

European Economic Area (EEA)

Fact sheet

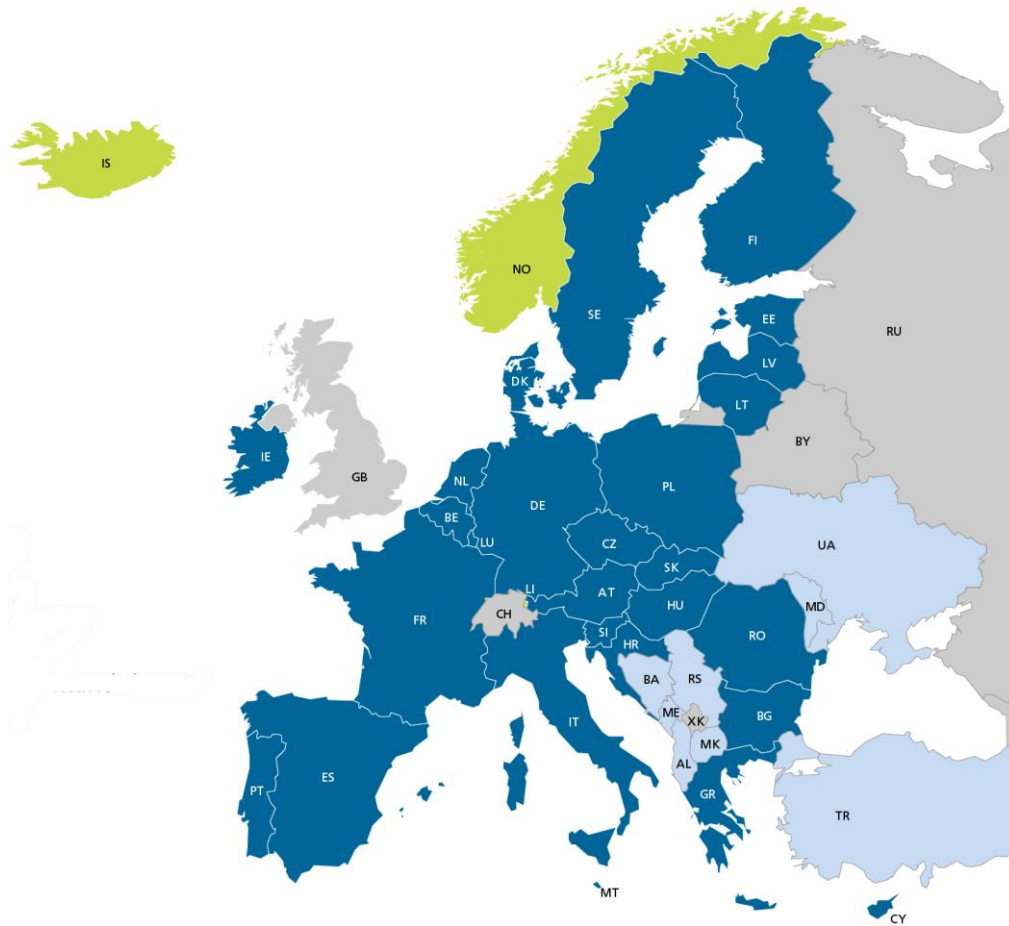


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The European Economic Area (EEA)

What is the EEA?

The European Economic Area (EEA) joins together the 27 Member States of the European Union (EU) and the three EEA/EFTA States (Liechtenstein, Iceland, and Norway) in a Single Market with over 452 million consumers¹, where the same basic rules apply to all participating States. The citizens of all 30 EEA Member States have the right to profit from the free movement of goods, the free movement of persons, the free movement of services and the free movement of capital (often referred to as the "four freedoms"). Article 4 of the EEA Agreement also prohibits any discrimination on grounds of nationality (principle of non-discrimination).



Signing of the treaty in Porto on 2 May 1992
by then Prime Minister Hans Brunhart²

What does the EEA Agreement not cover?

