

## Parliamentary briefing by Ulf Dinkelspiel on the EEA agreement (24 October 1991)

**Caption:** On 24 October 1991, Ulf Dinkelspiel, Swedish Minister for European Affairs and Foreign Trade, gives a parliamentary briefing in which he explains the importance for Sweden of the establishment of the European Economic Area (EEA).

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## Parliamentary briefing on the EEA agreement by the Minister for European Affairs and Foreign Trade, Mr Ulf Dinkelspiel (24 October 1991)

*Madam/Mr Speaker,*

After two years of intense negotiations, agreement has been reached on a European Economic Area. It is of course particularly gratifying to be able to say this the first time I have the opportunity to brief Parliament on the European question.

This is the most comprehensive agreement Sweden — or the European Community, for that matter — has ever entered into. As from 1 January 1993, the seven EFTA countries and the twelve EC member states will form a single, large European market with free movement of goods, services, capital and persons. At the same time, closer cooperation will be entered into in a number of other areas. A total of 380 million people will be affected by the EEA.

This is an agreement in the spirit of our time, a new and important building stone in the European architecture. As far as Sweden is concerned, it will very appreciably strengthen our cooperation with the EC, and is thus an important step towards Swedish membership of the Community.

It is an agreement which will make it easier for us to break free from economic stagnation and promote economic growth, and hence also to develop our welfare policies.

It is an agreement which opens up new horizons — for individuals and companies.

It is an agreement which will enable us to maintain a high level of protection as regards health, safety and the environment, and which paves the way for more effective international environmental cooperation.

It is an agreement which will put our country in a better position to be actively involved in efforts to build a new Europe.

*Madam/Mr Speaker,*

The final negotiations took place at parallel EFTA-EC ministerial meetings in Luxembourg on 21-22 October. Just before 3 a. m. on 22 October the very last outstanding political issue in the negotiations was resolved — fisheries. This question and those of a regional fund for the less developed EC regions and transit through Switzerland and Austria were, as was expected, the dominant issues at the meeting.

First, a few words about these three complex issues.

Fisheries — market access: the EC's offer was improved somewhat by a lowering of duties on certain fish products. As far as Sweden is concerned, this will substantially facilitate exports of fish to the Community.

Fisheries — resources: Norway accepted an increase in existing fishing quotas for the EC and a special quota was allocated to the less favoured EC member states. Sweden, which was asked to help resolve the resources issue, has declared its readiness to consolidate the 1986 agreement on Baltic Sea fishing quotas intact.

As regards investment in the fishing sector, Iceland and Norway will still have the right to apply domestic legislation.

On the question of a fund, the meeting arrived at a compromise which will entail a 'soft loan' facility totalling 1.5 billion ecus over five years and a grant element of 500 million ecus, corresponding to a total of Skr 15 billion. For Sweden, this means an annual budgetary undertaking of Skr 247 million over a five-year period.

Uncertainty remained to the very end on the question of transit through Switzerland and Austria. However, the bilateral transit agreements between the EC and Switzerland and Austria were finally approved, after a compromise had been reached between the Community and Austria. The core of the agreement is a progressive reduction of carbon dioxide emissions from transit lorries. Another key point is that the expected increase in transit traffic will be transferred to the railways, with the support of a major investment programme. Switzerland has agreed to certain exemptions from existing regulations on maximum lorry weight.

What, then, does the EEA agreement entail? Parliament has been regularly updated on the negotiations. In the last few days we have compiled an account of the main substance of the agreement, which has been widely disseminated. I will therefore confine myself to a brief summary.

First, the area of goods:

- In terms of the overall framework for trade, the negotiations have resulted in a considerably improved free trade area.
- The ECSC agreements for the coal and steel sectors will continue to apply. The danger of protectionist intervention affecting the Swedish steel industry has now been eliminated by supplementary provisions in the EEA agreement.
- Trade in specific products connected with the agricultural sector will be facilitated. Bilateral reciprocal liberalization agreements have been entered into.
- For the time being, border controls will be retained. However, the agreement will simplify border formalities.
- Common, more stringent rules will apply in the area of competition (merger regulation, state aid discipline, bans on cartels etc.).
- As far as possible, existing technical barriers to trade resulting from differing technical regulations are to be eliminated and new ones prevented from arising.
- One of the problem areas in this context has been differing levels of protection relating to the environment, health and safety in the EC and EFTA. In the agreement, the EFTA countries have managed to safeguard essential standards of protection, partly thanks to EC plans to introduce more stringent requirements in a number of areas.
- This means that we will retain our bans and regulations concerning dangerous substances and chemicals (e.g. asbestos). We have also secured a number of other exemptions and transitional arrangements (e. g. regarding vehicle emissions and CFCs).
- In addition, the EEA agreement contains common rules in the area of veterinary and phytosanitary controls.
- The EEA treaty includes, furthermore, common rules on procurement by state, regional and local authorities. The business sectors of the EFTA countries will now be entitled to compete on the EC's hitherto closed public procurement markets. These markets, with a daily turnover of Skr 10-12 billion, are important to Swedish industry and commerce.
- Anti-dumping measures and countervailing duties are in principle not to be applied in the EEA in those sectors where EFTA has fully adopted EC rules.

