



61st Annual Report
of the European Free
Trade Association

2021





Annual Report of the European Free Trade Association 2021

Managing Editor: Thorfinnur Omarsson

Editor: Nicola Abbott Remøy

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Editor's note:

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Foreword

In 2021, the global trade environment was still confronted by some of the challenges of the previous years. The world trading system remained in crisis mode and many of the issues of the past years remain unaddressed. Positive signs were the US elections and a leader who represents values and ways of approaching international relations Europeans are more comfortable with; and a new head of the WTO, who is deemed capable of building bridges and addressing the kind of issues currently at stake.

On the other hand, in 2021, the global pandemic was still imposing its toll on world trade, including with significant disturbances of global supply chains, and it will take some time to return to the pre-crisis situation. It can be reasonably questioned whether the world economy will get back to the kind of globalisation we experienced since the 90s. Trade nationalisms are – if anything – strengthening, and global sourcing raises concerns about procurement security and security in general.

EFTA has an important role to play in this regard, making its 'raison d'être' just as important as ever. Despite the continued COVID outbreak, the EFTA Secretariat performed its supporting duties on expanding, updating and developing EFTA's worldwide network of free trade agreements in 2021. Almost all activities happened virtually, producing results and numerous follow-ups which will lead to more tangible outcomes in 2022. On monitoring and

evaluation, EFTA finalised and rolled out a mechanism for the trade and sustainable development Chapter.

The EEA Agreement proved its sturdy importance on numerous fronts. Several times, the EEA Joint Committee adopted COVID-related decisions on extremely short notice, which ensured a swift application for the three EEA EFTA States, including the Digital COVID Certificate. The Committee also adopted EEA EFTA States' participation in EU programmes 2021–2027 and discussed the EEA Financial Mechanisms for the same period. A number of other important decisions were adopted, such as on financial services, animal health, transport, electronic communications and climate change, just to name a few.

The three EEA EFTA States also signed a comprehensive free trade agreement with the UK, which put an end to some post-Brexit uncertainties. Brokering this agreement in a relatively short time was made possible thanks to excellent cooperation between the three EEA EFTA countries and the EFTA Secretariat, in Brussels and Geneva.

In 2021, the EFTA Secretariat also moved into a new office building in Brussels, which is shared with two sister organisations working on the EEA Agreement: the EFTA Surveillance Authority and the Financial Mechanism Office. The new building has been named EFTA House and will create great opportunities for the promotion of EFTA, its Member States, and the EEA.



Last, but not least, our statistical office in Luxembourg celebrated its 30th year in existence in 2021. The history of this successful statistical cooperation can be found in an anniversary publication. In addition, the 30th anniversary conference on data stewardship, with the involvement of all major stakeholders, can be found on our EFTA YouTube channel.

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 Ministers, end 2021:
Guy Parmelin (Switzerland),
Pórdís Kolbrún Reykfjörð Gylfadóttir (Iceland),
Jan Christian Vestre (Norway),
Dominique Hasler (Liechtenstein).

The EFTA Council

The EFTA Council is the highest governing body of EFTA. The Council usually meets eight times a year at ambassadorial level (heads of permanent missions to EFTA in Geneva) and at least once a year at ministerial level. The Council discusses substantive matters relating to the development of EFTA relations with third countries and the management of free trade agreements. Furthermore, the Council manages relations between the EFTA States under the EFTA Convention and adopts decisions to reflect legislative developments in the EEA Agreement and the Swiss–EU agreements.



Informal meeting of EFTA Ministers in Siglufjörður, Iceland, from left: Dominique Hasler, Guy Parmelin, Guðlaugur Þór Þórðarson, Iselin Nybø, Henri Gétaz.

The Council has a broad mandate to take measures to reach the overall objectives of the Association. Members adopt the yearly EFTA Budget and administrative measures linked to the running of the Association and the EFTA Secretariat serving it. Each Member State is represented, and decisions are taken by consensus. The chairmanship rotates between the members, and discussions in the Council are guided by the respective priorities of the chair.

In 2021, Norway held the chairmanship during the first six months, followed by Iceland (the **Norwegian** and **Icelandic** Chairs' priorities can be found on the EFTA website). The chairmanship now lasts a full year to allow for better efficiencies and follow-through of priorities.

The EFTA Council met eight times at ambassadorial level. In addition to their regular activities, the members of the Council welcomed the finalisation of the EFTA House relocation project bringing under one roof all Brussels-based EFTA institutions, and adopted a revised mandate for the EFTA Board of Auditors "at four".

An amendment to Annex A of the EFTA Convention entered into force on 1 November 2021. It pertained to the free movement of goods in the field of rules of origin and administrative cooperation (PEM Convention).

EFTA Ministerial Meeting

The annual EFTA Ministerial meeting was held through videoconference on 30 May and was chaired by Norway.

The Ministers marked the 30th anniversary of the EFTA Statistical Office (ESO), recognising its invaluable service to the EFTA States, and agreed to continuing their cooperation in the field of statistics.

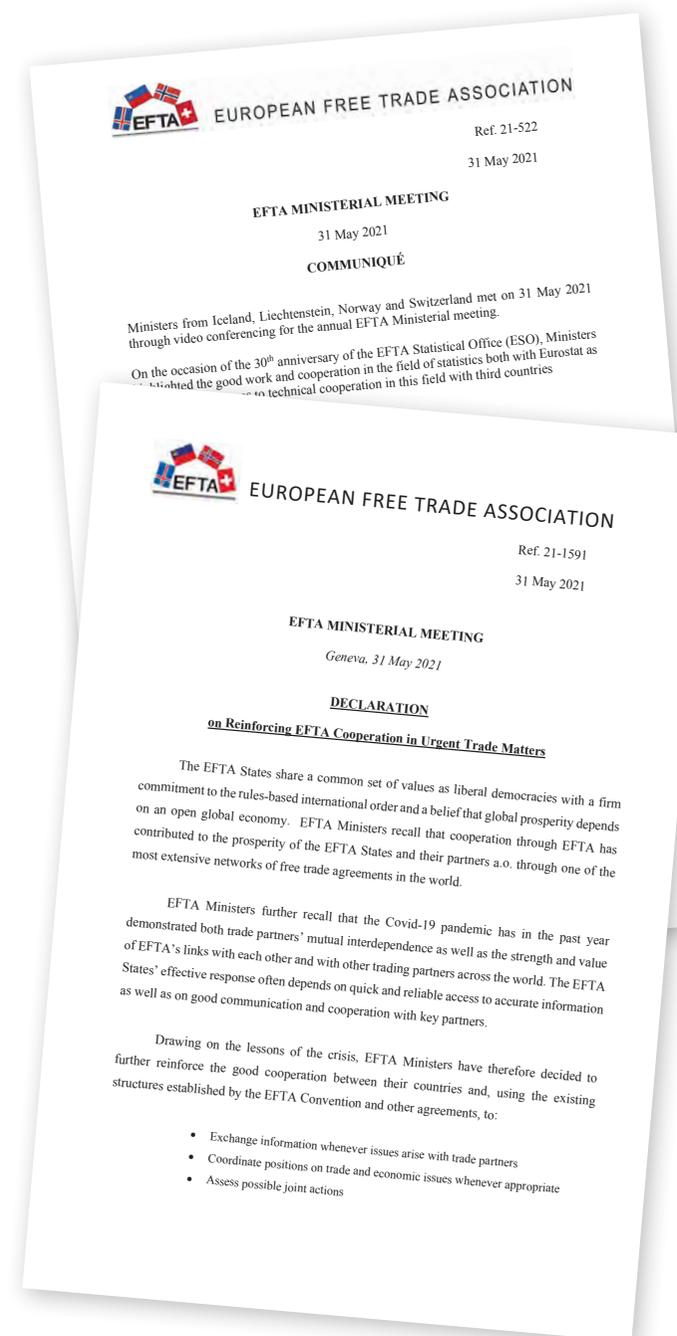
The EFTA States adopted a **Ministerial Declaration** on reinforcing EFTA cooperation in urgent trade matters by exchanging information, coordinating positions, and assessing possible joint actions.

The Ministerial meeting confirmed the Ministers' commitment to fostering transparency through close and regular dialogue and consultation with the EFTA advisory bodies.

Ministers also agreed to continue work to strengthen the monitoring and implementation of chapters on trade and sustainable development and to explore the need for sustainability impact assessments. Intensifying the monitoring of the implementation of FTAs, by in particular analysing the utilisation of FTAs, was also on the Ministers' priority lists, along with the finalisation of the work on e-commerce for inclusion of such a chapter in future agreements.

The EFTA States discussed Mercosur and in particular how to address concerns related to deforestation and climate change. They also agreed to continue negotiations with India, Malaysia, Moldova, and Vietnam and to relaunch negotiations with Thailand.

On the management and development of existing free trade agreements, Ministers agreed to conclude the review of the agreements with SACU and Chile



and continue negotiations on the modernisation of the agreement with Mexico. Member States also aimed to finalise the update of the bilateral agricultural agreements with the Palestinian Authority. Furthermore, Ministers agreed that their intention was to swiftly address implementation issues with current partners.

Concerning potential partners, the EFTA States agreed to, in the future, launch negotiations with Kosovo, work to prepare negotiations with Pakistan and sign a Joint Declaration of Cooperation with ASEAN. They also aimed to hold a first Joint Committee meeting with Nigeria under the Joint Declaration of Cooperation.

The communiqué from the Ministerial meeting can be found in the appendices to this report.

Meeting between EFTA Ministers and the EFTA Advisory Bodies

EFTA Ministers met on the same day as the Ministerial meeting in a joint meeting with the EFTA Parliamentary and the EFTA Consultative Committees. The meeting was the occasion to discuss EFTA's trade policy in general, and in particular how to improve transparency and the flow of information to ensure that the advisory bodies are given the opportunity to provide timely and well-informed input in EFTA's work. Delegates exchanged views on how to improve the monitoring and the implementation of trade and sustainable development provisions in free trade agreements as well as EFTA States' relations with other countries, including the UK.



EFTA Ministers met several times via videoconferences in 2021.



Informal Meeting of EFTA Ministers in Iceland

On 6 July, EFTA Ministers convened for an informal meeting in Siglufjörður, Iceland, marking the start of Iceland's one-year chairmanship of the EFTA Council.

Ministers discussed a broad range of topics, including trends in the global trade environment and EFTA's mid-term perspective and strategy. Ministers also shared information on respective domestic political situations with regard to their work for EFTA.

"It was a true pleasure to host the first physical gathering of the EFTA Ministers for 20 months. This occasion has been an invaluable opportunity for us to get to know each other better and to discuss important topics in an informal setting while drawing inspiration from the wonderful natural setting of Siglufjörður. I'm looking forward to our cooperation for the next 12 months," said Guðlaugur Þór Þórðarson after chairing the meeting.

Annual Meeting of EFTA and EU Finance Ministers

The annual meeting of EFTA and the EU Finance Ministers took place on 9 November, at the Europa Building in Brussels. This year's topic for discussion, as decided between the EFTA Economic Committee, the EU Council presidency and the EU Commission was Recovery after the pandemic – what are the challenges and opportunities? The meeting started with an address by Mr Andrej Šircelj, Minister of Finance for Slovenia, who also chaired the meeting. Mr Paolo Gentiloni, European Commissioner for



Delegations at the informal Ministerial meeting in Siglufjörður, Iceland.

Economy presented the Commission's view on the topic and noted the EU was happy to exchange views, perspectives, and concerns with the EFTA States about the economic challenges caused by the pandemic. He further reflected on the EU's ongoing economic response to the recession, which he described as the deepest since the second world war. The EFTA Economic Committee was chaired by Iceland this year and therefore the EFTA Common Paper on the topic was presented by Mr Guðmundur Árnason, Secretary-General of the Icelandic Ministry of Finance and Economic Affairs. Among the main issues Mr Árnason noted in his address was that the pandemic has highlighted the importance of having fiscal space to deal with economic shocks. In that respect he noted the importance of providing room to mitigate future economic shocks, to build up buffers and lower public debt as the economic rebound gains a strong momentum. Following Mr Árnason's address, interventions were made by Mr Erlend Trygve Grimstad, Deputy Finance Minister of Norway; Dr Daniel Risch, Prime Minister and Minister for Finance of Liechtenstein; and Mr Guy Parmelin, President of the Swiss Confederation.



EFTA Council meeting via videoconference, clockwise from top left: Swiss Ambassador Didier Chambovey; TRD Director Krisztina Bente; Secretary-General Henri Gétaz; Icelandic Ambassador Harald Aspelund; Norwegian Ambassador Dagfinn Sørli; Deputy Secretary-General Hege Hoff.



EFTA delegation meeting Ecofin, from left: Henri Gétaz, EFTA Secretary General; Daniel Risch (Liechtenstein); Guy Parmelin (Switzerland); Erlend Trygve Grimstad (Norway); Guðmundur Árnason (Iceland, Chair).

Free Trade Relations

Despite the continuation of the COVID-19 outbreak that could have prevented most of its activity, EFTA's trade relations division performed its supporting duties on expanding, updating and developing EFTA's worldwide network of free trade agreements (FTAs) in 2021. Almost all activities happened virtually, producing results and numerous follow-ups for 2022. On monitoring and evaluation, EFTA finalised and rolled out its mechanism for the trade and sustainable development Chapter.

All in all, five rounds of negotiations, nine meetings among heads of delegations, 40 meetings among experts, one Joint Committee meeting and two Subcommittee meetings took place in 2021. In addition, 22 other meetings with EFTA States and partner countries' representatives were held during the year. On the technical cooperation front, EFTA organised a webinar and continued work on the webtool in favour of the Philippines. Most of these gatherings were organised virtually. In total 12 meetings of EFTA internal working groups took place on trade and sustainable development, preference utilisation rates and e-commerce in 2021. An EFTA–US trade policy dialogue was held in Washington DC and the 15th anniversary of the EFTA–Republic of Korea free trade agreement was celebrated in a hybrid format.

Free Trade Agreements

EFTA's network of preferential trade relations outside the EU is organised through free trade agreements and joint declarations on cooperation, which sometimes develop into FTAs. In 2021, 30 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; Egypt; Georgia; the Gulf Cooperation Council (comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates); Hong Kong, China; Indonesia; Israel; Jordan; the Republic of Korea; Lebanon; North Macedonia; Mexico; Montenegro; Morocco; Palestinian Authority; Peru; the Philippines; Serbia; Singapore; the Southern African Customs Union (SACU comprising Botswana, Eswatini, Lesotho, Namibia, and South Africa); Tunisia; Turkey; Ukraine and the United Kingdom (without Switzerland). The negotiations with Mercosur are concluded in principle but the last remaining issues could not be resolved due to political reasons.

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

Partner	Free Trade Agreement		
	Joint Declaration	Signing	Entry into Force
	Signing	Signing	Entry into Force
Albania	10 December 1992	17 December 2009	1 November 2010 (Albania, Liechtenstein and Switzerland), 1 August 2011 (Norway) and 1 October 2011 (Iceland)
Algeria	12 December 2002		
Bosnia and Herzegovina		24 June 2013	01 January 2015
Canada		26 January 2008	01 July 2009
Central American States	20 July 2010 (Panama)	24 June 2013 (Costa Rica and Panama) 22 June 2015 (Guatemala)	19 August 2014 (Norway, Costa Rica and Panama), 29 August 2014 (Liechtenstein and Switzerland) and 5 September 2014 (Iceland)
Chile		26 June 2003	01 December 2004
Colombia	17 May 2006	25 November 2008	1 July 2011 (Colombia, Liechtenstein and Switzerland), 1 September 2014 (Norway) and 1 October 2014 (Iceland)
Ecuador	22 June 2015	25 June 2018	01 November 2020
Egypt	08 December 1995	27 January 2007	01 August 2007
Georgia	28 June 2012	27 June 2016	1 September 2017 (Georgia, Iceland and Norway), 1 May 2018 (Switzerland and Liechtenstein)
Gulf Cooperation Council (GCC)*	23 May 2000	22 June 2009	1 July 2014**
Hong Kong, China		21 June 2011	1 October 2012 (Hong Kong, Iceland, Liechtenstein and Switzerland) and 1 November 2012 (Norway)
Indonesia		16 December 2018	01 November 2021

* 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.

Joint Declarations on Cooperation (JDC)

EFTA has a JDC with six partner countries: Kosovo, Mauritius, Mongolia, Myanmar, Nigeria, and Pakistan. EFTA aims at agreeing on a JDC with the East African Community (EAC, comprising Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda), but there was no progress in 2021. Building on previous communication, EFTA proposed a declaration text to the Association of South East Asian Nations (ASEAN), to be concluded and signed in 2022. Regarding Nigeria, EFTA could not hold the overdue first Joint Committee meeting under the Joint Declaration of Cooperation. Negotiations could not start with Kosovo as planned in 2021 due to other priorities.

Continued Expansion of EFTA's free trade network

Throughout 2021, EFTA pursued its efforts to conclude FTAs, especially with emerging economies in the Asian and South American continents.

In the negotiation process with **Vietnam**, meetings amongst heads of delegations and among experts on intellectual property rights were conducted.

Negotiations were pursued with **Malaysia** with two rounds of negotiations in 2021.

The EFTA and the **ASEAN** States agreed to pursue their efforts on a Joint Declaration of Cooperation which they should be able to conclude in 2022 thanks to written exchanges on the content which took place in 2021.

Meetings were held with **India** between chief negotiators and at expert level. The positions on market access for services remain far apart, which did not constitute a good basis to resume negotiations in 2022.

Fig. 1 – Joint Declarations on Cooperation and Free Trade Agreements between EFTA and non-EU partners (continued)

Partner	Free Trade Agreement		
	Joint Declaration	Signing	Entry into Force
		Signing	Entry into Force
Israel		17 September 1992 22 November 2018, Modernised and expanded bilateral agricultural agreements	01 January 1993 New agreements entered into force on 1 August 2021 and replace the existing ones
Jordan	19 June 1997	21 June 2001	01 September 2002
Kosovo	23 November 2018		
Republic of Korea		15 December 2005	1 September 2006 (Korea, Norway, Liechtenstein and Switzerland) and 1 October 2006 (Iceland)
Lebanon	19 June 1997	24 June 2004	01 January 2007
North Macedonia	29 March 1996	19 June 2000	1 May 2002 (North Macedonia, Norway, Liechtenstein and Switzerland), 1 August 2002 (Iceland)
Malaysia	20 July 2010		
Mauritius	9 June 2009		
Mexico		27 November 2000	1 July 2001
Mercosur***	12 December 2000		
Moldova	24 November 2017		
Mongolia	28 July 2007		
Montenegro	12 December 2000	14 November 2011	1 September 2012 (Montenegro, Liechtenstein and Switzerland), 1 October 2012 (Iceland) and 1 November 2012 (Norway)
Morocco	8 December 1995	19 June 1997	1 December 1999
Myanmar	24 June 2013		
Nigeria	12 December 2017		
Pakistan	12 November 2012		

*** Argentina, Brazil, Paraguay and Uruguay.



EFTA Secretary-General Henri Gétaz met with H.E. Dr Jerry Sambuaga, Vice Minister of Trade of Indonesia in April.

The agreement with **Indonesia**, in force since 1 November 2021, was the object of discussions among experts on issues regarding the update of the agreement to the harmonised system of tariffs (HS) 2017 to be adopted in 2022.

The modernised agreement with **Turkey** entered into force on 1 October 2021.

EFTA and **Moldova** held two rounds of negotiations in 2021 and aim at finalising their process in 2022.



Second round of negotiations with Moldova, in July.

Fig. 1 – Joint Declarations on Cooperation and Free Trade Agreements between EFTA and non-EU partners (continued)

Partner	Free Trade Agreement		
	Joint Declaration Signing	Signing	Entry into Force
Palestinian Authority	16 December 1996	30 November 1998	1 July 1999 (Palestine, Liechtenstein, Norway and Switzerland) and 1 November 2000 (Iceland)
Peru	24 April 2006	24 June 2010	1 July 2011 (Peru, Liechtenstein and Switzerland), 1 October 2011 (Iceland) and 1 July 2012 (Norway)
Philippines	24 June 2014	28 April 2016	1 June 2018 (Philippines, Norway, Liechtenstein and Switzerland) and 1 January 2020 (Iceland)
Serbia	12 December 2000	17 December 2009	1 October 2010 (Serbia, Liechtenstein and Switzerland), 1 June 2011 (Norway) and 1 October (Iceland)
Singapore		26 June 2002	01 January 2003
Southern African Customs Union (SACU)****		26 June 2006	01 May 2008
Tunisia	08 December 1995	17 December 2004	01 June 2005
Turkey		10 December 1991 25 June 2018, modernised and expanded Free Trade Agreement	01 April 1992 New agreement entered into force on 1 October 2021 and replaces the agreement of 1992
Ukraine	19 June 2000	24 June 2010	1 June 2012
United Kingdom		8 July 2021 (UK, Iceland, Liechtenstein and Norway (the EEA EFTA States)), Switzerland earlier concluded a bilateral free trade agreement with the UK.	

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

The EEA EFTA States and the **United Kingdom** signed a free trade agreement following the separation of the UK from the EU.

EFTA and **Thailand** continued preparations towards the resumption of free trade negotiations. Negotiations are expected to officially restart in 2022.

Negotiations on new FTAs with some partners remained on hold or suspended, namely Algeria, Honduras and the Customs Union of the Russian Federation, Belarus, and Kazakhstan.

Management, Modernisation and Expansion of Existing FTAs

EFTA and **Chile** held their third round of negotiations towards the modernisation and expansion of their FTA. The agreement currently covers trade in goods including market access, rules of origin, trade remedies, technical barriers to trade, sanitary and phytosanitary measures and trade facilitation, trade in services, investment, intellectual property rights, government procurement and competition as well as horizontal and institutional provisions. A Chapter on trade and sustainable development will be added to the agreement. The fourth negotiation round planned for November 2021 was postponed by Chile for political reasons.

EFTA and **SACU** met at heads and experts level in November to discuss the inclusion of a Chapter on trade and sustainable development in their revised agreement as well as additional commitments on trade in goods. The Parties remain apart after these discussions and decided to resume discussion in 2022.

A meeting took place between agriculture experts from **Palestine** and EFTA to agree on new agreements. The process should be concluded in 2022.

Fig. 2 – Joint Committee meetings in 2021

Free Trade/Joint Declaration Partner	Date and Venue
Ecuador	14 December, videoconference

In 2021, EFTA held a first Joint Committee meeting with **Ecuador**, one year after the entry into force of the Ecuador–EFTA FTA. The Parties reviewed the functioning of the FTA and adopted decisions to update existing rights and obligations and operationalise the Joint Committee. They also discussed the implementation of their Chapter on trade and sustainable development, with EFTA relying on its new monitoring mechanism for the first time.

The EFTA States held an internal dialogue on a possible modernisation of the EFTA–**Singapore** FTA and agreed that it was not a priority.

EFTA also had exchanges and meetings with other partners in 2021, namely the **USA**, in their so-called Trade Policy Dialogue and with **Egypt** on trade in goods after the decision to no longer extend EFTA's unilateral concessions on processed agriculture products. At the occasion of the 15-year anniversary of the EFTA–**Korea** Agreement, a celebratory event was organised in collaboration with the EFTA Embassies to Korea.

