



NORWAY: THE WRONG PATH FOR THE UK

NO VOICE. NO VOTE. NO VETO.

EEA MEANS:

NO VOICE:

no seat at the table

NO VOTE:

no right to decide our own laws

NO VETO:

no right to stop laws we don't want

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EXECUTIVE SUMMARY

The Norway or Norway Plus models based on membership of the European Economic Area (EEA) are being presented by some as the answer to our Brexit impasse. This report sets out why this approach to our future relationship with the European Union will not work for the UK. We set out five reasons why MPs must reject these proposals. A Norway-style Brexit would in reality mean:

1. **UK Sovereignty Weakened:** Under the EEA, the UK would be relegated from being a rule-maker to simply a rule-taker. Our days of shaping Europe would be over, with no seat at the table and no veto over legislation – all while paying money to Brussels and adopting most of the EU's rules.
2. **Our Economy Imperiled:** Half-baked access to the Single Market and no membership of the Customs Union means British companies that rely on trade would be less competitive, factories would shut and jobs would be lost. Depending on which government report you read, GDP would be hit by anything from 1.4%¹ to 4.3%² under the Norway option.
3. **Less Say Over Our Immigration Policy:** Freedom of movement would still apply but we would have no say over how policy is implemented. The EU's four freedoms, including free movement of people, underpin the EEA as well as the EU Treaties. We would have no right to use temporary allowances for EEA members to control immigration, which some cite as the reason to go down this route. The EU would almost certainly not allow it given the size of the UK (it has only ever been used by Liechtenstein, whose population is just 0.05% of the UK's). And in any case controls are temporary, and legal only in bona fide social emergencies.
4. **Continued Uncertainty:** To become an EEA member we first have to negotiate membership of the European Free Trade Association (EFTA). That alone could take years. Even then, other EEA members may object to UK membership. All this delay would further alienate a weary public and hamstring businesses trying to plan for the future.

¹HM Government (2018), EU Exit: Long Term Economic Analysis. pp. 67.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf

²HM Government (2018), EU Exit: Long Term Economic Analysis. pp. 11.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf

5. **The Public Is Against It:** Consistently, public polling shows that the people do not support a Norway-style arrangement. They are against trading away sovereignty and becoming a rule-taker, even if that means taking a hit to the economy.

The Norway option is being presented as an easy fix which will make Brexit happen without suffering any of the negative consequences of leaving the European Union. The reality is that this option would be a long and difficult process which would rob us of sovereignty and damage our economy. Even hypothetical versions of the Norway option like 'Norway Plus' suffer similar problems and would take away our say in EU trade deals. This route is bad for the country. The public don't want it, and MPs should reject it.

What is the 'Norway option'?

The so-called 'Norway option' refers to the European Economic Area (EEA) agreement, which is the cornerstone of the relationship between Norway and the EU. Established in 1994, the agreement brings together the 28 EU member states and the four EFTA states of Norway, Iceland, Liechtenstein, and Switzerland in the internal market governed by the same basic rules and regulations.

The EEA Agreement covers the adoption of EU legislation in the agreed policy areas including the four freedoms (goods, services, capital, people).

The EEA Agreement does not cover the following areas:

- Common Agriculture and Fisheries Policies (although the Agreement contains provisions on various aspects of trade in agricultural and fish products)
- Customs Union
- Common Trade Policy
- Common Foreign and Security Policy
- Justice and Home Affairs
- Economic and Monetary Union

What is 'Norway Plus'?

The 'Norway Plus' option is a hypothetical extension of the already pre-existing Norway agreement. It proposes that, after the transition period, the UK becomes an EEA/EFTA member whilst moving to either a temporary or permanent customs union. This would last until new arrangements had been agreed with the EU.³

Proponents argue that 'Norway Plus' would fix the problems with the Norway Model, ensuring that the UK maintains frictionless trade and potentially prevent a hard border in Northern Ireland.

The same difficulties listed above apply with the 'Norway Plus' model, namely that the UK cedes sovereignty over all laws related to its economy to 27 other countries, and would also lose any say in trade deals. Any changes to the EEA treaty require unanimous approval, including in regional assemblies. This has led some commentators to suggest that negotiations around a Norway Plus solution would not be accepted by other EEA states, as easily as some claim particularly over fears of 'cherry-picking'.

