

EEE 1602/1/18
REV 1

CONCLUSIONS

Subject: Conclusions of the 49th meeting of the EEA Council
(Brussels, 23 May 2018)

The forty-ninth meeting of the EEA Council took place in Brussels on 23 May 2018 under the Presidency of Mr Emil Karanikolov, Minister of Economy of Bulgaria, representing the Presidency of the Council of the European Union. The meeting was attended by Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs of Iceland, Ms Ine Eriksen Søreide, Minister of Foreign Affairs 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. The EEA Council discussed the overall functioning of the Agreement on the European Economic Area (EEA Agreement) and held an orientation debate on the Review of the European Supervisory Authorities.

Political Dialogue

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

2. With regard to the UK's withdrawal from the EU, the EEA Council underlined the importance of safeguarding the EEA Agreement, ensuring the continuation of a well-functioning, homogenous EEA and preserving the integrity of the Internal Market. The EEA Council welcomed the close dialogue and continuous exchange of information that has been established between the EU and the EEA EFTA States on the negotiations between the EU and the UK under Article 50 of the Treaty on European Union regarding the withdrawal of the UK from the EU.
3. The EEA Council, aware of the EEA dimension of the UK's withdrawal from the EU, called for a continuation of the dialogue between the EU and the EEA EFTA States to ensure continued homogeneity in the EEA.

Cooperation in the EEA

4. The EEA Council acknowledged the key role played by the EEA Agreement in advancing economic integration between the EU and the EEA EFTA States. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups, studies and agencies, as well as through the submission of EEA EFTA Comments. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU Ministerial meetings and Ministerial conferences relevant to EEA EFTA participation in the Internal Market, and expressed its appreciation to the current Bulgarian and incoming Austrian Presidencies for the continuation of this practice.

5. Welcoming the recent recovery of the European economy, the EEA Council emphasised the importance of a well-functioning Internal Market as a driver in boosting economic growth and creating new jobs throughout Europe. The EEA Council acknowledged the importance of predictable trade conditions for economic operators within the EEA. It underlined the indivisibility and importance of the four freedoms for the well-functioning of the Internal Market, which is in the common interest of all Contracting Parties. The EEA Council welcomed the steps already taken to implement the proposals contained in the strategies for a Digital Single Market and for upgrading the Internal Market, with a view to exploiting in full its untapped growth and productivity potential. The EEA Council agreed that a holistic approach was required to tackle some of the main challenges facing the Internal Market, and stressed the importance of the close involvement of the EEA EFTA States in the further design and development of Internal Market policies and initiatives. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA was in the interest of all Contracting Parties, the EEA Council urged the EU and the EEA EFTA States to ensure that information on the EEA Agreement was made readily and easily available.

6. Recognising the important role of parliamentary cooperation and cooperation between economic and social partners in the EEA, the EEA Council noted the Resolution of the EEA Joint Parliamentary Committee adopted at its meeting in Stavanger on 7-8 May 2018 on the *Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2017*, and the Resolutions of the EEA Consultative Committee adopted at its meeting in Reykjavik on 3-4 May 2018 on *Work-Life Balance in the EEA* and *A socially fair road transport sector in the EEA with effectively enforced common rules*.

Energy and climate change

7. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environmental, energy and climate change policies, particularly in light of the 2030 Framework for Climate and Energy and the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy. The EU and the EEA EFTA States expressed their commitment to the transition to low greenhouse gas emission, sustainable and climate-resilient economies and societies. They also expressed their commitment to reaching a successful outcome under the Paris Agreement work programme at the 24th Conference of the Parties of the United Nations Framework Convention on Climate Change in Poland this December and to actively participate in the Talanoa Dialogue, enabling the effective implementation of the Paris Agreement.
8. While respecting the Contracting Parties' right to determine the conditions for exploiting their energy resources, their choice between different energy sources and the general structure of their energy supply, the EEA Council noted that the EEA EFTA States remain a key partner of the EU as a reliable supplier of energy and underlined that the close cooperation should continue in the areas of the Internal Energy Market, in addition to cooperation in the fields of energy security, emissions trading, the promotion of competitive, climate-resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, and carbon capture, utilisation and storage (CCUS), circular economy, as well as other environmental issues, such as chemicals, water resource management, biodiversity and pollution.

