

**EEE 1609/07**

**DRAFT MINUTES**

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Subject :           Draft Minutes of the 28<sup>th</sup> meeting of the EEA Council  
                  Brussels, Tuesday 20 November 2007

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**DRAFT MINUTES**  
**of the twenty eighth meeting of the**  
**EEA COUNCIL**  
**(Brussels, 20 November 2007)**

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The EEA Council held its 28<sup>th</sup> meeting in Brussels, on 20 November 2007. The meeting was chaired by Ms. *Ingibjörg Sólrún GÍSLADÓTTIR* (Minister for Foreign Affairs of *ICELAND*), who led the EEA - EFTA Delegation, which was also composed of Ms. *Rita KIEBER - BECK* (Minister for Foreign Affairs of the *Principality of LIECHTENSTEIN*), and of Ms. *Elisabeth WALAAS*, State Secretary at the Ministry for Foreign Affairs of the *Kingdom of NORWAY*).

Mr. *Manuel LOBO ANTUNES* (State Secretary for European Affairs, attached to the Minister for Foreign Affairs of the *PORTUGUESE Republic*) led the EU Troika, which was also composed of Mr. *Mitja DROBNIČ* (Ambassador, Political Director at the Ministry for Foreign Affairs of the *Republic of SLOVENIA*) and Mr. *Alan SEATTER* (Director responsible for the European Economic Area (EEA) in DG RELEX at the *EUROPEAN COMMISSION*).

The *European Free Trade Association* (EFTA) was represented by its Secretary General Mr. *Kåre BRYN* and the *EFTA Surveillance Authority (ESA)* was represented by its President Mr. *Per SANDERUD*.

**Opening statement of Ms. GÍSLADÓTTIR, on behalf of the EEA - EFTA States:**

Ladies and Gentlemen,

Allow me to welcome you to the 28<sup>th</sup> meeting of the EEA Council, here in Brussels. In order to save time, I propose that we deal with items 1, 2, 3, 4 and 7 of the Agenda, without discussion, thus the Conclusions are also adopted. Can you agree to this?

**Intervention of Mr. LOBO ANTUNES, on behalf of the European Union:**

Mr. Chairman,

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

We are most pleased to meet you here at our EEA Council.

First of all allow me, also on behalf of the President - in - office of the Council of the European Union, Mr. *Luis AMADO* (who, unfortunately, is unable to attend this meeting) to take this occasion to express to you and your Delegations on behalf of the Ministers of the Council of the European Union our warmest welcome to the *Justus Lipsius* Building. 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.

We are certain that the excellent level of co-operation which characterises our relations will be further deepened and developed in the future to come.

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

Thank you very much.

**1. ADOPTION OF THE AGENDA**

The EEA Council adopted the Agenda as set out in EEE 1606/07.

**2. APPROVAL OF THE MINUTES**

of the 27<sup>th</sup> meeting of the EEA Council, which took place in Brussels, on Tuesday 15 May 2007 (EEE 1604/07).

The EEA Council approved the minutes of its 27<sup>th</sup> 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 1608/07.

**4. RESOLUTIONS OF THE EEA JOINT PARLIAMENTARY COMMITTEE  
ADOPTED AT ITS 28<sup>th</sup> MEETING IN VADUZ, LIECHTENSTEIN,  
ON 27 JUNE 2007**

The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 28<sup>th</sup> meeting in *Vaduz*, Liechtenstein, on 27 June 2007, on:

- *The Annual Report on the Functioning of the European Economic Area Agreement in 2006* and on
- *The Future Maritime Policy of the European Union: Implications for the European Economic Area.*

**RESOLUTIONS OF THE EEA JOINT PARLIAMENTARY COMMITTEE**  
**ADOPTED AT ITS 29<sup>th</sup> MEETING IN STRASBOURG, FRANCE,**  
**ON 15 NOVEMBER 2007**

The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 29<sup>th</sup> meeting in *Strasbourg*, France, on 15 November 2007, on:

- *Energy and Climate Change: Implications for the European Economic Area,*  
and on
- *The Open Method of Co-ordination and the European Economic Area.*

**RESOLUTIONS OF THE EEA CONSULTATIVE COMMITTEE ADOPTED AT ITS**  
**15<sup>th</sup> MEETING IN GDANSK, POLAND, ON 16 MAY 2007**

The EEA Council noted the Resolutions of the EEA Consultative Committee adopted at its 15<sup>th</sup> in Gdansk, Poland, on 16 May 2007 on:

- *An Energy Policy for Europe*  
and on
- *The EEA and Norwegian Financial Mechanisms.*



## **5. ASSESSMENT OF THE OVERALL FUNCTIONING OF THE EEA AGREEMENT**

Assessment of the overall functioning of the European Economic Area 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 Ms. GÍSLADÓTTIR, on behalf of the EEA - EFTA States:**

Dear Colleagues,

I would like to express our satisfaction with the open and frank discussion we had this morning on the situation in Kosovo, in the Middle East and in Sudan/Darfur. These are topics of great relevance and concern to us all.

On behalf of the EEA - EFTA States, I would also like to take this opportunity to congratulate you on the conclusion of the negotiations of the Reform Treaty, soon to be known as the Lisbon Treaty. We will continue to closely follow these important developments. On our side, we will assess the Treaty as to any possible impact it may have in the context of the European Economic Area Agreement.

Turning to the European Economic Area Agreement, I think that we have reason to be positive and appraise the co-operation under the Agreement. This year has been eventful and in many ways historic for the European Economic Area.

We faced unprecedented challenges, which we solved successfully. They reminded us that, if we want to fruitfully continue our co-operation in the European Economic Area, we need to keep our focus on what we want to achieve; that is, a well functioning Internal Market with homogeneous rules.

The most significant event of the year was undoubtedly the signing of the EEA Enlargement Agreement on 25 July 2007, between our Member States, the Commission, Bulgaria and Romania. The two countries are members of the European Economic Area since 1 August 2007, on a provisional basis until internal ratification procedures have been completed by all Contracting Parties.

This was in many ways a challenging exercise, as we did not manage to conclude negotiations in time for accession of the two new Member States to the European Union. There are lessons to be learned from this process and we should all do our best not to end up in such a situation again.

An important aspect of the negotiations and a demanding one was the contribution of the EEA - EFTA States to the reduction of social and economic disparities within the European Economic Area. The two new Member States, Bulgaria and Romania, will profit in the same way as the other cohesion countries from the EEA Financial Mechanisms until the end of April 2009.

A total of 140 million euro will be made available to Bulgaria and Romania until April 2009, with 21.5 million euro to Bulgaria and 50.5 million euro to Romania under the existing EEA Financial Mechanism and an additional 20 million euro to Bulgaria and 48 million euro to Romania under the recently established Norwegian co-operation programmes. The Memoranda of Understanding on the use of the funds were concluded in early November, and we are already experiencing great interest from both the private and public sector, as well as from civil society organisations in the two new Member States. We look forward to following future developments.

The EEA grants have proven to be a positive addition to the co-operation between the EEA - EFTA States and the beneficiary States in Central and Southern Europe. We see great interest, and as of now open calls for proposals and special funds established for special groups or activities, such as for NGOs, scholarships and research grants, have made more than 800 million euro available to applicants. The EEA - EFTA States have approved applications for more than 400 million euro.

We welcome this fast-growing mosaic of projects now in the implementation stage all across Central and Southern Europe, and are working closely with the beneficiary States to ensure that our cohesion support is being used in a transparent and efficient manner, and that our projects deliver on their goals and results under the overall objective of helping to reduce economic and social disparities in the European Economic Area.

