



# Questionnaire

Information requested for the preparation of the Opinion  
on the application of Iceland for membership of the  
European Union

September 2009

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## INTRODUCTORY REMARKS

On 16 July 2009 Iceland applied for accession to the European Union. On 27 July 2009 the Council decided to implement the procedure laid down in Article 49 of the Treaty on European Union. Accordingly, the Commission was requested to submit to the Council its Opinion on this application.

The European Council of Copenhagen in 1993 defined the criteria for EU membership as follows:

“Accession will take place as soon as a country is able to assume the obligations of membership by satisfying the economic and political conditions. Membership requires:

1. that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
2. the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union;
3. the ability to take on the obligations of membership, including adherence to the aim of political, economic and monetary union.”

In its Opinion, therefore, the Commission will analyse Iceland’s application on the basis of the country’s capacity to meet the criteria set by the Copenhagen European Council of 1993 and the obligations in line with the European Economic Area (EEA) Agreement.

In order to provide the Commission with the necessary information to conduct this analysis, a comprehensive list of questions relating to the Copenhagen criteria is hereby forwarded to Iceland.

The following guidelines are provided to assist you in preparing your reply:

- You are invited to explain your country’s capacity to apply and enforce the legislation in all areas of the *acquis*. Please specify, where relevant, measures taken to implement obligations arising from the EEA.
- You are asked to present the replies in a concise, transparent and clear form, covering all essential aspects of the subject. If you refer to supplementary documents (publications, reports, action plans, etc.), please provide a summary of their content and a copy of the document.
- You may already have provided translations of laws or documents requested in the questionnaire on the occasion of meetings of bodies created in the framework of the EEA. In this case you may wish to provide a copy of the official information making reference to the date when the document was submitted to the Commission. In case an earlier version of a draft law has already been provided to the Commission, please indicate clearly the changes in the latest version.
- If available, translations of laws or draft laws should be presented with a table of correspondence.

- In some cases you may find rather similar or complementary questions in related chapters of the questionnaire. In such cases, you may wish to explain that full information is made available in another context, indicating the cross-reference.
- Statistical information should be provided in the format requested in the attached tables. If you have problems in providing statistical information in the format requested, please contact the Commission in order to agree on a satisfactory solution. Additional tables may be provided at a later stage to facilitate the collection of statistics.
- The reply should be sent in one of the official EU languages. Where a translation of one of the requested pieces of legislation is not available at the time of transmission, please explain that translation is ongoing and provide the text as soon as it is available. Where possible, it would be useful to have the information in English.

The Commission is at your disposal to give supplementary explanations and clarifications of the questionnaire. Meetings to review progress and resolve possible problems related to replying to the questionnaire can be organised on an ad hoc basis. Please contact in the first place DG Enlargement if you have specific questions or requests for technical contacts.

Your reply should be addressed to the Commissioner responsible for Enlargement. A copy of your replies and related official communications should be addressed to the Director-General of DG Enlargement.

The Commission would appreciate receiving the replies to the questionnaire before 16 November 2009. Please note, however, that this is an indicative timeframe. For the purpose of preparing the Opinion, the quality of the replies will be more important than the speed of delivery.

Before the Opinion is finalised, the Commission will invite you to update your replies, so as to ensure that the Opinion is based on the latest available information at the time of finalisation of the document. The Commission may request additional information, statistics or clarifications, if the need arises, in the course of the preparation of the Opinion

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# I. POLITICAL CRITERIA

## A. Democracy and the rule of law

### *Constitution*

1. Please provide a brief description of the constitutional and institutional situation in Iceland.
2. How is the implementation of the Constitution co-ordinated? Which are the bodies involved and which are their respective competences in relation to the implementation of the Constitution?
3. What competences do the courts have to decide on constitutional questions? Are there any formal limitations in the courts' possibilities to set aside national legislation, which is not in compliance with the Constitution?

### *The Parliament*

4. Please provide a description of the structure and functioning of the Parliament including the competences of the Parliamentary Committees, the prerogatives and competences of the Parliament with respect to control of the executive power, and of the procedures for the adoption of legislation (including an explanation of existing fast track procedures and their applicability to the adoption of acquis-related legislation).
5. Please describe the Parliament's rules of procedure and your experience from their implementation.
6. How is the Parliament exercising its legislative functions?
  - a) Is there a system of verifying, at Parliament level, the compatibility of new legislation with the 'acquis communautaire'? Please explain.
  - b) Is there an obligation to analyse the fiscal impact of new legislation before it is adopted? How is this process working in practice? Please explain.
7. How many political parties are registered in your country? How many of these are represented in Parliament? What percentage of parliamentarians are women?
8. Please describe the legal provisions and the institutional arrangements in place for the election of members of Parliament.
9. Please describe the provisions in place defining the persons having the right to vote in parliamentary, presidential and local elections and the arrangements regarding voters' registers.
10. Please describe the overall framework for party and campaign financing, the rules guaranteeing its transparency and provide details on the monitoring of its implementation.

## *Government*

11. Please provide a description of the structure and functioning of the government. Which is the legal basis for the structure and functioning of the government?
12. Please provide a description of arrangements within the government for strategic planning and monitoring. Is there a government programme? How is it prepared, what is the time-line for its implementation and how is its implementation monitored?
13. How is the legislative programme of the government prepared and monitored?
14. What types of legal acts exist? How and by whom are they adopted? How are they prepared? What forms of consultation are used, both inside the government (inter-ministerial co-ordination) and outside (stakeholders)? What mechanisms exist to monitor the effective implementation of legal acts by public bodies (e.g. reporting requirements, inspections)?
15. What mechanisms exist to link strategic planning and budgeting, in each Ministry, at governmental level?
16. What structures exist to ensure the coordination of European Integration issues? How is the compatibility of planned legislation to the EU acquis and to international obligations been verified and monitored? Which body is responsible for such verification?
17. What systems are in place to monitor implementation of policies and laws and to receive feedback?
18. What is the current structure of local self-government?
19. Is there an association of municipalities and which are its functions and its administrative capacity?
20. Is there a clear delimitation of powers between the central and the local government level? Please explain.
21. Which administrative and/or judicial structures at national level are responsible for supervising the local self-government?
22. Please elaborate on the issue of fiscal decentralisation. How are fiscal competences shared between central and local government in terms of ensuring that local governments have the funds needed to fulfil all their responsibilities? Have measures been taken to strengthen the financial management capacity of the municipalities? Please explain. (*Please see also question under Economic criteria.*)
23. How is the state property, including real estate, distributed between central and local government? Which structures are responsible for the management of state property?

*(Please refer to questions in chapter 4 on the state capital.)*

24. Are municipalities consulted in any formal way in the context of preparation of legislation which will either affect them or where they will be involved in its implementation?
25. When the fiscal impact of the implementation of new legislation is prepared, is the impact on the budget of municipalities identified and taken into account? Please explain.

#### *Public Administration*

26. Please provide a description of the structures and bodies of the state administration of Iceland including independent agencies, specifying the source of their financing (state budget or other), their mission, where possible, an organisation chart, the number of their statutory positions and the number of employees and their functions.
27. Are there plans to reform the Public Administration? If so, what are the main objectives and what is the state of play of their implementation?
28. What is the legal basis for the status of civil servants and other public employees? Is there a public administration law or regulation defining the status of public servants, including independence, recruitment, career structures and remuneration? Are the principles of a European public administration as identified by SIGMA<sup>1</sup> embedded within the legal framework? Is there a Code of Ethics applicable to Civil Servants? If so, is its application carefully monitored? Are there specific rules applicable to specific categories of civil servants? How are public servants recruited? Are there training institutions for public servants? Please provide statistics on training provided in the last three years. What percentage of public servants are women? (please provide details of grade and seniority if available).
29. Is there a transparent legal or regulatory basis for actions taken by public servants? In particular, how is impartiality and non-discrimination of actions by public servants ensured?
30. How is accountability of administrative bodies ensured (e.g. are administrative bodies accountable or answerable for their actions to other administrative, legislative or judicial authorities, and subject to scrutiny by others)? Does the legal framework comprise regulations concerning disciplinary measures against civil servants? Please explain.
31. What systems are in place to monitor implementation of policies and laws and to receive feedback? Is there an inspection of the public administration and how does it function?
32. What is done to ensure that the public service is open and transparent? Can any citizen affected by an administrative action find out the basis for the action?

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<sup>1</sup> According to the SIGMA paper no. 27 "European Principles for Public Administration (1999)", these principles refer to: the separation of public administration of politics, the legal certainty and the proportionality of administrative decisions, the openness and transparency of administrative acts, the accountability of administrative bodies, the efficiency and effectiveness of public administration in achieving its goals.

33. What are the procedures for administrative control to guarantee citizens' rights of recourse against public service actions? Describe these (e.g. parliamentary committees, ombudsman's office, internal and external audit, inspectorates, standard-setting authorities). To what extent are the recommendations formulated by these bodies (particularly the ombudsman's office) taken into account by the Government? Please provide concrete data.

*The judicial system*

34. Please provide brief description on legislation or other rules governing the structure and functioning of the judicial system.
35. Please indicate:
- a) The number of courts (by type of court);
  - b) The main competencies and functions of each type of court;
  - c) The number of judges, prosecutors, defence lawyers, bailiffs, public notaries, court clerks etc;
  - d) The proportion of female judges and, if data are available, the proportion of women for the other legal professions mentioned under c).
36. Independence of the judiciary: Is independence guaranteed by the Constitution? How are the rights of the judiciary protected? Please describe the selection, promotion and disciplinary procedures of judges and prosecutors and indicate how they relate to the accountability and independence of the judiciary. (*see also chapter 22*)
37. Impartiality of the judiciary: Please provide information on the legal provisions and the institutional arrangements in place providing for the impartiality of the courts. Are there provisions eliminating the conflict of interest for judges and prosecutors and how are they implemented? Are there ethics provisions in place for judges and prosecutors? Please explain. (*see also chapter 22*)
38. Please provide a description of your prosecutorial system. How are prosecutors appointed, what is their status and how is their autonomy, impartiality and professionalism guaranteed? Is there any immunity system for prosecutors?
39. How do you ensure that natural and legal persons from EU Member States have access to your courts free of discrimination compared to your own nationals?
40. Detention: Please describe the rules and procedures governing pre-trial detention and the rules on extending it. How are human and secure conditions for detainees (in respect of international human rights standards) ensured by the police, justice, prosecution and penitentiary systems? What measures are taken if such standards are not respected?
41. Is there a higher council of the judiciary? Does it also cover prosecutors? If so, describe its composition, role, premises and budget. How are members appointed and how is its independence guaranteed?
42. Training: Is there an independent national training centre for the judiciary? What is its role?

43. Clerical staff: Please give the number of clerical staff. How does this compare with the number of judges and prosecutors? What are their legal status and main tasks?
44. Describe the use of information technology in courts and prosecutors' offices. Is there sufficient and direct access to legal databases? Please explain.
45. Accountability and discipline: Is there a code of ethics for members of the judiciary and prosecutors? If so, by whom has it been set up? What is its legal status? How is it being implemented?
46. Describe the disciplinary and penal procedures for judges.
47. Describe the relations between actors (judges, prosecutors, police, etc.) in the criminal justice system and measures taken to ensure that the system is well- functioning.
48. Please describe the current appeal procedures.
49. How are the courts supervised? Are both the administrative and the judicial functions of the courts supervised? Please elaborate.

*(For more detailed questions please see chapter 23).*

#### *Anti-corruption measures*

50. Please provide any analysis or research made by your authorities or other bodies (e.g. NGOs) on corruption.
51. Please give an overview of the efforts geared towards tackling corruption (i.e. adoption of legislation, international conventions, adoption of strategies and action plans to implement legislation, reinforcement of institutional and human resources capacities to deal with corruption). Which are the main priorities in this field? Which are the bodies responsible for coordinating all related efforts?

*(For detailed questions please see Chapter 23)*

#### *Internal security*

52. Please describe the status and the structure of the security forces and their respective competences concerning internal security. Please provide – where available- organisation charts and indications about the number of employees.
53. Is there appropriate control over the security forces, including intelligence services, and how is it exercised? Please describe the relevant arrangements which are in place for parliamentary control of security forces.
54. How is police primacy in dealing with internal security ensured? What is the legal framework and how is it implemented?
55. What measures have been taken to ensure awareness within the security forces of issues such as human rights, non-discrimination and community policing methods?

56. What percentage of the police force has received further training over the last 5 years? Is such training obligatory? What is the average amount of training and where and by whom is it offered?
57. Please detail the inspection and internal control systems to ensure fairness, transparency and accountability in the security forces, at all levels, particularly at the central level and among senior officers.
58. What actions have been taken by the Internal Affairs unit in the Police dealing with Professional Standards and with police misconduct? What results have been achieved (number of cases, sanctions applied etc)?

## **B. Human rights**

### *Horizontal issues*

59. Please provide succinct information on your constitutional order, your legislation or other rules governing the area of fundamental rights, and their compatibility with the relevant international conventions.
60. Provide a list of human rights instruments and related protocols ratified by Iceland along with the date of signature and ratification. Include details of any reservations which have been made to those treaties and any declarations recognising the right of individuals to petition committees established by the conventions. In addition, please specify what national legislation and provisions have been adopted to ensure compliance with the obligations flowing from these conventions. How are these implemented and monitored?
61. What is the rank of these conventions in your domestic legal system including your constitution? Have you introduced the direct applicability in domestic law of international conventions in all cases?
62. Is there an Ombudsman with general competence in the field of human rights, the rights of women, rights of children and protection of minorities? If so, provide a description of the relevant legislation, as well as statistics on the total number of cases received by him in recent years, the number of recommendations he has made, and the number of his recommendations which have been implemented by the relevant authorities.
63. Which guarantees exist for the independence of the Ombudsman?

*(For more detailed questions please see chapter 23).*

### *Civil and political rights*

64. Please provide an overview of legislation and/or case law relevant to the right to life.
65. What strategies are in place to ensure the respect for fundamental rights? Please refer particularly to measures which relate to human dignity, the right to life, the right to integrity of the person, the prohibition of torture and inhuman or degrading treatment or punishment.

66. Please provide information on specific national legislative as well as administrative measures designed to prevent the occurrence of torture, inhuman or degrading treatment or punishment in state institutions, prisons or police stations. In this respect, what measures are in place providing for the inspections of detention centres or police stations? Is legal redress foreseen for victims?
67. In the fields of medicine and biology, what are the precise rules which indicate what is and what is not permitted? Are these rules subject to a permanent monitoring process, in particular with regard to the right to integrity of the person? Please elaborate.
68. Please provide information on any legislative measures designed to protect and uphold respect for private and family life, home and communications. In which circumstances can these rights be infringed upon?
69. Elaborate on the legislative structures in place to ensure protection of the right to freedom of thought, conscience and religion.
70. Are the freedoms of assembly and association assured? Please explain.
71. What measures are there in place to prevent a person from being removed, expelled or extradited to a State where there is a serious risk that s/he would be subjected to the death penalty, torture or other inhuman or degrading treatment or punishment? Which bodies are responsible for fact-finding in such cases and do they have an adequate institutional framework to facilitate effective action? Please provide details.
72. What steps have been taken to prevent discrimination based on membership of a national minority, ethnic or social origin, sex, race, colour, genetic features, language, religion or belief, political or any other opinion, property, birth, disability, age or sexual orientation? Has Iceland established specialised services to combat discrimination? If so, which legislative framework, institutional context, composition, functions and powers pertain to these services?
73. Please provide details on legislative measures which ensure equality between men and women, commenting particularly on equality in areas such as employment, work and pay.
74. What is the maximum length of time a person may be deprived of his freedom without being brought before a competent judicial authority? What is the average length of time between the lawful arrest of a person and the decision by a judicial authority on his detention and the start of his trial?
75. To what extent is support to victims provided?
76. What guarantees are in place to ensure a public hearing? Give details of the circumstances in which limitations may be placed on public access to court hearings and on public pronouncement of judgements and the extent to which this occurs.
77. Is the presumption of innocence a central part of your criminal justice system and, if so, how is it applied in practice? How are the rights of defence guaranteed?
78. Freedom of expression and freedom of the media: Provide information concerning the legislation regarding the promotion of the freedom of expression and information in general and, specifically, freedom and pluralism of the media. Please detail measures

designed to prevent interference with these freedoms. Describe the libel legislation. What types of penalties are used for libel offences?

*(Please take note of related questions in chapter 10).*

79. Is the right of ownership recognised by the Constitution? How is the right to property assured? What are the justifications permitted for any possible restrictions placed on the exercise of this right and which body or bodies may impose such restrictions?

*(For more detailed questions please see chapter 23).*

#### *Economic, social and cultural rights*

80. Please provide information on how, and to what extent, the right to education is guaranteed in legislative and practical terms. Please comment on the allocation of resources and institutional framework in place to facilitate the exercise of this right.
81. Elaborate on the legislative and administrative structures in place to ensure effective protection of the rights of the child.
82. How is domestic violence treated in your legislation and in judicial practice?
83. Is there specific legislative protection for the rights of the elderly? Please explain.
84. Does specific legislative protection for the rights of persons with disabilities exist? Are there measures designed to ensure their independence and social and occupational integration? Please explain.
85. Please indicate what steps have been taken to implement the European Social Charter.

*(For more detailed questions please see chapter 23).*

#### *Minority rights and the protection of minorities*

86. Please provide statistics concerning the number of people belonging to ethnic, religious and linguistic minority groups in your country. Please indicate the source of these figures (census or other).
87. How and to what extent are the rights of minorities respected and protected? Please give an overview on the constitutional and legislative provisions.
88. Has the Framework Convention for the Protection of National Minorities and other international instruments been ratified? If not, when does the government expect ratification of the Framework Convention?

*(For more detailed questions please see chapter 23).*

### **C. Regional issues and international obligations**

#### *Return of refugees*

89. Statistics: Please provide data for refugees from other countries who came to Iceland. When did they arrive and what proportion has returned?

90. Legal and regulatory framework: Please describe the legal and regulatory framework governing the protection, status, rights, as well as the integration of refugees in Iceland.
91. Explain your overall policy regarding the treatment of the refugees residing in Iceland. Are there any discriminations applying to them in relation to social and economic rights?

*Regional cooperation*

92. Please provide a list of all regional initiatives in which Iceland participates. Please specify which regional agreements have been signed or ratified.

*Bilateral relations*

93. Please provide an overview of Iceland's relations with neighbouring countries, including outstanding bilateral issues and prospects for solutions.

*International obligations*

94. Please describe your obligations deriving from membership to the Council of Europe, the measures taken to date to honour these obligations and the envisaged actions for any pending obligations.
95. What steps have been taken to ratify and implement into domestic law the Rome Statute on the International Criminal Court? Are there any exceptions to the Rome Statute applied by Iceland?

## II. ECONOMIC CRITERIA

### A. Macroeconomic Data

1. Please provide the key data requested in the attached tables 1-7 for the period indicated<sup>2</sup>. The tables cover data on:
  - a) average real GDP growth and its breakdown by expenditures;
  - b) inflation (including core inflation);
  - c) general government deficit and debt and its breakdown by government level;
  - d) general government expenditure and revenue and its breakdown by categories;
  - e) selection of monetary and financial indicators;
  - f) evolution of the real and nominal effective exchange rates;
  - g) balance of payments, including trade and current account, capital and financial account and financing of the balance of payments.

### B. Socio-Economic Data

2. Please provide the following data:
  - a) GDP per capita in Power Purchasing Standards (PPS, in % of the EU27 average);
  - b) population by sex, age and regional distribution;
  - c) labour market indicators: economic activity rates, employment rates and unemployment rates, training including by sex, age and regional divergences.

### C. Other Structural Data

3. Please provide information on the following (2000 up to the most recent year for which data estimates are available):
  - a) sectoral economic structure (share of GDP and employment) at Section level of NACE Rev.2;
  - b) structure of enterprise ownership including an estimate of the capital stock, with a split between public and private capital;
  - c) national research capacity (in terms of research infrastructure and human resources) and funding of national research (in terms of gross domestic expenditure on research & development, relative to GDP). (*see also chapter 25 – Science and Research*);
  - d) unit labour costs;
  - e) the percentage of the working population which received higher secondary education;

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<sup>2</sup> The tables cover the period 2000-2008, to the extent that data are available for the whole period. Please ensure consistency of the data in the tables with data used in the text.

- f) number of pupils in primary, lower secondary, higher secondary and tertiary education;
- g) percentage of employed persons receiving training;
- h) past and present number of students abroad.

**D. The Wage Bargaining Process and the Social Security System** (*see also Chapter 19 – Social Policy and Employment - for detailed questions*)

4. Please provide quantitative and/or qualitative information as appropriate on the following:
- a) development of the average gross and net wages in the public and private sectors;
  - b) the determination of government wages and employment;
  - c) the share of taxes in the total wage bill, including social contributions paid by employers and employees, and the bracket structure of income taxes;
  - d) the evolution over 2000-2008 of employees' compensation;
  - e) the evolution over 2000-2008 of labour productivity.
  - f) the changes in labour productivity in economic sectors and provide indicators of international competitiveness (changes in relative unit labour costs, level and changes in average gross earnings, etc.).

**E. Economic and Structural Developments and Reforms**

5. Please describe and/or provide explanations in the following areas:
- a) What needs to be done to reduce the high risk premium on Icelandic government foreign-currency debt? What are Iceland's views on fiscal consolidation and possible tax increases, including reversing cuts made in recent years? What are Iceland's views on the expenditure, including in public-sector wages, healthcare, education and agricultural subsidies? Will Iceland introduce structural reforms to support sustainable growth?
  - b) How has domestic consensus on the fundamentals of economic policies been secured? To what extent are social partners involved in the decision-making process? Which are the consultative bodies involved in the co-ordination of economic policies?
  - c) How has a co-ordination between line ministries, the Ministry of Finance and/or the Central Bank for the formulation of economic policy (including the macroeconomic policy-mix) and its implementation been carried out in the past and are you, following the financial crisis, considering reforms in that area?
  - d) How is co-ordination of the main producers of statistical data (Statistical office, Central Bank, Ministry of Finance, etc.) carried out? What are the plans to enhance the reliability, regularity and mutual compliance of statistical data for instance in view of reporting in the framework of the Executive Debt Procedure (EDP)? (see also chapter 18 – Statistics)
  - e) Public finances: How has the system of public finances been developed including extra-budgetary funds? How have government revenue and expenditure developed over time in terms of categories as well as a total share of GDP? What were the main

sources for the expenditure growth and to what extent do you foresee a decline of the contribution to GDP of the Service Sector, in particular the financial sector?

- f) Budgetary policy: Please describe the features of the planning, programming and execution process of the government budget. Please indicate main policy objectives, developments and achievements as regards budgetary policy.
- g) Budget management: How has the relation and interaction between government levels evolved? How far is fiscal management integrated (e.g. state play of the Single Treasury Account)?
- h) Extra-budgetary Funds: Please list and provide information on extra-budgetary funds. What is the relationship between the budget and the extra-budgetary funds? Which steps are being taken to integrate the extra-budgetary funds in the government budget?
- i) Tax policy: Which are the authorities of the different government levels to generate revenues? How has the tax regime changed (amendments of tax rates, introduction of new taxes and contributions etc)? (For detailed questions on the tax system see chapter 16 – Taxation)
- j) Public debt stock: How have budget deficits been financed since 2000 (main instruments etc.)? Please provide detailed information on the present stock of public debt (foreign/domestic creditors, currency, instruments, etc.), guarantees and arrears. Are the newly agreed loans with the EU Member States UK and the Netherlands considered by Iceland as general government debt?

## 6. Labour Market

*(see also chapter 19 – Social Policy and Employment):*

- a) Unemployment: How has unemployment developed over time and sectors? What are the main causes of unemployment? To what extent are lay-offs in the banking sector being compensated by re-employment in the service sector and repatriation of foreign workers?
- b) Employment: How is the division of employment between the public, the privatised and the private sector? What have been the main sectors of job creation? How do you assess the relationship between economic growth and employment keeping in mind the shift in contribution to GDP following the collapse of the banking sector?
- c) Describe the government policy concerning the labour market. What are the main steps taken/to be taken to improve the rising unemployment situation and/or the mismatch between labour supply and demand?

## 7. Privatisation and nationalisation:

*(see also chapter 20 – Enterprise and industrial policy):*

- a) What have been the main trends and methods of privatisation/re-nationalisation in the recent years and how have these methods changed due to the recent economic crisis? How many enterprises have been privatised/liquidated/sent into bankruptcy procedures? How many enterprises have been privatised/liquidated/sent into bankruptcy procedures as a cause of the economic crisis? Please provide information on the size, employment and activity of these enterprises. What are the plans for the future? Have any enterprises been re-nationalised after their initial privatisation? Is the

government considering potential cases for re-nationalisation in the near future given the impact of the global economic crisis?

- b) How will the future funds resulting from privatisation be used?
  - c) Has the corporate governance improved as a consequence of privatisation?
8. Public sector: Which share and sectors of the economy are still controlled and/or owned by the state and to what extent? Please outline the government plans as regards the still state-owned enterprises.
  9. Protected sectors (utilities, transport, housing...): Which sectors are subject to specific protection (market entry, price setting...). Please describe recent developments in this respect, such as specific measures of liberalisation or deregulation. Which sectors will remain under special protection? Are there provisions of preferred treatment in particular as regards former socially owned enterprises? (*see also chapter 8 – Competition policy*)
  10. Enterprise restructuring (*see also chapter 20 – Enterprise and industrial policy*): How many state-owned, or formerly state-owned, enterprises have been restructured so far? How many enterprises are currently being restructured or envisaged to be restructured? Please identify the remaining sectors and state-owned enterprises in particular need of restructuring. Please provide information about annual aggregate profits/loss of state-owned enterprises from 2000 to 2008. To the extent relevant, please describe briefly the privatisation strategy for the main state-owned enterprises.
  11. Please describe the basic features of market entry in the corporate sector (business register, licensing procedures, number of separate administrative procedures, average amount of time for incorporation) and of market exit (bankruptcy procedures). (*see also chapter 20 – Enterprise and industrial policy*)
  12. State aid: How have subsidies and public guarantees developed over time, in particular in the banking sector? According to what economic criteria is state aid granted? Is there a medium-term target on scaling public guarantees down? Please explain. (*see also chapter 8 – Competition policy*)
  13. Please indicate what you consider to be the main priorities in the areas of macroeconomic policy, and structural/microeconomic reform in order to cope with the financial crisis and the aftermath of the currency crash.
  14. How has the sectoral economic structure changed over time (in terms of value added to GDP and employment)? What sectors have been most dynamic in growth and/or job creation? Where will growth come from in the near and middle term future?
  15. How has the size of firms developed? Please describe the main impediments to growth and job creation for local companies. (*see also chapter 20 – Enterprise and industrial policy*)
  16. Describe how the level (in % of GDP), structure (type and quality of investment, economic sector) and source (public/private) of gross fixed capital formation has developed in the last years. Please indicate the share related to infrastructure investment including changes in roads, rail and telephony lines. Please also make a particular reference to R&D expenditure. Please provide a synthetic assessment on the quality of

major infrastructures (transport, telecommunication, energy), indicating areas where investment needs are more important.

17. Trade:

- a) Please provide information on main trading partners (for both merchandise imports and exports) and overall structure of trade by sector.
- b) How has the trade integration with the EU developed over time? What are the main EU trading partners and products? How concentrated are the main export products to (parts of) EU markets? How has the export structure changed? Are there indications of a shift from resource- or labour-intensive to capital- or technology-intensive products?
- c) Which shares of exports and imports are denominated in other currencies? (Please, provide a breakdown by major currencies).

18. What are in your view the particular challenges/priorities for economic policy faced by Iceland, including in the context of the global economic and financial crisis and the aftermath of the currency crash, and how do you intend to tackle them?

## **F. Financial Markets**

### **I. General**

19. Please, indicate how interest rates are determined. Are any rates administratively set? If so, which ones? If so, is there a timetable for full deregulation?
20. Do quantitative ceilings exist on credit creation? What instruments are available to control credit growth and potential exchange rate volatility to prevent eroding the quality of lenders' portfolios?
21. Provide an assessment of access to the international financial markets by the state and by the private sector. On what financial terms? Please give examples.
22. If relevant, what are the legal arrangements concerning central bank credit to the private sector? If so, how important are such credits in practice? Do the authorities envisage changes in any such arrangements?
23. What are the main characteristics of the interbank clearing and settlement system? What has been the experience with these systems? Are there changes envisaged in the payments' system?

### **II. The banking sector**

*(see also chapter 3 – Right of establishment and freedom to provide services)*

24. Should Iceland's financial supervision be reformed? Should Iceland's supervisor restrict Icelandic banks to not become once again too large and complex to be supervised effectively?
25. Please describe the current situation concerning access of private companies to bank credit and the trend compared to previous years. To what extent has the collapse of the banking sector decreased such access?
26. Please evaluate the degree of competition in the banking system (price competition, new products, changes in market share, other indicators). Are there any particular concerns regarding the market share of the 'new' banks?
27. What is the average interest rate spread (lending/deposit rates in domestic and foreign currency respectively) in banking over recent years? Please supply data on the profitability of banks during recent years and to what extent this profitability can be contributed to the local economy, also comment on developments.
28. What is the average maturity of bank loans to the private sector over recent years? What is the share of loans with maturity of up to one year?
29. Please provide data on foreign currency denominated and foreign currency indexed deposits and loans.
30. How do you assess the stability of the banking sector? What is the current situation concerning capitalisation and bad loans of banks? Has the banking sector now reached a level that matches the size of Iceland's economy?
31. Please provide an estimate of non-performing loans (NPLs) in private banks (as an absolute amount, as a % of total assets).
32. What has been the NPLs development over the past few years? Do you see an effect of the past rapid credit growth on the average quality of the loan portfolio?
33. Explain how the Iceland supervisory authorities coordinate with the European Central Bank and other countries' Central Banks, notably home authorities of foreign banks established in Iceland and Icelandic banks established in EU member states.
34. What is the situation of the 'new' banks in Iceland and to what extent are the 'old' banks still functioning? Are there any other banks that display liquidity/solvency problems? What will be the fiscal impact in the coming years of recapitalisations, nationalisations and foreign depositor loan guarantees?
35. What specific measures have been taken in order to improve the evaluation of credit risk and the quality of the loans' portfolios? Are international standards in relation to the recognition of bad debts and provisioning in place?
36. What developments have taken place in bankruptcy legislation and what plans are envisaged? Could the authorities also comment on the practice as well as the legal framework? How easily can banks mobilise their claims through such proceedings?
37. Are there particular areas of difficulty in banking supervision? What is the degree of independence of the supervisory authorities towards the Icelandic authorities and towards the EFTA surveillance authorities, how has this changed in recent years and/or

is expected/planned to change? How efficient is co-ordination of supervisory authorities and institutions?

### **III. Capital market**

*(see also chapter 4 – Free Movement of Capital)*

38. What are the conditions for, and the risks of, removing the capital controls?
39. Please indicate the principal legislation adopted in this area and its implementation and foreseeable amendments in the near future, in particular on the lifting of capital restrictions.
40. How developed is the equity market? Does it provide, in practice, an alternative source of finance for enterprises? How much was raised on the market in recent years? Please provide data on a) market capitalisation (total and by categories of companies); b) number of listed shares and volume of trading; c) development of the general share price index; d) holding by foreign investors of local stocks.
41. What percentage of business is carried out outside the stock exchange? Is the Over The Counter market regulated?
42. How developed is the bond market? Who are the main participants in the market and which are the main financial instruments used? Are there private issues? Is there a secondary market? Please supply detailed information on the size, activity and structure of the bond market, including average maturity of the most important securities.
43. As regards the regulatory and supervisory framework, what are the main features of the law on the Securities Market? Is supervision now considered to be satisfactory? As in banking (above), what steps are planned to address potential problems of co-operation between supervisors on a consolidated basis?

### **IV. Money market**

44. How developed is the market for short-term financial instruments? Who are the main participants in the market and which are the main financial instruments used? Please supply detailed information on the size, activity and structure of the money market.
45. What changes are considered necessary in order to improve market organisation and efficiency?

### **V. Non-bank financial institutions**

*(see also chapter 3 – Right of establishment and freedom to provide services)*

46. Please outline the legal framework concerning insurance companies in place. Are further measures envisaged in this area?

47. What is the authorities' overall assessment of the degree of competition in the sector?
48. What is the situation regarding new financial markets and instruments, for example venture capital companies, factoring, leasing, etc.? Is the legal framework in place for such operations? Please provide any available information on market developments.
49. Please provide information on the pension system. What are the main challenges for its development? What are the losses suffered in the present crisis and what will be the next steps of the authorities to tackle these challenges? To what extent will the losses in the pension system lead to loss of purchasing power for the population?

#### **F. Monetary and exchange rate policy**

50. Describe the current foreign exchange rate regime, including any intermediate targets.
51. Describe developments in the krona's foreign exchange market over the past year and indicate how you see future developments. Describe how the Central Bank of Iceland is involved in foreign exchange market transactions.
52. Describe the current restrictions on the capital and current account. Is there a time frame for removing these restrictions?
53. Describe how the capital and current accounts, including relevant sub categories, have developed over the past year and indicate how you see future developments.
54. Describe the current monetary policy regime, including main policy instruments and liquidity and reserve management. Describe the Bank of Iceland's capacity as lender of last resort. How aligned is the monetary policy framework with that of the ECB? Will the monetary policy framework be reassessed in the near future?
55. Describe the monetary policy strategy to support confidence in the krona, including through policy rates and foreign exchange interventions. Looking forward, how do you see the strategy developing?
56. Describe how official international reserves have developed over the past year and indicate how you see future developments. What are the major drains on foreign reserves?

**Please see the enclosed tables**

**Table 1: Main Economic Trends**

<b>Iceland</b>		<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>GDP:</b>										
Nominal GDP	in euro (current prices)									
	in euro (constant prices)									
	in PPS (current prices)									
Real GDP growth	in per cent									
<b>Inflation:</b>										
Retail price inflation	annual average									
	end of period									
Producer price inflation	annual average									
	end of period									
Core inflation /1	annual average									
	end of period									
<b>Unemployment:</b>										
Registered unemployment	annual average									
	end of period									
LFS definition (ILO)	annual average									
	end of period									
<b>External balance</b>										
Merchandise trade balance	in million €									
	in % of GDP									
Current account balance	in million €									
	in % of GDP									

Gross foreign debt	in million €									
	in % of GDP									
	in % of total exports									
Foreign direct investment, inflows	in million €									
	in % of GDP									

/1 Please indicate your methodology

**Table 2: Public finances**

Iceland		2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General government (on GFS 2001)</b>										
Total revenues	in euro									
	in % of GDP									
	o/w grants									
Total expenditure	in euro									
	in % of GDP									
	o/w net lending									
Balance	in euro									
	in % of GDP									
<i>Financing of balance</i>										
Privatisation revenues	in % of GDP									
Net foreign borrowing	in % of GDP									
Net domestic borrowing	in % of GDP									
<i>o/w from monetary authorities</i>	<i>in % of GDP</i>									
<i>o/w from commercial banks</i>	<i>in % of GDP</i>									
<i>o/w arrears</i>	<i>in % of GDP</i>									
<b>Central budget</b>										
Total revenues	in euro									
	in % of GDP									
	o/w grants									
Total expenditure	in euro									
	in % of GDP									
	o/w net lending									
Budget balance	in euro									
	in % of GDP									

<b>Local self-government</b>										
Total revenues	in euro									
	in % of GDP									
	o/w grants									
Total expenditure	in euro									
	in % of GDP									
	o/w net lending									
Budget balance	in euro									
	in % of GDP									
<b>State funds</b>										
Total revenues	in euro									
	in % of GDP									
	o/w grants									
Total expenditure	in euro									
	in % of GDP									
	o/w net lending									
Budget balance	in euro									
	in % of GDP									

**Table 3: General government expenditure and revenue (GFS 2001)**

<b>Iceland</b>		<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General government revenues</b>										
<b>Current revenues</b>										
Direct taxes	in euro									
	in % of GDP									
<i>o/w Personal income tax</i>	in euro									
	in % of GDP									
<i>o/w Corporate income tax</i>	in euro									
	in % of GDP									
Social security contributions	in euro									
	in % of GDP									
Indirect taxes	in euro									
	in % of GDP									
<i>o/w VAT</i>	in euro									
	in % of GDP									
Other current receipts	in euro									
	in % of GDP									
<i>o/w excises</i>	in euro									
	in % of GDP									
<i>o/w customs duties</i>	in euro									
	in % of GDP									
<b>Capital revenue</b>	in euro									
	in % of GDP									

	GDP									
<b>Grants</b>	in euro									
	in % of GDP									
<b>General government Expenditure</b>										
<b>Current expenditure</b>										
Government consumption	in euro									
	in % of GDP									
<i>o/w compensation of employees (excl. employer's contribution)</i>	in euro									
	in % of GDP									
<i>o/w current purchases</i>	in euro									
	in % of GDP									
Interest payments	in euro									
	in % of GDP									
Current transfers	in euro									
	in % of GDP									
<i>o/w to enterprises</i>	in euro									
	in % of GDP									
<i>o/w to households</i>	in euro									
	in % of GDP									
<b>Capital Expenditure</b>	in euro									
	in % of GDP									
<b>Consolidated general government balance</b>	in euro									
	in % of GDP									
<b>Debt payments</b>	in euro									
	in % of GDP									

<b>Revenues from privatisation</b>	in euro									
	in % of GDP									

<b>General government gross debt stock</b>	in euro									
	in % of GDP									

**Table 4: GDP by Expenditure Category**

<b>Iceland</b>		<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<i>(in current prices)</i>										
<b>Domestic demand</b>	in euro									
	in % of GDP									
Private Consumption	in euro									
<i>(household and non-profit org.)</i>	in % of GDP									
Government Consumption	in euro									
	in % of GDP									
Gross fixed capital formation	in euro									
	in % of GDP									
<i>o/w residential construction</i>	in euro									
	in % of GDP									
<i>o/w non-residential construction</i>	in euro									
	in % of GDP									
<i>o/w equipment</i>	in euro									
	in % of GDP									
<i>o/w private</i>	in euro									
	in % of GDP									
<i>o/w government</i>	in euro									
	in % of GDP									
Change in stocks	in euro									
	in % of GDP									
<b>Net external demand</b>	in euro									
	in % of GDP									
Exports of goods and services	in euro									
	in % of GDP									
<i>o/w goods (fob)</i>	in euro									
	in % of GDP									
Imports of goods and services	in euro									
	in % of GDP									

<i>o/w goods (fob)</i>	in euro									
	in % of GDP									
<b><i>GDP at market prices</i></b>	in euro									

**Table 5: Balance of Payments**

<b>Iceland</b>		<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>A. Current Account</b>										
Exports of Goods f.o.b.	in €									
	in % of GDP									
<i>o/w aluminium, iron and steel</i>	in €									
	in % of GDP									
<i>o/w fish</i>	in €									
	in % of GDP									
Imports of Goods f.o.b.	in €									
	in % of GDP									
<b>Balance on goods</b>	in €									
	in % of GDP									
<i>Exports of Services</i>	in €									
	in % of GDP									
<i>Imports of Services</i>	in €									
	in % of GDP									
<b>Balance on services</b>	in €									
	in % of GDP									
<b>Balance on goods and services</b>	in €									
	in % of GDP									
Income: credit	in €									
	in % of GDP									

Income: debit	in €									
	in % of GDP									
<b>Balance on Income</b>	in €									
	in % of GDP									
<b>Balance on goods, services, and income</b>	in €									
	in % of GDP									
<i>Current transfers: credit</i>	in €									
	in % of GDP									
<i>Current transfers: debit</i>	in €									
	in % of GDP									
<b>Current transfers, net</b>	in €									
	in % of GDP									
<b>B. Capital Account</b>										
Capital transfers, net	in €									
	in % of GDP									
<b>Total, Groups A plus B</b>	in €									
	in % of GDP									
<b>C. Financial Account</b>										
Foreign Direct investment, net	in €									
	in % of GDP									
Portfolio investment - Assets	in €									
	in % of GDP									
Portfolio investment - Liabilities	in €									
	in % of GDP									

Other investment, net											
	<i>Trade credits</i>	in €									
		in % of GDP									
	<i>Medium and long-term loans</i>	in €									
		in % of GDP									
	<i>of which Amortization</i>	in €									
		in % of GDP									
	<i>Short-term loans</i>	in €									
		in % of GDP									
	<i>of which Monetary authorities</i>	in €									
		in % of GDP									
	<i>General Government</i>	in €									
		in % of GDP									
	<i>Banks</i>	in €									
		in % of GDP									
	<i>Other sectors</i>	in €									
		in % of GDP									
<b>Current, Capital and Financial Account</b>		in €									
		in % of GDP									
<b>D. Net Errors and Omissions</b>		in €									
		in % of GDP									
<b>OVERALL BALANCE</b>		in €									
		in % of GDP									

<b>E. Reserves and Related Items</b>										
Official Reserves	in €									
	in % of GDP									
Use of Fund credit, net	in €									
	in % of GDP									
Exceptional financing	in €									
	in % of GDP									

**Table 6: External and Monetary Indicators**

<b>Iceland</b>		<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Gross foreign debt</b>	in €									
	in % of GDP									
	as % of total exports									
<i>o/w long term</i>	<i>in €</i>									
	<i>in % of GDP</i>									
<i>o/w denominated in €</i>										
<i>o/w denominated in US\$</i>										
<i>o/w denominated in other currencies</i>										
<b>International reserves</b>	in €									
(end of year)	in % of GDP									
	in monthly imports									
<b>Interest payments</b>	in €									
on external debt	in % of GDP									
	as % of total exports									
<b>Exchange rate</b>										
<b>Nominal exchange rate versus USD</b>	annual average									
	end of period									
<b>Nominal effective exchange rate /1</b>	annual average									
	end of period									
<b>Real effective exchange rate /1</b>	annual average									
	end of period									
<i>/1 please indicate methodology</i>										

<b>Monetary Indicators</b>									
Money supply (M0)	annual average								
	end of period								
Monetary aggregate (M21)	annual average								
	end of period								
<i>o/w foreign currency deposits</i>	<i>annual average</i>								
	<i>end of period</i>								
<i>o/w euro deposits</i>	<i>annual average</i>								
	<i>end of period</i>								
Total credits	annual average								
	end of period								
credits to households	annual average								
	end of period								
credits to enterprises	annual average								
	end of period								
Foreign exchange loans	annual average								
	end of period								

<b>Banking system - Prudential indicators</b>									
Capital adequacy ratio (CAR)	annual average								
	end of period								
Non performing loans (NPL)	annual average								
	end of period								
Return on assets (ROA)	annual average								
	end of period								
Return on equity (ROE)	annual average								
	end of period								

**Table 7: Labour Market Indicators**

<b>Iceland</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Employment and Unemployment</b>									
1. Total population									
2. Population of working age									
3. Total labour force									
4. Activity rate (3:2)									
5a. Civilian labour force									
5b. Armed forces									
6. Total employment									
7. Registered unemployment (3-6)									
8. Unemployment rate (%; 7:5a)									
9. LFS unemployment rate (%), (ILO)									
<b>Unit Labour Costs</b>									
<b>Whole economy</b>									
1. GDP at constant market prices									
2. Employment (domestic concept)									
3. GDP per occupied person (1:2)									
4. Compensation of employees									
5. Wage and salary earners									
6. Compensation per head (4:5)									
7. Unit Labour Costs (6:3)									
<b>Manufacturing industry</b>									
1. Gross value added at constant market prices									
2. Employment (domestic concept)									

3. Value added per occupied person (1:2)									
4. Compensation of employees									
5. Wage and salary earners									
in 000									
6. Compensation per head (4:5)									
7. Unit Labour Costs (6:3)									

### III. CHAPTERS OF THE ACQUIS – Ability to assume the obligations of membership<sup>3</sup>

#### *Chapter 1: Free movement of goods*

The **general principle** of the free movement of goods implies that products must be traded freely from one part of the Union to another. This principle is enshrined in the EC Treaty, in particular Articles 28 to 30, 95(4) to 95(9), 296 to 298, as interpreted in the case law of the European Court of Justice as well as Commission Directive 70/50/EEC and interpretative communications. Measures having equivalent effect to a quantitative restriction are prohibited subject to a limited and restrictive set of exceptions. This notably implies the elimination of technical barriers to trade and the compliance with the principle of mutual recognition. Adequate administrative arrangements should be put in place to apply the Regulation (EC) No 764/2008 of the European Parliament and of the Council of 9 July 2008 laying down procedures relating to the application of certain national technical rules to products lawfully marketed in another Member State and repealing Decision No 3052/95/EC and the “strawberry” Regulation (EC) No 2679/98.

In a number of sectors the general principle is complemented by a harmonised regulatory framework. **Horizontal measures** define the quality infrastructure which Member States should put in place in areas such as standardisation, conformity assessment, accreditation, metrology and market surveillance.

The harmonised European product legislation, which needs to be transposed by each Member State, represents the largest part of the acquis under this chapter. It is based on the “old approach” (imposing precise product specifications) or the “new and global approach” (imposing general product requirements). The New Legislative Framework (Decision No 768/2008/EC of the European Parliament and of the Council of 9 July 2008 on a common framework for the marketing of products, and repealing Council Decision 93/465/EEC, together with Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93) is a review of the New Approach and lays down common rules on the marketing of products.

**New and Global Approach product legislation** covers the areas of non-automatic weighing instruments and measuring instruments, low voltage equipment (LVD), electromagnetic compatibility (EMC), toys, machinery, lifts, noise emissions by outdoors equipment, personal

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<sup>3</sup> Some chapters have questions relating to Iceland's compliance with the provisions of EU Regulations. Our intention in asking such questions is simply to see what the current state of affairs is, and not to imply that Iceland should have specific legislation in place or that it should maintain any such transposing legislation after potential EU accession. EU Regulations are directly applicable in all EU Member States, and would therefore be directly applicable in Iceland if and when it joins the EU. There may even be a need for Iceland to formally repeal some national measures upon its accession to the EU should they be in conflict with a Regulation.

Similarly, when asking about any potential alignment with EU Recommendations in Iceland, our intention is to find out what the current state of play is. Recommendations are not binding on EU Member States or EEA countries, and questions do not mean to imply that Iceland's law should be in line with EU Recommendations

protective equipment (PPE), equipment and protective systems intended for use in explosive atmospheres (ATEX), medical devices, gas appliances, pressure equipment, simple pressure vessels, cableway installations, construction products<sup>4</sup>, recreational craft, eco-design requirements for energy-using products (EUP), and radio and telecommunications terminal equipment (R&TTE).

**Old Approach product legislation** covers the areas of motor vehicles, emissions of gaseous and particulate pollutants from non-road mobile machinery engines, chemicals, pharmaceuticals, cosmetics, legal metrology and pre-packaging, textiles, footwear labelling, crystal glass and aerosol dispensers.

A series of **procedural measures** also require sufficient administrative capacity in order to be properly applied. These include a notification procedure in the field of technical standards and regulations laid down in Directive 98/34/EC as amended, provisions on external border checks as provided in Regulation (EC) 765/2008, Directive 91/477/EEC on the control of the acquisition and possession of weapons and Directive 93/7/EEC on cultural goods.

*The Agreement on the European Economic Area already lays down specific obligations in the areas covered by this Chapter. When answering the questions below, please make reference to the state of implementation of such obligations.*

## **GENERAL PRINCIPLES**

These questions are of a general nature and do not refer to the industrial sectors specified in Chapter 15.

### **A. Legislative alignment**

1. What is the basis for product conformity regulation and to what extent has your legislation moved towards the principles applied in European harmonised legislation, i.e. minimum requirements, absence of mandatory standards, self certification and the presumption of conformity?

### **B. Implementation capacity, including administrative capacity**

2. What is the legal basis and administrative structure for technical regulations, standards, conformity assessment, accreditation, certification, metrology and market surveillance?
3. How are these functions organised, implemented and co-ordinated?
4. Do the relevant ministries and technical organisations have sufficient numbers of adequately trained staff to master the technicalities of law-making and to ensure adequate co-ordination and enforcement of the law? Please specify.

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<sup>4</sup> With sector specific features when compared with the New and Global Approach

## **HORIZONTAL MEASURES**

These questions are of a general nature and do not refer to the industrial sectors specified in Chapter 15.

5. What mutual recognition or co-operation agreements in the field of standards, testing, certification and conformity assessment has your country signed? Do such agreements use international standards as a basis? Please provide translated copies (in English) of the relevant agreements.

### **A. Standardisation**

6. Is the Standardisation Institute able to implement European and international standards? Has the Standardisation Institute made a needs' assessment for investment and technical expertise required to participate in the European standards system? Please explain.
7. Are staff numbers and financing adequate?
8. What percentage of your standards is in conformity with European standards (give separate percentages for CEN, CENELEC and ETSI standards)?
9. Please indicate if you are a member (or working towards membership) of any European and international standards organisations (CEN, CENELEC, ETSI, others). Is there a timetable for achievement of full membership of CEN and CENELEC? What is the relationship with the international (IEC and ISO) standards bodies?

### **B. Conformity assessment**

10. Please describe the legal framework (laws, bylaws, etc.) for conformity assessment and report on the current implementation.
11. Are procedures applying to conformity assessment in line with Decision No 768/2008/EC?
12. Are foreign test reports recognised? If yes, in which conditions?
13. Who is responsible for designating conformity assessment bodies (CABs) and are the criteria for ascertaining their competences defined in the sectoral legislation? Are ISO standards used in this respect? If yes which ones?
14. How many CABs are active at present in the Country per EU Directive transposed?
15. Has the enquiry point for technical regulations been appointed? Is it already operational? Which is its endowment with material and human resources?
16. Has the register for technical regulation been established?
17. How many and which technical regulations have been adopted/registered up to date?
18. Please describe your marking system and perspective for the introduction of the CE marking.

19. Does the legislation contain a safeguard clause foreseeing the withdrawal of compliant products that are nonetheless found to endanger health and safety?
20. Please describe how your legislation defines the manufacturer's and importer's responsibilities and the manufacturer's general product liability.

### **C. Accreditation**

Please provide detailed information on the questions below:

21. Does your country have an accreditation system and an accreditation body? Is the body independent? Does it have the full range of technical and administrative competencies necessary for the purpose of accrediting certification bodies in line with the European system? Is the accreditation system aligned to the rules in Regulation (EC) 765/2008? Does the accreditation body fulfil the requirements of Regulation (EC) 765/2008?
22. Does it have agreements with European or other international organisations?
23. Is it a member or working towards membership of any such organisations?
24. How many conformity assessment bodies have been accredited so far and how many have applied for accreditation?

### **D. Metrology**

25. What is the present metrology structure in your country?
26. Is there a national programme for the development of the metrology structure? Please provide details.
27. How is traceability to international measurement standards ensured?

### **E. Market surveillance**

28. How does your country ensure that products on the market throughout the country meet standard requirements? (Alternatively, do you have a reliable and standardised system of pre-marketing authorisation?) What penalties apply to infringements? How is co-ordination ensured between sectors? How is market surveillance co-ordinated between market surveillance authorities and customs as regards product conformity and safety checks at external borders? Does your country have a national programme on market surveillance? What information exchange network exists between the various authorities?

## **OLD APPROACH PRODUCT LEGISLATION**

For each sector and sub-sector as listed below, please provide the following information:

### **A. Harmonisation of laws including technical regulations**

29. Please provide information regarding the:
- a) present status, including a description of the present type approval system for each sub-sector as listed below
  - b) forecast (date of adoption and implementation of the EU directives and regulations).

**B. Calibration, metrology, standards, testing, certification, conformity assessment, accreditation and market surveillance**

30. Please provide information on the relevant regimes for the products:
- a) short description and
  - b) further evolution.

The answers to these two questions above should cover the following sectors and sub-sectors:

Motor vehicles

Chemicals

*Limitations, classification, packaging and labelling (REACH, CLP)*

*Detergents*

*Fertilisers*

*Drug precursors*

*Explosives for civil uses (New Approach directive)*

*Pyrotechnics (New Approach Directive)*

*Good laboratory practice (GLP)*

Pharmaceuticals

*Transparency in relation to pricing and reimbursement of medicinal products*

Cosmetics

*Legal metrology, pre-packaging and units of measurement (Old Approach directive)*

*Emissions of gaseous and particulate pollutants from non-road mobile machinery engines,*

*Aerosol dispensers (ADD)*

*Crystal glass*

*Textiles*

*Footwear*

**NEW AND GLOBAL APPROACH PRODUCT LEGISLATION**

For each sector and sub-sector as listed below, please provide the following information:

**A. Harmonisation of laws including technical regulations**

31. Please provide information regarding the:
- a) present status, including a description of the present type approval system for each sub-sector as listed below
  - b) forecast (date of adoption and implementation of the EU directives).

## **B. Calibration, metrology, standards, testing, certification, conformity assessment, accreditation and market surveillance**

32. Please provide information on the relevant regimes for the products:

- a) short description and
- b) further evolution.

The answers to these two questions above should cover the following sectors and sub-sectors:

*Legal metrology: non-automatic weighing instruments (NAWI); measuring instruments (MID)*

*Low-voltage equipment (LVD)*

*Electromagnetic compatibility (EMC)*

*Toys*

*Machinery*

*Noise emissions by outdoors equipment (Global Approach directive based on New Approach elements)*

*Lifts*

*Personal protective equipment (PPE)*

*Equipment and protective systems intended for use in potentially explosive atmospheres (ATEX)*

*Medical devices*

*Gas appliances (GAD)*

*Pressure equipment (PED)*

*Simple pressure vessels (SPVD)*

*Cableway installations*

*Construction products*

*Recreational craft*

*Eco-design requirements for energy-using products (EUP)*

*Radio and telecommunications terminal equipment (R&TTE)*

## **PROCEDURAL MEASURES**

### **A. Measures having an equivalent effect to quantitative restrictions**

33. Do measures exist in the laws, regulations or administrative provisions adopted at national or local level on the production, distribution and marketing of food or industrial products:

- a) Relating to the price of such products (e. g. fixing the prices above or below which the importation or marketing of a product is prohibited or restricted, laying down profit margins or other price components, etc.)?
- b) Which require automatic or non-automatic import licences or permits for imported goods (e.g. licence for import of automobiles)?
- c) Which ban certain specific products (foodstuffs, including vitamins and other food supplements, and chemical substances)?

- d) Which restrict or prohibit distant selling (mail order, internet sales) of certain products (pharmaceuticals, alcoholic beverages and others)?
  - e) Which make access to the domestic market conditional upon having an agent or representative in the territory of your country (e.g. legislation which provides for the sale of certain goods in your country subject to authorisation that may be obtained only by a person established there)?
  - f) Which oblige importers to have storage facilities in the territory of your country (e.g. legislation applying only to imported goods which require these imported goods to be stored for some time before being marketed)?
  - g) Which impose on the marketing of imported products conditions (relating in particular to shape, size, weight, composition, presentation, identification and packaging, labelling) that are different from those imposed on domestic products or which require or encourage the use of certain type of packaging (shape, size, composition) for the marketing of a certain product, whether domestic or imported (e.g. requirement that some goods may only be sold in a package with special form)?
  - h) Which oblige economic operators to label their product with the “Made in ...” marking (obligatory origin marking)?
  - i) Which encourage or authorise the purchase (by individuals or public authorities) of domestic products alone or give preference to the purchase of such products in advertising campaigns (e.g. promotion actions with the participation of public authorities applying only to goods produced by producers in your country or from domestic raw materials)?
  - j) Which exclude imported products alone, in full or in part, from the possibility of using domestic facilities or equipment or which reserve the use of such facilities or equipment, in full or in part, for domestic products alone?
  - k) Which subject imported products to controls, other than those inherent in customs clearance procedures, which are not carried out on domestic products (e.g. veterinary, sanitary, phytosanitary and other controls)?
  - l) Which allow only traders holding a production licence or wholesale licence to import some goods (e.g. licensing system for the production and wholesale of some goods, which allow only the licence holder to import these goods)?
  - m) Which create monopolies of sale of some goods (e.g. tobacco products, alcohol products, etc)?
  - n) Which reserve certain trade names for domestic products alone and, if so, on what conditions (e.g. rules which reserve the use of a certain description to products prepared in your country from domestic raw materials)?
34. Do you have any information on the number of times your authorities intervened to prohibit the marketing of products or withdraw products from the market for any reason over the last 2 years, e.g. health risk, incomplete labelling, inadequate consumer information, failure to comply with compulsory standards, etc.?
35. What are the general rules applicable in your country to non-food products? For example, is the marketing of products with a label and instructions written in a foreign language allowed? What particulars must be mentioned on the label of any industrial product intended for sale to consumers?

## **B. Return of unlawfully removed cultural objects**

36. Please provide us with a copy of the national legislation transposing Directive 93/7/EEC on the return of cultural objects unlawfully removed from the territory of an EU Member State.
37. Has Iceland also implemented Directives 96/100/EC and 2001/38/EC which modified the annex to Directive 93/7/EEC?
38. Please provide us with the contact details of the designated central authority responsible for dealing with legislation on return of cultural goods in your country.
39. Have you already applied Directive 93/7/EEC? If yes, please provide us with some information.
40. Do you have any plans to modify the existing legislation? Please give details and timetables.

## **C. Control of the acquisition and possession of weapons**

41. Please provide us with a copy of the national legislation on firearms acquisition and possession for non-military or police forces use (essentially firearms for hunters and marksmen). Are all types of firearms submitted to authorization or are some of them sold freely? (Dir. 91/477/EEC)
42. What are the authorizations/notifications required for importing / exporting these firearms? Are there specific rules for professional dealers in firearms? (Dir. 91/477/EEC)
43. Are there special provisions for travels abroad for hunters and marksmen departing from Iceland or hunters and marksmen from other countries visiting Iceland on a temporary base? (Dir. 91/477/EEC)
44. What authority is the point of contact with other national law enforcement authorities? (Dir. 2008/51/EC)
45. Is marking of firearms at the time of manufacturing compulsory for all firearms, and what kind of marking is thus requested? (Dir. 2008/51/EC)
46. How long does the data recording of transfers of firearms requested by the Administration last? (Dir. 2008/51/EC)

## **D. Checks for conformity with the rules on product safety in the case of products imported from third countries**

47. Do you have legislation providing for conformity with the rules on product safety in the case of imported products? If so:
  - a) Since when has it been in force?

b) Please describe its broad outlines (which service is responsible for border controls and co-ordination regarding imported products, what is the procedure provided for, etc.?)

## ***Chapter 2: Freedom of movement for workers***

### *Introduction:*

The EEA Agreement, particularly in Article 28 and in its Annex V, lays down specific obligations related to the *acquis* in the area of Freedom of movement of workers. Therefore, the **general principles related to access to labour market** of the *acquis* under this chapter should already apply in Iceland.

Candidate countries also need to be prepared to participate in the **EURES** network (European Employment Services) aimed at promoting the freedom of movement for workers within the Community notably by close cooperation between national employment services to exchange information on employment opportunities. At the operational level, relevant databases of job vacancies need to be integrated with the EURES vacancy exchange mechanism, and general information on the labour market and on living and working conditions needs to be exchanged. The EEA Agreement, particularly in Article 15 of protocol 31 to the EEA Agreement, already ensures the participation of Iceland in the EURES network.

The right to free movement of workers is complemented by a system for the **co-ordination of social security systems**, i.e. the right for migrant workers and their dependents to acquire, cumulate or transfer social security benefits as well as to obtain payment of these benefits. This is based on Regulations that do not harmonise but co-ordinate the social security systems of Member States, and thus requires administrative cooperation between Member States. Moreover, in the health care field, medical expenses will need to be reimbursed for all necessary treatment of nationals falling ill or having an accident during a temporary stay in another Member State, e.g. as tourists. To this end, a **European Health Insurance Card** has to be issued to all nationals.

The EEA Agreement, in Article 29 and its Annex VI, lays down specific obligations in the area of Social Security which cover the EU *acquis* in this area.

*When answering the questions below, please make reference to the state of implementation of EEA obligations.*

### **I. ACCESS TO LABOUR MARKET (GENERAL PRINCIPLES)**

#### **The Legal and Institutional Framework**

- The EEA Agreement, particularly in its Annex V, lays down specific obligations related to the *acquis* in the area of Freedom of Movement for Workers.
- Community Regulation (EEC) 1612/68
- Directive 2004/38/EC (only as concerns the specific provisions for EU citizens exercising an economic activity as salaried workers; please note that all other provisions of the Directive are dealt with under Chapter 23)
- Directive 98/49/EC

1. Have the Directives, under the EEA obligations, been transposed? Please provide concordance tables.
2. Have you been granted any derogations / adaptations? Could you please specify?
3. Have you experienced any difficulties when implementing the EEA obligations? Please specify. Have there been any infringement cases?

## **II. EURES**

The EEA Agreement, particularly in Article 15 of protocol 31 to the EEA Agreement, already provides for participation of Iceland in the EURES network.

4. Can Iceland confirm that it intends to continue participating in the EURES network?

## **III. CO-ORDINATION OF SOCIAL SECURITY SYSTEMS**

- The EEA Agreement, in its Annex VI, lays down specific obligations in the area of Coordination of Social Security which cover the EU *acquis* in this area.

- Regulations 1408/71 and 574/72

- Regulation 883/2004 and its implementing regulation will replace the above quoted Regulations, probably in March 2010.

- After entry into application of the new Regulations, the Regulation 1408/71 and 574/72 will still apply in very limited scope – within the MS of the EU towards the third country nationals and with relations with Switzerland and EEA countries. However, the first negotiations to modify annex VI of the EEA agreement (by replacing regulation 1408/71 and 574/72 with Regulation 883/2004 and its implementing regulation) has already started.

*(Based on Annex VI of the EEA Agreement, Iceland applies directly Regulations 1408/71 and 574/72 since 1994 - no transposition required)*

1. Have you been granted any derogations / adaptations in the area? Please specify.
2. Have you experienced any difficulties when implementing the EEA obligations? If any, please specify. Have there been any cases of infringement?
3. Could you please present an overview of your country's administrative capacity in this field? Which Ministry/ organisation is responsible? Which other administrative bodies are involved? Could you provide information about staff numbers and responsibility levels?

## ***Chapter 3: Right of establishment and freedom to provide services***

Member States must ensure that the **right of establishment** of EU nationals and legal persons in any Member State and the freedom to provide cross-border services, as laid down in the Articles 43 and 49 of the EC Treaty, are not hampered by national legislation, subject to the exceptions set out in the Treaty. The *acquis* under this chapter is of a horizontal nature covering a large variety of fields and professions and involving many public and/or semi-public institutions and bodies. The core piece of *acquis* in this area is the Directive 2006/123 on services in the internal market ('Services Directive') which is to a large extent based on the case law of the European Court of Justice. The transposition period for the Services Directive ends on 28 December 2009. The objective of the Services Directive which is based on case Law of the ECJ is to achieve a genuine Internal Market in services by removing legal and administrative barriers to the development of service activities between Member States. This requires a continuous examination of the Member State's current and future legal order with the aim of identifying legal or administrative obstacles on national, regional or local level not compatible with the Community law.

The implementation of the **Services Directive** requires Member States to take a combination of legislative and non-legislative, i.e. organisational or practical, measures. The Directive is a horizontal instrument which covers a broad range of different services and which affects a significant number of national laws and regulations.

### *Implementing Legislation*

Member States have to provide for national provisions of a binding nature so that service providers and recipients can rely on the rights granted to them by the Services Directive. Certain of these articles could be implemented by amendments to existing legislation, for example those in the area of authorisation schemes could in some Member States be implemented by amending national legislation dealing with administrative procedures. In other cases, notably in relation to articles setting out general principles such as its Article 16 or 20, a new horizontal framework law should be considered.

Member States may also need to adapt existing specific legislation containing requirements which the Directive explicitly requires to be modified or abolished. Particular attention needs to be paid to legislation which contains specific rules for service providers established in other Member States. In so far as such rules are incompatible with the Directive, and are not based on other Community instruments, they need to be abolished by amending the legislation concerned.

### *Non-Legislative Implementing Measures*

Some provisions of the Directive require implementation by putting in place appropriate administrative arrangements and procedures. This is, for instance, the case of the setting-up of points of single contact and electronic procedures. This also concerns the organisation of the identification and assessment of legislation that Member States will have to undertake prior to deciding whether legislation needs to be amended or abolished (for instance to check whether their authorisation schemes are justified or to screen their legislation and identify relevant requirements).

Furthermore, there are provisions in the Directive obliging Member States to encourage actions by private parties. Finally, the entire chapter on “Administrative Cooperation” requires putting in place the practical arrangements necessary for the competent authorities in Member States to effectively cooperate with each other.

### *Follow-up Measures*

The Services Directive also requires Member States to take measures beyond the December 2009 implementation deadline. This is notably the case in connection with the review of legislation and mutual assessment process set out in Article 39 of the Directive.

The *acquis* in this chapter also provides for rules concerning **regulated professions** to ensure the mutual recognition of qualifications between Member States; for certain regulated professions a common minimum training curriculum must be followed in order to have the qualification automatically recognised in an EU Member State. Directive 2005/36/EC, adopted on 7 September 2005, is the key piece of legislation in this field. This Directive replaced fifteen existing Directives in the field of the recognition of professional qualifications.

As regards **postal services**, the *acquis* aims at opening up the postal services sector to competition in a gradual and controlled way, within a regulatory framework which ensures the provision of universal postal service and establishment of an Internal Market for postal services. The main piece of *acquis* is the Postal Services Directive (Directive 97/67/EC as amended by Directive 2002/39/EC and by Directive 2008/6/EC). Under the 3<sup>rd</sup> Postal Directive (Directive 2008/06/EC), which represents the final legislative step of EU postal reform, full market opening will be accomplished at the latest by 31 December 2010 for the majority of Member States. At the same time 11 Member States notified according to the 3<sup>rd</sup> Postal Directive that they may apply derogation and abolish reserved area in the postal sector at the latest by 31 December 2012. The establishment of an independent National Regulatory Authority (NRA) in this field is one crucial point for the proper implementation of the Community legislation and well functioning national postal markets and subsequently Internal Postal Market.

