

**EUROPEAN ECONOMIC AREA
Council of the EEA**

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DRAFT MINUTES

Subject: Draft minutes of the 40th meeting of the EEA Council
Brussels, 19 November 2013

DRAFT MINUTES
OF THE 40TH MEETING OF THE
EEA COUNCIL
(BRUSSELS, 19 NOVEMBER 2013)

CONTENTS

Page

1. Adoption of the Provisional Agenda (doc. 1607/13)..... 6

Items for adoption without prior discussion

2. Approval of the minutes of the 39th meeting held in Brussels on 21 May 2013 (doc. 1604/13)..... 7
3. Progress Report by the EEA Joint Committee (doc. 1609/13)..... 7

Item for consideration without prior discussion

4. Resolutions of the Joint Parliamentary Committee adopted at its 41th meeting in Vaduz 28 October 2013 on: Arctic Policy and Citizens' rights in the EU and the EEA EFTA States. Resolutions of the EEA Consultative Committee adopted at its 21st meeting in Rovaniemi 10-11 October 2013 on: Arctic Policy and The role of the social partners in the transition of young people from education to the labour market..... 7

Items for possible discussion

5. Assessment of the overall functioning of the EEA Agreement..... 7
6. Orientation Debate: A 2030 Framework for Climate and Energy Policies - challenges and next steps..... 25
7. Draft Conclusions of the EEA Council (doc. 1608/13)..... 40
8. Other business
- Regulatory cooperation with third countries impacting the internal market, i.a. relating to Protocol 12 EEA..... 41

Annex I: List of Delegations

Annex II: Progress Report by the EEA Joint Committee (EEE 1609/13)

Annex III: Conclusions of the 40th meeting of the EEA Council (EEE 1608/1/13 REV 1)

The EEA Council held its 40th meeting in Brussels on 19 November 2013.

The meeting was chaired by Mr *Gunnar Bragi SVEINSSON* (Minister of *Iceland* and President-in-office of the EEA Council), accompanied by Ms *Aurelia FRICK* (Minister of Foreign Affairs of the Principality of *Liechtenstein*) and Mr Vidar *HELGESEN* (Minister of EEA and EU Affairs at the Office of the Prime Minister of *Norway*). The EEA EFTA delegation also included Mr *Kristinn F. ÁRNASON* (Secretary General of the *European Free Trade Association - EFTA*) and Mrs *Oda Helen SLETNES* (President of the *EFTA Surveillance Authority - ESA*).

The EU delegation was led by Mr *Linas LINKEVIČIUS*, Minister of Foreign Affairs of *Lithuania*, representing the Presidency of the Council of the European Union, accompanied by representatives of the *General Secretariat of the Council*, the *European External Action Service (EEAS)* and the *European Commission*.

At the political dialogue preceding the EEA Council meeting, the EU delegation was led by Mr Linas *LINKEVIČIUS* on behalf of the High Representative of the Union for Foreign Affairs and Security Policy, accompanied by representatives of the *EEAS* and the *General Secretariat of the Council*. At that meeting, participants discussed *Israel/Palestine/MEPP*, *Syria*, *Iran* and *Myanmar*.

Opening statement of Minister SVEINSSON, President of the EEA Council:

Co-chair, dear colleagues,

I welcome you to the 40th meeting of the EEA Council. I propose that we deal with items 1, 2, 3 and 4 of the agenda without prior discussion.

Opening statement of Minister LINKEVIČIUS on behalf of the EU:

I am very pleased to welcome colleagues from Norway, Iceland and Liechtenstein, from the EFTA Secretariat, as well as from the EFTA Surveillance Authority,

I am very pleased to welcome all of you here in the premises of the EU Council for our 40th EEA Council meeting. It is a particular pleasure to welcome you, Chair, Mr Gunnar Sveinsson, as well as Minister Vidar HELGESEN, to your first EEA Council meeting, and Ms Aurelia Frick who participated already a few times here. We extend our best wishes to both of you and are looking forward to our cooperation in this forum!

Before we go into the substance of our meeting, I would like to express my most sincere acknowledgements to you and to the EFTA Secretariat for the excellent co-operation in the preparation of this meeting.

Furthermore, I would like to confirm that we agree to deal with items 1, 2, 3 and 4 of our Agenda without prior discussion.

1. ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda, as set out in doc. EEE 1607/13.

2. APPROVAL OF THE MINUTES

The EEA Council approved the minutes of the 39th meeting of the EEA Council, which took place in Brussels on 21 May 2013, as set out in doc. EEE 1604/13.

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 1609/13.

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

The EEA Council took note of the Resolutions of the Joint Parliamentary Committee adopted at its 41th meeting in Vaduz 28 October 2013 on *Arctic Policy and Citizens' rights in the EU and the EEA EFTA States*, as well as of the Resolutions of the EEA Consultative Committee adopted at its 21st meeting in Rovaniemi 10-11 October 2013 on *Arctic Policy and The role of the social partners in the transition of young people from education to the labour market*.

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

Intervention of Minister SVEINSSON, on behalf of the EEA EFTA States:

Dear colleagues,

Over the past 20 years the Internal Market has provided remarkable benefits for citizens and businesses in Europe. Millions of jobs have been created due to the removal of the barriers to the free movement of goods, persons, services and capital.

Next year, we will mark the 20th anniversary of the entry into force of the EEA Agreement that has extended the Internal Market to the EEA EFTA States. Throughout these years, the Agreement has proven to be a durable and efficient instrument to the mutual benefit of all contracting parties.

When the financial crisis hit the European continent, it had a severe impact on the European economy. It created a difficult situation for businesses, social problems and high unemployment. One of the drivers to boost the economy was to strengthen the Internal Market. Even though we have seen positive growth in some European countries lately, further measures are needed to create a sustainable economy and quality jobs in Europe.

The EEA EFTA States support the actions taken with regard to the two Single Market Acts to boost the Internal Market, focusing on issues like the economic potential of the digital economy, improved market access for businesses, and further development of transport and energy networks in Europe.

An important part of strengthening the Internal Market is to make sure it functions well and is well governed. The focus on these issues has increased pressure on the EU Member States to implement and enforce the *acquis*. This in turn has highlighted the need for the EEA EFTA States to improve the process of incorporating relevant EU rules into the EEA Agreement.

Management of the EEA Agreement has been a priority over the last two years for the EEA EFTA States. The aim has been to improve our procedures and to reduce the number of adopted acts waiting to be incorporated into the Agreement. Much effort has been invested into this work, and we have solved several of the old issues but there is still work to be done.

The EEA EFTA States are actively assessing what may be done to further improve our procedures. We are focusing on measures that can be implemented immediately.

However, efforts on our side are not enough to ensure that the EEA functions well. As the Internal Market is constantly developing, the EEA EFTA States need engagement from the EU side in order to find solutions to issues that are new to the Agreement or raise difficult constitutional issues.

In this context I would like to highlight a key feature of the EEA Agreement. It is a mechanism for an extremely close cooperation between EFTA and the EU. But at the same time there are major differences that follow from not being members of the supranational EU. It follows from this key difference that we need to negotiate towards a settlement on various issues of this kind every now and then, on the basis of equal Contracting Parties.

Some of these challenges are familiar ones that we have been working on for a long time, such as securing EEA EFTA participation in the EU agencies, authorities and bodies that affect us through the EEA Agreement.

The most important current example relates to the three supervisory authorities in the area of financial services that were established after the financial crisis. They have extensive powers that fall within the scope of the Agreement. They also pose constitutional challenges for certain EEA EFTA States. Already in June this year, we transmitted an outline of a possible solution addressing the most difficult issues to the EU-side. We know that the legal service of the Commission has been asked to assess the proposed outline. It is now urgent to receive feedback as this is necessary to be able to continue the joint work on finding a mutually acceptable solution to this crucial issue.

We are also concerned about EEA EFTA participation in the Body of European Regulators for Electronic Communication, or “BEREC” for short. The EEA EFTA States are an integral part of the Internal Market for Electronic Communications Networks and Services. It is our firm belief that the EEA EFTA side should be guaranteed full participation without the right to vote. However, the BEREC Regulation itself grants us only observer status, the same as for countries outside the Internal Market. This is contrary to the institutional and procedural set-up of the EEA Agreement, which provides that the terms of EEA EFTA participation are to be negotiated and agreed upon in the EEA Joint Committee. We sincerely hope that we can for the future return to an approach in EU-legislation that fully respects this set-up and avoids unilateral restrictions. In line with this, we have provided a suggestion for “neutral wording” in our recent comments to the new proposal for a European single market for electronic communication.

The EEA EFTA States welcome the fact that since the last EEA Council, membership of the EU has grown to 28 countries. We also look forward to including Croatia as soon as possible in the EEA Agreement, enlarging the European Economic Area to 31 members.

I would also like to mention that we are pleased to see that over the last years, funding through the EEA and Norway Grants has shown good results. The grants also enable closer cooperation between the EEA EFTA States and the beneficiary countries which contribute to more targeted support.

Finally, I would like to thank Lithuania for its very friendly, efficient and constructive cooperation during its Presidency of the EU Council, especially in facilitating our participation in informal ministerial meetings and political dialogues and in the preparation of this meeting. We look forward to working with the Greek Presidency in the first half of next year.

Intervention of Minister LINKEVIČIUS on behalf of the EU:

Dear Colleagues,

Our meeting takes place roughly 6 weeks before we can celebrate the 20th anniversary of the entry into force of the EEA Agreement.

The wide range of subjects to be dealt with at our meeting today reflects very well the extent to which, based on this Agreement, relations between the EU and the EEA EFTA States have broadened and deepened over the years. I am confident that this process will continue in the same vein in the future, with our countries growing continuously closer to each other, even though we sometimes have to overcome one or the other difficulty in the process.