EEA Enlargement benefits all of us, as it provides more opportunities for our citizens and economic operators. The European Economic Area Agreement covers a vast area, both geographically and in substance. We always have to remind ourselves that the European Economic Area is not as commonly known as the European Union and take initiatives to inform all relevant actors of its potential benefits.

The autumn has also been bright and colourful, and we have had reasons to celebrate the conclusion of complicated issues, which have been outstanding for some years.

Firstly, I would like to mention the incorporation of the Directive on Greenhouse Gas Emission Trading Scheme into the European Economic Area Agreement, which is important for all of us, as it allows the EEA - EFTA States to participate in the scheme for the period 2008 - 2012. Bearing in mind the target date of 1 January 2008 for incorporation, we are making all efforts to fulfil constitutional requirements before that date. It is important to ensure equal competition and that the Directive is applied within the whole of the European Economic Area.

The EFTA Surveillance Authority (ESA) will mirror the European Commission's role towards the EEA - EFTA States and will have the responsibility of supervising the EEA - EFTA States' participation in the scheme, including reviewing the National Allocation Plans. ESA's role will be carried out in co-operation with the European Commission and according to its criteria.

The Regulation regarding the General Food Law Package was also adopted recently, bringing an end to years of discussions on this sensitive issue and formalizing the EEA - EFTA States' participation in the European Food Safety Agency (EFSA).

We are also pleased with the good progress made on the Free Movement of Persons. I am convinced that we will be able to solve this issue very soon in a constructive manner.

I would like to take this opportunity to thank the European Commission for its efficient and constructive approach on these important issues, which are sensitive for some of our Member States.

Another matter on the horizon is REACH. Consultations on the incorporation of the EU Chemicals legislation are progressing well and we are making every effort to ensure participation of our Member States as soon as possible. This is an important matter for our consumers and businesses, and we will be pleased to contribute in this way to public health and to the environment.

Positive developments have also taken place regarding the EEA - EFTA participation in EU programmes. As you may recall, this was indeed a concern earlier this year, when relevant actors in the EEA - EFTA States experienced delays in their participation.

In the framework of the new generation of programmes, which started this year and goes on until 2013, 17 new EU programmes have now been included in the European Economic Area Agreement. These programmes are in areas such as research, lifelong learning, innovation, public health, employment, culture and media, combating violence against children, young people and women – including trafficking, and Civil Protection. The EEA - EFTA States contribute positively to these programmes.

The financial contribution for 2007 by the EEA - EFTA States to the EU budget in the framework of EEA - EFTA participation in the programmes is 134 million euro.

Over the last months, a large number of national agencies and contact points have been established in the EEA - EFTA States, handling information activities and programme management for their citizens. This will hopefully make our participation better accessible. In this context, I would also highlight the recently published EFTA Bulletin on these programmes.

The new EU programmes are for the first time linked to the Lisbon Strategy, its objectives and its main instrument, the *Open Method of Co-ordination*. As the EEA - EFTA States are participating actively and funding most of the programmes, we are exploring ways to maximize the opportunities created through this new form of co-operation.

We will follow with interest the development of the Lisbon Strategy in the coming months with the launch of the next cycle of the Strategy in 2008. As was the case with the mid-term review of the Strategy, the EFTA - EEA States also aim to contribute to the new cycle.

I would like to use this opportunity to stress the importance of our participation in the shaping of new EU legislation of EEA relevance. It is important for the EEA - EFTA States to be able to participate at an early stage and for our experts to have the appropriate access as provided for in the European Economic Area Agreement. This is becoming more challenging for the EEA - EFTA States when the European Union increasingly uses the Open Method of Co-ordination when developing new policies, recommendations, actions, programmes and even legislation. Moreover, other novel forms of governance in the European Union, such as “soft law” and changes in the way the Member States and the EU institutions interact, are factors that affect our possibility to actively participate in decision shaping.

Having resolved some major issues allows us to focus on other matters which are and will continue to be a priority on our agenda, namely environment and climate change. This is the focus of the international community as a whole, and the European Union, along with the United Nations, has placed itself in the avant-garde when addressing these issues.

We have to join forces in the fight against this threat currently facing the planet, and we underline the importance of close co-operation in this context. Our participation in the EU’s Emission Trading Scheme is one way to enhance our co-operation. We are also looking forward to close co-operation with the EU at the *United Nations Climate Change Conference* next month when establishing the new post-Kyoto global climate change regime. This is an issue which will stay on the agenda for a long time, and most likely also preoccupy our descendants in the decades to come.

When discussing energy, the situation among the EEA - EFTA States varies a bit. Norway is a major oil and gas producer and Iceland depends mostly on renewable energy. It is clear that the EEA - EFTA States can contribute considerably in areas such as security of energy supply and sustainable resources. I will leave this topic for more in depth discussion later in this meeting.

There is another important broad issue that we follow closely, which includes elements of energy and protection of the environment. This is the development of EU's Integrated Maritime Policy. The "Blue Book" puts forward an extensive action plan on a wide range of issues and our experts have been actively involved in the work with the European Commission. The EEA - EFTA States support the comprehensive integrated approach proposed by the European Commission. However, the strategy may create challenges in the EEA context, if it results in legislation only partly covered by the EEA Agreement.

Let me now turn to one important area, where we see increased co-operation between us. That is in the field of Gender Equality. The EEA - EFTA States are currently negotiating membership in the Gender Equality Institute. The outstanding issue there, is EEA - EFTA participation in the Institute's Management Board, but only 2/3 of EU Member States are represented there each time, with the seats rotating between the countries. The EEA - EFTA States are eager to participate in this Institute and to have observer status in the Management Board, in line with the principle established in the context of our participation in different EU Agencies. Perhaps the observer status could rotate between the EEA - EFTA States in the same manner as it does for EU Member States, so that 2/3 of the EEA - EFTA countries would be represented in the Management Board at each given time.

Gender issues are very high on the agenda of our States, so we feel that we have a lot to offer in this respect and hope to come to a solution on the matter in the not too distant future.

Finally, Mr Chairman, this term we have enjoyed good co-operation with the Portuguese Presidency, and would like to thank them for facilitating our participation in informal Ministerial meetings and political dialogues. We look forward to continuing this during the incoming Slovenian Presidency.

Thank you

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

Dear Colleagues,

As other speakers before me have mentioned, quite a few issues that have been on the agenda of the EEA Joint Committee for a long time were resolved definitely in the last few weeks.

As energy and climate change is on the agenda under the next point, let me just express my particular satisfaction that we were able to incorporate the Directive on greenhouse gas emission trading scheme.

One issue that is of considerable importance to us is the new Directive on the Free Movement of Persons. Although we would have liked a solution that takes better care of the specificity of the European Economic Area, especially when third country nationals are concerned, we can accept the outlined compromise and very much hope that the last drafting issues can be resolved in time before the next EEA Joint Committee meeting.

It seems that new major legislative acts to be incorporated soon, like REACH, are also well under way, so that the EEA agendas in the near future shouldn't become too long.

There are, however, questions of political importance that need to be discussed in a not too distant future. Let me first mention the EU's Reform Treaty. I would like to congratulate the Portuguese Presidency for the efficient conclusion of the negotiations. Although this Reform Treaty is, of course, mainly an internal EU matter, it will have an effect also on the EEA co-operation, not least because you undergo institutional changes on the EU side. It will be important to assess these effects on the European Economic Area altogether.

