

EFTA REPORTER

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EFTA's twentieth anniversary gathering in Saltsjöbaden, Stockholm

A full report on this gathering on 11th to 12th June 1980 appears in issue no. 4 of the EFTA Bulletin for July/August 1980. The various meetings are all covered: the ministerial meeting, the joint meeting of the Ministers with the Consultative Committee and the Committee of Members of Parliament; and the commemorative meeting, opened by the Swedish Prime Minister, Mr. Thorbjörn Fälldin and attended by His Majesty King Carl Gustaf. The other speakers at the commemorative meeting were: Dr. Bruno Kreisky, Federal Chancellor of Austria; Mr. Wilhelm Haferkamp, Vice-President of the Commission of the European Communities; Mr. Emile van Lennep, Secretary General of OECD; Mr. Olivier Long, Director General of GATT; and Mr. Charles Müller, Secretary-General of EFTA.

Saltsjöbaden, where the meeting was held, was the site of the negotiations in 1959 at which the Stockholm Convention was written. It came into force on 3 May 1960 after ratification by the founding countries.

A new study, "EFTA - Past and Future" (66 pages, including text, charts and tables) was published in time for the anniversary meeting. Prepared on the responsibility of the Secretary-General, the study analyses the experience of EFTA in the promotion of growth and welfare and also examines possible future strategies for the EFTA countries in face of the challenges of the 1980s.

Another important publication brought up to date for Saltsjöbaden was the official book on EFTA, its structure and activities. Entitled "The European Free Trade Association" (160 pages), the book not only gives a full account of the Association, but also contains the texts of the Stockholm Convention, the Association Agreement with Finland and the Free Trade Agreements of the EFTA countries with the EEC and ECSC. A description is also included of the new Free Trade Agreement of the EFTA countries with Spain.

A new edition of the short booklet on EFTA is now also available. Entitled "EFTA Builds Free Trade" (16 pages), it gives a succinct account of the history of EFTA and of its principal activities.

We remind our readers that all these publications are available free on request from the Press and Information Service of EFTA (address on cover page).

Five prizes awarded for essays on EFTA

Five essays have been awarded prizes by the international jury set up to select the winners in the 20,000 Swiss francs competition organised to mark EFTA's twentieth anniversary.

The first prize, of 8,000 Swiss francs, was awarded for "L'AELE à une croisée de chemins" (EFTA at a crossroads), the author of which is Rodolphe S. Imhoof (Swiss, resident in Paris).

The second prize, of 5,000 Swiss francs, was awarded for the essay "EFTA - Rooli - saavutukset - tulevaisuus" (EFTA - Role - achievements - future). The author is Harto Hakovirta (Finnish, Tampere).

In third place the jury selected "Die Ungeduld ist die Feindin der Zukunft" (Impatience is the enemy of the future), written by Ernst Hofbauer (Austrian, Vienna), who was awarded 3,000 Swiss francs.

Two essays were put in fourth place and each awarded 2,000 Swiss francs. One, "EFTA betyder sju" (EFTA means seven) was written by Hans Swedberg of Stockholm. Its equal in fourth place was "Il était une fois l'AELE ..." (Once upon a time there was EFTA ...), written by Georges Kliebes of Geneva.

Thirty-nine essays from fourteen countries were entered for the competition. The prize-winning essays will be published at a later date. (See also EFTA Bulletin no. 4)

FREE TRADE

EFTA-Spain Agreement: first duty reductions entered into force July 1st.

The first duty reductions under the multilateral agreement between the EFTA countries and Spain entered into force on 1st July 1980. These tariff cuts create new and improved opportunities for Spanish exporters on the markets of the EFTA countries (Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland) and for exporters from the EFTA countries on the Spanish market. The aim of the EFTA-Spain Agreement is gradually to eliminate tariffs and other trade restrictions on substantially all trade between the EFTA countries and Spain. The green light for the tariff reductions was given at the second meeting of the Joint Committee established to administer the agreement. The meeting took place in Geneva on 26th June, under the chairmanship of the Head of the Permanent Spanish Delegation in Geneva, H.E. Mr. Fernando Benito.

