



The Nordic Countries – One Workplace, One Market

A Report on Removal of Cross-border Obstacles by
Special Envoy Poul Schlüter 2005

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Nordic co-operation

Nordic co-operation, one of the oldest and most wide-ranging regional partnerships in the world, involves Denmark, Finland, Iceland, Norway, Sweden, the Faroe Islands, Greenland and Åland. Co-operation reinforces the sense of Nordic community while respecting national differences and similarities, makes it possible to uphold Nordic interests in the world at large and promotes positive relations between neighbouring peoples.

Co-operation was formalised in 1952 when *the Nordic Council* was set up as a forum for parliamentarians and governments. The Helsinki Treaty of 1962 has formed the framework for Nordic partnership ever since. The *Nordic Council of Ministers* was set up in 1971 as the formal forum for co-operation between the governments of the Nordic countries and the political leadership of the autonomous areas, i.e. the Faroe Islands, Greenland and Åland.

Contents

Introduction	7
Foreword	9
Information and co-ordination	12
An open and mobile labour market.....	15
Taxation.....	18
Education and Training	20
Degrees.....	20
Health and Social Services	23
The Ministers of Trade and Industry	26
Business.....	29
Food.....	32
Regional problems.....	33
Language co-operation	35

Introduction

Nordic co-operation is being developed in order to be able to continue to play a role in the enlarged EU with 25 members. A major priority in Nordic co-operation is to support a Nordic region with wide possibilities of cross-border movement as soon as possible. The whole of the Nordic region must be open and attractive to both people and companies.

More co-operation is needed to increase the Nordic countries' ability to attract and to compete in today's increasingly global world. Three of the Nordic countries are today members of the EU while the other two are associated through the EEA treaty. To an increased extent, Nordic co-operation is also enlarged to, in addition, cover other Baltic Sea countries.

The Nordic countries have a long history of co-operation. The Nordic Council and the Nordic Council of Ministers are the official bodies of co-operation for the parliaments and governments respectively.

The Nordic countries succeeded early on to smooth out in areas of importance for exchange between individuals differences and to make movements across national borders easier. An agreement was reached as early as 1954 on a joint Nordic labour market, long before the common European labour market came into being. This was followed by the Nordic Passport Union which granted the right to travel freely without a passport between the Nordic countries, this was a very big step at that time, and even today is a right enjoyed by Nordic citizens. The Nordic countries have also had close co-operation in the educational sector since 1975 which includes reciprocal acknowledgement of qualifications. These measures have amongst other things, along with the EU Single Market, led to an enlarged internal market in the Nordic region.

Despite an open and mobile labour market in the Nordic countries there are still obstacles for freedom of movement across borders. In 2001 Ole Norrback, at that time the Finnish ambassador in Oslo, presented the Nordic Council and the Nordic Council of Ministers with a sound survey of cross-border obstacles in the Nordic countries. The report confirmed what many people experience in their daily lives; the borderless Nordic region is not very borderless in practice. New technical barriers have arisen while others have been removed. And this makes it difficult to achieve the integration which is so pressing in the Nordic region.

The Norrback report was the starting signal for a host of activities in the Nordic Council of Ministers. Former Danish Prime Minister, Mr Poul Schlüter, was appointed to oversee that the Nordic governments took the issue of freedom of movement seriously. Mr Poul Schlüter has been charged by the governments to work directly with the responsible ministers.

Obstacles to freedom of movement are often small things, but annoying as such. And when all the small issues are added up they often become so big that people abandon the idea of moving or commuting. Poul Schlüter's main task has been to find solutions to specific legal and bureaucratic barriers to the desired individual mobility between the Nordic countries.

Efforts to breakdown barriers for industry have been added to the task of promoting freedom of movement. The Nordic Ministers of Trade and Industry started this work in 2003 and began the task of identifying these obstacles. The result is a catalogue of obstacles to cross-border business, which has formed the basis of the special envoy's work in 2005 during the Danish Presidency.

The result of the work so far is presented in the following report by the special envoy Poul Schlüter. The report has been presented orally to the Nordic prime ministers and the Nordic Council at their session in October 2005 in Reykjavik. For further information we recommend our homepage www.norden.org/grensehindringer

Foreword

Endeavours to promote freedom of movement in the Nordic Region picked up fresh momentum in 2003 when the Swedish Presidency of the Nordic Council of Ministers put integration high on the political agenda. I was appointed Special Envoy to the Presidency with responsibility for freedom of movement between the Nordic countries. Freedom of movement is important for citizens and businesses alike, so I did not hesitate to accept the job.

Nor was there any doubt in my mind when the Icelandic Presidency 2004, and then the Danish Presidency in 2005, approached me and enquired whether I would continue to fulfil the same role until the end of 2005. Creating a Nordic Region without borders, one in which citizens are free to live on any side of the Nordic border, and companies are free to operate freely wherever they choose, is an important task.

Progress has been made and some of the obstacles faced by the considerable number of citizens who choose to live and work on different sides of Nordic borders are now history.

This year, the flow of information to citizens and companies has greatly improved. This ranks as progress because the lack of information about opportunities and conditions often makes living or doing business on the other side of Nordic borders a difficult and awkward proposition. A number of initiatives have been taken to improve the flow of information – for further details, please refer to the web site of the Nordic information service ‘Hello Norden’ at www.hallonorden.org.