Another issue to be discussed next year is if, and if yes how, the EEA EFTA States' contributions to the cohesion policy should be continued. The mistake of the past should not be repeated when the inclusion of Bulgaria and Romania in the Financial Mechanism was dealt with directly in a formal negotiation meeting. Therefore, informal contacts on this matter should be held already during the first quarter of next year.

Let me conclude by thanking the Icelandic and Portuguese Presidencies, as well as the European Commission for good co-operation of the last few months. Much could be achieved. I would also particularly like to mention the possibilities for the EEA - EFTA Ministers to participate in interesting meetings under the Portuguese Presidency.

Thank you.



**Intervention of Mr. LOBO ANTUNES, on behalf of the European Union:**

Dear Colleagues,

First of all, I would like to take this opportunity to emphasise, once again, the importance of the meetings of the EEA Council, which give us an opportunity to carry out a regular evaluation of the application of such an important instrument, as is the European Economic Area Agreement, and to hold a useful exchange of views on the various aspects of it.

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 and that all the Institutions created within the framework of the European Economic Area Agreement are well functioning. We are nevertheless prepared to continuously develop and deepen such co-operation even further.

Allow me in particular to express our happiness and satisfaction for the fact that after considerable efforts, we have managed to include Bulgaria and Romania as Contracting Parties to the European Economic Area Agreement. It is a real privilege for the Portuguese Presidency-in-office of the European Union that the new EEA Enlargement Agreement was signed on 25 July 2007 and, pending the national ratifications from the Contracting Parties to it, provisionally applies as from 1 August 2007.

With its further enlargement, the European Economic Area will appear as an unprecedented economic integration entity of 500 million people with its 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. This also demonstrates the human dimension of Europe and that we work for the people.

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, Audiovisual and Statistics.

The EEA - EFTA States will continue to participate in the decision shaping of the Internal Market of the enlarged European Union, through information and consultation procedures.

We do appreciate that the EEA - EFTA States, in particular Norway, have also undertaken the commitment to adapt their existing financial participation in social and economic cohesion of the enlarged European Union, taking also the two new Member States onboard and confirming that the European Economic Area Agreement is also an instrument of solidarity, prosperity and stability.

Hence, we do welcome the signing of the Memoranda of Understanding with Bulgaria and Romania for the implementation of the EEA Financial Mechanism and of the Memoranda of Understanding for the implementation of the Norwegian co-operation Programmes with Bulgaria and Romania.

On the various topics listed in item 5 of the Agenda, I should also like to give the floor to the European Commission which, as you know, has the main responsibility for the day-to-day operation of our Agreement.

Thank you very much

**Intervention of Mr. SEATTER, on behalf of the European Commission:**

Madam President,

Since 1 August 2007, Bulgaria and Romania have not just been part of the European Union but also of the European Economic Area. This deserves a word of sincere mutual congratulation, even if the two countries were only able to join the European Economic Area with a regrettable delay. I do not wish to recall the difficult negotiations that we went through, but only repeat that at the end of the EEA enlargement process, we managed to find a good and well-balanced enlargement agreement, notably ensuring equal treatment for Bulgaria and Romania in terms of financial contributions from the EEA - EFTA States.

Nonetheless, the delays in the EEA enlargement negotiations caused a disruption to our decision-making process. Therefore, at the last meeting of the EEA Council, the European Commission had to make an exceptionally gloomy assessment of the functioning of the European Economic Area Agreement.

Fortunately we managed to conclude the EEA enlargement negotiations in time for the EEA Joint Committee to resume its normal work on 27 April 2007, but at the May EEA Council, we were still left with a considerable back-log of new legislation to be incorporated into the European Economic Area Agreement.

We were therefore unable to use the standard Commission reporting language and say that the European Economic Area Agreement had functioned well and that the homogeneity of the Internal Market had been appropriately safeguarded.

Fortunately, this highly regrettable situation was rapidly reversed. The main reason that this was possible was that both the EU side and the EEA - EFTA side had continued to process new legislation up to the point of adoption during the period when the decision-making process was frozen.

As you will have seen from the Progress Report, the EEA Joint Committee has adopted 101 Decisions incorporating 290 legal acts into the European Economic Area Agreement since the last meeting of the EEA Council in May 2007. If we add the 45 Decisions, which the EEA Joint Committee adopted in April 2007 and which incorporated 70 new legal acts into the Agreement, we get a total number of 146 Decisions, incorporating 360 new legal acts into the EEA Agreement to date in 2007.

This means that not only have we eliminated the back-log, but for 2007, we are already now well above what we would normally consider to be a satisfactory level of extension of new Community legislation to the European Economic Area.

Consequently, Madam President, it gives me great pleasure once again to report to the EEA Council that the European Economic Area Agreement has returned to its good functioning and that the homogeneity of the Internal Market is back to being safe and sound.

I would like to single out the most prominent achievements of the EEA Joint Committee over the last period, during which we have managed to find solutions or almost reach agreement with respect to three of the main issues on the EEA agenda, namely horizontal food law, green-house gas emissions trading and free movement of persons.

The EEA Joint Committee finally managed to adopt the so-called food law package on 26 October 2007. The most important elements of this package were:

- the introduction of the concept of horizontal food law also into the European Economic Area Agreement;
- opening up for EEA - EFTA participation in the Food Safety Authority (EFSA), and last but certainly not least,
- the fundamental reform of Iceland's application of veterinary acquis through the European Economic Area Agreement.

It has been a long and complicated process to put the food law package together, but I think we can agree that it has been worth the effort and that we now have a solid base on which to build in the food law area.

Also on 26 October 2007, Directive 87/2003 on the Greenhouse Gas Emission Trading Scheme was incorporated into the European Economic Area Agreement after long and difficult negotiations. This is a major step forward, also in terms of having a united front in international contexts. I hope that all implementation procedures can be finalised in time for the Emissions Trading Scheme to be applied throughout the European Economic Area as from 1 January 2008, constituting a central element in our policy on lowering emissions at least cost to the economy, and also in this area, I look forward to a close co-operation with our sister-organisation, the EFTA Surveillance Authority (ESA).

Finally, we have made substantial progress on the one serious issue, which remains on our agenda, namely the incorporation of Directive 38/2004 concerning free movement of persons. As you know, we had to formally initiate the dispute settlement procedure of the European Economic Area Agreement last year, since we saw the delay in the incorporation of this Directive as a serious challenge to one of the core pillars of the European Economic Area Agreement and thus to the Internal Market. I understand, however, that major progress has been made and that the final issues are very close to being resolved.

Furthermore, the Commission services continue to value the 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 Growth and Jobs Strategy. It is important to signal to the outside world our common policy approach and 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, Madam President, our co-operation within the European Economic Area Agreement has once again become solid, constructive and progressive.

Thank you very much

## 6. **ORIENTATION DEBATE: ENERGY AND CLIMATE CHANGE**

### **Intervention of Ms. GÍSLADÓTTIR, on behalf of the EEA - EFTA States:**

Dear Colleagues,

Again we have energy and climate change on our agenda for the orientation debate. This continues to be a highly topical issue, and interlinks global challenges, with the Emissions Trading Scheme becoming a part of the European Economic Area and the Bali Conference coming up in a couple of weeks. I would like to start by giving the floor to you Mr co-chair to hear about the most recent developments on the EU side.

Thank you.

### **Intervention of Mr. LOBO ANTUNES, on behalf of the European Union:**

Dear Colleagues,

The European Union considers energy and climate change to be two of the most pressing challenges of our time. Challenges, however, that can only be tackled effectively at global level.

