



Council of the  
European Union

075407/EU XXVI. GP  
Eingelangt am 19/09/19

Brussels, 19 September 2019  
(OR. en)

12375/19

EEE 43  
AELE 54  
N 56  
ISL 50  
FL 64  
MI 659  
COMPET 635  
ECO 100

ENT 208  
CONSOM 251  
GAF 68  
UD 234  
CHIMIE 123  
COMER 111  
ECOFIN 816  
TRANS 449

**NOTE**

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From: Standing Committee of the EFTA States  
To: EFTA Working Party

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Subject: EEA EFTA Comment on priorities for the Single Market beyond 2019

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Delegations will find in annex the EEA EFTA Comment on priorities for the Single Market beyond 2019.

## EUROPEAN ECONOMIC AREA

### STANDING COMMITTEE OF THE EFTA STATES

Ref. 19-2380

18 September 2019

#### SUBCOMMITTEES I-IV

#### EEA EFTA Comment on priorities for the Single Market beyond 2019

#### 1. EXECUTIVE SUMMARY

- *The EEA EFTA States (Iceland, Liechtenstein and Norway) recall 25 years of extended cooperation with the EU through [the EEA Agreement](#). They are committed to continue prioritising this long-term partnership, including EU programme participation, for the benefit of our citizens and businesses.*
- *The further development of the Single Market must be one of the main priorities also during the next legislative cycle through new initiatives, better regulation, better implementation and enforcement of existing rules, and by protecting consumers. Raising awareness about the benefits of the Single Market should be a priority both at European and national level.*
- *We need a holistic approach to policy making. Competitiveness, sustainability and the social dimension of the Single Market must go hand in hand. The EEA EFTA States are committed to the highest environmental standards and they encourage the EU to embrace those as the Single Market is further developed.*
- *The EEA EFTA States highlight the need to identify and remove the remaining barriers to the provision of cross-border digital services in the Single Market. The fact that digitalisation is cross-cutting all policy areas needs to be reflected in the structure of a future Single Market strategy.*
- *The Single Market for services, should be given high priority over the coming years. Policies must be developed in the light of goods and services markets becoming more and more interlinked and value chains increasingly global. Digitalisation and new technologies are key to achieve greener, safer and more user-friendly transport services in the future.*

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- *The EEA EFTA States call upon the Commission to assist Members States in implementing the recently adopted Goods Package. They support initiatives to make Europe's energy markets more efficient in a sustainable manner. A risk-based approach should be applied to new legislation on food safety.*
- *The EEA EFTA States put strong emphasis on preventing and combating unfair competition and irresponsible working conditions, social dumping and work-related crime. They are convinced that a well-functioning Single Market is one where both women and men realise their full potential and actively participate in the labour market.*

## **2. 25 YEARS WITH THE EEA AGREEMENT**

1. With a newly elected European Parliament, and soon a new College of Commissioners, future Single Market policies are being shaped. As part of the Single Market and active contributors to new policies, the EEA EFTA States would like to express their views on the importance of the Single Market, policy shaping and priority policy areas.
2. Looking back at 25 years of close cooperation between the three EEA EFTA States Iceland, Liechtenstein and Norway and the EU, the Single Market has been a key source of growth, employment, and social and environmental progress since the Agreement on the European Economic Area (EEA Agreement) entered into force in 1994.
3. The EEA Agreement ties together 31 States as equal participants in a homogenous market in which goods, services, capital and persons can move freely. The Agreement ensures surveillance, enforcement and uniform interpretation and application of EEA law in a two-pillar structure. Furthermore, it allows for cooperation outside the four freedoms in fields such as environment, social policy and consumer protection.
4. The EEA EFTA States will continue to prioritise this long-term partnership, address the challenges that arise and work together with the EU to develop a Single Market fit for purpose, for the benefit of our citizens and businesses.

## **3. PRIORITIES FOR THE SINGLE MARKET BEYOND 2019**

5. The further development of the Single Market must be one of the main priorities in the coming years. It remains incomplete in important areas, new developments and challenges need to be tackled, and existing rules need to be better implemented and enforced.
6. Strengthening the Single Market in a continuously changing and increasingly global world is of great importance both for European competitiveness and a strong European voice in the international arena.
7. Better informing our citizens about the benefits of the Single Market should be a priority at European and national level, as should striving for better regulation.