Unique new Nordic tax portal

Taxation is a particularly difficult subject to understand when moving between Nordic countries. But there is light at the end of the tunnel! A tax portal was launched at the meeting of Nordic Ministers of Finance in May 2005 in Copenhagen. The portal is designed to make it easier for the citizens of the Nordic countries to get answers to questions about taxation. All the information is available in each of the Nordic languages as well as in English. Since the regulations and legislation vary between the Nordic countries, the information is divided up according to country. However, each topic is also presented in a way that individuals receive all of the information relevant to their enquiries. Citizens use the Nordic Tax Portal to communicate directly with civil servants at the Nordic Virtual Tax Office, which helps provide answers to questions to do with tax in the whole of the Region.

The virtual tax office is not a physical unit; it consists of a network of civil servants. The fact that someone in need of information from more

than one Nordic tax authority is able to pose questions on the portal and receive a single answer from the Nordic Tax Office covering all relevant issues is unique. The Tax Portal is linked to the Nordic information service Hello Norden (www.hallonorden.org or www.nordisketax.net), where other practical information is also available to private individuals who wish to live, study or work in another Nordic country.

Greater mobility for labour across Nordic borders

The Nordic Ministers of Employment are in the process of setting up digital job centres on the Internet to make the process of finding jobs and filling vacancies faster and easier in border regions. I hope this will help the Nordic countries integrate more closely. The Øresund Region will be the first place in the Nordic Region with a service of this type. We expect to launch the Øresund digital job centre before the end of the year.

Easily accessible information for small and medium-size enterprises in the Nordic Region

Obstacles to cross-border freedom of movement also have a negative effect on business – in particular on small and medium-sized enterprises (SMEs,) which find it difficult to procure sufficient information when they want to set up in or do business in another Nordic country or appoint labour from elsewhere in the Region. To help ease these difficulties Hello Norden has now also set up a new information portal for businesses at www.hallonorden.org. The new Nordic Business and Trade portal includes links to national websites, which are simple and easy to understand. The Business and Trade portal was launched during the Nordic Council Session in Reykjavik at the end of October 2005.

Nordic ‘pill passport’

Other tangible results have also been achieved. The new Nordic ‘pill passport’ is particularly worth mentioning. Regulations and practice for when documentation is required for the perfectly legitimate possession of euphoriant substances imported as constituent parts of medicine, vary between the Nordic countries. This is particularly problematic for regular travellers, e.g. to and from Bornholm via Sweden/Ystad. The Nordic countries have drawn up a joint list of substances, for which documentation must be produced on demand, and agreed to introduce inspection based on the contents of the list.

Pets in transit

Until now, it has been difficult for travellers to and from Bornholm via Sweden to take their pets with them. Intensive negotiations between the Danish and Swedish governments have now led to a positive result. Previously, people were only allowed to take their cats and dogs with them when travelling by car via Sweden but the scheme has now been exten-

ded to cover bus and train travel as well. The service to citizens has also been improved, e.g. forms are now filled in on-line. Information about the rules is available on the Danish Veterinary and Food Administration's website, www.foedevarestyrelsen.dk. The new Swedish rules came into force 15 June 2005.

Other positive outcomes

These are just some of the issues – big and small – we are working on as part of the efforts to promote freedom of movement for citizens and companies alike. This report presents the results as well as issues on which the Nordic Council of Ministers is still working. We have previously achieved results in specific areas and dealt with a number of issues. I am referring here to my previous reports from 2003 and 2004. I would, however, like to highlight in particular the positive result we achieved in 2004 with the new inter-Nordic agreement on civil registration, which was signed at the Nordic Council Session in Stockholm, and which makes applying for, and being issued with, a new civil registration number a simpler and faster procedure. The agreement will now be implemented in the Nordic countries, hopefully coming into force in 2006.

Increasingly fierce global competition means that we have to maintain an open and mobile labour market. We need the right conditions and a joint Nordic home market, so that our companies are better able to cope in the Region as well as domestically and internationally. Promoting freedom of movement for citizens and companies is crucial to remaining competitive in an era of rapid change.

Special Envoy *Poul Schlüter*, October 2005

Information and co-ordination

Accurate and easily accessible information is crucial if citizens are to feel motivated to work, settle or study in other Nordic countries. To that end, the Nordic Council of Ministers has devoted greater resources to the Nordic information service Hello Norden in 2005.

Hello Norden is an Internet-based information service at www.hallonorden.org. Its job is to provide advice and counselling to citizens interested in living, working or studying in another Nordic country. A new graphic profile was introduced in 2005 and marketing of Hello Norden was intensified to help make it better known and utilised in the Nordic countries. One new innovation is the Hello Norden Business and Trade portal. The new Business and Trade portal will make it easier, especially for Nordic SMEs, to find relevant information whenever they want to start up, do business or expand in another Nordic country or autonomous territory. The portal is accessed via the Nordic information service Hello Norden at www.hallonorden.org. It also serves as a Nordic library of information with links to all the right official bodies and authorities and all of the Nordic pacts and agreements in one place.

The newly established tax portal also improves the flow of information to citizens about tax issues. Uniquely, it also allows you to pose a single question to the virtual tax office and receive a single answer containing contributions from the tax authorities in more than one country. Further information about this is contained in the section about freedom of movement in the tax and finance sectors.

The digital job centre will help improve the flow of information about job vacancies and qualified job seekers, as well as encourage integration, in the first instance over the Øresund. For further information, please refer to the section on the labour market.