At its Spring meeting this year, our leaders decided to take on strong commitments, in order to send a clear signal to the international community about our resolve in the fight against climate change and to kick-start the negotiations on a post-2012 agreement.

In this context, the European Union believes that it is high time to start considering the steps to be taken after 2012 and how to achieve a global approach with broad participation of countries. We believe that a continued and deepened mutual dialogue will help in shaping the preparations for the post-2012 negotiations. I think we all agree that these negotiations should be launched at the Bali Climate Conference at the end of this year. In addition, we need to agree in *Bali* on the building blocks for such a post-2012 agreement, on an end date for the negotiations and on a process to take that forward.

One of the core elements of the current Kyoto regime and of any post-2012 agreement will be the continuity of the carbon markets. In this context, the European Union Emissions Trading Scheme is a key instrument in reducing emissions from energy-intensive industries and will contribute towards deploying the necessary low-carbon technologies. The European Union is happy that the European Union Emissions Trading Scheme could eventually be linked with emission trading schemes in Norway, Iceland and Liechtenstein and we hope for a swift approval of your national allocation plans by the EFTA Surveillance Authority. This will send a powerful signal to both the markets and the rest of the world. It will ultimately also provide the incentive for others to join in and consequently to achieve a truly global carbon market.

The transport sector is a sector in the economy of the European Union, where emissions have been growing significantly in the last years and this growth is likely to offset the positive evolution in other sectors. Therefore, with the Commission's proposed inclusion of aviation in the European Union Emissions 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 last month. We hope that this will promote the understanding on the technical issues related to tackling these emissions and that it will help to unblock the stalled international process in the framework of the United Nations Climate Convention, since progress in the framework of ICAO and IMO has been slow, not to say disappointing.

Lastly, we should always bear in mind the link between climate change and security as a threat multiplier, which further exacerbates existing tensions and instability. The consequences of climate change will obviously vary in their impact in time, incidence and geographical extent. Nevertheless, a "business as usual" approach to reducing greenhouse gas emissions would imply a warming of the planet by 2 - 7°C compared to pre-industrial levels by the end of this century. Without more intensified mitigation efforts, a range of "tipping points" could be crossed leading to further warming and largely unpredictable consequences for key systems. In this context, the High Representative and the Commission will be submitting a Report to our leaders in Spring 2008 about the links between climate change and international security.

Concerning energy, barely a few days before the Bali Climate Conference and the start of negotiations for a post-2012 agreement, we cannot but reaffirm that climate change and energy policies have to be integrated.

My second observation would be to recall that four months ago, on 1st July 2007, the full opening of the gas and electricity market occurred. This triggered a lot of expectations regarding future market developments, improved competition and adequate investment, notably cross-border. However, most market participants would agree that the current functioning of the market has to be improved if these expectations are to be met.

My third observation is linked to the third pillar of our energy policies, namely security of supply. The strain on the energy supply system, be it in terms of spare capacity for power generation or external oil supply, is increasing as witnessed by the evolution of energy prices.

These issues are obviously linked: A more efficient energy system would globally improve the supply-demand balance and mitigate the raising external dependence of the European Union.

In order to improve the functioning of the energy market, the legislative package we are currently discussing is focussing on two elements:

- how to ensure effective separation of supply and production activities from network operations, and
- how to enhance the powers and independence of national regulators

On the first element, our point of departure was to note that the current unbundling model (legal and functional) did not deliver enough in terms of transparency, and therefore fair competition, nor of investment level.



The proposals therefore include two options to achieve the effective separation of supply/generation and the transmission activities. The first option would have the undertaking engaged in supply/generation divesting from transmission assets, while the second option would ensure that the owner of the transmission system would be completely separated from its management and from investment decisions. The key point is to ensure that there is no conflict of interest regarding investment between the supply/generation and the transmission activities.

Some comments were made on the impact of certain provisions limiting the control of transmission operators in Europe by foreign or foreign-controlled undertakings. I think that some clarification is in order. These clauses do not aim to discriminate against companies from third countries; they only aim to guarantee that they respect the same rules that apply to EU undertakings, which include not only energy legislation but also legislation on investment protection, competition, etc.. This should not be a concern for the EEA members.

On the second element, I think that we will agree that there is no point in having a comprehensive legislation in place across the European Union and the European Economic Area space, if it is not implemented in a consistent and uniform way; this is the basic objective of the various provisions to expand, enhance and harmonise the powers of national regulators, through a more coherent definition of their tasks and the establishment of a regulatory Agency as a co-operation platform. This should prove particularly useful in order to ensure better consistency between national investment plans and to decide on the regulatory regime for cross-border infrastructure.

I should also like to remind you that we pursue the extension of this common regulatory framework beyond the European Union and the European Economic Area borders, through the envisaged enlargement of the Energy Community, notably to Norway.

Negotiating this 3rd energy market package may take until 2009, with its implementation starting even later. In the meantime, and largely within the existing regulatory framework, we can significantly advance energy efficiency, internally and with key partners. Firm commitments have been taken on the occasion of enlarged G8, with countries like China, India or Brazil, which are both large energy users and major greenhouse gases emitters.

Joint efforts should therefore be pursued to establish a *Platform for Co-operation in Energy Efficiency* with differentiated commitments and support mechanisms, preferably under the umbrella of the IEA, given its already extensive engagement in G8 initiatives and its successful outreach programme towards China and India. We should take advantage of China/India/Brazil industrial potential to develop low cost, energy-efficient goods (cars, electricity-using domestic appliances, etc.); it is therefore urgent to develop standards for energy-efficient tradable goods.

Last but not least, we have to acknowledge the importance of technology development if we want to achieve the transition towards low-carbon energy systems. This will take time, it is thus important to speed up the deployment of "bridging" technologies such as carbon capture and storage (CCS) on which our cooperation can certainly be intensified.

We would welcome your views on these topics.

Thank you very much.

**Intervention of Mr. SEATTER, on behalf of the European Commission:**

Madam President,

In March this year, the European Council formally endorsed an ambitious energy and climate change policy. This is based on common targets - to reduce greenhouse gas emissions, to increase the use of renewable energy and to increase energy efficiency. It will be implemented through a common Action Plan, leading in particular to an integrated European energy market, which is naturally of relevance to our co-operation in the European Economic Area.

We had the opportunity to have an in-depth orientation debate at the last EEA Council on the March European Council Conclusions, which we then described as the “end of the beginning”, in the sense that naturally there would have to be a follow-up to these European Council Conclusions. This follow-up process has taken off quickly and, at the same time, we are rapidly approaching the UN Climate Change Conference in *Bali*, which begins less than two weeks from today.

First, let me briefly describe what the European Commission has done as follow-up to the March European Council Conclusions and then I will add some remarks concerning the *Bali Conference*.

On 19 September this year, the European Commission presented the third legislative package concerning the Internal Market for Gas and Electricity Energy. The objective is to reach agreement on an ambitious package of liberalisation proposals in order to implement the new EU energy policy, notably creating the right conditions for an open and competitive energy market with multiple benefits like lower prices for consumers.

The Commission proposals are currently being discussed with Member States, and it is no secret that some elements are quite controversial. We believe that our proposals, challenging though they may be, constitute a key element in the EU's efforts to tackle global competitiveness, enhanced energy security and climate change.

Of course, I cannot pre-empt the outcome of our discussions internally in the European Union. But when the time comes, we shall be looking forward also to discussing the Internal Market-relevant elements within the EEA structures.