*The entire acquis contained in this chapter is covered by the EEA, and the EEA lays down specific obligations in this area. When answering the questions below, please make reference to the state of implementation of such obligations.*

## **I. RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE CROSS BORDER SERVICES**

1. What Icelandic legislation transposes the Services *acquis* below? Please provide all relevant reference and Official Journal numbers.
  - Directive 98/84/EC of the European Parliament and of the Council of 20 November 1998 on the legal protection of services based on, or consisting of, conditional access
  - Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce')

- Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market

2. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
3. Please refer in detail to the state of implementation of Directive 2006/123/EC (in particular, please provide an update on the state of play of the adoption of horizontal law if applicable, evaluation of existing legislation and introduction of amendments to specific legislation, preparation of reports under Article 39 of Services Directive, putting in place of points of single contact, electronic procedures, administrative cooperation obligations).
4. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
5. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
6. Please give details of any infringement proceedings that have been launched against Iceland in this area.
7. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
8. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

## **II. POSTAL SERVICES**

9. What Icelandic legislation transposes the Postal Services acquis below? Please provide all relevant reference and Official Journal numbers.
  - Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service
  - Directive 2002/39/EC of the European Parliament and of the Council of 10 June 2002 amending Directive 97/67/EC with regard to the further opening to competition of Community postal services
  - Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services
10. What is the exact status of the Icelandic postal market legislation? What is the timetable for the implementation of the 3rd Postal Directive and abolishment of reserved area in the postal sector? Do you apply any other exclusive or special rights in the postal sector, especially VAT exemption for the provision of universal postal services and what is the scope of this special or exclusive right (e.g. personal scope; services scope)?

11. What derogations or adaptations, if any, does Iceland have from the *acquis* (e.g. five time delivery per week; delivery to home or business premises etc.)? What is the justification behind these derogations/adaptations? Have they been notified to the European Commission?
12. Do you envisage any derogations in the implementation of the 3rd Postal Directive and what would be the justification for these?
13. Has Iceland so far experienced any difficulties in implementing the EEA obligations in relation to the implementation of the Postal Services Directive?
14. Please give details of any infringement proceedings that have been launched against Iceland in this area.
15. Which Ministry (or Ministries) is responsible for postal market regulation in Iceland? What is the name and size of the division within the Ministry dealing with postal market regulations?
16. What is the legal status of Iceland Post? If it is a State owned company, which Ministry (or Ministries) is responsible for the management of enterprises wholly or partly owned by the State, and under what competency (e.g. members of the board of directors; supervisory board)? How are the Ministry's different tasks (regulation and management) separated?
17. Is the independent National Regulatory Authority (or Authorities) for the postal sector established? Are there any other bodies holding responsibilities in this field? Is this body also carrying out other tasks e.g. competition law functions? What is the name and size of the relevant bodies?

### **III. MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS**

18. What Icelandic legislation transposes the Regulated Professions *acquis* below (as modified)? Please provide all relevant reference and Official Journal numbers.
  - Council Directive 74/556/EEC of 4 June 1974 laying down detailed provisions concerning transitional measures relating to activities, trade in and distribution of toxic products and activities entailing the professional use of such products including activities of intermediaries
  - Council Directive 74/557/EEC of 4 June 1974 on the attainment of freedom of establishment and freedom to provide services in respect of activities of self- employed persons and of intermediaries engaging in the trade and distribution of toxic products
  - Council Directive 77/249/EEC of 22 March 1977 to facilitate the effective exercise by lawyers of freedom to provide services
  - Council Directive 86/653/EEC of 18 December 1986 on the coordination of the laws of the Member States relating to self-employed commercial agents
  - Directive 98/5/EC of the European Parliament and of the Council of 16 February 1998 to facilitate practice of the profession of lawyer on a permanent basis in a Member State other than that in which the qualification was obtained

- Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications
  - Council Directive 2006/100/EC of 20 November 2006 adapting certain Directives in the field of freedom of movement of persons, by reason of the accession of Bulgaria and Romania
  - Commission Regulation (EC) No 1430/2007 of 5 December 2007 amending Annexes II and III to Directive 2005/36/EC of the European Parliament and of the Council on the recognition of professional qualifications
  - Commission Regulation (EC) No 755/2008 of 31 July 2008 amending Annex II to Directive 2005/36/EC of the European Parliament and of the Council on the recognition of professional qualifications
  - Commission Regulation (EC) No 279/2009 amending Annex II to Directive 2005/36/EC of the European Parliament and of the Council on the recognition of professional qualifications
19. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
  20. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
  21. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
  22. Please give details of any infringement proceedings that have been launched against Iceland in this area.
  23. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
  24. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

## ***Chapter 4: Free movement of capital***

Member States must remove, with some exceptions, all restrictions on **movement of capital** both within the EU and between Member States and third countries. The *acquis* is based on the EC Treaty, in particular Articles 56-60. The definition of the different types of capital movements relies on Annex I of Directive 88/361/EEC. Relevant case-law of the European Court of Justice and Commission Communications 97/C220/06 and 2005/C293/02 provide additional interpretation of the above Articles.

The *acquis* also includes rules concerning **payments**. Directive 2007/64/EC on payment services in the Internal Market (PSD) is the legal foundation for the creation of an EU-wide single market for payments. The PSD establishes a modern and comprehensive set of rules applicable to all payment services, national and cross-border, in the European Union. The target is to make cross-border payments as easy, efficient and secure as 'national' payments within a Member State while at the same time enhancing rights of the payment service users. The PSD also seeks to improve competition by opening up payment markets to new entrants, thus fostering greater efficiency and cost-reduction. The Directive provides the necessary legal platform for the launch and operation of the Single Euro Payments Area (SEPA). Regulation (EC) No 2560/2001 on cross-border payments in euro, eliminates the difference of price between cross-border and national payments in euro up to the amount of EUR 50000. It applies to credit transfers, cash withdrawals at cash dispensers and payments by means of debit and credit cards. It guarantees that when a consumer makes a cross-border electronic payment in euro, it costs him the same as making a corresponding payment in euro within his own Member State.<sup>5</sup>

Directive 2005/60/EC<sup>6</sup> (which repeals Directive 91/308/EEC, as amended by Directive 2001/97/EC) requires entities subject to the Directive to apply customer due diligence measures and to report suspicious transactions, as well as to take relevant supporting measures, such as record keeping, training and establishing internal procedures. A key requirement to combat financial crime is the creation of effective administrative and enforcement capacity, including co-operation between supervisory, law enforcement and prosecutorial authorities. The new directive aligns with and goes beyond the relevant 40 Recommendations on **money laundering** and nine Special Recommendations on terrorist financing of the Financial Action Task Force (FATF). The *acquis* in this area also comprises a Council of Europe (CoE) Convention (no. 141 and EU legislation on judicial and police cooperation (including the Joint Action 98/699/JHA of 3 December 1998, the Council Framework Decision 2001/500/JHA and the Protocol of 30 November 2000 extending Europol's competence to money laundering). In addition, Council decision 2000/642/JHA of 17 October 2000 sets out arrangements for cooperation between Financial Intelligence Units of the member states.

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<sup>5</sup> On 24 April 2009 the European Parliament has adopted a new Regulation on cross-border payments in the Community, which modifies and updates Regulation 2560/2001. The new text will substitute Regulation 2560/2001 as of 1 November 2009.

<sup>6</sup> Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

*The entire acquis in this chapter is covered by the EEA, and the EEA lays down specific obligations in this area. When answering the questions below, please make reference to the state of implementation of such obligations.*

## **I. CAPITAL MOVEMENTS AND PAYMENTS**

1. The exceptional measures adopted by Iceland at the end of 2008, while presumably *acquis compatible* (covered by a balance of payments safeguard's invocation under Art. 43.4 EEA), mean that one of the Treaty freedoms is not currently being applied by Iceland and foreign currency earnings must be surrendered to authorised institutions.
  - a) Please provide copies of the material submitted in support of Iceland's application of balance of payments safeguards.
  - b) Using the table below, please specify the precise current restrictions on capital movements in Iceland.
  - c) Please comment on the results, or expected results, of the reviews of exchange controls to be completed no later than 1 March 2009 and 1 September 2009, including relevant documentation from the latest IMF Review of policy in this area.
  - d) How do capital restrictions affect the integration of Icelandic financial institutions in cross-border operations in the EU/EEA?
  - e) What are Iceland's plans to restore free movement of capital? Please indicate the expected date for the abolition of these exceptional restrictions.
2. What derogations or adaptations, if any, does Iceland have from the *acquis*? What is the justification behind these derogations/ adaptations?
  - a) Please describe the current restrictions on foreign ownership and/or ownership by non-residents in the sectors of fisheries and fish processing contained in the EEA Agreement and, please comment on the continued need for such measures in Iceland.
3. Has Iceland experienced any difficulties in implementing the EEA obligations in the field of capital movements?
4. Please give details of any infringement proceedings that have been launched against Iceland in this area.
5. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
6. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?
7. Are there any provisions in bilateral or multilateral agreements (such as, for example, Bilateral Investment Treaties) to which your country is party which would constitute an impediment to the free movement of capital or imports/exports?

## **II. PAYMENT SYSTEMS**

8. What Icelandic legislation transposes the Retail Issues, Consumer Policy and Payment Systems acquis below? Please provide all relevant reference and Official Journal numbers.

- Directive 97/5/EC of the European Parliament and of the Council of 27 January 1997 on cross-border credit transfers

- Directive 2000/46/EC of the European Parliament and of the Council of 18 September 2000 on the taking up, pursuit of and prudential supervision of the business of electronic money institutions

- Regulation (EC) No 2560/2001 of the European Parliament and of the Council of 19 December 2001 on cross-border payments in euro

- Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC

9. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?

10. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?

11. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?

12. Please give details of any infringement proceedings that have been launched against Iceland in this area.

13. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?

14. 14. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

## **III. FIGHT AGAINST MONEY LAUNDERING**

15. What Icelandic legislation transposes the Financial Crime acquis below? Please provide all relevant reference and Official Journal numbers.

- Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing

- Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis

- Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds

- Directive 2008/20/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as regards the implementing powers conferred on the Commission

16. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
17. What derogations or adaptations, if any, does Iceland have from the *acquis*? What is the justification behind these derogations/adaptations?
18. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
19. Please give details of any infringement proceedings that have been launched against Iceland in this area.
20. Regarding alignment with Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, please respond to the following:
  - a) Which institutions and professions are covered by your legislation and with regard to which activities (anti-money laundering/financing of terrorism)?
  - b) What obligations are placed on institutions/professions to prevent money laundering?
  - c) How and by which competent authority is the integrity of the institutions and professions mentioned under a) checked?
  - d) Specify if the institutions and professions mentioned under a) are supervised with regard to AML/CFT requirements and to what extent?
  - e) What penalties exist with regard to infringements of your anti-money laundering/financing of terrorism regulation?
21. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
22. Are there any agencies or other government bodies which are responsible for regulating this field? What is their size?
23. Please elaborate on the functioning of the Financial Intelligence Unit (FIU), the supervisory authorities and the law enforcement authorities with regard to, *inter alia*, available resources (staff and budget), operational powers, independence, (inter-) national co-operation between competent authorities and the results achieved in terms of suspicious transactions reports received, supervisory investigations (including detected infringements, sanctions imposed), freezing/seizing orders, confiscations and prosecutions/ indictments/ convictions.
24. Specify to what extent you have implemented the FATF (Financial Action Task Force), 40 Recommendations on money laundering and the FATF 9 Special Recommendations on terrorist financing.

Country: Arrangements applicable to Capital movements Situation as of (month) 2009
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Type of transaction	Legislation reference	Description of the current regime
<b>I. DIRECT INVESTMENTS <sup>7</sup></b>		
<b>A. Direct investments on national territory by non-residents</b>		
<b>B. Direct investments abroad by residents</b>		

<sup>7</sup> 1) Establishment and extension of branches or new undertakings belonging solely to the person providing the capital, and the acquisition in full of existing undertakings.  
2) Participation in new or existing undertaking with a view to establishing or maintaining lasting economic links.  
3) Long-term loans with a view to establishing or maintaining lasting economic links.  
4) Reinvestment of profits with a view to maintaining lasting economic links.

II. INVESTMENTS IN REAL ESTATE (not included under I)		
A. Investments in real estate on national territory by non-residents		
B. Investments in real estate abroad by residents		

III. OPERATIONS IN SECURITIES NORMALLY TRADED ON THE CAPITAL MARKET (not included under I, IV and V) <sup>8</sup>		
A. Transactions in securities on the capital market		
1. Acquisition by non-residents of domestic securities traded on a stock exchange		
2. Acquisition by residents of foreign securities traded on a stock exchange		
3. Acquisition by non-residents of domestic securities not traded on a stock exchange		
4. Acquisition by residents of foreign securities not traded on a stock exchange		
B. Admission of securities to the capital market		
1. Admission of domestic securities to a foreign capital market		
2. Admission of foreign securities to the domestic capital market		

<sup>8</sup> a) Shares and other securities of a participating nature.  
b) Bonds

IV. OPERATIONS IN UNITS OF COLLECTIVE INVESTMENT UNDERTAKINGS <sup>9</sup>		
A. Transactions in units of collective investment undertakings		
1. Acquisition by non-residents of units of national undertakings traded on a stock exchange		
2. Acquisition by residents of units of foreign undertakings traded on a stock exchange		
3. Acquisition by non-residents of units of national undertakings not traded on a stock exchange		
4. Acquisition by residents of units of foreign undertakings not traded on a stock exchange		
B. Admission of units of collective investment undertakings to the capital market		
1. Admission of units of national collective investment undertakings to a foreign capital market		
2. Admission of units of foreign collective investment undertakings to the domestic capital market		

<sup>9</sup>

- a) Units of undertakings for collective investment in securities normally traded on the capital market (shares, other equities and bonds).
- b) Units of undertakings for collective investment in securities or instruments normally traded on the money market.
- c) Units of undertakings for collective investment in other assets.

V. OPERATIONS IN SECURITIES AND OTHER INSTRUMENTS NORMALLY TRADED ON THE MONEY MARKET		
A. Transactions in securities and other instruments on the money market		
1. Acquisition by non-residents of domestic money market securities and instruments		
2. Acquisition by residents of foreign money market securities and instruments		
B. Admission of securities and other instruments to the money market		
1. Admission of domestic securities and instruments to a foreign money market		
2. Admission of domestic securities and instruments to a foreign money market		
VI. OPERATIONS IN CURRENT AND DEPOSIT ACCOUNTS WITH FINANCIAL INSTITUTIONS		
A. Operations carried out by non-residents with domestic financial institutions		
B. Operations carried out by residents with foreign financial institutions		

VII. CREDITS RELATED TO COMMERCIAL TRANSACTIONS OR TO THE PROVISION OF SERVICES IN WHICH A RESIDENT IS PARTICIPATING		
A. Credits granted by non-residents to residents		
1. Short-term (less than one year)		
2. Medium-term (from one to five years)		
3. Long-term (five years or more)		
B. Credits granted by residents to non-residents		
1. Short-term (less than one year)		
2. Medium-term (from one to five years)		
3. Long-term (five years or more)		
VIII. FINANCIAL LOANS AND CREDITS		
A. Loans and credits granted by non-residents to residents		
1. Short-term (less than one year)		
2. Medium-term (from one to five years)		
3. Long-term (five years or more)		
B. Loans and credits granted by residents to non-residents		
1. Short-term (less than one year.		
2. Medium-term (from one to five years)		
3. Long-term (five years or more)		

IX. SURETIES, OTHER GUARANTEES AND RIGHTS OF PLEDGE		
A. Granted by non-residents to residents		
B. Granted by residents to non-residents		
X. TRANSFERS IN PERFORMANCE OF INSURANCE CONTRACTS		
A. Premiums and payments in respect to life insurance		
1. Contracts concluded between domestic life assurance companies and non-residents		
2. Contracts concluded between foreign life assurance companies and residents		
B. Premiums and payments in respect of credit insurance		
1. Contracts concluded between domestic credit insurance companies and non-residents		
2. Contracts concluded between foreign credit insurance companies and residents		
C. Other transfers of capital in respect of insurance contracts		

XI.	PERSONAL CAPITAL MOVEMENTS		
A.	Loans		
B.	Gifts and endowments		
C.	Dowries		
D.	Inheritances and legacies		
E.	Settlements of debts by immigrants in their previous country of residence		
F.	Transfers of assets constituted by residents, in the event of emigration, at the time of their installation or during their period of stay abroad		
G.	Transfers, during their period of stay, of immigrants' savings to their previous country of residence		

XII. PHYSICAL IMPORT AND EXPORT OF FINANCIAL ASSETS		
A. Securities		
B. Means of payment of every kind		
XIII. OTHER CAPITAL MOVEMENTS		
A. Death duties		
B. Damages (where these can be considered as capital)		
C. Refunds in the case of cancellation of contracts and refunds of uncalled-for payments (where these can be considered as capital)		
D. Authors' royalties: patents, designs, trade marks, etc.		
E. Transfer of the monies required for the provision of services (not included under VI)		
F. Miscellaneous		

## **EXPLANATORY NOTES**

For the purposes of this nomenclature the following expressions have the meanings assigned to them respectively:

### *Direct investments*

Investments of all kinds by natural persons or commercial, industrial or financial undertakings, and which serve to establish or to maintain lasting and direct links between the person providing the capital and the entrepreneur to whom or the undertaking to which the capital is made available in order to carry on an economic activity. This concept must therefore be understood in its widest sense.

The undertakings mentioned under I-1 of the Nomenclature include legally independent undertakings (wholly-owned subsidiaries) and branches. As regards those undertakings mentioned under I-2 of the Nomenclature which have the status of companies limited by shares, there is participation in the nature of direct investment where the block of shares held by a natural person of another undertaking or any other holder enables the shareholder, either pursuant to the provisions of national laws relating to companies limited by shares or otherwise, to participate effectively in the management of the company or in its control. Long-term loans of a participating nature, mentioned under I-3 of the Nomenclature, means loans for a period of more than five years which are made for the purpose of establishing or maintaining lasting economic links. The main examples which may be cited are loans granted by a company to its subsidiaries or to companies in which it has a share and loans linked with a profit-sharing arrangement. Loans granted by financial institutions with a view to establishing or maintaining lasting economic links are also included under this heading.

### *Investments in real estate*

Purchases of buildings and land and the construction of buildings by private persons for gain or personal use. This category also includes rights of usufruct, easements and building rights.

### *Introduction on a stock exchange or on a recognised money market*

Access - in accordance with a specified procedure - for securities and other negotiable instruments to dealings, whether controlled officially or unofficially, on an officially recognised stock exchange or in an officially recognised segment of the money market.

### *Securities dealt in on a stock exchange (quoted or unquoted)*

Securities the dealings in which are controlled by regulations, the prices for which are regularly published, either by official stock exchanges (quoted securities) or by other bodies attached to a stock exchange - e.g. committees of banks (unquoted securities).

### *Issue of securities and other negotiable instruments*

Sale by way of an offer to the public.

### *Placing of securities and other negotiable instruments*

The direct sale of securities by the issuer or by the consortium which the issuer has instructed to sell them, with no offer being made to the public.

### *Domestic or foreign securities and other instruments*

Securities according to the country in which the issuer has his principal place of business. Acquisition by residents of domestic securities and other instruments issued on a foreign market ranks as the acquisition of foreign securities. Shares and other securities of a participating nature Including rights to subscribe to new issues of shares Bonds. Negotiable securities with a maturity of two years or more from issue for which the interest rate and the terms for the repayment of the principal and the payment of interest are determined at the time of issue.

#### *Collective investment undertakings*

Undertakings:

- the object of which is the collective investment in transferable securities or other assets of the capital they raise and which operate on the principle of risk-spreading, and
- the units of which are, at the request of holders, under the legal, contractual or statutory conditions governing them, repurchased or redeemed, directly or indirectly, out of those undertakings' assets. Action taken by a collective investment undertaking to ensure that the stock exchange value of its units does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption.

Such undertakings may be constituted according to law either under the law of contract (as common funds managed by management companies) or trust law (as unit trusts) or under statute (as investment companies).

For the purposes of this nomenclature, 'common funds' shall also include unit trusts.

#### *Securities and other instruments normally dealt in on the money market*

Treasury bills and other negotiable bills, certificates of deposit, bankers' acceptances, commercial paper and other like instruments.

#### *Credits related to commercial transactions or to the provision of services*

Contractual trade credits (advances or payments by instalment in respect of work in progress or on order and extended payment terms, whether or not involving subscription to a commercial bill) and their financing by credits provided by credit institutions. This category also includes factoring operations.

#### *Financial loans and credits*

Financing of every kind granted by financial institutions, including financing related to commercial transactions or to the provision of services in which no resident is participating. This category also includes mortgage loans, consumer credit and financial leasing, as well as back-up facilities and other note-issuance facilities.

#### *Residents or non-residents*

Natural and legal persons according to the definitions laid down in the exchange control regulations in force in each Member State.

#### *Proceeds of liquidation (of investments, securities, etc.)*

Proceeds of sale including any capital appreciation, amount of repayments, proceeds of execution of judgements, etc.

*Natural or legal persons*

As defined by the national rules.

*Financial institutions*

Banks, savings banks and institutions specialising in the provision of short-term, medium-term and long-term credit, and insurance companies, building societies, investment companies and other institutions of like character.

*Credit institutions*

Banks, savings banks and institutions specialising in the provision of short-term, medium-term and long-term credit.

## **Chapter 5: Public Procurement**

The *acquis* on public procurement is based on the **general principles** deriving from the Treaty and from the jurisprudence of the European Court of Justice such as transparency, equal treatment, free competition and non-discrimination. These principles apply to all procurement procedures including those falling outside the scope of the EU procurement directives for example in view of their value (procurement below the EU thresholds) or subject matter (service concessions, PPP).

The **award of public contracts** (public works, public supply and public service contracts) is coordinated by two specific directives: directive 2004/18/EC regarding the so-called "traditional contracting authorities" (the "classical sector") and directive 2004/17/EC concerning the authorities and entities operating in the fields of water, energy, transport and postal services (the "utilities sector").

The respective scope of application of the directives is defined in terms of the contracting authorities/entities and contracts covered, application thresholds and specific exclusions. Within this framework, specific requirements are laid down to guarantee full respect of the general principles in the course of the procurement process. In particular, specifications and contract documents, different types of procurement procedures, advertising and transparency, as well as the conduct of the procedure including qualitative selection and contract award are regulated. Specific requirements apply to design contests and - in the "classical sector" – for public works concessions as well.

The directives also provide a framework introduced in 2004 for electronic procurement including electronic means of communication, dynamic purchasing systems and electronic auctions. The rules on the contracts covered and on advertising are complemented by separate regulations on the Common Procurement Vocabulary (CPV) and on standard forms for publication.

Compliance with the procurement directives requires an adequate implementation capacity. In particular, there is need for appropriate administrative structures at central level to ensure the key functions of policy-making, drafting of primary and secondary legislation, provision of operational tools, help-desk, monitoring and statistics as well as controls in a coherent manner for all areas related to public procurement. Moreover, main purchasers at all levels have to possess the necessary administrative capacities to allow for an effective implementation of the procurement rules.

The effective application and enforcement of Community legislation depends on the existence of an appropriate administrative and judicial system. The procurement *acquis* entails two directives on **remedies**: directive 89/665/EEC regarding the "classical sector" and directive 92/13/EEC concerning the "utilities sector", recently modified by the directive 2007/66/EC. The remedies directives contain requirements for the establishment of effective review procedures against any action or inaction of contracting authorities/entities liable to produce legal effects in tenders covered by the directives. The procedures need to guarantee access to independent review, including the powers to adopt interim measures and award damages. Review bodies have to be equipped with the adequate capacity to guarantee the effectiveness of the system as a whole. Furthermore, in line with the principle of judicial protection deriving from the Treaty, the availability of remedies is also required outside the scope of application of the directives.

Agreement on Government Procurement: In the framework of the WTO a plurilateral agreement was concluded to which the Community and Iceland are signatories.

*The entire acquis in this chapter is covered by the EEA, and the EEA lays down specific obligations in this area. When answering the questions below, please make reference to the state of implementation of such obligations.*

## **I. FORMULATION AND ENFORCEMENT OF PUBLIC PROCUREMENT LAW**

1. What Icelandic legislation transposes the Public Procurement acquis below? Please provide all relevant reference and Official Journal numbers.
  - Council Directive 89/665/EEC of 21 December 1989 on the coordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts
  - Council Directive 92/13/EEC of 25 February 1992 coordinating the laws, regulations and administrative provisions relating to the application of Community rules on the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors
  - Regulation (EC) No 2195/2002 of the European Parliament and of the Council of 5 November 2002 on the Common Procurement Vocabulary (CPV)
  - Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors
  - Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts
  - Commission Directive 2005/51/EC of 7 September 2005 amending Annex XX to Directive 2004/17/EC and Annex VIII to Directive 2004/18/EC of the European Parliament and the Council on public procurement
  - Commission Regulation (EC) No 1564/2005 of 7 September 2005 establishing standard forms for the publication of notices in the framework of public procurement procedures pursuant to Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council
  - Directive 2005/75/EC of the European Parliament and of the Council of 16 November 2005 correcting Directive 2004/18/EC on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts
  - Commission Regulation (EC) No 2083/2005 of 19 December 2005 amending Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council in respect of their application thresholds for the procedures for the award of contracts
  - Council Directive 2006/97/EC of 20 November 2006 adapting certain Directives in the field of free movement of goods, by reason of the accession of Bulgaria and Romania
  - Directive 2007/24/EC of the European Parliament and of the Council of 23 May 2007 repealing Council Directive 71/304/EEC concerning the abolition of restrictions on freedom

to provide services in respect of public works contracts and on the award of public works contracts to contractors acting through agencies or branches

- Commission Regulation (EC) No 213/2008 of 28 November 2007 amending Regulation (EC) No 2195/2002 of the European Parliament and of the Council on the Common Procurement Vocabulary (CPV) and Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council on public procurement procedures, as regards the revision of the CPV
  - Directive 2007/66/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directives 89/665/EEC and 92/13/EEC with regard to improving the effectiveness of review procedures concerning the award of public contracts
2. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
  3. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations? Please list the contracts excluded from the scope of the procurement legislation. Do you have any local, regional or national preferences schemes? What do they consist of?
  4. Has Iceland experienced any difficulties when implementing the EEA obligations in this field?
  5. Please give details of any infringement proceedings that have been launched against Iceland in this area.
  6. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What are the tasks and powers of this (these) Ministry (Ministries)? Please provide information on the organisation chart and the number of staff.
  7. Are there any Agencies or other government bodies which are responsible for regulating this field? What are the tasks and powers of this (these) body (bodies)? Please provide information on the organisation chart and the number of staff.

## ***Chapter 6: Company law***

The chapter includes harmonised rules in the field of company law, including financial reporting requirements, intended to facilitate the exercise of the right of establishment.

In the field of **company law**, the first company law directive includes safeguards providing for mandatory disclosure requirements, limiting the grounds for invalidity of the obligations entered into by companies, as well as limiting the grounds for nullity of public and private limited liability companies. The 11<sup>th</sup> Company Law Directive similarly provides for disclosure requirements in respect of branches. The 2nd Company Law Directive contains rules on the formation of public limited liability companies and the maintenance and alteration of their capital.

The 3rd and 6th Company Law Directives harmonise national rules for the protection of shareholders and of creditors in the context of domestic mergers and divisions of public limited liability companies. The so-called 10<sup>th</sup> Company Law Directive (directive on cross-border mergers of limited liability companies) provides for rules and procedures to facilitate cross-border mergers of public and private limited liability companies. The 13th Company Law Directive on takeover bids lays down harmonised rules to facilitate cross-border takeovers within the EU, as well as improving transparency and protecting minority shareholders in the context of such takeovers.

The *acquis* also provides for certain European legal forms, in particular the European Economic Interest Group (EEIG) and the European Company (*Societas Europaea* or SE), while leaving several aspects of their internal structure and operation to be regulated through the domestic law of Member States. The 12th Company Law Directive requires Member States to ensure that their domestic law recognises single-member limited liability companies.

Four Commission recommendations address corporate governance principles about the remuneration of directors and remuneration in financial institutions and about the independence of non-executive directors and board committees. The Shareholders' Rights Directive introduces minimum standards for the exercise of certain rights of shareholders in the listed companies.

In the field of **accounting and auditing**, the *acquis* includes valuation rules and layouts for balance sheets and profit & loss accounts for annual (4th Company Law Directive) and consolidated (7th Company Law Directive) accounts of public and private limited liability companies. These directives also set-out audit requirements, as well as disclosure and publication obligations. In addition, a regulation requires Community companies with securities listed on a regulated market to draw-up their consolidated accounts in accordance with international accounting standards endorsed by the European Commission. Member States may extend the application of such international accounting standards to the annual accounts of listed companies and to the accounts of non-listed companies. Finally, the Statutory Audit Directive harmonises rules including *inter alia* the approval and registration of statutory auditors, external quality assurance, public oversight, auditor independence and the possible application of international standards of audit. Two Commission recommendations provide guidance for implementing quality assurance systems for statutory auditors and audit firms conducting an audit of public interest entities and makes recommendations concerning the limitation of the civil liability of statutory auditors and audit firms.

*The entire acquis in this chapter is covered by the EEA, and the EEA lays down specific obligations in this area. When answering the questions below, please make reference to the state of implementation of such obligations.*

## I. COMPANY LAW

1. What Icelandic legislation transposes the Company Law acquis below? Please provide all relevant reference and Official Journal numbers.
  - First Council Directive 68/151/EEC of 9 March 1968 on co-ordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community
  - Second Council Directive 77/91/EEC of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent
  - Third Council Directive 78/855/EEC of 9 October 1978 based on Article 54 (3) (g) of the Treaty concerning mergers of public limited liability companies
  - Council Regulation (EEC) No 2137/85 of 25 July 1985 on the European Economic Interest Grouping (EEIG)
  - Eleventh Council Directive 89/666/EEC of 21 December 1989 concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State
  - Twelfth Council Company Law Directive 89/667/EEC of 21 December 1989 on single-member private limited-liability companies
  - Council Directive 92/101/EEC of 23 November 1992 amending Directive 77/91/EEC on the formation of public limited- liability companies and the maintenance and alteration of their capital
  - Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE)
  - Directive 2003/58/EC of the European Parliament and of the Council of 15 July 2003 amending Council Directive 68/151/EEC, as regards disclosure requirements in respect of certain types of companies
  - Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids
  - Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC
  - Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies
  - Directive 2006/68/EC of the European Parliament and of the Council of 6 September 2006 amending Council Directive 77/91/EEC as regards the formation of public limited liability companies and the maintenance and alteration of their capital

- Council Directive 2006/99/EC of 20 November 2006 adapting certain Directives in the field of company law, by reason of the accession of Bulgaria and Romania
  - Commission Directive 2007/14/EC of 8 March 2007 laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market
  - Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies
  - Directive 2007/63/EC of the European Parliament and of the Council of 13 November 2007 amending Council Directives 78/855/EEC and 82/891/EEC as regards the requirement of an independent expert's report on the occasion of merger or division of public limited liability companies
  - Directive 2008/22/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as regards the implementing powers conferred on the Commission
2. What is the exact status of the legislation? Are there any directives which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
  3. Has Iceland taken any measures to promote the application of the Recommendations contained in the list below?
    - Commission Recommendation 2004/913/EC of 14 December 2004 on fostering an appropriate regime for the remuneration of directors of listed companies
    - Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board
    - Commission Recommendation 2009/384/EC of 30 April 2009 on remuneration policies in the financial services sector
    - Commission Recommendation 2009/385/EC of 30 April 2009 complementing Recommendations 2004/913/EC and 2005/162/EC as regards the regime for the remuneration of directors of listed companies
  4. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
  5. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
  6. Please give details of any infringement proceedings that have been launched against Iceland in this area.
  7. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
  8. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

## II. CORPORATE ACCOUNTING AND AUDIT

9. What Icelandic legislation transposes the Accounting and Audit acquis below? Please provide all relevant reference and Official Journal numbers.
- Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) (g) of the Treaty on the annual accounts of certain types of companies
  - Council Directive 90/604/EEC of 8 November 1990 amending Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts as concerns the exemptions for small and medium-sized companies and the publication of accounts in ecus
  - Council Directive 90/605/EEC of 8 November 1990 amending Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts as regards the scope of those Directives
  - Council Directive 94/8/EC of 21 March 1994 amending Directive 78/660/EEC as regards the revision of amounts expressed in ecus
  - Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards
  - Council Directive 2003/38/EC of 13 May 2003 amending Directive 78/660/EEC on the annual accounts of certain types of companies as regards amounts expressed in euro
  - Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings
  - Commission Regulation (EC) No 1725/2003 of 29 September 2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council
  - Commission Regulation (EC) No 707/2004 of 6 April 2004 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council
  - Commission Regulation (EC) No 2086/2004 of 19 November 2004 amending Regulation (EC) No 1725/2003 on the adoption of certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards the insertion of IAS 39
  - Commission Regulation (EC) No 2236/2004 of 29 December 2004 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standards (IFRSs) Nos 1, 3 to 5, International Accounting Standards (IASs) Nos 1, 10, 12, 14, 16 to 19, 22, 27, 28, 31 to 41 and the interpretations by the Standard Interpretation Committee (SIC) Nos 9, 22, 28 and 32

- Commission Regulation (EC) No 2237/2004 of 29 December 2004 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards IAS No 32 and IFRIC 1
- Commission Regulation (EC) No 2238/2004 of 29 December 2004 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards IASs IFRS 1, IASs Nos 1 to 10, 12 to 17, 19 to 24, 27 to 38, 40 and 41 and SIC Nos 1 to 7, 11 to 14, 18 to 27 and 30 to 33
- Commission Regulation (EC) No 211/2005 of 4 February 2005 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standards (IFRS) 1 and 2 and International Accounting Standards (IASs) No 12, 16, 19, 32, 33, 38 and 39
- Commission Regulation (EC) No 1073/2005 of 7 July 2005 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards IFRIC 2
- Commission Regulation (EC) No 1751/2005 of 25 October 2005 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards IFRS 1, IAS 39 and SIC 12
- Commission Regulation (EC) No 1910/2005 of 8 November 2005 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards International Financial Reporting Standard 1 and 6, IASs 1, 16, 19, 24, 38, and 39, International Financial Reporting Interpretations Committee's Interpretations 4 and 5
- Commission Regulation (EC) No 1864/2005 of 15 November 2005 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards International Financial Reporting Standard No 1 and International Accounting Standards Nos. 32 and 39
- Commission Regulation (EC) No 2106/2005 of 21 December 2005 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards International Accounting Standard (IAS) 39
- Commission Regulation (EC) No 108/2006 of 11 January 2006 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standards (IFRS) 1, 4, 6 and 7, International Accounting Standards (IAS) 1, 14, 17, 32, 33, and 39, International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 6
- Commission Regulation (EC) No 708/2006 of 8 May 2006 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with

Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 21 and International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 7

- Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC
- Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings
- Commission Regulation (EC) No 1329/2006 of 8 September 2006 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards the International Financial Reporting Interpretations Committee's (IFRIC's) Interpretations 8 and 9
- Commission Regulation (EC) No 610/2007 of 1 June 2007 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 10
- Commission Regulation (EC) No 611/2007 of 1 June 2007 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 11
- Commission Regulation (EC) No 1358/2007 of 21 November 2007 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 8
- Regulation (EC) No 297/2008 of the European Parliament and of the Council of 11 March 2008 amending Regulation (EC) No 1606/2002 on the application of international accounting standards, as regards the implementing powers conferred on the Commission
- Directive 2008/30/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, as regards the implementing powers conferred on the Commission
- Commission Regulation (EC) No 1004/2008 of 15 October 2008 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 39 and International Financial Reporting Standard (IFRS)
- Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council

- Commission Regulation (EC) No 1260/2008 of 10 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 23
- Commission Regulation (EC) No 1261/2008 of 16 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 2
- Commission Regulation (EC) No 1262/2008 of 16 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 13
- Commission Regulation (EC) No 1263/2008 of 16 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRIC) Interpretation 14
- Commission Regulation (EC) No 1274/2008 of 17 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 1
- Commission Regulation (EC) No 53/2009 of 21 January 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 32 and IAS 1
- Commission Regulation (EC) No 69/2009 of 23 January 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards amendments to International Financial Reporting Standard (IFRS) 1 and International Accounting Standard (IAS) 27
- Commission Regulation (EC) No 70/2009 of 23 January 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards Improvements to International Financial Reporting Standards (IFRSs)
- Commission Regulation (EC) No 254/2009 of 25 March 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 12
- Commission Regulation (EC) No 494/2009 of 3 June 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 27
- Commission Regulation (EC) No 495/2009 of 3 June 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with

Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 3

- Commission Regulation (EC) No 460/2009 of 4 June 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 16
10. What is the exact status of the legislation? Are there any directives which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
  11. Has Iceland taken any measures to promote the application of the Recommendations contained in the list below?
    - Commission Recommendation of 6 May 2008 on external quality assurance for statutory auditors and audit firms auditing public interest entities (notified under document number C(2008) 1721) (2008/362/EC)
    - Commission Recommendation of 5 June 2008 concerning the limitation of the civil liability of statutory auditors and audit firms (notified under document number C(2008) 2274) (Text with EEA relevance) (2008/473/EC)
  12. To what extent has Iceland used possibilities/exemptions provided for in the accounting Directives for small and/or medium-sized companies? (Please provide a list with references to the relevant articles of the Directives)
  13. Has Iceland published official translations in the Icelandic language of international accounting standards (IAS, IFRS and IFRIC)? If so, please provide a complete list with publication references.
  14. Does Iceland allow or require the use of international accounting standards in the following cases?<sup>1</sup>
    - i) Annual accounts of companies with securities listed on a regulated market;
    - ii) Annual or consolidated accounts of unlisted companies (in case this option is used for specific sectors, please specify, e.g. credit institutions, financial institutions, etc.)
  15. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
  16. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
  17. Please give details of any infringement proceedings that have been launched against Iceland in this area.
  18. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
  19. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

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<sup>1</sup> Article 5 of the Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards, OJ L 243, 11.9.2002, p. 1

20. Can you provide statistics about the publication of financial accounts by private and public limited liability companies? (Total population of companies vs. number of accounts published.)
21. Does your legislation foresee sanctions in case of non-publication? If so, please provide statistics describing your country's enforcement record.
22. Please describe the functioning of the systems of public oversight, external quality assurance, investigations and penalties in relation to statutory auditors and audit firms. Please provide any relevant data on the efficiency and effectiveness of these systems.

## ***Chapter 7: Intellectual Property Law***

The *acquis* on intellectual property law specifies harmonised rules for protection of copyright and neighbouring rights, for industrial property rights and contains provisions on civil enforcement.

In the area of **copyright and neighbouring rights**, the objectives of the Directive on the harmonisation of certain aspects of copyright and related rights in the information society (2001/29/EC) are to adapt legislation on copyright and related rights to reflect technological developments and to transpose into Community law the main international obligations arising from the two treaties on copyright and related rights adopted within the framework of the World Intellectual Property Organisation (WIPO). Directive 93/83/EEC aims at facilitating the cross border transmission of audiovisual programmes, particularly broadcasting via satellite and retransmission by cable. The objective of the Directive on the resale right for the benefit of the author of an original work of art (2001/84/CE) is to provide a balance between the economic situation of authors of graphics and plastic works of art and that of other creators who benefit from successive exploitations of their works. The protection of semiconductor's topographies is harmonised through Directive 87/54/EC. The Directive 96/9 EC on the legal protection of Databases creates a new *sui-generis* right for database producers, to protect their investment. Directive 2006/116/EC (the codified version of original Directive 93/98/EEC) harmonises the terms of protection of copyright and neighbouring rights for each type of work and each related right in the Member States. Directive 2006/115/EC (the codified version of original Directive 92/100/EEC) harmonises the provisions relating to rental and lending rights as well as on certain rights related to copyright. The Directive 2009/24/EC (the codified version of original Directive 91/250/EEC) harmonizes Member States' legislation regarding the protection of computer programmes.

In the field of **industrial property rights**, the *acquis* sets out harmonised rules for the legal protection of trademarks and designs, as well as a partially harmonised regime for patents. These include conditions for compulsory patent licensing. An important element of the EU-wide patent system is the accession to the European Patent Convention and European Patent Organisation. Other specific provisions apply for biotechnological inventions, pharmaceuticals and plant protection products. The *acquis* also establishes a common playground for the protection of industrial designs, and a Community trademark and Community design system. Moreover, provisions exist concerning supplementary protection certificates (SPCs) for pharmaceuticals and plant protection products, which serve to provide inventors with additional protections, when the subject matter of the patent is subject to an administrative marketing authorization and therefore they could not benefit from the protections of a patent, for the entire period for which the patent was granted.

The Directive 2004/48/EC on the **enforcement** of intellectual and industrial property rights such as copyright and related rights, trademarks, designs or patents, requires all Member States to apply effective, dissuasive and proportionate civil remedies against those engaged in counterfeiting and piracy and so create a level playing field for right holders in the EU. Customs Administrations play an important role in preventing the entry into the EU of products infringing copyright or industrial property.

*The entire acquis in this chapter are covered by the EEA, and the EEA lays down specific obligations in this area. When answering the questions below, please make reference to the state of implementation of such obligations.*

## I. COPYRIGHT AND NEIGHBOURING RIGHTS

1. What Icelandic legislation transposes the Copyright and Neighbouring Rights acquis below? Please provide all relevant reference and Official Journal numbers.
  - Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products
  - Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission
  - Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases
  - Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society
  - Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art
  - Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (codified version of Directive 92/100/EEC of 19 November 1992))
  - Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (codified version of Directive 93/98/EEC of 29 October 1993)
  - Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (Codified version of Directive 91/250/EEC of 14 May 1991)
2. What is the exact status of the legislation? Are there any provisions which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
3. Has Iceland taken any measures to promote the application of the Recommendation below?
  - Commission Recommendation 2005/737/EC of 18 May 2005 on collective cross-border management of copyright and related rights for legitimate online music service
4. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
5. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
6. Please give details of any infringement proceedings that have been launched against Iceland in this area.
7. Which categories of right holders are covered by collective management organisations in Iceland? Do they have reciprocal arrangements with collecting societies in the EU?
8. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?

9. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

## II. INDUSTRIAL PROPERTY RIGHTS

10. What Icelandic legislation transposes the Industrial Property Rights acquis below? Please provide all relevant reference and Official Journal numbers.
- Regulation (EC) No 1610/96 of the European Parliament and of the Council of 23 July 1996 concerning the creation of a supplementary protection certificate for plant protection products
  - Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions
  - Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs
  - Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs
  - Commission Regulation (EC) No 782/2004 of 26 April 2004 amending Regulation (EC) No 2868/95 the accession of the European Community to the Madrid Protocol
  - Regulation (EC) No 816/2006 of the European Parliament and of the Council of 17 May 2006 on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems
  - Council Regulation (EC) No 1891/2006 of 18 December 2006 amending Regulations (EC) No 6/2002 and (EC) No 40/94 to give effect to the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs
  - Commission Regulation (EC) No 876/2007 of 24 July 2007 amending Regulation (EC) No 2245/2002 implementing Council Regulation (EC) No 6/2002 on Community designs following the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs
  - Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version)
  - Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version)
  - Regulation (EC) No 469/2009 of the European Parliament and of the Council of 6 May 2009 concerning the supplementary protection certificate for medicinal products (Codified version)
11. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
12. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
13. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?

14. Please give details of any infringement proceedings that have been launched against Iceland in this area.
15. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
16. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

### **III. ENFORCEMENT OF INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS**

17. What Icelandic legislation transposes the Enforcement acquis below? Please provide all relevant reference and Official Journal numbers.
  - Directive 2004/48/EC of the European parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights
18. What is the exact status of the legislation? Are there any provisions which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
19. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
20. Has Iceland experienced any difficulties when implementing the EEA obligations in this field?
21. Please give details of any infringement proceedings that have been launched against Iceland in this area.
22. Which Ministry (or Ministries) deal with legislation in this area in Iceland? What is the size of the departments dealing with this?
23. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?
24. Is there a coordinating authority (i.e. task force/working party) for all Intellectual Property rights/fight against counterfeiting and piracy?
25. Is there a strategy in place (including consumer awareness) to support the enforcement of IP rights/fight against counterfeiting and piracy?
26. Is there a specific agency or institution responsible for collecting and disseminating statistical information (i.e. data related to seizures of counterfeit and pirated goods) on counterfeiting and piracy and other infringements of Intellectual property rights?
27. Is there any public / private partnership (including code of conduct) to support the enforcement of IP rights/fight against counterfeiting and piracy?
28. What public enforcement bodies are responsible for operational activities (investigation, seizures, arrest etc.) related to counterfeiting and piracy and other infringements of Intellectual property rights?
29. Are there standard procedures or agreements with any other Member States in place that permit the sharing of intelligence and information on counterfeiting, piracy and other infringement of Intellectual property rights? If so, with whom?

## Chapter 8: Competition policy

The competition *acquis* covers both anti-trust and state aid control policies. It includes rules and procedures to fight anti-competitive behaviour by companies (restrictive agreements between undertakings and abuse of dominant position), to scrutinise mergers between undertakings, and to prevent governments from granting state aid which distort competition in the internal market. Generally, the competition rules are directly applicable in the whole Union and Member States must co-operate fully with the Commission in enforcing them. The Competition *acquis* is based on Article 31 (State monopolies of a commercial character), Articles 81-85 (Rules applicable to undertakings), Article 86 (Public undertakings and undertakings with special or exclusive rights) and Articles 87-89 (Rules applicable to state aid) of the EC Treaty.

The *acquis* under this chapter is to a large extent linked to the obligations arising from the Agreement on the European Economic Area, presently in force and to which Iceland is a party. In the field of **anti-trust**, national competition authorities must closely co-operate with the Commission in Community competition procedures. Since 1 May 2004, all national competition authorities are also empowered to apply fully the provisions of the Treaty in order to ensure that competition is not distorted or restricted. National courts may also apply directly EU anti-trust rules so as to protect the individual rights conferred to citizens by the Treaty.

In the field of **state aid**, the decision as to whether or not aid granted by Member States is compatible with the Common Market can be taken only by the European Commission.

The term **liberalisation** refers to Article 3 of the EC Treaty which states that the activities of the Community shall include a system ensuring that competition in the internal market is not distorted. For this purpose, there is a specific surveillance system in the case of public undertakings and undertakings to which Member States grant special or exclusive rights. With respect to the liberalisation of specific sectors, reference is made to the relevant sector specific negotiating chapters.

*The Agreement on the European Economic Area already lays down obligations in this field, including on State aid, which restricts competition and affects trade between the Contracting Parties. When answering the questions below and when appropriate, please make reference to these obligations.*

It is important to determine the compatibility of your country's competition law and implementation capacity with the following essential parameters of the EU system. You are invited to provide a copy of the relevant legislative texts (in an EU working language). When responding to the specific questions below, please elaborate your reply.

### I. ANTITRUST INCLUDING MERGERS

#### A. Scope of application

1. Is the territorial scope of application in the competition law based on the effects or the implementation of certain activities in your country?
2. As to the scope of application, does the competition law cover:
  - a) all sectors of the economy?

b) public and private enterprises?

3. Does the law incorporate the principles of Article 86(2) of the EC Treaty?

### **B. Restrictive agreements**

4. Does the law cover agreements, decisions of associations of undertakings and concerted practices?

5. Does the law contain a general prohibition of restrictive agreements?

6. Does the law lay down the nullity of restrictive agreements, i.e. are they unenforceable before the courts?

7. Does the law provide for an exception from the prohibition of restrictive agreements, or how are exceptions provided for?

8. Does the law provide for the possibility of block exemptions to be established (based on EU principles)?

9. Do the conditions for exceptions from the prohibition of restrictive agreements (both individual and group) correspond to Article 81(3) of the EC Treaty?

### **C. Abuse of dominant position**

10. Does the law contain a general prohibition of abuse of dominance?

11. Does the law contain an exemption or defence for abuse?

### **D. Mergers**

12. Does the definition of mergers cover the establishment of control (including de-jure and de-facto control) and joint ventures?

13. Does the law provide for prior notification?

14. What are the criteria for notification (e.g. turnover)?

15. Does the notification have a suspensive effect?

16. What are the criteria for prohibition (e.g. establishment or reinforcement of dominance)? Is there an exemption for reasons of public interest in order to take into account a specific national interest?

17. Are there provisions on divestitures or remedies?

### **E. General procedures**

18. Please describe the authority charged with implementing competition law, including information on the staffing situation (organisational structure, number of staff, etc.).

19. Which investigative powers does the law provide to the competition authority? How do they compare to the investigative powers laid down in Regulation 1/2003 EC?

20. Which fining powers does the law provide in case of violations (a percentage of the turnover)?
21. Does the law provide for interim measures?
22. Does the law contain prescription periods?
23. Does the law contain provisions for the protection of professional and business secrecy?
24. Does the law provide for sector inquiries?
25. Does the law provide for the right to be heard, including the right of access to files?
26. Does the law lay down the rights of third parties?
27. Does the law provide for judicial review?
28. Does the law provide for the publication of the activities of the competition authority?
29. Does the law foresee the possibility of private damages in cases of infringement of competition rules?
30. Please provide information on the enforcement record of the authority charged with implementing competition law (up-to-date data of cases, examples of recent decisions, breakdown of serious competition infringements assessed and results achieved, etc.).

## **II. STATE AID**

31. Is there any form of internal State aid control other than the one carried out by the EFTA Surveillance Authority under the EEA Agreement?
32. Please provide detailed information (beneficiaries, amounts, forms of aid) on State aid measures provided to the financial sector since 2008.
33. Please provide information on the aid schemes (sectors concerned, conditions for granting the aid) or individual aid measures (beneficiaries, conditions, amounts, forms of aid) provided to the real economy (i.e. excluding the financial sector) as a direct consequence to the economic crisis.

## **III. Liberalisation**

### **A. General aspects**

34. Is your competition legislation fully applicable to public undertakings and undertakings with special or exclusive rights, in accordance with Article 86 of the EC Treaty?
35. Which public or private undertakings have been granted exclusive or special rights?
36. What are the subject, scope and duration of the relevant exclusive or special rights?
37. According to which procedure have the exclusive and special rights been granted?
38. What is the justification for granting the exclusive rights?

39. Is there an obligation for the companies with exclusive or special rights to fulfil tasks of a general economic interest? If so, please specify.
40. Have the regulatory and commercial functions been entrusted to bodies that are independent of each other? Please elaborate.
41. Which State monopolies exist?

**B. Sectoral aspects**

*(Sector-specific aspects are dealt with in the relevant chapters)*

## **Chapter 9: Financial Services**

The *acquis* covered by this chapter includes rules for the authorisation, operation and supervision of financial institutions and regulated markets. Financial institutions covered by the *acquis* can operate across the EU in accordance with the ‘European passport’ and the ‘home country control’ principle either by establishing branches or by providing services on a cross-border basis.

In the field of **banks and financial conglomerates**, the *acquis* sets out requirements for the authorisation, operation and prudential supervision of credit institutions, as well as requirements concerning the calculation of capital adequacy requirements applying to credit institutions and to investment firms. Together, the Codified Banking Directive and the Capital Adequacy Directive implement the new capital requirements framework based on the Basel II accord developed by the Basel Committee on Banking Supervision (BCBS). Starting in 2007, the Directives seek to ensure consistent application throughout the Union of the new international framework and replace the old credit risk capital requirements with a range of more comprehensive and risk sensitive approaches to the different categories of risks so that banks can choose the approaches that suit them.

The *acquis* in this sector also lays down rules relating to supplementary supervision of financial conglomerates and to the taking up, pursuit and prudential supervision of the business of electronic money institutions. Credit institutions are required to join an officially recognised deposit guarantee scheme, which must provide for a minimum coverage of €50,000 per depositor. The *acquis* lays down rules regarding the annual and consolidated accounts of banks and other financial institutions. It also harmonises certain provisions concerning the reorganisation and winding up of credit institutions with branches in more than one Member State. A directive adopted in 2007, regulates the supervisory approvals of mergers and acquisitions in the financial sector.

In the field of **insurance and occupational pensions**, several directives set out rules concerning the authorisation, operation and supervision of life assurance and non-life insurance undertakings. Specific provisions exist in the non-life sector for co-insurance, tourist assistance, credit insurance and legal expense insurance. The *acquis* establishes rules for the supplementary supervision of insurance groups. In addition, the *acquis* establishes supervision of reinsurers by competent authorities in their "home" country, on the basis of which they can operate throughout the EU. The Directive contributes to reinforcing international financial stability, an issue of concern in major international forums. It also establishes a regulatory framework for specialised reinsurers.

The Directive on insurance mediation establishes a legal framework for the taking-up and pursuit of the activities of insurance and reinsurance mediation by natural and legal persons operating in the Community. In the field of motor insurance, several directives harmonise requirements concerning insurance against civil liability in respect of motor vehicles with a view to facilitating the free movement of goods and people, in particular by abolishing frontier controls on motor insurance. Directive 2003/41/EC regulates the activities and supervision of institutions for occupational retirement provision. The *acquis* lays down rules covering the annual and consolidated accounts of insurance undertakings. It also harmonises certain provisions concerning the reorganisation and winding up of insurance undertakings with branches in more than one Member State. An important and recent development is the Solvency II Directive, which has been agreed by the EP and the Council and will be formally adopted in the autumn of 2009 and implemented by 31.10.2012. This Directive will introduce a new solvency system for insurance companies, risk based and pro-active, as well as a new supervisory set-up not only for individual insurance companies but also for insurance groups.

In relation to **financial market infrastructure**, the Directive on financial collateral arrangements aims to reduce and harmonise the formal requirements and procedures to create and enforce collateral across the EU, while the Directive on settlement finality aims to reduce the systemic risk linked to the insolvency of a participant in payment and securities settlement systems.

In the field of **securities markets and investment services**, the Directive on markets in financial instruments (MiFID) and its implementing measures set out a comprehensive regulatory regime covering the authorisation, operation and supervision of investment firms and regulated markets. The Prospectuses Directive and its implementing measures reinforce protection for investors by guaranteeing that all prospectuses, wherever in the EU they are issued, provide investors with the clear and comprehensive information they need to make investment decisions. The *acquis* also prescribes minimum transparency requirements for listed companies concerning both periodic and ongoing information. The Directive on market abuse and its implementing measures introduce a harmonised and comprehensive administrative regime for prohibiting and prosecuting insider dealing and market manipulation. The *acquis* also requires Member States to ensure that at least one officially recognised investor compensation scheme offering compensation up to €20,000 is established. The legislation on investment funds (UCITS) sets out common basic rules for the authorisation, supervision, structure and activities of investment funds to facilitate the cross-border distribution of units of funds in the EU and to ensure adequate investor protection. The EC Regulation on credit rating agencies set out a common regulatory and supervisory approach, laying down the conditions for the issue of credit ratings and rules on the organisation and conduct of credit rating agencies, contributing to enhance the quality of credit ratings issued in the Community.

*The entire acquis in this chapter are covered by the EEA, and the EEA lays down specific obligations in this area. When answering the questions below, please make reference to the state of implementation of such obligations.*

## **I. BANKS AND FINANCIAL CONGLOMERATES**

1. What Icelandic legislation transposes the Banking and Financial Conglomerates acquis below? Please provide all relevant reference and Official Journal numbers.
  - Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions
  - Council Directive 89/117/EEC of 13 February 1989 on the obligations of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents
  - Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes
  - Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions
  - Directive 2001/65/EC of the European Parliament and of the Council of 27 September 2001 amending Directives 78/660/EEC, 83/349/EEC and 86/635/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies as well as of banks and other financial institutions
  - Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and

investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council

- Commission Directive 2006/29/EC of 8 March 2006 amending Directive 2000/12/EC of the European Parliament and of the Council as regards the exclusion or inclusion of certain institutions from the scope of application
  - Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast)
  - Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast)
  - Commission Directive 2007/18/EC of 27 March 2007 amending Directive 2006/48/EC of the European Parliament and of the Council as regards the exclusion or inclusion of certain institutions from its scope of application and the treatment of exposures to multilateral development banks
  - Directive 2007/44/EC of the European Parliament and of the Council of 5 September 2007 amending Council Directive 92/49/EEC and Directives 2002/83/EC, 2004/39/EC, 2005/68/EC and 2006/48/EC as regards procedural rules and evaluation criteria for the prudential assessment of acquisitions and increase of holdings in the financial sector
  - Directive 2008/23/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions, as regards the implementing powers conferred on the Commission
  - Directive 2008/24/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions, as regards the implementing powers conferred on the Commission
  - Directive 2009/14/EC of the European Parliament and of the Council of 11 March 2009 amending Directive 94/19/EC on deposit-guarantee schemes as regards the coverage level and the payout delay
  - Commission Directive 2009/27/EC of 7 April 2009 amending certain Annexes to Directive 2006/49/EC of the European Parliament and of the Council as regards technical provisions concerning risk management
2. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
  3. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
  4. Please give details of any infringement proceedings that have been launched against Iceland in this area.
  5. The financial crisis has shown difficulties in the implementation of the obligations under the Deposit Guarantee Scheme Directive.
    - a) How is the Deposit Guarantee Scheme organised?
    - b) Is there plan to reform the Deposit Guarantee Scheme?

- c) What is the current minimum and maximum coverage?
6. Has Directive 2009/14/EC already been incorporated in the EEA agreement and is Iceland prepared for its implementation?
  7. What is the current funding mechanism and how does Iceland plan to improve it?
  8. Please give details of how account holders of branches of Icelandic banks in EEA/EU member states have been reimbursed for recent bank failures. What is the timetable for full reimbursement? Will the guaranteed amounts be in full?
  9. Is the Financial Conglomerates Directive fully implemented in Iceland and how is its practical application organised and ensured?
  10. Is Iceland aware of the recent and upcoming changes of the Capital Requirements Directive (CRD)? How and when does Iceland plan to incorporate them in their legislation?
  11. Do you see problems with the application of the large exposure rules in Iceland? Do you plan to change its practical application?
  12. Do you see problems with the application of the fit and proper criteria in Iceland? Do you plan to change its practical application?
  13. Could you explain what measures focusing on banking legislation were approved or are planned in Iceland as a response to the crisis?
  14. Does Iceland share information on bank accounts held by residents of other EEA/EU Member States?
  15. What are the plans for state-owned failed banks? (Creation of a "bad bank"? Sale of non-toxic parts?)
  16. How can effective competition be ensured between banks with the same owner (the state)?
  17. What percentage of the Icelandic banking market is held by non-Icelandic institutions?

## **II. SUPERVISORY AUTHORITIES**

18. What is the supervisory structure in Iceland – unitary supervisor or sectoral structure?
19. Which is the competent authority to grant a license to a credit institution and to supervise it (please indicate name and address)? What other functions (if any) does this authority have? Does the supervisory authority publish an annual report? If so, could it provide the Commission with a copy or a summary in one of the EU languages? Is there institutional cooperation between the different domestic supervisory authorities?
20. How many professionals are employed by the supervisory authority? What are the professional qualifications required? Are the number and qualification of professionals adequate for the tasks of the authority?
21. What powers does the supervisory authority possess in order to require supplementary periodical information? Can the authority carry out on the spot verification? Is the practice of on site examination adequate to the needs of adequate supervisory practice? What sanctions can be imposed by the supervisor?

22. Can the supervisory authority ensure that managers and directors act in a fit and proper way? Intervene if they do not?
23. What are the powers of intervention of the supervisory authority in case of undertakings in difficulties? Under what circumstances may the authorisation of a credit institution be withdrawn?
24. How has the supervisor intervened over recent years, including in the period prior to the current financial crisis? What plans exist for remedying the uncontested failures of supervision in the run-up to Icelandic bank failures?
25. As a response to the financial crisis, were the supervisory authorities' capacity, setup, organisation, operation methods, etc changed?
26. Does Iceland apply any special measures for the supervision of financial conglomerates, as defined in Directive 2002/87/EC? If so, please describe them.
27. How can effective supervision be guaranteed now that the Icelandic banking sector is 100% state-owned (the state is supervising the state)?
28. How is the operational independence of the supervisory authority ensured, in line with international standards (Basel Committee, IOSCO and IAIS core principles)?
29. Are professionals employed by the supervisory authority subject to limitations (time or other) regarding the possibility to be employed as senior staff in commercial banks?
30. Does the supervisory authority have cooperation with other domestic supervisory authorities and with home supervisory authorities of foreign banks present in the market (does it take part in any colleges of supervisors?) How does Iceland ensure the application of article 129-132 of the CRD on cooperation and communication? Does the Icelandic supervisor have MoUs with other supervisors in the EU? How do you assess the cooperation with EU authorities?
31. Do you see any problem in the coordination and cooperation of CBI and FME? Do you plan to implement any measures in this regard?
32. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
33. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?
34. Did Iceland change or does it intend to change anything in regard to its administrative capacity as a response to the crisis?

### **III. INSURANCE AND OCCUPATIONAL PENSIONS**

35. What Icelandic legislation transposes the Insurance and Pensions acquis below? Please provide all relevant reference and Official Journal numbers.
  - Council Directive 64/225/EEC of 25 February 1964 on the abolition of restrictions on freedom of establishment and freedom to provide services in respect of reinsurance and retrocession

- Council Directive 72/166/EEC of 24 April 1972 on the approximation of the laws of Member States relating to insurance against civil liability in respect of the use of motor vehicles, and to the enforcement of the obligation to insure against such liability
- Council Directive 72/430/EEC of 19 December 1972 amending Council Directive 72/166/EEC of 24 April 1972 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles and to the enforcement of the obligation to insure against such liability
- First Council Directive 73/239/EEC of 24 July 1973 on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance
- Council Directive 73/240/EEC of 24 July 1973 abolishing restrictions on freedom of establishment in the business of direct insurance other than life assurance
- Council Directive 78/473/EEC of 30 May 1978 on the coordination of laws, regulations and administrative provisions relating to Community co-insurance
- Second Council Directive 84/5/EEC of 30 December 1983 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles
- Council Directive 84/641/EEC of 10 December 1984 amending, particularly as regards tourist assistance, the First Directive (73/239/EEC) on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance
- Council Directive 87/343/EEC of 22 June 1987 amending, as regards credit insurance and suretyship insurance, First Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance
- Council Directive 87/344/EEC of 22 June 1987 on the coordination of laws, regulations and administrative provisions relating to legal expenses insurance
- Second Council Directive 88/357/EEC of 22 June 1988 on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 73/239/EEC
- Third Council Directive 90/232/EEC of 14 May 1990 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles
- Council Directive 90/618/EEC of 8 November 1990 amending, particularly as regards motor vehicle liability insurance, Directive 73/239/EEC and Directive 88/357/EEC which concern the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance
- Council Directive 91/371/EEC of 20 June 1991 on the implementation of the Agreement between the European Economic Community and the Swiss Confederation concerning direct insurance other than life assurance

- Council Regulation (EEC) No 2155/91 of 20 June 1991 laying down particular provisions for the application of Articles 37, 39 and 40 of the Agreement between the European Economic Community and the Swiss Confederation on direct insurance other than life assurance
- Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings
- Council Directive 91/675/EEC of 19 December 1991 setting up an insurance committee
- Council Directive 92/49/EEC of 18 June 1992 on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and amending Directives 73/239/EEC and 88/357/EEC (third non-life insurance Directive)
- European Parliament and Council Directive 95/26/EC of 29 June 1995 amending Directives 77/780/EEC and 89/646/EEC in the field of credit institutions, Directives 73/239/EEC and 92/49/EEC in the field of non- life insurance, Directives 79/267/EEC and 92/96/EEC in the field of life assurance, Directive 93/22/EEC in the field of investment firms and Directive 85/611/EEC in the field of undertakings for collective investment in transferable securities (Ucits), with a view to reinforcing prudential supervision
- Directive 98/78/EC of the European Parliament and of the Council of 27 October 1998 on the supplementary supervision of insurance undertakings in an insurance group
- Directive 2000/26/EC of the European Parliament and of the Council of 16 May 2000 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles and amending Council Directives 73/239/EEC and 88/357/EEC (Fourth motor insurance Directive)
- Directive 2001/17/EC of the European Parliament and of the Council of 19 March 2001 on the reorganisation and winding-up of insurance undertakings
- Directive 2002/13/EC of the European Parliament and of the Council of 5 March 2002 amending Council Directive 73/239/EEC as regards the solvency margin requirements for non-life insurance undertakings
- Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance
- Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation
- Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision
- Directive 2005/14/EC of the European Parliament and of the Council of 11 May 2005 amending Council Directives 72/166/EEC, 84/5/EEC, 88/357/EEC and 90/232/EEC and Directive 2000/26/EC of the European Parliament and of the Council relating to insurance against civil liability in respect of the use of motor vehicles
- Directive 2005/68/EC of the European Parliament and of the Council of 16 November 2005 on reinsurance and amending Council Directives 73/239/EEC, 92/49/EEC as well as Directives 98/78/EC and 2002/83/EC

- Council Directive 2006/101/EC of 20 November 2006 adapting Directives 73/239/EEC, 74/557/EEC and 2002/83/EC in the field of freedom to provide services, by reason of the accession of Bulgaria and Romania
  - Directive 2008/19/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2002/83/EC concerning life assurance, as regards the implementing powers conferred on the Commission
  - Directive 2008/21/EC of the European Parliament and of the Council of 11 March 2008 amending Council Directive 91/675/EEC setting up a European insurance and occupational pensions committee, as regards the implementing powers conferred on the Commission
  - Directive 2008/25/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2002/87/EC on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate, as regards the implementing powers conferred on the Commission
  - Directive 2008/36/EC of the European Parliament and of the Council of 11 March 2008 amending Council Directive 92/49/EEC on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance, as regards the implementing powers conferred on the Commission
  - Directive 2008/37/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2005/68/EC on reinsurance, as regards the implementing powers conferred on the Commission
36. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
  37. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
  38. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
  39. Please give details of any infringement proceedings that have been launched against Iceland in this area.
  40. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
  41. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

#### **IV. FINANCIAL MARKET INFRASTRUCTURE**

42. What Icelandic legislation transposes the Financial Services Policy and Financial Market Infrastructure acquis below? Please provide all relevant reference and Official Journal numbers.
  - Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems
  - Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements

- Directive 2005/1/EC of the European Parliament and of the Council of 9 March 2005 amending Council Directives 73/239/EEC, 85/611/EEC, 91/675/EEC, 92/49/EEC and 93/6/EEC and Directives 94/19/EC, 98/78/EC, 2000/12/EC, 2001/34/EC, 2002/83/EC and 2002/87/EC in order to establish a new organisational structure for financial services committees
  - Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims
43. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
44. Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements allows, under certain conditions, some opt-out provisions. They have been rarely used, but just in case, have any, or some, of the following opt-out provisions been used?
- Article 1(3) on the personal scope of application
  - Article 1(4) (b) on the material scope of application
  - Article 4(3) on appropriation (deleted under the amended Directive)
45. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
46. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
47. Please give details of any infringement proceedings that have been launched against Iceland in this area.
48. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
49. Are there any Agencies or other government bodies which are responsible for regulating this field? What is their size?

