

**EUROPEAN ECONOMIC AREA
Council of the EEA**

Brussels, 17 October 2012

EEE 1604/12

DRAFT MINUTES

Subject : Draft minutes of the 37th meeting of the EEA Council
Brussels, 14 May 2012

DRAFT MINUTES
of the 37th meeting of the

EEA COUNCIL

(Brussels, 14 May 2012)

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The EEA Council held its 37th meeting in Brussels on 14 May 2012.

The meeting was chaired by Mr *Villy SØVNDAL* (Minister for Foreign Affairs of the Kingdom of Denmark), who led the EU delegation composed *inter alia* of him, of Mr *George ZODIATES* (Deputy Permanent Representative of the Republic of Cyprus to the EU), Mr *David O'SULLIVAN* (Chief Operating Officer in the European External Action Service - EEAS) and Mr *Zoltan MARTINUSZ* (Director for Enlargement, Europe (Non EU) and Foreign Affairs Council Support in the General Secretariat of the Council).

The EEA - EFTA side was chaired by Mr Össur *SKARPHÉDINSSON*, Minister for Foreign Affairs of Iceland, accompanied by Mr *Martin MEYER* (Deputy Prime Minister and Acting Minister of Foreign Affairs of the Principality of Liechtenstein) and by Mr *Jonas Gahr STØRE* (Minister for Foreign Affairs of the Kingdom of Norway). The EEA - EFTA side also included Mr *Kåre BRYN* (Secretary General of the European Free Trade Association - EFTA) and Mrs *Oda Helen SLETNES* (President of the Efta Surveillance Authority - ESA).

Opening statement of Minister SØVNDAL, on behalf of the EUROPEAN UNION

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

Allow me to welcome you most warmly on behalf of the Council of the European Union in the Council building in Brussels. It is a great pleasure for me to meet you here for our biannual EEA Council.

Before we start our meeting, I would like to highlight that this year we are celebrating the 20th anniversary of the EEA Agreement. On that note, I would like to express our warmest thanks to everybody in the EFTA Secretariat, the EFTA institutions, the EU institutions and our national administrations, which over all those years have worked very hard to ensure the smooth functioning of the Agreement – thank you!

I am looking forward to a fruitful discussion!

Opening statement of Minister SKARPHÉDINSSON, on behalf of the EEA - EFTA States

Thank you, Mr Chairman, the EEA EFTA States look forward to the forward to the discussion and an exchange of views with its partners on the EU side.

1. ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda, as set out in doc. EEE 1601/12 + COR 1.

2. APPROVAL OF THE MINUTES

The EEA Council approved the minutes of the 36th meeting of the EEA Council, which took place in Brussels on 15 November 2011, as set out in doc. EEE 1609/1/11 REV 1.

3. PROGRESS REPORT BY THE EEA JOINT COMMITTEE

The EEA Council took note of the Progress Report by the EEA Joint Committee, as set out in doc. EEE 1603/12.

4. RESOLUTIONS ADOPTED BY THE EEA JOINT PARLIAMENTARY COMMITTEE AND THE EEA CONSULTATIVE COMMITTEE

The EEA Council took note of the Resolutions of the EEA Joint Parliamentary Committee adopted at its 38th meeting in Akureyri on 4 May 2012 on *The Annual Report on the Functioning of the EEA Agreement in 2011, The Review of the EEA* and *The White Paper on a Single European Transport Area*, and the Resolutions of the EEA Consultative Committee adopted at its 20th meeting in Akureyri on 3-4 May 2012 on *The Enterprise Dimension of the Internal Market* and *The Review of the EEA*.

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

Intervention of Minister SØVNDAL, on behalf of the EUROPEAN UNION:

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

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

This Spring we hold our meeting at a historic moment: The EEA Agreement had its 20th Anniversary on 2 May.

20 years ago, when the EU launched its internal market, the EEA Agreement responded to the wish of EFTA members to participate in that market, as well as to the aspirations of the EU to create stable and homogenous conditions for economic relations with its closest European partners.

This unique Agreement, which in recent years has gained new visibility by being cited as a model in many different political contexts, was and remains the pillar of our relations. It has proved to be very flexible over the long period of its existence. It has adapted to successive EU enlargements and to progressive European integration. Over the years, it has taken up an amazingly high number of amendments. Its living character, together with the stability and quality of its institutions, is certainly a key element for its durability - which seems to have surpassed even the expectations of its founding fathers.

With the EEA Agreement as a solid foundation, relations between the EU and the EEA EFTA States have developed and thrived in the past 20 years on a basis of mutual confidence. Today, relations comprise an important number of additional agreements in areas such as justice and home affairs, agriculture, fisheries and foreign policy. And they continue to further evolve every year.

Notwithstanding the success story of the EEA Agreement, one or the other partner has felt in recent years that it would be good to take a closer look at it, to see whether it still fully corresponds to its original purpose, including whether some dust needs to be swept off it or some renovation work be done. Norway was the first partner to start that exercise. EU Member States took good note of the comprehensive and valuable Norwegian Review Report presented at the beginning of this year, assessing the EEA Agreement and Norway's other contractual relations with the EU. As you all know, the EU as well as Liechtenstein are currently preparing for their respective reviews of the EEA Agreement. The EU expects to present first results later this year or in early 2013.

Without wishing to pre-empt any outcome of these review processes, it does not seem at this stage that any of the partners would question the Agreement as such. It appears that the Agreement is still deemed to be a useful instrument in ensuring the smooth functioning of the European Economic Area, and sufficiently flexible to accommodate modernisation needs, as appropriate. We are looking forward to continuing this review exercise and to exchanging views on our findings in due time.

With this positive overall assessment in mind, I can't avoid, however, to express our concerns on a few particular issues, which have affected our relations recently. They mainly concern difficult issues regarding the incorporation of EEA-relevant EU *acquis* into the EEA Agreement or the implementation of this *acquis* on national level in the EEA EFTA States. I would like to recall the obligations of timely and unrestricted incorporation and implementation of the *acquis*, to which the EEA EFTA States subscribed under the EEA Agreement.

All EU Member States have now and then experienced difficulties at national level with regard to the acceptance of certain pieces of EU legislation. And they are well aware that in particular cases the implementation process might be difficult. However, they cannot accept the non-respect of *acquis* obligations. With that in mind, I would like to express the hope that the pending issues will be solved in the near future. And I seize the occasion to reaffirm our confidence in the EFTA Surveillance Authority, which monitors the compliance of the EEA EFTA States with the rules of the EEA.

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

Mr Chairman, Ladies and Gentlemen,

It is a particular pleasure for me to have the opportunity to present our assessment of the overall functioning of the EEA Agreement since the last Council meeting.

Allow me first to join the previous speaker in acknowledging this very important symbolic moment: the 20th Anniversary of the signature of the EEA Agreement on 2 May 1992. On this occasion, we can certainly pride ourselves in the remarkable success of this Agreement, which has proven over the past two decades to offer a very sound basis for ever-closer relations between the EEA Contracting Parties.

