

**EUROPEAN ECONOMIC AREA  
Council of the EEA**

**Brussels, 2 October 2014  
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**EEE 1604/14**

**DRAFT MINUTES**

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Subject: Draft minutes of the 41<sup>st</sup> meeting of the EEA Council  
(Brussels, 13 May 2014)

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**DRAFT MINUTES**  
**of the 41st meeting of the**  
**EEA COUNCIL**  
**(Brussels, 13 May 2014)**

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The EEA Council held its 41<sup>st</sup> meeting in Brussels on 13 May 2014.

The meeting was chaired by Mr *Dimitrios KOURKOULAS*, Deputy Minister for Foreign Affairs of Greece, who led the EU delegation composed of him and Representatives of the Council Secretariat, the European Commission and the European External Action Service (EEAS).

The EEA - EFTA side was chaired by Mr *Vidar HELGESEN*, Minister of EEA and EU Affairs in the Office of the Prime Minister, accompanied by Mr *Gunnar Bragi SVEINSSON*, Minister for Foreign Affairs of Iceland, and Mr *Mauro PEDRAZZINI*, Acting Minister of Foreign Affairs of Liechtenstein.

The EEA - EFTA side also included Mr *Kristinn F. ÁRNASON*, Secretary General of the European Free Trade Association (EFTA), and Mrs *Oda Helen SLEITNES*, President of the EFTA Surveillance Authority (ESA).

### **Opening statement of Minister KOURKOULAS on behalf of the EUROPEAN UNION**

Dear Colleagues from Liechtenstein, Norway and Iceland, from the EFTA Secretariat, as well as from the EFTA Surveillance Authority,

First of all allow me, also on behalf of the President - in - office of the Council, Mr *Evangelos VENIZELOS* (who, unfortunately, is unable to attend this meeting), to wish you and your delegations on behalf of the Council of the European Union a very warm welcome.

I would also like to express my most sincere acknowledgement to you and to the EFTA Secretariat for the excellent co-operation in finalising the arrangements for this meeting.

#### **1. ADOPTION OF THE AGENDA**

The EEA Council adopted the Agenda, as set out in doc. EEE 1601/14.

#### **2. APPROVAL OF THE MINUTES**

The EEA Council approved the minutes of the 40<sup>th</sup> meeting of the EEA Council, which took place in Brussels on 19 November 2013, as set out in doc. EEE 1610/1/13 REV 1.

### **3. PROGRESS REPORT BY THE EEA JOINT COMMITTEE**

The EEA Council took note of the Progress Report by the EEA Joint Committee, as set out in doc. EEE 1603/14.

### **4. RESOLUTIONS ADOPTED BY THE EEA JOINT PARLIAMENTARY COMMITTEE**

The EEA Council took note of the Resolutions of the Joint Parliamentary Committee adopted at its 42<sup>nd</sup> meeting in Reykjavik on 27 March 2014 on *Single Market Governance and Climate and Energy Towards 2030*, as well as of the Resolutions of the EEA Consultative Committee adopted at its 22<sup>nd</sup> meeting in Oslo on 9 May 2014 on *Renewable Energies and Economic Competitiveness and Gender Equality in the Labour Market in the Context of the Economic Crisis*.

### **5. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT**

The EEA Council took note of the Resolutions of the Joint Parliamentary Committee adopted at its 42<sup>nd</sup> meeting in Reykjavik on 27 March 2014 on *Single Market Governance and Climate and Energy Towards 2030*, as well as of the Resolutions of the EEA Consultative Committee adopted at its 22<sup>nd</sup> meeting in Oslo on 9 May 2014 on *Renewable Energies and Economic Competitiveness and Gender Equality in the Labour Market in the Context of the Economic Crisis*.

### **Intervention of Minister KOURKOULAS on behalf of the EUROPEAN UNION**

Dear colleagues,

Firstly, I am pleased to note that Croatia, following its accession to the EU, will soon join the European Economic Area. The Agreement extending the EEA Agreement to Croatia was signed on 11 April and is provisionally applied since 12 April. In this context, I would like to thank again our negotiators and all parties to the EEA Agreement for their contribution to this process.

The EU has taken due note of the Icelandic Government's decision to put the accession negotiations on hold and to initiate a discussion in the Parliament on the government's proposal to withdraw Iceland's EU membership application. While the EU would of course regret such a decision, it considers that the decision on future relations with the EU belongs entirely to Iceland.

I understand that the Icelandic government has presented to the Parliament a policy on Europe that aims at reinforcing the representation of Iceland's interests on the platform of the EEA Agreement and other current agreements between Iceland and the EU. The policy prioritises efficient implementation of the EEA Agreement, and proactive and close cooperation with the EU and its Member States. We will follow with interest further discussion on the subject and any concretisation of this policy.

Regarding a further deepening of relations with Iceland and Norway, the EU is particularly interested in strengthening cooperation in the area of agriculture.

We saw with satisfaction the opening of negotiations with Iceland in 2012 on the liberalisation of trade in processed and non-processed agricultural products and on the protection of geographical indications. We hope, in particular, that Iceland would soon enact legislation on the protection of geographical indications, thus allowing for a rapid conclusion of negotiations in all three areas. We also welcome the launch of negotiations with Norway on the protection of geographical indications in November last year, and we are looking forward to the start of negotiations on trade in agricultural products under Art. 19 of the EEA Agreement in the second half of this year. We have repeatedly underlined that we attach particular importance to further liberalisation of trade in processed agricultural products with Norway. We sincerely hope that Norway will be able to open negotiations on this subject within reasonable timelines. Furthermore, the EU has taken good note of the remarks of the Norwegian delegation at the last EEA Council meeting in November last year which led us to expect the withdrawal of certain detrimental trade measures introduced by the previous Norwegian government. We strongly appeal to Norway to reverse these measures without further delay.

Concerning fisheries, we take good note of the recent agreement of a number of Coastal States on an arrangement for the management of mackerel stock. However, we regret that Iceland was not able to associate itself to this arrangement. We will go more into detail on this issue, when discussing our draft conclusions under item 7.

The EU has recently adopted a new generation of programmes, and the Council welcomes the wish expressed by the EEA EFTA States to participate in many of these programmes. The two first legal acts, allowing for the participation of the EEA EFTA States in the EU's Research programme "Horizon 2020" and the "Erasmus+" programme in the area of youth, education and sport were adopted by the EU Council last week. Further legal acts on the participation of the EEA EFTA States in other EU programmes are under preparation and should soon be presented to the EU Council for adoption. EU cooperation with the EEA EFTA States under previous EU programmes was quite successful and we are looking forward to the continuation of this cooperation.

Currently, negotiations are on-going on the renewal of the financial contributions of the EEA EFTA States aiming at the reduction of disparities in the EEA. In view of the success of the previous contributions and the increased need to reduce social and economic disparities between EEA members, including the need to combat the alarmingly high youth unemployment in some EU Member States, we hope for rapid progress in these negotiations. The current financial mechanisms expired at the end of April, and we need to have their successorS in place as soon as possible.

Concerning the functioning of the EEA Agreement, I have to mention the continued concern of the EU regarding the increasing backlog of EU legal acts, which have to be incorporated into the EEA Agreement. Despite numerous discussions and expressed good will, the situation has not durably improved, but recently even worsened. A number of EEA relevant legal acts is pending since years. I don't want to go into detail on this issue, but I have to reiterate that every effort has to be made to durably reduce this backlog and respect the terms of the EEA Agreement regarding the incorporation and implementation of EEA relevant *acquis* by the EEA EFTA States.

On 1 January of this year, the EEA Agreement has entered into the third decade of operation. While we certainly all agree that there is still a need to improve the Agreement and its functioning, we also consider that in its 20 years of existence, the Agreement has overall been a success story. We are confident that we will be able to find a solution to current open issues and that the close cooperation created under the EEA Agreement will continue and be further strengthened in the future.

**Intervention of Mr O'SULLIVAN on behalf of the EEAS and the EUROPEAN COMMISSION**

Mr. Chairman, Honourable Delegations,

It has been a real pleasure for me over the last years to attend the EEA Council meetings and today is no exception, as I will share with you, on behalf of the EEAS and the European Commission, our view on how the EEA Agreement developed since the last Council meeting of 19 November 2013 here in Brussels.

A more detailed assessment of what we have jointly achieved over the last 6 months is included in the latest Progress Report of the EEA Joint Committee, which we have already adopted under point 3 of the agenda. This report is ideally complemented by the EEA Council conclusions, which will be the subject of our discussion later under point 7 of the agenda. So I will use this chance to shed more light only on certain political, legal and operational aspects of the functioning of the Agreement to which we attach particular importance.

Looking around, I see new ministers around the table as compared to May 2013. I am very glad to personally welcome you here in Brussels, especially after a period of renewed political commitments by your governments to strengthen and streamline our EEA cooperation. 20 years after the entry into force of the Agreement we do need to renew our political commitment to making it a fundamental pillar of European prosperity and competitiveness in the context of global economy. We do not need a new narrative on the EEA, we just need to make sure that its success story is sustainable and that its benefits are enjoyed equally by each of its members, including our newest member Croatia, which has become part of the Agreement as of 11 April 2014.

New political ambitions and commitments are welcome and necessary, but so far they have not been sufficient also to address old challenges regarding the functioning of the Agreement, be it fighting the legislative backlog, the swift incorporation of the relevant legal acts, convergence of views on the EEA relevance of EU legislation, your participation in EU agencies or further progress in liberalizing agricultural trade.

One has to admit, with a certain degree of concern, that despite efforts made over the last 6 months, we have witnessed only mixed progress on all these outstanding issues.

Since November 2013 the legislative backlog has increased, while some long-standing cases, that we mention each time we meet, such as the Bank Deposit Guarantee Directive, the Third Postal Directive, Novel Food Regulation or the 2009 TELECOM package are still pending.

We welcomed the positive announcements made by the Norwegian delegation during the Council's meeting in November on the Third Postal Directive and the Regulation on Medicinal Products of Paediatrics, and we look forward to concrete results.

