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Kyiv, Ukraine

NORWAY MODEL OF PARTIAL INTEGRATION WITH THE EUROPEAN UNION:

WHAT'S APPLICABLE FOR UKRAINE?

Leo Litra
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The paper "Norwegian Model of Partial Integration with the European Union: what's applicable for Ukraine?" was prepared with the support of the International Renaissance Foundation within the framework of the project "Between association and membership: what could be the next target in Ukraine's relations with the EU". The material reflects the position of the authors and does not necessarily coincide with the position of the International Renaissance Foundation.

The publication has been prepared as part of a project coordinated by Leonid Litra.

NORWEGIAN MODEL OF PARTIAL INTEGRATION WITH THE EUROPEAN UNION: LESSONS LEARNED FOR UKRAINE

**Leo Litra
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KEY FINDINGS:

- The Norway Model of Eurointegration can best be described as a "join-in-as-much-as-we-can-get-away-with-without-having-to-become-EU-members". Norway is an 'adaptive non-member'¹ of the European Union, not only contributing to the EU financially, but routinely following their internal and foreign policy decisions.
- The Norwegian Model stands on three separate pillars.
 - ▶ Norwegian European integration relies on accessing the Single Market through the European Economic Area (EEA).
 - ▶ Norway's adoption of EU policy developments on an 'al-a-carte' basis; essentially 'buy-ins' to EU policy initiatives in exchange for financial benefits.
 - ▶ Norway's ability to follow EU policy developments and then passing domestic legislation to keep in line with an ever-evolving European Union policy, despite not being members themselves
- The status-quo Norway-EU relationship has yielded spectacular results economically speaking. The EEA has allowed Norway into the EU's Single Market, however it is difficult to assess how well Norway would have done if it was a full-fledged EU member.
- The clear disadvantage of the status quo, is the lack of Norwegian representation within the EU decision-making process. The 1994 rejection of EU membership by the Norwegian electorate formally opted for more political autonomy than member states, but the scale of the European Integration undertaken by the EEA, 'buy-ins', and the continued adoption of EU policy has left Norway with a significantly weakened voice in the policy making decisions, as they are essentially relegated to an 'associate status'. Norwegian society is essentially shaped by decisions made within a political system where Norwegian voters are not represented. Therefore, Norwegians wanted more sovereignty by declining joining the EU but ended up with less sovereignty since the decisions of the EU are applied in Norway through EEA where Norway does not directly participate in policy shaping.
- In both national referendums for accession to the European Community (later the EU), the Norwegian population voted 'No' citing their quest for both 'political and cultural autonomy.'² This is likely due to the high levels of political control both Denmark and Sweden had throughout Norwegian history. The big Norwegian cities, and the south-east are in favor of membership; the political periphery however, mostly resides on the coast and in the east, remained as vehemently opposed to EU membership.³
- The Norwegian Model is very much a political compromise in an attempt to satisfy both groups. The status-quo largely satisfies the pro-EU voters, with perks such as access to the Single Market, while still maintaining an

¹ Haugevik, Kristin. Diplomacy through the backdoor: Norway and the bilateral route to EU decision-making. *Global Affairs*, 3:3, 277–291. DOI: 10.1080/23340460.2017.1378586

² Archer, Clive. *Norway outside the European Union: Norway and European integration from 1994 to 2004*. Routledge, 2004

³ Østerud, Øyvind. «Introduction: the peculiarities of Norway.» *Western European Politics* 28, no. 4 (2005): 705–720.

image of autonomy to its Eurosceptic factions. Upon the adoption of the EEA, many Norwegians figured there was little incentive for full accession as Norway was already receiving many of the membership benefits.

- In contrast to Ukraine, Norway's political parties are split on whether to call for another referendum on EU membership, and since the 'Brexit' referendum in which the Norway model was openly debated, Norwegian politicians are becoming more publicly skeptical of the viability of their model.
- In some policy areas such as fisheries, the Norwegian model is detrimental to economic growth due to the technical barriers to trade inherent within the model.
- Ukraine needs a thorough assessment of the Norwegian model of partial integration in order to embark into a process of getting full access to EU's Single Market and the Four Freedoms. This would significantly expand the existing framework of cooperation with the EU and accelerate the de-facto integration, thus, creating necessary conditions for recognition of the European perspective of Ukraine.

SECTION 1:

LITERATURE OVERVIEW

The 1972 vote against closer cooperation with the EU set the precedent of the modern Norwegian-EU bilateral relationship. The 1994 referendum on EU membership then solidified Norway's future as an EU outsider. Norway's decision(s) to not join the EU are mostly a combination of historical, political, and economic reasons that will be explained in further detail. Norway holds a great deal of contempt for international forces affecting Norwegian politics due to the historical influences of Denmark and then Sweden on Norwegian life.⁴ In the political sphere Norway's method of European Integration is in short an attempt to compromise with the popular majority that oppose EU membership, with the pro-membership positions held by the Norwegian parliament, and elite in the big cities.⁵ Norway's population also appears to care a great deal about economic independence regarding policies relating to agriculture and fishing.⁶

