

EUROPEAN ECONOMIC AREA
JOINT PARLIAMENTARY COMMITTEE

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REPORT

on

The EEA Joint Committee Annual Report 2014

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1. The Annual Report of the EEA Joint Committee 2014

1.1 Introduction

As specified by the Agreement on the European Economic Area (EEA Agreement), the EEA Joint Parliamentary Committee (EEA JPC) is responsible for examining the Annual Report of the EEA Joint Committee (EEA JC) on the functioning and development of the EEA Agreement.

The co-rapporteurs underline that this report and its accompanying resolution continue to be an important tool for the EEA JPC to perform its role as an advisory body to the EEA JC and to the EEA Council and call for its views to be taken duly into account. They regret that the last two years the annual report has been made available later than in previous years and urge the EEA JC to revert to finalising the report earlier.

The summary of the EEA JC Annual Report laid out in this report includes chapters on the incorporation of legal acts into the EEA Agreement and on the transposition of EEA legislation into national law, as well as a section on the EEA and Norway Grants.

1.2 Summary of the EEA JC Annual Report

The EEA JC Annual Report for 2014 gives an overview over the activities of the EEA JC and Subcommittees. Compared to previous reports it also includes a new section on the status of outstanding issues. This is accompanied by some additional information in Annex I to the Annual Report.

The first annex to the Annual Report explores the activities of Subcommittees I-IV, emphasising the most important developments in 2014. The second annex contains an overview of the state of decision making, and the third annex presents a list of EEA Joint Committee Decisions (JCDs) adopted in 2014.

General overview

In 2014, the EEA Joint Committee incorporated 627 legal acts into the EEA Agreement. This is an increase of 56.8% compared to 2013, when 400 legal acts were incorporated.

The biannual Internal Market Scoreboard, published by the EFTA Surveillance Authority (ESA) in October 2015, shows that the average transposition deficit of the EEA EFTA States decreased to 1.1% compared to 2% in the previous scoreboard. The transposition deficit indicates how many directives containing Internal Market rules and principles the EEA States have failed to be transposed into national legislation within the foreseen deadline.

Further information on the implementation of EEA legislation and transposition deficit can be found in chapter two of this report.

Participation in EU agencies and programmes

The EEA JC Annual Report notes that the EEA EFTA States participated in 14 EU programmes and 18 agencies in 2014. Among the new programmes incorporated into the EEA Agreement were Erasmus+, Horizon 2020, Creative Europe, Copernicus and Galileo.

Decision shaping

Seven EEA EFTA Comments were submitted to the European Union (EU) in 2014 on issues such as payment services in the Internal Market, establishment of a platform against undeclared work and a new Trade Mark Directive. The EU provided feedback to all of these comments.

EEA JPC Resolutions

The Report mentions the two meetings of the EEA JPC in 2014 and the four EEA JPC resolutions sent to the EEA Council and to the EEA JC.

The EEA Financial Mechanism

The contributions made by the EEA and Norway Grants in 2014 are mentioned in chapter three of this report.

Enlargement of the EEA to Croatia

The Report also notes that the Agreement on extending the EEA Agreement and three related protocols to Croatia and its provisional application was signed in April 2014.

Status of outstanding issues

A political conclusion on the principles for incorporating the EU Regulations establishing the European Supervisory Authorities on the area of Financial Services was reached at the annual meeting of the EU and EFTA Ministers of Finance and Economy in October 2014.

12 other issues that have not yet been concluded are listed in the Annual Report:

- The Directive on the Deposit Guarantee Scheme
- The Regulation on Novel Foods and Novel Food Ingredients*
- The Third Package for the Internal Energy Market
- The remaining part of the 2009 Telecoms Package, including the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC)
- The Third Postal Directive
- The Regulation on Medicinal Products for Paediatric Use

- The Marine Strategy Framework Directive
- The Offshore Directive
- The Directive on the assessment and management of flood risks
- The EU legal acts in the area of organic production
- The Directive on the protection of the environment through criminal law*
- The Directive on ship-source pollution and on the introduction of penalties for infringements*

