



EUROPEAN COMMISSION

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F I N L A N D

NEGOTIATIONS FOR ACCESSION

TO THE

EUROPEAN UNION

Introduction

Finland applied for membership on 18 March 1992, after Austria and Sweden but before Norway, the other candidates for the present enlargement of the European Union. The European Commission gave its Opinion on Finland's application for membership on 4 November 1992. Formal negotiations began in February 1993 and finished in March 1994. Ten meetings were held at Deputy level, the last on 30 March 1994. Eight Ministerial meetings were held, ending on 1 March 1994.

The European Parliament gave its Assent on the four candidate countries on 4 May 1994. The Finnish request for membership was approved with 377 votes in favour, 21 against and 61 abstentions. After the signature of the Treaty, Act of Accession, Protocols and accompanying texts in Corfu on 24 June 1994, it is for the Finnish citizens and the Parliaments of the Twelve to signify their agreement, so permitting Finland to join the Union on 1 January 1995, as foreseen by the European Council held in Copenhagen in June 1993.

An Overview of the Results

1. The negotiations between Finland and the European Union had much in common with those of its Nordic neighbours, notably in showing a deep concern that the Act of Accession take full account of the special climatic conditions affecting agricultural production, the need to maintain rural populations, safeguards for the environment, the high Finnish health and safety standards and its special trade relations with the Baltic States. However Finland can be distinguished from its fellow candidates by its **geo-political position**. Enlargement will mean that the European Union will, for the first time, have a common border with the ex-Soviet Union. Finland's 1200km border with its Eastern neighbour gives rise to various considerations in relation to its membership of the Union. The common foreign and security policy established under the Maastricht Treaty will have a special relevance for Finland, given the potential instability of the political situation in Russia. Another consideration is the role Finland might be expected to play in furthering trade and cooperation, not only with the Baltic States but with Russia itself, in view of its long experience of trading with that

country. Finland is thus the new Member State best placed geographically to improve transport links with Russia.

2. The negotiations on the linked issues of **agricultural support and regional aids** had to take account not only of the effects of the climate and the low density of population in some areas but also of the consequent high level of support given to farmers and rural communities and of agricultural prices higher than those under the CAP. Since the absence of border controls in the EU's Internal Market ruled out the possibility of a gradual alignment of agricultural prices as occurred in previous enlargements, Finland and the other applicant countries accepted the adoption of common agricultural prices immediately on Accession. However to soften the impact of this abrupt change, the Union agreed that Finland could continue to give financial support to its farmers, reducing year by year, for five years. The Union will make a special contribution towards this support, spread over the years 1995-1998. In addition, farms in unfavourable geographical locations will be eligible for long-term compensatory national aids. Taken in conjunction with assistance normally available under the CAP, the result will be that farmers throughout Finland will benefit from a combination of Union and national support.
3. To further assist regions in the North and the East with a low population density, a new Objective 6 has been introduced in the framework of the **Structural Funds** with funds committed until 1999, when the situation will be reviewed. Finland will also be eligible to benefit under Objectives 2-5b of the structural policies.
4. Finland will be integrated into the **Common Fisheries Policy** arrangements as far as access to waters is concerned. As to access to resources, in view of Finland's tradition of fishing baltic herring for non-human consumption, special arrangements have been agreed for this to continue for three years, subject to certain conditions.

5. The main issues dealt with in the context of Union **competition** rules were the questions of national aids and the Finnish monopolies of the production, import, wholesale and retailing of alcoholic drink. These monopolies have their basis in considerations of health and social policy but nevertheless run counter to the principles of free competition. Taking into account its other obligations under the EEA Treaty, Finland has agreed to abolish its production, import and wholesale monopolies and to make changes in the retail monopoly so that alcoholic beverages from other Member States are publicised and readily available to customers on the same basis as Finnish products.

6. The protection of the **environment** covers a wide span of issues and in the case of the negotiations with Finland involved amending Union legislation to provide for the addition or exclusion of various species of flora, fauna and wild birds to take into account either the existence of species not found elsewhere in the Union or different conservation needs. The Boreal (Northern) region was added to those of special interest as a natural habitat. Because of the effect of the sulphur in fuel oils on the environment, particularly acute in Finland owing to the cold climate, diesel oil sold in Finland has a lower sulphur content than that provided for in the Union Directive. This lower level can be maintained until 1.10.96.

7. Another subject with environmental connections, but strictly a question of the **free movement of capital**, was that of the restrictions placed on foreigners wishing to buy secondary residences. In view of Finnish concern about the possibility of an increase in the number of holiday homes constructed by foreigners in environmentally sensitive areas, Finland has been permitted to keep its present laws, limiting access to secondary residences for non-residents, in force for five years from Accession.

