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Subject: Draft minutes of the 47th meeting of the EEA Council
Brussels, 16 May 2017

DRAFT MINUTES

of the 47th meeting of the

EEA COUNCIL

(Brussels, 16 May 2017)

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The EEA Council held its 47th meeting in Brussels on 16 May 2017.

The meeting was chaired by Mr Louis GRECH, Deputy Prime Minister and Minister for EU Affairs of Malta, who led the delegation of the European Union, composed of him and representatives of the General Secretariat of the Council, the European Commission and the European External Action Service.

The EEA EFTA side was led by Mr Frank BAKKE-JENSEN, Minister for EEA and EU Affairs of Norway, accompanied by Ms Aurelia FRICK, Minister for Foreign Affairs of Liechtenstein, and Mr Guðlaugur ÞÓR ÞÓRDARSON, Minister for Foreign Affairs of Iceland.

The EEA EFTA side also included Mr Kristinn F. ÁRNASON, Secretary-General of the European Free Trade Association (EFTA), and Ms Helga JÓNSDÓTTIR and Mr Frank BÜCHEL, College Members of the EFTA Surveillance Authority (ESA).

Opening statement of Deputy Prime Minister GRECH on behalf of the European Union

Dear colleagues,

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

We are especially pleased to have with us today, for their first EEA Council meeting, both the new Minister for EEA and EU Affairs of Norway and the new Minister for Foreign Affairs of Iceland. Congratulations on your appointments and we wish you every success in your new duties.

We would also like to congratulate Minister Frick on her reappointment as Minister for Foreign Affairs of Liechtenstein.

We are certain that our relations will continue to be marked by the same high level of cooperation that characterised them in the past.

Before we start our meeting, I would like to express my thanks to you and to the EFTA Secretariat for your excellent cooperation in finalising the arrangements for this meeting. I would also like to point out that the order of the agenda has been slightly amended and we will be taking item 6 before item 5.

Intervention of Mr Frank BAKKE-JENSEN, Minister for EEA and EU Affairs of Norway on behalf of the EEA EFTA States

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

As regards the change in the agenda, we agree.

1. **ADOPTION OF THE AGENDA**

The EEA Council adopted the Agenda, as set out in [EEE 1601/17](#).

2. **APPROVAL OF THE MINUTES**

The EEA Council approved the minutes of the 46th meeting of the EEA Council, which took place in Brussels on 15 November 2016, as set out in [EEE 1604/17](#).

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 [EEE 1603/17](#).

4. **RESOLUTIONS OF THE EEA JOINT PARLIAMENTARY COMMITTEE**

The EEA Council took note of the Resolutions of the EEA Joint Parliamentary Committee adopted at its 47th meeting in Strasbourg on 14 December 2016 on the *Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2015*.

5. **ORIENTATION DEBATE: JOINT FULFILMENT OF THE PARIS AGREEMENT AND RELATED GHG EMISSIONS REDUCTIONS TARGETS FOR 2030**

Intervention of Deputy Prime Minister GRECH on behalf of the European Union

Let us now turn to the next item on the agenda, our orientation debate on the joint fulfilment of the Paris Agreement and related GHG emission reduction targets for 2030.

The EU and its Member States are committed to ambitious global action on climate change and remain determined to maintain the global ownership of the Paris Agreement. The EU and its Member States are playing our full part in implementing the Paris Agreement – both in terms of domestic policy development and in our commitment to global solidarity.

In its conclusions of 13 December last year, the EU Council highlighted the importance of the close cooperation with the EEA EFTA States in response to the challenges posed by climate change, in particular in the context of the United Nations Framework Convention on Climate Change. This cooperation is proof of the EEA EFTA States' commitments to also do their part.

The acceleration of the transition to a climate-neutral, low-carbon economy is a prime objective of the EU's Energy Union. However, to deliver the needed economic transformation, it is of key importance that the emissions reduction targets – the intended nationally determined contributions or INDCs – that countries have put forward are now translated into actionable policies and measures that involve all sectors of the economy.

We are committed to ensure the completion of the EU's own legislative and regulatory framework necessary to deliver our target of reducing economy wide emissions by at least 40% by 2030, which is the EU pledge under the Paris Agreement. Legislation that includes measures for all sectors of the economy, among others initiatives in relation with energy efficiency and boosting the uptake of renewable energy have been proposed and are currently in the legislative decision-making process.

The EEA EFTA countries are an integral part of the Emission Trading System (ETS), the cornerstone of the European Union's drive to reduce its emissions of greenhouse gases. The EU looks forward to continuing the close cooperation with the EEA members in action against climate change. In particular, we must now continue to show determination to implement the Paris Agreement, providing a united engagement on climate issues.

I will now first invite the Commission to contribute to the debate. Ms SLINGENBERG, you have the floor.

Intervention of Director Yvon SLINGENBERG on behalf of the European Commission

Thank you for inviting me to speak about the state of play of the Paris Agreement. I'm very pleased to be here speaking to such a climate action friendly crowd.

And the timing is perfect as negotiators from around the world are gathered in Bonn these days to work on the implementation of the Agreement and to prepare for the next COP – the 23rd- taking place at the end of the year - also in Bonn.

Even if the breakthrough Paris Agreement on Climate has been a key achievement of multilateralism, there is no room for complacency. As we face new geopolitical challenges, climate change is not yet in check to stay within 2°C let alone 1.5°C objective.

The EU has long been at the forefront to a low-carbon, competitive and climate resilient economy with our ambitious 2030 Climate and Energy policy framework - a framework you know very well by now.

And in particular in these times, with some difficult political turbulence, it is important that the EU maintains its leadership on these issues, supports multilateral efforts and effectively uses all its policy tools to advance its climate and energy objectives. This also includes its foreign and security policy instruments

But there is also reason for some optimism despite these new geopolitical challenge - not least the uncertainty surrounding the US position.

We are actually very encouraged to see that the political momentum on climate action remains high. Progress on ratification has been extraordinary; the Paris Agreement entered into force on 4 November last year and 142 countries have already ratified it.

Together with the 2030 Development Agenda, the Paris Agreement has a potential to significantly accelerate the necessary economic and societal transformation that we as a global community depend on for preserving our common future and the future of our planet.

And together with climate ambitious countries as yours we know that addressing climate change provides countless opportunities to invent new and better ways to produce, consume, invest and trade, for the benefit of the people and of the planet.

For this to happen, countries at all stages of development need to take these aspects fully into account in their planning, budgeting and implementing processes. And we need to continually keep track of progress at all levels, hold ourselves to account, accelerate implementation, and foster broad ownership and partnership, transparency and inclusiveness.

The EU is playing its full part in implementing the 2030 Agenda on Sustainable Development Goals and the Paris Agreement – both in terms of domestic policy development and in our commitment to global solidarity.

We consider that climate action in G20 countries – accounting for some 80% of global emissions – will be particularly important, while recognising the importance to continue to support and work together with developing countries in meeting their mitigation and adaptation needs.

Needless to say we also continue to encourage and back initiatives in vulnerable countries that are most affected by the impacts of climate change as well as from lack of access to safe and sustainable energy.

The EU has provided and will keep providing substantial climate funding to support climate action in partner countries and as you know, we are committed to make 20% of entire EU development cooperation policies and instruments '*climate-relevant*' for the period until 2020.