**These legal acts were incorporated into the EEA Agreement in 2015.*

Activities of the Joint Subcommittees

Some of the key issues highlighted in the chapter on the activities of the Joint Subcommittees in 2014 are:

- A draft JCD regarding the incorporation of the Regulation concerning Novel Food Ingredients was close to finalisation by the end of 2014.
- In the field of medicinal products, the EEA EFTA States agreed that ESA should be granted the competence to impose fines.
- The Plant Protection Package, consisting of 135 legal acts, was adopted by the EEA JC in 2014, but had not entered into force during the course of 2014 due to constitutional requirements¹.
- Discussions continued on the incorporation of the Third Package for the Internal Energy Market into the EEA Agreement with the level of EEA EFTA participation in the Agency for Cooperation of Energy Regulators (ACER) as the main open issue.
- A political agreement was reached on the principles for incorporating the EU Regulations establishing the European Financial Supervisory Authorities. Discussions and drafting of JCDs on the incorporation of the related legal acts are ongoing.
- Discussions continued on the incorporation of the Telecoms Package, with a special focus on EEA EFTA participation in BEREC.
- Discussions also continued on the incorporation of the Third Postal Directive. Norway has lifted its reservation with respect to the incorporation of this directive. The Icelandic Parliament needed to look further into this issue, and no decision had been taken by the end of 2014.

¹ This legal package entered into force in spring 2015.

1.3 Concluding remarks

The EEA JC Annual Report provides an overview of the functioning of the EEA Agreement and decisions that were taken and implemented in 2014. The report also includes a new paragraph regarding the status of outstanding issues. Together with the information provided in Annex 1 to the EEA JC Annual Report, this includes some more information requested by the EEA JPC in previous resolutions. The EEA JPC appreciates these efforts and highlights in its corresponding resolution some suggestions for future reports and issues of concern.

2. Implementation of EEA Legislation

2.1 Introduction

The EEA Agreement extends the four freedoms of the Internal Market of the EU, as well as a wide range of accompanying rules and policies, to Iceland, Liechtenstein and Norway.

The EFTA Secretariat facilitates the incorporation of these legal acts into the EEA Agreement in close dialogue with the EEA EFTA States. Once the acts have been implemented in national law, it is the role of ESA to make sure that the EEA EFTA States respect their obligations under the EEA Agreement. As part of this monitoring process, ESA publishes biannual Internal Market Scoreboards to keep track of the implementation of Internal Market directives by Iceland, Liechtenstein and Norway.

2.2 Legal acts awaiting incorporation into the EEA Agreement

The new procedures under the EEA Efficiency Project entered into force in October 2014 and included a new fast-track procedure for acts which do not raise any horizontal EEA challenges, do not need any adaptations and do not call for any constitutional requirements. The fast-track procedure is a useful development; its practical impact will now be assessed.

In 2014, there was an improvement in the pace of the incorporation of EU legal acts into the EEA Agreement. The total number of incorporated legal acts was 627, compared to 400 acts in 2013. 225 legal acts adopted by the EU in 2014 were incorporated into the EEA Agreement the same year, compared to 117 legal acts in 2013.

Regarding the backlog, in November 2014 there were 428 outstanding legal acts where the compliance date in the EU had passed, compared to 506 acts in November 2013.

The number of JCDs awaiting the fulfilment of constitutional requirements for more than six months, which is the deadline stipulated by the EEA Agreement, stood at three in December 2014, compared to seven in December 2013. Constitutional requirements mean that occasionally, due to the content of a JCD, the constitution of one or more EEA EFTA States require the approval of the national parliament in order for the JCD to be binding. The need for parliamentary approval can affect the date of entry into force of the JCD.

In 2014, there was also a large increase in the number of legal acts identified by the EEA EFTA States as possibly being EEA relevant (790 compared to 535 in 2013).

2.3 Transposition deficit

The Internal Market Scoreboard, published by ESA in April 2015, shows that the average transposition deficit of the EEA EFTA States increased from 1.9% in the previous scoreboard to 2%. The deficit target in the Internal Market is 1%.

More specifically, the deficit decreased from 3.1% to 2.8% in Iceland while the deficit increased from 0.7% to 1.2% in Liechtenstein and from 1.9% to 2.0% in Norway. The EU Member States' average transposition deficit decreased from 0.7% to 0.5%.