## **V. SECURITIES MARKETS AND INVESTMENT SERVICES**

50. What Icelandic legislation transposes the Securities Markets and Asset Management acquis below? Please provide all relevant reference and Official Journal numbers.
- Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
  - Council Directive 88/220/EEC of 22 March 1988 amending, as regards the investment policies of certain UCITS, Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (UCITS)
  - Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes

- Directive 2000/64/EC of the European Parliament and of the Council of 7 November 2000 amending Council Directives 85/611/EEC, 92/49/EEC, 92/96/EEC and 93/22/EEC as regards exchange of information with third countries
- Directive 2001/34/EC of the European Parliament and of the Council of 28 May 2001 on the admission of securities to official stock exchange listing and on information to be published on those securities
- Directive 2001/107/EC of the European Parliament and of the Council of 21 January 2002 amending Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) with a view to regulating management companies and simplified prospectuses
- Directive 2001/108/EC of the European Parliament and of the Council of 21 January 2002 amending Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), with regard to investments of UCITS
- Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse)
- Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC
- Commission Directive 2003/124/EC of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards the definition and public disclosure of inside information and the definition of market manipulation
- Commission Directive 2003/125/EC of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest
- Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments
- Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC
- Commission Directive 2004/72/EC of 29 April 2004 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards accepted market practices, the definition of inside information in relation to derivatives on commodities, the drawing up of lists of insiders, the notification of managers' transactions and the notification of suspicious transactions
- Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements

- Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC
- Directive 2005/1/EC of the European Parliament and of the Council of 9 March 2005 amending Council Directives 73/239/EEC, 85/611/EEC, 91/675/EEC, 92/49/EEC and 93/6/EEC and Directives 94/19/EC, 98/78/EC, 2000/12/EC, 2001/34/EC, 2002/83/EC and 2002/87/EC in order to establish a new organisational structure for financial services committees
- Directive 2006/31/EC of the European Parliament and of the Council of 5 April 2006 amending directive 2004/39/EC on markets in financial instruments, as regards certain deadlines
- Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive
- Commission Regulation (EC) No 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive
- Commission Regulation (EC) No 1787/2006 of 4 December 2006 amending Commission Regulation (EC) 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements
- Commission Regulation (EC) No 211/2007 of 27 February 2007 amending Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards financial information in prospectuses where the issuer has a complex financial history or has made a significant financial commitment
- Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions
- Commission Regulation (EC) No 1569/2007 of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council
- Directive 2008/10/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2004/39/EC on markets in financial instruments, as regards the implementing powers conferred on the Commission
- Directive 2008/11/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading, as regards the implementing powers conferred on the Commission

- Directive 2008/18/EC of the European Parliament and of the Council of 11 March 2008 amending Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as regards the implementing powers conferred on the Commission
  - Directive 2008/26/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2003/6/EC on insider dealing and market manipulation (market abuse), as regards the implementing powers conferred on the Commission
  - Commission Regulation (EC) No 1289/2008 of 12 December 2008 amending Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards elements related to prospectuses and advertisements
  - Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast).
  - NB The new Directive repeals old UCITS Directive.
51. What is the exact status of the legislation? Are there any laws which are not transposed, either partially or fully? What is the reason behind this lack of full transposition?
  52. What derogations or adaptations, if any, does Iceland have from the acquis? What is the justification behind these derogations/adaptations?
  53. Has Iceland experienced any difficulties in implementing the EEA obligations in this field?
  54. Please give details of any infringement proceedings that have been launched against Iceland in this area.
  55. Please provide information on how many UCITS funds and UCITS management companies has been authorised in Iceland. What is the value of assets under management? Are units of these funds marketed in other EEA countries?
  56. Which Ministry (or Ministries) deals with legislation in this area in Iceland? What is the size of the departments dealing with this?
  57. What is the size of the financial supervisory authority (FME) in terms of staff members?
  58. Are there any further Agencies or other government bodies which are responsible for regulating this field? What is their size?
  59. What capacity measures have been taken to deal with the financial crisis?

## ***Chapter 10: Information society and media***

The *acquis* includes specific rules on electronic communications, on information society services (in particular electronic signatures, electronic commerce and conditional access services), and on audio-visual media services.

In the **field of electronic communications**, the *acquis* aims to eliminate obstacles to the effective operation of the internal market in telecommunications services and networks, to promote competition and to safeguard consumer interests in the sector, including universal availability of basic modern services. The *acquis* on electronic communications is included in the EEA, without derogations or transition periods. All directives in this area have been transposed in the Icelandic legal order, with the exception of *Directive 2006/24/EC* of the European Parliament and of the Council of 15 March 2006 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks and amending *Directive 2002/58/EC*. Furthermore, all regulations in this area are directly applicable in Iceland, with the exception of *Regulation (EC) no 544/2009* of the European Parliament and of the Council of 18 June 2009 amending *Regulation (EC) No 717/2007* on roaming on public mobile telephone networks within the Community and *Directive 2002/21/EC* on a common regulatory framework for electronic communications networks and services. An adaptation text is necessary with regard to the fact that the exchange rate for the Icelandic Krona is not published by the European Central Bank.

As regards **audio-visual policy**, the *acquis* entails the legislative alignment with the Audiovisual Media Services Directive, which creates the conditions for the free circulation of audiovisual media services on the basis of the country-of-origin principle, but also provides for minimum standards as regards the protection of minors in audiovisual media services (TV programmes and on-demand – in particular online - audiovisual media services). The *acquis communautaire* further entails EU recommendations on protecting children/minors online and the European film heritage. The *acquis* aims to the establishment of a transparent, predictable and effective regulatory framework for audiovisual media services in line with European standards. The MEDIA 2007 programme aims at strengthening the competitiveness of European audiovisual enterprises. The Audiovisual Media Services Directive has to be included in the EEA through an updated Annex. The current Annex X to the agreement on Audiovisual policy is in the process of revision.

*The Agreement on the European Economic Area already lays down specific obligations in areas covered by this Chapter. When answering the questions below, please make reference to the state of implementation of such obligations.*

### **I. ELECTRONIC COMMUNICATIONS AND INFORMATION TECHNOLOGIES**

#### **A. Basic data**

1. Please provide basic data on the current state of the telecommunications services market in Iceland. The indicators should be chosen so as to enable the Icelandic market to be presented in a similar way as appears for enlargement countries in the regular reports on the implementation of the EU regulatory framework. The reference date is either 30 June 2009 (for regulatory data) or calendar year 2008 (for statistical data).

## **B. Legislative and institutional framework**

2. Please describe the legislative framework of the sector, with reference to current and planned primary and secondary legislation.
3. If available, please provide correspondence tables.
4. Please provide information on whether and how Article 9 of the Roaming Regulation on sanctions has been transposed.
5. Please describe the competence, structure and degree of independence of the regulatory body for telecommunications (operational independence, level of political interference, financial independence). Also provide information on its establishment, nomination procedures, budgetary and human resources and administrative powers. To what extent is there a separation of regulatory and operational competencies?
6. To who can decisions of the regulatory body be appealed? Describe the procedure and its results over the past 2 years.
7. What are the procedures for dispute resolution regarding consumer disputes? Please also provide information on the number of disputes over the last two years if available.
8. How does the allocation of frequencies take place? Please indicate where relevant the involvement by Conférence Européenne des Administrations des Postes et Télécommunications (CEPT) and International Telecommunications Union (ITU).

## **C. Policy and regulatory frameworks**

9. Please provide information on the state of market analysis according to Article 7 of the Framework Directive, including planning of future market analysis.
10. Please provide details on the implementation and enforcement of :
  - a. number portability (time needed and costs incurred)
  - b. the European Emergency number 112 (including provision of caller location information).
11. What policy exists as regards the roll-out of NGN, including fibre?
12. What initiatives exist to bridge the digital divide in broadband?
13. Is there any policy established with regard to the switch-over to digital broadcasting and the use of the Digital Dividend?

## **II. INFORMATION SOCIETY SERVICES**

### **A. Policy**

14. Please describe the institutional framework of the sector, with reference to the relevant government bodies, the role of the parliament and possible other organisations or institutions. Also describe the policy for the development of the information society in your country including the social and economic actors consulted during the process. If a strategy document

exists, please provide a copy in an EU language. Is there any national policy initiative similar to the eEurope or i2010 initiatives?

15. What body is in charge of the information society policies, including its implementation? How is the coordination of activities, developments and policies performed and ensured in the sector?
16. What is the budget allocated to the policy, what is the administrative capacity and what are the implementation mechanisms?

#### **B. Basic data on Internet access**

17. What are the main objectives, areas of applications, and targets for this policy;
18. What are the main actions supporting both supply and demand for ICT technologies?
19. Please provide Internet access rates for:
  - a) schools, both primary and secondary education;
  - b) households;
  - c) enterprises, per size (SMEs, medium, large) and sector if possible.

#### **C. Research**

20. What is the specific public policy for promoting and supporting research on Information Society Technologies (ISTs)? If a strategy document exists, please provide a copy in an EU language.
21. What are the main universities, research institutes or centres active in IST research? In which domains?

#### **D. Public sector**

22. What are the public services offered currently on-line to citizens and businesses?
23. What are the penetration/usage rates of these services?

#### **E. Private sector**

24. What is the rate of companies conducting e-business, per size and sector if possible? Which applications?
25. Are there any incentives offered to companies using ICTs? What kind of incentives?

#### **F. Electronic signature**

26. Please report on the alignment with the directive on a Community framework for electronic signatures 1999/93/EC. In particular, could you provide the national applicable law(s) and regulation(s). Could you detail the institutional setting related to electronic signature; i.e. which are the bodies responsible for supervision (including the national provisions for

supervision), accreditation (including information on accreditation schemes), and those designated for the conformity assessment of secure signature-creation-devices?

### III. AUDIOVISUAL POLICY

These questions are related to the *acquis communautaire* in the field of audiovisual policy including the provisions of the Audiovisual Media Services Directive (Directive 89/552/EEC of the European Parliament and of the Council of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services as amended by Directive 97/36/EC of the European Parliament and of the Council of 30 June 1997 and Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007); the Recommendation of the European Parliament and of the Council of 16 November 2005 on film heritage and the competitiveness of related industrial activities and the two Recommendations on the protection of minors: the Council Recommendation of 24 September 1998 on the development of the competitiveness of the European audiovisual and information services industry by promoting national frameworks aimed at achieving a comparable and effective level of protection of minors and human dignity and the Recommendation of the European Parliament and of the Council of 20 December 2006 on the protection of minors and human dignity and on the right of reply in relation to the competitiveness of the European audiovisual and on-line information services industry.

#### A. Audiovisual media services

27. What is the current legislative framework governing the audiovisual media services and television broadcasting (i.e. linear audiovisual media services including satellite and cable)? When was(were) the main piece(s) of legislation adopted? Please provide a translation in an EU language.
28. What is the timetable for legislative approximation to the Audiovisual Media Services Directive? Please provide a translation in an EU language once the text is available.
29. What are the competent authorities in the field of audiovisual policy? How are the competencies shared between them?
30. What are the distribution systems in place (terrestrial, cable, satellite)? What (if any) are the “must carry” regulations (obligations for the network to distribute certain channels)?
31. Are there any restrictions or specific measures on reception or retransmission of audiovisual media services from other European States? Please refer to both television broadcasting and on-demand audiovisual media services.
32. Has Iceland introduced specific regulations in the field of television advertising that can be considered to be a more detailed or stricter rule compared with the rules in the audiovisual media services directive (for instance: ban on political advertising, ban on alcohol advertising, restrictions concerning children's programmes, etc)?
33. Please describe the Icelandic rules on advertising for alcoholic beverages and betting. Does Iceland have specific rules concerning this type of advertising on foreign broadcasters?
34. Are there any limitations to the ownership of television and/or radio stations? Are there any specific limitations to foreign investors?

35. What (if any) regulatory measures are used to encourage or require the audiovisual media services of, or the investment in, certain types of programmes (e.g. cultural, educational) or programmes of specific geographical, linguistic or sectoral origin (independent productions, European works, national works, programmes made or broadcast in certain languages etc.)? Please refer to television broadcasting and on-demand audiovisual media services. Are there such measures as regards other media (cinema theatres, video, etc.)?
36. What (if any) are the regulations covering other audiovisual services, in particular interactive, on-demand audiovisual media services, including Internet?

## **B. Film heritage**

37. What steps and/or procedures have been taken to systematically collect cinematographic works forming parts of your audiovisual heritage?
38. What measures and/or programmes have been taken in order to ensure preservation of deposited cinematographic works?
39. How projects for the restoration of cinematographic works with high cultural or historical value have been encouraged?
40. Please give details on measures taken (if any) to make deposited cinematographic works accessible for educational, cultural, research and non-commercial uses of a similar nature.

## **C. Protection of minors and the right of reply**

41. Has a code of conduct been drawn up by the ISPs in Iceland? If possible, please provide a copy or the web address where it can be accessed.
42. Are there any legal requirements in your country which apply specifically to ISPs and how they should deal with illegal or harmful content accessed over the Internet? If so, what are they?
43. Have any efforts been made, either by industry or public authorities, to develop a filtering and rating system for the Internet in your country? If so, what progress has been made and what are the difficulties encountered?
44. What measures have been taken to spread awareness of safer Internet issues? Have these been part of a larger plan for “media education”? Have they been supported by public funds or by private funding (e.g. from industry or from voluntary associations) or by a mixture of public and private funding?
45. Is there any specific regulation or self-regulation concerning the right of reply with respect to online-media?
46. Have broadcasters in your country established a system of self-regulation relating to the protection of minors? Please give details of this, particularly with regard to membership. Does it include a code of conduct regarding the protection of minors and harmful content?
47. Are on-screen warning icons required, either by law or by codes of conduct, for potentially harmful television programmes? Are acoustic warnings before such programmes required, either by law or by codes of conduct? Where such measures are used, are they considered to be effective?

## **Chapter 11:      *Agriculture and rural development***

The agricultural chapter covers a large number of binding rules, many of which are directly applicable regulations. The proper application of these rules and their effective enforcement by an efficient public administration are essential for the functioning of the Common Agricultural Policy. This includes the setting up of management systems such as a paying agency and the Integrated Administration and Control System (IACS), and also the capacity to implement rural development actions.

EU membership requires integration into the Common Market Organisation of a range of agricultural products, including arable crops, sugar, animal products and specialised crops.

The required administrative structures are not always specified in the *acquis*. In many cases the *acquis* simply uses terms such as the “competent authority” to refer to the administrative structure that is needed. This means that it is left to each Member State to decide which institution is responsible for effective implementation of the *acquis*. However, the functions that EU Member States must have the capacity to carry out - through the administrative structures they establish - are clearly specified in the *acquis*.

### **I. HORIZONTAL**

1. Please provide, with an indication of recent and expected future developments, a general description of:

- the national and regional farm income policy, production and structural policy (in particular rural development policy)
- the budget earmarked and used for this general agricultural policy framework
- the administrative structure in place at the national and/or regional level (e.g. Ministry of Agriculture, Intervention/Paying Agencies, Advisory Boards, etc.) involved in agricultural policy formulation, execution, monitoring, and control, and

a) Is there a paying agency in charge of the management of your agricultural policy? If yes, please submit information on the way it operates. If no, please provide information on the institution in charge of the management of your agricultural policy (Ministry of Agriculture, regional offices, marketing boards, etc.)? In both cases, information on the structures of the organisation(s) involved should also be provided.

b) When receiving applications for aids, how are they processed, controlled, authorized and paid? Please provide flowcharts describing the main processes and procedures with regard to the management and internal control system (if existing) together with a description of any system used for the administration and control of support schemes.

- farmers’ organisations and their role in the agricultural and rural development policy formulation, implementation and monitoring as well as regarding their advisory role for farmers,
- farm advisory services and farmer's register,
- the method and frequency of information transmission to beneficiaries/general public (on applications and on other general agricultural and rural development issues).

2. Please provide general information on the trade policy and mechanism applied in Iceland regarding agricultural products including bi- and multi-lateral agreements, import/export

schemes, tariff quotas, systems of licenses, safeguard clauses, etc. as well as operational structure in place; please also specify whether the EU Combined Nomenclature is applied. Product specific measures should be described under section II).

3. Please provide a description, including financial details, of State aid measures or any other policies specifically applied in the sector of primary agricultural production, processing and marketing of agricultural products as well as in the forestry sector (but not covered elsewhere in replying to this questionnaire). This should include direct and indirect input subsidies; social policy measures primarily directed to the agriculture sector; tax policy measures primarily directed to the agriculture sector; policies directed to privatisation of land and other factors of production (including the agro-food processing sector); measures which are aimed at developing a land market; credit subsidies; risk management tools and others.
4. Please provide information on publicly funded services to agriculture. The description should be provided only if public resources are involved. It should indicate the amount of public contribution and financing originating from any other resources for the period starting from year 2000. Examples are research; guidance/advisory service, training; marketing support; inspection; farm land surveying; advisory service, other.
5. Please describe the current land cadastre system and mechanism, and if existing any system used for the identification of agricultural parcels.
6. Please inform on the existence of any type of cross-compliance systems (e.g. reduction in agricultural support paid to farmers if environmental, animal welfare, public, animal or plant health standards are not complied with).
7. Please inform us about the existence of a microeconomic instrument providing an overview of farm economics, in particular on the income of agricultural holdings, sectoral analysis and distribution of direct payments (comparable to the EU Farm Accountancy Data Network (FADN)).

## **II. MARKET MEASURES**

8. A full description of the policies currently applied or planned is requested for each of the products or product categories listed below covering:
  - the aims, the functioning and the main quantitative elements of all the product-specific agricultural policy measures currently applied and planned (support schemes – market intervention (buying-in, public/private storage, etc), production quotas, production or export levy, tax, import duties and equivalent charges and other border measures like tariff rate quotas and other preferential imports production control, export refunds, etc.).
  - the management of import quotas explaining whether a system of import/export licences is used, and whether such a system provides for securities (bank guarantees) and controls (physical checks on products exported with a refund).
  - the management and control of production subsidy schemes describing (procedure for lodging applications for production subsidies, registration of farmers' plots in the national farm register, containing which data, practical control of relevant crops).

*Arable crops, fibre, sugar:*

- Cereals;
- dried fodder, oilseed, protein crops
- potato starch;

- flax and hemp;
- sugar;
- potato.

*Animal products:*

- milk and milk products;
- beef and veal;
- sheep and goats;
- pigmeat;
- eggs, poultry;
- honey.

*Specialized crops and products:*

- alcohol;
- fruits and vegetables;
- bananas;
- floriculture;
- tobacco;
- seeds;
- hops.

9. Where the individual measures are applied to more than one product category, they should be included within the description for each product category concerned. The descriptions should include at least the following information:

- name of the policy measure; whether currently applied or planned (planned date of likely introduction);
- legislative basis (name and reference number of the relevant legal act);
- objectives and general description of the scheme;
- eligibility criteria of policy measure;
- payments (and levies or other indirect support);
- basis for payments and for their regional differentiation (also the basis for determining the regions);
- amounts spent since 2000; total and per unit (ranges, if regionally differentiated);
- use to which the levies/taxes are put (paid into general budget or destined for finance of particular activities in which case please specify);
- administration of the scheme.

10. In addition, the description for the fruit and vegetables sector should include an indication, if relevant, of the economic importance of producers' organisations (including number and percentage of production covered by such organisations). It would also be useful to provide details of any representative markets for determining production and import prices. An

indication should also be included of any subsidies for the processing of fresh fruits and vegetables and of the legal relationship between processors and producers of fresh products.

11. For each of the following sectors, a detailed description should be given of:
  - a) the existing regulatory requirements and the arrangements for their administration and enforcement including legislative basis (name and reference of relevant legal act); objectives and general description of the legislation; approximated or not to EU legislation (or degree of approximation); participation in other international standard schemes; description of administrative and enforcement arrangements (including resources, human, financial, and infrastructure, and if possible the administrative organigramme).
  - b) agricultural marketing requirements (grading, mandatory/voluntary standards), labelling requirements in each of the following sectors:
    - Dairy products;
    - Beef and veal, sheepmeat and goatmeat;
    - Pigmear, poultrymeat, eggs and honey;
    - Fruit and vegetables.

### **III. DIRECT PAYMENTS TO FARMERS**

12. Please describe the direct payments regimes applied, and in particular:
  - the eligibility conditions for their granting,
  - the management and control system applied to each of them (notably, registration of farmers' plots in the national farm register, procedure for lodging applications, data to be submitted, administrative and on-the-spot controls to be performed, sanctions to be applied),
  - the number of beneficiaries,
  - the budgetary amounts devoted to each regime,
  - any other information that would be useful for comparing these regimes with the EU ones.

### **IV. RURAL DEVELOPMENT POLICY**

13. Describe the institutional framework for rural development; decision-making structure and responsibilities (top-down/decentralised method).
14. Detail and describe links between rural development and sectoral and territorial policies.
15. Detailed information is required on existing rural development activities as described below.
  - Information should be provided on all publicly funded rural development activities, whether these are implemented as part of integrated programmes, or as stand-alone schemes, and should include activities financed both nationally and regionally. The information should cover the legal basis, design, objectives, content, financing, implementation, monitoring, control and evaluation of the programmes or schemes. Any selection criteria used for the definition of areas targeted by specific activities should also be described, and the bodies responsible for the programmes or schemes should be listed.

Rural development activities may include, but are not limited to:

- Increasing the competitiveness of the agricultural and forestry sector through support for investment and restructuring, including investments on farms and forests, support for processing and marketing, land improvement, reparation, irrigation and water management, early retirement, vocational training, provision of advisory and extension services, establishment of producer groups, and establishment and operation of quality schemes for agricultural products;
- Enhancing the environment and countryside through support for sustainable land management, including supporting farming in mountain areas or other areas with particular handicaps, schemes to protect biodiversity, habitats and landscapes, support for environmentally friendly farming and forestry methods, afforestation, measures aimed at climate change mitigation and adaptation, water management (quality protection and quantity saving), soil protection, genetic resource conservation in agriculture;
- Enhancing the quality of life in rural areas and promoting diversification of economic activities, including the provision of basic services (e.g. roads, electricity, water, sewerage, local municipality/village authorities' buildings, etc. for the rural population, the renovation and development of villages, rural tourism, development of new economic activities to diversify the rural economy, and support for local development activities, small rural development projects at local level under own initiatives;
- Within this context, please describe the existence of an integrated measures/approach linked to the implementation of the rural development policy, including, for example, different elements under the aforementioned indents or several elements of one indent and linked also to local/village development strategies/plans.

The description of each measure/activity should include the following information:

- The name of the policy measure and sub-measure;
- The legislative basis (name and reference of the relevant legal act);
- The objectives, rationale, and general description;
- The beneficiaries, eligibility and selection criteria;
- Details of the support provided (payment levels and composition of payments – share of private and public funds);
- The amount spent per year over the last 5 years, and budget foreseen for future years, per policy measure;
- Number of beneficiaries and average support per beneficiary;
- Administration of the scheme (body responsible, processing and evaluation of applications).

## **V. QUALITY POLICY**

16. Please indicate whether a clear domestic policy, with related instruments, exists for recognition and protection of geographical indications and traditional names for agricultural products and foodstuffs. If so describe the instruments for registration and protection.
17. Please detail any other quality schemes in existence with regard to product origin or other quality characteristics.

## **VI. ORGANIC FARMING**

18. Please provide information on the existing schemes and the arrangements for its administration and enforcement including
  - Legislative basis (name and reference of relevant legal act);
  - Objectives and general description of the legislation;
  - Approximated or not to EU legislation (or degree of approximation);
  - Details of the support provided;
  - Description of administrative and enforcement arrangements (including resources, human, financial, and infrastructure, and if possible the administrative organigramme).
19. Please describe the national accreditation and certification system for organic farming including the control system in place as well as its relevance for import/export (e.g. EU list of third countries).
20. Please describe the sector and its organisation (e.g. importance of cooperatives) with statistical data including farm structure, production, trade (export/import).

## **VII. AGRICULTURAL STATISTICS**

21. Please provide a brief description on the organisational structure for statistical collection and monitoring; co-operation between Ministry of Agriculture and central/local statistical offices concerning agricultural statistics.

### **General and product specific statistics**

22. The general position and circumstances of the agricultural sector should be described (in a table) by the following statistical information (as far as the information is available):
  - a) Utilised agricultural area (UAA) on both a national and regional basis. Situation in 1992 (if available), 2000 to 2008 (or most recent year available): arable land; fallow land; land under permanent crops; permanent grassland; kitchen gardens; greenhouses.
  - b) Forest area
  - c) Development of farm structures between 2000 and 2008 (indicating when farm structure surveys had been carried out): farm size structure by region (where applicable); distribution by cultivated area; distribution by main type of production; distribution by herd size; area used by farms smaller than 2 ha.
  - d) Agricultural population and its development. Development from 2000 to 2008 (or most recent year available), preferably based on the Labour Force Survey: share of total active population; regional distribution; full-time and part time farmers; distribution by age and sex.
  - e) Farm incomes for full time farmers (gross added value per annual labour unit) including comparison with average gross wages of employment outside agriculture.
  - f) Contribution of the agricultural sector to Gross National Product (GNP) by region.

- g) Area, yield and production of soft wheat, durum wheat, barley, cereal maize, rye, oats, other cereals, basic or certified seed (varieties mentioned in the annex to Regulation 1234/2007), rape seed, soybeans, sunflower seed, other oilseeds, dried fodder, peas, field beans and sweet lupins, potatoes, turnips, flax and hemp (annual production and growing area), sugar beets, fruit and vegetables (by the most important products), bananas, hops, tobacco, cotton and fodder roots, hay (dry and silage), silage maize area.
- h) Number of livestock, slaughtering, and average carcass weight for calves, male beef cattle, cows, pigs, chicken, other poultry, as well as sheep and goats.
- i) Number of dairy cows, milk yields, production of milk, deliveries of milk to dairies showing volume and fat content, the distribution of volume of deliveries and number of producers by herd-size category, the volume of direct sales by milk product type and number of producers making direct sales, volume of on-farm consumption of milk indicating separately feed and food use.
- j) Number of non-dairy cows (other cows) and number of specialised beef cattle, sheep and goats.
- k) Production and degree of self-sufficiency of the principal agricultural products including the main fruit and vegetables, eggs honey and wool.
- l) Market balances for the principal crops (soft wheat, durum wheat, barley, corn maize, rye, oats, other cereals, rape seed, sunseed, soybeans, refined sugar and isoglucose), the principal meats (beef, pork, poultry, as well as sheep and goat meat) and the principal dairy products (butter, skimmed milk powder, whole milk powder, cheese). The balances should state production, domestic use (human consumption, feed use when applicable), imports, exports, beginning and ending stocks for the period of 2000 to 2008 (or latest year available).
- m) Production of ethyl alcohol of agricultural origin broken down by alcohol-producing product use.
- n) Seeds measures concerning certified seeds.
- o) Market prices for each product category, indicating the stage of production and the quality.
- p) Economic accounts for agriculture
- q) Agricultural budget according to measures (support of markets, direct payments, social security, rural development) and total agricultural support
- r) Trade flows (volumes) by product category (2004-2008):

Imports (indicating the amount of preferential trade):

- from the EU;
- from Lichtenstein, Norway and Switzerland;
- from the rest of the world, specifying the three most important partners.

Exports:

- to the EU;
- to Lichtenstein, Norway and Switzerland;
- to the rest of the world, specifying the three most important partners.

## **Rural development statistics**

23. Rural areas:

a) Please indicate whether a classification/definition of rural areas exists, and if so, please describe the basis for the classification, and the results across the country.

b) Please give the following information for each region of the country:

- per capita GDP;
- % of total workforce employed in agriculture (preferably based on the Labour Force Survey);
- value-added per agricultural labour unit;
- population density per km<sup>2</sup> and trend in recent years (i. e. is the rural population falling?);
- unemployment figures.

c) Please indicate the percentage of the total population which lives in rural areas, and the percentages of the total and rural population having:

- piped water (water consumption in agriculture compared to the total consumption);
- surface of the environmentally protected areas
- mains electricity;
- a connection to a sewage system;
- a fixed telephone network, or coverage by a mobile telephone network;
- elementary school education;
- secondary school education;
- advanced level education.

24. National statistics concerning measures to adapt agricultural structures:

a) Compensatory allowances:

– Hill and mountain areas: number of holdings, Utilised Agricultural Area (UAA) and the number of livestock units (LSUs) in the following three categories:

- (1) Altitudes >800 m;
- (2) Slopes >20 % (below 800 m);
- (3) Altitudes between 600 m and 800 m and slopes > 15%.

– Areas with significant handicaps:

- (1) Areas where the yields of grass or cereal are <80 % of the national average: number of holdings, total UAA and total LSUs;
- (2) Areas where key economic indicators (e.g. value added, farmers' gross and net earnings, earned income, etc.) are below the national average: number of farmers, total UAA and total LSUs.

b) Investment: Number and proportion of holdings where the income earned per annual man-work unit is < 1.2 times the average of non-agricultural workers in the area and which provide at least 50% of the holder's total farm income.

c) Young farmers and early retirement: Age profile of farm holders by five-year bands, including the number under 40 years old.

d) Producer associations:

- % of production by value that is handled by producer associations for each of the main sectors of production.

- % of holdings that are members of producer associations in each sector.

e) Marketing and processing:

- for each of the main sectors give:

- (1) % of output that is processed and existing processing capacity;
- (2) forecast increase in the proportion processed and in capacity over the next ten years.

- for each of the main sectors specify: capacity in need of modernisation.

## ***Chapter 12: Food safety, veterinary and phytosanitary policy***

This chapter reflects the EU's integrated approach aiming to assure a high level of public health, animal health, animal welfare and plant health within the European Union through coherent farm-to-table measures and adequate monitoring, while ensuring the effective functioning of the internal market. In this domain a Candidate Country is requested to ensure the transposition of the EU *acquis* and its progressive implementation by a properly structured and trained administration.

Implementation requires appropriate administrative structures to be able to carry out inspection and control including appropriate laboratory capacity. Coordination between the different authorities in charge of the transposition and/or implementation is crucial. In addition, training of the various control inspectors and food operators is necessary.

*Parts of the acquis under this chapter are covered by the EEA, and the EEA lays down specific obligations in these areas. When answering the questions below, please make reference to the state of implementation of such obligations.*

### **I. GENERAL**

For each of the following points, please describe the current status and the foreseen evolution with a precise timetable.

1. Please provide flowcharts/organigrammes outlining levels of competencies and showing management lines to describe the structure and organisation of the services in charge of food safety, veterinary and phytosanitary policy. The division of competencies and the links between central, regional and local level should appear clearly (degree of decentralisation/devolution of competence should be defined).
2. Resources and planned resources (human, material and financial) allocated to each sector must be indicated.
3. Please provide a description of the current structure, as well as of the evolution foreseen. Two sets of organigrammes: one with the current structure and another one with the planned future structure (the dates foreseen for the establishment of new entities should be indicated).
4. Legislative powers in the fields of food safety, veterinary and phytosanitary legislation:
  - specification of the competent authorities (for legislation) and how legislation will be passed (primarily through parliamentary procedure or ministerial orders or decrees);
  - explanation of how co-ordination is (or will be) ensured in terms of transposition, implementation, and policy-making to ensure that the food chain is fully covered.
  - legal possibility to adopt legislation which will be implemented progressively and which can incorporate EU notions.
5. Please provide detailed information on the control activities and enforcement in the fields of food safety, veterinary and phytosanitary and feed legislation policy. Specification of the bodies that are (will be) in charge of control activities and

enforcement and their respective responsibilities. Please describe mechanisms of co-ordination.

6. Implementation: For each of the following items of the food safety, veterinary, and phytosanitary policy listed below, please give details of the measures taken to ensure proper implementation of the legislation with reference as relevant to the following activities (indicative list):

- laboratories used in hygiene, veterinary, phytosanitary controls and food stuff analysis (chemical, microbiology, GMOs, etc): present or planned activities (with time-table) to comply with EU systems, timetable of accreditation according to EU law with name of accreditation body, methods of sampling and analysis (in general, for contaminants, for food contact materials, etc.;

- management of crisis;

- the setting up of the Rapid Alert System for Food and Feed (RASFF).

## **II. VETERINARY POLICY**

### ***General***

7. Please provide information on general architecture of the legal basis; organisation and powers of different institutions involved.
8. Please provide information on respective fields of responsibilities of competent authorities concerned in particular regarding rules on control.
9. Please provide a clear table of all the framework acts that cover or impinge upon the veterinary domain with an explanation of their coverage as far as the EU veterinary acquis is concerned. Please indicate whether you envisage adopting new framework acts.
10. Please provide information for each item (a - l) listed below.
- a) Control system in the internal market:
- live animals; semen, ova and embryos
  - animal products
  - certification
  - mutual assistance
  - safeguard measures
  - computer system (TRACES)
- b) Control system for imports:
- live animals

- animal products
  - safeguard measures
  - Border Inspection Posts (BIPs)
- c) Identification of animals and registration of their movements:
- bovine animals (including central bovine database)
  - ovine and caprine animals
  - porcine animals
  - equidae
- d) Animal disease control measures:

Notification of animal diseases; Foot and Mouth disease; Classical swine fever; African swine fever; African horse sickness; Avian influenza; Newcastle disease; Fish and mollusc diseases; Bluetongue disease; Transmissible Spongiform Encephalopathies; Zoonoses and other diseases

- e) Trade in live animals, semen, ova and embryos
- f) Non-commercial movements of pet animals
- g) Prohibition of substances and residue monitoring
- h) Import requirements for live animals and animal products
- i) Bilateral veterinary international agreements with EU Member States, candidate countries and other third countries (if any)
- j) Animal welfare:
  - Farm animals, laying hens including information on conditions of production, chickens kept for meat production, calves, pigs
  - Animals during transport
  - Animals at the time of slaughter or killing
- k) Zootechnical legislation
- l) Expenditure in the veterinary field

### **III. PLACING ON THE MARKET OF FOOD, FEED AND ANIMAL BY-PRODUCTS**

#### 11. General:

- a) General architecture of the legal basis; organisation and powers of different institutions involved.

b) Respective fields of responsibilities of competent authorities concerned.

c) Please provide a clear table of all the framework acts that cover or impinge upon the food, feed and animal by-products domain with an explanation of their coverage as far as the EU acquis is concerned. Please indicate whether you envisage adopting new framework acts.

d) Please provide information for each item listed below.

- Hygiene rules
- Specific rules for animal products including information on the situation concerning agri-food establishments and the microbiological quality of raw milk
- Control rules including implementation of HACCP (Hazard Analysis and Critical Control Points) by food operators
- Specific control rules for animal products
- Rules for animal by-products including information on the system of collection of cadavers and materials and situation of establishments
- Funding of checks
- Specific rules for feed hygiene

#### **IV. FOOD SAFETY RULES**

12. General:

a) Please provide information on general architecture of the legal basis; organisation and powers of different institutions involved.

b) Please provide information on respective fields of responsibilities of competent authorities concerned.

c) Please provide a clear table of all the framework acts that cover or impinge upon the food safety domain with an explanation of their coverage as far as the EU acquis is concerned. Please indicate whether you envisage adopting new framework acts.

d) Please provide information for each item listed below.

- Labelling, presentation and advertising of foodstuffs including nutrition and health claims and nutritional labelling
- Additives authorised and purity criteria
- Food enzymes
- Extraction solvents
- Flavourings

- Food contact materials
- Food supplements
- Food for particular nutritional uses
- Quick-frozen Foodstuffs
- Contaminants
- Novel foods and genetically modified foodstuffs and feedstuffs (GMOs)
- Ionising radiation
- Mineral waters
- Bilateral international agreements with EU Member States, candidate countries and other third countries (if any)

## **V. SPECIFIC RULES FOR FEED**

### 13. General:

- a) Please provide information on general architecture of the legal basis; organisation and powers of different institutions involved.
- b) Please provide information on respective fields of responsibilities of competent authorities concerned.
- c) Please provide a clear table of all the framework acts that cover or impinge upon the feed domain with an explanation of their coverage as far as the EU acquis is concerned. Please indicate whether you envisage adopting new framework acts.
- d) Please provide information for each item listed below.
  - Authorised additives in feedingstuffs
  - Marketing of compound feedingstuffs
  - Circulation of feed materials
  - Undesirable substances in animal feed
  - Feedingstuffs intended for particular nutritional purposes
  - Certain products used in animal nutrition (Bioproteins)
  - Conditions governing the preparation, placing on the market and use of medicated feedingstuffs
  - Bilateral international agreements with EU Member States, candidate countries and other third countries (if any)

## VI. PHYTOSANITARY POLICY

### 14. General

a) Please provide information on general architecture of the legal basis; organisation and powers of different institutions involved.

b) Please provide information on respective fields of responsibilities of competent authorities concerned.

c) Please provide a clear table of all the framework acts that cover or impinge upon the phytosanitary domain with an explanation of their coverage as far as the EU acquis is concerned. Please indicate whether you envisage adopting new framework acts.

d) Please provide information for each item (15 to 19) listed below.

### 15. Plant health, harmful organisms:

- General control measures; Specific control measures; Protected zones; Registration of operators (plant passports); Imports; Inspections and notification of interceptions; Expenditure in the phytosanitary field; Status of harmful organisms listed in the EU acquis.

### 16. Plant health, plant protection products:

- Placing on the market of plant protection products;

- Setting up controls of maximum residue levels.

### 17. Quality of seeds and plant propagating material regarding the marketing of seed and propagating material of agricultural crops and vegetables, vine, forestry, ornamentals and fruit plants:

- Registration of varieties, catalogues;

- Seed certification;

- Approval of propagating material.

### 18. Plant variety rights

### 19. Bilateral phytosanitary international agreements with EU Member States, candidate countries and other third countries (if any)

## ***Chapter 13: Fisheries***

The acquis on fisheries consists of regulations, which do not require transposition into national legislation. However, it requires the introduction of measures to prepare the administration and the operators for participation in the Common Fisheries Policy (CFP). The scope, the objectives and the principles of the CFP are laid down in a framework regulation (Council Regulation (EC) N° 2371/2002). The CFP provides rules for the conservation of living aquatic resources, the limitation of the environmental impact of fisheries, conditions of access to waters and resources, structural policy and the management of the fleet capacity, control and enforcement, aquaculture, common organisation of the market and international relations. The CFP is based on sound scientific advice and provides a framework for data collection.

With regard to **resource and fleet management**, the acquis foresees limitations on how and how much of marine resources can be harvested, based on scientific advice and, for certain stocks, on long-term management plans. It also contains precise rules for the adjustment of fishing capacity to ensure a balance between fleets and stocks as well as for the measurement of tonnage. It provides that Member States shall collect data for the Community fishing fleet register and establish a satellite based vessel monitoring system.

**Inspection and control** are mainly the responsibility of Member States. The acquis establishes detailed rules for the registration and reporting of catches. A Member State must have the administrative capacity for the effective control, inspection and enforcement of the CFP.

Two framework legislative acts govern the financial instruments of the Community for implementing the CFP. The one, Regulation No 861/2006, concerns for instance control, stakeholder participation, international agreements, data collection and scientific advice. The other, Regulation No 1198/2006 and its implementing Regulation No 498/2007, define the financial scope, areas of intervention and management of the **European Fisheries Fund** (EFF). In order to access the EFF EU Member States are required to prepare a National Strategic Plan (NSP) and an Operational programme (OP) and to have the necessary administrative management and control capacity in place in order to ensure a sound and efficient implementation of the OP.

The **market policy** is based on the application of common marketing standards, producer organisations, market intervention mechanisms, information to consumers and trade arrangements regime with third countries.

In addition to general **State aid** rules, the acquis contains specific State aid rules applicable to the fisheries and aquaculture sector. Given its exclusive competence in the field of fisheries, the Community is party to a number of **international agreements and organisations**. In some cases, existing fisheries agreements and conventions with third countries or international organisations need to be adapted or denounced prior to accession.

## I. RESOURCE AND FLEET MANAGEMENT

### Basic characteristics of Icelandic fisheries

#### A. Basic/framework legislation

##### > Domestic

1. Provide references of the Icelandic framework legislation governing the catching, farming, processing and marketing of living aquatic resources<sup>11</sup> and shortly describe the key principles and basic policy objectives contained therein.

##### > International

2. List the multilateral agreements/organisations<sup>12</sup> in force to which Iceland is a contracting party/member (excluding those on Regional Fisheries Management Organisations and bilateral relations mentioned under "International Agreements and Organisations" below) which are relevant in the field of fisheries<sup>13</sup>. Indicate the date of signature or ratification and the references of the relevant Icelandic acts. List follow up measures taken with regard to Internal Plans of Action (Sharks, Capacity, Birds, IUU).

#### B. Administration

##### > Structure of fisheries management and public support

3. Describe the Icelandic administration responsible for the development and implementation of the fisheries policy, in particular: responsibilities, accountability, human and financial resources (last 5 years), legal structure of the organisations involved. In particular:
  - Include a detailed organigramme of the fisheries management and control administration and describe the hierarchy and cooperation within this administration. Provide detail on the task distribution within the control field. Where appropriate, describe the specific powers conferred to regional and/or local authorities or dependencies of the central administration within the Icelandic fisheries management and control system.
  - List the bodies (at the national, regional, local level) which are involved in the management of public support for the fisheries sector (including aquaculture and processing and marketing) and for areas particularly dependent on fisheries and describe each body's specific role. Give account of the human resources currently allocated to the management and control of such public support.

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<sup>11</sup> Including diadromous species, molluscs, crustaceans and aquatic plants.

<sup>12</sup> e.g. UNCLOS, UN Fish stocks agreement, FAO Compliance Agreement; OECD, FAO.

<sup>13</sup> Fisheries is here understood as a group of fishing operations characterised by the same exploitations pattern, targeting fish, molluscs, crustaceans and aquatic plants.

› Functioning

4. Describe the decision making process in fisheries management and control and how competencies are delegated down the administrative structure. Which mechanisms are in place to resolve conflicts of competences between national and regional/local authorities?
5. How does the administration incorporate stakeholder input into policy development and implementation? Describe the principles concerning consultation, impact assessment, self-discipline mechanisms or incentives for compliance, as applicable.
6. Describe the management, monitoring and control mechanisms applied to ensure the sound and efficient management of public funds.
7. Does the administration recover costs of public services related to fisheries management (such as, e.g. licensing, scientific advice, monitoring)? Include where applicable a description of cost-recovery schemes and provide relevant budgetary information (income/expenditure) for the last 10 years.

› Research related to fisheries management

8. Describe Iceland's capacity for research in support of fisheries management, including fish stock dynamics and assessments, marine ecology of relevance to fisheries management and its integration with environmental policies and regarding social and economic issues of relevance to the policy. The information should cover the capacity in terms of institutional setup, human resources, infrastructure - such as research vessels –, budget and its funding.

## C. Economy

› Turnover and GDP share

9. Describe the evolution in catch quantity, first sale value and export value from the fisheries sector (catching, processing, marketing and support services), including aquaculture, over the last 10 years.
10. Describe the relative importance of the fisheries sector, including aquaculture, to the Icelandic economy and how the development has been during the last 10 years.

› Employment

11. Describe the evolution in overall employment in the fisheries sector, including aquaculture, over the last 10 years.

› Fish consumption

12. Give account of the consumption of fish and fishery products<sup>14</sup> and annual evolution over the last 10 years.

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<sup>14</sup> "Fish products" covers products listed under the following chapters/headings/subheadings/codes of the EC's Combined Nomenclature: chapter 3 "Fish and crustaceans, molluscs and other aquatic invertebrates". headings 1604 "Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs" and 1605 "Crustaceans, molluscs and other aquatic invertebrates prepared or preserved", subheading 0511 91 "Products of fish or crustaceans, molluscs or other aquatic invertebrates; dead animals of Chapter 3", codes 1902 20 10 "Stuffed

- › Import, export of fishery products
- 13. List import and export of fish products (in value and in volume) during the last 10 years following the HS tariff nomenclature.

## II. THE HARVESTING SECTOR

### A. Resource management

- › Policy objectives and science-base of measures
- 14. Explain your policy objectives for fisheries management, and in particular discard management and targeted technical parameters like biological reference points. Describe the process for the provision of scientific advice and, where applicable, related management recommendations. In particular, give account of the advisory bodies concerned, the timing over the management cycle and applicable arrangements for funding. Describe the principles governing the use of this advice in the formulation of management measures, in particular: How do conservation reference points such as the precautionary biomass and fishing mortality rates translate into periodic management decisions on fishing opportunities?
  - › Data collection framework
- 15. Describe the process and organisation of data collection<sup>15</sup> organised for the purpose of scientific advice for fisheries management decisions. List and describe the bodies and institutions that are involved, as well as the human resources deployed to that activity. Identify the main end users of this information (e.g. RFMOs, ICES, etc). Please also describe the data sets Iceland delivers to the European Commission and to other bodies outside Iceland and how this international data delivery is organised in Iceland.
- 16. With regard to the coverage of data collection please indicate:
  - The main fisheries (areas, gears, and species) covered;
  - The social, economic, biological and technical information collected for the fishing sector, including recreational fisheries, as well as for the processing sectors;
  - Please explain whether Iceland has put in place systems for collecting statistics on aquaculture, as foreseen in Regulation 762/2008 on aquaculture statistics;
  - The sampling strategy, including spatial-temporal disaggregation level and the measurement of discards;
  - The research surveys carried out at sea to which Icelandic scientists participate.

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pasta, whether or not cooked or otherwise prepared Containing more than 20 % by weight of fish, crustaceans, molluscs or other aquatic invertebrates", and 2301 20 00 "Flours, meals and pellets, of fish or of crustaceans, molluscs or other aquatic invertebrates"

<sup>15</sup> The concept of data collection comprises: data collection as such, data management, data validation, data quality checks, data storage and transmission, data use and access to data policy including data protection rules.

> Domestic fisheries

For questions 17, 19 and 21, please provide summarising tables as follows:

Last 10 years:

(1)	(2) Species or stock "x" in 1999	(3) Species or stock "x" in 2000	(4) Species or stock "x" in year 2001	(5) Species or stock "x" in year 2002	(6) etc...
(7) Catch quota	(8)	(9)	(10)	(11)	(12)
(13) Landings tons	(14)	(15)	(16)	(17)	(18)
(19) Discards tons	(20)	(21)	(22)	(23)	(24)
(25) Landings value	(26)	(27)	(28)	(29)	(30)

Last 5 years:

(31)	(32) Fleet segment "x" in 2004	(33) Fleet segment "x" in 2005	(34) Fleet segment "x" in 2006	(35) Fleet segment "x" in 2007	(36) Fleet segment "x" in 2008
(37) Target assemblage	(38)	(39)	(40)	(41)	(42)
(43) Effort quota	(44)	(45)	(46)	(47)	(48)
(49) Effort used	(50)	(51)	(52)	(53)	(54)
(55) Landings tons	(56)	(57)	(58)	(59)	(60)

17. Please list the stocks targeted in waters under Icelandic jurisdiction and provide an overview of their current conservation status using ICES categories and of the trends during the last 10 years. Provide landings in tonnes and value and discards from those stocks over the last 10 years. Characterise the fleets involved in the exploitation of those stocks and indicate the importance of the respective stocks for those fleets.
18. Please identify mixed fisheries operated in these waters, indicating key species targeted. Describe the management approach towards the conservation of the resources concerned.

> Conservation measures

19. Among the stocks targeted in waters under Icelandic jurisdiction, list those stocks for which catch limits apply; inform about currently applicable limits and the trends during the last 10 years.

20. From this list, please provide an inventory of stocks which are subject to a multi-annual management. For each such regime, shortly describe the mechanism for determining management targets and for setting fishing opportunities.
21. Describe, where applicable, the regimes of fishing effort management<sup>16</sup>. The description should include the effort definition, rules for the adjustment of maximum allowable effort, and incentives built into the system that reward good fishing practices. List the fisheries subject to an effort management regime, the definition of vessels concerned and their number, and figures of allocated effort and deployed effort over the last 5 years.
22. List technical measures (e.g. mesh sizes, net construction, restrictions for equipment, closed areas, minimum landing sizes, discard avoidance measures) in force and the stocks/fisheries to which they apply.
23. Identify subjects among the conservation measures where the Icelandic authorities envisage a revision in the short or medium term.
  - › Key management features
24. Describe the system implemented for the allocation of fishing opportunities (quotas and effort; initial allocation, in-year management, deductions and revocation) to individual operators or groupings thereof.
25. If fishing opportunities can be traded: Provide an overview of the regulatory system that governs trade in fishing rights (including the nature of the rights, any limitations to their disposal, owner restrictions, limitations to ownership accumulation or preferential reserves for certain participants or regions). For fishing rights that can not be traded: describe the applicable legislation and the reasons why these rights are not tradable.

#### Eel Management

26. Describe your policy on eel management. How are the effects of man-made river barriers in rivers (such as dams, weirs and turbines) on migrating eel populations measured and managed.

#### Recreational Fisheries

27. Describe how recreational fisheries for marine or diadromous species are regulated. Give details on licensing, catch limits, data collection, conservation measures, economic importance and possible interactions with commercial fisheries.

## **B. Control system**

Your description of the control system<sup>17</sup> should include human, technical and financial resources. Information on the organisation, administrative cooperation and human resources should be provided in the answer to the "administration" section under point 1.

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<sup>16</sup> The concept of fishing effort here includes: days at sea, effort ceiling in terms of kW/GT-days, carrying capacity, close seasons or similar.

<sup>17</sup> The concept of control system includes: monitoring, surveillance and inspection.

28. Means of Control and inspection resources: Describe your inspection resources, specifying budgetary, human and technical means, in particular dedicated inspections vessels, fishery surveillance aircrafts and land based inspectors. In particular:

- Give account of the inspection activity during the last three years, including:
  - At sea: number of patrol days at sea where fisheries control was the main task, number of inspections (flag and other States), number of hours flown on fisheries surveillance tasks.
  - Ashore: number of land base inspections of landings, fish transport, market places and other premises. Number of landings subject to cross-check. Methodology used to assess the pelagic landings (sampling).
- Could you provide examples of the general strategy for deployment of control resources (objectives, benchmarks, risk-analysis based management, performance indicators, efficiency of means used, etc)?
- What experience do your inspection means have in joint operations with foreign authorities?

29. Mechanisms of control:

(a) Access to waters

- Which system of access to fishing activity is in place? Could you describe your licensing and authorisation regime? Are there any direct or indirect requirements relating to nationality/residence for acquiring or transferring access rights (see also questions on foreign investment, below)?
- What are the format and content of the fishing authorisations?
- Has Iceland any specific regime to access to certain fisheries and/or zones?
- Are there any mechanisms in place to withdraw fishing authorisations temporarily or permanently.

(b) Access to resources

Describe the system of recording, registering and cross-checking the uptake of fish. In particular:

- What are the sources of data? Have you a system of logbooks? Are they paper and/or electronic logbooks? Are quantities declared in live or in processed weight? Do you apply conversion factors?
- What data cross-checking mechanism is in place for comparing quantities reported with quantities actually landed?
- Also describe the system in place to cross-check catch data with other sources of information.
- Describe the system in place to ensure the respect of catch limitations for cetaceans.

(c) Fishing vessel monitoring system

Describe your vessel monitoring system including your fishery monitoring centre.

(d) Market control including traceability of fisheries products

Describe the mechanisms you have in place to ensure

- Traceability of fishery products, for control purposes, from the sea to the final consumer (preconditions for marketing as well as control means). Controls on sale of fishery products (at quay side, at auctions, at retail shops, at supermarkets).

(e) Control of the fishing capacity

Describe the system in place to control the accuracy of capacity declaration (e.g. of vessel's volume and its installed power) and to control the deployment of capacity. What are the sources of data?

(f) Inspectors' powers

- Describe the powers of your fishery inspectors (or any other authority responsible of control and inspection) regarding access to boats, documents, and premises.
- Describe the powers of your fishery inspectors to enforce fisheries rules (including possibility of confiscation of gear and/or catches, to withdraw fishing authorisations), sales and marketing regulations (minimum commercial sizes, labelling requirements. With regard to this latter regulations indicate what are the power of inspectors (possibility to withdraw the products from the market, fines, withdrawal of sale, processing and/or marketing licenses)

(g) Legislation and its practical application concerning the follow-up of infringements

- Describe your system in place for sanctioning offences against fisheries rules.
- Describe the system in place to measure the effectiveness of sanctions.

(h) Use of new technologies

Describe the use of new technologies, including electronic logbooks, combined use of the Vessel Monitoring System (VMS) with other detection systems as the VDS, forensic techniques, including genetic identification of fishery products, etc.

30. Control of IUU activities from third countries

(a) Foreign fishing vessels

- How do you define foreign fishing vessels for the purpose of access to Icelandic ports or inspection at sea or in ports?
- Do you have a specific regime for access to ports and inspection of foreign vessels? Please explain.

(b) Importation of fish products

Describe your system in place to verify compliance with the relevant conservation and management rules by fishery products to be imported into Iceland, including the implementation of benchmarks and risk management criteria for documentary checks and other verifications and the sanctions imposed in case of non compliance?

(c) Measures in respect of IUU vessels and non-cooperating countries

- Describe your system in place to identify IUU vessels and non-cooperating countries and the measures resulting from such identifications.

- Describe your system in place to transpose into domestic legislation the measures adopted by Regional Fishery Management Organisations in respect of IUU vessels and non-cooperating countries.

31. Describe your control system and monitoring of the aquaculture sector.

### **C. Fleet management**

32. Is fishing capacity managed by the fisheries authorities? If so, what are the objectives of these management measures and basic principles that govern the system?
33. Is there a separate register of fishing vessels? What criteria determine whether a vessel is considered to be a fishing vessel? Describe the register where fishing vessels are inscribed, detailing the vessel characteristics which are kept in the register.
34. How is fishing capacity quantified? Please provide a detailed description.
35. Is the fishing fleet divided into fleet segments (e.g. according to the target species, gear or vessel size)? Please describe.
36. Are smaller vessels subject to less stringent capacity management measures? If so provide a detailed description.
37. Please provide detailed data on the size of the fleet, shown by segment, and its trend over the past 10 years (number of vessels, tonnage, power).
38. Are regular assessments carried out concerning the existing capacity in relation to the available fishery resources? Is the size of the Icelandic fishing fleet in balance with the fishing opportunities that are made available to it? Provide a detailed explanation.

### **D. The economy of the harvesting sector**

39. Describe the evolution in volume and value of landings, gross value added<sup>18</sup> and net profit<sup>19</sup> from domestic harvesting sector, over the last 10 years.
40. Give account of employment on board of vessels (full-time and part-time, male and female, nationality, average age, regional distribution) over the past 10 years. Specify the number of companies according to size categories (number of employees).
41. Quantify and qualify the dependency on the fisheries sector, including aquaculture, from a regional perspective and the development over the last 10 years.
42. Monetary value of the fishing rights: Which is the monetary value of allocated and/or traded fishing rights? Which is the monetary value of non-tradable fishing rights? If fishing rights can be included as assets in a company's balance sheet or used as collateral for loans: Estimate the monetary value of these assets. Estimate the value of the collaterals based on fishing rights and of the corresponding loans.

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<sup>18</sup> Value of landings minus cost paid other (supplying) industries.

<sup>19</sup> Value of landing minus all cost, including depreciation and interest.

### **III. AQUACULTURE**

#### **A. Specific policy and regulatory framework**

43. Describe your policy to ensure that the development of aquaculture is sustainable and complies with the protection of the environment.
44. Provide information on the use of alien species and locally absent species in aquaculture – are there any specific rules for farming such species?
45. Provide information regarding organic aquaculture production and other aquaculture certification schemes if any.

#### **B. Specific economy of the sector**

46. Describe the evolution in volume and value of aquaculture production (per species), over the last 5 years.
47. Provide account of employment in aquaculture sector (full time and part time), over the last 5 years.
48. Give account of the number of firms with a breakdown according to the size (less than 10 employees; between 10 and 49, 50 and 249, and more than 250).

### **IV. ECONOMY OF THE PROCESSING SECTOR**

49. Quantify the supply of raw material for the processing industry (in tonnage, and in value) with a breakdown between Iceland, EC and third countries' supply over the last 5 years.
50. Quantify the total production (final products in volume and value) with a breakdown between the various types of products over the last five years.
51. Give account of employment in the fish processing industry (full-time and part-time, male and female, nationality) over the last 5 years.
52. Give account of the number of firms with a breakdown according to the size (less than 10 employees, between 10 and 49, 50 and 249, and more than 250).
53. Describe the development of the relative share of each sector of fishery products<sup>20</sup> (according to the categories: canned, frozen, dried/salted, smoked, processed fresh fish) over the last 5 years.
54. Shortly describe the specific sanitary regulations affecting fish products.

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<sup>20</sup> See footnote before.

## **V. STRUCTURAL ACTIONS AND STATE AID**

55. Give account of the level of annual public support<sup>21</sup> for the fisheries sector, in total and broken down by the catching, processing, marketing, support services and aquaculture sector and by main types of support for each of these sub-sectors over the last 10 years.
56. List the various types of public support which are currently granted to the different sub-sectors. Please specify for each type of public support the money spent, the objective, the target beneficiaries and the general eligibility conditions. Particular details required:
57. In case that vessel decommissioning is supported, indicate which reduction of fleet capacity was achieved by this measure over the last 10 years in total and for the different fleet segments targeted, as well as which capacity reduction target is set for the next 5 years under such a measure.
58. Are there any subsidies granted for investments in the fishing fleet? If so, please provide details of the type of investments funded, the maximum amounts per vessel and the type of vessels targeted.
59. Provide the level of public support for the regions particularly dependent on fisheries over the last 10 years. Please describe which types of support are currently granted for the general development of such regions. Indicate whether local groups are involved in the establishment of local development strategies supported by public funds, and if so how.
60. Describe cost recovery schemes, fees and tax exemptions, social insurance schemes and the role and development of this type of instruments over the last 10 years.

## **VI. FISHERIES AND THE ENVIRONMENT**

### **A. Environmental integration // ecosystem approach to fisheries management**

61. Quote references in fisheries legislation to how the concepts of "Environmental integration" and "ecosystem approach to fisheries management" are interpreted and implemented and applied to domestic fleets.

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<sup>21</sup> Public support covers all measures which constitute aid within the meaning of Article 87(1) of the Treaty, including any measure entailing a financial advantage in any form whatsoever funded directly or indirectly from the budgets of public authorities or from other State resources (e.g. capital transfers, reduced-interest loans, interest subsidies, certain State holdings in the capital undertakings, aid financed by special levies or parafiscal charge, aid granted in the form of State securities against bank loans, the reduction of or exemption from charges or taxes, including accelerated depreciation, the reduction of social contributions and/or income taxes on individuals. Please note that amounts used in the bail-out of financial institutions with ownership stakes in companies in the fishing industry are to be considered as subsidies.

62. Describe your policy to stimulate good environmental fishing and aquaculture practices, such as binding measures, economic incentives and specific training and outreaching activities. Topics to be covered in the description include:
- Wasteful practices (Highgrading, discards, finning)
  - Prevention of gear loss and ghost fishing
  - Incidental bycatch of sensitive species
  - Energy savings on board and on harbour
  - Selection of sites for aquaculture
  - Interaction of large predators (e.g. seals and cormorants) with fishing including aquaculture; containment measures against the proliferation of predators
  - Pollution from fish farm effluents
  - Spreading of diseases and parasites from fish farms (sea lice, Gyrodactylus, etc)
  - Spreading of alien invasive species

## **B. International environmental issues**

63. Describe the measures taken to honour the UN resolutions adopted at the 2002 World Summit on Sustainable Development and at the 2006 UN General Assembly (Resolution No 61/105) with particular emphasis on:
- Achieving MSY for depleted stocks by 2015;
  - Setting of a representative network of marine protected areas by 2012.
  - Elimination of destructive fishing practices in the high seas.

## **VII. MARKET POLICY AND TRADE**

### **A. Sale and marketing of fishERY products (raw, processed), consumer protection (eco-labelling included where appropriate)**

64. Describe any laws, policies or administrative practices affecting the organisation of production (including fishermen's, or producers, organisations), the processing, the sale and/or marketing and the distribution of fishery products (raw and/or processed) in the Icelandic market, in particular:
- Regulations governing the first sale of fish, including organisation and functioning of auctions. Please indicate whether minimum commercial sizes, freshness types or other characteristics are included in these regulations.
  - Rules governing the destination of fish after auction: do you restrict the transfer of human consumption fish to industrial purposes (fish meal and oil, chemicals, fodder, fertilizers, etc)?
  - Regulations governing the relations between buyers and sellers. If applicable please indicate whether commercial arrangements in fishery products are exempt from relevant competition law.

- Regulations concerning landings, including compulsory landings (to designated fishing ports, to specific companies, etc). If applicable, indicate the reasons for the aforementioned obligations (link with fishing rights, coastal community development, preservation of employment levels).
- How is non-marketable or less marketable<sup>22</sup> fish disposed of? If applicable: describe the governing regulations.

65. Describe the resources that could be used for market policy, more specifically as regards: control of the implementation of marketing standards, in ports and on wholesale markets, and of consumer information; control of quantities that are withdrawn from the market; collection of market information in the NUTS regions; collection and transmission of data on prices (in ports, at the border); application of the recognition conditions for producer organisations.

## **B. Information to the consumer and eco-labelling (mandatory and voluntary).**

66. Regulations governing information to the consumer: mandatory and voluntary labelling requirements for fresh and/or processed fish.
67. Labelling of fishery products: describe laws and regulations governing labelling of fish products, as it relates to the sustainable use of fish resources, or to ecosystems considerations. Indicate whether a government sponsored scheme exists for fish products with regard to "fair trade" and/or "carbon footprint".

## **VIII. TRADE POLICY (INCLUDING INVESTMENT AND SERVICES)**

### **A. Legal framework for international trade in fishery products**

68. Provide the list of bilateral or multilateral trade agreements concluded with third countries or entities with a short description of the provisions that are relevant for fishery products.
69. Describe any laws, policies or administrative practices affecting international trade in fishery products, in particular:
- Import tariffs, import quotas, minimum import prices, anti-dumping and anti-subsidy measures, safeguard measures, import licences applicable to fishery products.
  - Rules of origin for fishery products (preferential, non-preferential)
  - Duties, fees or any other charges on exports of fishery products (including surcharges against fishing quotas for landings outside Iceland)
  - Restrictions (prohibition, prior authorisation, etc) on imports, including landing prohibitions in Iceland
  - Restrictions (prohibition, prior authorisation, etc) on transshipment of fish (at ports, in and outside Iceland's EEZ)

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<sup>22</sup> "Non-marketable" or "less-marketable" fish might cover: undersized fish, above- and/or outside-quota catches or catches of species for which there is a harvesting prohibition.

70. In addition to the above information please list all the laws and regulations that could affect international trade in fish products (e.g. related to CITES, to health and sanitary issues, to foreign exchange and monetary policy, etc.).

## **B. Foreign investment in the fisheries sector (harvesting and processing)**

71. Describe any laws, policies or administrative practices in Iceland affecting direct investment or establishment by non-residents or foreigners in the field of fishing (including deep-sea and coastal fishing) or fish processing activities (including both on-shore and shipboard processing). In particular, please indicate any laws, policies or practices that discriminate between non-residents (or foreigners) and residents (or nationals) and that might concern:
- The creation or extension of a wholly-owned enterprise, whether in the form of:  
a) a branch, or b) a subsidiary.
  - Acquisition of 100 per cent of a new or existing enterprise
  - Participation in a new or existing enterprise. (Please specify any specific limits applying to foreign or non-resident participation.)
  - Licences or concessions needed for any fishing or fish-processing activities, including any conditions differentiating between non-residents (or foreigners) and residents (or nationals), e.g. a condition of reciprocity, conditions governing registration to carry the national flag for fishing and/or merchant marine purposes, access to fish catch quotas.
  - Limitations on the ownership or leasing of real property relevant to fishing or fish processing activities, e.g. fishing quota, fishing vessels or ships registered in Iceland.
  - Any public, private or mixed monopolies related to fishery products (i.e. where economic activity is limited by legal or administrative provisions to the operation of one or very few enterprises under exclusive licences or permits).
  - Registration and flagging of a fishing vessel.
72. Indicate whether any fisheries related activity in Iceland (fishing in particular zones, purchase of fish, transport of fish products, etc.) is accessible only to owners of such real property relevant to fish (e.g. registered ships, ownership of fishing quota, etc) or on conditions different from those applying to non-owners of such property.

## **C. Services in the fisheries sector (harvesting and processing)**

73. Describe applicable legislation concerning the provision of fisheries services (e.g. chartering of foreign fishing vessels) in Iceland, including provisions related to the movement of persons as they relate to services (e.g. nationality or other requirements).
74. Describe, if applicable, laws and regulation prohibiting the delivery of services in Iceland (e.g. port services such as maintenance and repairs, bunkering, handling, etc) to non-Icelandic nationals, companies, and or vessels.

## **IX. INTERNATIONAL AGREEMENTS AND ORGANISATIONS**

This title concerns international fisheries agreements and arrangements which are not mentioned among the basic legal instruments under question 2.

### **A. Icelandic interests in international waters**

75. List the Regional Management Fisheries Organisations and other international fisheries arrangements, such as the Coastal States Arrangements, to which Iceland is a part or a Member, hereinafter referred to as "organisations"
76. For each organisation, detail for the last 10 years the following information:
- (i) the number and size of vessels involved (GT/KW);
  - (ii) target species, catches and value;
  - (iii) share of the quota allocated to Iceland in organisations and where Iceland has not objected to this share;
  - (iv) geographic areas in which the vessels operate mainly in international waters;
  - (v) objections lodged by Iceland to conservation measures adopted by the organisations and alternative Icelandic measures put in place;
  - (vi) legal instruments implementing the organisation's measures (for the last 5 years only);
  - (vii) specify obligations, financial or other, entered into by Iceland
77. Specify posts of responsibility held by Iceland within these organizations.
78. Describe the implementation procedures of international agreed measures into Icelandic law.

