

September 24, 1970

NORWAY AND THE EEC

The Common Market Issue now holds a large part of the key to the future of internal politics in Norway. The present dispute over Norwegian entry lies at the heart of the unrest in the coalition government of the Conservative, Centre, Christian People's and Liberal Parties. The problem of both Common Market entry and the coalition centre on one man, the Prime Minister Per Borten.

In the Parliamentary debate on the EEC in 1962 Borten and his Centre Party voted against Norwegian entry, but agreed to the proposal for association with the Common Market. In the last EEC motion in the Oslo Storting immediately before it was agreed to open negotiations with Brussels, it was only one section of the Centre Party which came out openly against full membership. But it is widely believed that Borten's provisional endorsement of Norway's application was made for tactical reasons. His fundamental scepticism continues. He is also thinking of his electorate, of which some 20% remain in the agriculture and fishing sectors. The farming population, where Borten himself came from, fears for the loss of its present protection with the possibility of Norwegian membership of the EEC. Their price subsidies are considerably higher than those of the Common Market, to the extent that the adoption of the EEC Common Agricultural Policy - CAP in its present form is estimated to be going to cost the farmer on average a 33% fall in income. In addition, the declining size of the small domestic food market, under 5% of the 1969 GNP of Kr 76,898 million (approximately £4,523 million) and less than 1% of an enlarged European agricultural community, would create further difficulties with the prospect of cheap community food imports unloaded onto Norwegian housewives. It seems unlikely that the Six will allow Norway to succeed in its plea for a special arrangement to be negotiated as regards Norwegian agriculture.

The suggested reason for Borten's acquiescence to the opening of negotiations has been simply that for the time being there is little need to split the coalition with an open rejection of EEC membership which could probably cost him the premiership. The applicant Scandinavian states are together watching the progress of the British talks, upon which their own entry largely depends. Borten is understandably playing for time. If the British application succeeds, probably by the second half of 1971, it is thought that Borten would probably declare his opposition and withdraw from the Government. A coalition could function without the Centre Party.

The acting General Secretary of the Centre Party, Arnstad, and the Party chairman, Austrheim, both openly oppose Norwegian entry, and the Party has been trying to develop a definite policy alternative. Although the Finnish Government now seems intent to lock out proposals for the "Nordek" customs union for good, there is still strong support for the idea of closer Scandinavian co-operation in Denmark, Sweden and Norway.

A variety of motives underlie the widespread resistance to the EEC in Norway. The liberals mainly fear the influx and domination of foreign companies' subsidiaries in a large number of sectors. The Christian People's Party foresees the growth of Catholic

influence in internal politics, while the worker-student organisations share ideological reservations over a closer relationship between Norway and its "capitalist" NATO-EEC partners.

Two parties are firm in their support of Norwegian membership in particular, and of closer links with Western Europe. The Conservative Party and the majority of the Social-Democrat-Labour Party agree that Norway is faced with eventual economic and cultural isolation if all forms of European integration are rejected. The Conservatives form the strongest of the four parties within the present Government. The Social-Democrat-Labour Party, now in opposition, is the largest in Norway. The Borten coalition of the four "bourgeois" parties has a minimal majority of two seats in the Storting.

The SDL sees its hour approaching. The opinion polls show the party advancing at the cost of the Liberals, and the Borten administration is given two or three months until the negotiations in Brussels force a show-down. The Conservatives, headed by the Foreign Minister, Stray, will not let Borten attempt to complicate issues and procrastinate in Brussels. If there are signs of delay, the right-wing can be expected to withdraw and put an end to the existing coalition. An alliance between the Conservatives and the SDL Party, even though they are aligned over the Common Market issue would be to overstretch the imagination. But it is possible that a strong minority SDL Government could count on the support of the Conservatives, at least until Norwegian membership had been ratified. In any case the local elections in Norway are approaching. A boost for the SDL could well spell change in the coalition.

TRADE WITH THE UK

	Total Trade (in Kr million)			Trade with the UK (in £ million)		
	Exports	Imports	Balance	Exports	Imports	Balance
	UK%	UK%		To UK	From UK	With UK
1967	12,411-21	19,627-13	-7,216	127	130	- 3
1968	13,841-20	19,325-11	-5,484	162	127	+ 35
1969	15,735-20	21,021-12	-5,286	180	145	+ 35
1969 (Jan-March)	4,099-19	4,856-11	- 757	45	29	+ 16
1970 (Jan-March)	4,125-20	5,739-12	-1,614	48	41	+ 7

EFTA and EEC in Norway's trade, 1969

Percentage share of total trade in category (1959 figures shown in brackets)