The EEA Agreement does not cover certain areas of EU policy, including the following:

- Common Agriculture and Fisheries Policies
- Customs Union
- Common Trade Policy
- Common Tax Policy
- Common Foreign and Security Policy
- Justice and Home Affairs (the EFTA States are part of the Schengen area)
- Economic and Monetary Union (EMU)

EEA Agreement

The Agreement on the European Economic Area (EEA Agreement) is based on:

- the primary legislation of the European Union developed over the last 40 years (=principle of non-discrimination, four freedoms, common competition rules, and flanking and horizontal policies)
- and the succeeding secondary legislation, the *acquis communautaire* (= EEA-relevant EU legal acts adopted by the EU institutions on a continuing basis).

¹ Source: <https://www.eda.admin.ch/dea/en/home/eu/europaeische-union/mitgliedstaaten-eu.html>.

² Picture: Office of Cultural Affairs, National Archives.

Accordingly, a large part of the EEA Agreement is identical with the corresponding provisions concerning the four freedoms as laid down in the EEC Treaty signed in Rome in 1957.

The EEA Agreement consists of the main agreement with 129 Articles, 22 Annexes, and 50 Protocols, as well as the EEA-relevant EU legal acts (directives, regulations, decisions, etc.) to which they refer. In 2023, a total of 620 EU legal acts were incorporated into the EEA Agreement. The total number of EU legal acts incorporated into the EEA Agreement was 12,708 as of the end of 2023. By comparison, the EEA Agreement included approximately 1,500 EU legal acts in 1992.

Principle of non-discrimination (Article 4 EEA Agreement / Articles 18 et seqq. TFEU³)

According to Article 4 of the EEA Agreement, any discrimination on grounds of nationality is prohibited. This means that Liechtenstein citizens (natural persons) enjoy the same rights as EU citizens. With regard to companies (legal persons), it follows that companies established in Liechtenstein must be treated equally to companies established in the EU.

The four fundamental freedoms

The four freedoms (free movement of goods, free movement of persons, free movement of capital, and free movement of services) are the cornerstones of the European Single Market and its key guarantees. They eliminate Member State rules impeding cross-border exchange.

Free movement of goods (Articles 8 et seqq. EEA Agreement / Articles 34 et seqq. TFEU)

Thanks to the free movement of goods, all EEA products that have originated in an EEA Member State or have been lawfully placed into circulation may be marketed freely in all other EEA Member States. This means that import and export duties as well as quantitative restrictions on imports or exports and all measures having equivalent effect are prohibited with respect to trade within the EEA.

Free movement of persons (Articles 28 et seqq. and Article 31 EEA Agreement / Articles 45 et seqq. and Articles 49 et seqq. TFEU)

Free movement of persons is divided into freedom of movement for workers and freedom of establishment for self-employed persons:

Free movement of workers (Article 28 EEA Agreement / Articles 45 et seqq. TFEU)

Freedom of movement of workers allows every EEA citizen to pursue his or her profession in the entire EEA. This freedom encompasses the right of entering and staying in the country for the purpose of employment. This allows every Liechtenstein citizen to look for work in the entire EEA under the same conditions as EU citizens, to work in the respective EEA Member State, and to take up residence there.

Freedom of establishment (Article 31 EEA Agreement / Articles 49 et seqq. TFEU)

With respect to self-employed professions and legal persons (especially companies), the freedom of movement of workers corresponds to the freedom of establishment. It covers long-term self-employed activities carried out in another EEA Member State. Accordingly, every Liechtenstein citizen and every undertaking established in Liechtenstein may establish

³ Treaty on the Functioning of the European Union (TFEU).

branches, agencies, or representative offices in the entire EEA under the same conditions as EU citizens and EU companies.

Free movement of services (Articles 36 et seqq. EEA Agreement / Articles 56 et seqq. TFEU)

The free movement of services is the counterpart of the freedom of establishment in the case of temporary, cross-border provision of services on the territory of another EEA Member State. It allows every company established in the EEA (irrespective of its form - partnership or legal person) to provide cross-border services limited in time throughout the entire EEA under the same conditions as EU citizens or EU companies.

