

EUROPEAN ECONOMIC AREA
Council of the EEA

Brussels, 8 November 2019
(OR. en)

EEE 1608/19

DRAFT MINUTES

Subject: Draft minutes of the 51st meeting of the EEA Council
Brussels, 20 May 2019

DRAFT MINUTES

of the 51st meeting of the

EEA COUNCIL

(Brussels, 20 May 2019)

CONTENTS

	<u>Page</u>
Adoption of the Provisional Agenda (EEE 1601/19).....	5
Approval of the minutes of the 50 th meeting held in Brussels on 20 November 2018 (EEE 1604/19)	5
Progress report by the EEA Joint Committee (EEE 1603/19)	5
Resolution of the EEA Joint Parliamentary Committee adopted following its 52 nd meeting in Strasbourg on 13 March 2019, on the <i>Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2018</i>	5
Draft Conclusions of the EEA Council (doc. 1602/19)	6
Assessment of the overall functioning of the EEA Agreement	6
Orientation Debate: Climate change: Long-term strategies towards 2050 and the implementation of the Paris Agreement.....	24
Other business	37

<u>Annex I</u> : List of Participants	39
<u>Annex II</u> : Progress report by the EEA Joint Committee (EEE 1603/19)	43
<u>Annex III</u> : Conclusions of the 51st meeting of the EEA Council (EEE 1602/1/19 REV 1)	47

The EEA Council held its 51st meeting in Brussels on 20 May 2019.

The meeting was chaired by Mr Ștefan-Radu OPREA, Minister for Business Environment, Commerce and Entrepreneurship of Romania, who led the delegation of the European Union, composed of him and representatives of the General Secretariat of the Council, the European Commission and the European External Action Service.

The EEA EFTA side was led by Ms Aurelia FRICK, Minister for Foreign Affairs of Liechtenstein, accompanied by Mr Guðlaugur Þór ÞÓRÐARSON, Minister for Foreign Affairs of Iceland and Ms Ine Eriksen SØREIDE, Minister for Foreign Affairs of Norway.

The EEA EFTA side also included Mr Henri GETAZ (Secretary-General of the European Free Trade Association - EFTA), Ms Bente ANGELL-HANSEN (President of the EFTA Surveillance Authority - ESA).

Opening statement of Minister Ștefan-Radu OPREA on behalf of the European Union

Dear colleagues from Liechtenstein, Iceland and Norway, from the EFTA Secretariat and from the EFTA Surveillance Authority,

First of all, allow me to wish you and your delegations a very warm welcome on behalf of the Council of the European Union.

Before we start our meeting, I would like to express my thanks to all of you and, in particular, to the EFTA Secretariat for the excellent cooperation in finalising the arrangements for this meeting.

I am looking forward to our discussions!

Intervention of Minister Aurelia FRICK on behalf of the EEA EFTA side

Thank you, we look forward to the discussion and an exchange of views with our partners in the EU.

Intervention of Minister Stefan-Radu OPREA on behalf of the European Union

Let us now move to the formal agenda of our EEA Council, as set out in document 1601/19. I hope there is agreement, in order to gain time, to deal with items 1, 2, 3, 4 and the conclusions of our meeting of today, appearing under item 7 of our agenda, without further discussion, and therefore to note our agreement on the agenda and the other documents related to those items.

Intervention of Minister Aurelia FRICK on behalf of the EEA EFTA side

I would like to confirm that we agree to deal with items 1, 2, 3, 4 and 7 of our Agenda without discussion.

ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda, as set out in EEE 1601/19.

APPROVAL OF THE MINUTES

The EEA Council approved the minutes of the 50th meeting of the EEA Council, which took place in Brussels on 20 November 2018, as set out in EEE 1604/19.

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 EEE 1603/19.

RESOLUTIONS OF THE EEA JOINT PARLIAMENTARY COMMITTEE

The EEA Council took note of the Resolution of the EEA Joint Parliamentary Committee adopted at its 52nd meeting in Strasbourg on 13 March 2019, on the *Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2018*.

7. CONCLUSIONS OF THE EEA COUNCIL

The EEA Council adopted the Conclusions, as set out in [EEE 1602/18](#).

5. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT

Intervention of Minister Stefan-Radu OPREA on behalf of the European Union

Let us move on to item 5 on the agenda, concerning the assessment of the overall functioning of the European Economic Area Agreement.

First of all, I would like to stress once again the importance of these regular meetings of the EEA Council which give us the opportunity to assess together the application of the EEA Agreement and to hold a useful exchange of views on recent developments related to it.

As you know, on 1 January 2019, we celebrated the 25th anniversary of the entry into force of the EEA Agreement. Since its entry into force, it has proven to be amazingly flexible, and the number of amendments made to it over the years is truly impressive. Its living character, together with the stability and quality of its institutions, are certainly key elements for its well-proven durability.

The EU has also changed and developed greatly since the EEA came into force, many times in response to trends and events that changed both Europe and the world. Today, the UK's withdrawal from the EU raises important questions for both the EU and the EEA EFTA States.

In this context, it is very important to safeguard the EEA Agreement, to ensure the continuation of a well-functioning, homogenous EEA and to preserve the integrity of the internal market.

I would like to turn now to a few specific issues relating to the functioning of the EEA Agreement.

With regard to the backlog, we recognise the ongoing efforts to reduce the number of EEA-relevant EU legal acts awaiting incorporation into the EEA Agreement. Since the last EEA Council of November 2018 additional 429 legal acts have been incorporated into the EEA Agreement. Significant results have been achieved particularly in the area of financial services where recent incorporation of several key acts such as the Markets in Financial Instruments Regulation and Directive (MiFIR/MiFID II) and the Capital Requirements Package (CRR/CRD IV) have led to a significant and welcomed decrease of the backlog in this important sector. However, on some files, there has been little or no progress, such as on the Offshore Safety Directive, Third Postal Directive, Genetically Modified Organisms and Anti Money-Laundering legislation.

Regarding energy and climate change, we would like to emphasise the great importance of continued close cooperation between the EU and the EEA EFTA States in environmental, energy and climate change policies. We reaffirm our commitment under the Paris Agreement to accelerate the transition to low greenhouse gas emissions, sustainable and climate-resilient economies and societies and to prevent irreversible and catastrophic climate disruption. In this context, I would also like to draw your attention to the EU Council conclusions on climate diplomacy which were adopted on 26 February this year. Those conclusions reiterate that the EU ambition for climate action is not only about reducing greenhouse gas emissions - it is also about addressing the implications of climate change for international security and stability.

Further progress has been made on the Banking Union and on the Capital Markets Union. The amended European Supervisory Authorities (ESAs) proposals from September 2018, adopted under the Romanian presidency, strengthen the European system of financial supervision in the area of anti-money laundering and terrorist financing. We welcome the close involvement of the EEA EFTA States in the discussions regarding those acts and we wish to highlight the importance of their swift incorporation into the EEA Agreement.

The close involvement of EEA EFTA States in the implementation of the Digital Single Market Strategy for upgrading the internal market with a view to exploiting in full its growth and productivity is also to be stressed. We would like to welcome the steps already taken to incorporate new legislation, such as the new regulatory framework on telecommunications, on unjustified geo-blocking, on enforcement of consumer protection law, on cross-border portability of online content services and on audio-visual media services.

We welcome with satisfaction the continued efforts to further deliver on our commitment for a more social Europe. A big step forward has been taken by the establishment of the new European Labour Authority aimed at strengthening cooperation at the European level in connection with cross-border mobility.

With regard to the EEA and the Norwegian Financial Mechanisms for the 2014-2021 period, we would like to welcome the signing of the Memoranda of Understanding with almost all of the EU beneficiary States. We hope that Memoranda of Understanding with the remaining EU beneficiaries will be concluded shortly. Timely implementation of those Memoranda, flexibility and broad participation in the various projects are of key importance and require a close cooperation between the Beneficiary States and the EEA EFTA States.

Regarding bilateral issues, in particular, trade in agriculture, we would like to reiterate the importance of continuing efforts to achieve the progressive liberalisation of agricultural trade and to welcome the intention of the contracting parties to conduct before the summer of 2019 a new review of the trade regime for processed agricultural products.

With regard to future challenges in EEA cooperation, in particular the implications of the UK's withdrawal from the EU for the EEA Agreement, we would like to underline the need for a close dialogue and continuous exchange of information between the EU and the EEA EFTA States on this matter. Aware of the EEA dimension of the UK's withdrawal from the EU and with a view to ensuring the continued protection of citizens' rights in the EEA, the Council of the EU has approved the signature of a separation agreement between the UK and the EEA EFTA States.