A large number of stakeholders are involved in the work to promote freedom of movement, including bilateral information services, the Nordic information service Hello Norden and the Nordic cross-border regional committees. Each of these is involved in the removal of specific obstacles to an open and mobile labour market for citizens and business.

A Border Policy Secretariat has been set up within the Nordic Council of Ministers' Secretariat to bolster and co-ordinate efforts to promote freedom of movement. The Border Policy Secretariat co-ordinates the efforts of the various ministerial councils, the Nordic Council of Ministers, the Nordic information services and the Nordic cross-border committees. The Nordic Council of Ministers' Secretariat has also set up what it calls the Border Policy Forum. The purpose of the Border Policy Forum is to establish a network of experts who will exchange experiences and

information about freedom of movement, identify problems that require political input and co-ordinate information between the various Nordic information services. Specifically, an e-meeting place will be set up, where the various parties concerned will be able to make contact and exchange information. The cross-border committees, the bilateral information services and Hello Norden meet twice a year.

Regional issues and the Border Committees play particularly important roles in driving forward freedom of movement. The Regional Border Committees promote freedom of movement at local and regional level and work with the Nordic Council of Ministers' Secretariat through its Border Policy Secretariat. The Nordic Ministers for Regional Affairs have been working on the following:

- A project to identify the best possible cross-border regional solutions in the Nordic Region – the GOLIN Project.
- Statistics about cross-border regional commuters in the Nordic Region.

The GOLIN Project

The four cross-border regions (Øresund, Östfold-Bohuslän/Dalsland, Haparanda/Torneå and ARKO) have collaborated on a mapping exercise to identify the best solutions. The aim is to identify common problems in the labour market and show how they are dealt with in the different regions.

The main project activity consisted of a number of workshops at which relevant stakeholders presented local initiatives and discussed how other cross-border regions might benefit from those experiences.

Outcome

The GOLIN project finished in 2005. It focused on the following themes:

1. The flexible labour market and the importance of information
2. A joint Nordic labour market in theory and practice
3. Qualifications and skills
4. The borderless labour market in the North – closing conference

The Nordic Council of Ministers' Secretariat for Nordic Cross-Border Mobility will collate and follow up on the experiences and specific barriers identified by the GOLIN project.

Commuting statistics

Accurate statistical data about cross-border commuting in the Nordic Region is a prerequisite for work on freedom of movement. The Ministers for Regional Affairs commissioned an overall snapshot of the situation.

Outcome

The main report about commuting was published in early 2005. Particularly noteworthy is the statistic in the report which shows that in 2001 55,600 people earned a wage in a different Nordic country than their homeland. Of these, 25,400 are classified as commuters who work in other countries. In other words, people whose main income is in a different Nordic country from their homeland. The Norwegian labour market was the most attractive. About 50% of the cross-border commuting in the Nordic Region was to Norway, approximately 20% was to Denmark, just under 20% to Sweden and 6% to Finland. The Swedish labour market is particularly attractive to Finnish citizens, while both Norway and Denmark are considerably more interesting for Swedish citizens than Sweden is for Norwegian and Danish citizens.

An open and mobile labour market

I have presented a number of proposals that will hopefully lead towards a more mobile and open labour market in the Nordic Region. The labour markets in the Nordic countries have a great deal in common but there are still a number of differences. It is crucial that we find pragmatic frameworks for a more open and mobile Nordic labour market.

In the last year, I have proposed the following:

- Setting up on-line job centres in cross-border regions
- Basing appointments on qualifications rather than citizenship.
- Making it easier for Nordic citizens to join and leave unemployment insurance systems
- Extending the joint Nordic labour market to include non-Nordic citizens with permanent work and residence permits.

Digital Job Centres

Seeking a job on the other side of the border should be easier. Despite closer integration, particularly in border regions, we still need to create the frameworks for an even more open and flexible labour market. Information about jobs and qualified job seekers must, therefore, be easily accessible in cross-border regions.

The Nordic Ministers of Labour have decided to improve access to the Nordic countries' on-line job services, e.g. so that information about vacancies in cross-border regions is easily accessible.

The relevant authorities and experts have worked hard to find a model to make vacancies more readily accessible and to make it easier for job seekers and employers to operate on the other side of Nordic borders.

Outcome

The tangible and positive outcome of this work is that it will be possible to seek work, in the first instance on both sides of the Øresund, on the Internet. The job database is expected to be in use by the end of 2005 and will be accessed via www.jobnet.dk or www.jobplats.se. The Øresund Region will be the first test region. The aim is to launch an on-line job database in each of the border regions.

Citizenship as qualification

Citizenship is a requirement for certain jobs in the Nordic Region. The former Finnish Minister for Nordic Co-operation, Ole Norrback, raised a specific example in his report “The Rights of Nordic Citizens”, i.e. a Swedish citizen living in Finland who was ineligible for a job as an economist with the Finnish Church because the post required Finnish citizenship.

The Nordic Ministers of Labour commissioned a survey of when citizenship is considered a prerequisite for appointment. It turns out to be a relatively rare phenomenon but it is important that the Nordic countries make it clear when this is the case.

Outcome

A list has now been compiled. This information is available on the Hello Norden website, so everybody can see the specific posts covered. For further information please refer to www.hallonorden.org.

Unemployment insurance

Due to the different traditions associated with paying out unemployment insurance in the Nordic countries, different rules apply to membership of unemployment insurance schemes.

