E U R O P E A N E C O N O M I C A R E A

J O I N T P A R L I A M E N T A R Y C O M M I T T E E

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WORKING PAPER

on

Future perspectives for the European Economic Area

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I. INTRODUCTION

When the EEA Agreement was signed in May 1992, after almost 3 years of often intense negotiations, it finally provided a durable solution for the EFTA States regarding their access to the emerging Single European Market. Their bilateral free-trade agreements from the early 1970s were no longer sufficient, and the attempts to find viable arrangements with the EU in the 1980s based on the Luxembourg declaration had proven inadequate. The EEA did fill the gaps by extending the benefits of the emerging Single Market to all EFTA States through the creation of "a dynamic and homogeneous European Economic Area".[1]

By 1994 however, when the Agreement entered into force, circumstances had changed again. The EFTA members Austria, Finland and Sweden were on track to join the newly-minted European Union a year later, while the Norwegians, for the second time, had put a clear stop to their government's EU accession plans through a referendum. Meanwhile the Swiss people had rejected even EEA membership in a referendum, and an Observer status had to be defined in a hurry.

However much some of its fathers may have intended the EEA Agreement as a transitional arrangement towards EU membership, it thus became clear that EEA was here to stay. With the judicial uncertainties out of the way, its complex political structure - the Council and Joint Committee, the EFTA Surveillance Authority and the EFTA Court, the Joint Parliamentary Committee and the Joint Consultative Committee - began their work and settled in for the long haul. From mid-1995, Liechtenstein having joined EFTA in May of that year, the EEA Agreement brought together 15 EU Member States with three EEA EFTA States and one Observer.

It is now more than 15 years ago that the EEA Agreement was signed. The EU has gone through considerable changes since then. The EEA Agreement is arguably the most comprehensive international agreement ever concluded by the EU and by the three EEA EFTA States. The dynamic character of the Agreement is unique in international relations, providing for a virtually continuous updating of the rules that provide the bedrock of the European Economic Area. The question remains if this dynamism has allowed the Agreement to keep up with the profound developments of the EU which have taken place in the last decade and a half. And if not, what could be done about it?

With this working paper, the co-rapporteurs aim to highlight the rapid transformation of the EU over the last 15 years; draw attention to the expansion of new forms of European governance and their impact on the EEA; and contemplate on the future prospects and options for the EEA and the EEA EFTA States. The co-rapporteurs fully realise that there may be varied opinions on the questions raised in this document but stress the importance of the EEA Joint Parliamentary Committee continuing to explore ways to make the EEA function better. The co-rapporteurs also express their hopes that the issues raised in this working paper will stimulate a meaningful debate on the future of the EEA. Finally, the

[1] EEA Agreement, Recital 4.

co-rapporteurs emphasise that this document is a work in progress and that the EEA JPC may revert to it at any time when circumstances call for it in its future work.

II. THE TRANSFORMATION OF THE EU

Having been in operation for more than 12 years, the European Economic Area has witnessed fundamental changes in the EU. These changes can be grouped under eight loosely defined headings.

1. Fundamental changes

A. The creation of the European Union

Negotiations on the EEA were concluded more or less at the same time as the Maastricht Treaty – which created the European Union – was signed (in February 1992). Since then there have been an additional two Treaty revisions, and we are about to enter the seventh year of a fourth revision. These have significantly extended the scope of EU activities to cover virtually all areas of public policy. It has also tilted the balance of power between the EU institutions, most importantly by expanding the role and competences of the European Parliament.

B. Enlargement from 12 to 27 Member States

There have been three enlargements of the EU since the EEA Agreement was concluded, in 1995, in 2004 and in 2007. This has more than doubled the number of Member States from 12 to 27, in a Union now comprised of almost half a billion people.

