

Annex to
M/20/R/014
6 May 1998

M/20/R/014
1 Annex
6 May 1998
Brussels

EEA JOINT PARLIAMENTARY COMMITTEE

REPORT ON

THE FUNCTIONING OF THE EEA AGREEMENT IN 1997

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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 1997. 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, including homogeneity, EFTA participation in decision-shaping, as well as a look at subject areas where progress has in the past been lacking. The report will also review developments in relation to past resolutions of the JPC pertaining to the general functioning of the Agreement, to determine whether the JPC's views are given due consideration by the EEA Council and Joint Committee. Finally, annexed to the report is an updated list of past resolutions of the JPC, with information indicating the current state of affairs as regards the recommendations pertaining to specific issues (Annex). This list was first published as an annex to the Report on the functioning of the EEA Agreement in 1995. This is the second update.

II THE EEA ANNUAL REPORT - SUMMARY AND EVALUATION

2. The Joint Committee Annual Report for 1997 (J/00/R/006) is very similar in structure and content to the Annual Report for 1996. It provides, as did the previous one, an excellent factual overview, listing areas where progress has been made and decisions taken. The tone of the Joint Committee Annual Report for 1997 (J/00/R/004) can be considered to be quite positive regarding the functioning of the EEA Agreement. The report notes that the Joint Committee met 12 times in 1997 and adopted 107 decisions (as compared to 84 in 1996) incorporating 146 acts into the Agreement.

3. The report notes that the rate of decision making increased significantly over the previous year, from an average of 7 decisions per month in 1996 to almost 10 decisions per month in 1997. Despite this improvement, the backlog of acts waiting to be incorporated into the EEA Agreement was still significant at the end of the year. Regarding decision shaping, the report lists the issues on which EFTA comments were transmitted to the Commission, 22 in all, and discusses briefly EFTA participation in EU committees.

4. In the context of the advisory bodies, the report notes that the Joint Committee framed statements which were delivered by the President of the Joint Committee at the 6th and 7th meetings of the JPC. Finally, the report gives an overview of activities by substance area during 1997, in particular regarding legislation incorporated.

5. It has already been mentioned that this report is very similar, both in content and form to the annual report for 1996. The EEA JPC has in general been very pleased with the way in which the annual report has developed since the first one was published in 1995 and has in particular welcomed the increased information on EFTA participation in decision shaping. It should be noted, however, that in last year's resolution on the functioning of the EEA in 1996, the JPC called on the Joint Committee to provide in its annual report for 1997 a fuller analysis and evaluation of EFTA participation in decision shaping. In the annual report for 1997, this information is a bit more comprehensive

than in earlier reports, as it includes some information about EFTA participation in EU committees. However, any analysis and evaluation of EFTA participation in decision shaping is lacking, as the Joint Committee deems this too difficult to gauge objectively.

III THE FUNCTIONING OF THE AGREEMENT - EVALUATION AND FUTURE CONSIDERATIONS

6. In general, the EEA Agreement seems to be functioning well. It would seem that legislation has, to a considerable extent, been incorporated into the Agreement within an acceptable time frame, thus avoiding major problems in maintaining the homogeneity of the Area. However, it is worrisome to note that although the rate of decision-making has increased in the last couple of years, there is still a significant backlog. We have, therefore, still some way to go to achieve fully a simultaneous application of legislation. The Joint Committee has started work on a review of procedures, to see what can be done to remedy this situation. It is clear that it is absolutely necessary to increase further the rate of decision making to incorporate at least approximately 20 acts per month in order to make inroads into the backlog. If it is a question of resources on one or both sides to be able to reach this target, these will have to be made available. It is imperative that the backlog be significantly reduced by the end of this year.

7. The EEA JPC has emphasised many times that the EEA EFTA States are as much a part of the internal market as EU member states and as such must participate in the shaping of the 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 1997 to increase its participation in the decision shaping process. It transmitted its views to the Commission on a number of issues and took part in the work of an ever growing number of EU committees. This development is noted with satisfaction. The rapporteurs are also very pleased that during 1997 the practice of sending all EFTA comments to members of the EEA JPC for information was initiated. As far as the rapporteurs know, it has not been the practice to send these comments systematically to the relevant EP committees, but this might be something to look at for the future, so that the relevant committee would receive EFTA comments at the time that its work on a particular issue was starting and a rapporteur had been named.

8. The rapporteurs are happy to note that progress was made in 1997 in certain areas where it had hitherto been lacking. Firstly, maritime cabotage was finally incorporated into the EEA Agreement. Secondly, technical work on the revised annex I was completed and the parties are aiming at an entry into force for July of this year. Whether or not this target will be reached remains to be seen. The rapporteurs point out that last year at this time it was also the aim that this decision would enter into force in July 1997!