Work was pursued on replacing rules of origin arrangements of some FTAs with the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (**PEM Convention**). In the course of 2021, EFTA updated the FTAs with Albania, Montenegro, North Macedonia and Serbia with the inclusion of the alternative PEM rules. Ratification processes with Albania and Serbia have been finalised and the amendments will enter into force on 1 January 2022, while with Montenegro and North Macedonia the ratifications processes are ongoing.



EFTA-Chile heads and experts meeting, in May.



EFTA-Ecuador 1st Joint Committee meeting.



15th anniversary of EFTA-Korea Agreement.

Monitoring of International Trade Developments

EFTA followed the progress of its partners closely on regional free trade agreements. Amongst others, it monitored the UK accession negotiations to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the resumed discussions between the USA and the EU.

Horizontal work

EFTA finalised its model Chapter on e-commerce that it will seek to include in its FTAs in the future.

EFTA finalised its monitoring mechanism for its trade and sustainable development Chapter and implemented it with Ecuador.

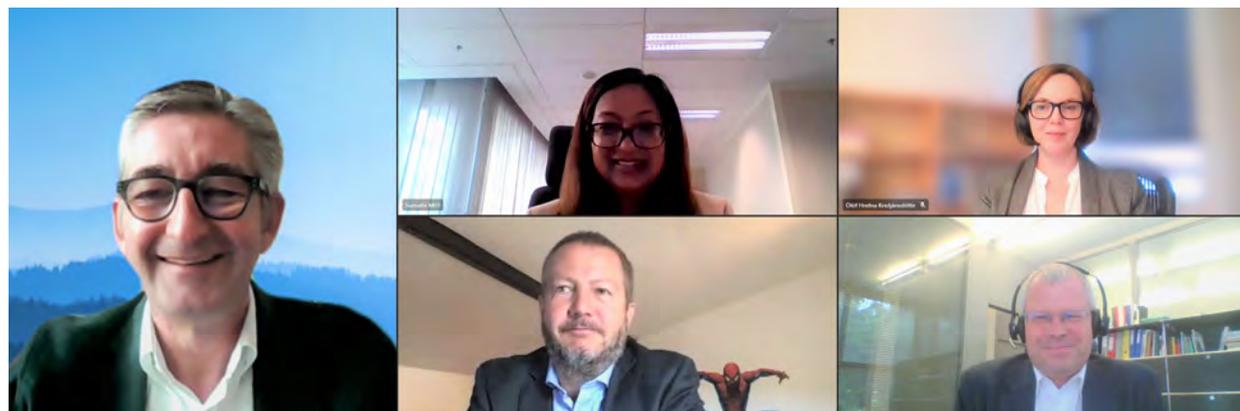
EFTA continued work on the Utilisation Rates project with the aim of publishing its first results in 2022.

Technical Cooperation

The new approach to technical cooperation was formally approved by the Member States and the first activity was a trade promotion webinar with the Philippines, addressing trade and sustainable development in addition to trade in goods issues. The webinar provided a useful experience for further improvements to the new and more proactive approach. Regarding the FTA webtool for the EFTA–Philippines free trade agreement, the project suffered delays in 2021 mainly due to lack of adequate proposals from identified providers. The project will continue in 2022 with the International Trade Centre in Geneva.

Relations with the WTO

Under the WTO's transparency mechanism for bilateral and regional trade agreements, **EFTA continues to notify decisions adopted by joint committees under existing FTAs** as well as new agreements.

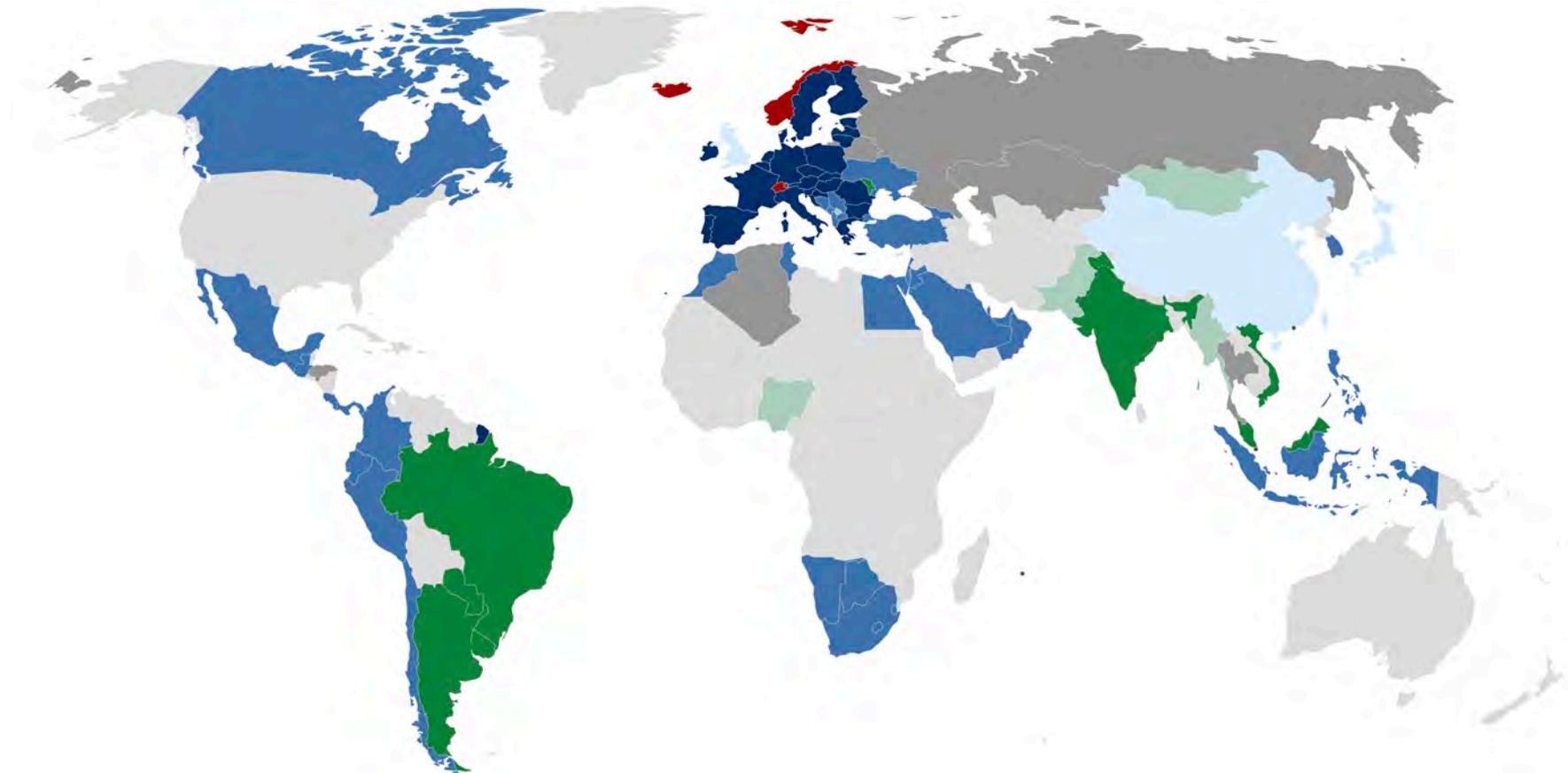


11th round of negotiations with Malaysia, in September.



EFTA-Thailand heads of delegation, in November.

EFTA's Worldwide Network (as at 1 January 2022)



EFTA Member States

EU Member States / EEA

Free Trade Agreements (FTA) in force

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; Moldova; Vietnam

FTA negotiations on hold

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

Joint Declarations on Cooperation (7)

Kosovo; Mauritius; 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
 UK: FTA with Switzerland and FTA with the EEA EFTA States

The EEA Agreement

The Agreement on the European Economic Area, which entered into force on 1 January 1994, brings together the 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 2021, it convened on 28 May under the chairmanship of the Portuguese Presidency of the EU Council and on 24 November under the chairmanship of Norway. The EEA Council in May took place online due to the COVID-19 pandemic and therefore had an informal meeting status. Following the informal meeting of the members of the EEA Council, conclusions were issued (named “Joint Statement” due to the informal meeting status). These conclusions can be found in the appendices to this report. The EEA Council in November did not adopt conclusions due to internal disagreement on the EU side. During the meeting, both the EU and the EEA EFTA side noted that this was regrettable.

Main topics covered by the EEA Council in 2021 were:

- > The overall functioning of the EEA Agreement; and
- > The effect of COVID-19 on the Internal Market;
- > EU Programmes, the EEA and Norway Grants;
- > The twin green and digital transitions; and
- > The incorporation of EU legal acts into the EEA Agreement.

In addition, the EEA Council held orientation debates on strategic autonomy and new industrial policy. In informal political dialogues held on the margins of the EEA Council, ministers discussed Russia, the international dimension of COVID-19, climate and security, Belarus, relations with China and the EU's Strategic Compass for Security and Defence. On 12 January the EEA EFTA Ministers of Foreign Affairs also met online with Mr Michel Barnier, Head of the EU's Task Force for relations with the UK.

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 representatives 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.

The EEA Joint Committee met nine times in 2021. Seven of the meetings took place online due to the pandemic, including one urgent meeting concerning the EU's export restrictions on vaccines. In 2021 the EEA Joint Committee adopted 364 JCDs, incorporating 662 legal acts into the EEA Agreement. The Joint Committee also decided to adopt several JCDs by written procedure. The majority of these were acts related to COVID-19, including the Digital COVID Certificate. Discussions in the EEA Joint Committee in 2021 focused on how to reduce the number of legal acts awaiting incorporation into the EEA Agreement, the COVID-19 pandemic, the EEA EFTA States' participation in EU programmes 2021–2027 and the EEA Financial Mechanisms. EEA EFTA Comments on the Evaluation of the Postal Services Directive, the Review of the Construction Products Regulation, the Farm to Fork Strategy, a revised Eurovignette Directive, the Digital Services Act, and the Digital Markets Act were presented.

A number of important decisions were adopted by the EEA Joint Committee in 2021 concerning a wide range of policy areas including financial services, animal health, transport, electronic communications, climate change and COVID-19.



Norway chaired the EEA Joint Committee in the second half of 2021, from left: Ambassador Rolf Einar Fife and first secretary Ingjerd Haugen.



EEA Council on 14 November, from left: Norwegian Foreign Minister Anniken Huitfeldt; Liechtenstein Ambassador Pascal Schafhauser; Icelandic Ambassador Kristján Andri Stefánsson; Slovenian Economic Development Minister Zdravko Počivalšek.

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.

Priorities of the Standing Committee in 2021 and the two presidencies, Iceland and Norway, were:

- > To ensure the swift incorporation of EEA-relevant legal acts into the EEA Agreement;
- > To continue decision-shaping efforts of the EEA EFTA States by the issuing of EEA EFTA Comments and by engaging and promoting EEA EFTA views on relevant policy areas;
- > To ensure swift incorporation of relevant EU programmes into the EEA Agreement and ensure that the EEA EFTA States' participation was based on the rights and obligations specified in the EEA Agreement.

Preparing for the negotiations on a future financial contribution of the EEA EFTA States to the social and economic cohesion in the EEA, was also prioritised. Close cooperation with the EU in response to the COVID-19 pandemic continued. The Standing Committee also worked on strengthening the knowledge of the EEA Agreement through full use of available tools and arenas, including EFTA House.

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 2021 can be found in the appendices to this report.



Signing of a new free trade agreement between the EEA EFTA States and the UK, on 8 July from left: Liz Truss, UK's International Trade Secretary; Ranil Jayawardena, UK's International Trade Minister; Guðlaugur Þór Þórðarson, Iceland's Foreign Minister; Dominique Hasler, Liechtenstein's Foreign Minister; Iselin Nybø, Norway's Minister of Trade and Industry.

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 2021. The Subcommittee monitored two-pillar issues and third-country provisions in the EEA Agreement, deliberated on cases of interest for the EEA EFTA States before the EFTA Court and the Court of Justice of the European Union and discussed various horizontal legal issues relating to the management of the EEA Agreement.

Relations with the United Kingdom

Iceland, Liechtenstein and Norway and the United Kingdom (UK) signed a Free Trade Agreement (FTA) on 8 July 2021 in London. The EEA EFTA – UK Free Trade Agreement is a comprehensive agreement covering a full range of trade in goods, services and investment, digital trade, capital movements, government procurement, intellectual property, competition, subsidies, small and medium-sized enterprises, good regulatory practices and regulatory cooperation and recognition of professional qualifications. It also addresses legal and horizontal issues, including dispute settlement. Furthermore, it contains substantial provisions in the area of trade and sustainable development, covering environmental protection, climate change, labour law and includes a separate chapter on gender equality and women's empowerment in trade. The Agreement is expected to enter into force in 2022.

The Joint Committee established under the EEA EFTA – UK Separation Agreement of 2020 held its second meeting on 27 May 2021. At the meeting, the Parties provided updates on the measures taken

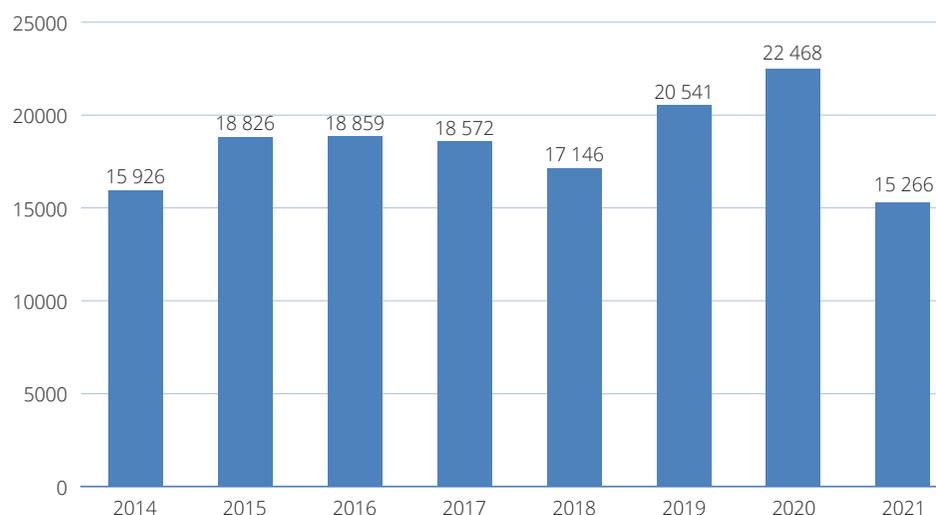
Fig. 3 – Publication in the EEA Supplement 2021

	Number of pages	
	Icelandic	Norwegian
EEA Joint Committee Decisions	158	158
EU Acts	7413	4933
EFTA Standing Committee	37	37
EFTA Surveillance Authority	291	291
EFTA Court	39	39
EU Institutions	890	890
Total	8828	6348



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

Fig. 4 – Total EEA Supplement pages published



by them to implement and apply the Separation Agreement. The EFTA Surveillance Authority (ESA) and the Independent Monitoring Authority (IMA) also presented information on their activities concerning the Agreement. Furthermore, the Joint Committee adopted a decision amending Part I of Annex I to the Separation Agreement to reflect updates that have been made to both the EEA Agreement and the EU–UK Withdrawal Agreement on social security.

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 round. 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 the 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.

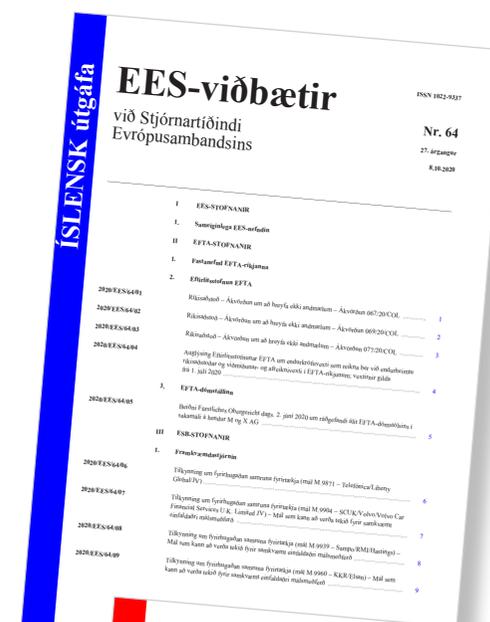
Since 2000, the publication of JCDs has been separated from the publication of the relevant EU legal acts. This year, there has been a decline in the publication of JCDs compared to last year. Shortly after the translations of the EU legal acts into Icelandic and Norwegian are ready, they are published 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>.

The EFTA Secretariat published 81 issues of the EEA Supplement in 2021. The publication of translated EU legal acts incorporated into the EEA Agreement remained at a relatively high level, particularly for publications of translated Icelandic legal acts. Although there is a reduction in the publication of translated Norwegian legal acts, particularly compared to 2019 and 2020, this is mostly because Norway has succeeded in clearing nearly all older acts, resulting in less materials to be published. This also means that the publication of Norwegian translated acts now focuses more on the recently incorporated acts.

In 2021 the EEA Supplement continued to contain a steady flow of texts from the European Commission and the EFTA Surveillance Authority on issues related to the COVID-19 pandemic.

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



The Incorporation of EU Acts into the EEA Agreement

Subcommittees I-IV assist the EFTA Standing Committee and the EEA Joint Committee in preparing for the incorporation of EEA-relevant EU acts into the EEA Agreement. In practise they function as one committee when they meet, eight times per year in two configurations: internal meetings with representatives from the EEA EFTA States' foreign ministries, and joint meetings with representatives from the EEA EFTA States and the European External Action Service (EEAS).

Since 2014, continuous efforts have been put in place with the aim of increasing efficiency in the incorporation of EEA-relevant EU legal acts into the EEA Agreement. 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 over recent years been gathering data showing the performance and compliance with procedures for both the EEA EFTA States and the Secretariat. These key performance indicators provide a good basis for a targeted approach to further improving the efficiency of the EEA incorporation process.

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 which are subgroups under the Working Group on Technical Barriers to Trade.

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, food and feed legislation in the EEA Agreement only applies to Iceland and Norway. Since 2007 the Swiss–EU Agricultural Agreement has been extended to Liechtenstein as regards legislation in these areas. The Working Group on the Food Chain evaluates all legislation concerning these matters. The full Working Group met three times in 2021. The Working Group also met regularly in a smaller setting, working on specific and urgent files. In 2021 the Working Group finalised inter alia the incorporation of the new framework legislation on Animal Health and the Transparency Regulation. The Working Group also prepared the incorporation of the new framework Regulation on organic production, as well as measures related to COVID-19.

Simplified Procedure

Due to specific needs in the veterinary and food safety fields, certain acts under the Working Group on the Food Chain are subject to a simplified procedure. This is a derogation from the normal procedure for the incorporation of acts into the EEA Agreement which is used 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.

The following acts are subject to the simplified procedure:

- > Safeguard and protective measures concerning the EEA territory or imports from third countries of live animals, animal products or food.
- > Texts of application and lists of approved food and feed producing establishments concerning imports from third countries.
- > Safeguard measures and listing of countries and territories concerning the non-commercial movement of pet animals.

Veterinary issues

Legislation concerning animal and public health requirements for the production, trade and import of live animals and animal products, as well as legislation related to the control of these products, falls under the scope of veterinary issues. This also includes arrangements regarding animal welfare and the control and prevention of animal diseases.

In 2021, 44 legal acts in the veterinary area were incorporated into Annex I, Chapter I of the EEA Agreement. In addition, 89 legal acts were implemented by means of the simplified procedure.

Animal feed

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

In 2021, 98 legal acts related to animal feed were incorporated into Annex I, Chapter II of the EEA Agreement.

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 hygiene, food contact materials, labelling, contaminants and residues, as well as food additives, novel foods and organic production.

In 2021, 71 legal acts relating to foodstuffs were incorporated into Annex II, Chapter XII of the EEA Agreement. In addition, 4 legal acts were implemented by means of the simplified procedure.

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 and incorporation into the EEA Agreement of new EU legislation for 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 met three times in 2021 and 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. The Group has processed secondary acts under Regulation (EU) 2019/515 on the mutual recognition of goods lawfully marketed in another Member State. Considerable efforts have also been made regarding the possible updates of mutual recognition agreements (MRAs), which are explained separately.

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 process of incorporating Regulation (EU) 2018/858 on the approval and market surveillance of motor vehicles into the EEA Agreement is ongoing. The new rules on market surveillance aim at tackling the manipulation of exhaust emissions, revealed by the “dieselgate” scandal in 2015. Furthermore, several legal acts concerning CO2 emission targets for motor vehicles were incorporated into the EEA Agreement in 2021.



Working group on TBT.



Subcommittee V.

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 (for example in the fields of electrical equipment, biocides, and plant protection products). In total, 105 acts concerning dangerous substances were incorporated into the EEA Agreement in 2021.

Medicinal products and medical devices

The Expert Group on Medicinal Products and Medical Devices met 3 times in 2021, one of which was a joint meeting with the Working Group on Public Health. The Expert Group also met occasionally in a smaller setting working on specific and urgent files. The Expert Group prepared the incorporation of a new legislative framework on veterinary medicinal products and it has also processed a number of COVID-19-related measures. Furthermore, the Expert Group has been monitoring several important Commission initiatives such as the decision to establish the European Health Emergency Response Authority ([HERA](#)), and the Commission proposal on a reinforced role for the European Medicines Agency in crisis preparedness and management for medicinal products and medical devices ([COM\(2020\) 725](#)).

The prospects of an EEA EFTA–US Mutual Recognition Agreement (MRA) on Good Manufacturing Practices (GMP) continued to be an important matter for the Member States (see separate section).

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. In 2021 the Expert Group finalised their work on the

incorporation of Directive 2014/40/EU concerning the manufacture, presentation and sale of tobacco and related products. The incorporation of the Directive into the EEA Agreement was still awaited at the end of the year, pending the finalisation of procedures on the EU side. The Expert Group has also processed several secondary acts which are linked to Directive 2014/40/EU.

Market surveillance and consumer product safety

The Expert Group on Product Safety, Market Surveillance and Product Liability met three times in 2021. Regulation 2019/1020 on market surveillance and product compliance is in the process of being incorporated into the EEA Agreement. The objective of this Regulation is to improve the functioning of the internal market and keep non-compliant products from being placed on the internal market by strengthening market surveillance of products and promoting closer cross-border cooperation among enforcement authorities, including customs authorities. The Group has processed secondary acts under Regulation 2019/1020. The EEA EFTA States participated in the EU Product Compliance Network established in January 2021 under Regulation 2019/1020, the Consumer Safety Network (CSN) and the General Product Safety Directive (GPSD) Committee.

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.

The EEA EFTA States upheld their efforts with a view to concluding an MRA on Good Manufacturing Practices (GMP) with the US. These efforts have included conversations with the EEAS on the issue, a meeting with US representatives, and a creation of a Note which can be shared with relevant actors or institutions.

In 2021, the EEA EFTA States have continued their efforts to push for a potential EEA EFTA – Japan GMP MRA. A Note was prepared by the Secretariat which can be shared with relevant institutions and actors.

TBT Committee

The TBT Committee met three times in 2021 to discuss issues relating to the EFTA Convention, in particular Annexes I and H, harmonisation of technical legislation, technical barriers to trade, standardisation, accreditation, and third-country relations. All the Committees' meetings were held online.

