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**INPUT TO THE NORDIC GLOBALISATION
PROCESS**

18 June 2007

**Region of Opportunity – a Nordic response to the
challenges of globalisation**

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Summary

Many of the challenges posed by globalisation cannot be solved by any one country or region on its own and required a co-ordinated, multilateral approach. Given the similarities shared by the Nordic countries, it is natural to seek joint solutions. Core strengths, common values and a well-developed knowledge infrastructure provide the Nordic Region with a superb opportunity to lead the way in drawing up model solutions for global challenges, and to position itself in the face of fierce competition.

The Region's rich resources include its peoples, their knowledge, competencies, creativity and cultural heritage. This is one of the keys to the Region's competitiveness, its high employment rates and growth, its welfare provisions and its efforts to promote global sustainable development.

The June 2007 meeting of Nordic Prime Ministers represented the first step in revamping Nordic co-operation to meet the challenges of globalisation. A joint Nordic approach to globalisation will supplement and generate synergies with work done under EU auspices and with the partnerships the Region enjoys with its neighbours. Specific proposals for joint Nordic action were presented at the meeting. Many of the major issues raised in the globalisation debate require further analyses and discussion, and decisions will need to be made on them at a later date.

The following measures and objectives will help strengthen the Nordic Region in a globalised world.

The climate, the environment and energy

The Nordic countries have a vision that includes ambitious goals to reduce emissions of greenhouse gases and ensure stable and sustainable energy supplies. These ambitious targets put the Nordic countries in a position to promote progress in the negotiations for a new global climate agreement from 2012. A joint Nordic programme should be initiated to ensure the positive outcome of these negotiations.

In the Nordic Region, it is anticipated that climate change will have a major impact on natural resources. We need to work together to publicise the impact of climate change on primary industries, ocean currents, marine ecosystems, coastal communities, and to explain the consequences of increased production of bioenergy.

The Nordic electricity market is a prime example of successful co-operation in the Region. This work should be even more closely harmonised, and investments made in the supply network and production in order to achieve a multinational, efficient and sustainable market that will help guarantee stable supplies of electricity in the Region.

The Nordic Region enjoys competitive advantages in, for example, energy efficiency, renewable energy and CO₂ capture. The Nordic countries should now commence evaluation of the potential inherent in these technologies, and identify the ones most relevant to even closer Nordic co-operation.

The Region's prioritisation of the climate, the environment and energy should be backed up by knowledge and innovation programmes, based on Nordic strengths and national priorities, which focus on reducing emissions of greenhouse gases. Attention should also be paid to those areas in which a combined effort by the whole Region can make a difference. These include research into the Arctic climate, and research into the consequences for the Nordic Region of climate change.

Knowledge and innovation

Efforts to promote a strong Nordic knowledge and innovation area need to be redoubled, by means of a closer co-ordination of specially selected national R&D programmes and innovation programmes, as well as through the joint Nordic co-ordination of national research programmes. The Nordic countries

should also enhance the usefulness and efficiency of EU research and innovation programmes.

The Nordic countries need to make venture capital more readily available for multilateral projects. This can be done by opening up national venture capital funds and by promoting the establishment of a Nordic venture capital fund.

Since more efficient networks strengthen universities and the flow of knowledge between the academic and business worlds, a joint campaign is needed to promote business clusters and user-driven innovation.

The Nordic countries should make a joint effort to increase the numbers of young people who progress to further education after school, particularly to vocational training courses.

The Nordic Council of Ministers' Secretariat wishes to conduct an exercise to map the Region's positions of strength in research and innovation.

Freedom of movement

It will require continuous effort to complete the creation of a true inner Nordic market. The current lack of such a market makes the Region less competitive, blocks economic progress and hinders real cross-border freedom of movement in the Region. More attention must be paid to removing obstacles to freedom of movement.

This must be a top political priority in every Nordic country. The Councils of Ministers have an important role to play in identifying tangible solutions in the sectors affected.

The Nordic Council of Ministers' Secretariat wishes to reinforce its work on the issue to ensure that well-documented, concrete proposals for solutions are reported back to the Prime Ministers annually.

