

REPORT

on the results of the negotiations on the accession
of Austria, Sweden, Finland and Norway
to the European Union,
drawn up under the responsibility of the Presidency of the Council
in co-operation with the Commission's departments



CHAPTER 1. FREE MOVEMENT OF GOODS

Standards for the protection of the environment, health and product safety

It is agreed with each of the acceding countries that in certain areas of environmental, health and safety standards they can maintain their national rules for a transitional period of four years, during which the EU acquis in question will be reviewed in accordance with normal Union procedures. The temporary derogations are limited to exceptional, well-justified cases.

The review will be without prejudice to its outcome, which will bind all Member States. At the end of the transitional period, the EU "acquis" will be applicable to the new Member States in the same conditions as in the present Member States. In order not to hamper the proper functioning of the internal market, the enforcement of national rules during the transitional periods shall not lead to border controls between new and present Member States.

It is also agreed to insert in the Accession Act a Joint Declaration emphasising inter alia the great importance of promoting a high level of health, safety and environmental protection in the Union, with reference to the Resolution of 1 February 1993 on a Community programme of policy and action in relation to the environment and sustainable development.

By acceding country, the provisions for which the temporary derogations are agreed relate to:

Austria

- the classification, packaging and labelling of pesticides and plant protection products
- the classification and labelling requirements for certain dangerous substances and preparations
- the marketing and use of cadmium, pentachlorophenol (PCP) and organostannic compounds
- the cadmium content of fertilisers
- the composition of alkaline manganese batteries

Finland

- the classification, packaging and labelling of pesticides and plant protection products
- the marketing and use of PCP
- the cadmium content of fertilisers

Norway

- the classification, packaging and labelling of pesticides and plant protection products
- the classification and labelling requirements for certain dangerous substances and preparations
- the cadmium content of fertilisers
- the composition of alkaline manganese batteries

Sweden

- the classification, packaging and labelling of pesticides and plant protection products
- the classification and labelling requirements for certain dangerous substances and preparations
- the marketing and use of cadmium, arsenic, PCP and organostannic compounds
- the cadmium content of fertilisers
- the composition of alkaline manganese batteries

Motor vehicles

Austria may keep stricter pollution limits for certain light commercial vehicles until 1 October 1995. For certain diesel engines **Sweden** may keep its stricter pollution limits until 1 October 1996. In both cases the limits of the new Member States are in line with the adjustment of the respective EU standards foreseen at those dates. For certain categories of vehicles **Finland**, **Norway** and **Sweden** may maintain until 1 July 1997 their safety belts requirements which are not yet mandatory in the Union.

In all cases free circulation of vehicles which are in conformity with EU requirements will apply from the date of accession.

Spirit drinks

Three types of berries specific to **Finland** are to be included in the EU list of raw materials used in manufacturing of spirit drinks, and a **Finnish** liqueur will be added to the EU list of spirit drinks.

Returnable bottles

Norway is granted a transitional period until 31 December 1996 to continue using certain sizes of returnable bottles for wine. Bottles which are in conformity with the EU provisions will be able to circulate freely from the date of accession.

Veterinary provisions

For a certain number of directives concerning the veterinary sector, the new Member States are in some cases accorded short transitional periods to allow extra examinations and scientific reviews to be carried out and technical adaptation to be completed.

The main specific points are as follows:

- salmonella: for animal products and live animals, for which the EU legislation does not yet provide specific guarantees, such guarantees may be granted when operational programmes entering into force in **Finland, Sweden and Norway** will be submitted to the Commission
- bovine spongiform encephalopathy (BSE): the acquis will be applied, with a transitional period of two years in relation to embryos from the United Kingdom; the Union will examine the possibility of completing its legislation in view of the rules of the Office International des Epizooties (O.I.E.) (**Austria, Finland, Sweden and Norway**)
- classical swine fever: for a three year transitional period, tests may be carried out on animals from regions where a case has occurred since less than 12 months (**Finland, Sweden and Norway**)

- additional guarantees are foreseen for certain diseases during a transitional period of one year (Sweden)
- the EU will contribute to the financing of the installation of the ANIMO system to monitor the traffic of animals and animal products within the EU, and their import from third countries, and will consider an EU contribution to the financing of the installation of border inspection posts to control imports from third countries (Austria and Finland).

Phytosanitary provisions

Provisions will be made to allow each of the acceding countries to be recognised as "protected zones" in respect of certain harmful organisms of plants or plant products.

Finland and Sweden are granted a transitional period of two years in order to adapt their national systems of surveys and examinations for a number of plant diseases to the EU system.

Each of the acceding countries will be allowed to maintain restrictions on certain additives (such as antibiotics) in feedingstuffs for a transitional period of three years, during which scientific examinations will be undertaken. **Sweden** is also granted a transitional period of three years with regard to restrictions on the maximum permitted levels undesirable substances in feedingstuffs.

Finland, Sweden and Norway may maintain their national legislation on the marketing of forest reproductive material for a transitional period of five years, although as from accession they will apply the EU rules concerning the marketing of materials which are in conformity with the directive in question. A further two years will be permitted for the depletion of stocks accumulated before the expiry of the transitional period.

CHAPTER 2. FREEDOM TO PROVIDE SERVICES AND RIGHT OF ESTABLISHMENT

Third life assurance directive

Sweden is granted a transitional period up to 1 January 2000 to comply with the directive, subject to certain conditions. These include periodical progress reports by the Swedish Government, concerning measures taken to reduce the level of holdings in bonds and certificates issued by housing institutions, exceeding the limit specified in the directive.

