





Annual Report of the European Free Trade Association 2016

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Liechtenstein celebrated its 25th anniversary of EFTA membership in 2016. The cover photo shows the Grossabünt Outdoor Leisure Centre in Gamprin, Liechtenstein. © Michael Zanghellini

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Editor's note:

For more information on EFTA's activities and institutional framework, please see our website:

www.efta.int

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Foreword

In 2016, the four States forming the European Free Trade Association (EFTA) – Iceland, Liechtenstein, Norway and Switzerland – signed free trade agreements with the Philippines and Georgia, extending our free trade network to 27 agreements with 38 partners around the globe. These agreements offer opportunities to EFTA's economic operators in markets with a combined population of over 870 million, and account for more than 12% of EFTA's external merchandise exports. The expansion of this network is an ongoing process, as negotiations were launched with Ecuador and talks continued with India, Indonesia, Malaysia and Vietnam in 2016. Work was also undertaken towards the comprehensive revision and expansion of existing agreements with partners such as Canada, Chile, Mexico and Turkey.

This extensive free trade network is in addition to the EEA Agreement, which is by far the most comprehensive agreement managed by EFTA. It extends the Internal Market of the 28 Member States of the European Union to the three EEA EFTA States – Iceland, Liechtenstein and Norway – creating the European Economic Area.

Managing the EEA Agreement remains a demanding task, as new EU legislation is continuously integrated into it. In 2016, the first package of legal acts related to the European Financial Supervisory Authorities was adopted, and work continued on preparing for the incorporation of other legislation in the field of financial services. Progress was also made on several longstanding issues, such as the Third Energy Package, the Paediatrics Regulation and the Organic Production Package. In addition, an agreement was reached on an EEA Financial Mechanism for the period 2014-2021, providing for significant contributions from the three EEA EFTA States towards reducing social and economic disparities in the EEA.

Clearly, the most noteworthy event in Europe in 2016 was the UK referendum on EU membership. The EFTA States are following the resulting process closely and share the aim of maintaining close economic and trade relations with the UK. In this context, the EEA EFTA States have emphasised the need to safeguard the EEA Agreement and ensure the continuation of a well-functioning, homogenous Internal Market in Europe.

Other major developments in the global trade environment, such as WTO processes, the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) negotiations, were watched carefully by EFTA in 2016. Discussions continued with the EU and the US on the state of play, perspectives and potential implications of TTIP for the EFTA States.



Kristinn F. Árnason Secretary-General



The EFTA Council



The EFTA Ministerial meeting in Bern, Switzerland, 27 June. From left: Johann N. Schneider-Ammann, President of the Swiss Confederation and Head of the Federal Department of Economic Affairs, Education and Research; Lilja Alfreðsdóttir, Minister for Foreign Affairs and External Trade, Iceland; Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; and Monica Mæland, Minister of Trade and Industry, Norway.



EFTA Ministerial Meetings

The EFTA Council met twice at Ministerial level in 2016, on 27 June in Bern and on 21 November in Geneva. The Council was chaired by Switzerland in the first half of the year and by Iceland in the second half.

The EFTA Ministers discussed the possible consequences of the United Kingdom leaving the European Union, and emphasised the importance of maintaining close economic and trade relations with the UK as an important trading partner of the EFTA countries. Ministers also underlined the need to provide stability and predictability in a transition to a new legal framework for economic relations with the UK and to preserve the current conditions for economic exchange and cooperation.

The EFTA Ministers welcomed the results of the tenth WTO Ministerial Conference in Nairobi, and stressed the importance of implementing the agreed outcomes of the last two WTO Ministerial Conferences. They also exchanged views on the possible implications for the EFTA States of the ongoing negotiations between the EU and the United States (US) on a Transatlantic Trade and Investment Partnership (TTIP). In this context, they stressed the importance of continuing TTIP-related exchanges with both of these key partners.

Ministers signed free trade agreements (FTAs) with **Georgia** and the **Philippines**, and launched negotiations on an FTA with **Ecuador**. They reviewed developments in EFTA's ongoing trade negotiation processes with partners worldwide, including **Ecuador**, **India**, **Indonesia**, **Malaysia** and **Vietnam**. They welcomed the conclusion of exploratory talks with the **MERCOSUR** States (Argentina, Brazil, Paraguay and Uruguay), paving the way for possible free trade negotiations in the coming year, as well as the ongoing work towards the development of a text for a joint declaration on cooperation (JDC) with the **East African Community** (EAC, comprising Burundi, Kenya, Rwanda, Tanzania and Uganda). Ministers reviewed EFTA's activities in relation to the development and modernisation of existing FTAs, including those with **Canada**, **Mexico** and **Turkey**.

At their June meeting in Bern, the EEA EFTA Ministers took stock of recent developments in the Agreement on the European Economic Area (EEA Agreement). They welcomed the signing on 3 May of the Agreement on an EEA Financial Mechanism for the period 2014-2021, noting this agreement as the most ambitious effort of the EEA EFTA States to date to reduce social and economic disparities in the EEA. Ministers also discussed legal acts awaiting incorporation into the EEA Agreement, observing that although the number of acts had remained stable over the last year, the new EEA EFTA procedures had increased the speed of processing new EU acts. Ministers welcomed the steps taken towards ensuring EEA EFTA participation in the European Financial Supervisory Authorities, as well as progress made on important issues related to EEA EFTA participation in the Body of European Regulators for Electronic Communications (BEREC) and the Agency for the Cooperation of Energy Regulators (ACER). Lastly, Switzerland informed Ministers about the state and perspectives of relations between Switzerland and the EU after the adoption of the initiative "against mass immigration", following a referendum on 9 February 2014.

The communiqués from the 2016 Ministerial meetings can be found in the appendices to this report.



The EFTA Ministerial meeting in Geneva, Switzerland, 21 November. From left: Kristinn F. Árnason, Secretary-General, EFTA; Monica Mæland, Minister of Trade and Industry, Norway; Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; Lilja Alfreðsdóttir, Minister for Foreign Affairs and External Trade, Iceland; and Johann N. Schneider-Ammann, President of the Swiss Confederation and Head of the Federal Department of Economic Affairs, Education and Research.





Johann N. Schneider-Ammann, President of the Swiss Confederation and Head of the Federal Department of Economic Affairs, Education and Research, interviewed at the Ministerial meeting in Geneva on 21 November.



The EFTA-ECOFIN meeting in Brussels, 8 November. From left: Bergdís Ellertsdóttir, Ambassador, Mission of Iceland to the EU; Adrian Hasler, Prime Minister and Minister of Finance, Liechtenstein; Siv Jensen, Minister for Finance, Norway; and Ueli Maurer, Federal Councillor, Head of the Federal Department of Finance, Switzerland.

Other Meetings of the EFTA Council

The EFTA Council met eight times in 2016 at the level of Heads of Permanent Delegation to EFTA in Geneva. Delegates discussed EFTA's relations with countries outside the EU, including free trade negotiations and the management of existing FTAs. They also approved a number of technical cooperation projects and dealt with administrative and budgetary matters.

The EFTA Convention

The Council is responsible for the EFTA Convention, which is updated regularly to reflect legislative developments in the EEA Agreement and the Swiss-EU agreements. No amendments were made to the Convention in 2016.

Annual Meeting of EFTA and EU Finance Ministers

The annual meeting of EFTA and EU Finance Ministers took place on 8 November in Brussels, where the main topics discussed were investment and economic growth. The meeting was chaired by Mr Peter Kažimír, Finance Minister, representing the Slovak Presidency of the EU Council. EFTA was represented by Ms Siv Jensen, Minister for Finance of Norway (EFTA Chair); Mr Adrian Hasler, Prime Minister and Minister of Finance of Liechtenstein; Mr Ueli Maurer, Federal Councillor, Head of the Federal Department of Finance; and Ambassador Bergdís Ellertsdóttir, Mission of Iceland to the EU.



Free Trade Relations

EFTA continued its work on expanding, updating and developing its worldwide network of free trade agreements (FTAs) in 2016. After the successful conclusion of negotiations, FTAs with the Philippines and Georgia were signed on 28 April and on 27 June at the EFTA Summer Ministerial meeting respectively.

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

Operational Free Trade Agreements

In 2016, 27 FTAs were operational with 38 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, Egypt, Georgia (entry into force pending), the Gulf Cooperation Council (GCC, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong China, Israel, Jordan, the Republic of Korea, Lebanon, Macedonia, Mexico, Montenegro, Morocco, Palestine, Peru, the Philippines (entry into force pending), Serbia, Singapore, the Southern African Customs Union (SACU, comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.

Free Trade Negotiations

EFTA was party to negotiations with seven partners in 2016: Georgia, Ecuador, India, Indonesia, Malaysia, the Philippines and Vietnam, two of which – with Georgia and the Philippines – were completed during the year. Comprehensive re-negotiation of existing agreements with Mexico and Turkey was ongoing, and explored with Canada and Chile. Negotiations with four partners remained on hold, namely Algeria, Honduras, Thailand and the Customs Union of the Russian Federation, Belarus and Kazakhstan.

Joint Declarations on Cooperation and Other Processes

Six joint declarations on cooperation (JDCs) were operational with 11 partner countries in 2016, one of which (Ecuador) became a negotiating partner during the year. These JDCs were with Ecuador, Mauritius, MERCOSUR (Argentina, Brazil, Paraguay and Uruguay), Mongolia, Myanmar and Pakistan. A JDC had been proposed to the East African Community (EAC, comprising Burundi, Kenya, Rwanda, Tanzania and Uganda) in 2015. Discussions on the text continued in 2016. Furthermore, EFTA continued its trade policy dialogue with the US. initiated in 2013.



Signing of the EFTA-Philippines Free Trade Agreement in Bern, Switzerland, on 28 April. From left: Martin Eyjólfsson, Ambassador, Iceland; Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; Johann N. Schneider-Ammann, President of the Swiss Confederation and Head of the Federal Department of Economic Affairs, Education and Research; Adrian S. Cristobal Jr, Secretary of the Department of Trade and Industry of the Philippines; and Dilek Ayhan, State Secretary, Ministry of Trade, Industry and Fisheries, Norway.





Dimitry Kumsishvili, Georgia's First Vice Prime Minister, Minister of Economy and Sustainable Development, signs the Free Trade Agreement with the EFTA States. Standing, from left: Kristinn F. Árnason, Secretary-General, EFTA; Giorgi Kvirikashvili, Prime Minister, Georgia; Johann N. Schneider-Ammann, President of the Swiss Confederation and Head of the Federal Department of Economic Affairs, Education and Research; Lilja Alfreðsdóttir, Minister for Foreign Affairs and External Trade, Iceland; and Aurelia Frick, Minister of Foreign Affairs, Liechtenstein.

Joint Declarations on Cooperation and Free Trade Agreements between EFTA and Non-EU Partners

Fig. 1

Partner	Joint Declaration	Free Trade	Free Trade Agreement	
	Signing	Signing	Entry into Force	
Albania	10 December 1992	17 December 2009	1 November 2010	
Algeria	12 December 2002			
Bosnia and Herzegovina		24 June 2013	1 January 2015	
Canada		26 January 2008	1 July 2009	
Central American States	20 July 2010 (Panama)	24 June 2013 (Costa Rica and Panama) 22 June 2015 (Guatemala)	19 August 2014	
Chile		26 June 2003	1 December 2004	
Colombia	17 May 2006	25 November 2008	1 July 2011	
Ecuador	22 June 2015			
Egypt	8 December 1995	27 January 2007	1 August 2007	
Georgia	28 June 2012	27 June 2016		
Gulf Cooperation Council (GCC) ¹	23 May 2000	22 June 2009	1 July 2014 ²	
Hong Kong China		21 June 2011	1 October 2012	
Israel		17 September 1992	1 January 1993	
Jordan	19 June 1997	21 June 2001	1 September 2002	
Republic of Korea		15 December 2005	1 September 2006	
Lebanon	19 June 1997	24 June 2004	1 January 2007	
Macedonia	29 March 1996	19 June 2000	1 May 2002	
Malaysia	20 July 2010			
Mauritius	9 June 2009			
Mexico		27 November 2000	1 July 2001	
MERCOSUR ³	12 December 2000			
Mongolia	28 July 2007			
Montenegro	12 December 2000	14 November 2011	1 September 2012	
Morocco	8 December 1995	19 June 1997	1 December 1999	
Myanmar	24 June 2013			
Pakistan	12 November 2012			



Partner	Joint Declaration	Free Trade Agreement	
	Signing	Signing	Entry into Force
Palestinian Authority	16 December 1996	30 November 1998	1 July 1999
Peru	24 April 2006	24 June 2010	1 July 2011
Philippines	24 June 2014	28 April 2016	
Serbia	12 December 2000	17 December 2009	1 October 2010
Singapore		26 June 2002	1 January 2003
Southern African Customs Union (SACU) ⁴		26 June 2006	1 May 2008
Tunisia	8 December 1995	17 December 2004	1 June 2005
Turkey		10 December 1991	1 April 1992
Ukraine	19 June 2000	24 June 2010	1 June 2012

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



The EFTA States and Ecuador launched free trade negotiations in Bern on 27 June. From left: Kristinn F. Árnason, Secretary-General, EFTA; Didier Chambovey, Ambassador, Switzerland; Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; Lilja Alfreðsdóttir, Minister for Foreign Affairs and External Trade, Iceland (wearing the national football jersey on the day of Iceland's historic win against England in Euro 2016); Juan Carlos Cassinelli, Minister of Foreign Trade, Ecuador; and Monica Mæland, Minister of Trade and Industry, Norway.



² The Member States of the GCC informed EFTA that the EFTA-GCC FTA would be applied by their authorities as of 1 July 2015.

³ Argentina, Brazil, Paraguay and Uruguay.

⁴ Botswana, Lesotho, Namibia, South Africa and Swaziland.

Continued Expansion of EFTA's Free Trade Network

Throughout 2016, EFTA pursued its efforts towards the conclusion of free trade agreements, especially with emerging economies in South America and Asia.

Negotiations continued with **Malaysia**, which had been launched in 2014. In the course of two negotiating rounds and several expert meetings, EFTA and Malaysia furthered their progress on the agreement. With **Vietnam**, two meetings at the level of heads of delegation were held in 2016, with a view to finding a common landing zone. It was agreed that negotiations would resume in spring 2017. After having been put on hold in 2014, negotiations with **Indonesia** resumed with a heads meeting in the first half of 2016, followed by two negotiation rounds, with a view to concluding in 2017. With **India**, negotiations resumed with one heads meeting and one negotiation round, with the aim of finalising negotiations as swiftly as possible.

Negotiations with the **Philippines** and **Georgia** were concluded in 2016, with final negotiation rounds held in the first quarter, followed by the signing of agreements on 28 April and 27 June respectively. Negotiations with **Ecuador** were launched at the EFTA Ministerial meeting on 27 June in Bern. A first negotiation round was held in the last quarter of 2016, with the ambition to conclude these negotiations swiftly.

EFTA and **MERCOSUR** held two meetings and finalised the exploratory dialogue launched in 2015 regarding a possible comprehensive FTA. The conclusion of the exploratory dialogue paves the way for opening negotiations in 2017.

In their meetings in June and November, EFTA Ministers expressed their interest in strengthening ties with countries in **Sub-Saharan Africa**, including with the **East African Community**, where they welcomed the ongoing work towards the finalisation of a text for a JDC.

Management, Modernisation and Expansion of Existing FTAs

The modernisation and expansion of the FTA between the EFTA States and **Turkey** (the oldest of its kind still in effect today) to new areas are part of EFTA's effort to update existing agreements. No meetings took place in 2016, but contact was made at heads level with a view to finding mutually acceptable solutions to progress further in the negotiations. The FTA currently covers trade in goods (including agriculture) and intellectual property rights (IPR). The negotiations address trade in services, sanitary and phytosanitary (SPS) issues, technical barriers to trade (TBT), rules of origin, trade facilitation, IPR, competition, sustainable development and horizontal and institutional provisions.

Ministers launched negotiations on a full review of the FTA between the EFTA States and **Mexico**. Two rounds were held, with the next round confirmed for early 2017. The negotiations cover all areas included in the current agreement, as well as addressing trade and sustainable development and trade facilitation.



