

EFTA's THIRD COUNTRY RELATIONS



INTRODUCTION

Over the last fifteen years, the European Free Trade Association (EFTA) has established an extensive network of contractual relations with countries not belonging to the European Union (referred to as 'third countries' below). Traditionally, the EFTA States tried to match free trade initiatives of the EU to avoid discrimination against their industry. More recently, the EFTA States have adjusted their third-country policy to maintain their competitive position in an increasingly global economy, considering free trade developments in particular in the Americas and in Asia. Having concluded free trade agreements (FTAs) with countries in Central and Eastern Europe and in the Mediterranean region, EFTA extended its network to the Americas through the signing of an FTA with Mexico and a declaration on trade and investment co-operation with Mercosur in 2000. In 2002, the network was further extended to Asia – a novelty for European countries – when the EFTA States signed a comprehensive FTA with Singapore. An FTA with Chile followed in 2003, and, in spring 2004, the EFTA States finalised an FTA with Lebanon. At present the EFTA network consists of thirteen FTAs and eight joint declarations on co-operation (JDCs). Several more agreements are under negotiation.

The objectives of the EFTA States' third-country policy are to safeguard their economic interests, to support and reinforce European and inter-regional integration and to contribute to worldwide efforts to liberalise trade. The current policy has its basis in the Declaration adopted in Geneva in December 1999 to mark EFTA's 40th anniversary. In that Declaration, EFTA Ministers committed themselves to the further development of EFTA's network of free trade agreements and indicated the potential for widening the scope of the agreements to include fields such as services and investment, which are of growing

importance in an increasingly interdependent world economy. The Declaration also confirmed the EFTA States' commitment to continue to strengthen their relations with the countries in the Mediterranean and adjacent regions, thus contributing to economic growth and stability in these areas.

EFTA's third-country relations became more dynamic with the end of the Cold War in 1989, after the European Communities (EC) initiated the so-called "Europe Agreements" with the transition economies of Central and Eastern Europe. These free trade agreements threatened to create a competitive imbalance to businesses based in the EFTA States. In Gothenburg in 1990, EFTA Ministers therefore decided to build their own network of co-operation agreements with third-country partners, in parallel to the EC's external relations approach. Besides the economic motive, EFTA's third-country policy was also driven by the desire to contribute to the reconstruction of the former "command economies" and to support their transition towards a market-based economy and democracy, with the overall aim of consolidating prosperity and stability throughout the European continent. A further Ministerial Declaration, adopted in Bergen in 1995, extended the policy's geographical scope beyond Europe. It confirmed the will of the EFTA States to respond dynamically and independently to the growing need for political, social and economic stability in Europe and adjacent regions. The Bergen Declaration reinforced and established certain basic principles for EFTA's relations with third countries whereby the EFTA States would pursue a joint third-country policy approach based on shared interests. The policy would be flexible as to the geographical focus and scope of the agreements. In addition, the EFTA States were to strive to participate in the formulation and implementation of broader concepts of regional co-operation within Europe and beyond.

Joint declarations on co-operation (JDCs)

- are a first step towards free trade relations between the partners concerned and aim to:
 - promote the harmonious development of economic relations
 - create an environment supportive of private entrepreneurship, free competition and economic activity based on market forces
 - examine ways and means to expand and liberalise trade relations
- are based on mutual benefit, non-discrimination and reciprocity
- cover co-operation on trade-related issues such as:
 - technical barriers to trade
 - information on foreign trade
 - competition
 - public procurement markets
 - intellectual property rights
- aim to improve conditions for the implementation of private sector co-operation projects.

Free trade agreements (FTAs)

- establish a free trade area between the partners. They provide for free trade in industrial products, including fish and other marine products, and provide for trade disciplines and rules preventing restrictions on payments relating to the movement of goods. Special arrangements apply for processed agricultural products, while trade in basic agricultural products is covered in bilateral agreements
- contain elaborate rules on customs and origin matters, including on cumulation
- include rules on competition mainly concerning the co-operation between the parties to an agreement in case restraint of competition frustrates the liberalisation benefits of the agreement
- provide for the protection of intellectual property rights in accordance with high standards
- cover trade in services, investment and public procurement (in the more recent agreements, including with Singapore and Chile) or open up for the development and deepening of relations in such fields through an evolutionary clause (in other agreements, e.g. with Mexico)
- are regularly adapted and upgraded to:
 - make them as efficient as possible
 - ensure that they take into account developments in the World Trade Organization (WTO)
 - make them compatible with developments

within the wider European economic integration framework.

EFTA's first free trade partners

To ensure that goods from EFTA States receive the same preferential treatment on the Turkish market as the products originating in the EC Member States under the EC-Association Agreement, the EFTA States signed an FTA with **Turkey**. It entered into force on 1 April 1992.

An FTA with **Israel** to offset the effects caused by Israel's free trade agreements with both the EC and the United States entered into force on 1 January 1993.

The new EU Member States and the candidate countries

Hungary, Poland and the **former Czechoslovak Republic (CSFR)** were EFTA's first free trade partners among the transition economies in Central and Eastern Europe. The FTAs with the former CSFR entered into force on 1 July 1992. After the dissolution of the former CSFR, two separate but identical FTAs with the **Czech Republic** and the **Slovak Republic** superseded the original agreement. The FTA with **Hungary** entered into force on 1 October 1993, the FTA with **Poland** on 1 September 1994.

The FTA with **Romania** was signed on 10 December 1992 and entered into force on 1 May 1993. The signing of the FTA with **Bulgaria** took place on 29 March 1993, and the agreement entered into force on 1 July 1993.

The FTA with **Slovenia**, signed in June 1995, entered into force on 1 September 1998. In response to Slovenia's request for closer co-operation with EFTA, the EFTA Council approved in November 1995 the principle of enhanced co-operation, allowing Slovenian experts to participate in relevant EFTA committees.

Following the signature of Declarations on Co-operation with the Baltic States in December 1991, the EFTA States played a major role, in collaboration with the European Union, in providing technical assistance and training in the fields of customs and origin and statistics.

Most of the EFTA States had concluded bilateral FTAs with the newly independent Baltic States in 1992. However, it was felt that it would be more efficient and productive to multilateralise those bilateral agreements. EFTA free trade agreements with **Estonia, Latvia and Lithuania** entered into force on 1 October 1997, 1 June 1996 and 1 January 1997 respectively.

On 1 May 2004, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia joined the European Union. Consequently, these countries terminated their free trade agreements with the EFTA States on that date. Trade with these countries is now governed by the EEA Agreement and the Swiss bilateral agreements with the EU.

Towards the confines of Europe and beyond

The EFTA States are committed to making a substantial contribution to the common European effort to bring peace and stability to the **Balkans**. EFTA is providing scholarships and extending technical assistance in areas such as customs and origin matters and statistics to **Albania, Macedonia, Croatia** and former Yugoslavia (today **Serbia-Montenegro**) under the joint declarations on co-operation (JDCs) signed in 1992, 1996 and 2000 respectively.

The FTA between the EFTA States and **Macedonia** signed on 19 June 2000 became effective on 1 May 2002. The FTA signed with **Croatia** on 21 June 2001 entered into force 1 April 2002.

The EFTA States signed a JDC with **Ukraine** on 19 June 2000.

The spirit of the *Barcelona Conference* drives the progressive expansion of the EFTA network of agreements in the Mediterranean region. It also creates the necessary conditions for the EFTA economic operators to participate in a future Euro-Mediterranean Free Trade Area. Against this background, the EFTA States signed JDCs with **Egypt, Morocco and Tunisia** in 1995, thus marking another step in EFTA third-country relations and showing the Association's willingness to establish links with new trading partners outside Europe. The first free trade negotiations ensuing from the declarations were concluded with **Morocco** in 1997.

The EFTA-Morocco FTA entered into force on 1 December 1999.

In 1996, the EFTA States signed a JDC with the **Palestine Liberation Organization (PLO)** for the benefit of the Palestinian Authority. Subsequent negotiations led to the conclusion of an interim FTA that entered into force on 1 July 1999.

The EFTA States signed JDCs with **Jordan** and **Lebanon** in 1997 and with **Algeria** in 2002. The EFTA-Jordan FTA, signed on 21 June 2001, entered into force 1 September 2002. Free trade negotiations with **Lebanon**, launched in spring 2003, were finalised in early 2004. The agreement, to be signed on 24 June 2004, is expected to enter into force on 1 January 2005. Negotiations with **Egypt** and **Tunisia** are in the final stages.

Reaching out across continents

The EFTA States have stressed the paramount importance of forging strong links with trading partners outside the continent in the globalisation process. In 1998, the EFTA States responded to a **Canadian** initiative and opened negotiations with the aim of creating a Trans-Atlantic free trade area.

Since then, the EFTA States have engaged in negotiations with other non-European countries such as **Mexico, Chile and Singapore**. The agreement with Mexico was signed on 27 November 2000 and entered into force on 1 July 2001. The agreement with Chile was signed on 26 June 2003. The agreement with Singapore, signed on 26 June 2002, entered into force on 1 January 2003. These agreements are the most comprehensive FTAs concluded by EFTA so far. They include in their scope, in addition to trade in goods, areas including services and investment as well as public procurement.

Exploratory talks were held with **South Africa** in June 2001 and negotiations started in May 2003, later extended to include all countries of the **Southern African Customs Union SACU** (comprising Botswana, Lesotho, Namibia, South Africa and Swaziland). The declared objective of both sides is to conclude negotiations by the end 2004.

In spring 2004, Ministers from the EFTA States and the **Republic of Korea** agreed to jointly

examine, before the end of 2004, the feasibility of a comprehensive FTA.

The EFTA States have established contacts not only with individual partner countries, but also with regional groupings, including the **Gulf Co-operation Council** (GCC) and **Mercosur**. They signed a JDC with the GCC on 23 May 2000 and a declaration on trade and investment co-operation with Mercosur on 12 December 2000.

WHAT IS IN THE FREE TRADE AGREEMENTS?

Scope

All EFTA free trade agreements with third countries cover trade in industrial products, processed agricultural products and fish. They include trade disciplines as well as rules on competition, protection of intellectual property and payments and transfers. Trade in basic agricultural products is covered by bilateral arrangements between the individual EFTA countries and the respective partner countries. The agreements with Singapore and Chile also contain substantial rules and commitments on trade in services, investment and public procurement.

Symmetry and asymmetry

EFTA free trade agreements with several partner countries have been conceived to take into account their different level of economic development by providing for an asymmetrical approach: while the EFTA States abolish barriers to trade at the entry into force of the agreement, or during a relatively short transition period, the partner countries can phase them out during a longer transition period, leaving them the necessary time to adapt their economy to free trade conditions. Such a period may last up to ten years. However, EFTA also has FTAs, e.g. with Israel and Singapore, that are based on reciprocity and symmetry.

Rules of origin

In an FTA, rules of origin determine the country of origin of products, thus indicating which goods qualify for preferential market access treatment. They are fundamental to the functioning of a free trade area, as they tell the economic operator whether or not a given product can be traded

under the agreement. Products need to be either “wholly obtained” (such as agricultural products) or “sufficiently worked or processed” in order to be considered as originating products. The globalisation of production processes has made the identification of the country of origin increasingly complex, as there are very few products without any input of foreign origin. One of the main functions of rules of origin is therefore to determine to what extent domestic products may contain imported materials from a country outside the free trade area concerned without losing their preferential status.

Within the European continent, different systems of origin rules have been conceived. They cover intra-EFTA trade, trade between the EFTA countries and the EU as well as trade between these two entities and their free trade partners outside EFTA and the EU. Within the framework of each set of parallel agreements concluded by both the EU and the EFTA States with Central and Eastern European countries (CEECs), the rules of origin at first did not allow the free use of materials originating in countries party to another set of agreements. This prevented the industry in EFTA States from making full use of all their agreements as it implied that cumulation of input materials from Parties to the different agreements was not allowed. The problem was resolved in 1997, in co-operation with the EU and all the FTA partner countries, by the introduction of the system of pan-European cumulation. The system now covers 30 countries (EFTA, the EU and the CEECs as well as Turkey) and allows free use of originating material throughout the continent. Furthermore, Andorra and San Marino are linked to the system through Joint Declarations.

On the occasion of the third Euro-Mediterranean Trade Ministerial Conference that took place in Palermo, Italy, on 7 July 2003, Ministers endorsed the new Protocol on rules of origin. The Protocol gradually extends the pan-European system of cumulation of origin to the remaining Mediterranean partners participating in the Barcelona Process, i.e. to Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria and Tunisia.

For the EFTA States, the harmonisation of rules of origin in the Euro-Mediterranean (Euro-Med) area represents a major step towards facilitation of

preferential trade with originating products. During a first phase, a sub-regional cumulation system can be applied between individual countries provided the origin rules in the underlying agreements have been updated in line with the Euro-Med model. Eventually, the system will link together all the Euro-Med partners once they all have concluded free trade agreements and apply identical rules of origin between each other.

Processed agricultural products

Most EFTA free trade agreements contain protocols on *processed agricultural products*. The duties on these products reflect the difference between the domestic market price and the world market price of the basic agricultural component of the product. Duties on the industrial (processing) component are eliminated. Each country has its own list of products for which it grants such concessions to its partner countries.

The protocols on processed agricultural products in most EFTA free trade agreements have been reviewed in recent years to update each country's product lists to the 2002 version of the Harmonised Commodity Description and Coding System (HS 2002). This process also addresses the need for possible updates of the product coverage in line with the arrangements between either the EFTA States and the EU, or the partner country and the EU.

Since the EFTA States do not have a common agricultural policy, *basic agricultural products* are dealt with in bilateral arrangements concluded between each EFTA State and the partner country in parallel with the main agreement. These arrangements form part of the instruments creating the free trade area.

Fish and other marine products

The fishery sector accounts for around half of Iceland's total exports in goods and is a major contributor to Norway's economy. Norway and Iceland are among the world's largest exporters of fish products, exporting to more than 170 countries.

From a fishery perspective, the FTAs concluded with Mexico and Chile give expectations for increased trade in these countries. The level of exports of fish products from Iceland and Norway to Mexico has increased considerably since the entry into force of

the EFTA-Mexico FTA.

A large part of fish and other marine products from the EFTA States benefited from immediate duty-free access to the Mexican market, while other fish products were subject to gradual tariff dismantling. Since fish and other marine products benefit from immediate duty free access to the Chilean market, it is expected that the EFTA-Chile FTA will have a similar effect as the FTA with Mexico.

