

EEE 1609/14

DRAFT MINUTES

Subject: Minutes of the 42nd meeting of the EEA Council
(Brussels, 19 November 2014)

DRAFT MINUTES

of the 42nd meeting of the

EEA COUNCIL

(Brussels, 19 November 2014)

CONTENTS

Page

1. Adoption of the Provisional Agenda (EEE 1606/14)	4
---	---

Items for adoption without prior discussion

2. Approval of the minutes of the 41 th meeting held in Brussels on 13 May 2014 (EEE 1604/1/14 REV 1)	4
--	---

3. Progress report by the EEA Joint Committee (EEE 1608/14)	4
---	---

Items for possible discussion

4. Assessment of the overall functioning of the EEA Agreement	5
---	---

5. Orientation debate: <i>Current prospects for the new EU 2030 framework for climate and energy in the EEA context</i>	23
---	----

6. Draft conclusions of the EEA Council (doc. 1607/2/14 REV 2)	32
--	----

7. Other business	33
-------------------------	----

<u>Annex I</u> : List of Delegations	35
--	----

<u>Annex II</u> : Progress report by the EEA Joint Committee (EEE 1608/14)	39
--	----

<u>Annex III</u> : Conclusions of the 39th meeting of the EEA Council (EEE 1607/2/14 REV 2)	44
---	----

The EEA Council held its 42nd meeting in Brussels on 19 November 2014.

The meeting was chaired by Mrs Aurelia FRICK, Minister of Foreign Affairs of Liechtenstein, who led the EEA EFTA delegation, accompanied by Mr Vidar HELGESEN, Minister of EEA and EU Affairs at the Office of the Prime Minister of Norway, and Mrs Bergdís ELLERTSDOTTIR, Ambassador and Head of the Mission of Iceland to the EU.

The EEA EFTA delegation also included Mr Kristinn F. ARNASON (Secretary General of the European Free Trade Association (EFTA) and Mrs Oda Helen SLETNES (President of the EFTA Surveillance Authority (ESA).

The EU delegation was led by Mr Benedetto DELLA VEDOVA, Secretary of State at the Ministry of Foreign Affairs and International Cooperation of Italy, accompanied by representatives of the General Secretariat of the Council, the European Commission and the European External Action Service (EEAS).

1. ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda, as set out in doc. EEE 1606/14.

2. APPROVAL OF THE MINUTES

The EEA Council approved the minutes of the 41th meeting of the EEA Council, which took place in Brussels on 13 May 2014, as set out in doc. EEE 1604/1/14 REV 1.

3. PROGRESS REPORT BY THE EEA JOINT COMMITTEE

The EEA Council took note of the Progress Report by the EEA Joint Committee, as set out in doc. EEE 1608/14.

4. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT

Intervention of Minister FRICK on behalf of the EEA EFTA States

Co-chair, dear colleagues,

Allow me to start by recalling that the EEA Agreement has been the cornerstone of our relationship for more than 20 years. It has not only fulfilled its main purpose, namely to ensure the fundamental freedoms between all EU and EEA EFTA States in one common Internal Market. It has also provided a platform for broader cooperation and dialogue between the EU and the EEA EFTA States beyond the “four freedoms”. Thanks to the dynamic character of the Agreement and political pragmatism applied by its Parties, it has been possible to ensure that new EU Internal Market rules are applied throughout the EEA, thus providing a predictable level playing field for our citizens and enterprises. The Agreement with its Annexes has adjusted well to transformative developments in the EU, such as treaty changes and enlargements.

The conclusion is clear: the EEA Agreement has worked well and continues to do so.

However, we must not take the success of the EEA Agreement for granted. It requires continuous political commitment to ensure both its maintenance and its further development. This is the joint responsibility of the EU and the EEA EFTA States.

This has become evident in the last few years, in which a number of challenges have emerged requiring particular engagement by all parties involved in the management of the Agreement. I am pleased to note that we have made significant progress on a number of important issues since we last met in May.

First of all, we warmly welcome the political agreement recently reached by the EU and EEA EFTA Finance Ministers on the European Supervisory Authorities in the area of financial services. Finding a way to ensure EEA EFTA participation in the European system of financial market supervision has been a top priority for quite some time, so this was indeed a positive development.

The conclusions adopted on the 14 October envisage a two-pillar solution to set up a financial market supervision throughout the EEA, in which the EFTA Surveillance Authority will take decisions addressed to competent authorities and market operators in the EEA EFTA States. This political agreement finally paves the way for the incorporation into the EEA Agreement of the EU Regulations establishing the European Financial Supervisory Authorities. The political objective is that the related decisions are approved at the latest during the 2015 spring sessions of our national parliaments. Yet, for this to be possible, the focus needs to be, in a first step, on those decisions which can be adopted swiftly.

Our experts are now hard at work preparing the decisions to be adopted by the EEA Joint Committee. We have agreed that this will be done in close collaboration with our counterparts at the European Commission, and we count on the continued good cooperation that we have already experienced with them in preparing the conclusions that were adopted last month.

The second important issue I would like to address is the so-called “backlog”. Reducing the number of legal acts awaiting incorporation into the EEA Agreement has been a top priority in recent years. Considerable time and resources have been dedicated to this task, and we are happy to note that we are now seeing these efforts bear fruit.

Since our last meeting, we have recorded a 30% reduction in the number of legal acts awaiting incorporation. This is largely due to the adoption of the Plant Protection Package this autumn. Although the number of pending acts still remains too high, there are several developments that indicate that we are on track to reach a durable reduction of the so-called “backlog”.

Not only have we seen an increase in the number of acts being incorporated. It is likely that more than 600 legal acts will be incorporated in 2014, which is the second highest number of acts incorporated in a single year since the EEA Agreement entered into force. We have also noticed that the acts are being processed quicker. More than half of the pending acts were only adopted by the EU in the course of this year. And finally, there has also been a gradual reduction in the number of Joint Committee Decisions awaiting the fulfilment of constitutional requirements where the six-month period has expired.

We are optimistic that these recent positive trends will prevail. Last month, new EEA EFTA procedures for the processing of legal acts entered into force. Although it is too early to assess the impact of these procedures, we hope that they will further speed up the processing of EU legislation on the EFTA side. In parallel with these joint efforts, we are implementing various national measures within the individual EEA EFTA States. We are confident that the sum of these efforts will contribute substantially to the reduction of the number of legal acts awaiting incorporation into the EEA Agreement in the medium and long term.

Another positive development since our last meeting concerns the new generation of EU programmes for the 2014-2020 period. These programmes are an important element of our cooperation, linking the EU and EEA EFTA States together in networks, building knowledge and providing valuable contributions to policy discussions. All of the decisions ensuring EEA EFTA participation have now been adopted, thanks to constructive and efficient cooperation between the EU and the EEA EFTA States.

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

The incorporation of the Third Energy Package into the EEA Agreement raises a number of challenges, however, in particular with regard to our participation in ACER – the Agency for the Cooperation of Energy Regulators – and the competence to impose fines. Significant progress has been made on this dossier in recent months, and we are hopeful that the remaining issues will be resolved so that we can incorporate this package into the Agreement in the near future.

We have also made progress on other issues that have been on our agenda for a long time. For instance, we are hopeful that we will soon be able to incorporate the Novel Foods Package into the EEA Agreement.

Moreover, we are looking forward to the outcome of the discussions in the EU Council with regard to the Telecoms Package. Our full participation in BEREC – the Body of European Regulators of Electronic Communications – without the right to vote is necessary to safeguard the interests of our companies in a highly integrated market, and would be in line with our participation in other EU agencies.

At our last meeting we addressed the need to reduce social and economic disparities within the EEA. In line with the joint review conducted last year, the EEA EFTA States are prepared to continue their contributions towards achieving this goal, and we have presented to you our offers and proposals on all three elements of the negotiations: Financial contributions; modalities and priorities; and bilateral issues. These proposals are based on a continuation of the present regime but with some adjustments, and we believe them to be fair and balanced as a starting point.

I would like to repeat our position that we consider the EU's demands for new financial contributions to be unreasonable. They are excessive, both in scope and scale, especially when considering that the EU's own funds devoted to cohesion policy are being reduced in real terms.

Furthermore, the EU has demanded an additional mechanism outside this established framework to fight youth unemployment throughout the EU. However, the framework for our contributions has from the outset been linked to the criteria applied by the EU Cohesion Fund which has been clearly reflected in the relevant Protocols to the EEA Agreement. We do not see any reason to change this. These cohesion policy criteria define in clear and unquestionable terms the eligible beneficiary States. Of course we agree that combating youth unemployment is an important task. In the recent discussions at technical level, we have already expressed our readiness to considerably increase the focus on youth and inclusion within the framework of the EEA Financial Mechanism. But to expect us to accept an additional mechanism on top of the existing funding area that changes the established framework and rules is unreasonable.

