LIECHTENSTEIN-INSTITUT

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If picking and choosing were possible: The ideal post-Brexit partnership lessons from Liechtenstein

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Workshop
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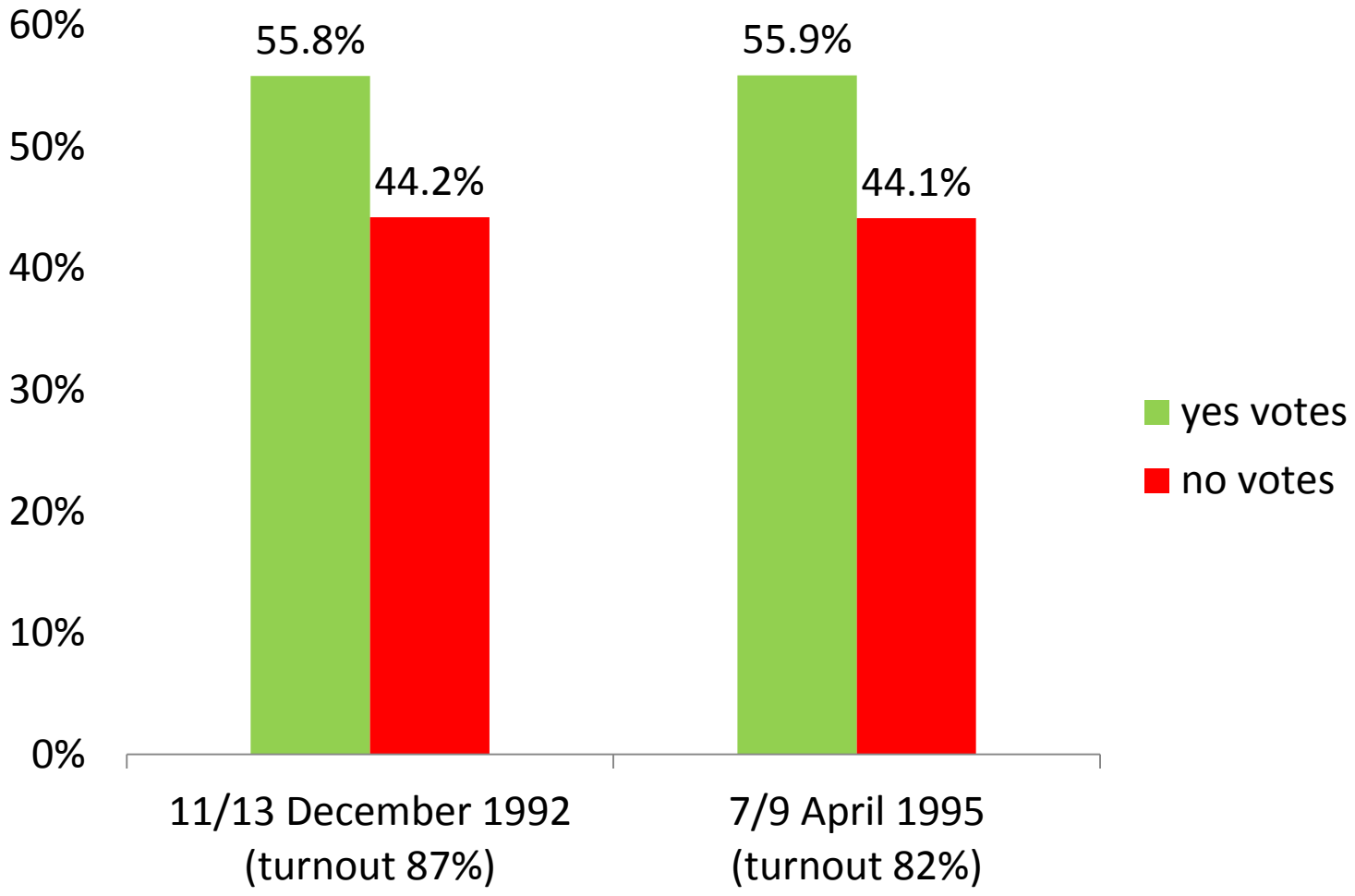
Brexit: (selected) lessons from Liechtenstein

- Public attitude towards EU and EEA:
  How can we explain the high public support for the EEA in Liechtenstein?
- Liechtenstein's tailor-made arrangements:
  Why has Liechtenstein such a high number of tailor-made arrangements?
- Administration of the EEA Agreement:
  How does a small states like Liechtenstein manage its EEA membership?

