

"Joint EFTA-EC ministerial meeting in Brussels" from EFTA Bulletin (January-March 1988)

Caption: At the joint EFTA–EC ministerial meeting held on 2 February 1988, Pertti Salolainen, Finnish Minister for Foreign Trade and Chairman of the EFTA Council, discusses the strengthened cooperation between the two regional European groups and the gradual development of a European Economic Space.

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Joint ministerial meeting in Brussels

This year began with an important event for integration policy. On 2 February Ministers from the EFTA and EC countries and members of the EC Commission held a meeting in the Charlemagne conference building in Brussels. The meeting was the third ministerial-level meeting in almost thirty years of relations between the two Western European economic groups. The first was in April 1984 in Luxembourg. A joint ministerial meeting last October dealt solely with environmental matters. In Brussels almost all relations between EFTA and EC were on the agenda.

This relationship is now seen in a quite different perspective than that of Luxembourg four years ago. The European Community has been enlarged to include Spain and Portugal and, by adopting the Single European Act and the White Paper, it has given itself a new dynamism which finds its clearest expression in the objective of completing the EC's internal market by 1992.

It was therefore time to assess, in the light of subsequent developments, the idea of the European Economic Space envisaged by EFTA and the EC in 1984. The developments have in no way been limited to the EC. In the EFTA countries also "1992" unleashed a new dynamism and led to a clear intensification of contact with the EC. One of the purposes of the Brussels meeting was to give a clearer structure to these contacts and to set certain priorities among them.

[...]

Introductory statement by the Finnish Minister for Foreign Trade, Pertti Salolainen, EFTA Ministerial Chairman

Mr Chairman,

Let me begin by thanking you and your colleagues in the Community as well as the representatives of the Commission most warmly for your invitation to this meeting. May I also thank you for all the efforts you have made to ensure its success.

The ministerial meeting in Luxembourg in 1984 laid the foundations for an extended and deepened cooperation between the EFTA countries and the Community with the ultimate goal of creating a dynamic European Economic Space. Our meeting today, which differs from the Luxembourg meeting in that it is specific in character, is of the greatest importance for this process as it certainly is the most outstanding single event in our cooperation since Luxembourg 1984. There is no point in concealing the fact that we meet at a time when threats to the stability of the world economy loom large on the horizon. The diagnosis of the illness is well known: enormous trade and budget imbalances, insecurity in the financial markets and debt problems on a gigantic scale. The cure is far less evident. In the described circumstances, temptations to resort to protectionist measures in international trade as a relief operation tend to rise. The open multilateral trading system, which the EFTA countries and the Community staunchly support, is under heavy pressure. In this context we attach the greatest importance to the work going on in the Uruguay Round.

The European Economic Space: our common task

Against this background the great enterprise of building the Community's Internal Market takes an even greater significance than when the process was set in motion in 1985. Let me state, therefore, on behalf of all EFTA countries: we realise the importance of your effort to create the Internal Market; we recognise that its success or failure is of vital importance for the European economies, indeed the world economy; we therefore support you in this great endeavour. It is against this same background that our common exercise, the creation of a dynamic European Economic Space, has its role to play as well. Political impetus from this meeting would be a clear signal of our will to make progress not only in the cooperation between us but also on the way towards enhancing the economic role and place of Europe in the larger context.

As economic nationalism gradually receded in the post-war world and international cooperation took its place the West European economies have grown together. And how could it otherwise? A quick glance at the map of Europe easily explains why the complementarity of our economies has come about. It is an often quoted fact that the Community and the EFTA countries are each other's biggest trading partners. But it is less often remembered that the trade flows are supplemented by major financial flows, exchanges of services and investments. Only consider tourism, which often offsets imbalances of trade in goods. Seen in retrospect the Free Trade Agreements which still form the main legal basis of our relations gave further strength and direction to a development within Western Europe which was already well under way, indeed because it was so natural.

It is clear from almost daily events in the European markets that the process of growing together goes on. The message concerning the Internal Market has been well understood and well received. Economic life, industry in particular, is realigning itself. Mergers, investments and cooperation are increasing rapidly across the frontiers of the Community and the EFTA countries. The process has been set in motion and Governments have to live up to their promises by removing the remaining obstacles -whether they concern the completion of the Internal Market or, indeed, the creation of a dynamic European Economic Space.

Mobilising the political will

In the joint statement that we shall endorse today we pledge to develop our cooperation pragmatically; we also undertake to respect each other's institutional and legal structures including the decision making as well as the internal procedures. However, we should not for a moment delude ourselves into believing that our cooperation will be anything but very demanding in every sense. We must concentrate the full weight of our efforts on achieving concrete results and to furthering our common interest in this way. That requires the constant presence of political will combined with an imaginative search for practical solutions, multilateral or bilateral, to meet varied requirements as they arise. I am convinced that we will here today mobilise the political will that our cooperation needs both now and in the future, in fact constantly.

