

THE EUROPEAN FREE TRADE ASSOCIATION

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Agenda



1. History of EFTA
2. EFTA today
3. EFTA trade (non-EU members)
4. EFTA/Colombia

History of EFTA



- 1960:** The Stockholm Convention establishing EFTA which was founded by the “Outer seven” (Austria, Denmark, **Norway**, Portugal, Sweden, **Switzerland** and the UK)
- 1970:** **Iceland** joins EFTA
- 1973:** Denmark and the UK leave EFTA to join the EEC (Norway says no)
- 1979:** EFTA’s first Free Trade Agreement signed with Spain
- 1991:** Liechtenstein joins EFTA
- 1992:** The EEA Agreement is signed (entry into force: 1994)
- 1995:** Austria, Finland and Sweden leave EFTA to join the EU
- 2001:** Vaduz Convention signed
- 2004:** EEA enlargement

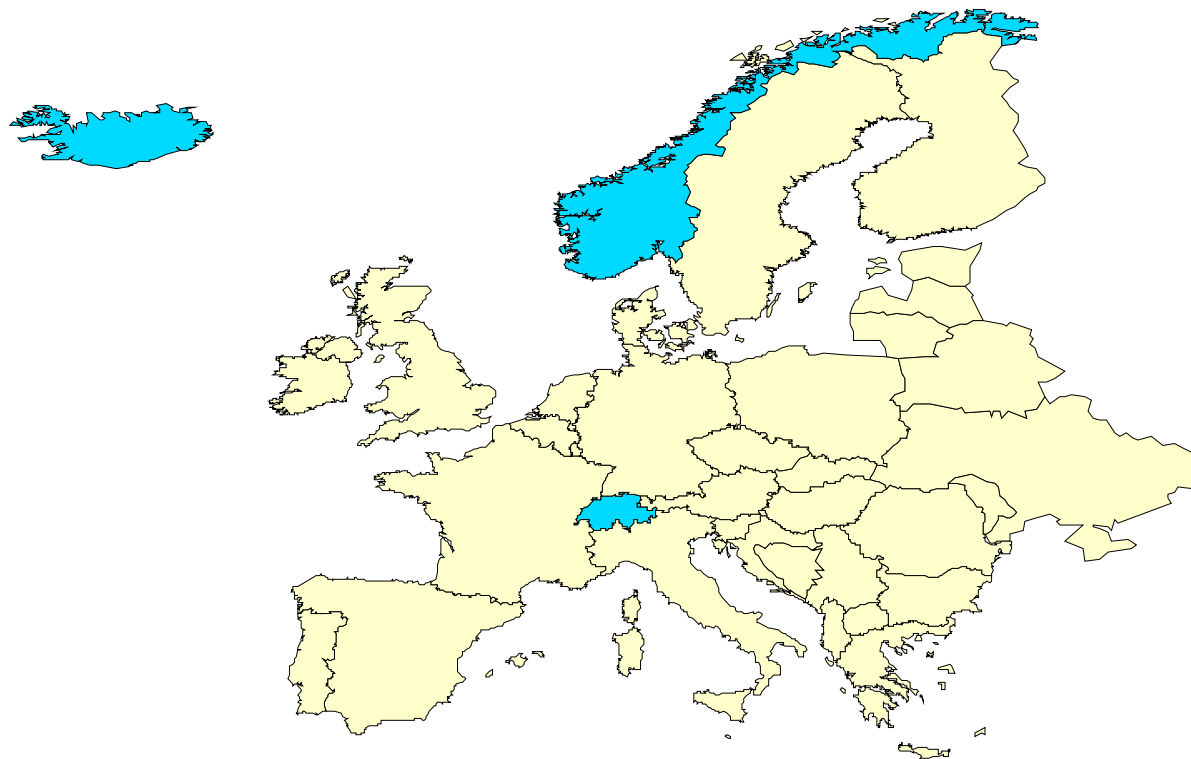
EFTA

Member States: Iceland, Liechtenstein, Norway, Switzerland



Budget 2005 CHF 22.3 million (approx € 14.3 million)

Staff 90 (50 professionals)



EFTA activities



Three Pillars:

- 1) **EFTA Convention:** legal basis of the organisation.
 - Relationship between the EFTA States – Intergovernmental Association
 - Stockholm to Vaduz
- 2) **EEA Agreement:** 3 EFTA States + European Union
 - Swiss bilateral agreement with the EU
- 3) **Relations with non-EU countries:** ‘third countries’
 - Free trade agreements (FTA)
 - Declarations of cooperation (DC)

European Economic Area/EEA Bilateral Agreement EU/Switzerland

EEA Norway, Iceland, Liechtenstein – Internal market provides for free movement of:

GOODS - SERVICES – PERSONS - CAPITAL



The EU/Switzerland bilateral agreements (I) (II) provide for:

PERSONS (free movement)

Provisions on TBT (MR),

PUBLIC PROCUREMENT (is thus laid open on both sides on the basis of the WTO rules),

AGRICULTURE*

Cooperation in the fields of police, justice, asylum and migration (Schengen/Dublin)