An exploratory round was held in 2016 with **Chile**, with the aim of starting negotiations on a review of the EFTA-Chile FTA. Intersessional work has been ongoing, with a view to holding a full round of negotiations in the first half of 2017.

EFTA and **Canada** held one exploratory meeting to assess the potential benefits of updating and expanding their FTA to new areas such as services and investment, government procurement, IPR and trade and sustainable development. The agreement currently covers trade in goods including market access, rules of origin, trade remedies, TBT, SPS measures and trade facilitation, as well as horizontal and institutional provisions.

The EFTA States held joint committee meetings with four FTA partners in 2016 (**Colombia**, **Egypt**, **Korea** and **SACU**). On these occasions, the parties reviewed the functioning of their respective agreements and adopted several decisions to update existing rules. They also established work plans towards further revisions.

EFTA experts also convened with counterparts from several other FTA partners, such as **Israel** and **Ukraine**, in preparation for future amendments of agreements or in preparation for joint committee meetings. In addition, work aimed at maintaining and updating other FTAs was undertaken throughout the year at a technical level.

Joint Committee Meetings in 2016

Fig. 2

Free Trade / Joint Declaration Partner	Date and Venue
Korea (5 th meeting)	11 March, Seoul
Egypt (3 rd meeting)	16 June, Geneva
Mauritius (2 nd meeting)	22 July, Port Louis
SACU (4 th meeting)	3-4 November, Walvis Bay
Colombia (2 nd meeting)	2 December, Geneva

Monitoring International Trade Developments

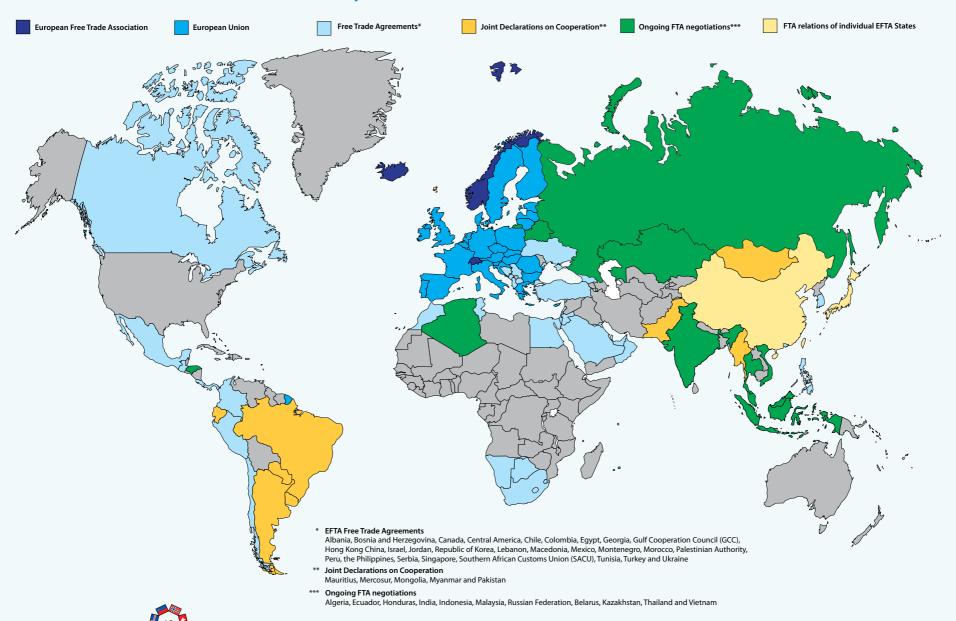
EFTA follows the development of so-called "mega-regional" free trade agreements closely. This has become particularly relevant in the context of the conclusion of the Trans-Pacific Partnership (TPP) Agreement, comprising 12 countries, the ongoing negotiations on a Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU, and negotiations on a Regional Comprehensive Economic Partnership (RCEP), comprising 16 countries.



¹ Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam.

² The ten members of ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) and the six countries with which ASEAN has existing FTAs (Australia, China, India, Japan, Korea and New Zealand).

EFTA's Worldwide Network (as at 1 January 2017)



The trade policy dialogue between the EFTA States and the **United States**, launched in 2013 in the light of the start of negotiations between the US and the EU on TTIP, continued in 2016. A fourth meeting under the dialogue was held on 1 September with the Office of the United States Trade Representative (USTR) and other US representatives. In addition, expert meetings were held in areas such as TBT, rules of origin and trade in services were held. At their meeting in November, EFTA Ministers took note of the ongoing trade policy dialogue with the US, and expressed their interest in continuing this dialogue with the new US Administration. At the June and November Ministerial meetings, EFTA Ministers discussed the possible consequences of the **United Kingdom** leaving the EU. They emphasised the importance of maintaining close economic and trade relations with the UK as an important trading partner of the EFTA States. The Ministers also underlined the need to provide stability and predictability in a transition to a new legal framework for economic relations with the UK, and to preserve the current conditions for economic exchange and cooperation. The EFTA States will consult with each other towards this goal.

Technical Cooperation

In the framework of technical cooperation funded by EFTA with partners outside the EU, activities in 2016 included:

- The finalisation of a guide for exporters in Lebanon on the Pan-Euro-Med (PEM) rules of origin, in order to facilitate the practical implementation of the PEM Convention, as well as a meeting in Lebanon with government officials and economic operators to launch the guide
- The publication of a brochure on the potential benefits of a partnership agreement between Indonesia and EFTA, and the launch of the brochure in a meeting in Jakarta
- · Support for two IPR training seminars in Palestine
- One seminar in the SACU States¹, aimed at assisting in the revision of the FTA, moving from a proof of origin system based on certificates to one based on self-declaration

Relations with the WTO

Under the WTO's transparency mechanism for bilateral and regional trade agreements, EFTA continued to notify decisions adopted by joint committees under existing FTAs, as well as the start of free trade negotiations and the ratification and entry into force of new agreements – most recently the entry into force of the FTAs with Bosnia and Herzegovina, Central America and Colombia.



¹ Botswana, Lesotho, Namibia, South Africa and Swaziland.

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

The EEA Agreement

The EEA Council



The 46th meeting of the EEA Council, Brussels, 15 November. From left: Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; Lukas Parizek, Secretary of State of the Ministry of Foreign and European Affairs, Slovak Republic; Elisabeth Aspaker, Minister of EEA and EU Affairs, Norway; and Stefán Haukur Jóhannesson, Permanent Secretary of State, Ministry for Foreign Affairs, Iceland.

The EEA Council was chaired by the EU in the first half of 2016 and by EFTA in the second half. It convened on 25 May and 15 November to review ongoing work in EEA cooperation and to note the progress reports of the EEA Joint Committee. Ministers confirmed the positive overall functioning and development of the EEA Agreement, and appreciated that new acts were being incorporated quickly. In addition, the EEA Council held orientation debates on the Better Regulation Agenda and the Collaborative Economy. The conclusions from these meetings can be found in the appendices to this report.



The EEA Joint Committee

The EEA Joint Committee met eight times in 2016 and adopted 250 decisions incorporating 405 legal acts. Discussions in the EEA Joint Committee focused on how to further improve the processing of acquis and to reduce the number of legal acts awaiting incorporation, as well as on capital controls and the TTIP negotiations between the EU and the US. Among the more significant decisions adopted by the EEA Joint Committee were those concerning the European Financial Supervisory Authorities, online dispute resolution and alternative dispute resolution for consumer disputes, net neutrality and roaming on public mobile communications networks, movement of pet animals and the public procurement legislative framework.

The Standing Committee of the EFTA States

The Standing Committee of the EFTA States was chaired by Liechtenstein in the first half of 2016 and by Iceland in the second half. The agendas and conclusions of the Standing Committee meetings are available on the EFTA website. On 15 November, the Standing Committee held a joint meeting at Ministerial level in Brussels with the Committee of Members of Parliament of the EFTA States and the Consultative Committee to discuss developments in the EEA.



The EEA Joint Committee meeting at the EFTA Secretariat in Brussels, 23 September.



Iceland chaired the EFTA Standing Committee during the second half of 2016. From left: Ragnar Kristjánsson, Deputy Head of Iceland's Mission to the EU; Bergdís Ellertsdóttir, Head of Iceland's Mission to the EU; Kristinn F. Árnason, Secretary-General, EFTA.





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

Legal and Institutional Matters

Subcommittee V on Legal and Institutional Questions held five meetings in 2016. Discussions in Subcommittee V covered a wide range of topics, such as the incorporation of the updated State Aid Procedural Regulation and Article 127 EEA on withdrawal from the EEA Agreement. It also discussed and agreed on several legal notes, e.g. on references to international conventions, amendments to the Surveillance and Court Agreement and market authorisations. The Subcommittee continued to monitor two-pillar issues and third-country provisions in the EEA Agreement, as well as case law developments in the EEA.

EEA EFTA Procedures for Incorporating EU Acts into the EEA Agreement

Based on a report by the EFTA Secretariat on the progress made following the adoption of new procedures for the incorporation of EU acts, and a note on possible improvements to those procedures, the EEA EFTA States agreed to a number of changes to streamline them and further increase the efficiency of the EEA Agreement. The changes agreed upon include a reduction in the number of forms used for the processing of EU acts, lessening the administrative burden, and additional categories of acts to be processed according to the fast-track procedure, increasing the processing speed.

Free Movement of Goods

A substantial part of EU legislation concerns the free movement of goods, a principle applied throughout the Single Market. Today, about 75% of trade in the Single Market is in goods. However, the free movement of goods does not imply that all products can circulate freely. They must conform to requirements set for the protection of legitimate interests such as health, safety and the environment. Additionally, in order to ensure a fair and efficient market, a wide range of legislative measures have been established in the fields of competition, state aid and public procurement.

Subcommittee I prepares for the incorporation into the EEA Agreement of legislation relating to all aspects of the free movement of goods – veterinary, food and agricultural issues, technical barriers to trade, energy, competition, state aid, public procurement, intellectual property, energy matters, customs, safety and security matters and trade facilitation. Subcommittee I is assisted by 11 working groups and 24 expert groups.

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



Veterinary, Food and Agricultural Issues

Veterinary and food legislation in the EEA Agreement applies to Iceland and Norway only. Since 2007, Liechtenstein has been subject to the Swiss-EU Agricultural Agreement pertaining to legislation in these areas.

Veterinary issues

Veterinary legislation covers animal and public health requirements for the production, trade and importation of live animals and animal products, as well as issues related to the control of these products. Arrangements for animal welfare and the control and prevention of animal diseases are also included.

In 2016, the EEA Joint Committee incorporated 31 legal acts in the veterinary area into the EEA Agreement. In addition, a number of legal acts were implemented by means of simplified procedure.

Animal feed

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

In 2016, 33 legal acts related to animal feed were incorporated into the EEA Agreement.

Food

Legislation in the food area covers requirements concerning hygiene in food production, labelling, imports, additives and food contact materials. It also ensures that the EEA EFTA States participate fully in the European Food Safety Authority, including the possibility of employment for EEA EFTA nationals.

Discussions continued on the regulations on genetically modified food and feed, and on the traceability and labelling of genetically modified organisms. These have not yet been incorporated into the EEA Agreement.

Preparations continued for the incorporation of the legal framework on organic production and the labelling of organic products.

In 2016, 56 legal acts relating to foodstuffs were incorporated into the EEA Agreement. A number of legal acts were also implemented by means of simplified procedure.

Trade in agricultural products

The Secretariat assisted Iceland and Norway in accordance with Article 2(2) of Protocol 3 EEA, trade in processed agricultural products. The parties acknowledged that trade in this field functioned well and that the price compensation system was not a cause for concern.

Simplified Procedure

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

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

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

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





Photo: © sykono/iStock

Technical Barriers to Trade

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

Working Group on TBT

The Working Group on TBT continued to coordinate the incorporation of new acquis into Annex II to the EEA Agreement, and to follow various legislative proposals, supported by its many expert groups. A principal focus was to follow the European Commission's evaluation of the functioning of the mutual recognition principle.

Expert Group on Construction Products

The Expert Group on Construction Products met twice in 2016. Its main focus was to discuss the implementation of the Regulation on Construction Products (CPR), three years after its entry into force. With the Commission's fitness check planned for 2017, an EEA EFTA Comment was submitted, focusing on the overlap between ecodesign requirements and the CPR, the mandatory use of standards and what information should be part of the CE marking label.

Expert Group on Explosives for Civil Use

The Expert Group met once in 2016 to discuss the review of the Regulation on Explosives Precursors, the regulatory framework for mobile explosive manufacturing units (MEMUs) and the implementation of the Directive on Pyrotechnic Articles.

Expert Group on Machinery

The Expert Group elected a new Chair in 2016. The main focus of the experts was to contribute to the public consultation on the evaluation of the Directive on Machinery, as well as assessing the Regulation on emission limits and type-approval of engines for non-road mobile machinery.



Expert Group on Motor Vehicles

The main focus of the Expert Group on Motor Vehicles was the incorporation of Regulation (EU) No 443/2009 and Regulation (EU) No 510/2011 and related acts. By the end of the year, following successful negotiations with the EU on the necessary adaptation texts, it was expected that the formal processing on the EU side would be the only outstanding step before the incorporation of the two acts into the EEA Agreement.

Another important matter was the Commission's proposal for a regulation on the type-approval and market surveillance of motor vehicles and their trailers, published in February 2016.

Expert Group on Fertilisers

The Expert Group discussed the Commission's proposal for a new regulation on fertilisers, which aims at extending the current scope to include fertilisers produced from organic materials or secondary raw material, as well as introducing harmonised cadmium limits for phosphate fertilisers.

TBT Committee

The TBT Committee met four times in 2016 to discuss issues relating to the EFTA Convention, harmonisation of technical legislation, technical barriers to trade, standardisation and third-country relations. The Committee's third meeting was held in Liechtenstein in September. In relation to this meeting, the Committee visited the Liechtenstein-based hi-tech company NEUTRIK to see its production facilities and hear about NEUTRIK's experiences and challenges when exporting its products.

Issues followed in 2016 were TBT and New Approach, such as the Alignment Package, market surveillance of goods, accreditation and conformity assessment. The Committee was updated on horizontal EU policy issues, such as the EU Single Market Strategy, the EU Digital Single Market Strategy and the EU Accessibility Act. The Committee also discussed EFTA mutual recognition agreements, the EU-EFTA quality infrastructure project in the Western Balkans, ongoing negotiations on free trade agreements and other third-country issues.

In the area of European standardisation, the EFTA States cooperated closely with the Commission to develop and finalise the Joint Initiative on Standardisation, which was signed on 13 June. EFTA participated in the Editorial Committee and the Steering Committee that followed up on this initiative. Other standardisation issues discussed in 2016 were the EU Standardisation Package adopted on 1 June, a principal ruling from the Court of Justice of the European Union in the area of harmonised standards, the follow-up of the two EFTA co-financed projects with seconded European standardisation experts in India (SESEI) and China (SESEC), and participation in the General Assemblies of the European Committee for Standardization (CEN), the European Committee for Electrotechnical Standardization (CENELEC) and European Accreditation, in which the EFTA Secretariat has the formal status of European counsellor.



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Financial contributions

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

EFTA continued to co-fund the three ESOs as well as four recognised stakeholder organisations that participate in European standardisation. These are the European Association for the Coordination of Consumer Representation in Standardisation (ANEC), the European Environmental Citizens' Organisation for Standardisation (ECOS), Small Business Standards (SBS) and the European Union Trade Union Confederation (ETUC). In 2016, EFTA signed 39 agreements relating to standardisation.

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

Medicinal products

Two acts concerning medicinal products and medical devices were incorporated into the EEA Agreement in 2016, including a regulation on clinical trials.

With regard to the Paediatrics Regulation, an agreement on all adaptation texts was reached between the EEA EFTA States and the EU, and the revised draft JCD was submitted to the European External Action Service (EEAS) in October.

The Expert Group on Medicinal Products and Medical Devices held its first meeting since 2011. It plans to continue meeting regularly to enhance cooperation and facilitate discussions when problematic issues arise.

