

## 'Particular problems concerning Denmark and Norway' from Bulletin of the European Economic Community (1972)

**Caption:** In January 1972, the Bulletin of the European Communities offers an in-depth analysis of the economic problems arising from the planned entry of Denmark and Norway into the European Communities.

**Source:** Bulletin of the European Economic Community. Dir. of publ. European Economic Community. 1972, n° Supplement 1/1972. Luxembourg: Office for Official Publications of the European Communities. "The Enlarged Community: Outcome of the negotiations with the applicant States", p. 55-60.

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## Particular problems concerning Denmark and Norway

[...]

### Denmark

71. The negotiations with Denmark progressed fairly steadily and in general maintained the same rhythm as those with the United Kingdom.

Among special problems for which solutions were found mention should be made of Greenland and the Faroes, in particular as regards fisheries, and the transitional measures governing Community legislation on freedom of establishment in agriculture, veterinary legislation, prices of ECSC products and the exemption from customs duties for persons travelling within the Community.

#### *Protocol on the Faroe Islands*

72. The decision on the accession of the Faroe Islands to the European Communities is left to Denmark and will have to be taken by 31 December 1975. Before that date, the customs treatment applicable to exports to other parts of Denmark will remain unaltered; these goods, however, cannot be considered as being in free circulation if they are re-exported to another Member State.

Should these islands become part of the Community, the customs duties to be applied vis-à-vis non-member countries will be those that would have resulted from an adaptation to the CCT if this accession had taken place simultaneously with the accession of Denmark. This principle of retroactivity will not apply to Danish nationals of the Faroe Islands, who will only be considered as such from the date on which the Act of Accession becomes applicable to these Islands. Special measures will be taken for fishery products, for which the institutions of the Community will find "adequate solutions".

#### *Capital movements*

73. Consultations will take place between the new Member States and the Commission about procedures for applying measures of liberalization or relaxation, the implementation of which may be deferred under the following provisions:

(a) for a period of two years after accession, Denmark may defer the liberalization of purchases by non-residents of bonds denominated in Danish kroner and dealt in on the stock exchange in Denmark, including physical transfers of the securities in question;

(b) for a period of five years after accession, Denmark may defer the liberalization of purchases by persons resident in Denmark of foreign securities dealt in on the stock exchange and of repurchases from abroad of Danish securities dealt in on the stock exchange, denominated entirely or partly in foreign currency, including physical transfers of the securities in question.

From the date of accession, Denmark will proceed to a progressive liberalization of the operations referred to in paragraph (a) above.

#### *Greenland*

74. Denmark may retain its national provisions whereby a six-month period of residence in Greenland is required to obtain a licence for engaging in certain commercial activities in that territory. This system may be liberalized by a decision of the Community institutions. Retention of the system is, however, subject to Article 53 of the EEC Treaty, under which Member States are forbidden to introduce new restrictions on the establishment in their territories of nationals of other Member States.

The institutions of the Community will seek, within the framework of the common organization of the

market in fishery products, adequate solutions to the specific problems of Greenland.

*Duty-free entry of goods transported by travellers within the Community*

75. The provisions of the Council Directive on the harmonization of laws and regulations relating to exemption from turnover taxes and excise duty on imports in international passenger traffic will come into effect in Denmark on accession.

Until 31 December 1975, however, Denmark will have the right to exclude the following goods from such exemption:

- (i) tobacco products
- (ii) alcoholic beverages
- (iii) beer in quantities exceeding 2 litres.

This right does not apply to customs duties subject to the exemption rules from the date of accession under the provisions on passenger traffic between Member States. Furthermore, the Community institutions will decide, before 31 December 1975, whether and to what degree an extension of this derogation will prove necessary, taking account of the progress made towards economic and monetary union, particularly as regards harmonization of taxes.

*ECSC: Rules on pricing iron and steel products*

76. Each year the representatives of the Member States, meeting in the Council, fix a tonnage limit for imports of most iron and steel products from the countries of Eastern Europe. Side by side with this, the Commission, after consulting the Consultative Committee and the Council, prohibits enterprises of the Community from aligning their prices on quotations from these countries for the products in question. If this arrangement is continued after enlargement, the Community may stipulate that the above prohibition shall not apply for a three-year period to products intended for the Danish market. Community enterprises could thus align their prices, in the Danish market, on all quotations from third countries.

*Freedom of establishment in agriculture*

77. Subject, in each concrete case, to an examination in accordance with the system hitherto applied in Denmark, this country will be granted a five-year transitional period in which to implement the Council Directives concerning:

- (i) freedom of establishment for nationals of other Member States who have worked as paid agricultural workers for an unbroken period of two years;
- (ii) freedom of establishment on farms that have been derelict or uncultivated for more than two years ;
- (iii) freedom for farmers who are nationals of one Member State, and are established in another Member State, to move from one farm to another;
- (iv) application of Member States' legislation on farming leases to farmers who are nationals of other Member States;
- (v) procedures for achieving freedom of establishment and freedom to provide services in respect of non-wage earning activities in silviculture and forestry.

**Norway**

78. Norway agreed to all the transitional measures adopted by the Conference. Special solutions, however, were reached for Norwegian agriculture and the fishing industry.

#### *Norwegian agriculture*

79. On the question of Norwegian agriculture the Conference adopted a protocol which recognizes that the special problems created for Norway's farmers by accession to the Community might not be solved by the end of the transitional period. It was therefore necessary to make provision for specific arrangements which may in no way form a precedent and which are aimed at maintaining the living standards of Norwegian farmers without departing from the rules of the common agricultural policy.

#### *Protocol on Svalbard (Spitzbergen)*

80. Norway is to have the option of excluding the island of Svalbard from the scope of the Treaties. If it does so, no change will be needed in the customs treatment applicable to imports into Norway of goods originating in and coming from Svalbard; these goods will not, however, be treated as in free circulation if they are re-exported to another Member State.

Since Svalbard's exports at present consist entirely of coal, this special treatment raises no practical problems, but should the situation change, particularly following decisions under the common policies, the Community institutions will reconsider the matter in order to take account of the implications of the change as to the treatment of imports from Svalbard.

#### *Capital movements*

81. Consultations will be held between the new Member States and the Commission on the procedures for applying measures of liberalization or relaxation, whose implementation may be deferred. In Norway's case these measures are:

- (a) Liberalization of capital imports for direct investment, in the form of long-term loans, in undertakings already established in Norway: deferrable for two years after accession;
- (b) Liberalization of commercial credits for a period not exceeding five years where the foreign lender is a financial institution: deferrable for two years after accession;
- (c) Liberalization of purchases by non-residents of shares denominated in Norwegian kroner and dealt in on the stock exchange in Norway, including physical transfers of the securities in question: deferrable for two years after accession;
- (d) Liberalization of operations effected by persons resident in Norway in foreign securities dealt in on the stock exchange, including physical transfers of the securities in question: deferrable for five years after accession.

When granting authorization for the operations under (a) above Norway will from the date of accession avoid discrimination between Norwegian undertakings, whether or not they are controlled by undertakings of other Member States.

#### *ECSC: rules on pricing of iron and steel products*

82. The present system is that each year the representatives of the Member States, meeting in the Council, impose a tonnage limit on most iron and steel products from the east European countries, while the Commission, after consulting the Consultative Committee and the Council, prohibits Community undertakings from aligning their prices on quotations from these countries for the products in question. If this arrangement is continued after enlargement, the Community may provide that, for a period of three years, the prohibition is not to apply in the case of products bound for the Norwegian market. Accordingly,

in the Norwegian market Community undertakings would be able to align on all quotations from third countries.