Taxation of savings

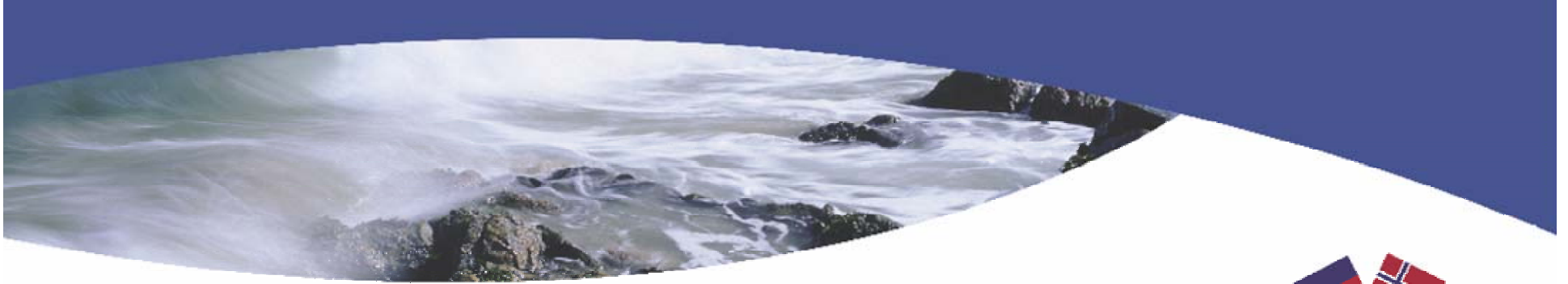
Fight against fraud

Processed agricultural products (duty-free exports of a wide range of products to the EU market)

Environment**

* Also Agreements on Civil Aviation, Air Transport, Overland transport and Research.

** Also Agreements on Statistics, MEDIA, Educations and Pensions



EFTA TRADE



Free Trade Agreements

THIRD COUNTRIES

NON EU

EFTA trade policy: motivators



- ✓ Secure market access for economic operators from EFTA countries and avoid discrimination on major markets
- ✓ WTO-plus elements
- ✓ Economic considerations: increase efficiency, promote competition, strengthen trade liberalisation, growth potential
- ✓ Political considerations: e.g. support to transition in Eastern Europe, Mediterranean region, Southern Africa (SACU)
- ✓ Access to emerging markets

EFTA's Free trade agreements



- 1992
 - Turkey
- 1993
 - Bulgaria
 - Hungary now part of EU
 - Israel
 - Slovakia now part of EU
 - Czech Republic now part of EU
 - Romania
- 1994
 - Poland now part of EU
- 1996
 - Latvia now part of EU
- 1997
 - Estonia now part of EU
 - Lithuania now part of EU
- 1998
 - Slovenia now part of EU
- 1999
 - Marocco
 - PLO
- 2001
 - Mexico
- 2002
 - Macedonia
 - Croatia
 - Jordan
- 2003
 - Singapore
- 2004
 - Chile
 - Lebanon
- 2005
 - Tunisia
 - Republic of Korea
- 2006
 - SACU (South Africa, Botswana, Namibia, Swaziland and Lesotho)

Future partners?



- **Ongoing negotiations**
Canada, Egypt, Thailand and the GCC*
- **Declarations on cooperation**
Albania, Algeria, Mercosur**, Serbia,
Ukraine, Peru, Colombia
- **Exploratory talks**
Indonesia
- **Informal contacts**
Malaysia, China, India, Japan, Russia

* Gulf Cooperation Council: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates
** Southern Common Market: Argentina, Brazil, Paraguay, Uruguay and Venezuela

EFTA Free Trade Agreement Example



- Goods: free trade in industrial products (elimination of all duties, transition period for some developing countries), including fish and processed agricultural products
- Possible non-application of anti-dumping measures
- Liberalisation of trade in some basic agricultural products (bilateral)
- Trade in Services (bilateral commitments)
- Investment (Establishment / Protection)
- Intellectual property rights
- Government procurement
- Competition
- Dispute settlement and administration
- www.efta.int

