

EUROPEAN ECONOMIC AREA

JOINT COMMITTEE

J/00/R/003

1 Annex

26 March 1996

ANNUAL REPORT TO THE EEA COUNCIL FOR 1995

I General overview

Although the EEA Agreement entered into force on 1 January 1994, the first year of its operation was somewhat atypical, since four of the five countries in the EFTA pillar were at the same time candidates to join the EU as full members, and as such eligible for participating in the internal work of the EU on an interim basis. Austria, Finland and Sweden left the EFTA pillar on 31 December 1994 to join the EU pillar whereas Liechtenstein joined the EFTA pillar as a full member on 1 May 1995.

The year 1995 was thus the first year of regular operation of the Agreement in the new configuration, particularly with regard to the decision shaping provisions. The transitions went smoothly with the basic structure under the EEA Joint Committee being fully maintained, with appropriate streamlining where necessary. The EFTA States made certain adjustments to the institutions in their pillar, the EFTA Surveillance Authority and the EFTA Court, and from 1 July reorganised support services in the EFTA Secretariat. The Agreement proved itself to be a stable and solid foundation for relations between the members.

The EEA Joint Committee met 11 times in 1995, adopted 75 decisions and held consultations on a number of important issues. On 1 May, the EEA Agreement entered into force for Liechtenstein following agreement on conditions relating to Liechtenstein's Customs Treaty with Switzerland at the meeting of the EEA Council in December 1994 and adoption of Decision No 1/95 of the EEA Council of 10 March 1995.

This report makes a general assessment of the work of the EEA Joint Committee in 1995, 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.

Decision making

The Joint Committee identified at its first meeting in 1995 a number of pieces of EU acquis which still had not been incorporated into the EEA Agreement. It was decided to aim at integrating these acquis as rapidly as possible. This was a recognition of the fact that if the EEA lags behind the EU in adoption of legislation then homogeneity could be affected. In general, the target of clearing the backlog was achieved - that is, almost all of the relevant EU acts adopted in 1994 and many from 1995 were integrated into the Agreement before the summer allowing more time and resources for decision shaping.

Of the 25 acts still remaining from 1994, about 20 relate to veterinary issues pending an overall solution in this area, on which progress was made. Procedures on three acts dealing with technical documentation for genetically modified organisms (GMOs) were at the end of 1995 awaiting the entry into force of the "mother" directive in one of the EFTA States. There were also outstanding two acts concerned with working time and young persons at work. Also awaiting incorporation was a Regulation on maritime cabotage which has been the subject of a report by the Commission. For various reasons, satisfactory solutions on all these matters required more time than anticipated. However, the Joint Committee is hopeful that it can adopt the respective decisions in the near future.

An interval will generally remain between adoption of legislation in the EU and its incorporation into the EEA. This is unavoidable: a certain amount of time is always needed for essential procedural and technical tasks, including publication of the final EU text, formalisation of Joint Committee draft decisions and translation into all EEA languages. The EFTA States, in taking on such legislation, also need to fulfil certain national procedures. The EEA Joint Committee considers that the requirement of Article 102(1) is on the whole fulfilled: that is, decisions are taken as closely as possible to the adoption of EU acts and, generally, the important goal of identical dates of application of the respective rules in the EEA EFTA States and the EU is reached. In some cases, however, administrations in the EEA EFTA States and EU States need equally long implementation periods to prepare for national implementation of the new rules and this can lead to inevitable delays in implementation in the EFTA states.

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

Decision shaping

A related aim in reducing the backlog was to provide more time and resources in order to concentrate on pipeline acquis (EU legislation under preparation) and on broader issues. Over the past few months the Joint Committee has been making better use of the important provisions of the EEA Agreement which allow the EFTA States to be informed and consulted throughout the decision shaping process in the EU. In the second half of 1995 EFTA comments on a number of issues were transmitted to the Commission, including:

- common rules for the internal market in electricity,
- workers' rights in the transfer of undertakings,
- TV without frontiers,
- driving licences and
- equal opportunities for women and men.

In relation to another body under the EEA, the Joint Committee framed a response to the useful and constructive resolutions from the EEA Joint Parliamentary Committee which were delivered at the JPC meeting on 20 November 1995 in Vaduz. The exchange of views in that meeting and the other work done by that Committee are once again a demonstration of the positive contribution made by the JPC to mutual understanding between the EEA partners.

The EEA Consultative Committee, whose role is to strengthen contacts between the social partners in the EU and EFTA States, held no formal meetings in 1995. However, contacts continued at informal level with EFTA representatives attending as observers a range of meetings under the EU Economic and Social Committee.