C. The 'completion' of the Single Market

With the Services Directive, the Internal Market is closer to being complete, although in a sense it will never be completed, as economic, social and technological change will continuously require updating and revisions of existing legislation. It should be noted that the environment in which the Internal Market operates has changed dramatically since the beginning of the 1990s, with less emphasis today on legislative instruments and more focus on a mix of tools including soft law to make the Internal Market work better in practice. In its Single Market Review (to be published mid/end-November 2007) the Commission is expected to also underline the role of the Internal Market in a globalised world, with an emphasis on how to strengthen the Internal Market as a spring board for EU businesses to enter and increasingly set standards in the global market place.

D. The introduction of the Euro

Under discussion since the late 1960s, the process towards Economic and Monetary Union was launched by the Delors Report in 1989. The European Central Bank was

established in 1998 and the euro fully introduced by 2002, and will in early 2008 be the only legal tender in 15 of the 27 Member States.

E. The development of a foreign, security and defence policy

The CFSP (Common Foreign and Security Policy) was established by the Treaty of Maastricht, further strengthened by the Amsterdam Treaty, with the ESDP (European Security and Defence Policy) introduced by the Treaty of Nice. The EU has conducted more than a dozen military and civilian operations, adopted numerous common positions, and created an extensive network of agreements with third countries. A new institutional structure headed by the High Representative for the CFSP has been established within the Council Secretariat, including a Political and Security Committee, a Military Committee served by a military staff and planning cell, as well as a European Defense Agency.

F. Integration in justice and home affairs

Initially an inter-governmental process, many of the substantive issues in this dossier became the subject of Qualified Majority Voting and co-decision following the Amsterdam Treaty. Ambitious strategies aimed at common policies on migration, asylum, police and judicial cooperation were adopted in 1999 and 2004. As a result, this has become the most dynamic policy area in the EU in recent years, accounting for almost half of all new legislation introduced. New agencies have been established to facilitate cooperation among police (Europol), public prosecutors (Eurojust) and border guards (Frontex).

G. The European Neighbourhood Policy

The EU has developed ambitious plans to strengthen relations with non-EU countries in its geographic vicinity through the European Neighbourhood Policy (ENP). Among the goals are inter alia to provide these countries with a "stake in the Internal market" and increase their involvement with EU programmes and agencies, eventually embedded in new comprehensive agreements between the EU and each ENP partner country.

H. The Lisbon Strategy and new forms of governance in the EU

The Lisbon Strategy process was launched in 2000 with the aim of making the European economy the most competitive in the world. In order to allow for a comprehensive strategy involving all areas of the economy regardless of the competences of the Community, new policy- making methods and instruments were introduced under what is known as the Open Method of Coordination (OMC) (see below). While widely derided in the first years after its launch, the Lisbon process was re-launched as the Strategy for growth and Jobs by the Barroso Commission, which made this its number one priority. The renewed Strategy has been regarded as a considerable improvement: the new governance methods and instruments it introduced have spread into other policy areas and the Lisbon process itself plays an increasingly central role in the (economic) governance of the Union.

2. Impact on the EEA and the EEA EFTA States

The counterpoint to the development of EU policies in new areas is that the Internal Market, and thus the EEA, has become a smaller part of the EU's total activities.

The EU-EEA EFTA balance of power has shifted considerably. The EEA Agreement was negotiated in the early 1990s between six EFTA states and the then 12 Member States of the European Community. Today there are three EEA EFTA States and 27 EU Member States. The EU has become a more heterogeneous interlocutor, making it less flexible in dealing with the outside world and less able to accommodate special concerns of the EEA EFTA States through adaptations, exceptions, and transition periods in the EEA. Among growing numbers, any given state (be it EU or EFTA member, incidentally) will find it hard to gain attention and understanding for its particular sensitivities, while at 3 among 30, the EEA EFTA States may well find the Commission disinclined to create precedents for exceptions to any given piece of legislation.

