

E U R O P E A N E C O N O M I C A R E A
S T A N D I N G C O M M I T T E E
O F T H E E F T A S T A T E S

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EEA EFTA Comments
to
The 2002 Review of the Internal Market Strategy

Introduction

1. At a meeting of the Internal Market Advisory Committee on 6th December 2001 the Commission invited the EEA EFTA States to provide comments to the 2002 Review of the Internal Market Strategy. These comments are EFTA's official response to that invitation.
2. The EEA EFTA States are integrated into the Internal Market of the European Community in accordance with the objectives and principles of the EEA Agreement. The EEA EFTA States fully support more stringent priority setting for the Internal Market Strategy, as well as efforts to make target actions more concrete, understandable in their benefits to citizens or business, and measurable in their effect.
3. Implementation of the new EU/EEA legislation is crucial for the good functioning of the Internal Market. The EEA EFTA States have demonstrated solid determination to meet the target set by the European Council in March 2001 of transposition of 98,5% of Internal Market legislation by the Barcelona Spring Council. The EEA EFTA States welcome the possibility of integrating more information about the EEA EFTA States into the surveys published in the Commission Internal Market Scoreboard, as inclusion of information from the EEA EFTA States improves transparency and facilitates better transposition in the EEA EFTA States.
4. The accession of new members to the EU and to the Internal Market will lead to a simultaneous extension of the European Economic Area. In order to facilitate the implementation of the EEA legislation in the Candidate Countries the EEA EFTA States are prepared to assist in peer reviews and other projects.
5. The EEA EFTA States call the Commission's attention to crucial initiatives of the Internal Market Strategy, where EEA EFTA States would like to raise specific interests in order to ensure the future integrity of the Internal Market of the EEA.

I. Enhancing the Efficiency of capital, product and services market

6. In order to fully benefit from the Internal Market, remaining barriers to free movement should be removed. Innovation and creativity must be spurred. The EEA EFTA States therefore view the following as priorities:

Liberalisation

7. The EEA EFTA States support further structural reforms and further liberalization within postal services and the transport and energy sectors. Particularly focussing on the latter, the EEA EFTA States endorse the opening up of energy markets according to the guiding principles of the Commission proposal for a directive amending directives 96/92/EC and 98/30/EC; as well as the Commission proposal for a regulation on conditions for access to the network for cross-border exchanges in electricity. With regard to these proposals, the EEA EFTA States would like to underline the following:

8. An independent national regulatory authority acting, at an early stage, is important for the further development of the electricity market. The EEA EFTA States find a general requirement of advance approval of the tariffs by the national regulatory authority may be unsuitable for the purpose and difficult to comply with. A system of advance approval should therefore be up to each State's regulation. Furthermore, the EEA EFTA States emphasise the importance of creating tariffs that provide efficient locational signals to both generators and consumers.

9. The EEA EFTA States accept that a mechanism for compensation of costs for countries that are hosting transit flows is necessary in order to establish a real integrated internal electricity market. Such a mechanism is, however, strictly speaking no prerequisite for establishing an efficient market. The EEA EFTA States will underline that the mechanism must not lead to export or import charges, i.e. cross-border charges. The mechanism must not interfere with the market.

Research

10. The EEA EFTA States welcome the new design for the Framework Programme on Research and Technological Development. However, they recommend that some continuity be maintained regarding the existing instruments. This would minimize transition problems for the research community and contribute to a more flexible programme, thereby also reflecting the differences in project and network set-ups.

11. The EEA EFTA States also urge the EU to adopt the 6th Framework Programme (FP6) as soon as possible, and in any case to allow for full EEA EFTA participation in the FP6 from the outset.

Mutual recognition for industrial products

12. In the Commission Scoreboard of November 2001 the business survey identified again product conformity as the companies' number one concern. The EEA EFTA States would like to underline the need to consider a new strategy to improve the situation. The EEA EFTA States presented in June 2000 some elements for consideration. These included a better definition of the role of the CE marking vis a vis quality marks and the need to promote European wide certification marks. The EFTA side is prepared to take active part in the further discussions of this issue.

Financial Services Action Plan

13. The EEA EFTA States wish to emphasise their support for initiatives presented in the Financial Services Action Plan, and in particular the revision and further harmonization of the securities market legislation, as suggested in the report of the Committee of Wise Men (the Lamfalussy report). The EEA EFTA States look forward to continued and reinforced co-operation within the framework of financial services legislation.

II. Improving the business environment

14. The business environment in the EEA should aim at a level playing field with a regulatory framework that respects the principles of proportionality and subsidiarity. The quality of the regulatory framework must be improved through "Regulatory Impact Analysis" of new regulations and scrutiny of existing legislation. The EEA EFTA States are looking forward to the Commission's co-ordinated strategy and Action Plan for simplification of the regulatory environment, both at Community and national level. The EEA EFTA States will co-operate and participate in the implementation of the plan.

Modernisation of the procedural regime on competition rules

15. It is an integrated part of the reform of the competition rules that the Commission and national competition authorities form a network in order to ensure an efficient allocation of cases and a consistent application of EC competition rules. The objectives behind this network are equally valid with regard to application of Articles 53 and 54 of the EEA Agreement, which reproduce Articles 81 and 82 in the TEC. The EEA EFTA States stress the importance of their national competition authorities and the EFTA Surveillance Authority being part of the proposed network.