In 2021, the Committee followed: the developments of a new EU Goods Package focusing on market surveillance, developments within European accreditation and conformity assessment, the effects of Brexit for the European standardisation and accreditation systems, mutual recognition agreements and the European Commission's proposal for a Single Market Programme, as well as the ongoing evaluation of the New Legislative Framework (NLF) and the revision of the Commission's "Blue Guide on EU product rules". The members considered the ongoing negotiations on free trade agreements and other third-country issues, including a presentation in the May meeting on the quality infrastructure in Africa, given by CEN-CENELEC.

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 2021, the standardisation policy issues discussed were: a ruling from the Court of Justice of the European Union in the area of harmonised standards, the developments in the field of harmonised standards and standardisation requests; 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 (EA), all held online. The EFTA Secretariat has the formal status of European Counsellor in all these organisations.

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 Environmental Coalition on Standards (ECOS), Small Business Standards (SBS) and the European Trade Union Confederation (ETUC). New Framework Partnership Agreements for the period 2021–2024 were concluded with the three ESOs as well as with ANEC, ECOS and ETUC. In 2021, EFTA signed 36 agreements relating to standardisation (including amendments to existing agreements). EFTA also continued its financial support to the European Cooperation for Accreditation (EA).

Energy

The Working Group on Energy Matters, responsible for the energy-related legislation incorporated into Annex II, Chapter IV, and Annex IV of the EEA Agreement, met four times in 2021.

The main items in 2021 were the continued work on the incorporation of the electricity network codes under the third Energy Package and subsequent progress on the Clean Energy Package.

The Inter-Transmission System Operator Compensation Mechanism (2010) and the new energy labelling requirements (2019) were incorporated. Significant progress was also made on the Energy Performance in Buildings Directive (2010). Discussions on REMIT (2011) and the Energy Efficiency Directive (2012) also advanced in 2021.

The Working Group monitored developments related to the energy aspects of the European Green Deal, including the EU negotiations on the revised TEN-E Regulation, the launch of proposals for a revised Energy Efficiency Directive and Renewable Energy Directive under the Fit-for-55 package, as well as the proposal for a new Gas Markets Package.

Competition

The Working Group on Competition Policy is responsible for the competition-related legislation incorporated into Annex XIV of the EEA Agreement. The Working Group met once in 2021.

Key issues were the possible incorporation of the Directive on Action for Damages and the Directive empowering the competition authorities of the Member States to be more effective (ECN+), COVID-19 related measures and the FTA negotiations with the EU.

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 met once in 2021.

The main focus of the Working Group has been on COVID-19-related measures, the proposal for a regulation on foreign subsidies distorting the internal market and amendments to the General Block Exemption Regulation. The EEA EFTA States also participated in several multilateral state aid meetings related to the development of new legislation and guidance.

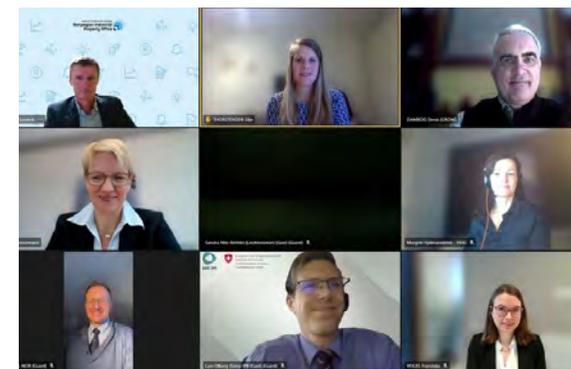
Public Procurement

The Working Group on Public Procurement, responsible for public procurement-related legislation incorporated into Annex XVI of the EEA Agreement, focused on COVID-19-related measures and the incorporation of the Regulations setting the public procurement thresholds for the years 2022-2023 for the classical, sectoral, concessions and defence and security public procurement directives.

Intellectual Property

The Working Group on Intellectual Property met five times in 2021 to discuss intellectual property legislation to be incorporated into Annex XVII of the EEA Agreement and to exchange information with the European Commission in the areas of copyright, industrial property rights, enforcement and multilateral development.

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 Observatory on Infringements of Intellectual Property Rights (IPR) and participated in its plenary meeting, as well as in the public stakeholder meeting.



Working group on Intellectual Property Rights.



Working group on State Aid.

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 with all partners. 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 have been working with the other PEM partners on revising the PEM Convention to modernise and simplify the origin legislation and to adjust the PEM origin rules to today's trade needs.

The revised PEM Convention was foreseen to be adopted by consensus at the 9th PEM Joint Committee meeting in Brussels on 27 November 2019. Unfortunately, consensus could not be reached, and EFTA is, together with most of the other PEM contracting parties, ready to adopt and apply the revised rules on a bilateral basis as alternative rules to the current rules of the PEM Convention. This solution would be applied on a transitional basis, allowing for the application of the alternative rules until the revised PEM Convention can be adopted.

This bilateral solution of the revised PEM rules entails that the EEA Agreement, the EFTA Convention and EFTA's FTAs with PEM partners will have to be amended to incorporate the alternative rules. To date these amendments have been finalised and adopted for the EFTA Convention, which entered into force on 1 November 2021, and in EFTA's FTAs with Albania, Montenegro, North Macedonia and Serbia. With Albania and Serbia the amendments will enter

Fig. 5 – Meetings held and EU Acts incorporated in 2021

	Number of meetings in 2021	Number of acts incorporated in 2021
EEA Joint Committee	8	662
Standing Committee of the EFTA States	8	-
SUBCOMMITTEE I-IV	8*	-
Meetings under Subcommittee I	69	400
Working Groups		
Competition Policy	1	0
Customs Matters	2	0
Customs Security Measures	0	0
Energy Matters	4	12
Fisheries	0	0
Food Chain**	38***	216****
Intellectual Property Rights	5	0
Processed Agricultural Products	1	0
Public Procurement	0	5
State Aid	1	1
Technical Barriers to Trade (TBT)	3	0
Expert Groups under TBT		
Agricultural and Forestry Tractors	0	2
Appliances Burning Liquid or Gaseous Fuels	0	0
Chemicals	0	49
Plant Protection Products	0	55
Construction	0	7

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

** Food Chain encompasses veterinary matters, animal feed, phytosanitary matters and foodstuffs.

*** Three meetings of the WG Food Chain, 18 meetings of the Sub-Group on Animal Health Law, 17 meetings of the Sub-Group on Organic Production

**** In addition, 93 acts were implemented through the simplified procedure.

into force on 1 January 2022, while with Montenegro and North Macedonia the ratification processes are ongoing. Technical work is currently ongoing to this effect with the aim to finalise amendments to the rules of origin of the EEA Agreement and with other PEM partners.

EFTA customs experts continued to address 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 December 2020. The participation of Norway in the Import Control System (ICS2) project and review process of the Protocol has been ongoing between Norway and the EU and a Joint Committee Decision amending the Protocol entered into force on 1 June 2021 following its provisional application from 15 March 2021.

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

Fig. 5 – Meetings held and EU Acts incorporated in 2021 (continued)

	Number of meetings in 2021	Number of acts incorporated in 2021
Cosmetics	0	5
Electrical Equipment	0	0
Explosives	0	0
Fertilisers	8	2
Machinery	0	2
Marine Equipment	0	2
Maximum Residue Levels (MRLs)	0	4
Measuring Instruments	0	0
Medicinal Products and Medical Devices	3	15
Motor Vehicles	0	22
Personal Protective Equipment	0	0
Pressure Equipment	0	0
Product Safety and Market Surveillance	3	5
Recreational Crafts	0	0
Telecommunications Equipment	0	0
Tobacco	0	0
Wine and Spirit Drinks	0	0
Meetings under Subcommittee II	20	172
Working Groups		
Company Law	0	0
Electronic Communication, Audiovisual Services and Information Society	3	16
Data Protection Expert Group	2	0
Financial Services ^{*****}	11	75
Postal Services	0	2
Transport	4	79

^{*****} Two WGFS meetings, six regular Task Force meetings and two ad hoc Task Force meetings. The WGFS additionally attended a seminar in Zurich in November.

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. These include 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.

The Committee on Trade Facilitation was supposed to meet in December 2021 but the meeting got postponed to beginning of the next year. The Committee administers the EFTA model text on TF, mentioning only provisions that go further than the WTO TFA (WTO-plus elements). This text is used in third-country negotiations and updates of existing free trade agreements with partners that have adopted the WTO TFA. Further, the Committee exchanges views and information on recent developments in trade facilitation measures in the Member States.

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 2021 (continued)

	Number of meetings in 2021	Number of acts incorporated in 2021
Meetings under Subcommittee III	3	6
Working Groups		
Free Movement of Persons, Employment and Social Policy	1	1
Recognition of Professional Qualifications	0	3
Social Security	2	2
Meetings under Subcommittee IV	13	84
Working Groups		
Budgetary Matters	2	0
Civil Protection	0	1
Consumer Affairs	0	5
Cultural Affairs	0	1
Education, Training and Youth	1	2
Enterprise Policy and Internal Market Affairs	0	1
Environment	2	39
Gender Equality, Anti-Discrimination and Family Policy	2	1
Heads of National Statistical Institutes	1	5
Health and Safety at Work and Labour Law	2	2
Public Health	1	23
Research and Innovation	2	3
SUBCOMMITTEE V	4	-

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 2021, the Working Group had two meetings, online in January and a hybrid meeting in EFTA House in October. The Working Group furthermore met for a seminar on the future of finance in Zurich in November. Additionally, the Financial Services Taskforce continued its bi-monthly meetings, including meetings with relevant EU representatives, in an online format. In 2021, 66 legal acts were incorporated into Annex IX of the EEA Agreement.

Following the considerable progress from previous years in reducing the number of acts outstanding in the field of financial services, the Working Group continued its emphasis on preventing the accumulation of a new backlog of acts awaiting incorporation into the EEA Agreement.

While work on finalising the remaining acts outstanding in financial services continued, the Working Group also worked on preparing new legislation for incorporation, such as the review of the European Financial Supervisory Authorities and monitored new legislative proposals on the EU side.

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 and preparing for the incorporation of recent relevant legislation in the field of company law.

Electronic Communications, Audiovisual Services and Information Society

The Working Group on Electronic Communication, Audiovisual Services and Information Society (ECASIS) is responsible for acts that cover a broad area of services. These include telecommunications, access to data, artificial intelligence, audiovisual media and information society, which are incorporated into Annex XI of the EEA Agreement. The Working Group met three times in 2021.

The Working Group finalised the incorporation of the Regulation establishing the Body of European Regulators for Electronic Communications (BEREC) and the Directive establishing the European Electronic Communication Code. These two acts modernising the regulatory framework for electronic communications were incorporated into the EEA Agreement on 24 September 2021.

The Working Group developed two EEA EFTA Comments on the Commission's proposals for a Digital Services Act (DSA) and a Digital Markets Act (DMA) respectively. It engaged with the EU side during the legislative process of these proposals which constitute a major reform of the legal framework for digital services in the internal market. The Working



Working Group on Electronic Communication, Audiovisual Services and Information Society (ECASIS).



Working Group on Financial Services.

Group continued working on the incorporation of key legislative files in the area of cybersecurity, the free flow of non-personal data, platform-to-business Regulation as well as the Audiovisual and Media Services Directive (AVMSD) where a revised draft JCD was submitted to the EU in June 2021. The Working Group followed closely the development of a new regulatory framework for Artificial Intelligence and a European Digital Identity, the proposed Data Governance Act, the Digital Decade Policy Programme, and the revised Directive on a high common level of cybersecurity (NIS2).

The Working Group followed up on EFTA participation in the Cybersecurity Competence Centre and Network and in formal peer reviews for the assignment of radio spectrum under the Radio Spectrum Policy Group.

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.

The Expert Group worked on the interim extension of the data exchange regime between the EU and the UK for the EFTA States during the first half of 2021 and the incorporation of the EU-UK data adequacy decision which was adopted by the Commission in June 2021. It worked to clarify the legal status in the EFTA States in the period from when the Commission adopts an adequacy decision until the date when the JCD incorporating the decision enters into force. The experts also engaged with the Commission on ongoing processes regarding future adequacy decision such as with South Korea and the US.

The Expert Group worked on the incorporation of new standard contractual clauses for the transfer of personal data between controllers and processors and for transfers to third countries.

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 Regulation on cross-border parcel delivery services which was adopted by the EEA Joint Committee on 24 September 2021. The Working Group submitted an EEA EFTA Comment on the evaluation of the third Postal Services Directive. It also followed closely the evaluations of the Postal Services Directive and Parcel Delivery Regulation which the Commission adopted in November 2021.

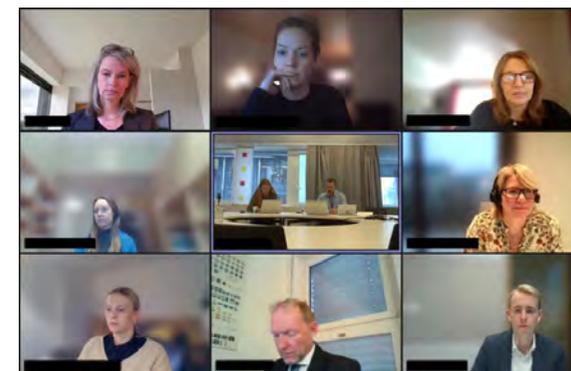
Transport

The Working Group on Transport is responsible for the legislation in all modes of transport, including road, rail, maritime, civil aviation, inland waterway transport and general transport. The relevant acts are incorporated into Annex XIII of the EEA Agreement. The Working Group met four times in 2021. 78 legal acts were incorporated into Annex XIII of the EEA Agreement, significantly reducing the number of acts outstanding in the area of transport.

General Transport

The Working Group finalised its assessment of the Regulation on electronic freight transport information. The Regulation on the European Space Programme and the European Union Agency for the Space Programme was incorporated into the EEA Agreement in October 2021 following assessments and discussions on the aspects of participation in parts of the Programme.

The Working Group discussed and initiated an assessment of the proposed revision of the Alternative Fuels Infrastructure Directive and met with the Commission which gave a presentation on the proposal. The Working Group submitted an EEA EFTA Comment on the revision of the Alternative Fuels Infrastructure Directive.



Working group on Transport.

The Working Group further followed the transport relevant initiatives published under the Green Deal and the FitFor55 Package which were processed by the Working Group on Environment and the Expert Group on Motor Vehicles, including the proposed revisions of the ETS and the revision of CO2 standards for motor vehicles.

Road

The Working Group continued to follow the discussions and negotiations on the road-related acts in the first, second and third Mobility Packages, including legislation concerning posting of drivers, minimum requirements on breaks and rest and maximum driving times, which are under assessment in the EEA EFTA States. The Working Group submitted an EEA EFTA Comment on the revision of the Eurovignette Directive, which is a part of the first Mobility Package. The Working Group met with the Commission and with the Portuguese and Slovenian presidencies of the Council to discuss the proposal and EEA EFTA Comment in relation to the ongoing trilogues.

Rail

The Working Group finalised its assessment and discussions with the EU on the 53 acts in the Recast Package and the 4th Railway Package, which were subsequently incorporated into the EEA Agreement.

Maritime

The Working Group finalised its assessment of the Regulation on the European Maritime Single Window environment and continued its preparations for the incorporation of the act into the EEA Agreement.

The EEA EFTA States and the EU continued their discussions on possible adaptations to the Ship Inspection Package, including the Regulation on common rules and standards for ship inspection and survey organisations.

The Working Group finalised its assessment and discussions on the Regulation amending the mandate for the European Maritime Safety Agency, and a draft JCD for incorporation of the act was submitted to the EU. The Working Group further finalised its assessment on the amended mandate of European Maritime Safety Agency (EMSA) related to the tripartite agreement with other EU Agencies and prepared for the incorporation of the act into the EEA Agreement.

The Working Group discussed and initiated assessment of the FuelEU Maritime Initiative and met with the Commission which gave a presentation of the proposal.

Civil Aviation

The Working Group continued its discussions with the EU on the draft Joint Committee Decision for the incorporation of the new basic Regulation for the European Aviation Safety Agency into the EEA Agreement. The Working Group finalised its assessment of a large number of secondary legislations based on the basic Regulation, and a draft JCD for the incorporation of the acts was submitted to the EU, with the aim of simultaneous incorporation.

The Working Group finalised the preparations for the EFTA Standing Committee for the designation of a Performance Review Body of the Single European Sky for the EFTA States, in agreement with the European Commission, and a Standing Committee decision was adopted and communicated to the EU.

The Working Group discussed and assessed the proposal for a Regulation on the implementation of the Single European Sky (SESII).

The Working Group discussed and initiated its assessment of the ReFuelEU Aviation Initiative, and met with the Commission which gave a presentation on the proposal.

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. It is responsible for the incorporation of relevant acts into Annexes V and VIII of the EEA Agreement. In March 2021 the Working Group met in a joint seminar with the Working Group on Health and Safety at Work and Labour Law and the EFTA Consultative Committee. Key experts of the WG participated in the Working Group meeting of WG Health and Safety at Work and Labour Law in November 2021. Both meetings were organised as videoconferences.

The Working Group continued to follow closely the establishment of the European Labour Authority and the developments and adoption of the European Social Fund Plus (ESF+). The Working Group followed closely the developments of the proposal for a Directive on Adequate Minimum Wages in the European Union.

The Working Group followed the development of key actions launched in the European Pillar of Social Rights Action Plan. Attention was also paid to restrictions on free movement introduced by the European Commission due to the COVID-19 pandemic.

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 met twice in 2021, both meetings organised as videoconferences.

The Working Group continued to follow closely the developments of the Commission proposal to revise the social security coordination rules, pending in the EU since 2016.

The Working Group followed the COVID-19-related measures in the field of social security and exchanged information on developments at national level in general and on measures taken due to the COVID-19 pandemic.

Experts from the Working Group representing Iceland, Liechtenstein and Norway participated in the ongoing negotiations between the three EEA EFTA States and the United Kingdom on social security coordination rules and reciprocal healthcare, due to the United Kingdom's withdrawal from the European Union.

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 no formal working group meetings in 2021.

In 2021 the Working Group prepared updates to Annex VII as regards evidence of formal qualifications of medical doctors in Iceland as well as incorporation of Commission Delegated Decisions concerning

evidence of formal qualifications and titles of training courses. Directive (EU) 2018/958 which obliges Member States to undertake a proportionality test when they intend to introduce a new regulated profession, was incorporated in September. Furthermore, the Working Group continued examining Commission Delegated Regulation (EU) 2019/907 establishing a common training test for ski instructors.

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 research and innovation policy and initiatives covered by Protocol 31 to the EEA Agreement – in particular the research and innovation programme Horizon Europe. The Working Group had 2 meetings in 2021.

The Working Group finalized preparations for EEA EFTA States' participation in Horizon Europe resulting in its inclusion into Protocol 31 in September 2021. Furthermore, the Working Group monitored new and existing EU policy initiatives, such as the European Research Area, Joint Undertakings, Horizon Europe Research and Innovation Missions as well as the Commission's Global Approach to Research and Innovation.

Environment

The Working Group on Environment covers legislation contained in 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 twice in 2021.

Important items in 2021 were the incorporation of the Single Use Plastics Directive (2019), the Waste Directive (2018) and the Packaging of Waste Directive (2018) and acts related to Phase IV of the EU Emissions Trading System (ETS).

The Working Group monitored the EU's progress on the European Green Deal and discussed the proposals to revise the EU's climate policy framework that were launched in the Fit-for-55 package.

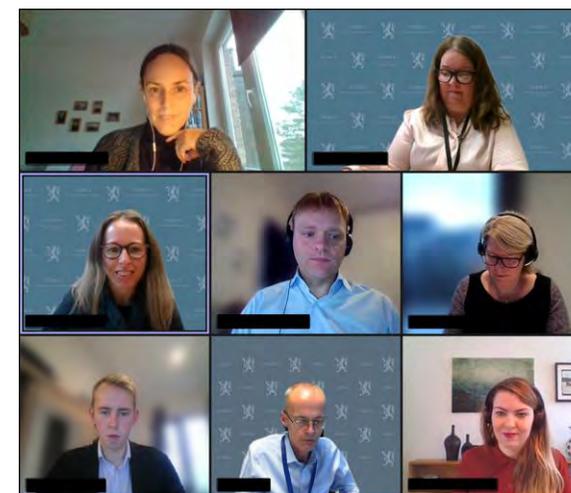
Education, Training and Youth

The policy 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 one meeting in 2021.

The Working Group finalised preparations for EEA EFTA States' participation in the Erasmus+ and European Solidarity corps programmes 2021–2027, both of which were included in Protocol 31 in September. The group was actively engaged in monitoring and assessing proposals for several new and existing policy initiatives, such as the European Education Area, EU Youth Policy, Digital Education Action Plan and European Skills Agenda.

Gender Equality, Anti-Discrimination and Family Policy

The Working Group on Gender Equality, Anti-Discrimination and Family Policy promotes rights, equality, and non-discrimination on the basis of gender, parental leave and care responsibilities, ethnicity, religion, belief, disability and sexual orientation (LGBTIQ), including the rights of children.



Working Group on Research and Innovation.

It met twice in 2021 with a particular focus on developments within the EU in the area of gender equality, anti-discrimination and the rights of children. Legislation on equal treatment between men and women is contained in Annex XVIII of the EEA Agreement.

The Working Group prepared for the incorporation of:

- > the European Accessibility Act (Directive) which lays down common accessibility requirements for certain key products and services to the benefit of persons with disabilities and elderly people as well as for businesses offering such products and services;
- > the Directive on work-life balance for parents and carers, which sets minimum standards for parental and carers' leave; and
- > the proposal from the European Commission for a Directive to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

The Working Group assessed European Commission policy initiatives, such as:

- > the possibility for a new European Disability Card.
- > EEA EFTA participation in the Citizens, Equality, Rights and Values Programme (CERV) 2021-2027. The EEA EFTA States will not take part in the CERV Programme from 2021.

Consumer Affairs

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

In the autumn of 2021, the Working Group met online with the European Commission to discuss the Proposal for a revised Consumer Credit Directive. It furthermore prepared the participation of Liechtenstein, Iceland and Norway in the consumer protection strand of the Single Market Programme for the period 2021–2027, with the exemption that only Iceland and Liechtenstein decided to participate in a sub-strand relating to inter alia the enhancement of consumer representation in financial services policy-making.

The SMP was included in Protocol 31 to the EEA Agreement in September 2021, with retrospective effect from 1 January 2021, which implied that participating EEA EFTA States were eligible for financial support in 2021.

The EEA EFTA States continued their assessment of Directive (EU) 2020/1828 on representative actions for the protection of the collective interests of consumers.

Enterprise Policy and Internal Market Affairs

The Working Group on Enterprise Policy and Internal Market Affairs has the responsibility inter alia for policies and legislation related to the Services Directive, the Internal Market Information System (IMI) and the problem-solving mechanism (SOLVIT), see Annex X to the EEA Agreement. The Joint Committee Decision incorporating the Regulation on the Single Digital Gateway into Annex X was awaiting adoption by the end of the year.

The Working Group focused inter alia on the update of the 2020 EU Industrial Strategy adopted by the European Commission in May 2021.

It coordinated the process leading to the inclusion in EEA Protocol 31 in September 2021, with retroactive effect from 1 January 2021, of the Single Market Programme (SMP) 2021–2027.

