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THE BUDGET COST FOR THE MEMBER STATES OF THE EUROPEAN FREE TRADE ASSOCIATION

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***Abstract**: The " European Free Trade Association" (EFTA) has a very limited membership of only four states: the kingdom of Norway ,the republic of Iceland, the princedom of Liechtenstein and the Swiss confederation. This article asked were as follows:*

- *Who pays for the EFTA budgets ?*
- *What's the cost for the citizens,*
- *What are the results by comparing the E.F.T.A. financing with the one of the European Union (EU) ?*

Both organizations starts after the second world war with a different vieuw at the European cooperation. The agreement of Porto of 1992 introduced the principle of the internal market for all the EU and the EFTA member states.

***Keywords**: EFTA, EU, public budgets*

I. Introduction

This article concerns the way of financing the different budgets inside the EFTA. It's the intention to give an answer on *the following questions, namely: which countries are financing the* EFTA *which are the different budgets inside this* European *institution, the impact of this budgets in relation with the* EEA *and the European Union and the special position of the Switzerland.*
The article wants only to *calculate the different* EFTA *budgets* and is making a calculation of the EFTA cost for their member states. Finally, this article compares the EFTA cost with the member cost of the contributions for the EU.
Further the methodology of this study uses the figures from the primary sources, namely: the budgets, the audits and the annual reports of these European organizations. *Knowing the fact that the item of the* EFTA *budgets* wasn't and *isn't the subject of scientific publications.*(18) Also in the publications (16)(17)(25)(27) concerning the EU public finances there is little of no attention for the cost of the member states for the EU budget.

II. The History

The "European Free Trade Association" was an alternative European answer at the European cooperation between the three Benelux states, France , West Germany and Italy with the establishing of the "European Coal and Steel Community" (ECSC) in April 1951, which created a common market for coal and steel products among these six countries. Already in March 1957 the same six members states established the "European Economic Community" (EEC) for the creation of a customs union and later on a common market. In the same year these six countries also established a community concerned with the non-military development of atomic energy, namely: the "European Atomic Energy Community" or EURATOM. (19)
This was certainly a break in the European group of members of the " OEEC" (Organization for European Economic Cooperation). The United Kingdom, had a different view on the future of European economic cooperation based on a free trade union. Denmark and Ireland were not interested in joining the communities because both economies were heavily dependent on agriculture. (23)
The agreement of Saltsjöbaden (near Stockholm) completed the negotiations between seven OEEC countries and the EFTA convention was signed by Norway, Sweden, Denmark, Austria, Portugal, Switzerland and the United Kingdom on 4 January 1960 and entered into force on 3 May 1960. (1)
This new European organization was founded on the premise of a progressive elimination of customs duties on industrial products, but with the exclusion of agricultural products and maritime trade, and providing for closer economic cooperation. In 1961 Finland became an associate member of EFTA and a full member in 1986. This Scandinavian country did have a special political status after the Second World War because of the strong influence of the Soviet Union. The leaders in Moscow was suspicious towards EFTA and feared that Finland's rapprochement with EFTA would weaken the relations with the communist Eastern European world. That's the

reason why Finland negotiated this matter with the Soviet Union separately. Moscow agreed that Finland could be an "associate" member of EFTA and the USSR was granted the same tariff reductions as the EFTA countries.(2)
Iceland became an EFTA member in 1970. The reason for the country's delay was the importance of the fisheries industry and the fact that it depended almost exclusively on fish products for its export. Therefore Iceland could not benefit fully from the industrial free trade rules of the EFTA area.(3)
The other EFTA states established an economic fund for the new member to foster the industrial development of Iceland. Iceland was granted tariff and quota free entry to the markets of the other countries immediately upon accession. In 1973 three EFTA members (UK, Denmark and Ireland) were joining the European Communities. Norway was also a candidate , but the Norwegian people rejected the demand in a referendum in 1972. (23) In the same year the other EFTA states signed the " Free Trade Agreements" (FTA) with the European Communities.
Since 1973 the EEC had nine member states and EFTA was reduced to seven member states (Austria, Iceland, Finland as associate , Norway, Portugal, Sweden and Switzerland) .
These FTA's became the general economic framework between the EEC and the EFTA states until the creation of the European Economic Area in 1992.
In 1979 EFTA concluded a free trade agreement with Spain after that this country became a Western democracy. Portugal left EFTA on 1 January 1986 for membership of the EEC and this together with Spain. Also in 1986 Finland became a full EFTA member.
A protocol attached to the treaty establishing EFTA provided that the EFTA treaty was also applicable to Liechtenstein as long as it formed a customs union with Switzerland, dating back since 1923. Liechtenstein became an EFTA member in 1991 and joined the EEA from 1 May 1995.
In 1995 Austria, Finland and Sweden moved from EFTA to the European Community. Norway was also a candidate for joining the EC, but again the application didn't survive a national referendum held in November 1994. This was the second time that the Norwegian population voted against membership of the EEC. The end of the cold war reduced the importance of the traditional neutrality of Austria, Finland and Sweden. (24) But even today these three countries are not members of the military organization: NATO.
Since 1995 the EFTA member are still with four. In Vaduz on 21 June 2001, the four member states signed an amended EFTA convention which entered into force on 1 June 2002..
The four remaining EFTA member states have made important reservations to the EFTA convention by means of annexes. They should be read concurrently with the EFTA convention. These reservations have made from the EFTA convention a far more complex treaty in daily practice..