I will now give the floor to the EEAS representative, speaking on behalf of the Commission, who will add some comments on the overall functioning of the EEA Agreement.

Intervention of Director Angelina EICHHORST on behalf of the EEAS

Dear Ministers, Representatives of EFTA/EEA institutions, Ambassadors, ladies and gentlemen,

I am pleased to share with you our assessment on the functioning of the EEA Agreement.

2019 is a special and eventful year as the EEA Agreement celebrates its 25th anniversary. The EU and EEA EFTA States leaders met on 22 March in Brussels to celebrate the quarter of the century of successful functioning of the European Economic Area. The anniversary will be marked also later today at the roundtable discussion organised jointly between all of us. And on 14 of June there will be a major conference on EEA law, hosted by the EFTA Court and the EFTA Surveillance Authority. These are events in Brussels, but the story of success of the Single Market and the European Economic Area is also celebrated in all 31 capitals. It is important that citizens in all EEA countries are aware of benefits brought to their lives every single day.

It is indeed a true success story for Europe: citizens of the EEA work and live together peacefully united by shared values of democracy, individual freedoms, the rule of law and human rights, and a joint commitment to open societies and open economies.

The EEA Agreement has for 25 years guaranteed equal treatment, legal certainty and predictable conditions for citizens and businesses. It has also contributed in the spirit of solidarity, through the EEA and Norway Financial Mechanisms, to marked reduction of social and economic disparities in the EEA and to support of free and vibrant civil society and the justice sector that are pre-conditions for prosperity, stability and legal certainty in the Single Market.

For all these years we have worked as one family, building a better Europe for all our citizens. The EEA Agreement is not a short-term transaction, but a long-term partnership, where everyone contributes, and everyone benefits. Together we are better equipped to tackle global challenges, especially these relating to climate change, energy, or security.

We know that we are stronger together, especially when we stand firmly on the side of wisdom, the rule of law, cooperation, solidarity and deeper integration among our nations. Our collaboration is the best option available. We have come to realise that even the biggest countries of Europe have become small from a worldwide perspective. Together we can achieve more for the people both inside and outside of the EEA.

The building blocks of collaboration in the EEA are: the indivisible four freedoms that have contributed to successful economic exchanges for businesses as well as to prosperity of workers and protection of consumers; and the two-pillar structure of the EEA Agreement, that has secured robustness and legal certainty of our partnership.

(ACHIEVEMENTS)

The continuous exchanges between the two sides of the Agreement are the proof of its vitality. And indeed they are fruitful: this year will be recorded as one when, due to our common effort, the famous (or rather infamous) backlog of EEA-relevant legislative acts not incorporated into the EEA Agreement has been reduced by a record almost 30 per cent. As of 8 May 2019 there were 445 outstanding legal acts where the compliance date in the EU has passed, compared to 612 acts in November of last year.

This major achievement, registered mainly but not exclusively, in the sector of Financial Services, has been a result of intensive and dedicated work of experts, officials and diplomats on both sides. Let me now thank everybody for their successful efforts: this success has not been achieved overnight; it has been a steady and collective effort, involving the EEAS and Commission services, the EFTA secretariat, your three Embassies in Brussels as well as numerous colleagues in your capitals.

We are keen on continuing the trend of reducing the backlog, especially this year when, due to elections to the European Parliament and setting up of the new Commission, the pace of legislative work in the EU will temporarily slow down.

Another major achievement - that also required a lot of effort - was the tackling of Brexit. With a moving target, we have needed to prepare for every scenario, especially for a withdrawal without an agreement. To this end we adopted in March 17 decisions incorporating 22 acts, concerning mainly Veterinary and Phytosanitary matters, the Financial Services and the sector of Transport, including measures ensuring basic aviation and road connectivity.

Now I have spoken about the Single Market, the core of our relationship. But as we know there is much more than that. We are an open, forward-looking, value-based community. I am pleased to note that among the most recent decisions taken by the EEA Joint Committee was one to incorporate into the Agreement the Regulation laying down the legal framework of the European Solidarity Corps. It is great news indeed that Iceland has already decided to participate in this initiative that is of both practical and symbolic importance for Europe's youth and an expression of European Solidarity.

The crucial work on the EEA matters takes place in capitals. It is there, where parliamentarians, advised by experts, scrutinise EEA relevant legislation and take decisions on transposition of EEA law into national legal orders. It is not always an easy process, it can take time and debates are sometimes heated. This is how democracy works and we all subscribe to this process.

The point I want to make here is that EU legislation also goes through such processes in the Council, in the European Parliament, and in EU capitals, as well. We are pleased with the fact that the three EEA EFTA States have an impact, through EEA EFTA Comments, on shaping EU legislation. This is to the benefit of the whole European Economic Area.

(CHALLENGES)

The 25th Anniversary of the Agreement offers an opportunity to reflect on the future of the Common Market. We share the opinion that challenges we all face are tackled best through European solutions, and by continuing to work together. These challenges are global and systemic; they range from climate change and migration, to energy efficiency, to addressing social inclusion and inequality.

Ensuring equal employment rights in the Single Market - equal pay for equal work in the same place - has been a priority of this Commission. It is essential that we are globally competitive while maintaining high employment and social standards, and a level playing field for businesses.

Our today's Orientation Debate will be dedicated to long-term strategies related to climate change. This is a priority subject of international collaboration of our time. The matter is being addressed also in the framework of the EEA: a good example is the Extended Climate Cooperation initiative, where Norway and Iceland have subscribed to the EU approach to reduce greenhouse gas emissions.

We do not know much about the future, but one thing we can say with some certainty is that it will be increasingly digital. We need to be able to stand the competition from key global players. We can do so by together setting up fair and transparent rules that harness competition and ensure predictable and reliable regulatory framework for the digital space.

Ladies and Gentlemen,

What else is ahead of us?

Firstly, there are some pending files that need addressing with a renewed attention and in the spirit of pragmatism. Here belong, for example: the Third Postal Directive, the Single European Railway Area, directives pertaining to Energy Efficiency and the Energy Performance of Buildings.

I used the word 'pragmatism' for a reason. It is both with pragmatism and with the two-pillar structure of the Agreement in mind that we look at these matters. I am confident that we can find mutually agreeable solutions that will benefit the whole European Economic Area.

Secondly, there are pieces of relatively new legislation that await incorporation, such as the AMLD V - the 5th Anti-Money Laundering Directive, adopted on the EU side in May 2018 that, among others, addresses the use of cryptocurrencies for terrorist activities. The EU side expects that this Directive can be swiftly incorporated into the EEA Agreement, so that it becomes simultaneously applicable in both the EU and the EEA EFTA States in January 2020.

Thirdly, as soon as possible after the European elections, work on the Multiannual Financial Framework for the years 2021 - 2027 will resume with a new impetus. This means extra work for us - colleagues in the EFTA Secretariat know it very well - and also new opportunities for the EEA. There will be an increased focus on the Common Market, research and innovation. We are convinced that with the new Framework we will be better equipped to respond to challenges of the future; and we look forward to the participation of Iceland, Liechtenstein and Norway in future EU programmes.

We will be doing this together.

Thank you for your attention.

Intervention of Minister Aurelia FRICK on behalf of the EEA EFTA States

Dear colleagues,

(GENERAL REMARKS)

The EEA Agreement has been the foundation of the close relationship between the EEA EFTA States and the European Union for a quarter of a century. On 22 March, our Prime Ministers met with the Heads of State and Government of the EU to celebrate the 25th anniversary of the entry into force of the Agreement. They reaffirmed our shared values: democracy, the rule of law, individual freedoms and human rights, and a common commitment to open societies and economies.

The EEA Agreement remains a solid framework for extensive rules-based multilateral cooperation in Europe. It provides legal certainty, equal treatment, and predictable conditions for our citizens and businesses. It ensures the free movement of goods, services, capital and people throughout the EEA and promotes innovation, competitiveness and general welfare for the benefit of all 31 EEA countries.

The rules of our Internal Market go far beyond ensuring market access. They touch upon most areas of economic and social life, providing extensive rights for our citizens and economic operators. They include an important social dimension, with high standards of consumer and environmental protection. And they extend considerable financial support towards economic and social development in the less affluent parts of our continent.

(PROGRESS ON INCORPORATION OF LEGAL ACTS)

The EEA Agreement has functioned well for more than 25 years. By continuously incorporating new rules into the Agreement, we have ensured a level playing-field for our economic operators. Since our last meeting in November, we have made impressive progress in this regard: more than 400 legal acts have been incorporated, which has reduced the overall backlog of pending acts by nearly 30%.