On the key issue of renewable energy, the European Commission proposes a new Directive, along with proposals on green house gas reduction and the emissions trading scheme.

A new Directive would cover all three renewable energy sectors, include national targets, measures for removing administrative barriers and a bio-fuel sustainability regime. The national targets would be developed simultaneously with the greenhouse gas and emissions trading targets, so that the targets and instruments complement each other.

I should also mention that the European Commission is preparing a *Strategic Energy Technology Plan* and new proposals to promote carbon capture and storage; an issue that I know to be of particular interest to Norway.

Furthermore, our *Energy Efficiency Action Plan* now contains over 75 actions contributing to reaching our objective to reduce the anticipated energy demand in 2020 by 20%.

I would like to further mention two examples of why our co-operation within the European Economic Area is very important.

Firstly, in addition to its core objectives, the Internal Energy Market also has a dimension of wider regional solidarity. We have already seen how it has contributed to the setting up of the Energy Community in south-east Europe. Several countries are interested in joining the Energy Community, including Norway.

Secondly, achieving a real energy single market is far from simple. We therefore welcome and encourage the incorporation of relevant energy acquis into the European Economic Area Agreement. The European Commission also values the participation of the EEA - EFTA States in various Community energy actions and programmes.

We certainly look forward to continuing to face our common challenges and objectives together, either within the framework of the European Economic Area on Internal Market issues or bilaterally, as appropriate.

Now, with your permission, Madam President, I should like to set out the key elements of what we hope and expect from the Bali Conference on Climate Change, trusting that we will share common objectives and policies.

The European Union has set out its vision and wishes concerning the building blocks of such agreement:

1. The level of ambition for a post-2012 climate change agreement, either in the form of an agreement on the 2°C objective or on the target to reduce global greenhouse gas emissions by at least 50% by 2050, compared to 1990 levels;
2. Absolute emission reduction commitments for developed countries should continue to be at the heart of a post-2012 regime as a key driver of an international carbon market, and new and flexible types of contributions from other (developing) countries are required;
3. A post-2012 agreement should be underpinned by a strengthened global carbon market, which will provide cost-effective emission reductions for developed countries and incentives for the development and deployment of clean technology in developing countries.

In addition to these elements, the building blocks for a post-2012 agreement should also include:

- 1) the development, deployment and transfer of the necessary technology to reduce emissions;
- 2) appropriate adaptation measures to deal with the effects of climate change;
- 3) actions to address deforestation; and finally
- 4) an agreement to also address emissions from international aviation and maritime transportation.

I would like to thank you for your support and constructive co-operation in working for a successful outcome of the Bali Conference. I am pleased to note that some progress has been made, and that countries like Canada, Japan and the USA have begun to move. This could be noticed at the recent High Level meeting in New York under the auspices of the UN Secretary General.

I hope we can build upon this progress, and that we can, with our mutual efforts, achieve a satisfactory result in Bali.

Thank you

**Intervention of Ms. GÍSLADÓTTIR, on behalf of the EEA - EFTA States:**

Dear Colleagues,

Thank you for your interesting report. The European Union is in the forefront of these important issues and we look forward to continued co-operation, both within the framework of the European Economic Area and more globally within the United Nations.

Like the European Union, the EEA - EFTA States have ambitions to play a leading role in meeting these challenges. We follow with interest the development of a common EU energy and climate change policy, which in many ways coincides with the approach of our Member States.

We are committed to work together with the European Union towards the goal of more sustainable and secure energy and look forward to the discussions on the third and fourth energy packages.

Ensuring secure, affordable energy and tackling climate change are interlinked global challenges. We therefore need to approach these issues in a global and integrated manner. In a couple of weeks, we will meet again at the UN Conference in Bali. We reiterate our commitment towards a more ambitious and global climate regime after 2012. And with this, I will give the floor to my colleagues from the EEA - EFTA States.

Thank you

**Intervention of Ms. WALAAS, on behalf of the of the Kingdom of NORWAY:**

Dear Colleagues, Madam Chair,

Since the last meeting of the EEA Council, it has become increasingly clear for all of us that climate change poses far greater risks than we earlier assumed, that they accelerate in time, that we have only a few years to halt the development and that we must find new mechanisms rapidly to include all major countries in a binding agreement on reduction in emissions of greenhouse gases. The UN Climate Conference in Bali in December will be essential in setting a new course for the international co-operation on climate change. There is an urgent need for new negotiations on a comprehensive and ambitious post 2012 framework to address climate change, and that includes all major emitters. The Bali Conference should launch a process to be concluded by 2009.

The mandate for negotiations should be comprehensive and include elements such as mitigation commitments, technology and financial support. Emission reductions related to international sea and air transport, reduced deforestation in developing countries and technologies such as carbon capture and storage should be part of the solution. Norway is ready to work closely with the European Union.

Norway has for its part put forward and is implementing a number of proposals and decisions to combat climate change. We are stepping up research activities in the Arctic region. The Arctic Council has already commissioned the report on Arctic Climate Impact Assessment. We will now concentrate on a project regarding withdrawal of the polar ice, melting of the Greenland ice and reduction of the permafrost. This will provide us with significant new knowledge in a range of fields.



In our support to the new EU Member States, we are focusing more on projects related to climate change. The EEA and the Norwegian Financial Mechanisms are important tools for financing environmental interventions and projects. Out of the 420 million Euro committed so far in total through the Mechanisms, roughly 30% is allocated to projects focusing on the protection of the environment. A large part of this support is committed to projects aimed at reduction of emission of greenhouse gases, development of alternative energy and energy efficiency. We expect this figure to grow, as more funds will be made available next year through open calls.

We are also in the process of linking up our national ETS on Greenhouse Gas Emissions with the EU system.

Chair,

In a world where energy demand may increase by more than 50 per cent by 2030, securing energy supply is a major challenge. Fossil fuels will, according to estimates/predictions in numerous recent reports, have the same relative importance in the energy mix in the years to come, as they have today – approximately 80 per cent.

As a major oil and gas producer, Norway feels a particular responsibility when it comes to climate change and CO<sub>2</sub> emissions. Our ambition is to be a leader in safeguarding the environment, by contributing to sustainable supply and use of fossil fuels.

An overriding challenge is to ensure the most environmentally friendly production and use of fossil fuels, and at the same time pave the way for renewable energy to cover a growing and noticeable share of the energy mix.

Increased production from renewable energy is a key strategy also in Norwegian policy, even though 50% of our energy mix is renewable. We share the visions and targets that are outlined in the EU Renewables Directive.

Norway has just established a new “Energy Fund” on 10 billion kroner. The returns from the fund will be invested in district heating systems, based on bio energy from wood chips and waste. Also small scale hydro electric power plants will be given priority. Offshore wind in deep waters is a long term priority.

We look forward to the new EU policy package on renewable energy that is now being designed. We are ready to co-operate and work actively to achieve the ambitious and long-term targets that will be set there.

Development of Carbon Capture and Storage (CCS) technologies are crucial to achieving our climate goals.

Norway has extensive experience in storing CO<sub>2</sub> in geological structures. Since 1996, one million tonnes of CO<sub>2</sub> per year have been separated from the gas production on the *Sleipner field* in the North Sea for storage in a geological formation 1,000 metres below the seabed. This is the first facility in the world where large quantities of CO<sub>2</sub> are stored in a geological formation under the seabed. Multinational research projects supported by the European Union have collected relevant data in the storage site in the North Sea and developed and demonstrated prediction methods for the movement of the CO<sub>2</sub> for many years into the future. The data confirms that the CO<sub>2</sub> is confined securely within the storage reservoir.

