

Europe in Transition – phase 3

Europe in Transition (EUROPA)
2018-2023

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1 Introduction

The European Union has a vital role to play in the global arena and is a political and economic actor that exerts wide-ranging influence on Norway. Despite the economic and political challenges of recent years, as the start of 2018 approaches the European Union is experiencing renewed economic growth, reduced unemployment rates and somewhat less pressure in relation to European integration in terms of economy, security and defence.

The union is an international heavyweight in areas such as climate, trade, development aid, conflict prevention, civil crisis management and creating stability.

Nevertheless, the EU seen today has changed significantly from when the Europe in Transition research initiative was launched. While the notion of a European federal state appears to be highly uncertain, a return to autonomous nation states is just as improbable. A series of crises that have affected the EU in recent years have paradoxically enough strengthened EU integration in a number of areas. Executive power has been expanded at the expense of legislative power. The functional division of policy areas has increased and legitimacy issues have grown more problematic. A multi-speed Europe could be the result. At the same time, the global situation has changed. The world in which the EU is operating is more unstable, with complexity as the norm. There is no longer agreement on what needs to be done or what the long-term objective comprises. More knowledge is needed about *the type of governance that is emerging in Europe, who supports it and the role it plays in the broader context of the world.*

Brexit has given rise to new challenges regarding Norway's position in the European political order. The UK may negotiate a separate agreement with the EU or could become party to the EEA Agreement. This could draw the EEA and Norway more closely to the EU even though it may also lead to clearer boundaries between EU member states and close partner countries such as Norway. Norway's special form of association may be subject to greater pressure regardless of the outcome of the UK's negotiations with the EU.

It is against this backdrop that the Europe in Transition research initiative will be continued. Europe is facing a range of problems extending across national borders that will require coordinated efforts at inter-governmental or supranational levels. The climate and energy challenges facing Europe are affected by the European transition processes, and will be incorporated as a new thematic priority area. The new initiative will thus have five thematic priority areas, described in greater detail in this document.

2 Background

Europe in Transition phases 1 and 2 were oriented towards basic research and sought to provide new insight into European transition processes and their effects. This was intended to expand the knowledge base for Norwegian policy on Europe. The initiative was designed to strengthen Norwegian research groups in this field to enable them to succeed in the international arena and help to solve the grand challenges facing Europe and Norway alike. In order to generate knowledge about the EU's economic, political, legal, social and cultural development and integration, projects were to be multi- and/or interdisciplinary.

This initiative has had two previous phases: phase 1 from 2007 to 2013 (NOK 57 million) and phase 2 from 2013 to 2017 (NOK 59 million). Funding was provided by the Ministry of Education and Research, the Ministry of Foreign Affairs and the Ministry of Justice.

The Europe in Transition initiative (2007–2017) has focused on the following four thematic priority areas:

- Law and democracy in Europe
- Economic development and integration
- Cultural change processes
- Foreign policy and security policy in Europe

These thematic priority areas are presented in further detail in the documents, “Europe in Transition: academic and thematic basis”, published on 12 September 2006 (phase 1) and “Europe in Transition – phase 2: 2013-2017 Academic and thematic basis”, published on 29 August 2012.

2.1 Results, impacts and societal outcomes

An internal evaluation of phase 1 of the initiative concluded that the thematic priority areas were all adequately covered except for *Economic development and integration*. Importance was attached to incorporating economic perspectives into the project portfolio in phase 2 of the initiative. This was relevant not least in light of the financial crisis that profoundly affected Europe in 2012. Cultural change processes were not given much focus during phase 2.

The Europe in Transition initiative has promoted the development of top international research groups in Norway. Two of the three groups that are heading a separate Europe in Transition project have received EU funding to coordinate large, international research and innovation projects funded under the EU Horizon 2020 Framework Programme for Research and Innovation, with leading European and international academic groups as partners. This illustrates the high quality of the research conducted by these groups.

These groups are in possession of knowledge that is useful to national decision-makers and can also help to solve societal challenges at the European level. The projects are very active in terms of disseminating new knowledge, both to the research community and to other relevant users of the research. The projects have produced a high number of level 2 publications and are thus helping to expand the international knowledge base in the area. Academic workshops and seminars are organised and the researchers often participate in conferences and meeting places in many different contexts where research-based knowledge on transition processes in Europe is being sought by representatives of government administration, political circles, trade and industry, working life, organisations, and more.

Researchers from these projects are regular contributors of background information and commentary in the mass media and are also active on social media. Thus, research activities under the Europe in Transition initiative help to shape public opinion and serve as a useful tool for national decision-makers. By heading and participating in EU-funded research projects, the Norwegian European research groups provide contributions of direct relevance to political development.

