

DRAFT MINUTES

Subject : Draft Minutes of the 22nd meeting of the EEA Council on 14 December 2004

CONTENTS

Page

- | | | |
|----|--|---|
| 1. | Adoption of the Agenda (doc EEE 1606/04) | 5 |
|----|--|---|

Items for adoption without prior discussion

- | | | |
|----|---|---|
| 2. | Approval of the minutes of the: 21st meeting in Luxembourg on 27 April 2004 (doc. EEE 1604/04) | 5 |
| 3. | Progress Report by the EEA Joint Committee (doc. EEE 1608/04) | 6 |

Items for consideration without prior discussion

- | | | |
|----|--|---|
| 4. | Resolutions of the EEA Joint Parliamentary Committee adopted at its 22 nd meeting in Vaduz, Liechtenstein on 27 April 2004 on: - <i>The Annual Report on the functioning of the EEA Agreement in 2003</i> and - <i>Towards participatory democracy: the role of local and regional authorities in the European Union and the European Economic Area</i> | 6 |
|----|--|---|

as well as Resolutions adopted at its 23rd meeting in Brussels on 23 November 2004 on:

- | | |
|--|---|
| - <i>The Internal Market Strategy 2003-2006 and the European Economic Area</i> and - <i>The decision shaping within the European Economic Area and the role of the parliamentarians</i> | 6 |
|--|---|

Resolutions of the EEA Consultative Committee adopted at its annual meeting in Montreux, Switzerland on 23 June 2004 on:

- | | |
|---|---|
| - <i>The European Neighbourhood Policy and the European Economic Area</i> and - <i>The Second Northern Dimension Action Plan</i> | 6 |
|---|---|

Items for possible discussion

- | | | |
|----|--|----|
| 5. | Assessment of the overall functioning of the EEA Agreement (i.a. the situation after the enlargement of the European Economic Area; maintaining and enhancing the homogeneity of the European Economic Area; decision making and shaping; EEA - EFTA participation in Agencies of the European Union; the Lisbon process and the European Economic Area) | 7 |
| 6. | Orientation Debate: The further enlargement and the European Neighbourhood Policy (ENP) | 19 |

Items for adoption without prior discussion

- | | | |
|----|--|----|
| 7. | Adoption of the Conclusions of the 22nd meeting of the EEA Council (doc. EEE 1607/04) | 24 |
| 8. | Other business | 24 |

* * * * *

- | | | |
|-------------------|--|----|
| <u>Annex I:</u> | List of Delegations | 25 |
| <u>Annex II:</u> | Progress Report by the EEA Joint Committee (doc. EEE 1608/04) | 29 |
| <u>Annex III:</u> | Conclusions of the 22nd meeting of the EEA Council (doc. EEE 1607/04) | 32 |

The EEA Council held its 22nd meeting in Brussels, on 14 December 2004. The meeting was chaired by Mr. *Geir HAARDE* (Minister of Finance, on behalf of the Minister for Foreign Affairs of *ICELAND*), who led the EEA - EFTA side, composed of Mr. *Jan PETERSEN* (Minister for Foreign Affairs of *NORWAY*), and Mr. *Ernst WALCH* (Minister for Foreign Affairs of *LIECHTENSTEIN*).

Mr. *Bernard BOT* (Minister for Foreign Affairs of the *NETHERLANDS*) led the EU Troika, composed of Mr. *Jean ASSELBORN* (Deputy Prime Minister and Minister for Foreign Affairs and Immigration of *LUXEMBOURG*), and Mr. *Fernando VALENZUELA MARZO* (Deputy Director - General for External Relations at the *European Commission*).

The EFTA Surveillance Authority was represented by its President Mr. *Hannes HAFSTEIN*.

Opening statement of Mr. HAARDE, on behalf of the EEA - EFTA States:

Ladies and Gentlemen,

Let me welcome you to the 22nd meeting of the EEA Council. In order to save time, I propose to deal with items 1, 2, 3, 4 and 7 of the agenda without discussion. This means that we also adopt the conclusions of this meeting. Can you agree to this?

Intervention of Mr. BOT, on behalf of the European Union:

Ladies and Gentlemen,

Like you, we are most pleased to meet you here in our EEA Council.

To save time, we would like to confirm that there is agreement on dealing with items 1, 2, 3, 4, and 7 of our Agenda without prior discussion. Furthermore, we would like to express our satisfaction with our consensus on the draft Conclusions in item 7 of the Agenda.

1. ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda as set out in EEE 1606/04.

2. APPROVAL OF THE MINUTES

of the 21st meeting, which took place in Luxembourg, on 27 April 2004 (EEE 1604/04).

The EEA Council approved the minutes of its 21st meeting as set out in the above-mentioned document.

3. PROGRESS REPORT BY THE EEA JOINT COMMITTEE

The EEA Council noted the Progress Report as set out in EEE 1608/04.

4. RESOLUTIONS OF THE EEA JOINT PARLIAMENTARY COMMITTEE ADOPTED AT ITS 22nd MEETING IN VADUZ, LIECHTENSTEIN, ON 27 APRIL 2004.

The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 22nd meeting in Vaduz, Liechtenstein, on 27 April 2004, on:

- *The Annual Report on the functioning of the EEA Agreement in 2003 and*
- *Towards participatory democracy: the role of local and regional authorities in the European Union and the European Economic Area.*

RESOLUTIONS OF THE EEA JOINT PARLIAMENTARY COMMITTEE ADOPTED AT ITS 23rd MEETING IN BRUSSELS ON 23 NOVEMBER 2004.

The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 23rd meeting in Brussels on 23 November 2004 on:

- *The Internal Market Strategy 2003-2006 and the European Economic Area and*
- *The decision shaping within the European Economic Area and the role of the parliamentarians.*

RESOLUTIONS OF THE EEA CONSULTATIVE COMMITTEE ADOPTED AT ITS ANNUAL MEETING IN MONTREUX, SWITZERLAND ON 23 JUNE 2004.