Even though Norway is not in the European Union, they enjoy a remarkable level of Integration with the EU, with high levels of economic and defense cooperation. The "Norwegian Method" can be easily explained as three separate pillars. The first pillar being Norway's integration process with Europe relies heavily on

accessing the Single Market through the EEA. A supplemental pillar is Norway's adoption of EU policy on an 'ad-hoc' or 'al-a-carte' basis through a process of buy-ins. The Norwegian Government also continues to update its own domestic policies to that of EU regulation – making up the third pillar. These three pieces to the so-called 'Norwegian Method' of European integration allows Norway to enjoy a 'quasi-membership' status with the European Union. Norway is thus an 'adaptive non-member' of the European Union with the relationship consisting of a patchwork of over 120 bilateral agreements, rather than any homogenous construct.⁷ As EU membership was very much off the table, they now tend to exercise a "join-as-much-as-we-can-get-away-with" approach to European integration.

Now well-known and thoroughly discussed among Norwegian politicians, this informal membership however is not without its drawbacks, and after the 'Brexit' negotiations, these shortcomings are once again in the spotlight of Norwegian politics. Norway largely reaps the economic benefits of the EU at the expense of being part of the decision-making process. The Norwegian Model creates circumstances in which domestic policy is largely shaped by decisions in Brussels and other European capi-

⁴ Archer, Clive. *Norway outside the European Union: Norway and European integration from 1994 to 2004*. Routledge, 2004

⁵ John E. Fossum. *What is the Norway model: Mode of affiliation or political compromise?* ARENA University of Oslo, Norway.

⁶ Archer, Clive. *Norway outside the European Union: Norway and European integration from 1994 to 2004*. Routledge, 2004

⁷ John E. Fossum. *What is the Norway model: Mode of affiliation or political compromise?* ARENA University of Oslo, Norway.

tals rather than in Oslo. Various political factions within the Norwegian parliament are now openly debating the viability of their model.⁸

When comparing the Norwegian Model to Ukraine, it will be important to view the model through a specifically Norwegian lens, in order to dissect areas of policy and assess the viability of transferring them to Ukraine. There are significant limitations of the application of the model to Ukraine, however there are some aspects that make for a worthwhile comparison.

⁸ Haugevik, Kristin. Diplomacy through the backdoor: Norway and the bilateral route to EU decision-making. *Global Affairs*, 3:3, 277–291. DOI: 10.1080/23340460.2017.1378586

SECTION 2:

ANALYSIS OF NORWAY-EU RELATIONS

First from the Danish Kingdom, and then from the Swedish, Norway's story throughout the nineteenth century was a struggle for political and cultural autonomy. Norway sprang onto the international stage as an independent nation in 1905, and soon after, the First World War taught Norway a lesson that as a small seafaring nation, it would need alliances for influence and protection against outside forces. The reality of the German invasion of Norway in the Second World War exacerbated the fact that Norway was unable to defend itself in the face of such an intense conflict, as Norwegian forces by themselves were unable to repel the German invasion. Britain's liberation of Norway thus underscored the reliance on outside forces for the protection of Norwegian autonomy.⁹ The answer for why Norway rejected European Union membership in 1972 and again 1994 can, in part, be explained by the differing opinions within the Norwegian populace when discussing their long fought quest for autonomy.¹⁰ What we now know as 'The Norwegian Model' is very much a domestic political compromise; it has enabled Norway to take advantage of many of the perks of the European Union, while simultaneously satisfying Eurosceptics in the Norwegian government.

Aspiration for European Union accession and European integration are not always mutually exclusive. Just as some EU members have cho-

sen to opt-out of important EU policies (e.g. Denmark regarding the Euro), non-member states in some cases have the opposite ability. The 1972 rejection of European membership set the precedent going forward that Norway hoped to retain some level of autonomy over greater European policies. Norway's relationship with the European Union is not a homogenous construct, but rather a patchwork of over 120 bilateral agreements. Norway's relationship to the EU can thus best be described as an 'adaptive non-member'¹¹ of the European Union, not only contributing to the EU financially in numerous policy areas, but routinely following their internal and foreign policy decisions. In practice, the political reality of the 'Norwegian Model' is very much to get as close as possible with the European Union with regards to policy making and discussion, without fully integrating into the Union with regards to the aforementioned factors. The approach can be easily summarized as "join in as much as we can get away with, without having to become EU members for political reasons." So how does Norway do it? The complexity and nuances of the 'Norwegian Model' of European Integration, can be simplified as three separate pillars — each with their own dedicated sections.

⁹ Archer, Clive. *Norway outside the European Union: Norway and European integration from 1994 to 2004*. Routledge, 2004.

¹⁰ Østerud, Øyvind. «Introduction: the peculiarities of Norway.» *Western European Politics* 28, no. 4 (2005): 705–720.

¹¹ John E. Fossum. What is the Norway model: Mode of affiliation or political compromise? *ARENA University of Oslo, Norway*.

