EU/Iceland, Liechtenstein and Norway Agreements: Financial Mechanisms 2009-2014 and imports of certain fish and fisheries products 2009-2014

2010/0129(NLE) - 17/05/2010 - Preparatory document

PURPOSE: to conclude a Agreement between the EU, Iceland, Liechtenstein and Norway on an EEA Financial Mechanism 2009-2014, an Agreement between the EU and Norway on a Norwegian Financial Mechanism 2009-2014, an Additional Protocol to the Agreement between the EEC and Iceland concerning special provisions applicable to imports into the EU of certain fish and fisheries products 2009-2014 and an Additional Protocol to the Agreement between the EEC and Norway concerning special provisions applicable to imports into the EU of certain fish and fisheries products 2009-2014.

PROPOSED ACT: Council Decision.

LEGAL BASE: Articles 175, third paragraph for the agreements on the financial contributions to economic and social cohesion and Article 207 for the amended fisheries protocols in conjunction with Article 218(6)(a) of the Treaty on the Functioning of the EU.

BACKGROUND: since the entry into force of the Agreement on the European Economic Area (EEA) in 1994, the EEA EFTA States (now Iceland, Liechtenstein and Norway) have contributed to alleviating economic and social disparities in the EEA. These contributions have always been agreed for periods of five years.

The most recent five-year-period of financial contributions, covering 2004-2009, expired on 30 April 2009. During that period, the overall financial contribution from the EEA EFTA States was EUR 1.467 billion, allocated partly through a multilateral EEA financial mechanism to the EEA Agreement, financed by all three EEA EFTA States, and partly through a bilateral Norwegian financial mechanism, financed exclusively by Norway. The 2004-2009 financial contributions were negotiated in the context of the 2004 and 2007 EEA Enlargement Agreements. In that context, two bilateral agreements/protocols with Iceland and Norway granting certain concessions with regard to market access for fish and fisheries products were also negotiated for the same 2004-2009 period, with a revision clause, stipulating a deadline coinciding with the expiry of the 2004-2009 financial mechanisms.

Formal negotiations with Iceland, Liechtenstein and Norway on their financial contributions for the period 2009-2014 were opened on 26 September 2008. In parallel to those negotiations, but independently of them, consultations and subsequently negotiations were also launched on the basis of the revision clause of the two bilateral fish protocols with Iceland and Norway.

IMPACT ASSESSMENT: no impact assessment was carried out.

CONTENT: The agreements which have been negotiated are as follows:

- an agreement between the EU, Iceland, Liechtenstein and Norway on an EEA Financial Mechanism for the period 2009-2014;
- an agreement between the EU and Norway on a Norwegian Financial Mechanism for the period 2009-2014;

- an additional protocol concerning certain fisheries concessions for Iceland for the period 2009-2014;
- an additional protocol concerning certain fisheries concessions for Norway for the period 2009-2014.

EEA and Norwegian financial mechanism: as far as the EEA and Norwegian financial mechanisms are concerned, the result is an overall package of **EUR 1.8 billion for the period 2009-2014**, composed of a 31% increase in the EEA financial mechanism and a 22% increase in the Norwegian financial mechanism, compared to the period 2004-2009. This outcome reflects the negotiating directives agreed by the Council, which requested a substantial increase in the funds. Due to its financial crisis, it was agreed that Iceland's contribution to the EEA financial mechanism should not be increased in absolute terms.

As an element of the final package, the Commission had agreed to make, on the occasion of the signature of the agreement on the new EEA financial mechanism, the following declaration: "The **new Protocol 38b** has been established as a contribution by the EEA EFTA States to the reduction of economic and social disparities in the European Economic Area, and is without prejudice to other negotiations, including future EU cohesion negotiations".

The background to this declaration is that while the point of departure for the distribution of the funds in the EEA financial mechanism was the "cohesion key", and in order to find a viable compromise, certain transitional adjustments had to be made, resulting in the final distribution of the EEA funds.

Furthermore, implementation provisions have been agreed. The key element is that the funds will be spent by using the same "programme" method as used in the EU structural funds.

Among the priority areas for the funding are fighting climate change and protecting the environment, promoting green technologies and supporting social development and civil society.

The result of the negotiations on the **two bilateral fisheries protocols between the EU and Iceland and Norway**, respectively, for the period 2009-2014 was essentially a renewal of the previous 2004-2009 protocols with unchanged concessions for Iceland and a relatively modest increase in concessions for Norway, on the basis of which Norway will renew the fish transit arrangement, which had also expired on 30 April 2009.

As the negotiations suffered unfortunate delays and were not concluded until 18 December 2009, it was necessary for the smooth functioning of the EEA to ensure that the above agreements could enter into force on a provisional basis, pending their final conclusion.

BUDGETARY IMPLICATIONS: as above.