Commodity Groups	EFTA	Imports EEC	Others	EFTA	Exports EEC	Others
Food and live animals	24.8 (12.4)	12.3 (7.6)	62.9 (80.0)	40.7 (33.3)	20.0 (23.0)	39.2 (43.6)
Beverages and tobacco	33.9 (12.5)	23.3 (19.3)	42.8 (68.3)	50.7 (39.0)	13.8 (18.6)	35.5 (42.5)
Crude materials	35.8 (29.3)	6.5 (12.1)	57.7 (58.6)	42.1 (46.2)	42.2 (32.7)	15.7 (21.2)
Mineral fuels & lubricants	31.2 (32.3)	12.3 (33.7)	56.5 (34.0)	92.3 (35.1)	6.3 (64.2)	1.3 (0.7)
Animal & vegetable oils & fats	32.2 (28.4)	7.0 (24.2)	60.8 (47.4)	58.3 (31.4)	11.3 (34.1)	30.3 (34.5)
Chemicals	34.7 (30.1)	28.7 (41.4)	36.6 (28.5)	70.7 (66.3)	10.2 (7.3)	19.2 (26.4)
Manufactured goods	56.1 (37.9)	33.1 (38.5)	10.8 (23.7)	45.5 (35.8)	34.4 (30.0)	20.1 (34.3)
Machinery & transport equipment	44.1 (45.9)	36.5 (43.0)	19.5 (11.1)	32.4 (43.2)	15.2 (16.8)	52.4 (40.0)
Misc. manufactured articles	62.3 (41.3)	22.0 (42.4)	15.7 (16.3)	61.3 (47.1)	12.2 (17.5)	26.5 (35.4)
Other commodities	30.0 (61.2)	21.6 (7.2)	48.3 (31.6)	36.8 (77.7)	62.0 (2.7)	1.1 (19.6)
Total	44.2 (36.8)	26.9 (35.0)	28.9 (28.2)	45.0 (40.5)	25.4 (26.0)	29.6 (33.5)

Foreign trade - Imports

	1969 in 1,000 Kr	%	Percentage change	
			From 1968 to 1969	Annual average 1963/1969
Austria	220,572	1.0	+ 33.0	12.0
Denmark	1,373,784	6.5	+ 4.5	10.5
Finland	378,206	1.8	+16.0	32.1
Portugal	92,771	0.4	+20.2	20.2
Sweden	3,985,643	19.0	+ 7.4	8.6
Switzerland	437,710	2.1	+27.8	14.2
EFTA total	9,297,448	44.2	+11.7	8.7
Benelux	1,285,827	6.1	+23.1	5.4
France	792,536	3.8	+21.8	10.8
Italy	442,644	2.1	+11.2	12.9
West Germany	3,136,402	14.9	+17.3	6.3
EEC total	5,657,410	26.9	+18.7	6.7
Eastern Europe	567,725	2.7	- 2.1	7.9
USA	1,643,664	7.8	+11.6	11.0
Other	3,854,347	18.4	- 7.9	11.2
World total	21,020,594	100.0	+ 8.7	8.4

Foreign trade - Exports

	1969 in 1,000 Kr	%	Percentage change	
			From 1968 to 1969	Annual average 1963/1969
Austria	111,513	0.7	+49.6	16.0
Denmark	1,146,000	7.3	+17.3	13.7
Finland	393,579	2.5	+59.4	20.4
Portugal	70,670	0.4	+ 4.3	16.7
Sweden	2,456,338	15.6	+17.1	15.5
Switzerland	190,492	1.2	+23.6	18.1
EFTA total	7,081,114	45.0	+12.7	14.0
Benelux	797,923	5.1	+27.6	14.2
France	504,616	3.2	+47.7	13.0
Italy	413,571	2.6	- 9.0	9.2
West Germany	2,287,830	14.5	+26.0	12.2
EEC total	4,003,939	25.4	+23.7	11.9
Eastern Europe	432,855	2.8	+ 6.2	3.4
USA	1,080,467	6.9	- 5.3	6.5
Other	3,136,651	19.9	+13.2	16.9
World total	15,735,026	100.0	+13.7	12.8

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PRINCIPAL INDUSTRIAL IMPORTS - 1969

	Total (Kr million)	From EFTA	Principal Supplier
Chemical Elements and Compounds	894.9	109.3	USA
Medicinal and Pharmaceutical Products	164.1	112.9	S, DK
Toilet, Polishing and Cleansing Products	134.6	112.4	DK, S
Plastic Materials	370.4	182.6	D, UK
Other Chemicals	172.7	72.0	D
Rubber Manufactures	204.8	137.4	S
Wood and Cork Manufactures	153.8	107.3	S
Paper and Paper Manufactures	207.3	160.1	S, SF
Textiles	962.5	557.3	UK, D
Non-metallic Mineral Manufactures	309.7	157.2	UK
Iron and Steel	1,220.6	534.1	S, D
Non-ferrous Metals	621.6	366.7	S, UK
Other Manufactures of Metals	548.5	348.5	S, D
Non-electric Machinery	2,364.3	1,250.1	S, D
Electric Machinery and Appliances	1,270.0	582.5	D, S
Transport Equipment	3,561.5	1,338.0	D, S
Furniture	137.2	116.1	S, DK
Clothing	774.0	563.7	DK, S
Footwear	168.1	102.9	UK, I
Instruments	340.3	155.6	D, UK
Miscellaneous Manufactures	583.5	302.3	D, S

D-West Germany, DK-Denmark, I-Italy, S-Sweden, SF-Finland, UK-United Kingdom

GROSS NATIONAL PRODUCT (at current prices)

	1959	1963	1969
National income per capita, in Kr (£1 = Kr 17.1)	6,667	8,867	14,131
GNP in Kr million	33,946	45,661	76,898
Percentage share of GNP, by sector:			
Agriculture and Forestry	8.0	6.2	4.5
Fishing and Whaling	2.4	1.5	1.2
Industry	23.8	24.2	24.1
Craft	0.9	0.8	0.9
Building	7.1	7.7	8.0
Electricity, Gas, Water	2.7	2.8	2.8
Transport	17.4	16.8	16.1
Trade	17.0	18.3	17.9
Banking, Insurance	2.0	2.0	2.5
Ownership and Dwelling/Housing	4.9	4.9	4.8
Public Services, Other Services	13.8	14.8	17.2

