



58<sup>th</sup> Annual Report  
of the  
European Free Trade  
Association

2018





# Annual Report of the European Free Trade Association 2018

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## Table of Contents

Foreword	3
About EFTA	4
The EFTA Council	5
Free Trade Relations	8
The EEA Agreement	15
EEA Grants and Norway Grants	44
Advisory Bodies	47
Information Activities	51
The Secretariat	55
EFTA in Figures	57
Appendices	71



# Foreword

At EFTA, we believe that our job makes a tangible and real contribution to people and businesses in the EFTA Member States. We run and develop the EEA Agreement with the EU, the deepest and most comprehensive trade agreement in the world and we manage and develop one of the world's largest tightly-knitted free trade networks with other partners. These are major contributions of the EFTA States to stability and prosperity in Europe and beyond.

In an environment where voices of protectionism are getting louder by the day, we stand for economic cooperation, free and responsible trade and strengthening the liberal legal order. We do not work towards economic cooperation for its own sake but because we know from experience that it is the only way to ensure prosperity, growth and security.

Membership of EFTA is a cornerstone of the foreign trade policies of Iceland, Liechtenstein, Norway, and Switzerland. EFTA's work has always been a central pillar for the Member States. In the current economic and political climate, this work is perhaps more important than ever.

In 2018, the EFTA States continued to expand their worldwide network of free trade agreements, with several milestones reached throughout the year. EFTA signed new agreements with Indonesia and Ecuador, updated its agreement with Turkey and revised bilateral agricultural agreements with Israel. Progress was also made towards an agreement with the Mercosur trading bloc in Latin America. EFTA currently has 29 free trade agreements with 40 partner countries and customs territories (not including the EU). Expanding this global network remains a top priority for the EFTA States.

Towards the end of 2018, we also prepared for a series of events to celebrate the 25<sup>th</sup> anniversary of the EEA Agreement in 2019. The Agreement has significantly contributed to building a more competitive, predictable and prosperous Europe, with an extended homogenous single market in which goods, capital, services and persons move freely. It is the best guarantee of long-term shared prosperity and has contributed to the construction of a Europe based on stability, peace, democracy and human rights. We also reinforced the way we disseminate information on the EEA Agreement, by introducing a user-friendly web tool and video to explain how EU law becomes EEA law.

The United Kingdom's withdrawal from the EU has been a challenging political and legal process which has sharpened the focus on the overriding goals of the EFTA States to safeguard the integrity of the EEA and preserve to the fullest their economic and trade relations with the UK, one of EFTA's most important trading partners. Throughout 2018, the EFTA Secretariat has assisted its Member States in their efforts. The EFTA States are fully prepared to safeguard core interests in all scenarios.

In a year that celebrates the 25<sup>th</sup> anniversary of the EEA and with EFTA's 60<sup>th</sup> anniversary fast approaching, both Brexit and the fluid state of affairs in international trade have shone a spotlight on EFTA and the unique international cooperation the EFTA States enjoy among themselves and with their partners. This attention is a clear recognition of EFTA's relevance, strength and success.

*Henri Gétaz*  
Secretary-General



# About EFTA

The European Free Trade Association (EFTA) is the intergovernmental organisation of Iceland, Liechtenstein, Norway and Switzerland, set up for the promotion of free trade and economic cooperation between its members, within Europe and globally.

The Association has responsibility for the management of:

- > The EFTA Convention, which regulates economic relations between the four EFTA States
- > The Agreement on the European Economic Area (EEA Agreement), which brings together the Member States of the European Union (EU) and three of the EFTA States – Iceland, Liechtenstein and Norway – in a single market, also referred to as the “Internal Market”
- > EFTA's worldwide network of free trade and partnership agreements



EFTA's new senior management, as of 1 September, from left: Deputy Secretaries-General Pascal Schafhauser, Hege Marie Hoff; Secretary-General Henri Gétaz, Deputy Secretary-General Andri Lúthersson.





EFTA Ministerial meeting in Geneva 23 November. From left: Henri Gétaz, EFTA Secretary-General; Guðlaugur Þór Þórðarson, Minister for Foreign Affairs and External Trade of Iceland; Aurelia Frick, Minister of Foreign Affairs, Justice and Culture of Liechtenstein; Johann N. Schneider-Ammann, Federal Councillor and Head of the Federal Department of Economic Affairs, Education and Research of Switzerland; and Torbjørn Røe Isaksen, Minister of Trade and Industry of Norway.

From left: Hege Hoff, EFTA Deputy Secretary-General; Pascal Schafhauser, EFTA Deputy Secretary-General; and Henri Gétaz, EFTA Secretary-General



# The EFTA Council

The EFTA Council is the highest governing body of EFTA. The Council usually meets eight times a year at the ambassadorial level (heads of permanent delegations to EFTA in Geneva) and twice a year at ministerial level.

The Council discusses substantive matters, especially relating to the development of EFTA relations with third countries and the management of free trade agreements. It monitors EFTA relations with the EU and decides upon important administrative matters. The Council has a broad mandate to consider possible policies to promote the overall objectives of the Association and to facilitate the development of links with other states, unions of states or international organisations. The Council also manages relations between the EFTA States under the EFTA Convention. Each Member State is represented and decisions are taken by consensus.

## EFTA Ministerial Meetings

The two meetings of the EFTA Council held at ministerial level in 2018 were on 25 June in Sauðárkrúkur and on 23 November in Geneva. Iceland chaired the Council in the first half of the year, and Switzerland in the second half.

The EFTA Ministers discussed the ongoing negotiations between the United Kingdom and the European Union and reiterated the importance of maintaining close economic and trade relations with the United Kingdom also from the end of March 2019 onwards.

Ministers repeated their commitment to open trade on the basis of a rules-based, transparent and inclusive multilateral trading system. They expressed their concern about increased friction, unilateralism and risk of protectionism in international trade, stressed the importance of a well-functioning World Trade Organization (WTO) and the need to solve any disputes that may arise effectively within the WTO framework.

The gathering of the four EFTA Ministers also provided a good opportunity for signing ceremonies. In June, the EFTA countries signed a Free Trade Agreement with Ecuador and a modernised and expanded Free Trade Agreement with Turkey. In November, the EFTA countries and Indonesia announced in a joint statement the conclusion of the negotiations on a Comprehensive Economic Partnership Agreement (CEPA) between the EFTA States and Indonesia, which was subsequently signed in Jakarta on 16 December 2018. As a first step towards closer economic relations, the EFTA countries also signed a Joint Declaration on Cooperation between EFTA and the Republic of Kosovo. The day before the November Council meeting Ministers from Iceland, Norway and Switzerland used the opportunity of being in Geneva to sign updated bilateral agricultural agreements with Israel.

The Ministers discussed EFTA's global trade strategy and priorities in the current trade policy environment, as well as EFTA's approach to trade and gender. Ministers reviewed developments in EFTA's ongoing



free trade negotiations and underlined the priority given to advancing negotiations with Mercosur and moving towards the conclusion of negotiations with India. They expressed their will to make further progress in the negotiations with Malaysia and Vietnam. Ministers took stock of EFTA's activities in relation to the development and modernisation of existing FTAs. In particular, they expressed their satisfaction with the start of negotiations with the Southern African Customs Union (SACU) and reviewed the state of play of the exploratory discussions with Canada as well as the negotiations with Mexico. They conveyed their hope that negotiations with Chile could commence swiftly. The Ministers welcomed the recent meeting of the EFTA-US Trade Policy Dialogue, took note of the discussions held and expressed support for the continuation of the Dialogue.

In addition to EFTA's internal and external relations, the June meeting includes relations with the European Union, covering specifically the EEA Agreement as well as Swiss-EU relations. At their meeting in 2018, Ministers welcomed the progress made in implementing the EEA

From left: Henri Gétaz, EFTA Secretary-General and Johann N. Schneider-Ammann, Federal Councillor and Head of the Federal Department of Economic Affairs, Education and Research of Switzerland at the EFTA Ministerial meeting in Geneva on 23 November.



Financial Mechanism for 2014-2021, which entered into force in September 2017, noting that 12 out of 15 Memoranda of Understanding had so far been signed with beneficiary states, and that the first calls for proposals had been opened.

Regarding the EEA Agreement, Ministers welcomed the fact that significant progress had been achieved across a number of important files since their meeting in June 2017, and in particular with regard to acts in the field of financial services. These included the adoption of EEA Joint Committee Decisions related to Undertakings for Collective Investment in Transferable Securities (UCITS), the Bank Recovery and Resolution directive (BRRD), Solvency II and Omnibus I.

The communiqués from the 2018 Ministerial meetings can be found in the appendices to this report.

## Other Meetings of the EFTA Council

The EFTA Council met eight times in 2018 at the level of heads of permanent delegations to EFTA in Geneva. Delegates discussed EFTA's relations with countries outside the EU, including free trade negotiations and the management of existing free trade agreements. They also approved a number of technical cooperation projects and dealt with administrative and budgetary matters.

## The EFTA Convention

The Council is responsible for the EFTA Convention, which is updated regularly to reflect legislative developments in the EEA Agreement and the Swiss–EU agreements. No amendments to the Convention were made in 2018.



## Annual Meeting of EFTA and EU Finance Ministers

The annual meeting of EFTA and the EU Finance Ministers took place on 6 November in Brussels, where the main topic for discussion was FinTech, opportunities and challenges for the financial sector and economic growth. The meeting was chaired by Hartwig Löger, Finance Minister, representing the Austrian Presidency of the EU Council. Mr Valdis Dombrovskis, Vice-President of the EU Commission presented the Commission's position on the issue. EFTA was represented by Mr Adrian Hasler, Prime Minister and Minister of Finance of Liechtenstein; Mr. Bjarni Benediktsson, Minister of Finance and Economic Affairs of Iceland; Ms. Siv Jensen, Minister for Finance of Norway; and Mr Ueli Maurer, Federal Councillor, Head of the Federal Department of Finance of Switzerland.

EFTA–ECOFIN Ministerial meeting at the Council of the European Union.

# Free Trade Relations

EFTA continued its work on expanding, updating and developing its worldwide network of free trade agreements (FTAs) in 2018. Negotiations on an FTA with Ecuador and on the expansion of the existing FTA with Turkey were concluded and the Agreements signed at the June EFTA Ministerial meeting.

The negotiations on a Comprehensive Economic Partnership Agreement (CEPA) with Indonesia were also concluded towards the end of the year and the Agreement signed in December.



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Negotiations towards an FTA with Mercosur (Argentina, Brazil, Paraguay and Uruguay) saw four negotiation rounds during the year. The FTA with the Philippines entered into force on 1 June for Norway, Liechtenstein, Switzerland and the Philippines, while ratification is still pending for Iceland. Revised bilateral agreements on trade in agricultural products for all EFTA States with Israel were signed in connection with the November EFTA Ministerial meeting.

EFTA's network of preferential trade relations outside the EU was organised through the following means of engagement:

## Free Trade Agreements

In 2018, 29 FTAs were in place with 40 partner countries and customs territories: Albania, Bosnia and Herzegovina, Canada, the Central American States of Costa Rica and Panama (entry into force pending for Guatemala), Chile, Colombia, Ecuador, (entry into force pending), Egypt, Georgia, the Gulf Cooperation Council (GCC, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong China, Indonesia (entry into force pending), Israel, Jordan, the Republic of Korea, Lebanon, North Macedonia, Mexico, Montenegro, Morocco, Palestinian Authority, Peru, the Philippines (entry into force pending for Iceland), Serbia, Singapore, the Southern African Customs Union (SACU, comprising Botswana, Lesotho, Namibia, South Africa and Eswatini), Tunisia, Turkey and Ukraine.

**Fig. 1 – Joint Declarations on Cooperation and Free Trade Agreements between EFTA and Non-EU Partners**

Partner	Joint Declaration	Free Trade Agreement	
		Signing	Entry into Force
<b>Albania</b>	10 December 1992	17 December 2009	1 November 2010
<b>Algeria</b>	12 December 2002		
<b>Bosnia and Herzegovina</b>		24 June 2013	1 January 2015
<b>Canada</b>		26 January 2008	1 July 2009
<b>Central American States</b>	20 July 2010 (Panama)	24 June 2013 (Costa Rica and Panama)	19 August 2014
<b>Chile</b>		26 June 2003	1 December 2004
<b>Colombia</b>	17 May 2006	25 November 2008	1 July 2011
<b>Ecuador</b>	22 June 2015	25 June 2018	
<b>Egypt</b>	8 December 1995	27 January 2007	1 August 2007
<b>Georgia</b>	28 June 2012	27 June 2016	1 September 2017 (for Georgia, Iceland and Norway)
<b>Guatemala</b>		22 June 2015	
<b>Gulf Cooperation Council (GCC)*</b>	23 May 2000	22 June 2009	1 July 2014**
<b>Hong Kong China</b>		21 June 2011	1 October 2012
<b>Indonesia</b>		16 December 2018	
<b>Israel</b>		17 September 1992	1 January 1993
<b>Jordan</b>	19 June 1997	21 June 2001	1 September 2002
<b>Kosovo</b>	23 November 2018		
<b>Republic of Korea</b>		15 December 2005	1 September 2006

\* Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

\*\* The Member States of the GCC informed EFTA that the EFTA-GCC FTA is applied by their authorities as of 1 July 2015.

Partner	Joint Declaration	Free Trade Agreement	
	Signing	Signing	Entry into Force
<b>Lebanon</b>	19 June 1997	24 June 2004	1 January 2007
<b>North Macedonia</b>	29 March 1996	19 June 2000	1 May 2002
<b>Malaysia</b>	20 July 2010		
<b>Mauritius</b>	9 June 2009		
<b>Mexico</b>		27 November 2000	1 July 2001
<b>Mercosur***</b>	12 December 2000		
<b>Moldova</b>	24 November 2017		
<b>Mongolia</b>	28 July 2007		
<b>Montenegro</b>	12 December 2000	14 November 2011	1 September 2012
<b>Morocco</b>	8 December 1995	19 June 1997	1 December 1999
<b>Myanmar</b>	24 June 2013		
<b>Nigeria</b>	12 December 2017		
<b>Pakistan</b>	12 November 2012		
<b>Palestinian Authority</b>	16 December 1996	30 November 1998	1 July 1999
<b>Peru</b>	24 April 2006	24 June 2010	1 July 2011
<b>Philippines</b>	24 June 2014	28 April 2016	1 June 2018****
<b>Serbia</b>	12 December 2000	17 December 2009	1 October 2010
<b>Singapore</b>		26 June 2002	1 January 2003
<b>Southern African Customs Union (SACU)*****</b>		26 June 2006	1 May 2008
<b>Tunisia</b>	8 December 1995	17 December 2004	1 June 2005
<b>Turkey</b>		10 December 1991 Comprehensive update: 25 June 2018	1 April 1992
<b>Ukraine</b>	19 June 2000	24 June 2010	1 June 2012

\*\*\* Argentina, Brazil, Paraguay and Uruguay.

\*\*\*\* The Philippines informed EFTA that the EFTA–Philippines FTA is applied by their authorities as of 24 October 2018.

\*\*\*\*\* Botswana, Lesotho, Namibia, South Africa and Eswatini.

## Free Trade Negotiations

EFTA was party to negotiations regarding new FTAs with six partners in 2018: Ecuador, India, Indonesia, Malaysia, Mercosur and Vietnam. No full negotiation rounds were held with India and Malaysia during the year although expert meetings were held and contact remained at heads level. Negotiations on the Agreement with Ecuador were finalised in the beginning of the year and the legal review concluded. A scoping exercise for possible free trade negotiations with Pakistan was also started. Comprehensive re-negotiations of existing FTAs were completed with Turkey, three rounds held with the Southern African Customs Union (SACU) and EFTA continued to explore the way forward with Canada and Chile. The re-negotiation of the Agreement with Mexico has been on hold although regular contact at the level of heads of delegation is maintained. Negotiations on new FTAs with four partners remained on hold, namely Algeria, Honduras, Thailand and the Customs Union of the Russian Federation, Belarus and Kazakhstan.

## Joint Declarations on Cooperation and Other Processes

A Joint Declaration on Cooperation (JDC) with Kosovo was signed at the November EFTA Ministerial meeting, bringing the number of JDC partner countries to seven: Kosovo, Mauritius, Moldova, Mongolia, Myanmar, Nigeria and Pakistan. A first Joint Committee meeting was held with Moldova in May. In regard to the East African Community (EAC, comprising Burundi, Kenya, Rwanda, Tanzania and Uganda<sup>1</sup>) the aim remains to agree on a JDC and contacts have been pursued in 2018. Building

<sup>1</sup> South Sudan acceded to the EAC in September 2016.



on previous contacts with the Association of South East Asian Nations (ASEAN)<sup>2</sup> EFTA continued to explore the establishment of closer relations. Furthermore, EFTA continued its Trade Policy Dialogue with the US, initiated in 2013, by holding a fifth meeting under the Dialogue in Washington D.C.

## Continued Expansion of EFTA's Free Trade Network

Throughout 2018, EFTA pursued its efforts towards the conclusion of FTAs, especially with emerging economies in Asia and South America.

The negotiations with **Indonesia** continued and were ultimately concluded in 2018. Three full rounds, a considerable number of intersessional meetings of heads and experts and a final wrap-up meeting were held during the year. After a swift legal review process the Agreement was signed by Ministers in December. In the negotiation process with **Vietnam** one full round was held in 2018 and the discussions will be continued in the first half of 2019. In the negotiations with **Malaysia**, heads of delegations were in contact during the course of the year but no negotiating rounds were held. The heads of delegations in the negotiations process with **India** maintained close contact during the year and several expert videoconferences were held.

The final outstanding issues in the negotiations with **Ecuador** were concluded in the first half of 2018 along with the legal review of the Agreement. The Agreement was signed at the summer EFTA Ministerial meeting. Negotiations with **Mercosur** saw good progress in 2018 with four full negotiation rounds held.



At the Ministerial meeting in November, EFTA Ministers agreed to continue the scoping exercise with **Pakistan** with a view to opening free trade negotiations, and to work towards opening such negotiations with **Kosovo** and **Moldova**, taking into account available resources.

## Management, Modernisation and Expansion of Existing FTAs

The last issues outstanding in the modernisation and expansion of the FTA between the EFTA States and **Turkey** were concluded in the first half of 2018 along with the legal review. The Agreement was signed at the EFTA June Ministerial meeting.

Signing of the EFTA-Indonesia free trade agreement on 16 December. From left: Henri Gétaz, EFTA Secretary-General; Aurelia Frick, Minister of Foreign Affairs, Justice and Culture of Liechtenstein; Johann N. Schneider-Ammann, Federal Councillor and Head of the Federal Department of Economic Affairs, Education and Research of Switzerland; Enggartiasto Lukita, Minister of Trade of the Republic of Indonesia; Daniel Bjarmann-Simonsen, State Secretary of the Kingdom of Norway and Hannes Heimisson, Ambassador of Iceland to the Republic of Indonesia.

<sup>2</sup> Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam

The review of the FTA between the EFTA States and **SACU** commenced in 2018 with three rounds of negotiations and several expert meetings. The negotiations cover trade in goods, rules of origin as well as trade and sustainable development.

EFTA and **Chile** continued to discuss the possible modernisation and expansion of the FTA between the EFTA States and Chile, with the aim of starting negotiations in early 2019

EFTA and **Canada** continued to assess the potential benefits of updating and expanding their FTA to new areas such as services and investment, government procurement, Intellectual Property Rights (IPR) and trade and sustainable development. The Agreement currently covers trade in goods including market access, rules of origin, trade remedies, technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures and trade facilitation, as well as horizontal and institutional provisions.

The EFTA States held Joint Committee meetings with four FTA partners in 2018 (Israel, Moldova, Republic of Korea and Serbia). On these occasions, the Parties reviewed the functioning of their respective agreements and adopted several decisions to update existing rights and obligations. They also established work plans towards further revisions. In addition, revised bilateral agricultural agreements with Israel have been signed in November by Iceland, Norway and Switzerland.

EFTA experts also had exchanges with counterparts from other FTA partners, such as Egypt, GCC and Singapore, in preparation for future amendments of the respective agreements or in preparation for Joint Committee meetings. In addition, work aimed at maintaining and updating other FTAs was undertaken throughout the year at a technical level.

**Fig. 2 – Joint Committee Meetings in 2018**

Free Trade / Joint Declaration Partner	Date and Venue
Moldova (1 <sup>st</sup> meeting)	15 May, Chisinau
Republic of Korea (6 <sup>th</sup> meeting)	6 June, Geneva
Serbia (3 <sup>rd</sup> meeting)	19 June, Geneva
Israel (9 <sup>th</sup> meeting)	21 November, Geneva



Signing of the EFTA–Ecuador free trade agreement on 25 June. From left: Pablo Campana Sáenz, Minister of Foreign Trade of Ecuador; Aurelia Frick, Minister of Foreign Affairs, Justice and Culture of Liechtenstein; Guðlaugur Þór Þórðarson, (Chair) Minister for Foreign Affairs and External Trade of Iceland; Torbjørn Røe Isaksen, Minister of Trade and Industry of Norway; Johann N. Schneider-Ammann, Federal Councillor and Head of the Federal Department of Economic Affairs, Education and Research of Switzerland; and Kristinn F. Árnason, EFTA Secretary-General.



## Monitoring International Trade Developments

EFTA follows the development of so-called “mega-regional” free trade agreements closely. This has become particularly relevant in the context of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the uncertain future of the negotiations on a Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU, and the negotiations on a Regional Comprehensive Economic Partnership (RCEP), comprising 16 countries<sup>3</sup>.

The Trade Policy Dialogue between the EFTA States and the US, launched in 2013 at the start of negotiations between the US and the EU on TTIP, continued in 2018 with a meeting of heads of delegation. EFTA continues to monitor developments in the US trade policy and its consequences worldwide.

EFTA closely monitors the developments in the negotiations between the EU and the UK on the latter leaving the EU. EFTA working groups have been established that regularly meet to discuss potential consequences and EFTA's possible reactions to different scenarios.

In light of international developments and experiences made in its FTA negotiations, EFTA is reviewing and updating its model text on trade and sustainable development, and is also examining the possibility of including references to gender issues in its FTAs. Four meetings of experts were held to this effect in 2018.

<sup>3</sup> The ten members of ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) and the six countries with which ASEAN has existing FTAs (Australia, China, India, Japan, Republic of Korea and New Zealand).



Signing of the EFTA–Kosovo Joint Declaration on Cooperation in Geneva on 23 November. Endrit Shala, (left) Minister of Trade and Industry signed the JDC on behalf of the Republic of Kosovo.