The Nordic Ministers of Labour have evaluated the legislation regarding unemployment insurance funds with a view to a potential harmonisation, including whether a complete or partial harmonisation of the rules for joining and leaving would be feasible. They have, however, reached the conclusion that this would prove too complicated. They did, however, agree on the necessity of procuring sufficient information about the various rules and are now working on how to present the information in a simple and easily understandable manner in all of the Nordic languages.

Outcome

The different Nordic rules for unemployment insurance will be presented in an easy-to-understand manner on the Hello Norden website for use by citizens and official bodies before the end of the Danish Presidency 2005.

Non-Nordic citizens

I suggested a couple of years ago that non-Nordic citizens with permanent residence and work permits should be included under the joint Nordic labour market agreement. It has not been possible to reach political agreement on this point. Instead, the Nordic Ministers of Labour have

looked at the potential for updating the agreement. They reached the conclusion that updating the agreement would prove highly complicated due to the fact that some of the Nordic countries are now members of the EU. As the content of the agreement will not be changed, it was decided to suspend this part of the work.

Taxation

Uncertainty about income tax or taxation of pensions plays a crucial role for people when moving or working in another Nordic country. Tax has, therefore, been an important element in the work to promote freedom of movement. In some cases, it is necessary to improve the flow of information to citizens and in other cases the legislation needs to be studied to assess whether amendments are necessary.

The Nordic Ministers of Finance and Tax have been working on the following:

- Setting up a Nordic tax portal and a virtual Nordic tax office
- Assessing specific tax problems faced by citizens and companies
- Intra-Nordic financial transactions

Tax information

A new Nordic tax portal now makes it possible to find information and contact civil servants about specific tax questions. The purpose of the new tax portal is to make it easier for citizens to receive responses to tax-related questions pertaining to more than one of the Nordic tax authorities, e.g. questions about taxation of incomes, pensions, property, etc. Via the new Nordic Tax Portal, individuals now communicate directly with civil servants working in the Nordic Virtual Tax Office. The virtual tax office is not a physical unit; it consists of a network of civil servants.

Outcome

The unique feature of the tax portal, which was launched by the Nordic Ministers of Finance in May 2005, is that citizens are able to pose questions and receive a response about the tax regulations in more than one Nordic country. It is a very user-friendly portal, which has already proven highly popular. Read more about it or put a question to the tax portal at www.hallonorden.org or on www.nordisketax.net.

Tax barriers

Hello Norden, other information services and the Nordic Council of Ministers' Secretariat regularly field enquiries from citizens and companies referring to specific examples of tax barriers, e.g. tax on pensions, taxation of staff temporarily stationed in another country, taxation of particu-

lar professions or trades, e.g. air crews working for airlines other than SAS, etc. Businesses also face specific barriers (cf. the catalogue commissioned by the Nordic Ministers of Business and Industry “Freedom of movement for businesses in the Nordic Region”).

The Ministers of Finance have assessed specific examples in recent years. Two reports have emerged: one about the obstacles facing citizens and one about the obstacles facing business, including particular professions. In tandem with this work, the Nordic double taxation treaty is also being revised.

Outcome

As far as obstacles to freedom of movement for business are concerned, the Nordic Ministers of Finance have decided that it would not be appropriate to run Nordic projects in the sectors suggested in the report “Freedom of movement for business in the Nordic Region”, e.g. on differences in Nordic VAT rates and procedures and rules for joint taxation of companies. They point out that a comprehensive programme on the same issues has been instigated by the EU. The ministers have instead invited the Nordic tax ministries to participate in a “bottom up” process, as part of which they will eventually submit specific proposals for co-operation, harmonisation, amendments to regulations, etc.

Work on removing the kind of tax barriers that affect ordinary citizens has started but will take time. It is a complex issue. The Ministers of Finance asked national experts to draw up a timetable and report back on progress for citizens and businesses to their meeting in Reykjavik at the end of October 2005. The ministers stressed the importance of this work leading to tangible results.

Transferring money

Financial transactions between Nordic countries are often quite expensive and it takes days before the money is in the recipient’s account. I proposed that the Nordic Ministers of Finance assess the potential for regulating the size of fees and the time that transfers take. The Confederation of Nordic Associations has studied the issue on several occasions. I concluded that the banks now provide more in-depth information and this has made transactions between the Nordic countries more flexible.

Outcome

The Ministers of Finance have discussed the issue on several occasions. While drawing short of demanding that Nordic banks charge the same fees for Nordic transfers as for domestic transactions, they did adopt a declaration in May 2004 that payments should not take more than three working days.

Education and Training

A pan-Nordic education and training system and joint procedures for approving qualifications and skills are needed as the foundation for an open and mobile Nordic labour market.

Official Nordic co-operation on education is one sphere of activity. It has paid particular attention to:

- Mutual approval of Nordic authorisations and certificates
- Mutual recognition of Nordic degrees
- Improving student grant schemes for students studying elsewhere in the Nordic Region
- Improving the Nordic Senior Secondary Agreement.
- Mutual recognition of vocational qualifications

Plumbing and electrical engineering

Mutual approval of qualifications is a prerequisite for greater mobility in the plumbing and electrical engineering industries. This is a new area of Nordic co-operation. No overall picture of how mutual approval will work in practice has been drawn up yet. First of all, we need to conduct a mapping exercise to find out which qualifications are not recognised throughout the Region and then encourage closer dialogue between the countries. In the first instance we are looking more closely at mutual Nordic approval of qualifications in plumbing and electrical engineering. A mapping exercise of these two sectors is currently being conducted.