Negotiations over 'Norway Plus', much like the Government's proposed Brexit deal, will take years to conclude, meaning that the 'backstop' for Northern Ireland would still be required to avoid a hard border in Ireland.

³ <https://www.telegraph.co.uk/politics/2018/12/03/norway-plus-will-satisfy-brexit-goals/>

WHY NORWAY IS THE WRONG PATH FOR BRITAIN

OUR SOVEREIGNTY WEAKENED: THE UK WOULD BECOME A RULE-TAKER

1. No say over legislation

With **no seat around the table, no votes and no veto power** on the creation of EU rules and the treaties that underpin them, EEA members are not able to influence legislation in any meaningful way. The Norwegian Prime Minister does not attend the European Council. Norway does not participate in the Council of Ministers, has no Members of the European Parliament (MEPs), no national member of the European Commission, and its citizens do not have the right to vote in EU elections or to work in the EU institutions.

EEA members are only able to exert **'soft influence' on decision-making**. Instead of votes and vetoes, EEA members rely on lobbyists and the offering of informal advice. When new EU laws are being formed, Norway can only recommend expert views and has limited rights to be consulted through an EEA Joint Committee.⁴ This is a form of **'consultation lite'**, which doesn't exert the same power to influence decision-making as enjoyed under our current arrangement with the EU.

The EEA option would mean the UK still adopts the majority of EU legislation, without a say over shaping it. Norway has adopted **374 EU legal Acts in 2018** so far.⁵ The idea that any British citizen would want to be subject to hundreds of laws decided by other countries is something that neither side of the Brexit debate voted for.

2. Bound to EU Courts

Norway has to abide by complex arrangements to ensure compliance with EU law. The 'Norway option' would make the UK **bound by the jurisdiction of the EFTA court**, which is

⁴EFTA.INT. (23 Oct 2018) <http://www.efta.int/EEA/EFTA-National-Experts-753>

⁵EFTA.INT. (23 Oct 2018)

<http://www.efta.int/sites/default/files/documents/legal-texts/eea/other-legal-documents/List-Adopted-Joint-Committee-Decisions/2018%20List%20of%20Adopted%20Joint%20Committee%20Decisions.pdf>

subservient to the Court of Justice of the European Union (CJEU).⁶ In the vast majority of cases, the EFTA court follows the principles in the CJEU's rulings. Outside the EU, we would have **no representation at the CJEU**⁷ and would therefore be unable to influence decisions taken on our behalf.

Norway is also subjected to the jurisdiction of the European Surveillance Authority (ESA), which ensures that the EEA/EFTA States fulfil their obligations under the EEA Agreement. In addition to general surveillance of compliance, the ESA has powers in relation to competition, state aid and public procurement.⁸

3. *No say over Single Market rules, and more bureaucracy*

As an EEA member, we would have to follow new Single Market rules automatically, **without power or voice to influence how these regulations develop**. As Nikolai Astrup, spokesperson on European Affairs for the Norwegian Conservative Party, has put it:

"We [Norway] are fully integrated into the EU single market as members of the EEA, but what we don't have is the right to vote on those regulations that are incorporated into our law when they are made by the Council of Ministers."⁹

EEA states have the "right of reservation" (in theory) not to implement an EU law they would otherwise be required to. However, Norway has only formally invoked this once.¹⁰ Norway has only managed to negotiate substantive exemptions from EU rule-taking in a very limited number of cases.¹¹

Our current deal, by contrast, gives us sovereign, certain and unfettered access to the Single Market.

⁶<https://www.theguardian.com/politics/2017/sep/13/norway-solution-would-put-brexit-uk-in-single-market-but-not-under-ecj>

⁷ [http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/625110/EPRS_IDA\(2018\)625110_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/625110/EPRS_IDA(2018)625110_EN.pdf)

⁸ EFTA.INT. (23 Oct 2018) <http://www.efta.int/eea/eea-agreement/eea-basic-features>

⁹ Lawyers In For Britain.uk. <http://lawyers-inforbritain.uk/b-m-a/the-norway-eea-option/>

¹⁰ Regjeringen.no, (19th Nov 2013) Norges hovedinnlegg på EØS-rådsmøte https://www.regjeringen.no/no/aktuelt/innlegg_eos/id749504/

¹¹ https://www.regjeringen.no/no/aktuelt/innlegg_eos/id749504/

¹¹ One notable example is Norway's exemption from using the EU's rules on emergency exits in certain tunnels. See Fredriksen HH and Franklin CN. 'Of pragmatism and principles: The EEA agreement 20 years on'. *Common Market Law Review*, 2015, vol. 52, no. 3.