The scope of the demands put forward by the EU at the outset of the negotiations has made it difficult to progress in the negotiations. While discussions at technical level have meanwhile been taken up again by the parties, we sincerely hope that the formal negotiations can advance very soon.

The EEA EFTA States are closely following the ongoing negotiations between the European Union and the United States on a Transatlantic Trade and Investment Partnership. A successful outcome to these negotiations would lead to growth and jobs in both the EU and the US, and may also benefit the European Economic Area.

In our previous two EEA Council meetings, we requested the launch of an informal dialogue on these negotiations, making use of the existing structures of the EEA Agreement. We therefore look forward to the European Commission's briefing on the TTIP in the EEA Joint Committee next month.

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

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

Intervention of State Secretary DELLA VEDOVA on behalf of the EUROPEAN UNION

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

I am very pleased to welcome all of you here in the premises of the EU Council for our 42nd EEA Council meeting. It is a particular pleasure to welcome you, Ms Chair, along with Minister Helgesen and Ambassador Ellertsdóttir. We look forward to a fruitful meeting.

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

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

Dear Colleagues,

The EEA Agreement has now entered into its third decade of operation.

For more than twenty years, the Agreement has played a key role in advancing economic relations and internal market integration and in bringing mutual benefits for all parties. The diverse number of subjects we will deal with today reflect well how the Agreement has managed to broaden and deepen our relations over the years. Looking at our past shared history and our generally very good and close relations makes me confident that we will be able to overcome any challenges - be they current or future ones - and continue forward, together.

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

I would like to welcome the start of the negotiations for a renewal of the Financial Mechanism aimed at reducing economic and social disparities in the EEA. The solidarity shown by Norway, Iceland and Liechtenstein in the past years has been commendable. Reducing persistent disparities, including addressing current extraordinary levels of youth unemployment in some EU Member States, requires extraordinary levels of solidarity and financial means. We very much look forward to a successful and timely conclusion of the current negotiations, based on our shared understanding regarding the continuous need to reduce social and economic disparities in the EEA.

We welcome the participation of the EEA EFTA states in numerous EU programmes for the period 2014-2020, covering a broad range of subjects, including research, education, civil protection, satellite navigation, environmental issues and cooperation in the area of health.

We also welcome the agreement between the EU and the EEA EFTA side on the principles for incorporation into the EEA Agreement of the EU Regulations establishing the European Supervisory Authorities (ESA) in the area of financial services. The swift incorporation and application of the relevant legislation in the field of financial services is also of high importance, in order to ensure a level playing field throughout the EEA.

While we welcome the efforts made by the EEA EFTA states over the last years to step up the pace of incorporation of EEA relevant EU *acquis* into the EEA Agreement, we regret that these efforts still do not sufficiently address the existing problems. More needs to be done, and we encourage the EEA EFTA states to renew efforts and continue to actively work towards a sustainable and streamlined incorporation and application of EEA relevant legislation. This remains paramount in order to safeguard the overall competitiveness of the European Economic Area.

Regarding bilateral issues, I would like to stress the particular importance we attach to further liberalisation of trade in agricultural products with Norway. We therefore welcome the imminent launch of negotiations on the liberalisation of trade in basic agricultural products under Article 19 of the EEA Agreement, and hope for substantial progress to be made there.

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

As to the issue of whaling, we reaffirm our strong support for the maintenance of the internationally-agreed moratorium on commercial whaling established under the International Whaling Commission and the Convention on International Trade in Endangered Species (CITES) for these and other marine species. Indeed, the EU and its Member States encourage all countries to adhere to the moratorium.

In this regard, we continue to be concerned about the Icelandic Government's continued authorisation of the hunting of fin and minke whales and call upon Iceland to respect the internationally-agreed moratorium, and to withdraw its reservations under the Convention on International Trade in Endangered Species (CITES) for these and other marine species. I should also add that we are concerned about certain developments and positions taken by Norway in this field, and will continue to closely follow these matters.

Finally, I also need to express our disappointment that so far no agreement could be reached with Iceland in our ongoing controversy on the joint management of mackerel stock. We will have to deal with this issue in detail under item 6 of our agenda.

With this, I pass the floor to the External Action Service, who will report to you on the day-to-day functioning of the EEA Agreement.

Intervention of Mr DE LA PENA on behalf of the EEAS/Commission

Mr Chairman, Honourable Delegations,

It is a real pleasure for me to join today's meeting and share with you, on behalf of the External Action Service and the European Commission, our view on the functioning of the Agreement since the last Council meeting on 13 May 2014 here in Brussels.

As the more detailed statistics of what we have jointly achieved over the last 6 months is included in the Progress Report of the Joint Committee, I would like to use this opportunity to underline certain political, legal and operational aspects behind these figures which are of particular relevance to us. I will then conclude my intervention by inviting you to consider closely some key elements that pertain to our current and future negotiations, on agricultural liberalization, on renewing the European Economic Area/Norway Financial Mechanisms for another term as well as on the fish trade concessions.

On 1 November 2014 a new European Commission took office with a strong political mandate and commitment to a new start for Europe, and to an Agenda for Jobs, Growth, Fairness and Democratic Change. This commitment to smart change and results that matter is inspirational for the way the European Economic Area and its Agreement are functioning.

Against this renewed political impetus, both the EU and the EEA EFTA side need to be ambitious and work hard so that we make a fundamental progress in dealing with the well-known challenges: legislative backlog, swift incorporation of the relevant legal acts, shared understanding on the relevance for the Agreement of EU legislation, and your participation in the EU agencies.

When we look at the results of our efforts over the last 6 months to clear the outstanding backlog and prevent a new one from emerging, the progress has been mixed.

We are pleased that the overall number of legislative acts where the compliance date in the EU had passed and await to be incorporated into the Agreement has declined compared to 6 months or one year ago, and now stands at 408. This is due in particular to the adoption by the Joint Committee of the substantive Plant Protection Package.

However, the good news would stop here. 408 legal acts are a too high number which is not so much different from 469 outstanding legal acts in November last year. Moreover, the Plant Protection Package has not entered into force and more and more legal acts are accumulating while waiting constitutional clearance from your countries' parliaments. They reached the record number of 195 and the same negative record pertains to the 33 legal acts which are prevented from entering into force due to a linkage to other legal acts, the implementation of which is pending.

We really have to have a fresh attempt at tackling some long-standing cases such as the Bank Deposit Guarantee Directive, the Third Postal Directive, or the TELECOM package are still pending for between 3 to 4 years. I really count on your political support to make sure that we finally clear the desk of these elements and focus our energy on new challenges.

On the prevention side of new backlog to emerge, we note with satisfaction the yearly submission rate of almost 500 JCDs from your side by early November. This is an encouraging signal that we may indeed achieve our target of adopting 600 legal acts by the end of 2014. This would be the second highest incorporation rate since the existence of the Agreement. We need however to make sure that we have a balanced approach and tackle what needs to be tackled first, namely the legal acts where the compliance date in the EU had passed.

We need to be clear that tactic delays are in nobody's interest. We have been noticing more and more delays across the entire spectrum of both incorporation and implementation processes of European Economic Area relevant legislation. This creates legal uncertainty and legal divergence with the obligations in force on the EU side and does not contribute to the overall legal homogeneity of the economic area to which we should be firmly committed. And delays are undermining the principle of almost simultaneous incorporation provided for in Art 102 of the Agreement.

More particularly, we regret the emerging EEA EFTA practice of delaying the incorporation of EEA relevant legislation into the Agreement until when it is being replaced by EU legislation considered friendlier to your countries. This is the case for Deposit Guarantee Directive and the BEREC Regulation.

Some of the delays and setbacks that we mentioned above derive also from the parliamentary procedures in your countries and the increased role of Parliaments in the decision-making process of the European Economic Area Agreement. Of course that we welcome closer scrutiny by Parliaments and fully acknowledge their merits and the democratic rationale, but we have to find means to ensure that Parliaments play a strong role in contributing to a timely incorporation into the Agreement of the relevant legislation.

Delays are also deriving from the lack of agreement on what is relevant for the Agreement. Again, we need a fresh look and approach also here in making sure that we all converge our minds towards a shared understanding on what is relevant for an Agreement and for an EU internal market that needs more and more integration to achieve its full potential for growth, jobs, competitiveness and prosperity. Our technical discussions on disputed legal acts such as the Marine Strategy Framework Directive and the Offshore Directive need to advance with clear results and eliminate any temptation of Europe à la Carte in the implementation of our Agreement.