Financial Mechanism

9. The EEA Council emphasised the importance of solidarity among the countries of Europe to overcome social and economic challenges within the EEA, which is in the common interest of all Contracting Parties. In this sense, it expressed concern regarding the continued high level of youth unemployment in some EEA Member States. The EEA Council commended the positive contribution made by the EEA and Norway Financial Mechanisms in reducing economic and social disparities throughout the EEA. With regard to the agreements on an EEA and a Norwegian Financial Mechanism for the 2014-2021 period, the EEA Council welcomed the progress made in the negotiations on Memoranda of Understanding between the EEA EFTA States and the Beneficiary States in the EU, noted the opening of the first calls for proposals and looked forward to projects commencing under the new mechanisms.

Capital controls

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

EU programmes

11. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes to which they contributed financially. The EEA Council recognised in particular the active participation and full integration of the EEA EFTA States in the European Research Area and the successful association of Norway and Iceland in Horizon 2020, the EU's flagship programme for Research and Innovation, as well as in Erasmus+ in the field of education, youth and sport, and Creative Europe for the cultural and audiovisual sectors. The EEA Council would continue to place high importance on the integration and policy alignment of EEA EFTA States with the EU in the area of research and innovation and in education and culture.
12. The EEA Council took note of the preparations for the next Multiannual Financial Framework for 2021-2027. It duly noted the contributions from the EEA EFTA States and encouraged them to take an active part in EU programmes foreseen under the new financial framework. This participation is a means towards developing, strengthening and broadening cooperation on matters falling outside of the four freedoms, as provided for in the EEA Agreement.

Incorporation of EEA-relevant EU acts

13. 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.
14. The EEA Council welcomed the ongoing efforts to reduce the number of 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.

15. The EEA Council called for continued work in order to significantly and durably reduce the number of acts awaiting incorporation and thereby continue to ensure legal certainty and homogeneity in the EEA. This common goal can be achieved through political will and enhanced dialogue among the relevant experts and organs. The EEA Council urged all parties to engage constructively to find solution to pending difficult issues.
16. While welcoming the recent progress made at expert level, the EEA Council highlighted the importance of promptly incorporating outstanding legislation in the field of financial services – representing more than half of the backlog – in order to ensure a level playing field throughout the EEA in this important sector. The EEA Council recalled its continuous commitment to the conclusions approved by EU and EEA EFTA Ministers of Finance and Economy on 14 October 2014, in particular to the two-pillar solution set out therein.
17. Considering that data protection is an integral part of the EEA Agreement, the EEA Council underlined the importance of the free flow of data in the European digital economy. It welcomed the progress made regarding the General Data Protection Regulation, and called for its swift incorporation into the EEA Agreement. The EEA Council looked forward to reaching a conclusion as soon as possible on the incorporation of the Third Postal Directive and Genetically Modified Organisms.
18. The EEA Council further noted that there were a number of Joint Committee Decisions where the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.

Agricultural trade

19. The EEA Council welcomed the entry into force of the Agreement in the form of an Exchange of Letters between the European Union and Iceland concerning additional trade preferences in agricultural products and the Agreement between Iceland and the European Union on the protection of geographical indications on 1 May 2018.
 20. The EEA Council welcomed the signing of the Agreement between the European Union and Norway on 4 December 2017 concerning additional trade preferences in agricultural products reached on the basis of Article 19 of the EEA Agreement and looked forward to reap the benefits of increased trade in agricultural products. The EEA Council noted the suspension of the negotiations between the EU and Norway on the protection of geographical indications.
 21. The EEA Council acknowledged that the Contracting Parties had reaffirmed their commitment, in accordance with Article 19 of the EEA Agreement, to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council encouraged them to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement, in order to further promote trade in this area. In this regard, the EEA Council took note of the entry into force on 1 May 2018 of the relevant EEA Joint Committee Decision that further liberalized trade in processed agricultural products between the EU and Iceland, on a reciprocal basis.
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