Outcome

Based on the results of that mapping exercise, the Nordic Ministers of Education will discuss the issue at their first meeting in 2006.

Degrees

Improvements have to be made to the system for approving skills, qualifications and degrees throughout the Region. These issues will increasingly be settled at EU level, so clear linkage between Nordic and EU procedures is important.

Outcome

At their meeting in June 2004, the Nordic Ministers of Education and Research approved *The Reykjavik Declaration* about the mutual recognition of Nordic degrees. It superseded the Sigtuna Agreement. Regular follow-up reports will be written and specific problems will be put to the ministers every second year. The first report will be submitted at the end of 2006.

Student travel allowances

Currently, the grant system presupposes that the home country pays grants to its students studying in other Nordic countries. If the country in which the student is studying were to pay their grants instead, this would have to be done in accordance with rules fixed at national level.

The question of travel allowances, particularly in the Øresund Region, has been raised many times at meetings of the Nordic Ministers of Education and Research. The problem is that in Denmark transport allowances are paid to those who are in receipt of Danish grants, while in Sweden travel allowances are paid to people holding matriculation cards from Swedish institutions. This means that Danish students studying in Sweden are eligible for travel allowances from both Denmark and Sweden, whilst Swedish students studying in Denmark are only eligible for travel allowances from Sweden, not from Denmark.

Outcome

None of the Nordic countries has yet indicated a willingness to amend national regulations in order to improve mobility. The extent of the problem in the Øresund Region had to be studied first. A discussion paper outlining proposals for potential solutions to this specific problem has just been submitted in autumn 2005.

Upper secondary school and further/higher education qualifications

Forty-five European countries are involved in the *Bologna Process*, which deals with mutual recognition of higher education qualifications. In a separate development, the *Reykjavik Declaration* on mutual recognition of secondary and higher education qualifications in the Nordic countries was signed in June 2004.

A limited number of practical problems have arisen in respect of recognition of teaching qualifications, and these are now the subject of a special Nordic agreement. Mutual recognition exists in principle, but the different educational systems and their differing subject specialisations

and educational progression are reflected in the content of the agreement. For example, it is stipulated that a teacher from another Nordic country must have a satisfactory command of the school's teaching language.

Outcome

The upper secondary school agreement was renewed in 2004, and by and large there are no great practical difficulties in recognition of entrance qualifications. A table has been worked out for comparison of grade marking systems in Danish and Swedish upper secondary schools. Work continues on the issue of how upper secondary modules taken in one Nordic country might be recognised in another.

Vocational qualifications

A wide variety of vocational training is available in the Nordic countries, with differently structured routes to qualification. For example, Sweden and Finland base vocational training in upper secondary schools, while Denmark has a system of combined work and training. Despite the differences, vocational qualifications are recognised on all of the Nordic labour markets. A 2004 survey revealed few practical problems with the system. Recognition of vocational qualifications is also covered by the Upper Secondary School Agreement which was revised in 2004. At European level, 33 countries are involved in *The Copenhagen Process*, which deals with the mutual recognition of vocational qualifications, e.g. drawing up a points system for training modules and introducing the 'Euro passport', which contains details of both formal and informal skills.

Outcome

Revision of the Nordic High School Agreement provided an opportunity to examine the opportunities for mutual recognition of vocational training qualifications. In order to strengthen Nordic co-operation on vocational training and Nordic co-operation within the EU in the follow-up to the Copenhagen Process, including work on practical development of the Euro passport, the Nordic Council of Ministers has set up the Working Group on Vocational Training 2005–2007. The group will follow up on an existing report on mutual recognition of vocational training in the Nordic countries entitled "Recognition of vocational skills in the Nordic Region". The aim is to make sure that the Nordic countries exchange information and experiences with the rest of Europe as part of the development of the Copenhagen Process. The group will focus on recognition of vocational skills and development of credit transfer systems, as well as ways in which the Nordic model of mutual recognition might be extended to other regions.

Health and Social Services

People who live, work or study in another Nordic country often find it difficult to understand their social and health rights. The Nordic Ministers of Health and Social Affairs have concentrated on the aspects of freedom of movement listed below. Preparatory work on these issues was done in working groups on the Nordic Social Conventions, i.e., the Working Group on Social Insurance and the Working Group on the Social Security Convention.

The groups consist of experts from all the Nordic countries. The work consists of:

- Developing the skills of official bodies
- Revising arrangements for maternity/paternity leave
- Updating the Convention on Social Security and Social Services, including freedom of movement for people with disabilities.
- Common Nordic ‘pill passport’.
- Nordic tele-medicine.

Issues relating to the accumulation of *pension rights* and *the validity of Nordic prescriptions* in all Nordic countries were raised and dealt with back in 2003. The signing of a *Nordic Convention on Social Security* was another important event in 2003.

Information and skills enhancement

People often find it difficult to obtain accurate information about their rights when moving to another Nordic country. Regulations vary and harmonisation would have major consequences. Intensive work is being done to improve the knowledge levels of staff in local authorities and health boards and to provide more information about entitlement to health and social services.

