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More EFTA Fund loans for food processing industry in Portugal

Firms in the food processing industry in Portugal have been receiving a growing share of the loans provided by the EFTA Industrial Development Fund for Portugal. The Fund can grant loans only for specific projects and the pattern of lending therefore reflects the actual demand for credits - the demand remains high - but the recent prominence of the food processing industry as a recipient of loans is seen as appropriate in a country with a large agricultural sector and nevertheless a high level of food imports.

The biggest single loan yet granted by the Fund - at the March meeting of its Steering Committee - was destined for a union of agricultural cooperatives, Agros, with which 32,000 farmers in the Douro and Minho area in the northwest of Portugal are associated. The loan of 300 million escudos (about 5.3 million US dollars) will be used as part of a 1,098 million escudo investment in a new milk processing plant to replace the biggest of its present plants which is both aging and too small. A Swedish company, Alfa-Laval, will provide much of the equipment for the new plant which will produce pasteurised, UHT and chocolate-flavoured milk and also cheese, butter and yoghourt. Like a number of other projects assisted by the Fund in this sector, while the investment will not create any new jobs, it will give greater security of employment to the 1,200 workers at the old plant. It will also provide conditions for an increase in milk production on the farms in the area.

Loans to two other food processing companies were approved at the same meeting of the Steering Committee. One (155 million escudos) is for Companhia Industrial de Portugal e Colonias which manufactures pasta, biscuits, feedstuffs and some rice products, and exports about 50 per cent of its production. A new production line for noodles will be constructed, with equipment from the Swiss firm Bühler Brothers, and will increase the company's labour force by 25 when completed early next year. The other loan (of 80 million escudos) is to Fabricas de Moagem do Marco for investments to increase the quantity and upgrade the quality of its compound feedstuff production.

The latest quarterly report (to 31st January 1981) to the Steering Committee from the Fund's Executive Commission in Portugal revealed that eight of the thirteen loans granted in that quarter by the Executive Commission were also made to the food processing industry.

In the first four years of the Fund's operation, up to the end of last January, its loans to the food processing industry totalled almost 700 million escudos for 26 separate projects, 12 of which were approved in the fourth year alone. On that basis the industry accounted for 17 per cent of the value of all the Fund's loans in the four years. The three food industry projects approved by the Steering Committee in March amounted to a further 535 million escudos.

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Telexing proof of origin?

Telexing of proof of origin - the basis for claims for duty-free treatment - could greatly speed and facilitate commercial transactions. With this in mind, and since it is increasingly common for commercial partners to exchange relevant information by telex or other electronic means, EFTA's Committee of Origin and Customs Experts is studying the possibility of allowing national customs administrations in the countries in the European free trade system to accept proof of origin transmitted through the telecommunications network.

If the idea turns out to be acceptable and workable it would permit the use of electronically transmitted proof of origin as a substitute for the time-consuming origin certificates and forms that are at present sent by mail to claim duty-free treatment. But, both the principle and the practical arrangements will need to be discussed also with the EC since the particular certificates or forms currently in use are the same in the origin rules in EFTA and in the free trade agreements between the EFTA countries and the EC.

The proposed method can be seen as a modified form of the present simplified procedure which can be used by exporters who make frequent deliveries and can provide the guarantees necessary for the verification, when needed, of the EFTA or EC origin of the goods in question. As the rules are now, they can be authorised to endorse the EUR.1 movement certificates with a special stamp. According to the proposal, they could also be authorised to use the telecommunications network, and authorised importers could be entitled to use the information received in this way as a basis for claiming duty-free treatment for the goods imported.

The use of telex or other automatic means of data transmission would speed up the transfer of proof of origin. It would also mean savings for companies which already use computerised systems for the production and transmission of other information connected with the consignments of goods. As a result traders would be in a better position to benefit from the free trade arrangements that were designed to promote trade between the countries within the European free trade system.

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Origin rules : segregation by accounting methods

Another simplification of the application of origin rules was also discussed at the March meeting of the Committee of Origin and Customs Experts. It concerns the possibility that those manufacturers which at present must keep physically separate stocks of materials that are identical but of different origin status (if they wish to claim EFTA or FTA tariff treatment for their products) might as an alternative procedure be allowed to segregate them by accounting methods.

The discussion revealed fairly general support for the idea, already proposed by the EC, although there were some differences of opinion on two aspects : on the need to specify the acceptable types of accounting method and on the product coverage.

Acceptance of the use of accounting methods would simplify matters for some manufacturers but would not change the substance of the rules of origin. The choice of this alternative would require prior authorisation by the national customs authorities, and the accounting methods would have to be of a kind that would allow for adequate checks to prevent misuse of the system.

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EFTA trade outstrips average for industrialised countries in 1980

The foreign trade of the EFTA countries increased, in dollar terms, at a faster rate in 1980 than the trade of the industrialised market economy countries as a whole. Imports into EFTA rose by 23.4 per cent, compared with the 19 per cent figure for the industrialised countries, and exports from EFTA by 17.9 per cent compared with 17 per cent.

On the export side the biggest increases were reported by Norway (37.4 per cent), Portugal (28.6 per cent) and Finland (26.9 per cent). The growth in the Norwegian figure is largely accounted for by a near doubling of the dollar value of deliveries of crude oil and natural gas from the Norwegian sector of the North Sea to terminals in the United Kingdom and West Germany.

