

**EEC - EFTA**  
**PRESS RELEASE**

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**EUROPEAN ECONOMIC AREA**

**SIGNING IN OPORTO OF THE AGREEMENT CREATING THE  
EUROPEAN ECONOMIC AREA: THE EMERGENCE, IN THE NEW  
ARCHITECTURE OF EUROPE, OF THE WORLD'S LARGEST AND  
MOST IMPORTANT INTEGRATED ECONOMIC STRUCTURE  
MARKS A SIGNIFICANT STEP TOWARDS THE CONSTRUCTION  
OF A EUROPE BASED ON PEACE, DEMOCRACY AND  
HUMAN RIGHTS**

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At a formal ceremony held in Oporto today, Saturday 2 May 1992, in the presence of H.E. Mr CAVACO SILVA, Prime Minister of Portugal and President-in-Office of the European Council, the European Communities and their Member States and the EFTA countries signed the Agreement on the European Economic Area.

The following agreements were also signed on this occasion:

- bilateral agricultural agreements between the EEC and Austria, Finland, Iceland, Norway, Sweden and Switzerland respectively;
- bilateral fisheries agreements between the EEC and Iceland, Norway and Sweden respectively;
- bilateral agreements on road transit between the EEC and Austria and Switzerland respectively.

In addition, the Plenipotentiaries of the Member States of the Community and the EFTA countries adopted two declarations concerning the simplification of frontier controls and political dialogue respectively.

These agreements were signed, as appropriate, by:

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The creation of the European Economic Area ushers in a new phase in relations between the Community and its Member States and the EFTA States, and also constitutes a particularly important element in the new architecture of Europe.

The European Economic Area is intended to give fresh impetus to the privileged relationship between the European Community, its Member States and the EFTA States, which is based on their proximity, the importance of their economic relations, their common values of democracy and a market economy and their common European identity.

Once the European Economic Area has come into existence the Community and its Member States and the EFTA States will make up the largest and most important integrated economic area in the world comprising 19 countries and enabling some 380 million citizens, through increased co-operation, to achieve greater prosperity and to assume their responsibilities even more effectively on the international scene, particularly in Europe.

The aim of the Agreement on the European Economic Area is to establish a dynamic and homogenous integrated structure based on common rules and equal conditions of competition and equipped with the means, including judicial means, necessary for its implementation; it is based on equality, reciprocity and an overall balance of the contracting parties' benefits, rights and obligations.

The Agreement will make it possible to realize within the EEA the free movement of goods, persons, services and capital (achievement of the "four freedoms") on the basis of the European Community's existing legislation (the "acquis communautaire") as it has evolved over the past thirty years, subject to a few exceptions and transitional periods:

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- (a) Free movement of goods: in addition to the total elimination of customs duties on industrial products already achieved under the 1972 free trade agreements, the Agreement removes virtually all remaining obstacles to trade in goods. Particularly worthy of mention are: the prohibition of any quantitative restrictions and measures having equivalent effect, the improvement of the origin rules with a view to introducing "EEA origin", the prevention of any kind of discriminatory practice by commercial state monopolies as between nationals belonging to the EEA as regards the conditions under which goods are procured and marketed, the non-applicability - subject to certain conditions - of antidumping measures in intra-EEA relations, the removal of technical barriers to trade, the simplification of border controls and of procedures governing trade in goods, the creation of a common market in public procurement, and simplified procedures for trade in processed agricultural products.
- (b) Free movement of persons: the EEA will provide new opportunities for workers and the self-employed. There will be no discrimination on grounds of nationality as regards employment, remuneration or other working conditions. Citizens of EEA countries will be free to move and to seek and hold employment anywhere in the Economic Area. As regards social security, the same rules for co-ordination of the various national systems will enable all workers, regardless of their EEA country of origin, to enjoy non-discriminatory and uninterrupted social protection. Freedom of establishment is expressly recognized in the Agreement: this means that nationals of any EEA country will have the right to set up businesses, agencies, branches, etc. and to pursue activities as self-employed persons anywhere in the EEA. Diplomas and other qualifications will be equally valid throughout the Economic Area, and students will be encouraged to study, train and carry out research outside of their home country.

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The body of provisions in the Agreement on the free movement of persons will therefore enable the citizens of the EEA to take advantage of the right to carry out any legal activity on a non-discriminatory basis.

- (c) Free movement of services: the EEA Agreement guarantees freedom to provide services on a non-discriminatory basis, since the signatory States have committed themselves to treating all EEA nationals in the same manner as their own citizens.

Concerning financial services in particular, the principle of "single licensing" will apply to credit institutions in the whole of the EEA and the principle of "home country control" will make the home country responsible for supervising the activities of domestic credit institutions wherever they carry out their activities in the EEA.

The Agreement also covers securities trading and, to protect the interests of investors, it includes strict rules on minimum capital and the disclosure of information by publicly listed companies.

The Agreement also includes insurance, including life assurance, non-life insurance and motor insurance.

The Agreement also contains provisions on telecommunications and on audiovisual and information services.

The provisions on transport are based on the principles of reciprocal and mutual access to the market for the contracting parties, more liberalization of transport services on a multilateral basis, and harmonized technical provisions and working conditions. They cover all modes of transport, i.e. inland, maritime and air transport.

