

## Resolution on the "Enlargement of the [European Economic Area \(EEA\)](#) - institutional and legal issues"

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(2003/C 308/07)

The Consultative Committee of the European Economic Area (EEA-CC) is composed of representatives of the key socio-economic interest groups in the eighteen EEA Member States. The Committee acts as a voice for workers, employers and organisations representing various interests in these countries and forms part of the EEA institutional set-up.

In light of the forthcoming enlargement of the EU and the attendant need to make adjustments to the Agreement on the European Economic Area, the EEA Consultative Committee issues the following resolution on the "Enlargement of the European Economic Area (EEA) - institutional and legal issues". The resolution was adopted at the 11th meeting of the EEA-CC in Brussels, on 20 March 2003. The rapporteurs were Mr Arno Metzler from the European Economic and Social Committee (EESC) and Mr Knut Arne Sanden from the EFTA Consultative Committee (EFTA CC).

### 1. PREAMBLE

1.1. The Agreement on the European Economic Area (EEA) of 2 May 1992, as amended by the [Protocol](#) of 17 March 1993 adjusting the Agreement on the European Economic Area, came into force on 1 January 1994.

1.2. The EEA's 18 Member States (Belgium, Denmark, Germany, Finland, France, Greece, UK, Ireland, Iceland, Italy, Liechtenstein, Luxembourg, the Netherlands, Norway, Austria, Portugal, Sweden and Spain) now constitute the largest coherent single market in the world. This market stretches from the Arctic to the Mediterranean and comprises some 380 million consumers.

### 2. IMPACT OF EU ENLARGEMENT ON THE EEA

2.1. On 1 May 2004, ten new Member States are expected to join the European Union, bringing the total number of Member States to 25. At the European Council in Athens on 16 April 2003, the following states are expected to sign their respective accession treaties: Estonia, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, the Czech Republic, Hungary and Cyprus, since both the European Commission and the European Parliament have indicated that they will give their agreement in the spring of 2003. The present intention is that Romania and Bulgaria will join the EU in 2007, provided they have, by then, followed the example of the current accession states in meeting the accession criteria set out at the Copenhagen European Council. The European Council in December 2004 will present a report on the reform process in Turkey, which will provide a basis for deciding to what extent accession negotiations will get underway with Turkey.

2.2. The enlargement of the EU will impact upon the agreement on the EEA since the accession states need to be included in it, in order to ensure the seamless continuation of the operation of an open, effective single market embracing not only the enlarged EU but also the whole of the EEA. The EEA-CC warmly welcomes the imminent enlargement of the EEA.

### 3. PRINCIPLES OF THE EEA AGREEMENT

3.1. The EEA Agreement extended the four basic freedoms of the EU single market, namely the free movement of goods, services, persons and capital, to three of the member states of the European Free Trade Association (EFTA) - Norway, Iceland and Liechtenstein, but excluding Switzerland. Austria, Finland and Sweden, former EFTA members, have since become members of the European Community. Citizens of all 18 EEA states therefore enjoy freedom of movement throughout the EEA

and may, subject to certain exceptions in a number of specific fields, reside, work, establish a business, invest and purchase property throughout the EEA.

3.2. The EEA EFTA states have therefore adopted all the directives, regulations and decisions required for the operation of the single market. They are also very strongly involved in the horizontal policies in fields such as research, education, the environment, culture, consumer protection, labour law and social policy.

The common agricultural policy and the common fisheries policy are not covered by the EEA Agreement; there are separate provisions in the EEA Agreement covering these fields.

Unlike the Treaty of Rome, the EEA Agreement does not lead to the establishment of a customs union. It therefore does not include provisions governing external trade policy.

3.3. A number of bodies, similar to the EU institutions in their function and working methods, have been established to implement and develop the EEA Agreement.

3.4. The EEA EFTA states contribute to the EU budget through their participation in nearly 30 EU programmes and activities. The contribution from the EFTA states, which is calculated on the basis of GDP, currently amounts to some EUR 100 million, the bulk of which is devoted to research and education programmes. Furthermore, the EFTA states have twice agreed to implement a five-year plan to provide financial support for the least-developed states and regions of the EU (comparable with the European Cohesion Fund). The current financial aid plan, which covers the period 1999 to 2003, provides project assistance totalling in excess of EUR 24 million to Greece, Portugal, and particular regions of Spain (comparable with the European Cohesion Fund).

#### 4. GENERAL REFLECTIONS AND RECOMMENDATIONS WITH REGARD TO THE ENLARGEMENT OF THE EEA

4.1. Under Article 128 of the EEA Agreement, the countries acceding to the EU have to apply to become parties to the EEA Agreement. No particular deadline is specified for such an application. In the interests of the smooth running of the extended EEA, the accession of the new EU member states to the EEA should, however, take place simultaneously with their accession to the EU. Following the receipt by the President of the EEA Council in December 2002 of applications from ten candidate states, the negotiations got under way on 9 January 2003 and should be completed by 16 April 2003 (the date on which the EU Accession Treaties are to be signed), in order to ensure that the process of ratifying the extended EEA Agreement can proceed in parallel with that of ratifying the EU Accession Treaties in the accession states.