4. *Pay, but no say*

As an EEA member, the UK would have to continue to make **substantial financial obligations to the EU**, without reaping all the benefits of EU membership. Norway is currently the tenth highest contributor to the EU.¹² Its per capita contributions are £140pa per Norwegian, compared to the UK's £220pa per Brit.¹³ The UK could be expected to pay around two thirds of what it currently pays per head of population.¹⁴

As the former Norwegian Minister for Europe has said, Norway's "**financial contributions...[are] on a par with comparable EU member states**".¹⁵

Norway makes its financial contributions to the EU via so-called 'Norway grants' directed towards smaller EU member states.¹⁶ In the 2009-2014 period, this amounted to **805 million euros**. Norway's total yearly contribution by means of grants to smaller EU countries is estimated to be **388 million euros** for the 2014-2021 period.¹⁷ As a full member of the EU, such payments are to be expected. Paying two-thirds of the dues with no say over the rules of the club would mean a big loss of influence.

HOW NORWAY WOULD HURT OUR ECONOMY

1. *The UK and every region would be poorer*

A Norway-style deal would mean a loss to GDP of 1.4%¹⁸ to 4.3%,¹⁹ according to two different Government studies. This would equate to a long-term loss of up to **£2,900 a year for each household in the UK**.²⁰

¹² Brexit Essentials: Alternatives to EU membership. (January 2016) www.slaughterandmay.com/media/2535258/brexit-essentials-alternatives-to-eu-membership.pdf

¹³ FullFact.org, Norway's EU Payments, (4th August 2016). <https://fullfact.org/europe/norway-eu-payments/>

¹⁴ FullFact.org, Norway's EU Payments, (4th August 2016). <https://fullfact.org/europe/norway-eu-payments/>

¹⁵ HM Government (2018), EU Exit: Long Term Economic Analysis. pp. 19

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf

¹⁶ EEA Grants, <http://eeagrants.org/Who-we-are/EEA-Grants>.

¹⁷ Government.no (20th July 2015), <https://www.regjeringen.no/en/aktuelt/agreement-norway-eu-grants/id2427805/>

¹⁸ HM Government (2018), EU Exit: Long Term Economic Analysis. pp. 67.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf

¹⁹ HM Government (2018), EU Exit: Long Term Economic Analysis. pp. 11.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf

The 'Norway Option' would be economically damaging for all regions of the UK. According to the Government's own modelling,²¹ the GVA impact of an EEA-style deal on UK regions is as follows:

Region	GVA impact in modelled EEA scenario
North East	-3.5%
North West	-2.5%
Yorkshire and the Humber	-1.5%
East Midlands	-1.5%
West Midlands	-2.5%
East of England	-1.5%
London	<1%
South East	-1.5%
South West	-1%
Wales	-1.5%
Scotland	-2.5%
Northern Ireland	-2.5%

2. Norway Only: No Customs Union and half-baked access to the Single Market

While Norway Plus would give the UK access to a Customs Union, this kind of relationship has yet to be negotiated in any form of the current EEA model. In straightforward Norway scenario, access to the Single Market could become restricted to UK businesses if other EEA states take longer to process legislation. There is currently a delay of 6-24 months.²² If standards are not the same and products do not meet EU standards in other EEA states, UK companies could lose access to important areas of the Single Market.

²⁰HM Government (2018), EU Exit: Long Term Economic Analysis. pp. 11. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf

²¹HM Government (2018), EU Exit: Long Term Economic Analysis. pp. 64 <https://www.parliament.uk/documents/commons-committees/Exiting-the-European-Union/17-19/Cross-Whitehall-briefing/EU-Exit-Analysis-Cross-Whitehall-Briefing.pdf>

²² Lawyers In For Britain.uk. <http://lawyers-inforbritain.uk/b-m-a/the-norway-eea-option/>

In the EEA, the UK would be outside the Customs Union. This means goods between the UK and the EU would be subjected to customs procedures, and companies must be able to prove the origin of the components in their exports.