Technical regulations

The EFTA FTAs contain three types of provisions on technical regulations:

- The FTA concluded with Turkey contains an information procedure on draft technical regulations.
- Other FTAs, e.g. with Bulgaria and Morocco, contain no such information procedure but provide for consultations and co-operation. They also foresee notifications in accordance with the WTO Agreement on Technical Barriers to Trade (TBT).
- The FTAs with Mexico, Singapore and Chile state that the rights and obligations of the parties are to be governed by the WTO Agreement on TBT. They specify areas for co-operation and call on the parties to facilitate the exchange of information. As is the case with the second category of FTAs, a consultation mechanism has been set up for these FTAs, the aim being to work out solutions in conformity with the WTO Agreement on TBT.

Public procurement

Effective liberalisation of public procurement markets is an integral objective of the agreements. In the agreements with the Central and Eastern European countries, the EFTA States granted asymmetrical treatment for goods at central government level during a transition period. In more recent agreements, a future liberalisation based on the principles of reciprocity, non-discrimination and transparency is envisaged. The joint committee (see below) is entrusted with the elaboration of rules for ensuring such a liberalisation. All agreements - with some minor exceptions - include a clause stipulating that parties should aim to accede to the WTO Government Procurement Agreement (GPA) in the future.

Reviews have been carried out with a number of countries to determine whether to liberalise further under the free trade agreement or adhere to the WTO GPA. Further liberalisation under the FTA entails liberalisation at the central governmental level for procurement of supplies, services and public works.

The agreement with Chile includes the most comprehensive provisions concluded by the EFTA States in this field with any third country. The EFTA States and Chile grant each other non-discriminatory access to procurement markets for goods, services and public works at the central government level, the sub-central government level and for entities operating in the utility fields listed in the respective annexes.

The agreement with Singapore confirms the respective commitments of the parties under the WTO GPA and establishes contact points for the exchange of information on rules and regulations in order to facilitate access to procurement markets.

The agreement with Mexico secures substantial access for EFTA operators to the Mexican government procurement market under the same conditions as for suppliers from the European Union, the United States or Canada. In exchange, the EFTA States grant Mexican operators access to what they offer to their partners in the framework of the WTO Government Procurement Agreement at central government level.

Intellectual property rights

Intellectual property (IP) rights are the rights given to people over the creations of their minds, including literary and artistic works as well as inventions and industrial designs. The protection of intellectual property rights has become increasingly important in international trade, as inadequate levels of protection may hamper trade and impede the well-functioning of a free trade area.

Work continues at international and regional levels to improve the levels of protection in the various fields of intellectual property. The EFTA States follow these developments closely and aim towards adjusting IP provisions in their FTAs to the highest available standards.

The WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) defines minimum levels of protection and set out basic principles on non-discrimination: national treatment and most favoured nation (MFN) treatment.

EFTA FTAs provide for high standards of protection in the field of intellectual property. The IP provisions afford adequate, effective and non-discriminatory protection of intellectual property rights. They include measures for the enforcement of such rights against infringement, counterfeiting and piracy. The provisions are based on the principles of most-favoured-nation treatment and national treatment, in accordance with the TRIPS Agreement. More specific provisions relating, for instance, to levels of protection and adequate standards to be complied with, are dealt with in the relevant annex. They normally cover the adherence to special international conventions on IPR, patents, designs, geographical indications and undisclosed information.

Rules of competition

The EFTA free trade agreements contain rules on competition based on the assumption that the removal of traditional barriers to trade, such as tariffs and quantitative restrictions, do not as such guarantee free trade and market access. The rules on competition have been introduced to ensure that liberalisation of trade under the agreements is not hindered by new barriers in the form of agreements or practices between enterprises whose objective or effect is to prevent, restrict or distort competition.

Moreover, the provisions on competition do not only apply to private entities, but also to the activities of public undertakings and undertakings to which the partner countries grant special or exclusive rights, in so far as the application of the competition rules does not obstruct the performance of the particular tasks assigned to these entities.

The agreements with Mexico, Singapore and Chile contain a chapter on competition. It foresees co-operation and exchange of information, whose aim is to ensure and facilitate the enforcement of the parties' respective competition laws.

State aid

Some first-generation EFTA free trade agreements (e.g. with Bulgaria) contain comprehensive and specific rules governing the granting of state aid by public authorities of the partner countries as well as rules on notification and reporting. The objective of these provisions is to ensure that subsidies granted by such authorities to private entities do not distort, or threaten to distort, competition among undertakings in the applicable territories of the agreement. Corresponding annexes describing in detail the guiding criteria for granting state aid and measures to ensure transparency in the field complement the provisions.

In more recent agreements, (e.g. with Chile, Lebanon), the Parties have agreed that subsidies (and countervailing duties) be governed by the relevant WTO rules.

Services and investment

Most EFTA FTAs with European countries and countries in the Mediterranean region contain an evolutionary clause on services and investment in which the parties undertake to co-operate with the aim of achieving gradual liberalisation and mutual opening of markets for investments and trade in services.

The EFTA States have been actively involved in the liberalisation of services and investment in the framework of the European Economic Area (EEA), the Organisation for Economic Co-operation and Development (OECD) and the World Trade Organisation (WTO). The EEA Agreement between the European Community and three of the four EFTA Member States provides for the right of establishment and the free movement of services and capital within the EEA. All EFTA countries, except Liechtenstein, are members of the OECD. All EFTA States and most of their free trade partners are members of the WTO and thus parties to the General Agreement on Trade in Services (GATS) and the Agreement on Trade Related Investment Measures (TRIMS).

The agreements with Mexico, Singapore and Chile cover all modes of service supply and contain separate sections or annexes relating to specific sectors. All recent agreements include provisions on

investment, covering, as the case may be, promotion, protection, transfers and/or establishment.

Joint Committee

Joint Committees composed of representatives of the EFTA States and the respective partner country supervise the implementation of each FTA. The committees may set up subcommittees as necessary to assist them in their work, for example in the field of customs and origin. The joint committees normally meet every year or once every two years but can be convened at shorter notice if an urgent issue needs to be addressed, for instance, to provide a forum for consultations between parties to a dispute.

Arbitration

Diplomacy remains the fundamental principle for the settlement of disputes under international law. The same applies to disputes between the EFTA States and their FTA partners. The EFTA agreements foresee that the parties endeavour to solve any differences between them regarding the interpretation and application of their agreements by direct consultation and by consultations in the Joint Committees.

There has, however, been an increasing international trend over the last decade to establish dispute settlement mechanisms under free trade agreements for cases where diplomatic means fail. The WTO dispute settlement mechanism is a good proof of this development.

Accordingly, dispute settlement mechanisms by way of arbitration have been introduced by the EFTA States in their FTAs negotiated after 1997. Furthermore, arbitration clauses have been introduced in several of the older agreements to bring them in line with this development.

In some agreements, the EFTA States have opted for a general but strong arbitration clause, while in others, most recently with Mexico, Singapore and Chile, entire chapters with detailed procedural rules have been used to this end. Either approach aims to ensure that if consultations inside or outside the Joint Committees should fail to resolve the disputes concerning the interpretation and application of

the agreements, these may be referred to arbitration. Under the agreements, the awards of the arbitration panels are final and binding upon the parties to the dispute. The terms of reference for the arbitration panels are the provisions of the agreements themselves and applicable rules under international law.

EFTA TECHNICAL CO-OPERATION

In accordance with the principles for technical co-operation with countries outside the EU, established by the EFTA Council Decision No. 2 of 2003, such activities are directed in principle towards countries having concluded declarations on co-operation or free trade agreements with the EFTA States. The Balkan and the Mediterranean countries remain at the core of these activities. Due attention is given to recent and prospective partners in other areas, including countries to the east of the boundaries of the enlarged EU.

In 2004, the allocated budget for technical co-operation is 1.6 million Swiss francs. This amount does not include bilateral programmes and projects, but they are not co-ordinated among EFTA Member States.

The activities are divided into two categories:

- a) participation by EFTA in EU projects and programmes, and
- b) trade policy projects and scholarship programmes which are financed exclusively by EFTA.

For more information on this issue please consult the fact sheet on EFTA technical co-operation.

EFTA STATES' TRADE FIGURES

World merchandise trade has expanded considerably over the last 10 to 15 years. Between 1990 and 2003, the value of world trade has more than doubled. According to the WTO, trade recovered at an increased rate in 2003, propelled by higher than expected economic growth in Asia and the United States. A 2.5% increase in global output in 2003 spurred world trade to recover by 4.5%.

The EFTA States' trade with the world has been characterised by a similar positive trend. In 2003, EFTA's total merchandise trade amounted to 309 billion US dollars, up 14% from 2002, and representing roughly 2% of world trade. EFTA's most important trading partner is the European Union (EU), receiving 69% of EFTA's exports in 2003. 78% of the EFTA States' imports originated in the EU. The EFTA States' second largest trading partner is the United States, accounting for 10% of their exports and 5% of imports in 2003.

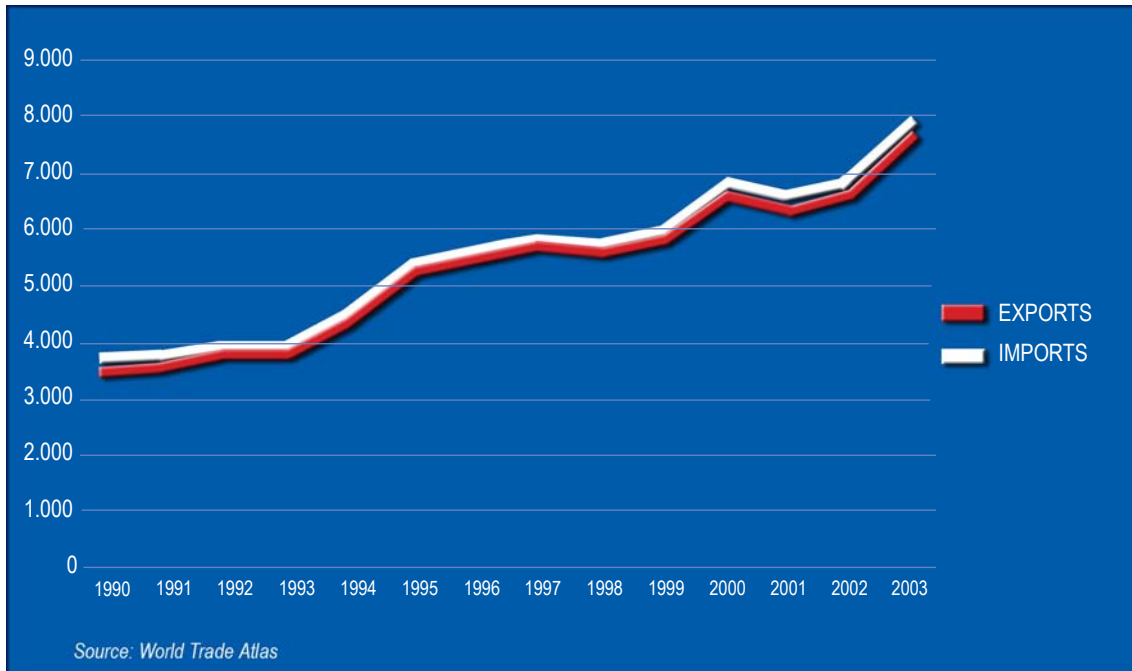
Preferential trade under the EFTA Free Trade Agreements amounted to 7.6 billion US dollars in 2003, representing 2.5% of EFTA's total trade. Combined, EFTA's 13 FTA partners constitute the EFTA States' fourth largest trading partner. Preferential trade under EFTA FTAs is expected to increase in the future, as EFTA is currently negotiating free trade agreements with a number of other countries (Canada, Egypt, SACU and Tunisia) and plans to launch free trade negotiations with several other countries.

The EFTA States are attractive trading partners. In 2003, their combined GDP amounted to 535 billion US dollars while their combined GDP per capita (PPP) was 24,244 US dollars. EFTA's exports per capita ratio reached 13,969 US dollars in 2003, which is the highest of all the regional groupings in the world.

