

Brussels, 15 September 2023 (OR. en)

12995/23

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FL 18 EEE 21 ETS 7 MI 744

'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Liechtenstein Sectoral Adaptations - Review
	- approval

- 1. After the expiry of Protocol 15 of the Agreement on the European Economic Area (the 'EEA Agreement') on the free movement of persons in 1999, the European Union and Liechtenstein agreed on specific arrangements on restrictions to the number of residence permits granted by Liechtenstein. These provisions are commonly referred to as "the Liechtenstein Sectoral Adaptations" and contained in Annexes V and VIII to the EEA Agreement.
- 2. Under the Liechtenstein Sectoral Adaptations the free movement of persons applies to Liechtenstein. However, EU citizens and nationals of other EEA countries wishing to take up residence in Liechtenstein have to obtain a residence permit. The Liechtenstein Sectoral Adaptations establish a minimum number of permits to be issues to EU citizens and nationals of other EEA countries every year. In 2004, these arrangements, initially agreed for a term for five years, were continued subject to the requirement that they should be reviewed every five years. Following a first review in 2009, a second review of the Sectoral Adaptations was carried out in 2014, and the third review was due in 2019 but has not yet been completed.

- 3. As regards the third review of the Sectoral Adaptations, (on the basis of the period 2014-2018), the European Commission presented an information note in the European Free Trade Association (EFTA) Working Party of the Council in January 2023 outlining some elements relevant to the review and explaining that the third review will, due to delays, only be completed in 2023.¹
- 4. On the basis of this information, the EFTA Working Party held a first exchange of views on 24 January and 7 February 2023. No concerns were raised over the continuation of the Liechtenstein Sectoral Adaptations for the period between 2014-2018.
- 5. On 27 July 2023 the Commission submitted to the Council and the European Parliament a Communication on the review of the Liechtenstein Sectoral Adaptations, setting out its assessment for the period 2014-2018.² In this communication, the Commission concludes that it does not see the need to make changes to the current rules and considers that the provisions on the Sectoral Adaptations can remain unchanged at this point in time. Nevertheless, the Commission notes that the formula to calculate the annual quota and the basis for the calculation have remained unchanged in the last 24 years.
- 6. On 12 September 2023, the EFTA Working Party discussed the Commission's Communication, and agreed to the conclusion set out therein, i.e. that the Liechtenstein Sectoral Adaptations can remain unchanged at this point in time.
- 7. Against this background, the Permanent Representatives' Committee is invited to:
 - a) confirm its agreement that the provisions of the Liechtenstein Sectoral Adaptations contained in Annex V and Annex VIII to the EEA Agreement remain unchanged at this point in time; and;
 - b) recommend that the Council approve, through an 'A' item in one of its next meetings, that the Union take the position in the 2019 review of the Liechtenstein Sectoral Adapations contained in Annex V and Annex VIII to the EEA Agreement to the effect that the relevant provisions remain unchanged at this point in time.

¹ Doc. WK 748/23

² Doc 12309/23

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