2.1 Pillar

2.1.1 Pillar One: EEA vs EU

At the center of the relationship is the European Economic Area (EEA), which in 1994, allowed Norway access to the Single Market.¹² The 1994 EEA agreement included policy areas for integration such as education, research and development, consumer protection, tourism, and environmental procedures (known colloquially as 'flanking and horizontal policies'). Fundamental policy spaces that lie outside of the agreement are the inclusion in the European Monetary Union (the Euro), customs union and foreign trade procedures, the EU Common Agricultural Policy and taxation laws. It is important to note that some of these policy sectors are affected by the rules of the Single Market.¹³

The EEA is also at the heart of the domestic political compromise within the Norwegian Method. When regarding accession referendums to the EU, in both 1972 and 1994 EU, there is a clear division among regional and socio-cultural lines. The big Norwegian cities, and the south-east clearly voted in favor of membership, with Oslo being a particularly powerful pro-EU stronghold; the political periphery however, mostly resides on the coast and in the east, remained as vehemently opposed to EU membership with virtually no changes seen between the two referendum results.¹⁴ It is also important to remember that Norway joined the EEA with the European Union before the 1994 membership referendum. Thus, the EEA allowed for a political compromise between the two constituencies; the Single Market Access satisfied the pro-EU voters, with perks such as access to the Sin-

gle Market, while still maintaining an image of autonomy to its Eurosceptic factions. Many figured there was little incentive at the time for full accession as Norway was already receiving many of the membership benefits.¹⁵ Notably, with the accession to the EU Single Market, Norway also benefits of the Four Freedoms which seeks to guarantee freedom of movement of capital, goods, services and people. This means Norway adopted the core of EU aqis and in many circumstances has a similar legal and social-economic framework as the EU members.

2.1.2 Pillar Two Ad hoc Agreements vs EU

In addition to the EEA agreement, Norway also has secured access to numerous EU initiatives in an ad-hoc fashion. At first glance, the most remarkable of these 'al-a-carte' bilateral agreements would be Norway's access to the Schengen Zone and passport free movement system. However, the addition of Norway to the Schengen Zone is not as much of a European Union policy victory but is, in fact, largely circumstantial in large part given previous policy agreements with Nordic states.

An element of Norway's ad hoc approach can be described by the practice of 'buy-ins.' Norway purchases the ability to participate in EU policies and projects at considerable costs. This practice was even true before the creation of the Single European Act or the EEA. The introduction of the EEA signaled a willingness to pay for as many areas of EU policy permitted by the European Union without formal membership for Norway. These EU policy 'buy-ins' reportedly cost Norway roughly tens of millions of Euros per year for Norway's inclu-

¹² Elliasen, Kjell A. Sitter, Nick. «The Quiet European: Norway's Quasi-Membership of the European Union.» La Grande Europe (2004).

¹³ Fossum, John Erik. «What is the Norway model? Mode of affiliation or political compromise?.» The Political Quarterly 90, no. 2 (2019): 266–273.

¹⁴ Østerud, Øyvind. «Introduction: the peculiarities of Norway.» Western European Politics 28, no. 4 (2005): 705–720.

¹⁵ Fossum, John Erik. «What is the Norway model? Mode of affiliation or political compromise?.» The Political Quarterly 90, no. 2 (2019): 266–273.

sion in 'flanking and horizontal policies'.¹⁶ This is surprising as there are many inherent controversies surrounding European Union membership. With buy-ins, Norway has achieved some incredible results. Norway cooperates in EU civilian – crisis management operations, border security initiatives, has a policy agreement with the European Defense Agency (EDA)¹⁷, and has also secured some access to the European Union's Common Foreign and Security Policy (CFSP).¹⁸ Since 2005 Norway has contributed to the EU Battle Group led by Sweden.¹⁹ The process of buy-ins and analysis of these individual components will be discussed in greater detail in section three.

2.1.3 Pillar Three – Continued Adoption of EU Policy

Buy-ins and other ad-hoc bilateral agreements complement the third pillar of their integration strategy — the process of continuously updating Norwegian policy to the standards of the European Union in all possible policy spheres. Thus, the continued bilateral relationship is dynamic, which means that Oslo has to hit a moving target since the legislation is changing in the EU and Norway reflects these changes in their national legislation. In addition to the EEA agreement and ad-hoc bilateral agreements, Norwegian governments have been adept at updating policies to align with European Union standards. The extent that Norway has "Europeanized" has often come at a faster rate than that of some EU members. Norway has, so far, adapted approximately

three quarters of EU legislation in comparison to the EU Member states that are fully incorporated into EU policy, a phrase commonly repeated among Norway politicians. Then Foreign Minister Børge Brende told BBC news that "Norway not only implements all the EU directives, but is the fastest in doing so."²⁰

2.2 Political Disadvantages of the Norwegian Model

The 'quasi-membership' model has obvious benefits for both parties, and although Norway gets certain advantages that full EU member states enjoy, they are, ultimately, still not formally in the European Union. The relationship is therefore just as dynamic as it is asymmetric. Both supporters and adversaries of the status-quo agree that there are significant faults in the system. For instance, the Norwegian Conservative Party is quoted in their referring to the issue as a "democracy problem"²¹ and that "Norwegian society is shaped by decisions made within a political system where Norwegian voters are not represented." Therefore, the Conservative party desires full membership to replace the current EEA regime. Other political factions within the Norwegian parliament argue for an opposite solution. The "Centre Party" wishes to dismantle the EEA regime and replace it with more bilateral ad-hoc agreements to allow for greater Norwegian autonomy with regards to trade policy²², a relation which resonates with Swiss model of bilateral agreements. This predicament creates an

¹⁶ Eliassen, Kjell A., and Nick Sitter. «Ever closer cooperation? The limits of the 'Norwegian method' of European integration.» *Scandinavian Political Studies* 26, no. 2 (2003): 125–144.