Outcome

Funds were made available for the introduction of electronic analysis systems for Nordic caseworkers in the spring of 2004. The “E-form Analysing Tool (EAT)” is an information system containing the latest updates, court verdicts and similar information on social insurance in the EU. A joint brochure on the Social Insurance Convention and the Social Security Convention is also being written. The brochure will be aimed at individuals and at caseworkers.

The Nordic Social Insurance Group is also working on a proposal to develop joint Nordic training materials which would give caseworkers a better understanding of the regulations contained in the Nordic social conventions seen in the context of EU regulations.

Pragmatic maternity/paternity leave

The Nordic countries have different rules on maternity/paternity leave and complete harmonisation is neither possible nor desirable for the Nordic governments. The main priority is, however, that problems are dealt with pragmatically.

Outcome

The starting point is to devise a down-to-earth approach to the problems that arise because of the differences between the maternity/paternity regulations rather than to attempt to harmonise them. Harmonisation is neither possible nor desirable. As a result, issues are dealt with by experts on an *ad hoc* basis so citizens are not caught between systems. The intention is to focus more closely on these problems and have the Nordic Social Insurance Group and Social Security Convention Group deal with specific cases. The policy aim is to focus on co-operation between the various states in order to make it easier for individuals to move. The Social Insurance Group plans to set up a working group before the end of 2005 to prepare information material about the two conventions.

Convention on Social Security

The Nordic countries have a duty to work together to provide support for people with disabilities who move to another Nordic country. This issue was discussed at the meeting of Ministers of Health and Social Affairs in mid-June 2005. It was decided to delay approval of amendments to the Social Security Convention pending responses to a number of questions about transport services. The Working Group on the Nordic Social Security Convention has been asked to work on these issues.

Outcome

There are a number of unresolved issues concerning transport services between the Nordic countries. The Working Group on the Nordic Social Security Convention has been asked to work on these issues. The Working Group discussed them at its meeting in September 2005 and agreed to propose specific amendments to the Social Security Convention concerning co-operation on transport services. The proposal was dealt with at

senior official level in the autumn. It is expected that the matter will be brought to a successful conclusion by correspondence.

‘Pill passport’

Rules and practices vary for the documentation required of travellers in legal possession of euphoriant imported as constituents of medicines. This is a particular problem for regular travellers to and from Bornholm via Ystad, Sweden.

Result

The Nordic countries have drawn up a new common list of euphoriant for which it is appropriate to demand documentation of legal possession by travellers if they are imported as constituents of medicines. It has been agreed that the countries will implement controls on the basis of the common list. Sweden has indicated that implementation will require legal changes and it is hoped that these can be completed before the end of the year.

Telemedicine

Nordic co-operation on telemedicine and the obstacles it faces takes the form of a Nordic Telemedicine Forum. The actual work started in autumn 2005 with a review of the following:

1. The development of indicators to compare the current status and identify areas for improvement in order to exploit the potential for learning and exchanging information and experiences between the various countries.
2. Plans for the transfer of skills and experience about the development of IT routines and the use of IT gained in the health sector to the social sector.
3. Refining Nordic co-operation in telemedicine to make sure resources are available and structures and skills in place to make the most of joint solutions.
4. Examination of areas where increased use of IT could help promote freedom of movement between Nordic countries and enhance efficiency of IT in health and social services; e.g. by examining and proposing solutions to legal barriers to the use of telemedicine across Nordic borders.

Outcome

The first step has been the creation of the Telemedicine Forum. It is too early to predict tangible results.

The Ministers of Trade and Industry

The Danish Presidency 2005 focused on freedom of movement for SMEs as well as ordinary citizens. The Ministers of Trade and Industry commissioned the report “Obstacles to freedom of movement for Nordic business” and have already acted upon issues that fall within their own remit. Other obstacles to freedom of movement were identified, however, and will have to be dealt with by other ministerial councils (see the next section).

The Ministers of Trade and Industry are dealing with the following issues:

- A business portal for Nordic SMEs
- A proper Nordic venture capital market
- An action plan for improving co-operation in construction and building supplies
- Implementation of EU company law directives
- Nordic harmonisation of the inspection of measuring instruments.

Information for SMEs

In the catalogue of obstacles to freedom of movement confronting Nordic businesses, it was pointed out that there is a shortage of centralised information sources, especially for smaller companies. As a result, the Nordic Ministers of Trade and Industry proposed that the Nordic Ministers for Co-operation expand Hello Norden with a Business and Trade portal.

Outcome

A Business and Trade portal to provide SMEs with more relevant and in-depth information was launched at the end of October 2005 in Reykjavik and is now available at www.hallonorden.org. The portal contains relevant links to national websites where SMEs can find information on how to establish a business in any of the Nordic countries, how to co-operate with other companies or countries and what is involved when employing people from other Nordic countries. All the information is presented in an easily accessible form designed to be particularly useful for smaller companies.

Venture capital

We need to make it easier to transfer venture capital across Nordic borders and promote a free market. This is an absolute necessity if the Nordic venture capital market is to work properly. The Ministers of Trade and Industry are investigating opportunities to:

1. Revise legal and regulatory restrictions on public-sector venture capital to facilitate investment in other countries.
2. Easing up on double taxation because it requires venture capital investors to pay tax in their home countries as well as in the country where the investment is made.

Outcome

It is still too early to see tangible results in the venture capital market but work has started and a clearer picture of the potential should emerge by the end of the year.

