



EUROPEAN FREE TRADE ASSOCIATION

PARLIAMENTARY COMMITTEE

Restricted

Ref. 20-1784

25 May 2020

To the EFTA Ministers

EFTA's policy response to the COVID-19 pandemic

Dear Ministers,

In my capacity as Chair of the EFTA Parliamentary Committee, I would like to thank you for inviting the EFTA Advisory Bodies to an exchange of views on 8 June 2020 via videoconferencing. We welcome this and the fact that the EFTA Ministers intend to meet internally to discuss topical issues. The Advisory bodies have in the past few weeks made full use of videoconferencing as both committees have organised regular meetings since the outbreak of the COVID-19 pandemic and shared views on the economic and societal impact of the crisis in the shorter and longer term. The overwhelming impact of the coronavirus on our countries has demonstrated the essential need of cooperation and coordination not only within our countries but also between EFTA States and with our European and international partners.

The spread of the virus on the European continent has pushed several countries to close their borders and to ban exports of critical items such as personal protective equipment. Initial reactions to the crisis demonstrated a degree of unpreparedness and a sentiment of panic, which has been a cause for concern. As you became acutely aware of, the European Commissions reacted to the export ban on personal protective equipment by adopting an EU regulation on a prior authorisation, which excluded the EFTA countries of the European Internal Market, despite our agreements with the EU. This was a deeply troubling decision and we witnessed dire situations with trucks not being able to cross our borders, putting our companies at risk of being cut from their suppliers. This situation could have ultimately endangered the health of our citizens and our ability to manage the current health crisis. This regrettable episode could be swiftly solved thanks to the rapid reaction of all four EFTA States and your involvement for which we would like to thank you. However, this episode also serves as a stark reminder that commitments need to be matched by actions, especially in crisis.

As we enter a phase of a gradual easing of the unprecedented restrictions we have witnessed across Europe, it appears that the European Union and its Member States, which are the EFTA States' main exports markets, face major challenges. Two main freedoms of the European Internal Market have been partially suspended, namely the free movement of people and the free movement of goods. I believe that in light of recent experience, there will be a need for the EFTA States over the coming months and years, to cooperate even more closely with our main political and economic partner to rebuild the European Internal Market. This will be crucial, also for the recovery of EFTA States' economies. To this aim, it will be essential for EFTA States to foster a stronger dialogue with the EU and to extend the scope of cooperation to additional policy areas such as health, research or trade policy cooperation. In this regard, we would like to fully support the policy recommendations outlined by the EFTA Consultative Committee in its letter addressed to you on 25 May 2020 (Ref. 20-1627).

We believe that to overcome the current crisis we must express solidarity with each other and seek new ways to coordinate and cooperate both on a global and regional level. For us, this starts first and foremost within EFTA.

On a global level, the crisis has revealed the fragility of the global supply chains that we rely on. As small economies, the EFTA States depend on open international trade and access to international markets for our prosperity and as a response to growing protectionism we must advocate for international cooperation and diversification of critical supply chains with an increased vigour. The EFTA States should therefore redouble its efforts to contribute to a rules-based international trade system and further profile us as reliable and trustworthy partners and suppliers. To achieve this, we should enhance our dialogue with the EU and other like-minded partners across the globe, both bilaterally and in multilateral institutions. It should remain a key priority for EFTA to ambitiously continue the extension of the EFTA free trade network and to underline the importance of these agreements for the diversification of critical value chains and for the recovery of our economies in light of the pandemic.

On a European level, the Covid-19 crisis demonstrate a possible opportunity for the EFTA States to cooperate even more closely and regularly in representing their interests towards the EU or in their trade relations with third countries. By this token, EFTA would be more than a platform for negotiations of free trade agreements. It would become a forum where strategic decisions are taken in consultation between all four EFTA States with a coordinated approach towards our European and international partners.

In this context the Parliamentary Committee refers to the European Commission's proposal for a comprehensive economic stimulus package for the EU. In the EFTA States, we have adopted several rescue packages with a view to limit the negative impact of the pandemic on our own economies and to help stimulate them back to recovery. We would like to ask EFTA Ministers to consider whether it would be appropriate, or valuable, for the EFTA States to coordinate their own stimulus measures with those of the EU to ensure a stronger overall impact and common approach towards future orientated industries and businesses in the Internal Market. The aim would be to safeguard that both the EFTA States and the EU stimulate similar sectors that can help meet common challenges like the green and digital shift and the recovery of the tourism sector.

The current crisis has taught both the EFTA advisory bodies that it is possible to meet on regular basis by modern means of communication. We believe that we should build upon this experience and continue this positive dynamic. We are very much looking forward to having the opportunity to meet you all again since the last time we met one year ago in Malbun. It will also an occasion to meet, for the first time, the new Liechtenstein and Norwegian ministers. In order to allow enough time to discuss all these issues with both the EFTA PC and CC, we would kindly ask you to consider extending our meeting by 30 minutes (i.e. from 11h30 to 13h00).

Sincerely yours,



Svein Roald Hansen
2020 Chair of the EFTA
Parliamentary Committee

To:

*Mr Guy Parmelin
Federal Councillor of Economic
Affairs, Education and Research
Bundeshaus Ost
3003 Bern
Switzerland*

*Ms Iselin Nybø
Minister of Trade and Industry
PO Box 8090 Dep
N-0032 Oslo
Norway*

*Mr Guðlaugur Þór Þórðarson
Minister for Foreign Affairs
Raudararstigur 25
105 Reykjavík
Iceland*

*Ms Katrin Eggenberger
Minister for Foreign Affairs
Justice and Culture
Regierungsgebäude
Peter-Kaiser-Platz 1
Postfach 684
9490 Vaduz
Liechtenstein*

Cc:

*Mr Henri Gétaz
Secretary-General
EFTA
9-11 Rue de Varembe
1211 Geneva 20
Switzerland*