EUROPEAN ECONOMIC AREA Council of the EEA

Brussels, 17 November 2015 (OR. en)

EEE 1604/1/15 REV 1

MINUTES

Subject:	Minutes of the 43rd meeting of the EEA Council (Brussels, 18 May 2015)
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MINUTES

of the 43rd meeting of the

EEA COUNCIL

(Brussels, 18 May 2015)

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The EEA Council held its 43rd meeting in Brussels on 18 May 2015.

The meeting was chaired by Ms *Zanda KALNIŅA-LUKAŠEVICA*, Parliamentary State Secretary for EU Affairs of Latvia, who led the EU delegation composed of her and Representatives of the General Secretariat of the Council, the European Commission and the European External Action Service (EEAS).

The EEA - EFTA side was chaired by Mr *Gunnar Bragi SVEINSSON*, Minister for Foreign Affairs of Iceland, accompanied by Mr *Vidar HELGESEN*, Minister of EEA and EU Affairs in the Office of the Prime Minister, and Mrs *Aurelia FRICK*, Minister of Foreign Affairs of Liechtenstein.

The EEA - EFTA side also included Mr *Kristinn F. ÁRNASON*, Secretary General of the European Free Trade Association (EFTA), and Mrs *Oda Helen SLEITNES*, President of the EFTA Surveillance Authority (ESA).

Opening statement of Parliamentary State Secretary KALNINA-LUKAŠEVICA on behalf of the EUROPEAN UNION

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

First of all allow me, on behalf of the President-in-office of the Council, Mr Edgars RINKĒVIČS (who, unfortunately, can't be with us today due to other engagement) and on behalf of the Council of the European Union to warmly welcome you and your delegations.

I would also like to express my most sincere acknowledgement to you and to the EFTA Secretariat for the excellent co-operation in finalising the arrangements for this meeting.

Let us now move to the formal Agenda of our EEA Council. The Items 1, 2, 3 and 4.

Like in previous meetings, and in order to gain time, I hope there is agreement to deal with these four items without discussion. Therefore I propose to take the note of our agreement to the Agenda of this meeting, as well as to the other documents related to these items.

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1. ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda, as set out in doc. EEE 1601/15.

2. <u>APPROVAL OF THE MINUTES</u>

<u>The EEA Council</u> approved the minutes of the 42nd meeting of the EEA Council, which took place in Brussels on 19 November 2014, as set out in doc. EEE 1609/14.

3. PROGRESS REPORT BY THE EEA JOINT COMMITTEE

<u>The EEA Council</u> took note of the Progress Report by the EEA Joint Committee, as set out in doc. EEE 1603/15.

4. RESOLUTIONS ADOPTED BY THE EEA JOINT PARLIAMENTARY COMMITTEE

The EEA Council took note of the Resolutions of the Joint Parliamentary Committee adopted at its 43rd meeting in Strasbourg on 17 December 2014 on Climate and Energy Policy Framework 2030 and The Annual Report of the EEA Joint Committee on the functioning of the EEA Agreement in 2013, and Resolutions of the Joint Parliamentary Committee adopted on 31 March 2015 on Industrial Policy in Europe and The Transatlantic Trade and Investment Partnership and its possible implications for the EEA EFTA States.

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5. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT

<u>Intervention of Parliamentary State Secretary KALNINA-LUKAŠEVICA on behalf of the EUROPEAN UNION</u>

Dear colleagues,

Firstly, I would like to recall that the EU Council adopted in December last year conclusions on EU relations with Non-EU Western European countries.

These conclusions will continue to be the EU's guiding lines for our relations in the coming 18 months. They reflect the general understanding of the EU that the EEA Agreement still functions well and that relations with Norway, Iceland and Liechtenstein are both good and close.

Notwithstanding, these conclusions also set out the EU position on some challenges regarding the EEA and bilateral relations, which I would like to touch upon today.

In particular, I would like to stress the importance attached by the EU to progress in negotiations on the renewal of the EEA and Norwegian Financial Mechanisms.

While negotiations had gained momentum after the last EEA Council meeting, they now appear to be stuck again. In this context, I wish to underline that the overall amount currently proposed by the EEA EFTA side does not correspond to the needs and would result in a significant decrease of funds available to the beneficiaries.

Reducing the persistent economic and social disparities between EEA members still requires high levels of solidarity and financial support. In addition, the extraordinarily high level of youth unemployment in some EEA member states, which increase socio-economic inequalities in these countries, is of concern to all of us.

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The EU remains confident that the EEA EFTA States, which continue to benefit from their access to the enlarged internal market of the EU, will understand that maintaining their solidarity is an important element of our relations. We consider that the remaining open points in negotiations, including the overall amount of the contributions and a scheme to address the high levels of youth unemployment, should be settled without further delay.

The EU also attaches high importance to further liberalisation of trade in agricultural products with Norway and Iceland. We welcome the launching of negotiations in February to further liberalise trade in non-processed agricultural products with Norway under Article 19 of the EEA Agreement. We hope for rapid progress and a positive outcome to these negotiations.

However, I wish to reiterate the EU's strong concerns with regard to Norway's persistent approach on some agricultural issues, in particular concerning trade in processed agricultural products. We also continue to regret that Norway has not yet revoked certain measures on customs tariffs for agriculture products, which are detrimental to a fruitful relationship. We strongly encourage Norway to reconsider its position on these issues.

Concerning Iceland, the EU welcomes the finalisation by Iceland of legislation on the protection of geographical indications. With this issue being settled, we hope that negotiations for agreements on the protection of geographical indications, as well as on further liberalisation of trade in processed and non-processed agricultural products can soon be formally concluded.

Another pending EEA issue concerns the participation of the EEA EFTA countries in recently established EU authorities and agencies. This issue blocks the incorporation of important EEA relevant EU acquis into the EEA Agreement and contributes to the still significant backlog of acts to be incorporated into the Agreement (an issue on which the European External Action Service will give you more details in a moment).

We strongly welcome the general agreement reached last year with regard to the participation in the EU's supervisory authorities for the financial sector. We now hope that technical work in view of the incorporation of the related acquis into the Agreement will progress rapidly.

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Regarding two other new bodies, the Agency for Cooperation of the Energy Regulators (ACER) and the Body of European Regulators for Electronic Communications (BEREC), no agreement was achieved so far despite lengthy discussion. It is vital that solutions are reached without further delay, in accordance with the provisions of the EU regulations establishing these bodies, in order to allow for the incorporation of the extensive related acquis into the EEA Agreement.

Finally, I wish to voice our disappointment on the fact that no solution was found so far with Iceland regarding joint management of mackerel stocks. We will nonetheless discuss this issue more in detail under item 7 of our agenda.

Finally, I would like to underline that current challenges should not cloud the unique value of the EEA Agreement, through which we constantly broaden and deepen our relations. We look forward to the continuation and further strengthening of our already close cooperation.

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

Mr. Chairman, Honourable Delegations,

It is a pleasure for me to join today's meeting and share with you, on behalf of the External Action Service and the European Commission, our view on the functioning of the Agreement since the last Council meeting on 19 November 2014 here in Brussels.

The key message I delivered to you back then, was that both the EU and the EEA EFTA side need to be responsible, ambitious and work hard so that we make a real and sustainable progress in dealing with the well-known challenges in the functioning of the Agreement. I would like to reiterate this key message that should continue to frame our work throughout the second half of 2015. Let me now briefly address our key priorities one by one.

First, the backlog issue, which has again increased in the last 6 months. We have now 461 legal acts compared to 408 in last November.

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It is almost 4 years ago when we first raised this serious issue of backlog. The figures fluctuated up and down and, regrettably, despite all the political commitments by the EEA EFTA side, the results are below expectations to a large extent as the backlog has constantly amounted to something between 400-600 legal acts.

Our view diverges from those claiming that it is a joint responsibility to successfully address this challenge. We also need to be very clear about the nature of and responsibility for the existence of this backlog.

A large part of it derives from the wide scope and number of requests from the EEA EFTA side to exempt, adapt, postpone or phase in the implementation of EEA relevant legislation adopted by the EU or even to question this EEA relevance for reasons difficult to understand sometimes. Sometimes these requests do test the limits of the extent to which the EEA Agreement is still able to accommodate the most recent EU legislation and institutions, as evidenced by the case of the regulations establishing the European Supervisory Authorities.

Moreover, one has to make sure that all the recurrent requests for special provisions and adaptations do not undermine the overall goals of the Agreement which is to provide for equal conditions for competition and to respect the same rules by almost simultaneously incorporating the EEA relevant legislation.

This is the reason why we regret that Joint Committee Decisions (JCD) waiting for constitutional clearance (19 JCD) from EEA EFTA countries' parliaments and very often going beyond the six months deadline (2 JCD) continue to be a constant feature of our work.

Moreover, 17 JCD are prevented from entering into force due to a linkage to other legal acts, the implementation of which is pending.

The same regret pertains to the long-standing cases where there is no flagship development since our last meeting.