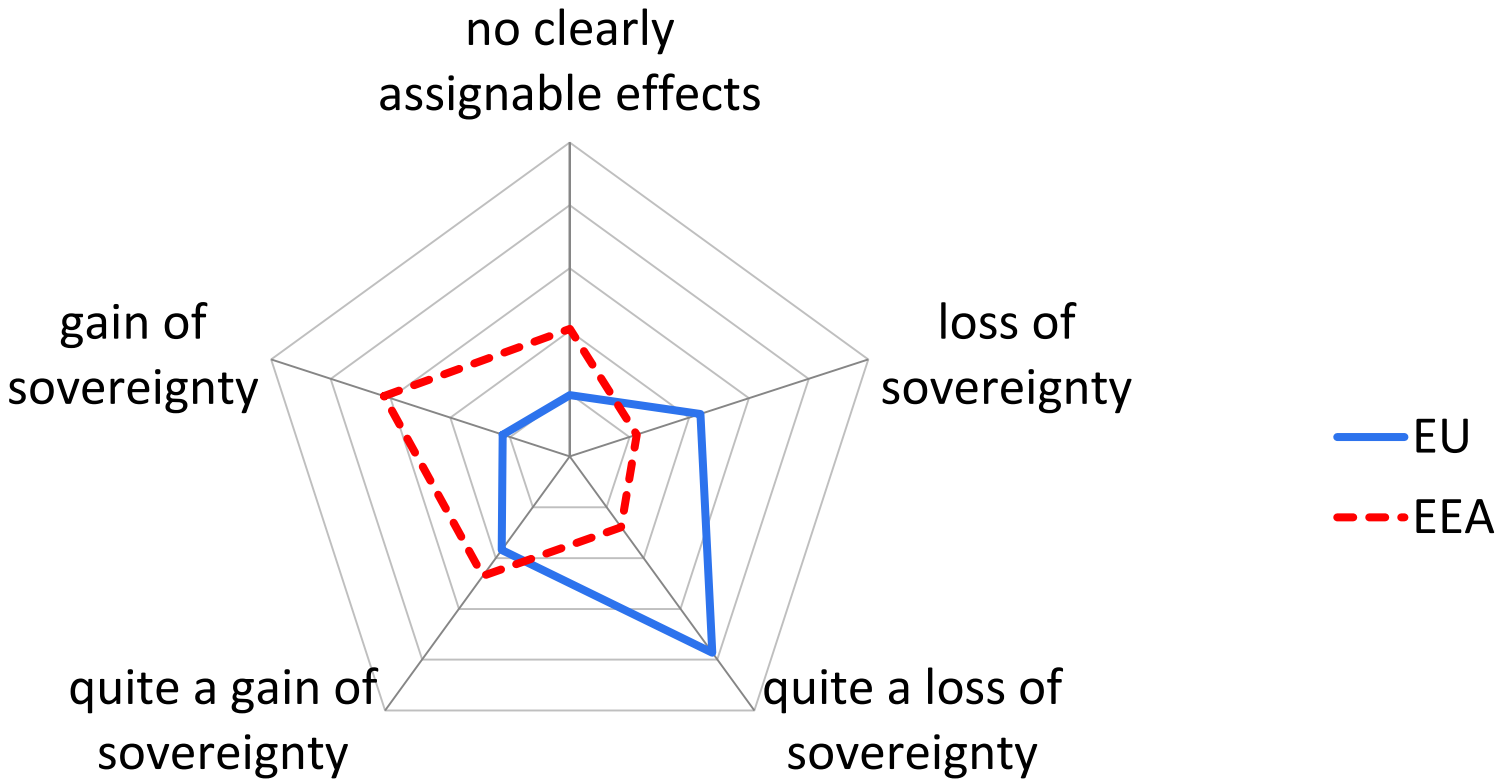
Public attitude to EU and EEA in Liechtenstein

