

**EUROPEAN ECONOMIC AREA
Council of the EEA**

Brussels, 14 May 2013

EEE 1602/13

DRAFT CONCLUSIONS

Subject: Conclusions of the 39th meeting of the EEA Council
Brussels, 21 May 2013

1. The thirty-ninth meeting of the EEA Council took place in Brussels on 21 May 2013 under the Presidency of Ms/Mr [tbc] representing the Presidency of the Council of the European Union [tbc]. The meeting was attended by Ms Aurelia Frick, Minister for Foreign Affairs of Liechtenstein, Mr Össur Skarphéðinsson, Minister for Foreign Affairs of Iceland [tbc], and Mr Espen Barth Eide, 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.
2. The EEA Council noted that within the framework of the Political Dialogue the Ministers discussed the situation in *Mali*, *Syria*, and *DPRK*.
3. The EEA Council held an orientation debate on *Recent Developments in Financial Services, including Banking Union and the Single Supervisory Mechanism*.

4. The EEA Council welcomed the EU Council Conclusions on EEA cooperation and the publication of the Commission Staff Working Document on the review of the functioning of the EEA, both from December 2012. The EEA Council also welcomed the comprehensive EEA Review commissioned by Liechtenstein, published in March 2013, and noted that both reviews have shown that the EEA Agreement is a durable and well-functioning instrument, which has extended, by comprehensive means, the EU's internal market to the EEA EFTA States while at the same time ensuring the integrity of that internal market.
5. Welcoming the extensive and far-reaching economic relations of soon 31 states covered by the EEA Agreement, the EEA Council acknowledged the important role the Agreement has played in ensuring the development of this strong trade relationship for the last 20 years, and looked forward to deepening relations with a view to improving market access for the mutual benefit of EEA partners.
6. The EEA Council recalled that the EU side had continued the practice of inviting officials from the EEA EFTA States to political dialogue meetings at the level of relevant Council working parties, and underlined the importance of continuing this practice.
7. 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 Irish and incoming Lithuanian Presidencies for the continuation of this practice.

8. The EEA Council agreed that the current economic crisis is a common concern, and reaffirmed the need for responsibility and solidarity among the countries of Europe in tackling the challenges ahead. In this context, the EEA Council welcomed the increased emphasis on competitiveness and growth measures in the Multiannual Financial Framework 2014-2020 to put the economies on the path towards renewed and sustainable growth in the European Economic Area. The EEA Council underlined however, the need to take into account both budgetary discipline and shared social objectives in the measures taken to combat the crisis. The EEA Council underlined its full support for the calls by the G20 to avoid a repetition of the historic mistakes of protectionism of previous eras, as well as the G20 standstill commitment and the pledge to roll back any new protectionist measures that may have arisen, and voiced its intention to resist all forms of protectionism in order to help safeguard the global economic recovery.
9. The EEA Council acknowledged the progress made in the implementation of the Single Market Acts I and II and recognised that a fully functioning Single Market is crucial, not least in order to overcome the current economic crisis. The EEA Council welcomed that the EEA EFTA States had contributed to the consultations on the SMAs and share its goals. The EEA Council moreover welcomed the initiative of better governance in the Single Market and emphasised the need for further strengthening the internal market as a key driver for growth and jobs facilitating cross-border trade and the social dimension.
10. In acknowledging the contribution made by the EU programmes in building a more competitive, innovative and social Europe, the EEA Council underlined the importance of timely adoption of the new programmes and welcomed the measures taken by the EEA EFTA States to participate in and contribute financially to such programmes. The EEA Council encouraged the timely inclusion of the EEA EFTA States in relevant programmes in order to ensure continuity and facilitate the eligibility of EEA EFTA applicants under the first calls.

11. In the context of the crisis, the EEA Council underlined the significance of the EEA and Norwegian Financial Mechanisms 2009-2014 as a means of reducing economic and social disparities in the EEA and emphasised the importance of using the supported programmes actively to develop closer cooperation and relations between the EEA EFTA States and the beneficiary countries.
12. In the context of the forthcoming enlargement of the EEA, the EEA Council looked forward to the accession of Croatia to the European Union on 1 July 2013 and urged all parties to ensure that the parallel negotiations which will allow for Croatia to become a Party to the EEA Agreement are completed by this time.
13. The EEA Council welcomed the progress being made towards Iceland's accession to the European Union following the Eighth Intergovernmental Conference in December 2012.
14. The EEA Council noted the Progress Report of the EEA Joint Committee and expressed its appreciation for the work of the EEA Joint Committee in ensuring the operation and well-functioning of the EEA. In 2012, nearly 500 acts were incorporated into the EEA Agreement, the highest number since 1999.
15. In order to ensure the continued well-functioning of the EEA Agreement, in particular a homogenous internal market and fair competition for all operators, and the timely incorporation of EU legal acts, the EEA Council welcomed the ongoing joint efforts to further improve the process of preparation and incorporation of EEA relevant EU acquis into the EEA Agreement. The EEA Council noted that around 400 acts have yet to be incorporated into the EEA Agreement and urged both sides to increase their efforts with the aim of reducing the number of outstanding acts, in particular those acts subject to a protracted period of delay in incorporation.