The EEA EFTA States decided to participate in the following strands under the SMP:

- > Making the internal market more effective, inter alia, in the light of the digital transformation;
- > Strengthening the competitiveness and sustainability of SMEs;
- > Supporting the development of high-quality international financial and non-financial reporting and auditing standard;
- > Promoting the interests of consumers and ensuring a high level of consumer protection and product safety (see Consumer Affairs above for more details); and
- > Developing, producing, disseminating and communicating high-quality European statistics.

The EEA EFTA States decided not to participate in the food chain strand and in the customs and tax policy strand, as the objectives of these strands fell outside the scope of the EEA Agreement.

Furthermore, it was decided not to participate in the standardisation strand of the SMP, as Iceland, Liechtenstein, Norway and Switzerland will continue to finance the European standardisation system outside the SMP, through EFTA.

Civil Protection

The Working Group on Civil Protection is responsible for monitoring the participation in EU activities in the field of civil protection, in particular as regards the Union Civil Protection Mechanism (UCPM) included in Protocol 31 to the EEA Agreement.

The Working Group prepared the participation of Iceland and Norway in the updated UCPM for the period 2021–2027. To this end, the Working Group

met online with the European Commission's DG ECHO.

The UCPM proved a useful tool during the COVID-19 pandemic. Based inter alia on experience drawn, preparations were undertaken to better face future crises by the European Commission together with the countries participating in the UCPM. Further work on building more capacities coupled with important steps forward on prevention would lead to an increased level of preparedness at European and national level.

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 is responsible for monitoring and incorporating acts in this field. The WG met twice in 2021, in a joint seminar with the Working Group on Free Movement of Persons, Employment and Social Policy and the EFTA Consultative Committee in March 2021 and in a WG meeting in November 2021.

The WG is assessing the proposal for a Directive on Adequate Minimum Wages in the European Union, launched by the European Commission in October 2020. The WG follow the ongoing discussions both at national and at European level closely.

Progress was made on the Regulation on establishing a European Labour Authority (ELA). The Working Group continued to follow closely the establishment of the Authority.

Progress was also made on the Directive on transparent and predictable working conditions, on the Regulation establishing EU-OSHA and on the implementation of the revised Posting of Workers Directive.

EEA EFTA Comments in 2021

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 2021, eight EEA EFTA Comments were sent to the Commission, the European Parliament, and the Council on the following issues:

- > The evaluation of the Postal Services Directive
- > The review of the Construction Products Regulation
- > The Farm to Fork Strategy for a fair, healthy and environment-friendly food system
- > The revision of the Eurovignette Directive
- > The proposal for a Digital Services Act
- > The proposal for a Digital Markets Act
- > The proposal for a regulation on the deployment of alternative fuels infrastructure
- > The proposal for new strengthened CO2 emission reduction targets for new passenger cars and vans

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

The Working Group discussed COVID-19-related measures in the field of health and safety at work and the delegations exchanged information on national measures taken due to the COVID-19 pandemic.

Finally, the Working Group followed the development of key actions set out in the European Pillar of Social Rights Action Plan.

Public Health

The Working Group on Public Health met once in 2021 in a joint meeting with the Expert Group on Medicinal Products and Medical Devices. The Working Group met with the Portuguese Presidency of the Council of the European Union for a presentation on the European Health Union initiative.

The Working Group assessed, processed, and contributed actively to the urgent incorporation into the EEA Agreement of the Regulation on the EU Digital COVID Certificate. It was ensured that the Regulation entered into force simultaneously throughout the EEA on 1 July 2021. Following the adoption and incorporation of the EU Digital COVID Certificate the Working Group has assessed and processed several Commission implementing decisions establishing equivalence of issuance of COVID certificates from third countries.

Following the launch of the European Health Union the WG started assessing the Commission proposals for a regulation on serious cross-border threats to health and the proposal to extend the mandate of the European Centre for Disease Prevention and Control (ECDC).

Close attention has been paid to the discussions on the EU4Health Programme and Europe's Beating Cancer Plan. The Working Group followed the Commission initiative for revised rules on blood, tissues and cells for medical treatment and therapies and the development of the proposal for a regulation

on the assessment of the Health Technology Assessment – HTA.

The Working Group started assessing the European Health Emergency preparedness and Response Authority, the HERA package, accompanied by a proposal for a regulation on a framework of measures for ensuring the supply of crises-relevant medical countermeasures in the event of a public health emergency at Union level.

Due to the pandemic the Working Group has assessed and discussed a number of contingency measures, guidelines and recommendations launched by the European Commission in response to the COVID-19 pandemic.

Cultural Affairs

The Working Group on Cultural Affairs has as its key priority to ensure participation of all three EEA EFTA States in the Creative Europe Programme in the period 2021–2027. The Programme Regulation was incorporated into the EEA Agreement in September 2021.

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 and Protocol 32 to the EEA Agreement. The Working Group also plays a coordinating role when it comes to the assessment of the programme portfolio in the EU's Multiannual Financial Framework.

In 2021 the Working Group finalised practical arrangements for the EEA EFTA States' participation in EU programmes in the period 2021–2027. Amendments were made to Protocol 32 with the aim of paving the way for EEA EFTA financial contribution to 12 new programmes.



Working group on Health.

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. The EEA EFTA States' financial commitments to EU operational costs in 2021 were EUR 599.2 million; a significant increase from EUR 491.9 million in 2020. This is mostly due to overall budget increases in EU programmes as compared with the 2014–2021 programming period, e.g. for research and innovation as well as education, training and youth.

The EEA EFTA net payment in 2021 amounted to EUR 394.7 million; a decrease from 429.3 million in 2020. This is largely explained by the fact that payments are usually lower in the first years of new programme implementation, particularly the research and innovation Programme Horizon Europe.

The EEA EFTA States also contribute to the administrative costs of the European Commission, an essential part of which is the contribution in kind of seconded national experts. Twenty-seven EEA EFTA national experts were seconded in 2021 to the various directorates within the Commission dealing with EEA-relevant programmes and activities.

Cooperation in Statistics

The EFTA Statistical Office (ESO) in Luxembourg is a central bridging body between the EFTA National Statistical Institutes (NSIs) and Eurostat. Cooperation between the EFTA NSIs, Eurostat and ESO, particularly in the context of the EEA Agreement, and technical cooperation with third countries remain the two core areas of ESO's activities.

In the context of the EEA Agreement, monitoring new EU legislation in the field of statistics, assisting NSIs in assessing the EEA relevance of new legal acts and incorporating these into the EEA Agreement are important priorities for ESO.

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

Sectors of activity	2020	2021
Research	278 284	232 787
Education, training and youth	76 162	68 652
Transport	42 067	45 466
Audiovisual sector	5 717	6 585
Public health	5 680	7 118
Information services	3 295	7 930
Social policy and employment	3 105	3 126
Product requirements (chemicals, food, medicines)	2 745	6 450
Statistics	2 158	1 654
Civil protection	6 290	9 479
Environment	1 022	1 276
Consumer protection	775	512
Enterprise, innovation, SMEs	1 615	3 390
Culture		
Energy	399	324
Total EEA EFTA contribution	429 314	394 749

Furthermore, ESO works closely with Eurostat on the development of the EEA Annual Statistical Work Programme and monitors the inclusion of EFTA data in Eurostat publications. As part of its cooperation with Eurostat and the EFTA NSIs, ESO co-organises courses for statisticians in the framework of the European Statistical Training Programme (ESTP) 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.

The COVID-19 pandemic continued to have an impact on activities in the European Statistical System (ESS) also during 2021. However, the situation has also forced many NSIs to implement innovations, for example in data collection, in production of statistics or in gaining access to additional data sources for producing statistics. For ESO, training courses and technical cooperation activities have been organised online during 2021. However, ESO plans to resume the technical cooperation in physical format and several activities are planned for 2022. Future training courses provided by ESO will likely be a combination of physical and online courses.

Legal and Institutional Developments

The initial priorities in 2021 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, by providing assistance to the EEA EFTA NSIs in the assessment of new legal acts, and by ensuring the timely incorporation of these acts into the EEA Agreement.
- > Assisting the EFTA NSIs in implementing the ESP by developing the 2021 EEA Annual Statistical Work Programme based on the European Statistical Programme (ESP), in close cooperation with Eurostat.

- > Assisting the EEA EFTA NSIs in incorporating and in reducing the number of pending acts at expert level.
- > Intensifying wherever possible its liaison activities with Eurostat in order to raise awareness about the EEA Agreement and the EFTA States' participation in the ESS.

Only five new acts were incorporated into Annex XXI of the EEA Agreement in the course of 2021. 45 acts were pending at expert level or with Subcommittee IV at the end of the year. One important reason for this is that experts in the EEA EFTA NSIs analyse the framework regulations on business statistics (Regulation (EU) 2019/2152) and social statistics (Regulation (EU) 2019/1700) together with the associated implementing and delegated acts. Institutional reorganisation, which is linked to defining responsibility for producing certain statistics, could also play a role. However, the assessment of some legal acts are in some cases also delayed. ESO provided support to the outstanding assessment of the framework regulations. In 2021 several implementing acts related to the framework regulations on business statistics and social statistics pending incorporation into the EEA Agreement, were adopted by the EU. These acts further define the framework for business and social statistics.

The regulation for the Single Market Programme 2021-2027, which includes also the European Statistical Programme, was adopted in 2021. In this regard, protocol 30, which defines the statistical cooperation for the same period, was amended in the EEA Agreement.

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;
- > Working closely with Eurostat management and staff on a day-to-day basis;
- > 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); and
- > Contributing substantially to the European Statistical Training Programme (ESTP).

Production and Dissemination of EFTA Statistics

Protocol 30 to the EEA Agreement and the Swiss–EU Statistical Agreement provide for statistical information from all EFTA States to be transmitted to Eurostat for storage, processing and dissemination. In dialogue with the EFTA NSIs and Eurostat, ESO continues to strive for the regular and complete inclusion of EFTA data in Eurostat databases and publications. ESO presents the results of the inclusion monitoring in an annual report to the EFTA NSIs and to Eurostat's top management. Several changes to the methodology and format of the inclusion report have been made in recent years, and ESO seeks to introduce further improvements in order to keep pace with Eurostat's evolving dissemination policy.

EFTA Participation in Eurostat Working Groups and Committees

Every year, Eurostat organises over 100 meetings to prepare and implement new legislation, exchange and develop methodologies and follow up on data collection. Statisticians from the EFTA States participate actively in the relevant meetings on an equal footing with their counterparts from the EU Member States. Due to the ongoing global pandemic, all meetings of working groups, task forces and expert groups organised by Eurostat in 2021 were conducted in an online format. Thanks to this adaptation, most meetings could go ahead as planned. In 2021, over 150 meetings were organised, around 95% of which were attended by at least one EFTA NSI.

Statistical Assistance and Cooperation with Third Countries

EFTA works closely with Eurostat and other international partners on statistical assistance projects in third countries. In 2020, this cooperation was based on the Administrative Arrangement (AA) between the two institutions, covering the years 2020–2022 which entered into force on 1 January 2020.

Similar to the situation in 2020, statistical technical cooperation with third countries outside the ESS was still severely impacted in 2021 due to the COVID-19 crisis. Travelling was mostly not possible and gatherings with more than a few people difficult if not impossible to organise in many countries. However, ESO together with its partners like Eurostat, and especially in the current situation, the United Nations Economic Commission for Europe (UNECE) managed to convert several activities planned as physical meetings in 2021 into virtual online events or even to create new online formats.

In the field of statistical assistance and cooperation with third countries, priority is generally given to the countries in the East European, Caucasus and Central Asian (EECCA) region, which includes the countries of the European Neighbourhood Policy (ENP) East. This strategy follows mostly the one chosen by the European Commission. However, the countries covered by ENP South (countries in North Africa and the Near East), and the EU enlargement countries, are included as well. 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 2021 were:

- > The second mission of the Global Assessment of the statistical system in Kyrgyzstan, in cooperation with Eurostat and UNECE was held in February 2021; EFTA provided expertise from ESO and from the EFTA NSIs. The Global Assessment report was delivered and published. A peer review to the Palestinian Statistical Office (PCBS), as well as a requested IT-sector review in the statistical office of Namibia had again to be postponed to 2022 due to COVID-19 measures.
- > At special request of Eurostat and the Palestinian Statistical Office (PCBS), ESO together with experts from Statistics Iceland and Statistics Norway has conducted a sector review on ICT statistics in Palestine on 10. – 11. May 2021. The respective report has been delivered and published.
- > The High-Level Seminar (HLS) on Statistical Cooperation with EECCA countries was jointly hosted online by EFTA, Eurostat and UNECE in September 2021. EFTA provided the online platform, interpretation, expertise from ESO and general logistical support.

- > ESO supported financially and co-organised with Eurostat, UNECE and the United Nations Statistics Division (UNSD) the national accounts expert meeting (May 2021) and the national accounts workshop for EECCA countries (March 2021).
- > ESO provided funding for participation of Ukraine to the UN World Data Forum, hosted and co-organised by the Swiss Statistical Office in October 2021
- > ESO supported financially the UNECE publication “Guidelines for assessing the quality of administrative sources for use in censuses” and co-organised the online census expert meeting.
- > ESO supported and co-organised with UNECE the expert meeting on the modernisation of statistical legislation in November 2021.
- > ESO organised together with Statistics Iceland, Statistics Norway and UNECE three statistical training courses on different topics (“Data validation with R”; “Introduction to GIS” and “Climate change related statistics”).
- > Several statistical training courses were organised as webinars. ESO together with UNECE organised a series of webinars (“Coffee Talks”) during 2021 (“Using global grids in GIS”; “GIS and statistical standards”; “New opportunities for GIS using discrete global grid system”, etc.).
- > A counter visit of the Serbian Statistical Office to Statistics Norway on Health Accounts had to be postponed to 2022.

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.

Due to the ongoing COVID-19 situation, the organisation of ESTP courses had to be more flexible than in the past. EFTA financed 5 ESTP courses in 2021: Statistics Iceland conducted an online course introducing R and the Generic Statistical Business Process Model (GSBPM). Statistics Norway conducted an online course on business intelligence in public statistics, and two online courses on geospatial information systems (GIS), one of which had been postponed from 2020, and one of which was converted from an in-person course. Finally, the Swiss Federal Statistical Office (FSO) conducted an online course on advanced methods for sample surveys, converted from an in-person course. FSO's other course on statistical indicators was cancelled due to lack of applications.

EFTA National Experts Seconded to Eurostat

The secondment of national experts (SNEs) to Eurostat ensures the continued visibility of EFTA and the EFTA NSIs in EFTA–EU general statistical cooperation and in joint projects. In 2021, 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 through the Administrative Arrangement.

Two Norwegian experts seconded under the EEA Agreement left Eurostat in February and April, and with the vacancy left over from November 2020, there were three vacancies for SNEs to Eurostat. These vacancies were filled by Norwegian experts in July, September and October.



ESO published a [30th anniversary publication](#) on the statistical cooperation.



EEA and Norway Grants

Reducing Disparities and Strengthening Bilateral Relations

The EEA and Norway Grants are funded by Iceland, Liechtenstein and Norway. The main goal of the Grants is to reduce economic and social disparities in the EU and strengthen bilateral relations between the donor states and 15 beneficiary states 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 directly linked to the EEA Agreement.

Working together for a green, competitive and inclusive Europe

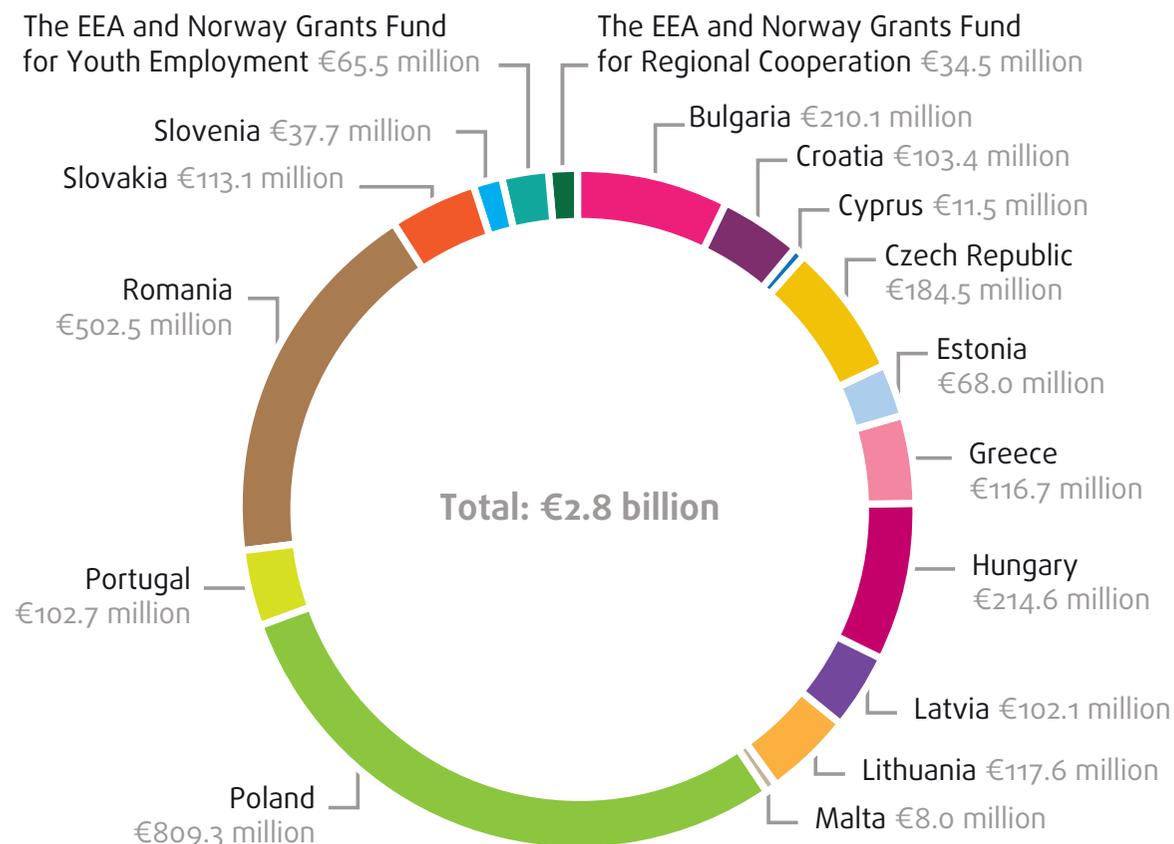
For the funding period 2014–2021, Iceland, Liechtenstein, and Norway will contribute with a total amount of €2.8 billion. Five priority sectors have been agreed upon between the donor states and the EU to help build a greener, more competitive and inclusive Europe. The different priority sectors aim to respond to the shared challenges Europe is facing:

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

There are currently 97 programmes and two Regional Funds formally agreed between the donor and beneficiary states. These programmes support areas that cover civil society, innovation and green business, research, scholarships, green energy, adaptation to climate change, the rule of law, strengthened asylum and migration systems, youth unemployment, social inclusion, cultural heritage, and bilateral and regional cooperation.

More details on the programme areas eligible for support can be found in the [EEA and Norway Grants Blue Book](#).

Fig. 7 – EEA and Norway Grants 2014–2021



2021: A snapshot of results and achievements

COVID-19 defined the year 2021, taking its human and socio-economic toll to a new level. The health crisis had unprecedented effects on our lives, societies, and how we work together and collaborate across countries. Both donor states and beneficiary states had to quickly adapt to the changes and overcome unforeseen obstacles in their work with the Grants, such as lockdowns, curfews, quarantine and closure of borders.

In 2021, and despite the challenges posed by the COVID-19 pandemic, the current funding period is now entirely in implementation.

In December 2020, the three donor states signed cooperation agreements with Hungary. These became the final agreements signed in the 2014-2021 funding period. The agreements with Hungary contain a clause stating that no programmes could be approved until an independent Fund Operator for civil society funding had been appointed. The donor states, Iceland, Liechtenstein and Norway, did not reach an agreement by the agreed deadline of 21 July 2021. Consequently, no programmes will be implemented under the EEA and Norway Grants during the current funding period.

Programme agreements in all other beneficiary states have been signed. This brought the total number of programmes in the beneficiary states to 97. Since the beginning of this funding period, programme and fund operators successfully launched 412 calls and signed 3 414 new projects under the EEA and Norway Grants.

By the end of June 2021, the EEA and Norway Grants had supported over 1 000 civil society organisations through funding. This led, among other things, to nearly 590 000 people actively engaging in civil society

activities, such as standing up for human rights, democracy, social justice and gender equality.

Well-functioning healthcare systems are fundamental for maintaining healthy populations and essential for economic productivity and social development. To that end, funding from the EEA and Norway Grants helped over 34 700 people benefit from social and health services (such as medical services, legal advice and counselling, informal education, helplines, shelters, etc.).

Supporting businesses and investing in education is essential for ensuring social inclusion and strengthening Europe's competitiveness in an increasingly globalised world. By the end of June 2021, over 9 800 professional staff had been trained through the Grants, 700 jobs had been created, and over 400 SMEs had received support from the Grants, to name a few results.

Preserving cultural heritage is key to Europe's future. The EEA and Norway Grants help make culture more accessible and contribute to local jobs, skills development, and resilience in local communities. To date and pre-COVID-19, over 45 000 people have visited cultural heritage sites supported by the Grants in the beneficiary states.

Finally, the EEA and Norway Grants aim to impact both socially and economically and strengthen cooperation between the donor and beneficiary states. Bilateral involvement in programmes and projects help contribute to awareness raising, changes in attitudes and the development of trust between cooperating organisations across borders. By the end of 2021, over 1 200 projects involved a partner from the donor states. Cooperation under the Grants helps lay the foundation for further collaboration, with many partners planning to develop future projects together.



Meet Alia Issa, born in Greece to a family of refugees from Syria. She was diagnosed with cerebral palsy soon after birth. In August 2021, Alia became the first-ever female competitor of the Refugee Paralympic Team. This was made possible by RePower – a project funded by the EEA Grants.

Read more about her inspiring journey from Athens to the Tokyo 2020 Paralympic Games on <https://eeagrants.org/news/athens-tokyo-alias-repowering-journey-paralympics>

Photo credit: Eleni Zacharopoulou

Planned Results

By focusing on people and societies, fostering sustainable economic growth and encouraging cooperation and partnerships across sectors and countries, the EEA and Norway Grants are building the foundation for a greener, more competitive and inclusive Europe.

By the end of the current funding period, Iceland, Liechtenstein and Norway aim to have created more than 6 800 jobs, supported over 2 200 researchers and reduced the annual CO2 emissions by 1 490 000 tonnes (equivalent to emissions from approximately 850 000 cars).

Combating regional and social disparities and strengthening bilateral relations between the donor and beneficiary states is at the heart of the EEA and Norway Grants and is now more important than ever.

Learn more about our programmes and goals on eeagrants.org.

