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Annex I, II and III

**Annual Report of the Joint Committee 2008
Functioning of the EEA Agreement**

(Article 94(4))

General overview

1. This report assesses the work of the EEA Joint Committee in 2008. The main part of the report provides an overview and Annex I a review of the activities of the Subcommittees under the EEA Joint Committee. Annex II contains an overview of the state of decision-making in 2008 and Annex III a list of Joint Committee Decisions adopted by the EEA Joint Committee in 2008.

2. The EEA Joint Committee met eight times in 2008 and adopted 130 decisions incorporating 218 acts: 38 in the veterinary field and 180 in the non-veterinary field. (See Annex II, State of decision-making 2008).

3. The EEA Joint Committee adopted several significant Decisions in 2008 concerning:

- Decision 25/2008 on REACH and the establishment of a European Chemicals Agency;
- Decision 93/2008 on the European Institute of Innovation and Technology;
- Decision 101/2008 incorporating the Regulation on access to gas transmission networks;
- Decision 120/2008 on state aid.
- Decision revising Protocol 32

4. The Food Law Package, adopted by the EEA Joint Committee in October 2007, did not enter into force in 2008 as the necessary parliamentary procedures were not completed in Iceland. The EEA Joint Committee will continue to closely monitor and assess this situation.

5. Directive 2001/81/EC on national emission ceilings for certain atmospheric pollutants was discussed by the EEA Joint Committee. Joint Subcommittee IV was requested to find a solution.

6. The EEA Joint Committee received briefings from the Commission on the EU's Climate Change and Energy Package and on the accession of Croatia to the EU.

7. The Internal Market Scoreboard, published by the EFTA Surveillance Authority in February 2009, shows that the EEA EFTA States' transposition deficit decreased from 1.7% at the same time in 2008 to 1.3%. The average for the EU Member States was 1.0%.

8. On 28 November 2008, the Icelandic Government sent a notification of protective measures in accordance with Article 43 of the EEA Agreement. The Notification was presented in the EEA Joint Committee on 5 December.

EEA EFTA participation in EU agencies and programmes

9. The EEA EFTA States participate in most of the EEA-relevant programmes and agencies for the period 2007-2013. The total EEA EFTA financial contribution amounted to €199,14 million in 2008.

10. The EEA EFTA States participated in 16 EU programmes in 2008. The EEA Joint Committee adopted decisions on several new or existing programmes and agencies in 2008: the European Institute of Innovation and Technology; the Drugs Prevention and Information Programme (2007-2013); the Statistical Programme 2008-2012; and the Public Health Programme (2008-2013).

11. The EEA EFTA States raised their concerns regarding the modalities of their participation in the European Institute for Gender Equality. The EEA EFTA States also sent a letter on 4 December 2008 to the Permanent Representatives of the EU Member States, addressing the matter.

12. Since the establishment of the European Research Council Executive Agency and the Research Executive Agency in 2005 supporting the FP7 programme, posts within those agencies have been open to i.a. EEA EFTA nationals. However, the Commission's advertisements in 2008 for vacant positions did not include openings for applications by EEA EFTA citizens. The EEA EFTA States raised the lack of access for their nationals with the Commission on several occasions, asking for posts to be opened for applications from their national experts.

Decision-shaping

13. The EEA EFTA States submitted nine comments to the EU on the following subjects:

- the EU Freight Transport Agenda;
- the Commission's Communication on a Proposal for a Strategic Energy Technology Plan (SET Plan) "Towards a low carbon future";
- the Proposal for the third energy market package;
- the Commission's Green Paper on "the European Research Area: New perspectives";
- the Proposal for a Regulation of the European Parliament and of the Council Establishing the European Electronic Communications Market Authority;

- the Commission's proposal to establish an action programme to enhance quality in higher education and to promote intercultural understanding through co-operation with third countries (Erasmus Mundus II);
- the Proposal for a Regulation of the European Parliament and of the Council on the placing on the market and use of feed;
- the Proposal for a Regulation on Novel Foods; and
- the Proposal for a Regulation on the Provision of Food information to consumers.

