

'Agreement reached on the European Economic Area' from the Luxemburger Wort (23 October 1991)

Caption: On 23 October 1991, the daily newspaper Luxemburger Wort analyses the implications of the agreement on the European Economic Area concluded the previous day in Luxembourg between the Twelve and the seven member countries of the European Free Trade Association (EFTA).

Source: Luxemburger Wort. Für Wahrheit und Recht. 23.10.1991, n° 244; 144e année. Luxembourg: Imprimerie Saint-Paul. "Wirtschaftsraum unter Dach und Fach", auteur:Freudenberg, Tobias , p. 1.

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Agreement reached on the European Economic Area

EEA will strengthen Europe's position in the world / Switzerland announces EC accession application

By Tobias Freudenberg

Luxembourg. — Agreement has been reached on the world's largest common economic area. After a 17-hour negotiation marathon in Luxembourg, the European Community and the European Free Trade Area (EFTA) agreed on Monday night to combine their 19 countries in a European Economic Area (EEA) as from 1993. As a result, the seven EFTA Members — Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland — will in principle take part in the EC's internal market. Encompassing 375 million consumers, the EEA will extend from the North Cape to Sicily.

The three main issues, which had already brought negotiations to a standstill for over six months, also remained crucial during the final round. The liberalisation of HGV transit traffic across the Alps, access for EC fishermen (especially from Spain) to the abundant waters of Norway and Iceland, and a special fund financed by the wealthy EFTA States to help deprived EC regions were strongly disputed right until the end. Because of the EEA's significance, not only for the member countries themselves but also as a model for the countries of Central and Eastern Europe (CEECs), the parties eventually resigned themselves to having to accept some compromises in these matters.

While the 19 delegations were still congratulating each other on this success, the next surprise was already at hand: René Felber, the Swiss Foreign Minister, stated that same evening that, while the EEA was an outstanding affair, its scope was insufficient for the Swiss economy. The Confederation would therefore now aspire to full Community membership. His view is shared by the Swiss population: a survey published yesterday revealed that most Swiss preferred direct EC accession to EEA membership.

Of the seven EFTA member countries, Austria and Sweden have already submitted their application for accession to the EC. Negotiations are to start as early as the beginning of 1993. Brussels is expecting Finland to follow suit next spring and is also counting on a Norwegian application. The Swiss, however, do not intend to be put under pressure by the other countries. According to Foreign Minister Felber, they have not as yet established a detailed timetable for themselves.

Despite these declarations of intent to accede to the EC, the EEA nevertheless remains of great significance for the EFTA States. Accession negotiations are not expected to finish before 1995. Until then, even the applicant countries will need access to the internal European market, which they are now granted through the EEA, in order to participate in the free movement of goods, services, capital and persons. These 'four fundamental freedoms' are at the core of the EEA Treaty's trade policy.

Even so, there are still a number of trade policy differences between the internal European market of the Twelve and the economic area of the Nineteen. The EC is a customs union with a common external customs border and within whose internal borders customs checks will be abolished. The EFTA countries will remain excluded from this. They will have to continue to produce certificates of origin for all goods, and border checks on imports from these countries will also be maintained.

Both sides are using safeguard clauses to protect themselves against cheap indirect imports and dumping practices. Should one side unfairly close its import borders, the other side is entitled to respond with countermeasures in the same economic field. In areas where no trade distortions are to be expected, for example in the field of environmental protection, the EFTA countries will adopt the (normally less stringent) EC norms. They also have to comply with EC rules regarding what are known as accompanying policies in the areas of competition, environment, research and social policy. It has been guaranteed in this connection that, whenever the EC is devising new policies or laws which will subsequently also have an effect on the EEA, the EFTA countries will always be consulted in advance.

Beyond the issue of free trade, the EFTA countries will, however, be largely excluded from EC policies.

They will, for example, not take part in the EC's common agriculture and foreign trade policies. This is also the reason behind the Community's demand for the creation of a special fund to help the poorer regions in southern Europe and Ireland which also receive EC subsidies under the Regional and Social Funds.

The EFTA countries will also be excluded from the future Political Union as well as from the Economic and Monetary Union (EMU). They are, nevertheless, already endeavouring to adapt their currencies to the narrow fluctuation margins applied in the European Monetary System (EMS). Just like the EEA, this is also done in preparation for Community accession.

All parties concerned were in agreement that the strengthening of Western Europe through the EEA would also send an important signal to the countries of Central and Eastern Europe (CEECs). In times of political upheaval, the common economic area will be a guarantee for stability. Five hundred legal acts with several thousand pages of EC laws will now have to be incorporated into EFTA law so as to provide the structures with a common denominator. According to the Netherlands Minister for Europe and EC Council President Piet Dankert, the signing of the agreement will 'take place in several weeks' time', once several technical details have been clarified.