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## MINISTRY OF FOREIGN AFFAIRS

By: [Minister Vidar Helgesen](#)

# Address to the Storting on important EU and EEA matters, 21 November 2013

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Mr President,

For nearly 20 years, the EEA Agreement has enabled Norway to participate in the internal market in Europe. As a nation we have benefitted greatly from this.

During talks with the EU representatives at the meeting of the EEA Council in Brussels two days ago, I made four observations. Firstly, that cooperation between Norway and the EU is valued. Secondly, that the EEA Agreement is important to both parties. Thirdly, that the Agreement has proved to be robust. And fourthly, that there is willingness on both sides to further develop the cooperation.

And there is, after all, a constant need to develop the cooperation. It was clear from the outset that the EEA Agreement would evolve on a continual basis. But no one could be prepared for how much the relationship between the EEA EFTA countries and the EU would change. The enlargement of the EU to include many new members has weakened the collective EEA memory. The increasingly cross-sectoral nature of the EU cooperation is making it more difficult to determine what falls within and what falls outside the scope of the EEA Agreement. The EU is also increasingly delegating decision-making powers to independent agencies. This is a development that was not envisaged under the two-pillar structure of the EEA Agreement. It will often be vital for Norway to participate in the work of these agencies or supervisory bodies, but this may raise a number of questions of principle in relation to the Norwegian Constitution and the transfer of powers to international bodies.

We have also seen that the EU cooperation has gained considerable momentum as a result of the economic crisis, particularly in the area of economic and financial affairs. The Eurogroup is increasingly seen as the EU's centre of gravity, and policy development is being shifted to arenas where Norway has few or no formal channels of influence.

These developments place greater demands on Norway as a non-member. It is essential for Norway that the EU understands the need for flexibility and adaptations to legislation that take

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account of our national needs. This applies, for example, to Norway's participation in the EU's system of financial supervision. It is vital for Norwegian financial institutions and their customers that Norway is able to play a role in the integration of Europe's financial markets.

It is also important for us to gain acceptance for solutions that are adapted to Norway's needs in areas of key importance for Norway, such as energy and telecommunications.

Whilst, on the one hand, we must ask for the EU's understanding regarding the need for flexibility and legislative adaptations that take account of key Norwegian interests, this makes it all the more important for us to ensure that there is no doubt about our willingness to comply with the fundamental principles and obligations of the EEA Agreement.

Mr President,

Norway's cooperation with the EU has majority support in the Storting. This has been reinforced under different governments. The previous Government deserves credit for having developed a solid body of knowledge in the form of the report by the EEA Review Committee [1] and a broad basis for policy formation in the form of the subsequent white paper.[2] The Stoltenberg Government also pursued a policy that strengthened Norway's integration with the EU and thus served to deepen the national consensus on European policy.

Norway is part of a long, profound process of integration in Europe, one that is social, economic and cultural. The EU cooperation is the result of this integration process and at the same time a driving force behind it. In periods of growth and optimism in Europe, this integration process has tended to be expanded to include more countries. Periods of crisis in Europe have tended to bring deeper integration.

No other international actor has more effect on Norway than the EU. Norwegian foreign policy begins in Europe, but this can also be said of more and more of Norway's domestic policy. That is why our cooperation with the EU is so important for Norwegian interests. And that is why it is so important that we promote our interests actively and clearly at an early stage.

There will sometimes be disagreement as to what our interests and priorities are. This is only natural given that many EEA and EU issues affect domestic policy. With regard to the postal market, for example, an area where the Government wishes to introduce competition, it is only to be expected that our view of the EU's Third Postal Directive differs from that of the previous Government.

The Government views the EEA cooperation as a platform for promoting Norwegian interests. We should not simply wait to see what comes out of the EU, but should make use of the EEA cooperation to promote policy solutions at European level that are better for Norway. This approach is already being put into practice: the Minister of Transport and Communications, for example, is now requesting clarification from the European Commission as to what the EEA EFTA states should do to prevent cost-cutting measures in the international aviation sector from creating unhealthy competition and poor employment conditions in the internal market.