Looking ahead at COP 23 and beyond

2017 is a very intense year in negotiations. With the 2018 deadline for the detailed '*rulebook*', there is a lot of technical work to do. From what I have seen during my meetings in Bonn last week, progress is happening already, which demonstrates that we are moving full steam ahead in the implementation of the commitments made in Paris.

Next year we'll have another milestone ahead of us. The so-called '*Facilitative Dialogue*', which will be the first opportunity after Paris to look at our collective effort to limit global warming and what we have done concretely in terms of delivering on the commitments made in Paris. It will be the key political moment to demonstrate our ability to follow through on what our leaders said in Paris.

The challenges addressed by the Paris Agreement are of unprecedented breadth and scale. We need enhanced cooperation and coordination between governments, civil society, the private sector and other key actors.

In other words: successful implementation of the Agreement requires real world delivery and concrete action on the ground. In the run-up to the Paris Agreement, the international community saw an unprecedented mobilisation of the non-state actors, which – together with extensive climate diplomacy efforts by the EU and US – was pivotal to securing the successful outcome

These initiatives not only by countries but also by regions, cities and business under the Global Climate Action Agenda have the potential to deliver transformative impact on the ground, enhancing ambition in the pre-2020 period and contribute to NDCs implementation.

Lastly, and maybe most importantly, we must give increased attention to the link between climate change and security. Climate change is a very serious '*threat multiplier*' as it acts both as a contributor and a catalyst of destabilization and conflicts, notably in areas already characterized by underlying tensions.

We must address these disrupting and destabilising effects of climate change already taking place, including food insecurities, unreliable access to resources, water and energy – and migration.

EU and its Member States find it crucial to work with partners around the world in all relevant international fora, from the G7 and G20 to the UN Security Council, to better understand, integrate, anticipate and manage the severe impacts of climate change on domestic stability, international security and the displacement of people.

We therefore strongly count on your support also on these important foreign policy and security aspects of climate change.

Thank you for an excellent cooperation. I look forward to continue working closely with you on keeping ambitious climate action high on the political agenda.

Intervention of Minister Frank BAKKE-JENSEN on behalf of Norway

Climate change is one of the greatest challenges facing humanity and, both Norway and the EU share a common determination to combat climate change through ambitious climate action.

We note with great concern the current level of global ambition and what is required by science in order to keep the increase in the global average temperature well below 2 degrees above pre-industrial level and pursuing efforts to limit the increase to 1.5 degrees.

In 2015 during the preparations before the negotiations of the Paris Agreement, Norway undertook a commitment to reduce its emissions by at least 40 % by 2030 compared with the 1990 level, the same commitment as set by the EU in its 2030 climate and energy policy framework.

My government also decided to enter into a dialogue with the EU on a joint fulfilment of our climate commitments.

Norway shares many of the EU's views on climate-related challenges and, we have had an excellent and longstanding cooperation in global climate negotiations.

We have also been cooperating on implementation of climate policies as a member of the EU Emission Trading System, ETS, which has been part of the EEA Agreement since 2008. The ETS covers about half of Norway's total emissions. Joint fulfilment means that we also will be co-operating on emission reductions in the non-ETS sectors.

By delivering our commitment on the 2030 climate goals collectively with the EU, we would be able to draw on a wider range of experience and cooperate more closely on the transition to a low-emission society. Joint solutions and joint markets will strengthen our climate-related cooperation even further and make the transition more cost-effective.

Let me say, we appreciate very much the positive response from the EU, and, in particular the decision by the (Environment) Council in September 2015 stating that the EU and its Member States intend to fulfil their commitments jointly under the Paris Agreement, and welcome Norway's and Iceland's intention to participate.

Under the foreseen cooperation on joint fulfilment, Norway and Iceland will take part in efforts with the EU to achieve the target of reducing greenhouse gas emissions by at least 40 %. Efforts will be based on allocation of reductions between the ETS and the non-ETS sectors adopted by the EU in its 2030 framework. Cooperation on the ETS will continue to be based on the EEA Agreement.

Regarding the non-ETS sectors, we are in a dialogue with the Commission in order to identify the suitable legal framework for the cooperation.

Norway is looking forward to taking part in emission reductions together with the EU, including a strict system for reporting, monitoring and control for reaching our 2030 climate targets.

Intervention of Minister Aurelia FRICK, on behalf of Liechtenstein

Mr Chairman, dear colleagues,

Stopping climate change is the challenge of our generation. It is a particular challenge for the politicians of this generation, as it requires them to make difficult choices that are not easy to square with the short-term logic of election cycles. Seen this way, the Paris Agreement was as much a success of multilateral diplomacy as it was a miracle.

Ultimately though, success can only be measured by implementation. Our Government is committed to contribute its share. Last week, the Government has proposed the ratification of the Paris Agreement to the Liechtenstein Parliament, which is expected to decide before summer 2017. But our work on implementation has started long time ago. Our economy is highly industrialized, but our environmental standards have been very high for many years as well. Since the 1990s, our population has grown by 25 % and our GDP by 140%. Yet during the same time, we actually reduced our emissions, in accordance with the Kyoto Protocol.

Coming from this advanced position, further reductions are not easy. Nevertheless, the Government is willing to achieve a 40% reduction of total greenhouse gas emissions by 2030, based on 1990 levels. Respect for the environment is indeed part of our DNA – or perhaps just the environmental consequence of living in a country that has been truly blessed by nature.

Our commitment to international obligations is complemented by solidarity for those less lucky than us. Since 2011, Liechtenstein has supported climate protection programmes in various regions, especially Africa, with large voluntary contributions.

Another important element is innovation. I recommend to your attention the activities of the LIFE Climate Foundation, established by the Liechtenstein Government in 2009. Its goal is to help shape market-based instruments for climate protection. For example, the Foundation is currently working on a project about how to better implement the Paris Agreement through block chain technology – an innovative and secure way of processing data relating to greenhouse gas emissions, mitigation outcomes and climate finance. In fact, the initiative will be presented tomorrow at the ongoing Climate Change Conference in Bonn.

Mr Chairman,

In conclusion, let me briefly address the broader picture. While the implementation of the Paris Agreement seems on track within Europe, things are more uncertain on the other side of the Atlantic. I understand that the US Government has not yet taken a decision on its future course, and I am confident that the EU will do everything in its power to persuade it to honour its existing commitment. No matter what the outcome of this discourse will be, I re-main convinced that we as Europeans must stay the course. Clean industries and clean technologies are not just what the Paris Agreement requires, it is also what our citizens and our markets want. Nature has sent us an emergency call. We must pick it up – even if others might not.

Intervention of Minister Guðlaugur ÞÓR ÞÓRÐARSON, on behalf of Iceland

Thank you Minister FRICK.

Addressing climate change is certainly one of the most critical global challenges of our generation. The Paris Agreement was an historic achievement, where the EEA EFTA States and the EU were in the forefront of pushing for an ambitious, binding Agreement.

This Agreement will serve as a compass to reach our destination. We have the responsibility to adjust our sails, and follow the directions we all agreed on.

Iceland notified its intention to be a part of a joint fulfilment by European countries to reach a target of 40% reduction of greenhouse gas emissions by 2030 compared to 1990 levels.

