

European Economic Area (EEA) Council conclusions

1. The forty-seventh meeting of the EEA Council took place in Brussels on 16 May 2017 under the Presidency of Mr Louis Grech, Deputy Prime Minister and Minister for EU Affairs of Malta, representing the Presidency of the Council of the European Union. The meeting was attended by Mr Frank Bakke-Jensen, Minister of EEA and EU Affairs of Norway, Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs of Iceland, and Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service.

Political Dialogue

2. The EEA Council recognised that the close partnership between the EU and the EEA EFTA States was the best guarantee of long-term shared prosperity and stability. In this context, the EEA Council noted that, within the framework of the Political Dialogue, the Ministers would discuss *the implications for the EEA Agreement of the UK's withdrawal from the EU, and the Arctic*. 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.

3. With regard to the UK's withdrawal from the EU, the EEA Council underlined the importance of safeguarding the EEA Agreement, and of ensuring the continuation of a well-functioning, homogenous Internal Market in Europe. The EEA Council called for a close dialogue and continuous exchange of information between the EU and the EEA EFTA States on the negotiations between the EU and the UK under Article 50 of the Treaty on European Union regarding the withdrawal of the UK from the EU, and on the future relations between the EU and the UK, as the withdrawal will also affect the EEA Agreement.

Cooperation in the EEA

4. The EEA Council acknowledged the key role played by the Agreement on the European Economic Area (EEA Agreement) for more than 20 years in advancing economic integration between the EU and the EEA EFTA States. The EEA Council highlighted that the Agreement had been robust and capable of adapting to changes in EU treaties and EU enlargements. The EEA Council recognised 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. 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 Maltese and incoming Estonian Presidencies for the continuation of this practice.

5. The EEA Council emphasised the importance of a well-functioning Single Market as a driver in boosting economic growth and creating new jobs throughout Europe, and welcomed the steps already taken to implement the proposals contained in the strategies for a Digital Single Market and for upgrading the Single Market, both launched in 2015, with a view to exploiting in full its untapped growth and productivity potential. The EEA Council agreed that a holistic approach was required to tackle some of the main challenges facing the Single Market, and stressed the importance of the close involvement of the EEA EFTA States in the further design and development of Single Market policies and initiatives. Emphasising the fact 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.

Orientation debate - energy and climate change

6. An orientation debate was held on *joint fulfilment of the Paris Agreement and related GHG emissions reductions targets for 2030*. The EEA Council placed great importance on 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. The EEA Council noted that the

EEA EFTA States remains a key partner of the EU as a reliable supplier of energy and underlined that the close cooperation should continue in the areas of the Internal Energy Market; energy security; emissions trading; the promotion of competitive, climate-resilient, safe and sustainable low carbon energy; energy efficiency; renewable energy resources; carbon capture and storage (CCS); and carbon capture and utilisation (CCU); as well as other environmental issues such as waste, chemicals, water resource management and industrial pollution.

Financial Mechanism

7. The EEA Council emphasised the importance of solidarity among the countries of Europe to overcome social and economic challenges and expressed concern regarding the continued high level of youth unemployment in some EEA Member States. The EEA Council commended the positive contribution made by the EEA and Norway Financial Mechanisms 2009-2014 and by their predecessors in reducing economic and social disparities throughout the EEA. Following the provisional application of the agreements on an EEA and a Norwegian Financial Mechanism for the 2014-2021 period, the EEA Council welcomed the progress made in the negotiations on Memoranda of Understanding between the EEA EFTA States and the Beneficiary States in the EU.

Capital controls

8. The EEA Council noted that free movement of capital is a fundamental internal market freedom and an integral part of the EEA acquis and acknowledged that restrictions can be implemented only temporarily on the basis of the provisions of Article 43 of the EEA Agreement. The EEA Council welcomed the progress of the comprehensive plan of the Icelandic Government for removal of capital controls without threatening economic and financial stability of the country, particularly the recent steps to lift capital controls on individuals, companies and pensions funds.

EU programmes

9. 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 to which they contributed financially. 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. The EEA Council would continue to place high importance on the integration and policy alignment of EEA EFTA States with the EU in the area of research and innovation.

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 welcomed the ongoing efforts to reduce the number of EEA-relevant EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process. While commending all the steps undertaken in the course of the last years, the EEA Council noted that the number of acts awaiting incorporation was still too high.

12. The EEA Council called for continued work in order to significantly and durably reduce the current backlog and thereby continue to ensure legal certainty and homogeneity in the EEA. This common goal can be achieved through political will and enhanced dialogue among the relevant experts and organs. The EEA Council urged all parties to engage constructively to find solution to pending difficult issues.

13. The EEA Council welcomed in particular the incorporation into the EEA Agreement of the Third Package for the Internal Energy Market, the EU legal acts in the area of organic production, and the Regulation on Medicinal Products for Paediatric Use. It welcomed the progress made over the last months in the area of common rules and standards for ship inspection and survey organisations.

14. The EEA Council also highlighted the high importance of promptly incorporating and applying outstanding legislation in the field of financial services - representing more than one third of the backlog - in order to ensure a level playing field throughout the EEA in this important sector.

15. The EEA Council noted that progress was still needed on a number of important outstanding issues and looked forward to reaching a conclusion as soon as possible, in particular regarding the Third Postal Directive.

16. The EEA Council further noted that there were a number of Joint Committee Decisions where the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.

Agricultural trade

17. 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.

18. As regards the Agreement in the form of an Exchange of Letters between the European Union and Iceland concerning additional trade preferences in agricultural products, concluded in 2015, the EEA Council encourages the parties to finalize their internal procedures in order for the agreement to enter into force as soon as possible.

19. The EEA Council welcomed the initialling, on 5 April 2017, of the Agreement between the European Union and Norway concerning additional trade preferences in agricultural products reached on the basis of Article 19 of the EEA Agreement and looked forward to its signing.

20. The EEA Council encouraged the Contracting Parties to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of article 2(2) and article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in this area. In this regard, the EEA Council took note of the recent steps taken by the EU and Iceland to further liberalize trade in processed agricultural products, on reciprocal basis, within Protocol 3 of the EEA Agreement. The EEA Council noted the suspension of the negotiations between the EU and Norway on protection of geographical indications.

Fish and fisheries products

21. The EEA Council welcomed the provisional application of the Protocol on trade in fish and fisheries products between Iceland and the EU as of 1 August 2016 and of the Protocol on trade in fish and fisheries products between Norway and the EU as of 1 September 2016.

Parliamentary cooperation

22. Recognising the important role of parliamentary cooperation in the EEA, the EEA Council noted the Resolution of the EEA Joint Parliamentary Committee adopted at its meeting in Strasbourg on 14 December 2016 on the *Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2015*.

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