



The Nordic Region in an International Perspective

Nordic co-operation in a European framework 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.

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Foreword

Structures for co-operation in Europe have undergone radical changes in recent years. The most important of these, of course, has been the successful enlargement of the European Union. In the North of Europe, ever-stronger links are now being forged between the Nordic countries and Estonia, Latvia and Lithuania in the first instance, but also with North-West Russia, the North of Poland and the North of Germany.

The Nordic Council of Ministers is seeking to refine its remit and priorities within this new international context. Without neglecting its work at home in the Nordic Region – preserving the indigenous languages and cultures, as well as a largely shared historical heritage – the Council of Ministers will increasingly use Nordic co-operation as a means of opening up to the outside world. Inextricably linked with political and economic developments in Europe, and globalisation in the widest sense of the word, Nordic co-operation will become part of a greater European and North European sense of community and solidarity.

The role of the Nordic Region in a European framework features prominently in this report about the Nordic Council of Ministers' European activities. Nordic collaboration on research is being turned into a useful tool in the EU's Lisbon Process. In Estonia, Latvia and Lithuania, development aid has given way to close political co-operation. The scope of Nordic activities in North-West Russia has been widened. The Nordic Council of Ministers has increased its commitment to promote democracy and human rights in Belarus. In the Balkans, the Council of Ministers has built on its experience of cultural co-operation in order to promote partnerships between states that were once enemies.

This is the very essence of Nordic co-operation: making sure that genuinely Nordic ideas are combined with a commitment to openness, towards new ways of working together. Organised properly, this twin approach can

be a major advantage for the Nordic countries. It makes the joint Nordic voice stronger and means that the respective advantages enjoyed by the different countries are exploited as well as possible. In particular, the enormous potential of the Baltic Sea Region is at the disposal of those most capable of clearly seeing what is possible – and doing it.

In 2004 and 2005, the Nordic Council of Ministers has been developing Nordic co-operation in politically relevant spheres and improving the efficiency of existing partnerships. ‘Nordic Resources’ was the theme that guided the work of the Icelandic Presidency of the Nordic Council of Ministers in 2004. The theme for the Danish Presidency in 2005, ‘The Nordic Region in a New Era: knowledge, dynamism and co-operation’ formed the framework and dictated the priorities for the development of Nordic inter-governmental co-operation under the auspices of the Nordic Council of Ministers.

The removal of obstacles to cross-border freedom of movement between the Nordic countries is vital to the competitiveness of the Region in the new international context. Another vital task is to enhance the ability of the Nordic countries to make a joint impact together on the international stage. A focus on values, competencies and competitiveness is, necessarily, central to this work and to the Council of Ministers’ agenda in the longer term.

The decision to reform the structure of the Council of Ministers quite radically, which was taken by the Ministers for Nordic Co-operation in June and August 2005 and approved by the Prime Ministers at their summer meeting on 28 June 2005, has attracted particular attention. The changes will cut the number of ministerial councils from 18 to 11 from the start of 2006, which will be reflected in the 2006 budget. The Council of Ministers will submit its reform proposal to the Nordic Council, which is expected to back it, at the annual Session in Reykjavik in October 2005. Several areas of co-operation currently under the auspices of the Nordic Council of Ministers are expected to continue in more informal and appropriate bilateral and multilateral forms.

This report provides a picture of what the Nordic Council of Ministers seeks to achieve with its European work. It will be formally submitted to the annual Session of the Nordic Council in Reykjavik on 25–27 October 2005 but has been drawn up in a manner that will also make it applicable in a wider perspective.

A number of employees at the Nordic Council of Ministers' Secretariat, headed by my international adviser Dorte Elise Svinth, helped write the report. I alone bear responsibility for its contents.

Copenhagen, 1 September 2005.

Per Unckel
Secretary General

1. The Nordic Region in an International Perspective – Nordic co-operation in a European framework

1.1. Overall guidelines laid down by the Ministers for Nordic Co-operation

On 5 September 2005, the Ministers for Nordic Co-operation adopted guidelines on how the Nordic Council of Ministers is to work with the rest of the world in future.¹ The guidelines set out a path along which the Nordic Council of Ministers' international activities will continue to develop and, in future, all ministerial councils will draw up their policies and plans in accordance with these guidelines.

The guidelines state that Nordic co-operation should be brought more closely into line with the EU's agenda, and develop in a manner similar to EU co-operation.

They also state that the development of Nordic relations with the Baltic States and North-West Russia should be a top priority, and that such co-operation should be developed and expanded.

In terms of Nordic co-operation with other international bodies, the challenge is to ensure that all commitments made by Nordic governments generate the greatest possible Nordic synergies. This means that synergies between the activities of the various regional bodies should be maximised, and any unnecessary overlaps or failures of co-ordination avoided.

¹ The guidelines consist of the document 'The Nordic Region in an International Perspective – Nordic Co-operation in a European Framework 2005' which can be viewed on the Nordic Council of Ministers website www.norden.org

In recent years, these main objectives have been a key factor in the Nordic Council of Ministers' activities, and their implementation has been prioritised. Co-operation projects with other regional bodies have been set up, new projects with the participation of the EU have been launched and co-operation with Estonia, Latvia, Lithuania and North-West Russia has been strengthened in 2005.

The 2005 report on those Nordic Council of Ministers activities that have wider European relevance confirms this picture. The Nordic Council of Ministers is increasingly incorporating European policy issues and activities into its work, and considering this a natural process. As with earlier reports, this year's report focuses on activities that are the direct responsibility of the Nordic Council of Ministers.

1.2 The Nordic Region – a dynamic region in an enlarged EU

The countries that border the Nordic Region exert a crucial influence on Nordic co-operation, a reality that must be recognised if co-operation between the Nordic countries is to remain relevant.

The expansion of the EU on 1 May 2004 is clearly a development of deep significance for the work of the Nordic Council of Ministers. Beyond the Nordic Region, Europe is changing. This has given rise to new methods of working with the Baltic States, and a closer working relationship with another Baltic Sea nation and new EU member, Poland. Relationships with North-West Russia have also grown closer.

The expansion of the EU to 25 member countries brings new opportunities, but it also raises the level of competition. The Nordic countries must work closely and efficiently together if they are to hold their own in the competition for jobs, investment and knowledge. One way of doing so is to pool resources and interests with their neighbours around the Baltic Sea, neighbours with whom they have a great deal in common. In fact, the Nordic countries have co-operated with this region for centuries.

Working together effectively will transform the Baltic Region into one of the most competitive in Europe, although it is important that co-operation be developed on a case-by-case basis, because there can be no question of establishing a Nordic or Baltic bloc within the EU or any

other international forum. Rather, this is a region in which the countries have common interests on many issues and can make a greater impact together than individually. Such common interests include protection of the Baltic environment, cross-border regional co-operation throughout the North of Europe, enhanced freedom of movement for people and companies and the promotion of regional investments in research and innovation.

Such considerations are the driving force behind many of the activities which the Nordic Council of Ministers has launched or participated in throughout 2005, and will continue to advance in the future. The Baltic Region is a natural sphere in which to promote Nordic interests, and will remain high on the Nordic agenda in coming years.

2. Co-operation between the Nordic Council of Ministers and Estonia, Latvia and Lithuania

2.1 Introduction

The Nordic Council of Ministers and the three Baltic States have been developing wider and closer co-operation since the early 1990s. The Nordic Council of Ministers had already opened offices in the three Baltic capitals in 1991, as part of Nordic efforts to provide political support for the Estonian, Latvian and Lithuanian struggles for independence.