8. A holistic approach to policy making is needed, not only to meet the challenges we face as such, but also to increase the citizens' understanding and trust in the Single Market and thereby gain support for new policies. We can no longer regard competitiveness as one policy area, sustainability as another, and the social dimension as a third.
9. Digitalisation of our societies is rapidly developing and is cross-cutting most policy fields. There is thus no specific Digital Single Market, but rather a digital dimension of the Single Market. This needs to be reflected in the structure of a future Single Market strategy.
10. The social dimension of the Single Market is essential. The Single Market has brought about important benefits since its establishment, and our common aim must be that all citizens experience meaningful benefits from the Single Market. Digitalisation, new forms of work, and demographic changes – to name a few – are challenges that affect the EEA EFTA citizens in the same way as EU citizens. The EEA EFTA States therefore actively participate in many of the efforts relating to the Pillar of Social Rights and share the common understanding of a European social model.
11. Goods and services markets are becoming more and more interlinked and value chains increasingly global, extending beyond the Single Market. Hence, it is important that new Single Market initiatives aim at facilitating trade not only within the Single Market but also with the rest of the world, including consistency with international rules and standards.

**Within the overall approach outlined above, the EEA EFTA States would like to highlight the need for follow-up of existing policies or shaping new policies in the following areas:**

#### **THE SINGLE MARKET FOR GOODS**

12. Safe products: During the implementation phase of the new Goods Package we invite the Commission to actively follow up its tasks under the new legislation and assist Member States in reducing the numbers of non-compliant products placed on the EEA market. The EEA EFTA States see a need for harmonising the way notified bodies are accredited throughout the EEA by ensuring that national accreditation bodies apply the same procedures and principles in a specific product sector.
13. Energy: Efficient energy markets enable energy security, affordable energy and an effective climate policy in Europe. We therefore support initiatives to make Europe's energy market more efficient. Renewable energy and energy efficiency are important for Europe's energy transition, and good market design is key. New measures in the field of energy should consider specific geographic circumstances. Market prices should reflect environmental cost, e.g. through the Emissions Trading Scheme, and be the driver for investments. Renewable energy sources have a central role to play in decarbonising the energy sector. Furthermore, natural gas is a flexible energy source that could be a cost-efficient way to reduce emissions. In the longer term, using hydrogen from natural gas combined with carbon capture storage technologies, and

capturing CO<sub>2</sub> from power plant emissions and injecting it into the subsurface, could be cost-effective measures for reducing emissions.

14. Food safety: To ensure the highest level of health and safety along the food chain the legislation should further integrate the principles of the risk-based approach and the emphasis should be placed on the highest risk areas. Further simplification of the legal framework should be the focus of any legal developments where cross-cutting issues are taken more into consideration. New measures should be fit for purpose and easily understandable. This should be paired with increased efforts of implementation and enforcement of the Single Market rules to secure fair competition, prevent fraud and ensure the highest level of consumer protection and animal health and welfare.

### THE SINGLE MARKET FOR SERVICES

15. Services under the scope of the Services Directive: The Single Market for services should be given a high priority over the coming years, with a focus on the economically most important service sectors under the scope of the Services Directive. There is also a need for further and updated guidance from the European Commission. We also need an improved notification procedure for national draft legislation, with a standstill at government level for comments, without putting an unjustifiable administrative burden on local municipalities and other public authorities.
16. Financial services: An increasing amount of financial service providers offer their services across the EEA – this stimulates competition and offers new opportunities for businesses. In order for service providers throughout the EEA to profit from these developments in an equal manner, it is central that homogeneity is ensured by the relevant financial services legislation being incorporated into the EEA Agreement in a timely manner. Important progress in this regard was made in 2019 as a result of efficient and fruitful cooperation between the EEA EFTA States and the EU. Continued efforts and allocation of resources is needed to incorporate the remaining acts and re-establish a level playing field throughout the EEA in this area. The EEA EFTA States in particular expect that the revised European Financial Supervisory Authorities Regulations can be incorporated into the EEA Agreement in line with the principles approved by the EU and EEA EFTA Ministers of Finance and Economy on 14 October 2014. The EEA EFTA States also encourage further action and information exchange in the area of fintech and sustainable finance in order to ensure that the financial sector can harness the benefits of digitalisation and technological innovation and contribute to sustainable growth.
17. Digital services: The EEA EFTA States highlight the need to identify and remove the remaining barriers to the provision of cross-border digital services in the Single Market. It is important that new single market initiatives preserve the incentives of companies to innovate and scale up while at the same time providing the highest standards for consumer protection, intellectual property, privacy, security and transparency. Artificial Intelligence solutions should be developed and deployed in line with the ethical principles being piloted at European level. Appropriate mechanisms to ensure compliance must, however, be based on solid evidence-based analysis, having regard to the wider stakeholder community and the competitiveness of European industry.