We are also seeking to play an active role in policy development in the EU. The Minister of Education and Research, for example, is due to meet the EU's education ministers next week

to present the Government's plans to offer open web-based courses as part our effort to strengthen further training and professional development for teachers.

Mr President,

Energy and climate are the areas of European cooperation that most affect our key national interests. Addressing climate change is one of the greatest challenges of our time and the EU is our closest partner in the effort to reverse the dangerous global trend.

The oil and gas industry is Norway's most important industry and a driver of the Norwegian economy. Norway is also the largest oil and gas producer in Europe. Through the EEA Agreement, Norway is part of the EU's internal energy market. As the world's third largest exporter of gas and seventh largest exporter of oil, Norway occupies a unique position in this area. We supply gas to the EU that accounts for some 20 % of the EU's gas consumption. This makes us important to the EU. Our aim is to be a stable and reliable energy supplier, thus helping to ensure a secure energy supply in Europe for a long time to come.

Mr President,

The EU is a global leader in terms of energy and climate policy. The Government will cooperate closely with the EU in the time leading up to the UN Climate Change Conference in Paris in 2015, with a view to securing the most ambitious and binding global climate agreement possible.

The EU is working towards the achievement of its ambitious 20–20–20 targets. Effective measures have been put in place in the EU member states, particularly in Germany, whose energy transition policy has succeeded in stimulating the development of renewable energy to an unprecedented extent. The European business sector is adapting to meet stricter requirements regarding both emissions levels and energy efficiency.

In developing new energy and climate policy, the EU has to find solutions that are acceptable to 28 different member states. It is therefore vital that the Government is involved at an early stage of the process and makes use of the opportunities available to influence proposals and safeguard Norwegian interests.

The work being done by the EU to develop a 2030 framework for climate change and energy policies provides an excellent opportunity for us to participate in policy development. The Commission is aiming to present a new green paper on this issue in early 2014. Although Norway will not be bound by EU policy, we know that the framework and ensuing legislation may have significant implications for us. We should not therefore wait until a legislative proposal is put on the table in a couple of years' time or so, but should attempt to influence the development of policy now.

Let me give you an example, Mr President:

The Government agrees with the Commission that the current low carbon prices are hampering much needed investment in climate-friendly technology and have led to an increase in the use of coal rather than gas in electricity production in Europe. This is an

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unfortunate development. As the European Commission points out in its Energy Roadmap 2050, gas has a key role to play in the transition towards a low-emission society in Europe. At the meeting of the EEA Council, I pointed out how important it is that the EU's energy policy is clear, consistent and predictable, if we are to be able to secure the ongoing investment in the gas sector that is needed to transform Europe's energy system.

The Government is seeking to promote the development of renewable energy, both in Norway and in the rest of Europe. But even with the development of wind and solar energy in Europe, other sources of energy will be needed to ensure a secure energy supply to cover periods when wind and solar plants produce little. Both Norwegian gas and Norwegian hydropower could be used to complement the EU's renewable energy sources in the years ahead.

Mr President,

It is good news for Norway, and for all of us who live in Europe, that the European economy is beginning to show signs of recovery. The eurozone may now be emerging from its longest period of recession. Several years of cutbacks and economic reforms have put public finances on a more sustainable footing. Many countries have increased their competitiveness and strengthened their balance of payments.

At the same time, the development of the real economy in Europe is weak and uneven. The crisis is not yet over and there is every indication that the recovery will be slow and fragile. Many eurozone countries are still experiencing problems such as low growth, high levels of debt and alarming rates of unemployment, especially among young people.

Since spring 2010, the EU has introduced a number of measures to address the crisis, including systems for improving coordination and surveillance of economic and fiscal policies. It is nevertheless important to continue to implement structural measures. Measures to ease access to credit in the crisis-affected countries are also being developed, including loans for small and medium-sized enterprises.

