

**EUROPEAN ECONOMIC AREA
Council of the EEA**

Brussels, 14 May 2012

**EEE 1609/1/11
REV 1**

MINUTES

Subject : Minutes of the 36th meeting of the EEA Council
Brussels, 15 November 2011

DRAFT MINUTES

of the 36th meeting of the

EEA COUNCIL

(Brussels, 15 November 2011)

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The EEA Council held its 36th meeting in Brussels on 15 November 2011.

The meeting was chaired by Ms *Aurelia FRICK* (Minister of Foreign Affairs of the *Principality of Liechtenstein* and President-in-office of the EEA Council), accompanied by Mr *Jonas Gahr STØRE* (Minister for Foreign Affairs of the *Kingdom of Norway*) and Mr *Einar GUNNARSSON* (Permanent Secretary of State, Ministry of Foreign Affairs of *Iceland*). The EEA EFTA delegation also included Mr *Kåre BRYN* (Secretary General of the *European Free Trade Association - EFTA*) and Ms *Oda Helen SLETNES* (President of the *EFTA Surveillance Authority - ESA*).

The EU delegation was led by Mr *Marcin KOROLEC* (Undersecretary of State, Ministry of Economy of the *Republic of Poland*), accompanied by Ms *Beata STELMACH* (Undersecretary of State, Ministry of Foreign Affairs of the *Republic of Poland*), Mr *Peter Wilhelm Lund LINDE* (Permanent Representation of the *Kingdom of Denmark* to the EU), Mr *Christos KATHARIOS* (Director for Enlargement, Europe (Non-EU) and Foreign Affairs Council Support, *General Secretariat of the Council*), Mr *Gianluca GRIPPA* (Head of Western Europe Division, *European External Action Service (EEAS)*) and Mr *Philippe CUISSON* (Deputy Head of Unit, DG Trade of the *European Commission*).

At the political dialogue preceding the EEA Council meeting, the EU delegation was led by Ms *Beata STELMACH* (Undersecretary of State, Ministry of Foreign Affairs of the *Republic of Poland*) on behalf of the High Representative of the Union for Foreign Affairs and Security Policy, and participants included Mr *Leonardo SCHIAVO* (Director General of DG K, *General Secretariat of the Council*).

Opening statement of Minister FRICK, President of the EEA Council

Co-chair, dear colleagues.

I welcome you to the 36th meeting of the EEA Council. I propose that we deal with items 1, 2, 3 and 4 of the agenda without prior discussion.

Opening statement of Undersecretary of State KOROLEC on behalf of the EU

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

It is a great pleasure for me to welcome you and your delegations to the premises of the Council of the European Union for our 36th EEA Council meeting. The President of the Council of the European Union, Mr Waldemar PAWLAK, who, due to other commitments, is unable to attend, has asked me to convey to you his best wishes for a fruitful meeting.

This meeting will offer us another opportunity to exchange views on recent developments in the EEA Agreement and our relations, which extend beyond the framework of the Agreement. I am convinced that these regular meetings contribute significantly to the high level of cooperation which characterises our relations and is highly appreciated by all of us.

Before we go into the substance of our agenda, I would like to sincerely thank you and the EFTA Secretariat for working so well together to finalise the arrangements for this meeting.

To save time, I would like to confirm that it has been agreed to deal with items 1, 2, 3, and 4 on the Agenda without prior discussion.

Thank you very much!

1. **ADOPTION OF THE AGENDA**

The EEA Council adopted the Agenda, as set out in doc. EEE 1606/1/11 REV 1.

2. **APPROVAL OF THE MINUTES OF THE 35TH MEETING HELD IN BRUSSELS ON 23 MAY 2011**

The EEA Council approved the minutes of the 35th meeting, as set out in the above-mentioned document.

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

The EEA Council took note of the Progress Report by the EEA Joint Committee, as set out in doc. EEE 1608/11.

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

The EEA Council took note of the Resolutions of the EEA Joint Parliamentary Committee adopted at its 37th meeting in Strasbourg on 25-27 October 2011 on *EU Digital Agenda and the EEA, European Refund Scheme for Drinks Containers*, and *EEA and Norwegian Grants: Contributing to the social and economic cohesion in Europe*.

5. **ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EUROPEAN ECONOMIC AREA (EEA) AGREEMENT**

(including maintaining and enhancing the homogeneity of the EEA; decision making and shaping; energy and climate change; the financial mechanisms; the financial crisis and implications for the EEA cooperation, including regulation of the financial system)

Intervention of Minister FRICK on behalf of the EEA EFTA States

Mr Chairman, dear colleagues,

These days, commentators in the media often lament the lack of a response from the European Union to the current crisis.

I must, with all due respect, disagree.

From the perspective of the EEA EFTA States, one of our principal challenges is to keep track of the veritable avalanche of EU initiatives to combat the financial and economic crisis, which erupted in 2008. The Europe 2020 Strategy and the Single Market Act, as well as measures on economic governance and policy coordination such as the European Semester, the EuroPlus Pact, and the so-called “six pack”, are just some of the main initiatives you have put forward in the last few years.

Many of these do not directly concern us, as we are neither members of the EU nor of the Eurozone. Nevertheless, they are crucial for the future of the integrated European economy and, as such, also of great importance to the EEA EFTA States.

Our close relations with the EU, with frequent contacts at all levels, certainly help to keep abreast of these developments. Only last week, our Ministers of Finance met with their EU counterparts in the annual EFTA-ECOFIN meeting to discuss the measures taken on both sides to ensure financial sector stability.

Furthermore, many of the EU's recent initiatives are highly significant to the EEA. One important example are the European Supervisory Authorities for financial markets. We are confident that pragmatic solutions will be found for the fullest possible participation of the EEA EFTA States in the new European Supervisory Authorities, including the European Systemic Risk Board.

Another example is the Europe 2020 strategy. According to our analysis, it seems likely that over half of the measures proposed in the seven flagship initiatives will eventually become legislative acts that are EEA-relevant.

The most recent initiative is the Single Market Act. It is already clear that 11 of the 12 so-called "key actions" of the Act are EEA-relevant. We will of course follow these proposals closely as they make their way through the EU decision-making process. We look forward to hearing more about your initiatives in the orientation debate later today.

I would also like to mention two important directives in the area of energy and climate change where progress has been made recently, namely the renewable energy directive and the revised emission trading directive.

With regard to the renewable energy directive all parties have agreed upon the conditions for their incorporation into the EEA Agreement. We must now do our utmost to ensure that formal procedures are finalized in time for the renewable energy directive to become part of the EEA Agreement before the end of 2011.

The EEA EFTA side will soon hand over a draft Joint Committee Decision on the revised emission trading directive. In this respect I would like to underline the importance of treating all participants equally, whether they are EU States or EEA EFTA States, in accordance with the provisions of the EEA Agreement.

While the overall policy response to the economic crisis has been criticised by some, it is important to recognise the developments that have *not* occurred, despite the crisis. There has been much fear in recent years of a return to protectionism, as happened during the Great Depression of the 1930s. This has so far not materialised, neither in Europe nor on a global scale. As noted in the Single Market Act and the Monti report which inspired it, the Single Market deserves more credit than it often receives. The mantra of the EEA – that the Agreement functions well in accordance with its original intentions – holds as true in 2011 as it did a few years back before the crisis erupted. This is no mean feat in the present economic climate.

The Single Market is now largely in place and has so far weathered the crisis well. But it requires continuous work, on both the EU and the EEA EFTA side. This brings me to another current challenge, and this concerns institutional issues.

These institutional challenges derive in part from the institutional changes introduced by the entry into force of the Lisbon Treaty, and in part from the particular institutional framework of the EEA Agreement.

The EEA EFTA States have since December 2009 a new counterpart in the EEA – the European Union, and since December 2010 a new interlocutor – the European External Action Service. They have replaced the European Community and the European Commission, respectively. We thus find ourselves in a transitional period, which entails certain challenges, albeit transitory in nature.

I am pleased that some of these challenges have already been resolved. The EEA EFTA States welcome the continued involvement of the EEA EFTA side in the new system in the EU of delegated and implementing acts introduced following the entry into force of the Lisbon Treaty.

While this is not the forum to discuss technical institutional developments, the EEA EFTA side has also found it necessary to assess its internal structures and working methods with a view to adjusting them to the new institutional landscape. This will enable us to do our part in ensuring the continued functioning and homogeneity of the EEA.

We are now prepared to move – jointly with the EEAS – to a next stage. In fact, we have recently agreed with the EEAS to look at our work practices and procedures regarding the processing of EEA relevant *acquis* to see whether we can further improve our system by reducing delays in the adoption and implementation of the new legislative acts. We have started our preparatory work and have agreed with the EEAS to have our first meeting on the matter already next week.