## Technical Cooperation

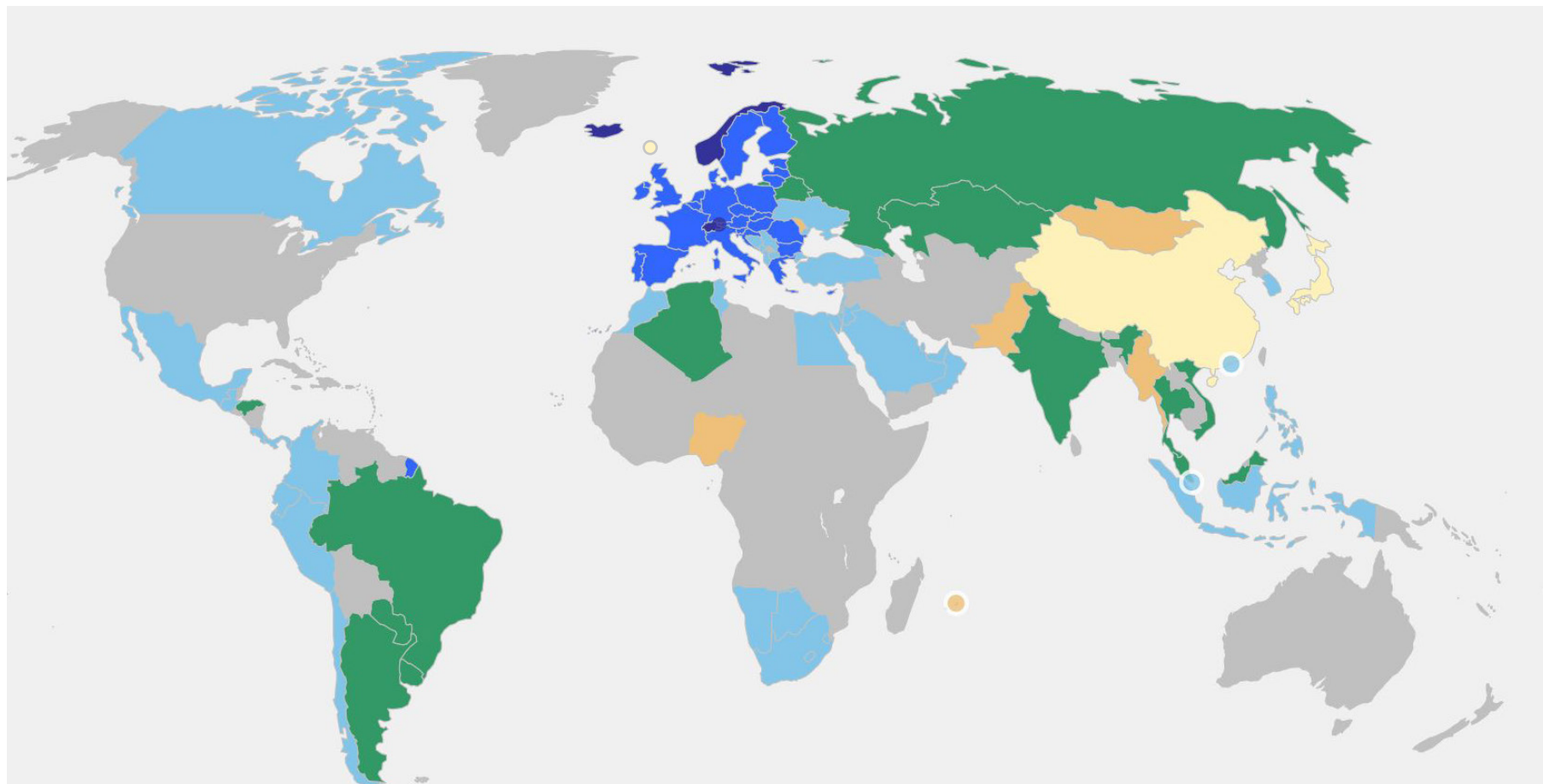
In the framework of technical cooperation funded by EFTA with partners outside the EU, activities in 2018 included:

- > A customs seminar in Indonesia, focused on proofs of origin and verification of origin, which was held in the context of the 15<sup>th</sup> round of negotiations in Jakarta in April 2018, the aim of which was to increase the understanding of the Indonesian authorities and to facilitate negotiations on this issue.
- > Trade promotion seminars were held in Egypt, Georgia and the Philippines, aimed at discussing trade opportunities in light of the respective FTAs. In particular, EFTA speakers addressed customs issues, non-tariff measures, as well as the treatment of agricultural products pursuant to the FTA. They also made presentations on how to export to the EFTA States.

## Relations with the WTO

Under the WTO's transparency mechanism for bilateral and regional trade agreements, EFTA continued to notify decisions adopted by joint committees under existing FTAs. It notified the start of free trade negotiations and the ratification and entry into force of new agreements – most recently the entry into force of the FTA with the Philippines.

## EFTA's Worldwide Network (as at 1 January 2019)



**European Free Trade Association**

**EU (European Economic Area)**

**EFTA Free Trade Agreements (29)**

Albania, Bosnia and Herzegovina, Canada, Central America, Chile, Colombia, Ecuador, Egypt, Georgia, Gulf Cooperation Council (GCC), Hong Kong China, Indonesia, Israel, Jordan, Republic of Korea, Lebanon, North Macedonia, Mexico, Montenegro, Morocco, Palestinian Authority, Peru, the Philippines, Serbia, Singapore, Southern African Customs Union (SACU), Tunisia, Turkey and Ukraine

**Ongoing FTA negotiations**

India, Mercosur, Malaysia and Vietnam

**FTA negotiations on hold**

Algeria, Honduras, Customs Union of the Russian Federation, Belarus, Kazakhstan, Thailand

**Joint Declarations on Cooperation (7)**

Kosovo, Mauritius, Moldova, Mongolia, Myanmar, Nigeria and Pakistan

**FTA relations of individual EFTA States**

Faroe Islands: FTAs with Iceland, Norway and Switzerland  
China: FTAs with Iceland and Switzerland; FTA negotiations with Norway  
Japan: FTA with Switzerland

# The EEA Agreement

The Agreement on the European Economic Area, which entered into force on 1 January 1994, brings together the 28 EU Member States and the three EEA EFTA States – Iceland, Liechtenstein and Norway – in a Single Market, also referred to as the Internal Market.





## The EEA Council

The EEA Council meets twice a year at ministerial level and provides political impetus for the development of the EEA Agreement. In 2018, it convened on 23 May under the chairmanship of the Bulgarian Presidency of the EU Council and on 20 November under the chairmanship of Norway to review ongoing work in EEA cooperation and to note the progress reports of the EEA Joint Committee. Ministers confirmed the positive overall functioning and development of the EEA Agreement, and appreciated that new acts were being incorporated quickly.

The main topics discussed in the EEA Councils in 2018 were energy and climate change, the Digital Single Market, capital controls, trade in agricultural products, EEA EFTA participation in EU programmes and the EEA and Norway Grants. In addition, the EEA Council held orientation debates on the review of the European Supervisory Authorities in financial services and the European Pillar of Social Rights in the context of the EEA Agreement.

In the informal political dialogues in the margins of the EEA Council, the main topic was Brexit and its implications for the EEA Agreement. Ministers also discussed the Western Balkans and multilateralism in the political dialogues.

The conclusions from the EEA Council meetings can be found in the appendices to this report.



From left: Ine Eriksen Søreide, Minister of Foreign Affairs of Norway; Aurelia Frick Minister of Foreign Affairs, Justice and Culture of Liechtenstein; Guðlaugur Þór Þórðarson, Minister for Foreign Affairs and External Trade of Iceland; and Emil Karanikolov, Minister of Economy of Bulgaria

## The EEA Joint Committee

The EEA Joint Committee is the main decision-making body of the EEA Agreement, and consists of the ambassadors of the EEA EFTA States to the EU and a representative of the European External Action Service. It is a forum in which views are exchanged and decisions are taken by consensus to incorporate EU legislation into the EEA Agreement.

Representatives from the EEA EFTA States at the EEA Council.



In 2018, the EEA Joint Committee met eight times adopted 258 decisions incorporating 433 legal acts. Discussions in the EEA Joint Committee focused on how to further improve the processing of acquis and to reduce the number of legal acts awaiting incorporation, in particular with regard to the backlog of pending acts in the field of financial services, and on the contributions of the EEA EFTA States towards the further development of the Internal Market (so-called decision shaping). The EEA Joint Committee also received briefings on capital controls in Greece and Iceland and on the next Multiannual Financial Framework 2021-2027.

Among the more significant decisions adopted by the EEA Joint Committee were those concerning data protection, the posting of workers, cross-border portability of online content services, and numerous acts and packages in the field of financial services (including on bank recovery and resolution, investments in transferable securities, insurance, audits, market infrastructure, and anti-money laundering).

## The Standing Committee of the EFTA States

The Standing Committee of the EFTA States serves as a forum in which the EEA EFTA States consult one another and arrive at a common position before meeting with the EU in the EEA Joint Committee. It consists of the ambassadors to the EU of Iceland, Liechtenstein and Norway, and observers from Switzerland and the EFTA Surveillance Authority.

In addition to ensuring the swift processing of EEA-relevant EU acts in the EEA EFTA States, a key



The EFTA Standing Committee



Gunnar Pálsson, Ambassador of Iceland to the European Union



priority of the Standing Committee in 2018 was to reduce the backlog of acts awaiting incorporation, with a particular focus on the large number of acts outstanding in the field of financial services. Another key priority in 2018 was to increase the decision-shaping efforts of the EEA EFTA States, in particular by encouraging the preparation and submission of EEA EFTA Comments, notably to ensure participation in the new EU programmes for the 2021-2027 period. With regard to the UK's withdrawal from the EU, the overall objective was to deepen the dialogue between the EEA EFTA States, the EU and the UK in order to preserve the integrity of the Internal Market (see below on Brexit-related work).

The agendas and conclusions of the Standing Committee meetings are available on the EFTA website. The work programmes of the Icelandic and Norwegian chairmanships of the Standing Committee in the first and the second half of 2018, respectively, can be found in the appendices to this report.

## Legal and Institutional Matters

Subcommittee V on Legal and Institutional Matters assists the Standing Committee of the EFTA States in horizontal and substantive legal and institutional issues relating to the EEA Agreement. It is composed of legal experts from the EEA EFTA States.

Subcommittee V held four meetings in 2018 and has mainly been working on legal issues related to the United Kingdom's withdrawal from the EU and the EEA Agreement. The Subcommittee also continued to monitor two-pillar issues and third-country provisions in the EEA Agreement, as well as case law developments.



## Brexit and the EEA

Regular informal consultations with the EU on EEA-relevant aspects of the UK withdrawal agreement under Article 50 took place throughout the year, both at ministerial level and among senior officials and experts.

In the second half of 2018, the EEA EFTA States and the UK negotiated an agreement on the withdrawal of the UK from the EEA Agreement, mirroring relevant parts of the EU-UK withdrawal agreement, most importantly regarding citizens' rights, but also including other separation issues such as goods on the market. The Secretariat has assisted the EEA EFTA States in this process, based on mandates from Subcommittee V.

There have also been discussions with the EU and the UK concerning the possible implications of a no-deal scenario for the EEA EFTA States.

Working Group meeting in Subcommittee V on Legal and Institutional Matters



## The EEA Supplement

The EEA Supplement to the *Official Journal of the European Union* contains translations into Icelandic and Norwegian of EEA-relevant texts. The EEA Supplement consists of material from:

- > The EEA Joint Committee
- > The Standing Committee of the EFTA States
- > The EFTA Surveillance Authority
- > The EFTA Court
- > The European Commission

The regular issue of the EEA Supplement is published on the EFTA website once a week, all year around. These weekly publications will always include merger notifications from the European Commission. Due to the short deadline for third parties to submit their possible observations on a proposed merger to the Commission, these texts, as well as some other Commission texts, need to be translated and published quickly.

In addition to the regular weekly issues, there are also separate issues containing translations of EEA Joint Committee Decisions (JCDs) and of EU legal acts which have been incorporated into the EEA Agreement.

Since 2000, the publication of JCDs has been separated from the publication of the relevant EU legal acts. Nevertheless, in July this year the General Data Protection Regulation (GDPR) (EU) 2016/679 was published together with the relevant JCD in Icelandic and Norwegian.

Shortly after the translations of the EU legal acts into Icelandic and Norwegian are ready, they are published in the EEA Supplement. However, since



2008, the Icelandic and Norwegian versions of the EEA Supplement have not been synchronised with regard to the publication of the translated EU legal acts.

All published issues are available at <http://www.efta.int/publications/eea-supplements>.

**Fig. 3 – Publication in the EEA Supplement 2018**

	Number of pages	
	Icelandic	Norwegian
EEA Joint Committee Decisions	468	470
EU Acts	7 051	7 301
EFTA Standing Committee	43	43
EFTA Surveillance Authority	69	69
EFTA Court	35	35
EU Institutions	781	781
<b>Total</b>	<b>8 447</b>	<b>8 699</b>

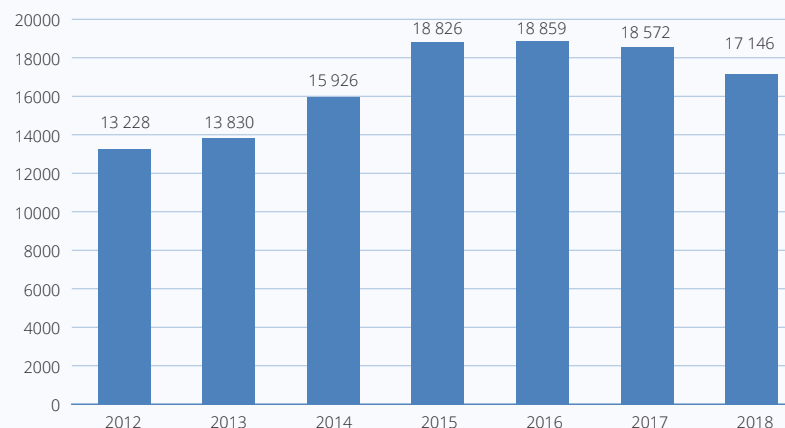
The EFTA Secretariat published 87 issues of the EEA Supplement in 2018. The publication of translated EU legal acts incorporated into the EEA Agreement remained at a high level. Over the past five years the total amount of published pages has increased by about 5 000 (see fig. 4).

Much of the material from the EEA Supplement is available on EEA-Lex.

## The incorporation of EU Acts into the EEA Agreement

Since 2014, work has continued with the aim of increasing efficiency in the incorporation of EEA-relevant EU legal acts into the EEA Agreement. The presentation of acts outstanding has been improved and simplified and now allows all stakeholders at one glance to see the development and status ahead of Subcommittee and Standing Committee meetings. An effort has been made to improve the basis for cooperation between the different parties in the EEA process by sharing and discussing the details of national, Secretariat and EU procedures for incorporation and how they interact. The Secretariat has also taken the initiative to better target all information sent out to the EEA EFTA States with regard to the incorporation process. In addition, it promotes and improves the EEA reporting tool available on the EFTA extranet for the EEA EFTA States. A final initiative has been to gather data showing performance and compliance with procedures for both the EEA Member States and the Secretariat over the last three years. These key performance indicators provide a good basis for a targeted approach to further improving the efficiency of the EEA incorporation process.

Fig. 4 – Total EEA Supplement pages published



EFTA's web-based legal database, EEA-Lex, is an important tool for monitoring the incorporation of EU acts into the EEA Agreement.



## Free Movement of Goods

Subcommittee I on the Free Movement of Goods coordinates matters relating to all aspects of the free movement of goods – harmonised technical legislation, the food chain, intellectual property rights and energy matters in addition to competition, state aid and public procurement. Subcommittee I is assisted by 11 working groups and 24 expert groups.

In addition, three committees deal with issues related to goods under the EFTA Council: the Committee on Technical Barriers to Trade (TBT), the Committee of Origin and Customs Experts and the Committee on Trade Facilitation.

### Veterinary, Food and Agricultural Issues

Veterinary and food legislation in the EEA Agreement only applies to Iceland and Norway. Since 2007, Liechtenstein has been subject to the Swiss–EU Agricultural Agreement pertaining to legislation in these areas. The Working Group on the Food Chain evaluates all legislation concerning food, animal feed and veterinary issues. The Working Group met three times in 2018.

The main focus of the Working Group in 2018 was the preparations for the incorporation of new framework regulations regarding official controls along the food chain, animal health and organic production. It also worked on a joint position on the Commission proposal for a regulation on the transparency and sustainability of the EU risk assessment in the food chain.

### Veterinary issues

Veterinary legislation covers animal and public health requirements for the production, trade and import



of live animals and animal products, as well as issues related to the control of these products. Arrangements for animal welfare and the control and prevention of animal diseases are also included.

In 2018, 36 legal acts in the veterinary area were incorporated into Annex I, Chapter I of the EEA Agreement. In addition, 49 legal acts were implemented by means of simplified procedure (see box on page 22).

### Animal feed

Legislation in the area of animal feed concerns marketing and labelling, the control of undesirable substances in feed, the authorisation of feed additives and the monitoring of feed-producing establishments.

In 2018, 44 legal acts related to animal feed were incorporated into Annex I, Chapter II of the EEA Agreement.

Signing of a Mutual Recognition Agreement with Australia. From left: Sabine Monouni, Ambassador of Liechtenstein to the EU; Þórður Jónsson, Counsellor at the Icelandic Mission to the EU; Oda Helen Sletnes, Ambassador of Norway to the EU; and Justin Brown, Ambassador of Australia to the EU.



## Food

The legislation concerning food in the EEA Agreement includes general principles for food law and deals with a wide range of matters related to food safety, food quality and information for consumers. Some of the areas covered are food contact materials, labelling and information to consumers, contaminants and residues, as well as food additives, food flavourings and novel foods.

In 2018, 43 legal acts relating to foodstuffs were incorporated into Annex II, Chapter XII of the EEA Agreement. In addition, 5 legal acts were implemented by means of simplified procedure (see *box on the right*).

## Trade in agricultural products

Protocol 3 to the EEA Agreement regulates preferential trade in processed agricultural products. It was last amended in 2017 following bilateral negotiations between Iceland and the EU.

## Technical Barriers to Trade

EFTA deals with the removal of technical barriers to trade in two forums: the Working Group on TBT, which coordinates the assessment of EEA relevance and acceptability of new EU legislation to the three EEA EFTA States and the TBT Committee, which reports to the EFTA Council. While Switzerland is a full member of the TBT Committee, it participates as an observer in the Working Group on TBT and its many underlying expert groups.

## Working Group on TBT

The Working Group on TBT continued to coordinate the incorporation of new *acquis* into Annex II to the EEA Agreement, and to follow various

legislative proposals, supported by its many expert groups. A principal focus was to monitor developments regarding a legislative proposal aiming at strengthening the application of the Mutual Recognition Principle. An EEA EFTA Comment was submitted in May 2018. Considerable efforts have also been made regarding the possible updates of Mutual Recognition Agreements (MRAs), which are explained separately.

### Simplified Procedure

The simplified procedure is a derogation from the normal procedure for the incorporation of acts into the EEA Agreement when it is necessary to put safeguard and protective measures in place urgently. It requires that the EEA EFTA States “simultaneously with the EU Member States take measures corresponding to those taken by the latter”. Until the introduction of the simplified procedure in 2001, an act could only be incorporated by a decision by the EEA Joint Committee, which in many cases took more than half a year. It is essential that many of the measures in the veterinary field are implemented and applied shortly after their adoption in the EU.

The following acts in the veterinary field are subject to the simplified procedure:

- > Texts of application and lists of establishments concerning imports from third countries
- > Safeguard and protective measures concerning the EU territory or imports from third countries
- > Safeguard measures and listing of countries and territories concerning the non-commercial movement of pet animals

In addition, the General Food Law Regulation introduced the simplified procedure in the food safety area for acts related to emergency measures concerning the EU territory or imports from third countries.



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### ***Motor vehicles***

The Expert Group on motor vehicles follows policy initiatives and legislation on type-approval for motor vehicles and detailed, technical manufacturing specifications. The main focus of the Expert Group was the assessment of Regulation (EU) 2018/858 on the approval and market surveillance of motor vehicles. The new rules on market surveillance aim at tackling the exhaust emissions manipulation, revealed by the “dieselgate” scandal in 2015.

### ***Dangerous substances***

Trade in and use of dangerous substances are strictly regulated in order to protect consumers, workers and the environment. The EEA Agreement contains both general chemicals legislation and product-specific legislation. In total, 26 acts concerning dangerous substances were incorporated into the EEA Agreement in 2018.

The EU Regulation concerning the placing of plant protection products on the market, repealing a directive from 1991, entered into force in the EEA in 2015. In 2018, 29 acts in this field were incorporated into the EEA Agreement.

### ***Medicinal products and medical devices***

The Expert Group on Medicinal Products and Medical Devices met in March 2018. The Member States are in the process of assessing the two major Regulations on medical devices adopted in 2017. The aim is to have them enter into force in the EEA at the same time as in the EU, i.e. 2020 and 2022 respectively.

The paediatric legislation entered into force on 1 June 2018 following fulfilment of constitutional requirements. Nine acts concerning medicinal



products and medical devices were incorporated into the EEA Agreement in 2018. These acts include two important regulations on drug precursors from 2015.

### ***Tobacco***

The Expert Group on Tobacco deals with the incorporation of EU legislation on the manufacture, presentation and sale of tobacco products, as well as advertising and sponsorship of such products. The Expert Group has been working on the incorporation of Directive 2014/40/EU concerning the manufacture, presentation and sale of tobacco and related products. At the end of 2018, after several rounds of consultation with the EU on adaptations, an agreement seemed within reach.

### ***Explosives for civil use***

The objective of harmonising legislation in the field of explosives is to ensure that any explosive is designed, manufactured and supplied in such a way as to present a minimal risk to the safety of human life and health, as well as to prevent damage to property and the environment.

In August 2018, the EEA EFTA States submitted an EEA EFTA Comment on the proposal for a new Regulation on the marketing and use of explosives precursors. Direct exchanges with the European Commission took place in a subsequent meeting of the Expert Group on Explosives for Civil Use.

### ***Market surveillance and consumer product safety***

The Expert Group on Product Safety, Market Surveillance and Product Liability continued to monitor developments regarding a legislative proposal on market surveillance put forward by the Commission in December 2017 as part of the 'Goods

Package'. The Expert Group, jointly with the TBT Working Group, submitted an EEA EFTA Comment in May 2018. The EEA EFTA States continued to participate in the Commission's Internal Market for Products – Market Surveillance Group (IMP-MSG), the Consumer Safety Network (CSN) and the General Product Safety Directive (GPSD) Committee.

### ***Mutual recognition agreements***

Mutual recognition agreements (MRAs) facilitate market access by reducing the costs and time associated with obtaining product certification. Protocol 12 to the EEA Agreement foresees that the EEA EFTA States should conclude parallel MRAs with third countries to those of the EU. In this respect, the EEA EFTA States discussed EU developments related to new and revised MRAs and assessed possible EEA EFTA follow-up.

In particular, the EEA EFTA States concluded with Australia an agreement amending the Parties' MRA, in line with changes made to the EU–Australia Agreement in 2012. Moreover, it was agreed with the relevant US counterparts to seek an expansion of the product scope of the Parties' MRA on marine equipment. The EEA EFTA States also took steps to update the general MRA with the US following EU–US amendments to the Parties' sectoral annex on Good Manufacturing Practices (GMP).

### ***TBT Committee***

The TBT Committee met three times in 2018 to discuss issues relating to the EFTA Convention, in particular Annexes I and H, harmonisation of technical legislation, technical barriers to trade, standardisation and third-country relations. The Committee's second meeting was held in Bern, Switzerland in June.