EEA referendums in 1992 and 1995



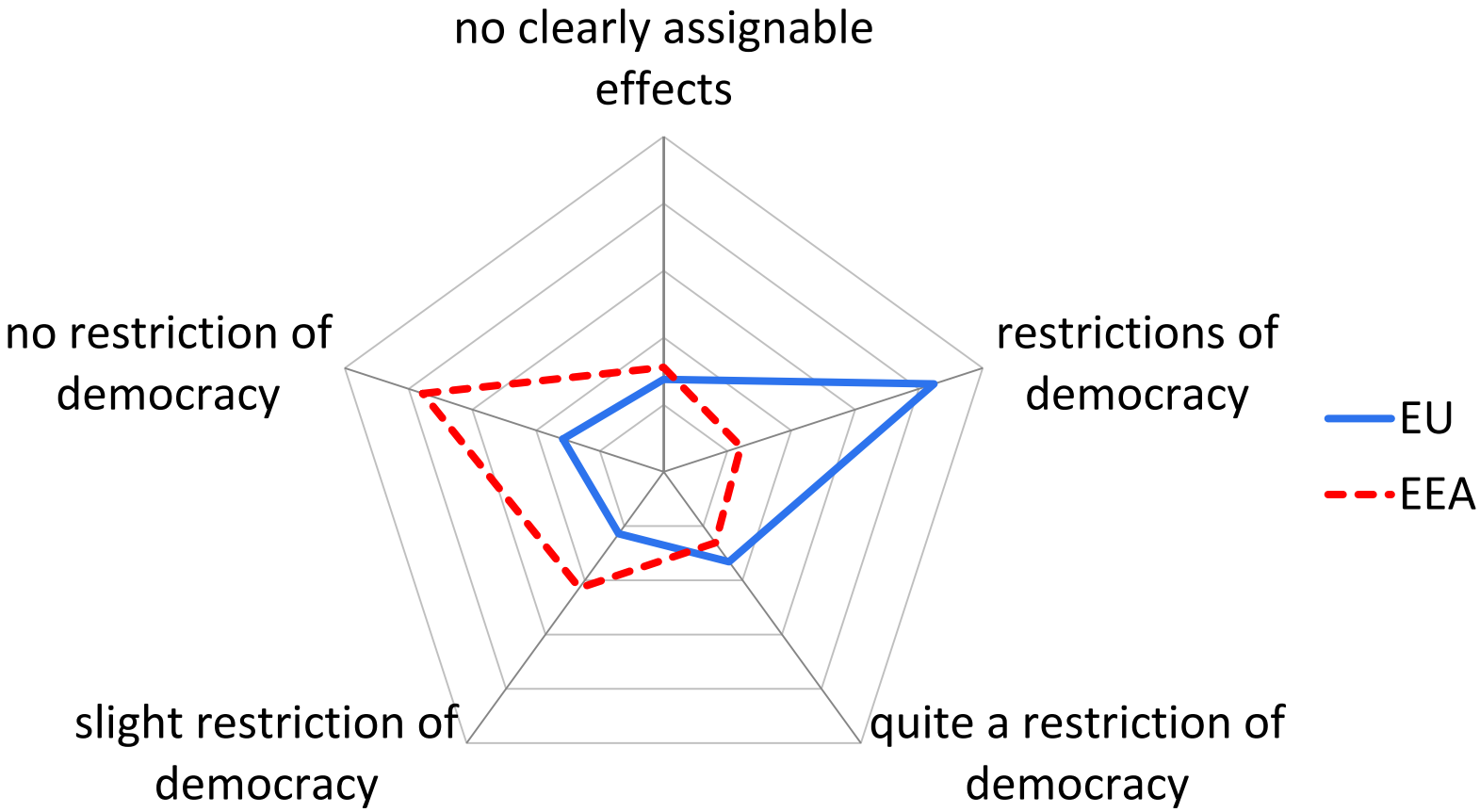
Different perception of EU and EEA [1]

Effects of EU (prediction) and EEA (assessment) on sovereignty of Liechtenstein



Different perception of EU and EEA [2]

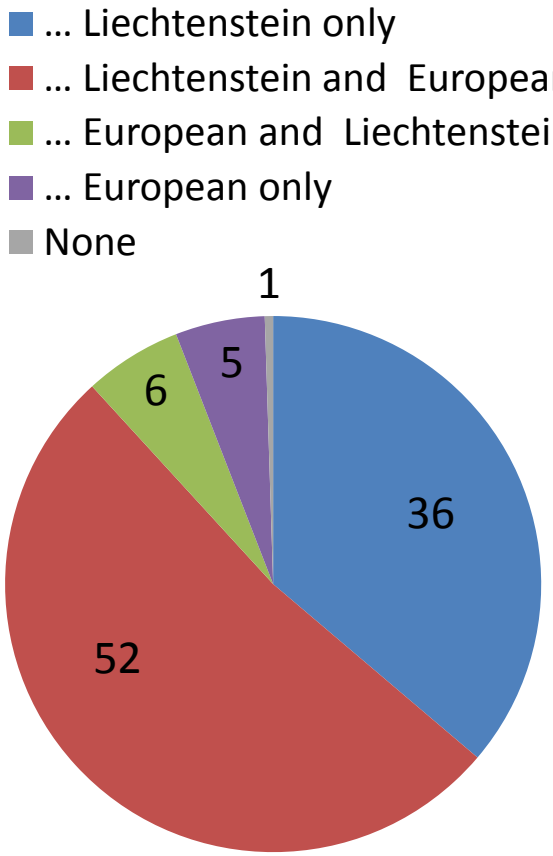
Effects of EU (prediction) and EEA (assessment) on domestic democracy of Liechtenstein



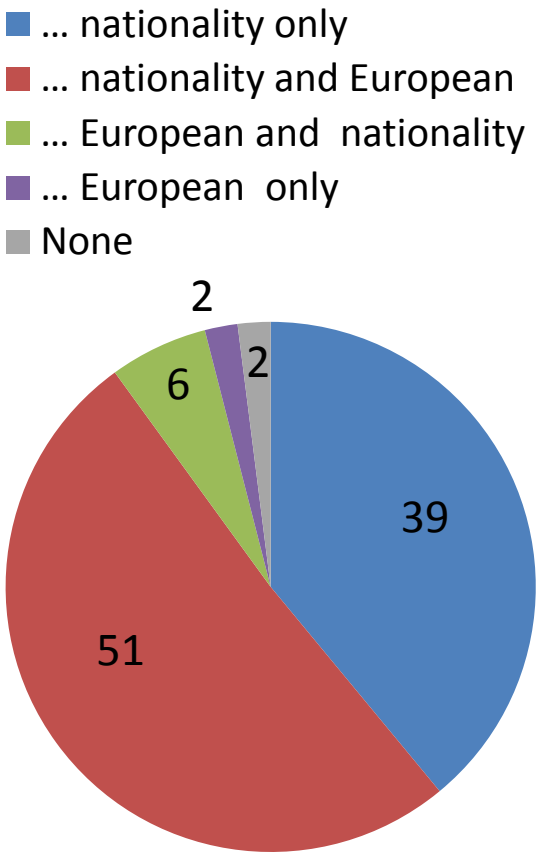
Similar concepts of identity in Liechtenstein and EU-28

Concept of identity: Do you see yourself as …?