The EEA and Norway Grants: Working together to reduce social and economic disparities in Europe and strengthen cooperation between European countries

15

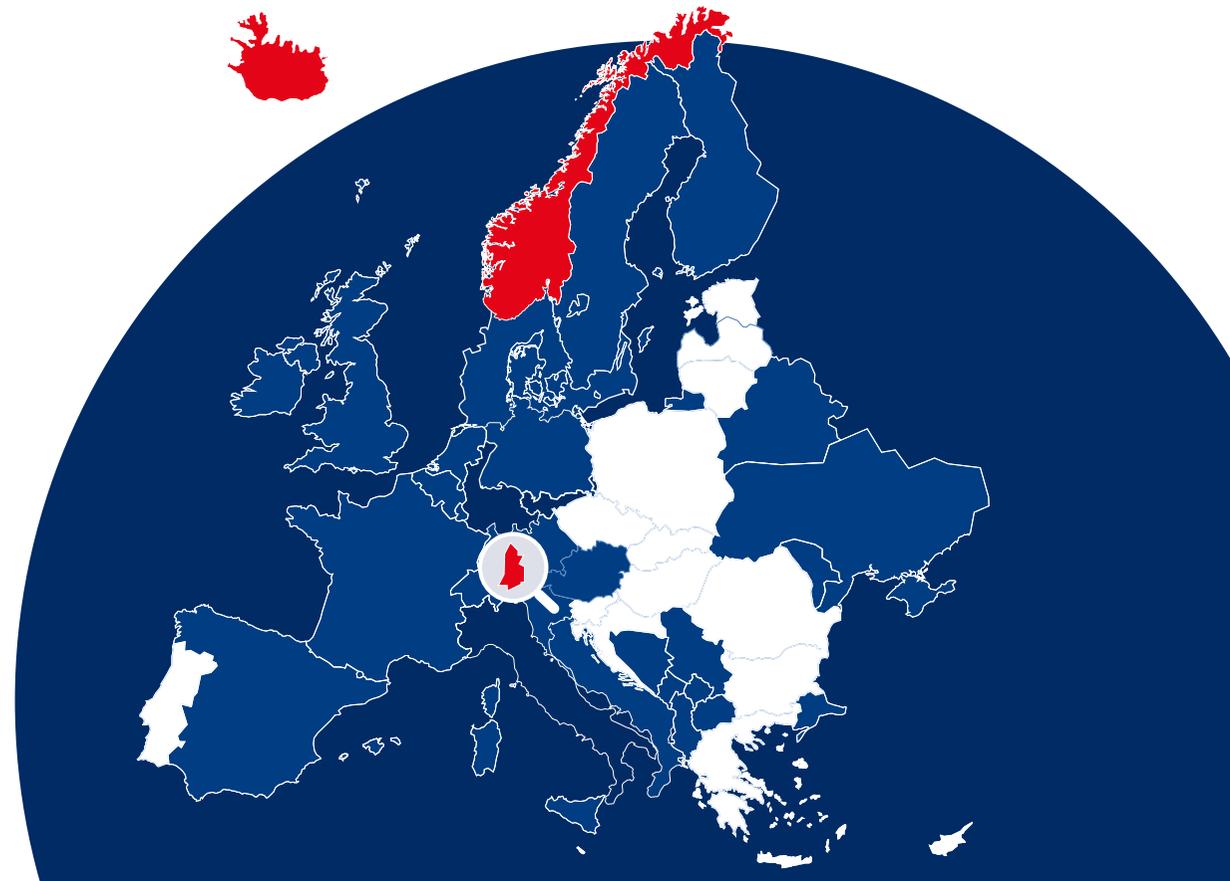
beneficiary
countries

3

donor
countries

2.8

billion
euro



Advisory Bodies

EFTA has two advisory bodies (ABs). The EFTA Parliamentary Committee (EFTA PC) is composed of parliamentarians from the parliaments of the four Member States, while the EFTA Consultative Committee (EFTA CC) consists of representatives from trade union confederations and employers' organisations.

The two advisory bodies scrutinise EFTA's trade relations with third countries as well as relations with the EU through the EEA Agreement. They issue opinions to the EFTA decision-making bodies and meet regularly with the EFTA Ministers. The scrutiny of the EEA cooperation is also done in joint bodies with their counterparts in the EU. The EEA Joint Parliamentary Committee (EEA JPC) is composed of Members of the European Parliament (MEPs) and parliamentarians from the EEA EFTA States while the EEA Consultative Committee (EEA CC) is composed of representatives from the EFTA CC and the European Economic and Social Committee (EESC).



EFTA Parliamentary Committee, chaired by Günter Vogt, meeting the Marshall of the Senate of Poland, Tomasz Grodzki.

Dialogue between the Advisory Bodies and the EFTA Ministers

The pandemic left its mark on the work of the EFTA advisory bodies in 2021 as the EFTA Parliamentary and Consultative Committees held online meetings, hybrid meetings and one physical meeting with EFTA Ministers to discuss third-country relations and EEA affairs.

In late May, the advisory bodies met virtually with the EFTA Council at ministerial level on the margins of the EFTA Ministerial meeting. They discussed pressing issues relating to the EFTA free trade agenda such as sustainability in EFTA free trade agreements, transparency of EFTA free trade processes, relations with global actors and the UK.

In November on the margins of the EEA Council meeting, the advisory bodies met with the EFTA Ministerial Chair of the EFTA Council, Guðlaugur Þór Þórðarson Icelandic Minister for Foreign Affairs, in a hybrid setting. The discussions centred around the future priorities of the Icelandic Ministerial Chair including EFTA's trade strategy with South-Eastern Asian countries, horizontal issues, such as trade and sustainable development and transparency measures.



EFTA Parliamentary Committee and the EFTA Consultative Committee meeting Guðlaugur Þór Þórðarson, Ministerial Chair of the EFTA Council on 23 November.

They also had an opportunity to review EFTA's relationships with trading partners.

They also met with the EEA EFTA Ministerial Chair of the Standing Committee (Norwegian Foreign Minister Anniken Huitfeldt), on the margins of the biannual EEA Council in late November. There they emphasised many important EEA-related topics such as the green policies of the EU, the digital transition, and cooperation with the EU throughout the COVID-19 pandemic.

The EFTA Parliamentary Committee

The Committee of Members of Parliament of the EFTA Countries (CMP – EFTA-4) was chaired by Mr Eric Nussbaumer, Member of the Swiss Parliament. The Committee of Members of Parliament of the EFTA States (MPS – EFTA-3) was chaired by Mr Günter Vogt, Member of the Liechtenstein Parliament.

Third-Country Relations/Trade

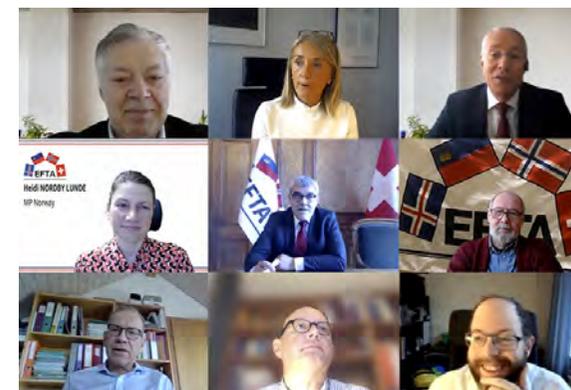
The Committee convened online on 4 and 5 February for their annual trade seminar. EFTA parliamentarians discussed the EU trade policy agenda with Mr Valdis Dombrovskis, Executive Vice-President of the European Commission and Commissioner for trade, with Ms Samira Rafaela, Member of the International Trade Committee (INTA) in the European Parliament and with Mr Fabian Zuleeg from the European Policy Centre (EPC). Additional sessions focussed on the recently concluded Trade and Cooperation Agreement (TCA) between the EU and the UK and the EU-China Comprehensive Agreement on Investment (CAI). Finally, the members of the EFTA PC held an exchange of views with Mr Dagfinn Sørli, Norwegian Ambassador to the WTO and EFTA about the Norwegian priorities of the EFTA Council for the first half of the year.



Parliamentary Committee meeting, in March.



Parliamentary Committee trade seminar, in February (above and below).



The EFTA PC met for the second time on 30-31 March 2021 to discuss the European Green Deal with Frans Timmermans, Executive Vice-President of the European Commission and Commissioner for Climate Action and with Ms Jytte Guteland, the European Parliament's rapporteur on the European Climate Law. They further discussed enforcement of trade agreements with Denis Redonnet, the EU Chief Trade Enforcement Officer, and with two members of the International Trade Committee (INTA) in the European Parliament. EFTA third-country relations were also on the agenda of the parliamentarians: the outcome of the Swiss referendum on the ratification of the EFTA–Indonesia free trade agreement, and sustainability impact assessment in EFTA free trade agreements were thoroughly discussed.

End of May, on the margins of the EFTA Ministerial meeting, the EFTA PC discussed the protection of intellectual property rights over plants and seeds in EFTA free trade agreements. The Committee subsequently adopted an opinion on the matter that was addressed to the EFTA Ministers.

Late June, the EFTA PC was briefed by the Secretariat about the ongoing project of setting up a monitoring mechanism of the trade and sustainability provisions in EFTA free trade agreements. The role of the ABs in this mechanism was at the centre of the discussions.

In November, on the margins of the EEA Council, the EFTA PC discussed trade relations with South-Eastern Asian countries. The Secretariat briefed the members on the EEA EFTA Comments on the Digital Services Act (DSA) and on the Digital Markets Act (DMA). The Committee also discussed recent political developments in their countries following the parliamentary elections in Norway and Iceland.

Joint Meetings with the European Parliament – EEA cooperation

The first meeting of the EEA Joint Parliamentary Committee (EEA JPC) was held online on 28 April 2021. The members of the EEA JPC discussed the latest EEA developments with representatives of the EEA governing bodies. They adopted a resolution on the functioning of the EEA Agreement in 2020. They discussed Internal Market/EEA cooperation during the COVID-19 pandemic as well as relations with the UK. The meeting was chaired by Andreas Schwab, MEP, Vice-President of the EEA JPC.

The second meeting of the EEA JPC took place on 25 August 2021 in Reykjavik, Iceland. The members of the EEA JPC discussed the latest EEA developments, including the participation of EEA EFTA States in EU framework programmes and the EEA and Norway Grants. The Committee also discussed new proposals in the fields of the digital and green transitions: The Digital Services Act (DSA), the Digital Markets Act (DMA), and the European Carbon Border Adjustment Mechanism (CBAM). The Arctic cooperation, relations with the UK and Swiss–EU relations were also on the agenda. The meeting was co-chaired by Mr Günter Vogt (the Liechtenstein Parliament), President of the EEA JPC, and by Christel Schaldemose, MEP, representing the Vice President of the EEA JPC.

In addition to the biannual meetings of the EEA JPC, the Committee of Members of Parliament of the EFTA States undertook a delegation visit to Poland on 25 and 26 November 2021. The aim of such a visit was to better understand the political landscape in which the EEA and Norway Grants cooperation was taking place in Poland. The Committee re-affirmed its firm commitment to European values and the rule of law ahead of the upcoming negotiations between the EEA EFTA States and the EU on a fourth financing period.



EEA Joint Parliamentary Committee, in April.



EEA Joint Parliamentary Committee in Reykjavik, in August.



Former Chairs of the PC, Smári McCarthy and Svein Roald Hansen, left the committee at the JPC in Reykjavik in August.

The EFTA Consultative Committee

Mr Reto Wyss (from the Swiss employees' organisation SGB) was Chair of the Committee throughout 2021.

The main issues on the agenda of the EFTA CC in 2021 were:

- > Trade and sustainable development, including a new monitoring mechanism; and process and production methods (PPMs);
- > Transparency in trade negotiations; and
- > European Union proposals on the green and digital transition and social policy.

Under the chairmanship of Reto Wyss, the EFTA CC held a wide range of meetings throughout the year, both virtual and physical. When discussing EEA-related topics, the Committee was chaired by Brigitte Haas from Liechtenstein.

In March they discussed with the EFTA Standing Committee EEA-related issues and the relevant EFTA Working Groups on social policy. In the meeting with the Standing Committee they discussed green policies, Brexit, and social and labour-market related issues with the ambassadors of the EEA EFTA States.

The Committee also held two internal meetings virtually in the autumn. In September the EFTA CC discussed a new monitoring mechanism for trade and sustainable development provisions in EFTA free trade agreements. A role for the EFTA CC was foreseen. They used the occasion to hear about the European Commission's experience of sustainability impact assessments (SIAs) of free trade agreements which the EFTA States were considering.

In October the Committee reconvened in a virtual setting to discuss the European Commission's proposal for a carbon border adjustment mechanism (CBAM) with representatives of industry and civil society organisations. At the same meeting they also listened to an intervention by an academic on process and production methods (PPM) and their relation to sustainable trade within the context of EFTA free trade agreements.

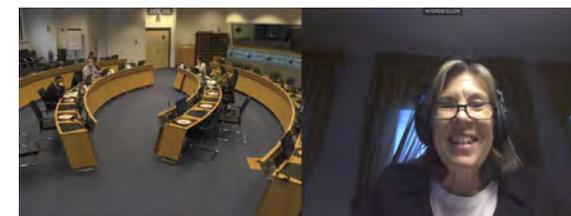
Finally, in November, the EFTA CC held its last meeting of the year. It adopted its work programme for 2022 and elected its next chair and bureau members. At the same occasion they held a session on trade in services in the EFTA context and reviewed the state of play of the economy amid the COVID-19 economic crisis.

Throughout the year the EFTA CC attended virtual meetings of the EFTA PC as observers, including the meeting of the EEA JPC. The Committee played an increasingly active part in monitoring of TSD provisions of EFTA trade agreements through a monitoring mechanism that was ready for use at the end of 2021.

Joint Work with the EU

The EEA Consultative Committee is composed of members of the EFTA CC from Iceland, Liechtenstein and Norway and members from the European Economic and Social Committee (EESC). The Committee meets once a year.

The EEA Consultative Committee took place on 14 December 2021 via videoconference. Members of the EFTA CC and the EESC were informed about the European Commission's policies to implement the European Pillar of Social Rights and new



EEA Consultative Committee, in December.



developments in the field of social policy. They also discussed a global tax framework that established a minimum tax for digital companies and the new Arctic Policy of the European Union.

The EEA CC also adopted a report and resolutions on:

- > The European Commission's Action Plan to Implement the Pillar of Social Rights; and
- > Global Agreement on Minimum Effective Taxation and its implementation in the EEA.

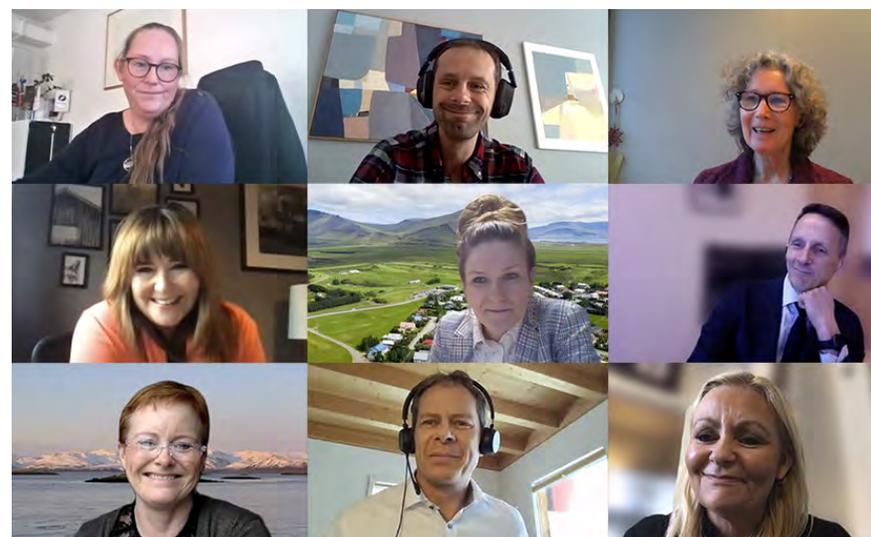
The EEA EFTA Forum

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 Ivar B. Prestbakmo (Norway) chaired the Forum in 2021.

Under normal circumstances the EEA EFTA Forum organises two plenary meetings every year but due to COVID-19, the Forum held one meeting in January 2021 via videoconference. At their meeting they discussed the European Green Deal, highlighting especially the importance of the EU's work on a circular economy. The EEA EFTA Forum also adopted an opinion on the European Commission's proposal on the adequate minimum wages and discussed the proposal at their meeting.



Consultative Committee meeting with the Standing Committee, in March.



EEA EFTA Forum, in January.

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 when the COVID-19 pandemic allows.



First ministerial visit in the new EFTA House in Brussels, on 16 June, from left: ESA President Bente Angell-Hansen; EFTA Deputy Secretary-General Andri Lúthersson; Foreign Minister Guðlaugur Þór Þórðarson; EFTA Head of Communications Thorfinnur Omarsson; Prime Minister Katrín Jakobsdóttir; FMO Deputy Managing Director Árni Páll Árnason; Ambassador Kristján Andri Stefánsson.

Website, Newsletter and Social Media

EFTA's website contains news and general information on EFTA's work, 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. 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). There is also a section with activities and reports by the EFTA Statistical Office in Luxembourg, as well as a Newsroom, which includes high level communiqués, a news archive, photo galleries, EFTA logos, and the EFTA Newsletter.

The website is also a gateway to EFTA's social media channels, including the YouTube channel, that stores more and more interactive material and videos. Video interviews have also been added to a series of news stories, sometimes by embedding from social media channels, such as Twitter.

In 2021, approximately 2 000 active users on average 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.

The EEA Webtool is one of the most visited sections of the EFTA website. The tool is an interactive, user friendly tutorial, which provides a visual presentation of the legislative process behind the EEA Agreement. Next to the webtool there is an animated video showing how EU law becomes EEA law.

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 social media channels grew 50 to 70% in 2021. This has allowed us to publish photos and videos as well as live stories, in order to attract a broader audience. Facebook and Twitter are the most effective platforms for core audiences and Instagram is growing. LinkedIn has also been used, not only to publish current vacancies, but also to promote the work of EFTA, and Instagram is also a rapidly growing platform.

Seminars

EFTA held several seminars and conferences in 2021, including two Introductory seminars on the EEA Agreement, that enjoyed a record-breaking 300+ participation each. The first EEA seminar was held on 9 February. Due to Covid-19 restrictions, the seminar was fully online, but still allowed for interactive participation from online viewers. On 14 September, the EFTA Secretariat held the first official event in the new EFTA House in Brussels. As with the previous EEA seminars, COVID-19 still posed some challenges, resulting in a hybrid event with a limited number of in-house participants, but around 250 online viewers.

Both EEA seminars included presentations by the EFTA Secretariat, the EFTA Surveillance Authority, the EFTA Court, and the Financial Mechanism Office (EEA & Norway Grants), as well as interactions by the Chair of the EFTA Standing Committee and the European External Action Service. In addition, at the September seminar, special attention was given to a) the EU Digital Agenda, b) EEA EFTA States' participation in EU programmes, c) EFTA advisory bodies and d) EFTA statistical cooperation with Eurostat for 30 years.



EEA Seminar, online version, in February.



Ambassador Rolf Einar Fife at the EEA Seminar in September.



Hege Marie Hoff, at the EEA Seminar in September.



EEA Seminar host Thorfinnur Omarsson and final speaker Tore Myhre of the Confederation of Norwegian Enterprise.

EFTA House – Logo and branding

In 2021, EFTA moved into a new office building in Brussels, together with two sister organisations, the EFTA Surveillance Authority (ESA), and the Financial Mechanism Office (FMO, which manages the EEA & Norway Grants). It was decided to name the new seven-storey building EFTA House.

In order to brand the building as a landmark in the European quarter, a logo competition was launched for young designer professionals from the EFTA Member States.

After receiving 25 eligible proposals, the Steering Committee of the new building unanimously selected a logo from Daniel Gassner from Liechtenstein, a graduate in marketing from the University of Innsbruck. He will receive a prize of EUR 1 000 and a VIP trip to Brussels once EFTA House formally opens (date not set, due to COVID-restrictions).

In his proposal, Daniel Gassner uses blue tones “because blue stands for trust and loyalty. Moreover, the colour represents honesty, reliability, and responsibility,” as described in the winning proposal. With these shades as a starting point, Gassner developed the following rationale for the logo:

“EFTA, ESA, and FMO are represented by the illustration of three separate blue houses. The overlapping area in the logo illustrates the organisations coming together in one place. Furthermore, the resulting darker area in the centre may also show synergies arising from this collaboration and exchange of knowledge.”

The three organisations have quite different visual identities, which will all remain so for their individual purposes. Daniel Gassner says he experimented with different colours and shapes in the challenging creation of one unified logo for EFTA House.

“It really means a lot to me that my logo was chosen for EFTA House. I am extremely happy to contribute a small part to this new building which has great potential,” Daniel Gassner said.

Publications

Whilst the focus is 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.

There is high demand for the EFTA Secretariat's Bulletin with legal notes on the two-pillar structure and on adaptation texts. The purpose is to share this knowledge more widely, so that colleagues in public administration or EU institutions, EEA law practitioners and academia have an accessible reference text. You can find the publication here: [EFTA Bulletin - Legal Notes by the EFTA Secretariat on the EEA Agreement.](#)



EFTA HOUSE



EFTA, ESA and FMO are represented by the illustration of three separate blue houses. The overlapping area in the logo illustrates the organisations coming together in one place. Furthermore, the resulting darker area in the centre may also show synergies arising from this collaboration and exchange of knowledge.



EFTA staff seminar in Geneva on 7 September.

The Secretariat

The EFTA Secretariat has three duty stations, Geneva, Brussels and Luxembourg, reflecting the division of EFTA's activities. The headquarters in Geneva deals with the management and negotiation of free trade agreements with non-EU countries, and provides support to the EFTA Council. In Brussels, the Secretariat supports the management of the EEA Agreement and assists the Member States in the preparation of new legislation for integration into the EEA Agreement. The EFTA Statistical Office in Luxembourg contributes to the development of a broad and integrated European Statistical System.

The EFTA Secretariat is a place of equality and mutual respect among employees, who shall be treated fairly and enjoy equal opportunities. The Secretariat has a Gender Equality Policy, which aims to ensure equal conditions and opportunities for employees at the Secretariat. See the paper [here](#).

The EFTA Secretariat, and its two sister organisations, the EFTA Surveillance Authority (ESA) and the Financial Mechanism Office (FMO), moved into EFTA House in spring 2021. That successfully concluded the relocation project, which started in 2018 when the Member States approved the proposed plans.

EFTA House has a surface of 9 186 sqm spread over ten floors. Seven floors are dedicated office space with common areas, and ground floor and basements consist of a shared conference centre and parking.

The interior was designed to create an open, modern, and sustainable office space with a combination of shared and closed areas tailored to the needs of the organisations. The design along with the colour palette are inspired by the Member States and use sustainable natural materials.

Moreover, the new EFTA House has a BREEAM certification that certifies its environmental, social and economic sustainability. It is a modern building with natural light, high performance heating and ventilation systems, efficient lighting, solar panels, and flexible building management. Additionally, EFTA House provides improved working conditions as it enables better air quality and a stable temperature throughout the year.

The conference centre is well equipped technically to support video and hybrid meetings and is available for Member States' events.

At the end of 2021, the Secretariat employed 55 fixed-term staff, 2 temporary staff and 5 trainees in Brussels, 20 fixed-term staff and 2 trainees in Geneva, and 4 fixed-term staff and 2 trainees in Luxembourg. The Financial Mechanism Office in Brussels employed 63 fixed-term staff and 11 trainees.

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, describing the main objectives and expected outcomes of the services provided by the Secretariat to the Member States. The plan and subsequent performance reports keep the Member States informed of the performance of the Secretariat in various activities.