Initiatives to further facilitate data access and sharing, as well as portability of non-personal data, should be an essential part of the work to strengthen the digital dimension of the Single Market. This can pave the way for innovative public services and provide new business opportunities. The Single Market should be developed with a view to encouraging the digital transformation of the economy and society at large, while at the same time ensuring high standards of digital security

18. **Transport:** Digitalisation and new technologies, including the electrification of the transport sector, are important elements to promote multimodality, a key to achieving greener, safer and more user-friendly transport in the future. Digital solutions in transport, hereunder self-driving vehicles, autonomous vessels and electrical planes, should be promoted. The EEA EFTA States are concerned about unfair competition in the road transport market, abuse of the driver's social rights and the technical state of part of the road haulage fleet in the EEA. They would use this opportunity to underline that the proposed legislation for the road sector included in the Mobility Package should promote traffic safety, social rights and a more level playing field in the area. Inconsistent or weak enforcement of common rules on the road transport market is a challenge and should be addressed at a general level. The EEA EFTA States support efforts to promote short sea shipping in Europe. It is essential that the EEA EFTA States are included in this work in order not to create new barriers in EEA trade. As a measure to reduce the identified risks in the fishing fleet, a simplified port state-control regime for fishing vessels should be developed, outside the Paris MOU and within the EU/EEA area. Furthermore, EU Member States that have not yet ratified the Cape Town Agreement, should be encouraged to do so.

#### FREE MOVEMENT OF PERSONS IN THE SINGLE MARKET

19. **Labour mobility and skills:** Free movement of persons is one of the most tangible aspects of the Single Market: EEA nationals can today live, work and study in any other EEA State and in Switzerland without barriers. At the same time, increased labour mobility can put a strain on national systems and challenge the labour market. Europe therefore needs a resilient workforce that can adapt to changes in the labour market and avoid skills mismatches. The EEA EFTA States therefore welcome EU actions under the Skills Agenda and share the focus on upskilling, reskilling and retraining and lifelong learning. In light of digitalisation and innovation within higher education, which has led to new approaches in teaching and learning methods, the EEA EFTA States in addition encourage a modernisation of harmonised minimum training conditions in the field of recognition of professional qualifications.
20. **Labour law:** The EEA EFTA States put strong emphasis on preventing and combating of unfair competition and irresponsible working conditions, social dumping and other serious work-related crime, including fraud, human trafficking and tax evasion. Overcoming these issues will require increased cross-border cooperation among the relevant authorities and effective control mechanisms and reporting obligations. The EEA EFTA States believe the European Labour Authority (ELA) should play an important role in cross-border cooperation and look forward to participating in this work.