The Research Council organises annual meeting places for the projects under the Europe in Transition research initiative. These events, which target decision-makers in political and government

administration circles, as well as in trade and industry, organisations and working life, are very popular.

This all shows that the Europe in Transition research initiative generates results with very positive societal impacts, providing new insight into European transition processes and their effects while helping to solve societal challenges at both national and European levels.

On the basis of the results achieved and the research groups established, the initiative will be continuing for a third phase for the period 2018–2023.

3 Objective

Understanding the complex European and global transition processes we are facing will require in-depth knowledge. The complex interdependencies, deep-rooted economic integration and complicated political-administrative system in Europe are challenging for researchers and laymen, politicians, bureaucrats and journalists alike. There is a need for greater insight to be able to understand and relate sensibly to the problems and opportunities emerging in the wake of these changes. Knowledge is important both for policy development and for democratic transparency and control vis-à-vis the citizenry. Particularly for Norway, which does not have direct access to the EU decision-making system, it is essential to build cross-sectoral, cumulative knowledge on the impact of European integration and disintegration processes.

The overarching objective for phase 3 of the initiative is to:

- strengthen and expand research on Europe in Norway;
- produce research of high quality that is relevant for decision-makers in government administration, trade and industry, working life and organisations;
- serve as an arena for researcher recruitment and expanded European and international research cooperation;
- provide an annual meeting place for researchers and users of research.

In addition, the initiative will work to promote participation of Norwegian research groups in the EU Framework Programme for Research and Innovation to at least the same extent as during phase 2.

The initiative's main focus will be on European transition processes and their impact on Norway, and on Norway's role in Europe. Research on the EU as a system and research related to specific policy areas will both be encouraged. The Europe in Transition initiative is about more than just the EU in transition. It will therefore be possible to examine bilateral connections, the Nordic regional dimension, societal relations and forms of collaboration both within Europe and globally.

The **thematic priority areas** for phase 3 of Europe in Transition will be:

- **Driving forces, trends and challenges in Europe's/the EU's political development;**
- **Economic development, the Internal Market and global competition;**
- **Basic values under pressure;**
- **EU foreign and security policy. Europe's role in the world;**
- **Climate and energy challenges, the green transition.**

4 Thematic and scientific priority areas

Norway has an unusual form of association with the EU, and this is stated clearly in Norwegian Official Reports 2012: 2 “Inside and Outside - Norway's Agreements with the European Union”. The dynamic development of Europe’s political order will have an impact on all five of the initiative’s thematic priority areas. Similarly, developments and dynamics within each of these thematic priority areas will affect Europe’s political order. Therefore, it is essential to employ a research approach that views different policy areas and institutional spheres in an overall context.

Brexit has been an eye-opener, and has shown that continued European integration is not unstoppable. On the contrary, there may be a process of disintegration emerging. Brexit has also revealed very clearly just how integrated and intertwined the various countries of Europe actually are. This is the case in the political and legal spheres, as well as the administrative and economic spheres. There are complex processes that have developed over a span of well over 60 years. Some British political circles have described the process of extricating the country from the EU as more complicated than the first moon landing. The EU’s response to Brexit so far has been to secure consensus among its member states, on the one hand, while at the same time initiating a comprehensive “self-examination process” on the other in order to chart out the EU’s future course.

Five potential scenarios have been presented:

- Scenario 1: “Carrying on”
- Scenario 2: Nothing but the Single Market
- Scenario 3: Those who want more do more
- Scenario 4: Doing less more efficiently
- Scenario 5: Doing much more together¹

4.1 Driving forces, trends and challenges in Europe’s/the EU’s political development

The European states have entered into binding cooperation of a supranational nature, which has created a unique political and legislative order. This has given countries greater control over their external surroundings and equipped them to solve collective problems. At the same time, the countries, business sectors and citizens are subject to a network of regulations with obligations and rights that make them part of a multilevel system of collective co-governance. The European integration process has redistributed power and resources in Europe, restricting the room to manoeuvre of member states and permitting collective actions across a wide field. The process has ramifications for the welfare, interests and values of the citizenry as well as the ability of European states to safeguard democracy and a state based on the rule of law.

The road ahead is uncertain, however, not just because of the new US administration, but also because of a shift in global power politics. China and Russia are actors to be reckoned with, and they are challenging the prevailing order. The global power politics context has grown more complex, and the European political system is being challenged from within. The Visegrad Group countries are voicing protests about supranationality and EU scepticism is on the rise in many countries. The established value framework – the liberal world order so laboriously constructed over the past 70

¹ https://ec.europa.eu/commission/sites/beta-political/files/white_paper_on_the_future_of_europe_en.pdf

years – is being put to the test. There are emerging populist movements that reject the facts, express climate change scepticism and blame a “lying press”. There is controversy not only about what the truth is, but also about what needs to be done in response to these new internal and external challenges.