¹⁷ Gratrud, Torgeir. *Norwegian special forces: Their role in future counterinsurgency operations*. ARMY WAR COLL CARLISLE BARRACKS PA, 2009.

¹⁸ Eliassen, Kjell A., and Nick Sitter. «The Quiet European: Norway's Quasi-Membership of the European Union.» *La Grande Europe* (2004).

¹⁹ Haugevik, Kristin. *Diplomacy through the backdoor: Norway and the bilateral route to EU decision-making*. *Global Affairs*, 3:3, 277–291. DOI: 10.1080/23340460.2017.1378586

²⁰ Ibid.

²¹ Fossum, John Erik. «Representation under Hegemony?: On Norway's relationship to the EU.» In *The European Union's Non-Members*, pp. 153–172. Routledge, 2015.

²² Haugevik, Kristin. *Diplomacy through the backdoor: Norway and the bilateral route to EU decision-making*. *Global Affairs*, 3:3, 277–291. DOI: 10.1080/23340460.2017.1378586

almost paradoxical paradigm. The 1994 rejection of EU membership by the Norwegian electorate formally opted for more political autonomy than member states, but the scale of the European Integration undertaken by the EEA, 'buy-ins', and the continued adoption of EU policy has left Norway with a significantly weakened voice in the policy making decisions, as they are essentially relegated to an 'associate status'.

The Brexit debate has ignited new conversation about the status-quo and its costs and benefits. In terms of identity or culture, European integration has been perceived as a potential or actual threat to the country's 'morel-religious heritage'²³ Most Norwegian governments however, have been enthusiastic about further integrating Norway into the European Union, even when Eurosceptic coalitions are in power. The exclusion from the European Union decision making process is a problem that Norwegian politicians are still acutely aware of. Foreign policy cooperation mechanisms with the European Union without former membership status, was phrased as European integration through a "backdoor" by Former Prime Minister of Norway Gro Harlem Brundtland to assist in accomplishing goals that were of interest to the Norwegian state.²⁴ It thus became logical for Norway to attempt to gain influence within the EU – in particular with aims regarding transatlantic unity given its reliance on NATO for security. Until the next referendum, the European Union and Norway must accept this quasi-membership as the best case solution for both parties.

²³ Piotr, Kobza. «Norway's Attitudes to European Integration Within Foreign Policy: Dilemmas of Non-EU European States in the Light of Developing the EU's Common Foreign and Security Policy.» *Stosunki Międzynarodowe* 56, no. 1 (2020): 25–38.

²⁴ Ibid.

SECTION 3:

ANALYSIS OF SPECIAL COMPONENTS OF PARTIAL ELEMENTS OF EUROPEAN INTEGRATION

3.1 The Schengen Agreement

Perhaps the most remarkable of the ad-hoc and partial integration achievements would be Norway's participation in the Schengen zone with its passport free travel and other related policy areas. When discussing Norway's affiliation with the Schengen zone, it is important to remember that this deal was concluded when the idea of Schengen was not yet an integral part of the policy of the European Union. In today's European Integration policies, the initial Schengen agreement has been factored into the policies of the European Union, therefore leaving a discrepancy between Norway's agreement with the EU, and contemporary EU treaties.²

Even before the existence of the Schengen Zone, Norway, Sweden, Finland, Denmark, and Iceland were (and still are) members of a now *de facto* obsolete passport union from 1954, known as the Nordic Passport Union. This agreement by the Nordic Council allowed for free movement of persons between these states in similar manners to that of the Schengen.²⁵ In short, both Nordic states, Norway and Iceland, were accepted to the Schengen as they essentially preserved the previous regime of free movement under the Nordic Passport Union when Denmark, Finland, and Sweden joined the European Union. The simple response to why Nor-

way and Iceland are allowed to be in the Schengen Zone without EU membership, is that they are still fulfilling the duties they are bound to by the Nordic Passport Union.

3.2 Agriculture and Fisheries

As earlier established in Section 2.2, agriculture and fisheries are not covered by the EEA, and Norway does not follow the Common Agriculture Policy with the exception of European quality assurance standards for exports to the European Union.²⁶ This choice of opting out of the Common Agricultural Policy of the EU has been significant for Norway, and about 40% of all separate Norwegian regulations are related to Norway's agricultural policies.²⁷ This is largely due to the disparity between Norwegian preferences from those of the EU, and thus the EEA agreement was built to accommodate these differences. Norway's agricultural bilateral agreement with the European Union includes a 'tailor-made' agricultural and fishery policy for Norway, which has a profound effect on trade with the European Union regarding foodstuffs.