This joint work will surely benefit from the reviews of the EEA currently underway. We are awaiting with great interest the final report of the Norwegian EEA Review Committee, which is scheduled to be released before the end of this year. We also look forward to the review of the EEA by the EU side, initially proposed by the EU Council last December.

Finally, I would like to mention the EEA and the Norwegian Financial Mechanisms for 2009-2014. The EEA and Norway Grants will be contributing more than € 350 million annually in the field of climate change, civil society, social dialogue, justice and home affairs, research, health and cultural heritage. The first programmes have been launched, and Memoranda of Understanding have been signed with 11 out of the 15 beneficiary states, with the remaining expected to be signed by the end of the year.

Dear colleagues,

I would like to conclude by thanking the Polish Presidency, for their positive and constructive cooperation during their term at the helm. We appreciate in particular how you have facilitated our participation in informal ministerial meetings, which are important venues for the exchange of views and to foster closer ties with our European colleagues. We look forward to working with Denmark during their Presidency of the EU Council in the first half of next year.

Thank you.

Intervention of Minister FRICK on behalf of LIECHTENSTEIN:

I would now like to add a few words in my capacity as Liechtenstein minister.

Let me start by underlining Liechtenstein's strong commitment to the functioning of the EEA, which is not last shown by the fact that we have implemented 99.5 percent of all EU legislative acts that form part of the Agreement.

An area of particular importance for Liechtenstein is the regulation and supervision of the financial services sector. As a financial centre, Liechtenstein is particularly interested that the EEA Agreement can keep up with the pace at which EU legislation is developing in this area and that any disparities between the rules and standards applicable to financial intermediaries in the EEA EFTA States on the one hand and those in the EU on the other be avoided.

I am sure you will also understand that the EEA EFTA States expect a fullest possible participation as observers in the new European Supervisory Authorities for financial markets, including the European Systemic Risk Board.

Therefore you can rest assured that Liechtenstein will continue to provide its full support in finding a quick and pragmatic solution that regulates the accession of the respective national authorities of the EEA EFTA States to these European supervisory authorities.

Concerning the processing of EEA relevant *acquis*, we agree that delays in the adoption and implementation of EU legislative acts have to be kept to a minimum. Liechtenstein therefore stands ready – together with the other EEA EFTA States – to work with the EEAS to assess the relevant work practices in order to optimize the incorporation of legal acts into the EEA agreement.

Thank you.

Intervention of Permanent Secretary of State GUNNARSSON on behalf of ICELAND

I share the assessment of the Chair of the functioning of the EEA Agreement. It has continued to serve our countries well.

I would like to highlight one particular issue regarding the functioning of the EEA Agreement. Namely the fact that some of the more recent EU-acts that are to be incorporated into the Agreement have raised questions with regard to both the scope of the Agreement and the conformity of the delegation of powers foreseen therein with the constitution.

I can name as an example of such act, regulation No 216/2008 on EASA, the European Aviation Safety Agency. The regulation gives the Commission powers to impose fines on natural and legal persons, upon a recommendation by EASA.

The incorporation of the regulation raised questions in Iceland with regard to whether such provisions, giving the Commission powers to impose fines, in themselves deal with matters outside the scope of the Agreement and whether the incorporation of the regulation into the Agreement was in conformity with the Icelandic constitution.

Although the Icelandic Parliament in this particular case decided to approve the incorporation of the EASA regulation into the EEA Agreement, it did note that such delegation of powers to foreign (supranational) entities could not be accepted on a continuous basis, even though in each separate case it could be argued that the delegation of powers was limited.

Iceland would therefore encourage the EEA States to seek a “once-for-all” solution, which would take fully into account and respect both the scope of the EEA-Agreement and the constitutional constraints by the EEA EFTA States.

Such a solution would for example be essential for the incorporation of the regulations on the new financial supervisory authorities.

Intervention of Minister STØRE on behalf of NORWAY

Mr Chairman, dear Colleagues,

Both the progress report presented to this meeting and the conclusions we will adopt, confirm the well-functioning of the EEA Agreement. The Agreement was set up to provide a predictable framework and a level playing field for economic operators across the EEA. It has been successful in doing so, to the benefit of both the EFTA and EU side.

Since the EEA Agreement came into force, more than 7000 pieces of EU legislation have been incorporated. The homogeneity of the EEA has been maintained. The Agreement has also managed to adapt to various EU treaty changes and enlargements. This shows that the EEA Agreement is robust and dynamic. I am confident that the Agreement also will be capable to tackle any new challenges that the future may bring.

Let me in this respect mention that the government appointed an independent expert committee, which was given the task to assess the impact of the EEA Agreement and other agreements that Norway has with the EU, is expected to submit its report before Christmas. The report will be an important point of reference for a Government White Paper on Norwegian European policy to be submitted to the Storting afterwards.

We welcome strong EU efforts to manage the financial crises. A healthy and stable European economy is important to all of us, as well as to global growth and prosperity. The orientation debate will give us ample opportunity to elaborate on this issue.

We must focus on a strategy for generating economic growth so we can increase employment and strengthen public finances. I trust that the EU growth strategy for the coming decade, Europe 2020, will be a valuable tool for achieving this. We therefore follow the different flagship initiatives with interest and Norway will participate in these processes when of mutual interest and appropriate.

We welcome the focus on renewing and strengthening the Internal Market and the Commission's intention to propose fast track legislation procedures in order to secure swift implementation of initiatives in the Single Market Act.

Since our last meeting, significant legislation has been made part of the EEA Agreement. Looking ahead, there are many important issues to be addressed.

As you would recall, I stated during our last EEA Council that there were serious concerns in Norway about the incorporation of the Third Postal Directive into the EEA Agreement. Since then, we have had consultations with the EEAS and the Commission in order to examine in detail the Norwegian concerns and clarify facts. I commend the Commission and the EEAS for their openness during these talks. These consultations have not uncovered substantial new information, and the Norwegian position today remains unchanged. It is still our view that the directive makes it more difficult to ensure high quality and affordable universal postal services.

Norway continues to attach great importance to the matter of deposit guarantees. We want to uphold our present national guarantee scheme under the relevant directive and have proposed language to that effect in the review process which is now under way.

We have experienced some delays in the processing of EEA relevant legislation. I am pleased to note that we now have agreed to jointly address this issue. There should be room for improving procedures on both sides. It is in our mutual interest to ensure that the incorporation of legal acts into the Agreement is as smooth as possible and to avoid unnecessary delays.

Let me also emphasize that maybe the most important reason for the durability and success of the EEA Agreement is that all parties have been loyal to the overriding principles of the Agreement. Continued respect for the two pillar system and an acknowledgement of the fact that EEA EFTA States have to take into consideration the restraints of our constitutions is important if acceptable solutions are to be found. If we forget these principles in pursuit of practical and simple solutions, we will steer the Agreement into unruly waters.

Finally Norway would like to raise its concern as regards the matter of intervention by the EEA EFTA States and by the EFTA Surveillance Authority before the Court of Justice of the European Union.

The establishment of a homogenous internal market is the main goal of the EEA Agreement and both the EU and EFTA Courts are competent to interpret EEA law. In this respect, the possibility to intervene before the EU and EFTA Courts must be seen as one of the several means to ensure a homogenous and well-functioning internal market. Recently and contrary to previous practice the ECJ has rejected applications to intervene from Norway and ESA, respectively.

Given the need to ensure legal homogeneity, we find it unfortunate if the ECJ was to decide a case on a point of EEA law without the EEA EFTA States and ESA being afforded the opportunity to make submissions to the Court.

Finally, allow me also to briefly mention a non-EEA issue which is of concern to Norway as a Schengen member: the proposal by the Commission to amend the Schengen Border Code concerning reintroduction of internal border controls.

The decision procedure proposed by the Commission, the so-called comitology procedure, will prevent Norway from being allowed to vote on the reintroduction of border controls due to a serious threat against internal security - even if this concerns our own borders.

I hope you all see this point and understand why this is so sensitive and important for us.

Thank you for your attention.

Intervention of Undersecretary of State KOROLEC on behalf of the EU

Dear Colleagues,

When assessing the functioning of the EEA Agreement, we come to the conclusion that, in general, internal cooperation between the Member States of the European Union and the EEA EFTA States within the framework of the EEA is very positive and that the institutions created under the EEA Agreement function smoothly.

As far as the particular topics under item 5 on the Agenda are concerned, I will shortly be giving the floor to the representative of the European Commission, who will provide you with a more detailed assessment of the day to day functioning of the EEA Agreement.