Dangerous substances

Trade in and use of dangerous substances are strictly regulated in order to protect consumers, workers and the environment. The EEA Agreement contains both general chemicals legislation and product-specific legislation. In total, 49 acts concerning dangerous substances were incorporated into the EEA Agreement in 2016.

The EU Regulation concerning the placing of plant protection products on the market, repealing a directive from 1991, entered into force in the EEA in 2015. In 2016, a total of 30 acts in this field were incorporated into the EEA Agreement.

Mutual recognition agreements

Mutual recognition agreements (MRAs) facilitate market access by reducing the costs and time associated with obtaining product certification. Protocol 12 EEA ensures the smooth functioning of the EEA market with regard to MRAs. In this respect, the EEA EFTA States discussed EU developments related to new and revised MRAs, and assessed possible EEA EFTA follow-up.



Throughout 2016, Commission officials participated regularly in the meetings of the Working Group on TBT to provide updates on various third-country issues. The EEA EFTA States have formally approached Australia and New Zealand with a view to exploring potential amendments to their MRAs in line with the amendments made to the EU's MRAs in 2012.

Market surveillance and consumer product safety

The Expert Group on Product Safety, Market Surveillance and Product Liability met twice in 2016. The EEA EFTA States continued to monitor developments on the proposal for a product safety and market surveillance package. However, this proposal continues to remain blocked on the EU side. The EEA EFTA States are actively monitoring and participating in the work surrounding the development of actions to further enhance efforts to keep non-compliant products from the EU market, as announced in the Single Market Strategy. They are also monitoring developments regarding a legislative proposal on market surveillance that the Commission intends to adopt in mid-2017. An EEA EFTA Comment was prepared in this regard.

The EEA EFTA States continued to participate in the Commission's Internal Market for Products – Market Surveillance Group (IMP-MSG), the Consumer Safety Network (CSN) and the General Product Safety Directive (GPSD) Committee.

Energy

The Working Group on Energy Matters met four times in 2016. Substantial efforts were devoted to finalising negotiations with the EU regarding the incorporation of the Third Energy Market Package. Significant progress was made with regard to the incorporation of the Energy Performance of Buildings Directive and, at a slightly less advanced stage, with regard to the Energy Efficiency Directive. Important discussions were held on energy markets, including the development of network codes. The EEA EFTA States monitored policy developments closely on the EU side concerning notably the Energy Union, but also the 2030 framework for climate and energy and the international climate negotiations.

Competition

The Working Group on Competition Policy met once in Brussels in 2016. Important items on the agenda were the possible incorporation of the Directive on Action for Damages, adopted by the EU in November 2014, and the reform of the EU Merger Control Regulation.



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State Aid

The draft JCD to incorporate Regulation (EU) No 734/2013 into the EEA Agreement was sent to the EU in October. One of the amendments introduced by that act to the Procedural Regulation empowers the European Commission to impose fines and periodic penalty payments on undertakings.

The EEA EFTA States participated in several multilateral state aid meetings relating to the Commission's State Aid Modernisation (SAM) initiative, launched in 2012 with the aim of fully reforming and updating the European state aid framework.

Public Procurement

The Working Group on Public Procurement contributed to the successful incorporation of the EU's Public Procurement Reform: a directive on public procurement; a directive on procurement by entities operating in the water, energy, transport and postal services sectors; and a new directive on concession contracts.

Intellectual Property

Discussions on the incorporation of the Directive on Collective Management of Copyright continued, with Iceland considering the need for adaptations.

The process of adopting a unitary patent for Europe continued in the EU, with eight Member States ratifying the Agreement on a Unified Patent Court. The package will enter into force in the EU once 13 Member States have ratified the agreement, including France, Germany and the United Kingdom. The EEA EFTA States are following the issue closely.

The European Union Intellectual Property Office (EUIPO) is responsible for the European Observatory on Infringements of Intellectual Property Rights. The EEA EFTA States followed the ongoing affairs of the Observatory in 2016, and participated in its fifth plenary meeting, and a public stakeholder meeting in Rotterdam.

In 2013, the Commission presented a package of initiatives to make trade mark registration systems cheaper, quicker and more reliable and predictable. This reform aimed to improve conditions for businesses to innovate and benefit from more effective trade mark protection against counterfeits. A Recast Directive was published in the Official Journal of the European Union in December 2015. The EEA EFTA States followed this process closely in 2016 and are currently assessing the directive and potential adaptations with a view to incorporating it into the EEA Agreement.

A directive on trade secrets, which was adopted in June, harmonises the definition of trade secrets in accordance with existing internationally binding standards and the civil means through which victims of trade secret misappropriations can seek protection. The EEA EFTA States are assessing the directive with the intention of incorporating it into the EEA Agreement.

In September, the Commission set out proposals on the modernisation of the EU copyright system, several of which are EEA relevant. The EEA EFTA States are assessing the proposals and will follow the procedure ahead with close attention.

Customs, Safety and Security Matters and Trade Facilitation

Customs and origin matters

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

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

Customs, safety and security matters

Norway and Switzerland are bilaterally integrated with the EU's safety and security system. Thus, traders from these countries do not have to submit prearrival/predeparture declarations when trading with the EU. 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 held a meeting in October 2016 to ensure the equivalence in legislation and implementation of the customs security provisions in Norway and in the EU, and to start a review process of the protocol in question.

Trade Facilitation

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

As a result of internal EFTA Secretariat reorganisation, responsibility for issues pertaining to customs (i.e. rules of origin, trade facilitation, customs cooperation and customs security matters) was moved from the Goods Division in Brussels to the Trade Relations Division in Geneva in October.



	Number of meetings in 2016	Number of acts incorporated in 2016
EEA Joint Committee	8	405
Standing Committee of the EFTA States	8	-
SUBCOMMITTEE I	8 ¹	272
Working Groups		
Competition Policy	1	-
Customs Matters	4	-
Customs Security Measures	-	-
Energy Matters	4	5
Fisheries	-	-
Food Chain ²	3	125
Intellectual Property Rights	2	-
Processed Agricultural Products	-	-
Public Procurement	-	11
State Aid	-	-
Technical Barriers to Trade (TBT)	2	3
Expert Groups under TBT		
Agricultural and Forestry Tractors	-	3
Appliances Burning Liquid or Gaseous Fuels	-	-
ATEX (equipment for use in explosive atmospheres)	-	-
Cableway Installations	-	-
Chemicals	-	49
Plant Protection Products	-	30
Construction	1	4
Cosmetics	-	7
Electrical Equipment	-	3
Explosives	1	2
Fertilisers	-	-
Machinery	-	-
Marine Equipment	-	1
Maximum Residue Levels (MRLs)	-	7

	Number of meetings in 2016	Number of acts incorporated in 2016
Measuring Instruments	-	-
Medicinal Products and Medical Devices	1	2
Motor Vehicles	-	6
Personal Protective Equipment	-	-
Pressure Equipment	-	-
Product Safety and Market Surveillance	2	3
Recreational Crafts	-	-
Telecommunications Equipment	-	1
Tobacco	-	3
Wine and Spirit Drinks	-	7
SUBCOMMITTEE II	8	78
Working Groups		
Company Law	1	9
Electronic Communication, Audiovisual Services and Information Society	3	7
Data Protection Expert Group	3	-
Financial Services	3 ³	33
Postal Services	-	-
Transport	4	29
SUBCOMMITTEE III	8	0
Working Groups		
Free Movement of Persons, Employment and Social Policy	1	-
Recognition of Professional Qualifications	-	-
Social Security	4	-
SUBCOMMITTEE IV	8	55
Working Groups		
Budgetary Matters	1	-
Civil Protection	-	-
Consumer Affairs	3	3
Cultural Affairs	1	-
Education, Training and Youth	2	-
EFTA Consumers' Consultative Committee	-	-
-		



	Number of meetings in 2016	Number of acts incorporated in 2016
Enterprise Policy and Internal Market Affairs	3	1
Environment	2	39
Gender Equality, Anti-Discrimination and Family Policy	2	-
Heads of National Statistical Institutes	1	11
Health and Safety at Work and Labour Law	1	1
Public Health	2	-
Research and Innovation	3	-
SUBCOMMITTEE V	5	-

In November 2009, the Standing Committee approved the practical merger of Subcommittees I, II, III and IV.
 Food Chain encompasses veterinary matters, feedingstuffs, plant health and foodstuffs.
 In addition to the three Working Group on Financial Services meetings, the Task Force on the European Financial Supervisory Authorities held nine telephone conferences and two meetings in 2016.



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Free Movement of Capital and Services

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

Financial Services

Background

On 14 October 2014, EU and EEA EFTA Finance Ministers reached an agreement on the principles for the incorporation into the EEA Agreement of the EU Regulations establishing the Financial European Supervisory Authorities (EU ESAs). The Conclusions approved at the informal meeting of EFTA and EU Ministers of Finance and Economy (EFTA-ECOFIN) set out that, in accordance with the two-pillar structure of the EEA Agreement, the EFTA Surveillance Authority would take formal decisions addressed to the EEA EFTA competent authorities and market operators in the EEA EFTA States, based on drafts prepared by the relevant EU ESA. In order to ensure uniform surveillance and application of legislation in the financial services field (respecting the principle of homogeneity of the EEA Agreement), representatives of the EEA EFTA States and of the respective supervisory authorities shall participate to the fullest extent possible, without voting rights, in the Board of Supervisors of the EU ESAs and their preparatory bodies.

2016 developments

The above political agreement took almost two years to be translated into legally binding text. On 30 September 2016, nine JCDs encompassing 31 EU acts from the first EU ESAs package were adopted by the EEA Joint Committee by written procedure. These JCDs entered into force on 1 October 2016, with the exception of Decisions 204/2016 (Short Selling and Credit Default Swaps) and 206/2016 (European Market Infrastructure Regulation (EMIR)) as Norway has indicated constitutional requirements in accordance with Article 103 EEA.

Furthermore, two additional JCDs encompassing three further acts regarding undertakings for the collective investment in transferable securities (UCITS) and Omnibus I were submitted to the European External Action Service (EEAS) in April 2016. A reply is pending from the EU.

 $The \ EEA \ EFTA \ States \ are \ currently \ working \ on \ additional \ JCDs, \ most \ notably \ on \ the \ CRD \ IV \ / \ CRR \ package.$



Company Law

The EEA EFTA States noted the upcoming legislative initiative on business insolvency as part of the Capital Markets Union Action Plan.

Electronic Communications, Audiovisual Services, Information Society and Data Protection

Experts from the EEA EFTA States continued to work on the incorporation of the Telecom Package into the EEA Agreement, notably on the role of the EEA EFTA States in the Body of European Regulators in Electronic Communications (BEREC). A draft JCD and a draft joint declaration were sent to the EU mid-year. Experts also started to analyse proposals for a revised Telecom Regulatory Framework, published by the Commission in September. Following the adoption by the EU of the new General Data Protection Regulation (GDPR) in April, experts began work on its incorporation into the EEA Agreement. Throughout 2016, discussions progressed on various horizontal issues raised by the GDPR, notably regarding the functioning of the mechanism designed to ensure the consistency of national decisions and the powers of the new European Data Protection Board.

The EEA EFTA States followed initiatives under the Digital Single Market Strategy closely, in particular the revision of the Telecom Regulatory Framework, the review of the Audiovisual and Media Services Directive (AVMSD), and initiatives on geo-blocking and the role of platforms. The majority of the initiatives listed in the strategy were published, and will continue to be followed by the relevant working groups. The EEA EFTA States also kept abreast of developments relating to the EU-US Privacy Shield framework for the commercial transfer of personal data to the United States.

Postal Services

Progress was made towards the incorporation of the Third Postal Services Directive into the EEA Agreement.

Transport

Road

Several acts were incorporated into the EEA Agreement, notably the Regulation on Tachographs in Road Transport. Delegations finalised their assessment of the Directive on the cross-border exchange of information on road-safety-related traffic offences, but now have to agree on a way forward in view of their diverging positions. Within the field of general transport, delegations finalised their assessment at expert level of the Directive on the Deployment of Alternative Fuels Infrastructure.



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Rail

Good progress was made in discussions between Liechtenstein and the Commission to take account of the special situation of Liechtenstein with regard to railways. EEA EFTA experts followed the co-decision process on the Fourth Railway Package closely, and started processing the three acts of the technical pillar thereof, which were adopted in May.

Maritime

Good progress was made in the EEA EFTA States' discussions on the Regulation on common rules and standards for ship inspection and survey organisations, and linked acts. Subcommittees I-IV concluded that Commission decisions recognising survey organisations were of a legislative nature, and the draft JCD was subsequently revised. Provisions on fines contained in the regulation are also currently being assessed.

Air

Emphasis was placed on the Commission proposal for a regulation replacing the current regulation establishing the European Aviation Safety Agency. An EEA EFTA Comment was sent in June.

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

EEA EFTA experts started evaluating the horizontal challenges of a Regulation on a European network of employment services (EURES), workers' access to mobility services and the further integration of labour markets, as well as of a related implementing regulation. They also continued their informal cooperation with the Employment Committee (EMCO) and the Social Protection Committee (SPC).

Social Security

The EEA EFTA States monitored developments in the future Labour Mobility Package, which is expected to contain a proposal to revise social security coordination rules in the areas of unemployment benefits and long-term care benefits. In addition, experts participated actively in meetings of the Administrative Commission for the Coordination of Social Security Systems.



Experts also followed developments related to the decision to establish a European platform to enhance cooperation in the prevention and deterrence of undeclared work, in cooperation with experts in the field of labour law.

Recognition of Professional Qualifications

The EEA EFTA States prepared for the incorporation into the EEA Agreement of the modernised Professional Qualifications Directive, together with the Implementing Regulation on the European Professional Card and the Alert Mechanism. In addition, experts discussed the update of Annex VII to the EEA Agreement in relation to the incorporation of the Commission Delegated Decision of January 2016 concerning evidence of formal qualifications and titles of training courses.

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 EEA EFTA States continued to monitor the implementation of the Horizon 2020 Programme, in particular the effect that the Commission's proposal on the European Investment Plan has had on the funding. Particular attention was given to the mid-term evaluation of the Horizon 2020 Programme and to preparations with respect to the Ninth Framework Programme.

Environment

Several acts in the field of environment were incorporated into the EEA Agreement in 2016, notably the Directive on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport. Good progress was made in discussions on the Regulation on Ship Recycling and the Regulation on Fluorinated Greenhouse Gases in view of their possible incorporation into the EEA Agreement.

EEA EFTA experts also followed discussions related to the implementation of the 2030 Framework for Climate and Energy Policies and the Circular Economy Strategy, including related legislative proposals on emissions trading, effort-sharing and waste.

Education, Training and Youth

EEA EFTA experts closely followed the policies and legal acts (most of them non-binding) related to the New Skills Agenda for Europe, some of which might be relevant for inclusion in Protocol 31 EEA. EEA EFTA experts also assessed the Commission proposal for a regulation on the European Centre for the Development of Vocational Training (Cedefop).

In addition, the EEA EFTA States continued to monitor the implementation of the Erasmus+ Programme.

Gender Equality, Anti-Discrimination and Family Policy

EEA EFTA experts followed the development of the Commission proposal for a European Accessibility Act. An expert event in December allowed for an exchange between the Commission and sectoral experts from the EEA EFTA States.

In February, an EEA EFTA Comment was published on the Commission's upcoming proposal on the challenges of work-life balance faced by working parents and caregivers. Experts continued to discuss the guidelines on the application of the Directive on equal treatment in access to goods and services in light of the Test-Achats ruling.

Consumer Affairs

In September, a JCD was adopted incorporating the Directive on Alternative Dispute Resolution (ADR) between consumers and traders and the Regulation on Online Dispute Resolution (ODR) for consumers. The acts will enter into force in the EEA when all three EEA EFTA States have confirmed fulfilment of constitutional requirements.

Norwegian and Liechtenstein nationals will be able to use the ODR platform, established under the ODR Regulation, in their own languages. However, due to delays in integrating the Icelandic language into the automated machine translation used for translating comments and documents, consumers from Iceland will initially have to use English or another EEA language for this part of the complaint process. Pending the full functionality of the platform, Iceland will ensure that users of the platform may obtain the translation of information from and into the Icelandic language, where that information is necessary for the resolution of the dispute and has been or is to be exchanged through the ODR platform in another language.