There has been a significant increase in the budgetary costs for the EEA EFTA States. The initially envisaged one-off financial mechanism has de facto become permanent and increased by a factor of five in the case of Iceland and Liechtenstein and a factor of ten in the case of Norway. This is foremost a consequence of EU enlargements, and budgetary concerns loomed large in recent EEA enlargement negotiations. The EEA EFTA governments were initially surprised by the amount of the "suggested" increase of the EEA Financial Mechanism in connection with the 2004 enlargement. Negotiations on the 2007 enlargement proved difficult, to the point of derailing the simultaneous enlargement of EU and EEA, which had still been salvaged three years earlier.

The budgets for the various EU programmes in which the EEA EFTA States participate are bigger, and have led to a further increase in the cost of the EEA Agreement. Furthermore, the programmes are now used as instruments of the Lisbon Strategy, and as such are increasingly subject to the EU's new forms of governance. It may in this context be noted that the EEA EFTA States are, with some minor exceptions such as on statistics, not part of the Lisbon process, despite the centrality of the Internal Market, and thus the EEA, to the Strategy.

A number of unforeseen events not directly relevant to the EEA Agreement such as terrorist attacks and various food scares have however had an impact on the functioning of the EEA. Largely in response to such developments, the role of the EFTA Surveillance Authority (ESA) has arguably widened, with ESA conducting numerous inspections of food safety and airport security which were not envisaged when the EEA Agreement was concluded.

When the EU has been given new competences in new policy areas, the EEA EFTA States have responded by concluding bilateral agreements with the EU. The possibility of approaching this collectively in EFTA has, in all probability, never been seriously entertained. According to the EU's own database, the Union has 36, 12, 53 agreements

with Iceland, Liechtenstein and Norway respectively.[2] Most of these have been concluded in the last 15 years, i.e. after the signing of the EEA. None of these measure up to the EEA in terms of scope or importance, but neither are they negligible: they include amongst others the agreements on Schengen/Dublin association and with Europol, as well as agreements on participation in ESDP operations.

The special circumstances of many new Member States following the enlargements in 2004 and 2007 have necessitated an unprecedented amount of transitional clauses and exemptions. Although "grace periods" accompanied previous EU and EEA enlargements, their sheer number at this juncture created diverging levels of implementation of the acquis communautaire. While this is first and foremost a problem for the Commission and the European Court of Justice, this unprecedented number of exemptions could threaten the objective of a homogeneous European Economic Area. Taken together with notions of a shrinking influence on formulating legislation as described above, such perceptions may raise concerns about the enduring legitimacy of the EEA arrangement.

Of these challenges, none is of course specific to the EEA context. Indeed, threats to the institutional balance, the cost of cohesion and the risk of diluting the *acquis* have all been widely discussed on the occasion of the recent EU enlargements, and continue to dominate the debates on institutional reform as well as on future enlargement rounds. For the EEA EFTA States however, the shifting numerical balance and its implications could amount to a change in paradigm, which may prompt them to review their options, including that of EU membership, in a very different light from only a few years ago.

III. NEW FORMS OF EUROPEAN GOVERNANCE

The concurrent deepening and widening of the integration process has transformed the mainly economic west European community of the late Cold War-period into a pan-European union engaged in virtually all areas of public policy. From this perspective it is perhaps only to be expected that it would have an impact on the way in which the EU is governed. These developments, which can be loosely labelled as A) New policy-making methods and B) New instruments, increasingly have a bearing on the EEA.

1. New policy-making methods

A. Co-decision and the European Parliament

The increased power of the European Parliament is expressed principally in the extension of the co-decision procedure, whereby new legislation and policies require the assent of both the Council and the European Parliament.[3]

[2] See http://www.consilium.europa.eu/showPage.asp?id=252&lang=en&mode=g, accessed 4 October 2007,
[3] Include some statistics, for example share of legislation (%-share of acts adopted or number of treaty articles) subject to co-decision.

