

EEE 1604/07

DRAFT MINUTES

Subject : Draft minutes of the twenty seventh meeting of the EEA Council
Brussels, Tuesday 15 May 2007

DRAFT MINUTES
of the twenty seventh meeting of the
EEA COUNCIL
(Brussels, Tuesday 15 May 2007)

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The EEA Council held its 27th meeting in Brussels on Tuesday 15 May 2007. The meeting was chaired by Mr. *Gernot ERLER* (Minister of State, Ministry for Foreign Affairs of the Federal Republic of GERMANY), who led the Troika of the European Union composed of him, of Mr. *Karel KOVANDA* (Deputy Director General and Political Director in the Directorate General of External Relations at the *EUROPEAN COMMISSION*) and of Ms. *Maria José MORAIS PIRES* (Counsellor, Permanent Representation of *PORTUGAL* to the European Union, incoming Chair of the EFTA Working Party at the Council of the European Union).

The EEA - EFTA side was chaired by Ms. *Rita KIEBER - BECK* (Minister for Foreign Affairs of the Principality of *LIECHTENSTEIN*), accompanied by Mr. *Jonas GAHR STØRE* (Minister for Foreign Affairs of the Kingdom of *NORWAY*), and by Mr. *Þorsteinn INGÓLFSSON* (Ambassador, Special Representative of the Minister for Foreign Affairs of *ICELAND*).

The *EFTA Surveillance Authority (ESA)* was represented by its President, Mr. *Bjørn T. GRYDELAND* and the *European Free Trade Association (EFTA)* was represented by Mr. *Lars Erik NORDGAARD* (Director, EEA Co-ordination Division).

Opening statement of Mr. ERLER, on behalf of the EUROPEAN UNION:

Dear Colleagues from Iceland, Norway and Liechtenstein, from the EFTA Secretariat, as well as from the EFTA Surveillance Authority,

First of all allow me, also on behalf of the President - in - office of the Council, Mr. *Frank-Walter STEINMEIER* (who, unfortunately, is unable to attend this meeting), to take this occasion to wish you and your Delegations on behalf of the Council of the European Union a very warm welcome. I would also like to express my most sincere acknowledgement to you and to the EFTA Secretariat for the excellent co-operation in finalising the arrangements for this meeting.

Thank you.

1. ADOPTION OF THE AGENDA

The EEA Council adopted the Agenda, as set out in doc. EEE 1601/07.

2. APPROVAL OF THE MINUTES

of the 26th meeting of the EEA Council, which took place in Brussels on Tuesday 12 December 2006, as set out in doc. EEE 1609/06.

The EEA Council approved the minutes of the 26th meeting, as set out in the above-mentioned document.

3. PROGRESS REPORT BY THE EEA JOINT COMMITTEE

The EEA Council noted the Progress Report by the EEA joint Committee, as set out in doc. EEE 1603/07.

4. **ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EUROPEAN ECONOMIC AREA (EEA) AGREEMENT**

(i.a. maintaining and enhancing the homogeneity of the European Economic Area; enlargement of the European Economic Area; decision making and shaping; Lisbon Strategy for growth and jobs and the European Economic Area; the Financial Mechanisms)

Intervention of Mr. ERLER, on behalf of the EUROPEAN UNION:

Dear Colleagues,

First of all, I would like to take this opportunity to underline, once again, the importance of the EEA Council meetings, which give us the opportunity to make this assessment and to have a useful exchange of views on some of its aspects.

As a general remark, we do consider that the evaluation of the co-operation between the European Union and the EEA - EFTA States is globally very positive. It is true that there have been disturbances in the functioning of some of the Institutions created in the framework of the European Economic Area Agreement, due to the prolonged negotiations on the accession of two of our Member States, of Bulgaria and of Romania, to the European Economic Area. Nevertheless, we would like to assure you that we are very pleased at the resumption of the EEA Joint Committee Decision making procedure. We are willing to continuously develop and deepen our co-operation even further.

Allow me also to express our deep satisfaction for the fact that after considerable efforts, we have managed to fulfil our political objective, that is to reach agreement on the accession of Bulgaria and of Romania as Contracting Parties to the European Economic Area Agreement. It is a real privilege for the German Presidency-in-office to have achieved this agreement.

Following the initialling of the necessary texts only yesterday, we are looking forward to receiving the official proposal from the Commission and we hope to have the formal signature of the Enlargement Agreement of the European Economic Area and of its related Agreements and Protocols as soon as possible.

In view of the fact that these texts will not be ratified by all Contracting Parties in time, we will proceed to their provisional application, so that the normal functioning of the European Economic Area Agreement could be politically, legally and economically fully restored.

I would like to recall that this EEA Enlargement Agreement package opens the door to an unprecedented economic integration of almost 500 million people, with 30 Member States fully participating in the broader Internal Market. Within the European Economic Area, there is free movement of goods, services, capital and persons. Thanks to the EEA Enlargement Agreement, all our citizens will acquire progressively the right to move, live, work, invest and set up business freely throughout the enlarged European Economic Area.

Furthermore, the European Economic Area will continue its task of legislative harmonisation for the benefit of all our citizens in the so called "*Flanking and Horizontal Policies*", such as Social Policy, Environment, Education, Research, Consumer Protection, Tourism, Culture, Information Services, Audiovisual and Statistics.

Finally, we do welcome, once again, the substantial contribution of all the EEA – EFTA States, and especially of Norway, towards the reduction of the social and economic disparities in the enlarged Internal Market, which confirms that the European Economic Area Agreement is also an instrument of solidarity, prosperity and stability.

As far as the different items under point 4 of the Agenda are concerned, I would like to pass the floor to the European Commission, who, on the side of the European Union, is principally in charge of the day-to-day functioning of our European Economic Area Agreement.

Thank you.

Intervention of Mr. KOVANDA on behalf of the EUROPEAN COMMISSION:

Mr. President,

Before making my assessment of the general functioning of the European Economic Area Agreement, let me begin on a positive note, namely the conclusion of the negotiations on Bulgaria and Romania becoming contracting parties to the European Economic Area Agreement.

This challenge had been priority number one in 2006, but very little progress had been made by the end of last year. You may recall that at the last meeting of the EEA Council in December 2006, the European Commission expressed its deep concern about the situation which was about to arise on the first of January 2007, when Bulgaria and Romania would become Member States of the European Union, but would not be part of the European Economic Area.

We called for a rapid conclusion of the EEA enlargement negotiations, fearing the potentially serious consequences of a situation where the Internal Market of the European Community were to become geographically different from that of European Economic Area for any substantial period of time.

When this unprecedented situation unfortunately became a reality on the 1st of January, the EU side decided that it was not in a position to adopt new legislative Decisions within the EEA Joint Committee.