In 2018, the Committee followed the developments of a new EU Goods Package focusing on market surveillance and the principle of mutual recognition, developments within European accreditation and conformity assessment, the development of the Brexit negotiations especially in the area of goods, mutual recognition agreements and the Sida<sup>4</sup>–EFTA quality infrastructure project in the Western Balkans. Ongoing negotiations on free trade agreements and other third-country issues were also discussed.

### Standardisation

In the area of European standardisation, EFTA continued to support European standardisation and the existing public–private partnership between the Commission/EFTA and the European Standardisation Organisations and stakeholders. In 2018, the standardisation policy issues discussed were: a principal ruling from the Court of Justice of the European Union in the area of harmonised standards, and the follow-up of the two EFTA co-financed projects with seconded European standardisation experts in India (SESEI) and China (SESEC). The EFTA Secretariat participated at the General Assemblies of the European Committee for Standardization (CEN), the European Committee for Electrotechnical Standardization (CENELEC), the European Telecommunications Standards Institute (ETSI) and the European Cooperation for Accreditation. The EFTA Secretariat has the formal status of European counsellor in all these organisations.

Furthermore, EFTA continues to be involved in the work of the Joint Initiative on Standardisation, an action resulting from the European Commission's Single Market Strategy. The Joint Initiative establishes a broad platform in which all parties cooperate to improve the European standardisation system.

<sup>4</sup> Swedish International Development Cooperation Agency

### Financial contribution to standardisation

The EFTA States and the European Commission provide financial support to the three European standardisation organisations (ESOs): CEN, CENELEC and ETSI.

EFTA continued to co-fund the three ESOs as well as four recognised stakeholder organisations that participate in European standardisation. These are the European Association for the Coordination of Consumer Representation in Standardisation (ANEC), the European Environmental Citizens' Organisation for Standardisation (ECOS), Small Business Standards (SBS) and the European Trade Union Confederation (ETUC). In 2018, EFTA signed 37 agreements relating to standardisation.

EFTA also continued its financial support to the European Cooperation for Accreditation (EA).

Brit Helle (on the far right), Director of Internal Market Division, keynote speaker at the European Commission's conference in the frame of World Standards Day and the 25<sup>th</sup> anniversary of the European Single Market.





## Energy

The Working Group on Energy Matters, responsible for the energy related legislation incorporated in Annex II, Chapter IV, and Annex IV of the EEA Agreement, met four times in 2018.

Significant progress was made towards the incorporation of the Energy Performance of Buildings Directive and the Energy Efficiency Directive. The Working Group made progress in the discussion with the EU on incorporation of the network codes and monitored policy developments related to the Energy Union, especially the Clean Energy for All Europeans Package. Furthermore, following incorporation of the Third Energy Package in 2017, the Working Group monitored developments in Iceland, where fulfilment of constitutional requirements was still pending.

## Competition

The Working Group on Competition Policy, responsible for the competition related legislation incorporated into Annex XIV of the EEA Agreement, met once in Brussels in 2018.

Important items on the agenda were the possible incorporation of the Directive on Action for Damages, adopted by the EU in November 2014, and the Commission proposal to empower national competition authorities to be effective enforcers. The Working Group engaged in a technical dialogue with DG Competition and the Commission Legal Service on the two-pillar issue concerning the decentralised enforcement of EU competition rules.



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## State Aid

The Working Group on State Aid follows all EU actions in the field of state aid and ensures that relevant legislation is incorporated into Annex XV of the EEA Agreement.

The Working Group continued to focus on the incorporation into the EEA Agreement of Regulation (EU) No 734/2013 setting procedural rules within the field. The EEA EFTA States also participated in several multilateral state aid meetings relating to the Commission's State Aid Modernisation (SAM) initiative, launched in 2012 with the aim of fully reforming and updating the European state aid framework.

## Public Procurement

The Working Group on Public Procurement, responsible for public procurement related legislation incorporated into Annex XVI of the EEA Agreement, focused on ensuring the timely incorporation of the revised thresholds applicable under the procurement Directives, adopted by the EEA Joint Committee on 9 February 2018.

## Intellectual Property

The Working Group on Intellectual Property met once in 2018 to discuss intellectual property legislation to be incorporated into Annex XVII of the EEA Agreement.

Regulation (EU) 2017/1128 on the cross-border portability of online services was incorporated into the EEA Agreement, its entry into force pending the fulfilment of constitutional requirements.

The Working Group followed closely the process of adopting a unitary patent for Europe. They also took an active interest in the ongoing affairs of the European



Working Group on Energy  
Matters

Observatory on Infringements of Intellectual Property Rights (IPR) and participated in its plenary meeting, as well as in a public stakeholder meeting in Sofia. The Working Group finalised its assessment of the trade marks Directive and the trade secrets Directive and both draft decisions were submitted to the EU.

The Working Group continued to follow closely the process of modernisation of the EU copyright system in the context of the Digital Single Market.

## Customs Matters, Safety and Security Matters and Trade Facilitation

### *Customs and origin matters*

Although in force in all EFTA States, the EU and some of the Mediterranean and Western Balkan partner countries, the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin (PEM Convention) has not yet been applied. EFTA customs experts are currently working on replacing the existing origin protocols in EFTA's various free trade agreements with the PEM Convention. In parallel, experts are continuing to work with the other PEM partners on revising the PEM Convention in order to modernise and simplify the origin legislation and to adjust the PEM origin rules to today's trade needs.

EFTA customs experts also addressed other customs and origin matters related to FTAs with third-country partners, as well as technical customs issues to guarantee good relations between customs administrations and the smooth functioning of preferential trade relations.

### *Customs, safety and security matters*

Norway and Switzerland are bilaterally integrated with the EU's safety and security system. Thus, traders from these countries do not have to submit pre-arrival/pre-departure declarations when trading with the EU and vice versa. The Norwegian bilateral agreement is implemented in Protocol 10 EEA. The joint Working Group responsible for the implementation and monitoring of the safety and security measures addressed under Protocol 10 EEA had its last meeting in June 2017. The review process of the protocol is ongoing. Previous meetings in the Working Group have been held jointly with

Switzerland as provisions under Protocol 10 EEA and the CH-EU Safety and Security Agreement are similar.

### *Trade facilitation*

Trade facilitation (TF) seeks to improve procedures and controls in merchandise trade across national borders by reducing associated cost burdens and maximising efficiency, whilst safeguarding legitimate regulatory objectives. Recent developments, such as the challenge of bringing trade facilitation into line with growing safety and security concerns, and rising concerns about the (mis)use of trade procedures as trade policy tools, have heightened the political profile of trade facilitation. The conclusion of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) underlines the importance that the international trade community places on this topic. The Committee on Trade Facilitation follows EFTA's trade negotiations and continuously analyses developments in trade facilitation within the WTO and other international organisations, such as the United Nations Economic Commission for Europe (UNECE), the Organisation for Economic Co-operation and Development (OECD) and the World Customs Organization (WCO), which have all added trade facilitation to their agendas.

In the Committee on Trade Facilitation's last meeting on 19 November, EFTA adopted a new model text on TF, mentioning only provisions that go further than the WTO TFA (WTO-plus elements). This text could then be used in third-country negotiations with partners that have adopted the WTO TFA agreement.

The responsibility for issues pertaining to customs (i.e. rules of origin, trade facilitation, customs cooperation and customs security matters) lies with the Trade Relations Division in Geneva.

**Fig. 5 – Meetings held and EU Acts incorporated in 2018**

	Number of meetings in 2018	Number of acts incorporated in 2018
<b>EEA Joint Committee</b>	<b>8</b>	<b>433</b>
<b>Standing Committee of the EFTA States</b>	<b>8</b>	<b>-</b>
<b>SUBCOMMITTEE I-IV</b>	<b>8*</b>	<b>-</b>
<b>Meetings under Subcommittee I</b>	<b>25</b>	<b>257</b>
<b>Working Groups</b>		
Competition Policy	1	1
Customs Matters	4	-
Customs Security Measures	-	-
Energy Matters	4	2
Fisheries	-	-
Food Chain**	4	124***
Intellectual Property Rights	1	1
Processed Agricultural Products	-	-
Public Procurement	1	4
State Aid	1	0
Technical Barriers to Trade (TBT)	3	4
<b>Expert Groups under TBT</b>		
Agricultural and Forestry Tractors	-	3
Appliances Burning Liquid or Gaseous Fuels	-	1
ATEX (equipment for use in explosive atmospheres)	-	-
Cableway Installations	-	-
Chemicals	-	31
Plant Protection Products	-	31

\* In November 2009, the Standing Committee approved the practical merger of Subcommittees I, II, III and IV.

\*\* Food Chain encompasses veterinary matters, animal feed, plant health and foodstuffs.

\*\*\* In addition, 52 acts were implemented through the simplified procedure.



	Number of meetings in 2018	Number of acts incorporated in 2018
Construction	-	3
Cosmetics	-	3
Electrical Equipment	-	-
Explosives	1	4
Fertilisers	-	-
Machinery	-	5
Marine Equipment	-	3
Maximum Residue Levels (MRLs)	-	5
Measuring Instruments	-	-
Medicinal Products and Medical Devices	1	12
Motor Vehicles	1	13
Personal Protective Equipment	-	1
Pressure Equipment	-	1
Product Safety and Market Surveillance	3	1
Recreational Crafts	-	-
Telecommunications Equipment	-	1
Tobacco	-	-
Wine and Spirit Drinks	-	3
<b>Meetings under Subcommittee II</b>	<b>21</b>	<b>130</b>
<b>Working Groups</b>		
Company Law	-	5
Electronic Communication, Audiovisual Services and Information Society	5	8
Data Protection Expert Group	2	1
Financial Services****	10	89

\*\*\*\* Three WGFS meetings, seven Task Force meetings.

	Number of meetings in 2018	Number of acts incorporated in 2018
Postal Services		-
Transport	4	27
<b>Meetings under Subcommittee III</b>	<b>9</b>	<b>1</b>
Working Groups		
Free Movement of Persons, Employment and Social Policy	1	-
Recognition of Professional Qualifications	3	-
Social Security	5	1
<b>Meetings under Subcommittee IV</b>	<b>23</b>	<b>45</b>
Working Groups		
Budgetary Matters	2	-
Civil Protection	2	-
Consumer Affairs	3	-
Cultural Affairs	-	1
Education, Training and Youth	3	2
EFTA Consumers' Consultative Committee	-	-
Enterprise Policy and Internal Market Affairs	2	-
Environment	2	26
Gender Equality, Anti-Discrimination and Family Policy	3	
Heads of National Statistical Institutes	1	13
Health and Safety at Work and Labour Law	1	3
Public Health	2	-
Research and Innovation	2	-
<b>Subcommittee V</b>	<b>4</b>	<b>-</b>

## Free Movement of Capital and Services

Subcommittee II on the Free Movement of Capital and Services coordinates matters concerning financial services, company law, electronic communications, audiovisual services, information society, data protection, postal services and transport. Five working groups and one expert group report to Subcommittee II.

### Financial Services

The Working Group on Financial Services is responsible for the legislation in the field of banking, insurance, pensions and securities, incorporated into Annex IX of the EEA Agreement and for legislation in the field of free movement of capital, incorporated into Annex XII of the EEA Agreement. In 2018, the Working Group met three times. In addition, bi-monthly technical meetings were held with the EU to discuss and agree on the draft decisions to incorporate legal acts outstanding.

The incorporation of the backlog of EEA-relevant EU legal acts outstanding and awaiting incorporation into the EEA Agreement was a priority for the Working Group. The backlog is substantial and is a result of the delayed incorporation of the first set of acts related to the European Financial Supervisory Authorities (ESAs) in September 2016.

During 2018 a total of 84 acts were incorporated into the Agreement in the field of financial services while considerable progress was reached in discussions with the EU on a number of other acts. In December 2018 the number of acts adopted by the EU awaiting incorporation into the EEA Agreement within the field, was approximately 300.



The Secretariat and the Working Group followed closely the Commission's proposal for the revision of the Regulations on the ESAs and the European Systemic Risk Board. The EEA EFTA States submitted an EEA EFTA Comment on the proposed revision on 24 April.

Meeting of the Working Group  
on Financial Services

### Company Law

The Working Group on Company Law covers legislation which enables businesses to be set up and to operate anywhere in the EEA and provides protection for shareholders and other stakeholders. Rules on company reporting, auditing and transparency rules are also covered under this legal framework. The relevant acts are incorporated into Annex XXII of the EEA Agreement.

The Working Group continued examining the Commission proposal on preventive restructuring and



second chance, the proposal regarding cross-border conversions, mergers and divisions, and the proposal on the use of digital tools and processes in company law, as part of the Company Law Package which was launched by the Commission in April 2018. Directive 2017/1132 relating to certain aspects of company law was also examined.

### Electronic Communications, Audiovisual Services, Information Society

The Working Group on Electronic Communication, Audiovisual Services, Information Society (ECASIS) is responsible for acts that cover a broad area of services such as telecommunications, roaming, audiovisual media and information society, which are incorporated into Annex XI of the EEA Agreement. The Working Group met three times in 2018.

The Working Group monitored closely developments on the proposal for a new Regulation establishing the Body of European Regulators for Electronic Communications (BEREC) and the proposal for a Directive establishing the European Electronic Communication Code. These two acts will replace the current regulatory framework for electronic communications. A group of experts had a number of meetings to prepare for their incorporation into the EEA Agreement.

The Working Group followed initiatives under the Digital Single Market Strategy closely. They looked in particular at the review of the Audiovisual and Media Services Directive (AVMSD), the new Cybersecurity Package and initiatives on free flow of non-personal data and on the revision of the rules on privacy and electronic communications (ePrivacy). They also followed closely the new proposal for the Digital Europe Programme for 2021-2027 and submitted their joint position in an EEA EFTA Comment on 31 October 2018.



### Data Protection

The Expert Group on Data Protection is responsible for the incorporation of relevant acts in the field of data protection into Annex XI of the EEA Agreement. The Expert Group is a subgroup of the Working Group on ECASIS and met three times in 2018.

Following the adoption by the EU of the General Data Protection Regulation (GDPR) in April 2016, the Expert Group began work on its incorporation into the EEA Agreement. In early 2018 the EEA EFTA States and the Commission reached an informal agreement on the incorporation of the GDPR. The decision incorporating the GDPR was adopted by the EEA Joint Committee on 6 July 2018 and entered into force on 20 July 2018.

The Expert Group followed closely developments on the draft decision on the adequate protection of personal data by Japan.

Meeting of Subcommittees I-IV. From left: Tómas Brynjólfsson, Director, Services, Capital, Persons & Programmes Division; Chaired by Mette Jøranli, Deputy Director, Norwegian Ministry of Foreign Affairs; Grethe Dale Johansen and Grete Borge, Senior Advisors, Norwegian Ministry of Foreign Affairs.

## Postal Services

The Working Group on Postal Services is responsible for the incorporation of acts concerning the regulatory framework for European postal services, into Annex XI of the EEA Agreement.

The Working Group continued working towards the incorporation of the Third Postal Services Directive into the EEA Agreement. It also started working on the incorporation of the Regulation on cross-border parcel delivery services, which was adopted by the EU in April 2018.

## Transport

The Working Group on Transport covers all modes of transport, including road, rail, aviation, maritime, inland waterway transport and horizontal transport issues. The relevant acts are incorporated into Annex XIII of the EEA Agreement. The Working Group met four times in 2018. The Working Group met and discussed transport issues with the Austrian and the upcoming Romanian Presidency of the Council of the EU.

### Road

The Working Group focused on the Mobility Packages, with specific regard to the third Mobility Package which was published by the Commission in May. The Package presented six legislative proposals in the area of road transport, on road infrastructure safety management, environmental and energy efficiency issues and performance standards. The Package also included a proposal on electronic freight transport information.

The Working Group continued to follow the negotiations on the first and second Mobility Package and met and discussed the proposal for a Directive



Meeting of Subcommittees I-IV. From left: Brit Helle, Director of the Internal Market Division; Mette Jøranli, Deputy Director, Norwegian Ministry of Foreign Affairs, Chair of the Subcommittees I-IV; Grethe Dale Johansen, Senior Advisor, Norwegian Ministry of Foreign Affairs.

on Road Infrastructure Safety Management with the adviser to the European Parliament's TRAN committee.

### Rail

The Working Group worked on incorporating the acts of the Fourth Railway Package adopted in 2016. The revised draft decision for the Directive establishing a Single European Railway Area was submitted to the EU in February 2017 following lengthy discussions with the Commission and is pending approval. A number of draft decisions connected to this draft decision have been submitted to the EU and are awaiting approval. Further, a number of connected acts are under assessment with the Working Group, awaiting clarification on the proposed adaptations in the draft decision for the Directive establishing a Single European Railway Area.

### Maritime

A new proposal on the establishment of a European Maritime Single Window environment was tabled in the third Mobility Package in May, and the Working Group assessed the proposal. The Working Group

met and discussed the proposal with the Commission at its meeting in September.

The EEA EFTA States and the EU continued their discussions on possible adaptations to the Regulation on common rules and standards for ship inspection and survey organisations. A draft decision was shared with the EU in 2017, and feedback was awaited from the EU. This draft decision would incorporate in total ten acts.

### **Civil aviation**

A new basic Regulation for the European Aviation Safety Agency (EASA) was adopted in July, and experts worked on the assessment and preparation for incorporation of the Regulation. Several acts were incorporated into the EEA Agreement on the area of aviation safety, aviation security and air traffic management. The Working Group worked on the designation of a Performance Review Body of the Single European Sky for the EFTA States by the Standing Committee, awaiting finalisation of an agreement on working arrangements between the EFTA Surveillance Authority and the Commission.

## **Free Movement of Persons**

Subcommittee III on the Free Movement of Persons coordinates matters related to all aspects of the free movement of persons, including social security and the recognition of professional qualifications. Three working groups report to Subcommittee III.

### **Free Movement of Persons, Employment and Social Policy**

The Working Group on Free Movement of Persons, Employment and Social Policy follows initiatives that



relate to one of the core freedoms of the Internal Market, free movement of persons and is responsible for the incorporation of relevant acts into Annex V and Annex VIII of the EEA Agreement. The Working Group met once in 2018 in the form of a seminar which was organised jointly with the Working Group on Health and Safety at Work and Labour Law, the Working Group on Gender Equality and the EFTA Consultative Committee.

The Working Group prepared draft decisions on the incorporation of a Regulation on a European Network of Employment Services (EURES), workers' access to mobility services and the further integration of labour markets, and on related implementing regulations. The Working Group started evaluating the proposal for a Regulation on the European Social Fund Plus (ESF+). It also continued its informal cooperation with the Employment Committee (EMCO) and the Social Protection Committee (SPC).

Meeting of the Working Group on Transport



## Social Security

The Working Group on Social Security is responsible for monitoring any amendments in the EU rules on the coordination of social security systems and their incorporation into Annex VI of the EEA Agreement. The Working Group had five meetings in 2018.

The Working Group continued its examination of the Commission proposal to revise the social security coordination rules in the areas of unemployment benefits, long-term care benefits, access by economically inactive mobile citizens to certain social benefits, family benefits, and applicable legislation for posted workers and persons working in two or more Member States. The Working Group also discussed the Commission proposal for a Council recommendation on access to social security for workers and the self-employed. Furthermore, the proposal to establish a European Labour Authority was examined by the group in particular with regard to the proposed transfer of certain tasks in the field of social security coordination to this new agency.

The experts in the Working Group participated actively in meetings of the Administrative Commission for the Coordination of Social Security Systems.

## Recognition of Professional Qualifications

The Working Group on Recognition of Professional Qualifications covers acts that facilitate the recognition of professional qualifications in the Internal Market, which are incorporated into Annex VII of the EEA Agreement. The Working Group had one meeting in 2018.

The EEA EFTA States incorporated the modernised Professional Qualifications Directive 2013/55/EU and the Implementing Regulation on the European

Professional Card and the Alert Mechanism. The Working Group prepared the update of Annex VII to the EEA Agreement in relation to the incorporation of the Commission Delegated Decisions of January 2016 and September 2017 concerning evidence of formal qualifications and titles of training courses. It also examined the Commission Directive which obliges Member States to undertake a proportionality test when they intend to introduce a new regulated profession.

## Flanking and Horizontal Policies

Subcommittee IV on Flanking and Horizontal Policies coordinates matters related to all aspects of the horizontal provisions of the EEA Agreement, as well as cooperation outside the four freedoms. Thirteen working groups report to Subcommittee IV.

## Research and Development

The Working Group on Research and Innovation monitors the EU's science and innovation policy and initiatives which are covered by Protocol 31 to the EEA Agreement.

The Working Group engaged in preparing EEA EFTA participation in the EU's 9<sup>th</sup> Framework Programme for Research and Innovation, Horizon Europe 2021-2027, which was tabled by the Commission in May 2018. As a part of these preparations they have actively pursued to shape the discussion and decision on the programme proposal. The EEA EFTA States submitted an EEA EFTA Comment on the Horizon Europe Programme in October, highlighting parts of the proposal that are concerned with participation rights of the EEA EFTA States in the Programme.

## Environment

The Working Group on Environment covers legislation contained in Chapters I-V of Annex XX of the EEA Agreement. It covers, for example, acts on reports in the field of the environment, quality standards for water, protection from air pollution, harmful impacts of chemicals and acts regulating the waste sector. The Working Group met three times in 2018.

Discussions on the Regulation on Ship Recycling were finalised and there was good progress on the Regulation on Fluorinated Greenhouse Gases. An important Regulation for the auctioning of the EU Emission Trading System (ETS) allowances was incorporated.

The Working Group followed discussions related to the implementation of the 2030 Framework for Climate and Energy Policies, the Circular Economy Strategy and the Governance of the Energy Union.

In the second half of 2018, experts from Iceland and Norway worked intensively on the future Joint Committee Decision for fulfilment of their international climate commitments together with the EU.

## Education, Training and Youth

The area of education, training and youth is reflected in Protocol 31 to the EEA Agreement. The Working Group on Education, Training and Youth follows the EU's policies and initiatives in these fields. The Working Group had three meetings in 2018.

The EEA EFTA States issued an EEA EFTA Comment on the Erasmus Programme (2021-2027), which was presented to a European Parliament rapporteur, to relevant Commission experts and to the Austrian Presidency. They also prepared for the potential future



Meeting of the Working Group on Education, Training and Youth

participation in the European Solidarity Corps 2018-2020 and closely monitored the proposal for the European Solidarity Corps 2021-2027.

## Gender Equality, Anti-Discrimination and Family Policy

Legislation on equal treatment between men and women is contained in Annex XVIII of the EEA Agreement. The Working Group on Gender Equality, Anti-Discrimination and Family Policy follows developments within the EU in the area of gender equality, anti-discrimination, family policy and the rights of the child. The Working Group had two meetings in 2018.

The EEA EFTA States issued an EEA EFTA Comment on the Commission proposal on work-life balance. The Working Group also started evaluating potential horizontal challenges and future participation in the Rights and Values Programme and the Justice Programme for the period 2021-2027.

### Consumer Affairs

The Working Group on Consumer Affairs follows initiatives in the field of consumer protection in the EU and is responsible for the incorporation of relevant legislative acts in this area into Annex XIX to the EEA Agreement. The Working Group had three meetings in 2018.

