

Dependent stakeholder strategies toward rapid policy change

*The case of the Norwegian battery industry
and the European Green Deal*

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Abstract

In an effort to cut greenhouse gas emissions, Europe is making strides to achieve the electrification of its economy and society. Batteries are considered a critical instrument in accomplishing this electrification, making them a crucial and strategically important commodity, leading to an enormous increase in demand. Based on environmental, economic, and geopolitical considerations, the European Union has set a goal to help establish a European battery value chain. Related to this goal, the EU proposed the European Green Deal (EGD), a plan to secure emission cuts and *green growth*.

Also in Norway, a battery value chain is emerging. The establishment of the battery sector coincides with the EU adopting many battery-related regulations through the EGD. Since Norway is not an EU member state, it has no formal influence on EU law-making. Yet, as a European Economic Area (EEA) member, Norwegian businesses are subject to most EU laws. In this thesis, I explore how Norwegian battery companies are positioning themselves towards relevant EGD regulations, as well as their possibility for influencing the law-making process. I have gathered input from battery companies on the EGD and evaluated their importance as *stakeholders* to the EU. Lastly, I investigated the correlation between the industry's standing in Brussels and industry preferences on regulations. This case study has been conducted with a qualitative methodological approach, through 14 interviews with industry members and policy experts, as well as through document analysis and observation.

My three main findings are that: 1) despite Norway not having influenced EGD legislation in any official capacity, the companies were mainly content with the regulations affecting them. 2) As for their importance as stakeholders to the EU, they seemed to have become more influential. Previously there were instances where Norwegian interest clearly had not been considered, yet the Norwegian actors gained salience with time. Some factors in this development are that Norway has become the union's largest natural gas supplier and shares common interests with Sweden. This increased Norwegian influence has resulted in a closer coalescence between the Norwegian and the European battery industry. 3) Finally, despite the strong standing of the European battery industry vis-a-vis the EU, the industry did not seek to leverage this position to avoid increased direct legislation from Brussels. These factors make the battery industry deviate from assumptions regarding the regulatory preferences of private firms. A significant degree of influence on the legislative process and the hope that strict environmental regulations will keep cheap foreign batteries out of the market are the main reasons for the industry supporting the ambitious and vast regulations of the EGD.

List of acronyms

CRMA	Critical Raw Materials Act
CSR	Corporate Social Responsibility
EBA	European Battery Alliance
ECJ	European Court of Justice
EEA	European Economic Area
EFTA	European Free Trade Agreement
EGD	European Green Deal
EV	Electric vehicle
IPCEI	Important Projects of Common European Interest
NGO	Non-Governmental Organization
TEG	Technical Expert Group

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1.0 Introduction

As many of the world's countries seek to decarbonize their economies to mitigate global warming, batteries are increasingly utilized to aid in society's electrification. As a result, the global rise in demand for batteries has increased drastically in the last years, and is expected to increase 14-fold between 2020 and 2030 (EU Commission 2020b). The electrification of transport through electric vehicles (EVs) is the primary driver of demand, with energy storage solutions also being a factor (McKinsey 2023). The EU has, as a part of a European Green Deal (EGD), launched a variety of ambitious legislation to achieve the goal of net-zero CO₂ emissions by the year 2050. An important sub-goal for the EU has been to grow a regional battery industry to aid in the electrification of society, while also increasing self-sufficiency. These factors have spurred the establishment of battery companies all over Europe, including in Norway. Being incentivized by the increased demand as well as EU initiatives, companies seek to find a place for themselves in the battery value chain. This thesis aims to uncover how the emerging Norwegian battery industry perceives and reacts to new environmental initiatives from the European Union, as well as the influence of the industry in Brussels.

While Norway participates in the EU internal market through its European Economic Area (EEA) membership, the country is not a member state of the union itself. This places the Norwegian industry in a peculiar situation, as the EU has the power to regulate it without the Norwegian state being able to formally partake in the democratic process creating the regulations. The battery industry is interesting in this regard, as both the industry itself and the ambitious laws and initiatives set to regulate it are very new. Consequently, while the EU is introducing a plethora of regulations in the sector, these businesses are navigating their new role as stakeholders in EU law-making processes. I have therefore chosen the research question: *"How do recent EU environmental policy developments shape the strategic positioning and regulatory preferences of the Norwegian battery industry, and what factors drive their response?"*

In attempting to answer this research question, I will first try to determine what sort of stakeholder the Norwegian battery companies are in the EU policy-making process and regulatory regime. By establishing what *stakeholder category* the companies belong to, one can compare the actions and strategies undertaken by the industry, to what the stakeholder literature would expect them to do in order to promote their interests. Additionally, I will seek to discern how the Norwegian companies perceive and evaluate their role in the policy process and the

impact the new regulations will have on their future. Regulation and governance literature will be helpful in comparing the industry's regulatory preferences to what is expected, as well as in explaining the level of influence the European battery industry enjoys in the EU.

1.1 Research scope

As the EU in varying degrees seeks to involve affected parties in the regulation-making process, I will use *stakeholder theory* as the theoretical framework. The founder of the theory, Martin Freeman, uses the following description to explain who should be considered a stakeholder: “(Someone who) affects the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives” (Freeman, Harrison, and Zyglidopoulos 2018, 54). This seems like a suitable tool to understand how a Norwegian company is positioned in the EU legislative process. Furthermore, I utilize the theory of stakeholder salience developed by Mitchell, Agle, and Wood (1997) to evaluate the importance of the battery companies as stakeholders to the EU. They argue the salience of a stakeholder to an organization is based on whether a stakeholder possesses certain attributes, namely *power*, *legitimacy*, and *urgency* (Mitchell, Agle, and Wood 1997).

Additionally, I will position the thesis within the *regulation literature*, to place the creation of these new environmental regulations into a wider context and explore how the regulations allow for stakeholder involvement. Furthermore, the concept of a *Shadow of hierarchy* will be utilized to try to explain why the industry responded as it did toward the EGD. The original theory proposes that private firms will resort to develop voluntary self-regulation in order to counter state legislation intended to regulate them (Héritier and Eckert 2008). However, the definition of the term used in this thesis is: “the potential threat that stricter regulations will be enacted unless the potentially affected business firms adapt their behaviour to the expectations of the legislator” (Scherer and Palazzo 2011, 13). I will further utilize Tanya Börzel's re-interpretation of the concept to evaluate the position and regulatory preferences of the European battery industry as a whole in relation to the EU. In her use of the concept, the EU institutions are legislators which can “threaten” the use of hierarchical authority to get member states and businesses to act in a wished manner (Börzel 2010). I developed the following definition for this variant of the shadow of hierarchy: *The power EU institutions have to enforce legally binding decisions on member states, relying on hierarchy to craft policy.*

To answer the research question, I have conducted qualitative expert interviews with informants from the industry, industry associations, and EU policy experts. After some initial interviews,

the EGD regulations and initiatives deemed the most relevant were identified. These are the Battery regulation, the Taxonomy, Important Projects of Common European Interest (IPCEI), The Critical Raw Materials Act (CRMA), and guarantees of energy origins (part of the legislative Renewable Energy Directive). It is thus the response to these initiatives and not the EGD in its entirety which is the focus of this thesis. Furthermore, though some geopolitical factors are discussed in the thesis, providing an International relations perspective on the EGD or the battery industry is beyond its scope.

Lastly, I argue this thesis contributes to fill some research gaps. For one, this thesis contributes to the literature by exploring the perception on EU environmental governance from a battery industry- and an EEA perspective. Until now, much of the writing concerning the EGD has understandably been to evaluate its environmental potential and feasibility. This thesis also fills some theoretical gaps: Stakeholder theory is usually utilized in quantitative research, and often to assess the validity of a given variant of the theory. This is true for Mitchell and colleagues' theory of stakeholder salience, which additionally, has not been utilized outside of a business setting. Within literature related to the Shadow of hierarchy, I have not been able to find Börzel's adaptation of the concept utilized in a case study; which will be the case for this thesis. Therefore, by exploring emerging topics such as the EGD from a new perspective, and in the way the chosen theories are utilized, this thesis aims to fill specific gaps in the literature.

1.2 Thesis outline

In this first chapter, the topic of the thesis has been introduced, along with the research question, point of theoretical departure, and the scope of the thesis. The second chapter will provide the necessary context by giving an overview of the European and Norwegian battery industries, as well as information on the European Green Deal, and Norway's relationship with the EU. Chapter three presents the theoretical framework based on stakeholder theory, literature on regulation regimes, and governance literature concerned with regulation. In chapter four the methodological approach is accounted for, followed by information regarding data collection and limitations. Chapter five contains the findings, including industry responses to the EGD regulations, the role of Norway in the EU policy making process, and the perceived impact of the companies on Norwegian and EU legislative processes. Chapter 6 presents the analysis, starting with a stakeholder mapping followed by an analysis of the industry's regulatory preferences in light of the Shadow of hierarchy theories. Lastly, chapter seven concludes the thesis and discusses the implications of the findings.

2.0 Background

The start of this chapter will provide context surrounding EU's initiative to establish a European battery value chain. Then the position of the Norwegian industry will be accounted for through an overview of the actors and their prospects. This is followed by an introduction to the European Green Deal (EGD) and the regulations which are most relevant to the battery industry. Lastly, Norway's relationship with the EU through the EEA will be outlined.

2.1 The dawn of a European battery industry

Batteries are considered a core technology in the transition from fossil fuels to renewables. In large part due to the rollout of electronic vehicles (EVs). As the automotive industry is one of Europe's biggest, fostering a battery sector is crucial in order to keep the industry competitive (Beuse, Schmidt, and Wood 2018). Developing the battery sector is also crucial for creating energy storage systems to better utilize variable renewable energy, and future applications such as the aviation and maritime sectors (Prosess 21 2022).

There are also strategic reasons for Europe to establish its own industry. As the pandemic and war in Ukraine have shown, global supply chains can be quite fragile. Border restrictions and sudden lockdowns in countries like China and India have reduced productivity in sectors such as manufacturing. Such long and interlinked supply chains has rendered European manufacturers vulnerable (Allam, Bibri, and Sharpe 2022). Furthermore, Europe does not wish to be dependent on regimes such as China for critical goods and materials (Baars et al. 2021). Asian actors like China, South Korea, and Japan currently dominate the market. China alone dominates two thirds of the lithium-ion battery supply chain, from the extraction of strategic minerals, to processing and manufacturing (Beuse, Schmidt, and Wood 2018). The EU is thus seeking *strategic autonomy* to become more self-sufficient and position itself competitively in an emerging industrial sector of high importance, which may provide economic growth and thousands of "green jobs". For demand is set to rise exponentially, with EVs and energy storage systems now overtaking consumer electronics as the main drivers for battery demand (Prosess 21 2022).

In the prelude to the EGD, the EU launched a *strategic action plan for batteries*. Built on discussions with industry, interested member states, and the European Investment Bank, the EU presented measures meant to aid the creation of battery manufacturing projects in Europe. Securing access to raw materials, research and innovation, fostering skill and competence, as

well as providing a regulatory framework were considered necessary measures to succeed (EU Commission 2018). The year prior to the report, the European Battery Alliance (EBA) was launched. The EBA is an industry led initiative meant to “support the scaling up of innovative solutions and manufacturing capacity in Europe” (European economic and social committee 2019, 3), as well as fostering cooperation between battery companies across the value chain, yet also including member states and EU representatives. Its mission is thus to fulfill the battery aspirations of the EU, as set out in the EGD and action plan. More precisely, its four main functions are 1) providing regulatory insights to its members, 2) providing market intelligence through gathering information from client companies, 3) Business development by putting companies in contact with investors, customers and suppliers. And 4), providing input from its members to EU institutions (EBA 2023). The alliance is said to have succeeded in filling gaps in the battery value chain, as well as leading to major industry investments. Moreover, such a *cluster* has proven useful in coordinating ventures between member states, to ensure a holistic value chain without unnecessary bottle-necks. Today it has more than 750 members across the value chain, including many Norwegian actors (Prosess 21 2022). The alliance also hosts ministerial meetings and industry conferences to foster cooperation within the value chain, provide updates on industry- and regulatory developments, as well as joint statements on the needs of the industry (European Battery Alliance 2023a).

Among other relevant European battery organizations, there is Eucobat, who represents companies involved with battery collection and recycling (EUCOBAT 2021). There is also EASE (European Association for Storage of Energy), representing members across the energy storage value chain (EASE 2022). Eurometal represents metal producers, including the processing industry (EUROMETAL 2022). Another actor is EIT Inno Energy, which was co-founded by EU working with “catalyzing and accelerating the energy transition” (Inno Energy 2022). They have invested in several companies important for the energy transition, including the norwegian battery company Freyr (Informant 10, 21.11.22). Now they are mostly interacting with the battery industry through the EBA, which they helped to co-found. Lastly, there is Business Europe, a big trade confederation representing much of European business. Their direct members are the trade confederations from almost all of Europe, including the EEA countries. They are a big actor in influencing european policy-making (Business Europe 2022).

Collectively, these organizations represents the voice of the European battery industry. An industry which, as displayed in Figure 1 below, can more accurately be described as a collection of industries. Yet through its organizations, different companies from all the links of the value

chain interact and form common policy positions. In the start of 2023 alone, the EBA hosted industry conferences on topics such as energy storage, emerging challenges, and compliance with the new Battery regulation (European Battery Alliance 2023a). EASE has recently presented feedback to the RePower EU¹ plan, encouraging more explicit goals for energy storage solutions (EASE 2023). Furthermore, Business Europe flagged the interests of the industry in a conference it held on battery recycling and future trade with China (Business Europe 2023). Thus, by various strategies, several organizations work to promote the interests of the battery industry on the European level.

2.2 The Norwegian battery industry

2.2.1 History and value chain

Although the production of batteries will constitute a new industry in the country, parts of the value chain have existed in Norway for over a hundred years. The mining- and the processing industries have a long history of producing minerals such as nickel, aluminium, graphite, silicon, copper, and cobalt. These are all relevant materials for battery production (Ministry of Trade, Industry and Fisheries 2022a). It is within refining and processing that Norway historically has been a leading actor. Companies like Hydro has produced aluminium for over a hundred years and have recently started to specialize their products to be compatible with battery production (Ministry of Trade, Industry and Fisheries 2022a).

With both old and new industries, the battery value chain in Norway is becoming rather substantial. Now companies are involved in many aspects of not only production, but also recycling and reuse. On the mining side, there is currently only one company that mines large quantities of relevant ore domestically, namely Skaland Graphite. Many of the other metals mentioned above are not mined in Norway but are refined there. Glencore is for instance producing cobalt by refining imported Canadian nickel matte. Norway does however have great proven reserves of relevant minerals (Prosess 21 2022). This has caught the attention of the EU, which has initiated a partnership with Norway on raw materials and battery value chains, described below (Ministry of trade, industry and fisheries 2022).

An area of the value chain absent from Norway however, is in the production of *precursors*. This is the chemical treatment of the raw materials to give them the desired composition to

¹ The European Commissions plan to become independent of Russian fossil fuel imports by 2030 (European Commission 2022d)

function as required (Prosess 21 2022). Even higher up in the value chain is the production of anodes and cathodes, the negative and positive plates in the battery, which are separated by an electrolyte (Britannica 2022). The company Vianode is currently producing artificial graphite anodes and is set to increase production. Another company, Cenate is the second company in this part of the value chain, set to produce nanomaterials based on silicon (Ministry of Trade, Industry and Fisheries 2022a).

As for battery cell production, there are planned three *giga factories*. Freyr and Morrow are set to build traditional battery cells, whereas Beyonder aims to produce high-effect batteries. Battery cell production is one of the most crucial parts of the value chain, as a lot of added value and job creation is involved. From these three factories there are expected to be created 7000 jobs directly, as well as considerable ripple effects in the rest of the value chain (Ministry of Trade, Industry and Fisheries 2022a).

Further up the value chain, there are more established companies such as Corvus, an early mover founded in 2009, which started to assemble battery packages for the maritime sector, used in for example electric ferries (Corvus 2023). Siemens Energy, ZEM Energy and Schive are other examples. These companies have historically imported battery cells from abroad to package and assemble them for different uses, such as maritime, military and niche industrial applications (Ministry of Trade, Industry and Fisheries 2022a). Lastly, some companies such as Batteriretur and Hydrovolt focus on reuse and recycling. As Norway has the highest percentage of EVs in its automobile fleet out of all the countries in the world, it is important to have systems for end-use ready (Prosess 21 2022).

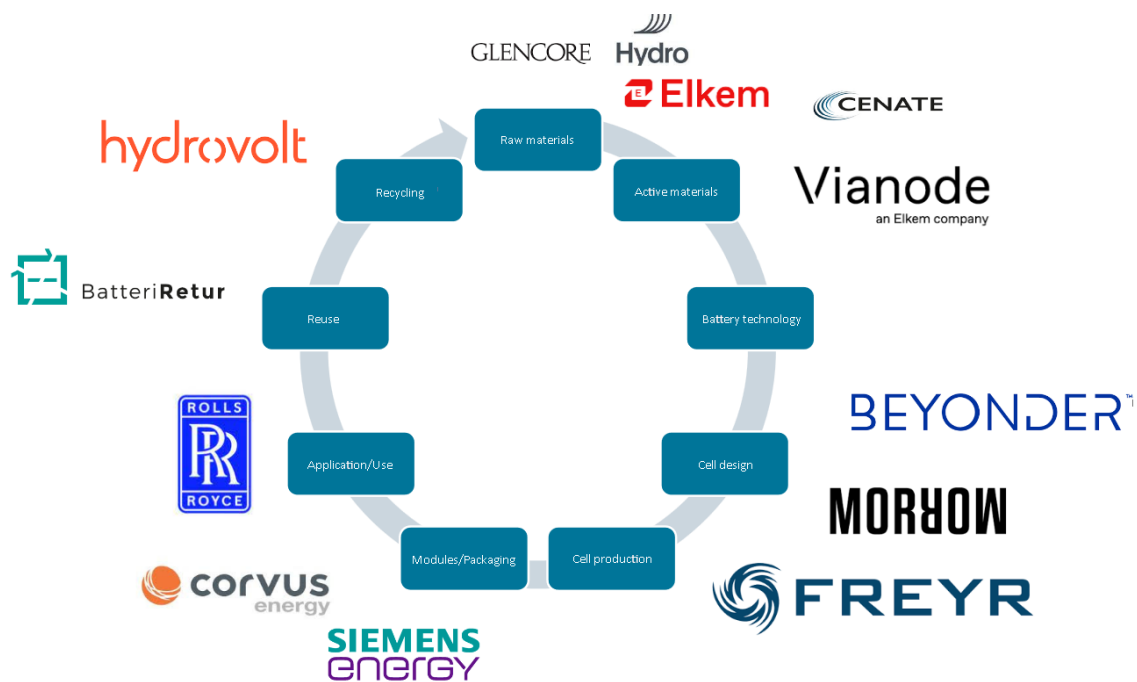


Figure 1. The Norwegian battery value chain. Source: [Norsk Industri \(2022\)](#)

2.2.3 Norwegian battery policy

The government's subsidies for EVs were the first legislative initiative related to utilizing batteries for decarbonization. Norway set itself the goal of banning the sale of new fossil cars from 2025 and thus initiated economic measures to achieve it. From 2011, EVs were exempt from tolls, value added tax, and enjoyed benefits such as lower road tolls, and access to bus lanes (Samferdselsdepartementet 2023).

The Norwegian government has in more recent years publicly stated the importance of the battery industry. Earning it central spot in the strategy for green industry called the *Green Industry Initiative* (Grønt industriløft) which was announced in 2022. Together with offshore wind, hydrogen, carbon capture, the process industry, the maritime sector, and forestry, the battery industry is recognized as a green and future-oriented sector. One of the main ambitions of the plan is to help Norway increase its exports by 50% by 2030, to make up for an expected fall in oil and gas exports (Ministry of Trade, Industry and Fisheries 2022b). Some of the overarching aims of the initiative is to 1) strengthen the power grid's capacity. This is important to be able to secure enough energy directly to new industrial sites such as battery factories. 2) A national strategy for facilitating such green industrial sites will be initiated. 3) A mineral strategy will be established to support sustainable mining practises. Such a strategy will directly

affect the battery value chain. 4) The government will attempt to mobilize more private capital towards green investments through risk mitigation, pledging 60 billion NOK to such schemes by 2025. 5) The government aims to implement a skills reform to ensure that the workforce possesses the relevant knowledge needed to partake in the new industries (Ministry of Trade, Industry and Fisheries 2022b).

In parallel with the Green Industry Initiative, the *Norwegian battery strategy* (Norsk batteristrategi) was announced by the Ministry of trade, industry, and fisheries. In addition to similar aims found in the Green Industry Initiative, it also contains more sector-specific initiatives. Some prominent examples are the entering of industrial partnerships with relevant countries, promoting a sustainable value chain, and supporting ‘pilot municipalities’ through the early phase of industry establishments (Ministry of Trade, Industry and Fisheries 2022a). These strategies are interlinked with the overall European initiatives on batteries and green transitions more broadly.

2.2.2 Norwegian prospects

As part of the Norwegian battery strategy, the ministry conducted a market analysis signalling some of the strengths, weaknesses, possibilities, and threats for Norway as a hub for battery industry. The strategy is partly based on input from The Norwegian Trade Confederation (NHO), Prosess 21, an interest organization for the processing industry, and Battery Norway, an interest organization for the battery industry (Ministry of Trade, Industry and Fisheries 2022a).

The most obvious strengths of the industry, according to the rapport, is the availability of renewable and relatively cheap energy, as Norway receives most of its power from hydro plants. This is important for both processing and battery cell production, which are energy intensive industrial processes. The long presence of the aforementioned processing industry is another advantage as it is a relevant part of the value chain, and the expertise in the sector will largely be relevant for cell production. Furthermore, the large share of EVs in the vehicle fleet is as mentioned an advantage for the recycling businesses, which will be profitable relatively early in Norway compared to other countries. Due to the lucrative incentives from the government, Norway has the highest share of EVs per capita in the world. EVs constitute 18% of the vehicle fleet, and over 70% of new cars sold in 2022 were electric (Samferdselsdepartementet 2023). This entails that many batteries will be available for recycling and reuse. An advantage at a more general level is the institutionalized dialogue between representatives from trade unions

and employer's associations, creating a stable business environment. Other advantages not necessarily limited to Norway are a stable political situation, a skilled workforce, strong cooperation between business actors, a vital research & development community, and a green image.

There are also weaknesses listed in the report. As a non-EU member, Norway has limited influence on policy processes in Brussels, so its domestic interests are not always considered. Norway also lacks experience with high-volume industrial production more commonly found in larger countries, which will be relevant for cell production. Every part of the value chain will not be represented in Norway, but the most glaring omission will be the production of precursors. Battery industry also requires a lot of initial investments, and the Norwegian investment community is not experienced with such capital intensive, and risk filled ventures. Other weaknesses not necessarily limited to Norway are an expected shortage of experienced, skilled personnel, and lengthy processes to obtain permits and licenses.

Regarding the listed possibilities, diversifying exports away from oil and gas is a big priority for the government, which seeks to increase other exports with 50% by 2030. It is also believed that the coming battery regulation from the EU will be favourable towards Nordic actors. The cooperation with said Nordic actors is also expected to be an advantage. A coming strategic partnership between Norway and the EU on batteries and raw materials is also expected to yield positive results. The partnership is non-binding yet will entail the creation of a task group consisting of experts and bureaucrats holding official meetings. They will meet twice a year and provide recommendations for ministerial meetings held once a year (Ask 2023). They aim to strengthen the integration between Norway and the EU within the strategic value chain of raw materials and batteries. Other goals are to develop increased competency on batteries, reduce financial risk, and maintain a dialogue on regulations. The partnership has as of now not been initiated (Ask 2023).

As for expected threats, the report emphasises that in 2027, the UK will as a part of a trade deal with the EU, put a 10% tariff on batteries produced in third-countries², including Norway. In the aftermath of Brexit, the two sides negotiated a new trade deal. In the part concerning EV batteries, a tariff was placed on third-countries, mainly to shield against cheaper Asian producers (NHO 2021). Intended or not, Norway got labelled as a third-country. As for domestic concerns facing the industry, a dwindling surplus of energy production and continued

² Countries not included as parties in a trade deal

high energy prices are listed. There is also the possibility that many of the relevant minerals available domestically cannot be extracted due to local opposition. Other threats not limited to Norway are competition from more experienced Asian producers, mastering the technology and achieving new competence, and a lack of relevant resources (Ministry of Trade, Industry and Fisheries 2022a).