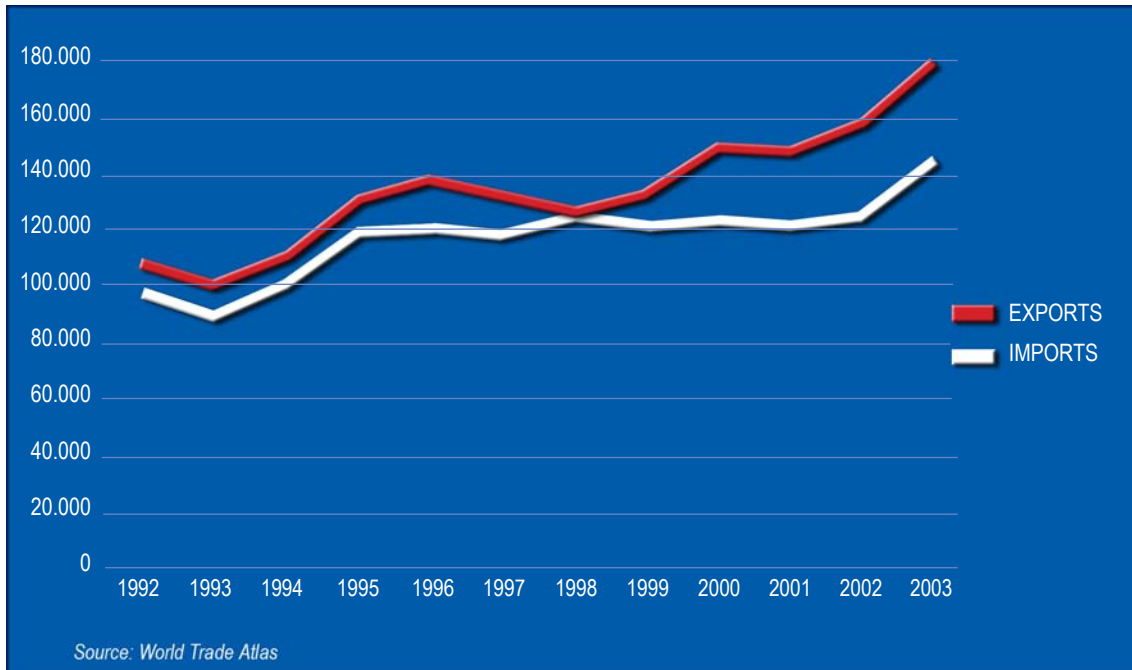
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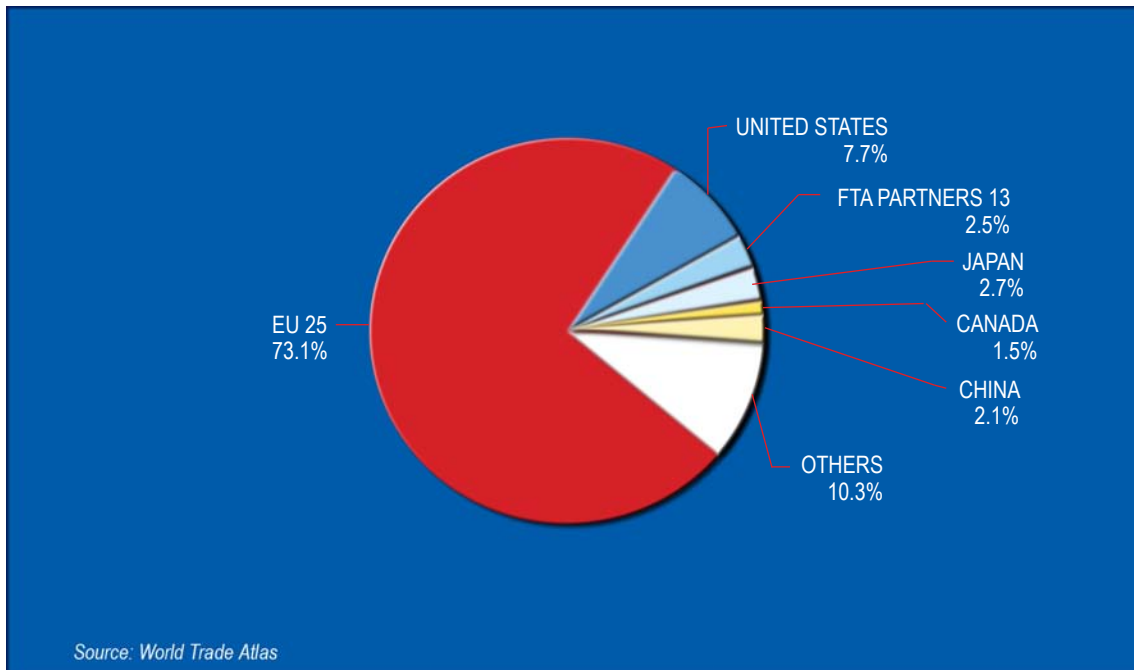
WORLD IMPORTS AND EXPORTS 1990-2003 (in billion US dollars)



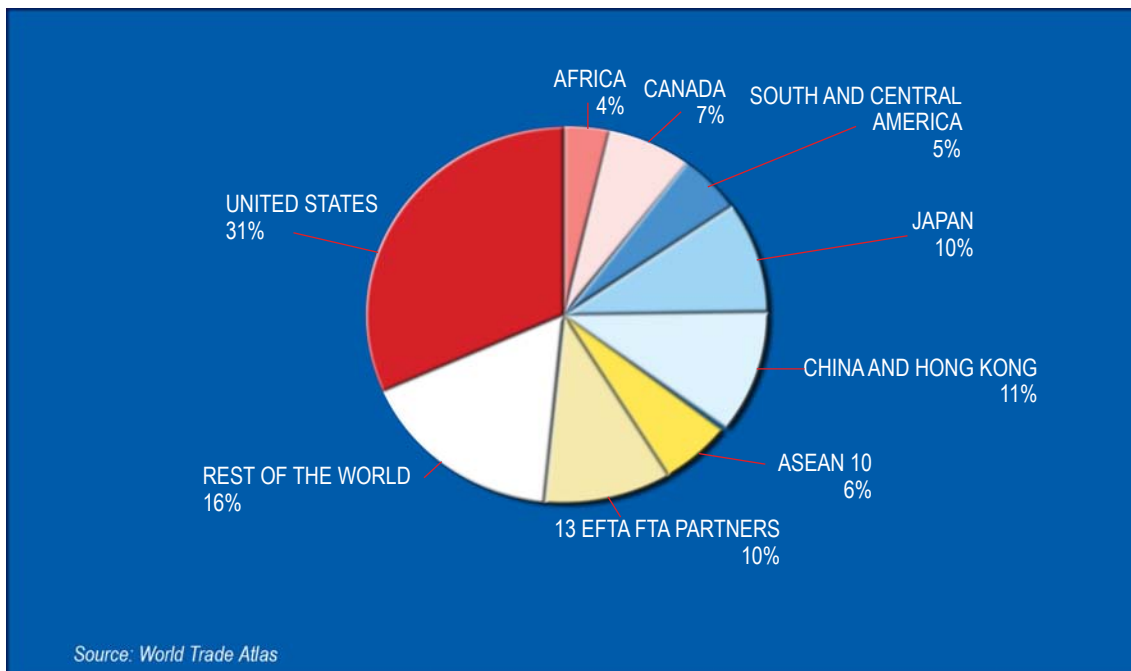
EFTA STATES' TRADE WITH THE WORLD 1992-2003 (in million US dollars)



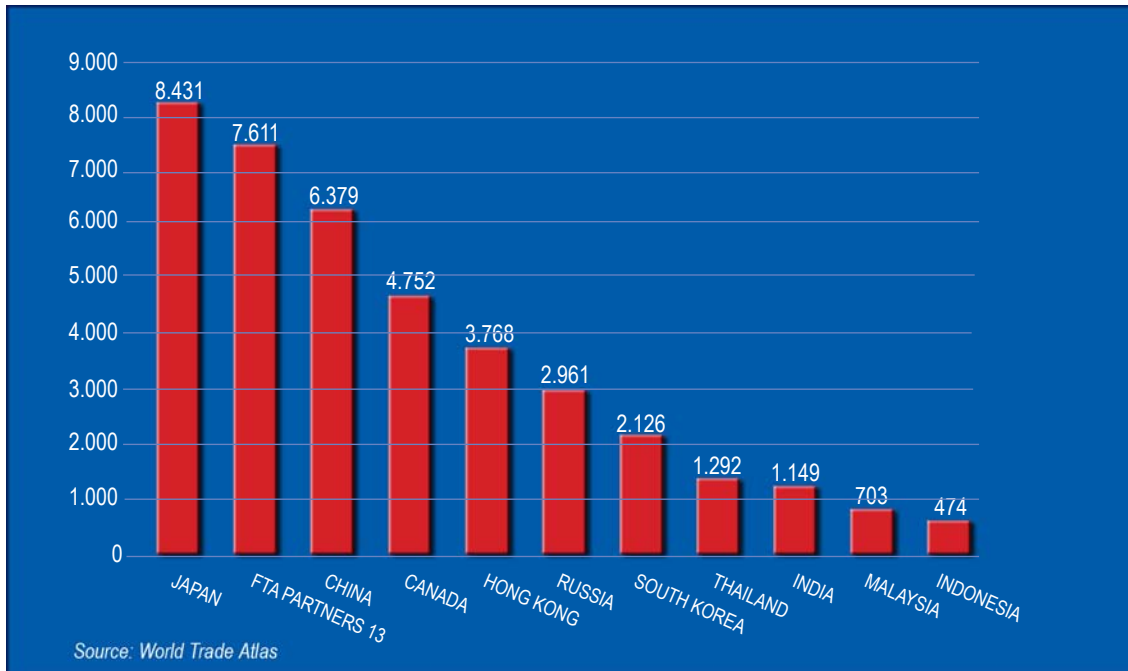
EFTA STATES' MAIN TRADING PARTNERS IN 2003
(in % of total merchandise trade (309 billion USD))



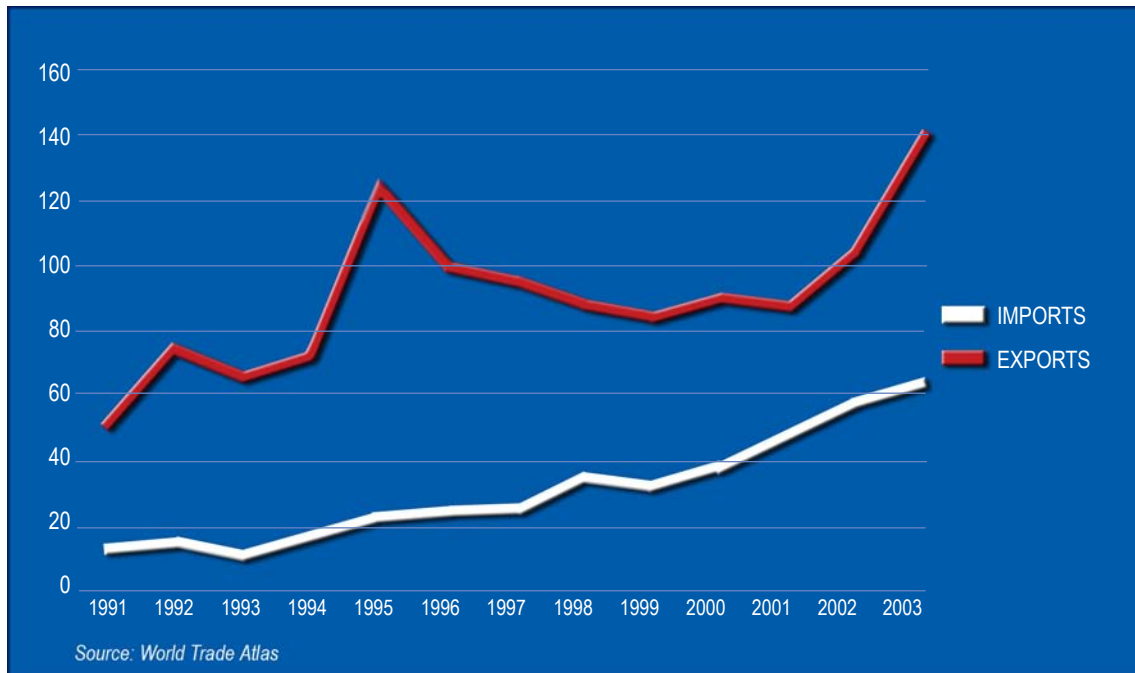
EFTA STATES' NON-EU EXPORTS IN 2003
(in % of total non-EU exports (53 billion USD))



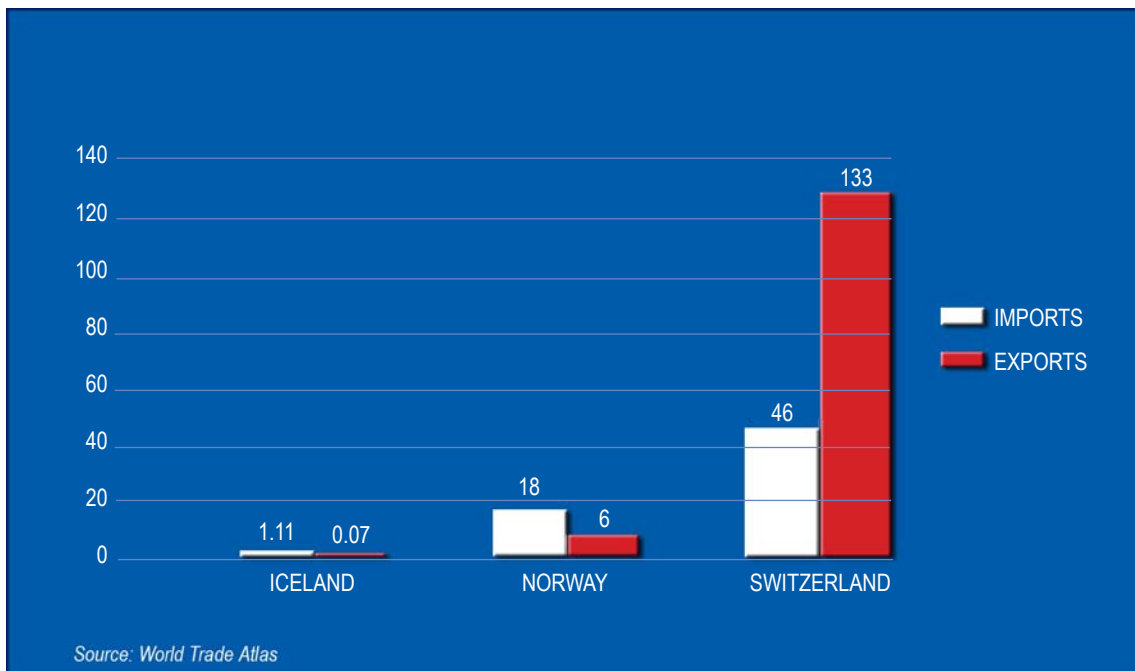
EFTA STATES' TRADE WITH SELECTED COUNTRIES IN 2003 (in million US dollars)



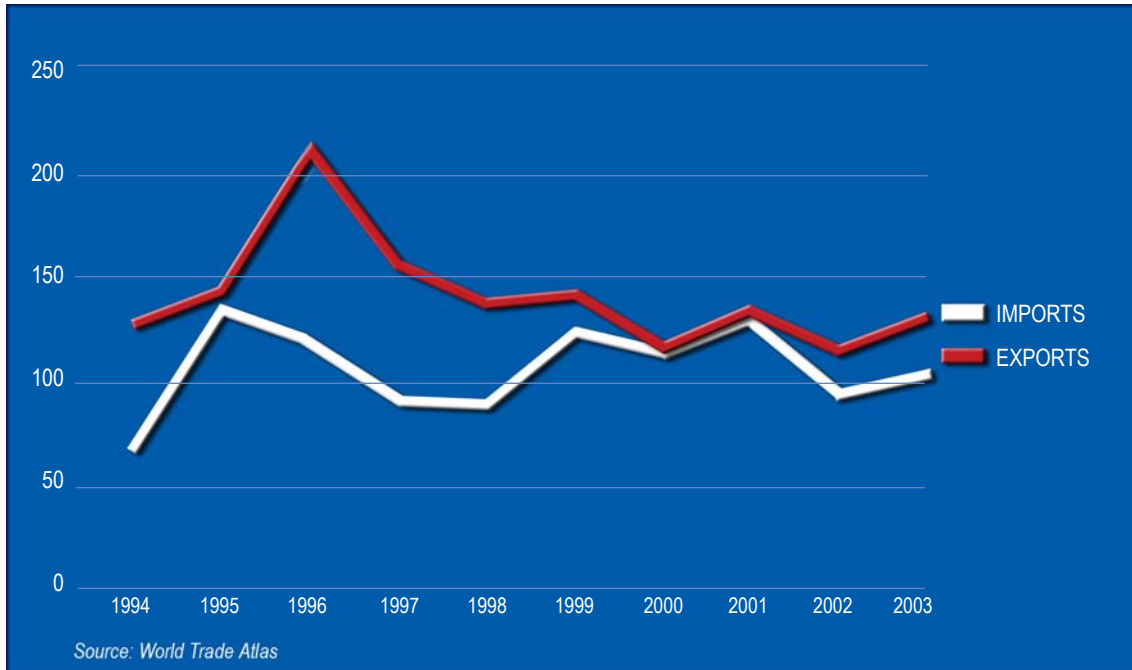
EFTA STATES' TRADE WITH BULGARIA 1991-2003 (in million US dollars)