Before I conclude my more general remarks let me refer to the problem of regional disparities in economic development in our part of the world. We have a long experience of dealing with them. We are therefore aware of this dimension also in the context of the European Economic Space that we wish to build. Having said that, I should now like to put forward some considerations which we on the EFTA side find important when developing our cooperation. They boil down to one simple but fundamental question:

How can we coordinate the EC internal market process and the EC-EFTA cooperation in order to achieve an economically strong and integrated Europe?

As an answer from the EFTA side I would like to suggest the following:

- In order to ensure consistency between the two processes, the EFTA countries and the Community have to proceed with the creation of the European Economic Space in parallel with the Community's progress towards completion of its internal market. The work must cover all the areas which are in our common interest and no issue should be excluded, *a priori*, as an area for cooperation.
- The aim is to establish compatible legislation in the EFTA countries and in the Community. This process should be facilitated by early exchange of information and informal consultations.
- Mutual recognition of the equivalence of each other's legislation should then be used extensively; bridging arrangements between the EC and the EFTA countries is one legal means that should be used.

Concrete results already achieved

Our cooperation is already well under way. Since the Luxembourg meeting some concrete results have already been achieved, most notably the convention on the simplification of the formalities in trade of goods, the so-called SAD Convention, and the convention on a common transit procedure. In addition, work at the expert level has been intensive in many other areas and has paved the way for further progress.

I should now like to take up some areas of cooperation in which the situation would seem mature enough for achieving concrete results already in the near future, that is to say, by the time of the meeting of the EFTA ministers and Mr De Clercq in June in Finland. Political impetus from our meeting here today would certainly facilitate the realisation of these prospects.

Let me start with a few items in which we on the EFTA side have recently taken internal measures to prepare ourselves for the cooperation with the Community, keeping in mind the basic considerations which we find important in this process and which I referred to earlier on.

EFTA ministers agreed in December to introduce an obligation for all EFTA countries to inform each other of any planned new technical regulations and it was decided to amend the EFTA Convention accordingly. This information procedure, which includes a six-months standstill commitment, is now compatible with the corresponding procedures in the EC. I therefore take this opportunity of inviting our partners in the EC to enter into negotiations with us on a link-up of these arrangements.

The EFTA countries have also decided to conclude, shortly, a convention on the mutual recognition of test results and proofs of conformity. The simplification of testing and certification for imported goods which have to fulfil specific requirements concerning health and safety should help to eliminate a serious trade barrier between the EFTA countries. EC observers have participated in this work. Here too we would like to see early negotiations with the EC countries with the aim of reaching a common solution. In this context the mutual recognition of compatible legislation should find its first concrete application in our cooperation.

In the field of state aid as well a new notification system has been established in EFTA in order to increase the transparency in respect of state aid and with a view to avoiding trade distortions. As a first step in our common efforts we should now focus on finalising a joint understanding on increased transparency and on setting up an informal framework for notifications.

Origin rules and public procurement: goals for Tampere

As regards other areas of cooperation where the political impetus of this meeting is welcome in view of the Tampere meeting, I would single out the following.

I now come to one of the key issues of this meeting. As you will know, experts from the EFTA countries and from the EC have undertaken a joint study on the present rules of origin in our common free trade area. These rules have proved to be unpractical with regard to cumulation; the study furthermore clearly demonstrated that they are consistent neither with the full pooling of the resources in Europe, nor with the requirements of the free trade area, not to speak of the future EES. The issue is long overdue and a political decision should now be taken to simplify the cumulation provisions. There is no doubt that such a change would serve the interests of all parties.

Another issue, to which I would like to draw special attention is the need to open up public procurement markets. This field was prominent already in the Luxembourg Declaration and has since been given a high priority in Community work towards the completion of the internal market. Further efforts are now needed in order to ensure that progress between the EFTA countries and the Community keeps pace with internal EC developments. We should therefore jointly set up arrangements to provide for greater transparency in public procurement tenders as a first step towards progress in the opening up of this sector of the European market.

I have dwelt at length on some issues on which concrete progress is within reach for the meeting in Finland next June. However, let me assure you that all the areas of cooperation mentioned in paragraph 5 of our

Joint Statement have our full support and that we would like to see real progress with regard to all of them. The building of the European Economic Space does not end at Tampere. There are many areas of cooperation which will bear fruit as a result of further determined efforts on both sides; let me point especially to product liability and education as areas to which we in EFTA attach the greatest importance, as well as to trade facilitation, intellectual property rights, services, transport, R & D and environment.

It is evident to us that success in creating a dynamic homogeneous European Economic Space can only come gradually, through a coherent long-term effort. But it will be achieved if our cooperation remains dynamic and we remain ambitious. Political will is important not only to guide our experts and our national administrations but also to satisfy justified expectations of public opinion and business circles in all our countries. It is our task to give this guidance and to live up to these expectations.