(FINANCIAL SERVICES)

A large portion of these acts were in the field of financial services. Since November, we have been able to incorporate important acts concerning capital requirements (CRR/CRD IV), markets in financial instruments (MiFID II/MiFIR), anti-money laundering (AMLD IV), and the powers of European Supervisory Authorities (Omnibus II), to mention just a few. We have in fact halved the number of outstanding acts in the field of financial services. This would not have been possible without the close dialogue and cooperation between the EEA EFTA States, the EEAS and the European Commission, and the endorsement by the Council. Let me warmly thank all those involved in these efforts.

These positive trends demonstrate that through a pragmatic and result-oriented approach we can achieve our common goal of ensuring a homogenous EEA. And they should encourage us to keep up the momentum!

(BREXIT)

Preparing for Brexit has been another key priority in recent months. We have spent considerable time and resources, in close dialogue and cooperation with our EU partners and the United Kingdom, to safeguard the integrity of the Internal Market and to avoid – to the extent possible – any disruption in our relations with the UK. To this end, we have agreed on an EEA EFTA Separation Agreement with the UK, which mirrors the EEA-relevant parts of the UK's Withdrawal Agreement with the EU. This comprehensive agreement, however, can only enter into force in the deal scenario, because it depends on the solutions found in the EU/UK Withdrawal Agreement.

In view of the continued uncertainty surrounding Brexit, we also stepped up our efforts to prepare for a no-deal scenario. Through a very close and constructive dialogue with the Commission and the EEAS we were able to incorporate relevant Brexit preparedness measures into the EEA Agreement. In parallel, the EEA EFTA States and the UK have negotiated an agreement on citizens' rights in case of a no-deal scenario, as well as other agreements to facilitate continued trade with the UK. We will continue to monitor developments closely and look forward to continuing our close cooperation and dialogue with the EU regarding possible future arrangements.

(CHALLENGES: CLIMATE CHANGE, SOCIAL DIMENSION, INTERNATIONAL TRADE)

The EEA Agreement is much more than a free trade agreement. It also provides us with a platform to cooperate in key areas of common interest and to find solutions to the most pressing challenges of our times, such as climate change, sustainable development, and social inclusion. We will discuss our joint efforts to combat climate change in our orientation debate later in this meeting. And at our last meeting in November, we had a thorough discussion on social rights. The EEA Agreement and the economic opportunities it affords to our businesses and citizens, contributes to securing social welfare and jobs, both in the EU and the EEA EFTA States. We welcome the strong emphasis placed on the social field in recent years. Ensuring fair working conditions and preventing social exclusion, injustice and crime in the European labour market are tangible benefits that our citizens rightly expect.

In light of the current challenges to the multilateral and rules-based international order, the EEA Agreement has become even more important as a platform for cooperation. We must ensure that worrying trends towards protectionism do not affect the integrity of the Internal Market and our good cooperation. In this context, the EU's decision by the EU to extend the exemption of the EEA EFTA States from provisional safeguard measures on steel products was of utmost importance.

(FINANCIAL MECHANISMS)

The EEA EFTA States believe in the importance of reducing social as well as economic disparities in Europe and provide considerable contributions towards this goal through the EEA and Norway Grants. Further progress has been made on the implementation of the financial mechanisms for the 2014 - 2021 period, and we have concluded Memoranda of Understanding with all but one of the Beneficiary States in the EU. We hope for a swift agreement with the last remaining beneficiary country, but the agreement must honour the common values that the EEA Agreement is based on.

(FUTURE DEVELOPMENTS: EU PROGRAMMES & POLICY-SHAPING)

Looking ahead, the EEA EFTA States are closely following the work on the Multiannual Financial Framework for 2021 to 2027, especially with respect to the various EU programmes. Our participation in these programmes is a key element of our cooperation. We note with satisfaction that the Commission proposals clearly state that we shall enjoy full participation rights in the programmes, on the basis of the provisions of the EEA Agreement.

This is a pivotal year for the European Union, with European Parliament elections later this week followed by the election of a new Commission President. We will closely observe the upcoming political developments and assess how they will affect the EEA. And we will certainly make use of the unique decision-shaping mechanisms of the EEA Agreement to engage at an early stage with you in further developing our common Internal Market.

(CONCLUDING REMARKS)

To conclude, we would like to thank the outgoing EU Chair, Romania, for the constructive cooperation during your term. We appreciate in particular the way in which you facilitated our participation in informal EU Council meetings and in political dialogues, which are gatherings of utmost importance for strengthening our ties. We look forward to working with Finland during its Presidency in the second half of this year.

Finally, I would like to end by quoting the words of the President of the European Council, Mr Donald Tusk, during the celebrations on 22 March: “The EEA Agreement is not a short-term transaction, but a long-term partnership, where everyone contributes, and everyone benefits.” The EEA EFTA States look forward to continuing our close cooperation and remain committed to our common goal - a prosperous and peaceful Europe.

Thank you!

Intervention of Minister Aurelia FRICK on behalf of Liechtenstein

Now let me add a few thoughts from the national perspective of Liechtenstein.

The 25th anniversary of the EEA Agreement has received great attention in Liechtenstein as well, despite the fact that, in 2019, we are also celebrating the 300th anniversary of our country! In any event, Liechtenstein will reach the 25th anniversary of its EEA membership only in 2020 – so we will continue celebrating next year.

For Liechtenstein, joining the EEA in May 1995 was a huge step toward European integration. It was also a very courageous decision back then, taken shortly after the Swiss population had said no to EEA membership. At the outset, some difficult legal questions had to be resolved regarding our participation in two economic zones: the Customs Union with Switzerland on the one hand, and the EEA on the other. But thanks to the determination and pragmatism on all sides, we could take this crucial step.

EEA cooperation enjoys overwhelming support among Liechtenstein's population and its businesses. It has helped diversify our economy. Today, our industrial companies contribute more than 40% of our GDP. We are thus one of the highest industrialised countries in the world. This would simply not be possible without access to the EEA's internal market. Such access is of course also essential for our financial center. Freedom of movement is another key factor that makes EEA membership so attractive. Having the opportunity to live, study or work abroad is obviously particularly meaningful for citizens of a small country.

The EEA is no one-way street. Almost half of the jobs in Liechtenstein are held by EU citizens. And our companies employ thousands more across the entire EEA. Liechtenstein has proven to be a reliable and constructive partner in the EEA and beyond, especially in the area of Schengen/Dublin as well as in foreign policy.

This cooperation was and remains based on shared values, such as democracy, human rights and the rule of law. These values and the EEA Agreement are inseparable – in fact, they are mutually reinforcing. That is one thing we should never forget: that EEA cooperation is much more than an economic partnership. Ultimately, it is an important part of the European project for peace. I thank you.

Intervention of Minister Guðlaugur ÞÓR ÞÓRÐARSON on behalf of Iceland

Great occasion to celebrate the 25th Anniversary of the EEA Agreement; the most consequential economic agreement for Iceland since independence.

The EEA gives us access to one of the biggest market's in the world; ensuring broad opportunities and a level playing field for our businesses and citizens.

There is no doubt that the EEA has served us well. But we must ensure, together, that it continues to adapt to new challenges. This means finding solutions that continue to respect the independent two-pillar structure of the Agreement, especially in the face of delegated authority increasingly invested in regulatory agencies and bodies.

At the same time, we cannot talk about the EEA Agreement as a gold standard of deep economic integration while market access for one of our key industries – fisheries - remains far below what the EU offers to third countries. This type of discrimination risks undermining support for our broader cooperation and my government will engage actively with the EU to find a solution.

The EEA Agreement must not be taken for granted and explaining its benefits is a permanent task. Let us use the 25th Anniversary to do exactly that; look forward to the roundtable event later this afternoon.

On the Third Energy Package, allow me to briefly update the Council on the state of play.

The proposal to lift constitutional requirements for incorporating the third energy package is in its final Parliamentary debate.

There is clear majority support in the Parliament to pass the measure and we expect that a vote can take place later this week.

All of us around this table share a common understanding of what the Third Energy Package is, and is not. This was clearly reflected in the Joint Understanding between myself and Commissioner Canete and in the EEA-EFTA Statement presented at the Joint Committee meeting earlier this month.

We reaffirmed some key elements, including:

- Sovereignty over energy resources and the authority on how they shall be utilized and managed;
- Two pillar solution, whereby ESA would be responsible for any cross-border issues concerning Iceland;
- And Iceland's status as an island state, meaning that cross-border exchanges and infrastructure in electricity do not apply or have no practical relevance to Iceland in the absence of any interconnection.

I want to express my appreciation to our partners for affirming this common understanding, and hope that we can push this over the finish line in the next few days.

Iceland is sometimes criticized for being late to agree to incorporate EU legislation into the EEA agreement or for late implementation of EEA legislation. In this respect it should be noted that Iceland's implementation deficit has decreased dramatically over the past year. It's currently below 1% which is close to the EU average.