As to the Finnish pension fund system, Finland will be allowed to exclude TEL operations from the application of the directive, it being understood that pension insurance companies will set up separate legal entities for carrying out pension activities. In addition, the TEL system has to remain open, under Finnish rules, to companies of the Union which want to establish themselves in Finland.

Credit institutions' own funds

Norway is granted a transitional period for the gradual elimination of joint and several commitments of borrowers from the calculation of "own funds" by 1 January 2001 for those mortgage credit institutions which were formerly organised as co-operative societies.

Mutual recognition of diplomas

Austria is granted a transitional period until 31 December 1998 in order to set up a training programme for dentists which meets the criteria of the Directive on the mutual recognition of diplomas.

CHAPTER 3. FREEDOM OF MOVEMENT FOR WORKERS

All candidates will take over the Union acquis from the date of accession.

CHAPTER 4. FREE MOVEMENT OF CAPITAL

Direct Investment

Finland is granted a one-year transitional period before fully applying the EU legislation regarding foreign direct investment.

Secondary Residences

Austria, Finland, Norway and Sweden are granted a 5 year transitional period during which they can maintain their national legislation regarding secondary residences. A joint declaration recalls the possibility for all Member States to take national, regional or local measures regarding secondary residences provided that they are necessary for land use planning and environmental protection and apply without direct or indirect discrimination between nationals of the Member States in conformity with the *acquis*.

CHAPTER 5. TRANSPORT POLICY

Transalpine Transit

The problem of transalpine transit of heavy goods vehicles was, from the beginning of the negotiations, one of the most important questions raised by Austria, which requested that, on accession, the Transit Agreement should remain in force for the whole of its planned period.

The bilateral Transit Agreement, concluded between Austria and the EEC in 1992 in the context of the European Economic Area, provides in particular for the regulation of goods vehicles in transit through the territory of Austria. The Agreement, concluded for a period of 12 years from 1993 to 2004, has as its principal objective the reduction of nitrous oxide emissions from heavy goods vehicles by 60 % by the end of 2003, compared with 1992; this reduction is effected by the system of 'ecopoints'.

The Union side took the position in the accession negotiations that, although Austria's accession implies the termination of all bilateral agreements concluded with the Union before accession, and the acceptance in principle by Austria of the "acquis communautaire", specific measures in favour of Austria could be envisaged for a transitional period, so as to permit the essential objectives of the Transit Agreement to be honoured.

It was the solution of this important problem, in the final round of negotiations on 1 March 1994, which permitted the Union and Austria to conclude the accession negotiations on satisfactory terms.

Transitional period

The solution consists of a transitional period of "3 x 3 years":

1. There will be a transitional period of three years to 1.1.1998, during which the 'ecopoint' system will be managed in a Community framework. During this period, a review of the issue will take place on the basis of normal EC procedures and in conformity with basic principles of Community law, such as the proper functioning of the internal market, in particular the free circulation of goods and freedom to provide services; protection of the environment in the interest of the Union as a whole; and traffic safety. As a member state, Austria will fully participate in this review and will thus have the opportunity to assert its relevant views.
2. If the review by 1.1.1998 does not result in a decision of the Council by unanimity on the issue, the transitional period will be extended by three years to 1.1.2001.
3. Before the end of the second period, the Commission will make, in cooperation with the European Environment Agency, a scientific study of the degree to which the objective of the Transit Agreement regarding the reduction by 60 % of the level of pollution from heavy goods vehicles has been achieved. If the study finds that this objective has been achieved on a sustainable basis, the provisions governing transit will be abolished as of 1.1.2001. If the study concludes that the objective has not been achieved, the Council, acting on the basis of Article 75 of the Treaty, may adopt a Community framework which assures equivalent protection of the environment (60 % reduction of pollution). In the absence of such a decision, the provisions of the second period will be automatically extended for a final period of three years. At the end of the transitional period, the 'acquis' in its entirety will be applied by Austria.

In this way, the result of the negotiations gives to Austria the assurance that the essential objective of the Transit Agreement will be realised after its accession to the Union. Moreover, already in the first three years, there will be a wide-ranging review of the problem, with Austria's participation as a full member. The Council has already requested the Commission, in this context, to adopt a framework for the solution of the environmental problems caused by traffic of heavy goods vehicles; the framework will include appropriate measures on charges for road use, rail infrastructure, combined transport facilities, and technical standards for vehicles.

Bilateral traffic

In relation to the continuation of the "ecopoint" system for heavy goods traffic in transit through the territory of Austria, there was also agreement on the progressive liberalisation of the existing quotas on bilateral traffic between Austria and other member states during a transitional period of 2 years, with a first stage of liberalisation on 1.1.1995, a second stage on 1.1.1996, and complete liberalisation on 1.1.1997. At the latest by 1.1.1997, the Council shall, in accordance with the procedure of Article 75 of the Treaty, adopt appropriate and simple measures to prevent circumvention of the transit regime. During the transitional period, the member states will take, if necessary, measures compatible with the internal market against misuse of the ecopoints system.

Non-discrimination

The measures to be applied during the transitional period must ensure that there is no discrimination between Austrian vehicles and vehicles from other member states, and no discrimination against Union vehicles compared with those of third countries. The administration of the system will be carried out on a common basis, by means of a Management Committee in the Community framework.

Verification

In principle, controls of goods vehicles at the borders between Austria and other member states will be eliminated, but Austria will be allowed until the end of 1996 to retain non-discriminatory physical controls requiring vehicles to halt for the verification of transport authorisations without unduly slowing the normal flow of traffic. Subsequently, electronic means of control are to be introduced.