4.2. In order to maintain the effectiveness of the EEA institutions, it will be necessary, in connection with the process of EEA enlargement for the (constitutional) debate on the shaping of comparable decision-making processes in the EU to go hand in hand with a debate on the future membership of the EEA bodies and a substantive reform of the corresponding provisions of the EEA Agreement (cf. in respect of the EEA Council: Article 89 of the EEA Agreement; in respect of the Joint Committee: Article 93 of the EEA Agreement and [Protocol 36](#) to the EEA Agreement; in respect of the Joint EEA Parliamentary Committee: Article 95 of the EEA Agreement). In the view of the EEA-CC, bearing in mind the fact that the structure of these bodies is comparable to that of the parallel institutions in the EU, the findings of the European Convention should also be applied to the EEA bodies.

In addition - and the EEA Consultative Committee already rightly referred to this matter in its resolution on Enlargement and the Future of the EEA of 26 June 2002 - in the interests of safeguarding the legal homogeneity of the single market and in the light of the changes made to the EC Treaty by the Treaties of Maastricht and Amsterdam, it has become necessary to incorporate the attendant

changes into the EEA Agreement, insofar as they affect the EEA. As regards the free movement of workers in an enlarged EEA, the EEA Consultative Committee refers to its resolution on this topic from 28 November 2001 where the free movement of workers was welcomed.

4.3. Turning to the field of fish and other marine products, compensation is sought by the EEA EFTA States in the EEA enlargement negotiations, with due regard to [Protocol 9](#) to the EEA Agreement, to make up for the loss of market access opportunities in the accession states. The current free trade agreements between the EFTA states and the accession states are based on the principle of freedom from customs duties in the area of fisheries. The negotiations on the subject, now underway, should aim for simple, comprehensible and transparent solutions.

In the view of the EEA Consultative Committee, this is a technical issue for negotiation; it appears to be a problem, which could probably be quickly solved through talks between experts as part of the new negotiations. One possibility would be to introduce a clause providing for flexible and dynamic solutions.

4.4. The negotiations on adaptation of the EEA Agreement also include agriculture and agricultural products as covered by Article 19 and Protocols 3 to the Agreement, as well as suitable compensatory measures for the trade between the EFTA states participating in the EEA and the accession countries, which for historical reasons have enjoyed preference.

4.5. In autumn 2002, the European Commission informed the three EFTA States belonging to the EEA that the adjustments to be made to the EEA Agreement would involve considerably higher contributions aimed at reducing economic and social disparities in the EU. The argument put forward is the EEA EFTA States' obligation to provide (moral) support in connection with the enlargement of the EU. A 20 to 30-fold rise in contributions is sought. Under the EEA Agreement, the EU has no legal entitlement to demand a sharp increase in the previous level of payments. It should be borne in mind that the EEA EFTA States do not receive any payments from the Cohesion Fund. Nor do they receive any payments from other solidarity funds in the event of natural or other disasters.

More than ten years have passed since the signing of the EEA Agreement in Porto on 2 May 1992; in the course of this period efforts have been made to establish, at least in the areas covered by the four freedoms of the single market, a European Economic Area which is ready and able to ensure that the same conditions as regards competition and market access prevail throughout the EEA. The EEA EFTA States have all displayed pan-European solidarity. They have also all indicated their readiness, in principle, to go along with an increase in the previous level of payments, in order to support the enlargement of the internal market.

The EEA-CC regrets that cooperation in the EEA, which was previously marked by trust and dependability, could suffer long-term damage as a result of an approach geared solely to boosting income, without granting any powers of co-determination or joint decision-making in return. The EEA Consultative Committee calls for emphasis to be placed on reciprocal benefits and opportunities when discussing increases in the levels of contribution to be paid in this field. The aim should be to strengthen the relations of the EFTA states participating in the EEA with the EU, rather than distancing them further.

4.6. In the course of the EU accession negotiations the chapters dealing with the alignment of the laws of the accession states have already been completed; because of this the accession of the new EU member states to the EEA Agreement will be basically straightforward. In the context of enlargement, account will, however, need to be taken of the transitional periods laid down pending full application of the four single market freedoms between the EU and the accession countries.

4.7. In connection with the debate on the European Convention and the White Paper on European Governance, the EU is seeking to enter into more direct communication with civil society and civil

society organisations, as well as local and regional authorities, in the context of the decision-making processes at EU level. Both the EEA and the EU have at their disposal bodies, such as the EESC and the EEA-CC, which enable the various groups making up civil society to be consulted on a one-off basis. In order to heighten public awareness in all the eighteen EEA States of the whole range of EU processes and enhance public acceptance of the decisions to be taken, it would be a good idea to improve further the public availability in the EEA of decisions in electronic form and to ensure that ordinary people throughout the EEA are involved in the implementation process at an early stage.

With a view to building a more competitive and forward-looking Europe, the European Union and the European Economic Area need to place even more emphasis on the principles of freedom, democracy and solidarity.

4.8. A new EEA Agreement should create a balanced relationship between the contracting parties and, with regard to fisheries, agriculture and financing, ensure that the principles enshrined in the existing EEA Agreement are continued in an enlarged EU.

4.9. The EEA Consultative Committee underlines the particular importance of enlarging the EU and the EEA simultaneously. The Committee looks forward to welcoming all the accession countries in the EU and the EEA on 1 May 2004.

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