



EUROPEAN  
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2024/0053 (NLE)

Proposal for a

## **COUNCIL DECISION**

**on the signing, on behalf of the European Union, and provisional application of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 - April 2028, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 - April 2028, 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**

(Text with EEA relevance)

## **EXPLANATORY MEMORANDUM**

The Agreement on the European Economic Area (hereinafter referred to as ‘the EEA Agreement’) allows Iceland, Liechtenstein and Norway (‘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 European Economic Area in accordance with Article 115 of the EEA Agreement. In addition, Norway has contributed through a separate Norwegian financial mechanism. The most recent financial mechanisms expired on 30 April 2021.<sup>1</sup>

In view of the continued need to alleviate economic and social disparities within the European Economic Area, on 20 May 2021 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>2</sup> Formal negotiations were opened on 16 June 2022. In parallel, but independently of the negotiations on the financial mechanisms, a review of the EU-Iceland and EU-Norway fish trade protocols was opened on the basis of the revision clauses of the additional protocols to the Free Trade Agreements Iceland and Norway.<sup>3</sup>

The negotiations were concluded at negotiators’ level with the initialling on 30 November 2023 of:

- the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 – April 2028 (‘the EEA Financial Mechanism Agreement’);
- the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 – April 2028 (‘the Norway Agreement’);
- the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway (‘the Norway Protocol’); and
- the Additional Protocol to the Agreement between the European Economic Community and Iceland (‘the Iceland Protocol’).

The attached proposal relates to the signature and provisional application 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 economic and social cohesion in the EEA of EUR 3.268 billion for the period May 2021 – April 2028. The outcome reflects the negotiating directives issued by the Council, which requested a) an increase in the financial contributions from the EEA EFTA States; b) the application of the EU Cohesion Fund distribution key; c) the alignment of the duration of the new financial mechanisms with the EU Cohesion policy instruments (2021-2027); d) the inclusion of green objectives among the priorities supported; and e) more efficient implementation processes for the future mechanisms.

In parallel, the bilateral fish trade protocols with Iceland and Norway have also been reviewed. New concessions are granted for the period May 2021 - April 2028. The concessions are built on the previous protocols for the 2014-2021 period and are

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<sup>1</sup> OJ L 141, 28.05.2016, pp. 3 and 11.

<sup>2</sup> Document 8365/21 ADD 1 of the Council.

<sup>3</sup> OJ L 141, 28.05.2016, pp. 18 and 22.

commensurate with the amount of the financial contributions. Flexibility is provided concerning the carry-over of unexhausted quotas at the end of the period. Norway will also renew the fish transit arrangement for EU vessels landing catches in Norway.

In order to allow for the swift implementation and disbursement of the financial contributions and the use of the tariff concessions, 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 signature and provisional application of the EEA Financial Mechanism Agreement, the Norway Agreement, the Norway Protocol and the Iceland Protocol.

As it is common practice when modifying specific elements of existing international agreements, it is proposed to use the relevant articles of the Treaty on the Functioning of the European Union as the legal basis for the draft decisions, namely Article 175 TFEU, third paragraph for the agreements on the financial contributions to economic and social cohesion and Article 207 TFEU for the fish trade protocols. Furthermore, Article 218(5) TFEU is not only referred to as the legal basis for the signature of these agreements, but is also for their provisional application.

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(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 175, third subparagraph and 207, in conjunction with Article 218(5) thereof,

Having regard to the proposal from the European Commission,

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 20 May 2021, 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. The Commission has negotiated, on behalf of the European Union, an Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 – April 2028. This will take the form of a Protocol 38d to the EEA Agreement. The Commission has also negotiated, on behalf of the European Union, an Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 – April 2028.
- (3) The EEA Financial Mechanism for the period May 2021 – April 2028 and the Norwegian Financial Mechanism for the period May 2021 – April 2028 will contribute to the reduction of economic and social disparities in the European Economic Area and to the strengthening of relations between the EEA EFTA States and the Beneficiary States.

- (4) The special provisions on imports into the EU of certain fish and fisheries products originating in Iceland and Norway, set out in the Additional Protocols to their respective Free Trade Agreements with the European Economic Community<sup>4</sup>, expired on 30 April 2021 and should be reviewed in accordance with Article 1 of these Protocols. The Commission has therefore negotiated new Additional Protocols to the Agreement between the European Economic Community and the Kingdom of Norway and to the Agreement between the European Economic Community and Iceland.
- (5) Each of the Agreements and Protocols referred to above provides for its own provisional application before its entry into force.
- (6) Each of the Agreements and Protocols should be signed on behalf of the European Union, subject to its conclusion at a later date, and applied on a provisional basis,

HAS ADOPTED THIS DECISION:

#### *Article 1*

The signing of the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 – April 2028, the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 – April 2028, 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 is hereby approved on behalf of the Union, subject to the conclusion of the said Agreements and Protocols.

The texts of the Agreements and the Protocols to be signed are attached to this Decision.

#### *Article 2*

The Council General Secretariat shall establish the instrument giving the person(s) indicated by the negotiator full powers to sign the Agreements and Protocols, subject to their conclusion.

#### *Article 3*

Subject to its conclusion at a later date and pending its entry into force, the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism for the period May 2021 – April 2028 and the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 – April 2028 shall be applied provisionally, in accordance with respectively Article 3 and paragraph 3 of Article 10 of the Agreements, as from the first day of the first month following the deposit of the last notification to this effect.

Subject to its conclusion at a later date and pending its entry into force, the Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway shall be applied provisionally, in accordance with the third paragraph of Article 5 of the Protocol, as from the first day of the third month following the deposit of the last notification to this effect.

Subject to its conclusion at a later date and pending its entry into force, the Additional Protocol to the Agreement between the European Economic Community and Iceland shall be

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<sup>4</sup> OJ L 141, 28.05.2016, pp. 18 and 22.

applied provisionally, in accordance with the third paragraph of Article 4 of the Protocol, as from the first day of the third month following the deposit of the last notification to this effect.

*Article 4*

This Decision shall enter into force on ....

Done at Brussels,

*For the Council  
The President*