Norway's fishing industry and the bilateral agreements with the EU are simultaneously the most complicated aspects of the relationship

²⁵ Cullen, Peter. «The schengen agreement with Iceland and Norway: Its main features.» In ERA Forum, vol. 2, no. 4, pp. 71–75. Springer-Verlag, 2001

²⁶ Eliassen, Kjell A., and Nick Sitter. «Ever closer cooperation? The limits of the 'Norwegian method' of European integration.» Scandinavian Political Studies 26, no. 2 (2003): 125–144.

²⁷ Fossum, John Erik. «What is the Norway model? Mode of affiliation or political compromise?.» The Political Quarterly 90, no. 2 (2019): 266–273.

and the most vital to the Norwegian economy. The Policy surrounding fisheries was stated as the main economic reason Norway rejected European accession in 1972.²⁸

Fishing presents an entirely different story when discussing Norway-EU technical barriers to trade. Given Norway's small population, over 90% of Norway's fishing yields are exported, with the EU being their most important market hovering at around 60% of all fishing exports, with Russia and Japan up each at around 10%, respectively.²⁹ Ironically, when discussing fisheries, the technical barriers to trade encountered by not being in the Common Agricultural Policy can have adverse effects on the Norwegian fishing industry. The extent of the trade barriers can vary wildly depending on product and market. Under current policy, the EU import tax on Norwegian salmon (30% of Norwegian seafood export) is 2%, however once the product is re-fined into smoked salmon, the tax jumps to 13%. It is important to remember that these tariffs are actually considered low; due to a bilateral agreement with the EU³⁰, and Tariffs for Russia and Japan are much higher at 3.5% – 15%.³¹

Norwegians are vehemently opposed to EU policy on access to waters, management of fish stocks, substitutes and technical barriers to trade against fish products, with the exception of quality control policy. In neither case there is considerable external or internal pressure for change in these sectors. Interestingly enough, the Norwegian districting policy is still withstanding within their respective integration

method, with the exception of rules changed to allow for EU regional investment.³²

In short, Norwegian taxpayers often pay more than EU states, even those states that manage to circumvent the Common Agricultural Policy. Ivar Gaasland from the University of Bergen found that the Norwegian Agricultural/Fishery Policy to the European Union is costly and has adverse effects on other sectors of the Norwegian economy, and the economy would do better as a whole if trade was liberalized in these sectors.³³

3.3 Norway and EU Defense Policy

Since the early 1990s, Norway has deepened cooperation with the European Union Common Security and Defense Policy (CSDP). What separates Norway's relationship with the CSDP rather than the EEA or the Schengen, is that defense cooperation agreements are almost entirely ad-hoc. The CFSP provides policy positions for Norway in which they can align themselves with as well as access the defense market.³⁴ As aforementioned, Norway continuously adapts practically all of the European Union's foreign policy issues, especially in regions far from them. However, in their own neighborhood, geopolitically speaking, they are able to have their own foreign policy positions with the EU, the US, Russia, Central and Eastern Europe, and the Baltic states.³⁵

²⁸ Archer, Clive. *Norway outside the European Union: Norway and European integration from 1994 to 2004*. Routledge, 2004

²⁹ Gaasland, Ivar. «Agriculture versus fish–Norway in WTO.» *Food Policy* 34, no. 4 (2009): 393–397.

³⁰ Brunstad, Rolf Jens. Gaasland, Ivar. Erling, Vårdal. Efficiency Losses in milk marketing boards – the importance of exports. *Nordic Journal of Political Economy*. (2005)

³¹ Gaasland, Ivar. «Agriculture versus fish–Norway in WTO.» *Food Policy* 34, no. 4 (2009): 393–397.

³² Nick Sitter, K. A. Eliassen. Ever Closer Cooperation? The Limits of the 'Norwegian Method' of European Integration. *Scandinavian Political Studies*, 26:2 (2003), 125–144

³³ Gaasland, Ivar. «Agriculture versus fish–Norway in WTO.» *Food Policy* 34, no. 4 (2009): 393–397.

³⁴ Hillion, Christophe Alfred Pierre. «Norway and the changing common foreign and security policy of the European Union.» *NUPI Report* (2019).

³⁵ Archer, Clive. *Norway outside the European Union: Norway and European integration from 1994 to 2004*. Routledge, 2004

Norway is also a NATO member – a prominent one in fact. As internal pressures have mounted to spend less on collective defense, Norway is tied into two separate defense structures – CFSP/CSDP, and the NATO alliance.³⁶ It can be argued in some areas the CSDP is a competitor to NATO for Norway, as contributing to European operations detracts from the funds they have to spend with NATO. Norway thus has a complicated relationship with the security structure of the European Union, as it follows the policy positions of the CFSP, however it also pursues extensive foreign policy independently. Norwegian governments are keen to participate in many EU operations, however they are careful to not stretch themselves too thin. If tough decisions must be made, Norway is more likely to align themselves with NATO than the CFSP. This makes a good deal of sense, as they do not have formal representation within the EU decision making process.