The latest Progress Report of the EEA Joint Committee, which is presented to us today, confirms - once again - that the EEA institutions and procedures are running in an overall efficient and dynamic manner. The Progress Report does also however point to certain EEA relevant acts, where both sides are yet to agree on the way forward and which would deserve all our attention.

As regards the latest developments, I wish to welcome the exceptional effort undertaken by both sides over the past few months to clear the backlog of legal acts, for which the compliance date in the EU has long passed. Allow me to underline here the crucial importance of this process, which allows us to uphold the fundamental principles of legal security and homogeneity of the EEA Single Market.

Since the Council last met, several hundreds of acts from this backlog have indeed been or are in the process of being incorporated into the EEA Agreement. This of course, adds substantially to the workload of our respective services, in addition to the usual, intensive processing of newly adopted EEA-relevant *acquis*. Over the past six months, we have thus incorporated into the EEA Agreement roughly the same number of legal acts (290), which is usually incorporated over the period of one year. Moreover, almost 200 draft legal acts alone have been submitted since the beginning of 2012. We look forward in all sides making their utmost efforts to continue on this steady pace and to clear the backlog before the summer period, as agreed.

Among those legal acts still to be incorporated into the Agreement, I am pleased to report progress in some notable areas. For example, I am pleased to note progress made towards the incorporation of the European Aviation Safety Agency Regulation into the EEA Agreement. Since the last meeting of the EEA Council, the outstanding issues concerning the Audiovisual Media Services Directive and the Directive on charging of heavy goods vehicles are also being solved and their corresponding EEA Joint Committee decisions are to be incorporated into the Agreement shortly.

I would also like to welcome the entry into force and implementation of the Horizontal Food Hygiene Package. We hope that the remaining issues linked to Article 13 of the EEA Agreement, namely restrictions or prohibitions of imports, exports and transit of goods on various grounds, will be addressed and eliminated rapidly.

Alongside these positive developments, allow me now to turn briefly to a few pending issues of concern in relation to legal acts, where the EU side is keen to see progress in the near future. This includes the draft Joint Committee decision regarding the Temporary Agency Work Directive, which has yet to be submitted to the EU side.

Moreover, limited, if any, progress has been made on some outstanding issues concerning the incorporation of the Directive on Deposit Guarantee Schemes and the Third Postal Directive, as well as the Regulation on Novel Foods and Novel Food Ingredients, the remaining part of the TELECOM package (including the BEREC Regulation), and the Regulation on medicinal products for paediatric use.

On all these outstanding issues, we strongly hope that progress can be made in the full letter and the spirit of the Agreement, with a view to ensuring the good functioning of the latter and the uniform application of Single Market *acquis*.

Lastly, let me refer briefly to an issue which is raised regularly by the EU side, including at the last meeting on the Council, in relation to constitutional requirements. We regret that a number of Decisions, which were adopted by the Joint Committee, cannot enter into force pending constitutional requirements, which are still pending beyond the six month period, foreseen under the Agreement. We can only encourage special attention to be paid to this particular issue with a view of ensuring the timely incorporation of EEA acts.

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

Thank you very much.

Intervention of Minister SKARPHÉDINSSON, on behalf of the EEA - EFTA States:

Mr Chairman, dear colleagues,

2012 is a year of 20th anniversary celebrations. Events are planned to mark that the Single Market was launched twenty years ago. We are also celebrating the 20th anniversary of the signing of the EEA Agreement, which took place in Porto on 2 May 1992.

With the benefit of hindsight, it is clear that the EEA has exceeded expectations. Many observers at the time did not expect that the EEA would endure at all. Most of the EFTA Member States were well on the way to joining the European Union. Questions were also raised whether the rather complex system established to manage the Agreement would work in practice.

In light of this, it must be said that the EEA Agreement has been a success. The main goal was to extend the EU's single market to EFTA countries. This has been achieved. The institutions created to manage the Agreement have functioned as intended.

The procedures to ensure the dynamic development of the EEA have also functioned well. Thousands of new EU laws have been adopted and implemented in the EEA EFTA States.

The EEA has proved itself an efficient platform for participation by three close partners of the EU in the internal market and in related programmes and agencies. The structure was carefully designed and run to respect the constitutional constraints of the EFTA side and the EU. I would urge the EU side to ensure that these solid and well-oiled mechanisms are maintained.

Ensuring a level playing field in the European Economic Area requires continued care and attention, by all the parties and institutions involved. Since our last meeting, a further improvement of our procedures has been at the top of our agenda. A special effort is being

made to reduce the amount of Single Market rules already adopted in the EU that have not yet been adopted on the EEA EFTA side. We are already seeing positive results from our common efforts. There has been a substantial decrease in the number of legal acts that remain outstanding.

But it is important to underline that there are limits as to how far this number can be reduced in practice. This is due to the very nature of the Agreement: Legislation is adopted first on the EU side, before it is processed on the EEA EFTA side. We should also take into account the consistently low transposition deficits of the EEA EFTA States. The average EEA EFTA transposition deficit now stands at 0.5%, which is well below the target of 1 %.

A number of important legal acts have been incorporated into the EEA Agreement since our last meeting. In particular, I would like to mention the Regulation establishing the European Aviation Safety Authority and the Renewables Directive. These are now part of the EEA Agreement, following long, and at times, difficult negotiations. Other key acts, such as the Directives on Temporary Agency Work and Audiovisual Media Services, are expected to follow in the near future.

There are some important issues that are still outstanding that I would like to raise.

It has been a key priority to ensure the participation of the EEA EFTA States in the European Supervisory Authorities for financial markets has been a key priority for us. This has been raised by the EEA EFTA States in this forum on several occasions. There is agreement in principle on the necessity of finding pragmatic solutions that ensure EEA EFTA participation in these Authorities. The EFTA-side has emphasised that in seeking such a solution, the two pillar structure of the EEA Agreement will need to be taken into account. The constitutional questions in some EFTA States, related to the participation in the Supervisory Authorities, will also need to be addressed.

The EEA Agreement also provides for close cooperation outside the Internal Market. Through our full and equal participation in EU research programmes, the EEA EFTA States contribute to the development of the European Research Area. The on-going negotiations on the ERIC Regulation indicate a deviation on the EU side from the long-standing practice of equal treatment. We are especially concerned about the EU position that the basic EU act has to be changed in order to offer the EEA EFTA States equal treatment. This goes against the 18 year

long well-established practice by which this is achieved through adaptations in Joint Committee Decisions. We trust that the EU side sees the importance of maintaining this practice. This will be crucial if the EEA EFTA States are to be able to continue to work in partnership with the EU to realise the European Research Area.

Our participation in the new bodies established under the Third Package for the Internal Energy Market is another key issue. We need to reach agreement on this in the near future. The inclusion of the revised Emissions Trading Scheme into the Agreement is another important matter. It is imperative that the necessary measures are taken in the months ahead to allow this to happen.

Dear colleagues,

2012 is also the year of EEA reviews. An independent Norwegian review, which was published earlier this year, concluded that Norway's participation in the EEA has had positive effects on economic activity as well as on legislation on economic matters and economic policy. At the same time, the report points out that the Agreement has some democratic deficit. These conclusions correspond well with Iceland's experience under the Agreement.