9. Protocol 3 to the EEA Agreement on processed agricultural goods is another old friend, where expectations have exceeded developments for some time. This issue has still not been finalized. The annual report does not provide much substantive information on the issue, i.e. what exactly the problems are and what is being done to solve them. Thus, when Protocol 3 will be finalized is anybody's guess.

10. A new issue arose in 1997, which should be mentioned specifically, concerning free movement of persons for Liechtenstein. Liechtenstein had a transitional period in this area, according to Protocol 15 of the EEA Agreement, which ran out at the end of 1997. A joint review of the matter was foreseen in the Protocol (art. 10) at the end of the transitional period, taking into account the specific geographical situation of Liechtenstein. Moreover, the EEA Council made a political declaration regarding this issue at its meeting of 20 December 1994. In this declaration the EEA Council expresses understanding for the special situation of Liechtenstein, its geographical location and very small inhabitable area with an unusually high percentage of non-national residents and employees. This declaration also said that in the context of the review account should be taken of the elements which might justify the taking of safeguard measures and further, that the Contracting Parties should in case of difficulties endeavour to find a solution which allows Liechtenstein to avoid having recourse to safeguard measures. The review, preparations for which were started in the Spring of 1997, did take place, but has not yet yielded results. Consultations between Liechtenstein and the Community are ongoing. Due to the lack of a mutually acceptable solution to date, Liechtenstein has been forced to apply some safeguard measures since the beginning of 1998, in order to have a clear legal situation. The rapporteurs stress that a mutually acceptable solution must be found, taking into account the political assurances which were given to Liechtenstein at the end of 1994. The parties should work rapidly to find an acceptable solution before the summer break.

IV THE EEA JPC AND ITS RESOLUTIONS

11. The rapporteurs feel it important to stress once again that the EEA JPC believes that the concept of democratic accountability is a very important factor of the EEA. The updated overview of past recommendations of the JPC and status of developments in the areas of the recommendations (annex) shows that in many areas developments have been in line with JPC recommendations. It should, however, be pointed out that developments on some far-reaching recommendations are not yet ripe for any real assessment and the outcome in those areas will ultimately affect the balance of the overview.

12. The rapporteurs do not want to beat a dead horse, but wish to say a few words about the institutional relationship with the EEA Joint Committee and Council. Firstly, in light of the position taken by the Joint Committee, the rapporteurs are reasonably satisfied with the current practice of distribution of Joint Committee statements on JPC resolutions before JPC meetings. The practice has been firmly established whereby statements have been handed over in time for members of the JPC to have a look at them before the meeting and thus prepare themselves for the dialogue with Joint Committee representatives. The rapporteurs stress that it is very important that the statement of the President in Office of the Joint Committee continue to be handed over to the JPC at least a few days before the meeting.

13. Secondly, the rapporteurs are very happy to note that, in accordance with a request made by the JPC in its resolution on the functioning of the EEA in 1996, a list, from the EFTA Secretariat database, of pipeline and adopted acquis being considered

for incorporation into the EEA Agreement is now being distributed to members of the JPC on a regular basis. The first such list was distributed in March 1998.

14. Thirdly, numerous JPC resolutions have invited "the EEA Council to have an exchange of views with the JPC's Chairman and Vice-Chairman." While no definite response has been forthcoming on this issue from the EEA Council during all this time, the JPC has been given to understand that there may be practical difficulties to this, due to time constraints at Council meetings. This need not, however, be such a time consuming exercise and could even be somewhat informal. The rapporteurs hope that some compromise can be found which would satisfy all parties.

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RESOLUTION

on the functioning of the EEA Agreement in 1997

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,
- 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 the common rules,
- E. recalling its resolution on the functioning of the EEA Agreement during its first year, including comments on the EEA Joint Committees Annual Report (adopted 29 May 1995), its resolution on relations with the EEA Council and Joint Committee (adopted 20 November 1995), its resolution on the functioning of the EEA in 1995 (adopted 3 June 1996), and its resolution on the functioning of the EEA in 1996 (adopted 14 April 1997),
 1. Welcomes the report of the EEA Joint Committee for 1997 and agrees with the general assessment that the EEA is functioning well;
 2. Urges the Joint Committee to continue to develop the annual report, augmenting the factual overview with more analysis and evaluation, as well as more in-depth explanation of problem issues;
 3. Calls on both pillars to ensure a further acceleration of decision making in the Joint Committee to eliminate the existing backlog before the end of 1998 , and to do this by committing additional resources if necessary, and further to report on progress to the JPC at its eleventh meeting;
 4. Welcomes the increased participation of the EFTA pillar in decision shaping and calls for EFTA comments to be distributed systematically to the appropriate EP committees;
 5. Expresses regret at the continuous delay in adopting the decision on Annex I and in the event that annex I has still not entered into force by the eleventh meeting of the EEA JPC, calls on the Joint Committee to report in detail on developments in this area;
 6. Calls on the contracting parties to finalize Protocol 3 at the earliest opportunity and for the Joint Committee to report in detail on developments in this area to the EEA JPC at its eleventh meeting;

7. Calls on the parties to find agreement on the problems related to free movement of persons for Liechtenstein before the summer break, taking into account the political assurances given to Liechtenstein at the end of 1994 - If this issue has not been solved by the eleventh meeting of the EEA JPC, calls on the Joint Committee to report in detail to the JPC at that time.