III. The "European Economic Area"

In January 1989 Jacques Delors, president of the European Commission, proposed in a speech before the European Parliament a new more structured partnership with the EFTA countries . (4) The " European Economic Area" (EEA) treaty was on 2 May 1992 in Porto, by the European Economic Community, Norway, Liechtenstein and Iceland and entered into force on 1 January 1994, although Liechtenstein joined the EEA in 1995. Switzerland opted to stay out of the EEA after a negative result in a referendum during December 1992. But the Swiss confederation later concluded bilateral agreements with the European Union. (Matthijs, 2011: 527) The bilateral agreements between the EU and the Swiss confederation are the result of negotiations and adoption in referendums during 2000 and 2004. The "Schengen" agreement was subject to a referendum in June. In comparison with the EEA these bilateral agreements enable third party country (Switzerland) to negotiate individually.(26)
Today the EEA comprises 32 European states (28 EU member states as well as the EFTA states, with the alternative membership of Switzerland.
The EEA agreements provides for the application of the European Union (EU) legislation covering the four freedoms, in casu : the free movement of goods, services, capital and persons. Also the common rules on competition and state aid are applicable in all the EEA states. Also the EEA treaty covers cooperation in areas as research, education, social policy, environment, culture etc… (6)
But the EEA agreement does not cover the following matters: common agriculture and fisheries policies, customs union, common, trade policy, common foreign and security policy,
justice and home affairs and the economic and monetary union.
But the EFTA member states are part of the Schengen area.
For the decision making of the EEA the EU and the EFTA states created several joint bodies.

IV. The EFTA budgets

In the field of budgets, there could be no greater difference between EFT and the EU. Some public financial connections between EFTA and the EU general budget exist. We start our analysis with the cost of the different EFTA budgets for their member states.

A. EFTA budget

The general EFTA budget concerns the secretariat which is located in Brussels and Geneva. The secretariat prepares the annual budget of the EFTA, while the Council takes the final decision. The Council's budgetary powers are laid down in Article 44-C of the EFTA convention: " ... to establish the financial arrangements necessary for the administrative expenses of the association, the procedure for establishing a budget and the apportionment of those expenses between the member states." The current currency used by the EFTA budget is the "Franc Suisse" (CHF), the official currency in two member states: Switzerland and Liechtenstein. This budget concerns the costs of the secretariat, the council, the cooperation programmes with the EU, the statistical cooperation with the EU, the EEA related activities, the trade relations with countries outside the EU etc…
The following table gives a survey of the main budget posts for 2014.

TABL: I EFTA BUDGET 2014 (in CHF)

- managing the EEA Agreement:	8.145.000
- trade relations:	4.562.000
- Council activities:	2.104.000
- EU/EFTA cooperation programmes :	3.177.000
- Administrations:	3.658.000
- EFTA/EU statistical cooperation:	723.000
- Total outlays i/t budget:	22.369.000

Source: EFTA budget 2014 (5)
The evolution of the EFTA budgets is as follow over the last five years (in: CHF and comparing with euro) , like indicated in the table II.