Advisory bodies under the EEA

14. The EEA Consultative Committee held its annual meeting in Svalbard, Norway on 15 May 2008. The Committee adopted two resolutions at the meeting: An ambitious transport policy for Europe; and Lifelong learning: a key component for growth and jobs. An in-depth discussion on challenges and priorities for the high north also took place.

15. The EEA Joint Parliamentary Committee held two meetings in 2008, on 29-30 April in Reykjavík and on 4 November in Brussels. The Committee discussed and adopted four resolutions which were forwarded to the EEA Council: on the Annual Report on the Functioning of the EEA Agreement in 2007; on Health Services in the EEA; on Research and Education Programmes: the EEA and the EFTA States; and on Future Perspectives for the European Economic Area.

Financial Mechanisms

16. The EEA Grants and the Norway Grants represent a €1.3 billion contribution from Norway, Iceland and Liechtenstein to reduce social and economic disparities in Europe. By year-end 2008, all of the project funding has been made available to the beneficiary states. Around 60 funds and programmes have been established, ensuring funding possibilities for groups such as students, NGOs and other civil society actors. Several of these will be granting support to small scale projects in 2009 and 2010 as well.

17. Based on reports from the beneficiary states, the 770 project portfolio amounting to €810 million in grants at the end of 2008, will increase to around 1300 individual projects, programmes and funds by the end of the commitment period on 30 April 2009. Following national selection, projects will be forwarded for approval by the EEA EFTA States. The sectors receiving most funding under the EEA and Norway Grants are: the conservation of European cultural heritage, the environment and sustainable development, and Schengen and the judiciary.

18. The current Financial Mechanisms will come to an end on 30 April 2009. The negotiations for the future financial contributions by the EEA EFTA States for the reduction of economic and social disparities were launched in September. The parties have underlined the importance of finalising these talks in a timely manner.

ACTIVITIES OF JOINT SUBCOMMITTEES IN 2008

FREE MOVEMENT OF GOODS

General

1. In 2008, 99 EC legal acts, in the area of Subcommittee I, were incorporated into the annexes and protocols of the EEA Agreement through 40 Joint Committee Decisions. The Subcommittee sent five EEA EFTA Comments to the Commission and registered positive results with the inclusion in the EEA Agreement of:

- Regulation on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information;
- Directive laying down rules on nominal quantities for pre-packed products;
- Regulation on nutrition and health claims made on foods;
- Regulation on the addition of vitamins and minerals and of certain other substances to foods;
- Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), and establishing a European Chemicals Agency;
- Regulation on conditions for access to the gas transmission networks;
- Regulation on the general block exemption for state aid; and
- Regulation on application thresholds for the procedures for the award of contracts.

Veterinary, feedingstuffs and phytosanitary matters

2. In the veterinary field, 21 legal acts were incorporated into the Agreement. Among these were implementation rules regarding control and surveillance of the animal disease 'bluetongue' and several amendments of the Transmissible Spongiform Encephalopathies (TSE) Regulation, as well as a number of other acts concerning animal diseases and animal products.

3. The Food Law Package was incorporated into the EEA Agreement in 2007, but had still by the end of 2008 not entered into force, as Iceland had not been able to fulfil its constitutional requirements.

4. Each year, a number of acts are subject to simplified procedures. This implies that certain acts are applicable to the EEA EFTA States without first being incorporated into the Agreement. Instead, the EEA Joint Committee takes note of the acts for purposes of transparency. Approximately 60 acts falling under simplified procedures were identified.

5. In total, 13 acts regarding feedingstuffs were incorporated into the Agreement. All of these acts concerned the authorisation of feed additives.