### **B. Bilateral agreements and arrangements**

79. Indicate the list of bilateral fisheries agreements and arrangements<sup>23</sup> in force and any previous agreements for the last 10 years.
80. For each and every agreement in force, describe the following fisheries conditions:
- (i) financial value for each agreement;
  - (ii) access rights and quota / fishing opportunities negotiated;
  - (iii) arrangements in exchange of rights;
  - (iv) annual overview of catches broken down by species;
  - (v) principles governing the allocation of licences/fishing authorizations
81. For each and every agreement in force give also a description of fleets involved:

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<sup>23</sup> This comprises agreements and arrangements with reciprocal or unilateral granting of access.

- (i) number of vessels;
- (ii) type of vessels;
- (iii) GT;
- (iv) power in kW, etc.

82. Indicate any agreed conditions relating to:

- (i) employment of seamen and the working conditions;
- (ii) sectoral policy development contribution;
- (iii) investments.

83. For each and every agreement in force describe also :

- (i) its contribution to:
  - sustainable exploitation of the relevant fisheries resources;
  - fight against IUU fishing;
  - improvement of the scientific and technical knowledge of relevant fisheries;
  - integration of partner countries into the global economy.
- (ii) its link with:
  - development policy;
  - other initiatives such as assistance to third countries for the scientific campaigns.

84. Describe specific control provisions where applicable.

### **C. Icelandic interests under foreign flags**

85. List Icelandic companies or individuals with ownership, part-ownership or chartering of fishing vessels flying the flag of other Flag States, detailing

- (i) Flag State
- (ii) Company name
- (iii) Number and size of vessels (GT/kW)
- (iv) Species targeted, catches and value for last 5 years
- (v) Usual port of landing

### **X. IMPLEMENTATION OF INTEGRATED MARITIME POLICY PRINCIPLES**

86. In how far does Iceland apply the principles laid down in the Communication of the Commission on Guidelines for an integrated approach to Maritime Policy (document reference COM(2008) 395 final of 26.6.2008)?

87. Has Iceland taken initiatives comparable to the new Community cross-border initiatives on maritime knowledge, surveillance or spatial planning?

## ***Chapter 14: Transport policy***

EU transport policy is aimed at sustainable mobility combining Europe's competitiveness with the welfare of its citizens, making for greater safety and security and enhanced rights. It is an essential component of the Lisbon strategy and contributes to the EU's social and territorial cohesion. The objectives of EU transport policy are: to help provide Europeans with efficient, effective transportation systems offering a high level of sustainable mobility throughout the Union, protecting the environment, promoting labour and qualification standards for the sector and protecting safety and security of the citizens. The EU's sustainable transport policy requires our transport systems to meet society's economic, social and environmental needs. Mobility is an essential civic right.

Transport policy is governed by Title V - Articles 70-80 of the EC Treaty. A significant part of the *acquis* consists of regulations, decisions and their direct application by the day of accession has to be ensured. Another part of the *acquis* consists of directives that need to be transposed into the legal system of the country.

The *acquis* in the area of transport includes: road transport, rail transport, inland waterways transport, combined transport, air transport, maritime transport, state aid and satellite navigation.

*Parts of the acquis under this chapter are covered by the EEA, and the EEA lays down specific obligations in these areas. When answering the questions below, please make reference to the state of implementation of such obligations.*

### **I. BASIC TRENDS AND DATA OF THE TRANSPORT SECTOR**

Basic data should be provided by completing the attached charts in Annex 1.

### **II. MARKET STRUCTURE AND BASIC TRENDS FOR EACH MODE OF TRANSPORT**

#### **A. Road Transport**

*Conditions of access to market and profession*

1. What are the rules governing access to the profession for operators engaged in national and/or international transport of passengers and goods? How and by whom is this legislation enforced?
2. What are the rules governing market access for national and international road goods transport for resident operators? How and by whom is this legislation enforced?
3. What are the rules governing market access for national and international road passenger transport for resident operators? Are authorisations required for:
  - a) regular services;
  - b) special regular services;

- c) shuttle services (if any);
  - d) occasional services?
4. How do companies obtain this authorisation? What is the normal validity period of these authorisations? Do companies benefit from exclusive rights? How and by whom is this legislation enforced?
  5. What are the rules regarding competition? How and by whom is this legislation enforced?
  6. In case of public service contracts and general rules (as defined by Regulation (EC) No. 1370/2007 on public passenger transport service by rail and road), what are the rules governing the public service to be fulfilled by the operator and the areas concerned, the duration of the contract, the award of public service contract (including rules on awards to internal operators and direct awards), the publication requirements, the review/appeal procedures?

*Social and technical rules and standards*

7. What are the rules applicable to drivers' hours in domestic and international transport (driving and rest times, daily and weekly driving limits, daily and weekly rest periods, weekly working time etc.)? How and by whom is this legislation enforced?
8. What are the modalities concerning the attribution of driving licences? What is the minimum age for drivers? What are the driving licence categories? Please provide information on the driving licence model and on the theoretical and practical driving exams (Directives 91/439/EC and 2006/126/EC on driving licences). Which institution is in charge of the organisation and supervision of driving exams? Is possession of the appropriate national driving licence sufficient for entry into the profession of commercial vehicle driver? If no, is complementary initial training, sanctioned by a certificate of professional proficiency (CCP) or an equivalent document required? Is periodic training required for working as a professional driver? How and by whom is this legislation enforced? Which authority issues permits for the establishment of driving schools and according to what procedure are they issued (Directive 2003/59/EC on the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers)?
9. What are the national limits of maximum weights and dimensions for road vehicles (including maximum axle weights)? Is the road network accessible to vehicles in compliance with Directive 96/53/EC? If not, what would be the timeframe to make it accessible?
10. Is there national legislation concerning the installation of digital tachographs in trucks and busses (equivalent to Regulation 3821/85/EC as amended)? Does legislation concerning the installation of speed limiting devices on these vehicles exist (equivalent to Directive 92/6/EC)? How and by whom is this legislation enforced? What is the minimum number of controls carried out at the roadside and at the premises companies? What are the penalties?
11. Is there national legislation on technical vehicle inspection and control (equivalent to Directive 96/96/EC)? How and by whom is this legislation enforced? What are the

scope and frequency of these controls? Are technical inspections of vehicles also conducted at the roadside (equivalent to Directive 2000/30/EC)? If yes, how often on average per year?

12. Is there national legislation concerning road, rail or inland waterway transport of dangerous goods, transportable pressurised equipment and designation/professional qualification of safety advisers to these transports? How and by whom is this legislation enforced? What are the scope and frequency of these controls?
13. Is there national legislation on vehicle registration documents (equivalent to Directive 1997/37/EC)? What data do these documents contain?
14. Is there national legislation on the setting up of a data bank on road accidents? Are the data collected in line with the content of the European road accidents database CARE (Council Decision 93/704/EC)?
15. Is there a national scheme for the refurbishment of existing road tunnels as to upgrade their level of safety (equivalent to Directive 2004/54/EC)? Is there a plan for implementing a safety management of road infrastructure (equivalent to 2008/98/EC)?
16. What is the administrative capacity to enforce legislation concerning social and technical regulations in the field of road transport?

#### *Road and other user charges*

17. What road user charges system, including minimum annual vehicle taxes and minimum excise duty for fuel, has been implemented in your country? What are the fee levels and what are the modalities for collecting them? Do these fees also apply to third country operators? What is the total amount of road fees collected per year? How reliable is the collection system? What are the collected funds used for?
18. Are you applying other charges to heavy good vehicles [and other road vehicles]? If yes, describe their scope (national and/or foreign/ Community vehicles), amount, method of calculation and payment, authorities responsible for managing in the light of the Eurovignette Directive and the Land transport Protocol to the SAA.
19. What is the procedure applied to the selection of contractors for road maintenance and development of road infrastructure?

#### *International organisations and conventions*

20. On which date did your country sign or intends to sign:
  - a) the United Nations ADR agreement;
  - b) the United Nations ATP agreement;
  - d) the United Nations - ECE legislation on motor vehicle type approval;
  - e) the United Nations AETR agreement;
  - f) accession to the Vienna Convention of the United Nations (1968)?

g) the agreement on the international occasional carriage of passengers by coach and bus – INTERBUS?

21. Do you have national standards for the movement of ammunition and explosives in accordance with the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR)?

## **B. Rail transport (as applicable)**

### *Conditions of access to market and profession*

22. What are the rules governing market access (e.g. regarding railway licences, safety certificates, safety certification of rolling stock and of staff)? Have all railway operators been awarded a license and a safety certificate?
23. Can new entrants have access to the national rail network, provided that they have a licence which recognises their capacity as a railway carrier and they fulfil other relevant requirements (e.g. safety certificate, etc.)? How are train paths allocated to avoid any discrimination, and how are infrastructure usage fees defined and applied?
24. Has Iceland established a regulatory body, a safety authority a safety authority, an accident investigation body and (not compulsory) a notified body? What staff numbers, competences and budgets have been made available to these authorities? Can these institutions take decisions without approval of the ministry? In case of disagreements/complaints, can a railway undertaking lodge a complaint with an appeal body (regulatory body) and can the regulatory body launch an investigation on its own initiative?

### *Social and technical regulations and standards*

25. Who sets the technical and environmental standards/technical specifications applicable for rolling stock and for other rail subsystems? Are these standards in conformity with EU legislation on interoperability and with international standards?
26. Who sets and enforces the safety standards? Are the rules and standards made public? Who delivers the safety certificates? Does an independent national railway safety authority exist?
27. Is there a specific fiscal regime for rail transport operations?

### *Overall assessment of the transposition of the acquis*

28. Please describe ongoing work, including plans, for the transposition of the relevant acquis, and in particular in relation to the first railway package (Directives 2001/12, 13, and 14), the second rail package (Directive 2004/49 on rail safety and Directive 2004/51 on rail freight market opening – see Official Journal L164 of 30 April 2004 and corrigendum in OJ L220 of 21 June 2004) and in relation to the directives on “interoperability” (Directives 96/48, 2001/16 and 2004/50), which were recast in Directive 2008/57/EC). Please inform also about such measures in relation to the third railway package (Directive 2007/58/EC on the opening of the international rail passenger market, directive 2007/59/EC on the certification of train drivers, Regulation

(EC) No 1370/2007 on public passenger transport services by rail and road and regulation (EC) No 1371 on rail passengers' rights and obligations).

### *Passengers' rights*

29. Is there national legislation on rail passengers' rights equivalent to Regulation (EC) No. 1371/2007? And, in particular:
- a) What are the rules on minimum requirements for the information to be provided to passengers before and during the journey?
  - b) What are the rules on availability of tickets, through tickets and reservations?
  - c) What are the rules on liability of railway companies for passengers and luggage and in the event of delays, missed connections and cancellations of services?
  - d) What are the rules on transport conditions (including accessibility, assistance and information to be provided) for persons with reduced mobility?
  - e) What are the rules on the handling of complaints and the national body responsible for the protection of passengers' rights? Is that national body independent of any infrastructure manager, charging body, allocation body or railway undertaking?

### *International organisation and conventions*

30. Is your country party to any multilateral agreements regarding international railway organisations (O.T.I.F. and O.S.Zh.D.)?

## **C. Inland waterway transport (as applicable)**

31. Please provide a brief description of any transport that may take place on your lakes or, if relevant, rivers.
32. Please outline the legislation that covers this area. Are there any rules concerning environmental aspects of transport on lakes? Which institution is in charge of registration and control of boats?
33. What are the competent authorities responsible for enforcing the relevant legislation and requirements?

## **D. Air transport**

34. Does competition law apply to air transport? If yes, competition rules applied to air transport different from those applied to other sectors? How and by whom are these rules enforced?
35. Are there public service obligations or similar schemes introduced in the air transport sector?
36. What is the legal basis for the establishment of the national air carrier?

37. Are there plans to privatise the national air carrier? If yes, please provide relevant details. Is there state aid granted in any form to the national air carrier?

*Access to market and profession*

38. How can air carriers obtain authorisation to operate specific routes, whether they are domestic or international? Do certain air carriers hold exclusive rights on specific air routes? How is the ECAA Agreement taken into account in relation to the authorisation of air services? Who is responsible for the authorisation of air services?
39. What are the rules on setting air fares and rates? How and by whom are these enforced?
40. What are the conditions for the certification of airports? What are the conditions for the licensing of air carriers (AOC and operating licence)? Which bodies are competent for certification and licensing in these areas?
41. What are the insurance requirements in the air transport sector?
42. What are the rules for ground-handling, slot allocation, and Computer Reservation Systems? How and by whom are these enforced?
43. Which bilateral agreements with non-ECAA countries are in force? What type of regime is established under these agreements?

*Technical and social standards*

44. How and by whom are airport charges set? Are they set in a transparent and non-discriminatory manner? Are they cost related? Is there a consultation mechanism? Is airport management separate from airport ownership?
45. How are aviation safety requirements in the field of design, production, operation, maintenance of aircraft, parts and appliances and persons and organisations involved in the design, production, maintenance and operation of such products, parts and appliances, as well as certification of aerodromes and air navigation service providers implemented and applied (i.e. product certification, issuance of airworthiness certificates, continued airworthiness of aircraft, maintenance and maintenance of aircraft, parts and appliances personnel, licensing of pilots and crew, flight time limitations and training requirements of pilots and cabin crew as well as qualifications for training organisations, certification of aerodromes and air navigation service providers)? Which body is responsible for exercising regulatory control for aeronautical products, persons, organisations, aerodromes and air navigation service providers? Which body is responsible for their oversight and for enforcing aviation safety requirements?
46. Is there legislation on accident investigation and mandatory accident and incident reporting? Are the data available on air misses (almost collisions) which have occurred during the last ten years? Is there a specialised administration that coordinates investigation procedures and monitors reports, data? What rules are in place to protect the confidentiality of information contained in reports submitted in the framework of occurrence reporting and incident and accident investigation by persons involved in the design, production, maintenance, operation and training in safety? When is an

independent accident investigation body expected to be established? Is cooperation with other countries considered in this area?

47. Are there measures to monitor and limit noise and emissions levels around airports (i.e. noise zoning, land-use rules) and measures to contain or reduce air pollution resulting from air transport activities? Is there a progressive phase-out programme for Chapter 2 aircraft?
48. Is the Flight Information Region of Iceland already recognised by ICAO? What are the name, legislative and regulatory status and ownership of the organisation responsible for provision of Air Navigation services? What is the number of employees? Is there a National Supervisory Authority in ATM? What are the rules regarding safety oversight, standards setting, investment planning, provision of services, service planning and revenue collection? How does the level of fees for over-flight compare with the level of fees charged for flights to or from domestic airports? What are the rules for licensing of air traffic controllers?

#### *Aviation security*

49. Which body or bodies is/are responsible for the coordination and monitoring of the implementation of aviation security measures? If more than one body is responsible, please specify which responsibilities each body holds. Please explain how the body (bodies) responsible monitors the implementation and the enforcement of aviation security measures (e.g. national civil aviation security programme, national quality control programme)?
50. What is the current applicable legislation on civil aviation security? Please provide references to legislation, rules, and any other instruments that are applied.
51. To what type of airport does the applicable legislation apply? (e.g. civil/military airports, airports handling certain types of traffic only). Please specify if the applicable legislation applies to all airports. Please provide the names, ICAO codes, and IATA codes of the airports to which the applicable legislation applies. If the applicable legislation does not apply to all airports, please specify which airports are not covered and why.
52. Is ECAC Doc No. 30 (PART II) in the field of aviation security applied in full in Iceland? If so, is ECAC Doc No. 30 (PART II) transposed into national legislation? Please provide references to the applicable legislation. If not, please specify the current level of application of ECAC Doc No. 30 (PART II) and indicate the timeframe for full application.
53. Please specify when and where ECAC last conducted an audit in Iceland and what was the coverage of that audit.
54. Please explain how aviation security measures are financed.

#### *International organisations and conventions*

55. Which international organisations in the field of aviation is your country member of (ICAO, ECAC, JAA, Eurocontrol)? On what date did your country adhere to these

organisations? Can you indicate the date or intended date of joining the organisations your country is not member of?

56. What is the timeline for the implementation of the ECAA Agreement? Is there an Action Plan developed and followed for this purpose? What actions have been taken to follow the recommendations in the ECAA Assessment Report of 2008?
57. When is the Convention for the Unification of Certain Rules for International Carriage by Air (Montreal, 28 May 1999) expected to be ratified?

#### *Social and consumer protection*

58. What are the rules for safety and health protection in the air transport sector? What are the rules for the working time of mobile workers in air transport?
59. Are there special consumer protection (legal or administrative) rules in the air transport sector, such as on package holidays? Are there rules establishing a right for compensation and assistance to passengers in the event of denied boarding, cancellation or long delays of flights? Are there (legislative or administrative) rules protecting the rights of disabled persons and persons with reduced mobility when travelling by air? Are there specific national bodies in charge of the enforcement of the rights addressed in this question?
60. What are the rules on the liability of air carriers in the event of accidents?

#### *Administrative capacity*

61. Please describe the bodies responsible for the administration of civil aviation in Iceland with their names, legislative and regulatory status and the relations between them? Please you indicate the number of persons employed each body? How is the training of the employees organized? How are these bodies financed?

### **F. Maritime transport**

62. What is the flag of registration for nationally owned tonnage, by vessel type (liquid bulk; dry bulk; container; general cargo; roll-on/roll-off; dry cargo), by number of vessels and the DWT?
63. How are competition rules applied to the liner-shipping sector? Is there legislation governing the choice of operator and compensations for public maritime service?
64. What are the rules governing access to the freedom to provide international maritime transport services and access to freedom to provide national maritime transport services (maritime cabotage)?
65. What are the conditions for the registration of vessels (requirements on ownership for first, and where relevant, second registers, management, crew nationality)?
66. To which extent are technical and social standards based on measures agreed to in the IMO and/or ILO?

67. Is there national legislation, in particular in the fiscal field, designed to promote registration of vessels into the national registry?
68. To which extent are safety and environmental regulations and standards based on measures agreed to in the IMO, ILO or other international organisations? Are there any derogations permitted or authorised to vessels under your national flag? Does your country resort to the services of a classification society? To which extent? Indicate which classification society classes each of the vessels under your national flag? Detail the results of your port State control activities in the last calendar year. Describe the functioning of your vessel traffic monitoring and information system.
69. Is there legislation on the operation of ports, and freedom to provide port and auxiliary services to port operations? What are the main provisions of this legislation? How and by whom is it enforced?
70. Is there legislation preventing access to the freedom of providing international maritime transport services? What are the main provisions of this legislation, how and by whom is it enforced?
71. Are there cargo-sharing agreements with third countries? What are the main provisions of these agreements?
72. Please indicate whether a maritime register has been set up or if it is envisaged to create it.
73. What is the legislation on insurance against this risk of maritime pollution? What is the legislation on the application of sanctions to those responsible for maritime pollution?
74. Being a party to the SOLAS Convention / Chapter XI/2 and the ISPS Code, what is the situation in Iceland concerning maritime security?
75. Solas Chapter XI/2 and the ISPS Code (the so called special measures to enhance maritime security) are in force for international voyages since 1st July 2004. How are the requirements set by those documents applied legally and in practice in your country?
76. How many ships and port facilities are currently subject to these measures?
77. What is the administrative capacity to enforce legislation concerning maritime security both in your capacities of Port State and of Flag State?
78. In particular, what is your organisation and staffing in terms of inspections in both capacities?

## **G. Satellite navigation**

79. Does your country intend to take part in the activities of the Galileo satellite navigation programme when operational?

## **H. State aid**

80. Are there any State aid individual measures or State aid scheme in force in the following transport sectors?
- a) Air transport;
  - b) Inland waterways;
  - c) Maritime transport;
  - d) Rail transport;
  - e) Road transport:
    - Transport of freight,
    - Transport of passengers (urban, suburban, regional, long distance)
  - f) Combined transport.<sup>24</sup>
81. What is the existing legislation governing the granting of State aids? How and by whom is this legislation enforced?
82. Are there any public service obligations imposed on transport operators? In which transport sectors?

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<sup>24</sup> As defined in Article 1 of the Council Directive 92/106/ECC of 07.12.1992, OJ N° L368 of 17.12.92.

**ANNEX 1:**

**I. BASIC TRENDS OF TRANSPORT DEMAND**

**A. Development of goods transport demand (tonne-km) 2002-2008\***

Data for latest year available

(million tkm)	2002	2003	2004	2005	2006	2007	2008	National traffic	Inter-national traffic	EU traffic with	Of which traffic with
Road											
Rail											
Pipeline											

\*changes in time series should be indicated and explained if occurring.

**B. Development of passenger transport demand (passenger-km) 2002-2008\***

(million pkm)	2002	2003	2004	2005	2006	2007	2008
Private Car							
Bus							
Railways							
Air							

\*changes in time series should be indicated and explained if occurring

## **II. BASIC TRENDS AND MARKET STRUCTURE FOR EACH MODE OF TRANSPORT**

### **A.1. Road goods transport**

	2002	2007	2008
Enterprises			
Number at 31.12			
- private			
- state-owned			
Employees			
Number at 31.12			
Total:			
- private enterprises			
- state-owned enterprises			
- of which drivers:			
- private enterprises			
- state-owned enterprises			
Goods vehicle stock number at 31.12			
Total:			
< 3,5t loading capacity			
> 3.5t loading capacity			
Value created (by sector)			
Amount (national currency)			
% of GDP			
Energy consumption			
Tons (fuel)			

**A.2. Road passenger transport (interurban bus transport)**

	2002	2007	2008
Number of enterprises at 31.12			
- private			
- state-owned			
Size of enterprise:			
- 1 bus			
- 2-5 buses			
- 6-20 buses			
- > 20 buses			
Value created (by sector)			
Amount (national currency)			
% of GDP			
Energy consumption			
Tons (fuel)			

**B. Rail transport (as applicable)**

	2002	2007	2008
Number of enterprises at 31.12			
- private			
- state-owned			
Employees number at 31.12			
- Transport services			
- Supply industry			
Rolling stock Number at 31.12			
Total:			
- Diesel locomotives			
- Electric locomotives			
- Steam locomotives			
- Electric railcars			
- Diesel railcars			
- Goods wagons			
- Passenger railway vehicles			
Rolling stock by age, number at 31.12			
< 2 years old			
3 – 5 years old			
6 – 15 years old			
15 - 30 years old			
> 30 years old			
Value created			
Amount (national currency)			

% of GDP			
Energy consumption			
Tons of fuel kwh			

**C. Air transport**

1. General data	2002	2007	2008
Carriers, number at 31.12			
Licensed air carriers			
Energy consumption			
Tons (fuel)			
Value created			
Amount			
% of GDP			
Data by carrier			
Carrier (name) _____			
Type of operation (scheduled, charter, freight)			
Main destination			
Transport demand			
- Passengers domestic			
- Passengers international			
- Passengers scheduled			
- Passengers non-scheduled			
- Passenger-km scheduled			
- Passenger-km non-scheduled			
- freight (ton-km)			
Ownership (state/private)			
Fleet number at 31.12			
Total:			
- self-owned			
- leased			

Average age of planes			
Employees (number)			
Financial results (profit/loss)			

2. Airport data by airport  Airport .....		2002				2007				2008			
		Passengers		Freight		Passengers		Freight		Passengers		Freight	
		Units	PKT	Tons	TKT	Units	PKT	Tons	TKT	Units	PKT	Tons	TKT
Commercial aviation													
Domestic	Scheduled												
	Non-scheduled												
To/from EU airport	Scheduled												
	Non-scheduled												
Other international destination	Scheduled												
	Non-scheduled												
Business/general aviation													

PKT = passengers-km transported

TKT = tonne-km transported

3. Capacity data by airport		2002		2007		2008	
		ASK	No. of flights	ASK	No. of flights	ASK	No. of flights
Airport							
.....							
Commercial aviation							
Domestic	Scheduled						
	Non-scheduled						
To/from EU airport	Scheduled						
	Non-scheduled						
Other international destination	Scheduled						
	Non-scheduled						
Business/general aviation							

ASK = Available Seat-km

## **Chapter 15: Energy**

The objectives of EU energy policy are competitiveness, security of supply and sustainability. The energy *acquis* consists of rules and policies notably regarding competition and state aids including in the coal sector, conditions for equal access to resources for prospection, exploration and production in the hydrocarbon sector, the internal energy market (opening up of the electricity and gas markets), the promotion of renewable energy sources and energy efficiency, nuclear energy and nuclear safety and radiation protection. As regards international agreements, the chapter contains the Energy Charter Treaty and related instruments.

As regards **security of supply**, the *acquis* requires Member States to hold stocks of specified categories of oil products equivalent to 90 days of average annual consumption, and to report regularly to the Commission on hydrocarbon production, imports and prices. A body for the management of crisis situations needs to be set up. In gas, the 2004 Directive on security of supply sets standards and requires preparation and publication of emergency measures.

The completion of the **internal energy market** is based on the Community rules on competition and state aids. Member States reached full market liberalisation in 2007 in electricity and gas adhering to the principles of transparency, non-discrimination, third party access, cross-border transit, security of supply and sustainability. Accounts for transmission and distribution activities are unbundled. Universal electricity services must be guaranteed and vulnerable customers be granted adequate protection. An independent regulatory authority must be designated as responsible for the efficient functioning of the markets. An independent transmission system operator (TSO) is equally crucial for the functioning of the internal electricity and gas markets. The implementation of new market rules on the internal energy markets, the Third Legislative Package is foreseen for mid 2011.

**State aids** to the coal industry can only be granted under specific conditions.

The promotion of **renewable energy** and **energy efficiency** includes requirements to transpose *acquis* on renewable energy, high efficiency cogeneration based on useful heat demand, the improvement of energy efficiency of buildings, energy services and various other initiatives. Where applicable, energy-using products must fulfil eco-design requirements and household appliances must carry energy labelling. An enforcement body is required in particular for labelling and minimum efficiency standards. To promote renewable energy and energy efficiency, Member States can participate in various actions under the Intelligent Energy Europe and other programmes.

As regards **nuclear energy**, the Euratom Supply Agency has exclusive rights to conclude contracts for the supply of nuclear materials, which must be notified (with exceptions). Undertakings also need to have relevant accountancy capacities. An independent nuclear safety authority should be established in line with EU best practices. Council resolutions of 1975 and 1992 support the development of a common nuclear safety culture, and the European Council has repeatedly emphasised the importance of a high level of **nuclear safety** in candidate countries. Member States must ensure the protection of workers and the population from the risks arising from ionising radiation, by complying with the Community *acquis* on **radiation protection**, covering authorisation and reporting of practices and operational protection of workers and population in normal circumstances, strict controls on radioactive sources, supervision of shipments and of radioactive waste, environmental monitoring, control of contamination of foodstuffs and an appropriate framework for emergency preparedness.

*Parts of the acquis under this chapter are covered by the EEA, and the EEA lays down specific obligations in these areas. When answering the questions below, please make reference to the state of implementation of such obligations.*

## **I. GENERAL**

1. Please provide the latest data information using a Eurostat compatible methodology (see <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:304:0001:0062:EN:PDF>) on energy supply, energy use, energy prices and energy balances (past, present and if available forecasts). Please use a structure concerning sectors and fuels similar to the one published in the Energy and Transport DG's Annual Energy Reviews or in the publication "Europe Energy and Transport - Trends to 2030" of the Energy and Transport DG. For this purpose, the data should be provided by filling in the summary template attached (see Annex: Summary Questionnaire on the energy situation: Iceland - energy production).
2. Please provide a short description highlighting the current energy situation including the organisation of the sector and infrastructure developments. Do current energy prices reflect the costs (electricity, gas, heat, coal, oil)? Please give an overview of main energy prices and compare them with their costs. How has the privatisation process developed in the sector and what are the perspectives (please provide information per sub-sector)? Is the organisation of collection of (energy) data satisfactory in order to reply to reporting requirements of the EU in the energy (sub)sectors?
3. Please provide information on your energy strategy documents (energy policy, energy saving or policies in sub-sectors) and legislation on energy matters. If possible the strategy documents and legislation relating to government policy for the energy sector should be provided (in one of the official EU languages). A short summary of the reports and legislative acts would be appreciated. Both for reports and legislative acts, your country is invited to specify which report/act of legislation corresponds with which EU strategy or EU legal act (please provide this information for all questions related to energy). What is the general assessment on their (non-)compatibility with energy strategies and legislation of the EU?
4. Please provide information and, if possible, the texts of the agreements and conventions (in one of the official EU languages) that have been concluded with third countries or international organisations in the field of energy.
5. Please provide information on the fiscal measures (VAT, excise duties, CO2 energy tax, other taxes/levies) applied to energy products. Does the system favour indigenous energy sources? How will further tax harmonisation in the EU affect your energy balance?
6. Could you provide an organisation chart of the relevant energy authorities (ministry, agencies, regulator, etc.) and their key contacts?
7. What are the likely investment needs in the various energy sub-sectors for the period until 2012? What type of financing is foreseen (public, private)?
8. What are the investment plans in the medium and long term in the various energy sub-sectors? What type of financing is foreseen (public, private)?

## **II. SECURITY OF SUPPLY**

9. What is the current level of oil stock reserves in your country, calculated according to EC methodology, and how are stocks currently calculated and controlled?
10. What are the existing or envisaged mechanisms in your country to face a disruption in oil supply and mitigate the effects of such disruption?
11. With priority given to the constitution of stocks of oil and petroleum products at a level corresponding to at least 90 days of average daily consumption in the preceding calendar year (Council directive 2006/67), what would be a realistic timetable to reach 30-60-90 days of stocks? What are the expected difficulties while implementing this legislation (financial, legal, setting up of institutions, other)?
12. What is your government's position on IEA membership and, if appropriate, by what date has such membership been requested or will it be requested?
13. What is your current legal framework for this area? In the event that your country has a dedicated oil stocks body, what are its tasks, staffing and budget?
14. Does your Government, in case of IEA membership, have the intention to co-ordinate closely its positions in the IEA with those of the EU/European Commission? What would be your preferred mechanism for such coordination?
15. Given that Iceland plans to be supplied by gas have you foreseen: 1) the roles and responsibilities of various market participants in order to ensure security of supply; 2) prepared any emergency measures; 3) any monitoring and reporting mechanisms in order to mitigate future gas supply disruptions?

## **III. INTERNAL ENERGY MARKET**

16. Could compliance with the relevant acquis concerning the establishment of an internal energy market, i.e. rules on prospection, exploration and production of hydrocarbons as per directive 94/22/EC, rules price transparency as per Directive 2008/92/EC, Council Decision 99/280/EC, Commission Decision 99/566/EC of 26 July 1999 implementing Decision 99/280/EC, rules on opening up of the internal electricity and gas markets as per Directives 2003/54 and 2003/55, together with Regulation 1228/2003 on conditions for access to networks for cross-border exchanges in electricity, Regulation 1775/2005 on conditions for access to the natural gas transmission networks and Directive 2005/89 concerning measures to safeguard security of electricity supply and infrastructure investment lead to any problems in your country? (Please answer for each separately) If so, which are particularly difficult and for what reasons?
17. What is your policy, what are your plans on electricity, gas or oil exchanges and network interconnections with neighbouring countries and/or regions? What projects are being carried out as regards electricity and gas interconnectors? Who provides the funding and what agreements exist with respect to access to those networks?
18. What steps have you taken to implement the commitments taken in the framework of the Energy Community Treaty, and to prepare for the establishment of an integrated regional energy market?

19. Could you briefly describe the legal, procedural, technical and environmental frameworks for authorisation of networks? What is the average timescale to complete procedures governing authorisation for the construction of power and gas installations/networks etc.? Do you have plans to improve the timescale and address the difficulties; if so, when and how?
20. What is the legislative/regulatory framework for competition in the energy sector? Which are the specific issues that require an adaptation of the existing legislation? In which energy sub-sectors are there State aids (please specify) and in which are there trade barriers and what are these barriers? Which monopolies (e.g. refinery, import/export monopoly, exclusive or special production, transportation or distribution rights) in the energy sector currently exist in your country and what are your plans with them? What is the legislative situation regarding Independent Power Producers?
21. What is the structure of electricity and gas markets (ownership, concentration, separation of activities)? What are the main sources of energy? What is the structure of tariffication for transmission/distribution? Who approves tariffs or tariff methodology? Are there cross-subsidies? Are all consumers connected to the distribution network? What is the rate of collection of bills? Is there a regulator in place? What are its competencies, staff and budget? Is there room to extend the staff given the substantial increase of regulatory competencies foreseen by the Third package? Is there a Transmission System Operator for electricity in place? Is it integrated vertically and what are its competencies?
22. What measures are present to ensure a stable investment climate in the electricity sector? What measures have been foreseen for transmission and generation to ensure continuity of electricity supply? Are these measures non discriminatory? Do you monitor and forecast investment intentions in transmission and generation and if yes, on what time-scale?

#### **IV. STATE AID**

23. Does your country produce indigenous coal covered by the state aid framework?
24. In the event that your country produces coal covered by the state aid framework, could you please indicate:
  - a) What is your government's position as regards Council Regulation 1407/2002? Could you provide an overview of your current or future modernisation, rationalisation and restructuring plans for coal undertakings (cf. Articles 4 and 5 of the Regulation)? Does your government have or envisage having a support scheme for capacity reduction? What are the contents of this scheme and what are the social/regional justifications?
  - b) What are the features of State aid in the sector? Are all elements of State aid currently part of the State budget? Is it planned to include all State aid in the State budget?
  - c) Concerning hard coal, what is your government's position on achieving a "coal-free trade area" in accordance with EU competition rules, particularly those related to "vertical agreements" (e.g. agreements with coal procedures and electricity producers)?

25. With regard to Council Regulation no. 405/2003 of 27 February 2003 establishing a Community system for monitoring imports of hard coal originating in third countries, is your country in a position to provide the information required by this Regulation?
26. All solid fuels:
  - a) Please provide information on the current and recent levels of production of hard coal and ortho-lignite.
  - b) Please provide information on any current State aid schemes for indigenous ortho-lignite production as well as on plans for their progressive reduction.
  - c) Where solid fuel industries are subsidised and with a view to restructuring, what are the current and future social plans, including those for adaptation of the labour force, and what are the regional conversion plans (e.g. attraction of new business)?

## **V. RENEWABLE ENERGY**

27. Please provide information on current and planned measures promoting renewable energies (nature of measures, budget available, etc.).
  - a) Is there framework legislation in place (an Energy Law)? Does secondary legislation already exist? Which piece of legislation corresponds with which acquis and what is the state of compatibility? Is your country already labelling appliances according to EU acquis? Is the institutional framework in place and operational (National Agency, etc.)? What is its staffing and budget?
  - b) Has a governmental National Plan or Strategy been adopted to promote renewable energy sources and rational use of energy?
  - c) Have studies to assess the impact of the European acquis in the field of renewable energy been undertaken?
  - d) What difficulties do you foresee in the gradual adoption of these EU rules? What timetables for application are there foreseen?
  - e) In relation to Directive 2009/28/EC on the promotion of the use of energy from renewable sources, what is the current situation and what are your ambitions for the contribution of renewable energy sources in energy consumption by the year 2020 (or possible intermediate years)? (Please use the methodology of Directive 2009/28/EC for calculating these shares)
28. What is the current status of your country in standardisation bodies active in the energy sector, such as CEN/CENELEC?
29. Concerning the oil sector, do standard forms such as EN-288 (unleaded petrol-automotive fuel), EN-589 (LPG automotive fuel), EN-590 (diesel automotive fuel) exist?
30. Do any regulations on emissions from road and non-road vehicles exist?
31. Could information be given on compliance with EU standards in other energy sub-sectors?

32. Please provide information on energy technology and other programmes aiming at promoting energy efficiency and renewables. Could details of these programmes be provided, including the level of public subsidies?

## **VI. ENERGY EFFICIENCY**

33. Please provide information on current and planned measures promoting energy efficiency (nature of measures; budget available, etc.).
34. Is there an authority competent for conducting market surveillance?
35. Are there a mandatory energy labelling scheme and minimum energy efficiency requirements for household appliances? Are they in line with the provisions of Community legislation?
36. Is energy efficiency considered in building codes?
37. Are there any minimum energy performance requirements for certain types of buildings?
38. Are there efficiency and/or monitoring requirements for heating, ventilation and/or air-conditioning (HVAC)?
39. Are data collected with regard to the nature and the quality of the building stock?
40. Does your legislation contain any requirements regarding energy audit schemes for final energy consumers?
41. Please provide information on current and planned measures promoting energy efficiency (nature of measures; budget available, etc.). Please provide further details if you have or intend to elaborate a National Energy Efficiency Action Plan.
42. Do you have legislation in place that requires or ensures that final customers of electricity, natural gas, district heating and/or cooling and domestic hot water in your country are to be provided with individual meters that reflect actual energy consumption?
43. Do you have legislation in place that requires or ensures that billing is to be performed by energy distributors, distribution system operators and retail energy sales companies, based on actual energy consumption?
44. Are there any support schemes (financial, fiscal or other) for
- a) the improvement of energy efficiency in buildings;
  - b) the improvement of energy efficiency in industry and households;
  - c) highly efficient cogeneration?
45. Is there policy framework with regard to highly efficient cogeneration or district heating?
46. Is there a dedicated authority in charge of monitoring measures with regard to energy efficiency or energy savings?

47. Are there any national targets with regard to energy savings and/or the increase of energy efficiency?

## **VII. NUCLEAR ENERGY**

48. Please submit any nuclear policy papers/statements/declarations made by your government regarding the peaceful utilisation of nuclear energy in your country. Please submit your government's plans for the present and the future regarding nuclear energy, including the financing aspect.
49. Is your country a member of the International Atomic Energy Agency (IAEA) and/or the Nuclear Energy Agency of the OECD and if not, does it intend to become member?
50. What are your country's nuclear research activities (existing/planned)? In case your country has research reactors, of which type are they and which nuclear fuel do they use? (please also see Q.15 under chapter 25)
51. Please provide the Commission with the texts of your international agreements on cooperation in the field of nuclear energy and radiation protection with third countries or international organisations (in one of the official EU languages).
52. Please provide the Commission with the list of international conventions in the field of nuclear energy and radiation protection to which your country is a contracting party as well as the corresponding national legislation aiming to implement and enforce these conventions in the national legal order.
53. What is the position of your country regarding third party nuclear liability (the Vienna Convention and the Paris Protocol)? Please give a progress report regarding the ratification process.
54. Please provide information for all major nuclear sites and installations in your country on their activities, processes, throughputs and inventories of Uranium, Plutonium and Thorium.
55. Please provide information on any future plans or projects for installations storing, handling, processing or final disposing Uranium, Plutonium and Thorium.

## **VIII. OTHER NUCLEAR ISSUES (INCLUDING RADIATION PROTECTION)**

### ***Nuclear safety, radioactive waste management and decommissioning***

56. Please provide information on the structure of the National Regulatory Authority (NRA) (if any) especially in the fields of nuclear safety and radioactive waste management, including radiation protection. Please provide the following information in detail:
- a) the legal framework of the NRA;
  - b) the competencies/powers of the NRA concerning nuclear safety, security and radiation protection, the licensing of operating and/or new nuclear facilities, including fuel and waste treatment facilities, implementation of nuclear safeguards;

- c) the structure and responsibilities of the various departments of the NRA;
- d) the degree of autonomy and independence of the NRA, method of appointment and reporting relationship of the officers of the NRA.

- 57. What is the existing and planned capacity for storing spent fuel and radioactive waste?
- 58. Do you have a national waste management plan covering all types of radioactive waste and all management stages including final disposal?
- 59. Please provide information on the national legal and regulatory framework for nuclear safety? Does your country use/apply the IAEA/NUSS codes and standards?
- 60. Please explain your countries national decommissioning strategy and the corresponding legal framework?
- 61. What is the national decommissioning strategy and corresponding legal framework?
- 62. What legal and financial provisions are put in place to ensure that adequate financial resources are available in time and managed transparently for decommissioning and the waste management of radioactive waste and spent nuclear fuel?

***Nuclear material supply, safeguards and physical protection***

- 63. Please provide the Commission with the texts of the international agreements and conventions that have been concluded with third countries or international organisations in the field of nuclear material supply, accountancy and safeguards.
- 64. Please provide the Commission with texts of national legislation and policy in the field of nuclear material supply, accountancy and safeguards.
- 65. Is your country a member of the Nuclear Suppliers Group (NSG)? Does it have national legislation to enforce the guidelines of the NSG and the capability to maintain the necessary controls?
- 66. Who in your country can buy, own and sell nuclear material?
- 67. Who in your country can physically hold nuclear material?
- 68. With regard to the fuel used in your reactors, which country/countries is/are the source of enrichment services?
- 69. Please describe what is your country's policy regarding import, export and trade of nuclear equipment, nuclear materials, new and irradiated nuclear fuel. Please give details of any national authorities responsible for controlling and/or monitoring such trade.
- 70. Given that your country is party to the Treaty for the Non-Proliferation of Nuclear Weapons, does it have a full-scope safeguards agreement in force with the IAEA? If so, please send a copy. If not, will there be such an agreement in force in the near future?
- 71. Has your country signed a Protocol Additional to the Safeguards Agreement on the basis of the document published as INFCIRC/540 and, if yes, since when is this Protocol in force?

72. Has your country made a voluntary offer to the International Atomic Energy Agency concerning extended reporting on movements of nuclear materials and equipment, pursuant to IAEA document GOV/2929 of 22.1.1993? If so, please provide a copy.
73. Does your country envisage any regulatory problems in adapting its legislation to ensure that it conforms to the provisions of chapter VII of Euratom as regards the implementation of Euratom safeguards in all nuclear installations on its territory?
74. Please provide information on components and equipment related to the nuclear fuel cycle present in your country that are subject to any agreement or convention concluded with third countries or international organisations.
75. Does your country participate in any fusion research programme that involves the use of Tritium and who are the suppliers of this Tritium?
76. Does your country envisage any problems in suspending the existing Safeguards Agreement between your country and the IAEA and adhering to the Agreement INFCIRC/193 between the Community, the IAEA and the non-nuclear weapon Member States of the European Union? Please answer the same question concerning the Protocol Additional to the Safeguards Agreement between your country and the IAEA.
77. Did your country adhere to the Convention on Physical Protection of Nuclear Material (CPPNM) and the recent amendment, the Convention on Physical Protection of Nuclear Material and Nuclear Facilities (CPPNM-AM)?
78. Does your country belong to the IAEA Illicit Trafficking Database?

### ***Radiation Protection***

79. What is the status of compliance with the Euratom Treaty and Euratom acquis provisions concerning radiation protection? In particular:
  - a) Is there an online network of dose rate measuring stations and off-line sampling programme to monitor environmental radioactivity (Air, water, soil and foodstuffs)?
  - b) Regarding environmental assessment and review of the licensing of new sites and nuclear installations, please state if your country's present legislation provides for environmental assessment requirements and public participation/review during the licensing process.
80. What is the status of the legislation in the area of radiation protection in your country? Please provide a copy of existing legislation together with relevant regulations or government decrees in the following areas:
  - a) Health protection of the population;
  - b) Health protection of workers;
  - c) Medical applications of ionising radiation;
  - d) Emergency preparedness, in particular early exchange of information and information to the general public;

- e) Contamination of foodstuffs and feedingstuffs;
  - f) Shipments of radioactive waste and spent fuel;
  - g) Control of high activity sealed sources and orphan sources. Do the arrangements comply with the IAEA Code of Conduct on the safety and security of radioactive sources?
  - h) Shipments of radioactive substances;
  - i) Protection against exposure to radon in dwellings and drinking water.
- 
- 81. What is the timetable for compliance with Euratom Treaty and derived legislation provisions on radiation protection? Please provide any draft amendments or draft new legislation under consideration for the future.
  - 82. Does your country follow the 1994 International Basic Safety Standards (BSS) edited by the IAEA?

ANNEX

Summary Questionnaire on the energy situation: Iceland – energy production<sup>25</sup>

Primary Production	Data			Forecasts			
	2000	2005	2008 <sup>26</sup>	2009	2010	2020	2030
Solid fossil fuels							
Oil							
Natural gas							
Nuclear							
Hydro and wind							
Geothermal							
Other renewable energy sources							
Total							

<sup>25</sup> Changes in time series should be indicated and explained if occurring.

<sup>26</sup> Latest year available.

## **Chapter 16: Taxation**

The **indirect taxation** *acquis* consists primarily of harmonised legislation in the field of Value Added Tax (VAT) and excise duties. *Value Added Tax* was first introduced in the Community in 1967, eventually leading to the Sixth VAT Directive from 1977 and still in place today. It includes the application of a non-cumulative general tax on consumption. This is levied on all stages of production and distribution of goods and services. The VAT *acquis* provides for an equal tax treatment of domestic and non-domestic (import) transactions. VAT is also based on the neutrality principle whereby the tax applied is proportional to the price, whatever the number of intermediate transactions.

In the field of *excise duties* the *acquis* contains harmonised legislation as regards energy products, tobacco products and alcoholic beverages. Community legislation establishes the structure of the duty that should be charged, together with a system of minimum rates for each product group. Goods are subject to duty when they are produced within the Community or imported from a third country. However, in principle, the duty is payable only to the Member State in which the goods are released into consumption (with certain limited exceptions), and at the applicable rates in that Member State. The EU legislation lays down provisions on production, holding, movement and monitoring of excisable. As a result of the introduction of the single market, all systematic fiscal controls at the Community's internal frontiers were abolished by 1 January 1993. As regards excise products, their holding and movement for commercial purposes within the Internal Market continued to be closely monitored to establish the chargeability of the duty.

The *acquis* in the area of **direct taxation** concerns certain aspects of profit taxes and capital duty. The focus is on eliminating distortions for cross-border economic activities between enterprises within the Union. It also includes provisions to ensure effective taxation of income from savings in the form of interest payments made to individuals. The *Code of Conduct* for business taxation represents a political commitment by Member States to tackle harmful tax measures. Member States are required not to introduce new harmful tax measures, and to roll-back existing ones.

The Community legislation in the field of **administrative co-operation and mutual assistance** between Member States' tax and customs authorities provides tools to share information in order to circumvent tax evasion and tax avoidance. It allows gathering information about tax subjects, both automatically and on request. It also allows Member States to provide recovery assistance to each other.

The *acquis* in area of **operational capacity and computerisation** covers different areas of taxation. In the field of VAT, the *acquis* on the Value Added Tax Information Exchange System (VIES) provides for direct electronic interchange of data between national VAT administrations within the timeframe established in the relevant EU legislation. This allows national administrations to monitor and control intra-Community trade and detect possible irregularities. In addition, a specific IT system (VoeS) is required to establish the inter-connection for exchange of information among Member States related to the special scheme for e-Services provided by non-EU traders to EU citizens. Regarding excise duties, the EU *acquis* requires IT systems to allow Member States exchanging information on producers and traders of excisable products (SEED, MVS, EWSE and EMCS, the latter being under development). In the area of direct taxation Member States are required to put in place an

automatic system for the exchange of information of savings income in the form of interest payments through an electronic standardised format.

## **I. INDIRECT TAXATION**

### ***A. General***

1. Please specify the elements of your VAT and excise legislation which might provide for:
  - a) a higher level of taxation on imported products than that imposed on similar domestic products (Article 90 Amsterdam Treaty);
  - b) repayment of tax on exported products which exceeds the internal tax imposed on them (Article 91 Amsterdam Treaty).

### ***B. Value Added Tax***

2. Please provide a copy of your country's VAT legislation (in one of the official EU languages), including other related legislation, such as administration guidelines, etc.
3. Please give a detailed description of your current VAT regime particularly in the following areas:
  - a) taxable persons (i.e. conditions for being subject to tax, ceilings, etc.); liable persons (i.e. who is paying the tax);
    - i) the response should include the VAT treatment of government bodies and public institutions; non-resident taxable persons, small and medium sized entrepreneurs, liberal professions, non-profit organisations, affiliated enterprises, groups, etc;
    - ii) how many VAT taxable persons are there in your country?
  - b) scope of taxable transactions (supply of goods, including immovable property, and services, incl. self-supply, private use);
  - c) importation (taxation, suspension regimes, exemptions, etc.). How are goods that have been placed under a suspension regime treated in respect of VAT?
  - d) exportation (exemptions);
  - e) exemptions without credit for input VAT;
  - f) place of supply (goods and services);
  - g) chargeable event and chargeability of tax;
  - h) VAT rates, including the application of zero rates (levels and scope). Are reduced VAT rates set at levels, which would in the normal course of events permit complete deduction of input tax? Are supplies of services liable to a special VAT rate?

i) scope and procedures (credit/refund of VAT) in respect of the right of deduction. How long on average does it take to refund VAT to traders e.g. in the case of exports? Do you have any limitations to the right of deduction, and if so, which ones?

j) right to deduct input VAT by a taxable person;

k) special regimes (small and medium sized enterprises, second-hand goods, works of art, collectors items and antiques, flat-rate scheme for farmers, travel agents, simplification procedures, investment gold, others);

l) rules governing administration and records, including registration, records, invoices;

m) assessment and appeals (VAT returns, assessment and collection, procedure for claiming the credit and refund, penalties, appeal procedure, international mutual assistance and recovery of VAT claims);

n) transitional and temporary measures of the current VAT system;

o) taxable persons not established within your country (obligations, right to refund of VAT, etc.);

p) control procedures:

i) Is VAT control incorporated with the control of other taxes or is it separate?

ii) How many tax officials are involved in VAT control, excluding Customs?

iii) What is your experience in the exchange of information for tax purposes?

4. Please provide information regarding rules governing travellers' allowances on import and export. Is a general tax rate envisaged? How would it be collected?
5. Does your country operate free zones? If yes, please provide the text of the relevant act. Which regime is applied in the free zones for VAT and excise purposes? Are the free zones excluded from the territorial application of VAT and/or excise duties?
6. What are your targets for future developments of your VAT legislation (short/long term)? Please specify these in terms of timetables and anticipated problem areas.

### ***C. Excise duties***

7. Please provide a copy of your country's excise duty legislation (in one of the official EU languages), including other related legislation, such as administration guidelines, etc.
8. Please give a detailed description of your current excise legislation, particularly in the following areas:
  - a) Taxable scope (product categories liable to excise duty). The following are of particular interest:
    - i) alcohol and alcoholic beverages;
    - ii) cigarettes and other manufactured tobacco;

- iii) mineral oils (petrol, diesel heating oil, etc.) and other energy products (electricity, natural gas, coal);
  - iv) motor vehicles (excise duties, registration taxes, circulation taxes);
  - v) other product categories constituting a major part of excise income.
- b) Establishment of the duties, i.e. how are they calculated (e.g. by volume, weight, *ad valorem*, etc.)?
- c) Exemptions from duty.
- d) What is the level of duty applied for each product concerned? Is the rate level the same for similar imported products? If not, explain why.
- e) Chargeable event and chargeability of the duty.
- f) Importation/exportation.
- g) Registered/non-registered traders.
- h) Do you have a tax warehousing system for some/all product categories subject to excise? If not, what system do you apply:
- i) to domestic products?
  - ii) to imports?
  - iii) how far down the distribution chain does each warehousing system generally reach? Do general warehouses exist to which any importer may consign his products? How is duty financially secured? What physical security is required? How are movements between warehouses and between the frontier and warehouses handled?
- i) Do you operate other suspension schemes, i.e. tax arrangements applied to the production, processing, holding and movement of products where excise duties are being suspended? Is there a special tax regime with any non-EU countries requiring no excise duty payment or tax stamping?
- j) Do you apply special regimes for certain producers, such as farmers, small producers, fishermen, etc.?
- k) Rules governing administration and records, including registration, invoices.
- l) Assessment and appeals (assessment and collection, procedure for claiming the credit and refund, penalties, appeal procedure, international mutual assistance and recovery of excise claims).
- m) Control procedures (in particular, what use is made of tax stamps and other fiscal markings, including fiscal markings for mineral oils).
- n) Transitional and temporary measures.

9. What are your targets for future developments in your excise legislation (short/long term)? Please specify these in terms of timetables and anticipated problem areas.

## II. DIRECT TAXATION

10. Does your legislation allow, for domestic operations of mergers, divisions, transfers of assets and exchange of shares, a deferral of the taxation of capital gains until their actual realisation (i.e. until disposal of the assets to which they relate)?
11. What are the essential features of your regime for the taxation of the disposal of fixed (long-term) assets of corporations?
- What kind of exceptions/exemptions do you apply to the taxation of capital gains of corporations?
  - Do the same rules apply within a trade or business of an individual? If not, what are the rules for individuals?
  - What are the applicable rules for individuals in the framework of their portfolio management?
12. Do you apply a special tax regime for business reorganisations?
- What are the reorganisations covered?
  - How does this special tax regime work?
  - Does this tax regime apply in cross-border situation? If yes, which?
13. Please provide information on the taxation of raising of capital by companies.
14. Does your legislation allow for levying withholding taxes on payments (dividend, interest, royalties or rent etc.) to other legal entities (natural persons or corporations) residing in and/or outside your country?
- a) What are the main features of the taxation regime on income from capital (personal and corporate)?
  - b) Are there withholding taxes on income from capital (interest on bank deposits, debt instruments)? Please indicate tax base, tax rates, exemptions, fiscal treatment of residents (on domestic and foreign income) and non-residents, automatic reporting etc.
  - c) Are turnover taxes or stamp duties applied to securities, credit contracts, insurance contracts, etc.?
15. How is foreign income, received by resident taxpayers, treated in your country? What kind of system do you apply to prevent double taxation?
16. Please provide a copy (in one of the official EU languages) of your country's legislation on the taxation of income, profits and/or capital gains, including other related legislation, such as regulations concerning investment incentives or administrative guidelines, etc. Please describe the procedures for payment of personal income tax and calculation methods used. How is control carried out?

17. Do you apply any preferential tax schemes? If so, please provide a detailed description of these schemes (the main purpose of the scheme, the minimum requirements, the tax benefits, if it is time-limited, the kind of beneficiaries, etc.).

### **III. ADMINISTRATIVE COOPERATION AND MUTUAL ASSISTANCE**

18. Please indicate how you cooperate with other countries in the field of administrative assistance in tax matters.
19. What is your policy to promote good governance in tax matters?
20. With which countries do you currently have Exchange of Information agreements for taxation of capital and income? What kinds of income and capital sources are covered by such agreements? Are there any restrictions on the availability or use of such information?
21. Do you have agreements with other countries for the recovery of taxation, and/or the serving of official notices from other states?

### **IV. OPERATIONAL CAPACITY AND COMPUTERISATION**

#### ***A. Tax Policy***

22. Describe the current and envisaged tax policy of your Government (notably, introduction of new taxes and/or abolition of existing ones).

#### ***B. General Tax Administration***

23. Please provide information on the organisational structure of your administration responsible for taxation, including excise duties.
24. Describe the laws governing the tax administration and taxpayers' rights and obligations.
25. Please give a detailed description of the infrastructure of your VAT, excise and direct tax administration, including staff levels and IT systems.
26. Please describe the current state of computerisation of your country's administrative IT systems.
27. What are your plans regarding preparations towards full interconnectivity of your IT systems with the European Union IT taxation systems (VIES, EMCS, etc...)?
28. Please provide statistics for 2006-2008 on measures against tax evasion. In particular, how much additional tax was claimed by the Tax Office, what proportion of the additional tax was collected, how many tax crimes were investigated by the Police, how many of these were prosecuted, and to how many convictions did they lead? What sentences were imposed?
29. Please provide information on corruption in the Tax Office. How are such cases dealt with? Have any cases reached the courts?

### ***C. Revenue***

30. Please provide a detailed description and relevant statistics of the overall revenue structure (taxes and social contributions) and of its main components (according to OECD revenue classification.)
31. How much, as a percentage of total State revenue, is generated by VAT, excise duties, taxes on income, profits and capital gains respectively?
32. Which proportion of your tax due did you receive in 2008:

	% collected by the date	% collected after the date	% not collected at all
VAT			
Excise duties			
Corporate income tax			
Personal income tax			

33. What is your estimation of your grey economy and how do you calculate it?
34. Please explain how your tax control is organised and resourced and how it functions. Furthermore, which is your control strategy for VAT, direct taxation and excise duties? In this context, please highlight which is the authority (or authorities) that are setting the overall control strategy and which are the main features of this strategy.

## **Chapter 17: Economic and monetary policy**

The *acquis* in the area of economic and monetary policy contains specific rules requiring the independence of central banks in Member States, prohibiting direct financing of the public sector by the central banks and prohibiting privileged access of the public sector to financial institutions. Member States are expected to co-ordinate their economic policies and are subject to the Stability and Growth Pact on fiscal surveillance. New Member States are also committed to complying with the criteria laid down in the Treaty in order to be able to adopt the Euro in due course after accession. Until then, they will participate in the Economic and Monetary Union as a Member State with a derogation from the use of the Euro and shall treat their exchange rates as a matter of common concern.

The *acquis* in the area of economic and monetary policy is governed by Article 4 and Title VII (Articles 98 to 124) of the EC Treaty, and by relevant implementing legislation. Treaty provisions related to the adoption of the Euro do not apply to Member States with a temporary derogation as defined in Articles 122 (1) and (3) of the EC Treaty.

The *acquis* consists mainly of Treaty provisions and protocols (primary legislation) and the provisions of instruments enacted by the Community institutions by virtue of them (secondary legislation e.g. regulations, decisions). Nonetheless, as indicated in Article 109 of the EC Treaty, each Member State shall ensure that its national legislation including the statutes of its central bank is compatible with the EC Treaty and the Statute of the European System of Central Banks (ESCB).

### **I. MONETARY POLICY**

#### **A. Country alignment**

1. Please provide a copy of the constitution and central bank law (including the central bank's statute) and other important monetary and financial laws (in one of the official EU languages).
2. What are in your view the necessary reforms in national legislation (central bank law, laws on banking sector, insurance companies, pension funds, social security funds, compensation funds, interest rates, exchange rate law, etc.) with a view to EU membership requirements? Which reforms are already underway?

#### **B. Implementation capacity**

Central bank institutional, personal and financial independence:

3. What is the degree of functional independence of the central bank from public authorities (President, Government, especially Ministry of Finance, Parliament, etc.)? What is the specific role of those actors in the functioning of the central bank? Describe the present situation both in legal terms (information based on the central bank law) and in practice
4. Does the central bank act provide for the following prohibitions for third parties?
  - to give instructions;

- to approve, suspend, annul or defer decisions;
  - to censor decisions on legal grounds;
  - to participate in decision-making bodies of the central bank with a voting right;
  - to require ex-ante consultation on the central bank's decisions?
5. Does the central bank have any ex-ante reporting obligations towards other authorities regarding its monetary policies?
  6. How the management of the central bank is organised (composition and responsibilities of the governing bodies, in particular the managing board)?
  7. Which provisions from the law ensure democratic accountability and transparency of the central bank?
  8. What are the appointment and removal conditions and procedures for the central bank governor and the other members of the decision-making bodies of the central bank?
  9. Do the statutes of the central bank comply with the following requirements?
    - minimum term of office of the Governor should be at least 5 years (indicate the current term of office);
    - grounds for dismissal of the Governor may not be different from the following: if the Governor no longer fulfils the conditions required for the performance of his/her duties or if he/she is guilty of serious misconduct;
    - security of tenure of other members of decision-making bodies of the central bank (how long is the term of their office?) and grounds for their dismissal should be similar to those here above mentioned;
    - membership of a decision-making body involved in the performance of the central bank's tasks is incompatible with the exercise of other functions that might create a conflict of interest (are members authorised to hold part-time jobs?);
    - right of judicial review of any dismissal decision by independent national courts?
  10. Is the central bank in a position to avail itself of the appropriate means to ensure that its tasks can be properly fulfilled? Does a consultation on and/or right exist for a third party to amend, approve or control by any means the central bank's draft budget and annual accounts? If yes, where is it regulated?
  11. What are the provisions governing the distribution of the central bank's profits?
  12. Does the ex-post review of the central bank's accounts reflect adequate safeguards to prevent it from infringing on the bank's independence?

***C. Prohibition of monetary financing and privileged access:***

13. Please provide a copy of laws and regulations (in one of the official EU languages) governing the access of government to financial institutions (e.g. laws and other regulations governing the asset allocation of banks, savings and co-operative banks, insurance companies, social, pension and special funds, other institutional investors, investors compensation schemes, tax laws, etc.).
14. What are the principles regulating the emergency liquidity assistance? To whom the central bank can provide the emergency liquidity assistance? Where is it regulated in the law?
15. Can the central bank provide solvency assistance to the financial institutions?
16. Please indicate the respective provisions in these documents, as well as any other elements, which might constitute privileged access of the government to financial institutions.
17. In particular, the following questions have to be addressed:
  - Are there national legal provisions requiring or encouraging (through tax or other advantages) banks, insurance companies, pension funds, social security funds, investor compensation fund or other financial institutions to invest (e.g. a certain portion of their assets) in domestic government securities or other government liabilities?
  - To what extent has the central bank contributed to the financing of the public sector? Describe the present situation both in legal terms and in practice. Describe the rules governing central bank credit to the government (limits, repayment, maturity, etc.), if such rules exist?
  - Is the central bank authorised to buy Icelandic public debt instruments directly on the primary market? Can it buy public debt instruments from EU Member States?
18. Is there an emergency liquidity mechanism/overdraft facility or any other type of credit facility provided by the central bank to the central governments, regional, local or other public authorities, or any other public bodies governed by public law or public undertakings? If yes, on which conditions and where is it regulated?

***D. Monetary and exchange rate policy***

19. What are the main objectives of the central bank? Who formulates the monetary policy?
20. Is the maintenance of price stability the primary objective of the central bank? Without prejudice to that objective, does the central bank support the general economic policy objectives of the government?
21. Is the central bank act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and acting in compliance with the principles set out in Article 4 of the EC Treaty?

22. Which is the official currency unit used for conducting the monetary policy? Where is it referred to in the law?
23. Do the basic tasks of the central bank include the following: definition and implementation of monetary policy, conduct of foreign exchange policy, holding and management of the official foreign reserves of the country, and promotion of the smooth operation of payment systems?
24. How is monetary policy carried out (what are the specific reserve requirements, refinancing facilities, open market operations, major central bank interest rates, other monetary instruments)? What have been the main recent developments in the use of monetary instruments? To what extent have direct instruments of monetary control (such as credit ceilings, interest rate controls, etc.) been replaced by indirect, market-based instruments (such as open market operations, financing facilities, etc.)? Is the framework for monetary policy sufficient to allow policy makers to conduct successful stabilisation policies? Are open market and credit operations, if any, based on collateral arrangements?
25. Which factors hinder the conduct of monetary policy (e.g. elasticity of loans and domestic expenditure to interest rates, competition in the banking sector, changes in the structure of financial markets)?
26. Describe the major characteristics and objectives of your exchange rate regime and policy: anchor, choice of the central rates, width of the fluctuation bands, etc.
27. How is the exchange rate policy implemented? What are its instruments (interventions, monetary policy, fiscal policy, capital control)? What is the intervention policy – if any – (currencies used, financing, and sterilisation)?
28. Are any reforms of the exchange rate policy envisaged? If yes, why? What part does the prospect of EU accession play in this respect?
29. Are there any attempts to measure equilibrium (real) exchange rates? What has been the recent evolution of the equilibrium real exchange rate?
30. What is the link between the exchange rate policy and monetary policy?
31. How will the liberalisation of capital movements affect the monetary and exchange rate policies? How vulnerable is your economy to a significant appreciation or depreciation of the currency?
32. What is the situation of foreign exchange reserves? Are there any targets for the size of these? How are the reserves managed?
33. How has the gross external debt stock developed? Please indicate the main sources of growth and its structural elements (e.g. maturity, creditor, currency composition etc.)? What will the past debt accumulation mean in terms of medium- and long-term growth of amortisation? How has the servicing of the external debt been managed?

## **ECONOMIC POLICY**

### ***A. Country alignment***

34. How is the policy coordination, in particular in the fiscal and monetary policy areas, governed by your legislation?
35. Please provide an overview of the current and foreseen measures/policy instruments/structures/mechanisms to ensure the coordination of the economic policies within your country as well as with other EU Member States, in line with the renewed Lisbon Strategy for Growth and Jobs.
36. Which legal acts may contain provisions that are non-compliant with the *acquis*?
37. How does your country participate in the pre-accession economic policy surveillance?
38. Which are the general objectives taken into account into the preparation of the government's medium-term fiscal framework and budget law?

### ***B. Implementation capacity***

39. Does your country intend to align with the ESA 95 methodology for the purpose of statistical reporting to the EU?
40. How does your country assess the conditions for long-term macroeconomic stability? How does this interact with promoting integration and convergence with the EU?
41. As regards Articles 100 and 119 of the EC Treaty, what does your country's legislation state in the field of international treaties regulating the receipt of foreign assistance? Under which conditions is financial assistance from abroad allowed?

### ***C. Compliance with Treaty provisions***

42. How do you assess compliance by your country with the Treaty as it states that Member States should join with a derogation for introducing the Euro? (see table in Annex)
43. Which reforms may be needed in order to comply with the relevant Treaty provisions and a possible timetable for adoption?

