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REPORT

The Quiet European: Norway's Quasi-Membership of the European Union

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Despite the opt-outs and mechanisms for closer co-operation provided for in the European Union Treaties and Draft Constitution, European integration is usually addressed as a dichotomy – a state is either in the EU, or not. Given that most

this semi-detachment, and the implications for both the EU and Norway given their common interests in mutual cooperation.

Differentiated Integration and Quasi-Membership: Outsider Participation in European Integration

If full participation by all member states in all aspects of EU policy is one of the

pillar, sometimes useful in the Common Foreign and Security pillar, and more necessary in the Police and Judicial Cooperation in Criminal Matters pillar. In what follows the implications of flexible integration are considered in the light of the experiences of a country that has transformed flexible integration into the art of the possible, to the extent that Norway is sometimes described as an EU ‘insider *and* outsider’ (Andersen 2000a).

Oslo has taken the lead in developing what may be called a ‘Norwegian method’ of European integration (Eliassen & Sitter 2003; echoing the different methods discussed in Wallace 1996), which consists of indirect participation in European integration short of full formal membership. It can be traced back to efforts on the parts of the EC and the remaining EFTA states to adjust to the accession of the UK, Denmark and Ireland in 1973, but it developed into a more or less coherent strategy after Sweden, Austria and Finland joined the EU as well in 1995. The cornerstone of this quasi-membership is the European Economic Area, which in 1994 secured access to most of the Single European Market for six of the then seven EFTA states (the Swiss government having seen its proposed EEA option defeated in a referendum).4(m)17. 002 Ti310-6.7()7.9(d)-1 m7.2(edn)-3.4(t)7.3(

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agreement involves Norway much more closely in the EU than is the case for most

German initiative, had been linked to the Nordic Passport Union before it was incorporated into the EU in the treaty of Amsterdam (Ahnfelt & From 2001). Norway

balance in Norway between a pro-EU parliamentary majority and an electoral majority against EU membership changes, however, all bets are off. Until the next referendum, however, the result remains a form of quasi-membership designed to satisfy both EU and Norwegian preferences, and which both sides see as a second-best solution.

However, some member states, notably France, and parts of the Commission, balanced this commitment to enlargement to the EFTA states against concerns that it might dilute the process of integration (Wallace 1989). For some, therefore, an EEA-style solution combined the best of both worlds: extension of the Single Market but avoiding the danger that there might be a trade-off between ‘widening’ and ‘deepening’ if Euro-sceptic states were brought in. The principal parameter laid down by the EU for the EEA negotiations was therefore been that EFTA states’ access should not ‘contaminate’ EU policy or institutions. In terms of decision making the EFTA states would be granted some access to the EU institutions, but no formal powers. They might be ‘decision shapers’, but could not be decision makers (Blanchet, Pipponen & Wetman-Clément 1994). This insistence on maintaining the integrity of the EU system went further than the Commission anticipated, as the European Court of Justice threw out the original agreement’s plans for a common EEA-EFTA court (Gstöhl 1996). In short, the EU has been sympathetic to the EFTA states’ quest for closer cooperation in the light of constraints imposed by neutrality or domestic electoral majorities against membership, but has prioritised the integrity of the EU system.

On the Norwegian side, the governments’ approaches to participation in European integration have been the product of the somewhat paradoxical combination of marginal popular majorities against EU membership in 1972 and 1994 and a seemingly permanent pro-integration parliamentary majority (Sogner & Archer 1995; Madeley 1998; Midtbo & Hines 1998). Perhaps even more paradoxically, Labour and the Conservatives’ loss of their joint parliamentary majority in the 2001 election has been followed by a significant shift in public opinion in favour of EU membership

