

AGREEMENT
ON THE PARTICIPATION OF THE CZECH REPUBLIC,
THE REPUBLIC OF ESTONIA, THE REPUBLIC OF CYPRUS,
THE REPUBLIC OF LATVIA, THE REPUBLIC OF LITHUANIA,
THE REPUBLIC OF HUNGARY, THE REPUBLIC OF MALTA,
THE REPUBLIC OF POLAND, THE REPUBLIC OF SLOVENIA
AND THE SLOVAK REPUBLIC
IN THE EUROPEAN ECONOMIC AREA

THE EUROPEAN COMMUNITY

THE KINGDOM OF BELGIUM,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

IRELAND,

THE ITALIAN REPUBLIC,

THE GRAND DUCHY OF LUXEMBOURG,

THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF AUSTRIA,

THE PORTUGUESE REPUBLIC,

THE REPUBLIC OF FINLAND,

THE KINGDOM OF SWEDEN,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

hereinafter referred to as "EC Member States",

THE REPUBLIC OF ICELAND,

THE PRINCIPALITY OF LIECHTENSTEIN,

THE KINGDOM OF NORWAY,

hereinafter referred to as "EFTA States",

together hereinafter referred to as "Present Contracting Parties",

and

THE CZECH REPUBLIC,

THE REPUBLIC OF ESTONIA,

THE REPUBLIC OF CYPRUS,

THE REPUBLIC OF LATVIA,

THE REPUBLIC OF LITHUANIA,

THE REPUBLIC OF HUNGARY,

THE REPUBLIC OF MALTA,

THE REPUBLIC OF POLAND,

THE REPUBLIC OF SLOVENIA,

THE SLOVAK REPUBLIC,

WHEREAS the Treaty concerning the accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union (hereinafter referred to as the "Treaty of Accession") was signed in Athens on 16 April 2003;

WHEREAS, pursuant to Article 128 of the Agreement on the European Economic Area, signed at Oporto on 2 May 1992, any European State becoming a member of the Community shall apply to become a Party to the Agreement on the European Economic Area (hereinafter referred to as "EEA Agreement");

WHEREAS the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic have applied to become Contracting Parties to the EEA Agreement;

WHEREAS the terms and conditions for such participation are to be the subject of an Agreement between the Present Contracting Parties and the applicant States,

HAVE DECIDED to conclude the following Agreement:

ARTICLE 1

1. The Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic hereby become Contracting Parties to the EEA Agreement and shall hereinafter be referred to as the "New Contracting Parties".
2. From the entry into force of this Agreement, the provisions of the EEA Agreement, as amended by the Decisions of the EEA Joint Committee adopted before 1 November 2002, shall be binding on the New Contracting Parties under the same conditions as on the Present Contracting Parties and under the terms and conditions laid down in this Agreement.
3. The Annexes to this Agreement form an integral part of this Agreement.

ARTICLE 2

1) ADJUSTMENTS TO THE MAIN TEXT OF THE EEA AGREEMENT:

(a) Preamble:

The list of Contracting Parties shall be replaced with the following:

"THE EUROPEAN COMMUNITY,

THE KINGDOM OF BELGIUM,

THE CZECH REPUBLIC,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE REPUBLIC OF ESTONIA,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

IRELAND,

THE ITALIAN REPUBLIC,

THE REPUBLIC OF CYPRUS,

THE REPUBLIC OF LATVIA,

THE REPUBLIC OF LITHUANIA,

THE GRAND DUCHY OF LUXEMBOURG,

THE REPUBLIC OF HUNGARY,

THE REPUBLIC OF MALTA,

THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF AUSTRIA,

THE REPUBLIC OF POLAND,

THE PORTUGUESE REPUBLIC,

THE REPUBLIC OF SLOVENIA,

THE SLOVAK REPUBLIC,

THE REPUBLIC OF FINLAND,

THE KINGDOM OF SWEDEN,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

AND

THE REPUBLIC OF ICELAND,

THE PRINCIPALITY OF LIECHTENSTEIN,

THE KINGDOM OF NORWAY,";

(b) Article 2:

(i) The text of point (b) shall be replaced with the following:

"the term "EFTA States" means the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway,";

(ii) the words "and the Treaty establishing the European Coal and Steel Community" shall be deleted from point (c);

(iii) the following point shall be added:

"(d) the term "Act of Accession of 16 April 2003" shall mean the Act concerning the conditions of Accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded, adopted in Athens on 16 April 2003.";

(c) Article 109:

In paragraph 1 the words ", the Treaty establishing the European Coal and Steel Community," shall be deleted;

(d) Article 117:

The text of Article 117 shall be replaced by the following:

"Provisions governing the Financial Mechanisms are set out in Protocol 38 and Protocol 38a.";

(e) Article 121:

Paragraph (c) shall be deleted;

(f) Article 126:

Paragraph 1 shall be amended as follows:

- (i) the words "and the Treaty establishing the European Coal and Steel Community" shall be deleted;
- (ii) the words "those Treaties" shall be replaced by the words "that Treaty";
- (iii) the words "the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the Kingdom of Sweden" shall be replaced by the words "the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway";

(g) Article 129:

- (i) The following subparagraph shall be inserted after the first subparagraph of paragraph 1:

"Pursuant to the enlargement of the European Economic Area the versions of this Agreement in the Czech, Estonian, Hungarian, Latvian, Lithuanian, Maltese, Polish, Slovak and Slovenian languages shall be equally authentic.";

- (ii) the new third subparagraph of paragraph 1 shall be replaced by the following:

"The texts of the acts referred to in the Annexes are equally authentic in the Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Slovak, Slovenian, Spanish and Swedish languages as published in the Official Journal of the European Union and shall for the authentication thereof be drawn up in the Icelandic and Norwegian languages and published in the EEA Supplement to the Official Journal of the European Union."

2) ADJUSTMENTS TO PROTOCOLS TO THE EEA AGREEMENT:

- (a) Protocol 36:

The first paragraph of Article 2 shall be replaced by the following:

"The EEA Joint Parliamentary Committee shall consist of twenty-four members.";

(b) New Protocol 38a:

A new Protocol 38a shall be inserted after Protocol 38:

"PROTOCOL 38a
ON THE EEA FINANCIAL MECHANISM

ARTICLE 1

The EFTA States shall contribute to the reduction of economic and social disparities in the European Economic Area through the financing of grants to investment and development projects in the priority sectors listed in Article 3.

ARTICLE 2

The total amount of the financial contribution provided for in Article 1 shall be EUR 600 million, to be made available for commitment in annual tranches of EUR 120 million over the period running from 1 May 2004 to 30 April 2009, inclusive.

ARTICLE 3

1. The grants shall be available for projects in the following priority sectors:
 - (a) protection of the environment, including the human environment, through, inter alia, reduction of pollution and promotion of renewable energy;
 - (b) promotion of sustainable development through improved resource use and management;
 - (c) conservation of European cultural heritage, including public transport, and urban renewal;
 - (d) human resource development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions as well as the democratic processes, which support it;
 - (e) health and childcare.
2. Academic research may be eligible for funding in so far as it is targeted at one or more of the priority sectors.

ARTICLE 4

1. The EFTA contribution in the form of grants shall not exceed 60% of the project cost except in projects otherwise financed by central, regional or local government budget allocations, where the contribution may not exceed 85% of total cost. Community ceilings for co-financing shall not be exceeded in any case.
2. The applicable rules on state aid shall be complied with.
3. The Commission of the European Communities shall screen the proposed projects for their compatibility with Community objectives.
4. The responsibility of the EFTA States for the projects is limited to providing funds according to the agreed plan. No liability to third parties will be assumed.

ARTICLE 5

The funds shall be made available to the Beneficiary States (Czech Republic, Estonia, Greece, Spain, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Slovenia and Slovakia) in accordance with the following distribution key:

Beneficiary State	Percentage of Total Contribution
Czech Republic	8,09%
Estonia	1,68%
Greece	5,71%
Spain	7,64%
Cyprus	0,21%
Latvia	3,29%
Lithuania	4,50%
Hungary	10,13%
Malta	0,32%
Poland	46,80%
Portugal	5,22%
Slovenia	1,02%
Slovakia	5,39%

ARTICLE 6

With a view to reallocating any non-committed available funds for high priority projects from any Beneficiary State, a review shall be carried out in November 2006 and again in November 2008.

ARTICLE 7

1. The financial contribution provided for in this Protocol shall be closely coordinated with the bilateral contribution from Norway provided for by the Norwegian Financial Mechanism.
2. In particular, the EFTA States shall ensure that the application procedures are identical for both financial mechanisms referred to in the previous paragraph.
3. Any relevant changes in the Community's cohesion policies shall be taken into account, as appropriate.

ARTICLE 8

1. The EFTA States shall establish a Committee that will manage the EEA Financial Mechanism.

2. Further provisions for the implementation of the EEA Financial Mechanism will be issued by the EFTA States as necessary.
3. Management costs shall be covered by the overall amount referred to in Article 2.

ARTICLE 9

At the end of the five-year period and without prejudice to the rights and obligations under the Agreement, the Contracting Parties will in the light of Article 115 of the Agreement review the need to address economic and social disparities within the European Economic Area.