Liechtenstein people [%]

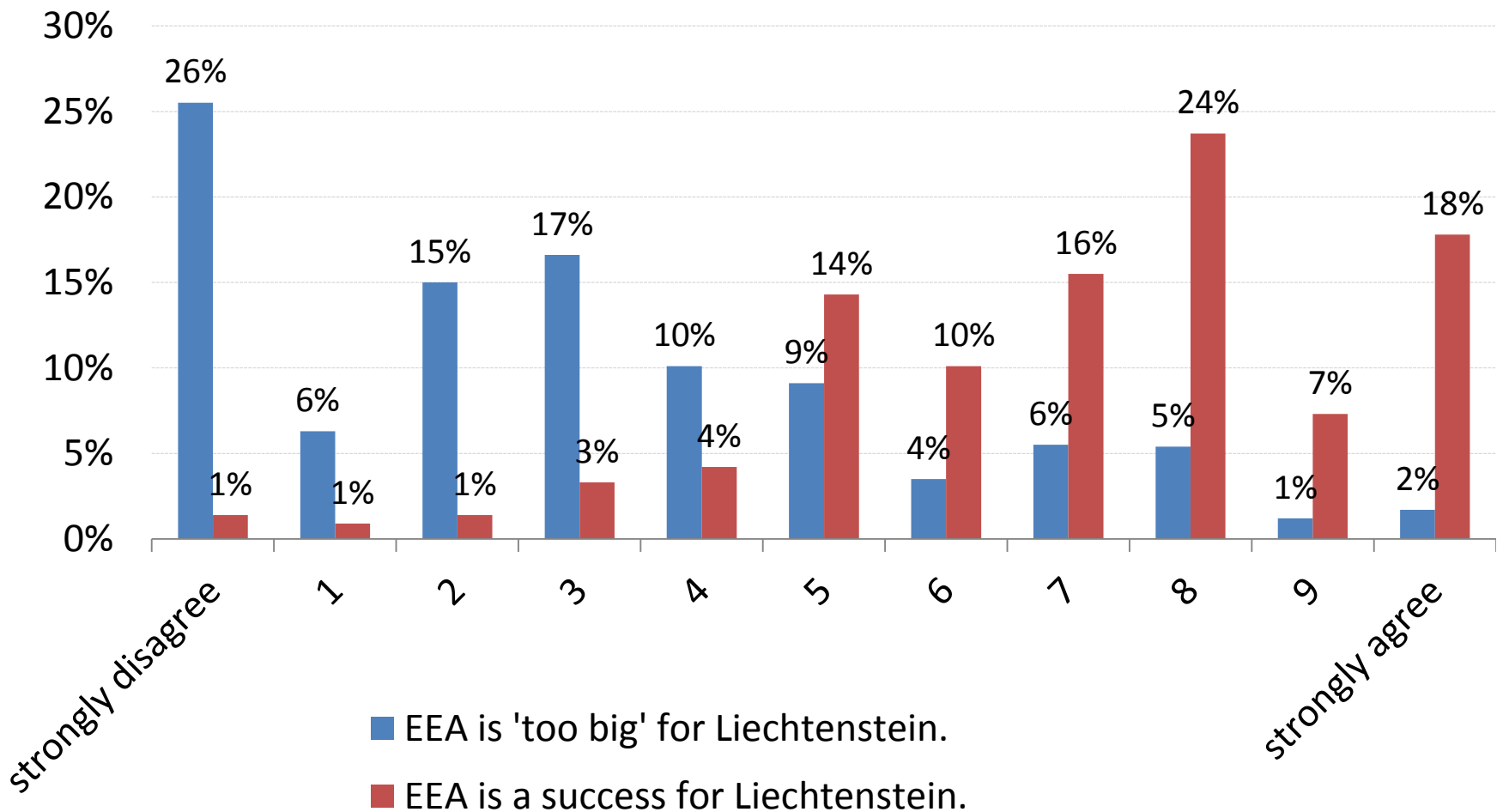


people of the EU-28 [%]

