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Subject: Minutes of the 52nd meeting of the EEA Council
Brussels, 19 November 2019

MINUTES

of the 52nd meeting of the

EEA COUNCIL

(Brussels, 19 November 2019)

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The EEA Council held its 52nd meeting in Brussels on 19 November 2019.

The meeting was chaired by Mr Guðlaugur ÞÓR ÞÓRDARSON, Minister for Foreign Affairs of Iceland, who led the EEA EFTA delegation accompanied by Ms Ine Eriksen SØREIDE, Minister of Foreign Affairs of Norway, and Ms Sabine MONAUNI, Ambassador of Liechtenstein to the EU.

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

The EU delegation was led by Mr Pekka HAAVISTO, Minister for Foreign Affairs of Finland, accompanied *inter alia* by representatives of the General Secretariat of the Council, the European External Action Service, and the European Commission.

Opening statement of Minister Guðlaugur ÞÓR ÞÓRDARSON on behalf of the EEA EFTA side

Co-chair, dear colleagues,

I welcome you to the 52nd meeting of the EEA Council. I propose that we deal with the items 1, 2, 3, 4, and 7 of the agenda without prior discussion.

Thank you, these points are then adopted. That takes us directly to item 6, the Single Market beyond 2019.

1. ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda, as set out in EEE 1605/19.

2. APPROVAL OF THE MINUTES

The EEA Council approved the minutes of the 51st meeting of the EEA Council, which took place in Brussels on 20 May 2019, as set out in EEE 1608/19.

3. PROGRESS REPORT BY THE EEA JOINT COMMITTEE

The EEA Council took note of the Progress Report by the EEA Joint Committee, as set out in EEE 1607/19.

4. RESOLUTIONS OF THE EEA CONSULTATIVE COMMITTEE

The EEA Council took note of the Resolutions of the EEA Consultative Committee adopted at its meeting in Brussels on 23-24 May 2019 on the *Benefits of 25 years of the EEA Agreement* and on the *European Labour Authority*.

5. CONCLUSIONS OF THE EEA COUNCIL

The EEA Council adopted the Conclusions, as set out in EEE 1606/19.

6. ORIENTATION DEBATE ON 'THE SINGLE MARKET BEYOND 2019'

Intervention of Minister Guðlaugur ÞÓR ÞÓRDARSON on behalf of the EEA EFTA side

Dear colleagues,

The Single Market has been an important source of growth, employment, and social and environmental progress in the EEA over the last decades. In September, the EEA EFTA States submitted a Comment to the EU on the priorities for the Single Market beyond 2019. The aim of the comment is to provide a timely contribution to the broader debate about the future of our common Internal Market at the beginning of a new institutional and legislative cycle in the EU.

Recalling 25 years of extended cooperation with the EU through the EEA Agreement, we reaffirm our commitment to continue to prioritise this long-term partnership for the benefit of our citizens and businesses.

The EEA EFTA States believe that the further development of the Single Market should be one of the main priorities also during the next legislative cycle; through new initiatives, better regulation, better implementation and enforcement of existing rules, and by protecting consumers. Raising awareness about the benefits of the Single Market should be a priority both at European and national level.

We need a holistic approach to policy making; competitiveness, sustainability, and the social dimension of the Single Market must go hand in hand. The EEA EFTA States are committed to the highest environmental standards and they encourage the EU to embrace those as the Single Market is further developed.

Identifying and removing the remaining barriers to the provision of cross-border digital services in the Single Market is a key task in the next few years. The fact that digitalisation cuts across all policy areas needs to be reflected in the structure of a future Single Market strategy.

The Single Market for services should be given high priority over the coming years. New policies must take into account that the markets for goods and services are becoming more and more interlinked and value chains increasingly global. Digitalisation and new technologies are instrumental in achieving greener, safer, and more user-friendly transport services in the future. We support initiatives to make Europe's energy markets more efficient in a sustainable manner. A risk-based approach should be applied to new legislation on food safety.

Finally, the EEA EFTA States put strong emphasis on preventing and combating unfair competition and irresponsible working conditions, social dumping, and work-related crime. We are convinced that a well-functioning Single Market is one where both women and men realise their full potential and actively participate in the labour market.

To conclude, we cannot take for granted that the Single Market will move forwards of its own accord. It needs constant updating and further improvement. We hope that our partners will do everything in their power to ensure that the Single Market remains a priority, for the benefit of both our citizens and businesses in the future.

Thank you.

Intervention of Minister Pekka HAAVISTO on behalf of the European Union

The Single Market in all its dimensions is a key asset that the EU, together with its EEA EFTA partners, cannot afford to under-utilise. The Single Market is our best guarantee for long-term prosperity. Its further development should remain one of our top priorities in the years to come. The Single Market boosts the competitiveness of European businesses, creates jobs, and enhances people's wellbeing.

The European Council conclusions of March 2019 called for action by the EU and its Member States to further deepen and strengthen the Single Market. The Commission was invited to present, by the end of the year, a long-term vision for the EU's industrial future.

In June 2019, the European Council adopted a new Strategic Agenda for the Union, covering the years 2019-2024; calling for an integrated approach connecting all relevant policies and dimensions:

- deepening and strengthening the Single Market and its Four Freedoms;
- designing an industrial policy fit for the future;
- addressing the digital revolution;
- ensuring fair and effective taxation.

Within this political framework, Finland's Presidency launched work on an integrated vision for a long-term strategy on sustainable growth, bringing together the Single Market, digital, and industrial policy aspects. These policy areas complement each other and highlight the same topics, but often from very different perspectives.

We have taken note with great interest of the EEA EFTA Comment on priorities for the Single Market beyond 2019, published on 18 September 2019.

On 26 and 27 September 2019, the Competitiveness Council held an exchange of views on the key policies that should form the basis of a long-term EU strategy on sustainable growth. EU Ministers broadly endorsed the need for an integrated approach on sustainable growth and also indicated their priorities among the various policy objectives set out in the Presidency's Report to the Council.

In line with these discussions, Finland's Presidency considers that the EU's future growth agenda should mainly focus on the following priorities and policy measures:

- accomplishing a just transition to climate-neutral industries, manufacturing, and service sectors;
- strengthening an innovation-friendly Single Market with a more favourable business environment;

- promoting innovation-led transitions with an ambitious policy mix emphasising investments in knowledge, uptake of research results, and deployment of innovations;
- making the EU a global leader in the digital economy
- enhancing the competitiveness and productivity of Europe by investing in education and skills;
- strengthening the external dimension of the EU's competitiveness.

Europe, Finland's Presidency believes, should take the global lead in managing the new developments that we currently face: climate change, global competition, rapid development and transformation of technologies, and the need for new skills to adapt to the ensuing technological and societal changes.

For the Single Market to thrive in the years to come, the EU needs a new comprehensive, ambitious, and forward-looking growth agenda with effective, carefully-chosen, and well-targeted policy measures to improve its productivity and competitiveness on the global markets. At the same time, it must be ensured that economic growth is sustainable, both environmentally and socially.

Intervention of Director Hubert GAMBS on behalf of the European Commission

Our Single Market has been a key source of growth, employment, and competitiveness since the EEA Agreement entered into force in 1994. This agreement unites all EU Member States and three EEA EFTA countries in a homogenous market, in which goods, services, capital, and persons can move freely. Its two-pillar structure ensures a uniform interpretation and implementation, application and enforcement of Single Market rules and other flanking policies.

Today, I am here to discuss with you the future Single Market policy for the next five years.

As you well know, the moment we speak is a bit particular, as the new Commission is still due to take its office.

So I hope you will understand that specific measures on detailed policies can only be proposed and/or adopted in the months to come. However, President-elect Ursula von der Leyen and Commissioner-designate Thierry Breton have already given insights in what they consider their priorities.

The Political Guidelines issued by President-elect von der Leyen set out her ambition for a Europe that “must lead the transition to a healthy planet and a new digital world”.

Single Market policy is at the heart of the ambitions for a European Green Deal, an economy that works for people, a Europe fit for the digital age, and a stronger Europe in the world.

Let us have a look at the most obvious ones first, the Industrial Strategy and the SME Policy.

