

**Title of the article:** 80 export billion ends up in Rogaland. Gives credit to the EEA agreement

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## Article

En fersk Menon-rapport viser at eksporten i 2020 la grunnlag for 80 milliarder kroner i Rogaland. NHO gir æren for Europa-eksporten til EØS. Pollestad (Sp) mener avtalen svekker handlingsrommet.

Menon-rapporten viser at Rogaland er landets fjerde største eksportfylke. Målt etter eksport per sysselsatte er fylket landets tredje største. Dette er uten eksport av olje og gass. For Rogaland er det maritim- og offshorenæringen som står for den største eksporten. De står for 36 prosent.

En av bedriftene som de senere år har slått seg stort opp i det europeiske markedet, er Nordic Unmanned. Droneselskapet fra Sandnes ledes av gründer Knut Roar Wiig. Han har tidligere uttalt at 90 prosent av omsetningen deres kommer utenfor Norge.

– Uten eksport er jeg ikke sikker på om vi ville klart å skape selskapet i det hele tatt. Eksport handler om både det du eksporterer, men også om markedet. Du kan ha ganske stor eksport uten å ha en veldig stor markedsandel fordi markedet er større. Vi selger til Europa, som er et stort marked, men vår markedsandel er ikke kjempestor. Det norske markedet hadde aldri vært stort nok for oss, sier Wiig.

– Avhengig av EØS-avtalen

Selskapet har den siste måneden forsterket sitt nærvær på kontinentet. I juli ble det klart at Nordic Unmanned hadde kjøpt opp det tyske droneselskapet AirRobot. Sandnes-selskapet overtok da deres tretti ansatte og fester et grep om det tyske markedet.

– Det å ha lokal tilstedeværelse der er avgjørende for oss. De er en av Europas eldste droneselskap. De har utviklet egne droner og kjenner markedet godt. De har den tyske hæren som hovedkunde i dag. Dette gir oss tilgang til både utviklings- og produsentsiden i det tyske markedet, sier gründeren.

Nordic Unmanned er derfor blant selskapene som har bidratt med eksportmillioner til fylket. Det er EØS-avtalen som muliggjør mye av eksporten som kommer fra landet.

– Vi ser her hvor avhengig folk og kommuner i Rogaland er av EØS-avtalen. Den bidrar med å skape arbeidsplasser. Mange i Rogaland har EU og Europa som sitt største markedet. Folk er også positive til avtalen, slår regiondirektør Tone Grindland i NHO Rogaland fast.

Befolkningsundersøkelsen fra NHO viser nemlig at folk er positive til EØS-avtalen. 60 prosent av de spurte er enten helt eller delvis enig i at Norge bør delta i samarbeidet.

– Dette tror jeg er fordi folk nyter godt av et godt handelsforhold med Europa. Bedriftene vet også at de vil tape om de ikke har like konkurransevilkår med Europeiske aktører, sier hun.

– Det er veldig mange bedrifter som har en høy grad av eksport, deriblant Nordic Unmanned. Når man har nitti prosent, har man ikke mye igjen i Norge. Jeg blir stolt av at bedrifter fra Rogaland har så stor tilstedeværelse i Europa. Dette betyr at de vinner konkurranser og er meget gode, fortsetter Grindland

– Gir forutsigbarhet

Nettopp derfor må ikke avtalen settes i fare som flere foreslår, hevder hun. Hun peker til Storbritannia som et eksempel på hvordan det kan gå om man gjør dette.

– I Storbritannia etter Brexit har man mistet mange av fordelene sine. Når man har en så god og avansert handelsavtale som EØS-avtalen er så begynner man på null om man skal reforhandle. Da må man forhandle om hver centimeter. Resultatet blir aldri like bra, bemerker Grindland.