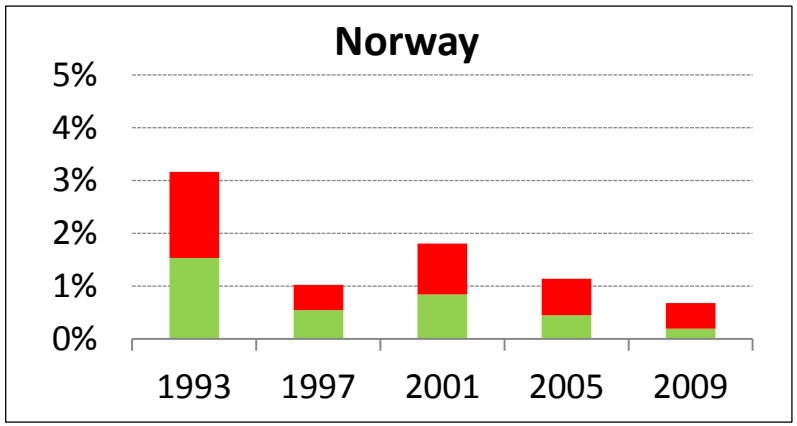


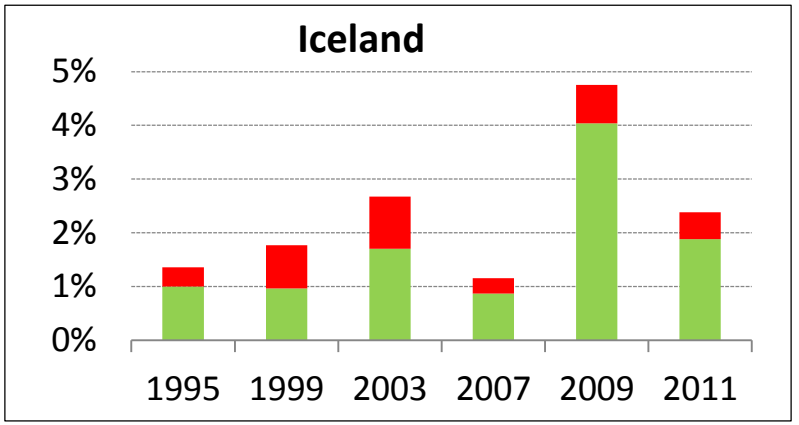
Source: QD3, Eurobarometer 82, Autumn 2014

EEA membership is widely seen as a success



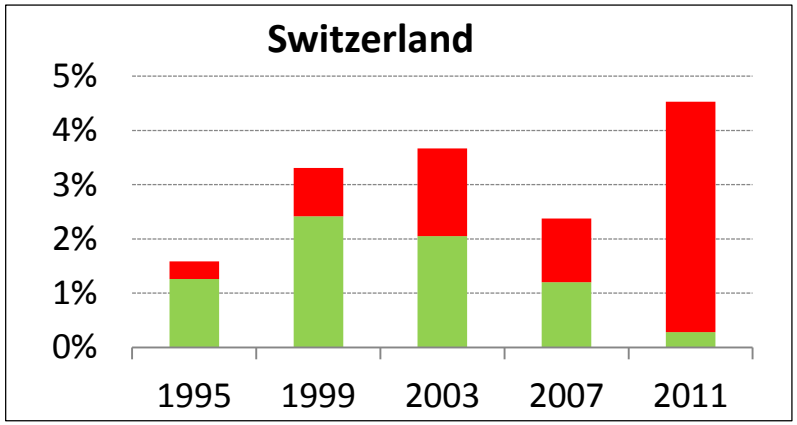
Low politicization of EEA membership by political parties (manifesto)

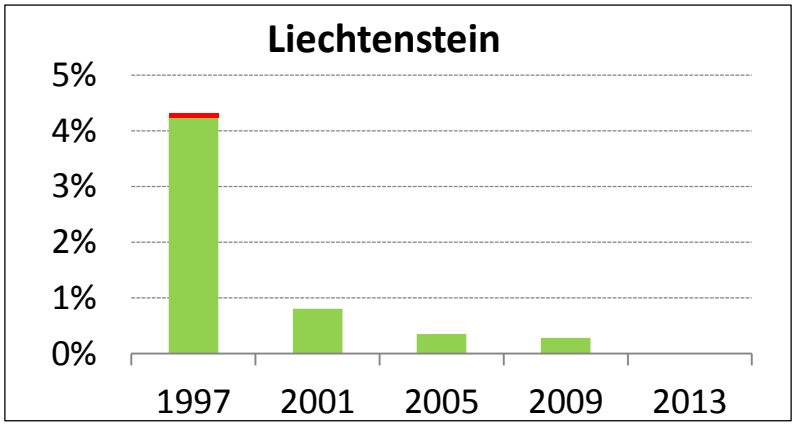




share of EU negative quasi-sentences

share of EU positive quasi-sentences





Source: own compilation based on manifestoproject (Lehmann et al. 2015)