EFTA's budget is prepared in two currencies: Swiss francs (CHF) and euros (EUR). The total budget for 2021 was equivalent to CHF 23 058 000.

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.



EFTA House in Brussels.



EFTA headquarters in Geneva.



EFTA Statistical Office in Luxembourg.

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 relating to the Secretariat, EBOA meets at four (one representative from each EFTA State) and reports directly to the EFTA Council. For matters relating 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 – 2021 EFTA budget

Budget Post	Budget (in CHF)
EFTA Council and horizontal activities	1 869 000
Administration and management	4 338 000
Trade relations with countries outside the EU	4 770 000
EU/EFTA and EFTA cooperation programmes	3 106 000
EEA-related activities	8 328 000
EFTA-EU statistical cooperation	647 000
Total	23 058 000

Fig. 9 – Contributions from the EFTA States to the 2021 EFTA budget

Member State	Contribution (in CHF)	Share (as %)
Iceland	1 099 192	4.8
Liechtenstein	254 414	1.1
Norway	11 225 828	48.7
Switzerland	10 478 565	45.4
Total	23 058 000	100.0

2020-2021: Marked decline and subsequent growth in economic activity

The COVID19 pandemic which hit the world in 2020 produced major disturbances in the global economy. These disturbances also had a big impact on the economies of the EFTA States, as can be seen in figure 10, which shows the change in quarterly GDP in constant prices compared to the same quarter of the previous year. For example, the bars for the second quarter 2021 (2021 Q2) show the percent change between the second quarter of 2020 and the second quarter of 2021.

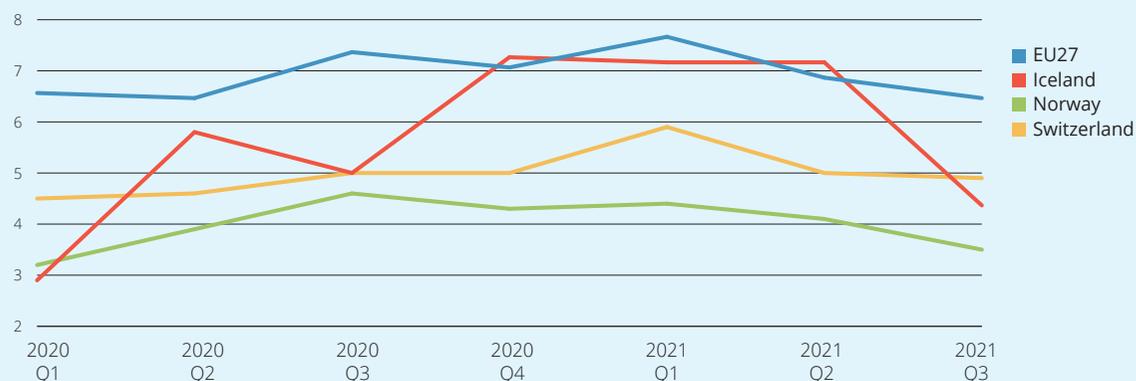
In particular, GDP in constant prices declined markedly in the second and third quarter of 2020 compared to the same quarters in 2019. This was followed by a sharp growth in GDP in fixed prices in second and third quarter 2021, again compared to the same quarter previous year, which could indicate that the economies are resurging again.

Eurostat has developed a COVID19 Recovery Dashboard with several indicators related to the pandemic: <https://ec.europa.eu/eurostat/cache/recovery-dashboard>. This dashboard includes indicators such as quarterly GDP in constant prices, quarterly unemployment rates and more. The dashboard includes indicators for the EFTA countries, where relevant.

Fig. 10 – Quarterly GDP, Q1 2020 - Q3 2021
Percent change from same quarter of previous year



Fig. 11 – Unemployment rates Q1 2020 - Q3 2021 (%)



Source: Eurostat

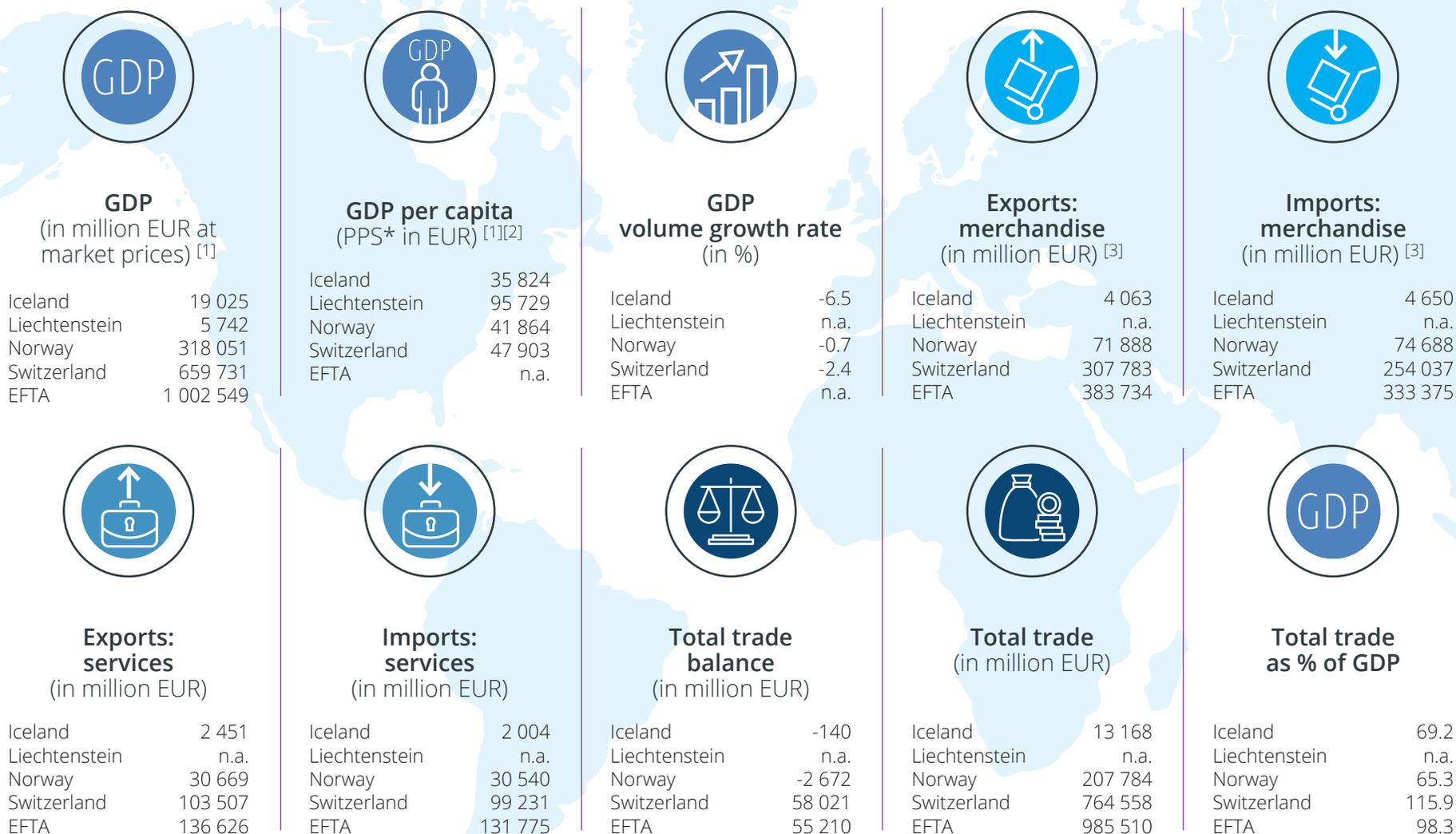
EFTA in Figures

Fig. 12 – General Information: 2021

	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 2021)	President Guðni Th. Jóhannesson	Prince Hans-Adam II of Liechtenstein	King Harald V	President of the Swiss Confederation Guy Parmelin
Head of Government (end 2021)	Prime Minister Katrín Jakobsdóttir	Prime Minister Daniel Risch	Prime Minister Jonas Gahr Støre	President of the Swiss Confederation Guy Parmelin
Official languages	Icelandic	German	Norwegian, Sami	German, French, Italian, Romansh
Capital	Reykjavík	Vaduz	Oslo	Bern
Area	103 000 km ²	160 km ²	385 180 km ²	41 291 km ²
Population (01.01.2021)	368 792	39 055	5 391 369	8 667 088
Population density (inhabitants per km ²)	3,6	244	14	210
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. 13 – Economic indicators 2020



Source: Eurostat

[1] Figures for Liechtenstein refer to 2019

[2] The high GDP per capita for Liechtenstein is partly explained by the fact that a large number of foreign residents are employed in Liechtenstein and thus contribute to its GDP, while they are not included in the resident population

[3] As Liechtenstein is in a customs union with Switzerland, its foreign trade is included in the Swiss data

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

Fig. 14 – EFTA's FTA network – merchandise trade: 2020 (in million EUR)

	Total trade	Exports	Imports	Trade balance
EFTA's 40 FTA partners outside the EU	90 043	43 289	46 754	-3 464
Albania	74	53	21	32
Bosnia and Herzegovina	247	103	144	-41
Canada	7 902	4 345	3 558	787
Central American States	702	431	271	159
Costa Rica	344	199	145	54
Guatemala	103	42	61	-18
Panama	254	189	65	124
Chile	1 317	433	883	-450
Colombia	932	503	429	74
Ecuador	320	95	225	-129
Egypt	1 354	1 230	124	1 106
Georgia	134	47	87	-40
Gulf Cooperation Council	16 550	6 407	10 143	-3 737
Bahrain	331	232	99	133
Kuwait	421	405	16	389
Oman	322	291	31	260
Qatar	1 472	1 031	440	591
Saudi Arabia	2 208	1 625	583	1 042
United Arab Emirates	11 797	2 822	8. 975	-6 153
Hong Kong	16 415	5 747	10. 668	-4 922
Indonesia	3 246	646	2 600	-1 954
Israel	1 675	1 179	496	683

Fig. 14 – EFTA's FTA network – merchandise trade: 2020 (in million EUR) (continued)

	Total trade	Exports	Imports	Trade balance
Jordan	506	254	251	3
Republic of Korea	6 066	4 028	2 037	1 991
Lebanon	1 322	369	953	-584
Mexico	2 601	1 366	1 235	132
Montenegro	33	28	5	23
Morocco	714	370	344	26
North Macedonia	152	72	80	-8
Palestinian Authority	41	40	1	39
Peru	1 916	129	1 787	-1 658
Philippines	951	313	638	-325
Serbia	585	339	246	93
Singapore	10 549	6 488	4 061	2 427
Southern African Customs Union	3 158	688	2 471	-1 783
Botswana	123	102	20	82
Eswatini	7	2	5	-3
Lesotho	26	0	26	-26
Namibia	28	8	20	-11
South Africa	2 975	575	2 400	-1 825
Tunisia	420	196	224	-29
Turkey	9 223	6 677	2 546	4 131
Ukraine	938	713	225	488

Sources: Eurostat (COMEXT), Statistics Norway

Fig. 15 – Global leaders in merchandise trade 2020 (in billion USD)

Rank	Economy	Total	Share (as %) of world total	Exports	Imports
1	China	4 647	16.0	2 591	2 056
2	EU27 ^[1]	4 167	14.4	2 209	1 958
3	USA	3 839	13.3	1 432	2 408
4	Japan	1 276	4.4	641	635
5	Hong Kong ^[2]	1 127	4.2	549	578
6	United Kingdom	1 025	3.5	391	635
7	Korea	980	3.4	512	468
8	EFTA	858	3.0	421	437
9	Mexico	811	2.8	418	393
10	Canada	756	2.6	363	393
11	Singapore ^[2]	692	2.4	363	330
12	India	648	2.2	276	372
13	Vietnam	594	2.1	306	288
14	Russia	546	1.9	319	226
15	United Arab Emirates	502	1.7	283	219
16	Chinese Taipei	496	1.7	204	291
17	Thailand	471	1.6	234	237
18	Australia	459	1.6	234	207
19	Malaysia	441	1.5	234	207
20	Brazil	376	1.3	210	166
	Top 20 combined	24 694	85.6	12 190	12 504
	World	28 968	100.0	14 334	14 634

Source: WTO Secretariat

[1] Excludes intra-EU trade

[2] Includes significant re-exports or imports for re-export

Fig. 16 – Global leaders in commercial services trade 2020 (in billion USD)

Rank	Economy	Total	Share (as %) of world total	Exports	Imports
1	EU27 [1]	1 899	25	983	916
2	US	1 120	15	684	436
3	China	656	9	278	378
4	United Kingdom	540	7	339	201
5	Singapore	360	5	187	172
6	Japan	339	4	156	183
7	India	355	5	203	153
8	EFTA	304	4	151	153
9	South Korea	188	2	86	102
10	Canada	175	2	84	90
11	Hong Kong	115	1	64	51
12	Russia	110	1	47	63
13	United Arab Emirates	119	2	61	58
14	Thailand	78	1	31	47
15	Australia	85	1	48	37
16	Chinese Taipei	78	1	41	37
17	Turkey	59	1	35	25
18	Israel	78	1	53	25
19	Brazil	75	1	28	47
20	Philippines	49	1	31	18
	Top 20 combined	6 782	88	3 590	3 192
	World	7 706	100	3 977	3 729

Source: WTO Secretariat

[1] Excludes intra-EU trade

Fig. 17 – EFTA: a major trading partner for the EU ^[1] (in million EUR and %)

Merchandise trade: 2020						
Rank	Partner	Export	Import	Total Trade	Balance	As % of EU's external trade
	Extra-EU ^[1]	1 933 054	1 717 259	3 650 313	215 795	100
1	China ^[2]	202 810	385 145	587 954	-182 335	16
2	United States	353 192	203 017	556 209	150 174	15
3	United Kingdom	278 266	168 958	447 224	109 309	12
4	EFTA	194 707	154 981	349 688	39 726	10
5	Russian Federation	78 994	94 742	173 736	-15 748	5

Trade in commercial services: 2019						
Rank	Partner	Export	Import	Total Trade	Balance	As % of EU's ^[2] external trade
	Extra-EU ^[1]	1 055 272	982 185	2 037 457	-982 185	100
1	United States	205 016	221 538	426 555	-221 538	21
2	United Kingdom	224 248	180 813	405 061	-180 813	20
3	EFTA	142 163	81 979	224 142	-81 979	11
4	China ^[2]	52 469	32 756	85 225	-32 756	4
5	Singapore	30 811	25 956	56 766	-25 956	3

Source: Eurostat

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

[2] Excluding Hong Kong

Fig. 18 – EFTA's merchandise trade: 2020 (in million EUR and %)

Country	Total trade	Total trade with EU27	EU27 share of total trade in %	Total exports to the world	Exports to the EU27	EU share of total exports in %	Total imports from the world	Imports from EU27	EU share of total imports in %
Switzerland ^{[1][2]}	535 156	240 812	45.0	279 685	114 031	40.8%	255 471	126 781	49.6%
Norway	143 925	80 064	55.6	72 596	40 991	56.5%	71 329	39 072	54.8%
Iceland	8 956	5 039	56.3	4 016	2 623	65.3%	4 939	2 416	48.9%
Liechtenstein ^[2]	4 259	2 769	65.0	2 710	1 588	58.6%	1 548	1 181	76.3%
EFTA Total	692 296	328 684	47.5	359 008	159 234	44.4%	333 288	169 451	50.8%

Sources: Eurostat (COMEXT), Statistics Norway

[1] Trade in non-monetary gold included

[2] Trade between Liechtenstein and Switzerland is not included due to the existence of the Switzerland-Liechtenstein Customs Union.

Fig. 19 – EFTA merchandise trade with the EU and UK: 2020 (in million EUR)

PARTNER	EFTA			Iceland			Liechtenstein			Norway			Switzerland		
	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
EU27	159 234	169 451	328 684	2 623	2 416	5 039	1 588	1 181	2 769	40 991	39 072	80 064	114 031	126 781	240 812
Germany	52 747	58 762	111 509	222	445	667	699	558	1 258	8 766	8 148	16 914	43 060	49 610	92 670
Italy	14 838	23 045	37 883	32	160	192	83	56	139	1 097	2 143	3 240	13 626	20 686	34 313
France	18 643	17 611	36 254	322	137	460	216	22	238	3 678	2 234	5 913	14 427	15 217	29 644
Netherlands	13 838	7 728	21 566	817	386	1 203	24	22	46	7 163	2 431	9 594	5 834	4 889	10 723
Sweden	8 677	9 167	17 844	28	237	264	44	10	54	7 084	7 602	14 687	1 521	1 319	2 840
Spain	9 114	8 227	17 340	697	90	787	38	6	44	1 337	1 718	3 055	7 042	6 413	13 455
Austria	7 724	8 807	16 531	3	27	30	294	346	640	234	554	788	7 193	7 880	15 073
Belgium	6 831	4 728	11 559	67	72	139	6	8	14	2 783	1 155	3 938	3 976	3 493	7 468
Poland	4 602	5 136	9 738	102	136	238	55	26	80	1 978	2 647	4 626	2 468	2 326	4 794
Denmark	4 203	5 120	9 323	111	333	444	5	5	10	3 032	3 859	6 891	1 055	923	1 978
Ireland	1 707	4 787	6 493	14	55	69	1	1	2	503	455	958	1 188	4 276	5 464
Slovenia	4 522	1 185	5 706	0	10	11	3	7	10	15	142	156	4 504	1 025	5 529
Czechia	1 773	3 240	5 014	3	41	43	8	21	29	193	839	1 033	1 569	2 339	3 908
Finland	1 781	2 675	4 455	5	56	61	22	9	31	1 203	1 595	2 798	550	1 015	1 565
Hungary	1 107	1 784	2 891	30	18	48	43	31	74	67	420	488	967	1 315	2 282
Portugal	1 499	1 302	2 801	89	20	109	1	1	2	476	284	759	933	997	1 930
Romania	1 395	1 213	2 608	2	9	10	12	4	15	107	409	516	1 274	792	2 066
Lithuania	777	1 214	1 991	47	59	107	2	0	2	606	980	1 586	122	174	297
Slovakia	612	1 308	1 921	7	21	28	13	16	30	47	340	387	546	930	1 476
Greece	890	310	1 200	5	4	9	4	0	4	210	81	291	670	225	896
Estonia	373	615	989	4	36	40	0	0	1	153	502	655	216	77	293
Bulgaria	412	393	805	2	8	9	7	3	10	24	82	105	379	302	681
Croatia	356	350	707	0	2	2	5	24	29	43	63	106	308	262	569
Latvia	224	400	624	11	47	58	1	0	1	91	297	388	121	56	177
Luxembourg	314	285	599	1	4	5	2	3	5	34	75	109	278	203	480
Malta	137	34	171	1	2	3	1	0	1	26	7	34	109	25	134
Cyprus	138	23	161	4	1	4	1	0	1	40	10	50	94	12	106

Sources: Eurostat (COMEXT), Statistics Norway

Fig. 20 – EFTA's top 25 trading partners in merchandise trade: 2020 (in million EUR and %)

Rank	Economy	Total trade	Share	Export	Share	Import	Share	Trade balance
			%		%		%	
	World	692 296	100.0%	359 008	100.0%	333 288	100.0%	25 720
	- EFTA's 40 FTA partners (excluding EU) [1]	90 043	13.0%	43 289	12.1%	46 754	14.0%	-3 464
	- Intra-EFTA	3 442	0.5%	1 558	0.4%	1 884	0.6%	-327
1	EU27	328 684	47.5%	159 234	44.4%	169 451	50.8%	-10 217
2	United States	91 730	13.3%	67979	18.9%	23751	7.1%	44 228
3	United Kingdom	46 726	6.7%	27778	7.7%	18948	5.7%	8 830
4	China	45 539	6.6%	20968	5.8%	24571	7.4%	-3 603
5	Japan	13 675	2.0%	7498	2.1%	6177	1.9%	1 321
6	India	12 700	1.8%	10474	2.9%	2226	0.7%	8 248
7	Thailand	9 628	1.4%	2101	0.6%	7527	2.3%	-5 426
8	Russian Federation	5 456	0.8%	2979	0.8%	2477	0.7%	503
9	Brazil	5 109	0.7%	2390	0.7%	2719	0.8%	-329
10	Australia	4 160	0.6%	2255	0.6%	1905	0.6%	351
11	Taiwan	4 125	0.6%	2435	0.7%	1690	0.5%	744
12	Vietnam	4 004	0.6%	681	0.2%	3323	1.0%	-2 641
13	Burkina Faso	2 839	0.4%	6	0.0%	2833	0.9%	-2 827
14	Ghana	2 768	0.4%	58	0.0%	2710	0.8%	-2 652
15	Malaysia	2 285	0.3%	1277	0.4%	1008	0.3%	269
16	Argentina	1 524	0.2%	549	0.2%	975	0.3%	-427
17	Nigeria	1 481	0.2%	848	0.2%	634	0.2%	214
18	Mali	1 328	0.2%	13	0.0%	1315	0.4%	-1 302
19	Dominican Republic	1 166	0.2%	88	0.0%	1078	0.3%	-990
20	Bangladesh	1 036	0.1%	151	0.0%	885	0.3%	-734
21	Suriname	979	0.1%	2	0.0%	978	0.3%	-976
22	Côte d'Ivoire	833	0.1%	57	0.0%	776	0.2%	-719
23	Mongolia	823	0.1%	11	0.0%	813	0.2%	-802
24	Cambodia	750	0.1%	401	0.1%	349	0.1%	52
25	Tanzania	738	0.1%	39	0.0%	699	0.2%	-660
	Rest of the world	8 722	1.3%	3889	1.1%	4833	1.5%	-944

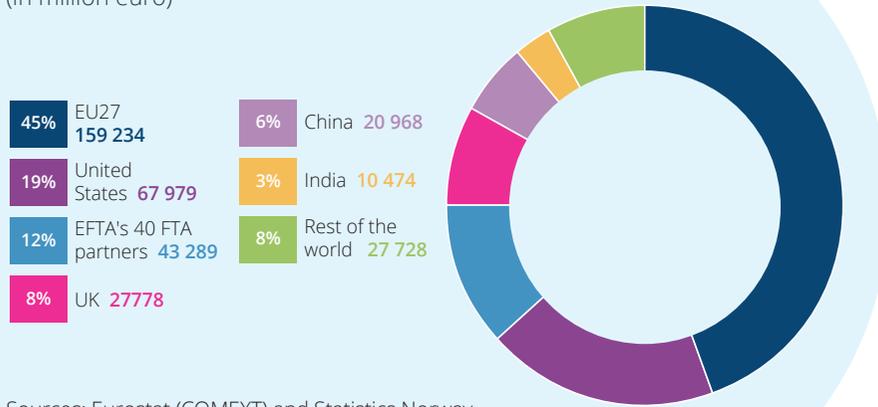
Sources: Eurostat (COMEXT), Statistics Norway

[1] 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, Eswatini, Lesotho, Namibia, South Africa), Tunisia, Turkey and Ukraine.

[2] Not equal to zero due to statistical discrepancies.

