Operations of the Nordic Council of Ministers

Annual Report 2014

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Nordic co-operation

Nordic co-operation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and the Faroe Islands, Greenland, and Åland.

Nordic co-operation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic co-operation seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

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Foreword

Together we are stronger is the title agreed by the Ministers for Nordic Co-operation in February 2014 for the vision for Nordic co-operation. That summer, the vision was then set in stone by way of the decision to modernise the work of the Council of Ministers.

The primary aim of this modernisation is to strengthen dynamic and relevant co-operation between member countries so that the outcomes achieved when working together truly surpass what the countries can achieve on their own.

The purpose of this annual report is to highlight some examples of these outcomes, categorised into the four main areas of the vision: freedom of movement, innovation, visibility, and international engagement.

Iceland held the presidency of the Nordic Council of Ministers in 2014. The presidency programme highlighted the three main initiatives: the Nordic Bioeconomy, the Nordic Welfare Watch, and the Nordic Playlist, which will continue until the end of 2016.

The Nordic Council of Ministers marked two anniversaries in 2014. The joint Nordic labour market was established 60 years ago and Nordic gender equality initiatives 40 years ago.

Common to both of these areas is that although efforts over the last four to six decades have been successful, much still remains to be done.

Barriers to the full mobility of labour across the Region's borders still exist. Efforts to remove these are ongoing, with the goal that it should be just as easy to move from one Nordic country to another as to move to a neighbouring municipality within a Nordic country.

The challenges that remain in the area of gender equality include stereotypical behaviour patterns among girls and boys that limit opportunities in terms of both education and employment.

What is termed "the Nordic Model" is also evoking growing interest outside of the Region. The Strategy for International Branding of the Nordic Region as agreed by the Ministers for Nordic Co-operation in conjunction with October's Nordic Council session in Stockholm is just one aspect of the efforts to capitalise on this interest. This strategy focuses on the strengths and values that characterise the Region, including transparency, trust in one another and those in power, and

compassion. In today's increasingly globalised world, these values are becoming ever more important for those of us living in the Nordic Region and ever more inspirational for those who don't. This is something we want to capitalise on by way of a profiling strategy.

Copenhagen, 1 July 2015

A handwritten signature in black ink, appearing to read 'Dagfinn Høybråten', written in a cursive style.

Dagfinn Høybråten
Secretary General
Nordic Council of Ministers

1. Management's operations report

1.1 Freedom of Movement

1.1.1 A borderless Nordic Region generates billions

Roughly 70,000 Nordic citizens live in one Nordic country and work in another. The fewer borders the Region has, the quicker its economic growth. We will become more competitive and more new jobs will be created.

Cross-border commuters' labour input within the Region is already proving worthwhile economically and was valued at EUR 5.6 billion in 2014.

Swedes regard the Region as their labour market to a greater extent than the Region's other residents. 80% of all cross-border commuters are from Sweden.

Norway benefits the most economically from cross-border commuting. 60% of all cross-border commuters have a Norwegian employer. Cross-border commuters contribute EUR 4.3 billion (NOK 33.6 billion) in annual growth to the Norwegian economy.

Cross-border commuters also benefit the Danish economy. Almost 13,000 more people commute to Denmark than from the country, primarily from Sweden. These cross-border commuters contribute a total of almost EUR 1 billion (DKK 7.3 billion) per year to the Danish economy.

This high level of cross-border commuting reduces unemployment costs in the countries of origin, primarily Sweden and Finland.

On the initiative of the Nordic prime ministers, the Ministers for Nordic Co-operation set up the Freedom of Movement Council on 1 January 2014 expressly to streamline efforts aimed at achieving a borderless Nordic Region.

The Freedom of Movement Council's work is divided into three areas:

- Removing existing border barriers between the Nordic countries.
- Preventing new barriers.
- Enhancing and streamlining communications.

The Freedom of Movement Council was chaired by Siv Friðleifsdóttir in 2014.

