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EUROPEAN FREE TRADE ASSOCIATION REPORTER

A Single Market of Nine Countries and 100 Million People

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European Negotiations Begin

On 30 June, 1970, the historic meeting took place in Luxembourg between the Council of Ministers of the European Community and Ministers representing the four countries applying for membership—Denmark, Great Britain and Norway, all EFTA members, and Ireland. The main sections of the statements made on behalf of the three EFTA countries are reproduced in the following pages.

DENMARK: Statement by Mr. P. Nyboe Andersen, Minister of Economic Affairs and European Market Relations.

Denmark is ready to accept the Treaties and the subsequent decisions. In this connection I hope that the Communities will bear in mind that the Treaties and the subsequent decisions are the outcome of many and lengthy negotiations which have inevitably been influenced by the special conditions and interests of the six countries at the time when the negotiations took place. Even now the member states feel the need to supplement the Treaties by new agreements and decisions.

When, nevertheless, we declare ourselves ready to accept the existing Community Treaties, the reason is, in the first place that we find the basic principles right, and secondly, that we want to contribute towards a positive outcome of the negotiations. This does not mean, however, that we find all the treaty provisions equally reasonable or expedient, and we hope, that the Communities will avail themselves of the existing opportunities to take into consideration the special problems which the adjustment to the treaties will inevitably entail for Denmark.

My country is also ready to accept the plans for the further development of the Communities, which we find suitable for maintaining the dynamic character of European integration.

Finally, Denmark is ready to accept the political aims of the Community Treaties. The preliminary suggestions concerning political co-operation, as outlined by the working party set up by the foreign ministers in accordance with paragraph 15 of the Hague Communiqué, are also acceptable to Denmark. We have noted that this co-operation is to take place outside the Institutions of the Communities. We regard this political

co-operation as a natural and necessary consequence of the far-reaching integration which has been realized or planned within the framework of the Treaties in other fields.

While the Danish Government finds it natural and necessary to accept European co-operation to the full extent of its "depth," we find it equally necessary that this co-operation should have the widest possible geographical "width." I am thinking primarily of the Nordic countries. This group of five nations, of which, so far, only Norway and Denmark, have applied for membership, have, on a pragmatic basis, achieved a co-operation which, in many respects, exceeds the scope of the co-operation established within the Communities, for instance in the labour market, in social security, harmonisation of laws, education, and in the cultural sphere. The Danish Government wants to promote a continuation and further expansion of this intra-nordic co-operation, and we hope and trust that the Communities will agree that this is not only a natural policy for a Nordic country, but also a policy which will serve common European interests.

During the last ten years, the member states of EFTA have established a co-operation of far-reaching importance. It is the Danish Government's hope that the present members of the European Communities, the four applicant countries, and the other EFTA countries will have the will to seek solutions aiming at a new and stronger European Community and at the same time preserving the significant results of European co-operation within EFTA and among the Nordic countries. It will be essential to the future of an enlarged community that it should form the centre of a broad and stable European construction comprising all European countries which are willing to take part. They should be drawn into co-operation with the Community to the

widest extent which is practicable when we combine the imagination, political will and foresight of all parties concerned. If not, we shall not have accomplished our task, and important aspects of the European problem will remain unsolved.

The Danish Government has indicated that, all factors considered, we want no period of transition and that we are ready to accept the full obligations of membership, beginning immediately when the Treaties enlarging the Community have been ratified. The reason for this point of view is simple: for more than ten years Denmark has now borne what we find to be a disproportionate share of the burden caused by the economic division of Europe, in particular through the damage to our traditional agricultural exports.

We realize, however, that other applicant countries wish a transitional period and that the Communities are disposed to accept this. We must therefore accept that the negotiations may result in a transitional period. In return, we would expect our partners in the negotiations to agree that part of the task in formulating the transitional period should be to avoid unreasonable repercussions on a country which has no desire, no interest, and certainly no responsibility for a period of transition which may have to apply to all applicant countries.

