

EUROPEAN FREE TRADE ASSOCIATION

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COMPARATIVE STUDY OF DEVELOPMENTS

IN EFTA AND THE EEC

A study prepared by the Secretariat

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INTRODUCTION

1. At the meeting of the EFTA Parliamentarians in Strasbourg in September 1966 it was agreed to include in the Agenda of the January meeting the item "Parallel development of EFTA and the EEC".
2. The Secretariat has set out the material on this subject in a schematic form in this note. The description of the activities of the Common Market has been based on material published by the EEC.
3. When evaluating the material several conditions must be borne in mind:

There is a basic difference between the aims of EFTA and of the EEC. EFTA is a free trade area and aims simply at promoting the free flow of goods and accordingly at ensuring the best possible conditions for this in the Area. The EEC on the other hand is aiming at the creation of a Customs and economic union.

EFTA works in general pragmatically and expands the degree of co-operation as the need arises. It has already abolished direct barriers to trade for industrial products and has on the basis of its general rules on non-tariff barriers been expanding its co-operation to ensure non-discrimination between Member States. Co-operation between Members on economic policy and economic development has also gradually been intensified. The EEC has established a common external tariff and will soon have abolished all direct barriers to intra-Community trade, but in addition the EEC treats harmonization of the conditions for economic activity within the Community as an objective in itself.

Trade in agricultural goods and in fish products in EFTA is governed by special arrangements which, in the agricultural sector, mainly take the form of bilateral agreements; whereas the EEC has established a common agricultural policy and has plans for a common fishery policy.

The EEC is endeavouring to co-ordinate and harmonize its policy in a number of fields in which EFTA is not engaged at all, such as social, transport and commercial policies.

4. The comparison set out in this note indicates the most important fields where EFTA has worked and is working. The subjects where co-operation exists within the EEC but not yet within EFTA are not dealt with in the note.

5. It shows in broad lines that:

First, there are fields where the two market groupings have taken exactly the same steps. The removal of tariffs is the most important example.

Secondly, there are fields where the two market groupings work in quite different ways, i.e. the agricultural sector.

Thirdly, there are fields where the work in the two groupings has led or may lead to the complete elimination of certain barriers to trade on a European scale, for instance all quantitative import restrictions on industrial products have been liberalized on a GATT-wide basis.

Fourthly, in a number of other fields EFTA and the EEC work to some extent in parallel. This is true of their activities with regard to public undertakings, restrictive business practices, double taxation, standards and patents of which the three last subjects hold prospects of wider European co-operation.

Finally, EFTA is careful not to duplicate work carried out in other international organizations whereas it is the policy of the EEC to deal within its own framework with all the subjects related to the establishment of an economic union, even when these subjects are dealt with in other international organizations.

PART I

DIRECT BARRIERS TO TRADE

1. IMPORT DUTIES

	EFTA	EEC
<u>Legal basis</u>	Article 3 as amended by several Council Decisions.	Abolition of duties between the EEC countries: Articles 9 - 15. Establishment of a Common External Tariff: Articles 18 - 24.
<u>Action undertaken</u>	<p>Since 1st July 1960 import duties for trade in industrial products between Member countries ("revenue duties" and agriculture, see separate headings) have been progressively reduced and finally eliminated. The last 20% reduction has been due on 31st December 1966 (instead of 31st December 1969 as originally foreseen). In the case of Portugal the transitional period for tariff reductions continues till 1st January 1980.</p> <p>No harmonization of external tariffs of EFTA States is foreseen in the Convention. Therefore, Member States apply their own m.f.n. rates of duty towards third countries.</p>	Since 1st January 1959 import duties for trade in industrial products between Member countries have been progressively reduced by 80%.
<u>Future action</u>		The next 5% reduction is due on 1st July 1967 and the last 15% reduction on 1st July 1968. On the same date, the Common External Tariff (CET) will enter fully into force.