1.1.2 Clamping down on tax havens

One particular project has already clawed back billions to the Nordic Region. Formally it is referred to as "Nordic co-operation on tax information exchange agreements with offshore financial centres". Less formally, it could be called "Clamping down on tax havens".

This is a success story that has dramatically redrawn the map of international fiscal policy. Thanks to this co-operative project, the Nordic countries have one of the most complete networks of information agreements with every country in the world that has a policy of banking secrecy or other legislation that prevents fiscal transparency.

The world no longer offers a hiding place for those who want to evade their Nordic tax liabilities, apart from one nation – the United Arab Emirates – but negotiations with the authorities there are underway.

In the 1970s and 1980s, globalisation led to a dramatic increase in tax avoidance, which had not been a major problem earlier in the twentieth century. Personal and business capital was allowed to flow freely across national borders, and governments and tax authorities were powerless to intervene.

When an OECD campaign to end harmful tax competition came to a halt in the early 2000s, the Nordic countries launched a joint initiative. It was hoped that the OECD's warnings of collective punishment would facilitate the conclusion of agreements with a few countries, followed by laborious efforts to include the other 40 or so, but the Nordic project has exceeded all expectations.

The timing was perfect as the efforts coincided with an increased international focus on tax avoidance and terror financing. A few years after the project began, the G20 put the issue high on the international agenda, setting up the Global Forum in 2009. The Nordic countries are still among the few that have, in principle, a complete network of information agreements.

Everyone knows that this would have been impossible without the countries working together. Individually, they would have each been too small to make an attractive negotiating partner.

In its current phase, the Nordic Working Group on International Tax Evasion (NAIS) is concentrating its efforts on implementing the agreements.

Going forward, the focus will be on acquiring even more accurate tax information. The trend is towards automation and further streamlining exchanges of information.

The Nordic countries have each chosen slightly different methods for this, but all agree that the outcome has been even better than anyone dared hope. The preventative effect is best illustrated by the Norwegian Tax Administration, whose efforts have been the most successful so far, boosting the national tax take by around NOK 40 billion. Tax dodgers have nowhere left to hide!

1.2 Innovation

1.2.1 The Könberg Report – an analysis of Nordic health co-operation

In the summer of 2013, the former Swedish Minister for Health Bo Könberg accepted the task of drafting a proposal for how, and in what areas, focus should be directed for Nordic health co-operation in the coming years. The objective was, of course, to determine health and care issues that could be better addressed through Nordic co-operation than as mere national issues.

The initiative for a more accurate analysis of health co-operation was originally taken by the Nordic prime ministers in 2012. The inspiration for an extensive strategic review of this kind came from the Stoltenberg Report, which concerned defence and security co-operation.

Bo Könberg conducted his analysis based on interviews with every key player in the Nordic countries and the three autonomous territories, including health ministers, politicians, interest groups, experts, and institutions.

The report was received by Iceland's Minister of Health, Kristján Þór Júlíusson, in June 2014, who did so in the capacity of chair of the Nordic Council of Ministers for Health and Social Affairs.

The report contains 14 specific proposals. At the end of 2014, the Nordic Council of Ministers for Health and Social Affairs decided to prioritise the following five areas from the proposals for co-operation in the coming years:

- *Health preparedness.*
- *Highly specialised treatment.*
- *Rare diagnoses.*
- *Psychiatry.*
- *Exchanges of officials.*

Additionally, the ministers decided to make contact with the ministers for development and foreign affairs to discuss how to proceed with the proposal on *measures against the increasing antibiotic resistance*. The matter will be discussed at the meeting of the Nordic Ministers for Health in September 2015.

The Nordic Council of Ministers' action plan for 2015 includes several projects directly linked to the conclusions and priorities of the Könberg Report.

1.2.2 Nordic Built – homes that people want to live in

The *Nordic Built* programme was initiated by the Council of Ministers for Business, Energy and Regional Policy and commenced in 2012. Its objective was to start up and support Nordic energy efficiency projects with global export potential in the construction sector.