Both practical and political reasons are behind our decision. First to mention, almost half of Iceland's emission is currently regulated by the EU Emissions Trading Scheme. Due our commitments under the EEA Agreement, Iceland will continue to be part of the scheme after 2020.

Secondly, this is a highly logical continuation of our cooperation under the second commitment period of the Kyoto Protocol, where Iceland and the EU have committed to jointly achieve a 20% reduction in our combined greenhouse gas emission.

Lastly, there is the political importance. Iceland sees value in working together as countries who share a vision and political ambition. Our countries have indeed a history of demonstrating leadership in matters of fundamental importance for the rest of the world.

Informal deliberations between Iceland, Norway and the European Union have already taken place, but ahead is a much more in-depth and detailed discussion, both on substantive matters and on the legal framework of our arrangement. We understand that there will be some delays until we can engage in more formal talks, as the EU climate regulations for 2020-2030 has to be adopted.

However, in the months ahead, it is important for all countries taking part in this joint fulfilment to be able to prepare properly for their participation. In this context, timely sharing of information and transparency is vital.

Iceland, is actively assessing how to meet its goals. For us, this will be a challenge, that is no doubt. Already, about 85% of total primary energy supply in Iceland is derived from domestically produced renewable energy sources. Therefore, we will have to explore other sectors, such as transportation, afforestation and revegetation.

According to our information, only limited use of credits for afforestation and similar actions will be permitted under the EU legislation. This is of concern for us, as this could mean that our mitigation options could be considerably more limited and costly than is the case for many other countries within the joint arrangement.

Having said this, let me underline, that Iceland is fully committed to achieve an ambitious goal of cutting emissions. Transparency and dialogue between our experts on issues such as comparative potential and cost of mitigation action would be encouraging and helpful for the process as a whole.

As for the legal framework. We have agreed that the ideal format for our cooperation under the Kyoto Protocol would be a separate international agreement. Iceland believes that for the joint fulfilment under the Paris Agreement it would be logical to use a similar model. We could be willing to explore another format if it is more appropriate and pragmatic, while respecting the framework of the EEA Agreement, which has served our countries so well.

Iceland looks forward to successfully work with the European Union on this important matter.

Thank you.

Intervention of Deputy Prime Minister GRECH on behalf of the European Union

I think that we had a valid exchange of information and views on the subject of our orientation debate and I thank all of you for your interesting contributions!

6. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT

Intervention of Deputy Prime Minister Louis GRECH on behalf of the European Union

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

Allow me to start by underlining, once again, the importance of the meetings of the EEA Council, which give us the opportunity to assess the application of our most important instrument of cooperation - the European Economic Area Agreement - and to hold a useful exchange of views on its various aspects.

Firstly, I would like to recall that in December last year the EU Council adopted conclusions on EU relations with non-EU Western European countries. These conclusions will continue to guide the EU's approach over the coming 18 months. They reflect the general understanding on the part of the EU that the EEA Agreement has continued to function in a satisfactory manner over the past two years, maintaining its key role in advancing economic relations and Single Market integration between the EU and the EEA EFTA States.

As you all know, the EU attaches high importance to further liberalisation of trade with Norway and Iceland in agricultural products.

In this context, we would like to welcome the signing, a few weeks ago on 23 March, of the Agreement between the European Union and Iceland on additional trade preferences in agricultural products; and of the Agreement between the European Union and Iceland on the protection of geographical indications for agricultural products and foodstuffs.

These Agreements take the cooperation between Iceland and the EU further. They express the willingness of the Parties to promote and develop trade in quality products, benefitting consumers, farmers and industries both in Iceland and in the European Union.

We would also like to welcome the initialling on 6 April of an Agreement with Norway on further liberalisation of trade in agricultural products. This agreement will facilitate trade between the EU and Norway, and will provide more market opportunities for our producers. We look forward to its signing.

With this issue settled, we hope that progress can now be achieved between the EU and Norway in the area of processed agricultural products and on geographical indications.

In its conclusions of 13 December last year, the Council noted that, despite all efforts, there was still a significant number of legal acts pending incorporation.

Against this backdrop, the EU welcomes the recent incorporation into the EEA Agreement of some very important decisions, such as those relating to the Third Package for the Internal Energy Market, medicinal products for paediatric use and organic production and labelling of organic products. The EU further urges the EEA EFTA States to continue their efforts towards a streamlined incorporation and application of EEA relevant legislation, in order to reduce the number of pending acts for incorporation and to ensure legal certainty and homogeneity in the EEA.

Another pending issue concerns challenges relating to the management of the stocks of mackerel, Atlanto-Scandian herring and blue whiting in the northeast Atlantic. We will return to this issue under item 7 of our meeting in the context of adopting the EEA Council's conclusions.

Last but not least, let me add a brief word on one of the most significant events since our last discussion in November 2016: the notification by the United Kingdom, on 29 March 2017, of its intention to withdraw from the EU. The United Kingdom's withdrawal from the EU will also affect the EEA Agreement. In this context, we consider it important to maintain close contact throughout the discussions. Current challenges should not make us forget that the EEA Agreement is a unique and valuable instrument, a framework for broadening and deepening our relations. We look forward to the continuation and further strengthening of this very close and stable cooperation.

I will now give the floor to the EEAS representative, speaking on behalf of the Commission, who will add some comments on the item under discussion.

Intervention of Ms Angelina EICHHORST on behalf of the European External Action Service

Mr Chairman, Honourable Delegations,

I am very pleased to have this opportunity to share with you, on behalf of the External Action Service and the European Commission, our views on the functioning of the EEA Agreement.

Just two weeks ago, on 2 May, we have commemorated the 25th anniversary of the signing of the EEA Agreement, which took place on 2 May 1992 in Porto, Portugal. Initially it was considered as a provisional arrangement before all signatory countries would join the European family.

Although history went in a different direction, the EEA Agreement proved to be not only a provisional solution granting access to your countries to the Internal Market, but a fundamental cornerstone on which we have been building our relations in the last 25 years.

There is probably no other country, which has so close relations to the EU as the EEA EFTA countries. In the last 25 years you have taken over more than 10,000 EU legal acts, which became an integral part of your legislative environment.

We share together the four freedoms: free movement of goods, services, capital and persons as well as other rights as the right of establishment. This makes it possible for a German engineer to work in Norway or an Icelandic student to study at Sorbonne in Paris.

The strength of the Agreement in bringing our economies and people together will continue to guide and inspire our efforts for the months and years to come.

It is in this context that we welcome the progress made in the concluding of Memoranda of Understanding between the EEA EFTA States and the Beneficiary states, which commenced after the provisional entry into force of the signed agreements on the 2014-2021 EEA/Norway Financial Mechanisms as well as of the additional protocols on trade in fish and fishery products between Norway and the EU and Iceland and the EU.

According to the latest information we have, the MoUs were already signed with Romania, Slovakia, Bulgaria, Malta and very recently also with Estonia.

We can only encourage this ambitious pace of work that should facilitate an immediate successful impact on the ground in all the priority sectors envisaged.

Challenges

On this positive note let me start with issues, which still seem to remain a challenge in the functioning of the EEA Agreement.