2. IMPORT AND EXPORT QUOTAS

	EFTA	EEC
<u>Legal basis</u>	Articles 10 and 11	Articles 30 - 35
<u>Action undertaken</u>	Quantitative <u>import</u> restrictions for trade in industrial products inside EFTA were eliminated by the end of 1966. Quantitative <u>export</u> restrictions for trade with EFTA countries in industrial products were eliminated by the end of 1961. Most of these liberalization measures have been extended to all GATT countries.	Quantitative <u>import</u> restrictions for trade in industrial products inside the EEC have been eliminated. Quantitative <u>export</u> restrictions for trade in industrial products inside the EEC were eliminated by the end of 1961.
<u>Future action</u>		

3. REVENUE DUTIES

	EFTA	EEC
<u>Legal basis</u>	Article 6	Article 17
<u>Action undertaken</u>	<p>The protective elements of revenue duties have either been reduced progressively in step with the reductions of ordinary import duties (and were eliminated at the end of 1966) or were eliminated in a single move on and before 1st January 1965.</p> <p>Revenue duties proper may continue to exist according to Article 6. Lists of revenue duties have been submitted by all Member States. The revenue duties have been examined by the Customs Committee to make sure that they do not afford protection to domestic production.</p>	<p>Revenue duties are dealt with in the same way as protective duties, i.e. they have been and will be reduced in step with all other industrial duties.</p> <p>Revenue duties can be replaced by an internal tax (which has to be in conformity with Article 95, i.e. to have no protective effect).</p>
<u>Future action</u>		

4. OTHER BORDER CHARGES

	EFTA	EEC
<u>Legal basis</u>	Articles 3, 4 and 10 and mandates given by the Council	Articles 12 - 16 (taxes equivalent to Customs duties)
<u>Action undertaken</u>	The Customs Committee has made an inventory of all existing border charges (Customs fees, service charges etc.) and submitted the report to the Council. The Council has given a new mandate for examination to the Committee of Trade Experts. The new examination is expected to finish in the course of the spring of 1967.	The Commission made an inventory of such taxes at importation and exportation in 1961 - 1962. By March 1966, 232 taxes on importation of 284 total registered taxes of an effect equivalent to Customs duties had been examined: 224 taxes on importation have been suppressed, 5 are in the process of being suppressed and 3 have been found not to be of a character equivalent to Customs duties. Most such taxes were found in the agricultural field.
<u>Future action</u>		Fifty-two taxes on importation are at present being examined by the Commission. If they are found to be taxes of an effect equivalent to duties, they will have to be eliminated.

5. INTERNAL TAXES (CHARGES)

	EFTA	EEC
<u>Legal basis</u>	Article 6	Article 95
<u>Action undertaken</u>	<p>Member States in principle eliminated any effective protective element of internal taxes or charges on or before 1st January 1962. An examination took place at that time. A new examination of all internal taxes and charges is currently being undertaken by the Customs Committee.</p>	<p>The protective elements of internal taxes or charges were eliminated on or before 1st January 1962. A series of studies has already been made regarding the harmonization and integration of fiscal policy, i.e., of direct and indirect taxes in the EEC.</p> <p>In the field of indirect taxes, the Commission's proposal for the introduction on 1st January 1970 of a common "value-added tax" instead of the present different turnover taxes is under consideration by the Council, as is a Commission's proposal regarding the harmonization of indirect taxes on capital movements.</p> <p>Many aspects of direct taxes are being studied by the Commission without concrete proposals having yet been made to the Council.</p>
<u>Future action</u>		

6. ORIGIN RULES

	EFTA	EEC
<u>Legal basis</u>	Article 4 and Annex B	For trade inside the EEC, no rules of origin exist but a "goods circulation certificate" (Wareverkehrsbescheinigung) has to accompany each consignment.
<u>Action undertaken</u>	A highly-developed system of origin rules has been in use since the foundation of EFTA. The rules apply to trade inside EFTA including trade with Finland. All consignments have to be accompanied by declarations or certificates of origin.	For trade with third countries, common origin rules have been drawn up by the Commission and submitted to the Council. For trade with the Associated African, etc., countries, origin rules and certificates of origin exist.
<u>Future action</u>		

7. AGRICULTURE

	EFTA	EEC
<u>Legal basis</u>	<p>Articles 1, 17, 21, 22, 23, 24 and 25, and Annex D</p> <p>The rules of the Convention concerning free trade for industrial products do not apply to those products listed in Annex D to the Convention. It is, however, the objective of EFTA to facilitate an expansion of trade in agricultural goods in order to provide reasonable reciprocity to Member States whose economies depend to a great extent on exports of agricultural goods.</p>	<p>Title II, Articles 38 - 47 including Annex II</p>
<u>Action undertaken</u>	<p>The arrangements of EFTA for products in Annex D fall under the following headings:</p> <p><u>Annex D and subsequent deletions from Annex D</u></p> <p>Annex D is more limited than the corresponding Annex II of the Rome Treaty. A number of processed food-stuffs are treated as industrial products. In addition since 1960 a dozen products have been transferred from the agricultural to the industrial sector.</p>	<p>The Common Market extends to agriculture and to trade in agricultural products. Agricultural co-operation is governed by a common agricultural policy. Products defined as agricultural products are those listed in Annex II to the Rome Treaty. Some products in Annex II, in particular those which are not governed by market regulations, are still liable to import duties in trade between the EEC countries and in trade with third countries. The duties for trade inside the EEC have been reduced by 65% or 60%. There are still some quantitative restrictions in the field of agriculture.</p>

