

## 'The right agreement at the right time' from the EFTA Bulletin (November 1992)

**Caption:** In the November 1992 edition of the journal EFTA Bulletin, Swiss diplomat Hansjörg Renk calls for the establishment of a European Economic Area (EEA), outlining the advantages that this agreement would offer the countries of the European Free Trade Association (EFTA).

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## The right agreement at the right time

The beginning of 1993 will mark not only the completion of the Single Market of the European Community: at the same time, an even wider concept of European integration is scheduled to enter into force - provided that the unification procedure in all EFTA and EC countries is successfully completed before the end of the current year - the Agreement on the European Economic Area (EEA). At the time of writing (the end of November) parliaments in six of the seven EFTA countries and the European Parliament in Strasbourg have ratified the EEA by clear majorities, and it is to be expected that the other parliaments of EFTA and of the twelve EC countries will have done the same by the time these lines are published. But the entry into force of the EEA on 1 January 1993 will remain open until almost the very last minute: in two EFTA countries, Switzerland and Liechtenstein, whose parliaments ratified the EEA in the autumn, it is the voters who will have the last word in nationwide referenda held in December. Any prediction of the outcome of these two votes is risky, as national votes in the three referendum-holding EC countries on the Maastricht Treaty have shown. All we can hope for is that voters in both countries will recognize the great advantages of the EEA - advantages which far outweigh the disadvantages and shortcomings any international agreement inevitably entails.

The EEA will extend the "four freedoms" of the Single Market as well as a great number of horizontal and flanking policies in such important fields as environment, research, education and social policy, to the seven EFTA countries. By adding the 32 million inhabitants of the EFTA countries and their economic potential to the 340 million Community citizens, the EFTA will become the largest integrated market in the world - larger than the one covered by the North American Free Trade Agreement (NAFTA), both in terms of population and of GDP. The EEA will allow the EFTA countries to share with the EC almost all the advantages of the Single Market and it will give them the opportunity, through a precisely defined procedure of information and consultation, to take part in the shaping of the future development of EEA legislation. The EFTA countries will be informed of new proposals from the EC Commission at the same time as the EC's decision-shaping bodies. EFTA experts will have the right to express their views in the same way as EC experts at the consultation stage and EFTA experts will have a seat in a number of important EC Committees. Decisions as to the applicability of new EC legislation to the EEA will be taken by consensus in the joint bodies foreseen by the Agreement. This system, associated with safeguard clauses and procedures for the settlement of possible disputes, ensures that the EFTA countries will not be confronted with a "*fait accompli*" situation in the EEA.

The decision-making procedure under the EEA may be complicated and may not match all the expectations which the EFTA side had at the outset of negotiations. But it is a fair compromise between the conflicting parameters of legal homogeneity in a unified market and the autonomy of its partners - the dichotomy which characterized the negotiations. It is quite possible that the actual influence of the EFTA countries on the future development of the EEA will be more significant than the formal articles on paper suggest. This presupposes, however, that the EFTA countries will take full advantage of the possibilities offered by the decision-making procedure of the EEA and the institutions of the Agreement. Both EFTA and the EC have a strong interest in arriving at viable solutions, given their high degree of economic interdependence.

The EEA will be important to all EFTA countries, irrespective of their further ambitions, in the short run. It is the only possibility for all of them to participate in the Single Market from the outset. In the medium-term, it will constitute the best possible preparation for EC membership for those EFTA countries which pursue this aim. In a longer perspective, it may constitute a more durable basis for relations with the Community for those EFTA countries which do not envisage EC membership in the foreseeable future. For all these reasons, the EEA is the right agreement at the right time for the Europe of 1993.