What role can Norway and other Nordic countries play in addressing these challenges and counteracting the undermining of our basic values in Europe? This is relevant not least in light of the priority given by the Finnish and Norwegian presidencies of the Nordic Council of Ministers in 2016 and 2017, respectively, to the role of Nordic cooperation in Europe.

The European Commission’s five scenarios reflect, among other things, the expectation that there will be a more differentiated Europe in the future. Countries within and outside the EU will have different forms of affiliation with Schengen and the Single Market, and different rules will apply to different policy areas. But *differentiated integration* is a pragmatic response to deep-rooted political challenges. It is a means of upholding a controversial system where key stakeholders have different visions of what the system should be and what it should do. In the long-term, there is a risk that this type of system will become unstable, and thus have limited problem-solving capacity. At the same time, differentiated integration challenges the EU’s value base and its proclamations regarding solidarity between states and EU citizens. This, along with the EU-Turkey refugee agreement and the EU’s lack of sanctioning for undemocratic reforms in Poland and Hungary, has generated uncertainty about the EU’s ability to maintain its basic values.

There is a need for knowledge to identify the drivers behind these trends and the factors that impede or advance the search for viable solutions.

4.1.1 Driving forces and mechanisms

Europe has been in flux since the financial crisis hit in 2008, and is facing new uncertainties. Many of the current crises and challenges have their origins outside Europe (the financial crisis, the refugee crisis, the Ukraine crisis), but they have still had an impact on the EU. For example, the effects of the financial crisis have been far more dramatic in the EU than in the US where it arose. This showed that the EU structures were not robust enough to withstand shockwaves from abroad. The union is vulnerable and incomplete. At the same time, the effects of the ensuing crisis measures are ambiguous. On the one hand, the measures implemented by the EU have helped somewhat to stabilise the Eurozone. EU integration in this area, and in security policy, has been strengthened. But this has not clearly strengthened the EU’s supranational institutions (the Commission and the EU Parliament). The European Council has played a central role in the EU’s crisis management, illustrating that the pivotal point has shifted over to the institutions over which the member states have the most direct control. In addition, the new complexity reflects the fact that many of the crisis measures are the result of negotiations and are inadequately supported in EU law.

In the course of this process, executive power has expanded at the expense of legislative power, which must exercise its controls at the national level. Questions of legitimacy have become more pressing, as illustrated by accusations of democratic deficiency, of technocracy, as well as by a growing number of EU sceptics and increased support for radical populism. The EU’s legitimacy is linked to the organisation’s ability to solve problems, but there is little willingness among member states to cede more power and resources to the EU. There is pressure between what is expected from the EU and its actual problem-solving capacity. This has led to some support for the formalisation of a *core Europe*. While individual countries have also previously been exempt from

certain parts of the cooperation, does this mean that we are now conceptually moving away from the idea of a unified European Union? Does the concept of a two-speed Europe intrinsically entail the forfeit of the principle of equality between member states?

Research is needed that can identify *the type of governance that is emerging in Europe and the legitimacy it has obtained*.

It is particularly important to study the changes that have taken place in the EU as a result of these crises. How has the balance between exogenous shocks and endogenous change processes manifested itself? What special interests and stakeholder groups will win support when designing the different courses of action? There is a need for greater insight into the kind of order that develops in the pressure between the member states' demands for autonomy and supranational demands for effective governance. There is also a need for knowledge about the capacity of the EU to sanction treaty violations and to maintain its basic values in the face of new challenges, for example in connection with refugee policy and climate and environmental policy. The instruments available to the EU to address the challenges facing European states will be largely dependent on how the EU develops as a political system: democratic consolidation, unclear differentiation or fragmentation/disintegration? Will the current shift in favour of executive power persist and grow stronger?

If this turns out to be the case, it will have significant ramifications for the legitimacy of the system. A lack of legitimacy leads to political instability and diminishes problem-solving capacity. Studies are needed to determine whether legitimacy can be achieved through other means than direct popularly elected controls? Can effective problem-solving on its own bolster the legitimacy of the supranational political system? How should we address the problem of dominance – arbitrary power – that arises when administrative power increases at the expense of political power?

It is important to learn more about how the new political order affects the relationship between legislative, judicial and executive powers. It is also necessary to gain insight into the interactions between this political order, the global system and Europe's various civil societies and regions. What is the relationship between technocracy and populism in today's Europe? Is it possible that these two forces, both of which pose a threat to representative democracy, could mutually reinforce one another?