Profile

The Nordic countries are noted for high levels of use of renewable energy, energy efficiency and environmental protection. These strengths should be marketed jointly by the Nordic countries, to demonstrate to the rest of the world ways in which environmentally-friendly technologies can be promoted.

The Nordic countries have made considerable progress towards establishing a higher education area, as well as a joint research and innovation area (the Nordic Research and Innovation Area, or NORIA). Tangible efforts should be made to raise the profile of the Region and make this market attractive to talented students, researchers and companies from abroad.

The World Expo in Shanghai in 2010 will provide the Nordic countries with the opportunity of a major stage on which to raise their profile on the Asian market. The competition for attention at the Expo will be fierce, however, so a joint Nordic approach will have far greater impact.

Nordic Globalisation Forum

In order to identify joint Nordic responses to the challenges presented by globalisation, the Nordic Prime Ministers will meet annually from 2008 with representatives of business, research, politics and other organisations.

Follow-up and funding

Once decisions have been taken, it is crucial that they are implemented and positive results achieved. The work of implementing the initiatives ought to be headed up by the Ministers for Nordic Co-operation and Councils of Ministers affected ought to be involved too. Several of the proposals are inter-sectoral in nature and will need to be co-ordinated by two or more Councils of Ministers. This is particularly important in research and innovation, and in the environment and energy sector. It is assumed that the majority of the proposals will be taken forward by the Nordic institutions

affected.

A provisional report presenting the initial results of the work should be submitted to the Session of the Nordic Council in Oslo from 31 October to 1 November. This should be followed by the submission of an in-depth progress report at the summer meeting of the Prime Ministers in 2008. Any additional priorities for ongoing work on globalisation will also be identified at that meeting.

The Council of Ministers' budget for 2008 should ringfence DKK 60 million to fund globalisation initiatives. In order to implement initiatives to their fullest extent, it is a prerequisite that the Nordic investment should also trigger national funding.

1. The climate, the environment and energy

The environmental and energy challenges linked to climate change are very much affected by globalisation. The Nordic Region has particular strengths in terms of energy, climate and the environment, and the Nordic countries would benefit from working together in these areas to strengthen the position of the Region in a globalised world. Several Councils of Ministers have initiated co-operation on the climate and energy, and this should be extended and strengthened.

Work on climate change is a dual task, given that emissions of greenhouse gases have to be reduced at the same time as the demand for energy continues to rise. This tough challenge can be faced by exploiting Nordic co-operation to develop lower-cost energy technologies for reducing emissions (e.g. in energy supply and transport). These solutions will contribute to sustainable development, and will also improve Nordic societies' ability to adapt to a changed climate, and create new opportunities for Nordic business.

The question of climate is a global one, and can only be solved by close international collaboration. Nordic co-operation should provide constructive input to the current global negotiations on a new climate agreement.

1.1 Nordic input into global climate negotiations

The Nordic countries have a vision that includes ambitious goals to reduce emissions of greenhouse gases and ensure stable and sustainable energy supplies. Denmark, Finland and Sweden are following the EU's joint climate targets to reduce emissions of greenhouse gases by 20% by 2020, regardless of what other countries do. The EU's overall ambition is a 30% reduction, provided that non-EU states are prepared to introduce the same measures. Norway intends to exceed its Kyoto quotas by 10% in the period 2008-2012, reduce emissions by 30% compared to its 1990 levels and be CO₂-neutral by 2050. Iceland aims to reduce its emissions by 50–75% by 2050.

These ambitious targets put the Nordic countries in a position to highlight their intention of promoting progress in the negotiations for a new global climate agreement from 2012. These negotiations are expected to be completed at a summit in Copenhagen in 2009, when the meeting of the Parties to the Kyoto Protocol and the United Nations Framework Convention on Climate Change (UNFCCC) will be hosted by Denmark.

Joint Nordic efforts should start immediately to promote the prospect of positive results from the negotiations:

- Existing Nordic co-operation on the climate and energy should set up round tables, on the basis of need, to bring together the Region's leading experts and identify topical themes for the negotiations (e.g., the distribution of responsibilities, flexibility schemes and transitional regulations).
- Analyses should be conducted of how best to involve the major global players (such as the USA and China) in an agreement after 2012. Such analyses would provide the basis for closer dialogue between the major players.