Regarding the development of our relations with the EEA EFTA States in the past six months, I would like to stress the following:

To begin with, we have followed with interest negotiations with the EEA EFTA States on the participation of Croatia in the European Economic Area, further to its accession to the EU on 1 July. We sincerely hope that these negotiations can be concluded in the near future, thus allowing us to welcome Croatia as the 31st EEA member. In this context, we urge all sides to make their best efforts to finalise their procedures as soon as possible.

Furthermore, I would like to refer to the renewal of the financial contributions of the EEA EFTA States to reduce economic and social disparities in the EEA after 2014. The EU has recently adopted a negotiating mandate on the renewal of the EEA and Norwegian Financial Mechanisms. As you know, the current Mechanisms, which were highly useful and much appreciated, expire at the end of April 2014, and we would invite to start negotiations as soon as possible, in order to ensure that the new Mechanisms could be in place by 1st of May 2014.

As foreseen in the current EEA Financial Mechanism, the EU has reviewed the economic and social situation in the EEA. Our conclusion is that there is still an important need to reduce disparities in the EEA. Due to the economic crisis of the past years these disparities have even grown, including with regard to unemployment, in particular of young people. These findings of the EU are currently being discussed by the EEA Joint Committee, and we are confident that the EEA EFTA side will share our assessment. Once the review has been completed, we should start negotiations on the renewal of the Financial Mechanisms without further delay, and we invite the EEA EFTA side to take the necessary steps to allow for this.

Furthermore, I would like to welcome efforts made in the past two years by all sides to reduce the backlog of EEA relevant EU *acquis* to be incorporated into the EEA Agreement and to accelerate the incorporation process. However, we deem that in order to guarantee legal certainty, as well as to ensure the homogeneity and credibility of the EEA, more needs to be done. It has to be ensured that the time gap between the adoption of EEA relevant *acquis* by the EU and its application by the EEA EFTA States is durably reduced, including in a number of areas where no progress has been made for several years.

I particularly stress the last point, as some of the legal acts to be implemented by the EEA EFTA countries have been in a state of limbo for a number of years, some of them for internal political reasons on the EEA EFTA side.

I need to say very clearly that the EU cannot accept such long delays, which create legal uncertainty and risk to undermine the credibility of the EEA Agreement, which is referred to as a model for its good functioning and its capacity to ensure the homogeneity of the Internal Market. Consequently, we reiterate our call to our EEA EFTA partners to make their best efforts in order to implement the relevant *acquis* without further delay.

Dear Chairman,

Regarding bilateral issues, I need to mention that the EU remains concerned with regard to Norway's approach on some agricultural issues, in particular on trade in processed agricultural products. We also regret that Norway has not revoked certain measures on customs tariffs for agriculture products, which negatively affect our relations. We strongly encourage Norway to reconsider its position on these issues.

Finally, I need to express the EU's firm believe that in our on-going dispute with Iceland on the joint management of mackerel stock, all parties have responsibility to make every endeavour with a view to reaching the agreement as soon as possible. I will not go into the issue here, as we will have to deal with it under item 7 of our agenda.

With this, I pass the floor to the External Action Service, Managing Director Fernandez de la Peña, who will report to you on the day-to-day functioning of the EEA Agreement.

Intervention of Mr FERNANDEZ DE LA PENA on behalf of the EEAS and the EUROPEAN COMMISSION:

Mr President, Honourable Delegations,

It is a real pleasure for me to attend the EEA Council meeting and share with you, on behalf of the EEAS and the European Commission, our analysis on how the EEA Agreement developed since the last Council meeting on 21 May 2013 here in Brussels.

The more detailed assessment is included in the latest Progress Report of the EEA Joint Committee, and has already been jointly adopted under point 3 of the agenda. It is also duly reflected in the EEA Council conclusions which are poised to be adopted later on. So I will shed more light only on certain aspects of the assessment to which we attach particular importance.

But before doing that, allow me to emphasize that our today's meeting comes after two new governments started their work in both Iceland and Norway. We are very confident that the renewed political energy at domestic level, such as the appointment of an EEA minister in Norway, will be matched by renewed political commitment to build upon the strengths of the EEA Agreement, while addressing its key challenges.

Most of you are already familiar with these challenges, but I would like to profit from the presence of the new ministers from Iceland and Norway to highlight some of them in my intervention: 1) outstanding legal acts, including the disputed EEA relevance of some EU legislation 2) the participation of the EEA EFTA states in the newly established EU agencies and other bodies and 3) the negotiations for the extension of the EEA Agreement to Croatia and for the renewal of the EEA/Norwegian financial contributions after 2014. I will conclude with a brief update on the state of play of our negotiations on advancing the liberalization of agricultural trade.

Let us be very clear: The EEA Agreement has so far been a particularly successful legal and institutional arrangement to promote the regulatory convergence of internal market legislation with a very special category of neighbouring countries. Its strength and underlying principle is the homogeneity of the Internal Market. This is to be achieved through a timely and continuous incorporation into the Agreement of all new EEA relevant legal acts and through a successful and effective implementation of these acts by the EEA EFTA countries. While the Commission monitors the timely incorporation of those acts, it is up to the EFTA Surveillance Authority to monitor the implementation once the acts have been incorporated.

Delays in both the incorporation and implementation processes lead to a fragmented internal market and unlevelled playing field for European economic actors operating across the economic area.

Allow me to recall you that almost two years ago, the Joint Committee committed itself to three ambitious objectives: i) to reduce the number of EEA-relevant legal acts adopted on the EU side that had not been incorporated into the Agreement; ii) to reduce the time period between the entry into force of acts on the EU side and on the EEA EFTA side; and iii) to ensure that legal acts with constitutional requirements on the EEA EFTA side entered into force within the six-month period foreseen by the EEA Agreement.

Regarding the first objective, we moved from more than 500 outstanding legal acts waiting for incorporation to the EEA Agreement in December 2011 to a bit less than 500 legal acts as of today. The last 5 months have unfortunately reversed the previous positive trends and it is already clear that in 2013 we will incorporate around 20% less legal acts than in 2012.

Despite the substantial efforts made over the last two years, we have thus managed to reduce the overall backlog by 14%. This is only a marginal achievement given the very high expectations we had at the beginning of this exercise.

We believe that we can do much better. The administrative processes need to be further streamlined, but even more it is essential to ensure a clear political commitment backed by clear incorporation benchmarks.

We therefore welcome the current efforts on the EFTA side to identify the hurdles in institutional mechanisms, to find ways how to permanently reduce the backlog and prevent its re-emergence. In this context, we expect clear actions and quantifiable results in the very near future.

Progress on the second objective to reduce the time period between the entry into force of acts on the EU side and on the EEA EFTA side is highly important in order to guarantee the legal security and the homogeneity of the economic area.

Unfortunately the results have not improved since May 2013. Today, we still have around 130 EEA relevant legal acts, where the EU compliance deadline has passed before the end of 2011, and which until now have not been incorporated in the EEA Agreement. To take some examples, Regulation on Novel foods ingredients is pending for almost 16 years, the Data Retention Directive for 6 years, the Deposit Guarantee Scheme Directive and the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC) for 4 years, and finally the third Postal Directive for 3 years. Regarding the latter, we welcome the latest positive signs that indicate that Norway might lift its reservations. This is of outmost concern for us as these legal acts are of much importance to the quality of the EU internal market. The insufficient progress in this regard seriously affects its legal homogeneity.

Moreover, if we look through the regular monitoring tables of the EFTA Surveillance Authority, we can see that 2013 is a negative record year in terms of infringement procedures being launched, as the compliance date of the EEA incorporated legislation is not respected. In some cases this leads to additional months and sometimes years until an EEA relevant legal act is notified as implemented by some EFTA countries.

This is not a source of joy. We are aware that the time gap will never be reduced to zero. But it can well be reduced to no more than a few months of difference. This is something we should commit ourselves to without hesitation.

The third objective relates to the Joint Committee Decisions where the six-month deadline foreseen by the EEA Agreement to the EEA EFTA side to notify the fulfilment of constitutional requirements has passed. Since June 2013, we have witnessed an increase from 2 to 7 Joint Committee Decisions (JCDs) of this nature. Additionally, there are 8 "linked" JCDs where the entry into force depended on the fulfilment of constitutional requirements of other already adopted JCDs or the incorporation of an EU legal act into the EEA Agreement. We hope that these pending cases will be solved rapidly and that this issue will soon belong to the past.

One more thing, which is particularly important: We all agree that the scope of the EEA-relevant legislation has evolved considerably since the inception of the EEA Agreement. But we need to make sure that the new developments in the EU's Internal Market together with the changes to the EU's institutional and decision-making structures are duly reflected in the EEA Agreement. The safeguard of the internal market's legal homogeneity requires us to do so.

Among the outstanding legal acts mentioned above, there are some where their relevance for the Agreement is disputed by the EEA EFTA side and where less progress has been made over the last 5 months. We have already started analysing the different cases and look forward to finding mutually satisfactory solutions very soon.

Before moving to another point, allow me to emphasize that solving the issue of backlog or EEA relevance is of paramount importance over the next months. Otherwise, our internal market risks functioning upon two different set of rules, one for EFTA countries and one for the EU. This is not something we could be proud of and it is against the spirit and provisions of our EEA Agreement.

Let me now turn to the second objective of my intervention today, the issue of participation of the EEA EFTA states in EU agencies or regulatory bodies, where no substantive progress can be reported over the last few months. In view of the differences in their competences and composition, we reiterate the message that it is rather difficult to apply a one size fits all solution for all agencies and other bodies. In some cases, the EEA EFTA countries participate as observers, in some other as full members without voting rights.

As the level playing field in the internal market is the overall benchmark for the well-functioning of the EEA, all efforts should be made by all sides to ensure the incorporation of all legal acts connected to the powers of these agencies. This is particularly true for key areas such as Financial Services. Our Commission colleagues are currently looking into various proposals submitted by the EFTA countries with the purpose of identifying sustainable solutions as soon as possible.