As regards the recent evolution of our relations, I would like to focus on certain developments which have taken place since the last EEA Council meeting, which clearly show that relations between the EU and the EEA EFTA States are excellent and still evolving.

First of all, I would like to express my satisfaction with the recent conclusion of the Agreement on the participation of Bulgaria and Romania in the EEA. With that step, the EEA has now been formally expanded into an integrated economic entity of 500 million people with 30 Members fully participating in the Internal Market.

Another positive point to be mentioned is the conclusion of an Agreement with Norway on additional preferences in trade in agricultural products last week. EU Member States attach great importance to the liberalisation of trade in agricultural products under Article 19 of the EEA Agreement and stand ready to continue the review process, as well as to start negotiations on the liberalisation of trade in processed agricultural products under Protocol 3 of the EEA Agreement.

Furthermore, I would like to express our satisfaction with the imminent accession of Liechtenstein to the Schengen area. According to a draft Decision of the EU Council, the opening of borders is provisionally programmed for 19 December: Just in time to abolish border controls for Father Christmas and his friends!

I would also like to express our satisfaction with the significant progress which has been made in the process of the accession of Iceland to the European Union. Thanks to Iceland's EEA and Schengen membership and our close cooperation, the pace of progress is exemplary and we are looking forward to further positive developments in the coming months.

With regard to the EEA and Norwegian Financial Mechanisms for the reduction of social and economic disparities in the EEA for the period 2009-2014, the Polish Presidency has, over the past few months, undertaken a review of the implementation status of the Mechanisms. Among other activities, the Presidency organised a seminar in Brussels in conjunction with Norway. Representatives of both donors and beneficiaries participating in the Seminar welcomed the high level of cooperation in the preparation and implementation of projects financed through the Mechanisms. The fact that 80 % of the financial resources have been used so far confirms the need for and effectiveness of these financial contributions. The signing of 11 Memoranda of Understanding for projects under the Financial Mechanisms provides a further indication of their high level of acceptance on the part of both donors and beneficiaries.

For the Polish Presidency, the Single Market, shared by the EU and the EEA/EFTA States, is a priority. Progress on the Single Market Act, which will give new impetus to the Internal Market and to economic growth, is key for us. Against this background, we welcome the presentation by the Commission of a number of the 12 priority actions of the Single Market Act, and are looking forward to receiving the remaining actions by the end of this year. In particular, we aim to achieve progress on the internal market for services, e-commerce, improvements to the business environment of small and medium-sized enterprises and the unitary patent protection system for everyone who has expressed a desire to take part in that process.

The priority given by the Presidency to the Single Market was also reflected in the organisation of the first Single Market Forum, which took place in Kraków in October. It brought together a broad range of representatives of European businesses, organisations, politics and administration in order to examine barriers to the Single Market. The findings of the Forum were set out in the "Kraków declaration", which highlights inter alia the need to fill the gap between citizens' expectations with regard to the Single Market and their experiences in daily life, as well as the importance of the correct application of internal market law and an increase in the cross-border provision of services and the mobility of workers.

Another important priority of the Polish Presidency is the European Neighbourhood Policy.

In response to the developments in the EU's Southern Neighbourhood, Poland, within the framework of its Presidency, supports the implementation of an agreed strategy to develop democratisation, boost the economy and create new jobs.

The Eastern dimension of the Neighbourhood policy has received particular attention under the Polish Presidency, with the organisation of the 2nd Eastern Partnership Summit, held in Warsaw on 29-30 September.

Poland regards the implementation of the European Neighbourhood Policy not only as a means of ensuring the development of a stable and secure environment for the EU, but also as a key long term instrument for bringing those countries closer to the EU. In this context, Poland takes the view that the EEA Agreement should also be promoted in the EU Neighbourhood as an exemplary model for those partners who are willing and able to take further steps towards progressive economic integration into the EU Internal Market.

I would now like to give the floor to my colleague representing the European Commission.

Intervention of Mr GRIPPA (EEAS) on behalf of the EUROPEAN COMMISSION

Mr President, Honourable Members,

It is a pleasure for me to have the opportunity to present our assessment of the overall functioning of the EEA Agreement.

I would like to provide you with a general overview of the latest developments which are relevant to the EEA framework.

First of all, I would like to welcome the conclusion of the Agreement on the participation of the Republic of Bulgaria and Romania in the EEA. This would mean that the EEA will be formally enlarged to an economically integrated entity of 500 million people with 30 Member States fully participating in the Internal Market.

Regarding the functioning of the agreement itself, I am pleased to inform you that by the end of 2011 we will have managed to introduce well over 300 new legal acts into the EEA Agreement. This having been the first year of functioning of the EEAS as lead manager of the EEA agreement, I could safely say that the rhythm of incorporation of new legal acts has remained equal, if not slightly increased, in comparison with previous years.

The new legal acts concern mainly legislation in the fields of veterinary and phytosanitary matters, transport, environment but also electronic communication, audiovisual services and information society in addition to *acquis* in the fields of financial services/insurance, health and safety at work, equal treatment of men and women.

The good functioning of the agreement encourages us to continue our work and at the same time urges us to look to areas where we can improve even further our performance. In this context, we look forward to learning from the forthcoming Norwegian EEA review which will surely provide us with elements of reflections. Through the preparatory documents of the review, we have already been able to identify some of these areas.

According to the text of EEA agreement, article 102, first paragraph, “in order to guarantee the legal security and the homogeneity of the EEA, the EEA Joint Committee shall take a decision concerning an amendment of an Annex to this Agreement as closely as possible to the adoption by the Community of the corresponding new Community legislation with a view to permitting a simultaneous application of the latter as well as of the amendments of the Annexes to the Agreement.”

A research project at the Liechtenstein Institut, prepared as a background document for Norway’s EEA review, reveals a different reality. On average it takes two years in the field of services between the date the EU issues a legal act and the date the respective Joint Committee Decision enters into force; a bit more in the environment field.

The difference of the compliance dates between the EEA/EU member and the EEA/FTA members is smaller but still significant. On average a directive has to be transposed by the EEA EFTA States 257 days for the service field and 341 days for the environment field later than in the EU. In other words, instead of being simultaneous, the application of the *acquis* differs of almost one year between the EU and the EEA EFTA States.

According again to this research, (quote) institutional adaptations in terms of allocating competences between the European Commission, the EFTA Surveillance Authority and the authorities of the member states due to the different institutional setting are the most frequent adaptations. Additional adaptations concern the limited scope of the EEA Agreement when excluding aspects related to the EU's relations with third countries or the EU's justice and home affairs. These adaptations can delay the adoption of an EU act by the EEA EFTA states (unquote).

These delays have led to a backlog of more than 500 new legal acts which are either marked EEA-relevant in the EU Official Journal or considered EEA-relevant by EFTA experts and need to be incorporated in the agreement. In more than 250 of them, the compliance date in the EU has already expired at the end of 2010. Once again the possibility to ensure simultaneous application has been made impossible.

Until the new legal acts are incorporated into the agreement, the legal security and the homogeneity of the EEA cannot be ensured. Most of them fall in the area of veterinary and phytosanitary matters and technical regulations, standards, testing and certification in the areas of motor vehicles, foodstuffs and dangerous substances. But many of them are also in the areas of transport and environment.

Having in mind the human resource constraints from one side and the other, we will need to work in close contact with our EFTA partners to address this backlog and to plan its progressive reduction.

Among those legal acts still to be incorporated into the agreement, I am pleased to report that we are making progress in some areas. Since the last meeting of the EEA Council in May 2011, the outstanding issues concerning the Aviation Safety Regulation (216/2008/EC) have been resolved and I look forward to its rapid incorporation into the EEA Agreement.

I am also pleased to note progress made in incorporating the Renewables Directive into the EEA Agreement. The EEA EFTA States already have large shares of renewable energy sources and they have expressed their commitment to targets for their share of renewable energy by 2020.

Another interesting development is the entry into force of Third Package for the Internal Energy Market in March 2011. Important work on derived legislation is currently ongoing in the new bodies, - the Agency for the Cooperation of Energy Regulators (ACER) and the European Network(s) for Transmission System Operators (ENTSOs). The package is expected to be incorporated soon into the EEA Agreement.

Economic governance is a common concern for the EU and EEA EFTA states. The discussions on EEA EFTA participation in the new system of European Financial Supervision, including the three supervisory authorities in the areas of Banking, Insurance and Securities, have begun.

On the other hand, there still remain few issues of concern with other directives.

