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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 1999. 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 1999 (J/00/R/010) is very similar in structure and content to the Annual Reports for 1996, 1997 and 1998. It provides, as did the previous ones, a good factual overview, listing areas where progress has been made and decisions taken. The tone of the Joint Committee Annual Report for 1999 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 1999 and adopted 192 decisions (compared to 122 in 1998, 107 in 1997 and 84 in 1996), and incorporated 562 acts, of which 291 were veterinary acts in the revised Annex 1.

3. The report notes that the rate of *decision making* increased significantly in 1999, following a number of measures to enhance and accelerate the process of integration of EU legislation into the Agreement. An average of 17 decisions were adopted per working month (compared to 11 in 1998, 9 in 1997 and 7 in 1996), representing an average of about 24 acts incorporated (compared to 16 in 1998 and 13 in 1997), not including Decision 76/1999 with its 243 acts in the veterinary field, the so-called "Additional package". The backlog of outstanding *acquis* waiting to be integrated into the Agreement has been reduced, and the time legal acts spend in the EEA pipeline has been shortened. However, some acts have been in the machinery for a long time, due to their complexity and thus necessitating more time for consideration or technical work, the report explains. Unfortunately the report does not list the acts concerned nor does it detail the problems involved.

4. The report highlights the late fulfilment of constitutional requirements in the EEA EFTA States as a problem for the homogeneity in the EEA again without detailing exactly what the difficulties are. However, in order to increase transparency, the Joint Committee has adopted a new practice of indicating whether or not the entry into force of a Decision is subject to fulfilment of constitutional requirements. Insufficient capacity for translation of acts into Icelandic and Norwegian, thus delaying the publication of Joint Committee Decisions, is equally underlined in the report. The rapporteurs note that Iceland and Norway have increased resources in this field.

5. Regarding *decision shaping*, the report lists the issues on which EFTA comments were transmitted to the Commission, 16 in all (compared to 20 in 1998 and 22 in 1997). The transmission of EFTA comments has seen a steady decrease in the last three years. At the same time the rate of decision-making has accelerated. The report notes that EFTA experts continue to be associated with the work of a wide range of EU committees. It is noted that the EEA EFTA States were invited to participate as

observers in the Advisory Committee on Social Security for the first time. It is furthermore noticed that the EEA EFTA side was denied participation in the Commission's Advisory Committee on State Aid although again no explanation for this is given. 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 and 1998 to provide a fuller analysis and evaluation of EFTA participation in decision shaping. The analysis and evaluation of the effect of EFTA participation in decision shaping is short, with the explanation that the EFTA involvement is difficult to gauge objectively.

6. Following the launch of the accession process on the EU side, the Commission provided three comprehensive briefings in the Joint Committee. It is noted that a large number of sector specific briefings have been provided as well. 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 was envisaged last year due to the integration of environmental considerations into all policies and actions undertaken by the European Community. An informal meeting of EU and EEA EFTA Ministers of environment took place in November 1999. The EEA Council has agreed to consider arranging meetings at political level also in other fields.

7. The report notes that the President-in-office of the Joint Committee presented a response to the EEA JPC at its 13th meeting on the functioning of the EEA Agreement in 1998, homogeneity in the EEA, consumer issues, enlargement and food safety.

III THE FUNCTIONING OF THE AGREEMENT – EVALUATION AND CONSIDERATIONS

8. In general, the EEA Agreement seems to be functioning to the satisfaction of the contracting parties. It would seem that legislation has, to an increasing extent, been incorporated into the Agreement within an acceptable timeframe, thus avoiding major problems in maintaining the homogeneity of the Area. It is recalled from last year that the EEA JPC stressed the importance of reducing the backlog to a minimum by the end of 1999. Therefore, the significant reduction in the backlog of outstanding acquis is noted with satisfaction. However, there is concern that although the rate of decision-making has increased notably, there is still some backlog of acts which have been in the “machinery” for too long. There are a number of long outstanding acts waiting to be incorporated, which are seen as complex on the EFTA side. 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. It is noted with concern that there seems to be insufficient capacity for translation of acts into Icelandic and Norwegian, thus causing delays in the publication of Joint Committee Decisions. It is welcomed that adequate resources have been provided on the EFTA side: both in the EFTA Secretariat and the capitals.

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 1999 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. However, the rapporteurs are concerned about the fact that the number of comments from the EFTA side to the Commission has decreased in the last three years. At the same time the number of acts incorporated into the Agreement has increased sharply. There seems to be a discrepancy between the number of new acts incorporated and the comments provided by the EEA EFTA States in the decision-shaping phase. It appears that the EEA EFTA States could make better use of the possibility of providing comments on future EEA legislation.

11. The rapporteurs called, in the resolution of the Report on the Annual Report on the functioning of the Agreement in 1998, for the Joint Committee to produce a report on the EFTA involvement in EU decision shaping for the Autumn 1999 meeting of the EEA JPC. The rapporteurs note the comprehensive explanation provided by the President-in-Office of the Joint Committee at the 13th EEA JPC meeting on 6-7 December 1999. Moreover, it is noted that the 1999 Annual Report states, as did the 1998 Annual Report, that it would be difficult to "gauge objectively the effect of EFTA involvement in the EU decision shaping process".