A study on the EEA commissioned by Liechtenstein is expected later this year. Iceland conducted a similar study in 2007. I also understand that the EU is currently undertaking its own review to be concluded towards the end of this year. Such analyses provide invaluable input for us as we seek to further enhance the smooth functioning of the EEA.

I would also like to mention the EEA and the Norwegian Financial Mechanisms for the period 2009-2014. With close to 200 million Euro through the EEA Grants and another 160 million Euro through the Norway Grants, the two funds contribute together more than € 350 million annually in the fields of climate change, civil society, social dialogue, justice and home affairs, research, health and cultural heritage. Memoranda of Understanding for the 2009-2014 period have been signed with all of the beneficiary states. A number of programmes have already been launched.

Finally, I would like to thank the outgoing Chair, the Danish 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 and political dialogues.

These are important venues for the exchange of views and to foster closer ties with our European colleagues. We look forward to working with Cyprus during their Presidency of the EU Council in the second half of the year.

Thank you.

Intervention of Minister SKARPHÉDINSSON, on behalf of ICELAND:

Earlier, I mentioned the importance for the EFTA States of incorporating into the EEA Agreement the regulations on the European Supervisory Authorities for financial markets.

I underlined that an EEA-solution for incorporating the acts into the Agreement will need to both respect the two pillar structure of the EEA Agreement and address the constitutional questions in some EFTA States, related to the participation in the Supervisory Authorities.

In this context I can inform you that an Icelandic legal assessment concluded that the incorporation into the EEA Agreement of the regulations on the Supervisory Authorities would go beyond the limitations set out in the Icelandic constitution on the transferral of state authority to foreign entities.

The incorporation of the regulations into the EEA Agreement therefore calls for adaptations, which takes fully into account and respects both the scope of the EEA Agreement and the constitutional constraints of the EFTA States.

Intervention of Deputy Prime Minister MEYER , on behalf of LIECHTENSTEIN:

Thank you, Chair.

In its 20th year, the EEA Agreement continues to be a solid foundation for our close cooperation and I would like to start by underlining Liechtenstein's strong commitment to the proper functioning of the EEA.

In the past 20 years, not only the integration process within the European Union has deepened significantly, but also the EEA Agreement has constantly grown in accordance with these developments. For obvious reasons the integration process on the EEA/EFTA side, being

limited mainly to the internal market, is different and also less extensive than that of its EU counterpart, which has led to new challenges, when incorporating EU acquis into the EEA Agreement. It is of no surprise that the Agreement's architects more than two decades ago did and could not cater explicitly for all the possible new developments in the European Union that in the future could also fall within the scope of EEA cooperation. It is my firm belief that the best way forward is to follow the spirits, the ideas and principles of EU-EFTA cooperation under the EEA Agreement, and, where necessary, to adapt them to the new circumstances to ensure homogeneity.

I am therefore hopeful that in this year of anniversary, everyone around this table can agree on a way of cooperation inherent in the Agreement, allowing us to find good and workable solutions to outstanding as well as new issues in line with the EEA spirit.

Let me conclude with one concrete example of particular importance for Liechtenstein, where incorporation of EU legislation has not seen much progress yet – a topic that has been discussed in this forum before and has been raised by the EFTA Chair today as well: The new European Supervisory Authorities and related secondary legislation regulating the financial service sector. As the ESA's constitute a new form of cooperation, a solution for their incorporation into the EEA Agreement according to what I just outlined, needs to be found. I understand, that the constitutional framework in our countries is different and therefore more time and effort is needed to progress on this dossier. To mitigate the impact of this delay for the market participants, we are convinced that progress on the incorporation of related secondary legislation can and needs to be achieved to allow for a continued level playing field for operators in the whole EEA. I am thinking, in particular, of the Directive on Alternative Investment Fund Managers, which we should aim to have incorporated by the end of the year at the latest, without having to await a final solution on the financial supervisory authorities.

Thank you for your attention.

Intervention of Minister STØRE, on behalf of NORWAY:

Dear colleagues,

To support and supplement what my good colleague Össur just said: The EEA Agreement has given economic operators on both sides predictability and a level playing field for more than

18 years. The Agreement is robust and dynamic. It has served its purpose well.

I would like to make three more concrete points:

First, the EEA review in Norway. I would like to underline that the report is research-based and was made by an independent committee. The committee points out that Norway is closely integrated with the EU through the EEA Agreement and various other agreements. One of its main findings is that the EEA Agreement has had a positive economic impact. It also points out that the Agreement has democratic weaknesses. Further, according to the report, there is room for stronger Norwegian involvement in EU decision-shaping in areas covered by the EEA Agreement. The report stresses that there is considerable leeway when it comes to how EEA legislation is implemented nationally. It also points to that there is limited awareness and knowledge about these agreements in the general public.

At present, the EEA review is being followed up by a White Paper to the Parliament, to be presented after the summer recess. When we meet next, the white paper will have been debated in Parliament.

In this context, I would like to take the opportunity to refer to the Resolution on the review of the EEA that was recently adopted by the Joint Parliamentary Committee. The Committee recognises the significance of increased relations between the European Parliament and national parliaments. It asks the members of COSAC to grant the national parliaments of the EEA EFTA States permanent observer status. I support this request. Our strong integration in the Internal Market and in EU programmes and agencies, as well as our substantial financial contributions to social and economic cohesion, makes this reasonable.

Second, a few words on trade in agricultural products. I would like to raise this issue for the record:

The Article 19 Agreement, which entered into force on 1 January this year, is the most comprehensive agricultural agreement ever negotiated between Norway and the EU. It represents new and broader trade possibilities and implies reduced customs duties on a wide range of products.

Norway is well aware of the obligation to continue our efforts with a view to achieving gradual liberalization of agricultural trade, as laid down in Article 19 of the EEA Agreement. I would, however, underline that Article 19 also explicitly spells out that further reductions of any type of barriers to trade shall be mutually beneficial and within the framework of the agricultural policies of the respective parties. Norwegian agriculture is for numerous reasons - not least climatic ones - in a special situation compared to most EU Member States, as I am sure the EU countries are fully aware of.

There are also requests from the EU side for reductions of customs duties on processed agricultural products, regulated by Protocol 3 to the EEA Agreement. Imports of processed products from the EU have increased considerably in recent years, showing that EU exporters are competitive on the Norwegian market. This proves that the present arrangement has given, and still gives, possibilities for trade development.

Thirdly and finally, to add my voice to that of Össur, I would like to underline some points regarding the ERIC Regulation, which lays down a legal framework to facilitate better research infrastructures in Europe. Norway has a strong interest in continuing the close cooperation with the EU to promote the European Research Area and is highly committed to developing research infrastructure. We are even considering hosting three infrastructures.

According to the EU proposal as it now stands, we will not - as a host country and hence an important financial contributor – be given the same rights as EU Member States hosting ERICs. This is not helpful and, frankly speaking, not acceptable.

Further, for the draft research and innovation programme (Horizon 2020), there does not seem to be an underlying assumption of equal treatment of the EEA/EFTA States.