6. In the phytosanitary field, four acts were incorporated into the Agreement.

Technical regulations, standards, testing and certification

7. The EEA Joint Committee incorporated a total of 61 acts into Annex II of the EEA Agreement. Most of the new acts relate to foodstuffs (20), dangerous substances (12), medicinal products (4) and cosmetics (2).

9. The key issues discussed which would require follow-up in 2009 are:

- Integration of the novel food Regulation from 1997, the Regulations on GM food and feed, and the traceability and labelling of GMOs.
- Integration of the revised European Community framework legislation on pharmaceuticals.

10. Fourteen new mandates were considered for presentation to the European Standards Organisations. The mandates approved mainly concerned consumer health and product safety, ICT and environmental issues. The mandates are followed by grant agreements relating to standardisation activities, financed on the EFTA side by all four States. In addition to the three Annual Operating Grant Agreements signed between EFTA and the ESOs in parallel to the EC, 23 grant agreements were signed in 2008. EFTA also signed Annual Operating Grants with ANEC and ECOS. EFTA's 5% financial commitment to standardisation activities in 2008 amounted to just over €800,000.

11. In April 2008, EFTA published a report from the study on marks and certification in Europe and organised a follow-up workshop in June 2008. The EFTA study and workshop proved useful to the European Commission with regard to their study on the feasibility of a new European consumer safety mark. The Commission finalised their study in December, concluding that a new mark is not recommended, and this conclusion is in line with EFTA policy.

Competition

12. The EFTA Working Group on Competition Policy discussed a White Paper on private actions for damages for breach of the EC antitrust rules, issued by the Commission in April 2008.

13. The EFTA Working Group continued the work on a draft Agreement amending Protocol 4 to the Surveillance and Court Agreement on the functions and powers of the EFTA Surveillance Authority in the field of competition. The work has been delayed due to the need to wait for an amendment to the Merger Implementation Regulation, which was adopted in October 2008. The work on the draft Agreement will be finalised in 2009.

Public procurement

14. The EEA EFTA States monitored progress on the Commission's proposal on defence and sensitive security procurement. Moreover, the EEA EFTA Member States discussed the incorporation of the revision of the Remedies Directive.

15. The EEA EFTA Member States participated in the Advisory Committee meetings during which some of the topics discussed were: green procurement, public procurement and antitrust, draft guide related to the insertion of the social meanings in the public procurement, and measures to make access to public works contracts easier for small- and medium-sized enterprises (SMEs).

State aid

16. The EEA EFTA Member States continued to closely follow the State Aid Action Plan which was launched by the Commission in 2005 and is effective until 2009. Within the framework of the State Aid Action Plan, the General Block Exemption 2008/800/EC was incorporated into the EEA Agreement on 7 November and entered into force on 8 November 2008.

17. The EEA EFTA Member States participated actively in multilateral state aid meetings concerning the Draft Communication from the Commission on the application of state aid rules to public service broadcasting, state aid concerning new temporary measures in the context of financial crises, and on the Enforcement Notice. The EEA EFTA Member States participated in the Commission State Aid seminar on 21 November 2008.

Energy

18. The EEA EFTA Member States closely followed the 3rd liberalisation package, launched by the Commission on 19 September 2007, the Climate and Energy Package presented on 23 January 2008, and the Second Strategic Energy Review, which the Commission published on 13 November 2008.

19. Renewables and energy efficiency were high on the agenda for the EFTA Working Group on Energy Matters. A separate meeting with the Commission was held on the proposal for a modification of the Directive on the promotion of the use of energy from renewable sources. The EEA EFTA Member States followed up on developments for the Eco Design Directive by participating in the Eco-design Consultative Forum. The Working Group also worked towards incorporating the Energy Star Regulation into the EEA Agreement and also in this regard to enter into an exchange of letters with the US Environmental Protection Agency (EPA).

20. Furthermore, the regulation on conditions for access to the gas transmission networks was incorporated into the EEA Agreement in 2008.