Fig. 21 – EFTA's top export destinations of merchandise trade: 2020

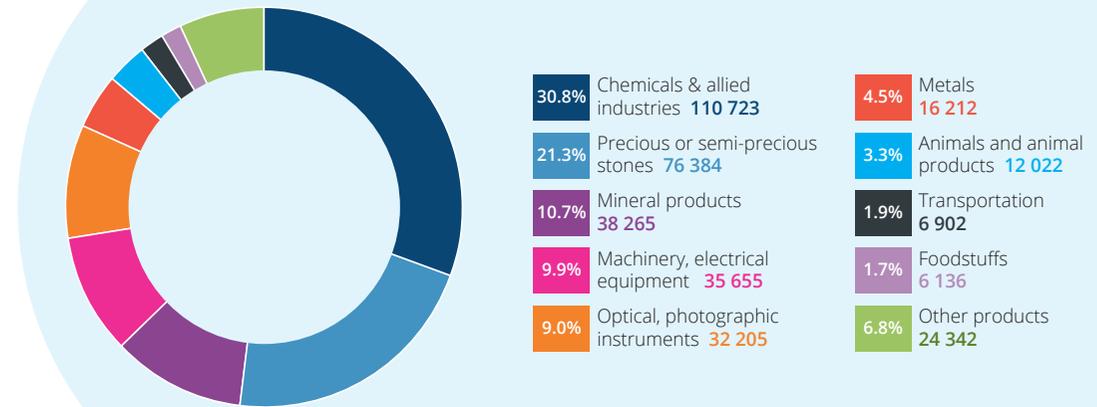
(in million euro)



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

Fig. 23 – EFTA's key exports by commodity HS* section 2020

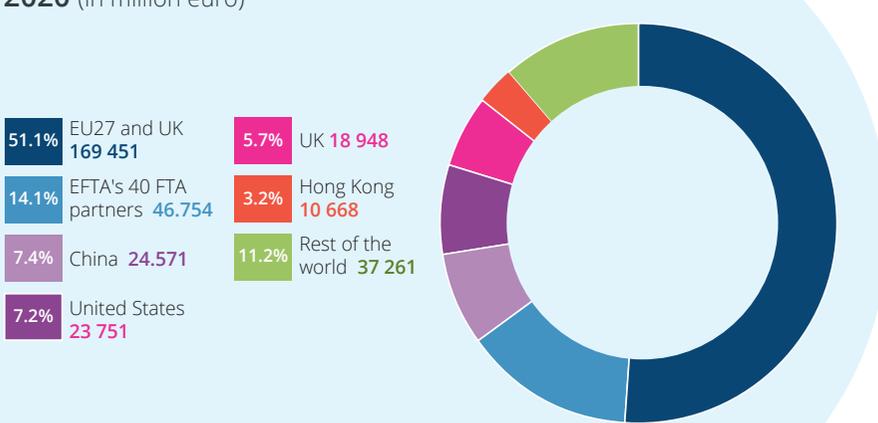
(in million euro)



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

Fig. 22 – EFTA's top import sources of merchandise trade: 2020

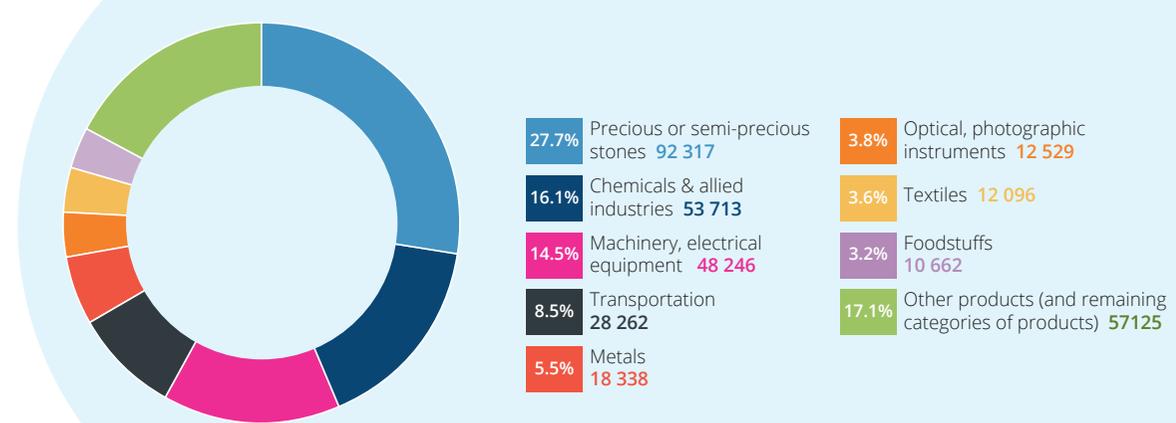
(in million euro)



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

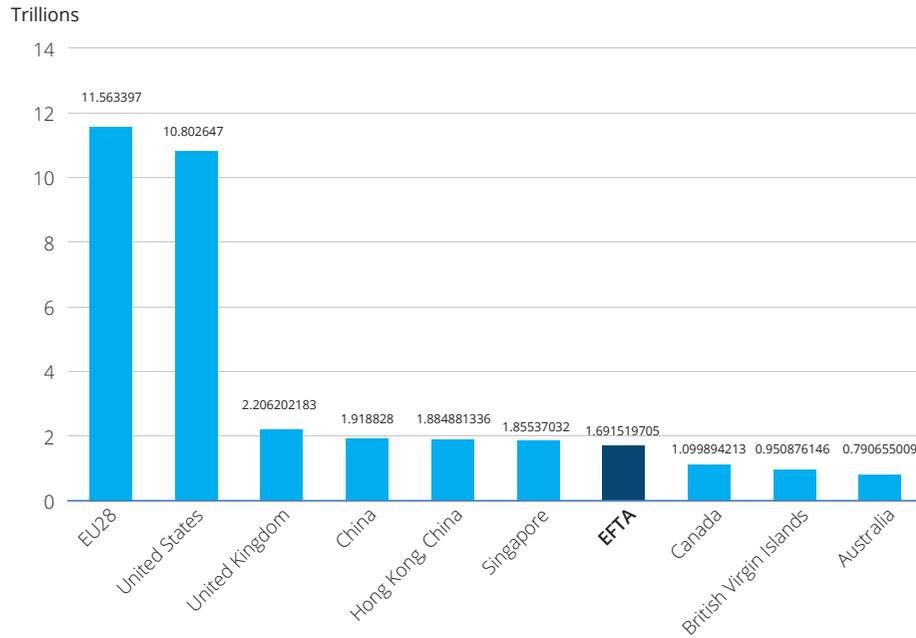
Fig. 24 – EFTA's key imports by commodity HS* section 2020

(in million euro)



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

Fig. 25 – Global FDI* stocks, inward 2020 (in billion USD)



Source: United Nations Conference on Trade and Development (UNCTAD)

* FDI: Foreign Direct Investment. EU and EFTA figures include FDI between Member States

Fig. 26 – Global FDI* stocks, outward 2020 (in billion USD)

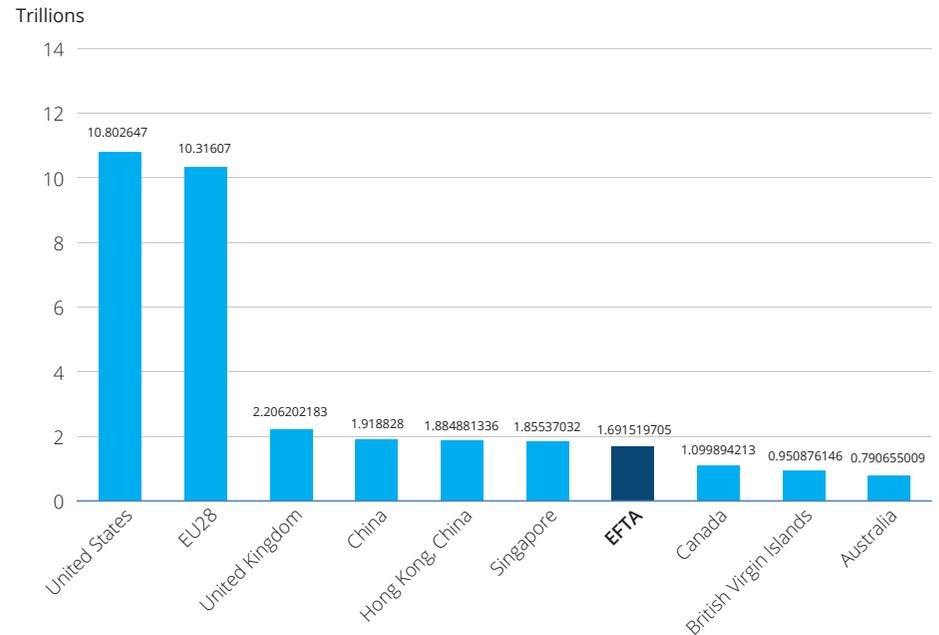


Fig. 27 – The World Competitiveness Scoreboard: 2021

Rank	Country
1 (3)	Switzerland
6 (7)	Norway
21 (21)	Iceland

Source: Institute for Management Development (IMD), World Competitiveness Yearbook 2021

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). (2020 rankings are in brackets)

Fig. 28 – The Global Competitiveness Index: 2019

Rank	Country
3 (5)	Switzerland
17 (16)	Norway
26 (24)	Iceland

Source: World Economic Forum (WEF), The Global Competitiveness Report 2019

The Global Competitiveness Index measures the set of institutions, policies and factors that set the sustainable current and medium-term levels of economic prosperity. (2018 rankings are in brackets)

Fig. 29 – The Global Sustainable Competitiveness Report: 2021

Rank	Country
3(5)	Iceland
5 (9)	Switzerland
6 (3)	Norway
12 (12)	Liechtenstein

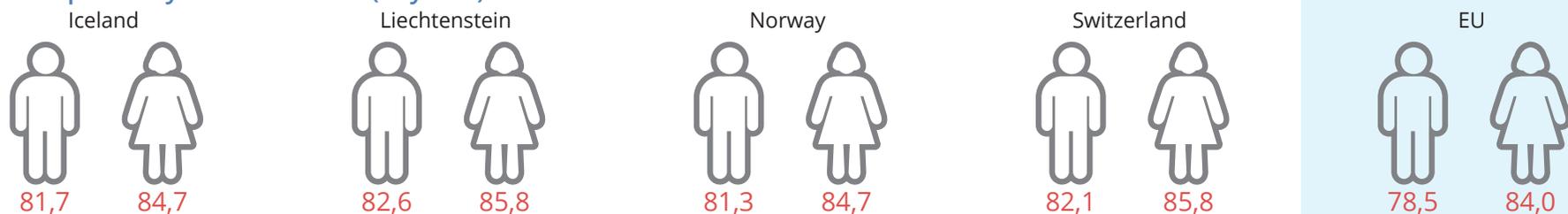
Source: Solability, The Global Sustainable Competitiveness Report 2021

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. (2020 rankings are in brackets)

Fig. 30 – Social indicators

Life expectancy at birth – 2019 (in years)



Infant mortality rate (per 1000 live births), 2019^[1]



Population Growth Rate, 2019 – 2020 (in %)



Employment rate, 2020 (for people aged 15-64)^[2] (in %)



Unemployment rate, 2020^[3] (in %)



Sources: Eurostat and national statistical offices

[1] Liechtenstein infant mortality rate is a five-year average (2015-2019)

[2] Percentage of active population

Appendices

Members of the EFTA Parliamentary Committee 2021

Iceland Mr Smári McCarthy Ms Hanna Katrín Friðriksson Ms Bjarkey Olsen Gunnarsdóttir Mr Jón Gunnarson Mr Brynjar Nielsson	Pirate Party (CMP/MPS Chair) Liberal Reform Party Left-Green Movement Independence Party Independence Party	Norway Mr Svein Roald Hansen Ms Heidi Nordby Lunde Ms Rigmor Aasrud Ms Ingunn Foss Mr Morten Ørsal Johansen Mr Sigbjørn Gjelsvik	Labour Party (CMP/MPS Vice-Chair) Conservative Party Labour Party Conservative Party Progress Party Centre Party	Switzerland (observer in the MPS) Mr Thomas Aeschi Mr Hans-Peter Portmann Mr Benedikt Würth Mr Hannes Germann Mr Eric Nussbaumer (Chair)	Swiss People's Party FDP. The Liberals Christian Democratic Party Swiss People's Party Social Democratic Party
Alternate members Ms Halldóra Mogensen Mr Þorsteinn Víglundsson Mr Andrés Ingi Jónsson Mr Páll Magnússon Mr Vilhjálmur Árnason	Pirate Party Reform Party Left-Green Movement Independence Party Independence Party	Alternate members Mr Espen Barth Eide Mr Fredric Holen Bjørndal Mr Tage Pettersen Ms Margunn Ebbesen Mr Terje Halleland Mr Per Olaf Lundteigen Mr Steinar Reiten Mr Carl-Erik Grimstad Ms Solfrid Lerbrekk,	Labour Party Labour Party Conservative Party Conservative Party Progress Party Centre Party Christian Democratic Party Liberal Party Socialist Left Party	Alternate members Mr Carlo Sommaruga Mr Thomas Matter Mr Damian Müller Ms Elisabeth Schneider-Schneiter Mr Nicolas Walder	Social Democratic Party Swiss People's Party FDP. The Liberals Christian Democratic Party Green Party
As of 1 December 2021 Ms Ingibjörg Ólöf Isaksen, Chair Ms Arndís Anna Kristínardóttir Gunnarsdóttir Ms Þorgerður Katrín Gunnarsdóttir Ms Diljá Mist Einarsdóttir Ms Bjarkey Olsen Gunnarsdóttir	Progressive Party Pirate Party Liberal Reform Independence Party Left-Green Movement	As of 10 November 2021 Ms Trine Lise Sundnes Sivert Bjørnstad Heidi Nordby Lunde Per Olaf Lundteigen Runar Sjøstad Torgeir Knag Fylkesnes	Labour Party Progress Party Conservative Party Centre Party Labour Party Socialist Left Party		
Alternate members Mr Stefán Vagn Stefánsson Mr Gísli Rafn Ólafsson Mr Sigmar Guðmundsson Mr Birgir Þórarinnsson Ms Jódís Skúladóttir	Progressive Party Pirate Party Liberal Reform Independence Party Left-Green Movement	Alternate members Nikolai Astrup Åsmund Aukrust Sigbjørn Gjelsvik Terje Halleland Mani Hussaini Mímir Kristjánsson Sveinung Rotevatn Per Martin Sandtrøen Jan Tore Sanner Solveig Vitanza	Labour Party Progress Party Conservative Party Centre Party Labour Party Socialist Left Party		
Liechtenstein Mr Daniel Seger Mr Gunter Vogt	Progressive Citizens' Party Patriotic Union (MPS Chair)		Conservative Party Labour Party Centre Party Progress Party Labour Party Red Party Liberal Party Centre Party Conservative Party Labour Party		
Alternate members Mr Herbert Büchel Ms Karin Zech-Hopp	Patriotic Union Progressive Citizens' Party				

Members of the EFTA Consultative Committee 2021

Iceland		
Ms Björg Ásta Þórðardóttir (Vice Chair)	Federation of Icelandic Industries (SI)	
Ms Dagný Aradóttir Pind	Federation of State and Municipal Employees (BSRB)	
Mr Halldór Árnason	Confederation of Icelandic Employers (SA)	
Mr Halldór Oddsson	Icelandic Confederation of Labour (ASÍ)	
Liechtenstein		
Ms Brigitte Haas (Bureau Member)	Liechtenstein Chamber of Commerce and Industry (LCCI)	
Mr Sigi Langenbahn	Liechtenstein Employees Association	
Norway		
Mr Robert Renè Hansen (Vice Chair)	Norwegian Confederation of Trade Unions (LO)	
Mr Jarle Hammerstad	Federation of Norwegian Commercial and Service Enterprises (Virke)	
Ms Liz Helgesen	Norwegian Confederation of Unions for Professionals (UNIO)	
Mr Tore Myrhe	Confederation of Norwegian Enterprise (NHO)	
Mr Christopher Navelsaker	Norwegian Confederation of Vocational Unions (YS)	
Phillip André Charles	Norwegian Confederation of Vocational Unions (YS) will replace Christopher Navelsaker from 23 November onwards.	
Ms Thea Forsberg	Norwegian Association of Local and Regional Authorities (KS)	
Switzerland		
Mr Jan Atteslander (Chair)	economiesuisse	
Mr Hans-Ulrich Bigler	Swiss Association of Small and Medium-sized Enterprises	
Ms Catherine Lance Pasquier	Fédération des Entreprises Romande Genève (FER Genève)	
Mr Reto Wyss	Swiss Trade Union Confederation (USS)	
Mr Denis Torche	Swiss Workers' Federation	
Mr Marco Taddei	Swiss Union of Employers	
Permanent observers		
Mr Óttar Freyr Gíslason	Icelandic Association of Local Authorities	
Ms Ingebjørg Harto	BusinessEurope	
Ms Liina Carr	European Trade Union Confederation (ETUC)	

Members of the EEA EFTA Forum of Elected Representatives of Local and Regional Authorities 2021

Iceland

Ms Raket Óskarsdóttir, Akraneskaupstaður Town Council (Vice-Chair)

Ms Þórdís Lóa Þórhallsdóttir, Reykjavík City Council

Mr Einar Már Sigurðarson, Councillor, Fjarðabyggð Municipal Council, President of the Regional Municipal Federation of Eastern Iceland

Ms Hilda Jana Gísladóttir, Councillor, Akureyrarbær Municipal Council, President of the Regional Municipal Federation of North-East Iceland

Mr Jóhann Friðrik Friðriksson, Councillor, Reykjanesbær Municipal Council, President of the Regional Municipal Federation of South-West Iceland

Ms Ásgerður Kristín Gylfadóttir, Chairman, Hornafjörður Municipal Council, President of the Regional Municipal Federation of South Iceland

Norway

Members

Ms Lise Selnes, Mayor of Nord-Odal municipality

Ms Mette Gundersen, Member of city council, Kristiansand municipality

Ms Hilde Onarheim, Member of the city council, Bergen municipality

Mr Tom Myrvold, Mayor of Ørland municipality

Mr Ivar B. Prestbakmo, Mayor of Troms and Finnmark county (Chair)

Mr Hallstein Bjercke, Member of the city council, Oslo municipality

Substitutes

Mr Ådne Naper, Member of the county council, Vestfold and Telemark county

Mr Nils A. Røhne, Mayor of Stange municipality

Ms Gunn Marit Helgesen, Member of the county council, Vestfold and Telemark county

Mr Tore Opdal Hansen, Member of the county council, Viken county

Mr Arne Bergsvåg, Deputy Mayor of Rogaland county

Switzerland (Observer)

Mr David Eray, Canton of Jura

Mr Didier Castella, Canton of Fribourg

EFTA Ministerial Communiqué and EEA Council Joint Statements

EFTA Ministerial Meeting, 31 May 2021

Communiqué

Ministers from Iceland, Liechtenstein, Norway and Switzerland met on 31 May 2021 through video conferencing for the annual EFTA Ministerial meeting. On the occasion of the 30th anniversary of the EFTA Statistical Office (ESO), Ministers highlighted the good work and cooperation in the field of statistics both with Eurostat as well as when it comes to technical cooperation in this field with third countries

EFTA Trade Policy

Ministers emphasised the need to maintain and strengthen the rules-based trade system to help global trade recover from the effects of the COVID-19 pandemic, emphasising that global prosperity based on mutual interdependence relies on a fair, consistent and open set of rules.

Furthermore, Ministers recognised that the legitimacy of trade agreements is not only dependent on the economic benefits of increased market access, but also requires due regard to sustainable development, when it comes to the environment, human and labour rights as well as to gender and inclusive trade policies. Ministers announced that efforts to include these aspects in all trade agreements will continue along with increased monitoring of the implementation of both market access and sustainable development provisions in existing agreements.

Ministers reiterated the commitment of Member States to ensure transparent and inclusive conduct of EFTA's trade negotiations by implementing transparency measures recently decided, both through new efforts aimed at the public and through increased exchange of information with the EFTA advisory bodies.

Ministers noted with pleasure the successful start of negotiations on a free trade agreement with Moldova, which will help complete EFTA's network of agreements in Europe, and promote closer integration of Moldova in the wider European economy.

EFTA Ministers confirmed their willingness to further develop their trade relations in the continent by launching negotiations with Kosovo in the second half of the year.

The progress made in the modernisation process with Chile was welcomed by Ministers, who aim at concluding it soon. Furthermore, Ministers expressed the aim to finalise the agreement with Mercosur, and agreed to follow up on issues related to deforestation and climate change. In Asia, EFTA Ministers welcomed the resumption of negotiations with Malaysia, and confirmed their will to strengthen cooperation with ASEAN through a Joint Declaration of Cooperation. Furthermore, Ministers emphasised their wish to relaunch negotiations with Thailand as soon as possible and underlined their willingness to continue the negotiations with India and Vietnam.

EFTA Ministers have decided to further strengthen the cooperation between their countries by exchanging information whenever issues arise with trade partners, coordinating positions on trade and economic issues whenever appropriate and by assessing possible joint actions. EFTA Ministers have adopted a Ministerial Declaration to this regard.

EFTA Advisory Bodies

EFTA Ministers met on the same day in a joint meeting with the EFTA Parliamentary and the EFTA Consultative Committee. The parliamentarians from the four EFTA States together with the representatives from trade unions and employers' organisations from the four EFTA States met with EFTA Ministers to discuss EFTA's trade policy in general, and in particular how to improve transparency and the flow of information to ensure that the advisory bodies are given the opportunity to provide timely and well-informed input in EFTA's work.

Discussions were also held on efforts to improve the monitoring and the implementation of Trade and Sustainable Development provisions in Free Trade Agreements as well as EFTA States' relations with other countries, including the UK.

Relations with the European Union

Ministers were determined to continue the close cooperation with the EU on COVID-19 related measures to ensure a level playing field and coherence of the Internal Market. In this context, they agreed on the particular importance of an efficient roll-out of vaccines as well as facilitating free movement during the COVID-19 pandemic, including through the upcoming COVID-19 certificate.

Ministers noted that the backlog of acts awaiting incorporation into the EEA Agreement remained relatively high but welcomed that the situation had improved in 2021. They stressed the importance of legal certainty and homogeneity in the EEA and confirmed the EEA EFTA States commitment to doing their part in ensuring a swift incorporation of EEA-relevant legal acts into the EEA Agreement.

Ministers furthermore discussed the participation of the EEA EFTA States in relevant EU programmes in the 2021-2027 period. They confirmed their commitment to meeting the tight deadline for the adoption of decisions, incorporating the programme regulations. Ministers also underlined the importance of the EEA EFTA States being included in the early and preparatory stages of the relevant programmes.

Ministers took stock on the ongoing work to conclude on a future relationship with the United Kingdom (UK) and agreed to continue to monitor closely issues relating to the relationship with the UK that can be relevant to the EEA Agreement.

In light of recent incidents where EEA EFTA States were unduly affected by some urgent decisions by the EU, Ministers concluded that there was a continued need for outreach activities in order to strengthen knowledge

of the EEA Agreement. Finally, the Ministers took note of the upcoming negotiations on the EEA and Norway Financial Mechanisms and the need to continue preparations.