We could see what political will and energy we can achieve when we recently reached political agreement on how to incorporate the Regulations on the European Supervisory Authorities in the area of financial services.

We now need, first, to swiftly proceed with the implementation of what was agreed upon. Secondly, we should also ensure as a matter of priority incorporation into the Agreement of the relevant legal acts in the area of financial services connected to the powers of these authorities.

We also have to make progress on similar files. The Third Energy Package has to be incorporated into the Agreement in order to establish a fully functional internal market for energy, and a swift solution will be identified for the appropriate level of EEA EFTA participation in the Agency for the Cooperation of Energy Regulators (ACER). The same applies to your participation in the BEREC (Body of European Regulators of Electronic Communications).

After this assessment on the functioning of the Agreement and looking at the current state of play, we feel that there is a great opportunity to make real progress on all the above issues. We need political will and ambition for results. The integration of our economies is the backbone of our prosperity and competitiveness.

In this spirit we welcome your participation in the new generation of EU programmes and we did significant efforts to ensure that you will be eligible already for the first calls. After Erasmus + and Horizon 2020, we were able to adopt the legal requirements for your participation in both Creative Europe and COSME.

If we really want to unlock the full potential of the Agreement we need to continue our efforts with a view to achieving progressive liberalization of agricultural trade, as provided in its Art 19.

We welcome the adoption of EU and Norwegian negotiation mandates (the EU mandate was adopted by the Council just yesterday 18 November) and look forward to the official opening later this year or at the beginning of next year of the negotiations on liberalisation of agricultural trade with Norway.

As there is no tangible progress in reversing the increased customs duties for certain types of cheese and meat and the reclassification of hortensia we hope that the future negotiations will provide the adequate framework for finding a swift solution. These protectionist measures by Norway run contrary to the objectives of the Agreement and have no place between such close partners as us.

We hope also that these upcoming negotiations on basic agricultural products would be a good opportunity for Norway to seriously consider starting talks on a further integration of EU-Norway trade in processed agricultural products as well, by reviewing Protocol 3 to the Agreement.

In the same spirit we expect that negotiations between Iceland and the EU on the trade regime for agricultural products and processed agricultural products will progress at a faster pace with a view to a positive conclusion in the short term. The adoption of the Geographical Indication legislation in Iceland will definitely be of substantive help.

Against the background of economic and financial crisis, we have to resist in any possible way the temptation of protectionism be in the field of trade or free movement of capital. We all know what immense risks that entails and we strongly support and encourage our Icelandic partners to make due progress in their strategy to lift the capital controls in place since 2008. Free movement of capital is a fundamental internal market freedom and is integral part of the European Economic Area *acquis*, even if restrictions can be implemented temporarily on the basis of the provisions of Article 43 of the Agreement.

Finally, I will now turn to the ongoing negotiations on renewing the European Economic Area /Norway Financial Mechanisms and the additional fish protocols to the FTAs with Iceland and Norway and I first want to welcome the resumption of technical discussions in early November without any pre-conditions attached.

We have listened carefully to your arguments and you listened to ours. We need to really use this restart of technical discussions to make sure that we advance in a swift, pragmatic and constructive way. And the same applies fully to the parallel negotiations on renewing the trade concessions on fish and fish products.

There are three key messages that I would like you to take from this meeting: increased needs, increased resources and increased solidarity.

First, there is a continuous and increased need for cohesion throughout the European Economic Area. This has been clearly and jointly acknowledged by all sides in their review foreseen by Protocol 38 b of the Agreement and concluded in November 2013.

Second, there is a continuous and increased need for resources to fight poverty and inequalities. This is the reason why the EU's budget for the next financial framework 2014-2020 foresees almost EUR 4.5 billion more for the Cohesion Fund than before. Let me clarify that this is an increase in both relative and absolute terms and is the strongest proof for the level of top priority given by the EU side to cohesion budget and policy over the next years.

Third, there is a continuous and increased need for solidarity. This a core value of our societies that drives the design our public policies. In this spirit and given the dramatic numbers of youth unemployment across Europe, the EU Member States launched and committed themselves to an exceptional exercise of solidarity, the Youth Employment Initiative.

Beyond economic and political calculus, this initiative pools our resources and unifies our pursuit of a Europe full of reaped opportunities and not lost generations, a Europe of hope and not of fear, a Europe with and of the future not one of the past. We are confident that you will join us in this exceptional proof of solidarity.

The European Economic Area integrates not only our economies, but also our future. We need to safeguard the trust of our people that this is also their future. I am fully confident that we will succeed.

Intervention of Minister FRICK behalf of Liechtenstein

Dear colleagues,

In addition to the common statement I have made on behalf of all three EEA EFTA States, allow me to emphasise with regard to the negotiations on a new EEA Financial Mechanism that Liechtenstein does not in any way question that there continues to be a need for such an instrument. Continuation is in our view the prevailing issue.

However, I must remind you that Liechtenstein is facing very similar fiscal challenges as the EU Member States. The national accounts of Liechtenstein are also characterized by a significant structural deficit in the aftermath of the crisis since 2007/2008. Liechtenstein therefore had to take drastic austerity measures as well. Cost-cutting is a major constraint for the state budget of Liechtenstein and significantly reduces the ability to use public funds to stimulate economic growth.

Just as much as EU Member States themselves, Liechtenstein is faced with fiscal constraints that stand in the way of significantly increasing its contribution under the new EEA Financial Mechanism.

The demand of the EU that the EEA EFTA States provide additional funding for measures to combat youth unemployment throughout the EU is something which obviously lies outside the scope of cohesion policy and what the EEA Financial Mechanism so far has been designed for.

The framework for our contributions has since 2004 been linked to criteria applied by the EU's Cohesion Fund, in other words we have been contributing to the reduction of economic and social disparities in the EEA through the financing of grants.

The objective cohesion policy criteria have also allowed us to define the eligible beneficiary States.

We are already funding measures in order to address youth unemployment matters in the beneficiary States under the current EEA Financial Mechanism and we would certainly be willing to put more focus on such funding in the new programme period. However, to expect non-EU Member States to provide funding to EU Member States outside of cohesion policy, in order to compensate for budget shortfalls in the EU, is a totally different concept.

In our view, a balanced approach of the EU would be to expect the EEA EFTA-States to remain in line with what the EU itself is doing on cohesion. Combatting youth unemployment is of course an important task. And we are certainly ready to discuss how more funds could be directed to address youth unemployment under the EEA Grants.

But negotiations on our contributions must remain within the objective to reduce social and economic disparities in the EU as defined under the cohesion policy. To expect an additional mechanism from us on top of our contributions to cohesion funding is unreasonable.

I sincerely hope that despite these diverging positions our negotiations will soon make tangible progress.

Thank you for your attention.

Intervention of Minister HELGESEN on behalf of Norway

Dear colleagues,

I would first like to congratulate our EU colleagues on the appointment of the new Commission President and new Commission members. We look forward to further collaboration in the time ahead and wish the new Commission all the best in its endeavours.

The Norwegian Government gives a high priority to Norway's relations with Europe and the EU. The main framework of this close cooperation is the EEA Agreement and other agreements we have with the EU.

One important objective for the government is to engage in European policy-shaping, especially in areas where Norway possesses particular experience, knowledge and expertise. We follow with keen interest key policy developments and priorities under the new Commission, as well as the strategic priorities and discussion in the European Council. In many areas of priority, such as growth and innovation, energy and climate, the digital economy, migration and justice, research, maritime affairs and neighbourhood policy, we trust that close cooperation between Norway and the EU is mutually beneficial.

With regard to the management of the EEA Agreement, our ambition is to ensure, in cooperation with the EU, homogeneity and predictability for the economic operators, in the interest of all parties.

We have together been quite successful in the management of the EEA Agreement. Up through the years, more than 10 000 legal acts have been incorporated into the Agreement, extending the internal market to the EFTA states, to the benefit of trade and business on both sides.

We should also welcome the high number of legal acts incorporated into the Agreement since our last meeting. Consequently, the so-called backlog has been significantly reduced. We welcome further efforts on all sides – including the EU side – to bring the backlog further down. Let me add that we not only respect, but appreciate the process of Parliamentary approval. We have put in place various measures that should bring a further reduction in the months to come.

One key achievement this autumn has been the political agreement on the incorporation into the EEA Agreement of EU legislation concerning the European Supervisory Authorities. This agreement has been possible due to commitment, creativity and strong efforts on all sides, which was necessary to solve this challenging and complicated issue.