Unlike in the EU Member States where the EU's regulations are directly applicable, Iceland with its small administration, needs to make EU regulations part of its internal legal order by way of national implementing measures.

Moreover, Icelandic authorities put great emphasis on the quality of implementation and not only the speed of transposition.

This is not always the case for all Member States of the Internal Market. When the EU Member States has been assessed, certain EU Member States have sometimes been described as 'A world of dead letters'. The quality of implementation and enforcement is no less important than speed. I believe it is important to keep this in mind when comparisons are made between our countries regarding the implementation of EEA legislation.

Finally, I just want to mention the Deposit Guarantee Scheme III. There are obvious links to the IceSave issue and state liability and it's very important that we scrutinize fully.

We must be absolutely certain that DGSIII does not impose any state liability on the treasury and, until we are, the Directive cannot be incorporated into the EEA Agreement.

Thank you.

Intervention of Minister Ine Eriksen SØREIDE on behalf of Norway

Dear colleagues,

I welcome the opportunity to take part in the EEA Council meeting, and look forward to celebrate the 25th anniversary of the EEA Agreement later today.

We entered into the EEA Agreement in 1994. Since then a new generation has grown up.

Many young people – and admittedly many among older generations too – are not aware of the benefits the EEA Agreement brings. They have simply not experienced anything else.

This year, as we celebrate the Agreement's 25th anniversary, an explicit goal of the Norwegian government is to raise awareness of the EEA Agreement. To achieve this we should all work for a public debate that is well informed and based on facts.

I will focus on four points.

First and foremost, the EEA Agreement has for 25 years benefitted us all, European citizens and businesses alike.

It has resulted in higher welfare, higher productivity, stability and predictability for all.

One of the cornerstones of the way the Agreement works is finding common ground and compromises.

Through continuous and close cooperation, we have been able – together – to find common solutions to common issues.

One example is significantly reducing the backlog on financial services acquis, which we did this spring.

However, this is not the time to slow down. The backlog is still high, also in the financial services sector. This is a joint responsibility.

We will do our utmost to further reduce the backlog.

Secondly, the EEA Agreement is not only a mechanism for securing more welfare, jobs and opportunities for our citizens.

It is also a platform for maintaining, preserving and defending our common fundamental values and rights. A well-functioning internal market depends on rule-of-law and independent courts.

I want to emphasise the importance of the EEA Grants as a tool – and mechanism – in supporting and strengthening fundamental rights, equal treatment and European solidarity.

A strong civil society, capacity building in the judicial sector and good governance are all priorities for the EEA and Norway Grants.

We have signed MoUs with 14 of the 15 beneficiary countries. With Hungary, further negotiation is needed.

To find a solution on the civil society funding has been particularly challenging. We will do our utmost to find a viable solution, but we stand firm on our position that the fund operators must remain independent from national authorities.

Thirdly, it is also important to promote decent and fair working conditions.

The EU has been active in developing new rules in this area, rules that are well designed to deal with many of the challenges we face in the modern labour market.

I would particularly like to highlight the need to combat illicit activities in the labour market, including cross-border criminal activities.

Norway supports and appreciates the high priority given to strengthening the social dimension of the European Economic Area.

Finally,

International cooperation is under pressure. This makes our cooperation with the EU on protecting and promoting a common set of values and rules more important than ever.

For 25 years, the EEA Agreement has provided a reliable and predictable framework for rules-based multilateral cooperation in Europe. The EEA is a manifestation of our common values and ideals.

Global challenges and crises affect us all. No country can deal with climate change, irregular migration, social and economic disparity and cross-border crime in the labour market alone.

To build a better future for the citizens of Europe we need common European efforts, and common European solutions.

The EEA does not only provide a platform for taking on these challenges through rules and regulations.

Equally important is the cooperation we have on research and innovation through a number of EU programmes.

We make substantial contributions to the programmes, to mutual benefit. EU programmes should continue to allow for full participation and eligibility in all parts of the programmes for the EEA EFTA States.

Norway will safeguard all the agreements we have with the EU. We will work with the EU to promote more – not less – binding international cooperation.

Thank you.

Intervention of Minister Stefan-Radu OPREA on behalf of the European Union

Dear colleagues, thank you very much for this useful exchange of views.

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

6. ORIENTATION DEBATE ON CLIMATE CHANGE: LONG-TERM STRATEGIES TOWARDS 2050 AND THE IMPLEMENTATION OF THE PARIS AGREEMENT

Intervention of Minister Ștefan-Radu OPREA on behalf of the European Union

Dear colleagues,

We are all aware of the scale and urgency of the challenges posed by climate change. We are already witnessing the devastating impacts of climate change all over the world. And yet, action to prevent irreversible and catastrophic climate disruption remains insufficient. This was unequivocally confirmed by the IPCC Special Report 'Global Warming of 1.5 °C'.

Based on scientific evidence, the report demonstrates that human-induced global warming has already reached 1°C above preindustrial levels and is increasing at approximately 0.2°C per decade. Without stepping up international climate action, global average temperature increase could reach 2°C soon after 2060 and continue rising afterwards.

It is therefore urgent to strengthen the global response to the threat of climate change, and the European Union is determined to help raise global ambition and lead the way. The Paris Agreement requires strong and swift global action to reduce greenhouse gas emissions, with the objective of holding global temperature increase to well below 2°C and of pursuing efforts to limit it to 1.5°C. The EU remains steadfast in its commitment to the Paris Agreement and recognises the need to step up the global efforts to tackle climate change in light of the latest available science, especially the IPCC Special Report.

The EU is broadly on track to achieve its 2020 greenhouse gas, renewable energy and energy efficiency targets. It has also agreed on ambitious targets for further reducing its greenhouse gas emissions by 2030, and those targets have now been translated into EU legislation. In particular, those laws will ensure continued emission reductions in the industrial and power sector and ambitious, binding national reduction targets for all EU member states in other sectors, such as buildings, transport and waste.

Combined with other sectoral policies, for example concerning the deployment of renewable energy, energy efficiency requirements, and carbon dioxide emission standards for motor vehicles, it is estimated that the EU will more than achieve its 2030 target of reducing its greenhouse gas emissions by at least 40% compared to 1990 and thus also fulfil its nationally determined contribution to the Paris Agreement.

However, we know that the policies that the EU has in place today will not be enough when we consider the scale of reductions needed in order to reach the long-term temperature goals of the Paris Agreement. Therefore, rapid and far-reaching economic and societal transformation will be required in the coming decades. To this end, as required under the Paris Agreement of all Parties to it, the EU will submit a long-term strategy for greenhouse gas emissions reductions to the United Nations Framework Convention on Climate Change by 2020.

With a view to the preparation of the EU's long-term strategy, the Council is currently discussing a Communication presented by the Commission in November 2018 entitled 'A Clean Planet for all: A European strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy'. In the Communication, the Commission analyses various scenarios for long-term emission reductions. Those pathways would achieve greenhouse gas emissions reductions ranging from 80% to 100% within the EU by 2050.

Moving towards a low-carbon economy will require major changes which need to be managed carefully in order to ensure that the transition is a just and socially balanced transition for all. Despite undeniable challenges, the transition also offers significant opportunities and potential for economic growth, new jobs and technological development. The transition has also potential to strengthen the competitiveness of European industry. In order for this to happen, investments into research and innovation need to be scaled up, while ensuring that industry is protected from competitive pressures in the global context.

The European Council has emphasized the importance of the EU submitting an ambitious long-term strategy by 2020 striving for climate neutrality in line with the Paris Agreement. It has been the aim of the Romanian Presidency to enable as broad and comprehensive debate as possible within the Council. The topic has already been discussed between ministers responsible for environment, energy, transport, competitiveness and agriculture. The Presidency will report on the debates held so far to the President of the European Council as a contribution to further discussions.

We also look forward to the high-level events planned at international level in 2019, which provide an opportunity to mobilise political will to raise global ambition, such as the UNFCCC Secretary-General's Climate Summit in September 2019. I welcome the fact that the debate is also taking place in the wider society, among stakeholders and the public at large.

Finally, I would like to highlight the importance of continued cooperation between the EU and the EEA EFTA States in environmental, energy and climate change policies, particularly in the context of the 2030 Framework for Climate and Energy. In this context, I can but reiterate the Council's welcoming of Norway's and Iceland's intention to fulfil their greenhouse gas emission reduction target for 2030 jointly with the EU and its Member States, and encourage further work on this topic.

With that, I would like to pass the floor to the European Commission, which may wish to add some considerations on the subject.