Intellectual property

21. The EFTA Working Group on Intellectual Property has closely followed the developments on the work for a levy reform and the review of the EC legal copyright acquis. The Commission proposed on 16 July 2008 a prolongation of the term of protection for performing artists from 50 to 95 years. The EFTA Working Group is likely to prepare and submit an EEA EFTA comment on the proposal. In parallel the Commission adopted a green paper on Copyright in the Knowledge Economy. The focus of the Green Paper is on how research, science and educational materials are disseminated and whether knowledge is circulating freely in the internal market. The Green Paper also focuses on whether today's legislation gives sufficient protection for intellectual property and whether right holders are sufficiently encouraged to make their products electronically available for the public.

22. The EFTA Working Group followed with interest the Strategy on Industrial Property Rights published by the Commission on 16 July 2008. It involves establishing a European Patent Strategy and a sustainable and efficient litigation process. The Working Group has also closely monitored the progress of various EU initiatives against counterfeiting, particularly the EU's Action Plan against Counterfeiting and the Anti-Counterfeiting Agreement (ACTA) and Counterfeiting of Medicines.

Internal Market Advisory Committee (IMAC)

23. The EEA EFTA States participated in several meetings of IMAC, both at Director General level and working group level.

Protocol 3 – Trade in processed agricultural products

24. Iceland continued its negotiations with the Commission on processed agricultural products. Negotiations are expected to be finished soon and it is foreseen that the outcome will be implemented in Protocol 3 of the EEA Agreement as a bilateral regime. Norway and the Commission did not in 2008 open similar negotiations.

Article 19 - Trade in Agricultural Products

25. Norway met several times with the Commission to discuss extended concessions on trade in agricultural products, based on Article 19 of the EEA Agreement. Negotiations will continue in 2009.

Customs matters and rules of origin

26. Informal bilateral consultations took place between the European Commission and Norway in order to prepare for a draft EEA Joint Committee Decision amending protocol 10 on customs facilitation, with the objective to avoid that the new EU customs security measures would negatively impact upon the free movement of goods in the EEA.

Among the security measures discussed was the new EU requirement for security data (pre-arrival/pre-departure declarations) to be submitted to the EU customs authorities before goods physically arrive in or leave the customs territory of the Union. It is expected that an integration into the EU security standards would entail a waiver of the obligation to present pre-arrival/pre-departure declarations.

Protocol 12 – Extension of the Internal Market to third countries – Mutual Recognition Agreements for industrial products

27. The EEA EFTA Member States and Canada completed the revision of two chapters of their MRA Agreement. This current revision closely follows the work done in the framework of the EU-Canada MRA. The formal adoption of the amendments made is still subject to a legal review by Canada.

FREE MOVEMENT OF CAPITAL AND SERVICES

28. In 2008, 52 EC legal acts, in the area of Subcommittee II, were incorporated into the annexes and protocols of the EEA Agreement. The acts relate to the fields of financial services, transport, information and telecommunications services, audio-visual services and company law.

Financial services and company law

29. Sixteen new legislative acts were integrated into Annex IX (financial services) and 2 into Annex XXII (company law). A number of Decisions, including some from 2006, have constitutional requirements which remain to be fulfilled.

30. Experts from the Finance Ministries, the Financial Surveillance Authorities and the Central Banks from the EEA EFTA States closely followed developments in the EU legal framework within the Banking, Insurance and Securities sectors.

31. The Banking Directives on Capital Requirement and Capital Adequacy, the Payment Services Directive and implementing measures of the Transparency Directive and the Banking Directives were incorporated into the EEA Agreement.

32. A number of new EU policy initiatives and proposals of importance to the EEA EFTA States were considered. Important proposals such as the Amendments to the Settlement Finality and Financial Collateral Directives, Codification and revision of the UCITS (Undertakings for Collective Investment in Transferable Securities) Directive, Amendments to the Banking Directives, Revision of the E-Money Directive, Amendments to the Cross-border Payment in Euros Regulation, Amendments to the Deposit Guarantee Scheme Directive and a New Regulation for Credit Rating Agencies were monitored.