The construction industry

The Nordic construction industry should be developed as a single domestic market in which both practitioners (tradesmen and contractors) and building materials are accessible throughout the Region on the same terms and conditions. To improve competition, an action plan has been launched involving four specific projects to promote trade between the Nordic countries, the Baltic States and Poland: “Action Plan for increased exchange in the building sector between countries in the Baltic Sea Region.” The longer-term aim is to promote freedom of movement. The action plan focuses on some of the main obstacles to freedom of movement in the construction industry.

Outcome

Developing a single Nordic market for construction and building materials is no short-term task. However, we do expect to see the first results emerge from the projects in 2006. A status report on work to date will be available before the end of 2005.

EU company law

The EU regulation on “the European company” – known as the SE company – represents a huge step forward in terms of making it easier to do business across borders. To consider joint implementation of this regulation in the Nordic countries, the Nordic Ministers of Trade and Industry

have set up a working group to look at initiatives already adopted by the EU. The group will meet twice a year.

Outcome

The working group set up to implement EU regulations on “the European company” has so far concentrated on the amended 1st Directive on the publication of company information, expected amendments to the 2nd Directive on company capital, the 10th Directive on cross-border mergers, the 13th Directive on takeover bids, the expected 14th Directive on cross-border company movements and, finally, the incorporation of the SCE regulation (the European Co-operative). The incorporation of the SE regulation (the European Limited Company) into Nordic legislation has also been discussed. The working group will also discuss the incorporation of other EU proposals, e.g. current proposals on executive remuneration and independence in relation to corporate governance.

Measuring equipment

The Nordic countries have special rules for the approval of adjustments to, and tests of, measuring equipment. Large-scale production of scales, heating and energy meters, gas meters and water meters in the Region makes it important to co-ordinate Nordic regulations. At the request of the Ministers of Trade and Industry this work is now being done on the basis of the EU Measurement Instrument Directive (MID). A working group has been set up to discuss implementation of the Directive and to seek to harmonise areas in which the individual countries currently differ.

Outcome

Joint Nordic co-ordination of implementation of the EU Measurement Instrument Directive is being undertaken by the Nordic Group of Senior Officials for Legal Metrology. The group has held several meetings. A comparative analysis of regulations has been carried out and it is believed harmonisation is possible in a number of areas. It is expected that the final rules will be published in 2006.

Business

In 2003, the Nordic Ministers of Trade and Industry commissioned a survey of specific obstacles to freedom of movement encountered by Nordic businesses. The outcome was a catalogue prepared by the Nordic Innovation Centre: “Obstacles to freedom of movement for Nordic business”. It highlighted a number of obstacles that do not fall under the remit of the Nordic Ministers of Trade and Industry, so I have submitted my proposals for dealing with these problems to the relevant Danish ministers during the Danish Presidency of the Nordic Council of Ministers 2005.

The following proposals were put forward in 2005:

Labelling medicines

The Nordic Innovation Centre has noted that each Nordic country has its own system for inspecting medicines and foodstuffs, so that product approval in one country does not automatically cover the others. The objective must be to devise a harmonised joint Nordic system.

Outcome

EU law has a major influence on medicines, as their quality and safety is largely controlled by regulations already applied to the EU countries – and to Norway and Iceland by virtue of their membership of the EEA. It has, therefore, been decided that it would be most appropriate to work towards Nordic harmonisation within the framework of the ongoing EU co-operation in this area.

Environmental labelling

The catalogue of obstacles to freedom of movement for businesses points out that it is unfortunate for both consumers and manufacturers that there are different voluntary labelling systems for environmentally friendly products in the different Nordic countries. It also notes that joint Nordic certification would enlarge the market and facilitate exports. With this in mind, I proposed setting up a group of senior officials to look at the idea, draw up a register of Nordic labelling regulations and certification requirements – and then consider either joint Nordic labelling regulations or mutual acceptance of national systems.

Outcome

A Nordic-Baltic mapping exercise is being conducted to look at the initiatives taken by Nordic and Baltic exporters when exporting to other Nordic and Baltic countries. The exercise covers all of the countries and a report issued in June 2005 highlighted the following options: 1) setting up an information system covering regulations and certification systems, 2) simultaneous promotion of EU and national logos. A Nordic environmental label is not envisaged as the solution to the problem of freedom of movement in an ever more global market for organic food. The common EU logo is, however, regarded as a solution to the problems of marketing in the EU, including in the Nordic and Baltic countries.

Competitive tendering

Too few Nordic companies bid for public-sector tenders in the Nordic countries and I have proposed a closer look at the reasons for the lack of competitive tendering in the public sector in the Region. The Danish Presidency, via the Ministry of Economic and Business Affairs, has rejected the idea of a Nordic market for public procurement on the basis that the EU has just undertaken a major reform of EU tendering directives. In addition, a European tendering network has been set up, which aims to act as a forum for the exchange of information and experiences and for the resolution of cross-border disputes. All the Nordic countries participate in the network. The Nordic competitive tendering authorities also work closely together, meeting once or twice a year to discuss topical issues and developments.

Outcome

Since the Nordic countries are all already members of a European tendering network, it was considered inappropriate to seek a purely Nordic solution.

Transferring company profits/losses

Severe restrictions apply to the transfer of company profits and losses across Nordic borders at the moment. The Ministers of Finance have looked into the issue but have been unable to devise joint regulations. The Ministers of Trade and Industry have decided to await an EU solution before deciding whether to instigate Nordic co-operation on this issue.