In light of all of this, in early February 2014 the EU side tabled an incorporation action plan based on monthly and annual targets and benchmarks that would allow us to measure progress and swiftly and sustainably eliminate the backlog.

By now, there has been a healthy amount of acts submitted for incorporation by your side. We very much hope that this pace could be maintained and that the incorporation rate as such will not be negatively affected by numerous requests for derogations and/or modifications. To date, we are still below the incorporation level required to ensure a firm and sustainable reduction of the backlog in 2014.

We really need to be very clear about the fact that delays in both incorporation and implementation processes lead to a fragmented internal market and unlevelled playing field for economic operators active throughout the entire economic area. And these delays are undermining the principle of almost simultaneous incorporation provided for in Art 102 of the Agreement.

As such, we regret the emerging EEA EFTA practice of deliberately delaying the incorporation of EEA relevant legislation into the EEA Agreement until when the relevant legal acts have been replaced by newly adopted EU legislation. This is the case for the Deposit Guarantee Directive and the BEREC Regulation. Such an approach triggers legal uncertainty, new delays, maintains lack of convergence with the obligations in force on the EU side and does not contribute to overall legal homogeneity of the economic area to which we all should be firmly committed.

We see less encouraging developments also regarding the number of Joint Committee Decisions awaiting fulfilment of constitutional requirements, where we have witnessed a doubling of those Joint Committee Decisions for which the six-month period allowed by the Agreement has already expired.

These developments are matched by an increase in the number of so called "linked" Joint Committee Decisions . These are Joint Committee Decisions without constitutional requirements but whose entry into force depends on the fulfilment of constitutional requirements of other already adopted Joint Committee Decisions.

Some of the aforementioned delays and setbacks derive partly also from the parliamentary procedures in your countries and the increased role of Parliaments in the EEA decision-making process. While we welcome closer scrutiny of EEA relevant legislation by Parliaments and fully acknowledge their merits and the democratic rationale, ways have to be found to ensure that Parliaments play a strong role in facilitating a timely incorporation of the relevant legislation into the EEA Agreement.

And speaking about relevance, we all agree that the scope of EEA-relevant legislation has evolved considerably in the last two decades. Among the outstanding legal acts mentioned above, there are some whose relevance for the Agreement is disputed by the EEA EFTA side and where no progress has been made over the last 6 months. Early this year, we have, however, we started technical discussions on disputed legal acts, such as the Marine Strategy Framework Directive, the Offshore Directive and on criminal sanctions in the environmental field.

I am confident that these exchanges will continue and will lead to concrete results. They have both a legal and political dimension. In order to advance on these files, we have to acknowledge at our level the widening scope and cross-sectorial dimension of the internal market. This requires more flexibility in how we define and understand the relevance of new EU legislation for achieving the policy objectives of the internal market and safeguarding its homogeneity.

Let me now turn to the issue of the participation of the EEA EFTA States in EU agencies or regulatory bodies as observers or full members without voting rights, where unfortunately no substantive breakthrough has been achieved over the last few months.

The relevant legal acts connected to the powers of these agencies have still not been incorporated into the Agreement and determined renewed efforts will have to be made by all sides in the next period to this purpose.

Your participation in these agencies would make sure that your voice is heard and that the rights and obligations of the internal market apply equally to everyone.

Of particular interest is the situation in the area of financial services, where, given the new powers of the European Surveillance Authorities, we need to reach an agreement on an appropriate institutional design allowing for efficient supervision throughout the entire EEA.

I am confident that the ongoing dialogue between our experts will soon lead to solution meeting the requirements of the EU regulations establishing the Authorities.

We also have to make progress on similar files. The Third Energy Package has to be incorporated into the EEA Agreement in order to establish a fully functional internal market for energy, and a swift solution should be identified for the appropriate level of EEA EFTA participation in the Agency for the Cooperation of Energy Regulators (ACER). The same applies to your participation in the BEREC (Body of European Regulators of Electronic Communications).

We value greatly your participation in the new generation of EU programmes and we streamline our efforts in view of ensuring that you will be eligible already for the first calls. After Erasmus + and Horizon 2020, I am confident that we will soon be ready to adopt the legal requirements for your participation in Creative Europe and soon after in COSME.

If we really want to unfold the full potential of the Agreement, we need to continue our efforts aimed at achieving progressive liberalization of agricultural trade, as provided for in Article 19 of the Agreement.

We were encouraged by the Norwegian delegation's positive announcement at the last EEA Council on the government's decision to look into the possibility of reversing the increased customs duties for certain types of cheese and meat.

However, we regret that no progress has been achieved since then. These protectionist measures are contrary to the objectives of the EEA Agreement, and we are expecting a constructive policy follow-up in due time

On the positive side, we welcomed the launch, on 20 November 2013, of negotiations with Norway on the protection of geographical indications, and look forward to the opening later this year of negotiations on the liberalisation of agricultural trade as provided for in Article 19 of the Agreement.

Building upon the existing dialogue between Iceland and the EU on the review of the trade regime for processed agricultural products, we hope to be able to extend it also to Norway and unleash the full potential of Article 6 of Protocol 3 to the EEA Agreement, aimed at advancing our trade in processed agricultural products.

Against the background of the economic and financial crisis, we have to resist in any possible way the temptation of protectionism, in the field of trade and the free movement of capital. We all know what high risks that entails, and we strongly support and encourage our Icelandic partners to make due progress in their strategy to lift the capital controls in place since 2008. Free movement of capital is a fundamental internal market freedom and is an integral part of the EEA acquis, even if restrictions may be implemented temporarily on the basis of the provisions of Article 43 of the EEA Agreement.

After this brief political, legal and operational stock-taking of the functioning of the Agreement and looking at the current state of play, we feel that there is a strong need for renewed efforts to make real progress on all the aforementioned issues. This is absolutely not the time to be complacent on the further consolidation of our integration and regulatory convergence. We should avoid any fragmentation of our common European Economic Area.

I will dedicate the last part of my intervention to the ongoing negotiations on renewing the EEA/Norway Financial Mechanisms and the additional fish protocols to the FTAs with Iceland and Norway, which expired on 30 April 2014.

During four months and rounds of negotiations, launched on 22 January 2014, we witnessed little progress.

We welcome the positive commitment underlying the launch of these negotiations. But we also have to advance them in a swift, pragmatic and constructive way while keeping in mind the strong need for cohesion across the whole economic area.

Moreover, a speedy and rewarding conclusion of our negotiations needs to include a positive outcome of the parallel negotiations on tariff quotas for fish and fish products. For this to happen, both sides have to be open minded, show flexibility and accommodate each other's interests.

The EU has always seen the EEA EFTA financial contributions in connection with the more limited benefits that the beneficiaries of the EU Cohesion Funds derive from their participation in the single market as compared to the EEA EFTA ones. We believe that the benefits derived by the EEA EFTA businesses from their access to the internal market need to be matched by the continuation and increase of EEA EFTA States' commitment to the strengthening of social and economic cohesion across the European Economic Area.

The strong need for cohesion is clearly acknowledged by both, the EEA EFTA States and the EU, in their review under Protocol 38 b of the EEA Agreement, which was concluded in November 2013. This strong need has also been illustrated by our negotiators with solid statistical evidence on the fading out of cohesion convergence in the EU since 2009 and a widening of economic and social cohesion gaps between the EEA EFTA countries and the Cohesion Funds beneficiaries in the wake of the economic crisis of 2008. Some rather singular positive cases such as Poland still do not change the overall statistical trend.

Citizens in EU countries are 80% more vulnerable to poverty and exclusion than their peers in Norway, Iceland and Liechtenstein. Rising youth unemployment is particularly alarming as young people, who do not enter the labour market at an early age, risk being permanently excluded from the economic, social and political network of our societies and values. This very often leads to severe consequences such as a high risk of political and religious radicalisation.

Moreover, faced with an ageing population, youth unemployment is threatening the future financial sustainability of our democratic and welfare societies.

Despite the severe economic crisis and austerity budgets, this harsh reality has resulted in the EU increasing the share of the EU's overall reduced budget 2014-2020 attributed to the EU's Cohesion Funds to 20.4%. Moreover EU launched and committed itself to an exceptional contribution to the Youth Employment Initiative. Our priorities are clearer than ever. These funds will be spent wisely to correct and address some of the root causes of the current unemployment, low growth, inequalities and exclusion. They will create the conditions for smart, sustainable and inclusive growth as envisaged by the Europe 2020 strategy. They are an investment in the economic prosperity and political stability of our societies.

The EEA/Norway financial contributions are a very welcome top up to our substantial resources to implement the EU cohesion priorities. But increased cohesion asks for an increase in the resources to address them. This is why our request for increased contributions from the EEA EFTA states has the sole purpose of strengthening the effectiveness of our policy measures.

We are grateful that in a period of cohesion convergence between the EEA/EFTA states and the CF beneficiaries, as the one of the previous exercise, the EEA EFTA side increased its financial contributions, hereby allowing for excellent cohesion programmes and progress in bilateral cooperation with the beneficiaries of these contributions. In a period of cohesion divergence such as the one we have just experienced, we would expect an increased level of generosity and readiness to join the EU in a unique endeavour to safeguard what we have so far achieved together, and to build a healthy foundation for the prosperity of future generations.

The EEA Agreement should not create winners and losers. As mentioned at the beginning of my intervention, we do not need a new narrative on the EEA, we just need to make sure that its success story is sustainable and its benefits are enjoyed equally by each of its members. It is our utmost duty not to fail the trust of our citizens.

## **Intervention of Minister HELGESEN on behalf of the EEA - EFTA States**

1 January marked the 20th anniversary of the entry into force of the EEA Agreement. The Agreement fulfil its main objective, to include all EU and EEA EFTA countries in the internal market, with the free movement of goods, services, capital and persons. It has provided predictability and a level playing field for business, economic operators and citizens across the EEA. The conclusion is clear: The EEA Agreement has worked well and continues to do so.