B. Commission: New paradigm and decentralisation

The Commission is in the midst of a paradigm shift as concerns regulatory policy. The '1992 project' was dominated by a legalistic approach aimed at removing obstacles to the four freedoms. With the Better Regulation Initiative launched in 2002, the Commission has to support its legislative proposals with impact assessments showing the economic and social consequences of a specific proposal. The lawyers of DG Markt (European Commission department for Internal Market policies) are gradually being complemented by economists. This could be regarded as a 'natural' consequence of the end of the 'era of legislation'. As the Internal Market is now more or less 'completed', the policy objective is shifting towards ensuring that markets function 'on the ground'. In a sense this is a follow-up of the decision by the EU in 1992 that new legislation had to be tested against the EUs competences, subsidiarity and proportionality.

The growing number of tasks for the EU's executive has also prompted a decentralisation process, with important tasks increasingly undertaken by autonomous agencies. This is in part a response to events such as the various food crises and terrorist attacks, leading to the establishment of agencies such as the European Food Safety Authority and the European Aviation Safety Agency. It is also a response to further European integration in the area of infrastructure and network industries, with various regulatory models under discussion, from networks of national regulators, entrusting regulatory tasks on the Commission or setting up new autonomous regulatory agencies. The growing number of expert groups advising the Commission – which have risen from 600 in 1990, 850 in 2000 and 1200 in 2007 – can also been seen as a response to avoid congestion in the Commission.

C. 'Intensive' inter-governmentalism and the Member States

The Member States are increasingly drawn into the daily functioning of the Union. While this has always been a case through the Council and its numerous working groups, new processes in the EU increasingly involve the national administrations in the capitals of the Member States, rather than their diplomats in the Permanent Representations in Brussels. There is increased emphasis on the partnership between the Member States and the Brussels institutions, in particular through the Lisbon process launched in 2000. Initially criticized, there is growing acceptance that the reinforced Lisbon Strategy from 2005 provides one way forward. The growing prominence of this mode of policy-making is partially explained by the extension of EU activities to areas in which sensitivities concerning national sovereignty is particularly strong, such as security, defence, justice and home affairs. The 'completion' of the Single Market and the shift in emphasis towards ensuring that established European markets function well also requires a growing role for the member States, as they are responsible for implementation.

2. New instruments

Another 'natural' consequence of the supposed end of the 'era of legislation' is the growing prominence of non-legislative instruments. Collectively known as 'soft law', this

includes various types of policy instruments that share the characteristic of being not legally binding, and includes recommendations, communications (green and white papers), strategies, action plans, guidelines, codes of conduct, targets, benchmarks, co-regulation and self-regulation.[4] Soft law is part of the Better Regulation agenda, and part of the required impact assessments includes an assessment of non-legislative options.

It should be noted at the outset that this is very controversial within the EU, not least in the European Parliament, and its growing prevalence is criticized for undermining the unique legal order in the EU. This differs fundamentally from public international law, in that it confers rights not just to participating states but also to its citizens. Hence, a growing use of 'soft law' instruments would shift the balance among the EU institutions, reducing the power of the European Parliament and the European Court of Justice.

Several arguments are raised in favour of using 'soft law' instruments: they are more flexible and innovation friendly; they can find easier acceptance by stakeholders; their use entails a faster process; and they could be regarded as a first step, facilitating progressive implementation of policy initiatives. Indeed, many of the 'soft law' instruments are in practice preparatory instruments, for instance Commission communications, which eventually might lead to new legislative proposals.

Increasingly one can find 'soft law' elements encapsulated in legislation, for instance with elements of for instance self regulation or Commission recommendations of specific aspects set out in a framework directive.

The growing scope of EU activities and the interdependence among them increases the need for coordination to ensure coherence. As a result there has been a proliferation of multi-sectoral initiatives in the EU, leading increasingly to legislation covering several policy areas. The Open Method of Coordination is for instance an integral part of the Lisbon Strategy, covering a whole range of issues such as social policies, employment, environment, education and research to name a few fields. The OMC provides a framework for cooperation among the Member States towards common objectives to be reached by mutual learning and peer pressure on the basis of non-legislative instruments such as targets, benchmarks and indicators. It thus constitutes a shift from the traditional regulations, directives and decisions which would be incorporated in the EEA Agreement.