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**UPDATED OVERVIEW OF PAST RECOMMENDATIONS OF THE JPC
(SECOND TO EIGHTH MEETINGS) AND STATUS OF DEVELOPMENTS IN
THE AREAS OF THE RECOMMENDATIONS**

Following is an updated overview of developments in areas of past recommendations¹⁾ of the JPC. In some areas, where general political objectives are the basis of the recommendation, members of the JPC must make their own evaluations of developments, while this overview attempts to take a factual approach.

**I RECOMMENDATIONS ADOPTED AT THE SECOND MEETING
OF THE JPC, 26 and 27 April 1994**

A. Resolution on the four freedoms

<u>Recommendation</u>	<u>Developments</u>
a. Implementation by EEA member states of the additional package	Achieved.
b. Interim report on the EEA Agreement from the Joint Committee	Received.
c. Decision from EEA Council on compatibility of Liechtenstein/Swiss regional union with the EEA Agreement	Achieved.
with regard to free movement of goods	
d. Development of all-European cumulation rules by EEA Council	Achieved.
e. Harmonization of rules on outward processing of textiles by EEA Council	In principle solved by the introduction of European cumulation.
f. Commission to submit proposals for measures to ensure uniform environmental standards of a high level for motor vehicles in all EEA member states from 1 January 1995	Implemented for passenger cars by the introduction of new emission requirements from 1 January 1996. With regard to light commercial vehicles, new emission requirements entered into force in November 1996.
g. Information from Joint Committee on whether introduction of minimum prices for imported fish is covered by the EEA Agreement	No agreement in Joint Committee. Minimum price system expired and hasn't been renewed.

¹⁾ Recommendations as they appear here are generally condensed versions of the original resolution text.

Recommendation

h. Commission to prevent barriers on imports of fishery and paper products in future

i. No specific recommendation

j. No specific recommendation

With regard to the free movement of persons

k. Commission to ensure immediate implementation of Art. 7a of TEU

l. Efficient implementation of a system of coordination of national social security schemes

m. Joint Committee to deal urgently with matter of effective implementation of the system of mutual recognition of diplomas

n. Action to ensure that students from other EEA countries cannot be charged higher tuition costs and fees than nationals

o. Authorities invited to liberalize border passport controls for citizens in the EEA countries

With regard to the free movement of capital

p. Commission invited to submit proposals for measures to secure efficient cross border capital transactions and payments

Developments

Regarding fishery products, veterinary issues will be resolved when the revised annex I of the EEA Agreement enters into force; regarding other issues see point g. The particular problems related to paper products were solved in context of Finnish accession to EU.

Ongoing process.

Achieved.

Achieved.

Such action has not been taken. The provisions of the Agreement concerning the right of residence for students do not alter the possibilities of individual contracting parties, existing before the entry into force of the Agreement, as to the tuition fees charged to foreign students.

Agreement between the Schengen countries and Nordic countries to achieve this.

European Parliament and Council Directive on cross border credit transfers adopted in J.C. January 1998. Compliance date August 1998.

B. Resolution on competition policy

Recommendation

a. Achievement without delay of the harmonisation of practices with regard to competition as foreseen by the Agreement

b. The obligation for notification of projects for State aids must be applied.

c. No specific recommendation

d. Commission and EFTA Surveillance Authority to assure a homogeneous application of competition rules

e. No specific recommendation

f. No specific recommendation

g. EFTA Surveillance Authority and Commission invited to provide an information campaign, esp. for SME's, on EEA competition law, state aid and public procurement.

h. EFTA Surveillance Authority invited to work out an inventory of sectoral and regional aid systems and to submit this to the JPC

i. EFTA Surveillance Authority and Commission to investigate the competitive situation in certain sensitive industries like telecommunications, air transport, shipbuilding, interest rates in private banking, retail prices for automobiles and salmon fish farming, to analyze the application of competition law in the field of public procurement and make the results of these investigations available to the JPC

Developments

Achieved.

Is being followed up on a continuous basis.

Continuously being implemented.

Brochure was published on EEA competition rules by the Commission in cooperation with EFTA experts. DGIV is equally publishing information. ESA brochure on competition is updated periodically. Information also given in ESA annual report and in ESA seminars.

Action that ESA has taken under its competence is published in the annual report.

Work in these areas is ongoing in ESA within resources available and priorities set by the Authority. Information contained in annual report. Within the Commission there is a continuous investigation into the competitive situation of various industries, also ongoing surveillance of public procurement sector. Results of investigations are made available to the European Parliament.