The EEA Agreement has proven to be a robust agreement. It has managed to adapt to developments in the EU, including various treaty changes and enlargements. But the Agreement cannot be taken for granted. It needs continuous maintenance and follow-up; through sound and competent management, political engagement and priority by all parties. This is our joint responsibility.

In a regulatory cooperation and framework of this magnitude, there will of course always be some challenges. The number of outstanding legal acts to be incorporated into the EEA Agreement remains too high. Further, when incorporating certain legal acts, adaptations may be needed to comply with constitutional restraints in EEA/EFTA-states and with the basic principles of the Agreement.

Due to the very nature of the EEA Agreement, where legislation is first adopted on the EU side, before it is processed on the EFTA side, there will always be a number of outstanding legal acts. There has been a so-called backlog since the outset of the EEA cooperation in the mid 1990's. This is in principle nothing new – but the size of the backlog has somewhat changed over time.

Recently, we have seen some positive signs. We expect that packages such as on Plant Protection Products, Emissions for Passenger Cars, Organic Production and the Road Package, can be incorporated into the Agreement in the near future. There are indications that the backlog will be reduced substantially by summer. Let me also add that I am pleased that we have now found a solution regarding the Regulation on Novel Foods and Novel Foods Ingredients that soon will be incorporated.

Further, more than half of the outstanding acts have been initially cleared on the EFTA side, and are now either being processed on the EU side or in a “ping-pong” stage between the two parties. This illustrates the fact that reducing the backlog is a joint task.

On the EFTA side, new measures to reduce the backlog have recently been adopted. Firstly, we will introduce a new standard procedure to allow legal acts to be dealt with at an earlier stage. Secondly, a new and simplified procedure will be established for acts that do not raise any horizontal challenges, or require any adaptations or changes to national statutory legislation on the EEA EFTA side.

In parallel with these EFTA efforts, we are developing various national measures within the EFTA states. We are confident that the sum of these measures will substantially reduce the number of outstanding legal acts in the medium- and long term.

Let me make a few remarks on some issues of high priority:

A top priority on the agenda is the participation of the EFTA states in the European Financial Supervisory Authorities. On this issue, one must keep in mind the distinction between being a member of the EU and taking part in the internal market as an EFTA state. The EEA Agreement has a special legal system, which is not the same as in EU treaties. Sometimes it is necessary to make adaptations when incorporating new legal acts into the Agreement. This has nothing to do with giving the EFTA states special treatment – on the contrary: It is to enable our participation and make sure that such participation fits into the legal order of the EEA Agreement and our constitutions. For this to happen, we must underscore that the basic tenets of the EEA Agreement must be understood and accepted.

The EFTA states do not often speak of “red lines”, but on this matter some of us have a “red line”, which is the following: The authority to make decisions directly applicable to economic operators within the EFTA states must remain with national authorities in the EFTA states.

We are confident that keeping the authority at the national level in the EFTA states, will not hamper the legal homogeneity of the market. The homogeneity for Financial Services will be ensured by introducing adequate guarantees that the national authorities will make the necessary decisions towards the Economic Operators.

We have a constructive dialogue with Commission Services on this matter. The EFTA side has made great efforts to work out proposals that take into account the concerns on both sides. We handed over a revised proposal in late March to this effect. The new proposal is based on the two pillar-structure, using instruments that are already well-established in the EEA Agreement.

We hope the EU side will be prepared to discuss this proposal as soon as possible. It is a joint responsibility to ensure that an acceptable solution is soon found.

The present situation has left us with an increasing number of secondary legal acts cannot be incorporated into the EEA Agreement. This represents a significant part of the overall backlog. This situation is detrimental to the functioning of the internal market, and creates restrictions on market access in newly regulated markets.

Let me put my Norwegian hat on and give you one example of what is at stake: The markets in the Nordic-Baltic region are highly integrated. In Norway, some of the largest banks and insurance companies are subsidiaries or branches of other Nordic financial institutions. Also, several Norwegian banks and insurance companies are established in other Nordic and Baltic countries. Nordic financial institutions have benefitted from the freedom to provide services in the internal market. In relatively small economies, such integration may represent very important value-added, as it adds diversity to consumers, trade and industry. It is to our mutual advantage to safeguard these benefits.

The energy sector is of great importance for the whole economy and for stimulating economic growth across borders. Energy is a key area in the EEA Agreement, which all parties clearly benefit from. Thus, we give high priority to the incorporation of the Third Energy Package into the EEA Agreement. This will contribute to the completion of the internal market on energy.

At the same time these acts do raise some challenges that needs to be solved, especially linked to our participation in ACER and the competence to impose fines. We are ready to continue the constructive dialogue we have with the EU side on this matter and other matters relating to the energy markets in the EEA EFTA States. - The aim should be to incorporate the package in the EEA Agreement as soon as possible once these issues have been resolved.

The field of electronic communication is another important business area, a crucial part of the EEA Agreement and an area subject to extensive regulatory activity.

Full participation, but without the right to vote, in BEREC is necessary to safeguard the interests of our companies in a highly integrated market, and will be in accordance with our participation in other EU agencies. To this effect, we urge the EU to amend the relevant provisions on BEREC.

Lately, there have been some discussions regarding EEA relevance of certain legal acts. In order to decide upon the EEA relevance of an EU act, the scope of the Agreement must be determined. This assessment is of a legal nature, not a political one.

Since the EEA Agreement is an international treaty, the scope must be interpreted according to international treaty law and must be based on an interpretation of the Agreement with protocols, the preamble and declarations from the negotiations. Longstanding practice from the parties may also be of relevance. The scope of the EEA Agreement and the EU are different, and the case law of the ECJ may not be relevant in determining the scope of the EEA Agreement.

Important to keep in mind that the EU and EEA EFTA side usually agree on the assessment of EEA relevance. It is only on a very limited number of acts that we have diverging views on EEA relevance.

The EFTA states will participate in a broad range of the new EU programmes for the 2014-2020 period. The programmes are an important element of our cooperation, linking EU states and EFTA states together in networks, building knowledge and providing valuable contributions to policy discussions.

Through constructive and efficient cooperation between the EU and the EFTA side, it now seems that we will be able participate from the very beginning of the new programme period. Our participation in Horizon 2020 will be adopted in the Joint Committee this Friday. This is most welcome, and will be an advantage for all parties.

I am pleased to welcome Croatia as the 31st member of the EEA, following the signing of its EEA accession agreement on 11th April.

This provides new prospects for Croatia and the EEA EFTA States alike. Croatian products will have the same access to our markets as those from the other EU Member States. Croatian nationals will now have the possibilities to study, travel or work across the EEA in accordance with the provisions of the EEA accession agreement. Its accession to the EEA also means that Croatia will be able to benefit from the EEA Financial Mechanism.

We have now from the EEA/EFTA side presented to you our offers and proposals on all three elements that are part of the negotiations: Financial contributions, modalities and priorities, and bilateral issues (fish quotas in the case of Norway and Iceland). The proposals are based on a continuation of the present regime, but with some adjustments. The EEA/EFTA side is ready to negotiate on these grounds. We believe our proposals are fair and balanced.

The present EU demand for new financial contributions is unreasonable. The EEAS has asked for a massive increase in our contribution. (To put my Norwegian hat on), this would make Norway about the largest net contributor to cohesion in the EU – and, for instance, contributing much more than any of the Nordic EU member states. Economic and social progress is primarily a matter of putting sound policies in place. That is also how to earn the trust of citizens.

Such excessive demands are not constructive, especially in a situation where the EU's own funds to cohesion are being reduced in real terms. Our new contributions must be in line with developments in EU funds. Unreasonable and unjustified demands will not be accepted either by the governments or the parliaments in the EFTA states.

Further, the framework for our contributions have since the very start of the EEA cooperation been linked to criteria applied by the EU Cohesion Fund. These criteria define the eligible beneficiary states. The EU has demanded an additional mechanism outside the established framework to fight youth unemployment throughout the EU. Combatting youth unemployment is an important task, but must take place within the established framework. An additional mechanism changing the framework and the established rules of the game, is not acceptable. EU needs to revise its position to give room for progress in the negotiations.

Let me also reiterate that parallel negotiations and agreement on market access for fish and fish products constitute a prerequisite for an overall and balanced result. We expect the EU side to engage constructively in these negotiations.

## **Intervention of Minister HELGESEN on behalf of Norway**

Let me put my Norwegian hat on:

EU-Norwegian cooperation is comprehensive and diverse. We will continue to be a constructive partner, contributing to good solutions to common tasks and challenges.

The government published last month its Work Programme for EU/EEA Affairs. Among the core objectives are:

- a) Promoting cooperation in areas such as financial services, climate and energy, telecommunications, research and education.
- b) Facilitating efficient transportation, both within rail, aviation and maritime.
- c) Ensuring decent work and combatting social dumping in connection with labour migration.
- d) Close cooperation within the field of justice and home affairs and foreign and security policy, are also among the priorities.

The Norwegian government has followed the ongoing modernisation of the state aid rules closely, and supports the revision process.

Due to the low population density in most parts of Norway, regional policy is of particular importance to us. Regional guidelines should be general and cover all businesses in a specific region. Exceptions in horizontal schemes should be avoided. Such exceptions increase the administrative burden for recipients and the granting authorities, and may put economic operators in a difficult situation.

Perhaps Norway's most effective regional state aid measure is the so-called "Regionally Differentiated Social Security Contribution Scheme", a horizontal measure of reduced contribution for employees in areas of low population density. The definition of the exempted sectors, and whether exempted sectors should apply to horizontal measures, are therefore of great importance to Norway. We have requested the Commission to interpret the guidelines in a way which makes it possible to grant horizontal regional aid schemes to all sectors of the economy. This is an issue of high political priority.

As I stated in the EEA Council last November, the government needs support from the Parliament to change the decision by the former government that led to increased duty on certain cheeses and meat products into Norway. We are still pursuing this issue.

We have already started our preparation for the upcoming negotiations under Article 19 in the EEA Agreement concerning trade in agriculture goods and expect to have our mandate ready soon.