Opposition to European integration in Scandinavia is often discussed as a matter of interests versus values (Petersen, Jenssen & Listhaug 1996; Sciarini & Listhaug 1997; Saglie 2000). In Norway, both have formed the basis for opposition to European integration. For the 'centre' parties that emerged from the Nineteenth Century Left (the agrarian Centre Party, the pietist Christian People's Party and the Liberals) democracy meant not only rule by the people, but rule by the *Norwegian* people. The old opposition to central rule from Stockholm during the 1814-1905 Union has been translated into opposition to central rule from Brussels, compounded by a perceived threat from the EU to the country's 'moral-religious heritage' (Madeley 1994; Nelsen, Guth & Fraser 2001). Moreover, Euro-scepticism also draws economic interest, particularly in sectors that face uncertainty or decreased subsidies if exposed to free trade and competition. This is primarily a matter of subsidised regions ('district policy'), agriculture and fisheries, although the loss of East European markets with EU enlargement raises difficult questions for the latter, and to some extent the public sector. Euro-scepticism has also played a defining role for the Socialist Left, where opposition to 'western' arrangements has been translated into opposition to both Atlantic military integration and European economic integration but not international co-operation as such (Christensen 1996; Geyer & Swank 1997). So far, this has been less relevant than centre party opposition because Labour has excluded the Socialist Left from coalition politics, but this is set to change with the 2005 electoral campaign. On the far right, the Progress Party has shifted between advocating membership and a more ambiguous stance, the attraction of the EU being that it is seen as more free market oriented than Norway. For the Socialist Left and the Centre Party, the EEA arrangement is considered a less desirable solution than a bilateral arrangement, and only the Christian People's Party has endorsed the EEA as an ideal solution.

The pro-integration stance taken by the Conservatives and Labour is almost a mirror image of the bases for Euro-scepticism. The right has always favoured free trade and European integration, as has the Labour leadership. This is rooted in economic liberalism and European social democracy respectively, as well both parties' regarding European integration as generally favourable to the economy (Wallace 1991; Nelsen 1993). The WWII experience and the Cold War contributed to strong links with Western Europe (particularly the UK) and the USA, and the Labour leadership has consistently shared the Conservatives' preferences for participation in

Western economic and security structures. The two pro-European parties long maintained a seemingly permanent parliamentary majority. Since the 2001 election, however, this now depends on the Progress Party, which remains ambiguously favourable toward EU membership. However, partly because of the danger of haemorrhaging votes to the far right and left respectively, the Conservatives and Labour have been reluctant to engage in a 'purple coalition', and both therefore rely on support from the Euro-sceptic centre in coalition or minority governments. However, both are indicating that they will not be prepared to repeat the current centre-right governments arrangement, which features a 'suicide clause' to prevent the Conservatives placing the membership question the agenda, in 2005. Hence the stability of Norway's somewhat paradoxical aggregate preferences, ruling out membership but favouring closer integration. The caveat is that this is likely to play

realities prompted most EFTA states (including Norway) to apply for full membership even before negotiations were completed. Neutrality was no longer an obstacle for Austria, Sweden or Finland. This resulted in even more fully fledged market

Quasi-Membership in Action: Slow Movers in Fast Convoys

It is sometimes said that the EU, like a wartime convoy, moves at the pace of the slowest member. Stretching this metaphor, is it the cases that slow moving vessels or states that are not formally part of the convoy, but seek its benefits, are under particular pressure to keep up to speed? And does this affect the ‘convoy’? The present section addressed the developments and operation of the relationship between the EU and Norway, in terms of the Single Market, flanking policies and Monetary Union; the EU’s initiatives pertaining to Justice and Home Affairs, including the Schengen arrangement and current counter-terrorism initiatives; and its Common Foreign and Security Policy and defence identity. How far has Norway been able to penetrate the EU system, what are the limitations and what is the most likely development of the relationship between Norway and the EU in the future?