AGRICULTURE (continued)

	EFTA	EEC
<p><u>Action undertaken</u> (continued)</p>	<p><u>Bilateral Agricultural Agreements</u></p> <p>In pursuit of Article 23 of the Convention, Member States have so far concluded 9 bilateral agreements setting out the measures to be taken, including the elimination of Customs duties on a number of agricultural products. The agreements form an integral part of the Convention; their provisions regarding tariffs automatically apply to imports of all Member States, and cannot be withdrawn without the consent of all Member States.</p> <p><u>Export subsidies on agricultural goods</u></p> <p>The Council has in accordance with Article 24.2 of the Convention established specific rules (procedures) for a gradual abolition of Member countries' subsidized exports of agricultural products when these are considered to be detrimental to other Member States.</p>	<p>So far the common agricultural policy covers mainly the following fields:</p> <ul style="list-style-type: none">(a) Gradual introduction of common marketing organizations for the main groups of agricultural products with combined common agricultural policy measures (target prices, import levies, export restitutions) leading progressively to free movement within the Community of the products concerned;(b) co-ordination of national policies designed for the improvement of agricultural structures;(c) common financing of expenditure incurred in setting up joint agricultural market organizations and part of the expenditure connected with structural reform;(d) common commercial policy for agricultural trade with third countries. <p>As the EEC is establishing a common agricultural market the concept of "<u>export subsidies</u>" is only relevant as far as trade with third countries is concerned (at least after the expiration of the transitional arrangements leading to common agricultural markets and policies).</p>

AGRICULTURE (continued)

	EFTA	EEC
<u>Action undertaken</u> (continued)	<p><u>Dumped and subsidized exports of agricultural products to EFTA markets from third countries</u></p> <p>The EFTA Convention has no specific rules or procedures concerning the imposition of countervailing measures against dumped and subsidized imports from third countries. Member countries are, however, free to introduce such measures consistently with its other international obligations (GATT's Article VI). In addition any Member State shall, at the request of another Member State whose agricultural industry is suffering or threatened with material injury as a result of the import of dumped and subsidized agricultural products from a third country, examine the possibility of taking countervailing action in order to remedy or prevent such injury.</p>	<p>The problem of dumped and subsidized exports of agricultural products to EEC countries from third countries has hardly any relevance because of the EEC system of variable import levies, which generally cover the difference between the import price ("world market price") and the common domestic price (target price).</p>
<u>Future action</u>		<p>The elimination of any remaining duties on agricultural products in trade between the EEC countries will take place on 1st July 1968. On the same date, the CET will apply for those agricultural products which will still be protected by import duties.</p>

AGRICULTURE (continued)

	EFTA	EEC
<u>Future action</u> (continued)		<p>The Common Market regulations so far agreed cover more than 90% of the total EEC agricultural production. It is not clear whether the Community will aim at a more complete coverage than that already reached. In general one could say that the plans incorporated in the Rome Treaty as far as agriculture is concerned are now being carried into operation.</p>

8. DIFFERENT PRICE LEVELS FOR AGRICULTURAL RAW MATERIALS

CONTAINED IN PROCESSED FOODSTUFFS

	EFTA	EEC
<u>Legal basis</u>	Articles 2 and 32	Article 235
<u>Action undertaken</u>	<p>In order to equalize the costs of agricultural raw materials - not subject to tariff dismantlement - contained in processed foodstuffs exported from one Member State to another a scheme of import levies has been proposed; the Council has considered the legal and practical aspects of implementing and controlling such a scheme. As no final solution has yet been found, Austria and Switzerland have in the meantime been authorized - on the basis of Article 20 - to maintain their duties at a level which corresponds to 40% of the basic duties on a limited range of processed foodstuffs (sugar confectionery, chocolate and biscuits). This arrangement is valid until 31st December 1967.</p>	<p>Since 1962 a system of countervailing duties has been applied in intra-EEC trade and on imports from third countries. From 1st April 1967 a new system of levies and refunds will be applicable which will equalize prices of raw materials contained in certain processed foodstuffs imported from third countries. The amount of the levy will be fixed every quarter by the Commission.</p>
<u>Future action</u>		

