



# 50<sup>TH</sup> ANNUAL REPORT OF THE EUROPEAN FREE TRADE ASSOCIATION

**2010**

1960 **EFTA** **50** YEARS 2010



## Annual Report of the European Free Trade Association 2010

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*Cover picture: The new railway link through the Alps: the Erstfeld-Amsteg section of the Gotthard Base Tunnel, Switzerland (Reuters/Arnd Wiegmann)*

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**Editor's note:**

For basic information on EFTA, please see the publication "This is EFTA". Further information is also available on our website: [www.efta.int/](http://www.efta.int/)

# FOREWORD

EFTA celebrated its 50<sup>th</sup> anniversary in 2010 and entered its sixth decade in good health by making significant progress in its two core areas of activity: the European Economic Area and an expanding worldwide network of free trade relations.

EFTA's 50<sup>th</sup> anniversary was celebrated in various ways during the year. Notably, an Anniversary book was published entitled "EFTA 1960-2010: Elements of 50 Years of European History". The book was presented at a reception for 200 guests in Geneva on 3 May, which marked the 50th anniversary of the entry into force of the EFTA Convention. Special events were also held in connection with the EFTA Ministerial meetings in Reykjavik and Geneva.

Fifteen years after its entry into force, the EEA Agreement continues to provide a solid framework for Iceland, Liechtenstein and Norway's participation in the Internal Market of the European Union. With a combined population of over 500 million, the EEA constitutes the world's biggest common market.

In 2010, 346 legal acts were incorporated into the EEA Agreement. Important additions include the Regulation on Rail Passengers' Rights and new rules on mobile roaming charges to include SMS messages and the transfer of data. The EEA Joint Committee Decisions on the Food Law Package and Services Directive entered into force in May.

Through the EEA Agreement, the EEA EFTA States are actively involved in a number of programmes and agencies playing an increasingly important role in the EU. In this respect I would like to underline the full participation of Iceland, Liechtenstein and Norway in the European Food Safety Authority and the European Agency for Safety and Health at Work. Our 2010 Bulletin provides a new and updated overview of EFTA's participation in 18 different EU programmes.

The first meetings of the EEA EFTA Forum of Local and Regional Authorities, established in 2009 by a Decision of the EFTA Standing Committee, took place in 2010.

Through the EEA Grants and Norway Grants, the EEA EFTA States contribute to reducing social and economic disparities within the EEA. As a result of new agreements reached in 2010, a total of

EUR 1.79 billion will be made available to projects that contribute to social and economic development in 15 EU Member States in Central and Southern Europe.



The anniversary year was also productive in terms of EFTA's free trade relations. Following the finalisation of negotiations with Peru and Ukraine, the EFTA States signed free trade agreements with these two countries at the EFTA Ministerial meeting in June in Reykjavik. Negotiations were launched with Hong Kong, China on a comprehensive FTA, and the negotiation process with India made significant headway in the second half of the year.

In July, negotiations on a Comprehensive Indonesia-EFTA Economic Partnership Agreement were launched and Joint Declarations on Cooperation were signed with Malaysia and Panama. EFTA Ministers, together with their counterparts from Russia, Belarus and Kazakhstan, launched negotiations on a broad-based FTA on the occasion of the Ministerial meeting in November in Geneva. A joint study group was also established to begin to explore the feasibility of an FTA with Vietnam.

In addition to developing a far-reaching bilateral free trade network, the EFTA States have continued to demonstrate their full commitment to achieving a robust multilateral trading system, and have remained strong supporters of the World Trade Organization and conclusion of the Doha Round.

Fifty years now underpin the work of the EFTA Secretariat, which has adapted constantly to serve the needs of its Member States and partner countries. Throughout 2010, the two Deputy Secretaries-General and I have strived to ensure that the Secretariat continues to provide the full range of services and expertise to the EFTA States. Needless to say, these efforts will continue to be our priority for 2011.

Kåre Bryn

A handwritten signature in blue ink that reads "Kåre Bryn".

Secretary-General

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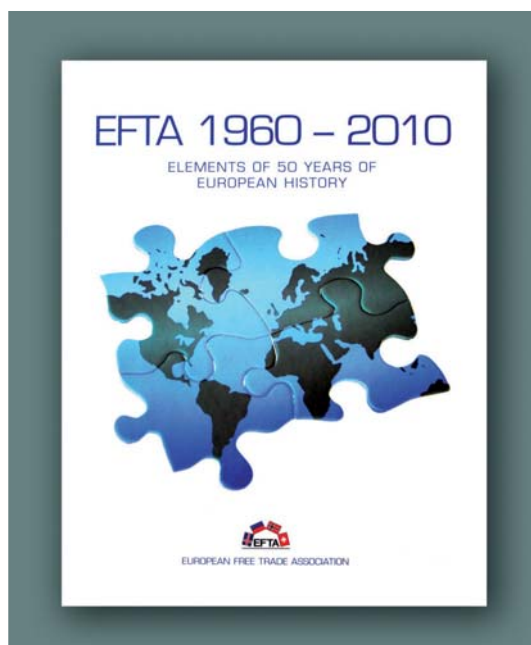
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# 50<sup>TH</sup> ANNIVERSARY OF EFTA

## Anniversary Seminar



In November 2009, leaders from government and academia participated in a seminar to celebrate the 15<sup>th</sup> anniversary of the entry into force of the European Economic Area (EEA) in 1994 and the 50<sup>th</sup> anniversary of EFTA in 2010.

Under the theme “EFTA 1960-2010: Partners in Progress” speakers focused on the development of EFTA in the wider European context and on the implications of EFTA and the EEA for their Member States. Professors Guðmundur Jónsson, University of Iceland, Helge Pharo, University of Oslo and René Schwok, University of Geneva, looked back at Europe in the 1950s and the political discussions that led to the creation of EFTA. They also addressed the effects of participation in EFTA on its Member States’ trade and economic growth. Professor Richard T. Griffiths from the University of Leiden reviewed the history of EFTA in a broader European context, while Dr Ulf Sverdrup from the University of Oslo outlined the experiences of the EFTA States with the EEA Agreement and its present role in EFTA’s relations with the European Union. The sessions were complemented by subsequent panel discussions

bringing together former Ambassadors Jón Baldvin Hannibalsson of Iceland, Eivinn Berg of Norway and Franz Blankart of Switzerland. The seminar was moderated by Ernst Walch, former Minister of Foreign Affairs of Liechtenstein.

## Anniversary Book

The Anniversary book, “EFTA 1960-2010: Elements of 50 Years of European History”, combines the presentations made at this seminar with several new essays and articles from earlier EFTA publications that illuminate the history and functions of EFTA. A special contribution to the book is a paper written in 1988 by Professor Paul Krugman, the 2008 Nobel Laureate in economics, on the basis for EFTA’s participation in the European Internal Market – the economic *raison d’être* for the EEA Agreement. The book also contains an overview of 50 years of EFTA and the Association’s free trade policies, in addition to a rich photo gallery.

## 3 May 2010 Celebration, Geneva



EFTA’s Secretary-General Kåre Bryn opening the anniversary event on 3 May.

The Anniversary book was presented at a reception with close to 200 participants in Geneva on 3 May, 50 years to the day that the EFTA Convention entered into force. This special event was attended by representatives of current and former EFTA Member States and EFTA’s free trade partner countries around



the world. It included speeches by John Clarke, Chargé d’Affaires at the Mission of the European Union, Bozkurt Aran, Ambassador of Turkey, and Einar Gunnarsson, Permanent Secretary of State of the Ministry for Foreign Affairs of Iceland, on behalf of the EFTA Chairmanship.



The academics who contributed to the book: Guðmundur Jónsson (left), University of Iceland; René Schwok, University of Geneva; Richard T. Griffiths, University of Leiden; and Ulf Sverdrup and Helge Pharo, University of Oslo.

## Ministerial Workshop on Trade, Geneva

On the occasion of EFTA’s winter Ministerial meeting and under the chairmanship of Doris Leuthard, then-President of the Swiss Confederation, a workshop was held on 22 November to celebrate the 50<sup>th</sup> anniversary of EFTA. The workshop brought together four trade economists: Senior Research Fellow Anirudh Shingal, Bern; and Professors Richard Baldwin, Geneva; Peter Egger, Zürich; and Victor Norman, Oslo; to look at “The path ahead for world trade: FTAs and the multilateral trading system in 2020”. Discussions focused on developments in regionalism and its relationship with the multilateral trading system, and on the conceptual, forward-looking political issues that would require policymakers’ attention in the future.

The subsequent panel discussion, chaired by President Leuthard, brought together Celso Amorim, Minister of External Relations of Brazil; Professor Jagdish Bhagwati, Columbia University; Trond Giske, Minister of Trade and Industry of Norway; Ján Kubiš, Executive Secretary of the United Nations Economic Commission for Europe; and Pascal Lamy, Director-General of the World Trade Organization. The speakers were unanimous in highlighting the importance of a robust multilateral system of governance for trade, and some stressed the need for multilateralism to adapt to newly emerging issues and challenges.

## Anniversary Events in Partner Countries: Canada, Egypt, Mexico and Korea

In spring 2010, EFTA celebrated its 50<sup>th</sup> anniversary with several of its free trade partners, namely Canada, Egypt, Mexico and Korea. Representatives from the world of politics, business and the media participated in seminars in the partner countries, reflecting on the history of EFTA and learning more about its current activities and future challenges. Participants acknowledged and welcomed the positive effects of EFTA’s close economic relations with its partners on bilateral trade and investment flows.

## Ministerial Meeting and Concert, Iceland

EFTA’s summer Ministerial meeting was held in Reykjavik in June under the chairmanship of Össur Skarphéðinsson, Minister of Foreign Affairs of Iceland. A special section of the meeting was dedicated to the Association’s anniversary and Ministers discussed the importance of EFTA for their countries’ foreign trade. A special concert featured young Icelandic singers and musicians, Una Sveinbjarnardóttir, Tinna Þorsteinsdóttir, Svavar Knútur Kristinsson and Retro Stefson, a seven-piece group hailing from different countries.



The Icelandic group, Retro Stefson.



## Swiss Present to EFTA



"Blue Solfatara" by Swiss artist Bernard Garo.

The President of the Swiss Confederation, Doris Leuthard, presented a painting to EFTA on the occasion of the Association's 50<sup>th</sup> anniversary. The presentation took place at a special celebratory dinner in Geneva on 22 November in the presence of all the EFTA Ministers, who on the following day held their winter EFTA Ministerial meeting under the chairmanship of Swiss Federal Councillor Johann Schneider-Ammann.

The artist, Bernard Garo, is Swiss and the painting, Blue Solfatara, is, to quote a special postcard printed for the event, a part of his "ARIL project 2004-2014 (Alexandria, Reykjavik, Istanbul, Lisbon), four cultural cardinal cities of Europe, with Switzerland taken as the centrepiece".

## Commemorative Stamps

Liechtenstein and Switzerland issued commemorative stamps in 2010, the designs of which underline the dynamic role of EFTA. The Liechtenstein stamp, presented in June, shows the changes in membership by depicting the flags of Member States past and present, whereas the Swiss stamp, unveiled in September, highlights the integrative and unifying functions of EFTA.



# EFTA COUNCIL

## EFTA Ministerial Meetings

The EFTA Council met twice at Ministerial level in 2010, on 24 June in Reykjavik and on 23 November in Geneva. The Council was chaired by Iceland in the first half of 2010 and by Switzerland in the second.

## 50<sup>th</sup> Anniversary

EFTA's founding Convention entered into force on 3 May 1960, and Ministers marked its 50<sup>th</sup> anniversary at their meeting in Iceland, agreeing that the creation of EFTA had made an important contribution to European economic integration. They underlined the fact that EFTA had been one of the cornerstones of the development of its Member States as competitive economies relying on access to foreign markets. From the early years of economic cooperation in Europe to its present global reach in free trade relations, EFTA had successfully opened up opportunities for its business operators.

## The International Economic Situation

During their meetings the EFTA Ministers discussed the state of the global economy and welcomed the strong rebound in global trade flows in 2010. They reiterated EFTA's commitment to the multilateral trading system and highlighted the role played by free trade agreements (FTAs) in contributing to the reinforcement of liberalisation globally. In their November meeting the Ministers declared their support for the strong commitment expressed by G20 leaders to use the window of opportunity in 2011 to bring the Doha Round to a successful and balanced conclusion.

## Preferential Trade Relations

Developments in EFTA's preferential trade relations with partners worldwide that Ministers reviewed during their 2010 meetings included Joint Declarations



EFTA Ministers and EFTA's Secretary-General at the November Ministerial meeting in Geneva: Kåre Bryn (left), EFTA Secretary-General; Johann N. Schneider-Ammann, Federal Councillor and Head of the Federal Department of Economic Affairs (Switzerland); Aurelia Frick, Minister of Foreign Affairs, Justice and Cultural Affairs (Liechtenstein); Trond Giske, Minister of Trade and Industry (Norway); and Össur Skarphéðinsson, Minister of Foreign Affairs and External Trade (Iceland).



on Cooperation with Malaysia and Panama, and contacts (both ongoing and foreseen) with numerous countries such as Bosnia-Herzegovina, Hong Kong China, India, Indonesia, Montenegro, Vietnam and countries in Central America.

The Ministers also welcomed a report prepared by the EFTA Working Groups on “Trade and Environment” and “Labour Standards in EFTA Free Trade Agreements”, including model provisions.

## Relations with the European Union

At their June meeting in Reykjavik, the EEA EFTA Ministers discussed the general functioning of the Agreement on the European Economic Area with a special focus on the economic crisis, and underlined the need for coordinated and comprehensive action, especially at European level. Ministers emphasised the importance of adequate participation by the national authorities of the EEA EFTA States in the new financial supervisory structure, on an equal footing with the EU Member States.

With regard to new initiatives within the EEA, Ministers noted the Europe 2020 Strategy and expressed their hope that this would serve as a generator for growth in Europe over the next decade.

The Communiqués from the Ministerial meetings can be found in the Appendices to this report.

## The EFTA Council at Ambassadorial Level

The Council met 11 times in 2010 at the level of Heads of Permanent Delegations to EFTA in Geneva. Delegates discussed EFTA's free trade negotiations and the management of existing agreements. They also approved a number of technical cooperation projects and dealt with administrative and budgetary matters.

## The EFTA Convention

The EFTA Council is responsible for the Vaduz Convention, which is updated regularly to reflect legislative developments in the EEA Agreement and the Swiss-EU Agreements. In 2010, the Council established a Committee on Trade Facilitation, amended Annex S to the Convention on organs, committees and other bodies assisting the Council,

and amended Appendix 1 to Annex P to the Convention on Land Transport.

## Annual Meeting of EFTA and EU Finance Ministers

The annual meeting of EFTA and EU Finance Ministers (the EFTA ECOFIN) took place on 17 November. Ministers discussed intelligent fiscal supervision and financial market regulation and supervision. Liechtenstein presented a common EFTA paper in its capacity as EFTA Chair, as well as the Liechtenstein position.

The EFTA ECOFIN meeting was chaired by Didier Reynders, Minister of Finance, representing the Belgian Presidency of the EU Council. Olli Rehn, Commissioner for Economic and Financial Affairs and Michel Barnier, Commissioner for the Internal Market and Services, presented the Commission's position on the two issues.