In the scoreboard of October 2015, the average of the EEA EFTA States was 1.1% with 2.1% for Iceland, 1.1% for Liechtenstein and 0% for Norway.

The Internal Market Scoreboard refers only to legal acts already incorporated into the EEA Agreement and is published in parallel with the Internal Market Scoreboard of the European Commission. However, a direct comparison between the EU and ESA Scoreboards can be misleading. It is to be noted that the date on which Internal Market legislation is applicable to the EEA EFTA States does not coincide exactly with the date on which it is applicable to the EU Member States, due to the time lapse and delays between the adoption or abrogation of legal acts by the EU and their incorporation into or (for example) exclusion from the EEA Agreement. Any comparison of results from the two different scoreboards has to take this difference into account.

3. The EEA Financial Mechanism

3.1 Highlights from 2014

According to the EEA JC Annual Report, more than 35% of funding for the 2009-2014 period had been allocated to programmes dealing with environmental issues and climate change. Cultural heritage, civil society, human and social development, and research and scholarships also received significant funding.

There was continued focus on ensuring the bilateral aspects of all programmes, more than half of which had a donor programme partner. Negotiations on the continuation of the EEA and Norway Grants were launched in January 2014. Two meetings took place at the level of chief negotiators and six working group meetings took place during the year.

ANNEX 1 TO REF. 15-4651

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3 Annexes

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**Annual Report of the EEA Joint Committee 2014
The Functioning of the EEA Agreement
(Article 94(4))**

General overview

1. The main part of this report provides an overview of the work of the EEA Joint Committee in 2014. Annex I contains a review of the activities of the Subcommittees under the EEA Joint Committee, Annex II contains an overview of the state of decision making in 2014, and Annex III presents a list of EEA Joint Committee Decisions (JCDs) adopted in 2014.

2. Throughout the year, the EEA Joint Committee and the Subcommittees focused on several important areas for the European Economic Area. A few examples to highlight include the European Supervisory Authorities in the field of financial services, the monitoring of legal acts awaiting incorporation into the EEA Agreement, the enlargement of the EEA to Croatia and the launch of negotiations on a new period for the EEA Financial Mechanism.

3. The EEA Joint Committee met seven times in 2014 and adopted 291 decisions incorporating 627 legal acts.

4. The EEA Joint Committee adopted several significant decisions in 2014, such as:

- Decision No 9/2014 on European standardisation
- Decision No 58/2014 on the European system of national and regional accounts in the European Union
- Decision No 60/2014 on international credit entitlements under the Emissions Trading Scheme
- Decision 88/2014 on the Road Package
- Decision 109/2014 on Horizon 2020 (as well as a number of other decisions incorporating the new Multiannual Financial Framework (MFF) 2014-2020 programmes into the EEA Agreement)
- Decision No 152/2014 on the General Block Exemption Regulation in the field of state aid
- Decision No 153/2014 on patients' rights in cross-border healthcare (not in force by the end of 2014)
- Decision No 159/2014 on the supplementary package regarding the accession of Croatia to the EEA
- Decision 188/2014 on the acquisition and preservation of supplementary pension rights
- Decision Nos 203/2014 to 208/2014 on plant protection products

5. The European Commission provided information to the EEA Joint Committee on:

- Notifications from Cyprus regarding the revision of protective measures notified under Article 43 of the EEA Agreement
- The Transatlantic Trade and Investment Partnership (TTIP)

6. The EEA EFTA States provided information to the EEA Joint Committee on:

- Notifications from Iceland regarding the revision of protective measures notified under Article 43 of the EEA Agreement

7. The biannual Internal Market Scoreboard, published by the EFTA Surveillance Authority (ESA) in April 2015, shows that the average transposition deficit of the EEA EFTA States increased slightly from 1.9% in the previous scoreboard to 2%. The deficit decreased from 3.1% to 2.8% for Iceland. The transposition deficit for Norway increased from 1.9% to 2%. Liechtenstein increased its deficit from 0.7% to 1.2%. The EU Member States' average transposition deficit decreased from 0.7% to 0.5%. The deficit target is 1%. It should be noted that the Scoreboard refers exclusively to legal acts already in force under the EEA Agreement. It should also be noted that the Single Market acquis applicable to the EEA EFTA States does not coincide exactly with that applicable to the EU Member States. This situation is due to the time lag between the adoption or abrogation of legal acts by the EU and their incorporation into or deletion from the EEA Agreement. Any comparison of results from the two different scoreboards (i.e. the Internal Market Scoreboard and the EEA EFTA Scoreboard) has to take this difference into account.

