



EUROPEAN COMMISSION

TASK FORCE ENLARGEMENT

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**NEGOTIATIONS ON THE ACCESSION OF AUSTRIA, SWEDEN, FINLAND
AND NORWAY TO THE EUROPEAN UNION**

Summary of the results

Introduction

Following applications made by Austria, Sweden, Finland and Norway to join the European Communities, accession negotiations with Austria, Sweden and Finland were opened officially on the 1 February 1993 and with Norway on the 5 April 1993. The negotiations with the candidates were conducted in parallel, at various levels, in the framework of separate Conferences meeting at Ministerial or Deputies (Ambassadors) level. As the Treaty of European Union entered into force on 1.11.1993 they were formally transformed into negotiations for accession to the European Union. The negotiations on an important number of chapters were facilitated by the existence of the Free Trade Agreements between the Community and the candidates, and the recent entry into force of the European Economic Area Agreement whereby the candidate countries were already committed to take over in their national legislation most of the *acquis* concerning the Single Market. A basic principle of the negotiations was the requirement that the candidate countries should accept the actual and potential rights and obligations attaching to the Community system, its legislation and its institutional framework - the Community *acquis* - subject (if necessary) to technical adjustments and exceptionally to temporary (not permanent) derogations and transitional arrangements.

The negotiations were concluded at the political level with Austria, Sweden and Finland on the 1 March 1994 and with Norway, slightly later, on the 16 March owing to the need to negotiate further on some remaining issues, notably fisheries. Following this political agreement between the Union and the candidates on all points raised by them, the final outstanding chapter, Institutions, was settled by the Union at Ioannina on the 27 March 1994. The Accession Conferences then agreed on all negotiating chapters on the 30 March. It was then necessary to put these political agreements into legal form for the

establishment of the instruments of accession (a Treaty, an Act of Accession with Annexes and Protocols, declarations). Texts were being drafted as negotiations progressed, and eventually were agreed upon at the final session of the Accession Conferences at Deputy level on the 12 April 1994.

What follows is a general description of the outcome of negotiations, without being exhaustive, in the main chapters.

Free movement of goods

One of the major concerns of the applicant countries during the negotiations was to maintain a high level of health, safety and environmental standards after accession. It became clear, however, during detailed expert discussions that the scope of the difference between their own regulations and the EC provisions was relatively limited. For a number of exceptional, well justified cases, it was agreed that each acceding country could maintain its national rules for a transitional period of four years. The derogations, which vary in coverage between the four countries, relate to the classification, packaging and labelling of pesticides and certain other dangerous substances, the marketing and use of certain chemical products (including cadmium, arsenic, pentachlorophenol) and the composition of fertilisers and batteries. The enforcement of the national rules during the transitional period must not be achieved by means of border control. During the transitional period the EC provisions will be reviewed according to normal procedures and at the end of the period the *acquis* will apply to the new Member States in the same way as to the present Member States.

In the area of veterinary and phytosanitary provisions, a number of short transitional periods were agreed to allow extra examinations and scientific reviews to be carried out. For example, in the veterinary field, there are such provisions in relation to salmonella, bovine spongiform encephalopathy (BSE) and classical swine fever.

A small number of adjustments to EC provisions were agreed for specific applicant countries in sectors such as motor vehicles (pollution limits), spirit drinks and returnable bottles.

Secondary residences

All four candidates have specific rules regarding the purchase of holiday houses (secondary residences) by foreigners. In the negotiations it was agreed that they can maintain those rules for a transitional period of 5 years.

Competition

An important issue in this area was the future existence of the Nordic alcohol monopolies. The three Nordic countries have longstanding alcohol policies with strict controls on the sales of alcoholic beverages. Their monopolies form an integral part of these policies. The Nordic monopolies extend over every stage of the commercialisation of alcoholic beverages: import, wholesale and retail. The case law of the European Court of Justice establishes, however, that import and wholesale monopolies run counter to the EC Treaty. The three Nordic countries accepted to put their legislation in conformity with Community rules by the time of accession. As regards retail monopolies, no jurisprudence of the European Court of Justice exists. After a careful examination the Commission informed the three Nordic countries that, at the present stage of Community law, they can maintain their retail monopolies as long as these do not discriminate against products from other Member States.

State aids being Commission competence, there was no formal negotiation on existing aids granted by applicant countries, but arrangements have been made for normal treatment of state aid cases under Treaty provisions after accession.