I would like to reiterate that the political support from both the EEA EFTA governments and Parliaments is quintessential to make sure that these legal files are successfully addressed with for good.

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Our overall response to the backlog needs to include a preventive side in the sense of avoiding new backlog to emerge. After the year 2014 has witnessed the second best record of legal acts incorporated in the agreement since the existence of the EEA, we need to make sure that this performance is maintained until the entire backlog is cleared.

A final word on the backlog issue: it already undermines substantively the overall good functioning of the Agreement. In the absence of your political commitment to make fundamental progress in the coming months, this problem might gain even more political weight than wished for.

Allow me to now turn to some institutional aspects of our work in view of ensuring a homogenous supervision regime in the field of financial services across the entire European Economic Area. The intense technical work in the last months will have to continue and complemented by the incorporation into the Agreement of all the relevant legal acts in the area of financial services connected to the powers of the European Supervisory Authorities.

The legal and institutional solution for these Authorities should guide the efforts to find a similar solution for the incorporation of the Third Energy Package into the Agreement and for the EEA EFTA participation in the Agency for the Cooperation of Energy Regulators (ACER).

In the same line of thoughts, we need to continue the technical discussions in view of reaching a mutual understanding and agreement on the outstanding cases where the relevance to the EEA Agreement is disputed by the EEA EFTA side. The Marine Strategy Framework Directive and the Offshore Directive are just two key examples among many others.

The EEA Agreement is the result of our deep political conviction that liberalization of our economies makes them more competitive and prosperous. This is the reason why the temptation of protectionism has to be resisted in any possible way, be it in the field of free movement of capital or trade.

EU side strongly supports and encourages the Icelandic government to make diligent progress in their strategy to lift the capital controls. Free movement of capital is a fundamental internal market freedom and is integral part of the European Economic Area acquis, even if restrictions can be implemented temporarily.

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The same belief in open and free economies make us appreciate the recent developments aimed at achieving progressive liberalization of agricultural trade, as provided in Article 19 of the EEA Agreement. After the adoption in November 2014 of both the EU and Norwegian negotiation mandates, we welcome the official opening of the negotiations with Norway in February 2015.

We are confident that the framework of these negotiations will serve as an appropriate venue to reverse the protectionist trade measures that have been introduced by the previous Norwegian government and that have been disputed by the EU side on so many occasions.

The joint interest to advance our economic integration and competitiveness is reflected by the pace of the negotiations between Iceland and the EU on the trade regime for agricultural products and processed agricultural products and Geographical Indications. Further progress in this matter depends on delivering on the agreed exchanges of information between the European Commission and the Icelandic side by the time of the next round of negotiations.

Mr Chairman, Honourable Delegations, dear Colleagues,

I would like to conclude my intervention by drawing your attention to some key aspects in the ongoing negotiations on renewing the European Economic Area /Norway Financial Mechanisms and the additional fish protocols to the Free Trade Agreements with Iceland and Norway.

The last 16 months have witnessed different speeds and mixed results in these negotiations until recently. I believed we were close to finalising the details of the future Protocol 38C and also to finding a satisfactory compromise as regards the overall financial allocation. However, the limited availability shown by my counterparts to hold meetings mitigated my hopes.

Let me reiterate what are the EU's objectives in these negotiations:

- 1. An increase of the overall financial allocation so that no beneficiary state receives less than in the previous arrangements.
- 1. An allocation to address the negative consequences of youth unemployment that should fully reflect our paramount commitment to solidarity with those that are vulnerable, but are also holding the key to our future prosperity.

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- 2. Application of the same distribution keys for both types of grants. Frankly, after 11 years post enlargement the EU cannot accept discrimination among its Member States. The same Cohesion Fund distribution key should be applied to both types of grants.
- 3. A move to a 7-year programming period. This is an issue of common sense: continuing with a 5-year approach will create a policy cycle asymmetry with EU cohesion policy as the EU won't yet have any clear views on its 2020-2027 cohesion policy and budget in 2018/19!
- 4. A set of priorities that mirrors the EU 2020 to improve complementarity between the EEA and Norway FMs and the EU's overall endeavours.

As regards points 2-5: we are almost there. The progress made in drafting the new Protocol 38C reflects a good understanding of each other's' positions. My impression is that it is the lack of compromise on the financial amount that hampers finding the necessary compromise for points 2-5.

Right now there is still some gap between the EU's request and the latest counteroffer by the EEA EFTA states, which would mean a decrease in funds for more than half of the beneficiaries! As you can imagine this is not something we could sign up to.

I also recall that Norway also flagged an unease with the idea of some beneficiaries receiving a lower allocation after 2014 than before.

The EU side might be ready to lower its financial request provided that this is reciprocated with an increase of EEA EFTA financial offer. This would make sure all the beneficiaries of the EEA and Norway FMs would get at least the same allocation as in the previous period.

In that case I believe drafting the future Protocol 38C could be finished in a short period allowing for concluding these negotiations and also the negotiations on the market access before the summer break.

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Let me finally remind everyone what an innovative and pragmatic arrangement the European Economic Area Agreement used to be more than 20 years ago when it was initiated. It was an agreement deriving from an outstanding level of political trust. Trust is an exceptional valuable and time intensive asset. And our Agreement cannot function without it. Let us make sure that trust continues to inspire us in finding good solutions to all the above outstanding issues as well as in ensuring a successful implementation of this Agreement in the coming years, in order to unfold all its economic, political and strategic potential.

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

Dear colleagues,

I would like to start my statement on behalf of the EEA EFTA States with a few quotes:

"[T]he extended Single Market and the partnership between the EU and Western European countries that are not members of the Union are the best guarantee of long-term prosperity and key in ensuring peace and stability in Europe."

"The relations [between] the EU and Western European countries that are not members of the Union are excellent."

"[O]verall, cooperation under the EEA Agreement ... functions well."

These are all quotes from the conclusions on a homogenous single market and EU relations with Non-EU Western European countries adopted by the EU Council in December last year. The EEA EFTA States agree with these assessments, both of our overall relations, and of the EEA.

The future development of this extended Single Market will play a key role in promoting jobs and growth in Europe. The EEA EFTA States welcome the priority given to this area by the new Commission. We look forward to the planned initiatives to enhance the functioning of the Single Market. We will contribute to these initiatives and continue to be involved in the further development of our Single Market.

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Returning to the conclusions adopted by the EU Council last December, I can also add that the EEA EFTA States appreciate this stocktaking of our relations, which the EU Council undertakes every other year. While we may not always agree on specific issues, this exercise provides us all with a useful analysis of where we stand, as well as the challenges we will face in the times ahead.

Indeed, and as has been stated before in the EEA Council, we must not take the success of the EEA Agreement for granted. It requires continuous political commitment by all parties to the Agreement to ensure both its maintenance and its further development.

A key issue in this respect concerns the number of legal acts pending incorporation into the EEA Agreement. While a certain backlog is an inherent feature of the Agreement, it has been acknowledged that over the last years this number has been too high.

Reducing the number of acts awaiting incorporation has been a top priority for the EEA EFTA States in recent years. We are now starting to see the results of the effort and dedication that have been put into achieving this objective.

Firstly, the pace of processing new acquis has increased. 627 legal acts were incorporated into the EEA Agreement last year, which is the second highest annual figure in the history of the EEA. This has contributed to a significant reduction in the number of pending acts, by more than 25% since this time last year.

Since the new EEA EFTA procedures for incorporating EU legal acts into the Agreement entered into force last October, around half of the legal acts from the EU have been processed through the newly introduced fast-track procedure. We also see that this increased pace of incorporating new acts continued in the first four months of 2015.

In parallel with these joint efforts, additional national measures are being implemented within the individual EEA EFTA States. We are confident that the sum of these efforts will contribute substantially to the reduction of the number of legal acts awaiting incorporation into the EEA Agreement in the medium and long term.

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The EEA Agreement is firmly built on the principle of mutual cooperation. There are numerous examples of legal acts that have been particularly challenging over the last couple of years. Indeed, since our last meeting in November we have made progress on a number of issues that have been on our agenda for a long time.

ERIC – the Regulation on a European Research Infrastructure Consortium – was finally incorporated into the EEA Agreement earlier this year. Substantial progress has also been made recently with regard to the Novel Foods Package, the Regulation on medicinal products for paediatric use, and the Animal By-products Package. We are hopeful that we will be able to incorporate these acts and packages into the EEA Agreement in the near future.

These are all examples of cases that have required particular engagement by all parties involved in the management of the Agreement. We have been consistently successful in finding mutually acceptable solutions over the last 20 years, and the EEA EFTA States are confident that this will remain the case also in the future.

However, it should also be acknowledged that there are limits to how far improvements in administrative procedures alone can reduce the backlog. A growing share of pending legal acts are awaiting a solution to institutional matters.

The legal and institutional framework of the EEA Agreement is built up differently from that in the EU Treaties. This sometimes necessitates adaptations to the legal texts in order to properly incorporate them into the Agreement. This is to ensure that EEA EFTA participation is in line with the EEA Agreement and the national constitutions.