33. In the area of Company Law, a number of new policy initiatives and proposals, emanating from the EU, were considered and particular attention was paid to the

Commission's proposal for a European Private Company (SPE) and to several amendments concerning the accounting standards.

34. EEA EFTA experts attended meetings of, among others, the European Securities Committee, the European Banking Committee and the European Insurance and Occupational Pensions Committee and the European Company Law Experts Group as observers.

Information and telecommunications services and postal services

35. Eleven new legislative acts were integrated into Annex XI (telecommunications services).

36. The discussions on two Commission proposals to amend the existing regulatory framework for electronic communications networks and services and on a proposal to establish the European Electronic Communications Authority were at the core of activities in this field this year. Discussions in the European Parliament and the Council on the Electronic Communications Authority were monitored and the participation of regulators from the EFTA States in this body was discussed.

37. The EEA EFTA experts continued their active participation in the discussion on the further harmonisation of spectrum on a European level, which is needed to boost the markets of electronic communications services.

38. EEA EFTA comments were submitted on the Proposal for a regulation of the European Parliament and of the Council Establishing the European Electronic Communications Market Authority.

Audio-visual services

39. The incorporation of the new Audiovisual and Media Services Directive into the EEA Agreement and the necessary changes at national level were prepared. The EEA EFTA States also participated in the discussion on a review of the Commission Communication on the application of state aid rules to Public Service Broadcasting (Broadcasting Communication).

40. The EEA EFTA States continued their participation in the Contact Committee of the Television without Frontiers Directive, the Cinema experts groups and audiovisual heritage. The EFTA Secretariat also drafted a report on the preservation of audiovisual heritage in the EFTA States to be adopted in 2009.

41. The EFTA States participated in the Media 2007-2013 Programme and closely monitored the preparatory work of the Commission for a MEDIA Mundus programme.

Postal Services

42. Work started on the incorporation into the EEA Agreement of the amended Postal Services Directive, which confirms the full opening of the market for postal services by 2009. The EEA EFTA States also contributed to the yearly data collection exercise on postal services, and co-financed the external study published in 2008 on the main developments in the postal sector (2006-2008).

Transport

43. In the field of transport, 23 legal acts were incorporated into Annex XIII (Transport). EEA EFTA experts participated actively in the various EU committees as well as experts meetings (chaired by the Commission) in this field. A significant number of proposals for new EU acts were considered and discussed in depth with the Commission.

44. One EEA EFTA Comment was handed over to the Commission regarding the EU Freight Transport Agenda.

45. The developments related to the proposals in the Land Transport field, especially concerning the Third Railway Package, were monitored and discussed. Several acts on the technical specification of rail interoperability were incorporated into the EEA Agreement.

46. An important issue was the publication of the new "Greening Transport" package, which is an initiative to steer transport towards sustainability.

47. The Maritime Safety Legislation package, introducing seven proposals, was one of the main issues on the agenda and the many developments in relation to this package were monitored and discussed. The development of the Communication of an Integrated Maritime Policy for the EU, which includes an extensive action plan, was also monitored.

48. The second Single European Sky Package was one of the main issues in the field of Air Transport. Several Regulations concerning a Community list of air carriers subject to an operating ban (the so-called black list) were incorporated into the EEA Agreement as well as several regulations concerning aviation safety and security.

49. The new airport legislative package, as well as the initiative concerning a regulation on common rules for the operation of air transport services, were the issues with the highest profile in this field.

50. Other major developments in the Transport field were the publication of the Green Paper on Urban Mobility and the communication on the EU's Freight Transport Agenda, including communications concerning railway freight, port policy and an extensive action plan.

FREE MOVEMENT OF PERSONS

51. In the field of the free movement of persons (Annex V and VI), including the mutual recognition of professional qualifications (Annex VII) and social security (Annex VI), 6 acts were incorporated into the EEA Agreement in 2008.

