

EFTA MINISTERIAL MEETING, VADUZ, 27 JUNE 2005

COMMUNIQUÉ

EFTA Ministers review the status of their free trade negotiations with the South African Customs Union (SACU) and discuss new partners in Asia; EEA Agreement functioning well in enlarged Internal Market; mid-term review of Lisbon Strategy reflects EEA EFTA input.

The European Free Trade Association (EFTA) held its Spring Ministerial meeting in Vaduz, Liechtenstein, on 27 June. Ms. Rita Kieber-Beck, Minister of Foreign Affairs of Liechtenstein, chaired the meeting.

Relations with countries outside the European Union

Ministers recalled their strong commitment to the multilateral trading system as developed under the WTO. Acting as a supplement to this system, EFTA's free trade agreements play an important role to safeguard competitiveness and increase market access in a world where regional and preferential trade agreements are proliferating.

Ministers discussed current and future initiatives to expand their free trade network in Asia. EFTA hopes to conclude negotiations with the Republic of Korea this year. Moreover, free trade negotiations with Thailand will formally open this autumn and a dialogue with Indonesia has started. Ministers agreed that EFTA's relations with China and other Asian partners were a high priority and will actively seek to strengthen their trade relations with the countries, with the aim of initiating free trade negotiations. As regards Japan, Ministers underlined the importance of strong trade relations with EFTA's largest trading partner in Asia.

Ministers discussed the ongoing negotiations with the members of the Southern African Customs Union and were looking forward to conclude the free trade agreement (FTA) in the coming months. The agreement will forge closer relations between SACU and EFTA. Ministers welcomed the EFTA-Tunisia free trade agreement which is in force for Switzerland and Liechtenstein as of 1 June. They reconfirmed the EFTA countries' commitment to a Euro-Mediterranean free trade area and stressed the need to conclude the longstanding negotiations with Egypt. Talks on FTAs with Algeria and the Gulf Co-operation Council could start in the foreseeable future.

Ministers reiterated their support for Russia's swift accession to the WTO. They stressed the importance of developing EFTA's relations with Russia, highlighting her importance as a trading nation both on the European and the global stage. The EFTA States have decided to approach the Russian Federation in order to explore the strengthening of trade relations, including the possibility of a free trade agreement at an appropriate time.

Ministers discussed developments in the Americas. They looked forward to an early resumption of their FTA negotiations with Canada. As regards the United States, Ministers underlined their important trade relations with EFTA's second largest trading partner.

EEA

EEA EFTA Ministers were pleased to note the continued good functioning of the EEA Agreement in the enlarged Internal Market. EFTA closely follows the development of the Lisbon Strategy, recently re-launched to focus on growth and employment. EEA EFTA Ministers noted that the Spring Summit conclusions reflected many of the priorities put forward by the EEA EFTA States in their input to the Strategy's Mid-term Review, and in particular recommendations concerning innovation, reform of the internal market, environmental sustainability, employment, and gender equality. Ministers also highlighted the importance of EFTA participation in new EU Agencies.

On future EU enlargement, Ministers recalled the importance of simultaneous accession of new members to the EU and to the EEA.

Ministers welcomed the progress made in implementing the EEA Financial Mechanism and the Norwegian Financial Mechanism, where 1.17 billion euros will be made available over the five-year period 2004-2009 to support social and economic cohesion within the enlarged EEA.

New Secretaries-General from autumn 2006

To succeed Mr William Rossier on 1 September 2006, Ministers appointed Ambassador Kåre Bryn of Norway as Secretary-General of EFTA. They also appointed Ms Lilja Viðarsdóttir of Iceland to the post of Deputy Secretary-General in Brussels. Switzerland will nominate a candidate to the post of Deputy Secretary-General in Geneva to be appointed by Ministers at the autumn meeting.

Advisory Bodies

Ministers held meetings with EFTA's advisory bodies, the Parliamentary Committee and the Consultative Committee. Ministers welcomed the important work undertaken by the Committees, which both continued to enjoy fruitful co-operation with their counterparts in the EU and other EFTA partner countries.

WTO

EFTA Ministers reaffirmed their strong commitment to achieving a substantial outcome at the upcoming WTO Ministerial Meeting in Hong Kong in December this year.

Ministers attending:

Liechtenstein: Ms. Rita Kieber-Beck, Minister of Foreign Affairs (Chair)
Iceland: Mr. Davíð Oddsson, Minister for Foreign Affairs
Norway: Mr. Børge Brende, Minister of Trade and Industry
Switzerland: Mr. Joseph Deiss, Minister for Economic Affairs.

BACKGROUND INFORMATION¹

EFTA relations with countries outside the European Union

The status of EFTA's trade relations with countries outside the European Union was reviewed. Ministers emphasized the importance of continuously exploring ways to strengthen trade relations with new partners, citing dynamic developments in the Far East as particularly important for world trade. The EFTA Ministers discussed recent efforts to further expand the Association's network of free trade agreements (FTAs) in Asia. They welcomed the fast progress in the free trade negotiations with the **Republic of Korea** and the fruitful exploratory process with **Thailand** with whom formal negotiations would start in October. Exploratory talks on a possible EFTA-**Indonesia** free trade agreement are planned for the second half of this year. Ministers agreed to prioritize stronger trade relations with **China** and other potential Asian partners and to explore the possibility of free trade negotiations with the countries at the earliest possibility. As regards **Japan**, Ministers underlined the importance of strong trade relations with EFTA's largest trading partner in Asia.