Infrastructure and rail capacity

The improvement of infrastructure and rail capacity is an important element in the measures already foreseen in the Transit Agreement. On accession of Austria, these measures will be maintained and strengthened, and their implementation will be accelerated both by Austria and by the existing member states, including the provision of additional train capacity by Austria on the main transit axes, and a decision by 31 October 1994 by Austria, Germany and Italy on the construction of the Brenner Base Tunnel. These measures will be placed in the context of the Union's programmes for Trans-European Networks, which provide possibilities for finance from the Community budget.

Other elements

Finally, in the context of the solution of the transit question, Austria will benefit from a transitional period of 2 years for the progressive reduction of its road user charge for goods transport, to conform with the maximum limits provided in the EC Directive. The vehicles taxes and fees applied to Austrian vehicles by the present Member States will be progressively reduced in the same proportion foreseen for the Austrian taxes and fees. Austria also accepted to respect the provisions of the "acquis communautaire" concerning maximum weights of heavy goods vehicles (40 T) on accession by permitting, without penalty, 38 T plus an appropriate tolerance.

Driving licences

Norway is accorded a transitional period of three years during which it can continue to deliver its model of driving licences in the form of plastic cards.

CHAPTER 6. COMPETITION POLICY

Alcohol Monopolies

In exchanges of letters with the Commission, Finland, Sweden and Norway have accepted to adapt their legislation in conformity with the acquis by the date of accession. This implies that these countries will abolish their production, import and wholesale monopolies. For its part, the Commission has stated that it sees no reason under the present Union acquis to act against retail monopolies on the condition that they do not discriminate against products from other Member States.

A transitional period is agreed up to 1.1.96 during which Austria will progressively dismantle the customs duties and import monitoring system applicable to imports of alcoholic beverages on condition that the Austrian licensing system is applied in a non-discriminatory manner and without reverting to border controls.

Tobacco Monopolies

Austria is granted a transitional period of 3 years during which it will gradually abolish its import and wholesale monopoly for tobacco products. In order to ensure a progressive opening of the Austrian market during the transitional period, the following import quotas were agreed: 15% of national consumption in the first year; 40% of national consumption in the second year; and 70% of national consumption in the third year.

State Aid

Concerning the authorisation of state aids for regional purposes, in the context of Article 92(3) of the EEC Treaty, the acceding countries are engaged in discussions with the Commission in the framework of its competence, with a view to the necessary decisions in good time.

CHAPTER 7. CONSUMERS AND HEALTH PROTECTION

All candidates will take over the Union acquis from the date of accession.

CHAPTER 8. RESEARCH AND INFORMATION TECHNOLOGIES

All candidates will take over the Union acquis from the date of accession.

CHAPTER 9. EDUCATION

All candidates will take over the Union acquis from the date of accession.

CHAPTER 10. STATISTICS

All candidates agree to take over the Union acquis in this area but Austria is granted a transitional period of three years in order to adapt its Statistical Units Register to EU requirements. Finland is granted a transitional period up to 1997 for the application of several directives.

CHAPTER 11. COMPANY LAW

All candidates will take over the Union acquis from the date of accession.

CHAPTER 12. SOCIAL POLICY

In view of its obligations under the ILO Convention, Austria is granted a transitional period until 2001 for applying parts of the equal treatment directive concerning the protection of female workers in respect of night work. However, as it is understood that Austria is prepared to enter into discussions with its social partners with a view to adapting its national legislation in line with EC provisions at an earlier date, the Union will review the transitional period before the end of 1997.

CHAPTER 13. ENVIRONMENT

Conservation of natural habitats and of wild fauna and flora

For all the acceding countries, a number of provisions are agreed, to take account of their specific environmental conditions and the different conservation status of certain animal and plant species. The main provisions are:

- the addition of the Boreal region to the natural habitat types of Community interest
- the inclusion and/or exclusion in the annexes of the directive in question, thus allowing different levels of protection, of a number of species according to their conservation status in the country in question

Conservation of wild birds

For all the acceding countries, a number of additions or exclusions of national populations of certain species of birds in the different annexes are agreed. These modifications represent different levels of protection in relation to the habitats, trade and hunting possibilities of the species in question, depending upon their conservation status.

Lead and benzene content of petrol; sulphur content of certain liquid fuels

As regards the sulphur content of diesel, it is agreed that Austria and Finland can keep their present rules until 1 October 1996. Furthermore, Austria and Finland can maintain their provisions concerning the sulphur content of gasoils for a transitional period of four years. During this period the EU acquis in question will be reviewed in accordance with Union procedures.

With regard to the benzene content of petrol, it is agreed that Austria can maintain its present stricter rules during a transitional period of four years. During this period the Directive in question will be reviewed in accordance with normal Union procedures.

The reviews referred to above will be without prejudice to their outcome, which will bind all Member States. At the end of the transitional period, the EU "acquis" will be applicable to the new Member States in the same conditions as in the present Member States. In order not to hamper the proper functioning of the internal market, the enforcement of national rules during the transitional periods shall not lead to border controls between new and present Member States.

It is agreed that Austria, which has banned lead in petrol, meets the objective of the Union acquis through the availability of a substitute product on the Austrian market, which is suitable for engines which normally run on leaded petrol.

Shipment of waste

It is agreed that Austria can maintain its national provisions on the import, export and transit of waste for a transitional period of two years after accession.

Disposal of PCBs and PCTs

A joint declaration will be inserted in the Accession Act, noting that Austria, Norway and Sweden may maintain their ban on the recycling of polychlorinated biphenyls and polychlorinated terphenyls, pending the adoption of EU legislation also banning their recycling.

Waste from the titanium dioxide industry

Norway is granted a transitional period until 1 January 1997 for the application of the EU provisions to reduce pollution caused by waste from the titanium dioxide industry.