The Norwegian Minister of Finance, Sigbjørn Johnsen (left), in discussion with Olli Rehn, Commissioner for Economic and Monetary Affairs, at the EFTA ECOFIN meeting.

## The Lugano Convention

The EFTA States Iceland, Norway and Switzerland were parties to the 1988 Lugano Convention on jurisdiction and enforcement of judgments in civil and commercial matters. Following the enlargement of the EU, a revised convention was adopted in 2007. The 2007 Lugano Convention entered into force in the EU, Denmark and Norway on 1 January 2010 and in Switzerland on 1 January 2011. It will enter into force in Iceland on 1 May 2011. In September 2010, EFTA participated as an observer at the last meeting of the Standing Committee set up under the 1988 Convention to ensure uniform application of the Convention.

# FREE TRADE RELATIONS

EFTA furthered its efforts in 2010 to expand and deepen its preferential trade relations. With the signing of two new Free Trade Agreements (FTAs) with Peru and Ukraine, the number of EFTA's current FTAs rose to 22, covering 31 countries.

By the end of the year, EFTA's formal engagement with partners outside the European Union extended to 50 countries at the following levels of cooperation:

- **Free Trade Agreements in Force**

EFTA had fully operational FTAs with 22 partner countries: Albania, Canada, Chile, Croatia, Egypt, Israel, Jordan, Republic of Korea, Lebanon, Macedonia, Mexico, Morocco, Palestinian Authority, Serbia, Singapore, the Southern African Customs Union (comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia and Turkey.

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

Fig. 1

Partner	Joint Declaration	Free Trade Agreement	
	Signature	Signature	Entry into force
Albania	10 December 1992	17 December 2009	1 November 2010
Algeria	12 December 2002		
Canada		26 January 2008	1 July 2009
Chile		26 June 2003	1 December 2004
Colombia	17 May 2006	25 November 2008	
Croatia	19 June 2000	21 June 2001	1 April 2002
Egypt	8 December 1995	27 January 2007	1 August 2007
Gulf Cooperation Council (GCC) <sup>[1]</sup>	23 May 2000	22 June 2009	
Israel		17 September 1992	1 January 1993
Jordan	19 June 1997	21 June 2001	1 September 2002
Korea, Republic of		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
Southern Common Market (MERCOSUR) <sup>[2]</sup>	12 December 2000		
Mongolia	28 July 2007		
Montenegro	12 December 2000		
Morocco	8 December 1995	19 June 1997	1 December 1999
Palestinian Authority	16 December 1996	30 November 1998	1 July 1999
Panama	20 July 2010		
Peru	24 April 2006	24 June 2010	
Southern African Customs Union (SACU) <sup>[3]</sup>		26 June 2006	1 May 2008
Serbia	12 December 2000	17 December 2009	1 October 2010
Singapore		26 June 2002	1 January 2003
Tunisia	8 December 1995	17 December 2004	1 June 2005
Turkey		10 December 1991	1 April 1992
Ukraine	19 June 2000	24 June 2010	

<sup>[1]</sup> Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

<sup>[2]</sup> Argentina, Brazil, Paraguay and Uruguay.

<sup>[3]</sup> Botswana, Lesotho, Namibia, South Africa and Swaziland.

- **Signed Free Trade Agreements**

FTAs with Peru and Ukraine were signed in June and July 2010. Along with the FTAs signed with Colombia in 2008 and the six Member States of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) in 2009, these FTAs were in the process of ratification by the parties.

- **Free Trade Negotiations**

In 2010, EFTA was engaged in or about to commence negotiation processes with eight partners (Bosnia-Herzegovina; Hong Kong, China; India; Indonesia; Montenegro and Russia, Belarus and Kazakhstan). Negotiations with Algeria and Thailand remained on hold.

- **Joint Feasibility Studies**

Work on a joint feasibility study with Vietnam was ongoing.

- **Joint Declarations on Cooperation**

In July 2010, EFTA signed Joint Declarations on Cooperation (JDCs) with Malaysia and Panama. Further JDCs were operational with Mauritius, Mongolia and the MERCOSUR States (Argentina, Brazil, Paraguay and Uruguay).

## Main Developments

### Ukraine

A comprehensive FTA with Ukraine was signed in Reykjavik during the EFTA Ministerial meeting on 24 June 2010. The parties had launched negotiations in April 2009, building on a JDC concluded in 2000 and further preparatory work. Swift progress was achieved, resulting in the conclusion of the process in early June 2010 after five rounds of negotiations.

With a population of 46 million, Ukraine is an important export destination for EFTA in Europe. Total merchandise trade between both sides has grown continuously over recent years to reach USD 716 million in 2009, with EFTA's exports accounting for USD 578 million. Trade in services and direct investments between both sides also show significant growth potential.

The FTA with Ukraine is EFTA's first broad-based FTA with a European partner, providing a solid basis for further expanding bilateral trade and investment flows. In addition to trade in industrial goods and



Össur Skarphéðinsson, Minister for Foreign Affairs and External Trade of Iceland (left) and Kostyantyn Gryshchenko, Minister for Foreign Affairs of Ukraine at the signing of the EFTA-Ukraine Free Trade Agreement.

fish, the FTA notably covers trade in services, investment, intellectual property rights, government procurement, competition and trade facilitation. Bilateral agreements on agricultural products, concluded by the individual EFTA States and Ukraine, complement the contractual framework.

### Peru

The FTA signed on 24 June 2010 by EFTA and on 14 July by Peru features a broad substantive coverage, including trade in goods, intellectual property rights, investment, government procurement and technical cooperation. The parties will resume negotiations on trade in services within a year of entry into force of the FTA, which is expected in 2011.

The FTA with Peru is EFTA's fourth in Latin America, following those concluded with Chile, Colombia and Mexico. Negotiations commenced in March 2007, building on a JDC signed in 2006, and extended over five rounds. In 2009, total merchandise trade between the two sides reached USD 404 million, with Peruvian exports to the EFTA markets valued at USD 304 million.

### Russia, Belarus and Kazakhstan

EFTA and the Russian Federation had started exploring the possibility of closer trade relations in 2007. A joint feasibility study was undertaken in 2008, resulting in a positive assessment of the potential for a broad-based FTA between the two sides.

A new situation arose through the announcement of the establishment of a customs union between Russia, Belarus and Kazakhstan from the beginning of 2010. On 23 November 2010, following a review of the implications of these developments on possible free trade negotiations, Ministers from the EFTA States and

the three partner countries formally announced the launch of negotiations on an FTA.

Russia, Belarus and Kazakhstan together were EFTA's fifth most important export destination and fourth largest import source outside the EU in 2009. Total merchandise trade between the two sides amounted to USD 6.2 billion.



Elvira Nabiullina, Minister of Economic Development and Trade of the Russian Federation.

## Other Partners

EFTA held two further rounds of negotiations on a broad-based FTA with India in 2010, following their launch in October 2008. Fresh momentum was created towards the end of the year, enhancing the prospects for a conclusion to the negotiation process in 2011.

New negotiations on a comprehensive FTA were opened with Hong Kong, China in January 2010. Through four full rounds and intense intersessional work, significant progress was achieved and several parts of the FTA were finalised. Negotiations on the remaining issues are expected to be completed in the first half of 2011.

In July 2010, the EFTA Chair at Ministerial level, Swiss President Doris Leuthard, and Indonesian President Yudhoyono, announced the launch of negotiations on a Comprehensive Indonesia-EFTA Economic Partnership Agreement. Preparations for such negotiations have since been carried out and a first round is due to take place in early 2011.

Also in the South-East Asia region, EFTA and Vietnam established a Joint Study Group in May 2010, mandated to assess the scope for closer trade relations and the feasibility of an FTA between the two sides. The Group held two constructive meetings and plans to present its findings in the first quarter of 2011. EFTA signed a JDC with Malaysia in July 2010, with further discussions on closer trade relations expected to follow in 2011. EFTA Ministers reiterated at their November 2010 meeting their willingness to resume negotiations with Thailand when conditions permit.

Back in Europe, in addition to the signing of an FTA with Ukraine and the process with Russia, Belarus and Kazakhstan, preparations were started in view of opening negotiations with Bosnia-Herzegovina and Montenegro. The FTAs with Serbia and Albania, signed in December 2009, entered into force on 1 October and 1 November 2010 respectively, in relation to Liechtenstein and Switzerland. Iceland and Norway will join as soon as domestic ratification procedures have been completed.



The signing of the EFTA-Malaysia Joint Declaration on Cooperation: Malaysian Ambassador Hiswani Harun (left) and Councillor Mohd. Arif bin Abdul Hamid.

## Joint Committee Meetings in 2010

Fig. 2

Free Trade Partner	Venue and Date of Meeting
Joint EFTA-Korea Committee (2 <sup>nd</sup> )	Geneva, 21 January 2010
Joint EFTA-Mexico Committee (5 <sup>th</sup> )	Mexico, 7 May 2010
Joint EFTA-Singapore Committee (3 <sup>rd</sup> )	Singapore, 6 July 2010
Joint EFTA-Palestinian Authority Committee (3 <sup>rd</sup> )	Geneva, 15 September 2010
Joint EFTA-Morocco Committee (5 <sup>th</sup> )	Rabat, 5 October 2010
Joint EFTA-Canada Committee (1 <sup>st</sup> )	Geneva, 17 November 2010

In Latin America, further to the signing of an FTA with Peru, a Joint Declaration on Cooperation was signed with Panama in July 2010. Exploratory talks are set to be held in the first half of 2011 with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, with the objective of assessing the possibility of closer trade relations with the broader Central American region.

In Northern Africa, negotiations with Algeria remained suspended during the reporting year. EFTA's readiness to resume this process was confirmed by Ministers in November 2010.

### Trade and Sustainable Development

In June 2010, an internal EFTA working group submitted model provisions aimed at better reflecting the relevance of environmental and labour standards for trade and economic development in EFTA's FTAs. EFTA Ministers welcomed these model provisions, which have since been introduced into EFTA's negotiation processes.

### Management of EFTA's Free Trade Agreements and Joint Declarations on Cooperation

In 2010, the EFTA States held Joint Committee meetings with six free trade partners (Canada, Republic of Korea, Mexico, Morocco, Palestinian Authority and Singapore). On these occasions, EFTA and its partners reviewed the functioning of the respective FTAs. They also assessed the need for adjustments and extensions of commitments in light of recent developments, notably regarding preferential arrangements with third countries.

As a result, several decisions were taken to update existing FTAs, such as on the further liberalisation of trade in precious metals and vehicles with Korea, a free trade partner since 2005. Experts also worked on possible future amendments to existing FTAs with other partners such as Chile and the Southern African Customs Union.

### Technical Assistance

Within the framework of EFTA's technical assistance policy (see box), notable activities in 2010 included the following:

- Seminar in Morocco on rules of origin;
- Seminar in Serbia on how to export to the EFTA States;
- Workshop in Vietnam on preferential trade relations;
- Workshop in Korea on customs cooperation;
- Support for a publication in Egypt on the FTA with EFTA; and
- Scholarships at the World Trade Institute in Bern for trade officials from Lebanon and Lesotho.

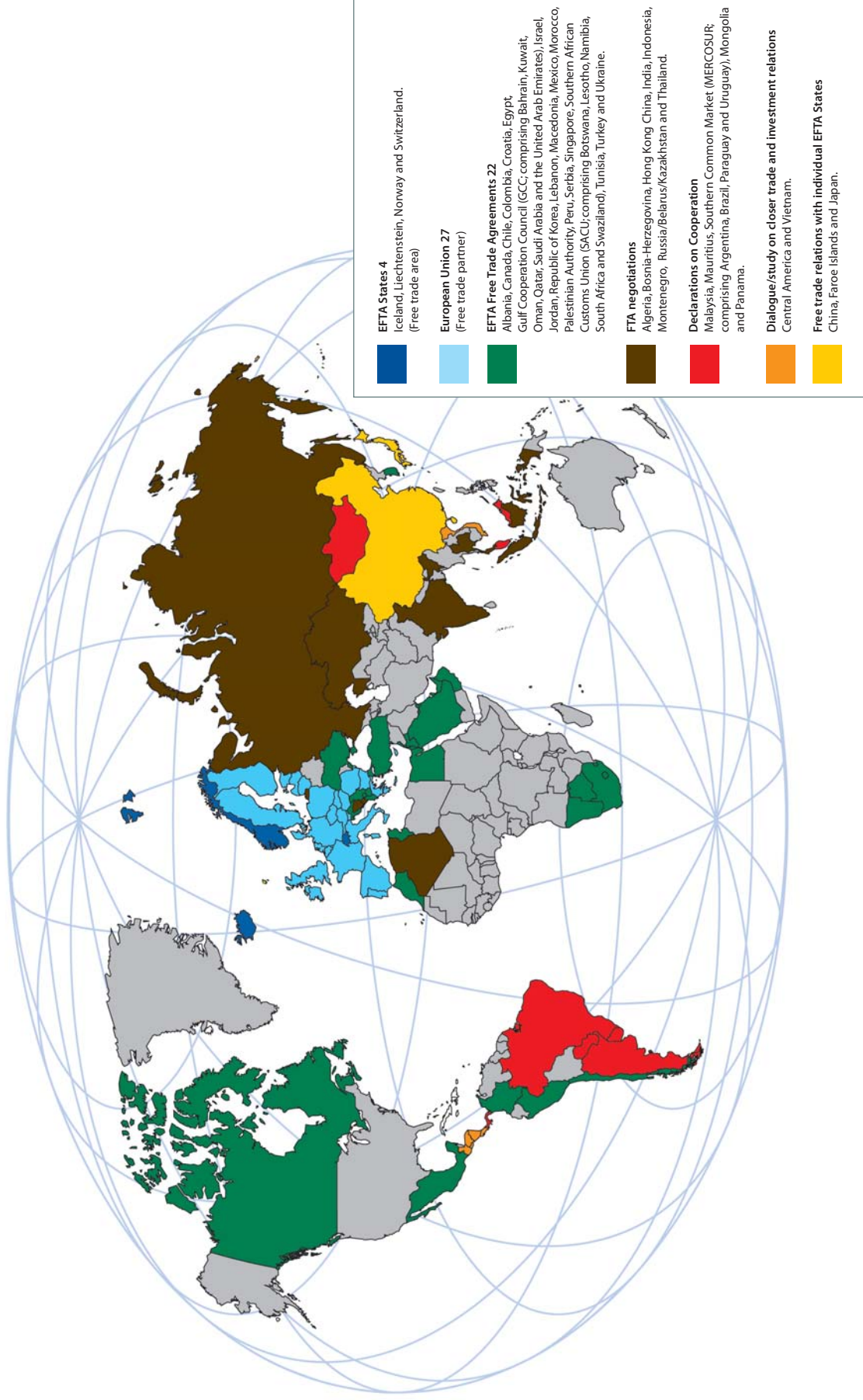
### Relations with the WTO

Under the World Trade Organization's transparency mechanism for bilateral and regional trade agreements (see box), EFTA submitted notifications regarding the conclusion of negotiations with Albania, the Gulf Cooperation Council, Peru, Serbia and Ukraine, as well as the opening of negotiations with Hong Kong, China. EFTA also notified several decisions adopted by Joint Committees under existing FTAs. The WTO's Committee on Regional Trade Agreements examined the EFTA-SACU FTA in March 2010 and the EFTA-Canada FTA in September 2010.