In general, there is a joint responsibility to ensure that the overriding principle of equal treatment in the EEA Agreement is respected. This must be taken into account when the EU develops new legislation as well as when such legislation is incorporated into the Agreement. The EEA/EFTA States are not simply “third countries”, and must not be treated like that when we are in such close cooperation.

It takes proper skills, knowledge and capacity to manage the EEA Agreement. Only in that way can we maintain a well-functioning cooperation.

Thank you for your attention.

6. **ORIENTATION DEBATE: *STRATEGIES FOR GROWTH IN EUROPE***

Intervention of Minister SØVNDAL, on behalf of the EUROPEAN UNION:

Dear colleagues,

Let us now turn to the next item of the agenda, our orientation debate on *Strategies for Growth in Europe*.

The global financial and economic crisis could have a lasting effect on the European Union's potential growth, if no structural action is taken, namely to resolve the productivity gap with its main competitors. Given its cyclical nature, recovery backed by the public alone cannot provide the impetus for leading the EU back to the pre-crisis economic situation and absorb the accumulated deficit. To avoid stagnation, unsustainable debt trends and continued imbalances, and to ensure its competitiveness, the EU needs to accelerate the consolidation of its public finances, the reform of its financial sector as well as undertake bold structural reforms.

Ensuring competitiveness of all EEA member countries should be seen as a common responsibility. Structural reforms, for example changes to the nuts and bolts of the region's economies, could improve the functioning of labour markets. Moreover, the Presidency is firmly committed to infuse more growth policies into Europe.

We are on the right track with our work - the Commission has already submitted eleven of its twelve proposals included in the Single Market Act. These proposals are currently under discussion, with the Council aiming to conclude discussions as soon as possible. The Commission has committed itself to submit the last outstanding proposal, concerning e-authentication, e-signature and e identification, by the end of this month.

In reality each and every one of these twelve measures is a priority, because they will allow us to fully use the potential of the internal market with its 500 million consumers and 22 million

businesses, and to set the base for new, stronger and more qualitative growth. In particular, the twelve measures will promote:

- More innovative growth by creating a truly digital market that fosters the emergence of new on-line services and protects creativity, and will finally also lead to a single European patent;
- Greener growth, notably by using public procurement in a way, which allows for environmental criteria to be taken on board more easily;
- More cohesive growth with a European passport for funds that invest in social companies and security for public service funding;
- Growth with more jobs, thanks to a better recognition of professional qualifications and many measures supporting small and medium enterprises, which are the source of 85% of net job creations in Europe.

The Competitiveness Council, at its meeting of 30/31 May, is expected to adopt Conclusions on the status and governance of the Single Market, which should also include the Council's response to the Commission communication on the digital single market for e-commerce and online services. It is evident that we need to act without delay in order to achieve progress on Union initiatives in this field.

The Foreign Affairs Council/ Trade on 31 May will also discuss, among others, the contribution that Trade and Investment can bring to growth and jobs in Europe.

Both these Council formations will thereby also help preparing the work of the European Council at the end of June, which will see growth as one of the main topics on its agenda.

The Danish Presidency is making all possible efforts to advance the legislative work with the aim to finalise the discussions as soon as possible.

The EU is well aware of the interest of the EEA EFTA States in the current legislative developments and welcomes their active involvement in the preparation process for new legislation in this area. We are looking forward to hearing your views on current developments and future perspectives.

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

Further to the remarks of the previous speaker, I would like to add a few words about our growth strategy - the Europe 2020 Strategy, as well as to outline the political priorities and the timeline of the European Semester for economic coordination.

The Europe 2020 Strategy

Let us be open and blunt here: our old model of growth is broken; our economies seem to be taking divergent paths, after several years of convergence; Europe needs to take a new path.

As you are aware, we have a growth strategy, the Europe 2020 strategy, and we are staying the course. Indeed, whilst the pace of action had to be accelerated during the crisis, the objectives and approach of the strategy have proven to remain valid. We don't need to re-invent the wheel. It will be far more credible if we are coherent, consistent, determined and implement our Europe 2020 growth strategy with vigour. Vigorous action is indeed required to improve competitiveness and conditions for growth. Many measures are already in place. Therefore, implementation is the key word.

Through this growth strategy, the European Union and its Member States have set themselves ambitious but not unrealistic objectives. They are ambitious enough to create a virtuous circle of smart, sustainable and inclusive growth.

At this point in time, the Commission's assessment is that progress towards the Europe 2020 targets has so far been insufficient and additional efforts by Member States are thus necessary but also possible. Here again, implementation is our main priority and we are encouraging Member States to also deliver the actions that fall under their competences with regards the seven flagship initiatives, which underpin the Europe 2020 Strategy. We will take the occasion of the mid-term review of the flagship initiatives to assess work done so far, and refocus when needed.

The political priorities of the European Semester

We have a clear timetable for action: the European Semester for economic coordination. Looking back at the first European Semester, the following remarks need to be made: In spite of the urgency of the situation, progress in implementing the guidance of the 2011 Annual Growth Survey and the Country-specific recommendations is currently below expectations.

Implementing agreed policy changes and stepping up efforts to enhance growth will therefore be prioritised in the 2012 European semester.

The adoption of the Annual Growth Survey on 23rd November 2011 marks the start of new European Semester of economic governance.

Five clear priorities have been set:

- 1) First, the need to pursue fiscal consolidation, taking account of country specificities and paying attention to the quality of the adjustment.
- 2) Second priority, the need to restore normal lending conditions to the real economy by strengthening further our financial sector.
- 3) Boosting our growth and competitiveness by tapping into our potential. This means:
-pursuing the structural reforms advocated in the country-specific recommendations issued in July; reducing the fragmentation of European markets and better implementing the instruments at hand such as the Services Directive;- mobilising fully the EU structural funds to the growth and social priorities of the day.
- 4) the need to tackle unemployment and the social consequences of the crisis, in particular concerning young people unable to find work in Europe and of all that can be done to help them.
- 5) The need to progress with the modernisation of public administrations.

Growth is and has always been at the centre of the Commission's comprehensive response to the crisis. That is precisely what the structural reform agenda is about. But since structural reforms can take time to make their benefits felt, we have also put forward many ideas to stimulate growth in the short term. More specifically, the focus is on 3 major issues: youth unemployment, solving the problems of our SMEs and completing the Internal Market.

We need to deepen the Single Market. We need to do more in concrete terms to create better conditions for growth. And precisely since there is not much space for fiscal stimulus in our member states, we should concentrate on the structural reforms that can unleash the growth potential of Europe.

As agreed at the January European Council, to tackle youth unemployment, each member state will prepare a National Job Plan, to be included in its National Reform Programme. Eight Member States have youth unemployment levels significantly above the average. For these eight, the Commission has set up in the course of this month "action teams" consisting

of Member States' authorities, the national social partners and the Commission. The "action teams" are developing targeted plans to be included in the National Reform Programmes. Drawing on the Social and Regional Funds that can still be reprogrammed, the "action teams" will agree how to make best use of the €22bn of European Social Fund money not yet allocated, so that we can improve job opportunities for young people. We can re-deploy part of this funding.