The EEA EFTA States followed and contributed to, including through EEA EFTA Comments (see page 35), the processes that, among others, will lead to new EEA-relevant directives with regard to contract rules for online purchases of digital content and tangible goods, and a regulation on cooperation between national authorities responsible for the enforcement of consumer protection laws.



Enterprise Policy and Internal Market Affairs

The EEA EFTA States followed and contributed to, including through EEA EFTA Comments (see page 35), the follow-up to the Single Market Strategy adopted by the Commission in 2015. Important initiatives in the strategy included the Services Passport (renamed the European Services Card), an improved notification procedure for national legislation in the field of services, a new Single Market Information Tool (SMIT), the prevention of geo-blocking, the Single Digital Gateway and the collaborative economy. The Working Group handles the annual process leading to the EEA EFTA States' contribution to specific Internal Market budget lines of the European Commission, in accordance with the relevant provisions in the EEA Agreement.

Civil Protection

The EEA EFTA States followed the implementation of and activities under the new Union Civil Protection Mechanism (2014-2020) and participated actively in the work of the Commission's Civil Protection Committee.

Cultural Affairs

EEA EFTA experts discussed future cooperation with their counterparts dealing with electronic communications, audiovisual services and information society, particularly with respect to the AVMSD and the Creative Europe Programme.

Health and Safety at Work and Labour Law

A Council Directive concerning certain aspects of the organisation of working time in inland waterway transport was incorporated into the EEA Agreement.

Experts discussed and prepared for the incorporation of the Directive concerning certain flag state responsibilities for compliance with and enforcement of the International Labour Organization (ILO) Maritime Labour Convention, the Enforcement Directive on the Posting of Workers, and the Directive to include seafarers in the scope of several labour law directives. Experts also prepared for the incorporation of the Decision to establish a European platform against undeclared work.

The EEA EFTA States paid close attention to the Commission's Regulatory Fitness and Performance Programme (REFIT), which contains several initiatives falling under the Working Group's mandate, including a review of the entire EU acquis related to health and safety at work.



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The EEA EFTA States' assessment of Commission proposals included the targeted review of the Posting of Workers Directive, the proposal to implement the ILO Work in Fishing Convention, the proposal to amend the Directive on the protection of workers from the risks related to exposure to carcinogens at work, the proposal to consolidate/recast three directives on information and consultation, and the REFIT evaluation of the Written Statement Directive. Experts also discussed the proposed review of the Founding Regulations of EU-OSHA and Eurofound.

Finally, experts followed the development of the Commission's proposal on a European Pillar of Social Rights.

Public Health

EEA EFTA experts paid particular attention to the incorporation of the Directive on patients' rights in cross-border healthcare and the Decision on serious cross-border threats.

They continued to follow relevant EU policy developments, such as those related to eHealth (the use of information and communication technology for health services and information) and mHealth (the practice of medicine and public health supported by mobile devices).

Budgetary Matters

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

EEA EFTA participation continued under the 2014-2020 Multiannual Financial Framework, with participation in 13 EU programmes. The EEA EFTA States' commitment to EU operational costs in 2016 was EUR 402.9 million; a decrease of nearly EUR 22 million from 2015.



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

Sectors of activity	2015	2016
Research	291 303	272 933
Education, training and youth	46 475	59 600
Transport	52 044	34 700
Public health	5 971	6 300
Audiovisual sector	4 752	5 182
Information services	5 993	5 100
Enterprise, innovation, SMEs	7 521	5 058
Social policy and employment	2 943	3 560
Energy	2 695	3 545
Product requirements (chemicals, food, medicines)	1 328	2 582
Statistics	1 523	1 436
Civil protection	1 143	1 204
Environment	1 036	981
Consumer protection	582	492
Culture	466	227
Total EEA EFTA contribution	425 775	402 900

The EEA EFTA net payment in 2016 amounted to EUR 402.9 million, adjusted for 2014 credits.

The EEA EFTA States also contribute to the administrative costs of the European Commission, an important part of which is the contribution in kind of seconded national experts. Twenty-eight EEA EFTA national experts were seconded in 2016 to the various directorates within the Commission dealing with EEA-relevant programmes and activities.

EEA EFTA Comments in 2016

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 2016, EEA EFTA Comments were sent to the Commission, the European Parliament and the Council on the following topics:

- Proposals for directives on contract rules for online purchases of digital content and tangible goods
- Evaluation of market surveillance provisions
- Proposal for a regulation on cooperation between national authorities responsible for the enforcement of consumer protection laws
- Regulatory framework for construction products
- Notification of national legislation in the field of services
- Review of the EU macro-prudential policy framework
- Geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the Internal Market
- Forthcoming proposal from the European Commission introducing a Services Passport (renamed European Services Card)
- Use of 700 MHz band for mobile services
- Proposal for a regulation replacing the current Regulation on common rules in the field of civil aviation and establishing a European Aviation Safety Agency
- Possible action addressing the challenges of work-life balance faced by working parents and caregivers

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



EFTA-EU Cooperation in Statistics

The EFTA Statistical Office (ESO) was created in the context of the EEA Agreement to liaise between the EFTA National Statistical Institutes (NSIs) and Eurostat, the statistical office of the EU. It is located in the premises of Eurostat in Luxembourg.

Priorities for 2016 in the field of statistics were:

- Ensuring the continuous integration of the EFTA States at all levels of the European Statistical System (ESS), in particular by monitoring and following up on new legal initiatives of the Commission
- Starting preparations for the extension of the multiannual European Statistical Programme (ESP) to the years 2018-2020
- Developing the 2016 EEA Annual Statistical Work Programme based on the ESP
- Monitoring the preparation of the framework regulations on Integrated European Social Statistics (IESS), Integrated Business Statistics (FRIBS), Integrated Farm Statistics (IFS) and Statistics on Agricultural Input/Output (SAIO)

Continued Integration of EFTA States into the European Statistical System

In addition to their core activities, ESO and the EFTA NSIs ensured EFTA's presence in the ESS by:

- Monitoring the inclusion of EFTA data in Eurostat's databases and publications
- Ensuring the active involvement of EFTA and the EFTA NSIs in EU technical cooperation programmes in statistics with both European and non-European third countries
- Contributing substantially to the European Statistical Training Programme (ESTP)

Production and Dissemination of EFTA Statistics

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

ESO continues to strive for the regular and complete inclusion of EFTA data in Eurostat databases and publications. As a result of this joint initiative of ESO, the EFTA NSIs and Eurostat, inclusion rates are generally high.

EFTA Participation in Eurostat Working Groups and Committees

Eurostat organised more than 100 meetings in 2016 to prepare and implement new legislation, exchange and develop methodologies and follow up on data collection. Statisticians from the EFTA States participated actively in the relevant meetings on an equal footing with their counterparts from the EU Member States.



Technical Cooperation in the Field of Statistics

EFTA works closely with Eurostat on technical cooperation with third countries in the field of statistics. This cooperation is based on an Administrative Arrangement (AA), which has the general objective of ensuring close collaboration and coordination between the EFTA States and Eurostat in a number of programmes. The technical cooperation activities in 2016 were carried out under the 2014-2016 AA. The new AA covering the years 2017-2019 was signed in autumn.

EFTA's involvement gives priority to countries that have concluded joint declarations on cooperation or free trade agreements with EFTA. Support is granted mainly to countries covered by the European Neighbourhood Policy (ENP) East and South, Central Asia including Mongolia, the Western Balkans and Turkey, but can also include current and prospective free trade partner countries in other regions.

The main activities and projects in 2016 were:

- Organising global assessments of the statistical systems of Azerbaijan, Kazakhstan and Ukraine, in cooperation with Eurostat and the United Nations Economic Commission for Europe (UNECE). EFTA financed the participation of experts from the EFTA States and provided logistical support.
- Organising the United Nations Special Programme for the Economies of Central Asia (SPECA) conference
 on business registers and sustainable development goals, held in Astana, Kazakhstan, in cooperation
 with UNECE. EFTA contracted experts from the EFTA States, provided logistical support and financed the
 participation of several delegates from the SPECA countries.
- Continuing cooperation with UNECE and Eurostat in the framework of a multiannual programme to assist
 the East European, Caucasus and Central Asian (EECCA) countries in the implementation of the 2008 System
 of National Accounts (SNA 2008). EFTA provided logistical support and financed several delegates from the
 EECCA countries at a national accounts workshop held in Geneva in May.
- Contracting an expert from Statistics Norway to the bilateral workshop on migration statistics in Georgia, and
 financing the participation of several delegates from the EECCA countries at a UNECE workshop on the same
 topic held in Geneva in May.
- Organising a workshop on human resources management and training for the EECCA countries, in cooperation with Eurostat and UNECE, held in Kraków, Poland, in September.
- Sponsoring the fifth International Conference on Establishment Surveys (ICES-V), hosted by the Swiss Federal Statistical Office (FSO) in Neuchâtel, Switzerland.
- Supporting the initial, fact-finding phase of a cooperation project between Statistics Norway and the State Statistics Service of Ukraine, following up on the global assessment and the recently completed Danish twinning project.



- Financing a training course on advanced methods of survey sampling, organised by the Swiss FSO in Neuchâtel, Switzerland, for experts from the NSIs of ENP South, Turkey and the Western Balkans.
- Financing a training course on designing and conducting business surveys, organised by Statistics Norway in Tbilisi, Georgia, for experts from the NSIs of EECCA, including Mongolia.
- Funding experts' participation in international and regional events in the field of statistics.



Participants and organisers at the United Nations SPECA conference on business registers and sustainable development goals, organised by UNECE and EFTA in Astana, Kazakhstan, 19-21 October.



European Statistical Training Programme

An exchange of letters between the EFTA Secretariat and Eurostat stipulates that the EFTA Secretariat shall finance two to four ESTP courses per year in return for EFTA statisticians having the right to participate in all courses.

The EFTA Secretariat financed three out of 49 ESTP courses in 2016. The Swiss FSO provided courses on survey methodology and sampling techniques, and on indicator systems for evidence-based decision making, while Statistics Norway provided a course on combining data from different sources and modes.

EFTA National Experts Seconded to Eurostat

At the end of 2016, 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 respectively. In addition, one Icelandic and one Norwegian expert were seconded to Eurostat as a contribution in kind to EFTA-EU technical cooperation. This ensures continuity and EFTA visibility in the overall programming and management of joint EFTA-EU projects in third countries.

EEA Grants and Norway Grants

Through the EEA Grants and Norway Grants, the EEA EFTA States contribute to reducing disparities in the European Economic Area and to strengthening bilateral relations with 16 EU countries in Central and Southern Europe and the Baltics: Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain. The Grants are linked to the EEA Agreement.

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

In the 2009-2014 period (projects may be implemented until 2017), the Grants amount to EUR 1.8 billion. The EEA Grants (EUR 993.5 million) are available in all countries. Of those, Norway provides 95.7%, Iceland 3.2% and Liechtenstein 1.1%. The Norway Grants (EUR 804.6 million) are available in all countries except Greece, Portugal and Spain, and are financed by Norway alone. A total allocation of EUR 2.8 billion (EUR 1.5 million in EEA Grants and EUR 1.3 million in Norway Grants) has been agreed for the seven-year funding period 2014-2021. Spain is no longer eligible for funding.

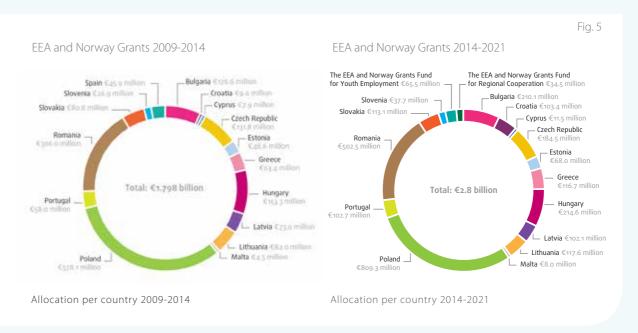
Programmes are currently financed in the following sectors:

EEA Grants

- Environmental protection and management
- Climate change and renewable energy
- Civil society
- Human and social development
- Protecting cultural heritage
- Research and scholarships

Norway Grants

- Carbon capture and storage
- Green industry innovation
- Decent work and tripartite dialogue
- Research and scholarships
- Human and social development
- Justice and home affairs





Reducing Disparities and Strengthening Bilateral Relations

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

Cooperation across borders is vital in order to overcome the social and economic challenges Europe is facing. Partnerships between organisations in the donor and beneficiary countries are widely encouraged. Half of the almost 150 programmes involve cooperation with a programme partner from the donor countries. Twenty-four public bodies from the three donor countries, as well as the Council of Europe, are involved as donor programme partners. The networks developed through cooperation help to strengthen political, academic, professional, business and cultural ties – bringing mutual benefits for donors and beneficiaries alike.

Strategic partnerships with several international organisations and institutions – the Council of Europe, the EU Agency for Fundamental Rights (FRA) and Transparency International (TI) – have also been established and are a key feature of the current funding schemes. These partnerships bring added expertise, results and value, and aim to ensure that funding is allocated with maximum efficiency and transparency.



In response to the worsening crisis, Iceland, Liechtenstein and Norway increased funding from the EEA Grants to asylum programmes in Greece, bringing the total allocation to EUR 24.2 million. Photo: © Christophe Vander Ecken

2016: Snapshot of Results and Achievements

2016 was a year of results. By the end of the year, 6 500 projects had been contracted, implemented and many of them closed. Almost 30% of these involved a donor project partner. More than a third of the funding was allocated to "green programmes", helping the beneficiary countries tackle climate change-related issues and meet EU targets on reducing energy consumption and carbon dioxide emissions.

In recent years, migration has put huge pressure on border and asylum systems in many European countries. Over 1.2 million asylum seekers applied for international protection in Europe in 2015, more than double the number in the previous year.



Two dedicated asylum programmes are in operation in Greece. These are designed to strengthen the capacity of the Greek asylum system and address urgent welfare and reception needs. Particular attention is given to unaccompanied children seeking asylum. Given the severity of the situation, in agreement with the Greek Government, funding to the asylum programmes was increased by EUR 3.3 million, bringing the total allocation to EUR 24.2 million.

Securing the EU's external borders and managing migratory flows are also an important aspect of the Grants' work. A total of EUR 31 million under the Norway Grants is being spent on strengthening police cooperation in the Schengen area and combating cross-border crime, and 15 000 police officers from Bulgaria, Hungary, Poland and Romania have received training to this end.

A further EUR 6.5 million from non-governmental organisation (NGO) programmes supports migrant welfare and integration projects in various countries. 1 755 unaccompanied children and 121 lone mothers have been given shelter.

The Grants support cooperation and exchanges between the EEA EFTA States and the beneficiary countries in research, education/training and higher education. The research programmes fund collaborative basic research, which is aimed at increasing understanding of how things work, and applied research, focusing on finding a solution to a specific problem. Projects cover diverse fields ranging from social sciences and humanities, health and gender studies to environment and renewable energy. The total allocation to research cooperation amounts to EUR 39.5 million, with 308 research institutions cooperating in the projects.

This is just a small snapshot of some of the achievements from 2016. You can read more about the Grants in each country, results and success stories on the website: www.eeagrants.org.



Advisory Bodies

The Parliamentary Committee

The EFTA Parliamentary Committee continued its active involvement in issues of relevance to EFTA cooperation in free trade relations with countries outside the EU and matters pertaining to the EEA Agreement. Mr Guðlaugur Þór Þórðarson (Iceland) chaired the Committee on third-country issues and on EEA matters.

Third-Country Relations

The Parliamentary Committee met with EFTA Ministers in Bern in June and in Geneva in November, receiving updates on third-country relations and raising points of interest. In June, the Committee met with EFTA Ministers to discuss TTIP and ongoing free trade negotiations. In November, the Committee held a joint Ministerial meeting in Geneva, focusing on current trade negotiations and FTAs under comprehensive review.