We feel that more can be done in addressing the following three topics:

- 1) the issue of the existing backlog of legal acts pending incorporation into the Agreement;
- 2) progress in incorporation of the comprehensive and substantial package of EU legislation in the area of financial services;
- 3) and progress in protection of Geographical Indications.

First, the backlog issue, we welcome the slight reduction in the number of pending acts to be incorporated into our Agreement from 517 in November last year to 501 we have today. But although this is a promising signal the total size of the backlog still remains too high. We are particularly concerned about the upward long-term trend we have since September 2014.

It is of course not sufficient to look at numbers if we don't know the substance which hides behind, and with this different perspective, we see some trends that explain the present situation where we are, which is sometimes beyond the control of our respective secretariats.

Firstly, we welcome the steps taken by the EFTA side at the end of 2015 to streamline the administrative procedures to allow for faster incorporation of the new legal acts. We have indeed witnessed an increase in the use of the "fast track" procedure. However its impact on the size of the backlog still remains to be seen.

It is needless to note that the higher the backlog is the higher is also the legal uncertainty for all operators in our Internal Market. These five hundred legal acts represent about 10% of all EEA relevant acquis in the area of Internal Market and we feel that collectively we can do better than that.

There seems to be two ways to look at how to address the problem of the backlog. Firstly we need to put in place a system, which can cope with the high workflow and secondly we should address the largest outstanding package with more than 200 acts, which is the European System of Financial Supervision (ESFS).

On one hand we are pleased to see that there are again new JCDs submitted to us for assessment, but there is still a lot of work in front of us. We are still at the beginning in incorporation of this legislation.

Here, I have to admit that the efforts should be strengthened on both sides so that you can provide us with your proposals and we can react in a reasonable time frame.

We very much hope that in the recent weeks the incorporation process gained a new momentum so that we will be able to report a good progress at our next meeting in November.

Thirdly let me mention that we very much value the existing level and quality of trade with the three EEA EFTA countries Norway, Iceland and Liechtenstein. There are further progresses to make in a more bilateral framework, it is not the place to look at those questions, but let me recall the strong EU's commitment to continue our discussions on trade issues, agriculture, fisheries, geographical indications to name but a few.

Achievements

The picture would not be complete if I wouldn't mention the recent achievements.

The current backlog has two sides, one quantitative and the second qualitative. In terms of quantity we are still struggling to reduce the high numbers of pending acts, but on the side of quality, we are pleased that in the recent months we have succeeded in incorporating a number of important legislative packages.

In this context let me highlight the incorporation of the Third Energy Package, the Paediatric Regulation and the Organic Production Package into our Agreement. I am sure that you would agree that this is a major achievement, which ended negotiations that took many years.

In addition the upcoming EEA Joint Committee shall also adopt the legislative package in the area of CO₂ Emissions and we see good developments in incorporation of the ship inspection and ship recycling acquis, as well as incorporation of the European Railway Package.

The EU continues to be driven by its deep political conviction that liberalisation of our economies makes us more competitive and prosperous. This is the reason why we welcome the recent steps taken by Iceland in further dismantling of the capital controls as free movement of capital is a fundamental internal market freedom and is integral part of the European Economic Area acquis, even if restrictions can be implemented temporarily.

We also welcome the initialling on 6 April, of the Agreement between Norway and the EU concerning additional trade preferences in agricultural products reached on the basis of Article 19 of EEA Agreement, and we look forward to its rapid entry into force.

Mr Chairman, Honourable Delegations, dear Colleagues,

The EU and the EEA EFTA countries, either through the EEA Agreement or bilaterally, have the responsibility to set examples to the others in the way we design our economies, empower our citizens and protect our nature.

Our joint and strong sense of responsibility towards our citizens, our nature and our future generations underpinned the recent successful European efforts to swiftly ratify the Paris Climate Agreement together with our partners around the world allowing its entry into force in early November last year. It is a great success and the first ever universal and legally binding agreement of this kind aimed at avoiding dangerous climate change. Its success will hinge on its swift and smart implementation and we should join our efforts to this end.

The European Commission's Work Programme for 2017 focuses, among others, on a targeted implementation of the Paris Agreement. The work plan contains 21 initiatives framed along the overall top political priorities of the current Commission.

More than ever, our citizens need to see that our economies, our environmental policies, as well as our security policies and international agreements, such as the EEA Agreement, work for them. It gives them not only new opportunities, but also ensures freedom of choice, stability and predictability of their future. There is no better way that we can safeguard the legacy and the future of the EEA agreement and of our liberal democracies, with shared values of respect to human right and fundamental freedoms.

Intervention of Minister Frank BAKKE-JENSEN, on behalf of the EEA EFTA side

Dear Colleagues,

(General remarks)

This month marks the 25th anniversary of the signing of the EEA Agreement. And for more than 20 years it has served as the foundation of the close partnership between the European Union and the EEA EFTA States. While the EEA remains the cornerstone of the partnership between the EEA EFTA States and the European Union, this partnership also includes cooperation in other areas and fora, such as foreign and security policy, defence, the Schengen cooperation, migration and internal security.

These are challenging times for Europe. In order to address our common challenges, we need to foster close dialogue and cooperation. We look forward to the informal discussions on one of these challenges – the UK’s withdrawal from the EU and its implications for the EEA Agreement – in our political dialogue later this afternoon.

The EEA Agreement has served its original purpose well. It has provided a level playing field for our citizens and businesses. As the process of completing the Internal Market has advanced, the Agreement has been continuously updated, ensuring the free movement of goods, services, capital and persons – the so-called four freedoms – across an ever larger European Economic Area.

The Agreement has furthermore ensured the participation of the EEA EFTA States as equal partners in EU programmes and agencies. In addition, the EEA EFTA States provide substantial financial contributions in order to reduce social and economic disparities in Europe.

Considering the profound political, economic and technological developments that have taken place in Europe since the early 1990s, the continued good functioning of the EEA Agreement is in itself quite an achievement.

(Challenging issues: EU – EEA EFTA cooperation)

Over the last few years, we have been faced with a number of particularly challenging issues in our EEA cooperation. In dealing with these challenges, it has again become clear that the functioning of the EEA Agreement requires continuous work by all parties involved. Significant efforts have been made from our side to strengthen the dialogue with the European Union; the Commission as well as the Council and the European Parliament, to find mutually satisfactory solutions to difficult issues on our agenda.

On our side, we have dedicated considerable resources to improving our internal procedures, both nationally and among the EEA EFTA States. The resulting improvements have allowed for the faster processing of more straightforward Internal Market legislation. This has enabled us to focus more on EU legal acts that require adaptations before they can be incorporated into the EEA Agreement.

Improved efforts on the EEA EFTA side are, however, only part of the equation. The EEA Agreement is a joint endeavour between the EU and the EEA EFTA States, and in order to ensure its functioning, efforts are needed from all sides.

Indeed, the close and constructive cooperation with the European Commission and the EEAS on difficult acts and packages, has been essential in finding mutually acceptable solutions to complex issues. These processes have also benefited from a closer dialogue with the EU Council in cases requiring the EU Member States' approval of acts and packages.

We, the EEA EFTA States, are also stepping up our efforts to contribute to EEA-relevant policies and legislation at an early stage, by strengthening our dialogue with the EU side and by submitting written comments to EU proposals. The EEA EFTA States appreciate the constructive approach on the EU side in responding to our contributions to the development of Single Market policies and initiatives.

