Mr Chairman

Dear colleagues,

On behalf of the EFTA States, I thank you for this opportunity to discuss the economic and financial situation in the EU and EFTA countries.

Since our meeting last year we have witnessed positive economic developments, with employment picking up and unemployment continuing to fall gradually. The labour market and consumer spending have remained strong at the beginning of 2018.

The expansion of the European economy has been strong and broad-based in recent years, although some weakening signs seem to have occurred lately. On the EFTA side, economic developments are generally positive, with estimated GDP growth rates between 2 ¼ and 4 percent for this year. The outlook suggests relative good growth also next year. Labour markets are becoming tighter, with unemployment rates currently at 4 ¼ percent and below.

EU and EFTA countries share several important economic challenges. Globalisation and new technologies are changing the nature of work. Digitalisation and automation are seen as key influences on future labour markets. FinTech is expected to create a major impact in financial sectors from leveraging some of the latest innovations.

The EFTA States are convinced that technological development will continue to be important for the development of financial services and the financial sector worldwide. It is therefore important to prepare that change in a timely manner and set the framework conditions allowing a positive development of this new technology.

The EFTA/EEA States support the European FinTech Action plan: For a more competitive and innovative European financial sector. Furthermore, they would encourage taking a global approach taking into consideration the international developments in order to guarantee a level playing field.

While sharing important values, the EU and the EFTA States also face common regulatory and supervisory challenges:

For FinTech companies using innovative technologies it can be a challenge that regulations relevant to their business pre-date the emergence of such technologies. This could indeed lead to uncertainty considering the legal status of their business model. It is therefore important to clarify the applicable EU legislative framework for services and to provide guidance to national supervisors to ensure more convergence between national regulatory regimes.

The regulatory challenge is to establish a healthy balance between maintaining stability in the market and protecting consumers, while at the same time providing a framework allowing FinTech companies to develop and implement the latest innovations. The aim should be a regulatory regime that is technology neutral, and that the provision of a service or product is subject to the same rules regardless of the technology used to provide that service. The principle of "same business, same risks, same rules" should thus be retained.

Regarding Cybersecurity, the EFTA states stress the importance of a minimum standard for the security level of FinTech companies and data aggregators. The different initiatives at the European and international level should be coordinated.

On the one hand, the aim should be to ensure a level playing field for FinTech providers and make sure that EFTA firms, investors and consumers can take advantage of technical innovations within a transparent framework, also to make Europe a leading player in developing new funding possibilities for rapidly growing businesses. On the other hand, potential risks regarding financial stability, market integrity, investor and consumer protection, personal data protection and money laundering and terrorist financing should be appropriately addressed.

Before turning to some final remarks as a representative of Liechtenstein, let me briefly mention financial market policies.

The EFTA States have long supported international efforts to strengthen regulation and supervision of financial markets and financial institutions. Legal homogeneity and a level playing field for market participants are major objectives of the EEA Agreement.

Switzerland, too, is continuously aligning its regulatory framework in line with European standards. The close Swiss-EU cooperation in various areas and the general commitment to openness should also apply to financial markets regulation and mutual market access, ideally through recognition of each other’s regulatory and supervisory regime. However, there is uncertainty regarding some equivalence procedures and how it is applied to Switzerland. In particular, the renewal of the decision on equivalence of Swiss stock exchanges is awaiting a decision.

In this meeting four years ago, the EU and EEA EFTA ministers agreed in principle on EEA adaptations to the EU system of Financial Supervision. In September 2016, the EEA Joint Committee took the formal decisions on inclusion and adaptations.

We have afterwards included a large number of acts, around 115 acts. However, since the EU has also adopted a number of new acts, the backlog of financial services acquis adopted in the EU, but not yet included in the EEA, remains at approximately 300 acts. We are still working intensively together with the Commission on the incorporation of the remaining acts. We are aware that there is still a lot to do but we are determined to invest all time and energy necessary in the joint EU and EFTA task to absorb as soon as possible that backlog.

The main purpose of the EEA Agreement is to provide a well-functioning EEA-wide internal market. For the internal market to function well, it is essential that the acquis is included in the EEA Agreement as swiftly as possible. To achieve this, all parties involved need to work intensively together, find pragmatic solutions and speed up the processing of the necessary EEA Joint Committee Decisions.

In this context, I would also like to underline two points: When drafting new EU legislation, it is of utmost important to take into account how these acts may be included in the EEA Agreement with its two-pillar structure. In this respect I would like to mention the ongoing discussions on the ESAs review, which we are following closely. And, if inclusion of new acquis should be delayed because it is complicated to find the necessary adaptations, we should find pragmatic solutions for the interim, so as not to harm the European market and market participants.

Thank you.