Annex: List of issues to verify based on the Treaty provisions:

Rights and obligations	Article of TEC
Legal convergence	
Free movement of capital	56
Prohibition of direct financing of the public sector	101
Prohibition of privileged access	102
Independence of the Central Bank	108 + 7 of Prot ESCB/ECB
Legal convergence sensu stricto	109
Economic Policy	
Basic objectives	98
Co-ordination of economic policies	99§1
Broad economic policy guidelines, surveillance...	99§2-5
Participation in Council-ECB consultations	113
Participation in the Economic and Financial Committee	114§2-4
Fiscal discipline	
Prohibition of excessive government deficits	104§1-8, 10, 12,13
Stability and growth pact	104§1-8, 10, 12, 13 - Resolution of the European Council on the Stability and Growth Pact, Amsterdam, 17 June 1997
Nominal convergence	121§1
Financial and balance of payment assistance	100§2 119
Protective measures- BOP crisis	120
Monetary Policy	
Participation of National Central Banks (NCB) in the European System of Central Banks (ESCB)	1 of Prot (ESCB/ECB Protocol)
Participation in General Council of ECB	45 of Prot

Exchange rate policy	
Treatment of exchange rate policy as a matter of common interest	124
Participation in an exchange rate arrangement with participating countries	124, 121§1, 119§2

## Chapter 18: Statistics

The *acquis* in statistics consists almost exclusively of legislation which is directly applicable in the Member States such as European Parliament and Council Regulations and Commission Decisions or Regulations. The statistical *acquis* contains also a wide range of methodological handbooks and manuals in the various statistical domains such as agriculture, economic and monetary policy, demographic and social statistics and research. International agreements provide a further base for the statistical production.

The “Statistical Requirements Compendium” constitutes a comprehensive list of all Community legislation, gentlemen’s agreements, as well as the related methodological material with which Member States must comply in the field of statistics. The 2009 version of the Compendium will constitute the basis on which you should build your reply to this part of the questionnaire ([http://epp.eurostat.ec.europa.eu/portal/page/portal/candidate\\_and\\_potential\\_candidate\\_countries/publications/methodologies\\_working\\_papers](http://epp.eurostat.ec.europa.eu/portal/page/portal/candidate_and_potential_candidate_countries/publications/methodologies_working_papers)).

The Commission statistical work programme for 2009 (Annex 1) as well as the Community Statistical Programme 2008-12 (Annex 2) constitute a valuable source to verify the way in which the *acquis communautaire* develops.

1. Statistics might be collected by other institutional actors than the National Statistical Institute. In order to provide an overall picture of the system of official statistics, please give a description of the institutional arrangements concerning data collection, production and dissemination of official statistics in your country. This should include a listing of the specific responsibilities of the various actors.
2. Please describe the organisational structure, staffing levels and the level of independence of the National Statistical Institute. How have these issues developed in recent years, and what plans are there for the future? Can the Government influence the (choice of) data published by the National Statistical Institute? Please refer especially to measures aiming to increase the professional independence of the Institute.
3. Please describe the compliance of the statistical system of your country with the requirements as stated in the latest version of the Compendium, especially as concerns:
  - a) the current situation;
  - b) steps being taken to comply with the requirements (legislative and other measures to be taken, such as the implementation of the European Statistics Code of Practice, deadlines to achieve compliance);
  - c) major obstacles to be solved before being fully compliant.

This description should be provided for the following main areas:

- I. Statistical infrastructure
- II. Classifications and registers
- III. Sector statistics

- a) Demographic and social statistics;
- b) Macroeconomic statistics;
- c) Business statistics;
- d) Statistics on agriculture, forestry and fisheries;
- e) Multi-domain statistics.

## **ANNEXES**

### **Annex I**

Statistical work programme of the Commission for 2009

[http://epp.eurostat.ec.europa.eu/portal/pls/portal/!PORTAL.wwpob\\_page.show?\\_docname=982227.PDF](http://epp.eurostat.ec.europa.eu/portal/pls/portal/!PORTAL.wwpob_page.show?_docname=982227.PDF)

### **Annex II**

Decision No 1578/2007/EC of the European Parliament and of the Council of 11 December 2007 on the Community Statistical Programme 2008 to 2012 (OJ L 344, 28.12.2007, p. 15)

## **Chapter 19: Social policy and employment**

### *Introduction*

On the basis of article 137 of the Treaty establishing the European Community, the Community supports and complements the activities of the Member States in the area of social policy.

The *acquis* in the social field includes minimum standards in areas such as labour law, equal treatment of women and men in employment and social security, as well as health and safety at work. The EEA, particularly in its Annex XVIII, has laid down specific obligations related to the *acquis* in the social field.

Specific binding rules have also been developed with respect to non-discrimination on grounds of racial or ethnic origin, religion or belief, disability, age or sexual orientation.

The European Social Fund (ESF) is the main financial tool through which the EU supports the implementation of its Employment Strategy and contributes to social inclusion efforts (implementation rules are covered under Chapter 22 “Regional policy and coordination of structural instruments” which deals with all structural instruments).

The Member States participate in EU policy processes in the areas of employment policy, social inclusion and social protection. The social partners from the member states participate in social dialogue at European level

In the field of disability, the EU has adopted a strategy aimed at mainstreaming disability issues into relevant Community policies and at acting to enhance the integration of people with disabilities.

International agreements, such as the relevant ILO Conventions or the UN Convention on the Rights of People with Disabilities, need to be taken into consideration in this context.

In relation to chapter 23 “Judiciary and Fundamental Rights”, it should be noted that disability issues and trade union rights are covered by chapter 19 only. As regards anti-discrimination and equal opportunities, chapter 19 focuses essentially on employment aspects, whereas chapter 23 covers cultural and minority rights as well as violence against women.

*The Agreement on the European Economic Area already lays down specific obligations in areas covered by this Chapter. When answering the questions below, please make reference to the state of implementation of such obligations.*

### **I. LABOUR LAW**

The EEA, particularly in Article 68 of the agreement and in its Annex XVIII, lays down specific obligations in the area of labour law.

#### **A. The Legal and Institutional Framework**

Labour Law Directives (Please refer, in this regard, to DG EMPL's website<sup>27</sup>)

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<sup>27</sup> <http://ec.europa.eu/social/main.jsp?catId=157&langId=en>

1. Could you please present an overview of the legal framework regarding Labour Law in Iceland?
2. Is all relevant legislation under the EEA obligations transposed? If not, please specify. Please provide respective Concordance tables. If not, please specify.
3. Have you been granted any derogations / adaptations? Could you please specify?
4. Have you experienced any difficulties when implementing the EEA obligations? Have there been any infringement cases? Please specify, if any.
5. Could you please present an overview of administrative capacity in this field? Which Ministry/ organisation is responsible? Which other administrative bodies are involved? Could you inform about staff numbers and responsibility levels?

*The legal framework*

6. Does your labour law contain a definition of:
  - a) employed worker (employee)?
  - b) self-employed worker (self-employed person)?
  - c) civil servant/official?
  - d) labour contract and status?
  - e) employer?
7. Does your labour law apply to other categories of employees, apart from persons in paid employment?
8. Are workers in the public and private sectors treated differently?
9. Which aspects are covered by the Labour Code (i.e. primary legislation passed by Parliament) and which aspects are dealt with by ministerial regulatory action?
10. What are the main sources of law: international, constitutional, legislation, regulation, collective agreements, custom/conventions, case law?
11. Is there a hierarchy of norms in respect of these sources of law?
12. Does the system provide for collective labour agreements to be extended to all workers in the sector and territory concerned (e.g. at regional or national level)?
13. At what levels are collective agreements generally concluded (national, industry-wide, company, plant)?
14. Does your country's legal system apply a "concessionary" principle whereby a norm lower down the legal hierarchy may modify the content of a higher-ranking norm provided that the effect is favourable to workers?
15. Does your labour law contain provisions on the protection of workers' personal data?

### *The institutional framework*

16. In what way does the State intervene in social matters (e.g. procedure for drawing up norms; government institutions responsible; administrative institutions responsible for applying norms)?
17. Could you please present an overview of administrative capacity in this field ? Which Ministry/ organisation is responsible? Which other administrative bodies are involved ? Could you inform about staff numbers and responsibility levels ?
18. Which court or courts are competent to deal with industrial disputes?
19. Is there a labour inspectorate responsible for the monitoring of working conditions? Could you inform about staff numbers and organisation?

## **B. Employment and Employment Protection**

### *Recruitment*

20. Are employers free to take on whatever workers they wish? Are there specific anti-discrimination provisions (racial ethnic origin, religion or belief, disability, age or sexual orientation)?
21. Does the State hold a monopoly over placement services for certain workers?
22. Has provision been made for protecting workers' private data?
23. Is temporary agency work regulated in your country? Please specify the relevant provisions.

### *Employment protection*

24. Does the legal system make provision for a system of compensation where a labour contract is suspended for economic reasons (e.g. supply difficulties)?
25. Does the legal system include certain rights (material or procedural in terms of information and consultation) with regard to collective redundancies?
26. Does the legal system include rights in respect of individual redundancy/dismissal?
27. Does the legal system provide for unemployment benefit? Is such provision made in the labour law or in the social security law?

## **C. Conditions of Work and Pay**

### *Conditions of work*

28. What penalties can employers impose in cases of non-performance of work?
29. Does the legal system give workers certain basic rights, such as human dignity at work?

30. What are the different ways of organising working time (e.g. annualisation; flexitime; overtime, etc.)?
31. Do social partners have a role to play in implementing the various forms of organising working time?
32. Is on call-time counted as working time? Is it counted against rest periods?
33. Is there any opt-out of maximum weekly working time through consent of the individual worker?
34. What protection is there in the event of major change in working conditions?

#### *Pay*

35. Is there a guaranteed minimum level of pay? Is this a statutory minimum or is it subject to collective agreement? How is pay determined? What are the relevant criteria?
36. In what way is the payment of wages and salaries guaranteed?
37. Do workers enjoy a general privilege over the employers' goods and assets for payment of wages and salaries?
38. Are there schemes for worker participation in profits, shareholding, etc.?

#### ***D. Industrial Disputes***

39. Is there a special court to deal with disputes under collective agreements?
40. Is there a right to strike?
41. How is the right to strike regulated?
42. What restrictions are there on the right to strike in the private and public sectors?
43. Are lockouts allowed?
44. How are lockouts regulated?
45. Are there special methods for dealing with industrial disputes, e.g. conciliation, mediation and arbitration?

## **II. HEALTH AND SAFETY AT WORK**

The EEA, particularly in Article 66 and 67 of the agreement and in its Annex XVIII, lays down already specific obligations in the area of Health and safety at work which cover the EU acquis in this area.

### **A. The Legal and Institutional Framework**

46. Could you please present an overview of the legal framework regarding Health and safety at Work in Iceland? Please give also a general overview on the national policies and strategies in the field of health and safety at work, and its implementation.

47. Is all relevant legislation under the EEA obligations transposed? If not, please specify. Please provide respective Concordance tables.
48. Have you been granted any derogations / adaptations? Could you please specify?
49. Have you experienced any difficulties when implementing the EEA obligations? Please specify, if any. Have there been any infringement cases?
50. Could you please present an overview of administrative capacity in this field? Which Ministry/ organisation is responsible? Which other administrative bodies are involved? Could you inform about staff numbers and responsibility levels?
51. Framework Directive (89/391/EEC)

#### Law enforcement (Article 4)

- i) What is the system of monitoring and control of health and safety at work matters? Is there a single body responsible for the inspection of labour, or are various bodies responsible for different areas?
- ii) In case there are different bodies responsible for controlling and supervising implementation of legislation on safety and health at work, how are their activities coordinated? In special cases, do they hold joint inspections? What are the main problems in coordinating the various bodies involved? What is the number of labour inspectors responsible for the surveillance of health and safety at work matters and what is the approximate number of employees in Iceland?
- iii) As regards the powers the labour inspectors have to ensure that legislative measures are being applied: Can they apply legal penalties? If so, what kind (monetary and/or criminal and/or administrative)? Do they have discretionary power? How many injunctions are issued? When the inspectors detect a problem, how far do they pursue the matter? Do they send a letter? Does the undertaking respond? How do they follow up? What percentage of detected infringements leads to legal action being taken? What is done with the money from fines? Is some or all of this money allocated to a fund for health and safety at work?
- iv) How do you ensure that the labour inspectors are independent of the undertakings and organisations they inspect? Are the inspectors assigned to the same workplaces (i.e. must they inspect the same undertaking each year)?
- v) What rules govern the composition of the inspection team (are there one, two or more inspectors)? Are special cases provided for?
- vi) As regards work-related accidents: How are they declared to the Labour Inspectorate? Is the information centralised? How do you assess non-declaration? How does the system of insurance for work-related accidents function?
- vii) What do you consider to be the most serious problems in the field of inspection (e.g. lack of resources, lack of money for missions, weak penalties)?

## **B. Effective implementation of related *acquis communautaire***

Certain Community Directives in the area concerned require employers to take specific preventative and protective measures, to make available to workers specific work equipment to ensure workers' protection and to make substantial changes in workplaces (that includes requirements laid down, for instance, in Directive 89/655/EEC concerning the minimum health and safety requirements for the use of work equipment by workers at work, Directive 98/24/EC on the protection of health and safety of workers from the risks related to chemical agents at work, Directive 2003/10/EC on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (noise), Directive 2003/18/EC amending Council Directive 83/477/EEC on the protection of workers from the risks related to exposure to asbestos at work, Directive 2006/25/EC on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (artificial optical radiation) and others).

52. As putting into place these measures entails certain financial costs, national authorities are invited to comment on the issue whether an impact assessment was carried out (or is planned to be carried out) as regards socio-economic implications of the implementation of the Community Directives and whether there are measures envisaged to assist employers in order to ensure effective implementation of the Directives concerned.

## **III. SOCIAL DIALOGUE**

In the framework of the EEA, a Consultative Committee of the European Free Trade Association (EFTA) has been established and can serve as a link to social partners in the EU.

53. Please describe the activities and the organisational framework of the Consultative Committee, and its cooperation with EU bodies and social partners.
54. What are the social dialogue mechanisms in your country? What is their legal basis?
55. What are the trade unions and employers' organisations recognised at national level and/or at regional and/or branch levels? Please provide a list with their names, dates of creation and coverage
56. Please provide information concerning the criteria for establishing social partner organisation (criteria set out by law, code of labour, etc)?

### **A. Tripartite social dialogue**

57. Is there an inter-professional tripartite social dialogue established and how is it functioning?
58. What are the trade unions and employer organisations that participate in this tripartite process, and what are the main criteria for their participation?
59. What are the main areas covered by tripartite consultations?
60. Have there been tripartite national agreements concluded over the past few years?

61. Do they represent an important feature of labour and social regulation in the country?
62. Are there any plans to modify or develop tripartite bodies in the future?

### **B. Bipartite social dialogue**

63. Please assess the state of development of autonomous bipartite social dialogue. Please describe the way the social partners are structured at the intermediary levels of collective bargaining (sectoral and branch levels).
64. At what levels are collective agreements signed mostly? Please supply information about the coverage by collective agreements? Have there been important strikes demonstrations/ conflicts in recent years? Please describe shortly the reasons/issues.

### **C. Public sector**

65. What is the state of social dialogue in public administration and state enterprises?
66. Are collective agreements signed in sectors such as education, health etc.?
67. What are the rules governing the unionisation in the public sector/ for civil servants. Please describe any limitations.

### **D. Enterprise level**

68. Is there collective bargaining or involvement of workers at enterprise level?
69. What forms of workers' participation have been developed at enterprise level (participation in decision-making, information/consultation, financial participation etc.)?

## **IV. EMPLOYMENT POLICY AND EUROPEAN SOCIAL FUND**

The EEA, particularly in Article 15 of Protocol 31 to the EEA Agreement, already covers the area of employment.

Reference should be made to the state of play and implementation of those cooperation activities mentioned in the Protocol (please note: EURES activities shall not reported here but in the questionnaire on Chapter 2)

### **A. Employment Policy**

70. Please describe Iceland's current activities and lessons learnt as regards preparation for the European Employment Strategy, in the framework of the going coordination between EEA EFTA experts and EU Member state experts.
71. What is the labour market situation in your country and the main issues/challenges? Please provide also a sector specific analysis including aspects of mobility and aspects of in- and out migration.

72. What is the estimated effect of the global financial crisis on Iceland's Labour market? Please describe the relevant recovery measures if any.
73. Please describe the institutional framework for employment policies in your country (main policy documents, main objectives of employment policies/strategies).
74. Does a public employment service (employment office) exist? If yes, what is its legal status and how is it organised? What are the main tasks/functions of the public employment service? What is its relationship with the Ministry of Labour? What are its resources and its staff?
75. Please describe the implementation of employment programmes and measures: legislative framework, responsible bodies, ways of financing, monitoring, follow-up etc.
76. How do labour market policy delivery systems function? What are the registration rates of the unemployed? What is the registration share of men and women? What is the role of the official information services? What are the active labour market measures in place? What is the share of unemployed addressed by these measures? How is your active labour market policy funded?

## **B. European Social Fund (ESF)**

77. Do you have a Social Fund equivalent or similar to the European Social Fund (ESF)?
78. What is the administrative set-up for dealing with this policy?
  - a) Ministries, administrations involved;
  - b) Inter-ministerial co-ordination;
  - c) Vocational education and training systems;
  - d) Public employment services;
  - e) Co-ordination with European Employment Service (EES) and social inclusion process;
  - f) Participation of other authorities/partners (partnership)?
79. How is the programming capacity conceived?
  - a) Establishment of development plans and programming documents;
  - b) Implications of structural funds principles: additionality, partnership, co-financing?
80. How is the implementing capacity conceived?
  - a) Preparation, selection, appraisal;
  - b) Financial procedures;
  - c) Monitoring;

- d) Evaluation;
- e) Audit and financial control?

81. How do you intend to prepare for future ESF implementation? Do you intend to apply for pre-accession assistance?

## V. SOCIAL INCLUSION

### A. General

The EEA, particularly in Article 5 of Protocol 31 to the EEA Agreement (Social Policy), provides for cooperation on social inclusion.

- Please provide an overview of Iceland's participation in relevant Community activities such as Community Programmes and Action Plans. Please summarise activities, results and lessons learned.

#### *Evaluation of current data situation and structures*

- 82. Is there an official national definition of absolute and/or relative poverty and/or social exclusion? What is the national absolute/relative poverty line? How is it defined? Which equivalence scale is used?
- 83. Provide data on the following indicators – where possible: 2009 social inclusion indicators of the Social Protection Committee of the European Union: [http://ec.europa.eu/employment\\_social/spsi/common\\_indicators\\_en.htm](http://ec.europa.eu/employment_social/spsi/common_indicators_en.htm)) and explain the source for the income data and the methodology used where appropriate.
- 84. In how far do you consider these indicators to be relevant for the description of the current and future situation of poverty and social exclusion in your country?
- 85. Is income or/and expenditure used for measuring monetary poverty?
- 86. In addition, what would you consider as the most meaningful and/or in the public debate most frequently used:
  - a) non-monetary indicators for poverty and social exclusion;
  - b) administrative data sources.
- 87. Identify vulnerable groups for your country and present data/estimates about their size (e.g. disabled, unemployed, those in the informal sector/subsistence agriculture, ethnic/cultural communities (please specify), families, children and young people, women, elderly, single parent families etc.) and describe the underlying processes that cause vulnerability. What are the policy responses with regard to the individual groups?
- 88. Social Cohesion: Please describe social exclusion in terms of urban/rural and of regional factors. Describe the regional distribution of ethnic/cultural communities, if any.
- 89. Describe the organisational structure of institutions involved in these policies, the role of social service providers, NGOs, advocacy groups, the co-ordination among the

institutions and the coverage of their activities. Which are the financing authorities and mechanisms?

*Evaluation of future challenges / financial and economic crisis*

90. What are the main challenges for combating poverty and for promoting social inclusion in your society? How do you assess the impact of the financial and economic crisis on the vulnerable groups?
91. Are there any expected impacts of reforms in other areas of social protection (pension, health, employment) on social exclusion and poverty? Are there any plans to e.g. extend coverage or reduce the benefit level of the social protection system?

**B. People with disabilities**

The EEA, particularly in Article 5 of Protocol 31 to the EEA Agreement (Social Policy), provides for cooperation on fields related to people with disabilities.

- Please provide an overview of Iceland's participation in relevant Community activities such as Community Programmes and Action Plans. Please summarise activities, results and lessons learned.

*Institutional and operational aspects*

92. Has your government adopted any national policy document containing main principles of national disability policy? Is there any corresponding Action Plan (stating out how the actions described in the policy document will be implemented)? Is there a specific coordination body overseeing the implementation of the national disability policy?
93. Have the EU Disability Action Plan been taken into account when drafting and designing the national disability policy? If yes, can you highlight any concrete measures where the EU Disability Action Plan has been of help or inspired policy makers to develop certain actions?
94. Please describe Iceland's state of play concerning the UN Convention on the Rights of Persons with Disabilities regarding its (a) ratification and (b) implementation.
95. Does your national disability policy operate on the basis of the mainstreaming concept? If yes, can you give any examples of where and how the mainstreaming approach was used and worked successfully? How do you ensure the application and implementation of the mainstreaming concept across various policy areas?
96. Do you have some kind of regional bodies dealing with disability (regional disability councils) or are disability issues administered and dealt with only at national, centralized level?
97. In most EU member states, national disability councils (comprising NGOs, organisations representing disabled persons, disability experts, civil servants and other stakeholders) have been established. Have similar bodies been established in your state? If yes, are these bodies actively involved in the decision making process related to disabled people? If no, does the government in your country have any plans to contribute to the creation of such bodies?

### *Legislation*

98. Is the protection of disabled persons as a specific segment of vulnerable population provided for in the constitution or does a specific “disability law” exist in your legislation? Does the Labour Law in your country explicitly prohibit discrimination in hiring and employment on the basis disability?
99. Variations in terminology and definitions of disability used in different sectors of law and policy can lead to inconsistent application of the law and sometimes even result in denial of benefits. To what extent do you consider the definitions you use in your legislation uniform and coherent? Could you briefly describe the different definitions of disability legislation in your country operates with?

### *Data and statistics*

100. The lack of reliable statistical information is a serious obstacle to effective policy-making in the disability area. Has a centralised data collections system, containing the relevant data, been developed in your country? Which are the main sources of disability related information and how do you ensure that the collection of these sensitive data is not violating the provisions on personal data security?

### *Pensions and Benefits*

101. In most of the EU countries, social protection available to people with disabilities includes right to health and pension insurance, the right to employment and occupational rehabilitation, child allowances and social welfare rights. Could you briefly describe which different forms of social protection are available for disabled persons in your country?
102. Social benefit system can sometimes have de-motivating effects in the sense that a disabled person who is able to work still chooses to go on social benefits instead of working. Different means can be applied to boost the efficiency of the system and to prevent a situation like this. Could you briefly describe what measures you have taken in order to increase flexibility of the system and stimulate disabled person capable of working to take up work?

### *Employment and Education*

103. Describe shortly the different means by which you promote active participation and inclusion of people with disabilities in the labour market? To what extent is the quota system applied and which are the other incentives and measures aimed at encouraging disabled persons entry into the labour market?
104. Describe shortly the system of vocational training available to disabled persons. How do you ensure that the training is adjusted to the needs of the market?
105. Transition period between the school and the first job pose a challenge and is crucial in ensuring successful integration of disabled persons into the labour market. Do you have any specific programmes in place targeting this challenge? Does some kind of follow-up guidance programme for the vocational training of the graduates exist?

106. Has a legal basis for supported employment been established in your country? Describe briefly the supported employment services system.

*De-institutionalisation and independent living*

107. To what extent is de-institutionalisation considered to be a priority for your government? Which measures aimed at promoting de-institutionalisation and community-based alternatives have been carried out?
108. Does your government currently carry out any form of training for independent living programmes?

## **VI. SOCIAL PROTECTION**

### **A. Main influencing factors for social protection**

109. Please provide the following main economic and financial indicators (if available, according to Eurostat methodology):
- a) GDP: absolute in EURO; growth rate; GDP per head in PPS;
  - b) Social expenditure as percentage of GDP;
  - c) Social expenditure as percentage of state budget;
  - d) Concise analysis of relative and absolute data and their development (time span covered should be 10 years).
110. Please provide the following main demographic indicators: female/male:
- a) population: absolute (Eurostat);
  - b) age structure: proportion of the population aged less than 15 years; proportion of the population aged more than 60 years; demographic dependency ratio, net population increase;
  - c) fertility: birth rate per 1000 inhabitants, fertility rate, net reproduction rate;
  - d) life expectancy at birth, at age 40 and 60;
  - e) migration: emigration and immigration: main trends, main developments in absolute figures, percentages of population, age groups, regions and ethnic groups.
111. Please provide the following main social indicators:
- a) unemployment rate; vulnerable groups affected by unemployment (youth, women, disabled etc.) male/female;
  - b) employment and labour market developments: employment rate of women; employment rate of older workers (55+); highlight regional and sectoral differences and significances;

- c) income distribution (which indicators; poverty: poverty lines, definitions, percentage of population affected by poverty, highlight vulnerable groups);
- d) family structure: main trends, number of children per family; age of mother; divorce rate; percentage of one-parent families; percentage of single households.

112. How does the described background affect social protection?

- a) What future developments are expected?
- b) Which are the economic forecasts for the next 2-3 years?
- c) Are there any demographic projections? For which period? How is the old-age dependency ratio (population aged 65+ over population aged 15-64) expected to evolve over the coming decades?
- d) Are there any forecasts for labour market developments?
- e) Outline the general trends and influences of economic, demographic and social developments on the social protection system of your country.

## **B. Overview of the social protection system**

113. Please provide information on the general philosophy and the main principles and mechanisms of the social protection system: is the system employment-centred or citizen-centred? What are the main distributional effects of the system? Who is included/ excluded?

114. Please provide the following specific information (please refer to MISSOC as a model):

- a) Organisational chart of the social protection system (involved ministries, statutory insurances etc.); discussion of the chart: main institutional responsibilities for the fields of social protection (legislation and administration);
- b) Centralisation/De-centralisation: Description of the main institutional levels in the social protection system, role of employers and employees, role of NGOs;
- c) Supervision structures.

115. Please provide information on financing of social protection:

- a) Main financing sources of social protection (taxes, contributions, state subsidies) and institutions involved (State, parafisci, regional authorities, NGOs, private households etc.);
- b) Main financing principles for the fields of social protection (pay-as-you-go, funded financing);
- c) Financial administration of social protection: contribution rates, contribution base and tax base; is there an upper (lower) ceiling?

116. Please provide an overview of allowances: benefits and services provided by social protection (coverage, qualifying conditions, level of benefits, length of provision, taxation of benefits)
- a) health care;
  - b) sickness;
  - c) maternity;
  - d) invalidity;
  - e) old-age;
  - f) survivors;
  - g) employment injuries and occupational diseases;
  - h) family benefits;
  - i) unemployment;
  - j) minimum resources/social assistance;
  - k) long-term care;
  - l) disability;
  - m) housing.
117. How are the various benefits and allowances delivered to the beneficiaries? How is the accessibility and efficiency of the system ensured?
118. Who is in charge of collecting and processing social data? Are there any specialised social research institutes?

### **C. Pensions**

#### *Evaluation of the current system*

119. What is the public-private mix in your country? What role do mandatory, occupational and individual pension schemes play for income security in old age (different pillars of the systems)? Is there a universal system for the whole population? Are there any statistics on the composition of income in old age (social transfers, family support, labour income, additional private income)?
120. Describe the level and structure of benefits: the replacement rate, the pension distribution, adjustment and indexing of pensions and the issue of poverty among pensioners. Do you think that the pension system is adequate with regard to income security in old age, the intergenerational distribution and the reduction of poverty in old age?
121. Describe current problems of financing the pension system in your country.

122. What are the economic incentives set by the pension system with regard to labour market participation, employment policies? Are there any other incentives (e.g. support for employers hiring older workers)?
123. Are there certain groups excluded from the system (coverage)? Is there a possibility of 'opting out'? If so, are there any problems caused by the exclusion of certain groups? Do you consider the system as equitable with regard to gender equality and other groups of the population?
124. Does the public consider your system as transparent and administratively effective? Does the system meet general acceptance in the population?

*Evaluation of future challenges*

125. Assess the financial sustainability of the system (of each pillar) with regard to demographic, economic and social changes.
126. Are there pension finance projections for the future? Which future developments are indicated?
127. What are the main challenges for the old-age security of your country in the future?

*Evaluation of recent and planned reforms*

128. Describe recent major reforms which have been implemented. What were the main objectives of the reforms?
129. Describe the discussion and status of planned reforms. What are the main political positions? What is the expected impact of these reforms?
130. Provide an analysis of current trends in pension policy and an assessment whether in your view these reforms (recent and planned) will cope with future challenges.

## **VII. ANTI-DISCRIMINATION AND EQUAL OPPORTUNITIES**

### **A. Anti-discrimination**

The EU acquired important new competences in 1999 to combat discrimination on grounds of racial and ethnic origin, religion or belief, age, disability and sexual orientation. These competences are set out in Article 13 of the Treaty establishing the European Community, as amended by the Amsterdam Treaty.

On that basis, the Council adopted two Directives in 2000:

Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin. This Directive covers direct and indirect discrimination in the fields of employment, education, social protection (including social security and health care), social advantages, goods and services (including housing).

Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation. This Directive covers employment discrimination

on the grounds of religion or belief, age, disability and sexual orientation. It includes specific requirements on reasonable accommodation for disabled persons.

The EU has also established an action programme to combat discrimination to support the transposition of the Directives and to promote a range of non-legislative activities (research, networking and awareness-raising).

Against this background the following questions are relevant:

The EEA, particularly in Article 5 of Protocol 31 to the EEA Agreement (Social Policy), provides for cooperation in the field of anti-discrimination.

131. Please provide an overview of Iceland's participation in relevant Community activities such as Community Programmes and Action Plans. Please summarise activities, results and lessons learned.
132. Which is (are) the government department(s) responsible for measures to combat discrimination on the grounds outlined above?
133. What kind of legislative and non-legislative measures exist in your country to tackle discrimination?
134. What kind of judicial remedies exist in case of discrimination in the fields of employment, education, health care, social security, housing and access to goods and services? To what courts or other tribunals could victims of discrimination take their cases?
135. Are there specific legal provisions prohibiting discrimination and providing for remedies? Does such legislation define various types of discrimination (direct, indirect, harassment and instructions to discriminate)?
136. What sanctions and remedies can be applied in discrimination cases?
137. What bodies (such as "equality bodies") exist to promote the fight against racial discrimination (and discrimination on other grounds)? What are their powers?
138. What NGOs exist to promote the fight against discrimination? How are they involved in concrete actions, including policy-making and the defence of discrimination cases in the courts?

## **B. Equal treatment of women and men**

Equal opportunities (Directives 75/117, 76/207, 2002/73, 86/613, 86/378, 92/85, 96/34, 96/97, 97/80 and 2004/113)

The EEA, particularly in Article 69 of the agreement and its Annex XVIII, lays down specific obligations in the area of gender equality.

139. Could you please present an overview of the legal framework regarding Equal treatment of women and men in Iceland? If not, please specify. Please provide respective concordance tables.
140. Is all relevant legislation under the EEA obligations transposed? If not, please specify.

141. Have you been granted any derogations / adaptations ? Could you please specify?
142. Have you experienced any difficulties when implementing the EEA obligations? Please specify, if any. Have there been any infringement cases?
143. Could you please present an overview of your country's administrative capacity in this field? Which Ministry/ organisation is responsible? Which other administrative bodies are involved ? Could you provide information about staff numbers and responsibility levels?
144. Please provide information on:
  - a) the activity rates of women and men;
  - b) the employment rates of women and men;
  - c) the unemployment rates of women and men;
  - d) part time work for women and men;
  - e) educational attainment of women and men (upper secondary school, 20-24);
  - f) share of members of national Parliaments (women and men);
  - g) share of senior ministers of national government (women and men)
145. Do pay gaps exist between women and men? How is the gender pay gap defined and measured?
146. What measures are put in place to encourage the reconciliation between professional and private/family life?
147. What measures are put in place to encourage a balanced participation of women and men in economic and political decision-making?
148. Are there any legal provisions in place covering occupational social security schemes? If so, do such schemes already exist in your country?
149. Are there any restrictions based on gender, concerning access to goods and services available to the public, offered outside private and family life?
150. Is gender used as an actuarial factor for insurance products?
151. Are health insurance premiums for women higher than for men and are pregnancy and maternity related costs taken into account for the purpose of calculating premiums?

*Equality of treatment in social security*

152. Is there a general social security scheme covering the working population in your country? Does it contain differences in the pensionable age for men and women, or in the survivor pension benefits available to men and women? (These may be permitted under the derogations contained in Directive 79/7/EEC.)

153. If there is a general social security scheme, does it also apply to civil servants, including the police and armed forces? Is there any specific scheme for civil servants, or are there within the general scheme specific rules for civil servants? Does it contain differences in the pensionable age for men and women, or in the survivor pension benefits available to men and women?

## **Chapter 20: Enterprise and industrial policy**

The acquis under the enterprise and industrial policy chapter consists largely of **policy principles** and policy recommendations which are reflected in communications, recommendations, and Council conclusions. These are also subject of consultation forums and exchange of good practice measures. Enterprise and industrial policy comprises **policy instruments**, including financial support and regulatory measures, as well as **sectoral policies**, including recommendations for more targeted enterprise policy review/analysis and consultations. Overall, EU enterprise and industrial policy is strongly driven by the renewed Lisbon strategy for growth and jobs.

By establishing general **policy principles**, EU enterprise and industrial policy seeks to promote the formulation of competitiveness enhancing enterprise policies and industrial strategies. These are geared towards speeding up structural adjustments, encouraging an environment favourable to business creation, domestic and inward foreign investments, promoting the development of small and medium-sized enterprises (SME), entrepreneurship and innovation. The Small Business Act, adopted in June 2008 containing a set of joint principles and concrete actions to support SMEs, provides the framework for EU SME policy together with a common SME definition.

Enterprise and industrial **policy instruments** comprise Community programmes to provide financial support for competitiveness (including improved access to finance), innovation and information society (notably through the Competitiveness and Innovation Programme (CIP) for 2007-2013). It also includes Directive 2000/35/EC combating late payment in commercial transactions, as well as the Commission proposal for its recast (COM (2009) 126 final).

Through its enterprise and industrial **sectoral policies**, the EU promotes a more targeted analysis of the competitiveness of specific sectors and the launch of specific initiatives such as the creation of high-level groups, policy forums, studies and expert panels in certain sectors as well as networking initiatives.

The implementation of enterprise and industrial policy requires adequate administrative capacity at the national, regional and local level, including efficient consultation and **cooperation mechanisms for a quality and effective policy formulation and implementation.**

### **I. ENTERPRISE AND INDUSTRIAL POLICY PRINCIPLES**

#### ***Industrial Policies and Competitiveness***

##### **Benchmarking/Scoreboard**

1. Please provide an overview and analysis of the economic situation of your country and more specifically of industry and industrial sector. When providing economic data, please indicate as far as possible not only the most recent available figures, but also past and future trends (the last three years and projections for the next three to five years) in respect of each question. **Please refer to Annex 1** for a more detailed set of questions on presenting the situation of industry and industrial sectors.

2. If an industrial/competitiveness policy is in place, please describe its main features and priorities. How are these priorities made consistent with the overall economic policy? Does the industrial policy take into account the necessity to create an attractive operating environment for business and investors; to promote the development of adequate professional skills, the creation of an integrated innovation system and the development of clusters? How is competitiveness addressed?
3. Is there an industrial/competitiveness framework policy paper/strategy/action plan that defines the government's approach to industrial development and restructuring (including privatisation aspects) and improving competitiveness (if it is not the case, which documents can be considered reference documents for understanding the government's policy in the industrial sector and on competitiveness (policy analysis, strategies, action plans, regulations)? Specify the status of this (these) document(s). How it is based on the analysis of the country's competitive advantages, market imperfections/failures; when and for what reasons state intervention is foreseen; how the interface is articulated with other government policies such as competition, education and research, employment, and regional policies; whether interested parties (business operators, academic and research institutions, intermediary agencies) have been involved in the design of the strategy. How much is Industrial Policy a political priority for your Government?
4. Who is involved in design and implementation of industrial/competitiveness policy (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)? Which are the main tools/instruments, programmes, finance for industrial/competitiveness policy? Which institutions are responsible for policy implementation, in particular in the areas of privatisation, restructuring, export promotion, investment promotion, innovation and training? What are their main functions, organisation, staffing levels and annual budget? How is co-ordination between the various institutions arranged? How are industrialists consulted on policy? How are responsibilities divided between the central government and local government and the implementing agencies?
5. Which professional organisations exist and how are the interests of industry represented in these organisations? What co-operation exists between these organisations and government policy makers?
6. How are requirements of sustainable development incorporated in the design and implementation of industrial policy? Do you have any other more horizontal policy measures to take into account the climate change challenge?
7. What are the specific measures implemented to promote investment, and in particular to attract foreign direct investment? Do you have studies showing the opportunities (niches) for your manufacturing sectors on the EU and global market?
8. Has the government supported the creation of free zones and industrial parks or similar initiatives? If so, how can their operation be assessed so far? Are the relevant contractual agreements consistent with EU regulations?
9. Are you carrying out or commissioning studies on the competitive position of your economy and/or main industrial sectors and are results of recent studies available?

10. Please inform about what is foreseen for the future and what is in the pipeline (plans, blue prints, timetables).

### ***Privatisation and Restructuring***

11. What is the main driving force behind industrial restructuring? Privatisation? Foreign Direct Investment? Development of competitive companies?
12. Are there adequate bankruptcy legislation and effective enforcement procedures in place to allow for the closing of non-viable enterprises?

### ***Enterprise and SMEs***

#### **Policies**

13. Please provide us with the official definition(s) currently applied in your country for SMEs.
14. What is the share of micro (up to 10 employees), small (up to 50) and medium-sized companies (up to 250 employees) in the national economy in terms of GDP, employment and export?
15. Is there a framework policy paper that defines/includes the government's approach and policy towards enterprises/SMEs? Specify the status of this document and provide the key elements of the government's SME policy. If it is not the case, which documents can be considered reference documents for understanding the government's policy in the enterprise/SME sector?
16. Has the government developed a specific SME development strategy/action plan? Please describe its status, period and main points of action. Please provide an overview of basic SME policy documents (policy analysis, strategies, action plans, regulations)
17. Who is involved in design an implementation of SME Policy (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)?
18. Which are the main tools/instruments, programmes, finance of SME Policy? Please estimate the amount of funding made available for SMEs through the national government and other donors (EU, international/bilateral donors).
19. Has an evaluation of SME Policy taken place – if so provide the main findings. Are evaluations planned?
20. Please provide information about what is foreseen for the future regarding SME Policy and what is in the pipeline (plans, blue prints, timetables).
21. Is there a specific legal framework for cooperatives, mutualities and foundations? Please explain.

### ***Business Environment***

Creating an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded:

22. Is entrepreneurship in any way taught as a skill in the formal (primary, secondary, university) education or vocational training system? Where appropriate, please indicate whether these are compulsory or optional subjects in the curriculum.
23. Regarding university level education on entrepreneurship in your country: are there any specific academic titles on entrepreneurship, i.e. can an entrepreneurship degree be obtained as the ultimate objective of the course in question?
24. Outside of the remit of formal education and training, are there any other initiatives to stimulate entrepreneurship (using media, events, local partners, significant initiatives of companies themselves etc.) including female entrepreneurship, support to immigrants who wish to become entrepreneurs and support for business transfers?
25. Please describe your business incubators strategy and progress achieved so far.

*Ensuring that honest entrepreneurs who have faced bankruptcy get a second chance:*

26. Are there any measures that discriminate against entrepreneurs who have undergone bankruptcy in a previous venture? In which areas (access to public procurement, access to public funds, access to public support programmes)?
27. Do prohibitions or limitations apply to bankrupt entrepreneurs after the bankruptcy procedure has been finalised? Which ones and for how long?
28. Are there any policies in place to promote a fresh start for non-fraudulent entrepreneurs who have gone bankrupt?
29. Is there any target time to complete all legal procedures to wind up the business in the case of a non-fraudulent bankruptcy? What is the average time of discharge? Is it a complete or a partial discharge?

*Designing rules according to the think small first principle and simplifying the regulatory environment:*

30. Have the effects of your country's legislation on the business environment, in particular for small enterprises, been evaluated? If not, are you considering launching such evaluation? If yes, please provide an overview of the main findings and subsequent action taken by the government.
31. What procedures are in place to assess the impact of new legislation on business?
32. What measures has your government taken in order to adopt user-friendly administrative documents?
33. Are there any rules in place, which allow for SMEs to be exempted from certain regulatory obligations? Is your government considering any measures to allow for such exemption?
34. How many organisations representing SMEs exist at national level? List the main organisations and provide information on their coverage (specific sectors or types of companies, specific purpose of the organisation) and indicate how representative they are (membership as percentage of total number of companies)? Are they established throughout the whole territory?

35. Is their participation in the policy-making process established? Is it formalised by law or any other means? Please mention a practice in this area (e.g. quote a consultative body/advisory council, etc).

*Making public administrations responsive to SME needs, notably by promoting e-Government and one-stop-shop solutions:*

36. Please make your best assessment of the total number of procedures and minimum time and costs (in euro) required to effectively register a new company and fulfil all formal requirements to effectively start a business. Please distinguish between registration in the narrow sense and other formal procedures and licensing/permits. Describe which administrations are responsible for the different steps, both at central and local level.
37. Can all or part of the process be undertaken through a single one stop shop? Please specify which steps have been unified and can be made through a single one stop shop.
38. Can all or part of the process be undertaken through on-line procedures? Please specify which steps, if any, can be made through direct on-line procedures.
39. Is there obligatory membership of Chambers of Commerce in your country? If yes, what is the membership fee?
40. Are there any policies in place to reduce the obligation of micro-businesses to participate in statistical surveys?
41. Please describe very briefly which (if any) measures your country has introduced to ensure the effective survival of start-ups. Where these have had measurable results, please provide data.

*Adapting public policy tools to suit SME needs including through facilitating SMEs participation in public procurement and by ensuring that SMEs can make better use of state aids:*

42. Are there any initiatives in place to promote the access of SMEs to public procurement procedures?
43. Are there any provisions in the state aid policy targeted at SMEs?

*Facilitating SMEs access to finance:*

44. How would you assess the situation in your country in relation to SMEs' access to finance through banks and other financial institutions such as venture capital funds, especially in the light of the crisis of 2008-2009?
45. Is the financial sector seen as open and responsive to the needs of SMEs in your country? Are banks ready to respond to the needs of small employers without excessive collateral or guarantees? Which kind of collaterals do domestic banks accept to extend a loan to an SME and to what extent can intellectual property be used? What is the usual amount of data requested by banks in order to extend a loan to an SME? What are the average costs and how long does it take to prepare the requested documentation?

46. How easily are small loans (microcredits) currently available for businesses and people wanting to set up a business?
47. Are there publicly financed SME funding programmes? If yes, please mention the most relevant programmes and the results obtained.
48. If such a programme does exist, are there plans for a loan guarantee programme for SMEs?
49. To what extent are other sources of finance (equity investment by venture capital funds or, business angels, etc.) being used and publicly promoted in your country? Please mention any good practice in this area, including the most relevant results obtained.

*Market access for SMEs:*

50. Are there any measures in place to promote SMEs use of and involvement in development of standards?
51. Are there any advisory services to SMEs to support themselves against unfair commercial practices?

*Promotion of upgrading of skills and of innovation:*

52. Are there any programmes aiming at the promotion of technology dissemination towards small enterprises? How would you assess the impact of these programmes?
53. What initiatives have been taken to promote technology transfer from research institutes to SMEs?
54. How would you assess progress in enhancing inter-firm co-operation and clustering? Which significant initiatives have been or will be introduced in this field?
55. Please describe measures, if any, to ensure the availability of education/training systems or initiatives to supply skills specifically in demand with SMEs
56. Are there any initiatives to develop SMEs' competences in research and development such as simplified access to public research infrastructure, use of R&D services, recruitment of skilled employees and training?

*Turning environmental challenges into opportunities:*

57. Please describe measures, if any, to provide incentives for eco-efficient business and products for SMEs.

*Supporting SMEs to access foreign markets:*

58. Please describe which measures, if any, are in place or to be introduced, to enhance the access and opportunities of SMEs on foreign markets, particularly the EU Internal Market.

***Innovation Policy***

59. Has the government prepared specific strategies in the area of innovation, research & development? Please describe the quality of Innovation policy design and the policy delivering, by providing and explaining:

- Basic policy documents (policy analysis, strategies, action plans, regulations)
  - Who is involved (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)?
  - Which are the main tools/instruments, programmes, finance?
60. Inform about what is foreseen for the future and what is in the pipeline (plans, blue prints, timetables)

## **II. ENTERPRISE AND INDUSTRIAL POLICY INSTRUMENTS**

### *Participation in Community programmes*

61. Brief description of participation in the Competitiveness Innovation Programme (CIP) for SME: participants, experiences/results (as applicable).

## **III. SECTOR POLICIES (see also Annex 1 TO BE REPLIED ONLY AS APPLICABLE AND RELEVANT))**

62. Is the government implementing sector specific development support programmes? What types of actions are implemented? How are they financed? Is the form of support implemented by the government compatible with EU state aid rules?
63. Please provide a description of the quality of sector policy design and the sector policy delivery, by providing and explaining:
- Basic policy documents (policy analysis, strategies, action plans, regulations)
  - Who is involved (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)?
  - Which are the main tools/instruments, programmes, finance?
64. Inform about what is foreseen for the future and what is in the pipeline (plans, blue prints, timetables) in terms of sector specific development support programmes
65. Please describe current policy and implementation as regards the privatisation of large industrial enterprises for the main industrial sectors of your economy. Are there any plans for re-nationalisation of large industrial enterprises? If yes, which ones? What are the government medium term objectives in these cases?
66. Has the government prepared sector-specific restructuring packages? If this is the case: Is enterprise viability the guiding principle behind the restructuring programmes or are there other objectives in terms of e.g. employment targets? How are these programmes financed? Is the support from the state compatible with EU state aid rules?

67. What progress has been made in implementing the policy? Is policy implementation monitored in an open and transparent manner?

## **Annex 1: Detailed questions on industry and main industrial (sub-)sectors (TO BE REPLIED AS APPLICABLE/RELEVANT)**

The structure is as follows:

Section I – General questions requesting macro-economic data on industry.

Section II – A list of industrial sectors and sub-sectors (A to K) is provided. Please provide the data listed (letters A to I) for all of these (sub-)sectors.

Section III – Supplementary questions. Please provide answers to the supplementary questions about the relevant (sub-)sectors.

Please refer to and answer questions on sectors and sub-sectors as relevant.

### **Section I GENERAL QUESTIONS ABOUT INDUSTRY**

As and where appropriate, your replies should be in both absolute and relative (percentages) figures.

68. Importance of industry to the economy
  - a) Contribution to gross national product (GNP)
  - b) Breakdown between manufacturing and services in relation to GNP
  - c) Contribution to GNP, by size of enterprise<sup>28</sup>, and by public and private sector
69. Number and structures of enterprises
  - a) Total number of enterprises in the manufacturing and services sectors
  - b) Number of enterprises per size category
  - c) Number of enterprises created (if available with a breakdown by size)
  - d) Number of enterprises closed down (if available with a breakdown by size)
  - e) Breakdown between public and private sectors
  - f) Number of joint ventures with enterprises from the EU and with the rest of the world

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<sup>28</sup> For the sake of uniformity, please follow the size criteria used in the EU:

- large enterprises: over 250 employees

- medium-sized enterprises: between 50 and 250 employees

- small enterprises: fewer than 50 employees (if necessary a further category may be distinguished: micro-enterprises: fewer than 10 employees).

70. Jobs
- a) Total number of jobs in industry and the totals for the manufacturing sector and for the service sector
  - b) Number of jobs by size of enterprise
  - c) Number of jobs created in industry and by the manufacturing sector and services sector, by size of enterprise if possible
71. Investment, privatisation and research and development (R&D)
- a) Total investment, and investment by the manufacturing sector and the services sector
  - b) Foreign direct investment, on an annual basis and total. To the extent possible, distinguish between greenfield investment, privatisation-led investment (brown-field), real estate investment and inter-company debt operations.
  - c) Origin of EU investment and that of principal non-EU countries
  - d) Market shares in relation to size of enterprises
  - e) Shares of total exports relative to size of enterprises
  - f) Industrial R&D expenditure broken down into government financed expenditure (not including military programmes), industry financed and financed from abroad
72. Chief manufacturing sectors
- Give a brief description of the chief sectors in terms of their contribution to GNP, employment, investment, the domestic market and exports. If possible, provide a breakdown by size of enterprise in each of the sectors considered.

## **Section II    INDUSTRIAL SECTORS AND SUB-SECTORS**

Raw materials, non-ferrous metals, ferro-alloys, cement, glass, ceramics, paper and wood, publishing industry

73. Iron and steel:
- a) basic iron and steel effective production and potential production
  - b) processed products, of which tubes
  - c) iron ore
  - d) ferro-alloys
74. Non-ferrous metals - Aluminium
75. Non-energy extractive industries (metallic and non-metallic, minerals broken down by mineral type)

- a) iron ore
- 76. Ceramics
- 77. Forest-based industries:
  - a) manufacture of wood products except furniture, of which: sawmilling, manufacture of veneer sheets, manufactures of builders' carpentry and joinery, others
  - b) manufacture of pulp
  - c) manufacture of paper and paper board
  - d) manufacture of paper and paper board products
  - e) printing
- 78. Glass and glassware
- 79. Cement

*Chemicals and rubber*

- 80. Chemicals:
  - a) inorganic chemicals
  - b) petrochemicals and other organic chemicals
  - c) fertilisers
  - d) soap and detergents
  - e) cosmetics, perfume or scent and toilet waters
  - f) plastics
  - g) pesticides and biocides
  - h) paints and varnishes
- 81. Rubber: tyres and general rubber goods

*Mechanical and electrical engineering and consumer electronics*

- 82. Electrical and electronic equipment
- 83. Mechanical engineering:
  - a) Manufacture of fabricated metal products, except machinery and equipment
  - b) Manufacture of machinery and equipment not elsewhere classified
  - c) Manufacture of electrical machinery and apparatus not elsewhere classified
- 84. Industrial motors

*Information technology industries*

- 85. Computer and office equipment
- 86. Telecommunications equipment
- 87. Consumer electronics
- 88. Components including microelectronics
- 89. Software

*Medical devices, including active medical devices and in vitro devices*

*Pressure equipment and measuring instruments*

- 90. Pressure equipment: equipment operating under pressure (tanks, reservoirs, containers, industrial pipe-work, boilers, pressure vessels, safety devices operating under pressure):
  - a) Pressure equipment Directive (PED)
  - b) Simple pressure vessels (SPVD)
- 91. Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels
- 92. Legal metrology
  - a) Measuring instruments Directive (MID)
  - b) Non-automatic weight instruments (NAWI)

*Construction and construction products*

- 93. Manufacture of construction products
- 94. Execution of civil engineering works
- 95. Execution of building and housing works

*Transport equipment industries*

- 96. Automobile products:
  - a) passenger cars
  - b) light commercial vehicles (up to 5 t gross vehicle weight)
  - c) buses and coaches
  - d) trucks
  - e) powered two- and three-wheelers
  - f) trailers and semi-trailers

- g) parts and components
- h) wheeled or track laying agricultural and forestry tractors
- i) trailers and interchangeable towed machinery for agricultural and forestry tractors
- j) systems, components and separate technical units for agricultural and forestry tractors

97. Rail and other guided transport vehicles

98. Shipbuilding and ship repair

*Food products*

99. Food sector

- a) food sector as a whole
- b) non-alcoholic beverages - soft drinks and mineral water
- c) malting and brewing malting industries
- d) spirituous beverages
- e) sugar confectionery and chocolate products
- f) biscuit, bakers' and pastry products
- g) pasta
- h) ice cream
- i) other food products
- j) tobacco products

*Textiles and clothing, leather, footwear, furniture, toys*

100. Textiles and clothing:

- a) textiles: Please specify main activities (including knitwear)
- b) clothing industry

101. Leather and leather products

102. Footwear

103. Furniture

104. Toys

*Pharmaceutical products*

105. Medicinal products for human use

106. Veterinary medicinal products

*Defence products*

107. Land sector

108. Naval sector

109. Air sector

*Tourism*

110. Tourism

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***Data to be provided for all the above listed sectors and sub-sectors (if applicable/relevant)***

***A. Production and Consumption***

*a) Installed production capacity and its utilisation rate*

*b) Present production (by volume and by value)*

*c) Domestic demand, present and forecast (for the next three years)*

*d) National self-supply ratio*

*(production – exports)*

*(production + imports - exports)*

***B. Trade***

*a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin*

*b) Exports (by volume and by value) to the EU and other countries of destination*

*c) Exports/production and imports/production ratios*

***C. Structural features***

*a) Turnover and gross value added (GVA), percentage of industry total*

*b) Number of enterprises*

*c) Number of jobs, percentage of total of jobs in industry*

*d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use*

*e) Foreign capital and technology*

*f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?*

*g) Production and marketing monopolies*

*h) Productivity per employee and per hour worked*

*i) Wage and salary costs and costs of materials in the industry*

*D. Sector-specific standards and technical regulations, including sector-related requirements for environmental protection*

*E. Incentives*

*a) For investment*

*b) For exports*

*c) Other*

*F. Rules on foreign investment*

*a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation*

*b) Guarantees*

*G. Trading system*

*a) Non-tariff measures affecting imports and exports, such as licences and quotas*

*H. Likely developments, and time-scale*

*a) Investment envisaged (public sector, private sector, foreign)*

*b) Present or envisaged restructuring or modernisation plans*

*I. Approximation of national legislation to Community legislation*

*a) List of measures, either planned or already adopted*

*b) Timetable*

### **Section III SUPPLEMENTARY QUESTIONS (as relevant)**

111. Supplementary questions on the chemical industry:

a) What are the regulations governing the placing on the market of detergents?

b) What are the regulations on fertilisers?

- c) Is there production or industrial use of drug precursors? What is the law on the manufacture and marketing of drug precursors?
  - d) Is there production or industrial use of civil explosives? What are the regulations relating to the certification and transfer of explosives for civil use?
  - e) Is there production of pyrotechnic articles? What is the law on the manufacture and marketing of pyrotechnic articles?
112. Supplementary questions on construction: Is there a strategy and a plan for integrating the EN Eurocodes as national standards (EN1990 – EN1999), including the definition of the Nationally Determined Parameters (NDPs)?
113. Supplementary questions on motor cars (automobiles):
- a) Production, registration, imports
    - i) Present production, by vehicle category and make in units;
    - ii) For passenger cars, total number of registered vehicles and breakdown by make and model;
    - iii) Main countries of origin of vehicle imports, by vehicle category, in units;
    - iv) Non- tariff measures affecting imports and vehicle registration, such as licences and quotas, for both new and used vehicles.
  - b) Technical requirements for new vehicles
    - i) Describe the present type-approval system, both for the decision making of the regulations and for its application. For the registration of new vehicles the technical requirements are established by what kinds of legislation (law, regulations) and at national or other level (local, regional....)?
    - ii) Number of type-approvals granted in 2008, by vehicle type;
    - iii) Explain the staffing levels for ensuring the application of the type-approval legislation; how it is ensured that it will have the necessary human resources to cope with the future implementation of the EC acquis?
114. Approximation of national legislation to Community type-approval legislation (as last amended)
- a) List of measures, either planned or already adopted for the alignment with Community type-approval legislation;
  - b) Timetable for future alignment. By when could Iceland be in full alignment with the EU acquis on motor vehicle type-approval, as last amended?
  - c) Does Iceland anticipate any problem for reaching this full alignment above?
  - d) Is there nationwide in Iceland sufficient availability of fuel of the right quality to meet EC emissions standards for motor vehicles?

- e) With regard to the UNECE 1958 Agreement, does Iceland intend to become a Party to this Agreement? If so, by when? Does Iceland intend to accede to any Regulation to which EU Member States have not acceded? If so, which ones?
115. Supplementary question on taxation in the road transport sector: what are your road and registration taxes by category of vehicle?
116. Supplementary questions on the food industry:
- a) Please provide data on the agricultural raw materials used by the industry and intermediate products not covered by Annex 1 to the EC Treaty, broken down by product (type of product, quantities, prices, etc.).
- b) What are your quality requirements for agricultural raw materials used by the cereals, sugar, dairy and egg industries to manufacture food products? Please provide a comparison with Community requirements and information on any harmonisation measures carried out. Which institution performs controls and is there a control schedule?
- c) What are the measures that affect the prices of raw materials, especially agricultural policy measures? Also mention any compensatory measures for food products (production and export refunds).
117. Supplementary question on clothing: Please distinguish between domestic production and OPT (subcontracted) production of clothing products.
118. Supplementary questions on forest-based industries:
- a) What is the total forest area in millions of hectares and as a percentage of the total land territory of the country?
- b) What is the forest ownership structure? Distinguish between natural persons, other private ownership, state forests, national parks, local authorities, other public ownership.
- c) What is the round wood production (also as a percentage of annual forest growth)? coniferous, non-coniferous?
119. Supplementary questions on pharmaceuticals:
- a) What is the regulatory framework for marketing authorisation and for clinical trials of medicinal products?
- b) What is the regulatory framework for pricing and reimbursement of medicinal products?
- c) To what extent, if at all, does the assessment of relative effectiveness of medicines (i.e. clinical and cost comparison with existing medicines on the market) play a part in the national health schemes?
- d) What government, or government-funded, schemes exist to give information to patients/citizens about medicines?
120. Supplementary questions on aerospace industry:

a) Could you describe possible already existing participation / cooperation of companies / associations / Ministries with the EU aerospace industry (e.g. participation in EU R&D programmes, possible link of national industry association to European association etc? Which of the issues raised in LeaderSHIP 2015 do concern you and how do you intend to deal with the recommendations made?

121. Supplementary questions on tourism:

a) Please describe briefly the government's current strategy on tourism. Is there a formal document (law or action plan) which forms the basis of this strategy?

b) What are the main priorities with regard to tourism development?

c) Are there reliable instruments for monitoring the tourism structure, tourism flows and the performance of tourism business?

d) What is the place of tourism in the context of general economic development plans and in the reform of the administrative and legal framework

122. Supplementary questions on forestry and its industrial sectors:

a) Do you have legislation concerning forestry and its industrial sectors in different fields such as wood procurement conditions, mandatory standards, trade constrains, etc.?

b) Do you have studies or policy guidelines by sector on the economic and juridical structure of forestry and its sectors?

## **Chapter 21: Trans-European networks**

The European Union policy concerning Trans-European Networks for transport (TEN-T) and energy (TEN-E) is based on three cornerstones: the legal basis for TENs, Articles 154-156 of the EC Treaty, the regulation on TEN financial support (Reg. 2236/95) and the guidelines Decisions for TEN-T (1692/96) and for TEN-E (1364/2006). This framework sets out the objectives of Community policy for the trans-European network policy which encompasses the transport, energy and telecommunication networks and aims at adapting and developing networks and ensuring their interconnections and interoperability.

As far as **transport networks** are concerned, the trans-European network contributes to a sustainable and multimodal development of transport and to the elimination of bottlenecks. In this regard, transport networks play a significant role in ensuring a sustainable mobility, combining Europe's competitiveness with the welfare of its citizens while securing the transports of good and passengers in Europe.

Given the level of investments needed to complete and increase the trans-European networks and bearing in mind the estimated growth in traffic between Member States, expected to double by 2020, a list of priority trans-national projects has been defined at the European level.

Trans-European **energy networks** cover the transport and storage facilities of gas as well as the electricity transmission and make a significant contribution to the electricity and gas market. TEN-E respond to the growing importance for securing and diversifying the Community's energy supplies, incorporating the energy networks of the Member States and candidate countries, and ensuring the coordinated operation of the energy networks in the Community and in neighbouring countries. The security of energy supply and the functioning of the internal energy market are key policy goals. This is mirrored in the Trans-European Energy guidelines of 2006 aiming at the installation of an electricity and gas network.

Trans-European **telecommunication networks** mainly refer to the development of networks and deployment of related services in the framework of specific Community programmes. The ICT Policy Support Programme (or ICT PSP) aims at stimulating innovation and competitiveness through the wider uptake and best use of ICT by citizens, governments and businesses. The programme builds on the aims of the previous e-TEN, Modinis and e-Content programmes and will support the aims of the new integrated strategy i2010 – European Information Society 2010.

### **I. TRANSPORT NETWORKS**

#### **A. Transport infrastructure**

##### *Maps of the national network*

1. Please provide maps of the national long distance transport network (road, rail, combined transport, ports and airports). The long distance network will be identified on the basis of the criteria laid down in the draft Community Guidelines for the development of the Trans-European Transport Network (see Decision n° 1692/96 on Ten-T guidelines).

### *Public expenditure and investments*

2. Please provide data on public expenditure and investments by completing the tables in Annex 2.

### *Legal framework*

3. What are the procedures applicable to the development of a transport infrastructure project? Are there differences according to the mode of transport concerned?
4. What is the project cycle? How are local and/or regional authorities associated with transport infrastructure projects?
5. Is there legislation on:
  - a) environmental impact assessment,
  - b) rules of competition,
  - c) public procurement?

### **B. Transport research**

6. Are there any research programmes on national transport operations?
7. Does research in the field of transport benefit from public and/or private funding, and if yes, what level of funding is allocated to transport related research?
8. What are the national priorities for transport related research?

### **C. Pipeline transportation**

9. Please provide a description of the national network, length and type of pipelines, quantities transported, capacities of existing installations, development policy, regional connections.
10. Is there a specific legal framework for pipeline transportation?
11. What environmental rules are applied?

## **II. ENERGY NETWORKS**

12. Please, provide information, also in the form of maps, on the current status and on the major needs for energy infrastructures in your country. What are the major gaps/concerns in terms of infrastructures to fulfil with the obligations of security of supply in the internal markets?
13. What are the planning and authorisation procedures applicable to the development of an energy infrastructure project?

14. The TEN-E policy is currently under revision. What are your expectations in the new TEN-E guidelines/regulation?

### **III. TELECOMMUNICATION NETWORKS**

15. Is there any intention of joining the ICT PSP specific programme of the CIP?
16. What are eventually your plans with respect to it?

ANNEX 2

Public budgets (Million €)

Transport Infrastructure Investments

MODES sections	Actual Expenditures													Estimate	Guess				
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Railways > = 160km/h links Upgrade new conventional links rehabilitation new ERTMS Combined transport																			
Roads Motorways Upgrade new national roads																			

access roads road TMS			
Inland waterways Upgrade/renew links New links Logistics/management			
Air transport Airports Phys. infrastructure Logistics/management ATM			
Multimodal transport Transport centres Logistics			
Border crossings Rail Logistics/management			
TOTAL phys. infrastructure Logistic/management			

## ***Chapter 22: Regional policy & coordination of structural instruments***

The *acquis* under this chapter consists mostly of framework and implementing regulations, which do not require transposition into national legislation. They define the rules for drawing up, approving and implementing Structural Funds (the European Regional Development fund and the European Social Fund) and Cohesion Fund<sup>29</sup> programmes reflecting each country's territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States.

A **legislative framework** has to be in place allowing for multi-annual programming at national and, where relevant<sup>30</sup>, regional level and budget flexibility, enabling co-financing capacity at national and sub-national (regional/local/municipal) level and ensuring sound and efficient financial control and audit of interventions. Member States must respect Community legislation in general, for example in the areas of public procurement, competition and environment, non-discrimination, equality between men and women, when selecting and implementing projects.

Member States must set up an **institutional framework**. This includes designating and establishing all structures at national and, where relevant, sub-national level required by the regulations as well as setting up an implementation system with a clear definition of tasks and responsibilities of the bodies involved. The institutional framework also requires establishing an efficient mechanism for inter-ministerial coordination as well as the involvement and consultation of a wide partnership of organisations in the preparations and implementation of programmes.

Adequate **administrative capacity** has to be ensured in all relevant structures. This includes recruiting and training qualified and experienced staff and establishing measures to retain such staff. In this context, Member States will need to make the necessary organisational arrangements, adapt procedures and organization charts and prepare accompanying documents..

The **programming** process covers the preparation of a National Strategic Reference Framework (NSRF) and a series of operational programmes (OP) including ex-ante evaluations. Member States have to organise broad partnerships for the preparation of programming documents. They have to ensure that a sufficient pipeline of projects is established allowing for a full financial implementation of programmes. Member States will also have to carry out specific information and publicity measures with regard to the Structural Funds.

Establishing a **monitoring and evaluation** system includes the set up of monitoring and evaluation structures and processes in different relevant bodies as well the installation of a

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<sup>29</sup> Member States eligible for funding from the Cohesion Fund shall be those whose per capita gross national income (GNI) is below 90% of the Community average (Article 5.2 of Regulation (EC) No.1083/2006 of 11 July 2006 – the General Structural Fund Regulation). It appears that Iceland would not qualify for the Cohesion Fund.

<sup>30</sup> For the Structural Funds the programming level does not go below NUTS 2 level for convergence objective and regional competitiveness and employment objective, and is at NUTS 3 level for the European territorial cooperation objective (article 35 of the Council Regulation (EC) 1083/2006)

comprehensive and computerised management information system (MIS) accessible and usable for all concerned bodies.

Member States must set up a specific framework for **financial management and control** including audit. This includes designating and establishing all structures required by the regulations as well as setting up an implementation system with a clear definition of tasks and responsibilities of the bodies involved.

## **I. LEGISLATIVE FRAMEWORK**

### **A. Regional development legislation**

1. Please provide a list of all legislation directly relevant to Regional Policy, including related to transport/TEN, environment, economic development, competitiveness, social policies or public procurement. How will the consistency between the national legislation and cohesion policy framework (Structural Funds/Cohesion Fund) be ensured?
2. Please answer the following questions about your legal set up relevant for regional development. If the answer is affirmative, indicate which law or Government decision is applicable:
  - a) Does your legislation specify one administrative unit or entity responsible for coordination at the national level? Which entity? What is its composition?
  - b) Does your legislation specify one unit, group or entity responsible for decision-making at the national level? Which entity?
  - c) Is it specified in your legislation which unit or group functions as the secretariat that prepares the decisions referred to in question b)?
  - d) Does your legislation specify other responsible administrative units?
  - e) Does your legislation specify decision-making procedures?
  - f) Does your legislation specify at the national level an administrative unit(s) or entity responsible for implementation/management and monitoring of programs/projects? Which? What is the composition of this/these unit(s)?
  - g) Does your country have any specific legislation to regulate domestic regional policy or is such a law planned?
  - h) Where relevant, does your legislation specify a decision-making group, council, unit or other entity at the regional level? Which?
    - Are the members of this entity specified in your legislation? Are they political appointees or technical, or both?
    - Is it specified in your legislation which unit or group functions as the secretariat that prepares these decisions?

i) Where relevant, does your legislation specify at the regional level an administrative unit(s) or entity responsible for implementation and monitoring of programs/projects? Which?