Aeroplane noise

Austria is granted a transitional period until 1 April 2002 during which it may maintain its national legislation concerning noise emissions from civil subsonic aircraft with regard to their operation in certain airports in the Austrian provinces. The Austrian limits are in line with the adjustment of the EU standards foreseen at that date.

CHAPTER 14. ENERGY

Application of the Euratom Treaty

A Joint Declaration is agreed, relating to Austria, Sweden and Norway, noting that Member States are free to decide whether or not to produce nuclear energy according to their specific policy orientations.

Nuclear safety

Austria, Finland and Sweden are granted a transitional period of two years to implement the acquis on basic safety standards for the health protection of the general public and workers against the danger of ionizing radiation.

Exclusive right of the Euratom Supply Agency to conclude contracts

It is agreed that Article 105 of the Euratom Treaty applies to agreements and contracts concluded by new Member States before accession.

External Relations

It is agreed that Article 106 of the Euratom Treaty applies to agreements concluded by new Member States before accession.

Non-Proliferation Treaty

A Joint Declaration is agreed concerning the fulfilment by Sweden of obligations under the Non-Proliferation Treaty.

Minimum stocks of crude oil and/or petroleum products

Finland is granted a transitional period of one year for the implementation of the obligation to maintain minimum stocks of crude oil and/or petroleum products.

Protocol on Sovereignty over Petroleum Resources

To meet Norway's concerns as regards her sovereignty and sovereign rights over petroleum resources a Protocol on this matter will be inserted in the Accession Act.

CHAPTER 15 :. AGRICULTURE

In contrast with previous accessions, the present enlargement of the Union takes place within the framework of a single market. This was an important new element to be taken into account when adopting transitional arrangements for agriculture. These therefore had to respect the principle that all border controls should be abolished as from the date of accession. In addition it was important to find a solution which would encourage farmers in the new Member States to improve and modernize the structure of their holdings.

It should be noted that Sweden stated its intention to integrate fully into the CAP from the first day of accession. In respect of Austria, Finland and Norway it was concluded that they should adopt immediately on accession the basic mechanisms of the CAP. Given the significantly higher level of agricultural support provided in these three countries, it was agreed that, for a transitional period, degressive national aids to farmers should be authorized where support levels differ significantly. An important element of the agro-budgetary package was designed to assist candidates by providing a financial contribution to the cost of such aids (see Chapter 27 below).

1. MARKETS

Milk

Milk quotas are fixed at the following levels :

	Deliveries	Direct Sales	Reserve (= Maximum ceilings)
Austria	2.205.000 T	367.000 T	180.000 T
Finland	2.342.000 T	10.000 T	200.000 T
Norway⁽¹⁾	1.842.000 T	-	175.000 T
Sweden	3.300.000 T	3.000 T	-

(1) The deliveries quota for Norway may be used in part for a direct sales quota.

The reserves foreseen are maximum ceilings. They may be called upon, with Commission authorisation, in order to provide quota to producers returning from temporary cessation under national restructuring schemes (similar to "SLOM" producers) as well as to producers in Austria whose present production is under national quota.

Sugar

Sugar quotas are fixed at the following levels (there is no quota for Norway):

	<u>A quota</u>	<u>B quota</u>	<u>TOTAL</u>
Austria	316.529 T	73.881 T	390.410 T
Finland - sugar	133.433 T	13.343 T	146.776 T
- isoglucose	10.845 T	1.085 T	11.930 T
Sweden	336.364 T	33.636 T	370.000 T

These figures broadly reflect the average levels of production in candidate countries in the five years prior to the Commission's opinion on membership. The balance of quota in the case of Austria corresponds to the principle of maintaining the self-financing nature of the sugar regime in the case of net exporting countries. Sweden and Finland, being net importers, have a B quota fixed at 10% of A quota.

In addition, Finland is granted a preferential raw sugar import quota of 40.000 T for one year. This will then be reviewed in the framework of the reform of the market organisation for sugar.

Reference Quantities and Areas

These are fixed for all candidates on the basis of the methods used in the Union in the context of the CAP reform.

	<u>Austria</u>	<u>Finland</u>	<u>Norway</u>	<u>Sweden</u>
Suckler cow premium	325.000	55.000	50.000	155.000
Male Bovine premium	423.400	250.000	175.000	250.000
Ewe premium	205.651	80.000	1.040.000	180.000

The base area for arable crops will be established by application of the acquis.

Cereals

- Arable crop preference area and yields will be fixed according to the acquis.
- It is agreed that the possibility for granting export refunds for oats exists within the existing legislation. The Commission, within whose competence this lies, will take the necessary measures. On the other hand it is agreed that intervention will not be extended to oats.

Market Disturbance

In response to candidates' concerns for adequate measures of protection for sensitive agricultural products and products of the processing industry, the following has been agreed :

"In the agricultural sector where trade between one or more new Member States and the Community as at present constituted causes serious disturbances on the market of that new Member State during the transitional period, the Commission acting at the request of the Member State concerned, shall decide, within 24 hours of receiving such request, on such protective measures as it considers necessary. The measures thus decided on shall be applicable forthwith, shall take account of the interest of all parties concerned and shall not entail frontier controls".

2. STRUCTURES

Mountain and Less-Favoured Areas (MLFA)

Eligible areas will, in principle, be determined in the interim period. However, for Finland and Norway it is agreed that MLFA status would be granted taking fully into account the dispositions of Article 3, paragraphs 3, 4 & 5 of Directive 75/258. The application of Article 3 paragraph 5 enables the inclusion under MLFA status of certain regions with specific handicaps, notably in the South of Finland.