The idea behind the programme was for it to help the Nordic construction sector to become a leader in Europe in terms of environmentally friendly and innovative construction solutions.

Perhaps the most exceptional aspect of Nordic Built is that several players within the construction sector have succeeded in working together within the framework of the programme to create homes where people truly want to live. Nordic Built has successfully brought together professionals such as architects, experts in the living environment, sociologists, and futurologists.

Nordic Built was realised by way of three modules – Nordic Built Charter, Nordic Built Challenger, and a joint Nordic call for the preparation of business models and the creation of innovative and ecologically sustainable renovation solutions.

Nordic Built Charter defined the ambitions of the Nordic construction industry and was developed by 65 top managers from the sector. The

principles are based on shared Nordic strengths and values and describe the principles the industry seeks to follow.

Nordic Built Challenge was a design competition with the aim of renovating five different types of building in different parts of the Nordic Region based on holistic thinking with a particular focus on energy consumption and carbon dioxide emissions, as well as increased enjoyment.

More than 130 players from the Nordic construction industry have signed the charter and pledged to follow its principles.

Five different building owners have received innovative and ambitious renovation proposals that focus on the industry's strengths. Both residential and commercial buildings are included in the selected buildings. The goal is that the five buildings will act as short and long-term sources of inspiration and role models for the construction industry and as evidence of what the industry can achieve with a little motivation.

Nordic Built came to an end in 2014, but the concrete benefits of the programme extend far into the future.

1.3 Visibility

1.3.1 Strategy for International Branding of the Nordic Region

At a meeting during the Nordic Council's session in Stockholm, the Ministers for Nordic Co-operation agreed the first Strategy for International Branding of the Nordic Region.

It all started the year before when, together with the Nordic countries and the Kennedy Center for Performing Arts in Washington DC, the Nordic Council of Ministers then backed a huge cultural festival – NORDIC COOL 2013. Given this starting point, the ministers sought to communicate what it is that we stand for in the Nordic Region. Values such as gender equality, sustainability, and transparency were discussed at the seminars and disseminated by way of campaigns and the media. It became the biggest media success in the history of Nordic co-operation. Conservative estimates showed a reach in the US of 30 million people and almost just as many again in our own countries.

The lessons of NORDIC COOL were used in a feasibility study to demonstrate that stakeholders in all sectors of society demanded a profiling strategy shared by the Nordic Region as a whole. Each Nordic country has its own strategy in this area, but there is great

understanding that small countries such as those in the Nordic Region can often benefit from acting together. Thanks to the many years of active Nordic co-operation, the Region is able to offer a common market for business, labour, research, and education, as well as a society that is founded on transparency and trust, not to mention stunningly beautiful natural surroundings. And we can share our experiences that have created the Nordic welfare society – a Nordic perspective.

The strategy is founded on the values which all form a part of the Nordic Model:

- Openness and a belief in everyone's right to express their opinions.
- Trust in each other and also, because of proximity to power, trust in leaders in society.
- Compassion, tolerance, and conviction about the equal value of all people.
- Sustainable management of the environment and development of natural resources.
- New ways of thinking, focusing on creativity and innovations.

The Nordic ministers expressly hope that the strategy will now be realised as a joint initiative to strengthen the Nordic countries' competitiveness and international influence by way of co-ordinated activities.

1.3.2 Looking to the future with climate communication

Back in 2013, the Nordic Council of Ministers initiated an extraordinary climate communication initiative aimed at young adults – a target group that is difficult to reach out to and often overlooked in the context of climate issues.

The initiative was based on years of successful Nordic climate co-operation and termed a "climate dialogue". In addition to the Nordic Ministers for Climate and the Environment, the initiative involved researchers working on the Intergovernmental Panel on Climate Change (IPCC).

The objective was to disseminate the knowledge contained in the IPCC reports. The initiative had several purposes: above all, to disseminate knowledge on the findings of climate research, but also to make the consequences of climate change more visible than before, to highlight what could and should be done to mitigate climate change, and also to highlight the impact of taking action as well as the impact if nothing is done.