The EEA Council noted the Resolutions of the EEA Consultative Committee adopted at its annual meeting in Montreux, Switzerland on 23 June 2004 on:

- *The European Neighbourhood Policy and the European Economic Area and*
- *The Second Northern Dimension Action Plan.*

5. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT

Assessment of the overall functioning of the European Economic Area Agreement

(i.a. the situation after the enlargement of the European Economic Area; maintaining and enhancing the homogeneity of the European Economic Area; decision making and shaping; EEA - EFTA participation in Agencies of the European Union; the Lisbon process and the European Economic Area):

Intervention of Mr. HAARDE, on behalf of the EEA - EFTA States:

Ladies and Gentlemen,

Let me start by thanking you for the Political Dialogue we had earlier this morning. It is an important component of the EEA co-operation, also in light of the increased activities of the European Union through the Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP). We feel it is essential to maintain the dialogue, both at the political level, as well as at the expert level. We trust that future Presidencies of the European Union will follow this tradition.

The same applies to our participation in informal Ministerial meetings of the European Union, where topics of relevance to the European Economic area are discussed. Our participation in those meetings is important for the good functioning of the Internal Market and invitations to these meetings are highly appreciated. I can personally confirm the importance of such meetings since I have attended informal meetings with the Finance Ministers of the European Union for a number of years.

The European Economic Area Agreement continues to function well. As noted in the Progress Report from the EEA Joint Committee, we are integrating new Acts into the European Economic Area Agreement at a steady pace. There are few delays and, in general, the institutional procedures are working well, while improvements could still be made. According to the latest EFTA Internal Market Scoreboard published by the EFTA Surveillance Authority the EEA - EFTA States continue to be among the best performers in the European Economic Area when it comes to implementing Internal Market legislation.

The EEA - EFTA States continue to participate in the decision shaping of new legislation. We participate in over 300 of the Commission's Working Groups and Committees that prepare legislation of relevance to the European Economic Area. We attach high priority to this work, which makes it possible for us to be involved at an early stage. Our experts contribute positively to the work of the European Union in various fields.

We had a simultaneous enlargement of the European Union and the European Economic Area on 1st May 2004. However, since some Contracting Parties have yet to ratify the EEA Enlargement Agreement, we are still in a provisional state of applying it. I would like to urge those States to ratify the Agreement without delay.

The EEA - EFTA States are, as you are well aware of, contributing substantially to economic and social cohesion in the European Union / European Economic Area after the enlargement. The implementation of both the EEA Financial Mechanism and the Norwegian Financial Mechanism is well underway. The general rules, procedures and guidelines for the operation of the two new mechanisms were finalised earlier this year, and a Secretariat (the Financial Mechanism Office) responsible for their daily management has been operational since last summer. The two Mechanisms are closely co-ordinated, apply the same general framework of implementation and are served by the same Secretariat. This will simplify the process and procedures for the users.

We are now in the process of concluding Memoranda of Understanding with the Beneficiary States providing the more specific framework for the implementation in each of these States. This process should be finalised early next year. We do trust that we thereafter will receive good and sound applications for programme and project funding.

The Lisbon process is highly relevant to us as stakeholders in the Internal Market. The EEA - EFTA States provided an input to the High Level Group chaired by Mr *Wim Kok* and we look forward to the outcome of the mid-term review at the Spring Summit of the European Union next year. With good economic growth in our Countries, low unemployment rate and high participation of women in the work force we believe we can bring a positive input into the *Lisbon process* through our experience. We hope the EU side appreciates these constructive contributions from the EEA - EFTA States.

As part of the European Economic Area Agreement, the EEA - EFTA States participate in most of the Programmes of the European Union. This is an important part of our co-operation and benefits both EEA - EFTA actors as well as EU operators. Nevertheless, we are concerned by the delays which sometimes occur when new Programmes as well as continuation of existing Programs are incorporated into the European Economic Area Agreement. This can be especially unfortunate if there are early calls for proposals. If these calls are processed before the EEA Joint Committee Decision is formally in place, our operators can not participate and this may also be to the detriment of their EU project partners. It is also unfortunate as we pay fully our share to the budget of these Programmes. It is important for us to join forces and find a way to simplify the decision making procedures. The EEA - EFTA side will be taking this issue up within the decision making structures of the European Economic Area Agreement with the aim of finding a practical solution that secures our participation in the Programmes of the European Union from the beginning while respecting the division of competences with the system of the European Union.

We welcome the Decision of the EEA Joint Committee on integrating the European Aviation Safety Agency (EASA) into the European Economic Area Agreement. This is of great importance to especially Iceland and Norway, and here I would like to put on my Icelandic hat and underline the utmost importance of this issue for my own Country, which is a major player in international aviation.

Now, let me turn to the Open Skies issue. Here, I would like to stress that the Member States of the European Union and the EEA - EFTA States have strong common interests in co-ordinating very closely their respective air services agreements. Concretely, this implies that our air service agreements should, on a reciprocal basis, allow for the designation of air carriers licensed in any of the EEA countries, not only the Member States of the European Union. Such an approach would prevent any possible fragmentation of the Internal Market in this field and at the same time create improved market conditions that would be in our mutual interest.

The parties have been preparing the draft Decision for EEA - EFTA participation in the European Food Safety Authority (EFSA) for a long time. This is a complex but important

issue. As an Icelandic representative I must express our surprise over the link that has been made directly between this issue and the derogation of Iceland in the veterinary field. Let me recall that this derogation was originally negotiated and agreed upon due to the specific circumstances in Iceland, which still prevail.

