

The birth of EFTA

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The birth of EFTA

In 1958, following the failure of negotiations between the Member States of the Organisation for European Economic Cooperation (OEEC) to conclude an agreement on a free trade area, the main concern of the countries that were not members of the new European Economic Community (EEC) was to avoid being left on the sidelines of Western European economic integration. They therefore decided to establish their own convention.

In Stockholm on 4 January 1960, Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom signed the Convention establishing the European Free Trade Association (EFTA), which would have its headquarters in Geneva. The Seven together accounted for a market of 90 million people. Finland became an associate member of EFTA on 27 March 1961 and a full member in 1986, and Iceland acceded in 1970. While EFTA was established to counterbalance the emerging EEC, it never sought to be its rival, pursuing exclusively economic goals, without ever aiming to compete with it. It operated on a strictly intergovernmental basis.

The activities of EFTA

EFTA was established as an international organisation based on the principle of intergovernmental cooperation. Its principal task was to administer the free trade area and its external relations, particularly with the EEC. Its decisions were taken on a unanimous basis.

Its highest institution was the Council, which was assisted by an advisory committee representing the economic sector, a committee of parliamentarians and technical committees. EFTA was a flexible organisation with a Secretariat limited to a maximum of 100 staff and under the authority of the Council. It operated at the level of Ministers or Permanent Representatives and had its headquarters in Geneva.

Its fundamental objective was to ensure free trade in industrial goods in accordance with a timetable parallel to the EEC's timetable. The status of fish and agricultural products varied depending on whether they were processed (and thus generally subject to free trade) or non-processed (in which case they did not fall within the scope of the Convention). Non-processed products were, however, the subject of bilateral agreements and preferential systems. In parallel, common rules on competition, the opening up of public procurement and the approximation of technical specifications supplemented the system. EFTA, which had no supranational bodies, did not provide for any form of economic integration or set any common external customs tariff, nor did it pursue any common policy.

The activities of EFTA principally entailed cooperation with the EEC. The conclusion of a free trade agreement with the EEC and the entry into force of common definitions relating to rules of product origin resulted in the almost totally free movement of industrial goods.