The ‘Norway option’ would cause delays at borders. At the main border crossing between EU and Norway in Svinesund, customs officials say they deal with about 1,300 heavy goods vehicles every day and each truck has an average 20 minute wait.²³

According to the Government’s own analysis, customs declarations would be required for UK-EU trade in goods under all modelled EEA-type scenarios, adding an administrative burden for businesses of **£13 billion annually for current UK-EU trade in goods.**²⁴

The ‘Norway option’ would make it harder and more bureaucratic for UK companies seeking to take advantage of preferential tariff rates. Businesses would have to submit forms for many goods transported across all UK borders (including Ireland-NI). This would impose significant administrative costs. Being outside the Customs Union also means that restrictions would have to be reintroduced on goods that consumers wanted to transport across borders, making them more expensive.²⁵

3. International trade threatened

If the Government were only able to secure a ‘Norway option’, the UK would no longer be covered by 50+ trade agreements negotiated on our behalf by the EU. Re-negotiating these could take years.

²³ Chartered Accountants Ireland, (3rd July 2018), Back To Brexit Basics. <https://www.charteredaccountants.ie/News/series-13---back-to-brexit-basics-some-border-options>

²⁴HM Government (2018), EU Exit: Long Term Economic Analysis. pp. 17
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf

²⁵ Norway Foreign Minister: “The EU could easily scuttle the Norwegian economy by putting up trade barriers. As Aspaer pointed out: “Fresh fish stuck at borders will not remain fresh for long.” <https://www.theguardian.com/politics/2016/jun/16/norwegian-model-realities-brexit-norway-uk-eu>

As an EEA member, we would have to apply to join the existing EFTA trade agreements. EFTA has 25 free trade agreements covering 36 countries, compared to more than 50 countries that are covered by the EU's trade agreements.²⁶

While EEA countries are able to strike free trade agreements with third countries, they are not able negotiate free trade agreements based on straightforward mutual recognition, because they have to follow the EU's regulatory harmonisation. This has made trade with other countries more difficult and costly over the years for EEA members. Even being part of the customs union also means we would lose our say over trade deal in a Norway Plus scenario.

4. Financial services in trouble

The 'Norway option' means the UK would have no say over the crafting of financial services regulations, which would threaten a key sector of the British economy. Legislation is more likely to favour other financial services markets over the UK's. We could lose our place as a global leader in financial services. The impact of an EEA arrangement on financial services is important because financial services accounts for **8% of UK output and around 3.5% of employment.**²⁷

The principle of direct effect does not apply in Norway. Rather, EEA relevant legislation has to be incorporated into the EEA Agreement. Since the beginning of 2018, **63 EU legal acts** relating to financial services have been adopted into the EEA acquis.²⁸ But the EEA is currently making slow progress in incorporating EU legislation on financial services into its acquis. As a result of the differences in regulation, **access in some parts of the financial services sector is limited.** That would damage Britain's financial services sector.

As a member of the EU, the UK is currently a major influencer of EU legislation, including for instance the Capital Markets Union, which has improved the flow of investment into businesses

²⁶EFTA, Trade in Goods and Trading Partners. (25th July 2018). <http://www.efta.int/Statistics/news/Trade-Goods-and-Trading-Partners-EFTA-Member-States-2017-509571>

²⁷ Brexit Essentials: Alternatives to EU membership. (January 2016) pp.4 www.slaughterandmay.com/media/2535258/brexit-essentials-alternatives-to-eu-membership.pdf

²⁸ EFTA.INT.(23 Oct 2018). <http://www.efta.int/sites/default/files/documents/legal-texts/eea/other-legal-documents/List-Adopted-Joint-Committee-Decisions/2018%20List%20of%20Adopted%20Joint%20Committee%20Decisions.pdf>

across Europe. At present, the UK Commissioner holds the portfolio for financial services, and is leading on this particular area of legislation.