As a result of this growth there was an increase from 51.2 to 52.5 per cent in the EC's share of EFTA exports in 1980. The share of intra-EFTA trade in the trade of the EFTA countries, after declining for several years, was almost unchanged at 15.3 per cent.

The growth in Portuguese exports, which included a 25.1 per cent increase in sales to the EC and a 38.2 per cent increase in exports to its EFTA partners, reflects their improved competitiveness as a result of the stabilisation programme of recent years.

Finland's export success last year was based in part on a 55.8 per cent rise in deliveries to Eastern Europe, the destination of a fifth of its exports. This largely reflects the rise in oil prices since the increased cost of Finland's oil imports from the USSR is roughly balanced by higher export sales on the basis of a bilateral agreement.

The table* states the value of EFTA's trade in terms of the dollar and for the year as a whole. Quarterly figures published in the last issue of the EFTA Bulletin, but without a breakdown by regions, indicated successive falls in the rate of growth of both imports and exports whether expressed in dollars or in European Currency Units.

The combined trade deficits of the EFTA countries - only Norway reported a surplus - rose from 12 billion dollars in 1979 to 20 billion last year, of which 12 billion derived from trade with the EC.

* See overleaf.

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Forthcoming meetings

April	29-30	Economic Committee
May	13	Economic and Social Sub-Committee of the Consultative Committee
	14	Consultative Committee, with ministers present
	15	EFTA Councils at ministerial level
	20-22	EFTA-Yugoslavia: group of legal experts on model contracts for industrial cooperation, in Belgrade
	28-29	EFTA-Spain Joint Committee, in Madrid
June	9-13	Committee of Trade Experts
	24-26	EFTA Industrial Development Fund for Portugal: Steering Committee, in Portugal
June 30 - July 3		Committee of Origin and Customs Experts
July	6-8	Committee of Members of Parliament of the EFTA countries, in Tromsø

All meetings are held in Geneva unless otherwise stated.

EFTA TRADE JANUARY - DECEMBER 1980

	EFTA		EC		USA		EASTERN EUROPE		REST OF WORLD		WORLD	
	$ mill.	Percent change	$ mill.	Percent change	$ mill.	Percent change	$ mill.	Percent change	$ mill.	Percent change	$ mill.	Percent change
Imports (c.i.f.)												
Austria	1,912.2	13.1	15,095.4	15.5	819.4	27.9	2,355.6	32.9	4,075.9	35.3	24,258.5	20.2
Finland	2,748.0	20.7	5,222.0	33.6	904.3	58.0	3,807.8	46.1	2,931.8	50.9	15,613.9	38.1
Iceland	213.2	13.4	440.5	14.8	93.9	74.2	111.3	6.5	141.9	47.8	1,000.8	21.1
Norway	4,068.1	14.1	8,119.3	25.7	1,357.5	37.5	369.2	-7.0	3,038.0	30.9	16,952.1	23.5
Portugal*	643.8	29.7	3,360.5	23.7	946.2	23.2	226.8	8.5	3,478.8	48.0	8,656.1	32.3
Sweden	5,365.9	17.1	16,450.7	12.3	2,432.3	17.3	1,618.5	-8.4	7,544.5	37.9	33,411.9	17.1
Switzerland	2,515.7	19.7	24,344.6	20.3	2,450.7	33.5	1,420.0	25.2	5,602.9	40.3	36,333.9	24.0
Total EFTA	17,466.9	17.2	73,033.0	18.9	9,004.3	29.9	9,909.2	24.0	26,813.8	39.7	136,227.2	23.4
% share in total (1979 in brackets)	12.8	(13.5)	53.6	(55.6)	6.6	(6.3)	7.3	(7.2)	19.7	(17.4)	100.0	(100.0)
Exports (f.o.b.)												
Austria	2,157.2	14.4	9,444.8	14.3	378.6	-3.5	2,093.7	5.1	3,296.6	13.7	17,370.9	12.6
Finland	3,330.8	23.4	5,466.2	19.5	446.9	-5.9	2,814.7	55.8	2,095.3	31.5	14,153.9	26.9
Iceland	141.0	30.8	353.3	15.9	200.5	-9.3	82.5	28.9	152.2	65.4	929.5	17.7
Norway	2,335.0	14.8	13,133.2	52.8	552.4	1.5	265.7	8.1	2,202.0	8.4	18,488.3	37.4
Portugal*	635.5	38.2	2,482.7	25.1	249.4	20.0	95.1	-4.5	1,020.6	39.2	4,483.3	28.6
Sweden	6,394.6	16.0	15,143.6	12.3	1,653.9	1.0	1,195.5	1.7	6,528.9	14.1	30,916.5	12.3
Switzerland	2,709.0	12.7	14,877.1	13.2	2,120.6	16.7	1,062.6	-0.5	8,847.2	9.9	29,616.5	11.9
Total EFTA	17,703.1	17.2	60,900.9	21.0	5,602.3	5.8	7,609.8	18.0	24,142.8	14.3	115,958.9	17.9
% share in total (1979 in brackets)	15.3	(15.4)	52.5	(51.2)	4.8	(5.4)	6.6	(6.5)	20.8	(21.5)	100.0	(100.0)
Trade balance	+236		-12,132		-3,402		-2,299		-2,671		-20,268	

* Estimated data for Portugal (October - December)