Lastly, a new and somewhat unexpected threat emerging after the release of the strategy is the Inflation Reduction Act (IRA) from the US : “The climate action investments in the IRA are the largest investments into a green transition of the US economy and society in the history of the country” (Bernoth and Meyer 2023, 3). At the outset, the act was viewed favourably by the EU, as it seemed that the US also was heightening its climate ambitions. However, it soon became clear that the IRA would entail large subsidies for domestic industry, which could relocate green investments and resources away from Europe. In total, the IRA will mobilise 360 billion USD (330 billion EUR) over the next decade (Bernoth and Meyer 2023). In order to qualify for much of the tax credit volumes related to green industry, around 60% of the product needs to be manufactured in the US or in a country with which the US has a free trade agreement (Bernoth and Meyer 2023). As the EU does not have a free trade agreement with the US, European companies must partially relocate production to remain competitive in the US market. This could lead to outsourcing of battery companies and qualified personnel from the EU, which directly undermines its goal of strategic autonomy and the establishing of a European battery value chain.

2.2.4 Inclusion and influence

Some of the most prominent actors across the battery value chain have organized themselves through the newly established platform Battery Norway. It was established to foster greater cooperation among actors in the domestic value chain, as well as to represent the industry outwards (Battery Norway 2022a). Prosess 21 is a similar platform of members from the processing industry focusing on sustainability. Processing is as mentioned a part of the battery value chain. The Eyde cluster initiated both of these platforms, and is an industrial cluster made up of businesses from the processing industry (NCE EYDE 2022). To voice their opinion towards the Norwegian government or towards the EU, the industry would either go through Industri Norge, the interest group of Norwegian industry, or NHO, the Norwegian Trade Confederation, which has an even broader member base (Informant 9, 10.11.22). The Norwegian industry is also associated with the European organizations listed above: The European battery alliance, Eucobat, EASE, Recharge, and Business Europe.

European industry associations										
European Battery Alliance		EASE	Business Europe		Eurometal		Eucobat		Recharge	
Norwegian industry associations										
Battery Norway		Prosess 21		Norsk Industri		NHO		Innovation Norway		
Norwegian battery companies										
Raw materials and processing		Precursors	Anodes and cathodes		Cell manufacturing		Application		Second use and recycling	
Hydro	Glencore	-	Vianode	Centate	Morrow	Freyr	Corvus	Siemens	Batteriretur	Norsirk
Elkem	Skaland Graphite		Borregaard	Cealtech	Beyonder		ZEM	Evoy	Hydrovolt	ReSiTec
			Tiotech						Glencore	

Figure 2. Overview over companies and industry associations. Source: own elaboration

2.3 The European Green Deal and beyond

The European Green Deal is a comprehensive plan that was put forward by the Commission in 2019 as a strategy to reach the union’s goal of becoming carbon neutral by 2050. The plan touches on many aspects of both the economy and society, aiming to create a “fair and prosperous society” where “economic growth is decoupled from resource use” (European Commission 2019). It is an all-encompassing strategy, which will entail the production of a plethora of regulations to attempt to achieve its goals within various sectors. The areas of concern for the EGD can according to Sørensen and Termansen (2020, 6) be summarized in the ten following points:

1. Clean energy
2. Circular economy
3. Buildings and energy efficiency
4. Sustainable transport
5. Sustainable agriculture
6. Biodiversity and ecosystem protection
7. Zero pollution and a toxic-free environment
8. Sustainability as a part of all EU policy
9. The EU as a green global leader
10. A European climate pact

The EGD’s goal of reaching climate neutrality has been signed into law, thus making it a legal commitment for the EU. The European climate law as it is called, also includes a goal of cutting emissions by 55% by 2030, from 1990 levels (EU parliament and council 2022). Many of the

regulations produced as a part of the EGD will affect the battery sector, especially since at least point 1,2,3,4,7, and 9 concerns the industry. The regulations and initiatives from the EGD with the greatest relevance to the battery industry, namely the Battery regulation, Taxonomy, the Renewable Energy Directive (RED), the Critical Raw Materials Act (CRMA), and IPCEI (Important Projects of Common European Interest), will now be visited.

2.3.1 The Battery regulation

In 2020, the Commission proposed a new battery law as a part of its action plan for a circular economy. It is set to replace an existing directive from 2006. As battery demand is expected to rise 14-fold by 2030 from 2020, a new more comprehensive legislation is being put forward. The regulation will cover all aspects of the battery life cycle, from the extraction of raw materials to recycling and reuse (European Commission 2020b).

Battery manufacturers will be obliged to provide information such as carbon footprint, which needs to be within the threshold stated in the law. There are also proposed new requirements for how much recycled material new batteries must contain, such as 20% recycled cobalt and 10% recycled lithium by 2035 (European Commission 2020a). There would also be performance and durability requirements, and obligatory documentation of said requirements. Labelling of battery chemistry would be mandatory. A battery management system would also have to be included, informing the user of the remaining capacity, health, and expected lifetime of the battery. The proposed law also contains provisions on conformity. This will make it easier for users to replace old batteries and simplify the recycling process. Related to recycling, battery producers would also be responsible for ensuring the collection of used batteries. All waste batteries are required to enter the recycling process, and recovery rates shall increase over time (European Commission 2020a).

Additionally, batteries over 2 kWh will from 2026 be required to have an electronic *battery passport*. It will contain information regarding the individual battery's way up the value chain, the state of the battery, and the other mandatory information listed above. The passport is intended to create transparency in the market and ensure 'due diligence' across the supply chain. This entails that manufacturers will have to evaluate the ethical aspects of the extraction of the raw materials they utilize in their production (European Commission 2020a).

When evaluating the battery regulation at the Future battery forum hosted by the EBA, CEO of the battery company ElevenEs, Nemanja Mikac said "we cannot compete with Asia on price, so we will have to compete on sustainability" (Future battery forum, 03.11.2022).

Comprehensive environmental legislation on batteries in the EU does then, in addition to contributing to emission reduction, shields its domestic industry against cheaper foreign competitors (European Commission et al. 2021). The battery regulation is thus an important part of the EU's goal of strategic autonomy previously mentioned. "This is also a geopolitical game [...] where one seeks to become independent from the Chinese" (Informant 11, 22.11.22)

The thoroughness and ambition of the Battery regulation's framework points to it being more than a new law, but a blueprint for future regulation. "The job that is being done now, will be important in the future for making a blueprint for how to regulate (EU) waste management directives in the future" (Informant 3, 03.10.22). Thirty pieces of secondary regulation are expected in the coming years to further flesh out the Battery regulation (Eyde Cluster 2020).

2.3.2 The EU taxonomy

The EU Taxonomy is a classification scheme created by the EU to direct more investments into sustainable economic activities and projects, in order cut emissions in accordance with the objectives of the European Green deal (European Commission 2022a). The taxonomy requires businesses of a certain size to report on relevant numbers, to create market transparency. Which companies need to comply is defined by the NFRD (Non-financial reporting directive), and are public-interest³ companies with over 500 employees. However, the threshold for the number of employees is expected to be lowered, affecting even more companies (European Parliament 2021). The companies need to report on 'key performance indicators' such as capital expenditures, operational expenditures, and whether they comply with the criteria for sustainable activities set out by the taxonomy (EU Commission n.d.). It will not be compulsory for the companies in question to align their activities with the criteria. However, the reporting will be mandatory (European Commission 2022a).

To be considered *taxonomy aligned*, a company will need to make a 'substantial contribution' to one of the following environmental objectives while not doing 'significant harm' to any of the others:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy

³ Companies having an impact on the general public

5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems
(EU Parliament and Council 2020)

Currently, the Taxonomy is only a reporting tool that creates transparency in the market. The goal is that the availability of standardized information on sustainable economic activities will incentivise more investments to such activities, create market advantages for taxonomy-aligned companies, and deter greenwashing (EU Commission n.d.). Such market advantages are thought to be better conditions for loans and insurances, more readily access to capital, better reputation, to mention some (EU Commission 2020). The Taxonomy regulations say nothing regarding the benefits that complying businesses will enjoy; this will be entirely up to actors in the market how compliance is rewarded (Informant 6, 28.10.22).

The creation of the Taxonomy was partly a result of pressure from the financial sector, which sought clarification and common standards to assess the sustainability of their investments (Informant 6, 28.10.22). In 2018, the European Commission launched an action plan called “financing sustainable growth” (Och 2020, 1). Simultaneously, it established a Technical Expert Group (TEG) tasked with creating screening criteria for sustainable economic activities. The group consisted of members from civil society, academia, business, finance, and observers from the EU. Their work resulted in a report that became the baseline for the Taxonomy, which was ratified in the European Parliament in 2020 (European Commission 2022a). From January 2022, companies were obliged to report on their compliance with the first two of the above-mentioned environmental objectives. Reporting on the remainder of the objectives became mandatory in January 2023 (Och 2020).

Due to its membership in the EEA, the Taxonomy is not automatically implemented in Norway. However, it was passed in the Norwegian parliament in 2021 as the “law for sustainable finance” (Finansdepartementet 2022). This law was set to take effect in 2022, yet due to delays from the other EEA member states, reporting will not be mandatory until some point in 2023. Although the EEA committee approved the taxonomy in 2022, Iceland and Lichtenstein are yet to finish their respective assessments of the law (Finansdepartementet 2022).

2.3.3 The Renewable Energy Directive and Fit for 55

A new version of the Renewable Energy Directive has been proposed as a part of the EU’s *Fit for 55* legislative package. The package consists of proposed environmental laws to ensure that the EU achieve its goal of cutting CO₂ emissions by 55% by 2030 (European Council 2023).

As for RED, one of its new amendments is to restrict EU member states ability not to issue ‘guarantees of energy origin’ (EU Parliament and Council 2021). Originally a part of the EU renewable directive from 2001 (European Parliament 2009), the guarantee allows any company in Europe to purchase a paper from a renewable energy producer located within the EU which guarantees that the energy used for production is renewable. Its function is for companies to be able to declare that their production is based on clean energy, as well as providing renewable energy producers with an additional source of income (NVE 2015). Other relevant aspects of the Fit for 55 package include further developing the EU emissions trading system. It includes a carbon border adjustment mechanism that puts a toll on foreign imports which does not meet the emission criteria of the EU. Furthermore, binding emission cuts in sectors not included in the trading system were increased. The package also included initiatives to reduce emissions from vehicles and industry (European Council 2023).

2.3.4 Other EGD initiatives relevant for the battery industry

The Critical Raw Materials Act (CRMA) is the most recent proposal from the Commission with great relevance to the battery industry. Firstly, the act seeks to identify which materials should be categorized as critical and strategic for the European economy. Another initiative in the act is to establish a European network of raw materials agencies to coordinate efforts among the member states, and assist with risk anticipation and stockpiling (Breton 2022). Importantly for Norway, the act would also seek to strengthen the raw materials supply chain by investing in raw materials extraction and processing within Europe. Lastly, the act will attempt to establish a certification standard to ensure an even playing field in the market and create stability for investments (Breton 2022). Norwegian stakeholders, have for the most part, expressed enthusiasm for the act and has sent in joint letter to the EU during the consultation process. At the Commission’s *Have your say* webpage, 17 Norwegian stakeholders are listed to have given feedback (European Commission 2022b). The Norwegian stakeholders were some of the most active participants in this feedback session, which speaks of its importance to the country.

Horizon Europe is a funding program worth over 95 billion euros, which is set to contribute to research and innovation to tackle climate change and contribute to further economic growth and competitiveness. Projects all across the supply chain are eligible to apply (European Commission 2021).

Important Projects of Common European Interest (ICPEI) is another financing scheme supporting research and development. There are IPCEIs within many fields of ‘common

European interest’, such as medicine, hydrogen, and batteries (EU Commission 2021b). What they have in common, is that IPCEI projects are exempt from state aid rules. Furthermore, one must fill a ‘market gap’ to be eligible for ICPEI funding. This entails that one can solve a deficiency in the market, yet not be able to access sufficient funding in the private market. Thus IPCEI supports innovative projects which might be too risky for private investors (European Commission 2022c). Within a given IPCEI, there is a goal of creating cooperation between many companies within the field. For a business project to be eligible, it must demonstrate that it can lead to sustainable growth, solve systemic system- or market problems, and why results cannot be achieved without state aid (EU Commission 2021b). There are currently two battery-related IPCEIs, *IPCEI on Batteries* led by France, and *European Battery Innovation* (EuBatIn) led by Germany. The main objectives of the first are to foster innovation within lithium-ion battery development, increase the sustainability of the value chain, promote battery related education, as well as up-scaling and coordinating the European value chain (IPCEI Batteries 2023). The objectives of EuBatIn however, are to increase the sustainability and quality of components made from raw materials, develop new battery cell technology, develop new battery management systems, and lastly to increase recycling levels (IPCEI Batteries 2023).

2.4 Norway and the EU

Norway is as mentioned not a member of the EU, but of the EEA (European Economic Area) together with Iceland and Lichtenstein. The countries are equal and integrated members of the EU common market, with the same privileges and responsibilities as full EU member states. The EEA agreement covers more than just trade; services, a common finance market, free movement, collaboration on science, and education are also included, as well as common laws on market competition, state aid, and public procurement (Sverdrup 2019). However, the agreement has some democratic deficiencies, for even though the EEA countries have the right to participate in certain EU forums, they do not have voting privileges, nor the right to deliver policy proposals. They thus have to pass legislation they cannot vote on. In return, the countries enjoy full sovereignty over fishery and agriculture policy, as well as their relationship with third-countries (Sverdrup 2019).

EU laws do however not become EEA laws automatically; they must first be reviewed and formally accepted. The process starts with EEA participation in expert groups and committees within the EU (without voting rights). When the Commission releases proposals for new legislation, and throughout the process, EFTA (European Free Trade Association) expert

committees put forward comments on the proposed legislation, expressing the interests of those countries (EFTA consists of the EEA countries and Switzerland) (EFTA 2019).

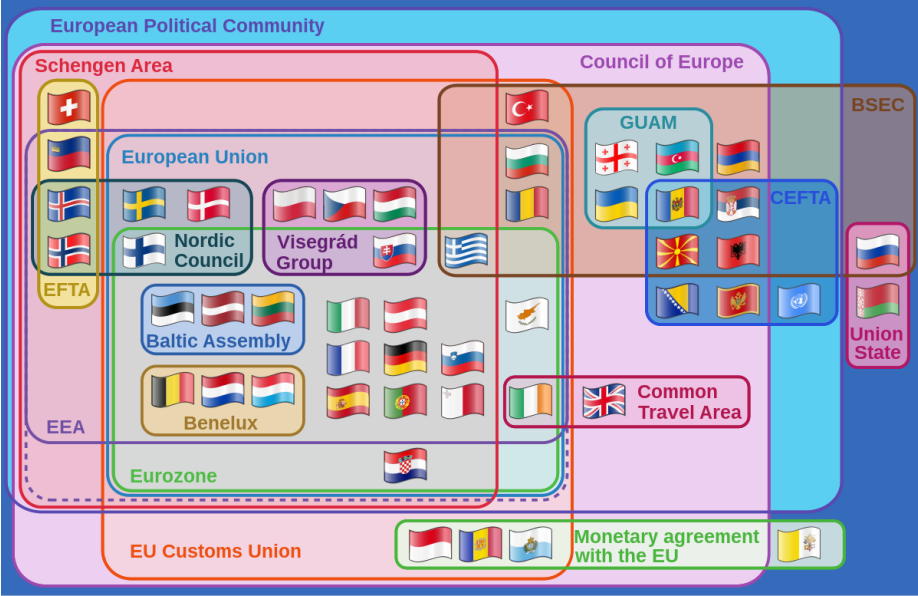


Figure 3. Supranational European bodies. Source: Wikipedia (2023)

Furthermore, when the EU implements legislation, EFTA expert groups evaluate whether the legislation is relevant for the member states, and if it requires adjustments due to specific national concerns or in relation to the EEA agreement (EFTA 2019). Then the proposed legislation is processed by the individual states, before the EFTA secretariate makes a draft for a resolution on adding the proposed legislation to the EEA agreement. This resolution then must be approved by the governments of the EEA countries. If the EEA countries propose any revisions of the proposal, these changes will have to be reviewed by the EU before a final approval (EFTA 2019). Since the 1980s, around ¾ of the new laws adopted in Norway originated in the EU. Many of these are directives that the member states themselves decide how to implement, yet Norway often adopts stricter interpretations and enforcement of these laws than many EU member states (Engen et al. 2021).

Located in Brussels, the Norwegian delegation to the EU represents the Norwegian government and its interests, as well as staying updated on policy developments within the union (Ministry of Foreign Affairs 2016). There are also many Norwegian commercial actors represented in Brussels. This includes many of Norway’s biggest companies such as Hydro, Equinor, Yara, and Kongsberg. In addition, interest organizations are also present, like NHO, Finance Norway, and Innovation Norway (Ministry of Foreign Affairs 2022). Many of these actors share office space in a building called *Norway House* (Informant 2).

3.0 Theory and literature

To assess the perceived importance and influence of Norwegian battery companies in the making of the relevant regulations of the European Green deal (EGD), I will attempt to assess what type of stakeholder these companies are in relationship to Brussels. I will apply Mitchell, Agle, and Woods' (1997) theory of stakeholder salience to classify the companies based on their perceived power, legitimacy, and urgency toward the legislative process. Furthermore, regulation literature will be utilized to assess to what degree the different EU legislation allows for stakeholder input and adaptation. Lastly, the theory of the "Shadow of hierarchy" will be utilized to assess how companies react to different regulation regimes, as well as to address the influence the battery industry enjoys at the European level in EU policymaking. The latter theory falls within governance literature, yet the regulation regimes are an important component of the theory.

Stakeholder theory is useful in identifying those who affect or are affected by the actions and decisions of an organization. It thus serves as the theoretical framework of the thesis, as well as a suitable starting point for the crutch of the analysis. However, on its own, it would be too descriptive and narrow to answer the research question in full. Regulation literature ties in with stakeholder theory and the thesis in general in how it helps to categorize the EGD regulations and to what degree they allow for stakeholder inclusion. The Shadow of hierarchy provides assumptions of how private stakeholders tend to react to EU regulatory legislation and incentives, which is useful to compare with the experiences of the industry. Furthermore, the theory ties the thesis to EU governance. The chosen theoretical approach nicely ties together regulatory and governance-related concerns, yet a weakness is that it does not fully allow for an analysis of geopolitical factors. However, with the scope of the thesis in mind, I argue these factors are discussed adequately.

3.1 Stakeholder theory

R. Edward Freeman developed stakeholder theory in his 1984 book *Strategic Management: a stakeholder approach*. This was a contribution within the business management literature, and the main point of the theory is that it would be short-sighted for firms to only focus on their responsibilities to their shareholders, and that the interests of other *stakeholders* also should be prioritized (Freeman, Harrison, and Zyglidopoulos 2018). Stakeholder theory is thus interested in the ethics of capitalism and argues that a firm or organisation's economic and social

responsibilities are interlinked. Bryson (2004) points out that in an ever more interconnected world, keeping tabs on relevant stakeholders becomes more important. “It is hard to [...] manage relationships without making use of carefully done stakeholder analyses” (2004). The first definition was coined by the Stanford Research Institute in 1963: “those groups without whose support the organization would cease to exist” (Parmer et al. 2010, 30). Typical stakeholders for an organization are customers, employees, suppliers, investors, adjacent communities, NGOs, governmental regulators etc. (Freeman, Harrison, and Zyglidopoulos 2018). To differentiate between stakeholders, one can separate them into primary and secondary stakeholders. The first group directly influences the organization, while the latter has a more indirect influence. To classify a stakeholder as one or the other is not always intuitive; however, a customer or employee would be clear examples of primary stakeholders, and NGOs and the media are clear examples of secondary stakeholders (Freeman, Harrison, and Zyglidopoulos 2018).

There are however other definitions that either narrows or broadens who should be considered a stakeholder. A broad definition, which is one utilized by Freeman, is that stakeholders are those who “affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives”(Freeman, Harrison, and Zyglidopoulos 2018, 54). An example of a narrower definition is that only “claimants with contracts” should be considered stakeholders (Cornell and Shapiro 1987). Using a too narrow definition could result in organizational leaders overlooking and excluding relevant stakeholders in decision-making processes. Yet, a too wide of a definition will make it hard for an organization to prioritize its time and resources on the correct issues and the most deserving stakeholders (Parmer et al. 2010). This is a relevant discussion within the stakeholder literature and in this thesis; to what extent are Norwegian battery companies treated as stakeholders in EU legislative processes?

Mitchell et al. set out to develop a method for assessing the salience of stakeholders. For up to this point, there had been no precise method for assessing which stakeholders are the most important, and deserving of the time and resources of the organization (Mitchell, Agle, and Wood 1997). They argue that the importance of a stakeholder to a given organization depends on whether the stakeholder possesses certain attributes: Power, legitimacy and urgency. The authors then present different categories one can place stakeholders in, based on which attributes they possess (Mitchell, Agle, and Wood 1997). I will utilize this categorization to assess the salience of the battery companies as stakeholders. The theory was created for managers to help them assess the importance of stakeholders. However, as some examples

below show, Mitchell et al. also point to conditions that can help stakeholders gain importance in the eyes of management. This is the most relevant part of the theory for this thesis, as I will focus more on the perspective of the stakeholders (the battery companies) rather than management (the EU). Furthermore, I will include the elaborations of Eesley and Lenox (2006) to the stakeholder salience theory.

3.1.1 Attributes

Power:

The authors' definition of power is "A can get another social actor, B to do something B would not otherwise have done". If an actor is free to exercise power over the organization, it is often considered a stakeholder (Mitchell, Agle, and Wood 1997). Eesly and Lenox focus more on access to resources in their definition of stakeholder power: "the relative access to resources for the stakeholder group with respect to the firm being targeted" (2006, 3). Suppose a stakeholder is able to withhold resources from a firm or can deplete a firm's resources through tactics such as lawsuits or boycotts. In that case, the stakeholder will have power over the organization. The power dynamics thus depend on the stakeholder's and the firm's access to resources vis a vis each other (2006). As for what resources private actors can provide the EU, Héretier and Rhodes (2011) point to expertise and information, either through lobbying or participating in deliberations. Assisting in implementing policies is recognized as a critical resource private actors can provide. Lastly, they mention the capacity for self-regulation.

Furthermore, as this thesis will focus on stakeholders' relationship to a supra-national organization, it seems useful to include another form of power, *institutional power*. As the nature of the EU and any given private firm are widely different, a more governance-related definition of power was necessary to include, since a mostly resource-focused definition would be too narrow. Dignum (2009) defines institutional power as "the characteristics of organizations/institutions [...] whereby designated agents, often when acting in specific roles, are empowered, by the institution, to create or modify facts of special significance in that institution [...] usually by performing a special kind of act" (466).

Legitimacy:

"A generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Mitchell, Agle, and Wood 1997, 18) is the definition here used for legitimacy. To get attention from the management of an organization, legitimacy is crucial. The authors claim that

legitimacy and power have been used interchangeably in earlier stakeholder theories and argue this is an error. The two attributes often intertwine yet can exist separately from one another (Mitchell, Agle, and Wood 1997). Eesly and Lenox elaborate by stating that it is not only the legitimacy of the stakeholders themselves that is relevant, but also the legitimacy of the request they make. A legitimate stakeholder might request something from the organization which it perceives as illegitimate (2006).

Urgency:

Urgency is here defined as something “calling for immediate action” (18). Urgency calls for attention and can be the catalyst for making an actor a stakeholder to the organization. Time sensitivity and the importance of the matter to the stakeholder give the stakeholder urgency (Mitchell, Agle, and Wood 1997).

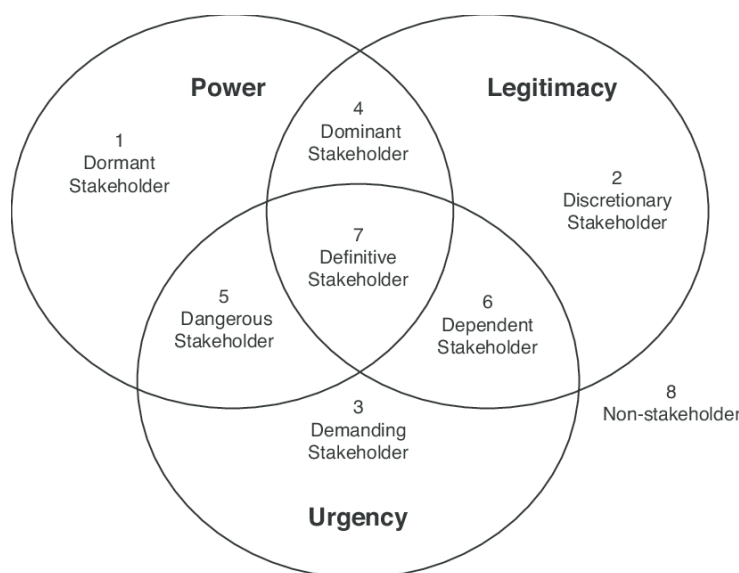


Figure 4. Stakeholder categories. Source: Mitchell, Agle and Wood (1997)

The authors also emphasise that the attributes interact with each other: “Power gains authority through legitimacy, and it gains exercise through urgency”, and “Legitimacy gains rights through power and voice through urgency” (Mitchell, Agle, and Wood 1997, 18, 19) In combination with legitimacy, urgency “promotes access to decision-making channels” and in combination with power it encourages stakeholder action (Mitchell, Agle, and Wood 1997, 19) Whether a stakeholder possesses one, two or all three of the attributes will decide the salience of the stakeholder. Under, the different stakeholder categories coined by Mitchell and colleagues are explained. See figure 4 for overview.