# EFTA'S WORLDWIDE NETWORK



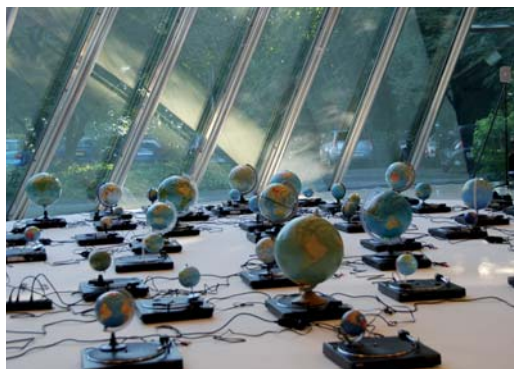
## EFTA's Technical Assistance

EFTA's technical assistance activities cover a range of projects and programmes funded by the Association. The main objective is to support prospective partners in preparing for free trade relations with EFTA and to assist existing partners in the implementation and promotion of the FTAs. These programmes and projects are primarily directed at developing countries and economies in transition.

EFTA arranges training, seminars, workshops and study visits adapted to the particular needs of the partner countries. Areas in which EFTA provides assistance include trade facilitation and trade promotion, customs and origin matters, technical barriers to trade, sanitary and phytosanitary measures, intellectual property rights, government procurement, competition, services and statistics. EFTA also participates in EU technical assistance programmes and projects aimed at third countries, especially on customs matters, standardisation and statistics.

EFTA's technical assistance activities are organised by the EFTA Secretariat. Experts from EFTA Member States and partner countries participate in the projects. Individual EFTA States also have their own technical assistance programmes and initiatives.

## WTO's Monitoring of Free Trade Agreements

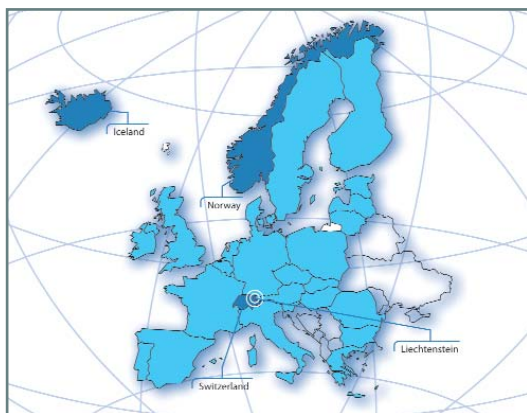


Most-favoured-nation (MFN) treatment is a key principle underlying the multilateral trading system. In practice, MFN treatment means that a lower customs duty offered by one member of the World Trade Organization (WTO) to another country must be extended to all other WTO members. A country may, however, enter into a free trade agreement or customs union granting more favourable terms to the FTA partner than to the other WTO members if certain conditions are observed, ensuring that the FTA complements the WTO system (notably Article XXIV of the General Agreement on Tariffs and Trade, and Article V of the General Agreement on Trade in Services).

At the time of writing, a total of 286 FTAs (or bilateral/regional trade agreements) had been notified to the WTO and were in force. A revised transparency mechanism for these agreements was established by the WTO General Council in 2006. This mechanism provides for the early announcement and notification to the WTO of any agreement, as well as for consideration by WTO members of such agreements on the basis of a "Factual Presentation" prepared by the WTO Secretariat. In addition, the WTO should receive notification with regard to any changes affecting the implementation or the operation of an FTA.

The EFTA Member States are committed to the rules and implementation of this mechanism, in line with the overall priority that they give to the multilateral trading system. Since 2006, and alongside numerous notifications, six FTAs concluded by EFTA have been considered by the WTO Committee on Regional Trade Agreements (CRTA): EFTA-Canada, EFTA-Chile, EFTA-Egypt, EFTA-Korea, EFTA-SACU and EFTA-Tunisia.

# THE EEA AGREEMENT



The Agreement on the European Economic Area (EEA) brings together the 27 EU Members and three of the EFTA countries - Iceland, Liechtenstein and Norway - in a single internal market.

## The EEA Council



The EEA Council, 10 May 2010.

© Council of the European Union

The EEA Council was chaired by the EU in the first half of 2010 and by EFTA in the second half of the year. The EEA Council met on 10 May and 22 November to review the ongoing work in EEA cooperation and to note the progress reports from the EEA Joint Committee. The Ministers confirmed the positive overall functioning and development of the EEA Agreement and appreciated the fact that new acts were being incorporated quickly into the Agreement. They also discussed the current financial crisis and its implications for the EEA, including regulation of the financial system; the EEA Financial Mechanisms;

decision making and shaping; and energy and climate change. In addition, the EEA Council held orientation debates on the Europe 2020 Growth Strategy and its implications for the EEA, and on the European Energy Market. The conclusions from these meetings can be found in the appendices to this report.

## The EEA Joint Committee

The Joint Committee met eight times in 2010 and adopted 139 decisions incorporating 346 legal acts.

Among the more significant decisions adopted by the Joint Committee were the Food Law Package, the Block Exemption for Vertical Agreements, the Block Exemption for Motor Vehicles, the Decision on Rail Passengers' Rights and Obligations, and the Modified Energy Star Regulation, which concerns the Energy Star Programme, a voluntary energy efficiency labelling programme for office supplies.

Issues discussed by the Joint Committee included the incorporation into the EEA Agreement of the European Aviation Safety Agency (EASA) Regulation, the Audiovisual Media Services Directive (AVMS) and the Renewables Directive.

The Joint Committee also incorporated the EU's Interoperability Solutions for European Public Administrations (ISA) programme into the EEA Agreement.

Over the year, the European Commission provided the Joint Committee with briefings on Europe 2020, the Digital Agenda, the Monti Report on the relaunch of the Single Market, the Telecoms Package, the Commission's legislative proposals for stronger EU economic governance, the Youth on the Move initiative and the Single Market Act.

## The Standing Committee of the EFTA States

The Standing Committee was chaired by Liechtenstein in the first half of 2010 and by Iceland in the second half of the year. The agendas and conclusions of the Standing Committee meetings are available on the





Meeting of the Standing Committee of the EFTA States on 9 December 2010: Bergdís Ellertsdóttir (left), Deputy Secretary-General of EFTA; Kåre Bryn, Secretary-General of EFTA; Stefán Haukur Jóhannesson, Ambassador of Iceland to the EU; and Nikulas Hannigan, Deputy Head of Mission, Icelandic Mission to the EU.

EFTA website. On 22 November, the EFTA Standing Committee held a joint meeting at Ministerial level in Brussels with the Committee of Members of Parliaments of the EFTA States and the Consultative Committee, to discuss developments in the EEA.

## Legal and Institutional Matters

Subcommittee V met four times in 2010. The Subcommittee devoted considerable efforts to updating its notes on the two-pillar structure of the EEA Agreement and its overview of market authorisation procedures. The Subcommittee also adopted a note containing an overview of intellectual property rights and a revised note on third-country provisions contained in the EEA Agreement.

Other issues addressed by Subcommittee V in 2010 included the latest EU developments with regard to criminal law sanctions in Internal Market legislation and the imposition of fines in the EFTA pillar. In particular the Subcommittee discussed the incorporation into the EEA Agreement of Regulation (EC) No 216/2008, which sets out common rules in the field of civil aviation and establishes EASA.

Finally, the ad hoc Working Group on Public Access to EFTA Documents, which was set up under Subcommittee V, continued its work.

## Free Movement of Goods

A substantial part of EU legislation concerns the free movement of goods, a principle that is applied throughout the Single Market. Today, about 75% of trade in the Single Market is in goods but this 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 integration of legislation that relates to all aspects of the free movement of goods – competition, state aid, public procurement, intellectual property rights and energy matters – into the EEA Agreement. Subcommittee I is assisted by 14 working groups and 28 expert groups. The EEA EFTA States and the Secretariat started a review process of these groups in 2010. The revised structure, designed to further improve the efficiency of the EEA integration process, is expected to be implemented during the first half of 2011.

Under the EFTA Council, two committees deal with issues related to goods, the Committee on Technical Barriers to Trade (TBT) and the Committee of Origin and Customs Experts. In 2010, the TBT Committee worked on the review of the standardisation system in Europe, on key European Accreditation challenges and on changes made to parts of the EFTA Vaduz Convention. In addition, the TBT Committee discussed the issue of a possible fragmentation of the Single

## Meetings Held and EU Acts Incorporated in 2010

Fig. 3

	Numbers of meetings in 2010	Numbers of acts incorporated in 2010
<b>The Joint Committee</b>	<b>8</b>	<b>346</b>
<b>The Standing Committee</b>	<b>8</b>	<b>346</b>
<b>SUBCOMMITTEE I</b>	<b>7</b>	<b>236</b>
<b>Working Groups</b>		
Competition Policy	-	6
Customs Matters	4	-
Efficient Trade Procedures	-	-
Energy Matters	6	1
Feedingstuffs	-	33
Fisheries	-	-
Intellectual Property Rights	1	-
Plant Health	-	6
Processed Agricultural Products	1	-
Product Liability	-	-
Public Procurement	-	1
State Aid	-	-
Veterinary Matters	2	93
Technical Barriers to Trade (TBT)	4	6
<b>Expert Groups under TBT</b>		
Agricultural and Forestry Tractors	-	4
Appliances Burning Liquid or Gaseous Fuels	-	-
ATEX (equipment for use in explosive atmospheres)	-	-
Cableway Installations	-	-
Chemicals	-	43
Construction	-	-
Cosmetics	-	8
Electrical Equipment	-	-
Explosives	-	2
Fertilisers	-	1
Foodstuff	-	24
Good Laboratory Practice	-	-
Machinery	-	-
Marine Equipment	-	1
Maximum Residue Levels (MRLs)	-	-
Measuring Instruments	-	-
Medical Devices	-	-
Medicinal Products	-	2
Motor Vehicles	-	3
Organic Production	-	-
Personal Protective Equipment	-	-
Pressure Equipment	-	-



	Numbers of meetings in 2010	Number of acts incorporated in 2010
Product Safety and Market Surveillance	2	-
Recreational Crafts	-	-
Telecommunications Equipment	-	-
Textiles	-	1
Wine and Spirit Drinks	-	-
Other	-	1
<b>SUBCOMMITTEE II</b>	<b>7</b>	<b>69</b>
<b>Working Groups</b>		
Ad hoc Working Group on Services (mandate not renewed)	-	2
Company Law	-	14
Electronic Communication, Audiovisual Services and Information Society	6	-
Data Protection Expert Group	-	-
Financial Services	4	7
Postals services	-	-
Transport	4	46
<b>SUBCOMMITTEE III</b>	<b>7</b>	<b>-</b>
<b>Working Groups</b>		
Free Movement of Persons, Employment and Social Policy	2	-
Recognition of Professional Qualifications	2	-
Social Security	4	-
<b>SUBCOMMITTEE IV</b>	<b>7</b>	<b>41</b>
<b>Working Groups</b>		
Budgetary Matters	3	-
Civil Protection	2	-
Consumer Affairs	2	2
Cultural Affairs	1	-
Education, Training and Youth	2	3
EFTA Consumers' Consultative Committee	-	-
Enterprise Policy	2	-
Environment	5	21
Gender Equality, Anti-Discrimination and Family Policy	1	-
Heads of National Statistical Institutes	1	7
Health and Safety at Work and Labour Law	1	6
Public Health	3	-
Research and Development	3	-
<i>Subcommittees II and IV</i>	<i>-</i>	<i>2*</i>

\*Acts concerning the EU programmes Marco Polo and ISA.

## CE Marking Makes Europe's Market Yours!



We often see the CE marking on the products we buy, but what does it really mean? In 2010, under the slogan “CE marking makes Europe’s market yours!” the European Commission and EFTA launched an information campaign on the CE marking. The CE marking signals that a product is in compliance with all relevant EEA legislation, making it eligible to be marketed and sold throughout the EEA. By affixing it to a product, a manufacturer is declaring sole responsibility for having ensured that the product complies with all relevant legal requirements, in particular those that guarantee health, safety and environmental protection. Legal and economic repercussions of non-conformity abuses are so great that they will deter the vast majority of legitimate businesses from infringing these laws. This campaign is directed primarily at economic operators to raise their awareness and understanding of the CE marking.

The communication campaign consists of, among other initiatives, 30 CE marking educational events and seminars for economic operators, professional associations, consumer associations and journalists. The EEA EFTA and EU Member States are involved in organising a national CE marking information event in each country. In the EEA EFTA countries, these events will take place in 2011.

Market for services arising from certification and standardisation at national level. The Customs Committee dealt with requests for funding of joint EU-EFTA quality infrastructure projects geared towards third countries, and with negotiations related to the modernisation of the Pan-Euro-Mediterranean preferential rules of origin concept.

### Veterinary, Food and Agricultural Issues

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

#### *Veterinary issues*

The Food Law Package, which includes key legislation on general food law, hygiene and control matters and animal by-products, as well as an extension of certain veterinary legislation to Iceland, entered into force in the EEA on 1 May 2010. This means that general food legislation in Iceland and Norway is now in line with EU law. Iceland, however, has a transitional period until 1 November 2011 to transpose legislation in areas that were not previously applicable to Iceland.

The EEA Joint Committee incorporated 93 acts in the veterinary area into the EEA Agreement in 2010. These included a large number of acts that had been on hold

until the entry into force of the Food Law Package.

Among the legal acts incorporated in 2010 were several amendments to hygiene and control legislation and animal by-products legislation. Several decisions related to animal diseases were incorporated, as well as updates to legislation concerning transmissible spongiform encephalopathy (TSE).

#### *Animal feed*

The Regulation laying down the methods of sampling and analysis for the official control of feed was incorporated into the EEA Agreement in 2010. Changes were also made to the maximum levels of certain substances regulated by the Directive on undesirable substances in animal feed. Approximately 30 legal acts regarding the authorisation of feed additives were incorporated into the EEA Agreement.

#### *Food*

The Food Law Package ensured the full participation of the EEA EFTA States in the European Food Safety Authority (EFSA) including the possibility of employment of EEA EFTA nationals.

Several acts related to maximum levels of contaminants and pesticide residues in food were incorporated into the EEA Agreement in 2010. Legislation concerning food contact materials and food additives were also among the acts incorporated.



EFSA's new headquarters in Parma, Italy (Illustration: Studio Valle).

The EEA EFTA States continued to discuss the Novel Foods Regulation and Regulations on genetically modified food and feed and the traceability and labelling of genetically modified organisms (GMOs) in 2010. These Regulations are not yet incorporated into the EEA Agreement.

Preparation continued in 2010 for the incorporation into the EEA Agreement of the new legal framework on organic production.

### *Trade in agricultural products*

In 2010, Norway and the European Commission concluded their negotiations on the liberalisation of trade in basic agricultural products under Article 19 of the EEA Agreement. The agreement is expected to enter into force at the beginning of 2011.

In September 2010, Iceland, Norway and the European Commission carried out their annual review of trade in processed agricultural products, in accordance with Article 2(2) of Protocol 3 to the EEA Agreement. The parties exchanged information on developments in their respective agricultural policies, and on trade statistics. They also discussed the principles of Protocol 3 and concluded that the Protocol was functioning well.