In October, representatives of the Parliamentary Committee visited the Philippines and Vietnam to promote and support trade cooperation with these countries. In the Philippines, the delegation met with members of the House of Representatives and the Department of Trade and Industry. In Vietnam, the Committee met with the National Assembly, the Ministry of Foreign Affairs, the Ministry of Industry and Trade and civil society organisations. The main purpose of the visit was to exchange views with legislators and officials on the merits of strengthening trade relations with EFTA, as well as to strengthen the parliamentary dimension of the process.



The EEA Joint Parliamentary Committee meeting at the Liechtensteiner Landtag in Vaduz, Liechtenstein, 19 May.

EEA and European Affairs

The EEA Joint Parliamentary Committee met twice in 2016, in May in Vaduz and in December in Strasbourg.

The Committee, composed of EFTA parliamentarians and Members of the European Parliament, took a highly active role in reflections on the EEA Agreement, and its members engaged in a constructive dialogue with the EEA Council, the EEA Joint Committee and the EFTA Surveillance Authority on the functioning and challenges of the EEA Agreement. The Committee adopted a resolution on the EEA Joint Committee's Annual Report on the Functioning of the EEA, as well as resolutions on:

- The Collaborative Economy
- The Single Market Strategy for Goods and Services





The EEA Joint Parliamentary Committee meeting at the European Parliament in Strasbourg, France, 14-15 December.

The EFTA parliamentarians continued their active dialogue with the EFTA Ministers on EEA affairs in Bern in June, and met with the EFTA Standing Committee at Ministerial level in Brussels in November, on the margins of the EEA Council meeting. These joint meetings include the EFTA Consultative Committee and constitute an important dialogue between Ministers and advisory bodies on developments in the EEA.

EFTA Consultative Committee

The EFTA Consultative Committee discussed various EEA-relevant issues in 2016, with a specific emphasis on labour market issues, the European Pillar of Social Rights and the European Social Dialogue. The Committee also discussed international trade developments with EFTA Ministers and academics, with a particular focus on TTIP, Brexit and future perspectives for international trade. Two observers from the Committee took part in the visit of the EFTA Parliamentary Committee to the Philippines and Vietnam. The Chair of the Committee was Mr Vidar Bjørnstad (Norwegian Confederation of Trade Unions).

In March, the Consultative Committee organised a seminar to discuss the labour market integration of migrants, with a panel of experts and participants from relevant authorities in the EFTA countries. In November, the EFTA Parliamentary and Consultative Committees discussed Brexit with a panel of experts. The Committee met with the EFTA Standing Committee at ambassadorial level in March and the EFTA Ministers and EFTA Parliamentary Committee in June. Concerning the EEA, the Committee met with the EFTA Standing Committee at Ministerial level in November in Brussels.

Joint Work with the EU

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

- · Labour mobility in the EEA
- Better regulation to support businesses and protect workers in the EEA

The Committee members also discussed recent developments and challenges in the EEA with officials and experts. The EEA Consultative Committee was co-chaired by Mr Bjørnstad and Mr Petr Zahradnik (Czech Chamber of Commerce).

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



The EEA EFTA Forum

The EEA EFTA Forum of Elected Representatives of Local and Regional Authorities was established by the EFTA Standing Committee in 2009 as an informal body to involve elected representatives from local authorities and regions in EEA matters. It currently has 12 members – six from Iceland and six from Norway. A political observer from Switzerland also participates. Ms Hilde Onarheim (Norway) and Mr Halldór Halldórsson (Iceland) chaired the Forum in 2016.

The Forum held two meetings in 2016, in June in Stykkishólmur, Iceland, and in November in Brussels, and adopted opinions on:

- A New Skills Agenda for Europe
- EU Circular Economy Package
- EEA and Norway Grants 2014-2021



The EEA EFTA Forum visiting Grundarfjördur near Stykkishólmur, Iceland, 6-7 June. Photo © Stig Bang-Andersen



Information Activities



Thorfinnur Omarsson, Head of Communication, EFTA, addressing a group of visitors to the Financial Mechanism Office.

EFTA informs its stakeholders and the general public about its activities through a website, social media, electronic newsletter, seminars, its annual report and various other publications. Members of the public can access or order EFTA documents through a link on the site. Presentations are also given to visitors to the Secretariat's offices in Geneva, Brussels and Luxembourg. In Brussels alone, approximately 60 groups (nearly 1 200 people) visited EFTA in 2016.

Website, Newsletter and Social Media

EFTA's website contains news and general information on EFTA's work, as well as legal texts related to the EFTA Convention, EFTA's free trade agreements and the EEA Agreement. The site saw a 25% increase in daily visitors in 2016, resulting in approximately 2 000 visitors per working day. EFTA's web-based legal database, EEA-Lex,

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

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

On 9 May, at the invitation of the European External Action Service, the EFTA Secretariat provided information on the EEA Agreement at the Open Day of the European Institutions.

EFTA used social media to deliver information continuously throughout the year. As a result, EFTA's followers on Twitter and Facebook more than doubled in numbers in 2016.

Seminars

EFTA held several seminars and conferences in 2016, including:

- In February and September, introductory seminars on the EEA Agreement, with presentations by the EFTA Secretariat, the Financial Mechanism Office, the EFTA Surveillance Authority and the EFTA Court. The seminars attracted nearly 300 participants.
- In February, on the occasion of the 25th anniversary of the EFTA Statistical Office, an EEA seminar with additional focus on EFTA-EU statistical cooperation was held in Luxembourg. Around 100 participants attended the event.
- In September, a policy seminar on how banking sector policy in the EEA EFTA States is affected by their full participation in the Internal Market in financial services, whilst being permanently excluded from the single currency and the Banking Union. Keynote speeches were given by Mr Már Guðmundsson, Governor of the Central Bank of Iceland; Mr Tore Vamraak, State Secretary for Financial Services at the Norwegian Ministry of Finance; and Mr Mario Nava, Director at DG FISMA, European Commission.



Kyrre Isaksen, Head of EEA Legal Coordination, EFTA, speaking at the biannual EEA Introductory Seminar, 8 September.



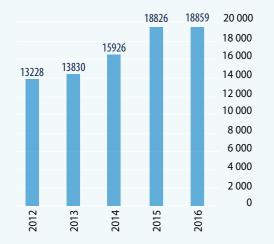
Dag W. Holter, Deputy Secretary-General, EFTA, speaking at the biannual EEA Introductory Seminar, 18 February.



Publication in the EEA Supplement 2016

	Number of pages	
	Icelandic	Norwegian
EEA Joint Committee Decisions	331	334
EU Acts	7 605	5 627
EFTA Standing Committee	29	29
EFTA Surveillance Authority	486	486
EFTA Court	54	54
EU Institutions	1 912	1 912
Total	10 417	8 442

Total EEA Supplement pages published



Publications

Fig. 6

Fig. 7

Whilst the focus in 2016 was very much on expanding EFTA's online communications, the Secretariat continued to provide numerous printed publications. The latest editions of all of EFTA's brochures can be found on the website, where paper copies can be ordered free of charge, subject to availability. At the end of 2016, EFTA published two new brochures in Q&A format, focusing on two of the organisation's core pillars:

- European Economic Area: Containing general information on EFTA, its main activities and its institutional framework, with a special focus on the functioning of the EEA Agreement and the Internal Market, which allows for the free movement of goods, services, capital and persons across the EEA.
- EFTA's Free Trade Relations: Providing an overview of EFTA's free trade relations with partner countries outside the European Union. It contains statistics on the EFTA States and their trading products, as well as key characteristics of the EFTA economies.

Both are available in paper format or electronically.

In addition, the fact sheet "EFTA at a Glance" provides a brief introduction to the organisation and its activities.

The EEA Supplement

The <u>EEA Supplement</u> to the Official Journal of the European Union is a translation into Icelandic and Norwegian of EEA-relevant texts. The EEA Supplement contains material from:

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

The EEA Supplement is published weekly on the EFTA website. Since 2008, the Icelandic and Norwegian versions of the EEA Supplement have not been synchronised with regard to content.

The EFTA Secretariat published 71 issues of the EEA Supplement in 2016. The publication of translated acts incorporated into the EEA Agreement remained at a high level. Over the past five years the total amount of published pages has increased by over 5 000 (see fig. 7).



The Secretariat's budget is prepared according to the framework budgeting principle used by the Member States' public administrations. This approach aims to increase awareness of budgetary spending at all levels. The budget is accompanied by a performance plan, in which the activities of the Secretariat are divided into projects. The plan and subsequent reports keep the Member States informed of the costs and outcomes of the Secretariat's various activities.

EFTA's budget is prepared in two currencies: Swiss francs (CHF) and euros (EUR). The total budget for 2016 was equivalent to CHF 21 677 000.

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 an annual audit of the three EFTA institutions: the EFTA Secretariat, the EFTA Surveillance Authority (ESA) and the EFTA Court. For matters related to the Secretariat, EBOA meets "at four" (one representative from each EFTA State) and reports directly to the EFTA Council. For matters related to the EEA Agreement (ESA and the EFTA Court), EBOA meets "at three" (Iceland, Liechtenstein and Norway) and reports to the ESA/Court Committee. EBOA also works in cooperation with the European Court of Auditors. EBOA's annual audit report and the Secretariat's statement of accounts are made available on the EFTA website once the relevant Council procedures for the year in question have been finalised.

2016 EFTA Budget

Fig. 8

Budget Post	2016 Budget (in CHF)
EFTA Council and horizontal activities	2 088 000
Administration and management	3 221 000
Trade relations with countries outside the EU	5 000 000
EU/EFTA and EFTA cooperation programmes	2 710 000
EEA-related activities	7 914 000
EFTA-EU statistical cooperation	744 000
Total	21 677 000

Contributions from the EFTA States to the 2016 EFTA Budget Fig. 9

Member State	Contribution (in CHF)	Share (%)
Iceland	570 267	2.62
Liechtenstein	208 900	0.96
Norway	12 001 787	54.68
Switzerland	8 896 046	41.74
Total	21 677 000	100.00

EFTA in Figures

General information 2016

Fig. 10

	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 2016)	President Guðni Th. Jóhannesson	Prince Hans-Adam II of Liechtenstein	King Harald V	President of the Swiss Confederation Johann N. Schneider-Ammann
Head of Government (end 2016)	Prime Minister Sigurður Ingi Jóhannsson	Prime Minister Adrian Hasler	Prime Minister Erna Solberg	President of the Swiss Confederation Johann N. Schneider-Ammann
Official Languages	Icelandic	German	Norwegian (Bokmål and Nynorsk)	German, French, Italian, Romansh
Capital	Reykjavík	Vaduz	Oslo	Bern
Area	103 000 km²	160 km²	385 180 km²	41 291 km²
Population (1 January 2016)	332 529	37 622	5 213 985	8 325 194*
Population Density (inhabitants per km²)	3.2	235	13.5	202
Currency	Icelandic króna (ISK)	Swiss franc (CHF)	Norwegian krone (NOK)	Swiss franc (CHF)
National Holiday	17 June	15 August	17 May	1 August

Source: Official government websites and Eurostat



^{*} Switzerland's population figure is provisional.

Economic indicators 2015

Fig. 11



(in million EUR at market prices)¹

Iceland	15 130
Liechtenstein.	5 026
Norway	348 332
Switzerland ⁴	604 510
EFTA	972 998



GDP per capita (PPS* in EUR)12

Iceland	35 900
Liechtenstein	76 200
Norway	46 300
Switzerland ⁴	.46 700
EFTA	n.a.



GDP volume growth rate (as %)

1,	-,-,
Iceland	4.2
Liechtenste	in n.a.
Norway	1.6
Switzerland	l ⁴ 0.8
EFTA	n.a.







...

Exports: merchandise (in million EUR)³

Iceland	4 200
Liechtenstein.	n.a
Norway	92 944
Switzerland ⁴	
EFTA	370 410



(in million EUK)		
Iceland	4 442	
Liechtenstein	n.a.	
Norway	69 952	
Switzerland ⁴	224 987	
EFTA	299 381	

Exports: services (in million EUR)

	3 926
tein	n.a.
	37 284
nd ⁴	106 988
	148 197
	tein d ⁴

Imports: services (in million EUR)

,	,
Iceland	2 544
Liechtenstein.	n.a.
Norway	41 376
Switzerland ⁴	
FFTA	128 378



Total trade balance (in million EUR)

Iceland	1 139
Liechtenstein	n.a.
Norway	18 899
Switzerland ⁴	70 810
EFTA	90 848



Total trade (in million EUR)

Iceland		15	112
Liechtenste	in		n.a.
Norway	2	241	555
Switzerland	⁴ 6	589	699
EFTA	9	946	367



Total trade (as % of GDP)

	•
Iceland	99.9
Liechtenstein	n.a.
Norway	69.3
Switzerland ⁴	114.1
FFTA	97.3

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

- ¹ Figures for Liechtenstein refer to 2014.
- ² Liechtenstein: Gross National Income (GNI) per capita.
- 3 Liechtenstein's trade figures are included in Switzerland's due to the existence of the Switzerland-Liechtenstein Customs Union.
- ⁴ Swiss figures are provisional.
- Purchasing Power Standard (PPS) is an artificial currency unit that neutralises the effect of price level differences across countries.



(in thousand EUR)

Economy	Total trade	Export	Import	Trade balance
EFTA's 38 FTA partners outside the EU	114 832 274	75 685 566	39 146 708	36 538 859
Albania	47 567	33 384	14 183	19 200
Bosnia and Herzegovina	144 325	52 614	91 711	-39 097
Canada	6 454 607	3 986 838	2 467 769	1 519 069
Central American States	704 731	369 388	335 343	34 046
Costa Rica	248 200	92 652	155 547	-62 895
Guatemala	104 117	41 699	62 418	-20 720
Panama	352 414	235 037	117 377	117 660
Chile	1 030 421	364 376	666 045	-301 668
Colombia	1 087 377	438 927	648 450	-209 523
Egypt	1 049 086	952 499	96 587	855 911
Georgia	48 489	45 008	3 481	41 527
Gulf Cooperation Council	15 583 834	11 511 774	4 072 059	7 439 715
Bahrain	280 550	235 862	44 688	191 173
Kuwait	490 643	437 015	53 628	383 387
Oman	216 419	205 810	10 609	195 201
Qatar	1 243 710	931 351	312 359	618 992
Saudi Arabia	4 763 677	4 623 265	140 412	4 482 854
United Arab Emirates	8 588 834	5 078 471	3 510 363	1 568 107
Hong Kong China	25 485 150	22 909 463	2 575 687	20 333 775
Israel	1 862 205	1 167 538	694 667	472 871
Jordan	685 913	672 839	13 074	659 764
Republic of Korea	8 088 206	4 561 483	3 526 723	1 034 760
Lebanon	842 973	635 594	207 379	428 216
Macedonia	112 346	41 056	71 289	-30 233
Mexico	3 307 420	1 534 955	1 772 466	-237 511
Montenegro	13 593	8 093	5 500	2 593
Morocco	650 778	311 827	338 952	-27 125
Palestine	23 587	23 255	331	22 924



Economy	Total trade	Export	Import	Trade balance
Peru	3 184 969	181 555	3 003 414	-2 821 858
Philippines	791 153	359 506	431 647	-72 140
Serbia	382 942	256 773	126 168	130 605
Singapore	10 726 904	8 495 978	2 230 927	6 265 051
Southern African Customs Union	3 189 111	761 639	2 427 472	-1 665 833
Botswana	163 951	1 465	162 486	-161 021
Lesotho	1 008	941	67	873
Namibia	36 722	12 095	24 627	-12 532
South Africa	2 979 347	743 132	2 236 215	-1 493 083
Swaziland	8 082	4 006	4 076	-70
Tunisia	358 368	187 470	170 898	16 572
Turkey	8 984 396	2 838 436	6 145 960	-3 307 524
Ukraine	514 149	340 496	173 653	166 844

Sources: Eurostat (COMEXT) and Statistics Norway

Rank	Economy	Total	Share (as %) of world total	Exports	Imports
1	EU ¹	10 703	32.23	5 387	5 316
2	China	3 957	11.92	2 275	1 682
3	United States	3 813	11.48	1 505	2 308
4	Japan	1 273	3.83	625	648
5	Hong Kong China	1 070	3.22	511	559
6	Republic of Korea	963	2.90	527	436
7	Canada	845	2.54	408	436
8	Mexico	786	2.37	381	405
9	EFTA	733	2.21	400	333
10	India 659 1.98		1.98	267	392
11	Singapore	647	1.95	351	297
12	Russian Federation	534	1.61	340	194
13	Chinese Taipei	523	1.57	285	238
14	United Arab Emirates	495	1.49	265	230
15	Thailand	417	1.26	214 20	
16	Australia	397	1.20	188	208
17	Malaysia	376	1.13	200	176
18	Saudi Arabia	437	1.32	265	172
19	Brazil	370	1.11	191	179
20	Turkey	351	1.06	144	207
21	Vietnam	328	0.99	162	166
22	Indonesia	293	0.88	150	143
23	South Africa	186	0.56	82	105
24	Philippines	129	0.39	59	70
25	Israel	128	0.39	64	65
	Total of above	30 415	91.59	15 246	15 169
	World ¹²	33 207	100.00	16 482	16 725

Source: WTO Secretariat



Includes intra-EU trade.
 Includes significant re-exports.