Road transit - Austria

The problem of transit through Austria by heavy lorries was one of the most important subjects in the negotiations with Austria - perhaps the most sensitive subject in Austrian public opinion.

Heavy goods vehicles normally enjoy unrestricted passage through Member States of the Union, provided that they comply with the rules on weights, dimensions and so on. However, in view of the environmental threat to the Alpine passes, and the narrow valleys leading to them, the Community had concluded in 1992 a bilateral agreement with Austria to control the number of vehicles by means of an "ecopoint" system of transit licences. In the accession negotiations, Austria requested a special derogation so that this agreement could be continued after membership.

It was agreed, therefore, - and this was the last and most important problem to be solved in the negotiations with Austria - that the essential objective of the transit agreement will be honoured, namely the reduction (by 60% by the end of the year 2003) of pollution from heavy lorries in transit through Austria. In addition, other measures to deal with the transit problem will be accelerated, including the creation of extra rail capacity, and a decision on the construction of a new tunnel under the Brenner pass.

Statistics

Finland and Austria are granted short transitional periods for the application of certain directives (Statistical Units Register for Austria and various surveys for Finland).

Environment

In respect of the conservation of natural habitats, wild fauna and flora, and wild birds, a number of adaptations are made to EC provisions, reflecting the specific environmental conditions and the different conservation status of certain animal and plant species in the acceding countries. For example, the Finnish, Norwegian and Swedish populations of the beaver ("castor fiber") are included in the species for which hunting is subject to management measures, while elsewhere in the Community this species is designated as in need of strict protection. After discussions with certain candidate countries at expert level, no derogations from the EC provisions were made for the hunting of lynx, polar bears or whales.

Austria and Finland may keep their restrictions on the sulphur content of gasoils, and Austria its provisions for the benzene content of petrol, for a transitional period of four years, during which the EC provisions will be reviewed.

Austria can maintain its provisions on the import, export and transit of waste for a transitional period of two years. Norway is granted a transitional period until 1997 for the application of EC provisions on pollution caused by waste from the titanium dioxide industry. Austria, Norway and Sweden may maintain their bans on the recycling of polychlorinated biphenyls and polychlorinated terphenyls (PCBs/PCTs).

Energy

Discussions under this heading concentrated on the question to what extent different national energy policies in the candidate countries could be continued after accession.

In particular, some of the implications of membership of Euratom caused concern among candidates, given that for instance Austria has by law rejected the use of nuclear energy, that Sweden intends to do so in a number of years and that Norway does not have any commercial nuclear installations.

Furthermore, the Treaty transfers certain competencies from national authorities to the Euratom Supply Agency in the field of trade in nuclear materials and to the Commission as regards safeguard measures concerning the use of these materials, all matters of a highly sensitive political nature in the countries concerned. To meet the concerns of the candidates on these and other points, the following was agreed upon:

- a Joint Declaration relating to Austria, Sweden and Norway noting that Member States are free to decide whether or not to produce nuclear energy according to their specific policy orientation;
- the recognition that Arts. 105 and 106 of the Euratom Treaty allow agreements and contracts concluded before accession to continue unchanged;
- a Joint Declaration concerning the fulfilment by Sweden of obligations under the Non-Proliferation Treaty;
- a transitional period of two years for Austria, Finland and Sweden to implement the "acquis" on basic safety standards for health protection against the danger of ionizing radiation.

A separate question was the Norwegian demand concerning sovereignty over petroleum resources. This demand was met by a Protocol recognizing this sovereignty within the limits of Community law.

Finland was granted a transitional period of one year to implement the obligation to maintain minimum stocks of crude oil and/or petroleum products.

Agriculture

Agriculture naturally involved detailed and difficult negotiations in view of accession, because it is the economic sector in which the acceding countries will have to make the biggest adjustments as a result of membership.

Austria, Sweden, Finland and Norway each have a distinctive national system of support for agriculture, which - unlike the industrial sector - never figured in their mutual free trade under EFTA. The objectives of their national policies, similar to those of the Union's common agricultural policy, have been to support the incomes of farmers, maintain rural society, and ensure security of food supplies. They have particularly

difficult natural conditions, including in Austria a high proportion of Alpine regions, and in the three Nordic countries remote Northern territories with low temperatures, limited daylight, and low population. In fact, all the acceding countries traditionally maintained agricultural price and support levels higher than those of the Union, although in recent years Sweden made reforms which brought its prices more into line with those of the Union.