Let me now move from the functioning of the Agreement to the issue of extending the EEA Agreement to Croatia. The EU side hoped to conclude negotiations allowing for Croatia's accession to the EEA parallel with its accession to the EU. This proved not to be possible. Following the summer break, we reached an agreement on the major issues of the negotiations, and in particular on Croatia's participation in the EEA Financial Mechanism. I hope that this agreement will be confirmed by the last formal meeting of the chief negotiators, to be convened by the Icelandic chair in the coming days.

You are all aware that the present financial mechanisms will end in April 2014 and the negotiations on their renewal need to start as soon as possible. The EU side has already received its negotiating mandate in early October and we very much hope that the EFTA countries will be in the same position in due time. The work of the Joint Committee to conclude the review under Article 9 of Protocol 38 B of the EEA Agreement should proceed without delay. Allow me to emphasize the need to find continuity in the positive impact achieved by the EEA and Norway Financial mechanisms over the last years in reducing economic and social disparities in the EEA, especially against the background of the financial crisis which affected particularly the job chances of youth in our countries.

But the scope of our on-going discussions is not limited to this. The EEA Agreement provides for the Contracting Parties to continue their efforts with a view to achieving progressive liberalization of agricultural trade. To this end, it is foreseen that the Contracting Parties will carry out, once every two years, reviews of the conditions of trade in agricultural products. Against this background we look forward to the results of the on-going review of the conditions of trade in agricultural products between Norway and the EU, which should lead to the opening of negotiations on a new agreement by the end of 2014.

Mr President, Honourable Delegations,

In less than three months' time, we will celebrate 20 years since the EEA Agreement entered into force. During these years, the EU has welcomed new valuable members and gone through comprehensive political, economic and institutional changes. But our Agreement tried to keep pace with all this dynamics. Moreover, it demonstrated that it was able to withstand the challenges of the economic and financial crisis of the last years.

But it is not time to be complacent. In a very competitive world, we need to boost the competitiveness of our economies. And a competitive European Economic Area hinges on a good functioning of the EEA Agreement, where market integration, legal predictability and homogeneity are paramount. These are the pillars of our growth, the pillars of our future. Let us not lose even a day to make this happen.

Intervention of Minister HELGESEN on behalf of Norway:

I welcome the opportunity to take part in the EEA Council meeting for the first time.

The new Norwegian government will give high priority to Norway's relations with Europe and the EU. The basis for our policy will be the EEA Agreement and other agreements we have with the EU. If and when common interests are identified within other areas, we are ready to strengthen our cooperation with the EU and EU Member States.

A Minister for EEA and EU affairs has been appointed at the Prime Minister's Office. My responsibility is to facilitate the government's objectives and priorities in EU- and EEA-related matters, and to ensure good and sound management of Norway's overall cooperation with the EU. The government's objective is basically two-fold: Firstly, to ensure more active engagement in EU decision-shaping with the EU in EU/EEA-related matters, within the framework of our agreements. Secondly, our ambition is to make sure, in cooperation with our EEA EFTA partners and the EU, that the EEA Agreement delivers common rules and predictability for the economic operators, as intended and in the interest of all parties.

The overriding picture is clear: The EEA Agreement has been mutually beneficial and functioned well. It has achieved its main task, which is to provide predictability and a level playing field for economic operators and citizens across the EEA. The Agreement has been robust and capable of adapting to changes in EU treaties and EU enlargements.

There are, however, two main challenges that we need to address together: Firstly, the number of outstanding legal acts to be incorporated into the Agreement should be reduced. Secondly, adaptations are needed when incorporating certain legal acts, to comply with constitutional restraints in EEA EFTA States and with the basic principles of the Agreement.

We share the objective of timely incorporation of new EU legislation into the EEA Agreement. Timely incorporation is to the benefit of economic operators throughout the EEA.

Due to the very nature of the Agreement, where legislation is adopted first on the EU side, before it is processed on the EEA EFTA side, there are of course certain limits as to how far the number of outstanding legal acts can be reduced in practice. All parties must have realistic expectations: There has been a so-called “backlog” since the outset of the EEA cooperation in the mid-1990s.

However, we are not satisfied with the current size of the back-log and we have made substantial efforts to reduce the number of outstanding legal acts.

Let me now announce two issues, where the new Government has revised the Norwegian position.

Norway has taken part in the gradual liberalization of postal services in the internal market by incorporating the first and the second postal directives into the EEA Agreement. So far the third postal directive has not been incorporated into the EEA Agreement. The new government has revised the Norwegian position on this issue and decided to lift the reservation made by the previous government in 2011. Therefore, Norway is ready to incorporate the directive into the EEA Agreement.

There has been lengthy discussion between the EEA EFTA States and the EU on the incorporation of the paediatric regulation into the EEA Agreement. The outstanding issue has been whether the EFTA Surveillance Authority should be given the competence to impose fines upon economic operators that are in breach of market regulations. The new Norwegian government has reassessed this issue, and concluded that transfer of such competence to the Authority is acceptable in this case, since it is within the restraints defined in our Constitution and also within the basic principles of the EEA Agreement.

Norway supports the strengthened cooperation and coordination between supervisory authorities for financial services. It is important for all parties that the EEA EFTA States are linked to these bodies.

Due to the wide powers of these bodies, our participation raises challenges with regard to our constitution and the two pillar structure of the EEA Agreement.

We handed last summer over to the EU side an outline of a solution to these challenges. The EEA EFTA side is still awaiting a reply from the EU. The present situation creates an increasing number of secondary legal acts which cannot be incorporated into the EEA Agreement. This situation may be detrimental to the functioning of the internal market. We hope that discussions on our participation can be concluded soon.

Long-standing practice has been that the EEA/EFTA States participate as full members, without the right to vote, in EU bodies and supervisory authorities. This should also be the solution when it comes to our participation in BEREC, but has been rejected by the EU side. The EEA EFTA side has now suggested that the EU, in its new eCOM package makes the necessary changes in the BEREC regulation which will allow the EEA/EFTA-side to take part as full members, without the right to vote, when the new package has been adopted by the EU.

We trust that the Council and the Commission will support such changes, and thereby enable the incorporation of this important legislation into the EEA Agreement.

As to the directive on deposit guarantees, it is important for Norway to be able to maintain our present coverage level. Norway would have to reduce the coverage level by 60 %, if a 100.000 euro coverage level is introduced in Norway.

I understand that a time-limited grandfathering clause limited to deposits at a given historic date has been discussed in the on-going trilogue negotiations regarding this directive. A distinction between historic deposits and “new” deposits is practically impossible to implement. The relevant information is simply not available from the banks’ data systems. Furthermore, such a clause would lead to adverse effects in the market even if it could have had been implemented. It is therefore crucial that the same rule applies for all deposits.

Norway intends to participate in a broad range of new EU programmes starting in 2014, including Horizon 2020.

Participation in EU programmes is an important part of our cooperation - linking Norwegian and European networks, building knowledge and providing valuable input for policy discussions.

As you are aware, the current period for the EEA and Norway Grants expires on 30 April 2014. The same is the case for certain tariff quotas for fish and fishery products originating in Norway.

The Norwegian Government will conclude its preparatory work on the mandate for negotiations in the near future, and will then be ready to initiate negotiations.

In the negotiations, we need to agree on new contributions from the EEA EFTA States that are both reasonable and acceptable. We take note of the fact that the EU’s own funds for cohesion will decline in real terms in the coming long-term budget (2014-2020).

It is necessary that an overall solution in the negotiations includes a good agreement with regard to certain quotas for fish and fish products. The quotas provide important raw materials for the fish processing industry in several EU Member States.

Norway is not part of the Common Agricultural Policy. Therefore, Article 19 of the EEA Agreement states that the efforts to liberalise agricultural trade are to be pursued within the framework of the respective agricultural policies of the parties, on a reciprocal and mutually beneficial basis.

The Government is committed to the rules laid down in Article 19 of the EEA Agreement and the obligations included in the agreements negotiated on the basis of this Article.

We do not subscribe to the decision taken by the former Government that led to increased duty on certain cheeses and meat products into Norway. We will not take any new similar protectionist measures.

The Government's objective is to change the existing trade regime for cheese and meat. It will, however, take some time to more closely assess the present situation before a proposal to change the existing system is put forward in line with procedures in Norway. This will be a decision by our Parliament, and our government is a minority government.

Let me conclude by saying that I hope and believe that we together will be able to address the outstanding issues within reasonable time. By all parties being pragmatic and showing the necessary flexibility, satisfactory solutions for all parties should be within reach.

Intervention of Minister FRICK on behalf of LIECHTENSTEIN:

Mr Chairman, dear colleagues,

On behalf of Liechtenstein I would like to complement the statements of the EFTA Chair under this agenda item by highlighting some aspects of the functioning of the EEA Agreement which are particularly dear to my country.

In order to have a well-functioning and homogeneous Internal Market, the timely incorporation of new, relevant EU legislation is of vital importance.

The same rules should apply to ensure market access throughout the EEA. This is why my Government shares the concerns that, lately, we have not been able to incorporate all EEA-relevant EU-legislation into the EEA Agreement in due time.

In order to be able to contribute to an improvement on this matter, my Government has put in place internal procedures that ensure that decisions regarding the incorporation of new EU acts into the EEA Agreement are processed swiftly and that areas where political problems might pop up are flagged early on.

In addition, as referred to by the EFTA Chair, the EEA EFTA States have embarked on a project which not only aims at tightening common and national procedures wherever possible, but should also enhance the awareness for the backlog problem among the respective administrations.

I am sure that I speak also on behalf of my Icelandic and Norwegian and colleagues, if I assure you that we will do our utmost to improve working procedures further and to find new innovative elements of co-operation to reduce the backlog in a sustainable manner to a reasonable level.