As regards Austria, Norway and Sweden the delimitation of MLFA areas will be done on the basis of the application of the acquis, in a way comparable to its application for similar regions in the present Union.

Agro-Environmental Measures

Appropriate use of agro-environmental measures, applicable to the entire territories of the new Member States, can provide an important element of the overall response to preoccupations about rural support and development. The Union undertakes "... to take the necessary steps to allow [the new Member State] to implement rapidly the agro-environmental programmes in favour of its farmers in conformity with Regulation 2078/92 and to ensuring co-financing of these programmes within the limits of budgetary availabilities".

It is agreed that indicative annual amounts up to 175 mecu for Austria, 135 mecu for Finland, 55 mecu for Norway and 165 mecu for Sweden may be expected under this regulation.

Nordic agriculture

Payment of national long-term aids for specific regions in the nordic countries will be authorised under certain conditions. The administrative units eligible must have :

- (a) a density of population of less than 10 inhabitants/sq. km; and
- (b) an agricultural area less than 10% of the area of the administrative unit; and
- (c) land devoted to arable crops not more than 20% of the agricultural land of the administrative unit.

The regions thus defined are in principle to be above the 62° parallel but may include exceptionally certain adjacent areas with similar agro-climatic conditions. An appropriate application of these delimitation criteria would enable full coverage of agricultural areas north of the 62° parallel.

The aids to be authorised may not distort competition. They should not be linked to future production but rather to physical factors of production such as hectares of agricultural land, heads of animals and past patterns of production.

For the remaining serious difficulties, recourse to national direct aid will be considered. In order to facilitate the integration of Finland and Norway into the common agricultural policy, the whole of Finland and the whole of Norway will be eligible for Nordic, national and/or Community support.

Small farms in Austria

It is agreed that, for a ten year transitional period, a national aid (the basic premium or "Grundbetrag") may be paid in the case of small-sized farms on the basis of the present (1993) Austrian conditions, should the EU compensatory allowance arrangements (Regulation 2328/91) not offer equivalent compensation for permanent natural handicaps. This provision will be reviewed in mid-term.

CHAPTER 16. FISHERIES

Access to waters

As a transitional measure and strictly within the framework of this enlargement, the conditions of access to waters for Finland and Sweden will be covered by arrangements comprising principles and methods equivalent to those provided for by the Act of Accession of Spain and Portugal (basic lists, periodical lists, fishing zones, communications and penalties), having regard to the present balance in access to resources resulting from the said Act of Accession.

These provisions for the new Member States will come to an end from the day on which the accession arrangements for Spain and Portugal are integrated into the general arrangements and will be adjusted in strict compliance with the rules applicable to fleets in the existing Union.

Adjustments of a technical nature will be made to the EU provisions determining the activities authorised within 12 miles coastal band of the Member States and vice versa.

Access to resources

The setting of TACs and quotas from Member States, both old and new, reflects the balances existing at the time of accession, leading to an allocation method which takes into account traditional fishing activities recorded over a representative reference period from 1989 to 1993 for all fisheries. In the case of Sweden it also takes account of the arrangements fixed since the fishing agreement between Sweden and the Union in 1978 and those concerning the Skagerrak and the Kattegat and, in the framework of the Baltic Commission, the Baltic Sea.

It is agreed that Finland's quota for herring in the Baltic, in the zone north of 59° 30', will be maintained.

Finland and Sweden may continue traditional herring fishing in the Baltic, for purposes other than human consumption, for a transitional period of three years under the following conditions. Firstly, each country guarantees that these activities will not involve irreversible harm to fish stocks or irreversible ecological harm; secondly, each country undertakes to maintain the activities at levels and under conditions observed during the 1989-93 reference period; and thirdly, the European Commission will monitor these activities. Before the end of the transitional period the Union will review the acquis under normal procedures, particularly in the light of the results of a pilot project on herring fishing for fishmeal production in the Baltic and of scientific evidence.

Other provisions

With regard to the fishing of sprat, Sweden may continue for a transitional period of 1½ years to use a mesh size of 16mm. Before the end of this transitional period the technical measures and monitoring system for this type of fishing will be reviewed by the Council in the light of scientific evidence.

The Union will contribute to the financing of the releases of smolt by Sweden for a period not exceeding three years. It will also ensure that the various common fisheries policy measures concerning salmon fishing in the Baltic are in harmony with initiatives such as those envisaged in the Baltic Commission aiming to conserve and develop salmon stocks. The Union will also consider whether an initiative along the lines of the approach currently followed at national level in Finland could help to ensure continued funding for smolt releases in the Baltic.

Sweden may continue to allow the marketing of canned sprats designated as "sardines" for a period of six months after accession on its own market, in order to permit the depletion of existing stocks (Production of canned sprats designated as "sardines" must cease at the date of accession).

CHAPTERS 17 & 18.
CUSTOMS UNION AND EXTERNAL RELATIONS

All the acceding countries will apply, as from the date of accession, the common commercial policy, the common customs tariff (CCT), the Community customs code and its implementing provisions.

Their compliance is, however, subject to the following derogations:

- As regards importations of lignite into **Austria**, the Union grants a transitional period of two years, enabling Austria to maintain quantitative restrictions.
- In the case of **Finland** and **Norway**, a transitional period of three years is granted to adjust customs duties on certain products, mainly textiles, to the lower levels of the CCT. This must be done without recourse to controls at internal frontiers.
- In the case of **Norway**, a transitional period of five years is granted during which Norway may open an early quota with zero duty for styrene.
- As regards the free trade agreements between the Baltic States and the acceding Nordic countries, the Union will do its utmost to ensure that its new trade agreements with the Baltic States come into force on 1.1.1995. If these new agreements do not come into force by the date of accession, the Union will take the necessary measures so that products originating from the Baltic States can continue to enter **Finnish**, **Norwegian** and **Swedish** markets at their present levels.