SME Policy

Europe’s 25 million SMEs are the backbone of the EU economy. They represent 99.8% of all EU companies in the non-financial business sector, employ two-thirds of the workforce, and contribute over 50% of GDP. SMEs also have close interlinkages with larger companies either through value chains or through the innovation that they can bring to large companies. We need to tackle the challenges that SMEs face, from administrative burdens to finding the workforce they need. SMEs have to be at the heart of our industrial strategy, as well as of our efforts to enhance the Single Market and drive Europe’s transition towards sustainability, digitalisation, and innovation.

It will be a priority for Commissioner-designate Breton to contribute to the new SME strategy and the new industrial strategy announced by the President-elect. Both will fully integrate the objective to be the first climate-neutral continent by 2050 and support the circular economy.

Industrial policy

The added value of the EU's industrial policy stems from its holistic approach, which implies coordination of all the policies that matter for industry.

The Single Market marks the centre of those policies, as an essential driver of industrial competitiveness. There can be no strong European industry without a strong Single Market.

Building on this holistic approach, the new Commission will further refine and strengthen European industrial policy, as announced by President-elect von der Leyen.

The ambition for the next political cycle is for Europe to become the world's first climate-neutral continent, as big business opportunities stem from this challenge, together with the challenge of digitisation.

The future industrial strategy will play a central role in enabling this transition, together with investment in innovation and research, and with a redesign of our economy. Circular economy and clean technologies will be very important in this context and we will work to decarbonise energy-intensive industries.

We also want to take a more strategic approach to value chains that are key to EU industrial competitiveness and technological leadership. Strong European value chains help creating value in Europe, increase productivity, ensure sustainable prosperity in many regions, and strengthen resilience. This is why they play a key role in our industrial policy.

Actively facilitating industrial cooperation in strategic value chains will also accelerate the transition of our industry towards climate-neutrality in the context of the Green Deal and it will prepare industry better for the digital age. Our overall ambition is industrial leadership, not just sovereignty.

European work on batteries is an excellent example of such a joint large-scale action, bringing together EU, national and regional resources, public and private, to support a strategic value chain.

Industrial clusters are also one of the driving forces of industrial development and related trade in the Single Market. We also see them as effective actors that facilitate trade, investment and partnerships inside the EEA. We should, therefore, reinforce cluster collaboration between our countries.

The new Single Market Programme will consolidate the EU cluster-support actions into Joint Cluster Initiatives, to foster strategic partnering specialisation areas.

Ladies and gentlemen, in the years to come, we will collectively face, in an increasing manner, the speed of the technological and digital revolution, the need to adapt our society and economy to climate change, and increased competition from outside Europe.

Digital economy and society

New technologies such as Artificial Intelligence (AI), 5G, - or “6 G” as Mr Breton put it - high-performance and quantum computing, and robotics promise to improve the quality of life, safety, and prosperity of Europeans. To deliver on this potential, we need a sustainable human-centric approach to innovation and digitalisation, or, as Commissioner-designate Breton put it, to “enter a fourth space – the information space“ (after the terrestrial, sea, and air space). Creating growth while remaining true to our values should be the trademark of “digital made in the EU”.

Europe has already made major progress towards a Digital Single Market. We will now make sure the adopted rules are properly enforced. But we need to go further.

It will also look to avoid the fragmentation of the Single Market that could result from various national initiatives. The new AI regulatory framework will build on the work of the high-level expert group and on the results of the consultation and testing of the key requirements for a trustworthy AI.

AI relies on data. We therefore need a true Single Market for data. With the General Data Protection Regulation (GDPR), Europe already has a robust *regulatory* framework on personal data. However, work still needs to be done to incentivise data *flows*, between businesses, and between business and government. The EU has an opportunity to establish a model for the data economy which puts citizens and companies, including SMEs, in control of their data while ensuring better availability of data.

Finally, on **enforcement**:

Commissioner-designate Breton wants to improve enforcement of Single Market regulation through an action plan that would identify the barriers that harm our economies the most. He also wants to define sectoral priorities that have the biggest impact for our companies and citizens.

The Single market is our shared concern and our shared responsibility. In that respect, I want to take this occasion to thank the Standing Committee of the EFTA States for their comments on priorities for the Single Market. I understand that our colleagues from the EEAS are preparing a reply, together with the Commission services, which will be communicated to you in due course.

Thank you very much for your attention.

Intervention of Minister Guðlaugur ÞÓR ÞÓRÐARSON on behalf of Iceland

I welcome this timely discussion and thank Mr Gambs for engaging us in shaping the priorities for the Single Market in the years to come.

Allow me, in my national capacity, to make just a few brief points.

For Iceland, the Single Market is our home market and we have a tremendous stake in ensuring that it functions properly and remains fit for purpose. We are your partners in this and will contribute where we can to help achieve that outcome.

We need a cross-cutting approach to develop the digital dimension of the Single Market. We already see the transformative impact of new technologies - including artificial intelligence and 5G networks. We must ensure the right conditions for companies in Europe to innovate and compete globally.

Iceland fully supports the focus on a green economy and shifting to clean, renewable energy - where Iceland has decades of experience in sectors such as geothermal and hydropower. We are also developing new technologies for carbon capture and mineralisation to help meet environmental and carbon targets. Our companies are already engaged actively in the EU and could scale up this cooperation further.

We further welcome the incoming Commission's policy of 'one in, one out' for new legislation. More emphasis should be given to the enforcement of existing measures, to prevent the so-called 'world of dead letters' and uphold the rights of citizens.

Finally, we must all ensure that the development of the Single Market continues to respect the two-pillar architecture of the EEA Agreement. Last week we organised a successful seminar on the topic here in Brussels, raising awareness and reinforcing our commitment to find solutions that comply with our domestic legal systems. We look forward to further engaging the EU on this very important issue.

Intervention of Minister Ine Eriksen SØREIDE on behalf of Norway

Dear Chairs, dear colleagues,

developing the Single Market further is a priority for Norway. It has served us well for the past 25 years, and to keep it that way we need to make sure that the EEA Agreement remains fit for purpose.

The recently issued comment by the EEA EFTA States illustrates our desire to contribute constructively to the coming EU legislative cycle.

We share many of the incoming Commission's ambitions for the future of the Single Market.

A strong Europe and a well-functioning Single Market relies on better regulation, implementation, and enforcement of existing rules.

Norway trusts Ursula von der Leyen and her team to continue this important work.

Before moving on to how we should improve the Single Market, it is helpful to remind ourselves why the Single Market is so important.

Market access is central. But the agencies, rules, and regulations that make up the Single Market are about much more than access to a unified European marketplace.

Equally important, they provide rights and freedoms to our citizens. These rights often surpass what any single country would be willing to grant on a unilateral basis. They include the rights to travel, live, and work wherever you choose – without facing discrimination.

Some might have come to take these opportunities for granted.

And it is clear that we still have to work hard to make sure these rights are respected.

This is at the heart of the critical situation regarding social security payments that we have seen unfold in Norway in the last few weeks. The rights of residents to receive certain types of social benefits during stays in other EEA countries have been wrongfully applied.

The government is investigating individual cases and decisions with the aim of rectifying these wrongs, and to ensure correct application of the regulation in the future. An independent commission has been established to uncover how these mistakes were made.

Turning back to the achievements of the Single Market, I will also highlight that it protects our consumers from monopoly prices, limited choice, and unsafe products. It provides education and employment opportunities for students and job seekers.

There is no doubt that these freedoms are the principal achievements of the first quarter-century of the Single Market.

Let me elaborate on some sectors we should work to strengthen: Services and digitalisation, competition policy, and sustainability.

First, the Services Directive needs an improved notification procedure. A new procedure should require a standstill for comments while legislation is being prepared at governmental level.

Of course, the procedure has to be designed to avoid administrative burdens on local municipalities or other public authorities. The goal is transparency and predictability for all.

When it comes to financial services, it is important that regulatory homogeneity be ensured across the Single Market.

Norway encourages additional action and information exchange in the area of fin-tech (financial technology) and sustainable finance. The democratization of finance will be an important step in combatting inequality going forward.

Second, Norway remains concerned with certain aspects of the EU's competition policy.

We wish to be in line with the EU's enforcement framework going forward, but there is still an inconsistency regarding the enforcement of EU and EEA competition rules.

The reason is that we have yet to agree on a legal basis for cross-pillar decentralised enforcement. I hope to see progress on this point in the future.