High permissive consensus among political elites of Liechtenstein

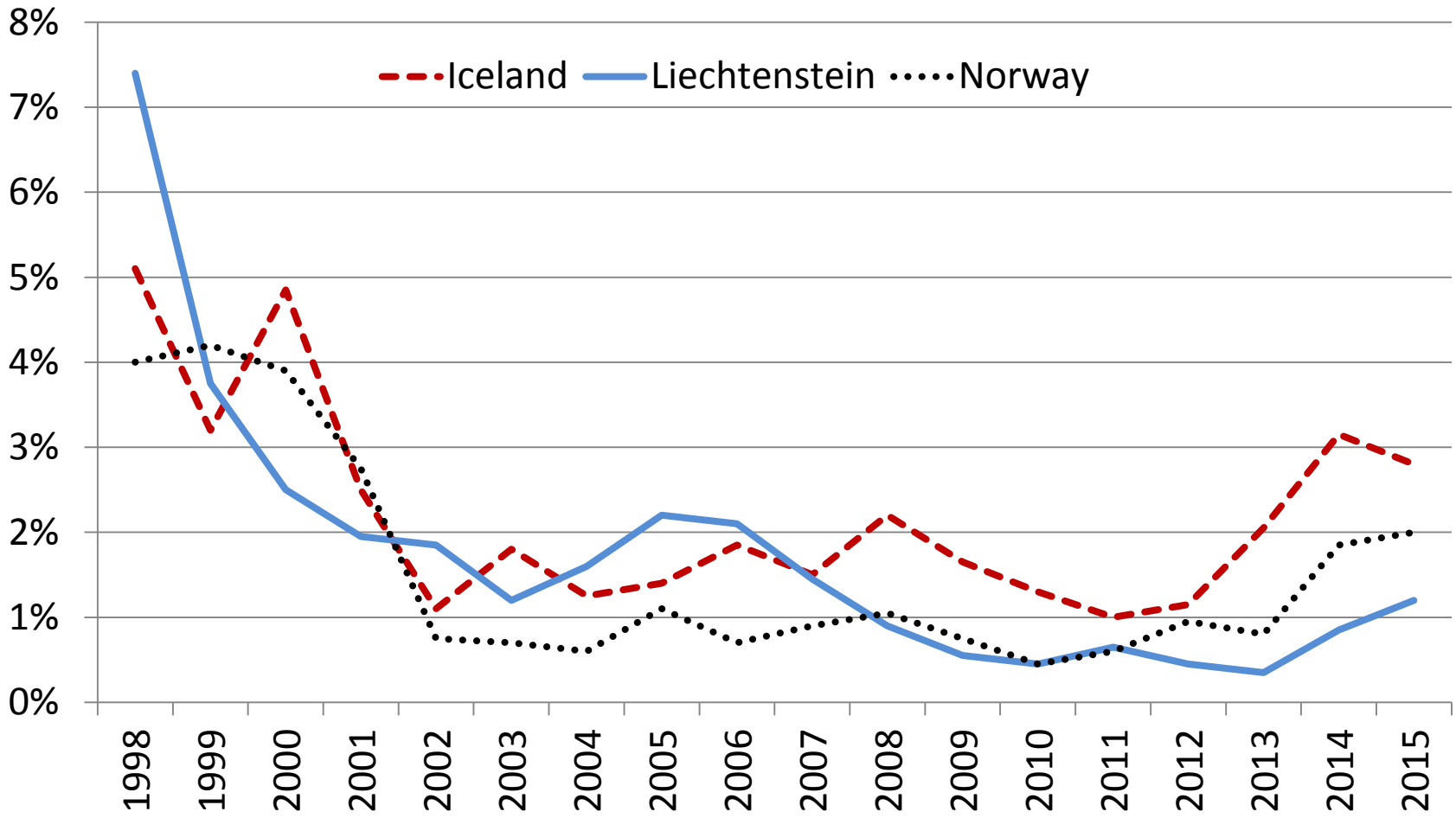
- No political opposition to EEA membership
  - EEA is not on the political and public agenda
  - (perceived) lack of alternatives for EEA membership
- Political culture shaped by
  - elements of a concordance system
  - conservatism and economic liberalism
- Two narratives shape the political debate about Liechtenstein's membership in the EEA:
  - Despite its smallness Liechtenstein takes an active role in European integration.
  - EEA is the essence of European integration as it primarily focuses on economic matters.

Summary of findings: How can we explain public support for the EEA in Liechtenstein?

- Favourable economic development after EEA accession
- High flexibility of the EU (derogations, adaptations etc.)
- No negative effects on Liechtenstein's relations with Switzerland
- Little politicization – strong permissive consensus
- Lack of alternative options
- Low Euroscepticism (in the sense that the image of the EU is not worse than in other EEA states)