All parties realised at that point that a rapid agreement was essential and engaged in intense and constructive negotiations. As a result, we finally managed to reach an agreement, which allowed the negotiators to sign agreed minutes on 29 March 2007 on the key modalities for EEA enlargement. Subsequently, the agreed minutes have been transformed into comprehensive draft legal texts that we were able to initial yesterday.

The EEA Enlargement Agreement will ensure equal treatment of Bulgaria and Romania in the European Economic Area in terms of financial contributions, while also taking into

account specific objectives of the current contracting parties, not least with respect to increased fish quotas.

While the process turned out to be more complicated and time consuming than we had expected, the important thing is that we have achieved a good and well-balanced agreement. I believe that we can all be satisfied and I would like to thank all involved parties for their efforts in achieving this result.

Now, it is essential that we all process the draft legal texts as quickly as possible in our respective procedures and have the agreement entered into force as quickly as possible. I am pleased to hear that the preparation for a rapid implementation of the new financial contributions for Bulgaria and Romania are well under way. The European Commission, in turn, is making every possible effort, in co-operation with Iceland and Norway, to ensure that the bilateral fisheries agreements are also implemented in the best and fastest way.

In this context, let me add that I am pleased to note from the draft EEA Council Conclusions that the 2004 - 2009 EEA and Norwegian Financial Mechanisms are now well into the implementation stage after the initial “teething” concerns.

Mr. President,

The conclusion of the EEA enlargement negotiations meant that we were able to resume the normal decision making process within the Joint Committee on 27 April 2007.

But this means that the EEA Joint Committee has only had one meeting where legislative Decisions could be adopted since the last meeting of the EEA Council in December 2006.

Therefore, I am unfortunately not able to use the standard Commission reporting language and say that, since our last meeting, the European Economic Area Agreement has continued to function well and that the homogeneity of the Internal Market has been appropriately safeguarded.

We did manage to reduce the back-log considerably at the April 2007 EEA Joint Committee meeting by adopting 45 Decisions incorporating 70 new legal acts into the European Economic Area Agreement, but I must stress that however justified, the four months'

suspension of EEA Joint Committee decision making was highly regrettable and I sincerely hope that we will never again find ourselves in a similar situation.

In particular, we share the concerns in relation to the delay in the adoption of the legal basis for EEA - EFTA participation in certain Community Programmes. Nevertheless, we are doing our best to ensure that the necessary procedures will be finalised in time to allow for EEA - EFTA Programme participation with effect from the 1st of January 2007.

In addition, as we promised during the period when we were not able to incorporate new legislation into the European Economic Area Agreement, the European Commission has generally processed all new draft EEA Joint Committee Decisions as far as possible in the procedures up to the point of adoption, so I do feel comfortable ensuring you that we should be back on track relatively swiftly.

On a further positive note, leaving aside the EEA enlargement negotiations, we have had to deal with remarkably few issues of substantial disagreement since our last meeting.

We have made good progress on the very complex and comprehensive food law package, including EEA - EFTA participation in the European Food Safety Authority (EFSA) and the important revision of Iceland's application of veterinary acquis.

We are also very close to an equally important agreement on the modalities for the incorporation of Directive 87/2003 establishing a scheme for greenhouse gas emission allowance trading within the Community into the European Economic Area Agreement.

We do, however, have one serious issue still on our agenda, namely the incorporation of Directive 38/2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States. This issue concerns free movement of persons, one of the core pillars of the European Economic Area Agreement.

As you know, we had to formally initiate the dispute settlement procedures of the European Economic Area Agreement last year, and the first six months' deadline for finding a solution is now passed. I understand, however, that we are close to resolving the outstanding issues, so I will just reiterate that this is a matter of utmost importance and urgency.

Furthermore, the Services of the European Commission continue to value the continued input from the EEA - EFTA States in the decision shaping process, not least in the form of EFTA Comments, and the EEA - EFTA participation in an ever increasing number of expert groups and committees.

We also highly appreciate the EEA - EFTA States' continued support for and input to the Lisbon Strategy for Growth and Jobs, confirming our common confidence in a modernised European economic and social model that can underpin our prosperity by combining the dynamism of the market with a strong commitment to social cohesion and environmental sustainability.

So all in all, Mr. President, despite the unusual situation in which we have found ourselves this year, our co-operation within the European Economic Area Agreement remains solid, constructive and progressive.

I am confident that at the next meeting of the EEA Council, the European Commission will yet again be able to resume our normal encouraging reporting on the generally good functioning of the European Economic Area Agreement and the high degree of homogeneity in the Internal Market.

Thank you.

Intervention of Ms. KIEBER - BECK, on behalf of the EEA – EFTA States:

Mr Chairman,

The European Economic Area Agreement continues to provide a legal basis for the participation of the three EEA - EFTA States in the Internal Market. Our co-operation has in general been a success story, and the European Economic Area Agreement has developed well in its 13 years of existence.

We want to maintain its strength and good functioning also in the years to come. Therefore, we have to build on what has been achieved and keep the co-operative spirit.

In this context, we have overcome an unprecedented challenge in the first months of this year, the new enlargement of the European Economic Area. We are pleased that since last month Decisions are being incorporated and, consequently, the European Economic Area Agreement is functioning as foreseen. I gladly use this occasion to express satisfaction with the good co-operation with the German EU Presidency and also with the European Commission.

The enlargement negotiations were demanding and the common objective of concluding them before the first January 2007 was unfortunately not reached.

However, in the end, we successfully managed to reach an Agreement which was initialled yesterday and which we aim to sign before the summer break.

An important aspect of these negotiations were the contributions of the EEA - EFTA States to the reduction of social and economic disparities in the European Economic Area. I would like to highlight the great efforts the EEA - EFTA States make in this context. Bulgaria and Romania will profit from this in the same way as the other "cohesion countries" until April 2009.

With Romania and Bulgaria now joining the European Economic Area, the EEA will consist of almost 500 million people in 30 countries. It will therefore remain an important task for all of us to ensure that our citizens are aware of the vast opportunities that our Agreement is creating for them.

EEA - EFTA participation in EU Programmes has been an issue of concern for our Member States, which we have stressed on previous occasions. It is highly important that our Member States are able to participate in a timely manner in relevant EU Programmes. The EEA - EFTA States have participated and contributed actively in many EU Programmes such as the research, education and Lisbon related Programmes. The financial contribution by the EEA - EFTA States to the budget of the European Union in the framework of EEA - EFTA participation in EU Programmes is €134 million for 2007.

We are concerned about the fact that the EEA Joint Committee Decisions have still not been taken for our participation in the new generation of EU Programmes. Timely inclusion of the EEA - EFTA States in these new EU Programmes is of major importance, so that relevant actors within our Member States can participate from the beginning. We believe that our participation not only is a positive contribution to the EEA co-operation, but also strengthens Europe's common political and economic goals.