9. FISH

	EFTA	EEC
<u>Legal basis</u>	<p>Articles 1, 17, 26, 27, 28 and Annex E</p> <p>The rules of the Convention concerning free trade for industrial products do not apply to the few fish and other marine products listed in Annex E to the Convention. It is, however, the objective of EFTA to facilitate an expansion of trade in fish and other marine products in order to provide reasonable reciprocity to Member States whose economies depend to a great extent on exports of those products.</p> <p>Annex E to the Convention does not contain processed fish products - which are treated in EFTA as industrial goods.</p>	<p>Title II, Articles 38 - 47, including Annex II</p> <p>The Common Market rules concerning agriculture also cover the fishery sector and trade in fish. As to the removal of import duties and the establishment of the Common External Tariff, see information given for agricultural products under that particular item. Although there are certain rules no common policy measures are known to have been introduced as yet.</p>
<u>Action undertaken</u>	<p>The Council has agreed to establish a working party with a view to examining whether the objective set out in Article 27 of the Convention has been fulfilled, and whether there are possibilities for a further liberalization of trade in products listed in Annex E to the Convention.</p>	<p>The situation of fisheries in the Community and the basic principles for a common policy in this field have been studied and a report on the subject was made available in June 1966.</p>
<u>Future action</u>		

PART II

TECHNICAL BARRIERS TO TRADE

10. GENERAL EXCEPTIONS TO THE RULES

GOVERNING IMPORT (EXPORT) RESTRICTIONS

	EFTA	EEC
<u>Legal basis</u>	Article 12	Article 36
<u>Action undertaken</u>	Examination of all restrictions (measures to protect public morals; to protect human, animal and plant life; to protect industrial property and copyrights, etc.) notified by Member States under this Article took place in a special working party in 1965. As a result, certain recommendations for changes have been made which are now in the process of being implemented.	No work dealing <u>directly</u> with Article 36 has been done in the EEC. The problems are dealt with by intensively studying the possibilities of harmonizing the national regulations or replacing them by common EEC regulations.
<u>Future action</u>	Individual cases of complaint will be dealt with in the Committee of Trade Experts.	Plans for harmonization and establishment of common regulations regarding technical requirements in many sectors.

11. REGULATIONS REQUIRING THE MARKING OF GOODS

	EFTA	EEC
<u>Legal basis</u>	Articles 10 and 12	Article 100 (and 43)
<u>Action undertaken</u>	<p>The problem of marking regulations (i.e., statutory requirements prescribing that imported goods shall be marked with the indication "foreign" or with other information, such as weight, composition, etc.) has been studied by the Committee of Trade Experts. The Council, in October 1966, adopted the Committee's recommendations that Member States should review their practice in the field of marking and that Member States should consult each other on any new measures planned in this field. The Committee of Trade Experts will undertake early in 1968 a review of progress made.</p>	<p>Up to now activity has not been directly related to marking regulations, but some directives and draft directives for pharmaceuticals contain regulations on marking. A directive on labelling and packaging is in the course of preparation.</p>
<u>Future action</u>		

12. GOVERNMENT REGULATIONS IMPOSING
TECHNICAL SPECIFICATIONS

	EFTA	EEC
<u>Legal basis</u>	Article 10 and mandates given by the Council	Article 100
<u>Action undertaken</u>	It is the policy of EFTA not to introduce separate EFTA standards. Due account is taken of the recommendations by European or wider international standards organizations. Member States consult each other before introducing new technical regulations. Currently an examination of regulations imposing compulsory standards, specifications and codes of practice of significance to European trade is being made.	The Commission is preparing draft directives for about 30 different items to ensure uniform technical specifications in all Member States. The work has concentrated on the fields of significant economic interest such as the motor industry, agricultural tractors and gas cylinders. On each topic a working party of experts has been convened to establish a draft for a directive. The proposals frequently contain an administrative part which refers exclusively to application within the Common Market, and a technical part which may refer to a recommendation by an international standards organization. So far four proposals have been transmitted to the Council of Ministers.