Global leaders in services trade 2015

(in billion USD) Fig. 14

Rank	Economy	Total	Share (as %) of world total	Exports	Imports
1	EU ¹	3 754	39.29	2 017	1 737
2	United States	1 201	12.57	710	491
3	China	755	7.91	287	469
4	Japan	338	3.54	162	176
5	EFTA	279	2.92	156	123
6	India	296	3.09	154	141
7	Singapore	283	2.96	140	143
8	Republic of Korea	178	1.87	104	74
9	Canada	211	2.21	98	114
10	Russian Federation	174	1.82	78	96
11	Hong Kong China	111	1.17	61	51
12	Brazil	104	1.09	57	47
13	Australia	140	1.47	52	88
14	Thailand	104	1.09	49	55
15	Chinese Taipei	69	0.73	47	23
16	United Arab Emirates	50	0.53	40	10
17	Malaysia	75	0.78	35	40
18	Turkey	57	0.60	34	22
19	Saudi Arabia	105	1.09	34	71
20	Macao China	52	0.55	28	24
21	Israel	94	0.98	27	67
22	Indonesia	55	0.57	23	32
23	Mexico	52	0.55	22	30
24	Philippines	36	0.38	19	17
25	Qatar	31	0.32	15	16
	Total of above	8 605	90.05	4 447	4 157
	World ¹	9 555	100.00	4 826	4 729

Source: WTO Secretariat



¹ Includes intra-EU trade.

EFTA: a major trading partner for the EU

(in million EUR)

Merchandise trade 2015

Rank	Partner	Export	Import	Total trade	Balance	As % of EU's external trade
	Extra-EU ¹	1 789 154	1 729 207	3 518 361	59 947	100.0
1	United States	371 295	249 263	620 558	122 032	17.6
2	China	170 357	350 640	520 997	-180 283	14.8
3	EFTA	203 133	180 766	383 898	22 367	10.9
4	Russian Federation	73 737	136 406	210 143	-62 669	6.0
5	Turkey	78 966	61 663	140 629	17 303	4.0

Trade in commercial services 2015

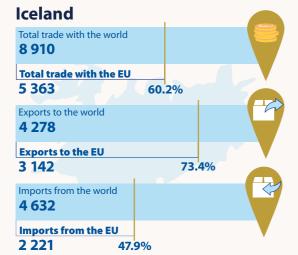
Rank	Partner	Export	Import	Total trade	Balance	As % of EU's external trade
	Extra-EU ¹	831 529	685 657	1 517 185	145 872	100.0
1	United States	225 772	212 751	438 523	13 022	28.9
2	EFTA	146 848	90 730	237 578	56 118	15.7
3	China (except Hong Kong)	37 330	26 386	63 716	10 944	4.2
4	Singapore	25 644	21 456	47 100	4 187	3.1
5	Japan	27 966	15 818	43 783	12 148	2.9

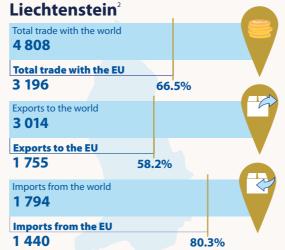
Source: Eurostat

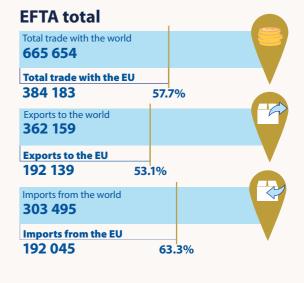


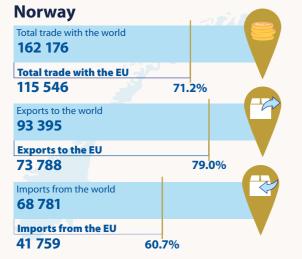
¹ Extra-EU trade includes imports/exports of goods and services entering or leaving the statistical territory of the EU from a third country.

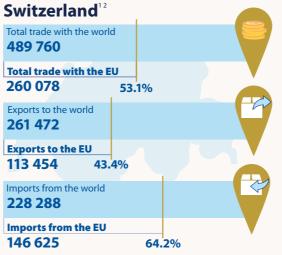
(in million EUR)











Sources: Eurostat (COMEXT) and Statistics Norway

- ¹ Trade in non-monetary gold included.
- Trade between Liechtenstein and Switzerland is not included due to the existence of the Switzerland-Liechtenstein Customs Union.



		EFTA			Iceland		Li	echtenstein			Norway		S	witzerland	
PARTNER	Exports to	Imports from	Total trade												
EU	192 139	192 045	384 183	3 142	2 221	5 363	1 755	1 440	3 196	73 788	41 759	115 546	113 454	146 625	260 078
Germany	54 768	55 689	110 457	318	409	727	725	700	1 425	16 588	7 758	24 347	37 137	46 822	83 959
United Kingdom	31 647	33 677	65 324	497	220	717	91	34	125	18 797	4 406	23 203	12 263	29 017	41 280
France	22 148	17 448	39 596	245	111	356	233	26	259	5 851	2 258	8 109	15 819	15 053	30 872
Italy	14 980	19 815	34 795	54	139	193	96	52	148	828	2 059	2 887	14 002	17 565	31 567
Netherlands	15 958	7 583	23 541	1 115	277	1 391	48	22	70	10 279	2 502	12 781	4 517	4 782	9 299
Sweden	6 961	9 568	16 529	21	180	200	44	7	51	5 511	7 890	13 401	1 385	1 492	2 877
Austria	7 583	7 993	15 576	2	23	25	303	464	767	233	479	711	7 046	7 027	14 073
Belgium	9 897	5 564	15 461	97	62	159	6	9	15	4 543	1 149	5 692	5 252	4 343	9 594
Spain	7 016	5 573	12 589	492	60	552	49	12	61	1 424	1 239	2 663	5 050	4 262	9 312
Denmark	4 579	4 922	9 501	104	288	392	5	4	8	3 669	3 932	7 601	802	699	1 501
Ireland	2 252	7 175	9 427	11	102	113	1	1	2	1 336	506	1 842	904	6 566	7 470
Poland	3 836	3 820	7 656	19	86	106	39	35	74	1 805	2 086	3 891	1 972	1 613	3 585
Finland	1 629	2 996	4 625	4	53	56	13	14	26	162	720	882	1 451	2 210	3 661
Czech Republic	1 656	2 389	4 045	11	40	52	17	4	21	1 023	1 541	2 564	605	804	1 409
Hungary	1 177	1 331	2 509	43	18	61	24	29	53	100	281	381	1 010	1 003	2 014
Portugal	1 316	1 063	2 379	65	14	78	2	1	2	508	266	774	742	783	1 524
Romania	758	988	1 746	1	9	10	11	2	13	124	454	578	622	523	1 145
Slovakia	541	1 109	1 649	6	23	29	18	14	32	33	314	347	484	758	1 242
Lithuania	573	810	1 383	17	28	45	2	0	2	425	681	1 106	129	100	229
Greece	915	201	1 116	11	2	13	4	0	4	155	60	215	745	139	884
Slovenia	421	497	918	0	5	6	5	4	10	28	114	141	388	374	761
Estonia	289	591	880	3	33	36	0	0	1	150	519	670	135	38	173
Luxembourg	360	269	629	1	4	5	8	3	11	21	65	85	331	197	528
Latvia	238	382	620	4	21	24	1	0	1	101	317	418	132	44	176
Bulgaria	255	298	553	1	4	5	1	1	3	19	71	90	234	222	456
Croatia	228	223	451	2	2	4	9	2	11	23	60	83	194	159	353
Malta	98	23	120	1	0	1	1	0	1	43	4	48	52	18	70
Cyprus	61	46	107	1	4	6	1	0	1	9	27	36	50	14	64

Sources: Eurostat (COMEXT) and Statistics Norway



Rank	Economy	Total trade	Share (%)	Export	Share (%)	Import	Share (%)	Trade balance
	World	665 654	100	362 159	100.0	303 495	100.0	58 664
	EFTA's 38 FTA partners (excluding EU) ¹	114 832	17.3	75 686	20.9	39 147	12.9	36 539
	Intra-EFTA	3 707	0.6	1 786	0.5	1 921	0.6	-135²
1	EU	384 183	57.7	192 139	53.1	192 045	63.3	94
2	United States	56 289	8.5	32 485	9.0	23 804	7.8	8 681
3	China	40 242	6.0	20 864	5.8	19 377	6.4	1 487
4	Hong Kong	25 485	3.8	22 909	6.3	2 576	0.8	20 334
5	India	21 341	3.2	19 569	5.4	1 771	0.6	17 798
6	Japan	12 274	1.8	7 423	2.0	4 851	1.6	2 572
7	Singapore	10 727	1.6	8 496	2.3	2 231	0.7	6 265
8	Turkey	8 984	1.3	2 838	0.8	6 146	2.0	-3 308
9	United Arab Emirates	8 589	1.3	5 078	1.4	3 510	1.2	1 568
10	Republic of Korea	8 088	1.2	4 561	1.3	3 527	1.2	1 035
11	Canada	6 455	1.0	3 987	1.1	2 468	0.8	1 519
12	Thailand	5 461	0.8	2 754	0.8	2 707	0.9	47
13	Russian Federation	5 312	0.8	2 543	0.7	2 769	0.9	-226
14	Brazil	5 303	0.8	2 545	0.7	2 758	0.9	-212
15	Saudi Arabia	4 764	0.7	4 623	1.3	140	0.0	4 483
16	Chinese Taipei	3 502	0.5	2 078	0.6	1 424	0.5	654
17	Mexico	3 307	0.5	1 535	0.4	1 772	0.6	-238
18	Peru	3 185	0.5	182	0.1	3 003	1.0	-2 822
19	Australia	3 183	0.5	2 586	0.7	597	0.2	1 989
20	South Africa	2 979	0.4	743	0.2	2 236	0.7	-1 493
21	Malaysia	2 909	0.4	2 005	0.6	904	0.3	1 101
22	Argentina	2 153	0.3	991	0.3	1 162	0.4	-171
23	Indonesia	2 043	0.3	670	0.2	1 373	0.5	-703
24	Vietnam	1 916	0.3	676	0.2	1 240	0.4	-564
25	Israel	1 862	0.3	1 168	0.3	695	0.2	473
	Rest of the world	35 118	5.3	16 710	4.6	18 408	6.1	-1 699



Sources: Eurostat (COMEXT) and Statistics Norway

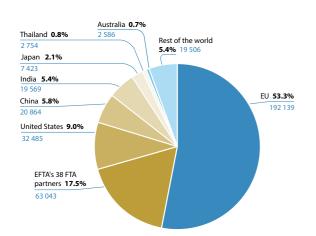
1 EFTA's 38 FTA partners (excluding the EU) include: Albania, Bosnia and Herzegovina, Canada, Central American States (comprising Costa Rica, Guatemala and Panama), Chile, Colombia, Egypt, Georgia, Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates), Hong Kong China, Israel, Jordan, Lebanon, Macedonia, Mexico, Montenegro, Morocco, Palestine, Peru, Philippines, Republic of Korea, Serbia, Singapore, Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa, Swaziland), Tunisia, Turkey and Ukraine.

² Not equal to zero due to statistical discrepancies.

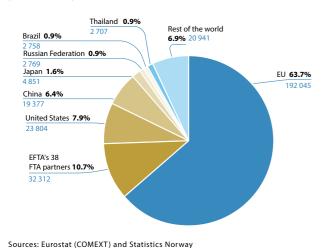
EFTA's top export destinations for merchandise trade 2015 (in million EUR)

Fig. 19

Fig. 20



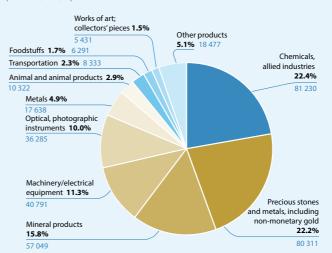
EFTA's top import sources of merchandise trade 2015 (in million EUR)



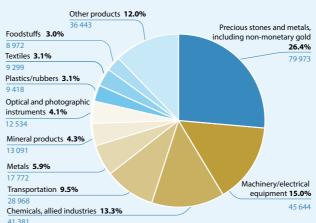
Intra-EFTA trade excluded.



EFTA's key exports by commodity HS* section 2015 (in million EUR)



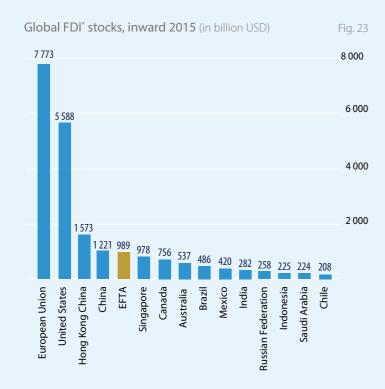
EFTA's key imports by commodity HS* section 2015 (in million EUR)



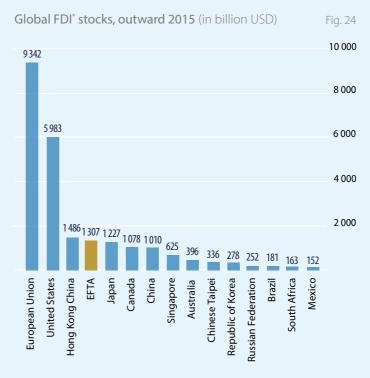
Sources: Eurostat (COMEXT) and Statistics Norway *HS: Harmonised System for Product Classification.

Fig. 22

Fig. 21



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



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



^{*} FDI: Foreign Direct Investment.

^{*} FDI: Foreign Direct Investment.

Rank	Country
2 (4)	Switzerland
9 (7)	Norway
23 (24)	Iceland

Source Institute for Management Development (IMD), World Competitiveness Yearbook 2015

The IMD World Competitiveness Scoreboard measures how well economies manage their resources and competencies to facilitate long-term value creation. The overall ranking of 61 economies is based on statistical indicators (two-thirds) and IMD survey data (one-third).

(2015 rankings are in brackets)

The Global Competitiveness Index 2016-2017

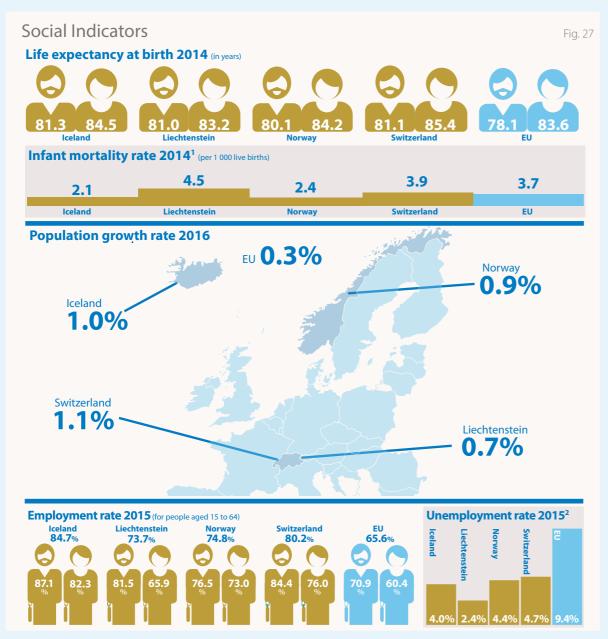
Fig. 26

Rank	Country
1 (1)	Switzerland
11 (11)	Norway
27 (29)	Iceland

Source: World Economic Forum (WEF), Global Competitiveness Report 2016-2017

The Global Competitiveness Index measures the set of institutions, policies and factors that set the sustainable current and medium-term levels of economic prosperity. (2015-2016 rankings are in brackets)





Sources: Eurostat and national statistical offices



¹ Liechtenstein infant mortality rate is a five-year average (2010-2014).