The different steps of the European Semester

The Spring European Council issued guidance to all Member States, as part of the European Semester, based on the Commission's Annual Growth Survey (AGS) and on the Alert Mechanism Report. It indicates the priorities that should feature in the Member States' National Reform Programmes that have been submitted to the Commission in April.

The Commission will assess progress in national performances and policies in the light of the AGS and will focus on progress of the Europe 2020 targets, the implementation of the country-specific recommendations issued in 2011 and the follow-up to the Euro Plus Pact by the participating Member States.

The Commission is to present its 2012 country specific recommendations on 30 May, which will then be discussed and endorsed by the June European Council. This is a tight schedule but it is essential that we deliver. The support of the Danish Presidency in this process is essential.

The steps I have just described are rather new, as the first European Semester was implemented last year. I am pleased to see that these procedures have already proven their robustness, while confronted with the most severe crisis of post-war European history.

I look forward in our discussion on this issue of most fundamental and pressing importance for our European economies and societies.

Thank you.

Intervention of Minister SKARPHÉDINSSON, on behalf of ICELAND

Mr Chairman,

Dear colleagues,

Iceland is emerging out the crisis with relatively strong growth of 3.1 percent last year and over 2.5 percent this year.

The economic growth model in Europe needs revamping, but many of the essential elements are there. Focus on austerity alone is not enough.

To this end, Iceland has in its emergence from the crisis borrowed many essential elements from the EU experience, not least the 2020 strategy. Just yesterday, the Government approved a number of new growth friendly initiatives based on Iceland's 2020 strategy. This includes measures related to green growth and the knowledge based sector. Such sectors are both good sources of future growth and labour intensive, support growth going forward.

Thank you.

Intervention of Minister STØRE, on behalf of NORWAY:

Dear colleagues,

When things are bad in Europe, they are bad in Norway. We feel it. And since its launch, Norway has supported Europe 2020 - the EU strategy for smart, sustainable and inclusive growth.

Norway is now the country with the highest number of workers from other European countries – per capita – and we are closely integrated into the European economy. In Europe, we will not be able to cut ourselves out of the crisis.

In recent elections in France and Greece, voters showed their dismay with austerity measures taken as part of the fiscal consolidation. This makes it all the more important to agree swiftly on measures enhancing economic growth and employment:

- Budget cuts should be implemented gradually and in a sustainable way. This implies a reasonable budget policy with small cuts today, but increasing cuts in the future.
- There is a need for pension reforms that gradually reduce expenditures over time. This will increase market confidence - without hurting the economy today.
- There is a need for a monetary policy that stimulates growth. We have noted that the policy of the European Central Bank of lending out substantial amounts to a very low interest rate has been helpful.
- Tax reforms should broaden the tax basis and enable lower tax rates. Tax collection must be modernised and made more effective.
- Increased wages and consumption in large and strong economies could increase growth in neighbouring countries.

There is a link between the financial, social and economic crises.

We pay great attention to the EEA and Norway Grants. They constitute an important means of promoting innovation and reducing social and economic inequalities in Europe. When I was in Poland with the King on a state visit last week, I could see the effects of these financial mechanisms. These grant schemes provide extensive support for research and innovation, as well as scholarship opportunities for student and staff exchange. Out of the total allocation of close to € 1.8 billion for the current funding period (2009 – 2014), around €100 million will be channelled to research cooperation programmes. In addition, the grants support student mobility through scholarship programmes.

The biggest challenge in the time to come is not to let young people lose hope.

Thank you for your attention.

Thank you for your attention.

Intervention of Deputy Prime Minister MEYER , on behalf of LIECHTENSTEIN

Mr. President, dear Colleagues,

Not for the first time, but nevertheless at a very crucial moment, we have chosen “Strategies for growth in Europe” as the subject of our Orientation Debate.

Many countries are now in need of strengthening and consolidating their budgets. This poses difficult challenges in terms of timing and balancing of risks, also political ones. Not least the recent election campaigns in some European countries have shown that citizens and consumers are greatly concerned, especially in some of the hardest hit countries, that cuts in government spending will lead to increased unemployment and diminished pension benefits.

Hence, it does not come as a surprise that voices can be heard which call for public spending to be increased again and for demand-side economic policy measures to be introduced. Such an anti-cyclical policy is faced with great challenges in times when the public sector has less money to spend. In such difficult periods, increasing available funds through higher taxation carries significant risks as well, and might even jeopardize the very economic growth we are seeking to achieve.

To overcome these challenges, we need new remedies. The EU has clearly set the agenda via the “Europe 2020” strategy as well as the Single Market Act and its new strategies point in the right direction: focusing on key areas such as knowledge and innovation, sustainable and “greener” growth as well as focusing on SMEs – just to name a few – is certainly the right thing to do.

Liechtenstein therefore fully supports the conclusions of the European Summit in March, calling for faster progress towards the targets of the Europe 2020 Strategy, with a particular attention to measures which have a short-term effect on jobs and growth, as well as the decision to hold an informal meeting of the European Council dedicated to growth next week. A subject that is clearly reflected in the EU’s strategies and particularly dear to me, is education and diminishing youth unemployment. Improving the employment situation of young people is absolutely vital in this time of crisis. If we look at the latest figures of Eurostat, way over 22% of young people in the EU are without work. This should be of great concern to all of us.

In this regard, I would like to reiterate the emphasis that should be given to dual education systems. There is statistical evidence that countries with a dual system, in which vocational training and university education are valued equally, such as Denmark, Germany and also Liechtenstein, have a far lower youth unemployment than others. This might also be one of the reasons why Liechtenstein has been able to maintain a youth unemployment rate of approximately 3%.

While higher rates of university education are without doubt an important element, vocational training has the advantage that it provides for a stronger correlation between skills acquired and skills needed, not least because the undertakings themselves shoulder the bulk of educational training. This seems to be recognized by the European Commission as its recent proposals aim at improving young people's entry into the labour market through an integrated approach that includes apprenticeships. We very much welcome this proposal allowing for more targeted education.

Another important element, that has proven to be successful at least in Liechtenstein, are flexible education curricula, allowing students to change their path of education so that individual choices in terms of personal development can be more responsive to developments in the labour market.

Thank you, Mr President, dear Colleagues.

7. ADOPTION OF THE CONCLUSIONS OF THE 37th EEA COUNCIL

Intervention of Minister SØVNDAL, on behalf of the EUROPEAN UNION

Dear colleagues,

As you all know, the conclusions of the EEA Council shall be adopted by agreement. However, it was not possible to reach a final agreement on the conclusions between the EU and the EEA EFTA sides before this meeting. The disagreement relates to paragraph 21, concerning the management of mackerel, which the EU side wishes to maintain, while the EEA EFTA side requests its deletion.

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

During five sets of negotiations in late 2011 and early 2012, 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. Together with Norway it put forward offers that were not accepted by the two other coastal states. The EU had hoped for a more constructive response to its proposals.

The stock is not in a satisfactory state after being fished intensively for over three years.

Continued fishing at such high levels will cause the stock to fall below safe levels, perhaps as early as next year.

Both sides have a responsibility to negotiate with a view to reaching an agreement. The proposed provisions of paragraph 21 merely state the facts and are neutral in terms of their content. In that connection, we are inviting the EEA EFTA parties to show some flexibility and understanding so that this provision can be maintained.

