EFTA States through partnership projects. The EEA Council expressed its satisfaction with the fact that calls for individual project proposals have been held in all beneficiary States. In addition to the €887 million made available to individual projects by 1 April 2008, more than 40 block grants have been established within the beneficiary States to channel over €145 million in grants to groups such as non-governmental organisations (NGOs), students and researchers. By 1 April 2008, the EEA EFTA States had approved applications totalling €569 million. The EEA Council also noted the further positive effects to be gained from the dedicated efforts of both the donor and the beneficiary States for the successful and timely implementation of the selected projects.
8. The EEA Council noted the Progress Report of the EEA Joint Committee and in particular:
 - Welcomed the participation of the EEA EFTA States in EEA-relevant EU Programmes for the period 2007-2013. This participation is co-financed by the EEA EFTA States. It also welcomed the EEA EFTA States' active participation in the new generation of Programmes, thus promoting common interests, towards a more competitive and innovative Europe;
 - Welcomed the ongoing trade negotiations between the European Community and Iceland in processed agricultural products within the

framework of Protocol 3 to the EEA Agreement and the possible inclusion of Article 19 products into these negotiations. It equally welcomed the continued negotiations between the European Community and Norway on further liberalisation of trade in agricultural products on the basis of Article 19 of the EEA Agreement and noted the review process between the European Community and Norway within the framework of Protocol 3 to the EEA Agreement;

- Welcomed the incorporation of the EU Chemicals Regulation – REACH – into the EEA Agreement, including the participation of the EEA-EFTA States in the new European Chemicals Agency. The Ministers agreed that a good foundation for further co-operation in this important area had thus been established.
 - Welcomed the follow-up of the new EU Innovation Strategy, in particular the emphasis on the Lead Markets Initiative and the establishment of the European Institute of Innovation and Technology;
 - Welcomed the follow-up of the Integrated Maritime Policy and underlined the importance of the close involvement of the EEA EFTA States in further developments;
 - Underlined the importance of EEA-EFTA contribution to the follow-up of the Single Market Review;
 - Welcomed the second review of the Better Regulation Initiative and underlined its relevance for the whole of the EEA;
 - Acknowledged the EEA-EFTA stake in the efforts to establish an improved general framework for services in the Internal Market;
 - Welcomed the EEA-EFTA contributions to the decision-shaping process of EEA-relevant EC legislation and programmes, for example through participation in relevant Committees and Expert Groups, and by submitting EEA-EFTA Comments.
9. The EEA Council held an orientation debate on Maritime Policy.



10. The Ministers underlined the importance for the Contracting Parties to ascertain that relevant actors throughout the European Economic Area remain well informed about the EEA Agreement.
11. The EEA Council recognised the importance of inviting EEA-EFTA Ministers to attend relevant informal EU Ministerial Meetings and Ministerial Conferences on the basis of EEA-EFTA participation in the Internal Market. The EEA Council also recalled the practice of inviting the EEA-EFTA States – at the level of officials – to political dialogue meetings with relevant Council Working Parties in troika format and expressed its appreciation to the incoming French Presidency for the continuation of this practice.
12. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 30th meeting in Reykjavík, Iceland on 29-30 April 2008 on The Annual Report on the Functioning of the EEA Agreement in 2007 and on Health services in the EEA.

The EEA Council also noted the Resolutions of the EEA Consultative Committee adopted at its 16th meeting in *Svalbard*, Norway on 14-16 May 2008 on *Transport and Life-long Learning*.

Conclusions of the 30th meeting of the EEA Council Brussels, 30 November 2008

1. The thirtieth meeting of the EEA Council took place in Brussels on 13 November 2008 under the Presidency of Ms Rita Kieber-Beck, Minister for Foreign Affairs of Liechtenstein. The meeting was attended by Ms Þórunn Sveinbjarnardóttir, Minister for the Environment of Iceland and Mr Jonas Gahr Støre, Minister for Foreign Affairs of Norway from the EEA EFTA side, as well as by Mr Jean-Pierre Jouyet, representing the French Presidency of the Council of the European Union, by Members of the Council of the European Union and by the Representative of the European Commission responsible for EEA Council matters, from the EU side.
 4. The EEA Council is determined to take coordinated and thorough action to restore the smooth running of the financial system, thus ensuring the normal and effective financing of the economy and returning to the path of growth and employment. The EU and EEA EFTA countries stressed the accountability on the part of all those involved in the financial system and the need for a genuine, all-encompassing reform of the international financial system based on the principles of transparency, sound banking, responsibility, integrity and world governance. They committed to quickly take appropriate initiatives in this respect, in consultation with their main partners and the relevant international financial institutions (including the IMF and the Financial Stability Forum).
2. The EEA Council noted that within the framework of the Political Dialogue, the Ministers discussed the situation in Afghanistan, Russia and Zimbabwe.
3. The EEA Council underlined that, in the current troubled situation in the financial sector, the priority remains to maintain confidence and stability. The EEA Council affirms its commitment that in all circumstances the necessary measures will be taken to preserve the stability of the financial system, to support the major financial institutions, to avoid bankruptcies and to protect savers' deposits. To this effect, it reiterated the need for rigorous implementation by financial institutions of recommendations on the transparency of their commitments and risks. In a more structural prospect, given the close integration of the EFTA and the EU markets, it is of the utmost importance to enhance substantially the cooperation and transparency between EFTA and EU supervisory and regulatory authorities. In the current exceptional circumstances, EEA rules must continue to be implemented in a way that meets the need for speedy and flexible action. The EEA Council supports the implementation by the EFTA Surveillance Authority, in this spirit, of the rules on competition policy, particularly State aids, while continuing to apply the principles of the single market and the system of State aids.
5. The Ministers underlined the importance of the second cycle of the Lisbon Strategy and looked forward to the annual report in December 2008. The EEA EFTA States are closely following the implementation of the new Community Lisbon Programme.