Article 102 of the EEA Agreement calls upon the EU and the EEA EFTA States to "make every effort to find a mutually acceptable solution where a serious problem arises in any area which, in the EFTA States, falls within the competence of the legislator".

In other words, it is the joint responsibility of the EU and the EEA EFTA States to resolve such issues. A further reduction in the number of outstanding acts requires a pragmatic, realistic and solution-oriented approach on both sides, which takes into account the specific nature of the EEA Agreement.

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The EU Regulations establishing the European Financial Supervisory Authorities are a prominent example of this.

The conclusions adopted by the EU and EEA EFTA Finance Ministers last October envisage a two-pillar solution for financial market supervision throughout the EEA, in which the EFTA Surveillance Authority will, based on a draft prepared by the relevant EU supervisory authority, take binding decisions addressed to competent authorities and market operators in the EEA EFTA States.

Since this political agreement was reached, our experts have, in close cooperation with their counterparts in the European Commission, been working hard to prepare the decisions to be adopted by the EEA Joint Committee. It is imperative that both sides continue the hard work in order to finalize this important task. It should be noted however that in many financial services areas, the EEA EFTA States have already adopted national legislation which materially corresponds to national legislation in the EU Member states.

Another important and long-standing issue is the Third Energy Package. Energy is a key part of the EEA Agreement, a common policy area which all parties clearly benefit from.

The incorporation of the Third Energy Package into the EEA Agreement raises specific challenges in areas of great importance to the EEA EFTA States. It is paramount that both sides make every effort to solve these issues to the mutual satisfaction of both sides, so that we can incorporate this package into the Agreement in the near future.

Telecommunications is another important business area, which we will discuss later this afternoon in the orientation debate on the Digital Agenda.

Full EEA EFTA participation, but without the right to vote, in BEREC – the Body of European Regulators for Electronic Communications – is necessary to safeguard the interests of all the companies in the EEA in a highly integrated market. It would also be in line with our participation in EU agencies.

As we have stated in previous Council meetings, the EEA EFTA States are prepared to continue our contributions to reducing social and economic disparities within the EEA.

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Negotiations on the continuation of the EEA Financial Mechanism were launched at the beginning of last year. The EEA EFTA States find the delays in this negotiation process regrettable. In our view, these delays are due to what we consider to be unreasonable demands by the EU side. These demands are still excessive, both in scope and scale, especially when considering the changes regarding the EU's own funds devoted to cohesion policy between the 2007-2013 and the 2014-2020 periods.

We believe that the EEA EFTA States have been creative, constructive and forthcoming, both on modalities and on the financial contribution. The EEA EFTA States have agreed to further align the priority sectors with the EU's objectives, in particular with regard to the EU Cohesion Policy and the Europe 2020 Strategy. Furthermore, we have presented a proposal on regional cooperation under the EEA Grants that should, among others, contribute to our common goal of promoting youth employment.

The revised proposal regarding the financial contributions that the EU side presented to us in March – and the conditions attached to it – remain far from what we see as a reasonable basis for the continuation of our negotiations. The EEA EFTA States are of the firm view that the level of their financial contributions during the next period has to reflect the development of the amount the EU provides for the same purpose.

Against this background, we intend to present a revised EEA EFTA proposal to the EU side. We hope that this can form the basis for bringing these negotiations to a swift conclusion, also bearing in mind the remaining time available for implementation of the new EEA Financial Mechanism in the Beneficiary States.

Finally, it of course remains the case that satisfactory solutions to the ongoing bilateral discussions with the EU are a prerequisite for an overall and balanced solution.

The EEA EFTA States are following with great interest the ongoing negotiations between the European Union and the United States on a Transatlantic Trade and Investment Partnership. A successful outcome to these negotiations would lead to growth and jobs in both the EU and the US, and may also benefit the EEA. The rules and regulations of the EEA and the EU's Internal Market might also be affected by increased regulatory cooperation between the EU and the US.

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We therefore welcome the exchange of information with the European Commission initiated in the EEA Joint Committee since the last EEA Council. We also note that the EEA Joint Parliamentary Committee, in a recently adopted Resolution, urged the Commission to increase its dialogue with the EEA EFTA States and to continue to share a greater amount of information on this issue. As the negotiations progress further, we look forward to continuing this dialogue, both in the Joint Committee and at technical level.

To sum up, we have seen considerable progress on a number of key issues since our last meeting. It is important now to maintain the momentum and continue with a constructive approach to resolving the difficult issues we have seen in recent months. Through a combination of pragmatism and the willingness of all parties to show the necessary flexibility, mutually satisfactory solutions should be well within our reach.

I would like to thank the outgoing EU Chair, the Latvian Presidency, for the positive and constructive cooperation that we have had during its term. We appreciate in particular the way in which you have facilitated our participation in informal ministerial meetings and political dialogues, as well as in the preparation of this meeting. We look forward to working with Luxembourg during its Presidency of the EU Council in the second half of this year.

Intervention of Minister HELGESEN on behalf of NORWAY

Madam Chair, Colleagues,

Europe is facing tough challenges, both internally and externally. In such times, strong European cooperation is essential. The Commission has the last six months presented a number of new initiatives to deal with some of the most important of these challenges.

A stronger digital agenda and an internal market strategy are among key initiatives from the Commission to restore economic growth. We support these initiatives, and will contribute in further discussions on these issues.

We have also noted with interest the Commission initiative to promote better regulation, and we would like to discuss ways to include the EEA EFTA states in the new processes described by the Commission. Ensuring a business friendly environment and cutting unnecessary burdens and "red-tape" for the economic operators, must be a high priority.

Last, but not least, we are following the process of establishing an Energy Union in order to create a more unified energy market in Europe. Given the strong ties between Norway and the European Union in this area and Norway's position as a major energy supplier, we are giving high priority to maintaining a close dialogue and convey Norway's position.

The EEA has for many years proved to be an efficient and robust platform for our participation in the internal market and in related programmes and agencies. This participation benefits all parties concerned, EEA EFTA states as well as EU members. The Agreement has been successful in contributing to economic growth, a homogenous market and economic predictability.

Experience has, however, taught us that it is important to follow up the Agreement continually - it cannot run on "auto-pilot". A key element of this work is to ensure that those involved in EEA work on the EEA EFTA and EU sides have sufficient information about the Agreement, and about the parties rights and obligations. This is essential to ensure that day-to-day cooperation functions smoothly. Practical cooperation to this effect should be further developed between the two sides.

One issue that Norway puts much emphasis on is the so-called backlog - or delays in incorporating new EU legislation into the EEA Agreement. We are working hard to reduce this backlog, and the trends are positive. This is of importance to ensure predictability and a level playing field for business and other stakeholders who are taking part in the internal market. As we all know, the backlog cannot be eliminated because it is to some extent a logical consequence of the very structure of the EEA Agreement.

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What really matters for the economic operators is the processing time for the incorporation of new EU legislation into the EEA Agreement. We have reduced the average time between the implementation of legal acts in the EU and the incorporation in the EEA, and expect further progress ahead.

Norway is working with its EEA EFTA partners, the EFTA Secretariat and the EU side to further streamline procedures and working methods, and I am confident that the positive trend will continue.

Just prior to our last meeting, we reached political agreement on the principles for incorporating the EU legislation founding the European financial supervisory authorities into the EEA Agreement.

However, the progress in finalising the legal texts and incorporating this legislation into the EEA Agreement has unfortunately been slower than expected. We urge all parties to do their utmost and devote enough human resources to make it possible to complete this work as soon as possible. The financial sector and business community has been waiting for a long time to see this legislation in the EEA, to ensure predictability and a homogeneous market. We must not allow the momentum from last October to be lost. Moreover, outstanding legal acts in the field of financial services account for as much as one quarter of the overall backlog, which illustrates the magnitude of this issue.

One key point in the conclusions by ECOFIN and EEA EFTA finance ministers from October last year on the supervisory authorities, was acknowledging that the solution found was defined by extraordinary circumstances and very specific requirements in the financial sector. We trust that the EU will respect this when seeking a solution regarding the Third Energy Package, and in particular the participation of EEA EFTA States' in ACER. Applying a "one-size-fits-all" solution when incorporating agencies and supervisory authorities in the EEA Agreement, is not an appropriate or sensible way forward, and does not take into account the very different role and powers of these institutions.

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An integrated European energy market is in our joint interest, as reflected in the time and effort we have put into finding a solution on this issue. We have recently sent the EU side a formal proposal. The proposal seeks to mirror the EU structure, in line with the two-pillar system of the EEA Agreement. We hope that this matter can be solved in the near future.

I would like to make the Norwegian position quite clear with regard to the negotiations for a new period of the EEA and Norway grants, as well as market access for fish and fish products.

The negotiations have been going on for nearly a year and a half and we are now more than a year into the new program period. The progress has been modest.