I am confident that the solution found will contribute to our common objective of preserving financial stability and a well-functioning common market, within the framework of the two-pillar structure in the EEA.

The fact that the solution found implies a transfer of powers to a supranational institution, namely the EFTA Surveillance Authority (ESA), will require approval by a three quarters majority in the Norwegian parliament. This is the first time this procedure will be applied since the EEA Agreement entered into force more than 20 years ago.

The solution is, as acknowledged by the EU- and EFTA Ministers of Finance and Economy on 14 October, based on the extraordinary background and requirements in this particular field, and the worst financial and economic crises in Europe for decades. We do not foresee that similar solutions will be relevant or suitable when it comes to EFTA participation in other EU agencies and supervisory bodies in the foreseeable future.

When the EEA Agreement entered into force, there were hardly any EU agencies or supervisory authorities. Today, EU agencies and supervisory authorities constitute an important element in the internal market. To ensure a well-functioning EEA cooperation, the EFTA states must take part in these agencies and supervisory authorities. Otherwise, there will be a risk of fragmentation. It is a shared responsibility to contribute to solutions that make such participation possible, within the boundaries of the EEA Agreement.

I trust that we will find together good and relevant solutions for EFTA cooperation in the work of other agencies, including in the field of energy (ACER) and telecommunications (BEREC), in the near future. We have since January negotiated with the EU on the next period of the EEA and Norway Grants, as well as on market access for fish.

The EFTA side has based its negotiations on the EU Cohesion Fund criteria, which has been the basis for the EEA and Norway Grants since the very start in 1994.

The EU has also proposed to explore a separate scheme to be set up to address youth unemployment also in EU Member States that are not eligible for support under the EU Cohesion Fund or the EEA and Norway Grants. This is, as also stated by my colleague from Liechtenstein, not acceptable.

The EU has demanded an increase in our contribution that would make Norway, despite not being a member of the EU, among the largest per capita net contributors to EU cohesion. This demand is unreasonable, not least given the fact that EU resources to cohesion will be reduced in real terms.

There must be a fair balance between what the EU provides to cohesion from its own resources and what it demands from the EFTA states.

Thus, the EFTA states have made it clear that a new approach is needed to bring the negotiations forward.

We have based our offer in the negotiations on a guiding principle of continuation, adjusted for the improved cohesion that has taken place in recipient countries in recent years.

Further, we are prepared - within the cohesion framework of the EEA and Norway Grants - to increase significantly our efforts to promote youth employment, through measures such as enhancing labour market mobility, entrepreneurship, apprenticeships and innovation. We should not lose sight of the fact that sustainable economic growth and employment first and foremost require sound and responsible macroeconomic policies, structural reform and more flexible labour markets. Norway, alongside Luxembourg, is the country with the highest proportion of labour migration/mobility of workers from the EU.

As underlined before, a satisfactory and flexible solution with regard to market access for fish, is a prerequisite for an overall balanced agreement. We remain ready to engage in a constructive process and to conclude the negotiations as swiftly as possible.

We note that the EU is now ready to embark on negotiations on Article 19 of the EEA Agreement. I would like to restate that Norway is ready to initiate negotiations. We look forward to a constructive process.

Regarding cheese and meat, I would like to refer to my intervention at the May meeting of the EEA Council. The Government's position is clear. No protective measures will be taken. However, this Government is a minority Government and for the time being, there is no majority in our Parliament to change the decision taken by the previous Government.

There has been a steady increase over the years in exports of processed agricultural products from Norway to the EU. The exports almost doubled between 2003 and 2012.

The last joint review of Protocol 3 was carried out by the Commission and Norway last year. It concluded that the Protocol functioned according to its objectives. This is in our view still the case. There should therefore be no need to initiate new negotiations under the Protocol. The next review is scheduled for later this month.

The negotiations between the US and the EU on the TTIP hold great opportunity in order to regenerate growth and the economic strength of the trans Atlantic area.

I welcome the dialogue and exchange of information established with the Commission on the TTIP. Being part of the internal market, an agreement on TTIP will have a direct impact on Norwegian business operating in the European market, as well more indirect consequences for our business operating in the US market. It is important for us to follow the negotiations closely, as well as to provide input to the process, as appropriate.

There is an EFTA trade policy dialogue with the U.S., where also the issue of TTIP is addressed.

There has been an increasing demand for openness and more information about the TTIP process in the European public. Norway welcomes the publication of the EU negotiating mandate early October, in this respect.

On some specific issues, it may be particularly important to promote our views. For instance, everyone is served by rules of origin that gives the necessary flexibility in the use of goods originating in EFTA in the production process. Further, European standards for health, environment and safety, as well chemicals and food safety, should be preserved. It is important to maintain the high standards that have been achieved in Europe through many years of hard work. We welcome statements from the new Commission underlining this aspect.

On a more general level, it is important that the EU and U.S. have an open approach when it comes to the *possibility* of third countries, such as the EFTA states, to be connected to closer euro-Atlantic cooperation, in an appropriate and mutually beneficiary way, at a later stage. The door should be open. A fragmentation of Euro-Atlantic cooperation and markets will be detrimental to our joint interests, both economically and politically.

The EEA Agreement has proven its durability for more than 20 years, because all parties have been committed to safeguard an Agreement that is obviously important to all contracting parties. I am confident that we will be able to do so also in the future, addressing outstanding issue and finding realistic and flexible solutions as this ultimately is in the interest of all.

Intervention of Ambassador Ellertsdóttir on behalf of Iceland

The Government of Iceland has now been in office for one and a half year. When it comes to the relations with the European Union the policy is clear. It rests on the basic fact that the EU is Iceland's most important trading partner and a close political ally with which we have a deep rooted cooperation through the Agreement on the European Economic Area. The Agreement is therefore one of the main pillar of Iceland's foreign policy and it is in our interest that the agreement functions well.

Indeed, we believe that the EEA Agreement has functioned well. That said we have for some time been aware of the need for improvements when it comes to incorporating EEA relevant EU legislation into the Agreement, especially in order to maintain a homogeneous internal market. Iceland is committed in this respect and we have been lubricating our machinery in order to reduce the backlog and in transposing EEA Joint Committee decisions into national law. Coordination within and between all levels of the Icelandic administration has been improved and with the Icelandic parliament. In addition, we have the new EEA EFTA procedures in place. We are optimistic that in the future we will reap benefits from these measures. We should, however, not necessarily expect an early harvest, and remember that it is a constant process.

It is important to recognize that there have been positive developments over the past few weeks. The number of acts awaiting incorporation has significantly decreased and when looking at the number of acts incorporated into the Agreement in 2014 this is the second highest number since the EEA Agreement entered into force. The EU and the EEA EFTA states have also successfully come to an agreement on how we can participate in the European Supervisory Authorities for financial markets. These are examples of positive developments. But there are still challenges to overcome, and that is the joint responsibility of all parties.

As regards the on-going negotiations on the renewal of the EEA Financial Mechanism, Iceland is pleased that the talks are now continuing. I will simply repeat and thereby underline what my minister said at the EEA Council meeting in May. The EEA EFTA States have generously contributed to reducing economic and social disparities in the European Economic Area through this mechanism. The Minister expressed in May that we are ready to continue our contribution in line with the present support with adjustments. For us this is a generous offer. Iceland is still in the process of recovering from the deep recession rooted in the events of 2008. The government is faced with one of the heaviest debt burden among the EEA members and continuing austerity

measures are necessary. An agreement will therefore need to be in line with what we are already doing. In parallel, improved market access for our fisheries products has to be ensured.

Finally, in reaction to the issue of whaling raised by the Presidency: As is the case with the mackerel, we consider the subject not to be EEA relevant and therefore not to be brought up at this meeting. The Icelandic authorities, however, stand ready to discuss the whaling issue and explain our policy and sustainable use of all marine resources – but not in this forum.

5. **ORIENTATION DEBATE: CURRENT PROSPECTS FOR THE NEW EU 2030 FRAMEWORK FOR CLIMATE AND ENERGY IN THE EEA CONTEXT**

Intervention of Minister FRICK on behalf of the EEA EFTA States

The new framework for a European energy and climate policy for 2030 is of high importance for the EEA EFTA States, as we are an integral part of the Internal Energy Market through the EEA Agreement and co-operate extensively with the EU on climate issues. Close cooperation across national borders is required to address key challenges for Europe, such as energy security and tackling climate change. We therefore welcome the conclusions of the European Council in October on the new ambitious framework.

We have discussed this topic before and we look forward to hearing about the way ahead, Mr President, so I give you the floor.