- Is this entity independent from the central level or from the decision-making entity? If no, in what way are they related?

3. Does your legislation specify a national budget for regional policy (including for transport/TEN, environment, economic development, competitiveness, innovation..) and/or for labour market policy? In what form and at what level?
4. Does your legislation specify a breakdown of the budget for regional policy and/or for labour market policy between the central level and other levels of government?

## **B. Compliance with Community policies**

5. What adaptations are necessary to your legislative framework to ensure compatibility of future operations to be financed by the Structural/Cohesion Funds with the following EU/Community policies and legislation:
  - a) Rules on competition (state aid);
  - b) Rules on the award of public contracts/public procurement;
  - c) Rules on the award of concession (and Public Private Partnership);
  - c) Rules on environmental protection and improvement (in particular environmental impact assessment, application of the polluter pays principle and definition of the Natura 2000 areas);
  - d) Rules on the elimination of inequalities on the basis of gender, race or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementing the Funds and on the promotion of equality between men and women and, in particular, access to them?

## **C. Budget planning and implementation mechanisms at national, regional and local level**

6. What adaptations are needed to your legislative framework to allow for multi-annual budget programming with a view to provide the national co-financing for the Structural and Cohesion Funds assistance?
7. Which implementation mechanisms exist or are planned at national, and, where relevant, at regional and local levels to ensure the proper functioning of the budgetary system?

## **D. Co-financing mechanisms at national, and sub-national level**

8. What provisions are foreseen in the national budget which allow to transfer budgets of national co-financing between programs, funds and years?

9. How will national co-financing (at central, and, where relevant at regional or local levels) in the framework of EU assistance be secured?
10. Are financial resources for future co-financing of EU programs and projects available (based on realistic economic forecasts)? If, yes, please specify.
11. Which are the regional and local, economic and social or other partners from whom national co-financing is expected? How will this national co-financing be secured?
12. How are sub-national authorities (including municipalities) financed? Do they have some autonomy for borrowing funds? What share of their budget comes from own fiscal resources/transfer from state budgets?
13. Which mechanisms are foreseen to take account and attract private co-financing? Is there a legal framework for Public-Private Partnership (PPP) or concessions?

#### **E. Specific financial control legal provisions**

14. What is the legal framework related to financial control and audit? Are all public bodies, at national or sub-national level, required to set up financial control and independent internal audit structures?
15. Are there legal requirement with regard to segregation of duties, in particular between payment and authorizing functions?

#### **F. Territorial organisation**

16. Please explain briefly the relevant territorial organization of your country. Are they ministerial/inter-ministerial deconcentrated structures?
17. What is the relevant territorial organisation/breakdown of your country and what are your plans to introduce a provisional NUTS classification?
18. How many regions are there in the existing regional breakdown which correspond to the future NUTS level 2?
19. How many regions are there in the existing regional breakdown which correspond to the future NUTS level 3?
20. If relevant, do any entities for regional development exist at the regional level at present (in particular at NUTs 2 level)? What competences and role?
21. What type of regions corresponds to the future NUTS level 2: political, administrative or other (define)?
22. What type of regions corresponds to the future NUTS level 3: political, administrative or other (define)?
23. Do you intend to create a NUTS 1 level statistical division of your territory according to EC Regulation 1059/2003?
24. At which future NUTS level are representatives elected?

- a) Do they play a role in the structures in place for local/regional development?
  - b) In what form?
25. Do regional and local governments/municipal governments have their own funding through local taxes?
26. Do regional and local governments/municipal governments have a role in:
- a) Preparing local development strategies and programmes;
  - b) Implementing development strategies and programmes;
  - c) Initiating and selecting projects in the context of public/government funded programmes;
  - d) Management and/or monitoring of projects;
  - e) Implementing national employment policies and adapting them to local needs;
  - f) Implementing social inclusion policies and adapting them to local needs?
27. What are the competences dedicated to sub-national authorities (transport, environment, education and training, economic development)?
28. Is there a legal framework allowing local authorities to set up inter municipal structures for general or specific issues (water or solid waste sector for example)?
29. Do you have local or regional employment offices in your country? Do local employment offices have a role in:
- a) Implementing national labour market policies;
  - b) Making use of active labour market policies to combat structural unemployment;
  - c) Management and/or monitoring of projects?
30. Is a process of decentralisation or de-concentration of the administrative and political structures in force or expected?

## **II. INSTITUTIONAL FRAMEWORK**

31. Please provide a description of the authorities responsible for the programming and implementation of EU and other assistance in your country. The description should also include an overview of tasks and responsibilities for each authority. Particular emphasis should be put on programmes/projects of socio-economic development, including transport and environment infrastructure, SME and regional development and human resources development measures, as well as territorial cooperation.
32. How is co-ordination between the authorities or bodies at the central level being assured (arrangements foreseen for ensuring inter-ministerial co-ordination)?

33. How is co-ordination between the central level and, where relevant, the regional/local level assured
  - a) Are there regular co-ordination meetings?
  - b) Who participates in these meetings?
  - c) How often are they organised?
34. Do the different line ministries benefit from sufficient autonomy for designing their investment strategies and related planning documents
35. What entity ensures the role of co-ordination and arbitration? (resources, political support). Which entity would have overall responsibility?
36. What is the role of the Ministry of Finance with regard to the coordination of other Ministries?
37. Does one ministry or other entity hold a central responsibility in the domain of State reform and Institutional capacity of public bodies?
38. How is partnership (stakeholder participation) organized in the preparation, financing, monitoring and evaluation of assistance?
39. What partnership structures: coherent, independent and representative network of civil society representatives, socio-economic partners?

### **III. ADMINISTRATIVE CAPACITY**

40. If relevant, what overall staff levels (also breakdown per organisation if available) are involved in programming and implementation of EU assistance in your country?
41. If relevant, has (is) training been (being) organised for staff in EU assistance programmes? What training plans for developing management capacity, project management, public procurement, evaluation capacity and financial management and control are envisaged?
42. Are there institutions responsible for the formation and continuous training of the civil servants? (at national and sub-national levels)?
43. Have the relevant organisations ever prepared human resources or organisational development strategies?
44. Recruitment: What are the recruitment procedures (efficiency and transparency)? Does the administration face difficulties in recruiting officials? Are there substantial differences related to working conditions between ministries hampering mobility?
45. Remuneration: is the level of remuneration in the public service competitive with the private sector in order to recruit skilled and stable staff? Are there extra wages remunerations? (bonuses)?

#### IV. PROGRAMMING

46. Do national planning documents and sector strategies, including for transport, environment, economic development or human resource development exist? If yes, for what period and what are its main features in terms of socio-economic analysis, strategy formulation and objectives, priorities of investment, concrete measures to be taken as well as implementation arrangements?
47. If no, do you envisage preparing such a plan and strategies and for what period?
48. Is there a linkage between these plans/strategies and the process of national investment and budget planning and, if yes, how is it ensured?
49. Which authority(ies) or body(ies) were/will be responsible for (or involved in) the preparation of these plans and strategies?
50. Which are the procedures in place or foreseen for preparing these plans and strategies and for ensuring inter-ministerial co-ordination as well as a wide and effective association of all the relevant partners (regional and local authorities, economic and social partners etc.)?
51. How will it be ensured that the basic principles of programming (decision-making on the basis of objective criteria) will be respected?
52. Which are the sectoral priorities in terms of national public or equivalent structural expenditure (covering areas such as basic infrastructure, human resources, productive environment etc.)? Please provide a detailed breakdown.
53. If relevant, have regional development and human resources development measures/projects under any EU assistance been programmed/prepared? What national authorities/institutions have taken part in the process and to what extent? Have local/regional level bodies taken part in the process or have they been consulted?
54. Are any preparatory measures envisaged to develop a project pipeline to ensure absorption Structural Funds/Cohesion Fund? If relevant, indicate,
  - when will the project pipeline be prepared (time plan)?
  - which bodies will be responsible for projects preparation?
  - which body will coordinate at national level preparation of project pipeline for Structural Funds/Cohesion Fund?
  - how the preparation of projects will be financed (sources of financing)?
55. If relevant, briefly describe any ongoing EU cooperation programmes in the field of Cohesion policy (2007-13 financial framework) in which your country participates (e.g. territorial cooperation).
56. List key projects which are currently undertaken to foster regional and human resources development and which would in principle be eligible for the regional competitiveness and employment and European territorial cooperation objectives of Structural Funds; if relevant, describe briefly

- their strategic justification, objective and planning process;
- the main bodies involved in planning, programming and implementation, including, where relevant, at regional/local/municipal level
- the financing mechanism.

## **V. MONITORING AND EVALUATION**

57. Are there entities with sufficient experience and capacity to perform monitoring and independent evaluations of public investment programs? Do they have experienced experts?
58. Is there a monitoring and evaluation system in place in your country to monitor the implementation of programs/projects which are co-financed by the EU? If this is the case, please describe this system (actors involved, allocation of tasks, key data/indicators, collection and transfer of data etc.).

## **VI. FINANCIAL MANAGEMENT AND CONTROL**

59. Which authority or body has overall responsibility for giving guidance or instructions on financial management?
60. Which are the provisions in place concerning the mobilisation and circulation of financial flows in the framework of EU assistance?
61. Which are the authorities or bodies through which financial flows are channelled (being part of the audit trail)? Please indicate which functions these authorities or bodies have.
62. In particular, which authorities or bodies would be responsible for verifying the correct implementation of operations, and for certifying the legality and regularity of expenditure to the Commission?
63. If applicable, please indicate which functions relating to the correct implementation of operation and to the certification of expenditure are delegated or partly delegated to other bodies to be identified.
64. If applicable, please specify how the concept of adequate separation of functions is applied in all implementation structures.
65. Are the authorities or bodies mentioned above subject to internal audit?
66. If applicable, which is the location of these internal audit units? Are these units functionally independent? How is this guaranteed? Also Q.11 Chapter 32
67. How much staff is available for internal audit? Also Q.18 Chapter 32
68. Are there at present any accounting arrangements for EU assistance? Which authority (authorities) or body (bodies) is (are) responsible?
69. Do procedures exist to manage irregularities at national and regional level (reporting / claiming system)? Also Q.22-24 Chapter 32

70. In case of irregularities, who will be informed first?
71. Are there procedures and responsibilities concerning the notification of irregularities to the Commission?
72. Is there a guarantee in the rules that at all times the Commission will be informed of irregularities?
73. Are there responsibilities for control and audit at national and regional level? If yes, please provide a description of the competent authorities.
74. What anti-fraud measures (responsibilities, procedures) are in place? Also Q.24 Chapter 32

## **VII. AVAILABILITY OF STATISTICS FOR THE IMPLEMENTATION OF THE STRUCTURAL FUNDS**

75. Please describe which socio-economic data/statistics are available at national and regional level.
76. Are these data/statistics harmonised at the European level (accepted and published by Eurostat)?
77. Are (harmonised) GDP data at PPP available on future NUTS level 2? (if yes, please provide these data)
78. Are (harmonised) GDP data at PPP available on future NUTS level 3? (if yes, please provide these data)
79. Are (harmonised) unemployment data available on future NUTS level 2? (if yes, please provide these data)
80. Are (harmonised) unemployment data available on future NUTS level 3? (if yes, please provide these data)

## **Chapter 23:      *Judiciary and fundamental rights***

According to Article 6 (1) of the EU Treaty, the Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law. These principles are common to the Member States and need to be complied with by candidate countries.

The rule of law principle and the right to a fair trial, as enshrined in Article 6 of the European Convention on Human Rights (ECHR) and Article 47 of the Charter of Fundamental Rights of the European Union, provide that the **judiciary** must be independent and impartial. The content of these notions has been clarified in the jurisprudence of the European Court of Human Rights (ECtHR), which is an accepted reference for the EU *acquis* under Article 6 (2) of the EU Treaty. In particular, Courts must be established by law; there shall be no discrimination in the appointment procedures of judges; the judiciary must not be influenced in its decision-making by either the executive or the legislature; judges must act impartially and be seen to do so; their conditions of tenure must be adequately ensured by law; the grounds for disciplinary action or removal from the post must be limited and laid down in the law.

Furthermore, it is a general principle of EU law that the judiciary must have sufficient means to work efficiently; judges are expected to respect high ethical standards in the performance of their duties in accordance with the law. The Council of Europe (COE) Committee of Ministers Recommendation N° R (94) 12 on the Independence, Efficiency and the Role of Judges provides further clarifications. Similarly, the European Guidelines on Ethics and Conduct for Public Prosecutors (the Budapest guidelines) offer useful guidelines about a common European standard in the field.

Article 29 of the EU Treaty mentions that preventing and combating **corruption** contributes to the establishment of an area of freedom, security and justice. The 1995 Convention on the Protection of the EC's Financial Interests and the 1997 Convention on the Fight against Corruption involving Officials of the EC or the Member States imply that "effective, proportionate and dissuasive" criminal law penalties are required to fight corruption. The Council Framework Decision on Combating Corruption in the Private Sector of 2003 defines active and passive corruption in the private sector as a criminal offence and prescribes the responsibility of legal persons for both active and passive corruption. Candidate countries are expected under the Communication from the Commission on a Comprehensive EU Policy against Corruption of 2003 to maintain strong political commitment at the highest level, develop and improve investigative tools and allocate more specialised staff to the fight against corruption, pursue training and specialisation, implement strategies and legislation in an effective manner and become fully aligned with the relevant international instruments.

According to Article 6 (2) of the EU Treaty and the case-law of the Court of Justice, the Union respects **fundamental rights**, as guaranteed by the ECHR and as they result from the constitutional traditions common to the Member States, as general principles of Community law. Thus, they are binding on the Union institutions in the exercise of their powers and on the Member States when they implement Community law (Article 51 of the Charter of Fundamental Rights of the EU). In the interpretation of fundamental rights, the Court of Justice has mainly drawn on the provisions of the ECHR and, occasionally, on several other international sources such as the UN International Covenant on Civil and Political Rights. In

its judgement of 27 June 2006 on the "family reunification" Directive<sup>31</sup>, the Court of Justice also relied on the Charter of Fundamental Rights of the EU in order to clarify the scope of the EU fundamental rights *acquis*.

The list of fundamental rights covers traditional civil rights, such as the right to life, the prohibition of torture and degrading treatment, the right to liberty and security of person imposing strict limits on pre-trial detention, the freedom of religion, freedom of speech and freedom of association and assembly. The Union also protects the fundamental right to privacy and guarantees the protection of personal data. Directive 95/46/EC of the European Parliament and of the Council on the Protection of Individuals with regard to the Processing of Personal Data and on the Free Movement of Such Data is the basic instrument at the EC level. This Directive gives substance to, and amplifies the principles of the protection of the rights and freedoms of individuals contained in other data protection agreements, in particular the COE Convention of 28 January 1981 for the Protection of Individuals with regard to Automatic Processing of Personal Data and its Additional Protocol 181. It provides for the free movement of such data within the EU/EEA for both the public and the private sectors under certain conditions such as legitimacy, good data quality, and observance of the principles of finality and proportionality.

The EU's human rights list also contains a number of guarantees to secure equality. There is a general prohibition of discrimination on a variety of grounds; equality between men and women must be ensured; cultural, religious and linguistic diversity is to be respected. Furthermore, the rights of the child need special protection; the contents of these rights may be drawn from the UN Convention on the Rights of the Child ratified by all Member States. Children have, in particular, the right to survival; development; protection from harmful influences, abuse and exploitation; and full participation in family, cultural and social life. Moreover, the EU Framework Decision on Combating the Sexual Exploitation of Children and Child Pornography of 2003 calls upon Member States to ensure that in their legal systems certain conduct is punishable; relevant sanctions need to be effective, proportionate and dissuasive.

According to Article 21 of the Charter of Fundamental Rights of the EU, members of national minorities shall not be discriminated against. Article 1 of the Framework Convention for the Protection of National Minorities confirms that human rights include minority rights. The latter include the right to non-discrimination of a person belonging to a national minority; the freedom of association, to assembly, of expression; the freedom of religion; the right to use one's language; and the effective participation in public affairs. Measures against racism and xenophobia cover areas such as anti-Semitism, Islamophobia, anti-gypsism. The importance of preventing and combating these phenomena is stressed in Article 29 of the EU Treaty. The Council adopted, in 1996, a Joint Action to combat racism and xenophobia.

Finally, the Union *acquis* in the field of fundamental rights contains a number of important judicial guarantees. Everybody has the right to a fair trial and the right to an effective remedy. Legal aid should be given if the person charged does not have sufficient means; this initially concerned criminal cases but has been extended, under certain conditions, to civil ones when the interest of justice so requires. Furthermore, the principles of legality and proportionality of criminal offences and penalties need to be observed. The accused must also benefit from a presumption of innocence and enjoy defence rights.

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<sup>31</sup> Case C 540/03 *European Parliament v. Council of the EU*; judgement of 27 June 2006, recital n° 38.

The **EU citizens' rights** regard the right to vote and stand as a candidate in elections to the European Parliament and in municipal elections; the right to move and reside freely within the European Union; and diplomatic and consular protection.

## **I. JUDICIARY**

### *Independence*

1. How does legislation provide for the independence of the judiciary and the autonomy of prosecutors? Is independence of judges and autonomy of prosecutors guaranteed by the Constitution? How are the rights of the judiciary protected? Have there been any complaints about the independence of the judiciary and the autonomy of prosecutors? If so, how were they resolved?
2. Please describe the selection, promotion and disciplinary procedures of judges and prosecutors and indicate how they relate to the accountability and independence of the judiciary (autonomy in the case of prosecutors). Have there been any complaints about the procedures? If so, how were they resolved?
3. How is the principle of the natural judge covered in Iceland's legislation and how is it implemented in practice?
4. Human resources policy:
  - a) Describe the methods and criteria for the selection, appointment and promotion of candidates for judicial office. How are judges and prosecutors recruited (are there competitive and public exams; systematic interviewing of all candidates; comparison of CVs; etc.)?
  - b) Is the performance of holders of judicial office assessed? If yes, describe the body in charge as well as the relevant methods and criteria. What type of career system is established in Iceland (based on merit, seniority, mixed)?
  - c) Is the guaranteed tenure of office set out in legislation? Is there a mandatory legal retirement age?
  - d) If there is a probationary period for judges:
    - How long is it?
    - Is there a difference in the tasks of probationary period and life-appointed judges?
    - Do judges on a probationary period get specific training?
    - Are there objective and pre-determined procedures to evaluate the probationary period?
    - Is there an independent authority or judicial Council responsible for the evaluation of probation?
    - Are the decisions on probation subject to judicial or administrative scrutiny?

e) Is there a higher council of the judiciary? Is it competent also for prosecutors or is there a Prosecutorial Council? If so, describe their composition, role, premises and budget. How are members appointed? How long is their mandate? Can the mandate be renewed and who can renew it? What are their qualifications? Are the judicial council and prosecutorial council deciding on their respective procedural rules? How is accountability ensured? How is potential conflict of interest scrutinised and taken into account? Do ex-officio member of these councils have the right to vote? Are elected politicians part of the judicial council and/or the prosecutorial council and what are their roles and functions? Is the Minister of Justice a member of such Council/s? Has he/she the right to vote and if yes, in what cases?

f) Is there an Inspection Service for the judiciary? (What are the internal control mechanisms established?) If so, describe its composition, role, way of functioning, budget and number of cases it is dealing with. What are the possibilities of appeal against any disciplinary measures and who decides on them?

g) Is the selection of trainees objective and transparent?

5. Mobility of judges:

a) What procedure governs the allocation of judges to particular courts and regions?

b) Can judges be required to move between courts and regions? Who and how is the decision to move a judge made?

6. What are the measures in place ensuring internal independence of the judiciary? Are the ordinary courts independent from the Supreme Court? Is the Supreme Court or another high court prohibited from giving guidance, recommendations, explanations or supervision to ordinary courts? Do judicial leadership posts hold any evaluation, appraisal or disciplinary powers? If so what safeguards exist to prevent the undue influence of the internal judicial hierarchy?

7. Are the decisions of high courts easily accessible and in what way?

*Impartiality*

8. How does legislation provide for the impartiality of the judiciary?

9. Accountability and discipline:

a) Is there a code of ethics for members of the judiciary? If so, by whom has it been set up? What is its legal status? How is it being implemented?

b) Are judges irremovable from the start of their career? How is such irremovability implemented and respected?

10. What is the salary scale for judges and prosecutors? How does this compare with other professions ((high-ranking civil servants, attorneys, lawyers in private enterprises, etc.) and to the average income? How is the salary of judges and prosecutors set and adjusted in practice? Who is deciding about it?

11. What is the system for assignment (allocation) of cases? Are there any challenges to the practical implementation of the system?

12. What are the measures in place to prevent conflict of interest in judiciary? Who can decide on it? How is implementation ensured and what are the practical challenges in the implementation of these measures?
13. What are the measures to ensure freedom from undue external influence and how are they implemented in practice? Does the law provide sanctions against persons seeking to influence judges? Are judges only criminally liable for offences committed outside their judicial office? Is there a system of civil responsibility of judges for their decisions?
14. Have there been any allegations on corruption in the judiciary and, if so, are there any convictions in such cases?

*Professionalism/Competence*

15. Educational system:
  - a) Are internships for law graduates organised within the judiciary? If so, how is this done?
  - b) Is there a special school or institute for the education of judges and prosecutors? If so, give information on its programmes, staff, number of students etc.;
  - c) Is there any other form of pre-service training?
16. Training:
  - a) Please describe the training system for judges and public prosecutors. Is it compulsory? In the case where an initial training is an obligatory requirement for entering the career of a judge or prosecutor, what are the selection criteria for being admitted to such a training? If there is a requirement to have passed a final examination, how is such an examination organised?
  - b) Is there an independent national training centre for the judiciary and how is it established? What is its role? If there is more than one, is the training harmonised? How is the funding for the centre/centres and training ensured?
  - c) Which training facilities and training programmes exist? Do training programmes include both initial training and continuous training? Is the training compulsory? Please, give information on the length of the initial training and on the average time a judge, prosecutor and a court clerk spend annually on in-service training.
  - d) Please describe the training system for lawyers?
  - e) Is linguistic training an aspect of training of judges, public prosecutors or lawyers?
  - f) Are specific training courses organised for judges in new areas such as company law, cyber crime, financial crime, EU law, ECHR case-law, etc., but also on ethics in justice as well as on fundamental rights? Is there any continued training for judges?
  - g) How many and what types of specialised judges and prosecutors are there?

i) What percentage of judges, prosecutors and other staff in the judicial sector has received further training over the last 5 years (compared with the profession as a whole)?

17. Clerical staff: Please give further details on the training for clerks at courts and prosecutors' offices.

Do they receive particular initial and vocational training (on case management, IT, relations with the public etc.)? Which institution is in charge of offering this training?

*Efficiency*

18. What is the annual budget of the judiciary? Please provide a breakdown for the last five years. What is the procedure for deciding the budget? Who is managing the budget in judiciary?
19. What is the average duration of (a) a civil case and (b) a penal case? In case of delays in handling cases, which problems are they mainly linked with? (For example: complex summoning process, prolonged period for collection of evidence; police evidence not being accepted in courts; failure by witnesses to appear; failure by judicial experts to appear; workload associated with enterprise registration; workload associated with high number of appeals; absence of alternative dispute resolution mechanisms; complex case management; lack of technical equipment.);
20. Please provide statistics (separate figures for civil, criminal and administrative cases) on the number of pending cases over the last five years.
21. What is the rate of appeals compared with the number of first-instance decisions in civil and criminal matters? (please provide global breakdown of pending cases.) What is the rate of successful appeals compared to the total number of appeals?
22. Are there plans to reduce the backlog of cases? If so, please provide details.
23. What is the percentage of the civil cases where the executive authorities are asked to enforce the judgement/final decision? Give equivalent information about fines in penal cases (the percentage of the cases where the fine is enforced by the executive authorities out of the total number of cases where a fine is imposed) How much time elapses, on average, until the enforcement of judgements? Is there any plan to improve enforcement?
24. Please describe the procedure for executing civil judgements.
25. Equipment:
- a) Is there an IT supported case management system in the courts? Are systems and software compatible across the country? (The need to manage the computerisation on the national level calls for a central capacity to define needs, implement computerisation, including procurement of software and hardware, as well as to advise and help computerised courts.)
- b) Is there a Supreme Court database with case law accessible to courts, legal and judicial professions?

- c) Are databases of law enforcement agencies accessible by courts?
  - d) How is the penal register updated with information on new sentences in penal cases and on execution of imprisonment including conditional paroles?
26. General working conditions:
- a) Do judges and prosecutors have appropriate offices; computers, secretaries, law clerks?
  - b) Do judges and prosecutors have access to the archives and legal databases?
27. Clerical staff:
- a) Give the number of clerical staff. How does this compare with the number of judges and prosecutors? Who is responsible for deciding about the number of the clerical staff?
  - b) Do they have concrete job descriptions?
  - c) Which equipment (computers, e-mail, fax etc.) do clerical staff have at their disposal to perform their functions? Describe how archives are organised and to what extent the management of the archives is IT-supported. Is there sufficient and direct access to legal databases?

### *Judicial reform*

- 28. Are there any plans to reform the judiciary?

## **II. ANTI-CORRUPTION**

### *Policy and domestic institutions*

- 29. Are there any areas where corruption prevails? If so, how are these areas identified and what measures are taken?
- 30. Do specialised anti-corruption services exist? If so, please describe them, indicating their legal and institutional status, composition, functions and powers. How is the independence of and resources for these services ensured?
- 31. To what extent and from which sources are statistical data available on corruption cases (investigations, cases in court, convictions and sanction level), international co-operation in corruption cases, the link between corruption and organised crime and the link between corruption and money laundering?
- 32. Is there any specific training on combating corruption??
- 33. Public offices: is equal access guaranteed to all citizens? Do regulations exist which are objective and founded on merit-based criteria (in terms of adequate salaries, social rights, rotation in sensitive posts, financial disclosure obligations during office)?
- 34. Is integrity, accountability and transparency of public administration assured, e.g. by means of quality management tools, auditing and monitoring of standards, such as the Common Assessment Framework of EU Heads of Public Administration?

35. Do effective codes of conduct, and other measures enhancing corporate social responsibility, exist for the private sector to prevent corrupt practices? How are these codes of conducts enforced?

#### *Domestic legal framework*

36. Please provide succinct information on legislation or other rules governing this area;
37. What anti-corruption laws exist? How and by which bodies are they implemented? Does the legislation contain provisions designed to prevent corruption?
38. How is the link between domestic legislation and international conventions ensured?
39. Is corruption defined as a criminal offence in line with the Council of Europe Criminal and Civil Law Convention? Which type of conduct can be sanctioned as corruption? Is active and/or passive bribery sanctioned? In the public and/or private sector? Trading in influence? What kind of sanctions exist (e.g. possibility of confiscation of proceeds, disqualification measures)?
40. What are the rules guaranteeing the avoidance of conflict of interest in the performance of officials serving in the government, the administration and the judiciary? Does the legislation provide for public declarations of wealth and/or interest for the mentioned officials?
41. Do precise codes of conduct exist, which indicate what is and what is not allowed, and which are subject to a permanent monitoring process? How are these codes of conduct enforced?
42. Whistle-blowing – do clear rules (including on effective protection of whistle blowing) and reporting mechanisms exist in both the public and the private sectors?
43. Are there clear and transparent rules on financing of political parties, social partners and other interest groups? Are these entities subjected to external financial control in order to avoid conflicts of interest between their representatives, public officials and the private sector? What is the practical experience with implementation of these rules?
44. Does legislation on free access to information exist? What is the experience with its implementation?

#### *International legal framework and institutions*

45. Please provide succinct information on adhesion to relevant international conventions (e.g. the Council of Europe Civil and Criminal Law Conventions on Corruption, the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of proceeds from crime and the OECD Conventions on Combating Bribery of Foreign Public Officials in International Business Transactions and on Bribery in International Business Transactions, UN Convention against corruption);
46. What are the practical implications of implementation of the above mentioned international conventions?

47. When did the Iceland become a member of the Council of Europe Group of States Against Corruption (GRECO) and what measures have been taken to implement GRECO recommendations?

*(For questions related to money laundering – see also chapter 4 (Free Movement of Capital); public procurement see also chapter 5 (Public Procurement); and fight against organised crime see also chapter 24 (Justice, Freedom and Security)).*

### **III. FUNDAMENTAL RIGHTS**

#### *General*

48. What steps have been taken to co-operate with UN bodies dealing with human rights issues, including visits by UN special mechanisms (such as special rapporteurs), reporting to Treaty bodies and responding to Treaty body recommendations?
49. What steps have been taken to ratify and implement into domestic law the Rome Statute on the International Criminal Court?
50. Provided there is an Ombudsman with general competence in the field of human rights, the rights of women, the rights of children and protection of minorities, which resources and personnel are available to enable the Ombudsman to carry out his office? Is his budget voted separately?
51. Is access to all official documents granted to the Ombudsman? Is he entitled to suspend the execution of an administrative act if he determines that the act may result in irreparable prejudice to the rights of a person? If so, how is this implemented in practice? Does the Ombudsman have the right to contest the conformity of laws with the Constitution and, if so, how is this implemented in practice?
52. Are there decentralised offices of the Ombudsman?
53. What strategies and measures are in place to ensure the respect for fundamental rights?

#### *Human rights*

##### *- Right to life and to the integrity of the person*

54. Please provide an overview of legislation and case law relevant to the right to life. Also provide an overview of national legislation, case law and custom/practice relating to the death penalty. How does your legislation cover extrajudicial killings and crimes in the name of honour? What are the practical results in investigating such crimes?
55. What strategies and measures are in place to ensure the respect of the right to integrity of the person?
56. In the fields of medicine and biology, do precise rules exist which indicate what is and what is not permitted? Are these rules subject to a permanent monitoring process, in particular with regard to the right to integrity of the person?

*- Prohibition of torture and inhuman or degrading treatment or punishment*

57. What strategies and measures are in place to ensure the respect of the following fundamental rights: human dignity, the prohibition of torture and inhuman or degrading treatment or punishment.
58. Please provide information on specific national legislative as well as administrative measures designed to prevent the occurrence of torture, inhuman or degrading treatment or punishment in state institutions, prisons or police stations etc. In this respect, what measures are in place providing for the inspections of detention centres or police stations? Is legal redress foreseen for victims?
59. Is there any independent body which oversees the conditions in such institutions? Give details on disciplinary and criminal sanctions for State agents accused of ill treatment or torture during the exercise of their duties.

*- Prohibition of slavery, servitude, and forced or compulsory labour*

60. Please provide information on specific national legislative, strategies as well as measures designed to prevent the occurrence of slavery, servitude and forced or compulsory labour.
61. Has Iceland ratified relevant international conventions and agreements?
62. What is the practical experience with implementing the legislation in this area?

(See also questions under chapter 19 – Social Policy and Employment)

*- Respect for private and family life and communications*

63. Provide information on any legislative measures designed to protect and uphold respect for private and family life, home and communications. In which circumstances can these rights be infringed upon?
64. What is the practical experience with implementing the legislation in this area?
65. Respect of privacy: is privacy safeguarded by law? Is any case of telephone tapping or house search allowed without a judge's warrant?

*- Right to marry and right to found a family*

66. Elaborate how the right to marry and the right to found a family are protected within your legislation.
67. What are your legal provisions on marriage or legal partnership, if any, including of same-sex couples?

*- Freedom of thought, conscience and religion*

68. Elaborate on the legislative structures in place to ensure protection of the right to freedom of thought, conscience and religion.
69. Please give details and explain any limitations to this freedom, which are permitted.

70. Please give information on the measures taken to prevent discrimination against religious minorities in Iceland.
71. What is the constitutional status of religions in your country? Is there any state religion? Is there a legislative framework for conscientious objection? If so, please provide details.

*- Freedom of expression including freedom and pluralism of the media*

72. Please provide information concerning the elaboration and implementation of legislation regarding the promotion of the freedom of expression and information in general and, specifically, freedom and pluralism of the media. Please detail measures designed to prevent interference with these freedoms.
73. Please describe the media landscape (written press and audiovisual sector). How are the audiovisual media financed? Is there a supervisory body for the (audiovisual) media and, if so, how does it function? Have recommendations of experts from the Council of Europe and OSCE been taken into consideration when drafting legislation in the field of media? Is the media legislation aligned to European standards?
74. Describe the libel legislation. What types of penalties are used for libel offences? What is the general trend of the court decisions in the area of freedom of expression (including the number of libel suits and other cases involving representatives of the news media)?
75. Please indicate how laws on telecommunications have been, or will be, amended to take into account international recommendations regarding the freedom of expression. (See also Chapter 10 on information society and media).

*- Freedom of assembly and association, including freedom to form political parties, the right to establish trade unions*

76. Please provide information on any legislative measures designed to protect the freedom of assembly and association, including the freedom to form political parties and the right to establish trade unions.
77. Provide statistics regarding the number of non-governmental organisations and associations or foundations active in your country?
78. What is the legal status of non-governmental organisations and associations or foundations, including their financing, taxation, and restrictions on membership or activities?
79. Which, if any, justifications are permitted as regards possible restrictions placed on the exercise of these freedoms? Which body may impose such restrictions?
80. Is the right to join or not to join trade unions legislated for?
81. How is the freedom of association (trade-unions, professional associations) applied in the public administration in general, and in the Army, the Police and the Judiciary in particular?

*- Treatment of socially vulnerable and disabled persons and principle of non-discrimination*

82. Provide information on legislation covering the treatment of socially vulnerable and disabled persons and the principle of non-discrimination.
83. What steps have been taken to prevent discrimination based on ethnic or social origin, sex, race, colour, genetic features, language, religion or belief, political or any other opinion, property, birth, disability, age or sexual orientation? (See also Chapter 19 on social policy and employment)
84. Has Iceland established specialised services to combat discrimination? If so, which legislative framework, institutional context, composition, functions and powers pertain to these services?
85. Does specific legislative protection of the rights of persons with disabilities exist? Are there measures designed to ensure their independence and social and occupational integration?
86. Has Iceland ratified relevant international conventions and agreements regarding the rights of persons with disabilities?
87. Is there specific legislative protection for the rights of the elderly?

*- Right to education*

88. Please provide information on how, and to what extent, the right to education is guaranteed in legislative and practical terms. Please comment on the allocation of resources and institutional framework in place to facilitate the exercise of this right.

*- Right to property*

89. Please provide information on how, and to what extent, the right of ownership is guaranteed in legislative and practical terms. Is there any limitation for certain categories of persons (e.g. foreigners, EU citizens) or for certain types of property (e.g. agricultural land)? How is the right to property assured? What are the justifications permitted for restrictions placed on the exercise of this right and which body or bodies may impose such restrictions? Provide information on the main elements of the expropriation legislation (*See also Chapter 4 on free movement of capital.*)
90. Which body is responsible for maintaining an urban and land cadastre and property register? Please provide information on the existing cadastre and land registry. Are there any plans for modernisations in this area?.

*- Gender equality and women's rights*

91. Is there a general national framework for the promotion of gender equality?
92. Please provide details on legislative measures which ensure equality between men and women, commenting particularly on equality in areas such as employment, work and pay.
93. Has Iceland ratified the relevant international conventions? Please clarify when for each convention.

94. Are there any other practical measures and mechanisms supporting gender equality?
95. Give an overview of possible incentives which exist for both the public and private sectors to refrain from discriminatory employment practices.
96. How is gender based violence treated in your legislation and in judicial practice?

*- Rights of the child*

97. Please elaborate on the legislative and administrative structures in place to ensure effective protection of the rights of the child.
98. How is domestic violence against children treated in your legislation and in judicial practice?
99. How is child labour addressed in the legislation and what is the practical experience with its implementation?

**Procedural safeguards**

*- Liberty and security*

100. How do you ensure that natural and legal persons from EU Member States have access to your courts, free of discrimination compared to your own nationals?
101. Pre-trial detention:
  - a) What is the average duration of pre-trial detention?
  - b) Please describe the rules and procedures governing pre-trial detention and the rules on extending it. What are the rules regarding the revision of decisions for pre-trial detention (automatic and upon request of the detainee)? For how long can a suspected person be deprived of his freedom before a court review takes place? Is there a maximum time limit for the total duration of pre-trial detention?
  - c) Are decisions of foreign judicial authorities on alternatives to pre-trial detention, such as reporting to a judicial authority or a police authority, recognised by your country?
  - d) How are human and secure conditions for detainees (in respect of international human rights standards) ensured by the police, justice, prosecution and penitentiary systems? What measures are taken if such standards are not respected?
  - e) Do police, prison and other officers receive training on human rights, including training on the rights of women and of minorities?
  - f) What measures have been put in place to prevent or prosecute the occurrence of torture and other inhuman or degrading treatment?
102. In cases where there is a pre-trial detention, how long time in average have the suspected persons been deprived of their freedom before a competent judicial authority has decided on the detention? What is the average duration between the lawful arrest and the start of the trial? (See also the section on the judiciary.)

103. Pre and post-trial detention:

- a) What is the ratio of prison sentences compared with alternative sentences?
- b) Are inquiries into cases and allegations of ill treatment of detainees followed up? If so, how is this done? What is done to ensure a thorough, transparent and independent process?
- c) What is the average number of prisoners per cell? Are prisons over-crowded? What is the present size of the prison population?
- d) Are pre-trial detainees separated from convicted prisoners? e) Is special attention devoted to female prisoners and young offenders? If yes, please provide a detailed description.
- f) Are alternative measures to pre-and post-trial detention being developed or in place? If yes, please describe the measures.

- *Right to a fair trial*

- 104. How is the right to a fair trial enshrined in the legislation?
- 105. How is effective access to free legal aid in criminal cases ensured? Can free legal aid also be obtained in civil cases? Please give details on the criteria for receiving legal aid in civil matters.
- 106. Elaborate on the legislative structures in place to ensure effective access to legal aid, commenting on the scope and resources of the legal aid service.
- 107. What guarantees are in place to ensure a public hearing? Give details of the circumstances in which limitations may be placed on access to court hearings and on the public pronouncement of judgements and the extent to which this occurs.
- 108. Is the presumption of innocence a central part of your criminal justice system and, if so, how is it applied in practice?
- 109. Regarding the rights of defence, please provide information on how the following rights are guaranteed in legislative and practical terms. (*Please comment on the allocation of resources and the institutional framework in place to facilitate the exercise of these rights.*)
  - a) The right of the defendant to be informed promptly in a language which s/he understands of the nature and cause of the accusation against him/her;
  - b) The defendant's right to have adequate time and facilities for the preparation of his/her defence;
  - c) The right to defend oneself in person or through legal assistance of one's own choosing;
  - d) The right to examine, or have examined, witnesses against him/her and to obtain the attendance and examination of witnesses on his/her behalf under the same conditions as witnesses against him/her;

- e) The right to have the free assistance of an interpreter, if one cannot understand or speak the language used in the court.
110. Provide information about the elaboration and implementation of legislation regarding the following legal concepts:
- a) The principle that a person cannot be prosecuted for something that was not a criminal offence in national or international law at the time when it took place;
  - b) Non-application of a heavier sentence than was applicable at the time the criminal offence was committed;
  - c) Proportionality of the severity of the penalty to the criminal offence.
111. Please provide details on how the right not to be tried or punished twice in criminal proceedings for the same criminal offence is interpreted in your domestic law.

*- Minority rights and cultural rights*

112. Please provide statistics concerning the number of people belonging to ethnic, religious and linguistic minority groups in your country. Please indicate the source of these figures (census or other).
113. What is the legal status of religious and ethnic minorities living in Iceland?
114. How is the principle of non-discrimination and equal treatment of minorities ensured? Please provide details of both constitutional and legislative provisions.
115. What measures have been taken to ensure proper budgetary allocations to meet equitable representation objectives? Please specify the budgets allocated for this purpose.
116. Please provide statistical information, if available, on access to public and private employment, housing, education, health services, etc., including data concerning the situation of minorities as compared with the majority population in respect of:
- employment and unemployment rates;
  - participation in primary, secondary and tertiary education;
  - infant mortality and life expectancy.
117. Has the Framework Convention for the Protection of National Minorities been ratified and, if so, how is it implemented?
118. What is the size of the Roma population in Iceland? Are there any measures taken or planned for their integration?
119. Please provide a description of existing language legislation and language training programmes for minority languages. Is language legislation in line with the Council of Europe's recommendations? What arrangements have been taken to ensure translation and interpretation?

120. Is the right of translation of all proceedings and documents in criminal and civil judicial proceedings ensured in accordance with the relevant Council of Europe documents? If so, how is this done?
121. Are there any professional restrictions for minorities (*de jure* or *de facto*)?
122. Is there a minority rights ombudsman or any other official body that protects the rights of minorities in your country? Please also indicate which Government department(s) is/are responsible for minority issues.

*- Measures against racism and xenophobia*

123. What is the legislative and institutional framework for measures against racism and xenophobia?
124. What is the practical experience with its implementation in Iceland?
125. Are there any specific policies, programmes, strategies, etc. tackling racism and xenophobia?
126. Please provide statistics on hate, racist and xenophobic crimes as regards both victims and perpetrators, if available.

*- The EU Fundamental Rights Agency*

127. What steps (legislative, institutional and other) is Iceland undertaking/planning to take in order to be able to participate as an observer in the Agency's work?

*- Protection of personal data*

128. Personal data protection: Provide information on any legislation or other rules governing this area, and the adherence of such rules to relevant international conventions. What is done in order to ensure efficient protection of personal data?
129. Does existing legislation foresee sanctions in case of infringement of its provisions? If yes, please specify.
130. How does existing legislation reconcile the right to privacy and personal data protection with the rules governing freedom of expression?
131. Does existing data protection legislation provide for the possibility of limitations to certain data protection principles and data subject's rights for important public interest grounds? If yes, please specify.
132. How does existing legislation cover cross-border transfers of personal data? Please provide information on the application of the principle that trans-border data flows may only take place if the country of destination has a certain standard of data protection (adequacy)?
133. Please provide information on the Supervisory Authority responsible for monitoring the application of data protection provisions, in particular on the legal and practical measures taken to ensure its complete independence, and on the organisation of the Supervisory Authority, including the number of its staff, notably of inspectors.

134. Please provide information, including statistics, on the investigative powers of the Supervisory Authority, such as powers of access to data forming the subject of processing operations and powers to collect all the information necessary for the performance of its supervisory duties? Does the Supervisory Authority hear claims by any person in regard to the processing of personal data?
135. Please provide information, including statistics, on the effective powers of intervention of the Supervisory Authority such as the following:
  - a) possibility for delivering opinions before data processing operations are carried out?
  - b) possibility for ordering the blocking, erasure or destruction of data?
  - c) possibility for imposing a temporary or definitive ban on processing?
  - d) possibility for imposing sanctions on controllers?
136. Please provide information, including statistics, on the powers of the Supervisory Authority to engage in legal proceedings in case of violation of data protection provisions.
137. Does the Supervisory Authority have powers to bring to the attention of judicial authorities the violations of data protection provisions? Can the decisions taken by the Supervisory Authority which give rise to complaints be appealed against through the courts? If yes, please specify and provide statistics.
138. Does data protection legislation provide for the notification of processing operations to the Supervisory Authority?
139. What is done in order to ensure efficient data protection in the field of police and justice?

#### **IV. EU CITIZENS' RIGHTS**

##### *Right to vote and stand as a candidate in municipal elections*

140. Which legal measures would be necessary to allow EU citizens to vote and stand as a candidate in the municipal elections in your country?
141. Which legal measures would be necessary to allow EU citizens to vote and stand as a candidate in elections to the European Parliament in your country?

##### *Diplomatic and consular protection*

142. Which measures (legal, institutional and others) would be necessary to allow EU citizens to benefit from protection of diplomatic and consular representations of Iceland, including the establishment of an emergency travel document?

## ***Chapter 24: Justice, freedom and security***

EU policies aim to maintain and further develop the Union as an area of freedom, security and justice. On issues such as border control, visas, external migration, asylum, police cooperation, the fight against organised crime and against terrorism, cooperation in the field of drugs, customs cooperation and judicial cooperation in criminal and civil matters, Member States need to be properly equipped to adequately implement the growing framework of common rules. Above all, this requires a strong and well-integrated administrative capacity within the law enforcement agencies and other relevant bodies, which must attain the necessary standards. A professional, reliable and efficient police organisation is of paramount importance. The most detailed part of the EU's policies on justice, freedom and security is the Schengen *acquis*, of which Iceland has been fully part since 25 March 2001.

*When answering the questions below, please make reference to the implementation of the Schengen acquis and address possible challenges.*

### **I. MIGRATION**

1. Please provide information on legislation or other rules governing migration in your country.
2. Please describe your procedures for obtaining a residence permit, reasons for refusal, renewal or withdrawal of permits, and appeal procedures.
3. Do you have immigration rules providing for family reunification? If so, please outline these.
4. Do you have immigration rules for acquiring a long-term resident status? If so, please outline these.
5. Describe your system for admission for employment, study and research purposes.
6. Describe your integration policy for third country nationals.
7. Provide immigration statistics for 2007, 2008 and, if available, 2009, including a citizenship breakdown and reasons for immigration.
8. Please give a brief overview of your legislation with regard to combating illegal immigration and trafficking in human beings, in particular whether you have signed and ratified the Palermo Convention on Organised Crime and its two Protocols on smuggling of migrants and trafficking in human beings.
9. Specify the authorities and agencies involved in combating transit migration, human smuggling and trafficking in human beings. Describe their working methods and national co-ordination structures.
10. Please describe the international cooperation in place in the migration field (regional fora, bilateral agreements, cooperation with EU).
11. Please provide information on methods of data collection on third country nationals refused entry and of apprehensions of third country nationals found to be illegally present on national territory. (In answering this question it is recommended to use the

information to be submitted to EUROSTAT for the joint annual questionnaire on migration).

12. Specify your return policy, including: : (the reply to this question should go beyond the scope of Art. 23 of the Schengen Convention and the return Directive (2008/115/EC)
  - a) Number of return decisions and carried out removals and destination of returns in 2007, 2008 and, if available, 2009;
  - b) Readmission agreements (and other working arrangement facilitating return) in place and planned, as well as ongoing negotiations in this respect.
  - c) Authorities competent to deal with readmission applications

## **II. ASYLUM**

13. Please provide information on legislation or other rules governing your asylum policy.
14. Describe your asylum procedure at first and second instances:
  - a) normal and accelerated (if any) procedures;
  - b) number and types of appeals;
  - c) which bodies are competent and how are they composed;
  - d) assessment of the average duration of the procedures;
  - e) identification of services involved and number of staff dedicated to asylum procedures;
  - f) methodology for country of origin information.
15. Do you apply the following concepts (if yes, how?):
  - a) safe third country;
  - b) safe country of origin;
  - c) manifestly unfounded claims.
16. Describe the procedural guarantees for asylum applicants:
  - a) information, interview, right to counsel and representation, interpretation/translation;
  - b) independence of review and appeal procedures;
  - c) measures for unaccompanied minors.
17. What concept of protection do you apply?
  - a) How do you apply the 5 grounds in article 1A and the exclusion clauses of Article 1F of the 1951 Convention?

b) Are non-state agents of persecution included in your understanding of the refugee definition of Article 1A GC?

c) Do you have in place subsidiary protection(s)?

18. Have you identified the services competent for the application of provisions for determining the State responsible for the examination of an asylum application and for recording and processing the fingerprints of asylum seekers in this connection (with a view to possible future implementation of the Dublin II and Eurodac-regulations)?
19. Describe your registration and identification (including IT) systems for asylum applicants.
20. Describe your system of reception conditions for asylum applicants.
21. Describe the framework for cooperation with UNHCR and NGOs.
22. Describe your integration policy for refugees.
23. Describe the system put in place to collect data and statistics on asylum and refugee movements in your country and provide the following data (reference period: 2004-2008): number of asylum seekers, number of refugee and other protection status recognised, main citizenships/origins of asylum seekers, for each year. (In answering this question it is recommended to use the information to be submitted to EUROSTAT for the joint annual questionnaire on migration).

### **III. VISA POLICY**

24. Please provide information on legislation or other rules and administrative practices governing your long-stay visa policy.
25. Do diplomatic representations abroad issue systematically long-stay visas (D visas), 'D+C' visas, and/or residence permits? To which categories of persons and for which purposes? Please provide statistical data.
26. What criteria and conditions are used as a basis for issuing the long-stay visas? What is the usual and maximum length of stay allowed by such a visa? What is the usual and maximum length of validity of such a visa? Do you issue long-term visas allowing stays shorter than three months and if yes for what purpose?
27. Do the existing visas allow applicants to work in your country without a residence permit or working licence?
28. When issuing long-term visas, do you carry out security checks on national databases and on the Schengen information system (SIS)?
29. Do you have any agreements with third countries to issue visas on your behalf? In this case, how is the assessment of each request ensured?

#### **IV. JUDICIAL CO-OPERATION IN CIVIL MATTERS**

30. Please provide information on legislation or other rules governing this area, and their adherence to relevant international conventions.
31. How are foreign judicial decisions in civil and commercial matters recognised and enforced?
32. Are there special, simplified procedures available in your country for claiming and recovering non-contested and small claims?
33. How are foreign decisions in family law matters (i.e., legal separation, divorce, marriage annulment, parental responsibility, maintenance obligations) recognised and enforced?
34. How are cases of international child abduction dealt with under the 1980 Hague Convention on the Civil Aspects of International Child Abduction? Please specify the number of applications made under the Convention for the return of children for the last three years, the outcome of the applications (return or non-return of the child) as well as the average duration of the procedure.
35. How does your legislation solve conflicts of jurisdiction and applicable law as regards international insolvency proceedings? How are foreign decisions on insolvency recognised and enforced?
36. Is it possible for parties involved in civil litigation in your country but not present in it, to ask for legal aid in the country of their habitual residency? If so, how are these requests received and dealt with by your country? Is the same possibility available to parties present in your country who are involved in litigation abroad? If so, how are these requests presented and then transmitted abroad?
37. Which alternative dispute resolution methods are available in your country, and how are they organised? How is their quality ensured?
38. How does your legislation solve conflicts of law for contractual and non-contractual obligations?
39. How are foreign judicial and extrajudicial documents received and served? How are your country's judicial and extra-judicial documents transmitted when they have to be served abroad?
40. How do you deal with requests from foreign courts to take evidence in civil and commercial matters? How are your country's requests for taking evidence abroad transmitted?

#### **V. JUDICIAL CO-OPERATION IN CRIMINAL MATTERS**

41. Please provide information on legislation or other rules governing this area and their adherence to relevant international conventions.
42. What kind of foreign judicial decisions in criminal matters are recognised and enforced and what is the procedure for recognising and enforcing them?

43. How are foreign judicial documents received and served? How are your country's judicial documents transmitted when they have to be served abroad?
44. How and on which legal basis do you deal with requests from other countries to take evidence? How and on which legal basis are your country's requests for taking evidence abroad transmitted?
45. How are the records of criminal convictions legally and technically organised? Is the data electronically available? If so, is it stored nationally/central or regionally/locally? What is the system of data retention?
46. Is State compensation to victims of crime available? If so, how is it organised?
47. How does your legislation solve conflicts of jurisdiction in criminal matters?
48. Which procedures are available in the field of mediation in criminal matters?
49. How does your legislation regulate extradition? Is extradition of Icelandic nationals permitted? To which relevant international conventions (U.N. Council of Europe, others) is your country a party? Are bilateral agreements in place on the issue, and with which countries? – Do you have bilateral agreements on transfer of proceedings and, if so, what are the scope and limitations of these agreements?
50. How does your legislation regulate mutual assistance in criminal matters? Are direct contacts between prosecutorial/judicial authorities established? Is there a legislative framework on video-conferencing? To which relevant international conventions (U.N. Council of Europe, others) is your country a party? Are bilateral agreements in place on the issue, and with which countries?
51. How does your legislation regulate the transfer of sentenced persons? To which relevant international conventions (U.N. Council of Europe, others) is your country a party? Are bilateral agreements in place on the issue, and with which countries?
52. Is time spent in foreign pre-trial detention deducted from the final sentence?
53. Under what conditions can a person be judged in his/her absence?
54. Does your legislation allow for alternatives to imprisonment sentences, e.g. supervision measures, probation period and conditional release?
55. Is there a minimum threshold for pre-trial detention? If yes, what is the threshold?
56. How does your legislation regulate cooperation for purposes of confiscation? To which relevant international conventions (U.N. Council of Europe, others) is your country a party? Are bilateral agreements in place on the issue, and with which countries?

## **VI. POLICE COOPERATION AND FIGHT AGAINST ORGANISED CRIME**

57. Please provide information on legislation or other rules governing the police and police cooperation, and their adhesion to relevant international conventions.

58. How are the law enforcement agencies organised (ministries responsible, structure, manpower, horizontal co-operation structures, budget)? What are the laws, regulations and administrative rules incumbent on the police and the exercise of police functions?
59. Are all police authorities in the country under the same command? Do the powers of individual police authorities overlap? Please describe the procedures for co-operation and co-ordination between the different bodies involved.
60. Which administrative and/or judicial control bodies and procedures exist? How is (a) internal and (b) judicial oversight organised and enforced?
61. What powers does the police have:
  - a) In terms of preventing potential threats?
  - b) In terms of criminal investigation?
62. What are the competencies of the different forces (legal and administrative, geographical organisation, cross-regional co-operation, etc.)?
63. How are the police staffed and equipped and how are they financed (quantitative overview of staff, buildings, equipment, communication tools, hard- and software, etc.). Is an integrated computer-based investigation system available? Is an integrated crime intelligence system available?
64. Please describe the training system for police officers. Which training facilities and training programmes exist (schools, training content, target groups, knowledge networks, special skills, assessment of on-going development training)?
65. Is there training tailored to the fight against specific types of crime?
66. Is there functioning co-operation with liaison officers in third countries? If yes, where do such liaison officers exist?
67. What are the current and future priorities of the police? What is the method for assessing priorities?
68. Does a code on police ethics exist? How is it enforced?
69. What is done in the field of crime prevention? How is this linked to the threat assessment model and identified priorities?
70. What kind of co-operation exists with international police co-operation bodies? How is this co-operation organised?
71. Which international instruments concerning the police are adhered to and implemented (Council of Europe, UN, Interpol Convention etc.)?
72. What is your capacity to participate in Europol?
73. What information tools exist and are used (databases (owner, content, access); data registers, on-line sources etc.)? Describe how police officers access these tools. What are the regimes in place for ensuring data quality within the databases and systems?

74. What information equipment is used (fax, phone, radio communication, beepers, pagers, data networks, etc.)?
75. What are the modalities of and conditions for co-operation of the police with other public security bodies (customs, security and intelligence services)?
76. In order to exchange information and collect offence related data different categories of offences can be structured in an offence classification system. Please provide a short description of the classification system(s) in use and the name of the authority in charge. Is it embedded in any IT system? Since when has it been used to produce crime statistics (year)?
77. Do you collect data on police-recorded crime, convictions, police numbers and prison population? If yes, please provide information about the type and the quality of the data. What methods do you use for the collection? If possible please provide crime statistics for the years 2006 to 2008 for the categories presented in Crime Statistics in Focus published by EUROSTAT.
78. Have you participated in any international victimization survey the last 10 years? Please identify. Have you ever had a national victimization survey? If yes, please provide information about the content (crime types involved) and the methodology.
79. Are performance indicators or benchmarks available to assess the quality of police activities? In the absence of such data, how is police performance evaluated?
80. What are the tools for career development? How is the performance of the individual police officer assessed?
81. Which information do you store and, if yes, who has access to the following data:
  - a) data on persons wanted for extradition;
  - b) data on third country nationals to whom entry was refused;
  - c) data on missing persons;
  - d) data on persons to be placed under police protection for their own protection or to prevent threats;
  - e) data on witnesses, on persons summoned to appear before judicial authorities and on persons who are to be served with a criminal judgement or summons to report in order to serve a penalty involving deprivation of liberty;
  - f) data on persons (or vehicles used) for discreet surveillance or specific check where there is clear evidence the person concerned intends to commit or is committing numerous and extremely serious criminal offences or, based on an overall assessment, reasons to suppose that extremely serious criminal offences will be committed in the future;
  - g) data on convicted persons (of Icelandic nationality, European citizens, third country nationals)

- h) data on objects for the purposes of seizure or use as evidence in criminal proceedings (stolen misappropriated or lost vehicles, firearms, blank and issued official documents, vehicle registration certificates, number plates and banknotes).
82. Please provide information on national legislation or other rules governing this area, and their adhesion to relevant European legislation and international conventions.
  83. What particular types of crime, especially organised crime, does your country have to deal with? Please provide a description of the issues and any available statistics.
  84. Specify if there is a proven international dimension of organised crime in your country.
  85. What are the main elements of your policy dealing with organised crime?
  86. Is there a system allowing for confiscation/seizure of proceeds from crime? Who is competent for the confiscation/seizure?
  87. Describe the specific institutions/bodies/departments/court chambers set up to fight organised crime (including data on staff, budgetary allocations and equipment in this area). How do you ensure special training of law enforcement officers including prosecutors and judges in this area?
  88. How do you co-operate internationally in fighting organised crime and how do you ensure national coordination in this combat? How do you co-operate with the private sector, notably the banking sector?
  89. What are the main forms of trafficking (human beings, drugs, etc.) and smuggling?
  90. What are the estimated volumes and value of different categories of illegal trafficking?
  91. Please describe your national legislation on trafficking in human beings (see also questions under Political Criteria).
  92. Does a National Programme on Combating Trafficking in Human Beings exist in your country? If so, please describe the main elements.
  93. What are the competent authorities for combating trafficking in human beings?
  94. Do your law enforcement agencies receive specific training on combating trafficking in human beings? Please describe.
  95. Do your law enforcement agencies include specific units for combating trafficking (human beings, drugs, etc.)?
  96. Is there - based on a multi-disciplinary approach - any form of cooperation between the competent law enforcement bodies and other agencies, which are involved in the prevention of and the fight against trafficking in human beings?
- (For questions 97- 108, see also Chapter 4 – free movement of capital, for the preventive aspects of anti-money laundering).*
97. Do you have a strategy in place in fighting against money laundering? Please describe your national legislation on money laundering in this regard.

98. Is the financial crisis having an impact on money laundering trends? Is your Anti-Money Laundering Policy taking these new trends into accounts? If so, how?
99. How has money laundering been criminalised, which criminal activities are covered by law?
100. Please explain the main difficulties that you face in combating money laundering.
101. Please describe the specialised bodies dealing with money laundering, notably Financial Intelligence Unit (FIU), as well as the structures within the police and other relevant departments. Describe any co-operation with the banking system and other financial actors (casinos etc.).
102. Please elaborate on the functioning of the FIU (status of the FIU – i.e. police, administrative, judicial or hybrid- number of analysts...), the supervisory authorities and the law enforcement authorities with regard to, *inter alia*, available resources (staff and budget), operational powers and independence.
103. Please, describe the cooperation between your FIU and other national police, prosecution office, the judiciary and other relevant bodies (e.g. customs) in the field of money laundering.
104. Please describe your cooperation with other EU FIUs. Please provide figures on the number of exchanges of information with other EU FIUs. What is your view on international cooperation with other EU FIUs? How could it be improved? Would you consider joining FIU.NET?
105. What is done to provide concerned staff with specialised training?
106. Please, provide figures on the results on your Anti-Money Laundering Policy in terms of number of suspicious transactions reports disclosed in the last 4 years, number of investigations initiated each year on the basis on STRs, number of investigations initiated each year on other intelligence elements, number of freezing/seizing orders in the last 4 years, number of prosecutions/indictments/convictions/confiscation orders in the last 4 years. Please provide figures on the value of the assets and properties frozen/seized and confiscated in the last 4 years
107. How have you responded to requests for mutual legal assistance related to money laundering?
108. In your opinion, what could be done to further improve your action against money laundering?

## **VII. CONFISCATION**

109. Please provide information on your national legislation on confiscation. Has value confiscation been introduced in Iceland? Do extended confiscation powers apply in case of serious crimes? In the affirmative, please describe the relevant provisions.
110. Does Iceland have provisions allowing to confiscate the proceeds of crime independently from a criminal conviction (non-conviction based confiscation, eg civil confiscation)? In the affirmative, please describe the relevant provisions. Can foreign

freezing or confiscation orders based on non-conviction based confiscation be executed in Iceland?

111. Are the provisions of the Council of Europe Strasbourg Convention of 1990 fully implemented in Iceland ?
112. Does Iceland have a national asset recovery office in charge of tracing the proceeds of crime ? Is there a specialised structure in charge of managing frozen assets ?
113. How has Iceland responded to requests of EU authorities to provide information on assets located in your country ?
114. How has Iceland responded to requests of EU judicial authorities to freeze or confiscate assets in your country ?
115. Is specific training on confiscation and asset recovery provided to law enforcement officers, public prosecutors or judges?

### **VIII. FIGHT AGAINST TERRORISM**

116. Please provide information on legislation or other rules governing this area, and their adherence to relevant international conventions. How is financing of terrorism defined? How has financing of terrorism been criminalised and which criminal activities are covered by the law?
117. In view of implementing the Union's commitments and strengthening its capabilities in the fight against terrorism, it would be useful to receive information about the relevant international conventions signed and ratified by your country and its efforts in the fight against terrorism.
118. Is your country faced with any specific form of terrorism? If so, is it of internal or external origin?
119. What is the national legal framework and legal basis for anti-terrorist action?
120. Which national departments and agencies are involved in the fight against terrorism?
121. Which national bodies co-ordinate the fight against terrorism?
122. What is the role and input of security and intelligence services?
123. Are there specialised bodies dealing with the financing of terrorism? Please describe the structures in place for countering the financing of terrorism (particularly within the Financial Intelligence Unit, as well as within the police, prosecutor's office and the judiciary in general). Describe any co-operation with the banking system and other financial actors (casinos etc.).
124. Please explain the main difficulties that you face in countering the financing of terrorism.
125. How many terrorist financing cases have been prosecuted and brought to a successful conclusion?

126. How have you responded to requests for mutual legal assistance related to financing of terrorism?
127. What is done to provide concerned staff with specialised training?
128. Provide information on existing bilateral and international co-operation (including liaison officers and magistrates).
129. Provide information on the creation of electronic data banks (statistics, profiling of terrorists etc.).

## **IX. DRUG DEMAND AND DRUG SUPPLY REDUCTION**

130. Please provide information on legislation or other rules governing this area, and their adhesion to relevant international conventions.
131. What are the main characteristics of your country's policy on illicit drugs?
132. Please provide information on the trends in drug trafficking in and through your country and on drug abuse.
133. What are the principal measures deployed? How does co-ordination between law enforcement agencies work? Is there a clear allocation of tasks and coordination:
  - a) between authorities competent for drug demand reduction?
  - b) between authorities involved in reducing drug supply?
  - c) is there a national coordination body for drug issues?
134. How does co-operation and exchange of information with other national authorities work? Are there any Memoranda of Understanding or Joint Agreements between the various law enforcement services with responsibility for tackling the supply of drugs? Are there similar agreements with relevant industries? If so, please provide details.
135. What about co-operation at the international level (liaison officers)?
136. How do you co-operate with international bodies operating in the drugs field, such as UNODC, INCB, Commission on Narcotic Drugs, Pompidou Group of the Council of Europe, WHO etc.?
137. Do you have general guidelines on the action against drug trafficking?
138. Have you created electronic data banks covering seizures of drugs in the last three years and other statistics?
139. Have you concluded Memoranda of understanding with concerned counterparts (ports, express delivery services, etc.)?
140. Do your authorities make use of systematic risk-analysis and other intelligence? To what extent do they rely on financial investigations and on controlled deliveries?

141. Does a national strategy on drugs" exist? Is it in line with the EU Drugs Strategy 2005-2012 and EU Drugs Action Plan 2009-2012?
142. What are the main features in drug demand reduction, including prevention, treatment, rehabilitation and social re-integration of drug addicts, as well as harm reduction?
143. Although the *acquis* does not specify any specific administrative structures, how do you intend to prepare for participation in EMCDDA and the European Information Network on Drugs and Drug Addiction (REITOX)? Do you intend to set up a national focal point or has such a focal point already been established?

## **X. CUSTOMS CO-OPERATION WITHIN THE THIRD PILLAR**

144. Please provide information on legislation or other rules governing the customs cooperation area.
145. Does the Customs Administration have an integrated computer system?
146. Is there development of risk analysis using, *inter alia*, information derived from Memoranda of Understanding (MoU)?
147. What is done to ensure inter-agency co-operation and the implementation of mutual assistance agreements?
148. Does the Customs Administration have a special investigation service with sufficient resources?
149. Are there adequate methods for the fight against fraud, including the introduction of mobile surveillance units?
150. Please describe information on the training of customs officers.
151. Which measures are taken to ensure the integrity of customs officers and prevent corruption?
152. What internal disciplinary procedures exist?
153. Are any statistics available on the number and type of disciplinary cases that have been undertaken in the last 3 years?

### *Protection of the financial interests of the European Communities ("third pillar" aspects)<sup>32</sup>*

154. Does national law criminalise fraud against the Communities' financial interests, covering both expenditure and revenue?
155. Does national law provide for the concepts of criminal liability of heads of businesses and liability of legal persons for these offences?

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<sup>32</sup> See the Convention on the protection of the European Communities' Financial Interests, *Official Journal C316*, 27/11/1995, p. 49-57; First Protocol to the Convention: *Official Journal C313*, 23/10/1996, p. 2-10; Second Protocol to the Convention: *Official Journal C221*, 10/07/1997, p. 12-22. "First pillar" issues related to the protection of the Communities' financial interests are dealt with under Chapter 28.

156. Has your country established jurisdiction over all of these offences?

## **XI. COUNTERFEITING OF THE EURO**

*Protection of the euro against counterfeiting (“third pillar aspects”)*<sup>33</sup>

157. Has your country acceded to the 1929 International Convention on the Suppression of Counterfeiting?

158. Does national law criminalise the making and altering of counterfeit currency and related offences? Does it ensure that such activity is punished by appropriate criminal penalties, including imprisonment and the possibility of extradition?

159. Does national law ensure that it has the appropriate jurisdiction over offences involving counterfeiting, both of the euro and of other currencies?