1.2 Climate change, the environment and society

Climate change in the Nordic Region, especially in the Arctic areas, is expected to have a major impact on nature and natural resources. This will put the primary industries in the Nordic Region under heavy pressure to adapt. At the moment, we do not know enough about the changes that might take place and how business will adapt to them. In addition to this, it is expected that bio-energy will be used to a far greater degree, and this will

entail new standards for the production of biomass and the development of new production systems. This could have consequences for food production and for industries, especially the forestry industry, that are dependent on bio-resources. The most devastating consequences of climate change will be experienced in the Arctic Region and the surrounding marine environments. As a result of this, there will be a great need to monitor the situation and develop a system for managing natural resources in the Arctic.

Against this background, co-operation should be initiated:

- - to identify the effect of climate change on primary industries, ocean currents, marine eco-systems and coastal communities
- - to identify the consequences of increased production of bioenergy on business, biological diversity and the landscape
- - to study the need for a joint Nordic research and monitoring programme in the Arctic Region and surrounding marine environments.

1.3 New energy solutions

The Nordic countries enjoy competitive advantages in a number of relevant areas. These include energy efficiency, solar energy, geothermal energy, fuel cells and hydrogen, bioenergy and biofuels (especially generation 2 technology), windpower plants and CCS (Carbon Capture Storage) technology. Major investment in research and innovation is crucial if the Nordic Region is to be a leader in these technologies. Projects demonstrating these technologies will play an important role in proving that they work in practice and have commercial potential.

The Nordic countries should, therefore, initiate a programme to evaluate the potential of these technologies and identify the ones that are most relevant for closer Nordic co-operation, can be developed for joint research, development and demonstration programmes, and can be funded at national level. As a first step, the following is proposed:

- **2nd generation biofuels for transport**

The Nordic countries' activities and plans to develop technologies for the production of 2nd generation biofuels for transport will be mapped out. The idea is to work more closely together on bio-energy and promote synergies between existing research, development and demonstration programmes in the Nordic countries.

- **Energy efficiency**

There remains a great deal of potential for further energy efficiency in the Nordic Region, and the cheapest way to reduce emissions of greenhouse gases is by saving energy. Co-operation on this should be capable of developing instruments of control and introducing measures to ensure that those stakeholders who have an influence on energy efficiency use the new technologies.

- **Capturing and storing CO₂**

Oil, gas and coal are expected to continue to constitute a significant proportion of total energy supply for the next few decades. Development work on the capture and storage of CO₂ is, therefore, highly important. Research in the area should be mapped out and proposals drawn up for joint Nordic research. In light of the fact that major private companies are involved in the development of CCS technologies, the importance of developing a public/private partnership (PPP) should be stressed.

- **Deep-drilling – geothermal energy**

Deep drilling will create new economic conditions for the exploitation of geothermal heating in many countries. As a result, a partnership on deep drilling should be developed with a view to developing Nordic expertise in this field. Business is very much involved in this so here, too, the emphasis should be on developing a public/private partnership.

- **Regulation**

The Nordic electricity market is an example of successful Nordic co-operation, but complete harmonisation has not yet been achieved. Further harmonisation of the Nordic electricity market needs to be implemented in order to achieve a multilateral, efficient and sustainable electricity market with a high level of guaranteed supply.

Increasing use of biofuels, especially in the transport sector, will give rise to a need for the harmonisation of rules across national borders, and for the development of incentives to promote the production and use of biofuels.

2. Knowledge and innovation

As a result of globalisation, research will be internationalised, as will education and training. Accordingly, competition for talented students and outstanding innovations will intensify. The Nordic Region should therefore exploit its unique position of strength, increase its competitiveness and be better able to take global responsibility.

2.1 Co-ordination and joint planning of national programmes

Efforts to create a dynamic inner Nordic market for knowledge and innovation should be intensified. Specially selected national R&D programmes and innovation programmes should be co-ordinated and joint planning of national research programmes increased. This work should be based on areas in which the Nordic Region occupies positions of strength, as well as on the needs of society. This will allow the Nordic Region to take the next step in the development of the Nordic Research and Innovation Area (NORIA), which is designed to attract talented students, researchers and companies from abroad. This initiative will encourage the private sector to take part in R&D, include the rest of the world and act as a trademark for the Nordic Region. Tangible targets should be set for the co-ordination and joint planning of national efforts.