The Nordic Council of Ministers was helped by well-known Nordic comedians to reach out to the young adult target group. Through humour, the comedians raised and discussed climate threats in their own way within the framework of the Nordic Council of Ministers' climate campaign (<http://www.norden.org/en/nordic-council-of-ministers/council-of-ministers/the-nordic-council-of-ministers-for-the-environment-mr-m/institutes-co-operative-bodies-and-working-groups/working-groups/climate-and-air-pollution-group-kol/video-comedians-on-climate-change>).

This humour-based platform has a direct link to a digital interactive tool – also financed by the Nordic Council of Ministers – where various climate measures and initiatives can be selected and their impact and consequences on the climate can be seen (globalweirding.is/here).

In this way, Nordic environmental co-operation in 2014 sought to communicate deeply fact-oriented material to a target group that is typically difficult to reach out to in an easily understandable and educational way.

1.4 International Engagement

1.4.1 *The fight against human trafficking*

Human trafficking is a serious breach of human rights. The Nordic Council of Ministers' work against human trafficking seeks to generate results on two levels. They firstly want to bolster efforts in this field by facilitating the exchange of knowledge and experience among social agencies, NGOs, prosecutors, the police, and others involved in their work in the Nordic and Baltic countries and in Northwest Russia. Secondly, the Council of Ministers is seeking to support regional co-operation in all sectors and areas on issues related to human trafficking across national and sectoral boundaries.

Since the start of this millennium, the Nordic Council of Ministers has actively contributed to efforts to prevent human trafficking in order to hold those guilty to account for their actions in court and to protect and support victims.

In 2014, a three-year programme initiated by the Ministers for Nordic Co-operation involving several of the Councils of Ministers came to an end. The Nordic Council of Ministers' offices in the three Baltic countries and Northwest Russia played an active role in the implementation of the programme and in co-operating with the local authorities.

The programme concluded with the conference “Human Trafficking Today – Our Joint Baltic Sea Challenge”, which was held in St Petersburg. The conference put the spotlight on human trafficking in the Baltic Sea region and on the efforts implemented in the region to date under the auspices of the Council of Ministers and the Council of the Baltic Sea States.

As part of the programme, hundreds of people took part in training and the conferences on the topic held in St Petersburg, Karelia, the Baltic countries, and Helsinki.

In 2014, the Council of Ministers also started a new two-year initiative to continue efforts to fight human trafficking. The objective is to continue to improve co-operation and the exchange of knowledge within the network of authorities and experts working on these issues in the Nordic and Baltic countries and in Northwest Russia.

1.4.2 *A united voice on gender equality*

Nordic gender equality policy is one of the foundations of Nordic democracy. The Nordic countries face similar challenges in the field of gender equality. The countries benefit greatly from each other’s experiences and use each other’s solution models to promote equality between genders.

Co-operation between the Nordic countries is active and visible in this area and also clearly comprises one of the values that profiles the Region in a global perspective.

The Nordic Region regularly speaks with a united voice and with great commitment when it comes to gender equality issues. One such example is that when the UN’s Commission on the Status of Women (CSW) held its annual meeting in 2014, the Nordic ministers expressed their joint support for the importance of active gender equality efforts in relation to education.

Another example is Nordic Forum 2014 in Malmö: a major gender equality forum arranged by the Nordic women’s movements with considerable support from the Nordic Council of Ministers. Issues such as the right to equal pay and education opportunities were discussed during the forum, as well as zero tolerance for gender-based violence.

There was huge interest among the forum’s participants in the Nordic Council of Ministers’ efforts relating to gender equality.

Through CSW, the Nordic Council of Ministers and the Nordic countries can reach out together to the politicians, decision-makers, and NGOs participating in the UN’s Commission on the Status of Women. CSW is an ongoing activity, while Nordic Forum has only been held twice previously, in 1994 and 1998.