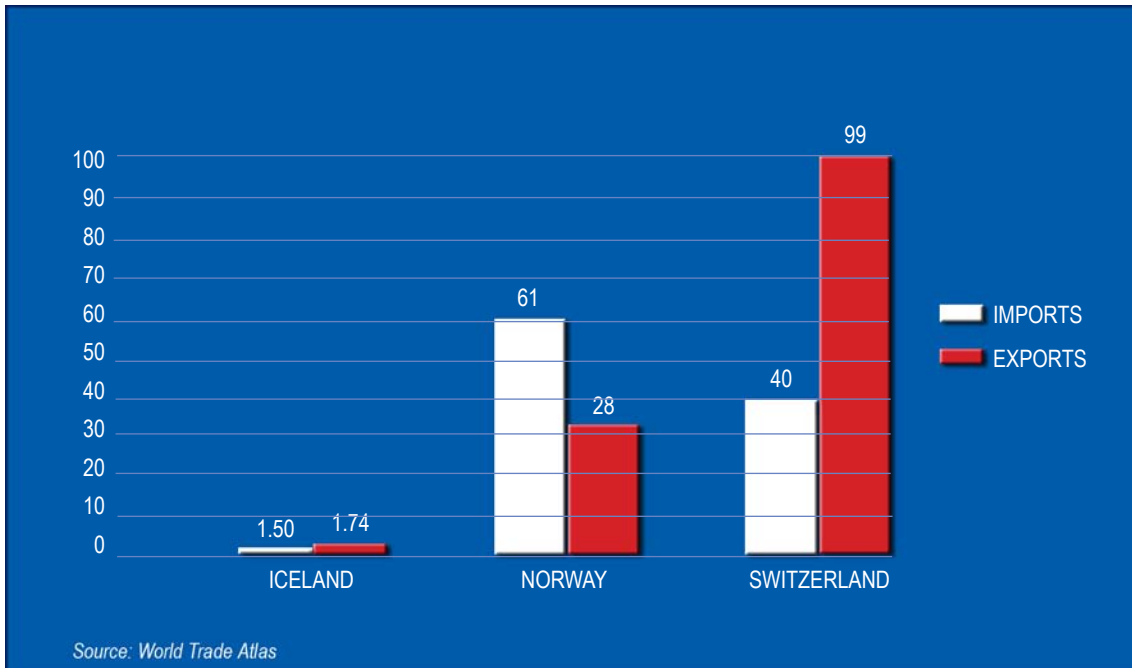
EFTA STATES' TRADE WITH BULGARIA (2003 - million US dollars)



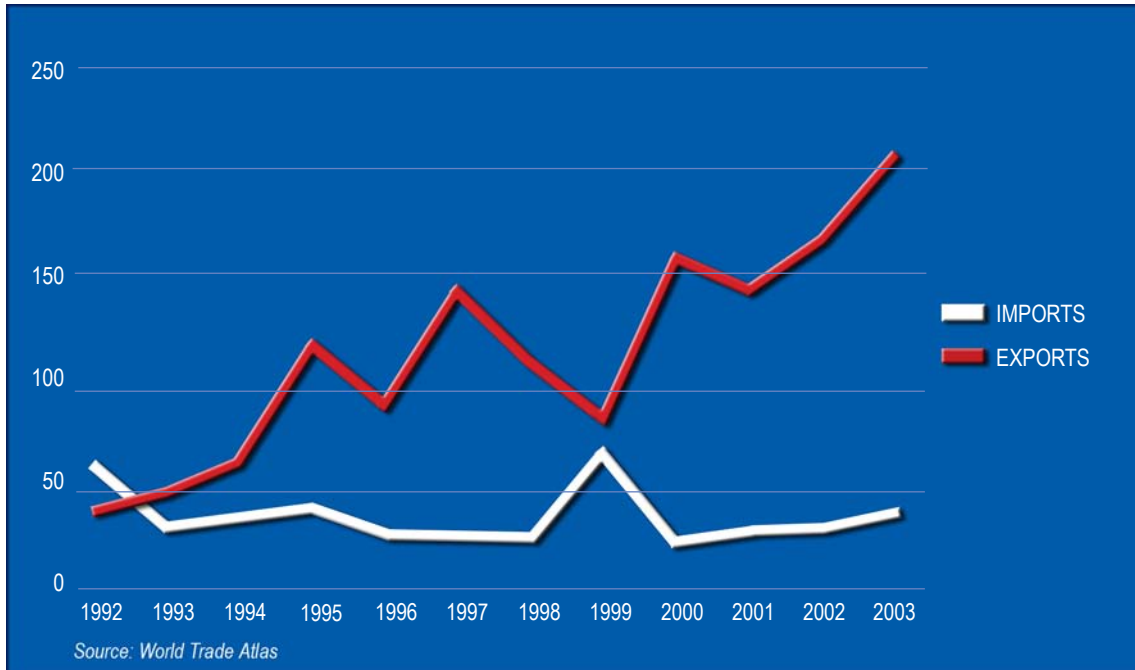
EFTA STATES' TRADE WITH CHILE 1994-2003 (in million US dollars)



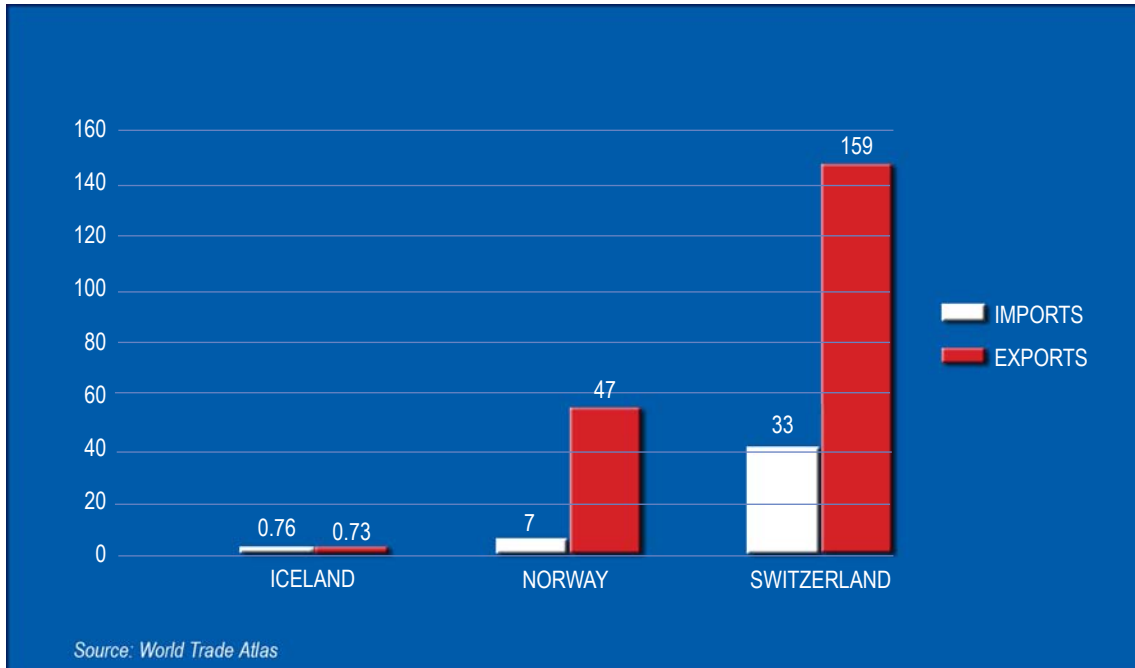
EFTA STATES' TRADE WITH CHILE (2003 - million US dollars)



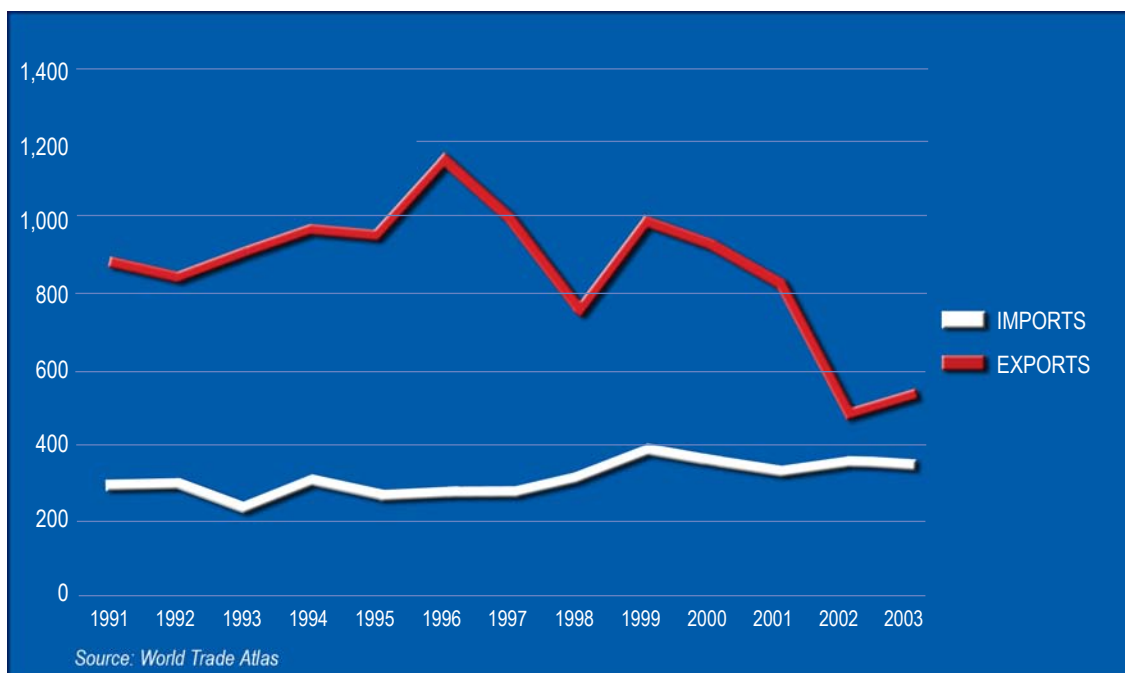
EFTA STATES' TRADE WITH CROATIA 1992-2003
(in million US dollars)



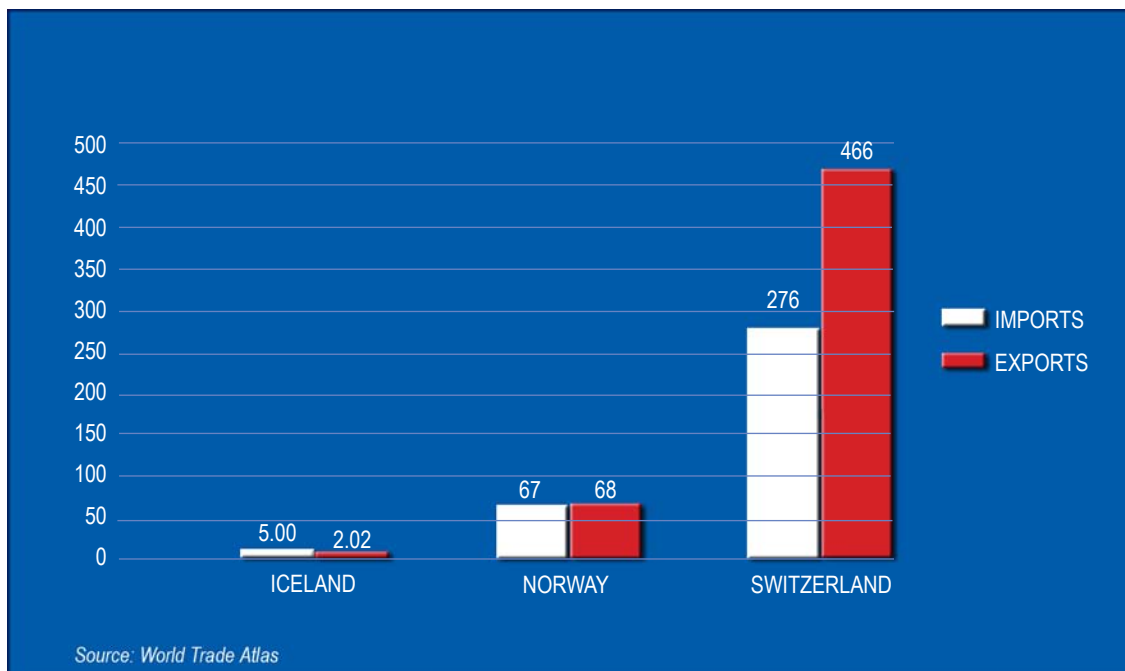
EFTA STATES' TRADE WITH CROATIA
(2003 - million US dollars)



