

**E U R O P E A N   E C O N O M I C   A R E A**

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**EEA JOINT PARLIAMENTARY COMMITTEE**

**REPORT**

**ON THE ANNUAL REPORT ON**

**THE FUNCTIONING OF THE EEA AGREEMENT IN 1998**

Co-rapporteurs: Mr. Árni M. Mathiesen, MP  
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## I INTRODUCTION

1. The EEA JPC shall according to the EEA Agreement (Article 95, paragraph 4) examine the annual report of the EEA Joint Committee on the functioning and development of the EEA Agreement. This report examines the Annual Report of the EEA Joint Committee for 1998. As has been done in previous years, this report will assess the functioning of the Agreement and general developments within the EEA, focusing on a number of important areas where progress has in the past been lacking.

## II THE EEA ANNUAL REPORT - SUMMARY AND EVALUATION

2. The Joint Committee Annual Report for 1998 (J/00/R/009) is very similar in structure and content to the Annual Reports for 1996 and 1997. It provides, as did the previous ones, an excellent factual overview, listing areas where progress has been made and decisions taken. The tone of the Joint Committee Annual Report for 1998 can also this year be considered as quite positive regarding the functioning of the EEA Agreement. The report notes that the Joint Committee met 11 times in 1998 and adopted 122 decisions (compared to 107 in 1997 and 84 in 1996), and incorporated 180 acts. In addition the decision on veterinary issues was adopted, which included 644 acts. The latter decision had been prepared for two years.

3. The report notes that the rate of *decision making* increased significantly in 1998, following determined efforts by both the EFTA side and the Commission services. An average of 11 decisions were adopted per working month (compared to around 9 in 1997 and 7 in 1996), representing an average of about 16 acts incorporated (compared to 13 in 1997), not including Decision 69/98 with its 644 acts. Despite this improvement, the backlog of acts waiting to be incorporated into the EEA Agreement was still substantial at the end of the year.

4. The EFTA Secretariat and DG I/A completed a first review of procedures, leading to improved monitoring of acts in the EEA system. The report notes that the rate of flow through the Joint Committee has increased considerably, however the number of acts needing to be incorporated into the Agreement, notably due to the veterinary acts, have increased significantly. Regarding *decision shaping*, the report lists the issues on which EFTA comments were transmitted to the Commission, 20 in all; about the same as in 1997 (22 comments). EFTA experts were also associated with the work of a wide range of EU committees, more than 100 in the field of TBT alone.

5. The report states that the EFTA side generally makes good use of the opportunities provided by the Agreement, although the effect of the input may be difficult to identify directly. It is recalled that the JPC called on the Joint Committee in 1996 to provide in its annual report for 1997 a fuller analysis and evaluation of EFTA participation in decision shaping. The list of comments and opinions transmitted from the EFTA side to various EU proposals, is very comprehensive, but does not show an increasing activity compared to last year. The analysis and evaluation of the effect of EFTA participation in decision shaping is still lacking, with the explanation that the EFTA involvement is very decentralised and due to the fact that cause and effect are usually not identifiable.

6. Following the launch of the accession process on the EU side, the Commission provided regular briefings on a regular basis in the Joint Committee. The relevance to the EEA of enlargement is thus being explored, however the EFTA side reiterates its view that written information, particularly on more technical aspects, would be important. Regarding the implementation of the Amsterdam Treaty and its possible impacts on the EEA co-operation, an EEA ministerial meeting in the field of environment is envisaged due to the integration of environmental considerations into all policies and actions undertaken by the European Community.

7. In the context of the advisory bodies, the report notes that the Joint Committee agreed a response by its President-in-office from the EEA JPC on a Common European Transport Policy and on the Information Society, and delivered by the President-in-office in a statement at the 10<sup>th</sup> JPC meeting. At the 11<sup>th</sup> JPC meeting the President delivered a statement on the functioning of the EEA Agreement in 1997, on the outcome of the Kyoto summit and on the free movement of workers in the EEA.