Recommendation

j. EEA competition rules should not be interpreted in a manner which would endanger the aims of the alcohol policies for the protection of public health in the Nordic countries

k. EEA Council to seek a solution to problems of jurisdiction which have prevented the investigation of a complaint concerning aids to salmon farming

Developments

ESA has closed a case on Norwegian legislation related to imports, exports and wholesale of alcoholic beverages. Several complaints concerning trade in alcoholic beverages are still being assessed by ESA.

ESA concluded that it is not competent to assess state aid to the salmon industry and consequently closed a complaint on the matter. Anti-dumping and countervailing duty investigation has been finalized by Commission.

C. Resolution on horizontal policies and flanking measures

Recommendation

a. No specific recommendation

b. Full association of EEA/EFTA States in the EU programmes for elderly and handicapped people (HELIOS II) and activities of the Dublin Foundation

c. Social partners encouraged to play a positive role in combating unemployment

d. Promotion and development of equality of opportunity between men and women in employment and labour market policies, also in education, training, research and development

e. No specific recommendation

f. Commission and EFTA Standing Committee to work out jointly a Green Book on European Consumer Protection

Developments

Full participation in the HELIOS programme, which came to an end in end 1996. Participation in activities of Dublin Foundation.

EEA Consultative Committee work is ongoing.

Ongoing process.

The Commission adopted in October 1995 an action plan for priorities for consumer protection policies.

Recommendation

Developments

g. Introduction of a CO ₂ /energy tax supported; broad EEA cooperation in the follow-up to the EU Fifth Environmental Action Programme and on climate change policy issues expected	General CO ₂ energy tax has not been introduced. Proposal for a general energy tax is in pipeline. Cooperation takes place through EEA/EFTA States participation in the Environment Policy Review Group; informal consultations on climate change.
h. Support for participation of EEA/EFTA states in activities of the European Environment Agency	EEA/EFTA States are participating and are on the Management Board of the Agency.
i. Aim of common environmental measures should be to reach a level of environment protection that ensures an ecologically sustainable development	Ongoing process.
j. Extension of the EEA Agreement to include the EU Fourth Framework Programme on Research and Development	Achieved.
k. Joint Committee to decide to extend the EEA Agreement in the field of SME's	Achieved. Decision for EFTA participation in the latest programme adopted mid 1997.
l. Integration of all EFTA/EEA partners in the strategic projects of the audio-visual and telecommunications programmes	Achieved.
m. EU programmes on education to be adopted according to foreseen time-schedule in order to allow for participation of the EEA EFTA states.	Achieved.
n. Full participation of the EEA/EFTA States in the EU Action Plan for Tourism	Achieved.

II RECOMMENDATIONS ADOPTED AT THE THIRD MEETING OF THE JPC, 13 October 1994

A. Resolution on trans-European networks

Recommendation

Developments

with regard to trans-European networks in the field of telecommunications

a. No specific recommendation

b. Critical discussion from a cultural, societal, human, European regional and national economic point of view of the report on Europe and the global information society by the Bangemann Group and the action plan on Europe's way to the information society

Commission updated its action plan issued in November 1996, outlines remaining tasks to be accomplished in order to establish information society. EFTA states closely following developments. Discussion ongoing between EFTA and EU in all various sectors affected by information society.

c. No specific recommendation

d. Careful and critical discussion on the establishment at the European level of a European Authority in telecommunications, information and audio-visual services

Discussion ongoing, issue controversial.

e. A closer study of the proposals and the suggested 10 applications in the Bangemann report

Process ongoing.

f. No specific recommendation

g. EEA parties to establish a common and agreed regulatory framework for the protection of intellectual property rights, privacy and security of information

Work ongoing on the basis of Protocol 28 in the area of protection of intellectual property rights. The draft Joint Committee decision incorporating the directive on protection of individuals in relation to processing of personal data is currently being examined.

h. Creation of regional investment funds for the audio-visual sector

Under discussion in Commission. Proposal for a European Guarantee Fund under consideration.

Recommendation

Developments

i. Integration of CEEC's into the debate and development of the information society

High priority, process ongoing.

with regard to the Trans-European networks in the field of transport

j. Continuation and enforcement of cooperation between EFTA and the EU in planning a trans-European transport network

J.C. decision in transport TENs expected in Spring 1998.

k. EU and EFTA States to continue to develop the joint activity of the EFTA and EU Finance Ministers on infrastructure development

No specific follow-up known.

l. Interconnected EFTA/EU trans-European networks for all modes of transport

Guidelines for transport TENs will be incorporated into the EEA Agreement.

B. Resolution on Competition Policy/State Aid

Commission and EEA Council to inform JPC on developments with regard to competition policy and state aids

Information in annual reports and within context of meetings of the JPC.

