



# EFTA news

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### New EFTA Chairman visits EC Commission

Mr Jón Baldvin Hannibalsson, Iceland's Foreign Minister and Foreign Trade Minister, visited the EC Commission on 3 and 4 July at the start of Iceland's six months' chairmanship of EFTA. He had talks on 3 July with Mr Frans Andriessen, the Vice-President of the Commission who is responsible for external relations and trade policy, and on 4 July with Mr Jacques Delors, President of the Commission.

The talks concerned in particular the new phase in EFTA-EC cooperation - see following item - and involved an initial stocktaking of the progress achieved in its first stage and a review of the steps to be taken later this year. Some items already at an advanced stage in the follow-up to the Luxembourg Declaration were also touched on.

On 4 July Mr Hannibalsson also met Mr Hans-Dietrich Genscher, Vice-Chancellor and Minister for Foreign Affairs of the Federal Republic of Germany, to inform him of the present state of EFTA-EC relations.

### High-Level Steering Group to review progress

The progress achieved in the search for a possible new form for EFTA-EC cooperation will be reviewed, as planned, at a meeting of the joint High-Level Steering Group in Brussels on 25 July.

This search involves a comprehensive examination of the possible scope and content of an expanded and more structured partnership between the EFTA countries and the EC. The goal of this partnership would be the fullest possible realisation of free movement of goods, services, capital and persons as well as a closer cooperation in areas going beyond the internal market of the EC.



The High-Level Steering Group will assess the results of meetings of each of the four joint working groups set up to identify - but not at this stage to settle - matters that will need to be dealt with in the following areas:

- the free movement of goods,
- the free movement of services and capital,
- the free movement of persons,
- and, in addition to these specific elements in the completion of the internal market of the EC, other fields for cooperation such as research, technology, education, environment, social policy considerations, and transport.

In the course of this month a fifth group will begin a study of the legal and institutional questions that will have emerged from the exchanges in the other working groups.

In the joint working groups the EFTA side is speaking with one voice on the basis of common EFTA positions. The spokesman is Swedish in the group on goods, Finnish in the case of services and capital, Austrian in the case of persons, Norwegian for the group dealing with other policies and Swiss in the case of legal and institutional aspects.

In the whole of this process the approach is comprehensive and, as it has been called, "top-down". That is to say, it is not a matter of going into the intricacies of particular problems arising largely from the endeavour to establish a single European Economic Space (EFTA+EC). The aim is rather to start from the more general goals of cooperation, to consider how far the EFTA countries can go towards accepting what the EC has achieved in the areas under discussion, and to identify the essential questions for the participation of the EFTA countries in a new framework for integration.

At a second stage an effort will be made to find solutions to the legal and institutional questions that will have been identified, a process that should be completed by the end of October this year. The aim thereafter is to convene a joint EFTA-EC meeting at ministerial level towards the end of this year which should pave the way for more formal talks next year. Negotiations should lead, in the words of the EFTA ministerial meeting in Kristiansand last month, to "the establishment of a qualitatively new and comprehensive framework of EFTA-EC relations, with common decision-making and administrative institutions".

The range of these exploratory talks is thus very extensive. At the same time, the work of some thirty groups of experts continues, as they carry out tasks,

including negotiations in some cases, that arise from the joint EFTA-EC Luxembourg Declaration of 1984. The EFTA countries and the EC are in agreement that this Luxembourg process should not only be continued but should also be speeded up.

### **Legal aspects of EFTA-EC cooperation**

At their meeting in Kristiansand on 13-14 June the EFTA Ministers endorsed the conclusions of a report from the Group of Legal Experts on certain general aspects of cooperation between the EFTA countries and the European Community. The Ministers agreed that the report provided a good basis for the exploratory talks with the EC. (See previous item)

The Group first discussed the problems that can arise when international agreements do not automatically, even after ratification, become part of national law. One essential consequence of this is that the individual who may be affected by these agreements is given no rights that he could try to have enforced by a court. That is, the international agreements have no direct effect in particular countries. In the EC there are automatically direct effects.

Yet the area of cooperation between EFTA and EC is being expanded and increasingly covers areas of importance to individuals and to the economies of the EFTA countries and the EC. The conclusion drawn by the experts is that all EFTA countries should aim to ensure that individuals in EFTA countries will have the same rights as EC inhabitants in this respect.

The report goes on to propose possible ways of ensuring that relevant agreements, whether newly signed or already in force, are given direct effect in this sense.

Also in the report there is a discussion of what is known as the Cassis de Dijon principle, after a decision of the EC Court of Justice in 1979 which concerned the import from France into Germany of a blackcurrant liqueur of that name. The case concerned differences in national requirements within the EC.

The principle underlying the decision is considered to be a very important one. It has been developed in the case law of the Court of Justice of the EC and has been applied not only to the free circulation of goods but also to other areas such as services, the free movement of persons, and capital movements.