We should be aware that the deadline for closing of the EEA -EFTA budget is 01 July 2007. We know that for some of the Programmes, the EEA Joint Committee Decisions have just recently been sent to the European Commission and for two of the Programmes (drugs and fight against violence) the Decisions from the EU side are expected in May or June. Since these Programmes are also multi-annual for the period until 2013, it is important not to 'close the door' and maintain the EEA budget lines beyond the fixed dates set. We need your assistance and understanding to find a solution to this issue.

Within this forum, we have used the opportunity to stress the importance of our participation in the shaping of new EU legislation of EEA relevance. It is important for us to be able participate at an early stage and for our experts to have the appropriate access as provided for in the European Economic Area Agreement.

In the decision shaping process, the EEA - EFTA Comments are also an important tool. During the first half of 2007, two Comments were submitted; one relating to the mid-term review of the 2001 Commission White Paper on European Transport Policy, and one on the Directive on Television without Frontiers.

Another channel is our participation in EEA relevant Agencies of the European Union, which has proven to be an important tool for contributing to the shaping of the legislative framework of the European Union.

Further progress has been made in the integration into the European Economic Area Agreement of the legislation establishing the European Food Safety Authority (EFSA) and the general food law package.

In this context, I would like to reiterate our concern about the ban on the use of fishmeal in ruminant feed. We have stressed the importance of lifting this ban on many occasions as it has a negative impact on trade in the Internal Market, with detrimental effects for Iceland in particular. We believe that the Parties involved will find an acceptable solution to this matter so that the ban can be completely lifted.

In the third year of implementation of the EEA Financial Mechanism and of the Norwegian Financial Mechanism, a mosaic of supported projects is rapidly expanding across Central and Eastern Europe. Three years into the five-year commitment period lasting to April 2009, more than €650 million have been made available to applicants through 18 calls for proposals in the beneficiary EU Member States. By May 2007, we have committed more than €290 million to over 200 Projects, Programmes and Funds.

The EEA Grants are based on mutual responsibilities and co-operation between the donor States and beneficiary States, and this shared effort requires a close and ongoing dialogue. Amongst the measures are the establishment of a number of funds to connect with smaller actors, such as civil society organisations. The assistance channelled into the NGO sector in the beneficiary States reached an important milestone with the approval of the Polish €41.5 million NGO fund in February, the biggest-ever of its kind in Poland.

Another highlight of the past period was of course the inclusion of Bulgaria and Romania into the European Economic Area. They will benefit from the expansion of the existing EEA Financial Mechanism and from the newly established Norwegian Co-operation Programmes. Let me highlight and welcome this additional contribution to cohesion policy by Norway. We will work to enable also the applicants in these countries to accomplish their goals and take

part in reducing social and economic disparities through co-operation and mutual responsibility.

We continue to follow closely the development of the Lisbon Strategy for Growth and Jobs. We are looking forward to the launch of the next cycle of the Strategy in 2008. As in the case of previous reviews of the Lisbon Strategy, the EEA - EFTA States aim to provide their input in a timely manner.

We realize that the Open Method of Co-ordination, one of the hallmarks of the Lisbon Process, is being increasingly used in the European Union. This is the case also in areas covered by the European Economic Area Agreement, notably in the new generation of Community Programmes. This poses particular challenges for the EEA - EFTA States, but we are confident that this will not affect our Programme participation.

The EEA - EFTA States have followed with great interest recent developments of the energy policy in the European Union and the adoption of the energy and climate package at the European Council in March 2007. We are particularly impressed by the ambitious targets endorsed by the European Council on reductions of greenhouse gas emissions, renewable energy and energy efficiency.

We share of course the concerns of the European Union on climate change and we would like to underline the importance of close co-operation in this area. We are therefore pleased about the good progress made on the Directive on Greenhouse gas emission trading scheme and we hope to see this process finalised before the summer break. Our participation in the EU's Emission Trading Scheme 2008 will further enhance our co-operation on this vital issue. We are also looking forward to close co-operation with the European Union on a new post-2012 global climate change regime.

When discussing energy, our situation varies a bit, with Iceland depending mostly on renewable energy and Norway being a major oil and gas producer. We will also discuss this in more depth later in this meeting.

We note the concerns about the Directive on the right of citizens and realize that it is important to reach an agreement soon. Certain adaptations will, however, be necessary.

The EEA - EFTA States welcome the proposal for a broad package of measures concerning the free movement of goods, adopted by the European Commission last February. Free movement of goods is one of the cornerstones of the Internal Market and even though it is functioning well, there is always room for improvement. This legal framework will hopefully better secure the interest of our citizens in the areas of health, environmental and safety aspects, as well as bring a benefit to producers with more streamlined procedures. We will continue to follow this matter closely.

The Maritime Policy of the European Union is of great significance to some of our Member States. The ocean has throughout the centuries played an important role in shaping our societies and economies, as well as influenced our identities and culture. We have been following this new comprehensive approach actively and are looking forward to seeing it develop further in the autumn with the Action Plan, including an outline for proposals. We are convinced that we will enjoy a good co-operation with the incoming Portuguese Presidency of the European Union, another nation sharing our interest in this matter.

Finally, Mr Chairman, we have this term enjoyed an excellent co-operation with the German Presidency of the European Union, which has considerably facilitated our participation in informal Ministerial meetings and political dialogues. We are looking forward to continuing this during the incoming Portuguese Presidency.

Thank you.

Intervention of Mr. INGÓLFSSON, on behalf of ICELAND:

Dear Colleagues,

Let me, in addition to what the Liechtenstein Minister has said, add that we find it of utmost importance that the substantial scope of the European Economic Area Agreement is respected. Our sentiment is that in some areas your side is stretching the scope of the Agreement to the limit. We have mentioned the area of free movement of persons and now we see this increasing in the area of environment; even indicating that the Agreement could form a basis of harmonisation of Criminal Law. That is in our opinion going a way too far.

Thank you.

5. **ORIENTATION DEBATE: ENERGY AND CLIMATE PROTECTION**

Intervention of Mr. ERLER, on behalf of the EUROPEAN UNION:

Dear Colleagues,

Climate change is one of the most pressing challenges of our time, and can only be tackled effectively at global level. Last March, the European Council sent a strong signal to the international community about its resolve in the fight against climate change by taking on the following commitments with a view to kick-starting the negotiations on a global post-Kyoto Agreement for the period after 2012:

- Until such an agreement is reached, the European Union is taking a firm independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990 levels;
- This reduction could be as high as 30%, if other developed countries make comparable reductions and economically more advanced developing countries contribute adequately.