### **III THE FUNCTIONING OF THE AGREEMENT – EVALUATION AND CONSIDERATIONS**

8. In general, the EEA Agreement seems to be functioning well. It would seem that legislation has, to a considerable extent, been incorporated in the Agreement within an acceptable timeframe, thus avoiding major problems in maintaining the homogeneity of the Area. However, there is still concern that although the rate of decision-making has increased notably with the incorporation of the veterinary acts, there is still a backlog. Even though the incorporation of new legislation has been speeded up, and the fact that the number of acts have increased, there is still some way to go to achieve a fully simultaneous application of legislation. Adequate resources must be provided on both sides to be able to reach a speedier processing of new legislation. It is important that the backlog is reduced to a minimum by the end of 1999. It has become a standard phrase in these reports to note that while the incorporation of new legislation has been speeded up, due to the increasing number of acts to be incorporated, there is still a backlog problem and thus some way to go to achieve a simultaneous application of legislation. It is quite apparent that while each year we see some increase in the rate of decision making, this is not really sufficient and we continue to fall behind. While this may not be seen as a major threat to the integrity of the Agreement, it is most certainly an unsatisfactory state of affairs and a hindrance to a true single, homogeneous market.

9. There has to be concern that, should such a backlog still be in existence when the next enlargement of the EU takes place, then this could have adverse effects on the integrity of the Single Market. The next enlargement of the EU might involve new Members having transition periods for some aspects of Single Market legislation. If there is not homogeneity in the market of the EEA, this situation could lead to distortions.

10. The EEA JPC has during the years emphasised many times that the EEA EFTA States are as much part of the internal market as EU member states as such must participate in the shaping of common rules. Participation of the EFTA states in decision

shaping is important at all levels, from the expert level to exchanges in the Joint Committee. The EFTA pillar continued in 1998 to keep a high level of participation in the decision shaping process. It continued to transmit its views to the Commission on a number of issues and took part in an ever-growing number of EU committees. While the Annual Report states that it would be difficult to "gauge objectively the effect of EFTA involvement in the EU decision shaping process", the rapporteurs would like to see an attempt made and call, therefore, for the Joint Committee to produce a report on the issue for the Autumn 1999 meeting of the EEA JPC.

11. The rapporteurs are concerned about the time lag between adoption and publication of Joint Committee decisions on the EFTA side, mentioned in the Annual Report. They would like to see further explanations and details of what is being done to remedy the situation.

12. The rapporteurs note that with the increased role of the European Parliament in the EU decision making process, provided by the Treaties of Maastricht and Amsterdam, the EEA EFTA states should explore even closer links with the European Parliament at an early stage in the decision making phase. EEA EFTA liaisons should be equally valuable between various EU institutions, depending of the legal bases of the issue.

13. The rapporteurs are happy to note that after more than two years of work, the large number of veterinary acts were incorporated into the Agreement, resulting in the adoption of Joint Committee Decision 69/98 on new Annex 1. Meanwhile the rapporteurs urge the two sides to catch up work on the additional package.

14. As noted in 1997, the work concerning Protocol 3 to the Agreement on processed agricultural goods, has not been finalised. After having reached an agreement with Norway and the EU in 1997, and a tentative agreement with Iceland at the end of 1998, this will hopefully lead to a finalisation on Protocol 3 during 1999.

15. A new issue arose in 1998, regarding the financial mechanism which expired at the end of 1998. The EU side presented a request at an EEA Council that the five-year mechanism should be renewed. It is the opinion of the JPC that the Financial Mechanism did indeed expire at the end of 1998. However, without entering into a legal discussion, it is vital that a solution is found as to secure the continued good functioning of the EEA Agreement. The JPC is concerned about the fact that a number of draft Joint Committee decisions were blocked in the EU Council at the end of 1998, as a result of the legal disagreement.

16. Regarding free movement of workers in Liechtenstein, an agreement was not reached in 1998. There were regular discussions between Liechtenstein and the Commission during last year, however, a timetable for a permanent solution is not indicated. The Committee appreciates however, the statement given by the President-in-office of the Joint Committee at the 11<sup>th</sup> EEA JPC meeting. It is imperative that an acceptable solution to all parties is found as soon as possible, i.e. within the course of this year.

#### **IV THE EEA JPC AND ITS RESOLUTIONS**

17. The institutional relationship with the EEA Joint Committee and Council has been relatively satisfactory. The current practice of distribution of Joint Committee statements on JPC resolutions before JPC meetings makes it possible for members to prepare themselves for a dialogue with Joint Committee representatives. But whereas numerous JPC resolutions have invited "the EEA Council to have an exchange of views with the JPC's Chairman and Vice-Chairman", no such dialogue has taken place. A solution can hopefully be found in the future.