Proposals should be drawn up for major new efforts to promote multisectoral and integrated work, to exploit the Nordic skills market and to transform the Nordic Region into a leading market for research and innovation in a variety of sectors.

2.2 Powerful synergies and impact of Nordic participation in EU framework programmes

The Nordic Region should continue to develop as one of Europe's dynamic, knowledge-driven regions. The Nordic countries should strive to achieve powerful synergies and exert a major influence on the 7th framework programmes, as well as the EU's new framework programme for Competitiveness and Innovation (CIP). This work will contribute to new initiatives and Nordic leadership within the EU. It will also help the Nordic Region attract a larger share of the EU's research and innovation funding, and help localise and provide access to strategically important research and innovation infrastructure. The Nordic Research and Innovation Area, NORIA, should strengthen its position as an integral part of the European Research and Innovation Area (ERIA).

2.3 Setting up national capital funds for cross-border Nordic projects

To create a Nordic Region that attracts investment from the rest of the world, a properly functioning, joint Nordic market for venture capital should be set up. The Nordic countries must, therefore, work towards the opening up of national capital funds to facilitate investment in multilateral Nordic projects. Work that strengthens joint Nordic innovation funding should also be pursued, e.g. through a joint Nordic venture capital fund with links to already existing bodies.

2.4 Strengthening universities and improving the flow of knowledge between the academic and business worlds

More efficient networks should strengthen universities and the flow of knowledge between the academic and business worlds. Tools include the Nordic Masters Programme, the new business doctorate programme, and synergies between the work of the Nordic Centres of Excellence, the Nordic Masters Programme and other networks.

2.5 Strong Nordic innovation environments

In order to make Nordic companies more competitive, the Nordic innovation environments must be as strong as possible. The Nordic countries should, therefore, work together to promote business clusters – national clusters as well as ones that straddle borders. This work will link together knowledge, competence and creativity, and will build on experiences from Sweden (VINNVÄXT), Norway (Centre of Expertise), Finland (national cluster) and Denmark (regional industry clusters).

A virtual Nordic Innovation Lab should be set up to bring together companies and researchers and develop new methods and strategies for companies to apply user-driven innovation. A Nordic Innovation Lab would make it possible to share national experiences and attract companies, world leaders and experts. At the same time, a strong Nordic competence should be built up in the area, and joint tools and training programmes should be devised for companies, official bodies and organisations, with the intention of improving their chances of putting user-driven innovation into use.

2.6 Nordic Green Paper for the creative industries

A Nordic partnership has been set up to map out the prerequisites for flourishing creative industries. The Nordic countries need to work together more closely on this and publish a 'Nordic Green Paper for the Creative Industries'. The study should propose joint Nordic measures to ensure that the Nordic Region becomes a leading region in this field.

2.7 Good youth training and education for all

The Nordic Region must provide all young people with good education and training and inspire them to pursue creativity, research and entrepreneurship. A good education is considered a basic priority for all young people in the Region. The countries should work together to ensure that many more young people than today complete their education and training after school, particularly in vocational subjects. Second- and third-generation immigrants have proven to be particularly susceptible to dropping out. Reversing that trend is a particular priority, and business, public-sector organisations, employers and trade unions should be invited to co-operate in working to address the issue. Special programmes should be launched at Nordic level to encourage young researchers and entrepreneurs.

2.8 Climate, environment and energy research

The combined research efforts into climate, the environment and energy should be co-ordinated not only with Nordic participants but also with the national funding bodies. The concentration on applied research must be combined with long-term strategic and basic research. An analysis of Arctic climate research is currently in progress, and this will determine whether there is a need for a co-ordinated research programme, at Nordic level, into the consequences of climate change and the need for the Nordic Region to adapt accordingly. It will also be necessary to evaluate the co-ordination and joint planning of long-term basic research in order to support sustainable focus on the climate, the environment and energy. The question of whether to continue the Nordic research into climate and the environment that is currently being conducted by the Nordic Center of Excellence: Global Change, should also be considered.