In the course of the last year, we have seen tangible results from our increased efforts in a number of areas.

(Regulatory authorities)

It has been a key priority in recent years to find mutually acceptable solutions with regard to new regulatory agencies in the Internal Market – in financial services, energy and telecommunications. It is essential that the EEA EFTA States take part in these agencies and supervisory authorities, in order to avoid fragmentation and to ensure equal conditions for our economic operators. At the same time, such participation poses political and constitutional challenges for the EEA EFTA States that must be addressed.

(Financial services)

Following the incorporation of the first package of acts related to the European Financial Supervisory Authorities – or ESAs – last autumn, our focus shifted towards the large amount of outstanding legislation in this area. The outstanding acts in the field of financial services constitute almost half of the entire backlog of EU legal acts currently awaiting incorporation into the EEA Agreement.

We have agreed to the Commission's request to prioritise banking-related acts. While discussions on these continue, it is a matter of urgency to proceed with the processing of other less challenging acts, which the EEA EFTA States have submitted to the EU side in this area.

(Energy)

Important progress has also been made with regard to energy, which is a key area of the EEA Agreement. At the most recent EEA Joint Committee meeting at the beginning of this month, we were finally able to adopt the decisions incorporating the Third Energy Package into the Agreement.

This is an important step towards the completion of the Internal Energy Market, and provides us with a solution for EEA EFTA participation in ACER – the Agency for the Cooperation of Energy Regulators.

(Progress on other longstanding acts)

We have also had to contend with other legal and institutional issues related to the two-pillar structure of the EEA Agreement, for instance the question of the competence to impose fines. Progress has also been made on this front since our last meeting in November. The Paediatrics Regulation, which we have been discussing for several years, was incorporated into the EEA Agreement just a few weeks ago. There have also been positive developments in recent months with regard to rules and standards for ship inspection and survey organisations.

(Organic production)

Earlier this year, the package of legislation on organic products was incorporated into the EEA Agreement. This provided a telling example of the importance of the EEA Agreement to our economic operators. While equivalent national rules are a necessary condition for market access, these alone are not enough; only the incorporation of EU legislation into the EEA Agreement will provide the necessary legal certainty for our citizens and businesses to operate freely within our Internal Market.

(Financial mechanism)

The economic crisis had a significant impact on social and economic disparities in Europe. This was a key element in our lengthy negotiations on an EEA Financial Mechanism for the 2014-2021 period, which were concluded last year.

The financial commitments under the new EEA Grants represent the most ambitious effort so far by the EEA EFTA States to address social and economic inequalities in the EEA. In the context of the growing migratory pressures we are experiencing in Europe, it is worth noting the greater focus under the new Mechanism on challenges related to migration and asylum, with justice and home affairs being designated as a specific priority sector.

The Agreement on the EEA Financial Mechanism for the 2014-2021 period has been applied provisionally since 1 August last year. We are pleased with the recent progress that has been made with regard to its formal approval on the EU side. The EEA EFTA States are well on track to implement the new Mechanism. Memoranda of Understanding have been signed with five of the 15 Beneficiary States, and we expect to conclude the MoU negotiations in the course of this year.

Intervention of Minister Aurelia FRICK, on behalf of Liechtenstein

Mr Chairman, dear colleagues,

Over the last decades, the EEA has proven to be robust and adaptable to the changes in the European Union. As has been stated by Norway on behalf of all of us, the EEA/EFTA States are in a very close partnership with the European Union – one that has served all sides very well. And indeed, over the years, this partnership has extended far beyond the EEA Agreement itself. We do not only share the same values, we also cooperate in important matters like migration and security.

So I would go even a step further: We are not just partners, but friends.

As a friend, it pains us to see the EU confronted with unusual challenges, to say the least. Although the European Union is today more integrated than ever, disintegration is making the headlines.

We had good discussions on Brexit earlier today in the Political Dialogue. Nevertheless, I would like to mention two points that are closely related to our current topic:

First, it is obvious that the Brexit negotiations will have a strong impact on the EEA Agreement. The moment the UK leaves the European Union, it will leave the European Economic Area as well. We appreciate the commitment expressed in the draft Council conclusions to the '*continuation of a well-functioning, homogenous Internal Market in Europe*'. To our mind, this should also find its expression in the Brexit negotiations. In this regard, we are particularly interested in transitional arrangements regarding the four freedoms and the Internal Market. Solutions must also be found for the rights already acquired by citizens and businesses in the EEA. Such arrangements may come into effect as early as April 2019. Would it not be natural to apply them to the EEA/EFTA States as well? Whatever the technical solution, we must avoid the scenario where 28 out of 31 participants in the Internal Market enjoy a smooth transition – while the three others go over the cliff. To use the words of Michel Barnier, the EU's Chief Brexit negotiator : '*The EEA must remain the second best solution after the EU.*' We cannot afford to drift apart.

Second, I can assure you that Liechtenstein remains fully committed to what has made the EEA a success: constant hard work incorporating EU law into the EEA and implementing it domestically. This work must continue, undistracted by Brexit. If anything, Brexit should motivate us to work even harder! We have had several successes in recent months and adopted important packages. But much more work lies ahead of us. This is particularly true for the more than 230 outstanding acts in the area of financial services. We will only get over this hump if we all redouble our efforts, both on the EFTA and the EU side.

Mr Chairman,

To conclude, let me summarize these two points in one: While you – the European Union – are going through this difficult break-up, you always can count on us as your friends. The EEA EFTA States are no third countries. We are your closest partners in Europe. Let us work together to protect this partnership.

Intervention of Minister Guðlaugur ÞÓR ÞÓRÐARSON, on behalf of Iceland

Europe and the world have changed fundamentally in the 25 years since the EEA Agreement was signed. But the EEA has endured. While the EU has both deepened and enlarged, the core function of the EEA has remained same: to serve as the link between three EEA EFTA Countries and the internal market. It is a testament of the EEA Agreement's durability and flexibility that it has succeeded in serving this core function for a quarter of century. The representative of the EEAS stated earlier that the when the EEA was established 25 years ago it was seen as a stepping stone to a membership to the European Union. That was not the case for Iceland.

The main aim of the EEA Agreement is to promote trade and economic relations between the EEA member states. The Agreement is here to serve our citizens and our enterprises. When assessing how well the EEA is functioning the questions we should be asking is how well the EEA Agreement helps in facilitating trade, eliminating trade barriers and linking businesses and people across the EEA? Those are the things that matter for our businesses and citizens.

Speaking for Iceland, the EEA Agreement has served this objective well. It has allowed our companies access to our most important export markets while also opening the Icelandic market for enterprises from other EEA Countries. Thanks to the EEA, thousands of Icelandic nationals have found employment or education in other EEA Countries, while at the same time thousands of citizens of the other EEA Countries have done the same in Iceland. It has also provided new opportunities for our universities and cultural institutions, which are active participants in EU programs.

The EEA also means that Iceland takes on board internal market legislation. In recent years, measures have been taken to make the procedures for incorporating and implementing EEA acts more efficient and streamlined. More efficiency is of course always welcome. However, some internal market legislation requires careful consideration before they are made part of the EEA Agreement. Our attention should be focused on those acts. It is essential that our Parliament and the relevant stakeholders can participate actively in the shaping of important EEA rules. For this reason, I have decided to make it a priority that Iceland promote its interests vigorously during the decision-shaping phase of the EEA policy making.