The tariff cuts on industrial products are generally equal to those contained in the 1970 EEC-Spain Agreement. Thus, the EFTA countries reduced their import duties on almost all Spanish industrial products by 60 per cent in one step, except for Portugal, for which there are special provisions. On a few sensitive products the reduction was either 30 or 40 per cent. At the same time, Spain reduced its duties on some industrial products imported from the EFTA countries by 60 per cent and on a large number of products by 25 per cent.

The provisions governing trade between Portugal and Spain take account of the fact that Spain's industry is larger and more varied than that of Portugal. During a first four-year phase, Portugal will therefore in most cases reduce its tariffs by less than the reductions vis-à-vis Spain agreed by the other EFTA countries, whereas Spain will give Portugal greater tariff reductions than those granted to other EFTA countries.

The Joint Committee also dealt with a number of issues in the implementation of the agreement, such as quantitative restrictions, fiscal duties and rules of origin. It decided to establish a sub-committee for customs and trade matters, as well as a working group on the implementation of the special provisions for trade between Portugal and Spain.

Details of the contents of the agreement are to be found in the August-October 1979 issue of the EFTA Bulletin and in Bulletin no. 4/1980.

FREE TRADE

Origin segregation by accounting methods

Proposal to simplify origin procedures for manufacturers

The Committee of Origin and Customs Experts is at present studying proposals which, if they are adopted, would simplify origin procedures for manufacturers of industrial products.

In those cases where the present rules of origin require that materials which are identical but of a different origin status be physically segregated, the introduction of an alternative system of segregation by accounting methods would entail a simplification for certain manufacturers, making segregation easier to handle.

The question of segregation of stocks has been under discussion for some time both within EFTA and between EFTA countries and the European Community.

It has been noted that segregation practice within EFTA is stricter than that applied by EC countries. Hoping to arrive at a common EFTA position, the EFTA Councils instructed the Committee of Origin and Customs Experts last year to consider the matter.

Whatever the final outcome of the discussions in the Committee, the substance of the rules of origin presently applied will remain unchanged. It follows that there should not be more finished products receiving originating status than would be the case had the materials been physically segregated. Moreover, the use by a firm of a system of accounting segregation would be subject to prior authorisation by the competent authority. Finally, the accounting methods used must be such as to allow for adequate checks by the competent authorities to prevent misuse of the system. The discussions within the Committee of Origin and Customs Experts will continue.

National authorities to be reminded about the "INST" procedure

The EFTA Secretariat recently sent a letter to each EFTA country, for circulation to relevant national authorities, drawing their attention once more to the "INST" procedure. This system for advance notification of new or amended technical regulations is a way of avoiding the creation of technical obstacles to trade between EFTA countries. The procedure lays down that the authorities legally vested with the power to draw up technical regulations shall be reminded once a year about their obligations under the "INST" procedure.

FREE TRADE

The Committee of Trade Experts carried out their annual review of the operation of the "INST" procedure earlier this year, noting that in 1979 EFTA received 49 notifications of new or amended technical regulations from member countries.

The GATT agreement on technical barriers to trade contains a somewhat similar notification procedure for technical regulations and standards. After the GATT procedure has been in operation for some time, the implications for EFTA's "INST" procedure may have to be assessed.

ECONOMIC DEVELOPMENTS AND STATISTICS

EFTA Trade in 1979: a faster rise than world trade

As with world trade, the rise in EFTA trade accelerated in 1979. The value of the combined imports of the seven EFTA countries (expressed in US dollars) rose by 29.6 per cent. This compares with an increase of some 25 per cent in the dollar value of world trade. Exports, too, rose faster last year - by 24.6 per cent - than in the preceding year, when the rise was 20.8 per cent. Imports totalled 110.4 billion dollars, leaving the EFTA countries with a combined trade deficit of 12.1 billion dollars in 1979.

The fast rise in EFTA imports last year is partly explained by the sharp increase in oil prices, but it is also due to the less restrictive demand management policies pursued by EFTA countries after the improvement in their external balances in 1978.

Turning to the volume of imports in 1979, it seems that EFTA imports in general grew at a faster pace than the 6 per cent rise in the volume of world trade. The increase was particularly strong in the case of Finland, with close to 20 per cent.

A similar development took place in the volume of exports. Apart from Switzerland, export volumes of the EFTA countries grew faster than world trade. Portugal topped the list with a more than 25 per cent growth in exports.