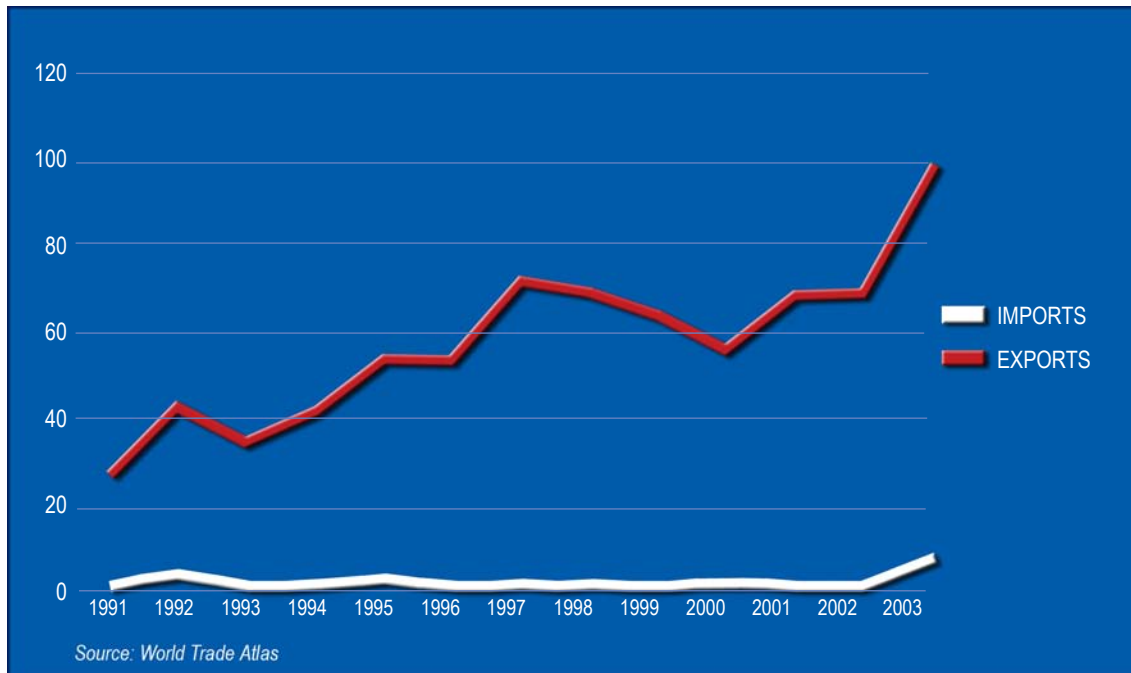
EFTA STATES' TRADE WITH ISRAEL 1991-2003 (in million US dollars)



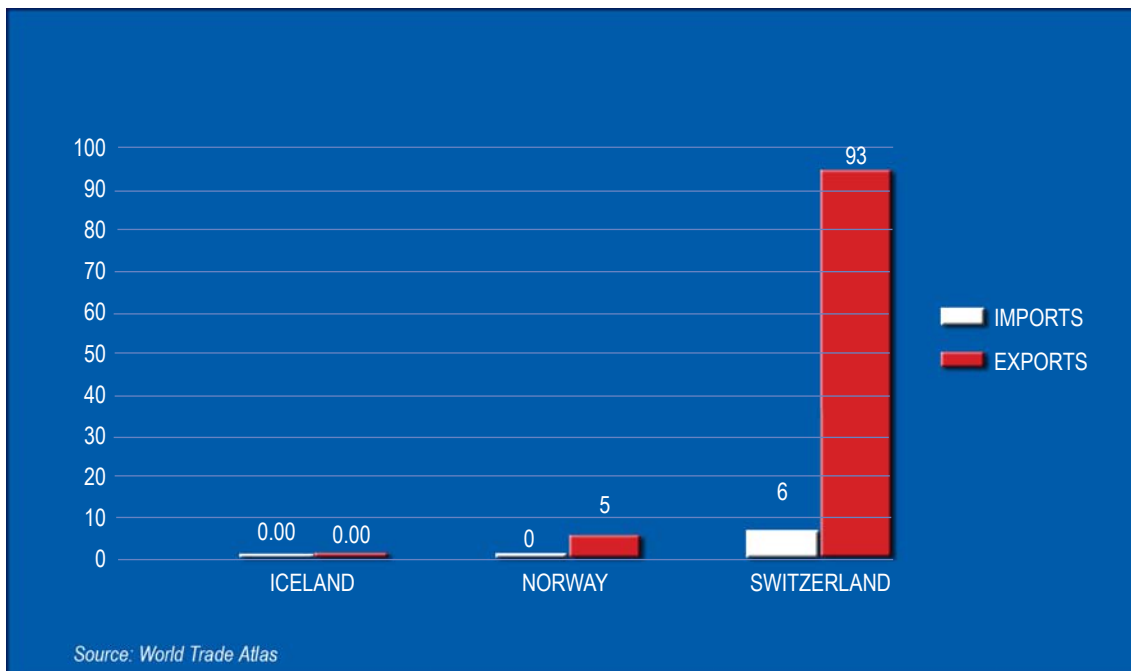
EFTA STATES' TRADE WITH ISRAEL (2003 - million US dollars)



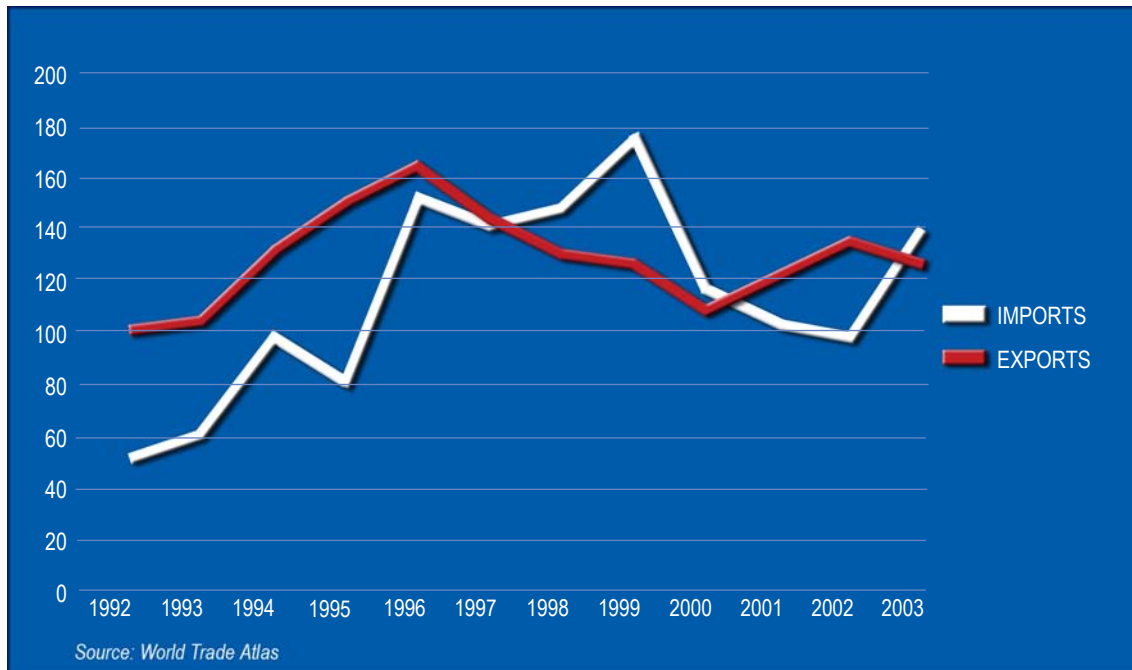
EFTA STATES' TRADE WITH JORDAN 1991-2003 (in million US dollars)



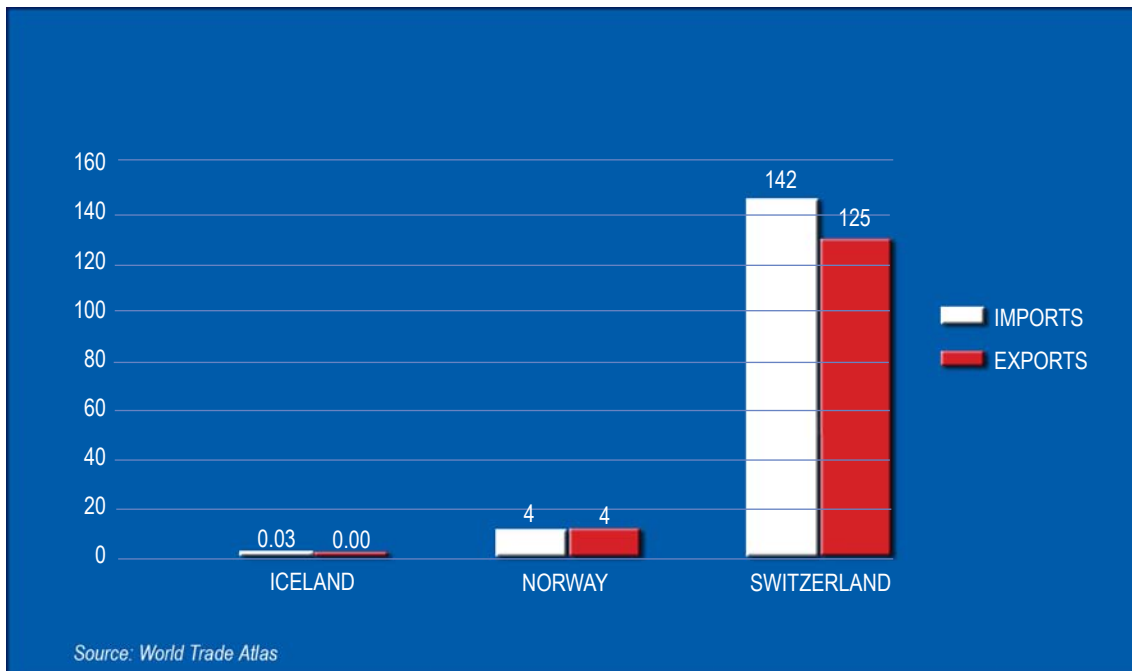
EFTA STATES' TRADE WITH JORDAN (2003 - million US dollars)



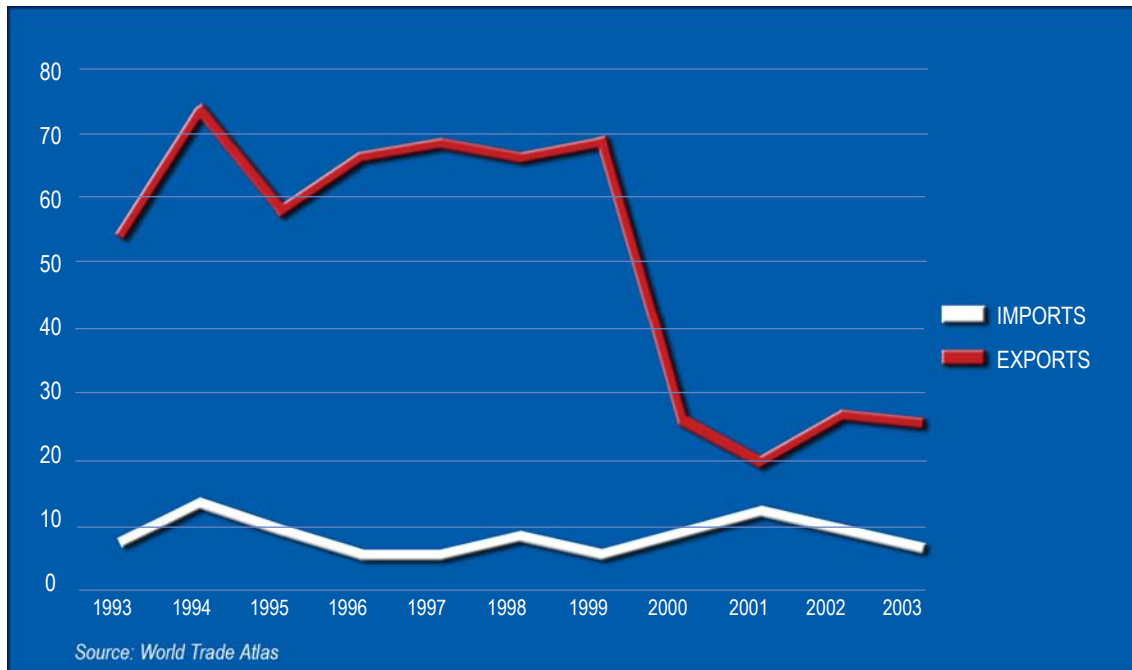
EFTA STATES' TRADE WITH LEBANON 1992-2003 (in million US dollars)



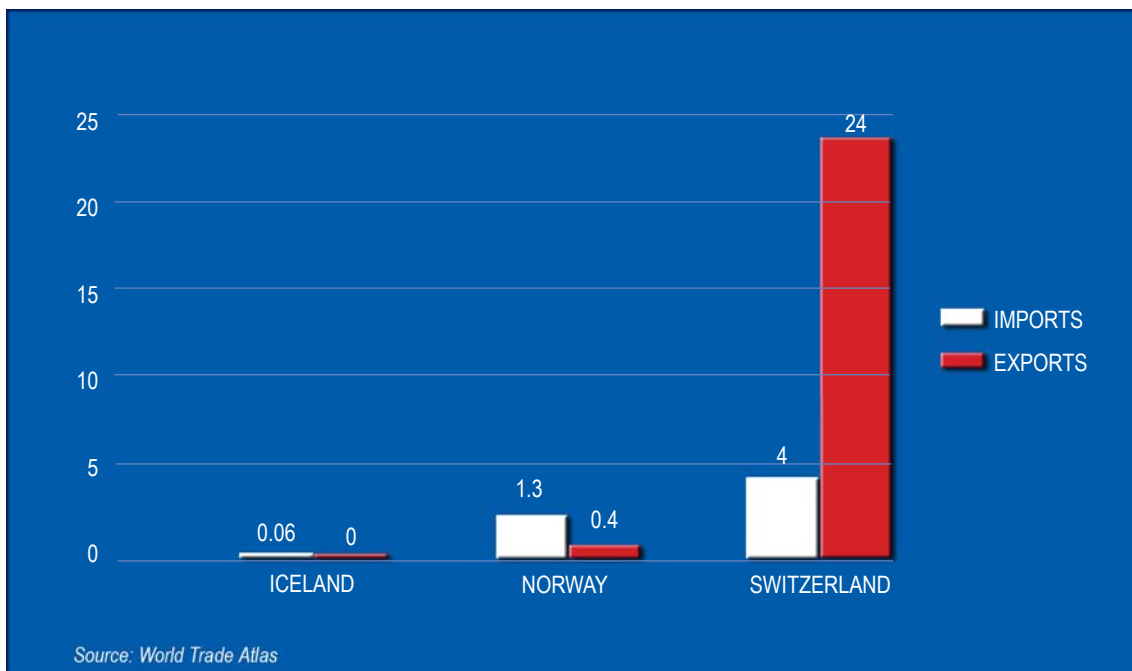
EFTA STATES' TRADE WITH LEBANON (2003 - million US dollars)