Now, let's turn to the preparation on a general framework for services in the Internal Market. It is under consideration by each of the EEA - EFTA States. I would like to underline the stake of the EFTA side in the efforts to establish this general framework. We would like to stress the necessity of the involvement of the EEA - EFTA States in the ongoing work on this important issue. Norway will later elaborate on this from its national perspective.

Concerning the EU Directive on the Greenhouse Gas Emissions, I would like to reiterate our general comments sent to you on the 12th of November, where we concluded that the Directive should not be incorporated into the European Economic Area Agreement. As further mentioned in our comments to you, the legal and practical steps taken by each of the EEA - EFTA States for the implementation of the Kyoto Protocol will not result in any distortion of the Internal Market. Norway will later on explain in more details its national position on the matter.

I would also like to use this opportunity to underline that the EEA - EFTA States are in principle opposed to safeguard measures restricting trade. Norway will afterwards explain its national position on the EU's safeguard case against farmed salmon.

Let me welcome the Commission's proposal to lift the ban on using fishmeal as feed for certain animals, notably ruminants. As you are aware of, through the discussion on the Conclusions from this meeting, this proposal is of great importance for Iceland and Norway. As an Icelandic representative, I can inform you that fish meal has in recent years constituted 10-12% of the value of seafood exports from Iceland. The only argument for prohibiting fishmeal in feed for ruminants at the time when the ban was introduced, was fear of cross contamination and even fraud in the blending process. Now, appropriate technology is available and meets all of the requirements of microscopic identification and estimation of constituents of animal origin. There is no scientific evidence to support the claim that using fishmeal for feed for ruminants could pose a possible health risk. We urge the European Union to lift the ban on fish meal as soon as possible based on the scientific facts now

available. We also urge the Member States of the European Union to base their decisions solely on food safety considerations.

Finally, as you are aware of, the EEA Council Presidency received a letter from the President of the EEA Joint Parliamentary Committee. In the letter, the Parliamentarians request that the EEA Council would allow the President and Vice-President of the JPC to attend the EEA Council meetings in the future, in the same manner as the President of the European Parliament now regularly attends EU Summits. At the moment, the issue is being considered on our side and we suggest that we should have a common response before our next meeting.

Thank you for your attention.

Intervention of Mr. PETERSEN, on behalf of Norway:

Mr. Chairman,

I would like to raise three issues of particular concern to Norway.

First, I would like to welcome the efforts within the European Union to facilitate trade in services between European Countries through the proposal for a new comprehensive Directive. Trade in services is an important part of the Internal Market, and consequently the European Economic Area Agreement.

We have forwarded comments on the proposal to the Dutch Presidency in office of the European Union and the European Parliament. In my view, there is a need to clarify the full implications of the country-of-origin principle. I would also like to emphasise the need for exemptions to secure health, safety, the environment and consumer protection.

Given the importance of the Directive for the European Economic Area, it is important to have close contact with the Presidency of the European Union and the European Commission in this matter.

Second, a few words on the emissions trading Directive. I would like to welcome the positive reply of former Environment Commissioner *Wallström* to our request to link the Norwegian system for emissions trading to the EU system through article 25 of the Directive, for the period 2005 - 2007. We suggest that talks between officials and experts start as soon as possible, with a view to concluding an agreement within reasonable time.

The conclusion of such an agreement would be without prejudice to the question of inclusion of the Directive in the European Economic Area Agreement after 2007. The modalities for Norway's long-term attachment to the Directive should be discussed in due course, when the announced review of the Directive has been completed in the European Union.

I would also like to raise the thorny issue of trade defence measures initiated by the European Commission on farmed salmon. This is a very important matter – not only for Norway, but also for the processing industry and the consumers in the Member States of the European Union.

Our view is clear: there is no basis for imposing safeguard measures against Norwegian farmed salmon in accordance with the rules of the World Trade Organisation. Norway remains opposed to any safeguard measures in the form of tariff quotas combined with a minimum import price.

The Norwegian farmed salmon industry is efficient and competitive with no governmental support. Norway's aim is to find a long-term solution contributing to a fair and predictable trade regime. In this regard, we have shown flexibility in the discussions with the European Commission.

Therefore, I strongly regret the development, not least also the fact that the European Commission - in parallel with the safeguard proceedings - pursues the anti-dumping investigations. We therefore continuously assess the need for bringing possible measures to the World Trade Organisation.

The trade relations within the European Economic Area should in particular be based on functioning competition without distorting regulations. Any trade defence measure would be to the detriment of normal trade flows, the functioning of the Internal Market and to the

sound competition in general. It causes harm to the processing industry of the European Union and - as the European Consumer's Organisation has clearly stated - also to the consumers.

Thank you.

Intervention of Mr. WALCH, on behalf of Liechtenstein:

Mr. Chairman,

Also after enlargement on 1 May 2004, the European Economic Area Agreement continues to function well. The EFTA side plays its role fully in establishing a dynamic and homogeneous European Economic Area.

A swift impeccable implementation of the rules of the Internal Market is certainly one important aspect for reaching the European growth potential. A lot more will have to be done, however, to increase European competitiveness. Most of it is homeworks for the individual States, not least by decreasing the burdens in the field of taxation and regulation. But also on the European level, some things remain to be done in making the Lisbon strategy work. Progress has been made during the Dutch Presidency in office of the European Union. I would again like to voice our support in particular for achieving a directive on general services. What has been achieved for goods should, *mutatis mutandis*, also be possible for services.