This situation has negative repercussions for the partner countries. Time to implement new programs will be constrained. This is regrettable but due to unreasonable EU demands that have not allowed us to sufficiently engage in substantive negotiations on key issues.

The EU request was from the start highly excessive. There is no other way of describing it. For the EEA/EFTA-States to accept an increase totally disconnected from what the EU itself is providing to cohesion, is not feasible and cannot be justified. Yet, at this stage of the negotiations, the EU is demanding a 37 per cent increase, compared to the increase of 5.2 per cent in its own funding to cohesion purposes from the former to current budget period.

The EEA/EFTA-states have based their approach on a continuation of the Grants based on the generous level agreed upon in the 2009-2014 period.

To draw the negotiations to a close we are ready to increase our contribution by 5.2 per cent, thus matching the overall increase in the European Union's own resources to cohesion in the present period compared to the previous.

By keeping the principles for the Funds agreed upon in 2004, and jointly reconfirmed in 2009, this implies that each partner country will receive an increase of 5.2 per cent in their allocation from the EEA and Norway Grants in the period 2014 to 2019 compared to the previous period.

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Our offer demonstrates a willingness to take our full share of the responsibility to alleviate economic and social disparities in the European Economic Area. An increase of this magnitude represents a fair and reasonable framework within which a solution should be found in the near future.

I would like to add that the EEA/EFTA states have presented a proposal in the negotiations that would, within the agreed framework of the financial contributions, allow for a strengthening of regional cooperation. This could also involve non-beneficiary countries, outside or inside the EU, with a view to promoting, inter alia, youth employment.

I would like to reiterate that for Norway a satisfactory solution on bilateral issues, in this context improved market access for fish and fish products, is a prerequisite for an overall agreement on the financial contribution.

Norway is the main supplier of seafood to the EU- market. Market access is not only important for Norwegian exporters, but also to EU importers, the EU processing industry and not least the consumers. Norwegian seafood creates an estimated 21000 jobs in the food processing industry in the EU. A solution benefitting both parties should be sought.

We will present you with new elements on these issues in the coming days.

I welcome the Commission's willingness to be more transparent regarding the Transatlantic Trade and Investment Partnership. We appreciate the efforts that are being made to improve the flow of information. Information is crucial, and it is important that the Commission keeps the EEA EFTA states updated on developments, as was reflected in the recent resolution adopted by the EEA Joint Parliamentary Committee.

Norway is following the TTIP negotiations closely, and is assessing both its potential impact and the options that may materialise. It is important for Norway that the EU and the US keep the door open for third-country accession to the agreement.

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Colleagues,

To conclude; it is the joint responsibility of the EEA EFTA states and the EU side to ensure that the EEA cooperation runs as smoothly as possible, and to show the pragmatism and flexibility necessary to find solutions on what sometimes are difficult issues. A well-functioning cooperation benefits economic operators and other stakeholders throughout the 31 states that are parties to the EEA Agreement. We have managed quite well so far and I trust that we will continue to do so in the future.

Intervention of Minister FRICK on behalf of LIECHTENSTEIN

Madam Chairperson, dear colleagues,

Let me start by expressing my appreciation for the positive remarks on Liechtenstein made by the EU Council in its Conclusions of last December.

I have noticed in particular that efforts of Liechtenstein to bring about solutions to pending issues regarding the incorporation of relevant EU Acquis into the EEA Agreement have been recognized.

The Council also welcomed the engagement of Liechtenstein to share our extensive experience with the EEA with other Western European small-sized countries. These actions are an expression of my country's dedication to the EEA and to the European integration in general. I am convinced that small countries have a specific and constructive role to play in contributing to the development of the single market. Liechtenstein sees this as its shared responsibility.

Last Monday we celebrated our 20th anniversary of EEA Membership. Celebrating a birthday is a good moment to look back and to assess where we stand. I am proud to announce that the overall assessment is a very positive one. About a month ago, our government issued a report about Liechtenstein's experiences with the EEA to our Parliament. Even though we face challenges with the EEA, the overall assessment is very good. This positive assessment is also underlined by the results of a comprehensive survey conducted for the first time among the population, business community, social partners and public authorities:

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The results are amazing, especially in these times when the European Agenda doesn't seem to be particularly popular:

- 85% of respondents have expressed a positive view of the EEA,
- three quarters consider the EEA to be a success model,
- and over 80 % believe the EEA continues to be the best option for Liechtenstein's European policy.

More than three quarters of businesses consider the impact of the EEA on Liechtenstein as a business location to be positive. The Government's European policy therefore appears not only to be accepted but also actively supported by the public.

Economic development has been positive overall, leading to the conclusion that Liechtenstein's EEA membership has been successful in maintaining and even expanding the country's good framework conditions. The competitive pressure by the EEA has certainly been a great challenge for some sectors and companies. However, Liechtenstein's economy has been able to face these new challenges and take advantage of the access to the EU's internal market. The positive effects of this unhindered access to the internal market are also reflected in export statistics.

The survey has also revealed, not unexpectedly, that the continuous development in the EU internal market and the expansion of the legal framework of the EEA Agreement pose a special challenge. There is recognition that the increasing deepening and broadening of secondary legislation on internal market law means that Liechtenstein must accept limitations to its legislative autonomy. But the opportunities and new business options that the EEA Agreement offers outweigh these limitations.

To conclude, I would just like to comment on mainly one of the matters already raised by the Icelandic EEA EFTA chair:

The incorporation of EU Regulations establishing the European Financial Supervisory Authorities into the EEA Agreement.

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The EU and EEA EFTA experts are currently working hard in order to translate the political agreement reached between the EU and the EFTA side in October last year into legally binding texts for an incorporation into the EEA Agreement. This exercise has turned out to be much more complex than initially anticipated, in particular due to the fact that every legal provision of respective EU legislation needs to be interpreted and made applicable in the framework of the EEA Agreement.

I would also like to highlight that, in order to ensure market access to financial services and a level playing field for all EEA operators and consumers, not only the EU's legal acts on the Supervisory Authorities need to be incorporated quickly into the EEA Agreement, but also those governing the actual provision of financial services.

Time is running out. It is therefore of the utmost importance for Liechtenstein that the EEA EFTA States are able, once the decisions incorporating the EU acts in this area have been adopted by the EEA Joint Committee, to already apply them provisionally pending their entry into force. This does not impair the homogeneity in the Single Market, but rather accelerates the long awaited application of relevant rules to and by economic operators in EEA EFTA States. The EU should therefore be receptive to such a procedural facilitation.

I do sincerely hope that together we will swiftly conclude an agreement on the legal texts for the incorporation of this important legislative package into the EEA Agreement.

As for the negotiations on a new EEA Financial Mechanism, Liechtenstein of course fully aligns with the joint EEA EFTA statement delivered by the Icelandic Chair. Regarding the concrete additions made by Norway related to the EEA Financial Mechanism, our views are very similar. I am therefore confident that a revised EEA EFTA offer can be submitted to the EU side very soon.

Despite sustained efforts over the last seven months, on both sides, the situation today is that we still face a number of legal issues. I am confident that after more than 20 years of a successful cooperation in the EEA, we will be able to resolve the pending issues in a constructive manner.

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Intervention of Minister SVEINSSON on behalf of ICELAND

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

As foreign Minister I have emphasised the importance of our relations with the EU. A central element of this is the EEA Agreement. I am determined to strengthen Iceland's participation and presence in the Agreement and we are working on this on the basis of the Icelandic Government's policy priorities for Europe.

As regards implementation we have increased our efforts and we are slowly but surely moving in the right direction.

I also note with satisfaction the achievements already made with regard to the backlog.

It is a key task to move on those difficult issues which have been stranded for too long and I underline that this needs engagement on all sides. Our machinery is engaged to prepare us to come to conclusions on the key outstanding issues.

Turning to the negotiations on the continuation of the EEA Financial Mechanism, I refer to our joint statement. We believe the delays are due to unreasonable demands by the EU side, while the EEA EFTA states have tried to approach the EU position in a constructive and forthcoming manner, taking into account EU contributions to Cohesion in the current period 2014-20.

In addition, taking into consideration the economic and financial situation in Iceland for the past 6 years the EU must understand that Iceland is not in a position to increase the financial contribution beyond normal adjustments.

Our economic and fiscal aim is first and foremost to mitigate the public debt and, create conditions to remove the capital controls and prevent a hyper-inflation, which is one of the most important economic element for the public domain. Increasing financial contributions to aspects irrelative to these measures is therefore not in the picture.

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Despite all this, and in the spirit of solidarity, the Icelandic government is willing to work on a solution that goes along the lines of what my Norwegian colleague just outlined. Such a proposal will be orchestrated (both in terms of the financial contribution and modalities) among the EEA EFTA countries in the coming days and submitted at the level of the Chief negotiators.

Closing remarks of Parliamentary State Secretary KALNINA-LUKAŠEVICA on behalf of the EUROPEAN UNION

Dear colleagues, thank you for your interventions on the functioning of the EEA Agreement.