**HORIZONTAL POLICIES**

21. **Environmental policies:** The EEA EFTA States are committed to the highest environmental standards and encourage the EU in its work to embrace those in the further development of the Single Market. The EU Emissions Trading Scheme should be maintained as the main driver to encourage industry to reduce carbon emissions. REACH and other EU chemicals legislation represents the world's most advanced approach to chemicals management and we will continue to contribute to an ambitious chemical policy. The circular economy and measures to reduce marine litter must be enhanced. Efforts in this regard are particularly important in the efforts to ensure mutual supportiveness between trade and the environmental policies.
22. **Consumer policy:** Private consumption accounts for almost 60% of GDP within the EEA. We need to ensure continued consumer trust in and benefit from the Single Market. Key challenges are linked to the "platformisation" and other structural changes regarding how products and services are traded, and to the data-driven economy, e.g. information asymmetry and personal data as payment. Furthermore, a sustainable consumption aspect must be added to our consumer policy. We should consider whether legal measures related to the durability of products are needed.
23. **Competition:** The EEA EFTA States support the EU's competition policy and recognise the importance of the consistent application of competition rules within the Single Market. There is an inconsistency related to the enforcement of EU/EEA competition rules as a legal basis has not been agreed upon to provide for cross-pillar decentralised enforcement of competition rules. This has inter alia led to the prolonged delay of the incorporation of two EU Directives in the field of competition. The EEA EFTA States wish to be in line with the EU's enforcement framework.
24. **State Aid:** The EEA EFTA States support the continuous effort to modernise the European state aid framework. Europe has a world-leading position in the maritime transport industries. It is important to uphold the state aid guidelines for maritime transport to achieve and maintain a global level playing field for European shipping in competition with third countries.
25. **Intellectual Property Rights:** IPR is a very important part of the Single Market and a vital part of a wide variety of sectors. The EEA EFTA States follow closely all ongoing developments related to IPR and support the ongoing initiatives of the European Commission, including the finalisation of the Unitary Patent and the Unified Patent Court and the modernisation of the European copyright system.
26. **Gender equality:** The EEA EFTA States acknowledge that equal opportunities for women and men provides for economic growth and sustainability. A well-functioning Single Market is one where both women and men realise their full potential and actively participate in the labour market. They welcome the Commission Action Plan on reducing the gender pay gap.
27. **Research, innovation, education and culture:** The participation of the EEA EFTA States in EU programmes is a key instrument for cooperation between the Member States in a wide range of areas. EEA EFTA participation in EU programmes, such as Horizon2020,

Erasmus+ and Creative Europe, has been instrumental in achieving the objectives of growth, jobs, equity and social inclusion at a European level. As committed partners in various EU programmes, the EEA EFTA States emphasise the importance of continued participation in the future programmes. Such participation should be based on the relevant articles of the EEA Agreement. These provide inter alia for equal access to all parts of the programme, the same rights and obligations to partner institutions, undertakings, organisations and nationals, as well as the same rights and obligations regarding dissemination, evaluation and exploitation of results for EEA EFTA States as those applicable to the EU Member States.

28. EU Defence Initiatives: There is a strong dynamic in the development of the EU's security and defence policy (CSDP), including the implementation of the European Defence Fund (EDF), the EU's new capability development programme 2021-26. Through the EEA Agreement, the defence industry of EEA EFTA States is an integral part of the European Defence Industrial Base. This includes the implementation of the EU Defence and Security Procurement Directive into national law. The EEA EFTA States therefore underline the importance of protecting the principle set out by the Commission in article 5 of the draft Regulation establishing the EDF, i.e. that the EDF shall be open to the EEA EFTA States, in accordance with conditions laid down in the EEA Agreement.
29. Standardisation: The implications of the interpretations in recent rulings of the European Court of Justice have raised important questions about the relationship between legislation and standardisation, including Commission involvement in the development and approval of harmonised European standards. Based on the principles of transparency, consensus, impartiality, inclusiveness and market relevance, the system of using voluntary harmonised standards to demonstrate conformity with EU legislation has over 30 years proven to be very efficient and dynamic, ensuring product safety and consumer protection while also supporting innovation and state-of-the-art technology. The EFTA States contribute to the financing of the European Standardisation System together with the Commission. To remain relevant and attractive for industry to invest into, this system needs to be preserved and further enhanced. Furthermore, the Commission and EFTA should encourage closer cooperation between the three European Standardisation Organisations.
30. Statistics: Further emphasis should be placed on the coherent evolution of the common framework for the development, production, transmission and dissemination of official statistics, as well as of its institutional and organisational arrangements such as professional independence, impartial treatment of all users and statistical confidentiality. Impartial and reliable statistical data produced by professionally independent statistical agencies are a prerequisite for modern democratic societies and a necessary condition for the smooth running of competitive market economies in a highly complex global context. In view of increasingly digitalised societies and economies comparable and trusted statistical information must be available to describe and monitor policies and programmes as well as to provide reliable facts to citizens, politicians and other stakeholders for evidence-based debate and decision-making.