

It would be difficult for the UK to follow the ‘Swiss’ or ‘Norwegian’ models as an alternative to EU membership.

Blog Admin

David Cameron’s announcement that he intends to hold a referendum on the UK’s relationship with Europe has raised the prospect of the country leaving the EU. What would happen, however, if voters did choose to leave? [Jóhanna Jónsdóttir](#) assesses whether the UK could follow the example of countries like Norway and Switzerland in using the European Free Trade Association as an alternative to EU membership. She notes that while this would allow the UK to continue to participate in the single market, there are significant potential problems associated with the approach.



The UK’s membership of the EU has always been controversial and there are many who believe the UK’s interests would be better served outside of the Union. In his eagerly anticipated speech on Europe last week, David Cameron pledged that if he remains Prime Minister after the next election there will be an in/out referendum during the first half of the next parliamentary term. The promise of such a referendum has made the UK’s withdrawal from the EU a definite possibility, which raises an important question: what would happen if UK voters did opt to leave?

The member states of the European Free Trade Association (EFTA), particularly Switzerland and Norway, are often cited as states that enjoy prosperity and success without the burden of EU membership. Could the UK not follow their example? The UK was after all a founding member of EFTA and the driving force behind its establishment in 1960, although thirteen years later it decided instead to join the European Economic Community (EEC), as it was called at the time. At first glance a return to EFTA may sound like an ideal solution to Eurosceptics who want the UK out of the EU, but who can’t ignore the potential economic costs of leaving the internal market completely. However, those who delve deeper into the EFTA states’ relations with the EU may no longer see this as an attractive or viable course of action for a country such as the UK.



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Today the remaining EFTA States participate (to varying degrees) in the EU’s internal market, while arguably retaining national sovereignty and control over key policy areas such as fisheries and agriculture, foreign and security policy and justice and home affairs. However, Norway and Switzerland, though both members of EFTA, have very different relations with the EU. The Swiss-EU relationship is based on a series of bilateral agreements which, [according to the EU](#), are complex, unwieldy to manage and “have clearly reached their limits”. It can therefore be considered unlikely that the EU would be eager to duplicate such a system for the UK if it left the Union.

The EU has, on the other hand, been considerably more positive towards the European Economic Area (EEA) Agreement which allows the three other EFTA States, Norway, Iceland and Liechtenstein, to participate in the internal market. Access to the internal market, however, comes at a price as these

states are required to adopt all EU legislation in relevant areas without access to the EU's decision-making institutions. This includes provisions strictly related to the four freedoms (the free movement of goods, services, capital and persons) in addition to legislation in a variety of horizontal areas such as labour law, consumer protection, environmental policy, statistics and company law, which constitutes a large bulk of EU *acquis*. The EEA Agreement allows some access to the Commission's expert groups and comitology committees but no formal access to either the Parliament or the Council. The fact that the EFTA parties to the EEA Agreement do not have a seat at the table means that their impact is undoubtedly limited.

The EEA does contain various clauses to formally protect the EFTA States against loss of sovereignty. For example, EU acts do not automatically become part of the EEA Agreement or the EFTA states' national legal orders. Nevertheless, refusal to adopt EU acts could lead to a partial suspension of the EEA Agreement and so this is not generally considered a viable option. Indeed, almost two decades of experience has shown that unwanted EU legislation can be delayed, but not thwarted. Thus there are indications that the EEA functions as a supranational agreement in practice. Some might even go so far as to argue that in practice the EEA Agreement involves a greater loss of autonomy than EU membership.

It is true that the EEA/EFTA states have generally found that the benefits of the EEA Agreement outweigh the costs. However, lack of access to the EU's decision-making institutions would arguably be a much larger price to pay for the UK due to its size and international standing. The UK is one of the EU's largest member states. It has the resources to participate actively in all policy areas and it is an important actor when it comes to coalition building and Qualified Majority Voting within the EU. Losing access to the decision-making institutions, while still having to adopt EU legislation, would therefore be a substantial blow. True, if the UK did join the EFTA pillar of the EEA Agreement, the relationship between the EU and EFTA would become slightly less asymmetrical. Nonetheless, the EEA Agreement, at least in its current form, is very much a one-way street whereby the EFTA states follow the EU's lead. Taking such a subordinate role would undoubtedly be difficult for the UK.

Indeed, in his speech David Cameron rejected the idea that the EEA or Swiss-bilateral agreements could be seen as potential models for the UK. Instead he argued that the UK should play a leading role within a reformed EU. In his vision, the single market would be at the heart of European integration. Any further political or economic cooperation could be pursued at the discretion of individual states, but not forced upon them. To many this may sound like an attractive solution, not only for the UK, but also for other European nations including perhaps the EFTA states. The question is: will it work in practice? The experience of the EEA shows that a focus on the internal market, while excluding other areas can be challenging. Over the years, the EU's methods of legislating have become more comprehensive and acts are adopted which span different policy areas. In many cases some elements of an act are relevant to the internal market, while others are not. A strict separation between internal market and other issues may therefore be difficult to achieve. Thus, in addition to persuading the EU heavyweights to move forward with this plan, the challenge will be where to draw the boundaries.

For a more detailed discussion of the issues covered in this article see the author's [contribution](#) to the inquiry of the UK Parliament's Foreign Affairs Committee into the Future of the European Union.

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Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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Area: Iceland's Participation in the EU's Policy Process (Routledge, 2012).



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