2.9 Nordic positions of strength

The Nordic Council of Ministers' Secretariat wishes to conduct an exercise to map the Region's positions of strength in research and innovation.

In terms of research priorities in particular, NMR will invite the national research funding organisations to take part in a dialogue about the realisation, implementation and organisation of research, and about how

funding bodies can participate in future developments.

3. Promoting freedom of movement

A true inner Nordic market has not yet been created and current lack of such a market makes the Region less competitive and serves as a block on economic development in the Region. To make the most of the Nordic countries' joint resources in terms of labour, expertise, innovation and strategic networks, freedom of movement between the Nordic countries must be improved. More attention must be paid to removing obstacles to freedom of movement.

Clear, quantifiable short- and long-term targets should be set. For example, this might take the form of the Prime Ministers deciding on special programmes for individual area(s) of policy each year.

This must be a top political priority in every Nordic country. The Councils of Ministers have an important role to play in identifying tangible solutions in the sectors affected.

All countries need to make clear to their civil service and other official organisations that freedom of movement is of vital importance, as those bodies often have an important role to play in the practical work involved.

In order to make tangible improvements to freedom of movement, it is important to have a proper basis for making decisions. For example, obstacles to cross-border freedom of movement, their effects and potential solutions, should all be documented. The Nordic Council of Ministers' Secretariat should, therefore, reinforce its work on the issue to ensure that well-documented, concrete proposals for solutions are reported back to the Prime Ministers annually.

The countries of the Nordic Region should work together to help the existing EU system SOLVIT (Effective Problem Solving in the Internal Market for Individuals and Companies) evolve into a SOLVIT+ system.

4. Raising the profile of the Nordic Region

In an era when global competition is becoming tougher and tougher, the need for regions to attract knowledge, capital and resources is increasingly important. All the Nordic governments are active in raising the profile of their own countries. There are some areas, however, where they need to come together to raise the profile of joint Nordic strengths and competencies. The Nordic Region is a small player in a global context and, in distant parts it is often thought of as a single market. As part of the work on globalisation, a joint campaign should, therefore, be run to raise the profile of the Region in, for example, North America and Asia.

Collective input into these parts of the world is capable of making a greater impact than individual input from separate Nordic countries.

As part of its globalisation work, the Nordic Region should raise its own profile in the following areas:

4.1 The climate, the environment and energy

The Nordic countries are noted for high levels of use of renewable energy, energy efficiency and environmental protection. These strengths should be marketed jointly by the Nordic countries, partly to promote Nordic business, but also to demonstrate to the rest of the world ways in which environmentally-friendly technologies can be promoted.

- **Profile-raising networks**

The Nordic environment and energy authorities should set up a staff network to serve as a joint platform for raising the profile of the Nordic Region, e.g. by discussing the co-ordination of matters such as export promotions and visits by foreign delegations.

- **Profile in North America**

The Nordic countries should embark on a joint campaign to raise the Nordic Region's profile on the North American market, and promote its benefits as an outstanding region for environmental and energy technology. This work should be done in close co-operation with the Nordic countries' embassies/consulates in the USA and Canada. This work would primarily target American companies and investors, providing them with information about Nordic solutions and opportunities to invest in the Nordic Region.

- **Nordic Energy EXPO at the Climate Summit in Copenhagen in 2009**

At the Climate Summit, the Nordic countries should organise a Nordic Energy EXPO to promote new energy technologies and sustainable energy systems. This would raise the profile of the Nordic Region as a pioneer in the field and give the industry the opportunity to publicise its solutions.

4.2 Research and innovation

The Nordic countries have made considerable progress towards establishing a higher education area, as well as a joint research and innovation area (the Nordic Research and Innovation Area, or NORIA). Tangible efforts should be made to raise the profile of the Region and make this market attractive to talented students, researchers and companies from abroad. As far as possible, this should be developed in synergy with national programmes.

4.3 World EXPO 2010

The main theme of the 2010 World EXPO in Shanghai will be 'Better City, Better Life'. Nordic experiences, knowledge and solutions associated with the theme will be presented at the EXPO. This will entail the Nordic countries identifying the forms of collaboration and co-operation that will make the greatest possible impact through cost-effective solutions, both before and during the EXPO.