Free movement of capital (Articles 40 et seqq. EEA Agreement / Articles 63 et seqq. TFEU)

The free movement of capital allows every Liechtenstein citizen and every company established in Liechtenstein to make investments in the entire EEA under the same conditions as EU citizens and EU companies and to purchase real estate or holdings in companies.

Common rules of competition

Uniform competition rules aim to secure the free movement of goods in the EEA and to prevent reestablishment of the borders eliminated between the Member States by way of private agreements or unilateral State action. These uniform competition rules cover the following areas:

- competition rules applicable to undertakings (Articles 53 et seqq. EEA Agreement / Articles 101 et seqq. TFEU)
- the prohibition of unlawful State aid (Articles 61 et seqq. EEA Agreement / Articles 107 et seqq. TFEU)
- public procurement (Article 65, para. 1 EEA Agreement)
- harmonization of provisions concerning the protection of intellectual property (Article 65, para. 2 EEA Agreement)

Compliance with the competition rules in the EU States is monitored by the European Commission and in the EEA/EFTA States (Liechtenstein, Iceland, Norway) by the EFTA Surveillance Authority.

Horizontal and flanking policies

In addition to the common competition rules, the smooth functioning of the Single Market also depends on harmonization in the areas of social policy (Annex XVIII EEA Agreement), consumer protection (Annex XIX EEA Agreement), environment (Annex XX EEA Agreement), statistics (Annex XXI EEA Agreement), and company law (Annex XXII EEA Agreement). These provisions are called horizontal policies (see Articles 66 et seqq. EEA Agreement).

In contrast, so-called flanking policies govern cooperation in other areas that do not have an immediate effect on the four freedoms. These include research and development, education, measures promoting small and medium-sized enterprises, tourism, media, etc. (see Articles 78 et seqq. EEA Agreement). These programmes provide for the promotion of a wide range of projects⁴.

⁴ See <http://www.efta.int/eea/eu-programmes.aspx>.

EEA History

Since the establishment of the European Free Trade Association (EFTA) in 1960, the European Community has been one of its most important trading partners. In 1972, several EFTA States concluded Free Trade Agreements with the European Economic Community (EEC), for the purpose of eliminating import tariffs on industrial goods. This goal was largely achieved by 1977.

The idea of creating a European Economic Area goes back to a joint ministerial meeting of EFTA and the EEC in Luxembourg in 1984. At this meeting, a declaration was adopted referring to the establishment of a European Economic Area.

In 1989 Jacques Delors, then President of the European Commission, proposed a new form of partnership that would later manifest itself in the Agreement on the European Economic Area. The EFTA States, which at the time included Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland, enthusiastically took up this idea. In June 1990, formal negotiations began. The Agreement on the European Economic Area (EEA Agreement) was signed in Porto (Portugal) on 2 May 1992. The Contracting Parties were the Member States of the European Union (EU) at the time (Belgium, Germany, France, Italy, Luxembourg, the Netherlands, United Kingdom, Denmark, Ireland, Greece, Spain, Portugal) and the EFTA States Austria, Finland, Iceland, Norway, and Sweden. On 1 January 1995, the EFTA States Austria, Finland, and Sweden became members of the EU. Liechtenstein became a full member of the European Economic Area (EEA) on 1 May 1995.

On 1 May 2004, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Slovenia and Slovakia, on 1 January 2007, Bulgaria and Romania and on 1 July 2013, Croatia became Member States of the EU and simultaneously also Contracting Parties to the EEA Agreement, since Article 128 of the EEA Agreement requires every country wanting to join the EU also to become a member of the EEA.