13. GOVERNMENT REGULATIONS ON PHARMACEUTICALS

	EFTA	EEC
<u>Legal basis</u>	Article 10 and mandate given by the Council	Article 100
<u>Action undertaken</u>	The Council set up a special working party to study possible barriers to trade between Member States in pharmaceuticals. The experts have also been asked to examine the possibilities for co-operation with the EEC. A report to the Council can be expected early in 1967.	The activities of the Commission concentrate on placing producers on equal terms as regards competition while protecting public health. So far the Council has adopted one directive on the marketing of branded pharmaceuticals. The Commission is preparing directives on the control and on the advertising of branded pharmaceuticals, as well as on colouring matters for use as additives. A draft directive for the mutual recognition of marketing licences is under preparation.

14. GOVERNMENT REGULATIONS ON FOOD AND DRINK

	EFTA	EEC
<u>Legal basis</u>	Article 10 and mandate given by the Council	Articles 100 and 43
<u>Action undertaken</u>	The Council set up a special working party to compare rules and regulations within EFTA and to investigate those fields where co-operation with the EEC might be possible. A report to the Council is expected during the first half of 1967.	The Commission has expressed the view that harmonization of legislation concerning the food industry is essential for intra-Community trade. Several directives have been adopted by the Council of Ministers concerning, e.g., health requirements in trade in fresh meat. Further draft directives are in preparation.

PART III

RULES OF COMPETITION

15. GOVERNMENT AIDS

	EFTA	EEC
<u>Legal basis</u>	Article 13 and Annex C	Articles 92 - 94
<u>Main content of provisions</u>	Member States shall not maintain any government aids "which would frustrate the benefits expected from the removal or absence of duties or quantitative restrictions" (Article 13, paragraph 1).	Any government aid "which distorts or threatens to distort competition" is "deemed to be incompatible with the Common Market, in so far as it adversely affects trade between Member States" (Article 92, paragraph 1).
<u>Scope of the provisions</u>	<p>The provision applies to government aids to industrial goods only.</p> <p>Export subsidies on agricultural goods listed in Annex D are dealt with by Article 24 (see page 30).</p> <p>Annex C to the Convention expressly enumerates certain government aids which are not compatible with Article 13.</p>	<p>The provision applies to all goods and services.</p> <p>Aids to agriculture and transport are also dealt with by special provision of the Treaty.</p> <p>Paragraph 2 of Article 92 expressly enumerates certain government aids which are compatible with the Common Market. Paragraph 3 of Article 92 enumerates certain government aids which are deemed to be compatible with the Common Market.</p>

15. GOVERNMENT AIDS (continued)

	EFTA	EEC
<u>Method for implementation of provisions</u>	<p>The Council may decide to take measures against a Member State applying such aids which frustrate the "benefits expected" even though that aid may as such not be contrary to the provisions of the Convention.</p> <p>The Council may decide to amend the provisions of Article 13 and of Annex C.</p>	<p>The Commission shall constantly examine all systems of aid in Member States; it can decide - subject to an eventual submission to the Court of Justice - that any aid incompatible with the Common Market shall be abolished or modified. In exceptional circumstances, however, the Council may decide that any aid from a Member State shall be deemed to be compatible with the Common Market.</p> <p>The Council may, on a proposal of the Commission, make any appropriate regulations for carrying out provisions on government aid.</p>
<u>Action undertaken</u>	<p>The Council has set up a working party to review the provision of the Article and its implementation.</p>	<p>Government aids are dealt with on a case-to-case basis. During the period from 1st April 1964 to 31st March 1965 the Commission has reviewed about 43 cases.</p>

16. PUBLIC UNDERTAKINGS:

A. PUBLIC PURCHASING OF GOODS

	EFTA	EEC
<u>Legal basis</u>	Article 14 and Lisbon Ministerial decision, October 1966	Article 7 and Articles 30 - 37
<u>Action undertaken</u>	Ministers agreed an interpretation of Article 14 and recommendations regarding its practical implementation. Rules and practices which are discriminatory must be eliminated. Contracts for public purchasing must be awarded on the basis of commercial considerations. Recommendations were formulated regarding tendering procedure. Steps were agreed for facilitating the expansion of EFTA trade in the public sector.	In the Common Market public purchasing covers purchasing of goods and public work contracts. No draft EEC statute has yet been published by the Commission. Work is proceeding on questions related to the liberalization of supplies for public purchasing and the co-ordination of submission procedures.

16. PUBLIC UNDERTAKINGS:

B. TRADING ACTIVITIES

	EFTA	EEC
<u>Legal basis</u>	Article 14 and Lisbon Ministerial decision, October 1966.	Article 37
<u>Action undertaken</u>	A working party has studied notifications made by Member States. Ministers interpreted Article 14 saying "Article 14 does not prevent Member States from having any State-trading organizations they wish provided the practices of these undertakings do not lead to protection or discrimination in the sense of the Article".	Several recommendations have been addressed by the Commission to EEC governments but no overall general policy has so far been laid down.