Intervention of State Secretary DELLA VEDOVA on behalf of the EUROPEAN UNION

We welcome the close interest EEA partner countries take in the EU's future climate and energy policy. Our strong relationship and common interests are an important basis for advancing sustainable and forward-looking policies in Europe and indeed in the global context.

In the EU, we have made substantial progress towards the attainment of our 2020 targets for greenhouse gas emission reductions, the share of renewable energy, and greater energy efficiency, and the EU is determined to meet them fully.

This is no time for complacency, however, and the European Council has recently agreed on the key elements of a new 2030 climate and energy policy framework for the EU, which is based on the need to ensure affordable prices, industrial competitiveness, security of supply and achievement of our climate and environmental objectives.

As part of the 2030 package, the European Council endorsed a binding EU target of a domestic reduction of at least 40% in greenhouse gas emissions by 2030 compared to 1990, which is in line with the agreed ambitious EU objective for 2050. This decision is very important as it provides stability and predictability for economic operators and confirms the EU's role in the global climate process.

Indeed, the EU is now ready to submit its contribution to the global climate agreement, which should be adopted at the Paris Climate Conference in 2015. It will do so by the first quarter of 2015, in accordance with the timeline agreed by the United Nations Framework Convention on Climate Change in Warsaw. The EU urges all countries to come forward with ambitious targets and policies well in advance of the Paris Climate Conference.

The European Council also confirmed that a well-functioning, reformed EU Emission Trading System (ETS) will be the main European instrument to achieve the 40 % target. The Commission's proposal on the establishment of a Market Stability Reserve for the Emission Trading System, which aims at addressing the current market imbalance and improving the system's resilience to major demand shocks in the future, is currently being discussed in the Council as well as in the European Parliament.

Not only is the EU energy policy one of the main components of our climate change commitments, but the European Council in June moreover set out a strategic agenda of the EU for the next five years. It includes as one of its key priorities building an Energy Union with a forward-looking climate policy.

As part of the decisions on the EU's climate and energy policy for 2030 taken by EU Heads of State and Government last month, a target of at least 27% for the share of renewable energy consumed in the EU was agreed, binding at EU level, and without preventing Member States to set more ambitious national targets.

To further strengthen efforts to save energy, an indicative target at EU level of 27% for improving energy efficiency compared to consumption projections was established.

Finally, in the perspective of the EU's determination to accomplish a fully functioning and connected internal energy market, urgent measures need to ensure by 2020 at the latest that a target of 10% of existing electricity interconnections is achieved, at least for those EU Member States which have not yet attained a minimum level of integration in the internal energy market. This goes particularly for the Baltic States and the Iberian Peninsula and for those EU countries which constitute these countries' main points of access. The European Commission will report regularly to

the European Council with the objective of arriving at a 15% target in 2030, to be reached through the implementation of key infrastructure projects, the EU Projects of Common Interest.

As you can see, we have set ourselves an ambitious agenda for the years to come, and we are very mindful of the global factors and context in which to achieve our objectives for affordable, secure and greener energy. It is natural that we are looking at like-minded partners in the global arena to further these goals.

The contribution of the EEA-countries in shaping our common energy future and strong cooperation with you are therefore very important to us, bearing in mind your energy resources, your high percentages of renewable energy use, and your industrial and research know-how in various energy matters. Your assets and capabilities are of interest not only to the EU, but also on a global level, and your policy choices should help shape the debate at the global level.

The EU is very interested to know more about how you see future energy and climate policy development in your countries; what your indicative or binding energy goals are for the years after 2020 - also taking into account the perspective of an international climate agreement in 2015.

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

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

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

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

The urgent efforts underway in the EU to complete the internal energy market in 2014 can be roughly divided into two categories: the implementation of the energy market liberalisation legislation, commonly called the "Third Energy Package", and the completion of an interconnected infrastructure - which, I should underline, does not end at the borders of the EU !

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

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

Intervention of Mrs WOERSDORFER on behalf of the Commission

On 23 October 2014, the European Council reached agreement on the 2030 Framework for climate and energy as a follow up of the:

- Commission's proposal of January 2014 (Communication on the 2030 Framework),
- Communication "Energy Efficiency and its contribution to energy security and the 2030 framework for climate and energy policy" adopted on 23 July 2014.

The October European Council agreed on:

- a binding targets for greenhouse gas reductions of at least 40%
- a renewable energy target of at least 27%,
- an indicative energy efficiency target of at least 27% and
- the objective of arriving at a 15% target for electricity interconnections by 2030.

It has been challenging to reach a consensus between EU Member States and such agreement is a great success.

The agreement is the result of several years of efforts and preparation not only by the Commission but also by other institutions (European Parliament, Council, etc.), as well as of an extensive and fruitful dialogue with a broad range of stakeholders including third countries.

We would have liked to have a more ambitious agreement on energy efficiency as the Commission had proposed a target of 30%, and Commission President Juncker has advocated for a binding rather than an indicative target.

However, the broad main objectives proposed by the Commission proposal have been endorsed by the European Council.

Moreover a review clause is included in the agreement, which keeps the door open for a higher level of ambitions if the conditions are right.

In addition to the targets for greenhouse gas, renewables and energy efficiency, the agreement also includes a target for electricity interconnections of 10% by 2020 and the objective of arriving at a 15% target by 2030, as proposed by the Commission.

Meeting such interconnection target will improve energy security, promote further market integration, and will facilitate the accommodation of higher shares of variable renewable energy in the electricity mix.

In addition to the 2030 Framework, the European Council also reached an important agreement on medium and long-term measures concerning energy security, such as the implementation of critical projects of common interest in the gas sector.

Now, the agreement on the 2030 Framework has to be implemented through legislations, a credible governance framework, as well as adequate targeted funding.

Part of this funding should come from the 300 billion of the "Juncker Plan", notably regarding infrastructure, renewables and energy efficiency.

The Commission intends to come forward with implementing proposals as early as possible to ensure that all pieces are in place well before 2020.

As regards the international dimension of EU climate action, the EU will pledge the agreed GHG reduction target for 2030 in the context of the UNFCCC.

Our objective would be reaching a comprehensive and ambitious global climate agreement at the Paris Conference at the end of 2015.

In this respect the support and the cooperation with "like minded" countries such as the EEA EFTA ones who share our objectives for climate change and sustainable developments will be extremely important.

Intervention of Minister FRICK on behalf of Liechtenstein

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

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

In Warsaw 2013 all Parties to the United Nations Framework Convention on Climate Change (UNFCCC) agreed to submit their respective climate related contributions at the latest by the end of the first quarter of 2015 the objective being to conclude a global climate agreement in Paris in 2015. Let me assure you that Liechtenstein will be ready on time to present its contribution for the time beyond 2020.

In line with the timeline of the UNFCCC, Liechtenstein is currently working on a revised climate strategy that will address and formulate:

- the country's mitigation targets for 2030,
- our future contribution within long-term climate finance, and
- a strategy for climate-change adaptation, nationally as well as internationally.

We are looking forward to continuing the important work under the UNFCCC in December in Lima, Peru, in close collaboration with our partners of the Environmental Integrity Group (Liechtenstein, Mexico, Monaco, Republic of Korea and Switzerland) in order to reach a legally binding agreement in Paris in 2015.

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

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

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

Intervention of Ambassador Ellertsdóttir on behalf of Iceland

We are at a point in time when doing business as usual is not an option. We need to set ourselves ambitious goals with a comprehensive approach in order to mitigate climate change effectively.

Within Europe, you have set the stage for a fundamental transition.

Globally, the policy comes at an important point in time, with the world approaching the last stages of the negotiations for a new climate deal due to be signed at the end of next year. This places Europe firmly as a leader in the negotiations ahead and sets the benchmark as other countries consider their national contribution.

Iceland underlines the importance of a comprehensive, ambitious approach to climate and energy policies. We have aligned ourselves with the EU in two fundamental ways: firstly in the Kyoto Protocol and secondly through the EEA Agreement.

Iceland and the European Union recently finalized negotiations for the fulfilment of the second commitment of the Kyoto Protocol. We will be participating in the so-called EU “bubble” and thus be committed to jointly achieve a 20% reduction in greenhouse gas emissions for the period 2013-2020. This path will guide us to the next step together, the important post-2020 global climate change agreement to be signed in Paris next year.

Coming to the EEA Agreement, Iceland participates in the EU's Emission Trading Scheme. The scheme is one of the cornerstones of our climate policy and plays a significant role covering around 40% of greenhouse gas emission from our industries. We will therefore closely follow the upcoming transformation of the ETS system. The system has to continue to serve as a driving mechanism towards low-carbon investment. For that we need a stable and transparent system.

