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Brussels, 20 November 2018

MINUTES

of the 50th meeting of the

EEA COUNCIL

(Brussels, 20 November 2018)

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The EEA Council held its 50th meeting in Brussels on 20 November 2018.

The meeting was chaired by Ms Ine Eriksen SØREIDE, Minister for Foreign Affairs of Norway, who led the EEA EFTA delegation accompanied by Ms Aurelia FRICK, Minister for Foreign Affairs of Liechtenstein, and Mr Guðlaugur ÞÓRDARSON, Minister for Foreign Affairs of Iceland.

The EEA EFTA delegation also included Mr Henri GÉTAZ (Secretary-General of the European Free Trade Association - EFTA), and Ms Bente ANGELL-HANSEN (President of the EFTA Surveillance Authority - ESA).

The EU delegation was led by Ms Karin KNEISSL, Minister for Foreign Affairs of Austria, accompanied *inter alia* by representatives of the General Secretariat of the Council, the European External Action Service and the European Commission.

Opening statement of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

Co-chair, dear colleagues,

I welcome you to the 50th meeting of the EEA Council. I propose that we deal with the items 1, 2, 3 and 6 of the agenda without prior discussion.

Intervention of Minister Karin KNEISSL on behalf of the European Union

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

On behalf of the EU Presidency, it is my pleasure to welcome you and your delegations here, in the premises of the Council of the European Union, for a very special meeting, the 50th meeting of the EEA Council.

Since its first meeting, on 17 May 1994, the EEA Council has played a major role in providing the necessary political impetus for the implementation of the EEA Agreement, in coordinating actions and in proposing specific measures to address our common challenges. We are confident that the EEA Council will continue to build on its successes and accomplish new achievements.

My country, Austria, has been part of the EEA project since the very beginning. An EFTA Member in 1994 and an EU Member State since 1995 but always with the same commitment to the EEA Agreement, which is a key instrument in advancing economic integration between the EU and the EEA EFTA States, in safeguarding our common interests, and in further strengthening our close partnership.

Before we go into the substance of our agenda, I would like to sincerely thank you and the EFTA Secretariat for the excellent cooperation in the preparation of this meeting.

I would also like to take this opportunity to congratulate the newly-appointed Senior Management of the EFTA Secretariat. We wish you every success in your new duties. We are certain that, under your leadership, our excellent cooperation will continue and deepen further.

Furthermore, I would like to confirm our agreement to deal with items 1, 2 and 3 of the agenda without discussion. We would also like to express our satisfaction with the swift consensus found on the draft EEA Council conclusions, set out under item 6 of the agenda.

I am looking forward to our discussions!

Thank you very much!

Intervention of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

Thank you, these points are then adopted. That takes us directly to item 4, the assessment of the overall functioning of the EEA Agreement.

1. ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda, as set out in EEE 1605/18.

2. APPROVAL OF THE MINUTES

The EEA Council approved the minutes of the 49th meeting of the EEA Council, which took place in Brussels on 23 May 2018, as set out in EEE 1608/18.

3. PROGRESS REPORT BY THE EEA JOINT COMMITTEE

The EEA Council took note of the Progress Report by the EEA Joint Committee, as set out in EEE 1607/18.

6. CONCLUSIONS OF THE EEA COUNCIL

The EEA Council adopted the Conclusions, as set out in EEE 1606/18.

4. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT

Intervention of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

Dear Colleagues,

Over the last 25 years, the EEA Agreement has been the basis of the close relationship between the EU and Iceland, Liechtenstein and Norway. As we prepare for the 25th anniversary of the Agreement's entry into force in January next year, we can conclude that it has successfully achieved its main objective of promoting and strengthening economic relations between the EEA EFTA States and the EU in a common Internal Market.

By continuously incorporating new rules into the Agreement, we have ensured a level playing-field for our economic operators. This allows our businesses and consumers to reap the benefits of a vast home market which today encompasses more than 500 million people, thus contributing to growth and jobs in our economies.

Through the unique decision-shaping mechanisms of the Agreement, the EEA EFTA States contribute to the development of the Internal Market. Through our participation in EU programmes, our citizens and organisations contribute to the promotion of common policies. The EEA EFTA States are also providing substantial contributions to reduce economic and social disparities in Europe through the EEA and Norway Grants.

The success of the EEA Agreement is all the more remarkable when one considers the profound changes Europe has undergone since the early 1990s.

In order to reap the benefits of the deepening and widening of European cooperation attention must be paid to the particulars of the EEA Agreement. Our cooperation in the EEA is not without challenges.

One such issue is the growing number of regulatory agencies and supervisory authorities in the Internal Market. Ensuring a proper integration of these agencies into the institutional set-up of the EEA, as well as participation of the EEA EFTA States in these bodies, are both essential to ensure that our common rules are applied in the same way throughout the EEA.

Finding solutions on how to reflect the decision-making powers of the agencies in the institutional set-up of the EEA is a core concern for us. The principles of the EEA Agreement must be respected and legal homogeneity must be ensured.

Through joint efforts and a close dialogue, we have been able to find practical and mutually acceptable solutions. The issue of agencies and authorities will however remain high on our agenda, such as the on-going review of the European Supervisory Authorities in financial services, which we discussed in the last EEA Council in May

How to accommodate new EU agencies into the EEA set-up was also a key element in the Joint Committee Decision on the incorporation of the General Data Protection Regulation into the EEA Agreement, which was adopted this summer. This Decision ensures the free flow of data throughout the EEA and is an important aspect in the development of the Digital Single Market.

We are also following closely the discussions on the possible establishment of a European Labour Authority, a topic which we will discuss later in this meeting.

Seeking workable solutions on agencies has affected our ability to ensure the timely incorporation of new legal acts into the Agreement. In many cases, acts could not be incorporated until such solutions were found. A certain backlog of pending acts is a natural and inevitable consequence of the procedures under the EEA Agreement, but priority must be given to the swift incorporation of new acquis into the EEA Agreement. This a shared responsibility.

I am pleased to note that as a result of a constructive dialogue on all levels, we have seen significant progress in the incorporation of financial services regulations into the EEA Agreement. However, the number of outstanding acts in this field remains too high and a cause for common concern. Legal acts in financial services make up about half of the backlog and we must continue to pay close attention to these files.

However, with recent progress in our discussions on key acts, I believe the prospects are good. I hope in particular that we will be able to incorporate the large packages related to the markets in financial instruments (MiFID II/MiFIR) and capital requirements (CRR/CRD IV) into the EEA Agreement well before the EEA Council meeting in May next year. Continued cooperation is essential if we are to achieve our common goal of reducing the backlog of outstanding acts.

As I mentioned earlier, our ability to participate and contribute to the development of our common Internal Market is one of the unique features of the EEA Agreement. A cornerstone in our work is the submission of written comments on EU legislative and policy proposals as well as close dialogue with our EU partners at all levels. In this work we emphasise the need to engage early in the process in order for our contributions to have an impact. We greatly appreciate the efforts of the EEAS in facilitating our dialogue with the EU side, including feedback on comments.

In recent months, we have focused our efforts in particular on the development of new EU programmes for the 2021-2027 period. Our participation in EU programmes is a key instrument for cooperation with EU institutions and Member States in a wide range of areas. We are pleased that the Commission proposals clearly state that the EEA EFTA States shall enjoy full participation rights in the programmes as provided for in the EEA Agreement. We would however note that some of the EU programme proposals contain provisions that may, in implementation, limit the scope of EEA EFTA State participation and contradict the terms set out in the EEA Agreement. It is essential that our rights to full access to the programmes are secured when the EEA EFTA States contribute financially to an EU programme. This is in accordance with the Agreement.