When further developing the Single Market for services, we believe that the following should be on top of the agenda:

Preventing and combating unfair competition, irresponsible working conditions, social dumping and fighting work-related crime.

This will ensure that the Single Market not only provides more jobs at any cost, but good jobs for hard-working and law-abiding citizens.

Increased cross-border cooperation is required to manage these challenges responsibly. The newly created European Labour Authority should play an important role in this work.

Unfair competition within the road transport market is of special concern to Norway. The proposed legislation for the road sector included in the Mobility Package should promote traffic safety, social rights and a more level playing field in the market.

Last but not least, I would like to turn to sustainability:

Norway supports strengthened European cooperation on environmental issues. Climate change is the greatest challenge of our time, and our citizens demand decisive action.

The EU Emissions Trading Scheme should be maintained as the main mechanism to encourage the industry to reduce carbon emissions.

Luckily, the energy transition in Europe is underway. Europe must increase its reliance on renewable energy, create more efficient energy markets, and develop sufficient capacities for carbon capture and storage.

Natural gas will play an important role in this transition. As a flexible source of energy, it is a cost-efficient way to reduce emissions while ensuring a stable supply of energy.

In closing, we are pleased to see that many of our priorities coincide with those put forward by a number of EU Member States. The EEA EFTA States are equal members of the Single Market.

Equal members, with an equal commitment to developing a strong and well-functioning Single Market – fit for the future.

Thank you for your attention.

Intervention of Ambassador Sabine MONAUNI on behalf of Liechtenstein

Mr Chairman, dear colleagues,

Liechtenstein very much welcomes the topic chosen for this debate. Discussing the future of the Single Market may seem generic at first sight. After all, EEA cooperation is primarily about the Single Market. But given the many challenges that Europe as a whole is facing at the moment it is easy to let this important priority slip out of sight.

With this in mind, the EEA EFTA States submitted a comment on ‘The Single Market beyond 2019’ a few weeks ago. We look forward to getting a reply. It was intriguing to see that our choice of topic was approved by a prominent newspaper as well: At about the same time, *The Economist* issued a strong call on the new EU leadership to focus its energy on completing the Single Market. Particularly striking was its assessment that “Europe still looks like a series of mid-sized economies patched together, not a single rival to China and America”.

Liechtenstein would like to echo this call to **reinvigorate the Single Market**. As the smallest EEA partner, we are less focused on the macro perspective – in other words, the need to strengthen Europe in the globalized economy. Instead, our focus is on the need to ensure that innovative businesses, including start-ups, get a real opportunity to sell their services and products beyond their local markets. This is the mindset that has driven Liechtenstein’s businesses since post-war times. It is also the mindset that has helped establish our entire region – including Eastern Switzerland, Western Austria, Southern Germany and Liechtenstein – as one of the top business locations in Europe, especially in high-tech.

Overcoming trade barriers is, essentially, what our companies do for a living. We know from their experience, especially in **services**, that much remains to be done to make the Single Market frictionless. Removing barriers in order to achieve a truly integrated market, however, does not solve the question of how to *regulate* that market. Liechtenstein’s perspective on regulation is driven by a business-friendly, liberal economic tradition. We encourage entrepreneurship and innovation, especially by small and medium enterprises which are the backbone of the Liechtenstein economy. This requires that **laws and regulations remain proportionate to their objective**. They must not stifle businesses – in particular small companies – with excessive bureaucracy. But of course, the devil is in the details and the right balance often difficult to achieve.

Effective enforcement of existing rules is even more important than new regulation. We count on the Commission as well as the EFTA Surveillance Authority to continue to make full use of their powers to protect EEA rights. Liechtenstein also gives great support to the SOLVIT network, which has proven to be an efficient tool to solve cross-border problems swiftly and in an unbureaucratic manner.

Europe still underperforms on its **digital potential**. We therefore welcome the agreement on the Digital Europe Programme, which is an investment in the future of Europe. In this context, it may come as a surprise to you that Liechtenstein has recently regulated one particular area of the digital economy faster than any other country in the EEA. In early October the Liechtenstein Parliament adopted the so-called **Blockchain Act**. The new law will enter into force on 1 January 2020.

This law is not just about Bitcoins and cryptocurrencies. In fact, it goes beyond Blockchain technology itself, but remains neutral as regards the precise technology used.

Instead, it centres around so-called ‘tokens’ as well as ‘transaction systems based on trustworthy technologies’. The law recognizes that new technologies such as Blockchain make it possible to record assets or rights in the digital sphere in a secure manner, and without a need for traditional intermediaries, such as banks.

These technologies are opening up new opportunities in financial services, but also other areas such as logistics, mobility, energy, industry, media, and many more. Even the purchase of a car, for example, is conceivable as a transaction executed and secured via Blockchain technology. As a whole, these applications are referred to as the ‘**token economy**’.

This is not the place to go into much more detail. Suffice it to say that the token economy is ever growing and becoming an important driver of growth and prosperity. This has been recognized by the EU Commission, which is promoting such technologies, while studying the need for regulation. In Liechtenstein, the development of the *Blockchain Act* has helped bring about **legal certainty** for new businesses, while at the same time increasing **consumer protection** and safeguarding the **integrity of the financial system**. This has already had an immensely positive impact for our country as a business location – especially in FinTech, but with potential far beyond.

We believe that the concepts and principles contained in the Act could serve as inspiration for others. We are happy to share our experiences in the framework of the European Blockchain Partnership, which Liechtenstein joined in the beginning of this year. Most importantly, we believe that the further development of the Digital Single Market must also be looked at from the angle of the token economy. This will help strengthen Europe’s leadership role in digital technology and our economies as a whole.

I thank you.

Intervention of Minister Guðlaugur ÞÓR ÞÓRDARSON on behalf of the EEA EFTA side

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

And this brings me to the next item on our agenda – the assessment of the overall functioning of the EEA Agreement.

7. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT

Intervention of Minister Guðlaugur ÞÓR ÞÓRDARSON on behalf of the EEA EFTA side

Dear colleagues,

Since its entry into force in 1994, the EEA Agreement has provided the basis for a close relationship between Liechtenstein, Norway, and Iceland – the EEA EFTA States – and the European Union. As we celebrate its 25th anniversary, we can confidently say that the Agreement continues to function well.

By joining the three EEA EFTA States and the EU in a common Internal Market, the EEA Agreement ensures the free movement of goods, services, capital, and people throughout the EEA. It provides legal certainty, equal treatment, and predictable conditions for our citizens and businesses, to the benefit of all the 31 EEA countries.

But the EEA Agreement is much more than a free trade agreement. Its rules touch upon most areas of economic and social life, providing extensive rights for our citizens and economic operators. It ensures the participation of the EEA EFTA States in EU programmes and agencies. Through the Financial Mechanisms of the EEA Agreement, the EEA EFTA States make substantial financial contributions – approximately 400 million euros annually – to reduce economic and social inequalities in Europe, and to support a free and vibrant civil society, to the benefit of Europe as a whole.

The EEA Agreement remains a solid framework for cooperation on key areas of common interest and for finding common solutions to the most pressing issues. In light of the current challenges to the multilateral and rule-based international order, the Agreement has become even more important as a platform for cooperation. We must ensure that the ongoing trends towards protectionism do not affect the integrity of our Internal Market and our good collaboration across a wide range of areas.

Our ability to participate and contribute to the development of our common Internal Market is one of the unique features of the EEA Agreement. This includes close dialogue with our EU partners at all levels and the participation of our officials in numerous expert groups and committees that prepare new legislation and develop EU programmes.

A cornerstone in our EEA decision-shaping work is the submission of written comments on EU legislative and policy proposals. Here, it is essential to engage early in the process in order for our contributions to have the desired impact. Our hope is that a dialogue with the EU institutions and the EU Member States emerges from these comments, paving the way to addressing our common challenges.

The EEA Agreement is a dynamic agreement. By continuously incorporating new rules into it, we ensure a level playing field for our economic operators. This allows our businesses and consumers to reap the benefits of a vast home market of more than 500 million people, which in turn contributes to growth and jobs in our economies.