Studies are needed to investigate the possible ramifications of the complex interplay between integration and political differentiation in Europe.

Differentiated integration

Increased differentiation and Brexit also pose new challenges regarding Norway's position in the European political order. If the EU is further consolidated in the Eurozone, Norway's outside affiliation may come under increased pressure. If the UK becomes a member of the EEA, or chooses a form of affiliation with it, the EEA is likely to become more politicised and therefore less stable and predictable. On the other hand, if the UK negotiates an alternative agreement with the EU, the EEA may be drawn closer to the EU. Or, the EU could end up defining clearer boundaries between EU member states and partner states as a result of Brexit. The implications of these various scenarios for Norway are considerable but remain unclear.

While Norwegian policy on Europe is based on an approach that policy is formed by political *will* (often described as “active policy on Europe”), European integration poses challenges to the leeway available for national public policy. This applies to all Norwegian policy areas.

Norway finds itself in a seemingly paradoxical combination of institutional interdependence and independence. In such an institutional landscape, national ministries and the EU Commission are not necessarily the only actors exerting influence on national directorates and inspectorates. Rather, a transnationalisation of administration through increased network organisation has taken place. Directorates and inspectorates often see themselves as part of a transnational network of agencies with common objectives and challenges. Networks of this type develop their own agenda to some extent and in some cases agree on a certain distribution of tasks between participating agencies. Some networks also have close ties to the Commission. These may be initiated by the Commission itself or be developed as the Commission gradually takes over pre-existing networks. Such networks are established, supported and often coordinated by the Commission. The Commission takes decisions on issues related to procedures, membership and operations. The processes that enable EU agencies to establish, maintain and control transnational networks can be called a “bureau-ification” of networks. Seen as a whole, this can be described as the development of a deep-lying form of integration of executive power in Europe.

Differentiated (dis)integration raises questions about the conditions for national political governance, including the conditions for national administration of government agencies and government administration policy.

One of the most important characteristics of the “EEA model” is precisely the lack of access to formal decision-making processes in the EU system. For Norwegian politicians, this represents a major challenge since the remaining room to manoeuvre reduces Norway to what some might call a “lobby state”, where informal meetings in EU corridors and Brussels restaurants become the most important arenas for political influence. The limitations of the EEA model – and thus the latitude of European policy – have also become more evident over the years because EU cooperation has developed significantly since the EEA Agreement entered into force. Norway has responded by continually seeking affiliation with the EU’s new policy areas; Norway currently has over 70 cooperation agreements with the EU that allow participation without voting rights.

Just how robust is the EEA Agreement? There is a need for studies on whether the conditions of the EEA model are under pressure and whether the agreement can be applied in the same way in the future. Has the public debate on it weakened its basis for legitimacy? What will the repercussions be for Nordic cooperation if Norway was to “drop out” of the Single Market?

Norway’s active policy on Europe has first and foremost emphasised the need to mitigate the consequences of not having political access to the EU’s decision-making arenas. Norwegian policy on Europe is primarily characterised by ongoing tensions between a political objective to pursue an active European policy and the agreement-based and administrative limitations that promote political passivity.

There is a need for studies on ways of dealing with this dichotomy and on whether genuine alternatives to the present-day model exist. What limitations may arise from these various alternatives? In order to understand the impacts on Norwegian policy and government administration, it is also necessary to carry out continuous studies of the EU’s own development and operative means.

4.2 Economic development, the Single Market and global competition

The establishment of the Eurozone was the result of political compromise. Thus, the monetary union was given a structure that was well suited for times of financial upswing, but which lacked mechanisms to ensure stability during a downturn. The euro crisis has exposed the weaknesses in the original Eurozone design and has prompted gradual institutional change. A key question to answer is which *direction* should such changes take, which will require a clear understanding of the causes of and potential solutions to the crisis. Another question is how *far* it is possible to go, which will depend both on how the economic challenges are presented and understood in the various member states, and on the degree to which voters in these countries view the Eurozone's problems as shared challenges requiring collective solutions or as national problems with more limited, specific solutions. In other words, to fully understand the euro crisis and the potential ways out of it, it is crucial to understand the interplay between institutions, interests, economic ideas and descriptions of reality, as well as public opinion. There is a need for knowledge about the negative distribution effects, social inequalities and democratic implications of the policy response to the Eurozone crisis and the prospects of economic federalism.