Free movement of workers and employment

52. A main focus was the report on the Functioning of the Transitional Arrangements applied to the Free Movement of Workers in the European Economic Area, which analysed the Transitional Arrangements applied to Bulgarian and Romanian workers and those applied to the workers from 8 of the 10 States that joined the EU in 2004.

53. The EEA EFTA States continued to participate in the meetings of the Technical Committee on free movement of workers and of the Advisory Committee on free movement of workers and also attended two meetings of the newly set up expert group on the practical challenges of implementing Directive 2004/38/EC in the Member States.

54. With regard to Employment, the EEA EFTA States participated in EURES, a co-operation network between the European Commission and the Public Employment Services of the EEA Member States, which provides information and helps both workers and employers. They also took part in the Employment section of the PROGRESS Programme, which supports the implementation of the European Employment Strategy through promoting "flexicurity" strategies and the life-cycle approach to work.

Recognition of professional qualifications

55. Activities in this field focused on the implementation of Directive 2005/36/EC on the recognition of professional qualifications and on the incorporation of 2 Commission Regulations amending this Directive. However, the Joint Committee Decision incorporating the Directive has not entered into force as there are constitutional requirements which have not been fulfilled.

56. The EEA EFTA States attended the meetings of the Committee on the recognition of professional qualifications and the Group of Coordinators for the recognition of professional qualifications. They also participated in the meeting of the newly established Group of Contacts Points.

Social security

57. The main task, in the field of Social Security, was to continue to compare Regulation (EC) No 883/2004 simplifying the co-ordination of the social security systems with Regulation (EEC) No 1408/71, which it will replace and to closely monitor developments concerning the Commission's proposals to amend (EC) No Regulation

883/2004 and complete its Annexes, and the Commission proposal for a new Implementing Regulation.

58. The EEA EFTA States participated in the meetings of the Administrative Commission on Social Security for Migrant Workers and in its various working parties, as well as in the Technical Commission on Data Processing and the Audit Board.

59. The EEA EFTA States are also part of the MISSOC network, a mutual information system on social protection in the European Union, which is part of the PROGRESS Programme (2007-2013) in which the EEA EFTA States participate.

HORIZONTAL AND FLANKING POLICIES

60. In the field of horizontal and flanking policies, the Joint Committee integrated 61 acts into the EEA Agreement in the areas of research and development, environment, education, training and youth, gender equality and family policy, health and safety at work and labour law, consumer affairs, civil protection, cultural affairs, and public health.

Budgetary matters

61. Considerable effort was dedicated to the revision of Protocol 32 of the EEA Agreement which was adopted by the EEA Joint Committee at the end of the year. The main objective of the revision was to update the text to bring it in line with current EU budgetary procedures. Of main importance for the EEA EFTA side was the reduction from two yearly calls for funds to one single call.

62. The proportionality factor was 2.39% compared to 2.28% in 2007. The EEA EFTA States committed themselves to contributing €194 million to the operational costs of the EU budget in 2008, an increase of €29 million over the €165 million committed in 2007. The (deletion) EEA EFTA payment in 2008 was €199,14 million, which constitutes an increase of €62 million from €136,7 million in 2007.

63. Through the budgetary procedure, it was agreed to second 34 EEA EFTA national experts to the various Directorates within the European Commission dealing with the joint EU programmes and activities.

Social policy

64. The EEA EFTA States focused their attention on the EU's Renewed Social Agenda which was tabled on 2 July 2008, with particular emphasis on the proposal for a Directive on anti-discrimination outside the labour market. They also closely followed the preparations for the European Year for Combating Poverty and Social Exclusion 2010 and continued active participation in the PROGRESS Programme. The Group closely studied the EU's Renewed Social Agenda with particular emphasis on the proposals for directives to reconcile private and professional life as well as the proposal for an anti-discrimination directive outside the labour market.