There is political agreement in the EU on further steps to be taken in this area, including the establishment of a banking union. According to plans, the banking union will involve joint supervision, joint crisis resolution mechanisms and a joint deposit guarantee scheme as well as common rules for banking activities. The purpose of the banking union is to enhance financial stability in the euro area through a greater degree of centralised management. The European Council and the European Parliament are also currently considering a proposal for a directive aimed at establishing a framework for the recovery and resolution of failing banks. This directive will apply to all EU countries and is considered to be EEA relevant. The aim of the proposed directive is to ensure that national authorities are able to intervene early and implement effective and timely measures in the event of bank failure. The directive is expected to be adopted by the Council and the Parliament by the end of 2013.

Mr President,

Financial stability and strong economic development in the EU is important for Norway, and we support measures that can promote this. The establishment of a banking union for the euro area will not affect EEA legislation directly, but may nevertheless have implications for

the functioning of the internal market for financial services. The Government therefore intends to follow developments in this area closely. The proposed banking union legislation is not EEA relevant, so will not apply to the EEA EFTA states.

The Storting has on a number of occasions expressed its unanimous support for the work being done to ensure that we can retain the Norwegian deposit guarantee scheme in its current form. The trilogue negotiations on the proposed revision of the Deposit Guarantee Schemes Directive have now been resumed. The Government will follow these negotiations closely and intends to work actively to defend our current deposit guarantee scheme. I am aware that the possibility of distinguishing between long-term and more recent deposits is being discussed in the negotiations. For us it is vital that all deposits are viewed equally. We are also arguing strongly for a permanent exemption. We know, however, that a transition phase is currently being discussed and this is something we must comment on.

Mr President,

In order to ensure predictability and equal conditions of competition for Norwegian companies, it is crucial that new legislation concerning the internal market is incorporated into the EEA Agreement effectively. A large number of legal acts that have entered into force in the internal market have not yet been incorporated into the EEA Agreement. This is unfortunate for Norwegian companies and for our relations with the EU. At the meeting of the EEA Council, I told the EU that Norway now intends to give high priority to reducing this backlog of legislation.

Mr President,

The Government intends to introduce free competition in the provision of postal and package services. Our aim is to give Posten Norge AS greater leeway to enable it to better adapt to increasing competition and changing user needs. We want to be part of a European market for postal services in which Posten Norge AS is able to participate fully. Norway has taken part in the liberalisation of the postal market in the EEA by implementing both the first and second postal directives. The EU's Third Postal Directive completes the liberalisation of the postal market by opening up the distribution of letters weighing less than 50 grams to competition. We have therefore decided to withdraw our reservation to the EU's Third Postal Directive. The EU was informed of this decision at the meeting of the EEA Council on 19 November. We will continue to ensure efficient postal services across the country, including maintaining standard postage rates for individual items.

At the meeting of the EEA Council, I also announced that the Government had decided that the Pediatric Regulation may be incorporated into the EEA Agreement. Under the Pediatric Regulation, medicines are required to be tested and approved for use in children. The Government considers this important. The matter has implications for the authority to impose financial penalties. The EU's position is that the EFTA Surveillance Authority should be given the authority to impose fines on companies whose head office is in an EEA EFTA country, both in connection with the development of children's medicines and in connection with pharmaceuticals in general. The purpose is to mirror the EU's own system and ensure a

harmonised internal market in this area. The EFTA Surveillance Authority's power to impose

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finances will be in addition to that of the Norwegian Medicines Agency, which will still be able to withdraw marketing authorisation and impose fines and penalties. The transfer of powers involved is acceptable within the framework of the Norwegian Constitution and is consistent with the fundamental principles of the EEA Agreement. The consent of the Storting will be sought in accordance with Article 26, second paragraph, of the Constitution.

Mr President,

The changes to the customs duties on cheese and meat made by the previous Government in connection with this year's National Budget process have had a negative impact on the climate of cooperation between Norway and the EU. The reaction from our closest neighbouring countries has been particularly strong, and these are countries that are key partners for us in other contexts.

