

## NEGOTIATING FRAMEWORK

### Principles governing the negotiations

8. The accession negotiations will be based on Article 49 of the Treaty on European Union (TEU) and, accordingly, take into account all relevant European Council conclusions, in particular the renewed consensus on enlargement agreed by the December 2006 European Council and the conclusions of the 1993 European Council in Copenhagen.
9. The negotiations will be based on Iceland's own merits and the pace will depend on Iceland's progress in meeting the requirements for membership. The Presidency or the Commission as appropriate will keep the Council fully informed so that the Council can keep the situation under regular review. The Union side, for its part, will decide in due course whether the conditions for the conclusion of negotiations have been met; this will be done on the basis of a report from the Commission confirming the fulfilment by Iceland of the requirements listed in point 18. The shared objective of the negotiations is accession. By their very nature, the negotiations are an open-ended process whose outcome cannot be guaranteed beforehand.

In the field of CFSP, the High Representative is responsible, in close liaison with the Member States, and the Commission where appropriate, for screening, making proposals in the negotiations and reporting regularly to the Council.

16. Negotiations are opened on the basis that Iceland respects and is committed to promoting the values on which the Union is founded, referred to in Article 2 TEU, namely the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.

Negotiations are also opened on the basis that Iceland meets and continues to fulfil the political criteria set by the Copenhagen European Council in 1993. The Union expects Iceland to make further progress in relation to judiciary reform and the issue of conflict of interest.

The Union and Iceland will continue their political dialogue. Progress across all membership criteria will continue to be closely monitored by the Commission, which is invited to continue to report regularly on it to the Council.

17. In the case of a serious and persistent breach in Iceland of the values on which the Union is founded, the Commission will, on its own initiative or on the request of one third of the Member States, recommend the suspension of negotiations and propose the conditions for eventual resumption. The Council will decide by qualified majority on such a recommendation, after having heard Iceland, whether to suspend the negotiations and on the conditions for their resumption. The Member States will act in the Intergovernmental Conference in accordance with the Council decision, without prejudice to the general requirement for unanimity in the Intergovernmental Conference. The European Parliament will be informed.
18. The advancement of the negotiations will be guided by Iceland's progress in preparing for accession, within a framework of economic and social convergence. This progress will be measured in particular against the following requirements:
  - the Copenhagen criteria, which set down the following requirements for membership:
    - the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
    - the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union;
    - the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union and the administrative capacity to effectively apply and implement the *acquis*.

- Iceland's commitment to good neighbourly relations and its undertaking to resolve any disputes on the delimitation of boundaries in conformity with the principle of peaceful settlement of disputes in accordance with the United Nations Charter and the United Nations Convention on the Law of the Sea.
  - the fulfilment of Iceland's obligations under the European Economic Area Agreement, taking full account, inter alia, of the European Council conclusions of 17 June 2010, the Agreement associating Iceland with the implementation, application, and development of the Schengen *acquis*, as well as Iceland's progress in addressing other areas of weakness identified in the Commission's Opinion.
19. In the period up to accession, Iceland will be required to progressively align its policies towards third countries and its positions within international organisations with the policies and positions adopted by the Union and its Member States.
  20. Iceland must accept the results of any other accession negotiations as they stand at the moment of its accession.
  21. Enlargement should strengthen the process of continuous creation and integration in which the Union and its Member States are engaged. Every effort should be made to protect the cohesion and effectiveness of the Union. In accordance with the conclusions of the European Council in December 2006, stressing the importance that the EU can maintain and deepen its own development, the pace of enlargement must take into account the Union's capacity to absorb new members, which is an important consideration in the general interest of both the Union and Iceland.
  22. Parallel to the accession negotiations, the Union will continue political and civil society dialogue with Iceland, with the aim of bringing people together and ensuring the support of citizens for the accession process.

## Substance of the negotiations

23. Accession implies the acceptance of the rights and obligations attached to the Union system and its institutional framework, known as the “*acquis*” of the Union. Iceland will have to apply this as it stands at the time of accession. Furthermore, in addition to legislative alignment, accession implies the timely and effective implementation of the *acquis*. The *acquis* is constantly evolving and includes in particular:

- the content, principles, values and political objectives of the Treaties on which the Union is founded;
- the acts adopted by the institutions pursuant to the Treaties, as well as the case law of the Court of Justice of the European Union;
- any other acts, legally binding or not, adopted within the Union framework, such as interinstitutional agreements, resolutions, statements, recommendations, guidelines;
- international agreements concluded by the Union, by the Union jointly with its Member States, and those concluded by the Member States among themselves with regard to Union activities.

This applies *mutatis mutandis* to the Treaty establishing the European Atomic Energy Community (Euratom) and any acts adopted and agreements concluded pursuant or within the framework of that treaty, to which Iceland shall also adhere.