As one era ended with the accession of the three Baltic States to the EU, so a new phase of co-operation began. After a decade of aid, the time had come to develop proper partnerships based to a greater extent on equal responsibility. This has been a priority over the last year.

2.2 Guidelines for co-operation between the Nordic Council of Ministers and Estonia, Latvia and Lithuania²

The Ministers for Nordic Co-operation adopted the Guidelines for co-operation between the Nordic Council of Ministers and Estonia, Latvia and Lithuania 2006–2008 on 10 December 2004³. These guidelines serve as the Nordic Council of Ministers' contribution to the development of a form of co-operation which is prioritised highly in a new political cli-

² Websites for the Nordic Council of Ministers offices in Tallinn, Riga and Vilnius can be found on www.norden.org, where the activities and roles of the offices are described.

³ The guidelines are attached as an appendix.

mate. The partnership between the eight countries is based on equality, and is known as 'NB8 co-operation'. The guidelines outline the Nordic Council of Ministers' main priorities and potential ways of developing the collaboration. Principles for financing common activities are also described.

Thematically, there are certain key areas in which the Nordic Council of Ministers has a particular interest in developing co-operation. These are:

- *Cross-border activity* along the new frontiers of the EU, which can be based on solid Nordic experience; a number of ministerial councils could be involved in this work
- *Co-operation in research, innovation and education*, which would be a natural development of existing co-operation, and is crucial to enhancing the attractiveness of the whole region
- *IT co-operation*, which can be developed in terms of both technology and content - there is extensive demand for it, and a wide area of application in the Baltic Region
- *Social and public health issues*, including combating drug abuse and taking care of the needs and interests of children and young people, primarily within the Northern Dimension Partnership in Public Health and Social Well-being
- Work on the environment and sustainable development must be increased and improved.

The guidelines were partially put into effect at the beginning of 2005. Any current projects that fall outside the framework of the guidelines are now to be wound up as soon as possible, and not later than the end of 2005.

The objective of the guidelines is to define the areas of common interest between the Nordic and Baltic countries, and to identify areas where co-operation should be closer. The guidelines are a tool for the Nordic Council of Ministers and should be regarded as a starting point from which the eight countries can work towards shared ambitions. Responsibility for this process rests with the ministerial councils and committees of senior officials, together with Estonia, Latvia and Lithuania. Responsibility for the specific technical content of NB8 co-operation rests with the relevant ministerial councils, while the Ministers for Nordic Co-operation retain overall responsibility. In other words, co-operation is conducted in

accordance with the main guidelines adopted by the Ministers for Nordic Co-operation but specific technical content is determined by relevant ministries.

The guidelines provide a basis for ongoing discussions between the Nordic Council of Ministers and Estonia, Latvia and Lithuania on ways in which they can strengthen co-operation across the Baltic Sea; the Nordic Council of Ministers attaches great significance to this work. The guidelines should not therefore be seen as the 'last word', but as a single element in an ongoing process. The development of NB8 co-operation should be regarded as an integral part of the Nordic countries' interest in promoting general co-operation in the Baltic Region, which in turn will create the conditions for common growth and stability in northern Europe.

2.3 NB8 co-operation in practice

2.3.1. Further growth in NB8 co-operation

The co-operation between the Nordic and the Baltic countries is continuously growing deeper. This is an ongoing process that takes place within the framework of the different ministerial areas.

The NB8 co-operation is a co-operation between eight countries. The Nordic Council of Ministers' Secretariat is at the disposal for the NB8 co-operation if wished for by the involved countries. The Nordic Council of Ministers' Secretariat today functions as a secretariat for concrete NB8 co-operation, comprising among other areas the environmental area.

As part of NB8 co-operation, a range of meetings takes place at senior civil servant and ministerial levels, e.g. about justice, education and training, gender equality, the environment, energy and transport. The eight countries also work together within the framework of the EU's Northern Dimension, particularly on matters concerning health and social affairs. A wide range of business projects have already started, notably an innovation project involving the Nordic authorities and their counterparts in the Baltic countries of Poland, Germany and Russia (see Chapter 7.2). Joint cultural projects often involve Nordic institutions too. An action plan for

the future of NB8 co-operation from 2006 onwards is now being drawn up and is scheduled for implementation at the end of 2005.

The NB8 partnership is regularly enhanced by the Nordic Council of Ministers and the Council of Baltic Sea States (CBSS) working more closely together, e.g. on cross-border regional issues, transport, IT (the Northern eDimension Action Plan) and culture (see Section 9.2). The Nordic Council of Ministers' offices in the three Baltic capitals play an important role in this work by driving NB8 co-operation forward.

It is also worth highlighting that plenty of Nordic-Baltic co-operation takes place outside the framework of the Nordic Council of Ministers (e.g. on foreign affairs).

Co-operation with Estonia, Latvia and Lithuania will be evaluated continuously to ensure that it continues to develop and serve common Nordic-Baltic interests.⁴

2.3.2. Examples of NB8 co-operation

The NB8 countries work together in almost every sector. The following examples illustrate how the work has progressed in areas where the Nordic Council of Ministers makes an active contribution, e.g. in the environment, research and education, consumer protection, foodstuffs, and agriculture, forestry and fisheries.

The environment

As a result of the Nordic Council of Ministers' new guidelines for co-operation with Estonia, Latvia and Lithuania, a senior-level NB8 meeting was held in 2005. It focused on past and current co-operation on the environment and on the framework for future co-operation. One tangible outcome was a decision to formalise Nordic-Baltic co-operation, with annual

⁴ The guidelines for Nordic Council of Ministers co-operation with Estonia, Latvia and Lithuania (2006–2008) state: 'Future co-operation shall be continuously evaluated. This will be done by the Ministers for Co-operation through the Nordic Council of Ministers' Secretariat. To ensure this is done, once a year the individual ministerial councils will prepare a status report on co-operation. These reports will state what specific co-operation has taken place, assess the extent to which the guidelines of the Ministers for Co-operation have been complied with, and the extent to which the prevailing political priorities have been followed. The reports will also contain a description and assessment of co-operation activities for the coming year. These reports will form the basis for a more general, principled debate among the Nordic Ministers for Co-operation on the co-operation and its development to date. Evaluation of co-operation may also be done in a joint Nordic-Baltic context.'

meetings at both senior official and ministerial level, and co-operation recorded in the form of 'agreed minutes'. The Nordic Council of Ministers' Secretariat will further develop the substantial range of NB8 projects, which are already worth approximately DKK18 million in current and planned projects for 2005–2006. The Nordic Council of Ministers' Secretariat has also been given the task of identifying new areas of co-operation of interest to the Nordic and Baltic countries.

Research and education

The NB 8 Ministers of Education and Research met in Copenhagen on 25 March 2005 and agreed to set up the NB8 Education and Research Group, which will be responsible for the administration and implementation of co-operation on education and research between the Nordic Council of Ministers on the one hand and Estonia, Latvia and Lithuania on the other.

An action plan has also been proposed for a closer look at the potential for working more closely together in the following three areas:

I. *Baltic participation in Nordplus, Nordplus Junior, Nordplus Language and Nordplus Adult.*

A working group is expected to be set up to look at the potential technical, administrative and financial repercussions of expanding this co-operation.