Secondly, capital and services:

- The basic principle is that capital movements and trade in services are to be fully liberalized and harmonized throughout the EEA. Free capital movements are a prerequisite for freedom of establishment.
- Economic and monetary cooperation will be strengthened by regular consultations and exchanges of information.
- The conditions governing the competitiveness of industry and the service sector will be improved by common rules on financial services, transport, audiovisual services, and telecommunications and new technologies.

Thirdly, the movement of persons:

- Here, it is a question of creating a common labour market which also encompasses members of employees' families, social security for migrant workers, the right of establishment for the self-employed, mutual recognition of diplomas, and simplified border controls.

And fourthly, 'flanking and horizontal policies':

- The scope of the EEA will also extend to a number of areas of cooperation which are not directly linked to any of the four freedoms, but which are important component parts of more extensive European cooperation.
- In all, the agreement covers twelve areas: company law, social policy, the environment, consumer protection, research and development, education, small and medium-sized enterprises, tourism, a citizens' Europe (an overall term for measures benefiting individual citizens in their day-to-day lives), civil protection, statistics, and the reduction of economic and social disparities between regions.
- The parties have also agreed to consult one another on foreign policy issues.

And now to the form of the EEA agreement:

- The agreement will include a main section regulating the goals and means of cooperation, substantive provisions on the four freedoms and flanking policies I have already referred to, and EEA institutions. This part of the agreement will thus correspond to primary EC law, in the first instance the provisions of the Treaty of Rome.
- Annexes to the agreement will incorporate relevant provisions of secondary EC law, adapted to the EEA context. This will be done by a reference technique, i. e. the full text of the provisions will not be included in the actual agreement.
- The regulations concerned are currently being translated, since these have to be published in their entirety in Swedish.
- EEA cooperation will build on joint decision-making procedures.
- At the ministerial level, an EEA Council will be set up, comprising representatives of all the EFTA and EC countries and the EC Commission. The EEA Council's task will be to provide general political guidelines and impetus, as well as to take decisions on modifications to the agreement.
- On a day-to-day basis, attention will be paid to both amendments to agreed EEA rules and entirely new EEA rules.
- Decisions are to be prepared for by means of ongoing consultations. The EFTA countries will have the right to request consultations on various issues or problems at any time and at any level.
- Decisions will be taken by an EEA joint body, which will also be responsible for administering the

agreement.

- To deal with serious economic, societal or environmental difficulties, a general safeguard clause has been included. This means that individual countries will have the right to depart temporarily from the provisions of the agreement, although they will then run the risk of countermeasures.
- The existing *acquis communautaire* is constantly being revised, with the adoption of additional rules, provisions governing application, and amendments. This work is carried out by a large number of committees under the EC Commission. Experts from the EFTA countries will be involved in this process in areas affected by EEA cooperation.
- To settle legal disputes at an international level, a joint EEA court will be established.
- A parliamentary body will be created for consultation between MPs from the EFTA countries and Members of the European Parliament. Similarly, a body for consultation between the social partners is envisaged.

*Madam/Mr Speaker,*

The timetable for subsequent work on the EEA agreement is as follows:

- Initialling in November.
- Signature in December.
- Customary consultation procedures in November-December.
- A government bill this winter.
- Finalization and ratification in the spring/early summer.

We naturally assume that the agreement will be ratified by all the countries involved. If that does not prove to be the case, the parties are agreed that a diplomatic conference will be convened to discuss the new situation.

*Madam/Mr Speaker,*

It is sometimes suggested that an EEA agreement - and by extension, membership of the EC - will solve all our economic problems. This is not the case. The foundations for doing that have to be laid here at home - by a sound economic policy. Nor will adjusting to new international competitive conditions be a painless experience. Whenever there is adjustment, there are both winners and losers. But the EEA agreement does provide a better basis for the sound economic development of Sweden.

Swedish membership of the European Community cannot be achieved until 1995 at the earliest. Thanks to the EEA agreement, we will now gain access to the Community's single market as of 1 January 1993.

The EEA agreement also establishes a higher degree of cooperation between all the EFTA countries and the EC. When Sweden joins the EC, we will therefore continue to enjoy well-developed cooperation with the EFTA countries that choose to remain outside the Community. In the framework of the EEA agreement, there will also be scope to expand Nordic cooperation.

The EEA agreement represents a major step for Sweden along the road to EC membership.

Finally, I would like to emphasize that broad agreement in Parliament on both our overall policy and the conduct of the negotiations has been a significant source of strength in the negotiating process. The

Government is anxious to preserve this unity as we now, on the basis of the EEA agreement, press on towards Swedish membership of the European Community.