

EUROPEAN ECONOMIC AREA

JOINT COMMITTEE

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1 Annex
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ANNUAL REPORT TO THE EEA COUNCIL FOR 1997

I General overview

The EEA Joint Committee met 12 times in 1997, adopted 107 decisions (compared to 84 decisions in the previous year) incorporating 146 acts and held consultations on a number of important issues.

This report makes a general assessment of the work of the EEA Joint Committee in 1997, looking first at decision-making procedures and then at decision shaping. Following this overview is a sector-by-sector review of activity under the Joint Committee with particular reference to new legislation incorporated into the EEA Agreement.

Following the approval by the European Council of the Commission's *Agenda 2000*, the EEA EFTA States observed in the Joint Committee that enlargement would have major implications for the EEA and that they would follow developments with keen interest. The EU Chairman stated that the Commission would seek to keep the EFTA side fully informed of developments.

The EFTA side also expressed its intention to follow the implementation of the Amsterdam Treaty and its possible implications for EEA co-operation.

Decision making

The rate of decision making in 1997 increased significantly from the year before. There was an average of almost 10 decisions adopted per working month, representing an average of about 13 acts incorporated. However, the number of acts waiting to be incorporated still amounted to a significant backlog and DGIA and the EFTA Secretariat started work on a review of procedures in order to find ways of reducing this backlog as rapidly as possible.

Technical work on the revised Annex I on veterinary and phytosanitary measures was completed, and a final draft Joint Committee Decision prepared for consideration by the EU Council and the European Parliament.

Following agreement between Norway and the EU on bilateral measures related to Protocol No 2 to the Free trade agreement, talks continued on finalisation of Protocol 3 to the EEA Agreement. The EFTA side presented a written proposal outlining elements

for a possible solution. Iceland and the EU embarked on bilateral discussions as a prerequisite to further negotiations on Protocol 3.

A list of Joint Committee Decisions adopted by the EEA Joint Committee in 1997 is attached at Annex.

Decision shaping

The EFTA States continued actively to contribute comments and opinions through the information and consultation procedures, and EFTA comments were transmitted to the Commission on a number of issues:

- Green Paper “Public Procurement: Exploring the Way Forward”
- Green Paper “Energy for the future - renewable sources of energy”
- Communication “An overall view of energy policy and actions”
- Proposal for an ALTENER II programme
- Green Paper “Vertical Restraints in EC Competition Policy”
- Proposal for a European Parliament and Council Directive on classification, packaging and labelling of dangerous preparations plus revised comments following the first reading in the European Parliament and discussions in the EU Council
- Proposal for a European Parliament and Council Directive on biocidal products
- Proposal for a Council Regulation on organic production to include livestock production
- proposal for a European Parliament and Council Directive on the legal protection of biotechnological inventions
- Amendment to Commission Directive 80/723/EEC on transparency of financial relations
- Communication on Learning in the Information Society
- Green Paper “Education - Training - Research, the Obstacles to Transnational Mobility” (Education)
- Proposal for a Council Directive on Chemical Agents
- Proposal for a Commission Directive on Biological Agents
- Proposal for EP/Council Directive on the Sale of Consumer Goods and Associated Guarantees
- Initiatives to Prevent Trafficking in Women and Sexual Exploitation of Children
- White Paper on Sectors and Activities Excluded from the Working Time Directive
- Green Paper on Work Organisation
- Comment on the Communication on Combating Child Sex Tourism
- Green Paper “Education - Training - Research, the Obstacles to Transnational Mobility” (Social Security)
- Consultation document regarding a draft Directive on Supplementary Pension Rights of Workers
- Communication on Modernising and Improving Social Protection in the European Union

EFTA experts also were also associated actively with the work of a wide range of EU committees. Committees to which EFTA representatives were invited for the first time

were the Heads of Public Employment Services and the Advisory Committee for Co-ordination in the Internal Market (IMAC).

Following reorganisation in the Commission of scientific committees related to consumer affairs in the wake of the BSE crisis, whereby experts are to be appointed on strictly professional criteria, several experts from EFTA countries applied and two were nominated to sit on scientific committees in this area: the Committee on Cosmetic Products and Non-Food Products intended for Consumers and the Committee on Toxicity, Ecotoxicity and the Environment.

