

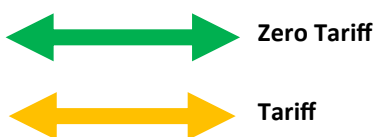
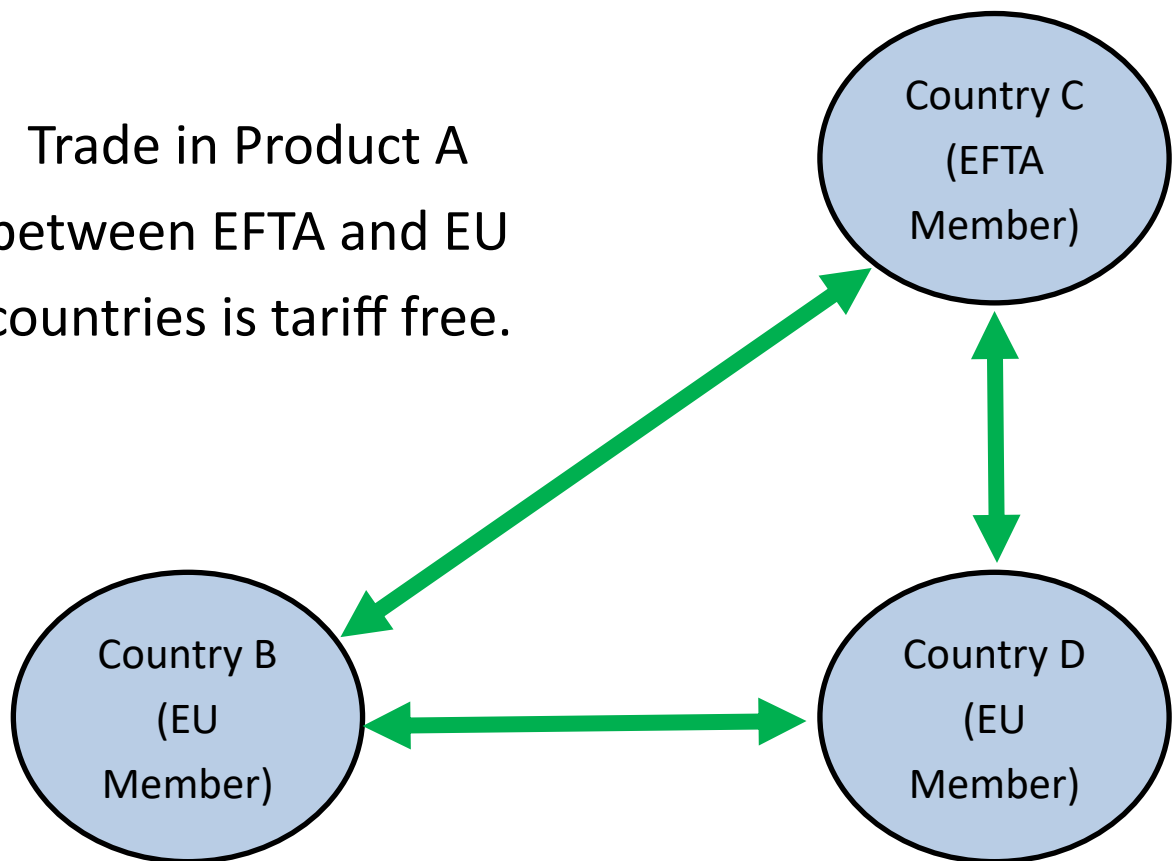
European Free Trade Association (EFTA)