Incorporation of acquis into the EEA Agreement

8. In 2014, 627 legal acts were incorporated into the EEA Agreement. This is an increase of 56.8% compared to 2013, when 400 legal acts were incorporated. In 2014, 790 legal acts were identified by the EFTA side as possibly being EEA relevant, which is an increase of 47.7% compared to 2013, when 535 legal acts were identified as possibly being EEA relevant.

9. On 19 November 2014, when the monitoring list was run for the last time in 2014, there were 428 legal acts awaiting incorporation where the compliance date in the EU had passed, compared to 506 acts in November 2013. This represents a decrease of 15.4%.

10. On 31 December 2014, the number of JCDs awaiting the fulfilment of constitutional requirements for more than six months in line with Article 103 of the EEA Agreement stood at three, compared to seven on 31 December 2013. The number of "linked" JCDs, where the entry into force depended on the entry into force of other JCDs that had already been or will be adopted, has increased to 30 compared to 15 on 31 December 2013.

11. In total, 225 legal acts adopted by the EU in 2014 were incorporated into the EEA Agreement in the same year, compared to 117 legal acts in 2013. This demonstrates an improvement in the management of new acts with their timely incorporation into the EEA Agreement.

12. The amended EEA EFTA procedures for the incorporation of EU acts into the EEA Agreement were adopted by the EFTA Standing Committee on 8 May 2014 and entered into force on 20 October 2014. These include a new fast-track procedure for straightforward acts which do not raise any horizontal EEA challenges, do not need any adaptations and do not call for any constitutional requirements.

EEA EFTA participation in EU agencies and programmes

13. The EEA EFTA States participated in 14 EU programmes and 18 agencies, of which 13 were regulatory agencies and five executive agencies.

Decision shaping

14. The EEA EFTA States submitted EEA EFTA Comments on the following subjects:

- Package travel and assisted travel arrangements
- Maximum authorised dimensions in national and international traffic and maximum authorised weights in international traffic
- Payment services in the Internal Market
- Proposal for a new Trade Mark Directive
- Proposal to establish a platform against undeclared work
- Multiannual plan for the surveillance of products in the EU
- European network of employment services (EURES), workers' access to mobility services and the further integration of labour markets

15. The EU side provided oral and/ or written reactions to all of these EEA EFTA Comments in meetings of the Joint Subcommittees.

Status of outstanding issues

16. At the annual meeting of the EU and EFTA Ministers of Finance and Economy in Luxembourg on 14 October 2014 a political agreement was reached on the principles underlying the incorporation into the EEA Agreement of the EU Regulations establishing the European Supervisory Authorities in the area of financial services ("ESAs Regulations"). The drafting of the relevant Joint Committee Decisions incorporating these EU Regulations into the EEA Agreement is on-going, with the aim of their adoption by the EEA Joint Committee as soon as possible.

17. The discussions on the following issues have not yet been concluded (further information is found in Annex I):

- The Directive on the Deposit Guarantee Scheme
- The Regulation on Novel Foods and Novel Food Ingredients
- The Third Package for the Internal Energy Market

- 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 Regulation on Medicinal Products for Paediatric Use
- The Marine Strategy Framework Directive
- The Offshore Directive
- Directive on the assessment and management of flood risks
- The EU legal acts in the area of organic production
- Directive on the protection of the environment through criminal law
- Directive on ship-source pollution and on the introduction of penalties for infringements

18. The EEA Joint Committee has reiterated its determination to work towards the rapid conclusion of these issues.

Advisory bodies under the EEA

19. The EEA Consultative Committee held its annual meeting in Oslo, Norway, on 8 and 9 May 2014. The Committee adopted resolutions and reports on:

- Renewable energies and economic competitiveness
- Gender equality in the labour market in the context of the economic crisis

20. The EEA Joint Parliamentary Committee held a meeting on 26 and 27 March 2014 in Reykjavik, Iceland, where it adopted resolutions and reports on:

- Single Market Governance
- Energy and Climate 2030

21. The EEA Joint Parliamentary Committee also held a meeting on 17 December 2014 in Strasbourg, France, where it adopted two resolutions on:

- Follow-up to the Climate and Energy Policy Framework 2030
- Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2013

The reports and resolutions were subsequently forwarded to the EEA Joint Committee and the EEA Council.

EEA Financial Mechanism

22. More than 35% of funding for the 2009-2014 EEA Financial Mechanism has been allocated to programmes dealing with environmental issues and climate change. Cultural heritage, civil society, human and social development, and research and scholarships also receive significant funding.

23. Throughout 2014, there was a continued focus on ensuring the bilateral aspects of all programmes. To enhance cooperation and exchange, more than half of the programmes involved cooperation with donor programme partners (DPPs). These partnerships were consolidated throughout 2014. There are 49 programmes with DPPs, involving 15 public entities from the donor countries, as well as the Council of Europe.

24. Negotiations on a new period for the EEA EFTA financial contributions to reduce social and economic disparities in the EEA were launched on 22 January 2014. Two meetings took place at the level of chief negotiators and six at working group level in the course of 2014.

Enlargement of the EEA to Croatia

25. The Agreement on extending the EEA Agreement and three related protocols to Croatia and its provisional application was signed on 11 April 2014.

Article 19 – Trade in agricultural products

26. Article 19 of the EEA Agreement foresees *inter alia* biannual reviews of conditions of trade in agricultural products. Negotiations with Iceland in this context, launched in 2012, are ongoing. At the end of 2014, negotiations with Norway had not been launched.

ACTIVITIES OF JOINT SUBCOMMITTEES IN 2014

FREE MOVEMENT OF GOODS

General

1. In 2014, 450 legal acts in the areas covered by Subcommittee I were incorporated into the EEA Agreement.

Veterinary, feedingstuffs and phytosanitary matters

2. 87 legal acts were incorporated in the veterinary field.
3. Directive 2010/63/EU on the protection of animals used for scientific purposes was incorporated into the EEA Agreement. Constructive discussions were held as regards the incorporation of the legislation on animal by-products, and a revised draft JCD was prepared for submission to the EU.
4. Each year, a number of legal acts are subject to the simplified procedure. Instead of being incorporated into the EEA Agreement by adoption of a JCD, the procedure requires that the EEA EFTA States take equivalent measures simultaneously with the EU Member States. The EEA EFTA States are therefore invited to implement and apply the measures adopted by the EU in the same manner and within the same deadlines as those applicable to the EU Member States. These legal acts are taken note of by the EEA Joint Committee.

Technical regulations, standards, testing and certification

5. 351 legal acts were incorporated into the EEA Agreement, of which most related to foodstuffs, dangerous substances and medicinal products.
6. In the field of foodstuffs, Regulation (EU) No 1169/2011 on the provision of food information to consumers was incorporated into the EEA Agreement. Furthermore, constructive discussions took place regarding the incorporation of legislation on novel food ingredients, and a revised draft JCD was close to its finalisation. With regard to the legislation on organic farming further discussions took place on the labelling of organic products as well as the EEA EFTA States' requests for adaptations to certain requirements due to special structural, geographical and climatic factors. These adaptations were however not accepted by the EU side.
7. In the field of medicinal products, with regard to the Paediatric Regulation (EU) No 1901/2006, all EEA EFTA States came to an agreement in granting ESA the competence to impose fines. No revised draft JCD was submitted to the EU by the end of 2014 as the discussion on precise technicalities was on-going. A further ten legal acts were incorporated into the EEA Agreement.