## **Technical Barriers to Trade**

EFTA deals with the removal of technical barriers to trade (TBT) in two forums: the EFTA Committee on TBT, which reports to the EFTA Council (including Switzerland) and the Working Group on TBT, which coordinates the assessment of EEA relevance and acceptability of new EU legislation to the three EEA

EFTA Member States. Switzerland is an observer in this Working Group.

A comprehensive revision of Annex I to the EFTA Convention on Mutual Recognition in relation to Conformity Assessment entered into force on 1 September 2010. For the new Protocol of the EFTA-Turkey FTA on Mutual Recognition of Conformity Assessment of Products, signed in December 2009, two out of five ratifications were still outstanding in late 2010.

A new EU technical infrastructure project, cofinanced by the EFTA countries, was approved by the EFTA Council in December 2010 and is scheduled to start in May 2011. This EUR 2.5 million regional project involves Turkey and the Western Balkans, and is expected to last just over two years.

### *Motor vehicles*

Three technical acts on motor vehicles were incorporated into the EEA Agreement in 2010. The Framework Directive regarding approvals of motor vehicles and trailers is still being discussed by the EFTA Member States and awaits incorporation into the EEA Agreement.

### *Medicinal products*

In September 2010, representatives of the EFTA States attended the inaugural meeting of a new process on corporate responsibility in the pharmaceutical industry, focusing inter alia on access to medicines in Europe with regard to price and reimbursement matters. The issue of suboptimal supply of medicinal products in small markets – a relevant topic for the EFTA States – will be dealt with as part of that process.



The long-pending 2004 Pharmaceutical Package, incorporated into the EEA Agreement in May 2009, entered into force in Iceland and Norway in 2009 and in Liechtenstein on 1 December 2010. The Package updates the rules on the authorisation and supervision of medicinal products.

The EFTA Secretariat further monitored developments in 2010 relating to the 2008 Pharmaceutical Package, namely the proposed directive on falsified medicinal products, a proposal for a directive and regulation on information to patients, and a proposal for a directive and regulation on pharmacovigilance. The new legislation on pharmacovigilance was agreed in the EU in December 2010, and will apply from July 2012.

### ***Chemicals***

Following the introduction of the REACH Regulation in 2008, the EFTA Secretariat has, in close cooperation with the EFTA States and the Commission, worked to ensure that the EEA EFTA States' obligations are fulfilled. In total, 43 acts concerning chemicals were incorporated into the EEA Agreement in 2010.

### ***Mutual Recognition Agreements***

Mutual Recognition Agreements (MRAs) facilitate market access by reducing the costs and time associated with obtaining product certifications. Protocol 12 of the EEA Agreement ensures the smooth functioning and homogeneity of the EEA market with regard to MRAs. In that respect, discussions with Canada were reopened in late 2010 in order to finalise a long-pending revision of the EEA EFTA-Canada MRA.

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

The EFTA States are fully committed to the enhanced application of market surveillance under the terms of the New Legislative Framework for the Marketing of Products. EFTA is represented in the Commission's project group on the development of guidelines for customs controls in the area of product safety. The EFTA States have also participated in meetings conducted by the Senior Officials Group for Standardisation and Conformity Assessment policy (SOGS) and the SOGS Market Surveillance Group.

The EFTA States participate in the work of PROSAFE, Europe's product safety enforcement forum, an

informal network of market surveillance enforcement authorities. PROSAFE's Secretariat is located in the EFTA Secretariat's building in Brussels.

## **European Standardisation**

The EFTA States and the European Commission give financial support to the European standardisation organisations (ESOs): CEN, the European Committee for Standardization; CENELEC, the European Committee for Electrotechnical Standardization; and ETSI, European Telecommunications Standards Institute. Like the Commission, EFTA has the formal status of Counsellor to CEN and ETSI, and is entitled to participate in the Administrative Boards of these organisations, as well as the General Assemblies of the three ESOs.

In 2010, EFTA dealt with a total of 23 mandates for new standardisation activities, covering a wide range of sectors, including consumer product safety and the charging of electrical vehicles. Annual operating grants were signed with the three ESOs to contribute to the operational costs of their secretariats. EFTA also signed 20 standardisation action grant agreements with the ESOs in 2010.

EFTA continued its financial support in 2010 to ANEC, the European association for the coordination of consumer representation in standardisation, and to ECOS, the European Environmental Citizens Organisation for Standardisation, which represents consumers and environmental interests in standardisation. In June 2010, EFTA financed a seminar on standardisation in support of environmental policies, organised jointly by ECOS and EFTA. The seminar was held in the EFTA Secretariat in Brussels.

EFTA continued to provide financial support to EOTA, the European Organisation for Technical Approvals, relating to the construction sector. The EEA EFTA States also provide financial support to the European Office of Crafts, Trades and Small and Medium-sized Enterprises for Standardisation, which promotes the interests of SMEs in standardisation.

## **European Accreditation**

In 2010, EFTA signed its first Framework Partnership Agreement with the European Co-operation for Accreditation (EA) and supported EA financially, also for the first time.

## Energy

One act was incorporated into the EEA Agreement in the field of energy in 2010, the Regulation on a Community energy-efficiency labelling programme for office equipment.



Energy Star: labelling energy-efficient office equipment.

The EEA EFTA States followed carefully the work on the Energy Efficiency Package, which consists of a Regulation on the labelling of tyres with regard to fuel efficiency and two Directives, on the energy performance of buildings and energy labelling. The two Directives were adopted in May 2010 and the EEA EFTA States are currently assessing the possible incorporation of the Package into the EEA Agreement.

The Third Package for the Internal Energy Market enters into force in March 2011 and the EEA EFTA Member States aim to incorporate it into the EEA Agreement as soon as possible.

The Directive on the promotion of the use of energy from renewable sources (RES Directive) is of particular interest to the EEA EFTA States with their high share of renewables. They aim to incorporate it into the EEA Agreement as soon as possible.

The EEA EFTA side has prepared an exchange of letters with the US Environmental Protection Agency, concerning the Energy Star, a voluntary labelling system that aims to identify certain standards regarding the energy efficiency of office equipment.

## Competition Policy

A Directive on competition in the markets in telecommunications terminal equipment and a Regulation applying rules of competition to transport

by rail, road and inland waterway were incorporated into the EEA Agreement in 2010, as well as four block exemptions on liner shipping companies, the insurance sector, motor vehicles and vertical agreements. Preparations for the incorporation of two block exemptions in the fields of specialisation agreements and research and development agreements started in December 2010.

A review of the acts related to the former European Coal and Steel Community (ECSC) that have been incorporated into the EEA Agreement was put on hold pending an assessment of the bilateral agreements between the EFTA States and the former ECSC.

## State Aid

The EEA EFTA States participated in multilateral state aid meetings in 2010 concerning the temporary framework for state aid measures to support access to finance in the current financial and economic crisis.

## Public Procurement

One act in the field of public procurement was incorporated into the EEA Agreement in 2010: the Regulation on the revision of the Common Procurement Vocabulary (CPV).

The EEA EFTA States assessed the recently published Directive on Defence and Sensitive Security Procurement and moved closer to the incorporation into the EEA Agreement of the Remedies Directive, which improves the national review procedures that businesses can use when they consider that a public authority has awarded a contract unfairly.

The EEA EFTA States participated in the meetings of the Commission's Advisory Committee for Public Contracts, which discussed, among others, the following topics in 2010: Anti-crisis measures in the field of public procurement (state of play, experiences in 2009 and 2010, and potential phasing-out); transposition of the Remedies Directive and of the Defence and Security Procurement Directive; new developments in green public procurement; a possible initiative on concessions; increased use of e-procurement and participation of SMEs in European public procurement.

## Intellectual Property

In December 2009, the EU Council adopted conclusions on an enhanced patent system in Europe.



## Stimulating Discussions at the Copyright Seminar



Three of the seminar's panel members: Jukka Liedes, Director of the Division for Cultural Policy, Ministry of Education and Culture of Finland (left); Tilman Lueder, Head of the Copyright Unit at the European Commission; and Haijo Ruijsenaars, Head of Intellectual Property at the European Broadcasting Union (EBU).

More than 100 European stakeholders met at the EFTA building in Brussels on 30 September 2010 to discuss copyright issues related to web access to digitalised culture heritage works. Aiming to shed light on the Extended Collected Agreement, the so-called Nordic model, the seminar was initiated and organised jointly by EFTA, the Institute for Private Law and the Norwegian Research Center for Computers and Law, University of Oslo.

A panel of six top copyright experts kicked off the debate on how the Nordic model can contribute to making cultural heritage available in light of recent discussions on transborder licensing and the awaited initiative from the Commission on orphan works.

Among the issues analysed were the relations between the Nordic model and other international copyright instruments. Examples were presented from Denmark and Norway on how the model functions in practice, such as the Bonanza-streaming web archive of the Danish Broadcasting Corporation and the Digital Bookshelf of the Norwegian National Library. Finally, the Commission gave an introduction to the complex options that they are currently assessing.

The proposed regulation has two key aims: to bring about a single EU Patent and to establish a European and EU Patents Court. Both issues are followed closely by the EEA EFTA States.

The expected proposal from the Commission on orphan works is of particular interest. Orphan works are works that are still in copyright but whose owners cannot be identified or located. In order to facilitate mass digitisation, a solution for the clearing of rights to orphan works is also needed. As a contribution to the debate on orphan works, EFTA, together with the Institute for Private Law and Norwegian Research Center for Computers and Law, University of Oslo, organised a seminar focusing in particular on the so-called "Extended Collective Agreement".

The progress of various EU initiatives against counterfeiting was monitored, particularly the EU Action Plan against Counterfeiting and Anti-Counterfeiting Trade Agreement. The EFTA Secretariat and Member States are exploring options to establish cooperation with the European Observatory on Counterfeiting and Piracy.

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

### *Customs*

In 2010, the Committee of Origin and Customs Experts (COCE) worked on the drafting of a single Regional Convention on Preferential Rules of Origin for the Pan-Euro-Mediterranean area in order to replace the current network of origin protocols. The implementation of this Convention will also extend the Pan-Euro-Mediterranean cumulation zone to the Western Balkan countries, which is of high importance to the EFTA States and their traders. The members of the Convention are currently working on its national accession procedures. The Committee also addressed other customs matters related to free trade agreements with third country partners and open technical customs issues among EFTA countries, such as the adaption of Annexes A, C and D of the Vaduz Convention and Protocol 4 of the EEA Agreement to the latest version of the Harmonised System.

## *Safety and security matters*

The Commission's new safety and security system would imply the introduction of pre-arrival/pre-departure declarations when trading with the EU. With the conclusion of bilateral agreements by Norway and Switzerland with the EU, these two countries were integrated into EU's safety and security system with the consequence that traders do not have to submit such declarations in trade with the EU. The Norwegian bilateral agreement was implemented in Protocol 10 of the EEA Agreement. Discussions between the EFTA Secretariat and the Commission are being conducted to find a way of setting up a joint working group responsible for the implementation and monitoring of the safety and security measures addressed under the bilateral agreement.

## **Free Movement of Capital and Services**

Subcommittee II on the Free Movement of Capital and Services under the EFTA Standing Committee coordinates matters of financial services, transport, information and telecommunications services, audiovisual services, postal services, company law and data protection. Five working groups report to Subcommittee II.

## **Financial Services**

The significant number of legislative acts launched by the European Commission in response to the financial crisis were monitored closely, in particular proposals for a new European architecture of financial supervision. In addition to the European Systemic Risk Board, responsible for macro-prudential supervision, three new supervisory bodies at micro-prudential level were established by the EU:

- The European Banking Authority, based in London;
- The European Insurance and Occupational Pensions Authority, based in Frankfurt; and
- The European Securities and Markets Authority, based in Paris.

The EEA EFTA States have followed the adoption process of the new supervisory system with great interest and aim to ensure adequate EEA EFTA participation in these bodies.

## **Company Law**

Numerous acts were considered in 2010, including the proposal amending the Fourth Company Law Directive, which aims to alleviate the regulatory burden on micro-entities, the 1<sup>st</sup> and 11<sup>th</sup> Company Law Directives, which relate to publication and translation obligations of certain types of companies, and the proposal for a European Private Company ("SPE").

## **Electronic Communications, Audiovisual Services and Information Society**

The EEA EFTA States met and discussed extensively their participation in the Body of European Regulators in Electronic Communications (BEREC), which was established in 2010 and consists of representatives of the national regulatory authorities.

Experts from the EEA EFTA States participated in discussions on the harmonisation of spectrum at European level, a crucial issue to achieve the ambitious targets for Europe 2020 as set out in the EU's Digital Agenda.

## **Trade Facilitation**

Trade facilitation seeks to improve procedures and controls in merchandise trade across national borders by reducing associated cost burdens and maximising efficiency while safeguarding legitimate regulatory objectives. Recent developments, such as the challenge of bringing trade facilitation in line with growing safety and security concerns, as well as rising concerns about the use/misuse of trade procedures as trade policy tools, have heightened the political profile of trade facilitation. The status of the trade facilitation body within EFTA changed in 2010 from a group to a committee, with a view to streamlining the structure of the various bodies working under the EFTA Council. By mandating this body, the Council took account of the growing attention given to trade facilitation and aimed to revitalise the trade facilitation work in EFTA.

## Net Neutrality and Next Generation Access Networks



In March 2010, the EFTA Secretariat organised a seminar on network neutrality. The seminar, attended by 100 participants from industry and government organisations, presented the Norwegian approach to net neutrality and heard the views of the European Parliament and Commission representatives. The seminar aimed at showcasing practices in the EFTA Member States relevant to the implementation of the Telecom Package and the Digital Agenda. It also included a presentation on the Swiss model for Next Generation Access Networks.

Willy Jensen, Director General of the Norwegian Post and Telecommunications Authority, presented the Norwegian soft law approach on network neutrality at the EFTA seminar.

### *Data protection*

EFTA followed the Commission's work on the Platform on Electronic Data Retention for the Investigation, Detection and Prosecution of Serious Crime. The Platform was set up in 2008, inter alia to assist the Commission in its evaluation of the Data Retention Directive and its impact on economic operators and consumers. The EEA EFTA States are considering the possible incorporation of the Directive into the EEA Agreement.

### *Audiovisual services*

Discussions continued on the incorporation of the Audiovisual Media Services Directive into the EEA Agreement.

The Media Mundus Programme, which entered into force on 1 January 2011, is a broad international cooperation programme for the audiovisual industry to strengthen cultural and commercial relations between Europe's film industry and film makers from third countries. Steps were taken by the EEA EFTA States to incorporate the Programme into the EEA Agreement.

## Postal Services

Discussions continued on the incorporation of the Third Postal Directive into the EEA Agreement.

## Transport

A significant number of proposals for new EU acts were considered and discussed in depth with the Commission during the year. An important development was the incorporation of the Regulation on Rail Passengers' Rights and Obligations into the EEA Agreement.



New rules on bus and rail passengers' rights are in force.

EFTA monitored EU preparations regarding the White Paper on the Future of Transport, which is due to be published in 2011 and will identify the main trends and challenges that will shape the future of transport policy over the coming decades.