Intervention of Minister SKARPHÉDINSSON on behalf of ICELAND

Dear colleagues,

We propose a deletion of paragraph 21, which concerns management of “a fish stock of common interest.” The management of fish stocks is a matter which clearly falls outside the scope of the EEA and therefore outside the scope of this venue.

I would like mention on this occasion the Commission proposal for certain measures.

I would like to underline that all measures must respect international obligations. It is our view that some parts of the proposal are not in conformity with Single Market and WTO, as well as Protocol 9 of the 20 year old EEA Agreement. Finally, let me say that Iceland wants to counter overfishing and is committed to finding a mutually agreeable solution. I should mention that we have a new minister in this field and we are in the process of appointing a new chief negotiator.

Intervention of Minister STØRE on behalf of NORWAY

Norway regrets that it needs to repeat its intervention from the EEA Council meeting of November 2011. It remains deeply concerned on the status of the fish stock in question. All sides should continue their efforts to find a solution to the issue. Regarding the sanctions instrument, Norway underlines that all international obligations need to be respected.

Intervention of Minister SØVNDAL, on behalf of the EUROPEAN UNION

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

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 21 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 the autumn with a willingness to negotiate and determined to reach an agreement. In the meantime, the Council and European Parliament are continuing their examination of the legislative proposal on "certain trade measures in relation to countries allowing non-sustainable fishing for the purpose of the conservation of fish stocks".

Intervention of Minister SKARPHÉDINSSON on behalf of ICELAND

I agree to the proposal to delete paragraph 21 and welcome efforts to solve the dispute in the next round of negotiations.

Intervention of Minister SØVNDAL, on behalf of the EUROPEAN UNION

Thank you for your comments, which we have taken good note of. It seems that we have reached an agreement to adopt the draft Conclusions as set out in doc. EEE 1602/12, without paragraph 21. The text as adopted will be circulated after the meeting as doc. EEE 1602/1/12 REV 1.

8. OTHER BUSINESS

The EEA Council noted that a debate on *North Africa / 'Arab Spring', Iran and Afghanistan/ Pakistan* had been held the same day within the framework of the Political Dialogue.

Closing remarks of Minister SØVNDAL, on behalf of the EUROPEAN UNION

We have then concluded the examination of the items on our Agenda.

Allow me to express my satisfaction at this 37th EEA Council meeting and to thank all of you from the EEA EFTA States, the EFTA Secretariat, the EFTA Surveillance Authority and the EU Member States for your participation in this meeting.

Closing remarks of Minister SKARPHÉDINSSON on behalf of the EEA - EFTA States

Thank you, Mr Chairman. We would also like to express our appreciation of the frank and constructive dialogue we have had in this meeting, as on previous occasions.

Our thanks go in particular to the Danish Presidency, the Council Secretariat, the European External Action Service and the Commission for their positive and constructive cooperation over the last months. We look forward to working with the Cyprus Presidency in the months ahead.

Intervention of Minister SØVNDAL, on behalf of the EUROPEAN UNION

Hence, I declare the meeting closed.

**37th meeting of the
EEA COUNCIL
(Brussels, 14 May 2012)**

LIST OF DELEGATIONS

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

ICELAND

Mr Össur SKARPHÉDINSSON	Minister for Foreign Affairs
Mr Thórir IBSEN	Ambassador, Head of Mission of Iceland to EU
Mr Martin EYJÓLFSSON	Director General External Trade and Economic Affairs
Mr Kristján Guy BURGESS	Political Advisor to the Minister
Mr Nikulás HANNIGAN	Deputy Head of Mission of Iceland to EU
Mr Matthías Geir PALSSON	Counsellor
Mr Andri LÚTHERSSON	Counsellor
Mr Tómas BRYNJÓLFSSON	Counsellor Economic Affairs

THE KINGDOM OF NORWAY

Mr Jonas Gahr STØRE	Minister of Foreign Affairs
Mr Atle LEIKVOLL	Ambassador
Mr Per SJAASTAD	Deputy Director General
Mr Niels ENGELSCHIØN	Minister
Ms Laila STENSENG	Minister Counsellor
Ms. Aud HELLSTRØM	Minister Counsellor
Mr Jacob HANSEN	Counsellor for Labour and Social Affairs
Ms Gro Beate VIGE	Senior Adviser
Ms Birgitte HYGEN	Senior Adviser
Mr Lars Erik HAUGE	Counsellor for Press

THE PRINCIPALITY OF LIECHTENSTEIN

Mr Martin MEYER	Deputy Prime Minister, Acting Minister for Foreign Affairs
Mr Martin FRICK	Director of the Office for Foreign Affairs
Mr Kurt JAEGER	Ambassador, Mission of Liechtenstein to the EU
Mr Georges BAUR	Deputy Head of Mission, Mission of Liechtenstein to the EU
Mr Pascal SCHAFHAUSER	Minister, Mission of Liechtenstein to the EU
Ms Sandra RUPPEN	Senior Advisor to the Minister for Foreign Affairs
Ms Emilia BREUSS	Attaché, Mission of Liechtenstein to the EU

II. The European Union was represented as follows:

KINGDOM OF DENMARK

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

Mr Villy SØVNDAL	Minister of Foreign Affairs
Mr Lars FAABORG-ANDERSEN	PSC Ambassador
Ms Marie-Louise OVERVAD	Political Director
Mr Peter Wilhelm LUND LINDE	Secretary to the Embassy, Chair of the EFTA Working Party at the Council of the EU
Mr Mads NABE-NIELSEN	Intern

REPUBLIC OF CYPRUS

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

Mr George ZODIATES	Deputy Permanent Representative of Cyprus to the EU
Ms Maria MBOTSARI	Attaché to the Permanent Representation of Cyprus to the EU, incoming Chair of the EFTA Working Party at the Council of the EU

EUROPEAN EXTERNAL ACTION SERVICE

Mr David O'SULLIVAN	Chief Operating Officer
Mr Gianluca GRIPPA	Head of Western Europe Division
Mr Raphael FIŠERA	Desk Officer for the EEA, Western Europe Division
Ms Monika CSAKI	Desk Officer for Norway, Iceland and Liechtenstein, Western Europe Division

COUNCIL OF THE EUROPEAN UNION - GENERAL SECRETARIAT

Mr Zoltan MARTINUSZ	Director for Enlargement, Europe (Non-EU) and Foreign Affairs Council Support
Mr David JOHNS	Head of Unit, Enlargement, Europe (Non-EU)
Ms 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 Coordination Division
Ms Katrín SVERRISDÓTTIR	Director, Services, Capital, Persons & Programmes Division
Mr Sigve Soldal BJORSTAD	Deputy Head of Communication, Reporting and Evaluation, FMO
Mr Marius VAHL	Senior Officer, EEA-Coordination Division
Ms Astrid ZACHARIASSEN	Senior Legal Officer, Goods Division
Ms Erna HJALTESTED	Senior Legal Officer, EEA Coordination Division
Mr David SIDLER	Trainee, Secretary-General's Office