Mr. Chairman,

Liechtenstein values its participation in the European Economic Area and believes it to remain the major building block in the coming years for shaping its relations with the European Union. It seems to me, that an "overall balance of benefits, rights and obligations for the Contracting Parties" exists, as it is stipulated in the preamble of the European Economic Area Agreement. But we have to keep a close eye on this overall balance in a time when markets become more and more global. The regulatory and financial burden that the

European Economic Area Agreement entails will have to be watched closely so as not to become a hindrance for competition on the world markets. I would like to mention in this context that Liechtenstein has signed a few days ago an Agreement with the European Community by which the Member States of the European Union will profit from withholding tax proceeds levied on saving interests in Liechtenstein. Evidently, we expect the European Union to take into account this contribution to the financial interests of the European Union in future co-operation, also in the framework of the European Economic Area.

Thank you.

Intervention of Mr. BOT, on behalf of the European Union:

Mr Chairman,

First of all, I would like to take this opportunity to emphasise the importance of the meetings of the EEA Council, which give us an opportunity to carry out a periodic evaluation of the application of the European Economic Area Agreement and to hold a useful exchange of views on its various aspects.

We consider that the evaluation of the internal co-operation between the Member States of the European Union and the EEA - EFTA States is globally very positive. We are nevertheless prepared to improve such co-operation further.

On the various topics listed under item 5 of the Agenda, I should like to give the floor to the European Commission, that is the Community Institution mainly responsible for the day-to-day operation of our European Economic Area Agreement.

Thank you.

Intervention of Mr. VALENZUELA MARZO, on behalf of the European Commission:

Mr. Chairman,

2004 has, of course, been the year of enlargement both for the European Union and for the European Economic Area.

As you will recall, the simultaneous enlargement of the European Union and of the European Economic Area on 1 May 2004 became somewhat of a thriller.

We did manage to finalise the negotiations on the enlargement of the European Economic Area Agreement. The unexpected delays which had been incurred, however, meant that we then faced quite a challenge in ensuring that the enlargement of the European Economic Area would take place at the same time as the enlargement of the European Union, in order to avoid any disruption of the good functioning of the Internal Market.

With the constructive co-operation of all involved, we agreed to the provisional entry into force of the EEA Enlargement Agreement, in anticipation of its permanent application once all contracting parties have finalised their national ratification procedures.

This Agreement on the provisional entry into force meant that we could publish both this Agreement and the actual EEA Enlargement Agreement on 29 April, just in time for us to achieve the goal which we were sharing all along, namely the simultaneous enlargement of the European Union and the European Economic Area as of May 1st 2004.

I am aware, of course, that we have not yet been able to conclude the ratification procedure on the side of the European Union, but I can assure you that everything has been and is being done to keep up the momentum in the ratification process, in order for the EEA Enlargement Agreement to enter permanently into force as soon as possible.

Since May 1st, the EEA Joint Committee has carefully monitored the implementation of the EEA Enlargement Agreement.

On the side of the European Union we did encounter some technical difficulties with the adoption of the new Council Regulations opening additional quotas for certain marine products for Norway and Iceland. These Regulations have now been adopted with retro-active application as of 1 May 2004.

At the same time, we are very satisfied with the progress made in implementing both the EEA - EFTA financial contribution and the bilateral Norwegian financial contribution, which together amount to more than 1,1 billion Euro over a five year period.

We have been pleased to note the establishment of the rules of procedure, the setting up of an Office for the EEA and the Norwegian financial mechanisms, and the progress in signing Memoranda of Understanding with the Beneficiary States.

These new financial instruments will make an important contribution to promoting economic and social cohesion in the enlarged European Economic Area.

In parallel, the EEA Joint Committee has been able to keep up the high speed of incorporation of new Internal Market “acquis” into the European Economic Area Agreement, thereby ensuring the homogeneity of the Internal Market.

I am satisfied to note in the Progress Report of the EEA Joint Committee that more than 300 new legislative acts have been extended to the European Economic Area in 2004, with only a small number of issues remaining outstanding for reasons of substance or procedure.

In addition, the EEA - EFTA side has managed to continue their active decision-shaping efforts through their participation in a range of Community working groups and committees, and by submitting EEA - EFTA comments.

I would like to take this opportunity to express my appreciation to the many colleagues involved both on the European Union side and on the EEA - EFTA side for keeping up these continuous efforts, which are the very basis for the good functioning of the European Economic Area Agreement.

As regards the particular achievements in 2004, I would like to stress the incorporation of the new Merger Regulation into the European Economic Area Agreement, as well as the EEA Joint Committee Decision on the reform of the Competition Rules. The competition area is a complicated one, but it is naturally very important for operators to be able to relate to a comprehensive set of EEA-wide competition rules. I am therefore looking forward to these Decisions taking effect as soon as all national constitutional requirements have been fulfilled.

It is also with satisfaction that I note that we managed to reach an agreement on the EEA - EFTA States' participation in the European Aviation Safety Agency (EASA), and that an EEA Joint Committee Decision to this end was adopted last week.

In the aviation field in general, the European Commission continues to be open to both formal and informal consultations on a range of issues, such as the single skies package and the Community's negotiations with third countries on air services agreements.

I am glad to learn that, as promised at our last meeting, contacts are on-going between the Services of the European Commission and the EEA - EFTA States, addressing your concerns with respect to the security amendments to our Customs Code, in particular with respect to the time limits for prior declarations. Even today, as we speak, the competent Service is providing your experts with an up-date on where we stand in this process. It is likely that the amended Customs Code will enter into force in the course of the first quarter of 2005, at which point we will begin working on the implementing provisions. This, as we have said earlier, will take place in full transparency, and we are happy to continue the consultations between experts before finalising such implementing provisions.

Drawing the overall conclusion, Mr. President, that the European Economic Area Agreement continues to function very well, you will allow me to say a few words on two issues where we have yet to reach an agreement.

Firstly, we have been very satisfied with the progress achieved in our ongoing consultations on the incorporation of Regulation 178/2002 on general principles and requirements of food law and procedures in matters of food safety, the Regulation which also establishes the European Food Safety Authority (EFSA). I do, however, wish to emphasise that the basis for an agreement on extending this Regulation to the European Economic Area must be a full

acceptance of the Community's new comprehensive approach to food safety and food law, covering all elements of the food chain.