Intervention of Director Ms Yvon SLINGENBERG on behalf of the European Commission

I would like to thank you for the opportunity to speak here. On this topic like on other climate issues, our close cooperation is essential.

For this year, the most important EU-level debate on climate is be the long-term strategy for which the Commission presented a vision in November last year.

We hope EU Member States can agree upon an ambitious vision that we can send this as the EU's contribution to the UNFCCC by 2020, as requested by the Paris Agreement.

This strategy is an opportunity to set the direction of travel for future EU climate and energy policy and our response to the global climate challenge. We are all aware of the scale and urgency of the issue.

Last year's IPCC special report on global warming of 1.5 degrees warned us about the serious and partly irreversible consequences of exceeding this threshold, just half a degree from where we are now. Yet we are headed for a much higher increase.

The message from the IPCC scientists is unambiguous: if we do not act urgently, much worse is to come.

If we fail to act, climate change will seriously affect our economies and those of our neighbours and partners. Ignoring this threat would undermine our security and prosperity in the broadest sense. Strong political will is essential to our action.

It is the responsibility of the EU to remain at the forefront of the fight against climate change.

That is why the Commission has proposed EU action in line with the 1.5°C objective.

While the IPCC concluded this would require net zero CO₂ emissions globally by 2050, we proposed for the EU to lead and go further, achieving net zero for our total greenhouse gas emissions by 2050.

In doing so, we can demonstrate to the rest of the world that climate neutrality is not only possible, but also desirable, as it can provide economic opportunities and improve the lives of our citizens.

Yes, it is a huge challenge, but fortunately, we are not starting from scratch.

On the contrary, EU climate action has solid foundations that allow us to be ambitious.

The European Union is one of the first major economies to have put its promises into action.

Since Paris, we have worked hard to put in place the body of legislation necessary to achieve our 2030 objectives. This is essential for putting us on a path leading to climate neutrality in 2050.

In fact, our analysis shows that full implementation of EU climate and energy policies should enable us to reduce our greenhouse gas emissions by around 45 % by 2030, compared to 1990 levels. This is above the originally set target of 40%.

To achieve this, European legislation must be translated into vigorous action on the ground.

The Member States have taken the first step in this direction by proposing draft national climate and energy plans that outline the national policies and measures necessary to achieve the 2030 targets.

However, without further efforts on our side, the mere continuation of these policies after 2030 would not allow us to reach climate neutrality by 2050. We must intensify our efforts.

What is our ambition and how to get there?

To achieve a climate neutral economy by 2050, we have a wide range of technologies and options available.

Achieving net zero greenhouse gas emissions will require an ambitious combination of technologies and action across all sectors of the economy.

Our vision is based on seven building blocks.

First, energy efficiency. The cheapest and cleanest energy is the energy we don't use. By 2050, we should have reduced our energy consumption by half. Energy efficiency investments in our housing stock are key in this context.

Secondly, the increased use of renewable energy. Europe has been a pioneer in the field through our targets and supportive regulatory framework, and we must continue our efforts to maximise the deployment of renewables. This will be linked to an increased electrification of our energy system, spreading to sectors such as transport, heating and cooling.

Thirdly, smart and low-emission mobility. All modes of transport must contribute to decarbonising the sector.

Fourthly, strengthening the competitiveness of our industries while reducing their emissions. Circular economy approaches will have a major role to play here.

Fifth, ensuring that infrastructure is in place to meet the climate challenge – in particular interconnection, smart grids and sector integration.

Sixth, developing a sound and sustainable bio-economy that develops credible alternatives to the use of fossil-based resources while at the same time preserving natural carbon sinks through better management of our land and forests.

Finally, seventh and final point, developing carbon capture and storage technologies to counterbalance the remaining greenhouse gas emissions.

These building blocks, if deployed together, can make our path towards net-zero greenhouse gas emissions a reality.

Investment and skills

Our proposed long-term vision is an investment strategy – investment in a more prosperous, as well as cleaner economy and society.

Keeping our current economic model going will require investment in the order of 2% of our GDP in any event, and the additional investment to be climate-neutral represents an order of 0.8% of GDP. This is a feasible target for the European economy.

At the same time, our analysis points at gains of up to 2% of GDP by 2050, and at considerable savings, for instance, on our bill for fossil fuel imports, which today is 266 billion euro a year. This also contributes to greater energy security.

Getting this right will require smart policies, focussed on leveraging private market financing and setting the right carbon pricing signals.

However, there will be asymmetric effects across regions and sectors, and we need to be ready for that.

The deep transformation of the economy needs to be managed well to avoid social and regional disparities, notably in areas that might face transition challenges in the short term.

We have to be upfront about that and address the social consequences. The Commission is, in fact, already actively engaged on this front, for instance through our initiative on Coal and carbon-intensive Regions in Transition.

Reskilling and upskilling of our workforce will be key. It will allow to foster new industries and address multiple challenges that go beyond decarbonisation, such as the impacts of digitisation or the need to increase overall productivity to counter the ageing of our workforce.

Funds are available under the European Social Fund for retraining and reskilling of workers.

Wider enabling framework

The speed and scale of the transformation will largely depend on getting the enabling conditions right, on the active engagement of the citizens and on public acceptance of certain low and carbon free technologies.

In that spirit, the Commission proposed to raise the share of climate-related spending to 25% of the EU's next multi-annual budget. This allow one in four euros to be spent on issues related to climate and clean energy.

Moreover, under our InvestEU proposal, we have proposed to expand the successful European Fund for Strategic Investments ("Juncker Fund").

The European structural and investment funds, the Innovation Fund, the Connecting Europe Facility, the research budget under Horizon Europe will all help to boost financial means to renovate buildings, put in place the right infrastructure, and develop new cost-effective, climate-neutral and circular economy solutions for our industries.

Conclusion

So what is next for the EU long-term strategy?

Our vision is not a legislative proposal – it is a starting point for EU-wide debate that should allow the EU to adopt a long-term strategy by 2020. Policies and actions should follow once there is an agreement on the long-term vision.

In the coming months, we will continue the process of a broad stakeholder debate across the Union. The Commission will continue to conduct extensive outreach in all Member States to meet with governments, national parliaments and citizens.

Whatever the outcome of this debate, the EU's objective needs broad and deep endorsement not only by our leaders and legislators, but also by all stakeholders and citizens; such is the depth of the economic and societal transformation that is required.

Only in this way can we get strong endorsement of an ambitious strategy.

Thank you very much and I look forward to your questions and our debate, in particular on your plans for the preparation of your own national long-term strategies.

Intervention of Minister Aurelia FRICK on behalf of Liechtenstein

Mr. Chairman, dear colleagues,

At the 2018 UN Climate Change Conference in Katowice, it was neither politicians who made the headlines, nor – unfortunately – our decisions. It was a young girl from Sweden, Greta Thunberg, who dominated the airwaves and the internet. She reminded us that we were dealing with the biggest crisis humanity had ever faced. Since then, school children all over the world have been demanding real action to decarbonize our economy and way of living. Also in Liechtenstein, young people are increasingly pushing for change – including in meetings with the Minister in charge.

Liechtenstein ratified the Paris Agreement in September 2017 and committed to a 40% reduction of total greenhouse gases. In contrast to Iceland and Norway, we are not participating in the joint fulfilment of the Agreement together with the EU. This is due to technical reasons, and by no means to a lack of commitment. Indeed, the Liechtenstein Government is fully committed to fight climate change. Climate and Energy is an integral part of the government program 2017-2021.

In implementing the Paris Agreement, Liechtenstein relies on the three pillars of its climate policy:

- increasing energy efficiency;
- increasing the share of renewable energies;
- and reducing greenhouse gases.

In the framework of our Energy Strategy 2020, we are on track to improve energy efficiency by 20%. We are thereby stabilizing consumption, despite our continuing economic growth.

Increasing the share of renewable, locally produced energy, however, is difficult in a small country like Liechtenstein. Nevertheless, we can report impressive results. At the end of 2017, Liechtenstein achieved the highest installed solar power capacity in the world on a per capita basis.

And as far as reducing greenhouse gases is concerned, we are also overall on track.

Sustainable energy policies are also high on the agenda of our municipalities. In fact, all 11 municipalities in Liechtenstein are certified with the 'Energy City' label.

In our orientation debate of May 2017, I already mentioned the activities of the LIFE Climate Foundation, established by the Liechtenstein Government in 2009. The Foundation initiates and promotes sustainability projects that can serve as role models at a larger scale. Its goal is to help shape market-based instruments for climate protection. For example, the Foundation supports the Climate Ledger Initiative, which is also sponsored by Switzerland. The initiative seeks to accelerate climate action through blockchain-based innovation.