II Activities by substance area during 1995, in particular legislation incorporated

Free movement of goods

Customs matters

Although not in the direct ambit of the Joint Committee but of considerable significance for the good functioning of the European Economic Area, a substantial effort was devoted at expert level to work related to European cumulation. Against the background of a common initiative taken by the European Commission and the EFTA countries, origin experts from the Community, EFTA countries and the Central and East European countries met several times in 1995, in order to elaborate a comprehensive proposal concerning European cumulation. A Commission proposal to the Council of the European Union was adopted on 14 December 1995.

Veterinary and Phytosanitary Matters

No new acts in the veterinary field were incorporated into the Agreement in 1995. The reviews laid out in Annex I concerning a number of issues started late in the year. Discussions were held on simplification of veterinary border controls with a view to the incorporation of the relevant *acquis* into the Agreement. Progress had been made by the end of the year.

Six new acts related to feedingstuffs were incorporated in 1995, covering methods of analysis for official control of feedingstuffs, undesirable substances and products in fish feed, guidelines for the assessment of additives in animal nutrition, the establishment of a list of intended uses of animal feedingstuffs for particular nutritional purposes, and additives in feedingstuffs.

In line with the agreement to delay incorporation of acts on Phytosanitary matters pending review of the EU legislation on plant health, no legislation was incorporated in this area. However, following finalisation of the EU legislation, the EFTA States by the end of the year had started preparations to review the EU legislation on plant health and propagating material.

Technical Barriers to Trade

During 1995, thirty EEA Joint Committee decisions were adopted in the area of Technical Barriers to Trade. Of these, twenty-nine amended Annex II to the EEA Agreement while the remaining decision amended Protocol 47 (Abolition of Technical

Barriers to Trade in Wine). Most of the new acts incorporated by the EEA Joint Committee were in the fields of dangerous substances, foodstuffs and wine.

The review related to dangerous substances for 1994 and provided for in the EEA Agreement was completed and the conclusions published in the Official Journal. The review for 1995 on fertilisers and dangerous substances was close to finalisation by the end of the year.

The close co-operation with the European Standards Organizations continued. During 1995 eighteen new EFTA Standardization mandates were issued in parallel with the Commission.

The ongoing EU negotiations on agreements on the mutual recognition of conformity assessment (MRAs) with the United States and Canada, Australia, New Zealand, Switzerland and Japan were followed very closely. The Joint Committee agreed the need, pursuant to Protocol 12 of the EEA Agreement, for parallel MRAs to those concluded by the third countries with the Community and preparations were subsequently made for negotiations to be held between the EFTA States and the countries concerned.

Energy

One act was integrated into Annex IV during 1995. This was the European Parliament and Council Directive 94/22/EC on conditions for granting and using authorisations for prospecting, exploration and production of hydrocarbons. The Directive, while conforming with the states' sovereign rights over petroleum resources, ensures non-discriminatory treatment of applicants and users of such authorisations.

Competition

Three acts were incorporated into Annex XIV. Two of these prolonged the application of the patent licensing block exemption (Regulation (EEC) No 2349/84), while the third incorporated into the Agreement amendments to the Directive on competition in the markets in telecommunications terminal equipment (Commission Directive 88/301/EEC).

State aid

One act was integrated into Annex XV State aid during 1995. This was the Council Directive 90/684/EEC of 21 December 1990 on aid to shipbuilding (the 7th shipbuilding Directive) as amended by Council Directive 93/115/EEC of 16 December 1993 and Council Directive 94/73/EC of 19 December 1994. The inclusion of the 7th shipbuilding Directive ensures equal competitive conditions for shipbuilding within the EEA.

Intellectual Property

Five Community acts were integrated into the Agreement, all of which were related to the legal protection of topographies of semiconductors.

Free movement of Services and Capital*Financial services*

In the field of Financial Services two directives were incorporated into the EEA Agreement by EEA Joint Committee decisions in 1995: a Commission decision on the application of the first motor insurance directive and a directive amending the solvency ratio directive.

New technology services

In the field of telecommunications two Council Resolutions were incorporated into Annex XI to the EEA Agreement in 1995. Council Resolution 94/C 379/03 deals with the principles and timetable for the liberalisation of telecommunications infrastructures, while Council Resolution 94/C 379/04 describes the further development of satellite communications policy.

In the field of audio-visual services consultations were held in the Joint Committee on the revision of the 1989 Television without Frontiers directive, the EFTA side voicing its concerns on advertising aimed at children. EFTA experts have been involved in the discussions on the Media II programme (1996-2000), which is expected to be incorporated into the EEA Agreement during 1996, following its formal adoption on the EU side. Media II focuses on development and distribution of European audio-visual works and the support for training of industry professionals.

In relation to Information services, EFTA experts have been involved in discussions with the Commission on including the INFO 2000 programme in the EEA Agreement. INFO 2000, which is the follow-up to the IMPACT programme, covers the period 1996-2000 and aims at stimulating the European multimedia industry.

Transport

On rail transport, a Council Directive on allocation of railway infrastructure, a Council Directive on the licensing of railway undertakings, and a Council Resolution on the development of rail transport and combined transport were incorporated.