Secondly, I would like to draw your attention to the discussion which we have had in the EEA Joint Committee with respect to Directive 87/2003 on the Community scheme for greenhouse gas emission allowance trading and the Norwegian proposal for a national scheme for emission trading.

I appreciate the positive contacts that have taken place between our services on the possibility of linking these two systems to one another. But, as we have stated in the EEA Joint Committee, we see Directive 87/2003 as clearly being Internal Market relevant, and for the good functioning of the European Economic Area Agreement and the level playing field of our operators, it is very important that, whatever pragmatic solution can be agreed, this should be formalised within the framework of the European Economic Area Agreement.

I would like to repeat that we are willing to look at any special modalities that would be required. We share the objective of being at the forefront of reducing greenhouse gas emissions and of encouraging others to do likewise. I therefore hope that constructive engagement on all sides will allow us to identify suitable ways forward in order to pursue this common objective without compromising the homogeneity of the Internal Market and the basic principles of the European Economic Area Agreement.

As a short concluding remark, I would like, once again, to express the appreciation of the European Commission for the continued support of the EEA - EFTA States to the Lisbon Process and your continued active engagement in achieving its objectives.

Thank you.

6. **ORIENTATION DEBATE:**
THE FURTHER ENLARGEMENT AND THE EUROPEAN NEIGHBOURHOOD
POLICY (ENP)

Introduction of Mr. HAARDE, on behalf of the EEA - EFTA States:

Mr Chairman,

We welcome the tradition of an Orientation Debate during the EEA Council meetings. The two topics of today's debate, namely the further enlargement and the European Neighbourhood Policy, are both relevant and important to our countries.

Thank you.

Intervention of Mr. BOT, on behalf of the European Union:

Mr. Chairman,

The process of the current enlargement of the European Union did not end on 1 May 2004, which saw ten new Member States join the European Union. Bulgaria and Romania are an integral part of this endeavour. In the case of Bulgaria, all chapters in the accession negotiations have now been provisionally closed. The finalisation of negotiations will have to be confirmed by the European Council in a few days. Romania has also made important progress and is about to achieve the goal of finalising accession negotiations. The common objective of the Union of 25 is to welcome both countries as Members of the European Union in January 2007. In its recent Regular Report, the European Commission has stated that it expects both Countries to be ready by then.

As regards Turkey, the European Council will decide in a few days whether accession negotiations to the European Union can begin, based on the Report and Recommendation presented by the European Commission recently. As you know, the European Commission came to the conclusion that Turkey sufficiently fulfils the political criteria and recommended

that negotiations should be opened. The Regular Report on Turkey demonstrates the significant progress this Country has achieved, but also the determination and time that will be needed to pursue reforms.

On Croatia, further to the Opinion of the European Commission, the European Council in June decided that Croatia is a Candidate Country for membership. Accession negotiations are due to begin early next year. The European Commission has presented elements for a general negotiating framework for Croatia and has also suggested bringing Croatia into the mainstream pre-accession financial assistance. It is clear that full and swift co-operation with the International Criminal Tribunal for the former Yugoslavia is now expected from Croatia. As for the more recent application made by the Former Yugoslav Republic of Macedonia (FYROM), the Council decided to consult the European Commission. The Opinion of the European Commission is expected next year.

The European Union is determined to prevent the emergence of new dividing lines between the enlarged European Union and its neighbours. With the European Neighbourhood Policy, we wish to share the benefits of an enlarged European Union with Neighbouring Countries, in order to contribute to increased stability, security and prosperity of the European Union and its Neighbours.

Undoubtedly, the enlarging European Union is an even more important strategic partner for the EEA - EFTA States, as well as a predictable and reliable trading partner. As you know, the enlarged European Union is committed to strengthening the multilateral trading system. Furthermore, you can benefit directly from the world's largest Internal Market with almost half a billion consumers.

At our last EEA Council, on 27 April, we discussed the European Neighbourhood Policy. We informed you that this Policy was designed to share the benefits of the enlargement of the European Union with Neighbouring Countries.

We think it is important to highlight once more that this Policy is based on a differentiated approach considering each Country's distinct political and economic situation, potential and aims. The development of relations with the Countries concerned would depend on their implementation of further reforms and their willingness to respect international commitments and common values on Democracy, the Rule of Law and Human Rights.

Since April this year, some new developments have taken place: On geographic coverage, the June General Affairs and External Relations Council decided to include Georgia, Armenia and Azerbaijan in the Policy. This marked a significant step forward in the Union's engagement with these countries and underlined the interest of the European Union in promoting stability, democracy and prosperity in the region.

The European Commission, in co-operation with the High Representative, intends to work on Country Reports for Southern Caucasus, Egypt and Lebanon in spring next year. Only in light of these reports, will possible action plans with these Countries be envisaged.

The June General Affairs and External Relations Council also agreed that European Neighbourhood Policy was open to all Mediterranean Countries including Libya, once they have met the necessary conditions for inclusion.

On Belarus, the June 2004 General Affairs and External Relations Council decided that it would be possible to extend the benefits of the European Neighbourhood Policy to Belarus when a democratic form of government will be established in the country.

Last time we met, the European Union was discussing internally possible elements to be included in the ENP Action Plans to be negotiated with the Neighbouring Countries with whom we have Partnership and Co-operation Agreements or Association Agreements in force. Today, we can tell you that we have successfully concluded negotiations on the text of the ENP Action Plans with Moldova, Ukraine, Jordan, Morocco, Tunisia, the Palestinian Authority and Israel.