C. Resolution on Social Policy

a. Joint Committee to start exploring modalities for EFTA participation in and association with EU activities in the fields of employment, equal treatment for women and men, social exclusion and public health

Achieved.

b. EFTA participation in the Standing Committee on Employment, EFTA association with activities carried out in networks and the flow of cross border exchanges of information within EURES. EFTA country inclusion in the annual report on "Employment in Europe"

No participation requested in Standing Committee on Employment due to the diminishing role of the Committee. EFTA participation in the Directors General for Employment, MISEP and Heads of Public Employment Agencies achieved, also association with activities within EURES. Inclusion of EFTA countries in the annual report on employment in Europe has not been achieved.

Recommendation

Developments

c. EFTA participation in the Advisory Committee on Equal Opportunities for Women and Men, EFTA association with the EU network activities and cross-border exchanges of experience

Achieved.

d. EFTA participation in the new programme in the field of poverty and social exclusion

There is no new programme.

e. Joint Committee to examine how the EFTA side could be involved in EU activities in the field of public health, the multi-annual programmes for the prevention of cancer, the fight against drug abuse, AIDS and other transmittable diseases and the programmes for education and information with regard to health protection.

Involvement in programmes in the fields of cancer aids, health promotion and drugs achieved. EFTA states have recently adopted the health monitoring programme.

f. Strong involvement of the EFTA side in the follow-up to the White Paper on Social Policy.

EFTA countries submitted comments on the mid-term social action programme.

III RECOMMENDATIONS ADOPTED AT THE FOURTH MEETING OF THE JPC, 29 May 1995

A. Resolution on competition policy/state aid

a. Commission and EFTA Surveillance Authority to assure a homogeneous application of competition rules, esp. in the field of state aid

Continuously implemented.

b. Ratification of OECD Agreement on Shipbuilding by all contracting parties

EFTA and EU states have ratified. Agreement failed to enter into force due to lack of ratification by other important parties.

c. Implementation of the OECD Agreement on shipbuilding within the EEA framework as from the beginning of 1996

As the OECD Agreement was not ratified by all parties to the Agreement, the 7th shipbuilding directive was prolonged within the EEA area until the end of 1998. The EU is presently considering to establish new rules for aid to shipbuilding, in case OECD Agreement doesn't enter into force.

Recommendation

Developments

d. Commission urged to ensure fair competition in civil aviation in the whole EEA area

Ongoing process.

e. Rapid solutions needed to structural problems and over capacity in the steel sector. State aid to be authorized only if it is undistortive and relates to restructuring projects

The new Steel Aid Code (Commission decision 2496/96/ECSC of 18 December 1996) was integrated into the EEA Agreement in February 1998.

f. Member States to adopt without delay the necessary implementing measures with a view to the single market in telecommunications

Liberalization foreseen in most EEA states from 1 January 1998.

g. IGC should decide to bring energy policy into the Community pillar

IGC has taken no decision to include energy policy in Community pillar

B. Resolution on the functioning of the EEA Agreement during its first year, including comments on the EEA Joint Committee's annual report for 1994

a. No specific recommendation

b. No specific recommendation

c. No specific recommendation

d. No specific recommendation

e. No specific recommendation

f. Commission to indicate clearly whether it considers its draft legislative proposals to be EEA-relevant

Continuously implemented.

g. Continued consideration to be given to means of associating experts from EFTA States in EC Committees where this is called for by the good functioning of the Agreement

Continuously implemented, ongoing process.

h. Detailed review from the Joint Committee of EEA-relevant EU acquis adopted in 1994 but still not integrated into the EEA Agreement

EFTA database on adopted and pipeline acquis has been made available since March 1998.

Recommendation

Developments

i. EEA Council and Joint Committee to provide a written response to specific recommendation of the JPC;
EEA Council to have an exchange of views with the JPC's Chairman and Vice-Chairman

President of the J.C. makes a statement on JPC resolutions at JPC meetings. Text of statement is made available;
No definitive response, but deemed difficult.

j. EEA annual report to have annexed to it details of requests by one side of the Agreement to the other side for action to ensure full compliance with the Treaty by its members

Not considered practical by J.C.

IV RECOMMENDATIONS ADOPTED AT THE FIFTH MEETING OF THE JPC, 20 NOVEMBER 1995

A. Resolution on the environment

1. No specific recommendation

2. Further emphasis to be given to environmental aspects of competition policy, e.g. through an introduction of environmental assessment criteria as a condition for aid and support schemes

The guidelines on aid for environmental protection have been reviewed by ESA and the Commission. No amendments were deemed necessary.

3. Support for European CO₂ tax.

General CO₂ energy tax has not been introduced. Proposal for general energy tax is in the pipeline.

4. Existing directives on GMO's deemed inadequate; information to public on controversial legal and ethical aspects to be strengthened.

Review of directives on contained use and marketing of GMO's is taking place.

5. Strategic Environmental Assessment needed for TEN's.

Note taken.

6. Co-decision procedure should be applied in all environment related decisions.

Note taken.