We are also progressing well on the implementation of the financial mechanisms for the 2014-2021 period, which represent the most ambitious effort from our side to reduce economic and social disparities in Europe. Memoranda of Understanding have been concluded with 13 of the 15 Beneficiary States, and we are well underway in rolling out the new programmes in these countries. However, negotiations with Hungary remain a challenge, and we will keep a very close eye on developments in Poland to ensure that implementation there takes place in accordance with our agreement and common European values.

In our political dialogue earlier this morning, we had a long discussion on Brexit and its consequences for the EEA. We appreciate the mutual commitment to safeguarding the EEA Agreement and preserving the integrity of the Internal Market.

Europe is currently experiencing a welcome economic recovery following the financial and economic crisis. However, as we discussed in our dialogue on multilateralism earlier this morning, the worrying trends in international trade that we noted in the EEA Council in May have arguably grown in recent months. It is important that such global developments do not negatively affect our good cooperation in the EEA. In this context, the decision by the EU in July to exempt the EEA EFTA States from the provisional safeguard measures on steel products was crucial.

We also discussed other global issues on our agenda in the political dialogue this morning. I could perhaps note in particular our joint efforts to combat climate change, and the preparations of the COP24, which will take place early next month in Poland. There it will be important that we make decisive steps towards implementation of the Paris Agreement.

To conclude, the EEA Agreement continues to function well and has proved to be a flexible and durable Agreement. The constructive and results-oriented approach on both sides, has been essential to make the EEA Agreement work. Over the last 25 years, we have been consistently successful in finding mutually acceptable solutions, and I am confident that this will also be the case in the future.

Finally, I would like to thank the outgoing EU Chair, the Austrian Presidency, for the good and constructive cooperation, and forthcoming and close dialogue during this term. We especially appreciate the way in which you have facilitated our participation in informal EU Council meetings and in political dialogues, which are important gatherings for fostering closer ties with all our European colleagues. We look forward to working with Romania during its Presidency of the EU Council in the first half of the 25th anniversary year of the EEA Agreement.

Thank you.

May I then invite the EU Council Presidency to make a statement?

Intervention of Minister Karin KNEISSL on behalf of the European Union

Dear Colleagues,

Exactly 6 weeks from today we will celebrate together the 25th anniversary of the entry into force of the EEA Agreement. The EEA has expanded considerably over these 25 years. It now consists of 3 EEA EFTA States and 28 EU Member States with a combined population of approximately 500 million people, and constitutes the world's largest common market.

At the same time, the EU has changed and developed greatly since the EEA came into force. The driving force did not always come from within the Union and its development was very much shaped by a number of events that changed both Europe and the world. Today, the UK's withdrawal from the EU raises important questions for both the EU and the EEA EFTA States.

In this context, we would like to stress the importance of safeguarding the EEA Agreement, ensuring the continuation of a well-functioning, homogenous EEA and preserving the integrity of the internal market. In this process, the EU knows that it can count on the support of the EEA EFTA States.

A number of recent examples demonstrate that the EEA Agreement is functioning very well. One recent example to underscore this. The safeguard measures for the steel trade adopted by the EU in response to US tariffs did not have any impact on the EEA EFTA States. This is due to our close economic links and is in line with both the EU's bilateral and multilateral World Trade Organisation (WTO) obligations.

Moreover, the wide range of subjects to be dealt with at our meeting today reflects very well the extent to which, based on the EEA Agreement, relations between the EU and the EEA EFTA States have broadened and deepened over the last 25 years.

In this regard, we would like to welcome the signing on 8 November of the Arrangement between the EU and the EFTA States on their participation in the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA).

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

Firstly, we would like welcome the incorporation of some very important pieces of legislation into the EEA Agreement since the last EEA Council meeting on 23 May, such as the European Market Infrastructure Regulation, the General Data Protection Regulation, and the Posting of Workers Directive.

The Council will also adopt next week, on 26 November, its decisions on the positions to be adopted, on behalf of the EU, within the EEA Joint Committee concerning the incorporation into the EEA Agreement of the Omnibus II Directive, the Transfer of Funds Regulation and the Fourth Anti-Money Laundering Directive. We hope that these pieces of legislation will be incorporated into the EEA Agreement by the EEA Joint Committee at its next meeting, on 5 December.

However, despite strengthened and committed efforts to reduce the backlog, we note that there are still 612 legal acts for which the compliance date in the EU has passed, but which have not entered into force in the EEA EFTA States, as their incorporation into the EEA Agreement has been delayed. This represents an increase of outstanding legal acts by 10.5 percent compared with May 2018. In this context, we would like to encourage the EEA EFTA States to increase their efforts with a view to a swift and streamlined incorporation of the EEA relevant legislation. This remains paramount in order to safeguard the overall competitiveness of the EEA.

Secondly, we would like to recall that the EEA EFTA States are part of the EU's pillar of solidarity and make a significant contribution towards reducing social and economic disparities in the EEA and strengthening bilateral cooperation between EEA Member States. In this context, we would like to welcome the signing of the Memoranda of Understanding with 13 EU beneficiary States. We hope that Memoranda of Understanding with the remaining EU beneficiaries will be concluded shortly.

Regarding bilateral issues, we would like to stress the particular importance the EU attaches to further liberalisation of trade in processed agricultural products with Norway. The EU and its Member States continue to regret that Norway has decided to terminate the negotiations on the protection of geographical indications, which is an important element of international trade in agricultural products and foodstuffs. We strongly encourage Norway to reconsider its position on these issues.

We would also like to mention here our common challenges relating to the management of the stocks of mackerel, Atlanto-Scandian herring and blue whiting in the northeast Atlantic. In line with previous years, we would like to take this opportunity to reiterate the EU's firm commitment to sustainable fishing. Maintaining the important economic benefits these stocks provide, and avoiding overexploitation and subsequent stock declines, continue to require the conclusion of comprehensive and fair management regimes.

Finally, we would like to inform you that the EU is currently preparing conclusions on its relations with its non-EU Western European partners. In this context, the Council will also assess the overall state of the EU's relations with the EEA EFTA States and the functioning of the EEA Agreement. We can inform you that the Austrian Presidency aims to have these conclusions adopted by the Council of the European Union during the month of December.

I will now wish to give the floor to the EEAS representative, speaking on behalf of the Commission, who will give you a report on the day-to-day developments with regard to the EEA Agreement and on the progress achieved since the last meeting of the EEA Council.

Intervention of Director Thomas MAYR HARTING on behalf of the EEAS

Dear Ministers, Representatives of EFTA/EEA institutions, Ambassadors, ladies and gentlemen,

I am pleased to share with you our assessment on the functioning of the EEA Agreement.

The EEA Agreement has been a solid basis for our relations for a quarter of a century and during this time it has connected our societies and economies very closely. With now almost 6 000 EU legal acts integrated, which are an integral part of the legislative environment in the EEA EFTA States, we have together provided for something more important: a framework for a rules-based co-operation that enables our societies to build a stronger and more prosperous Europe – a true community guided by shared values and principles.

Indeed, next year we want to celebrate the 25th anniversary of the EEA Agreement. We have worked together to make sure that the Agreement that has been the solid, reliable basis for the extended EU Single Market remains relevant and continues to successfully serve the interests of our people and businesses. Let us ensure that the EEA Agreement continues to provide for a level playing field, making sure that everyone shares the same rights and obligations.

We live in rather unstable times, where alliances or treaties are put to the test, where many things we considered as given are not necessarily there anymore. This is why we should protect what works well. This applies very much to the EEA Agreement and the institutional framework it sets out. We are convinced that the Agreement and its two-pillar structure do work well and we are committed to make a full use of the potential offered. It is by applying both the letter and the spirit of the Agreement – and we have a longstanding record of very good, effective and pragmatic collaboration – that we will find mutually agreeable solutions also to more difficult or politically sensitive issues.