II. *Extending Baltic involvement in Nordic research co-operation beyond the joint observers Estonia, Latvia and Lithuania currently have on the board of the Nordic Research Board.*

Nordic research co-operation has been concentrated on, and will now be co-coordinated through, the Nordic Research Board. As a result, any co-operation on research between the Baltic States and the Nordic Council of Ministers must take account of the role of the Nordic Research Board.

III. *The participation of the Baltic countries in the Nordunet 3 research programme on Internet technology.*

The Council of Ministers has started to work with the Council of Baltic Sea States and with the EU, within the framework of the Northern eDimension Action Plan 2005–2006 (NeDAP). A grant of DKK 300,000 has been made available for a feasibility study

looking into the possibility of the Baltic countries participating in the Nordunet 3 research programme on Internet technology.

Consumer protection

The Nordic Ministries of Consumer Affairs have collaborated with the Baltic States on a wide range of consumer issues for many years now, with a view to promoting a market economy as well as consumer protection. Close working relationships have been established between Nordic and Baltic experts on several themes. Last year, the Nordic ministries and the Product Safety Enforcement Forum of Europe (Prosafe) organised a seminar on the implementation and administration of the new EU directive on product safety. The complex question of risk assessment was discussed at the seminar. Within the last year, representatives of the Swan environmental quality label have also taken part in an Estonian project on chemical damage to health and the environment, and a Latvian project on information about the handling of chemicals.

A declaration adopted at a meeting of Ministers of Consumer Affairs in autumn 2004 (to which their Baltic counterparts were invited) stipulates that co-operation in 2004–2007 will focus on issues related to the EU/EEA, in particular the formulation and implementation of EU legislation, the development of strategies for consumer policies, market monitoring and the handling of complaints. In 2005, senior officials from the Baltic countries will be invited to a seminar on the impact of EU law on the practical rights of the purchaser, and to a conference arranged by the Presidency of the Nordic Council of Ministers on “Consumers in the Nordic Markets”.

Food

The NB8 countries have a long record of co-operation on subjects concerning food safety but, until now, it has focused on food controls and nutrition and taken the form of co-operation between experts and control authorities. Following a meeting of the NB8 Ministers of Food, Agriculture, Forestry and Fisheries in November 2003, co-operation has now been formalised at senior official level and two meetings of the Nordic-Baltic Committee of Senior Officials for food have been held since autumn 2004. The partnership has developed into closer and more political collaboration on food safety, diet and health.

A comprehensive, cross-sectoral network is being established to look at the problem of dioxins involving the Nordic countries, the Baltic States and Poland. It is envisaged that the network will exchange information and experience (e.g. for use on risk assessment) and will provide a forum for dialogue on issues such as tolerance levels. The network will also be very valuable in establishing common positions on, and approaches to, negotiations within the EU and in other international foras. An Internet platform for knowledge exchange and dialogue is scheduled to be set up in 2005 for use in co-operation on risk assessment in a large number of areas.

Agriculture, forestry and fisheries

For the past decade, the Nordic countries have worked closely with Estonia, Latvia and Lithuania in many areas of agricultural policy, and a great deal of this co-operation has taken the form of projects. The Nordic and Baltic Ministers of Food, Agriculture, Forestry and Fisheries decided at a meeting in November 2003 to place this co-operation within a more formal framework, at a senior official level. Since autumn 2004, there have been two meetings of the Nordic-Baltic Committee of Senior Officials on Food, Agriculture, Forestry and Fisheries. The Committee has decided to prioritise highly topical areas, including genetic resources, rural policy, ecology, gene technology and research and education.

The NB8 countries have also worked closely for many years on forestry, especially forest research and management. In future, they expect to concentrate on forest research, the implementation of EU and international conventions, genetic resources, biodiversity and rural development. Topical issues such as the huge amount of windfall timber in Nordic and Baltic forests have also been discussed.

Fisheries co-operation with the three Baltic States continues to develop, with activities in 2005 focusing on the BAFICO conference in Lithuania in autumn 2005.

2.4 Co-operation between institutions

Closer co-operation can be developed in a number of ways, one of which is for Estonia, Latvia and Lithuania to participate in joint Nordic institutions. Two examples can be made to illustrate this development.

The first example is that of the Baltic countries becoming full members of the Nordic Investment Bank (NIB), which they did on 1 January 2005⁵ on the basis of an agreement made in February 2004. In May 2005, the NIB held its first annual meeting at which all eight member countries were represented.

Joint ownership of NIB by the Baltic States represents an important step in developing relations between the NB8 countries. NIB is the first Nordic institution to welcome the Baltic States as full members. The structure of the bank has been altered to reflect the change and a member of government from each of the NB8 countries now sits on the Bank Council.

The second example is that of Baltic representation on the Nordic Research Board⁶. The Board's articles of association state that it should include a joint observer representing the national bodies that finance research in Estonia, Latvia and Lithuania. On this basis, the Baltic countries have appointed a joint observer from the Research Council of Estonia.⁷ Representation will rotate between the three Baltic countries.

The three Baltic countries' association with the joint Nordic institutions is expected to develop over time, as areas of common interest develop and are defined. The Nordic institutions are already involved in a variety of projects in the Baltic States and have an interest in developing co-operation on the basis of the guidelines (see Section 2.2). This is in line with statements issued by the Nordic Prime Ministers at their Stockholm meeting during the Nordic Council Session in November 2004. Their discussions were based on a report by the Secretary General of the

⁵ NIB is a multilateral funding body owned by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. The bank finances private and public projects within and outside the member states. NIB participates in financing of projects in 35 countries around the world.

⁶ The Nordic Research Board (NordForsk) is an independent Nordic research organisation under the Nordic Council of Ministers with responsibility for Nordic co-operation in research and education. The Nordic Research Board was set up in January 2005. The Nordic Academy for Research Training, NorFA, became a part of the Nordic Research Board at that time.

⁷ Professor Martin Zobel from the University of Tartu, Estonia.

Nordic Council of Ministers on opportunities for future Baltic participation in the joint Nordic institutions. The possibility of developing Nordic-Baltic co-ownership on the NIB model has been left open and may be adopted by other institutions at such times as it constitutes a natural progression. It is envisaged that Baltic participation in Nordic institutions will develop over time and could, for example, start with strategic partnerships prior to actual co-ownership.

The Nordic Council of Ministers holds regular consultations with Estonia, Latvia and Lithuania about their ambitions for closer co-operation, including relationships with Nordic institutions. In July 2005, the Secretary General of the Nordic Council of Ministers held consultations with the Estonian and Lithuanian Ministers of Foreign Affairs, during which the Baltic ministers expressed interest in looking more closely at institutions such as the Nordic Gene Bank, NICE and Nordregio. A list of Nordic institutions is included as Appendix II.

The work done by Nordic institutions in the Baltic States is extremely varied, and detailed descriptions are available on the websites of the institutions concerned. Examples include projects for improving the working environment in Baltic companies, environmental projects, projects for promoting innovation systems in the Region, for improving industrial research, and for developing an international standard in the Region.

The Nordic Council of Ministers' Secretariat has begun to draw up guidelines for Nordic institutions on how co-operation with the Baltic countries could be developed in line with everyone's interests.

3. Co-operation between the Nordic Council of Ministers and Russia

3.1 Introduction

The Nordic Council of Ministers and the Russian Federation have developed extensive co-operation since the mid-1990s. A catalyst in this work has been the Nordic Council of Ministers' Office in St Petersburg, which celebrated its tenth anniversary in August 2005. The Council of Ministers is also represented by contact points in Murmansk, Archangelsk and Petrozavodsk. Over the past decade, the activities of the St Petersburg office have developed from its initial work of promoting Nordic languages and culture in North-West Russia to cover most of the policy areas of the Nordic Council of Ministers.