- The outstanding issue concerning the incorporation of the Audiovisual Media Services Directive (2007/65/EC) has not yet been solved.
- It is essential to maintain close cooperation between the EU and the EEA EFTA States in view of ensuring that objectives of the ongoing postal reforms in the European Economic Area are not undermined, while efficiently addressing the concerns on the implementation of the Third Postal Directive (2008/6/EC) that may remain.

Finally, I would also like to recall the adoption in 2007 of the Horizontal Food Law Package, which requires full implementation by all contracting parties by 1 November 2011.

With this I would like to conclude the overall assessment of the functioning of the EEA Agreement.

Mr. President, Honourable Members, let me now say few final words about the future perspectives for the EEA cooperation.

In December 2010, the EU Council of Ministers adopted a set of conclusions on EU-EFTA relations. The Ministers called for the EU, in close cooperation with its EEA EFTA partners, to conduct a review of the EEA Agreement. Such a review aims to examine whether the EEA Agreement would still be comprehensive and flexible enough to adapt to the ever change of circumstances.

I am pleased to inform you that the review is on-going with an active participation of the relevant Commission services. We can expect to conclude the review in 2012.

Thank you very much.

Intervention of Minister STØRE on behalf of NORWAY

I would like to respond to the presentation by the EEAS. Norway will, together with our EFTA partners and the EU, work on the issue of the delays mentioned by the EEAS. We have a shared interest in the simultaneous application of Internal Market legislation, but it should be duly noted that it is not possible to achieve this in practice due to the very nature of the Agreement, whereby legislation is adopted first on the EU side, before it is processed on the EEA EFTA side. Finally, the consistently low transposition deficits of the EEA EFTA States, currently below the target of 1 % and below the EU average, should also be taken into account in the assessment of the functioning of the EEA.

Intervention of Minister Frick, President of the EEA Council

Thank you. If there are no further comments I hereby conclude the discussion on the functioning of the EEA Agreement. I think we are all convinced of the strength and vitality of our Agreement, which has shown its strength during these difficult times for our economies.

And this brings me to the next item on our agenda – the orientation debate – which this time is on the measures taken to address the current economic crisis.

6. **ORIENTATION DEBATE: MEASURES TAKEN TO ADDRESS THE CURRENT ECONOMIC CRISIS**

Intervention of Minister FRICK on behalf of the EEA EFTA States

I have been told that when the EEA EFTA side first suggested “the crisis” as the topic for the orientation debate a few months ago, one EU official involved in the preparations responded “which crisis?”

It is a good point. Because what started as a banking crisis across the Atlantic just over three years ago, has in turn become a global financial and economic crisis. And it has become abundantly clear that we are all affected, because our economies are all interconnected.

A few years ago, two leading American economists published a history of financial crises over the last eight centuries. It was aptly entitled “This Time is Different”. While I suspect that the title is somewhat ironic, it must be said that the policy response to the current economic crisis *is* different, compared with how previous financial crises were managed in the past.

This time, coordinated measures have been taken at the global, regional and national levels of unprecedented scale and scope. Only last week, our Ministers of Finance met to discuss how to ensure financial sector stability. This is of course a core common concern. But the current economic crisis has further implications that also need to be considered.

Mr President, we look forward to hearing about the latest developments on the EU side, so I give you the floor.

Intervention of Undersecretary of State KOROLEC on behalf of the EU

Dear Colleagues,

The current economic crisis presents us with unprecedented challenges in that it calls for both an immediate response, in order to ensure a balance in public finances and the financial sector, and the adoption of essential reforms with a view to achieving long term economic growth. Although financial issues are at the heart of our discussions, we cannot omit to mention the change in our thinking about economic growth that the current crisis demands.

It has placed us in the position of having to ensure long term growth with limited resources. Consequently, we need to adopt a new approach towards identifying sources of growth. I have already mentioned the internal market (the digital single market, services, infrastructure and the single patent), the sector of small and medium sized enterprises and the need to open up and develop trade relations.

However, I would like to draw particular attention to the importance of measures aiming to streamline the use of resources, which could stimulate balanced economic growth throughout the EU.

The significance which we attach to this subject is clear from the warm welcome given to the conclusions on industrial competitiveness in the light of resource efficiency, drawn up during the Polish Presidency at the September meeting of the Competitiveness Council. That document underlines the importance of maintaining a balance between industry and environmental protection, and also stresses that factors linked to climate policy must not have a negative impact on industrial competitiveness. It also calls for increased verification of the Commission's legislative initiatives as to their potential impact on the competitiveness of European undertakings within the framework of what is referred to as competitiveness proofing.

The Polish Presidency recognises the need to draw up a cohesive programme of activities to ensure a transition to a balanced, low emissions economy with limited waste of materials and energy. Along the way we will inevitably be faced with potential dilemmas of choice between the environment and the economy. Priority will therefore be given to ensuring the best possible combination of complementary instruments, including those which are legislative and economic in nature as well as those which are voluntary.

The instruments proposed should be flexible - there are no "one size fits all" solutions. It is extremely important that account be taken of the wide variations in growth rates and the specific economic characteristics of individual countries in order to ensure a level playing field for competition.

Turning to the subject of the financial policy challenges now facing us in the light of the current sovereign debt crisis, we have worked hard in order to preserve stability in the euro area and in the EU as a whole. The decisions taken by the European Council represent key stages towards fully securing this goal. We are very well aware that this situation does not only concern us, but also has an impact on our international partners, including the EEA EFTA countries.

As anticipated, Europe and the euro area were clearly in the spotlight during the G20 Summit in Cannes. While the decisions we had taken were appreciated, attention has now clearly shifted to implementation.

However, we should not expect the spotlight to move away from Europe now, or international monitoring to diminish. Quite the opposite. That is why we need to continue to show that we can take, and implement, credible commitments to address our problems.

On top of addressing key challenges directly related to sovereign debt, we need to restore confidence, since this is an essential factor in ensuring the proper functioning of a modern economy.

I. European Financial Stability Facility (EFSF)/ European Stability Mechanism (ESM)

Member States facing pressure on financial markets will continue to receive financial assistance. I would like to stress that Ireland and Portugal's programmes are being implemented effectively.

In July, we decided to ease the conditions for such assistance and introduce new instruments. These will allow a more flexible and efficient use of available funds. We are also looking into further options to increase the supply of funds, without having to oblige euro area Member States to increase their contribution.

Financial assistance does not come free; it is subject to strictly defined conditions. Beneficiaries must implement appropriate measures to ensure the sustainability of their public finances and to generate economic growth.

These measures address immediate concerns. But we must look further. The recent crisis has shown that we must improve the coordination of economic policies in the EU and the euro area.

II. Leveraging the European Financial Stability Facility

On 26 October 2011, the European Council decided to increase the deployable resources of the European Financial Stability Facility. In essence, the Facility will in future: 1) be able to provide credit guarantees for new debt issued by Member States and 2) through the creation of an investment vehicle, catalyse further private and official funds which could be used for lending or other purposes of the Facility. The technical work has yet to be completed.

III. Private sector involvement

The European Council has approved the agreement reached on the involvement of the private sector. Greece and private sector creditors have agreed on a reduction in private sector claims of around 50 %. We trust that, together with economic reforms, this should allow Greece's public debt to GDP ratio to decline substantially to a sustainable level in the long term.

I would now like to give the floor to the European Commission to present its reflections on the measures taken.

Intervention of Mr GRIPPA (EEAS) on behalf of the European Commission

Let me now highlight some of the key measures taken by the European Union in addressing the economic crisis. I will focus on the EU's response to the current debt crisis.

The European Parliament and the Council have recently finalised their negotiations on the legislation to strengthen economic governance in the EU and the Euro Area. The new legislation will allow for broader, more efficient and more stringent surveillance of fiscal and economic policies, including macroeconomic imbalances. It will introduce more discipline and more transparency and, hence, improve forward looking policy coordination in Europe.

This year the European Semester was introduced, allowing the EU to provide Member States with integrated policy guidance before they have finalised their budgets. This is a major step towards increasing policy coordination: it enables to internalize potential spill overs of fiscal policies within the EU.

The supervisory framework of financial markets has been reformed and since January 2011 the new European System of Financial Supervisors is in place. In one of its first actions, the European Banking Authority (EBA) has increased the severity and, hence, credibility of the EU banks' stress tests. The methodological improvements in these tests have been acknowledged by many observers.

In case a member state faces financial problems, the EU has different programmes: For Member States that have not yet joined the euro area the EU provides the Balance-of-payments assistance, which currently covers two countries: Latvia and Romania, the latter in a precautionary way.

In May 2010, the Euro area member states agreed to provide bilateral loans of 80 bn EUR, pooled by the European Commission, to Greece; together with assistance from the International Monetary Fund (IMF), this Greek Loan Facility added up to an amount of 110 bn EUR.