Presently, there is no market for Carbon Capture and Storage (CCS) solutions. The costs of such projects are much too high compared to other possible carbon abatement measures, such as the EU Emissions Trading Scheme. Norway therefore aims to assist in creating a functioning market for CCS technologies across Europe and globally. To this end, three Carbon Capture and Storage (CCS) projects are currently being planned in Norway and will be put into operation in the period 2010 to 2014.

Due to the novelty and present high cost of constructing and operating Carbon Capture and Storage (CCS) facilities, the Norwegian Government has decided to contribute financially to realise the mentioned Carbon Capture and Storage (CCS) projects in Norway. Our purpose in doing so is to jump-start a Carbon Capture and Storage (CCS) technology development that should gain Carbon Capture and Storage (CCS) plants, not only in Norway, but in Europe and globally as well.

In this respect, we recognise that state participation must be compatible with the state aid rules of the EC Treaty and the European Economic Area Agreement.

Norway has notified the plans for *Mongstad Test Centre* to the EFTA Surveillance Authority (ESA), and we are now in a close dialogue on necessary documentation for the Authority to deal with the issue as soon as possible. The decisions regarding investment in the Test Centre should be taken early in 2008, in order for us to proceed according to present plans. We believe that developing Carbon Capture and Storage (CCS) technologies and implementing full scale capture techniques is an urgent matter. We therefore hope that all efforts are being made to ensure that the present time schedule can be kept.

Norway is familiar with the plans of the European Commission to publish a number of CCS-documents later this winter. We very much appreciate the work aiming at establishing a legal framework and mechanisms to facilitate the deployment of Carbon Capture and Storage (CCS) within the European Union.

In addition, new guidelines for state aid in relation to environmental projects are scheduled to be presented soon. Norway therefore recommends that the draft guidelines acknowledge the possible need for state aid for Carbon Capture and Storage (CCS) as, among others, being assessed under the Treaty as important projects of common European interest.

It is, however, also a fact that the state aid rules of the Treaty and the European Economic Area Agreement have never been applied to Carbon Capture and Storage (CCS) projects. As Norway is the first to plan and start developing its Carbon Capture and Storage (CCS) plants, our projects will also be pilots in the application of the these state aid rules. Thus, for Norway, it is essential that the need for substantial financial contributions by the State at this early stage be reflected within the forthcoming EU CCS policy document and the proposal for a new Directive.

Thank you

**Intervention of Ms. GÍSLADÓTTIR, on behalf of ICELAND:**

Dear Colleagues,

I would like to join my colleagues in reiterating how important it is to tackle the global challenges we face regarding climate change and energy. The provision of reliable, affordable and clean energy services is critically important for achieving the Millennium Development Goals and sustainable development, in general. Energy consumption will increase drastically in the near future and it is important to set up the means to meet this expected rise in demand.

Globally, we will in all likelihood have to continue to rely on a carbon-based economy for some time to come. But over the long term, we will have to reduce our dependency on fossil energy and substantially expand the share of renewables in world energy demand. This could prove the most effective way of advancing the transition to a global energy system for sustainable development. But we need to act now and as there is no single “one-size fits-all” solution, we need to be open to other options.

Iceland welcomes the work carried out by the European Commission in this field and the new Energy Policy for Europe.

The energy situation in Iceland is quite unique. Iceland’s geographical peculiarities have endowed the country with an abundant supply of geothermal resources and hydropower. Iceland has focused on harnessing its local renewable energy resources. With the latest additions of hydro- and geothermal power plants, around 73% of Iceland’s energy consumption derives from renewable resources. Basically, all electricity and house heating needs in Iceland are met by renewable energy; hydropower and geothermal energy.

The Icelandic government aims to do even better and our long term goal is to become a self-sufficient energy provider for all our energy needs by using our own renewable energy resources. Iceland is presently developing a new break-through technique, that is based on so-called “deep-drilling” technology. This entails drilling down to 5-6 kilometres depth, close to magmatic intrusions, where scientists literally try to capture the energy in molten lava deep in the earth's crust. This technology opens up unique, new possibilities and may enable Iceland to produce vastly greater amounts of power from existing fields than before. An added bonus is the fact that one doesn't need volcanic zones to be able to use the deep-drilling techniques for production of geothermal power. At present, Icelandic companies are starting to use these possibilities in the southern part of Germany to produce green electricity.

The Government has manifested policy to have developed alternative fuels at the middle of the century. Hydrogen technology is, for example, one option we are seriously pursuing with partners on both sides of the Atlantic for using local renewable energy resources to produce a pollution free energy carrier for vehicles and ships.

In Iceland, fossil fuels are now mainly used for land and marine transportation. The three biggest emitting sectors in Iceland are the transport sector, fishing fleet and industrial processes.

Iceland has set itself a long-term aspirational goal of reducing greenhouse gas emissions by 50-75% by 2050. This would mostly be obtained by further replacing fossil fuels with renewable energy. The system of taxation of cars is currently under review with that same goal in mind and we are now also considering specially the biggest user of fossil fuel in Iceland; the fishing fleet, and looking for innovation ways to replace oil with hydrogen or other sources of fuel. For various reasons, it is, however, difficult to limit the emissions rapidly, mainly since we have already reached a high proportion of renewable energy use.

The Fourth Assessment Report released this year by the Intergovernmental Panel on Climate Change clearly demonstrates the urgency of reducing global emissions of greenhouse gases. The United Nations Climate Change Conference in Bali is an opportunity that should not be missed to set a timetable for a global post agreement, to be in force by the end of 2012. The focus should be set on reaching an agreement at the 15<sup>th</sup> Climate Change Conference to be held in Copenhagen in 2009.

I believe renewable energy will create new opportunities for cooperation among all countries. This was recognized at the Bonn conference on Renewable Energy in 2004. The conference estimated that up to one billion people could be given access to energy services from known renewable sources in a sustainable way. The basic technologies that would enable us to attain that goal are already at hand. What is needed is an enabling policy framework and leadership, where Europe can play an important role.

In Europe, the Nordic countries already play an important role in promoting the use of renewable energy and they are important leaders in this field. The reason is mainly that in the Nordic countries the share of renewable energy in the energy mix is larger than in most other countries.

We should stimulate the competitiveness of renewable energy supplies in the market-place. This would include factoring in the costs and benefits to the ecosystem as a whole of the different resource options, as suggested in the Millennium Ecosystem Assessment. International Financial Institutions should be encouraged to raise the profile of renewables in their lending strategies and we should strive for better coordination on the issue of renewables among the various international bodies.

Iceland follows with interest the economic incentives the EU is considering to reduce emissions of CO<sub>2</sub>, for example in transport, although these fall, of course, outside the scope of the EEA Agreement. As I stated before, we are considering similar action in Iceland, in order to reduce emissions of greenhouse gasses, and are therefore very interested to see how your measures play out.

Thank you

7. **ADOPTION OF THE CONCLUSIONS OF THE 28<sup>th</sup> MEETING OF THE EEA COUNCIL**

The EEA Council adopted its Conclusions as set out in EEE 1607/07.

8. **OTHER BUSINESS**

The EEA Council noted that there had been a debate on *Kosovo*, on the *Middle East*, and on *Sudan/Darfur* (*Chad* and on the *Central African Republic*), within the framework of the Political Dialogue.

**Intervention of Ms. GÍSLADÓTTIR, on behalf of the EEA - EFTA States:**

Thank you again, and if there is no other business, I would then like to thank you for your interesting contributions and hereby declare this meeting closed.