To sum up this item, I would like to highlight the wide range of topics covered by the EEA Agreement. Subjects discussed at the EEA Council meetings reflect very well the extent to which relations between the EU and the EEA EFTA States have broadened and deepened over the years. We are confident that this process will continue and it will contribute not only to greater co-operation, but also prosperity of our people in the EEA.

With this, we close our discussion on the overall functioning of the EEA Agreement.

6. ORIENTATION DEBATE: DIGITAL AGENDA

<u>Intervention of Parliamentary State Secretary KALNINA-LUKAŠEVICA on behalf of</u> <u>the European Union</u>

Let us now turn to the next item of the agenda – the orientation debate on the Digital Agenda.

A strong digital economy is vital for European growth and competitiveness in a globalised world. Ability of European businesses to adopt digital technologies will be a key determinant of growth in future years. That is why developing and implementing the Digital Single Market has been and remains a priority for the EU.

Over the past five years, the European Council has consistently stressed the importance of the digital agenda. In 2013 the European Council provided concrete guidance on what would be needed: investment; a Digital Single Market that delivers for consumers and business; and an uplifting of skills.

The first element is investment: we need the necessary infrastructure to accelerate the use of new technologies, which also requires the right regulatory framework.

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The second element is the promotion of a consumer and business friendly Digital Single Market: overcoming fragmentation, promoting effective competition and establishing an improved, predictable and stable EU-wide legal framework, for example covering copyright rules, is vital.

The third element is the improving of skills. Noting that many European Citizens and enterprises do not use IT sufficiently, the European Council called upon Member States to ensure a higher degree of integration of digital skills in education from the earliest stages of school and onwards.

This digital agenda was further developed in Council conclusions on Single Market Policy, adopted by the Competitiveness Council on 2 March 2015.

On the Digital Single Market the Council identified several main objectives:

- to spur digital innovation;
- to make sure the framework is fit for purpose in the digital age;
- to ensure high protection of intellectual property, privacy and consumer rights;
- to foster an investment friendly environment; and
- to facilitate open government and an EU-wide "once-only" approach with regard to the submission of information to public administrations.

It also emphasised the importance of high-level protection for consumers while ensuring fair competition between all market actors, facilitation of an investment-attractive environment and fostering competitiveness of EU businesses.

So where are we now?

Let me just update you on some of the key pending proposals on which the co-legislators are currently working.

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Under the Latvian Presidency trialogues have begun on the Telecoms Single Market Regulation. This proposal is important to demonstrate that Europe is serious about the Digital Single Market. We are optimistic that a balanced solution on the roaming and net neutrality elements can be found. We also need to make progress on the Network and Information Security proposal, which is part of "An Open, Safe and Secure Cyberspace" strategy to show Europe's commitment to a secure and trustworthy Digital Single Market.

All eyes are now looking towards the Digital Single Market Strategy adopted by the Commission on 6 May. This further defines the Digital Single Market, identifies the major challenges and includes a roadmap of actions for 2015-2016.

The Digital Single Market Strategy is built on three pillars:

Better access for consumers and businesses to online goods and services across Europe;

Creating the right conditions for digital networks and services to flourish;

Creating a European Digital Economy and Society with long term growth potential.

The Strategy contains an extended number of legislative and non-legislative initiatives - 16 in all. I will not go into details on the various elements. I will just stress a few key features.

First, the overarching objective: better online access for consumers and businesses across Europe.

Here I can only say that we in the Council are looking forward to the legislative initiatives from the Commission on:

- simplified and modern rules for online and digital cross border purchases;
- initiatives to end unjustified geo-blocking;
- reduction of the differences between national copyright regimes to allow for wider
 online access to works across the EU; and
- a simplified VAT regime.

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These are all initiatives to ensure high-level protection for consumers while ensuring fair competition between all market actors.

The second pillar of the Commission strategy – to create the right conditions and a level playing field for digital networks and innovative services to flourish – addresses the need to establish the necessary infrastructure to accelerate the use of new technologies and the right regulatory framework. Another prominent feature of the Commission Strategy is the robust protection of personal data.

Also as regards the third and final pillar – "Maximising the growth potential of the digital economy" – of the strategy, as the Commission has underlined, the EU needs a range of measures to ensure European industries are at the forefront of developing and exploiting Information and Communication Technologies (ICT), automation, sustainable manufacturing and processing technologies to serve the markets of the future.

We also agree that full and efficient exploitation of tools and services such as Cloud Computing, Big Data, Automation, Internet of Things and Open Data can help drive us towards better productivity and services, and should therefore be facilitated. So the Council is looking forward to seeing the Commission's "Free flow of data" and European Cloud initiatives.

We also need to move towards open government, including upgrading e-government and interoperability of different e-government systems, as well as efforts to apply an EU wide 'once-only' approach with regard to submitting information to public administrations. This is yet another key initiative of the Commission strategy, along with the call for further ICT standardisation and interoperability, where the Council and the Commission are on the same page.

The last key feature stressed by the European Council - the requirement for better integration of digital skills in education - remains essentially the responsibility of Member States. I am, however, happy to note that here too, we can count on the Commission's support.

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Lastly, I will just mention another feature of the Digital Single Market agenda, but this time one not highlighted explicitly in the Commission strategy. I refer to the Council's view expressed in the March Council conclusions, that the EU regulatory framework and related activities should be 'digital by default' to ensure that all new legislation is made fit for the digital age.

What will now be the next steps?

The Council will continue both the intense work on legislative proposals, which is crucial for the completion of the Digital Single Market, and the political discussions on the Digital Single Market aspects in various Council formations.

Policy debates and conclusions will be summarized as a contribution for the June European Council. It is expected the European Council will endorse the strategy and take decisions on the further work on the Digital Single Market Strategy.

We look forward to the Digital Assembly 'One Europe, One Digital Single Market' to be held in Riga on June 17-18. The Digital Assembly co-organised by the Latvian Presidency and the European Commission will provide an opportunity for inclusive, future oriented discussions on the development of the Digital Single Market in areas like trust and confidence; ensuring access and connectivity; building the digital economy for businesses and consumers; and promoting e-society.

We need to take action on the basis of the Commission initiatives outlined in the Strategy to create a truly connected Digital Single Market to the benefit of European Industry and Consumers.

Intervention of Mr DE GRAAF on behalf of the EUROPEAN COMMISSION

Dear Colleagues,

As you may agree, the Internet and digital technologies are transforming our world – in every walk of life and in every line of business. Europe must therefore embrace the digital revolution and open up digital opportunities for people and businesses. How? By using the power of the EU's Single Market, which is why the European Commission unveiled its detailed plans to create a Digital Single Market, thereby delivering on one of its top priorities.

At present, barriers online mean that citizens miss out on goods and services: only 15% of citizens shop online from another EU Member State. Internet companies and start-ups cannot take full advantage of growth opportunities online. Let me illustrate that only 7% of SMEs sell cross-border. Finally, businesses and governments are not fully benefitting from digital tools. The aim of the Digital Single Market is to tear down regulatory walls and finally move from 28 national markets to a single one. It is expected that a fully functional Digital Single Market could contribute €15 billion per year to our economy and create hundreds of thousands of new jobs.

The Digital Single Market Strategy includes a set of targeted actions to be delivered by the end of next year. It is built on three pillars: (1) better access for consumers and businesses to digital goods and services across Europe; (2) creating the right conditions and a level playing field for digital networks and innovative services to flourish; (3) maximising the growth potential of the digital economy.

Let me explain these pillars in more detail:

In <u>Pillar I</u>, better access for consumers and businesses to digital goods and services across Europe, the Commission proposed:

- 1. Rules to make cross-border e-commerce easier. This includes harmonised EU rules on contracts and consumer protection when you buy online, whether it is physical goods like shoes or furniture or digital content like e-books or apps. Consumers are set to benefit from a wider range of rights and offers, while businesses will more easily sell to other EU countries. We hope that this will boost confidence to shop and sell across borders;
- 2. To enforce consumer rules more rapidly and consistently, by reviewing the Regulation on Consumer Protection Cooperation;

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- 3. More efficient and affordable parcel delivery. Currently 62% of companies trying to sell online say that too-high parcel delivery costs are a barrier;
- 4. To end unjustified geo-blocking, namely a discriminatory practice used for commercial reasons, when online sellers either deny consumers access to a website based on their location, or re-route them to a local store with different prices;
- 5. To identify potential competition concerns affecting European e-commerce markets. The Commission therefore launched an antitrust competition inquiry into the e-commerce sector in the European Union;
- 6. A modern, more European copyright law. Legislative proposals will follow before the end of 2015 to reduce the differences between national copyright regimes and allow for wider online access to works across the EU;
- 7. A review of the Satellite and Cable Directive to assess if its scope needs to be enlarged to broadcasters' online transmissions and to explore how to boost cross-border access to broadcasters' services in Europe;
- 8. To reduce the administrative burden which businesses face from different VAT regimes, so that sellers of physical goods to other countries also benefit from single electronic registration and payment; combined with a common VAT threshold to help smaller startups selling online.