Over time, mobility and network schemes have grown in importance. They provide politicians, civil servants, researchers, artists, journalists and young people with an opportunity to visit the Nordic countries and self-governing areas and build networks over borders. The Nordic Council of Ministers has also been funding and implementing a wide range of projects in various sectors.

3.2 Guidelines for co-operation between the Nordic Council of Ministers and Russia

On 10 December 2004, the Ministers for Nordic co-operation laid down new guidelines for co-operation with Russia. These guidelines direct activities and are to be implemented by all the ministerial councils.

The guidelines point out that, although the Nordic countries have always maintained relationships with Russia, the motivation for co-operation has changed over the years, and that, today, there is a desire for wider co-operation focused on the development of a democratic society, pluralistic cross-border relations and a regulated market economy. The guidelines state that this wider concept should be based upon sustainable development that takes account of environmental, economic and social sustainability. Co-operation with Russia is particularly significant because Russia is the largest neighbour of both the EU and the Nordic Region, and developments in Russia have a decisive impact on security and stability in northern Europe.

3.3 A new direction for the Nordic Council of Ministers' activities in Russia

In order to put the guidelines into effect, the Ministers for Nordic Co-operation adopted the Russia Programme on 21 August 2005. From 2006, extra funding will be available to increase the level of investment in North-West Russia, and this will be targeted at sectors where the Nordic Council of Ministers has something special to offer. Co-operation with Russia will, therefore, include activities that the Nordic countries can organise better jointly than individually, and that are useful to the Nordic countries.

Work on projects will become less of a priority throughout 2005 and 2006, as funding and efforts are redirected to knowledge-building and network programmes, participation in EU partnerships, co-operation with non-governmental organizations and co-operation in the Barents Region.

The Nordic countries can be active partners, either bilaterally or through the Nordic Council of Ministers, and can contribute to the implementation and development of the EU's Northern Dimension, the new EU neighbourhood policy and the four 'common spaces' (common economic space; common space for freedom, security and justice issues; common space for external security; and common space for research, development and culture). The Nordic Council of Ministers provides input to the European Commission's new Northern Dimension Information System, which lists activities in the areas covered by the Dimension.

Activities in Russia (the Russia Programme) cover a wide range of work carried out and financed by the various ministerial councils in accordance with the overall guidelines. In addition – and in collaboration with the ministerial councils – activities are also financed through the Council of Ministers’ special policy for the neighbouring countries.

The Nordic Ministers for Culture have launched a process to look into opportunities for cultural co-operation with North-West Russia from 2006, and a strategy is expected to be ready to be implemented by the end of 2005.

3.4 Co-operation between the institutions

The Nordic Investment Bank (which has been jointly owned by the Nordic and Baltic states since January 2005) funds activities over a wider area, including activities important to economic development in Russia.

Several Nordic institutions are active in Russia to a significant extent. NEFCO, for example, is involved in various projects in the area, through which the Council of Ministers contributes to environmental improvements. NEFCO is responsible for implementing much of the Nordic Council of Ministers’ environmental policy and achieving its goals.

Other institutions include the Nordic Research Board, which runs the exchange and networking programmes known as Nordplus Neighbour and NorFa Neighbour.

3.5 Specific activities in North-West Russia

Major efforts are being made to promote knowledge building in North-West Russia, for example, by means of scholarships and networks in crucial sectors where the Nordic countries have something special to offer as partners. The Nordic Council of Ministers co-ordinates scholarship programmes, exchange programmes and networks as part of its overall knowledge-building programme. New sub-programmes are set up according to need. The programme covers the Baltic States and North-West Russia, but with the emphasis on the latter. Details can be found on the Nordic Council of Ministers website at www.norden.org

The Nordic Council of Ministers bases its participation on the fact that the partnership adds value to that which individual countries are able to achieve on their own, and on the fact that its activities provide some form of Nordic synergy. Examples of such partnerships are the Northern Dimension Partnership in Public Health and Social Well-being, and the 'Northern eDimension Action Plan (NeDAP).

The promotion of social structures that bolster constitutional democracy is an important element of the programme. Progress towards a democratic model of society requires constant awareness of human rights and the principles of constitutional democracy as a precondition for civic dialogue and participation in socio-political activity. Properly functioning and independent social structures are crucial to the free exchange of opinions and to ensure that responsibility lies with the citizens.

Priorities include support for civic and voluntary organisations that play an important part in popular participation.

The work of the Nordic Council of Ministers and the Barents Euro-Arctic Council overlaps in geographic terms. An appropriate allocation of responsibilities with the Barents Euro-Arctic Council and the Barents Euro-Arctic Regional Council is desirable. It would allow the Nordic Council of Ministers to limit its own initiatives in the geopolitical area covered by the Barents Region but still to serve as a partner in joint projects initiated by the Barents Euro-Arctic Council and the Barents Euro-Arctic Regional Council. Co-operation with the Arctic Council takes place through the Nordic Council of Ministers' Arctic Programme. Co-operation with CBSS includes many areas that also have connections with North-West Russia.

Following EU enlargement, cross-border regional co-operation along the EU's external borders has assumed new importance. The EU has decided that, as part of this co-operation, neighbourhood programmes and new financial instruments are to be introduced. The EU and Russia have also reached agreement on co-operation within the 'four common spaces' (common economic space; common space for freedom, security and justice issues; common space for external security; and common space for research, development and culture), giving new opportunities for cross-border regional co-operation. Its experience in cross-border projects enables the Nordic Council of Ministers to make a contribution to this proc-

ess and help lay the foundations for the development of stable growth regions.

The Nordic Council of Ministers is developing a new cross-border project on the external borders of the EU, involving co-operation between the Nordic Council of Ministers, Nordic cross-border committees and border regions in the Baltic States, Russia and Belarus. The new project, the Baltic Euroregional Network (BEN), acts as the successor to the cross-border regional project run by the Nordic Council of Ministers from its Vilnius office in 2002–2004.

NOPEF's objective is to improve the international competitiveness of small and medium-sized enterprises (SMEs) by offering loans on favourable terms for feasibility studies in advance of internationalisation projects and project export in the Adjacent Areas and in Eastern Europe outside the EU and EFTA.

To these ends, NOPEF co-operates with the Nordic Investment Bank and the Nordic Environment Finance Corporation (NEFCO). NOPEF co-funds feasibility studies, identifies projects, funds project export and funds information work among Nordic companies.

NOPEF is involved in several countries but focuses in particular on North-West Russia. The volume of loans to Russia totals DKK 6 million.

A number of ministerial councils co-operate with North-West Russia. Examples of work funded by them include:

- a drug prevention support network for parents and professionals
- a high-level seminar on gender mainstreaming for vice-governors in North-West Russia
- Nordic Council of Ministers participation in the Northern Dimension Partnership for Public Health and Social Welfare
- a consumer affairs ministers' project resulting in a best practice guide for product safety and marketing control
- Valhalla (www.valhalla.norden.org), a portal for Nordic children and young people
- co-operation between Ministers of Culture and the European Cultural Foundation (www.eurocult.com) in Kaliningrad
- co-operation between the Nordic Gene Bank and the Vavilov Institute in St Petersburg.