We saw a recent example of the closeness of our relations in July 2018 when Commission Malmström announced EU provisional safeguard measures on imports of steel products. As you know, based on an analysis of our WTO commitments combined with our relationship within the EEA Agreement, we were able to exempt the EEA countries from the provisional measures. This shows that the EEA goes much deeper than all the other agreements we have around the world.

Dear Ministers and distinguished guests and colleagues,

You, the EEA EFTA States, do not have the right to vote in the Council of the European Union, but the EEA Agreement ensures that you participate in the comitology meetings and other platforms where the EU *acquis* is worked out. This is a key feature. We are happy to work together with EEA EFTA seconded national experts – be it in the Commission, EU Agencies or the EEAS. Let me assure you – the input your fellow countrymen and women make to the work of the EU institutions is highly valued.

The 'EEA EFTA Comments' to legislative proposals of the Commission, submitted by the Standing Committee, are another example of the impact you have on the EU legislative process. Your “Comments” are heard, they are taken into account; together we shape the future of the Common Market. By way of example: recently we received EEA EFTA States Comments on the future Digital Europe Programme as well as on the Horizon Europe. These comments will contribute to our common agenda for the period 2021 – 2027.

The participation of the EEA EFTA States in the many EU programmes is another example of our close collaboration. Your contribution here is manifold: it is conceptual, financial, or one made through participation of entities, professionals or experts. The EEA EFTA States are participating in 19 EU programmes: research programmes, like *Horizon 2020*, educational ones (*Erasmus+*), environmental, eg. *Copernicus*, cultural (*Creative Europe*) or the *Rights, Equality and Citizenship* Programme in the area of justice. 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. The modalities for the EEA EFTA States participation in the future EU programmes for 2021-2027 shall remain unchanged and based on the relevant provisions of the EEA Agreement. Your participation in EU programmes has an important synergic effect: together we can achieve even more, and the positive results are felt at home as they are seen globally.

Ensuring the homogeneity of the EU Internal Market is one of the main objectives of the Agreement. This is done by incorporating the EEA relevant EU legislation into the EEA Agreement's Annexes and Protocols by means of Decisions of the Joint Committee. It must be noted that since the last EEA Council of 23 May 2018, the Joint Committee has adopted 117 Joint Committee Decisions, incorporating 174 legal acts. So far, in 2018, the Joint Committee has adopted 219 JCDs, incorporating 375 legal acts. Obviously the EEA agreement is a living creature. It is work in process and will always be, as the EU will give birth to new *acquis* which will have to be adopted by your respective countries.

Among the biggest achievements of this year we should mention the incorporation of the Decision concerning the enforcement of the Posting of Workers Directive and the Decision concerning the General Data Protection Regulation. In the area of financial services – which I know is particularly relevant to all of you, I want to highlight the incorporation of Decisions concerning the European Market Infrastructure Regulation (EMIR) and Insurance Distribution (IDD).

Progress has also been registered as regards the EEA and Norway Financial Mechanisms. The Memoranda of Understanding for the period of 2014-21 have been signed with almost all the 15 beneficiary States. The most recent signature took place with Croatia this summer. In particular, the importance of the support of the EEA EFTA States for a free and vibrant civil society in the EEA should be highlighted.

Let me now turn to some of the main tasks which should guide our common work in the near future.

Here, as on previous occasions, I have to discuss the 'backlog' of EEA-relevant legislative acts which are still not incorporated into the EEA Agreement. Its level remains too high and does not meet our common ambition: there are over 600 outstanding legal acts where the compliance date in the EU has passed – compared to around 550 acts in May 2018 when we last met. However, it is fair to recall that in 2018 the EU has adopted 448 acts of EEA relevance, adding to the work load. I want to highlight the close and friendly co-operation: we work hand in hand at all levels to reduce the backlog. There is good will on both sides and efforts are made to tackle also the more sensitive or difficult cases.

An important part of the backlog is in the area of financial services. Especially intense work is conducted with regard to the Directive and Regulation on Markets in Financial Instruments (MiFID/MiFIR package), and on the Directive and Regulation on Capital Requirements (CRR /CRD IV) pertaining to the banking sector. The latter package has transposed into the EU global standards on bank capital (so called Basel III agreement). Work on incorporation of both packages into the EEA agreement is rather advanced, and their incorporation would reduce the backlog by about 170 acts. Work is also moving ahead with regard to the 2009 TELECOM package, including the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC). So at the time of our next meeting in May 2019, with this ongoing work, the backlog should have considerably reduced.

On 5 December 2018 we will register progress on two financial services packages of great importance to the EU and the EEA. The Joint Committee will adopt a decision incorporating the 4th Anti-Money Laundering Directive (AMLD IV) and the Transfer of Funds Regulation. We will also incorporate the Omnibus II directive related to the two European Supervisory Authorities: the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). The adoption of these two packages will trigger the entry into force of a number of other related legislative acts in the EEA EFTA States, thereby notably reducing the backlog.

If we look further at the work still ahead of us – the AMLD V – the 5th Anti-Money Laundering Directive, that was adopted on the EU side in May 2018, is another significant piece of EU legislation in the area of financial services that, among others, addresses the use of cryptocurrencies for terrorist activities. The EU side expects that this Directive can be swiftly incorporated into the EEA Agreement, so that it becomes simultaneously applicable in both the EU and the EEA EFTA States in January 2020.

Next year is the 25th Anniversary of the European Economic Area Agreement. This will be a great occasion to present to our citizens the importance of the Agreement for our daily lives. I am aware of on-going contacts with the aim of organising a high-level event in Brussels, combined with other events and activities, both here and in your respective countries. Our three Delegations in Oslo, Reykjavik and Bern (covering Vaduz) are working to define a range of public diplomacy and information activities on the EEA. It is important to show what has been achieved to the wide public, with good examples and in a digestible manner.

Dear Ministers and colleagues,

It is said that time is money of politics. Indeed, time is of essence in law-making and it needs to be spent wisely by politicians, diplomats, lawyers and experts on deliberations, consultations, negotiations with a view to finding solutions that serve the ultimate stakeholders – our societies and citizens. All this work is needed for a piece of legislation to stand the test of... the time, precisely. I believe that this is the case of the EEA Agreement – it has stood the test of time, has proven to be successful. And I am convinced that it will do so in the next 25 years.

I thank you for your attention.

Intervention of Minister Ine Eriksen SØREIDE on behalf of Norway

Dear colleagues,

Next year, children born in 1994 will celebrate their 25th birthday.

They may not always acknowledge that their freedom and opportunity is anchored in the internal market with free movement of persons, goods, capital and services.

But while they may not see the four freedoms, they live them every day.

Where freedom is lived but taken for granted, it risks being lost.

We can all do a better job of increasing awareness, especially among young people, of the Agreement that supports the freedoms we all enjoy.

The incorporation of common legislation has a positive impact on our citizens' daily lives.

The 'roam like home' telecoms rules, provide real benefits for travelers in Europe.

We need to take the opportunity to remind why the Agreement matters, for our daily lives, for our safety and for our jobs.

I want to emphasise the importance of EEA Grants in supporting our democracies and our rights.

A strong civil society is a cornerstone in every well-functioning democracy, ensuring active participation of the citizens in the development of their country. The agreement between the donors and the EU on the EEA grants states that at least 10 per cent of the allocation shall go to a special fund for civil society.

The rule of law is a priority sector of the justice and home affairs programs of the EEA and Norway Grants. Through the cooperation we have on these funds in the recipient countries, we strengthen the governments' ability to ensure fundamental rights, equal treatment and protection of their citizens.

That is why these funds are so important.

Compromise is the cornerstone of coexistence and cooperation. The EEA Agreement has been a successful and robust platform for our cooperation with the EU. It has made an important contribution to our economy and welfare.

We have done so through compromise. Sometimes we may disagree, but it is beneficial for all, and for a greater good, to find common ground.

I am aware that we have outstanding issues in the EEA, not least the current backlog of non-incorporated acts. But I am confident that through continuous and close cooperation, we will be able to address also these issues.