Ensuring that new EEA-relevant legislation is swiftly incorporated into the Agreement and is thus made applicable also on the EEA EFTA side is a key task in our day-to-day cooperation. Although a certain time lag in this process is a foreseeable and inevitable consequence of the procedures under the EEA Agreement, we are continuously working – together with our EU counterparts – to keep the number of acts pending incorporation into the EEA Agreement to a minimum.

With this in mind, I am pleased to note that we have made considerable progress in achieving this objective since our last meeting. So far this year, we have altogether incorporated 599 legal acts into the EEA Agreement, which is the third highest number of acts ever incorporated in a calendar year. The overall number of acts pending incorporation is now down to 431 legal acts. This represents a 30% reduction since the beginning of the year and is the lowest number since June 2015.

A key reason for these positive developments is the significant progress we have made in reducing the number of outstanding acts in the field of financial services. At its peak in mid-2018, this consisted of more than 350 acts. Since then, the number of pending acts in this area has been reduced by two-thirds. This has contributed to ensuring a level playing field in financial services, which is of utmost importance to our businesses. We would like to thank our counterparts in the EEAS, the Commission, and the Council for your constructive cooperation on these files. This has, again, demonstrated that our common goal on ensuring a homogenous EEA can be achieved through joint efforts and a pragmatic approach.

Preparing for Brexit has been another priority in recent years. In order to safeguard the integrity of the Internal Market and to avoid – to the extent possible – any disruption in our relations with the UK, we have agreed on an EEA EFTA Separation Agreement with the UK, which mirrors the EEA-relevant parts of the UK's Withdrawal Agreement with the EU. This comprehensive agreement, however, can only enter into force if the UK's exit out of the EU is on the basis of an agreement – the deal scenario – because it depends on the solutions found in the EU/UK Withdrawal Agreement. Furthermore, we have taken preparatory steps to ensure that during the transition period the UK will continue to be treated as a Member State of the EU for the purposes of the EEA Agreement.

In view of the continued uncertainty surrounding Brexit, we have also prepared for a no-deal scenario. I would like to use this occasion to thank our counterparts in the Commission and the EEAS for the close and constructive dialogue we have had, which has enabled us to incorporate relevant Brexit preparedness measures into the EEA Agreement in a timely manner. In parallel, the EEA EFTA States and the UK have signed a no-deal citizens' rights agreement, as well as other agreements to facilitate continued trade with the UK.

We will continue to monitor developments closely. The establishment of a new partnership with the United Kingdom will be a key item on the European agenda for years to come. This will have a significant impact on us, not just our EEA cooperation, but in other policy areas as well. It is of utmost importance that we continue our close dialogue and cooperation on our future relations with the UK after it has left the EU.

Looking ahead, the EEA EFTA States are closely following the work on the Multiannual Financial Framework for 2021 to 2027. This will have a significant impact on the EEA EFTA States, primarily related to our extensive and long-standing participation in EU programmes. This is a major element of our cooperation with EU institutions and the Member States in a wide range of areas. Ensuring that the final adopted programme regulations for 2021-2027 include provisions for full EEA EFTA participation in line of the provisions of the EEA Agreement.

Another future challenge is our joint effort to combat climate change. We have made important progress in this area recently, by extending our EEA cooperation to cover emissions and removals of land use, land use change, and forestry. Climate change was also on the agenda when our finance ministers met at the annual EFTA-ECOFIN meeting earlier this month. I am confident that the European Green Deal proposed by the President-elect of the European Commission, Ms Ursula von der Leyen, will allow us to enhance our long and lasting cooperation on climate change.

To conclude, we would like to thank the outgoing EU Chair, Finland, for our close and constructive cooperation during your Presidency. We appreciated in particular your facilitation of our participation in informal EU Council meetings and political dialogues, which play an important part in our relationship. We look forward to working with the incoming Croatian EU Council Presidency in the first half of next year.

Finally, I would like to underline again that the EEA Agreement continues to function well in promoting the development of our common Internal Market. The EEA EFTA States remain committed to continuing the positive and constructive cooperation we have with our EU partners for many years to come.

Thank you for your attention.

Intervention of Minister Pekka HAAVISTO on behalf of the European Union

I would like to use this opportunity to stress the importance of regular meetings of the EEA Council, which give us the opportunity to assess the application of the EEA Agreement and discuss recent developments.

The EEA Agreement was and remains the pillar of our relations. For more than 25 years it has allowed us to work together as a family, building a better Europe for our citizens. The importance of the EEA Agreement for long-term shared prosperity needs to be acknowledged and celebrated.

A few specific issues relating to the functioning of the EEA Agreement:

Since our last meeting in May, the EEA Agreement has continued to function in a satisfactory manner, maintaining its key role in advancing economic relations and Single Market integration between the European Union and the EEA EFTA States.

On the backlog: we welcome the progress achieved during the course of last year and note the 30 percent decrease in acts awaiting incorporation. Nonetheless, efforts to reduce the backlog must be pursued in order to ensure a level playing field throughout the EEA.

In particular, we would like to welcome the incorporation into the EEA Agreement on 25 October of the decision extending the cooperation on the inclusion of greenhouse gas emissions and removal from land use, land use change, and forestry in the 2030 climate and energy framework. This is a very important piece of legislation, paving the way for the EU and the EEA EFTA States to deliver on their ambitious commitments.

Significant results have been achieved in the area of financial services, with the recent incorporation of several key acts, such as the Payment Services Directive, the EU Benchmark Regulation and the Market Abuse Regulations.

With regard to the EEA and the Norwegian Financial Mechanisms for the 2014-2021 period, we hope that the remaining country-specific Memorandum of Understanding will be swiftly concluded. Timely implementation of all the Memoranda, flexibility and broad participation in the various projects are of key importance and continue to require close cooperation between the Beneficiary States and the EEA EFTA States.

In line with previous years, we would like to take this opportunity to reiterate the EU's firm commitment to sustainable fishing in the northeast Atlantic.

In particular, we would like to mention the current challenges relating to the management of the stocks of mackerel. In order to sustainably reap the important economic and environmental benefits that the exploitation of these stocks provides, comprehensive and fair management regimes, involving all states having a management responsibility for these stocks, are urgently required in order to avoid overexploitation and subsequent stock declines. We therefore encourage all parties concerned to continue their efforts, with a view to finding a rapid resolution of this issue.

Thank you for your attention.

Intervention of Deputy Secretary-General Christian LEFFLER on behalf of the EEAS

Dear Ministers, Representatives of EFTA/EEA institutions, Ambassadors, ladies and gentlemen, I am pleased to share with you our assessment on the functioning of the EEA Agreement.

2019 is coming to an end, but it will remain a special and eventful year, as the EEA Agreement is celebrating its 25th anniversary.

The EEA Agreement is a true success story for Europe: citizens of the EEA work and live together peacefully, united by shared values of democracy, individual freedoms, the rule of law and human rights, and a joint commitment to open societies and open economies.

The EEA Agreement has for 25 years guaranteed equal treatment, legal certainty, and predictable conditions for citizens and businesses. It has also contributed in the spirit of solidarity, through the EEA and Norway Financial Mechanisms, to marked reduction of social and economic disparities in the EEA and to support of free and vibrant civil society. The EEAS is happy to host a special exhibition in its premises on the EEA and Norway grants, which will be inaugurated on 25 November 2019.

The EEA Agreement is not a short-term transaction, but a long-term partnership, where everyone contributes, and everyone benefits.

We know that we are stronger together. We have come to realise that even the biggest countries of Europe have become small in the world of today. Together we can achieve more for the citizens both inside and outside of the EEA.

The building blocks of collaboration in the EEA are: (1) the indivisible Four Freedoms that have contributed to successful exchanges for businesses as well as to prosperity for workers, and the protection of consumers; and (2) the two-pillar structure of the EEA Agreement, that has secured the robustness and legal certainty of our partnership.

The continuous exchanges between the two sides of the Agreement are the proof of its vitality. And indeed they are fruitful: 2019 will beat all earlier records: thanks to our common effort, the famous ‘backlog’ — of EEA-relevant legislative acts which are not yet incorporated into the EEA Agreement — has been reduced by a record: almost 30 per cent.

This major achievement, registered mainly but not exclusively, in the sector of financial services, has been a result of the intensive and dedicated work of experts, officials, and diplomats on both sides.