2. Budget 2014 – follow up on negotiations with the Nordic Council

In the annual negotiations between the Nordic Council and the Nordic Council of Ministers regarding the Council of Ministers' budget proposals, the following items have been agreed and amended for the budget for 2014:

- *To find out whether there are streamlining and rationalisation gains to be made by merging the Nordic Culture Fund and Nordic Culture Point, including the effects and advantages and disadvantages for cultural political work.*

The Nordic Council of Ministers has dealt with the recommendation by way of a report received by the Nordic Council in mid-September 2014. The Council of Ministers for Culture has considered the report and is of the view that on the basis of the facts presented, there is no reason to proceed with the idea of merging the Nordic Culture Fund and Nordic Culture Point.

- *To investigate whether there are possible streamlining and rationalisation gains to be made by merging the operational functions in the three separate organisations that make up the Nordic Centre in Oslo. The running of the institutions is accounted for in the Secretary General's modernisation work.*

NordForsk, Nordic Energy Research, and Nordic Innovation have been tasked with implementing a financially and administratively sustainable co-operation model for their administrative area. The model will then be developed and implemented with a view to introduction in 2015 and 2016.

- *That DKK 1,000,000 will be injected into the Nordic Journalist Centre to promote journalistic tasks with a clear Nordic purpose. The schemes will be financed from post 1-2208-1 Strategic ventures.*

The Nordic Council of Ministers has addressed the budget compromise with the Nordic Council by granting the Nordic Journalist Centre DKK 1,000,000. The focus of the activities relates to issues that are important to the Nordic Region from the perspective of new working procedures and roles for editors and journalists, which enable new opportunities for interaction between the different media channels in the Region.

- *That DKK 300,000 of unused funds from the Presidency pool will be used to complete the initiative Statement 41/2012 for autonomy in the Nordic Region during 2014.*

The Council of Ministers contributed to the implementation of the initiatives by offering a grant for the preparation of a publication and implementation of a subsequent conference on forms of autonomy in the Nordic Region. The Ministers for Co-operation decided to set aside DKK 400,000 for this purpose in connection with the budget negotiations. The Nordic Council administered work related to the publication and conference and concluded a contract with the Åland Islands Peace Institute regarding implementation.

- *That there is a need to promote international co-operation on measures to combat growing antibacterial resistance (One Health). Therefore it is proposed that a common Nordic venture in this area is given high priority, when the future Nordic co-operation on public health is drawn up and decided up early in 2014, as a result of the closure of the Nordic School of Public Health (NHV).*

The area is a high priority for the Nordic Council of Ministers. The Ministers for Co-operation have discussed the Könberg Report in its entirety and as a part of the proposal concerning growing antibiotic resistance. Iceland's Minister of Health and the Icelandic Foreign Minister (who is also Minister of Development) have discussed how the matter could be conveyed to other Nordic ministers for development and foreign affairs. The issue was also raised at ministerial meetings in 2012, 2013, and 2014 in the Council of Ministers for Fisheries and Aquaculture, Agriculture, Food and Forestry (MJ-FJLS). In addition to this, the secretariat for the Nordic Council of Ministers has repeatedly negotiated with the World Health Organisation (WHO) regarding antibiotic resistance. This has

included a meeting between the Secretary General and WHO's Regional Director Zsuzsanna Jakab. The Ministers for Co-operation are continuing to work hard on this matter.

- *That sustainable consumer aspects are clarified in the new work programme for the environment sector's working group Sustainable Consumption and Production – HKP.*

In its programme for 2015, HKP has highlighted only sustainable consumer policy issues and is generally working broadly with this topic.

- *That funds are earmarked within the budget framework for Nordjobb to market "Jobbresan" to municipalities in the Nordic Region.*

During all its meetings, Nordjobb has made municipalities and employers in the Region aware of Jobbresan as a model for helping young people not in employment, education or training (NEETs) in finding a job. Nordjobb is making active efforts to increase the rate of employment for groups of young people who are over-represented in unemployment figures, such as NEET and recent graduates of post-secondary education (school-leavers).