Ministers were informed by Switzerland on the state and prospects of the relations between Switzerland and the European Union. Regarding the institutional framework agreement (IFA) with the EU, on 26 May 2021 the Swiss government carried out a comprehensive assessment of the draft agreement. It came to the conclusion that the draft IFA does not satisfy the requirements which would enable the Federal Council to sign and decided to terminate the ongoing negotiations. As the Swiss government pointed out, even without this agreement, Switzerland remains a reliable and committed partner of the EU.

Attending

Iceland:	Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs and International Development Cooperation
Liechtenstein:	Ms Dominique Hasler, Minister for Foreign Affairs, Education and Sport
Norway (Chair):	Ms Iselin Nybø, Minister of Trade and Industry
Switzerland:	Mr Guy Parmelin, President of the Swiss Confederation, Federal Councillor, Head of the Federal Department of Economic Affairs, Education and Research
EFTA:	Mr Henri Gétaz, Secretary-General

Priorities of the Icelandic Chair of the EFTA Council

2021-2022

1. Relations amongst EFTA countries

- > Continue to adapt the EFTA Convention and its annexes to changing needs

2. EFTA Trade Policy

General

- > Keep EFTA as a key platform for the EFTA States' trade policy and commit to keeping it relevant for the future
- > Strengthen common efforts among EFTA States to better communicate about trade benefits and EFTA States' trade policies
- > Reflect on EFTA's mid-term perspective, focusing on managing and strengthening current agreements as well as negotiating new agreements
- > Aim at dedicating more attention to longer-term relation building with current and potential partners, including regional partners
- > Analyse the development of trade policies of important partners, such as the UK, and possible implications for EFTA States' trade and trade policies
- > Analyse the impact of large regional trade pacts in Asia, specifically the CPTPP, and follow closely the possibility of US re-engagement as well as the accession process of the UK
- > At the end of the chairmanship period, submit a final report to the EFTA Council based on progress towards the Icelandic Chairs priorities

Horizontal issues

- > Strengthen and deepen cooperation between EFTA Countries on urgent trade matters
- > Implement the adopted measures to establish greater transparency with respect to information related to trade negotiations in particular by fostering transparency through close and regular dialogue and consultation with the EFTA Advisory Bodies and through information to the public
- > Continue to foster informal dialogues between EFTA Ministers with regular intervals to further strengthen the cooperation
- > Strengthen the implementation and monitoring of chapters on trade and sustainable development, and finalise the exploration on the need for sustainability impact assessments
- > Increase the monitoring of the implementation of FTAs by in particular analysing the preference utilisation of FTAs

- > Finalise work on e-commerce to include digital trade provisions in future agreements
- > Implement technical cooperation activities to the benefit of the contracting parties including *ex ante* modules with appropriate partner countries

Ongoing FTA negotiations

- > Finalise the legal review, resolve outstanding issues and address concerns related to deforestation and climate change with Mercosur
- > Conclude negotiations with Moldova
- > Continue negotiations with India, Malaysia, and Vietnam towards the conclusion of free trade agreements
- > Relaunch negotiations with Thailand as soon as domestic preparatory processes are completed

Management and development of existing FTAs

- > Work towards the conclusion of the review of the FTAs with SACU and Chile
- > Continue negotiations on the modernisation of the Agreement with Mexico as soon as the parties are able to do so
- > Work towards finalising the update of the bilateral agricultural agreements with the Palestinian Authority
- > Aim at swiftly addressing implementation issues with current partners
- > Aim at addressing arising problems with EFTA partners and mapping out existing ones in order to undertake appropriate action
- > Update the rules of origin protocols/annexes with PEM partners with a link to the PEM Convention, also taking the alternative rules into account
- > Update the rules of procedures when appropriate to reflect shift to digital work processes

Potential partners and other activities

- > Launch negotiations with Kosovo
- > Work towards preparation of negotiations with Pakistan
- > Sign a Joint Declaration of Cooperation with ASEAN
- > Aim to hold the first Joint Committee meeting with Nigeria under the Joint Declaration of Cooperation to assess the possibility to further strengthen trade relations

Priorities of the Norwegian Chair of the EFTA Council

First half 2021

1. Relations amongst EFTA countries

- > Continue to adapt the EFTA Convention and its annexes to changing needs

2. Trade relations with third countries

Horizontal issues

- > Implement the adopted measures to establish greater transparency with respect to information related to trade negotiations
- > Foster close and regular dialogue and consultation with the EFTA Advisory Bodies
- > Enhance reporting on Trade and Sustainable Development
- > Conclude discussions on sustainability impact assessments within the EFTA framework
- > Conclude the work on the new draft model chapter on e-commerce

Ongoing FTA negotiations

- > Finalise the legal review and resolve outstanding issues with Mercosur. Follow up on issues related to deforestation and climate change.
- > Continue discussions with India, Malaysia and Vietnam and work towards the conclusion of negotiations
- > Prepare the relaunch of negotiations with Thailand

Management and development of existing FTAs

- > Work towards the conclusion of the review of the Agreements with SACU and Chile
- > Update the bilateral agricultural Agreements with the Palestinian Authority

- > Continue discussions on modernising the Agreement with Mexico
- > Aim at swiftly addressing implementation issues with current partners
- > Updating the rules of origin protocols/annexes with PEM partners with a link to the PEM Convention also taking the alternative rules into account
- > Hold Joint Committee meetings with different partners and aim at keeping EFTA's FTAs up to date

Potential partners and other activities

- > Finalise preparation for negotiations with Moldova and launch negotiations
- > Work towards launching negotiations with Kosovo in the second half of the year
- > Prepare for possible negotiations with Pakistan
- > Assess the possibility of strengthening trade relations with Australia
- > Further explore the possibility to strengthen trade relations with ASEAN
- > Continue contacts and assessments regarding other potential future partners

Joint Statement of the Members of the EEA Council

The members of the EEA Council held a video conference on 28 May 2021 at the initiative of Mr Augusto Santos Silva, Minister of Foreign Affairs of Portugal.^[1] The video conference was attended by Mr Guðlaugur Þór Þórðarson, Minister for Foreign Affairs and International Development Cooperation of Iceland, Ms Ine Eriksen Søreide, Minister of Foreign Affairs of Norway and Ms Dominique Hasler, Minister of Foreign Affairs of Liechtenstein, as well as by representatives of the European Commission and the European External Action Service. The members of the EEA Council discussed the overall functioning of the Agreement on the European Economic Area (EEA Agreement) and held an orientation debate on Strategic Autonomy.

Following the videoconference, the members of the EEA Council adopted the following joint statement:

COVID-19

1. We acknowledge the far-reaching effects of the COVID-19 crisis and stress the need to meet this unprecedented challenge in a spirit of solidarity. We welcome the particularly close cooperation between the EU and the EEA EFTA States during the pandemic. This continues to prove essential in areas such as research, development, and procurement of vaccines, for the acquisition of medicines, medical and protective equipment, and for the ongoing response to the pandemic with exchange of data, experience and views in relevant fora. Reaffirming the central role of the EEA Agreement in closely linking our societies and economies, we stress the continued need to pursue such close cooperation and the importance of considering how to help alleviate the serious socio-economic impact of the COVID-19 pandemic through all available instruments. Ensuring the integrity of the Internal Market and the smooth functioning of the EEA Agreement remain essential priorities in this context. We welcome the participation of EEA EFTA States in the central distribution of vaccines through the EU

procurement scheme and underline the importance of preserving the integrity of the Internal Market in the establishment of mechanisms for the production, supplies and deliveries of vaccines.

2. We emphasise the critical importance of a coordinated approach for the swift and effective roll-out of COVID-19 vaccines across the EEA. We note the initiative to establish a European Health Union aiming at strengthening the EU's health security response capacity and better equipping authorities at all levels to prevent and address future pandemics in a coordinated manner. We also note the launch of the EU4Health Programme, which will contribute to the availability and affordability of medicines and healthcare products.

Political dialogue

3. We recognise that the special partnership between the EU and the EEA EFTA States is the best guarantee of long-term shared prosperity and stability. It has contributed to a Europe based on peace, democracy, the rule of law and human rights. In this context, within the framework of the Political Dialogue, we held informal exchanges of views on current foreign policy matters of mutual interest. We underline the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held in conjunction with the EU Council working parties.

Cooperation in the EEA

4. We confirm our support for the EEA Agreement as a fundamental basis for future relations between the EU and the EEA EFTA States and stress the importance of the two-pillar structure of the Agreement. We recognise 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 committees, expert groups, studies, and agencies, as well as through the submission of EEA EFTA Comments. Furthermore, we stress the positive contribution of the

^[1] The members of the EEA Council met informally through videoconference on 25 May 2020 and on 18 November 2020.

EFTA Surveillance Authority and of the European Commission in monitoring the compliance with the EEA Agreement in all its Member States. We underline the importance of inviting EEA EFTA Ministers to informal EU Ministerial meetings and Ministerial conferences, organised by the Presidency, relevant to EEA EFTA participation in the Internal Market and express our appreciation to the current Portuguese and incoming Slovenian Presidencies for the continuation of this practice.

5. We agree on the need to further strengthen communication efforts on the EEA Agreement and on its benefits for citizens and businesses. Emphasising that greater knowledge of the EEA Agreement throughout the EEA at all levels is in the interest of all Contracting Parties and the good functioning of the Internal Market, we urge the EU and the EEA EFTA States to ensure that information on the EEA Agreement is made readily and easily available.
6. We recognise the ongoing challenges in international trade at a time where global supply chains have been under strain due to the COVID-19 pandemic and reconfirm the commitment to open, fair and sustainable trade and rules-based trade relations.
7. Recognising the important role of parliamentary cooperation and cooperation between economic and social partners, we note the Resolution of the EEA Joint Parliamentary Committee adopted at its meeting on 28 April on the *Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2020*.

Incorporation of EEA-relevant EU acts

8. Noting the Progress Report of the EEA Joint Committee, we express our appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.
9. We recognise the ongoing work to reduce the number of EU acts awaiting incorporation into the EEA Agreement and that important progress had been made in 2021. These efforts are the result of the joint efforts of the EU Institutions and the EEA EFTA States. We however note that the backlog remains high and stress the need to

make the necessary resources available to increase the speed and volume of incorporation of EU legal acts and thereby continue to ensure legal certainty and homogeneity in the EEA.

The withdrawal of the United Kingdom from the EU and the EEA Agreement

10. We welcome the dialogue between the EU and the EEA EFTA States on issues related to the implication of the UK's withdrawal from the European Union and the new relationship between the EU and the UK that are relevant for the EEA Agreement and encourage the continuation of this dialogue. In this context, we underline the importance of ensuring the continuation of a well-functioning, homogenous EEA and of preserving the integrity of the Internal Market.

The development of the Internal Market and Digital Transformation

11. We emphasise the importance of a well-functioning Internal Market, including the Digital Single Market, which will be essential to sustain economic recovery across the EEA. While it proves necessary to temporarily adapt certain rules, such as on state aid, due to the COVID-19 crisis, we underline the indivisibility of the four freedoms and the importance of common rules and equal conditions in the Internal Market making significant progress. The high average rate of youth unemployment in Europe and the prospect of its increase due to COVID-19 crisis remain an important challenge for the Internal Market.
12. We reiterate the importance of the close involvement of the EEA EFTA States in the design and development of Internal Market policies and initiatives. We encourage active cooperation on initiatives for better enforcement and implementation of Internal Market rules and welcome the EEA EFTA States' participation in the Single Market Enforcement Task Force (SMET).
13. We welcome the proposals of the European Commission for the Digital Services Act and Digital Markets Act as a means to provide for a safe, fair and rules-based internal market for digital services, addressing safety concerns and illegal content online, whilst preserving the innovative potential of the digital economy. The importance of the EU

and the EEA EFTA States working closely together on these issues is underlined.

14. We furthermore note the proposals for a revised Directive on Security of Network and Information Systems (NIS) and the Data Governance Act. Achieving a high common level of cybersecurity and circulation of data in line with European values across the EEA will be essential priorities for the Digital Single Market.

The European Green Deal

15. High ambitions, collective effort and urgent action are needed to speed up the transition to a sustainable, climate neutral and environmentally friendly future. We further note the preparatory work on the important 'Fit-for-55' package which will amend several key EEA-wide policy instruments. We recognise the importance of sustainable finance including as a means of channelling private investment into green growth.
16. We express our full commitment to stepping up global efforts to tackle climate change, pursuing sustainable energy transition, and protecting the environment. We emphasise the importance of continued close cooperation between the EU and the EEA EFTA States on these issues, including on renewable energy, hydrogen and carbon capture and storage and mineralisation (CCSM). We furthermore agree that it is essential to put these issues and the loss of biodiversity at the heart of a renewed ambition to achieve sustainability. We note that cooperation towards a cleaner Europe and a toxic-free environment will continue, related to the key actions of the European Commission on the new Circular Economy Action Plan and on the Chemicals Strategy for Sustainability. We further note the European Commission Strategy on offshore renewable energy.
17. We stress the importance of the EU and the EEA EFTA States working together in decarbonising the transport sector, by speeding up the green transition in all modes of transport and developing a sustainable, intelligent, and more resilient transport industry. We welcome the

European Strategy for Sustainable and Smart Mobility and the related EEA EFTA Comment, which stresses the need for innovative solutions while ensuring a level playing field for Europe with the objective to take the global lead to reduce greenhouse gas emissions from transport. In light of current circumstances, we recognise the need for increased cooperation for the recovery of the transport sector in the EEA and welcome the good cooperation on the Green Lanes network.

18. We note the European Commission Communication on the Farm to Fork Strategy for a fair, healthy, and environmentally-friendly food system. We welcome the EEA EFTA Comment which stresses the importance of joining forces in promoting the global transition to sustainable food systems in international standardisation bodies and relevant multilateral fora, inter alia to promote safe food and healthy diets, reduced carbon and environmental footprints, animal welfare and the fight against antimicrobial resistance.
19. Recognising that climate change is a global problem, we reiterate our full commitment to implement the UN 2030 Agenda and the Paris Agreement as the essential multilateral frameworks governing global action against climate change. We underline the continued importance of increased ambition under the Paris Agreement, and that all Parties should submit enhanced National Determined Contributions as soon as possible.

The Social Dimension

20. We recognise that the EEA Agreement has an important social dimension, covering issues related to labour law, health and safety at work and gender equality. The social impact of the COVID-19 crisis was partly cushioned by unprecedented support measures, but a robust recovery would be essential to overcome further adverse developments.
21. In this context, we note the launch of the Action Plan to implement the European Pillar of Social Rights and the outcome of the Porto Social Summit in May. We note the new social rules in the Mobility Package to enhance traffic safety and better social rights for drivers

and highlighted the need to focus further efforts on enforcement and exchange of information.

EU programmes

22. Acknowledging the contribution made by EU programmes to building a greener, more digital, and resilient Europe, we recall the significance of the participation and financial contributions of the EEA EFTA States in EEA-relevant programmes under the recent Multiannual Financial Framework for 2014-2020. We welcome the EEA EFTA States' intention to participate in several programmes foreseen under the new 2021-2027 period and underline that such participation remained based on the relevant provisions of the EEA Agreement.
23. We welcome that the foreseen participation will strengthen cooperation in areas like research and innovation, education, civil protection, health and digital matters. It is recognised that this cooperation will represent a substantial financial commitment from the EEA EFTA States towards a green, digital, inclusive, and resilient society.
24. We look forward to the incorporation of the new generation of EU programmes into the EEA Agreement and invite both sides to speedily process the relevant acts. In the meantime, we stress the importance of ensuring that EEA EFTA entities are eligible and able to participate in the preparatory stages and activities from the very start of programmes with foreseen participation of the EEA EFTA States.

Financial Mechanisms

25. We commend the positive contribution made by the EEA and Norway Financial Mechanisms in reducing social and economic disparities throughout the EEA and in supporting a free and vibrant civil society, as this contributes to a well-functioning Internal Market. We look forward to the conclusion of the review under Article 11 of Protocol 38C of the EEA Agreement in the EEA Joint Committee in June.
26. Regarding the agreements on EEA and Norwegian Financial Mechanisms for the 2014-2021 period, we welcome the conclusion of Memoranda of Understanding (MoU) with all 15 beneficiary states and

the signing of most of the agreements on programmes. We recall the importance of maintaining a close cooperation between the beneficiary States and the EEA EFTA States, in the spirit of equal partnership between the Contracting Parties to the EEA Agreement.

27. We note that in the face of the COVID-19 crisis, the EEA EFTA States has, in cooperation with the beneficiary states, put in place a number of flexibilities to mitigate risks for the timely realisation of the programmes and for the achievement of best results in the implementation of the EEA and Norway Financial Mechanisms 2014-2021. Some beneficiary states consider that COVID-19 might have an impact on the achievement of some of the results.

Agricultural trade

28. We recall the commitment of the Contracting Parties in accordance with Article 19 of the EEA Agreement and call on the parties to pursue the dialogue with a view to reviewing the conditions of trade in agricultural products. We note Contracting Parties' intention of conducting a new 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.

Work Programmes of the EFTA Standing Committee for 2021

Priorities of the Icelandic Chair

FIRST HALF OF 2021

The purpose of this overview is to highlight the priorities of the Icelandic Chair of the EFTA Standing Committee during the first half of 2021. The priorities are supplemented by work programmes prepared for the EFTA subcommittees and selected EEA EFTA Working Groups.

COVID-19 response measures

Ensure continued cooperation and coordination with the EU on response measures to COVID-19, in particular regarding testing strategy and vaccine plans, as well as economic recovery.

Continue to assess and ensure swift incorporation of urgent COVID-related acts which are deemed relevant.

Ensuring the good functioning of the Agreement – EEA Outreach

Maintain efforts to uphold the integrity and good functioning of the EEA Agreement. To this end continue to strengthen knowledge of the EEA Agreement and Financial Mechanisms and make full use of the available tools to spread information on the EEA. In addition to the biannual EFTA seminars, a seminar will be organised on Innovation in Climate and Energy solutions in the context of the European Green Deal.

Participation in EU programmes

Finalise preparations for the incorporation of the new EU programmes into the EEA Agreement by 10 July 2021. Continue to prepare relevant draft Joint Committee decisions in view of submission to the EEAS early 2021, once the relevant acts have been adopted by the EU.

Preserve the rights and obligations of the EEA EFTA States in accordance with the EEA Agreement, both for the new 2021-2027 Multiannual Financial Framework and for the current programme period 2014-2020.

Incorporation of EEA-relevant acts

Maintain a level playing field in the European Economic Area, with continued focus on timely incorporation of new EEA-relevant EU acts. This entails building on success measures in 2019 and turning around the negative 2020 trend. It is pivotal that all parties to the Agreement honour their responsibilities by securing necessary resources in this regard. Focus will be on critical acts such as the NIS Directive and Cybersecurity Act, BEREC, EASA, energy acts, as well as acts in the field of transport and financial services where a relatively large numbers of acts are outstanding.

Decision shaping

Identify and provide input to the EU on relevant EEA matters presented in the 2021 Commission's Work Programme. Emphasis will be placed on measures arising from the European Green Deal, Europe's Digital Decade, Action Plan on Anti-Money Laundering, as well as the European Pillar of Social Rights with a view to enhancing social fairness of the digital and green transitions. Efforts to scrutinise pre-pipeline and pipeline issues will be continued and EEA EFTA comments prepared where appropriate. In this regard, it is particularly important to identify at an early stage possible two pillar issues related to major pieces of new EEA relevant legislation.

Other activities

Continue close dialogue between the EEA EFTA States and the EU UK Task Force in order to preserve the interests of all parties concerned in the context of the future relationship with the UK, in particular the good functioning of the internal market. Ensure the full implementation of the EEA Separation Agreement following the expiration of the transitional period.

As the current EEA Financial Mechanism (2014-2021) is coming to an end, prepare to review the need to address economic and social disparities within the European Economic Area, in accordance with Article 11 of Protocol 38c of the EEA Agreement. In this context, consider also the experience of the bilateral aspects of EEA Grants and explore ways to further strengthen bilateral relations between the donor states and the beneficiaries.

Priorities of the Norwegian Chair Second Half of 2021

The purpose of this overview is to highlight the priorities of the EFTA Standing Committee during the second half of 2021. The programme is supplemented by work programmes prepared for the subcommittees and selected EEA EFTA working papers.

Incorporation of legal acts

Based on the shared responsibility between the parties of the EEA Agreement, continue the good dialogue and the systematic efforts to ensure the timely incorporation of EEA-relevant EU acts thus maintaining a level playing field within the EEA. Particular focus on critical acts, including acts within financial services (cover bonds, the banking package and revision of ESA regulations), transport (the railway packages, EASA), European Labour Authority regulation and the European Communication code and BEREC.

COVID-19

Maintain close cooperation and coordination with the EU on response to and recovery from COVID-19, ensuring the functioning of the Internal Market and the integrity of the EEA. Ensure swift incorporation of EEA-relevant legal acts within this area.

Decision shaping

Identify and provide input to relevant EU legislation and measures in the pre-pipeline and pipeline stages. Main focus for the second half of 2021 include:

- > initiatives under the European Green Deal including, fit for 55 package (incl. revision of EU-ETS, effort sharing regulation, LULUCF – land use, land use change and forestry, carbon border adjustment mechanism, renewable energy directive), the mobility package, the circular economy action plan, the chemical strategy and the biodiversity strategy, the battery regulation.
- > initiatives arising from Europe's Digital Decade including the Digital Service Act and Digital Markets Act, the NIS2 directive, the Data Governance Act, regulation on E-id, roaming, and the AI regulation.

- > the proposal for a European health union.
- > revision of banking resolution and deposit guarantees, anti-money laundering (AML) revision and possible establishment of new AML supervisory agency.
- > labour and social issues, including collective bargaining/minimum wage, working standards, gender equality and non-discrimination.

Identify and engage with EU cooperation in overarching areas such as maritime issues, open strategic autonomy, competitiveness, and industrial policy.

Actively use EEA EFTA comments as an instrument for influencing the EU decision-making process, in addition to meetings with officials from EU institutions and other written statements.

EEA Outreach

Strengthen the knowledge of the EEA Agreement through full use of available tools and arenas, including EFTA House. In addition to the biannual seminars, aim at organising a seminar/workshop to increase knowledge about the EEA Agreement and the rights and obligations of the EEA EFTA States, in the EU institutions.

Participation in EU programmes under the Multiannual Financial Framework 2021-2027

Ensure swift incorporation of relevant EU programmes into the EEA Agreement. Ensure that EEA EFTA States participation is based on the rights and obligations specified in the EEA Agreement.

Other activities

Financial Mechanism

Follow the negotiations on a future financial contribution of the EEA EFTA States to the social and economic cohesion in the EEA. The negotiations should be conducted with a view to promoting a continuous and balanced strengthening of trade and economic relations, in line with Article 115 of the EEA Agreement. In conformity with established practice, the negotiations on the Financial Mechanism, will take place in parallel with negotiations on market access for fish and other marine products.

EFTA Secretariat, Geneva (Headquarters)

Rue de Varembé, 9-11
1211 Geneva 20
Switzerland

Tel. +41 22 33 22 600
Email: mail.gva@efta.int

EFTA Secretariat, Brussels

Avenue des Arts 19H
1000 Brussels
Belgium

Tel. +32 2 286 17 11
Email: mail.bxl@efta.int

EFTA Statistical Office, Luxembourg

Bech F2/908
2920 Luxembourg
Luxembourg

Tel. +352 4301 37775
Email: efta-lux@ec.europa.eu

www.efta.int

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