Many of the 'soft law' instruments, such as guidelines, codes of conduct, targets and benchmarks, are in practice produced, monitored and managed by the Commission. Furthermore, as seen with the Commissions' recently adopted (and accepted) country-specific recommendations on the Lisbon Strategy, these are no longer limited to the

[4] Background on new instruments: debate started a decade ago with Commission institutional crisis in 98/99, Lisbon process and 2001 White paper on European governance. -**Co-regulation**, social dialogue allows for this, agreements between social partners and Commission, implemented by Council decision or by social partners themselves. -**Self-regulation** (outside EU public sphere), such as industrial standardization and voluntary agreements.

exclusive or even shared competences, effectively broadening the scope in which the Commission has a say, even though the available sanction possibilities are limited compared with its powers for instance on competition or state aid policy.

3. How does this relate to the EEA?

These new forms of European governance were not envisaged when the EEA was negotiated and they do not seem to fit easily with the EEA Agreement. The EEA is based on a purely legal approach; a clear distinction between the Internal Market and other EU activities; and the central role played by the Commission as the sole initiator of new legislation.

The growing use of non-binding instruments leads to questions as to whether or not these need to be adhered to when they cover areas falling within the scope of the EEA Agreement.

While a clear distinction between the Internal Market and other EU activities is crucial to the EEA EFTA States, it is becoming increasingly irrelevant in the EU. As a result, there is a growing number of legal acts and policy initiatives that is relevant to the EEA but also include elements that are not covered by the EEA Agreement. Recent examples of this include the Emissions Trading Directive and the Free Movement of Persons Directive. Then there is the challenge of EU legislation formally being beyond the scope of the EEA but clearly relevant to the EEA, for instance the recent EU proposals and legislative acts on migration. Given these trends it is certain that the EEA EFTA States will see more new "sensitive" legal acts and policy initiatives which comprise elements which go further than the scope of the EEA and which will make it increasingly difficult to define EEA relevance, and consequently, to agree with the EU side on their incorporation into the EEA Agreement. The question remains whether the EEA EFTA States continue to deal with those on a case by case basis or if a redefined approach will be called for.

The changing balance of power among the EU institutions also affects the EEA Agreement, as legislation proposed by the Commission more often gets substantially amended by the Council and the European Parliament, as seen for instance with the recently adopted directives on services and chemicals (REACH). This diminishes the importance of EEA EFTA participation in expert groups assisting the Commission in preparing new legislation. Such 'decision-shaping' is usually considered an important element of the EEA system. On the other hand, the extended use of the co-decision procedure entails that the EEA EFTA comments – another key EEA EFTA decision-shaping instrument – have a longer lease of life.

In sum these changes in the way in which the EU is governed leads to greater uncertainty and less predictability in so far as the EEA Agreement is concerned. This is not just a legal technical issue; it increases the scope for subjective judgments on the relevance of new EU legislation and policy initiatives to the EEA, opening up for differences in

interpretation between the EU/Commission and the EEA EFTA States, as well as among the EEA EFTA States themselves. If anything, and judging by the recent past, one might argue that differences among the EEA EFTA States themselves on how to react to these developments and on how to define EEA relevance have been increasing in recent months and years, which gives greater cause for concern for the continued smooth functioning of the EEA.

IV. PROSPECTS AND OPTIONS FOR THE EEA AND THE EEA EFTA STATES

Despite all of these challenges, the EEA continues to function. Indeed, in light of the transformations of the EU and the emergence of new forms of European governance, that the EEA still exists more or less in its original form should perhaps be regarded as a surprise. However, the conclusion – seen both in official texts and speeches and by independent analysts – that the EEA continues to function well seems increasingly questionable in light of the numerous and growing number of substantial obstacles to the smooth functioning of the EEA.