7. No specific recommendation

Recommendation

Developments

8. Strong involvement from EFTA side in the follow-up of the EU 5th Environment Action Programme, as well as in future Environment Action Plans

Ongoing process.

9. Strong EFTA involvement in the decision-shaping process, especially through active participation of EFTA experts in EU committees and expert groups in the field of environmental legislation.

Ongoing process.

10. Strong EFTA involvement with EU activities at Ministerial, high officials and parliamentary level, where appropriate, in context of EFTA-EU political dialogue.

Ongoing process.

11. Close EFTA-EU cooperation to design a policy that takes into account in an integrated manner the environmental aspects of other policies and is based on a cross-sectoral approach in the fields of agriculture, transport and industry, as well as trade and the environment; viable solutions to be sought to conflict between the environment and the free movement of goods in a manner that give better guarantees for environmental protection aspects; These considerations to be promoted by the EU parties and IGC.

Ongoing process. EFTA EEA comments regularly transmitted regarding environmental issues prepared by Commission.

12. Strong EU and EFTA involvement in preparations for WTO Singapore ministerial, to ensure enhanced transparency of the WTO and its subgroups, review WTO's rules relating to the compatibility of Multilateral Environmental Agreements with the provisions of the General Agreement and establish general guidelines on the interpretation of Art. XX with respect to legitimate environmental and other non-trade policy objectives.

Both EU and EFTA delegations worked in this direction for the ministerial, but this is a global framework. Work is ongoing.

Recommendation

Developments

B. Resolution on the freedom of movement of persons within the EEA, in light of recent developments

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| 1. The Council and Commission to implement the rules of the Treaties of the EU on free movement of persons in the relevant legislation | Ongoing process. Some legislation in pipeline, further proposals expected in 1998. |
| 2. No specific recommendation | |
| 3. Council to move speedily on Commission proposals with a view to implementing the basic aim of the founding fathers in relation to freedom of movement of persons | Ongoing discussion. |
| 4. No specific recommendation | |
| 5. No specific recommendation | |
| 6. No specific recommendation | |
| 7. No specific recommendations | |
| 8. Competent authorities in EU and EFTA-EEA states to allow and facilitate the application in EEA EFTA states of measures similar or identical to those foreseen in the Schengen Agreement | On the way to being achieved through Iceland's and Norway's association to the Schengen Agreement. |

C. Resolution on relations with the EEA Council and Joint Committee

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| 1. No specific recommendation | |
| 2. Written responses from EEA Council and Joint Committee to specific recommendations of the EEA JPC to be systematically provided in advance of JPC meetings | President of J.C. makes statement on JPC resolutions at JPC meetings. Text of statement is made available. |
| 3. Exchange of views to take place between EEA Council and JPC Chairman and Vice-Chairman | No definitive response, but deemed difficult. |

Recommendation

Developments

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| 4. Joint Committee to reconsider response to paragraph J of the JPC's resolution on the EEA Annual Report for 1994 (adopted on 29 May 1995) | Not considered practical by J.C. |
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IV RECOMMENDATIONS ADOPTED AT THE SIXTH MEETING OF THE JPC, 3 JUNE 1996

A. Resolution on the activities of the EEA in 1995

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| 1. No specific recommendation | |
| 2. No specific recommendation | |
| 3. Rapid decision-making in the JC | Ongoing effort, with continuing progress. |
| 4. Speediest possible implementation of new rules by the national administrations | Ongoing effort, largely satisfactory. |
| 5. Involvement of EEA-EFTA experts in all work of the EC committees, which is relevant to the EEA | In general achieved. Ongoing process as further committees are under consideration. |
| 6. No specific recommendation. | |
| 7. Pragmatic and flexible approach in areas on non-legislative initiatives, ensuring EEA-EFTA state's early access to bodies and programmes relevant to the internal market and good functioning of the EEA; Evaluation of EEA-EFTA involvement in decision-shaping in these areas to be included in J.C. annual report for 1996 | Ongoing process, working well on whole;

Achieved to a certain extent. |
| 8. Council of EU to adopt Commission proposal on European cumulation without delay. | Achieved. |

Recommendation

Developments

9. EEA-EFTA states to undertake campaigns in parallel to Citizen's First initiative

Developments are being followed. The EFTA states are making efforts, e.g. some have achieved linkages between electronic information systems and Norway has made information material similar to that of EU.

10. Intensified efforts to reach solution on issues of maritime cabotage, veterinary matters and protocol 3; JC to provide JPC updated information on these issues.

Maritime cabotage, was incorporated in October 1997. Fulfilment of constitutional requirements in Norway awaited. A Joint Committee decision to integrate revised Annex 1 is expected in the summer of 1998 .

Discussions between Iceland and the Commission on Protocol 2 to the bilateral FTA are in progress, prior to the opening of general negotiations on Protocol 3.