In May 2010, the EU set up the European Financial Stabilisation Mechanism (EFSM) of 60 bn EUR and the European Financial Stability Facility (EFSF) of 440 bn EUR to safeguard financial stability amid severe tensions in euro-area sovereign debt markets. Alongside these mechanisms, funding from the IMF is available, forming a safety-net of up to 750 bn EUR.

EFSF/EFSM assistance has been granted to Ireland (85 bn EUR) and Portugal (78 bn EUR). In addition, the European Central Bank (ECB) introduced a programme to purchase bonds of distressed sovereigns to ensure sufficient liquidity in these markets.

On 21 July, the Heads of States or Governments increased the flexibility and effectiveness of the European Financial Stabilisation Mechanism (EFSF) and of the European Stability Mechanism (ESM). They will be enabled to cover precautionary programmes, to provide funds for bank recapitalisation and to intervene on the primary and secondary market.

These enhancements constitute a clear change of approach and will allow to ensure financial stability more efficiently and to counteract contagion at an earlier stage. With these measures in place, the EU would be in a much better position to react swiftly to market turmoil and effectively prevent the evolution of negative macro-financial spirals.

On 26 October, the Heads of State or Government agreed on measures to address the current market tensions, including a new programme for Greece. Negotiations on Greek debt held by others than the official sector have started to secure a discount of 50%. This aims to achieve a decline of the debt level to close to 120% of GDP by 2020 and hence greatly improve debt sustainability of Greece. The EFSF will be allowed to leverage its resources, which is expected to give it firepower of EUR 1 trillion without extending the guarantees by Member States underpinning the facility.

In addition, the Heads of State or Government also agreed to increase the capital requirements for banks to 9% of the highest quality capital by the end of June 2012. The capital requirements will account for market valuation of sovereign debt exposures.

National supervisory authorities will ensure that the plans to strengthen capital do not lead to excessive deleveraging, and the credit flow to the real economy is maintained. This should raise confidence in the banking sector.

Finally, let me conclude by noting that economic governance is a common concern for the EU and EEA EFTA states. The discussions on EEA EFTA participation in the three new supervisory authorities in the areas of Banking, Insurance and Securities, is an important element in our cooperation in the field of financial services.

Intervention of Minister FRICK on behalf of LIECHTENSTEIN:

Thank you, Mr President, for this interesting overview of the EU's efforts in addressing the current economic crisis. I will now make a few remarks from a Liechtenstein perspective.

This year indeed brought enormous challenges for the European and global economies. As you have outlined, a number of very significant measures have been decided by the EU, especially to restore confidence in the financial and monetary system and the euro zone and ensure its proper functioning. This is of crucial importance also for Liechtenstein.

Liechtenstein benefits from a well-diversified economy, whose foundation rests upon stable and credible macroeconomic policies, as well as a strong industrial and a solid financial sector. The sovereign credit rating of Liechtenstein is currently rated as AAA by the rating agency Standard & Poor's. Liechtenstein has no public debt and even maintains financial reserves that exceed 25% of Gross Domestic Product (GDP). The industrial sector, which accounts for close to 40% of GDP, contains a number of internationally active and successful companies. A strong and independent supervisory authority and high regulatory standards continue to be key factors for the stability and the development of the financial sector.

Liechtenstein's financial sector was among the very few in the industrialized world that did not require any public support to withstand the shocks of this crisis. All banks active in Liechtenstein remained stable and operational at all times. This can partially be explained by the banks' solid capital and liquidity buffers that largely exceed current and expected international minimum standards. In addition, banks, credit and other financial institutions operating in Liechtenstein are traditionally mainly focused on private banking and wealth management, which is less risk prone than investment banking.

The current crisis has, however, also affected Liechtenstein. Although reserves are high and there is no public debt, as I mentioned, Liechtenstein's current account is confronted with a serious structural deficit. The Government plans to achieve again a balanced budget in 2015. This target requires a strict programme of expenditure cuts. The comprehensive action plan includes measures to restructure the financial allocation system between the state and the municipalities and reforms of the health care system and the unemployment scheme. A number of measures have already been implemented and proven to be successful. However, recent figures show that fiscal consolidation will be impaired by hesitant economic recovery that will affect the income side of the budget. In our case, economic recovery has further been influenced by lower export rates due to the strength of the Swiss Franc. If we are to achieve our goal – and the Government is committed to do so – we need to reinforce our consolidation measures.

Dear colleagues,

The current crisis has once more shown the interdependence of European economies. It has shown that it is in the interest of all of us to cooperate in pursuing common growth strategies with success. Liechtenstein is therefore closely watching the developments within the European Union with a view to bringing its own individual growth objectives and policies in general line with the strategies of the EU. In order to promote prosperity in Europe, we believe that it is eminent to strengthen the EU economic governance framework by promoting greater economic policy coordination and surveillance. We therefore fully support the measures taken by the European Union.

Thank you.

Intervention of Permanent Secretary of State GUNNARSSON on behalf of ICELAND:

Iceland welcomes the measures taken by the European Council late October to deal with the sovereign debt crisis of the euro zone and the necessary strengthening of the banking sector. We also welcome the emphasis placed on IMF involvement.

It is essential that the banks are recapitalized to restore market confidence. All measures need to be taken to prevent massive and sudden deleveraging in the European banking system that would lead to even deeper credit crisis.

It is obvious that further harmonization of the economic and monetary policies in the euro zone is necessary. However, at least as long as supervision, crisis management and resolution of the financial sector remain national responsibilities, the Basel III requirements need to be implemented as minimum requirements, with flexibility for macro-prudential policies, rather than a one-size fits all regulatory framework.

Our conviction is that the euro will come stronger out of the current crisis. However, concerns abound that the measures taken by the EU and G20 are not sufficient and further actions need to be taken.

In the short run, economic impacts of the crisis are limited in Iceland. Long-term impacts could include decreased demand for Icelandic products and declined terms of trade (price of exported goods). Iceland is also heavily reliant on international capital markets for the funding of large-scale investment projects. Stability in international markets is also important for the lifting of our capital controls.

Iceland successfully completed its economic programme with IMF last August. The cooperation with the IMF was constructive and fruitful and we are grateful for the professionalism and support given by the IMF staff. And we are especially grateful for the good help we have had from the Nordic countries and Poland.

The established capital controls are our main challenge, but they also help to shelter the economy during the current turbulence. The challenge of lifting the capital controls needs to be viewed in light of our membership to the EEA and negotiations for EU-accession. Support from the EU on lifting the controls and rebuilding a stable monetary and financial framework could ease this process substantially.

Long-term economic stability could only be gained in Iceland with EU/euro membership. Recent research by acclaimed Icelandic and international economists suggests that for small rich economies, floating exchange rates seem to create problems for policy makers without solving any.

Intervention of Minister STØRE on behalf of NORWAY

The economic and financial crisis in Europe has taken a new turn last week, with political changes in Greece and increased turbulence in financial markets. As we know, financial crises can spread out very rapidly between countries and threaten international stability. The high level of integration in Europe makes the current sovereign debt crisis a subject of particular concern also for EFTA-countries. I therefore welcome measures and initiatives taken by the Euro-states lately, to reduce the debt burden for Greece and build firewalls to the rest of the Euro zone. It is of great importance, also for Norway, that stability is maintained in Europe.

But even more worrying than the crisis in the financial sector itself, is the fact that unemployment rates are still increasing, especially among the youth in Europe. Some countries experience well over 40% unemployment among young people now. The risk that many of them will have trouble finding their way into the labour market even when times get better is high. And as the unemployment hits well educated people as well as unskilled labour, it's difficult for the individual to find a solution. Our societies are depending on the solidarity from us all. But many experience now increasing inequality and have lost their faith in future opportunities. Right wing popular movements are gaining ground in some countries, and minorities are increasingly being exposed to disdain. These are tendencies that give rise to anxiety and call on us for action.

The financial crisis increases uncertainty, but it is above all, the consequences for our societies and the real economy that gives cause for alarm. The social impact for people losing their jobs goes far beyond the world of work. Financially distressed families find it hard to make ends meet and an increasing number of children are exposed to risks of poverty. Unemployment brings hardships to all affected and huge costs to society. Our ageing societies are especially vulnerable. We cannot afford the risk of losing the young generation, their potential, skills and talents.

And the challenge is not only for Europe to meet. We need wider alliances to lay the foundation for new optimism and restore growth. In our globalised world, it's imperative that cooperation and continued liberal trade is at the heart of our measures. I'm therefore pleased to note that the G20 at their recent meeting underscored the merits of the multilateral trading system as a way to avoid protectionism and not turn inward. Also the Commission initiatives in Mr. Barroso's State of the Union-address this fall, emphasises the importance of the single market and that it "constitutes a huge potential for growth and needs to be boosted". I fully support this approach.