What we really need is to convey to new generations the lessons from the past, and show them the benefits of today – so we can build a better tomorrow.

Intervention of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

May I then give the floor to my colleagues from Liechtenstein and Iceland to give their statements?

Intervention of Minister Aurelia FRICK on behalf of the Liechtenstein

Madam Chair, dear colleagues,

Earlier this morning in the Political Dialogue we talked about how to revitalize multilateralism and global cooperation in the face of surging nationalism, populism, and protectionism. During these times of great uncertainty, it should give us great comfort that we are able to rely on a cooperation mechanism as deep and stable as the EEA Agreement. It is therefore a particular pleasure for me to share with you Liechtenstein's perspective on the functioning of the EEA.

In fact, we have noted over the last couple of years an increased interest in Liechtenstein's EEA experience. For example, the Brexit process and its impact on Ireland has led to a number of queries about the mechanics of our simultaneous membership in two different economic zones: the EEA on the one hand, and the Customs Union with Switzerland on the other. And the ongoing negotiations between the EU and Andorra, Monaco and San Marino have made some people wonder how a small country like Liechtenstein can cope with the impressive legislative machinery of the European Union.

It is fair to say that we cope quite well. The latest Internal Market Scoreboard shows that we have transposed 99.3% of applicable EU directives. The number of infringement proceedings against Liechtenstein remains very low. In the area of financial services we have adopted important European standards even before they have been incorporated into the EEA Agreement. We try to reap the benefits of a small administration – such as faster decision-making and reduced bureaucracy. And we compensate our limited administrative resources by setting strict priorities. Let me assure you: EEA cooperation is among our top priorities.

The process of incorporating hundreds of EU legal acts every year into the EEA Agreement is of course challenging for a small country like ours. But I also believe that in those challenges, there are valuable lessons for lawmakers. Many of you will have noticed that in recent times, the EEA EFTA countries have made greater efforts to influence the EU's decision-making process – and thereby help prevent problems in EEA incorporation later on. The number of EEA EFTA Comments is steadily increasing, on many topics. One frequent theme in these comments is that even in a homogenous internal market, there must be room for national approaches.

One size does not fit all – this may be a truism, but one that is particularly true for a country like ours. In some ways, we are small – quite obviously. In others, we are big: the most industrialized of all 31 EEA countries, with more jobs than inhabitants, and with the greatest percentage of cross-border commuters. We have had great success with our liberal economic model. But this approach does not always seem compatible with the dense regulatory framework that is perceived to have been “made in Brussels”. The local bakery worried about the impact of the GDPR on its operations is probably an example we all can relate to. We are therefore particularly grateful for the efforts made by the Austrian Presidency to promote subsidiarity and proportionality.

Let me also briefly come back to the issue of multilateralism. I think it is fair to say that recent developments have shown that the EEA does not operate in a vacuum. The EEA EFTA States are directly and indirectly affected by the EU's cooperation with other countries and trading blocks. We therefore welcome the EU's efforts to promote free trade globally. In the same vein, we hope for good progress in your many negotiations with partners within Europe: especially on the future relationship with the UK, but also with Switzerland, as well as with other countries aspiring for greater association or even membership in the European Union. We all should intensify the dialogue on these matters, given that the outcome of these processes will deeply affect the Internal Market.

I thank you.

Intervention of Minister Guðlaugur ÞÓRDARSON on behalf of Iceland

Reiterate the importance of the EEA Agreement; the 25th anniversary next year should be used to raise awareness of the Agreement's relevance and benefits to our citizens.

We must also address challenges. Broadly speaking, the average citizen sometimes questions regarding why so much power given to international organizations far removed from their lives. In Iceland, we are having some difficulty explaining to people that we, as an island far north in the Atlantic Ocean, are part of the energy market of the EEA and the relevance of the third energy package, which has become a huge political issue in Iceland. We have difficulties to explain that the third energy package has nothing to do with the sovereignty over our energy resources.

On DGSIII; difficult for us after the financial crisis. Recall that if we had lost the Icesave case (state guarantee on bank deposits) it would have meant grave consequences. We need to make absolutely clear for DGS III that there are no state guarantees for deposits, otherwise, Iceland may face the same situation in the future.

On food safety, Iceland only has around 20-30 registered animal diseases compared to hundreds in the EU; we need special measures to protect our unique status.

Also concerned about the ELA Agency, extremely important that we keep the two-pillar structure for the Agency as we have managed in the past.

Looking ahead, we need to safeguard the two-pillar structure and ensure that new proposals/developments, take for example the ELA with respect to the social pillar, respect the institutional structure of the EEA Agreement.

On the backlog, this issue is repeatedly raised in this forum. Iceland has sometimes lagged behind, but we have invested significant efforts over recent years in improving our performance. This has led to a better situation regarding the implementation deficit, which now stands at 1%.

But we must also keep in mind the quality of implementation. While Iceland emphasises the quality of its implementation, this is not always the case for other countries. The compliance in some member states has sometimes been described by researchers as a “world of dead letters”. The quality of implementation is very important and such disparities in implementation risk undermining the level playing field in the internal market.

Responding to the EU Presidency comment on responsible fisheries, Iceland is always ready to work with partners to improve sustainability and responsible management of fisheries and would be happy to share best practices with the EU. Market access for fisheries products is also crucial. Recent EU Agreements with Canada and Japan provide for full tariff abolition. This makes it increasingly difficult to explain Iceland's current sub-optimal market access to the EU marking, considering also that Iceland counts the EU as its closest trading partner and provides financial grants to poorer countries of the EU. Further difficult to explain why temporary quotas are linked to our financial contributions to EU social and economic cohesion, which Iceland renders in good conscience.

Despite these challenges, the EEA Agreement continues to function well and Iceland fully subscribes to the areas of cooperation and success mentioned by Norway and Liechtenstein. One such example is our exemption from safeguard measures on steel tariffs and we are pleased that the Austrian Presidency has recognized that this was because of our deep relationship through the EEA Agreement.

It is important that we address challenges in the EEA as they arise; otherwise we could have serious problems that we want to avoid in the future.

Intervention of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

Thank you. If there are no further comments I hereby conclude the discussion on the functioning of the EEA Agreement.

And this brings me to the next item on our agenda – the orientation debate – which this time is on 'The European Pillar of Social Rights in the context of the EEA Agreement'.

5. ORIENTATION DEBATE ON 'THE EUROPEAN PILLAR OF SOCIAL RIGHTS IN THE CONTEXT OF THE EEA AGREEMENT'

Intervention of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

Dear colleagues,

The social dimension is an integral part of the EEA Agreement, and is becoming ever more important. Further efforts to ensure fair working conditions and equal opportunities in the labour market are essential, not only for the functioning of the Internal Market, but also to demonstrate and reinforce the practical benefits of the EEA to our citizens.

We look forward to hearing from the EU on the developments made under the Social Pillar since it was launched one year ago.

I give the floor to the EU Council Presidency.

Intervention of Minister Karin KNEISSL on behalf of the European Union

Since 1994, the EEA EFTA States are part of the Internal Market. In this context, the EEA EFTA States have to transpose and implement all related EU acquis. This encompasses free movement of persons, labour law, health and safety at work and gender equality, as well as other EU initiatives in the social field. The European Pillar of Social Rights is clearly to be counted amongst these.

While the draft Interinstitutional Proclamation was acceptable to the European Parliament right away, the Council took the initiative to propose some clarifications in the preamble of the Proclamation. Let me highlight two of them in particular:

Firstly, it was spelt out more clearly that the rights and principles themselves do not create any binding rights or legal obligations. In order to give legal effect to them, binding measures must be taken at the appropriate (EU, national, regional or local) level.