The European Economic Area has been, is and will be the cornerstone of Norwegian involvement in European integration, and the government’s assessment is that “it has met the expectations set out in the treaty” (*St. meld. nr. 27, 2001-02*). The deal entails comprehensive membership in the EU’s Single European Market, and most Norwegian parties consider a well-functioning EEA an essential prerequisite for Norway not applying for full membership of the EU. From the EU side the arrangement is generally seen as a solution that offers too much to Norway, a deal that

whether ESA (which is even smaller relative to an EU of twenty-five) will be able to

has therefore come to provide a more extensive framework for Norwegian public policy than was foreseen. A number of areas thought not to be affected by the treaty have since been found to have an EEA dimension, from differentiated employer taxation and subsidised governmental housing loans to merger control in the banking sector and municipal property development. Although Norway has perhaps adapted less to EU competition policy than most EU member states, it has partially adopted the EU's 'prohibition approach' and remains under pressure to follow EU states in adapting fully to the enhanced EU system of free movement and free competition (Guthus 1999; Bue 2000). Moreover, the extension of the Single Market and competition policy to the public sector and utilities has considerable consequences .6167 0..

policy much further than originally thought. This is partly due to the expansion of the

proven an exaggeration (Graver & Sverdrup 2002), there can be little doubt that the ESA's surveillance has affected Norwegian public policy. Successive administrations have often found themselves addressed by the ESA because they failed to take account of the EEA dimension of a raft of questions that they presumed excluded, from regional aid through tax incentives to university positions reserved for female candidates.

In the early 2000s policy questions have emerged as a more substantial problem than previously expected, often causing more pressing problems than adapting to specific new EU legislation. These problems have been exacerbated in the period since 1994. Part of the reason lies in a combination of limited policy coherence and somewhat inexperienced personnel (Statskonsult 2002). Compared to the immediate post-negotiation phase, when the objectives were far clearer, Norway's current policy towards the EU lacks a unified approach. Officials in charge of EU dossiers have less experience in day-to-day dealings with the EU today than was the case five years ago, when the civil servants who had negotiated the EEA treaty and terms of EU membership still retained overall control over EU issues and policies. Most Norwegian representatives have limited experience with and knowledge of EU organisations such as committees, and the Commission is taking an increasingly formal approach to the EFTA states and reducing their access to comitology (Statskonsult 2001).

Moving beyond the EEA arrangements, economic and monetary policy offers the clearest case of the informal aspects of the Norwegian method of integration. Although Norway took part in the 'Snake' it stopped short of participation in the European Monetary System in the 1980s and governments remain reluctant to join fixed-rate regimes. Despite meeting the Maastricht convergence criteria, the combination of a comparatively small manufacturing base and the large role played by oil was always going to complicate this relationship (Barnes 1996). EMU membership therefore represents a greater potential problem for Norway than for most member states, given the volatility of world oil markets and different cyclical requirements of oil- and non-oil-based economies. Nevertheless, despite the limited rule-driven convergence, monetary policy has increasingly been aligned with that of

Norway has always prioritised stable exchange rates with respect to Europe in the interest of domestic industry, despite the oil economy's exposure to the Dollar, future volatility in the Euro – Krone relationship could increase the pressure for Norwegian EU membership. This became very clear in early 2003, when the value of the Krone increased substantially compared to the Euro, generating major problems for Norwegian industry. At the same time the popularity of EU membership in the population increased sharply. The strong Krone was partly a result of a much higher interest rate in Norway than the Euro-zone, and steep reductions in the interest rate brought Norway more in line with Europe and reduced the pressure on Norwegian competitiveness. At the same time, it brought the Yes/No ratio in the polls back to a slimmer Yes majority. In this case Norway retains some element of independence by staying outside the EU, or rather the single currency, but more in terms of timing and minor interest rate level discrepancies than substantial monetary policy differences.