Formal Commission proposals for these Action Plans have been presented to the Council of the European Union a couple of days ago. Now, the Action Plans are expected to be adopted by the relevant Partnership and Co-operation or Association Councils with the third parties concerned as soon as possible.

In Ukraine, recent developments are encouraging. Holding democratic elections was one of the key elements of the draft Action Plan as agreed at expert level in September. This seems now a realistic possibility with the re-run of the second round foreseen for 26 December

2004. Once the new leadership (new President, new government) is in place, the European Union will be ready to go ahead at full speed with the implementation of the Action Plan.

Thank you.

Intervention of Mr. HARDE, on behalf of the EEA - EFTA States:

Thank you for this assessment. Let me just add a few words in response from the EEA - EFTA side. Prior to the accession of Bulgaria and Romania to the European Union, these two Countries will, according to Article 128 of the EEA Agreement, have to apply to become a Party to the European Economic Area Agreement.

Free Trade Agreements have been in effect between the European Free Trade Association (EFTA) and Bulgaria and Romania for more than a decade, as was the case with most of the new Member States before joining the European Union on 1st May this year. However, we must proceed with this enlargement of the European Economic Area on its own merits. We must allow for sufficient time to negotiate and agree on an enlargement instrument, so that enlargement of the European Union and the European Economic Area takes place simultaneously.

We also follow developments regarding Croatia and Turkey with great interest. European Free Trade Association (EFTA) has had a Free Trade Agreement with Turkey since 1992.

Recent events in Ukraine show the importance of promoting a stable political and economic environment in our European Neighbourhood. This is of common interest to the European Union and to the European Free Trade Association. We must make sure that our efforts towards this goal are mutually supportive.

Due to the fact that the European Union has stated as its goal to extend a stake in the Internal Market to Countries of the European Neighbourhood, the EEA - EFTA States have, as fully integrated participants in the Internal Market, an explicit interest in the further development of the European Neighbourhood Policy. We look forward to following this process further

and to continuing to be kept updated by the European Commission in the EEA Joint Committee.

Thank you.

Intervention of Mr. PETERSEN, on behalf of Norway:

Mr. Chairman,

The European Union contributes to peace, stability and economic development in Europe. Norway supports the enlargement of the European Union (and of the European Economic Area) if political and economic conditions are met.

The most immediate question now from a Norwegian perspective is to ensure a parallel enlargement of the European Union and of the European Economic Area with Bulgaria and Romania. It is important to ensure the homogeneity of the enlarged Single Market and the good functioning of the European Economic Area Agreement from Day 1 of their accession.

It is of great importance that the enlargement of the European Union does not create new dividing lines in Europe. The objectives of the emerging European Neighbourhood Policy have Norway's full support.

Norway would like to explore, in close co-operation with the new Member States, the European Commission and EEA - EFTA partners, how third party assistance to the Countries covered by the European Neighbourhood Policy could complement and reinforce the efforts of the European Union. We would particularly want to look at how the new financial mechanisms under the European Economic Area Agreement could play a role, especially in relation to cross-border and regional co-operation.

Thank you

7. **ADOPTION OF THE CONCLUSIONS OF THE 22nd MEETING OF THE EEA COUNCIL**

The EEA Council adopted the Conclusions as set out in EEE 1607/04.

8. **OTHER BUSINESS**

The EEA Council noted that there had been a debate on the relations with Russia, the relations with the African Union and the Middle East (in particular the peace process), within the framework of the political dialogue.

Intervention of Mr. HARDE, on behalf of the EEA - EFTA States:

Thank you again, and if there is no other business, I would like to conclude this meeting. Allow me to thank all of you very much for your contributions at this meeting.

Intervention of Mr. BOT, on behalf of the European Union:

We do share your satisfaction at the end of this 22nd meeting of our EEA Council and we wish to thank the EEA – EFTA States warmly for their participation in this meeting.

Intervention of Mr. HARDE, on behalf of the EEA - EFTA States:

The meeting is closed.

**Twenty second meeting of the
EEA COUNCIL**

(Brussels, 14 December 2004)

List of Delegations

I. The Governments of the EEA – EFTA States were represented as follows:

ICELAND

| | |
|--------------------------------------|---|
| Mr. Geir HAARDE | Minister of Finance (on behalf of the Minister for Foreign Affairs) |
| Mr. Kjartan JÓHANNSSON | Ambassador, Head of the Icelandic Mission to the European Union |
| Mr. Albert JÓNSSON | Ambassador, Special Adviser to the Minister for Foreign Affairs |
| Mr. Grétar Már SIGURDSSON | Ambassador, Director, Trade Department of the Ministry for Foreign Affairs |
| Ms. Gréta GUNNARSDÓTTIR | Minister Counsellor, Deputy Head of the Iceland Mission to the European Union |
| Mr. Illugi GUNNARSSON | Political Adviser to the Minister for Foreign Affairs |
| Ms. Ragnheidur Elin ARNADÓTTIR | Assistant to the Minister of Finance |
| Mr. Högni KRISTJÁNSSON | Minister Counsellor, Icelandic Mission to the European Union |
| Ms. Ragnheiður Elfa THORSTEINSDÓTTIR | Counsellor, Mission of Iceland to the European Union |

NORWAY

| | |
|---------------------------|---|
| Mr. Jan PETERSEN | Minister for Foreign Affairs. |
| Mr. Bjørn T. GRYDELAND | Ambassador, Head of the Mission of Norway to the European Union |
| Mr. Niels ENGELSCHIØN | Deputy Director General, Ministry for Foreign Affairs |
| Mr. Per Strand SJAASTAD | Counsellor, Mission of Norway to the European Union |
| Ms. Ingrid Susanne FARNER | Advisor, Ministry for Foreign Affairs |
| Ms. Anne Lene SANDSTEN | Press Spokeswoman, Ministry for Foreign Affairs |