160. Does national law provide for the concept of criminal liability of legal persons for these offences?

161. Does your country recognise, for the purposes of establishing habitual criminality, sentences handed down in other Member States for these offences?

162. Have you formally designated a National Central Office on currency counterfeiting in line with Article 12 of the 1929 Geneva Convention and Regulation 1338/2001?

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<sup>33</sup> See Framework Decisions 2000/383/JHA of 29 May 2000 and 2001/888/JHA of 6 December 2001. “First pillar” issues related to the protection of the euro against counterfeiting are dealt with under Chapter 28.

## ***Chapter 25: Science and research***

The *acquis* in Chapter 25 – Science and Research – as laid down in Title XVIII of the Treaty requires the Member States to ensure the necessary implementing capacities to pursue the Community objectives and activities in the field of research and technological development, including adequate staffing. The Member States also need to adhere to and to implement specific Science and Research objectives and activities as developed by the open method of coordination. The *acquis* in this Chapter does not require transposition of EU rules into the national legal order.

EU research policy aims to strengthen the scientific and technological bases of the Union by realising a European Research Area (ERA) in which knowledge circulates freely and supports competitiveness, citizen welfare and other EU policies – i.e. an internal market for researchers, scientific knowledge and technology.

To advance towards the ERA, the Candidate Countries have to implement the Research Framework Programmes (FP). Since FP6, these programmes have been designed as major instruments to implement the ERA. They currently include: (1) the Seventh Framework Programme (FP7) of the European Community for research, technological development and demonstration activities for the creation of the European Research Area and for innovation (2007-2013), which is implemented through the specific programmes and the rules for the participation of undertakings, research centres and universities and for the dissemination of research results, for the implementation of the FP6 and participation therein and (2) the Euratom Seventh Framework Programme for nuclear research and training activities (2007-2011) and contributing to the creation of the European Research Area in the field of fission and fusion energy systems and radiation protection, and the specific programme and the rules for the participation in the Euratom Research Programme. As part of the research actions funded by the European Community, the Joint Research Centre (JRC) organises direct actions through its seven specialised institutions. Furthermore, candidate countries have been invited to participate in the policy initiatives carried out in partnership with Member States in order to realise the ERA.

In March 2000, the Lisbon European Council set the objective for the EU to become the most competitive and dynamic knowledge-based economy in the world by 2010. Since then, a number of important Communications and Action Plans were adopted with the aim of designing and implementing an integrated research policy in support of economic development and creating European excellence and knowledge. In 2000, the Commission adopted the Communication ‘Towards a European Research Area’ covering a wide range of areas. Other relevant communications are the Recommendation on the European Charter for Researchers and on a Code of Conduct for the Recruitment of Researchers (Mobility Action Plan), the Action Plan Science and Society, the Commission Communication ‘Investing in research: an action plan for Europe’ (based on the decision of the Barcelona European Council in 2002 to raise the overall investment in research and development to 3% of GDP by 2010), and the Commission Communication ‘More research and innovation: a common approach’ (based on the renewed Lisbon Strategy).

Following a 2007 public consultation on ERA and a Green Paper proposing six main ERA dimensions, the EU launched in 2008 a new partnership approach to research policy between the European Commission and the Member States, known as the Ljubljana Process. In this approach, ERA is regarded as embracing the totality of research activities, policies and

programmes, whether at EU, intergovernmental, national or regional level, which have a transnational European perspective.

The Ljubljana Process led to the adoption by the Council in December 2008 of a 2020 Vision for ERA with, at its core, the idea of the fifth freedom: the free movement of researchers, scientific knowledge and technology. Under the Ljubljana Process, the Council has called for a revised system of research policy governance to manage the new ERA partnership.

Policy development work is underway for all six dimensions of ERA. Five of these are the subject of specific ERA partnership initiatives launched in 2008 with the following aims:

- **Researchers:** to increase the number, quality and mobility of researchers and enhance Europe's attractiveness to researchers, focusing on open recruitment and portability of grants, social security and supplementary pensions needs of mobile researchers, employment and working conditions, and the training, skills and experience of European researchers.
- **Joint programming:** to make research in Europe more strategic, more focused and more effective through Member States coming together to discuss common visions, prepare strategic research agendas on major societal challenges and set up joint programmes to implement these agendas.
- **Research infrastructures:** to put in place a new EU-wide legal framework for the establishment and operation of new European research infrastructures (by means of a Council Regulation). ESFRI (European Strategic Forum for Research Infrastructures) continues to work on its roadmap for new pan-European research infrastructures.
- **Knowledge sharing:** to improve the exploitation of the results of public research by building on and implementing the Commission Recommendation and Council Resolution on the management of intellectual property in knowledge transfer activities, consisting of policy guidelines for Member States and a Code of Practice for public research organisations and universities.
- **International science and technology cooperation:** to establish a common strategy at European level for cooperation between Member States and the European Community with third countries in order to reduce the duplication, waste of resources and reduced impacts which result from the current fragmented approach.

In addition, other activities are underway to support national authorities and universities in the implementation of the EU 'modernisation agenda for universities' policy launched in 2005

With respect to both the EC Research and Euratom/Nuclear Research framework programmes, the candidate countries will, upon accession, have to adhere to the bilateral and multilateral agreements the European Community has concluded on respectively science and technology and nuclear research.

The FP7 management committees assisting the Commission in implementing the FP7 specific programmes, the Scientific and Technical Research Committee (CREST); the Strategic Form for International S&T co-operation (SFIC); the ERA steering Group on Human Resources and Mobility (SGHRM), the Knowledge Transfer Forum and the High Level Group on Joint Programming (GPC) as well as the Standing Committee for Agricultural Research (SCAR) are the key bodies in the designing and implementation of the EU research policy.

Finally, a number of ad hoc decisions concerning research in specific areas need to be addressed, such as the European Research Fund for Coal and Steel and the creation of Article 169 undertakings and Joint Technology initiatives.

## **I. NATIONAL RESEARCH POLICY**

### *Organisation of research at national level*

1. Please describe the institutional framework, with reference to the role and competence of ministries, national committees, parliamentary committees and regional authorities.
2. Do you have advisory committees on how to conduct research policy? Any bodies involving private sector?
3. Please describe the national policy for research and technological development (RTD). Please refer to the priorities, priority sectors, targets, target groups, and instruments to conduct research.
4. How is research and technological development organised? Please refer to:
  - a) types and numbers of research institutions (higher education institutions, governmental research centres, military research centres, academies, private foundations, research centres of state or private industry);
  - b) centres of excellence, research infrastructures;
  - c) nature of research activities (public or private, civil or military, institutional or contractual, applied or basic);
  - d) what are the main research results per priority areas? Are there indicators of scientific production? Please refer to the number of scientific publications (in ISC or other bibliometric database), number of patents or licences, number of research contracts or any other pertinent indicator to quantify scientific production;
  - e) how are the institutions promoting RTD innovation in industry organised? Please refer to technology centres, Community Innovation Relay Centres, science and research parks, technology transfer agencies.
5. Any actions relating to science in society and scientific based governance?
6. How is the respect of ethical standards being ensured: do you have regulations on ethics in conduct of science? Are there research funding programmes or university outreach programmes regarding ethical, legal and social aspects (ELSA) of science?
7. Is Iceland's biobanking law in compliance with EU data protection law, in particular Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data as well as consistent with the EU charter of Fundamental Rights?
8. Do you collect sex-disaggregated data in all aspects of data collection in research? Do you have particular measures for targeting women researchers, especially for the promotion of equal opportunity careers and improving the gender balance in research decision-making?

### *Financing of research*

9. How are state funds allocated: please refer to the method and criteria used for the division of funds, scientific priorities, sector priorities, regional priorities, private vs. public research? What is the share of core funding vs. external competitive funding provided by public sources to research institutions? Do the rules of participation of the EC Framework Programmes have any impact on the design of the national competitive funding instruments targeting research institutions?
10. How is the evaluation of state funded research done: selection of evaluators? Criteria for funding? Is the use of public funding being monitored (statistics) and/or controlled?

## **II. FRAMEWORK PROGRAMMES**

### *EC Framework Programme*

11. Please explain how research promotion under the Community research framework programme is organised in your country: within the Ministry? Which department? Any outsourcing to a Promotion office or Agency?
12. How often are Information Days organised? Do you have special measures to encourage research cooperation under the FP?
13. What is the structure of the National Contact points and their relation with the Ministry?
14. Explain your legislation regarding taxation and import duties concerning EC funds for RTD.

### *Euratom Framework Programme*

15. Is Iceland engaged, or planning to be engaged, in nuclear research and how is it organised at national level: which Ministry is responsible for nuclear research? Nuclear research is understood to mean falling under the scope of the Euratom Treaty (i.e. essentially limited to applied research in fission and fusion energy systems, management of radioactive research and radiation protection). (please also see Q.50 under chapter 15)
16. Does Iceland have any specific programmes and/or research institutes for nuclear research?
17. Has Iceland already participated in research projects under the Euratom FP?

## **III. POLICY INITIATIVES TO HELP REALISE THE EUROPEAN RESEARCH AREA**

### *Investing in research*

18. Describe the national strategy on the Lisbon objectives: is there an Action Plan on investment in research aiming at increasing investment in research?
19. Please provide quantitative information for your country, if possible for the period 2000-2008, including at least the following aspects:

- a) gross domestic expenditure on RTD – ratio to gross domestic product (GDP);
  - b) gross government expenditure on RTD – ratio to GDP;
  - c) gross higher education expenditure on RTD – ratio to GDP;
  - d) gross business enterprise expenditure on RTD – ratio to GDP, ratio to gross government expenditure;
  - e) gross foreign investment in RTD.
20. How are RTD services to industry organised? Are there measures to facilitate venture capital?
21. What are the financial or other incentives for RTD investment by state and private industry? What is the effectiveness of these incentives?

*Human Capital building and Mobility of researchers*

22. Which actions is your country taking to ensure that there are sufficient qualified researchers? How are you attracting people to sciences? How do you ensure human resources capacity?
23. Which actions has your country taken to ensure mobility (geographical, inter-sectoral and inter-disciplinary) of researchers? What kinds of visa procedures do you have for foreign scientists?
24. If there is a problem with regard to brain-drain of RTD personnel from your country, what are the possible government policies to address this matter? Any idea how many Icelandic researchers are abroad and where?
25. How are continuing training schemes organised (e.g. implementing organisations, target groups, existing programmes)? How are young researchers funded, with stipends or with employment contracts?
26. Please provide quantitative information for your country, if possible for the period 2000-2008, including at least the following aspects:
- a) personnel (public/private RTD);
  - b) tertiary education related to RTD: number of graduates, field, undergraduate/ post-graduate.

*Organisation of research on specific areas*

27. Is your country having special research programmes and funding on coal and steel?
28. What are the policies, programmes and budgets in the field of the conversion of military RTD?
29. Does your country have, or are you planning targeted actions or special programmes to foster competitiveness via industrial research? Are there existing examples of public-private partnerships in the field of research in your country?

30. Does your country have any special interest in participating in Article 169 initiatives or the Joint Technology Initiatives currently being implemented at EC level?

*International S&T cooperation i.e. cooperation with countries other than EU countries*

31. Do you have a strategy for international S&T cooperation (either self-standing or embedded into a general S&T/globalisation strategy)? If yes, describe the main pillars of that strategy (e.g. how do you decide on what kind of research to do with whom?) Which thematic and geographic priorities do you have in international S&T cooperation?).
32. What are the main means for supporting/implementing international S&T cooperation (e.g. openness of national research programmes for foreign participants, including funding of foreign participants; specific support instruments; bilateral S&T dialogues/agreements etc.)? Can you list any current international agreements on Science & Technology?
33. What kind of multilateral activities do you pursue (including membership in S&T-relevant international institutions)?

## **Chapter 26:      *Education and culture***

The areas of education and training, youth and culture are primarily the competence of the Member States. The EC Treaty provides that the Community shall encourage cooperation between Member States and support and supplement their actions, while fully respecting their responsibility for the content of teaching, organisation of education and vocational training systems, and their national and regional cultural diversity.

In the field of education, training and youth, the *acquis* consists beside a directive on education of the children of migrant workers and the judgments of the European Court of Justice on cases related to non-discrimination between nationals of an EU Member State and other EU nationals, mainly in a cooperation framework. In the light of the Lisbon Strategy, open methods of coordination on education and training policies and on youth policies have been established with a view to convergence of national policies and the attainment of shared objectives. The concrete future objectives of education and training systems endorsed in 2001, as well as the Copenhagen process for vocational training and the Bologna process for higher education, are providing directions for the improvement and development of the quality of education and training systems. This resulted in the work programme 'Education and Training 2010', and the strategic framework 'Education and Training 2020', which integrates all actions in the fields of education and training at European level. Common objectives have also been agreed for the EU youth policies. In addition, Member States need to have the legal, administrative and financial framework as well as the necessary implementing capacity in place to ensure sound management including financial management of all decentralised education, training and youth Community programmes (currently the Lifelong Learning and Youth in Action Programmes).

As regards cultural policy, Member States need to uphold the principles enshrined in Article 151 of the EC Treaty and, in particular, ensure that their international commitments allow for the development and implementation of policies and instruments aiming at preserving and promoting cultural diversity. In accordance with these principles, the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, ratified by the EC, is a major element of the Community *acquis* in the field of culture. The Commission Communication on a European Agenda for culture, in a globalizing world, endorsed in 2007 in a Council Resolution and conclusions of the European Council, introduced new cooperation methods, including a structured dialogue with the cultural sector, and a more structured system of cooperation between the Member States and the EU institutions (open method of coordination), in order to implement three common sets of objectives: cultural diversity and intercultural dialogue; culture as a catalyst for creativity; and culture as a key component in international relations. Five priority areas, articulated around the three objectives of the Agenda, were set by the Council for a first work plan for culture 2008-2010.

### **I. EDUCATION, TRAINING AND YOUTH**

#### ***Cooperation in the field of policies***

The following questions are directed at all levels of education.

## ***A. Educational system***

1. Structure of the educational system: please describe the structure of the educational system, including vocational education and training (VET) and adult education, following the Eurydice format (<http://www.eurydice.org>). Give details of the different levels of education, whether compulsory and/or free of charge, and the mechanisms for transition between them. Also describe the role of private education and VET providers and of enterprises in VET provision.
2. Statistics: please provide data on pupils/students and teachers/trainers at the different levels of the educational system, including VET and adult education. If possible give an estimate of the expected evolution over the next ten years. Provide statistics on public and, if possible, private resources allocated to education at national level (in % of GDP and national budget).
3. Stabilisation of reforms: what are the main objectives and the timetable for implementation of the most recent reforms of the education and training system or of current reforms? Should the system undergo yet more reforms?
4. Governance and financing: please describe arrangements for the governance and financing of education and training, giving details about the degree of financial and administrative autonomy of establishments and about stake holder participation, in particular the role of the social partners in VET.
5. Qualifications: please describe educational and VET qualifications frameworks and structures, including arrangements for recognition of informal and non-formal learning (work experience, in-service training, self-learning, etc.).
6. Please provide information on measures to integrate young people into the job market or higher education and VET, including educational and vocational guidance.
7. Please provide information on the transition from school to work and the role of the social partners and enterprises.
8. Young persons leaving education and/or training without formally recognised qualifications: what are their numbers and percentages? What are the second chance measures undertaken to provide alternative routes to achieving qualifications?

## ***B. Administration of the systems***

9. Status of educational institutions: Describe the procedures for setting up educational institutions. Is there an authority which monitors the setting up and functioning of educational institutions? Are there different sorts of status for educational institutions (e.g. private, public, private subject to control, etc.)?
10. General mechanisms for monitoring and evaluation of the educational system: Are there mechanisms envisaged or in the process of implementation for monitoring and evaluating educational establishments? What data do they examine? To what extent are they independent of Government ministries?
11. Statistical data collection and processing facilities: Describe the facilities and the data collected. Describe the various levels at which such data is collected and processed. Are

there statistics on the destination of school leavers, VET and higher education graduates?

### ***C. Infrastructure***

Please provide information on:

12. Criteria for setting up infrastructure: Coverage of national territory: What variables are taken into account for setting up educational infrastructure (population density, geographical criteria etc.)? According to what criteria is infrastructure set up for the education of children of national minorities?
13. Criteria for the provision of equipment: Who takes decisions and according to what procedures concerning the purchase of equipment for schools and universities? Does equipment include: manuals, libraries, teaching equipment for instructors, computer and multimedia equipment? Give information for each type of equipment and each level of education.
14. Please provide information and statistics on ICT use in education and training, including the number of pupils per computer and distance learning facilities, etc.
15. Provision of accommodation for students/trainees not living at home: What facilities exist? What services do they provide? Are developments in such facilities envisaged? If so, what developments?
16. Are there special facilities, at all levels of education, for handicapped persons in mainstream education and VET establishments?

### ***D. Teachers***

17. Please describe the requirements for the qualification of school teachers and school principals at all levels of education?
18. What initial and continuing training facilities are available for teachers?

### ***E. Curricula***

19. Decentralisation of decisions relating to the curriculum: Which are the authorities that establish the curricula at each level of education? What degree of autonomy do educational establishments have in respect of hours occupied by the curriculum, and the content of such teaching time?
20. What is the core/compulsory curriculum in primary and secondary education?
21. Are VET and higher education curricula modular? What arrangements exist for credit transfer?
22. Teaching of the official languages of the European Union: please describe the teaching provided at the various levels of the education system. Provide available statistics on the number of young persons or children studying the various languages.

## ***F. Adapting to change***

Please provide information on:

23. The identification of skill needs/deficits and the responses from the education and VET systems.
24. The adaptation of education and training to the requirements of the knowledge society.
25. The promotion of sense of initiative and entrepreneurship as a basic competence for young people within the different levels of education.
26. The adaptation of education and training to industrial and technological change.
27. The transfer of innovation and good practice in training into mainstream education and training provision.
28. The application of the lifelong learning principle to policies, systems and structures for education and VET.
29. The integration of vocational training into mainstream education and pathways between general and vocational streams.

## ***G. Youth***

30. What, if any, are the national strategies encompassing one or several of the following fields: youth employment, non-formal education of young people, youth entrepreneurship and creativity, youth participation, health / sporting activities of young people, social inclusion of youth, youth volunteering? More specifically, please provide information on:
  - a) Measures to develop the quality of non formal education and recognise its outcomes.
  - b) How decentralised are the structures for youth employment on a local level – the level closest to young people – and what are the plans for the future? See also questions 6 to 8 above.
  - c) Measures taken to encourage talent development, creative skills and entrepreneurship of young people.
  - d) Measures taken/planned to encourage a healthy living for young people and physical activity with a focus on preventing and treating obesity, injury, addictions, mental and sexual health problems.
  - e) Measures taken/planned to ensure full participation of youth in society, and to promote greater social involvement of young persons.
  - f) Measures taken/planned to develop the provision of facilities and adoption of policies to prevent poverty and social exclusion of young persons, in particular among disadvantaged youth groups.
  - g) Measures taken/planned to facilitate the mobility of volunteers from the EU and from the candidate countries, for long-term activities (6 months to 12-18 months) in terms of residence permits, insurance, etc.

h) Measures taken/planned to support and recognise Youth work.

31. Which institution is in charge of the overall coordination of youth issues in the country?
32. Would you be interested in participating in the structures established under the Open Method of Coordination?

#### ***H. Access to education of EU citizens***

33. Education of children of EU nationals: please provide information on the estimated number of EU nationals working in your country and having children residing there at the age of compulsory school attendance under Icelandic law. Please indicate whether there are special provisions for education of these children (such as free of charge courses of the Icelandic language) and what are their main countries of origin.
34. Equal access: describe arrangements to ensure equal access to education and training regardless of gender, ethnic origin, religion or disabilities.
35. Tuition fees and other conditions of access to higher education establishments (public and private): how are they regulated? Are they different for Icelandic nationals and for foreigners?

## **II. CULTURE**

#### ***Cooperation in the field of policies***

36. What, if any, are the support systems in the following fields: artistic creation, innovative cultural projects, improvement of skills for artists and cultural operators, cultural cooperation with other countries?
37. What, if any, are the support programmes in the field of literary creation and translation?
38. What, if any, are the support programmes in the field of cultural heritage?
39. What legal regime applies to book pricing? Are there any fixed price regulations?
40. What legal regime applies to the sale and movement of cultural goods?
41. What legal regime applies to the preservation of cultural heritage?
42. What legal regime applies to the cession of rights (exclusive or otherwise) to exploit aspects of cultural heritage (e.g. digitisation of art collections)?
43. What systems are in place as regards statistics pertaining to the cultural sector?
44. What measures have you taken in the context of the implementation of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions?
45. Do you subscribe to the objectives of the European Agenda for Culture?
46. Would you be interested in participating in the structures established under the Open Method of Coordination?

## ***Chapter 27: Environment***

EU environment policy aims to promote sustainable development and protect the environment for present and future generations. It is based on preventive action, the 'polluter pays' principle, fighting environmental damage at source, shared responsibility and the integration of environmental protection into other EU policies. The acquis comprises over 200 major legal acts covering both horizontal and sectoral legislation (air pollution, water protection and management, waste management, nature protection and biodiversity, industrial pollution control and risk management, chemicals, genetically modified organisms (GMOs), noise, etc.). Compliance with the acquis requires significant investment. A strong and well-equipped administration at national and local level is imperative for the application and enforcement of the environment acquis.

*The Agreement on the European Economic Area already lays down specific obligations in areas covered by this Chapter. When answering the questions below, please make reference to the state of implementation of such obligations.*

### **I. GENERAL POLICY**

1. Are there any constitutional provisions in relation to environmental protection and/or sustainable development?
2. Is there a general environmental protection framework act, serving as a basis for other environmental legislation?
3. What are the main principles underpinning environmental legislation (e.g. polluter pays principle, precautionary principle, etc.)?
4. Is there a long term national strategy governing protection of the environment and/or a national sustainable development strategy? Is this strategy effectively implemented? What are the related institutional arrangements (e.g. SD Council)?
5. Is there a concrete action programme for the environment with short and medium term objectives, an indication of the availability of the budgetary and other resources to achieve them and a timetable? Is it linked to the EU environmental acquis? How is its implementation monitored?
6. How are you ensuring that your environmental legislation and policies are aligned with EU environmental legislation? What are the main difficulties encountered?
7. How much has been invested in environment and environmental infrastructure (i.e. in order to comply with environment acquis) in the last three years? What are your future investment plans?
8. Give a detailed description (with staffing levels) of the administrative bodies (Ministries, agencies etc.) responsible for enacting, implementing and enforcing environmental legislation and policy at both national and sub-national (e.g. regional) levels? How are the responsibilities shared for achieving the objectives in the various

sectors (water, waste, nature protection, forests etc.) and how is coordination assured? Outline any plans to develop and reinforce administrative capacities.

9. How are the responsibilities shared for the various sectors (water, waste, nature protection, forests etc.) and how is coordination envisaged? Outline your plans to develop and reinforce your administrative capacity.
10. Are there legislative provisions and budget relating to the training of administrative officials in the environmental field? How difficult is it to find suitably qualified personnel? How difficult is to find qualified personnel to provide the training?
11. What are the mechanisms for monitoring compliance with environmental legislation and the state of the environment?
12. Please detail the number of prosecutions for breaches of environmental law and the level of penalty for such breaches. Please provide information on the collection rates of fines imposed and the relevant statistics for breaches in the sectors of air, water and waste for the last three years and, if available, also for other environmental sectors.
13. What type of economic instruments (taxes, duties, tradable permit schemes, etc) are used for environmental policy? Please communicate the share of environmental taxes in total taxation and in GDP. Please estimate the percentage of GDP spent on environmental protection.
14. Are there any mechanisms to provide for the protection of the environment to be taken into consideration in other policies, in particular agricultural, industrial, energy and transport policies in line with Article 6 of the EC treaty?
15. Which international agreements concerning environmental protection have been signed and which ones have been ratified by your country?
16. Has your country submitted a report to the UN Commission on Sustainable Development (CSD) on the implementation of Agenda 21?
17. Could you describe the national effort in the field of environmental research and development (e.g. level of funding of national institutes, etc.)?
18. Please detail any initiatives or programmes of environmental regional co-operation in which your country is participating.
19. Please explain what measures are taken to reduce diseases caused by environmental factors in your country.

## **II. SECTORAL POLICIES**

*The questions on each sector below should allow for an evaluation of the current situation and trends. Information on capacity building and/or problems in this respect would also be most useful. Any additional information, for instance on achievements so far and major problems to be solved, should also be provided.*

*Indications on cost/benefit aspects and on investment in the different areas should be given, as available and as appropriate.*

### **A. Horizontal Legislation**

20. Are there measures providing for public access to environmental information upon request and by public authorities of their own initiative (so called "active dissemination")? Are there provisions on administrative and/or judicial review in case access to information is not granted?
21. What are the provisions in relation to access to the courts and administrative complaints when it comes to organisations (including non-governmental organisations) and individuals? Do non-governmental organisations that meet certain requirements, if any, determined by national/international law (if yes, what are these requirements), have access to administrative or judicial procedures to challenge acts and omissions by private persons and public authorities which contravene provisions of law relating to the environment? If yes, in what areas related to the environment is this applied? Could you provide examples of cases where standing was granted by courts/administrations to NGOs engaged in environmental matters? How long are the administrative/ judicial cases relating to the environment? Are there procedural measures that are available to NGOs to assist them when bringing cases to courts? Is legal aid, injunctive relief, suspensive effect of appeals applied and if yes, how? How much do environmental cases cost for a party to the administrative/judicial procedure (experts costs, court fees, legal representation, deposits required for certain procedural measures)?
22. Do standardised systems or methods exist for gathering, transferring and reporting of data and statistics concerning the environment exist?
23. What are the provisions relating to public participation (information and consultation) in decision making related to the environment? Are there requirements for public participation prior to administrative decisions relating to permitting activities likely to have significant environmental impact? Are there requirements for public participation in relation to plans and programmes and/or policies and/or legislation related to the environment? Which administrative bodies (Ministries, agencies, etc.) and at which level (national, regional, local) are responsible for granting development consent? Do environmental authorities participate to development consent procedures and how? Are there review procedures whereby members of the public and/or public concerned can challenge the substantive and procedural legality of decision, act or omission occurring in connection with the decision making related to the environment subject to public participation? Is there a definition of "public" or "public concerned" which is applied in this context?
24. Has your country ratified the Aarhus Convention on access to information, public participation and access to justice in environmental matters? If not, what is the planned timeline for this ratification?
25. Has your country ratified the Espoo Convention on environmental impact assessment in a transboundary context, and, if so, how does it ensure that transboundary consultation is carried out? If not, what is the planned timeline for this ratification? At national level, what measures are there for an environmental impact assessment of certain

projects? At what stage of the project is such an assessment to be carried out? How often are projects turned down or amended as a result of these assessments?

26. Has your country ratified the SEA (Strategic Environmental Assessment) Protocol to the Espoo Convention? If not, what is the planned timeline for this ratification? What steps are being taken to introduce environmental assessment of plans and programmes, and do they also extend to policies and legislation?
27. How is the impact on habitats/species taken into account in environmental assessments procedures?
28. Does your country have in place a Regulatory or Sustainability Impact Assessment System that leads to an assessment of the economic, social and environmental impacts of major public policies in a single integrated process?
29. How are concepts of environmental sustainability including the protection of habitats and species integrated into policies related to economic sectors, including agriculture, mining, tourism, fisheries and aquaculture?
30. Are there measures based on environmental liability aiming at preventing and remedying environmental damage? If not, is the adoption of such measures planned for the near future? How do you consider dealing with the 'damage to protected species and natural habitats' as defined under the concept of 'environmental damage'?

## **B. Air Pollution**

31. Do air quality limit values or target values exist for specific atmospheric pollutants? If so, what are these values?
32. What is the relationship of the above with the WHO standards/guidelines?
33. Is there a national programme for monitoring air quality?
34. Are there estimates of emissions of the major atmospheric pollutants?
35. Are there national programmes or strategies for reducing emissions of atmospheric pollutants?
36. Are there national, regional or local plans or programmes specifically addressing improvement of air quality (i.e. concentration levels of certain pollutants) in the respective areas?
37. In addition to the measures referred to under the heading F “Industrial Pollution Control and Risk Management”, is there national legislation controlling emissions from mobile sources (cars, trucks, buses, etc.)?
38. What arrangements are in place to monitor the quality and life-cycle greenhouse gas impact of petrol, diesel, other gas oils and heavy fuel oil?
39. What arrangements are in place to control Volatile Organic Compound (VOC) emissions from different sources?

40. What is the state of implementation of the UNECE Convention on long-range transboundary air pollutions and its protocol on SO<sub>2</sub>, NO<sub>x</sub>, NH<sub>3</sub> and VOCs? What is the plan for the implementation of the NEC Directive (2001/81/EC) under the European Economic Area (EEA) agreement?

### **C. Waste Management**

41. What are the main features of the legislation concerning waste management (incl. household waste, waste from consumer goods, industrial waste including hazardous waste, sludges from urban waste water treatment and other waste from specific activities)?
42. Please provide basic information about facts and figures on waste generation and management:
- a) Quantity, type (e.g. hazardous) and origin (industrial installations, agriculture, mining and quarrying, municipalities etc.) of waste generated per year;
  - b) Waste treatment facilities: number and performance of treatment plants, composting and recycling plants, incineration facilities, landfill sites;
  - c) Figures on export and import of waste (quantity, type).
43. Is there a general waste management policy (programme, strategy etc.) in place?
44. Is there a legislative framework in place on the following topics:
- a) Basic framework legislation (definition, hierarchy on waste treatment (prevention, re-use, recovery), authorisation schemes; responsibilities for the disposal and recovery of municipal waste and of other waste);
  - b) Framework legislation on hazardous waste;
  - c) Legislation on specific types of waste treatment (incineration, landfill);
  - d) Legislation on specific waste streams or types;
  - e) Legislation on shipment of waste.
45. Which instruments exist apart from legislation (e.g. economic instruments, waste management planning)?
46. Is there an administrative infrastructure in place? If yes, on which level (national, regional, local)?

### **D. Water protection and management**

47. Could you describe the legislative basis for water protection and water resources management, in particular:
- a) water quality and water quantity;

- b) ground water and surface waters (including geothermal waters);
  - c) drinking water quality;
  - d) bathing water quality;
  - e) fish and shellfish waters?
48. Are waters subject to general protection or is this protection restricted to certain bodies of water or waters for certain use (e.g. drinking water extraction), or are there special protection areas apart from general provisions?
  49. Does the existing legislation provide for principles such as prevention of pollution at source, emissions control and water quality standards?
  50. Is there a system of prior regulations and/or specific authorisation for water extraction from ground water and/or from surface waters?
  51. Does the existing legislation provide for objectives laid down in a “master plan”, also listing the measures to take for reaching these objectives?
  52. Is there a system for prior regulations and/or specific authorisation for storage and handling of substances endangering or potentially endangering waters?
  53. Which are the responsible authorities for:
    - a) planning procedures?
    - b) prior regulation and/or specific authorisation procedures?
  54. How is the coordination of the various authorities involved in planning and implementation of water related policies and legislation ensured?
  55. Is a system of River Basin Management and marine waters management being developed to ensure water quality and quantity management as well as flood risk management and if so, how? Is there cooperation in place with countries with which Iceland is sharing marine regions? How is the management of fisheries and other living marine resources integrated into such management?

## **E. Protection of Nature, Biodiversity, Forests and Soil**

56. Describe the legislative basis for the protection of nature, especially concerning species and habitats of conservation interest.
57. To which multilateral environmental agreements related to biodiversity is Iceland party, and how are they implemented?
58. What are the national plans regarding bio-diversity?
59. What systems of protected areas exist for nature conservation, including specifically protected marine areas? On what basis have protected areas been designated? What is their current surface coverage?

60. What are the main (legal and practical) nature conservation instruments (e.g. permitting systems, impact assessments, management contracts, conservation plans, compensation systems, etc.), land-use planning controls and enforcement measures that exist:
- a) for protected areas;
  - b) for the conservation of nature outside of protected areas;
  - c) for protected species, including those listed in the annexes to the EU Habitats directive and those covered by the EU Birds Directive?
61. What are the major differences between your existing nature conservation legislation and EC nature legislation (the EU Habitats and Birds Directives) and what are the major difficulties you foresee for the approximation process? Please provide the legislation and statistics in particular concerning the hunting of whales and seals, and the marketing of whale products.
62. What are the major differences between your existing legislation on wildlife trade and EC Regulations on that matter and what are the major difficulties you foresee for the approximation process?
63. What are the major differences between your existing legislation and the EC legislation in relation to the marketing of seal products?
64. What are the major differences between your existing legislation on animal welfare related to wildlife and EC Regulations on that matter and what are the major difficulties you foresee for the approximation process?
65. Describe the legislative basis for the keeping of animals in zoos. Does a system for inspections and licensing exist for these types of establishments?
66. Does your country have a national forest programme and a national forest inventory system?
67. Is there a system in place for the systematic monitoring of the conditions of forests (especially in relation to the effects of new challenges caused/likely to be caused by climate change)?
68. Is there a centralised system in place for the collection of data related to forests/forestry?
69. Please describe the general policy and legislative basis for soil protection, including provisions for the identification and management of contaminated sites.
70. Does your country have a soil monitoring system in place? If so, please give details (e.g. parameters considered, frequency of monitoring, etc).

## **F. Industrial Pollution Control and Risk Management**

71. What are the main features of the legislation concerning the permitting of industrial installations with regard to emissions of pollutants into the air, water and soil? Is there a

best available techniques based permitting system in place for integrated pollution prevention and control (IPPC)?

72. What are the main features of the legislation regarding emissions from large combustion plants (rated thermal input above 50 MW), waste incineration plants and installations using organic solvents?
73. Is there a system in place to provide for a pollutant release and transfer register regarding industrial facilities?
74. Are there provisions relating to the participation of public or private enterprises in environmental management and audit schemes?
75. Are there measures providing for an eco-labelling system?
76. Does Icelandic regulation No 160/2007 on the control of major accident hazards involving dangerous substances fully incorporate all aspects of the EU's legislation on industrial risks and accidents (Seveso directive and its amendments)?

## **G. Chemicals**

77. What experience does Iceland have with implementation of REACH Regulation, from the point of view of national competent authorities and industry?
78. What is Iceland's view and possible progress concerning its reporting obligation under article 117 of REACH Regulation?
79. Do your classification, packaging and labelling rules for chemicals apply equally to plant protection products and biocidal products? Did you already or are you planning to implement the GHS system?
80. Is there a registration/authorisation procedure for pesticides, i.e. plant protection products (agricultural pesticides) and/or biocides (non-agricultural pesticides)? Provisions regarding biocides are already implemented under the EEA agreement: could you indicate whether market surveillance provisions for other product types than 14, 16 and 18 have been put in place? Are there provisions for fees covering the different procedures of the Directive 98/8/EC in place?
81. Are there any measures in place to reduce risks regarding the use of pesticides, i.e. plant protection products (agricultural pesticides) and/or biocides (non-agricultural pesticides)?
82. Are there data collection and risk assessment procedures for chemicals, in particular pesticides?
83. Are there any legal provisions and administrative measures to prohibit and control the export of certain hazardous chemicals? Is there an export notification scheme for banned or severely restricted chemicals?

84. When does Iceland expect to accede to the Rotterdam Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (PIC)? What is the state of implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) and the UN ECE Convention on long-range transboundary air pollution?
85. What is the state of implementation of the Montreal Protocol on the protection of the ozone layer?
86. Is there a scheme, including a national competent authority, for the protection of animals used for experimental and other scientific purposes? Has the Council of Europe Convention ETS 123 on the protection of laboratory animals been ratified and implemented?
87. Are there legal provisions in place regarding exports and safe storage of mercury and certain mercury compounds and mixtures?
88. Did Iceland implement the restrictions listed in Annex XVII of REACH? Are there rules in Iceland covering the substances listed in Annex XVII which are more stringent than the restrictions in Annex XVII of REACH?

## **H. Climate Change**

89. Is there a national system for greenhouse gas monitoring and reporting established? If so, how is it organised?
90. Is there a completed national inventory of greenhouse gas (GHG) emissions for 1990 and for any later years?
91. What are the expected GHG emissions until 2020 compared to 1990?
92. Has your country submitted any national communication under the United Nations Framework Convention for Climate Change (UNFCCC)? If so, when was it submitted?
93. What is the stage of the implementation of the Kyoto Protocol?
94. Is there a national climate change policy and measures adopted? Are there any additional policies and measures related to climate change currently in the development phase and if so, when are they planned to be introduced?
95. Which ministries and/or governmental agencies are responsible for the development, implementation and monitoring of climate change policies and measures? Do they have clear mandates to perform these tasks? Do they have sufficient human and material resources? Have these resources been strengthened in recent years and what plans exist for further strengthening?
96. Do any countries, UN organisations or other donors fund capacity building activities for the UNFCCC and Kyoto Protocol in your country?
97. How is your country preparing for the post-2012 climate regime? What are Iceland's long term GHG reduction goals?

98. Is Iceland planning on continuing with decision 14/CP.7 (single project exemption)?
99. How is Iceland planning to implement the Climate and Energy Package adopted by the Council and Parliament in December 2008? In particular, does Iceland intend to also implement the effort sharing decision? What kind of data will Iceland submit to the Commission? Any parts of that package that does Iceland does not intend to include into the EEA Agreement and why?
100. What kind of new installations falling within the scope of the existing and/or revised EU ETS are planned to become operational in Iceland?
101. How is Iceland planning to implement the inclusion of the aviation sector in the EU ETS? What kind of data will Iceland submit to the Commission?

## **I. Genetically Modified Organisms**

102. Describe your policy towards genetically modified organisms. What systems are in place to implement this policy? What are the main features of the legislation concerning biotechnology?
103. In particular, what are your legal provisions and policy concerning:
  - Risk assessment;
  - Risk management;
  - Risk communication;
  - Labelling and traceability of GMOs;
  - Inspections and controls;
  - Releases of GMOs for purposes other than placing on the market (e.g. field trials);
  - Contained use of GM micro-organisms;
  - Containment measures (distinct from contained use), e.g. in aquaculture
  - Transboundary movement of GMOs with non-EU countries.

## **J. Noise**

104. Is there a general noise abatement act or policy? What are the main features of the noise control policy (emission standards, planning standards)?
105. Which noise sources are covered by this legislation/policy, in particular what is the situation as regards road traffic, rail traffic, air traffic, industrial activities sites?

## **K. Civil Protection**

106. Describe how you have implemented through the EEA agreement Council Decision 2007/779/EC, Euratom establishing a Community Civil Protection Mechanism.
107. List any projects you have implemented with financing through the Civil Protection Instrument established by Council Decision 2007/162/EC, Euratom.

108. Describe your policy and national structures regarding civil protection, including any arrangements for international cooperation
109. Does the civil protection authority(ies) in Iceland also have the mandate for international co-operation and international civil protection missions? If so, could you give more details on the mandate?
110. Are there specific strategies or measures aimed at protecting the population from disasters?

## **Chapter 28: Consumer and health protection**

The *acquis* under the Consumer and Health Protection chapter consists of horizontal policy instruments, including financial support, regulatory and governing measures as well as vertical policies. These describe in detail the mechanisms, on the one hand, for the protection of the consumer's safety and his/her economic interests and, on the other hand, human public health.

The *acquis* in the area of consumer protection includes the following instruments: a general financing framework and rules for the governing of consumer protection at the Community and Member State level, including injunctions and access to justice, together with a measure for enforcement cooperation by Member States public authorities (CPCS). It also covers aspects related to the consumer's general product safety, such as dangerous imitations, liability for defective products and the Community's Rapid Alert System (RAPEX), as well as topics like sale of consumer goods and associated guarantees, unfair contract terms, price indications, doorstep selling, distance selling, distance marketing of financial services, consumer credits, misleading and comparative advertising, unfair commercial practices, timeshare, package travel and rights of flight passengers.

The *acquis* in the area of public health comprises measures as regards the general financing framework and measures for governing this area. It also deals with issues related to tobacco control, communicable diseases, blood, tissues and cells, mental health, drug abuse prevention, health inequalities, nutrition, alcohol related harm reduction, cancer screenings, healthy environments including prevention of injury, promotion of safety and European action in the field of rare diseases

Member States need to transpose the *acquis* into national legislation. The implementation and enforcement of consumer and health protection policies require adequate administrative capacities and infrastructure at national, regional and local level. As regards consumer protection, this refers to effective market surveillance and appropriate independent judicial and out-of-court dispute resolution mechanisms. It is also necessary to raise public awareness, consult with the public and involve consumers actively in effective policy implementation, thus informing and educating the consumer and ensuring a role for consumer associations.

### **I. CONSUMER PROTECTION**

*The EEA already lays down specific obligations in this area. When answering the questions below, please make reference to the state of implementation of such obligations.*

#### **A. Horizontal aspects**

1. Please describe the scope of your consumer protection policy. Is consumer protection recognised as a specific policy in your country? Are there specific rules on consumer protection in other policy areas?
2. Please describe the institutional set-up for consumer affairs in your country.
3. It should be specified whether there are bodies within the public administration which are competent for:

a) General co-ordination of consumer affairs: is general competence on consumer policy allocated to one designated authority, which is responsible for taking initiatives and for coordinating actions in the consumer area?

b) Market surveillance/general product safety: are there independent administrative structures and enforcement powers monitoring the market for consumer goods, in order to detect breaches of product safety rules and to ensure they are corrected? This would include dealing with consumer complaints and infringement of rules. [*Specific questions on product safety and market surveillance are to be found in section B. below.*]

c) Market surveillance/protection of economic interests of consumers: are there independent administrative structures and enforcement powers monitoring the market for consumer goods and services, in order to detect breaches of rules protecting the economic interests of consumers and to ensure they are corrected? This would include dealing with consumer complaints (individual complaints and cases harming the collective interests of consumers) and infringement of rules. [*See also section C. below.*]

- Information should outline mandate, responsibilities and powers (e.g. of investigation, to seize the courts, etc.), as well as structure and organisation of the services in charge of consumer policy, including links between central, regional and local level.

- Please indicate human and financial resources allocated to each sector.

- Please explain how co-ordination between competent authorities is ensured.

- Please explain how you deal with infringements of consumer protection laws harming the collective interest of consumers in cross border cases.

d) Are there regular statistical processes which monitor the levels and evaluation of prices for consumer's goods and services? Are there surveys intended to determine the level of satisfactions with consumer goods or the percentage of consumers who have switched their service provider?

4. Have consultation structures or procedures been established in order to allow consumer interests to be represented in discussions on consumer policy, when drafting and implementing legislation?
5. Access to justice: which measures are in place, if any, to facilitate consumers' access to justice through the courts to seek individual redress? Are there measures to simplify and speed up small claims litigation? Do out-of-court bodies exist which provide alternative dispute resolution systems (e.g. mediation or conciliation systems)?
6. Is there in the consumer area a court or an administrative procedure which enable entities such as consumer organisations/public authorities to seek an injunction to stop an illegal practice of a trader and to describe the system?
7. Has the government drawn up any education, information and awareness-raising programme on consumer issues, which would help consumers be aware of their rights and able to exercise them?

8. Do non-governmental organisations representing consumer interests exist in your country? If so, please describe their situation: how many are there? When were they created? How is their membership composed? Are they representative of consumer interests at national level? Is the government promoting and assisting their development? What are their objectives? Which kind of activities do they carry out? What are their main sources of financing? How many staff do they employ?
9. Have you developed any relations with other countries on consumer protection issues (e.g. cross-border co-operation activities, exchange of information and best practices, etc.)?

## **B. Product safety-related measures:**

### ***Legislation***

10. In the framework of your consumer protection policy, indicate whether the following sectors are covered and to what extent they are in line with the relevant EC acquis:
  - general product safety (*Directive 2001/95/EC*)
  - guidelines for RAPEX system and notifications under Art. 11 of Directive 2001/95/EC (*Decision 2004/418/EC*)
  - marketing restrictions of child-resistant and novelty lighters (*Decision 2006/502/EC* as prolonged by Decisions 2007/231/EC, 2008/322/EC, 2009/298/EC)
  - marketing prohibition of products containing the biocide dimethylfumarate (*Decision 2009/251/EC*)
  - dangerous imitations (*Directive 87/357/EEC*)
  - liability for defective products (*Directive 85/374/EEC*)
11. Do you have legislation concerning liability for defective products?
12. Are there legal provisions in force establishing the principle of objective liability or liability without fault of the producer in cases of damage caused by a defective product? If such provisions are in force, is there a rule of joint liability in cases where more than one person is liable for the same damage?
13. If legal provisions on product liability are in force, what products do they cover? Are some products excluded from the scope of these rules? What is the definition of "damage"?
14. If legal provisions on product liability are in force, how is the producer defined, what are the rules applicable to burden of proof?
15. If legal provisions on product liability are in force, are there any rules exempting the producer from liability (e.g. producer did not put the product into circulation, the defect causing the damage came into being after the product was put into circulation by the producer, the product was not manufactured for profit making sale, the product was neither manufactured nor distributed in the course of producer's business, the state of

scientific and technical knowledge at the time when the product was put into circulation was not such as to enable the defect to be discovered, the defect is due to compliance of the product with mandatory regulations issued by the public authorities)?

16. If legal provisions on product liability are in force, is the producer's liability altered when the damage is caused both by a defect in the product and by an act or omission of a third party?
17. If legal provisions on product liability are in force, are there any rules on expiration of liability?
18. Do you have any plans to modify the existing legislation? Please give details and timetables.

### ***Implementation and enforcement***

19. Please comment on the important aspects of the infrastructure for general product safety as described below by referring to your national system for market surveillance:
  - a) market surveillance/enforcement authorities with defined responsibilities and sufficient powers and resources to monitor the compliance of products with the directive and to react to complaints;
  - b) systematic approaches (surveillance programs, follow up of scientific and technical knowledge, review and revision of the functioning of the activities) to ensure the effectiveness of market surveillance;
  - c) system for co-operation between market/surveillance bodies with responsibilities in relation to enforcement of different types of consumer products as well as with customs (*Regulation (EC) No 339/93, Regulation (EC) No 765/2008 replacing as of 1 January 2010 the Regulation (EC) No 339/93*);
  - d) defined methodology for risk-assessment and access to technical expertise and competent and independent testing facilities for checking conformity of products;
  - e) access to information on product dangers to the public respecting professional secrecy and restrictions required for monitoring and investigation activities;
  - f) system for co-operation and information with producers and distributors and consumer associations with regard to providing and receiving information and exchange of experiences;
  - g) system for providing rapid information to consumers and businesses through the media;
  - h) system for ensuring administrative co-operation with other countries;
  - i) co-operation with the national standardisation body with regard to the use of standards under the directive and to ensure co-operation of all parties concerned (including consumers) in the development of standards related to consumer products;
  - j) systems for collection of product related injury data (such as the EU EHLASS programme);

- k) number of controls carried out and the results, the reasons for the controls (own initiative/complaints), type of products controlled, the geographical coverage of the controls, the way the controls have been carried out (ocular examination/testing).
20. Please give some indication of the level of activities in the field of market surveillance by providing statistics, as available, referring to some of the following examples:
- a) number of complaints received, from whom and actions undertaken;
  - b) number and types of product safety cases dealt with by the courts, average time-frame for a decision and average time for enforcement;
  - c) activities undertaken (meetings, information documents etc.) for ensuring co-ordination between authorities and interaction with economic operators and consumer organisations;
  - d) information activities directed to the public;
  - e) routines and meetings between product safety authorities and customs to ensure co-ordination of the customs control;
  - f) details of systems for ensuring a systematic approach to control activities;
  - g) statistics on injuries related to products;
  - h) systems established to ensure consumer participation in relevant standardisation work;
  - i) statistics relating to sales figures of consumer products, origin of the products etc.
21. For which of these product categories have you carried out specific market surveillance activities in the last three years?
- a) playground equipment;
  - b) furniture (e.g. bunk beds, flammability of upholstered furniture);
  - c) do-it-yourself equipment (e.g. ladders);
  - d) leisure equipment (e.g. bicycles, climbing equipment, bounce castles);
  - e) clothing (flammability risks, strangulation risks);
  - f) decorative articles (e.g. imitation fruit, Christmas decorations, candles);
  - g) products containing chemicals (e.g. phthalates in PVC-products, biocide dimethylfumarate in shoes, clothing and furniture);
  - h) products for children, other than toys (e.g. products attractive to children, children's swim seats, playpens);
  - i) cigarette lighters;
  - j) medicines.

22. For product-categories for which no activities were carried out: what was the reason that no activities were carried out?
23. For categories for which activities were carried out: choose randomly some of the products falling under the categories of products under question 21 as examples to provide answers to the following questions:

a) Why did you choose these products?

*Examples:*

- Accidents involving the product.
- Risk reported by the manufacturer.
- Risk reported by conformity assessment (testing, certification) bodies.
- Risk reported through an alert network.
- Risk reported through a national alert network (e.g. hospital services).
- Action by consumer associations or an individual consumer.
- Complaint from a competitor.
- Information from another country (bilateral contact).
- Risk reported by customs.
- Special risk covered by a sectoral or seasonal surveillance programme.
- Random check.

b) How was the surveillance organised for these products?

*Examples:*

- Timing and frequency of checks (e.g. before placing on the market, during customs clearance, after placing on the market, in use)
- Locations where the checks were carried out (e.g. places of design, manufacture, packaging, storage, sale, in use, goods transport vehicles, roadside checks, customs control)
- Control procedures (e.g. documentary or in-situ checks, visual checks (marking, etc.), requests for technical documents, sampling, testing in government laboratories, testing in private laboratories)
- Resources used (e.g. administrative and judicial authorities involved, numbers of staff assigned, spending)
- Time elapsing between the first check and final decision

c) Which measures were taken as a result of the checks? (If the measures were temporary, for how long did they apply?)

*Examples:*

- Product deemed compliant.
  - Party responsible merely required to bring the product into compliance.
  - Product banned from the market until brought into compliance.
  - Product withdrawn from the market until brought into compliance.
  - Product impounded.
  - Product ordered to be destroyed.
  - Product recalled.
  - Information and warning for consumers (how?)
  - Recall of the product from consumers (how?)
  - Civil or penal sanctions (to whom?).
24. Have the results of these activities and the experience acquired influenced subsequent market surveillance activities?
25. Who were informed about the activity and/or the outcome – in general or with regard to specific products (e.g. media, other countries, etc.)?
26. What practical difficulties were encountered in carrying out the activities?

**C. Non-safety related measures (protection of economic interests of consumers)**

***Legislation***

27. In the framework of your consumer protection policy, indicate whether the following sectors are covered and to what extent they are in line with the relevant EC acquis:
- certain aspects of the sale of consumer goods and associated guarantees (*Directive 1999/44/EC*)
  - unfair terms in consumer contracts (*Directive 93/13/EEC*)
  - indication of the prices of products offered to consumers (*Directive 98/6/EC*)
  - contracts negotiated away from business premises (*Directive 85/577/EEC*)
  - distance contracts (*Directive 97/7/EC*)
  - distance marketing of consumer financial services (*Directive 2002/65/EC* amending Directives 90/619/EEC, 97/7/EC and 98/27/EC)
  - credit agreements for consumers (*Directive 2008/48/EEC*)
  - misleading and comparative advertising (*Directive 2006/114/EEC*)

- unfair commercial practices (*Directive 2005/29/EC*)
- certain aspects of timeshare, long term holiday product, resale and exchange contracts (*Directive 2008/122/EC*)
- package travel, package holidays and package tours (*Directive 90/314/EEC*)
- injunctions for the protection of consumers' interests (*Directive 2009/22/EC*)
- principles applicable to the bodies responsible for out-of-court settlement of consumer disputes (*Commission Recommendation 98/257/EC*)
- principles for out-of-court bodies involved in the consensual resolution of consumer disputes (*Commission Recommendation 2001/310/EC*)
- pre-contractual information to be given to consumers by lenders offering home loans (*Commission Recommendation 2001/193/EC*)

28. Please indicate for each of the above listed pieces of legislation the basic features of the respective legislation, including enforcement mechanisms, and plans for reform. For implementing regulations, please specify which regulations have already been adopted and give an indicative timetable for those that still need to be adopted.
29. Please confirm that all the competent authorities (CAs) notified to the European Commission within the framework of the Council Regulation 2006/2004 on Consumer Protection Cooperation are connected to the CPC IT tool (ref. Article 10 of Regulation 2006/2004) and are making use of it.
30. Specify which authorities are competent for drafting the relevant legislation and how legislation is passed (primarily through parliamentary procedure or ministerial orders or decrees).
31. Please indicate additional existing legislation protecting consumers' economic interests (e.g.: rules on sales promotions, rules on advertising, rules on price reductions, general labelling requirements on products)

### ***Implementation and enforcement***

32. If public authorities exist to protect the economic interests of consumers, please specify the powers at their disposal and give some examples of activities carried out, including the powers and activities in cross border cases.
33. Please provide details on enforcement of legislation in the area of financial services, in particular on consumer credit.

## **II. PUBLIC HEALTH**

### **A. Horizontal aspects**

34. The Commission White Paper 'Together for Health: A Strategic Approach for the EU 2008-2013', Document *COM(2007) 630 final* sets out the health strategy of the European Community. The Second Programme of Community Action in the Field of

Health 2008-2013 (Decision 1350/2007/EC) is a key instrument to support the Strategy's objective. Does your country have a health strategy? What are the main priorities? Are activities being implemented in these areas? If so, give a brief description. Examples are:

- Health mainstreaming
- Health promotion activities
- Surveillance and preparedness activities
- Innovation in health/health technologies
- Gender dimension
- Health literacy programmes
- Consultation mechanisms

35. Health status analysis and reporting (to support national health policy cycles, as public health problems and their determinants - in different population groups) are important for policy makers.

36. Please provide information on the health status of the population in your country. This should include gender specific and combined information on key health indicators such as infant mortality and life expectancy; patterns of mortality and morbidity; situation with regard to communicable and sexually transmitted diseases, healthy life years. To this end, please see DG Health and Consumers website on European Community Health Indicators (ECHI) and consider as an example to follow this first set of key health indicators. ([http://ec.europa.eu/health/ph\\_information/dissemination/echi/echi\\_en.htm](http://ec.europa.eu/health/ph_information/dissemination/echi/echi_en.htm)). With reference to descriptive data, please specify also:

a) What data is produced nationally, who has access to them and to what degree are they comparable to other EU countries?

b) What is available on access to and use of health care, funding of primary and secondary care, morbidity, mortality, incidence rates, hospital facilities, health personnel, healthy life years, regional differences?

c) What is the number of health staff physicians, nurses and dentists other staff per capita?

d) What is the average length of stay in hospitals and institutions?

e) What are the main determinants of diseases?

f) What are the diseases that cause most premature deaths and disabilities?

37. With reference to the institutional framework and administrative capacity:

Who are the main actors involved with public health in your country? How many people are currently working in the Ministry of Health and Social Welfare and the other public health institutions?

38. With reference to the health system reforms, please describe:
- a) Any on-going or planned reforms
  - b) What was the scope of the previous reforms (since 1990)?
  - c) Are the reforms monitored and evaluated? If so, to which degree?
  - d) What part of the health care system should be reformed?
  - e) In particular, what eHealth strategy exists in the country? How embedded is it with the overall health strategy and with the strategic orientation and investment plans in health? In particular, how does it (plan to) contribute to patient safety, healthcare quality (measurement and improvement), health professionals' efficient use of time and coordination of care?
  - f) How is health in all policies being incorporated as a horizontal priority?
  - g) How is health being considered for the future drafting of a national strategic reference framework for the use of structural funds?
  - h) What kind of healthcare quality indicators are used in your country?
  - i) How are the different health stakeholders, in particular health professionals and patients, involved in the definition, validation, implementation and evaluation of healthcare strategies? What governance mechanisms are set in place for such purpose?
39. What share of the mental health services is provided within institutions? Are there other ways to get treatment (community based care)? What are the selection criteria's for admission to and release from institutions? Who develops treatment plans? What are the patients' rights?
40. What are your current health expenditures, as a percentage of GDP, and in absolute terms (in Euro), and how are they structured, including the amount spent in the public sector and the private sector, the amount spent on prevention, and health promotion?
41. With specific reference to health promotion and disease prevention, what measures are you taking to improve health promotion and disease prevention?
42. Are you implementing the OECD manual "A system of health accounts"? If no, when are you planning to do so?
43. With reference to cross-border healthcare, please specify the following (as appropriate):
- a) Do you have cross-border arrangements for treating patients with any EU Member State or candidate countries?
  - b) What is the annual flow of patients into and from your country by sending/receiving country?
  - c) What is the annual expenditure (percentage of GDP and total amount in Euro) for treatments of patients from your country abroad?

- d) Irrespective of arrangements, what information on cross-border is gathered at the moment?
44. Are your health institutions members of any European or WHO networks? If so, which ones?
45. With reference to health information and knowledge, are your health statistical institutions members of any Eurostat networks? If so, which ones?
46. Iceland participates in the Health Information Committee. Please describe the system used to collect, analyse and report health data and information in your country.
47. With reference to health workforce, please specify the following:
- a) is there mobility of clinical staff (nurses/doctors) to/from your country to EU Member States, candidate and potential candidate countries, or others? If so, in which numbers and to which countries?
  - b) How is healthcare staff appointed, and what is the distribution of health personnel across the country?
  - c) How many move across borders?
  - d) Education and training
  - e) Where is the healthcare staff trained?
  - f) To what educational level are nurses trained (e.g. degree level)?
  - g) What are the mechanisms for planning the number of health medical doctors and nurses trained? Eg is a numerus clausus in operation?
  - h) Does the number of staff correspond to the needs of the population?
  - i) Is training paid for out of the public purse or does the student pay full cost?
  - j) Are there any policies to try and retain doctors and nurses in the health system?
  - k) Is there any estimate of numbers of trained health professionals not currently working in healthcare?

## **B. Tobacco**

48. With reference to tobacco control, what are the gender specific and combined smoking rates in your country by age groups (in percentages)?
49. With reference to the following list of acquis, please answer to the below questions a) to c):
- Directive 2001/37/EC of the European Parliament and of the Council of 5 June 2001 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco products

- Directive 2003/33/EC of the European Parliament and of the Council of 26 May 2003 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the advertising and sponsorship of tobacco products
- Commission Decision 03/641/EC of 5 September 2003 on the use of colour photographs or other illustrations as health warnings on tobacco packages
- Commission Decision 1452/2005 of 26 May 2005 on the library of selected source documents containing colour photographs or other illustrations for each of the additional warnings listed in annex 1 to Directive 2001/37/EC of the European Parliament and of the Council
- Commission Decision 06/1502/EC amending Commission Decision C(2005) 1452 final of 26 May 2005 on the library of selected source documents containing colour photographs or other illustrations for each of the additional warnings listed in Annex 1 to Directive 2001/37/EC of the European Parliament and of the Council
- Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities
- Council Recommendation 03/54/EC of 2 December 2002 on the prevention of smoking and on initiatives to improve tobacco control
- Council Decision 04/513/EC of 2 June 2004 concerning the conclusion of the WHO Framework Convention on Tobacco Control
- The Commission has on 30 June 2009 adopted a proposal for a Council Recommendation on smoke-free environments (COM(2009) 328 final). The recommendation is expected to be adopted during 2009.

***Questions:***

- a) Have you experienced any difficulties when implementing the tobacco acquis listed above? (EEA obligation)
- b) Have you been granted any derogations/adaptations in the EEA?
- c) Have you implemented the Council Recommendation referred to above?
- c) Iceland ratified the WHO Framework Convention on Tobacco Control (FCTC) 14 June 2004. What are your experiences of the implementation of the FCTC? Are you participating in the follow-up of the FCTC, including the work of the Conference of the Parties and Intergovernmental Negotiation Bodies?

**C. Communicable diseases**

50. With reference to communicable diseases, please:

- a) Please describe your epidemiological surveillance (diseases monitoring) system, in particular the reporting mechanism, involved parties and their respective roles, as well

as the list of communicable diseases notified to the national competent public health authority.

b) Please describe your alert and response system, in particular the communication mechanism, risk assessment and risk management of public health emergencies of international concern in the field of communicable diseases, involved parties and their respective roles; provide some examples which illustrate how this system operates.

c) Please indicate if you have adopted a national epidemic preparedness plan, including pandemic influenza preparedness plan. Moreover, since 5 February 2008 International Health Regulations (2005) entered into force in your country. Indicate your National IHR Focal Point and what is your timetable to develop national action plans to implement and meet IHR (2005) requirements in order to strengthen national capacity.

d) Indicate your immunisation programmes, and the level of coverage.

e) Please provide the following information regarding communicable diseases:

- Is there/Are there plan(s) of action for an outbreak at national level? If yes, please provide a translation of one.

- Is there a legal basis for monitoring anti-microbiological resistance? How is the system organised?

- Can you provide the Commission with the curriculum of training in epidemiological specialisation?

- What is the number of hospital departments and the number of beds for the treatment of communicable diseases?

- Is there a quality assurance system implemented for laboratory performance? How many laboratories have an accreditation?

51. With reference to the following list of acquis, please answer to the below questions a) to d):

#### *Basic Act*

- Decision No 2119/98/EC of the European Parliament and of the Council of 24 September 1998 setting up a network for the epidemiological surveillance and control of communicable diseases in the Community - Official Journal L 268/1;03.10.1998

#### *Implementing Measures*

- 2000/96/EC: Commission Decision of 22 December 1999 on the communicable diseases to be progressively covered by the Community network under Decision No 2119/98/EC of the European Parliament and of the Council - Official Journal, L 28/50; 03.02.2000

- 2000/57/EC: Commission Decision of 22 December 1999 on the early warning and response system for the prevention and control of communicable diseases under Decision No 2119/98/EC of the European Parliament and of the Council. - Official Journal, L 21/32; 26.01.2000

- 2002/253/EC: Commission Decision of 19 March 2002 laying down case definitions for reporting communicable diseases to the Community network under Decision No 2119/98/EC of the European Parliament and of the Council - Official Journal, L 86/44; 03.04.2002
- 2009/363/EC: Commission Decision of 30 April 2009 amending Decision 2002/253/EC laying down case definitions for reporting communicable diseases to the Community network under Decision No 2119/98/EC of the European Parliament and of the Council (OJ L 110, 1.5.2009) - Official Journal, L L110, 1.05.2009, p 58

*Amending Acts*

- Regulation (EC) No 1882/2003 of the European Parliament and of the Council of 29 September 2003 adapting to Council Decision 1999/468/EC the provisions relating to committees which assist the Commission in the exercise of its implementing powers laid down in instruments subject to the procedure referred to in Article 251 of the EC Treaty - Official Journal L 284/1;31.10.2003
- 2003/534/EC: Commission Decision of 17 July 2003 amending Decision No 2119/98/EC of the European Parliament and of the Council and Decision 2000/96/EC as regards communicable diseases listed in those decisions and amending Decision 2002/253/EC as regards the case definitions for communicable diseases - Official Journal, L 184/35; 23.07.2003
- 2003/542/EC: Commission Decision of 17 July 2003 amending Decision No 2119/98/EC of the European Parliament and of the Council and Decision 2000/96/EC as regards communicable diseases listed in those decisions and amending Decision 2002/253/EC as regards the case definitions for communicable diseases - Official Journal, L 185/55; 24.07.2003
- 2007/875/EC: Commission Decision of 18 December 2007 amending Decision No 2119/98/EC of the European Parliament and of the Council and Decision 2000/96/EC as regards communicable diseases listed in those decisions - Official Journal, L 344/48; 28.12.2007
- 2008/351/EC: Commission Decision of 28 April 2008 amending Decision 2000/57/EC as regards events to be reported within the early warning and response system for the prevention and control of communicable diseases - Official Journal, L 117/40; 01.05.2008
- 2008/426/EC: Commission Decision of 28 April 2008 amending Decision 2002/253/EC laying down case definitions for reporting communicable diseases to the Community network under Decision No 2119/98/EC of the European Parliament and of the Council - Official Journal, L 159/46; 18.06.2008
- 2009/312/EC: Commission Decision of 2 April 2009 amending Decision 2000/96/EC as regards dedicated surveillance networks for communicable diseases - Official Journal, L 91/27; 03.04.2009
- Regulation 851/2004/EC of the European Parliament and of the Council of 21 April 2004 establishing a European Centre for Disease Prevention and Control

**Questions:**

- a) Have you experienced any difficulties when applying the EU acquis on communicable diseases referred to above ? (covered by the EEA-Agreement)
- b) Have you been granted any derogations/adaptations in the EEA?
- c) Have you experienced any difficulties in the participation in structures / networks in the area of communicable diseases?

**D. Safety and quality of blood, human tissues and cells**

52. With reference to the following list of *acquis*, please answer to the below questions a) to d):

- Directive 2002/98/EC of the European Parliament and of the Council of 27 January 2003 setting standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components and amending Directive 2001/83/EC
- Commission Directive 2004/33/EC of 22 March 2004 implementing Directive 2002/98/EC of the European Parliament and of the Council as regards certain technical requirements for blood and blood components
- Commission Directive 2005/61/EC of 30 September 2005 implementing Directive 2002/98/EC of the European Parliament and of the Council as regards traceability requirements and notification of serious adverse reactions and events
- Commission Directive 2005/62/EC of 30 September 2005 implementing Directive 2002/98/EC of the European Parliament and of the Council as regards Community standards and specifications relating to a quality system for blood establishments
- Directive 2004/23/EC of the European Parliament and the Council of 31 March 2004 on setting standards of quality and safety for the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells
- Commission Directive 2006/17/EC of 8 February 2006 implementing Directive 2004/23/EC of the European Parliament and of the Council as regards certain technical requirements for the donation, procurement and testing of human tissues and cells
- Commission Directive 2006/86/EC of 24 October 2006 implementing Directive 2004/23/EC of the European Parliament and of the Council as regards traceability requirements, notification of serious adverse reactions and events and certain technical requirements for the coding, processing, preservation, storage and distribution of human tissues and cells

**Questions:**

- a) Have you experienced any difficulties when implementing the *acquis* listed above? (EEA obligation)

b) Have you been granted any derogations/adaptations in the EEA?