It is difficult to gauge objectively the effect of EFTA involvement in the EU decision shaping process. This is because involvement is very decentralised (experts from many different ministries in many EU committees), and cause and effect of input is usually not directly identifiable. However, it is clear that the EFTA side generally makes good use of the opportunities afforded under the Agreement to be informed and provide input on EEA relevant matters from inception to adoption by the EU.

The advisory bodies under the EEA

In relation to the advisory bodies under the EEA, the Joint Committee agreed a response by its President on resolutions from the EEA Joint Parliamentary Committee (JPC) on European cumulation and competition policy. The President delivered this statement at the meeting of the JPC in Oslo on 14 April.

The President also delivered a statement on behalf of the Joint Committee to further resolutions by the JPC on the functioning of the EEA Agreement, on the single market in energy and on the freedom of movement of capital and services. The statement was delivered by the President-in-office at the meeting of the EEA JPC of 27 October in Brussels.

The EEA Consultative Committee, whose role is to strengthen contacts between the social partners in the EU and EFTA States and between the social partners and the intergovernmental bodies, held its annual meeting on 6 May 1997. It adopted resolutions on unemployment and on the information society, which were noted by the EEA Council at its meeting of 26 June 1997.

II Activities by substance area during 1997, in particular incorporated legislation

Free movement of goods

Technical Barriers to Trade (TBT)

In the course of the year the EEA Joint Committee adopted fifty-four decisions amending Annex II and Protocol 47, thus incorporating eighty-three new acts into the EEA Agreement. Most of the new acts were technical regulations relating to trade in wine, foodstuffs and maximum residue limits of veterinary medicinal products in food. Annex II and Protocol 47 now contain more than 1,100 acts.

Over the year, experts from the EFTA States participated in more than one hundred committees, Working Groups and other bodies set up by the Commission in the field of TBTs.

EFTA comments were transmitted to the Commission on three issues within Annex II; dangerous substances, biocidal products and organic production.

EMEA and medicinal product legislation

Good progress was made on the preparation for EFTA participation in the European Agency for Evaluation of Medicinal Products (EMEA). It was established that EFTA experts would participate in the management committee of the EMEA as well as in the Committee for Veterinary Medicinal Products (CVMP) and the Committee for Proprietary Medicinal Products (CPMP) from early 1998. In addition, a draft Joint Committee Decision to incorporate nine new acts in to Annex II in the field of medicinal products was prepared and is expected to be adopted in early 1998.

Financial contributions were agreed in line with Protocol 32, calculated according to the proportionality factor as 1.89 per cent of the relevant Community budget.

EFTA participation in European Standardisation Organisations (ESO)

The participation by the EFTA States in the European Standardisation Organisations is important in facilitating the functioning of the internal market. The EFTA States agreed to participate in the work of the European Standards Organisations in a further seventeen areas covering construction products, ICT equipment, measuring methods, health care informatics, medical devices and the consumer product safety.

Mutual Recognition Agreements

A Mutual Recognition Agreement (MRA) gives an exporting country the right to test and certify products according to the importing countries' requirements (and vice versa) thus avoiding duplication of testing and certification by the importing country and simplifying trade.

Protocol 12 of the EEA Agreement provides that the Community will negotiate MRA agreements on the basis that the third countries concerned will conclude with the EEA EFTA States parallel mutual recognition agreements equivalent to those concluded with the Community. The EC negotiations on MRAs with the United States, Canada, Australia, New Zealand, Japan and Switzerland were closely followed. In line with the initialling of these Agreements between the EC and the US, Canada, Australia and New Zealand, the EEA EFTA States are in the process of concluding such parallel Agreements with Australia, New Zealand and Canada, and will follow-up with the remaining MRA partners in 1998.

The EEA EFTA States also participated in the work carried out by the Commission regarding MRAs with central and east European countries, in preparation for parallel agreements between the EEA EFTA States and these countries.