Other important issues on the transport agenda were two proposals regarding passenger rights in the bus, coach and maritime sectors and a Directive and Action Plan on Intelligent Transport Systems in Europe.

In the rail sector, high priority was given to a proposal concerning a European rail network for competitive freight and a proposal establishing a Single European Railway Market.

EFTA monitored proposals on cross-border enforcement in the field of road safety and the revision of the Directive on the charging of heavy goods vehicles for the use of certain infrastructure.

The incorporation of the Maritime Safety Legislation Package into the EEA Agreement continued to be high on the agenda. This Package, consisting of eight acts, aims to protect the oceans and coasts from maritime disasters by improving the performance of all operators in this sector.

The main items on the agenda in the field of air transport were the Second Single European Sky Package, legislation linked to the European Safety Agency and the Second Aviation Security Package.

## Free Movement of Persons

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

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

In the area of free movement, the EEA EFTA States discussed national legislation implementing the Directive consolidating the rights of EEA nationals and their family members to move and reside freely within the EEA. They also monitored developments on the EU side related to proposals for third country nationals legally residing in the EU. The EFTA side continued to participate in the meetings of the EU Technical and Advisory Committees on the free movement of workers.

With regard to employment, the EEA EFTA States were invited to the informal meetings of the EU Employment Committee. They also participated in EURES, a cooperation network between the European Commission and the public employment services of the EEA Member States that provides information and assistance to both workers and employers.

As regards social policy, the EEA EFTA States continued their informal dialogue with the EU's Social Protection Committee and participated actively in the European Year for Combating Poverty and Social Exclusion 2010.

The EEA EFTA States took part in the employment and social protection sections of the PROGRESS Programme, which supports the implementation of the European Employment Strategy and underpins the

EU's coordination activities in the fight against poverty and social exclusion.

Attention was given to important initiatives under the new Europe 2020 Strategy such as the Agenda for New Skills and Jobs, Youth on the Move and the Platform against Poverty.

## Social Security

The main task in the area of social security was to monitor EU developments regarding the entry into force of the new social security coordination rules. The EEA EFTA States also submitted a draft EEA Joint Committee Decision (JCD) to the EU incorporating the new rules and completely replacing Annex VI to the EEA Agreement on the coordination of social security schemes.

The EFTA side participated in the meetings of the Administrative Commission for the coordination of social security systems and its working party, as well as those of the Technical Commission on Data Processing and Audit Board.

The EEA EFTA States are part of the MISSOC network, a mutual information system on social protection in the European Union, which forms part of the PROGRESS Programme.

## Recognition of Professional Qualifications

The implementation of the Directive on the Recognition of Professional Qualifications was discussed in 2010, as well as revisions of the directive currently being planned by the EU to better facilitate the free movement of professionals within the Internal Market.

The EEA EFTA States attended the meetings of the Committee for the recognition of professional qualifications and meetings of the Group of Coordinators for the recognition of professional qualifications, including its subgroup on architecture.

## Flanking and Horizontal Policies

Subcommittee IV on Flanking and Horizontal Policies under the EFTA Standing Committee coordinates matters related to all aspects of the horizontal



provisions of the EEA Agreement, as well as cooperation outside the four freedoms. Fourteen working groups report to Subcommittee IV.

## Research and Development

EFTA followed carefully the implementation of the Seventh Framework Programme on Research (FP7). EU's Europe 2020 Strategy and its initiatives in the area of research and innovation were also monitored closely, as well as the EU's ongoing work on new European Research Area initiatives.

Preparations continued on the EFTA side for the incorporation of the Council Regulation on the Community legal framework for a European Research Infrastructure Consortium (ERIC). This proposal is designed to facilitate the joint establishment and operation of research facilities between several Member States and countries associated with the Community R&D Programme. The ERIC Regulation provides for the possible participation of all four EFTA States.

## Environment

The EEA Joint Committee adopted several decisions in the field of environment in 2010, more specifically regarding eco-labels and the Directive establishing an Infrastructure for Spatial Information in the European Community (INSPIRE).

One of the Working Group's priorities in 2010 was the finalisation of discussions with the Commission to incorporate into the EEA Agreement the Directive that includes aviation in the EU Emissions Trading Scheme (EU ETS). The EEA EFTA States have participated in this scheme since 2007. The EU decided to include aviation in the EU ETS. Therefore, emissions from all domestic and international flights that arrive at or depart from an

EU airport will be covered by the EU ETS. This system will apply as of 2012.

Another related issue that the Working Group started to work on in 2010 and discussed with the Commission was the Directive on the revision of the EU ETS. The second trading period of this scheme will end in 2012.

Other initiatives that were followed carefully in 2010, included a proposal for a revised directive on integrated pollution prevention and control, a proposal for a regulation on the possibility for Member States to restrict or prohibit the cultivation of GMOs in their territory, and a proposal on waste. Several outstanding issues were discussed, including the Directive on the Marine Framework Directive and the Flood Directive.

Topics discussed with the Commission included climate change, eco-innovation and the Environmental Technologies Action Plan, the Flood Directive, the Urban Waste Water Treatment Directive and the EU's new approach to GMO cultivation.

## Education, Training and Youth

The EEA EFTA States' current priority in the areas of education, training and youth is their participation in the Lifelong Learning Programme (2007-2013) and the Youth in Action Programme (2007-2013).

The EEA EFTA States followed the development of the European Qualification Framework, a translation tool for comparing and transferring qualifications across the EEA. They also considered incorporating the following recommendations into the EEA Agreement:

- The establishment of a European Quality Assurance Reference Framework for vocational education and training;



The EFTA Working Group on Gender Equality, Anti-Discrimination and Family Policy met with Ms Dana Trama-Zada, Member of Cabinet Reding, on 29 April 2010. The European Commission's DG Justice took over the Gender Equality and Anti-Discrimination portfolio from DG Employment at the beginning of the year, and Ms Trama-Zada presented the high priorities of her Commissioner in these areas to the Group. From left: Kåre Petter Sørlien, Counsellor at the Mission of Norway to the EU; Dana Trama-Zada, Member of Cabinet Reding; Guðrún Sigurjónsdóttir, Counsellor at the Mission of Iceland to the EU; and Anne Camilla Hilton, EFTA Secretariat.



- The establishment of the European Credit System for vocational education and training; and
- The mobility of young volunteers across Europe.

Another key issue was EEA EFTA participation in the Rights of the Child initiative. Contacts were established with the High Level Group on Education and Training Policies in the EU, the development of an EU Strategy for Youth was followed and an EEA EFTA Comment was drafted on the Commission Green Paper promoting the learning mobility of young people.

## Gender Equality, Anti-Discrimination and Family Policy

The EEA EFTA States followed the so-called Reconciliation Package and prepared for the incorporation into the EEA Agreement of the Directive on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity. Another key focus was the proposal for a directive on anti-discrimination and the new EU strategy for equality between women and men (2010-2015). The EEA EFTA States continued their participation in the gender equality strand of the PROGRESS Programme and in the Daphne III Programme on Community action to prevent violence against children, young people and women, and to protect victims and groups at risk (2007-2013).

## Health and Safety at Work and Labour Law

EEA EFTA experts participated for the first time in meetings of the Governing Board of the European Agency for Safety and Health at Work, the so-called Bilbao Agency. EU discussions on a revision to the Working Time Directive were followed carefully, as well as the debate on the Posting of Workers Directive. The Working Group on Health and Safety at Work and Labour Law and the EFTA Consultative Committee held a joint meeting in March 2010 on both issues, as well as on transnational company agreements. Preparations for the incorporation into the EEA Agreement of the Temporary Agency Work Directive were also ongoing.

## Consumer Affairs

The EEA EFTA States followed the revision of the consumer acquis, in particular the proposal for a

directive on consumer rights, which aims to establish an updated and more uniform set of rules on consumer rights when purchasing goods and services. The EEA EFTA States favour a minimal harmonisation approach, as stated in their Comment of September 2010.

One of the priorities was to ensure the inclusion of EEA EFTA data in the upcoming editions of the annual Consumer Markets Scoreboard.

The EFTA side tracked progress on consumer collective redress and the revision of the Package Travel Directive. The EEA EFTA States continued their participation in the EU's Consumer Policy Network.

## Enterprise Policy

The main issues in the area of enterprise policy followed by the EFTA side in 2010 were the SME Policy, the Competitiveness and Innovation Programme, Your Europe and EU Better Regulation. Your Europe provides practical information on the rights and opportunities of individuals and businesses in the Internal Market. The Better Regulation initiative aims to improve and simplify new and existing legislation in the EU.

EFTA monitored the development of SOLVIT, an online network for solving problems caused by the misapplication of Internal Market law. Experts also followed work on the Internal Market information system, which provides a multilingual database to support implementation of Internal Market legislation.

## Civil Protection

The EEA EFTA States participated in two programmes in the field of civil protection: the Community Mechanism for Civil Protection and the Civil Protection Financial Instrument (2007-2013). Experts followed the revision of the legal instruments in this area, as well as the merging of the EU Civil Protection and Humanitarian Assistance crisis operating centres.

The EFTA side worked on the package concerning European critical infrastructure, including the EU Programme on prevention, preparedness and consequence management of terrorism. Particular attention was given to the Directive on Critical Infrastructure Protection with a view to finalising an EEA EFTA position on its possible incorporation into the EEA Agreement.

## Cultural Affairs

The EEA EFTA States participated in the Commission's consultation on the upcoming EU Culture Programme and submitted an EEA EFTA Comment underlining:

- The role of culture as a catalyst for creativity, growth and jobs;
- International cultural cooperation; and
- The promotion of digital cultural heritage.

The Lisbon Treaty gave the EU new competences in the field of sport. In view of a possible EU Sport Programme, the EEA EFTA States considered the incorporation of sport into the EEA Agreement.

## Public Health



In 2010, EFTA followed the proposal for a directive on the application of patients' rights in cross-border healthcare. The proposed directive mainly concerns the reimbursement for cross-border treatment, the quality and safety of health care and cooperation between national health systems.

Particular attention was given to preparedness with regard to influenza A, H1N1; the proposal for a directive on organ donations and transplants; developments at EU level with regard to a possible revision of the Tobacco Products Directive; the challenges facing Europe's health workforce; and health inequalities.

In June 2010, the EEA EFTA States submitted an EEA EFTA Comment regarding the EU's Europe 2020 Strategy, emphasising the lack of health policy measures within this initiative.

## Budgetary Matters

The Working Group on Budgetary Matters monitors and coordinates the preparation of the annual EEA EFTA budget, which covers the EEA EFTA countries' contribution to the EU budget and allows for EEA EFTA participation in EU programmes, actions and agencies.

Of particular interest in 2010 were the budgetary implications of potential EEA EFTA participation in several new EU agencies, and the changes to the EU budgetary procedures through the implementation of the Lisbon Treaty. The EEA EFTA commitment to EU operational costs in 2010 was EUR 266 million, an increase of EUR 38 million compared to EUR 228 million in 2009. The actual EEA EFTA payments in 2010 were EUR 228 million, representing an increase of EUR 11 million compared to EUR 217 million in 2009.

In addition to operational costs, the EEA EFTA States also contribute to the administrative costs of the European Commission. An important part of this contribution is the secondment of national experts. In 2010, 32 EEA EFTA national experts were seconded to the various Directorates within the European Commission dealing with EEA relevant EU programmes and activities.

## EFTA-EU Cooperation in Statistics

The EFTA Statistical Office (ESO) was created in the context of the EEA Agreement to liaise between Eurostat and the EFTA NSIs.

## Heads of EFTA National Statistical Institutes

In 2010, the Working Group of the Heads of EFTA National Statistical Institutes (EFTA NSIs) discussed in particular:

- The development of the 2010 EEA Annual Statistical Programme based on an assessment of the EEA relevance of the EU Annual Statistical Programme;
- The classification of EFTA States in the new Regulation on migration and international protection statistics;
- The retention of Iceland under EFTA States in Eurostat publications and databases;

- New procedures for written consultations and the approval of draft JCDs; and
- The reorganisation of Eurostat, the Statistical Office of the European Union.

## Integration of EFTA Statistics into the European Statistical System (ESS)

The basic legal act on Community statistics, the so-called Statistical Law of 1997, was replaced in 2009 by a revised, modernised and extended Act on European Statistics. The new Regulation was incorporated into Annex XXI and Protocol 30 of the EEA Agreement on 5 December 2009 and was adopted by the EU-Switzerland Joint Committee on 1 October 2010.

In addition to their core activities, ESO and the EFTA NSIs ensured EFTA's presence in the ESS in 2010 by:

- Monitoring the inclusion of EFTA data in Eurostat's databases and publications;
- Renewing the Memorandum of Understanding between the EFTA Secretariat and Eurostat for the period 2011 to 2013 to ensure EFTA's active involvement in European statistical cooperation programmes with third countries; and
- Renewing the exchange of letters regarding EFTA's contribution to the running and development of the European Statistical Training Programme (ESTP) for the period 2011 to 2014.

## Production and Dissemination of EFTA Statistics

Protocol 30 of the EEA Agreement and the Switzerland-EU Bilateral 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 inclusion of EFTA data in Eurostat databases and publications. The tangible result of this joint initiative between ESO, the EFTA NSIs and Eurostat is that inclusion of EFTA data in Eurostat databases and publications is increasing, despite there still remaining some room for improvement.

## EFTA Participation in Eurostat Working Groups and Committees

Eurostat organised around 130 meetings in 2010 to prepare and implement new legislation, exchange and develop methodologies and follow up on data

collection. The EFTA Member States participated actively in the relevant meetings on an equal footing with colleagues from the EU Member States.

## Technical Cooperation in the Field of Statistics

EFTA cooperates closely with Eurostat on technical cooperation in the field of statistics. This cooperation is based on an MoU that has the general objective of ensuring close cooperation between the EFTA States and Eurostat in a number of programmes for technical cooperation.

EFTA's involvement gives priority to countries that have concluded JDCs or FTAs with EFTA. Support is granted mainly to countries covered by the European Neighbourhood Policy (ENP East and South), to the Western Balkans and to Turkey, but can also include EFTA free trade and prospective partners in other regions of the world.

## Technical Cooperation Activities and Projects

The main technical cooperation activities and projects in the field of statistics in 2010 were:

- The continuation of the global assessment of TACIS (Technical Assistance to the Commonwealth of Independent States) countries' national statistical systems project (see box on page 32);
- A training course for experts from the State Statistics Committee and Customs Office of Ukraine on external trade statistics;
- Training courses for experts from the Western Balkan countries on data analysis and data modeling; and on the use of administrative registers in the production of statistics;
- A seminar on the ESS and its Code of Practice; and
- The funding of experts' participation in international and regional events in the field of statistics.



## EFTA Seconded National Experts at Eurostat

At the end of 2010, four experts from Norway and one expert from Switzerland were seconded to Eurostat within the framework of the EEA Agreement and Switzerland-EU Bilateral Agreement respectively. Two Norwegian experts were seconded to Eurostat as a contribution in kind within the framework of EFTA-EU technical cooperation to ensure continuity of support and EFTA visibility in the overall programming and management of EFTA-EU activity. One Swiss expert left Eurostat in 2010.

## European Statistical Training Programme

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

In 2010, the EFTA Secretariat financed two of the close to 30 ESTP courses: one organised by Statistics Norway on the use of business registers in the production of statistics, and another by the Swiss Federal Statistical Office on advanced methods of survey sampling.