It is high time to start considering the steps to take after 2012. The scale and urgency of the challenges faced by developed and developing countries require that all countries contribute to the efforts under a framework that would build upon and broaden the Kyoto architecture, in a way flexible enough to elicit the widest possible participation. We would value your views on such a framework to inform our own reflection process.

A continued and deepened mutual dialogue will help in shaping the preparations for the post-2012 negotiations which should start at the *Bali Climate Conference* at the end of this year.

One of the core elements of the current Kyoto regime and of any post-2012 Agreement will be the continuity of the carbon markets. Putting a price on carbon is one of the critical means in helping the development and diffusion of new low-carbon technologies.

In this context, the *EU Emission Trading Scheme* (ETS) is a key instrument in reducing emissions from energy-intensive industries and will contribute towards deploying the necessary

low-carbon technologies. The European Union hopes to be able to extend as soon as possible the *EU Emission Trading Scheme* to the EEA - EFTA States. This would send a powerful signal to both the markets and to the rest of the world and provide the incentive for others to join in and consequently to achieve a truly global carbon market.

In the last years, emissions have been significantly growing in the transport sector of the European Union; this growth is likely to offset the positive evolution in other sectors. Therefore, with the proposed inclusion of aviation in the *EU Emission Trading Scheme*, the European Union would like to start tackling a part of these emissions. In this context, we would like to thank Norway for hosting a workshop on emissions from international aviation and maritime transport in October. This will promote a common understanding of the technical issues related to tackling these emissions and will help to unblock the stalled international process in the framework of the Climate Convention of the United Nations.

The European Council duly acknowledged the crucial role of energy production and use in future policies against climate change, as demonstrated by the *EU Action Plan 2007 - 2009 for Energy*, based on the assumption that climate change and energy policies have to be closely integrated, with energy policy firmly supporting climate change commitments, while serving its usual objectives of increasing security of supply and contributing to competitiveness.

As far as its direct contribution to Climate Change objectives is concerned, the *Action Plan* will strengthen Research and Development to accelerate the competitiveness of sustainable energies, to promote low carbon technologies, to develop energy efficiency technologies, to substantially improve generation efficiency and to develop clean fossil fuel technologies such as *Carbon Capture and Sequestration* (CCS) and their application to power generation, i.e. provide the technologies for a low carbon world.

Our overall Climate Change Commitments will be supported by equally ambitious targets for energy efficiency and renewables, including biofuels:

- Energy consumption saving of 20% by 2020 with priorities relating to energy-efficient transport, efficiency requirements for energy using equipment, energy-efficient and energy-saving behaviour of energy consumers, and energy savings from

buildings. This could be expanded world-wide under a new international agreement on energy efficiency;

- 20% share of renewable energies in overall energy consumption by 2020 within the European Union, including a minimum 10% share of biofuels in the consumption of transport fuels.

By endorsing clear, long term targets, governments make it easier for the industry to undertake the necessary investments and for citizens to adopt more responsible behaviour and increase their use of these energies.

Significant Research, Development & Deployment efforts are still needed to bring these technologies to the market and to facilitate the access of developing countries to them. Our co-operation should be intensified notably on near-zero emissions coal technologies and carbon capture and storage.

On low carbon technologies and energy efficiency, we should engage all major emitters such as Ukraine, Russia, China and India. Joint efforts should be pursued to explore the feasibility of a world-wide framework on energy efficiency, with differentiated commitments and support mechanisms, building on the *Gleneagles Plan of Action* and facilitating the exchange of best practice.

Thank you.

Intervention of Mr. KOVANDA on behalf of the EUROPEAN COMMISSION:

Mr. Chairman,

The subject of our orientation debate is indeed very topical and timely. Ensuring secure, affordable supplies of energy and tackling climate change are central, interlinked global challenges. Addressing these issues requires sustained global action and integrated policy approach.

At the March Summit, the European Council endorsed the European Commission's proposals on climate change and new energy policy for Europe, set out in the European Commission's energy package adopted in January 2007.

The European Commission's climate change and energy package is unique, both in its integrated approach and in the opportunities it opens up. It sets the agenda for a new international agreement that is urgently needed. Heads of State and Government agreed to a set of headline political targets, and set out how they would be realised.

Regarding climate change mitigation measures, the Council adopted an independent EU commitment to reduce greenhouse gases by at least 20% by 2020, compared to 1990 levels, plus a commitment to extend this reduction to 30%, if other developed countries commit themselves to comparable emissions reductions. The main policy instrument to realise these must be energy, as 80% of greenhouse gas emissions within the European Union come from energy.

In this respect, I would like to welcome the Norwegian announcement to cut emissions by 30% by 2020 and aim to be carbon neutral within 2050. Hopefully, this initiative will inspire other countries to make similar commitments. Iceland's extensive use of geothermal energy should also be a source of inspiration wherever possible.

On the Internal Market for gas and electricity, the Council of the European Union invited the European Commission to present proposals to ensure that the European energy market operates as a single entity, where national and European interests coincide. This naturally concerns the EEA - EFTA States, as part of the Internal Energy Market.

On renewable energies, Member States of the European Union agreed a binding target of 20% by 2020 with a minimum binding target of 10% for the share of biofuels in overall EU transport fuel consumption.

New legislation will include binding national targets for the Member States of the European Union, requirements for credible National Action Plans, which explain all the measures that the Member States of the European Union will take, and provide sectoral targets in electricity, heating and cooling, as well as the binding 10% biofuels minimum target.

Biofuel sustainability and support for second generation biofuels will also be addressed, together with measures to remove barriers to the growth of renewable heating and cooling. Biofuels are currently, together with more efficient cars, the only way to address our almost 100% reliance on fossil fuels for transport.

On energy efficiency, the Council confirmed that the European Union should aim to save 20% of its total primary energy consumption by 2020, compared to current projections. This means that we have to forge ahead as a matter of urgency with our *Energy Efficiency Action Plan*. It also means that we have to flesh out our proposal for an international initiative in this area in order to develop common global efforts promoting energy efficiency and energy saving.

These headline decisions are accompanied by strong conclusions on the need to accelerate the development and take-up of new technologies. The challenge of turning the European Union into a low carbon society provides new opportunities, with the potential for important economic and job-creating opportunities, and the basis for international collaborative projects, including in Carbon Dioxide Capture and Storage and nuclear safety and waste management.

Energy technology will also be the focus of the 2008 spring's European Council, where the European Commission will seek the endorsement of the *Strategic Energy Technology Plan*.