² Liechtenstein unemployment is register-based unemployment.

Appendices

Members of the EFTA Parliamentary Committee 2016

Iceland

Mr Guðlaugur Þór Þórðarson Independence Party (CMP/MPS Chair)

Mr Árni Páll Árnason Social Democratic Alliance
Ms Katrin Jakobsdóttir Left-Green Movement
Mr Vilhjálmur Bjarnason Independence Party
Mr Willum Þór Þórsson Progressive Party

Alternate members

Mr Birgir Ármannsson Independence party
Ms Bjarkey Gunnarsdóttir Left-Green Movement
Ms Elín Hirst Independence Party
Mr Karl Garðarsson Progressive Party

Ms Katrín Júlíusdóttir Social Democratic Alliance

Liechtenstein

Mr Elfried Hasler Progressive Citizens' Party

Mr Harry Quaderer Independent

Alternate members

Mr Manfred Kaufmann Patriotic Union

Mr Eugen Nägele Progressive Citizens' Party



Norway

Mr Svein Roald Hansen Labour Party (CMP/MPS Vice Chair)

Mr Gunnar Gundersen Conservative Party

Ms Marianne Aasen Labour Party

Ms Elin Rodum Agdestein Conservative Party

Mr Jørund Rytman Progress Party

Mr Geir Toskedal Christian Democratic Party

Alternate members

Ms Irene Johansen Labour Party
Mr Fredric Holen Bjørdal Labour Party
Ms Jette F. Christensen Labour Party

Ms Heidi Nordby Lunde Conservative Party
Mr Ove Bernt Trellevik Conservative Party
Mr Hans Andreas Limi Progress Party
Mr Tor André Johnsen Progress Party
Ms Liv-Signe Navarsete Centre Party
Mr Sveinung Rotevatn Liberal Party

Mr Heikki Eidsvoll Holmås Socialist Left Party

Switzerland (observer in the MPS)

Mr Thomas Aeschi Swiss People's Party

Ms Karin Keller-Sutter FDP. The Liberals

Ms Kathy Riklin Christian Democratic Party

Mr Hannes Germann Swiss People's Party

Mr Eric Nussbaumer Social Democratic Party

Alternate members

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

Mr Konrad Graber Christian Democratic Party



Members of the EFTA Consultative Committee 2016

Iceland

Mr Halldór Grönvold Icelandic Confederation of Labour (ASÍ)
Mr Halldor Árnason (1. Vice Chair) Confederation of Icelandic Employers (SA)

Mr Björn Björnsson Iceland Chamber of Commerce

Ms Helga Jónsdóttir Federation of State and Municipal Employees (BSRB)

Mr Bjarni Már Gylfason Federation of Icelandic Industries (SI)

Liechtenstein

Mr Josef Beck (Bureau) Liechtenstein Chamber of Commerce and Industry (LCCI)

Mr Sigi Langenbahn Liechtenstein Employees Association

Norway

Mr Thomas Angell Federation of Norwegian Commercial and Service Enterprises (Virke)

Ms Liz Helgesen Norwegian Confederation of Unions for Professionals (UNIO)

Mr Vidar Bjørnstad (Chair) Norwegian Confederation of Trade Unions (LO)

Ms Bente Stenberg-Nilsen Norwegian Association of Local and Regional Authorities (KS)

Ms Trine Radmann Confederation of Norwegian Enterprise (NHO)

Mr Christopher Navelsaker Norwegian Confederation of Vocational Unions (YS)

Switzerland

Mr Jan Atteslander economiesuisse

Mr Vasco Pedrina Union Syndicale Suisse (USS)
Mr Kurt Regotz (2. Vice Chair) Swiss Workers' Federation
Mr Marco Taddei Swiss Union of Employers

Ms Delphine Trunde-Jaccard Fédération des Entreprises Romandes Genève (FER Genève)
Mr Hans-Ulrich Bigler Swiss Association of Small and Medium-Sized Enterprises

Permanent observers

Ms Guðrún Dögg Guðmundsdóttir Icelandic Association of Local Authorities

TBC BusinessEurope

Mr Tom Jenkins European Trade Union Confederation (ETUC)



Members of the EEA EFTA Forum of Elected Representatives of Local and Regional Authorities 2016

Iceland

Mr Adolf H. Berndsen Regional Municipal Federation of North West Iceland

Mr Björn Blöndal Reykjavik City Council

Mr Gunnar Einarsson Regional Municipal Federation of the Capital Area
Ms Ingveldur Guðmundsdóttir Regional Municipal Federation of Western Iceland
Mr Halldór Halldórsson Icelandic Association of Local Authorities (Vice Chair)
Ms Friðbjörg Matthíasdóttir Regional Municipal Federation of the WestFjords

Norway

Ms Isabelle-Louise Aabel Kristiansand City Council
Ms Gry Anette Rekanes Amundsen Nome Municipal Council
Mr Jon Askeland Radøy Muncipality

Mr Runar Bålsrud Hurdal Municipality

Ms Hilde Onarheim Bergen City Council (Chair)

Mr Nils A Røhne Municipality of Stange

Switzerland (observer)

Mr Roland Krimm Representative of the Swiss Cantons, Mission of Switzerland to the EU

Mr Philippe Receveur Canton of Jura

EFTA Ministerial Communiqués and EEA Council Conclusions

EFTA Ministerial Meeting, Bern, 27 June 2016

Communiqué

On 27 June 2016, the European Free Trade Association (EFTA) held its summer Ministerial meeting in Bern, Switzerland. The meeting was chaired by Mr Johann N. Schneider-Ammann, President of the Swiss Confederation and Federal Councillor, Head of the Federal Department of Economic Affairs, Education and Research.

Ministers of the four EFTA States (Iceland, Liechtenstein, Norway and Switzerland), signed a Free Trade Agreement (FTA) with Georgia, represented by Mr Dimitry Kumsishvili, Vice Prime Minister and Minister of Economy and Sustainable Development of Georgia.

The EFTA Ministers also launched negotiations on a FTA with Ecuador, represented by Mr Juan Carlos Cassinelli, Minister of Foreign Trade of Ecuador.

The EFTA Ministers discussed the outcome of the United Kingdom's referendum on the European Union and its possible implications. They underlined the importance of maintaining close trade relations with the United Kingdom, which is one of the major trading partners of the EFTA countries.

The international economic and trade environment

The EFTA Ministers welcomed the results from the 10th WTO Ministerial Conference in Nairobi and stressed the importance of implementing the agreed outcomes of the last two WTO Ministerial Conferences. They reaffirmed the commitment of the EFTA States to the multilateral trading system and underlined the need to develop credible approaches for advancing negotiations within the WTO.

The Ministers also exchanged views on the possible implications for the EFTA States of the ongoing negotiations between the European Union and the United States on a Transatlantic Trade and Investment Partnership (TTIP). In this context, they stressed the importance of continuing TTIP-related exchanges with both of these key partners.

Preferential trade relations

The EFTA Ministers welcomed the signing of the Free Trade Agreement with *Georgia* and the recent signing of a Free Trade Agreement with the *Philippines*. EFTA's global network of preferential trade agreements outside the European Union now consists of 27 agreements with 38 partners. Five Joint Declarations on Cooperation complement this network.



Ministers reviewed developments in EFTA's ongoing free trade negotiations. They expressed readiness to continue negotiations with *India* on a priority basis. Ministers welcomed the resumption of negotiations with *Indonesia* and reviewed the progress made in the negotiations with *Malaysia*. They confirmed EFTA's interest in concluding these processes as soon as possible. They furthermore called for further progress in the negotiations with *Vietnam*.

Ministers noted that the negotiation processes with *Algeria*, *Thailand* and with *Russia/ Belarus/Kazakhstan* were still on hold and agreed that they will continue to monitor developments.

Ministers expressed satisfaction with the launch of negotiations on a free trade agreement with *Ecuador* and welcomed the ongoing exploratory process with the *Mercosur* States. They also recalled their interest in strengthening ties with partners in *Sub-Saharan Africa*. In this context, they welcomed the ongoing work towards the development of a text for a Joint Declaration on Cooperation with the *East African Community*.

Ministers took stock of EFTA's activities in relation to the development and modernisation of existing Free Trade Agreements. In particular, they reviewed the state of play in the negotiations on the expansion of the agreement with *Turkey* and the exploratory discussions with *Canada* and welcomed the start of negotiations with *Mexico*. They also expressed satisfaction with the foreseen start of negotiations with *Chile* in the second half of 2016.

Relations with the European Union (EU)

The EEA EFTA Ministers took stock of recent developments in the Agreement on the European Economic Area (EEA Agreement). Whilst welcoming the progress made in a number of areas in recent months, they agreed that many challenging issues remained.

Ministers welcomed the signing on 3 May 2016 of the Agreement on an EEA Financial Mechanism for the period 2014 to 2021, noting this Agreement as the most ambitious effort of the EEA EFTA States to date to reduce social and economic disparities in the EEA.

Ministers also discussed legal acts awaiting incorporation into the EEA Agreement, observing that although the number of acts had remained stable over the last year, the new EEA EFTA procedures had increased the speed of processing new EU acts. Further, they stressed the importance of dealing with longstanding and difficult acts, and of resolving outstanding institutional issues related to the two-pillar structure of the EEA Agreement.

In this regard, Ministers welcomed the steps taken towards ensuring EEA EFTA participation in the European Financial Supervisory Authorities, where a first package of EEA Joint Committee decisions would soon be ready for the incorporation of the relevant legal acts into the EEA Agreement. They underlined the importance of resolving this issue swiftly in order to ensure a level playing field in the area of financial services.



Ministers also welcomed the progress made on important issues related to EEA EFTA participation in the Body of European Regulators for Electronic Communications (BEREC) and in the Agency for the Cooperation of Energy Regulators (ACER).

Lastly, Ministers took note of the continuing dialogue with the EU in the EEA Joint Committee on developments in the EU's ongoing negotiations with the United States on a Transatlantic Trade and Investment Partnership (TTIP).

Ministers were informed by Switzerland on the state and perspectives of the relations between Switzerland and the EU after the adoption in a referendum, on 9 February 2014, of the initiative "against mass immigration". The respective constitutional provisions are not compatible with the Agreement on the Free Movement of Persons (AFMP) between Switzerland and the EU or with annex K of the EFTA Convention.

In March this year the Swiss government submitted to Parliament several pieces of draft legislation to implement the constitutional provisions on immigration. However, the objective of the Swiss government remains to find a mutually agreed solution on the movement of persons with the EU and its EFTA partners. The Swiss government furthermore aims to maintain and further develop the bilateral framework with the EU, notably by continuing negotiations, for instance, on institutional issues.

Advisory bodies

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

Attending

Switzerland: Mr Johann N. Schneider-Ammann, President of the Swiss Confederation and Federal

Councillor, Head of the Federal Department of Economic Affairs, Education and

Research (Chair)

Iceland: Ms Lilja Alfreðsdóttir, Minister for Foreign Affairs and External Trade

Liechtenstein: Ms Aurelia Frick, Minister of Foreign Affairs

Norway: Ms Monica Mæland, Minister of Trade and Industry

EFTA: Mr Kristinn F. Árnason, Secretary-General



EFTA Ministerial Meeting, Geneva, 21 November 2016

Communiqué

On 21 November 2016, the European Free Trade Association (EFTA) held its biannual Ministerial Meeting in Geneva. The meeting was chaired by Ms Lilja Alfreðsdóttir, Minister for Foreign Affairs and External Trade of Iceland.

The EFTA Ministers discussed the possible consequences of the United Kingdom leaving the European Union and emphasised the importance of maintaining close economic and trade relations with the United Kingdom as an important trading partner of the EFTA countries. The Ministers also underlined the need to provide stability and predictability in a transition to a new legal framework for economic relations with the United Kingdom and to preserve the current conditions for economic exchange and cooperation. The EFTA States will consult each other towards this goal.

The Ministers reiterated their keen interest in concluding free trade agreements with *India* and *Indonesia* in 2017. Concluding these two agreements would secure improved market access to two growing economies with large domestic markets and constitutes a key objective for EFTA. At the same time they affirmed EFTA's commitment to advancing negotiations with *Malaysia* and *Vietnam* with the aim of concluding as soon as possible. They expressed their satisfaction with the start of negotiations with *Ecuador*. The Ministers also expressed their support for the ongoing negotiations to revise and expand the Agreement with *Mexico* and the upcoming negotiations with *Chile*. Regarding the revision and expansion of other existing free trade agreements, they underlined the readiness of the EFTA States to resume the negotiations with *Turkey*, to start negotiations with the *Southern African Customs Union (SACU)* and to continue to explore the possibility of entering into negotiations with *Canada*.

The Ministers welcomed the conclusion of the exploratory talks with the *Mercosur States*, paving the way for possible free trade negotiations in the coming year. They took note of the ongoing trade policy dialogue with the *US* and expressed their interest in continuing this dialogue.

The Ministers noted that the negotiating processes with *Algeria, Thailand* and *Russia/Belarus/Kazakhstan* remained on hold and agreed to continue to monitor the situation.

The EFTA Parliamentary Committee met with Ministers to discuss recent developments and priorities in EFTA's trade relations with the world.

EFTA's network of preferential trade relations outside the European Union currently comprises 27 free trade agreements with 38 countries and territories. Over 12 percent of EFTA's total exports go to these trade partners and they are the source of 7.5 percent of EFTA imports. This network is complemented by 6 joint declarations on cooperation.



Attending:

Iceland: Ms Lilja Alfreðsdóttir, Minister for Foreign Affairs and External Trade (Chair)

Liechtenstein: Ms Aurelia Frick, Minister of Foreign Affairs

Norway: Ms Monica Mæland, Minister of Trade and Industry

Switzerland: Mr Johann N. Schneider-Ammann, President of the Swiss Confederation,

Federal Councillor, Head of the Federal Department of Economic Affairs,

Education and Research

EFTA: Mr Kristinn F. Árnason, Secretary-General

Conclusions of the 45th meeting of the EEA Council, Brussels, 25 May 2016

- 1. The forty-fifth meeting of the EEA Council took place in Brussels on 25 May 2016 under the Presidency of Mr Bert Koenders, Minister of Foreign Affairs of the Netherlands, representing the Presidency of the Council of the European Union. The meeting was attended by Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, Ms Lilja Dögg Alfreðsdóttir, Minister for Foreign Affairs of Iceland, and Ms Elisabeth Aspaker, Minister of EEA and EU Affairs of Norway, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service.
- 2. The EEA Council noted that, within the framework of the Political Dialogue, the Ministers would discuss the migratory and refugee crisis, Russia and Ukraine, the EU Global Strategy on foreign and security policy, including cooperation in the Arctic. An orientation debate was held on the state of play of the Better Regulation agenda and its impact on the EEA.
- 3. The EEA Council acknowledged the key role played by the EEA Agreement for more than 20 years in advancing economic relations and internal market integration between the EU and the EEA EFTA States. The EEA Council highlighted that the Agreement had been robust and capable of adapting to changes in EU treaties and EU enlargements. The EEA Council recognised that increased efforts towards enhancing competitiveness would be key for jobs and growth in Europe.
- 4. The EEA Council emphasised the importance of a well-functioning Single Market as a driver in boosting economic growth and creating new jobs throughout Europe, and welcomed the steps already taken to implement the proposals contained in the strategies for a Digital Single Market and for upgrading the Single Market, both launched in 2015, with a view to exploiting in full its untapped growth and productivity potential. The EEA Council agreed that a holistic approach is required to tackle some of the main challenges facing the Single Market, and stressed the importance of close involvement of the EEA EFTA States in the further design and development of single market policies and initiatives.
- Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.
- 5. The EEA Council emphasised the importance of solidarity among the countries of Europe to overcome social and economic challenges. In particular, the EEA Council expressed concern regarding the continued high level of youth unemployment in some EEA Member States.
- 7. The EEA Council recognised the still existing need to alleviate social and economic disparities in the EEA, as well as the positive contribution of the EEA and Norway Financial Mechanism 2009-2014 and of their predecessors in reducing economic and social disparities throughout the EEA.