The new Member States will be able to benefit from horizontal measures under which they can continue certain economic regimes existing before their accession and can convert them to Community regimes when the transitional period ends. These arrangements apply in particular to:

- origin of goods
- simplified procedures
- customs warehousing
- inward and outward processing
- processing under customs control
- temporary admission
- free zones and free warehouses
- entry in the accounts and post-clearance recovery
- repayment and remission of duty

Concerning tariff quotas and suspensions, it is agreed that the acceding States will participate in the preparatory work in the Economic Tariff Questions Group.

It should be recalled that membership of the Union implies, for the acceding countries, the termination of all their existing bilateral agreements with the Union. Moreover, the new Member States will have to withdraw, with effect from 1.1.95, from the Convention establishing the European Free Trade Association signed on 4.1.60.

It should also be recalled that candidates are required to adapt or denounce their agreements with third countries which are incompatible with Community agreements with third countries.

CHAPTERS 19-20.
REGIONAL POLICY AND STRUCTURAL INSTRUMENTS

Introduction

A solution for the satisfactory application of the Structural Funds in the acceding countries was found on the following basis:

- a new Objective 6 of the Structural Funds was established, for which certain Swedish, Finnish and Norwegian regions are eligible;
- Objective 1 eligibility for the Austrian region of Burgenland was agreed; and
- budgetary envelopes for expenditure under these Objectives and under Objectives 2 to 5b taken together were provided.

Objectives 1 and 6

The Accession Conference agreed to institute a new Objective 6 for regions with a very low population density: less than 8 inhabitants/km². Account is also taken of GDP per head, and eligible areas are in general of the administrative and statistical level of "NUTS II", although adjacent regions have been considered for eligibility in the same way as they are for Objective 1. A new legal instrument will be drawn up to provide for Objective 6.

The Austrian region of Burgenland (population: 269,000) will be added to the list of regions with Objective 1 status. The Structural Funds' expenditure per head in Burgenland will be around the average for non-cohesion Objective 1 regions: 141 ecu/head (1995 prices) on average for the period 1995-99.

As for Sweden, a composite region of 450,000 people (5% of the total population) comprising certain administrative units in the counties of Norrbotten, Västerbotten, Jämtland, Västernorrlands, Gävleborg, Kopparberg and Värmland will receive Objective 6 status. These areas currently feature in Sweden's existing regional support areas. Average expenditure per head for the period 1995-99 will be 101 ecu (1995 prices).

In Finland, Lapland and the three eastern counties of Kainuu, Pohjois-Karjala & Etelä-Savo will be granted Objective 6 status at the NUTS II level, as will certain adjacent units of Kuusamo, Ii, Muhos, Pyhäntä, Iisalmi, Nilsjä, Nivala, Kaustinen, Viitasaari and Saarijärvi - together a total coverage of around 830,000 people, 17% of the population. Expenditure per head will average 122 ecu in 1995 prices for the period 1995-99.

The northern Norwegian counties of Finnmark, Troms, Nordland and Nord-Trøndelag will be granted Objective 6 status at the NUTS II level - together a total coverage of around 587,000 people, 14% of the population. Expenditure per head will average 125 ecu in 1995 prices for the period 1995-99.

Objectives 2 to 5b

For all of the acceding countries, the Commission, in close consultation through the partnership procedure, undertakes to ensure that the definition of regions eligible under Objectives 2 and 5b is done in good time for the decisions to take effect from the date of accession. Decisions with regard to the implementation of Objectives 3 and 4 in the acceding countries will be taken sufficiently in advance to enable their full application on accession.

By appropriate programming, Objective 5b in Finland, Sweden and Norway will be used to improve farm structures of particular concern in agricultural regions not covered by other structural instruments (such as the Mountain and Less Favoured Area or the new nordic agricultural support schemes).

Budgetary envelopes

The budgetary envelope for Objective 6 is fixed at 131 million ecu in 1995, rising to 166 million ecu in 1999. The growth in this envelope will follow the same profile as for Objective 1 outside of the Cohesion Fund countries. In total, expenditure from the Structural Funds in the acceding countries over the period 1995-99 will be nearly 5 billion ecu (1995 prices).

The budgetary envelopes are:

Expenditure from the Structural Funds

(1995 mecu)	1995	1996	1997	1998	1999	Total
EUR 12	25264	26889	28542	30386	32280	143361
Objective 1	33	35	38	41	43	190
Austria ⁽¹⁾	33	35	38	41	43	190
Objective 6	196	207	220	237	249	1109
Sweden	41	43	46	49	51	230
Finland	90	95	101	110	115	511
Norway	65	69	73	78	83	368
Objectives 2 to 5b	876	900	919	939	957	4591
Austria	276	283	288	293	299	1439
Sweden	227	233	238	244	248	1190
Finland	225	233	239	245	251	1193
Norway	148	151	154	157	159	769
Structural Actions	1105	1142	1177	1217	1249	5890
Austria	309	318	326	334	342	1629
Sweden	268	276	284	293	299	1420
Finland	315	328	340	355	366	1704
Norway	213	220	227	235	242	1137

The Commission will determine the breakdown of the budgetary envelopes by Objective in due course, and in an analogous way to that used for the existing Member States.

(1) Indicative figures based on average receipts per head in non-cohesion Objective 1 regions. Final figures will be modulated in analogous way to existing Member States.

CHAPTER 21: INDUSTRIAL POLICY

This chapter was closed as non-problematic. It is recalled that the Union's industrial policy is not implemented through legislation but concentrates on coordinating national policies and improving cooperation, notably in the field of Research & Development.