17. RESTRICTIVE BUSINESS PRACTICES

	EFTA	EEC
<u>Legal basis</u>	Article 15 and Article 14, paragraph 2; Copenhagen Ministerial decision, October 1965.	Articles 85 - 90; Several regulations; Rulings by the Court of Justice.
<u>Main content of provisions</u>	<p>Certain practices are incompatible with the Convention, if frustration of the "benefits expected" would result.</p> <p>Such practices are:</p> <p>Agreements between enterprises, decisions by associations of enterprises and concerted practices between enterprises which have as their object or result the prevention, restriction or distortion of competition within the Area; actions by which one or more enterprises take unfair advantage of a dominant position in the Area or a substantial part of it.</p>	<p>Certain practices which are likely to affect trade between Member States are incompatible with the Treaty and forbidden by it; some are rendered void; exemptions from the provisions of Article 85 may be granted.</p> <p>Such practices are:</p> <p>Agreements between enterprises, decisions by associations of enterprises and concerted practices, which have as their object or result the prevention, restriction or distortion of competition within the Common Market, action by one or more enterprises to take improper advantage of a dominant position within the Common Market or substantial part of it.</p>

17. RESTRICTIVE BUSINESS PRACTICES (continued)

	EFTA	EEC
<u>Method of implementation</u>	<p>The provisions are implemented through the laws and regulations of Member States.</p>	<p>The provisions are implemented through Community legislation passed on the basis of Article 87. This legislation and the prohibitions contained in Articles 85 and 86 are "self-executing".</p>
<u>Action undertaken</u>	<p>A first working party was established in 1964 and agreement on the implementation of the obligation in Article 15 was reached at the Ministerial meeting in Copenhagen in 1965.</p> <p>A new working party is currently examining whether legislative or administrative means available to Member States will ensure the future implementation of Article 15.</p>	<p>More than 36,000 notifications of agreements, applications for "negative clearance" or complaints have been submitted to the Commission; current activity extends to individual cases, sectors of industry and elaboration of Community policy.</p>

18. ESTABLISHMENT

	EFTA	EEC
<u>Legal basis</u>	Article 16; Bergen Ministerial agreement, May 1966.	Articles 52 - 58; general programme; several directives.
<u>Scope of provisions</u>	Establishment and operation of enterprises for the production of or commerce in EFTA goods. For this purpose EFTA nationals shall not receive less favourable treatment in practice than a Member State's own national if "frustration of the benefits" would result.	Freedom of establishment including the right to engage in non-wage-earning activities. For this purpose existing restrictions in Member States must be eliminated progressively.
<u>Action undertaken</u>	A first working party was established in 1964 and in 1965 agreement was reached on the interpretation of main provisions of Article 16 and steps for the implementation of the provisions, namely: establishment of enterprises for commerce and of certain enterprises for production to be allowed without restrictions.	A general programme was adopted in 1961. Thereafter 13 directives mainly covering freedom of movement and residence of EEC nationals, establishment in wholesale trade, intermediaries, and industrial and handicraft activities in the transformation sectors.

18. ESTABLISHMENT (continued)

	EFTA	EEC
<u>Future action</u>	<p>A second working party will examine whether legislative and administrative means available to Member States will ensure in the future the effective implementation of Article 16 on the basis of the Bergen interpretation. The elaboration of a policy regarding production enterprises is not covered by the Bergen Ministerial agreement.</p>	<p>Implementation of existing directives; elaboration of rules on company law, liberal professions (mutual recognition of diplomas); co-ordination of national legislations and regulations.</p>