4.2.1 Economic challenges and potential solutions

It was understood when it was established that the Eurozone was not an "optimal monetary area". The national economies the Eurozone encompasses are very different and any fiscal policy integration that could have added stability has thus far not been politically feasible. The countries participating in the Eurozone are often described as representing a variety of capitalist market economies. Countries in the north such as Germany and Finland can be classified as coordinated market economies with institutions that ensure moderate wage growth and inflation, and thus promote exports. Many of the countries in the south, such as Spain and Greece, have traditionally been distinguished by an uncoordinated wage-setting system, high inflation and relatively low export activity. Factors such as tourism and migration have not been enough to cover the accompanying deficit in the trade balance. As long as these countries had their own currencies, the exchange rates could be adjusted to counter different rates of inflation. The monetary union eliminated that possibility, however.

Therefore, in order to understand the causes of, and potential solutions to, the euro crisis it is important to study the structural differences between the economies in the Eurozone, including their wage-setting mechanisms and conditions for promoting export. An overarching question is whether it is possible to integrate different forms of market economies and achieve stability in a collective monetary union. What types of joint European institutions require a stable monetary union? Can the Eurozone be stabilised by means of revising the Stability and Growth Pact or is it unsustainable without a Eurozone budget – i.e. a fiscal union? How much can be achieved through greater control over national budgets ("the European semester") and the establishment of financial oversight? What kinds of reforms are necessary at the national level – must wage-setting systems be revised?

The entire Western world is undergoing technological changes that have widely different impacts on highly educated vs low-skilled workers. In many countries this leads to greater inequality. The effect of taxation systems and redistribution schemes is different from country to country.

What are the different impacts of these technological changes on the various European countries and sectors? How do the redistribution mechanisms work? The factors affecting wage-setting are important in and of themselves, but are also key to understanding how European integration will develop and the type of migration flows to be anticipated between countries.

The countries of Europe are characterised by ageing populations and deficits in public accounts. How to deal with pension obligations and rising health care costs will be a concern shared by many countries. How will European countries finance the costs associated with an ageing population? How will the solutions implemented in one country affect the others?

4.2.2 Economic ideas

Different forms of capitalism are also linked to economic ideas. German post-WWII fiscal policy has been referred to as *Ordoliberalism*, where the primary task of the central bank is to ensure monetary stability and low inflation while the State promotes stability by limiting deficits in the public accounts. Germany also played a key role in the design of the European Central Bank which was granted a highly autonomous role with a focus on price stability. This fiscal policy has worked well for Germany, but may also have prevented an effective approach to, and resolution of the euro crisis. Thus, a key factor to determine is the role played by economic ideas in creating and prolonging the euro crisis. What are the predominant ideas behind the EU's approach to economic integration and to what extent are these changing? To what extent will Germany be willing to compromise on fiscal policy to ensure that the "Franco-German engine" helps to expand integration?

4.2.3 Public opinion, crisis management and democracy

Public opinion may play a potentially important role in the development of further European integration, and a lack of public support could potentially impede stabilisation measures in the Eurozone. The euro crisis appears to have strengthened national dividing lines such that national interests are highlighted at the expense of European perspectives. Public discussions are largely confined to the national arena and the euro crisis tends to be presented as a conflict between the countries that are lenders and those on the borrowing end. The latter are seen as undisciplined while the former are viewed as morally superior. An important question is how public opinion on the crisis and economic integration is formed, including the question of how the crisis is portrayed by the political elite and in the mass media. Is there sufficient public support to back the implementation of stabilisation measures in the Eurozone?

Even though public opinion may play a vital role in how the euro crisis is dealt with, the EU's crisis management has in large part been exempted from public disclosure and democratic controls. Moreover, the crisis has been influenced by different power constellations, where external restrictions have been placed on the fiscal policy leeway of countries with financial challenges. Cuts in public spending have been carried out without much public support, which in turn could undermine support for the EU and belief in democracy. It is important to study the implications of the crisis management for national democracy as well as its impacts on distribution. Further economic integration may also have ramifications for national democracy – what are the democratic implications of economic federalism?

4.3 Basic values under pressure

Europe is changing. Increased mobility, economic and technological changes in society, migration and greater transparency lead to the interchange of values and affect the sense of belonging and identity among population groups.

The pace, depth and impact of change differs for various groups of Europeans with diverse experiences and historical backgrounds.

4.3.1 Social and political inequalities

Brexit and the US presidential election are examples of what happens when large voter groups wish to give active voice to their dissatisfaction with the current situation. The unique electoral systems in the US and the UK, which both favour two principal parties, may explain the unexpected outcome of the vote in both countries. At a more general level, problems relating to political participation and outsidership play an essential role in understanding developments in Europe. Who participates in elections and who votes for which parties? To what degree are established party structures representative of today's public opinion? How do economic and technological changes affect political preferences? When developments create winners and losers, what role do economic organisation and distribution policy play in reinforcing or countering such a trend?