A strong external energy policy complements our domestic policy agenda. We must work for a robust and workable international commitment to reduce greenhouse gas emissions by 30% among developed countries. We will reinforce our energy dialogue with producer countries, including Norway, Russia, Central Asian States, North Africa and OPEC. Furthermore, we will build up our energy partnerships with other consumers such as USA, China, India and Brazil, focusing on energy efficiency, clean, renewable and low carbon technologies, as well

as climate change issues. And for the first time, we will develop an energy partnership with Africa, an important partner in both supply and consumer terms.

The European Council has provided a comprehensive *Energy Action Plan*, backed by strategic targets at the highest political level. As a result of their decision:

- Member States of the European Union share a common Programme for energy for the next three years (2007-2009);
- The European Commission has a new remit to develop a wide set of measures, with full impact assessments, to translate political will into real action;
- The stage is set for a new push to ensure that Europe's energy is secure, competitive and sustainable;
- European leaders will discuss energy policy annually at their Spring Summit, based on European Commission proposals. Next year, the focus will be technology. In 2008, we will present a second *Strategic Review* to assess progress and, if necessary, make further policy recommendation. In 2009, it will be time for a second *Energy Action Plan*;
- Energy and climate has taken the spotlight in discussions across the political spectrum. The European Parliament's new Commission on Climate Change demonstrates how energy and climate change cut across a whole range of policy interests.

The Summit conclusions from March 2007 are just the end of the beginning, so to speak. Now the real work starts.

The European Commission has already started consultations to prepare the various measures. We will also continue to keep the energy situation in Europe under review, with the help of the new Energy Observatory being established within the European Commission. We will continue to review, revise and refine existing legislation.

However, action at the political level alone will not deliver the targets we have set for ourselves. This is why it is so important for Europe's citizens to be involved in our work. The results of recent Eurobarometers and similar polls are reassuring. Our citizens know that changes are needed. They want Europe to tackle climate change and they are ready for more

renewables and better energy efficiency. They also know, importantly, that climate change has a cost, but today's investment in cleaner energy is a price worth paying.

I recognise industry's concerns about international competitiveness. Nevertheless, we also need to think ahead. There are new markets emerging around the globe as the rest of the world wakes up to the enormity of the task which we face. I am convinced that, far from presenting a threat to European competitiveness, the new Policy, with its strong external vision and international ambitions, offers the change for Europe's companies, researchers and salespeople to be at the forefront of these markets. It can give them the competitive edge they need, in order to have a head start in a new global economy.

Mr. President,

Not only are the EEA - EFTA States part of the Internal Energy Market, but they are also among the most progressive countries in the world when it comes to sustainable energy, environment and climate change.

Furthermore, we have our close co-operation in the context of the Actions and Programmes of the European Union in energy and environment areas.

We should frequently be able to speak with one voice on energy and climate change issues, as I know that we have many policy objectives in common, exemplified i.a. by the incorporation of energy efficiency legislation into the European Economic Area Agreement.

Our main challenge is to establish a global leadership on the issue of energy and climate change before the conference of the Parties to the *Kyoto Protocol* in Indonesia in December this year. We are already pursuing this objective within the context of the G8, and we hope that the EEA - EFTA States will join us in this quest.

Thank you.

Intervention of Ms. KIEBER - BECK, on behalf of the Principality of LIECHTENSTEIN:

Mr Chairman,

Let me first say that I am not speaking on behalf of the Chair, as we understand this Orientation Debate to be an open way to exchange views. I will pass the floor to my EFTA colleagues after just a few remarks.

Liechtenstein, being a small producer and primarily an importer of energy, continues to attach great importance to a transparent European Economic Area Market in this field and we welcome the strong thrust towards a European Energy Policy.

In the last few years, our Government has taken quite a few steps to make energy saving and the production of renewable energy more attractive. The Principality of Liechtenstein, as a party to the *Kyoto Protocol*, is also committed to the Emission Trading Scheme of the European Union. However, even if we in Europe do the economic viable in energy saving and succeed in boosting renewable energy sources, we will still face a gap between offer and demand in the incoming 15 years. We therefore have to accept that far reaching policies are needed.

Let me therefore conclude, Mr. Chairman, that we will continue to support the European Union in a realistic approach to these two politically delicate and equally important matters.

Thank you.

Intervention of Mr. GAHR STØRE, on behalf of the Kingdom of NORWAY:

Dear Colleagues,

Norway welcomes and applauds the European Council's ambitious package of energy and climate measures adopted in March 2007. The European Union has taken a leading role in tackling challenges that are not only crucial for Europe, but for the whole planet. I welcome in particular the European Commission's proposals to develop Carbon Capture and Sequestration (CCS) technologies for fossil fuel power plants. These proposals are in line with the thinking of the Norwegian Government, and we are convinced that we are in a position to make significant contributions in this area.

The development of the Norwegian petroleum sector has consistently taken into account environmental considerations. Norway was one of the first countries in the world to introduce a tax on CO₂ emissions, and this tax has been one of the driving forces in Statoil's development of the Sleipner field in the North Sea, where CO₂ has been stored safely for more than 10 years. We are ready and willing to enter into co-operative efforts with the European Union to combat climate change.

Today, several major Norwegian Carbon Capture and Sequestration (CCS) projects are in progress: the Government and Statoil are collaborating on the Mongstad Carbon Capture and Sequestration (CCS) project; the Government is planning a CO₂ capture facility at the Kårstø gas-fired power plant; and Shell and Statoil have agreed to work together on the Halten CO₂ project. A decision to invest in this project will be taken next year. These projects will require government incentives, and it is therefore vital that the common state aid guidelines are clarified with regard to Carbon Capture and Sequestration (CCS). Incentives to spur technological change should foster more "green" and sustainable sources, not less.

Mongstad will be the world's largest full-scale CO₂ capture and storage facility in connection with a combined gas-fired heat and power plant. The plant will be fully operational by 2014. This is a co-operative venture between the Norwegian Government and Statoil.

We also expect the Mongstad project to stimulate international technological co-operation, which is critical for a coherent, urgent and broad-based action on climate change. Such co-

operation facilitates the sharing of risks, the rewards and the progress of technology development, as well as the co-ordination of priorities between nations. Norway, the European Union and individual Member States of the European Union enjoy an excellent and fruitful co-operation on Carbon Capture and Sequestration (CCS). For example, in 2005, we agreed with the UK to establish a North Sea Basin Task Force, composed of public and private bodies from both countries. The Task Force has developed common principles for managing and regulating the transport, injection and permanent storage of CO₂ in the North Sea sub-seabed and will present its report in June. We are grateful to the European Commission for having invited Norway to its Carbon Capture and Sequestration (CCS) working groups.

Norway is already a part of the Internal Energy Market, and we will contribute to the development of this Market in a sustainable manner. Let me also remind you that we are currently in exploratory talks with the European Commission with a view to the Norwegian accession to the Treaty on the European Energy Community. This accession will represent an extension of Norway's participation in the Internal Energy Market. It would also be fully in line with our common efforts to integrate the Western Balkans into the European structures.