Iceland is particularly pleased to see the emphasis on significantly higher shares of renewable energy in the 2030 framework, at least 27%. Increased role of renewable energy can play a key role in the transition towards a competitive, secure and sustainable energy.

Here, we speak from first-hand experience. We are a fortunate country in this respect as nearly all of Iceland's electricity and space heating is provided by renewables in the form of hydropower and geothermal energy.

Today, 99% of space heating is from renewable resources and around 76% of final energy consumption. We have therefore already surpassed the mandatory target for 2020 (73%).

In fact, many European countries do have the possibility of harnessing geothermal resources, and Iceland has in a modest way, contributed to the development of sustainable utilisation, with expertise and scientific cooperation and wishes to continue to do so.

The raised profile of renewables in the 2030 gives a clear signal to investors and regulators that renewable energy will be one of the important elements in the transition to a low-carbon economy.

Finally, Mr Chairman, we hope that the clear ambitions of the countries in Europe will inspire other major and emerging economies to put forward equally ambitious goals well before the global climate agreement.

Intervention of Minister HELGESEN on behalf of Norway

I commend the EU for keeping up the pace in its policy formulation on climate and energy policies. The decision made by the European Council in October gives an important message to the rest of the world.

In a few days, Environment Ministers will be gathered in Lima to continue the preparation of an international climate agreement by 2015. The EU position and the recent statements by the United States and China on climate issues give reason for cautious optimism.

Intensified efforts to combat climate change, to increase energy security in the light of the Ukraine crisis and to enhance international competitiveness are all issues high on the agenda, as also underlined by the Commission President.

Norway has been following the preparation of the 2030 policy framework closely and provided input on several occasions. As a major energy supplier to the EU and part of the internal energy market, we will continue to follow closely the implementation of the new climate and energy framework, and look forward to a good co-operation on these important issues.

Norway welcomes the comprehensive approach chosen by the EU when formulating its key targets and measures for the future climate and energy policies. We agree with the need for a strong and ambitious framework in Europe that ensures significant emission reductions. The outcome is good for Europe and coincides on most issues with our positions.

We are very pleased to see that an ambitious and binding target for emission reductions by 2030 will remain the principal target of the climate and energy policies. Major efforts to reduce emissions will provide the long-term incentives needed for a cost-efficient path towards 2050.

A well-functioning, reformed Emissions Trading System (ETS) will continue to be the main climate policy tool in Europe. We welcome the decision reducing the cap on maximum permitted emissions from 2021. It is a step in the right direction.

Norway has argued for even more far-reaching measures to tighten the ETS. If the system is to deliver the required incentives for a cost-efficient transition to a low-emission future, further measures must be taken.

Norway participates in the ETS and almost 50 per cent of our greenhouse gas emissions are covered by the system. We will continue to work with the Commission and member states on how we can best achieve a tighter ETS even before 2020.

We take note of the decision to establish a framework including also targets for renewable energy, energy efficiency as well as on interconnections. The implementation of these targets and the accompanying measures needs to be carefully coordinated in order to avoid unintended and adverse effects in the energy market.

We welcome that the need for national flexibility is recognized in the new framework. This will allow each country to base itself on specific national characteristics and circumstances when choosing the most cost-efficient means to reach the common targets.

Norway supports the goal of high-energy security in Europe. We are pleased to see that the European Energy Security Strategy puts strong emphasis on infrastructure development and the importance of continued efforts to make the European energy market as efficient as possible. Indeed, a well-functioning, integrated and commercially based energy market is the most important contribution to security of supply in Europe.

In late October I attended the arrival of the floating LNG regasification ship “Independence” in Klaipeda, Lithuania. The ship is owned by a Norwegian company and the LNG will be provided by Statoil. The project is a prime example of innovative, cost effective and flexible solutions, developed purely on a commercial basis.

As underlined by the IEA and IPCC, natural gas is the fossil fuel with the lowest emissions. It could contribute substantially towards a low-emission society, both as a replacement for coal and by supporting intermittent renewable energy supply.

Norway can contribute to a cleaner, low-emission energy sector in the EU as a provider of both natural gas and renewable energy. As an example of the latter, we recently approved applications for the establishment of two new interconnectors, to Germany and the UK respectively. They will increase energy security for the countries concerned and facilitate further development of renewable energy in Europe.

Further R&D efforts and commercial demonstration of carbon capture and storage (CCS) technology are crucial if we are to reduce CO₂ emissions in line with the two-degree target. We welcome the continued support for CCS in the EU. Norway is committed to playing its part in the construction of at least one large-scale carbon capture demonstration facility by 2020. Furthermore, we stand ready to consider how the EEA and Norway Grants can fund CCS projects in recipient countries.

6. ADOPTION OF THE CONCLUSIONS OF THE 42ND EEA COUNCIL

Intervention of Minister FRICK on behalf of the EEA EFTA States

The EEA EFTA side can accept the draft conclusions as tabled, with the exception of paragraph 21. I give the floor to Iceland to set out its position on the subject.

Intervention of Ambassador Ellertsdóttir on behalf of Iceland

I can confirm that the draft conclusions are acceptable to Iceland with the exception of paragraph 21. Fisheries management is not covered by the EEA Agreement. It is therefore not appropriate to agree a conclusion on this issue in this forum. We can approve the Conclusions provided this paragraph is deleted.

Intervention of State Secretary DELLA VEDOVA on behalf of the EUROPEAN UNION

To our profound regret, it seems to become a tradition that no agreement can be achieved between the EU and the EEA EFTA sides on the conclusions before our meetings, given diverging views on a paragraph regarding the joint management of mackerel stocks, in this case paragraph 21.

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

Despite the lack of progress on this issue in the Coastal States framework, the EU, Norway and the Faroe Islands are working together on this important shared stock, on the basis of a trilateral arrangement agreed in the Spring. The EU said from the outset that the door was open for Iceland to join the arrangement, and I want to underline that this door remains open.

In this context, the EU continues to hope that parties can work out the terms of a full four-Party Coastal State arrangement for mackerel, which would offer us all both stability and predictability.

Paragraph 21 sets out the facts in neutral terms. We would have expected the EEA EFTA parties to be able to support the inclusion of this paragraph. Having taken good note of your remarks, we remain convinced of the added value of the proposed paragraph 21.

However, notwithstanding its strong position on the issue, the EU does not wish to jeopardize the adoption of the rest of our conclusions, which is a priority for both sides. Thus, in a spirit of compromise, the EU delegation will not insist on maintaining paragraph 21 of the draft conclusions regarding mackerel and can agree on its deletion, while not changing its position on the subject as such.

Intervention of Minister FRICK on behalf of the EEA EFTA States

We thank the EU side for their flexibility. With that, the conclusions are adopted.

7. OTHER BUSINESS

none

Closing remarks of State Secretary DELLA VEDOVA on behalf of the EUROPEAN UNION

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

Closing remarks of Minister FRICK on behalf of the EEA EFTA States

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

I then declare the meeting closed.

**42nd meeting of the
EEA COUNCIL
(Brussels, 19 November 2014)**

LIST OF DELEGATIONS

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

THE PRINCIPALITY OF LIECHTENSTEIN

Ms Aurelia FRICK	Minister of Foreign Affairs
Mr Martin FRICK	Ambassador, Director of the Office for Foreign Affairs
Mr Domenik WANGER	Senior Adviser to the Minister of Foreign Affairs
Mr Kurt JÄGER	Ambassador, Liechtenstein Mission to the EU
Mr Dominik MARXER	Counsellor, Liechtenstein Mission to the EU
Ms Anne CORNU	Counsellor, Liechtenstein Mission to the EU
Ms Julia WALCH	Temporary Officer, Liechtenstein Mission to the EU

THE KINGDOM OF NORWAY

Mr Vidar HELGESEN	Minister of EEA and EU Affairs, Office of the Prime Minister
Mr Atle LEIKVOLL	Ambassador, Mission of Norway to the European Union
Mr Niels ENGELSCHIØN	Deputy Head of Mission
Mr Stian CHRISTENSEN	Deputy Director, Ministry of Foreign Affairs
Ms Aud HELLSTRØM	Minister Counsellor, Mission of Norway to the European Union
Mr Rune BJAARSTAD	Senior Communications Advisor, Ministry of Foreign Affairs
Ms Benedicte STAALESEN	Political Advisor
Ms Maria MARTENS	Senior Advisor, Ministry of Foreign Affairs