When it comes to processed agricultural products (PAP's), there has been a steady increase over the years in EU exports to Norway. Our import from EU more than doubled between 2003 and 2013. Our export of PAP's to the EU is only 12% of EU's export to Norway.

The latest joint review of Protocol 3 to the EEA Agreement was carried out by the Commission and the EEA/EFTA states in May 2013. The review concluded that Protocol 3 functioned according to its objectives. This is in our view still the case. There should therefore be no need to initiate a new review process under the Protocol.

### **Closing remarks of Minister HELGESEN on behalf of the EEA EFTA States**

Let me conclude by saying that I am confident that we together will be able to address the outstanding issues, as we have done in the past. By all parties being pragmatic and showing the necessary flexibility, satisfactory solutions for all parties should be within reach.

I would like to thank the outgoing Chair, the Greek Presidency, for its positive and constructive cooperation during its term, especially in facilitating our participation in informal ministerial meetings and political dialogues, as well as in the preparation of this meeting. We look forward to working with Italy during its Presidency of the EU Council in the second half of this year.

## **Intervention of Minister SVEINSSON on behalf of ICELAND**

It is a pleasure to be here again. I welcome the opportunity to have this discussion about the functioning of the EEA Agreement.

The position of the Icelandic Government on the EEA Agreement is clear. We recently adopted policy priorities on Europe which amongst other things, emphasise strongly the importance of good functioning of the Agreement and address many of the challenges relating to it.

One of our main policy priorities is to get involved earlier so we can use the possibilities the EEA gives us to shape new EU rules. This is one of the most important tasks as far as the EEA Agreement is concerned. In this way we will improve the safeguarding of our national interests as well as being better ready to take up and implement new rules for the internal market.

We also recognise the challenges relating to the functioning of the EEA Agreement, not least with regard to the status of implementation and the backlog. I am fully aware of how important it is to improve this situation.

Our new policy sets out specific targets in this regard. And to meet these targets we have reordered our priorities and increased coordination within the administration and with the Parliament.

As regards the backlog, there are good signs already as the Chairman mentioned and I have every reason to believe that we will continue on this track supported by the new procedures to be introduced later this year.

As regards the implementation deficit, I am pleased to inform the meeting that we are making progress in putting our house in order.

However, efforts on our side are not enough to ensure that the EEA functions well. We participate in the EEA as equal contracting parties. Developments on the EU side, for example, increased powers for new agencies, have raised difficulties for us. We need to negotiate towards a settlement on such issues. Our aim should be to develop our cooperation and manage our differences so as to find suitable solutions to outstanding issues on the basis of the Agreement. A case in point is the long discussion on how we can participate in the European Supervisory Authorities for financial markets.

The EFTA EEA States have contributed generously to reducing poverty in the EEA for nearly two decades. We are ready to continue to contribute in line with present contributions with adjustments. I believe this is generous. Do not forget that Iceland is still recovering from the economic crisis. Only four EU member states have a heavier debt burden than we do. My government has introduced strong austerity measures to address this situation. If we are to finalise the talks on the new fund in the near future, the settlement will need to be in line with what we already do. We will also need to ensure improved market access on fisheries products.

### **Intervention of Minister PEDRAZZINI on behalf of LIECHTENSTEIN**

Mr Chairman, dear Colleagues,

Let me start by emphasising that Liechtenstein is and remains strongly committed to a well-functioning EEA as the backbone of our co-operation with the EU. It should therefore not come as a surprise that we are strongly concerned about the various obstacles and challenges we are facing in the daily running of our common platform. My Norwegian colleague has already touched upon some of them in his general statement. I would nevertheless like to specifically emphasize my country's concerns about ensuring the proper functioning of the internal market for financial services. Given the significant regulatory developments in the EU in this area over the past years, there is an urgent need to finally agree on a solution for the integration of the EEA EFTA States in the system of European Financial Supervisory Authorities. Solving this long outstanding issue alone would enable us to incorporate no less than 50 related legal acts into the EEA Agreement, which are part of the current backlog.

Achieving homogeneity and a level playing field is of course an important prerequisite in all areas of the internal market, and we need to do better everywhere, but the financial market is a particularly sensitive regulatory area given the far-reaching consequences of the financial crisis post 2007. The EEA EFTA States have gone to a lot of effort to be able to present a common proposal to the EU for a model that would extend the EU's financial supervisory system to the EEA while allowing for constitutional constraints which are inherent in our status as non-EU Member States. Within the legal confines of the EEA Agreement, finding a solution on such a far-reaching supervisory regime requires a certain level of pragmatism on both sides of the negotiating table. I therefore appeal to our EU partners for a result-oriented and speedy resolution of this matter.

When it comes to the negotiations on a new EEA Financial Mechanism, the review undertaken has come to the joint conclusion that there continues to be a need for such an instrument. Nobody questions this. Continuation is therefore in our view the prevailing issue. However, I have to emphasise at this point that the financial and economic crisis has not spared Liechtenstein either. We are facing very similar challenges as the EU Member States. The economic situation in Liechtenstein is far from being as bright as the EU has tried to paint in our negotiations. From 2007 to 2011, our GDP in our own currency – the Swiss Franc – has dropped by nearly 7% and the Gross National Income per inhabitant has decreased by more than 21%. Furthermore and for illustration, our direct exports to the EU have fallen by more than 27% in our domestic currency since the inception of the financial crisis while direct exports to the rest of the world retracted by only 5.6%.

Similar to the situation in many EU Member States, the national accounts of Liechtenstein are also characterized by a significant structural deficit in the aftermath of the crisis since 2007/2008. Liechtenstein had to take drastic austerity measures as well. In order to achieve a balanced State budget until latest 2017, as aimed at by the government, public expenditures have to be cut by 20% compared to 2010. So, as you can see, cost-cutting is a major constraint for the state budget of Liechtenstein as well.

It can therefore not come as a surprise that Liechtenstein had to refrain from joining various important EU programmes in the new period. Just as much as EU Member States themselves have had to reduce the comparable funding available in the EU for cohesion policy in the future, Liechtenstein is faced with fiscal constraints that stand in the way of further increasing its financial contribution to the cohesion countries in the coming years.

Let me conclude by saying that I am glad that we managed to extend the EEA “just in time” to Croatia and I would like to welcome the newest EEA family member at its first EEA Council meeting. I am glad to inform that Liechtenstein has already ratified the agreement and that the ratification document will be deposited this week.

**Closing remarks of Minister KOURKOULAS on behalf of the EUROPEAN UNION**

With this, we close our discussion on the overall functioning of the EEA Agreement.

## 6. **ORIENTATION DEBATE: INTERNATIONAL MARITIME TRANSPORT**

### **Intervention of Minister KOURKOULAS on behalf of the European Union**

Dear colleagues, we now turn to the next item on our agenda, the orientation debate on international maritime transport.

As you know, Greece is a country which has always had close links to the sea. We depend on the sea for our daily subsistence. Much of our transport of persons and goods pass by the sea. And last but not least, the sea has always been part of our culture and way of life. To take one example from ancient Greece, the last words of the second book of the Odyssey: "Then all night long and well beyond the sunrise, their ship continued sailing on its journey." In this respect, we have of course a lot in common with our Icelandic and Norwegian friends.

As a maritime nation, the Hellenic Presidency in office has put maritime transport and maritime affairs in general high on its agenda. I will highlight some of the progress made in this domain so far during our Presidency.

Protection of the sea against marine pollution, in particular oil spills, is of crucial importance. During the Hellenic Presidency, an agreement was reached with the European Parliament, ensuring the financial security for the pollution response actions of the European Maritime Safety Agency for the next six years. The Agency's network of stand-by anti-pollution vessels are ready to intervene, on the request of coastal States, to support limitation and cleaning-up of oil spills from ships and offshore installations.

Another important piece of legislation, both for protecting the environment and for ensuring safety at sea, is the Directive on marine equipment, on which our Presidency also managed to reach an agreement with the European Parliament. The Directive ensures that marine equipment installed on board ships in the European Economic Area are in conformity with the latest international standards and requirements. It also secures a stable framework for the European marine equipment industry, thereby guaranteeing its continued competitiveness.

The Council has also pursued the work on a Regulation establishing a framework on market access to port services and financial transparency of ports. The aim of the Presidency is to take stock of the progress made in a report to the transport ministers Council in June.

On a more general note, I would like to draw your attention to the declaration by the EU and EEA ministers responsible for maritime transport which was adopted in Athens on 7 May. The declaration covers most aspects of maritime transport, it provides an overview of the policy areas where further action is needed and it sets the priorities for the years to come. We are very satisfied and grateful that Iceland and Norway were willing to join the declaration.

In this context, I would also like to stress the very good cooperation with Iceland and Norway in the framework of the International Maritime Organization (IMO). Shipping is an international business, and concerted action in international fora is essential in order to advance work globally in areas such as safety and security at sea and protection of the marine environment. Closely linked to the work on international level is another important piece of EU legislation which is at the crossroads of environment and maritime transport and on which the Hellenic Presidency has been working intensively: the proposal for a Regulation on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport.

This brings me to another point, namely the work carried out in the framework of the integrated maritime policy. This policy goes beyond maritime transport and covers areas such as maritime security, maritime spatial planning, coastal tourism, and in general what is known as "blue economy" and "blue growth".

In this policy area, I would like to mention that the Council reached yet another agreement with the European Parliament on the proposed Directive on maritime spatial planning. Furthermore, the Presidency is working on Council conclusions on the integrated maritime policy.