Let me thank everybody for this collective effort, involving the EEAS and Commission services, the EFTA secretariat, your three Embassies in Brussels, as well as numerous colleagues in your capitals.

Another major achievement — which also required a lot of effort — was the tackling of the Brexit process. With a moving target, we jointly had to prepare for every scenario all along the year, especially for a withdrawal without an agreement. To this end, in March we adopted 17 decisions incorporating 22 acts into the EEA Agreement, concerning mainly veterinary and phytosanitary matters, financial services and the transport sector, including measures ensuring basic aviation and road connectivity. These decisions mirrored some of the contingency measures adopted by the Commission last year to ensure continuity in a no-deal scenario.

I have now spoken about the Single Market, the core of our relationship. But as we know, there is much more than that in the EEA. I am pleased to note that among the most recent decisions taken was the extension of the reinforced EU Civil Protection Mechanism to Iceland and Norway. This will open the way for a better response to, for instance, a situation of forest fires in Sweden or Norway.

Turning to climate change: We are very satisfied that we could take a leading role together to combat this global phenomenon, and we have all committed — the EU, Norway, Iceland, and Liechtenstein — to reduce greenhouse gas emissions by at least 40% by 2030 compared to 1990 levels.

On 25 October, the EU, Norway, and Iceland agreed on an ‘Extended Climate Collaboration’, by which we will collaborate to fulfil our greenhouse gas emission reduction targets. This builds on the successful cooperation for over ten years in the EU Emissions Trading System, and is a tangible example of a collective commitment of like-minded partners to jointly tackle a critical global challenge.

The crucial work on EEA matters takes place in capitals. It is there, where parliamentarians, advised by experts, scrutinise EEA relevant legislation and take decisions on transposition of EEA law into national legal orders. It is not always an easy process, it can take time and debates are sometimes heated. This is how democracy works and we all subscribe to this process. We welcome the adoption of the 3rd Energy Package, which was of utmost importance, as the application of a common regulatory framework is a precondition to the continuation of undistorted electricity trade for instance between the Scandinavian EU and non-EU countries.

The point I want to make here is that EU legislation also goes through such processes in the Council, in the European Parliament, and in EU capitals, as well.

We are pleased with the fact that the three EEA EFTA States participate and have an impact in shaping EU legislation through the so-called 'EEA-EFTA Comments'. This is to the benefit of the whole European Economic Area.

In more general terms, European Commission President-elect von der Leyen has presented her political guidelines for the next five years, which includes a new industrial strategy and a deepening of the Single Market.

The goal is to have an economic policy that goes hand in hand with social rights and the protection of our climate. At the same time, we have to make sure that our industry stays competitive in an ever-more globalized and digitalized world.

Ensuring equal employment rights in the Single Market — equal pay for equal work in the same place — has been a priority of the present European Commission. It is essential that we are globally competitive while maintaining high employment and social standards, and a level playing field for businesses.

Excellences, Ladies and Gentlemen,

What else is ahead of us more specifically in relation to the EEA Agreement?

In the remaining months of 2019 and 2020 there are some important files which we would like to address:

Together with colleagues from the EEA-EFTA side, we will continue work on the files related to the Third Postal Directive, the Single European Railway Area, Energy Efficiency, and the Energy Performance of Buildings. We are also committed to make further progress on the Ship Inspection and Survey Organisation Package, as well as on the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC). We shall look at all these files with pragmatism, and with the two-pillar structure of the EEA Agreement in mind. We are confident that together we can find mutually agreeable solutions.

In addition, there are some pieces of relatively new legislation that await incorporation, such as the 5th Anti-Money Laundering Directive (AMLD V), adopted on the EU side in May 2018, that for example addresses the use of cryptocurrencies for terrorist activities. We hope that this Directive can be swiftly incorporated into the EEA Agreement so that it becomes simultaneously applicable in both the EU and the EEA EFTA States in January 2020.

On the EEA Agreement and its functioning in general, I would like to point at the high number of ‘constitutional requirements’ which delay the entry into force of the EEA Joint Committee Decisions. We are keen to understand the reasons behind this new situation, i.e. why the approval in your national Parliaments sometimes takes so long. Our remark is of course to be seen positively as we want to do whatever is possible to speed up existing processes.

Furthermore, at earlier occasions, the EU has recalled the wish to continue the progressive liberalisation of trade in agricultural products. The EU welcomes the signing and recent entry into force of agreements on trade in basic agricultural products with Norway and Iceland, and also with processed products and on geographical indications with Iceland. Now we would like to proceed quickly with an update of our agreement with Norway on processed agricultural products.

Secondly: Next year, in 2020, we will come closer to the end of the present period covering the EEA/Norway grants (they run until the end of April 2021, but expenditure can take place until 2024). From the EU side we will therefore aim at starting negotiations for the following financial period in the course of next year.

Finally: we are still in celebration mode regarding the 25th anniversary of the EEA Agreement. This year, in Brussels, we had the pleasure to see the Prime Ministers of Norway, Iceland, and Liechtenstein as guests at the European Council on 22 March, truly marking the success of the common internal market. Many more events were organised, both in Brussels but more importantly in the EEA EFTA States. We are aware that Liechtenstein is preparing a major event in Vaduz in May 2020 to which we look forward.

All these events are part of our joint commitment to step up our communication efforts on the EEA so that our populations, especially the younger generations, are aware of the many practical benefits of the single market and of our co-operation.

Thank you for your attention.

Intervention of Minister Ine Eriksen SØREIDE on behalf of Norway

Dear colleagues,

it is a good occasion to meet on the 25th anniversary of the EEA Agreement, although with less balloons than in May. The best way to celebrate the achievement of 1994 is to keep working for a well-functioning agreement.

30 years ago this November, the Berlin Wall fell – and The Iron Curtain was soon to follow.

Thanks to the EEA Agreement, a mere five years later the economies of the EEA EFTA States were integrated with that of the former GDR in the Single Market. The 25 years that passed saw a dramatic rise in prosperity for all parties.

Few could have imagined in November 1989 that the cooperation in Europe that now exists between the former East and West would be at this level.

To be sure, this cooperation extends far beyond economic relations, as touched upon earlier today. The role played by the EEA Agreement in this process cannot be overstated.

25 years ago this month, the Norwegian people rejected full membership in the EU – but we did not reject an active role in Europe. The EEA Agreement is living proof of our enduring commitment to European cooperation.

Raising awareness of the joint achievements that would have been impossible without the EEA-agreement is crucial to bring the success of the last 25 years into the future.

Because when describing the successes of multilateral cooperation, we must be as bold as we are when warning against the threats facing international rule-based cooperation.

The Single Market has benefitted all of us for 25 years.

The evolving character of the agreement has allowed the Single Market to adapt to a rapidly changing world environment.

Its evolving character means that the Single Market is never truly complete – it is always a work in progress.

We have now entered a new legislative period in the EU, and we hope to welcome the new Commission very soon. This is the time to set the priorities for the next stage of our work.

In this regard, I thank you for a constructive discussion on the future of the Single Market just recently.

As we all know, much of the backlog is an unavoidable consequence of the evolving character of the EEA Agreement.

Still, it is a joint responsibility to keep it at a minimum. Norway will continue to do our part.

I am happy to note that so far in 2019, we have incorporated more legal acts than the whole of last year – and in practice, this means that we have reduced the backlog by more than 30 per cent since January.

Our common effort on financial services this spring was an important contribution to reducing the backlog. I hope similar joint action can be possible in the future.

I am also pleased to note that since our last meeting, we have completed the implementation of the third energy market package in the EEA agreement. This is important because it ensures a level playing field, enhances security of supply, and helps integrate renewable energy into the European energy market.

Last year, when Norway notified the EU side that we had fulfilled our constitutional requirements, we issued a declaration on our principles for future cooperation on energy policy.

I will take this opportunity to remind you of this declaration and its eight principles, and let me highlight two. Among them that Norway's hydropower resources must be under national and societal management and control, and that any decision on new interconnectors must remain a sovereign decision made by Norwegian authorities

The EEA Agreement has not only delivered economic benefits for our citizens, it has also provided new rights and helped to spread and protect our shared values.

I especially want to highlight the commitment to rule of law and the democratic process. These are ends in themselves, but also preconditions for any free and efficient market economy.