1. The state of the status quo

A number of significant legislative acts have been the subject of serious delays in the past months and years. The most recent examples included the delayed incorporations of the Emissions Trading Scheme and the Directive on the free movement of persons into the EEA Agreement. Both of these cases have been recurrent themes in the most recent debates in the EEA Joint Parliamentary Committee. The EEA JPC was at its latest meeting in Vaduz particularly critical of the EEA Joint Committee's handling of the latter case, which was not solved until the end of October 2007, exactly a year after Article 102 had been invoked. The EEA JPC regretted that only once before had Article 102 of the EEA Agreement been invoked and stressed that the Joint Committee was thus running the risk of the relevant Annex of the EEA Agreement being suspended, as the Article stipulates. Other recent cases of long delays include the 2000 Water Directive and the 2001 GMO Directive, both of which were not incorporated in the EEA until 2007, and the long-running saga to ensure EEA EFTA participation in the European Food Safety Authority.

Delays concerning the 2007 enlargement caused the EU side to unilaterally suspend the introduction of new legislation in early 2007 (i.e. the core business of the EEA), essentially rendering the European Economic Area in a legal uncertainty for nearly 4 months and thereby preventing the EEA Joint Committee to adopt decisions on legal acts for 5 months. An agreement on the EEA enlargement was signed as late as July 2007, more than seven months after the accession of Bulgaria and Romania to the EU. Apart from this, the co-rapporteurs would also like to mention the problems concerning EEA EFTA participation in the new EU programmes which coincided with the delays in the EEA Enlargement negotiations; problems associated with decision-shaping committees;

the reduced significance of the available decision-shaping mechanisms; and the expanding costs associated with the EEA Agreement.

In years to come, increased contributions for perhaps less quantifiable benefits of enlargement may well lead to stronger resistance among the electorate, as was already seen in Switzerland. The EEA and Norwegian Financial Mechanisms are currently running its operating period of 2004-2009. Judging by the recent past and notwithstanding political developments in the EEA EFTA States, it is easy to foresee problematic negotiations in the run-up to new Financial Mechanisms from 2009 onwards.

The root of these systematic problems is in one way or another related to the underlying structural changes of the EU and the way in which the Agreement allows the EEA EFTA States to adapt to these changes. The question now becomes whether or not the status quo – continuing to update the EEA Agreement for new acquis, supplemented to the extent possible by bilateral arrangements in areas clearly outside the scope of the EEA – is legally and practically sustainable as well as politically acceptable?

2. Future EU developments: Treaty reform and the Reform Treaty

This of course depends upon the further developments in the EU. A key issue here concerns the fate of the Reform Treaty. If this is ratified, the new trends identified above will be accentuated and to a certain extent codified. Important elements include the abolishment of the pillar system, which will further blur the lines between the EEA relevant Internal Market and other EU policies and the further strengthening of the European Parliament, pointing towards the emergence of an embryonic parliamentary system at the European level. It would also introduce additional new elements of relevance such as a growing role for national parliaments in the EU.

On the other hand, if the Reform Treaty is not ratified, it is perhaps questionable whether there will be the political in the EU for further comprehensive treaty reforms in the foreseeable future. One might speculate whether such a result would lead to a halt in the integration process, or whether it might lead to more structured cooperation within the EU or new forms of cooperation among certain EU Member States outside the EU framework with the aim of eventually incorporating it in the EU system, as has been done with the Schengen Convention and the Prüm Treaty in the field of justice and home affairs.

Regardless of the fate of the Reform Treaty, it seems likely that the current trends concerning the evolving forms of EU governance will continue and thus that the EEA will be increasingly difficult to manage. Increasingly frequently the EEA EFTA States will be faced with a choice between either a *de facto* broadening of the scope of the agreement if new cross-sectoral rules are incorporated or attempting to exclude them. The latter could over time undermine the credibility of the EEA itself and the guaranteed access to the world's largest market by producers and exporters in the EEA EFTA States. As the EU's own Member States increasingly accept interference by the EU institutions in areas traditionally falling squarely within national competences under the treaties, seen

with their acceptance of the country-specific recommendations by the Commission under the Lisbon Strategy, one might expect that the EU side will look negatively at the latter approach.