Veterinary, Feedingstuffs and Phytosanitary issues

Concerning the revised Annex I on veterinary and phytosanitary matters, an EEA Joint Committee Decision was drafted at the end of 1996. This required a number of additional meetings between representatives from the EEA EFTA States and the Commission, and a final draft was presented by the Commission in October 1997. This revised text was endorsed by the EEA EFTA States in November and is currently being considered by the Council of the European Union.

The revised Annex I, including an additional package of acts adopted after the cut-off date of 31 July 1996 will add approximately 950 new and amended legal acts to the EEA Agreement.

No new acts concerning feedingstuffs were incorporated into the EEA Agreement in 1997, but eleven acts were under consideration by the EFTA side. The EEA EFTA States' experts have, in addition to taking part in discussions, handed over written comments to the Commission on various topics in the area of feedingstuffs.

Scientific Committees

As part of a reorganisation of consumer affairs the Commission established nine new scientific committees, supplementing or replacing the previous Committees. Members are appointed exclusively in their scientific capacities, without regard to nationality. Two candidates from the EFTA EEA States were appointed, one to the Scientific Committee on Cosmetics and non-food Consumer Products and one to the Scientific Committee for Toxicity, Ecotoxicity and the Environment.

Public Procurement

EFTA Comments were transmitted in March regarding the Commission's Green Paper on "Public Procurement in the European Union: Exploring the way forward". Amendments to four Directives (90/50/EEC, 93/36/EEC, 93/37/EEC and 93/38/EEC) which had been made necessary by the Government Procurement Agreement (GPA) under the WTO, were under consideration by the EFTA side.

Competition

An amending Regulation prolonging the block exemptions on certain categories of exclusive distribution and exclusive purchasing respectively until 1 January 2000 was incorporated into Annex XIV in October. After an extended ad referendum period, two block exemptions on horizontal agreements on the application of the Treaty to categories, respectively, of specialisation agreements and of research and development agreements, were formally adopted on 2 February 1998. An amending Regulation on

technology transfer agreements replacing the block exemptions on patent licensing and know-how licensing, was also incorporated into the Agreement.

The importance of very rapid incorporation of block exemptions into the EEA Agreement, in order to avoid the creation of a legal gap, was discussed in the Joint Committee and the creation of a “fast-track” procedure is being considered.

Intellectual Property Rights

One new act was incorporated, namely Regulation (EC) No 1610/96 concerning supplementary protection certificates for plant protection products.

Energy

Three acts were integrated into Annex IV during 1997. These were Council Regulation (EC) No 2964/95 on registration for crude oil imports and deliveries in the Community, Council Decision 97/8/EC repealing Council Directive 75/405/EEC concerning the restriction of the use of petroleum products in power stations and Directive 96/57/EC of the European Parliament and the Council on energy efficiency requirements for household electric refrigerators, freezers and combinations thereof.

In addition, another Joint Committee decision provided for the necessary amendments to Annex IV to take account of the accession of Austria, Finland and Sweden to the European Union. The act on the restriction of the use of petroleum products in power stations was deleted from Annex IV since it had been repealed by the EU.

EFTA comments were submitted to the Commission on the Green Paper “Energy for the future - renewable sources of energy”, the proposal for an ALTENER II programme and the Communication from the Commission “An overall view of energy policy and actions”.

A major part of the Working Group’s focus was directed towards the Commission’s proposal for a Directive on common rules in the internal market in natural gas. EFTA comments were submitted to the EU in April. Further comments were made in the Joint Committee and in the EEA Council.

State Aid

Council Regulation 3094/95 on aid to shipbuilding integrating the OECD Agreement into the EU legal framework was incorporated into the EEA Agreement in October. The non-ratification by the USA of the OECD Agreement led to a prolongation of the 7th directive on aid to ship-building through Council Regulation 2600/97, to be incorporated into the Agreement by Joint Committee Decision in early 1998.

The draft Joint Committee Decision referring to Commission Decision 2496/96/ESCE establishing Community rules for state aid to the steel industry was cleared by the EEA EFTA States and is expected to be incorporated into the EEA Agreement in 1998. In

addition, a draft Agreement between the EEA EFTA States concerning an amendment to Protocol 3 to the Agreement establishing a Surveillance Authority and a Court of Justice was also prepared. The amendments to Protocol 3 are necessary to take account of the new procedural rules introduced by the Commission Decision on aid to the steel industry.