LESS SAY OVER IMMIGRATION POLICY: SAFEGUARDS ARE A MYTH

1. *The truth about safeguards*

Proponents of the 'Norway option' argue that the UK would have the scope to limit freedom of movement. They often refer to articles 112-14 of the EEA agreement, which state that members can invoke "safeguard measures" to restrict migration in cases of serious "economic, societal or environmental difficulties of a sectorial or regional nature liable to persist are arising".²⁹ The argument that these provisions amount to readily available caps on immigration at our fingertips is a myth. Here are four reasons why the EEA agreement doesn't offer us quick fix safeguards on immigration:

a. *Safeguards won't apply for UK freedom of movement*

Safeguard measures can only be invoked under certain conditions: extreme cases of national unrest or instances of serious "economic, societal or environmental difficulties of a sectorial or regional nature liable to persist are arising".³⁰

In order to qualify for safeguard measures, EEA members have to make a case to the EEA Joint Committee to show that immigration is causing the country irrevocable harm of an economic, social or environmental nature. This would be very difficult for the UK ever to prove, given the received wisdom on the benefit of immigration to the UK economy.³¹

²⁹EEA Agreement, Art. 112–4. <http://www.efta.int/media/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf>, Chapter 4 "Safeguard Measures", p. 37.

³⁰EEA Agreement, Art. 112–4. <http://www.efta.int/media/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf>, p. 37.

³¹ <https://voxeu.org/article/economic-impacts-immigration-u>; Portes, 2016: "a 1% increase in the migrant share of the adult population results in an increase in GDP per capita and productivity of approximately 2%"; Dustmann, 2014: "Recent immigrants endowed the country with productive human capital between 2000 and 2011 that would have cost the UK £6.8bn in spending on education."

b. Safeguard measures are restricted and temporary

Safeguard measures are “limited in... scope and duration to what is strictly necessary to remedy the situation”.³² In other words, controls can only ever be temporary at best.

In addition, measures taken are subject to “consultation...every three months from the date of their adoption with a view to their abolition”.³³ All efforts would be taken to end such derogations.

c. We wouldn't get to decide safeguard measures alone

An EEA state wanting to apply emergency measures must notify and consult both the EU and EEA members through the EEA Joint Committee, and the contracting parties will enter into consultations with a view to finding a “**commonly acceptable solution**”.³⁴ So emergency controls would have to be agreed by the EU as well as EEA members. We could not act alone.

Given the size and relative wealth of the UK, the EU would have no incentive to grant any special controls, any more than they have in the past. In fact, the only time emergency controls have been granted is for Liechtenstein, a country of just 38,000 citizens. Citing this as an example for the UK, a country of over 65 million citizens, does not stand up to scrutiny.

d. Measures can provoke a retaliatory response

If a safeguard measure taken creates an imbalance between the rights and obligations under the EEA agreement, the EU and other EEA states can take “proportionate rebalancing measures”.³⁵ In essence, the EEA state can be punished for unsettling the balance, with proportionate restrictions on freedom of movement for their citizens or access to the single market (which is based on the four freedoms).³⁶

³² EEA Agreement, Art. 112–4. <http://www.efta.int/media/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf>

³³ *Ibid.*

³⁴ Article 113, EEA Agreement. <http://www.efta.int/media/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf>,

³⁵ Article 114, EEA Agreement. <http://www.efta.int/media/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf>,

³⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/504661/Alternatives_to_membership_possible_models_for_the_UK_outside_the_EU_Accessible.pdf

This safeguard is in reality a weak mechanism which is highly limited in scope and duration. Any proposed restrictions would be subject to negotiation with the EU, the other EEA states and the EEA Joint Committee, making it difficult to see how the UK could apply them.

e. EEA agreement is based on full Freedom of Movement in the EU Treaties

Annex 2 of this document sets out how EEA rules are based on the four freedoms of the European Union including freedom of movement.

2. Current deal on free movement gives us more control

The UK has the power to implement restriction mechanisms but chooses not to. For instance in countries like Belgium, authorities retain the right to ask EU nationals to move on if they have not found a job within three months, a right available to all EU countries.³⁷

The EU has undertaken reforms of its own freedom of movement rules. For example, the EU has recently adopted a revision of the *Posted Workers Directive* requiring firms to comply with local standards when workers are posted temporarily to another EU country (equal pay for equal work in the same place).³⁸

And ultimately, if the UK stays as a member of the EU, it also **retains its right to shape future treaties and immigration policy.**

**CONTINUED UNCERTAINTY: THE PATH TO NORWAY IS LONG AND
TREACHEROUS**

The 'Norway option' is being presented as an 'easy fix' – as if we only have to click our fingers, and we can leave the EU but stay in the EEA. The reality is the opposite. To take the 'Norway option', we would have to negotiate our departure from the EU (which would in turn mean leaving the