53. With reference to tissues and cells for reproductive use, please answer to the following questions:

a) Iceland adopted a Strategy for Preserving an Improvement of Reproductive Health. Please explain how Iceland deals with quality and safety of tissues and cells for reproductive use (main EU concern) in this strategy.

b) How are tissues and cells for reproductive use regulated in Iceland? Has Iceland implemented the EU acquis on quality and safety regarding these tissues and cells?

c) Are you planning to develop any new legislation in the field of non-reproductive tissues and cells?

**E. Mental health, socio-economic determinants of health, health inequalities, drug abuse prevention, healthy lifestyle, nutrition, alcohol abuse prevention, cancer screenings, and healthy environment including prevention of injury, promotion of safety and European action in the field of rare diseases**

54. With reference to the following list of EU Council Recommendations, Council Resolutions and Council Conclusions in the field of public health, please answer to the below questions a) to d):

*Mental health*

- 2000/86/01/EC: Council Resolution of 18 November 1999 on the promotion of mental health

- Con. 02/6/01/EC: Council Conclusions of 15 November 2001 on combating stress and depression-related problems

- Con. 03/9688/1/EC: Council Conclusions of 2 June 2003 on combating stigma and discrimination in relation to mental illness

- Con. 05/9805/EC: Council Conclusions of 3 June 2005 on a Community Mental Health Action

*Health inequalities*

- Res. 00/C218/3/EC - Council Resolution of 29 June 2000 on action on health determinants

Drugs abuse prevention and harm reduction

- 2003/488/EC: Council Recommendation of 18 June 2003 on the prevention and reduction of health-related harm associated with drug dependence

*Healthy lifestyle*

- Con. 04/C221/EC: Council Conclusions of 2 December 2003 on healthy lifestyles: education, information and communication

### *Obesity: nutrition*

- Con. 05/9803/EC: Council Conclusions of 3 June 2005 on obesity, nutrition and physical activity
- (July 2008) Commission Recommendation on cross-border interoperability of electronic health record systems (lead by Directorate General Information Society), aiming to create a means whereby authorised health professionals can gain managed access to essential health information about patients (in respect of the fundamental right to the protection of personal data)
- (November 2008) Joint Communication on Telemedicine from both Commissioners Reding and Vassiliou. The Joint Communication has launched a 4-year undertaking, aiming to facilitate patient access to secure and high quality healthcare, even in remote areas, through telemedicine services. The Communication focuses on telemonitoring for patients experiencing chronic diseases, in particular elderly people, and teleradiology bringing solutions to staff shortages. It highlights the need to provide evidence of impact, to engage health professionals and patients, to create legal certainty at EU and national levels, and to solve remaining technical problems.
- (May 2007) 409 standardization mandate to the European Standardization bodies (CEN, CENELEC and ETSI) in the field of Information and Communication Technologies, aiming at listing, agree on and recommend on existing standards relevant to eHealth.

### *Alcohol abuse prevention*

- Rec. 01/458/EC: Council Recommendation of 5 June 2001 on the drinking of alcohol by young people, in particular children and adolescents
- Con. 01/C175/EC: Council Conclusions of 5 June 2001 on a Community strategy to reduce alcohol-related harm

### *Cancer*

- Rec. 03/878/EC: Council Recommendation of 2 December 2003 on cancer screening
- COM(2008) 882: Report from the Commission to the Council, the European Parliament, the European Committee of the Regions - Implementation of the Council Recommendation of 2 December 2003 on cancer screening (2003/878/EC)
- Con. 10/06/2008: Council Conclusions on reducing the burden of cancer ([http://www.eu2008.si/en/News\\_and\\_Documents/Council\\_Conclusions/June/0609\\_EPS\\_CO-cancer.pdf](http://www.eu2008.si/en/News_and_Documents/Council_Conclusions/June/0609_EPS_CO-cancer.pdf))
- COM (2009) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Action against Cancer European Partnership

### *Prevention against electromagnetic fields*

- Rec. 99/519/EC: Council Recommendation of 12 July 1999 on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz)

### *Prevention of injury and promotion of safety*

- Rec. 07/C164: Council Recommendation of 31 May 2007 on the prevention of injury and the promotion of safety

### *Other*

- Council Recommendation of 15 November 2001 on prudent use of anti-microbial agents in human
- Council Recommendation of 9 June 2009 on patient safety, including the prevention and control of health care associated infections
- Council Recommendation of 9 June 2009 on action in the field of rare diseases

### ***Questions:***

- a) Are there legislative, regulatory or administrative provisions in force in your country covering these areas? If yes, please send summaries and, if possible, full texts in one of the official EU languages.
- b) In case there are no legislative, regulatory or administrative provisions in force, are there any drafts, proposals or programmes for these in the pipeline? If so, give details of these and of the timeline for their adoption.
- c) In cases where neither of the above exist, are there any plans to start preparing proposals? Please explain, also indicating the envisaged timetable.
- d) Please describe the administrative capacity, including human and financial resources, to fulfil the requirements laid down in the Community legislation listed above? (Is there any impact observed from the current economic and financial crisis?)

55. With specific reference to mental health, please answer to the following questions:

- a) What are the measures you are taking to support the social inclusion of people with mental health problems? What are the measures taken to reduce the stigma and discrimination of people with mental health problems?
- b) Do you provide specialized mental health facilities for vulnerable groups such as old people, children and young people?
- c) Do you provide a community based services for people with mental health problems?

56. With specific reference to access to health care system, do you have specific measures in place to allow the poorest people, minorities and people living in rural and remote areas to have equal access to the health care system in your country?

57. With specific reference to infant mortality, what measure are you taking in the field of reproductive health care and infant health care to decrease the infant mortality rate (7.4 per live births in 2007)?
58. With specific reference to alcohol abuse, control and prevention, how is the sale of alcoholic beverages regulated in your country?
59. With specific reference to non-communicable diseases, as their burden is increasing, what measures are you taking to promote a healthy lifestyle (quit smoking, promote sports, healthy nutrition, fight alcohol abuse) and prevent this type of diseases?
61. With specific reference to rare diseases, do you foresee the implementation of a National Plan / Strategy / Integrated set of actions in the field of Rare Diseases? Do you intend to participate in the future EU Committee of Experts on Rare Diseases?

## **Chapter 29: Customs union**

The customs union *acquis* consists almost exclusively of legislation which is directly binding on the Member States. It includes the EU Customs Code and its implementing provisions, the Combined Nomenclature, common customs tariff and provisions on tariff classification, customs duty relief, duty suspensions and certain tariff quotas, and other provisions such as those on customs control of counterfeit and pirated goods, drugs precursors, export of cultural goods as well as on mutual administrative assistance in customs matters and transit. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised customs systems (e.g. TARIC, QUOTA2, Surveillance2, EBTI, AEO, NCTS), are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the *acquis* such as external trade, health and security provisions.

The *acquis* consists mainly of a number of instruments ensuring the functioning of the customs union and the effective protection and control of its external borders. Amongst others, the legislation focuses on the implementation of the European Union's common commercial and trade policy, the organisation of its common agricultural market and the co-ordination of its economic and monetary policies.

### **I. CUSTOMS LEGISLATION**

1. Please provide a copy of your country's customs tariff and indicate the tariff headings of which the goods nomenclature differs from the EU's Combined Nomenclature (*Annex I to Council Regulation 2658/87*).
2. Please describe the principles that determine the duty rate structure and level (*see also Chapter 30 on common commercial policy*).
3. Please provide a description of your tariff system for tariff suspensions, tariff quotas and tariff ceilings.
4. Please indicate any potential difficulties that may be expected with regard to the application of the customs legislation in trade with the Community.
5. Please describe your system in force for ensuring a correct classification of goods in your tariff. Do you publish explanatory notes or tribunal rulings? Please also describe your systems for Binding Tariff Information and Binding Origin Information.
6. Please describe your customs procedures with economic impact, e.g. inward processing, outward processing, temporary admission, processing under customs control, customs warehouses and free zones.
7. Please provide your current legislation on free zones and give detailed information on their functioning and incentives.
8. Please describe the rules of preferential and non-preferential origin applied by your country under bilateral or multilateral agreements or in the framework of autonomous

arrangements. Please provide copies of relevant protocols and national legislation if any. Please also mention any other conditions of granting preferential tariff treatment.

9. Please describe the rules of non-preferential origin applied by your country, in particular for the purposes of implementing trade defence instruments, quantitative restrictions, origin labelling requirements, etc.
10. Please describe how you ensure that movement certificates EUR.1 are issued in accordance with Protocol 4 to the Agreement on the European Economic Area.
11. Please indicate if any exporters have been authorised as approved exporters.
12. Please describe what types of customs transit arrangements (national or international) are used. Provide a detailed description of the essentials of the transit procedure.
13. Please describe existing simplified procedures, including facilitations on security procedures for authorised economic operators (AEO), authorisation for approved exporter (origin) or other simplified authorisations procedures, if any. If existing, please describe the authorisation procedure to obtain the status of AEO or approved exporter.
14. Please describe your system of collecting and managing guarantees.
15. Please describe your legislation on duty relief at importation.
16. Please describe how the customs legal framework is organised (which parts of legislation are in the consolidated customs law or code and its implementing provisions or which are in separate legal acts on different subjects, if any).
17. Please describe your system of risk selection for the execution of the customs controls. (e.g. is the system automated, are risk selection criteria established at national, regional or local level?).
18. Please provide a description of your customs control system for:
  - counterfeit and pirated goods and specify the kind of industrial or intellectual property covered by the control system (copyright, patents, designs, etc.)
  - cultural goods
  - dual use goods
  - drug precursors, dangerous chemical products and ozone depleting products
  - the enforcement of CITES
19. Please provide information concerning rules and procedures for cash controls at the borders.
20. Please indicate the existence of duty free shops at the borders, if any.
21. Please describe the administrative and customs fees, if any, which apply in the framework of customs related activities.
22. What legislation related to an electronic customs initiative is in place?

23. What are the customs related security initiatives? Is there information on goods prior to import or export?

## **II. ADMINISTRATIVE AND OPERATIONAL CAPACITY**

24. Please provide detailed information concerning the administrative capacity of the customs administration, incl. organisational structure, staffing levels, reforms recently undertaken or planned, responsibility for granting authorisations for applying customs procedures, etc.
25. Please provide information on your customs mission statement and customs strategy document(s), if any.
26. Please describe how internal audit, if any, within the Customs Administration is organised.
27. Please describe how post clearance controls, if any, are organised.
28. Please indicate how you cooperate with other countries in the field of administrative assistance in customs matters.
29. Please describe the training system of customs officers and of economic operators.
30. What was the level of turn-over of staff in the Customs Administration in recent years? Are there enough qualified applicants to fill the vacancies?
31. Please describe your recruitment policy and the conditions of staff recruitment.
32. Please describe the procedures, if any, on the possibility of transfer, career, progression and dismissal of staff.
33. Please describe the system and measures taken to avoid and cut on corruption and misconduct within the administration, if any.
34. Please describe the rights of defence allowing the economic operator to make his view known before an unfavourable decision is adopted.
35. Please describe the appeal procedure allowing economic operators to contest customs decisions.
36. Do you have a customs laboratory and what kind of goods can be examined?
37. How are the controls on baggage of travellers organised?
38. Which kind of infrastructure and equipment is used by customs to control goods at the border?
39. Do you have a website? If yes, what information is available and how often is this information updated?
40. With reference to interconnectivity and interoperability of IT systems:

- Please describe the current state of computerisation of your country's administration in the following areas:

a) Customs import/transit/export/warehousing control, with or without electronic connection of traders (this item relates both to the means by which traders make customs declarations and the means by which customs authorities control them, e.g. risk analysis);

b) Collection of import/export statistics;

c) Electronic tariff available to traders and customs officials;

d) Accounting system for the collection of customs duties and other charges, the allocation of tariff quotas and the management of guarantees.

- Please provide information on your customs administration IT strategy and on its plans for further computerisation of the above-mentioned areas.

## **Chapter 30: External relations**

The *acquis* in this field consists mainly of directly applicable EU legislation which does not require transposition into national law. This EU legislation results essentially from the EU's multilateral and bilateral commitments in the trade field, as well as from a number of autonomous trade measures. In the area of export credits and dual-use goods, some directives require transposition into national legislation.

In this context, applicant countries are required to progressively align their policies towards third countries and their positions within international organisations (particularly WTO) with the policies and positions adopted by the European Union and its Member States.

In the area of development policy and humanitarian aid, Member States need to comply with EU legislation and international commitments and ensure the capacity to participate in the EU's development and humanitarian policies.

### **I. COMMON COMMERCIAL POLICY**

#### ***WTO and other horizontal aspects***

##### **A. Most Favoured Nation Trade in goods**

1. In order to have a complete picture of the differences between your trade regime and the EU trade regime, could you please provide us with:
  - a) legal act defining the trade policy;
  - b) your national tariffs, the level of World Trade Organisation (WTO) bound and applied duties, specifying whether they are ad valorem, specific or of other nature (both in one nomenclature; including initial negotiation rights [INRs]; preferably all in one excel document in electronic format. See also Chapter 29 on customs union);
  - c) quantitative restrictions applicable in your country, if any.
2. In case you are in possession of a comparative study between your and the EC import regime, please provide us with the summary findings of the study.
3. Please supply us with your latest trade data (import and export) in electronic format.

##### **B. Generalised System of Preferences (GSP)**

4. Does your country apply a GSP scheme?

If yes:

- a) Please supply the date of the first GSP scheme implementation and of subsequent extensions or renewals, periodicity of validity, duration of the present scheme and the legal procedure for adoption/extension of schemes.

- b) What is the product coverage and what are the preferential duties applied?
- c) Please list the top 10 beneficiary countries.
- d) Is there any graduation mechanism applied?
- e) Can you please provide the list of beneficiaries and the text on the rules of origin applied to GSP imports?
- f) Have you already excluded some countries, and if so, on which basis (sanction, level of development)?
- g) Do you have a specific GSP safeguard clause?
- h) How many different GSP regimes (i.e. general arrangement, LDCs) exist in your country's GSP scheme?
- i) Do these regimes have specific incentives (like our labour/environmental clause)?
- j) What is the share of GSP in the total of imports from third countries?
- k) To the best of your knowledge, what are the main differences between your country's GSP scheme and the EC's scheme?

If not:

What would, in your opinion, be the impact on your country of the adoption of the EC's GSP scheme?

### **C. Trade Defence Instruments**

- 5. Please provide copies (in one of the official EU languages) of the relevant legislation in force in your country concerning anti-dumping, anti-subsidy and safeguard measures.
- 6. If no such legislation exists yet, please describe the current plans to adopt it, if any.

### **D. Services**

- 7. In order to have a complete picture of the differences between your trade in services regime and the EU trade in services regime, could you please provide us with:
  - a) any legal act(s) defining your trade in services policy, including any legislation defining the trade-related aspects of a specific services sector;
  - b) your complete GATS schedule, preferably all in one spreadsheet document in electronic format
- 8. To what extent are your GATS commitments and MFN exceptions in line with those of the EC? Particular attention should be paid to public utilities provisions, audiovisual and the exclusion of broadcasting from telecommunications, gambling and betting, aviation, maritime transport and energy.

9. Where your GATS commitments differ from those of the EC, please:
- provide the specific relevant details of your GATS schedule for both your horizontal and sector-specific commitments, highlighting the differences from those of the EU (CPC code, market access column, national treatment column, additional comments column).
  - describe what actions would be needed to bring your country's commitments in line with those of the community.

## **E. WTO**

10. Please provide details on commitments made during your country's accession to the WTO (e.g. commitment to join the plurilateral agreements before a certain date).

### ***Administrative Capacity***

11. Please provide information on administrative structure and functioning of your national authority dealing with Commercial Policy, describing the following:
- a) staffing numbers in the various departments, including, if possible, a detailed organisation chart,
  - b) measures to ensure co-ordination of actions across the various departments involved in the implementation of trade policy, particularly co-ordination mechanisms with the departments responsible for customs administration,
  - c) decision making mechanisms for instance concerning the introduction or modification of trade measures.

### ***Dual use goods***

12. Do you apply and how do you apply export controls on dual use goods?
13. Please provide the Commission with the texts of the relevant legislation (in one of the official EU languages).
14. Please explain what items fall under your dual use legislation and on which basis you compile this list.
15. What are the control procedures?
16. Has there been any global analysis by your national authorities of the differences between your legislation and that of the Community? What are the main differences? If there is no analysis, is such an analysis planned? Please provide any relevant details of such plans.

### ***Export credits***

17. What are the institutions providing the credits/insurances? Please present the methodology for defining the risk factor in export credit/insurances? How does this methodology take into account the OECD arrangement?

18. Do the institutions providing credits/insurances also cover short term exports to EU countries and OECD countries covered by Commission Communication pursuant to Art 93 (1) of the EC Treaty applying Articles 92 and 93 of the Treaty to short-term export credit insurance (OJ C 281 of 17 September 1997)?

## **II. PREFERENTIAL TRADE AGREEMENTS**

19. What preferential trade agreements does your country have with third countries, including the European Neighbourhood Policy (ENP) countries? Please provide copies (in one of the official EU languages) of such agreements.
20. Please provide, for each agreement, the following information: nature of the agreement (e.g. preferential trade agreement, commercial co-operation agreement, other-please specify), date of ratification, date of entry into force, initial term of the agreement, automatic renewal procedure, period for which acquired rights exist and indicate clearly what are the modalities foreseen in those agreements for their amendment or termination, to bring them in line with the Community acquis.
21. Has there been any global analysis by your national authorities of the differences between these agreements and those that the Community might have with the same third countries? If yes, please provide us with the findings of such analysis. If no, is such analysis planned? Please provide any relevant details of such plans.
22. Do you plan any new preferential trade agreements (goods and services)?? Please explain.
23. Do you have any international agreements other than GATS providing for market access / national treatment for trade in services ? Please provide, for each agreement (if not listed in the reply to question 20 above), the following information: nature of the agreement (eg preferential trade agreement, commercial co-operation agreement, other-please specify), date of ratification, date of entry into force, initial term of the agreement, automatic renewal procedure, period for which acquired rights exist, and indicate clearly what are the modalities foreseen in those agreements for their amendment or termination, to bring them in line with the Community acquis.
24. Has there been any global analysis by your national authorities of the differences between these agreements and those that the Community might have with the same third countries? If yes, please provide us with the findings of such analysis. If no, is such analysis planned? Please provide any relevant details of such plans. Which sensitive sectors are normally excluded (e.g. aviation, maritime transport, audiovisual etc) from those agreements? Do any of these agreements include a regional economic integration organisation clause (specifying the possibility to grant privileged access to investors or investments of other countries, which belong to the same regional integration organisation as the contracting party)?

## **III. BILATERAL INVESTMENT AGREEMENTS**

25. In order to have a complete picture of the differences between your investment regime and investment regimes in the EU, please provide us with any legal act(s) defining your

investment policy, including any legislation defining the investment-related aspects of a specific sector.

26. With which countries have you concluded bilateral investment agreements? Please provide for each agreement the following information: nature of the agreement (e. g. bilateral investment treaties, commercial co-operation agreements, other types of agreements), scope (market access, non discrimination, protection, promotion, etc) date of ratification, date of entry into force, initial term of agreement, automatic renewal procedure, period for which acquired rights exist? Please provide copies (in one of the official EU languages) and indicate clearly what are the modalities foreseen in those agreements for their amendment or termination, to bring them in line with the Community acquis. Does any of such agreements include a regional economic integration organisation clause (possibility to grant privileged access to investors or investments of other countries, which belong to the same regional integration organisation as the contracting party)? Which sensitive sectors are normally excluded (e.g. aviation, maritime transport, fishing, audiovisual, etc.) from such agreements?
27. Does any of such agreements contain a free transfer clause that provides for the unrestricted transfer of any capital and payment related to an investment? If so, are there any exceptions or safeguard clauses that would limit such a free transfer clause? What is the scope of these exceptions and how are they triggered?
28. Have you carried out an analysis to identify any differences between these agreements and those that the Community may have with the same third countries? If yes, please provide us with the findings of such an analysis. If not, is such an analysis planned? Please provide any relevant details of such plans.
29. Are you currently negotiating or have you entered into a commitment to negotiate any new bilateral investment agreements? Please provide details regarding the current status and any intermediate results arising from any such ongoing or proposed negotiations.

#### **IV. DEVELOPMENT POLICY AND HUMANITARIAN AID**

##### ***Development policy***

30. Is there a policy framework or any kind of regulation on development cooperation/aid?
31. Is your country bound by co-operation, trade, or other agreements with developing countries (whether African, Caribbean and Pacific, Latin American, Asian or Mediterranean countries)?
32. Does your country apply a preferential trade policy (irrespective of the agreements mentioned above) vis-à-vis certain developing countries? If so, what are the form and details of such policy/policies?
33. Does your country have a developing country aid budget? What is the size of the budget and how is it allocated? What amount, if any, was spent on humanitarian aid to countries outside the EU during the last 3 years? Do you measure your budget contributions according to Official Development Assistance (ODA) methodology?
34. What are the projects, if any, on development aid assistance carried out by your country during the last two years?

35. Administrative capacity: is there a Ministerial service/Agency for development co-operation, or are there specific projects of assistance to third countries managed by Ministries other than the Ministry of Foreign Affairs? If yes, how are they organised?
36. To what extent are the EU development strategy, objectives, common values and principles, as outlined in the European Consensus on Development (December, 2005) and further developed in EU common positions, namely for the Paris and Accra High Level Forums on Aid Effectiveness and the Doha Conference on Financing of Development incorporated into your national foreign policy? The European Commission website ([http://ec.europa.eu/development/policiesgen\\_en.cfm](http://ec.europa.eu/development/policiesgen_en.cfm)) provides a broad overview of recent progress in EU development policy, including Millennium Development Goals, policy coherence for development, as well as geographical partnerships.
37. Does your country subscribe to the Millennium development goals? Where do you stand in fulfilling the goals?
38. In which International Agreements dealing with development are you participating?

### ***Humanitarian aid***

39. a) How do you define the humanitarian aid? To what extent are the EU humanitarian strategy, objectives, common values and principles, as defined in the Humanitarian Aid Regulation (EC 1257/96) and the European Consensus on Humanitarian Aid (December 2007, [http://ec.europa.eu/echo/policies/consensus\\_en.htm](http://ec.europa.eu/echo/policies/consensus_en.htm)) incorporated into your policy? Does your country accept the principles of needs-based aid in line with the humanitarian principles enshrined in these documents with respect to external humanitarian assistance?
  - b) Administrative capacity: is there a Ministerial service/Agency for humanitarian aid, or are there specific projects of assistance to countries outside the EU managed by Ministries other than the Ministry of Foreign Affairs? If yes, how are they organised?
40. Does your country have a recognised framework for national non-governmental organisations who aim to provide assistance in third countries? Please explain.

## ***Chapter 31: Foreign, security and defence policy***

The common foreign and security policy (CFSP) and the European security and defence policy (ESDP) are based on legal acts, including legally binding international agreements, and on political documents. The *acquis* consists of political declarations, joint actions, common positions and agreements. Member States must be able to conduct political dialogue in the framework of CFSP, to align with EU statements, to take part in EU actions and to apply agreed restrictive measures. Applicant countries are required to progressively align with EU statements, and to apply restrictive measures when and where required.

### **A. Summary Information**

1. The Treaty on European Union (TEU) includes in Title V provisions on Common Foreign and Security Policy which new Member States will apply. The Commission wishes to know whether, in your view, the application of these provisions upon accession could give rise to any problems or difficulties.

More precisely:

2. Will you from the time of accession be ready and able to participate fully and actively in the Foreign, security and defence policy (CFSP and ESDP) as defined in the TEU?
3. Are you prepared to accept unreservedly the future definition, legal structure and organisational arrangements for the Union's Foreign, security and defence policy (CFSP and ESDP), including its military dimension, that may be implemented after the ratification of the Lisbon Treaty?
4. Will you, upon accession, take on in their entirety and without reservations the objectives of the TEU, the provisions of its Title V, and of the declaration attached to it, as well as the relevant international agreements concluded on behalf of the EU, and other relevant sources of the Foreign, security and defence policy (CFSP and ESDP) *acquis*?
5. Will you be ready and able to support the relevant policies of the Union in force at the time of accession?
6. Will your administration, and in particular the Ministry of Foreign Affairs, have the necessary structure and technical equipment to take fully part in the Foreign, security and defence policy (CFSP and ESDP) at the time of accession? Please provide details.
7. In view of the provision for Member States to support the Union's external and security policy actively and unreservedly (Article 11.2 TEU), please explain what your country's treaty obligations are under international law, and whether they will need to be modified in view of accession. For this purpose, please send the Commission a list of your existing treaty obligations, and those under negotiation.
8. Does your country support the European Security Strategy as updated and endorsed in December 2008?
9. Which legal instruments/pieces of legislation in the context of foreign, security and defence policy do you have in place and what do they cover?

10. How many measures (declarations, demarches, common positions) have you aligned with? Which such measures have you not aligned with?
11. Which bodies in your country are responsible for, implement and ensure coordination of foreign policy?
12. Have you appointed the necessary "Political Director" and the "European Correspondent"?
13. Please provide us with basic information on the structure, disposition, and numbers of your diplomatic service (embassies, missions, consulates general and consulates). For instance, how many employees does your foreign service consist of (diplomats, support staff etc)?

## **B. CFSP – political dialogue**

14. What political dialogue takes place between your country and the following countries and specific areas?
  - Neighbouring non-EU countries;
  - Western Balkans (Croatia, Bosnia and Herzegovina, Serbia, Kosovo under UNSCR 1244, Albania, Former Yugoslav Republic of Macedonia);
  - Turkey;
  - The countries covered by the European Neighbourhood policy (ENP);
  - Euro-Mediterranean Partnership;
  - Russia;
  - USA and Canada;
  - China, Japan, India
  - The countries of Africa, the Caribbean and the Pacific, covered by the Cotonou Agreement.

## **C. CFSP and ESDP – political strategy**

### ***Restrictive measures***

15. In view of the Union's capacity to implement restrictive measures and economic sanctions under a Joint Action or Common Position (see Articles 14-15 TEU and Articles 60 and 301 TEC), please provide an overview of your country's constitutional and legal arrangements for the implementation of restrictive measures and economic sanctions, the relevant administrative structures and monitoring mechanisms, and a list of unilateral and multilateral (in particular UN) restrictive measures currently applied by your country.

16. To what extent has your country fully implemented the restrictive measures listed on the sanctions website [http://ec.europa.eu/external\\_relations/cfsp/sanctions/measures.htm](http://ec.europa.eu/external_relations/cfsp/sanctions/measures.htm)?
17. Regarding the implementation of sanctions decided by CFSP Common Position or Joint Action (i.e. arms embargo), which specific ministries/bodies and law enforcement agencies (Ministry of Defence, Customs Administration, Ministry of Foreign Affairs, security and intelligence services) or departments would be in charge of the monitoring, controlling and implementation, and what is their operational structure (staffing, budget, reporting)?
18. Provide data on trade in used or new weapons with countries against which the EU maintains arms embargos.

### ***Conflict prevention***

19. Does your country support all EU measures in this field? Please provide details.
20. Does your country support the EU Programme for the Prevention of Violent Conflicts (endorsed by the Göteborg European Council in June 2001) and the Communication from the Commission on Conflict Prevention (April 2001)?

### ***Non-proliferation and WMD/SALW strategy***

21. In view of EU's commitments in the areas of non-proliferation of weapons of mass destruction (WMD), please explain your country's participation, or intended participation, in the different international regimes/instruments concerning non-proliferation of weapons of mass destruction, exports of conventional arms, as well as the authorities in charge of implementing these international regimes.
22. Can you clarify the amount of trade in conventional weapons your country is involved in either directly or as a transit point?
23. Does your country comply with the Council Joint Action 2006/419/CFSP of 12 June 2006 in support of the implementation of the United Nations Security Council Resolution 1540 (2004) and in the framework of the implementation of the EU Strategy against the Proliferation of Weapons of Mass Destruction?
24. Does your country comply with the Council Common Position 2008/944/CFSP of 8 Dec 2008 defining common rules governing control of exports of military technology and equipment?
25. What is your country's position and what measures are being taken with regard to the Council Decision 2009/42/CFSP of 19/01/2009 on support for EU activities in order to promote among third countries the process leading towards an Arms Trade Treaty, in the framework of the European Security Strategy?
26. What is your country's position and what measures are being taken with regard to the Council Joint Action 2008/487/CFSP of 23/06/2008 in support of the universalisation and implementation of the 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, in the framework of the European Security Strategy?

27. Has your country undertaken national implementation measures necessary to comply with its obligations under the Chemical Weapons Convention? Do you have in place legislation and administrative measures prohibiting activities proscribed under the CWC?
28. Do you have a national control strategy for small arms and light weapons (SALW)? If so, please provide a copy.
29. Do you have a national registration system and database for small arms and light weapons? If so, please provide recent weapons registration statistics.
30. Do you have a national commission or authority to monitor the production, import and export of small arms and light weapons? If so, who are its members and what are its terms of reference?
31. Do you have legislation in place for the internal control of small arms and light weapons, including possession, use, carriage and registration of weapons?
32. Do you have legislation in place for external transfers (import, export, transit etc.) of such weapons, in line with the Council Common Position 2008/944/CFSP of 8 Dec 2008 defining common rules governing control of exports of military technology and equipment?
33. Does your country comply with the Council Joint Action of 12.7.2002 on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons (2002/589/CFSP)?
34. Does your country comply with the EU Strategy to combat illicit accumulation and trafficking of SALW and their ammunition?
35. Does your country comply with the Council Common Position 2003/468/CFSP of 23 June 2003 on the control of arms brokering?
36. Does your country comply with the 2001 UN Program of Action against the spread of illicit small arms and light weapons (SALW) and its protocol?

***Cooperation with international organisations***

37. In view of the provision for Member States to co-ordinate action in international organisations (Art. 19 and 20 TEU) please provide a list of the relevant international organisations of which your country is a member (with date of joining) or is negotiating membership, such as the UN, the OSCE, the Council of Europe, OECD, World Bank, IMF etc.
38. Does your country engage with international organisations on e.g. elections monitoring, training activities?

***Security measures (classified information)***

39. Is the legal framework on security procedures for the exchange of classified information which enables secure communication between Member States' Foreign Ministries in place?

40. Does your country comply with the EU security policy requirements?
41. Does your country have an agreement with the EU on security procedures for the exchange of classified information and has it been ratified?
42. What specific legislation is in place to regulate the field of information security fully in accordance with EU standards?
43. Does your country comply with the Council Decision of 19.3.2001 adopting the Council's security measures (2001/264/EC) as amended by the Council Decision 2004/194/EC and 2005/571/EC?

#### **D. ESDP – contributing capacities**

##### ***Civil crisis management and military crisis management***

44. Does your country subscribe to the EU's goal to be active, capable and effective in the area of civil and military crisis management?
45. Is your country supporting the Headline Goal 2010?
46. In view of the Union's policy to strengthen and develop its capabilities in international crisis management, please explain if your country is contributing or is ready to contribute personnel to EU civilian crisis management operations and if your country has the relevant operational training capacities and facilities for such civilian and military personnel.
47. Provide information on your country's engagement in international activities such as the UN peacekeeping missions.

## **Chapter 32: Financial Control**

This chapter contains four main policy areas, namely public internal financial control (PIFC), External Audit (EA), the protection of the EU's financial interests and the protection of the Euro against counterfeiting.

With regard to the first two areas, there is no Community legislation requiring transposition into national law. Rather, the screening concerns the commitment of the candidate country to adopt international standards for internal control and internal audit and EU best practice. The International standards referred to are embodied in the INTOSAI Guidelines for Internal Control Standards for the Public Sector (2004), based on the second version of the COSO model of the Institute of Internal Audit (IIA). For this purpose, the candidate country should discuss with the Commission and adopt a PIFC Policy Paper with a short and long term action plan having realistic deadlines. With regard to the latter two areas, there is a precise Community acquis. Where it is directly applicable upon accession there is a particular focus on administrative structures and capacity.

**PIFC** is a comprehensive concept to support the candidate country in upgrading its internal control systems. External Audit relates to the function of the Supreme Audit Institution reporting to Parliament. PIFC and EA relate to the entire public budget, in particular central government income and expenditure, including foreign funds. However, the more specific rules for managing and controlling EU funds are treated under the relevant other accession negotiation chapters.

The PIFC concept is based on three principles, 1) managerial accountability implemented through, inter alia, sound financial management and control (FMC) systems, 2) decentralised and functionally independent internal audit (IA) and 3) centralised harmonisation of the FMC and IA systems.

Regarding **external audit**, the candidate country is expected to apply the norms defined by the International Organisation of Supreme Audit Institutions – INTOSAI, in particular its Lima Declaration and Mexico Declaration, which foresee supreme audit institutions that are functionally, institutionally and financially independent and report to Parliament only.

The other relevant policy area under this chapter concerns the **protection of EU financial interests**. First, it comprises operational cooperation of Member States, which must have the capacity to cooperate effectively with the European Commission and to communicate all suspected cases of irregularities and fraud. They must ensure the protection of EU funds at an (at least) equivalent level to the protection of national funds. Member States are also obliged to assist and co-operate on-the-spot checks carried out by EC services. While some of this acquis applies directly to Member States and thus does not need to be transposed, effective co-operation and coordination structures and capacities in the candidate country need to be set up. In order to facilitate the required cooperation by future Member States, the nomination of national anti-fraud cooperation services – AFCOS – as a single contact point with OLAF is considered very useful.

Furthermore, this part of the chapter also includes the convention on the protection of the EU's financial interests ("PIF-Convention") and its three protocols, including the harmonisation of penal law and the reinforcement of cooperation.

Finally, this part of the chapter comprises the non-penal aspects of the **protection of the Euro against counterfeiting** (first pillar aspects), such as the prohibition of metals or tokens

similar to Euro coins, the obligation for financial institutions to withdraw counterfeit notes and coins and effective anti-counterfeiting bodies and procedures.

## **I. PUBLIC INTERNAL FINANCIAL CONTROL AND EXTERNAL AUDIT**

### **Public Internal Financial Control**

#### *General*

1. Do you have a ministry (and which organisation within the ministry) that is responsible to develop, harmonise, co-ordinate and check the following elements of PIFC? What is the legal basis of this responsibility? Please provide a copy in one of the official EU languages;
  - a) Financial management and control systems (covering managerial accountability, accounting, ex-ante financial control, ex-post financial control, inspection);
  - b) Internal audit (comprising financial, systems-based, performance and IT-audits).
2. Has this Ministry or organisation written a Policy Paper or Strategy Paper, describing the present situation of public internal control in your country and analysing the adequacy of these systems? Does this paper contain recommendations for the future development of PIFC? Has this paper been endorsed by the Ministry of Finance and by the Government? Has the paper become a general policy carried by the Government? Please provide a copy in one of the official EU languages.
3. Does PIFC in your country cover the control and audit of income (customs and tax authorities), expenditure (commitments, tender and contracting procedures, disbursements and recovery of unduly paid amounts), assets and liabilities? Does PIFC cover all parts of the national (and lower authorities') budgets and if not, which parts are excluded and covered by the control of other institutions?
4. How is PIFC (control and audit) organised in authorities below the central level and regional/local level, in as far as they benefit from national budgetary funding? And how in respect to their own funds?
5. Could an overview be given of any weak points in the areas mentioned under question 3 above, as perceived by the Ministry or other parties (such as the Supreme Audit Institution, the Treasury or the Parliament), that need further consideration for improvements in the future?
6. Could information be provided on the salary levels of the public control and audit staff, including a comparison with salaries in the private sector? Are there any other income elements not deriving from the national budget, either for control/audit staff or organisations? Is it difficult under the present salary regime to find and retain suitable staff for these functions?

### *Legislation*

7. Please, provide the following documents in one of the official EU languages, if available:
  - a) Framework Law for PIFC, Budget Law, Treasury Law
  - b) Specific Laws on FMC and IA (implementation laws)
  - c) Tertiary regulations, such as manuals for FMC and IA, IA Charter, Codes of Ethics for FMC and IA, Audit trails

### *Financial management and control (FMC) systems*

8. Will a central Treasury system be developed? To what extent will the control functions of the Treasury have an impact on certain tasks of the traditional checks during ex-ante control or make them redundant? How will the Treasury control functions be integrated into the ex-ante control activities of the Ministry of Finance and in line ministries?
9. Provide a description of the general set-up, roles and responsibilities of financial services in line ministries and/or budgetary chapters (you should cover the functions of the authorising officer, the accountant, double signature systems for commitments and disbursements, the ex-ante financial controller, the inspection and the ex-post financial controller). Has the concept of audit trails been introduced?
10. Describe the planning and nature of ex-ante control (scope and contents, 100% checks or sampling based on risk assessment, etc.). Are statistical methods used in such sampling, such as the Monetary Unit Sampling technique? Are risk assessment and risk management techniques being developed?

### *Internal Audit (IA) systems*

11. Has the function of internal audit been introduced in your country's public sector (please refer to the attached Glossary for the exact meaning of the internal audit concept). Describe the functional independence of the internal audit function in the following terms: status of independence vis-à-vis highest management, nomination, transfer and demotion, freedom to set annual and strategic audit plans and ad hoc planning, freedom to report to the highest level of the hierarchy and in case of conflict to other relevant organisations. Are internal audit units established in line ministries? Do they share tasks with the inspectors or is a strict separation foreseen between the two functions?
12. What kind of audits is performed by the Ministry of Finance and by Internal Audit Units, if established, in line ministries and other spending centres (e.g. regularity and legality audits, systems-based audits, performance and IT audits)?
13. What procedures have been introduced to ensure adequate audit reporting (contradictory procedures with auditees) and for the adequate follow-up of audit findings? Who ensures the feed back of audit findings into the FMC systems?

### *Central harmonisation for FMC and IA*

14. Could a description be given of the tasks that the Ministry of Finance has in relation to providing central guidance on methodology to all ex-ante financial control and internal audit activities in all line ministries and government spending centres? How does the Ministry ensure that these guidelines are adhered to? Are there compliance and substantive tests performed for this purpose?
15. What actions are undertaken to train controllers and auditors? Who is responsible? Is there a Public Finance School for these functions? Are there contacts with the SAI, the IIA chapter for your country and with academic authorities? Is there training for certified public internal auditors? Is staff being trained to become training specialists?
16. Have rules been established to ensure a minimum of knowledge and experience before staff can become financial controllers and internal auditors (examination board or otherwise)?
17. What expertise is presently transferred to the government in this field under what programmes (consultants, Sigma, others)?
18. Could a description be given of the available staff capacity in the organisation dealing with the development of FMC and IA harmonisation?

### *The Supreme Audit Institution (SAI) (External Audit)*

19. The SAI is requested to provide an extensive description of its tasks, responsibilities, its independence and its relations to the Parliament and the Ministry of Finance (discussions and follow-up of its recommendations). Relevant issues are how the SAI is adapting to EU best practice and international standards of external audit. Describe the remit of the SAI (coverage of all budgetary chapters, non-budgetary national funds, lower authorities etc.). Have the rights and duties of the SAI been set in the Constitution? Please provide a copy of the SAI Law in one of the official EU languages.
20. Is the SAI involved presently in any (future) strategies to reform; has it already developed a strategy paper for its future tasks?
21. Could you describe in detail what procedures have been set up for adequate co-operation between the Supreme Audit Institution and the organisation(s) responsible for public internal control, e.g. for avoiding duplication of audit tasks at the same time in the same locality, for informing each other about perceived control/audit weaknesses in government expenditure/income, for the way of reporting audit findings to each other, for training or any other kind of regular co-operation?

## II. PROTECTION OF THE EU FINANCIAL INTERESTS

### A. Management and Control of (future) EU Funds

Treatment and follow-up of cases of suspected fraud and other irregularities, protection of EU financial interests (“first pillar” aspects)<sup>34</sup>:

*(a) Implementation of the Convention for the protection of the Communities; financial interests and its protocols*

22. What are the applicable definitions of "irregularities", "fraud", "corruption" and "money laundering"? Please identify: a) the relevant fraud provisions in national criminal law; b) the general forgery offences as well as the corruption offences in national criminal law?
23. Please identify the relevant provisions in national criminal law concerning the criminal liability of company managers. What is the applicable definition of complicity in economic crimes?
24. Please identify the relevant provisions in national criminal law concerning the liability of legal persons.
25. Please identify the relevant provisions in national criminal law concerning the possible seizure, confiscation or removal measures for results and instruments of economic crimes.
26. What are the requirements of national procedural penal law regarding general possibilities for extraterritorial jurisdiction based on the personality principle?

*(b) Capacity for operational cooperation in the field of the protection of the EU financial interests.*

27. The EU acquis requires that national law protects EU funds in the same way as national funds. Does national law provide for specific obligations and procedures with regard to the treatment of cases of suspected fraud and other irregularities affecting national, EC or international funds?
28. How are cases of suspected fraud and other irregularities dealt with in practice? Are any statistics kept on detected cases of suspected fraud and other irregularities? If yes, please provide recent statistics.
29. Is Iceland considering setting up specific institutions or bodies for the investigation and/or treatment of cases of suspected fraud and other irregularities affecting national, EC and/or international funds (separate from the PIFC-systems), or are such institutions or bodies already in place? If so, what is the scope of their competencies? How is their administrative capacity and their operational independence ensured? Have any procedures been defined for the communication, by other national authorities, of cases

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<sup>34</sup> “Third pillar” issues related to the protection of the Communities’ financial interests are dealt with under Chapter 24.

of suspected fraud and other irregularities to these institutions or bodies? Have any mechanisms been defined for co-operation between these different authorities?

30. Have any mechanisms been defined for cooperation with EC authorities and guaranteeing sufficient assistance to EC investigators during their anti-fraud investigations?
31. Financial and judicial follow-up: Have any procedures been defined for the communication of cases of suspected fraud to the prosecution authorities? Have any procedures been defined for the recovery of uncollected resources and unduly spent funds in the case of suspected fraud or other irregularities?

## **B. Protection of the Euro against counterfeiting "First Pillar" aspects<sup>35</sup>**

32. Which definition of counterfeiting of both for notes and coins is provided by national law?
33. Does national legislation provide for the obligation of credit institutions and other payment service providers, and any other institutions engaged in the processing and distribution to the public of notes and coins (as specifically indicated in article 6 of Regulations 1338/2001) to ensure that euro notes and coins, which they have received and which they intend to put back into circulation, are checked for authenticity and that counterfeits are detected??
34. Does national legislation provide for the obligation of credit institutions and other payment service providers, and any other institutions engaged in the processing and distribution to the public of notes and coins (as specifically indicated in article 6 of the Regulation 1338/2001) to withdraw from circulation all banknotes and coins which they know or have sufficient reason to believe to be counterfeit and to hand them over to the competent authorities? Have any sanctions been defined in the case this obligation is not complied with?
35. Which authorities have been designated for the centralisation, technical analysis and processing of information on counterfeit bank notes and coins, both Euro and other currencies?
36. Have any procedures been defined for the transmission of examples of counterfeit banknotes and coins, both Euro and other, and related information to the relevant authorities inside or outside your country?
37. Have any procedures been defined for the gathering and indexation of statistical data relating to counterfeit banknotes and coins (both for the Euro and other currencies)?
38. Which sanctions apply for the entering into circulation and for the use of medals and token similar to Euro coins?

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<sup>35</sup> See in particular Regulations (EC) 1338/2001 and 1339/2001. "Third Pillar" aspects related to the protection of the euro against counterfeiting are dealt with under Chapter 24.

39. What are the procedures and bodies established for the fight against counterfeiting?
40. Has Iceland participated in the Pericles programme?

## **ANNEX**

Please find attached a list of definitions (Glossary) relating to control/audit as used by the Commission (DG BUDG) in relation to assessing applicant countries' Public Internal Financial Control (PIFC) systems. It is of importance that your country and the Commission speak the same language as much as possible and the attached definitions may be of help to you in explaining your national equivalents. Please note that the term "control and inspection" relates to managerial responsibilities in the framework of managing income and expenditure and that the term "audit" relates to the independent assessment function (e.g. of control systems).

**Glossary of Definitions used by the Commission  
in the framework of Public Internal Financial  
Control (PIFC)**

Term	Definition
Accounting Control System	A series of actions, which are part of the total internal control, system concerned with realising the accounting goals of the entity. This includes compliance with accounting and financial policies and procedures, safeguarding the entity's resources and preparing reliable financial reports.
Administrative Control System	A series of actions, which are part of the internal control system, concerned with administrative procedures needed to make managerial decisions, realise the highest possible economic and administrative efficiency and ensure the implementation of administrative policies, whether related to financial affairs or otherwise.
Audit	In its most generic sense this can mean any examination ex-post of a transaction, procedure or report with a view to verifying any aspect of it – its accuracy, its efficiency, etc. The word usually needs to be qualified more narrowly to be useful.
Audit Evidence	<p>Information, which supports the opinions, conclusions or reports of the auditors, internal audit services or SAI. It should be:</p> <p>Competent: information that is quantitatively sufficient and appropriate to achieve the auditing results; and is qualitatively impartial such as to inspire confidence and reliability.</p> <p>Relevant: information that is pertinent to the audit objectives.</p> <p>Reasonable: information that is economical in that the cost of gathering it is commensurate with the result, which the auditor or, the internal audit service or the SAI is trying to achieve.</p>
Audit Mandate	The auditing responsibilities, powers, discretion and duties conferred on any audit body (e.g. the SAI under the constitution or other lawful authority of a country (as set out in primary or secondary national legislation).
Audit Objective	A precise statement of what the audit intends to accomplish and/or the question the audit will answer. This may include financial, regularity or performance issues.
Audit Procedures	Tests, instructions and details included in the audit programme to be carried out systematically and reasonably.
Audit Scope	The framework or limits and subjects of the audit.
Audit Trail	The phrase has a rather imprecise general meaning in general audit usage. However, annex 1 of Council Regulation 2064/97 has provided a specific detailed description of the requirements of 'a sufficient audit trail' for the purposes of the structural funds managed by the Member States on behalf

	<p>of the Commission. In brief summary it requires the maintenance of records giving the full documentation and justification at all stages of the life of a transaction together with the ability to trace transactions from summarised totals down to the individual details and vice versa.</p> <p>The overriding objective of the audit trail is to ensure a ‘satisfactory audit from the summary amounts certified to the Commission to the individual expenditure items and the supporting documents at the final beneficiary’.</p> <p>The word "audit trail" in the Regular Reports and the Accession Partnerships is to be understood in the light of the above definition which should be applied in the context of all Pre-Accession Funds to Candidate Countries.</p>
Audited Entity	The organisation, programme, activity or functions subject to audit by the SAI or the (internal) audit service.
Auditing Standards	Auditing standards provide minimum guidance for the auditor that helps determine the extent of audit steps and procedures that should be applied to fulfil the audit objective. They are the criteria or yardsticks against which the quality of the audit results are evaluated.
Charter (Internal Charter)	<p>Audit</p> <p>Also called Internal Audit Mission Statement, especially in non-US (-linked) organisations. The Charter/Mission Statement of the internal audit activity is a formal, written document that defines the internal audit activity's purpose, scope, and responsibility. It aims to ensure that the internal audit is looked upon with trust, confidence and credibility.</p> <p>The charter should:</p> <p>Ensure the functional independence including specification of the position of the internal audit activity within the organisation;</p> <p>Permit unrestricted access to records, personnel, and physical properties relevant to the performance of engagements;</p> <p>Define the scope of internal audit activities;</p> <p>Define reporting requirements to auditees and, where necessary, to judiciary institutions and</p> <p>State the relationship with the State Audit Office.</p>
Compliance Audits	See Regularity Audits
Constitutional	A matter which is permitted or authorised by, the constitution of fundamental law of a country.
Controls	Any kind of control on an organisation or beneficiaries of public funds, both internal and external controls on an organisation – i.e. both internal controls and controls from outside the organisation.

Due Care	The appropriate element of care and skill which a trained auditor would be expected to apply having regard to the complexity of the audit task, including careful attention to planning, gathering and evaluating evidence, and forming opinions, conclusions and making recommendations.
Economy	Minimising the cost of resources used to achieve given planned outputs or outcomes of an activity (including having regard to the appropriate quality of such outputs or outcomes).
Effectiveness	The extent to which objectives of an activity are achieved i.e. the relationship between the planned impact and the actual impact of an activity.
Efficiency	Maximising the outputs or outcomes of an activity relative to the given inputs.
Evaluation	Can mean a) The evaluation of tenders as part of the contracting process; or b) Specific reviews designed to examine the overall performance of a programme or project. Its scope may vary. Its core should be setting out, obtaining or calculating the outcomes of the programme or project and considering their economy, effectiveness and efficiency, but it usually covers a much wider range of issues including the appropriateness and achievement of output objectives as well. It may be carried out before, during or after the programme or project has been completed (usually known as ex-ante, mid-term or ex-post). It shares many characteristics with performance audit
Ex ante financial control (EAFC)	Ex ante financial control (EAFC) is the set of control activities prior to carrying out financial decisions relating to appropriations, commitments, tender procedures, contracts (secondary commitments), and related disbursements and recovery of unduly paid amounts. Such decisions can only be taken after the explicit approval of the ex ante financial controller.  EAFC is sometimes also called "preventive control". This is the narrower meaning of financial control. If described as EAFC there can be no ambiguity.
Ex post internal audit (EPIA)	The set of audit activities that take place ex-post. I.e. in this context, after financial decisions have been made by the management. EPIA can be carried out by centralised government audit bodies, responsible and reporting to the highest levels of government (Ministry of Finance or even the Cabinet of Ministers) or decentralised audit bodies (Internal Audit Units in government budget implementation spending units, like Ministries or Agencies).
Ex-post	When referring to audit, "ex post" usually means an audit performed after the initial legal commitment of a transaction. When referring to evaluation, "ex post" usually means an evaluation performed after the

	transaction has been fully completed.
External audit	Any audit carried out by an auditor who is independent of the management being audited. In public finance, it means audit external to the Government financial management and control policy is carried out by the national Courts of Auditors (or similar institutions) Supreme Audit Office to objectively ensure that such management and control systems are compliant with the definition of PIFC as mentioned elsewhere in this glossary above.
Field Standards	The framework for the auditor to systematically fulfil the audit objective, including a) planning and supervision of the audit, b) gathering of audit evidence which is competent, relevant and reasonable, and c) an appropriate study and evaluation of internal controls.
Financial Audits	Cover the examination and reporting on financial statements and examine the accounting statements upon which those statements are based
Financial controller	<p>The function of the financial controller may mean different things in different organisations e.g.:</p> <p>a) the role which gives ex-ante approval to individual transactions that they are in conformity with regulations and procedures; or.</p> <p>b) the same as auditor; or.</p> <p>c) the management role which combines responsibility for the recording and processing of transactions (financial accounting) with the preparation of and reporting against budget targets (management accounting).</p> <p>In the Commission, Financial Control was originally (1973) defined as ex ante approval of any kind of financial decisions, later the internal audit function was added to the functions of the Finance Controller. Recently the trend is to split the two functions and the term "financial control" refers again only to ex ante approval.</p> <p>In the framework of Enlargement the term is used for the ex ante approval function.</p>
Financial controls	<p>The phrase has a wide meaning in some organisations and a narrow meaning in others (very broadly, organisations from further North take the wider meaning and those from further South take the narrower meaning).</p> <p>The wide meaning follows the meaning of internal controls except that it refers to controls, which have a specific financial component. In practice, in this context, there are few controls, which do not have a financial component and the phrase financial control can often be virtually interchangeable with internal control.</p> <p>The narrower meaning follows the narrower meaning of financial controller and refers to the specific review of the conformity of transactions with regulations and procedures described in ex-ante</p>

	financial control.
Financial management (FM)	In the framework of Enlargement the term is understood to be the set of responsibilities of the management (which is responsible for carrying out the tasks of government budget handling units) to establish and implement a set of rules aiming at an efficient, effective and economic use of available funds (comprising income, expenditure and assets). It refers to planning, budgeting, accounting, reporting and some form of ex ante financial control. FM is subject to internal and external audit.
Financial Systems	The procedures for preparing, recording and reporting reliable information concerning financial transactions.
Findings, Conclusions and Recommendations	Findings are the specific evidence gathered by the auditor to satisfy the audit objectives; conclusions are statements deduced by the auditor from those findings; recommendations are courses of action suggested by the auditor relating to the audit objectives.
Functional Independence (FI)	The special status of a financial controller (narrow sense) or an internal auditor (whether central or decentralised), providing him/her with the power of maintaining a free professional judgement vis-à-vis his superior of the organisation in matters of control and audit. This concept requires the maintenance of a balance between those who are responsible for managing the organisation and those who are controlling/auditing the organisation. FI should be embodied in relevant legislation. Another way to ensure FI is to have the central control/audit organisation nominate a delegate Internal Auditor into the organisation to be audited or to allow the Internal Auditor (in case of conflict of interests) to report his findings freely to the central audit body.
Fundamental	A matter becomes fundamental (sufficiently material) rather than material when its impact on the financial statements is so great as to render them misleading as a whole.  See also Significant Control Weakness
General Standards	The qualifications and competence, the necessary independence and objectivity, and the exercise of due care, which shall be required of the auditor to carry out the tasks related to the fields and reporting standards in a competent, efficient and effective manner.
Impact	The same as result or outcome.
Independence	For an external audit it means the freedom of the national Courts of Auditors or similar institutions in auditing matters to act in accordance with its audit mandate without external direction or interference of any kind.  From an internal audit viewpoint it means that the internal audit service should be organised directly under the top management. Nevertheless, the internal audit service should be free to audit any area that it considers to be an area of risk for material errors, even when management might not

	think so. (see also functional independence)
Internal Audit	<p>The Institute of Internal Auditors definition is:</p> <p>Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</p> <p>More concretely, it is the functional means by which the managers of an entity receive an assurance from internal sources (including internally subcontracted sources) that the internal controls are achieving their internal control objectives. It will cover, inter alia, Financial Audits, System Based Audits, Performance Audits, IT-Audits It has most of the characteristics of external audit except that it finally reports to the management and therefore can never have the same level of independence as external audit.</p> <p>In public finance a distinction is made between centralised internal audit and decentralised internal audit as follows:</p> <p>Centralised internal audit (CIA) CIA is public ex post internal audit performed by a centralised body (e.g. the Ministry of Finance or another Internal Audit body (like the Government Control Office in Hungary or the Internal Audit Board in Malta)) on systems</p> <p>Decentralised internal audit (DIA) DIA is the internal audit performed by specialised Internal Audit Units located inside government or lower public budget implementation spending centres (Ministries or Agencies)</p>
Internal Auditor (IA)	<p>The Internal Auditor (IA) (whether located outside or inside the organisation of the Managing Director) is responsible for carrying out all relevant kinds of ex post internal audit. In public finance terms, the IA should be subject to a special "statute" (preferably written in the Internal Audit Law governing the PIFC-system in a given country) allowing him an adequate degree of functional independence. The IA can report to the MD or be assigned by a central Public Internal Audit Service, like the Ministry of Finance or an Internal Audit Board responsible to the Prime Minister of the Cabinet of Ministers</p>
Internal Control	<p>The whole system of financial and other controls, including the organisational structure, methods, procedures and internal audit, established by management within its corporate goals, to assist in conducting the business of the audited entity in a regular, economic, efficient and effective manner.</p> <p>Internal control relate to the following categories: Control environment; Risk assessment; Information and Communication; Control activities and Monitoring of controls</p>

Internal Objective	Control	<p>The primary objectives of internal control are to ensure:</p> <ol style="list-style-type: none"> <li>1) The reliability and integrity of information.</li> <li>2) Compliance with policies, plans, procedures, laws, and regulations.</li> <li>3) The safeguarding of assets.</li> <li>4) The economical, efficient and effective use of resources.</li> </ol> <p>Each organisation should design its own system of internal control to meet the needs and environment of the organisation.</p>
International Organisation of Supreme Audit Institutions (INTOSAI)		An international and independent body which aims at promoting the exchange of ideas and experience between Supreme Audit Institutions in the sphere of public financial control.
IT systems audits		Examine the sufficiency and adequacy of the protection of the security of the systems of IT applications in order to guarantee the confidentiality, integrity and availability of information and IT systems
Managerial Accountability		Represents the obligation to be accountable for a given task. Accountability covers issues like separation of duties (authorising officer, accountant, ex ante financial controller); development of Financial Management and Control manuals (powers, responsibilities, reporting and risk management), all financial transactions (commitments, contracts, disbursements, recovery of unduly paid amounts), links with the central harmonisation facilities, and evaluation and reporting on F/C systems
Management control		Control by management: the same as internal control, including financial control
Managing Director (MD)	Director	The Managing Director (MD) can be a Line Minister or his delegates, responsible for the implementation of Programmes/projects relating to national or lower budget income or expenditure. The MD is responsible for setting up financial management and control systems inside his organisation and the development of financial management and control manuals and its implementation through the nomination of an Accountant. The MD and the Accountant should create a double signature system (DSS) to provide for the highest degree of transparency in financial management.
Materiality and Significance (Material)		In general terms, a matter may be judged material if knowledge of it would be likely to influence the user of the financial statements or the performance audit report. Materiality is often considered in terms of value but the inherent nature or characteristics of an item or group of items may also render a matter material - for example, where the law or some other regulation requires it to be disclosed separately regardless of the amount involved. In addition to materiality by value and by nature, a matter may be material because of the context in which it occurs. For example,

	considering an item in relation to the overall view given by the accounts, the total of which it forms a part; associated terms; the corresponding amount in previous years. Audit evidence plays an important part in the auditor's decision concerning the selection of issues and areas for audit and the nature, timing and extent of audit tests and procedures.
Mission Statement	See Charter (Internal audit Charter)
Opinion	The auditor's written conclusions on a set of financial statements as the result of a financial or regularity audit.
Outcomes	The effects of a programme or project measured at the highest meaningful level in proportion to the programme or project (e.g. jobs created). In practice there are always at least some external non-controllable elements, which influence whether outcomes are achieved or not. The same as results or impacts
Outputs	The directly tangible deliverables of a programme or project insofar as they are, for practical purposes, completely under the control of the implementers of the project (e.g. training seminar executed).
Passer-outré	PO is the procedure whereby the opinion of the ex ante financial controller (refusal to approve) can be overridden by the ultimate body responsible for the management of government budget implementation (e.g. Council of Ministers). A reasoned and extensive request by the MD should be the basis for such a decision, while the MD remains responsible for his acts.
Performance Audit	An audit of the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities. In practice there can be difficulty distinguishing Performance Audit from Evaluation. Sometimes Performance Audits are limited to consideration of outputs but this considerably limits the value of the audit. Also Evaluation may create data, particularly on outcomes, whilst Performance Audit would usually be limited to a review of data which was available (and if necessary identification of missing data) Performance Audit is usually concerned with testing performance against some given standards.
Planning	Defining the objectives, setting policies and determining the nature, scope, extent and timing of the procedures and tests needed to achieve the objectives.
Postulates	Basic assumptions, consistent premises, logical principles and requirements which represent the general framework for developing auditing standards.
Public Accountability	The obligations of persons or entities, including public enterprises and corporations, entrusted with public resources to be answerable for the fiscal, managerial and programme responsibilities that have been conferred on them, and to report to those that have conferred these responsibilities on them.

Public Financial (PIFC)	Internal Control	PIFC is the overall financial control system performed internally by a Government or by its delegated organisations, aiming to ensure that the financial management and control of its national budget spending centres (including foreign funds) complies to the relevant legislation, budget descriptions, the principles of sound financial management, transparency, efficiency, effectiveness and economy. PIFC comprises all measures to control all government income, expenditure, assets and liabilities. It represents the wide sense of internal control. It includes but is not limited to ex ante financial control (EAFC) and ex-post internal audit (EPIA)
Reasonable Assurance		<p>Internal control, no matter how well designed and operated, can provide only reasonable assurance to management regarding the achievement of an entity's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These limitations may include faulty decision-making with respect to the establishment or design of controls, the need to consider costs as well as benefits, management override, the defeat of controls through collusion, and simple errors and mistakes. Additionally, controls can be circumvented by collusion of two or more people. Finally, management may be able to override elements of the internal control system.</p> <p>Reasonable assurance is provided when cost-effective actions are taken to restrict deviations to a tolerable level. This implies, for example, that material errors and improper or illegal acts will be prevented or detected and corrected within a timely period by employees in the normal course of performing their assigned duties. Management during the design of systems considers the cost-benefit relationship. The potential loss associated with any risk is weighed against the cost to control it.</p>
Regularity Audit		Attestation of financial accountability of accountable entities, involving examination and evaluation of financial records and expression of opinions on financial statements; attestation of financial accountability of the government administration as a whole; audit of financial systems and transactions, including an evaluation of compliance with applicable statutes and regulations; audit of internal control and internal audit functions; audit of the probity and propriety of administrative decisions taken within the audited entity ; and reporting of any other matters arising from or relating to the audit that the SAI considers should be disclosed. This is normally not applicable to Internal Audit Services.
Report		The auditor's written opinion and other remarks on a set of financial statements as the result of a financial or regularity audit or the auditor's findings on completion of a performance audit.
Reporting Standards		The framework for the auditor to report the results of the audit, including guidance on the form and content of the auditor's report.
Results		The same as outcomes or impacts
Risk		An event which can result in an undesirable or negative outcome. It is characterised by the probability or likelihood of the event occurring and

		the resulting impact or consequence if it does occur. These two factors combine to result in a level of risk exposure.
Risk assessment		<p>Auditor’s tool to help identifying audit projects offering the highest added value to the organisation. Risk assessment is the identification of all local financial management and control (FMC) systems and of their associated risks according to a number of risk factors (IIA).</p> <p>The risk assessment approach has to be used at, at least two levels:</p> <p>A. for the establishment of the annual audit programme, selecting projects of highest expected return and</p> <p>B. In the planning phases of the individual audit itself.</p> <p>Risk factors are: assessment of volume, sensitivity and materiality of data, the control environment, confidence in management, complexity of activities and Information systems, geographical diversity, and prior audit knowledge.</p>
Risk Management (RM)		<p>The overall process of identifying, assessing and monitoring risks and implementing the necessary controls in order to keep the risk exposure to an acceptable level. Best practice suggests that it should be an embedded part of the management process rather than something, which is added at a later stage.</p> <p>RM acts as awareness raising exercise and as a forum for sharing views at all levels in organisations; it informs and trains management and staff and increases the likelihood for success in the achievement of the objectives.</p> <p>Management creates the conditions and establishes tools necessary to evaluate, prioritise and decide before carrying out an activity to allow it to obtain a reasonable assurance of achieving the objectives with reasonable value for money. The internal control system ensures that management protects itself from unacceptable risks.</p> <p>Processes need to be developed to identify these risks and conceive and implement a system to control the most significant risks. A success factor for implementing the risk management system throughout the organisation is the management’s general interest in the exercise. RM should be put on the agenda for the development of its own system for assessing the risks to which the organisation is subject.</p>
Significant Weakness	Control	Significant is the level of importance or magnitude assigned to an item, event, information, or problem by the internal auditor. Significant audit findings are those conditions that, in the judgement of the director of internal auditing, could adversely affect the organisation. Significant audit findings (as well as weaknesses cited from other sources) may include conditions dealing with irregularities, illegal acts, fraud, errors, inefficiency, waste, ineffectiveness, conflicts of interest, and control weaknesses

Supervision	An essential requirement in auditing which entails proper leadership, direction and control at all stages to ensure a competent, effective link between the activities, procedures and tests that are carried out and the aims to be achieved.
Supreme Audit Institution (SAI)	The public body of a State which, however designated, constituted or organised, exercises by virtue of law, the highest public auditing function of that State.
Systems based Audit	<p>Systems based audit refers to an in-depth evaluation of the internal control system with the objective to assess to extent to which the controls are functioning effectively. It is designed to assess the accuracy and completeness of financial statements, the legality and regularity of underlying transactions and the economy, efficiency and effectiveness of operations.</p> <p>A systems based audit should be followed-up through substantive testing of a number of transactions, account balances, etc. to determine whether the financial statements of the auditee are accurate and complete, the underlying transactions legal and regular and/or the criteria for economy, efficiency and effectiveness have been achieved.</p>

## **Chapter 33: Financial and budgetary provisions**

This chapter covers the rules concerning the financial resources necessary for the funding of the EU budget ('own resources'). These resources are made up of the following: traditional own resources, especially customs duties, including duties on agricultural products and sugar levies, which are levied by the Member States on behalf of the EU; a resource based on value-added tax; and finally, a resource based on each Member State's gross national income. Member States must have appropriate administrative capacity to adequately co-ordinate and ensure the correct calculation, collection, payment and control of own resources. The *acquis* in this area is directly binding and does not require transposition into national law.

### **I. TRADITIONAL OWN RESOURCES**

1. Which departments are responsible for levying import duties (customs duties and agricultural duties) and possible other charges levied on goods entering your country?

For each relevant department, please give details of:

- a) The general organisation set-up (central departments and external services);
  - b) Collecting, accounting and control procedures.
2. Are there separate accounts to distinguish recovered debts and outstanding debts?
  3. What was the revenue from import duties for the year 2008? Please provide a breakdown of the total yield by your country's imports originating from the Union's current Member States (EU-27) and the rest of the world.

### **II. VAT RESOURCE**

4. Is there a value-added tax system applicable in your country? If so, please provide a summarised description thereof.<sup>36</sup>
5. For the relevant departments (Ministry of Finance, tax administration, statistical office ...) please give details of:
  - a) The general organisational set-up
  - b) VAT collection, accounting, control procedures, and statistical infrastructure
6. What were the gross receipts of VAT and VAT refunds for the year 2008? If possible provide a breakdown of the total VAT receipts by VAT receipts levied on importation and VAT receipts levied within the country.

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<sup>36</sup> Reference to the response given under the Taxation Chapter (16) may be done, if applicable.

### **III. GNI RESOURCE**

7. Are National Accounts and the compilation of GNI (Gross National Income) based on the definitions and accounting rules of the European System of National and Regional Accounts 1995 (ESA 95)? If not, please give details of the system currently applied.
8. Are National Accounts adjusted to cover the non-observed economy? What is the impact of these adjustments on the level of GNI?

### **IV. ADMINISTRATIVE INFRASTRUCTURE**

9. Which Ministry and departments will have overall responsibility for financial and budgetary issues in your country?