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European Union

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**PROPOSAL**

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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 4 March 2024

To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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No. Cion doc.: COM(2024) 97 final

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Subject: Proposal for a COUNCIL DECISION on the conclusion, on behalf of the European Union, of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 - April 2028, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 - April 2028, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland

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Delegations will find attached document COM(2024) 97 final.

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Encl.: COM(2024) 97 final



Brussels, 4.3.2024  
COM(2024) 97 final

2024/0052 (NLE)

Proposal for a

## **COUNCIL DECISION**

**on the conclusion, on behalf of the European Union, of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 - April 2028, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 - April 2028, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland**

(Text with EEA relevance)

## EXPLANATORY MEMORANDUM

The Agreement on the European Economic Area (hereinafter referred to as ‘the EEA Agreement’) allows Iceland, Liechtenstein and Norway (‘the EEA EFTA States’) to participate fully in the single market. In conjunction with this, since the entry into force of the Agreement in 1994, these three countries have also contributed to the alleviation of economic and social disparities in the European Economic Area on the basis of Article 115 of the Agreement. In addition, Norway has contributed through a separate Norwegian financial mechanism. The most recent financial mechanisms expired on 30 April 2021.<sup>1</sup>

In view of the continued need to alleviate economic and social disparities within the European Economic Area, on 20 May 2021 the Council authorised the Commission to open negotiations with Iceland, Liechtenstein and Norway on an agreement on the future financial contributions to be made by the EEA EFTA States towards improving economic and social cohesion in the European Economic Area.<sup>2</sup> Formal negotiations were opened on 16 June 2022. In parallel, but independently of the negotiations on the financial mechanisms, a review of the EU-Iceland and EU-Norway fish trade protocols was opened on the basis of the revision clauses of the additional protocols to the Free Trade Agreements with Iceland and Norway.<sup>3</sup>

The negotiations were concluded at negotiators’ level with the initialling on 30 November 2023 of:

- the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 – April 2028;
- the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 – April 2028;
- the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway; and
- the Additional Protocol to the Agreement between the European Economic Community and Iceland.

The attached proposal relates to the conclusion of the EEA Financial Mechanism Agreement, the Norway Agreement, the Norway Protocol and the Iceland Protocol.

The EEA Financial Mechanism Agreement and the Norway Agreement will together provide a financial contribution of the EEA EFTA States to economic and social cohesion in the EEA of EUR 3.268 billion for the period May 2021 – April 2028. The outcome reflects the negotiating directives issued by the Council, which requested a) an increase in the financial contributions from the EEA EFTA States; b) the application of the EU Cohesion Fund distribution key; c) the alignment of the duration of the new financial mechanisms with the EU Cohesion policy instruments (2021-2027); d) the inclusion of green objectives among the priorities supported; and e) more efficient implementation processes for the future mechanisms.

In parallel, the bilateral fish trade protocols with Iceland and Norway have also been reviewed. New concessions are granted for the period May 2021 - April 2028. The concessions are built on the previous protocols for the 2014-2021 period and are commensurate with the amount of the financial contributions. Flexibility is provided

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<sup>1</sup> OJ L 141, 28.05.2016, pp. 3 and 11.

<sup>2</sup> Document 8365/21 ADD 1 of the Council.

<sup>3</sup> OJ L 141, 28.05.2016, pp. 18 and 22.

concerning the carry-over of unexhausted quotas at the end of the period. Norway will also renew the fish transit arrangement for EU vessels landing catches in Norway.

The Agreements and Protocols are to be applied provisionally as of the dates stipulated in their Articles, pending completion of the relevant procedures for their ratification or conclusion and entry into force.

The Commission has judged the results of the negotiations to be satisfactory and proposes that the Council adopts the attached Decision on the conclusion of the EEA Financial Mechanism Agreement, the Norway Agreement, the Norway Protocol and the Iceland Protocol after obtaining the consent of the European Parliament.

As it is common practice when modifying specific elements of existing international agreements, it is proposed to use the relevant articles of the Treaty on the Functioning of the European Union as the legal basis for the draft decisions, namely Article 175 TFEU, third paragraph for the agreements on the financial contributions to economic and social cohesion and Article 207 TFEU for the fish trade protocols. Furthermore, Article 218(6)(a) TFEU is referred to as the legal basis for the conclusion of these agreements.

Proposal for a

## COUNCIL DECISION

**on the conclusion, on behalf of the European Union, of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 - April 2028, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 - April 2028, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland**

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 175, third subparagraph and 207, in conjunction with Article 218(6)(a) thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament,

Whereas:

- (1) There remains a need to alleviate economic and social disparities within the European Economic Area, and a new mechanism for the financial contributions of the EEA EFTA States and a new Norwegian financial mechanism should therefore be established.
- (2) On 20 May 2021, the Council authorised the Commission to open negotiations with Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an agreement on the future financial contributions of the EEA EFTA States to economic and social cohesion in the European Economic Area.
- (3) The EEA Financial Mechanism (May 2021 – April 2028) and the Norwegian Financial Mechanism (May 2021 – April 2028) will contribute to the reduction of economic and social disparities in the European Economic Area and to the strengthening of relations between the EEA EFTA States and the Beneficiary States.
- (4) The special provisions on imports into the EU of certain fish and fisheries products originating in Iceland and Norway, set out in the Additional Protocols to their respective Free Trade Agreements with the European Economic Community, expired on 30 April 2021 and have been reviewed in accordance with Article 1 of these Protocols.
- (5) The Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 – April 2028, the Agreement between the Kingdom of Norway and

the European Union on a Norwegian Financial Mechanism for the period May 2021 – April 2028, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland were signed in Brussels on (...). The said Agreements and Protocols should be approved on behalf of the European Union,

HAS ADOPTED THIS DECISION:

*Article 1*

The Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 – April 2028, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 – April 2028, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland are hereby approved on behalf of the European Union.

The texts of the Agreements and the Protocols are attached to this Decision.

*Article 2*

The President of the Council shall designate the person empowered to deposit the instruments of approval on behalf of the European Union as provided for in Article 3 of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 – April 2028, Article 11 of the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 – April 2028, Article 5 of the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and Article 4 of the Additional Protocol to the Agreement between the European Economic Community and Iceland in order to express the consent of the European Union to be bound by the Agreements and Protocols.

*Article 3*

This Decision shall enter into force on ....<sup>4</sup>

Done at Brussels,

*For the Council  
The President*

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<sup>4</sup> The date of entry into force of the Agreement will be published in the *Official Journal of the European Union* by the General Secretariat of the Council.