Except for Norway, all EFTA countries experienced a deterioration in their terms of trade of some 2 per cent, which was less than the deterioration felt by most industrialised nations. Norway, a net exporter of oil and gas, improved her terms of trade by 6 per cent.

The countries belonging to the EC remained the biggest trading partners of EFTA. Trade with the EC continued to grow in 1979, with EFTA exports growing by 30.8 per cent and EFTA imports from the EC by 29 per cent. Last year the EFTA countries bought as much from the EC as all other OECD nations combined.

Trade with Eastern Europe also increased rapidly, imports into the EFTA area by 41.8 per cent and exports from EFTA by 9.3 per cent.

Intra-EFTA trade, which for some years had risen at a slower pace than total exports of EFTA countries, grew in 1979 somewhat more (26.6 per cent) than total EFTA exports (24.6 per cent). Partly due to higher oil prices, which contributed to a steep growth in imports from Eastern Europe and other countries outside Western Europe, the share of intra-EFTA trade in total EFTA imports showed a further decline to 13.5 per cent from 13.8 per cent in 1978.

The dollar value of EFTA trade in 1979 (and percentage change from 1978)

	EFTA		EC		USA		Eastern Europe		Rest of world		World	
	US \$ mill.	%	US \$ mill.	%	US \$ mill.	%	US \$ mill.	%	US \$ mill.	%	US \$ mill.	%
<u>Imports (cif)</u>												
Austria	1,689.6	16.9	13,065.1	25.1	638.8	31.7	1,772.1	26.6	3,011.0	37.3	20,176.6	26.4
Finland	2,277.5	37.4	3,908.1	39.5	569.7	44.2	2,605.9	45.5	1,946.9	61.4	11,308.1	44.0
Iceland	188.0	24.8	383.9	19.9	53.9	11.6	104.5	50.1	95.9	5.3	826.2	21.5
Norway	3,563.8	18.8	6,462.9	25.8	987.2	27.3	396.8	24.3	2,316.2	5.9	13,726.9	20.2
Portugal	496.5	10.8	2,717.6	14.8	768.0	25.3	209.0	56.2	2,351.3	47.3	6,542.4	26.5
Sweden	4,579.4	36.7	14,655.9	39.6	2,069.9	37.8	1,766.2	63.2	5,466.7	34.7	28,538.1	39.3
Switzerland	2,102.6	23.2	20,240.8	26.1	1,833.7	3.2	1,134.4	35.3	3,996.4	21.7	29,307.9	23.9
Total EFTA	14,897.4	26.6	61,434.3	29.0	6,921.2	23.7	7,988.9	41.8	19,184.4	31.3	110,426.2	29.5
Share in total (%)	13.5		55.6		6.3		7.2		17.4		100.0	
<u>Exports (fob)</u>												
Austria	1,884.8	21.7	8,256.4	29.8	391.7	7.6	1,990.5	19.6	2,897.4	32.3	15,420.8	27.2
Finland	2,699.4	41.2	4,575.1	40.2	475.0	40.9	1,806.9	3.2	1,593.8	23.8	11,150.2	30.4
Iceland	107.8	28.2	308.8	45.6	221.0	16.0	64.0	27.7	88.1	22.3	789.7	21.5
Norway	2,034.4	33.5	8,619.4	44.0	544.2	1.0	245.9	23.0	2,008.7	20.2	13,452.6	34.0
Portugal	459.8	42.4	1,984.8	46.6	207.9	22.4	99.6	32.8	733.1	41.5	3,485.2	42.8
Sweden	5,514.4	25.8	13,489.9	31.2	1,634.1	18.9	1,175.3	19.7	5,718.4	21.7	27,532.1	26.7
Switzerland	2,403.9	11.6	13,140.0	19.0	1,780.0	6.1	1,068.0	0.7	8,085.8	8.7	26,477.7	13.3
Total EFTA	15,104.5	26.6	50,374.4	30.8	5,253.9	12.9	6,450.2	9.3	21,125.3	17.9	98,308.3	24.6
Share in total (%)	15.4		51.2		5.3		6.6		21.5		100.0	

FORTHCOMING MEETINGSAugust 1980

27 - 28 Consultative Committee ad hoc Working Group
on economic questions

September 1980

8 - 9 43rd meeting of the Consultative Committee
(Lisbon)

15 - 17 Economic and Social Sub-Committee of the
Consultative Committee

23 Joint EFTA-Yugoslavia Committee (Montenegro)

24 - 25 Lifting Appliances Scheme : Participating
authorities *

October 1980

7 Committee of Trade Experts

20 - 22 EFTA Industrial Development Fund for Portugal:
Steering Committee (Algarve)

All meetings take place in Geneva unless otherwise stated.