As a matter of fact, many of the EU legal acts that are being withheld from incorporation into the EEA Agreement are attached in one way or another to a common, pending adaptation problem, which as a consequence increases the backlog.

It must also be understood that it lies in the very nature of the EEA that certain adaptations to EU legal acts are sometimes necessary in order to take account of the EEA EFTA States' special situation arising from the fact that they are not EU Member States. The set-up of the EEA Agreement therefore provides for the parties to first negotiate and then incorporate agreed solutions by means of Joint Committee Decisions. It is therefore important to address matters where a need for adaptations arises early in the process as this will without doubt also contribute significantly to solving the backlog issue.

Allow me in this context to revert to a specific matter which I do believe requires a high level of political precaution and dedication.

We all seem to share the view that it is of utmost importance and urgency to find a solution on the matter of incorporating the EU's legislation of financial supervisory authorities into the EEA Agreement. Unfortunately, the EU does not seem to accept a purely national and unilateral transposition of such legislation by countries that are able and willing to accept the supervisory role of the EU authorities. Instead, we have been told that a common solution must be found for all EEA EFTA States and that rules should become applicable simultaneously among the EEA EFTA States.

Under these circumstances, it is particularly important that we can very soon find a solution with the EU on the financial market supervision in order to ensure the integrity of the internal market.

Therefore, I appeal on the EU to give high priority to finding a pragmatic solution to this problem.

I also believe that States which can accept the far-reaching EU competences and can ensure early compliance with applicable standards in this area should not be impeded in their access to the Internal Market.

Intervention of Minister SVEINSSON on behalf of ICELAND:

Speaking on behalf of Iceland, I would like to underline the following on this matter.

Since taking office earlier this year I have emphasised the importance of our relations with the EU. A central element of this is the EEA Agreement. This is why I am determined to strengthen Iceland's participation and presence in the Agreement and we are looking at how best we can do that.

We in Iceland need to do better as regards implementation. In this context we have increased our efforts on translations so now all acts are translated into Icelandic when they are incorporated into the Agreement.

It is a key task to move on those difficult issues which have been stranded for too long. This needs engagement on all sides. I will ensure that the machinery is engaged in Iceland to prepare us to come to conclusions on the key outstanding issues.

On one of those issues – the postal services directive – the minister responsible for Postal services in my government has announced her intention to complete procedures on the Icelandic side for incorporation of the postal services directive into the EEA Agreement. For this to happen the Foreign Affairs Committee of the parliament will have to address this issue through the proper procedures.

Intervention of Minister LINKEVIČIUS on behalf of the EU:

Dear Chairman,

We are particularly pleased to hear the news that processes of incorporation of the Third Postal Directive and the Regulation on Paediatric products have started to move on.

After hearing the positive indications for possible actions regarding the reversal of certain tariffs for agricultural products, we do welcome these signs and believe that with your new Government in Norway we can “reset” our relations in the field of agricultural trade, so we do expect then that positive outcomes will materialise in the nearest future.

6. ORIENTATION DEBATE: A 2030 Framework for Climate and Energy Policies - challenges and next steps

Intervention of Minister SVEINSSON on behalf of the EEA EFTA States:

A framework for a European energy and climate policy for 2030 is of high importance for the EEA EFTA States as we are an integral part of the Internal Energy Market through the EEA Agreement and co-operate extensively with the EU on climate issues.

Common objectives for 2030 would serve as guidelines on how to meet the key challenges for Europe, such as tackling climate change while securing energy supply and promoting competitiveness.

Addressing these challenges also requires close cooperation between countries in the European Economic Area.

Co-chair, we look forward to hearing about the developments on the EU side, so I give the floor to you.

Intervention of Minister LINKEVIČIUS on behalf of the EUROPEAN UNION:

Dear Colleagues,

We welcome the constructive relationship between the EU and the EEA countries in the area of climate change. We are pleased with the participation of the EEA countries in the EU Emissions Trading Scheme and hope that it will provide incentives for further linking and building of a truly global carbon market.

Today we look forward to an interesting discussion on the challenges and next steps for a 2030 Framework for Climate and Energy Policies.

The EU has a clear framework to steer its energy and climate policies up to 2020 under the 2020 package. According to the latest reports from the European Commission and the European Environment Agency, the EU as a whole is on track to reach its greenhouse gas emission reduction target for 2020 under the current framework.

Regarding global CO₂ emissions, the latest annual report on "Trends in global CO₂ emissions" of the Joint Research Centre and the Netherlands Environmental Assessment Agency noted a low increase in global emissions in 2012 and suggested that this could be the first sign of a slowdown in the increase in global CO₂ emissions.

Despite these rather positive findings, I am sure that we all agree that this is no time to rest on our laurels. As we have just been reminded by the latest findings of Working Group I of the Intergovernmental Panel on Climate Change (IPCC), continued emissions of greenhouse gases will cause further warming and changes in the climate system and limiting climate change will require substantial and sustained reductions of greenhouse gas emissions. At the same time there are increasing concerns about the European international competitiveness and the challenge of rising energy prices that our industries and households must address.

Under these circumstances, the debate on a framework for EU climate and energy policies beyond 2020 is a necessary and timely one because the necessary perspective and clarity on future policies needs to be provided for investors, governments and citizens. Furthermore, at the UN Conference on Climate Change (COP 21, to be held in Paris in December 2015), a new international climate agreement should be concluded, applicable to all countries after 2020. This is the background for the discussion that the European Council intends to hold in March 2014, on a climate-energy policy framework for the EU post-2020.

That discussion should take into account, among others, lessons learned from the current framework, the EU's long-term emission reduction objective, the coherence of Union policies in climate, energy and other sectors, as well as the international climate negotiations.

In March 2013 the European Commission published a Green Paper "A 2030 framework for climate and energy policies" and launched a public consultation, which lasted until 2 July 2013.

The first informal discussion of European Energy and Environment ministers on the Green Paper took place in Dublin in April 2013, during the Irish Presidency. Following the public consultation, the Commission presented its main results to the Energy ministers at their informal meeting in Vilnius in September 2013.

In May 2013 the European Council welcomed the Green Paper and noted its intention to come back to the issue in March 2014 after the Commission comes forward with more concrete proposals. The Commission has indicated that these would be ready around the turn of the year.

The EU is currently still working on the achievement of ambitious climate and energy related goals for 2020 on renewable energy, greenhouse gas emissions, and energy efficiency. But for investors and companies, 2020 is already "tomorrow", and they require certainty for the longer term.

At the same time the competitiveness of the EU is in a much different situation than it was back in 2008 when the present policies were adopted. Energy prices in the EU and the price gap with other major economies have been increasing, the EU's energy import dependency is very high and energy infrastructure has major investment needs.

It is under these conditions that the EU Member States and institutions are now discussing future energy and climate policy choices, inter alia on the basis of the March 2013 Commission's Green Paper on a 2030 framework for climate and energy policies and taking account of the Union's long term decarbonisation policy perspective as set out in the 2050 Roadmap.

Although the discussions are still ongoing, it is important that, when designing the future framework, lessons learnt from the implementation of the current policies are taken into account. It is crucial that international competitiveness of European industries is maintained and boosted; therefore, cost-effectiveness should be the guiding principle for future policies. They should neither make energy less affordable nor cause carbon leakage.

"Energy" is a global policy issue - all countries share similar energy challenges in ensuring sustainability, competitiveness and security of supply.

The role of the EEA EFTA countries in shaping the energy future is very important - considering your energy resources, your high percentages of renewable energy use, and your industrial and research know-how in various energy matters. Your assets and capabilities are of interest not only to the EU, but also on a global level: and your policy choices should help shape the debate at the global level.

By the end of 2014, the EU Internal Energy Market has to be completed. This is a key strategic target for the EU, supported by all Member States. It is important for the three "pillars" of the EU Energy Policy, which are competitiveness, sustainability, and security of supply.

Under the EEA Agreement, Norway, Iceland and Liechtenstein share much of the Union's energy legislation. This is not only to the benefit of the competitiveness, sustainability and security of supply of your countries, but it also serves to increase the stability of the EU energy market. Our cooperation on energy matters is of high importance to the EU.

I would highlight that Norway is a long standing reliable supplier of oil, gas, and also electricity to the EU. With Norway, our on-going Energy Dialogue serves to underpin our close energy relations, in particular by sharing our respective energy scenarios.

Iceland may - in an optimistic scenario - also become a supplier of oil, gas and electricity to the EU in the future, if the current explorations on the Icelandic continental shelf deliver good results, and if your studies on an electricity interconnector yield a positive result.

The urgent efforts underway in the EU to complete the internal energy market in 2014 can be roughly divided into two categories: the implementation of the energy market liberalisation legislation, commonly called the "Third Energy Package", and the completion of an interconnected infrastructure which should integrate all countries operating in the EU internal energy market.

The discussions on the implementation of the Third Energy Package in the EEA EFTA countries have been on-going for a while - and this is no surprise, considering the many technical details that have to be sorted out. For infrastructure, the new legislation on trans-European energy infrastructure has just entered into force a few months ago. In the context of our mutual energy relationships, this infrastructure legislation is of great interest. Adequate energy infrastructure interconnections are essential for the modern energy system of the 21st century, in particular to accommodate large but variable amounts of renewable energy.

I should also mention that the Commission just published a Communication entitled "Long term infrastructure vision for Europe and beyond", which includes a focus on interconnections with neighbouring countries.

The EU would be very interested to hear your views on the topics I just touched upon. But first, allow me to pass the floor to the European Commission to present their reflections on the subject.

Intervention of Mrs WOERSDOERFER on behalf of the EUROPEAN COMMISSION:

The EU has a clear energy and climate framework up to 2020 composed by three headline targets for green house gas emission reductions, renewable energy and energy savings.

In parallel, the EU has put in place a regulatory framework to drive the creation of an open, integrated and competitive single market for energy which promotes the security of energy supplies.