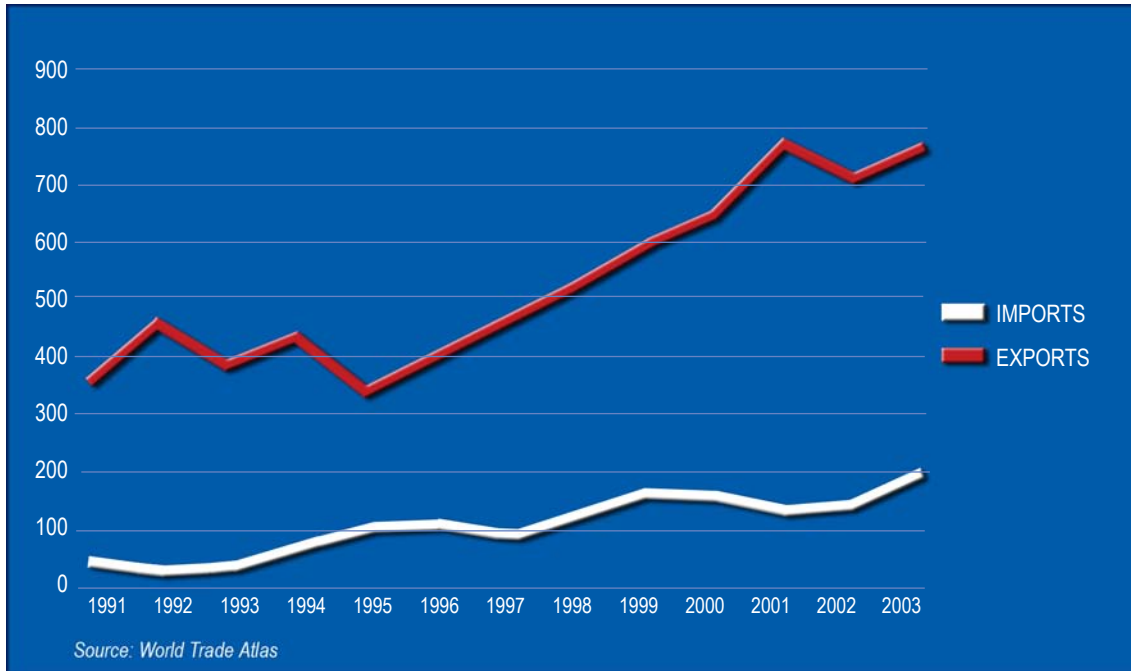
EFTA STATES' TRADE WITH MACEDONIA 1993-2003 (in million US dollars)



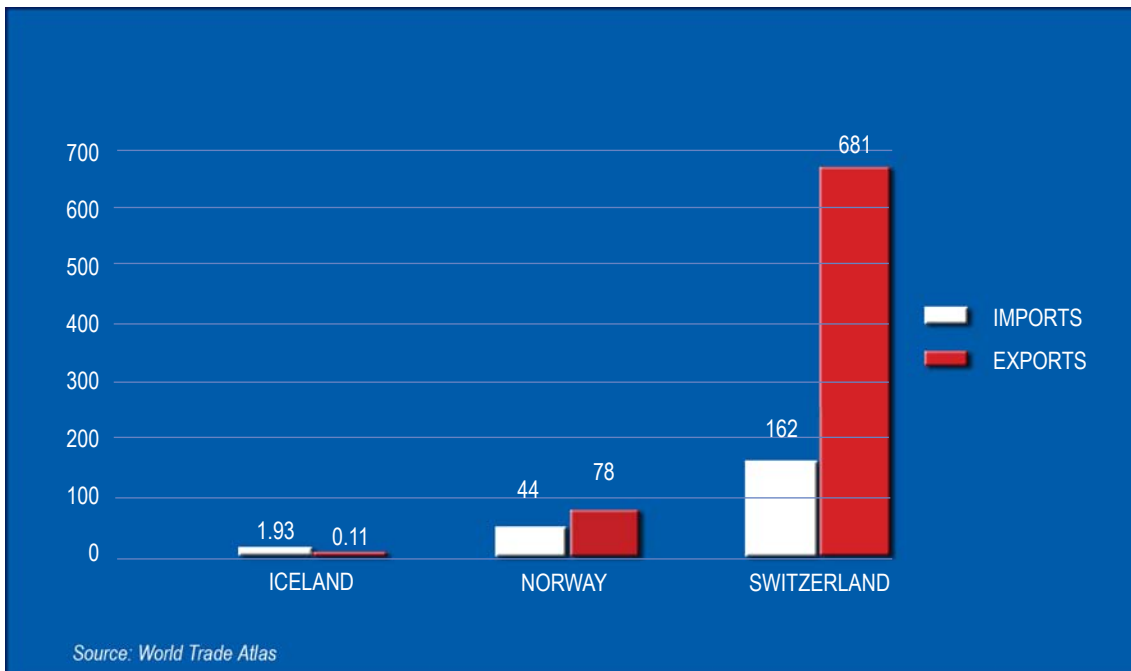
EFTA STATES' TRADE WITH MACEDONIA (2003 - million US dollars)



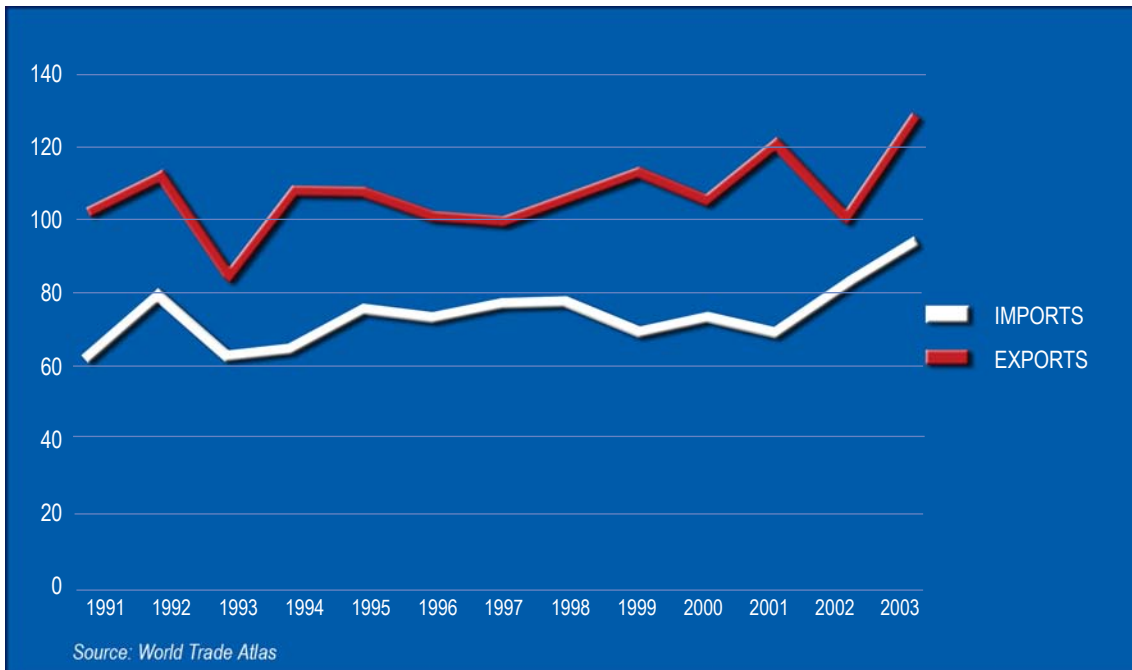
EFTA STATES' TRADE WITH MEXICO 1991-2003 (in million US dollars)



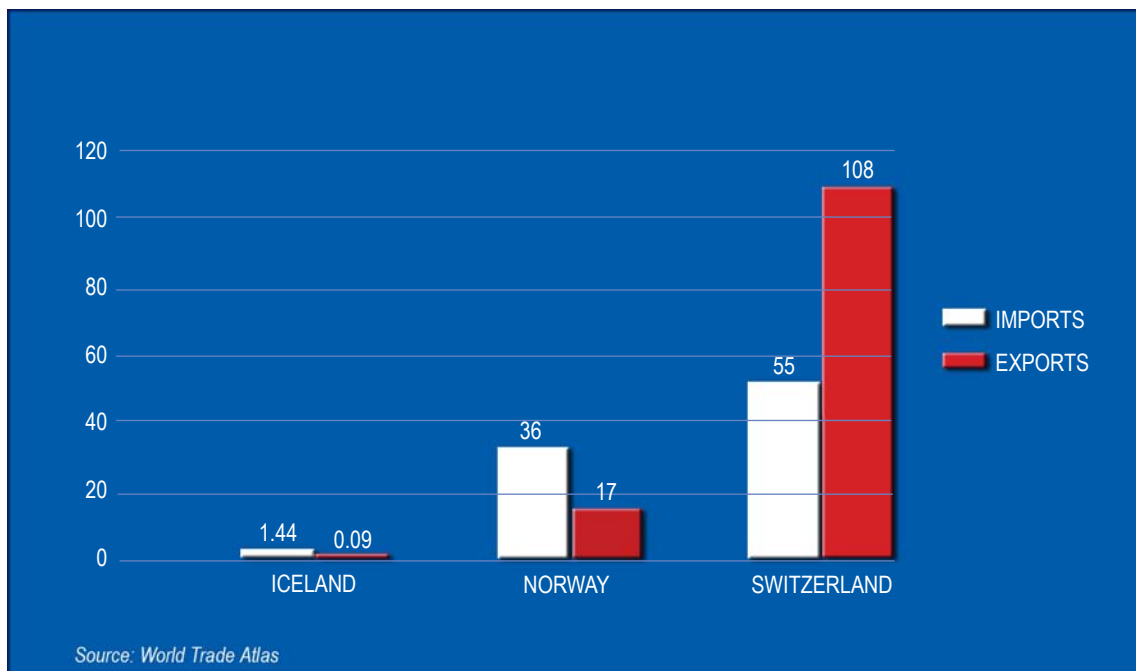
EFTA STATES' TRADE WITH MEXICO (2003 - million US dollars)



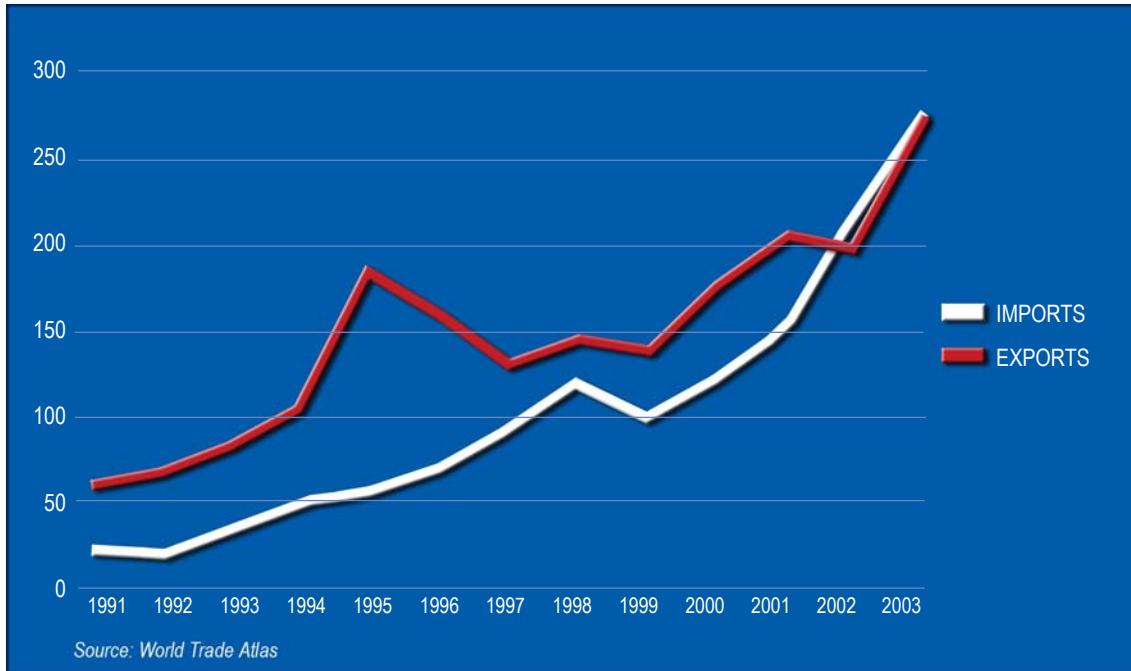
EFTA STATES' TRADE WITH MOROCCO 1991-2003 (in million US dollars)



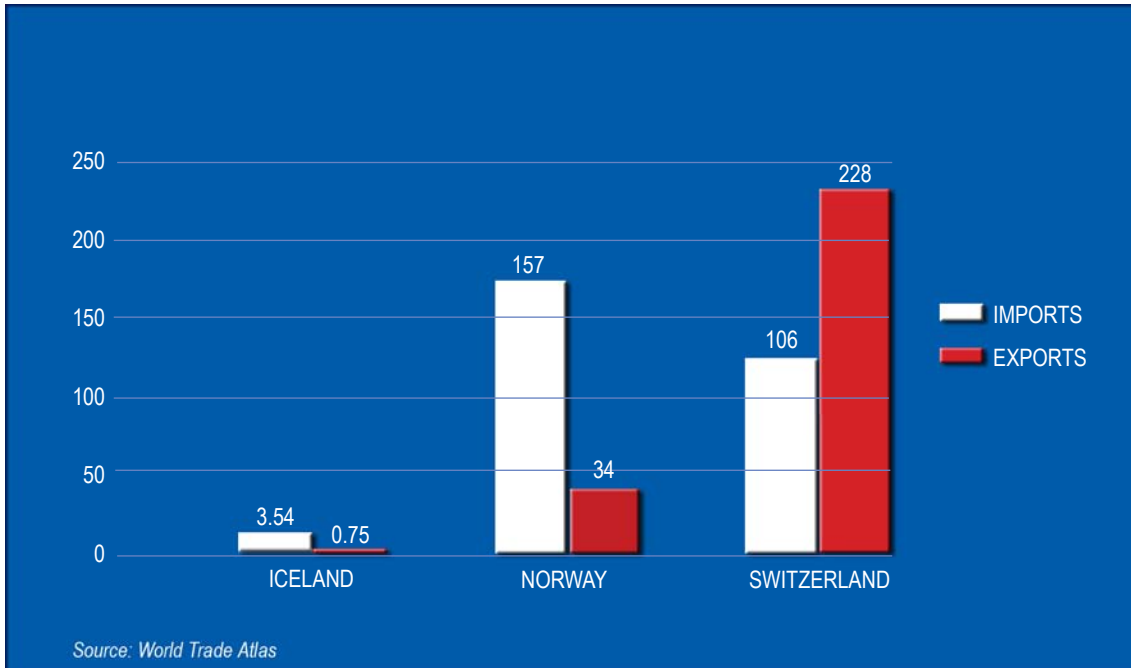
EFTA STATES' TRADE WITH MOROCCO (2003 - million US dollars)