This calls for greater efforts from our side in informing and consulting Parliament and other stakeholders on new proposals for EU laws that have relevance for the EEA Agreement. These consultations will allow us to formulate positions on new proposals and communicate them to the relevant EU decision makers. It is essential that our democratic institutions are actively engaged in the shaping and implementation of EEA rules. Here, joint EEA institution such as the Joint EEA Parliamentary Committee and this Council have an important part to play.

Let me finally mention that the EEA is now faced with unprecedented situation. In less than two years, the UK will leave not only the EU but also the EEA. It is therefore essential that the EU and the EEA EFTA States maintain a close dialogue on Brexit, particularly on those aspects of the upcoming negotiations with the UK that may impact the functioning of the EEA. During the political dialogue today, we had open and fruitful discussion on the state of play with regards to Brexit. We welcome the clear message from Mr Barnier, that the EFTA states will not only be informed, but consulted, on all stages in their coming negotiations. It is of utmost importance that Brexit does not lead to the introduction of new trade barriers in Europe. If that happens there will be no winners, only losers.

7. Draft CONCLUSIONS OF THE 47th MEETING OF THE EEA COUNCIL

Intervention of Deputy Prime Minister GRECH on behalf of the European Union

We now turn to the discussion of our draft conclusions (as set out in document 1602/17).

The EU strongly regrets that it was not possible to reach an agreement on paragraph 22 concerning the joint management of mackerel, Atlanto-Scandian herring and blue whiting, due to diverging views between the EU and the EEA EFTA States.

In line with previous years, we would like to take this opportunity to reiterate the EU's firm commitment to sustainable fishing. We remain convinced that comprehensive management strategies with fair sharing arrangements are urgently needed if we want to protect our common fish stocks in the long-term.

It is only by working together that we will be able to reverse the declining trend of these stocks and ensure the viability of the sector through the sustainable exploitation of our resources.

With this in mind, we invite the EEA EFTA side to accept the inclusion of paragraph 22 into the conclusions.

Intervention of Minister Frank BAKKE-JENSEN on behalf of the EEA EFTA side

First of all, I would like to thank you for the good cooperation we have had in the process of drafting these conclusions. With regard to paragraph 22, we agree that responsible management of fish stocks in the North Atlantic Ocean is important. However, I would like to reiterate that fisheries management falls outside the scope of the EEA Agreement. It is therefore not appropriate to adopt conclusions on this issue in this forum. The EEA EFTA States can therefore approve the conclusions provided that this paragraph is deleted.

Intervention of Deputy Prime Minister GRECH on behalf of the European Union

We have taken good note of your comments, but we remain convinced of the added value of the proposed paragraph 22.

However, the EU does not wish to jeopardise the adoption of the rest of our conclusions, which is a priority for both sides. Thus, in a spirit of compromise, the EU delegation does not insist on maintaining paragraph 22 of the draft conclusions and agrees on its deletion, while not changing its position on the subject as such.

With that said, I conclude that we have reached an agreement to adopt the draft conclusions (as set out in document 1602/17), without paragraph 22. The conclusions as adopted will be circulated after the meeting as document 1602/17 REV 1.

8. OTHER BUSINESS

Intervention of Deputy Prime Minister Louis GRECH on behalf of the European Union

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

Intervention of Minister Frank BAKKE-JENSEN, on behalf of the EEA EFTA side

No, we do not wish to raise any other topic under '*Other business.*'

Closing remarks of Deputy Prime Minister GRECH on behalf of the European Union

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

I would like to thank you all for the constructive and very useful discussions.

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

Intervention of Minister Frank BAKKE-JENSEN on behalf of the EEA EFTA side

To conclude, the EEA Agreement continues to function well. We have seen significant progress on a number of key issues since our last meeting. Indeed, we have succeeded in finding mutually acceptable solutions to many difficult issues over the last 25 years, and I am confident that this will remain the case in the future.

I would like to end by thanking the outgoing EU Chair, the Maltese Presidency, for the very positive and constructive cooperation that we have had this term. We appreciate greatly how you have facilitated our participation in informal EU Council meetings and in political dialogues, which are important venues for the exchange of views and for fostering closer ties with our European colleagues.

We look forward to working with Estonia during its Presidency of the EU Council in the second half of this year.

Thank you.

Intervention of Deputy Prime Minister Louis GRECH on behalf of the European Union

The meeting is now closed. Thank you all.

47th meeting of the

EEA COUNCIL

(Brussels, 16 May 2017)

INDICATIVE LIST OF DELEGATIONS

I. THE GOVERNMENTS OF THE EEA – EFTA STATES WILL BE REPRESENTED AS FOLLOWS:

THE KINGDOM OF NORWAY (EEA EFTA Chair)

H.E. Mr Frank BAKKE-JENSEN	Minister of EEA and EU Affairs, Ministry of Foreign Affairs
H.E. Ms Oda Helen SLETNES	Ambassador, Mission of Norway to the EU
Mr Jørn GLOSLIE	Deputy Director General, Ministry of Foreign Affairs
Ms Gro DAHLE	Senior Adviser, Ministry of Foreign Affairs
Ms Stine SVARVA	Counsellor for Environment, Mission of Norway to the EU
Ms Turi BAKKE	First Secretary, Mission of Norway to the EU
Ms Wera HELSTRØM	Counsellor for Communications and Press, Mission of Norway to the EU
Ms Line HAUGLAND	Communications Officer, Mission of Norway to the EU
Ms Sara SVANEMYR	Trainee, Mission of Norway to the EU

ICELAND

H.E. Mr Guðlaugur Þór ÞÓRÐARSON	Minister of Foreign Affairs
H.E. Ms Bergdís ELLERTSDÓTTIR	Ambassador, Mission of Iceland to the EU
Mr Finnur Þór BIRGISSON	Director European Affairs, Directorate for External Trade and Economic Affairs, Ministry of Foreign Affairs
Mr Ragnar G. KRISTJÁNSSON	Minister, Deputy Head of Mission, Mission of Iceland to the EU
Mr Borgar Þór EINARSSON	Political Adviser, Ministry of Foreign Affairs
Ms Katrín SVERRISDÓTTIR	Coordinator for European Economic Area (EEA) Cooperation, Prime Minister's Office and Ministry of Foreign Affairs
Mr Ingólfur FRÍÐRIKSSON	First Secretary, Mission of Iceland to the EU
Ms Sigríður EYSTEINDÓTTIR	First Secretary, Mission of Iceland to the EU
Mr Andri JÚLIÚSSON	First Secretary, Mission of Iceland to the EU

THE PRINCIPALITY OF LIECHTENSTEIN

H.E. Ms Aurelia FRICK	Minister of Foreign Affairs, Justice and Culture
H.E. Mr Martin FRICK	Ambassador, Director of the Office for Foreign Affairs
H.E. Ms Sabina MONAUNI	Ambassador, Mission of Liechtenstein to the EU
Ms Andrea ENTNER-KOCH	Director of EEA Coordination Unit
Mr Stefan BARRIGA	Minister, Deputy Head of Mission, Mission of Liechtenstein to the EU
Ms Helen LOREZ	Second Secretary, Mission of Liechtenstein to the EU
Mr Valentin FLATZ	Temporary Officer, Mission of Liechtenstein to the EU