The Working Group followed the discussions in the EU on recent EEA-relevant initiatives in the field of consumer protection law.

- > The Commission proposals for a Directive on contract rules for digital content and a Directive on the sales of goods. An EEA EFTA Comment was issued in October on the sales of goods proposal.
- > The Commission adopted in April a Package entitled the New Deal for Consumers, which included a proposal for a Directive on better enforcement and modernisation of EU consumer protection rules, the Omnibus proposal, and a proposal for a Directive on representative actions for the protection of collective interests of consumers. An EEA EFTA Comment was issued in November 2018 on the Omnibus proposal.

The Working Group met with representatives of the EU institutions to discuss these proposals and the EEA EFTA Comments on the sales of goods and on enforcement and modernisation of EU consumer protection rules. They also prepared the incorporation

into the EEA Agreement of the revised Regulation on cooperation between national authorities responsible for the enforcement of consumer protection law (the CPC regulation), which will be applicable in the EU in January 2020.

### Enterprise Policy and Internal Market Affairs

The Working Group on Enterprise Policy and Internal Market Affairs has the responsibility of maintaining a horizontal overview of policies and legislation related to the Services Directive. The Working Group met twice in 2018.

The Working Group followed and contributed to the follow-up to the Single Market Strategy adopted by the Commission in 2015, including the discussions in the EU on the Commission proposal for an improved notification procedure for national legislation in the field of services, an initiative supported by the EEA EFTA States.

The Working Group started the incorporation procedure for the Geo-blocking Regulation adopted in February and welcomed the Commission Communication on the retail sector adopted in April. A dialogue with the European Commission regarding the implementation of the Single Digital Gateway was started.

The Working Group handled the process leading to the annual EEA EFTA States' financial contribution to specific Internal Market budget lines of the European Commission. It coordinated their assessment of future participation in the Single Market Programme for the period 2021-2027, proposed by the Commission in June, and a first dialogue with the Commission took place. The new Programme will support an effective Single Market (including the Internal Market Information System (IMI), the Single Digital Gateway and SOLVIT



which is a mediation service which helps with administrative problems), competitiveness of SMEs, European statistics, food safety and the protection of consumers. The Working Group decided that the IMI should be used for direct notifications of national rules falling under the scope of the Services Directive.

### Civil Protection

The Working Group on Civil Protection is responsible for monitoring initiatives in the field of civil protection, in particular the Union Civil Protection Mechanism (UCPM) included in Protocol 31 to the EEA Agreement. The Working Group met twice in 2018.

The Working Group followed closely the Commission proposal amending the UCPM and submitted an EEA EFTA Comment on the proposal in March 2018 to the EU. It also monitored future initiatives in the area of civil protection under the new Multiannual Financial Framework (MFF) for 2021-2027. The experts in the Working Group also participated actively in the work of the Commission's Civil Protection Committee.

### Health and Safety at Work and Labour Law

Legislation in the fields of health and safety at work and labour law is incorporated in Annex XVIII of the EEA Agreement. The Working Group on Health and Safety at Work and Labour Law, which is responsible for monitoring and incorporating acts in this field had two meetings in 2018.

The Working Group examined closely the Commission proposal to revise the Posting of Workers Directive, the proposal to establish a European Labour Authority, and the proposal for a Directive on transparent and predictable working conditions. It also followed the ongoing efforts to update the Mutagens and Carcinogens Directive,



Working Group on Competition Policy

and the review of the founding regulations of the EU–Occupational Safety and Health Administration (OSHA) and Eurofound, a tripartite EU agency providing knowledge to assist in the development of better social, employment and work-related policies. The Commission proposal on whistleblower protection was also assessed by the Working Group.

The EEA EFTA States paid close attention to the Commission's Regulatory Fitness and Performance Programme (REFIT), which includes a review of the EU acquis in the field of health and safety at work.

Finally, the Working Group followed the discussion on the implementation of the European Pillar of Social Rights.

## Public Health

The Working Group on Public Health held two meetings in 2018. While it currently has no acquis in process, the meetings allowed for good exchanges between Member States, with the Commission and the EU Presidency. EEA EFTA experts followed relevant EU policy developments, e.g. related to health technology assessments, health in the future EU budget, and medicines and intellectual property.

## Cultural Affairs

The Working Group on Cultural Affairs prepared for potential future participation in the Creative Europe Programme under the 2021-2027 MFF. Apart from furthering the assessment of the Programme's cultural strand, the Working Group is coordinating with the Working Group on ECASIS which will provide input on the part of the Programme which focuses on actions in the field of media.

## Budgetary Matters

The Working Group on Budgetary Matters is responsible for the timely and correct application of the budgetary provisions set down in Article 82 of the EEA Agreement and Protocol 32 to the EEA Agreement.

The annual EEA EFTA Budget covers the EEA EFTA States' contribution to the EU Budget and allows for EEA EFTA participation in EU programmes, actions and agencies.

EEA EFTA participation continued under the 2014-2020 Multiannual Financial Framework, with participation in 14 EU programmes. The EEA EFTA States' commitment to EU operational costs in 2018 was EUR 365.7 million; an increase from 356.9 million in 2017.

The EEA EFTA net payment in 2018 amounted to EUR 365.7 million, adjusted for 2016 credits.

**Fig. 6 – EEA EFTA financial contributions to EU programmes, agencies and other activities**  
(payments in thousand EUR)

Sectors of activity	2017	2018
Research	247 665	252 165
Education, training and youth	57 630	59 268
Transport	29 680	34 276
Public health	3 623	4 156
Audiovisual sector	4 218	3 777
Information services	2 514	3 344
Enterprise, innovation, SMEs	3 728	1 996
Social policy and employment	1 574	2 624
Energy	662	-
Product requirements (chemicals, food, medicines)	1 918	435
Statistics	969	1 336
Civil protection	1 261	793
Environment	868	884
Consumer protection	448	615
Culture	136	63
<b>Total EEA EFTA contribution</b>	<b>356 894</b>	<b>365 732</b>

The EEA EFTA States also contribute to the administrative costs of the European Commission, an important part of which is the contribution in kind of seconded national experts. Twenty-seven EEA EFTA national experts were seconded in 2018 to the various directorates within the Commission dealing with EEA-relevant programmes and activities.

### EEA EFTA Comments in 2018

One of the ways in which the EEA EFTA States participate in shaping EU legislation is by submitting comments to the EU on important policy issues. In 2018, thirteen EEA EFTA Comments were sent to the Commission, the European Parliament and the Council on the following Commission proposals:

- > The public consultation on reporting formalities for ships (European Maritime Single Window environment)
- > The Union Civil Protection Mechanism (UCPM)
- > The European Supervisory Authorities and ESRB
- > The Goods Package
- > The EU Cybersecurity Agency (ENISA) and the Cybersecurity Act
- > The marketing and use of explosive precursors
- > Work-Life Balance
- > Contracts for the sales of goods
- > Erasmus (2021-2027)
- > Digital Europe Programme (2021-2027)
- > Horizon Europe (2021-2027)
- > The EEA EFTA participation in EEA relevant EU programmes under MFF 2021-2027
- > Better enforcement and modernisation of EU consumer protection rules – the Omnibus proposal.

The full list of EEA EFTA Comments can be found at: [www.efta.int/eea/eea-efta-comments](http://www.efta.int/eea/eea-efta-comments)

## EFTA-EU Cooperation in Statistics

The EFTA Statistical Office (ESO) is a central bridging body between the EFTA National Statistical Institutes (NSIs) and Eurostat. Monitoring new EU legislation in the field of statistics, assisting NSIs in evaluating the EEA relevance of new legal acts and incorporating these into the EEA Agreement are the core of ESO's activities. Furthermore, ESO works closely with Eurostat on the development of the EEA Annual Work Programme and monitors the inclusion of EFTA data in Eurostat publications. As part of its cooperation with Eurostat and the EFTA NSIs, ESO also co-organises courses for statisticians in the framework of the European Statistical Training Programme and supports statistical training and capacity building in third countries, primarily in Europe's border regions to the east and south. ESO is located at the same premises as Eurostat in Luxembourg.

### Legal and Institutional Developments

The main priorities in 2018 were the following:

- > The continuous integration of the EFTA States at all levels of the European Statistical System (ESS), by monitoring new legal initiatives from the Commission, providing assistance to the EEA EFTA NSIs in the assessment of new legal acts and ensuring the timely incorporation of these acts into the EEA Agreement
- > Following up on the extension of the multiannual European Statistical Programme (ESP) to the years 2018-2020, and ensuring the timely incorporation of the corresponding regulation into the EEA Agreement



- > Developing the 2018 EEA Annual Statistical Work Programme based on the ESP
- > Monitoring EU progress on the new framework regulations on social statistics, business statistics, farm statistics and statistics on agricultural input/output

In the course of 2018, 12 new statistical acts were incorporated into Annex XXI of the EEA Agreement. Protocol 30 was updated to account for the extension of the ESP and a new structure implemented in the 2018 EEA Annual Statistical Work Programme. The framework Regulation on farm statistics was adopted by the EU and is at present pending incorporation into the EEA Agreement, whereas the three other framework regulations have yet to be adopted by the EU.

### Other Priority Areas

In addition to its core activities, ESO contributed to EFTA's presence and visibility in the ESS by:

- > Monitoring the inclusion of EFTA data in Eurostat's databases and publications
- > Maintaining the active involvement of EFTA and the EFTA NSIs in EU statistical assistance projects, mostly in the framework of the European Neighbourhood Policy (ENP)
- > Contributing substantially to the European Statistical Training Programme (ESTP)

### Production and Dissemination of EFTA Statistics

Protocol 30 to the EEA and the Swiss-EU Statistical Agreement provide for statistical information from all EFTA States to be transmitted to Eurostat for storage, processing and dissemination.

ESO continues to strive for the regular and complete inclusion of EFTA data in Eurostat databases and publications. As a result of this joint initiative of ESO, the EFTA NSIs and Eurostat, the inclusion rates are generally high. ESO presents the results of the inclusion monitoring in an annual report to the EFTA NSIs and to Eurostat's top management.

### EFTA Participation in Eurostat Working Groups and Committees

Eurostat organised more than 100 meetings in 2018 to prepare and implement new legislation, exchange and develop methodologies and follow up on data collection. Statisticians from the EFTA States participated actively in the relevant meetings on an equal footing with their counterparts from the EU Member States.

### Statistical Assistance and Cooperation with Third Countries

EFTA works closely with Eurostat on statistical assistance projects with third countries. This cooperation is based on an Administrative Arrangement (AA) between the two institutions, covering the years 2017-2019. Priority is given to the countries included in the European Neighbourhood Policy (ENP) East and South, to the countries in Central Asia and the EU enlargement countries. However, assistance can also be provided to countries in other regions that have concluded free trade agreements or joint declarations of cooperation with EFTA.

The main activities and projects in 2018 were:

- > The "Global Assessments" of the statistical systems of Moldova and Georgia, as well as the "Joint Overview" of the statistical system of Uzbekistan and a "Peer Review" in Armenia, organised in cooperation with Eurostat and the United Nations Economic Commission for Europe (UNECE). EFTA provided expertise from ESO and from the EFTA NSIs.

- > The United Nations Special Programme for the Economies of Central Asia (SPECA) conference on national statistical systems and sustainable development goals, held in Shymkent, Kazakhstan, in cooperation with UNECE. EFTA provided expertise from ESO, logistical support and funding for several participants.
- > The multiannual programme to assist the East European, Caucasus and Central Asian (EECCA) countries in implementing the 2008 System of National Accounts (SNA 2008), which is a joint initiative of EFTA, UNECE and Eurostat. EFTA provided funding for a number of participants at the UNECE expert group meeting in Geneva in May and co-organised a special session for the EECCA countries.
- > The UNECE expert group meeting on consumer price indices in Geneva in May. EFTA provided expertise from Statistics Norway, provided funding for a number of participants and co-organised a special session for the EECCA countries.
- > The EFTA/Eurostat Strategic Management Seminar for the Western Balkan and ENP East countries, held in Tirana, Albania in July.
- > Statistical training courses on “Data analysis and data modelling” by the Swiss Federal Statistical Office (FSO) and on “Combining data from different sources and modes” by Statistics Norway, both with 22 to 24 participants from the beneficiary countries.
- > The workshop on Human Resources, Management and Training in NSIs, held in Oslo, Norway, together with UNECE and Statistics Norway in September. EFTA provided funding for the participants from the EECCA countries, logistical support and HR expertise from the EFTA Secretariat.

- > In addition to these projects and events, EFTA provided funding for a number of participants from the beneficiary countries to participate at international conferences and events organised by various international organisations.

### European Statistical Training Programme

An exchange of letters between the EFTA Secretariat and Eurostat stipulates that EFTA shall finance two to four ESTP courses per year. In return, statisticians from the EFTA States have the right to apply for participation in all ESTP courses.

EFTA financed 3 out of 60 ESTP courses in 2018. The Swiss FSO gave a course on indicator systems for evidence-based policy making, while Statistics Norway provided one course on designing and conducting business surveys and a second course on geographical information systems.

### EFTA National Experts Seconded to Eurostat

The secondment of national experts to Eurostat ensures the continued visibility of EFTA and the EFTA NSIs in EFTA–EU general statistical cooperation and in joint projects. In 2018, four experts from Statistics Norway and two experts from the Swiss FSO were seconded to Eurostat within the framework of the EEA Agreement and the Swiss–EU Statistical Agreement. One Icelandic and one Norwegian expert were seconded to Eurostat as a specific contribution in kind to EFTA–EU statistical cooperation with third countries, financed by EFTA.

One of the EEA national experts left Eurostat in autumn 2018, when his fixed term came to an end. The vacant position is expected to be filled in early 2019.



# EEA Grants and Norway Grants

Through the EEA Grants and Norway Grants, the EEA EFTA States contribute to reducing disparities in the European Economic Area and to strengthening bilateral relations with 15 EU countries in Central and Southern Europe and the Baltics: Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. The Grants are linked to the EEA Agreement.

Photo: © FMO



The donors have provided EUR 3.3 billion in total since 1994 through various grant schemes. An additional EUR 2.8 billion will be provided by 2021. The Financial Mechanism Office (FMO), affiliated to the EFTA Secretariat in Brussels, administers the grant schemes on behalf of Iceland, Liechtenstein and Norway.

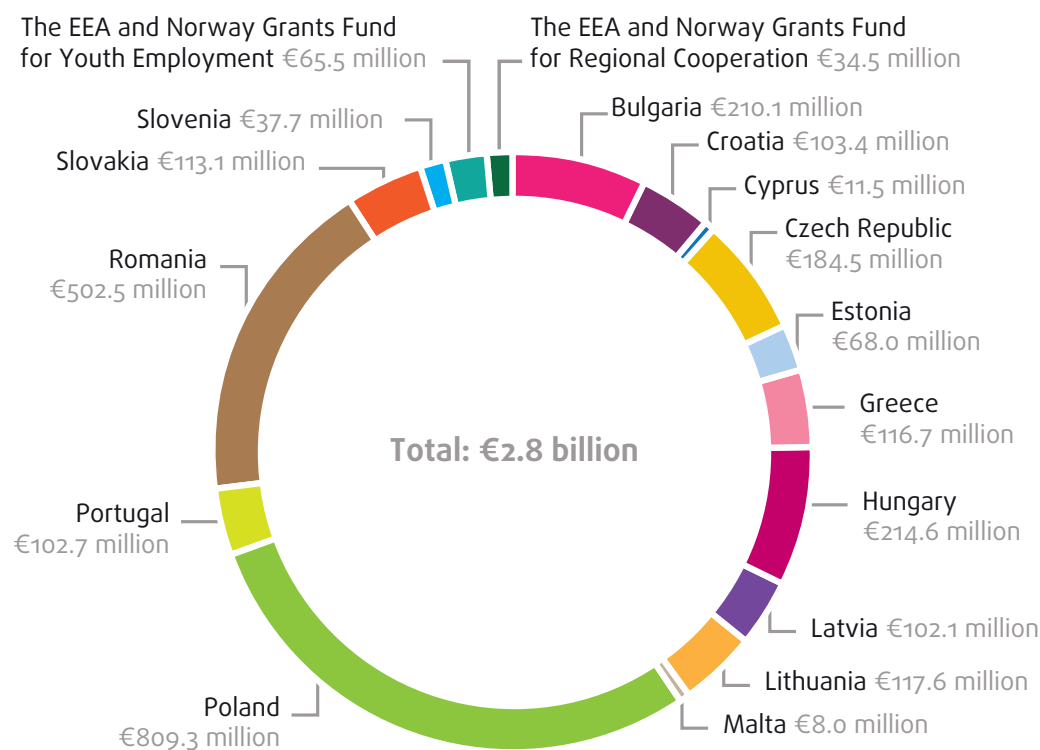
In the 2009-2014 period (projects were implemented until 2017), the Grants amounted to EUR 1.8 billion. A total allocation of EUR 2.8 billion is available in the funding period 2014-2021 to 15 countries (projects will be implemented until 2024). The EEA Grants (EUR 1.5 billion) are available in all countries. Norway is providing 96.3%, Iceland 2.7% and Liechtenstein 1% of these Grants. The Norway Grants (EUR 1.3 billion) are available in all countries, except Greece and Portugal, and are financed by Norway alone.

An additional EUR 100 million has been made available through the Fund for Youth Employment and the Fund for Regional Cooperation.

Memorandums of Understanding for the funding period 2014-2021 have been signed in all 15 countries except Hungary. Programmes are currently financed in the following sectors:

- > Innovation, research, education and competitiveness
- > Social inclusion, youth employment and poverty reduction
- > Environment, energy, climate change and the low carbon economy
- > Culture, civil society, good governance and fundamental rights and freedoms
- > Justice and home affairs

**Fig. 7 – EEA and Norway Grants 2014-2021**



## Reducing Disparities and Strengthening Bilateral Relations

The objectives of the Grants are twofold: to reduce economic and social disparities in Europe and to strengthen bilateral relations between the donor and beneficiary countries. Despite much progress in Europe, gaps in economic development and living standards persist. The funding is targeted towards areas where there are clear needs in the beneficiary countries in line with broader European and donor priorities.

Cooperation across borders is vital in order to overcome the social and economic challenges Europe is facing. Partnerships between organisations in the donor and beneficiary countries are widely encouraged. Half of the almost 150 programmes in the funding period 2009-2014 involved cooperation with a programme partner from the donor countries. The aim is to increase this in the funding period 2014-2021 where we expect a total of 100 programmes. The networks developed through cooperation help to strengthen political, academic, professional, business and cultural ties – bringing mutual benefits for donors and beneficiaries alike.

Strategic partnerships with several international organisations and institutions – the Council of Europe and the Organisation for Economic Co-operation and Development (OECD) – are established and are a key feature of the funding schemes. These partnerships bring added expertise, results and value, and aim to ensure that funding is allocated with maximum efficiency and transparency.

## 2018: Snapshot of Results and Achievements

2018 saw the end of the implementation of the financial mechanism 2009-2014. Over 7 000 projects were implemented and closed. Almost 30% of these involved a donor project partner from Iceland, Liechtenstein or Norway.

A vibrant civil society constitutes a fundamental building block in any democratic society. Enabling people to take part in policy shaping and decision making is key to democratic legitimacy. Non-Governmental Organisations play a vital role in mobilising and engaging citizens and raising awareness

of key issues and challenges in society, both as partners for the government and as watchdogs.

The EEA and Norway Grants are working to strengthen civil society and active citizenship and empower vulnerable groups. During the implementation of the financial mechanism 2009-2014, 3 200 Non-Governmental Organisations (NGOs) have reported strengthened capacity because of the funding. More than 70 000 people were engaged in work to promote sustainable development. Advocacy activities by supported NGOs, resulted in changes or improvements to 330 laws, policies, and practices while 4 274 organisations were involved in policy and decision-making processes under the Active Citizens Fund.

Nearly 25 000 people across our beneficiary countries have benefitted from human rights support.

In Greece, the organisation PRAKSIS provided social and medical support to vulnerable groups, including victims of discrimination. The project also successfully advocated for the adoption of a new law which gives asylum seekers the right to work.

In Lithuania, the National LGBT Rights Organization worked in partnership with the Icelandic Queer Student Association Q to promote tolerance for LGBT persons and fight discrimination. Because of these efforts, the LGBT community experiences greater acceptance in the Lithuanian society.

In Poland, the Polska Association carried out a campaign titled 'Hate Stop', which engaged citizens in action against hate speech in the public sphere. Hateful inscriptions were removed and replaced by signs to encourage people to report such instances.

To read more about results, achievements and stories from the project, visit the interactive data and results portal at: [www.data.eeagrants.org](http://www.data.eeagrants.org).



Elfried Hasler, Chair of the EFTA Parliamentary Committee, and Jörn Dohrmann, Member of the European Parliament, co-chaired the meeting of the EEA Parliamentary Committee in Strasbourg on 12-13 December.

# Advisory Bodies

The EFTA Parliamentary Committee (PC) and the EFTA Consultative Committee (CC) are advisory bodies to EFTA composed of parliamentarians in the four Member States for the PC and representatives from trade unions and employers' organisations for the CC.

The two advisory bodies scrutinise and issue opinions on developments in EFTA's free trade agreements and in the EEA Agreement issued to the EFTA authorities and the EEA bodies. They also have regular meetings with the EFTA Ministers. The scrutiny of the EEA is done in joint bodies with their counterparts in the EU respectively in the EEA Joint Parliamentary Committee (EEA JPC) composed of Members of the European Parliament and parliamentarians from the EEA EFTA States and the EEA Consultative Committee composed of representatives from the EFTA Consultative Committee and the European Economic and Social Committee.



## The Parliamentary Committee

The EFTA Parliamentary Committee was chaired jointly by Switzerland for third-country issues and by Liechtenstein for matters related to the EEA.

### Brexit

Brexit has been a priority for the EFTA Parliamentary Committee in 2018 and figured on the agenda in all its meetings. In London in March, the Committee met with several high-level officials in the UK Government and with its counterparts in the Parliament. The visit also included meetings with the business community, think tanks and officials from the Scottish Government. In Brussels in November, the Parliamentary Committee met with the EU Chief Negotiator Mr Michel Barnier a few days before the Withdrawal Agreement was approved by the EU.

In the context of the EEA Joint Parliamentary Committee, the Members of Parliament also met with members of the Brexit Steering Group in the European Parliament in addition to meetings with independent institutes on the impact Brexit had on the economy and businesses in the EEA.

An important message in all these meetings has been that since Brexit means that the EEA Agreement and the Swiss–EU bilateral agreements will no longer apply to the UK, it is essential that the UK and the EFTA States find new ways to work together to maintain high market access and cooperation between their countries.

### Third-Country Relations

The Parliamentary Committee met two times with EFTA Ministers where they discussed developments in third-country relations. The future strategy of EFTA was also on the agenda.

The EEA EFTA Ministers met with parliamentarians and social partners directly after the EEA Council meeting. The Norwegian Minister of Foreign Affairs, Ine Eriksen Søreide, briefed them on the outcome of the EEA Council and the political dialogue which took place before the meeting.