Problem Solving in the Internal Market

16. Effective problem solving for citizens and businesses that experience problems resulting from misapplication of Internal Market rules by public administrations is essential for the proper functioning of the Internal Market. The EFTA States endorse the new approach presented in COM(2001) 702 on the so-called SOLVIT network, and the principles for the use of the SOLVIT network set forward in Commission Recommendation of 7 December 2001.

17. The success of SOLVIT depends on the commitment of all the Member States' administrations to respect the guidelines and deadlines as laid out in the Commission Recommendation. The EEA EFTA States underline that the participating States need to bring the SOLVIT network to the attention of potential beneficiaries and allocate the necessary human resources in capitals to optimise utilization of the network. The EEA EFTA States are most concerned that all operators in the network are aware that its reach extends to the EEA, both in terms of information dissemination and problem solving.

Reduction of State Aid

18. The EEA EFTA States fully support further reduction of overall levels of state aid throughout the EEA. In addition to reductions, state aid should be increasingly redirected away from traditional sector specific and ad hoc aid towards horizontal objectives. Horizontal aid is considered less distorting than the two former categories and its positive effect in addressing market failures is thought to outweigh its distorting effects on competition. The Primary objective of this type of aid is to address key issues such as research and development, environmental concerns and aid to SMEs. Increasing transparency should also be applied to the process surrounding state aid and state aid control.

III. Improving the Quality of Life of Citizens

19. The EEA EFTA States recognize that the *raison d'être* of the Internal Market is to improve the life of citizens. The EEA EFTA States would welcome broader integration of consumer interests into EC policies, as discussed at the informal Council meeting on 27th and 28th April 2001 in Sweden. With this in mind the EEA EFTA States view progress in the following areas of particular importance.

EU Agencies

20. EU agencies in the food (EFSA), maritime (EMSA) and aviation (EASA) sectors are vital to the good functioning of the Internal Market, and they should be operational as quickly as possible. These bodies will deal with *acquis* integrated into the EEA Agreement. In order to secure the best effect of these agencies in the Internal Market it is vital to ensure participation of the EEA EFTA States according to the provisions of the EEA Agreement.

Quality of Work

21. Quality of work is an important dimension of quality of life. The EEA EFTA States follow with great interest EU initiatives on health and safety at work and labour law, and are prepared to take part in committees and other relevant forums in order to improve further the quality of work in the internal market.

22. EEA EFTA States give high priority to the implementation of EU legislation on health and safety at work, and on that basis hope to strengthen the existing cooperation with the European Agency for Safety and Health at Work in Bilbao.

Food Safety and Consumer Protection

23. The EEA EFTA States would like to recall their strong interest in food safety issues and the need to actively follow up the individual initiatives in the Food Safety Action Plan.

24. The EEA EFTA States hope that the Commission will carefully consider their comments on the Green Paper on European Union Consumer Protection. They particularly stress the need for standards to be set at a high level, and for added protection of weaker consumer groups, such as children. Concerning the elaboration of a general framework for fair marketing practices, it is essential that systems eventually established allow for full and equal EEA EFTA participation. The EEA EFTA States support the establishment of general rules and overarching principles governing the duty to trade fairly, the duty to provide sufficient, relevant and not misleading information, and a ban on deceptive marketing practices. General rules better stand the test of time, and deviant practitioners can less easily sidestep their intent.

25. Furthermore, the EEA EFTA States are concerned to improve access to justice through redress. To this end, they express their strong interest in the further development of the EEJ-net for settlement of cross-border consumer disputes throughout the EEA. The EEA EFTA States offer their active participation in this work.

Labour Market Mobility

26. The EEA EFTA States believe that efforts to improve labour mobility in Europe are essential for the good functioning of the Internal Market and support initiatives to this effect. The EEA EFTA States have noted the proposed actions for higher occupational and geographic mobility, supported by better skills, and improved transparency and quality of information about skills and job opportunities. These are described in the report from the High Level Task Force on Skills and Mobility to the Commission. The EEA EFTA States are prepared to engage in the further discussions on measures to improve labour mobility. The EEA EFTA States view the Eures network as an important tool for improving geographical mobility, and will continue to take an active part in the network.

Environment

27. The EEA EFTA States acknowledge the need for sustainable development. The Environmental Dimension should become an integral part of all socio-economic activities, in line with the Conclusions of the Göteborg Summit.

28. The EEA EFTA States welcome the idea to adopt a directive establishing strict liability provisions to protect the environment. The opinion of the EEA EFTA States is that strict liability should be introduced for all relevant polluting activities, and not restricted to certain activities with an inherent danger. We would also encourage the EU

to include all environmental damage regardless of the source. This would be in line with the rules governing damages in other fields.

29. The EEA EFTA States strongly support the development of a Framework Directive on Greenhouse Gas emissions Trading. The opinion of the EEA EFTA States is, however, that the Commission proposal is too narrow in scope. There is a need to include more sectors and other greenhouse gases than CO₂ into to scheme in order to make it a cost effective instrument for overall reduction of greenhouse gases.

Conclusion

30. In the points above the EEA EFTA States have raised specific interests for ensuring the continued viability of the Internal Market. The EEA EFTA States are pleased to present these comments to the 2002 Review of the Internal Market Strategy and look forward to further cooperation with the Commission on the development of the Internal Market.

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