LIECHTENSTEIN

| | |
|---|---|
| Mr. Ernst WALCH | Minister for Foreign Affairs. |
| H.S.H. Prince NICOLAUS of Liechtenstein | Ambassador, Head of the Mission of Liechtenstein to the European Union. |
| Mr. Georges BAUR | Deputy Head of the Mission of Liechtenstein to the European Union. |
| Mr. Pascal SCHAFHAUSER | First Secretary, Mission of Liechtenstein to the European Union. |

II. The Troika of the European Union was represented as follows:

PRESIDENCY (THE NETHERLANDS)

Mr. Bernard BOT

Minister for Foreign Affairs

LUXEMBOURG

Mr. Jean ASSELBORN

Deputy Prime Minister and Minister for
Foreign Affairs and Immigration

EUROPEAN COMMISSION

Mr. Fernando VALENZUELA MARZO

Deputy Director-General in DG RELEX

Mr. Matthias BRINKMANN

Head of Unit in DG RELEX

Mr. Peter MEYER

European Economic Area (EEA) Counsellor,
DG RELEX

COUNCIL OF THE EUROPEAN UNION - GENERAL SECRETARIAT

Mr. Georgios KRITIKOS

DG E III, Desk Officer for European Free Trade
Association (EFTA), European Economic Area
(EEA), Norway, Iceland, Liechtenstein

III. The European Free Trade Association (EFTA) was represented as follows:

SECRETARIAT

| | |
|-------------------------|--------------------------|
| Mr. William ROSSIER | Secretary General |
| Mr. Øystein HOVDKINN | Deputy Secretary General |
| Mr. Harald E. NYBØLET | Head of Unit |
| Mr. Geir BEKKEVOLD | Head of Unit |
| Ms. Thorunn J. HAFSTEIN | Head of Unit |
| Mr. Tore MYHRE | Senior Officer |
| Mr. Titus van STIPHOUT | Senior Legal Officer |

SURVEILLANCE AUTHORITY

| | |
|---------------------|----------------|
| Mr. Hannes HAFSTEIN | President |
| Mr. Einnar M. BULL | College Member |

**EUROPEAN ECONOMIC AREA
Council of the EEA**

Brussels, 9 December 2004

EEE 1608/04

REPORT

Subject : Progress report by the EEA Joint Committee to the 22nd EEA Council
14 December 2004

Decision-Making

1. Since the last report to the EEA Council, the EEA Joint Committee has adopted 111 decisions, incorporating 172 legal acts. So far in 2004, 177 decisions have been adopted, incorporating 306 acts into the Agreement. New acts are being integrated at a high speed. There are few long-outstanding issues or procedural delays.
2. Some decisions adopted by the EEA Joint Committee in the period could be highlighted: The EC Merger Regulation was adopted on 8 June. The Decision on copyright and related rights in the information society was adopted on 9 July 2004. The EEA Joint Committee adopted the Decision on the reform of the Competition Rules on 24 September.

Decision-shaping

3. On the basis of the relevant provisions of the Agreement, EEA EFTA experts continued to contribute to the work of EU working groups and committees active in the different areas of the Agreement. In the second half of 2004, 7 EEA EFTA Comments have been submitted.

New Community bodies

4. The parties have actively worked on preparing the EEA Joint Committee draft decision on EEA EFTA participation in the European Food Safety Authority and the matter has been discussed by the Committee. Due to its technical nature and wide scope, the preparations are still ongoing. The EEA Joint Committee adopted the Decision on EEA EFTA participation in the European Aviation Safety Agency.

Open Skies

5. The issue of Open Skies has frequently been on the agenda of the EEA Joint Committee. The European Commission sent a letter to the EEA EFTA States ahead of the September Joint Committee meeting, responding to a legal note sent from the EFTA side in December 2003. The EFTA side has emphasised the EEA relevance and expressed strong interest in maintaining the Internal Market in the field of civil aviation. The Commission has at the meetings informed the EFTA side of the ongoing talks with regards to a potential EU-US agreement.

Implementation of the EEA Enlargement Agreement

6. The EEA Enlargement Agreement has been applied provisionally from 1 May 2004. Ratification is still being awaited by a few contracting parties. The implementation of the bilateral fish protocols was delayed due to translation problems. The Council approved the necessary implementing Regulations on 25 October 2004, and decided that the implementation of the quotas would have retroactive effects from 1 May 2004.

New Financial Mechanism

7. The main documents necessary to implement the new Mechanisms were ready in July. At the Joint Committee meeting this month, the EFTA side handed over to the Commission the Rules and Procedures as well as the main guidelines and the application forms. These were also sent to the Beneficiary States.

8. The EFTA Standing Committee established in July a Financial Mechanism Committee and appointed Ms Stine Lundin Andresen to the position of Director of the Office for the EEA Financial Mechanism and the Norwegian Financial Mechanism. The Office has officially been in operation since June 2004 and has recruited a number of key personnel. Memoranda of Understanding have been signed with Poland (EEA Financial Mechanism and Norwegian Financial Mechanism), the Czech Republic (Norwegian FM), Latvia (Norwegian FM) and Estonia (Norwegian FM).