## Global Assessments in the Field of Statistics



Together with Eurostat and the United Nations Economic Commission for Europe (UNECE) the EFTA Statistical Office conducts so-called Adapted Global Assessments (AGAs) of national statistical systems. AGAs are carried out in Eastern Europe, Caucasus and Central Asia (EECCA) countries; Mongolia; Turkey and the Western Balkans. They aim to:

- Assess the institutional framework of national statistical systems and their technical and organisational capacity to produce and disseminate official statistics in all relevant areas;
- Assess the compliance level of national statistical systems with international statistical requirements, and identify the areas where the adoption of European standards is a relevant objective; and
- Prepare recommendations regarding the prospective fields of cooperation in future technical assistance programmes of international organisations and other cooperation partners.

An AGA consists of a self assessment conducted by the country under review in preparation for the AGA missions, followed by a peer review mission of a team of experts to consolidate the information and provide an in-depth perspective on the relevant components. The second mission includes discussions with the country's statistical institute on the assessors' draft report in order to resolve any outstanding items and clarify remaining issues. The assessment is then concluded with the publication of an AGA report approved by all parties involved.

EFTA support was granted through the funding of assessors from EFTA countries in the AGAs of Armenia in 2009 and Azerbaijan in 2010, and will be granted in 2011 in the Kyrgyz Republic and Ukraine. EFTA was also heavily involved in the organisation of the "Strategic Management Seminar on Global Assessment", which represented the launch event for the AGAs.

# EEA GRANTS NORWAY GRANTS

In 2010, over 1 000 development projects financed by Iceland, Liechtenstein and Norway were in implementation across Central and Southern Europe. Important steps were also taken to set up a new period of EEA Grants and Norway Grants to contribute to the further integration of the EEA.

## What are the EEA Grants and Norway Grants?

Since the EEA Agreement entered into force, the EEA EFTA States have contributed towards reducing social and economic disparities in the EEA. From 1994 to 2003, this funding was reserved for Greece, Ireland, Northern Ireland, Portugal and Spain.

With the enlargement of the EU and EEA in 2004, focus turned to the ten new Member States – and from 2007 also to Bulgaria and Romania – while Greece, Portugal and Spain continued to receive funding. From 2004 to 2009, EUR 1.307 billion was allocated to the 15 beneficiary states, while EUR 1.789 billion has been set aside for 2009 to 2014. The EEA Grants are funded jointly by Iceland, Liechtenstein and Norway, while the Norway Grants are funded by Norway alone.

The Financial Mechanism Office (FMO) of the EFTA Secretariat in Brussels administers the grant schemes on behalf of Iceland, Liechtenstein and Norway.

## Reducing Disparities and Strengthening Cooperation: A Dual Objective

The EEA Grants and Norway Grants aim to reduce disparities in Europe and strengthen cooperation between the donor and beneficiary states. Of the nearly 1 250 projects awarded support between 2004 and 2009, more than one in five have been implemented in cooperation with entities in Iceland, Liechtenstein or Norway. This is most prevalent in the areas of academic research and environmental protection.

Between 2009 and 2014, more long-term and strategic cooperation is being established at programme level.

## 2010: A Pivotal Year

2010 was a peak year for implementing and finalising projects under the EEA Grants and Norway Grants 2004-09. In December, nine out of ten projects were still in implementation, with the result that the majority of projects will be completed in time for the 30 April deadline.

## Sector Review 2010 Reducing Greenhouse Gas Emissions

Findings from an independent review in 2010 assessing the contribution of the EEA Grants and Norway Grants in reducing greenhouse emissions showed that emissions will be 173 000 tonnes less per year as a result of the projects supported. This is largely due to the upgrading of poorly insulated public



Energy efficiency. Photo: Sidsel Bleken, Norwegian Ministry of Foreign Affairs.



buildings. Hundreds of hospitals and school buildings are being upgraded to decrease their energy consumption and limit carbon emissions and pollution. The review found that the projects are cost-efficient and strongly aligned with national environmental priorities in the beneficiary states. In total, 164 projects amounting to EUR 115 million in support are contributing to a reduction in greenhouse gas emissions. The majority of projects are focused on improving the energy efficiency of poorly insulated public buildings through renovation and the introduction of renewable energy sources.

## Vital Support to Civil Society



Civil Society - Photo: Civil Society Development Foundation (NR05).

A second independent evaluation published in 2010 found that the EEA Grants and Norway Grants' Non-Governmental Organisation (NGO) funds constituted a well-managed, effective, significant and visible contribution to the ongoing development of the NGO sector in Central and Southern Europe. These funds have demonstrated innovation, addressed inequalities and targeted the needs of local communities. They have also helped to strengthen the capacity of organisations in advocacy work, increase volunteer work, build coalitions and change attitudes.

Between 2004 and 2009, Iceland, Liechtenstein and Norway established 19 NGO funds in 12 beneficiary states, supporting them with EUR 85 million. Of the more than 1 900 NGO projects financed by these funds, half targeted democracy, human rights, anti-discrimination or the inclusion of disadvantaged groups. Other key areas included environmental grassroots initiatives, health and childcare, and cultural heritage.

## Preparing the Ground for the EEA Grants and Norway Grants 2009-14

Significant progress was made in 2010 in setting up the new funding schemes. In 2009, it was agreed that Iceland, Liechtenstein and Norway would contribute EUR 1.79 billion in the period 2009 to 2014. The formal agreements were signed by the donor states and the EU in July 2010, and by the end of the year negotiations on national priorities had been initiated with all 15 beneficiary states.

Annual tranches of EUR 197.7 million will be made available to the 12 newest EU Member States as well as to Greece, Portugal and Spain through the EEA Grants. Norway will provide an additional annual contribution of EUR 160 million to the 12 newest EU Member States.

## Priority Sectors for the New Funding Period

### *EEA Grants*

- Environmental protection and management
- Climate change and renewable energy
- Civil society
- Human and social development
- Protecting cultural heritage
- Research in the above sectors

### *Norway Grants*

- Carbon capture and storage
- Green industry innovation
- Promotion of decent work and tripartite dialogue
- Research and scholarship
- Human and social development
- Justice and home affairs

# ADVISORY BODIES

## The Parliamentary Committees

The Committee of Members of Parliament of the EFTA Countries/Committee of Members of Parliament of the EFTA States (CMP/MPS) held four meetings in 2010 and focused their work on topics such as the latest developments in EFTA third country relations; sustainable development and free trade agreements; developments in the Internal Market; the Doha Development Agenda; and current issues pertinent to the EEA.

### Committee Work

The CMP/MPS meet with the EFTA Ministers twice a year, at the summer Ministerial meeting and the informal Ministerial meeting in late autumn. At the 2010 joint meetings, which took place in June in Reykjavik and in November in Geneva, the Parliamentarians received updates from the Ministerial Chair on the main developments in EFTA third country relations.

The Committee members inquired about specific issues with regard to the EEA, and in November the MPS met with the EFTA Standing Committee at Ministerial level in Brussels to discuss developments in the EEA. These joint meetings also include the EFTA Consultative Committee and constitute an increasingly important dialogue between the EFTA Council and EFTA Standing Committee at Ministerial level on the one hand, and the Members of Parliament of the EFTA countries on the other.

In addition to its regular meetings, a CMP delegation visited Albania and Serbia in October with the aim of raising awareness of the FTAs that EFTA had recently concluded with both countries, strengthening trade relations and exchanging thoughts on the EU and EEA. In Tirana the delegation met with the Albanian Parliament's Economics Committee and Foreign Affairs Committee, and had a meeting with the Foreign Minister. In Belgrade the delegation met representatives from three committees in the Serbian Parliament, as well as meeting the Deputy Prime Minister and high-level officials from the Ministry of Finance and Ministry of Trade.

The Chair of the CMP/MPS in 2010 was Mr Árni Þór Sigurðsson (Iceland) and the Vice-Chair was Mr Svein Roald Hansen (Norway).

## EEA Joint Parliamentary Committee

The EEA Joint Parliamentary Committee (EEA JPC) met twice in 2010, in March in Vaduz and in November in Strasbourg. As with previous meetings, the EEA JPC engaged in dialogue with the EEA Council, the EEA Joint Committee and the EFTA Surveillance Authority (ESA) on the functioning of the EEA, as well as on progress regarding prior resolutions of the EEA JPC. The EEA JPC discussed and adopted resolutions on the functioning of the EEA Agreement in 2009; the EU's Common Fisheries Policy and the EEA; the EEA and regional cooperation; Europe 2020: Innovation and the EEA; and the European Year for Combating Poverty and Social Exclusion. In addition, the Committee discussed a working paper on trade in



Representatives from the EU institutions and the EEA-EFTA States at the EEA Joint Parliamentary Committee meeting in Strasbourg, November 2010.

seal products. As has become customary, the Committee forwarded its resolutions to the EEA Council, European Commission and relevant Parliamentary Committees.

The President of the EEA JPC in 2010 was Mr Pat the Cope Gallagher (MEP, Ireland). Mr Árni Þór Sigurðsson was Vice-President.

## The Consultative Committees

In 2010, the EFTA Consultative Committee (EFTA CC) held three internal meetings and focused, among others, on the response to the economic and financial crisis in financial supervision; the latest developments with regard to SMEs; and Europe 2020, the EU's growth strategy for the next decade. The Committee also worked on the initial draft Single Market Act and international trade developments. With regard to the latter, specific emphasis was placed on EFTA's third country policy and the relationships between trade and labour and trade and environment. The Committee prepared working/discussion papers and invited speakers from the International Labour Organization, World Trade Organization, academia, and the European Economic and Social Committee, to share their experiences on these issues.



Chair of the EFTA Council, Johann N. Schneider-Ammann, and Chair of the EFTA Consultative Committee, Josef Beck.

## Committee Work

In addition to its internal meetings, the Committee met with the Standing Committee of the EFTA States in March, the EFTA Ministers in June and November, and the EFTA Parliamentary Committee in June and November. In the meeting with the EFTA Parliamentarians and EFTA Ministers, the focus was on the latest developments in EFTA third country relations, including an exchange of views on the possible inclusion of a chapter on sustainable development in future EFTA free trade agreements. Concerning the EEA, the Committee met for a second time with the EFTA Standing Committee at Ministerial level in November in Brussels. It also invited the President of ESA to give a briefing in June on ESA's most recent activities. The Committee continues to emphasise strongly the importance of holding such joint meetings, which contribute to enhancing dialogue with the relevant EFTA authorities at political, parliamentary and diplomatic level in the four EFTA countries.

The EFTA CC continued its cooperation with the relevant EFTA authorities at a joint meeting in March with the EFTA Working Group on Health and Safety at Work and Labour Law. The key focus was employee involvement in times of crisis and restructuring, and an exchange of views took place on other relevant issues such as the posting of workers, temporary agency work and the Bilbao Agency on Health and Safety at Work.

Throughout the year, the EFTA CC also dedicated time to the issue of enlargement, in particular the situation in Croatia. Building on its experience as an active observer in the EU-Croatia Joint Consultative Committee, the EFTA CC organised a two-day meeting in May in Zagreb with its Croatian counterparts, focusing on social dialogue, tripartite relations and accession talks in Croatia.

## EEA Consultative Committee

At its meeting in May in Vaduz, Liechtenstein, the EEA Consultative Committee (EEA CC) held an exchange of views with relevant speakers on financial reform in Liechtenstein, Iceland's EU application and EU-Swiss relations. The EEA CC also engaged in a dialogue with representatives of the EEA Joint Committee on the latest EEA developments. In addition, the EEA CC discussed and adopted resolutions on "Europe 2020 and the EEA" and "Implications for the EEA of EU post-crisis financial reform".

## Osmosis

Cooperation between social partners in the EEA was further reinforced in 2010 through the Osmosis procedure, which allows representatives of the EFTA CC to participate in the work of the European Economic and Social Committee (EESC) and vice versa. Cooperation in 2010 included EFTA participation in the EESC Joint Consultative Committee meetings with Croatia and Turkey; the EESC Lisbon Strategy Observatory (now with focus on Europe 2020); and the EESC Single Market Observatory.

The Co-chairs of the EEA CC in 2010 were, for the EFTA CC Guðlaugur Stefánsson (Iceland) until April and Josef Beck (Liechtenstein) until November, and for the EESC Marja-Liisa Peltola (Finland) until November and Meelis Joost (Estonia) from November.

## The EEA EFTA Forum

The EEA EFTA Forum of elected representatives from local and regional authorities (the Forum) was established by the Standing Committee of the EFTA States in 2009 as an informal body to involve elected representatives from local authorities and regions in EEA matters. The Forum has 12 members, six from Iceland and six from Norway. Liechtenstein has decided not to take part in the meetings for the time being.

The Forum held its first meeting in Reykjavik on 22 June to elect its chair and vice-chair. At the second meeting in Brussels from 25 to 26 November, the Forum adopted its first opinion on waste management related to bio-waste and a revision of the Directive on the Waste Electrical and Electronic Equipment. The Forum also established formal contacts with the EU's Committee of the Regions.



The EEA EFTA Forum with Gerhard Stahl, Secretary-General of the EU Committee of the Regions.



# INFORMATION ACTIVITIES

One of EFTA's responsibilities is to inform its stakeholders and the general public about its activities in an open and transparent manner. This is done through a website, seminars and various publications. The website contains a link to EFTA's electronic archive, where members of the public can access or order EFTA documents. In addition, presentations are given to visitors to the Secretariat. In Brussels alone, approximately 50 groups (a total of 750 people) visited EFTA in 2010, and during the year EFTA's 50<sup>th</sup> anniversary was commemorated through various special events (see pages 5-7).

## Website

EFTA's website was relaunched in February 2010 following its migration to a new content management system. The site contains news and general information on EFTA's work and had around 180 000 visits in 2010.

## Seminars

EFTA held numerous seminars and workshops in 2010, including the following:

- Special anniversary seminars on EFTA's global and bilateral trade and investment relations were held in EFTA free trade partner countries, namely Canada, Egypt, Mexico and Korea.
- EFTA's biannual two-day EEA seminar, which provides a thorough overview of the EEA, had a particular focus in 2010 on issues such as bilateral trade agreements and the Single Market towards 2020. The Secretariat welcomed over 200 professionals to these seminars in 2010.
- In March, the EFTA Secretariat organised a seminar on Net Neutrality and Next Generation Access Networks. The seminar, which brought together 100 practitioners and policymakers from the EU and EFTA Member States, was aimed at showcasing practices in the EFTA Member States relevant to the implementation of the Telecom Package and Digital Agenda.

- In June, the EFTA Statistical Office organised a course on the European Statistical System for statisticians involved in the production of official statistics in Turkey.
- In September, more than 100 European stakeholders met in the EFTA Secretariat in Brussels to discuss copyright issues related to web access to digitalised culture heritage works.
- In October, EFTA held a seminar for customs and origin experts in Morocco, organised jointly with the Moroccan Ministry of External Trade.
- In December, an Export Promotion seminar was arranged in Belgrade explaining how to benefit from the EFTA-Serbia Free Trade Agreement.