- *That Nordic Summer University (NSU) will be placed under NordForsk on condition that NSU's activities continue. NordForsk will be tasked in 2014 of funding NSU's activities in 2014 at a similar level as in 2013.*

The Nordic Council of Ministers has addressed the budget compromise with the Nordic Council by way of a special approval statement to NordForsk for 2014, tasking the institution with funding NSU in 2014 on a similar level as in 2013. NSU and NordForsk have signed a funding agreement for 2014.

- *That DKK 0.5 million will be earmarked for a feasibility study to further document the need for Nordic societal information on the internet for small and medium-sized companies who want to recruit staff, establish themselves, or trade across Nordic boundaries. The feasibility study will be done in co-operation with the business organisations. A regional web portal of this kind already exists in the Øresund Region, but this service should be available to small and medium-sized businesses in the entire Region. The feasibility study will be funded by the posts for Freedom of Movement 5-2055-1.*

In 2014, Rambøll prepared the report "Nordic information portal for small and medium-sized businesses – Requirements analysis". The

report concluded that there is a great deal of information in the Nordic countries, but that transverse access to this information was welcome so as to provide companies with an overview of the information available. The report proposed a number of ways to implement the plan.

In 2014, the secretariat sought to identify potential parties for realising the proposals. Alternative methods for funding such a portal have also been investigated. As such, there is a clear basis for developing a solution as soon as the practical issues concerning the operation and funding of a portal have been solved.

- *That the budget post 7-8113-2 (Green technical norms and standards – the Nordic Region as a standard maker) will also include an assessment of harmonising in the Nordic construction sector.*

The programme “The Nordic Region as standard maker” has been part of the Prime Ministers’ Green Growth initiative since 2012. The programme covers the development of three joint standardisation measures in the field of construction. The objective of the programme is to turn Nordic standards into European standards. Harmonising existing standards within the construction sector has continually featured on the agenda of discussions between the Nordic standardisation organisations and Nordic institutions. The perception is that ensuring the harmonisation and implementation of EU/EEA regulations, thereby preventing new border barriers, is a wise use of resources.

- *That transport will be part of the new energy policy action programme (2014–2017). Research and innovation in the transport sector should also be considered in conjunction with the drafting of a new energy research programme (2015–2018) for Nordic energy research.*

Energy-related transport issues are included as a horizontal topic in the energy ministers’ Action Programme for Nordic Co-operation on Energy Policy 2014 to 2017. Particular priorities are electric vehicles and renewable energy in the transport sector. A specific project in this area is biofuel for aviation, which the Committee of Senior Officials for Energy Policy (ÅK-E) agreed to support. In addition to this, transport is also part of the strategy for Nordic Energy Research (NEF).

- *That within the budget post “environmental sector’s working groups” (3-3311-2) funds will be earmarked to promote the implementation of HELCOM’s Baltic Sea Action Plan (BSPA).*

The environmental sector’s working group HAV, which works with the marine environment, has earmarked DKK 400,000 for HELCOM-related projects in 2015. In addition, a large proportion of HAV’s work is related to HELCOM.

- *That there is a need for a Nordic study to look at freedom of movement for patients in the Nordic Region when the new EU directive (Directive on Cross Border Health Care) is implemented in the countries and the first experiences have been gathered in. The question will be part of NCM’s major 2013–2015 programme, Sustainable Nordic Welfare, where it will be assessed in the review of co-operation in the health sector which is now being carried out.*

The budget compromise was addressed in proposal 7 of the Könberg Report, concerning the free movement of patients, and which stresses that the Nordic countries should assess the impact of implementing the EU directive regarding patients’ free movement. It is still too early to assess the impact of the directive. The Ministers for Co-operation are therefore continuing to work on the free movement of patients, and this will be addressed on the basis of the countries’ implementation of the directive at the upcoming meeting of the Ministers for Co-operation.

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