16. The EEA Council welcomes the reduction in the number of EEA EFTA notifications of Joint Committee decisions for which the constitutional requirements have exceeded the six month period stipulated in the EEA Agreement. The EEA Council encouraged the EEA EFTA States to continue their efforts to solve the pending cases as soon as possible and to avoid such delays in the future.
17. The EEA Council noted the urgency for both sides to find mutually acceptable solutions ensuring the inclusion into the EEA Agreement of the significant volume of legislation being adopted in the EU in the financial services field. The EEA Council emphasised the need to ensure the timely incorporation of such legislation, including the Regulations establishing the EU supervisory framework for financial markets, on which to date, limited progress has been noted. The EEA Council recognised the complexity of the issues and the constitutional challenges for the EEA EFTA States raised by the specific role and powers vested in these supervisory authorities, welcomed the first steps towards a constructive and result-oriented dialogue and urged all sides to accelerate their efforts to reach that end without further delay.
18. The EEA Council noted that progress is required on a number of outstanding issues. These include the processing of the Data Retention Directive, the Third Postal Directive, the TELECOM Package (including the Regulation on the Body of European Regulators for Electronic Communications – BEREC), the Directive on Deposit Guarantee Schemes, the Regulation on Novel Foods and Novel Food Ingredients, the Marine Strategy Framework Directive, the Regulation on Medicinal Products for Paediatric Use and the EU legal acts in the area of organic production. The EEA Council restated the need for a conclusion of these processes in the coming months. In addition, the EEA Council expressed the expectation that tangible progress can be made to allow the rapid processing by the EEA Joint Committee of recent specific financial market legislation, including the Directive on Alternative Investment Fund Managers and the European Market Infrastructure Regulation.

19. The EEA Council reiterated the importance of maintaining close cooperation between the EU and the EEA EFTA States in environment, energy and climate change policies, in particular in the areas of emissions trading, the promotion of competitive, safe and sustainable low carbon economy, energy efficiency, renewable energy resources, carbon capture and storage (CCS), as well as in the development of the internal energy market. The EEA Council welcomed the joint successful efforts on the incorporation into the EEA Agreement of the Union Registry which centralises the operations of the EU emissions trading system. The EEA Council noted the important work on derived legislation of the Third Package for the Internal Energy Market currently being undertaken by the new bodies: the Agency for the Cooperation of Energy Regulators (ACER) and the European Network(s) for Transmission System Operators (ENTSOs). The EEA Council underlined the importance of ensuring appropriate EEA EFTA participation in the new bodies in line with the Third Package and the EEA Agreement. The EEA Council emphasised the importance of stepping up efforts to implement the Third Package.
20. The EEA Council took note of the recently adopted Regulation on Energy Infrastructure, as well as the related financing mechanism for infrastructure proposed under the Connecting Europe Facility, and agreed on the importance of infrastructure as a means of completing the Internal Energy Market for electricity and natural gas.
21. The EEA Council recognised the importance of Horizon 2020 with respect to Europe's enhanced priority on research and innovation cooperation for the creation of growth and jobs. It underlined the significance of support for common research and development projects, cross-border exchanges of knowledge and scientific cooperation, as well as the free flow of intellectual capital, while fully taking into account the rights of the respective property rights holders in accordance with European and international intellectual property legislation.

22. The EEA Council acknowledged that the Contracting Parties, pursuant to Article 19 of the EEA Agreement, had undertaken to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. To this end, it welcomed the negotiations on the further liberalisation of agricultural trade between the EU and Iceland that were launched in 2012. The EEA Council looked forward to the upcoming review in 2013/2014 of the conditions of trade in agricultural products between Norway and the EU, with the aim of opening negotiations on a new agreement within the framework of Article 19. The initial contacts between the EU and Norway in February and April 2013 were welcomed. At the same time however, the EEA Council took note that the EU deeply regrets that the Norwegian Government had increased customs duties by switching from earlier applied specific duties to ad valorem duties for some agricultural products as well as by reclassification of one specific product. The EEA Council noted that the EU has strongly encouraged Norway to reverse these measures, as the EU considers that they are not in compliance with Norway's international obligations under Article 19 of the EEA Agreement, and constitute a source of deep concern for the EU. At the same time, the EEA Council also took note that Norway regards the switch from specific duties to ad valorem duties to be fully consistent with its international obligations and that Norway regards the reclassification to be a purely technical measure, rectifying an earlier wrongful classification.
23. The EEA Council welcomed that the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement will continue at the meeting of the EEA Joint Working Group on Processed Agricultural Products scheduled to take place in Reykjavik on 30 May 2013.
24. The EEA Council took note of the persisting disagreement among some EEA States and other coastal States on the management of the mackerel stock, a fish stock of common interest, and the important economic and environmental losses that this disagreement might entail. It encouraged the concerned States to find a rapid resolution to this dispute, with a view to ensuring a sustainable exploitation of this stock.

25. The EEA Council welcomed the EEA EFTA States' contributions to the decision-shaping process of EEA relevant EU legislation and programmes through their participation in relevant committees, expert groups and agencies, and through the submission of EEA EFTA comments.
26. The EEA Council reiterated that it is in the common interest of all Contracting Parties that the EEA Agreement is well known throughout the EEA, and urged all to ensure that appropriate information on the EEA Agreement be made available.
27. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 39th meeting in Brussels on 27 November 2012 on: *EU programmes 2014-2020 and the participation of the EEA EFTA States; The Reform of EU Common Fisheries Policy; The future of EU Energy Policy and its Implications for the EEA; and the EEA EFTA States' participation in EU agencies and the decision-making mechanisms*. The EEA Council looked forward to the 40th meeting of the EEA Joint Parliamentary Committee on 29 and 30 May 2013, and the meeting of the EEA Consultative Committee on 10 and 11 October 2013.
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