Mr. Chairman,

The International Energy Agency expects that fossil fuels will remain the dominant source of energy until 2030, at which time it will account for 80% of overall energy demand. A large part of this supply will be covered by coal fired power plants – particularly in developing countries. Consequently, we need to address several issues simultaneously. We need to find commercially applicable ways of reducing emissions from fossil fuels. We need a greater global emphasis on energy efficiency and clean forms of energy.

In short: we need a global focus that can combine a variety of measures to address both the energy security challenge and the climate challenge. These are not challenges that can be met at the national or regional level alone. A concerted international effort is needed.

Technology will be vital in reducing the CO₂-emissions from fossil fuels as well as reducing the dependence on oil and gas. The benefits of improved technology will materialise only if investments are made today in Research, Development & Demonstration (RD&D).

If it is substantial enough, this Research, Development & Demonstration (RD&D) effort could trigger a revolution in how we produce and use energy, creating a circle of energy, environment and development that is truly sustainable. However, for such a revolution to take place, it is not sufficient to rely solely on the efforts of the private sector. Government must support innovation, especially for technologies that require significant development efforts in order to demonstrate the commercial potential. I, therefore, welcome the strong emphasis on Carbon Capture and Sequestration (CCS) technology also in the 7th Framework Programme.

Norway is putting in place a comprehensive Strategy to ensure the fulfilment of our commitments under the Kyoto Protocol and progression towards a low carbon economy. Emission reductions will be achieved through a combination of domestic measures and use of the Kyoto Mechanisms. Norway has established a domestic trading scheme that we are currently linking up to the trading scheme of the European Union. As Ms Kieber-Beck stated earlier this morning, we envisage close co-operation with the Community on tackling climate change, i.a. through the inclusion of the Directive on greenhouse gas emission allowance trading in the European Economic Area Agreement. We also support the extension of the present trading scheme to new sectors, such as air transport.

Norway has set itself three ambitious goals. A few weeks ago, the Norwegian Labour Party made a strategic decision which has now been endorsed as government policy, and will serve as a point of departure for what we hope will be a broad political consensus:

Firstly, Norway will aim for a 30% reduction of carbon emissions by 2020;

Secondly, by 2012 – the end date of the Kyoto obligations – we have set ourselves the target of reducing our emissions by an additional 10% on top of our initial Kyoto Protocol commitments;

Thirdly – looking further ahead – our overriding goal is to make Norway carbon neutral by 2050.

It is a dilemma that countries with emission reduction commitments under the Kyoto Protocol represent less than one-third of all greenhouse gas emissions. Even if these countries reduced their emissions to zero, dangerous climate change would not be avoided. Scientists agree that world emissions must at least be halved by 2050. It is therefore clear that all large emitters, both developing and developed countries must pull together to reduce and limit emissions in a global regime after 2012. Such a regime must be much broader and deeper than what we now have.

Hence, the developing countries, in particular the largest emitters among them, must also limit their emissions, if we are to stand any chance of succeeding in our endeavour. We need new and stringent targets for all, on a much lower emissions level than today. European Union has set itself ambitious goals.

The year 2007 marks the 20th anniversary of the World Commission on Environment and Development's report *Our Common Future*. This Commission, under the leadership of our former Prime Minister Gro Harlem Brundtland, paved the way for the Earth Summit in Rio in 1992 and the Johannesburg Summit 10 years later. We are pleased that the Secretary General of the United Nations Ban-Ki Moon has appointed Mrs. Brundtland as a special ambassador for climate change. We hope that she will contribute to bringing about the changes needed to reverse the negative trends in the global climate.

Thank you.

Intervention of Mr. INGÓLFSSON, on behalf of ICELAND:

Dear Colleagues,

Let me, first of all, stress our understanding for your approach in these two very much interlinked areas of Energy and Climate Protection. I believe that we are in principle on the same wavelength in both fields.

Let me stress that Iceland is here in a different situation compared to most other States, in particular keeping in mind the composition of our energy consumption, where more than 70% of our primary energy needs, including practically all stationary energy use, is derived from indigenous renewable sources.

States look at this issue from different perspectives. Iceland is promoting an increasing use of green energy and is, therefore, in my view an important partner for the European Union in reaching its objectives in fighting climate change. You may have your difficult battle against CO₂; we can help through increasing the use of green energy by contributing considerably with our knowledge and experience.

Keep in mind that our reaction to the oil crisis in the 70's was to move away from oil over to geothermal energy. I am sure that many of the EEA Member States could do the same to some extent.

Let me stress that this is not cheap; it takes considerable effort and knowledge to reach this goal and that is why we welcome the considerable emphasis you place on renewable energy in the 7th *Framework Programme* and we believe that it should be further followed up on through the Cohesion and Structural Funds, and the EEA Financial Mechanism, in order to support the build-up of necessary infrastructure to be able to shift from CO₂ reliability to a sustainable green energy.

I would also highlight that despite not being physically a part of the EEA Internal Energy Market, we have implemented the EEA-related legislation with respect energy. That has led to considerable changes in our energy market, where for instance we have opened the

electricity market to competition, we have established an independent transmission system operator and we have set requirements regarding unbundling in the electricity market.

Of no less importance in this area is how we will develop in the future, from the current CO₂ based world to a more environmentally friendly world, where renewable energy will form a larger part of the energy consumption than today. In this respect, Iceland is increasingly playing its part. We are not only doing it by our sustainable energy based society, where for ex. 99.9% of our electricity and 99% of our heating is from renewable energy resources, but increasingly by exporting of knowledge.

You may know that Icelandic companies have been active in foreign investment over the past few years.

What is now interesting in the context of what we are discussing here today, is to notice that some of these companies now form partnerships with some of the major energy companies in Iceland, with the objective of forming a foundation for investments in foreign energy markets, where Icelandic knowledge in building up resources of environmentally-friendly energy will be a key factor; in particular in the area of replacing oil and coal with geothermal energy.

Over the past six months, 3 new companies have been established with the participation of all the major energy companies in Iceland. This has made available considerable financial strength for investments with a clear emphasis on our know-how in contributing to the transformation of societies from CO₂ to green energy.

Direct investments are already under way in Slovakia, where the plan is to buy the coal-heated district utility in the city of *Kosice* and transform it into a geothermal district heating utility. Similar projects have been started in China, Hungary and the United States.

What you reach and how fast you reach it depends on research and technology and on what support you make available for that purpose and for investment. I only reiterate the difference the European Union can make in this regard with its powerful research programmes. For instance, I can mention one project that is in its initial stage, but will call for considerable research financing; in this project, we drill deeper than ever before in order to enhance the use

of geothermal energy. If successful, it is estimated that holes of this type could deliver 5-10 times more energy than conventional holes.

