



A differentiated Europe facing Brexit – what can we learn from 'the Norway model'?

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The key questions

- Why did Norway reject EU membership and why has Norway especially since 1994 opted for *as close an EU affiliation as is possible* for a non-member?
- What are the distinctive features of Norway's EU affiliation?
- What are the domestic mechanisms and arrangements that sustain this arrangement?
- What are the lessons for Brexit?

Norway' EU paradox

- The question of Norwegian EU membership has long been a highly controversial and divisive issue
- Norway's comprehensive incorporation in the EU through the EEA Agreement and a whole host of other arrangements has profound constitutional democratic implications
- This situation has sparked surprisingly little controversy, given how highly Norwegians cherish democracy
- Political contestation is normally focused on specific issues such as worker mobility, ACER

Why no to EU membership?

- Culturally distinct?
- Historical reasons ('from Norway-Sweden union to European union')
- Economic interest (the role of oil)
- Political mobilisation
- Identity and values
- Mobilisation of knowledge and expertise
- The referendums – who voted no and why did they do it?

The Norway model

- The Norway Model is made up of 120 different agreements
- The core of the affiliation is the European Economic Area (EEA) agreement which includes Norway, Iceland and Lichtenstein and the 28 (post-Brexit 27) EU member states: dynamic homogeneity
- Norway is an affiliated member of Schengen and asylum and police cooperation (Dublin I, II and III). Norway is therefore within the EU's external border with responsibility for border controls
- It has also signed agreements on foreign and security policy and participates in the EU's battle groups

The EEA

- The European Economic Area between the EU and the EFTA countries Norway, Iceland and Liechtenstein, established in 1994, covers the free movement of goods, services, capital and persons, competition rules as well as horizontal and flanking policies.
- It constitutes ‘the most prominent case of *acquis* export outside the enlargement paradigm’ (Magen 2007: 377). Excluded are the EU’s external relations, the common agricultural, fisheries and transport policies, budget contributions and regional policy, taxation as well as economic and monetary policy.
- Expanded over time in breadth and depth terms
 - the interesting case of agriculture: initially excluded, today 40 % of the laws and regulations that Norway incorporates are in the field of agriculture



Source: <http://www.efta.int/eea/eea-institutions>

The paradox revisited

- High levels of (asymmetric) interdependence and close historic ties with other states make a close EU affiliation necessary
 - Norway has a strong external trade dependence
 - EU dynamism and a dynamic EEA
 - Nordic cooperation: Schengen
- Depoliticization: gag rules and conflict containment (confined to specific issues) help ensure dynamic EU adaptation
- Policy style and public action
- Public trust versus the morality of markets – where to place Norway?

Compensatory measures

- Norway has been capable of *compensating for negative effects* of EU adaptation through:
 - a well-functioning state;
 - a very comprehensive public welfare system and social security net;
 - a comprehensive system of regulations and policies to ensure gender equality; and
 - a very substantial fiscal buffer (the large pension fund is a case in point).

How sustainable I?

- The Norway model offers market access and rule and norm predictability
- Norwegians do not face much uncertainty in their dealings with EU members – important given that the knowledge of the EEA across Europe varies
- How sustainable is not only about law but about politics: Norway's experience shows that it matters a lot *how* a state handles its relationship with the EU
- To what extent does Norway's current EU arrangement hinge on a de-politicised domestic scene?

How sustainable II?

- Brexit can affect both de-politicization and socio-economic model
 - Opens up space for considering alternative modes of affiliation but UK 2019 election result has narrowed options
 - ‘Singapore on the Thames’ and the sustainability of the Norwegian welfare regime

Difficult negotiations?

- Inclusion and exclusion from negotiations
- EU – UK
- EEA - UK
- Norway – UK
- Norway – UK – EU