8. In the field of dangerous substances, the Plant Protection Package, consisting of 135 legal acts, was adopted by the EEA Joint Committee but had not entered into force by the end of 2014 due to constitutional requirements declared by the EEA EFTA States. A further 25 legal acts have since been incorporated into the EEA Agreement. Furthermore, 68 legal acts in the field of chemicals were incorporated into the EEA Agreement.

9. In the field of explosives for civil use, Regulation (EU) No 98/2013 on the marketing and use of explosives precursors was incorporated into the EEA Agreement.

10. With regard to general provisions in field of technical barriers to trade (TBT), Regulation (EU) No 1025/2012 on European standardisation was incorporated into the EEA Agreement.

11. In the field of product safety, two legal acts were incorporated into the EEA Agreement. Four legal acts were incorporated in the area of toys, all relating to amendments to Directive 2009/48/EC on the safety of toys.

Competition

12. Three legal acts were incorporated into the EEA Agreement, including Regulation (EU) No 316/2014 on technology transfer agreements.

Public procurement

13. Two legal acts were incorporated in the field of public procurement, including Regulation (EU) No 1336/2013 in respect of the application thresholds for the procedures for the awards of contract.

Energy

14. Three legal acts on energy were incorporated into the EEA Agreement: Regulation (EU) No 174/2013 on the Energy Star, Regulation (EU) No 4/2014 on ecodesign requirements for electric motors and Directive 2013/18/EU adapting the Renewable Directive 2009/28/EC by reason of the accession of Croatia to the EEA. The latter was incorporated as part of the package for the accession of Croatia to the EEA.

15. Important work was undertaken towards the incorporation into the EEA Agreement of the Third Package for the Internal Energy Market. Following the reply to the draft JCD submitted to the EU in November 2013, discussions continued in 2014 to formulate a new draft JCD. The main open issue is the level of participation of the EEA EFTA States in the Agency for Cooperation of Energy Regulators (ACER) and, more specifically, the modalities related to a mechanism parallel to the ACER Board of Regulators when decisions are taken vis-à-vis the National Regulatory Authorities of the EEA EFTA States.

16. Discussions continued on incorporation of Directive 2010/31/EU on the energy performance of buildings (Recast). The JCD incorporating Regulation (EU) No 617/2013 on ecodesign requirements for computers and computer servers, which was submitted to the EU side on 4 November 2013, was still not adopted as it was consecutively withdrawn by the EFTA side together with other JCDs incorporating acts related to ecodesign and energy labelling namely the JCDs incorporating inter alia

Commission Regulation (EU) No 801/2013 on ecodesign requirements for standby, off mode electric power consumption of electrical and electronic household and office equipment, Commission Delegated Regulation (EU) No 65/2014 on the energy labelling of domestic ovens and range hoods, and Commission Decision 2013/633/EU on the ecological criteria for the award of the EU Ecolabel to electrically driven, gas driven or gas absorption heat pumps. The JCD incorporating Regulation (EU) No 813/2013 on ecodesign requirements for space heaters and combination heaters and Regulation (EU) No 814/2013 on ecodesign requirements for water heaters and hot water storage tanks was not submitted in 2014.

State aid

17. Four legal acts were incorporated into the EEA Agreement in 2014, including Regulation (EU) No 1407/2013 on de minimis aid and Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the Internal Market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (TFEU) (General Block Exemption Regulation).

Intellectual property rights

18. A draft JCD incorporating Directive 2012/28/EU on orphan works was prepared and a draft JCD incorporating Directive 2014/26/EU on collective management of copyright was under discussion between the Parties.

Customs matters and rules of origin

19. Two draft JCDs were prepared updating Protocol 4 on rules of origin in respect of the accession of Croatia to the EU and aligning the text of Protocol 4 to the text of the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin.

FREE MOVEMENT OF CAPITAL AND SERVICES

20. In 2014, 96 legal acts in the areas covered by Subcommittee II were incorporated into the EEA Agreement.

Financial services and company law

21. Ten legal acts were incorporated into the EEA Agreement in the areas of financial services, free movement of capital and company law, including legislation amending the migration to Union-wide credit transfers and direct debits. The remaining legal acts were in the field of audit or accounting.

