

## Lively external trade relations

Liechtenstein has particularly close trade relations with its neighbouring countries. The Principality is bound with Switzerland by a comprehensive network of contracts in the economic sector. The economic connections with Austria are also very diverse. The frontier commuters have become a very important part of Liechtenstein's labour market. In 1996, Liechtenstein's industry employed more than 14,000 persons in foreign branches, more than in Liechtenstein itself. Because of the small domestic market, Liechtenstein's industry is almost entirely based on exports. The export levels have increased 125 times since 1950, with 14 percent going to Switzerland, 6 percent to the remaining EFTA countries, and 45 percent to the EU; the remainder is exported to other countries.

The legal basis for Liechtenstein's foreign economic relations is the contract with Switzerland signed in 1923 concerning the inclusion of the sovereign state in the Swiss customs region. Liechtenstein became a part of the Swiss customs and economic region as a result of this contract. All customs and trade agreements concluded by Switzerland also apply to Liechtenstein.

The Conventions of EFTA and the European Economic Region apply to Liechtenstein, too. The member states of the European Coal and Steel Community concluded bilateral free-trade agreements.

Because of very strong foreign trade relations, it is a matter of course that foreign trade developments are closely observed in Liechtenstein, especially the development in Europe, but also all over the world. As regards its foreign policy, Liechtenstein has become more active in recent years. In 1978, it became a member of the Council of Europe. In 1990, it joined the United Nations, and in 1991 it became an independent member of EFTA. In 1991, the population voted for the participation in the European Economic Region, of which Liechtenstein is now a member.

## Employment and social security

The economic upswing has led to a high grade of employment. Since the 1950s, the country has enjoyed full employment, unemployment has been virtually non-existent. Since 1990, the recession has become noticeable in Liechtenstein, too, and it has changed the situation on the labour market. In comparison with other countries, the unemployment rate is quite low with about 2 percent. The institutions for the social security of the population, founded during the years of economic upswing, have been extended to cover various risks. There are agreements in the field of the social security with Switzerland, Austria, the Federal Republic of Germany and Italy. Nowadays, Liechtenstein is one of the countries with a high per capita income.

*Das Zentrum von Vaduz hat sich in den vergangenen Jahrzehnten stark verändert. Wo früher Wohnbauten aus früherer Zeit die Straßen säumten, stehen heute moderne Bank- und Geschäftshäuser. Auf steilem Felsen thront über den heutigen Bauten das Schloß Vaduz als Garant des Bleibenden.*

*Le centre de Vaduz s'est fortement transformé au cours des décennies passées. Là où jadis les anciens bâtiments d'habitation bordaient les rues, on trouve aujourd'hui des banques et des magasins. Et c'est au-dessus de la ville actuelle que trône le château de Vaduz sur son rocher escarpé, garant de la continuité.*

*The centre of Vaduz has changed dramatically over the last few decades. Modern banks and office blocks line the streets where old residential buildings used to stand. Towering high above the city, Vaduz Castle bears witness of times gone by.*