3.6 The Nordic Council of Ministers' neighbourhood policy on Belarus

The Nordic Council of Ministers' activities in Belarus are based on the guidelines on Co-operation with North-West Russia for 2006–2008⁸, and are designed to promote constitutional democracy and open up pluralistic cross-border relations. The Nordic Council of Ministers has been supporting the following initiatives in regards to Belarus:

- I. Before the Belarus general election on 17 October 2004, a public hearing was held in the Danish parliament. The event was organised by the Danish Ministry of Foreign Affairs, the newspaper *Politiken* and the Support Initiative for Liberty and Democracy in the Baltic Area (SILBA). A number of Belarussian and Nordic experts and politicians took part. Focus was on developments in Belarus seen from Nordic and international perspectives.⁹
- II. As part of the Danish Presidency of the Nordic Council of Ministers, the Danish Ministry of Foreign Affairs will be organising a conference in Copenhagen on 31 October 2005, with the aim of establishing a basis for the development of joint Nordic initiatives with Belarus. The conference, will be opened by the Danish Minister of Foreign Affairs, and provide a forum for experts and politicians to throw light on the development in Belarus and to discuss opportunities for the Nordic Region to exert influence. In addition a forum will also be set up for Nordic and Belarussian voluntary groups to discuss perspectives and structures for co-operation. The Nordic Council of Ministers will finance the conference and play an active part in running it.
- III. This year, the Nordic Council of Ministers launched the Baltic Euroregional Network (BEN), a regional cross-border co-operation initiative, in collaboration with the Council of Baltic Sea States (CBSS). BEN has 35 partners from nine countries, including Belarus¹⁰ (see Chapter 9.2.2.).

⁸ Guidelines for Nordic Council of Ministers co-operation with North-West Russia 2006–2008, page 4 and 'Russia Programme 2006–2008', page 8.

⁹ Participants included the well-known opposition politician Anatoly Lebedko.

¹⁰ The other countries are Denmark, Estonia, Finland, Latvia, Lithuania, Poland, Russia and Sweden. Further information on BEN is available at www.benproject.org

- IV. The Nordic Council of Ministers is examining the possibility of supporting the Belarussian European Humanities University, which was closed by the Belarussian authorities in 2004 but is now to be reopened as a university in exile for Belarussian students in Lithuania. Any involvement will be in co-operation with the European Commission.

4. Co-operation with Poland, the Visegrad countries and Germany

The Nordic Council of Ministers has a clear interest in closer co-operation with all countries and bodies that share its interest in developing a dynamic Baltic Sea Region.

The Nordic Council of Ministers' relationship with Poland has developed significantly, partly due to Poland's dynamic Presidency of the Council of Baltic Sea States between July 2004 and July 2005. As early as spring 2004, however, the Nordic Council of Ministers and Poland had decided to hold bilateral meetings at least once a year, and several consultations have since taken place. It was further confirmed at a meeting in Warsaw in May 2005 that the Nordic Council of Ministers and Poland have a number of common interests, that the bilateral consultations were useful and that they should continue. Areas identified for potential co-operation include the marine environment, innovation and cross-border regional co-operation, including pro-democracy activities in Belarus.

Poland is an interesting partner in that it is one of the Visegrad countries.¹¹ The Nordic Council of Ministers has maintained an ongoing dialogue with this group of countries on the challenges of regional co-operation in today's Europe.

Two successful seminars were held in connection with the Scandinavian Design Beyond the Myth exhibitions, in Prague in November 2004 and Budapest in March 2005. Common challenges faced in Europe were debated from the perspective of regional co-operation. The seminars paid particular attention to the opportunities for regional innovation and research initiatives, especially in relation to the EU's Lisbon Process. Delegates expressed great interest in the Nordic Council of Ministers' co-

¹¹ Poland, Slovakia, the Czech Republic and Hungary.

operation in this area, e.g. the setting up of the Nordic Research Board (see Section 8.3). Interest was also expressed in Nordic efforts to promote cross-border freedom of movement for citizens and companies in the Nordic Region, which was seen as creating the necessary preconditions for an 'internal market' (see Section 8.5).

Nordic collaboration with Germany is also growing apace. The co-operation between the Nordic Council of Ministers and the German federal states has formed the foundation for widening Baltic Sea co-operation on market monitoring (see Section 7.5).

In March 2005, the Nordic Council of Ministers and the Nordic embassies in Berlin jointly arranged a high-level seminar with active German participation. The theme for the seminar was 'Can working life and family life be combined to promote sustainable economic and social development in the Nordic countries and Germany?' The successful event confirmed that the Nordic countries and Germany can learn from each other, and established that there is considerable interest in closer co-operation.

The Nordic Council of Ministers, Poland and Germany are taking part in a number of joint activities with the common aim of improving the Baltic Sea Region. These include the Nordic Council of Ministers' innovation project, which involves all of the Baltic Sea countries (see Section 7.2). Through its constructive co-operation with the Council of Baltic Sea States, of which both Poland and Germany are members, the Nordic Council of Ministers seeks to make this part of Europe a dynamic and attractive region for citizens and companies alike.

5. Co-operation with the Balkans – Culture as Regional Bridge-builder

On 31 March 2005, nine Ministers of Culture and representatives of countries in South-East Europe signed a historic agreement in Copenhagen.¹² The agreement aims to promote cultural exchanges between the countries of South-East Europe and to build up a network of ministries of culture to exchange information and experiences and to improve multilateral cultural co-operation.

Alongside the signing of the agreement, a general meeting also took place between the Nordic ministers and representatives from South-East Europe.

The meeting of ministers was the culmination of a wide-ranging cultural project launched in 2003 with the West Balkan countries (Albania, Bosnia-Herzegovina, Croatia, Macedonia (FYROM) and Serbia and Montenegro). This project had the twin objectives of building networks between the Nordic Region and the Balkans, and introducing the Balkan partners to the Nordic model of co-operation.

Entitled 'Nordic-Balkan-Culture-Switch', the project is aimed at young professionals in both regions. It covers five areas: music, visual arts, literature, film and contemporary dance and choreography. There is also an exchange programme catering for people working in cultural institutions. All projects require the participation of at least three countries in the western Balkans.

The project was planned and organised by the Nordic cultural institutions: Nordic Institute for Contemporary Art (NIFCA), Nordic Music Committee (NOMUS), Nordic Centre for Dramatic Arts (NordScen) and other relevant Nordic networks such as literature centres and the Nordic

¹² The agreement is available at www.norden.org/internationalt/sk/CharterFinal310305.pdf

film institutes, working in co-operation with institutions in the West Balkans.

More than 35 different projects have been run, and among the results are the translation and publication of new literature from both regions; extensive exchange programmes between film festivals in both regions; a series of workshops with no less than 200 participants from 18 art academies, leading to exhibitions in Belgrade and Helsinki; a comprehensive residential programme for visual artists; Nordic music at Balkan festivals and Balkan music at festivals in the Nordic Region. The whole project has led to networking and the establishment of contacts which will be useful for all the institutions and individuals taking part.

A further objective of the cultural project was to present Nordic regional co-operation and demonstrate its importance for cultural activities throughout the Nordic Region. Its multilateral nature elicited responses from the authorities in the West Balkans and on the initiative of the Albanian Minister for Culture, discussions began in the autumn of 2004 on the creation of a co-operation structure for cultural exchanges in the Balkans. The circle of interested countries has widened. Bulgaria, Romania, Greece and Turkey took part in the discussions that led to the Ministers of Culture signing the 'Charter of the Council of Ministers for Culture of South East Europe (SEE)'.