**Intervention of Mr. LOBO ANTUNES, on behalf of the European Union:**

We do share your satisfaction at the end of this 28<sup>th</sup> meeting of our EEA Council and we wish to warmly thank all of you from the EEA - EFTA States, the EFTA Secretariat, the EFTA Surveillance Authority and the Member States of the European Union for your participation in this meeting.

**Intervention of Ms. GÍSLADÓTTIR, on behalf of the EEA - EFTA States:**

The meeting is closed.

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**Twenty eighth meeting of the**  
**EEA COUNCIL**

**(Brussels, 20 November 2007)**

**List of Delegations**

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

**THE REPUBLIC OF ICELAND**

H.E. Ingibörg Sólrún GÍSLADÓTTIR	Minister for Foreign Affairs of Iceland
H.E. Stefán Haukur JÓHANNESSON	Ambassador, Head of the Icelandic Mission to the European Union
Mr. Martin EYJÓLFSSON	Director General, External Trade Department, Ministry for Foreign Affairs of Iceland
Mr. Högni S. KRISTJÁNSSON	Minister Counsellor, Deputy Head of the Icelandic Mission to the European Union
Ms. Bryndís KJARTANSDÓTTIR	Minister Counsellor
Ms. Ragnheiður Elfa ÞORSTEINSDÓTTIR	Counsellor, Icelandic Mission to the European Union
Ms. Erna S. HALLGRÍMSDÓTTIR	First Secretary, Icelandic Mission to European Union
Ms. Krístrún HEIMISDÓTTIR	Political Adviser, Ministry for Foreign Affairs of Iceland

## **THE PRINCIPALITY OF LIECHTENSTEIN**

H.E. Rita KIEBER - BECK	Minister for Foreign Affairs of Liechtenstein
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. Elisabeth WALAAS	State Secretary, Ministry for Foreign Affairs of Norway
H.E. Oda Helen SLETNES	Ambassador, Head of the Mission of Norway to the European Union
Ms. Hege M. HOFF	Assistant Director-General, Ministry for Foreign Affairs of Norway
Mr. Helge SKAARA	Deputy Head of the Mission of Norway to the European Union
Mr. Ole Bjørn RØEGGEN	Counsellor, Mission of Norway to the European Union
Ms. Agnethe DAHL	Environmental Counsellor
Ms. Marit ENGBRETSSEN	Energy Counsellor
Mr. Rune BJÅSTAD	Information Counsellor
Ms. Ingeborg DJUPVIK	Counsellor
Mr. Tor KINSVARIK	First Secretary
Ms Pia Gjesme HOLM	Advisor

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

**PRESIDENCY-IN-OFFICE OF THE EUROPEAN UNION**

**(THE PORTUGUESE REPUBLIC)**

H.E. Manuel LOBO ANTUNES

State Secretary for European Affairs, attached to the Minister for Foreign Affairs

Ms. Maria José MORAIS PIRES

Counsellor, Permanent Representation of Portugal to the European Union, Chair of the EFTA Working Party at the Council of the European Union

**THE REPUBLIC OF SLOVENIA**

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

H.E. Mitja DROBNIČ

Ambassador, Political Director at the Ministry for Foreign Affairs

H.E. Jožef DROFENIK

Ambassador, incoming Chair of the EFTA Working Party at the Council of the European Union

**EUROPEAN COMMISSION**

Mr. Alan SEATTER

Director, DG RELEX

Mr. Matthias BRINKMANN

Head of the Western Europe Unit, DG RELEX

Mr. Peter MEYER

European Economic Area (EEA) Counsellor, Western Europe Unit, DG RELEX

Mr. Lars-Olof HOLLNER

Western Europe Unit, DG RELEX

Ms. Alison LAWRENCE - MOLDERS

Western Europe Unit, DG RELEX

**COUNCIL OF THE EUROPEAN UNION - GENERAL SECRETARIAT**

Mr. Massimo PARNISARI

Head of DGE II/2 Unit,  
Multilateral Trade and non EU Western Europe  
DG E II/2, Desk Officer for non EU Western  
Europe, including European Free Trade  
Association (EFTA), European Economic Area  
(EEA), Norway, Iceland and Liechtenstein

Mr. Georgios KRITIKOS

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

#### **SECRETARIAT**

Mr. Kåre BRYN	Secretary-General of the European Free trade Association (EFTA)
Ms. Bergdís ELLERTSDÓTTIR	Deputy Secretary-General of the European Free trade Association (EFTA), Brussels,
Mr. Lars Erik NORDGAARD	Director, EEA Co-ordination Division
Ms. Ásta MAGNÚSDÓTTIR	Director, Services, Capital, Persons and Programmes Division
Mr. Gunnar SELVIK	Director, Goods Division
Ms. Hrund HAFSTEINSDOTTIR	Senior Officer, Secretary to the EFTA Standing Committee, EEA Co-ordination Unit
Mr. Marius VAHL	Officer, EEA Co-ordination Division

#### **SURVEILLANCE AUTHORITY**

Mr. Per SANDERUD	President of the EFTA Surveillance Authority
Mr. Kurt JAEGER	College Member
Mr. Kristján Andri STEFÁNSSON	College Member
Mr. Inge H. THYGESEN	Press & Information Officer

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**REPORT**

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Subject : Progress Report by the EEA Joint Committee to the 28<sup>th</sup> meeting of the EEA Council

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**The EEA Enlargement Agreement**

1. On 25 July 2007 the EEA - EFTA Member States together with the European Commission, Bulgaria and Romania signed the EEA Enlargement Agreement. This entailed Bulgaria and Romania becoming Parties to the EEA Agreement, as provided for in Article 128 of the EEA Agreement, on a provisional basis as of 1 August 2007 until all ratification procedures have been completed by all Contracting Parties.

**Decision-making**

2. Since the last EEA Council in May 2007, the EEA Joint Committee adopted 101 Decisions incorporating 290 legal acts.

**Decision-shaping**

3. According to the EEA Agreement, EEA - EFTA experts continued to contribute to the work of Commission's Working Groups and Committees. Since May 2007, three EEA - EFTA Comments have been submitted.

## **Important decision taken by the EEA Joint Committee**

4. The EEA - EFTA States were successfully included in EEA relevant EU Programmes for the period 2007 to 2013. These programmes are co-financed by the EEA - EFTA States. Their participation contributes to the strengthening of the EEA co-operation outside the four freedoms of the Internal Market and is important for promoting the objectives of the Lisbon Strategy towards a more competitive and innovative Europe.
5. The Decision on the Food Law Package was adopted by the Joint Committee in October. This introduced the concept of horizontal food law into the EEA Agreement, provided the legal basis for EEA - EFTA participation in the European Food Safety Authority (EFSA) and expanded the scope of the EEA veterinary legislation to Iceland. At the same time Liechtenstein, having adhered to the Agricultural Agreement between the EC and Switzerland, has been exempted from the provisions covering these fields in the EEA Agreement as long as the EC/Swiss Agreement is in force.
6. The Joint Committee adopted the Decision linking the EEA - EFTA States to the Greenhouse Gas Emission Trading Scheme, with the aim of participating in the Scheme as of 1 January 2008.
7. Decisions on the Directive on mutual recognition of professional qualifications and on the Regulation on roaming were also adopted.

## **Status of outstanding issues**

8. An agreement was reached on the incorporation of the Directive on right of citizens of the Union and their family members to move and reside freely within the territory of the Member States. The Directive will soon be incorporated in accordance with the provisions of the EEA Agreement.