Mr. President, I have referred to the adjustments which Denmark, like the other applicant countries, will have to go through in connection with our entry into the European Communities. I could easily give you a long list of problems arising in that connection. I shall refrain from that. The Danish Government is firmly resolved to confine the problems of our negotiations to a minimum of significant questions.

1. The Customs Union.

We foresee no serious problems as a result of Denmark's participation in the Customs Union.

2. The Transitional Arrangements in the Agricultural Sector.

If such a transitional period should prove necessary, our principal views are that:

it should be as short as possible,

it should begin, as soon as the Treaty of Accession enters into force, with a substantial step towards EC price levels, in line with the first approximation of tariffs,

the new member countries should benefit from a community preference immediately when their entry takes effect, there should be parallelism between the growing advantages obtained during the transitional period and the contributions paid to the FEOGA during the various stages of the transitional period,

the obligations in the field of establishment in agri-

culture should at the earliest enter into force at the end of the transitional period, and, finally,

the removal of Denmark's existing benefits on the British market under Danish-British agreements should be viewed in the light of the other provisions of transitional arrangements and should be the subject of discussions between the United Kingdom, the Communities and Denmark.

3. Economic and Monetary Co-operation.

Denmark may have to request that a transitional period in the agricultural sector be accompanied by a transitional arrangement also with regard to the liberalization of the capital movements.

4. The Faroe Islands and Greenland.

These two areas are faced with inherent problems which make it necessary to discuss with the Communities the possibilities of obtaining special arrangements in the same way as has been agreed for Overseas territories of the present member states. We do not visualize an association of the Faroe Islands and Greenland but a solution within the framework of Denmark's membership.

5. Institutions.

The Danish Government does not expect any special problems to arise if the negotiations on this matter are based on the proposal discussed by the EC Council of Ministers. My Government recognizes that an enlarged and strengthened Community needs effective institutions. We consider it also important that the European Parliament should be given an increasingly significant role.

6. Finally, a number of minor questions will have to be considered. An example is the Nordic labour market which we want to preserve concurrently with the obligations following from the rules of the Community in this field.

The full texts of these opening statements may be obtained from the following sources:

Denmark:	The Embassy of Denmark 3200 Whitehaven Street, N.W. Washington, D.C. 20008
Great Britain:	The British Information Services Policy and Reference Division 845 Third Avenue New York, N.Y. 10022
Norway:	The Embassy of Norway 3401 Massachusetts Ave., N.W. Washington, D.C. 20007

GREAT BRITAIN: Statement by Mr. Anthony Barber, Chancellor of the Duchy of Lancaster.

Nine years ago we began negotiations for membership of the European Communities. We entered those negotiations with high hopes, but they were not to be fulfilled. Then, in May 1967 the previous British Government applied to join. And now, today, I want my colleagues in the Communities to know that the new Government in Britain are confident that with goodwill these negotiations now beginning can succeed. Our task is, together, to work out terms which are fair. And if none of us loses sight of the compelling reasons for uniting and strengthening Europe—reasons which have grown stronger with the years—then fair terms will be found.

The fact is that none of us acting alone can gain the ends which we desire for our own people in terms of physical security or economic or social advance. Looking beyond our own frontiers, there are still dangers, and it is right that Europe should assume a greater share of responsibility for its own defence. That too is our joint concern.

And it is wholly unrealistic to separate the political and economic interests of Europe, because our place in the world, and our influence, will be largely determined by the growth of our resources and the pace of our technological development. Economic growth and technological development today require that we integrate our economies and our markets.

Europe must, of course, take full account of the views of its friends and allies in other parts of the world. But let none of us who is taking part in these negotiations lose sight of our common objective of European unity. And let no-one who is not taking part think it could be in his interest that we should fail to achieve that objective. For given this base, we can not only hope for, but more effectively work for a closer and more fruitful relationship between East and West. We can do more to promote the growth of international trade. And we can make a fuller European contribution to solving the problems of less prosperous countries.