An evaluation of the project is available at: www.norden.org/pub/sk/index.asp?subject=Kultur

6. The West Nordic Region and its Neighbours

The Ministers for Nordic Co-operation have identified the West Nordic Region as a priority, on the grounds that improved collaboration will benefit the Region as a whole. The ministers commissioned a report, 'The West Nordic Region in Nordic Co-operation' (2003), and subsequently adopted its findings, in principle, as the foundation for the future of this partnership.

The Ministers for Nordic Co-operation submitted a status report, 'Nordic Co-operation in the West Nordic Region and with the West Nordic Region's Neighbours', to the Nordic Council in October 2004. The report includes detailed accounts of work and results achieved during the period it covers, and the information it provides remains a relatively up-to-date list of current pan-Nordic activities in the West Nordic Region. In August 2005, the Nordic Council of Ministers' Secretariat drew up a supplementary report. 'The West Nordic Region in Nordic Co-operation – a Status Report'. This was presented to the Ministers for Nordic Co-operation during their meeting in Greenland in August 2005.

The areas identified for co-operation are: natural resources, especially marine resources; research, education and training; health; the conditions faced by businesses, including transport, tourism, communications and the labour market; consumer protection; culture; and network co-operation in all sectors. A further priority is that of co-operation with the Nordic Regions' neighbours in the West.

6.1 Highlighted areas of co-operation

6.1.1 Regional development

The Ministers for Regional Policy have launched a project called 'The West Nordic Region's economic relations with the rest of the Nordic Region and their significance for business development in the West Nordic Region'. The purpose of the study is to conduct an analysis of economic interaction between the West Nordic Region and the rest of the Region. This analysis consists of four elements:

1. An evaluation of mechanisms that might strengthen the West Nordic economies and develop collaboration within the West Nordic Region and between the West Nordic Region and the rest of Nordic Region.
2. An evaluation of experiences of business development from the West Nordic Region that might be applied elsewhere in the West Nordic Region.
3. An evaluation of the significance that interaction with the rest of the Nordic Region has for business specialisation in the West Nordic Region - do any industries show particular potential?
4. An account of the economic links between the West Nordic countries and the rest of the Nordic Region.

The report will be submitted in autumn 2005.

6.1.2 The Nordic Houses

The Nordic Houses on the Faroe Islands and in Reykjavik, together with the Nordic Institute in Greenland (NAPA), are key players in cultural co-operation in the West Nordic Region. This happens partly through the existing, well-developed collaboration between the three organisations, and partly through the work done by the three institutions to develop networks in and around the West Nordic Region. The Houses will continue to play a co-ordinating role in the culture sector in the next few years, and will potentially do so in other sectors as well. They are to make 2006 a West-Nordic priority year, which will include programmes that encompass neighbouring countries.

In February 2005, the Presidency held a seminar for the Nordic Houses and institutes, at which the agenda included potential ways to improve West-Nordic co-operation. From 2005, the contracts for the Houses in Iceland and on the Faroe Islands have explicitly prioritised West Nordic co-operation.

6.1.3 European Marine Strategy

The Danish Presidency of the Nordic Council of Ministers ran a workshop on the European Marine Strategy, partly to draw the West Nordic Region into the debate on the subject. The Nordic countries have been involved in drawing up the European Marine Strategy, but a regional Nordic approach to it will become topical only after the strategy has been finalised. The strategy focuses on regional centres of excellence and eco-regions, which is why a regional Nordic approach might be relevant in the different forums in the future. It will also be important to include the views of the whole of the Nordic Region, including the Faroe Islands and Greenland, which, not being EU members, have not been party to discussions on a potential Nordic approach inside the EU.

7. The Baltic Sea – a dynamic region

7.1 Introduction

The Nordic Council of Ministers attributes great importance to the promotion of the Baltic Region as an attractive, dynamic region, which is capable of sustaining stable economic growth for the benefit of businesses and citizens alike. It is therefore actively involved in a range of activities designed to achieve those objectives. It is worth pointing out, however, that countries around the Baltic also work together in other sectors, including culture.

The Council of Ministers has made the implementation of the EU's Second Action Plan for the Northern Dimension 2004–2006 a top priority. In this section, some of the initiatives in which it plays a central role are described. (See also the Nordic Council of Ministers' participation in the implementation of NeDAP (the Northern eDimension) in Section 9.2.3.) An in-depth description of the Nordic Council of Ministers' involvement in the implementation of the Northern Dimension Action Plan is contained in the report 'The Implementation by the Nordic Council of Ministers of the Second Action Plan for the Northern Dimension, 2004–2006',¹³.

¹³ www.norden.org/pub/ebook/2004-738.pdf

7.2 The Northern Dimension Working Group on Innovation (NDWGI)

7.2.1 Improvements to multilateral co-operation

The Northern Dimension Working Group on Innovation (NDWGI), an initiative sponsored by the Nordic Council of Ministers, is designed to improve multilateral co-operation between the countries involved in the Northern Dimension's work on innovation policy. It involves 11 countries¹⁴ and is chaired by the Nordic Council of Ministers.

The initiative provides structure and content for a number of working-group meetings, and facilitates multilateral dialogue between decision-makers. Its objective is to improve decision-making and, as a result, innovation, competitiveness and, in the final analysis, the prosperity of the Region as a whole.

The objectives of regional co-operation on innovation are:

- to reap the benefits that come from having a common frame of reference and geographic proximity
- to learn and benefit from the experiences of neighbouring countries (i.e. to learn about ways to improve national innovation systems, to identify positive procedures and to increase the potential for transferring such knowledge and experiences)
- to meet the need for structured co-operation on policy formulation (there are many forums for co-operation and activity, but they lack a system of structured and interactive learning)
- to offer an informal forum for intensive, focused discussion.

¹⁴ Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden.

7.2.2 A forum for discussion, learning and co-ordinated action

The working group does not act only as a forum for reporting and comparing national programmes and policies. Rather, it is a forum for open discussion, for the drafting of recommendations and for identifying areas in which co-ordinated joint action can take place.

The working group aims to complement and add value to existing forums that focus on innovation policy (such as the Nordic Innovation Centre's Expert Group for Innovation Policy, the European TrendChart Workshops and the planned European Innovation Policy Forum). By bringing together this particular group of countries, which is linked by historical bonds, shared objectives and the will to work together, each of the individual countries will learn from and benefit from the others. By collating a large volume of data from, and studies conducted by the EU and OECD, and by focusing on selected policy areas of particular interest to the Nordic Region and the Baltic Sea Region, members will gain practical insights into specific areas of policy. This will also facilitate joint initiatives to boost innovation and competitiveness in the Region as a whole.

7.2.3 Results of the working group meetings

At the first meeting on 1 March 2005, members stressed that they wanted and intended to develop the forum. The working group stated that this was an excellent opportunity to reap the benefits of their common frame of reference and geographic proximity in order to improve national innovation systems, identify successful methods of working and find ways to transfer this knowledge and experience in a way that would boost innovation and competitiveness in the Region as a whole.

The working group met for a second time on 25–26 May 2005 to discuss policies and programmes for innovation and entrepreneurship, and to develop future priorities for its own work. The Council of the Baltic Sea States Working Group on Economic Co-operation (CBSS WGEC) and the Nordic Council of Ministers' Committee of Senior Officials for Industrial Policy (EK-N) also took the opportunity to hold a joint meeting.