Members of Parliament of the EFTA States met with Michel Barnier, Chief Brexit Negotiator for the EU, who presented the draft agreement between the EU and UK and took questions from MPs.



The Parliamentary Committee met with their counterparts in the Parliament of the United Kingdom and held a series of meetings with other high-ranking officials and stakeholders during a three-day visit to London on 19-21 March.



In the context of the ongoing negotiations between EFTA and Mercosur, representatives of the Parliamentary Committee visited Argentina and Uruguay in April to exchange views with legislators and officials on the merits of stronger trade relations between the two trading blocks, as well as to enhance the parliamentary dimension of the trade dialogues.

### Joint Meetings with the European Parliament

The EEA Joint Parliamentary Committee met twice in 2018. The Committee, composed of EFTA parliamentarians and Members of the European Parliament, took an active role in reflections on the EEA Agreement. Several topics were debated such as legislative and policy developments under the Energy Union, the EU Mobility Package, cybersecurity and artificial intelligence connected to the Digital Internal Market in addition to consumer policy. Important issues on the agenda were also developments related to the Internal Labour Market and the proposal for the establishment of a European Labour Authority.

In addition to the biannual meetings with the European Parliament, the EFTA parliamentarians continued their dialogue with the EFTA Ministers on EEA affairs in Iceland in June, and met with the EFTA Ministers after the EEA Council in Brussels in November.

### EFTA Consultative Committee

The EFTA Consultative Committee discussed various EEA-relevant issues in 2018, with a particular focus on issues linked to the European Pillar of Social Rights. This included, but was not limited to, discussions on three proposed EU directives: on work-life balance, on the posting of workers and on transparent and



predictable working conditions. The Committee also discussed international trade developments with EFTA Ministers and academics, especially linked to sustainable development chapters in EFTA free trade agreements and Brexit. Two observers from the Committee took part in the visit of the EFTA Parliamentary Committee to Argentina and Uruguay.

The Consultative Committee, together with the Parliamentary Committee, had a meeting with the EEA EFTA Ministers in November to discuss EEA-related matters and Brexit. The Committee also met with the EFTA Standing Committee at ambassadorial level earlier in the year. Furthermore, the Committee met with the EFTA Ministers both in June and November to discuss EFTA's third-country relations and free trade agreements.

The Committee had a joint seminar with the EFTA Working Groups on Health and Safety at Work and Labour Law; on Gender Equality, Anti-Discrimination and Family Policy; and on Free Movement of Persons,

At the EEA Consultative Committee meeting in Reykjavík on 3-4 May, EEA CC Co-Chairs Kinga Jóó (EESC, Hungary) and Halldór Árnason, Chair of the EFTA Consultative Committee.



Employment and Social Policy. Discussions focused on various initiatives linked to the European Pillar of Social Rights, more specifically work-life balance, posting of workers, transparent and predictable working conditions and the European Labour Authority.

The Consultative Committee also had several joint meetings with the EFTA Parliamentary Committee on issues of common interest.

Mr Halldór Árnason (Confederation of Icelandic Employers) was Chair of the Committee from January until Mr Halldór Grönvold (Icelandic Confederation of Labour) was elected Chair in November for the following 12 months.

### Joint Work with the EU

The EEA Consultative Committee is composed of members of the EFTA Consultative Committee coming from Iceland, Liechtenstein and Norway and the European Economic and Social Committee. The Committee meets once per year.

At its meeting in May in Reykjavik, the EEA Consultative Committee adopted resolutions on:

- > Work-life balance in the EEA
- > A socially fair road transport sector in the EEA with effectively enforced common rules

The Committee continued its cooperation with the European Economic and Social Committee. EFTA CC members have the possibility to participate as observers in the Steering Committee on Europe 2020, in the Single Market Observatory and in joint consultative committees with candidate countries.



## The EEA EFTA Forum

The EEA EFTA Forum of Elected Representatives of Local and Regional Authorities was established by the EFTA Standing Committee in 2009 as an informal body to involve elected representatives from local authorities and regions in EEA matters. It currently has 12 members (six from Iceland and six from Norway) and Switzerland participates as a permanent observer. Mr Halldór Halldórsson (Iceland) and Mr Nils A. Røhne (Norway) chaired the Forum in 2018.

The Forum held two meetings in 2018; in June in Reykjavik and in December in Brussels. The Forum adopted opinions on:

- > Future climate and energy policies in Europe
- > Equal pay and work-life balance for working parents
- > Whistleblower protection
- > Municipalities and regions of the EFTA States' participation in EU programmes 2021-2027

In 2018, the Forum strengthened further its cooperation with the European Committee of the Regions.

The EEA EFTA Forum of Local and Regional Authorities convened in Brussels on 6 and 7 December.





# Information Activities

EFTA informs its stakeholders and the general public about its activities through a website, social media, videos, electronic newsletter, seminars, its annual report and various other publications. Members of the public can access or order EFTA documents through a link on the site. Presentations are also given to visitors to the Secretariat's offices in Geneva, Brussels and Luxembourg. In Brussels and Geneva, approximately 80 groups (some 1 200 people) visited EFTA in 2018.

Deputy Secretary-General  
Andri Lúthersson speaking  
about Brexit implications  
at the EEA Seminar in  
September.

## Website, Newsletter and Social Media

EFTA's website contains news and general information on EFTA's work, as well as legal texts related to the EFTA Convention, EFTA's free trade agreements and the EEA Agreement.

The website is fully responsive for tablets and mobile devices and was re-structured with the aim of facilitating the work of both core users and other visitors. The main navigation menu is based on the three main pillars of the Association: The EFTA Convention (About EFTA), Relations with the EU (EEA Agreement), and EFTA's Global Trade Relations (FTAs). The website also has photo galleries from all major EFTA events and features more interactive material and videos. Video interviews have therefore been added to multiple news stories.

In 2018, approximately 2 000 active users visited the site each working day.

EFTA's web-based legal database, EEA-Lex, includes Icelandic and Norwegian translations of EU acts incorporated into the EEA Agreement. With advanced search functionalities and individual web pages for each legal act, EEA-Lex is now among the most visited pages on the EFTA website.

EFTA distributes a monthly electronic newsletter, which, in addition to summarising recent news and details about incoming and outgoing staff, offers feature articles on timely topics.

EFTA used social media to deliver information continuously throughout the year. As a result, EFTA's followers on Twitter and Facebook more than doubled in numbers, and Instagram has been added as one of the main platforms. LinkedIn has also been used, not only to publish current vacancies, but also to promote the work of EFTA.



## Seminars

EFTA held several seminars and conferences in 2018, including:

- > In February and September, introductory seminars on the EEA Agreement, with presentations by the EFTA Secretariat, the Financial Mechanism Office, the EFTA Surveillance Authority and the EFTA Court. In addition, special break-out sessions were organised on the market implications of the EEA Agreement, illustrated with examples that are high on the agenda at the time of each seminar. At the February seminar, four specific break-out sessions explained a) challenges connected to European Financial Supervision, b) how the EU Energy Union extends to the EEA, c) free movement of goods in the EEA, and d) the reason why food safety and animal health is part of the EEA Agreement, while agriculture is not. In September, the break-out sessions addressed how GDPR was extended to the EEA EFTA States, future participation of the EEA EFTA States in EU programmes (2021-2027), and the possible implications of Brexit for the EEA. These seminars attracted a number of officials from the European Commission, Permanent Representations of the EU Member States, national authorities of the EFTA Member States, and individuals from European businesses and think tanks. The two seminars attracted nearly 300 participants.
- > In June, more than 100 participants, mainly from the EFTA Member States, took part in a full-day workshop on decision shaping in the EEA. Delegates from the public sector in the EFTA countries gathered at Norway House in Brussels to learn more about the decision-making processes in the EU, and how the EFTA countries can shape the outcome of new legislation and policies. The event was co-organised by the Icelandic mission to the EU in Brussels and the EFTA Secretariat.
- > EFTA also held tailor-made seminars for targeted stakeholders, such as the European Parliament and the Council of the European Union.



Deputy Secretary-General Dag Wernø Holter explains the workings of the EEA at the EEA seminar.



The EEA Seminar takes place twice a year and is intended to provide professionals, both inside and outside the European Union, with a thorough understanding of the EEA Agreement.



EEA EFTA Ambassadors discuss how to influence EEA legislation during the workshop on decision shaping in June, from left: Moderator Brian Maguire, Sabine Monauni (Liechtenstein), Bergdís Ellertsdóttir (Iceland), Oda Helen Sletnes (Norway).



## Online web tools and videos

In 2018, the EFTA Secretariat developed an [interactive web tool](#) on how EU law becomes EEA law, which provides a visual presentation of the legislative process behind the Agreement on the European Economic Area (EEA). The tool takes the user through the “EEA process”, from the initiative of the European Commission to develop new legislation, to the incorporation of the new legal act into the EEA Agreement.

The web tool is a result of the work and cooperation between a number of contributors both from the EEA EFTA States, the European External Action Service and the Internal Market Division and the Information team at the EFTA Secretariat. It is fully developed in four languages: English, Icelandic, German and Norwegian.

As part of the project, the EFTA Secretariat also created a short animated video about the EEA process. The web tool and the video were launched publicly in January 2019, marking the start of the celebration of the 25<sup>th</sup> anniversary of the entry into force of the EEA Agreement.

## Publications

Whilst the focus in 2018 was very much on expanding EFTA’s online communications, the Secretariat continues to provide numerous printed publications, and the latest editions of all of EFTA’s brochures can be found on the website. Paper copies can be ordered free of charge, subject to availability. In 2018, EFTA published updated versions of brochures in a Q&A format, focusing on three of the organisation’s core pillars:



- > **The EFTA Convention:** containing general information on EFTA, by explaining the objectives of the EFTA Convention and how it established the European Free Trade Association.
- > **The European Economic Area:** general information on EFTA, its main activities and its institutional framework, with a special focus on the functioning of the EEA Agreement and the Internal Market, which allows for the free movement of goods, services, capital and persons across the EEA.
- > **EFTA’s Free Trade Relations:** providing an overview of EFTA’s free trade relations with partner countries outside the European Union. It contains statistics on the EFTA States and their trading products, as well as key characteristics of the EFTA economies.

All are available in paper format or electronically.

- > In addition, a new edition of the **European Economic Area: Selected Legal Instruments** is available in hard copy.

The launch of the book *Agreement on the European Economic Area: A Commentary*, hosted by the EFTA Secretariat and the EFTA Surveillance Authority took place on 14 March.



# The Secretariat

At the end of 2018, the Secretariat employed 51 fixed-term staff and five trainees in Brussels, 21 fixed-term staff and two trainees in Geneva, and four fixed-term staff and two trainees in Luxembourg. The Financial Mechanism Office in Brussels employed 70 fixed-term staff and ten trainees.



EFTA Secretary-General Henri Gétaz and Deputy Secretary-General Hege Marie Hoff at the meeting of the Standing Committee in December.

## Budget and Annual Financial Reporting

The Secretariat's budget is prepared according to the framework budgeting principle used by the Member States' public administrations. This approach aims to increase awareness of budgetary spending at all levels. The budget is accompanied by a performance plan in which the activities of the Secretariat are divided into projects. The plan and subsequent performance reports keep the Member States informed of the costs and outcomes of the Secretariat's various activities. EFTA's budget is prepared in two currencies: Swiss francs (CHF) and euros (EUR). The total budget for 2018 was equivalent to CHF 23 307 000.

The Secretariat's annual statement of accounts, prepared in accordance with the International Public Sector Accounting Standards (IPSAS), is made available on the EFTA website once the relevant Council procedures for the year in question have been finalised.

## The EFTA Board of Auditors

The EFTA Board of Auditors (EBOA), established in May 1992, is the auditing authority of EFTA. It is a permanent committee which, in cooperation with external auditors, performs annual audits of the three EFTA institutions: the EFTA Secretariat, the EFTA Surveillance Authority (ESA) and the EFTA Court. For matters related to the Secretariat, EBOA meets "at four" (one representative from each EFTA State) and reports directly to the EFTA Council. For matters related to the EEA Agreement (ESA and the EFTA Court), EBOA meets "at three" (Iceland, Liechtenstein and Norway) and reports to the ESA/Court Committee. EBOA also works in cooperation with the European Court of Auditors.

Fig. 8 – 2018 EFTA budget

Budget Post	Budget (in CHF)
EFTA Council and horizontal activities	4 945 000
Administration and management	8 978 000
Trade relations with countries outside the EU	815 000
EU/EFTA and EFTA cooperation programmes	1 878 000
EEA-related activities	2 986 000
EFTA–EU statistical cooperation	3 705 000
Total	23 307 000

Fig. 9 – Contributions from the EFTA States to the 2018 EFTA budget

Member State	Contribution (in CHF)	Share (as %)
Iceland	727 987	3.09
Liechtenstein	237 510	1.01
Norway	12 412 742	52.56
Switzerland	9 928 761	43.34
Total	23 307 000	100.00



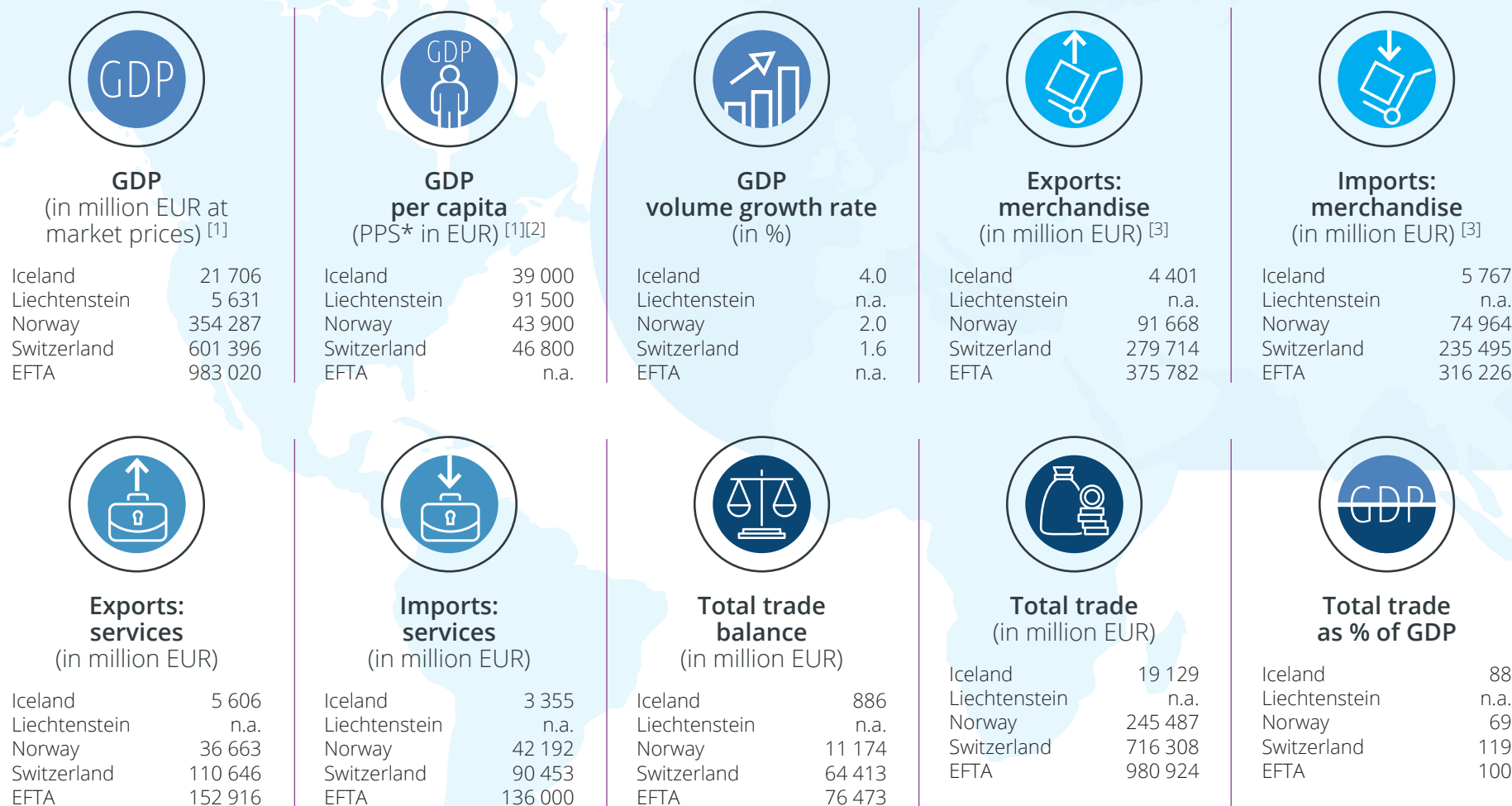
# EFTA in Figures

**Fig. 10 – General information: 2018**

	Iceland	Liechtenstein	Norway	Switzerland
Name	Iceland	Principality of Liechtenstein	Kingdom of Norway	Swiss Confederation
Government	Constitutional republic	Constitutional monarchy	Constitutional monarchy	Federal republic
Head of State (end 2018)	President Guðni Th. Jóhannesson	Prince Hans-Adam II of Liechtenstein	King Harald V	President of the Swiss Confederation Alain Berset
Head of Government (end 2018)	Prime Minister Katrín Jakobsdóttir	Prime Minister Adrian Hasler	Prime Minister Erna Solberg	President of the Swiss Confederation Alain Berset
Official Languages	Icelandic	German	Norwegian, Sámi	German, French, Italian, Romansh
Capital	Reykjavík	Vaduz	Oslo	Bern
Area	103 000 km <sup>2</sup>	160 km <sup>2</sup>	385 180 km <sup>2</sup>	41 291 km <sup>2</sup>
Population (1 January 2018)	348 450	38 114	5 295 619	8 482 182
Population Density (inhabitants per km <sup>2</sup> )	3.4	238	13.7	205
Currency	Icelandic króna (ISK)	Swiss franc (CHF)	Norwegian krone (NOK)	Swiss franc (CHF)
National Holiday	17 June	15 August	17 May	1 August

Sources: Official government websites and Eurostat

Fig. 11 – Economic indicators 2017



Sources: Eurostat and national statistical offices. Trade figures from national accounts data

[1] Figures for Liechtenstein refer to 2016

[2] Liechtenstein: Gross National Income (GNI) per capita

[3] Liechtenstein's trade figures are included in Switzerland's trade figures due to the existence of the Swiss–Liechtenstein Customs Union

[\*] Purchasing power standard (PPS) is an artificial currency unit which neutralises the effect of price level differences across countries

**Fig. 12 – EFTA's FTA network - merchandise trade: 2017** (in thousand EUR)

Country	Total trade	Export	Import	Trade balance
<b>EFTA's 40 FTA partners outside the EU</b>	<b>97 494 870</b>	<b>53 634 409</b>	<b>43 860 460</b>	<b>9 773 949</b>
Albania	54 270	39 438	14 832	24 606
Bosnia and Herzegovina	178 793	71 260	107 533	-36 273
Canada	7 654 113	4 369 790	3 284 323	1 085 467
Central American States	870 806	473 725	397 081	76 644
Costa Rica	317 269	169 229	148 040	21 189
Guatemala	103 847	38 263	65 583	-27 320
Panama	449 691	266 233	183 457	82 776
Chile	901 372	353 007	548 364	-195 357
Colombia	1 041 821	470 981	570 840	-99 859
Ecuador	218 733	121 098	97 635	23 464
Egypt	1 429 942	1 095 711	334 231	761 480
Georgia	118 033	53 755	64 278	-10 523
Gulf Cooperation Council	17 478 528	7 692 011	9 786 518	-2 094 507
Bahrain	344 353	255 985	88 368	167 618
Kuwait	509 395	442 887	66 508	376 379
Oman	429 179	420 447	8 732	411 715
Qatar	796 612	666 081	130 531	535 550
Saudi Arabia	2 357 820	1 796 790	561 030	1 235 761
United Arab Emirates	13 041 169	4 109 819	8 931 350	-4 821 530
Hong Kong China	22 903 992	14 408 097	8 495 896	5 912 201
Indonesia	2 045 958	538 339	1 507 619	-969 280
Israel	1 777 893	1 141 522	636 371	505 151
Jordan	520 928	510 915	10 013	500 902



Country	Total trade	Export	Import	Trade balance
Republic of Korea	9 585 807	3 870 017	5 715 789	-1 845 772
Lebanon	736 883	523 264	213 620	309 644
North Macedonia	119 255	44 701	74 555	-29 854
Mexico	2 932 791	1 413 076	1 519 715	-106 639
Montenegro	19 552	15 394	4 158	11 236
Morocco	779 077	416 552	362 525	54 027
Palestinian Authority	25 951	25 638	312	25 326
Peru	2 733 096	154 345	2 578 751	-2 424 407
Philippines	823 174	347 065	476 110	-129 045
Serbia	411 363	236 671	174 692	61 979
Singapore	10 272 743	7 679 834	2 592 910	5 086 924
Southern African Customs Union	2 223 417	768 256	1 455 161	-686 904
Botswana	57 457	1 629	55 828	-54 200
Eswatini	7 957	3 256	4 701	-1 445
Lesotho	469	467	2	465
Namibia	29 257	5 954	23 303	-17 349
South Africa	2 128 276	756 950	1 371 326	-614 376
Tunisia	443 182	220 146	223 036	-2 890
Turkey	8 523 261	6 128 405	2 394 856	3 733 549
Ukraine	670 135	451 397	218 738	232 659

Sources: Eurostat (COMEXT) and Statistics Norway

**Fig. 13 – Global leaders in merchandise trade 2017** (in billion USD)

Rank	Economy	Total	Share (as %) of world total	Exports	Imports
1	EU <sup>[1]</sup>	4 219	11.80	2 122	2 097
2	China	4 105	11.48	2 263	1 842
3	United States	3 957	11.07	1 547	2 410
4	Japan	1 370	3.83	698	672
5	Hong Kong China <sup>[2]</sup>	1 140	3.19	550	590
6	Republic of Korea	1 052	2.94	574	478
7	Canada	863	2.41	421	442
8	Mexico	841	2.35	409	432
<b>9</b>	<b>EFTA</b>	<b>765</b>	<b>2.14</b>	<b>406</b>	<b>359</b>
10	India	745	2.08	298	447
11	Singapore <sup>[2]</sup>	701	1.96	373	328
12	United Arab Emirates	628	1.76	360	268
13	Russian Federation	591	1.65	353	238
14	Chinese Taipei	576	1.61	317	259
15	Thailand	460	1.29	237	223
16	Australia	460	1.29	231	229
17	Vietnam	426	1.19	214	212
18	Malaysia	413	1.16	218	195
19	Turkey	391	1.09	157	234
20	Brazil	375	1.05	218	157
	<b>Total of above</b>	<b>24 078</b>	<b>67.34</b>	<b>11 966</b>	<b>12 112</b>
	<b>World</b>	<b>35 754</b>	<b>100.00</b>	<b>17 730</b>	<b>18 024</b>

Source: WTO Secretariat

<sup>[1]</sup> Excludes intra-EU trade

<sup>[2]</sup> Includes significant re-exports or imports for re-export

**Fig. 14 – Global leaders in commercial services trade 2017** (in billion USD)

Rank	Economy	Total	Share (as %) of world total	Exports	Imports
1	EU <sup>[1]</sup>	1 809	17.47	1 009	800
2	United States	1 278	12.34	762	516
3	China	690	6.66	226	464
4	Japan	369	3.56	180	189
5	India	336	3.25	183	153
6	Singapore	335	3.24	164	171
<b>7</b>	<b>EFTA</b>	<b>316</b>	<b>3.05</b>	<b>162</b>	<b>154</b>
8	Republic of Korea	206	1.99	86	120
9	Canada	191	1.84	86	105
10	Hong Kong China	181	1.75	104	77
11	United Arab Emirates	154	1.49	70	84
12	Russian Federation	144	1.39	57	87
13	Australia	131	1.27	64	67
14	Thailand	121	1.17	75	46
15	Brazil	100	0.97	34	66
16	Chinese Taipei	98	0.95	45	53
17	Malaysia	79	0.76	37	42
18	Israel	73	0.71	44	29
19	Saudi Arabia	71	0.69	17	54
20	Turkey	66	0.64	43	23
	<b>Total of above</b>	<b>6 748</b>	<b>65.17</b>	<b>3 448</b>	<b>3 300</b>
	<b>World</b>	<b>10 354</b>	<b>100.00</b>	<b>5 279</b>	<b>5 075</b>

Source: WTO Secretariat.