Latent stakeholders:

These stakeholders possess only one of the three attributes and should thus be given low salience. *Dormant stakeholders* have power over the organization but lack urgency or legitimacy. Such stakeholders should be monitored in case they acquire more attributes. *Discretionary stakeholders* enjoy legitimacy yet lack power or urgency. The manager may choose to interact with such a stakeholder but will not face pressure if not. I.e. Philanthropy. Demanding stakeholders has urgency but no power or legitimacy and is thus only experienced as “noise” by the manager (Mitchell, Agle, and Wood 1997).

Expectant stakeholders:

They possess two out of the three attributes and should thus enjoy a medium level of salience. By possessing two attributes, these stakeholders have an active rather than a passive stance towards the organization, compared with latent stakeholders. *Dominant stakeholders* are both powerful and legitimate and are usually the kind of stakeholder discussed in the literature. They often have formal relations or positions within the organization, such as employees, members, owners, and creditors. *Dependent stakeholders* enjoy legitimacy and urgency yet lack power. Such stakeholders must rely on others to implement their will, be it other more powerful stakeholders or the manager of the organization. Advocacy is thus often utilized by dependent stakeholders to achieve their goals. Finally, *Dangerous stakeholders* are powerful and has urgency, but lacks legitimacy. This can be actors willing to use unlawful actions to enforce their will (Mitchell, Agle, and Wood 1997).

Definite stakeholders:

These stakeholders have a claim on the organization by possessing all three attributes and thus enjoy the highest level of salience. Therefore, management will have to prioritize the interests of such a stakeholder. It can for instance be a dominant stakeholder, such as a shareholder addressing concerns over the direction a company is taking. Another example is a dependent stakeholder, such as an environmental organization suing and winning over a company in court, thus utilising the power of the state to secure its interests (Mitchell, Agle, and Wood 1997).

However, it is important to remember that stakeholder attributes are socially constructed, not objective reality. Additionally, it is not certain that a stakeholder or an organization will be conscious of attributes ascribed to the stakeholder, or whether the stakeholder acts based on its

perceived attributes. Actors may also over- or underestimate a stakeholder's possession of a given attribute. Furthermore, it is vital to be aware that attributes may change over time, depending on factors affecting the relationship between the stakeholder and the organization (Mitchell, Agle, and Wood 1997). I do for instance argue further down that the war in Ukraine has changed the relationship between Norway and the EU. Nevertheless, the attributes do function as valuable theoretical tools.

3.1.2 Utilising stakeholder theory

Stakeholder theory is, as mentioned originally a contribution to business management literature, yet its usefulness applies to other fields as well. “policy analysts have long been aware of the importance of interest groups in the policy process; and the need to characterize and categorize levels of interests and power which influence, and therefore impact on, particular policies” (Parmer et al. 2010, 177). Public administration- and environmental policy literature are examples of other fields where stakeholder theory has been utilised. It has been argued that it is imprecise to label stakeholder theory as a theory, and that it instead should be considered as a genre. There are commonalities binding the different theories together, yet enough diversity for them to serve different purposes and applications. “It is a mistake to see stakeholder theory as a specific theory with a specific purpose. Researchers would do well to see stakeholder theory as a set of shared ideas that can serve a range of purposes within different disciplines and address different questions” (Mitchell, Agle, and Wood 1997, 79). Bryson (2004) did, for instance, make a list of techniques for stakeholder analysis for public management. However, Mitchell's theory seemed more appropriate for the analysis in this thesis than Bryson's, even though it originally was meant for analysis of private sector organisations.

Mitchell's theory of stakeholder salience has been utilized and tested by others, for instance, Thijssens, Bollen, and Hassink (2015) in their *paper Secondary Stakeholder Influence on CSR Disclosure: An Application of Stakeholder Salience Theory*. They sought to investigate environmental NGOs influence on managerial decision-making related to Corporate Social Responsibility (CSR) disclosure. They found that the legitimacy of the NGO's directly influenced their salience, while power and urgency had indirect effects. This is because the latter attributes depended on the NGO's legitimacy. It is interesting to compare these results with the findings of this thesis, even though this study was quantitative and focused on the private sector, as opposed to this thesis which is qualitative and focuses on different actors. Most studies utilizing this theory use quantitative methods to gather data from a large number of companies and often use the data to evaluate the theory's validity. However, as the

Norwegian battery industry only consists of around a dozen companies, a qualitative approach seemed more prudent.

3.2 Regulation regime literature

There are many ways in which economic activities can be regulated, and the preferred modes of regulation have changed over time. Different *regulation regimes* also vary in what degree they allow stakeholder involvement. For example, H eritier and Eckert (2008) make the argument that private firms prefer the absence of governmental regulatory interventions. If regulation, however, is imminent, then self-regulation is their preferred alternative. This is followed by command-and-control regulation, with co-regulation being experienced as the least popular option.

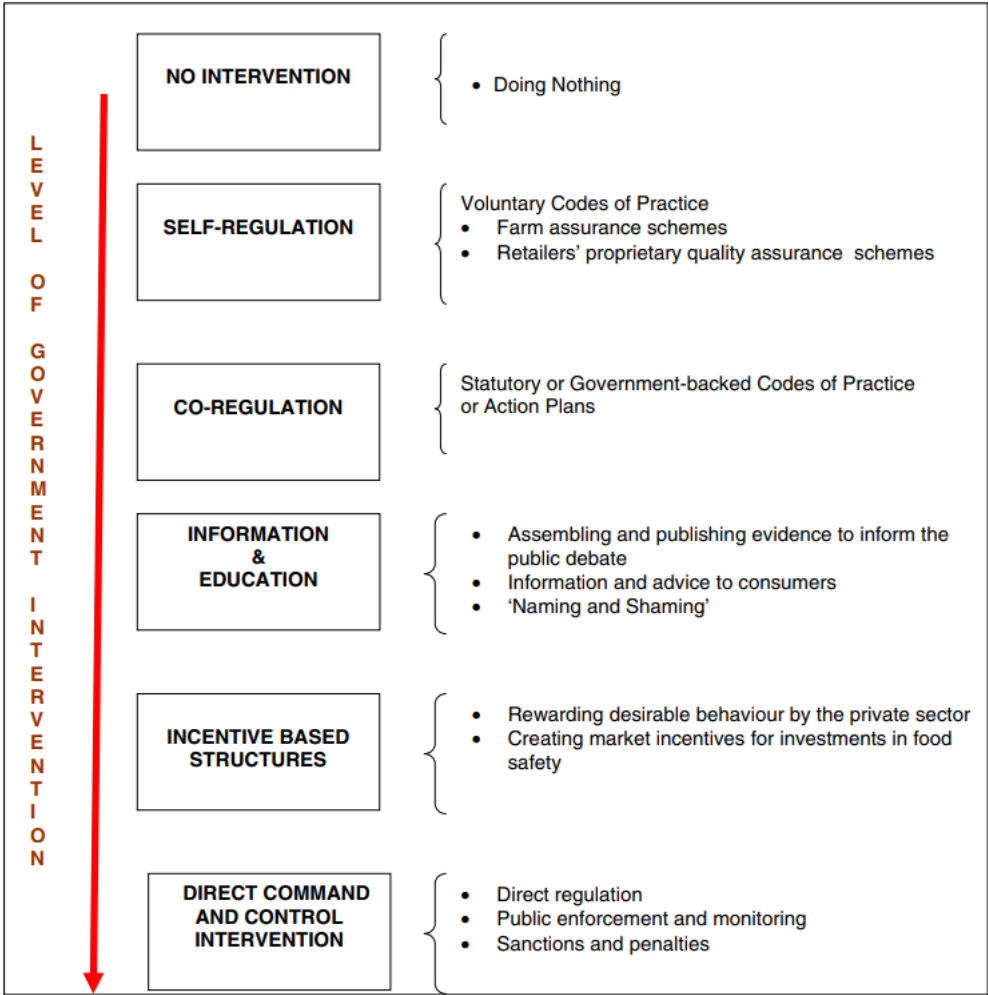


Figure 5: Regulation regimes. Source: Garcia Martinez et.al. (2007)

3.2.1 Command-and-control regulation

Command-and-control is the most historically common and most known form of regulation. It can be described as «detailed laws and precepts that secures the purposes intended by the legislator» (Engen et al. 2021, 231, my translation). These regulations can be both prohibitive or prescriptive, such as forbidding the use of certain chemicals or demanding specific security measures (Garcia Martinez et al. 2007). The advantage of this sort of regulation is that it is simple to verify if the regulated entity is acting in compliance with the regulation. It can, for instance, be that a battery company is obliged to use at least 10% recycled lithium in their batteries; either they are able to meet the criteria, or they are not. When compliance is easy to monitor, the regulating authority can react predictably. A company can thus readily be sanctioned if it fails to meet the requirements (Engen et al. 2021).

Even so, command-and-control regulations have somewhat fallen out of favour in Norway and Europe since the 1990s (Lindøe, Kringen, and Braut 2015). There have proven to be some disadvantages with this sort of detail-oriented regulation. Firstly, it is challenging for regulatory authorities to keep up with technological and societal developments, which thus puts the regulation in danger of becoming outdated (Engen et al. 2021). Furthermore, command-and-control regulation has been criticized for being a ‘one size fits all’ regulation regime. Small and medium-sized businesses do not have the same resources to follow up detailed and comprehensive regulations, which puts them at a disadvantage in competing with larger businesses (Garcia Martinez et al. 2007). The informants had disparaging opinions on whether those of the EGD regulations being categorized as command-and-control would hinder new battery start-ups from emerging.

Lastly, it has been argued that this regulation regime does not incentivise innovation since businesses rarely aspire to go beyond the specific requirements set out in the regulation (Eisner 2004). Nevertheless, it is acknowledged that command-and-control regulation is necessary when market solutions and standards fails to meet safety demands or achieve societal goals (Garcia Martinez et al. 2007). Many of the more ambitious regulations of the EGD can be categorized as command-and-control. According to the literature, these regulations should thus be viewed unfavourably by the battery industry. At least compared to the absence of regulatory intervention or self-regulation.

3.2.2 Self-regulation

Many private regulatory initiatives exist, which take the form of voluntary standards. Some examples include the International Organization for Standardization (ISO), FC, the EU Ecolabel, the Nordic Swan, and Fair Trade. Many of these were created in the later part of the 20th century, especially after the 1990s, at a time when there was disillusionment regarding the ability of governments to create legislation to address sustainability challenges (Schmitz-Hoffmann et al. 2014a). Quite a few of these voluntary regulations were initiated by NGOs, with the hope that the “power of the market” could be used to change social and environmental conditions for the better. Companies that choose to adopt such standards must then in most cases be verified by a licensed third-party accreditor in order for the company to receive a certification for achieving compliance (Schmitz-Hoffmann et al. 2014a). As discussed in the Shadow of hierarchy literature, private firms will sometimes engage in self-regulation if governments hints towards applying command-and-control regulations on the sector (Héritier and Eckert 2008). It will later be discussed whether the battery industry has made any such attempts in the face of the EGD.

As with the previously mentioned regulation regimes, there are also issues associated with voluntary regulation. Firstly, in some industries, there might be several competing certification schemes. This was the case in the UK agricultural sector, where several standards confused both farmers and consumers (Garcia Martinez et al. 2007). There is also the concern of market penetration. There is simply not enough demand for certification within most industries, with only a few outlying companies pursuing it. This is related to another issue: smaller companies such as producers from developing countries, lack the capacity to demonstrate compliance through documentation. Additionally, there needs to be a certain level of shared regulatory preferences within a sector for self-regulation to emerge. As the battery sector consists of many different industries across the value chain, there are many different regulatory considerations to take. However, industry associations seek to coordinate industry positions. Lastly, private regulation lacks the legitimacy of public regulation (Schmitz-Hoffmann et al. 2014b).

3.2.3 Co-regulation

Van der Voort (2016) points to two definitions of co-regulation. The first is “private parties executing oversight activities within a public regulatory framework” (6). This entails that businesses do not have a direct say in regulatory development, only that they can utilize certain private certification schemes to prove compliance with government regulation or private standards approved by the government. This definition covers the sort of co-regulations

sometimes observed in the EU (van der Voort 2016). The second definition is “public and private parties both regulating and executing oversight side by side” (6). This sort of co-regulation involves the participation of private parties to a more significant extent. Co-regulation is often initiated when aiming to address a specific issue, where it is considered beneficial to combine the flexibility of self-regulation with the authority and legitimacy of public regulation (Garcia Martinez et al. 2007).

An example is the EU Renewable Energy Directive (RED), where the EU introduced sustainability requirements for biofuels. Here companies could prove compliance through private certification schemes either approved by the EU Commission or the member state the company was located (Schmitz-Hoffmann et al. 2014b). As with the other regulation regimes, co-regulation has also garnered criticism. One is that governments often want a guarantee of results, which puts the burden on the private regulators and controllers. A related issue is that governments often feel pressured to end co-regulation and revert to command-and-control regulation when accidents or unintended consequences occurs at the watch of private regulators (van der Voort 2016). Another concern is that private and public actors might have different motives for wanting to engage in a regulatory collaboration. An example is *regulatory capture*, which means that private interests are able to influence regulations in ways to make them less effective or otherwise fails to serve the interests of other stakeholders (Garcia Martinez et al. 2007). According to Héretier and Eckert, co-regulation is the least popular regulation regime among private firms. The reluctance to engage in co-regulation is due to it entailing both “voluntary activity *and* mandatory requirements” (Héretier and Eckert 2008, 3).

The battery companies have at the European level, been able to provide input to many of the EGD regulations, some more than others. It will be discussed whether this constitutes as “regulating and executing oversight side by side”. It will also be determined if any of the relevant EGD regulations constitute co-regulation, and if it is the least popular regulation regime for the informants.

3.2.4 Regulation in the EU: better regulation guidelines

The EU has, as mentioned, moved away from command-and-control regulation and more towards other forms of regulation, evidenced by the *New Approach* directives from the 1990s (Lindøe, Kringen, and Braut 2015). In later years, co-regulation has been introduced, such as the aforementioned RED directive and the Capital Markets Union (Montalbano 2022). Regardless of regulation regime, the EU created the Better regulation guidelines in 2017 to

improve the quality and legitimacy of new legislation. They are set to evaluate the objectivity of new and old regulations alike and address if a given matter is best regulated by the EU or left to the member states (Garben 2020).

The guidelines cover the whole policy creation process, from the planning phase to the evaluation of the given regulation (EU Commission 2017). Garben (2020) points to three ‘problem-drivers’ that motivated the EU to adopt the guidelines, of which the most prominent is poor legislative quality. For example, EU laws sometimes contradict each other, lack precise definitions, and include many exceptions. A second problem driver is perceived over-regulation. A related problem-driver is proportionality; to ensure that the EU only regulates matters that cannot be solved at a member-state level. Lastly, a wish to increase participation by involving more stakeholders in all parts of the legislation development process, to increase the legitimacy of the legislative process and gather relevant feedback and expertise (Garben 2020).

To address these perceived legislative problems, the Better regulation guidelines include principles for each step of the policy cycle- preparation, adaptation, implementation, application, evaluation and revision (EU Commission 2017).

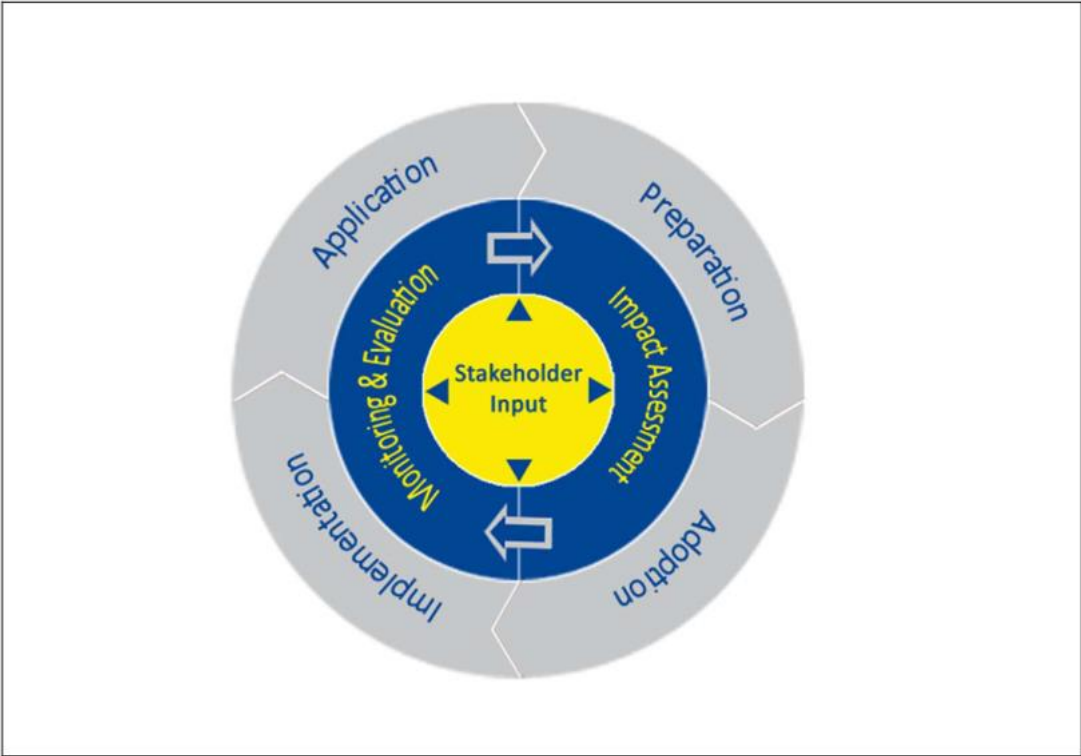


Figure 6. The EU policy cycle. Source: European Commission (2007)

In addition to trying to secure high quality for future regulation, the guidelines also include ‘fitness checks’ for existing regulation. Finally, with particular relevance to this thesis, it is worth mentioning how a considerable part of the guidelines focuses on stakeholder involvement: A mapping of relevant stakeholders should be done early on, so that they are included at the start of the process. This is to ensure that stakeholder feedback is included at a time when it still can impact the legislation. A part of this is to include a 12-weeks period for stakeholders to give feedback via the official EU *Have your say* web page. Moreover, the questions one asks stakeholders to respond to should not be too technical, and should relate to all policy aspects (EU Commission 2017).

Garben is doubtful whether the Better regulation guidelines will succeed in all its goals. When it comes to the first problem-driver of raising the legislative quality, she points out that compromises between member-states and the low trust among them lead to less coherent legislation. In chapter 6, it will be discussed whether compromises between member states have affected the legislative quality of the EGD regulations. This is an issue that guidelines are not able to affect. Garben also points out the limits of how the guideline addresses stakeholder involvement. When reaching out to stakeholders, it is normally the ‘usual suspects’ which get consulted, such as industry associations, EU-funded NGOs, and other actors with existing connections. The battery industry consists of new actors in this system, yet it will be discussed if the industry associations are able to compensate for this.

Furthermore, the guidelines do not mention what the Commission shall do with the information gathered from the consultations. Garben argues that meaningful public/stakeholder involvement would be better achieved by opening up the trialogues and closed meetings between the Commission, Council and Parliament (2019).

3.3 Shadow of hierarchy

3.3.1 The original concept

Héritier and Eckert (2008) argue that the ‘threat’ of public regulation is a necessary prerequisite for private businesses to engage in self-regulation. The authors assume that industry actors will seek to avoid command-and-control regulations, and thus will attempt to pre-empt such legislation by creating alternatives themselves. A “shadow of hierarchy” is cast by the government over the companies, shaping their actions. If “concrete preparatory steps” (4) are taken by the government, industry actors are more likely to overcome internal differences and seek together to create self-regulation.

Héritier and Eckert assume that when it comes to regulatory action, companies prefer its absence. If regulation however is imminent, then they prefer self-regulation. This is followed by command-and-control regulation, with co-regulation being assumed to be the least popular form of regulatory action (Héritier and Eckert 2008). The authors also argued that the Commission, or more specifically DG Environment prefers command-and-control, then co-regulation, followed by self-regulation, and lastly, no regulatory action. Furthermore, the authors assume the actors know the regulatory preferences of the other, which affects tactical decisions (Héritier and Eckert 2008). To motivate companies to follow up the commitments from the self-regulation continuously, prolonged government interest (maintaining a shadow of hierarchy) and market incentives proved important (Héritier and Eckert 2008).

Governments do, in some cases, want to encourage self-regulation in areas of high complexity, where industry expertise might be seen as required to develop the desired regulation. Climate and environmental governance are such areas, “where it is difficult to agree on means, definitions, and evaluation frameworks” (Szulecka and Strøm-Andersen 2022, 4). The battery industry does in many ways fit such a description, being a field consisting of complex new technology, and closely linked to environmental policy.

Héritier and Rhodes (2011) point out that there has been an increase in self- and co-regulation on the EU-level in areas of ‘complex market integration’, such as energy, environment, telecommunication, and financial markets. Creating regulation in these fields calls for a high degree of industry expertise, which has led the EU to delegate certain regulatory initiatives to private regulatory organizations or forums of regulators from the member states. Yet these attempts of co-regulation often require the Shadow of hierarchy to function properly. This is an example where the concept of the Shadow of hierarchy is utilized to describe EU governance, which will be expanded upon below. If the Commission is not pleased with the perceived quality of the proposed regulation, or if the development takes too long, it will ‘threaten’ to impose command-and-control regulation instead. Other sanctions are to grant or withhold recognition and access to the policy process. (Héritier and Rhodes 2011). For example, the European plastic- and paper industries were tasked with creating new recycling technology to meet EU ambitions. This development was quite costly and would probably not have been initiated without outside pressure on the industries (Héritier and Rhodes 2011).

3.3.2 Börzel's adaptation of the theory

Tanya Börzel adapted the Shadow of hierarchy to describe the mode of governance she observed within the EU. Instead of a Shadow of hierarchy cast by the government over private firms, which spurs calls for self-regulation, it is a shadow cast by EU institutions over member states (Börzel 2010). This adaptation of the concept is included as it is a useful tool in exploring how the EU's governing and legislative processes facilitate public-private interactions and different regulatory regimes. Börzel does for instance argue that the institutions and decision-making processes of the EU are more hierarchical than previously assumed.

In governance literature, it is common to distinguish between the three *rule structures* of hierarchy, market and network. Börzel describes European governance as “negotiation and competition in the shadow of hierarchy” (2010, 7). By this, she means that in common with nation-states, the EU has a governance system where hierarchy is the primary rule structure. So hierarchy, being an “institutionalized relationship of dominion and subordination” (Börzel 2010, 4), sets the rules for, or ‘casts a shadow’ over the subordinated rule structures of negotiation and competition.

Contrary to scholars viewing the EU as a governance singularity, called *network governance* by some, Börzel argues that the EU cannot be summarized by any one governance model. She does however emphasize the EU's hierarchical structure and its decision-making processes. A network-governance model is often characterized by forms of self-regulation and private-public co-regulation. Such regulation is rare on the EU level compared to in other supranational organizations, despite an increase since the 1990s. “Private self-regulation and private interest government are equally rare. The dominance of public actors distinguishes European governance from both governance within and beyond the state” (Börzel 2010, 21). The relative strength of public actors such as member states compared to private actors here described is important for the influence of Norwegian companies, who's homeland has no institutional power in the EU. “(In EU economic governance), as one rises to the national or supranational levels [...], the range of effective participation by a range of public and private actors is actually reduced” (Héretier and Rhodes 2011, 133).

Being a supra-national organization, the EU lacks a monopoly on force. Yet, through numerous treaties signed by the member states over the years, it has gained *supranational centralization*. The European Central Bank has for example the power to make legally binding decisions on behalf of the member states, the Commission can enforce rules on member states to maintain

the common market, and the European Court of Justice is invested with the power to interpret laws which are binding to the member states (Börzel 2010).