While preparing our Energy Strategy for 2030, as well as our long-term climate strategy to reach our goals in 2050, we are analysing our own lessons learned. We are also closely observing the actions of our neighbours and EEA partners.

We are confident that together, we will continue to work ambitiously to fulfil the promises of Paris. Together, we have to send a strong signal to our partners around the globe – and to our own children – that we are ready to truly tackle climate change and to decarbonize the economy.

Thank you.

Intervention of Minister Guðlaugur ÞÓR ÞÓRÐARSON on behalf of Iceland

Dear Colleagues and friends.

There are many good reasons to discuss climate action at today's meeting of the EEA Council. I thank the European Union for the insight into its work towards a long term strategy (2050).

The Icelandic government is determined to do its part to combat climate change. We have set the ambitious goal of becoming carbon neutral by 2040. Last September, we introduced a new climate action plan. Substantial resources are being allocated to taking measures, more than any time before.

The plan consists of 34 actions, including an increase in our carbon tax, the phasing-out of hydrofluorocarbons, recovering wetlands, building infrastructure for electric cars and putting a ban on registering new gasoline or diesel cars in 2030. We have also set up a fund to support climate-friendly technologies and innovation.

Iceland has a unique emissions profile and mitigation potential. We have no possibility of reducing emissions in the fields of electricity and heating, provided for by renewables to almost a hundred percent. However, there are possibilities in other sectors; not least transport. There is potential in land use and forestry, and we have, within the UNFCCC, long advocated creating positive incentives in this sector.

The Paris Agreement was an important milestone - but in the end it will only be what we make of it. The policy of Iceland, along with Norway, is to participate in the joint implementation of the Paris Agreement up to 2030, together with the EU and its Member States.

For Iceland, this would be a natural extension of our current cooperation with the EU under the second commitment period of the Kyoto Protocol. We remain committed to the bilateral agreement with the EU, despite the Doha Amendment not having entered into force.

Through the EEA Agreement, we already participate in the ETS (Emissions Trading System) which covers around 40% of Iceland's emissions. It simply makes sense for our government and businesses to participate fully in a holistic, ambitious system together with the EU.

Iceland, Norway and the EU have come far in preparing a joint fulfilment under the Paris Agreement and I am looking forward to the conclusion of negotiations. Incorporation into the EEA Agreement would be on a voluntary basis and compliance ensured by the EEA pillar. There is no time to lose: 2030 is just around the corner.

Then there is the question of what happens after 2030. Iceland intends to produce a long-term plan on how we can reach carbon neutrality by 2040 and become carbon negative by mid-century. Land use and afforestation will be crucial in this respect. At the same time, we will closely follow the EU's work on its long-term strategy and look forward to continuing our dialogue.

Iceland also participates in EU programmes through the EEA Agreement. The CarbFix initiative in Iceland is a good example of this cooperation, focusing on what can be called “Carbon Capture and Mineralization”; CO₂ from geothermal steam is captured and injected underground, where it turns into rock. Results from an experimental phase of this programme are promising, and there is good potential for scaling up this technology, within Iceland and globally. I hope we will continue to see climate-related projects like these under future programmes.

Looking ahead, Iceland hopes to continue working closely with the EU on climate change at the regional and global level.

Within ICAO, we will continue working with the EU to preserve the integrity of the Emissions Trading System.

And in the Arctic Council - never mind that ministers could not agree on a joint declaration in Rovaniemi earlier this month. We approved the work plans of all working groups and other subsidiary bodies and thus the work of the Council on the environment and sustainable development continues. Here, I know that I as the new Chair of the Arctic Council, can count on the European Union's support and engagement as a de facto observer in the Council's work.

Intervention of Minister Ine Eriksen SØREIDE on behalf of Norway

Dear chair, dear colleagues,

The rise in global emissions is of great concern, and we all know what has to be done:

- the Paris agreement established common ground for how we together can limit the rise in global temperatures;
- the Intergovernmental Panel on Climate Change – IPCC – has provided compelling scientific evidence for why we must do more, and do it faster.

Raising our ambitions in each country's nationally determined contribution is the only appropriate response to the IPCC 1,5 degree report. This must be both a collective and national effort.

Norway has already signaled that the 2030 target will be enhanced when it is communicated early 2020.

As for the longer term, we aim to submit our 2050 strategy to the UN by the end of this year.

Long-term strategies create much needed pathways for choices to be made in the short-term.

In addition, the shorter term policies enables the long term targets to be realised. Therefore, discussions on 2030 and 2050 targets must be connected.

The world needs leadership. Not only on ambition, but also on delivery. The EU has proven both, and must continue to do so.

On climate, the EU has a proven track record of leadership.

Norway commends the European Commission's call for a climate-neutral EU by 2050. We believe such an ambition will cater for strengthened policies on climate change in the EU.

On the 2030 climate target, the EEA EFTA States have formally proposed to cooperate with you.

To provide continued leadership, we encourage the EU to increase its 2030 climate target from 40 to 55 %.

Norway is ready to equally increase our target.

Combatting global climate change requires extensive international collaboration, through the EEA, EU and elsewhere.

It has been said before, but deserves repeating: what we need is more cooperation, not less.

Let us strive to set a good example.

Thank you for your attention.

Intervention of Minister Ștefan-Radu OPREA on behalf of the European Union

Thank you, all of you, for your interesting contributions!

I think that brings us to the end of our orientation debate.

8. OTHER BUSINESS

Intervention of Minister Ștefan-Radu OPREA on behalf of the European Union

Finally, that brings us to Item 8 on our agenda: 'Other business'. Would anyone wish to raise an issue under this item?

Intervention of Minister Aurelia FRICK on behalf of the EEA EFTA side

No, thank you, we do not have any topics to raise under 'Other business'.

Intervention of Minister Ștefan-Radu OPREA on behalf of the European Union

Thank you. We have come to the end of this session of the EEA Council.

I would like to thank you all for the interesting discussions and close this part of the meeting.

I would also like to thank everyone from the EEA EFTA States, as well as the EFTA Secretariat, the EFTA Surveillance Authority, the EU Member States and the EU institutions for contributing to and participating in this constructive and useful meeting.

Intervention of Minister Aurelia FRICK on behalf of the EEA EFTA side

To conclude, we would like to thank the outgoing EU Chair, Romania, for the constructive cooperation during your term. We appreciate in particular the way in which you facilitated our participation in informal EU Council meetings and in political dialogues, which are gatherings of utmost importance for strengthening our ties. We look forward to working with Finland during its Presidency in the second half of this year.

Finally, I would like to end by quoting the words of the President of the European Council, Mr Donald Tusk, during the celebrations on 22 March: “The EEA Agreement is not a short-term transaction, but a long-term partnership, where everyone contributes, and everyone benefits.” The EEA EFTA States look forward to continuing our close cooperation and remain committed to our common goal - a prosperous and peaceful Europe.

Thank you!

Intervention of Minister Stefan-Radu OPREA on behalf of the European Union

The meeting is closed.

51st meeting of the EEA COUNCIL**(Brussels, 20 May 2019)****PARTICIPANTS AT THE PLENARY SESSION****Liechtenstein Delegation (EEA EFTA Chair)**

H.E. Ms Aurelia FRICK	Minister of Foreign Affairs, Justice and Culture
H.E. Mr Martin FRICK	Ambassador and Director of the Office for Foreign Affairs
H.E. Ms Sabine MONAUNI	Ambassador, Mission of Liechtenstein to the EU
Ms Andrea ENTNER-KOCH	Director of EEA Coordination Unit
Mr Stefan BARRIGA	Minister, Deputy Head of Mission, Mission of Liechtenstein to the EU
Ms Theresa HILBE	Trainee, Mission of Liechtenstein to the EU

Icelandic Delegation

H.E. Mr Guðlaugur Þór ÞÓRÐARSON	Minister of Foreign Affairs, Ministry of Foreign Affairs
H.E. Mr Gunnar PÁLSSON	Ambassador, Mission of Iceland to the EU
Mr Bergthor MAGNÚSSON	Director, Directorate for External Trade and Economic Affairs, Ministry for Foreign Affairs
Mr Thórdur SIGTRYGGSON	Counsellor, Deputy Head of Mission, Mission of Iceland to the EU
Mr Borgar Þór EINARSSON	Political Adviser, Ministry of Foreign Affairs
Ms Sigríður EYSTEINSDÓTTIR	Counsellor, Mission of Iceland to the EU
Ms Katrín SVERRISDÓTTIR	Director for European Economic Area (EEA) Cooperation, Mission of Iceland to the EU
Ms Anna Pála SVERRISDÓTTIR	First Secretary, Mission of Iceland to the EU
Mr Þorvaldur Hrafn YNGVASON	First Secretary, Mission of Iceland to the EU