SURVEILLANCE AUTHORITY

Ms Oda Helen SLETNES

President

Ms Sabine MONAUNI-TÖMÖRDY

Vice-President

**EUROPEAN ECONOMIC AREA
Council of the EEA**

Brussels, 7 May 2012

EEE 1603/12

PROGRESS REPORT

Subject: Progress Report by the EEA Joint Committee to the 37th meeting of the EEA Council

Decision-making

1. Since the last EEA Council on 15 November 2011, the EEA Joint Committee adopted 142 Joint Committee Decisions incorporating 289 legal acts.
2. As of 9 December 2011, 544 acts were identified for which the compliance date in the EU has passed. For this purpose, an exceptional effort is being deployed in conjunction with the EU side in order to clear this backlog by June 2012, including through holding an extraordinary Joint Committee meeting on 30 April 2012. As of 30 April 2012, 60% of the outstanding legal acts have been submitted as draft Joint Committee decisions to the EU side, and 17 Joint Committee decisions awaited fulfilment of constitutional requirements where the six months period foreseen by Article 103 had expired.
3. Important decisions taken by the EEA Joint Committee since the last EEA Council on 11 November include the following:
 - Decision 162/2011 on renewable energy
 - Decisions 163, 164 and 165/2011 on European air travel safety
 - Decision 135/2011 on frequency bands for third-generation /high-speed mobile service
 - Decision 6/2012 Framework Directive on motor vehicles
 - Decision No 62/2012 Maritime Safety Directive
 - Decision 64/2012 Airport charges Directive

Decision-shaping

4. EEA EFTA experts continued to contribute to the work of the Commission's advisory groups, clusters, peer learning activities, Working Groups, Agencies and Committees. Since November 2011, eight EEA EFTA Comments were taken note of by the EEA Joint Committee:
- EFTA TBT Committee Comment on the proposal from the Commission for a Regulation on European Standardisation, Com (2011) 315
 - EEA EFTA Comment on the Commission proposal for a Directive of the European Parliament and the Council on certain permitted uses of Orphan Works, COM (2011) 289
 - EEA EFTA Comment on Commission Proposals on Credit Institutions and Investment Firms, COM (2011) 452, and CRD IV COM (2011) 453
 - EEA EFTA Comment on the Proposed EU Programme for Education, Training, Youth and Sport, "Erasmus for All" (2014-2020)
 - EEA EFTA Comment on the Public Consultation of the European Commission on measures for improving the recognition of prescriptions issued in another Member State
 - EEA EFTA Comment on Horizon 2020
 - EEA EFTA Comment on the proposal for a Regulation of the European Parliament and of the Council on administrative cooperation through the Internal Market Information System ('IMI')
 - EEA EFTA Comment on the Commission proposals for two new directives on public procurement replacing Directives 2004/17/EC and 2004/18/EC (COM(2011) 895 and COM(2011) 896)

Briefings in the Joint Committee

5. No briefing was provided by either side in the Joint Committee.

Status of outstanding issues

6. The EEA EFTA States continued discussions with the EU side on how to ensure that the significant volume of legislation being adopted in the EU in the financial services field is dealt with and included in the EEA Agreement. Both sides continued to agree on the need to ensure the timely incorporation of the above-mentioned legislation, including the Regulations establishing the European Supervisory Authorities, on which, to date, limited progress has been noted. The Joint Committee expressed the hope that an understanding could be reached soon on the appropriate form of participation of the EEA EFTA States' relevant authorities in the European Systemic Risk Board (ESRB).
7. The Joint Committee noted the importance of the Third Package for the Internal Energy Market 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 Joint Committee underlined the importance of ensuring appropriate EEA EFTA participation in the new bodies in line with the Third package and the EEA Agreement.
8. The Joint Committee noted that the Directive on charging of heavy goods vehicles (2006/38/EC), the Audiovisual Media Services Directive (2007/65/EC) and the Temporary Agency Work Directive (2008/104/EC) would be incorporated into the EEA Agreement in the coming months.
9. The outstanding issues concerning the processing of the Data Retention Directive (2006/24/EC), the Directive on Deposit Guarantee Scheme (2009/14/EC), the Regulation on Novel Foods and Novel Food Ingredients (n°258/1997), the remaining part of the TELECOM package including the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC) (n° 1211/2009), the Third Postal Directive (2008/6/EC) and the Regulation on medicinal products for paediatric use (n° 1901/2006) had not yet been solved. The Joint Committee reiterated the expectation for a rapid conclusion of this process.

Participation in programmes

10. The EEA EFTA States participate in and co-finance EEA relevant EU programmes. With programmes playing a key role in contributing to smart, sustainable and inclusive growth in Europe, it is important to include the EEA EFTA States in all EEA relevant programmes.

Financial Mechanisms 2004-2009 and 2009-2014

11. The implementation of projects under both, the EEA Financial Mechanism as well as the Norwegian Financial Mechanism for the period 2004-2009 closed on 30 April 2012. An independent review shows that results achieved have been high, that bilateral partnerships have been important and that the Financial Mechanisms have contributed to reducing disparities. Around 97% of awarded projects were implemented, and the financial absorption is expected to reach around 90% of the grants awarded.
12. By end-March 2012, priority areas for funding under both Financial Mechanisms for the period 2009-2014 were agreed with all 15 beneficiary states. Programmes and projects will be implemented until 2016. Environmental funding accounts for more than a third in both grant schemes.
13. Bilateral cooperation will be considerable, with about half of all programmes to be implemented in partnership with entities from Iceland, Liechtenstein or Norway, and bilateral funds available to spur networking and facilitate partnership projects.
14. Under the EEA Financial Mechanism, environment and climate change represents 36.5 % of the funding, while funds for civil society will be set up in all countries and account for 15 % of the EEA Financial Mechanism. Human and social development, cultural heritage, research and scholarships are also supported.
15. Under the Norwegian Financial Mechanism, carbon capture and storage represents 23% and green industry innovation 12.4% of the funding. Justice and home affairs and a global fund for decent work and tripartite dialogue are other priorities specific for the Norwegian Financial Mechanism, and there is funding in the areas of human and social development, research and scholarships.

**EUROPEAN ECONOMIC AREA
Council of the EEA**

Brussels, 14 May 2012

**EEE 1602/1/12
REV 1**

CONCLUSIONS

Subject: Conclusions of the 37th meeting of the EEA Council
Brussels, 14 May 2012

1. The thirty-seventh meeting of the EEA Council took place in Brussels on 14 May 2012 under the Presidency of Mr Villy Søvndal, Minister for Foreign Affairs of Denmark, representing the Presidency of the Council of the European Union. The meeting was attended by Mr Össur Skarphéðinsson, Minister for Foreign Affairs of Iceland, Mr Martin Meyer, Deputy Prime Minister and Acting Minister for Foreign Affairs of Liechtenstein, and Mr Jonas Gahr Støre, 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 *North Africa / 'Arab Spring', Iran and Afghanistan / Pakistan*.
3. The EEA Council held an orientation debate on *Strategies for Growth in Europe*.
4. The EEA Council noted the 20th anniversary of the signing of the EEA Agreement on 2 May, and recognised with satisfaction that the Agreement has been a durable instrument in ensuring the smooth functioning of the European Economic Area. The EEA Council looked forward to the 20th anniversary celebrations of the Single Market later in the year.