³⁷ Harvey Redgrave, 'EU Migration: Examining the Evidence and Policy Choices', September 2018, Tony Blair Institute For Global Change, https://institute.global/sites/default/files/inline-files/IGC_EU%20Migration_20.09.17.pdf

³⁸ Council of the EU, 'Posting of workers: Council confirms the compromise text agreed with the European Parliament', April 2018, <http://www.consilium.europa.eu/en/press/press-releases/2018/04/11/posting-of-workers-council-confirms-the-compromise-text-agreed-with-the-european-parliament/>

EEA), negotiate our accession to the European Free Trade Area (EFTA) (which could take years) and only then seek to rejoin the EEA. Even then, **other members of the EFTA/EEA (Norway, Liechtenstein, Iceland and Switzerland) could block our membership**, meaning we continue in Brexit limbo for years.

The first step would be to **negotiate our departure from the EU** (and therefore our being party to the EEA agreement) because until we have done that we will not be able to join EFTA. This will mean all the issues surrounding the current Withdrawal Agreement will remain on the table. And this in turn means the only available stepping stone from EU membership to EFTA membership is 'crashing out' of the EU with all the damage to our economy and society that entails.

Even then, there is no guarantee we would be able to join the EFTA. **Our accession would be subject to the unanimous approval of all four EFTA members.** And after the EFTA Convention was revised in 2002, that means reaching agreement on a whole host of issues including agriculture, intellectual property rights, movement of persons, air and land transport, social security and the liberalisation of investment and trade in services between member states.³⁹ This could take years.

To join EFTA, we would also have to apply to **join all of the bloc's trade agreements with third parties** including Canada, Mexico, the Philippines and Hong Kong.

Even if we successfully joined the EFTA, there could then be a similarly lengthy period of negotiation to rejoin the EEA. And to do so, all EEA members (i.e. Norway, Liechtenstein, Iceland and all 27 EU member states) would need to agree.⁴⁰

There is **no automatic right for the UK to become a party to the EEA Agreement** or a member of the EFTA, so existing members would have a veto on the UK joining.⁴¹ For instance, Slovakia's potential membership of the EEA was vetoed by Norway.

³⁹ EFTA.INT (23 Oct 2018) <http://www.efta.int/legal-texts/fta-convention/detailed-overview-of-the-fta-convention>

⁴⁰ UK Government, 2018

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/504661/Alternatives_to_membership_possible_models_for_the_UK_outside_the_EU_Accessible.pdf, p. 3.

⁴¹ Article 128 EEA Agreement – <http://www.efta.int/media/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf>,

In all the time it takes for us to negotiate this path, the British public's patience with the Brexit process would be tested beyond its limits. And the **uncertainty** surrounding our final destination would hurt businesses who would struggle to make investment decisions.

THE PUBLIC IS AGAINST NORWAY

In the weeks since the publication of the Prime Minister’s deal, some Parliamentarians have called for EEA/Norway as a ‘sensible’ alternative to the negotiated deal. This is a Westminster response of compromise which in no way reflects the views of the public. UK voters don’t want to follow this path and they don’t see it as a viable option for the UK. There is a significant body of polling that measures the public appetite for the trade-offs that the UK would have to endure if it were to become a long-term member of the EEA. As detailed above, the EEA option requires the UK to follow EU rules and regulations with no input or vote.

In a Kantar tracker poll, when asked “*how important is it to you personally that the UK’s EU exit agreement includes the right of the UK to draw up its own rules and regulations, even if they clash with EU rules?*” the response was in favour of the UK having the right to set its own rules:⁴²

	12.11.18	15.10.18	10.08.18	13.09.18	9.07.18
Important	60%	58%	62%	64%	60%
Not Important	18%	20%	20%	20%	19%
Don’t Know	22%	22%	17%	16%	20%

This result can be seen in almost every demographic for age, gender, political leaning and EU referendum vote. Similarly, when asked: “*If you had to choose, would you support more investment and trade with the EU, or more flexibility for the UK to set its own laws and regulations?*” (Hanbury)⁴³, the results are equally conclusive.