EFTA Ministers discussed the ongoing negotiations with the **SACU**² States and were looking forward to conclude the free trade agreement in the coming months. The agreement would be the first that EFTA has concluded with African partners outside the Mediterranean region, underscoring the importance EFTA States attach to this continent.

Turning to the Mediterranean region, Ministers recalled with satisfaction the FTA signed with **Tunisia** in December 2004, which now is in force for Switzerland and Liechtenstein and is expected to enter into force for Norway and Iceland in the coming months. This agreement and the ongoing updating of the existing agreements between EFTA and partners around the Mediterranean will further increase the possibilities of cumulation of originating products among the partners which will be part of the Euro-Mediterranean free trade area. This underlines EFTA commitment to strengthening trade and co-operation in the region. Additional efforts will be deployed to conclude the ongoing negotiations with **Egypt**. Exploratory talks with **Algeria** and **Syria** will continue. Talks on an FTA with the **Gulf Cooperation Council (GCC)**³ will take place during the second half of 2005.

Ministers stressed the importance of developing EFTA's relations with **Russia**, highlighting her importance as a trading nation both on the European and the global stage. The Ministers intend to explore the possibility of a free trade agreement as soon as Russia's accession negotiations in the WTO have been completed. Ministers welcomed recent developments in the **Ukraine** and reaffirmed EFTA's determination to support its goal of WTO accession and stronger relations with Europe.

¹ Background for the EFTA Ministerial Meeting, Vaduz, 27 June 2005

² Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland)

³ GCC comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Turning to the Americas, the Ministers welcomed the intention of **Canada** to conclude the free trade negotiations with EFTA as expressed in the Canadian Government's International Policy Statement of April this year. They reaffirmed the need to finalise the talks with Canada as soon as possible. Ministers also discussed the relations with other countries and groupings with which EFTA has Declarations of Co-operation (**Albania, Mercosur⁴ and Serbia and Montenegro**).

EFTA-EU Co-operation

EEA EFTA Ministers noted that the EEA Agreement continued evolving, with 309 new legal acts incorporated in 2004. The well-functioning of the Agreement has been maintained also within the enlarged Internal Market.

Agencies play an increasingly important role in the management of the Internal Market and have wide ranging tasks, from distribution of information to regulatory functions. Some agencies have been given the role of assisting the Commission in the preparatory work of updating and developing Community legislation. EEA EFTA Ministers highlighted the importance of actively partaking in the new EU agencies, and took note of recent developments. The EEA EFTA States joined the European Aviation Safety Agency in 2004. The Joint Committee adopted a decision to participate in the European Centre for Disease Prevention and Control in February 2005, and the European Railway Agency in June 2005. Work is also ongoing regarding the European Food Safety Authority and the European Network and Information Security Agency.

EFTA closely follows the development of the Lisbon Strategy. The EU has re-launched the Strategy and refocused the priorities on growth and employment. The EEA EFTA States have presented input to each Spring European Council since 2001, and to the High Level Group chaired by Wim Kok. EEA-EFTA Ministers noted that the Spring Summit conclusions ended up reflecting many of the priorities put forward by the EEA EFTA States in their input to the Strategy's Mid-term Review; and in particular recommendations concerning innovation; reform of the Internal Market; environmental sustainability; employment, and gender equality.

Bulgaria and Romania signed the Accession Treaty on 25 April 2005. In order to secure the homogeneity and the good functioning of the European Economic Area, Ministers underlined the common objective of simultaneous accession of new members to the EU and to the EEA. The EFTA side is closely following developments in the possible longer term inclusion of Turkey and the Balkan States.

Through the EEA Enlargement Agreement, the EEA Financial Mechanism and the Norwegian Financial Mechanism 2004-2009 were established to support social and economic cohesion within the enlarged EEA. The EEA EFTA States substantially contribute to the reduction of social and economic disparities in the enlarged Internal Market. In total, 1.17 billion euros will be made available over the five-year period 2004-2009, supporting projects in a wide range of priority sectors such as protection of the environment, conservation of the European cultural heritage; health and childcare, and development of human resources. The EEA EFTA Ministers welcomed the progress made, with a Memoranda of Understanding about to be concluded with all 13 Beneficiary States and the first open call for proposals just announced in the

⁴ Argentina, Brazil, Paraguay and Uruguay

Czech Republic. The first commitments are expected to be made in late 2005 or early 2006. The EEA EFTA Ministers noted that the main challenges ahead will be to ensure that projects are delivered according to schedule, and that proper reporting and monitoring is ensured to safeguard that funds are used appropriately.

Meetings with EFTA Members of Parliament and Social Partners

Ministers held meetings with EFTA's advisory bodies, the Parliamentary Committee and the Consultative Committee⁵. Ministers welcomed the important work undertaken by the Committees, which both continued to enjoy fruitful co-operation with their counterparts on the EU-side. The Committees have achieved strengthened relations with their partners in EU Member States and have informed them about the EEA Agreement and the new Financial Mechanisms.

EFTA's policies regarding relations with countries outside the EU were closely followed by EFTA Parliamentarians, who have also – in co-operation with their partners in the European Parliament – focused on matters such as regional aid, free movement of services, new legislation in the environmental field and the functioning of the EEA Agreement. EFTA and EEA Social Partners have given priority to the Lisbon Strategy, the European Neighbourhood and financial instruments in Europe.

⁵ The EFTA Consultative Committee consists of representatives of the trade unions and federations of industries of the EFTA countries.