Norwegian Delegation

H.E. Ms Ine ERIKSEN SØREIDE	Minister of Foreign Affairs, Ministry of Foreign Affairs
H.E. Mr Rolf Einar FIFE	Ambassador, Mission of Norway to the EU
Mr Niels ENGELSCHIØN	Director General, Ministry of Foreign Affairs
Ms Marte ZIOLKOWSKI	Political Advisor, Ministry of Foreign Affairs
Mr Jørn GLOSLIE	Director, Ministry of Foreign Affairs
Mr Knut HERMANSEN	Minister Counsellor, Mission of Norway to the EU
Mr Per BARDALEN WIGGEN	Senior Advisor, Ministry of Foreign Affairs
Ms Silje BJARKÅS BRYNE	Senior Advisor, Ministry of Foreign Affairs
Ms Wera HELSTRØM	Counsellor, Mission of Norway to the EU
Ms Hege ROTH OLBERGSVEEN	Counsellor, Mission of Norway to the EU
Ms Turi BAKKE	First Secretary, Mission of Norway to the EU
Mr Håkon KRISTENSEN MOE	Higher Executive Officer, Ministry of Foreign Affairs
Ms Stine WANNEBO	Trainee, Mission of Norway to the EU

Romanian Delegation (EU Council Presidency)

Mr Ștefan-Radu OPREA	Minister for Business Environment, Commerce and Entrepreneurship
Ms Diana CODĂU	Director for Trade Policy and European Affairs, Ministry for Business Environment, Commerce and Entrepreneurship
Mr Dan MAXIM	Minister Counsellor, Head of the Trade Section, Romanian PermRep
Mr Augustin VARNAV	Chair of the EFTA Working Party
Ms Corina RECHIȚEAN,	Minister Counsellor, Co-chair of the EFTA Working Party
Mr Vlad Ionuț BÂRLEANU,	Adviser to the Minister for Business Environment, Commerce and Entrepreneurship

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Mr Matthew REECE	Head of Unit, Enlargement Unit
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Ms Angelina EICHHORST	Acting Managing Director for Europe and Central Asia / Director, Western Europe
Mr Claude MAERTEN	Head of Division, Western Europe
Mr Martin SKYLV	Deputy Head of Division, Western Europe
Mr Mikolaj KARLOWSKI	EEA Desk Officer
Ms Véronique JEANGILLE	EEA Co-Desk Officer
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Ms Aine O'MAHONY	EEAS Trainee

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Ms Yvon SLINGENBERG	Director, International and Mainstreaming and Policy Coordination, DG CLIMA
Mr Hans BERGMAN	Head of Unit, Governance and Effort Sharing, DG CLIMA
Ms Ivana NOVOTNA	Policy Officer, DG CLIMA
Mr Tom DIDERICH	International Relations Officer, DG GROW

EFTA Secretariat

Mr Henri GÉTAZ	Secretary-General
Ms Hege Marie HOFF	Deputy Secretary-General
Mr Andri LÚTHERSSON	Deputy Secretary-General
Ms Brit HELLE	Director, Internal Market Division
Ms Elín Sif KJARTANSDÓTTIR	Deputy Director, Internal Market Division

Mr Kyrre ISAKSEN	Head of Legal Coordination, EEA Coordination Division
Mr Marius VAHL	Head of EEA policy coordination, EEA Coordination Division
Ms Niels BEKKHUS	Senior Officer, Internal Market Division
Mr Thorfinnur OMARSSON	Senior Officer, Secretary-General's Office
Mr Oli VALTYSSON	Temporary Officer, EEA Coordination Division
Ms Eva MAERE	Trainee, Secretary-General's Office

EFTA Surveillance Authority

Ms Bente ANGELL-HANSEN	President
Mr Högni KRISTJÁNSSON	College Member
Mr Frank BÜCHEL	College Member

EEE 1603/19**REPORT**

Subject: Progress report by the EEA Joint Committee to the 51st meeting of the EEA Council

Decision making

1. The EEA Joint Committee has adopted 167 Joint Committee Decisions (JCDs) incorporating 429 legal acts since the EEA Council of 20 November 2018. In the period from 1 January to 8 May 2019, the EEA Joint Committee has adopted 128 JCDs incorporating 370 legal acts. In comparison, during the period from 1 January to 27 April 2018, 102 JCDs incorporating 201 legal acts were adopted.
2. As of 8 May 2019, there were 445 outstanding legal acts where the compliance date in the EU had passed, compared to 612 acts on 8 November 2018. Since November 2018 therefore, the overall number of outstanding legal acts has decreased by 27.3 %.
3. As of 8 May 2019, the number of JCDs awaiting the fulfilment of constitutional requirements where the six-month period had expired, was 18, which is the same number as on 20 November 2018.

4. Important decisions incorporated since the 50th meeting of the EEA Council include:

- Decision No 247/2018 in respect of the powers of the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority (Omnibus II),
- Decision No 249/2018 concerning prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AMLD IV),
- Decision No 250/2018 concerning information accompanying transfers of funds,
- Decision No 257/2018 on ship recycling,
- Decision No 18/2019 on improving securities settlement in the European Union and on central securities depositories (CSDR),
- Decision No 21/2019 on interchange fees for card-based payment transactions,
- Decision No 78/2019 on markets in financial instruments (MiFiD / MiFiR package),
- Decision No 79/2019 on prudential requirements for credit institutions and investment firms (CRR / CRD IV package).
- 17 decisions incorporating 22 acts containing urgent Brexit-related measures, adopted by written procedure on 29 March 2019 (Decision Nos 30/2019 – 45/2019) and on 11 April 2019 (Decision Nos 99/2019 – 106/2019).

Decision shaping

5. The EEA EFTA States are participating in 14 EU programmes and 21 agencies, of which 16 are regulatory agencies and five executive agencies.

6. Since the last EEA Council, the EEA Joint Committee has taken note of EEA EFTA Comments on the following subjects:

- Digital Europe Programme 2021-2027,
- Horizon Europe 2021-2027,
- Participation in EU Programmes under the MFF 2021-2027,
- Better enforcement and modernisation of EU consumer protection rules,
- The notification procedure for draft national legislation under the Services Directive,
- The Rights and Values Programme.

Briefings in the Joint Committee

7. In the period from 20 November 2018 to 20 May 2019 there were no briefings provided in the EEA Joint Committee.

Status of outstanding issues

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

- the Directive on the Deposit Guarantee Scheme,
- Ship Inspection and Survey Organizations,
- 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 Single European Railway Area,
- Directives pertaining to Energy Efficiency and the Energy Performance of Buildings.

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

Financial Mechanisms

10. The Agreement on the EEA Financial Mechanism and the Agreement on the Norwegian Financial Mechanism for the period 2014-2021 imply total contributions of 1548.1 and 1253.7 million euro, respectively. As of 8 May 2019, Memoranda of Understanding have been signed with Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, and Slovenia.
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**EUROPEAN ECONOMIC AREA
Council of the EEA**

**Brussels, 20 May 2019
(OR. en)**

**EEE 1602/1/19
REV 1**

CONCLUSIONS

Subject: Conclusions of the 51st meeting of the EEA Council
(Brussels, 20 May 2019)

The fifty-first meeting of the EEA Council took place in Brussels on 20 May 2019 under the Presidency of Mr Ștefan-Radu Oprea, Minister for Business Environment, Commerce and Entrepreneurship of Romania, representing the Presidency of the Council of the European Union. The meeting was attended by Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs of Iceland, and Ms Ine Eriksen Søreide, Minister of Foreign Affairs of Norway, as well as by members of the Council of the European Union and representatives of the European Commission and the European External Action Service. The EEA Council discussed the overall functioning of the Agreement on the European Economic Area (EEA Agreement) and held an orientation debate on *Climate change: Long-term strategies towards 2050 and the implementation of the Paris agreement*.

25th anniversary of the EEA Agreement

1. Celebrating the 25th anniversary of the EEA Agreement, the EEA Council recognised that this unique Agreement has closely linked our societies and economies and has ensured that a high level of norms and social standards is applicable to all our citizens and workers. The EEA Agreement has been a solid basis for broad and strong relationship, and the positive spirit of cooperation has allowed for adaptations and solutions to be found, in a world of constant change. The EEA Council welcomed the statements made by the Prime Ministers of Liechtenstein, Iceland and Norway and by the President of the European Council in the margins of the meeting of the heads of state and government of the European Union on 22 March to celebrate the 25th anniversary of the EEA Agreement.