In the negotiations, therefore, the main problems to be resolved were:

- the transitional period for agricultural prices requested by Austria, Finland and Norway;
- the adaptation of the instruments of the common agricultural policy in such a way as to take account of the particular problems of the new members.

The Union insisted that, in view of the single market, and the need to avoid border controls for trade between member states in the enlarged Union, the acceding countries should adopt common agricultural prices immediately on accession, without a progressive adaptation of prices (accompanied by charges on trade between members) as was the case in previous enlargements. The acceptance of this principle by Finland, Austria and Norway was a key stage in the final round of negotiations. It was accompanied by:

- agreement on the payment of national aids to farmers in those countries, to compensate for the reduction of prices: these aids, payable over a period of five years, will be degressive, and their cost to the national budgets will be offset by a special "agro-budgetary" contribution from the Community over four years.
- the introduction of a "safeguard clause", for rapid action by the European Commission in case of disruption of their markets for agriculture and food as a result of the opening of free trade with other members of the Union.

In addition to these transitional measures, many technical adjustments were agreed to the Union's rules on agricultural markets, structural policy, and so on, to permit the full and effective implementation of the common agricultural policy in the new member states. The "mountain and less-favoured areas" to be designated in the acceding countries will

enable their agriculture to benefit from important income support for farms with handicaps of climate and terrain. Under special arrangements for Nordic agriculture, farms situated North of 62° N and in designated adjoining areas will be eligible for long-term national aids aimed at compensating farmers for lower productivity and higher costs due to their geographical location.

Fisheries

The fisheries issue, particularly with respect to Norway, was one of the more difficult and complex subjects of the negotiation. This was the result of the need, on the one hand to incorporate into the Common Fisheries Policy (CFP) a large fishing nation that had developed its own comprehensive approach to fisheries policy and, on the other hand to find solutions to a number of internal concerns of the Union in this sector. In this connection it has to be recognised that Norway has developed a sophisticated and high quality fisheries policy and that it was in the common interest to maintain certain aspects of it in order to safeguard the sustainable management of resources.

On the assumption that new entrants cannot be better treated than existing Member States, on the key issue of access to waters it was necessary to agree that Norway, Sweden and Finland should be subject, where relevant, to a regime equivalent to that currently applied to Spain and Portugal for a transitional period. In practice, this transitional regime will, overall, enable the new Member States and the present Union to maintain the status quo in the Baltic and the North Sea in their fishing relations until the Community establishes a CFP that is uniform for all Member States and until the adoption of a Community fishing permit system. In the Atlantic West of 4° W, Norway, which is the only acceding country to have fishing activities there, will be subject to limitations of its fishing efforts (limitation on the number of boats allowed to fish at the same time) for the same transitional period.

As regards access to resources, traditional fishing activities over a representative period (in this case a 5 year reference period for practically all fisheries from 1989-1993) were used to establish the relative stability key on the basis of which TACs as fixed by Council will be shared out in the form of quotas for Members States' vessels. However, in this

framework, and for a limited number of species (mackerel, arctic cod), some flexibility was necessary for determining quota shares. In the negotiated result an important element was the agreement of Norway to consolidate the fishing possibilities it had allocated to the Union in conjunction with the EEA Agreement as well as to grant certain additional fishing possibilities. For all three Nordic countries the fishing of herring for purposes other than human consumption is of major importance; consequently, the Union agreed to allow such fisheries to continue for a transitional period of three years, subject to certain economic and environmental conditions and to review the situation .

It was recognised in the negotiations that, given the comprehensive nature of Norwegian management of its fisheries, particularly in its waters North of 62°N, some time would be necessary to achieve the full integration of this system into the Union's one. It was agreed, therefore, that Norway could establish TACs for all species except mackerel and manage its fishing agreement with Russia in close collaboration with the Union up to 1 July 1998. After this date the rules of the CFP would apply in full and take due account of Norway's management principles and record. Transitional periods were also accorded which would allow Norway to maintain certain control and technical measures in its waters, provided that they are applied on a non-discriminatory basis.