Democracy relies on a vibrant civil society. Not only because a free market place of ideas produces the best solutions to the challenges we face. But also because civil society is needed to keep a check on governments, and to make sure that every voice is heard.

Through the EEA and Norway Grants, the EEA Agreement contributes to upholding democracy and the rule of law across the Single Market. This work is now more important than ever.

Norway remains committed to the principle that the EEA and Norway Grants' funding of civil society must remain politically independent, and independent from the governments.

Paradoxically, as we are facing unprecedented challenges on a global scale, faith in multilateral cooperation is waning.

To those in doubt: 25 years of successful European cooperation through the EEA Agreement are an excellent counter-argument..

To solve our global challenges we must strengthen cooperation within Europe – and strengthen Europe's voice on the international stage.

Investing in European research and innovation is a way to do both.

Norway remains a committed partner through our substantial contributions to EU-programmes, and it is our firm view that the programmes must continue to allow full participation and eligibility for the EEA EFTA States.

Successful multilateral cooperation is the strongest argument against nationalist and isolationist rhetoric.

So, when talking about the success of the EEA Agreement, it falls upon all of us not to hold back.

Thank you.

Intervention of Minister Guðlaugur ÞÓR ÞÓRÐARSON on behalf of Iceland

The EEA Agreement has proved its durability after 25 years – I know we all agree on this. Even so, we cannot be complacent. There are those who seek to undermine the EEA, often by using misleading or even false arguments. The discussion around the Third Energy Package was a good example.

It is therefore our duty as politicians to ensure that the EEA Agreement is widely understood and its advantages valued. I am happy to say that a recent opinion poll shows that 55% of Icelanders are very positive to the EEA, 33% are fairly positive and only 12% are negative. When it comes to knowledge of the EEA however, around 20% consider they do not know it very well. I commissioned a report by three eminent persons on EEA cooperation. This 300 page report was delivered in September and will, I hope, form the basis for informed and balanced discussion on the EEA in Iceland for the future.

The EU Presidency has brought up the issue of mackerel, which is unusual as fisheries are not part of the EEA Agreement and therefore not subject to the scrutiny of the EEA Council.

I have to say that if we wanted to expand the scope of this meeting there are a number of issues I would need to take up.

Nevertheless, since the issue has been raised, I would like to make a few points for the record:

Iceland is a coastal state for mackerel, blue whiting, and the Atlanto Scandian herring, and has a legitimate claim to shares from these three fish stocks.

As a coastal state, Iceland also has an obligation to work on a sharing agreement with other coastal states.

As we all know, there is today no comprehensive agreement on the sharing of these stocks. This violates the Straddling Fish Stocks agreement and seriously threatens the three stocks, as overfishing continues.

Iceland has made extensive efforts to facilitate agreement on sharing arrangements for the three stocks. We led the so-called '3 fish approach' and have offered concrete proposals towards a solution, with substantial and difficult concessions.

Iceland has also sought to join the three-party agreement on mackerel. But unfortunately, other parties have not been willing to engage in substantive negotiations to find a mutually acceptable solution.

In conclusion, I underline that Iceland remains committed to finding a common arrangement and would welcome constructive dialogue with the EU.

It is also our duty as partners on the EFTA and the EU side to ensure that the integrity of the EEA is maintained, and basic principles respected. We held a very successful seminar last Friday on this very topic and I will continue to remind us all of the importance of respecting the two-pillar system.

However, it makes it harder to highlight the many advantages of the EEA as a platform for participation in the Internal Market while one of our key products – fish products – have substantially worse access into the EU than those of a growing number of third countries. Add to this the fact that we contribute generously through EEA Grants to reduce disparities in states across the Internal Market, and the position becomes more problematic. This undermines support in Iceland for our broader cooperation and my government will continue to engage actively with the EU to find a solution.

I mentioned earlier the good progress we have made in reducing the backlog of outstanding acts in the field of financial services. In this respect, I would however like to underline, like I have done before in previous EEA Councils, that one outstanding act in that field causes serious concerns for Iceland.

I am referring to Directive 2014/49 on deposit guarantee schemes, the so-called DGS III. There are obvious links between this Directive to the Icesave case Iceland experienced after the collapse of the entire Icelandic banking system. At that time, the EU insisted that the then-existing deposit guarantee scheme stipulated full state liability for all deposits collected abroad under the so-called Icesave scheme. Iceland was brought before the EFTA Court, which however rejected any such state liability, and ruled in favour of Iceland.

Before incorporating the DGS III Directive into the EEA Agreement, there must be an absolutely clear interpretation by all Parties that the new Directive, DGS III, does not impose any state liability on deposits, at least not for Iceland.

Intervention of Minister Guðlaugur ÞÓR ÞÓRÐARSON on behalf of the EEA EFTA side

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

8. OTHER BUSINESS

Intervention of Minister Guðlaugur ÞÓR ÞÓRÐARSON on behalf of the EEA EFTA side

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

Intervention of Minister Pekka HAAVISTO on behalf of the European Union

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

Closing remarks of Minister Pekka HAAVISTO on behalf of the European Union

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

Intervention of Minister Guðlaugur ÞÓR ÞÓRDARSON on behalf of the EEA EFTA side

I then declare the meeting closed.

52nd meeting of the EEA COUNCIL

(Brussels, 19 November 2019)

LIST OF PARTICIPANTS AT THE PLENARY SESSION

Icelandic Delegation (EEA EFTA Chair)

| | |
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| H.E. Mr Guðlaugur Þór ÞÓRÐARSON | Minister of Foreign Affairs, Ministry for Foreign Affairs |
| H.E. Mr Gunnar PÁLSSON | Ambassador, Mission of Iceland to the EU |
| Mr Nikulás HANNIGAN | Director General, Directorate for External Trade, Ministry for Foreign Affairs |
| Mr Bergthor MAGNÚSSON | Legal Adviser, Ministry for Foreign Affairs |
| Mr Thórdur JÓNSSON | Counsellor, Deputy Head of Mission, Mission of Iceland to the EU |
| Ms Diljá Mist EINARSDÓTTIR | Political Adviser, Ministry for Foreign Affairs |
| Ms Katrín SVERRISDÓTTIR | Director of EEA Coordination, , Mission of Iceland to the EU |
| Ms Ragnheiður HARÐARDÓTTIR | Counsellor, Mission of Iceland to the EU |
| Ms Helga HARALDSDÓTTIR | Counsellor, Mission of Iceland to the EU |
| Ms Anna Pála SVERRISDÓTTIR | First Secretary, Mission of Iceland to the EU |
| Mr Þorvaldur Hrafn YNGVASON | First Secretary, Mission of Iceland to the EU |

Norwegian Delegation

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| H.E. Ms Ine ERIKSEN SØREIDE | Minister of Foreign Affairs, Ministry of Foreign Affairs |
| Mr Rolf Einar FIFE | Ambassador, Mission of Norway to the EU |
| Mr Per Strand SJAASTAD | Ambassador/Minister Counsellor, Mission of Norway to the EU |
| Mr Niels ENGELSCHIØN | Director-General, Ministry of Foreign Affairs |
| Mr Jørn GLOSLIE | Director, Ministry of Foreign Affairs |
| Ms Randi VESSELTUN | Director, Ministry of Trade, Industry and Fisheries |
| Ms Marte ZIOLKOWSKI | Political Advisor, Ministry of Foreign Affairs |

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| Ms Trude MÅSEIDE | Head of Communication/Deputy Director-General, Ministry of Foreign Affairs |
| Ms Wera HELSTRØM | Counsellor, Mission of Norway to the EU |
| Mr Sven MICHELSEN | Senior Adviser, Ministry of Foreign Affairs |
| Ms Ingjerd HAUGEN | First Secretary, Mission of Norway to the EU |
| Mr Jonas ERVIK | Trainee, Ministry of Foreign Affairs |
| Ms Olivia KNUDSEN | Trainee, Mission of Norway to the EU |

Liechtenstein Delegation

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| H.E. Ms Sabine MONAUNI | Ambassador, Mission of Liechtenstein to the EU |
| Mr Thomas BISCHOF | Deputy Director of EEA Coordination Unit |
| Mr Stefan BARRIGA | Minister, Deputy Head of Mission, Mission of Liechtenstein to the EU |
| Ms Helen LORENZ | Second Secretary, Mission of Liechtenstein to the EU |
| Mr Fabian RITTER | Trainee, Mission of Liechtenstein to the EU |