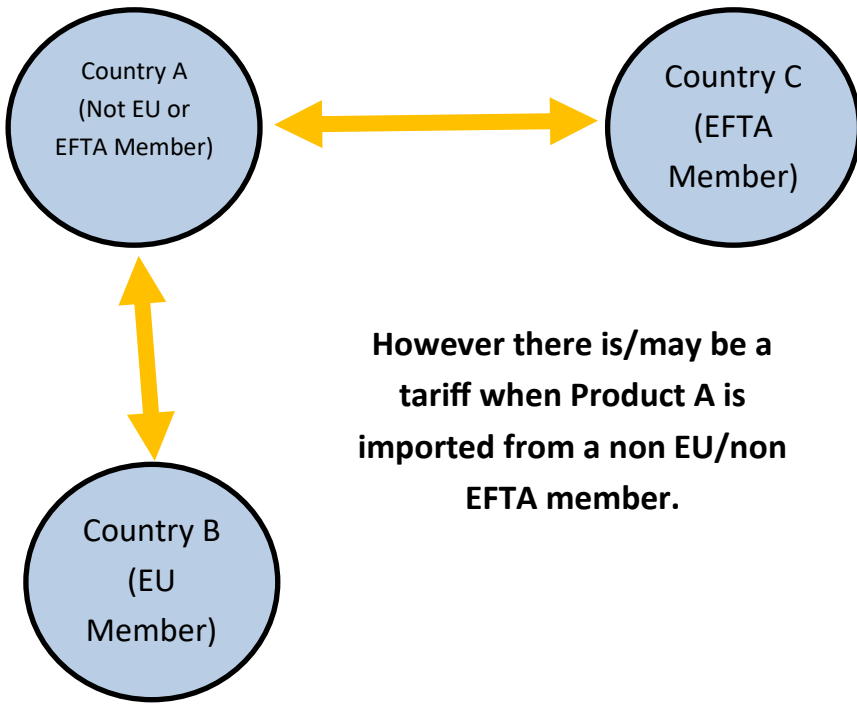
The European Free Trade Association or 'EFTA' as it's known is almost as old as the EU—it was formed back in 1960 as an alternative for those countries who didn't want to join what was the precursor to the EU, the European Economic Community (EEC). Of the original 7 countries who formed the EFTA 2 remain—Norway and Switzerland, later joined by Iceland and Lichtenstein.

A trade agreement allows EFTA members tariff free access to the EU markets provided they comply with rules around free movement of people, goods, services and capital are adhered to. EFTA members aren't obliged to take up the deal—Switzerland famously opted out.

Customs checks are needed between EFTA and EU countries because goods which came into an EFTA country under a tariff should not subsequently be traded into the EU tariff-free.

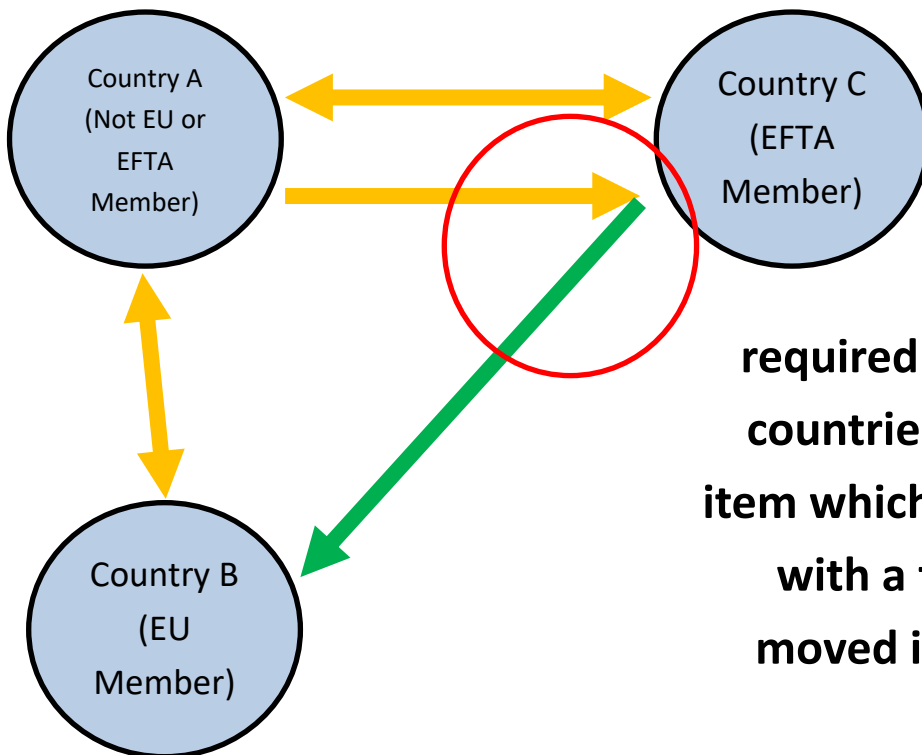
Trade in Product A
between EFTA and EU
countries is tariff free.





However there is/may be a tariff when Product A is imported from a non EU/non EFTA member.

Zero Tariff
 Tariff



Customs checks are required between EFTA and EU countries so that an individual item which enters an EFTA country with a tariff cannot then be moved into the EU tariff-free.