The growing intensity of migration flows into Europe in recent years has placed pressure on political relations and the idea of European unity. The reintroduction of national border controls and the erection of walls and fences between neighbouring countries pose a stumbling block to the concept of a border-free Europe. Migration is being given increasing focus in political circles, especially among right-wing, populist parties. At the same time, the migration flows of recent years have also triggered a grassroots solidarity movement in the form of non-governmental organisations and networks that take over welfare tasks that the European states either do not acknowledge as their responsibility or are unable to fulfil vis-à-vis immigrants. More research is needed on the part played by, and implications of, migration. How does it affect and potentially change people's identity and values and how does it contribute to social inequality?

4.3.2 Factors behind societal change

Religion has become an increasingly important element of discussions on identity, inequality, values and integration in present-day Europe. Religion figures both as a source of identity and values and as a source of conflict and division. Perceptions of religion and secularism are undergoing change, and there are examples in various European countries of how these dimensions contrast with one another. In France, in particular, secularism has been held up as a value that is threatened by religion and, more specifically, by the religiosity of Muslim immigrants. More research is needed on how shifting perceptions of religion and secularism influence identity, inequalities, values and integration in Europe today. How can this trend be reconciled with the EU's basic values and the principle of non-discrimination set out in the Treaty of Lisbon? Will this trend also have an effect on the basic values themselves?

A number of EU member states are currently amending legislation on gender and sexuality, which is creating major controversy. Controversies on issues such as abortion, prostitution, marriage and adoption by same-sex couples, rights for transgender people and surrogacy highlight the diversity of identities and values in Europe. Gender and sexuality have also been a key theme in the development of policy at the EU level and may in terms of research serve as a point of entry for understanding different ideas about what "European values" comprise.

4.4 EU foreign and security policy

Developments in EU foreign and security policy have direct implications for Norway's ability and opportunity to influence foreign and security policy in matters affecting Norwegian interests. The global changes taking place also present a challenge to Norway's basic foreign and security policy orientation. Stability and predictability in European security policy is important for Norwegian foreign and security policy. Therefore, research is needed on the distinguishing features of Norway's specific form of integration in foreign and security policy in the EU, on how robust this integration actually is and the future direction which it may take.

It is important not to focus purely on Europe as the EU, but also to look at each country's bilateral connections and the role of Europe and European countries in the world in terms of norms, power, responsibility, latitude for action and autonomy.

4.4.1. Driving forces and mechanisms behind EU foreign and security policy

Foreign and security policy is not subject to the EU's standard decision-making procedure, where the Council of Ministers shares responsibility with the European Parliament. The EU has established separate institutions for dealing with foreign and security policy issues, which means that the highest political responsibility remains in the hands of the member states themselves. Nonetheless, their foreign policies are governed by strong legal and political guidelines. Over time, a political-administrative level made up of foreign and security policy decision-makers has emerged in Brussels that shapes much of the EU's and Europe's external policy.

What is the effect of external changes on the balance between the respective influence of the member states and the supranational institutions, which mechanisms will be able to contribute stability in the system and how is it possible to safeguard the legitimacy of the system? The EU's internal political situation may be pointing towards a more loosely integrated system or towards wider differentiation in foreign policy as well. Perhaps there will be a stronger focus on regional cooperation within Europe in this area.

European foreign and security policy will also be influenced by elements beyond those relating to EU internal relations. External factors, too, will play an important role and may serve to pull the EU in another direction than internal factors indicate. Many of the external challenges facing the EU can be expected to strengthen foreign and security policy integration. The Norwegian Government has plans to seek closer bilateral cooperation with a number of European countries. But what is the engine that drives the balance between bilateral and European activities in the EU forward, and what form will this integration take? It could yield a more pronounced orientation towards a core Europe centred around Germany and France or it could lead to a clearer initiative towards further strengthening regional groupings within security and defence cooperation.

Although the highest political responsibility for foreign and security policy rests with the member states, a number of important steps have been taken to integrate member states' policies in this area. The Commission has also extended its reach into several classic areas of foreign and security policy, and the pressure exerted on the EU's external borders could result in an effort to establish a stronger common policy.

There is a need for research that will generate a better understanding of the driving forces and mechanisms for integration and cooperation in this area, and the ways in which different external and internal factors can be expected to influence developments. Where will the lines be drawn for change in this field? Research to study the consequences of the new global context for national

autonomy in foreign and security policy and established patterns of cooperation in Europe will also be needed.

This research must take into account that this development is just as much the product of ideas and ideals as of preferences formed on the basis of material conditions.