TABLE: II The evolution EFTA budgets (in CHF)

2009:	24.437.000 (or 20 million Euro)
2010:	25.010.000 (or 20,5 million Euro)
2011:	23.654.000 (or 19,3 million Euro)
2012:	22.066.000 (or 18,1 million Euro)
2013:	22.298.000 (or 18,2 million Euro)
2014:	22.369.000 (or 18,3 million Euro)

Source: EFTA budgets 2009- 2014 (euro exchange rate as at 21 April 2014).

The EFTA budget is only a fraction of the general budget of the European Union, f.e. in 2014 with 135,5 billion Euro as total outlays.
The fact that Switzerland is not a member of the EEA has an impact on the contributions of the states regarding this budget. The yearly budget contributions of the four EFTA member states are determined by the Council – based on the GDP of the members. The following table gives a survey of the shares of the member states in the EFTA budgets since 2009.

TABLE: III MEMBER STATES SHARES

		2009	2010	2011	2012	2013	2014
-	Norway	53.00 %	56.29 %	57.12 %	56.55 %	55.85 %	55.35 %
-	Switzerland	41.44 %	38.02 %	37.68 %	38.64 %	40.15 %	40.95 %
-	Iceland	4.59 %	4.81 %	4.33 %	3.83 %	3.07 %	2.73 %
-	Liechtenstein	0.97 %	0.88 %	0.87 %	0.88 %	0.93 %	0.96 %

For 2014 gives these shares a contribution of 10,1 million euro for Norway, 7,5 million euro for Switzerland, 0,5 million euro for Iceland and 0,2 million euro for Liechtenstein.
These sharers in national contributions are mainly paid by the two most important members, namely: Norway and the Swiss confederation. Based on the figures of the "IMF" (International Monetary Fund) Norway had an average of 54.397 US dollar (in GDP per capita in PPP over 2012) , Switzerland an average of 44.864 US dollar and Iceland of 39.178 US dollar. (EFTA, 2014: 37) Seeing the differences and the fact that the Swiss confederation isn't a full member of the EEA explains these shares of national contributions to the EFTA budget.

B. The EFTA Surveillance Authority

The "EFTA Surveillance Authority" (ESA) monitors compliance with the EEA rules in the three full member states. This organization respect their obligation under the EEA agreement and protects the rights. In monitoring and enforcing the agreement , the ESA has powers that correspond to those of the EU Commission. (11)
The Surveillance Authority has nearly 60 people in service with a fixed term contract of three years. In general the three members of the ESA collegial body are national experts from the pubic administrations of Norway, Liechtenstein and Iceland. The next table illustrates the shares and the contributions in Euro. The budget 2013 was adopted at 12,7 million Euro.

TABLE: IV ESA budget (in euro)

	Norway	Iceland	Liechtenstein
share	89%	9%	2%
contribution	11.303.000	1.143.000	254.000

The Surveillance Authority budget is strictly internal and for administrative expenditure. Inside the EFTA these three countries have negotiated their national contribution to the ESA in a fixed percentage. (12)

C. The financial mechanism.

The EEA Agreement of 1992 established a financial mechanism according to which EFTA/EEA states contribute financially to the reduction of disparities between the regions of the European Economic Area. It concerns the EEA grants coming from the full EFTA members (Norway, Iceland and Liechtenstein) and the Norwegian grants which are contributing to reducing economic and social disparities in the EEA.(7) The financial flows are managed by the “Financial Mechanism Office” (FMO), located in Brussels, which is administratively linked to the EFTA secretariat. The budget of the ‘FMO’ is not part of the EFTA budget.

The EEA grants are a five year funding schemes (2009-2014) for 16 poorer EU states: Bulgaria, Croatia, Cyprus, Czech republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain. In accordance with the EEA Agreement the three EFTA/ EEA states contribute to social and economic progress in the least developed EU member states. The idea behind this was and still is that the EFTA states have a higher standard of living compared to the poorest EU member states. In 2004 there was a very great expansion with ten new states to the EU. The EU wanted a greater contribution from the EFTA states in the financial mechanism. However, the smaller countries Liechtenstein and Iceland were not convinced. Since that year Norway decided unilaterally to create the Norwegian grants which are thus separated from the EEA grants. (21)

Since 2009 there is the fourth Financial Mechanism for the period till 2014 with a split system between the EFTA grants and the Norwegian grants.