6. The Ministers reiterated the importance of the proposals in the Third Energy Market Package submitted on 19 September 2007 for effective, fully-functioning and interconnected European Electricity and Gas Markets. The Ministers underlined the importance of concluding the Third Liberalisation Package in early spring 2009.
7. The Ministers recalled their discussions from previous EEA Councils on the Energy and Climate Change Package launched on 23 January. The Package is under consideration within the EEA EFTA States. The Ministers underlined the importance of the Package for the future global climate change policy, as well as for the EU and the EEA EFTA States. The Ministers expressed satisfaction with the ongoing constructive dialogue regarding the Package, both at political and expert level. Furthermore, the Ministers stressed the importance of concluding the Energy and Climate Change Package in time for the Climate Change Conference in Copenhagen. They underlined the importance of continuous close co-operation between the EU and the EEA EFTA States in the area of energy and climate change, for instance, in promoting energy technologies and energy efficiency, increased use of renewable energy resources (e.g. geothermal energy), and carbon capture and storage (CCS) alongside other technologies.
8. Furthermore, the Ministers noted the introduction of the aviation sector into the Emission Trading Scheme and took note of the need to take into account the special circumstances of the EEA EFTA States.
9. The Ministers expressed their appreciation for the continued progress concerning the EEA Financial Mechanism and the Norwegian Financial Mechanism, with a current portfolio of more than 700 approved projects and funds. More than 130 of these projects involve direct co-operation between actors in the beneficiary states and the EEA EFTA States. The EEA EFTA States have approved 50 funds totalling close to €170 million in assistance to groups such as non-governmental organisations (NGOs), students and researchers. The Ministers also noted the positive outcome of the efforts made by the donor and the beneficiary states for the successful and timely implementation of the selected projects.
10. The Ministers noted the launch of the negotiations on the future of financial contributions by the EEA EFTA States for the reduction of economic and social disparities and underlined the importance of finalising these negotiations in a timely manner.
11. The Ministers noted that the European Commission has agreed with Iceland and Norway bilaterally that the quota levels for certain fish and fishery products shall be reviewed by the end of April 2009, as laid down in the Additional Protocols to the EEA Enlargement Agreements.
12. The EEA Council noted the Progress Report of the EEA Joint Committee and in particular:
 - Welcomed the participation of the EEA EFTA States in EEA-relevant EU Programmes These programmes are co-financed by the EEA EFTA States and promote common interests towards a more competitive and innovative Europe;
 - Stressed the importance of EEA EFTA participation in the European Institute of Gender Equality;
 - Welcomed the good progress made in the trade negotiations between the European Community and Iceland in processed agricultural products within the framework of Protocol 3 to the EEA Agreement. It equally noted the continued negotiations between the European Community and Norway on further liberalisation of trade in agricultural products on the basis of Article 19 of the EEA Agreement and looked forward to a successful outcome. It further encouraged the European Community and Norway to engage constructively in a review within the framework of Article 2(2) of Protocol 3 to the EEA Agreement;
 - Welcomed the follow-up of the Integrated Maritime Policy and underlined the importance of the close involvement of the EEA EFTA States in further developments;
 - Underlined the importance of involving the EEA EFTA States in EEA-relevant measures within the Single Market Review;
 - Ministers noted the renewed social agenda, its cross-cutting and multi-dimensional nature,

covering a wide range of areas, notably in the fields of employment, health, migration, social affairs, education and equality. The EEA EFTA side expressed its commitment to adequately follow-up, within the scope of the EEA Agreement, to the proposed directives and other policy initiatives;

- Ministers underlined that the response to social challenges in the age of globalisation should be met by stimulating growth and jobs in a sound macroeconomic climate, by promoting gender equality, fighting discrimination, fostering social partnership, improving working conditions and ensuring social cohesion. Ministers remained committed to empowering and enabling individuals to realise their potential while at the same time helping those who are unable to do so; and
 - Welcomed the EEA EFTA contributions to the decision-shaping process of EEA-relevant EC legislation and programmes through inter alia their participation in relevant committees, expert groups and agencies and by submitting EEA EFTA Comments.
13. The EEA Council held an orientation debate on the Arctic Policy.
 14. The Ministers underlined the importance for the Contracting Parties to ascertain that relevant actors throughout the European Economic Area remain well informed about the EEA Agreement.
 15. The EEA Council reiterated the importance of inviting EEA EFTA Ministers to attend relevant informal EU Ministerial Meetings and Ministerial Conferences on the basis of EEA EFTA participation in the Internal Market. The EEA Council also recalled the practice of inviting the EEA EFTA States — at the level of officials — to political dialogue meetings with relevant Council Working Parties in troika format and expressed its appreciation to the incoming Czech Presidency for the continuation of this practice.
 16. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 31st meeting in Brussels on 4 November 2008 on *Research and Education Programmes: The EEA and the EFTA States and on Future Perspectives for the European Economic Area*.

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