The current Government parties opposed the changes when they were made. We still do. Our aim is to change the current import duty regime, as I announced at the meeting of the EEA Council. Under the EEA Agreement, we are obliged to refrain from introducing restrictive measures on imports. Reducing tariff barriers is also in the interests of Norwegian consumers and the Norwegian food industry. Import protection is important for the profitability of Norwegian agriculture, but in the Government's view, the quality of our agricultural production is such that it can withstand competition from other countries. The Government intends to carry out a thorough review of the matter and will propose concrete measures on the basis of this.

Mr President,

The free movement of people is essential for the functioning of the internal market. In the Nordic countries we have long experience of this, and it has brought us many benefits. Norway, as a whole, and the rural districts in particular, have benefited considerably from labour immigration in recent years. However, in many European countries, including Norway, the pressure that the free movement of people may place on welfare systems is also being discussed. This is an important debate, and an issue that the European Commission is already considering. The Government will at a later date present an assessment of what can be done to restrict the export of social security benefits, within the framework of the international agreements by which Norway is bound.

Issues relating to working life are also an integral and important part of the EEA Agreement. Ensuring a decent working life for all is one of the Government's main objectives, and we will pursue an active policy to safeguard Norway's interests in this area.

It is essential to ensure good framework conditions for Norwegian companies throughout the country. Here I would like to mention the processes in the EU and the EFTA Surveillance Authority towards developing new guidelines for regional aid. The guidelines regulate the scheme for differentiated employers' national insurance contribution and the scope of regional investment aid and are highly significant for companies operating in rural districts.

Mr President,

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At a time when Europe's economic status is being challenged by other regions, it is essential for Europe to strengthen its competitiveness. The EU's negotiations with the US on the Transatlantic Trade and Investment Partnership could open up exciting new opportunities for transatlantic cooperation. Closer cooperation on regulatory issues is a key element of the discussions. In many areas this involves discussion of the common rules for the internal market. Given the importance of the EU and the US as trading partners for Norway, an agreement of this kind will have implications for Norwegian interests. We are currently assessing what these implications will be. The Government will make use of the consultation arrangements set out in the EEA Agreement to ensure close dialogue with the EU on this matter, and we also intend to maintain a dialogue with the US authorities. The Government will give priority to safeguarding Norwegian interests and securing Norway's competitiveness.

Mr President,

Research and innovation are among the Government's main priorities, both in domestic and European policy. Cooperation with the EU is important for achieving the Government's aims of building a knowledge society and ensuring a long-term approach to research policy.

Subject to the Storting's approval, the Government's intention is that Norway should participate in the EU Framework Programme for Research and Innovation, Horizon 2020, which is part of the development of the European Research Area, ERA. Horizon 2020 should be viewed in the context of the economic, political and social situation in Europe and the EU's growth strategy, Europe 2020. The aim of Europe 2020 is to create smart, sustainable and inclusive growth. Although the economic situation in Norway is unique, we face a number of the same long-term challenges as other European countries. The Government's objectives of building a knowledge society, including vulnerable groups and safeguarding Norwegian competitiveness tie in well with the EU's priorities.

The Government is seeking to strengthen international cooperation in the field of education. Norway's participation in Erasmus+, the EU's new programme for education, training, youth and sport, will open doors for many young people. Erasmus+ offers opportunities for mobility and for cooperation in various projects. It will also give Norwegian institutions and other actors access to valuable networks of European partners.

Mr President,

An important discussion is taking place in Europe on people's livelihoods and future prospects. We can see that the crisis is affecting vulnerable groups such as young people, minorities, and those who were already worst off. We have seen examples of democratic principles and human rights coming under pressure. It is vital that Norway does what it can to ensure that Europe remains a bastion of freedom, tolerance and respect for human rights.