<sup>[1]</sup> Excludes intra-EU trade



Fig. 15 – EFTA: a major trading partner for the EU (in million EUR)

Merchandise trade: 2017						
Rank	Partner	Export	Import	Total Trade	Balance	As % of EU's external trade
	Extra-EU <sup>[1]</sup>	1 877 846	1 856 796	3 734 642	21 050	100.0
1	United States	376 139	256 591	632 729	119 548	16.9
2	China	197 606	375 373	572 979	-177 767	15.3
<b>3</b>	<b>EFTA</b>	<b>206 085</b>	<b>188 906</b>	<b>394 991</b>	<b>17 179</b>	<b>10.6</b>
4	Russian Federation	86 010	144 932	230 942	-58 922	6.2
5	Turkey	84 423	69 781	154 204	14 643	4.1

Trade in commercial services: 2017						
Rank	Partner	Export	Import	Total Trade	Balance	As % of EU's external trade
	Extra-EU <sup>[1]</sup>	912 439	720 681	1 633 120	191 758	100.0
1	United States	236 157	223 713	459 870	12 444	28.2
<b>2</b>	<b>EFTA</b>	<b>150 425</b>	<b>89 980</b>	<b>240 404</b>	<b>60 445</b>	<b>14.7</b>
3	China	46 652	30 628	77 281	16 024	4.7
4	Japan	34 652	18 307	52 959	16 345	3.2
5	Singapore	28 809	22 330	51 139	6 479	3.1

Source: Eurostat

<sup>[1]</sup> Extra-EU trade includes imports/exports of goods and services which enter or leave the statistical territory of the EU from a third country

**Fig. 16 – EFTA's merchandise trade: 2017** (in million EUR)

Country	Total trade	Total trade with the EU28	EU share of total trade in %	Total exports to the world	Exports to the EU28	EU share of total exports in %	Total imports from the world	Imports from the EU28	EU share of total imports in %
Switzerland <sup>[1][2]</sup>	504 549	260 919	51.7	265 562	120 279	45.3	238 986	140 640	58.8
Norway	165 616	117 676	71.1	92 232	74 537	80.8	73 384	43 139	58.8
Iceland	10 263	6 278	61.2	4 314	3 168	73.4	5 949	3 111	52.3
Liechtenstein <sup>[2]</sup>	4 835	3 177	65.7	3 035	1 764	58.1	1 800	1 413	78.5
<b>EFTA Total</b>	<b>685 262</b>	<b>388 050</b>	<b>56.6</b>	<b>365 143</b>	<b>199 747</b>	<b>54.7</b>	<b>320 119</b>	<b>188 302</b>	<b>58.8</b>

Sources: Eurostat (COMEXT) and Statistics Norway

<sup>[1]</sup> Trade in non-monetary gold included

<sup>[2]</sup> Trade between Liechtenstein and Switzerland is not included due to the existence of the Switzerland–Liechtenstein Customs Union

**Fig. 17 – EFTA merchandise trade with the EU: 2017** (in million EUR)

	EFTA			Iceland			Liechtenstein			Norway			Switzerland		
PARTNER	Exports to	Imports from	Total trade	Exports to	Imports from	Total trade	Exports to	Imports from	Total trade	Exports to	Imports from	Total trade	Exports to	Imports from	Total trade
<b>EU</b>	<b>199 747</b>	<b>188 302</b>	<b>388 050</b>	<b>3 168</b>	<b>3 111</b>	<b>6 278</b>	<b>1 764</b>	<b>1 413</b>	<b>3 177</b>	<b>74 537</b>	<b>43 139</b>	<b>117 676</b>	<b>120 279</b>	<b>140 640</b>	<b>260 919</b>
Germany	55 641	58 566	114 207	329	643	972	701	666	1 367	14 343	8 120	22 463	40 269	49 136	89 406
United Kingdom	35 830	21 247	57 077	404	342	747	79	32	110	20 441	3 478	23 919	14 906	17 395	32 301
France	21 527	18 386	39 913	270	159	429	247	22	269	5 868	2 238	8 106	15 143	15 967	31 109
Italy	15 447	20 317	35 764	42	191	233	93	67	160	1 216	2 239	3 455	14 096	17 820	31 916
Netherlands	14 850	7 940	22 790	1 094	403	1 497	51	21	71	8 935	2 813	11 747	4 771	4 704	9 475
Sweden	7 417	10 085	17 502	25	241	266	43	7	50	6 011	8 409	14 420	1 338	1 428	2 766
Belgium	10 591	5 714	16 306	81	79	160	7	9	16	4 362	1 126	5 488	6 141	4 501	10 641
Austria	7 786	8 113	15 899	2	30	33	324	433	757	230	543	773	7 229	7 107	14 336
Spain	7 761	6 265	14 026	579	84	663	51	8	58	2 092	1 455	3 547	5 039	4 718	9 758
Denmark	5 240	5 003	10 244	102	333	434	5	4	9	4 267	3 978	8 245	867	689	1 556
Ireland	1 886	7 505	9 391	9	47	56	1	1	1	1 056	625	1 681	820	6 832	7 652
Poland	4 117	4 691	8 808	45	167	212	41	28	69	2 045	2 467	4 512	1 986	2 030	4 015
Czech Republic	1 733	3 101	4 834	9	73	82	16	23	39	214	782	996	1 495	2 222	3 717
Finland	2 084	2 642	4 725	5	60	65	18	7	25	1 428	1 598	3 026	633	976	1 609
Portugal	1 375	1 136	2 510	68	21	89	2	1	2	534	266	800	770	848	1 618
Hungary	1 080	1 346	2 426	43	25	68	31	33	64	95	294	389	911	995	1 906
Lithuania	821	1 010	1 831	34	56	90	3	0	3	665	795	1 460	120	158	278
Slovakia	548	1 270	1 818	8	41	49	14	18	32	33	359	392	493	852	1 345
Romania	790	887	1 676	2	20	22	12	6	18	102	261	362	674	600	1 274
Luxembourg	529	530	1 060	1	4	5	1	8	8	36	70	107	492	449	940
Greece	834	220	1 055	5	4	9	5	0	5	118	73	192	706	142	849
Estonia	308	690	998	1	36	37	0	0	1	167	580	747	140	73	213
Slovenia	474	524	998	0	7	7	5	6	11	11	123	134	458	388	845
Bulgaria	378	357	736	2	7	9	8	1	9	27	71	98	341	278	620
Latvia	240	378	618	3	31	34	1	0	1	100	306	405	137	41	178
Croatia	239	253	491	2	3	5	7	12	19	30	58	88	201	180	381
Cyprus	129	90	219	2	0	2	1	0	1	74	7	81	52	83	135
Malta	90	37	127	1	2	3	1	0	1	36	6	42	52	28	80

Sources: Eurostat (COMEXT) and Statistics Norway



**Fig. 18 – EFTA's top 25 trading partners in merchandise trade (counting the EU as one): 2017** (in million EUR)

Rank	Economy	Total trade	Share (%)	Export	Share (%)	Import	Share (%)	Trade balance
	<b>World</b>	<b>685 262</b>	<b>100.0</b>	<b>365 143</b>	<b>100.0</b>	<b>320 119</b>	<b>100.0</b>	<b>45 024</b>
	<b>EFTA's 40 FTA partners (excluding EU) <sup>[1]</sup></b>	<b>97 495</b>	<b>14.2</b>	<b>53 634</b>	<b>14.7</b>	<b>43 861</b>	<b>13.7</b>	<b>9 773</b>
	<b>Intra-EFTA</b>	<b>3 893</b>	<b>0.6</b>	<b>1 696</b>	<b>0.5</b>	<b>2 197</b>	<b>0.7</b>	<b>-500 <sup>[2]</sup></b>
1	EU28	388 050	56.6	199 747	54.7	188 302	58.8	11 445
2	United States	62 267	9.1	37 501	10.3	24 766	7.7	12 735
3	China	43 311	6.3	23 784	6.5	19 527	6.1	4 256
4	Hong Kong	22 904	3.3	14 408	3.9	8 496	2.7	5 912
5	India	19 871	2.9	17 965	4.9	1 905	0.6	16 060
6	Japan	15 030	2.2	7 914	2.2	7 116	2.2	798
7	United Arab Emirates	13 041	1.9	4 110	1.1	8 931	2.8	-4 822
8	Singapore	10 273	1.5	7 680	2.1	2 593	0.8	5 087
9	Republic of Korea	9 586	1.4	3 870	1.1	5 716	1.8	-1 846
10	Turkey	8 523	1.2	6 128	1.7	2 395	0.7	3 734
11	Thailand	8 002	1.2	3 486	1.0	4 515	1.4	-1 029
12	Canada	7 654	1.1	4 370	1.2	3 284	1.0	1 085
13	Russian Federation	4 883	0.7	2 321	0.6	2 562	0.8	-241
14	Brazil	4 760	0.7	2 473	0.7	2 287	0.7	186
15	Malaysia	4 229	0.6	2 488	0.7	1 742	0.5	746
16	Australia	3 995	0.6	2 391	0.7	1 603	0.5	788
17	Chinese Taipei	3 470	0.5	1 900	0.5	1 570	0.5	330
18	Uzbekistan	3 336	0.5	104	0.0	3 232	1.0	-3 128
19	Mexico	2 933	0.4	1 413	0.4	1 520	0.5	-107
20	Peru	2 733	0.4	154	0.0	2 579	0.8	-2 424
21	Vietnam	2 667	0.4	899	0.2	1 768	0.6	-869
22	Saudi Arabia	2 358	0.3	1 797	0.5	561	0.2	1 236
23	South Africa	2 128	0.3	757	0.2	1 371	0.4	-614
24	Indonesia	2 046	0.3	538	0.1	1 508	0.5	-969
25	Argentina	1 879	0.3	750	0.2	1 129	0.4	-380
	Rest of the world	31 442	4.6	14 497	4.0	16 944	5.3	-2 447

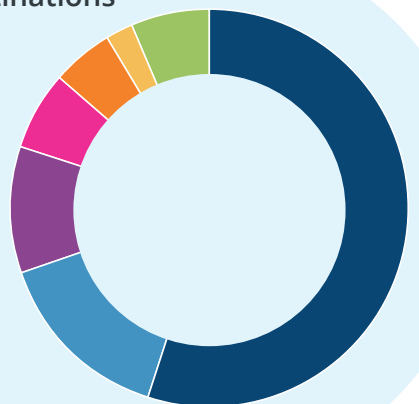
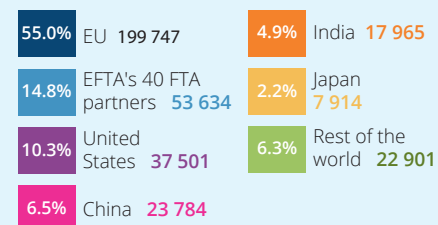
Sources: Eurostat (COMEXT) and Statistics Norway

<sup>[1]</sup> EFTA's 40 FTA partners (excluding EU) include: Albania, Bosnia Herzegovina, Canada, Central American States (comprising Costa Rica, Guatemala and Panama), Chile, Colombia, Ecuador, Egypt, Georgia, Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates), Hong Kong China, Indonesia, Israel, Jordan, Lebanon, North Macedonia, Mexico, Montenegro, Morocco, Palestinian Authority, Peru, Philippines, Republic of Korea, Serbia, Singapore, Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa, Eswatini), Tunisia, Turkey and Ukraine.

<sup>[2]</sup> Not equal to zero due to statistical discrepancies.

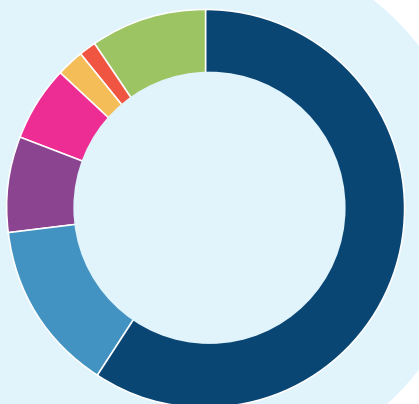
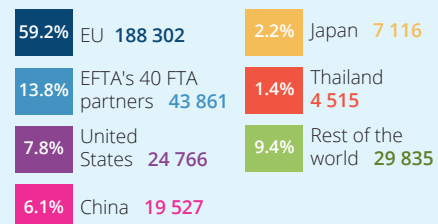
**Fig. 19 – EFTA's top export destinations of merchandise trade: 2017**

(in million euro)



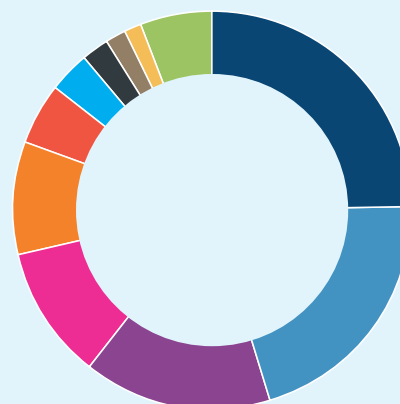
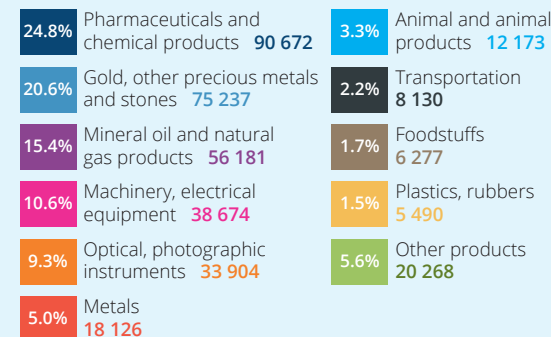
Sources: Eurostat (COMEXT) and Statistics Norway.  
Intra-EFTA trade excluded.

**Fig. 20 – EFTA's top import sources of merchandise trade: 2017** (in million euro)



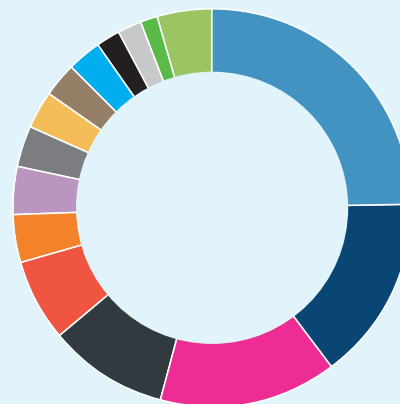
Sources: Eurostat (COMEXT) and Statistics Norway.  
Intra-EFTA trade excluded.

**Fig. 21 – EFTA's key exports by commodity HS\* section 2017** (in million euro)



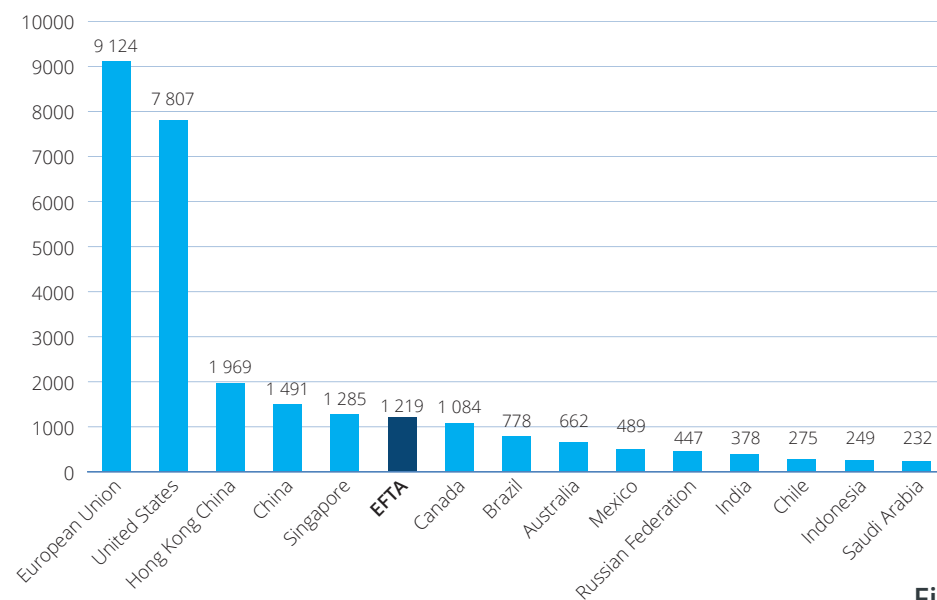
Sources: Eurostat (COMEXT) and Statistics Norway  
\* HS: Harmonised System for Product Classification

**Fig. 22 – EFTA's key imports by commodity HS\* section 2017** (in million euro)

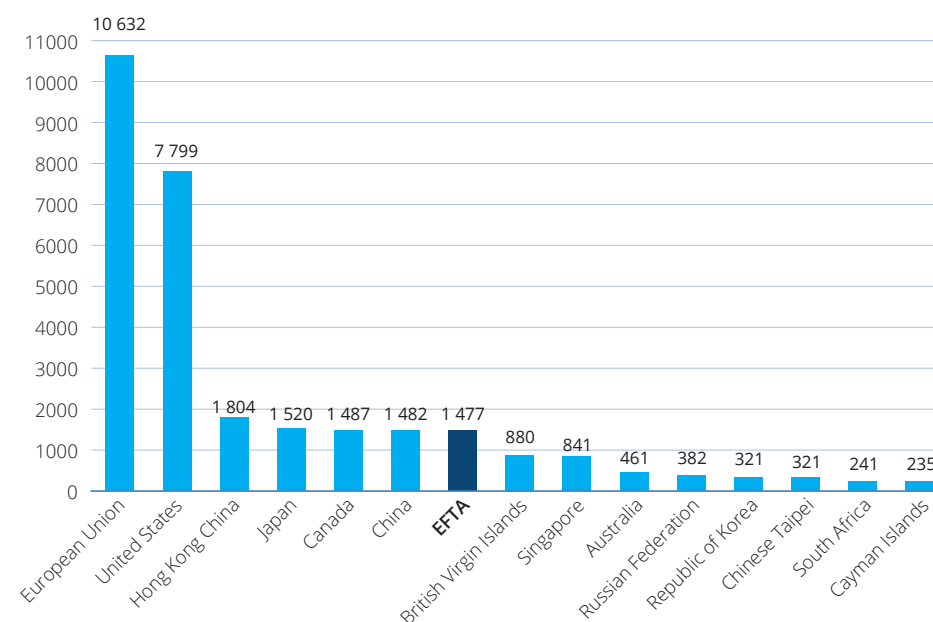


Sources: Eurostat (COMEXT) and Statistics Norway  
\*HS: Harmonised System for Product Classification.

**Fig. 23 – Global FDI\* stocks, inward 2017** (in billion USD)



**Fig. 24 – Global FDI\* stocks, outward 2017** (in billion USD)



Source: United Nations Conference on Trade and Development (UNCTAD)  
 \* FDI: Foreign Direct Investment



**Fig. 25 – The World Competitiveness Scoreboard: 2018**

Rank	Country
5 (2)	Switzerland
8 (11)	Norway
24 (20)	Iceland

Source: Institute for Management Development (IMD), World Competitiveness Yearbook 2018

The IMD World Competitiveness Scoreboard measures how well economies manage their resources and competencies to facilitate long-term value creation. The overall ranking of 63 economies is based on statistical indicators (two-thirds) and IMD survey data (one-third).

(2017 rankings are in brackets)

**Fig. 26 – The Global Competitiveness Index: 2018**

Rank	Country
4 (1)	Switzerland
16 (11)	Norway
24 (28)	Iceland

Source: World Economic Forum (WEF), The Global Competitiveness Report 2018

The Global Competitiveness Index measures the set of institutions, policies and factors that set the sustainable current and medium-term levels of economic prosperity.

(2017 rankings are in brackets)

**Fig. 27 – The Global Sustainable Competitiveness Report: 2017**

Rank	Country
2 (2)	Norway
3 (5)	Iceland
7(7)	Switzerland
17(13)	Liechtenstein

Source: Solability, The Global Sustainable Competitiveness Report 2017

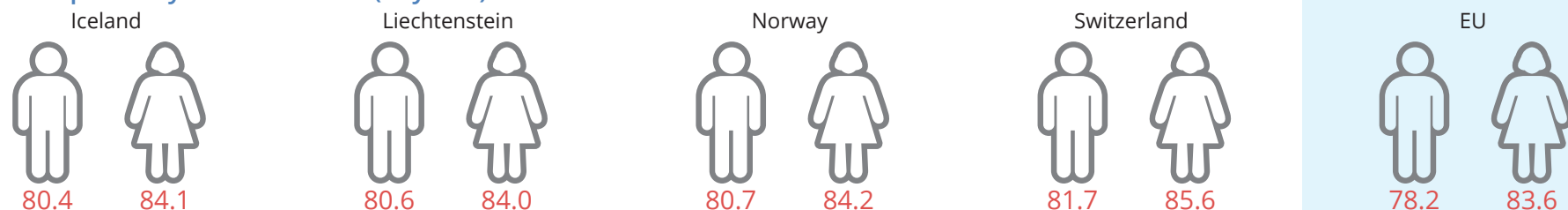
The Global Sustainable Competitiveness Index measures current and future capability of countries (nation-economies) to generate and/or sustain financial and non-financial income and wealth for its population.

The Global Sustainable Competitiveness Index is based on 109 quantitative performance indicators, grouped in the 5 pillars of sustainable competitiveness: natural capital, resource intensity, intellectual capital, social cohesion, and governance.