3. What can be done within existing framework?

What can be done in order to address the challenges which the transformation of the EU and its new forms of governance entail for the EEA and the EEA EFTA States?

As the co-rapporteurs have tried to highlight in this working document, the political and institutional landscape of the European Union has changed quite considerably since the EEA entered into force. For the main premise of the EEA Agreement to continue to flourish, the EEA EFTA States need to recognise the new game in town. In light of recent delays in the incorporation of EEA acts and in the EEA enlargement, as cited in this working paper, current policy plans do not seem to be too encouraging.

Recently, the Norwegian and the Icelandic Governments published their respective reports on Europe. Norwegian policy will be based on what is here referred to as the status quo, and the report focuses on how to improve its functioning. It is noteworthy that the report stresses the key goal to strengthen bilateral relations with virtually all European nations except its closest partners in Europe: Iceland and Liechtenstein. Notwithstanding the prevailing view that changes within the EU, including the increased role of the European Parliament and the admission of more member states, have not affected the EEA Agreement[5] it seems that the EEA EFTA States need to strengthen their internal coordination and cooperation on a whole range of issues. It is noteworthy that the debate on Europe and the EU seems to be gaining ground in the EEA EFTA States, in particular Iceland where the Foreign Minister recently announced an annual parliamentary debate focusing solely on Europe – similar to what had been announced in Norway on the basis of the Government's report on Europe.

As for the parliamentary dimension of the EEA, the current institutional arrangement does not warrant any substantial changes to be made but on the other hand, increased involvement and thereby enhanced influence on the EEA would necessitate more active participation by the EEA EFTA national parliaments and parliamentarians themselves. The respective national parliaments of the EEA EFTA States could also enhance early warning mechanisms and scrutiny of their own governments. Recent examples from the Norwegian Storting and the Icelandic Althingi are encouraging signs of increased involvement. Furthermore, one possible avenue might be for the EEA EFTA national parliaments to establish their offices in Brussels, monitoring the European Parliament and thereby establish their own contact networks and channels of information and influence. Respective National political parties could also link up with the relevant European party

[5] Conclusions and Recommendations of the Committee on Europe, 13 March, 2007, p.1. Icelandic Prime Minister's Office.
http://www.forsaetisraduneyti.is/media/frettir/MicrosoftWord_CommitteonEurope_ConclandRec160307.pdf

groups (and in case of the Reform Treaty entering into force also to (an eventual network of) national parliaments in the EU).

The Reform Treaty and the ensuing ratification process adds a variable to this and while more politically than legally important for the EEA EFTA States, the parliamentary dimension in the EU would be strengthened with the new Treaty. The Reform Treaty envisages a new and enhanced role for national parliaments and a strengthening of the powers of the European Parliament. Whether or not these changes should be reflected also at the national level in the EEA EFTA States could become a topic of discussion.

4. Should the EEA Agreement be revised?

Notwithstanding these responses of the EEA EFTA States within the framework of the EEA, as well as the dynamism inherent in the Agreement, there have been no revisions of the Agreement as such since its entry into force in 1994.

This issue has been raised intermittently, although no serious and concerted efforts have been made by the EEA EFTA States for a reform of the EEA. The issue was discussed and raised informally in 2001/2002 and in the context of the EU and EEA enlargement in 2004, but the European Commission made it clear at an early stage that the EU was not prepared to contemplate any revision until after the EU and EEA enlargements to Central and Eastern Europe were completed.

The current situation as described in this working paper leaves the co-rapporteurs with an important set of open questions which should stimulate a meaningful public debate on the future perspectives for the European Economic Area. Is the status quo politically sustainable for the EU and the EEA EFTA States? Is enough being done on the EEA EFTA side to utilise the EEA Agreement to adapt to systematic changes of the EU? Would it be politically realistic to aim for a revision of the EEA Agreement, given the inherent political and institutional complexities such an exercise would entail?