Under <u>Pillar II</u>, creating the right conditions and a level playing field for digital networks and innovative services to flourish, the Commission will:

- 9. Present an ambitious overhaul of EU telecoms rules. This includes more effective spectrum coordination and common EU-wide criteria for spectrum assignment at national level;
- 10. Review the audiovisual media framework to make it fit for the 21st century, focusing on the roles of the different market players in the promotion of European works;
- 11. Comprehensively analyse the role of online platforms (search engines, social media, app stores, etc.) in the market. This will cover issues such as the non-transparency of search results as well as tackle illegal content on the Internet;

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- 12. Reinforce trust and security in digital services, notably concerning the handling of personal data. Building on the new EU data protection rules, due to be adopted by the end of 2015, the Commission will review the e-Privacy Directive;
- 13. Propose a partnership with the industry on cybersecurity in the area of technologies and solutions for online network security.

Dear Colleagues,

Finally, under <u>Pillar III</u>, maximising the growth potential of the digital economy, the Commission will:

- 14. Propose a 'European free flow of data initiative' to promote the free movement of data in the European Union. The Commission will also launch a European Cloud initiative;
- 15. Define priorities for standards and interoperability in areas critical to the Digital Single Market, such as e-health, transport planning or energy (smart metering);
- 16. Support an inclusive digital society where citizens have the right skills to seize the opportunities of the Internet and boost their chances of getting a job. A new e-government action plan will also connect business registers across Europe.

As for the next steps, let me underline that the Digital Single Market project team will deliver on these different actions by the end of 2016. With the backing of the European Parliament and the Council, the Digital Single Market should be completed as soon as possible.

Many thanks for your attention!

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Intervention of Minister SVEINSSON on behalf of ICELAND

First let me compliment the European Commission on the communication on the Digital Single Market. It strikes us as a comprehensive strategy relating to the challenges most relevant to complete the digital single market.

It is obvious that most of the Digital Agenda is relevant to all members of the single market, including the EEA-EFTA states. We will therefore follow closely the process ahead in order to safeguard Icelandic interests and provide contributions to the process where it is relevant.

Iceland shares the main principles and goals set forth in the Communication. In the Icelandic telecommunication plan for 2022 adopted in 2012, almost all of the Commission's concerns and planned action are outlined in an Icelandic context. These include data protection, enhanced competitiveness, access to communication networks, consumer rights and infrastructure investments.

While we see added value in addressing many of these challenges on a European level, it must be ensured that the EU regulatory framework will not be one of over-regulation and burdening for businesses and citizen. I am therefore pleased to see that the Commission specifically notes that the principles of Better Regulation will be applied during the process ahead.

In Iceland we have witnessed similar developments in the digital sphere as elsewhere. Consumers increasingly make use of e-services and e-purchasing is growing rapidly, not least from China. Seeing that China has no trouble doing business online across the world, it is obscure that within the single market national barriers still exist which hamper trade. If we manage to remove those it will without doubt increase competitiveness and contributing to the aim of growth and job creation.

Iceland is among the best connected European countries. Latest figures show 97% of households are connected. Indeed, connectivity and IT skills are essential to future developments and innovation and for a country like Iceland with large rural areas this is of particular importance.

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The positive effects of the high connectivity rate and IT skills are already evident in the economy. Many of the most promising and prominent businesses in Iceland are IT companies, software developers and high profile gaming producers. E-commerce is also a part of the everyday reality in traditional sectors such as fisheries, where the catch can be bought online and shipped to any location in the world.

In an increasingly digitalised world, online security and trust is a major concern. The rules set for data protection and e-privacy must be able to deal with current realities and take account of emerging technologies. Regulators must also safeguard net neutrality. Lawmakers are often challenged for not responding rapidly to changes, and in no field is this more evident than in the IT field.

Before concluding, I would like to raise the following issue of importance to Iceland as an EEA-EFTA state.

The Commission plans to propose to harmonise VAT rules when it comes to e-commerce. There it must be born in mind that three of the members of the single market do not adhere to the EU VAT regime. This must be taken into account when formulating legislative proposals. We will follow this process closely and hope for good cooperation during this work.

Finally, Iceland looks forward to taking part in the future developments of the Digital Single Market via the channels provided by the EEA Agreement!

Intervention of Minister HELGESEN on behalf of NORWAY

We welcome the priority the European Commission is giving to developing the Digital Single Market and a digital economy as an instrument of economic growth. The Norwegian Government also believes strongly in using information and communication technology (ICT) as a driver for innovation, growth and modernisation for businesses and the public sector.

The digital single market responds to the urgency all over Europe to create growth, investments and jobs. Our economies are at crossroads, where modernisation, adaptation to the new economy and market opportunities are essential.

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In the past 10 years, ICT has accounted for around 30 % of growth in the EU, whereas in the US the figure was as high as 55 %. A well-functioning digital single market can give a long-awaited boost to the European economy, and serve as an engine for growth. Even small businesses can do big in a digital single market.

The Digital Single Market demonstrates the dynamic nature of the Internal Market, and thus the EEA Agreement. This dynamism is necessary for European cooperation to remain relevant for businesses and other stakeholders.

The debate on the Digital Single Market is now under way in Oslo, just as it is in other European capitals. The Government is currently preparing a white paper on a new digital agenda for Norway, scheduled for spring 2016. Our engagement in the EU's strategy will naturally also influence our work at national level.

Next week, on 26 May, there will be a major conference on European ICT policy in Oslo. The conference will cover five key areas of the Commission's strategy: electronic communications; e-commerce; data protection; copyright; and digital security.

We are still in the starting bloc. Realising the Digital Single Market lies ahead of us - in all of the actions set out in the DSM-strategy. I can assure you that Norway will participate actively in the follow-up to the strategy. We are keen to play a part in shaping the Digital Single Market, which is set to play an important role in getting Europe up and running again.

Intervention of Minister FRICK on behalf of LIECHTENSTEIN

Madam Chairperson, dear colleagues,

I don't have much to add to what my colleagues already said.

Liechtenstein of course welcomes the recent publication of the Commission's strategy for a Digital Single Market. We fully support the goals of simplifying cross-border e-commerce and defragmenting the digital services' market. Promoting innovation in this economic sector and creating new sources of employment and growth are additional positive aspects.

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Although not all of the measures foreseen might be EEA relevant, the achievement of a Digital Single Market will most certainly create new opportunities for EEA consumers and businesses to scale up across Europe. It is important that adequate ways can be found to extend this market to the EEA swiftly and in an efficient manner.

Liechtenstein will be carefully following the developments in this area. We are prepared, within the realms of its possibilities as a small State, to contribute to the achievement of defined goals of a Digital Single Market, but we also hope that new legislative requirements will make allowances for the inherent limitations of telecom-markets in small countries.

Closing remarks of the Parliamentary State Secretary KALNINA-LUKAŠEVICA on behalf of the European Union

Dear colleagues,

Thank you for your interventions! We share a common interest to continue the efforts in developing a fully functioning Digital Single Market in Europe. The cross-border collaboration in this area is of particular importance, and I trust our discussions will contribute to the development of the EU Digital Single Market Strategy.

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

7. ADOPTION OF THE CONCLUSIONS OF THE 43rd EEA COUNCIL

<u>Intervention of Parliamentary State Secretary KALNIŅA-LUKAŠEVICA on behalf of</u> <u>the EUROPEAN UNION</u>

We now turn to the discussion of our draft conclusions. As in previous years, no agreement could be reached before our meeting on a paragraph regarding the management of mackerel, namely paragraph 20 of our text.

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The wording of this paragraph is neutral, while the subject, the management of mackerel stocks in the North East Atlantic, continues to raise important concerns in the EU. Our position is still the same as at our last meeting in November.

Despite the lack of progress on this issue in the Coastal States framework, the EU, Norway and the Faroe Islands are working together on this important shared stock, on the basis of a trilateral arrangement agreed last year. The EU said from the outset that the door was open for Iceland to join the arrangement, and I want to underline that this door remains open. The EU still hopes that parties can work out the terms of a full four-Party Coastal State arrangement for mackerel, which would offer to all of us both stability and predictability.

With this in mind, we invite the EEA EFTA side to accept the inclusion of paragraph 20 into the conclusions.

Intervention of Minister SVEINSSON on behalf of ICELAND

The Draft Conclusions of the EEA Council are indeed acceptable to the EFTA side, with the exception of paragraph 20. Fisheries management is not covered by the EEA Agreement. It is therefore not appropriate to agree a conclusion on this issue in this forum. We can therefore approve the Conclusions provided this paragraph is deleted.

<u>Intervention of the Parliamentary State Secretary KALNINA-LUKAŠEVICA on behalf of the EUROPEAN UNION</u>

We have taken good note of your comments, but we remain convinced of the added value of the proposed paragraph 20. However, the EU does not wish to jeopardise the adoption of the rest of our conclusions, which is a priority for both sides. Thus, in a spirit of compromise, the EU delegation does not insist on maintaining paragraph 20 of the draft conclusions and agrees on its deletion, while not changing its position on the subject as such.