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Separate bilateral agreements have been concluded with Austria and Switzerland on road transit. The purpose of these agreements is to strengthen co-operation between the parties and to promote conventional rail transport as well as combined road-rail transport in order to protect the environment and public health, while improving access to the market. In this context, the Parties have defined the number of transits authorized.

- (d) Free movement of capital: The Agreement provides a comprehensive and non-discriminatory framework for capital transfers, cross-border investments (whether direct or indirect), loans, etc. It provides not only for the abolition of exchange controls directly affecting capital transfers but also for the abolition of other indirect obstacles. In this sphere also, national rules on capital movements will apply equally to foreign residents and nationals. In the case of investment and establishment in the fisheries sector, Norway and Iceland will be permitted to maintain their existing national legislation.

The establishment of equal conditions of competition within the EEA is a priority objective of the Agreement. This objective will be attained through the inclusion in the Agreement of rules applicable in the Community and through the introduction of an effective surveillance system under which the EFTA countries will establish a structure similar to the Community structure, namely an EFTA Surveillance Authority responsible for surveying application of the EEA rules in the EFTA countries and an EFTA Court which will be responsible for judicial control.

Specific solutions have been found for agriculture and fisheries, inter alia through bilateral agreements, in order to intensify trade within the EEA.

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In agriculture a future-developments clause commits the parties to continue their efforts to achieve progressive liberalization of trade in this sector under their national legislation, taking account of the results of the Uruguay Round, and bilateral arrangements have been concluded to encourage trade in particular products (cheese, fruit and vegetable juices, wine/spirits, meat, horticultural products) and, with the aim of contributing to a reduction in economic and social disparities (the "cohesion" objective in favour of the Mediterranean countries and Ireland), to boost the entry on EFTA markets of various products from the less developed regions of the Community. The Agreement furthermore contains provisions intended to reduce as much as possible technical barriers to agricultural trade arising from differing technical regulations on animal and plant health.

Trade in fisheries products in the EEA will be progressively liberalized. On the date of entry into force of the Agreement the EFTA countries will abolish practically all of their customs duties on Community exports. The Community will, for its part, either immediately abolish or progressively reduce its customs duties (apart from for certain sensitive species).

As regards access to resources (an area which is a subject of bilateral agreements), Norway and Sweden have granted the Community additional catch possibilities or consolidated current catch possibilities. The agreement with Iceland also includes an exchange of quotas.

Apart from the four freedoms, the EEA Agreement also provides for wide-ranging and balanced co-operation covering

- areas which have, at least in part, an impact on the competitive position of undertakings and which are directly linked to the achievement of the four freedoms. These are the "horizontal" policies, and here the Agreement specifically identifies social policy, consumer protection,

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environment, statistics and company law;

- "flanking" Community policies, where co-operation in this context may take the form inter alia of participation by EFTA countries in framework programmes, specific programmes, projects or other Community actions in areas such as research and technological development, education and training, youth, more general aspects linked to the environment, social policy and consumer protection, SMEs, tourism, the audio-visual sector, and civil protection.

With the aim of contributing through the application of the Agreement to the reduction in economic and social imbalances between the regions, the EFTA countries have agreed to establish, in addition to certain agriculture and fisheries arrangements already mentioned, a financial mechanism for a five-year period which will provide financial assistance for Portugal, the island of Ireland, Greece and certain regions in Spain. This assistance will take the form of soft loans totalling ECU 1 500 million and direct grants totalling ECU 500 million

The Agreement aims to ensure the homogeneity of the rules applicable while preserving the decision-making autonomy of the Contracting Parties. It accordingly establishes a continuous and permanent process of information and consultation during all the stages of the preparation of Community acts, the aim of which is to facilitate the adoption at EEA level of new Community legislation. It also lays down rules aimed at the uniform interpretation of the provisions of the Agreement. Finally, it includes rules for surveillance and enforcement (also including, as already referred to, the establishment of an independent EFTA Surveillance Authority and an EFTA Court) and specific rules for the settlement of disputes, including as a last resort the possibility of safeguard measures and, where a dispute does not involve the interpretation of provisions

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which are identical in substance with the *acquis communautaire*, an arbitration procedure.

The institutional framework of the EEA Agreement comprises:

- an EEA Council, the highest political body in the EEA, consisting of members of the Council of the Community, members of the Commission and one member of the Government of each of the EFTA States; its role will be to provide political impetus in the implementation of the Agreement and to lay down general guidelines for the Joint Committee;
- the EEA Joint Committee consisting of representatives of the Contracting Parties, which will have four principal functions: firstly, it will serve as a forum for the exchange of views and information; secondly, it will take decisions (in particular concerning the adoption or otherwise of any new *acquis communautaire*) and administer the Agreement; thirdly, it will endeavour to ensure the most homogeneous interpretation possible of the Agreement; finally, it will examine and seek solutions to any dispute between Contracting Parties concerning the interpretation or application of the Agreement;
- the EEA Joint Parliamentary Committee consisting of 66 members (33 for the European Parliament and 33 for the Parliaments of the EFTA countries), which is to contribute to a better understanding between the Community and the EFTA countries and which will be able to express its views in reports or resolutions;
- the EEA Consultative Committee which will be a forum for contacts between representatives of the social partners.