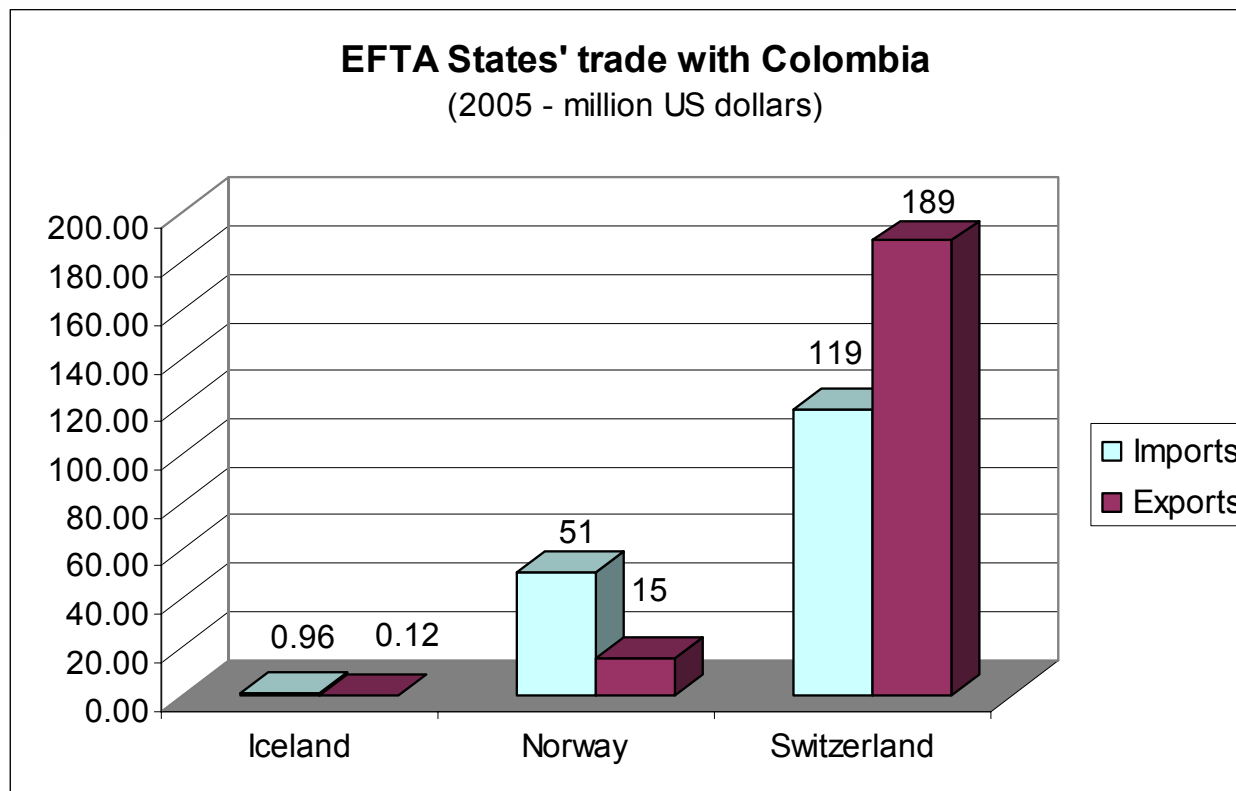
EFTA on the world stage



Main economic sectors

- Switzerland and Liechtenstein:
 - Banking hub, pharmaceuticals, machinery, watch making, services
- Norway:
 - Oil, natural gas, services (maritime transport), shipbuilding, machinery, fish farming, fish production
- Iceland:
 - Fish production, maritime transport, services

EFTA States' trade with Colombia (2005)



COLOMBIA – EFTA TRADE



- Colombia's **main export** to EFTA

– HS 71 Precious stones and metals	65,686
– HS 09 Coffee, Tea, Maté and spices	46,990
– HS 08 Fruits and nuts	29,804
– <u>TOTAL</u>	<u>142,480</u>

in thousand US dollars

EFTA's main export to Colombia by country



- Switzerland's **main export** to Colombia in thousand US dollars
 - HS 29 Organic chemicals 37,239
 - HS 30 Pharmaceutical products 34,997
 - HS 84 Machinery, mechanical appliances 33,249
 - TOTAL 105,485

- Norway's **main export** to Colombia
 - HS 99 Other Special Import Provision 9,755
 - HS 85 Electrical Machinery 3,444
 - HS 84 Machinery, mechanical appliances 526
 - TOTAL 13,725

Main export to Colombia

2005



- **TOTAL EFTA EXPORTS: 204,433**

- **TOTAL COLOMBIA's EXPORTS: 170,907**

Increase 31.5% from 2004 to 2005

Increase 23.9% from 2003 to 2004

SERVICES



- The services sector is the most important GDP component in the EFTA States. In 2003*, services accounted for:
 - 65 per cent of GDP in Iceland
 - 61 per cent of GDP in Norway
 - 72.3 per cent of GDP in Switzerland.
- In **2005, EFTA** ranked as **fifth largest services exporter worldwide.**

* latest available complete data set



SERVICES in EFTA's FTA



- In these FTAs, where services have been covered substantially, the EFTA States have basically followed an approach derived from the General Agreement on Trade in Services (GATS), complemented by enhanced specific commitments that apply between the Parties to the respective FTA.



INVESTMENT



- The ability to attract foreign direct investments is an important element in a country's economic development. The EFTA States are important investors in foreign markets.



INVESTMENT in EFTA's FTA



- FTAs concluded by the EFTA States to date follow different patterns as far as the coverage of investment is concerned. In the case of Singapore, the agreement contains provisions on establishment and investment protection.

EFTA States Investments in Colombia



- The investment relations between EFTA countries and Colombia are significant.
- **Switzerland** took the **fifth rank** of foreign direct investment in Colombia in 2002, with a total of **649 million US dollars**. Switzerland has also signed an investment protection treaty with Colombia since 17 May 2006.