19. DUMPING

	EFTA	EEC
<u>Legal basis</u>	<p>Article 17. Action against dumped or subsidized imports - in trade between EFTA countries as well as in trade with third countries - shall be taken by Member States consistently with their international obligations (GATT).</p> <p>Article 17 furthermore requires that exported dumped products should be admitted in the original exporting country free of duties when sent back. ("Boomerang rule").</p>	<p>Article 91. The Article deals only with dumping problems arising in internal EEC trade and during the transitional period. The proposed common EEC regulation dealing with dumped and subsidized imports from third countries has its justification in Articles 111 and 113 (common trade policy) of the Rome Treaty and is based on the GATT rules.</p>
<u>Action undertaken</u>	<p>The examination of the adequacy and the operation of Article 17 started in a special working party in 1966.</p>	<p>In 1960, an EEC regulation was issued to facilitate the implementation of the "boomerang rule". Specific cases of dumping inside the EEC were, upon the request of Member States, examined by the Commission. The Commission issued recommendations on authorized Member countries to take counteraction.</p> <p>Since 1965, a proposal of the Commission for common rules on dumped and subsidized imports from third countries has been under consideration by the Council.</p>
<u>Future action</u>	<p>The special working party will submit a report early in 1967.</p>	<p>A Council Decision on the proposed common anti-dumping law is expected in the course of 1967.</p>

PART IV

CO-OPERATION IN OTHER FIELDS

20. DOUBLE TAXATION

	EFTA	EEC
<u>Legal basis</u>	Articles 2 and 32	Article 220
<u>Action undertaken</u>	<p>In March 1964 a working party was asked by the Council to advise whether it was technically possible to write an open, initially EFTA, multilateral Convention. It reported that such a Convention seemed possible, pending completion of the draft.</p> <p>The studies are based on the OECD Model Bilateral Convention published in 1963, and the work of drafting a Convention is proceeding.</p>	<p>In April 1964 a working party of the six Member States commenced a study of the provisions necessary for a multilateral agreement amongst them for the avoidance of double taxation.</p> <p>The studies are based on the OECD Model Bilateral Convention published in 1963.</p>
<u>Future action</u>	<p>At its May 1967 meeting the Fiscal Committee of the OECD will receive a report on the progress to date of both working parties towards the elaboration of their respective multilateral double taxation agreements.</p>	

21. PATENTS

	EFTA	EEC
<u>Legal basis</u>	Articles 2 and 32	
<u>Action undertaken</u>	<p>In 1963 requests from six EFTA States to the EEC to participate in the final work on its draft Convention were not accepted. In 1965 the Council set up a working party to further EFTA co-operation with regard to patents and directed that any scheme should be open for accession by non-EFTA States.</p> <p>The working party has considered the possibilities offered by a "two-part scheme" which could combine on the one hand a speedier and less costly international procedure for the granting of national patents with, on the other, a regional patent law system. Part One would consist of a convention establishing a European patent office whose final patents would be at the choice of the applicant either national or regional. Part Two would consist of an additional convention to which Member States of the first convention could subscribe if they desired to establish and participate in a unitary system of law prescribing the rights of regional patents. The EFTA working party's draft of the first-mentioned convention contains many provisions found in the EEC 1962 draft relating to the procedure for the granting of patents.</p>	<p>In 1959 a working party of the six Member States commenced study of the unification of their patent laws. It produced a Community patent law system, independent of national laws; it was published as a draft Convention in 1962. In February 1964 the Council received a report on the unsolved questions.</p>

PATENTS (continued)

	EFTA	EEC
<u>Action undertaken</u> (continued)	<p>The draft envisages the Convention being open for accession by non-EFTA States.</p>	<p>Apparently some problems of principle have still to be solved; for instance</p> <p>whether national patent rights should be abolished, thus weakening national powers to refuse patents for certain products; whether, as some industrialists desire, simultaneous protection under Community law and national law should continue also after a transitional period; whether the Community patent should have a unitary and autonomous character or merely the character of a final national patent, whose ultimate validity would depend in each Member State on national law.</p> <p>A further major problem is whether the Community patent should be available only to EEC nationals and whether non-EEC States could become equal Members of the Convention.</p>
<u>Future action</u>	<p>During the first part of 1967 the working party is expected to present its draft Convention to the Council and to report on the most advantageous technical method of pursuing co-operation in patents on a European basis.</p>	

	EFTA	EEC
	<p>A. <u>Co-ordination of economic policy in the EEC</u></p> <p>Co-ordination of economic policy in the EEC is not in general achieved by directives from the Council or the Commission. A high degree of co-ordination follows naturally and almost inevitably from the very frequent meetings of high officials from all Member countries in a fairly large number of committees and working parties. Furthermore, frequent and detailed Secretariat investigations of the economies of Member States also help to further the spirit of co-operation.</p> <p>B. <u>Economic statistics</u></p>	
<u>Legal basis</u>		Articles 2, 3 and 103 - 109
<u>Action undertaken</u>	A statistical unit forms part of the Economic Department and provides statistical services for all EFTA departments.	Harmonization of economic statistics stems from the overall aim of co-ordinating economic policies. A large and highly-qualified statistical office exists. Activities in the field of statistics for which the statistical office of the Communities is responsible are of two kinds:
		<p>the collection and publication of Community statistics and the encouragement of greater co-ordination and harmonization of national statistics. There are frequent meetings on questions of statistics; the directors of the statistical departments of Member States also meet regularly. The harmonization of the statistics of Member States involves common nomenclature, common definitions and standardized survey techniques.</p>