Finnish Delegation (EU Council Presidency)

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|-------------------|------------------------------------|
| Mr Pekka HAAVISTO | Minister for Foreign Affairs |
| Ms Miia RAINNE | Diplomatic Adviser to the Minister |

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| Mr Jeri AALTO | Special Adviser, Office of the Minister for Foreign Affairs |
| Ms Melissa SÄILÄ | Counsellor, Chair of the EFTA Working Party |
| Ms Ilona VIHONEN | Second Secretary, Co-chair of the EFTA Working Party |

EU Council Secretariat

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| Mr Kim FREIDBERG | Director, Enlargement, Security, Civil Protection, Foreign Affairs Council Support |
| Ms Andreia VISCONTI-IORDACHITA | Desk Officer for Non-EU Western Europe, Enlargement Unit |
| Mr Anders KJELLGREN | Political Administrator for Non-EU Western Europe, Enlargement Unit |
| Ms Stephania BALZAN | Political Assistant, Enlargement Unit |

European External Action Service

| | |
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| Mr Christian LEFFLER | Deputy Secretary General |
| Ms Clara GANSLANDT | Head of Division, Western Europe |
| Mr Martin SKYLV | Deputy Head of Division, Western Europe |
| Mr Mikolaj KARLOWSKI | EEA Desk Officer |
| Ms Vesela GEORGIEVA | EEA Assistant |

European Commission

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| M. Hubert GAMBS | Director, Modernisation of the Single Market, DG GROW |
| Mr Tom DIDERICH | International Relations Officer, DG GROW |

EFTA Secretariat

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| Mr Henri GÉTAZ | Secretary-General |
| Ms Hege Marie HOFF | Deputy Secretary-General |
| Mr Andri LÚTHERSSON | Deputy Secretary-General |
| Ms Brit HELLE | Director, Internal Market Division |
| Ms Elín Sif KJARTANSDÓTTIR | Deputy Director, Internal Market Division |

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| | Mr Finnur Thor BIRGISSON Head of EEA Legal coordination, EEA Coordination Division |
| Mr Marius VAHL | Head of EEA policy coordination, EEA Coordination Division |
| Mr Tore Nyvold THOMASSEN | Senior Officer, Internal Market Division |
| Mr Thorfinnur OMARSSON | Senior Officer, Secretary-General's Office |
| Ms Betzy HAENNINEN | Trainee, Secretary-General's Office |
| Ms Myra MELKILD | Trainee, EEA Coordination Division |

EFTA Surveillance Authority

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

**EUROPEAN ECONOMIC AREA
Council of the EEA**

**Brussels, 8 November 2019
(OR. en)**

EEE 1607/19

REPORT

Subject: Progress report by the EEA Joint Committee to the 52nd meeting of the EEA Council

Decision making

1. The EEA Joint Committee has adopted 135 Joint Committee Decisions (JCDs) incorporating 229 legal acts since the EEA Council of 20 May 2019. In the period from 1 January to 25 October 2019, the EEA Joint Committee has adopted 263 JCDs incorporating 599 legal acts. In comparison, during the period from 1 January to 26 October 2018, 219 JCDs incorporating 375 legal acts were adopted, i.e. an increase of close to 60% in 2019.
2. As of 1 November 2019, there were 431 outstanding legal acts where the compliance date in the EU had passed, compared to 612 acts on 5 November 2018. Since November 2018 therefore, the overall number of outstanding legal acts has decreased by 30%.
3. As of 4 November 2019, the number of JCDs awaiting the fulfilment of constitutional requirements where the six-month period had expired was 23, compared to 18 in May 2019.
4. Important decisions incorporated since the 51st meeting of the EEA Council include:
 - Decision No 165/2019 on payment services in the internal market (the Payment Services Directive);

- Decision No 190/2019 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the EU Benchmark Regulation);
- Decision Nos 201/2019 - 205/2019 on cooperation in specific fields outside the four freedoms, related to budget lines in the following areas: Preparatory action on defence research, Social Security, Financial Services, Internal Market and Company law;
- Decision No 210/2019 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products (Official Controls Regulation);
- Decision Nos 237/2019 - 238/2019 incorporating 28 legal acts in the field of financial services;
- Decision No 246/2019 extending the reinforced EU Civil Protection Mechanism to Iceland and Norway;
- Decision No 259/2019 on market abuse (Market Abuse Regulation);
- Decision No 269/2019 extending the cooperation on the inclusion of greenhouse gas emissions and removal from land use, land use change and forestry in the 2030 climate and energy framework;
- Decision Nos 270/2019 – 272/2019, incorporating six acts containing urgent Brexit-related measures, adopted by written procedure on 30 October 2019.

Decision shaping

5. The EEA EFTA States are participating in 14 EU programmes and 21 agencies, of which 16 are regulatory agencies and five executive agencies¹.

¹ See p. 5 of Annex I to the Annual Report of the EEA Joint Committee 2018.

6. Since the last EEA Council, the EEA Joint Committee has taken note of one EEA EFTA Comment on the priorities for the Single Market beyond 2019 (Ref. 19-2380 of 18 September 2019).

Briefings in the Joint Committee

7. Briefings by the Icelandic Delegation and the European Commission have been provided regarding capital controls in Iceland and Greece.

Status of outstanding issues

8. The discussions on the following issues have not yet been concluded:
- Ship Inspection and Survey Organizations;
 - 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 Single European Railway Area;
 - Directives pertaining to Energy Efficiency and the Energy Performance of Buildings;
 - the Tobacco Products Directive;
 - the Regulation on genetically modified food and feed.
9. The Joint Committee has reiterated its determination to work towards the rapid conclusion of these issues.

Financial Mechanisms

10. The Agreement on the EEA Financial Mechanism and the Agreement on the Norwegian Financial Mechanism for the period 2014-2021 imply total contributions of 1548.1 and 1253.7 million euro, respectively. As of 4 November 2019, Memoranda of Understanding have been signed with Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, and Slovenia.
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**EUROPEAN ECONOMIC AREA
Council of the EEA**

**Brussels, 19 November 2019
(OR. en)**

**EEE 1606/1/19
REV 1**

CONCLUSIONS

Subject: Conclusions of the 52nd meeting of the EEA Council
(Brussels, 19 November 2019)

The fifty-second meeting of the EEA Council took place in Brussels on 19 November 2019 under the Presidency of Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs of Iceland. The meeting was attended by Mr Pekka Haavisto, Minister for Foreign Affairs of Finland, representing the Presidency of the Council of the European Union, Ms Sabine Monauni, Ambassador and Head of Mission of Liechtenstein to the EU, and Ms Ine Eriksen Søreide, Minister of Foreign Affairs of Norway, as well as by members of the Council of the European Union and representatives of the European Commission and the European External Action Service. The EEA Council discussed the overall functioning of the Agreement on the European Economic Area (EEA Agreement) and held an orientation debate on *the Single Market beyond 2019*.

25th anniversary of the EEA Agreement

1. On the 25th Anniversary of the entry into force of the EEA Agreement, the EEA Council recognised that the Agreement has been a solid basis for a broad and strong relationship among the parties. This unique Agreement has closely linked our societies and economies. It has promoted economic growth and ensured that a high level of social standards is applicable to all our citizens and workers. The positive spirit of cooperation has allowed for adaptations and solutions to be found in a world of constant change.

Political dialogue

2. The EEA Council recognised that the special partnership between the EU and the EEA EFTA States was the best guarantee of long-term shared prosperity. It has contributed to the construction of a Europe based on stability, peace, democracy, the rule of law, and human rights. In this context, the EEA Council noted that, within the framework of the Political Dialogue, the Ministers had held informal exchanges of views on current foreign policy matters of mutual interest. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant EU Council working parties.

The withdrawal of the United Kingdom from the EU and the EEA Agreement

3. With regard to the UK's withdrawal from the EU, the EEA Council underlined the importance of safeguarding the EEA Agreement, ensuring the continuation of a well-functioning, homogenous EEA and preserving the integrity of the Internal Market.