- Man ville skutt seg i leggen om man trakk seg ut av en så god og fordelaktig avtale, avslutter hun.
- Wiig i Nordic Unmanned sier han ikke tenker så mye over handelsavtaler, men slår fast at strømlinjede regelverk i EU er fordelaktig for dem.
- Da tenker jeg særlig på anskaffelsesregelverket. Dette fungerer veldig godt for oss. Det styres av EU og regulerer lovgivning i Norge og andre europeiske land. Dette gir oss bedre forståelse og mulighet til å orientere oss i markedet. Det gir oss forutsigbarhet, slår han fast. Han stiller seg i utgangspunktet kritisk til handelsforstyrrelser som kan forrykke de ordningene som ligger til grunn i dag.
- Rent hypotetisk, om det skulle vært slik at Norge måtte etablert bilaterale handelsforhold med alle enkeltland i Europa hadde vi mistet mye av den strømlinjeformen vi i dag har. Vi håper selvfølgelig at vi slipper det, noe jeg tror vi gjør. Men da måtte vi sett på om Norge var det riktige landet å ha hovedkontor i, avslutter Wiig.
- Opptrådt som pusekatter
- EØS-avtalen er ikke Senterpartiets kjæledegge. Dette poengterer også stortingspolitiker Geir Pollestad overfor Aftenbladet/E24. Hans parti er blant dem som ønsker å reforhandle avtalen som ble vedtatt i Norge i 1992.
- Vi er absolutt positive til frihandel. Det jeg nekter å godta er at vi ikke skal kunne diskutere avtalen. Denne avtalen ble i sin tid inngått for at den skulle vare i to år før man skulle melde seg inn i EU i 1994. Selvfølgelig skal den kunne endres, sier Pollestad.
- Han fremsetter to alternative løsninger på det som ligger til grunn i dag. Det ene er å reforhandle avtalen ved å gjøre den mindre politisk bindende. Det andre alternativet er å fremforhandle bilaterale avtaler med enkeltland.
- Det viktigste er at vi får til frihandelsavtaler med globale spilleregler med store land i og utenfor Europa, sier stortingspolitikeren.
- Han mener ikke Brexit er en passende sammenligning til Norges situasjon. Selv om han påstår at de har lært av britenes nokså forvirrende EU-exit.
- Brexit var en helt annen historie enn hva vi ønsker. Vi ønsker ikke bare å forlate EØS-avtalen uten et alternativ. EØS-avtalen skulle være en rød løper inn til EU for Norge, men Norge skal ikke inn i EU. Derfor må vi kunne se på avtalen, hevder han.
- Han har lite til overs for hvordan Norge opptrer i EU. Han ønsker en mye tøffere tone fra dem som skal beskytte norske bedrifter i Brussel.
- Norge har de siste årene opptrådt som pusekatter i Brussel. De har i for liten grad ivarettatt norske interesser i viktige saker. Vårt mål er at det skal bli lettere for norske bedrifter å eksportere sine varer til både EU og utenfor EU. Vi skal ikke skade eksportbedrifter, det er de vi ønsker å beskytte, avslutter Senterpartipolitikeren.

## **Article (translated from Norwegian to English)**

A recent Menon report shows that exports in 2020 laid the foundation for NOK 80 billion in Rogaland. NHO gives the credit for European exports to the EEA. Pollestad (Sp) believes the agreement weakens the room for manoeuvre of trade.

The Menon report shows that Rogaland is the country's fourth largest export county. Measured by export by employee, the county is the country's third largest. This is without the export of oil and gas. For Rogaland, the maritime and offshore industry accounts for the largest exports. They account for 36 percent.

One of the companies that has established itself in the European market in recent years is Nordic Unmanned. The drone company from Sandnes is led by founder Knut Roar Wiig. He has previously stated that 90 percent of their turnover comes from outside Norway .

- Without exports, I'm not sure if we would be able to create the company at all. Export is about both what you export, but also about the market. You can have quite a large export without having a very large market share because the market is larger. We sell to Europe, which is a large market, but our market share is not huge. The Norwegian market would never have been large enough for us, says Wiig.

### Depending on the EEA agreement

The company has over the past month strengthened its presence on the continent. In July, it became clear that Nordic Unmanned had acquired the German drone company AirRobot. The Sandnes company then took over their thirty employees and tightened a grip on the German market.

- Having a local presence there is crucial for us. They are one of Europe's oldest drone companies. They have developed their own drones and know the market well. They have the German army as their main customer today. This gives us access to both the development and production side of the German market, says the entrepreneur. Nordic Unmanned is therefore among the companies that have contributed millions of exports to the county. It is the EEA agreement that enables much of the exports that come from the country.

- We see here how dependent people and municipalities in Rogaland are on the EEA agreement. It helps to create jobs. Many in Rogaland have the EU and Europe as their largest market. People are also positive about the agreement, says regional director Tone Grindland in NHO Rogaland.

The population survey from NHO shows that people are positive about the EEA agreement. 60 per cent of the respondents either fully or partially agree that Norway should participate in the co-operation.

- I think this is because people enjoy a good trade relationship with Europe. The companies also know that they will lose if they do not have equal competition with European players, she says.

