

# European Communities

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EUROPEAN PARLIAMENT

## Working Documents

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12 February 1974

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### Report

drawn up on behalf of the Committee on External Economic Relations

on the ~~the~~ agreements concluded between the European Economic Community and  
the Republic of Finland

Rapporteur: Lord LOTHIAN

PE 35.462/fin.

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On 12 November 1973 the President of the European Parliament authorized the Committee on External Economic Relations to draw up a report on the agreements concluded between the European Community and the Republic of Finland.

At its meeting of 29 November 1973, the Committee on External Economic Relations appointed Lord LOTHIAN rapporteur.

A communication from the Commission of the European Communities on the agreements between Finland and the EEC and Finland and the ECSC was read at the committee's meeting of 20 December 1973.

It discussed and unanimously adopted the draft report and the motion for a resolution at its meeting of 5 February 1974.

The following were present:

Mr de la Malène, chairman; Lord Lothian, rapporteur;  
Sir Tufton Beamish, Mr Brégégère, Mr Jahn, Mr Kaspereit,  
Miss Lulling (deputizing for Mr Rizzi), Mr E. Muller,  
Sir John Peel, Mr Radoux, Mr Sandri, Mr Schulz and Mr Thiry

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The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the agreements between the European Community and the Republic of Finland

The European Parliament,

- having regard to the two agreements signed on 5 October 1973:
    - between the EEC and the Republic of Finland,
    - between the ECSC Member States and the ECSC on the one hand and the Republic of Finland on the other,
  - having regard to the statement made by the President-in-Office of the Council of the European Communities on 20 September 1972 on the agreements negotiated between the Community and the EFTA Member and Associated States which had not applied to join the Community<sup>1</sup>,
  - aware of the importance of these agreements to the enlarged Community and to international relations,
  - having regard to its resolution of 15 March 1973 on the agreements negotiated between the Community and the EFTA Member and Associated States which have not applied to join the Community<sup>2</sup>,
  - having regard to the report of the Committee on External Economic Relations (Doc.356 /73),
1. Welcomes the signature of the agreements concluded by the Community with the Republic of Finland and their ratification by the Finnish parliament;
  2. Notes with satisfaction that the series of agreements signed between the Community and the EFTA Member and Associated States should now make it possible to establish an industrial free trade area between 16 European countries on 1 July 1977;

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<sup>1</sup> See Debates of the E.P., O.J. No. 153

<sup>2</sup> OJ No. C19, 12 April 1973, p.30

3. Stresses the fact that the EEC and ECSC agreements with Finland establish clearer and more advantageous commercial relations between the contracting parties, while fully respecting their independent decision-making powers;
4. Approves these two agreements insofar as the Community is concerned;
5. Invites the national parliaments of the Member States of the Community as co-signatories to the agreement between the ECSC and Finland to ratify it as soon as possible;
6. Expresses the keen interest it takes in this agreement and its implementation.
7. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities and to the appropriate authorities in the Republic of Finland.

EXPLANATORY STATEMENT

1. The signature and ratification of the agreements negotiated between the European Community and the Republic of Finland<sup>1</sup> completes the body of free-trade agreements with the EFTA Member and Associated States which did not apply to join the Community. This means that under the timetable for tariff reductions, an industrial free-trade area covering 16 western European countries will be established, with a few exceptions, in July 1977, i.e. in three and a half years' time.

2. The decision to set up this free trade area was effectively taken at the Conference of Heads of State or Government at the Hague in December 1969. Negotiations took place between December 1970 and July 1972 and, on 22 July 1972, the agreements with Austria, Iceland, Portugal, Sweden and Switzerland were signed. After withdrawing its application to join the Community in September 1972, Norway also negotiated a similar agreement which was signed on 14 May 1973<sup>2</sup>.

3. On 20 September 1972, at the first part-session of the European Parliament since the conclusion of the first five agreements, the President-in-Office of the Council made a very full statement explaining their content to the Members. This statement formed the basis for the report presented by Mr de la Malene on behalf of the committee on External Economic Relations<sup>3</sup> and the resolution that was subsequently adopted.