The working group identified four priorities for its work: promoting market-led innovation, promoting clusters, encouraging entrepreneurship and establishing an innovation system for the whole Baltic Sea Region. It

also identified risk/seed capital as an area of policy where follow-up work is needed and lessons can be learned for the future. These priorities were discussed (and future action plans proposed) at the meeting on 28–29 September 2005.

Further information is available on the working group's website at www.ndinno.net

7.3 The Northern Dimension Partnership on Public Health and Social Wellbeing

The Nordic Ministers of Health and Social Affairs have continued their active involvement in the development of the Northern Dimension Partnership on Public Health and Social Wellbeing. The Council of Ministers is one of eight international organisations and 15 countries to have adopted the October 2003 'Oslo Declaration', the founding document for the partnership.

The Council of Ministers sits on the partnership's Committee for Senior Representatives (CSR). Two CSR meetings were held in 2004, one of them, on 1 September, hosted by the Nordic Council of Ministers in Copenhagen. The partnership is due to hold its first conference of ministers in Tallinn in December 2005. At these meetings, the Nordic Council of Ministers stresses the importance of practical and tangible co-ordination as a means of implementing the partnership programme as well as possible. Central to this implementation is the experience that has already been gained from co-operation in the area, together with the presence of the Ministers for Nordic Co-operation through its offices in Estonia, Latvia, Lithuania and Russia. The Nordic Council of Ministers plays an active role in the partnership by providing a two-year administrative post at its office in St. Petersburg. The post is linked to the partnership secretariat in Stockholm and its duties include co-ordinating the Nordic Council of Ministers' activities with those of the partnership (see also www.ndphs.org).

7.4. The Northern Dimension Environmental Partnership

The Nordic Council of Ministers continues its commitment to the Northern Dimension Environmental Partnership (NDEP). It is one of five inter-

national organisations and 11 countries that fund environmental projects in North-West Russia through this channel. The funds invested in Russia are channelled through the Nordic Investment Bank (NIB) and the Nordic Environment Finance Corporation (NEFCO). The projects typically involve investments in sewage, waste, energy efficiency, water and radioactive waste. The environmental gains from these projects benefit North-West Russia as well as the rest of the area covered by the Northern Dimension.

Through NIB/NEFCO the Nordic Council of Ministers has recently been involved in seven major projects in North-West Russia, including a large sewage treatment plant in St Petersburg, which was inaugurated in September 2005. The Nordic Council of Ministers will continue its commitment to the partnership through the Nordic investment institutions. This work is complemented by the work done by the Nordic environmental ministerial council.

7.5 A real inner market for the construction industry in the Nordic and Baltic Sea Region

The Nordic Council of Ministers has brought together nine countries around the Baltic Sea in a new initiative for the construction industry. The nine countries and the Nordic Council of Ministers recently began work on promoting cross-border freedom of movement within the EU's inner market for the construction industry, in an attempt to make the market in the Baltic Sea Region function more coherently.

NIB, which is owned by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden, launched five groundbreaking projects on 3 May 2005. All of the projects focus on promoting cross-border freedom of movement in the construction industry, including the development of a database to make information about market conditions and national legislation more readily accessible.

The co-operation is based on an action plan passed at the meeting of Nordic-Baltic-Polish Ministers of Housing in November 2004. The action plan is designed to stimulate increased trade in the construction industry in the Region and will be implemented in 2005–2007.

‘A plan of action for increased exchange in the building sector between the Nordic and the Baltic countries and Poland’

The purpose of the action plan is to contribute towards an increased exchange in the building sector between the Nordic countries and between the Nordic and the Baltic regions and Poland. It is assumed that an increased exchange between the countries concerned will promote competition in the housing construction markets. High housing costs are a problem in many countries today. High production costs and building prices lead to higher housing costs, which mean that weak groups in society cannot afford new housing. The causes of high costs include insufficient competition for both contractors and materials, due to among other reasons various types of entry barriers to the market. It is therefore an important housing policy goal to eliminate existing entry barriers and to stimulate competition in order to reduce costs.

[...]

The action plan focuses on opportunities for and barriers to an increased exchange in the building sector between the concerned countries and only deals with issues that are sector-specific. In other words, there are also other important problems to solve for a well-functioning exchange in the business sector, such as administrative problems related to customs and taxation, rules for establishment of companies, and others not discussed in this context.

[...]

The intention of this action plan is to identify a number of measures that can, in an initial round, contribute towards improving co-operation and interaction between countries around the Baltic Sea. At the same time, it must be accepted that there will continue to be differences between the countries, since national considerations limit the possibilities for special solutions for the building sector and housing construction.

The governments in the participating countries will actively follow the developments on the construction market that are expected to result from an increased cross-border exchange. However, only by active participation from the actors and organisations in the building sector, concerned authorities and research and development institutions in the sector, will it be possible to realise the ambition and objectives of the action plan. Thus, co-operation in the wide group of stakeholders in the building and construction sector as at the core of this initiative.

7.6 Market monitoring in the Baltic Sea Region.

7.6.1 Partnership to protect consumers and companies

Consumer rights are to be strengthened in order to improve consumer confidence in the EU inner market. This makes multilateral co-operation on market monitoring important, especially in regions like the Baltic Sea Region, which have a large number of new EU member states.

Market monitoring can be improved by the multilateral exchange of experiences in methods and measures, the drafting of co-ordinated strategies, the running of pilot projects and the regular exchange of information.

With this situation in mind, a partnership, the Partnership for Market Monitoring, was launched in June 2004. This involves Hamburg (representing the other North German states) on the one hand and the Nordic Council of Ministers on the other. The partnership has been joined by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Poland, Sweden and the Nordic Innovation Centre (NICE). New members will be welcome.

The partnership's main objective is to create a platform for market monitoring in the Baltic Sea Region. Consumers and companies alike will benefit from monitoring the EU's inner market. This regional initiative is necessary because the EU does not have sufficient resources to deal with the issue. The partnership is one example of how countries, federal states, regional organisations, authorities and others can work together regionally inside the EU.

7.6.2 Tailor-made co-operation

Consumer protection in the EU is based on the principle of guaranteeing a high level of protection for all consumers, restricting unfair competition and keeping dangerous products off the shelves. Achieving those objectives will require multilateral co-operation and the exchange of information between authorities whose job it is to look after the interests of consumers. A basic rule for the inner market is that product approval in one country automatically applies in other EU/EEA countries, and this makes market monitoring even more important.

Co-operation helps the authorities to develop a wider perspective on market developments, quantify the revenues from multilateral trade and efficiently re-channel financial and staff resources that have been ring-fenced for market monitoring.

7.6.3 A positive outcome

The partnership chose to kick off with a study of cheap electric kettles and coffee machines, common products in all the participating countries. The idea was to see how different official bodies and laboratories test products, then compare the results and any differences. The process was designed to adapt systems and routines to fit in with each other. The differences turned out to be relatively minor and simple to rectify.

One gratifying result of the partnership to date has been the substantial fall in the number of product recalls. Only 3.5% of the products studied suffered from technical defects that warranted a ban. Before the launch of the co-operation, this figure was 18% in Germany. The focus will now shift to other products.

7.7 The Nordic Innovation Centre and food safety

Infections transmitted by food are responsible for the loss of up to three million working hours a year in Europe. This is a surprisingly high figure and a huge expense for society, an expense that is often underestimated.