These are the reasons why we want a united Europe. We want Europe to prosper. But we do not seek prosperity for Europe alone, any more than you do. We believe with you that Europe still has its contribution to make beyond its own frontiers and we believe that Europe cannot make its full contribution unless the Communities are enlarged to include Britain.

The Government of Denmark, the Irish Republic and Norway have also decided to apply to join the Communities, and we warmly welcome their decisions. We also believe that a number of European countries which do not join the Communities as full members will nevertheless have a valuable contribution to make

to many of our common objectives, and that it will therefore be in the interest of all of us that these countries should find a mutually satisfactory relationship with the enlarged Communities.

Both Mr. Heath, in a speech last month, and the previous British Government have made it clear that we accept the Treaties establishing the three European Communities and the decisions which have flowed from them. I confirm that this is the position of Her Majesty's Government, subject to the points to which I now turn.

The list of questions which we wish to see covered in negotiations remain the same as those put forward by the previous British Government in July 1967. For Euratom and the European Coal and Steel Community we seek only a very short transitional period. Adaptation to the obligations of the European Economic Community will clearly require more time than that. And it would be unrealistic not to face up to the fact, at the outset, that there are some very difficult problems to be solved. Our main problems, as you know, concern certain matters of agricultural policy: our contribution to Community budgetary expenditure: Commonwealth sugar exports: New Zealand's special problems: and certain other Commonwealth questions.

You mentioned one of these Commonwealth questions, Mr. Chairman, when you referred to the enlarged Community continuing the policy of association. I recall that, during the 1961/62 negotiations, it was provisionally agreed that association under what was later negotiated as the Yaoundé Convention should be open to independent Commonwealth countries in the Caribbean as well as in Africa. The Community subsequently repeated this offer in its Declaration of Intent of July 1963.

The position which the previous British Government took in July 1967, was, of course, subject to developments in the Community in the meantime. Fisheries policy may prove to be one such development. In the field of Community budgetary arrangements, recent developments have made the problems facing our membership more difficult. As you know, our predecessors had looked forward to Britain's taking part as a full member in the negotiation of the financial arrangements for the period after the end of 1969. Had we done so, the resulting agreement would no doubt have made fair provision for us as it has for each of the existing members of the Communities. But we were not party to your agreement. **And the arrangements which must in any case be agreed to enable a new member to take part in the budgetary provisions of the European Communities will constitute one of the crucial elements in the negotiations on which we are embarking. When the European Commission gave its opinion on our candidature in September 1967, it was**

recognized that the existing financial arrangements would, if applied to Britain, 'give rise to a problem of balance in sharing of financial burdens.' I think it will be generally agreed that the new decisions have for us made that problem of balance more severe. And so we have to work together to find a solution to this basic problem which will be fair and sound for the enlarged Community and for all its members. If I appear to labor this point, it is only because, unless such a solution is found, the burden of the United Kingdom could not be sustained and no British Government could contemplate joining. Moreover, without such a solution, the whole basis of stability and confidence, essential to the further development of the Communities, would be lacking.

A few weeks ago Mr. Heath spoke about the future development of the Communities. He said that we shared your determination to go on from what has already been achieved into new spheres of cooperation, beginning with economic and monetary matters, but at the same time laying the foundations for a new method of working together in foreign policy and defence. In all these problems, he added, we should seek to achieve solutions which are Community solutions. We welcome the moves which you have already made towards closer economic and monetary integration, and are ready to play our full part. And there are other aspects of policy where we shall likewise welcome further progress: in industrial policy, in regional policy, and of course in the field of technology where we are already working together, but where so much more could be done once the Communities had been enlarged.

I have said enough today to show you that the new British Government is determined to work with you in building a Europe which has a coherent character of its own. If the Communities are to develop, and if we are to find Community solutions to our common problems, we shall need the machinery to take the decisions. That means sharing in the continued development of effective institutions—effective to do those things which our joint experience shows to be necessary and advantageous to all. That has always been our practical approach to institutional change. What matters—to you and to us—is that our objectives are the same, and we no less than you, will want the institutions to match those objectives.