TABLE: V EFTA grants (in million euro)

EFTA grants:	993 million Euro
(with a share of 94% by Norway = 933,4 million, 5% by Iceland = 49,6 million euro, 1% by Liechtenstein = 10 million)	
Norwegian grants:	804,6 million
Total sum grants:	1.797,6 million

Source: EFTA (7)

The grants are divided over the economically weak states EU members as followed (expressed in million Euro). This weakness of these EU states is also proved in table eight (infra) concerning the EU contributions.

The next table indicates the division of these EFTA and Norwegian grants over the eastern - and southern EU members.

TABLE: VI Division grants (in million euro)

1.	Poland:	578,1
2.	Romania:	306
3.	Hungary:	153,3
4.	Czech Republic:	131,8
5.	Bulgaria:	126,6
6.	Lithuania:	84
7.	Slovakia:	80,8
8.	Latvia:	73
9.	Greece:	63,4
10.	Portugal:	58
11.	Estonia:	48,6
12.	Spain:	45,9
13.	Slovenia:	26,9
14.	Croatia:	9,6
15.	Cyprus:	7,9
16.	Malta:	4,5

Source: 53rd annual report EFTA (10)

These grants are divided among the EU states on the basis of parameters such as population, GDP etc.

The EEA/EFTA grants are related to completed programs in areas such as environment protection, ,climate change, civil society, human and social development, cultural heritage, research and scholarship.

The Norwegian grants are linked with programmes in the sectors of carbon capture, green industry, decent work and tripartite dialogue, research and scholarship; human and social development, justice and home affairs.

D. The EEA budget.

Article 82 and protocol 32 of the EEA agreement are setting the budget rules concerning the EFTA contributions to the EU general budget.(EEA see supra point III)

It's the role of the EEA Joint Committee in which the budgetary decisions are taken. The three EFTA/EEA states and the European Commission are the members of this joint committee. The EEA budget is a yearly part of the general budget of the European Union. (15)

These contributions of Norway, Iceland and Liechtenstein are paid directly by the national budgets through their treasuries and are calculated in accordance with the rules of Article 82 of the EEA agreement, which stipulate that the GDP of each EFTA/EEA state will be divided by the sum of all the GDP's of the 28 EU member states plus the GDP of the EFTA state. For example, the GDP of one of the three states is 400 million Euro and the GDP of all EU member states is equal to 15,000 million Euro. The proportionality factor of this country is: 400 / 15.000 + 400 or 2.59% share.

For 2014 this proportionality factor and it's evolution is the following percentage as a share in the contribution for all the three EFTA states in the EU/EEA budget, namely:

2004 : 2.29% (Norway: 2.18%; Iceland: 0.10% and Liechtenstein: 0.01%)

2014: 3.03% (Norway: 2.92%; Iceland: 0.08% and Liechtenstein: 0.03%)

The share of Norway in this EFTA/EEA financial mechanism continues to rise in accordance with the banking problems of Iceland. But also the share of the three EFTA countries is going up compared with the EU states in the EEA financial mechanism. The reason here is the financial problems and the difficult situation of the public finances in a lot of EU member states, which lead to a reduction of the GDP in several countries.

For the 2014 EEA budget the payments contributions are fixed at 178.429.321 euro. That gives for Norway (171.951.688), Iceland (4.711.006) and Liechtenstein (1.766.627).

The EEA contributions of this three EFTA states are related to programs, such as Galileo, culture, Erasmus for exchange university students , drug protection etc. and/or agencies such as the European Environment Agency, European aviation safety agency, European railway agency etc.

E. The Swiss contributions.

The Swiss contribution to the European Union exists in two parts, namely: the cooperation with the EU programmes and the support for the new EU members.

a. The EU budget

Switzerland is not a member of the EEA although it contributes on a bilateral way to some EU budget lines, e.g. to the 'Schengen acquis'. The Swiss financial contributions are the result of bilateral agreements between the European Commission and Switzerland. After Swiss voters had rejected participation in the EEA in December 1992, an amendment to the original formula of the financial mechanism became necessary.