The negotiation and competition referred to is between the union's member states. Negotiation occurs between the member states in the European Council, which goes under the rule structure of networks. Networks are characterized by autonomous actors coming to mutual agreements. The Shadow of hierarchy makes itself visible here through the powers of the Commission and the European Court of Justice (ECJ) to contest legislation they believe to breach legislation or interfere with the common market (Börzel 2010). Monitoring lower levels of both public and private authorities has become an important instrument for the EU to achieve the goals set at the higher levels of governance. The ECJ has become an important tool for ensuring legal compliance with such goals (Héretier and Rhodes 2011). As described by Garben (2020), to reach a consensus among member states, EU legislation often consists of vaguely formulated statements. The ECJ then receives increased power as they are responsible in defining the correct interpretations of these laws. As a result, negotiations are subordinated to hierarchy.

EU governance is also characterized by competition between the member states. As the EU has become more heterogenous with the addition of new member states, coming into agreements regarding new common regulations and laws has proven difficult (Börzel 2010). Moreover, there are also areas that member states want to keep out of the jurisdiction of the EU, such as policies regarding taxation and public services. To get around these disagreements, the EU has passed increasingly more 'soft laws', where it's up to the member states to interpret and execute their implementation. This has, however, created the need for a Shadow of supranational hierarchy to address inevitable policy problems accruing due to different interpretations of the soft laws (Börzel 2010). In this way, the competition among the states gives room for hierarchical governance.

Even so, the existence of a strong hierarchy in the EU does not explain why private interests have not developed more of their own independent attempts at self-regulation. Börzel (2010) argues that even though European business and industry are organized and have influence in Brussels, they are not powerful enough to secure more cooperation-based regulation from the EU. Diversity of interests and a stronger focus on domestic agendas are presented as reasons for why European business and industry have not pulled together to secure more self-regulation on the EU level. Furthermore, the Commission has little incentive to involve private parties in a larger capacity than simply non-binding consultation (Börzel 2010). "Private actors are consulted at the different levels of government throughout the entire EU policy process. Yet,

they rarely enjoy a seat at the negotiation table” (Börzel 2010, 11). There are as mentioned some private self-regulation, for an example within technical standardization. But these are subject to control by the EU member states and the Commission. An EU policy goal recognized by Rhodes is: “The inclusion of ‘stakeholders’ as ‘partners’ in EU-managed as well as nationally and locally coordinated policy processes; but simultaneously also their co-option, not just for the purpose of gaining expertise and support but in support of a much broader aim to depoliticize the policy field and reduce conflict” (2011, 118).

3.3.3 Utilizing the theories of the Shadow of hierarchy

As for the definition of the term in its traditional meaning, I will utilize the definition by Scherer and Palazzo: “the potential threat that stricter regulations will be enacted unless the potentially affected business firms adapt their behaviour to the expectations of the legislator” (Scherer and Palazzo 2011, 13). Börzel gives no explicit definition for her adaptation of it, so based on her reasoning I formulated it as: *The power EU institutions have to enforce legally binding decisions on member states, relying on hierarchy to craft policy*. Utilizing both concept variations allow for a thorough analysis of the industry’s relationship with the EU regarding regulations and legislative processes. The focus Börzel puts on the relationship between the EU and member states will only be of secondary interest, however, as the most relevant aspect of her paper is the claims she makes regarding the influence private interests have over the legislative process.

In the literature, the concept of the Shadow of hierarchy is utilized in many settings. Ranging from food industry regulation in Norway as discussed by Szulecka and Strøm-Andersen (2022), to the increasingly blurred lines between private and public actors in global governance described by Scherer and Palazzo (2011). Most of the literature I came across engaged with the original definition of the Shadow of hierarchy. Börzel is widely cited, however when her definition of the term is mentioned, it is for the most part only to explain it briefly as a contribution to governance literature or general changes in EU governance (Kassim et al. 2013, Knill and Tosun 2020), not to utilize it in a specific case. Thus, this thesis can contribute to the literature by evaluating Börzels claims in a case study.

3.4 Utilizing the theory

In chapter 6, I will evaluate the salience of Norwegian battery companies as stakeholders in EU policymaking by determining their power, legitimacy, and urgency in the development of the EGD. Then follows an assessment of what regulatory regimes the EGD regulations belong to,

which will be drawn upon later in the analysis. Next, I will utilize the Shadow of hierarchy to compare the claims of the theory against the goals of stakeholder involvement declared in the EU's Better regulation guidelines. This will be to create an understanding of the general involvement of stakeholders in policy development on the EU level. Then the regulatory preferences of the industry will be compared with the claims of the original concept of the Shadow. Lastly, the standing of the European battery industry as a whole will be analysed by utilizing Börzel's variation of the Shadow of hierarchy.

4.0 Methodology

4.1 Research design

This thesis is a qualitative case study based on expert interviews. A qualitative approach seemed helpful for this project, as it allows one to gain an in-depth understanding of the phenomenon of study. This, I believe, suits the aims of the study, which is to capture how the industry understands and positions itself towards European Green Deal (EGD) legislation and their relationship vis-à-vis the EU during the development of said regulations. It is also a flexible method, as data collection and interpretation can be pursued simultaneously (Halvorsen 2016). Even though it is hard to argue for the results of a qualitative study being generalizable, they can often be transferable to similar settings. The findings can thus prove useful for researchers looking into a similar case or for actors similar to those of the target group of the original study (O’Leary 2021). However, I aspire that the findings of this thesis will not only say something regarding the experience of the battery companies in question but the Norwegian battery industry more broadly. While this study is qualitative, the industry only comprises around a dozen companies. Moreover, some of the informants represent industry associations with oversight over the interests of the industry in its entirety. Additionally, I hope the findings might prove relevant for other private stakeholders in the EEA in their relationship to EU regulation.

Furthermore, this thesis can be described as a case study. This entails focusing on a limited number of research units, in this case actors from the battery industry and EU policy experts. The selection of the research units is not, first and foremost, based on being able to generalize the findings; they are selected because they have valuable insights for the study. Informants in case studies can be of interest to the researcher since they are a unique case of something or because they are perceived as very typical. A common theme is an intent to investigate developments and processes within a small environment of interest (Halvorsen 2016). O’Leary describes case studies as allowing for “building holistic understandings through prolonged engagement and the development of rapport and trust within a clearly defined and highly relevant context” (227). A case study is thus dependent on achieving access to relevant informants, and that these relatively few can provide the researcher with sufficient data. Case studies can serve a range of research purposes, O’Leary highlights the following: 1) exploring cases with intrinsic value, for example, a new unexplored phenomenon. 2) to test a theory, by either contributing with supportive or discrediting findings. 3) Be used collectively to form the basis of a theory. I argue that this thesis falls within 1 and 2.

The qualitative method in general, and case-study in particular, seems the most fitting to answer the research question of this thesis for three reasons. Firstly, as the emerging Norwegian battery industry is relatively small, it seemed realistic to be able to conduct interviews with informants representing a large segment of the industry. Secondly, a survey would not suffice to extract all the relevant information on quite complex subjects. “The goal (of case studies) is to get underneath what is what is possible, in for example, large-scale survey research” (O’Leary 2021, 227). Furthermore, the method’s flexibility allows one to adapt as the research process unfold. I could thus explore what aspects of the EGD was significant to the informants and develop the focus of the thesis based on the gathered insight.

Quite often, stakeholder analyses are conducted based on quantitative data. Such studies mainly seek to test the validity of a given stakeholder theory. Magness (2008) did for instance conduct an empirical study to test Mitchell’s theory of stakeholder salience by collecting data from over 40 Canadian mining companies. Thijssens, Bollen, and Hassink (2015) investigated the influence of secondary stakeholders on companies’ Corporate social responsibility (CSR) disclosing by sampling data from a CSR database. As opposed to these studies and much of the stakeholder literature, the goal of this thesis will not be to test the validity of (a) stakeholder theory; it will instead be to utilize the theory of stakeholder salience as a tool in mapping the relevant stakeholder strategies. By testing it in a qualitative study, I argue that this thesis thus makes a small contribution to stakeholder salience theory. I further argue that this approach makes the thesis fit within O’Leary’s second example of a useful purpose for case studies. Lastly, by examining the new phenomena of the Norwegian battery industry and the EGD, it fits within her first example.

4.2 Interviewing experts

I categorize many of the informants as experts, which can be defined as “people who possess special knowledge of a social phenomenon which the interviewer is interested in” (Bogner, Littig, and Menz 2009, 129). Furthermore, the expert is not necessarily alone in possessing the information, yet the expert possesses information not accessible to everyone in the field of study. There are many advantages to interviewing experts. In the introductory stage of the research, they can help the researcher to gain insight into the subject and identify key aspects. Additionally, they can serve as “surrogates for a wider circle of players” (Bogner, Littig, and Menz 2009, 15). Informants from industry associations can, for instance, provide information on the member companies, such as important issues to the industry at large and internal disagreements. Finally, it is important to take into consideration the power an expert wield in

framing our understanding of a given subject. Experts “possesses an institutionalized authority to construct reality”(Bogner, Littig, and Menz 2009, 15). Thus, the status of an informant as an expert does not give the researcher an excuse to neglect methodological due diligence. Even though the expert may sit on valuable knowledge within the field of interest, their statements cannot be taken for granted as objective facts (Bogner, Littig, and Menz 2009). In other words, data triangulation is still necessary to strive for verification.

Beyers, Braun, Marshall, and De Bruycker (2014) warns of certain biases one should be aware of when conducting expert interviews. Expansiveness bias is when an actor with little power is “exaggerating their activities or over-reporting their connections with more powerful actors” (6). One must keep in mind that informants might, for an example, exaggerate their influence on a given piece of legislation. Related to this, experts might, on purpose or by forgetfulness, fail to mention other stakeholders contributing to a given event. Conversely, more powerful actors might downplay their influence (Beyers et al. 2014). Therefore, it is important to cross examine the statements informants provide on a given subject. Attractiveness bias is when the power and influence of very noticeable actors get overestimated, while the efforts of actors working in the background tend to get underestimated (Beyers et al. 2014). Informal influence did for example help Norway to enter IPCEI, which does not appear self-evident if one were only to read official statements regarding the event. The authors also warn against asking questions that can lead the expert to answer strategically, especially if the topic of conversation is related to politics. They do for example advise against asking about someone’s ‘political influence’, but rather how they ‘realize objectives’. Instead of lobbying, it might be more prudent to ask how the expert ‘inform policymakers’ (Beyers et al. 2014).

4.3 Data collection

Interviews

I have conducted 16 interviews with 14 different informants. The interviews were semi-structured, which entails that the interview topics are decided beforehand. This is often done through an interview guide, yet one is flexible in developing the questions as one goes through interviews and asks follow-up questions if needed. This allows for both openness and flexibility in the retrieving data (Østbye et al. 2007). From the battery industry, I interviewed informants from the companies Norsk Hydro, Batteriretur, Freyr, Morrow, and Beyond. From civil society, I interviewed informants from BEBA, Prosess 21, Battery Norway, the European Battery Alliance, Innovation Norway, Bellona Europa, NHO, and Finans Norge. Of the civil

society organizations, the first four represented the interests of the battery industry, while the rest were chosen due to their insight into the relevant regulations from the EGD.

To get in contact with the informants, I either found them through online searches or, most often, via ‘snowball sampling’. This entails meeting new informants through one’s previous informants. (Halvorsen 2016). As the Norwegian battery industry is relatively small, snowball sampling proved useful as most of the actors knew each other. I was also able to attend seminars (both physical and online) where I was able to get in contact with new informants. As discussed earlier, I consider many of the informants as expert informants. It can be challenging to get such informants to participate in one’s research, as they often have busy schedules and might receive a lot of public outreach. To convince experts to participate, it is important to clearly convey the aims and context of the project, and to emphasize why their participation is crucial (Beyers et al. 2014). Therefore, the external validity of this project was to a degree dependent on the participation of certain key expert informants.

The interviews would on average last between 30 and 45 minutes. All except one of the interviews was conducted digitally. I would update the interview guide for each interview, as I talked with various informants, and had to adapt to new information. Nevertheless, the interview guides for the industry actors were very similar. They contained questions about what informants thought of the relevant regulations, how they assessed the perceived influence of the industry, how the industry is organized, and what their main priorities were. The experts were mostly asked in detail about the given regulation they had specific knowledge of. Most of the interviews were conducted in the autumn semester (2022), while some were conducted late in the spring semester (2023) to fill in knowledge gaps that presented themselves while writing the analysis. These were quite short, usually around 15 minutes. The interviews were recorded on both a dictaphone and the university Dictaphone app, to guard against technical issues.

Documents/Text

The EU websites proved helpful in locating the specific regulations and policy documents, which served a useful role in gathering background information. The EU Commission webpages did for instance contain the relevant regulations, drafts, and stakeholder feedback. The latter was specifically found at the *Have your say* page. Informants were also recommending relevant documents, often from their organizations. This could be responses to policy proposals, industry strategies, or links to videos of past seminars. Such documents/texts are what one considers secondary data. This is existing data not generated by the researcher

(O’Leary 2021). Typical examples are policy documents, internal communication, and data sets from past research. The advantage of secondary data is that it “provides objective barrier between the researcher and the researched” (O’Leary 2021, 277). As the data exists independently of the researcher, there is no chance of one’s bias or preferences affecting the data. Nevertheless, one must ensure not to ‘cherry pick’ the data or let one’s bias or preference affect data interpretation. Another thing to account for is that the secondary sources themselves might be biased (O’Leary 2021).

Observations

I have attended both digital and physical battery-related events and conferences. The physical event was hosted by Battery Norway and the University of Agder to convey the results of a joint research project and other relevant updates for the industry. Participating was useful for gaining insight into what topics were of interest to the industry, building an overview of actors in the Norwegian value chain, and for meeting new informants. A battery conference hosted by the European Battery Alliance was useful for gaining insight into the European industry. The option of digital participation makes it possible to access arenas that would otherwise be off limit. Other digital events hosted by the University of Agder, and the Bellona Foundation were useful for learning more of EGD regulations such as the Taxonomy and the Battery regulation.

[4.4 The validity and reliability of the sources](#)

When referring to the validity of the data source, one is interested in the relevance of the data collected for the given research question (Halvorsen 2016). When it comes to the validity of my choice of informants, I would count it as high. Either through being actors in the battery industry or experts on EU policy, the informants brought forward information of high relevance to the research question. The gathered documents were relevant in that they provided information about the regulations of interest, or the opinions of industry actors on them. The last section of the analysis does, however, rely on the transferability of the findings gathered from data from Norwegian battery actors to the European industry more broadly. Although the validity might be somewhat weaker for this section, I argue there are good reasons for being able to transfer the findings from a Norwegian to a European setting. Based on data gathered from the attendance at a digital European battery conference in addition to an interview with an informant from the European Battery Alliance, I am making the case that such a transferability is valid. The interests and outlook on regulations are very similar between the Norwegian companies and their European peers.

Reliability on the other hand, refers to the trustworthiness and confirmability of the data sources (Halvorsen 2016). To test the reliability of one's sources, it is useful to compare the informants' answers to each other, or to relevant documents. Such a comparison is known as triangulation (Halvorsen 2016). As for this thesis, the reliability of the purely factual data is easily fact-checked. Yet, much of the data consists of subjective opinions, which is more challenging to verify.

4.5 Analysis

After having recorded and transcribed the interviews, I read through them to establish an overview of the data and then be able to discover any common themes. Then the data was coded using the research program NVivo⁴. I constructed the following codes: 'the EU Green deal', which contained subordinated codes for each of the regulations to further categorize the data material. Another code was named 'influence', which consisted of the subordinated codes 'influence Norway', 'influence EU', and 'relationship EU-Norway'. Yet another code added during the coding process was 'protectionism', which mainly consisted of data on the Inflation Reduction Act, which, as mentioned earlier, was a huge factor that took the industry and the EU of-guard. As almost all my versions of the interview guide would delve into the regulations, creating codes related to them seemed expedient. The remaining codes were created based on patterns discovered through the interviewing process. In chapter 5, the findings will be presented, partly structured around the codes.

4.6 Ethical considerations

The Norwegian Centre for Research Data (Norsk Senter for Forskningsdata) has approved this research project and the data collection conducted. Furthermore, I have utilized ethical considerations described by Yin (2014). These are 1) gaining informed consent, 2) protecting informants from harm, 3) protecting the privacy and confidentiality of the informants, and 4) selecting participants equitably.

When approaching the informants, they were all informed of their rights as informants and the nature of the research project. As the subject of this thesis is not of a significantly sensitive nature, the safety of the informants has not been of concern. They have nevertheless been anonymized to protect their privacy. However, some might be able to uncover the identity of the informants based on their utterances. The Norwegian battery industry is as mentioned relatively small, making it difficult to prevent those with insight into the industry from guessing

⁴ NVivo is a software program for qualitative research to code data

who some of the informants are. This possibility was conveyed to the informants before the interviews were conducted. Additionally, as per the contract, the informants were free to withdraw from the project without needing to provide any justification.

Furthermore, all the interviews were conducted in Norwegian, thus, I translated all the quotes by informants in the thesis. The translations were done with diligence to accurately convey the original intent of the informants. Lastly, the data gathered from the informants were stored in a folder at the university OneDrive, which is encrypted. I separately stored a list of all the informants and the numbers I had assigned to them during transcription. Thus, the personal data of the informants was kept safe to protect their privacy.

4.7 Positionality

“The question here is not whether researchers are subjective, everyone is” (O’Leary 2021, 63). In all research, and perhaps case studies in particular, it is hard to argue that one’s findings are objective truths. Furthermore, the findings in qualitative research are not only a result of the data, but also the researcher’s interpretation (O’Leary 2021). With this in mind, it is important to be transparent regarding the choices taken in a research project. It can in some cases be relevant for the researcher to reflect on their positionality in relation to the subject of study. I decided to write about the Norwegian battery industry after an internship at BEBA (Bellona Energy storage and Battery Application), where I developed a basic understanding of the industry. Three of the informants for this thesis are either directly or indirectly affiliated with BEBA; thus, having worked there was beneficial in securing informants in the early stage of the thesis. However, as this thesis is concerned with EU regulation rather than the industry in and of itself, I argue this past affiliation does not pose any severe ethical conundrum for the credibility of the research. Moreover, through interviewing a variety of informants and reading relevant documents, I have attempted to reach findings based on a diverse set of sources. Additionally, my interest in EU legislative developments is related to a background from political science, where I also gained experience with qualitative research methods.

4.8 Critical assessment of method and research design

In a case study, one is, to a significant extent, beholden to the perceptions and world view described by one’s informants. Furthermore, as a researcher, one is quite vulnerable when conducting a case study, as one depends on relevant informants having the time and interest to participate in the project. I did, for instance, not manage to get informants from companies from every part of the value chain, initially my goal was to be able to represent the views of the

Norwegian battery industry more broadly. However, I felt I managed to compensate for this by interviewing informants from Battery Norway, NHO, and Prosess 21, who represents the industry's interests at large. Furthermore, I would argue that I reached the saturation point at the end of the interviewing process. For after interviewing 14 informants, I noticed the same subjects and perspectives reappearing. The triangulation of sources also makes it unlikely that the data would have been very different if the sampling of informants had been different.

Finally, I do as mentioned argue that the data from the Norwegian informants are transferable to the European setting, making it possible to analyse the relationship between the EU and the industry at a European level. Nevertheless, the validity of the data is a bit weaker for the latter part of the analysis compared to the rest. Additionally, as relevant developments within the industry and EU policy have occurred simultaneously with this project, I had to stop gathering such data at a given point. This ended up being around March 15th. At this stage I had conducted most of the interviews and decided on the scope of the thesis. Thus, development may have occurred within battery related news and legislation after that point which is not included in this thesis.

5.0 Findings

This chapter will present the findings obtained through interviews, observation, and document analysis. It is structured around themes discovered when coding the data material. The chapter begins with addressing the industry's responses to the relevant European Green Deal regulations and initiatives, followed by reactions to Norway's stance towards EU policymaking. Finally, the chapter ends with factors affecting the influence of the battery companies in regard to both the Norwegian government and then the EU.

5.1. Industry responses to the EGD regulations

The Norwegian battery industry at large was content with the European Green Deal (EGD), despite the rather drastic increase of new regulations they must navigate through. They believe that strict environmental criteria will favour them in the competition against other European, as well as Asian battery producers. "It is clear that the demands for companies in this field will explode. From zero today, to very many and very detailed (demands), in many areas such as the supply chain [...] So it will be a very demanding exercise. But we think it is the way to go" (Informant 10, 21.11.22). This sentiment was shared by most of the informants. However, informant 4 and informant 14 represented the most outlying views, from the most reserved to the most optimistic: "Generally speaking, there is a contrast between the US which aims to accelerate the battery industry, and Europe, which is pushing ahead with stricter rules for the battery industry than they have for the oil industry. It can be a barrier for new businesses" (Informant 4, 27.10.2022). Both informants referenced the US, which has chosen another strategy than Europe to grow its battery industry.

The regulations have ambitious criteria on sustainability, recycling, CO₂ footprint, and many other things. And that is our competitive advantage. If one doesn't give a shit about all that, then it is of course possible to do it cheaper somewhere else, which would kill our market. It is incredibly important that we follow the regulations, and make sure that anyone who imports batteries to Europe does the same [...]. They (the regulations) are there for a reason. It is much better than implementing subsidies like the Americans. They are throwing money on the industry with the IRA.

(Informant 14, 28.02.2023)

5.1.1 The Battery regulation

This regulation impacts the whole battery value chain, aiming to increase sustainability and reducing the influx of cheaper and less sustainable batteries into the European market.

According to the informants this was arguably the most important of the EGD regulations. It was seen as comprehensive piece of legislation, yet ultimately a benefit to the industry.

We think Norway enjoys good prerequisites both in regard to raw material expertise and renewable energy. This will in large help to meet the criteria, compared to foreign competitors. So, we view it favourably [...]. The industry is positive since they now don't have to compete only on price, but also elements like sustainability. So more ambitious demands are good

(Informant 11, 22.11.2022).

Strict environmental criteria such as carbon footprint were viewed as favouring the Norwegian companies both against competition from other European actors, as well as the established Asian actors. Furthermore, the informants were positive towards the steps taken by the regulation to address resource extraction, the most controversial part of the battery value chain, due to poor conditions for miners.

One of the best things about the battery regulation is the demand for a battery passport. Documentation for every battery with regards to both quality and origins, just straight facts. [...] information regarding human rights, the condition of the factories, where the raw materials have passed through to arrive in the EU market. We are very positive to all that.

(Informant 10, 21.11.2022)

Nevertheless, the regulation is both broad and detailed. The informants agreed it would demand significant capacity to follow up on its implementation. Over the next years, around 30 secondary regulations will, as mentioned, be added to the Battery regulation, growing it in size and scope. Some of the informants had conflicting views over the vastness and richness of details in the regulation. Informant 9 conveyed some reservations and pointed to how cooperation will be important to create a proper understanding of the regulation.

I think cooperation is important, to have a common understanding of all those things. Often when regulations get vast and complex with many rules, it is easier for big companies and corporations. Because they have many people to follow it up, and it is all the more difficult for small and medium sized companies, I think.

(Informant 9, 10.11.2022)

Informant 10, however, thought that the new start-up companies enjoy greater flexibility when adapting to the new regulations. If a battery company is just starting up, it can make decisions

based on regulation criteria from the get-go, whereas the informant thought it would be harder for legacy companies to adjust towards something completely new.

We'll have to go all over the world to collect data from our suppliers, many of which are very big companies compared to us. So, it will be a demanding exercise. But I think it is the way to go. I also believe it will be much easier for a start-up like ourselves compared to many of the big ones, since we have 'blank sheets'. We are buying our software systems now, we are making agreements with suppliers now, so we are considering these things while creating Freyr. [...] I think the old legacy companies such as Hydro is expected to have a greater challenge to rearrange the system, to renegotiate contracts [...]. For them it is a lot of change, for us it is the design from the start.

(Informant 10, 21.11.2022)

As for the plethora of secondary regulations that will expand the Battery regulation, Informant 12 argued that a lot of it will be 'recipes' for how calculating and documenting information requested by the Battery regulation. Yet, with such detailed demands for all battery companies in Europe, it could be harder to differentiate oneself from the competition.

It is demanding, and some secondary regulations are for example the methodology on how to do LCA, life cycle assessment. And how to actually calculate the environmental footprint [...]. So for us they are good recipes. We will be big enough. We are roughly 100 employees now, and will be around 300 by 2024, so we have enough capacity to handle it. But we have to pay attention. [...] All battery-cell producers in Europe will get the same recipe on how to be at the top of the class regarding the environment. So, in a way it will be harder for Morrow to differentiate itself.