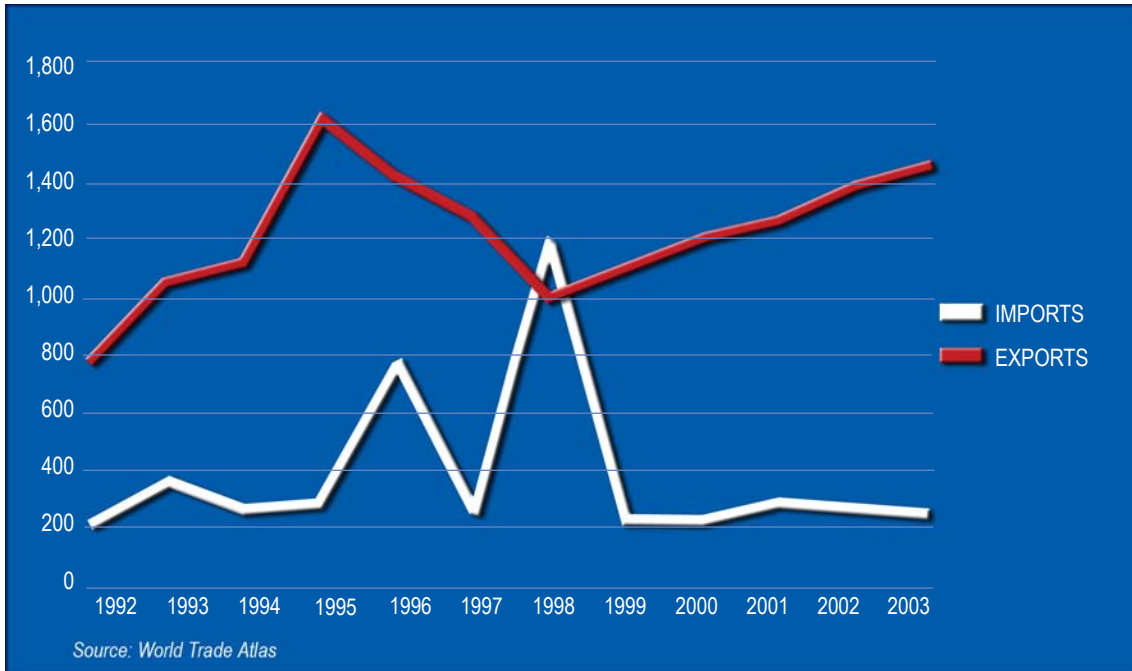
EFTA STATES' TRADE WITH ROMANIA 1991-2003 (in million US dollars)



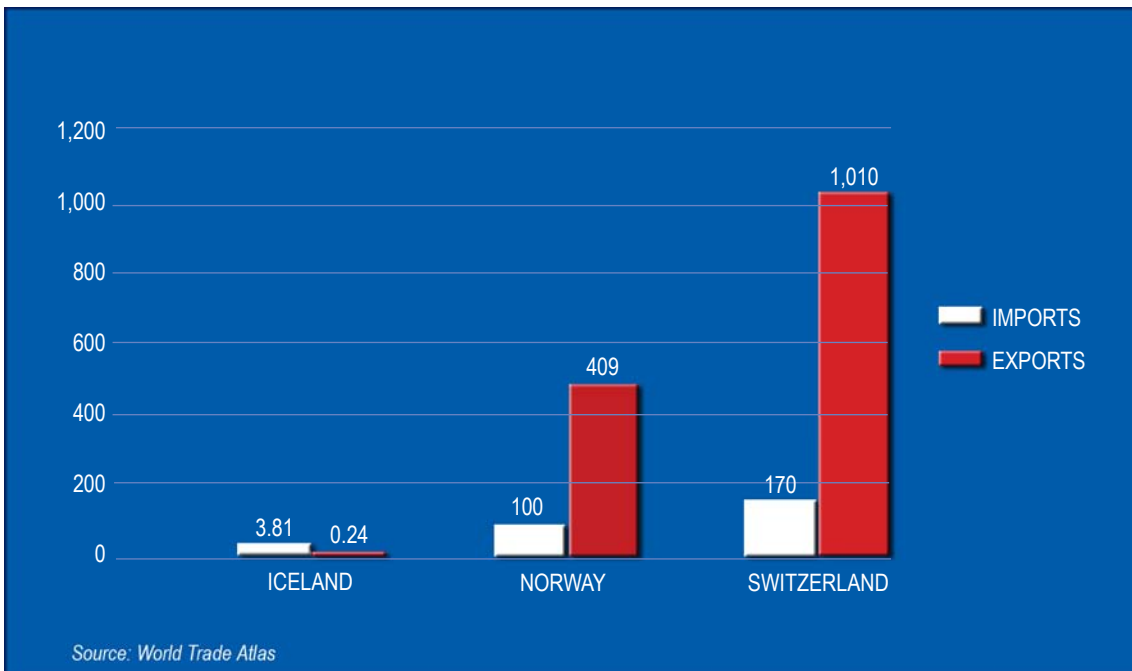
EFTA STATES' TRADE WITH ROMANIA (2003 - million US dollars)



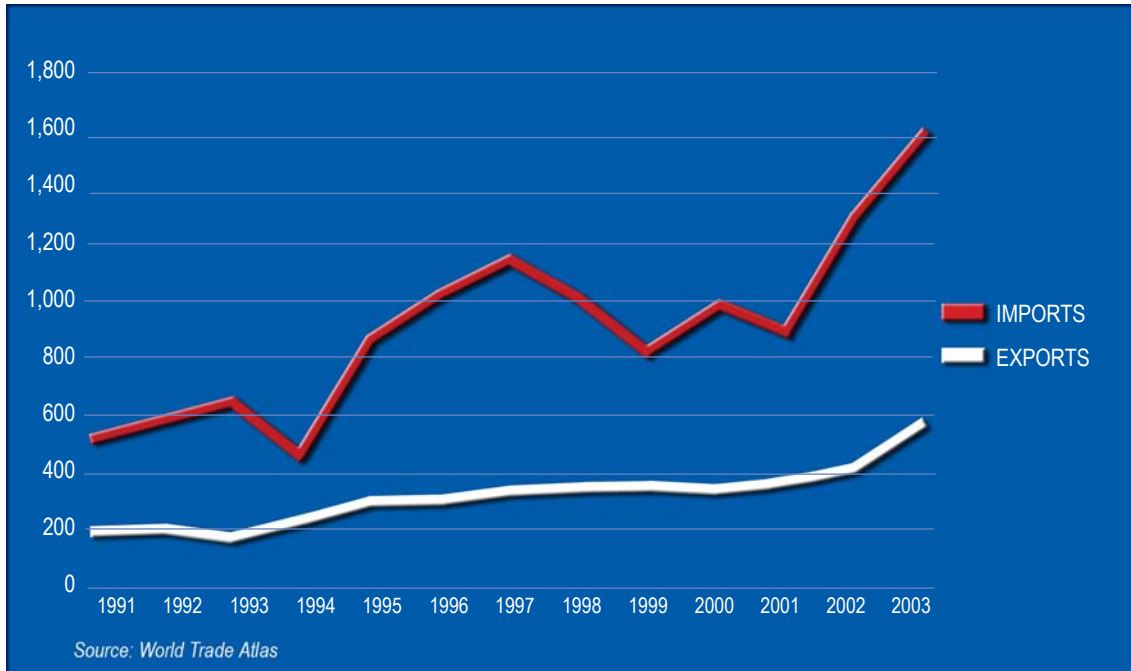
EFTA STATES' TRADE WITH SINGAPORE 1992-2003
(in million US dollars)



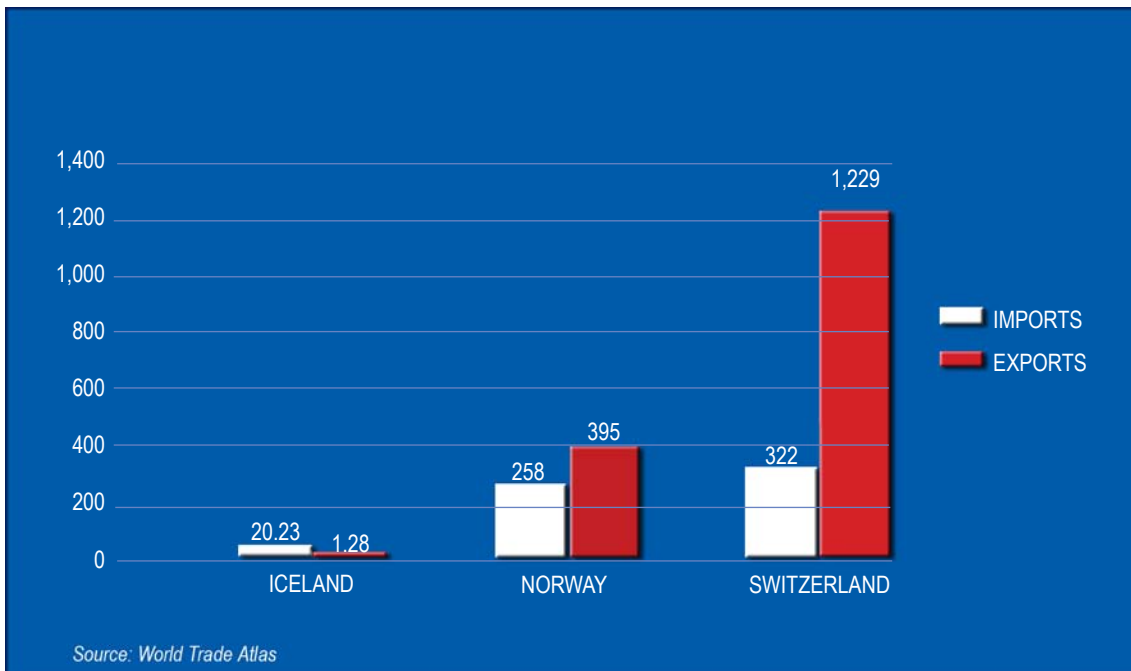
EFTA STATES' TRADE WITH SINGAPORE
(2003 - million US dollars)



EFTA STATES' TRADE WITH TURKEY 1991-2003 (in million US dollars)



EFTA STATES' TRADE WITH TURKEY (2003 - million US dollars)



EFTA TRADE PARTNERS 2003 TOP RANKINGS

Rank	Country	Exports	in %	Imports	in %	Total Trade	in %
..	WORLD	170,419	100%	138,472	100%	308,890	100
..	OECD	147,713	86.7%	122,426	88.4%	270,139	87.5%
1	European Union (EU) (25) (FTA)	117,396	68.9%	108,528	78.4%	225,924	73.1%
..	<i>Germany (EU)</i>	30,569	17.9%	36,796	26.6%	67,365	21.8%
..	<i>France (EU)</i>	15,594	9.2%	12,235	8.8%	27,829	9.0%
..	<i>United Kingdom (UK) (EU)</i>	19,130	11.2%	6,846	4.9%	25,975	8.4%
2	United States (USA) (OECD) (EXT)	16,749	9.8%	7,169	5.2%	23,918	7.7%
..	<i>Italy (EU)</i>	10,434	6.1%	12,019	8.7%	22,453	7.3%
..	<i>Netherlands (EU)</i>	9,704	5.7%	6,757	4.9%	16,461	5.3%
..	<i>Sweden (EU)</i>	6,146	3.6%	7,771	5.6%	13,917	4.5%
..	China + Hong Kong + Taiwan	6,957	4.1%	5,098	3.7%	12,054	3.9%
3	Japan (OECD)	5,072	3.0%	3,359	2.4%	8,431	2.7%
..	<i>Spain (EU)</i>	5,441	3.2%	2,942	2.1%	8,383	2.7%
..	<i>Belgium (EU)</i>	4,128	2.4%	3,811	2.8%	7,939	2.6%
..	<i>Austria (EU)</i>	3,480	2.0%	4,436	3.2%	7,916	2.6%
4	EFTA FTA Partners (13)	5,456	3.2%	2,155	1.6%	7,611	2.5%
..	<i>Denmark (EU)</i>	3,313	1.9%	4,122	3.0%	7,435	2.4%
5	China	2,738	1.6%	3,641	2.6%	6,379	2.1%
..	<i>Ireland (EU)</i>	1,155	0.7%	4,188	3.0%	5,344	1.7%
..	ASEAN (10)	3,010	1.8%	1,749	1.3%	4,759	1.5%
6	Canada (OECD) (FTN)	3,545	2.1%	1,207	0.9%	4,752	1.5%
7	Hong Kong (China)	3,112	1.8%	656	0.5%	3,768	1.2%
..	<i>Finland (EU)</i>	1,709	1.0%	1,761	1.3%	3,470	1.1%
8	Russian Federation	1,199.8	0.70%	1,761.2	1.27%	2,961.1	0.96%
9	GCC (6) (JDC)	2,170.8	1.27%	257.5	0.19%	2,428.2	0.79%
..	<i>Turkey (FTA)</i>	1,625.3	0.95%	600.2	0.43%	2,225.5	0.72%
..	<i>Poland (EU)</i>	1,279.2	0.75%	942.6	0.68%	2,221.7	0.72%
..	<i>Czech Republic (EU)</i>	1,272.1	0.75%	933.1	0.67%	2,205.2	0.71%
10	MERCOSUR (4) (JDC)	1,360.1	0.80%	796.4	0.58%	2,156.5	0.70%
11	Korea, South (OECD) (EXT)	1,326.7	0.78%	799.3	0.58%	2,126.0	0.69%
..	EFTA Internal (4) (FTA)	949.1	0.56%	996.4	0.72%	1,945.5	0.63%
12	Taiwan (China)	1,106.4	0.65%	800.7	0.58%	1,907.1	0.62%
..	<i>Brazil (MERCOSUR)</i>	1,093.9	0.64%	691.6	0.50%	1,785.5	0.58%
..	<i>Portugal (EU)</i>	1,174.8	0.69%	544.9	0.39%	1,719.7	0.56%
..	<i>Singapore (FTA)</i>	1,419.6	0.83%	274.0	0.20%	1,693.7	0.55%
..	<i>Hungary (EU)</i>	665.9	0.39%	766.5	0.55%	1,432.4	0.46%
13	SACU (5) (FTN)	484.0	0.28%	906.0	0.65%	1,390.0	0.45%
14	Thailand (ASEAN) (EXT)	669.9	0.39%	621.6	0.45%	1,291.5	0.42%
..	<i>South Africa (SACU)</i>	451.0	0.26%	734.5	0.53%	1,185.5	0.38%
..	<i>Greece (EU)</i>	987.7	0.58%	174.9	0.13%	1,162.5	0.38%