Ambassador H.S.H. Prince Nikolaus of Liechtenstein
signing the EEA Enlargement Agreement
on 25 July 2007 in Brussels⁵



Ambassador Kurt Jäger
signing the EEA Enlargement Agreement
on 11 April 2014 in Brussels⁶

On 29 March 2017, the United Kingdom notified the European Council of its intention to leave the European Union, in accordance with Article 50 of the Treaty on European Union (Brexit). The Withdrawal Agreement entered into force on 1 February 2020, after having been agreed on 17 October 2019, together with the Political Declaration setting the framework of the

⁵ Picture: Mission of the Principality of Liechtenstein to the European Union in Brussels.

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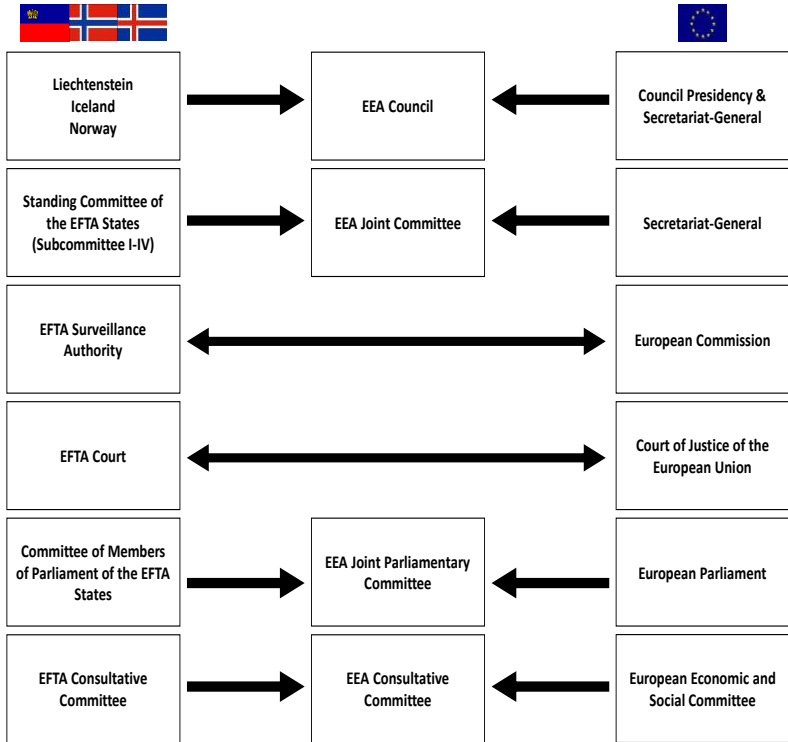
future EU-UK partnership. With the Brexit, the United Kingdom leaves not only the EU but also the EEA at the same time.

EEA Member States

The European Economic Area (EEA) includes the 27 Member States of the European Union (EU) - Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden - as well as the three EEA/EFTA States, Liechtenstein, Iceland, and Norway. Switzerland is the only EFTA State not participating in the EEA.

EEA Institutions

The institutional framework of the European Economic Area (EEA) consists of two pillars - thus often referred to as the "two-pillar structure". The European Union (EU) and its institutions constitute the first pillar (EU bodies), while the EEA/EFTA States (Liechtenstein, Iceland, Norway) and its own institutions constitute the second pillar (EEA/EFTA bodies). Between these two pillars, the joint bodies are located. Through these joint bodies, the 30 EEA Member States (27 EU Member States and the three EEA/EFTA States, Liechtenstein, Iceland, and Norway) jointly carry out the execution and development of the EEA.



Joint bodies

In the joint bodies, which are responsible for the preparation of decisions, decision-making, and dispute resolution, each EEA/EFTA State has one vote. The EU States speak with a single voice in these bodies. Since the decisions are reached unanimously, each EEA/EFTA State on its own and the EU States jointly have a veto.

EEA Council

The EEA Council is composed of EEA/EFTA foreign ministers, representatives of the EU Council Presidency and the Secretariat-General. The EEA Council meets twice a year and provides political impetus for the development of the EEA Agreement and guidelines for the EEA Joint Committee.