THE MALTESE PRESIDENCY

H.E. Louis GRECH	Deputy Prime Minister, Ministry for European Affairs and Implementation of the Electoral Manifesto
Mr Paul Zahra	Permanent Secretary, Ministry for European Affairs and Implementation of the Electoral Manifesto
Mr Jan Camilleri	Research Analyst , Ministry for European Affairs and Implementation of the Electoral Manifesto
Mr Rylan Patissier	Policy Officer, Permanent Representation of Malta to the EU
Mr Steve Mifsud	Technical Attaché, Permanent Representation of Malta to the EU
Ms Charlene Caruana	Research Analyst, Permanent Representation of Malta to the EU

COUNCIL OF THE EUROPEAN UNION - GENERAL SECRETARIAT

Mr Matthew REECE	Head of Unit, Enlargement Union
Ms Andreia VISCONTI IORDACHITA	EFTA Desk, Enlargement Union
Ms Stephania BALZAN	Political Assistant, Enlargement Unit

EUROPEAN EXTERNAL ACTION SERVICE

Ms Angelina EICHHORST	Deputy Managing Director for Europe and Central Asia, European External Action Service
Mr Claude MAERTEN	Head of Division, Western Europe
Mr Martin SKYLV	Deputy Head of Division, Western Europe
Mr Vaclav NAVRATIL	Desk officer European Economic Area (EEA)

EUROPEAN COMMISSION

Ms Yvon SLINGENBERG	Director, DG Climate Action
Mr Tom DIDERICH	International Relations Officer, DG GROW

EFTA SECRETARIAT

Mr Kristinn F. ÁRNASON	Secretary-General
Mr Dag W. HOLTER	Deputy Secretary-General
Mr Georges BAUR	Assistant Secretary-General
Mr Tómas BRYNJÓLFSSON	Director, Services, Capital, Persons and Programmes Division
Ms Brit HELLE	Director, Goods Division
Mr Marius VAHL	Head of EEA policy coordination, Secretary to the EFTA Standing Committee
Mr Thorfinnur OMARSSON	Senior Officer, Secretary-General's Office
Mr Samuel FLÜCKIGER	Senior Officer, Services, Capital, Persons and Programmes Division
Ms Katja MURPHY	Trainee

EFTA SURVEILLANCE AUTHORITY

Ms Helga JÓNSDÓTTIR	College Member
Mr Frank BÜCHEL	College Member

EUROPEAN ECONOMIC AREA
Council of the EEA

Brussels, 8 May 2017
(OR. en)

EEE 1603/17

REPORT

Subject: Progress Report by the EEA Joint Committee to the 47th meeting of the EEA Council

Decision making

1. The EEA Joint Committee has adopted 142 Joint Committee Decisions (JCDs) incorporating 279 legal acts since the EEA Council of 15 November 2016. In the period from 1 January to 5 May 2017, the EEA Joint Committee has adopted 103 JCDs incorporating 221 legal acts. In the same period of 2016, 102 JCDs incorporating 180 legal acts were adopted.
2. As of 5 May 2017, there were 501 outstanding legal acts where the compliance date in the EU had passed, compared to 517 acts on 1 November 2016. Since November 2016 therefore the overall number of outstanding legal acts has decreased by 3.1 %.
3. Since the last EEA Council, the EFTA side has continued to identify and implement further measures to permanently reduce the number of outstanding acts and avoid their re-emergence.
4. The number of JCDs awaiting the fulfilment of constitutional requirements, where the six-month period had expired, increased from 11 on 1 November 2016 to 12 on 5 May 2017.

5. Important decisions incorporated since the 46th meeting of the EEA Council include:

- Decision No 254/2016 on establishing an European Platform to enhance cooperation in tackling undeclared work,
- Decision No 49/2017 on organic production and labelling of organic products,
- Decision No 59/2017 on the reuse of public sector information,
- Decision No 92/2017 on medicinal products for paediatric use,
- Decision No 93/2017 on the Third Package for the Internal Energy Market,

Decision shaping

6. The EEA EFTA States are participating in 14 EU programmes and 18 agencies, of which 13 were regulatory agencies and five executive agencies.

7. Since the last EEA Council, the EEA Joint Committee has taken note of EEA EFTA Comments on the following subjects, to which the EU side has provided oral and/ or written reactions:

- The proposal on a Body of European Regulators for Electronic Communications (BEREC)
- Geoblocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the Internal Market,
- The review of the EU Macro-prudential Policy Framework,
- The notification procedure for national legislation pursuant to Articles 15(7) and 39(5) of the Services Directive,
- The regulatory framework for construction products and the implementation of Regulation (EU) No 305/2011 on Construction Products,

- Cooperation between national authorities responsible for the enforcement of consumer protection law,
- The evaluation of the market surveillance provisions of Regulation (EC) No 765/2008 and on actions to enhance enforcement and compliance in the Single Market for goods,
- The proposal for a directive on certain aspects concerning contracts for the supply of digital content – COM(2015) 634, and on the proposal for a directive on certain aspects concerning contracts for online and other distance sales of goods – COM(2015) 635.
- The public consultation on the fitness of EU legislation for maritime transport safety and efficiency,
- The proposal for a regulation amending Regulation (EU) No 531/2012 as regards rules for wholesale roaming markets,
- The Commission proposal for a regulation establishing CEDEFOP and repealing Regulation (EEC) No 337/75,
- The proposal for a regulation laying down rules on the making available on the market of CE marked fertilising products and amending Regulations (EC) No 1069/2009 and EC No 1107/2009.

Briefings in the Joint Committee

8. Briefings on capital controls in Iceland was provided in the EEA Joint Committee.

Status of outstanding issues

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

- the Directive on the Deposit Guarantee Scheme,
- the remaining part of the 2009 TELECOM package, including the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC),

- the Third Postal Directive,
 - the Marine Strategy Framework Directive,
 - the Offshore Safety Directive.
10. The Joint Committee has reiterated its determination to work towards the rapid conclusion of these issues.

Financial Mechanisms

11. The Agreement on the EEA Financial Mechanism for the 2014-2021 period, with a total commitment of 1548.1 million euro, was ratified by Iceland, Liechtenstein and Norway and has been applied provisionally as of 1 August 2016. The Agreement on the Norwegian Financial Mechanism for the 2014-2021 period, with a total commitment of 1253.7 million euro, was ratified by Norway and has been applied provisionally as of 1 July 2016.
12. Memoranda of Understanding on the EEA Grants have been signed with Romania, Slovakia, Bulgaria and Malta.
13. For the period 2009-2014, 993.5 million euro has been set aside under the EEA Financial Mechanism and an additional 804.6 million euro under the Norwegian Financial Mechanism. Programmes and projects under both Mechanisms may be implemented until 2017.
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CONCLUSIONS

Subject: Conclusions of the 47th meeting of the EEA Council
(Brussels, 16 May 2017)

1. The forty-seventh meeting of the EEA Council took place in Brussels on 16 May 2017 under the Presidency of Mr Louis Grech, Deputy Prime Minister and Minister for EU Affairs of Malta, representing the Presidency of the Council of the European Union. The meeting was attended by Mr Frank Bakke-Jensen, Minister of EEA and EU Affairs of Norway, Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs of Iceland, and Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service.