The current situation makes it more important than ever to maintain open borders in Europe and protect the achievements of the single market. Norway, as well as the EU, sees the need to strengthen the internal market further – relaunch the single market – and we look forward to proposals envisaged by the Commission in the recent Communication "For a highly competitive social market economy". It is particularly important in times of crisis that we stand firm on the principles and achievements of our free trade system. At the same time, we should not forget that the success of the European model depends on its ability to combine economic performance with social justice. Only when this is delivered, we can be sure of continued popular support for the single market principles.

The financial crisis and market reactions have led to the development of new financial instruments in the EU, and to renewed use of IMF instruments and programmes. Norway supports the financing of crisis-hit countries through the IMF. We have made a sizeable contribution (of 55 billion Norwegian kroner) in the international effort to strengthen the IMF's lending capacity. In light of the significant risks in the global economy, we are also prepared to consider further increases as part of a common international effort.

Our Government Pension Fund Global is a long-term investor with broad based investments in equity and bond markets in the EU of approximately 215 billion Euros. It thus contributes to the financing of governments and companies internationally and to stability in financial markets. Norway also contributed bilateral loans to Iceland and Latvia when these countries ran into financial difficulties.

Through the EEA Financial Mechanism, Norway supports eligible EU countries, among others Greece, with substantial amounts every year. At the Commission's request, we will also participate in the Task Force for Greece that was established last summer. Together with Greece and the Commission, we are now looking into areas that could be suitable for Norway to engage in. This could be tax administration, auditing, public administration reform or anti-corruption. We will continue to support Greece and the Commission in their efforts and hope to find concrete fields for our assistance shortly.

The financial crisis must be met and it must be solved. It is not acceptable that financial and intellectual resources in Europe have to focus so much on this crisis – while there are global needs and challenges that are not being sufficiently addressed. We need the EU to contribute in international development issues, in the stalled climate negotiations, in global trade policy, in the increasingly tense situation in the Middle East. We need to strengthen the European voice globally, to market the European model.

Norway is in a fortunate position economically. We have no debt problems and a low level of unemployment. But our economy is more open than most countries' and we are heavily dependent on trade with European partners. Our banking system is as integrated with the rest of the world as any other, and Norwegians are participating in international activities – in education, in culture, in research and development – as much as our European neighbours. The financial crisis is thus a concern for us as well as for the rest of you. I appreciate that we could use time here today to discuss matters of common concern.

7. **ADOPTION OF THE CONCLUSIONS OF THE 36th MEETING OF THE EEA COUNCIL**

Intervention of Minister FRICK, President of the EEA Council

We have not been able to reach agreement on the draft Conclusions of the EEA Council before the meeting. I would like to give the floor to my colleagues from Iceland and Norway.

Intervention of Permanent Secretary of State GUNNARSSON on behalf of ICELAND

The draft Conclusions that we have in front of us are in our view fair and decent in view of our discussions in general. But we are not in the position to agree to paragraph 22 relating to disagreement on the management of fish stock.

Managing of fish stocks is an issue outside of the EEA Agreement. Iceland is strongly of the opinion that the EEA Council is not the right forum to take up this issue and discuss.

We are aware that the other parties can be of a different view.

This dispute is being dealt with in a constructive manner in the appropriate forum. We are seeing some progress and looking for a further improvement. If this matter is taken up here, I would have to enter into a very substantive discussion and I would like to refrain from that. I only want to add to this that there is a strong conviction in Iceland that we have shared responsibility to get the management of that shared stock under control.

It is of paramount importance to do that as soon as possible. The issue is moving in the right direction. The next meeting of the coastal states will be in Ireland on 6-9 December.

I will leave this as an explanation. We are not in a position to agree to the Conclusions of the meeting with paragraph 22.

Intervention of Minister STØRE on behalf of NORWAY

This is not a major point for Norway. While we agree with Iceland on the importance of the issue and that this is not really an EEA matter, we do not agree with Iceland, as is well known, on the substance of the issue.

Intervention of Undersecretary of State KOROLEC on behalf of the EU

The management of mackerel stocks in the North East Atlantic, on which there is currently no agreement, is a sensitive political issue for the European Union.

During negotiations in London last month, the EU expressed its desire for stability and predictability in the form of a ten year agreement involving all parties, including the four coastal states. This remains our position.

The stock is not in a satisfactory state after being fished intensively for between two and three years ("Olympic fisheries"). Continued fishing at such high levels will see the stock fall below safe levels, perhaps as early as 2013.

Both sides have a responsibility to negotiate and reach an agreement. The proposed provisions of paragraph 22 merely state the facts and are neutral in terms of their content. In that connection, we are counting on the EEA EFTA parties to show some flexibility and understanding so that this provision can be maintained.

Intervention of Permanent Secretary GUNNARSSON on behalf of ICELAND

After careful discussions and consultation with my Minister it is our view that that having this reflected in the Conclusions would undermine the efforts to have an agreed solution to this dispute. It would indicate to stakeholders that a pressure is put on Iceland in a forum that is not designed for it. Iceland cannot support the draft Conclusions and it would be overall regrettable if the EU-side insisted to keep this paragraph in.

We would be happy to discuss the issue in another forum.

Intervention of Undersecretary of State KOROLEC on behalf of the EU

As I said earlier, the issue of the management of mackerel stocks in the North East Atlantic is a sensitive political issue for the European Union.

However, in a spirit of compromise, and in order to secure an agreement on the rest of our conclusions, which is a priority for both sides, the EU delegation can agree to the deletion of paragraph 22 of the draft Conclusions on mackerel.

Concerning future steps, we call on all parties to assume their responsibilities. The EU will go into the next round of coastal states negotiations in Ireland in December with a willingness to negotiate and determined to reach an agreement.

Intervention of Minister STØRE on behalf of NORWAY

Norway would like to thank the EU side for the flexibility it has shown on this issue. Norway shares the EU's concern about the sustainability of this fish stock, and is of the opinion that the draft language in this paragraph was moderate.

Intervention of Minister Frick, President of the EEA Council

Thus, the EEA Council adopted its Conclusions, as set out in doc. EEE 1602/2/11 REV 2.

8. OTHER BUSINESS

The EEA Council noted that a debate on the situation in *North Africa* and the *Middle East*, the *promotion of international criminal justice, Afghanistan – 10 years after*, and the situation in *Myanmar* had been held the same day within the framework of the Political Dialogue.

Closing remarks of Minister FRICK, President of the EEA Council

I would like to express my satisfaction with this meeting, and in particular thank the Polish Presidency, the European External Action Service, the Council Secretariat and my colleagues from Iceland and Norway for their participation and constructive dialogue in this meeting. We look forward to working with the Danish Presidency in the months ahead.

Closing remarks of Undersecretary of State KOROLEC on behalf of the EU

We share your satisfaction with the outcome of this 36th meeting of our EEA Council and would extend our warmest thanks to all of you from the EEA EFTA States, the EFTA Secretariat, the EFTA Surveillance Authority and the Member States of the European Union for your participation in this meeting.

Minister FRICK, President of the EEA Council

I then declare the meeting closed.

**36th meeting of the
EEA COUNCIL
(Brussels, 15 November 2011)**

LIST OF DELEGATIONS

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

THE PRINCIPALITY OF LIECHTENSTEIN

Ms Aurelia FRICK	Minister of Foreign Affairs, Head of Delegation
Mr Kurt JAEGER	Ambassador, Mission of Liechtenstein to the EU
Mr Georges BAUR	Minister, Mission of Liechtenstein
Mr Pascal SCHAFHAUSER	Minister, Mission of Liechtenstein
Ms Sandra RUPPEN	Senior Advisor to the Minister of Foreign Affairs
Ms Emilia BREUSS	Attaché, Mission of Liechtenstein
Ms Claudia GERNER	Temporary Officer

ICELAND

Mr Einar GUNNARSON	Permanent Secretary of State - representing the Minister for Foreign Affairs
Mr Thorir IBSEN	Ambassador, Head of Mission of Iceland to EU
Mr Bergthor MAGNUSSON	Director EEA Department, Ministry for
Mr. Nikulás HANNIGAN	Deputy Head of Mission of Iceland to EU
Ms Thora MAGNUSDOTTIR	Counsellor
Mr Matthias Geir PALSSON	Counsellor
Ms Erna S. HALLGRÍMSDÓTTIR	Counsellor
Mr Andri LUTHERSSON	Counsellor