Secondly, when implementing the Pillar's rights and principles, the diversity of national circumstances must be taken into account, in full respect of the principles of subsidiarity and proportionality and of the role of the social partners. The autonomy of the social partners in setting social standards at national and European level is fully recognised, meaning that the special features of the Nordic Labour Markets are taken into account, as requested in the EEA Consultative Committee's Resolution on the Social Dimension of the EEA and the European Pillar of Social Rights of June 2017.

On 17 November 2017, the Social Pillar was solemnly proclaimed by the European Parliament, the Commission and the Council at the EU Social Summit in Gothenburg, and in December 2017, it was formally endorsed at the **European Council**.

So, where do we stand now, one year after?

There are three main tools for implementing the Social Pillar: legislative initiatives, the European Semester and EU funding.

Six out of the current legislative files in the social and employment fields are of direct EEA relevance:

- 1) Concerning the Regulation establishing a European Labour Authority, the objective is to strike a deal with the Parliament before the end of the Parliament's term;
- 2) Regarding the Directive on Accessibility Act, the trilogue was finalised on 8 November. The Directive can be expected to be finalised and adopted in the first quarter of 2019;
- 3) At the beginning of 2019, first reading negotiations will continue on the Carcinogens/mutagens Directive;
- 4) Concerning the Anti-discrimination Directive (also called 'Article 19'), the Council will continue its work in 2019;
- 5) Given the volume and complexity of the file, it is unlikely that negotiations on the Regulation on Coordination of Social Security Systems can be concluded under the current EP term;

6) The trilogue on the Framework Regulation on Social Statistics was concluded under the Bulgarian Presidency. However, at present there is no qualified majority for adoption in Council;

Among the other important files let me mention two:

The Directive on Work-life Balance, a subject on which the EEA Consultative Committee also adopted a Resolution at its meeting in Reykjavik in May 2018: 'Work-Life Balance in the EEA'. On this file, trilogues have started with the Parliament and a final agreement seems possible in early 2019;

And the revision of the founding Regulations on the three tripartite agencies Cedefop, Eurofound and EU-OSHA: the trilogue deals were approved by the Committee of Permanent Representatives on 9 November. The good news for the EEA EFTA States is that they 'may be represented in the Management Board meetings with observer status, if the EEA Agreement foresees their participation in the Agency's activities'.

In the context of the European Semester, the principles of the Pillar are currently already implemented with the help of the Social Scoreboard. The Scoreboard feeds into the Annual Growth Survey/Joint Employment Report and into the dialogue with Member States throughout the year.

And last but not least: the future EU funding for the implementation of the Social Pillar is currently being discussed in the framework of the negotiations on the new Multiannual Financial Framework (MFF).

I would like to close my intervention by assuring you in the name of the Austrian Presidency, that we are doing our utmost in order to finalise as many legislative files as possible before the end of the Parliament's term.

Intervention of Director Jordi CURELL GOTOR on behalf of the European Commission

Thank you very much for the kind invitation to participate in today's orientation debate on the 'European Pillar of Social Rights in the context of the European Economic Area'.

Let me first of all recall why this Commission has pushed for the European Pillar of Social Rights, what it is about and what action we take to deliver on the Pillar.

1. Context

Building a more inclusive and fairer Union is a key priority for this European Commission; this has been highlighted by President Juncker, Vice-President Dombrovskis and Commissioner Thyssen in a joint statement last week.

The European Pillar of Social Rights is presented with today's and tomorrow's realities in mind: we want to overcome the damage that the economic crisis has done, but also give answers to the rapid changes taking place in our societies and the world of work: the demographic ageing of our societies, the impact of digitalisation and the globalisation.

In this context, the European Pillar of Social Rights is not about restoring old policies but about delivering effective rights for citizens in the new social and economic realities. The essence of the Pillar is the following: investing in people is investing in their future, as well as in our economy. The social dimension is needed to create a resilient economy and sustainable growth and to strengthen our competitiveness as an international player.

After extensive discussions with politicians, social partners, NGOs and citizens, the Pillar finally stands: the European Parliament, the Commission and the Council proclaimed it at the Social Summit for Fair Jobs and Growth in Gothenburg on 17 November 2017.

This proclamation is a unifying political message to our citizens, and to the world. In Europe we share important social values. We stand ready to defend a shared vision for a fair society now and in the future.

Now the Pillar must be put to action: it should be a reference framework to drive the process of reforms at national level. More specifically, it will serve as a compass for a renewed process of convergence towards better living and working conditions. In other words, the Pillar will help us avoid a race to the bottom and encourage a race to the top.

The Pillar fits in the overall economic agenda of this Commission on promoting structural reforms, investment and responsible fiscal policies putting social policies at the heart of our policies.

2. Why a Pillar of Social Rights?

There are two strong arguments for a European Pillar of Social Rights: on the one hand there is an economic argument, on the other hand this simply is what people in Europe expect from us. And rightly so.

Firstly, on the economic argument: for our social market economy to be successful and competitive also in the future it is crucial that living and working conditions in Europe converge for the better.

This depends, in no small measure, on the effectiveness of national labour markets and welfare systems and on the capacity of the economy to swiftly absorb and adjust to shocks and to effectively tackle their social implications.

The experience of the past two decades has shown that persisting economic (and social) imbalances in one or several Member States may put at risk the performance of the euro area as a whole, and that an inability to correct these may result in even more costly divergence.

Secondly, a fairer and more social Europe is also simply what citizens expect.

The world of work and our societies are changing fast. Globalisation, the digital revolution, our ageing society and changing work patterns – there are plenty of opportunities and challenges ahead of us.

We need to shape these developments and make good use of them.

The European social model has been a success story. But this is not a given. We need to make sure that economic and social developments go hand in hand and Europe continues to be a world-class place to live and to work.

Let me stress again: The process of achieving social convergence should not oppose the need for more competitiveness. We should indeed ensure that in the delivery of the Pillar, both goals are met at the same time.

3. What is the Pillar concretely?

The Pillar puts forward 20 concrete principles and rights that are structured around three categories:

- equal opportunities and access to the labour market;
- fair working conditions; and
- adequate and sustainable social protection.

They range from the right to a minimum wage all over Europe to the right to health care; from the right to work-life balance and equal opportunities to the right to social protection.

The Pillar reaffirms some rights that are already present in the EU. But we also complement them to take account of new realities of the 21st century.

For example, today people are much more likely to change jobs throughout their career compared to a few decades ago. It is during those moments of transition, when people are more fragile, that they need to be supported most. The Pillar screens these situations.

4. Implementation

The Pillar is our chance to reconnect Europe with its citizens. As President Juncker said "If we want to be credible, we have to deliver." The time has come to make sure that the Pillar's rights and principles are effectively guiding our actions at EU, national, regional and local level.

The Pillar is essentially a joint endeavour. Its implementation should entail full respect of subsidiarity and the division of competences within the Union, as well as of the role of social partners in delivering employment policies in Member States.

5. The Commission's initiatives

The Commission is already doing its part to translate the Pillar into concrete initiatives:

1. Already in April 2017, we proposed an initiative on work life balance which sets a number of new or higher minimum standards for parental, paternity and carer's leave. It is currently under negotiation in the European Parliament and in the Council.
2. We presented on 20 December 2017 a proposal for a Directive on transparent and predictable working conditions in the European Union. The aim of this proposal is to increase the rights for the most vulnerable workers. We want to ensure clarity for workers and employers on their contractual relationship, irrespective of the type of contract.
3. On 13 March 2018, we moved on with a Social Fairness Package including several elements:
 - A proposal for a European Labour Authority to ensure that EU rules on labour mobility are enforced in a fair, simple and effective way. The Authority will:
 - Support cooperation between Member States in the cross-border enforcement of relevant Union law, including facilitating joint inspections;

- Mediate and facilitate a solution in cases of cross-border disputes between national authorities or labour market disruptions;
- facilitate access for individuals and employers to information on their rights and obligations as well as to relevant services.