³⁶ Ibid.

SECTION 4:

ANALYSIS OF THE APPLICABILITY OF INTEGRATION ELEMENTS FOR UKRAINE

4.1 Limited applicability for the Norwegian Model

Ukraine is not Norway. It is also a fair assessment that Ukraine will not be in the European Union anytime soon, at least not in the next decade. The tangible and considerably more likely politically acceptable outcome for the EU would be an expansion of its association status, given Ukraine's slow but steady reform progress. As Norway and Ukraine's circumstances are significantly dissimilar, it would be an implausible scenario to simply 'copy-paste' the Norway model onto Ukraine. It is, however, within reason to analyze the applicability of distinct elements of the Norwegian model and with the goal of potentially applying them to Ukraine in a feasible manner. As Ukraine pursues its European ambitions, there are several economic and political elephants in the room that will be discussed in these sections.

4.1.1 Punching at different Economic weights

Materially speaking, Norway is one of the richest countries per capita in the world, with a strong market economy and high wages.³⁷

Norway participates in the open European labor market through the EEA. This provides Norway opportunities to import laborers from the European Union and third countries, depending on the skill level of the laborer. There are also significant differences regarding labor movement when comparing Ukraine and Norway. Norway takes workers from the labor pool that is the European labor market³⁸, whereas Ukraine has largely been an exporter of its labor force.³⁹ Norway is a small, rich Nordic nation with a population of about 4 million; the unemployment is low, and wages are some of the best in Europe.⁴⁰ Ukraine's situation is quite different. Although Ukrainian wages have been increasing, the average wage in Ukraine lags behind the EU significantly.⁴¹

4.1.2 Political Differences

Arguably the most important distinction between the two relationship models is the foundation of all interactions with the European Union, as Norway and Ukraine are approaching the European integration question from two entirely different angles politically. The current Norwegian model only exists as a result of the majority of their society historically being in

³⁷ Archer, Clive. *Norway outside the European Union: Norway and European integration from 1994 to 2004*. Routledge, 2004

³⁸ Stiftung, Bertelsmann, ed. *A Fair Deal on Talent-Fostering Just Migration Governance: Lessons from Around the Globe*. Verlag Bertelsmann Stiftung, 2015

³⁹ Emerson, Michael. Movchan, Veronika. *Deepening EU-Ukrainian Relations: Updating and Upgrading in the Shadow of Covid-19*. CEPS, Brussels Institute for Economic Research and Policy Consulting (IER), Kyiv. Rowman & Littlefield International, London. (2021)

⁴⁰ Bratsberg, Bernt, Oddbjørn Raaum, and Knut Roed. «Immigrant labor market integration across admission classes.» (2017).

⁴¹ Ibid.

opposition to EU membership. Thus, the Norwegian model was designed from the ground up to keep Norway out of the European Union while incorporating as many elements as possible for economic reasons. When discussing applicability for Ukraine, it is absolutely imperative that integration elements be looked through this lens. This is already a significant point of divergence from Ukraine, in which the clear majority of the Ukrainian population favor accession to the EU.

Another important point of political contention when discussing the two models is the political systems they are being built on in their respective countries. As previously established, Norway's political system is hardwired to produce a consensus coalition in the parliament. The Norwegian Model therefore exists largely as a result of parliamentary compromise. This is not the Ukrainian system. The Ukrainian system is often not consensus based, in fact political parties are largely devoid of any ideology, but rather used as vehicles for the leader's personal policy preferences.⁴²

It is also important to remember that as the process of European Union integration has significantly matured since Norway's 'no' in 1972, it seems the days of 'cherry-picking' EU policies appear to be over. Brussels has repeatedly expressed dissatisfaction in the 'à la carte' method of EU integration and that there should be no more "cherry picking" of policies for new states that aspire to the European Union. Therefore, Ukraine must negotiate on the basis of eventual 'full menu' integration with the EU, albeit piece by piece. Gaasland's report makes the claim that Norway's ad-hoc agricultural and fishery policy is adversely and inadvertently affecting other sectors of the Norwegian economy. It is also worth noting that Norway's ad-hoc agricultural policy is a

product of a bygone era of EU policy 'cherry picking' and therefore their system cannot be applied to Ukraine. Ukraine, is not in this situation, and given the population's appetite for 'full menu' EU accession, should take advantage.

What is also of notable importance is the considerable, albeit arguably asymmetric, integration lethargy being experienced on both sides of the EU-Ukrainian relationship. Ukraine is attempting to strengthen its position within the EU market to improve trade and thus the economy, while the EU stands to benefit from Ukrainian reforms as it grants the EU more political control within Ukraine. The question now for Ukraine is: what policy areas can Ukraine improve integration?