Meetings of the Councils at official level are not listed here. They usually take place each Thursday except during the Easter, summer and Christmas recesses.

* Not an EFTA meeting, but the EFTA Secretariat provides secretariat services for it.

SCHEMES AND CONVENTIONS

The following items contain news of some of the international schemes and conventions which were originally worked out in EFTA with the purpose of overcoming technical barriers to trade. All are independent of EFTA. The secretariat services necessary for the administration of the schemes and conventions are provided by the EFTA Secretariat.

Annual Review of the Scheme for the mutual recognition of tests and inspections of pressure vessels : general satisfaction expressed

General satisfaction with the way the pressure vessels scheme is working was expressed at a meeting in Geneva in June, at which the functioning of the scheme in 1979 was reviewed. The scheme, which has been in force since 1971, operates between the national authorities responsible for the administration and regulations concerning the testing, inspection and approval of pressure vessels. The present participants in the scheme include the seven EFTA countries plus Denmark and the United Kingdom.

Some concern was voiced during the meeting about the recognition procedures practised by the participating authorities in three of the countries. The legislation in these countries provided that testing institutions in other countries could not be recognised without first having been recognised by the internal participating authority. This practice had led to some withdrawal of recognition and the testing institutions affected have expressed concern.

The scheme provides that the decision to recognise a testing institution should be based solely upon its technical competence and integrity. On the other hand, the final decision to recognise an institution is left entirely to the participating authority. However, it was hoped that satisfactory solutions to the problem could be worked out on a bilateral basis.

In the field of pressure vessels, as well as in other fields, the present EC certification system laid down in various technical directives has created problems for exports from EFTA countries to the EC.

The position of third countries in connection with the EC certification system has not been solved. The problems are being discussed, but there is still a considerable divergence of views. In an exchange of information about work going on in other international bodies, participants were informed that a final draft of a directory of national laboratory accreditation

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systems and national testing organisations will be presented at a meeting in October of the International Laboratory Accreditation Conference (ILAC) which is an informal body consisting of representatives of governments and private organisations interested in laboratory accreditation.

It was maintained during the meeting that the work of ILAC, which is concerned with a wide range of products, was a substantive effort towards having a product tested in the country of manufacture, which is also the purpose of the pressure vessels scheme.

It was tentatively agreed to hold the next meeting on 5th June 1981.

Weak response to changes in gas appliances scheme

The participating approval bodies participating in the scheme for the mutual recognition of tests and inspections of gas appliances met in Geneva on 20th May 1980. They noted that approval bodies in only one country had granted licences under the gas appliance scheme in 1979, despite the simplified approval procedures which entered into force that year. So far, therefore, efforts to improve the scheme have not brought about the desired increase in its use.

The scheme, in force since 1972, covers tests and inspections of appliances and their accessories and fittings, using one or more gases as defined by the International Gas Union. The participating bodies are from seven EFTA countries plus Denmark, Italy and the United Kingdom. The lack of international harmonised standards in the field of gas appliances is considered to be one of the major reasons why the scheme has not operated satisfactorily. Manufacturers of gas appliances do not seem to find it worthwhile to adapt short production series to variations in national standards and regulations.

In addition, it seems that there is a lack of knowledge and confidence between the participating authorities and the testing institutions. This may have a restrictive effect on the operations of the scheme.

It was therefore recommended that all EFTA countries participate actively in the work of drawing up international standards for gas appliances through one of the European standard organisations, CEN, while at the same time keeping abreast with similar developments within the EC.

It was decided that despite the limited use of the scheme, it

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should remain in force, but that regular meetings should be held at longer intervals.

No definite date was fixed for the next meeting, but it was tentatively suggested to hold a meeting in spring 1982. The Secretariat will in the meantime collect material from the approval bodies for an annual report on matters of interest to the scheme.

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