<i>Which would you choose?</i>	<i>Poll result</i>
More investment and trade with the EU	35%
More flexibility for the UK to set its own laws and regulations	65%

The ‘Norway option’ would make the UK weaker both politically and economically and the UK public doesn’t want it. UK politicians must therefore take the ‘Norway option’ out of the equation.

⁴²WhatUKThinks.org (3 Dec 2018) <https://whatukthinks.org/eu/questions/how-important-is-it-to-you-personally-that-the-uks-eu-exit-agreement-includes-no-unrestricted-right-for-eu-citizens-to-live-in-the-uk-2/>

⁴³WhatUKThinks.org (3 Dec 2018) <https://whatukthinks.org/eu/questions/if-you-had-to-choose-would-you-support-keeping-close-ties-with-the-eu-or-control-over-the-levels-of-immigration-from-the-eu>

CONCLUSION

The Norway model is not suitable for the UK. The EEA Agreement was designed for relatively small countries ready to compromise on sovereignty to serve their economic interests. It is not appropriate for the UK with its global ambitions and aspirations.

As detailed above, there are a number of reasons why Norway is the wrong path for the UK:

- British people will never agree to **regulation without representation**, and MPs should not put them in that position.
- The 'Norway option' or even the 'Norway Plus option' would mean **our entire economy governed by laws decided by 27 other sovereign nations**.
- Our country would become **a rule-taker, not a rule-maker in Europe**. It would remain subject to a bulk of EU legislation, while relinquishing its formal voting rights and ability to influence that legislation, as enjoyed under our current deal.
- The **UK would not be represented in decision-making processes** that would have direct consequences for the country, nor would it have any significant influence on them.
- **The EEA area was designed as a waiting room for EU accession**, not as a means to leave the EU.
- Whatever the outcome of negotiations, it is **vital that the British people have the opportunity to have the final say on the deal**, not a deal that will transform our country into a powerless and passive rule-taker.
- The 'Norway option' cannot be our default fallback position. **The British people deserve better.**

ANNEX 1

THE VIEW FROM OSLO

“If you want to run the EU, stay in the EU. If you want to be run by the EU, feel free to join us in the EEA”⁴⁴

Nikolai Astrup, spokesperson on European Affairs for the Norwegian Conservative Party
17th May 2013

“I find it difficult to imagine the UK, with your global ambition, dedication and contributions, being comfortable with such an arrangement”⁴⁵

Vidar Helgesen, Former Norwegian Minister for Europe
24th February 2015

“We believe we have the best system in the world, but we know we are small and that big countries decide. That might be a little bit more difficult for a larger country”⁴⁶

Erna Solberg, Norwegian Prime Minister
7th July 2018

⁴⁴ Norway option, CBI, http://www.cbi.org.uk/global-future/case_study06_norway.html

⁴⁵ POLITICO, <https://www.politico.eu/brussels/>

⁴⁶ Helgesen V, The Telegraph, 24th Feb 2015. www.telegraph.co.uk/news/worldnews/europe/11429894/Why-Britain-should-not-leave-the-EU-to-be-like-Norway-by-a-Norwegian-minister.html

Annex 2 - Freedom of movement text

No L 1/12

Official Journal of the European Communities

3. 1. 94

Article 24

Annex IV contains specific provisions and arrangements concerning energy.

Article 25

Where compliance with the provisions of Articles 10 and 12 leads to:

- (a) re-export towards a third country against which the exporting Contracting Party maintains, for the product concerned, quantitative export restrictions, export duties or measures or charges having equivalent effect; or
- (b) a serious shortage, or threat thereof, of a product essential to the exporting Contracting Party;

and where the situations referred to above give rise, or are likely to give rise, to major difficulties for the

exporting Contracting Party, that Contracting Party may take appropriate measures in accordance with the procedures set out in Article 113.

Article 26

Anti-dumping measures, countervailing duties and measures against illicit commercial practices attributable to third countries shall not be applied in relations between the Contracting Parties, unless otherwise specified in this Agreement.

CHAPTER 5

COAL AND STEEL PRODUCTS

Article 27

Provisions and arrangements concerning coal and steel products are set out in Protocols 14 and 25.

PART III

FREE MOVEMENT OF PERSONS, SERVICES AND CAPITAL

CHAPTER 1

WORKERS AND SELF-EMPLOYED PERSONS

Article 28

1. Freedom of movement for workers shall be secured among EC Member States and EFTA States.

2. Such freedom of movement shall entail the abolition of any discrimination based on nationality between workers of EC Member States and EFTA States as regards employment, remuneration and other conditions of work and employment.