(Informant 12, 22.11.2022)

In the first drafts of the regulation, there were some issues of concern for the industry, mainly the criteria surrounding mandatory use of recycled materials in the batteries. An earlier draft included a criteria of using at least 30% recycled lithium in new batteries by 2030 (European Commission 2020b). "There must be a certain amount of realism here too. For if you are seeing how many batteries that are available for recycling in Europe today, as opposed to the need for recycled materials to achieve the goals of the battery regulation by 2030, there is not enough batteries available" (Informant 3, 03.10.2022). This target was however changed to 6% in the final version. The amount of batteries having to be collected by manufacturers after use was also lowered, likely due to similar reasons (European Parliament 2023).

The industry felt they had influenced the regulatory development, at least at the European level. This was often orchestrated through the EBA (Informant 14, 28.02.2023). In addition, “EU battery stakeholders reported close contact with policy officers from both DGs”⁵ (Birkeland and Trondal 2022, 16). Even so, this was only in an advisory capacity. As for the Norwegian industry, they felt the consultative process had passed them by before they got a proper grasp on the content of the regulation. NHO did, for instance, not provide any input (Informant 8). Nevertheless, the informants at large argued that even though the regulation is vast, it plays to many of their strengths.

5.1.2 The EU taxonomy

The Taxonomy is the reporting system meant to create transparency in the market, intending to change the flow of investments into more sustainable projects. All the informants from the battery industry expressed that they were content with the Taxonomy, yet they were not as fixated with it as assumed. All economic activity related to the battery value chain is addressed in the Taxonomy, making it obligatory for Norwegian battery companies to report on Taxonomy figures. That is, once it is adopted as Norwegian law. As of 2022, none of the companies interviewed had started to rapport publicly on their Taxonomy numbers. The cell manufacturer Morrow was however asked to document these figures when they applied for grants and loans from Innovation Norway, a governmental organization tasked with providing funds to innovative and export-oriented business projects which are in a too early stage of development to secure sufficient financing from the market alone (Innovation Norway n.d.).

In the short term, the companies did not believe reporting Taxonomy numbers would be a significant factor in securing new investors and access to capital. As the Taxonomy is not yet mandatory in the EFTA countries, and as it has just gone into effect in the EU, the market incentives for rewarding Taxonomy reporting and compliance are not in place yet (Informant 6, 28.10.2022). Of the companies interviewed, only Beyonder had experienced investors bringing up the Taxonomy.

And then when with banks, financial institutions in the EU which are considering giving us loans, they are not so fixated on the Taxonomy yet. They experience that it is early days, and they do not request it when we are helping them with evaluating how green we are compared to other investments they could make

⁵ Directorates-Generals, policy departments of the Commission

(Informant 10, 21.11.2022)

Nevertheless, the informants had a positive outlook on it and expected the Taxonomy to gain importance in the coming years. As many of the companies already are eager to document their green performance, they view the Taxonomy as a valuable tool for streamlining such documentation.

All those demands the Taxonomy puts on us, we put on ourselves already. So, to get to document that and compete on that basis for access to cheaper capital, which is the main purpose of the Taxonomy. But also, the brand building it provides, we are very positively inclined towards

(Informant 10, 21.11.2022)

The Taxonomy will first and foremost create transparency, and the idea is that this will create clarity for investors. Informant 6 emphasized how important this transparency can be in detecting attempts at *greenwashing*. The informant pointed toward the energy company Equinor. Before 2018 the company was called Statoil, but changed the name to “better reflect our development and identity for future generations” (Equinor n.d.). Equinor has also emphasized their renewable projects in advertisements. The company has also started quite early with its reporting on Taxonomy data. As informant 6 points out, the transparency of this reporting reveals the investment priorities of the firm: “If you look at their (Equinor’s) Taxonomy numbers, I recall that their OpEx⁶ was 0%, their turnover was 0% and the CapEx⁷ 2%. [...] This is something pretty different than you get the impression of from their marketing.” (Informant 6, 28.10.2022) This entails that only 2% of Equinor’s investments into physical assets were Taxonomy-related projects. It is clarifications like this that the battery companies hope will benefit them.

However, as with other regulations in the EGD, the Taxonomy will require sufficient administrative capacity to ensure proper data collection and reporting. Informant 12 explained that the information that Morrow has to declare through the Taxonomy is information that they would want to report publicly regardless, the challenge was simply to declare the numbers in the way the Taxonomy deems technically correct. As the lawyer Tore Mydske pointed out during a Taxonomy information event hosted by the environmental organization Bellona, incorrect reporting can lead to lawsuits against the firm in the future. He, therefore, stressed the

⁶ Operating expenditures- costs related to normal operation, i.e. salaries, rent etc.

⁷ Capital expenditures- funds used to acquire or maintain physical assets, i.e. investing in new machinery.

importance of extensively familiarizing oneself with the Taxonomy criteria before one starts reporting (Bellona Foundation 2021b). To summarize, the industry was positively inclined to the Taxonomy, yet did not think complying with it would profoundly affect market performance in the short term.

The legislative process of the Taxonomy had, however, garnered criticism. At the aforementioned Bellona event, Nina Ringstad from the trade union Finansforbundet pointed out that the head of the Technical Expert Group (TEG) warned against “sacrificing the scientific anchor of Taxonomy to achieve political compromise” (Bellona Foundation 2021a). She also mentioned that the World Wildlife Foundation had left the TEG in protest, as certain criteria in the Taxonomy had been ‘watered down’ in later drafts. “There are many groups from civil society which have felt excluded. They have participated in the expert group, but it is only advisory. Some of the NGOs have left the expert group and said that the proposals from the Commission deviates from the mandate they were given” (Informant 2, 28.09.2022).

5.1.3 The Critical Raw Materials Act

The Critical Raw Materials Act (CRMA) concerns the raw materials required for battery production. The act aims to help increase the mining of relevant materials within Europe and support relevant technologies necessary to reach this goal. The CRMA has not been passed yet, but the informants were, however, mostly satisfied with an early draft released by the Commission. The industry and the Norwegian government have closely followed the policy development, providing feedback through EU channels. “In the Critical Raw Materials Act, the EU seeks to lose its dependency on external actors. There is also ongoing work where the Norwegian government and the EU is cooperating quite closely. [...] Norway is always slow, but now one has started to act earlier” (Informant 11, 22.11.2022). 17 Norwegian stakeholders did, as mentioned, send feedback through the *Have your say* webpage in late 2022, among them Battery Norway. They emphasized three points; firstly, to expand subsidies and investments into substitutes for rare materials and research on battery chemistries less dependent on rare materials. Secondly that Norway can participate fully, and that Norwegian projects can be included in the list of “strategic projects”. Lastly, “the CRMA should include instruments that level the playing field for European companies in the global market, especially in relation to US and Chinese competition” (Battery Norway 2022b). The last statement likely hints at a response to the IRA (Inflation Reduction Act), and perhaps the IPCEI on raw materials which is rumoured to arrive (Informant 11, 22.11.2022).

Another joint paper was written by some of the largest trade unions and trade confederations, including NHO, LO, Norsk Industri among others. They stressed that the CRMA should include criteria for working conditions in third-country partnerships, expand the list of critical minerals (including Norwegian exports such as aluminium and nickel), the expansion of public risk reduction by, for example, an IPCEI on critical minerals. Lastly, they suggest an increase in support towards research and development (NHO et al. 2022).

And now, there is a consultation process to a draft of the Critical Raw Materials Act, where one early on has started to consult. There will be new regulations and some 'carrots' [...]. But it is clear that even before this part of the process started, that there have been powerful lobby-interests involved, trying to secure that industry interests are looked after in the process.

(Informant 7, 02.11.2022)

As Norway has interests in both mining and processing, the CRMA is relevant to the country. As these industries are part of the battery value chain, most of the informants recognized its importance. However, differences between the companies can lead to different opinions and priorities on legislation such as the CRMA. The perceived importance of the act depends on to what degree they rely on materials regulated by it.

We have had the possibility of giving feedback through Battery Norway, but we have not been active. The reason is that we are a company that tries to avoid those minerals of particular concern here (in the Act). We don't use nickel or cobalt [...]. We try to replace lithium with sodium, attempting to do things a bit differently. But we see that it is important, and it is a very good initiative, to establish a value chain of one's own. It is important for the success (of the industry)

(Informant 13, 15.12.2022)

The informants who spoke of the CRMA were thus mostly optimistic, yet it remains to be seen to what degree input from Norwegian stakeholders will be taken into account.

5.1.4 IPCEI

Important Projects of Common European Interest (IPCEI) aim to support research and development, as well as the up scaling of new technologies that can fill a market gap for a given sector. Norway was eventually allowed to join one of the IPCEIs, EuBatIn, which for a long time seemed unlikely. Norway failed to join the projects when they were initiated, and it seemed unrealistic to be able to join the IPCEIS once they were established: "it is a very bureaucratic

and complex tool, so the will to re-open it has been limited from the side of the EU, or the IPCEI coordinator” (Informant 7, 02.11.2022). As the projects were already defined, the informants previously deemed it unlikely that Norway would be able to join.

Norway was in the end invited to join due to various factors. Informant 14 argues that this reversal is only a part of a larger trend, a ‘paradigm shift’ within the EU. Climate change, changes in the geopolitical situation, the Inflation Reduction Act (IRA) in the US were some of the factors pointed to as putting pressure on EU priorities and ways of operating. “I will call this a breakthrough. From the moment we entered into government we have been working to sort this out, and to be honest, the attitude and interest from the EU has been rather lukewarm” (Minister of Industry, Jan Christian Vestre in interview with E24, my own translation).

Take for instance state-aid. The EU has always been against state-aid. Certain countries have applied it and gotten severely reprimanded. Now suddenly, now Europe is implementing state-aid. What happened? I will not shy away from referring to a paradigm-shift which makes it possible that in only a short matter of time, cases where one has thought “no, it is not possible” then ‘bam!’, and it goes! I have never experienced anything like it in my carrier, and now we are there.

(Informant 14, 28.02.2023)

As the implementation of the IRA in the US threatens to turn battery investments and access to raw materials away from Europe, the EU decided to revise their IPCEI projects in an attempt to remain competitive with the US. As mentioned, state aid has not been a favoured tactic in the EU to facilitate industry growth (Informant 14, 28.02.2023). The IPCEIs were therefore mainly focused on research, especially of areas considered ‘market faults’, for example, areas in the battery value chain where European companies currently lack expertise. However, when faced with new competition from the US, which now goes far in subsidizing domestic green industry, the EU changed tactics. The process is set to become simplified, faster, and divert the flow of funding from mainly research to also include the scaling up of projects.

The support which Europe has given to the industry for R&D, is now diverted so one supports getting the industry going. Then the money will more efficiently create industry and jobs here in Europe. Another thing is that the IPCEI projects hopefully are becoming less complicated. So, it will be faster to approve, faster to get the money out to be utilized where need be.

(Informant 14, 28.02.2023)

As the IPCEI projects changed character, they were opened up to more countries, and the Norwegian request to participate could be granted. This development occurred after most of the interviews for this thesis were conducted, yet one can conclude that the industry is satisfied with this development. It did, however, vary between the informants how concerned they were with IPCEI. For example, the companies developing new technologies such as Beyonder saw IPCEI as for more important than Freyr, which aims to produce battery cells based on a known battery chemistry. Furthermore, the initial setup of the IPCEI projects was perceived as bureaucratic and slow. However, this changed somewhat when the EU restructured the projects.

I don't think IPCEI, "yes or no" is the most important issue in the world. There is a very long timeframe, and the French and German projects have been moving very slowly. It is a lot of legal red tape and 'bla bla bla' with lawyers and rules [...]. So, it not the fastest path for Norway to get integrated into Europe.

(Informant 14, 28.02.2023)

This sentiment was echoed by informant 11, who pointed towards the taboo surrounding state aid as a reason for the bureaucratic nature of IPCEI:

IPCEI is a solution where one grants more funding than rules on state aid would indicate. And it is to build up a European battery value chain among other things. But what one hears is that it is very cumbersome. It is very bureaucratic since one has to make sure that the funds don't go to direct state-aid or subsidies, and therefore there are rigid rules in place. And that makes it so many actors say "yeah, but it is not worth all the toil required"

(Informant 11, 22.11.2022)

Nevertheless, some have decided the toil is worth it. Beyonder, Morrow, Hydro, Vianode, and Cenate have applied to join EuBatIn, now as Norway has been invited to join IPCEI (Bjørheim 2023). For a company like Beyonder, which has patented new battery technology, and thus operates with a longer time frame than other companies, a research-focused program like IPCEI is an ideal opportunity (Informant 13, 15.12.2022). On the opposite side, there is Freyr, which aims to start production sooner with tried and tested technology.

What IPCEI first and foremost supports, is research and development. We kind of skipped that phase, as we have licensed technology from the US which is already developed. They have worked on it for over ten years. They are called 24M, and we made a deal with them. So, both for us, and in many ways the world, don't have time to wait around for research and development of technology now.

(Informant 10, 21.11.2022)

The restructuring of the IPCEIs might, however, lead to less waiting. There were made several changes, the first being to allow for integrated projects by coordinating several smaller projects as one. This opens for the involvement of more partners and cross-industry cooperation. The Commission has also clarified the rules regarding what projects are eligible for funding, specifying that upscaling of certain production facilities is within the scope of IPCEI (European Commission 2022c). This restructuring was one of the reasons why Norway was eventually allowed to join IPCEI (Informant 14, 28.02.2023). There might be established more IPCEIs in other areas, such as critical raw materials. Informant 11 said the general attitude of the processing industry was that any future IPCEI would need to be less cumbersome than the existing ones “If one were to establish an IPCEI on raw materials, it would need to be simplified and controlled. You need arrangements that are much simpler, but one must be able to control it as well, so the money doesn’t flow anywhere else than 100% intended” (Informant 11, 22.11.2022)

Thus, IPCEI was restructured, and Norwegian companies were allowed to apply to join. It will remain to be seen how beneficial the program will be in scaling up new battery technologies, yet the companies joining seem eager.

5.1.5 Guarantees of energy origin (Renewable Energy Directive)

The guarantees of energy origin are proposed to be continued and strengthened through the Fit for 55 legislative package in the third revision of the Renewable Energy Directive (EU Parliament and Council 2021). The guarantee makes it possible for any European company to purchase documentation from a renewable energy producer anywhere in Europe, which declares that their energy supply is green. The informants that addressed the guarantee all agree it is a disadvantage for Norwegian industry. Some of them even described it as ‘green washing’. The Norwegian government has announced it wants to withdraw from the agreement; this has however not occurred yet (Ask 2021). Even though the informants agreed on their position on the guarantees of energy origin, they differed in how they chose to address it.

Hydro and Beyondr have chosen not to buy certificates from energy producers to prove that their batteries are produced with clean energy. “We won’t do it (buy a certificate). The fact is that our production is based on green energy, so we will not do it” (Informant 13, 15.12.2022). Freyr was also very much against the scheme yet decided to purchase a certificate non the less: “We have today our factory in Mo i Rana and have bought a guarantee of energy origin from

Statkraft (energy producer) for the energy we receive. Because that is how the system currently works, and we are dependent on the documentation” (Informant 10, 21.11.2022). Morrow had not decided whether to obtain a certificate or not at the time of the interview.

I understand the thought behind the guarantee of origin, its good because one wants all of Europe to demand more renewable energy, which is supposed to lead to the construction of more renewables. But the paradox is that you buy a piece of paper and not a guarantee securing that the power you use is green. An example used by some in the industry is that you can for example be located in Czechia and buy guarantees from Iceland. And there are no cables between Iceland and Czechia, so it is in a way green washing.

(Informant 11, 22.11.2022)

The guarantee was unpopular as it nullified some of the advantages of being located in Norway. That companies anywhere in the EU can purchase a certificate stating that their energy supply is green, regardless of the energy mix of the country they are located in, makes it less important what sort of energy actually goes into production. Furthermore, Norwegian companies wanting to prove that their energy is sourced from renewables will have to pay for a redundant certificate, as the Norwegian energy mix is nearly 100% renewable (Energi og Klima 2023).

The current Norwegian government has declared in their policy platform that they want to opt out of the scheme. That can be an important first step since Norway is a big actor in that market. Norwegian power producers of course make a lot of money on these certificates, but in the long term this is the same as ‘peeing in one’s pants to stay warm’ for the nation. So, we experience that the Norwegian government says the right things, but they have not acted yet.

(Informant 10, 21.11.2022)

It remains to be seen how the government will address the scheme. Nevertheless, it stands out as an issue where Norwegian industry stands relatively alone, as other companies in the central parts of Europe seems satisfied with the scheme.

5.1.6 Factors contributing to the positive response

High ambitions regarding environmental performance are, as mentioned, an important reason for the Norwegian battery companies being content with the regulations. Informant 10 did, for instance, emphasize that they would impose many of the same criteria put forward by the Taxonomy on themselves regardless. Yet the arguably the most significant factor for why the companies supported the ambitious level of the EGD regulations is the competition from China

and other Asian producers. European companies are, as mentioned, unable to compete on price with these actors, and thus must compete on other factors such as environmental criteria.

The battery sector is special since the production capacity in Europe today is so limited. And one has recognized that the only way to limit Chinese products from flooding in and dominating the production is to regulate against it. Nobody believes Europe will be able to compete on price since the Chinese always find a way to implement subsidies. [...] That means to compete on somethings other than price and setting criteria for carbon footprint and use of recycled materials. To protect oneself.

(Informant 11, 02.05.2023)

Nevertheless, larger European industry actors were consulted closely during the legislative process and would protest if the regulations seemed to be setting *too* ambitious criteria. The recycling criteria from the Battery regulation is an example where the industry objected to the initial demands for recycling, deeming them too ambitious. “I believe some of the largest actors have sat closely to the Commission to define the rules. So that they benefit European production, while at the same time excluding some of the Chinese price pressure” (Informant 11, 02.05.2023).

In addition to the EGD criteria matching the environmental aims the companies had set for themselves and the barrier it creates to Asian competitors, demands from the auto industry were emphasized. As the EV market is where many of the European battery companies seek to sell their batteries, the auto industry holds significant influence over the battery sector. “Around 90% of battery demand will come from electric vehicles over the next two decades” (Mackenzie 2021). Thus, the auto industry’s environmental preferences must be considered by battery producers.

It is because of the green transition. It is possible to make batteries from coal power, it is probably cheaper [...] but you have to be “true to your beliefs”. And if you went to Volkswagen before ‘diesel gate’, they would likely say “we buy our batteries where its cheapest. Any problem? We buy batteries from China, its great”. Well now I can confide that Volkswagen doesn’t say that anymore

(Informant 14, 06.04.2023)

We talk quite a bit with auto manufacturers. They have very high ESG demands, especially on carbon, but also on recycling and human rights. For the batteries they want to buy, they want this documented. I think it’s partly due to regulations affecting them, but I also think it is due to the car market

and customer demands. For us it seems that in the competition to sell the most EVs, it is important to be able to document that the cars are environmentally friendly in and of themselves [...]. Cars are personal things; it says something about who you are

(Informant 10, 21.11.2022)

Informant 10 indicates that consumers are an underlying catalyst for the demand for ambitious environmental criteria and performance. Informant 1 also pointed out that customers, often from the auto industry, have stricter criteria than what is being legislated by the EU. “We have a lot of dialogue with customers. And we think the battery regulation is ambitious, but the demands from the customers are even stricter when it comes to sustainability. They have concrete demands on CO₂ footprint, recycling, documentation” (Informant 1, 09.09.2022). Shao and Ünal (2019) argue that consumers are “critical enablers of sustainable development as consumption behaviour can also shape the way firms do business” (1). In their study of electric vehicle sales, environmental impact information proved a significant factor for consumers of premium price EVs. Thus, auto manufacturers influence battery companies to strive for ambitious environmental performance based on the pressure they themselves experience from consumers.

These are some of the reasons why the companies were content with the ambitious regulations. However, some of the informants were concerned if the EGD regulations would be enforced equally among the EU member states. They were worried that varying enforcement could provide a competitive advantage to companies choosing to be less rigorous in their implementation of regulatory criteria.

It is very good to get standards and rules established, so that a ‘level playing field’ is achieved. So that is good. Then one has to make sure that it (the battery regulation) gets implemented in the same manner everywhere, that it won’t be stricter rules some places and looser rules somewhere else. That it is practised the same

(Informant 13, 15.12.2022)

As mentioned, Norway complies with many EU laws through the EEA, and “implements them more efficiently than many of the member states” (Engen et al. 2021, 72, my own translation). Uneven implementation and interpretation remained a concern among some informants, as Norway is known to be quite strict in its interpretation of EU law.

We sometimes hear from the industry companies that the Norwegian government interprets legislation stricter than what is done in other European countries, if this is true or not, I am not certain. But Norway is in general good at not treading wrong. [...] For instance, EU control on cars, in Norway we have a system where you get an appointment and need to get a receipt to not lose your registration plate. But if you go to Greece and see the cars driving around there, I don't believe they all have been through the same EU control. So, there might be some divergence the further south you go. As for the industry, I know there are some different interpretations, but the rules are supposed to be the same.

(Informant 11, 22.11.2022)

5.2 Norway's stance towards EU policymaking

When it comes to providing input on legislation on behalf of its industries in the EU, the Norwegian government has garnered criticism domestically. Even with the limited influence Norway does wield in the EU through the EEA, many of the informants felt the state had fallen short in addressing their interests in Brussels: «There has been a critique, generally speaking, that the Norwegian government sit and wait for EU legislation to be completed, and then process it through EFTA. So, it (the Norwegian government) has not been very proactive, that has been the criticism» (Informant 11, 22.11.22). Informant 8 shared this sentiment and added that once the Commission has put forward a legislative proposal, it is challenging to amend it. One therefore needs to be involved earlier in the process to secure consideration for one's interests. Informant 11 was sympathetic for the fact that, as a non-member, it was harder for Norway to stay updated on the rapid legislative developments related to the European Green Deal (EGD). Another remark was: “it is limited how much competence a ministry can have, so that is why it is important with private-public cooperation” (Informant 11, 22.11.22) The informant also added that the complexity of the EGD, which crosses over many sectors, is an unfamiliar challenge for the government. Norwegian bureaucrats have described it as a “tsunami of regulations”(Øvrebø 2020). Nonetheless, the informant pointed out that cross-ministry cooperation and private-public cooperation need to improve to help private interests stay updated on legislative development, and for the Norwegian EU delegation to know what input they should give to promote the interests of Norwegian industry in the EU.

Not only was the government considered too late in providing input, but a couple of the informants also claimed that the Norwegian government should be more direct when first addressing the EU. In a rapport done by Prosess 21 on the meaning of the EGD for the

Norwegian processing industry, they asked members of the Commission their opinion on Norwegian input during the development of legislation. The input was considered “quiet” and “subtle”. The report concludes with stating that “Norway can afford to be more firm on certain issues” (Prosess 21 2020, 42, my own translation).

5.3 The influence of the industry in Norway

To gain salience in Brussels, it would help to be taken seriously as a stakeholder in Oslo. The informants were therefore asked about their perceived influence on Norwegian policymaking and strategies. The companies varied in how they perceived the government to consider their interests both domestically and towards the EU. The government was described as not being proactive and coordinated enough in its initial encounters with the EGD. This does however seem to have changed in certain areas.

From what I am experiencing now, both on battery cooperation and with raw materials, is that there is a more proactive attitude from the ministry (Ministry of Trade, Industry, and Fisheries). [...] Ideally, as I see it, Norwegian companies have better antennas on EU developments within their fields. So, when they alert the ministry of things, the ministry can reach out to Brussels and enter a dialogue on the matter

(Informant 11, 22.11.2022)

Informant 11 speculates that some of the improvements are due to a rapport from Prosess 21, which criticized the government for not being proactive and coordinated enough. Such industry reports were mentioned as important tools for companies to influence both domestic and EU decision-making. “The EU bureaucracy writes policy documents and in the end laws, and these documents often builds upon documents produced jointly by industry actors” (Informant 11, 22.11.2022). These reports are often created in collaboration by several industry actors and contains policy advice based on an appeal to industry expertise. “And the reports by Prosess 21, they are also documents made to support policy developments. Just take Hurdalsplattformen (the policy platform of the government), there is a lot in it that doesn’t refer to the work of Prosess 21, but which has the same wording” (Informant 11, 22.11.2022).