The EEA and Norway Grants are one contribution Norway makes in this context. Through various programmes, we provide funding to support social development and combat poverty among vulnerable groups. We are currently implementing 147 programmes in 15 countries. In certain countries and programmes, priority is given to the inclusion of minorities and improving

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the situation of the Roma people. Another important objective of the Grants is to reduce social and economic disparities in the beneficiary countries.

According to the Office of the Auditor General's audit of the EEA and Norway Grants, the Grants have helped to strengthen contact and cooperation between Norway and the beneficiary countries. I am pleased that the Office of the Auditor General notes that our approach has become more focused and targeted. We will make active use of the audit in our work to improve the administration of the Grants.

Mr President,

The current five-year period for the EEA and Norway Grants will end on 30 April 2014, as will tariff quotas for the export of certain fish and fishery products to the EU. Negotiations are expected to begin shortly on financial contributions and tariff quotas for the export of fish to the EU after this date. The Government's basic position is that Norway is willing to continue to provide financial contributions after 30 April 2014. We want to do our part to reduce economic and social disparities in Europe. In order to ensure a constructive process in the time ahead, it is important that the EU takes a similarly positive stance on the question of market access for fish.

The new financial contributions will be designed to promote the further development of our bilateral cooperation with the beneficiary countries. Our ability to influence the substance, management and control of the grants must be maintained. The Government will report to the Storting on the positions it intends to take in the negotiations once these have been more closely defined.

Mr President,

In this context, I would also like to mention our negotiations with Croatia, which became a member of the EU on 1 July this year. The negotiations on Croatia's accession to the EEA have now been concluded. In the Government's view, a well-balanced solution has been found to the questions of our financial contribution and compensation for the loss of free trade in fish. The Government will present a proposition to the Storting on this matter.

Croatia's recent accession to the EU is a milestone in the political development of the Balkans and for the EU's engagement in the region. All the countries of the Western Balkans are seeking EU membership, and the EU continues to play a key role in reform efforts in the region. However, there are considerable differences between the countries in terms of how far they have come in the process of European integration. Montenegro has come furthest, having opened accession negotiations with the EU in June 2012. Serbia is expected to be able to start negotiations in December 2013 or January 2014. Other countries, such as Macedonia, Albania and Kosovo, still have some way to go, but progress is being made. Negotiations between Turkey and the EU have just been resumed. Norway is cooperating closely with the countries of the region and with the EU with a view to supporting national reforms, regional cooperation and European integration.

Mr President,

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For many decades, Europe has been a magnet for people from the rest of the world. Whilst wanting to share in Europe's wealth, they have also helped to create it. Moreover, many people have wanted to settle in a part of the world where democracy and the rule of law are fundamental values.

In a Europe without internal borders, cooperation on external borders is crucial. Our common external border makes common rules and uniform practices essential. As a Schengen member state, Norway will work to ensure that border control is implemented in accordance with legislation that is both effective and fair. This means that the principles of the rule of law, so highly valued in Europe, must also be applied in situations where new immigrants seek to enter Europe.

There have been a number of tragic accidents recently off the island of Lampedusa and elsewhere in the Mediterranean. European countries must join forces and use all available means to prevent tragedies of this kind from occurring, and Norway will participate in these efforts. A unified approach is essential in this area.

Given the large economic disparities between Europe and its neighbours to the south, it is unlikely that there will be a decline in migration to Europe in the years to come. Moreover, many people will have a legitimate need for protection, and will seek asylum in Europe. This is an issue that all the European countries need to address together, and it is essential that we seek solutions based on cooperation and solidarity. Because of Norway's association with the Schengen *acquis*, Europe's southern border on the Mediterranean is also Norway's southern border.