5. The EEA Council recognised that the current economic crisis was 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 was 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. In this context, the EEA Council welcomed the signing of the Treaty establishing the European Stability Mechanism on 2 February 2012, and of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union on 2 March 2012.
6. The EEA Council welcomed the signing of the Treaty concerning the Accession of Croatia to the EU on 9 December 2011. The EEA Council recalled that all European States becoming a member of the European Union shall apply to become a Party to the Agreement on the European Economic Area, in accordance with Article 128 of the Agreement.
7. The EEA Council welcomed the progress being made towards Iceland's accession to the European Union following the fifth Intergovernmental Conference in March 2012.
8. The EEA Council welcomed the progress made on the seven flagship initiatives of the Europe 2020 Strategy. With many of the proposals contained in these initiatives being EEA relevant, the EEA Council welcomed the EEA EFTA States' contribution to the Strategy.
9. The EEA Council reiterated its commitment to the social objectives of the Europe 2020 Strategy with its inclusive growth initiatives aimed at combating poverty and social exclusion, encouraging youth mobility and matching skills with jobs, and underlined the importance of finding innovative responses to the social impact of the current crisis.
10. The EEA Council welcomed the progress made on the Single Market Act, notably the timely presentation of the key actions of the Act, including EEA-relevant legislative proposals. 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.

11. The EEA Council noted the urgency to continue discussions between the EU and EFTA sides on how to ensure that the significant volume of legislation being adopted in the EU in the financial services field is dealt with and included in the EEA Agreement. The EEA Council emphasised the need to ensure the timely incorporation of such legislation, including the Regulations establishing the European Supervisory Authorities, on which, to date, limited progress has been noted. The EEA Council furthermore expressed the hope that an understanding could be reached soon on the appropriate form of participation by the EEA EFTA States' relevant authorities in the European Systemic Risk Board (ESRB).
12. 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, resource efficiency, energy efficiency and renewable energy resources, as well as in carbon capture and storage (CCS).
13. 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.
14. The EEA Council noted the importance of the Third Package for the Internal Energy Market 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.
15. The EEA Council welcomed the recent incorporation of the Renewables Directive into the EEA Agreement, and also took note of the ongoing work on a European Renewable Energy Strategy post-2020. 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 attaining targets for their shares of renewable energy by 2020.

16. The EEA Council took note of the ongoing work in the EU on a new Energy Efficiency Directive and a new Regulation on Energy Infrastructure and agreed on the importance of energy efficiency and infrastructure as a means of realising energy and climate goals.
17. The EEA Council urged for the swift incorporation of the revised Emissions Trading Scheme into the EEA Agreement and underlined that all parties to the Agreement needed to complete various tasks this year in order to ensure that the system would be operational throughout the entire EEA as of 1 January 2013.
18. The EEA Council recalled its orientation debate on commodity markets and raw materials in May 2011 and welcomed the Commission's proposal of 29 February 2012 for a European Innovation Partnership (EIP) on Raw Materials with a holistic approach regarding access, processing, resource efficiency, innovation and technical development for the whole value from extraction of minerals to recirculation.
19. The EEA Council furthermore emphasized the key importance of SMEs for promoting economic growth and employment and shared the engagement in implementing the Small Business Act, simplifying rules and regulations and facilitating SMEs access to the public procurement market, the green market and the international market.
20. The EEA Council noted the Progress Report of the EEA Joint Committee and, in particular:
 - The EEA Council underlined the importance of timely incorporation of legal acts in the EEA Agreement, to ensure a homogenous Internal Market. In this regard, the EEA Council welcomed the joint efforts of the EEA EFTA States and the European External Action Service to further improve the process of preparation and incorporation of EEA relevant EU acquis into the EEA Agreement, including through the timely fulfilment of constitutional requirements when applicable, and took note of the steady progress already achieved in reducing the relatively high number of legal acts not yet in force in the whole of the EEA;
 - Welcomed the final agreement reached for a Directive on Consumer Rights, and noted in this context that EEA EFTA concerns had been taken into account;

- Noted that the Agreement on the further liberalisation of trade in agricultural products between the European Union and Norway based on Article 19 of the EEA Agreement had entered into force on 1 January 2012. The EEA Council acknowledged that the Contracting Parties to the EEA Agreement, as set out in Article 19 of the Agreement, have undertaken to continue their efforts with a view to achieving progressive liberalization of agricultural trade within the framework of their respective agricultural policies and on a mutually beneficial basis. To this end, it looked forward to the upcoming review of the conditions of trade in agricultural products;
- Agreed to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) of Protocol 3 to the EEA Agreement;
- Welcomed the participation by the EEA EFTA States in EEA-relevant EU programmes, noting that these were 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 the adoption of the Integrated Maritime Policy Work Programme for 2011-2012 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 were currently looking into possible participation in activities under the new programme for the further development of the Integrated Maritime Policy; the adoption of the European Commission Communication on a Maritime Strategy for the Atlantic Area was also noted;
- Welcomed the incorporation of the European Aviation Safety Agency Regulation into the EEA Agreement;
- Noted that the Audiovisual Media Services Directive, the Temporary Agency Work Directive and the Directive on charging heavy goods vehicles are to be incorporated into the Agreement as quickly as possible;

- Noted that the outstanding issues concerning the processing of the Data Retention Directive, the Directive on Deposit Guarantee Schemes, the Regulation on Novel Foods and Novel Food Ingredients, the remaining part of the TELECOM package (including the BEREC regulation), the Third Postal Directive and the Regulation on medicinal products for paediatric use had not yet been solved and reiterated the expectation for a conclusion of this process in the coming months;
21. 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.
 22. The EEA Council reiterated that it was in the common interest of all Contracting Parties that the EEA Agreement was well known throughout the European Economic Area, and urged them to ensure that appropriate information on the Agreement is available.
 23. The EEA Council welcomed the publication of the Norwegian EEA Review, and looked forward to the results of the review commissioned by the Government of Liechtenstein and the ongoing review being undertaken by the European Union.
 24. 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 Cypriot Presidency for the continuation of this practice.
 25. The EEA Council recalled that the EU side had continued 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, and supported further continuation of this practice.
 26. Implementation of projects under the EEA and Norwegian Financial Mechanism 2004-09 closed on 31 April 2012, and the EEA Council welcomed the high overall implementation and absorption ratio for these funds.

27. With regard to the EEA and Norwegian Financial Mechanism 2009-14, the EEA Council welcomed the high level of bilateral cooperation agreed through the Memoranda of Understanding between the EEA EFTA States and the 15 beneficiary countries.
28. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 38th meeting in Akureyri, Iceland, on 3 and 4 May 2012 on *the Annual Report on the Functioning of the EEA Agreement in 2011, the Review of the EEA and the White Paper on a Single European Transport Area*, and the Resolutions of the EEA Consultative Committee adopted at its 20th meeting in Akureyri, Iceland, on 3 and 4 May 2012 on *the Enterprise Dimension of the Internal Market and the EEA Reviews*.
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