- There are very many companies that have a high degree of export, including Nordic Unmanned. When you have ninety percent, you do not have much left in Norway. I am proud that companies from Rogaland have such a large presence in Europe. This means that they win competitions and are very good, Grindland continues

### Provides predictability

Precisely for this reason, the agreement must not be jeopardized as several suggest, she claims. She points to the UK as an example of how it can go if you do this.

- In the UK after Brexit, many of its benefits have been lost. When you have such a good and advanced trade agreement as the EEA agreement, you start at zero if you are to renegotiate. Then you have to negotiate about every inch. The result is never as good, Grindland remarks.

- You would have shot yourself in the leg if you withdrew from such a good and advantageous agreement, she concludes.

Wiig in Nordic Unmanned says he does not think much about trade agreements, but states that streamlined regulations in the EU are beneficial to them.

- Then I think especially of the procurement regulations. This works very well for us. It is governed by the EU and regulates legislation in Norway and other European countries. This gives us a better understanding and the opportunity to orientate ourselves in the market. It gives us predictability, he states.

He is initially critical of trade disruptions that could disrupt the schemes that underlie them today.

- Purely hypothetical, if it had been the case that Norway had to establish bilateral trade relations with all individual countries in Europe, we would have lost much of the streamlined form we have today. Of course, we hope that doesn't happen. But if it were to happen, then we would have to look at whether Norway was the right country to have its head office in, Wiig concludes.

### Appeared as kittens

The EEA Agreement is not the Centre Party's pet. This is also pointed out by Storting politician Geir Pollestad to Aftenbladet / E24. His party is among those who want to renegotiate the agreement that was adopted in Norway in 1992. - We are absolutely positive about free trade. What I refuse to accept is that we should not be able to discuss the agreement. This agreement was once entered into so that it would last for two years before joining the EU in 1994. Of course, it should be possible to change it, says Pollestad.

He puts forward two alternative solutions to what is the basis today. One is to renegotiate the agreement by making it less politically binding. The second option is to negotiate bilateral agreements with individual countries.

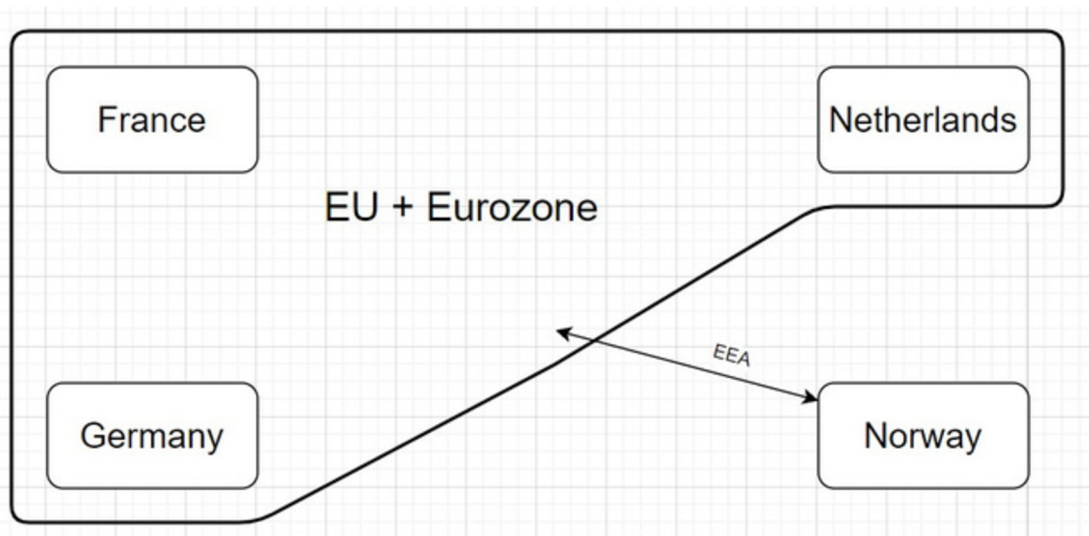
- The most important thing is that we get free trade agreements with global rules of the game with large countries in and outside Europe, says the Storting politician. He does not believe Brexit is an appropriate comparison to Norway's situation. Although he claims that they have learned from the British's rather confusing EU exit. - Brexit was a completely different story than what we want. We do not just want to leave the EEA Agreement without an alternative. The EEA Agreement should be a red carpet into the EU for Norway, but Norway should not join the EU. Therefore, we must be able to look at the agreement, he claims.