The decision implied that each EC country must accept the import of products lawfully produced and marketed in



any other EC country. The only exceptions to this principle would be if any mandatory requirements (relating, for example, to public health or consumer protection) would exclude their import. The report of the experts discusses legal possibilities of introducing the same principle in EFTA and in EFTA-EC relations.

Ways of avoiding or settling disputes are also reviewed in the report. A wide range of possibilities, including arbitration, is examined.

#### **Intra-EFTA trade in fish**

Trade in fish between the EFTA countries will be liberalised by 1 July 1990. An agreement in principle to this effect was reached at the EFTA summit meeting in Oslo last March. The formal decision to amend the EFTA Convention accordingly was taken at the ministerial meeting of the EFTA Council in Kristiansand in June. A few transitional arrangements remain.

#### **Liberalising capital movements**

The EFTA countries would gain from liberalising capital movements along the lines being followed in the European Community, according to a report just submitted to the EFTA Council by an internal working group. Liberalisation would permit a better allocation of resources and could help to promote economic stability.

The working group, set up a year ago to study the practical implications for the EFTA countries of the liberalisation taking place in the EC, pointed out that a liberalisation of financial services in Western Europe would also be required if the full benefits of the removal of restrictions on capital movements are to be obtained.

EFTA countries have already abolished many limitations on capital movements, which range from trade in foreign exchange to the purchase of a secondary residence abroad. Switzerland and Sweden have in fact carried the process about as far as the EC is planning to do by mid-1990 in most of its member countries.

For the EFTA countries as a group the main common interest is that the EC should remove national restrictions on capital movements in relation to all countries, not just between its own members. The EC has stated that that is its intention. But the Directive of June 1988, which is the basis for the current stage of liberalisation in the EC in this sector, appears to leave open the possibility of differential treatment.

The work done in the group proved to be a good preparation for the exploratory talks on the liberalisation of capital and financial services in one of the "top-down" groups set up in April this year under the High-Level Steering Group.

#### **Banning export restrictions**

Protocols expected to be signed within the next few weeks will ban the introduction of export quotas on EFTA-EC trade from 1 January 1990. They will also set short deadlines for the removal of the few quotas at present applied in trade between the two groups.

The new protocols will be added to the bilateral free trade agreements that have governed trade between the individual EFTA countries and the EC since 1973.

The EFTA countries see the banning of export quotas, and of measures with equivalent effect, as an element in the establishment of the European Economic Space.

#### **TEDIS**

Bilateral agreements providing for the participation of the EFTA countries in the EC's programme for Trade Electronic Data Interchange Systems (TEDIS) were initialled in Brussels on 5 July. The initialling was foreseen in the joint conclusions of the meeting in Kristiansand last month between the EFTA Ministers and Mr Henning Christophersen, Vice-President of the EC Commission.

The TEDIS programme is designed to create a framework for the coordination of activities in the field of electronic data interchange. Among other things, it seeks to make commercial enterprises aware of developments concerning the electronic transfer of trade data.

The work being done under this programme is intended to complement the activity in this field of the UN Economic Commission for Europe where the development of worldwide standards is being successfully pursued.

#### **Director named for new Secretariat department**

The head of the new department in the EFTA Secretariat which will deal with "specific integration affairs" will be Jérôme Lugon, a Swiss citizen who was Director of the Secretary-General's Office in the Secretariat from 1982 to 1988. He will take up his post on 15 August.

The specific affairs with which the department will be concerned are EFTA-EC cooperation in the fields of environment, education, research and development, road and

air transport, border formalities for persons, and the needs of small and medium-sized enterprises in the European Economic Space.

Mr Lugon, who graduated in law from Geneva University and is a former student at the College of Europe in Bruges, comes directly from the Integration Office, the joint agency of the Swiss federal foreign and economic ministries for dealing with EFTA matters and EFTA-EC relations.

### Meetings in July

<u>Date</u>	<u>Meeting</u>
3	<b>EFTA working group on free movement of goods</b>
3-4	<b>Group of experts on trade facilitation (Brussels)</b>
4	<b>EFTA-EC experts on education (Brussels)</b>
6	<b>EFTA working group on legal and institutional questions</b>
6-7	<b>EFTA-EC meeting on agricultural price compensation (Brussels)</b>
7	<b>EFTA: Group of legal experts</b>
11	<b>EFTA-EC experts on foodstuffs</b>
12	<b>EFTA-EC working group on free movement of persons (Brussels)</b>
13	<b>EFTA Council</b>
13	<b>EFTA-EC working group on free movement of goods (Brussels)</b>
20-21	<b>EFTA: Group of legal experts</b>
20-21	<b>EFTA: High-Level Steering Group</b>
21	<b>EFTA working group on legal and institutional questions</b>
24	<b>EFTA-EC working group on legal and institutional questions (Brussels)</b>
25	<b>EFTA-EC High-Level Steering Group (Brussels)</b>

NB Meetings in bold are of the groups set up after the EFTA summit meeting in Oslo and the EFTA-EC ministerial meeting in Brussels, in March 1989

Unless otherwise specified, all meetings take place in Geneva.

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