CHAPTER 22. TAXATION

VAT and Excise

A number of derogations are granted to Austria, Finland, Norway and Sweden in the fields of VAT and Excise. These concern, in general, derogations which some of the present Member States also benefit from, or which are necessary for those countries to gradually adapt to the Union's taxation system. More specifically:

Austria is granted a transitional period of two years to bring its VAT system in the public health care sector in line with the Union rules. Austria can also maintain its reduced rate for the letting of flats for a period of four years, as well as its exemption on telephone charges until at least 31 December 1995.

Norway is granted a 5 year transitional period during which it can maintain its Investment Tax.

Travellers' Allowances

Finland, Norway and Sweden can maintain limits on the quantities of alcoholic beverages and cigarettes that travellers are allowed to bring with them, exempt of Finnish, Norwegian or Swedish taxes, from other EU countries. The volumes of these so-called "travellers' allowances" are: 1 litre of spirits or 3 litres of medium-strong drinks; 5 litres of wine; 15 litres of beer; and 300 cigarettes. The derogation has a duration of two years, at the end of which it will be reviewed.

Cigarettes

Sweden is granted a transitional period of one year for the introduction of an *ad valorem* element in its excise duties on cigarettes, and a transitional period of 4 years to reach the Union's minimum excise incidence of 57%.

Beer

Sweden can continue to apply, for a transitional period of 3 years, a reduced excise duty rate for beer with an alcohol content of not more than 3.5% volume, provided that such rate respects the Union's minimum rate prescribed in Directive 92/84/EEC.

Mineral Oils

Sweden can maintain its special excise duty rates for mineral oils for industrial uses on the condition that the Union's minimum rates are respected. Finland and Norway can maintain their reduced rates of excise duty on diesel fuel and gas oil with a low sulphur content, on the condition that the Union's minimum rates are respected.

Arbitration Convention on the elimination of a double taxation

It has been agreed that the special Norwegian petroleum tax will be excluded from the scope of the Arbitration Convention. Moreover, the Union agrees that the Convention should not apply to the Norwegian corporate tax on crude oil where the variation from the arm's length price simply reflects the fact that the norm price is based on a monthly average of arm's length prices.

CHAPTER 23: ECONOMIC AND MONETARY POLICY

p.m. Chapter still to be agreed.

CHAPTER 24. FOREIGN AND SECURITY POLICY

The following joint declaration was agreed:

- "1. The Union notes the confirmation by Austria, Sweden, Finland and Norway of their full acceptance of the rights and obligations attaching to the Union and its institutional framework, known as the "acquis communautaire", as it applies to present Member States. This includes in particular the content, principles and political objectives of the Treaties, including those of the Treaty on European Union.

The Union and Austria, Sweden, Finland and Norway agree that:

- accession to the Union should strengthen the internal coherence of the Union and its capacity to act effectively in foreign and security policy;
 - the acceding States will, from the time of their accession, be ready and able to participate fully and actively in the Common Foreign and Security Policy as defined in the Treaty on European Union;
 - the acceding States will, on accession, take on in their entirety and without reservation all the objectives of the Treaty, the provisions of its Title V, and the relevant declarations attached to it;
 - the acceding States will be ready and able to support the specific policies of the Union in force at the time of their Accession.
2. With regard to Member States' obligations deriving from the Treaty on the European Union concerning the implementation of the Union's Common Foreign and Security Policy, it is understood that, on the day of accession, the legal framework of the acceding countries will be compatible with the acquis."

CHAPTER 25. JUSTICE AND HOME AFFAIRS

All candidates will take over the Union acquis from the date of accession.

CHAPTER 26.
OTHER PROVISIONS OF THE TREATY ON EUROPEAN UNION

This chapter was closed as non-problematic.

CHAPTER 27. FINANCIAL AND BUDGETARY PROVISIONS

Basic principles

Agreements reached with acceding countries are based on the principle of acceptance by Austria, Finland, Norway and Sweden of the "acquis communautaire" as from their accession⁽¹⁾. This implies full participation in the financing of the Union budgets, as well as in expenditure, with the exception of the following transitory provisions.

Transitional arrangements agreed with acceding countries are based on the following grounds:

- a) budgetary compensations to account for transitional problems related to the initial stage of adjustment to Union regulations;
- b) the take-over by the Union budget of commitments made by acceding countries in the context of the Agreement on the European Economic Area.

Budgetary compensations

The Union grants Austria, Finland, Norway and Sweden budgetary compensations worth 2966 Mecus for the period 1995-1998. These are granted to take account of problems related to the transitional adjustment to the acquis communautaire in agriculture, namely:

(1) The exclusion of the Åland Islands from the territorial application of the EC provisions in the fields of Harmonisation of the laws of the Member States on turnover taxes and on excise duties and other forms of indirect taxation shall not have any effect on the Community's own resources, as laid down in Article 2a) of the agreed Protocol on the Åland Islands.

- a compensation in 1995 to account for the fact that none of acceding countries will be eligible in 1995 to certain CAP aids, as well as for the necessary lags involved in the implementation of flanking policies provided for in the CAP reform;
- a degressive compensation towards the costs for **Austria, Norway and Finland** of adjusting to Union agricultural prices as well as the adjustment effort already undertaken by **Sweden**.

The breakdown of compensations is shown in the enclosed table.

Takeover of commitments related to the EEA Agreement

The Union agrees to take over two types of liabilities incurred by each acceding country as laid down in the EEA Agreement, namely

- contributions to the EEA financial mechanism in favour of the Union's less prosperous countries (Greece, Ireland, Portugal and Spain) and
- past commitments outstanding at the end of 1994 related to acceding members shares in the financing of the Union's flanking policies (as laid down in the EEA Agreement).