22. On the basis of the political agreement on the principles underlying the incorporation into the EEA Agreement of the EU Regulations establishing the European Supervisory Authorities in the area of financial services, discussions continued on the incorporation of new EU acts, such as the Regulations establishing the new EU system of financial supervision (consisting of the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority and the European Systemic Risk Board), the review of the Capital Requirement Directives, the Directive on Alternative

Investment Fund Managers and the Regulation on European Market Infrastructure. Discussions also continued on the Deposit Guarantee Scheme Directive (2009/14/EC) and its revision (2014/49/EU) which is linked to the EU Regulations establishing the European Supervisory Authorities. These Directives are planned to be incorporated after incorporation of the Regulations establishing the European Supervisory Authorities.

Electronic communication, audiovisual services, information society and data privacy

23. Ten new legal acts were incorporated in this field, including the Creative Europe Programme, the new Regulation concerning the European Union Agency for Network and Information Security, the Regulation establishing the Connecting Europe Facility and the Decision establishing the European Regulators Group for Audiovisual Media Services.

24. Discussions continued on the incorporation of the Telecom Package, in particular on modalities of EEA EFTA participation in the Body of European Regulators for Electronic Communications (BEREC), which commenced its activities in the EU in January 2010. The EU side and the EEA EFTA side have diverging views on the level of participation of the EEA EFTA countries in the BEREC meetings. The EU Regulation stipulates that NRAs (National Regulatory Authorities) from the EEA EFTA States shall have "*observer status and shall be represented at an appropriate level*". The EEA EFTA countries are insisting on "*full participation without the right to vote*", as in other EU agencies, in which they participate.

25. The Data Retention Directive was declared invalid by the Court of Justice of the European Union. The Directive was consequently excluded from incorporation into the EEA Agreement.

Postal services

26. Norway lifted its reservation with respect to the incorporation of the Third Postal Services Directive into the EEA Agreement. However, the debate on this issue, which started in 2013, was still ongoing in the Icelandic Parliament at the end of 2014.

Transport

27. In the field of transport, 71 legal acts were incorporated, including the Road Package, the Regulation on the investigation and prevention of accidents and incidents in Civil Aviation and the new Galileo Programme. Several regulations concerning aviation security and safety were incorporated, as well as several regulations concerning rail interoperability and driving licences.

28. Issues related to Norwegian obligations to the International Maritime Organization and the Regulation on common rules and standards for ship inspection and survey organisations (which has not been incorporated into the EEA Agreement) were discussed.

29. The Directive on common rules and standards for ship inspection and survey organisations and for the relevant activities of maritime administrations, which is linked to the Directive on ship-source pollution and on the introduction of penalties for

infringements, was not incorporated into the EEA Agreement in 2014. The position of the EFTA side concerning incorporation of these two acts was not finalised.

30. Regulation (EC) No 80/2009 on a Code of Conduct for computerised reservation systems has not been incorporated into the EEA Agreement. It was under discussion in the Icelandic parliament at the end of 2014.

31. JCD 88/2014 containing legal acts establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator adopted on 16 May 2014 had not entered into force at the end of 2014. The six months period for notifying constitutional requirements expired on 16 November 2014.

32. Regulation (EU) No 1177/2010 concerning the rights of passengers when travelling by sea and inland and Commission Regulation (EU) No 73/2010 laying down requirements on the quality of aeronautical data and aeronautical information for the single European sky were not incorporated into the EEA Agreement at the end of 2014.

FREE MOVEMENT OF PERSONS

33. A total of four legal acts were incorporated into the EEA Agreement in the areas covered by Subcommittee III. These included the Directive on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights.