Rank	Country	Exports	in %	Imports	in %	Total Trade	in %
15	India	622.9	0.37%	525.7	0.38%	1,148.6	0.37%
16	Australia (OECD)	918.7	0.54%	201.7	0.15%	1,120.4	0.36%
..	Saudi Arabia (GCC)	890.3	0.52%	134.0	0.10%	1,024.2	0.33%
..	Mexico (FTA)	759.8	0.45%	208.6	0.15%	968.5	0.31%
..	United Arab Emirates (GCC)	796.4	0.47%	105.5	0.08%	901.9	0.29%
..	Israel (FTA)	536.8	0.31%	348.1	0.25%	884.8	0.29%
..	Norway (EFTA)	474.3	0.28%	350.1	0.25%	824.4	0.27%
..	Switzerland (EFTA)	298.2	0.17%	491.2	0.35%	789.4	0.26%
17	Malaysia (ASEAN)	383.3	0.22%	319.3	0.23%	702.6	0.23%
18	Puerto Rico (USA)	255.4	0.15%	398.5	0.29%	653.8	0.21%
19	Libya	92.9	0.05%	559.4	0.40%	652.3	0.21%
20	Iran	428.8	0.25%	135.5	0.10%	564.3	0.18%
..	Romania (FTA)	262.3	0.15%	266.3	0.19%	528.5	0.17%
..	Slovakia (EU)	234.8	0.14%	278.8	0.20%	513.6	0.17%
21	Indonesia (ASEAN)	248.3	0.15%	225.4	0.16%	473.7	0.15%
22	Nigeria	203.1	0.12%	261.6	0.19%	464.7	0.15%
..	Slovenia (EU)	234.8	0.14%	183.2	0.13%	418.0	0.14%
..	Estonia (EU)	99.0	0.06%	282.5	0.20%	381.6	0.12%
23	Egypt (FTN)	336.3	0.20%	27.8	0.02%	364.1	0.12%
..	Luxembourg (EU)	173.6	0.10%	187.3	0.14%	360.9	0.12%
..	Lithuania (EU)	160.7	0.09%	196.0	0.14%	356.7	0.12%
24	Ukraine (JDC)	262.1	0.15%	66.7	0.05%	328.7	0.11%
..	Iceland (EFTA)	175.7	0.10%	146.0	0.11%	321.8	0.10%
..	Latvia (EU)	158.9	0.09%	148.4	0.11%	307.3	0.10%
25	Vietnam (ASEAN)	104.6	0.06%	185.0	0.13%	289.6	0.09%
..	Argentina (MERCOSUR)	195.6	0.11%	78.9	0.06%	274.6	0.09%
..	Lebanon (FTA)	129.0	0.08%	145.3	0.10%	274.4	0.09%
26	Philippines (ASEAN)	169.4	0.10%	95.4	0.07%	264.8	0.09%
27	Pakistan	190.9	0.11%	73.8	0.05%	264.7	0.09%
..	Croatia (FTA)	206.7	0.12%	40.6	0.03%	247.3	0.08%
28	Panama	191.4	0.11%	45.5	0.03%	237.0	0.08%
..	Chile (FTA)	129.6	0.08%	102.6	0.07%	232.2	0.08%
29	Colombia	147.6	0.09%	82.9	0.06%	230.5	0.07%
..	Virgin Islands (UK) (EU)	105.2	0.06%	120.0	0.09%	225.1	0.07%
30	New Zealand (OECD)	130.7	0.08%	93.8	0.07%	224.5	0.07%
..	Morocco (FTA)	124.9	0.07%	92.6	0.07%	217.5	0.07%
..	Bulgaria (FTA)	139.9	0.08%	65.5	0.05%	205.4	0.07%
31	Algeria (JDC)	108.1	0.06%	96.4	0.07%	204.4	0.07%
..	Kuwait (GCC)	189.3	0.11%	0.3	0.00%	189.7	0.06%
..	Faroe Islands (Denmark) (FTA)	145.9	0.09%	43.3	0.03%	189.2	0.06%
32	Serbia-Montenegro (JDC)	151.4	0.09%	17.0	0.01%	168.3	0.05%
33	Bangladesh	52.6	0.03%	96.8	0.07%	149.4	0.05%
..	Bahrain (GCC)	121.7	0.07%	15.5	0.01%	137.2	0.04%

Rank	Country	Exports	in %	Imports	in %	Total Trade	in %
34	Bahamas	60.7	0.04%	70.4	0.05%	131.2	0.04%
35	Venezuela	84.2	0.05%	46.5	0.03%	130.8	0.04%
36	Peru	56.0	0.03%	65.3	0.05%	121.2	0.04%
37	Marshall Islands	117.5	0.07%	0.0	0.00%	117.5	0.04%
38	Kazakhstan	66.5	0.04%	41.3	0.03%	107.8	0.03%
..	<i>Cyprus (EU)</i>	77.4	0.05%	27.1	0.02%	104.5	0.03%
..	<i>Jordan (FTA)</i>	98.0	0.06%	6.5	0.00%	104.4	0.03%
39	Tunisia (FTN)	67.3	0.04%	32.0	0.02%	99.4	0.03%
40	Syria	88.2	0.05%	8.3	0.01%	96.6	0.03%
..	<i>Qatar (GCC)</i>	95.4	0.06%	0.3	0.00%	95.6	0.03%
..	<i>Uruguay (MERCOSUR)</i>	62.2	0.04%	23.8	0.02%	86.0	0.03%
..	<i>Malta (EU)</i>	73.4	0.04%	11.1	0.01%	84.4	0.03%
41	Sri Lanka	45.8	0.03%	38.2	0.03%	84.0	0.03%
..	<i>Oman (GCC)</i>	77.7	0.05%	1.9	0.00%	79.5	0.03%
42	Guinea	70.6	0.04%	0.8	0.00%	71.4	0.02%
43	Belarus	44.9	0.03%	12.4	0.01%	57.2	0.02%
44	Angola	53.1	0.03%	0.4	0.00%	53.5	0.02%
45	Azerbaijan	45.1	0.03%	2.8	0.00%	47.9	0.02%
46	Bermuda	40.0	0.02%	0.4	0.00%	40.4	0.01%
..	<i>Macedonia (FTA)</i>	24.0	0.01%	5.0	0.00%	29.0	0.01%
..	Albania (JDC)	13.0	0.01%	1.0	0.00%	14.0	0.00%
..	<i>PLO/PA (FTA)</i>	4.0	0.00%	0.0	0.00%	4.0	0.00%

FTA = Free Trade Agreement Partner
EXT = Exploratory Partner

FTN = Free Trade Negotiations Partner
GCC = Gulf Co-operation Council

JDC = Joint Declaration on Co-operation Partner
SACU = Southern African Customs Union

CHRONOLOGY

EFTA partners in free trade agreements (FTAs), free trade negotiations (FTNs), joint declarations on co-operation (JDCs) and exploratory talks

EFTA CONVENTION

4 January 1960	EFTA Convention signed in Stockholm
3 May 1960	Stockholm Convention enters into force
21 June 2001	Updated EFTA Convention signed in Vaduz
1 June 2002	Vaduz Convention enters into force

FTA PARTNERS

European Union

1 January 1973	EC-Switzerland/Liechtenstein bilateral FTA enters into force
1 April 1973	EC-Iceland bilateral FTA enters into force
1 July 1973	EC-Norway bilateral FTA enters into force
1 January 1994	EEA Agreement (EC-Iceland/Norway/Liechtenstein) enters into force
1 June 2002	EC-Switzerland seven bilateral agreements (on civil aviation, overland transport, the free movement of persons, research, public procurement markets, agriculture and the elimination of technical barriers to trade) enter into force

Turkey

10 December 1991	FTA signed in Geneva
1 April 1992	FTA enters into force
5 November 2002	Sixth JC meeting in Ankara
1 July 2004	Seventh JC meeting scheduled in Geneva

Israel

17 September 1992	FTA signed in Geneva
1 January 1993	FTA enters into force
13 June 2003	Fifth JC meeting in Geneva

Romania

10 December 1991	JDC signed in Geneva
10 December 1992	FTA signed in Geneva
1 May 1993	FTA enters into force
27 November 2003	Seventh JC meeting in Bucharest

Bulgaria

10 December 1991	JDC signed in Geneva
29 March 1993	FTA signed in Geneva
1 July 1993	FTA enters into force
20 September 2000	Fifth JC meeting in Geneva

Morocco

8 December 1995	JDC signed in Zermatt
19 June 1997	FTA signed in Geneva
1 December 1999	FTA enters into force
12 June 2002	Second JC meeting in Geneva

PLO/PA (Palestine Liberation Organization/Palestinian Authority)

16 December 1996	JDC with the PLO/PA signed in Geneva
30 November 1998	Interim Agreement between the EFTA States and the PLO/PA signed in Leukerbad
1 July 1999	Interim Agreement enters into force
11 June 2003	First JC meeting in Geneva

Macedonia

29 March 1996	JDC signed in Vaduz
19 June 2000	FTA signed in Zurich
1 May 2002	FTA enters into force
8 May 2003	First JC meeting in Skopje

Mexico

27 November 2000	FTA signed in Mexico City
1 July 2001	FTA enters into force
7 November 2003	Second JC meeting in Geneva
19 October 2004	Third JC meeting planned in Mexico City

Jordan

19 June 1997	JDC signed in Geneva
21 June 2001	FTA signed in Vaduz
1 September 2002	FTA enters into force
26 February 2004	First JC meeting in Amman

Croatia

19 June 2000	JDC signed in Zurich
21 June 2001	FTA signed in Vaduz
1 April 2002	FTA enters into force
11 December 2003	First JC meeting in Zagreb

Singapore

26 June 2002	FTA signed in Egilsstaðir
1 January 2003	FTA enters into force
26 May 2004	First JC meeting in Singapore

Chile

26 June 2003	FTA signed in Kristiansand
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Lebanon

24 June 2004	FTA scheduled to be signed in Montreux.
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ONGOING FREE TRADE NEGOTIATIONS

Egypt

8 December 1995	JDC signed in Zermatt
15 April 1996	First JC meeting in Geneva
19-22 January 2004	Sixth round of free trade negotiations in Cairo

Tunisia

8 December 1995	JDC signed in Zermatt
22 April 1996	First JC meeting in Geneva
5-8 April 2004	Sixth round of free trade negotiations in Geneva
2-3 June 2004	Heads of Delegations meeting in Tunis

Canada

14-16 October 1998	First round of free trade negotiations in Ottawa
16-17 May 2000	Tenth round of free trade negotiations in Geneva
22-24 April 2002	Visit by EFTA Chair to Ottawa

SACU (Southern African Customs Union)

28-29 June 2001	Preparatory round of negotiations in Geneva
19-23 May 2003	Formal launch of free trade negotiations in Pretoria
15-18 March 2004	Third round of negotiations in Pretoria

JDC PARTNERS

Albania

10 December 1992	JDC signed in Geneva
9 December 1999	Second JC meeting in Geneva

GCC (Co-operation Council for the Arab States of the Gulf)

23 May 2000	JDC signed in Brussels
14 January 2003	First JC meeting in Riyadh
30 September 2004	First Sub-Committee meeting planned in Geneva

Ukraine

19 June 2000	JDC signed in Zurich
24 September 2002	First JC meeting in Kiev
1 October 2004	Second JC meeting proposed in Geneva

Serbia-Montenegro

12 December 2000	JDC signed in Geneva
14 June 2002	Second JC meeting in Geneva

Mercosur

12 December 2000	JDC signed in Geneva
29 November 2002	First JC meeting in Brussels
11 November 2004	Second JC meeting planned in Geneva

Algeria

12 December 2002	JDC signed in Interlaken
2 June 2004	Second JC meeting in Geneva

ONGOING EXPLORATORY TALKS

South Korea

11 May 2004	Preparatory meeting on FTA feasibility study in Geneva
14 May 2004	Ministerial meeting to launch feasibility study in Paris
11-13 August 2004	1st meeting scheduled of EFTA-South Korea Study Group
13-15 October 2004	2nd meeting scheduled of EFTA-South Korea Study Group

United States

15 June 2004	Senior officials meeting scheduled on trade and investment facilitation in Washington DC
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Thailand

2 July 2004	Exploratory meeting scheduled for FTN in Geneva
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On 1 May 2004, the countries listed below joined the European Union. Consequently, these countries withdrew from the free trade agreements they had earlier signed with EFTA. However, the new, deeper character of EFTA's trade relations with these countries inside the EU, through the European Economic Area (EEA) and the Swiss-EU bilateral trade agreements, will greatly enhance the trading possibilities with these countries.

	Declaration on Co-operation signed	FTA entered into force
<i>Czech Republic</i>	13 June 1990	1 July 1992
<i>Estonia</i>	10 December 1991	1 October 1997
<i>Hungary</i>	13 June 1990	1 October 1993
<i>Latvia</i>	10 December 1991	1 June 1996
<i>Lithuania</i>	10 December 1991	1 January 1997
<i>Poland</i>	13 June 1990	1 September 1994
<i>Slovak Republic</i>	3 June 1990	1 July 1992
<i>Slovenia</i>	20 May 1992	1 September 1998