In addition to this, I can also mention that Icelandic universities are increasingly focusing on this area and they have recently formed partnership with the energy sector in establishing a specific curriculum in the field of energy, aiming in particular at drawing the attention of foreign students.

Thus, we welcome your approach. Iceland is effectively contributing to your objectives in terms of making available our knowledge, in particular in the area of geothermal energy and we are looking forward to working more closely with you on this over the coming years and even decades.

Thank you.

Intervention of Mr. ERLER, on behalf of the EUROPEAN UNION:

I think that brings us to an end of our orientation debate.

Twenty seventh meeting of the

EEA COUNCIL

(Brussels, 15 May 2007)

LIST OF DELEGATIONS

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

THE PRINCIPALITY OF LIECHTENSTEIN

H.E. Rita KIEBER -BECK	Minister for Foreign Affairs
H.S.H. Prince NIKOLAUS 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

THE KINGDOM OF NORWAY

H.E. Jonas GAHR STØRE	Minister for Foreign Affairs
H.E. Raymond JOHANSEN	State Secretary at the Ministry for Foreign Affairs
H.E.. Oda Helen SLETNES	Ambassador, Head of the Mission of Norway to the European Union
Mr. Helge SKAARA	Minister, Deputy Head of the Mission of Norway to the European Union

Mr. Niels ENGELSCHIØN	Assistant Director General, Ministry for Foreign Affairs
Ms. Unni KLØVSTAD	Minister Counsellor, Mission of Norway to the European Union
Ms. Anne Lene DALE SANDSTEN	Head of Communication at the Ministry for Foreign Affairs
Mr. Ole Bjørn RØEGGEN	Counsellor, Mission of Norway to the European Union
Ms. Marit ENGBRETSSEN	Counsellor, Energy, Mission of Norway to the European Union
Mr. Rune BJÅSTAD	Counsellor, Information, Communication and Press, Mission of Norway to the European Union
Ms. Ingeborg DJUPVIK	Counsellor, Mission of Norway to the European Union

ICELAND

H.E. Þorsteinn INGÓLFSSON	Ambassador, Special Representative of the Minister for Foreign Affairs
H.E. Bergdís ELLERTSDÓTTIR	Ambassador, Director General at the Ministry for Foreign affairs
H.E. Stefán Haukur JÓHANNESSON	Ambassador, Head of the Mission of Iceland to the European Union
Mr. Martin EYJÓLFSSON	Director at the Ministry for Foreign Affairs
Mr. Högni KRISTJÁNSSON	Deputy Head of the Mission of Iceland to the European Union
Ms. Erna HALLGRÍMSDÓTTIR	First Secretary, Mission of Iceland to the European Union

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

THE FEDERAL REPUBLIC OF GERMANY

(PRESIDENCY-IN-OFFICE OF THE EUROPEAN UNION)

H.E.. Gernot ERLER	Minister of State, Federal Ministry for Foreign Affairs
Mr. Michael ZENNER	Minister Plenipotentiary, Permanent Representation of the Federal Republic of Germany to the European Union
Mr. Manfred SPENGLER	Head of Unit at the Federal Ministry for Economic Affairs, Chair of the EFTA Working Party at the Council of the European Union
Mr. Stefan VAN HEECK	Permanent Representation of the Federal Republic of Germany to the European Union

PORTUGAL

(INCOMING PRESIDENCY-IN-OFFICE OF THE EUROPEAN UNION)

Ms. Maria Jose MORAIS PIRES	Counsellor, Permanent Representation of Portugal to the European Union, incoming Chair of the EFTA Working Party at the Council of the European Union
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EUROPEAN COMMISSION

Mr Karel KOVANDA

Deputy Director General and Political

Director, DG RELEX

Mr. Matthias BRINKMANN

Head of Unit - Western Europe, DG RELEX

Mr. Peter MEYER

Principal Administrator, Western Europe Unit,
DG RELEX

COUNCIL OF THE EUROPEAN UNION - GENERAL SECRETARIAT

Mr. Massimo PARNISARI

Head of Unit, Trade and Non EU Western
Europe

Mr. Georgios KRITIKOS

DG E II/2 - Desk Officer for non EU Western
Europe

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

SECRETARIAT

Mr. Lars Erik NORDGAARD	Director, EEA Co-ordination Division
Mr. Gunnar SELVIK	Director, Goods Division
Ms. Ásta MAGNÚSDÓTTIR	Director, Services, Capital, Persons and Programmes Division
Ms. Hrund HAFSTEINSDÓTTIR	Senior Officer, EEA Co-ordination Division, Secretary to the EFTA Standing Committee
Mr. Marius VAHL	Officer, EEA Co-ordination Division

SURVEILLANCE AUTHORITY

Mr. Bjørn T. GRYDELAND	President
Mr. Kurt JÄGER	College Member
Mr. Inge Hausken THYGESEN	Officer, Press and Information

**EUROPEAN ECONOMIC AREA
Council of the EEA**

Brussels, 3 May 2007

EEE 1603/07

REPORT

Subject : Progress Report by the EEA Joint Committee to the 27th meeting of the EEA Council

The EEA Enlargement Agreement

1. On 29 March 2007 the EEA - EFTA Member States together with the EU Commission, Romania and Bulgaria signed Agreed Minutes on the EEA enlargement. It is foreseen that the Enlargement Agreement will be signed before the summer break. This entails that Romania and Bulgaria become members of the EEA, as provided for in Article 128 of the EEA Agreement, on a provisional basis until all internal ratification procedures will have been completed by all Contracting Parties.

Decision-making

2. Due to the delay in the negotiations on the EEA enlargement, the EU side was not in a position to adopt any Decisions in the Joint Committee meetings in February and March 2007. In April, the EEA Joint Committee resumed its legislative work and adopted 45 Decisions incorporating 70 legal acts.

Decision-shaping

3. On the basis of the relevant provisions of the EEA Agreement, EEA - EFTA experts continued to contribute to the work of Commission's Working Groups and Committees active in the different areas of the Agreement. In the first half of 2007, two EEA - EFTA Comments were submitted.

EEA - EFTA participation in EEA relevant Programmes and Agencies

4. Preparations started for the EEA – EFTA participation in EEA relevant EU Programmes for the period 2007 to 2013. This participation entails co-financing by the EEA - EFTA States and contributes to the strengthening of the EEA co-operation outside the four freedoms of the Internal Market, thereby promoting the common political and economic goals attached to the EEA Agreement. The Parties have made efforts to achieve a timely participation, but note that the legal basis for certain EEA - EFTA programme participation is still pending.
5. Regarding the incorporation of the general food law regulation which i.a. establishes the European Food Safety Authority (EFSA), good progress in revising Iceland's situation in relation to veterinary legislation has been obtained so that the Parties should be ready to finalise draft EEA Joint Committee Decisions on all the relevant horizontal food law acts in the very near future.