The EU has established a Task Force for the Mediterranean, which is to identify priority actions for a more efficient short-term use of European policies and tools, with a view to preventing future tragedies in the Mediterranean. The Commission will report to the Council on the work of the Task Force in December. The Government is supporting this work, and last week we presented concrete proposals to the EU on Norway's contribution, with the result that we will now be invited to attend the meetings of the Task Force. We will participate in operations carried out through the EU's border management agency, Frontex, and the European Asylum Support Office (EASO). We will also intensify our cooperation with the EU on promoting stability, democracy, human rights and inclusive economic development in North Africa and the Sahel region, and we are considering participating in the EU Border Assistance Mission (EUBAM) in Libya. Through the EEA and Norway Grants, we are helping to strengthen the administration of asylum cases in Greece, and we have made an offer to the Italian authorities to provide a Norwegian expert to assist with the registration of newly-arrived asylum seekers.

Mr President,

At a time when the EU is facing challenges with regard to its southern neighbours, great importance is being placed on the EU's Eastern Partnership, not least by the current Lithuanian Presidency. Norway supports the work of the Partnership, and hopes that the EU's third Eastern Partnership summit in Vilnius will help to bring more of the Eastern partners

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Mr President,

In December, the European Council will discuss the EU's common security and defence policy for the first time in five years. One of the main topics of discussion will be what can be done to strengthen the European defence industry. Norway cooperates closely with the EU on foreign and security policy, and shares many of the EU's foreign and security policy interests. In practice, trade in and production of defence- and security-related products have been exempt from the EU's internal market rules. The Defence and Security Procurement Directive (2009/81/EC), through which the EU has sought to ensure genuine competition and equal treatment in this field, has now been incorporated into the EEA Agreement. It will enter into force in Norway on 1 January 2014. A more open defence and security market, both in Norway and in Europe, will present both opportunities and challenges for Norwegian suppliers and will make our cooperation agreement with the European Defence Agency (EDA) all the more important.

In this context, Mr President, I would also like to mention the Community Mechanism for Civil Protection, which is the EU's main tool for coordinating civilian disaster response and other civil protection and emergency preparedness and response efforts. Norway has benefitted greatly from its participation in the Mechanism. Cooperation in this area is valuable, and it strengthens Norway's civil protection and preparedness and response efforts at both the national and the international level. It is therefore important that we continue to cooperate with the EU in this field in the years to come.

Mr President,

In closing, I would like to return to the EEA Agreement and the Government's aim to pursue an active European policy. Now that the EU and EEA have become so important for the everyday workings of the Norwegian authorities, and Norwegian companies, households and organisations, the EU and EEA should be given a similarly prominent position in everyday politics in Norway. The Government will place great importance on contact and dialogue with the Storting in further developing an active European policy. This is also important given the European Parliament's strengthened role, and the fact that interparliamentary cooperation may help to promote understanding of Norwegian positions in the EU.

Although the Government now has a Minister specifically responsible for EEA and EU affairs, this does not alter the fact that each of the other ministers is responsible for following developments and identifying matters that need to be addressed in his or her area. The various ministers have full responsibility for following up specific EU and EEA matters in their own areas and for the implementation of any related agreements.

The Government as a whole intends to make work on EEA matters a greater political priority. In this context, our prime concern will be to participate in the political arenas we have access to through our cooperation with the EU, including informal EU ministerial meetings.

Mr President,

The year 2014 is an election year for the EU. A new European Parliament is to be elected and a new Commission will be appointed, including a new High Representative of the Union

for Foreign Affairs and Security Policy. The member states will also appoint a new President of the European Council. The Government will seek to cooperate closely with the EU member states and the new EU leadership in order to promote Norway's interests and find good solutions to common European challenges.

Mr President,

An active European policy is also an open European policy that encourages debate and dialogue. The Government will seek to ensure that relevant stakeholders are involved more systematically and at an earlier stage in work relating to EEA and EU matters. Civil society organisations and local and regional authorities, for example, have considerable knowledge of how EEA legislation works in practice. Maintaining a close dialogue with stakeholders at the national level will strengthen our ability to participate in the development of European policy. The Government regards the development of Norway's European policy as a collective national effort.

[1] Official Norwegian Report NOU 2012:2 *Outside and Inside: Norway's agreements with the European Union*

[2] Meld. St. 5 (2012–2013) *The EEA Agreement and Norway's other agreements with the EU*