65. In the field of health and safety at work and labour law, one directive was incorporated into the EEA Agreement. Experts continued to closely follow the discussions on the revision of the Working Time Directive, and the proposal for a Temporary Agency Directive and in particular the Temporary Agency Work Directive which was adopted in November 2008. Discussions with regard to its possible incorporation in the EEA Agreement have started.

66. Another key focus was the proposal for a revised European Works Councils Directive and the debate taking place at EU level with regard to the Posting of Workers Directive.

67. Discussions continued with the Commission on possible EEA EFTA participation in the Bilbao Agency on Health and Safety at Work as well as on the possible EEA EFTA participation in the European Institute for Gender Equality.

68. The EEA EFTA States continued their active participation in the gender equality strand of the PROGRESS Programme and in the Daphne III Programme on Community action to prevent violence against children, young people and women and to protect victims and groups at risk (2007-2013).

Public health

69. A significant development was the incorporation into the EEA Agreement of the EU Health Programme 2008-2013 and the new EU Programme on Drugs Prevention and Information 2007-2013.

70. Focus was also on the new proposal for a Directive on the application of Patients' Rights in Cross-border Healthcare and many discussions with the Commission were held on this issue.

71. Particular attention was also given to the planned reorganisation of the EU High Level Groups on Health and Health Services and Medical Care in order to ensure continued EEA EFTA participation in this regard.

Consumer protection

72. Two decisions concerning consumer affairs were incorporated into the EEA Agreement in 2008.

73. The actions under the Consumer Programme (2007-2013) was one main focus, and top priority was given to ensuring the inclusion of EEA EFTA data in the 2009 edition of the Consumer Market Scoreboard.

74. The EEA EFTA States closely followed the developments regarding the revision of the Consumer acquis and particularly the new proposal for a Directive on Consumer Rights.

Research and development

75. Emphasis in the field of Research and Development was on the preparation for the European Research Area (ERA), where an EEA EFTA Comment was submitted and the EEA EFTA States joined the discussions on a common vision and on the governance of the ERA.

76. Two seminars on issues relating to ERA were organised by the EFTA Working Group on Research and Development.

77. The proposal for a Council Regulation on the Community legal framework for a European Research Infrastructure (ERI) was monitored. All EFTA States have contributed to the process and foresee participation in ERI.

78. Four Joint Technology Initiatives (JTIs) were adopted by the Council, all with EEA EFTA participation. Among them are the JTI on Nanoelectronic technologies "ENIAC" and the air transport JTI "Clean Sky" addressing the implementation of innovative environmentally friendly technologies in all segments of civil air transport.

79. The developments with regard to the establishment of a European Institute of Innovation and Technology (EIT) were also monitored.

Education, training and youth

80. The EFTA participation in the Lifelong Learning Programme (2007-2013) and the Youth in Action Programme (2007-2013) were the main priority areas in the field of Education, Training and Youth.

81. In May 2008, a conference on the Open Method of Coordination (OMC) and Lifelong Learning was held. The EEA EFTA States countries participated and reiterated the importance of OMC initiatives as arenas for learning and for gathering as well as sharing information.

82. The development of a European Qualification Framework (EQF), which is a translation tool for comparing and transferring qualifications across the EEA, was monitored by the EFTA Working Group.

83. Another key issue in this area was EFTA's participation in the "Rights of the Child" initiative and other initiatives in the area of education, training and youth.

84. The establishment of The European Institute of Innovation and Technology (EIT) was followed. The EEA EFTA States co-fund and participate in the activities of the EIT through the EEA Agreement. The EIT held the first meeting of its Governing Board in September at its new site in Budapest.

85. The Commission Communications in areas such as multilingualism, schools and migration were monitored and, in the area of youth, one main development was a new recommendation on volunteering.