In accepting the Community acquis, a major advantage for all the candidate countries is that they obtain free access to the Community market for their fish and fish products. In the case of Norway which is a significant exporter of such products and in view of the difficult situation now prevailing in the Community market, it was agreed that as a precautionary measure a trade monitoring system should be established for a four year transitional period for eight sensitive species in order to prevent serious market disturbances.

Outside these four main policy areas other significant negotiating results were also achieved, notably the financing of smolt releases by the Community in the Baltic for the benefit of Sweden and possibly Finland and a derogation for Norway that would allow her to maintain current regulations as regards the ownership of Norwegian fishing vessels by non-nationals for a transitional period of three years. For Norway there were also a number of legal and political commitments made as regards the importance of relative

stability as a central concept of the CFP, on the recognition of producers organisations, the supply needs of the Norwegian fish processing industry and the importance of the exclusive 12 mile limit for coastal communities.

External trade and Customs Union

External trade was one of the less difficult chapters of the negotiations.

The acceding countries agreed to apply the common external tariff immediately on their accession, with some very limited exceptions for Finland and Norway, which may reduce some higher tariffs progressively over a period of 3 years, and will benefit from a duty-free quota for imports of styrene for 5 years.

The new members will become parties, immediately on accession, to all the Union's international agreements with non-member countries, and will apply them according to the normal rules. However, in cases where it is necessary to adapt these agreements to take account of enlargement (for example, the textile quotas) the necessary negotiations will be undertaken with the third countries before accession.

In response to the request of Sweden, Finland and Norway to maintain their free trade arrangements with the Baltic States (Estonia, Latvia, Lithuania), the Union promised to do its best to ensure that the Union's new trade agreements with those countries, already proposed by the Commission, will be in force by the date of enlargement.

In response to Austria's preoccupation with the risk of market disturbance by low-priced imports from Central and East European countries, the Union gave an assurance that the existing safeguard measures will, if appropriate, be used.

Finally, detailed arrangements were made for the changeover by the new members from their existing customs systems to the common customs administration (rules of origin, etc.).

Regional and Structural Policies

The acceding countries attach great importance to continuing the main elements of their regional policies. Although they are relatively prosperous in relation to other members of the Union, they do have areas of low income and high unemployment: and particularly in Sweden, Finland and Norway, regional policy has also a strategic dimension, since there is a very low population density in many of the remote Northern regions.

The main question for the negotiation was the wish of all the applicant countries to enjoy "Objective 1" status under Community Structural Funds for certain of their regions. In the light of the economic criteria for designation of "Objective 1" regions, agreement was reached without difficulty on a region of Austria (Burgenland). In the case of Norway, Sweden and Finland, it was decided instead to create a new "Objective 6", permitting the designation of regions with very low population density in those countries.

In addition, decisions will be taken in good time before enlargement on the regions to be designated under Objectives 2 (industrial decline) and 5b (rural development) and to permit the effective application of Objectives 3 and 4 by the Social Fund.

Industrial Policy

As the Union's industrial policy is not implemented through legislation but concentrates on coordinating national policies and improving cooperation, this chapter did not cause specific problems.

Taxation

The main negotiating issue in the field of taxation concerned the request by the Nordic countries to limit the volumes of alcoholic beverages and tobacco products that travellers can freely take across their border. Within the present Community travellers can purchase alcoholic beverages and tobacco products in another Member State without incurring extra taxes or duties when taking it home for consumption (e.g. up to 90 litres of wine, 110 litres of beer, 10 litres of spirits and 800 cigarettes); these quantitative levels are set not as absolute limits, but as an indication of normal quantities for personal consumption. The Union has agreed, however, that the Nordic countries can maintain until 31 December 1996 lower quantitative levels as absolute ceilings, namely 1 litre of spirits or 3 litres of medium strong drinks, 5 litres of wine, 15 litres of beer and 300 cigarettes or the equivalent in other tobacco products. This derogation will be reviewed by the end of 1996.

In the field of VAT the candidates received, on their request, the same derogations from the 6th VAT Directive as present Member States. In addition, Norway was granted a five year transitional period during which it may maintain its Investment Tax. Sweden received a one year transitional period exempting cinema tickets from VAT and Austria received a transitional period of two years to bring its VAT system in the public health sector in line with the 6th VAT Directive.