Ms Kristin MARØY STOCKMAN	Senior Advisor, Ministry of Foreign Affairs
Ms Ulla HEGG	Counsellor for Environment, Mission of Norway to the European Union
Mr Gaute ERICHSEN	Counsellor for Energy, Mission of Norway to the European Union
Mr Lars Erik HAUGE	Head of Information, Mission of Norway to the European Union
Ms Karine MAHJOUBI ERIKSTEIN	Officer, Ministry of Foreign Affairs
Mr Stian MATHISEN	Information officer, Mission of Norway to the European Union
Mr Mads DANIELSEN	Trainee, Mission of Norway to the European Union
Ms Ingvild VAREIDE NAVE	Trainee, Mission of Norway to the European Union

ICELAND

Ms Bergdís ELLERTSDÓTTIR	Ambassador, Head of Icelandic Mission to the EU (Representing the Minister for Foreign Affairs)
Mr Ragnar G. KRISTJÁNSSON	Deputy Head of Mission, Icelandic Mission to the EU
Mr Andri JÚLIÚSSON	First Secretary, Icelandic Mission to the EU
Mr Angantyr EINARSSON	Counsellor, Icelandic Mission to the EU
Ms Ásgerður KJARTANSDÓTTIR	Counsellor Icelandic Mission to the EU
Ms Dalila BERNARD	Foreign Affairs Adviser, Icelandic Mission to the EU
Ingólfur FRIDRIKSSON	First Secretary, Icelandic Mission to the EU
Mr Steinar I. MATTHÍASSON	Counsellor Icelandic Mission to the EU
Ms Erika MIRANDOLA	Assistant, Icelandic Mission to the EU
Mr Ive LEONIDAS	Assistant, Icelandic Mission to the EU
Ms Lena MARENNE	Assistant, Icelandic Mission to the EU

II. The European Union was represented as follows:

ITALY

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

Mr Benedetto DELLA VEDOVA	Secretary of State, Ministry of Foreign Affairs and International Cooperation
Mr Lorenzo GALANTI	Counsellor, Ministry of Foreign Affairs and International Cooperation
Mr Jacopo MARTINO	Counsellor, Chair of the EFTA Working Party at the Council of the EU, Permanent Representation of Italy to the EU

EUROPEAN COMMISSION

Ms Mechthild WOERSDOERFER	Director Energy Policy, Directorate General for Energy
Mr Massimo LOMBARDINI	International Relations officer, Directorate General for Energy
Ms Laurence DE RICHEMONT	Head of International Affairs Unit, Directorate General for Internal Market, Industry, Entrepreneurship and SMEs
Ms Ann-Kerstin MYLEUS	Deputy Head of Unit, Directorate General for Regional and Urban Policy
Mr Per MANNES	Seconded Official, Directorate General for Regional and Urban Policy

EUROPEAN EXTERNAL ACTION SERVICE

Mr Luis Felipe Fernandez DE LA PENA	Managing Director for Europe and Central Asia
Mr Gianluca GRIPPA	Head of Western Europe Division
Mr Florin NITA	EEA Coordination Desk, Western Europe Division
Mr Vaclav NAVRATIL	EEA Coordination Desk, Western Europe Division
Ms Monika CSAKI	Desk Officer for Iceland, Liechtenstein and Norway, Western Europe Division

COUNCIL OF THE EUROPEAN UNION - GENERAL SECRETARIAT

Mr David JOHNS	Head of Unit for Enlargement
Mr Anders KJELLGREN	Desk Officer, Enlargement Unit
Ms Bärbel DÜRHAGER	Desk Officer for Non-EU Western Europe

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

EFTA SECRETARIAT

Mr Kristinn F. ÁRNASON	Secretary-General
Mr Helge SKAARA	Deputy Secretary-General
Mr Georges BAUR	Assistant Secretary-General
Ms Katrín SVERRISDÓTTIR	Director, Services, Capital, Persons & Programmes Division
Mr Knut HERMANSEN	Director, Goods Division
Ms Dóra Sif TYNES	Head of EEA Legal Services, EEA Coordination Division
Mr Marius VAHL	Senior Officer, EEA Coordination Division
Ms Anne Margrethe LUND	Trainee, EEA Coordination Division
Ms Benedicte SOGNEFEST	Trainee, Secretary-General's Office

EFTA SURVEILLANCE AUTHORITY

Ms Oda Helen SLETNES	President
Ms Helga JONSDÓTTIR	College Member
Mr Frank BÜCHEL	College Member

EEE 1608/14

PROGRESS REPORT

Subject: Progress Report by the EEA Joint Committee to the 42nd meeting of the EEA Council

Decision making

1. The EEA Joint Committee has adopted 180 Joint Committee Decisions (JCDs) incorporating 443 legal acts since the EEA Council of 13 May 2014. In the period January to 1 November 2014, the EEA Joint Committee has adopted 234 JCDs incorporating 552 legal acts. This is a considerable increase from the same period in 2013, during which 176 JCDs incorporating 303 legal acts were adopted.
2. As of 1 November 2014, there were 408 legal acts awaiting incorporation where the compliance date in the EU had passed, compared to 581 acts in April 2014. Since April 2014 therefore the overall number of outstanding legal acts has decreased by 30%, but it still remains too high.
3. Since the last EEA Council, the new internal EFTA procedures for the incorporation of EU acts into the EEA Agreement, which were adopted on 8 May 2014, have entered into force on 20 October 2014.

4. 158 legal acts adopted by the EU in the period from 1 January to 1 November 2014 were incorporated into the EEA Agreement in 2014, as compared to 81 legal acts in the same period in 2013. This demonstrates an improvement in the management of new acts with their timely incorporation into the Agreement.
5. The number of JCDs awaiting the fulfilment of constitutional requirements where the six-month period had expired has decreased to 5 as at 1 November 2014, as compared to 9 on 1 May 2014. There were 28 JCDs where the entry into force depended on the fulfilment of constitutional requirements of other already adopted JCDs or the incorporation of an EU legal act into the EEA Agreement, as compared to 17 in May 2014.
6. Important decisions incorporated since the 41st meeting of the EEA Council include:
 - Decision 88/2014 on the Road Package
 - Decision 109/2014 on Horizon 2020 (as well as a number of other Decisions incorporating new MFF 2014-2020 programmes into the EEA Agreement)
 - Decision 130/2014 on EEA EFTA participation in the EU Agency for Network and Information Security (ENISA)
 - Decision No 152/2014 on the general block exemption regulation in the field of state aid
 - Decision No 153/2014 on patients' rights in cross-border healthcare
 - Decision No 159/2014 on the supplementary package regarding the accession of Croatia to the EEA
 - Decision 188/2014 on the Acquisition and Preservation of Supplementary Pension Rights
 - Decision Nos 203/2014 to 208/2014 on the Plant Protection Products

Decision shaping

7. The EEA EFTA States are participating in 14 EU programmes and 18 agencies, of which 13 were regulatory agencies and five executive agencies.
8. Since the last EEA Council, the EEA Joint Committee has taken note of EEA EFTA Comments on the following subjects, to which the EU side has provided oral and/ or written reactions:
 - Platform against undeclared work
 - Payment services in the internal market
 - Trade Mark Directive
 - Multi-annual plan for the surveillance of products in the EU

Briefings in the Joint Committee

9. Briefings on the following subjects were provided in the EEA Joint Committee:
 - Capital controls in Cyprus
 - Capital controls in Iceland

Status of outstanding issues

10. The EU and EEA EFTA Ministers of Finance reached an agreement on the principles for the incorporation into the EEA Agreement of the EU Regulations establishing the European Supervisory Authorities in the area of financial services at the annual meeting of the EU and EFTA Ministers of Finance and Economy in Luxembourg on 14 October 2014. The drafting of the relevant Joint Committee Decisions incorporating these EU Regulations into the EEA Agreement is on-going, with the aim of their adoption by the Joint Committee as soon as possible.

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

- the Directive on the Deposit Guarantee Scheme
- the Regulation on Novel Foods and Novel Food Ingredients
- the Third Package for the Internal Energy Market
- the remaining part of the 2009 TELECOM package including the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC)
- the Third Postal Directive
- the Regulation on Medicinal Products for Paediatric Use
- the Marine Strategy Framework Directive
- the Offshore Directive
- the EU legal acts in the area of organic production

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

Financial Mechanisms

12. For the period 2009-2014, 993.5 million euro has been set aside under the EEA Financial Mechanism and an additional 804.6 million euro under the Norwegian Mechanism to contribute to reducing economic and social disparities in 16 EU countries in Central and Southern Europe and to strengthening bilateral relations.