. . . . I have referred to the main points which we wish to see covered in negotiations. We hope the negotiations can be kept short and confined to essentials. I am told that the problems which you have been discussing for the last six months in preparation for these negotiations are very much the same as ours. So these are common problems for us and for you—how to enable an enlarged Community to function most effectively for the advantage of all.

NORWAY: Statement by Mr. Sven Stray, Norwegian Minister of Foreign Affairs.

The Norwegian Government considers the Treaty of Rome, with the objectives and rules embodied in the existing treaties and the subsequently adopted regulations and directives, to be a suitable basis for an extended European co-operation. The application in Norway of some of these regulations and directives will raise substantial problems which we wish to discuss during the forthcoming negotiations. These problems have their origin in conditions that are peculiar to Norway.

The Norwegian economy is to a high degree oriented towards the outside world, as it has been necessary to find an international market for a substantial part of our goods and shipping services. Total exports of goods and services amount to about 40 per cent of the gross national product. Our exports are, moreover, centred on a limited number of important markets and with a strong concentration on a few categories of products. We have therefore taken an active part in the efforts to liberalize world trade and develop international economic co-operation. Four-fifths of Norwegian commodity exports find their markets in Western Europe, and the European integration has been followed with great interest in Norway.

Our trade with Member countries of the EEC has substantially increased, but our trade with EFTA, and more particularly with the Nordic countries, has increased much more. Our experiences from the co-operation within EFTA are good. Strong economic ties have been established between these countries. The Norwegian Government attach decisive importance to the preservation of the free market thus created.

Of particular importance is the Nordic market established through EFTA. It would create very great problems if trade barriers, that have been removed, should be restored. During the negotiations now about to begin, solutions must be found which will continue to secure the free trade already achieved between the Nordic countries. The co-operation between the Nordic countries covers both the economic and other fields and has ancient and strong traditions. On the Norwegian side, we consider it important that this co-operation can be maintained and further developed. I wish in this connection to underline the importance of the common Nordic labour market.

The questions that we wish to raise during the negotiations are primarily related to our country's geographical situation and natural conditions. In Norway great importance is attached to regional development policy, and we consider it essential to be able to continue to apply the necessary measures in this field.

Of the total population of an enlarged Community, Norway's population will amount to 1.5 per cent. In a

far-flung and sparsely populated country like ours, the maintenance of settlement in the various regions will always be a problem of primary importance. This presupposes that satisfactory conditions for agriculture and fisheries exist. In order to secure a settlement in all parts of the country the preservation of an agricultural industry of about the same extent and character that we have in Norway today is necessary. Also for the purpose of maintaining a state of preparedness it is of decisive importance to have an agricultural industry that offers possibilities for providing the population with a minimum supply of foodstuffs.

As far as Norway is concerned, it should be possible to limit the subjects of negotiation in the main to agriculture, the fishing industry, capital movements and establishment questions. Allow me, Mr. Chairman, already at this stage to touch briefly on these topics.

As far as agriculture and the fishing industry are concerned, I may recall the declaration made on the 4th of July 1962 on behalf of the Norwegian Government by Mr. Halvard Lange, then Norwegian Minister of Foreign Affairs, in connection with the opening of the negotiations taking place at that time. I shall not therefore repeat the description he gave of the competitive handicaps under which Norwegian agriculture has permanently to operate in comparison with the agriculture on the Continent of Europe. However, I would like to stress the following facts: the area of arable land amounts to only 3 per cent of the country's total area. The agricultural production of Norway amounts to only 0.5 per cent of the total agricultural production in an enlarged Community. On a European scale this production is marginal, and special arrangements of a lasting character in favour of Norwegian agriculture should accordingly not have any perceptible effect on European agriculture.