Another way the companies have sought to gain influence domestically is by establishing industry associations. Prosess 21 was, as mentioned, established to represent the processing industry, and Battery Norway to represent companies from the entirety of the value chain. “We took initiative ourselves and established Battery Norway, where we cooperate closely. So, I

think that will be great, we work as a team [...] So Battery Norway needs to play a role” (Informant 13, 15.12.2022). “And now the battery industry has established Battery Norway as a common organization, for even though we are members of NHO, they have many members, and we are maybe a little small. So, it is not easy for NHO to take a stance (on an issue) if there are disagreements among member businesses” (Informant 10, 21.11.2022). This cooperative measure is an attempt to create a louder collective voice for the industry.

In addition to influencing the government approach to policy development in Brussels, the industry has also influenced domestic battery policy. Especially the Ministry of Trade, Industry, and Fisheries has sought to consult the industry during the development of relevant policies such as the *Norwegian battery strategy* and *Green industrial initiative* (Informant 9, 10.11.2022). “There have been several rounds (of consultations)”. For the Norwegian battery industry is not that big, so we have some private meetings at the Office of the Prime minister [...] and some rounds facilitated by the department of trade, industry and fisheries where the battery industry has been consulted” (Informant 12, 22.11.2022).

5.4 The influence of the industry in the EU

5.4.1 Industry Associations

When it comes to keeping updated on industry-related developments in the EU, the industry relies upon both Norwegian and European associations to remain informed on legislative development and to convey their input. NHO, Norsk Industri, and Innovasjon Norge were some of the established Norwegian business associations utilized by the battery companies. In addition, the Norwegian government’s delegation to Brussel is also a critical actor in this regard. The informants did however express some difficulties in having their views represented by the Norwegian industry associations and the delegation.

The big companies and actors, they already have a presence in Brussels, and they are fairly good at connecting and securing their interests, and also maybe getting the Norwegian government with them in the dialogue. But one could maybe from the Norwegian side get better at lifting the voices of the smaller actors, those without a presence in Brussels themselves. Maybe Innovasjon Norge and the EU delegation could be better at representing these interests than we are today

(Informant 7, 02.11.2022)

“In Norway, it (government contact) is still based on personal connections, sadly. So, I won’t say it’s easy, but we do the best we can [...] We are in the loop, but it is not easy. One gets easily forgotten when one is small» (Informant 13, 15.12.2022). Thus, there are some challenges associated with having to rely on other organizations to secure one’s EU related interests, not being able to convey them directly. “As of now we are still working as an industry to develop our voice. Both through Battery Norway, and through the established organizations and channels. But it is not a question of bad faith, I think it’s simply a matter of capacity, on both sides” (Informant 10, 21.11.2022).

Another example is NHO, which represents businesses within a vast plethora of sectors, is itself part of Business Europe: “NHO is a part of Business Europe, which represents all the business associations in Europe. It is a pretty heavy actor, but of course, when you are encompassing everyone, your positions become very broad. So, one must be able to walk alone on certain issues” (Informant 8, 04.11.2022).

The industry associations would sometimes recommend the companies to provide input to EU legislation, for instance, through the Have your say webpage. This is as mentioned a tool created by the Commission to gather stakeholder feedback in accordance with the Better regulation guidelines. 17 Norwegian stakeholders, among them Battery Norway, had sent feedback concerning the Critical Raw Materials Act, making Norway the 6th most active country in the consultation (EU Commission 2023a), the 15th most active country in giving feedback on the Battery regulation (EU Commission 2021a), and the 13th most active regarding the guarantee of energy origin (EU Commission 2022). The informants did however seem agnostic to what degree the input provided was taken into consideration.

There are sometimes very short deadlines, to provide input before the final draft is finished. It has to be a very limited amount of time they have to look at all the input. I have heard that it pays off to provide input so early as possible, long before the deadline. Just because it then is a higher chance of it being read and considered. To what degree they are listened to, I don’t know. But I hope that they are.

(Informant 9, 26.04.2023)

Informant 11 thought providing feedback through Have your say was valuable yet argued that the arenas where Commission members meet stakeholders were more important. The visit from vice-president of the Commission, Maros Sefcovic to Norway ahead of the adoption of the Battery regulation is an example of such an arena.

Perhaps the most crucial, is that the Commission themselves are active in regard to both presenting “what is new” and then be present at arenas relevant for different actors. So, I believe there are key people working in the Commission who formulate the drafts. So that they see your feedback is important. They are supposed to be neutral, but at the same time they need professional input.

(Informant 11, 02.05.2023)

As well as seeking representation through Norwegian organizations, the companies are also members of European organizations such as Business Europe, Eucobat, EASE, the European Battery Alliance, and Eurometal. These organizations are sector-specific, except for Business Europe, and all of them are important stakeholders to the EU; many of them are partly funded by the union. Especially the European Battery Alliance was identified as a crucial ally by many of the informants. The EBA was, as mentioned, partly started up by the EU, so the alliance has a close relationship with the union, and one of its mandates is to provide ‘regulatory insight’ to its members: “So we have insight into “what comes from there?”, What do EU member states want? And we even influence. And this information we gladly share with our members” (Informant 14, 28.02.2023). Until now the contact between the EBA and the Norwegian battery companies has been largely informal and based on personal contacts.

It is pretty informal. The EBA is after all just a handful of people organized under EIT Inno Energy⁸ with responsibility over the battery sector [...]. It is simply to contact (name of EBA contact), which is in charge of the industrial part. He has many contacts in Europe and has a lot of knowledge on how to approach the EU Commission. So, we have good contact with him and his colleagues, there are three of them in Sweden alone. The industry has to a large degree started to contact him directly.

(Informant 11, 22,11,2022)

Thus, due to the inclusive attitude of the EBA, the companies enjoy a good relationship with an important stakeholder to the EU on battery-related issues. The attitude of the alliance is that the demand for batteries, as mentioned, is far greater than the supply, so any European battery company is seen as a welcomed addition to the value chain (Informant 14, 28.02.2023). This relationship with the EBA proved crucial in securing Norway’s admittance into IPCEI. “I played a part in that as well. It was important from the Norwegian side [...] and then. the EU wanted to open it up and make it possible to put more money into IPCEI activity. And when

⁸ European of Innovation and Technology is an independent body set up by the EU, focusing on industry innovation and relevant education.

that happened, we naturally include Norway as fast as possible” (Informant 14, 28.02.2023). The EBA also played a role in securing Norway representation in the ministerial meetings of the alliance, although only as an observer (Regjeringen.no n.d.). Informant 14 stressed the importance of both formal and informal contact and, thus, the importance of this development.

Another recent development that ties the Norwegian battery industry closer to the European value chain and decision-making is the newly signed Strategic partnership on batteries and critical raw materials. Norway possesses large reserves of raw materials, as the name of the strategic partnership suggests. Battery production is a resource-intensive industry requiring substantial amounts of raw materials, often rare ones. It is also advantageous if these are located closely to the rest of the supply chain, ideally within Europe. Norway’s possession of such minerals seems to increase the country’s importance to the EU.

This is a strategic partnership covering two fields, raw materials and batteries. It is not more complicated than that the EU first and foremost is interested in access to raw materials. For they are attempting to enter partnerships with many countries within and outside Europe concerning raw materials, currently with Norway. And Norway is interested in joining battery development efforts. [...] And therefore, there is a deal on one area that Norway was keen on, and which the EU didn't oppose, and on an area where the EU was keen and Norway wasn't opposed. So, it's a fine match.

(Informant 9, 10.11.2022)

The parties released a joint statement of initial goals to initiate the partnership. A significant reveal was that Norway would become a participant in ministerial meetings of the EBA. The parties also announced that they were committed to “discuss” the Brexit tariff: When a trade deal was struck between the UK and the EU after the UK left the union, Norway as a non-member was not considered. In the portion of the deal regulating the trade of EVs, it was decided to put a 10% tariff on the car batteries produced outside either the UK or the EU (NHO 2021). The rationale for such a tariff on batteries from ‘third-countries’ was allegedly to protect domestic industry from cheap Chinese-manufactured batteries. Whether by intention or not, Norway seems to be considered a third-country (Informant 10, 21.11.22). The Strategic partnership also seeks to “Identify and conduct joint-venture projects for EU and Norwegian industrial and investment actors” (Ministry of trade, industry and fisheries 2022).

5.4.2 Geopolitical factors

In addition to assistance from the EBA, geopolitical factors seem to have influenced Norway’s increased involvement in battery-related activity in Europe. Both the inclusion into IPCEI and

the signing of the Strategic partnership stand as examples. When trying to explain the EU's newfound interest in Norway, many of the informants pointed to the country's natural gas export. In large part because of the war in Ukraine, Europe faces limited access to gas. After a drastic decrease in Russian gas exports, Norway remains the biggest natural gas supplier to the EU (Holter and Christensen 2022). This development thus altered the balance in the relationship between Norway and the union.

Norway does not have that much power to make amendments to propositions, but at the same time, Norway is an important actor [...] and I certainly believe that when Europe becomes more and more dependent on (Norwegian) gas, then the importance of Norway grows, and one has greater influence. We have seen this through an increase in Memorandums of Understanding and signed agreements lately. Because the EU and the member states has a need to show their support to Norway, it entails greater influence.

(Informant 2, 28.09.2022)

Another geopolitical factor that has influenced the EU and the European battery industry is the implementation of the Inflation Reduction Act (IRA) in the US. The act heavily subsidises domestic manufacturing and consumption of batteries. This is expected to pull investments and access to raw materials away from Europe (Bernoth and Meyer 2023). The act was described in more detail in section 2.2.2.

And now the Americans have ratified new legislation which gives tax credits if one establishes battery production there. And tax credits to customers if they buy American batteries, and they give tax credits for establishing battery factories in parts of the US. It is simply very lucrative [...]. So, to invest in Norway is not very competitive. So, our investors, mainly American investors in the New York stock exchange, they think we from now on only should invest in the US. That is demanding. [...] It is clear that the EU and Norway have to reevaluate the profitability of investing in industry in Europe and Norway, given the new competition from the US.

(Informant 10, 21.11.2022)

We believe in general that it (the IRA) will draw a lot of capital and raw material towards American battery production, so it is a threat to us both regarding securing enough capital to our own project and our access to raw materials. So, the fight over these is sharpened. It is not unsurmountable, but it is sharpened. We want Europe to match the US if possible, or to somehow get included in the American system. Both seems unlikely at the moment.

(Informant 12, 22.11.2022)

This unforeseen competition from the US can give the European battery industry an even stronger position towards the EU, as they can threaten to relocate to the US to take advantage of the lucrative incentives it would provide. The reconfiguration of IPCEI to be more simplified and efficient, as well as Norway's inclusion in it, is a good example of how the IRA has influenced decisions in the EU (Informant 14, 28.02.2023). Another response from the EU is the Green Deal Industrial Plan, which seeks to simplify access to 250 billion EUR of existing EU funds for its green industry (EU Commission 2023d). The plan will also make temporary exceptions from rules on state aid, a significant shift for the EU as expressed by Informant 14, a part of a paradigm shift. Other informants spoke of a similar change:

So, I believe there is a change of pace. One can also see it in the EU and their rhetoric. They are very concerned with supply-risk, because of covid and war, and to establish local supply chains. So, I experience that things look very different than they did five years ago. One is more unveiled in one's use of protectionism and will to establish a domestic industry.

(Informant 7, 02.11.2022)

There is also the original geopolitical concern that contributed to Europe being eager to establish a domestic industry, namely the current reliance on China and other East Asian countries, which currently dominate the supply chain. Outside pressure seems to make the EU responsive to the needs of an industry it aims to foster out of strategic reasons.

And one wants to take a position in the entirety of the battery value chain, so that European actors can make deals with African countries and make the mining activity more industrial, but with traceability. And that the processing of materials is done in other countries than China. For this is also a geopolitical game, where one wishes to make oneself independent from the Chinese

(Informant 11, 22.11.2022).

5.4.3 Nordic cooperation

Lastly, having aligned interests with Sweden seems to have benefited the Norwegian companies. Swedish interests are quite influential in the realm of battery legislation, as the Swedish battery company Northvolt has been a pioneer within the industry. "I'm pretty sure Northvolt broke through an imaginary barrier, and the whole of Europe benefited from what they did. Because if you had gone back to 2018 and asked people "do you think we'll build those type of factories that exist in Asia to make batteries in Europe?" you would have been laughed at" (Informant 14, 28.02.2023). The company was founded in 2016 and delivered its

first battery cells to a customer in 2022, “making Northvolt the first European battery company to make commercial shipments to an automaker” (Northvolt 2023). By establishing itself as an industry leader, the company has been of significant interest to the EU, and Northvolt has been able to leverage its expertise and experience to influence battery legislation (Informant 12, 22.11.2022).

As Norway and Sweden share many similarities relevant to the battery industry, the companies could often rely on Sweden to influence battery-related regulation in a way that is favourable to them. One could perhaps assume that the two countries, which have many cultural and societal similarities will always share the same interests, yet this is not given. On the topic of agricultural policy, for instance, Sweden and Norway clash over disparaging views on tariffs (Melgård 2021). Nevertheless, on the issue of batteries, the countries have mostly aligned interests. For example, during the creation of the EU Taxonomy, the original draft did not consider hydropower as a green energy source. As both Sweden and especially Norway rely on hydropower for much of its energy production, such a decision would make it harder for companies from those countries to become ‘Taxonomy aligned’.

One (Norway) doesn't have the option to put things on the agenda oneself. One always has to go through other countries [...] you can cooperate with Sweden or Denmark, and there the Taxonomy is a good example. For at one point there were some criteria regarding hydropower that Norway was not happy about, and they were changed to better fit Norwegian needs. But how much Norway really affected this compared to other countries pushing for the same, is an interesting discussion.

(Informant 2, 28.09.2022)

Closer cooperation with the other Nordic countries has also been recognized as an important strategy for the Norwegian industry. When discussing how to best influence EU decision-making, Prosess 21 argues that “positions which are coordinated either across sectors or together with actors from likeminded countries (towards the Commission), i.e. the Nordics, is also desired” (Prosess 21 2020, 41, my own translation). Furthermore, they argued that reaching out to Nordic MEPs is also a fruitful strategy to employ. In May 2022, Norway, Sweden, and Finland signed bilateral agreements concerning the Nordic battery value chain. Additionally, The Nordic industry itself regularly holds joint conferences together, called “Nordic Battery Thursdays” (European Battery Alliance 2023b). The Nordic countries are also in the fortunate position of having energy mixes with a high degree of renewables and historically low prices

(Energi og Klima 2023). This puts the battery industry of these countries in a favourable position to readily comply with the environmentally ambitious regulations of the EGD.

6.0 Analysis

The chapter consists of a stakeholder mapping where the salience of the Norwegian battery companies as stakeholders towards the EU will be assessed. To do this, I will identify to what degree the companies possess the three attributes of power, legitimacy, and urgency. According to the stakeholder salience theory by Mitchell et al., one can assess the importance of a stakeholder to an organization based on how many of these attributes the stakeholder holds. After the initial mapping, there will be a discussion of the stakeholder strategies enacted by the companies based on the stakeholder category they are attributed. Then follows a categorization of the EGD regulations based on regulation regimes. The regulatory preferences and the ability of the industry to influence them will then be analysed by utilizing the Shadow of hierarchy theories.

6.1 Stakeholder analysis

6.1.1 Power

As outlined in the theory chapter, the modes of power discussed here will be institutional power and power over resources. As a non-EU member, Norway barely enjoys any institutional power within the union. Although, being an EEA member, Norway, does as mentioned, have the right to partake in forums such as expert groups and committees, it does, however, not have the right to put forward policy proposals or participate in voting. This leaves Norwegian private stakeholders affected by EU policy rather 'bare footed' compared with companies located in member states. As Börzel emphasises, private interests have rather little influence in EU governance as opposed to on the national level, or in other supra-national institutions. Norwegian companies then, are relatively powerless in a system where private actors depend on a member state's backing to champion their interests. The Norwegian battery companies do however fare better than other industries in this regard, as will be discussed later.

As discussed in section 5.2, the Norwegian government was perceived as not being proactive enough in engaging itself early in the EU legislative process. It was criticized for waiting until proposals were put before the EFTA committee before providing input. Moreover, it was recognized that Norway could act firmer in promoting its interests. In other words, Norway was not utilising all of its already limited power. Furthermore, by not being a member state, Norway and its industries struggled to stay updated on legislative developments. This deficiency has to some degree been addressed, yet not before having significant consequences for the Norwegian battery industry.

The fact that Norway at times was unaware of policy developments in Brussels had some major implications; resulting in the companies' stakeholder interests not being accounted for in Brussels. The two examples brought up by the informants were the mentioned Brexit tariff on Norwegian batteries and the exclusion from battery-related IPCEIs (Important Projects of Common European Interest). The tariff is an issue that caught both Norwegian authorities and battery companies off-guard, and I argue it is a good example of how the lack of institutional power resulted in the interests of the Norwegian battery companies not being considered by the EU.

It is a challenge. And that is why we, both Norwegian authorities and the industry need to follow up and work closely [...] and give feedback. And regarding IPCEI for batteries, why didn't we join? If I have understood the story right, it was a bit arbitrary. We did perhaps not pay good enough attention on what transpired within the EU, and we missed something. [...] The same issue occurred with the Brexit tariff, where incidents occur since we are not in the middle of it, we are one the side-line.

(Informant 9, 10.11.22)

Thus, the EU-UK trade deal had a considerable impact on the Norwegian battery industry, with this most likely not being the intention of either party. A major concern is that European automakers will reject Norwegian produced batteries because of the tariff. "Even though it (the tariff) is for production going to England, in reality, you won't be able to access the European market" (Informant 1, 09.09.2022). The deal has had indirect negative effects even for battery companies not aiming to manufacture auto-batteries.

So, it (the tariff) wasn't a problem for us since we don't produce batteries for cars. So, we were really upset over Hydro turning it in to a major issue right before our initial public offering. Because it was very difficult to explain to journalists and investors in the US that it didn't affect us

(Informant 10, 21.11.22)

As for the IPCEIs, none of the informants knew why Norway was not involved. However, Norway was eligible through its EEA membership. Just as with the Brexit tariff, it varied among the companies how upset they were that Norway was not involved, yet all of them felt it was a missed opportunity for the industry. "From the Norwegian side, one didn't realise how important it (IPCEI) was until the train had left the station" (Informant 10, 21.11.22). Informant 9 stressed that Norway simply was not paying good enough attention, neither the government

nor the industry. I thus make the case that this is another instance of institutional disadvantages negatively affecting the salience of Norwegian companies as stakeholders vis-à-vis the EU.

We lose the possibility of joining many good projects and acquiring good partners, and to scale up a system like other battery actors have done. So here I think we have lost a great opportunity which probably would have been important to Beyonder. It is very unfortunate for the whole industry that we are not able to participate

(Informant 13, 15.12.22)

Germany did, however, in January 2023 invite Norway to participate in one of the IPCEI projects related to batteries, namely IPCEI European Battery Innovation (EuBatIn). This allows Norway to participate from 2024, three years after the project was launched (Rydne 2023). Not having been able to participate would have placed Norwegian battery companies at a disadvantage compared to companies located in EU member states. These companies will gain access to more capital due to the exemptions from rules regulating government subsidies, and thus more private capital due to risk reduction, as well as cooperation on technological innovation. Even though Norway was eventually allowed to join one of the battery IPCEIs, the arbitrariness of the accession reveals the precarious position of Norwegian stakeholders. As the minister of industry Jan Christian Vestre said in an interview with the news site E24; “The EEA agreement is not sufficient to attend to Norwegian interests in the green transition. It is therefore important that we enter [...] partnerships with the EU and Germany” (Rydne 2023, my own translation).

In addition to institutional power, power over resources is also crucial when assessing stakeholder power, as argued by Eesly and Lenox (2006). Héretier and Rhodes (2011) does as mentioned identify resources possessed by private actors which are of interest to the EU, such as expertise and information. When the Commission is actively gathering feedback from stakeholders, as in accordance with the Better regulation guidelines, they do not discriminate between stakeholders from the member states and those from the EEA (Prosess 21 2020). For example, the Norwegian company Batteriretur has been consulted quite thoroughly by the Commission due to its expertise on battery collection and recycling:

I have been participating in moulding it (the Battery regulation) from the beginning, giving input to the EU. Sefcovic (vice president of the Commission) himself has visited us on that pretence. [...] We have (also)

given input via Eucobat⁹ and to others on how we think the regulation should look like. We have used a lot of time lobbying on this matter, and I would say the last draft looks fine.

(Informant 3, 03.10.2022)

The power of the Norwegian battery companies does as shown here differ from company to company, based on their access to resources. As it had unique industry expertise sought after by the Commission, Batteriretur had by far the most direct contact with the EU out of the companies interviewed. Another resource possessed unevenly by the companies is the ability to have a permanent presence in Brussels. This is important to stay updated on legislative developments and for establishing contact with legislators and bureaucrats (Informant 13, 15.12.2022). The only one of the companies with a Brussels office was Hydro. The others had to rely on other Norwegian organizations present in the city, such as NHO and Innovation Norway, and the delegation from the Norwegian government. Beyonder, based outside the city of Stavanger, emphasized the importance of contact with the office of the Stavanger region in Brussels to stay updated (Informant 13, 15.12.2022).

As many of the companies are relatively newly established, they have not been able to establish a presence of their own yet. “There isn’t much Brussels-based lobby campaigning [...] we are still small actors, so it is a bit early to think much about a very established presence in Brussels” (Informant 12, 22.11.2022). The fact that many of the companies are relatively small and a part of a new industry also makes it hard to be seen by both the government and the other supporting organizations in Brussels. Furthermore, associations such as NHO, which consists of many members from different industries, often take very broad positions. This makes it impractical to rely on the association for fronting the industry’s interests on more niche subjects. The more narrowly focused European industry associations such as Eucobat, EASE, and the European Battery Alliance were emphasised as important partners. I will address some of these organizations in more detail later, especially the European Battery Alliance, when addressing how the Norwegian battery companies seek to address their lack of power.

To sum up, I argue that the Norwegian battery companies to a large extent lack the stakeholder attribute of power. Especially regarding institutional power, Norway lacks the official mechanisms needed to support its industry through voting or presenting policy proposals. Furthermore, Norway has thus struggled to remain informed on the latest legislative

⁹ Industry association for actors reusing/recycling batteries

developments in the EU. This had concrete consequences for the companies, such as the Brexit tariff and initial lockout from IPCEI. Additionally, it can be argued that the Norwegian government has been too passive and too subtle in its influence on policy development, often giving feedback at a too late stage in the development process. Thus, the government has not utilized the little power it does have to the fullest. As for power through resources, this varies more between the individual companies. Expertise and a presence in Brussels are such resources, yet they remain in the possession of only a couple of the companies. There are national organisations such as NHO and Innovation Norway present in Brussels, yet it seems difficult for a small and new industry to get one's interests looked after. Thus, with little institutional power to speak of and only a few companies possessing power over relevant resources, I conclude that Norwegian battery companies, from the outset, lack the stakeholder attribute of power.

By lacking this attribute, the Norwegian battery companies cannot be categorized as a definite stakeholder. Such a stakeholder possesses all three attributes of power, legitimacy, and urgency and thus enjoys the highest degree of salience. Therefore, depending on whether the companies possess either of the two remaining attributes will determine whether they can be categorized as expectant stakeholders, latent stakeholders, or even stakeholders at all.

6.1.2 Legitimacy

Mitchell, Agle, and Wood (1997) argue that the attributes of power and legitimacy sometimes overlap, yet one can exist without the other. Even though the companies have limited power to influence the EU, I argue they have legitimate claims on consideration from the union. As an EEA member, Norway and its industries are affected by most EU legislation. Furthermore, according to Prosess 21, the Commission values expertise input from EEA interests at the same level as input from interests located within member states (Prosess 21 2020). In addition, by simply being part of the European battery value chain, the companies are affected by battery-related regulations in the same manner as companies located within member states, and they are real 'cogs' in the new European battery machinery. A factor that may bolster the legitimacy of the Norwegian companies is the fact that their member state counterparts allegedly do not see them as bothersome outside competition but as valuable additions to the value chain: "The flavour of the day is not competition, its cooperation" (Informant 14, 28.02.2023). As the demand for batteries within Europe and the world is set to drastically increase in the coming years and decades, the challenge will not be to compete over contracts; the challenge will be

simply to meet the demand. Additionally, the EU has, as mentioned, identified the battery value chain as strategic and champions its development.