The Emission Trading Scheme

9. The European Commission has raised the issue of the Emission Trading Scheme in the Joint Committee.

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DRAFT CONCLUSIONS

Subject : Draft Conclusions of the 22nd meeting of the EEA Council on 14 December 2004

1. The twenty-second meeting of the EEA Council took place in Brussels on 14 December 2004 under the Presidency of Mr. *Geir Haarde*, Minister of Finance on behalf of the Minister for Foreign Affairs of Iceland. The meeting was attended by Mr. *Ernst Walch*, Minister of Foreign Affairs of Liechtenstein and Mr. *Jan Petersen*, Minister of Foreign Affairs of Norway, by Mr [.....] representing the Dutch Presidency of the Council of the European Union, by Members of the Council of the European Union and by the responsible Representative of the European Commission.
2. The EEA Council noted that the Ministers had discussed the situation in the Middle East, in particular the peace process, relations with the African Union and relations with Russia within the framework of the Political Dialogue.
3. The EEA Council welcomed the new European Commission under Commission President *José Manuel Barroso* and expressed confidence in continued excellent working relations between the EEA Member States and the European Commission.
4. The EEA Council noted that the EEA Enlargement Agreement had been applied on a provisional basis from 1 May 2004. The Ministers encouraged the Contracting Parties that had still not ratified the Agreement to do so without delay. The Ministers appreciated the good progress made in the implementation of the new EEA Financial Mechanism and the

Norwegian Financial Mechanism. The Rules and Procedures had been finalised, the Financial Mechanism Office established and Memoranda of Understanding were in the process of being signed with the Beneficiary States.

5. The EEA Council welcomed the advancement of the EU enlargement negotiations with Bulgaria and Romania and that the Accession Treaty with these countries could be signed under the incoming Luxembourg Presidency. The EEA Council recalled that Article 128 of the EEA Agreement states that any European State becoming a member of the Community shall apply to become a Party to this Agreement. The EEA Council underlined the common objective of simultaneous accession of new members to the EU and to the EEA, in order to secure the homogeneity and the good functioning of the European Economic Area.
6. The EEA Council held an orientation debate on the further enlargement. It noted the Commission's pre-accession strategy on Croatia and the Commission's recommendation on Turkey of 6 October.
7. The EEA Council noted the signing of the Treaty establishing a Constitution for Europe in Rome on 29 October 2004. When ratified, the Treaty may affect both the governance of the Internal Market, the Schengen co-operation and the EEA co-operation. The EEA Council invited the EEA Joint Committee to assess in due course possible implications of the Constitution for the operation of the European Economic Area, with a view to maintaining the good functioning of the Agreement.
8. The EEA Council reaffirmed the importance of pursuing the goals of the Lisbon Strategy and confirmed the common interest of creating the most dynamic and competitive knowledge-based economy in the world. It noted the report of 3 November 2004 from the High Level Group chaired by Mr. *Wim Kok* and looked forward to the mid-term review of the strategy at the EU Spring Summit in 2005. The EEA Council welcomed EEA - EFTA contributions to the process and noted the input from the EEA - EFTA countries to the *Wim Kok* High Level Group.
9. Regarding the regular review of ongoing work in EEA co-operation, the EEA Council noted the Progress Report of the EEA Joint Committee. The Ministers positively assessed the

overall functioning and development of the EEA Agreement and appreciated that new acts were being incorporated into the Agreement at a high speed.

The EEA Council in particular:

- Welcomed the adoption of the EEA Joint Committee Decision on EEA - EFTA participation in the European Aviation Safety Agency. The EEA Council recalled the importance of timely EEA - EFTA participation in EEA relevant EU Agencies and looked forward to an early decision by the EEA Joint Committee on EEA - EFTA participation in the European Food Safety Authority.
- Welcomed the integration of the EU act on copyright and related rights in the information society into the EEA Agreement.
- Recalled the aim of maintaining the good functioning of the Internal Market in the field of civil aviation. The EEA Council noted in that context the interest of the EEA - EFTA States in the development of the Open Skies Policy.
- Welcomed the constructive dialogue in order to find practical solutions with regard to a system of pre-arrival declarations - the so called “24-hours rule” – and thereby to avoid new obstacles to the free movement of goods in the European Economic Area.
- Acknowledged the EEA - EFTA stake in the efforts to establish a general framework for services in the Internal Market.
- Welcomed the continued participation of the EEA - EFTA States in the decision-shaping process of EEA relevant EC legislation and programmes through the appropriate committees and working groups, and contributions from participants of the EEA - EFTA States as well as joint EEA - EFTA Comments.
- Agreed on the importance of EEA - EFTA participation in EEA relevant EU programmes in order to promote common economic and political goals, while noting

that such participation is subject to procedures for incorporating new programmes into the EEA Agreement .

- Welcomed the entering into force of the amended Protocol 3 of the EEA Agreement on the 1st of November 2004.

10. The EEA Council held an orientation debate also on the European Neighbourhood Policy.

The EEA Council noted the Commission's Strategy Paper on the European Neighbourhood Policy of 12 May 2004 and the European Council's endorsement on 18 June 2004. The EEA - EFTA States shared the aim of creating stable, peaceful and prosperous relations in the area and would follow the development of the Neighbourhood Policy. The EEA Council invited the Joint Committee to continue the exchange of information and the discussion of possible areas of co-operation within the framework of the initiative.

11. The EEA Council recalled the longstanding tradition of inviting EEA - EFTA ministers to attend informal EU Ministerial Meetings as well as Ministerial Conferences, based on the EEA - EFTA participation in the Internal Market. The EEA Council welcomed the continuation of this practice under the incoming Luxembourg Presidency. The EEA Council also recalled the practice of inviting the EEA - EFTA States, at the level of officials, to political dialogue meetings with relevant Council working groups in troika format and expressed its appreciation to the incoming Luxembourg Presidency for the continuation of this practice.

12. The EEA Council noted the following Resolutions by the EEA Joint Parliamentary Committee: *The Annual Report on the functioning of the EEA Agreement in 2003; Towards participatory democracy: the role of local and regional authorities in the EU and the EEA; The Internal Market Strategy 2003-2006 and the EEA; and The decision shaping within the EEA and the role of the parliamentarians*. It also noted the following Resolutions by the EEA Consultative Committee: *The European Neighbourhood Policy and the EEA; The Second Northern Dimension Action Plan*.