THE KINGDOM OF NORWAY

Mr Jonas Gahr STØRE	Minister of Foreign Affairs
Mr Atle LEIKVOLL	Ambassador
Ms Elisabeth WALAAS	Director General of Dept for European Affairs and Trade Policy
Ms Astrid HUITFELDT	Political advisor
Mr Niels ENGELSKHJØN	Minister
Ms Laila STENSENG	Minister Counsellor

II. The European Union was represented as follows:

REPUBLIC OF POLAND

(PRESIDENCY-IN-OFFICE OF THE COUNCIL OF THE EU)

Mr Marcin Korolec	Undersecretary of State, Ministry of Economy
Ms Beata Stelmach	Undersecretary of State, Ministry of Foreign Affairs
Mr Artur Harazim Director	European Policy Department, Ministry of Foreign Affairs
Mr Cyprian Kozaczewski	Director, Department of Common Foreign and Security Policy, Ministry of Foreign Affairs
Mr Maciej Kołaczek	Deputy Director, European Affairs Department, Ministry of Economy
Ms Katarzyna Harazim	Chair of the EFTA Working Party of the Council, Permanent Representation of Poland to the EU
Ms Katarzyna Chajec	Second Secretary, Economic and Trade Section, Permanent Representation of Poland to the EU
Ms Iwona Boryceusz	Senior Expert, European Affairs Department, Ministry of Economy

KINGDOM OF DENMARK

(INCOMING PRESIDENCY-IN-OFFICE OF THE COUNCIL OF THE EU)

Mr Peter Wilhelm Lund LINDE	Secretary to the Embassy, Permanent Representation of Denmark to the EU, incoming Chair of the EFTA Working Party at the Council of the EU
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EUROPEAN COMMISSION

Mr Philippe CUISSON	Deputy Head of Unit, DG Trade - Unit Europe (non EU)
Ms Mihaela CIUDIN	Desk Officer, DG Trade - Unit Europe (non EU)

EUROPEAN EXTERNAL ACTION SERVICE (EEAS)

Mr Gianluca GRIPPA	Head of Western Europe Division
Ms Terhi LEHTINEN	Desk officer for Iceland, Liechtenstein and Norway, Western Europe Division
Ms Rita LEHMANN	EEA Coordination officer, Western Europe Division

COUNCIL OF THE EU - GENERAL SECRETARIAT

Mr Leonardo SCHIAVO	Director General of DG K (Foreign Affairs Council, Enlargement, Humanitarian Aid and Civil Protection)
Mr Christos KATHARIOS	Director for Enlargement, Europe (Non-EU) and Foreign Affairs Council Support
Mrs Bärbel DÜRHAGER	Desk Officer for Non-EU Western Europe

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

SECRETARIAT

Mr Kåre BRYN	Secretary General
Ms Bergdis ELLERTSDÓTTIR	Deputy Secretary General, Brussels
Ms Brit HELLE POLLET	Director, Administration
Mr Lars Erik NORDGAARD	Director, EEA Co-ordination Division
Mr Gunnar SELVIK	Director, Goods Division
Ms Katrín SVERRISDÓTTIR	Director, Services, Capital, Persons & Programmes Division
Ms Marius VAHL	Senior Officer, EEA Coordination Division
Ms Runa MONSTAD	Legal Officer, EEA Coordination Division
Mr Robert BALDURSSON	Trainee, Secretary General's Office

SURVEILLANCE AUTHORITY

Ms Oda Helen SLETNES	President
Mr Sverrir Haukur GUNNLAUGSSON	Vice-President
Ms Sabine MONAUNI-TÖMÖRDY	Vice-President

DRAFT REPORT

Subject: Progress Report by the EEA Joint Committee to the 36th meeting of the EEA Council

Decision-making

1. Since the last EEA Council on 23 May 2011, the EEA Joint Committee adopted 64 Joint Committee Decisions and 195 legal acts.

2. Important decisions taken by the EEA Joint Committee since the last EEA Council on 23 May include the following:
 - Decision 67/2011 Ecodesign Framework Directive
 - Decision 76/2011 Modernised Social Security coordination rules
 - Decision 78/2011 Solvency II
 - Decision 83/2011 Revision of the Remedies Directive (public procurement)
 - Decision 84/2011 Equal treatment self-employed
 - Decision 85/2011 Waste Framework Directive
 - Decision 90/2011 Common rules for the operation of air services in the Community
 - Decision 92/2011 Media Mundus
 - Decision 102/2011 Framework for the Deployment of Intelligent Transport Systems

Decision-shaping

3. EEA EFTA experts continued to contribute to the work of the Commission's Working Groups, Agencies and Committees. Since May 2011, four EEA EFTA Comments were taken note of by the EEA Joint Committee:
 - EEA EFTA Comment on the public consultation on a possible successor to PROGRESS 2007-2013
 - EEA EFTA Comment on the result of the feasibility study carried out by the Expert Group on European Contract Law
 - EEA EFTA Comment on the Commission's White Paper - Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system
 - EEA EFTA Comment on the Commission's Green Paper on Modernising the Professional Qualifications Directive

Briefings in the Joint Committee

4. The Commission provided a briefing in the Joint Committee on the Single Market Act.

The EEA EFTA States provided a briefing on the meeting of the EFTA Council at ministerial level on 21 June 2011.

Status of outstanding issues

5. The EEA EFTA States continued discussions with the Commission on how to ensure that the significant volume of legislation currently being adopted in the EU in the financial services field, including the Regulation establishing the European Supervisory Authorities, can be dealt with and included in the EEA agreement. The EEA EFTA States also seek to discuss what could be the appropriate form of participation of the EEA EFTA States' relevant authorities in the European Systemic Risk Board (ESRB).

6. The EEA EFTA States and the EU side expected that the incorporation of the Renewables Directive and of the Aviation Safety Regulation into the EEA Agreement, will take place before the end of the year.
7. The EEA EFTA States and the EU side continued discussing the incorporation of the Third Package for the Internal Energy Market and the importance for the EEA EFTA States to ensure appropriate participation in the new bodies, namely the Agency for the Cooperation of the European Regulators (ACER) and the European Networks of Transmission System Operators (ENTSO).
8. The Joint Committee noted the importance of maintaining close cooperation between the EU and the EEA EFTA States on postal reforms while addressing the concerns on the implementation of the Third Postal Directive (2008/6/EC).
9. The outstanding issue concerning the incorporation of the Audiovisual Media Services Directive (2007/65/EC) has not yet been solved and the Joint Committee reiterated the expectation for a rapid conclusion of this process.
10. The EEA EFTA side and the EU side noted that a certain number of legal acts relevant to the EEA Agreement still needs to be incorporated into the Agreement, that legal acts are not always incorporated into the EEA agreement as close as possible to the adoption of corresponding legislation in the EU (Article 102 (1) of the EEA Agreement), and that constitutional requirements are not fulfilled in a timely manner in some limited cases. In view of this, the two sides agreed to jointly study the situation and to address the above mentioned issues in the coming period.

Participation in programmes

11. The EEA EFTA States participated in and co-financed EEA relevant EU programmes. With programmes playing a key role in making Europe more competitive and innovative, it is important to include the EEA EFTA States in all EEA relevant programmes.

Financial Mechanisms 2004-2009 and 2009-2014

12. The deadline for reimbursement requests under the EEA and the Norwegian Financial Mechanisms 2004-2009 is 31 October 2011. 100 projects have received a one year extension into 2012. The final absorption rate is expected to be in the 90% range.

 13. By October 2011, Memoranda of Understanding on national priorities and implementation structures for the EEA Financial Mechanisms 2009-14 have been signed with 11 out of 15 beneficiary states and the first programme has been launched. Most of the remaining MoUs are expected to be signed by the end of the year.
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CONCLUSIONS

Subject: Conclusions of the 36th meeting of the EEA Council
Brussels, 15 November 2011

1. The thirty-sixth meeting of the EEA Council took place in Brussels on 15 November 2011 under the Presidency of Ms Aurelia Frick, Minister for Foreign Affairs of Liechtenstein. The meeting was attended by Mr Jonas Gahr Støre, Minister of Foreign Affairs of Norway, Mr Einar Gunnarson, representing the Minister for Foreign Affairs of Iceland, Mr Marcin Korolec, Deputy State Secretary of the Ministry of Economic Affairs of Poland, representing the Presidency of the Council of the European Union, as well as by Members of the Council of the European Union and by 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 *North Africa/ the Middle East, Promotion of International Criminal Justice, Afghanistan – 10 years after*, and *Myanmar*.