Iceland will need to produce translations of the *acquis* into Icelandic in good time before accession, and will need to train a sufficient number of translators and interpreters required for the proper functioning of the EU institutions upon its accession.

24. The resulting rights and obligations, all of which Iceland will have to honour as a Member State, imply the termination of all existing bilateral agreements between Iceland and the Union, and of all other international agreements concluded by Iceland which are incompatible with the obligations of membership.
25. Iceland's acceptance of the rights and obligations arising from the *acquis* may necessitate specific adaptations to the *acquis* and may, exceptionally, give rise to transitional measures which must be defined during the accession negotiations. Any provisions of the European Economic Area Agreement which depart from the *acquis* cannot be considered as precedents in the accession negotiations.

Where necessary, specific adaptations to the *acquis* will be agreed on the basis of the principles, criteria and parameters inherent in that *acquis* as applied by the Member States when adopting that *acquis*, and taking into consideration the specificities of Iceland.

The Union may agree to requests from Iceland for transitional measures provided they are limited in time and scope, and accompanied by a plan with clearly defined stages for application of the *acquis*. For areas linked to the extension of the internal market, regulatory measures should be implemented quickly and transition periods should be short and few; where considerable adaptations are necessary requiring substantial effort including large financial outlays, appropriate transitional arrangements can be envisaged as part of an on-going, detailed and budgeted plan for alignment. In any case, transitional arrangements must not involve amendments to the rules or policies of the Union, disrupt their proper functioning, or lead to significant distortions of competition. In this connection, account must be taken of the interests of the Union and of Iceland. Transitional measures and specific arrangements, in particular safeguard clauses, may also be agreed in the interest of the Union, in line with the second bullet point of paragraph 23 of the European Council conclusions of 16/17 December 2004.

26. Detailed technical adaptations to the *acquis* will not need to be fixed during the accession negotiations. They will be prepared in cooperation with Iceland and adopted by the Union institutions in good time with a view to their entry into force on the date of accession.
27. Iceland will participate in economic and monetary union from accession as a Member State with a derogation and shall adopt the euro as its national currency following a Council decision to this effect on the basis of an evaluation of its fulfilment of the necessary conditions. The remaining *acquis* in this area fully applies from accession.
28. In all areas of the *acquis*, Iceland must ensure that its institutions, management capacity and administrative and judicial systems are sufficiently strengthened with a view to implementing the *acquis* effectively or, as the case may be, being able to implement it effectively in good time before accession. At the general level, this requires a well-functioning and stable public administration built on an efficient and impartial civil service, and an independent and efficient judicial system. More specifically, this will require the necessary capacity and structures for the sound management and efficient control of EU funds, in accordance with the *acquis*.

## Negotiating procedures

29. The substance of negotiations will be conducted in an Intergovernmental Conference with the participation of all Member States on the one hand and the candidate state on the other.
30. The Commission will undertake a formal process of examination of the *acquis*, called screening, in order to explain it to the Icelandic authorities, to assess the state of preparation of Iceland for opening negotiations in specific areas and to obtain preliminary indications of the issues that will most likely come up in the negotiations.
31. For the purposes of screening and the subsequent negotiations, the *acquis* will be broken down into a number of chapters, each covering a specific policy area. A list of these chapters is provided in the Annex. Any view expressed by either Iceland or the EU on a specific chapter of the negotiations will in no way prejudge the position which may be taken on other chapters. Policy areas in which particularly serious efforts are required by Iceland to align legislation with the *acquis* and to ensure its implementation and enforcement will be addressed at an early stage in the accession negotiations. Also, agreements reached in the course of negotiations on specific chapters, even partial ones, may not be considered as final until an overall agreement has been reached for all chapters.

32. Building on the Commission's Opinion on Iceland's application for membership, on subsequent Progress Reports and in particular on information obtained by the Commission during screening, the Council, acting by unanimity on a proposal by the Commission, will lay down benchmarks for the provisional closure and, where appropriate, for the opening of each chapter. In light of Iceland's state of preparedness and its fulfilment of obligations from the *acquis*, *inter alia* in the fields covered by the EEA Agreement and the Schengen *acquis*, the Union may, exceptionally, decide that benchmarks for the provisional closure of a chapter are not required. The Union will communicate such benchmarks to Iceland. Depending on the chapter, precise benchmarks will refer in particular to legislative alignment with the *acquis* and to a satisfactory track record in implementation of key elements of the *acquis* demonstrating the existence of an adequate administrative and judicial capacity. Where relevant, benchmarks will also include those requirements under the *acquis* that are mirrored by commitments under the European Economic Area Agreement. Where negotiations cover a considerable period of time, or where a chapter is revisited at a later date to incorporate new elements such as new *acquis*, the existing benchmarks may be updated.
33. Iceland will be requested to indicate its position in relation to the *acquis* and to report on its progress in meeting the benchmarks. Iceland's correct transposition and implementation of the *acquis*, including effective and efficient application through appropriate administrative and judicial structures, will determine the pace of negotiations.