4.4.2 The place of the EU in global policy

The EU has grown into an international heavyweight in areas such as climate, trade, development aid, conflict prevention, civil crisis management and stabilisation. In these areas the EU is increasingly speaking as a unified actor. We are also seeing the EU take steps in support of global economic cooperation – with international trade agreements – as a response to the current leanings towards protectionism of the US administration and others.

The changes taking place in close proximity to Europe provide a concrete example of the new security policy situation. To the east and the north, Russia has become more assertive during Vladimir Putin's second term as president. This has been particularly clear in connection with the situation in Ukraine, where Russia obstructed Ukraine's path towards closer association with the EU, increasing security tensions on the continent following the annexation of Crimea and the conflict in and surrounding east Ukraine. In addition, there have been several attempts to influence public opinion and the political leadership in EU-applicant and candidate countries in the Western Balkans as well as a number of attempts to undermine EU unity. Although there is a certain degree of internal disagreement in the EU concerning how the union should relate to Russia, the member states have thus far managed to be a fairly unified foreign policy actor towards the country.

To what extent is it reasonable to expect a shift in EU policy towards a more clearly interest-based political orientation in response to this type of challenge? Are we seeing an EU in which the safeguarding of own interests more clearly contradicts a value-based policy? How much leeway is there for implementing value-based policies, as the EU often claims to do, in the face of new global power constellations?

Another example of changes in the EU security policy situation is the uncertainty regarding the transatlantic dimension. Europe has long been dependent on close cooperation with the US in the security and defence sphere. The new US administration has brought greater uncertainty to the nature of this cooperation, and Europe is gradually realising that it must take greater political and economic responsibility for its own security.

As a member of NATO without access to the EU's decision-making processes, it is important for Norway to be able to be part of developments in EU security policy, including the establishment of the Permanent Structured Cooperation (PESCO) comprising certain member states. This will have major repercussions for Norway's future security policy situation and could entail new dominance relations.

It will be important to learn more about whether we will see the emergence of a more self-aware EU at the global level, and what kind of global order the EU chooses to endorse. How will Europe organise its cooperation with other governmental and non-governmental actors, with international organisations and regional amalgamations? How will the EU define its place in relation to major powers such as Russia, China and the US? Will, for example, the combination of Brexit, reduced US involvement in Europe and US protectionism lead to stronger leadership in Europe? Challenges related to security policy, economics and climate will give rise to increased migration from the South to the North in the years to come. How will this type of pressure on the EU's external borders affect

the basic values underlying the EU's international position? What stance will the EU adopt when faced with global reform demands from the BRICS countries, and what role will the EU play in safeguarding respect for the UN Sustainable Development Goals?

4.5 Climate and energy challenges, the green transition

Climate and energy challenges are problems that can only be resolved through international cooperation. With regard to global emissions of greenhouse gases, it is obvious that individual countries do not have adequate incentives to curb emissions or to promote technology development for new energy sources and more efficient energy consumption. It will simply be too tempting to wait for other countries to develop the technology. International cooperation and coordination through the EU are a must for the green transition to succeed. With its common standards, fee schemes and research efforts, the EU can contribute constructively on multiple fronts. What role will the EU play in Europe's green transition, how will this develop the EU as a political system and what will be the impact of the EU globally?

Climate and energy challenges play a central role in Norway's future relationship with the EU, but are also important with respect to the other Europe in Transition thematic priority areas. This is a topic that will be of significance in the context of development of relations between nations, and that represents a macroeconomic trend and an aggregate picture of related challenges. The green transition is dependent upon cultural change processes, and climate and energy policy is a key element of foreign and security policy.

In phase three, the Europe in Transition initiative will focus on the following four thematic priority areas related to climate- and energy-related challenges and the green transition:

- *The EU and Norway in international climate policy;*
- *Joint achievement of climate targets with the EU;*
- *Design of climate and energy policy in the EU;*
- *Legitimacy and the connection between climate change scepticism and EU scepticism.*

4.5.1 The EU and Norway in international climate policy

The EU and Norway both seek to be an active driving force for an ambitious international climate policy. The EU has a stated objective to act as an international climate leader, and has been a prominent, visible actor at a time when other major actors such as the US and Russia have shown little willingness to head efforts to curb global greenhouse gas emissions. While the US has announced that it will withdraw from the Paris Agreement, the EU and a number of major developing countries have confirmed their international climate commitments. In light of this most recent development, the question is how the EU's role will unfold in the tough upcoming climate negotiations towards further specification of the Paris Agreement in 2018, and implementation of this agreement from 2020. How will a more active role potentially influence the development of the EU's political system? In spite of its ambitions, the EU has had trouble being perceived as a leader. China and India were two of the countries that were the furthest from the EU during the climate negotiations in Copenhagen in 2009. What will the cooperation on the climate between these three key actors be like in the absence of the US? Has the development of a more unified EU foreign policy

made it more likely that the EU will emerge as a global leader in climate issues and a sought-after cooperation partner for China, India and other developing countries?