## Financial Mechanisms

9. The Financial Mechanisms are now firmly in the stage of project implementation. A total of 22 calls for proposals in 12 out of the 13 beneficiary states have made more than 700 million euros available to applicants across Central and Southern Europe and applications for more than 320 million euros have been approved. At the end of October, the EEA - EFTA States signed Memoranda of Understanding with Bulgaria and Romania for the implementation of the EEA Financial Mechanism, and a Memorandum of Understanding for the implementation of the Norwegian co-operation programme with Bulgaria. Norway and Romania will sign their Memorandum of Understanding for the bilateral cooperation programme in early November.

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**EUROPEAN ECONOMIC AREA  
Council of the EEA**

**Brussels, 31 October 2007**

**EEE 1607/07**

## **CONCLUSIONS**

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Subject :           Conclusions of the 28<sup>th</sup> meeting of the EEA Council  
  
                          Brussels, 20 November 2007

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1.     The twenty-eighth meeting of the EEA Council took place in Brussels on 20 November 2007 under the Presidency of Ms. *Ingibjörg Sólrún Gísladóttir*, Minister for Foreign Affairs of Iceland. The meeting was attended by Ms. *Rita Kieber-Beck*, Minister for Foreign Affairs of Liechtenstein and by Ms. *Elisabeth Walaas*, State Secretary, Ministry of Foreign Affairs of Norway from the EEA - EFTA side, as well as by Mr. *Manuel Lobo Antunes*, State Secretary for European Affairs, attached to the Minister for Foreign Affairs, representing the Portuguese Presidency of the Council of the European Union, by Members of the Council of the European Union and by the Representative of the European Commission responsible for EEA Council matters, from the EU side.
2.     The EEA Council noted that within the framework of the Political Dialogue, the Ministers discussed the situation in Kosovo, in the Middle East and in Sudan/Darfur (Chad and the Central African Republic).
3.     The EEA Council welcomed the signing of the EEA Enlargement Agreement in July and its provisional application, thus including Bulgaria and Romania as Contracting Parties to the EEA Agreement. The EEA Council urged Member States to conclude the ratification procedures as soon as possible.

4. The EEA Council welcomed the Interim Report on the second cycle of the Lisbon Strategy and the participation of the EEA - EFTA States in the subsequent consultations. It looked forward to the final Strategic Report in December, setting out the next cycle of the Strategy starting in 2008.
5. The Ministers welcomed the major orientations, adopted by the European Council in March 2007. They agreed that well functioning electricity and gas markets are essential for producers and consumers in the European Energy Market and underlined the importance of continuous close co-operation between the EU and the EEA - EFTA States in the further development of legislation to this effect.
6. The Ministers expressed their appreciation regarding the progress made in the implementation of the EEA Financial Mechanism and of the Norwegian Financial Mechanism, which are now firmly in the stage of project implementation. The importance of openness, transparency, broad participation and efficiency was underlined. The Ministers noted that a total of 22 calls for proposals in 12 out of the 13 beneficiary States had made more than 700 million euros available to applicants across Central and Southern Europe. The EEA - EFTA States had approved applications for about 400 million euros. The EEA Council welcomed the signing of the Memoranda of Understanding with Bulgaria and Romania for the implementation of the EEA Financial Mechanism and of the Memoranda of Understanding for the implementation of the Norwegian co-operation Programmes with Bulgaria and Romania.
7. The EEA Council noted the Progress Report of the EEA Joint Committee.

The EEA Council in particular:

- Welcomed the successful inclusion of the EEA - EFTA States in EEA-relevant EU Programmes for the period 2007 - 2013. This participation is co-financed by the EEA - EFTA States. It also looked forward to EEA - EFTA States' active participation in the new generation of Programmes, thus promoting common interests, towards a more competitive and innovative Europe;
- Welcomed the adoption of a Decision by the EEA Joint Committee on the Food Law Package, thus formalising EEA - EFTA participation in the European Food Safety Authority (EFSA);
- Welcomed expanding the scope of the EEA veterinary legislation to Iceland;

- The Ministers welcomed the entry into force of new trade concessions in agricultural products on the basis of Article 19 of the EEA Agreement between the European Community and Iceland and the resumption of trade negotiations between the European Community and Iceland in processed agricultural products within the framework of Protocol 3 to the Agreement. They noted the on-going negotiations between the European Community and Norway on further liberalisation of trade in agricultural products on the basis of Article 19 of the EEA Agreement and the review process between the European Community and Norway within the framework of Protocol 3 to the Agreement. The EEA Council looked forward to being kept informed of progress in these fields;
- Welcomed the foreseen 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 progress made on incorporating the EU Directive on the Greenhouse Gas Emissions Trading Scheme into the EEA Agreement in order to enable participation of EEA - EFTA States' installations in the scheme for the period 2008 - 2012;
- Welcomed the ongoing consultations on the incorporation of the new EU Chemicals legislation – *REACH*, and agreed that every effort should be made to ensure EEA - EFTA participation in the new system as from 1 June 2008;
- Welcomed the implementation of the new EU Innovation Strategy, in particular the priority to establish a European Institute of Technology;
- Welcomed the publication of the Communication from the European Commission on an Integrated Maritime Policy and the close involvement of the EEA - EFTA States in its preparation;
- Welcomed the newly adopted 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 EEA - EFTA contributions to the decision-shaping process of EEA-relevant EC legislation and Programmes through i.a. participation in relevant Committees and Working Groups, and by submitting EEA - EFTA Comments.

8. The EEA Council held an orientation debate on *Energy and climate change*.
9. The EEA Council underlined the need for a long term goal of limiting the average global temperature increase to a maximum of 2 degrees Celsius compared to the pre-industrial level. Negotiations under the UN Climate Convention should be guided by this or similar goals. The EEA Council recognised the need for a more ambitious and global climate regime post-2012. The EEA Council further recognised the importance of the Parties to the UN Framework Convention on Climate Change agreeing on a comprehensive negotiating process at the UN Climate Change Conference in *Bali* in December, a process which should result in a global and comprehensive agreement by 2009. The EU and the EEA - EFTA States will work together to achieve these goals.

The EEA Council agreed that increased energy efficiency, increased use of renewable energy resources and carbon capture and storage (CCS) alongside other technologies, have the potential to provide substantial contributions to emission reductions. The world will be dependent on fossil fuels also in the future. It is therefore important to focus on the development and implementation of CCS technologies in relation to power production from fossil fuels. These technologies are currently at a stage of research and demonstration, and these activities need to have priority in order to make the technology commercially available and to prove to be a feasible means to achieve a more environmentally friendly fossil fuels future.

10. 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.
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 Slovenian Presidency for the continuation of this practice.

12. The EEA Council noted the Resolutions of the EEA Joint Parliamentary Committee adopted at its 28th meeting in *Vaduz*, Liechtenstein on 27 June 2007 on *The Annual Report on the Functioning of the EEA Agreement in 2006* and on *The EU Future Maritime Policy: Implications for the EEA*, as well as the Resolutions adopted at its 29th meeting in *Strasbourg*, France on 15 November 2007 on *Energy and Climate Change: Implications for the EEA* and on *The Open Method of Coordination and the EEA*.

The EEA Council also noted the Resolutions of the EEA Consultative Committee adopted at its 15th meeting in *Gdansk*, Poland on 16 May 2007 on *An Energy Policy for Europe* and on *The EEA and Norwegian Financial Mechanisms*.

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