As a consequence of geographical and natural conditions, the Norwegian fisheries are to a large extent coastal fisheries. Questions connected with the fishery limit are therefore of vital importance to Norway. To secure an economic basis for the coastal population is an essential national task. We consider it essential that in connection with the elaboration of a common fishery policy a satisfactory solution is found to these questions.

We assume that now that the negotiations for an enlargement of the Communities have been opened, the applicant countries will be given the opportunity to express their views on the common fishery policy.

The rules governing capital movements and establishment will also raise certain problems for Norway. Norway is traditionally a capital importing country and will continue to need foreign capital for her future development. The form and size of such capital imports may, however, raise special problems owing to the structure of Norwegian industry with small enterprises

disposing of but little capital of their own. We have in Norway developed legislation embodying a concession system which makes it possible to control the exploitation of our natural resources with due regard to economic and social considerations. This legislation occupies a central place in Norwegian economic policy. The Community rules may raise special problems for Norway that we would like to discuss in the course of the negotiations.

Participation in the co-operation within Euratom does not appear to raise any problems of importance, apart from the special problem connected with the security control, which, however, must find its solution in a larger context.

We have noted with interest existing plans for co-operation in matters of industrial policy. We, on our side, will give our support to an extended European co-operation regarding industrial policy. We consider it of particular importance that regional policy constitutes an essential element of the future European industrial policy.

We are also most interested in measures designed to intensify co-operation in regard to technological and scientific matters, and Norway, for her part, accepted with pleasure the invitation to this effect received from the Community a year ago.

We have in this connection noted with interest the increased international recognition that many of the problems raised by the development of modern society cannot be satisfactorily solved exclusively within the framework of the individual country.

The Community is engaged in discussing plans concerning an extended co-operation in the economic and monetary fields. On our side, we have in our participation in international co-operation always stressed the importance of the best possible co-ordination of the economic and monetary policies of the various countries. Norway attaches great importance to stable conditions in this field and is interested in participating in an extended co-operation concerning these questions.

The Norwegian Government favour a constructive European co-operation designed to strengthen the peoples of Europe economically and politically, so as to enable them to play an ever increasing part in the efforts to safeguard international peace and security. It is understood that discussions on a future political co-operation will take place in other countries.

Such co-operation should also offer possibilities for even greater efforts in favour of the large group of developing countries.

Before concluding, I should also like to mention that a referendum of a consultative character is envisaged before the Storting takes a final stand on the result we reach in our negotiations.

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Two general descriptive booklets on EFTA are available in limited quantities from the Washington Information Office: **EFTA: What It Is, What It Does**—A brief but comprehensive folder; **Nine Countries—One Market**—a 26-page booklet, useful for businessmen or students.

Basic Documents

Convention Establishing the European Free Trade Association, effective May 3, 1960, and Agreement Creating an Association Between the Member States of the European Free Trade Association and the Republic of Finland, signed March 27, 1961. Combined 88 pp. (1967 Edition)

Building EFTA. First published in February 1967, this is a comprehensive and scholarly study of the background, objectives and achievements of EFTA, intended as a textbook for economists in business, government or the universities, for teachers of international affairs and for students specializing in integration studies. 147 pp. with tables and charts.

Annual Reports of EFTA. Brief yearly records of the work of EFTA. The Ninth (1968-69), the Eighth (1967-68) and Seventh (1966-67) are available in limited quantities; previous editions are available only to libraries. 50 pp.

Other Publications

The Rules of Origin (revised edition) is a full study of the Origin System used in EFTA to ensure that goods shipped from one EFTA country to another are entitled to benefit from the EFTA tariff reductions. 86 pp.

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EFTA Trade, 1959-68 (new edition). A comprehensive study in depth (including statistical tables and charts) of the trade of the eight EFTA countries. Intended only for professional trade analysts and economists. 174 pp.

An Examination of the Growth Centre Idea. Prepared by an expert working party drawn from Governments and Universities, the study underlines the advantages of concentrating development effort rather than dispersing it. 232 pp.

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