## Publications

The Anniversary book "EFTA 1960 – 2010: Elements of 50 years of European history" was presented in May in Geneva. It contains contributions from a seminar held in Geneva in November 2009. Through articles and photographs, this book provides a unique insight into EFTA's history. It can be ordered from the publisher through the EFTA website.

The latest editions of all EFTA's brochures are available on the website. Paper copies can be ordered free of charge, subject to availability. The following were released in 2010:

- This is EFTA 2010: An annual publication, providing a simple overview of EFTA and its activities, together with useful trade and economics statistics.
- The EFTA Bulletin: Guide to EU programmes. A new and updated edition for 2010.

In addition, EFTA's updated fact sheet, "EFTA at a Glance", gives a brief introduction to EFTA and its activities.



## The EEA Supplement

The EEA Supplement 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 EEA Consultative Committee
- The European Commission

The EEA Supplement is published on the EFTA website once a week. Additional documents, including EEA Joint Committee Decisions and EC Acts are printed and sent to subscribers. Since 2008, the Icelandic and Norwegian versions of the EEA Supplement have not been synchronised with regard to content.

In 2010, the EFTA Secretariat published 72 issues of the EEA Supplement. The publication of acts incorporated into the EEA Agreement decreased in 2010 compared to the previous year for the Norwegian version, whilst the Icelandic version saw a significant increase in the number of acts published in 2010.

## Publication in the EEA Supplement 2010

Fig. 4

	Number of pages	
	Icelandic	Norwegian
EEA Joint Committee Decisions	282	282
EC Acts	4 068	1 864
EFTA Standing Committee	41	41
EFTA Consultative Committee	24	24
EFTA Surveillance Authority	561	561
EFTA Court	35	35
EU Institutions	1 326	1 326
<b>Total</b>	<b>6 337</b>	<b>4 133</b>



# ADMINISTRATION

At the end of 2010 there were 22 fixed term and short term staff based in Geneva, and 67 in Brussels and Luxembourg. The Financial Mechanism Office in Brussels employed 52 staff. All figures are on a full-time equivalent basis and include trainees.

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 and euros. The total budget for 2010 was equivalent to CHF 25 010 000.

## The EFTA Board of Auditors

The EFTA Board of Auditors (EBOA), established in May 1992, is the supreme audit 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 Member 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 met three times in 2010.

EBOA's annual audit report is made available on the EFTA Secretariat's website when the relevant Council procedures for the year in question have been finalised.



## 2010 EFTA Budget (in CHF)

Fig. 5

EFTA Activities	2010 Budget
Trade relations	4 540 000
Managing the EEA Agreement	9 624 000
EFTA/EU statistical cooperation	885 000
Secretary-General's services	2 160 000
EU/EFTA and EFTA cooperation programmes	3 471 000
Internal activities	4 330 000
<b>Total EFTA Secretariat</b>	<b>25 010 000</b>

## Contributions from the EFTA States to the 2010 EFTA Budget

Fig. 6

Member State	Contributions (in CHF)	Share (in %)
Iceland	1 204 000	4.81
Liechtenstein	219 000	0.88
Norway	14 079 000	56.29
Switzerland	9 508 000	38.02
<b>Total</b>	<b>25 010 000</b>	<b>100.00</b>

# APPENDICES

## EFTA Parliamentary Committee Members

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### Iceland

<b>Mr Árni Þór Sigurðsson</b>	Left-Green Movement (Chairman)
<b>Ms Valgerður Bjarnadóttir</b>	Social-Democratic Alliance
<b>Ms Þorgerður K. Gunnarsdóttir</b>	Independence Party
<b>Mr Sigmundur D. Gunnlaugsson</b>	Progressive Party
<b>Ms Jónína Rós Guðmundsdóttir</b>	Social-Democratic Alliance

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### Liechtenstein

<b>Mr Harry Quaderer</b>	Patriotic Union
<b>Mr Albert Frick</b>	Progressive Citizens' Party

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### Norway

<b>Mr Svein Roald Hansen</b>	Labour Party (Vice-Chairman)
<b>Mr Harald T. Nesvik</b>	Progress Party
<b>Ms Gina Knutson Barstad</b>	Labour Party
<b>Ms Laila Gustavsen</b>	Labour Party
<b>Ms Laila Marie Reiersten</b>	Progress Party
<b>Mr Jan Tore Sanner</b>	Conservative Party

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### Switzerland

<b>Mr Ignazio Cassis</b>	Liberal-Democratic Party
<b>Ms Brigitta M. Gadiant</b>	Civic-Democratic Party of Switzerland
<b>Mr Hans Kaufmann</b>	Swiss People's Party
<b>Mr Eugen David</b>	Christian-Democratic Party

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## EFTA Consultative Committee Members

### Iceland

<b>Mr Guðlaugur Stefánsson</b> (Chair and member until March 2010)	Confederation of Icelandic Employers
<b>Mr Róbert Trausti Árnason</b> (Member from March 2010)	Confederation of Icelandic Employers
<b>Mr Haraldur Ingi Birgisson</b>	Icelandic Chamber of Commerce
<b>Mr Halldór Grönvold</b> (Chair from November 2010)	Icelandic Confederation of Labour
<b>Ms Helga Jónsdóttir</b>	Federation of State and Municipal Employees
<b>Mr Bjarni Már Gylfason</b>	Federation of Icelandic Industries

### Liechtenstein

<b>Mr Josef Beck</b> (Acting Chair from March to November 2010)	Liechtenstein Chamber of Commerce and Industry
<b>Mr Sigi Langenbahn</b>	Federation of Liechtenstein Employees



### Norway

<b>Mr Thomas Angell</b>	Federation of Norwegian Commercial and Service Enterprises
<b>Ms Liz Helgesen</b>	Norwegian Confederation of Unions for Professionals
<b>Mr Christopher Navelsaker</b>	Norwegian Confederation of Vocational Unions
<b>Mr André Nerheim</b>	Norwegian Confederation of Trade Unions
<b>Ms Bente Stenberg-Nilsen</b>	Norwegian Association of Local and Regional Authorities
<b>Mr Espen Søylen</b>	Confederation of Norwegian Enterprise

### Switzerland

<b>Mr Jan Atteslander</b>	economiesuisse
<b>Ms Ruth Derrer Balladore</b>	Confederation of Swiss Employers
<b>Mr Marco Taddei</b>	Swiss Association of Small and Medium-sized Enterprises
<b>Mr Jean-Pierre Monti</b>	Swiss Workers' Federation
<b>Mr Pierre Weiss</b>	Fédération des Entreprises Romandes Genève

## EFTA Ministerial Meeting, Reykjavik, 24 June 2010

### Communiqué

On 24 June 2010, the European Free Trade Association (EFTA) held its summer Ministerial meeting in Reykjavik, Iceland, chaired by Össur Skarphéðinsson, Minister for Foreign Affairs and External Trade of Iceland. Ministers from the four EFTA States (Iceland, Liechtenstein, Norway and Switzerland) signed a new Free Trade Agreement (FTA) with Ukraine, represented by Konstantin Gryshchenko, Minister for Foreign Affairs.

### 50<sup>th</sup> anniversary

Ministers marked the 50th anniversary of EFTA. The Association's founding Convention had entered into force on 3 May 1960. The creation of EFTA represented an important contribution to European economic integration.

Ministers underlined that EFTA has been one of the cornerstones of the continuous development of its Member States as highly competitive, outward-oriented economies relying on open and predictable access to foreign markets worldwide. From the early years of economic cooperation on the European continent to its present global reach in free trade relations, EFTA has successfully opened up opportunities for its business operators and fostered trade-driven growth.

### The international economic situation

Ministers noted the signs of improvement in the global economic situation and welcomed the rebound of world trade in the first half of 2010. At the same time, they voiced concern over the potential impact of the euro zone debt crisis and expressed their hope that the policy measures taken in that regard will strengthen economic and financial stability. Ministers also stressed the need to continue resisting protectionism in order to sustain the current recovery. They reiterated their strong support for the WTO Doha Round and commitment to its successful conclusion.

### Preferential trade relations

Ministers acknowledged the good functioning of the EFTA Convention governing economic relations among the four Member States. They welcomed the

addition of a comprehensive FTA with **Ukraine** to the expanding EFTA network of preferential trade relation. EFTA has now concluded 21 FTAs with 30 partner countries beyond the European Union.

Ministers welcomed the finalisation of the negotiations with Peru and looked forward to the signing of the Agreement at the earliest possible opportunity.

Ministers discussed the ongoing negotiations on a broad-based FTA with **India**. They took note of the state of the negotiations on a comprehensive agreement with **Hong Kong, China** and agreed to aim at finalising this process by the end of the year.

Ministers noted the ongoing work in preparation for free trade negotiations with **Russia**, taking account of the establishment of a customs union between Russia, **Belarus** and **Kazakhstan**. They furthermore stated their readiness to open free trade negotiations with **Bosnia-Herzegovina** and with **Montenegro**.

Ministers commended the recent setting up of a Joint Study Group with **Vietnam** to examine the feasibility of a free trade agreement. They confirmed their readiness to launch negotiations with **Indonesia**. They also welcomed the finalisation of Joint Declarations on Cooperation with **Malaysia** and **Panama** and looked forward to their signing in the near future. Ministers agreed to explore the possibilities of closer trade relations with Central American countries. In addition, they will follow developments in **Algeria** and in **Thailand** with a view to resuming negotiations with those partners.

Ministers welcomed the joint final report prepared by the EFTA Working Groups on Trade and Environment and on Labour Standards in EFTA Free Trade Agreements, including the presented model provisions. They underlined the importance of these policy issues and of the contribution that EFTA is making to international developments in that respect.

### Relations with the European Union

The EEA EFTA Ministers discussed the general functioning of the EEA Agreement with special focus on the economic crisis, and underlined the need for coordinated and comprehensive action, especially at the European level. Ministers emphasised the importance of adequate participation of the national



authorities of the EEA EFTA States in the new financial supervisory structure, on an equal footing with the EU Member States.

Ministers noted the entry into force of the Lisbon Treaty and underlined the importance of ensuring the continuous good functioning of the EEA Agreement within this new environment.

With regard to new initiatives within the EEA, Ministers noted the Europe 2020 Strategy and expressed their hope that this would serve as a generator for growth in Europe over the next decade. Ministers welcomed the Monti Report on “A New Strategy for the Single Market”, which focuses on creating a stronger and better performing Single Market; a matter of direct concern to the EEA EFTA Member States.

Ministers noted with satisfaction the incorporation of several legislative acts into the EEA Agreement, including the Services Directive, the Pharmaceutical Package and the Galileo Programme.

Ministers expressed their satisfaction with the successful round-up of commitments under the EEA and Norwegian Financial Mechanisms 2004-2009. As of mid-May 2010, the EEA Grants and Norway Grants are supporting a portfolio of 1 190 projects. Ministers were also pleased with the finalisation of negotiations of the financial contributions for the period 2009 to 2014 where EUR 197.7 million will be made available per year through the EEA Grants and EUR 160 million through the Norway Grants.

Ministers welcomed that the newly established Forum of Elected Representatives of Local and Regional Authorities of the EEA EFTA Member States had held its inaugural meeting in Reykjavik on 22-23 June, designating its members and electing a chair and vice chair.

Representatives of the EFTA Surveillance Authority and the EFTA Court participated in the meeting.

### *Advisory bodies*

Ministers held meetings with EFTA's two advisory bodies which are actively engaged in EFTA's work: the Parliamentary Committee and the Consultative Committee, which represents the social partners in the EFTA countries. They had a fruitful exchange of views with committee members on a range of issues including the most recent developments in EFTA third-country relations, and the latest developments in the EEA and in Swiss-EU relations.

### *Attending*

Iceland:	Mr Össur Skarphéðinsson, Minister for Foreign Affairs and External Trade (Chair)
Liechtenstein:	Ms Aurelia Frick, Minister of Foreign Affairs
Norway:	Mr Trond Giske, Minister of Trade and Industry
Switzerland:	Ms Doris Leuthard, President of the Swiss Confederation, Head of the Federal Department of Economic Affairs
EFTA:	Mr Kåre Bryn, Secretary-General

## **EFTA Ministerial Meeting, Geneva, 23 November 2010**

### **Communiqué**

On 23 November 2010, the European Free Trade Association (EFTA) held a Ministerial Meeting in Geneva under the Chairmanship of Mr Johann N. Schneider-Ammann, Federal Councillor and Head of the Federal Department of Economic Affairs of Switzerland. Ministers from the four EFTA Member States were joined by Ms Elvira Nabiullina, Minister of Economic Development and Trade of the Russian Federation, Mr Nikolai Snopkov, Minister of Economy of the Republic of Belarus, and Ms Zhanar Aitzhanova, Minister of Economic Development and Trade of the Republic of Kazakhstan, for the official launch of negotiations on a broad-based free trade agreement.

### *The international economic situation*

The EFTA Ministers discussed the current state of the global economy and welcomed the strong rebound in global trade flows. They reiterated EFTA's commitment to the multilateral trading system and highlighted the role played by free trade agreements in contributing to reinforcing liberalisation globally. The EFTA Ministers supported the strong commitment expressed by G20 leaders to use the window of opportunity in 2011 to bring the Doha Round to a successful and balanced conclusion. The Ministers underlined the need to expeditiously translate this commitment into an intensified engagement to complete the Round.

### ***Launching of negotiations with Russia, Belarus and Kazakhstan***

The EFTA Ministers and Ministers from Russia, Belarus and Kazakhstan signed a Joint Statement on the launching of negotiations on a broad-based free trade agreement, mandating their representatives to enter into a formal process from January 2011. The Ministers expressed their expectation that a free trade agreement would advance the economic relationship between the Parties by further developing trade and investment flows. In 2009, Russia, Belarus and Kazakhstan together were EFTA's fifth most important export destination and fourth largest import source outside the EU, with total merchandise trade amounting to USD 6.2 billion in that year.

### ***Other preferential trade relations***

The EFTA Ministers reviewed the state of and the outlook for preferential trade relations with partners worldwide. They noted the progress achieved in negotiations with Hong Kong, China and expressed the hope that these could be concluded in a timely manner. Ministers welcomed the recent advances made in talks with India, emphasising the importance of India as a future free trade partner for the EFTA States. They expressed their satisfaction with the work undertaken by the EFTA-Vietnam Joint Study Group and looked forward to receiving its conclusions in the first quarter of 2011.

Ministers welcomed the start of a negotiating process with Indonesia in early 2011. They reviewed the preparations for free trade negotiations with Bosnia-Herzegovina and with

Montenegro, with a view to opening negotiating processes in the course of next year.

Ministers expressed their interest in strengthening the economic cooperation and further promoting trade and investment relations with Malaysia in the framework of the Declaration on Cooperation that was signed in July. They agreed to start exploring, in the first half of 2011, the possibility of establishing closer trade relations with a group of Central American States (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama). Ministers furthermore concurred to follow developments in Algeria and Thailand with a view to resuming negotiations with those partners when conditions allow.

### ***The EFTA Parliamentary Committee***

Ministers exchanged views with the EFTA Parliamentary Committee on recent developments and priorities in EFTA's free trade relations with the world.