EFTA comments were issued on the Commission proposal concerning categories of aid to be exempt from the state aid rules ("block exemptions") in June, and on an amendment to Commission Directive 80/723/EEC on the transparency of financial relations between Member States and public undertakings in August.

Free Movement of Services and Capital

No new Community legislation was integrated into Annex IX (Financial services) in 1997. Consultations were held on two directives, the Cross-border credit transfers directive and the Investor compensation directive, expected to be incorporated into the EEA Agreement in early 1998.

The Standing Committee of the EFTA States sought improved information and consultation, resulting in invitations of delegations from the EEA EFTA States to two important comitology committees in the field, the Banking Advisory Committee and the Insurance Committee.

EFTA Comments on supplementary pensions, resulting from a special workshop held in Reykjavik, were prepared in 1997 and taken note of in the Joint Committee early 1998. In addition, the implementation of the Commission's Single Market Action Plan has provided EFTA experts with increased opportunities to participate in the early stages of new Community legislation in the field.

Transport

In rail transport, two Joint Committee Decisions, on transport of dangerous goods by rail (Commission Directive 96/87/EC) and interoperability of the trans-European high-speed rail system (Commission Directive 96/48/EC), were adopted.

In the road transport sector 20 pieces of legislation were incorporated into the EEA Agreement concerning such matters as: the transport of dangerous goods, access to the profession for road haulage operators and road passenger transport operators, and the harmonisation of weights and dimensions.

In maritime transport Council Regulation 3577/92 on Maritime Cabotage was incorporated into the Agreement after a delay of several years. It will be recalled that both the Joint Parliamentary Committee and the European Parliament expressed their views on the relevance of this legislation.

In the field of civil aviation two legal acts dealing with harmonisation of technical and administrative procedures as well as with the procurement of air traffic management equipment were incorporated into the Agreement.

New technology services

The EEA Joint Committee adopted the decisions incorporating the three Commission Directives for the liberalisation of the telecommunications sector into Annex XI (Telecommunication services) at the end of 1997. As a result, the telecommunications markets in the EEA EFTA countries are now liberalised according to the same regulatory framework as their EU counterparts.

No new acts were included in the fields of audiovisual services, information services or postal services

Free Movement of Persons

Protocol 15

The transitional period for Liechtenstein on Free Movement of Persons established in Protocol 15 of the Agreement came to its end at the end of 1997 and the preparations for the review foreseen in the Protocol were carried out since the spring. The revision did not reach a mutually acceptable conclusion taking into account the specific geographical situation of Liechtenstein by the end of the year. Therefore Liechtenstein announced safeguard measures extending some restrictive measures. A consultation concerning those measures was held in the March 1998 meeting of the Joint Committee.

Social Security and health policy

An up-dated version of Annex VI to the EEA Agreement, taking account of the new numbering systems in the Annexes to Council Regulation (EEC) Nos. 1408/71 and 574/72 after the accession of Austria, Finland and Sweden to the European Union was adopted by the EEA Joint Committee in November. In addition, two Recommendations of the Administrative Commission on Social Security from Migrant Workers concerning (1) improvement of the administration and settlement of reciprocal claims and (2) the application of Article 69 of Regulation 1408/71 were incorporated into the EEA Agreement during the year.

EFTA comments were submitted on the Commission's Green Paper on Education - Training - Research, the obstacles to transnational mobility and on the Communication on modernising and improving social protection in the European Union, which is a follow-up to the Communication on the future of social protection on which the EFTA Working Group on Social Security submitted comments in 1996. The Working Group also gave its view on a consultation document regarding a draft directive on supplementary pension rights of workers

Mutual Recognition of Diplomas

A number of acts were adopted in the Community in this field and were being studied on the EFTA side at the end of the year. These acts included: the Directive amending the second general system of mutual recognition of diplomas, the EP/Council Directive to facilitate practice of the profession of lawyer in other member states and a directive amending Directive 93/16/EEC to facilitate the free movement of doctors.