Outcome

Purely Nordic regulations for the transfer of company profits and losses are not envisaged. This is one of the issues that will be dealt with in the

context of joint Nordic implementation of EU directives when the time is right.

Abolishing statutory audits for SMEs

Unlike other European countries, statutory audits are compulsory for SMEs in the Nordic countries. This involves substantial costs, of course, i.e. approximately DKK 1.4 billion for Danish companies with fewer than 50 employees, a balance sheet of less than DKK 29 million and net annual turnover of less than DKK 58 million. These statutory audits should be abolished in line with the situation in other EU countries and I submitted a proposal to that effect to the Danish Presidency of the Nordic Council of Ministers 2005.

Outcome

The follow-up work at Nordic level will depend on the results of national deliberations, including in Denmark and Sweden, where the simplification of regulations and cutting red tape are top priorities.

Fire-fighting and first aid products

No joint Nordic standards exist at the moment for fire-fighting equipment and first aid products. I have proposed that a single market and common standards be introduced.

Outcome

The proposal has been submitted to the Danish Presidency. A follow-up is being prepared and will require a cross-sectoral approach by the Danish Presidency.

Food

Food and veterinary products

The food industry often bemoans the lack of freedom of movement, particularly when it comes to trade between the Nordic countries, but the actual extent of the problems had never been ascertained. National surveys have now been conducted, however, involving the relevant industry organisations, which have also been asked what action they would like to see taken at Nordic level.

Outcome

A comprehensive, structured programme of work to identify specific obstacles to trade in food and veterinary products between the Nordic countries has revealed relatively few obstacles to freedom of movement. This is because food legislation is harmonised at EU and EEA level to a great extent and because the Nordic countries already co-operate on the implementation of new legislation through the Committee of Senior Officials for Food Issues and a range of networks. In addition, the EU operates a notification procedure in advance of the enactment of any new national legislation on foodstuffs and veterinary products. I can positively state that the Nordic countries already co-operate as closely as possible to promote freedom of movement in this sphere.

Regional problems

Taking pets to Bornholm via Sweden

Taking pets to and from Bornholm has been a problem for people travelling via Sweden. Following intensive negotiations between the Danish and Swedish authorities, the existing agreement that allows motorists to take their pets with them has been extended to cover people travelling by train and bus as well. The level of service has also been improved, with forms now filled in on the Internet, for example. Further information on the relevant regulations is available on the Danish Veterinary and Food Directorate website.

Outcome

The new Swedish rules came into force 15 June 2005.

Taking hunting and sporting guns to Bornholm via Sweden

Currently, travellers to and from Bornholm via Sweden are only allowed to carry hunting and sporting guns if they have been issued with transit authorisation by the Swedish authorities. It is hoped that agreement can be reached to permit the transport of hunting and sporting guns without authorisation. This is expected to be possible from the spring of 2006, pending an amendment to Swedish law, which is expected to be approved at the start of the year.

Outcome

A positive outcome is expected in spring 2006.

Railway carriages

The Nordic countries have different rules for the maximum length of railway carriages. On certain high-standard stretches in Sweden and Finland they are allowed to be up to 25.5 metres, while in Denmark the maximum is 18.75 metres. If the Danish maximum was extended to match the Swedish and Finnish standard, it could facilitate mobility and competition in the Nordic countries. Norway has indicated that it has no desire to harmonise the length of railway carriages.

Outcome

A limited trial is expected to be launched in Denmark in 2005 on a selected stretch of rail from Kastrup Cargo Centre to Sweden. Access routes to ferry ports connecting to Sweden will also be included in the trial.

Easing of customs controls on the Swedish/Norwegian border

There have been practical problems along the Swedish/Norwegian border with customs controls and duties, and with duties on temporary imports of machinery. The Swedish and Norwegian authorities have been working intensively to solve these difficulties. In April 2005, ministers, border committees, information services, customs and VAT experts and companies discussed how to deal with the problems at a border seminar.

Outcome

A range of specific solutions has been worked out which make life easier for cross-border businesses along the Swedish/Norwegian border. Duties have been reduced on the temporary import of machinery. Inspections and the payment of duties have been made easier by doing much of the work done on-line in advance, which has solved many of the particularly vexing practical problems faced by businesses.

Language co-operation

Clear rules

Citizens and official bodies are sometimes unsure about whether people have the right to use their native language when dealing with authorities in another Nordic country. This issue has been under consideration for a long time. A legal review is currently taking place to consider whether and how: 1) the convention might be amended in areas where it is considered out of date, 2) the convention might be thoroughly revised, and 3) the convention might be abolished and replaced by a declaration to be integrated into Nordic language policy. A decision also needs to be taken about whether or not to include Nordic sign language in the Nordic language convention.

Outcome

It is too early to report a definitive result, as the final report is not expected until 2006. An information campaign will then be undertaken to promote public knowledge of the convention.

The Icelandic name tradition in Sweden and Denmark

In Iceland, children form their surname by taking the first name of their father and adding 'dottir' or 'son'. There have been specific cases where the authorities in the other Nordic countries have refused to register Icelandic surnames.

Outcome

Swedish legislation was amended in 2004 to make it possible to name children in accordance with Icelandic tradition. In 2005, Denmark also brought in a new law allowing Icelanders in Denmark to name their children in accordance with Icelandic tradition.