HORIZONTAL AND FLANKING POLICIES

34. In 2014, 77 legal acts were incorporated into the EEA Agreement in the areas covered by Subcommittee IV.

Budgetary matters

35. The 2014 proportionality factor was 3.03%, compared to 2.80% in 2013. Through the budgetary procedure, it was agreed that 30 EEA EFTA national experts would be seconded to the various directorates within the European Commission that deal with joint EU programmes and activities. Furthermore, efforts were made to coordinate the participation of the EEA EFTA States in the new programmes established under the MFF 2014-2020. The following programmes were incorporated into the EEA Agreement in 2014:

- Connecting Europe Facility (ICT Part)
- Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME)
- Creative Europe
- Employment and Social Innovation
- Erasmus+
- European Statistical Programme
- Horizon 2020
- Rights, Equality and Citizenship

- Union Civil Protection Mechanism
- Consumer Programme
- Copernicus
- [Galileo](#)
- Health Programme

Environment

36. In the field of environment, 37 legal acts were incorporated into the EEA Agreement, including the Regulation on the export for recovery of certain waste, the Regulation on the adjustment of the scope of the ETS regarding international aviation, and the ETS Backloading Decision, which postponed the auctioning of 900 million emission allowances.

37. Good progress was made in view of incorporating the Regulations on carbon dioxide emissions from new passenger cars and new light commercial vehicles. Following a request from Norway and Iceland, the responsibility for processing these acts was transferred from the Working Group on the Environment to the TBT Expert Group on Motor Vehicles.

38. Following clearance from Iceland, the Industrial Emissions Directive could be further processed.

39. The JCD incorporating Regulation 995/2010 laying down the obligations of operators who place timber and timber products on the market was adopted on 3rd May 2013. Its entering into force was under discussion with the Icelandic Parliament at the end of 2014. The six-months period for notifying fulfilment of constitutional requirements expired on 3rd November 2013.

40. JCD 173/2013 incorporating Directive 2009/33/EC on promotion of clean and energy-efficient road transport vehicles adopted on 8 October 2013 had not entered into force at the end of 2014. Notification of fulfilment of constitutional requirements, for which the six-months deadline expired on 8 April 2014, was still expected from Norway and Iceland.

41. Directive 2007/60/EC on the assessment and management of flood risks as well as Directive 2008/56/EC establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) were not incorporated into the EEA Agreement in 2014.

42. In the area of EU nature legislation, the Birds Directive 2009/147/EC and the Habitats Directive 92/43/EEC, which form the basis on the legislation, were not incorporated by the end of 2014.

Consumer protection

43. In the field of consumer protection, the Regulation establishing the Consumer Programme 2014-2020 was incorporated into the EEA Agreement, ensuring the participation of Norway, Iceland and Liechtenstein in the programme.

Enterprise policy

44. In the field of enterprise policy, three acts were incorporated into the EEA Agreement, including the Regulation establishing the COSME Programme (2014-2020). Only Iceland participates in this programme.

Public health

45. Six legal acts were incorporated into the EEA Agreement. JCD 153/2014 containing Directive 2011/24/EU on the application of patients' rights in cross-border healthcare and Regulation (EU) No 282/2014 establishing the Third Health Programme was adopted. However, it did not enter into force before the end of 2014.

Statistics

46. 20 acts were incorporated in the field of statistics, notably the revised European system of national and regional accounts regulation and the European demographic statistics regulation. The European Statistical Programme for the years 2014-2017 was incorporated into Protocol 30.

Civil protection

47. One legal act, on a Union Civil Protection Mechanism, was incorporated in the field of civil protection.

Gender equality, anti-discrimination and family policy

48. One legal act was incorporated in this field, establishing a Rights, Equality and Citizenship Programme for the period 2014-2020.

Health and safety at work and labour law

49. Two legal acts in the field of health and safety at work and labour law were incorporated in 2014, including Directive 2013/35/EU on electromagnetic fields.

Public employment services

50. One act on enhanced cooperation between Public Employment Services was incorporated in 2014.

LEGAL AND INSTITUTIONAL MATTERS

51. Subcommittee V met in February 2014 to discuss *inter alia* the incorporation of the Marine Strategy Framework Directive and the Offshore Directive into the EEA Agreement. In these cases, the Parties have diverging views on the EEA relevance of these legislative acts. The EFTA side argues that they fall outside the scope of the EEA Agreement. The EU side is of the opinion that these legislative acts fall under the scope of the EEA agreement and they form an important part of the EU's *acquis* with an impact of homogeneity of the internal market.

52. The EU and the EFTA side continued discussions on the EEA relevance of the Directive on the protection of the environment through criminal law, and the Directive on ship-source pollution and on the introduction of penalties for infringements.