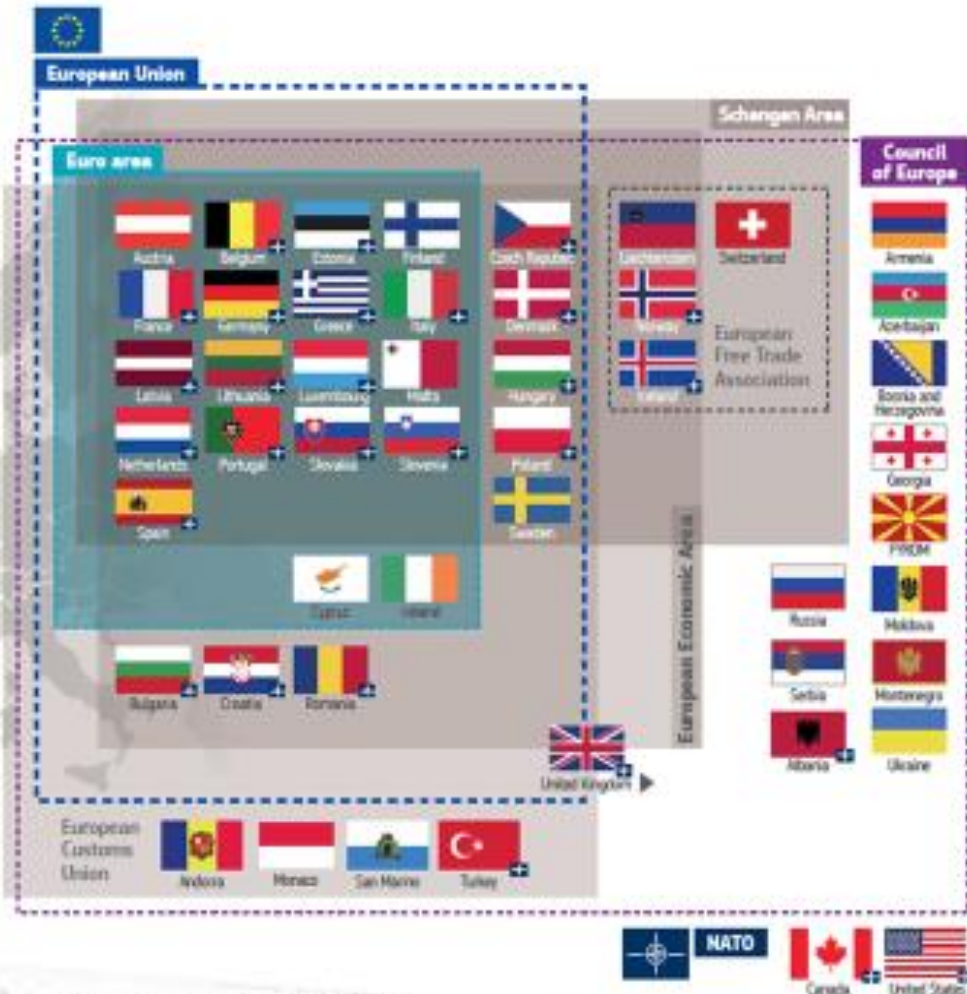
What sets Norway's EU affiliation apart?

- The 'Norway model' with the European Economic Area (EEA) Agreement (broad, multilateral, dynamic two-pillar model) as the core, a total of 120 agreements
- Switzerland (broad, bilateral static, sectoral model)
- Turkey's customs union (narrow, bilateral, partly dynamic customs union model)
- The position of the European small-sized countries (Andorra, San Marino and Monaco) (absorption model)
- The European Neighbourhood Policy (narrow, bilateral, static hub-and-spoke model)
- Sectoral multilateralism such as the Energy Community Treaty (narrow, partly dynamic)

The present European political order

- The EU is not a state but is a constitutional order
- The EU shapes and balances the role of states and citizens across Europe
- The EU reconfigures borders within Europe: EU internally as well as in the members' external relations
- Europe is marked by complex interdependence
 - European states have become very closely interlinked
 - States have never had better technical means for border controls than now

EU: a differentiated entity with many forms of association



Source: EC White Paper

A differentiated system – how much order and coordination is there?

- The challenge of importing diversity
- EU is about pooling and sharing of sovereignty in a common set of EU institutions – EU member states are imbricated in this system.
 - It gives no meaning to talk about an EU-level that is separate from the member states
- What constitutes a state's internal and external relations is profoundly changed –
 - Northern Ireland is only one illustration of how extensive this is and how much it touches on core state concerns with domestic peace and order

- The EU system sets the terms of *shared rule*
- The EU system has profound bearings on the member states' – and affiliated states' - terms of *self-rule*
- How does EU structure relations with non-members?
 - the central role of **conditionality**
- In control terms it is highly unlikely that a European state that exits from this system will be able to recompense for this loss of co-determination
 - the more influential the exiting state the less likely that will be

The EU is a consensus-seeking political system

- The EU is a two-tracked construct: internal market and core state powers with different operating modes: legal regulation versus interstate bargaining
- Scope for differentiation varies with track: limited in the single market and comprehensive in the areas of core state powers

The EU and Brexit

- Handles the process in an almost state-like manner (direct parallel to Canada's secession handling)
- Establishes procedures that it sticks to
- Maintains internal order and control: one voice

The UK and Brexit

- Seeks to ensure market access whilst at the same time not wanting to be tied to dynamic homogeneity (especially in core aspects of the single market where the EU is least prone to grant exemptions)
- The UK government has moved from norm following to power politics, domestically as well as in relation to the EU
 - Lack of predictability and possible breakdown of trust
- The distinction between hard and soft Brexit is misleading:
 - Hard is about lack of order, power politics and manipulation;
 - Soft is about change in the existing order, in accordance with formal and informal rules and norms for appropriate behavior

Nature and magnitude of change

	Orderly change	Disorderly change
No polity change	1: Limited and orderly change	2: Structurally confined disorderly change
Substantial polity change	3: Major and orderly structural change	4: Major and disorderly structural change

At stake: The nature and outlines of the new European political order

- Orderliness has become a key concern, not only within Europe but within the broader global context; there is more at stake now with regard to the EU's role in maintaining order than was the case at the time of the Brexit vote
- Magnitude of change in political order – great scope internally in the UK as well as in the EU: a differentiated EU
- New center – periphery dynamics in Europe: who is core and who is periphery?
- UK in EEA – will undermine the EEA arrangement