In the field of excise duties the candidates were granted, where necessary, the same derogations from the Union's rules on excise duties as present Member States. In addition, Sweden was granted a transitional period of one year for the introduction of an ad valorem element in its excise duties on cigarettes and a transitional period of four years to reach the required minimum excise incidence of 57% under Council Directive 92/79/EEC. It can also continue to apply, for a transitional period of three years, a reduced excise duty rate for beer with an alcohol content of not more than 3.5% volume, provided that such rate respects the Union's minimum rate prescribed in Directive 92/84/EEC. By way of derogation from Council Directive 92/81/EEC, Norway may

continue, for a period of four years, to subject mineral oils supplied for use as fuel for passenger transport within Norwegian waters to excise duty.

Chapters Relating to New Policies of the Union Introduced by the Maastricht Treaty

As regards the chapters relating to

- economic and monetary policy
- common foreign and security policy
- justice and home affairs

the candidate countries accepted without difficulty the underlying principles and political objective on which these new policy areas of the Union are based as well as the associated acquis. This means that from the date of accession all candidates are to participate in the Union's " second and third pillar " (CFSP and J&HA), and that they will contribute, on the basis of the provisions established in the Maastricht Treaty, to the achievement of Economic and Monetary Union.

Other

(a) Sami people

A Protocol was concluded with Sweden, Finland and Norway with the purpose of recognising Samis' exclusive rights (as existing at present or as they may develop) over reindeer herding in traditional settlement areas. The Protocol also provides for its possible extension to cover additional exclusive rights of the Sami people.

(b) Åland Islands

The Åland Islands enjoy international status based on a decision of the League of Nations of 1921. This means that the Accession Act cannot be applied without the Finnish Government asking for the consent of the inhabitants. To solve this legal problem the following was agreed:

- the EC, ECSC and Euratom Treaties have been amended in such a way that they will not apply to Åland unless the Government of Finland gives notice by a declaration when ratifying the Accession Act;
- a Protocol is inserted in the Accession Act containing the conditions under which the Treaties apply to Åland in the event that the Ålanders opt for membership of the EU. This Protocol maintains the existing restrictions on the right to buy properties and to exercise a profession in Åland for those not having Åland regional citizenship. Also the territory of Åland will be excluded from the fiscal territory of the Union to allow the continuation after 1999 of duty-free sales on ferry boats passing through Åland;
- lastly, a declaration in the Accession Act will state that the Åland Islands' demand for a derogation on the right to vote and to stand as a candidate in municipal elections in Åland will be dealt with within 6 months after accession in the context of the EU directives on municipal voting based on Art. 8B of the TEU.

(c) Svalbard

The Svalbard archipelago, belonging to Norway, will not be included in the territory of the Union. A Protocol has been agreed with specific provisions on competition, customs and fiscal arrangements as well as provisions on the responsibilities of Norway and the Union concerning fisheries in the waters up to 200 miles around Svalbard. The Protocol does not prejudice the positions of the Contracting Parties in respect of the application of the 1920 Paris Treaty on Svalbard.

(d) Snus

The sale of "snus" (moist snuff) is prohibited in the Union. However, both Sweden and Norway received a derogation allowing sales of this tobacco product to continue in their country.

Financial provisions and budget

This chapter did not cause major problems insofar as the candidates accepted the full "acquis" and will participate fully in the financing and expenditure of the Union budgets. The following transitional arrangements were, nevertheless, agreed:

- budgetary compensations (to account for transitional problems related to the initial stage of adjustment to Community policies; see also above, under Agriculture);
- take-over by the Community budget of commitments made by the candidates in the framework of the EEA.

The budgetary compensations amount to 2966 MECU for the 1995-1998 period for all candidates together, the take-over of EEA commitments amounts to 630 MECU over the same period.

Institutions

The appropriate adjustments to the Institutions of the Union were made on the basis of existing institutional provisions in the Treaty on the Union. Consequently, in the European Parliament the total of members will be increased by 74 to 641 (Sweden 22, Austria 21, Finland 16 and Norway 19). In the Council the current weighing of Member States' votes is maintained, in addition Sweden and Austria will have four votes each and Finland and Norway three votes each. The qualified majority is fixed at 64, which maintains the current balance. The Commission is to be increased from 17 to 21, with one additional Member to be designated by each new Member State. Likewise for the Court of Justice, each new member will appoint one judge. Other Community Institutions and bodies such as the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the European Investment Bank will also have their composition mechanically adjusted to take account of the relative weight of each new member country.