An initiative on improving the access to social protection of people employed on non-standard contracts and in various forms of self-employment. The Commission seeks to ensure that all workers and self-employed will be covered by mandatory social protection in a number of key areas. They should have transparent information about their entitlements and obligations.

In a communication the Commission outlined its views for the monitoring of the implementation of the Pillar.

6. Role of European Semester

The European Semester is the key instrument to steer the process of social convergence every year. The 2018 Semester has been the first cycle to see the Pillar embodied in our economic governance cycle.

The European Semester is an appropriate tool for monitoring progress in key areas covered by the Pillar. It acknowledges the diversity of challenges and the need to prioritise in the light of different starting points and available means across countries.

The Semester is also the way to structure collective efforts over time: it builds on in-depth dialogue and reporting throughout the year, which is transparent and open to all actors. It is used in particular to structure peer reviews and benchmarking among Member States.

The 2019 cycle of the European Semester that we launch this week will confirm that the European Semester is now more social than ever, with the Pillar firmly integrated in the process to monitor social progress.

7. New Multiannual Financial Framework

While Member States and stakeholders need to take ownership of the Pillar, the Commission certainly does not leave them to address the challenges that they face alone.

We strongly advocate for the use of EU funds to support the implementation of the Pillar.

As President Juncker said "we need a budget to achieve our aims". The negotiations on the financial programming after 2020 (kicked off with a communication on 2 May 2018) are crucial.

The new European Social Fund Plus (ESF+), which we presented on 30 May, will provide more than 100 billion euro to lever and steer public and private investments in our Member States over the period 2021 to 2027.

The ESF+ will be more closely aligned to the European Semester than its predecessor. In particular, it will help Member States to implement their country specific recommendations in line with the European Pillar of Social Rights.

We also ask Member States to allocate at least 25% of ESF+ funding to measures that foster social inclusion and target those most in need.

Member States with a high share of inactive young people should earmark at least 10% of their ESF+ funding to measures that support youth employment.

Furthermore, with an improved European Globalisation Adjustment Fund we will be able to intervene more effectively to support workers who have lost their jobs.

And finally the Commission adopted its proposal for the next Erasmus programme, with a doubling of the budget to 30 billion euros. The next programme will provide learning and mobility opportunities to 12 million people, in comparison to 4 million people in the current programme.

Why is the European Pillar of Social Rights important for the whole European Economic Area?

Equal opportunities and access to the labour market, fair working conditions and social protection and inclusion surely are cornerstones of the Social Model of the whole European Economic Area

This is also underlined in the EEA Agreement itself when it highlights it aims to reduce economic and social regional disparities and notes the importance of the development of the social dimension in the European Economic Area and wishing to ensure economic and social progress and to promote conditions for full employment, an improved standard of living and improved working conditions within the European Economic Area

More concretely, the legislative and non-legislative initiatives accompanying the European Pillar for Social Rights, which are related to work-life balance, information for workers, access to social protection and working time, will update or complement EU acquis; several of these initiatives are directly relevant to the EEA Agreement or addressed to the European social partners through the European Social Dialogue.

We also welcome the fact, that social inclusion and tackling poverty are consistently at the heart of EFTA/EEA funding programmes and we hope that this will continue to support implementing of the Social Pillar principles.

Intervention of Minister Ine Eriksen SØREIDE on behalf of Norway

Dear chairs, dear colleagues,

In recent years, a number of commendable initiatives have been taken to strengthen the social dimension of the European Union, one of the most notable of which is the European Pillar of Social Rights. Norway is pleased that importance is attached to the social dimension and that initiatives are being taken to ensure a fair and more social Europe.

Promoting decent and fair working conditions is an important task for all countries. I would particularly like to highlight the need to combat cross-border criminal activities related to working life. In Norway, we have seen a growing number of cases involving unacceptable violations of EU law in the area of labour mobility – many of which have a cross border element. Unfortunately, we see that workers from other European countries are at a higher risk for being exploited and being subject to unacceptable working conditions. It is a challenge to ensure compliance with the regulations at national and European level.

Our Prime Minister Solberg attended the Social Summit for Fair Jobs and Growth in Gothenburg on 17 November 2017. Given that criminal activities related to working-life and irresponsible practices are transnational challenges, she proposed to establish a closer cooperation at the European level in this area. We are following up this initiative at several levels:

Our experience has shown that we need to improve coordination of efforts between the various public authorities and a broad collaboration between the authorities and the social partners at national and European level. The EEA and Norway Grants contribute to bilateral collaboration between authorities in several European countries and Norway and to strengthen tripartite cooperation through the Fund for Decent Work.

We welcome the initiative on a European Labour Authority, aimed at strengthening administrative cooperation at the European level in connection with cross-border mobility. I believe the proposal could be a positive contribution to combat cross-border criminal activities related to working life. At the same time, I would like to recall Norway's firm opinion that the Authority should respect national authority and not interfere with the autonomy of the social partners.

Here I would also like to refer to the Joint Nordic Declaration on Fair Competition and Fair Working Conditions adopted by the labour ministers of the Nordic countries in April this year. The declaration emphasizes that the division of competences between EU and the Member States, as well as national labour market models, are respected.

Another related element of the European Pillar of Social Rights is the proposal for a Directive on Transparent and Predictable Working Conditions. Norway already has a considerable amount of regulation in place on these matters. However, the increased use of "non-standard" forms of employment, has led to discussions on the consequences of this trend also in Norway. Norway is hence positive towards the purpose of the directive, but it is still necessary to clarify the content and scope of the various elements. Again, it is important to emphasize that EU legislation must respect the national labour market models, including the prominent role of the social partners.

Finally I would like to underline the importance to continue our work on these important issues.

I will then give the floor to my colleagues from Liechtenstein and Iceland.

Intervention of Minister Aurelia FRICK on behalf of Liechtenstein

Madam Chair, dear colleagues,

Liechtenstein welcomes the Commission's initiative on the European Pillar of Social Rights. Liechtenstein shares the underlying goals and values. We also believe that the Social Pillar has the potential to bring the advantages of European integration closer to millions of people who are currently suffering from a lack of equal opportunities, from unfair working conditions and exclusion. Without a strong social dimension, the European project can never be complete. This is even more important at a time when digitization is transforming labour markets. New technologies may advance our economies, but they may also leave many people behind. The Social Pillar is an opportunity to regain people's trust and to show that Europe cares about them.

As a member of the Liechtenstein government, but also as a working mother of two children, I personally feel strongly about these issues. So does our Government, and so does our population at large: social issues such as those contained in the European Pillar of Social Rights are the object of sometimes passionate debates and policy discussions.

In Liechtenstein, social policy has a clear common starting point: A strong economy, combined with prudent fiscal policy, is the backbone of sustainable social rights. We enjoy a healthy labour market, with unemployment at 1.6% - and at only 2% for young people. In this situation, fair labour conditions and labour mobility are not just a matter of social concern, but of competitiveness. Around half of our workforce commutes to and from Liechtenstein on a daily basis. Our highly specialised companies must continue to attract highly skilled workers and employees from our region and beyond. Issues such as work-life balance, or transparent and predictable working conditions – all dealt with in Commission proposals – are thus highly relevant for us as well.

When it comes to European standards in these areas, we believe that the right balance should be struck. Full harmonization is thus not our preferred approach.

For us, respect for national models is particularly important, given that our economy and labour market cannot easily be compared to other countries. Liechtenstein will for example be disproportionately affected by the changes to the employment benefit scheme for cross-border commuters. Broadly speaking, it will double the amount of people that our unemployment services have to care for. Obviously, these changes will require some time to be implemented.