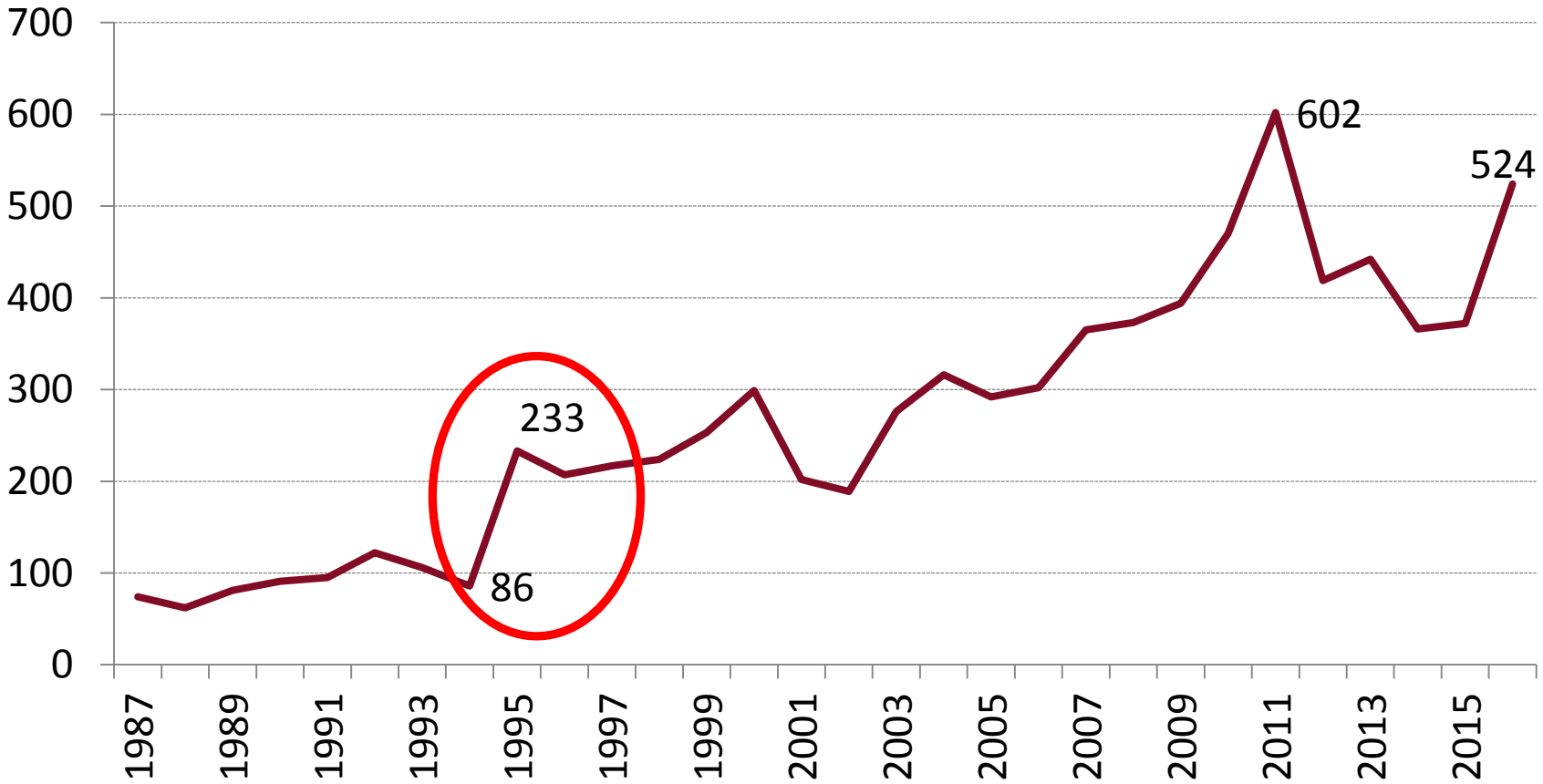
How does Liechtenstein administrate its EEA membership?

Transposition deficit of EEA EFTA states (annual mean)



Increase of legislative activity

Number of yearly published Liechtenstein Law Gazette since 1987



Summary of findings: Why the administration of EEA is successful in Liechtenstein

- Substantial increase of employment in public administration
- Specific strategies
  - strategic priorities and selective engagement
  - delegation and outsourcing of administrative tasks to likeminded countries
  - high autonomy and discretion of EEA experts
- Favourable legal tradition
- High government autonomy (low politicization)

Room for improvements?

- by providing EFTA Secretariat with a leading role
- by increasing resources for decision-shaping
- by increasing awareness in the EU for specific features of the EEA
- by strengthening the political dialogue

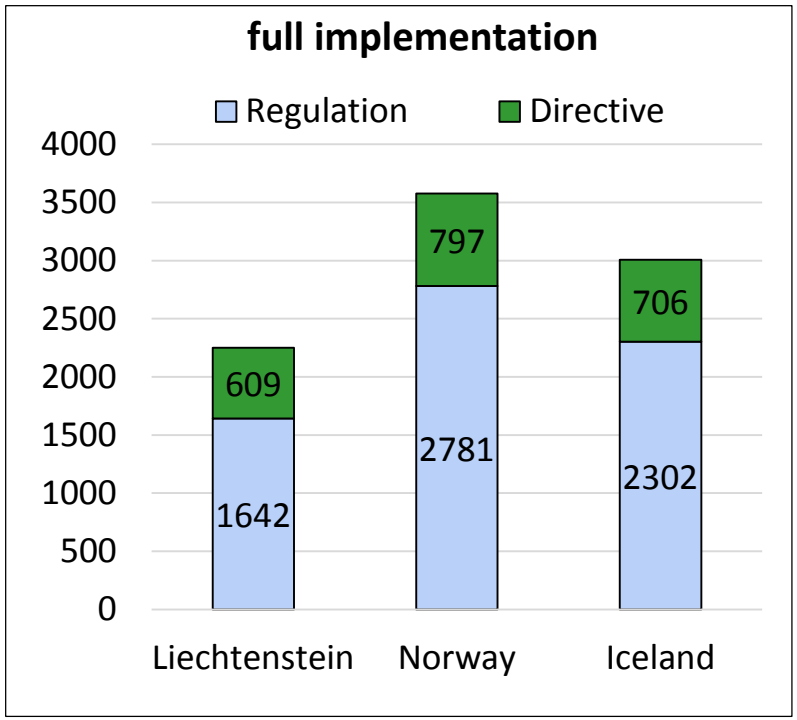
→ **Challenge of being effective and inclusive at the same time cannot be solved.**