EEA Joint Committee

The EEA Joint Committee is made up of representatives of the three EEA/EFTA States (usually at ambassadorial level), representatives of the Secretariat-General and an observer from the EFTA Surveillance Authority (ESA). It meets regularly and is responsible for the ongoing management of the EEA Agreement and for decisions concerning the incorporation of EU legislation into the EEA Agreement. Its decisions are taken by consensus.

EEA Joint Parliamentary Committee

The EEA Joint Parliamentary Committee comprises Members of the European Parliament and Members of the national parliaments of the EEA/EFTA States. It contributes through dialogue and debate to a better understanding of the fields covered by the EEA Agreement.

EEA Consultative Committee

The EEA Consultative Committee is made up of members of the Economic and Social Committee of the EU and members of the EFTA Consultative Committee. It is a forum for cooperation and consultation between the social partners in the EEA/EFTA-States and those in the EU.

EEA/EFTA bodies

Within the two-pillar structure of the EEA Agreement, the EU pillar is mirrored by an EFTA pillar, in which the autonomous, purely EEA/EFTA bodies are housed. These bodies have similar powers as the EU bodies. The EEA/EFTA States have not delegated legislative powers to these bodies, however.

Standing Committee of the EFTA States

The Standing Committee of the EFTA States is composed of ambassadors of the three EEA/EFTA States as well as observers from Switzerland and the EFTA Surveillance Authority. It is a forum in which the EEA/EFTA States consult each other and arrive at a common position before meeting with the EU in the EEA Joint Committee.

EFTA Surveillance Authority

The EFTA Surveillance Authority (ESA), located in Brussels, ensures that the EEA/EFTA States fulfil their obligations under the EEA Agreement. In addition to general surveillance of compliance, ESA has powers in relation to competition, state aid and public procurement, reflecting the extended competences of the European Commission in these fields within the EU.

EFTA Court

The EFTA Court, based in Luxembourg, deals with infringement actions brought against an EEA/EFTA State with regard to the implementation, application or interpretation of EEA law, gives advisory opinions to courts in the EEA/EFTA States on the interpretation of EEA rules, and is competent for the settlement of disputes between two or more EEA/EFTA States. It also hears appeals concerning decisions taken by ESA.

Committee of Members of Parliament of the EFTA States

The Committee of Members of Parliament of the EFTA States consists of up to five members each of the national parliaments of the EFTA States (Liechtenstein, Iceland, Norway, Switzerland) - Switzerland only has observer status in this body. The members of this Committee form the EFTA side of the EEA Joint Parliamentary Committee. The Committee of Members of Parliament of the EFTA Countries issues opinions on EEA matters and serves as the link to the national parliaments of the EFTA States.

EFTA Consultative Committee

The EFTA Consultative Committee is a forum for trade unions and employers' organisations in the EFTA States. Through its cooperation with social partners in the EU, the Committee also serves as a link between social partners in EFTA and in the EU.

EFTA Secretariat

The EFTA Secretariat assists the EEA/EFTA States in the preparation of new EU legislation for incorporation into the EEA Agreement, and in their elaboration of input in EU decision making. To this end, the Secretariat in Brussels assists both the joint EEA bodies and the Standing Committee and its underlying bodies in administrative functions and the preparation of meetings and opinions. In addition, the Secretariat coordinates cooperation with the relevant actors on the EU side.

Responsible office - EEA Coordination Unit

After the Principality of Liechtenstein's accession to the EEA Agreement, the Government established the EEA Coordination Unit in July 1995. It operates under the Ministry for General Government Affairs and Finance.



The main responsibilities of the EEA Coordination Unit are:

Coordinating incorporation and implementation of EEA law

The EEA Coordination Unit coordinates the incorporation of EEA-relevant EU legal acts in the EEA Agreement and the implementation of it into national law, continuously informs the EEA experts within the Liechtenstein National Administration on the development of EU law, and supports them in the various phases of the incorporation process.