While the EU is making good progress towards meeting the existing 2020 targets, there is a need now to reflect on a new 2030 framework for climate and energy policies.

EU should adapt to a changing World:

In 2007, when we agreed our energy and climate targets, green growth seemed the natural way forward. Six years later, the choice looks very different. Scientific and political consensus on climate change and its consequences is still high on the agenda: While I am speaking, the representatives of more than 190 countries are in Warsaw for the UN's 19th annual conference on climate change to lay the groundwork for a new global agreement by the end of 2015.

But times have changed:

- First, as the latest World Energy Outlook recently published by the International Energy Agency (IEA) on 13 November shows, the centre of gravity of energy demand is switching to emerging economies, with the greatest growth in large countries like China and India. This growth in demand will inevitably lead to significant changes to which the EU will be obliged to adapt.
- Second, EU represents only 11% of global green house gas emissions and this share is decreasing.
- Third, the financial turmoil and economic downturn hitting Europe as well as the shale gas revolution in the US implies a shift of attention towards affordability/competitiveness.
- Forth, the investment challenge is huge: to decarbonize European economies and to create a well-functioning internal energy market, significant investments in new and intelligent energy infrastructure are needed to secure the uninterrupted supply of energy at affordable prices. The economic crisis is having an impact on the investments needed to secure the uninterrupted supply of energy at affordable prices.

But to attract green investments, Europe should define its own priorities. President Barroso during his speech on the State of the Union clearly stated that in the coming months the Commission should come out with concrete proposals for our energy and climate framework up to 2030.

Early agreement on the 2030 framework is necessary to:

- Provide certainty and reduced regulatory risk for investors (long investment cycles in particular in the energy, industrial and buildings sectors mean that most infrastructure and other capacity investments undertaken in the near term will still be in place in 2030 and beyond).
- To establish the EU's 2030 ambition level for green house gas reductions in view of a new international agreement on climate change foreseen for 2015.
- Support progress towards a competitive economy and a secure energy system.

Today a new framework will have to be defined in a way that ensures a more balanced progress towards meeting all three objectives of EU energy policy: competitiveness, sustainability and security of supply.

Lessons from the 2020 framework show us that a number of challenges have still to be faced. The 2030 framework must draw on the lessons from the current framework: what has worked, what has not worked and what can be improved. We should acknowledge the successes of the existing framework, while at the same time recognising that there is room to improve.

Regarding green house gas emissions, the EU is on track to meet and might exceed its -20% green house gas target for 2020. However, 13 Member States need to make additional efforts to meet their respective national 2020 targets under the Effort Sharing Decision. The economic recession and the accelerated inflow of international credits have created a surplus of around 2 billion allowances in the EU's Emission Trading System (ETS). If unaddressed, this will have a long lasting effect on the ability of the ETS to incentivise low carbon investments across the EU.

Concerning renewables, it is to be noted that the adoption of the current policy framework of legally binding targets has resulted in the strong growth of renewable energy. In 2011, the renewables share in the final energy consumption of the EU was 13.0% compared to 8.5% in 2005.

The efforts to promote a range of renewable energy technologies have significantly reduced the costs of these technologies. Renewable energy technologies for electricity generation are increasingly becoming competitive with conventional electricity generation.

Renewables targets have also proven to be effective to trigger investments, jobs and growth in low-carbon technologies and new growth areas. Support schemes for renewable energy need to be fit for purpose and efficient. The costs of developing renewable energy have been unnecessarily increased in some cases by poorly designed support schemes.

Concerning energy efficiency, I should mention that despite the 20 % energy savings target not being legally binding on Member States, it has provided significant momentum to the efforts to reduce energy consumption and intensity, and facilitated agreement on strong measures, in particular the Energy Efficiency Directive.

Energy efficiency targets have also the potential to boost the competitiveness of our companies by offering the opportunity to increase productivity.

Currently, there are still significant differences between MS improving energy efficiency. With the adoption of the Energy Efficiency Directive (EED) in 2012 there is now a comprehensive legislative framework at EU level, but this needs to be fully implemented by Member States.

The EED will help to drive progress in this area. The Commission, as required in the EED, will report on progress towards the 20% target by June 2014.

To sum up, there is still need for improvement. Targets have been instrumental to offer a long-term vision to European climate and energy policies and to sustain our economies in the current economic downturn. Interrelated renewables and Energy Efficiency targets could help ensuring long-term coherence, stability and predictability for Europe's industry. But, the 2020 framework showed us that the climate and energy framework could be improved in some respects: There is need for better coordination of the energy policy objectives at European level, unilateral actions could hurt European competitiveness and might lead to export of jobs and growth abroad and large deployment of renewables has sometimes been costly and, in some cases, has led to market distortions.

A political agreement has not yet been achieved. A public consultation asked for insights and viewpoints on the basis of the questions included in the Green Paper publishes in March. In total 557 responses were received. 15 Member States have submitted official statements. In addition, several national parliaments as well as several regional and local authorities have responded to the Green paper. EFTA EEA stakeholders provided very substantial contribution to the debate, accounting for more than 3% of overall replies. Norway was the main non EU country represented.

On targets, consultation results show that there is no consensus yet. Respondents generally shared the view that the EU should agree on a new green house gas reduction target for 2030, including most Member States. But as regards the other headline targets we have in place for 2020 – share of renewables and energy savings – messages are more mixed. In all cases, the 2030 framework could not only be based on a continuation of the 2020 targets.

Whatever the 2030 framework's eventual shape, Europe needs a credible, long-term vision for its energy system. In this regard, the Commission is working on the following:

1) The completion of the internal energy market:

The EU aims to fully integrate national energy markets by 2014 to give consumers and businesses more and better products and services, more competition, and more secure supplies. The incorporation of the Third Energy Package into the EEA Agreement will be an important step.

Moreover, a more coordinated and European approach to renewables development is necessary to enable such market integration and ensure cost-efficiency. In this vein, the Commission has recently published a Communication on the optimization of public interventions focusing on capacity mechanisms, renewable support schemes and demand side management.

We are also aware that the cost of energy is an important issue. This is also one of the reasons why the Commission is currently working on a report on energy prices and costs for industry and households, as mandated by the European Council in May.

2) Infrastructure development:

An integrated European infrastructure is a fundamental tool to ensure that European citizens and businesses have access to affordable energy sources.

On the basis of the Regulation on guidelines for trans-European energy infrastructure (Infrastructure regulation) the Union wide list of Projects of Common Interest was adopted by European Commission on 13th October. Some of them are meant to reinforce interconnection between the EU and EEA EFTA countries. This list identifies energy infrastructure with the most added European value and it includes two interconnections to Norway (namely interconnections between Norway and Germany and between Norway and the United Kingdom). The Infrastructure regulation is an important element for the completion of the internal energy market and therefore the incorporation into the EEA Agreement is crucial.

Finally, with regard to the Commission's ambitions on the 2030 Framework, it is to be noted that the Commission is still reflecting on what form these proposals will take, but current discussions suggest that the initiative primarily should be a policy Communication setting out the Commission's proposals for central elements such as targets and policy direction.

The Communication might be accompanied by a legislative proposal related to the ETS structural reform, the report on energy costs and an initiative on shale gas. The package should be adopted in January 2014.

Central policy options of the impact assessment relate to the nature of targets and policies and their respective ambition level, in particular for green house gas reductions, share of renewables and energy efficiency (green house gas targets between 35 and 45 %, renewables targets of up to 35% (or no renewables target) and moderate, ambitious and very ambitious energy efficiency policies).

In addition, in order to ensure sufficient emphasis on competitiveness and security of supply the Commission is considering indicators / aspirational objectives.

In conclusion, many options are being assessed requiring quite complex modelling, but at some point, policy ambition at both EU and international level will be decisive. We will work to transform the European Council in March 2014 in an important milestone for EU climate and energy policies.

Intervention of Minister SVEINSSON on behalf of ICELAND:

I welcome the 2030 Framework initiative of the European Union and its perspective beyond the current 2020 horizon. In this field our interests are shared.

The 2030 framework initiative is a challenge. But it is necessary to provide certainty, stimulate innovation, reduce risk for investors and to mobilise the funding needed.

The new framework must be ambitious enough to ensure the fulfilment of longer term climate objectives. It is also clear that in order to reach these targets, a considerable increase in the use of renewable energy is needed.

Also, diversity must be respected. It is important that the new 2030 policy Framework strikes a balance between concrete implementing measures at EU level and flexibility of states to meet targets in ways most appropriate to their national circumstances. This is one of the biggest challenges on the way towards a new policy framework.

Climate change poses a major challenge to the Arctic and to the oceans. Iceland has from the outset been an active party to the UN Framework Convention on Climate Change and the Kyoto Protocol. And we share with the EU the commitment to keeping global warming below 2°C compared to pre-industrial times. A key element in Iceland's climate change policy is indeed to foster research and innovation in fields related to climate change.

When it comes to energy production and renewable energy, Iceland is in a special position. We are fortunate to possess abundance of renewable energy sources, both geothermal and hydro, and we have been systematically harnessing those resources in a sustainable manner for over 80 years. Iceland has already met the national target on share of renewable energy in the energy mix for 2020. It is now around 75%.

We therefore believe that we have valuable experiences and knowledge to share. Here I would like to highlight geothermal. Using renewables means harnessing a wide variety of technologies and resources. Geothermal can make a useful and in some countries valuable contribution to the mix. Geothermal is a field in which Iceland and Icelandic entities have been active on the international arena for quite some time.

We realise that not all countries have the same possibilities as Iceland to harness geothermal. But the geothermal potential in Europe is much larger than commonly thought. I am told that even here around the corner, geothermal energy is used for space heating. The geothermal potential in Europe is far from being fully realised.

The EU clearly recognises the need to diversify the mix of renewable energy. Iceland is willing to contribute to that development by working with partners to create the necessary platform for scientific collaboration and research, and to bring together financial institutions and project developers. What is important is to make the regulatory and the financial environment conducive to all renewable energy technologies, including for geothermal energy.