8. Finnish concerns, as mentioned above in paragraph 1, about the maintenance of their health and safety standards were particularly relevant to the discussions on the **free movement of goods**. It was found that stricter standards applied in Finland on the marketing and use of certain dangerous substances and preparations, the cadmium content of fertilizers, the classification, packaging and labelling of pesticides and the sulphur content of gas oils. The solution adopted was to agree that Finland could maintain its national rules for a transitional period of four years. During this period the Union provisions will be reviewed and the outcome applicable to all Member States, old and new.
9. Negotiations in the field of **energy** concerned peat, oil and nuclear power. Finland will accept the Union **acquis** on peat exploitation but has been granted a year to bring its oil reserves up to the minimum required under Union rules. As nuclear material in the Member States belongs to the Union, the health protection of the general public and nuclear workers comes under the responsibility of the Euratom Safeguards Directorate from Accession. However Finland has a two-year period to adapt to the Euratom safety standards to protect against the danger of ionizing radiation. Finally, there is a Joint Declaration to the effect that Finland is not obliged to accept a specific shipment of radioactive waste from another Member State.
10. Finland is to apply the **Union's External Customs Tariff** on Accession. In cases where the Finnish Customs Tariff is higher than that of the Common Customs Tariff, Finland has three years in which to adjust to the lower Union level. On the allied **external relations'** question of Finland's bilateral trade agreements with Estonia, Latvia and Lithuania, from which Finland must withdraw on Accession, the Union has undertaken to conclude its own free trade agreements with these States. If such agreements are not in force by 1 January 1995, imports will be allowed to continue as before until the new agreements are effective. In other cases Finland will cease to apply its previous commercial agreements and will be covered by the EU's external arrangements. Finland will of course leave EFTA from 1 January, 1995.

11. A number of temporary derogations were granted to Finland in the areas of **indirect taxation and excise duties**. The temporary exemptions from VAT apply to certain vessels used for commercial purposes, subscribed newspapers and periodicals and to services supplied by authors, artists and performers.
In the context of limitation of alcohol consumption (see 5 above), Finland can impose certain quantitative limits on the tax-paid spirits, wine and beer which can be imported by travellers arriving from other Member States. Corresponding limits apply to tobacco products. This derogation will be reviewed before the end of 1996.
12. A situation specific to Finland is that of the **Åland Islands**. These islands enjoy a special status under a League of Nations' Decision of 1921 which means, inter alia, that any decision to include the islands in the Union needs to have the assent of the Åland legislative Assembly. In the event of this assent being given, the provisions of a Protocol in the accession Act will apply. The main effect of these provisions would firstly be to maintain restrictions on who can buy property or exercise a profession on the Islands, these rights being linked to regional citizenship which will be granted to mainland Finns and other citizens of the Union under the same conditions. The other main effect would be to exclude the Islands from the fiscal territory of the Union. This means that duty-free sales on ferry boats passing through Åland would continue beyond 1999, the year they will cease within the rest of the Union.
13. Another question which is the subject of a Protocol but shared with Norway and Sweden, concerns the **Sami people** living in the North of the three countries and who depend largely on reindeer husbandry. The Protocol in question aims to safeguard the Sami traditional way of life and to preserve their exclusive rights to herd reindeer.
14. As regards the Union **budget**, Finland fully accepted its obligations but will benefit for four years from compensation relating to the CAP, agricultural price adjustment and to the Union taking over certain of Finland's EEA liabilities. The total budgetary compensation amounts to 737 MECU.

15. Acceptance of the Union's **economic and monetary policy** presented no problem. Thus Finland will enter Stage 2 of the EMU from the date of Accession and is ready to accept the EMU convergence criteria and regulations.
16. On **institutional matters** the existing system of representation of the Member States will be applied to the new Member States, arithmetically extrapolated on the basis of the present rules. This means that Finland will have sixteen seats in the European Parliament, three votes in the Council, nine representatives in each of the Economic and Social Committee and the Committee of the Regions and one member of the European Commission. Other Union Institutions and bodies such as the Court of Auditors, the Court of Justice and the European Investment Bank will also have their composition adjusted to take into account the accession of Finland and the other applicant countries.
17. The two new pillars introduced under the Maastricht Treaty, **Foreign and Security Policy and Justice and Home Affairs**, presented no real problem to Finland, which was able to confirm its full acceptance of the rights and obligations flowing from the implementation of these policies.