4.4 Raising the profile of the Nordic Region as a centre for creative industries

The creative industries account for a growing proportion of the total global economy. The Nordic countries are already at the forefront of this trend, and the Region now has the opportunity to become one of the world's most dynamic in this field. The countries must work jointly to raise the profile of the Nordic creative industries.

- Raising the profile of Nordic computer games

The computer games industry is an example of a new creative industry that can help raise the profile of the Nordic Region in a global context. The design and development of computer games is a rapidly growing sector in the global market. Today, computer games are a widespread form of media for children and young people in the Region and there is interest in guaranteeing access to quality games with a clearly Nordic element. A robust effort will be made to raise the profile of the Nordic computer games industry, and quality assurance programmes will be implemented.

5. Nordic Globalisation Forum

Globalisation affects the whole of society, so wide-ranging discussion of the challenges it presents is important. To ensure solid support for the Nordic work on globalisation, and to ensure its acceptance by politicians, business and the rest of the population, an annual Nordic Globalisation Forum should be held.

The Forum will act in an advisory capacity for the Nordic Prime Ministers, the Nordic Council of Ministers and the Nordic Council, and should serve as a platform for a joint Nordic political approach to globalisation. It is envisaged that it will involve a hundred leading representatives from business, research, politics and other organisations, in discussion with the Nordic Prime Ministers about the initiatives that need to be taken at Nordic level to maintain Nordic competitiveness in a global perspective. The composition of the group will be determined by the theme of the Forum.

The main tasks of the Nordic Globalisation Forum should be:

- to help to generate ideas for the formulation of Nordic globalisation initiatives
- to evaluate the Nordic Region's strengths and weaknesses on a 'globalisation barometer', and propose measures to improve its position
- to evaluate the areas in which the Nordic Region can take a lead and create model solutions
- to ground the Nordic work in its populations, business communities and societies in general, thus strengthening the Nordic Region as a trademark.

The Forum should be focused and thematic, with the theme chosen from a subject identified by the Prime Ministers' summer meeting and/or through dialogue with the Nordic Council. Examples of possible themes on the subject of globalisation that have emerged to date include: the Nordic labour market; the Nordic welfare mode; health; the relationship between food and health; demographic developments; gender equality; and trafficking.

The foundations of the Globalisation Forum will be built on a basic, multisectoral analysis of the areas prioritised. This is partly to prepare a research-based analysis of the threats and opportunities presented by globalisation.

The country holding the Presidency of the NMR would be expected to play a central role in the preparations for the Forum, the first meeting of which is should be held in February 2008, allowing it to be followed up with decisions at the Prime Ministers' summer meeting. The outcome of the Forum should be publicised to Nordic citizens and businesses, so that Nordic globalisation work is generally understood and supported.

6. Follow-up and funding

The emphasis of this important first phase of the Nordic work on globalisation has been on a few central areas, with the main focus on the climate, the environment and energy, research, education, training and innovation, and cross-border freedom of movement. Developments in these areas hold the key to ability of the Nordic Region to continue to be one of the world's leading regions. This does not mean that other areas are unimportant, but efforts have to be focused if the Nordic globalisation process is to make an impact.

Once decisions have been taken, it is crucial that they are implemented and positive results achieved. The work of implementing the initiatives should be headed up by the Ministers for Nordic Co-operation. The Councils of Ministers affected ought to be involved too. Several of the proposals are inter-sectoral in nature and will need to be co-ordinated by two or more Councils of Ministers. This is particularly important in research and innovation, and in the environment and energy sector. It is assumed that the majority of the proposals will be taken forward by the Nordic institutions affected. A provisional report presenting the initial results of the work should be submitted to the Session of the Nordic Council in Oslo from 31 October to 1 November. This should be followed by the submission of an in-depth progress report at the summer meeting of the Prime Ministers in 2008. Any additional priorities for ongoing work on globalisation will also be identified at that meeting.

The Council of Ministers' budget for 2008 should ringfence DKK 60 million to fund globalisation initiatives. In order to implement initiatives to their fullest extent, it is a prerequisite that the Nordic investment should also trigger national funding.