



Resolution 236 (1962)¹

Reply to the 2nd Annual Report of EFTA

Parliamentary Assembly

1. The Consultative Assembly of the Council of Europe thanks the Council of EFTA for its 2nd Annual Report, which sheds valuable light on the progress accomplished within the Association and on the deployment of its Members' efforts on behalf of wider European integration.
2. To the sincere satisfaction of the Assembly, the Report indicates, in general, that EFTA's member and associate States have made outstanding progress in these two fields since the previous year.
3. The progressive creation of a free trade area among the member countries, which is one of the chief objectives of the Stockholm Convention, developed rapidly during the year 1961-1962. The time-table laid down by the Convention has twice been speeded up, in 1961 and in June 1962. The result will be to bring internal customs duties down by 50% before the end of this year, although that target was only set for 1965 in the Stockholm Convention. At the same time the removal of other obstacles to trade, such as import quotas and export restrictions, has simultaneously been accelerated. The EFTA member countries have thus quickly attained among themselves a high degree of freedom of trade in so far as industrial goods are concerned. It should be noted, finally, that these acceleration measures will have enabled them to lower trade barriers within the area to the same extent as that achieved by the Six within the Common Market. This correspondence is calculated to facilitate future accession to, or association with, the European Economic Community by member countries of EFTA. The Assembly is glad to note the progress recorded by EFTA in this matter.
4. The Assembly notes with interest that the progressive opening up of the EFTA internal market has not been accompanied by any economic upheaval, and that no member country has invoked the escape clauses available in the Convention. The Report makes clear that the rules of origin have been applied satisfactorily and have even been made more flexible in certain respects. In view of the extent to which customs duties and other former measures of protection have already been reduced, this fact is even more significant this year than it was last.
5. In 1961-1962, the progressive establishment of the free trade area caused trade among member countries to increase more sharply than the trade of the Seven with the rest of the world. However, EFTA's trade with the Common Market advanced at least as rapidly as trade within the area. Thus the parallel evolution of the European Economic Community and EFTA allowed of rapid expansion of trade within each of the two groups at the same time as an increase in total intra-European trade; the Assembly cannot but welcome this development.
6. As regards trade in agricultural and fishery products, the Report mentions that EFTA has carried out surveys and comparative studies in order to acquire a better knowledge of the facts underlying the problem and to find ways to increase trade without disturbing domestic markets in member countries. Nevertheless, in view of the opening of negotiations between certain EFTA countries and the European Economic Community, no important new decision has been taken by EFTA on this subject. As it happens, trade among the Seven in these products has not increased as satisfactorily as trade in industrial goods, and this is a matter of some concern to the Assembly.

1. Assembly debate on 25th September 1962 (16th and 17th Sittings) (see [Docs. 1459](#) Docs. 1459, 2nd Annual Report of EFTA, and 1468, draft Resolution of the Economic Committee). Text adopted by the Assembly on 25th September 1962 (17th Sitting).



7. The Annual Report says nothing of any measures which EFTA, as such, may have taken for the closer co-ordination of economic, financial and business policies among member countries - a step essential for the achievement of a satisfactory measure of integration. The description given in the Report of the current economic situation in member countries clearly shows that, in some of them, a certain strain became apparent during the last year, either in the sphere of prices, balance of payments or employment.

8. The Assembly welcomes the early entry into force of the Association Agreement concluded last year between EFTA and Finland and is glad to note that the operation of this Agreement - on the workings of which the Report furnishes interesting details - has enabled Finland to apply all the decisions taken by the EFTA Council, including the first decision on acceleration, within a very short time. Favourable results have followed for the development of Finland's economy and foreign trade. The Assembly hopes that, whatever may be the future of the Association as a result of the negotiations between member countries of EFTA and the European Economic Community, Finland will be offered the opportunity of maintaining and developing close commercial and economic relations with the unified European market.

9. The Assembly notes with satisfaction that all the member countries of EFTA have now begun talks with the European Economic Community with a view to negotiating their accession or association. This combination of approaches is likely to promote the success of present or future negotiations between individual Members of EFTA and the Six. This development, moreover, corresponds to the aspirations of the Assembly, which has always hoped that European integration would be established in a framework embracing all member countries of the Council of Europe.

10. The Assembly is glad to note the interest taken in its debates by the Governments of those EFTA countries which are Members of the Council of Europe, by the Swiss parliamentarians, and by the Association itself.