4.2 Elements for Ukraine's Consideration

4.2.1 The Economic Element

A major problem facing the EU-Ukraine relationship is the lack of EU Comitology when dealing with Ukraine. Ukraine has little to no EU supervision for reforms under the framework of the AA/DCFTA. The Association Agreement (AA) and the Deep and Comprehensive Free Trade Area (DCFTA) for Ukraine are large and complex agreements whose scope goes far beyond a standard Free Trade Agreement. As aforementioned, Norway's EEA agreement and current level of EU *acquis* integration stands at around 75%, whereas the AA/DCFTA of Ukraine actually goes beyond the scope of incorporating EU *acquis* policy than Norway at 95%. The DCFTA also covers agriculture, fisheries, taxation, and some CFSP cooperation – policy areas notably absent in Norway's case.⁴³

⁴² Emerson, Michael. Movchan, Veronika. Deepening EU-Ukrainian Relations: Updating and Upgrading in the Shadow of Covid-19. CEPS, Brussels Institute for Economic Research and Policy Consulting (IER), Kyiv. Rowman & Littlefield International, London. (2021)

⁴³ Duleba, Alexander. "Differentiated European Integration of Ukraine in Comparative Perspective." East European Politics and Societies: and Cultures, 2021. <https://doi.org/10.1177/08883254211005179> .

The trade dispute system is overly complex, with Ukraine having to appeal to the Association Council to resolve issues. In addition, almost every chapter of the DCFTA has its own method of integration and interpretation of the *acquis*, which further complicates the relationship. This is quite unlike Norway, in which disputes are handled directly in the EFTA court. Dubela found that the current format of the AA/DCFTA "does not include one single "horizontal" mechanism for market access conditionality and gradual integration into the EU market."⁴⁴

In short, Ukraine has one of the most ambitious economic integration agreements, yet Ukraine's representation is remarkably low. In this context, the integration of Norway into EU's Single Market could represent a prospect for greater partial integration of Ukraine into the EU. However, the difference between Ukraine and Norway would be that for Kyiv, getting into the Single Market would rather represent an intermediate goal. Thus, Ukraine's potential participation in the Single Market could aim to increase its chances for full-fledged EU membership.

4.2.2 Schengen Element

As previously discussed, Norway's circumstances for entering the Schengen Area varied on two separate but equally important factors. Firstly, application for the Schengen Zone was not formally integrated into EU policy, and secondly, Norway was already a member of the Nordic Passport Union which created an argument for the remaining Nordic states after Finland, Sweden and Denmark's EU accession. Ukraine is a completely different circumstance. Access to Schengen is now firmly implemented into the policy of the EU via the Amsterdam Agreement,

as all non-Schengen members will be integrated in the future.⁴⁵ Schengen integration for Ukraine may be possible, but must be done under completely different circumstances and inspiration cannot be taken from the circumstantial Norwegian method.

Although joining the Schengen Area at this particular moment is impossible, Ukraine, could however, attempt to gain access to the Schengen Information System, with the goal of reducing hiccups at the borders with the EU. These potential changes could push Ukraine into making tough reforms in the judicial and anti-corruption spheres. The process of significant reforms related to the judicial and anti-corruption areas was already launched with the visa-liberalization for Ukraine. Then, the Visa Liberalization Action Plan included a wide range of reforms in the area and already proved Ukraine could qualify for ambitious goals in relations with the EU.

4.2.3 Defense Element

When meeting with the EU, it will be very important for Ukraine to make constructive discussion in all policy areas. Security cooperation is arguably one of Ukraine's largest assets in this sense. Ukraine also has one of the largest and most powerful militaries in Europe, that continues to integrate its structure to that of European standards. As NATO membership for Ukraine is another far off possibility, there could be greater focus on other areas of defense cooperation.

Ukraine could attempt to further integrate itself into the CFSP, as this is shown to have beneficial effects on other European integration sectors, such as integration into the Single Market.⁴⁶ Unlike Norway, Ukraine is not a member of the

⁴⁴ Duleba, Alexander. "Differentiated European Integration of Ukraine in Comparative Perspective." *East European Politics and Societies: and Cultures*, 2021. <https://doi.org/10.1177/08883254211005179>.

⁴⁵ Elliasen, Kjell A., and Nick Sitter. «The Quiet European: Norway's Quasi-Membership of the European Union.» *La Grande Europe* (2004).

⁴⁶ Hillion, Christophe Alfred Pierre. «Norway and the changing common foreign and security policy of the European Union.» *NUPI Report* (2019).

NATO alliance and doesn't face the Norway security dilemma.⁴⁷ Norway, through the EEA, meets regularly with the EU to discuss political issues such as EU enlargement, and Brexit.⁴⁸ In practice, given the aforementioned connection to CFSP policy and the Single Market, Norway is inadvertently given access to some European security and defense discussions. In a sense, the more a third-party non-member state is linked with the European Union economically, there should be reciprocated inclusion of these states in CFSP and CSDP policy discussion –

Another option for integration regarding defense, could be the creation of an agreement, similar to the Strategic Partnership Agreement (SPA) that Canada has with the EU.⁴⁹ It should be noted that increased cooperation with the CFSP could eventually bite back, if one day NATO membership becomes a tangible goal for Ukraine, as the 'Norwegian security dilemma' could rear its head. An 'ad-hoc' approach could in the long term give Ukraine more flexibility, as there would be less financial commitment to CFSP and CSDP operations, allowing for greater cooperation with NATO in the future.