Political Dialogue

2. The EEA Council recognised that the close partnership between the EU and the EEA EFTA States was the best guarantee of long-term shared prosperity and stability. In this context, the EEA Council noted that, within the framework of the Political Dialogue, the Ministers would discuss *the implications for the EEA Agreement of the UK's withdrawal from the EU, and the Arctic*. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant EU Council working parties.

3. With regard to the UK's withdrawal from the EU, the EEA Council underlined the importance of safeguarding the EEA Agreement, and of ensuring the continuation of a well-functioning, homogenous Internal Market in Europe. The EEA Council called for a close dialogue and continuous exchange of information between the EU and the EEA EFTA States on the negotiations between the EU and the UK under Article 50 of the Treaty on European Union regarding the withdrawal of the UK from the EU, and on the future relations between the EU and the UK, as the withdrawal will also affect the EEA Agreement.

Cooperation in the EEA

4. The EEA Council acknowledged the key role played by the Agreement on the European Economic Area (EEA Agreement) for more than 20 years in advancing economic integration between the EU and the EEA EFTA States. The EEA Council highlighted that the Agreement had been robust and capable of adapting to changes in EU treaties and EU enlargements. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups, studies and agencies, as well as through the submission of EEA EFTA Comments. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU Ministerial meetings and Ministerial conferences relevant to EEA EFTA participation in the Internal Market, and expressed its appreciation to the current Maltese and incoming Estonian Presidencies for the continuation of this practice.

5. The EEA Council emphasised the importance of a well-functioning Single Market as a driver in boosting economic growth and creating new jobs throughout Europe, and welcomed the steps already taken to implement the proposals contained in the strategies for a Digital Single Market and for upgrading the Single Market, both launched in 2015, with a view to exploiting in full its untapped growth and productivity potential. The EEA Council agreed that a holistic approach was required to tackle some of the main challenges facing the Single Market, and stressed the importance of the close involvement of the EEA EFTA States in the further design and development of Single Market policies and initiatives. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA was in the interest of all Contracting Parties, the EEA Council urged the EU and the EEA EFTA States to ensure that information on the EEA Agreement was made readily and easily available.

Orientation debate – energy and climate change

6. An orientation debate was held on *joint fulfilment of the Paris Agreement and related GHG emissions reductions targets for 2030*. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environmental, energy and climate change policies, particularly in light of the 2030 Framework for Climate and Energy and the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy. The EEA Council noted that the EEA EFTA States remains a key partner of the EU as a reliable supplier of energy and underlined that the close cooperation should continue in the areas of the Internal Energy Market; energy security; emissions trading; the promotion of competitive, climate-resilient, safe and sustainable low carbon energy; energy efficiency; renewable energy resources; carbon capture and storage (CCS); and carbon capture and utilisation (CCU); as well as other environmental issues such as waste, chemicals, water resource management and industrial pollution.

Financial Mechanism

7. The EEA Council emphasised the importance of solidarity among the countries of Europe to overcome social and economic challenges and expressed concern regarding the continued high level of youth unemployment in some EEA Member States. The EEA Council commended the positive contribution made by the EEA and Norway Financial Mechanisms 2009-2014 and by their predecessors in reducing economic and social disparities throughout the EEA. Following the provisional application of the agreements on an EEA and a Norwegian Financial Mechanism for the 2014-2021 period, the EEA Council welcomed the progress made in the negotiations on Memoranda of Understanding between the EEA EFTA States and the Beneficiary States in the EU.

Capital controls

8. The EEA Council noted that free movement of capital is a fundamental internal market freedom and an integral part of the EEA acquis and acknowledged that restrictions can be implemented only temporarily on the basis of the provisions of Article 43 of the EEA Agreement. The EEA Council welcomed the progress of the comprehensive plan of the Icelandic Government for removal of capital controls without threatening economic and financial stability of the country, particularly the recent steps to lift capital controls on individuals, companies and pensions funds.

EU programmes

9. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes to which they contributed financially. The EEA Council recognised in particular the active participation and full integration of the EEA EFTA States in the European Research Area and the successful association of Norway and Iceland in Horizon 2020, the EU's flagship programme for Research and Innovation. The EEA Council would continue to place high importance on the integration and policy alignment of EEA EFTA States with the EU in the area of research and innovation.

Incorporation of EEA-relevant EU acts

10. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.
11. The EEA Council welcomed the ongoing efforts to reduce the number of EEA-relevant EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process, While commending all the steps undertaken in the course of the last years, the EEA Council noted that the number of acts awaiting incorporation was still too high.
12. The EEA Council called for continued work in order to significantly and durably reduce the current backlog and thereby continue to ensure legal certainty and homogeneity in the EEA. This common goal can be achieved through political will and enhanced dialogue among the relevant experts and organs. The EEA Council urged all parties to engage constructively to find solution to pending difficult issues.
13. The EEA Council welcomed in particular the incorporation into the EEA Agreement of the Third Package for the Internal Energy Market, the EU legal acts in the area of organic production, and the Regulation on Medicinal Products for Paediatric Use. It welcomed the progress made over the last months in the area of common rules and standards for ship inspection and survey organisations.
14. The EEA Council also highlighted the high importance of promptly incorporating and applying outstanding legislation in the field of financial services – representing more than one third of the backlog – in order to ensure a level playing field throughout the EEA in this important sector.
15. The EEA Council noted that progress was still needed on a number of important outstanding issues and looked forward to reaching a conclusion as soon as possible, in particular regarding the Third Postal Directive.

16. The EEA Council further noted that there were a number of Joint Committee Decisions where the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.

Agricultural trade

17. The EEA Council acknowledged that the Contracting Parties had reaffirmed their commitment, in accordance with Article 19 of the EEA Agreement, to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade.
18. As regards the Agreement in the form of an Exchange of Letters between the European Union and Iceland concerning additional trade preferences in agricultural products, concluded in 2015, the EEA Council encourages the parties to finalize their internal procedures in order for the agreement to enter into force as soon as possible.
19. The EEA Council welcomed the initialling, on 5 April 2017, of the Agreement between the European Union and Norway concerning additional trade preferences in agricultural products reached on the basis of Article 19 of the EEA Agreement and looked forward to its signing.
20. The EEA Council encouraged the Contracting Parties to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of article 2(2) and article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in this area. In this regard, the EEA Council took note of the recent steps taken by the EU and Iceland to further liberalize trade in processed agricultural products, on reciprocal basis, within Protocol 3 of the EEA Agreement. The EEA Council noted the suspension of the negotiations between the EU and Norway on protection of geographical indications.

Fish and fisheries products

21. The EEA Council welcomed the provisional application of the Protocol on trade in fish and fisheries products between Iceland and the EU as of 1 August 2016 and of the Protocol on trade in fish and fisheries products between Norway and the EU as of 1 September 2016.

Parliamentary cooperation

22. Recognising the important role of parliamentary cooperation in the EEA, the EEA Council noted the Resolution of the EEA Joint Parliamentary Committee adopted at its meeting in Strasbourg on 14 December 2016 on the *Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2015*.
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