3. It shall entail the right, subject to limitations justified on grounds of public policy, public security or public health:

- (a) to accept offers of employment actually made;
- (b) to move freely within the territory of EC Member States and EFTA States for this purpose;
- (c) to stay in the territory of an EC Member State or an EFTA State for the purpose of employment in accordance with the provisions governing the employment of nationals of that State laid down by law, regulation or administrative action;

(d) to remain in the territory of an EC Member State or an EFTA State after having been employed there.

4. The provisions of this Article shall not apply to employment in the public service.

5. Annex V contains specific provisions on the free movement of workers.

Article 29

In order to provide freedom of movement for workers and self-employed persons, the Contracting Parties shall, in the field of social security, secure, as provided for in Annex VI, for workers and self-employed persons and their dependants, in particular:

- (a) aggregation, for the purpose of acquiring and retaining the right to benefit and of calculating the amount of benefit, of all periods taken into account under the laws of the several countries;
- (b) payment of benefits to persons resident in the territories of Contracting Parties.

Article 30

In order to make it easier for persons to take up and pursue activities as workers and self-employed persons, the Contracting Parties shall take the necessary

measures, as contained in Annex VII, concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications, and the coordination of the provisions laid down by law, regulation or administrative action in the Contracting Parties concerning the taking up and pursuit of activities by workers and self-employed persons.

CHAPTER 2

RIGHT OF ESTABLISHMENT

Article 31

1. Within the framework of the provisions of this Agreement, there shall be no restrictions on the freedom of establishment of nationals of an EC Member State or an EFTA State in the territory of any other of these States. This shall also apply to the setting up of agencies, branches or subsidiaries by nationals of any EC Member State or EFTA State established in the territory of any of these States.

Freedom of establishment shall include the right to take up and pursue activities as self-employed persons and to set up and manage undertakings, in particular companies or firms within the meaning of Article 34, second paragraph, under the conditions laid down for its own nationals by the law of the country where such establishment is effected, subject to the provisions of Chapter 4.

2. Annexes VIII to XI contain specific provisions on the right of establishment.

Article 32

The provisions of this Chapter shall not apply, so far as any given Contracting Party is concerned, to activities which in that Contracting Party are connected, even occasionally, with the exercise of official authority.

Article 33

The provisions of this Chapter and measures taken in pursuance thereof shall not prejudice the applicability of provisions laid down by law, regulation or administrative action providing for special treatment for foreign nationals on grounds of public policy, public security or public health.

Article 34

Companies or firms formed in accordance with the law of an EC Member State or an EFTA State and having their registered office, central administration or principal place of business within the territory of the Contracting Parties shall, for the purposes of this Chapter, be treated in the same way as natural persons who are nationals of EC Member States or EFTA States.

'Companies or firms' means companies or firms constituted under civil or commercial law, including cooperative societies, and other legal persons governed by public or private law, save for those which are non-profit-making.

Article 35

The provisions of Article 30 shall apply to the matters covered by this Chapter.

CHAPTER 3

SERVICES

Article 36

1. Within the framework of the provisions of this Agreement, there shall be no restrictions on freedom to provide services within the territory of the Contracting Parties in respect of nationals of EC Member States and EFTA States who are established in an EC Member State or an EFTA State other than that of the person for whom the services are intended.

2. Annexes IX to XI contain specific provisions on the freedom to provide services.

Article 37

Services shall be considered to be 'services' within the meaning of this Agreement where they are normally provided for remuneration, in so far as they are not governed by the provisions relating to freedom of movement for goods, capital and persons.

'Services' shall in particular include:

- (a) activities of an industrial character;
- (b) activities of a commercial character;
- (c) activities of craftsmen;
- (d) activities of the professions.

Without prejudice to the provisions of Chapter 2, the person providing a service may, in order to do so, temporarily pursue his activity in the State where the service is provided, under the same conditions as are imposed by that State on its own nationals.

Article 38

Freedom to provide services in the field of transport shall be governed by the provisions of Chapter 6.

Article 39

The provisions of Articles 30 and 32 to 34 shall apply to the matters covered by this Chapter.