As Eesley and Lenox (2006) emphasized, it is not only the legitimacy of the stakeholder itself which should be considered, yet also the legitimacy of its requests or actions. In an example the authors provide, an environmental organization requesting a local firm to end local pollution might enjoy greater support from the general public, than a request for the firm to address global warming as a whole. According to Eesley and Lenox, the first request is more tangible and will therefore enjoy greater legitimacy. The two most significant requests made by Norway and the battery companies towards the EU, is the aforementioned pleas to join the IPCEI projects and to be omitted from the Brexit tariff. Another request pushed by Norwegian industry more broadly is to end the practice of energy origin guarantees. How legitimate have these requests been perceived to be by the EU?

For a long time, it seemed unrealistic that Norway might join the established IPCEIs. Norway could, in theory, have joined the IPCEIs when they were established. However, to include the country afterward long seemed like an illegitimate request by the EU. The programs were already established, and there was no wish to adjust them. However, the conditions surrounding IPCEI changed, and suddenly the Norwegian request was considered legitimate and feasible. As Mitchell and colleagues argue, stakeholder attributes are not static; they may vary with time. The implementation of the Inflation Reduction Act (IRA) in the US led the EU to restructure the IPCEI projects to remain competitive. It is set to simplify the funding of industry scale-ups and to open the program to more participants. Due to changing circumstances, the legitimacy of the stakeholder request changed as well.

Another request Norway and its battery industry ask of the EU is to be omitted from the Brexit tariff. In the new strategic partnership between Norway and the EU on batteries and critical raw materials, further discussion of the tariff has been one of the main interests from the Norwegian side. In a joint statement on the agreement, the issue is listed as an “initial area of action” (Regjeringen.no n.d.). If the EU is prepared to renegotiate a trade deal with the UK at the behest of Norway is however an uncertainty:

In the agreement [...] between Sefcovic and Vestre (Minister of Industry) there is a point about addressing the tariff. But I understand it is unclear how, because the UK and EU cannot reopen negotiations on an agreement over a single issue. Then there would be many other issues emerging, which were

difficult, and that they would want to address. So, we do not believe it is possible

(Informant 10, 21.11.2022)

If the parties were to reopen negotiations, it may be hard to close them again, as old disagreements regarding the trade deal could re-emerge. Therefore, the EU might not be willing to take that risk just to accommodate Norway. In other words, the EU does not consider the stakeholder request legitimate. However, this case might not be as closed as it first appears to be. Just as with IPCEI, there is a chance the EU will change its mind.

This Brexit problem, it is not solved yet. But the IPCEI issue was completely impossible a year ago, so who knows? Maybe the Brexit question will be solved? Give it another year, then maybe it also is done. I am hopeful. And why do I say that? That is because this planet finds itself in a paradigm-shift right now.

(Informant 14, 28.02.2023)

As for wanting to opt out of the guarantees of energy origin scheme, it is unknown if Norway has addressed the topic with the EU. It does however look unlikely to get the rest of the EU to abandon the scheme, as it is beneficial to companies located in countries with less renewable energy mixes than Norway.

We are on collision course with most others, industries from countries that lack the competitive advantage Norway enjoys. This should be high on the agenda for the government. Because if we don't do anything with the system, Norway will lose its entire competitive advantage regarding green energy. Then it won't matter where you are located. [...] In the EU our best friends (on this issue) are the NGOs. [...] but most companies want the freedom to be located wherever they want, so we are pretty much alone.

(Informant 10, 21.11.2022)

To conclude, by being located in an EEA country, and being parts of the strategically important European battery value chain, I argue that the companies enjoy the stakeholder attribute of legitimacy. As for the legitimacy of the requests Norway and its battery companies has made of the EU, there have been interesting developments. Changing conditions made the EU redesign its IPCEI projects, making the request to join feasible. Whether conditions will change regarding the Brexit tariff, or the guarantee of energy origin remains to be seen. Nevertheless, these examples are relevant in demonstrating how shifting circumstances affect the salience of

stakeholders. To what degree a stakeholder possesses one of the three attributes is substance to change, and it is important for the stakeholder to identify such conditions.

By possessing at least one attribute, the Norwegian companies should be considered as stakeholders by the EU according to the theory of stakeholder salience. This would entitle them to at least a fundamental degree of consideration regarding EU decision making affecting the industry. Yet without power, legitimate stakeholders lack rights (Mitchell, Agle, and Wood 1997).

6.1.3 Urgency

Perhaps to a greater extent than with the other stakeholder attributes, urgency is subject to variation over time. An issue might suddenly arise, making the stakeholder need to reach out to the organization. All the battery companies possess the attribute of urgency to a certain extent, as they have opinions on many of the EGD regulations which are currently being rolled out. However, some of the companies have more urgent needs than others. Especially those whom the Brexit tariff will directly impact seem to be the stakeholders with the most urgency. Hydro was for instance very active when it first became clear that Norwegian-produced car batteries would be affected by the tariff.

We work actively when there is concrete things we see are important that the politicians know about. When there are barriers to progress, for example when we considered building a battery factory together with Panasonic and Equinor, and it became clear that there would be a barrier to trade batteries produced in Norway [...], we spend a lot of time and energy to work up towards the government.

(Informant 1, 09.09.2022)

As for some of the other companies, often the newer and smaller ones, it was enough to keep track of all the relevant legislation coming out of Brussels, let alone develop positions to influence it. “So, our strategy in Brussels is not to influence Brussels. We have more than enough with simply paying attention and keeping up, which we do through European industry associations like Eucobat, EASE, and Global Battery Alliance at the global level” (Informant 10, 21.11.2022). For many of the newly established battery companies, it is enough to simply stay updated on developments and they trust industry associations and the Norwegian government to work for their interests. Nevertheless, as the threat of the Brexit tariff, set to enter into effect in 2027 (NHO 2021), continues to loom over the industry, many of the actors will consider it an important issue. It is however an issue concerning the EU’s foreign policy,

so lobbying through industry associations such as the European Battery Alliance will not suffice. Since it is not merely a regulatory issue, the companies will have to rely on the government to mediate a solution (Informant 11, 22.11.2022).

To conclude, even though it varies between the companies, and the way they seek to express it, I argue that the Norwegian battery industry, in general, possesses urgency. After all, the industry has an interest in the new regulations affecting them. The companies do then, according to this assessment, possess both legitimacy and urgency. “Specifically, in combination with legitimacy, urgency promotes access to decision-making channels” (Mitchell, Agle, and Wood 1997, 19).

6.1.4 Stakeholder categorization

When making a general assessment, I would argue that the Norwegian battery industry possesses the stakeholder attributes of legitimacy and urgency yet lacks power. Although a couple of the companies enjoy some power over resources such as expert knowledge of importance to the Commission or a presence in Brussels, they lack institutional power. As representation in EU institutions and the influence of member states are fundamental in the EU, I deem that lacking national representation in the union equivalates a lack of power for the Norwegian battery companies. I do however argue that they enjoy legitimacy, as valuable members of the European battery value chain that the EU seeks to foster. Furthermore, some of the companies’ most important requests of the EU seem to gain in legitimacy. As for urgency, the companies have opinions and preferences regarding EU legislation that will affect them. Especially the Brexit tariff is a subject that the companies will continue to bring up with the EU, often through the Norwegian government. Even if it varies how active the companies are in reaching out to express their views, I argue the factors mentioned above give the stakeholders urgency towards the EU.

This stakeholder mapping would categorize them as ‘expectant stakeholders’ according to the model created by Mitchell and colleagues, as they possess two of the three attributes. They would further be categorized as ‘dependent stakeholders’, within the expectant stakeholder grouping, since they lack power. According to the theory, such stakeholders do have an active stance towards the organization and should be considered to have a moderate salience by it. Dependent stakeholders do as mentioned need to rely on others to secure that their interests are taken into concern by the organization, often through advocacy.

I argue that the way the interests of the Norwegian companies have been considered by the EU up until recently displays that the union holds the stakeholders to a medium level of consideration. The Commission has sought feedback from companies like Batteriretur, and vice-president Sefcovic visited Norway and representatives from its battery industry to gather input to the new Battery regulation (Informant 3, 03.10.2022). Yet simultaneously, the preferences of the Norwegian stakeholders were not taken into consideration during trade negotiations with the UK, nor until recently regarding inclusion into IPCEI. The lack of institutional power enjoyed by Norway makes itself visible in situations such as this. Nevertheless, despite the lack of a stakeholder attribute, Norway and its battery sector seems to be included more in EU processes lately, and the companies are mostly satisfied with the regulations of the EGD. In the next section, I will attempt to explain why that is. As the theory of Mitchell, Agle, and Wood (1997) claims, a dependent stakeholder will try to secure its interests by relying on more powerful stakeholders or by advocating its needs to the organisation. Have the Norwegian battery companies attempted such strategies to compensate for their lack of (institutional) power?

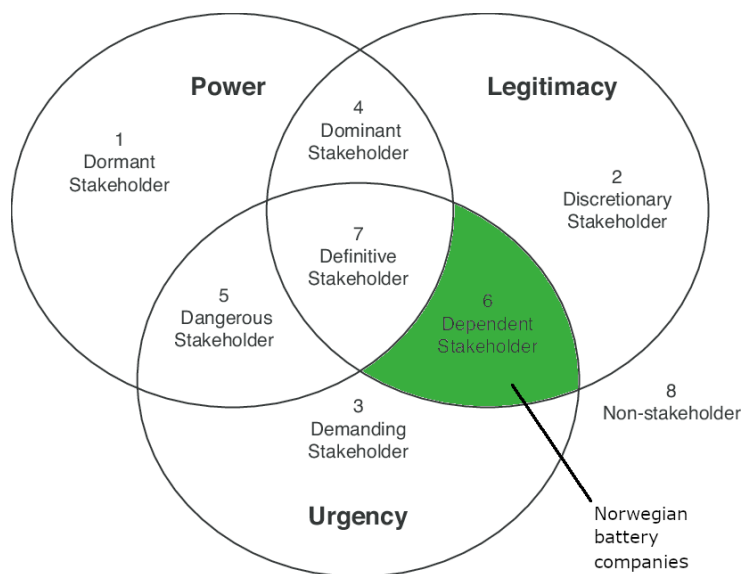


Figure 7. Stakeholder mapping. Source: own elaboration based on Mitchell, Agle, and Wood (1997).

6.1.5 Gaining salience – a paradigm shift?

Several indicators are pointing toward Norway and its battery industry gaining salience in relationship to the EU. I argue this shift is partly due to deliberate strategies from the industry, as well as changing circumstances affecting the attributes held by the Norwegian companies as stakeholders. First, the deliberate strategies will be discussed.

Writing joint industry papers was a common strategy to affect policy-making both in Norway and the EU. As industry knowledge often is a valuable stakeholder resource (Eesley and Lenox 2006), producing policy-relevant documents was a proven strategy in affecting policy-making and political platforms (Informant 11). Thus, it can be argued that the industry gained salience by making the government more aware of its needs through such papers. Creating industry associations such as Battery Norway and Prosess 21, I argue is another example of a deliberate stakeholder strategy to gain salience. Dependent stakeholders must make convincing appeals to the organization it seeks to convince, as they don't have the power to affect the agenda through force (Mitchell, Agle, and Wood 1997). By uniting and creating common positions, it is more likely that one's appeals will get addressed. Another strategy outlined by Mitchell and colleagues is for the dependent stakeholder to elicit the assistance of more powerful stakeholders with similar interests. As mentioned, the European Battery Alliance (EBA) was a crucial ally. It assisted Norway in joining IPCEI, keeping the industry updated on legislation, as well as securing Norway a seat in the ministerial meetings of the alliance. Closer cooperation with the other Nordic countries is another active strategy. These countries enjoy many of the same advantages, such as access to renewable energy. Thus, Norwegian stakeholders benefit from allying themselves with their Nordic peers, who are all EU member states.

As for the circumstantial factors affecting the salience of Norway and the battery industry, becoming Europe's largest natural gas supplier was the most significant. The possession of minerals relevant to the battery industry is another factor that recently increased Norway's influence in Brussels. This resulted in the aforementioned Strategic partnership on batteries and raw materials, which considered the interests of both parties. The further integration between Norwegian and European companies initiated by the partnership might also benefit beyond the economic profitability of given joint projects. It has the potential to further link the interests of the Norwegian companies with those of companies based in EU member states, making their interests the interest of actual EU members. Through the entering of this agreement as well as in joining IPCEI, I argue Norway is turning its newfound informal power into another kind of power; if not institutional, then at least a more formal form of power.

Other circumstantial factors include the Inflation Reduction Act from the US and the pressure from Asian producers. IPCEI was as mentioned restructured to compete with the IRA, partly to hinder European battery producers from relocating to the US. This allowed Norway to join. Thus, geopolitical considerations have arguably helped the entirety of the European battery industry to gain salience.

Furthermore, as dependent stakeholders, it is as mentioned important for the Norwegian battery industry to gain allies possessing power, the stakeholder attribute they lack. The EBA has, as mentioned, been an important stakeholder to ally with. Another important ally for the Norwegian companies has been the neighbouring country of Sweden, which is an EU member state. However, as the interests of the Norwegian companies simply aligned with those of the Swedes, it is perhaps more accurate to describe it as ‘piggybacking’ rather than a mutual alliance, at least initially. Therefore, similar interests with Sweden are considered a circumstantial factor. Finally, industry expertise is as mentioned important to the Commission, and can be considered power in the form of possessing resources. “For the most part, how it (the battery regulation) is presented, it looks doable for us. We know that Northvolt have been very active in its design [...]. And we are similar to Northvolt by having access to the same type of energy mix, and the same type of environmental goals” (Informant 12, 22.11.2022). Thus, by having overlapping interests, contact, and agreements with Sweden and Northvolt, I argue that the Norwegian battery companies gain power by collaborating with these powerful stakeholders.




Dependent stakeholders		
Power 	Legitimacy 	Urgency 
<ul style="list-style-type: none"> Limited institutional power: Norway lacks voting rights and the possibility of putting forward legislative proposals Norway has been too passive in influencing legislation Limited power over resources: only a couple of the companies possess unique resources of relevance to the EU, namely expertise and a presence in Brussels. 	<ul style="list-style-type: none"> Affected by legislation through the EEA Valuable parts of the European battery value chain Requests: IPCEI membership granted 	<ul style="list-style-type: none"> Interest in the EGD law-making process Acts to exempt Norway from Brexit tariff
Dependent stakeholder strategies to mitigate for the lack of power		
Circumstantial factors	<ul style="list-style-type: none"> Norway gained influence by becoming the EU’s largest supplier of natural gas The Inflation Reduction Act in the US Aligned interests with Sweden and Northvolt 	
Active efforts	<ul style="list-style-type: none"> Founding industry associations such as Battery Norway and Prosess 21 Writing influential industry papers Reaching out to European industry associations, such as the European Battery Alliance Closer cooperation with other Nordic stakeholders 	

Figure 8. Dependent stakeholder. Source: own elaboration.

To conclude, I argue that Norwegian battery companies are dependent stakeholders who, through different avenues have sought to acquire the attribute of power to gain salience as stakeholders in the eyes of the EU. Domestically, the industry can be argued to have gained salience by organizing itself through organizations such as Battery Norway and Prosess 21, thus establishing a collective voice. These organizations gain influence, by for example, writing comprehensive industry documents that governments have proven to consider when writing policy documents. The Norwegian government also seems to have adjusted to the quantity of legislation being put forward by the EU and taking a more proactive role according to one informant. Norway itself can also be said to have become more important to the EU, mainly since it has become the union's biggest natural gas supplier due to the war in Ukraine. According to the informants, this position has given Norway increased influence and informal power. I argue Norway then converted this influence into more formal power, which partly explains how the country was able to enter formal agreements with the EU, such as IPCEI and the Strategic partnership on batteries and raw materials. Other geopolitical factors, such as the IRA from the US and the current Chinese domination over the supply chain, have also contributed to giving the European battery industry as a whole influence.

Furthermore, the Norwegian companies' relationship with powerful stakeholders such as the EBA was also a factor in securing these agreements, and for staying updated on EU legislative developments. Lastly, I argue that shared interests with Sweden, Northvolt, and other Nordic stakeholders has been advantageous. This is evident in that the companies largely are satisfied with the regulations of the EGD, where many of their interests seem to have been taken into consideration. "I believe that precisely on batteries, we are in a lucky and special position [...] cooperation on the battery field is uniquely close" (Informant 11, 22.11.2022). Thus, I argue the Norwegian companies to a significant extent were able to compensate for their initial lack of power and gain salience.

6.2 Industry and regulations in the Shadow of hierarchy

As the Norwegian battery industry has many of the same interests as the rest of the European battery industry and is being closely connected to it through projects such as IPCEI and the Strategic partnership, it is relevant to discuss the salience of the industry as a whole. After observing a European battery conference hosted by the European Battery Alliance (EBA), and interviewing an informant from the EBA, I argue it is valid to transfer some of the insight gained from the Norwegian companies to the European level. A transferring of findings, as it is called

in case studies. I will thus make some claims about the European battery sector as a whole, based on the data gathered from mostly Norwegian informants. After all, it is an industry mainly consisting of start-ups, all facing the same regulations and external factors.

The European battery industry seems to enjoy a high degree of salience in relation to the EU institutions and appears to be united internally by common interests (Informant 14, 28.03.2023). I argue this puts the industry in a strong position compared to other industries. Nevertheless, there are no signs of the industry advocating for less government intervention or even self-regulation. Most of the EGD regulations were of the command-and-control variety, yet the regulation regime did not seem to affect the companies' opinion towards a given regulation. One seems to be content with command-and-control regulations, and to not shape these regulations beyond providing input.

6.2.1 What regulatory regimes did the regulations belong to?

As for the regulatory character of the Battery regulation, I argue it can be labelled as a command-and-control regulation. Its criteria are very detailed, with little room for interpretation or individual solutions. The battery industry was consulted closely, at least on the European level. Nevertheless, such consulting is only advisory and non-binding, not the “regulating and executing side by side” (van der Voort 2016, 6) one can observe in co-regulation.

When evaluating the regulatory character of the Taxonomy, it becomes clear that it contains aspects of several regulation regimes. The voluntary nature of the Taxonomy points toward self-regulation. However, as the Taxonomy criteria are developed by the EU and not a private organisation, this categorization is unsatisfactory. Furthermore, the EU aims for the Taxonomy to be the authoritative tool for market transparency and green investment, not one among many. Additionally, even though it will be voluntary for companies to comply with the criteria of the Taxonomy, reporting relevant data will, for many, become mandatory. Concerning the legislative development, the initial inclusion of private actors points towards co-regulation. The Technical Expert Group (TEG) tasked with creating the criteria did as mentioned consist of various stakeholders, namely members from finance, industry, academia, civil society, and EU representatives (European Commission 2022a). Nevertheless, many of these private stakeholders felt estranged by the end of the legislative development. They argued that political compromises made the Taxonomy stray from its scientific foundation, and their input was not significantly considered. Thus, even though many private stakeholders were involved early in

the legislative process and contributed to the Taxonomy framework, their influence seems insufficient to categorize the Taxonomy as co-regulation. The voluntary aspect of the regulation also excludes it from being considered command-and-control regulation, making the Taxonomy challenging to categorize. It might therefore best be described as a hybrid regulation.

As for which regulatory regime the Critical Raw Materials Act (CRMA) can be categorized under, its precise criteria and legislative process point towards command-and-control. Stakeholders were invited to provide feedback, but no formal inclusion in its creation. The Renewable Energy Directive (REDIII), which contains the guarantee, is difficult to categorize. For instance, the part of the directive concerning biofuels allowed companies to show compliance by adhering to certain private certification schemes. This arrangement, together with the fact that purchasing certificates of energy origin are voluntary, points to RED being an example of co-regulation. As for IPCEI, it is a funding and networking program and not a regulation, and therefore cannot be placed within a regulatory regime.

6.2.2 The Better regulation guidelines in the Shadow of hierarchy

The Better regulation guidelines were as mentioned implemented to increase the quality and proportionality of EU regulation, and stakeholder consultation was included as a regulatory instrument to help achieve these goals. The EU takes stakeholder involvement in the development of legislation seriously, and it is listed as a ‘duty’ of the Commission in Article 11 of the Treaty of the European Union (EU Commission 2017). However, as Garben (2020) points out, there are some limitations to the stakeholder involvement: The stakeholder consultations often include the ‘usual suspects’ of industry associations and EU-funded NGOs, and the Commission is not required to abide by the results of the consultations.

Thus, I argue that stakeholder consultations in the EU are placed in the shadow of hierarchy cast by the Commission. As advocated by Börzel (2010), EU governance can be described as “negotiation and competition in the shadow of hierarchy” (2010, 7). This competition and negotiation are as mentioned between the EU member states themselves and between the member states and the Commission. In such an environment, Börzel argues, private stakeholders can only partake in the policy process to a point, before member state negotiations dominate the legislative process. The private stakeholders then must rely on member states to advocate for their interests. This places Norwegian stakeholders at a disadvantage, as Norway cannot vote nor put forward legislative proposals (Sverdrup 2019). Nevertheless, the Commission sometimes relies on industry/sector expertise to depoliticize certain legislative

debates to reduce conflict. Be it through relying on private regulation organizations or forums for national regulators. (Héretier and Rhodes 2011). Thus, when the creation of regulatory legislation takes place in ‘specialized independent regulatory arenas’ as opposed to traditional parliamentary arenas, the playing field seems more even for private Norwegian stakeholders. As mentioned, private stakeholders are also more relied upon in areas of ‘complex market integration’ (Héretier and Rhodes 2011). Some areas of the European Green Deal might be described as such.

The Better regulation guidelines are interesting since they tell how the Commission wishes to include stakeholder feedback. And as pointed out by Börzel, most private stakeholders such as industry associations does not have the capacity to push for more influence than simply contributing to consultations. However, as discussed below, some factors point to the European battery industry enjoying a sufficient degree of salience and influence over EU institutions, yet have their own reasons for being content with providing input rather than engaging in self-regulation.

6.2.3 Negotiation and competition in the Shadow of hierarchy

EU governance might normally be characterized by the negotiation and competition between member states in the shadow of hierarchy cast by the EU institutions; yet within the field of battery related regulation there does not seem to be a significant degree of disagreement or competition between the member states. If this proves true, it will benefit the Norwegian battery companies. The less the national interests of member states influence legislative developments, the better for EEA-based companies without member state representation.

If you asked me four years ago, I would have said it (legislative development) is very hard and that things are being blocked. That is not my opinion anymore [...] The demand (for batteries) is vastly larger than the supply, so we don't need to compete. After having worked with this for the last four years I have found it necessary to explain that the market is so big that “the flavour of the day is not competition, its cooperation”. It is not a stable market. I used to work with trains, which one has made for almost 200 years. There it is competition, there it is nation against nation, there it is a fight for every contract. Now that we are underway in transitioning the whole of society during the next 10-20 years, we don't have time to compete. We need all the resources we can muster.

(Informant 14, 28.02.2023)

As there does not appear to be much disagreement within the industry, or even substantial competition, there has not emerged any significant internal issues. A point of disagreement the informants expressed they had with other European battery actors is that of guarantee of origin of renewable energy. However, informant 14 did not see this as a significant issue and was confident that the EU eventually would side with Norwegian industry against the guarantee. Thus, member states have not been compelled to clash over regulatory disagreements, as battery companies from different countries in large share common interests. A lack of regulatory disagreements is also likely to lead to more coherent legislation. Garben (2020) mentioned that compromises between member states often result in complicated and vaguely worded legislation of poor legislative quality. Agreement between member states avoids this pitfall which has affected much of EU legislation. The lack of fragmentation thus sets the industry apart from more established industries. Börzel lists such internal fragmentation as an important reason why private actors lack influence in European regulatory design.

While the number of transnational interest groups in Brussels is constantly on the rise [...], they do not appear to be strong enough to engage in collective action required for private self-regulation or co-regulation. Their weakness is due to the heterogeneity of interests and a strong orientation towards domestic concerns as the main access point to the EU policy process

(Börzel 2010, 21)

Thus, “heterogeneity of interests” and competition between member states do not seem to explain why the European battery industry has not championed self-regulation. Furthermore, when disagreements arrive, as with the energy origin guarantees, the Commission has ways to diffuse conflicts. “There are of course some different opinions, for example on the guarantee of origin. But the EU has the ‘sustainability hat’ on through the process” (Informant 14, 28.02.2023). As argued by Héretier and Rhodes (2011), the Commission often appeals to expert knowledge to resolve conflicts and “depoliticize the policy field” (112). In the case of battery regulation, selecting the ‘greenest’ option is a way to avoid conflict. Going against legislative proposals because they are too environmentally ambitious is not a good look for a battery company, as their market penetration is based on playing a role in the green transition. Additionally, strict environmental criteria are seen as the competitive advantage European battery producers have over their peers from China and the US (Informant 14, 28.02.2023). As the European producers cannot compete on price globally, few of them would have any interest in ‘watering down’ regulations which could risk foreign competitors more easily entering the European market. “If we were to compete with Asian battery producers, they have the cheaper

batteries. Full stop. That's just how it is, we aren't even close [...]. So, to compete on price with the Asians, that is not a good strategy" (Informant 10, 21.11.2022).

