



Brussels, 23.2.2016  
COM(2016) 86 final

2016/0052 (NLE)

Proposal for a

## **COUNCIL DECISION**

**on the conclusion of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism 2014-2021, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland**

## EXPLANATORY MEMORANDUM

The Agreement on the European Economic Area (hereinafter referred to as ‘the Agreement’) allows Norway, Iceland and Liechtenstein (‘the EEA EFTA States’) to participate fully in the single market. In conjunction with this, since the entry into force of the Agreement in 1994, these three countries have also contributed to the alleviation of economic and social disparities in the EEA on the basis of Article 115 of the Agreement. In addition, Norway has contributed through a separate Norwegian financial mechanism. The most recent financial mechanisms expired on 30 April 2014.

In view of the continued need to alleviate economic and social disparities within the European Economic Area, on 7 October 2013 the Council authorised the Commission to open negotiations with Iceland, Liechtenstein and Norway on an agreement on the future financial contributions to be made by the EEA EFTA States towards improving economic and social cohesion in the European Economic Area.<sup>1</sup> Formal negotiations were opened in January 2014. In parallel, but independently of the negotiations on the financial mechanism, a review of the EU-Iceland and EU-Norway fish trade protocols was opened on the basis of the revision clause of the additional protocols to the Free Trade Agreements with Norway and Iceland.<sup>2</sup>

The negotiations were concluded at negotiators’ level with the initialling on 17 July 2015 of:

- the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism 2014-2021;
- the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021;
- the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway; and
- the Additional Protocol to the Agreement between the European Economic Community and Iceland.

The attached proposal relates to the conclusion of the EEA Financial Mechanism Agreement, the Norway Agreement, the Norway Protocol and the Iceland Protocol.

The EEA Financial Mechanism Agreement and the Norway Agreement will together provide a financial contribution of the EEA EFTA States to the economic and social cohesion in the EEA of EUR 2.8 billion for the period 2014-2021. They will also allocate a certain amount of financial resources to tackling youth unemployment. This outcome reflects the negotiating directives agreed by the Council, which refer to a) an ‘overall increase’ in the financial contribution (the overall increase is 11.3 % compared to the period 2009-2014); b) a possible new allocation to address the effects of youth unemployment; c) the application of the Cohesion Fund distribution key; d) the alignment of the new financial period with the timing of the EU Cohesion policy instrument (2014-2020); e) a reduced number of priorities compared with the previous financial period; and f) streamlined implementation provisions.

The review of the EU-Iceland and EU-Norway fish trade protocols led to new concessions being granted to both countries for the period 2014-2021. These concessions essentially constitute a renewal of the concessions that were in place for the period 2009-2014 with: a) for Iceland, a modest increase in the two tariff quotas; and b) for Norway, a modest increase

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<sup>1</sup> Document 12239/13 ADD 1 of the Council.

<sup>2</sup> OJ L 291, 09.11.2010, pp. 14 and 18.

in the concessions for some tariff lines and a renewal of the previous concessions for other tariff lines. Norway will renew the fish transit arrangement for a seven-year period, starting from date when the new concessions come into provisional application.

The Agreements and Protocols are to be applied provisionally as of the dates stipulated in their Articles, pending completion of the relevant procedures for their ratification or conclusion and entry into force.

The Commission has judged the results of the negotiations to be satisfactory and proposes that the Council adopts the attached Decision on the conclusion of the EEA Financial Mechanism Agreement, the Norway Agreement, the Norway Protocol and the Iceland Protocol after obtaining the consent of the European Parliament.

Proposal for a

## **COUNCIL DECISION**

**on the conclusion of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism 2014-2021, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 175, third subparagraph and 207, in conjunction with Article 218(6)(a) thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament,

Whereas:

- (1) There remains a need to alleviate economic and social disparities within the European Economic Area, and a new mechanism for the financial contributions of the EEA EFTA States and a new Norwegian financial mechanism should therefore be established.
- (2) On 7 October 2013, the Council authorised the Commission to open negotiations with Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an agreement on the future financial contributions of the EEA EFTA States to economic and social cohesion in the European Economic Area.
- (3) The EEA Financial Mechanism (2014-2021) and the Norway Grants (2014-2021) will contribute to achieving the overall objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth.
- (4) The Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism 2014-2021, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland were signed in Brussels on (...). The said Agreements and Protocols should be approved on behalf of the European Union,

HAS ADOPTED THIS DECISION:

*Article 1*

The Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism 2014-2021, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and the Additional Protocol to the Agreement between the European Economic Community and Iceland are hereby approved on behalf of the European Union

The text of the Agreements and the Protocols is attached to this Decision.

*Article 2*

The President of the Council shall designate the person empowered to deposit the instruments of approval on behalf of the European Union as provided for in Article 3 of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism 2014-2021, Article 11 of the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021, Article 5 of the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway and Article 4 of the Additional Protocol to the Agreement between the European Economic Community and Iceland in order to express the consent of the European Union to be bound by the Agreements and Protocols.

*Article 3*

This Decision shall enter into force on ....<sup>1</sup>

Done at Brussels,

*For the Council  
The President*

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<sup>1</sup> The date of entry into force of the Agreement will be published in the *Official Journal of the European Union* by the General Secretariat of the Council.