Advising the Government and the offices of the National Administration on EEA-law matters

The EEA Coordination Unit is the central contact office for the Government and the offices of the National Administration on questions of EEA law. In this connection, it not only supports the experts of the Liechtenstein National Administration in the incorporation, implementation, and application of EEA law, but also prepares legal opinions on EEA law on behalf of the Government and participates in working groups and negotiating delegations appointed by the Government. The EEA Coordination Unit is also the National Coordinator (NIMIC) of the EU wide Internal Market Information System (IMI), an IT-based information network which facilitates the cooperation between the different administrations of the EEA States.

Representing the Government in proceedings before the EFTA Surveillance Authority, the EFTA Court, and the European Court of Justice

The EEA Coordination Unit represents the Government in the subcommittees of the Standing Committee of the EFTA States, in proceedings before the EFTA Surveillance Authority and the EFTA Court in negotiations with the EU Commission (together with the Liechtenstein Mission in Brussels) and works closely together with the EFTA Secretariat in Brussels during the incorporation process. The EEA Coordination Unit also prepares written statements on behalf of the Government with respect to proceedings pending before the Court of Justice of the European Union in Luxembourg, where the matter is of significance to Liechtenstein or the European Economic Area (EEA).

Documentation/information on EU/EEA topics

The EEA Coordination Units offers interested citizens and companies numerous information and documentation services, such as information materials on EU/EEA topics, EU legal acts, jurisprudence of the Court of Justice of the European Union and the EFTA Court. The EEA Coordination Unit is also responsible for the ongoing updates of the "EWR-Register" which lists all EEA acts applicable in Liechtenstein.

Contact office for citizens and companies with cross-border problems (SOLVIT)

Although the European Economic Area generally functions smoothly, citizens and companies sometimes encounter problems, possibly if authorities in other Member States incorrectly apply EEA rules. SOLVIT was created to solve problems as effectively as possible, without having to approach the courts. The system is free of charge.

Contact

Director

Dr. iur. Andrea Entner-Koch, LL.M. (Bruges), T +423 236 60 37
Legal and institutional questions in the EEA context.

Deputy Director

Mag. iur. Romina Schobel, T (+423) 236 65 95
Free Movement of Workers; Social Security; Recognition of Professional Qualifications; Right of Establishment; Services Directive; SOLVIT.

Legal Officers

Mag. iur. rer. oec. Simon Bickel, T +423 236 60 82

Veterinary and Phytosanitary Matters; Technical Regulations, Standards, Testing and Certification; Product Liability; Energy; Competition; State Aid; Public Procurement; Intellectual Property; Internal Market Information System (IMI).

Dr. iur. Claudia Bösch, T +423 236 60 40

Financial Services; Free Movement of Capital; Telecommunication Services, Postal Services, Information Society Services, Audiovisual Services; Digitalisation; Cyber-security.

Mag. iur. Samuel Barwart, T +423 236 60 26

Transport; Health and Safety at Work, Labour Law and Equal Treatment for Men and Women; Consumer Protection; Data Protection; Environment; Statistics; Company Law; Flanking Measures (e.g. Education and Youth, Enterprise Policy, Public Health, including EU-Programmes); Budget; Your Europe.

EEA Documentation

Dominic Brühwiler, T +423 236 65 94

Information and documentation to EU/EEA topics; EEA Register; internet site www.sewr.llv.li.