Culture

86. The key priority in the field of Cultural Affairs was the EU Culture 2007-2013 Programme.

87. EEA EFTA participation in the European Year for Creativity and Innovation 2009 was prepared in 2008. EFTA activities in the European Year 2009 will include cross-cutting initiatives covering areas such as education, culture, enterprise, media, research, enterprise, and social policy.

88. The Commission's initiative to link the cultural sector more closely to the Lisbon Strategy through three major objectives that form a "common" cultural strategy for the European institutions, the EU Member States, and the cultural and creative sector, was closely followed.

89. The developments regarding the EU recommendation on the digitization and online accessibility of cultural material and digital preservation were also monitored.

The Environment

90. In the field of the environment, 17 legal acts were incorporated into the EEA Agreement. EEA EFTA experts participated actively in the various EU committees as well as experts meetings (chaired by the Commission) in this field. However, various Joint Committee Decisions incorporating acts in the field of environment have not entered into force as there are constitutional requirements which have not been fulfilled.

91. The main issues were the revision of the EU Emission Trading Scheme and the inclusion of aviation into the scheme. The EEA EFTA States have been participating in the original trading scheme since 1 January 2008. A proposal for an updated Waste Directive and a proposal for a new Directive on Industrial Emissions were also closely followed. Another important issue was a proposed Directive that will aim at protecting the environment through criminal law.

92. The EEA Joint Committee adopted a broad range of decisions in the field of the environment, including eco-labels, the shipment of waste, fluorinated greenhouse gasses, the monitoring and reporting of greenhouse gas emissions and a standardised and secured system of registries pursuant to the EU Emission Trading Scheme, and on environmental liability and the management of mining waste.

93. Policy documents and progress in the field of environmental legislation with the Commission were discussed. Topics included the revision of the EU Emission Trading Scheme, the EU proposal on Carbon Capture & Storage, the Protection of the Environment through Criminal Law and the EEA relevance of the National Emission Ceilings Directive.

94. EEA EFTA experts in the areas of environment and transport discussed issues of relevance for both groups and to meet with the Commission to discuss the environmental challenges in the transport sector, the Renewables Directive and the inclusion of aviation in the EU Emission Trading Scheme.

Enterprises and entrepreneurship

95. The main issues followed were the Small and Medium Sized Enterprise Policy (SME) and the follow-up of the Competitiveness and Innovation Programme (CIP).

96. The development of SOLVIT, an on-line problem-solving network through which the authorities work together to solve problems caused by the misapplication of Internal Market law by public authorities without legal proceedings continued to be followed. The EU Better Regulation, the development of the Your Europe Portal, the EU Innovation Agenda and the development of the Internal Market Information system (IMI), were also monitored.

97. Topics discussed were Industrial Policy, Better Regulation, the Small and Medium Sized Enterprise Policy and the Small Business Act.

98. A conference on the EU Lead Markets Initiative was held in March 2008.

Civil protection

99. The EEA EFTA States continued to actively participate in two programmes in the field of civil protection: the Community Mechanism for Civil Protection and the Civil Protection Financial Instrument 2007-2013.

100. The horizontal “package” concerning European Critical Infrastructure, including the EU programme “Prevention, Preparedness and Consequence Management of Terrorism and Other Security Related Risks”, continued to be closely monitored. Particular attention was given to the proposed Directive on Critical Infrastructure Protection with a view to possible incorporation into the EEA Agreement.

101. The developments at EU level with regard to CBRN (chemicals, biological, radiological and nuclear) threats were also followed.

Statistics

102. Protocol 30 of the EEA Agreement was amended in order to cover the Community Statistical Programme 2008 to 2012 adopted by European Parliament and the Council on 11 December 2007. Furthermore, the Joint Committee incorporated 15 acts in the field of statistics into the EEA Agreement. A good level of EEA cooperation in the field of statistics was maintained. EEA EFTA participants attended 136 Eurostat meetings in 2008 and 4 national seconded experts from the EEA EFTA states worked in

Eurostat. The EEA EFTA States participated in the operation of a number of joint projects with the EU.