Switzerland contributes in 2014 for 536 million CHF (439 million euro) in EU projects as research (458 million CHF), the "Schengen" (open borders) agreement (31,22 million CHF, education (25,4 million CHF) etc… (31)

In the period 2010-2014 this Swiss contribution for the EU budget increased from 376 million CHF to 536 million CHF or plus 42%.

b. The new EU members

On 26 November 2006 the Swiss voters approved in a referendum a Federal act on cooperation with the new EU states and this act provides the statutory basis for an additional enlargement contribution concerning the integration of Bulgaria and Romania in 2007. (30)

This enlargement contribution is a token of solidarity and responsibility in the European integration by Switzerland and concerns only the new EU member states of 2004 and 2007. This is a difference with the EFTA grants that related is with 16 states.

In July 2012 the commitment period of Switzerland's EU enlargement contribution comes to an end after five years. The implemented projects will have the financial support of the Swiss confederation until the end of 2017.

In practice the Swiss government negotiates directly with the beneficiaries and the payments are possible over the period 2007-2017.

The Swiss enlargement contribution concerns 1.257,1 million CHF (1.030,9 million euro) for the period, divided as follow over the 12 new EU member states from 2004 and 2007. The next table gives the amount of the Swiss grants for these states.

TABLE: VII Swiss grant (million CHF)

Poland:	489
Romania:	181
Hungary:	130,7
Czech Republic:	109,8
Bulgaria:	76
Lithuania:	70,9
Slovakia:	66,9
Latvia:	59,9
Estonia:	39,9
Slovenia:	22
Cyprus:	6
Malta:	5

Source: La contribution Suisse à l'élargissement. Rapport d'activité 2012 (30)

Despite the support of the EFTA states the level of prosperity is relatively low. The breakdown of the enlargement contribution by projects goals is as follow: projecting environment 39%, promoting economy and improving the working conditions 26%, improving security services 15%, enhancing public safety and security 10%, strengthening civil society 8% and project preparation 2%.

F. Total EFTA contributions.

Based at the figures (points A – E) the total contributions from the EFTA countries to this organization and the EU is as following for the year 2014.

Switzerland pays 439 million euro for the EEA projects and an yearly average of 103 million euro for the new member states (average over ten years). This amount of 542 million euro has to increase by the EFTA contributions of the Swiss confederation. This gives a total cost of 549,5 million euro or 68 euro per citizen in the Alp state.

Norway pays for the EEA projects (171,9 million), the EFTA grants (186,7 million / average over five years) , the own Norwegian grants (160,8 million / average over five years), the EFTA budget (10,1 million and the ESA budget (11,3 million) or a total amount of 540,8 million euro or 107 euro per capita.

Iceland contributes for the EEA projects (4,7 million), the EFTA grants (9,9 million/average over five years), the EFTA budget (0,5 million) and the ESA budget (1,1 million) or a total national cost of 16,2 million euro or 50 euro per capita.

Liechtenstein pays for the EEA projects (1,7 million), the EFTA grants (2 million / average over five years), the EFTA budget and ESA budget (together 0,4 million) or a total cost of 4,1 million euro or 18 euro per citizen.

The conclusion of this budget exercise is that the Swiss confederation is paying the greatest contribution concerning the invoice for the EFTA and the EEA/EU. This conclusion can be explained by its considerable GDP and the greatest population. The Swiss government calculated the price for the Confederation if Switzerland should be a EU member state. (32) The application of the financial system concerning the own resources if the EU should cost Switzerland in 2011 nearly 5,3 billion CHF (4,4 billion Euro). This amount is a lot higher than the present Swiss contributions to the EU projects, the new EU member states and the EFTA budgets.

If we compare Norway with the other three Scandinavian EU members, then we come to the same conclusion. Indeed a Norwegian membership of the EU shall cost this Nordic country a lot more money than the present EFTA/EEA/grants contribution.

Knowing the fact that the Norwegian GDP is in total and per capita higher than in the three other Scandinavian member states, a EU membership will cost Norway a lot more than the present contribution to the EEA and the EFTA. (see: table VIII, infra)

V. The EU member budget cost.

Compared with the European Union the EFTA financing is based on national contributions. The EU system is since 1970 based on the principle of the own resources.(25) The present system is related with the EU council decision nr. 436 of 7 June 2007.(13) There are three kinds of own resources, namely: 75% of the duties charged on imports of products coming from outside the Union. An uniform yearly percentage of the 'VAT' (Value Added Tax), which is for 2014 fixed at 0,3% of the national profit. The main own resource is the uniform percentage rate applied to the "GNI" (Gross National Income) of each member state.

The next table gives a survey of the total contributions of the 28 member states to the EU budget and a calculation of the national cost per capita.

