



EEA

The Norwegian experience

What is the EEA agreement?

- Agreement between EFTA and the EU providing:
 - EFTA / EEA countries with access to the EU internal market
 - EU with a significant role to play in the EEA countries' legislation.
- Entered into force 1994 and includes all EU and EFTA countries except Switzerland
 - Extended in line with the EU's expansion in 2004 and 2007 to total 30 countries
- Purpose: strengthen trade and economic relations between the parties

...with equal conditions of competition and compliance with the same rules

- The EEA-EU cooperation also covers environmental research and education, culture and social issues.

Based on the four freedoms



EEA members to be consulted on new legislation, but.....

- No veto right in the European Council
- No votes in the Council of Ministers
- No MEPs or votes in the European Parliament
- No European Commissioner and no European Commission staff
- No judges or staff at the European Court of Justice (ECJ)

Norway's contributions to the EU budget.

- Enhance social and economic cohesion within the EU itself and to make EEA countries part of the EU programs
- For the period 2014 – 2021: €866 million per annum (stipulated).
Total, including
 - The EEA Norway grants scheme
 - EU programme contributions
 - Financial contributions related to justice and home affairs
 - Contribution in programmes under the European Territorial Cooperation (INTERREG)
- But will get back around € 100 million in science and research grants
=> a per capita net contribution of about €153.2.
- The EFTA states contributions are on equal footing with EU member states => corresponding to the relative size of their GDP compared to the GDP of the whole EEA (proportionality factor).

Pros and Cons

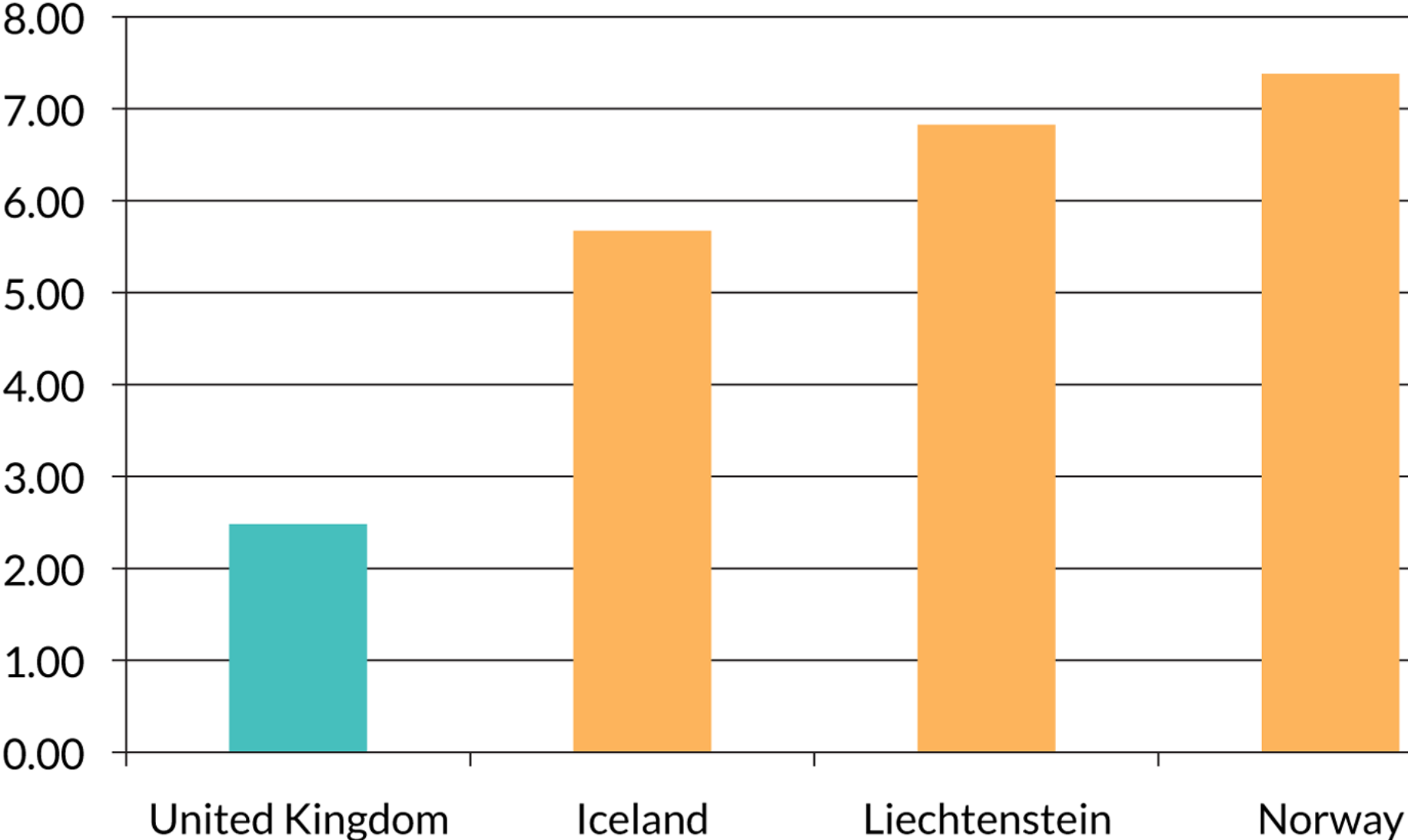
Pros

- Outside the EZ => independent monetary policy with own currency (flexible exchange rate)
- Deal with one market that has one regulation and not 27 different ones => facilitates export (less paperwork)
- Enhances the predictability for business by creating stable external conditions
- Extensive research and unlimited supply of labour with high skills, but.....might also be a drawback

Cons

- Parliament no longer the sole legislator but must be content with enforcing rules that are designed by the EU.
 - Covers only part of the parliamentary legislation, but constitutes a substantial portion (steadily growing).
- When Parliament itself gives laws; must ensure that the national rules do not come into conflict with EU / EEA law
 - and if that happens, the courts generally have to give the EU / EEA rules precedence.
- Creates a serious democratic deficit! A problem that might become even more pronounced if the outcome of the current TTIP negotiations ends in an agreement between EU and the US.

Gross inward EU-27 migration (excluding own citizens) per 1,000 population (2012)



Some general comments

- Compared with the direct and indirect economic benefits of the EEA agreement, the costs are rather limited. (NOU 2012)
 - During its almost twenty years the agreement has contributed to economic growth, increased employment and increased purchasing power.
 - 1973-1994 Free trade agreement => Access to the inner market and no duties or quotas on industrial and commodity products
 - exception: Food industry => duties on processed agricultural products and fish products
- => EEA essential for market access to the EU?
- On expiry, Free Trade Agreement will enter into force (§120)
 - => sell goods without tariffs and trade restrictions; as before 1994.

Concluding remarks

- The biggest drawback of the EEA agreement: lack of democratic legitimacy and control.
 - Agreement => an override of democracy at both a national and local level; a major challenge for the room of maneuver of Norwegian politicians.
- TTIP ratified => Parts of the negotiated agreement could easily become part of the EEA agreement
 - Give corporations right to sue sovereign states if sovereigns introduce regulations that might hamper their profitability outlook.
- Free movement of labour => increased exports of Norwegian social security and put a pressure on low-wage occupations.
 - The large supply of cheap labour from the EU will be a threat to the equal wage structure in Norway.
- Might be unsustainable. A weakened welfare state can be the final result.

That's all