With that said, I conclude that we have reached an agreement to adopt the draft conclusions as set out in doc. 1602/15, without paragraph 20. The conclusions as adopted will be circulated after the meeting as doc. EEE 1602/1/15 REV 1.

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8. OTHER BUSINESS

none

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

Thank you, Madame Chair. We would like to express our appreciation of the frank and constructive dialogue we have had in this meeting, as on previous occasions. Our thanks go in particular to the Latvian Presidency, the Council Secretariat, the European External Action Service and the Commission for their positive and constructive cooperation over the last months. We look forward to working with the Luxembourg Presidency in the months ahead.

<u>Closing remarks of Parliamentary State Secretary KALNINA-LUKAŠEVICA on behalf</u> of the European Union

We have then come to the end of our 43rd EEA Council meeting.

I would like to thank all of you from the EEA EFTA States, as well as the EFTA Secretariat, the EFTA Surveillance Authority and the EU Member States for contributing to and participating in this interesting and fruitful meeting.

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43rd meeting of the

EEA COUNCIL

(Brussels, 18 May 2015)

LIST OF DELEGATIONS

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

ICELAND

Mr Gunnar Bragi SVEINSSON	Minister for Foreign Affairs
Ms Bergdís ELLERTSDÓTTIR	Ambassador, Head of Icelandic Mission to the EU
Mr Ragnar G. KRISTJÁNSSON	Deputy Head of Mission, Icelandic Mission to the EU
Ms Sunna GUNNARS MARTEINSDOTTIR	Political advisor to the Minister for Foreign Affairs
Ms Sigridur EYSTEINSDOTTIR	First Secretary, Icelandic Mission to the EU
Mr Andri JÚLÍUSSON	First Secretary, Icelandic Mission to the EU
Mr Ingólfur FRIÐRIKSSON	First Secretary, Icelandic Mission to the EU
Mr Ive LEONIDAS	Assistant, Icelandic Mission to the EU
Ms Ásgerður KJARTANSDÓTTIR	Counsellor, Icelandic Mission to the EU
Mr Angantyr EINARSSON	Counsellor, Icelandic Mission to the EU
Mr Steinar I. MATTHÍASSON	Counsellor, Icelandic Mission to the EU
Ms Valgedur Maria SIGURDARDOTTIR	Counsellor, Icelandic Mission to the EU

THE KINGDOM OF NORWAY

Mr Vidar HELGESEN Minister of EEA and EU Affairs, Office of the

Prime Minister

Mr Atle LEIKVOLL Ambassador, Mission of Norway to the

European Union

Mr Helge SKAARA Director General, Ministry of Foreign Affairs

Mr Stian CHRISTENSEN Deputy Director, Ministry of Foreign Affairs

Ms Benedicte STAALESEN Political Advisor

Mr Rune BJAARSTAD Senior Communications Advisor, Ministry of

Foreign Affairs

Ms Maria MARTENS Senior Advisor, Ministry of Foreign Affairs

Mr Niels ENGELSCHIØN Deputy Head of Mission

Ms Catherine LØCHSTØER Counsellor, Mission of Norway to the EU

Ms Aud HELLSTRØM Minister Counsellor, Mission of Norway to the

EU

Mr Lars Erik HAUGE Head of Information, Mission of Norway to

the EU

Mr Fred Arne ØDEGAARD Counsellor, Mission of Norway to the EU

Ms Julie JOHNSEN Trainee, Mission of Norway to the EU

Mr Andreas HØGLUND Trainee, Mission of Norway to the EU

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 Dominik MARXER Counsellor, Mission of Liechtenstein to the

EU

Ms Anne CORNU Counsellor, Mission of Liechtenstein to the

EU

Ms Julia WALCH Temporary Officer, Mission of Liechtenstein

to the EU

II. The European Union was represented as follows:

LATVIA

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

Ms Zanda KALNIŅA-LUKAŠEVICA Parliamentary State Secretary for EU Affairs

Ms Inga SKUJINA Under-Secretary of State for European Affairs

of the Ministry of Foreign Affairs

Mr Mārtiņš KREITUS Director of Foreign Trade and Foreign

Economic Relations Promotion Department of

the Ministry of Foreign Affairs

Ms Marta VEIĶENIECE Chair of the EFTA Working Party

EUROPEAN COMMISSION

Mr Gerard DE GRAAF Director for Digital Economy and

Coordination, Directorate General CONNECT

Mr Tom DIDERICH International Coordination Officer, Directorate

General GROW

Ms Ulle REIMAN International Relations Officer, Directorate

General AGRI

EUROPEAN EXTERNAL ACTION SERVICE

Mr Luis Felipe Fernandez DE LA PENA Managing Director

Mr Gianluca GRIPPA Head of Western Europe Division

Mr Florin NITA EEA Desk, Western Europe Division

Mr Vaclav NAVRATIL EEA Desk, 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 Matthew REECE Head of Unit for Enlargement

Ms Bärbel DÜRHAGER Desk Officer for Non-EU Western Europe

Ms Dhana IRSARA Administrative Assistant for Non-EU Western

Europe

Mr Pierre-Jean ALLORY Trainee

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

EFTA SECRETARIAT

Mr Kristinn F. ÁRNASON Secretary-General

Mr Dag Wernø HOLTER 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 Dóra Sif TYNES Head of EEA Legal Services, EEA

Coordination Division

Mr Marius VAHL Senior Officer, EEA Coordination Division

Ms Elin Sif KJARTANSDÓTTIR Officer, Services, Capital, Persons &

Programmes Division

Ms Anne Margrethe LUND Trainee, EEA Coordination Division

Ms Benedicte SOGNEFEST Trainee, Secretary-General's Office

EFTA SURVEILLANCE AUTHORITY

Ms Oda Helen SLETNES President

Ms Helga JÓNSDÓTTIR College Member

Mr Frank BÜCHEL College Member

EUROPEAN ECONOMIC AREA

Brussels, 12 May 2015 (OR. en)

Council of the EEA

1603/15

PROGRESS REPORT

Subject: Progress Report by the EEA Joint Committee to the 43rd meeting of the EEA Council

Decision making

- 1. The EEA Joint Committee has adopted 176 Joint Committee Decisions (JCDs) incorporating 260 legal acts since the EEA Council of 19 November 2014. In the period from 1st January to 1st May 2015, there have been 128 JCDs incorporating 193 legal acts. In the same period of 2014, 54 JCDs incorporating 109 legal acts were adopted.
- 2. As of 4th May2015, there were 421 outstanding legal acts where the compliance date in the EU had passed, compared to 408 acts on 1 November 2014. Since November 2014 therefore

the overall number of outstanding legal acts has increased by 4.4%.

- 3. Since the last EEA Council, the EFTA side has continued to identify further actions needed to permanently reduce the number of outstanding acts and avoid their re-emergence.
- 4. In total 225 legal acts adopted by the EU in 2014 were incorporated into the EEA Agreement in 2014, as compared to 117 legal acts in 2013. This demonstrates an improvement in the management of new acts with their timely incorporation into the Agreement.

- 5. The number of JCDs awaiting the fulfilment of constitutional requirements where the sixmonth period had expired was reduced from 5 on 1 November 2014 to 3 on 1 May 2015. Additionally, on 1 May 2015 there were 17 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, as compared to 28 on 1 November 2014.
- 6. Important decisions incorporated since the 42nd meeting of the EEA Council include:
 - Decision 268/2014, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
 - Decision 29/2015 on certain permitted uses of orphan works
 - Decision 32/2015 on the European GNSS Agency
 - Decision No 57/2015 on the separate sale of regulated retail roaming services within the Union
 - Decision No 61/2015 on Community vessel traffic monitoring and information system
 - Decision No 62/2014 on the minimum level of training of seafarers
 - Decision No 65/2015 on the Pilot Common Project supporting the implementation of the European Air Traffic Management Master Plan
 - Decision No 71/2015 replacing Protocol 4 aligning its content to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin
 - Decision No 72/2015 on the Community legal framework for a European Research Infrastructure Consortium (ERIC)
 - Decision No 102/2014 on the Internal Market Information System
 - Decision No 105/2015 on the European Regulators Group for Electronic Communications Networks and Services
 - Decision No 112/2015 on the performance and the interoperability of surveillance for the single European sky

Decision No 113/2015 on rules for the implementation of air traffic management (ATM) network functions.

Decision shaping

- 7. The EEA EFTA States are participating in 14 EU programmes and 18 agencies, of which 13 were regulatory agencies and five executive agencies.
- 8. Since the last EEA Council, the EFTA side did not provide any new Comments.