Finally, a few words on the EU Maritime Security Strategy. Its aim is to provide a common framework for relevant authorities at national and European levels to develop further their specific policies. The strategy would involve authorities dealing with maritime safety, maritime transport, marine environment protection, fisheries control, customs, border control, law enforcement, defence, research and development. The aim of the strategy is to protect EU's strategic maritime interests and identify options to do so. Such a framework would provide the context and ensure coherence amongst different sector specific maritime policies and strategies. Most importantly it would significantly strengthen the link between internal and external security aspects of the maritime policy of the EU and civil and military cooperation. In a world where pirates and terrorists are targeting maritime transport and organised crime is using the sea for conducting its business (take the example of trafficking of human being, taking place now, sometimes with dramatic consequences, in the Mediterranean Sea), it is clear that concerted and coordinated action is needed, on regional and international level. The aim of the Hellenic Presidency is to adopt the security strategy in June.

With this said, I will give the floor to the Commission, which will add some considerations on the subject.

#### **Intervention of Mr O'SULLIVAN on behalf of the EUROPEAN COMMISSION**

Thank you, Mr. Chairman,

and thank you for the excellent overview of all the relevant dimensions of International Maritime Transport. I would like to build upon your thoughts and provide you with the EEAS/Commission view on two particular aspects: the EU Maritime Security Strategy and the Commission's proposal for a Regulation establishing a framework on market access to port services and financial transparency of ports.

No more than two months ago, on 6 March, the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy adopted, the Joint Communication on elements for an EU maritime security strategy.

Although the work had already been initiated under the Spanish Presidency in 2010, the Joint Communication has been one of the first deliverables following the December 2013 European Council on security and defence, which called for such a strategy. The Hellenic Presidency is now taking the work forward to deliver EU Maritime Security Strategy by June 2014.

As already emphasized by HR Catherine Ashton at the launch of the Joint Communication, the security and well-being of Europeans greatly depend on open and safe seas. It is therefore necessary for the EU to deal with maritime threats and challenges. We need a joined-up approach, as demonstrated in the Horn of Africa where we have achieved significant results in fighting piracy.

It is the first time that the EU is developing a holistic strategy of this kind. This Communication paves the way for a more systematic use of all the tools we have at our disposal and will allow us to speak with one voice to our international partners.

We have proposed that the EU response be structured around five areas for enhanced cooperation: external action, awareness info sharing, capability development, risk management, and research and training.

The first area, the external action, for example, has several proposed actions, such as a coordinated approach on maritime security issues in international fora, possible 'EU flagged' maritime exercises and maritime security capacity building activities with third countries in the context of a Common Security and Defence Policy with the aim to foster regional cooperation and coordination.

The EU's approach can build on five successful operational elements:

- 1) The Western Indian Ocean is an important arena for EU's engagement on maritime security. Driven by increased piracy incidents in 2008 off Somalia coast the EU Operation ATALANTA was launched. It promoted cooperation at sea and can also be seen as a contributor for a more comprehensive approach to address piracy in all its complexity in Somalia and in the wider region.

- 2) The operation served another essential purpose – it promoted maritime security cooperation with international partners. We work with NATO's Operation Ocean Shield and with the US-led Combined Maritime Forces. A joint naval exercise was held with China just ahead of the EU-China Summit – the first EU China naval exercise ever.
- 3) This year the EU chairs the Contact Group on Piracy off the Coast of Somalia. The Contact Group serves as the key platform for international coordination and exchange of information. Plenary meetings take place this week in New York as we speak.
- 4) The EU hosted a dedicated maritime security event in the margins of the EU-Africa Summit to examine maritime threats to Africa and to discuss areas of future cooperation.
- 5) In March 2014, the EU adopted the Gulf of Guinea strategy to support the region to address maritime insecurity and maritime crime.

Allow me to now walk you through some key elements underlying the Commission proposal for a Regulation establishing a framework on market access to port services and financial transparency of ports.

The Commission's proposed Regulation on port is part a broader strategy proposed in May 2013 to develop the competitiveness of ports. Seaports are indeed essential for the external trade of the EU and for developing short sea shipping in the internal market. This strategy was developed as part of the Single Market Act II and contributes to the EU 2020 Strategy for jobs and growth. The key element of this strategy is the Regulation which seeks to introduce a common framework ensuring a legal stability for port services and fair competition between ports. The Regulation introduces two broad sets of common principles: to ensure transparent market access for port services and to ensure a greater transparency of public funding in ports.

Other actions resulting from this strategy include the modernisation of the state aid rules applicable to ports and support from the Connecting Europe Facility to connect the ports to the trans-European network.

Both the proposed Commission' strategy and Regulation are in line with the Athens declaration of the Informal Transport Council of 7 May since the latter highlights the importance of efficient ports, a stable framework for investments and connectivity.

The Commission is glad that the Hellenic Presidency could work on the text and intends to present a Progress Report at the next Transport Council on 5 June. As regards the European Parliament, discussions have started and will resume after the elections. Its Transport Committee has already expressed a clear interest in addressing this issue.

### **Intervention of Minister HELGESEN on behalf of NORWAY**

We appreciate the Greek leadership in this field.

The maritime industry is instrumental for international trade and globalization. Today, 90 per cent of world trade is transported by ship.

We can expect that it will continue to be a facilitator for globalization. Global growth and improvement in living standards increases demand for transport services and creates opportunities for the maritime industry.

The EU is a key market for the Norwegian maritime industry. We have a comprehensive and well-developed cooperation with the EU when it comes to maritime policy. We will continue to be an active contributor with the aim of meeting our shared ambitions, such as securing the long-term competitiveness of the European maritime industries.

Norway is a maritime nation. Shipping and maritime industries have played an important role in Norway for 1000 years. And still do.

It is estimated that these maritime industries represent 5-6 percent of value creation in Norway, or about 20 billion euros annually. The maritime industry employs more than 100 000 people in Norway. The potential for sustainable growth is substantial. Estimated growth for 2014 is about 6 percent.

The government has decided to develop a new comprehensive maritime strategy. We will focus on eight overriding topics:

1. "Blue growth".
2. International regulation and competitive framework conditions.
3. Maritime competence and education.
4. Research and innovation.
5. Green shipping.
6. Modern and efficient maritime administration.
7. Competitiveness of the Norwegian ship-register.
8. Maritime operations in the High North.

We plan to present the strategy in the spring 2015.

I will come back to the issue of the high north and Arctic shipping, but let me first touch upon some key points related to the competition framework:

The existing maritime knowledge base in Norway strongly supports our position internationally. Still, we must further develop maritime education and competence, research and innovation, to secure and develop maritime competitiveness. Current initiatives will be reviewed and new measures will be put in place.

We will pursue 'blue growth', in particular by looking at possible synergies between the maritime, marine, and offshore industries, as well as ocean space opportunities. To promote green shipping, we will develop an action plan including amongst others at measures for short sea shipping. We also aim to develop the competitiveness of the Norwegian ship-register and facilitate increased registration to the Norwegian fleet.

In this context, I want to also comment on the Commission proposal for a regulation establishing a framework on market access to port services and financial transparency of ports.

Norway supports the establishment of a framework on market access to port services, which may contribute to increase the efficiency in ports.

Norway supports the amendment by the European Parliament excluding pilotage services from the chapter on market access in the regulation. In Norway, pilotage services are not offered by the ports, but is supplied by the state with the same fees for the whole coast. The ports do not have a role in supplying or administrating pilotage service.

The challenges and the opportunities in the Arctic are of global significance.

A future opening of the Arctic Ocean as a commercial sailing route will bring new opportunities. New and shorter sailing routes lead to completely new prospects for co-operation, both between nations bordering the Arctic and other interested nations.

At the same time, the increased shipping levels in polar waters may pose a threat to the vulnerable Arctic environment. Extreme climatic and weather conditions, winter darkness, heavy ice conditions and lack of good charts and communication systems is a challenge for ships operating in the Arctic.

These trans boundary challenges makes international cooperation important and Norway participates actively in the ongoing work on these issues in international organizations such as the International Maritime Organization (IMO) and the Arctic Council where we support a speedy solution to the observership of the EU.

As a coastal state, Norway has several obligations also in the Arctic areas, including sustainable management of resources and preparedness for Search and Rescue. This includes the obligation to cooperate with states that are operating into or affected by decisions relating to these areas.

Norway takes a comprehensive approach to maritime security. The public and military authorities collaborate and support each other in order to achieve sound governance. In order to be closer to the challenges and maritime operations in the High North, the Norwegian Joint Operations Centre and the Coast Guard Staff and Coast Guard Operations Centre has been relocated to Northern Norway. We give the patrolling in the High North the highest priority.

More generally, let me add that international cooperation is of significant importance for maritime security. In 2012, Norway joined the EDA maritime surveillance system MARSUR. The Norwegian Armed Forces has also been and is taking part in multinational Maritime Security Operations, e.g. the EU Operation ATALANTA.

To enhance maritime safety in the High North, we are also developing better and highly innovative monitoring and information sharing.

We are moving towards the second phase of BarentsWatch , an integrated civilian monitoring and information system for the Norwegian Sea and coastal areas.

By joining together data from different sources, the authorities may more efficiently monitor ship traffic and fishing activities, as well as rapidly locate the available resources during search and rescue operations, and better target the responses to acute pollution events.

The IMO regulatory framework for international shipping is fundamental for safeguarding and further develop safe and environmentally friendly shipping. European states are active and strive for a robust IMO framework.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments, adopted in 2004 and the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, adopted in 2009 have not yet entered into force. The environmental problems these conventions are addressing can only be solved when the conventions enter into force and are properly implemented. Hence, we encourage all EU Member States to ratify the conventions.

## **Intervention of Minister SVEINSSON on behalf of ICELAND**

Maritime transport plays one of the most important roles in the international economy and global trade. Considerable changes have been taking place within the industry, which is not strange given the stakes involved and how dynamic the shipping industry is. Building bigger container ships, the expansion of the Panama Canal, new possibilities on the North Eastern Sea Route and changes in the LNG and gas energy market are just a few of the examples of the developments that are taking place.

Closer to home both for the EU and the EEA perhaps the most interesting development is the opening up of the Northern Sea Route. Traffic on the route has gradually increased, even though it is still low if you compare it to traditional trade routes. In 2013, 71 ships sailed through the route compared to only four in 2010. Intra-regional trade within the Barents region is expanding at an even bigger rate given the level of investment in hydrocarbons projects and mining from Northern Norway to Novaya Zemlya.