Political dialogue

2. The EEA Council recognised that the special partnership between the EU and the EEA EFTA States was the best guarantee of long-term shared prosperity and has contributed to the construction of a Europe based on stability, peace, democracy, the rule of law, and human rights. In this context, the EEA Council noted that, within the framework of the Political Dialogue, the Ministers had held informal exchanges of views on current foreign policy matters of mutual interest. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant EU Council working parties. The EEA Council agreed on the need to further strengthen communication efforts on the EEA Agreement and on its practical benefits for citizens and businesses.

The withdrawal of the United Kingdom from the EU and the EEA Agreement

3. With regard to the UK's withdrawal from the EU, the EEA Council underlined the importance of safeguarding the EEA Agreement, ensuring the continuation of a well-functioning, homogenous EEA and preserving the integrity of the Internal Market. The EEA Council welcomed the close dialogue and continuous exchange of information that has been established between the EU and the EEA EFTA States on the negotiations between the EU and the UK under Article 50 of the Treaty on European Union regarding the withdrawal of the UK from the EU. The EEA Council, aware of the EEA dimension of the UK's withdrawal from the EU, called for a continuation of the dialogue between the EU and the EEA EFTA States to ensure continued homogeneity in the EEA.

Cooperation in the EEA

4. The EEA Council confirmed its support for the EEA Agreement as the continued basis for future relations between the EU and the EEA EFTA States. It 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, studies and agencies, as well as through the submission of EEA EFTA Comments, and the positive contribution of the EFTA Surveillance Authority and European Commission in monitoring the compliance with the EEA Agreement in all its Member States. 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 Romanian and incoming Finnish Presidencies for the continuation of this practice. Recognizing the important role of parliamentary cooperation and cooperation between economic and social partners, the EEA Council noted the Resolution of the EEA Joint Parliamentary Committee adopted at its meeting in Strasbourg on 13 March 2019 on the *Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2018*.

5. The EEA Council emphasised the importance of a well-functioning Internal Market in creating conditions for economic growth and new jobs throughout Europe. It underlined the indivisibility and importance of the four freedoms for the well-functioning of the Internal Market, which is in the common interest of all Contracting Parties. The EEA Council stressed the importance of the close involvement of the EEA EFTA States in the further design and development of Internal Market policies and initiatives. It furthermore stressed the importance of the two-pillar structure of the EEA Agreement. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA was in the interest of all Contracting Parties, the EEA Council urged the EU and the EEA EFTA States to ensure that information on the EEA Agreement was made readily and easily available.
6. The EEA Council acknowledged the importance of predictable trade conditions for economic operators within the EEA. In this regard, the EEA Council welcomed the continued exemption of Iceland, Liechtenstein and Norway from the EU's safeguard measures concerning imports of a number of steel products. These exemptions are compatible with both the EU's bilateral and multilateral World Trade Organization (WTO) obligations.

Incorporation of EEA-relevant EU acts

7. 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.
8. The EEA Council recognised that the ongoing efforts to reduce the number of EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process had yielded good results, and reduced the number of pending acts, especially in the area of financial services. The EEA Council noted that this positive outcome was the result of joint efforts between the EU institutions and the EEA EFTA States. The EEA Council stressed that these efforts will be upheld in order to reduce significantly and durably the number of acts awaiting incorporation and thereby continuing to ensure legal certainty and homogeneity in the EEA.

9. The EEA Council further noted that for a number of Joint Committee Decisions, the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It affirmed the willingness of 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.

EU programmes

10. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes and noted their significant financial contributions under the current Multiannual Financial Framework (MFF) for 2014-2020. The EEA Council recognised in particular the active participation and full integration of the EEA EFTA States in the European Research Area and the successful association of Norway and Iceland in Horizon 2020, the EU's flagship Programme for Research and Innovation, as well as in Erasmus+ in the field of education, youth and sport, and Creative Europe for the cultural and audiovisual sectors. The EEA Council would continue to place high importance on the integration and policy alignment of EEA EFTA States with the EU in the area of research and innovation and in education and culture.
11. The EEA Council took note of the preparations for the next MFF for 2021-2027, including the European Commission's proposals for individual programmes. It welcomed submissions of EEA EFTA comments in this field and encouraged the EEA EFTA States to take an active part in EU programmes foreseen under the new financial framework. This participation is a means towards developing, strengthening and broadening cooperation on matters falling outside of the four freedoms, as provided for in the EEA Agreement. The terms of the EEA EFTA States' participation in the future EU programmes for 2021-2027 shall remain based on the relevant provisions of the EEA Agreement.

The social dimension

12. The EEA Council underlined that the social dimension, including in relation to labour law, health and safety at work and gender equality, is an important part of the EEA Agreement. The EEA Council noted with satisfaction that a number of initiatives have been taken in recent years. Further efforts to ensure fair working conditions and equal opportunities in the labour market are essential, not only for the functioning of the Internal Market, but also to demonstrate and reinforce the benefits of the EEA to citizens. Following the discussions on the European Pillar of Social Rights in the context of the EEA Agreement at its last meeting in November 2018, the EEA Council noted the establishment of a new European Labour Authority aimed at strengthening cooperation at the European level in connection with cross-border mobility.

Energy and climate change

13. The EEA Council emphasised importance of continued close cooperation between the EU and the EEA EFTA States in environmental, energy and climate change policies, particularly in light of the 2030 Framework for Climate and Energy and the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy.

14. The EU and the EEA EFTA States are deeply concerned by the new evidence in the latest Intergovernmental Panel on Climate Change (IPCC) special report, which unequivocally confirmed the negative impacts of climate change and the need to reduce global emissions in all sectors and take further action in mitigation and adaptation to reach the temperature goal set out in the Paris Agreement. They reaffirm their steadfast commitment to the UNFCCC and the Paris Agreement as the essential multilateral framework governing global action to deal with climate change and they expressed their commitment to accelerate the transition to low greenhouse gas emissions, sustainable and climate-resilient economies and societies, to prevent irreversible and catastrophic climate disruption. Iceland and Norway also expressed that by extending their cooperation under the EEA Agreement to key EU climate legislation, they will take action to implement the Paris Agreement. The European Union and the EEA EFTA States are therefore determined to help raise global climate ambition and lead the way on accelerated climate action on all fronts, with a view to limiting global warming to well-below 2°C, pursuing efforts to limit the temperature increase to 1.5°Cs. Both sides will work together for a successful outcome of the UN's SDG and Climate change summits in September 2019.

15. While respecting the Contracting Parties' right to determine the conditions for exploiting their energy resources, their choice between different energy sources and the general structure of their energy supply, the EEA Council recognized the role of key partners of the EU among the EEA EFTA States as a reliable supplier of energy. Moreover, the EEA Council underlined that the close cooperation should be continued in the areas of the Internal Energy Market, in addition to the cooperation in the fields of energy security, emissions trading, the promotion of competitive, climate-resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, and carbon capture, utilisation and storage (CCUS), circular economy, as well as other environmental issues, such as chemicals, water resource management, biodiversity and pollution.

Digital Single Market

16. The EEA Council noted that the implementation of the Digital Single Market Strategy is an important step towards completing the Internal Market. In this context, the EEA Council welcomed the steps taken to incorporate new legislation, such as the new regulatory framework on telecommunication, on unjustified geo-blocking, enforcement of consumer protection law, cross-border portability of online content services and on audio-visual media services. The EEA Council took note of important legislative proposals currently under consideration, in particular the proposal for a regulation on e-privacy.

Financial Mechanism

17. The EEA Council emphasised the importance of solidarity among the countries of Europe to overcome social and economic challenges within the EEA, which is in the common interest of all Contracting Parties. In this sense, it expressed concern regarding the continued high level of youth unemployment in some EEA Member States. The EEA Council commended the positive contribution made by the EEA and Norway Financial Mechanisms in reducing economic and social disparities throughout the EEA and supporting a free and vibrant civil society.
18. With regard to the agreements on an EEA and a Norwegian Financial Mechanism for the 2014-2021 period, the EEA Council welcomed the conclusion of Memoranda of Understanding between the EEA EFTA States and almost all of the Beneficiary States. Furthermore, the EEA Council called for a timely implementation of the Memoranda of Understanding, while ensuring quality at entry for programmes and projects, flexibility and broad participation, in order to achieve the expected results and looked forward to projects commencing under the new mechanisms. The EEA Council recalled the importance of maintaining a close cooperation between the Beneficiary States and the EEA EFTA States, in the spirit of equal partnership between the Contracting Parties to the EEA Agreement.

Agricultural trade

19. The EEA Council acknowledged that the Contracting Parties had reaffirmed their commitment, in accordance with Article 19 of the EEA Agreement, to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council welcomed the Contracting Parties' intention of conducting before the summer of 2019 a new 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 this area.
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