### ***Attending***

Switzerland:	Mr Johann N. Schneider-Ammann, Federal Councillor, Head of the Federal Department of Economic Affairs (Chair)
Iceland:	Mr Össur Skarphéðinsson, Minister for Foreign Affairs and External Trade
Liechtenstein:	Ms Aurelia Frick, Minister of Foreign Affairs
Norway:	Mr Trond Giske, Minister of Trade and Industry
EFTA:	Mr Kåre Bryn, Secretary-General



## **Conclusions of the 33<sup>rd</sup> meeting of the EEA Council, Brussels, 10 May 2010**

1. The thirty-third meeting of the EEA Council took place in Brussels on 10 May 2010 under the Presidency of Mr Diego LÓPEZ GARRIDO, State Secretary for the European Union of Spain. The meeting was attended by Ms Aurelia FRICK, Minister for Foreign Affairs of Liechtenstein, Mr Einar GUNNARSSON, Permanent Secretary of State for Foreign Affairs of Iceland, and Mr Jonas Gahr STØRE, Minister for Foreign Affairs of Norway, by Members of the Council of the European Union and by the Representative of the European Commission.
2. The EEA Council noted that within the framework of the Political Dialogue, the Ministers discussed Middle-East, Iran and Russia.
3. The EEA Council welcomed the entry into force of the Lisbon Treaty on 1 December 2009 and underlined the importance that the implementation of the Treaty would have with regard to the continued good functioning of the EEA Agreement.
4. The EEA Council took note of the efforts made to coordinate a comprehensive action to restore global growth and to rebuild confidence in the financial markets. It underlined the need for continued focus on coordinated and timely action

among governments with regard to exit strategies, in order to secure the medium- and long-term sustainability of public finances.

5. The EEA Council stressed the importance of safeguarding the good functioning of the internal market. In this context, Ministers welcomed the EU's initiative to deal with cross-border crisis management within the banking sector. They underlined that enhanced cooperation on the European level and worldwide was vital in order to strengthen financial supervision and to improve the regulation of financial services. Ministers welcomed the ECOFIN's agreement of October 2009 on the European Systemic Risk Board (ESRB) based on the need for a strengthened macro prudential oversight of the European financial system. Ministers also welcomed the ECOFIN's agreement of December 2009 on the European System of Financial Supervision (ESFS) based on decentralised supervision with strengthened cooperation and underlined the significance of the participation of supervisors from the EEA EFTA Member States in these new structures once they had been established. Furthermore, the EEA Council confirmed its support for the EU regulatory initiatives and reiterated the need to improve, where necessary, the practical application of supervisory and prudential rules provided for by the EU banking directives.
6. The EEA Council took note of the Commission Communication on the Europe 2020 Strategy as well as of the conclusions on the Strategy adopted by the EU Council on 16 March 2010. The EEA EFTA States are closely following the development of the Strategy, with a view to participating in relevant parts. The EEA Council welcomed the contribution of the EEA EFTA States to the Strategy.
7. The "Flagship Initiatives" set out in the Commission Communication on the Europe 2020 Strategy provide a good basis for reflections on how to focus efforts on the appropriate areas and could significantly contribute to the implementation of the Strategy.
8. The EEA Council reiterated the importance of the Third Liberalisation Package on energy, and underlined the importance of the involvement of the EEA EFTA States in an interconnected European energy market and in the establishment of new mechanisms between regulators and system operators on European level. The EEA Council welcomed the implementation of the Climate and Energy Package published in July 2009. The importance of continuous close cooperation between the EU and the EEA EFTA States in the area of energy and climate change was underlined, and especially on the emission trading scheme, the promotion of low carbon energy technologies, energy efficiency, renewable energy resources, as well as on carbon capture and storage (CCS).
9. The EEA Council welcomed the incorporation into the EEA Agreement of the Directive on National Emission Ceilings for Certain Atmospheric Pollutants.
10. The EEA Council noted the progress made on incorporating the Renewables Directive into the EEA Agreement. It noted that the EEA EFTA States already have a high share of renewable energy sources.
11. With around 1100 projects still in the implementation phase under the EEA and the Norwegian Financial Mechanisms 2004-2009, Ministers emphasised the importance of all parties focusing on the implementation of projects, funds and programmes to meet the implementation deadline of 30 April 2011.
12. The Ministers welcomed the initialling at negotiators' level of the agreed minutes on the EEA Financial Mechanism 2009-2014 with new financial contributions from the EEA EFTA States for the reduction of economic and social disparities in the EEA. They also welcomed the initialling at negotiators' level of agreed minutes on a new bilateral Norwegian Financial mechanism for the same period and underlined the importance of related agreements on provisional application in order to proceed in the implementation of the new mechanisms. The Ministers urged all contracting parties to finalise their internal procedures as soon as possible.
13. The Ministers welcomed the initialling at negotiators' level of agreed minutes resulting from bilateral negotiations between the European Commission and Iceland and Norway concerning the review of the quota levels for certain fish and fishery products, as laid down in the respective Additional Protocols to their bilateral

Agreements with the European Economic Community.

14. Ministers took note that the Commission had recommended that negotiations for accession to the European Union should be opened with Iceland.

15. The EEA Council noted the Progress Report of the EEA Joint Committee and in particular:

- welcomed the active participation of the EEA EFTA States in the relevant parts of the Single Market Review and looked forward to the upcoming 2012 initiative to complete the Single Market;
- welcomed the incorporation of the Services Directive into the EEA Agreement;
- welcomed the finalisation of the necessary national parliamentary procedures by all the EEA EFTA States regarding the Food Law Package and that the Package had entered into force on 1 May 2010;
- noted the progress made on the Consumer Rights Directive;
- on the ongoing issue of further liberalisation of trade in agricultural and processed agricultural products, welcomed the agreement reached at negotiators' level in the negotiations between the European Commission and Norway on further liberalisation of trade in agricultural products on the basis of Article 19 of the EEA Agreement, and hoped for an expedient formalisation and implementation of the outcome. It further encouraged the European Union and Norway to engage constructively in the review process within the framework of Article 2(2) of Protocol 3 to the EEA Agreement;
- welcomed the participation of the EEA EFTA States in EEA-relevant EU Programmes, promoting common interests towards a more competitive and innovative Europe. The programmes are co-financed by the EEA EFTA States. The EEA Council welcomed the participation of the EEA EFTA States in the European Year for Combating Poverty and Social Exclusion 2010 and looked forward to the European Year of Volunteering 2011, with the EEA EFTA States participating;

- welcomed the participation of the EEA EFTA States in the Galileo programme;

- welcomed the participation of the EEA EFTA States in the European Agency for Safety and Health at Work, i.e. the Bilbao Agency;

- welcomed further developments of the Integrated Maritime Policy and reiterated the importance of close involvement of the EEA EFTA States. It looked forward to the Commission's policy document outlining projects and initiatives aimed at further developing the policy;

- reiterated its commitment to the renewed social agenda, covering a wide range of areas such as employment, health, migration, social affairs, education and equal rights and underlined the importance of how these issues will be followed up. The EEA EFTA States will continue to follow closely the proposed directives and policy initiatives, within the scope of the EEA Agreement. The EEA Council underlined the importance of innovation to meet social needs during the economic crisis, and in particular the efforts to combat poverty and social exclusion.

16. The EEA Council welcomed the EEA EFTA contributions to the decision-shaping process of EEA-relevant EU legislation and programmes through their participation in relevant committees, expert groups and agencies and by submitting EEA EFTA Comments.

17. The EEA Council held an orientation debate on Europe 2020 – implications for the EEA.

18. The Ministers underlined the importance for the Contracting Parties to ascertain that relevant actors throughout the European Economic Area remain well informed about the EEA Agreement.

19. The EEA Council underlined the importance of inviting EEA EFTA Ministers to attend relevant informal EU Ministerial Meetings and Ministerial Conferences on the basis of EEA EFTA participation in the Internal Market, and expressed its appreciation to the incoming Belgian Presidency for the continuation of this practice. The EEA Council also recalled the practice of inviting the EEA EFTA States — at the level of officials — to political dialogue

meetings at the level of relevant Council Working Parties.

20. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at

its 34<sup>th</sup> meeting in Vaduz on 29 March 2010 on The Annual Report on the Functioning of the EEA in 2009, The Common Fisheries Policy and the EEA and EEA and regional cooperation: New Channels for dialogue.

## Conclusions of the 34<sup>th</sup> meeting of the EEA Council, Brussels, 22 November 2010

1. The thirty-fourth meeting of the EEA Council took place in Brussels on 22 November 2010 under the Presidency of Mr Össur SKARPHÉDINSSON, Minister for Foreign Affairs of Iceland. The meeting was attended by Ms Aurelia FRICK, Minister for Foreign Affairs of Liechtenstein and by Mr Jonas Gahr STØRE, Minister for Foreign Affairs of Norway, from the EEA EFTA side, as well as by Mr Olivier Chastel, State Secretary for European Affairs of the Kingdom of Belgium representing the Belgian Presidency of the Council of the European Union, by Members of the Council of the European Union and by the Representative of the European Commission responsible for EEA Council matters, from the EU side.
2. The EEA Council noted that within the framework of the Political Dialogue the Ministers discussed Russia, Middle East (Gaza, Middle East Peace Process MEPP and the Ad Hoc Liaison Committee AHLC) and China.
3. The EEA Council welcomed the progress made in the implementation of the Lisbon Treaty and emphasised the importance of the continued good functioning of the EEA Agreement.
4. The EEA Council took note of the proposals on Economic Governance in the EU by the Commission and the European Council. It welcomed and encouraged the proposed measures to enhance policy coordination with a view to improve economic stability and sustainable economic growth in Europe.
5. The EEA Council welcomed the EU's recent agreement on the establishment of a new EU System of Financial Supervision with three supervisory authorities in the areas of Banking, Insurance, and Securities, and looked forward to the new structure being operational as of January 2011. From a regulatory perspective the EEA EFTA States are fully integrated into the EU's internal market for financial services, and the EEA Council therefore welcomed the possibility for the EEA EFTA States to participate in the work of the supervisory authorities and looked forward to agreeing on the modalities of their participation. Furthermore, the EEA Council expressed hope that an agreement could also be reached for an appropriate form of participation of the EEA EFTA States' relevant authorities in the European Systemic Risk Board (ESRB).
6. The EEA Council took note of the adoption by the European Council of the Europe 2020 Strategy in June 2010. The EEA EFTA States are closely following the unveiling of the "Flagship Initiatives", which will contain many EEA relevant proposals. The EEA Council welcomed the contribution of the EEA EFTA States to the implementation of the Strategy.
7. The EEA Council welcomed the Commission Communication "Towards a Single Market Act - For a highly competitive social market economy: 50 proposals for improving our work, business and exchanges with one another", adopted by the Commission on 27 October 2010. The EEA EFTA States will follow the developments regarding the Communication closely and seek to contribute to further concretisation of its content, noting that the diverse initiatives envisaged in the Communication will revitalise and have immediate effects throughout the EEA.
8. The EEA Council underlined the importance of an interconnected and competitive European energy market foreseen in the Third Package for the Internal Energy Market, adopted in 2009. It welcomed the participation of the EEA EFTA States, inter alia in the establishment of new mechanisms between regulators and transmission system operators on a European level also strongly recalling the need for an EEA-wide perspective on the need for crucial energy infrastructure supporting security of energy supply.



9. The EEA Council looked forward to further progress being made in incorporating the Renewables Directive into the EEA Agreement. In this context, the EEA Council took note of the EEA EFTA States' large share of renewable energy sources.
  10. The EEA Council reiterated the importance of maintaining close cooperation between the EU and the EEA EFTA States in energy and climate change policies, in particular in the areas of emission trading, the promotion of low carbon energy technologies, energy efficiency and renewable energy resources, as well as on carbon capture and storage (CCS). The EEA Council also welcomed the progress/imminent adoption of the aviation emissions scheme. The Ministers also noted the progress on the inclusion of the climate and energy package adopted in 2008.
  11. The EEA Council welcomed the signing of the EEA and Norwegian Financial Mechanisms for the period 2009-2014 and emphasised the importance of all contracting parties finalising their respective internal procedures without delay. In this context, they also highlighted the importance of ensuring provisional application of the related agreements in order to allow for the prompt establishment of the new mechanisms.
  12. The EEA Council emphasised the importance of an efficient finalisation of the implementation of projects and programmes financed under the EEA and Norwegian Financial Mechanisms 2004-2009 within the stipulated timeframes.
  13. The Ministers welcomed the signing of Additional Protocols resulting from bilateral negotiations between the European Commission and Iceland and Norway concerning the review of the quota levels for certain fish and fishery products, and emphasised the importance of the parties finalising their respective internal procedures without delay in order to allow for the prompt implementation of the new tariff quotas.
  14. Ministers welcomed the launching of negotiations between the EU and Iceland on Iceland's accession to the European Union.
  15. The EEA Council noted the Progress Report of the EEA Joint Committee and, in particular:
    - noted the progress made on the Consumer Rights Directive and the EEA EFTA Comment
- sent in early October 2010;
- noted the result of the negotiations on liberalisation of trade in agricultural products between the European Commission and Norway based on Article 19 of the EEA Agreement, hoped for an expedient implementation of the outcome and looked forward to the foreseen review of the conditions of trade in agricultural products in two years time, with a view to exploring possible concessions;
  - noted the outcome of the annual review concerning processed agricultural products, carried out in September 2010 within the framework of Article 2(2) of Protocol 3 to the EEA Agreement and agreed to continue the dialogue on the trade regime for processed agricultural products in Protocol 3;
  - welcomed the participation of the EEA EFTA States in EEA relevant EU Programmes, noting that these are co-financed by the EEA EFTA States. It emphasised the importance of including the EEA EFTA States in appropriate programmes thus contributing to building a more competitive Europe;
  - took note of the progress made in the development of an Integrated Maritime Policy and welcomed the active involvement of the EEA EFTA States;
  - expressed its expectation for an early conclusion of the process of incorporation into the EEA Agreement of the Aviation Safety Regulation 216/2008 and the Audiovisual Media Services Directive.
16. The EEA Council recalled its commitment to the social agenda which is reinforced in the Europe 2020 Strategy, covering a wide range of areas such as employment, health, migration, social affairs, education and equal rights and reiterated the importance of how these issues will be followed up. The EEA Council underlined that in times of economic crisis it was important to make special efforts to meet social needs through innovation.
  17. The EEA Council welcomed the EEA EFTA contributions to the decision-shaping process of EEA relevant EU legislation and programmes



through their participation in relevant committees, expert groups and agencies and by submitting EEA EFTA Comments.

18. The EEA Council held an orientation debate on the European Energy Market.
19. The Ministers stressed that it was in their common interest that the EEA Agreement was well known throughout the European Economic Area and urged all Contracting Parties to ensure that appropriate information on the Agreement is available.
20. The EEA Council underlined the importance of inviting EEA EFTA Ministers to relevant

informal EU Ministerial Meetings and Ministerial Conferences on the basis of EEA EFTA participation in the Internal Market, and expressed its appreciation to the incoming Hungarian Presidency for the continuation of this practice. The EEA Council also recalled the practice of inviting the EEA EFTA States - at the level of officials - to political dialogue meetings at the level of relevant Council Working Parties.

21. The EEA Council noted the Resolutions of the EEA Consultative Committee adopted at its 18th meeting in Vaduz on 18-19 May 2010 on the Implications for the EEA of EU post-crisis financial reform and on Europe 2020 and the EEA.

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