⁴⁷ Archer, Clive. *Norway outside the European Union: Norway and European integration from 1994 to 2004*. Routledge, 2004

⁴⁸ Hillion, Christophe Alfred Pierre. «Norway and the changing common foreign and security policy of the European Union.» NUPI Report (2019).

⁴⁹ Hillion, Christophe Alfred Pierre. «Norway and the changing common foreign and security policy of the European Union.» NUPI Report (2019).

SECTION 5:

CONCLUSION AND POLICY RECOMMENDATIONS FOR UKRAINE AND THE EU

This analysis concludes that Ukraine's Association Agreement compared with other EU integration agreements with third countries includes the largest structural asymmetry, that is, a biggest gap between the largest volume of *acquis*, which Ukraine has to incorporate into its national legislation on one hand, and the lowest level of institutional involvement of Ukraine in policy-shaping within the EU on the other.⁵⁰ As previously discussed, both sides of the relationship stand to benefit from increased Ukrainian cooperation with the European Union. In order to reinvigorate the appetite for further bilateral integration, both parties need to find creative ways to expand their cooperation beyond the existing framework of the Association Agreement and DCFTA. Although the potential of the AA and DCFTA was not entirely yet used, it is increasingly clear that the current agreement does not raise to the ambitions of Ukraine and some of the EU countries. This is why the model of Norway could be an interesting avenue for step by step integration with full access to the core of the EU – Single Market. With the AA and DCFTA Ukraine already gets partial access to the Single Market, however, the current model does not entitle Ukraine for access to the Four Freedoms.

POLICY RECOMMENDATIONS FOR THE EU

- EU needs to reflect on how to expand the current framework between Brussels and Kyiv in order to reflect the level of ambition of these relations. Norway model of integration represents an interesting avenue for reflection. Precisely, the full access to Single Market and thus the Four Freedoms could represent an intermediate element between the current Association Agreement and the future membership.
- Ukraine needs a greater supervisory regime from the European Union to help the reform and harmonization process. The greater supervisory regime also means that EU commits to support Ukraine more if the latter delivers.
- The dispute management system for the Ukrainian AA/DCFTA is overly convoluted and this highly bureaucratic process needs to be rectified. Norway's trade disputes go directly to the EFTA court, whereas Ukraine's process goes through the Association Council. This could potentially be resolved by the creation of an ad-hoc court for Ukraine, or Ukraine's integration into an already established court such as the EFTA.
- Ukraine should definitely be allowed to sign on to the Environmental initiatives in tandem with the EU, similar to how Norway was able

⁵⁰ Duleba, Alexander. "Differentiated European Integration of Ukraine in Comparative Perspective." *East European Politics and Societies: and Cultures*, 2021. <https://doi.org/10.1177/08883254211005179>.

to do this. The ongoing discussion with the participation of Ukraine in the EU's Green Deal could represent a test case for joint environment-related initiatives.

- Ukraine should be invited to further contribute to EU defense operations and the CFSP, that work with NATO assets. Furthermore, Ukraine should be given the same operational rights as EU member states, with regards to participation and planning. Ukraine should be consulted in the Political and Security Committee of the EU, with the right to speak, make proposals and be able to access information and documents.

stalemate with NATO should boost the cooperation with the EU in the security area.

- Ukraine should be arguing that given its increasing integration with the European Union economically, the defense aspect should also be considered, similar to Norway's discussion format in CFSP policy through the EEA.

POLICY RECOMMENDATIONS FOR UKRAINE

- Ukraine has to look at the Norway model of partial integration, especially from the economic perspective. The case of Norway which is part of the EU single Market and Four Freedoms should represent an inspiration for Ukraine in expanding the cooperation with the EU. In order to intensify the business ties between EU and Ukraine as well as the investments from the EU, Kyiv has to seek full access to Single Market and Four Freedoms. This would significantly accelerate the de-facto integration in the EU and create necessary conditions for recognition of the European perspective of Ukraine.
- Ukraine needs to further demonstrate that the lack of supervision is hurting the Ukrainian reform process. The experience with the Visa Liberalization Action Plan taught us that if there is a formal supervisory mechanism in place, there is also the commitment to advance when the conditions are met.
- Ukraine should continue building on its Association Agreement and its conference with the CFSP/CSDP. Ukraine should go 'all in' with whatever security cooperation the European Union offers and demand more. The

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ABOUT NEW EUROPE CENTER

The New Europe Center was founded in 2017 as an independent think-tank. Despite its new brand, it is based on a research team that has been working together since 2009, at the Institute for World Policy. The New Europe Center became recognized by offering high-quality analysis on foreign policy issues in Ukraine and regional security by combining active, effective work with advocacy.

The New Europe Center's vision is very much in line with the views of the majority of Ukrainians about the future of their country: Ukraine should be integrated into the European Union and NATO. By integration, we understand not so much formal membership as the adoption of the best standards and practices for Ukraine to properly belong to the Euroatlantic value system.

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