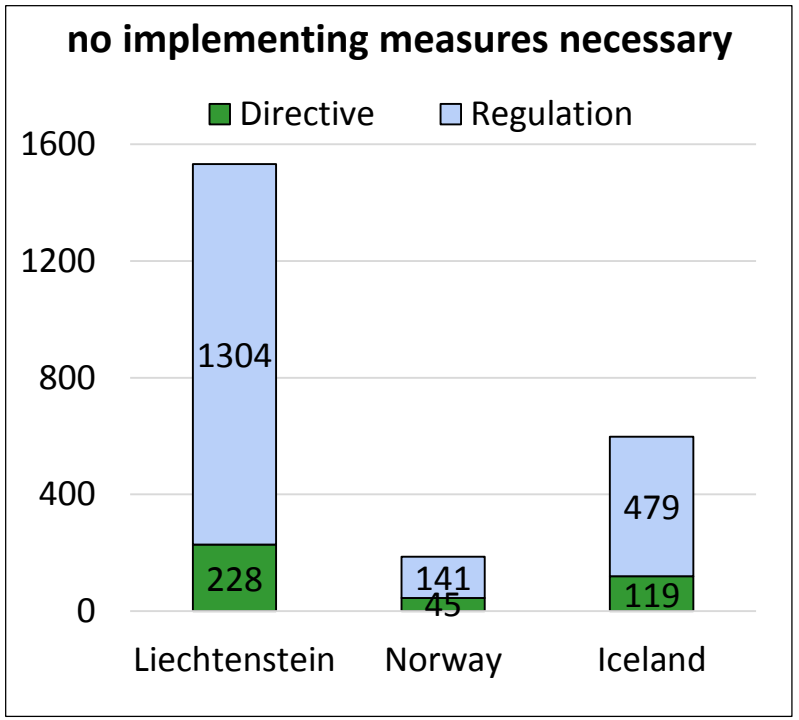
Tailor-made arrangements of Liechtenstein

‘Differentiation’ for Liechtenstein within the EEA Agreement

- Liechtenstein’s special solution for free movement of persons
- Parallel marketability
- Explanations:
  - material aspects, e. g. small inhabitable area
  - institutional constraints, e. g. equal chance to all applicants
  - political circumstances, e. g. package deal and side payments

Implementation status of EU acts incorporated into EEA Agreement (March 2017, N=3794)





No implementation of directives and regulations incorporated into the EEA Agreement:

Iceland 15.8% Liechtenstein 40.4% Norway 4.9%

Some explanations for opt-outs provided to Liechtenstein

- Economic and regulatory infrastructure, e. g. limited market size
- Geography, e. g. small inhabitable area
- Society, e. g. high share of foreign residents
- Administrative capacity, e. g. limited human resources
- Regional co-operation with Switzerland, e. g. customs union with Switzerland

Trade-off between legislative sovereignty and administrative efficiency

- No threat for overall homogeneity of the EEA
  - Liechtenstein is simply too small and unimportant
  - mostly rather technical issues
  - despite opt-outs EU law may still apply – no different regulatory standards
  - narrow institutional corset (e. g. free movement of persons)
- Reduction of compliance costs but no gain of legislative sovereignty
  - demand for exemptions mostly not based on material or ideational preferences (no regulatory misfit but limited state capacity)
  - mostly delegation of implementation (and not rejection of implementation)

Summary of findings

- Differentiation in the EEA is restricted by the similar institutional resistance that we can find in the EU and follows similar logic (demand and supply side)
- EEA EFTA states have little leeway for opt-out clauses that go beyond exemptions provided to the EU states
- Liechtenstein's demand for differentiation mostly not based on 'material' or 'ideational preferences' → simply a question of capacity
- Flexibility as precondition of public support and feasibility in Liechtenstein

General lessons from the EEA

What can we learn from the EEA? [1]

- Rule transfer from the EU to the EEA EFTA states is less automatic than commonly stated.
  - delayed incorporation and high number of excluded EU acts
  - various adaptations and tailor-made arrangements
- The EEA's overall governance structure is in practice less hierarchical than expected.
  - EU reluctant to use Article 102
  - but also different approach: 'passporting model'
- The actual extent of integration of the EEA EFTA states provided by the EEA Agreement is lower than commonly assumed.

What can we learn from the EEA? [2]

- Current assessments of the EEA can not prove its appropriateness for other states → **Not made for export**
- Institutional set-up is not a sufficient condition of effective external differentiation → **Country-specific factors are crucial**
- External differentiation is more likely to trigger new types and cases of differentiation → **Multi-tier and multi-speed Europe**
- Final assessment of effects on sovereignty and democracy is not possible → **Two-pillar structure filled with ad hoc rules make the EEA a very complex system**
- Ensures continuous integration (and Europeanization) as well as a credible commitment to a common goal
  → **EEA as a basis of trust**

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Thank you very much for your attention!

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