

## Wolfgang Schüssel, Austria — a European heartland on the road to full integration

**Caption:** In 1991, Wolfgang Schüssel, Austrian Foreign Minister and President-in-Office of the Council of the European Free Trade Association (EFTA), outlines why the progress made in European integration offers new options for Europe's political and economic future.

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## Austria — a European heartland on the road to full integration

by Wolfgang Schüssel

After the horrors of the Second World War there was broad agreement in the European countries that the economic - and political - reconstruction of Europe would only be possible through close co-operation based on mutual trust. In the economic sphere this meant starting gradually to dismantle barriers to trade and payment transactions.

The first steps towards this liberalization were taken in the framework of the OEEC (Organization for European Economic Co-operation), which was founded to administer the granting of Marshall aid in Europe and which was the predecessor of the OECD.

Further efforts to unify Europe, which were primarily politically motivated, led to the foundation of the European Economic Community, whereas the simultaneous attempt to create a large West European free trade area failed. This attempt did not fail due to technical impossibility but because the necessary unanimous concordance of political will was lacking. The time was just not yet ripe.

The countries that for various reasons were unable or unwilling to join the EEC faced a void as far as integration was concerned, and it was in this rather dismal situation that the European Free Trade Association was created as an interim solution. It is to the historic credit of the governments then in power in the EFTA countries that they so found a trade solution for those countries that were not part of the EEC. But the aim of establishing EFTA was also to prove that the free trade concept could work, and at the same time to forge a link with the EEC.

Austria has played an active part in the main European integration efforts since 1945 and has always pursued a policy of co-operation and integration of West European democracies. Even before attaining full sovereignty through the international treaty of 1955, Austria was one of the founding members of the OEEC (1948), the predecessor of the present-day OECD. In 1956 Austria joined the Council of Europe.

As a founding member of EFTA, Austria took part in the reduction of customs duties and quantitative restrictions on industrial and commercial goods, which was largely completed within EFTA by 1967. The free trade conventions that Austria and the other EFTA countries were able to conclude with the EC in 1972 ultimately led to an extended free trade area in Western Europe. In addition to duty-free movement of goods and the reduction of quantitative restrictions, the conventions also paved the way for co-operation in other areas, such as the reduction of technical barriers to trade. All in all and in retrospect, the EFTA Convention and the free trade conventions with the EC made a major contribution to gearing the Austrian economy to Western Europe and helped to create the economic structures necessary for withstanding international competition. So much for some of Austria's past efforts to promote integration.

During the 1970s and early 1980s the extent and pace of integration did not differ significantly between the European Communities and the EFTA-EC free trade area. Austria therefore had no reason to seek any major change to the status quo of its relations with the European Communities.

It was not until the publication in 1985 of the EC Commission's so-called White Paper on the "Completion of the Single Internal Market", which to a certain extent foreshadowed a qualitative improvement in the history of European integration, that Austria reappraised its role in European integration. Although people had been considering and discussing the idea of creating a genuine common market without frontiers ever since the original EC was founded, no decisive progress had been made within the Community. As a result of the publication of the White Paper it was suddenly and for the first time demonstrated what measures were necessary to complete by January 1, 1993 an economic framework actually deserving the name of a single market. The Euro-pessimism, which was recognizable in the European Communities in the 1970s, suddenly changed to optimism. The signing of the Single European Act in 1986 also gave this project the appropriate institutional support.

When this process of creating the EC single market has been completed, 320 million EC citizens will be able to benefit from the four freedoms that go hand in hand with it, viz. the free movement of goods, services, capital and persons, as well as co-operation in the so-called accompanying areas, thereby bringing the Europe of the EC a decisive step closer to economic coexistence without barriers to competition. This ambitious programme will be supplemented by the establishment of economic and currency union and political union, which in future should enable the Community, amongst other things, to speak with one voice to the outside world on important foreign policy and security issues. The ultimate objective is so-called European union. The last two projects will require an adjustment of the EC's founding treaties. The necessary proposals are currently being drafted at the government conferences which have been convened for this purpose and there is no reason to assume that the European union project could not succeed.

