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PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2021) 673 final ANNEX
Subject:	ANNEX to the Proposal for a COUNCIL DECISION on the position to be adopted on behalf of the European Union, within the EEA Joint Committee concerning an amendment to Protocol 32 to the EEA Agreement, on financial modalities for implementation of Article 82

Delegations will find attached document COM(2021) 673 final ANNEX.

Encl.: COM(2021) 673 final ANNEX

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ANNEX

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Proposal for a COUNCIL DECISION

on the position to be adopted on behalf of the European Union, within the EEA Joint Committee concerning an amendment to Protocol 32 to the EEA Agreement, on financial modalities for implementation of Article 82

ANNEX

DRAFT DECISION OF THE EEA JOINT COMMITTEE

No […]

of […]

amending Protocol 32 to the EEA Agreement, on financial modalities for implementation of Article 82

THE EEA JOINT COMMITTEE,

Having regard to the Agreement on the European Economic Area ('the EEA Agreement'), and in particular Article 98 thereof

Whereas:

(1) Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis allocates additional external assigned revenue to the Horizon Europe Programme and the Union Civil Protection Mechanism. It is appropriate to clarify in the financial modalities for the implementation of Article 82 of the EEA Agreement (Protocol 32 EEA), that for the purpose of calculating the EFTA States' financial contributions, the basis for calculation should be increased by appropriations corresponding to external assigned revenue under Article 3(1) of Council Regulation (EU) 2020/2094 in relation to their participation in these programmes.

(2) Article 82 of the EEA Agreement stipulates that the proportionality factor for the EFTA States' contributions to the EU budget is to be calculated annually as a ratio between the GDP of the EFTA States and the EU Member States, and where the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community of 24 January 2020 sets out the United Kingdom's continued obligation to financially contribute to the EU Budget in proportion to its share of committed funds under the 2014-2020 Multiannual Financial Framework, it is appropriate that the United Kingdom GDP is accounted for in the calculation of the proportionality factor for budget lines exclusively carrying payments for completion of commitments signed under the 2014-2020 Multiannual Financial Framework.

(3) Protocol 32 to the EEA Agreement should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

1. The following paragraphs are added in Article 1 of Protocol 32:

'10. For the purpose of calculating the operational contribution pursuant to Article 82 of the EEA Agreement, the commitment and payment appropriations entered in the Union budget definitively adopted for the applicable years for financing Horizon Europe (Regulation (EU) 2021/695 of the European Parliament and of the Council) and the Union Civil Protection Mechanism (Regulation (EU) 2021/836 of the

European Parliament and of the Council), shall be increased by the appropriations corresponding to external assigned revenue allocated to those activities under Article 3(1) of Council Regulation (EU) 2020/2094 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 pandemic[1].

11. For the purpose of calculating the proportionality factor for budget lines exclusively carrying payments for completion of commitments signed under the 2014-2020 and preceeding Multiannual Financial Framework, the EFTA 'proportionality factor' as defined in Article 82(1) of the EEA Agreement shall be the sum of the ratios between, on the one hand, the gross domestic product at market prices of each of the EFTA States and, on the other hand, the sum of the gross domestic products at market prices of the EU Member States, the United Kingdom and of that EFTA State. This factor shall be calculated, for each budgetary year, on the basis of the most recent statistical data in accordance with Article 7.

12. Unless otherwise agreed by the EEA Joint Committee, for the purpose of calculating the proportionality factor as defined under Article 82(1) of the EEA Agreement for the budgetary year during which an agreement on the accession of a new Member State, referred to in Article 49 of Treaty on European Union, enters into force before 1 July of that year, the gross domestic product at market prices of EU Member States shall include the gross domestic product at market prices of the new Member State.

13. Unless otherwise agreed by the EEA Joint Committee, for the purpose of calculating the proportionality factor as defined under Article 82(1) of the EEA Agreement for the budgetary year during which an agreement on the withdrawal of a Member State, referred to in Article 50 of Treaty on European Union, enters into force after 1 July of that year, the gross domestic product at market prices of EU Member States shall include the gross domestic product at market prices of the withdrawing Member State.'

2. The following Article is added in Protocol 32:

'*Article 8*

Specific rules for participation in budgetary guarantees

Specific financial modalities for contributions of EFTA States related to participation in budgetary guarantees, including the procedure for the determination of the financial participation therein, shall be set in specific contribution agreements that may complement the modalities set in this Protocol. The contribution shall consist of a contribution for the partial provisioning of the budgetary guarantee and the assumption of the respective contingent liability, or shall alternatively be a cash contribution to the full provisioning of the budgetary guarantee, based on the conditions set out in the specific contribution agreements.'

[1] OJ L 433I , 22.12.2020, p. 23.

Article 2

This Decision shall enter into force on the day following the last notification under Article 103(1) of the EEA Agreement*.

It shall apply from 1 January 2021.

Article 3

This Decision shall be published in the EEA Section of, and in the EEA Supplement to, the *Official Journal of the European Union*.

Done at Brussels, […].

For the EEA Joint Committee

The President,

[…]

* [Constitutional requirements indicated.][No constitutional requirements indicated.]