Cooperation in the EEA

4. The EEA Council confirmed its support for the EEA Agreement as the continued basis for future relations between the EU and the EEA EFTA States, and stressed the importance of the two-pillar structure of the EEA Agreement. It recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups, studies and agencies, as well as through the submission of EEA EFTA Comments, and the positive contribution of the EFTA Surveillance Authority and European Commission in monitoring the compliance with the EEA Agreement in all its Member States. 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 Finnish and incoming Croatian Presidencies for the continuation of this practice.
5. Recognizing the important role of parliamentary cooperation and cooperation between economic and social partners, the EEA Council noted the Resolutions of the EEA Consultative Committee adopted at its meeting in Brussels on 23-24 May 2019 on *the Benefits of 25 years of the EEA Agreement*, and on *the European Labour Authority*.
6. The EEA Council agreed on the need to further strengthen communication efforts on the EEA Agreement and on its benefits for citizens and businesses. Emphasising that greater knowledge of the EEA Agreement throughout the EEA was in the interest of all Contracting Parties, the EEA Council urged the EU and the EEA EFTA States to ensure that information on the EEA Agreement was made readily and easily available.
7. The EEA Council expressed concerns regarding the current challenges in international trade and reconfirmed its commitment to open and fair trade and rule-based trade relations. In particular, the EEA Council underlined the importance of predictable trade conditions for economic operators within the EEA. In this regard, the exemption of Iceland, Liechtenstein and Norway from the EU's safeguard measures concerning imports of a number of steel products is a good example.

The development of the Internal Market

8. The EEA Council emphasised the importance of a well-functioning Internal Market, including the Digital Single Market, and of the objective to develop it further, in order to create conditions for economic growth and new jobs throughout Europe. With almost 14 million unemployed young people in Europe, youth unemployment remained an important challenge for the internal market. The EEA Council also underlined the indivisibility and importance of the four freedoms and equal conditions of competition for the well-functioning of the Internal Market, which is in the common interest of all Contracting Parties.
9. The EEA Council stressed the importance of the close involvement of the EEA EFTA States in the further design and development of Internal Market policies and initiatives. In this context, the EEA Council welcomed the EEA EFTA Comment on the Single Market beyond 2019, in which the EEA EFTA States commit themselves to prioritising this long-term partnership, address the challenges that arise and work together with the EU to develop a Single Market fit for purpose, inter alia through new initiatives, better regulation, better implementation and enforcement of existing rules, and by protecting consumers.

Incorporation of EEA-relevant EU acts

10. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.
11. The EEA Council recognised that the ongoing efforts to reduce the number of EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process had yielded good results, and significantly reduced the number of pending acts, especially in the area of financial services, since the beginning of this year. The EEA Council acknowledged that these positive developments were the result of joint efforts between the EU institutions and the EEA EFTA States. The EEA Council stressed that these efforts will be upheld in order to reduce significantly and durably the number of acts awaiting incorporation and thereby continuing to ensure legal certainty and homogeneity in the EEA.

12. The EEA Council further noted that for a number of Joint Committee Decisions, the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It affirmed the willingness of the EEA EFTA States to strengthen their efforts to resolve pending cases as soon as possible.

EU programmes

13. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes and noted their significant financial contributions under the current Multiannual Financial Framework (MFF) for 2014-2020. The EEA Council recognised in particular the active participation and full integration of the EEA EFTA States in the European Research Area and the successful association of Norway and Iceland in Horizon 2020, the EU's flagship Programme for Research and Innovation, as well as in Erasmus+ in the field of education, youth and sport, and Creative Europe for the cultural and audiovisual sectors. The EEA Council will continue to place high importance on integration and policy alignment in the area of research and innovation and in education and culture.
14. The EEA Council took note of the preparations for the next MFF for 2021-2027, including the European Commission's proposals for individual programmes. It welcomed submissions of EEA EFTA comments in this field and encouraged the EEA EFTA States to take an active part in EU programmes foreseen under the new financial framework. This participation is a means towards developing, strengthening and broadening cooperation on matters falling outside of the four freedoms, as provided for in the EEA Agreement. The participation of the EEA EFTA States in the future EU programmes for 2021-2027 shall remain based on the relevant provisions of the EEA Agreement.

The social dimension

15. The EEA Council underlined that the social dimension, including in relation to labour law, health and safety at work and gender equality, is an important part of the EEA Agreement. The EEA Council noted with satisfaction that a number of initiatives have been taken in recent years. Further efforts to ensure fair working conditions and equal opportunities in the labour market are essential, not only for the functioning of the Internal Market, but also to demonstrate and reinforce the benefits of the EEA to citizens. The EEA Council noted the establishment of the new European Labour Authority aimed at strengthening cooperation at the European level in connection with cross-border mobility.

Environmental protection, energy and climate change

16. The EEA Council emphasised importance of continued close cooperation between the EU and the EEA EFTA States in environmental, energy and climate change policies, particularly in light of the 2030 Framework for Climate and Energy and the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy and of the European Commission's Communication 'A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy'.
17. The EU and the EEA EFTA States are deeply concerned by the new evidence in the Intergovernmental Panel on Climate Change (IPCC) Special Report on 1.5°C, which unequivocally confirmed the negative impacts of climate change and the need to reduce global emissions in all sectors and take further action in mitigation and adaptation to reach the temperature goal set out in the Paris Agreement. They reaffirm their steadfast commitment to the UNFCCC and the Paris Agreement as the essential multilateral framework governing global action to deal with climate change and they expressed their commitment to accelerate the transition to low greenhouse gas emissions, sustainable and climate-resilient economies and societies, to prevent irreversible and catastrophic climate disruption.

18. The European Union and the EEA EFTA States are determined to help raise global climate ambition and lead the way on accelerated climate action on all fronts, with a view to limiting global warming to well-below 2°C, pursuing efforts to limit the temperature increase to 1.5°Cs. In this context, the EEA Council welcomed the extension of the cooperation between Iceland, Norway and the EU under the EEA Agreement to adopt key EU climate legislation in order to take action to implement the Paris Agreement by bringing the Effort Sharing and Land Use, Land Use Change and Forestry (“LULUCF”) Regulations and certain elements of the Governance of the Energy Union and Climate Action Regulations into Protocol 31 of the EEA Agreement.
- ~~19.~~ While respecting the Contracting Parties’ right to determine the conditions for exploiting their energy resources, their choice between different energy sources and the general structure of their energy supply, the EEA Council recognized the role of key partners of the EU among the EEA EFTA States as a reliable supplier of energy. Moreover, the EEA Council underlined that the close cooperation should be continued in the areas of the Internal Energy Market, in addition to the cooperation in the fields of energy security, emissions trading, the promotion of competitive, climate-resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, and carbon capture, utilisation and storage (CCUS), circular economy including plastics, as well as other environmental issues, such as chemicals, water resource management, biodiversity and pollution.
20. The EEA Council recognised sustainable and green finance as an important complement to sustainable climate policy measures. Sustainable finance will also support economic growth and competitiveness in the EEA.

Financial Mechanism

21. The EEA Council emphasised the importance of solidarity among the countries of Europe to alleviate persistent social and economic disparities between their regions, which is in the common interest of all Contracting Parties. The EEA Council commended the positive contribution made by the EEA and Norway Financial Mechanisms in reducing economic and social disparities throughout the EEA and supporting a free and vibrant civil society.

22. With regard to the agreements on an EEA and a Norwegian Financial Mechanism for the 2014-2021 period, the EEA Council welcomed the conclusion of Memoranda of Understanding between the EEA EFTA States and almost all of the Beneficiary States. The EEA Council encouraged the Contracting Parties to continue the dialogue with a view to a swift conclusion of the remaining country-specific Memorandum of Understanding, a timely implementation of the Memoranda of Understanding, and a swift signing of the remaining programme agreements, while ensuring quality at entry for programmes and projects, flexibility and broad participation, in order to achieve the expected results. The EEA Council recalled the importance of maintaining a close cooperation between the Beneficiary States and the EEA EFTA States, in the spirit of equal partnership between the Contracting Parties to the EEA Agreement.

Agricultural trade

23. The EEA Council acknowledged that the Contracting Parties had reaffirmed their commitment, in accordance with Article 19 of the EEA Agreement, to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council welcomed the Contracting Parties' intention of conducting a review in autumn 2019 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.