For the non-EC European states the Community's plans were, from the outset, not only somewhat irritating but also a challenge. A justified impression developed that failure to take part in this process might involve the danger of becoming isolated from the Community. These fears were further accentuated by the impressive calculations about the possible economic effects of the single market. The possibility of being able to develop European strategies unrestrictedly in future allows enormous competitive advantages to be expected for EC companies. The positive effects of the single market will not be confined to the Community alone, although it must be feared that economic units headquartered in the Community will be better placed to exploit the advantages of the single market.

Despite statements from the EC to the effect that the creation of the single market should not erect any new barriers to the outside world, the extension and strengthening of EC integration could — whether intentionally or unintentionally - automatically lead to the formation of new trenches and barriers. This would create new forms of discrimination between EC member states and other countries not involved in the integration process.

Already in 1987 the Austrian federal government, in its plan for Austrian integration policy, had set as its supreme objective Austria's comprehensive and full participation in the substance of the emergent EC single market. This goal was to be achieved via three routes:

1. Multilateral efforts jointly with the other EFTA states in the framework of implementation of the Luxembourg declaration of 1984;
2. Bilateral initiatives and negotiations in areas that are of particular importance for Austria (e.g. transit, agriculture);
3. Autonomous adjustment of law to EC regulations.

From the outset the option of joining the EC while taking into consideration the requirements of Austria's permanent neutrality was not excluded for the future.

There have been no major changes in this strategy since 1987, apart from the fact that in 1989 after the policy making speech by the EC president Jacques Delors, the Luxembourg process virtually gave way to the Oslo-Brussels process. Intensive negotiations between the EFTA countries and the EC on the creation of a European Economic Area (EEA) have since been conducted in the framework of the Oslo-Brussels process

Despite filing its applications for EC membership in 1989, Austria has supported the Oslo-Brussels process from the outset and has never failed to show the appropriate solidarity with EFTA. For Austria it was clear from the beginning that the European Economic Area could not be a genuine substitute for joining the EC. The European Economic Area will — as Austria originally demanded - not be a customs union, and important sectors such as agriculture, for example, will only be covered in a rudimentary way.

As far as is known at present about 60% of the freedoms of the EC single market will be fulfilled in the European Economic Area, but the EFTA countries will probably not be allowed an adequate chance to share

in decision-making affecting the further development of future EC regulations. Austria regards the European Economic Area as a preliminary stage to joining the EC.

The working agreement reached by the Austrian government parties on December 17, 1990 continues to retain EC membership as the supreme objective of Austrian integration policy. Until Austria joins the EC it will, of course, loyally meet its EFTA obligations in the EEA negotiations.

In the meantime it should be noted that some other EFTA countries also do not see the European Economic Area as an alternative which would make joining the EC superfluous and which would nevertheless be capable of ensuring equal participation in the EC single market concept. Although the domestic debate has not yet been concluded in those countries, it can be expected that in the medium to long term the Austrian approach will be imitated by others.

When considering all the points that have been made up to now, developments in the East and Central European countries should not be left out. Although the vision of a Europe made up of concentric circles, which indirectly implies the continued existence of certain internal barriers between the centre and the periphery, is quite capable of serving as a transitional solution, it was developed at a time when the changes in Eastern Europe were not foreseeable.

Should the European Economic Area be regarded, as it were, as a launching pad for countries that would like to join the EC but are unable to? In the long term it must be assumed that these countries will also seek to become full members of the European Communities, as various policy statements are already massively proclaiming today. Europe in the historical and geographical sense will probably only succeed in asserting and expanding its economic and political position in the early 21st century if all the available forces are mobilized jointly and on the basis of equal rights.

The application for EC membership filed by the Austrian federal government in 1989 was supported by a broad domestic consensus. This was clearly expressed not only in the vote in parliament, which was in favour of Austria's joining the EC by an overwhelming majority, but also in the support given by the federal states and the social partners. At present the EC Commission is in the process of preparing its so-called statement - which is expected to become available by mid 1991 - on the Austrian membership application.