18. The EEA Agreement has just completed its first five years of operation, having entered into force on 1 January 1994. The JPC Secretariat is preparing a report, which will contain a complete list of JPC recommendations during this first five year period of the committee's work. The aim is to look carefully at developments in the areas concerned and to provide a basis for the committee to assess both the status of the issues and the effectiveness of the process and the relationships involved. As shown in the updates, annexed with previous JPC reports on the EEA Joint Committee Annual Reports, many of the points taken up in past resolutions can be considered as having been achieved, while others wait to be judged. The committee might wish to leave the achieved items out of its future updates, while continuing with the unfinished ones or re-examining them in a new light. The Secretariat report could thus provide a cut-off point where worthy issues from the previous resolutions would be carried over to the next period. The report will be finished before the committee and bureau meetings in the second half of this year.

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**RESOLUTION****on the Annual report on the functioning of the EEA Agreement in 1998**

The Joint Parliamentary Committee of the European Economic Area:

- A. in accordance with its task laid out by the EEA Agreement (Article 95, paragraph 4),
- B. emphasising that the EEA/EFTA States are not third countries in matters concerning the internal market, but full participants,
- C. mindful of the importance of maintaining homogeneity within the EEA, satisfied with an increased number of legislation having been processed, yet concerned about remaining backlog,
- D. noting that the information and consultation process provided for by the EEA Agreement is an essential tool for the EFTA States for the shaping of common rules,
- E. recalling its resolution on the functioning of the EEA in 1994 (adopted 29 May 1995), in 1995 (adopted 3 June 1996), in 1996 (adopted 14 April 1997) and in 1997 (adopted 25 May 1998),
  - 1. welcomes the report of the EEA Joint Committee for 1998 and agrees with the general assessment the EEA is functioning well;
  - 2. welcomes the review of the procedures undertaken by the Commission and the EFTA Secretariat, which has led to an improvement in the monitoring of acts under processing in the EEA system;
  - 3. calls on both pillars to ensure further acceleration of decision taking in the Joint Committee, with the aim of getting rid of all backlog by the end of 1999; if this is not achieved the Joint Committee is to give a special report to the JPC in the Spring of 2000, detailing exactly where the problems lay;
  - 4. warns that any incompleteness in the homogeneity of the Single Market within the EEA at the time of the next enlargement of the EU could have serious consequences for the functioning of the market;
  - 5. deplores the blockage in Council of the draft Joint Committee decision incorporating EC legislation on medicinal products (including EFTA participation in the EMEA) and calls for immediate adoptions;
  - 6. welcomes EFTA's commitment to make more resources available for Icelandic and Norwegian translations;

7. welcomes the increased participation of the EFTA pillar in decision-shaping, but calls for the EFTA side to take into account, in a systematic manner, the increased role of the European Parliament in EU legislation;
8. notes with satisfaction the adoption of Annex 1 on veterinary and phytosanitary measures, incorporating 644 acts into the Agreement, after two years of preparation;
9. refers to its resolution on the finalisation of Protocol 3 dated 25 May 1998 and calls again on the contracting parties to finalise Protocol 3 at the earliest opportunity and to report in detail on developments in this area to the EEA JPC at its 13th meeting;
10. appreciates the statement delivered by the President-in-office of the EEA Joint Committee at the 11th EEA JPC, following the JPC resolutions on free movement of workers from 25 1998, regarding the free movement of persons for Liechtenstein, and calls on the parties to find a solution. If this issue has not been solved by the 13th EEA JPC, calls on the Joint Committee to report in detail to the JPC at that time;
11. expresses concern about adverse impacts on the EEA Agreement due to legal disagreement over the Financial Mechanism, urges the contracting partners to find a quick solution as regards the Financial Mechanism to secure the continued good functioning of the EEA Agreement, but believes that the mechanism was a temporary arrangement which expired at the end of 1998;
12. welcomes the continuing efforts being made to strengthen contacts between the social partners, in particular the meeting in Reykjavik in June 1998, welcomes further discussion of the possible participation of the EFTA side in the work of the European Agency for Health and Safety at Work;
13. calls on the Joint Committee to continue to inform the JPC about possible impacts on the EEA Agreement in view of the ratification of the Amsterdam Treaty, and to continue to explore possible impacts on the Agreement during the pre-accession phase of the enlargement of the EU/EEA;
14. calls on the Joint Committee to produce a report on the effects of EFTA involvement in the EU decision shaping process for the Autumn 1999 meeting of the EEA JPC;
15. calls for a dialogue between the JPC and the European Parliament on how closer links, as mentioned above in the report, could be facilitated.