On road transport, a Council Resolution on social harmonisation in road freight transport in the Internal Market was adopted.

At the end of 1995, Council Regulation 3577/92 on maritime cabotage had still not been incorporated into the EEA Agreement. The EFTA States reiterated their dissatisfaction and pointed out that this could jeopardise the implementation of the Agreement in other important areas of maritime shipping.

In regard to inland waterways, the Central Rhine Commission, at its meeting of 8 November 1995, adopted a resolution related to Protocol 20 of the EEA Agreement. The Resolution paves the way for nationals of the EEA EFTA States operating vessels on the Rhine to enjoy rights and obligations similar to those of the members of the Rhine Convention.

Free movement of persons

Mutual recognition of diplomas

No legislation was incorporated into the EEA Agreement in this field in 1995. The EFTA side participated actively in the meetings of the Co-ordinators Group and the Article 15 Committee of the European Commission related to the two general systems.

Social security

The EEA EFTA States took an active part in meetings of the Administrative Commission on Social Security and of its various Working parties, including TESS (Telematics in Social Security) and the Audit Board. The Joint Committee adopted one decision in 1995 in this area, incorporating Administrative Commission Decision No 151 relating to the handling of requests for special non-contributory social security benefits.

Horizontal and flanking policies

Consumer Protection

A new Directive concerning the protection of consumers buying time-shares of immovable property was incorporated into the EEA Agreement in 1995 (Decision No. 18/95).

Social policy

On **equal opportunities for men and women**, the EFTA side was consulted on the fourth medium-term Community action programme on equal opportunities for men and women and written comments from the EEA EFTA side were transmitted to the Commission in June of 1995. The EFTA side voiced its concern on the ruling of the European Court of Justice on 17 October 1995 in the **Kalanke case**. In regard to participation in the **equal opportunities programme**, the EEA EFTA States agreed in December 1995 that they were ready to participate.

In line with the national policies of the EFTA States to support disabled persons, an EEA Joint Committee Decision to extend co-operation between the Contracting Parties to the Agreement to include the third Community action programme to assist **disabled people** (Helios II 1993 to 1996) was adopted on 19 May 1995. A work programme for the year 1995 was attached to the Decision in order to lay down the EEA EFTA

involvement prior to full participation in the programme scheduled for 1 January 1996. The EEA EFTA States participated actively in the Advisory Committee, the Disability Forum, the Liaison Group, and the eight Helios Working Groups including the Integrated Education Group, the Employment Group and the Handynet Technical Co-ordination Group.

With regard to **labour law**, an EEA Joint Committee Decision) was adopted on 22 June 1995 incorporating Council Directive 94/45/EC on European Works Councils.

As to matters concerning the **elderly**, a Council Decision on a new action programme for the elderly which was envisaged for 1995 had not been adopted at the end of the year. Nevertheless, the Commission supported various actions for the elderly. A meeting concerning measures to assist the elderly, comprising representatives from the Commission and EU Member States, is scheduled for the beginning of 1996. The EEA EFTA States will be invited to attend this meeting.

On the **Medium Term Social Action Programme 1995-1997**, the EFTA side contributed comments to the Commission on 27 July 1995. The EFTA States expressed general support for the constructive approach of the Programme towards improving the efficiency of the labour market and stated that the social safety net should cover everybody; rights should not be based exclusively on a connection to the labour market or be derived from a bread winner. The EFTA States stressed, among other things, the urgent need for revising the regulations on social security for migrant workers. The revision should aim at simplification of the rules, ease the administrative burden and make exchanges of information between national administrations more expedient.

Environment

Directives incorporated into Annex XX to the EEA Agreement in 1995 concerned hazardous waste and a decision on the award of the Community eco-label to soil improvers, toilet paper and kitchen rolls. A directive on packaging and packaging waste was incorporated under Annex II. Several environment related pieces of legislation have been incorporated into the Agreement on the EEA in the TBT field.

Research and development

The Fourth Framework Programme on Research and Development, adopted in 1994, saw its first year of implementation in 1995. The Fourth Framework Programme was incorporated into the EEA Agreement through Joint Committee Decision 10/94. Thus, the EFTA EEA countries have participated as from 1 January 1995.

The Joint EEA Working Group on R&D Matters published a review of EEA co-operation in the field of research and development, covering the development in the field from the negotiations on the EEA Agreement up to the inclusion of the Fourth Framework Programme.

Education, training and youth

Three new education programmes were implemented in 1995: Socrates, Leonardo Da Vinci and Youth for Europe. These programmes replaced the former actions and programmes in the field of education, training and youth. No new Decisions in the Joint Committee were required for EFTA participation to take place, as Protocol 31 of the EEA Agreement states that the EFTA States shall, as from 1 January 1995, participate in all programmes in this field then adopted or in force.

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