The amounts involved are 630 Mecus over the period 1995-1998.

BUDGETARY COMPENSATIONS

MECUS		1995	1996	1997	1998	TOTAL 95-98
AUSTRIA	AGRICULTURAL ELIGIBILITY	296	0	0	0	296
	DEGRESSIVE COMPENSATION	287	106	71	35	499
	TOTAL	583	106	71	35	795
NORWAY	AGRICULTURAL ELIGIBILITY	46	0	0	0	46
	DEGRESSIVE COMPENSATION	155	128	52	26	361
	TOTAL	201	128	52	26	407
SWEDEN	AGRICULTURAL ELIGIBILITY	285	0	0	0	285
	DEGRESSIVE COMPENSATION	203	432	76	31	742
	TOTAL	488	432	76	31	1027
FINLAND	AGRICULTURAL ELEGIBILITY	280	0	0	0	280
	DEGRESSIVE COMPENSATION	196	163	65	33	457
	TOTAL	476	163	65	33	737
TOTAL FOUR ACCEDING COUNTRIES						
	AGRICULTURAL ELEGIBILITY	907	0	0	0	907
	DEGRESSIVE COMPENSATION	841	829	264	125	2059
	TOTAL	1748	829	264	125	2966

TAKEOVER OF ACCEDING COUNTRIES' EEA COMMITMENTS

MECUS		1995	1996	1997	1998	TOTAL 95-98
AUSTRIA		58	45	38	35	176
NORWAY		35	27	24	22	108
SWEDEN		71	58	51	48	228
FINLAND		36	30	27	25	118
TOTAL FOUR ACCEDING COUNTRIES						
		200	160	140	130	630

TOTAL AGRO-BUDGETARY PACKAGE

MECUS		1995	1996	1997	1998	TOTAL 95-98
AUSTRIA		641	151	109	70	971
NORWAY		236	155	76	48	515
SWEDEN		559	490	127	79	1255
FINLAND		512	193	92	58	855
TOTAL FOUR ACCEDING COUNTRIES						
		1948	989	404	255	3596

CHAPTER 28 : INSTITUTIONS

p.m. Chapter still to be agreed.

CHAPTER 29. MISCELLANEOUS

The Sami people

For Sweden, Finland and Norway a Protocol was agreed, authorizing exclusive rights to reindeer husbandry to be given to the Sami people within traditional Sami areas.

Snus

Sweden and Norway obtained a derogation to continue the sales of "moist snuff". The presentation of this product may, however, not resemble foodstuffs. Sweden and Norway will also have to introduce an export ban to present and future Member States which fully apply the acquis. Trade in moist snuff between Norway and Sweden is therefore allowed.

Nordic co-operation

In a joint declaration it was recorded that Sweden, Finland and Norway intend to continue their Nordic co-operation with other countries and territories, in conformity with Community rules.

Åland Islands

The archipelago of the Åland Islands enjoys an international status based on a decision of the League of Nations of 1921. Relations between the Finnish central government and the regional government of Åland as well as the rights enjoyed by the Ålanders are regulated by the 1991 "Act of Autonomy for the Åland islands". According to the provisions of this Act, the Finnish government has to seek the assent of the Åland Legislative Assembly for the application of the Accession Act to Åland.

The EU has thus agreed to insert an amendment to Art. 227 of the EC Treaty, Art. 79 ECSC and Art. 198 Euratom according to which these Treaties will not apply to Åland unless the Government of Finland gives notice by a declaration to be deposited when ratifying the Accession Act. This solution is the same as that used in past enlargements for other autonomous territories like the Faroë Islands.

A protocol will be inserted in the Accession Act to establish the conditions under which the Treaties apply to Åland in the event of Ålanders opting for membership of the EU. The provisions of this protocol will maintain the existing restrictions on the right to buy properties and to exercise a profession in Åland for those not having Ålander regional citizenship. The latter will be granted however under the same conditions to both mainland Finns and to other citizens of the Union. By virtue of this protocol the territory of Åland will also be excluded from the fiscal territory of the Union, with the aim of permitting the continuation, after 1999, of duty-free sales on ferry links passing through Åland.

A declaration to be inserted in the Accession Act will state that the derogation on the right to vote and to stand as a candidate in municipal elections in Åland will be dealt with within 6 months after accession in the context of the EU directive on municipal voting based on Art. 8B of the TEU.

Ferry Links

A declaration to be inserted in the Accession Act will state that due attention will be given to Finnish sea transport in the relevant Union initiatives including, inter alia, the development of trans-European networks in Northern Europe.

Svalbard

In connection with the accession of Norway, a Protocol to the effect of excluding the archipelago of Svalbard from the application of the Treaties will be inserted in the Act of Accession. The Protocol also makes arrangements relating to trade in certain products originating in Svalbard (mainly coal) so that trade in those products will continue to take place under the same conditions as those applicable under the existing Free Trade Arrangements.

Provisions are also made regarding small consignments of goods and removal loads destined for the Norwegian mainland ensuring that the treatment of such goods upon import from Svalbard will not be less favourable than current treatment after the accession of Norway to the Union.

As far as fisheries are concerned, the accession of Norway implies that, in conformity with the rules of the Common Fisheries Policy, the allocation of all resources to which vessels of the Member States, including Norway have access in the waters up to 200 miles around Svalbard, as well as the management of this allocation, will be decided by the Union, based on present practice.

Finally, the Protocol contains an article indicating that its provisions shall not in any way prejudice the positions of the Contracting Parties in respect of the application of the Treaty of Paris of 1920.