Geothermal is a long term investment, often with high start-up costs but with predictable and low long-term costs. The awareness of this potential has to be raised now in Europe and the regulatory framework must not stand in the way of developments in this field.

Intervention of Minister HELGESEN on behalf of NORWAY:

We welcome the opportunity to address the on-going process of preparing a 2030 framework for climate and energy policies in the EU. Indeed the right moment for having a strategic debate on how these policies should be formulated and implemented in order to reach long term goals.

The EU is a driving force in these developments. The targets set for 2020 and the policy instruments adopted to reach them, have paved the way for considerable cuts in green house gas emissions, the development of renewable energy and energy efficiency gains. Additional policy changes in several countries, such as Germany with its “Energiewende”, underlines the magnitude of the on-going transformation.

Norway is a major energy supplier to the EU and part of the internal energy market under the EEA Agreement. As such, we will work closely with the EU on the preparations and implementation of a 2030 framework for climate and energy policies in Europe.

The “Green Paper” presented in March draws up the key issues to be addressed in establishing a 2030 framework, such as the choice of targets and instruments, competitiveness and security of supply. The outcome of the on-going discussion will be of great importance for further developments in Europe and most probably also seen as a bench mark in the world.

We have noted that many EU member states have still to present their views on the key issues. Likewise, the new Norwegian Government has not yet elaborated in detail the comments and input we wish to present on a 2030 framework. However, allow me some preliminary remarks:

The objective must be to ensure the right long term incentives for a cost efficient development in line with the two degree target towards 2050 and beyond. We need a strong and ambitious framework in Europe that provides significant emissions reductions.

Climate and energy policies up towards 2030 should stimulate R & D institutions, industry and businesses to make ample use of the opportunities embedded in the transformation to a low carbon society.

In our opinion, it will be important to achieve an effective and coherent structure for the target or targets chosen, and the accompanying instruments. To ensure the legitimacy of ambitious climate end energy policies, room for national policy adaptation to local challenges and priorities should be safeguarded. Norway has a particular energy situation compared to our European partners.

We share the Commission's concern that the current low prices in the EU ETS does not give the needed incentives for a timely and efficient transition towards a low-carbon future.

To achieve reductions in line with the Low Carbon Economy Roadmap for 2050, the pace of investment in low carbon technologies in Europe must increase. Many hurdles in the current energy and climate policies in Europe could be overcome by a more ambitious cap in the emission trading system.

In parallel, all efforts must continue to establish an international price on CO₂ and efficient carbon markets. This is of key importance to Europe's competitiveness.

Lately we have experienced an increased use of coal in Europe, partly replacing gas. As pointed out by the Commission, gas is the cleanest of fossil energy sources and could play an important role in the energy transformation under way.

For us, being a reliable and long term supplier of gas, it is essential that the EU's energy policy is clear, consistent and predictable. This is crucial in order to ensure the necessary future investments in the gas sector.

Norway supports the further development of renewable energy in Europe. We have committed ourselves to a share of renewable energy of 67,5 % in 2020. Together we will have to continue the development of improved technology, better functioning electricity markets and more efficient distribution.

The increased share of renewables also poses challenges to existing power systems and the security of supply. We believe Norwegian hydropower and natural gas supplies are well suited to complement some of the additional intermittent energy production being developed in Europe.

The experiences made in establishing the Nordic electricity market as well as new interconnectors being planned between several European countries, show the potential in closer cooperation within the European internal energy market.

In concluding, let me emphasise my Government's commitment to reinforce our participation in developing a European framework for climate and energy policies up to and beyond 2020.

Intervention of Minister FRICK on behalf of LIECHTENSTEIN:

Mr Chairman, dear colleagues,

Let me share with you the following insights regarding these important issues from the Liechtenstein perspective, starting with the area of climate policy.

Liechtenstein is committed to doing its fair share within the international efforts to combat climate change:

In Doha 2012, Liechtenstein signed on to a second commitment period under the Kyoto Protocol. In that respect, we envisage a reduction of green house gas emissions of at least 20% compared to 1990 until 2020.

Furthermore, we will contribute to the global goal of raising 100 billion US dollar annually from 2020 on as it has been agreed upon in Copenhagen 2009 and Cancun 2010. Since 2010, Liechtenstein has raised new and additional financial support for projects around the world within the field of climate change adaptation and mitigation.

With respect to a new global climate deal Post 2020, Liechtenstein works in close collaboration with its partners of the Environmental Integrity Group (Liechtenstein, Mexico, Monaco, Republic of Korea and Switzerland) in order to reach a legally binding agreement by 2015 in Paris.

Liechtenstein has taken its commitment in the "Copenhagen Accord" very seriously and has, from 2010 and 2012, contributed 700'000 Swiss Francs to projects in Climate Adaptation as well as Climate Mitigation. The regional focus lied on the Caucasus and Africa.

Liechtenstein also continues to be committed to climate finance since the parliament decided in 2012 to allocate 600'000 Swiss Francs from 2013 to 2015 to climate related projects on a voluntary basis.

As for the area of energy policy, I would like to refer to the Liechtenstein Government's "Energy Strategy 2020" which was adopted in May 2012. Its aim is to reduce Liechtenstein's energy consumption as well as the CO2 emissions both by 20% by 2020 and to increase the share of sustainable energy from 8% to 20% by 2020.

For Liechtenstein as a country with very few natural resources, high population density and a very high level of industrialisation, these targets are very ambitious. A whole set of measures has been elaborated to implement and achieve these goals within the next years.

Some first goals have already been achieved. For example, all municipalities of Liechtenstein have in the meantime received the Swiss label "energy city" for their sustainable energy policy and energy efficiency. Liechtenstein could therefore be called the first "energy country" in this respect.

7. ADOPTION OF THE DRAFT CONCLUSIONS OF THE EEA COUNCIL

Intervention of Minister SVEINSSON on behalf of the EEA EFTA States:

We have before us draft Conclusions of the EEA Council. They are acceptable to the EFTA side with the exception of paragraph 19. We can approve the Conclusions provided this paragraph is deleted.

Intervention of Minister LINKEVIČIUS on behalf of the EUROPEAN UNION:

It seems to become a tradition that no agreement can be achieved between the EU and the EEA EFTA sides on the conclusions before our meetings, given diverging views on a paragraph regarding the joint management of mackerel stocks, in this case paragraph 19.

As you are well aware, the issue of the management of mackerel stocks in the North East Atlantic remains a highly sensitive political issue for the EU. We have not changed our position on the issue since our last meeting.

I need to recall that during successive rounds of negotiations since 2011, the EU has expressed its desire for stability and predictability in the form of an agreement involving all Coastal States. This remains our aim.

We remain convinced that all parties have the responsibility to negotiate with a view to reaching an agreement. This is reflected by the wording of paragraph 19, which sets out the facts in neutral terms. Consequently, we would have expected the EEA EFTA parties to show flexibility and understanding so that this paragraph can be maintained.

However, notwithstanding its strong position on the issue, the EU does not wish to jeopardize the adoption of the rest of our conclusions, which is a priority for both sides. Thus, in a spirit of compromise, the EU delegation will not insist on maintaining paragraph 19 of the draft conclusions regarding mackerel and can agree on its deletion, while not changing its position on the subject as such.

Concerning next steps, we strongly urge all parties to assume their responsibilities and make all necessary efforts in this week's Coastal States negotiations on this issue. We sincerely hope that these negotiations will finally bring about a mutually acceptable solution to this long-standing issue.

Intervention of Minister SVEINSSON, on behalf of the EEA EFTA States:

We thank the EU side for their spirit of compromise and conclude that the draft Conclusions of the EEA Council are accepted with the deletion of paragraph 19.

8. OTHER BUSINESS

- Regulatory cooperation with third countries impacting the internal market, i.a. relating to Protocol 12 EEA

Intervention of Minister SVEINSSON on behalf of the EEA EFTA States:

We then have one item under other business, namely regulatory cooperation with third countries impacting the internal market, inter alia relating to Protocol 12 EEA. Would the EU side like to raise any other issues?

Intervention of Minister LINKEVIČIUS on behalf of the EUROPEAN UNION:

No, we do not wish to raise any other topic under “Other business”.

Intervention of Minister SVEINSSON on behalf of the EEA EFTA States:

The EEA EFTA States welcome the Trade and Investment process between the EU and the US. A positive outcome will lead to increased EU-US trade and may also be beneficial for the European Economic Area.

Such an agreement will mean that goods originating in the US will get increased access to the Internal Market. The EEA EFTA States are an integrated part of the Internal Market. So this will mean improved access to the markets of the EEA EFTA States as well.

The EU-US Transatlantic trade and Investment Partnership (TTIP) process is made up of several elements. One is traditional free trade, including customs issues and market access. The EFTA countries will follow these aspects closely.

Today, I would like to highlight the EEA aspects of TTIP. One main achievement of the TTIP is expected to be increased cooperation on regulations and standards. We are talking about harmonisation and compatibility as key concepts in this regard. In practical terms this may mean exchange of work plans and setting up systems for consultations between the EU and US. This may also include a dialogue on risk assessment. The outcome of the TTIP negotiations will therefore directly affect the EEA EFTA States through the EEA Agreement. As a result of the TTIP, the US authorities will have an increased impact on the shaping of EU rules and regulations for the Internal Market.

The EEA Agreement, of course, could not foresee such a development. However, some guidance is found in the EEA Agreement and its Protocol 12 on Conformity Assessment Agreements (mutual recognition agreements) with Third Countries.

Protocol 12 confirms the concept of ‘one’ Internal Market. It recognizes that the EU is in the driving seat, but at the same the EU should keep the EEA EFTA States on board. A core element in the EEA Agreement is the access the EEA EFTA States are given to the decision-shaping process in the EU, that is before decisions are made.