He has little left for how Norway behaves in the EU. He wants as much to toughen it from those who will protect Norwegian companies in Brussels. - In recent years, Norway has acted like kittens in Brussels. They have too little safeguarded Norwegian interests in important matters. Our goal is to make it easier for Norwegian companies to export their goods to both the EU and outside the EU. We will not harm export companies, they are the ones we want to protect, the Centre Party politician concludes.

## Commentary

The European Economic Area (EEA) agreement which Norway is a part of with the EU brings great benefits to counties all over Norway, especially Rogaland which exported a total of 80 billion NOK worth of goods.

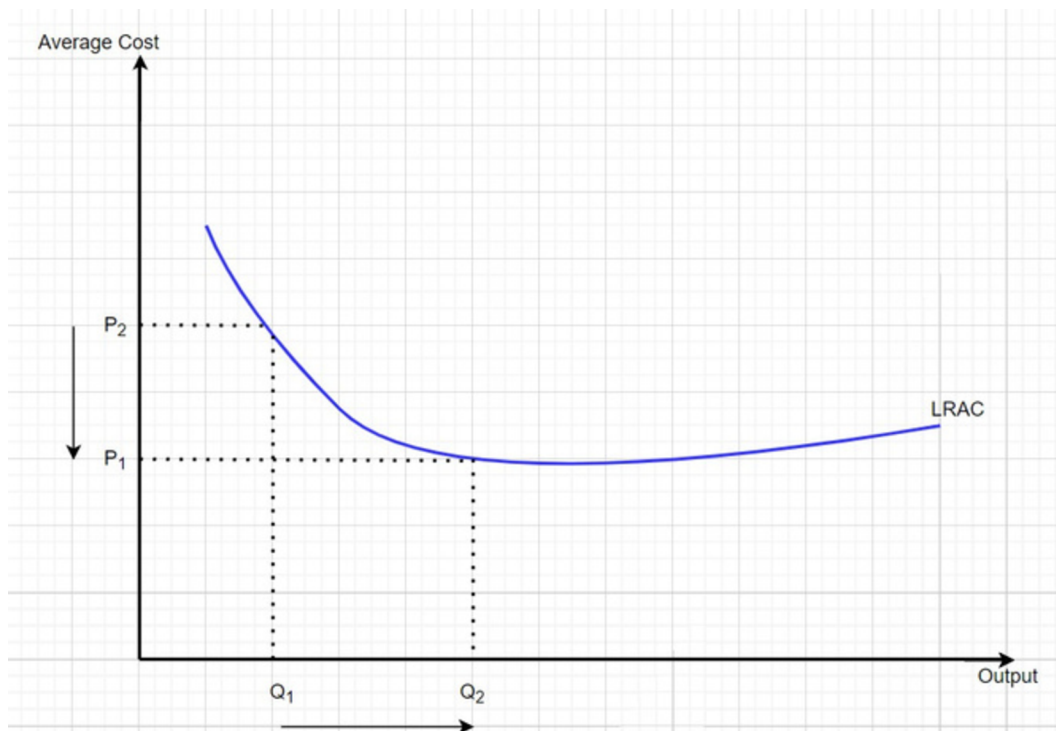
The EEA agreement allows non-EU members to participate in the EU market. It allows for free movement of goods, services, people and capital between member countries. This can be defined in economic terms as a common market, a type of trading bloc. Below is a diagram which explains the relationship between Norway and foreign countries which are in the EU and Eurozone (a monetary union).



Here, the EEA agreement grants Norway access to the countries taking part in the EU and the Eurozone.

For firms such as Nordic Unmanned, this gives them a great opportunity to reach a larger market, hence increasing the demand of their goods or services. About 90% of Nordic Unmanned's revenues are from exports and as mentioned by Knut Roar Wiig, the owner, "The Norwegian market would never have been large enough for us". This means that the EEA gives certain firms the ability to exist, since without the agreement, they might experience negative economic profits which is when total revenues are lower than total costs within a firm. EEA countries are also importing more from Norway, hence increasing the exports of Norway too.