The East Asian Economies, China, Japan and South Korea are all very interested in this development and following actively the possibilities that come with it, shortening the time at sea for goods and materials and the cost savings that come with that. The distance from Shanghai to Hamburg via the Northern Sea Route, is over five thousand kilometres shorter than the traditional route through the Suez Canal. For these countries it is the question of maintaining their competitive edge for their export sector by lowering the cost of shipping and exports to the European market. They have been stepping up their political activity and giving the issue more attention. All of them have been granted observer status within the Arctic Council. Even Singapore is now an observer, perhaps not surprising given that 7% of Singapore's GDP comes from the shipping sector.

At the Arctic Circle conference in October, I met with a number of foreign guests in Reykjavik attending the conference. Among them was the Chief Executive officer of COSCO, the biggest shipping and logistic company in China and one of the largest shipping companies in the world. It is clear that they are just one of many actors that are exploring the future opportunities connected to the opening up of the Northern Sea Route (NSR). Estimates from the Chinese say that in 2020 five to fifteen percent of the Chinese international trade might be shipped through the Northern Sea Route.

What is equally important is the environmental security and sustainability of this increased trade. We must adhere to strict standards and make sure that the fragile Arctic environment is safeguarded and protected. Equally important are the search and rescue capabilities that need to be in place to meet unexpected disasters and accidents such as oil spills. In this regard work within the Arctic Council on the Search and Rescue Agreement and Oil spill response, that have been signed by the Arctic Council states is important. On the international level work on a new Polar Code within the International Maritime Organization is also of importance to ensure that relevant safeguards and regulations are applied when it comes to shipping in the Arctic.

We appreciate the engagement of the EU as an observer to the Arctic Council and its contribution to research. We also look forward to working with the EU on issues related to Arctic maritime transport in the future.

#### **Closing remarks of the Minister KOURKOULAS on behalf of the European Union**

I think that we had a fruitful exchange of information and views on the subject of our orientation debate and I thank all of you for your interesting contributions!

### **7. ADOPTION OF THE CONCLUSIONS OF THE 41<sup>ST</sup> EEA COUNCIL**

#### **Intervention of Minister KOURKOULAS on behalf of the EUROPEAN UNION**

We now turn to the discussion of our draft conclusions, which present one paragraph, namely paragraph 21 regarding the management of mackerel, on which no agreement could be achieved between the EU and the EEA EFTA sides before our meeting.

The issue of the management of mackerel stocks in the North East Atlantic has been a highly sensitive political issue for the EU.

As you know, progress has been made on this issue since the EEA Council met last November. Despite the breakdown of discussions on mackerel in the Coastal States framework, the EU, Norway and the Faroe Islands found an agreement on this important shared stock. The EU said from the outset that the door was open for Iceland to join the arrangement.

In this context, the EU welcomes Iceland's recent announcement of its unilateral mackerel quota, which conforms to the share figure it had previously claimed in the Coastal State mackerel negotiations. This was a step in the right direction, but the EU continues to urge Iceland to join the other three Parties at the negotiating table at the earliest opportunity. We still need to work out the terms of a full four-Party Coastal State arrangement for mackerel, which would offer both stability and predictability

Paragraph 21 sets out the facts in neutral terms. In light of the latest developments, we would have expected the EEA EFTA parties to be able to support the inclusion of this paragraph, and we appeal to the EEA EFTA side, to reconsider its previous position and agree to the inclusion of paragraph 21.

### **Intervention of Minister SVEINSSON on behalf of ICELAND**

I can confirm that the draft conclusions are acceptable to Iceland with the exception of paragraph 19. Fisheries management is not covered by the EEA Agreement. It is therefore not appropriate to discuss the mackerel dispute here or include it in the EEA Council Conclusions. We can approve the Conclusions provided this paragraph is deleted.

Iceland has been committed, throughout the long standing dispute, to work constructively and actively in order to reach a settlement on the mackerel issue.

Last fall it was Iceland that initiated a new negotiation round, not because of EU threats of trade sanctions but despite the threats of sanctions. In Iceland's view it was a golden opportunity for the four Coastal State to reach an agreement in light of the new positive scientific advice. During the negotiation round since last fall Iceland argued for a balanced and fair sharing arrangement and a TAC level in line with the scientific advice from ICES.

After the last negotiation round finished without an agreement among the four Coastal States and after the Icelandic negotiation team had left the other three came to a partial agreement which awards those Coastal States quotas far beyond the recommendations of ICES. Our recently announced national quota shows restraint and is in line with the scientific advice.

Finally, but not least importantly, let me make it absolutely clear that Iceland remains willing to negotiate a fair solution to the mackerel dispute in line with the scientific advice.

### **Intervention of the Minister KOURKOULAS on behalf of the EUROPEAN UNION**

We have taken good note of your remarks, but we remain convinced of the added value of the proposed paragraph 21.

However, notwithstanding its position on the issue, the EU does not wish to jeopardize the adoption of the rest of our conclusions, which is a priority for both sides. Thus, in a spirit of compromise, the EU delegation will not insist on maintaining paragraph 21 of the draft conclusions regarding mackerel and can agree on its deletion, while not changing its position on the subject as such.

Concerning next steps, we sincerely hope that future negotiations will finally secure a sustainable and mutually acceptable solution, which includes all Coastal States involved in the management of this stock, to this long-standing issue.

### **Intervention of Minister HELGESEN on behalf of the EEA - EFTA States**

The EEA EFTA States agree to the adoption of the conclusions without paragraph 21.

### **Intervention of the Minister KOURKOULAS on behalf of the EUROPEAN UNION**

I conclude that we have reached an agreement to adopt the draft conclusions as set out in doc. 1602/14, without paragraph 21. The conclusions as adopted will be circulated after the meeting as doc. EEE 1602/1/14 REV 1.

## **8. OTHER BUSINESS**

- *Regulatory cooperation with third countries impacting the internal market, i.a. relating to Protocol 12 to the EEA Agreement*

### **Intervention of the Minister KOURKOULAS on behalf of the EUROPEAN UNION**

The EEA EFTA side has asked for an AOB item on Regulatory cooperation with third countries impacting the internal market, i.a. relating to Protocol 12 EEA.

## **Intervention of Minister HELGESEN on behalf of the EEA - EFTA States**

The EEA EFTA States welcome the ongoing negotiations between the European Union and the United States on a Transatlantic Trade and Investment Partnership. A successful outcome of the negotiations would lead to growth and jobs in the EU and the US and would breathe new life into much needed transatlantic relationship on the global scene. It may also be beneficial for the European Economic Area. Through the EEA Agreement, the EEA EFTA countries are likely to be directly affected by the outcome of TTIP in particular in two main areas.

Firstly, an agreement on a TTIP would mean that goods originating in the US would benefit from increased market access to the EU's Internal Market. Since the EEA EFTA States are an integrated part of the Internal Market, this would mean that in some sectors, including public procurement, this might have a substantial impact on us.

Secondly, and perhaps more importantly, the TTIP is expected to lead to the elimination and reduction of unnecessary regulations, and to increased cooperation on future regulations and standards. This could result in changes in EU laws and regulations, which, in turn, would need to be incorporated into the EEA Agreement. This effect would be felt in all areas covered by the Agreement, including industrial goods and services, such as finance and insurance.

The TTIP might lead to a system where the EU and the US jointly monitor and develop new common standards and regulations. This may, for example, entail setting up a common system between the EU and the US for consultation on new rules and regulations. This again could have a direct impact on the ability of the EEA EFTA States to contribute to the shaping of relevant EU legislation through the EEA Agreement.

The EEA Agreement, of course, could not have specifically foreseen a development such as the TTIP. Protocol 12 to the EEA Agreement on Mutual Recognition Agreements, however, provides at least some guidance with regard to cooperation and information exchange between the EU and the EEA EFTA States in this field.

As we have pointed out on prior occasions, the EEA EFTA States are convinced that a dialogue and exchange of information with regard to TTIP are essential. We therefore propose using Protocol 12 as a model to establish cooperation for the EEA-relevant aspects of the TTIP negotiations. The existing structures under the EEA Agreement are an ideal setting for such a dialogue. A trade policy dialogue between EFTA at four and the US was launched last November, with another session scheduled to take place next month. EFTA has also requested a similar dialogue with the European Commission, but has not yet received a response.

As the EU and the US go into their fifth negotiation round next week, it is becoming increasingly important for us to be kept informed and have the opportunity to provide input. The EEA Agreement created “a homogenous European Economic Area”, based on equal conditions for businesses. It is important that this homogeneity and equal treatment are maintained – also after the conclusion of the TTIP. We would therefore reiterate our request to launch, as soon as possible, an informal dialogue on these matters with the European Commission, making use of the existing structures of the EEA Agreement.

#### **Intervention of Minister KOURKOULAS on behalf of the EUROPEAN UNION**

We thank you for your remarks on this point. We have taken good note of the concerns and wishes which you presented to us.

#### **Closing remarks of Minister KOURKOULAS on behalf of the European Union**

With that, we have come to the end of our EEA Council meeting.

I would like to thank all of you from the EEA EFTA States, the EFTA Secretariat, the EFTA Surveillance Authority and the EU Member States for contributing to and participating in this interesting and fruitful meeting.

The meeting is closed.