Outstanding issues

6. Progress was made on linking the EEA - EFTA States to the Greenhouse Gas Emission Trading Scheme from 1 January 2008.
7. The EEA - EFTA States were seeking to find a solution with the Commission on the integration of the Directive on the right of citizens of the Union to move and reside freely within the territory of the Member States, in accordance with the provisions of the EEA Agreement.

New Financial Mechanisms

8. The Financial Mechanisms are well into the implementation stage in all beneficiary states apart from Greece, and eighteen calls for proposals have already been announced in twelve beneficiary states. These calls for proposals have made available around 640 million euros to potential beneficiaries across Central and Southern Europe. The EEA-EFTA States have approved just above 200 applications for a total value of close to 300 million euros.

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**EUROPEAN ECONOMIC AREA
Council of the EEA**

Brussels, 15 May 2007

**EEE 1602/1/07
REV 1**

CONCLUSIONS

Subject : Conclusions of the 27th meeting of the EEA Council
Brussels 15 May 2007

1. The twenty-seventh meeting of the EEA Council took place in Brussels on 15 May 2007 under the Presidency of Mr. *Gernot Erler*, Minister of State of Germany. The meeting was attended by Ms *Rita Kieber-Beck*, Minister for Foreign Affairs of Liechtenstein, by Mr. *Jonas Gahr Støre*, Minister for Foreign Affairs of Norway, Mr. *Þorsteinn Ingólfsson*, Ambassador, Special Representative of the Minister for Foreign Affairs of Iceland, by Members of the Council of the European Union and by a Representative of the European Commission.
2. The EEA Council noted that within the framework of the Political Dialogue, the Ministers and Commissioner *Ferrero Waldner* discussed the situation in the Middle-East, in Afghanistan and in Kosovo.
3. The EEA - EFTA States congratulated the European Union on its 50th anniversary this year. They recognised the vital and stabilising role the European Union has played in Europe the past 50 years, which was also reflected in the Berlin Declaration on that occasion. The EEA Council appreciated that the European Union has contributed to economic prosperity and overcoming the division of our continent. It welcomed that European unity has promoted democracy and the rule of law by different enlargement processes.

4. The EEA Council welcomed the conclusion of the negotiations on the EEA Enlargement, with a view to include Bulgaria and Romania as Contracting Parties to the EEA Agreement. In this context, the Ministers underlined the importance of the EEA Joint Committee having resumed its work, in order to maintain the homogeneity in the Internal Market and the good functioning of the EEA Agreement.
5. The Ministers underlined the increased importance for all Contracting Parties to ascertain that public authorities and other relevant actors throughout the European Economic Area remain well informed about the EEA Agreement.
6. The EEA Council noted that the Lisbon Strategy for Growth and Jobs has entered a more focused phase with integrated guidelines for growth and jobs, trusting that a more effective Strategy will continue to yield results. The EEA - EFTA States have produced national reports on performance and policies relevant to the Strategy, identifying achievements as well as potentials for improvement. With the launch of the next cycle of the Strategy in 2008, the EEA - EFTA States look forward to providing their input.
7. The Ministers welcomed the integrated Energy and Climate Change Package adopted by the European Council in March and underlined the importance of close co-operation between the EEA - EFTA States and the EU. The Ministers also recalled the importance of the Internal Energy Market in view of the prominent position that energy issues currently hold on the political agenda of the contracting parties.
8. The Ministers appreciated the progress made in the implementation of the EEA Financial Mechanism and of the Norwegian Financial Mechanism. The Financial Mechanisms are now in the stage of project generation and implementation. The importance of openness, transparency, broad participation and efficiency in their implementation was underlined. The EEA Council noted that a total of 17 calls for proposals in 12 of the 13 beneficiary states had made close to 650 million euros available to applicants across Central and Southern Europe and welcomed that the EEA - EFTA States have already approved applications for around 250 million euros. The EEA Council reiterated that an important aspect of the Financial Mechanisms is to provide opportunities to strengthen relations between the EEA - EFTA States, Norway and the beneficiary EU Member States. The EEA Council looked forward to

receiving at its next meeting an up-date on the implementation of the EEA Financial Mechanism in Bulgaria and Romania as well as on the implementation of the Norwegian Co-operation Programmes for promoting economic growth and sustainable development for Bulgaria and Romania.

9. The EEA Council noted the Progress Report of the EEA Joint Committee.

The EEA Council in particular:

- Welcomed the preparations for the EEA - EFTA participation in EEA relevant EU Programmes for the period 2007 to 2013. This participation is co-financed by the EEA - EFTA States. The activities under such new EU Programmes have been substantially increased and will contribute to an enhanced EEA co-operation outside the four freedoms of the Internal Market, thereby promoting the common political and economic goals attached to the EEA Agreement. The EEA Council noted that the EU legislative acts on some of the Programmes were still pending and encouraged all parties to make every effort to ensure timely participation of the EEA - EFTA States also in these EU Programmes;
- Looked forward to a Decision by the EEA Joint Committee on EEA - EFTA participation in the European Food Safety Authority (EFSA), which was close to being finalised;
- Welcomed the progress made in expanding the scope of the EEA veterinary legislation to Iceland;
- Welcomed the progress made on linking the EEA - EFTA States to the Greenhouse Gas Emission Trading Scheme from January 2008;
- Emphasised the importance of maintaining the good functioning of the Internal Market also in the area of the free movement of persons and called for a rapid integration of the Directive on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States, according to the provisions of the EEA Agreement;

- Welcomed the new EU Innovation Strategy, in particular the ten priority actions set out at national and European levels;
- Welcomed the continued dialogue on the development of a future Single Market Policy and the ongoing Single Market Review;
- Acknowledged the EEA - EFTA stake in the efforts to establish an improved general framework for services in the Internal Market;
- Welcomed the proposal for a broad package of measures concerning the free movement of goods, adopted by the European Commission on 14 February 2007;
- Welcomed the continued EEA - EFTA contributions to the decision-shaping process of EEA-relevant EC legislation and programmes through i.a. participation in appropriate Committees and Working Groups, and through EEA - EFTA Comments.

10. The EEA Council held an orientation debate on energy and climate protection.

11. The EEA Council recognised the importance of inviting EEA - EFTA Ministers to attend relevant informal EU Ministerial Meetings and Ministerial Conferences on the basis of the EEA - EFTA participation in the Internal Market. 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 Parties in troika format and expressed its appreciation to the incoming Portuguese Presidency for the continuation of this practice.

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