We also find great merit in the proposal to establish a European Labour Authority. The Authority would help address challenges to cross-border labour mobility and social security coordination. This is highly relevant for Liechtenstein and its large commuter workforce. Already today, our administration is working hard to solve daily legal and practical problems that arise from cross-border situations, especially in the area of social security coordination. Assistance in this respect would be very welcome. But we also realize that even a *well-meaning* new bureaucracy is still that: a *new bureaucracy*. In addition, we will have to find ways to ensure participation by the EEA EFTA countries in a manner that respects the two-pillar structure.

I am confident though that in a constructive spirit, we will find good solutions for these and other problems.

I thank you.

Intervention of Minister Guðlaugur ÞÓRDARSON on behalf of Iceland

The free movement of people is an essential component of a well-functioning internal market within the European Economic Area. It is at the core of the EEA Agreement.

The freedom of movement has been instrumental for the economic recovery of my country. Approximately 84% of the current foreign workforce in Iceland comes from the 30 other EEA States. Without these workers we could not expect tourism, which now contributes more to our economy than fisheries, to flourish.

Upholding this freedom also requires fair working conditions for workers as well as employers. That way, we can maintain a sound internal market.

The EU's Social Pillar includes a number of issues that we have made a priority in Iceland. Through the EEA Grants, we also provide financing to advance some of them within the EU. As noted in the EEA Agreement, it is important to develop the social dimension in order to ensure economic and social progress. This is clearly reflected in the number of acts the EEA EFTA States have incorporated in this area, the aim being to strengthen our common internal market.

It is, however, for good reason that both the Nordic Council of Ministers and the EEA EFTA States have emphasized the principle of subsidiarity and respect for national competences, in the shaping of the Social Pillar. While agreeing on a common, progressive vision is positive, account must be taken of that our societies are diverse and built on different social and labour market models.

Iceland, for example, is a strong proponent of parental leave for both parents. We would be pleased if more countries join us in that mission; given how beneficial it has been for our society and economy. But we also are of the opinion, as presented in a recent EEA EFTA Comment on the proposed work-life balance Directive, that Member States should be given the freedom to decide which exact measures work best in their political and societal contexts.

While I am on the subject of gender equality, a cornerstone of Iceland's foreign policy, let me touch upon the principle of equal pay. The principle applies in the whole of the European Economic Area. The idea behind it may be simple, but it takes determination to follow. Iceland has now put into force new legislation; a world first in fact; to speed up progress towards eliminating the gender pay gap. It requires all employers with 25 or more staff, to obtain equal pay certification. Despite what has been achieved on gender equality, we still have a way to go and welcome opportunities for cooperation in this field.

Returning to the subject of free movement of people, much has been done already in Iceland, some of it recently, to ensure that rights are respected. At the same time, we have become more aware of instances where rights of foreign workers are not being upheld. This applies to salary issues as well as working conditions.

The key to obtaining better results is the continued good cooperation with our social partners. They are best suited as well as the Directorate of Labour to address labour market challenges in general, including on new forms of labour, surveillance and inspections at the work place. The Directorate of Labour and the social partners have already extended their cooperation regarding labour market surveillance with the police, tax and social security and other relevant authorities in Iceland. This cooperation is highly important when it comes to obtaining a fair and healthy labour market.

On these grounds and in order to strengthen the current cooperation between authorities even further, the Government has appointed a committee to tackle social dumping in Iceland. The Committee's report is due in February.

Let me add that extensive and good cooperation with our EEA partners is also necessary in this regard. Here, ELA can facilitate access to information on rights and obligations in cross-border situations. While ELA will without doubt play a useful role, I am pleased that it is not foreseen that powers will be delegated from national authorities and that the agency will not have a binding role.

Intervention of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

If there are no more comments, I would like to conclude this item by thanking all participants for an interesting debate.

7. OTHER BUSINESS

Intervention of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

We are then on the last agenda item for today, namely other business. The EEA EFTA States do not have any further issues to raise. Would the EU side like to raise any other issues?

Intervention of Minister Karin KNEISSL on behalf of the European Union

No, thank you, we do not have any topics to raise under 'Other Business'.

Closing remarks of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

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

Closing remarks of Minister Karin KNEISSL on behalf of the European Union

From my side, I would like to thank you all for your attendance and your contributions to this very constructive meeting.

Intervention of Minister Ine Eriksen SØREIDE on behalf of the EEA EFTA side

I then declare the meeting closed.

50th meeting of the EEA COUNCIL

(Brussels, 20 November 2018)

LIST OF PARTICIPANTS AT THE PLENARY SESSION

Norwegian Delegation (EEA EFTA Chair)

H.E. Ms Ine ERIKSEN SØREIDE	Minister of Foreign Affairs, Ministry of Foreign Affairs
Mr Bård Ludvig THORHEIM	Political Advisor, Ministry of Foreign Affairs
Mr Niels ENGELSCHIØN	Director General, Ministry of Foreign Affairs
Mr Knut HERMANSEN	Minister Counsellor, Mission of Norway to the EU
Mr Jørn GLOSLIE	Deputy Director General, Ministry of Foreign Affairs
Ms Mirjam EHL	Senior Advisor, Ministry of Foreign Affairs
Ms Ane HAAVARSDATTER LUNDE	Senior Advisor, Ministry of Foreign Affairs
Ms Turi BAKKE	First Secretary, Mission of Norway to the EU
Mr Håkon KRISTENSEN MOE	Higher Executive Officer, Ministry of Foreign Affairs
Ms Hanne Sofie FREMSTAD	Trainee, Mission of Norway to the EU

Liechtenstein Delegation

H.E. Ms Aurelia FRICK	Minister of Foreign Affairs, Justice and Culture
H.E. Mr Martin FRICK	Ambassador and Director of the Office for Foreign Affairs
H.E. Ms Sabine MONAUNI	Ambassador, Mission of Liechtenstein to the EU
Ms Andrea ENTNER-KOCH	Director of EEA Coordination Unit
Ms Esther SCHINDLER	Brexit Coordinator
Mr Stefan BARRIGA	Minister, Deputy Head of Mission, Mission of Liechtenstein to the EU
Ms Alina BRUNHART	Second Secretary, Mission of Liechtenstein to the EU

Icelandic Delegation

H.E. Mr Guðlaugur Þór ÞÓRÐARSON	Minister of Foreign Affairs, Ministry for Foreign Affairs
H.E. Mr Gunnar PÁLSSON	Mission of Iceland to the EU
Mr Nikulas HANNIGAN	Director General, Directorate for External Trade and Economic Affairs, Ministry for Foreign Affairs
Mr Bergthor MAGNÚSSON	Director, Directorate for External Trade and Economic Affairs, Ministry for Foreign Affairs
Mr Thórdur SIGTRYGGSON	Counsellor, Deputy Head of Mission, Mission of Iceland to the EU
Mr Borgar Þór EINARSSON	Political Adviser, Ministry for Foreign Affairs
Ms Katrín SVERRISDÓTTIR	Coordinator for European Economic Area (EEA) Cooperation, Mission of Iceland to the EU
Ms Sigríður EYSTEINSDÓTTIR	Counsellor, Mission of Iceland to the EU
Ms Anna Pála SVERRISDÓTTIR	First Secretary, Mission of Iceland to the EU
Mr Þorvaldur YNGVASON	First Secretary, Mission of Iceland to the EU

Austrian Delegation (EU Council Presidency)

Ms. Karin KNEISSL	Federal Minister for Europe, Integration and Foreign Affairs
Mr. Karl EHRLICH	Minister plenipotentiary, Member of Cabinet

Mr. Philip BITTNER

Chair of the EFTA Working Party

Mr. Nicolas WIMBERGER

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Mr Martin SKYLV	Deputy Head of Division, Western Europe
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Mr Henri GÉTAZ	Secretary-General
Ms Hege Marie HOFF	Deputy Secretary-General
Mr Andri LÚTHERSSON	Deputy Secretary-General
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Mr Kyrre ISAKSEN	Head of EEA Legal Coordination, EEA Coordination Division
Mr Marius VAHL	Head of EEA policy coordination, EEA Coordination Division
Mr Ingvar SVERRISSON	Officer, Internal Market Division
Mr Thorfinnur OMARSSON	Senior Officer, Secretary-General's Office
Ms Eva MAERE	Trainee, Secretary-General's Office
Mr Darius FARMAN	Trainee, EEA Coordination Division