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**41<sup>st</sup> meeting of the  
EEA COUNCIL**

**(Brussels, 13 May 2014)**

**LIST OF DELEGATIONS**

**I. The Governments of the EEA – EFTA States were represented as follows:**

**THE KINGDOM OF NORWAY**

Mr Vidar HELGESEN	Minister of EEA and EU Affairs, Office of the PM
Mr Atle LEIKVOLL	Ambassador, Mission of Norway to the EU
Ms Elisabeth WALAAS	Director General, Ministry of Foreign Affairs
Mr Niels ENGELSKIØN	Deputy Head of Mission of Norway to the EU
Mr Jan Wilhelm GRYPHE	Assistant Director General, Ministry of Foreign Affairs
Mr Jon Mikal KVISTAD	Deputy Director General, Ministry of Foreign Affairs
Ms Benedicte STAALESEN	Political Advisor, Ministry of Foreign Affairs
Ms Laila STENSENG	Minister Counsellor, Mission of Norway to the EU
Ms Aud HELLSTRØM	Minister Counsellor, Mission of Norway to the EU
Mr Lars-Eric HAUGE	Counsellor, Mission of Norway to the EU
Mr Lars-Eric NORDGAARD	Counsellor, Mission of Norway to the EU
Mr Stian MATHISEN	Information officer, Mission of Norway to the EU
Ms Hilde STEINFELT	Communications Advisor, Ministry of Foreign Affairs
Ms Ragnhild SJONER SYRSTAD	Trainee, Mission of Norway to the EU

## **THE PRINCIPALITY OF LIECHTENSTEIN**

Mr Mauro PEDRAZZINI	Acting Minister of Foreign Affairs and Head of Delegation
Mr Martin FRICK	Ambassador, Director of the Office for Foreign Affairs
Mr Kurt JÄGER	Ambassador, Mission of Liechtenstein to the EU
Mr Pascal SCHAFHAUSER	Deputy Head of Mission, Mission of Liechtenstein to the EU
Mr Dominik MARXER	Counsellor, Mission of Liechtenstein to the EU
Mr Ulrich VON LIECHTENSTEIN	Second Secretary, Mission of Liechtenstein to the EU

## **ICELAND**

Mr Gunnar Bragi SVEINSSON	Minister for Foreign Affairs
Mr Thórir IBSEN	Ambassador, Head of Mission of Iceland to the EU
Ms Sunna Gunnars MARTEINSDOTTIR	Political Advisor to the Minister
Mr Nikulás HANNIGAN	Deputy Head of Mission of Iceland to the EU
Ms Bryndís KJARTANSDOTTIR	Director, Ministry for Foreign Affairs
Mr Matthías Geir PALSSON	Counsellor, Ministry for Foreign Affairs
Mr Angantyr EINARSSON	Counsellor, Mission of Iceland to the EU
Mr Steinar Ingi MATTHIASSON	Counsellor, Mission of Iceland to the EU
Ms Asgerdur KJARTANSDOTTIR	Counsellor, Mission of Iceland to the EU
Mr Andri JULIUSSON	First Secretary, Mission of Iceland to the EU
Ms Dalila BERNARD	Officer, Mission of Iceland to the EU
Mr Jón GUNNARSSON	Officer, Mission of Iceland to the EU

**II. The European Union was represented as follows:**

**GREECE**

**(PRESIDENCY-IN-OFFICE OF THE COUNCIL OF THE EUROPEAN UNION)**

Mr Dimitrios KOURKOULAS	Deputy Minister for Foreign Affairs
Mr Theodoros SOTIROPOULOS	Ambassador, Permanent Representative of Greece to the EU
Ms Alexandra PAPADOPOULOU	Ambassador, Director General for European Affairs at the Ministry for Foreign Affairs
Mr Sotirios ATHANASSIOU	Ambassador, Director of the Diplomatic Cabinet of the Deputy Minister for Foreign Affairs
Mr Konstantin TSAKONAS	First Counsellor, Chair of the EFTA Working Party at the Council of the EU, Permanent Representation of Greece to the EU
Mr Alexandros IOANNIDIS	First Counsellor in the Diplomatic Cabinet of the Deputy Minister for Foreign Affairs
Mr Alexandros VIDOURIS	Spokesman of the Hellenic Presidency, First Counsellor of Embassy, Permanent Representation of Greece to the EU
Ms Gina KARASIOTOU	Antici, Secretary of Embassy, Permanent Representation of Greece to the EU
Ms Afroditi ICONOMOU	Counsellor for Economic & Commercial Affairs, Permanent Representation of Greece to the EU

## **EUROPEAN COMMISSION**

Mr Tom DIDERICH	International Coordination Officer, Directorate General for Internal Market and Services
Ms Ann-Kerstin MYLEUS	Deputy Head of Unit, Directorate General for Regional Policy
Mr Per MANNES	Seconded National Expert, Directorate General for Regional Policy
Mr Philippe CUISSON	Deputy Head of Unit, Directorate General for Trade
Ms Mihaela Elena ELSNER	Policy Coordinator, Directorate General for Trade

## **EUROPEAN EXTERNAL ACTION SERVICE**

Mr David O'Sullivan	Chief Operating Officer
Mr Gianluca GRIPPA	Head of Division for Western Europe
Mr Florin NITA	EEA Desk Officer, Division for Western Europe
Mr Vaclav NAVRATIL	EEA Desk Officer, Division for Western Europe
Ms Almudena GARCIA PEREZ	Desk Officer for Iceland, Liechtenstein and Norway, Division for Western Europe

## **COUNCIL OF THE EUROPEAN UNION - GENERAL SECRETARIAT**

Mr David JOHNS	Head of Unit for Enlargement
Ms Bärbel DÜRHAGER	Desk Officer for Non-EU Western Europe

### **III. The European Free Trade Association (EFTA) was represented as follows:**

#### **EFTA SECRETARIAT**

Mr Kristinn F. ÁRNASON	Secretary-General
Mr Helge SKAARA	Deputy Secretary-General
Mr Georges BAUR	Assistant Secretary-General
Mr Knut HERMANSEN	Director, Goods Division
Ms Katrín SVERRISDÓTTIR	Director, Services, Capital, Persons & Programmes Division
Mr Marius VAHL	Senior Officer, EEA Coordination Division
Mr Øyvind Bø	Senior Legal Officer, Services, Capital, Persons & Programmes Division
Ms Runa MONSTAD	Legal Officer, EEA Coordination Division
Ms Michelle LAUG	Officer, Secretary-General's Office
Ms Jacqueline BREIDLID	Trainee, EEA Coordination Division
Mr Ruben ANGELL	Trainee, Secretary-General's Office

#### **EFTA SURVEILLANCE AUTHORITY**

Ms Oda Helen SLETNES	President
Ms Helga JÓNSDÓTTIR	College member of the EFTA Surveillance Authority
Mr Frank BÜCHEL	College member of the EFTA Surveillance Authority

EEE 1603/14

## **PROGRESS REPORT**

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Subject: Progress Report by the EEA Joint Committee to the 41<sup>st</sup> meeting of the EEA Council

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### **Decision making**

1. The EEA Joint Committee has adopted 79 Joint Committee Decisions (JCDs) incorporating 157 legal acts since the EEA Council of 19 November 2013. In the period January to 1<sup>st</sup> May 2014, there have been 54 JCDs incorporating 109 legal acts. In the same period of 2013, 48 JCDs have been adopted incorporating 96 legal acts.
2. As of 22<sup>nd</sup> April 2014, there were 581 outstanding legal acts where the compliance date in the EU had passed (including 122 acts with a compliance date in the EU prior to the end of December 2011), compared to 469 acts in November 2013. Since November 2013 therefore the overall number of outstanding legal acts has increased by 24%.
3. Since the last EEA Council, the EFTA side has continued to identify further actions needed to permanently reduce the number of outstanding acts and avoid their re-emergence. Concrete steps in implementing these actions are to be expected by summer 2014.
4. In total 117 legal acts adopted by the EU in 2013 were incorporated into the EEA Agreement in 2013, as compared to 83 legal acts in 2012. This demonstrates an improvement in the management of new acts with their timely incorporation into the Agreement.

5. Another aspect of the joint process was to reduce the number of JCDs awaiting the fulfilment of constitutional requirements where the six-month period had expired. However, this number increased again as by 1<sup>st</sup> May 2014 this stood at 9, compared to 5 in May 2013. Additionally, there were 17 JCDs where the entry into force depended on the fulfilment of constitutional requirements of other already adopted JCDs or the incorporation of an EU legal act into the EEA Agreement, as compared to 8 in November 2013.
6. Important decisions incorporated since the 40<sup>th</sup> meeting of the EEA Council include:
- Decision No 178/2013 on international accounting standards
  - Decision No 202/2013 on equivalences between categories of driving licences
  - Decision No 222/2013 on food intended for infants and young children
  - Decision No 236/2013 on the Requirements for the performance and the interoperability for the single European sky
  - Decision No 9/2014 on European standardisation
  - Decision No 21/2014 on European rail networks for competitive freight
  - Decision No 29/2014 on the period of application of Regulation (EC) No 800/2008 (prolongation of the so-called “general block exemption” for state aid)
  - Decision No 41/2014 on the selection of a symbol for identifying medicinal products for human use that are the subject to additional monitoring
  - Decision No 58/2014 on the European system of national and regional accounts in the European Union
  - Decision No 60/2014 on international credit entitlements under the Emissions Trading Scheme

### **Decision shaping**

7. The EEA EFTA States are participating in 20 EU programmes and 18 agencies, of which 13 were regulatory agencies and five executive agencies.

8. Since the last EEA Council, the EEA Joint Committee has taken note of EEA EFTA Comments on the following subjects and the EU side provided oral reaction on two of them:

- Consumer Product Safety and Market Surveillance
- Comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features
- Certain rules governing actions for damages under national law for infringements of the competition law provisions of the Member States and of the European Union
- Measures concerning the European single market for electronic communications and to achieve a Connected Continent
- Information accompanying transfer of funds
- Maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic
- Package travel and assisted travel arrangements

### **Briefings in the Joint Committee**

9. Briefings on the following subjects were provided in the EEA Joint Committee:

- Capital control in Cyprus
- Capital controls in Iceland
- The Regulatory Fitness and Performance Programme (REFIT)

### **Status of outstanding issues**

10. The discussions on the following issues have not yet been concluded:

- the Regulations establishing the European Supervisory Authorities, and related pieces of legislation in the field of financial services,

- the Directive on the Deposit Guarantee Scheme,
- the Regulation on Novel Foods and Novel Food Ingredients,
- the Third Package for the Internal Energy Market,
- the remaining part of the 2009 TELECOM package including the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC),
- the Third Postal Directive,
- the Regulation on Medicinal Products for Paediatric Use,
- the Marine Strategy Framework Directive,
- the Offshore Directive
- the EU legal acts in the area of organic production and
- the package of acts in the field of Plant Protection Products.