(2016 rankings are in brackets)

Fig. 28 – Social indicators

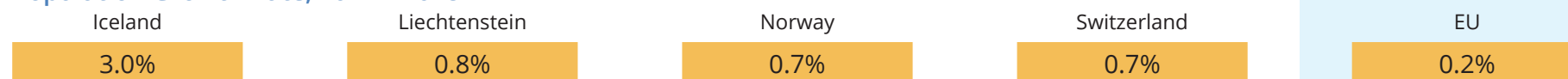
### Life expectancy at birth – 2016 (in years)



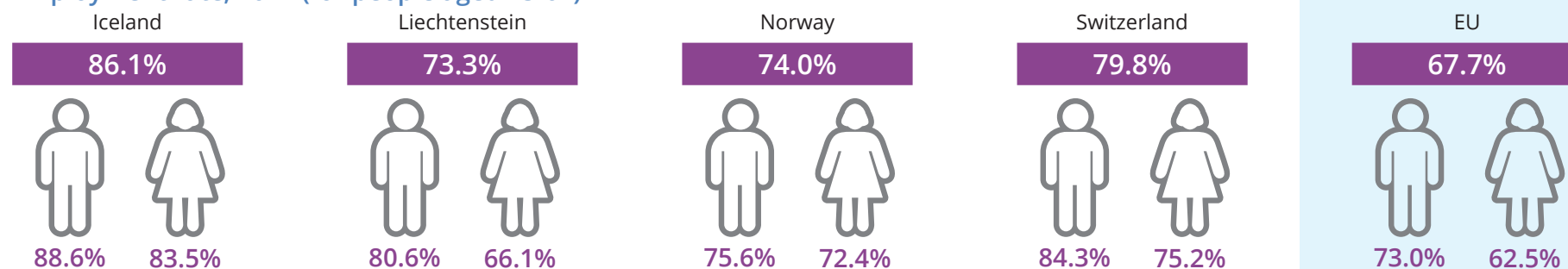
### Infant mortality rate (per 1000 live births), 2016 <sup>[1]</sup>



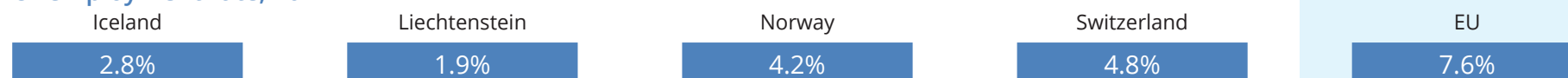
### Population Growth Rate, 2017 – 2018



### Employment rate, 2017 (for people aged 15-64) <sup>[2]</sup>



### Unemployment rate, 2017 <sup>[3]</sup>



Sources: Eurostat and national statistical offices

[1] Liechtenstein infant mortality rate is a five-year average (2012-2016)

[2] Total Employment (resident population concept - Labour Force Survey)

[3] Percentage of active population

# Appendices

## Members of the EFTA Parliamentary Committee 2018\*

### Iceland

Mr Smári McCarthy	Pirate Party (CMP/MPS Vice-Chair)
Ms Hanna Katrín Friðriksson	Liberal Reform Party
Ms Bjarkey Olsen Gunnarsdóttir	Left-Green Movement
Mr Jon Gunnarson	Independence Party
Mr Brynnar Nielsson	Independence Party

### Alternate members

Ms Halldóra Mogensen	Pirate Party
Mr Þorsteinn Víglundsson	Reform Party
Mr Andrés Ingi Jónsson	Left-Green Movement
Mr Páll Magnússon	Independence Party
Mr Vilhjálmur Árnason	Independence Party

### Liechtenstein

Mr Elfried Hasler	Progressive Citizens' Party (MPS Chair)
Mr Harry Quaderer	Independent

### Alternate members

Mr Manfred Kaufmann	Patriotic Union
Mr Eugen Nägele	Progressive Citizens' Party

### Norway

Mr Svein Roald Hansen	Labour Party
Ms Heidi Nordby Lunde	Conservative Party
Ms Marianne Marthinsen	Labour Party
Ms Ingunn Foss	Conservative Party
Mr Morten Ørsal Johansen	Progress Party
Mr Sigbjørn Gjelsvik	Centre Party

### Alternate members

Mr Espen Barth Eide	Labour Party
Mr Fredric Holen Bjørdal	Labour Party
Ms Cecilie Myrseth	Labour Party
Mr Tage Pettersen	Conservative Party
Ms Margunn Ebbesen	Conservative Party
Mr Terje Halleland	Progress Party
Mr Per Olaf Lundteigen	Centre Party
Mr Freddy André Øvstegård	Socialist Left Party
Mr Carl-Erik Grimstad	Liberal Party
Mr Steinar Reiten	Christian Democratic Party

### Switzerland (observer in the MPS)

Mr Thomas Aeschi	Swiss People's Party
Ms Karin Keller-Sutter	FDP. The Liberals (CMP Chair)
Ms Kathy Riklin	Christian Democratic Party
Mr Hannes Germann	Swiss People's Party
Mr Eric Nussbaumer	Social Democratic Party

### Alternate members

Mr Didier Berberat	Social Democratic Party
Mr Jean-François Rime	Swiss People's Party
Mr Hans Peter Portmann	FDP. The Liberals
Mr Hans Egloff	Swiss People's Party
Mr Konrad Graber	Christian Democratic Party

\*As at 1 December 2018



## Members of the EFTA Consultative Committee 2018

### Iceland

Mr Halldór Árnason (Chair)	Confederation of Icelandic Employers (SA)
Mr Halldór Grönvold	Icelandic Confederation of Labour (ASÍ)
Mr Björn Björnsson	Iceland Chamber of Commerce
Ms Helga Jónsdóttir	Federation of State and Municipal Employees (BSRB)
Mr Björg Ásta Þórðardóttir	Federation of Icelandic Industries (SI)

### Liechtenstein

Mr Josef Beck (Vice Chair)	Liechtenstein Chamber of Commerce and Industry (LCCI)
Mr Sigi Langenbahn	Liechtenstein Employees Association

### Norway

Mr Christopher Navelsaker (Vice Chair)	Norwegian Confederation of Vocational Unions (YS)
Mr Jarle Hammerstad	Federation of Norwegian Commercial and Service Enterprises (Virke)
Ms Liz Helgesen	Norwegian Confederation of Unions for Professionals (UNIO)
Mr Vidar Bjørnstad	Norwegian Confederation of Trade Unions (LO)
Ms Bente Stenberg-Nilsen	Norwegian Association of Local and Regional Authorities (KS)
Mr Tore Myrhe	Confederation of Norwegian Enterprise (NHO)

### Switzerland

Mr Kurt Regotz (Bureau member)	Swiss Workers' Federation
Mr Jan Atteslander	economiesuisse
Mr Reto Wyss	Union syndicale suisse (USS)
Mr Marco Taddei	Swiss Union of Employers
Ms Catherine Lance Pasquier	Fédération des Entreprises Romandes Genève (FER Genève)
Mr Hans-Ulrich Bigler	Swiss Association of Small and Medium-sized Enterprises

### Permanent observers

Ms Guðrún Dögg Guðmundsdóttir	Icelandic Association of Local Authorities
Ms Ingebjörg Harto	BusinessEurope
Ms Liina Carr	European Trade Union Confederation (ETUC)

## Members of the EEA EFTA Forum of Elected Representatives of Local and Regional Authorities 2018

### Iceland

Mr Björn Blöndal	Reykjavík City Council
Ms Sigrún Blöndal	Regional Municipal Federation of Eastern-Iceland
Mr Guðmundur B. Guðmundsson	Eyþing Regional Municipal Federation
Mr Halldór Halldórsson (Chair)	Icelandic Association of Local Authorities
Mr Guðmundur Pálsson	Regional Municipal Federation of the Suðurnes Area
Mr Gunnar Þorgeirsson	Regional Municipal Federation of Southern Iceland

### Norway

Ms Isabelle-Louise Aabel	Kristiansand City Council
Ms Gry Anette Rekanes Amundsen	Nome Municipal Council
Mr Jon Askeland	Radøy Municipality
Mr Runar Bålsrud	Hurdal Municipality
Ms Hilde Onarheim (Chair)	Bergen City Council
Mr Nils A Røhne	Municipality of Stange

### Switzerland (observer)

Ms Marie Garnier	Canton of Fribourg
Mr David Eray	Canton of Jura



EFTA Ministers in Geneva. From left: Henri Gétaz, EFTA Secretary-General; Guðlaugur Þór Þórðarson, Minister for Foreign Affairs and External Trade of Iceland; Aurelia Frick, Minister of Foreign Affairs, Justice and Culture of Liechtenstein; Johann N. Schneider-Ammann, Federal Councillor and Head of the Federal Department of Economic Affairs, Education and Research of Switzerland; and Torbjørn Røe Isaksen, Minister of Trade and Industry of Norway.

# EFTA Ministerial Communiqués and EEA Council Conclusions

## EFTA Ministerial Meeting, Sauðárkrókur, 25 June 2018

### Communiqué

On 25 June 2018, the European Free Trade Association (EFTA) held its summer Ministerial meeting in Sauðárkrókur, Iceland. The meeting was chaired by Mr Guðlaugur Þór Þórðarson, Icelandic Minister of Foreign Affairs and External Trade.

Ministers of the four EFTA States, Iceland, Liechtenstein, Norway and Switzerland, signed a Free Trade Agreement (FTA) with Ecuador, represented by H.E. Pablo Campana Sáenz, Minister of Foreign Trade of Ecuador. The signing, only two years after the launch of negotiations at the EFTA Ministerial meeting in Bern in 2016, will strengthen economic relations between the EFTA States and Ecuador and give economic actors on both sides increased trade and investment opportunities.

Concurrently, the EFTA Ministers signed an enhanced and updated FTA with Turkey, represented by H.E. Nihat Zeybekci, Minister of Economy of Turkey. The current EFTA-Turkey Agreement, signed in 1991, is EFTA's oldest existing FTA. After four years of negotiations, the modernised and enhanced Agreement will include updated provisions in areas such as intellectual property rights and extend to new topics such as trade in services, trade facilitation and trade and sustainable development.

### The international economic and trade environment

Ministers reiterated their commitment to open trade on the basis of a rules-based, transparent and inclusive multilateral trading system. They expressed their concern about increased friction, unilateralism and risk of protectionism in international trade, stressed the importance of a well-functioning World Trade Organization (WTO) and the need to solve any disputes that may arise effectively within the WTO framework.

### Preferential trade relations

EFTA's global network of preferential trade agreements outside the EU now consists of 28 agreements with 39 partners. Six joint declarations of cooperation (JDCs) complement this network.

Ministers reviewed developments in EFTA's ongoing free trade negotiations and underlined the priority given to advancing negotiations with Mercosur and moving towards the conclusion of negotiations with India. They further expressed their support for a swift finalisation of the negotiations with Indonesia, and expressed their will to make further progress in the negotiations with Malaysia and Vietnam.

Ministers took stock of EFTA's activities in relation to the development and modernisation of existing FTAs. In particular, they expressed their satisfaction with the start of negotiations with the Southern African Customs Union (SACU) and reviewed the state of play of the exploratory discussions with Canada as well as the negotiations with Mexico. They further conveyed their hope that negotiations with Chile could commence swiftly.

The Ministers welcomed the recent meeting of the EFTA-US Trade Policy Dialogue, took note of the discussions held and expressed support for the continuation of the Dialogue.

The Ministers welcomed the outcome of the recently held Joint Committee under the Joint Declaration with Moldova and expressed their readiness to strengthen trade relations further. They supported the continuation of discussions with Pakistan, with a view to exploring the possibility of future free trade negotiations. The Ministers also supported the preparation of a JDC with Kosovo as a first step to strengthen relations with this partner. Furthermore, they recalled their long-standing interest in strengthening ties with partners in Sub-Saharan Africa and ASEAN.



## Relations with the European Union

EEA EFTA Ministers took stock of recent developments in the Agreement on the European Economic Area (EEA Agreement) and discussed the challenges ahead in the cooperation between the EU and the EEA EFTA States.

Ministers noted with satisfaction that significant progress had been made across a number of important files since their meeting in June 2017, welcoming in particular the progress made with regard to acts in the field of financial services.

In this regard, Ministers welcomed the adoption of EEA Joint Committee Decisions related to Undertakings for Collective Investment in Transferable Securities (UCITS), the Bank Recovery and Resolution directive (BRRD), Solvency II and Omnibus I. However, Ministers highlighted the need for further progress on the remaining large number of outstanding acts in this field.

Ministers also appreciated the efforts made to contribute to the development of EEA-relevant policy and legislation at an early stage, including by submitting EEA EFTA Comments to EU proposals.

Moreover, Ministers welcomed the progress made in implementing the EEA Financial Mechanism for 2014-2021, which entered into force in September 2017, noting that 12 out of 15 Memoranda of Understanding had so far been signed with Beneficiary States, and that the first calls for proposals had been opened.

With regard to future challenges in EEA cooperation, Ministers focused on the implications of the UK's withdrawal from the EU for the EEA Agreement. They welcomed the continuation of the regular dialogue with the EU Task Force on the margins of the EEA Council on 23 May 2018, underlining the need for a close dialogue and continuous exchange of information with the EU and the UK on this matter.

Ministers were informed by Switzerland on the state and prospects of the relations between Switzerland and the European Union. The Swiss government is negotiating an agreement on the institutional mechanisms of mutual market access with the EU. Switzerland aims at consolidating and further developing its bilateral relations with the EU.

## Relations with the UK

EFTA Ministers discussed the implications of the United Kingdom leaving the European Union (EU), and consequently the European Economic Area (EEA), as well as arrangements under the bilateral agreements between Switzerland and the EU.

The UK is a major trading partner of all EFTA States, and the Ministers reiterated their willingness to preserve the current close trade relations between the EFTA States and the United Kingdom and expressed their determination to participate in transitional arrangements until a permanent framework for future trade relations with the UK can be agreed. The EFTA States will continue to consult with each other to help achieve this goal.

## Advisory bodies

Ministers held meetings with EFTA's two advisory bodies, the Consultative Committee and the Parliamentary Committee. They discussed recent developments in the EEA and the overall functioning of the EEA Agreement, third-country relations, and the relationship between Switzerland and the EU.

### Attending

Iceland	Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs and External Trade (Chair)
Liechtenstein	Ms Aurelia Frick, Minister for Foreign Affairs, Justice and Culture
Norway	Mr Torbjørn Røe Isaksen, Minister of Trade and Industry
Switzerland	Mr Johann N. Schneider-Ammann, Federal Councillor, Head of the Federal Department of Economic Affairs, Education and Research
EFTA	Mr Kristinn F. Árnason, Secretary-General

## EFTA Ministerial Meeting, Geneva, 23 November 2018

### Communiqué

On 23 November 2018, the European Free Trade Association (EFTA) held its biannual Ministerial meeting in Geneva. The meeting was chaired by Mr Johann N. Schneider-Ammann, Federal Councillor, Head of the Federal Department of Economic Affairs, Education and Research

The EFTA Ministers met with Mr Enggartiasto Lukita, the Indonesian Minister of Trade, and announced in a joint statement the conclusion of the negotiations on a Comprehensive Economic Partnership Agreement (CEPA) between the EFTA States and Indonesia. The CEPA will be the EFTA States' fifth trade agreement in this important region. It will form the basis for a further fostering of economic cooperation by establishing a good framework for trade and investment for both sides.

The EFTA Countries also used the opportunity to sign a Joint Declaration on Cooperation between EFTA and the Republic of Kosovo, represented by Minister of Trade and Industry, Mr Endrit Shala, as a first step towards closer economic relations. Ministers also met with Mr Eli Cohen, Minister of Economy and Industry of the State of Israel, and signed updated bilateral agricultural agreements which will replace the existing bilateral agreements. The agreements will improve reciprocal market access for agricultural products between the State of Israel and the EFTA States.

The Ministers discussed EFTA's global trade strategy and priorities in the current trade policy environment, as well as EFTA's approach to trade and gender. The EFTA Ministers furthermore confirmed their commitment to advancing negotiations with India, Mercosur, Vietnam and Malaysia. Ministers took stock of the progress in the negotiations with the South African Customs Union (SACU) on updating the existing agreement and expressed their willingness to conclude these negotiations swiftly. Moreover, they discussed the possibility of updating the Agreements with Canada, Chile and Mexico as well as perspectives and timeframe for a possible launching of

FTA negotiations with Pakistan, Moldova and Kosovo. They also underlined their readiness to start technical talks with Thailand regarding a possible resumption of negotiations once conditions allow.

The EFTA Ministers discussed the ongoing negotiations between the United Kingdom and the European Union and reiterated the importance of maintaining close economic and trade relations with the United Kingdom after it has left the European Union at the end of March next year.

The EFTA Parliamentary Committee and the Consultative Committee met with Ministers to discuss EFTA's global trade strategy, Brexit, India and EFTA's approach to trade and gender, as well as other developments in EFTA third country relations.

EFTA's global network of preferential trade agreements outside the EU now consists of 28 agreements with 39 partners. Six joint declarations of cooperation (JDCs) complement this network. Over 12 percent of EFTA's total exports go to these trade partners and they are the source of 7.5 percent of EFTA imports.

#### Attending:

Iceland	Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs
Liechtenstein	Ms Aurelia Frick, Minister of Foreign Affairs, Justice and Culture
Norway	Mr Torbjørn Røe Isaksen, Minister of Trade and Industry
Switzerland	Mr Johann N. Schneider-Ammann, Federal Councillor, Head of the Federal Department of Economic Affairs, Education and Research (Chair)
EFTA	Mr Henri Gétaz, Secretary-General

## Conclusions of the 49<sup>th</sup> meeting of the EEA Council, Brussels, 23 May 2018

The forty-ninth meeting of the EEA Council took place in Brussels on 23 May 2018 under the Presidency of Mr Emil Karanikolov, Minister of Economy of Bulgaria, representing the Presidency of the Council of the European Union. The meeting was attended by Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs of Iceland, Ms Ine Eriksen Søreide, Minister of Foreign Affairs of Norway, and Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service. The EEA Council discussed the overall functioning of the Agreement on the European Economic Area (EEA Agreement) and held an orientation debate on the Review of the European Supervisory Authorities.

### Political Dialogue

1. The EEA Council recognised that the close partnership between the EU and the EEA EFTA States was the best guarantee of long-term shared prosperity and stability. In this context, the EEA Council noted that, within the framework of the Political Dialogue, the Ministers would discuss *the implications for the EEA Agreement of the UK's withdrawal from the EU, and the EU's engagement with the Western Balkans*. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant EU Council working parties.
2. With regard to the UK's withdrawal from the EU, the EEA Council underlined the importance of safeguarding the EEA Agreement, ensuring the continuation of a well-functioning, homogenous EEA and preserving the integrity of the Internal Market. The EEA Council welcomed the close dialogue and continuous exchange of information that has been established between the EU and the EEA EFTA States on the negotiations between the EU and the UK under Article 50 of the Treaty on European Union regarding the withdrawal of the UK from the EU.
3. The EEA Council, aware of the EEA dimension of the UK's withdrawal from the EU, called for a continuation of the dialogue between the EU and the EEA EFTA States to ensure continued homogeneity in the EEA.

### Cooperation in the EEA

4. The EEA Council acknowledged the key role played by the EEA Agreement in advancing economic integration between the EU and the EEA EFTA States. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups, studies and agencies, as well as through the submission of EEA EFTA Comments. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU Ministerial meetings and Ministerial conferences relevant to EEA EFTA participation in the Internal Market, and expressed its appreciation to the current Bulgarian and incoming Austrian Presidencies for the continuation of this practice.
5. Welcoming the recent recovery of the European economy, the EEA Council emphasised the importance of a well-functioning Internal Market as a driver in boosting economic growth and creating new jobs throughout Europe. The EEA Council acknowledged the importance of predictable trade conditions for economic operators within the EEA. It underlined the indivisibility and importance of the four freedoms for the well-functioning of the Internal Market, which is in the common interest of all Contracting Parties. The EEA Council welcomed the steps already taken to implement the proposals contained in the strategies for a Digital Single Market and for upgrading the Internal Market, with a view to exploiting in full its untapped growth and productivity potential. The EEA Council agreed that a holistic approach was required to tackle some of the main challenges facing the Internal Market, and stressed the importance of the close involvement

of the EEA EFTA States in the further design and development of Internal Market policies and initiatives. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA was in the interest of all Contracting Parties, the EEA Council urged the EU and the EEA EFTA States to ensure that information on the EEA Agreement was made readily and easily available.

6. Recognising the important role of parliamentary cooperation and cooperation between economic and social partners in the EEA, the EEA Council noted the Resolution of the EEA Joint Parliamentary Committee adopted at its meeting in Stavanger on 7-8 May 2018 on the *Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2017*, and the Resolutions of the EEA Consultative Committee adopted at its meeting in Reykjavik on 3-4 May 2018 on *Work-Life Balance in the EEA and A socially fair road transport sector in the EEA with effectively enforced common rules*.

### Energy and climate change

7. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environmental, energy and climate change policies, particularly in light of the 2030 Framework for Climate and Energy and the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy. The EU and the EEA EFTA States expressed their commitment to the transition to low greenhouse gas emission, sustainable and climate-resilient economies and societies. They also expressed their commitment to reaching a successful outcome under the Paris Agreement work programme at the 24<sup>th</sup> Conference of the Parties of the United Nations Framework Convention on Climate Change in Poland this December and to actively participate in the Talanoa Dialogue, enabling the effective implementation of the Paris Agreement.
8. While respecting the Contracting Parties' right to determine the conditions for exploiting their energy resources, their choice between different energy sources and the general structure of their energy supply, the EEA Council noted that the EEA EFTA

States remain a key partner of the EU as a reliable supplier of energy and underlined that the close cooperation should continue in the areas of the Internal Energy Market, in addition to cooperation in the fields of energy security, emissions trading, the promotion of competitive, climate-resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, and carbon capture, utilisation and storage (CCUS), circular economy, as well as other environmental issues, such as chemicals, water resource management, biodiversity and pollution.

### Financial Mechanism

9. The EEA Council emphasised the importance of solidarity among the countries of Europe to overcome social and economic challenges within the EEA, which is in the common interest of all Contracting Parties. In this sense, it expressed concern regarding the continued high level of youth unemployment in some EEA Member States. The EEA Council commended the positive contribution made by the EEA and Norway Financial Mechanisms in reducing economic and social disparities throughout the EEA. With regard to the agreements on an EEA and a Norwegian Financial Mechanism for the 2014-2021 period, the EEA Council welcomed the progress made in the negotiations on Memoranda of Understanding between the EEA EFTA States and the Beneficiary States in the EU, noted the opening of the first calls for proposals and looked forward to projects commencing under the new mechanisms.

### Capital controls

10. The EEA Council noted that the free movement of capital is a fundamental Internal Market freedom and an integral part of the EEA acquis and acknowledged that restrictions can be implemented only temporarily, on the basis of the provisions of Article 43 of the EEA Agreement. The EEA Council welcomed the progress of the comprehensive plan of the Icelandic Government for removal of capital controls without threatening economic and financial stability of the country, particularly the steps to lift



capital controls on individuals, companies and pensions funds. The EEA Council further welcomed the progress made towards the removal of capital controls in Greece.