The forums created by the EBA might also have contributed to low levels of disagreement through encouraging cooperative venturers among its members. An essential goal of the alliance is to create synergy in the European battery value chain, which it does by connecting companies with each other and through frequent conferences and ministerial meetings. Such networks can foster dialogue and common understandings of relevant issues, thus reducing the potential for conflict.

Another factor contributing to consensus around ambitious regulations seems to be pressure from car manufacturers. Electric vehicles constitute a big market for battery producers, making them responsive to signals and demands from the auto industry. Because, consumers and regulatory authorities have strict criteria for sustainability, which the auto industry then passes down the value chain to the battery companies. Thus, strict demands from important customers contribute to consensus around ambitious regulations.

6.2.4 Salient and coordinated industry, yet no demand for self-regulation

Little competition between the European battery companies and broad agreement on regulations within the industry due to outside competition and demands from auto manufacturers seems to point towards a reasonably united industry. Furthermore, they are organized through the EBA and other industry associations. This does as mentioned go against Börzel's assumption that industry interests are too weak and fragmented at the European level to engage in self-regulation. Moreover, the Shadow of hierarchy cast by the EU institutions over the industry has not spurred attempts to counter the announced regulations with proposals of self-regulation from the industry. According to Héritier and Eckert (2008) companies prefer to avoid regulation. If this seems to be an unlikely outcome, they then prefer self-regulation, followed by command-and-control regulation, and lastly co-regulation. "Firms – as a rule – shun public intervention into their economic activities" (Héretier and Rhodes 2011, 55). There seems to be little appetite among the industry to engage in more independent forms of regulation. Even though there are factors incentivising the battery companies to prefer strict environmental regulations, it does not necessarily follow that these regulations have to be of the command-and-control variety.

There are as mentioned drawbacks with such regulation, such as it getting quickly outdated (Engen et al. 2021), entailing a 'one size fits all' model which disadvantages smaller companies

(Garcia Martinez et al. 2007), and little incentive for companies to set more ambitious targets than what is demanded in the regulation (Eisner 2004). Additionally, though government usually prefers command-and-control over self-regulation (Héritier and Eckert 2008), at least the EU Commission is as mentioned inclined to open for self-regulation in very technical fields where they are dependent on industry expertise to properly regulate (Héritier and Rhodes 2011). The battery industry is such a technical field (Informant 3, 03.10.2022) where industry expertise has been sought after. Therefore, it might have been possible for the industry to achieve self-regulation if they had pursued it. Here I will discuss some possible explanations for why the Shadow of hierarchy cast over a salient industry did not lead to a push for self-regulation.

The private sector is usually not positive to regulations, but here it is perceived as help to Europe and this industry to be able to declare our products as sustainable. Furthermore, one sees its necessary to regulate these things, and to use it as an advantage. To be far ahead, because this is the way the regulations are going, one knows they are coming. And then you want to work to implement and get things in order to be among the first, rather than falling behind. So, I think compared to many other industries who often fight a bit against regulations, we are more engaging and less sceptical.

(Informant 9, 26.04.2023)

One explanation might be the closeness between the EU and the emergent industry. The establishment of battery manufacturing in Europe has been a political project for the union from an early point of the industry's existence. Northvolt, the first European actor, was established in 2016 on a private initiative. However, considerable parts of the funding came from EIT Inno Energy, the EU institute which co-founded the EBA. "Inno Energy [...] we were pretty instrumental in helping him (the founder of Northvolt) despite everyone saying "no, it's not possible to build such factories, we don't do that in Europe"" (Informant 14, 28.02.2023). The EBA was founded already in 2018, making the EU an instrumental part of the industrial project from the beginning. Informant 9 stressed that it is both usual and necessary for governments to involve themselves in establishing new industries, especially those of strategic importance.

It about building a new industry. And this an industry which one needs, there is no choice. [...] And it is something that needs to be built from the ground up in Europe and the US at least. And to do so, one needs to invest a lot. Risk reduction is then needed to get is started, to lower the risk for private investments and capital. To do this, state aid and support is needed. That's just how it works. [...] it's the way it has been done in many industries

throughout the ages, if one is building something new, the state needs to take the lead. That's not unique for the battery industry

(Informant 9, 10.11.2022)

I argue that by owing much of its existence to the EU, the battery industry might have less of a negative view on direct legislation than other established and more independent industries. As discussed earlier, the regulatory regime of the EGD regulations was of little interest to the informants. Furthermore, committing to self-regulation requires resources. Héretier and Rhodes (2011) describe that self-regulation measures can be costly. Industry associations from the paper- and plastic industries committed themselves to developing new technological solutions to meet recycling targets of self-regulation. For these industries, the resource-demanding efforts of creating voluntary targets and technology seemed more advantageous than waiting for EU legislation (Héretier and Rhodes 2011). As the battery industry is relatively new, the prospect of developing its own regulations might seem like more of a burden than adhering to command-and-control regulations from Brussels.

6.2.5 Did the regulation regime matter?

Equal interpretation and enforcement rather than the type of regulation seemed to be the concern of the informants. Strict regulations were acceptable as long as everyone played by the same rules. Moreover, the regulation regime might not always reveal how much influence private stakeholders have enjoyed in the development of a given regulation. The Taxonomy for instance, which has many of the characteristics of co-regulation, might surprisingly have the least stakeholder involvement out of the mentioned regulations during its development.

There is quite a bit of frustration from people not being heard, and you can discuss whether that is right or wrong. Because the level of ambition for the Taxonomy is supposed to be very high, it is supposed to point to 'the best in the class'. And no organizations have the incentive to say "no, only 10% of our members should be considered sustainable". That is in a way not possible. So that someone from the outside comes in and sets the criteria can be an advantage in that regard. It would be hard to build this from the ground up by the business community, since nobody wants to declare that they are not sustainable.

(Informant 8, 04.11.2022)

Thus, regardless of the regulatory regime and formal involvement, what is significant is that one gets to be heard and that one's input influences the final regulatory product. With the other regulations, and most prominently the battery regulation, the informants seemed satisfied with

both the results and with the level of influence granted to the battery industry on the European level. Thus, a factor in explaining why the industry seems content with command-and-control regulation is that they feel they have been consulted thoroughly during the legislative development process. I argue that the EBA and Better regulation guidelines have been influential in this regard. The closeness between the EBA and EU institutions has proven valuable in facilitating dialogue between the battery industry and legislators (Informant 14, 28.02.2023). Providing updated insight into the regulatory process allows members to rapidly form responses, which the EBA conveys to the EU. “There are several examples where we have influenced regulations based on requests from the industry, ideally from several companies. For we are not a lobbyist organization- or we are, but for the industry as a whole” (Informant 14, 28.02.2023). As an organization started by the EU, the EBA qualifies as one of the ‘usual suspect’ stakeholders Garben (2020) identifies as often being consulted by the Commission during legislative processes. The format of the EBA has proven successful enough that it is being adapted for other industries, such as the European Clean Hydrogen Alliance, as well as other alliances within the fields of solar power, raw materials, circular plastics, semiconductors, etc. (EU Commission 2023b).

It also seems like the Commission has been careful to follow the Better regulation guidelines to among other things secure proper stakeholder involvement in the policy development processes. Although, the Taxonomy may however be an exception.

The Commission has introduced new wordings and completely new principles, without holding consultation. And especially with the CDA¹⁰, they included criteria which have never been through consultations as they have committed themselves to do through the Better regulations guidelines. That was a thing that was very problematic

(Informant 2, 28.09.2022)

The Norwegian battery companies seemed content with the process for the other regulations. However, the consultation period for the Battery regulation might have been somewhat short when considering how all-encompassing it is. The Norwegian industry is frequently utilizing the Commission’s *Have your say* webpage to provide input and feedback to EU legislation. They actively utilised this tool yet were unsure to what degree their input would be considered.

¹⁰ Complementary Climate Delegated Act: an amendment to the Taxonomy which makes nuclear power and gas considered Taxonomy aligned if able to meet certain criteria (EU Commission 2023c). This Delegated act was seen as controversial by many (Informant 2, 28.09.2022).

Arenas where one met members of the Commission, as when vice-president Sefcovic visited Norway, was considered more important.

To summarize, the European battery industry, including the Norwegian, has for various reasons enjoyed a unique relationship with the EU compared to many other industries. The battery industry is characterized by a low degree of internal disagreement due to a lack of competition, a lack of disagreements among member states on the issue, as well as broad agreement on regulatory preferences. Much of this is due to coordination by the EBA, pressure from the auto industry, and fear for Chinese competition. These factors make the industry relatively unified at the European level, which goes against Börzel's claims regarding the power of private stakeholders vis-à-vis EU institutions. She claims that divergent interests hinder industry from taking a strong position towards the EU, and thus are not able to engage in self-regulation.

However, despite lacking these constraints, the informants did not champion such a regulatory approach for the industry but seemed content with the command-and-control regulations of the European Green Deal. This contradicts Héritier and Eckert's assumption that private firms 'shuns' this sort of regulation, and that industry will initiate self-regulation to pre-empt a command-and-control approach by legislators. Some factors that can help explain why the battery industry is different also in this regard might be that engaging in self-regulation might be daunting for a newly established industry, as well as feeling that its inputs are being taken seriously by the EU when drafting regulations. The regulatory consensus within the industry also leads to more coherent legislation, which private firms will be less sceptical towards. The concern was over equal enforcement of the regulations, not the regulation regime they adhered to.

6.2.6 Alternative explanations and thesis limitations

There might have been other factors explaining the regulatory preferences of the industry than what has been uncovered in this thesis. However, through a triangulation of methods, the most important one should be accounted for. Nevertheless, one should consider that many of the informants have commercial incentives which might affect their responses. It could be plausible that the companies would want to underplay how demanding it will be for them to comply with both the environmental and administrative aspects of the regulations. This could for instance be to signal to the market that they are serious and capable actors worth investing in, and pull focus away from them being relatively inexperienced start-ups in a new and uncertain industry.

However, private industry is usually not shy to criticise government regulation which might affect their competitiveness.

To account for such possible motives could have been better achieved by interviewing more informants with different affiliations. Informants from NGOs and academia could have provided other perspectives to contrast against those from the industry. Of the informants interviewed, only one represented an NGO, and the one informant with an academic background also held a position in a battery company. Input from other sources might have led to the focus on other regulations and initiatives in the EGD, which the industry has not recognized as relevant. However, the scope of the thesis somewhat limited the number of informants and perspectives that could be included.

Other theoretical frameworks could also have been utilized to illuminate the research question. For example, an International Relations perspective might have proven more useful to contextualize and analyse the effects of the geopolitical factors. Such a perspective could have focused more on topics such as European strategic autonomy, and the consequences of the US-Chinese great power rivalry on free trade and protectionist policy. Furthermore, a greater focus on how the war in Ukraine has affected EU policy could have been a valuable addition.

The goal of case studies is to illuminate the given case, yet in many instances, also the transferability of the findings to similar cases. The findings of this thesis might for instance prove relevant to other industries. On the European level, sectors such as hydrogen and solar energy have been included in industry alliances such as the EBA, and might thus share many of the same regulatory preferences. From a Norwegian perspective, there might be similar experiences of increased salience for other industries affected by EU regulations. The increased reliance on Norwegian natural gas has likely increased the influence of Norwegian industries in a variety of sectors.

7.0 Conclusion

The aim of this thesis has been to uncover how the Norwegian battery industry has navigated itself through the influx of environmental EU regulations and initiatives; regarding its position on the regulations and the precursing legislative processes. In doing so, I have sought to investigate the salience of the industry to the EU, and how this relationship has affected regulatory preferences and outcomes. The most important contributions of this thesis have been in assessing the Norwegian industry's rather unique position in relationship to the EU in an EEA context, and how its regulatory preferences diverge from assumptions about private firms made in Shadow of hierarchy literature. These findings were derived by attempting to answer the following research question:

"How do recent EU environmental policy developments shape the strategic positioning and regulatory preferences of the Norwegian battery industry, and what factors drive their response?"

To answer this question, the chosen theories and literature proved helpful. Firstly, stakeholder theory, and more precisely, Mitchell and colleagues' theory of stakeholder salience, was applied to assess the Norwegian battery industry's position and influence on relevant EU legislative processes. Then regulation literature was utilized to contextualize the regulations of the EGD. Lastly, the Shadow of hierarchy literature, which combines regulation- and governance literature, proved useful in assessing the regulatory preferences of the industry in light of its position at the European level. This chapter continues with a summary of the findings and ends with their contextualization and suggestions for future research.

7.1 Summary of findings

In chapter 5, I present the findings based on themes discovered during the data collection process. The first section delves into the position taken by the industry to the relevant regulations of the European Green Deal. Most of the companies had positive views on the EGD. Some informants saw the increased regulatory burden as a barrier for new companies wanting to enter the market. However, one informant argued that the regulations give new start-ups an advantage. As they are just getting established, they can simply adapt to the new regulations from start, whereas legacy companies will have to make changes to production. As for the concrete regulations, the Battery regulation was considered the most impactful of all the EGD regulations by the companies. They felt it catered towards their advantages, yet

one informant felt it would be harder for the company to differentiate itself from the competition, now that all of the European industry will be subject to the same ambitious regulations. The Taxonomy, however, was not of immediate concern to the companies. None of them had started publicly reporting Taxonomy numbers, and only Morrow had produced some figures as a part of applying for grants from Innovation Norway. Furthermore, only Beyonder had heard the taxonomy being brought up in conversations with investors.

As for the Critical Raw Materials Act, its development has greatly interested Norwegian stakeholders. The feedback was mostly positive, with some suggested amendments that would favour Norwegian interests. The companies' views on the importance of IPCEI varied noticeably, with some seeing it as more significant than others. Nevertheless, the whole industry was satisfied with Norway's entry into the EurBatIn. The guarantees of energy origin, which is assumed to be continued and strengthened as a part of the Renewable Energy Directive was however collectively unpopular among the companies. It was said to nullify one of the advantages they would enjoy by being located in Norway, namely access to a nearly 100% green energy mix. The government has expressed an intention to leave the scheme, yet nothing has come of it. Thus, the companies did not shun these impactful regulations, as they in large worked in their favour. For by being strict, the EGD would favour their environmental ambitions, limit the inflow of cheaper foreign batteries, and help the companies' meet demands from the auto industry. It was however considered important that the regulations would be enforced equally across Europe.

As for how the Norwegian government positioned itself during these legislative developments, it garnered criticism for not being proactive or clear enough in its approach. By not being an EU member allegedly contributed to the initial lockout from IPCEI and the conundrum related to the Brexit tariff. The government seems to have taken a more active approach lately, which may be contributed to policy documents produced by new industry associations for the battery sector, such as Prosess 21 and Battery Norway. When it comes to affecting the EU, the battery companies felt they were a bit small to get significant attention from the more established Norwegian industry associations. The European battery associations, such as the European Battery Alliance were pointed out as crucial. Additionally, a more active position from the government, as well as increased demand for Norwegian gas, foreign threats such as the Inflation Reduction Act, and Nordic cooperation helped secure concrete developments such as the inclusion into IPCEI as well as the Strategic partnership on batteries and raw materials.

In chapter 6, the analysis started with a stakeholder mapping of the Norwegian battery companies. By utilizing the theory of stakeholder salience developed by Mitchell, Agle, and Wood, I evaluated to what extent the battery companies possessed the stakeholder attributes of power, legitimacy, and urgency. I argue that by not being an EU member, Norway and companies based there lack institutional power within the EU. As an EEA member Norway can participate in EU forums, but not put forward legislative proposals or vote on legislation. Furthermore, some of the informants claimed that the Norwegian government has historically been too passive in its approach to influencing regulatory developments in the EU. Thus, it can be argued that Norway did not sufficiently wield what little power it did possess. Power over resources was the other mode of power investigated, and here too the companies fell short. Except for Batteriretur, which possessed the resource of expertise in recycling, and Hydro which has a permanent presence in Brussels. None of the other actors possessed resources to leverage against the EU. I therefore argue that the Norwegian battery companies at the outset lack the stakeholder attribute of power.

It does however seem like the companies possess legitimacy. As parts of the European battery value chain, the companies contribute to the EU goal of strategic autonomy within the sector. As for the legitimacy of the requests the companies have asked of the EU, they varied in their perceived legitimacy. Norway was eventually allowed to join IPCEI, after a restructuring of the project made the Norwegian request more reasonable to grant by the EU. As for the requests to be omitted from the Brexit tariff on EV batteries and the issue of guarantees of energy origin, it remains to be seen whether the EU will find these requests legitimate. Lastly, I argue that the companies possess the attribute of urgency. They have opinions on the regulations the EU is rolling out and seek to provide input either through the Norwegian government or business associations. The level of urgency varies between the companies based on how a given regulation will affect them. Hydro was for instance a lot more active in lobbying against the Brexit tariff than Freyr.

By possessing two out of three attributes, the companies are to be considered stakeholders enjoying a medium level of salience by the EU. More precisely, as they lack the attribute of power, they should, according to the theory, be categorized as dependent stakeholders. This can arguably be seen in how Norwegian interests were not accounted for during the negotiation of the Brexit tariff and the early omittance from IPCEI. Yet, the industry was not entirely without saliency, as vice president of the Commission Maros Sefcovic visited Norway and industry members when gathering input regarding the Battery regulation.

Such a stakeholder will seek to compensate for its lack of power by advocating its needs to the organization in question, or ally with more powerful stakeholders. To increase its salience domestically, the companies organized themselves into business associations such as Battery Norway and Prosess 21. These engage in dialogue with the government and produce influential industry documents with policy proposals. On the European level, interacting with industry associations such as the EBA has been crucial. Norway itself has also gained a stronger position against the EU by becoming its largest supplier of natural gas, as well as possessing relevant minerals. The informants thought this was an important factor in explaining why Norway was able to join IPCEI, getting a seat at EBA ministerial meetings, as well as the realization of a Strategic partnership on batteries and raw materials. Other geopolitical factors that could increase the companies' salience are the competition from China, and recently the US. The threat of companies relocating to the US was partly a reason for the restructuring of IPCEI by the EU. Lastly, shared interests and cooperation with Sweden, and the company Northvolt has proven important in influencing the EGD in a favourable direction for the Norwegian industry. The inclusion of hydropower as a sustainable activity in the Taxonomy, as well as pushing for ambitious criteria in the battery regulation, are examples where the Norwegian companies were able to lean on the more powerful ally Sweden. Thus, the industry has in many ways managed to compensate for its lack of power.

In the next section of the analysis, I attempted to uncover the reasons behind the regulatory preferences of the industry on the European level. All the regulations were categorized as command-and-control, except the Taxonomy and the Renewable Energy Directive. The regulatory regime of the EGD was however of limited interest to the informants. Even though the European battery industry at large enjoys a significant degree of salience to the EU, it did not engage with regulations in a way the Shadow of hierarchy literature would expect them to. As other European companies seem to for the most part share the same outlook on regulation as the Norwegian companies, I assume their preferences on regulation regimes are similar.

Börzel describes industry interests at the European level as being too fragmented to advocate for self-regulation, and that EU governance is dominated by competition between member states under a Shadow of hierarchy cast by EU institutions. However, the industry has established a united front at the European level, in large part through the EBA. Furthermore, there is little disagreement between the companies and the respective member states on regulatory matters. Low degree of competition due to high demand, the threat of Chinese competition, and demands from the auto industry seem to have united the battery sector. Despite

these factors, the signalling of substantial regulations did not spur industry initiatives of self-regulation, as private firms are expected to, according to Héretier and Eckert. In this regard, Börzel remains right in that businesses rarely engage in self-regulation on the European level, even if her explanations for the phenomena did not seem correct in this case. The reasons appear to be that, firstly, it is too daunting for such a newly established industry to embark on ambitious self-regulation. Additionally, the companies seem to trust the EU to deliver regulation of the needed quality that is both achievable and strict enough to keep foreign competitors out of the market. Finally, the role of the EBA with its close contact with both the EU and the industry, as well as the possibility of providing stakeholder input through the Better regulation guidelines seem to leave the industry satisfied with command-and-control regulation from the EU.

To conclude and answer the research question *"How do recent EU environmental policy developments shape the strategic positioning and regulatory preferences of the Norwegian battery industry, and what factors drive their response?"*: The industry positioned itself, for the most part, positively to the EGD, despite these regulations mostly being of the command-and-control variety. The Norwegian actors did at the outset only enjoy a moderate degree of salience to the EU, however, they have to a significant degree been able to overcome its initial lack of influence. The European industry as a whole holds a strong position vis-à-vis the EU, yet it is also content with command-and-control regulations. The industry is therefore unique in this regard. Factors such as Chinese competition, demands from the auto industry, reliance on the EU and adequate industry input in the legislative processes made the industry content with direct legislation. Thus, despite a growing influence on the side of the Norwegian companies, and an already influential industry on the European level, the battery industry embraces the vast, detailed, and ambitious environmental regulations of the EU.

7.2 Implications

Given that many of the EGD regulations are new as of writing this thesis, their consequences for the Norwegian battery industry might not become fully evident until later. The Battery regulation will as mentioned entail a number of following sub-regulations in the coming years, and the market reaction to the incentives of the Taxonomy will also take some time to mature. It would therefore be insightful to see the results of a future study which would evaluate the effects the regulations had on the industry after some time has passed, and thus, if the industry's embrace of the regulations proved prudent.

From a theoretical perspective it is curious that neither key assumptions and claims made by Börzel or Héretier and Eckert seemed to accurately describe the battery industry. The industry was not fragmented on the European level, the development of the regulations was not characterized by competition among member states, and the industry did not champion self-regulation in the face of command-and control regulation. An avenue for future research could be to see if other similar industries display similar behaviour. Through the aforementioned industry alliances initiated by the EU, new sustainable industries are emerging, such as within hydrogen, solar power, plastic recycling etc. It could be interesting to evaluate whether these other new industries will show the same levels of internal coordination and satisfaction with command-and-control EU regulations. As state-aid is becoming more common, and new industries are being characterized as strategically important by the EU, one might see more interaction between the state and the private sector. Such a development will call for more research on regulatory and governance dynamics.

From a Norwegian context it would be interesting to evaluate the salience of other domestic industries in the eyes of the EU. In doing so one could utilize the stakeholder salience theory in a qualitative manner as done here, or quantitatively as is more common within the stakeholder literature. The recently increased geopolitical importance of Norway might have affected the salience of more industries as well. It could regardless be useful for companies to continuously evaluate its salience to either the government or the EU.

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Appendices

Interview guide templates

Interview guide template for informants from battery companies
Can you tell me briefly about the company?
What EGD regulations are of greatest relevance to your company?
What are your thoughts on the Battery regulation?
How do you plan to implement due diligence throughout the value chain?
Have your company started to publicize Taxonomy numbers?
Have the company provided feedback through Have your say?
How will it be for a company of your size to implement all the EGD regulations?
What industry associations do you consider important?
What environmental criteria do you face from potential customers?
Is the Critical Raw Materials Act of importance to the industry?

Interview guide template for informants from industry associations
How do you proceed to front the interests of the industry to the EU?
Do you know why Norway did not join IPCEI?
Is it realistic to end the guarantee of energy origin?
How does the industry influence Norwegian policy?
How has the Norwegian government sought to look after the interests of the industry in Brussels?
Norway will gain a seat in the ministerial meetings of the EBA: how important is formal influence contra informal influence?
Are there any new developments surrounding the Brexit tariff?
Does the nature of the regulation matter? If it is direct legislation or self-regulation?
Can you describe your interactions with the Commission?
What do Norwegian battery companies value in their contact with the EBA? i.e. information, influence?
What do you think of the inclusion of industry associations as stakeholder in EU policy development?

Interview guide template for policy experts/NGOs
How will the Inflation Reduction Act affect the European industry?
How was the stakeholder involvement during the creation of the Taxonomy?
Does the interests of the industry ever clash with those of EU member states?

What do you think of the strategic partnership? Will it give influence to the industry or is the main purpose to provide the EU with minerals?
The Taxonomy will initially only provide the market with information. Will this be sufficient to change investments?
Will late implementation of the Taxonomy affect the competitiveness of Norwegian companies?
How does the green transition affect EU rules on state aid?
Do you have any opinions on how the government represents the interests of its domestic industry in the EU?
How has the gas shortage in Europe affected the relationship between Norway and the EU?
Are there any disagreement between battery companies at the European level?