The Joint Committee has reiterated its determination to work towards the rapid conclusion of these issues.

## **Financial Mechanisms**

11. For the period 2009-2014, 988.5 million euro has been set aside under the EEA Financial Mechanism and an additional 800 million euro under the Norwegian Mechanism to contribute to reducing economic and social disparities in 15 EU countries in Central and Southern Europe and to strengthening bilateral relations.
12. Programmes and projects under both Mechanisms may be implemented until 2016. By 1<sup>st</sup> May 2014, all of the 150 programmes had been approved by the donors compared with 93 by the end of April 2013.

13. The European Commission, being responsible for screening all programme proposals for their compatibility with EU cohesion policy, has by 1st May 2014 received the proposals for all the 150 planned programmes. The Commission consent has been given to 146 programmes.
14. Bilateral funds for common activities were set up in many beneficiary countries since the last EEA Council. By 1<sup>st</sup> May 2014, there were 87 donor partner programmes under the EEA and Norway Grants, involving 24 different public entities from Iceland, Liechtenstein and Norway, along with the Council of Europe.
15. In accordance with Article 9 of Protocol 38B on the EEA Financial Mechanism, a review of the need to address economic and social disparities within the European Economic Area was undertaken in 2013. The conclusion of the review, to which both the EU and the EEA EFTA sides contributed, was that there still was a need to alleviate social and economic disparities in the European Economic Area. Negotiations on the continuation of contributions were launched on 22 January 2014 and three rounds of technical discussions were already held by 1<sup>st</sup> May 2014.

### **Enlargement of the EEA to Croatia**

16. Negotiations to include Croatia into the EEA upon its accession to the European Union were concluded in November 2013 and the draft EEA Enlargement Agreement was initialled on 20 December 2013. The signing of the Agreement on extending the EEA Agreement (and three related Protocols) to Croatia and its provisional application took place on 11 April 2014.

**EUROPEAN ECONOMIC AREA  
Council of the EEA**

**Brussels, 13 May 2014  
(OR. en)**

**EEE 1602/1/14  
REV 1**

## **CONCLUSIONS**

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Subject: Conclusions of the 41st meeting of the EEA Council  
Brussels, 13 May 2014

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1. The forty-first meeting of the EEA Council took place in Brussels on 13 May 2014 under the Presidency of Mr Dimitris Kourkoulas, Deputy Minister for Foreign Affairs of Greece, representing the Presidency of the Council of the European Union. The meeting was attended by Mr Vidar Helgesen, Minister of EEA and EU Affairs at the Office of the Prime Minister of Norway, Mr Mauro Pedrazzini, Acting Minister of Foreign Affairs of Liechtenstein, and Mr Gunnar Bragi Sveinsson, Minister for Foreign Affairs of Iceland, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service.
2. The EEA Council noted that, within the framework of the Political Dialogue, the Ministers would discuss *Ukraine/Russia*, *Syria* and *Southern Neighbourhood*. An orientation debate was held on *International Maritime Transport*.
3. The EEA Council welcomed the signing on 11 April 2014 of the Agreement on the Participation of the Republic of Croatia in the European Economic Area, and urged all sides to complete the required procedures to allow for its swift entry into force.

4. This year will mark the 20<sup>th</sup> anniversary of the EEA Agreement. Through these years, the agreement has proven to be mutually beneficial for all contracting parties and has achieved its main task of promoting trade and economic relations and providing a predictable and level playing field for economic operators and citizens across the EEA. The EEA Council highlighted that the Agreement had been robust and capable of adapting to changes in EU treaties and EU enlargements.
5. As the EEA Agreement has now entered into its third decade of operation, the EEA Council acknowledged the central role of the Agreement in fostering trade and economic relations between the EU and the EEA EFTA States. Welcoming the signs of economic recovery, the EEA Council recognised that the good functioning and further development of this extended Single Market would be a key driver for renewed growth in Europe.
6. The EEA Council emphasised the need for responsibility and solidarity among the countries of Europe to overcome the social and economic challenges that had arisen from the economic crisis. In particular, the EEA Council expressed concerns regarding the youth unemployment in some EEA Member States.
7. The EEA Council noted that free movement of capital is a fundamental internal market freedom and an integral part of the EEA *acquis* and acknowledged that restrictions can be implemented temporarily on the basis of the provisions of Article 43 of the EEA Agreement.
8. Cognisant of the constitutional challenges for some of the EEA EFTA States raised by the specific role and powers vested in the European Supervisory Authorities for the financial services sectors and of the need to ensure the homogeneity of the internal market, the EEA Council welcomed the ongoing constructive dialogue and encouraged the parties to reach an agreement on appropriate solutions for an institutional set-up allowing for efficient supervision throughout the EEA. The EEA Council furthermore stressed the high importance of a swift incorporation and application of the outstanding legislation in the field of financial services in order to ensure a functioning internal market and homogeneity in this important economic sector.

9. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council looked forward to the incorporation of the new generation of EU programmes into the Agreement and invited both sides to speedily process the relevant acts. The EEA Council emphasised the importance of reaching an agreement on all relevant programmes before July 2014, when the budgetary deadline for participation expires.
10. The EEA Council welcomed the finalisation of the review undertaken by the EEA Joint Committee on the EEA Financial Mechanism, and the launch of negotiations on the renewal of the EEA and Norway Financial Mechanisms for another term and called for a swift conclusion of these negotiations. It recognised the still existing need to alleviate social and economic disparities in the EEA, as well as the positive contribution of the EEA and Norway Financial Mechanisms 2009-2014 and their predecessors in reducing economic and social disparities throughout the EEA.
11. The EEA Council also took note of the recent launch of negotiations in parallel with the Financial Mechanism negotiations on bilateral issues between each of the EEA EFTA States and the EU, and also called for a swift conclusion of these negotiations.
12. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.
13. The EEA Council welcomed efforts made over the past years to reduce the number of outstanding EEA-relevant EU acts to be incorporated into the EEA Agreement and to accelerate the incorporation process. The EEA Council noted with concern that despite efforts made, the number of outstanding acts remained too high. It urged both sides to take the necessary steps to reduce the number of outstanding acts, in particular those acts subject to a protracted period of delay in incorporation. The EEA Council considered that more needs to be done in order to significantly and durably reduce the time gap between the adoption of EEA-relevant *acquis* by the EU and its application by the EEA EFTA States to thereby ensure legal security and homogeneity in the EEA. It is important that all parties engage to find solutions to difficult issues.

14. The EEA Council noted that progress is still needed on a number of outstanding issues and looked forward to reach a conclusion as soon as possible in particular regarding the Third Postal Directive, the 2009 TELECOM Package (including the Regulation on the Body of European Regulators for Electronic Communications – BEREC), the Directive on Deposit Guarantee Schemes, the Regulation on Novel Foods and Novel Food Ingredients, the Marine Strategy Framework Directive, the Regulation on Medicinal Products for Paediatric use and the EU legal acts in the area of organic production.
15. The EEA Council also noted the further increase in the number of Joint Committee Decisions for which the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. The EEA Council encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.
16. With regard to the Third Package for the Internal Energy Market, the EEA Council underlined the importance of stepping up efforts to incorporate this legislative Package into the EEA Agreement in order to establish a fully functional internal market for energy, and encouraged the parties to identify solutions for appropriate EEA EFTA participation in the Agency for the Cooperation of Energy Regulators (ACER).
17. The EEA Council acknowledged the significance of the ongoing process of establishing a Transatlantic Trade and Investment Partnership (TTIP) between the European Union and the United States. Bearing in mind inter alia Protocol 12 to the EEA Agreement, it took note of the renewed wish expressed by the EEA EFTA States to have a regular exchange of information with the EU.
18. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environment, energy and climate change policies, particularly in light of the process of establishing a 2030 Framework for Climate and Energy. The close cooperation should also continue in particular in the areas of security of energy supply, emissions trading, promotion of competitive, climate resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, carbon capture and storage (CCS) and marine environment issues.

19. The EEA Council acknowledged that the Contracting Parties, pursuant to Article 19 of the EEA Agreement, had undertaken to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council welcomed the launch in 2012 of negotiations on the further liberalisation of agricultural trade and on the protection of geographical indications between the EU and Iceland and the launch in November 2013 of negotiations on the protection of geographical indications between the EU and Norway. It also looked forward to the review in 2014 of the conditions of trade in agricultural products between Norway and the EU with the aim of opening negotiations on a new agreement within the framework of Article 19 in 2014. The EEA Council noted that the EU had expressed its disappointment on the fact that the increased Norwegian customs duties for certain agricultural products, and the reclassification of hortensia, had not been revoked and that the EU had again encouraged Norway to reverse these measures.
20. The EEA Council welcomed the dialogue between Iceland and the EU on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in processed agricultural products and looked forward to the conclusion of this dialogue in the near future. The EEA Council encouraged the Contracting Parties to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in processed agricultural products.
21. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to the political dialogues at the relevant Council working parties.
22. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU ministerial meetings and ministerial conferences relevant to EEA EFTA participation in the Internal Market, and expressed its appreciation to the current Greek and incoming Italian Presidencies for the continuation of this practice.

23. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups and agencies, as well as through the submission of EEA EFTA Comments.
  24. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA would be in the interest of all Contracting Parties, the EEA Council urged them to ensure that the appropriate information on the EEA Agreement was made readily and easily available to all.
  25. The Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its meeting in Reykjavik on 27 March 2014 on *Single Market Governance* and on *Climate and Energy Towards 2030*. It also noted the Resolutions adopted by the EEA Consultative Committee in Oslo on 9 May 2014 on *Renewable Energies and Economic Competitiveness and Gender Equality in the Labour Market in the Context of the Economic Crisis*.
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