34. To this end, the Commission will closely monitor Iceland's progress in all areas, making use of all available instruments, including on-site expert reviews by or on behalf of the Commission. The Commission will regularly inform the Council of Iceland's progress in any given area in the course of the negotiations, and in particular when presenting draft EU common positions. The Council will take this assessment into account when deciding on further steps relating to the negotiations on that chapter. In addition to the information the EU may require for the negotiations on each chapter and which is to be provided by Iceland to the Conference, Iceland will be required to continue to provide regularly detailed, written information on progress in the alignment with and implementation of the *acquis*, even after provisional closure of a chapter. In the case of provisionally closed chapters, the Commission may recommend the re-opening of negotiations, in particular where Iceland has failed to meet important benchmarks or to implement its commitments.

PROCEDURE FOR AND ORGANISATION OF THE NEGOTIATIONS

1. Chairmanship

In accordance with the practice in bilateral negotiations between two delegations, each led by a head, the question of electing a President of the Conference does not arise.

The practical work involved in chairing meetings will be performed by the head of the Union delegation in his capacity as head of the host delegation.

2. Frequency of meetings at ministerial level and deputy level – setting up of working parties

It is planned that there should be at least one meeting per six month period at ministerial and deputy level, on the understanding that the frequency could be adjusted if this were felt necessary.

The negotiations will remain centralised at ministerial and deputy level. The setting up of working parties should not be envisaged except to meet objective requirements of the negotiations. Any such working parties will operate under the authority of the deputies, on the basis of explicit terms of reference and in accordance with a specific timetable.

3. Venue for the meetings

Meetings will be held in Brussels, but during April, June and October ministerial meetings will be held in Luxembourg.

#### 4. Organisation

##### (a) Secretariat

Conference secretariat services will be provided, under the authority of the Secretary-General of the Council of the European Union or his representative, by a team consisting of officials of the General Secretariat of the Council and officials appointed by the delegation of Iceland.

##### (b) Operating expenses of the Conference

Each party will bear its own travel and subsistence expenses and also the salaries of staff who are put at the disposal of the Secretariat.

The operating expenses of the Conference (rents, office furniture and supplies, telecommunications, interpreting, translation, auxiliary staff recruited for the Conference, etc.) will be met by advances made by the Council of the European Union.

These expenses will be entered in the Council's budget under a special budget heading.

The General Secretariat of the Council will submit, as appropriate, an annual financial management report to the Conference on the operating expenses. These expenses will be divided among the participants in accordance with procedures to be mutually agreed.

##### (c) Preparation of meeting documents

Without prejudice to other special documents which the Secretariat might be asked to draw up, the following arrangements have been adopted on the understanding that they could, if necessary, be modified in the light of experience.

(i) Ministerial meetings

Preparation, after each meeting, of a summary of conclusions, to be finalised by the deputies on the basis of a draft produced by the Secretariat and submitted to the next ministerial meeting for formal approval.

(ii) Meetings at deputy level

- Preparation of a summary of conclusions after each meeting.
- Preparation of reports for submission to ministerial meetings, if necessary, on the basis of drafts produced by the Conference Secretariat.

(iii) Working parties

- Preparation of reports for the deputies on the basis of drafts produced by the Conference Secretariat.

**PRELIMINARY INDICATIVE LIST OF CHAPTER HEADINGS**

(Note: This list in no way prejudices the decisions to be taken at an appropriate stage in the negotiations on the order in which the subjects will be dealt with.)

1. Free movement of goods
2. Freedom of movement for workers
3. Right of establishment and freedom to provide services
4. Free movement of capital
5. Public procurement
6. Company law
7. Intellectual property law
8. Competition policy
9. Financial services
10. Information society and media
11. Agriculture and rural development
12. Food safety, veterinary and phytosanitary policy
13. Fisheries
14. Transport policy
15. Energy
16. Taxation
17. Economic and monetary policy
18. Statistics
19. Social policy and employment
20. Enterprise and industrial policy
21. Trans-European networks
22. Regional policy and coordination of structural instruments

23. Judiciary and fundamental rights
  24. Justice, freedom and security
  25. Science and research
  26. Education and culture
  27. Environment
  28. Consumer and health protection
  29. Customs union
  30. External relations
  31. Foreign, security and defence policy
  32. Financial control
  33. Financial and budgetary provisions
  34. Institutions
  35. Other issues
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