12. The rapporteurs share the EFTA side's concern over the participation in new or renewed EU programmes, pending the establishment of the formal legal basis. As EU programmes are adopted close to their commencement, there is little time for the Joint Committee to go through necessary procedures or for the EFTA countries to fulfil constitutional requirements. EFTA participation in EU programmes plays an important part in maintaining homogeneity of the EEA. The strict application of the requirement to have a legal basis before EFTA participation in programmes can start, resulted at the end of 1999 in the exclusion of EFTA representatives from informal participation in the management committee of the Fifth Framework Programme until the entry into force of the Joint Committee Decision on 30 June 1999. At the same time, the EEA EFTA States made provisional financial contributions *early* in 1999 in line with Protocol 32.

13. The rapporteurs note, as they did in 1999, 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 on the legal bases of the issue.

14. The rapporteurs are happy to note that following the incorporation of the large number of veterinary acts into the Agreement in 1998, the work on the additional package in the veterinary field was adopted by Decision 76/1999.

15. As noted in 1997 and in 1998, the work concerning Protocol 3 to the Agreement on processed agricultural goods, has not been finalised. After having reached an agreement of substance in July 1999, the rapporteurs urge the contracting parties to find a solution in 2000.

16. The rapporteurs note that several rounds of consultations among all interested parties were held with a view to reach agreement on a renewed contribution of the EEA EFTA States towards reduction of social and economic disparities in Europe. The rapporteurs urge the contracting parties to find acceptable solutions on the operational modalities of a new financial arrangement.

17. Regarding free movement of workers in Liechtenstein, an agreement was reached in 1999. The rapporteurs appreciate the fact that an acceptable arrangement has been found, thus contributing to the enhanced homogeneity of the Single Market.

IV THE EEA JPC AND ITS RESOLUTIONS

18. The institutional relationship with the EEA Joint Committee and Council has been 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, and is highly appreciated. 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 discussed at a future meeting of the EEA JPC.

19. The EEA Agreement has just completed its first six years of operation, having entered into force on 1 January 1994. For the 13th meeting of the EEA JPC in December 1999, the JPC Secretariat produced a report containing a list of adopted JPC recommendations during this first five year period of the committee's work. The aim was 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. The EEA JPC, mindful of its role as a contributor to a better understanding between the Community and EFTA States in the fields covered by the Agreement, and as having a democratic parliamentary control function, as having the right to scrutinise all EC legislation applying to the EEA as well as its implementation, welcomed the progress made on many of its resolutions during the period 1995-1999. The report pointed out areas where progress still has to be made, but welcomes in particular the solution found to the free movement of persons and Liechtenstein which has been of concern of the JPC for a number of years.

RESOLUTION

On the Annual Report on the functioning of the EEA Agreement in 1999

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 in certain complex issues,
- 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) in 1997 (adopted 25 May 1998) and in 1999 (adopted 16 March 1999),
 1. welcomes the report of the EEA Joint Committee for 1999 and agrees with the general assessment that the EEA is functioning satisfactory;
 2. welcomes the measures taken to enhance the process of integrating EU legislation into the EEA Agreement, and welcomes the accelerated rate and speed of decision-taking;
 3. calls on the contracting parties to eliminate long outstanding backlog by the end of 2000. If this is not achieved, the Joint Committee is to give a special report to the JPC in the Spring of 2001;
 4. calls for an elaboration of the problematic and complex issues mentioned in the Annual Report, particular the constitutional issues in the EEA EFTA States, but welcomes the new practice of indicating in a footnote whether or not the entry into force is subject to fulfilment of constitutional requirements;
 5. 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;
 6. is concerned about the reduced number of EFTA comments on EC legislation which were submitted to the Commission in 1999, and urges the EEA EFTA States to take actions with a view to enhanced participation in the EEA decision-shaping process;

7. welcomes EFTA's commitment to make more resources available for Icelandic and Norwegian translations both in the EFTA Secretariat and in the capitals, but is concerned that late translations delay the publication of Joint Committee Decisions;
 8. welcomes the political dialogue between EU and EEA EFTA Ministers in the field of environment, and encourages the two sides to engage in political talks in other areas;
 9. notes with satisfaction the adoption of the additional package in the veterinary field, following the adoption of Annex I in 1998;
 10. refers to its resolution on the finalisation of Protocol 3 dated 25 May 1998 and deplors the lack of progress and urges 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 15th meeting in the Autumn of 2000;
 11. appreciates the statement delivered by the President-in-office of the EEA Joint Committee at the 13th EEA JPC, following the JPC resolutions adopted at the 12th meeting of the EEA JPC concerning the functioning of the EEA Agreement in 1998, homogeneity in the EEA, consumer issues, enlargement and food safety;
 12. urges the contracting partners to find a quick solution as regards the new Financial Instrument to secure the continued good functioning of the EEA Agreement;
 13. welcomes the solution found regarding free movement of persons and Liechtenstein, which has been a concern of the EEA JPC for a number of years;
 14. 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;
 15. regrets the fact that EU programmes are often adopted close to their planned commencement, that gives little time for the completion of Joint Committee procedures and constitutional procedures in the EEA EFTA States, thus in one particular case leading to the exclusion of EFTA participation in the management of the programme until the entry into force of the Joint Committee Decision, and urges the Commission to find a solution concerning the EEA EFTA States' participation in the management of Community programmes with a view to avoiding similar cases in the future;
 16. welcomes the EEA EFTA States' participation in the Advisory Committee on Social Security, but regrets the fact that the EEA EFTA States' were denied access to the Advisory Committee on State Aid.
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