11. No specific recommendation.

No definite response, but deemed difficult.

12. Reiteration of earlier invitation to EEA Council to have exchange of views with JPC Chairman and Vice-Chairman in between JPC meetings, e.g. on eve of EEA Council meetings.

13. Reiteration of request that JC annual report have annexed to it details of requests by one side of the Agreement to the other side for action to ensure full compliance with the Treaty and details of outcomes of such requests; alternatively that the JPC be given regular, detailed oral briefings of such issues.

Not considered practical by J.C;

No specific response.

B. Resolution on the single market in telecommunications

1. No specific recommendation.

Ongoing process.

2. Creation of a proper single market in telecommunications through the speedy and full implementation of EU legislation in this field

That is the intention.

Recommendation

Developments

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| 3. Countries to which derogations from the 1998 deadline have been granted to join the single market in telecommunications as quickly as possible. | Note taken. |
| 4. Regulation should be consistent EU-wide and EEA-wide | Ongoing process. |
| 5. Serious consideration to be given to how to ensure effective and unified implementation of the single market in telecommunications | Ongoing process. |
| 6. Mandatory guidelines should be sufficiently detailed to cover potentially conflictual areas | Note taken. |
| 7. Importance of universal service | Note taken. |

IV RECOMMENDATIONS ADOPTED AT THE SEVENTH MEETING OF THE JPC, 7 OCTOBER 1996

A. Resolution on competition policy

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| 1. No specific recommendation | |
| 2. No specific recommendation | |
| 3. Contracting parties to ensure the integration of acts like block exemption regulations and the Shipbuilding Directive into the Agreement at earliest possible stage | Parties recognize importance of adopting block exemptions as early as possible. Block exemptions have been and will be prolonged. |
| 4. EEA state aid rules to be applied firmly and without exception | Existing and new aid continuously scrutinized. |
| 5. Strict discipline to be maintained in the area of shipbuilding in the EEA, despite OECD Agreement not having entered into force yet | 7 th Shipbuilding directive still in force. ESA and Commission monitor practice and enforce obligations vigilantly. Contract related aid probably will be abolished within a specific time frame and in context of new rules that will replace the 7 th directive on 1 st January 1999. |

Recommendation

Developments

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| 6. Commission and ESA to ensure that state aid rules are complied with as public monopolies in the fields of telecommunications, postal services, energy and civil aviation move into a competitive environment | Commission and ESA in agreement on significance of these areas and conscious of their role in securing an orderly transition of these sectors to a competitive environment. ESA is currently pursuing a number of cases relating to these sectors, both in the field of state aid and competition. |
| 7. Commission and ESA to closely monitor the application of state aid, specifically to preclude distortions where companies which enjoy subsidies, state aid or preferential rights are also investing in competitive fields | See answer above. |
| 8. Commission and ESA to complete examination of alcohol retail monopolies in Norway, Sweden, Finland and Iceland and inform JPC of the conclusions | ESA cases have been delayed inter alia because of cases before the ECJ and the EFTA Court. It is on ESA's workplan to finalize these as far as possible in the course of 1998. |
| 9. Commission and ESA to be especially vigilant in ensuring rigorous application of state aid rules with regard to civil aviation and to hinder repeated injections of state aid for the rescuing or restructuring of an airline | As far as EEA EFTA states are concerned, ESA has not been notified of aid of this kind nor is it otherwise aware that any such aid has been granted by the EFTA states after entry into force of the EEA Agreement. |
| 10. Commission and ESA to be vigilant in their application of the competition rules in the antitrust field, to prevent anticompetitive behaviour of major airlines | ESA and Commission are constantly handling notifications and complaints under the competition rules. |

B. Resolution on pan-European cumulation

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| 1. No specific recommendation | |
| 2. No specific recommendation | |
| 3. No specific recommendation | |
| 4. No specific recommendation | |
| 5. Parties to endeavour to overcome difficulties associated with achieving total cumulation | No progress. See below. |

Recommendation

Developments

6. No specific recommendation

7. EEA Council and Joint Committee to use good offices to urge the EU to move rapidly to the third stage foreseen by the Essen Council and take necessary decisions for implementation of total pan-European cumulation

No progress, due to preoccupation with implementation of current regime.

VI RECOMMENDATIONS ADOPTED AT THE EIGHTH MEETING OF THE JPC, 14 APRIL 1997

A. Resolution on the functioning of the EEA in 1996

1. No specific recommendation

2. Both pillars to ensure a further acceleration of decision taking in the Joint Committee

Progress has been made. 107 decisions taken in 1997 compared with 84 in 1996. Commission and EFTA side now working on a joint review with aim of further improvement.

3. National administrations to implement new rules as speedily as possible

Continuous effort, overall deemed satisfactory.

4. No specific recommendation

5. Joint Committee to provide in its annual report for 1997 a fuller analysis and evaluation of EFTA participation in decision shaping

Some progress.