Austria's motive for participating in the integration process and ultimately in applying for EC membership is not only defensive in nature - i.e. its purpose is not merely to avoid discrimination or isolation from the economic area with which Austria today does about 2/3 of its foreign trade and to which its national economy is linked with a particularly high degree of interdependence - it also involves an offensive element: participation in the emergent economic area is intended to promote Austria's competitiveness in general and thereby also to give the Austrian economy a basis for a stronger presence on world markets. Furthermore, participation in the Community's development, research and training programmes is designed to lead to the creation of new, secure jobs and to give young people access to new forms of education and training.

Austria is in the European heartland. The opening-up of borders in Eastern Europe is again confronting Austria more strongly with its history. In the past Austria had a specific European function thanks to its special position at a crossroads in the centre of the continent. But if the country is to be able to perform this function in future, it must take up a position that matches its interests and its character as a bridgehead.

The dynamism that dominates European structures today offers some completely new options for shaping the future of Europe. As a traditional meeting-place, Austria can stimulate the exchange of ideas and foster contacts in many areas. At a time when confrontation is being replaced by cooperation in Europe, neutral Austria can, thanks to its diverse human, historical and cultural ties with regions in eastern and south-eastern Europe, give the Community a stronger profile and weight and act as an element that strengthens the Community.

As a democratic European State based on the rule of law and having a prosperous market economy, Austria fulfils all the conditions for admission to the EC.

With its membership application Austria has at the same time documented its readiness to assume all the obligations, as well as the rights, embodied in the EC treaties. Austria is convinced of the importance of the European Communities' succeeding as a crystallization point in a process of European unification and peace. Austria is committed to the fundamental objectives of the Community treaties and of the Single European Act. It intends to use all its future rights as an EC member to support the achievement of these objectives in a spirit of solidarity.

Austria's socio-economic structure could be integrated into the Community without any major problems and would not require any particular adjustments. On the contrary, Austrian membership would make it easier to achieve the Single European Act's goal of rendering the Community more economically and socially coherent.

Among the contributions Austria can make to the Community are social peace, economic stability and a balanced social structure; human resources, a highly trained labour force, and a high level of technical training in particular; high productivity; low unemployment and a strong currency.

Its accession would strengthen the Community's position in today's climate of ever fiercer competition world wide.

Austria has a significant intellectual and artistic heritage and potential to contribute to the European identity.

Finally, thanks to its high gross national product, which in per capita terms is higher than the Community average, Austria will be a net contributor to the Community in financial terms. It will thereby make an important contribution to strengthening the economic and social cohesion of the Community. The issue of permanent neutrality is an important aspect concerning Austria's efforts to obtain membership of the EC. Austria's neutrality is based on an autonomous act of the Austrian Parliament. Austria alone is competent to interpret its neutrality within the framework of international law and to formulate its neutrality policy. Austria has always conceived its neutrality as a specific contribution to preserving peace and security in Europe. Austrian neutrality was of special significance in a post-war Europe characterized by confrontation. But recently the importance of neutrality has changed. The pan-European environment has changed decisively and, it is to be hoped, for the better in the long run. Against this background Austrian neutrality is increasingly being seen in a new light in connection with the application for EC membership. In conjunction with the creation of European political union, models are also being discussed which would, under certain circumstances, relieve neutral members of the obligation of mutual assistance. This could be compatible with Austria's status as a neutral country and would enable it to meet the obligations arising from that status.

Neutral Austria will co-operate in a spirit of solidarity on a future European security system within the Community and beyond. The political union project is interpreted as a valuable contribution to European unity and, together with economic and currency union, as a logical continuation of the single market.

In a Europe where mobility and economic interpenetration are increasing, Austria attaches particular importance to strengthening the social dimension of the European Communities.

Europe as a whole has reached a point where there can be no turning back. No country should be denied participating with equal rights in the emergent European community of values. Otherwise, a great chance for securing peace and equitable prosperity in Europe through our own efforts will have been wasted.