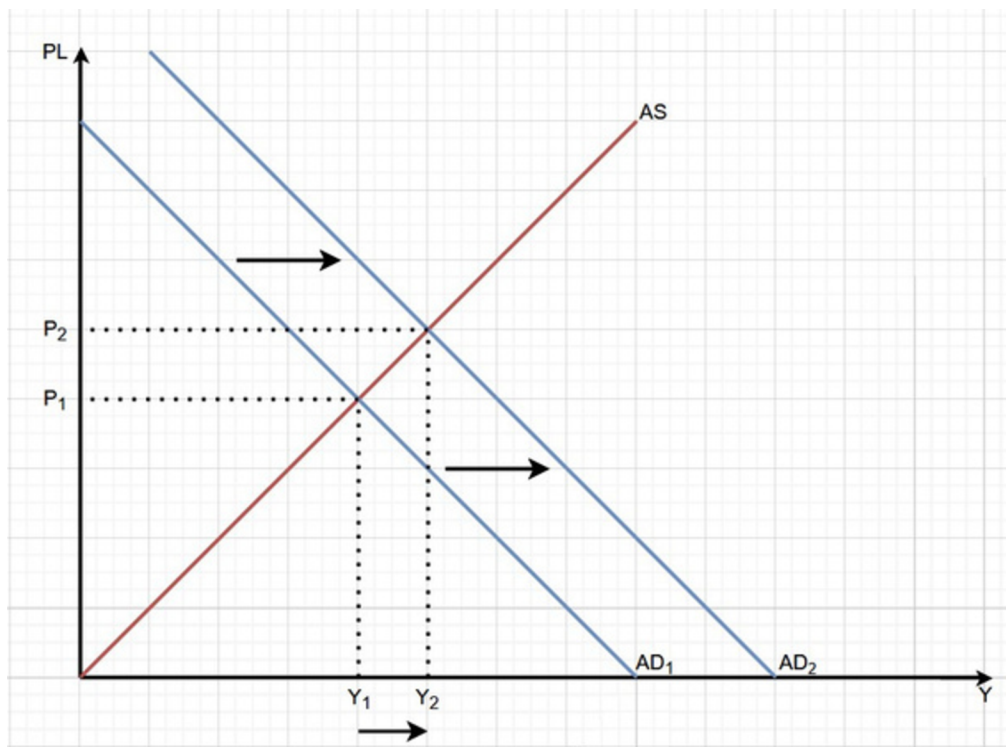
Another advantage of having a larger market is that it allows for economies of scale in production to happen since there is more output. Below is a diagram illustrating the long run average cost.



On the y-axis is the average cost and on the x-axis is the output. As output increases, the average cost decreases. This allows Nordic Unmanned to be closer to productive efficiency, which is when the level of production reaches the lowest average cost, which is total cost divided by output. This will lead to better efficiency for the firm.

As mentioned before, the trade agreement allows them to export more to the majority of Europe. This will lead to more competition for European firms due to the addition of Nordic Unmanned in the market. Greater competition forces firms to lower their costs of production in the aim of selling a cheaper good than their competition. This will also increase efficiency as they have to produce more goods for lower costs. As mentioned before, exports will increase for Rogaland. Since aggregate demand (AD) is comprised of consumer spending, investment by firms, government spending, exports and imports, AD will increase due to the increase in exports.





In the diagram, there is an increase in real GDP ( $Y$ ). In addition, a greater AD will also lead to lower levels of unemployment since more labour is needed. This is reinstated by the head of a labour union in Norway, who said that firms within Rogaland have experienced a great need for employees which has created jobs across the region.

Another positive is the increased political stability between Norway and its trading partners who are also part of the EEA. Low levels of political stability can lead to trade protectionism among trading partners (tariffs). If Norway were to place tariffs on a trading partner's exports, that country may then place tariffs on Norway's exports, which is retaliation. This hurts producers as their costs of production are increased due to the increase in price of imports. However, trade agreements create interdependence between countries, meaning that other countries could be dependent on what Norway exports, hence, no tariffs are replaced. This helps firms such as Nordic Unmanned to grow as their exports increase as a result.

However, an issue which arises with such agreements is that Norway loses a part of their sovereignty due to new regulations created by the EU. In the article, it says that the current agreement is too politically binding, and that Norway has not been able to safeguard Norwegian interests. This is due to the fact that there are economic policies which are enacted by the EU, which all member countries have to follow. This could negatively affect Norway's economy. It is stated that an alternative to the EEA is to create bilateral agreements with other countries. This would increase trade between Norway and another foreign country, which could create more jobs. However, bilateral trade agreements can cause smaller firms to run at a negative economic profit as Norway cannot compete with the foreign country's lower prices, hence unemployment levels rise. Leaving an existing trade agreement could also lead to unpredictability within firms, something which reduces investments, hence reducing AD which then reduced real GDP.



To conclude, the EEA brings great opportunity to firms in Norway, and especially Rogaland. Although some drawbacks may be found, the overall effect the agreement has is positive for Rogaland due to the lower unemployment and higher levels of exports.