ARTICLE 10

If any of the Beneficiary States listed in Article 5 of this Protocol should not become a Contracting Party to the Agreement on 1 May 2004, or if there should be changes in membership in the EFTA pillar of the European Economic Area, this Protocol shall be subject to the necessary adjustments.";

(c) New Protocol 44:

The following shall be introduced as Protocol 44:

"PROTOCOL 44

ON SAFEGUARD MECHANISMS CONTAINED IN THE ACT OF ACCESSION OF
16 APRIL 2003

1. Application of Article 112 of the Agreement to the General Economic Safeguard Clause and the safeguard mechanisms contained in certain transitional arrangements in the Field of Free Movement of Persons and Road Transport

Article 112 of the Agreement shall be applicable also to the situations specified or referred to in the provisions of Article 37 of the Act of Accession of 16 April 2003 and in the safeguard mechanisms contained in the transitional arrangements under the headings "Transition period" in Annex V (Free movement of workers) and Annex VIII (Right of establishment), in point 30 (Directive 96/71/EC of the European Parliament and of the Council) of Annex XVIII (Health and safety at work, labour law, and equal treatment for men and women) and in point 26c (Council Regulation (EEC) No 3118/93) of Annex XIII (Transport) with the same time limits, scope and effects as set out in those provisions.

2. Internal Market Safeguard Clause

The general decision making procedure provided for by the Agreement shall be applicable also to decisions taken by the Commission of the European Communities in application of Article 38 of the Act of Accession of 16 April 2003."

ARTICLE 3

1. All amendments to acts adopted by the Community institutions incorporated into the EEA Agreement, made by the Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded (hereinafter referred to as "Act of Accession of 16 April 2003"), are hereby incorporated into and made part of the EEA Agreement.

2. To this end, the following indent is introduced in the points of the Annexes and Protocols to the EEA Agreement containing the references to the acts adopted by the Community institutions concerned:

"– [CELEX number]: Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded adopted on 16 April 2003."

3. If the indent referred to in paragraph 2 is the first indent in the point in question, it shall be preceded by the words ", as amended by:".
4. Annex A to this Agreement lists the points in the Annexes and Protocols to the EEA Agreement in which the text referred to in paragraphs 2 and 3 shall be introduced.
5. Where acts incorporated into the EEA Agreement prior to the date of entry into force of this Agreement require adaptations by reason of the New Contracting Parties' participation, and the necessary adaptations have not been provided for in this Agreement, those adaptations will be addressed in accordance with the procedures laid down in the EEA Agreement.

ARTICLE 4

1. The arrangements referred to in Annex B to this Agreement are hereby incorporated into and made part of the EEA Agreement.
2. Any of the arrangements of relevance for the EEA Agreement referred to in the Act of Accession of 16 April 2003 which is not reflected in Annex B to this Agreement, will be addressed in accordance with the procedures laid down in the EEA Agreement.

ARTICLE 5

Any Party to this Agreement may bring any matter concerning its interpretation or application before the EEA Joint Committee. The EEA Joint Committee shall examine the matter with a view to finding an acceptable solution in order to maintain the good functioning of the EEA Agreement.

ARTICLE 6

1. This Agreement shall be ratified or approved by the Present Contracting Parties and the New Contracting Parties in accordance with their own procedures. The instruments of ratification or approval shall be deposited with the General Secretariat of the Council of the European Union.
2. It shall enter into force on the same day as the Treaty of Accession provided that all the instruments of ratification or approval of this Agreement have been deposited before that date, and provided that the following related agreements and protocols enter into force on the same day:
 - (a) Agreement between the Kingdom of Norway and the European Community on a Norwegian Financial Mechanism for the period 2004-2009;
 - (b) Additional Protocol to the Agreement between the European Economic Community and the Republic of Iceland consequent on the accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union;

- (c) Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway consequent on the accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union; and
 - (d) Agreement in the form of an Exchange of Letters between the European Community and the Kingdom of Norway concerning certain agricultural products.
3. If the New Contracting Parties have not all deposited their instruments of ratification or approval of the Agreement in due time, this Agreement shall enter into force for those States which have done so. In this case, the EEA Council shall decide immediately upon the adjustments to be made to this Agreement and, as the case may be, the EEA Agreement.

ARTICLE 7

This Agreement, drawn up in a single original in the Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Icelandic, Italian, Latvian, Lithuanian, Maltese, Norwegian, Polish, Portuguese, Slovak, Slovenian, Spanish and Swedish languages, the text in each of these languages being equally authentic, shall be deposited with the General Secretariat of the Council of the European Union, which will remit a certified copy to each of the Governments of the Parties to this Agreement.