Norway and the EU

The EU's relations with Norway

Political relations

Norway's relations with the European Union (EU) are for the most part managed through the European Economic Area Agreement (EEA). The EEA Agreement was signed on 1 January 1994 and expands the EU's Single Market to Norway, Iceland and Liechtenstein. Agricultural and fisheries policies are not a part of the EEA Agreement. Relations with Norway through EEA cooperation, as well as bilateral contacts, are close and usually uncomplicated. Norway has signed the Schengen Agreement with the EU, which allows Norwegians to travel without a passport in the Schengen Area.

Even though Norway rejected EU membership in the referendums in 1972 and 1994, they still have a close relationship with the EU through the EEA Agreement and several other bilateral agreements. Norway is a member of all relevant multilateral organisations, including the Nordic Council, Barents Euro-Arctic Council, Baltic Council, EFTA, OECD, WTO, Council of Europe and OSSE.

Economic relations

The Agreement on the EEA is the main pillar on which the political and economic relations between the European Union (EU) and Norway rest. Decision-making and political dialogue between the EU and the EEA EFTA countries take place within the framework of common EEA institutions. An important part of the relations is covered by the Schengen Agreement and bilateral agreements.

Iceland, Norway and Liechtenstein have been members of the EU's internal market since the EEA Agreement entered into force in 1994. In addition to giving access to the EU's internal market, the EEA Agreement gives Norway the right to participate in a range of EU Programmes in areas such as research and education.

Relations between the EU and Norway in the area of fisheries and agriculture are mainly covered by bilateral agreements, as the EU's Common Agricultural Policy and Common Fisheries Policy are not part of the EEA Agreement.

Norway is a member of the Schengen Agreement on the abolishment of checks at all internal borders of the Schengen Area in lieu of a single external border, which gives Norwegian citizens the right to
travel passport-free within the area.

**Trade relations**

**As part of the EEA Agreement, Norway is part of the European Single Market. In practice, the Agreement allows goods, capital, services and people to circulate freely in the whole EEA Area, including the EFTA countries Norway, Iceland and Liechtenstein. To ensure that equal rights apply for all companies in the area, the EEA Agreement also features common rules for competition and state subsidies. The Common Fisheries Policy (CFP) and the Common Agricultural Policy (CAP) are not covered by the EEA Agreement, but Norway remains an integrated part of the Single Market in all other areas.**

Norway is the EU's 5th most important import partner for trade in goods, after China, Russia, USA and Switzerland and the 7th largest export market for the EU, after the USA, China, Switzerland, Russia, Turkey and Japan. The EU remains the most important import and export partner for Norway, capturing 74.3 percent of Norwegian trade.

Next after Russia, Norway is the EU's largest supplier of energy products, including crude petroleum and natural gas. This represents nearly half of total EU imports from Norway, worth 30.7 billion euros in 2016. The EU supplies mainly manufactured goods to the Norwegian market. Machinery and transport equipment represents the largest commodity, with exports totalling 20 billion euros in 2016.

**Trade with fish and agricultural products**

Although, the fisheries and agriculture sectors are not part of the EEA Agreement, the Agreement's article 19 nonetheless specifies that Norway and the EU should be committed to gradually liberalise trade in agricultural products. Bilateral tariff quotas and tariff-free quotas are established between Norway and the EU for certain agricultural products such as cheese, meats, fruit, vegetables and flowers, among others.

The EU exported agricultural products to Norway worth 4.3 billion euros in 2016, while Norway's agricultural exports to the EU totalled 546 million euros. Norway is the EU's largest supplier of fish, with the EU importing Norwegian seafood worth 6.5 billion euros in 2016.

**Direct investment EU - Norway**

Direct investments play an important role in the economic relationship between the EU and Norway. A considerable amount of the investments are directed towards the petroleum and gas sector. Large European enterprises like BP (UK), Eni (Italy), RWE Dea (Germany) and Gaz de France-Suez (France) are involved in the development of the Norwegian sector.

The EU countries provide the majority of foreign direct investments in Norway, and invested in 2015 84.5 billion euros in the country.

**EU trade in goods with Norway**

- The EU's exports to Norway in 2016: 48.4 billion euros
- The EU's imports from Norway in 2015: 62.9 billion euros

**EU trade in services with Norway**

- The EU's exports to Norway in 2015: 28 billion euros
- The EU's imports from Norway in 2015: 16.2 billion euros
See also

Norway and EU Trade
Newsletter (in Norwegian)
www.eeas.europa.eu

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