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Reykjavík, 4 February 2013

TO THE PRESIDENT AND MEMBERS OF THE EFTA COURT

STATEMENT OF DEFENCE

submitted pursuant to Article 35 of the Rules of Procedure of the EFTA Court by the

GOVERNMENT OF ICELAND

Represented by Ms. Jóhanna Bryndís Bjarnadóttir, Counsellor,
Ministry for Foreign Affairs, acting as Agent, in

Case E-12/12

EFTA Surveillance Authority

v

Iceland

in which the EFTA Surveillance Authority seeks a declaration from the EFTA Court that by failing to adopt, or to notify of, the measures necessary to implement into its national legislation the Act referred to at point 7h of Annex XIX to the Agreement on the European Economic Area (*Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC*), as adapted to the EEA Agreement by way of Protocol 1 thereto, within the

time-limit prescribed, Iceland has failed to fulfil its obligations under Article 27 of the Directive and under Article 7 of the EEA Agreement. The Authority furthermore requests that the Court orders Iceland to bear the costs of the proceedings.

The Government of Iceland has the honour of lodging the following Defence.

I. INTRODUCTION

1. By a letter, dated 4 December 2012, the Registrar of the EFTA Court served the Government of Iceland the Application from the EFTA Surveillance Authority (hereinafter “the Applicant”), dated 29 November 2012, which was received by the Court on 30 November 2012. The Applicant requests a declaration from the EFTA Court that by failing to adopt, or to notify the Applicant of, the measures necessary to implement the Act referred to at point 7h of Annex XIX to the Agreement on the European Economic Area (hereinafter “the EEA Agreement”) (*Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC*) (hereinafter “the Directive”), as adapted to the EEA Agreement by way of Protocol 1 thereto, within the time-limit prescribed, Iceland has failed to fulfil its obligations under the Act and under Article 7 of the EEA Agreement. The Applicant furthermore requests that the Court orders Iceland to bear the costs of the proceedings.
2. In the Court’s letter of 4 December 2012, the Government of Iceland was invited, pursuant to Article 35 of the Rules of Procedure, to lodge a defence within two months from the date of the notification, i.e. by Monday, 4 February 2013, cf. Article 76(2) of the Rules of Procedure.

II. IMPLEMENTATION

3. The Government of Iceland hereby submits that the facts of the case, as brought forward in the Application, are correct and undisputed by the Government of Iceland. The Government will furthermore not dispute the declaration sought by the Applicant under section 5, at paragraph 1, of the Application. However, as regards the order sought under section 5, at paragraph 2, the Government of Iceland requests the EFTA Court to order each party to bear its own costs of the proceedings, due to the circumstances of the case.

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4. The Government of Iceland respectfully informs that the delay in implementation of the Directive relates to legislative steps, which had to be taken before the Directive could be implemented. As the Icelandic Parliament, Althingi, has not yet passed the necessary law giving the Directive its legal basis, the Directive could not be implemented within the time-limit prescribed. A draft bill needed for the implementation was discussed in the Icelandic Parliament during the 2012 spring session (140. legislative period) but was not passed as law. However, that same draft bill with minor amendments is currently being debated in the Parliament, cf. copy in the original language, Icelandic, in Annex B1 (141. legislative period, case 220, document 228). The Government of Iceland is confident that the bill will be passed in the coming weeks, before the spring recess of the Parliament, which is scheduled to begin on March 15th 2013.
5. As soon as the parliamentary procedure has been finalised, the Directive will be implemented into the Icelandic legal order.

III. CONCLUSION

6. On the basis of the information set out above, the Government of Iceland does not dispute the declaration sought by the Applicant under Section 5, at paragraph 1, in the Application. The Government of Iceland wishes, however, to inform that as soon as the above-mentioned draft bill has been approved by the Parliament, the Directive will be implemented into the Icelandic legal order.
7. As to the Applicant's request under Section 5, at paragraph 2, in the Application, the Government of Iceland respectfully requests the Court to order each party to bear its own costs of the proceedings.



Jóhanna Bryndís Bjarnadóttir

Agent for the Government of Iceland

SCHEDULE OF ANNEXES

No	Description	Number of pages
B1	Draft bill, currently being debated in the Icelandic Parliament, Althingi, for the implementation of Directive 2008/48/EC (frumvarp til laga um neytendalán, 141. legislative period, case 220, document 228)	49