6. Joint Committee to adopt the decision on Annex I in time to allow for entry into force by 1 July 1997

Not achieved. Entry into force aimed at July 1998.

7. Contracting parties to ensure that the Joint Committee decision on maritime cabotage be taken before summer break of 1997

Maritime cabotage incorporated into Agreement in October 1997.

8. Contracting parties to finalize Protocol 3 at the earliest opportunity and report on progress to the JPC at its meeting in October 1997

Protocol 3 not finalized. JPC updated as specified.

Recommendation

Developments

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| 9. Parties to solve current problems in the European salmon market through dialogue and cooperation within the framework of the EEA Agreement | A settlement based on undertakings by Norwegian exporters and Norwegian government was reached and became effective from 1 July 1997. |
| 10. No specific recommendation | |
| 11. EEA institutions to provide specific responses to JPC recommendations in writing in advance of the meetings | President of J.C. makes a statement on JPC resolutions at JPC meetings.

EFTA database now functioning. Lists of adopted and pipeline acquis sent out on regular basis, starting in March 1998. Prepipeline lists not distributed. |
| 12. Joint Committee to provide, in a systematic manner and on a regular basis, lists of EEA relevant acquis, including adopted, pipeline and pre-pipeline acquis | Willingness of J.C. Presidency to attend JPC meetings reiterated. |
| 13. Joint Committee to provide regular, detailed briefings to the JPC on problematic issues within the EEA | |

B. Resolution on the single market in energy

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| 1. No specific recommendation | |
| 2. Further liberalization of energy markets and internalization of external costs | Ongoing effort. EU Council has adopted common position on proposal for internal market in natural gas. |
| 3. Common EEA rules on electricity and natural gas to take into account public service obligations with the aim of securing issues relating to the environment, social pricing structure, energy security, etc. when they are incorporated into the national legislation | Incorporation of directive currently ongoing in EU, still under review in EEA. |
| 4. All states generating nuclear power to become active members of the International Safety Convention; nuclear energy not be viewed as an ecologically acceptable alternative to fossil fuels | Note taken. |

Recommendation

5. Nuclear waste to be transported and stored in such a way as to ensure maximum safety to the environment and general public: Same standards to be applied for reprocessing and reprocessed nuclear waste
6. For environmental and public health reasons, a country should have the right to refuse to accept nuclear waste from another country
7. Parties to EEA to secure measures that will substantially reduce their energy consumption and thereby diminish the emissions of CO₂, NO_x and SO₂
8. Energy policies of EU member states and the EFTA/EEA states to be developed in a sustainable direction taking into account the potential of renewable energy sources and energy efficiency measures
9. No specific recommendation
10. Parties to EEA to work together and cooperate to achieve at the Kyoto conference a target for CO₂ reductions of 20% by the year 2005

Developments

The relevant legislation is directive 96/29/Euratom, laying down basic safety standards for radiation protection and directive 92/3/Euratom on control of shipments of radioactive waste. A revision of directive 92/3 is in the Commission work programme for 1998.

The shipments of radioactive waste are regulated under Council directive 92/3/Euratom. This issue will be considered under revision of directive 92/3. Some member states prohibit the final disposal within their borders of nuclear waste generated in another country.

The Commission will adopt in May a Communication of a Community post-Kyoto strategy, to be considered by the Council in June. The Commission adopted a strategy on acidification in March 1997 which was followed by Council conclusions and which is being implemented. The Commission is also developing a strategy on ground level ozone. A strategy on reduction of CO₂ emissions from passenger cars is currently being implemented as well. Furthermore, the Commission adopted on 31 March 1998 a strategy on the reduction of CO₂ emissions from transport. These strategies involve a number of different pieces of legislation, much of which will be EEA relevant.

Ongoing process.

Global forum, was not possible to achieve.

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| 11. Commission and EFTA/EEA states to consider unilateral commitment to reduce their CO2 emissions in an EEA context, also with explicit commitments from individual member states | No developments. |
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C. Resolution on the freedom of movement of capital and financial services

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| 1. No specific recommendation | |
| 2. No specific recommendation | |
| 3. More detailed study of the impact of EMU on the EEA to be drawn up | No study on impact on EEA (which is not directly affected), but various studies in individual EFTA states. |

Recommendation

Developments

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| 4. No specific recommendation | |
| 5. In accordance with Maastricht, Community must be prepared to cooperate in the monetary field with European countries with which it has close economic ties | Note taken. |
| 6. No specific recommendation | |
| 7. No specific recommendation | |
| 8. No specific recommendation | |
| 9. Transposition in the EEA of EU legislation on insurance | EEA has taken over all Community acquis in this area. New directives in pipeline, which are also being prepared to be taken over. |
| 10. No specific recommendation | |
| 11. Credit institutions of the EFTA states to be allowed access to TARGET at the advent of EMU | No Commission/Council competence, but European Central Bank matter. |