## EU programmes

11. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes to which they contributed financially. The EEA Council recognised in particular the active participation and full integration of the EEA EFTA States in the European Research Area and the successful association of Norway and Iceland in Horizon 2020, the EU's flagship programme for Research and Innovation, as well as in Erasmus+ in the field of education, youth and sport, and Creative Europe for the cultural and audiovisual sectors. The EEA Council would continue to place high importance on the integration and policy alignment of EEA EFTA States with the EU in the area of research and innovation and in education and culture.
12. The EEA Council took note of the preparations for the next Multiannual Financial Framework for 2021-2027. It duly noted the contributions from the EEA EFTA States and encouraged them to take an active part in EU programmes foreseen under the new financial framework. This participation is a means towards developing, strengthening and broadening cooperation on matters falling outside of the four freedoms, as provided for in the EEA Agreement.

## Incorporation of EEA-relevant EU acts

13. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.
14. The EEA Council welcomed the ongoing efforts to reduce the number of EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process. While

commending all the steps undertaken in the course of the last years, the EEA Council noted that the number of acts awaiting incorporation was still too high.

15. The EEA Council called for continued work in order to significantly and durably reduce the number of acts awaiting incorporation and thereby continue to ensure legal certainty and homogeneity in the EEA. This common goal can be achieved through political will and enhanced dialogue among the relevant experts and organs. The EEA Council urged all parties to engage constructively to find solution to pending difficult issues.
16. While welcoming the recent progress made at expert level, the EEA Council highlighted the importance of promptly incorporating outstanding legislation in the field of financial services – representing more than half of the backlog – in order to ensure a level playing field throughout the EEA in this important sector. The EEA Council recalled its continuous commitment to the conclusions approved by EU and EEA EFTA Ministers of Finance and Economy on 14 October 2014, in particular to the two-pillar solution set out therein.
17. Considering that data protection is an integral part of the EEA Agreement, the EEA Council underlined the importance of the free flow of data in the European digital economy. It welcomed the progress made regarding the General Data Protection Regulation, and called for its swift incorporation into the EEA Agreement. The EEA Council looked forward to reaching a conclusion as soon as possible on the incorporation of the Third Postal Directive and Genetically Modified Organisms.
18. The EEA Council further noted that there were a number of Joint Committee Decisions where the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.

## Agricultural trade

19. The EEA Council welcomed the entry into force of the Agreement in the form of an Exchange of Letters between the European Union and Iceland concerning additional trade preferences in agricultural products and the Agreement between Iceland and the European Union on the protection of geographical indications on 1 May 2018.
20. The EEA Council welcomed the signing of the Agreement between the European Union and Norway on 4 December 2017 concerning additional trade preferences in agricultural products reached on the basis of Article 19 of the EEA Agreement and looked forward to reap the benefits of increased trade in agricultural products. The EEA Council noted the suspension of the negotiations between the EU and Norway on the protection of geographical indications.
21. The EEA Council acknowledged that the Contracting Parties had reaffirmed their commitment, in accordance with Article 19 of the EEA Agreement, to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council encouraged them to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement, in order to further promote trade in this area. In this regard, the EEA Council took note of the entry into force on 1 May 2018 of the relevant EEA Joint Committee Decision that further liberalized trade in processed agricultural products between the EU and Iceland, on a reciprocal basis.

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## Conclusions of the 50<sup>th</sup> meeting of the EEA Council, Brussels, 20 November 2018

The fiftieth meeting of the EEA Council took place in Brussels on 20 November 2018 under the Presidency of Ms Ine Eriksen Søreide, Minister of Foreign Affairs of Norway. The meeting was attended by Ms Karin Kneissl, Minister of Foreign Affairs of Austria, representing the Presidency of the Council of the European Union, Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, and Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs of Iceland, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service. The EEA Council discussed the overall functioning of the Agreement on the European Economic Area (EEA Agreement) and held an orientation debate on the European Pillar of Social Rights in the context of the EEA Agreement.

### Political Dialogue

1. The EEA Council recognised that the close partnership between the EU and the EEA EFTA States was the best guarantee of long-term shared prosperity and stability. In this context, the EEA Council noted that, within the framework of the Political Dialogue, the Ministers had discussed the implications for the EEA Agreement and the EEA EFTA States of the UK's withdrawal from the EU, and multilateralism. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant EU Council working parties.
2. With regard to the UK's withdrawal from the EU, the EEA Council underlined the importance of safeguarding the EEA Agreement, ensuring the continuation of a well-functioning, homogenous EEA and preserving the integrity of the Internal Market. The EEA Council welcomed the close dialogue and continuous exchange of information that has been established between the EU and the EEA EFTA States on the negotiations between the EU and the UK under Article 50 of the Treaty on European Union regarding the

withdrawal of the UK from the EU. The EEA Council, aware of the EEA dimension of the UK's withdrawal from the EU, called for a continuation of the dialogue between the EU and the EEA EFTA States to ensure continued homogeneity in the EEA.

### Cooperation in the EEA

3. On 1 January 2019 the EEA Agreement will have been into force for 25 years. It has closely linked our societies and economies and has ensured that a high level of norms and social standards is applicable to all our citizens and workers. The EEA Agreement has been a solid basis for broad and strong relations. The positive spirit of cooperation has allowed for adaptations and solutions to be found, in a world of constant change. The EEA Council confirmed its support for the EEA agreement as the continued basis for future relations between the EU and EEA EFTA States. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups, studies and agencies, as well as through the submission of EEA EFTA Comments. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU Ministerial meetings and Ministerial conferences relevant to EEA EFTA participation in the Internal Market, and expressed its appreciation to the current Austrian and incoming Romanian Presidencies for the continuation of this practice. The EEA Council recognized the important role of parliamentary cooperation and cooperation between economic and social partners through the EEA Joint Parliamentary Committee and the EEA Consultative Committee, respectively.
4. Welcoming the recovery of the European economy, the EEA Council emphasised the importance of a well-functioning Internal Market as a driver in boosting economic growth and creating new jobs throughout Europe. It underlined the indivisibility and importance

of the four freedoms for the well-functioning of the Internal Market, which is in the common interest of all Contracting Parties. The EEA Council agreed that a holistic approach was required to tackle some of the main challenges facing the Internal Market, and stressed the importance of the close involvement of the EEA EFTA States in the further design and development of Internal Market policies and initiatives. It furthermore stressed the importance of the two-pillar structure of the EEA Agreement. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA was in the interest of all Contracting Parties, the EEA Council urged the EU and the EEA EFTA States to ensure that information on the EEA Agreement was made readily and easily available.

5. The EEA Council acknowledged the importance of predictable trade conditions for economic operators within the EEA. In this regard, the EEA Council welcomed the exemption of Iceland, Liechtenstein and Norway from the EU's provisional safeguard measures concerning imports of a number of steel products, which came into effect on 19 July 2018. These exemptions are compatible with both the EU's bilateral and multilateral World Trade Organisation (WTO) obligations.

### Energy and climate change

6. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environmental, energy and climate change policies, particularly in light of the 2030 Framework for Climate and Energy and the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy. The EU and the EEA EFTA States took note of the latest Intergovernmental Panel on Climate Change (IPCC) special report, which unequivocally confirmed the negative impacts of climate change, including its conclusions indicating that global emission reductions in all sectors were crucial and that further action was needed in mitigation and adaptation, notably to reach the temperature goal as set out in the Paris Agreement and expressed their commitment to the transition to

low greenhouse gas emission, sustainable and climate-resilient economies and societies. They also expressed their commitment to reaching a successful outcome under the Paris Agreement work programme at the 24<sup>th</sup> Conference of the Parties of the United Nations Framework Convention on Climate Change in Poland this December and to actively participate in the Talanoa Dialogue, enabling the effective implementation of the Paris Agreement.

7. While respecting the Contracting Parties' right to determine the conditions for exploiting their energy resources, their choice between different energy sources and the general structure of their energy supply, the EEA Council noted that the EEA EFTA States remain a key partner of the EU as a reliable supplier of energy and underlined that the close cooperation should continue in the areas of the Internal Energy Market, in addition to cooperation in the fields of energy security, emissions trading, the promotion of competitive, climate-resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, and carbon capture, utilisation and storage (CCUS), circular economy, as well as other environmental issues, such as chemicals, water resource management, biodiversity and pollution.

### Digital Single Market

8. The EEA Council noted that extending the Digital Single Market to the EEA EFTA States is an important step towards completing the Internal Market. In this context, the EEA Council welcomed the steps taken to incorporate new legislation connected to the Digital Single Market Strategy. In view of the importance of the free flow of data in the European digital economy, the EEA Council welcomed in particular the incorporation of the General Data Protection Regulation into the EEA Agreement. The EEA Council also took note of important legislative proposals currently under consideration, including the revision of the regulatory framework in telecommunication, and on cybersecurity.



## Capital controls

9. The EEA Council noted that the free movement of capital is a fundamental Internal Market freedom and an integral part of the EEA acquis and acknowledged that restrictions can be implemented only temporarily, on the basis of the provisions of Article 43 of the EEA Agreement. The EEA Council welcomed the progress of the comprehensive plan of the Icelandic Government for removal of capital controls without threatening economic and financial stability of the country, particularly the lifting of capital controls on individuals, companies and pensions funds. The EEA Council further welcomed the progress made towards the removal of capital controls in Greece.

## Incorporation of EEA-relevant EU acts

10. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.
11. The EEA Council welcomed the ongoing efforts to reduce the number of EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process. While commending all the steps undertaken in the course of the last years, the EEA Council noted that the number of acts awaiting incorporation was still too high. The EEA Council called for continued work in order to significantly and durably reduce the number of acts awaiting incorporation and thereby continue to ensure legal certainty and homogeneity in the EEA. This common goal can be achieved through political will and enhanced dialogue among the relevant experts and organs. The EEA Council urged all parties to engage constructively to find solution to pending difficult issues. Furthermore, the EEA Council looked forward to reaching a conclusion as soon as possible on the incorporation of the Third Postal Directive and Genetically Modified Organisms.

12. While welcoming the recent progress made at expert level, the EEA Council highlighted the importance of promptly incorporating outstanding legislation in the field of financial services – representing about half of the total backlog – in order to ensure a level playing field throughout the EEA in this important sector. The EEA Council recalled its continuous commitment to the conclusions approved by EU and EEA EFTA Ministers of Finance and Economy on 14 October 2014, in particular to the two-pillar solution set out therein.
13. The EEA Council further noted that there were a number of Joint Committee Decisions where the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.

## Agricultural trade

14. The EEA Council welcomed the entry into force of the Agreement between the European Union and Norway on 1 October 2018 concerning additional trade preferences in agricultural products, reached on the basis of Article 19 of the EEA Agreement. The EEA Council noted the suspension of negotiations between the EU and Norway on the protection of geographical indications.
15. The EEA Council acknowledged that the Contracting Parties had reaffirmed their commitment, in accordance with Article 19 of the EEA Agreement, to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council encouraged them to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement, in order to further promote trade in this area.

## EU programmes

16. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes to which they contributed financially under the current Multiannual Financial Framework (MFF) for 2014-2020. The EEA Council recognised in particular the active participation and full integration of the EEA EFTA States in the European Research Area and the successful association of Norway and Iceland in Horizon 2020, the EU's flagship programme for Research and Innovation, as well as in Erasmus+ in the field of education, youth and sport, and Creative Europe for the cultural and audiovisual sectors. The EEA Council would continue to place high importance on the integration and policy alignment of EEA EFTA States with the EU in the area of research and innovation and in education and culture.
17. The EEA Council took note of the preparations for the next MFF for 2021-2027, including the European Commission's proposals for individual programmes for the new period. It duly noted the contributions from the EEA EFTA States and encouraged them to take an active part in EU programmes foreseen under the new financial framework. This participation is a means towards developing, strengthening and broadening cooperation on matters falling outside of the four freedoms, as provided for in the EEA Agreement. The modalities for the EEA EFTA States participation in the future EU programmes for 2021-2027 shall remain unchanged and based on the relevant provisions of the EEA Agreement.

## Financial Mechanism

18. The EEA Council emphasised the importance of solidarity among the countries of Europe to overcome social and economic challenges within the EEA, which is in the common interest of all Contracting Parties. In this sense, it expressed concern regarding the continued high level of youth unemployment in some EEA Member States. The EEA Council commended the positive contribution made by the EEA and Norway Financial Mechanisms in reducing economic and social disparities throughout the EEA.
19. With regard to the agreements on an EEA and a Norwegian Financial Mechanism for the 2014-2021 period, the EEA Council welcomed the conclusion of Memoranda of Understanding between the EEA EFTA States and most of the Beneficiary States in the EU. The EEA Council looked forward to projects commencing under the new mechanisms.

# Work Programmes of the EFTA Standing Committee for 2018

## ICELAND CHAIR WORK PROGRAMME EFTA STANDING COMMITTEE

### First half of 2018

The purpose of this programme is to highlight some main horizontal and thematic priorities which will be focused on under the Standing Committee structure during the first half of 2018. This programme is inter alia based on the work programmes prepared for the Subcommittees and for selected EEA EFTA working groups by the Secretariat.

#### I. HORIZONTAL PRIORITIES

##### *Brexit*

Deepen the dialogue between the EEA EFTA States, the EU and the UK in order to preserve the integrity of the internal market during any transition phase. Ensure that relevant parts of the Withdrawal Agreement are extended to the EEA-EFTA States and enter into force simultaneously with the Withdrawal Agreement. Continue the close collaboration and information sharing for all Brexit related matters, including for future arrangements with the UK post-Brexit.

##### *Reduce the number of acts awaiting incorporation*

Prioritise making progress in incorporating acts into the EEA Agreement that are currently under consideration by the EFTA side. Continue specific efforts in the financial services area, which now constitute more than half of the acts, which have passed the compliance date on the EU side. The key, in this respect, is to ensure active and early engagement by both the EEA EFTA States and the EU side to enter into dialogue to obtain common solutions.

##### *Influence EEA-relevant legislation and strengthen knowledge of the Agreement and the EEA Financial Mechanism*

Continue the preparation of EEA EFTA Comments, which serve as an important tool for influencing EEA-relevant legislation. In this respect, ensure that executive summaries be prepared for such comments, that the necessary follow-up takes place and that the valuable response from the Commission services is shared with the appropriate experts. As a follow-up to the EFTA Chairmanship workshop held in autumn 2016, a workshop dedicated to influencing EEA-relevant legislation is to be prepared with the assistance of the Secretariat in spring 2018. Follow at all levels the ongoing EU efforts to evaluate and review existing legislation through its Better Regulation Agenda (REFIT). Continue to strengthen the knowledge of the EEA Agreement and the Financial Mechanism through the organisation of events and make full use of the available tools to disseminate EEA information.

#### II. THEMATIC PRIORITIES

The key objective is to ensure a well-functioning internal market across all policy areas of the EEA Agreement. Apart from the thematic priorities set out below and the daily processing of relevant pre-pipeline, pipeline issues and adopted acquis in all fields, the focus will be on seeking a solution to decentralise enforcement of European competition rules between the EU and EEA EFTA pillar following-up the new EU One Health Action Plan against Antimicrobial resistance (AMR), processing the animal health file, the review of the European Supervisory Authorities (ESAs), presenting EEA EFTA views on the road mobility Package and following EU discussions on the services e-card.

### ***Climate Change, Energy and Environment***

Guided by the Paris Agreement, follow EU finalisation on the Emissions Trading System (ETS) review and the trilogue negotiations on proposals regarding the effort sharing and land use, land use change and forestry (LULUCF) regulations implementing the EU's 2030 climate and energy policy framework. The circular economy strategy, which present proposals on waste package and strategy on plastics, will be monitored closely as well as the EU's negotiations on the Package for Clean Energy for All Europeans. Particular focus will be placed on fluorinated gases (F-gases), the Energy Efficiency Directive and the Energy Performance of Buildings Directive.

### ***Digital Single Market***

Extend the Digital Single Market fully to the EEA EFTA States through timely incorporation of legal acts with a particular focus on finding a solution for the General Data Protection Regulation, which respects the principles of the EEA Agreement. Timely incorporation and implementation of the Directive on security of network and information systems (NIS Directive) is another important matter. Follow closely the proposed initiatives part of the Digital Single Market (DSM) Strategy that are under consideration by the European Parliament and the Council. A particular focus will be placed on the Cybersecurity Act (ENISA), the revision of the Body of European Regulators for Electronic Communications (BEREC) and the regulatory telecom framework and on the proposal for a framework for the free flow of non-personal data in the EU.

### ***Social Dimension***

Follow closely the developments under the Pillar of Social Rights. Ensure horizontal assessment of EEA-relevant initiatives such as the gender equality inspired work-life balance file, in order to allow for smooth incorporation into the EEA Agreement. Ensure that the views of the EEA EFTA States on the European Accessibility Act as presented in the respective EEA EFTA Comment is disseminated to EU institutions and taken into account during the trilogue.

### ***Research and innovation, education and culture***

Early preparation to ensure the timely participation of the EEA EFTA States in the follow-up programmes to Horizon 2020, Erasmus+ and Creative Europe is crucial. This calls for active engagement from the EEA EFTA States and the Secretariat in following the preparation of the EU Multiannual Financial Framework 2021 to 2027. As the EEA EFTA States have already presented their preliminary position papers in the field of research and innovation, it will be particularly important to engage with the EU once the Communication on the first outline for a new programme is presented in spring 2018. Similarly, it is important for the EEA EFTA States to monitor the mid-term evaluation in the field of education and culture, which is expected to be published in early 2018 in order to provide the EEA EFTA States input on the post-2020 programmes.



# NORWAY CHAIR WORK PROGRAMME

## EFTA STANDING COMMITTEE

### Second half of 2018

The purpose of this programme is to give a general orientation to work and activities at all levels on the EEA EFTA side, particularly under the EFTA Standing Committee structure and in the Secretariat, which services it. This programme is supplemented by the work programmes for the subcommittees and selected EEA EFTA working groups. The list of items is not exhaustive and intended to highlight specific key issues under discussion.

#### I. DECISION SHAPING

Focus on key issues in the pre-pipeline and pipeline stage and encourage the preparation of EEA EFTA Comments, which serve as an important tool for influencing EEA-relevant legislation. In this respect, ensure that executive summaries be prepared for such comments, that the necessary follow-up takes place, and share responses from the Commission services with the appropriate experts. Assess legislation at an early stage in order to formulate and promote positions while it is still possible to influence the legislation. Particular priority should be given to the following areas:

##### *New EU programmes 2021-2027*

Ensure preparations for EEA EFTA participation in the new EU programmes under the next Multiannual Financial Framework (MFF) are made through regular dissemination of information to EEA EFTA working groups, on the development of the MFF and assessments of individual programme proposals.

##### *Social Dimension*

Monitor the roll-out of the European Pillar of Social Rights, including the proposal of the establishment of the European Labour Authority (ELA), particularly the taking over by the ELA of certain administrative tasks in the field of social security and EEA EFTA States participation in the management board of the Authority. Follow the discussions in the EU and promote EFTA positions on the Third Mobility Package.

##### *Financial services*

Follow closely the Commission proposal for the revision of the European Supervisory Authorities (ESAs) regulations in order to seek to ensure full participation for the EEA EFTA States, except for the right to vote, and that direct supervision at European level be limited to instances where national supervision is obviously inferior due to the nature of the supervised entities.

##### *Climate Change, Environment & Energy*

Follow developments related to the circular economy, notably on plastics and chemicals. Follow closely the remaining proposals published as part of the Clean Energy Package. They notably include recasts of the Electricity Directive, the Electricity Regulation and the ACER (Agency for the Cooperation of Energy Regulators) Regulation, all of which were in the Third Energy Market Package.

##### *Internal Market*

Follow the Commission proposal on the Goods Package, as well as proposed legislation on the Digital Single Market, especially proposals to further develop the European Data Economy, E-privacy and the Regulation on Platform to Business. Follow the discussions on proposed consumer protection legislation, such as Contracts for the Sales of Goods and the New Deal for Consumers Package.

#### II. DECISION MAKING

Swift incorporation of EU *acquis* is important to maintain homogeneity in the EEA. Continue recent progress in incorporating into the EEA Agreement legal acts that have passed the compliance date on the EU side. Ensure active and early engagement from both the EEA EFTA States and the EU side to enter into dialogue to obtain common solutions. The following areas will require particular attention:

##### *Financial services*

Acts in the financial services area constitute approximately half of the outstanding acts. Expect to see movement on several important packages of acts in the next half of the year, such as the Anti-Money Laundering Directive, Markets in Financial Instruments Directive/

Markets in Financial Instruments Regulation (MiFID II/MiFIR) on investment services and Capital Requirements Directives and Regulation (CRD IV/CRR) on credit institutions.

### **Communication & Transport**

Ensure the incorporation and entry into force of the General Data Protection Regulation. Prepare for the incorporation of the new Regulation establishing the Body of European Regulators for Electronic Communications (BEREC) and the new Directive establishing the European Electronic Communication Code, replacing the current regulatory framework in telecommunication, the Single European Railway Area (3<sup>rd</sup> and 4<sup>th</sup> Package), Ship Inspection and the Postal Services Directive.

### **Environment & Climate Change**

Work toward incorporation of the regulation on Fluorinated Greenhouse Gases, the Directive on Ship Recycling, the revised Directive on Emissions Trading, and the four revised waste directives of the Circular Economy Package. Continue to work for a solution for joint fulfilment of Norway and Iceland's GHG emissions reduction target for 2030 with the EU, including further progress in discussions with regard to their participation in effort-sharing and Land Use, Land-Use Change and Forestry (LULUCF).

### **Energy**

Following entry into force of the Third Energy Market Package, progress is expected on the incorporation of some energy acts, notably Regulation on Wholesale Energy Market Integrity and Transparency (REMIT). Work towards incorporation of the Energy Efficiency Directive (EED), the Energy Performance of Buildings Directive (EPBD) and the Network Codes. Initiate the incorporation process of the legal acts that were proposed as part of the Clean Energy Package and which have already been adopted (amended EED, amended EPBD, recast Renewable Energy Sources (RES) Directive, new Governance of the Energy Union Regulation).

### **Social Dimension**

Seek to incorporate the Directive to Improve the Enforcement of Provisions Applicable to Posted Workers and prepare incorporation of the revised Posting of Workers Directive.

### **Health & Food**

Ensure thorough preparation of the incorporation of the legislation regarding Animal Health, Official Controls along the Food Chain, Organic Production and regulations on Medical Devices. Continue working towards incorporation of the Tobacco Products Directive and the GM Food and Feed-Package.

## **III. OTHER ACTIVITIES**

### **Brexit**

Deepen the dialogue between the EEA EFTA States, the EU and the UK in order to preserve the integrity of the internal market. Ensure that relevant parts of the Withdrawal Agreement are extended to the EEA EFTA States and enter into force simultaneously with the Withdrawal Agreement. Continue the close collaboration and information sharing for all Brexit-related matters, including for future arrangements with the UK post-Brexit.

### **Cooperation**

Ensure EEA EFTA participation in EEA relevant informal EU Councils. Continue and further develop political dialogues with the EU on foreign and security policy and informal dialogues with the EFTA Working Party of the EU Council on EEA and EFTA related issues. Continue the close cooperation and dialogue with the EEA and EFTA Consultative and Parliamentary Committees.

### **Outreach**

Continue to strengthen the knowledge of the EEA Agreement and the Financial Mechanisms through the organisation of events and make full use of the available tools to disseminate EEA information. Prepare for an event on the occasion of the 25<sup>th</sup> anniversary of the entry into force of the EEA Agreement.

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