The cooperation established between the Commission and the EEA EFTA States when the Commission negotiated mutual recognition agreements, could serve as a model for a similar cooperation on EEA relevant aspects in relation to the TTIP, at general as well as sector level.

We believe that a dialogue and exchange of information is essential in the EEA context. The EEA EFTA States propose that the structures under the EEA Agreement be used for such a dialogue, including on individual sectors. The timing and modalities for such a co-operation should be further discussed and agreed in the EEA Joint Committee. The EEA Agreement creates ‘a homogenous European Economic Area’, based on equal conditions for businesses. It is important that this homogeneity and equal treatment is maintained also after the conclusion of the TTIP.”

Intervention of Minister LINKEVIČIUS on behalf of the EUROPEAN UNION:

Thank you for your remarks! All I can say at this stage is that we have taken good note of your concerns and wishes in this regard.

Closing remarks of Minister SVEINSSON on behalf of the EEA EFTA States:

We have then concluded the items of our agenda today. I would like to express my satisfaction with this meeting and I would like to thank the Lithuanian Presidency, the European External Action Service, the Council Secretariat, and my colleagues from Norway and Liechtenstein, for their participation and constructive dialogue in this meeting. We look forward to working with the Greek Presidency in the months ahead.

Closing remarks of Minister LINKEVIČIUS on behalf of the European Union:

From my side, I would like to close by thanking all of you from the EEA EFTA States, the EFTA Secretariat, the EFTA Surveillance Authority and the EU Member States for your attendance and your contributions to this interesting and fruitful meeting.

Intervention of Minister SVEINSSON as President of the EEA Council:

I then declare the meeting closed.

**40th meeting of the
EEA COUNCIL
(Brussels, 19 November 2013)
LIST OF DELEGATIONS**

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

THE PRINCIPALITY OF LIECHTENSTEIN

Ms Aurelia FRICK	Minister of Foreign Affairs
Mr Martin FRICK	Ambassador, Director of the Office for Foreign Affairs
Mr Kurt JÄGER	Ambassador, Mission of Liechtenstein to the EU
Mr Pascal SCHAFHAUSER	Deputy Head of Mission, Mission of Liechtenstein to the EU
Mr Dominik MARXER	Counsellor, Mission of Liechtenstein to the EU
Mr Ulrich VON LIECHTENSTEIN	Second Secretary, Mission of Liechtenstein to the EU

ICELAND

Mr Gunnar Bragi SVEINSSON	Minister for Foreign Affairs
Mr Thórir IBSEN	Ambassador, Head of Mission of Iceland to the EU
Ms Sunna Gunnars MARTEINSDOTTIR	Political Advisor to the Minister
Ms Bryndís KJARTANSDOTTIR	Director
Mr Nikulás HANNIGAN	Deputy Head of Mission of Iceland to the EU
Mr Matthías Geir PALSSON	Counsellor
Ms Sigrídur EYSTEINSDOTTIR	First Secretary
Mr Steinar Ingi MATTHIASSON	Counsellor for Fisheries and Agriculture
Ms Asgerdur KJARTANSDOTTIR	Counsellor for Culture and Education
Ms Dalila BERNARD	Advisor
Mr Halldór Berg HARDARSON	Temporary Officer
Mr Andri JULIUSSON	First Secretary

THE KINGDOM OF NORWAY

Mr Vidar HELGESEN	Minister of EEA and EU Affairs, Office of the PM
Mr Atle LEIKVOLL	Ambassador, Mission of Norway to the EU
Ms Laila STENSENG	Minister Counsellor, Mission of Norway to the EU
Mr Niels ENGELSCHIØN	Deputy Head of Mission of Norway to the EU
Mr Jan Wilhelm GRYPHE	Assistant Director General, Ministry of Foreign Affairs
Ms Benedicte STAALESEN	Political Advisor, Ministry of Foreign Affairs
Ms Aud HELLSTRØM	Minister Counsellor, Mission of Norway to the EU
Mr Bjørn Ståle HAAVIK	Counsellor for Energy, Mission of Norway to the EU
Mr Inge THYGESEN	Counsellor, Mission of Norway to the EU
Ms Ulla HEGG	Counsellor for Environment, Mission of Norway to the EU
Ms Hilde STEINFELT	Communications Advisor, Ministry of Foreign Affairs
Ms Mari OWREN	Senior Officer, Ministry of Foreign Affairs
Mr Stian MATHISEN	Information officer, Mission of Norway to the EU
Ms Line HAALAND AALTVEDT	Information officer, Mission of Norway to the EU
Ms Kjersti VARPE NØRGAARD	Trainee, Mission of Norway to the EU

II. The European Union was represented as follows:

REPUBLIC OF LITHUANIA

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

Mr Linas LINKEVIČIUS	Minister of Foreign Affairs of Lithuania
Mr Darius SKUSEVIČIUS	Adviser to the Minister of Foreign Affairs
Mr Raimundas KAROBLIS	Ambassador, Permanent Representation of Lithuania to the EU

Ms Brigita LAPAITE

Second Secretary, Permanent Representation of
Lithuania to the EU, Chair of the EFTA Working
Party at the Council of the EU

Ms Renata RINKAUSKIENĖ

Counsellor, External Economic Relations
Department, Ministry of Foreign Affairs

Ms Audrone ZELNIENE

Counsellor, Permanent Representation of
Lithuania to the EU

GREECE

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

Mr Konstantinos TSAKONAS

First Counselor, Permanent Representation of
Greece to the EU, incoming Chair of the EFTA
Working Party at the Council of the EU

Ms Afroditi ICONOMOU

Counselor for Economic & Commercial Affairs,
Permanent Representation of Greece to the EU

EUROPEAN COMMISSION

Mr Tom DIDERICH

International Coordination Officer, Directorate
General for Internal Market and Services

Ms Mechthild WOERSDOERFER

Head of Unit for Energy Policy & Monitoring of
electricity, gas, coal and oil markets, Directorate
General for Energy

Mr Leonardo ZANNIER

Policy Analyst, Directorate General for Energy

Mr Per MANNES

Seconded National Expert, Directorate General
for Regional Policy

EUROPEAN EXTERNAL ACTION SERVICE

Mr Luis Felipe FERNANDEZ DE LA PENA

Managing Director for Europe and Central Asia

Mr Gianluca GRIPPA

Head of Division for Western Europe

Mr Florin NITA

EEA Desk Officer

Mr Vaclav NAVRATIL	EEA Desk Officer
Ms Mónika CSÁKI	Desk officer for Iceland, Liechtenstein and Norway, Western Europe Division

COUNCIL OF THE EUROPEAN UNION - GENERAL SECRETARIAT

Mr Zoltan MARTINUSZ	Director for Enlargement, Security, Civil Protection and Foreign Affairs Council Support
Mr Gabriele SCARAMUCCI	Deputy Head of Unit for Enlargement
Ms Bärbel DÜRHAGER	Desk Officer for Non-EU Western Europe

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

EFTA SECRETARIAT

Mr Kristinn F. ÁRNASON	Secretary-General
Mr Helge SKAARA	Deputy Secretary-General
Mr Georges BAUR	Assistant Secretary-General
Ms Katrín SVERRISDÓTTIR	Director, Services, Capital, Persons & Programmes Division
Mr Knut HERMANSEN	Director, Goods Division
Ms Dora Sif TYNES	Head of EEA Legal Services, EEA Coordination Division
Ms Camilla LANGSHOLT	Officer, EEA Coordination Division
Ms Jacqueline BREIDLID	Trainee, EEA Coordination Division
Mr Ruben ANGELL	Trainee, Secretary-General's Office

EFTA SURVEILLANCE AUTHORITY

Ms Oda Helen SLETNES	President
Mr Sverrir Haukur GUNNLAUGSSON	College member of the EFTA Surveillance Authority

EEE 1608/12**PROGRESS REPORT**

Subject: Progress Report by the EEA Joint Committee to the 38th meeting of the EEA Council

Decision-making

1. Since the last EEA Council on 14 May 2012, the EEA Joint Committee adopted 101 Joint Committee Decisions incorporating 201 legal acts.
2. The substantial efforts to reduce the number of outstanding legal acts to be incorporated into the EEA Agreement have continued since the last EEA Council on 14 May 2012. A List of outstanding legal acts where the compliance date in the EU is passed has been established, and is regularly updated in order to better monitor progress in this area. As of 13 November 2012, there were 417 legal acts for which the compliance date in the EU has passed that had not been incorporated into the EEA Agreement (including 169 acts for which the compliance date in the EU had expired before December 2011), compared with the 544 acts which had been identified on 9 December 2011. The number of Joint Committee Decisions awaiting fulfilment of constitutional requirements, where the six months period foreseen by Article 103 had expired, has been reduced slightly from 17 at the time of the last EEA Council on 14 May 2012 to 15 as of 16 November.