EFTA Surveillance Authority

Ms Bente ANGELL-HANSEN	President
Mr Högni KRISTJÁNSSON	College Member
Mr Frank BÜCHEL	College Member

**EUROPEAN ECONOMIC AREA
Council of the EEA**

**Brussels, 12 November 2018
(OR. en)**

EEE 1607/18

REPORT

Subject: Progress report by the EEA Joint Committee to the 50th meeting of the EEA Council

Decision making

1. The EEA Joint Committee has adopted 117 Joint Committee Decisions (JCDs) incorporating 174 legal acts since the EEA Council of 23 May 2018. In the period from 1 January to 26 October 2018, the EEA Joint Committee has adopted 219 JCDs incorporating 375 legal acts. In the same period of 2017, 207 JCDs incorporating 414 legal acts were adopted.
2. As of 5 November 2018, there were 612 outstanding legal acts where the compliance date in the EU had passed, compared to 554 acts on 10 May 2018. Since May 2018 therefore the overall number of outstanding legal acts has increased by 10.5 %.
3. The number of JCDs awaiting the fulfilment of constitutional requirements, where the six-month period had expired, increased from 12 on 10 May 2018 to 18 on 5 November 2018.
4. Important decisions incorporated since the 49th meeting of the EEA Council include:
 - Decisions No 112/2018 and 113/2018 concerning the European Market Infrastructure Regulation (EMIR),
 - Decision No 114/2018 concerning driving licenses,

- Decision No 146/2018 concerning defence-related products,
- Decision No 154/2018 concerning the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation).
- Decision No 158/2018 concerning cross-border portability of online content services,
- Decisions No 213/2018 and 214/2018 concerning insurance distribution (IDD),
- Decision No 215/2018 concerning the enforcement of the Posting of Workers Directive.

Decision shaping

5. The EEA EFTA States are participating in 16 EU programmes and 21 agencies, of which 16 are regulatory agencies and five executive agencies.
6. Since the last EEA Council, the EEA Joint Committee has taken note of EEA EFTA Comments on the following subjects:
 - The Goods Package,
 - The EU Cybersecurity Agency (ENISA) and the Cybersecurity Act,
 - The marketing and use of explosives precursors,
 - Work-life balance,
 - Contracts for the sales of goods,
 - Erasmus 2021-2027.

Briefings in the Joint Committee

7. Briefings were provided in the EEA Joint Committee on the following topics:

- Multiannual Financial Framework 2021-2027,
- Capital controls in Iceland,
- Capital controls in Greece.

Status of outstanding issues

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

- The Directive on the Deposit Guarantee Scheme,
- The Directive and Regulation on Capital Requirements (CRD IV and CRR),
- The Directive and Regulation on Markets in Financial Instruments (MiFID II and MiFIR),
- Ship Inspection and Survey Organizations,
- The Single European Railway Area,
- 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,

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

Financial Mechanisms

10. The Agreement on the EEA Financial Mechanism and the Agreement on the Norwegian Financial Mechanism for the period 2014-2021 imply total contributions of 1548.1 and 1253.7 million euro, respectively. As of 5 November 2018, Memoranda of Understanding have been signed with Bulgaria, Croatia, the Czech Republic, Estonia, Greece, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.
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**EUROPEAN ECONOMIC AREA
Council of the EEA**

**Brussels, 20 November 2018
(OR. en)**

**EEE 1606/1/18
REV 1**

CONCLUSIONS

Subject: Conclusions of the 50th meeting of the EEA Council
(Brussels, 20 November 2018)

The fiftieth meeting of the EEA Council took place in Brussels on 20 November 2018 under the Presidency of Ms Ine Eriksen Søreide, Minister of Foreign Affairs of Norway. The meeting was attended by Ms Karin Kneissl, Minister of Foreign Affairs of Austria, representing the Presidency of the Council of the European Union, Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, and Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs of Iceland, 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 European Pillar of Social Rights in the context of the EEA Agreement.

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 had discussed the implications for the EEA Agreement and the EEA EFTA States of the UK's withdrawal from the EU, and multilateralism. 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. 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

3. On 1 January 2019 the EEA Agreement will have been into force for 25 years. It has closely linked our societies and economies and has ensured that a high level of norms and social standards is applicable to all our citizens and workers. The EEA Agreement has been a solid basis for broad and strong relations. The positive spirit of cooperation has allowed for adaptations and solutions to be found, in a world of constant change. The EEA Council confirmed its support for the EEA agreement as the continued basis for future relations between the EU and 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 Austrian and incoming Romanian Presidencies for the continuation of this practice. The EEA Council recognized the important role of parliamentary cooperation and cooperation between economic and social partners through the EEA Joint Parliamentary Committee and the EEA Consultative Committee, respectively.

4. Welcoming the 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. 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 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. It furthermore stressed the importance of the two-pillar structure of the EEA Agreement. 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.

5. The EEA Council acknowledged the importance of predictable trade conditions for economic operators within the EEA. In this regard, the EEA Council welcomed the exemption of Iceland, Liechtenstein and Norway from the EU's provisional safeguard measures concerning imports of a number of steel products, which came into effect on 19 July 2018. These exemptions are compatible with both the EU's bilateral and multilateral World Trade Organisation (WTO) obligations.

Energy and climate change

6. 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 took note of the latest Intergovernmental Panel on Climate Change (IPCC) special report, which unequivocally confirmed the negative impacts of climate change, including its conclusions indicating that global emission reductions in all sectors were crucial and that further action was needed in mitigation and adaptation, notably to reach the temperature goal as set out in the Paris Agreement and 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.

7. 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.

Digital Single Market

8. The EEA Council noted that extending the Digital Single Market to the EEA EFTA States is an important step towards completing the Internal Market. In this context, the EEA Council welcomed the steps taken to incorporate new legislation connected to the Digital Single Market Strategy. In view of the importance of the free flow of data in the European digital economy, the EEA Council welcomed in particular the incorporation of the General Data Protection Regulation into the EEA Agreement. The EEA Council also took note of important legislative proposals currently under consideration, including the revision of the regulatory framework in telecommunication, and on cybersecurity.

Capital controls

9. 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 lifting of capital controls on individuals, companies and pensions funds. The EEA Council further welcomed the progress made towards the removal of capital controls in Greece.

Incorporation of EEA-relevant EU acts

10. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.

11. The EEA Council welcomed the ongoing efforts to reduce the number of 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 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. Furthermore 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.
12. 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 about half of the total 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.
13. 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

14. The EEA Council welcomed the entry into force of the Agreement between the European Union and Norway on 1 October 2018 concerning additional trade preferences in agricultural products, reached on the basis of Article 19 of the EEA Agreement. The EEA Council noted the suspension of negotiations between the EU and Norway on the protection of geographical indications.

15. 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.

EU programmes

16. 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 under the current Multiannual Financial Framework (MFF) for 2014-2020. 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.
17. The EEA Council took note of the preparations for the next MFF for 2021-2027, including the European Commission's proposals for individual programmes for the new period. 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. The modalities for the EEA EFTA States participation in the future EU programmes for 2021-2027 shall remain unchanged and based on the relevant provisions of the EEA Agreement.

Financial Mechanism

18. 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.
 19. With regard to the agreements on an EEA and a Norwegian Financial Mechanism for the 2014-2021 period, the EEA Council welcomed the conclusion of Memoranda of Understanding between the EEA EFTA States and most of the Beneficiary States in the EU. The EEA Council looked forward to projects commencing under the new mechanisms.
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