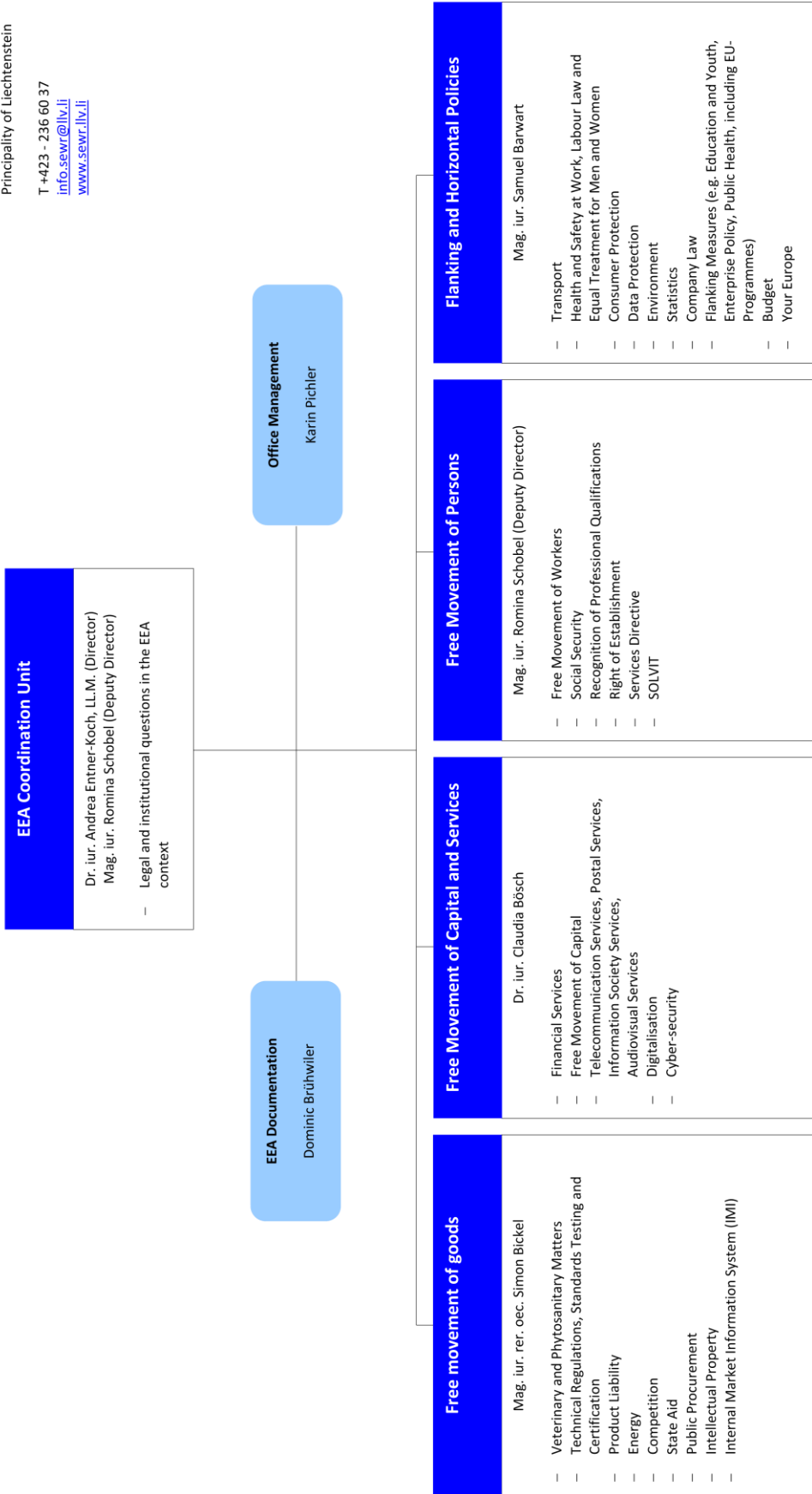
Office Management

Karin Pichler, T +423 236 60 37

Organigram

EEA Coordination Unit
 Kirchstrasse 8
 9490 Vaduz
 Principality of Liechtenstein
 T +423 - 236 60 37
info.sewr@lv.li
www.sewr.lv.li

EEA Coordination Unit: Organigram¹



¹ As of July 2024.

EEA Coordination Unit

Kirchstrasse 8
Postfach 684
9490 Vaduz
Liechtenstein
T +423 236 60 37
info.sewr@llv.li
www.sewr.llv.li