



EUROPEAN FREE TRADE ASSOCIATION

CONSULTATIVE COMMITTEE

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Trade in a changing geopolitical environment

Six recommendations by the EFTA Consultative Committee for a coordinated and strategic approach to EFTA's trade policy

The international trading environment is currently undergoing a major shift: International rules and norms, upon which the EFTA States - as small and open economies - rely, are increasingly being called into question. Against this backdrop, EFTA's mandate of fostering economic integration is becoming more important than ever and will not only contribute to new economic opportunities for the EFTA countries and its trading partners, but also to the preservation of a rules-based trading regime.

Since the 1990s, EFTA has established an extensive network of contractual free trade relations all over the world. In 2024 alone, the EFTA States concluded no fewer than five trade agreement negotiation processes: With India, Chile, Thailand, Ukraine, and Kosovo. This is a major achievement, on which the EFTA Consultative Committee (EFTA CC) would like to congratulate the EFTA States.

The current geopolitical environment, however, necessitates further reflection on the long-term goals and objectives of EFTA's trade policy. The EU has reacted to the changing geopolitical environment by adopting a "new foreign economic policy"¹ – an integrated approach to trade, investment and economic security. It is using its entire policy toolbox - including the Internal Market – in which the EFTA States participate to different degrees to achieve its trade- and foreign policy goals.

The EFTA CC recommends that the EFTA States react to this rapidly changing geopolitical environment by adopting a coordinated and strategic approach to their trade policy. It wishes to provide constructive input to a debate on how this strategic approach might look by making the following recommendations:

1. **Uphold and improve the rules-based multilateral trading system:** The rules-based trading system is the backbone of the EFTA States' economic integration. As small and open economies, they rely on the functioning of and trust in the rules-based trading system. The EFTA States should therefore stand together with the EU and other partners to sustain rules-based trade and find ways to improve it, including through

¹ [sefcovic_writtenquestionsandanswers_en.pdf](#)

reform of the WTO. When negotiating bilateral trade agreements, they should use their leverage to discuss ways to uphold and strengthen the multilateral system with partner countries. To this end, EFTA's model texts should be reviewed to ensure that future trade agreements are upholding and strengthening the multilateral system. The EFTA advisory bodies should be included in discussions on how this can be achieved.

2. **An ambitious bilateral trade and investment agenda:** Pursuing the strategic objectives of the EFTA States will also require an ambitious bilateral trade and investment agenda. The agreements that EFTA has concluded since the 1990's are crucial for its economies to diversify and become more resilient, and for its businesses to benefit from investment opportunities and predictability. The EFTA countries should therefore strengthen their network of Free Trade Agreements (FTAs) by
 - **Striving for the swift conclusion of ongoing negotiations** – by keeping up the good momentum achieved in 2024 and setting clear objectives and priorities for ongoing negotiations;
 - **A pragmatic and strategic approach** – a factor that has been key to EFTA's success in terms of FTA negotiations so far. Similarly to the EU, EFTA should consider seeking new ways of developing and deepening ties with partners in specific areas of interest, including sectoral interests, such as critical raw materials, digital trade and data flows.
 - **Increasing political coordination** to advance processes with major partners around the world. Negotiations between EFTA and India have demonstrated that political priority and leadership is important in negotiation processes;
 - **Developing long-term strategies on** where EFTA wants to head with its FTAs and include the advisory bodies in these discussions.
 - **Upholding high standards for sustainable development and inclusiveness in FTA negotiations.** The EFTA CC firmly believes that economic development, social development and environmental protection are interdependent and mutually supportive, and that openness of international markets should go hand in hand with sustainability considerations. It therefore welcomes the fact that EFTA has in recent years put emphasis on the issue of trade and sustainable development (TSD) and has itself played a major role in pushing this agenda forward – including through its involvement in the TSD monitoring mechanism established in 2020. In forthcoming FTAs, EFTA should aim for comprehensive TSD chapters during the negotiations and rigorous implementation once the FTA are in force.
3. **Dialogue with like-minded countries and partners:** In a rapidly changing geopolitical environment, the EFTA States need to cooperate closely with like-minded partners to pursue strategic objectives together. The EFTA CC also recommends establishing structured engagement with social partners in partner countries to foster a deeper and more resilient trade relationship.

4. **EFTA-EU trade dialogue:** The EFTA States already have a close relationship with the EU, either through the EEA Agreement (Iceland, Liechtenstein and Norway) or through bilateral agreements (Switzerland). The time has come to ask whether there is the momentum for the EFTA States and the EU to also establish a regular dialogue on trade matters. As the current European Commissioner for Trade and Economic Security is also responsible for relations with the EFTA States, these should consider exploring whether the biannual meetings of the EEA Council might serve as a forum for a high-level political dialogue on trade. They should also consider exploring means to shape the trade dialogue between the EU and the US.
5. **Continue and deepen the EFTA-US trade dialogue:** The four EFTA States have a longstanding and deep transatlantic bond, and the US is EFTA's second largest trade partner. Since 2013, the EFTA States have on a regular basis exchanged views and experiences on trade with the US administration through the EFTA-US Trade Policy Dialogue. The EFTA countries should continue working closely with the new US administration, upholding and deepening this dialogue. The EFTA States should also explore opportunities to strengthen trade ties with the US.
6. **Active involvement of the EFTA Advisory Bodies:** Given the central role of the two EFTA Advisory Bodies - the EFTA Parliamentary Committee² and the EFTA CC - for the democratic legitimacy of EFTA, the two committees should be closely involved in developing EFTA's strategic approach to trade. The EFTA CC underlines the close dialogue with the EFTA PC and both Committees' contributions to these issues of common interest.

The Consultative Committee of the European Free Trade Association (EFTA) is a forum for trade unions and employers' organisations in the four member countries - Iceland, Liechtenstein, Norway and Switzerland. It has an advisory role within EFTA and provides opinions on matters relating to EFTA's trade policy and the European Economic Area (EEA).

² [Parliamentary Committee | European Free Trade Association.](#)