As a small nation outside the EU, Norway has traditionally had an independent role in climate negotiations. This has given Norway a freer position in these negotiations than EU member states. Among other things, it has allowed Norway to build trust among developing countries and to seek a role as a bridge-builder between the global North and South. The 2017 white paper on climate states that Norway is committed to implementing the EU's climate policy. How will this change affect Norway's role in international climate negotiations?

4.5.2 Joint achievement of climate targets with the EU

According to the government white paper on climate, Norway is to achieve its climate targets together with the EU. Norway is already a full member of the EU Emissions Trading System. Norway has also implemented many of the EU's climate directives, such as the Renewable Energy Directive, as part of the EEA Agreement. If Norway also becomes a party to the EU's Effort Sharing Regulation, the EU may gain more control over Norwegian climate policy. This applies especially in the areas of transport and agricultural policy, which up to the present have largely remained untouched by EU climate policy.

The EU has not yet completed negotiations on the Effort Sharing Regulation which is to apply between 2020 and 2030, so the outcome is still uncertain, for instance, as to the extent to which the EU will allow countries to employ flexible solutions to cooperate on emissions cuts. In the 2017 white paper on climate, the Norwegian Government sets out plans to use the opportunities to fund emissions cuts in other countries, and not merely implement national reductions. Norway's ability to follow up this strategy will depend on the outcome of the EU's negotiations, the specifications to the agreement between the EU and Norway and, ultimately, what the majority agrees to in the Norwegian Storting. Plans for linking Norwegian and EU climate policies more closely raise a number of questions. What constraints will Norway's participation in the Effort Sharing Regulation place on its latitude for action? How will the Effort Sharing Regulation mechanism influence national policy design in various sectors? What are the possible impacts on Norway's ability to emerge as a leader in global climate negotiations?

4.5.3 Design of climate and energy policy in the EU

EU climate policy is closely linked to EU energy policy. Last year the European Commission presented a comprehensive package of energy policy proposals related to the design of the electricity market, renewable energy, and energy-efficiency measures. The package was a response to challenges associated with easing EU dependence on energy imports, the desire to link the EU's various national energy systems more closely together, and to achieve a more complete and cost-efficient green transition.

There have been major disagreements in this policy area between the European Commission and a number of member states. For example, Poland, with its vested interest in coal, has created stumbling blocks for EU climate policy whereas Germany has had high ambitions in this sphere combined with a national strategy to phase out nuclear power. Brexit heralds the departure of one of the important driving forces behind ambitious EU climate policy while, at the same time, climate-sceptical Poland is poised to become one of the EU's largest member states.

What does this entail for EU climate and energy policy? How will climate and energy policy be shaped in the EU? Who or what interest groups, countries and individuals will exert the greatest influence on the outcome of this policy? What can and should Norwegian authorities and other Norwegian stakeholders do to increase their influence on EU climate and energy policy? What limitations and opportunities will the EU's new energy policy create for Norwegian energy policy and Norwegian energy stakeholders?

4.5.4 Legitimacy: climate scepticism and EU scepticism

Since the turn of the millennium, the EU has strengthened its grip on climate and energy policy in the EU and the EEA, but growing scepticism towards greater European integration could bring this to a halt. The politicians and voters most interested in reducing the magnitude of EU cooperation are often those who are sceptical towards climate science as well. The European Commission argues that the EU's climate and energy policy lowers electricity prices and creates jobs, but the policy design may also yield costs that can feed further scepticism towards the EU. A key question, therefore, is to what extent does the policy promote or diminish the EU's legitimacy in the eyes of the people? Energy market regulation and climate policy are complex policy areas that can be difficult to follow and understand. Efforts to cut emissions also pose the challenge of how to achieve a fair distribution of costs and benefits between countries and groups in the EU and the EEA.

Moreover the conflicts between protection of natural surroundings and green energy are on the rise. Building infrastructure for renewable energy encroaches on nature. At the same time, such investment makes it possible to export more green energy to other countries, although electricity cables to other countries means higher prices for Norwegian consumers. It is therefore pertinent to ask what are the implications of EU efforts to increase electricity trade across national borders that will make electricity more costly? To what extent is the Norwegian population willing to accept higher electricity prices to enable the EU to reach its climate targets? Does joint implementation of climate policy in the EU change attitudes among the general population? What do dilemmas of this type entail for the EU's legitimacy, both in Norway and in other EU and EEA member states? How does public opinion affect the feasibility of a successful green transition?