- 8. The EEA Council welcomed the signature on 3 May 2016 of the Agreement on an EEA Financial Mechanism 2014-2021 and of the Agreement between Norway and the EU on a Norwegian Financial Mechanism for the 2014-2021 period.
- 9. The EEA Council also welcomed the signature on 3 May 2016 of the protocols on trade in fish and fisheries products between Norway and the EU and Iceland and the EU and called for a swift conclusion of the necessary work.
- 10. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA is in the interest of all Contracting Parties, the EEA Council urged them to ensure that information on the EEA Agreement is made readily and easily available.
- 11. The EEA Council noted that free movement of capital is a fundamental internal market freedom and an integral part of the EEA acquis and acknowledged that restrictions can be implemented only temporarily on the basis of the provisions of Article 43 of the EEA Agreement.
- 12. The EEA Council welcomed the significant progress towards finalisation of the EEA Joint Committee Decisions of the first package of legal acts related to the EU Regulations on the European Supervisory Authorities in the area of financial services. It stressed the need to swiftly finalise the necessary procedures to allow for the incorporation into the EEA Agreement and the rapid entry into force of these acts in order to ensure effective and homogenous supervision throughout the EEA, as called for by the EU and EEA EFTA Ministers of Finance and Economy at their informal meeting of 14 October 2014. The EEA Council also highlighted the high importance of promptly incorporating and applying the other outstanding legislation in the field of financial services as soon as possible in order to ensure a level playing field throughout the EEA in this important sector.
- 13. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environment, energy and climate change polices, particularly in light of the 2030 Framework for Climate and Energy and the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy. The close cooperation should also continue in particular in the areas of internal energy market, energy security, emissions trading, promotion of competitive, climate resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, carbon capture and storage (CCS) and carbon capture and utilisation (CCU), as well as other environmental issues such as waste, chemicals, water resource management and industrial pollution.
- 14. The EEA Council welcomed the efforts and close cooperation of the EU, its Member States and the EEA EFTA States in the preparations of the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC) in Paris in December 2015. The EEA Council highlighted that this cooperation had contributed to the adoption of an ambitious, dynamic, durable and legally binding global agreement. In order to hold the increase in the global average temperature well below 2°C, and to



pursue efforts to limit it to 1,5° C above pre-industrial levels, as well as to foster climate resilience and low greenhouse gas emissions development, parties aim to reach global peaking of greenhouse gas emissions as soon as possible and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century. The EEA Council underlined the need to maintain the momentum after COP21 and focus on implementation, at the international level and domestically, in particular in relation to the Intended Nationally Determined Contributions (INDCs) and the 2030 climate and energy framework. In this regard, the EEA Council welcomed the opening for signature of the Paris Agreement on 22 April 2016 in New York and underlined the need for the EU, its Member States and the EEA EFTA States to be able to ratify the Paris Agreement as soon as possible and on time so as to be Parties as of its entry into force.

- 15. The EEA Council welcomed the ongoing efforts made to both reduce the number of EEA-relevant EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process. While commending all the steps undertaken in the course of the last years, the EEA Council noted that the number of acts awaiting incorporation was still too high. The EEA Council called for continued work in order to significantly and durably reduce the current backlog and thereby ensure legal certainty and homogeneity in the EEA. It urged all parties to engage constructively to find solutions to pending difficult issues.
- 16. With regard to the Third Package for the Internal Energy Market, the EEA Council welcomed progress made in recent months with regard to EEA EFTA participation in the Agency for the Cooperation of Energy Regulators (ACER), and underlined the importance of swiftly finalising this work in order to establish a fully functional internal market for energy.
- 17. The EEA Council welcomed the incorporation into the EEA Agreement of the public procurement legislative framework and progress made in recent months with regard to the 2009 regulatory framework for electronic communications (including the Regulation on the Body of European Regulators for Electronic Communications BEREC), and the Regulation on Medicinal Products for Paediatric use.
- 18. The EEA Council noted that progress was still needed on a number of important outstanding issues and looked forward to reaching a conclusion as soon as possible, in particular regarding the Third Postal Directive, the EU legal acts in the area of organic production as well as in the area of common rules and standards for ship inspection and survey organisations.
- 19. The EEA Council noted that there was a number of Joint Committee Decisions, for which the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.



- 20. The EEA Council acknowledged the significance of the negotiations on a Transatlantic Trade and Investment Partnership (TTIP) between the European Union and the United States. The EEA Council welcomed the continuous exchange of information between the European Commission and the EEA EFTA States, initiated in the EEA Joint Committee in December 2014. Bearing in mind inter alia Protocol 12 to the EEA Agreement, the EEA Council encouraged a continuation of this exchange of information.
- 21. The EEA Council acknowledged that the Contracting Parties, pursuant to Article 19 of the EEA Agreement, had undertaken to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council looked forward to the signing of the Agreements on the further liberalisation of agricultural trade and on the protection of geographical indications between the EU and Iceland, which were initialled on 17 September 2015, in the near future.
- 22. The EEA Council took note of the lack of progress in the negotiations between the EU and Norway on the protection of geographical indications and noted the suspension of the talks for the time being. However, the EEA Council welcomed the progress made in the negotiations between the parties on further liberalisation of agricultural trade within the framework of Article 19 launched in February 2015 and encouraged the parties to actively continue their efforts for further progress in the negotiations.
- 23. The EEA Council looked forward to the adoption of the Joint Committee Decision related to the agreement on the further liberalisation of trade in processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement between Iceland and the EU, which was concluded on 17 September 2015, in the near future.
- 24. The EEA Council encouraged the Contracting Parties to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in this area.
- 25. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes to which they contribute financially.
- 26. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant EU Council working parties.
- 27. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU ministerial meetings and ministerial conferences relevant to EEA EFTA participation in the Internal Market, and expressed its appreciation to the current Dutch and incoming Slovak Presidencies for the continuation of this practice.



- 28. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups and agencies, as well as through the submission of EEA EFTA Comments.
- 29. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its meeting in Vaduz on 19-20 May 2016 on *The Single Market Strategy for Goods and Services*, and on *The Collaborative Economy*, and of the EEA Consultative Committee adopted at its meeting in Vaduz on 19-20 May 2016 on *Labour mobility in the EEA* and on *Better Regulation to support businesses and protect workers in the EEA*.

Conclusions of the 46th meeting of the EEA Council, Brussels, 15 November 2016

- 1. The forty-sixth meeting of the EEA Council took place in Brussels on 15 November 2016 under the Presidency of Ms Elisabeth Vik Aspaker, Minister of EEA and EU Affairs of Norway. The meeting was attended by Ms Aurelia Frick, Minister of Foreign Affairs of Liechtenstein, Mr Stefán Haukur Jóhannesson, representing the Minister for Foreign Affairs of Iceland, and Mr Lukas Parizek, representing the Presidency of the Council of the European Union, as well as by Members of the Council of the European Union and representatives of the European Commission and the European External Action Service.
- 2. The EEA Council noted that, within the framework of the Political Dialogue, the Ministers would discuss Western Balkans, Ukraine/Russia, Migration, and the EU Global Strategy on Foreign and Security Policy. An orientation debate was held on the Digital Single Market, including the collaborative economy.
- 3. The EEA Council acknowledged the key role played by the EEA Agreement for more than 20 years in advancing economic relations and internal market integration between the EU and the EEA EFTA States. The EEA Council highlighted that the Agreement had been robust and capable of adapting to changes in EU treaties and EU enlargements. The EEA Council recognised that increased efforts towards enhancing competitiveness would be key for jobs and growth in Europe.
- 4. The EEA Council emphasised the importance of a well-functioning Single Market as a driver in boosting economic growth and creating new jobs throughout Europe, and welcomed the steps already taken to implement the proposals contained in the strategies for a Digital Single Market and for upgrading the Single Market, both launched in 2015, with a view to exploiting in full its untapped growth and productivity potential. The EEA Council agreed that a holistic approach is required to tackle some of the main challenges facing the Single Market, and stressed the importance of close involvement of the EEA EFTA States in the further design and development of single market policies and initiatives.
- 5. The EEA Council welcomed the adoption of the EEA Joint Committee Decisions of the first package of legal acts related to the EU Regulations on the European Supervisory Authorities in the area of financial services. The EEA Council also highlighted the high importance of promptly incorporating and applying the other outstanding legislation in the field of financial services as soon as possible in order to ensure a level playing field throughout the EEA in this important sector.
- 6. Noting the Progress Report of the EEA Joint Committee, the EEA Council expressed its appreciation for the work of the Joint Committee in ensuring the continued successful operation and good functioning of the EEA Agreement.
- 7. The EEA Council emphasised the importance of solidarity among the countries of Europe to overcome social and economic challenges. In particular, the EEA Council expressed concern regarding the continued high level of youth unemployment in some EEA Member States.



- 8. The EEA Council commended the positive contribution of the EEA and Norway Financial Mechanism 2009-2014 and of their predecessors in reducing economic and social disparities throughout the EEA and recognised the still existing need to alleviate social and economic disparities in the EEA.
- 9. The EEA Council welcomed the ratification of the Agreement on an EEA Financial Mechanism 2014-2021 by Iceland, Liechtenstein and Norway, and of the Agreement between Norway and the EU on a Norwegian Financial Mechanism for the 2014-2021 period by Norway. The EEA Council further welcomed the provisional application of the Agreement on a Norwegian Financial Mechanism for the 2014-2021 period as of 1 July 2016 and of the Agreement on an EEA Financial Mechanism 2014-2021 as of 1 August 2016.
- 10. The EEA Council also welcomed the provisional application of the Protocol on trade in fish and fisheries products between Iceland and the EU as of 1 August 2016 and of the Protocol on trade in fish and fisheries products between Norway and the EU as of 1 September 2016.
- 11. Emphasising the fact that greater knowledge of the EEA Agreement throughout the EEA is in the interest of all Contracting Parties, the EEA Council urged them to ensure that information on the EEA Agreement is made readily and easily available.
- 12. The EEA Council noted that free movement of capital is a fundamental internal market freedom and an integral part of the EEA acquis and acknowledged that restrictions can be implemented only temporarily on the basis of the provisions of Article 43 of the EEA Agreement. The EEA Council welcomed the progress of the comprehensive plan of the Icelandic Government for removal of capital controls without threatening economic and financial stability of the country.
- 13. The EEA Council placed great importance on continued close cooperation between the EU and the EEA EFTA States in environment, energy and climate change polices, particularly in light of the 2030 Framework for Climate and Energy and the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy. The close cooperation should also continue in particular in the areas of internal energy market, energy security, emissions trading, promotion of competitive, climate resilient, safe and sustainable low carbon energy, energy efficiency, renewable energy resources, carbon capture and storage (CCS) and carbon capture and utilisation (CCU), as well as other environmental issues such as waste, chemicals, water resource management and industrial pollution.
- 14. The EEA Council recalled the historic global and legally-binding climate agreement reached in Paris in December 2015 and welcomed its entry into force on 4 November 2016, triggered by the EU ratification. The EEA Council welcomed the efforts undertaken by both EU Member States and EEA EFTA States to ensure speedy completion of their national ratification procedures and encouraged other countries to ratify as soon as possible.



- 15. The EEA Council welcomed the broad support the Joint Initiative on European Standardisation had achieved and the efforts the EU side had initiated with this successful collaborative co-regulation modernising the European Standardisation System. The EEA Council also acknowledged that the involvement and contribution from EFTA in this field is an illustration of efficient EU-EFTA cooperation supporting a homogenous EEA.
- 16. The EEA Council welcomed the ongoing efforts made to both reduce the number of EEA-relevant EU acts awaiting incorporation into the EEA Agreement and to accelerate the incorporation process. While commending all the steps undertaken in the course of the last years, the EEA Council noted that the number of acts awaiting incorporation was still too high. The EEA Council called for continued work in order to significantly and durably reduce the current backlog and thereby ensure legal certainty and homogeneity in the EEA. It urged all parties to engage constructively to find solutions to pending difficult issues.
- 17. With regard to the Third Package for the Internal Energy Market, the EEA Council welcomed progress made in recent months with regard to removing the remaining obstacles towards its incorporation in the EEA Agreement, notably as concerns the EEA EFTA participation in the Agency for the Cooperation of Energy Regulators (ACER), and underlined the importance of swiftly finalising this work in order to establish a fully functional internal market for energy.
- 18. The EEA Council welcomed progress made in recent months with regard to the 2009 regulatory framework for electronic communications (including the Regulation on the Body of European Regulators for Electronic Communications BEREC), and the Regulation on Medicinal Products for Paediatric use.
- 19. The EEA Council noted that progress was still needed on a number of important outstanding issues and looked forward to reaching a conclusion as soon as possible, in particular regarding the Third Postal Directive, the EU legal acts in the area of organic production, as well as in the area of common rules and standards for ship inspection and survey organisations.
- 20. The EEA Council noted that there was a number of Joint Committee Decisions, for which the six-month deadline provided for in the EEA Agreement with regard to constitutional clearance had been exceeded. It encouraged the EEA EFTA States to strengthen their efforts to resolve the pending cases as soon as possible and to avoid such delays in the future.
- 21. The EEA Council acknowledged the significance of the negotiations on an ambitious, balanced and comprehensive free trade agreement between the European Union and the United States. The EEA Council welcomed the continuous exchange of information between the European Commission and the EEA EFTA States, initiated in the EEA Joint Committee in December 2014. Bearing in mind inter alia Protocol 12 to the EEA Agreement, the EEA Council encouraged a continuation of this exchange of information.



- 22. The EEA Council acknowledged that the Contracting Parties, pursuant to Article 19 of the EEA Agreement, had undertaken to continue their efforts with a view to achieving the progressive liberalisation of agricultural trade. The EEA Council looked forward to the signing of the Agreements on the further liberalisation of agricultural trade and on the protection of geographical indications between the EU and Iceland, which were initialled on 17 September 2015, in the near future. The EEA Council noted the suspension of the negotiations between the EU and Norway on protection of geographical indications.
- 23. The EEA Council welcomed the progress made in the negotiations between the EU and Norway on further liberalisation of agricultural trade within the framework of Article 19 launched in February 2015 and encouraged the parties to actively continue their efforts for further progress in the negotiations.
- 24. The EEA Council looked forward to the adoption of the Joint Committee Decision related to the agreement on the further liberalisation of trade in processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement between Iceland and the EU, which was concluded on 17 September 2015, in the near future.
- 25. The EEA Council encouraged the Contracting Parties to continue the dialogue on the review of the trade regime for processed agricultural products within the framework of Article 2(2) and Article 6 of Protocol 3 to the EEA Agreement in order to further promote trade in this area.
- 26. Acknowledging the contribution made by EU programmes to building a more competitive, innovative and social Europe, the EEA Council welcomed the participation of the EEA EFTA States in EEA-relevant programmes to which they contribute financially.
- 27. The EEA Council recognised the active participation and full integration of the EEA EFTA States in the European Research Area and the successful association of Norway and Iceland in Horizon 2020, the EU's flagship programme for Research and Innovation. The EEA Council will continue to place high importance to the integration and policy alignment of EEA EFTA States with the EU in the area of research and innovation.
- 28. The EEA Council underlined the importance of continuing the practice of inviting officials from the EEA EFTA States to political dialogues held at the level of the relevant EU Council working parties.
- 29. The EEA Council underlined the importance of inviting EEA EFTA Ministers to informal EU ministerial meetings and ministerial conferences relevant to EEA EFTA participation in the Internal Market, and expressed its appreciation to the current Slovak and incoming Maltese Presidencies for the continuation of this practice.
- 30. The EEA Council recognised the positive contributions made by the EEA EFTA States to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in the relevant committees, expert groups, studies and agencies, as well as through the submission of EEA EFTA Comments.

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