13. Programmes and projects under both Mechanisms may be implemented until 2016. By 1 October 2014, all of the 150 programmes had been approved by the donors.

14. The European Commission, being responsible for screening all programme proposals for their compatibility with EU cohesion policy, has by 1 October 2014 received the proposals for all the 150 planned programmes. The Commission consent has been given to 146 programmes.

15. Bilateral funds for common activities were set up in many beneficiary countries since the last EEA Council. By 1 October 2014, there were 87 donor partner programmes under the EEA and Norway Grants, involving 24 different public entities from Iceland, Liechtenstein and Norway, along with the Council of Europe.

 16. In accordance with Article 9 of Protocol 38B on the EEA Financial Mechanism, a review of the need to address economic and social disparities within the European Economic Area was undertaken in 2013. The conclusion of the review, to which both the EU and the EEA EFTA sides contributed, was that there still was a need to alleviate social and economic disparities in the European Economic Area. Negotiations on the continuation of contributions, which were launched on 22 January 2014, are on-going.
-

**EUROPEAN ECONOMIC AREA
Council of the EEA**

**Brussels, 19 November 2014
(OR. en)**

**EEE 1607/2/14
REV 2**

CONCLUSIONS

Subject: Conclusions of the 42nd meeting of the EEA Council
Brussels, 19 November 2014

1. The forty-second meeting of the EEA Council took place in Brussels on 19 November 2014 under the Presidency of Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein. The meeting was attended by Ms Bergdís Ellertsdóttir, Ambassador, Head of the Mission of Iceland to the EU, Mr Vidar Helgesen, Minister of EEA and EU Affairs at the Office of the Prime Minister of Norway, Mr Benedetto Della Vedova, Secretary of State at the Italian Ministry of Foreign Affairs and International Cooperation, representing the Presidency of the Council of the European Union, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service.
2. The EEA Council noted that, within the framework of the Political Dialogue, the Ministers would discuss *Russia and Ukraine*, and *Syria, Iraq and ISIL, including the threat of foreign fighters returning to Europe*. An orientation debate was held on *Current prospects for the EU 2030 framework for climate and energy in the EEA context*.

3. The EEA Agreement is now in its third decade of operation. The EEA Council acknowledged that the Agreement has proven to be mutually beneficial for all contracting parties and has achieved its main task of promoting trade and economic relations and providing a predictable and level playing field for economic operators and citizens across the EEA during the last twenty years. The EEA Council highlighted that the Agreement had been robust and capable of adapting to changes in EU treaties and EU enlargements. The EEA Council recognised that the good functioning and further development of this extended Single Market would be a key driver for renewed growth in Europe.
4. The EEA Council emphasised the need for responsibility and solidarity among the countries of Europe to overcome the social and economic challenges that had arisen from the economic crisis. In particular, the EEA Council expressed concerns regarding the youth unemployment in some EEA Member States.
5. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA would be in the interest of all Contracting Parties, the EEA Council urged them to ensure that the appropriate information on the EEA Agreement was made readily and easily available to all.
6. The EEA Council noted that free movement of capital is a fundamental internal market freedom and an integral part of the EEA *acquis* and acknowledged that restrictions can be implemented temporarily on the basis of the provisions of Article 43 of the EEA Agreement.
7. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.

8. The EEA Council welcomed the agreement between the EU and the EEA EFTA side on the principles for incorporation into the EEA Agreement of the EU Regulations on the European Supervisory Authorities in the area of financial services, as reflected in the Conclusions approved by the EU and EFTA Ministers of Finance and Economy at their informal meeting of 14 October 2014. The EEA Council stressed the need to swiftly conclude the technical work necessary for this incorporation to ensure effective and homogenous supervision throughout the EEA. The EEA Council also highlighted the high importance of a swift incorporation and application of the outstanding legislation in the field of financial services in order to ensure a level playing field throughout the EEA in this important economic sector.
9. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the incorporation of Horizon 2020, Erasmus+, Creative Europe, COSME, the Rights, Equality and Citizenship Programme, the Statistical Programme, the Union Civil Protection Mechanism, the Connecting Europe Facility, the Programme for Employment and Social Innovation, Galileo and EGNOS, the Consumer Programme, Copernicus, and the Health Programme, and recognised the significant efforts taken by both sides to ensure the eligibility of EEA EFTA entities in the early call for proposals.
10. The EEA Council welcomed the ongoing public consultation launched by the Commission last September in preparation of a revision of the Small Business Act (SBA) in 2015. The EEA Council acknowledged the importance of the SBA as a tool to improve the business environment for SMEs in the EEA.
11. The EEA Council recognised the still existing need to alleviate social and economic disparities in the EEA, as well as the positive contribution of the EEA and Norway Financial Mechanisms 2009-2014 and their predecessors in reducing economic and social disparities throughout the EEA. It noted the on-going negotiations on the renewal of the EEA and Norway Financial Mechanisms for another term and called for a swift conclusion of these negotiations.

12. The EEA Council also took note of the on-going negotiations in parallel with the Financial Mechanism negotiations on bilateral issues between each of the EEA EFTA States and the EU, and also called for a swift conclusion of these negotiations.
13. The EEA Council welcomed the efforts made in recent months to reduce the number of outstanding EEA-relevant EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process. The EEA Council noted with satisfaction that the number of outstanding acts has decreased since the last Council meeting. However, it still remains too high. The EEA Council urged both sides to continue to take the necessary steps to reduce the number of outstanding acts, in particular those acts subject to a protracted period of delay in incorporation. The EEA Council considered that more needs to be done in order to significantly and durably reduce the time gap between the adoption of EEA relevant *acquis* by the EU and its application by the EEA EFTA States to thereby ensure legal certainty and homogeneity in the EEA. It is important that all parties engage to find solutions to difficult issues.
14. The EEA Council noted that progress is still needed on a number of outstanding issues and looked forward to reach a conclusion as soon as possible in particular regarding the Third Postal Directive, the 2009 TELECOM Package (including the Regulation on the Body of European Regulators for Electronic Communications – BEREC), the Directive on Deposit Guarantee Schemes, the Regulation on Novel Foods and Novel Food Ingredients, the Marine Strategy Framework Directive, the Regulation on Medicinal Products for Paediatric use and the EU legal acts in the area of organic production.
15. The EEA Council also noted with satisfaction the gradual decrease in the number of Joint Committee Decisions for which the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. The EEA Council 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.

16. With regard to the Third Package for the Internal Energy Market, the EEA Council underlined the importance of stepping up efforts to incorporate this legislative Package into the EEA Agreement in order to establish a fully functional internal market for energy, and in particular encouraged the parties to identify mutually acceptable solutions for appropriate EEA EFTA participation in the Agency for the Cooperation of Energy Regulators (ACER).
17. The EEA Council acknowledged the significance of the ongoing process of establishing a Transatlantic Trade and Investment Partnership (TTIP) between the European Union and the United States. Bearing in mind inter alia Protocol 12 to the EEA Agreement, it took note of the renewed wish expressed by the EEA EFTA States to have a regular exchange of information with the EU.
18. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environment, energy and climate change policies, particularly in light of the 2030 Framework for Climate and Energy. The close cooperation should also continue in particular in the areas of security of energy supply, emissions trading, promotion of competitive, climate resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, carbon capture and storage (CCS), marine environment and other environmental issues such as waste, chemicals, water resource management and industrial pollution.
19. The EEA Council acknowledged that the Contracting Parties, pursuant to Article 19 of the EEA Agreement, had undertaken to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council welcomed the launch in 2012 of negotiations on the further liberalisation of agricultural trade and on the protection of geographical indications between the EU and Iceland. The EEA Council also welcomed the launch of similar negotiations between the EU and Norway in November 2013 on the protection of geographical indications and the expected start of negotiations on further liberalisation of agricultural trade within the framework of Article 19 in the near future. The EEA Council noted that the EU had expressed its disappointment on the fact that the increased Norwegian customs duties for certain agricultural products, and the reclassification of hortensia, had not been revoked and that the EU had again encouraged Norway to reverse these measures.

20. The EEA Council welcomed the dialogue between Iceland and the EU on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in processed agricultural products and looked forward to the conclusion of this dialogue in the near future. The EEA Council encouraged the Contracting Parties to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in this area.
21. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant Council working parties.
22. 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 Italian and incoming Latvian Presidencies for the continuation of this practice.
23. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups and agencies, as well as through the submission of EEA EFTA Comments.
24. The EEA Council acknowledged the contributions of the EEA Joint Parliamentary Committee and the EEA Consultative Committee to the good functioning of the EEA Agreement, and looked forward to receiving further reports and resolutions from these committees in the future.