	EFTA	EEC
<u>Future action</u>		Further standardization is being discussed for financial accounts, retail prices, short-term indicators and wage and salary statistics.
<u>Legal basis</u>	C. <u>Short-term economic policy</u> Articles 2(a) and 30	Articles 2, 3 and 103 - 109
<u>Action undertaken</u>	<p>From the inception of the EFTA Secretariat an Economic Department (including a Statistical Unit) has been in existence. During the early years of the Association this department mainly served other departments with statistics and advice on economic problems.</p> <p>At the end of 1964 the Council created an Economic Committee which was given the task:</p> <p>"(i) to examine the economic and financial situation of Member States;</p> <p>(ii) to review the economic and financial policies of Member States, including their implementation in practice and their impact in any of their aspects on the economies of Member States and on the satisfactory operation of the Free Trade Area".</p>	<p>The work in this field involves the Council, the Commission, the Short-Term Economic Policy Committee, the Monetary Committee and the Budgetary Policy Committee. The Economic and Social Committee of the European Parliament takes an increasing interest in co-ordination of short-term economic policy.</p> <p>Very detailed annual surveys of short-term economic developments in each Member country are prepared and discussed. Regular quarterly investigations are also carried out. Following the 1962 publication of the "Action Programme for the Community during the Second Half of the Transitional Period", co-operation between Member States on economic policy was strengthened.</p> <p>On a number of occasions the Commission has made detailed recommendations on economic policy. Thus in April 1964 exact guidelines for the permissible annual growth of public expenditure were laid down and limits for the growth of money incomes proposed.</p>

ECONOMIC POLICY (continued)

	EFTA	EEC
<u>Action undertaken</u> (continued)	<p>The members of this Committee are high officials from the economic and monetary administrations of Member States. The Committee meets normally twice a year and reports to the Council; it may make specific recommendations on economic policy. At each meeting the Committee discusses and assesses recent economic developments and policies of Member States. In addition, the Committee has discussed specific reports on economic developments in selected Member States especially of a medium and longer term nature. Special aspects of economic policy have also been considered in some details.</p>	
<u>Future action</u>	<p>At the last Ministerial meeting in Lisbon of the EFTA Council it was decided to intensify the work of the Economic Committee. To this end it was decided in December 1966 to change the methods of work of the Committee in the future and the new scheme adopted will make it easier for the Committee to investigate economic policies in Member States and to make appropriate recommendations.</p>	

ECONOMIC POLICY (continued)

	EFTA	EEC
<u>Legal basis</u>	D. <u>Monetary policy</u> Articles 2(a) and 30	Articles 2, 3 and 103 - 109
<u>Action undertaken</u>	Monetary problems are dealt with in conjunction with economic problems.	A Monetary Committee exists to co-ordinate Member countries' monetary policies and prepare joint presentations at the meetings of the International Monetary Fund, the Club of Ten and Working Party No. 3 of the OECD Economic Policy Committee. Developments in all Member countries are examined twice a year.
<u>Future action</u>		The Monetary Committee has been given the responsibility for preparing the gradual introduction of a common capital market within the EEC, through the liberalization of capital movements and the removal of administrative impediments to the free movement of capital.
<u>Legal basis</u>	E. <u>Medium-term economic policy</u> Articles 2(a) and 30	Articles 2, 3 and 103 - 109
<u>Action undertaken</u>	Medium-term economic policy is covered in conjunction with general discussions of economic policy and developments.	A Medium-Term Economic Policy Committee was created in 1964 following the recommendations in the 1962 "Action Programme". This Committee, consisting mainly of high Government officials, prepares regular medium-term and economic forecasts and makes policy recommendations.

ECONOMIC POLICY (continued)

	EFTA	EEC
<u>Future action</u>		<p>It has been recommended that detailed studies on research, structural problems in some branches of agriculture and industry, competition within the Common Market, public finance, incomes policy, capital markets, co-ordination on regional policies and of the problems of certain "crisis" sectors to be carried out.</p> <p>* * * * *</p>