Perhaps the best example of the limits to Norwegian choices in its relationship with EU as an outsider is the Schengen agreement to remove barriers to travel between member states. The other Nordic states joining Schengen made it impossible to maintain the Nordic passport union unless Norway and Iceland signed up to Schengen too. The status quo was therefore no longer an option. Although other Nordic states were keen to maintain the arrangement, Norway was unlikely to be able to prevent them from joining Schengen. Events were clearly beyond Norwegian control, and opened for a debate on more extensive co-operation in the fields of justice and police, including the relationship with Europol. Moreover, because the Amsterdam Treaty incorporated the Schengen Agreement into the EU framework Norway and Iceland's arrangement were rendered inoperable before they could even enter into effect, thereby providing a clear case of the EEA states' need to unilaterally accommodate EU changes (Andersen 2000b; Ahnfelt & From 2001). After the Amsterdam Treaty Norway once again found a solution that involved adapting to further European integration, by securing access to the Schengen decision-making system and applying the its rules. This brought Norway inside deep the EU decision-making system for the first time, by allowing the EU Council of Ministers to sit as a Schengen Council when discussing in 'Schengen relevant' cases to change. This Common Committee system even applied to the working group level, where Norway's lack of formal voting rights in the Council is of less consequence. This very special solution was only possible

because of the history of the Nordic passport union and the Norwegian and Icelandic membership in Schengen prior to the inclusion of Schengen in the EU at Amsterdam.

The development of the EU's JHA initiatives since Amsterdam illustrates the best and

for EU membership in the last years. This is rooted partly in the perception that Norway is a 'different country', in terms geopolitics and/or international profile. However, even in the narrower terms of Nordic security concerns, Norway is finding that her non-NATO neighbours are increasingly addressing regional concerns through the EU institutions and frameworks. Thus, even in the absence of membership, the EU's security and defence agenda represents a challenge. Norway is 'buying in' to participation in the EU's Defence Identity and military force, and is participating in broader security initiatives and efforts to combat international terrorism and organised crime, but is consigned to associate status. Although successive Norwegian governments have been at liberty to circumvent much of the EU's foreign and security policy defence debate for some time, this debate is becoming increasingly salient as the pace of developments on the EU side contribute to the country's marginalisation.

Conclusion: Some Reflections on the Viability of Differentiated Integration and Quasi-Membership

"Outside the EU, Norway will become a vassal-state" (Jagland 2003: 140). Thus read perhaps the most controversial of former Norwegian Labour prime minister (1996-97) and current head of the parliament's foreign affairs committee's 'ten theses on Norway and the EU'. The debate in Norway is heating up, with a view to the 2005 election. Yet, as External Relations Commissioner Chris Patten (2001) has made clear, at the same time the EU's patience with, or at least spare capacity to deal with, tailor-made arrangements is decreasing as the focus shifts to managing deepening and widening of the Union. Or, as per the political head of the Norwegian Foreign office: the Commission has appeared 'less flexible and more legalistic' recently (Traavik, 2002). This sums up the Norwegian dilemma, and the wider dilemma of differentiated integration and partial participation: quasi-membership of the EU entails ever-closer cooperation, and the advantages of the supposed discretion that such arrangements entail shrinks with the deepening and widening of the EU.

The first challenge is associated with the deepening of the EU. Although the EU as a whole is generally pleased with Norway's performance, it shows little interest in

developing this system much further to accommodate deepening of European integration. The EEA and Schengen systems are static compared to the very dynamic developments within the EU, and they are perceived as particularly favourable to the EU's quasi-members. Both arrangements are becoming ever smaller parts of the 'whole', and this is particularly evident when the EU moves into new areas such as counter-terrorism. With respect to both arrangements it is clear that if Norway were to fail to implement new relevant legislation, the whole edifice might collapse. In other rapidly developing areas such as foreign, security and defence policy, Norway has no

system is growing to a twenty-five to three system, and the relative weight of the EFTA pillar is declining significantly.

In short, the 'quiet Europeans' are more deeply involved in European integration than it might seem at first glance, and they show few signs of slowing down. At the same time, the arrangements associated with the EEA, Schengen and various other 'opt-ins' are pushing up against their limits and the EU is developing new initiatives in which it

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