Briefings in the Joint Committee

- 9. Briefings on the following subjects were provided in the EEA Joint Committee:
 - Capital controls in Cyprus
 - Capital controls in Iceland
 - Transatlantic Trade and Investment Partnership (TTIP) negotiations

Status of outstanding issues

- 10. The discussions on the following issues have not yet been concluded:
 - the Regulations establishing the European Supervisory Authorities, and related pieces of legislation in the field of financial services,
 - the Directive on the Deposit Guarantee Scheme,
 - the Regulation on Novel Foods and Novel Food Ingredients,
 - the Third Package for the Internal Energy Market,
 - the remaining part of the 2009 TELECOM package including the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC),
 - the Third Postal Directive,
 - the Regulation on Medicinal Products for Paediatric Use,

- the Marine Strategy Framework Directive,
- the Offshore Directive
- the EU legal acts in the area of organic production.

The Joint Committee has reiterated its determination to work towards the rapid conclusion of these issues.

Financial Mechanisms

- 11. For the period 2009-2014, 993.5 million euro (including Croatia) has been set aside under the EEA Financial Mechanism and an additional 804,6 million euro (including Croatia) under the Norwegian Mechanism to contribute to reducing economic and social disparities in 16 EU countries in Central and Southern Europe and to strengthening bilateral relations.
- 12. Programmes and projects under both Mechanisms may be implemented until 2016. By 1st May 2014, all of the 150 programmes had been approved by the donors. The Commission has given its consent to all programmes.
- 13. The negotiations on the continuation of the EEA Financial Mechanism and the Norway Grants were launched on 22 January 2014. The chief negotiators of the EU and the EFTA side have had one formal and two informal meetings since November 2014. Six rounds of technical discussions were held in the same period regarding the drafting of a new Protocol 38 C to the EEA Agreement.

EUROPEAN ECONOMIC AREA Council of the EEA

Brussels, 18 May 2015 (OR. en)

EEE 1602/1/15 REV 1

LIMITE

CONCLUSIONS

Subject: Conclusions of the 43rd meeting of the EEA Council (Brussels, 18 May 2015)

- 1. The forty-third meeting of the EEA Council took place in Brussels on 18 May 2015 under the Presidency of Ms Zanda Kalniņa-Lukaševica, Parliamentary State Secretary for EU Affairs of Latvia, representing the Presidency of the Council of the European Union. The meeting was attended by Mr Gunnar Bragi Sveinsson, Minister for Foreign Affairs of Iceland, Mr Vidar Helgesen, Minister of EEA and EU Affairs at the Office of the Prime Minister of Norway, and Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service.
- 2. The EEA Council noted that, within the framework of the Political Dialogue, the Ministers would discuss 1) *Ukraine and Russia*; 2) *the Eastern Partnership* and 3) *Syria, Iraq, Libya and ISIL- Da'esh, including combating radicalization and extremist violence in Europe*. An orientation debate was held on the *Digital Agenda*.

- 3. The EEA Council welcomed that the conclusions on a homogenous extended single market and EU relations with Non-EU Western European countries adopted by the Council of the EU in December 2014 acknowledged the key role played by the EEA Agreement throughout the last 20 years in advancing economic relations and internal market integration between the EU and the EEA EFTA States. The EEA Council highlighted that the Agreement had been robust and capable of adapting to changes in EU treaties and EU enlargements. The EEA Council recognised that the good functioning and further development of this extended Single Market would be a key driver for renewed growth in Europe.
- 4. The EEA Council emphasised the need for responsibility and solidarity among the countries of Europe to overcome the social and economic challenges that had arisen from the economic crisis. In particular, the EEA Council expressed concern regarding the continued high level of youth unemployment in some EEA Member States.
- 5. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA would be in the interest of all Contracting Parties, the EEA Council urged them to ensure that the appropriate information on the EEA Agreement was made readily and easily available to all.
- 6. The EEA Council noted that free movement of capital is a fundamental internal market freedom and an integral part of the EEA *acquis* and acknowledged that restrictions can be implemented only temporarily on the basis of the provisions of Article 43 of the EEA Agreement.
- 7. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.

- 8. The EEA Council stressed the need to swiftly conclude the work necessary for the incorporation into the EEA Agreement of the EU Regulations on the European Supervisory Authorities in the area of financial services to ensure effective and homogenous supervision throughout the EEA, as called for in the Conclusions approved by the EU and EFTA Ministers of Finance and Economy at their informal meeting of 14 October 2014. The EEA Council also highlighted the high importance of a swift incorporation and application of the outstanding legislation in the field of financial services in order to ensure a level playing field throughout the EEA in this important economic sector.
- 9. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes to which they contribute financially.
- 10. The EEA Council recognised the still existing need to alleviate social and economic disparities in the EEA, as well as the positive contribution of the EEA and Norway Financial Mechanisms 2009-2014 and their predecessors in reducing economic and social disparities throughout the EEA. It noted that more than one year after the launch of the negotiations on the renewal of the EEA and Norway Financial Mechanisms for another term, the negotiations were still on-going and the progress achieved was still mixed. In light of the delay incurred, the EEA Council called for increased efforts in view of a swift conclusion of these negotiations.
- 11. The EEA Council also took note of the on-going negotiations in parallel with the Financial Mechanism negotiations on bilateral issues between each of the EEA EFTA States and the EU, and also called for a swift conclusion of these negotiations.
- 12. The EEA Council welcomed the ongoing efforts made to both reduce the number of EEA-relevant EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process. While commending all the steps undertaken in the course of the last years, the EEA Council noted that the number of acts awaiting incorporation was still too high. The EEA Council called for continued work in order to significantly and durably reduce the current backlog and thereby ensure legal certainty and homogeneity in the EEA. It urged all parties to engage constructively to find solutions to pending difficult issues.

- 13. The EEA Council noted that progress was still needed on a number of outstanding issues and looked forward to reach a conclusion as soon as possible in particular regarding the Third Postal Directive, the 2009 TELECOM Package (including the Regulation on the Body of European Regulators for Electronic Communications BEREC), the Directive on Deposit Guarantee Schemes, the Regulation on Novel Foods and Novel Food Ingredients, the Marine Strategy Framework Directive, the Regulation on Medicinal Products for Paediatric use and the EU legal acts in the area of organic production.
- 14. The EEA Council recalled that there was still a number of Joint Committee Decisions, for which the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.
- 15. With regard to the Third Package for the Internal Energy Market, the EEA Council underlined the importance of stepping up efforts to incorporate this legislative Package into the EEA Agreement in order to establish a fully functional internal market for energy, and in particular encouraged the parties to identify mutually acceptable solutions for appropriate EEA EFTA participation in the Agency for the Cooperation of Energy Regulators (ACER).
- 16. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environment, energy and climate change polices, particularly in light of the 2030 Framework for Climate and Energy and the proposal for A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy. The EEA Council underlined in particular the importance of the EU, its Member States and the EEA EFTA States working closely together to achieve an ambitious and universal climate agreement during the COP21 Conference in Paris in December 2015 in order to contain global warming within the limit of 2°C. The close cooperation should also continue in particular in the areas of security of energy supply, emissions trading, promotion of competitive, climate resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, carbon capture, utilisation and storage (CCUS), marine environment and other environmental issues such as waste, chemicals, water resource management and industrial pollution.

- 17. The EEA Council acknowledged the significance of the negotiations on a Transatlantic Trade and Investment Partnership (TTIP) between the European Union and the United States. The EEA Council welcomed the exchange of information between the European Commission and the EEA EFTA States initiated in the EEA Joint Committee in December 2014. Bearing in mind inter alia Protocol 12 to the EEA Agreement, the EEA Council encouraged a continuation of this exchange of information.
- 18. The EEA Council acknowledged that the Contracting Parties, pursuant to Article 19 of the EEA Agreement, had undertaken to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council welcomed the launch in 2012 of negotiations on the further liberalisation of agricultural trade and on the protection of geographical indications between the EU and Iceland. The EEA Council also welcomed the launch of negotiations between the EU and Norway in November 2013 on the protection of geographical indications and on further liberalisation of agricultural trade within the framework of Article 19 in February 2015. The EEA Council noted that the EU had expressed its disappointment on the fact that the increased Norwegian customs duties for certain agricultural products, and the reclassification of hortensia, had not been revoked and that the EU had again encouraged Norway to reverse these measures.
- 19. The EEA Council welcomed the dialogue between Iceland and the EU on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in processed agricultural products and looked forward to the conclusion of this dialogue in the near future. The EEA Council encouraged the Contracting Parties to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in this area.

- 20. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant Council working parties.
- 21. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU ministerial meetings and ministerial conferences relevant to EEA EFTA participation in the Internal Market, and expressed its appreciation to the current Latvian and incoming Luxembourg Presidencies for the continuation of this practice.
- 22. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups and agencies, as well as through the submission of EEA EFTA Comments.
- 23. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its meeting in Strasbourg on 17 December 2014 on Follow-up to the Climate and Energy Policy Framework 2030 and on the Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2013, and the Resolutions of the EEA Joint Parliamentary Committee adopted on 31 March 2015 on The Transatlantic Trade and Investment Partnership and its possible implications for the EEA EFTA States Iceland, Liechtenstein and Norway and on Industrial Policy in Europe.