TABLE VIII: EU financing (population in millions & contribution in billions of euro & capita in euro)

	Population	Total contribution	Per capita
Germany	80,5	28,4	353
France	65,5	21,7	332
Italy	59,6	16,3	274
UK	63,9	14,6	229
Spain	46,7	10,8	232
Netherlands	16,7	7,4	444
Belgium	11,1	5,3	475
Sweden	9,5	4,5	470
Poland	38,5	4,1	107
Austria	8,4	3,0	365
Denmark	5,6	2,7	487
Finland	5,4	2,1	385
Greece	11,0	1,7	160
Portugal	10,4	1,6	157
Ireland	4,6	1,5	332
Czech republic	10,5	1,5	144
Romania	20,0	1,4	74
Hungary	9,9	1,0	101
Slovakia	5,4	0,7	143
Bulgaria	7,2	0,45	61
Croatia	4,2	0,45	107
Slovenia	2,0	0,40	194
Lithuania	2,9	0,38	128
Luxembourg	0,5	0,33	629
Latvia	2,0	0,24	122
Estonia	1,3	0,19	150
Cyprus	0,8	0,16	189
Malta	0,4	0,07	177

Source: figures concerning the population are based on 'Eurostat' and the budget one at the EU budget 2014 (14)

The six founders of the EEC (Benelux countries, Germany, France and Italy) still contribute nearly 58% of the EU budget 2014. If we take the enlargement of 1973 with nine then this group is still contributing the EU budget with a share of 73%. The group of twelve (1981 Greece and 1986 Spain and Portugal) contributes the 2014 budget for 84% and the enlargement in 1995 (Sweden, Finland and Austria) brings the financing of the group of 15 to 91%. The accession of the 13 new member after 1995 has certainly not brought any budgetary windfalls. It also says a lot of about the differences in prosperity between the former fifteen of 1995 and the enlargement with 13 south and eastern states during the new century.

If we compare the total cost between the EFTA/EEA and the EU membership then the conclusion is very clear. Indeed the EFTA budget and the EEA matters are cheap for the state treasuries of the four member states. For Norway is the cost per capita to compare with Poland and Switzerland is on the same level as Bulgaria. If we compare the Norwegian contributing with the other EU Scandinavian countries (Sweden : 470 euro per capita, Denmark: 487 and Finland: 385) the EFTA/EEA financing by Oslo is cheap ! Also for the little member states as Iceland and Liechtenstein the EEA/EFTA financing is low compared with countries as Luxembourg and Malta. The EFTA is connected with the EEA matters (see point three) and the budget differences in financing is related with the strictly EU competences as foreign policy, the political union, the EMU and the political union. These last matters are making the difference in the contributions by member states.

VI. CONCLUSION

After 50 years of existence, the European Free Trade Association is still a political and economic alternative for European countries, which want to remain outside the European Union. The reasons for being a member state of EFTA are today exactly the same as they were 50 years ago: EFTA states can maintain their independent monetary policy, foreign affairs, defence and agriculture and fisheries policies. On average, EFTA states enjoy a higher GDP per capita and a lower unemployment rate than the EU-28.

Norway, Iceland and Liechtenstein are the EFTA states that signed the EEA Agreement of 1992 with the European Community whereby they accepted the four freedoms of the internal market "acquis" as well as future secondary legislation with the exception of the European Union's customs unions and other flanking policies. Since then, the EU became the unchallenged and most important trade partner of EFTA, representing nearly 70,8% of external EFTA Trade. (8)

As an organization, EFTA maintained a minimal structure and a minimum of personnel. It proves that a light-footed organization can perform efficiently if supported by national administrations. The operational costs are kept at a very low level and therefore the organization is cost-efficient. The EFTA budget is limited to administrative expenditure. But the EFTA contributes also directly (Norway, Iceland and Liechtenstein) to the social and economic development of the EU and the EEA.

The Swiss confederation has its own independent position by making bilateral contributions to the EEA programs and the enlargement. The two most important financial contributors to the EU are Norway and Switzerland which have sufficient budgetary means at their disposal. This is an unique example of a one-way solidarity between EFTA and the EU. However, full EU membership would be more expensive for all the four. It is perhaps the biggest achievement of EFTA that its member states form part of the enlarged internal market of the European Union but at a much cheaper budgetary price.

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