Employment

No new legislation in this area was included in the Agreement, but the EFTA side continued to participate in the meetings of the Directors General for Employment and were invited for the first time to a meeting of the Heads of Public Employment Services in June. EFTA labour market experts attended two meetings of the MISEP (Mutual information system on employment policies) correspondents. EFTA experts participated in a joint Employment Observatory Conference comprising the MISEP and the SYSDEM (System of Documentation, Evaluation and Monitoring of Employment Policies) correspondents held in Stockholm.

European Employment Services

Iceland and Norway have been fully integrated in the EURES network (EUROpean Employment Services) since the EEA Agreement entered into force in 1994. In Norway, four new EURES INFO centres were opened in 1997. As in 1996, the health sector was given priority, and bilateral agreements were signed in 1997 with Austria, France and Germany facilitating the recruitment of medical doctors to Norway.

Throughout the year Iceland was also very active in informing its small and medium sized enterprises (SMEs) about the EURES network and the possibilities it offers to employers wanting to recruit employees from across Europe.

Horizontal and Flanking policies

Social Policy

In the field of equal opportunities, a Joint Committee Decision incorporating Council Recommendation 96/694/EC on the balanced participation of men and women in the decision making process was adopted in May 1997. A draft Joint Committee Decision to incorporate Council Directive 96/97/EC amending Directive 86/378/EEC on the implementation of the principle of equal treatment for men and women in occupational social security schemes was prepared and was adopted by the EEA Joint Committee in February 1998. The Council Directive on parental leave is still being considered by the EEA EFTA States. EFTA comments were transmitted on the Green Paper on Work organisation.

With regard to health and safety at work, two Joint Committee decisions were adopted incorporating Commission Directive 91/322/EEC and Commission Directive 96/94/EC

which establish, respectively, a first and second list of indicative limit values in implementation of Council Directive 80/1107/EEC concerning risks related to exposure to chemical, physical and biological agents at work. EFTA comments were transmitted to the Commission on a draft for a second Commission Directive on the adaptation to technical progress of the directive on biological agents.

EFTA comments were transmitted on the Green Paper on Work organisation and on the White Paper on Sectors and Activities Excluded from the Working Time Directive.

Research and Development

The EEA EFTA States took an active part in the discussions on the proposal for a Fifth Framework Programme for R&D, and participated in all the management committees of the Fourth Framework Programme.

Under the Fourth Framework Programme around 500 projects include participants from the EEA EFTA States.

Education, Training and Youth

The EEA EFTA States transmitted comments on the Commission Green Paper on obstacles to transnational mobility in the fields of education, training and research, and on a Communication on learning in the information society.

1997 was the first year of active involvement from the EEA EFTA countries in the pilot action on a European voluntary service for young people.

Environment

The Joint Committee adopted decisions incorporating twelve legal acts on integrated pollution and prevention control (IPPC), disposal of PCB/PCT (chemicals), air pollution questionnaires, control of major accident hazards involving dangerous substances, genetically modified organisms (GMOs), packaging waste, and eco-labelling.

Tourism

The EEA EFTA States transmitted comments to the Commission on the Communication on *Combating Child Sex Tourism* and expressed their interest in participation in the proposed *First multi-annual Programme to assist European tourism, PHILOXENIA* once the programme is adopted by the EU. Representatives from EEA EFTA States participated in the meetings of the Advisory Committee on Tourism.

Culture

Co-operation between the EEA EFTA States and the EU in the field of culture continued through EEA EFTA participation in the *Kaleidoscope* Programme (support for artistic and cultural activities of a European dimension), the *Raphael* Programme (cultural heritage) and the *Ariane* Programme (promotion of books and reading through translation). EEA EFTA project applications were submitted to the EU side, and a number of them received Community funding. Representatives from EEA EFTA States participated in the Management Committees for the three programmes.

Participation in programmes and pilot actions

The following list shows the programmes and actions for which participation by the EEA EFTA States was opened in 1997:

- Interchange of data between administrations (IDA) (1995 - 1997)
- European voluntary service (1997)
- Action on the prevention of drug dependence (1996 - 2000)
- Third multiannual programme for SMEs (1997-2000)
- Multilingual Information Society (MLIS) (November 1996 - 1999)

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