3. The EEA Council recognised that the current economic crisis is a common concern, and reaffirmed the need for responsibility and solidarity among the nations of Europe in tackling the challenges ahead. The EEA Council stressed that it is in the common interest of all countries of the European Economic Area to restore confidence and put the economies on the path towards renewed and sustainable growth, and underlined the need to take into account budgetary discipline and shared social objectives in the measures taken to combat the crisis.
4. The EEA Council welcomed the conclusion of the Agreement on the participation of the Republic of Bulgaria and Romania in the EEA, a step through which the EEA will be formally enlarged to an economically integrated entity of 500 million people with 30 Member States fully participating in the Internal Market.
5. The EEA Council welcomed the progress made on the seven “Flagship Initiatives” of the Europe 2020 strategy by the Commission. With many of the proposals contained in these initiatives being EEA relevant, the EEA Council welcomed the contribution of the EEA EFTA States to the Strategy.
6. The EEA Council welcomed the progress made on the Single Market Act, including the recent presentation of legislative proposals of several of the 12 key actions of the Act, and looks forward to the other actions to follow soon. Special priority should be given to the growth-enhancing measures. The EEA EFTA States will continue to be actively involved in the development of the Single Market and will follow up on the proposals resulting from the Act. The EEA Council also welcomed the achievements of the Single Market Forum, which took place in Krakow on 3-4 October 2011, and the Krakow declaration made by the Forum.
7. The EEA Council welcomed the successful conclusion of the European semester of economic policy coordination and took note of the proposal of the European Commission for a new Multiannual Financial Framework for 2014-2020.

8. The EEA Council welcomed the Council conclusions of 29 September 2011 on a Competitive European Economy: Industrial competitiveness in the light of resource efficiency and looked forward to further work in this area, in particular on competitiveness proofing.
9. The EEA Council noted the ongoing discussions between the EU and EFTA sides on how to ensure that the significant volume of legislation currently being adopted in the EU in the financial services field, including the Regulation establishing the European Supervisory Authorities, can be dealt with and included in the EEA agreement. The EEA Council emphasised the need to ensure the timely incorporation of such legislation. The EEA Council furthermore expressed the hope that an understanding can be reached soon on the appropriate form of participation of the EEA EFTA States' relevant authorities in the European Systemic Risk Board (ESRB).
10. The EEA Council welcomed the new system of delegated and implementing acts replacing the system as it existed before the entry into force of the Lisbon Treaty. The EEA Council further noted with satisfaction that the new system confirms the continued involvement of the EFTA side in expert groups and committees, and underlined the importance of its implementation for all Contracting Parties.
11. The EEA Council noted that the Third Package for the Internal Energy Market had entered into force in the EU on 3 March 2011, and that important work on derived legislation was currently ongoing in the new bodies, - the Agency for the Cooperation of Energy Regulators (ACER) and the European Network(s) for Transmission System Operators (ENTSOs). Since the EEA EFTA States were already well integrated in the internal energy market, 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.
12. The EEA Council welcomed the adoption of the Regulation on Energy Market Integrity and Transparency, which creates a framework of consistent rules tailored to the particularities of the energy markets (electricity and natural gas), aiming at the prevention and effective detection of market abuse.

13. The EEA Council welcomed the progress made in incorporating the Renewables Directive into the EEA Agreement. In this context, the EEA Council took note of the EEA EFTA States' already large shares of renewable energy sources and acknowledged the EEA EFTA States' commitment to targets for their share of renewable energy by 2020.
14. The EEA Council took note of the Commission proposal for a new Energy Efficiency Directive, presented on 22 June 2011. The EEA Council agreed to the importance of energy efficiency to realise energy and climate goals.
15. The EEA Council welcomed the Commission Communication titled "The EU Energy Policy: Engaging with Partners beyond Our Borders", which had been presented on 7 September 2011. In this regard, the EEA Council underlined the importance of the strong ties between the EU and the EEA EFTA States in the energy field. The EEA Council looks forward to the discussions of the EU Council meeting of 24 November in this respect.
16. The EEA Council reiterated the importance of maintaining close cooperation between the EU and the EEA EFTA States in energy and climate change policies, in particular in the areas of emission trading, the promotion of competitive, safe and sustainable low carbon economy, energy efficiency and renewable energy resources, as well as on carbon capture and storage (CCS).
17. The EEA Council recognised the importance of cooperation for the development of future-oriented energy technologies, among others by means of advocating and supporting common Research & Development projects, enhancing and developing a framework allowing cross-border exchanges of knowledge and scientific cooperation and advocating a free flow of intellectual capital.
18. The EEA Council underlined the need to continue constructive work on the revised emissions trading system to ensure that it is operational in the whole EEA as of 1 January 2013.

19. The EEA Council welcomed the high level of implementation of projects under the EEA and Norwegian Financial Mechanisms 2004-09, and emphasized the importance of ensuring completion of extended projects by the final deadline of 30 April 2012.
20. The EEA Council urged all parties to strive for a rapid conclusion of the remaining country specific Memoranda of Understanding for the EEA and Norwegian Financial Mechanisms 2009-14, in order to ensure sufficient time for the implementation of programs.
21. The EEA Council welcomed the progress made concerning the process of Iceland's accession to the European Union following the third Intergovernmental Conference in October 2011 and the launch of substantive negotiations between the EU and Iceland.
22. The EEA Council noted the Progress Report of the EEA Joint Committee and, in particular:
 - welcomed the final agreement reached for a directive of the European Parliament and of the Council on consumer rights , and noted in this context that EEA EFTA concerns had been taken into account;
 - noted the conclusion of an Agreement on further liberalisation of trade in agricultural products between the European Union and Norway based on Article 19 of the EEA Agreement, hoped for an expedient implementation of the new agreement and looked forward to the continuation of reviews of the conditions of trade in agricultural products in accordance with Article 19, with a view to exploring possible concessions;
 - agreed to continue the dialogue on the trade regime for processed agricultural products within the framework of Article 2(2) of Protocol 3 of the EEA Agreement, noted that a meeting is taking place on 15 November 2011 in Brussels for the purpose, and underlined the importance of deepening the dialogue;
 - welcomed the participation of the EEA EFTA States in EEA relevant EU Programmes, noting that these are co-financed by the EEA EFTA States. It emphasised the importance of including the EEA EFTA States in appropriate programmes thus contributing to building a more competitive, innovative and social Europe;

- took note of further progress made in the development of an Integrated Maritime Policy and welcomed the active involvement of the EEA EFTA States in preparatory actions for a European marine observation and data network. It noted that the EEA EFTA States are currently looking into the possible participation in activities under the new programme for the further development of the Integrated Maritime Policy;
- welcomed that since the last meeting of the EEA Council, the outstanding issues concerning the Aviation Safety Regulation (216/2008/EC) had been resolved and looked forward to its rapid incorporation into the EEA Agreement;
- noted that the outstanding issue concerning the incorporation of the Audiovisual Media Services Directive (2007/65/EC) had not yet been solved and reiterated the expectation for a rapid conclusion of this process;
- noted the importance of maintaining close cooperation between the EU and the EEA EFTA States on postal reforms while addressing the concerns on the implementation of the Third Postal Directive (2008/6/EC);
- recalled the adoption in 2007 of the Horizontal Food Law Package, which required full implementation by all contracting parties by 1 November 2011;
- recalled its commitment to the social objectives of the Europe 2020 Strategy and its inclusive growth initiatives which are aimed at combating poverty and social exclusion, encouraging youth mobility and matching skills with jobs. The EEA Council underlined the importance of finding innovative responses to the social impact of the crisis and encouraged the need for solidarity among the nations of Europe in tackling the challenges ahead.

23. The EEA Council welcomed the EEA EFTA contributions to the decision-shaping process of EEA relevant EU legislation and programmes through their participation in relevant committees, expert groups and agencies and by submitting EEA EFTA Comments.

24. The EEA Council held an orientation debate on *Measures taken to address the current Economic Crisis*.
25. The EEA Council reiterated that it was in their common interest that the EEA Agreement was well known throughout the European Economic Area and urged all Contracting Parties to ensure that appropriate information on the Agreement is available.
26. The EEA Council underlined the importance of inviting EEA EFTA Ministers to relevant informal EU Ministerial Meetings and Ministerial Conferences on the basis of EEA EFTA participation in the Internal Market, and expressed its appreciation to the incoming Danish Presidency for the continuation of this practice. The EEA Council also recalled the practice of inviting the EEA EFTA States - at the level of officials - to political dialogue meetings at the level of relevant Council Working Parties.
27. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 37th meeting in Strasbourg on 25-27 October 2011 on *EU Digital Agenda and the EEA*, *European Refund Scheme for Drinks Containers*, and *EEA and Norwegian Grants: Contributing to the social and economic cohesion in Europe*.