The President-in-Office of the Council made the following reference to the agreements with Finland:

'The agreements concluded with Finland were initialled at the same time as the other agreements with EFTA Member States which had not applied to join the Community but the Finnish government wished to postpone signing until a later date. Parliament knows why the Finnish government was unable to sign the agreements at the same time as the other Community partners and,

1

Agreement between the European Economic Community and the Republic of Finland (EEC/EFTA/9f/72);  
 Agreement between the Member States of the European Coal and Steel Community and the ECSC on the one hand and the Republic of Finland on the other (EEC/EFTA/10f/72).  
 These agreements were signed on 5 October 1973 in Brussels and ratified by the Finnish parliament on 16 November 1973.

2

See Mr Knud Thomsen's report on the agreement signed between the European Economic Community and the Kingdom of Norway (Doc. 161/73)

3

See Mr de la Malene's report on the agreements negotiated between the Community and the EFTA Member and Associated States which have not applied to join the Community (Doc. 322/72).

on behalf of the Council, I hope that it will soon be possible to sign the agreements which we have concluded with this friendly country'<sup>1</sup>.

4. The European Parliament, in its resolution of 15 March 1973, expressed the same hope ' that the Republic of Finland will soon sign the agreements it has initialled, which are an essential contribution to the desired aim of economic cooperation throughout the continent of Europe.'

5. Since the European Parliament considered the content of these agreements during the above-mentioned debates, there is no need to discuss them again at length. The agreements are fair and balanced.

It is worth pointing out, however, that the agreement between the EEC and Finland does not include an 'extension' clause allowing the Joint Committee established by the agreement to consider the possibility of extending relations between the contracting parties to areas which it does not cover.

6. Along with these agreements with the Community, Finland also signed an outline agreement with COMECON. In addition the Finnish government made provision for the necessary legislative powers to forestall any adverse effects that might stem from its agreements with foreign countries. Interestingly enough, opinion polls have shown that the Finnish people approve of the two agreements by the same majority, even though the two majorities are differently made up.

7. The agreement between the EEC and Finland entered into force on 1 January 1974, on the same day that the second 20% tariff cut was made for the EFTA countries, the first having been effected on 1 April 1973. Finland thus qualified for an immediate tariff reduction of 40% (two cuts of 20%). Further reductions of 20% are to be effected on 1 January 1975 and 1 January 1976 and the final one on 1 July 1977. The main features of the arrangements for free trade in industrial products between Finland and its former EFTA partners, Great Britain and Denmark, have been left intact.

The removal of Community tariffs is to proceed more slowly in the case of paper and cardboard (to be completed on 1 January 1984) and of various metals and textiles (to be completed on 1 January 1980); for its part, Finland will have the advantage of longer periods for two lists of products including chemical products, textiles, electrical equipment, etc. (the final date for one being 1 January 1981 and for the other 1 January 1985). The rules of origin will be the same as are applied to the other EFTA countries and between EFTA countries.

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<sup>1</sup> See Debates of the EP, OJ No. 153

8. The juridical character of the agreement signed between the Member States of the European Coal and Steel Community and the ECSC on the one hand and the Republic of Finland on the other means that it must be ratified by the national parliaments of all the Community Member States. Pending completion of this procedure, the tariff reductions on ECSC products are being applied in anticipation under autonomous decisions by the contracting parties.

9. When the agreement between the EEC and Finland was signed on 5 October 1973, the President-in-Office of the Committee of Permanent Representatives, Mr ERSBØLL, the Finnish Ambassador, Mr Pentti TALVITIE, and Mr WELLENSTEIN, representing the Commission, all stressed the economic significance of the event. When considering this agreement, the European Parliament, consisting as it does of the elected representatives of the peoples brought together in the Community of Nine, should certainly express their keen interest in it and declare their intention to ensure that it is implemented in the best interests of both partners.