3. Important decisions taken by the EEA Joint Committee since the last EEA Council on 14 May 2012 include the following :
- Decision 181/2012 on consumer rights
 - Decisions 173/2012 on roaming
 - Decision 152/2012 on the revised Emission Trading Scheme (ETS)
 - Decision 129/2012 on the Eurovignette Directive
 - Decision 126/2012 on the New Legislative Framework for goods ('Goods Package')
 - Decision 64/2012 on the classification, labelling and packaging of chemicals
 - Decision 109/2012 on the Audio Visual Media Services (AVMS) 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 the last EEA Council on 14 May 2012, six EEA EFTA Comments were taken note of by the EEA Joint Committee :
- EEA EFTA Comment on the Consultation on the review of the auction time profile for the EU Emissions Trading System
 - EEA EFTA Comment on the Commission's proposal for a Regulation on a Common European Sales Law
 - EEA EFTA Comment on the partial general approach on the Programme for the Competitiveness of enterprises and SMEs (COSME) 2014-2020, as agreed during the Competitiveness Council meeting on 30 May 2012
 - EEA EFTA Comment on the Proposal for a Directive amending Directive 2005/36/EC on the recognition of professional qualifications
 - EEA EFTA Comment on the Commission's Communication on "A coherent framework to build trust in the Digital single market for e-commerce and online services"
 - EEA EFTA Comment on the Commission's Proposal for a Directive on Alternative Dispute Resolution and the Commission's Proposal for a Regulation on Online Dispute Resolution

Briefings in the Joint Committee

5. The European Commission provided a briefing on the Single Market Act II.

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 framework for financial markets on which, to date, limited progress has been noted due to the complexity of the issues raised by the specific roles and powers the European Supervisory Authorities are vested with. Nevertheless, the Joint Committee agreed to the importance of engaging in a constructive and result oriented dialogue to find a mutually acceptable solution allowing for the incorporation of the relevant acts into the EEA Agreement.
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 outstanding issues concerning the processing of the Data Retention Directive (2006/24/EC), the Directive on Deposit Guarantee Scheme (2009/14/EC), the Regulations on Novel Foods and Novel Food Ingredients (n°258/1997) and GM Food and Feed (n°1829/2003) , 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) have not yet been solved. The Joint Committee reiterated the expectation for a conclusion of this process in the coming months.

Participation in programmes

9. 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

10. The implementation of projects under the Financial Mechanisms 2004-09 closed on 30 April 2012. An end-review concluded that the mechanisms contributed to reducing economic and social disparities at the local level, that more than one third of the funding targeted disadvantaged regions and vulnerable groups, and that partnerships established between donor state and beneficiary state entities were important and even fundamental to many projects.
11. In the period 2009-14, the EEA Financial Mechanism amounts to EUR 988.5 million and the Norwegian Financial Mechanism amounts to EUR 800 million. By end-of September 2012, some 20 supported programmes had been approved. Programmes and projects under the Financial Mechanisms 2009-14 may be implemented until 2016.
12. The EEA and Norwegian Financial Mechanisms aim to strengthen bilateral relations between the EEA EFTA States and the 15 EU countries benefiting from the funding. A total of 26 public entities from Iceland, Liechtenstein and Norway have engaged in strategic partnerships with Programme Operators in 86 programmes to be implemented across the 15 countries. The Council of Europe contributes to a number of programmes. The EEA EFTA States have engaged the Transparency International Secretariat in Berlin to develop tools to strengthen risk management and assess corruption risks.

**EEE 1607/1/12
REV 1****CONCLUSIONS**

Subject: Conclusions of the 38th meeting of the EEA Council
Brussels, 26 November 2012

1. The thirty-eighth meeting of the EEA Council took place in Brussels on 26 November 2012 under the Presidency of Mr Espen Barth SVEINSSON, Minister of Foreign Affairs of Norway. The meeting was attended by Mr Össur Skarphéðinsson, Minister for Foreign Affairs of Iceland, Ms Aurelia Frick, Minister for Foreign Affairs of Liechtenstein, and Mr Andreas D. Mavroyiannis, Deputy Minister to the President of Cyprus for European Affairs, representing the Presidency of the Council of the European Union, 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 *Israel/Palestine/MEPP, Syria, Iran and Myanmar*.
3. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU ministerial meetings and ministerial conferences relevant for EEA EFTA participation in the Internal Market, and expressed its appreciation to the present Cyprus and the incoming Irish presidencies for the continuation of this practice.

4. 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 underlined the importance of continuation of this practice.
5. The EEA Council held an orientation debate on *Trade and Regulatory Cooperation with EEA Neighbours*.
6. In light of the 20th anniversary of the Single Market at the end of this year, the EEA Council recognised with satisfaction that the EEA Agreement has been a durable instrument in ensuring the smooth functioning of the European Economic Area.
7. The EEA Council recognised that the current economic crisis was a common concern, and reaffirmed the need for responsibility and solidarity among the countries of Europe in tackling the challenges ahead. The EEA Council recalled in this context the orientation debates held in previous EEA Councils on the crisis and 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. The EEA Council underlined the need to take into account budgetary discipline and shared social objectives in the measures taken to combat the crisis. The EEA Council underlined its full support for the calls by the G20 to avoid a repetition of the historic mistakes of protectionism of previous eras, and voiced its intention to resist all forms of protectionism in order to help safeguard the global economic recovery.
8. The EEA Council looked forward to the accession of Croatia to the EU, which is expected on 1 July 2013. The EEA Council welcomed the application of Croatia to become a Party to the Agreement on the European Economic Area, as required by Article 128 of the Agreement.
9. The EEA Council welcomed the progress being made towards Iceland's accession to the European Union following the seventh Intergovernmental Conference in October 2012.

10. The EEA Council welcomed the progress made on the seven flagship initiatives of the Europe 2020 Strategy and the Single Market Act and the publication of the Single Market Act II. With many of the proposals contained in these initiatives being EEA relevant, the EEA Council welcomed the contribution of the EEA EFTA States towards their development. The EEA Council welcomed the initiatives of better governance in the Single Market as well as the Services Package which both aim at reducing barriers and ensuring a timely and correct transposition and implementation of EU legislation, thereby boosting the full development of the Single Market. The EEA EFTA States will continue to be actively involved in the developments of the Single Market.
11. The EEA Council noted the Progress Report of the EEA Joint Committee and expressed its appreciation for the work of the EEA Joint Committee in ensuring the smooth functioning of the EEA.
12. The EEA Council welcomed the incorporation of the revised Emissions Trading Scheme, the Audiovisual Media Services Directive, the Temporary Agency Work Directive and the Directive on charging heavy goods vehicles into the EEA Agreement.
13. As on the occasion of its 37th meeting in May 2012, the EEA Council again welcomed the joint efforts to further improve the process of preparation and incorporation of EEA relevant EU *acquis* into the EEA Agreement. The EEA Council underlined the importance of timely incorporation of legal acts into the EEA Agreement, to ensure a homogenous Internal Market and fair competition for all operators.
14. In this regard, the EEA Council noted the remaining important number of legal acts, which had already entered into force in the EU but not yet in the entire EEA. The EEA Council also took note that EEA EFTA notifications for a number of Joint Committee decisions, for which the constitutional requirements have exceeded the six month period stipulated in the EEA Agreement, remained pending. The EEA Council encouraged the parties to continue efforts to reduce the number of outstanding legal acts.

15. The EEA Council 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 need for a conclusion of this process in the coming months.
16. 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 EU supervisory framework for financial markets, on which, to date, limited progress has been noted. The EEA Council recognised the complexity of the issues and the constitutional challenges for the EEA EFTA States raised by the specific role and powers these Authorities are vested with. It encouraged all sides to actively and without delay engage in a constructive and result oriented dialogue to find a mutually acceptable solution allowing for the incorporation of the relevant acts into the EEA Agreement.
17. The EEA Council reiterated the importance of maintaining close cooperation between the EU and the EEA EFTA States in environment, energy and climate change policies, in particular in the areas of emissions trading, the promotion of competitive, safe and sustainable low carbon economy, energy efficiency, renewable energy resources, carbon capture and storage (CCS), as well as in the development of the internal energy market.
18. 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 and development projects, enhancing and developing a framework allowing cross-border exchanges of knowledge and scientific cooperation, and advocating a free flow of intellectual capital while fully respecting the rights of respective property rights holders in accordance with European and international legislation on intellectual property protection.

19. 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. The EEA Council welcomed that the work on incorporating the Third Package into the EEA Agreement was well under way.
20. The EEA Council took note of the new Energy Efficiency Directive, as well as the ongoing work in the EU on 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.
21. The EEA Council welcomed the new programme for business competitiveness and SMEs (COSME 2014-2020) and emphasized the key importance of SMEs for promoting economic growth and employment. The EEA Council shared the engagement in implementing the Small Business Act, simplifying rules and regulations and facilitating SMEs access to the green market, the international market and, in particular, the European public procurement market. The ongoing revision of public procurement policy in the EU was particularly important in this regard. The EEA Council welcomed the EEA EFTA States' participation in the consultation preceding the publication of the revision proposals, as well as the subsequent EEA EFTA Comment on the revision package.
22. The EEA Council 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.

23. 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. To this end, it welcomed the negotiations on further liberalisation of agricultural trade between the EU and Iceland launched in 2012. The EEA Council looked forward to the upcoming review in 2013/14 of the conditions of trade in agricultural products between Norway and the EU with a view to open negotiations within the framework of Article 19. Furthermore, the EEA Council took note that the EU deeply regrets the proposal by the Norwegian Government to increase customs duties by switching from currently applied specific duties to ad valorem duties for some agricultural products and that the EU strongly encourages Norway to reverse its decision.
24. The EEA Council welcomed the discussions in the EEA Joint meeting on processed agricultural products that took place on 16 October 2012, and agreed 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.
25. The EEA Council welcomed the participation by the EEA EFTA States in EEA-relevant EU programmes to which they contribute financially. It emphasised the importance of including the EEA EFTA States in appropriate programmes, thus contributing to building a more competitive, innovative and social Europe.
26. 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.
27. 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.

28. The EEA Council looked forward to the findings of the independent EEA review commissioned by the Government of Liechtenstein as well as the results of the ongoing review being undertaken by the European Union.
 29. The EEA Council emphasised the importance of the financial contributions from the EEA EFTA States through the EEA and Norwegian Financial Mechanisms 2009-2014.
 30. The EEA Council underlined the importance of achieving the bilateral objective of these two Financial Mechanisms, and to use the supported programmes actively to develop closer cooperation and relations between the three EEA EFTA States and the 15 beneficiary countries.
 31. The EEA Council recognised the contribution of the EEA Joint Parliamentary Committee and the EEA Consultative Committee to the functioning and development of the EEA Agreement, and looked forward to the outcome of the 39th meeting of the EEA Joint Parliamentary Committee on 27 November 2012.
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