The increasingly globalised nature of food production and distribution, along with the proliferation of international trading blocs like the EU, also increase the risk of the spread of infections that might previously have been limited to local outbreaks. On the other hand, the growth of such supra-national institutions also provides an opportunity to co-ordinate research and develop safety requirements on an international level.

The Nordic countries have been dealing with issues like these at regional level for decade, originally through the NordFood programme and through the Nordic Committee of Senior Officials for Food Issue (EK-Livs), which delegated responsibility to officials with the specific responsibility for risk assessment and control. Recently, the Nordic Innovation

Centre (NICE) (www.nordicinnovation.net) and the Nordic Council of Ministers together set up the Nordic Research Area Net, or NRA-NET, a Nordic network for the co-ordination of research into food safety. Through the EU's 6th Framework Programme, it formed the basis for a more extensive European Research Area Net, ERA-NET, which was officially relaunched in August 2004 as a new European 'consortium', SAFEFOODERA. The consortium, which is run by NICE, consists of 21 organisations in 18 countries, representing the interests of up to 500 million Europeans.

The EU Commission is currently going through the same process as the Nordic bodies did a few years ago. The fact that EU funding only constitutes 5% of the total European budget for direct research and for the national research institutions only serves to underline that regional bridge-building networks involving national research and development units are the way forward.

8. The Nordic Council of Ministers' EU-related activities

8.1 Introduction

In the last few years, there has been a growing trend in international affairs, particularly European, towards greater openness and broader co-operation. EU enlargement has created new opportunities for co-operation in many areas that have long been at the heart of Nordic co-operation, such as sustainable development, equality and research. Some key Nordic causes have been taken up in whole or in part by other countries, especially in the EU, e.g. Passport Union and standardisation in various areas. These developments have, of course, influenced the agendas and structures of Nordic co-operation.

International trends are also influenced by the growing impact of economic globalisation, and one effect of this is that competition is growing more intense. In Europe, EU enlargement has also affected competition as the inner market has been extended to cover more countries.

To a considerable extent, the environment in which Nordic co-operation now operates is, therefore, a new one. These diverse developments present new opportunities for Nordic co-operation, and require that such co-operation be given new directions that are adapted to both the political agenda in the Nordic countries and the new climate of international co-operation. The Nordic Council of Ministers' co-operation must be seen in the context of these changes, and must also complement the other European and international organisations in which the Nordic countries participate, first and foremost the EU and EEA.

This challenge is also reflected in the work of the Nordic Council of Ministers. The various ministerial councils are all involved in activities

that have relevance from a European viewpoint, both in relation to the EU and from a wider European political perspective. Their diverse activities encompass co-operation with other international regional bodies, projects with EU financial support or other EU involvement, ministerial exchanges of views on EU activities, basic research of international relevance, the co-ordination of the implementation of EU laws, etc. The activities of the various ministerial councils, including international activities, are described on their separate sub-sections of the website at www.norden.org.

A selection follows of the Nordic Council of Ministers' many activities that include major EU-related elements.

8.2 The Lisbon Process

In the spring of 2005 the EU Commission 'relaunched' the Lisbon Process, highlighting its central significance for the economic future of Europe. The EU must focus on growth and the creation of new jobs, and knowledge and innovation are the key concepts for achieving the goals of the Lisbon Process. In order to drive the process forward, all member states must come up with national action plans by 15 October 2005.

An examination is needed of what is being done or planned at the Nordic level, and to this end the Council of Ministers carried out an inventory of Nordic activities related to the Lisbon Process in summer 2005. An internal working group, working closely with ministries in the Nordic countries, will then identify appropriate targets and activities for the process, focusing on education, research and innovation (see Section 8.3). The Nordic Council of Ministers will also co-ordinate a Nordic initiative in environmental technology as a contribution to the Lisbon Process and the strategy for sustainable development.

8.3 Education, training and research

8.3.1 Background

Nowadays, research is a vital factor in determining development potential and international competitiveness. In fact, research and a climate of innovation are prerequisites for wealth generation and welfare. At top international level the quality of research must be extremely high, but the cost of high-quality research tends to rise continually.

In the last four years, the EU has developed the concept of the European Research Area (ERA) to encourage co-operation, combat tendencies to fragmentation, raise investment in research, improve the use of resources and give businesses, particularly small and medium-sized enterprises, better conditions for research and expansion. The aim is to create an inner market for research. In an enlarged Europe, regional research co-operation will grow in importance. It can be taken as a given that the pattern of regional co-operation will continue to develop.

In an international context, the Nordic countries are ahead in many areas, and this situation must be better exploited in order to create synergies and a higher profile. Yet despite a high level of investment in research, measured as a proportion of the economy, Nordic efforts are not great in absolute terms, and there is no guarantee that progress will continue as scientific competition increases.

It is for these reasons that a Nordic Research and Innovation Area (NORIA) is to be created. It will increase the impact of the Nordic Region in Europe and other parts of the world, while ensuring that NORIA becomes a vital, integral part of ERA.

8.3.2 Nordic Research and Investment Area

A White Paper, 'NORIA Nordic Research and Innovation – Global leader through increased co-operation', was published in autumn 2003. It resulted in a proposal to create a Nordic research and innovation area, NORIA, to strengthen the Nordic Region in Europe and other parts of the world. NORIA is also designed to function as a vital and integral part of ERA.

The White Paper describes a research and innovation system founded on the twin pillars of research and innovation. In 2004, the Book of innovation was published, which contained a proposal for a Nordic programme of co-operation on innovation policy for 2005–2010.

Research and innovation are inseparably woven into the total system of innovation, so it is important for all those involved to work closely together to promote synergies and excellence. Research co-operation should take account of its role as an important element in business innovation and the ability of society to rejuvenate itself. Higher ambitions for scientific and technological progress must be given expression at enterprise level, since job creation constitutes an important motivation for growing Nordic co-operation.

The Nordic ministers with responsibility for research and trade and industry policy adopted a declaration on co-operation in September 2004 calling for closer relationships between research and industry in the Nordic countries. The ministers noted that they had already taken a number of initiatives to strengthen Nordic research and innovation co-operation, e.g. the decision by the research ministers in March 2004 to create a Nordic Research and Innovation Area; the ministers' of trade and industry launch of the Nordic Innovation Centre (NICE) in January 2004 and the creation by the research ministers at the beginning of 2005 of a new body, the Nordic Research Board, to finance joint Nordic research.

The Nordic Research Board and NICE will play a central role within the Nordic Research and Innovation Area, working closely with the Nordic Council of Ministers' Secretariat.

8.3.3 The Nordic Research Board

The Nordic Research Board (www.nordforsk.org) was established on 1 January 2005. The institution provides the organisational framework for promoting collaboration between the main bodies that finance research in the Nordic countries. Its aim is to define co-operation on the basis of national priorities and identifiable common interests. The Board's main role is, therefore, to function as facilitator and co-coordinator in driving forward initiatives that are based on Nordic strengths.

Nordic funding must be regarded as marginal, seed capital to provide support for the best institutions, researchers and research groups. Adopt-

ing that approach, it would be most compelling to regard financing first and foremost as a national issue. By giving the national research councils a pivotal role in the funding process in the Nordic Research Board, it is possible to promote synergies between Nordic and national funding.

The national research funding bodies will collaborate through the Nordic Research Board. The co-operation has to cover all the stages of research, from basic research up to more applied processes. The Board will act on its own initiative, but must also respond to initiatives from the research society and from the universities. The universities have an important role to play, because they carry out a large proportion of the research and because they play a major part in training researchers.

The Nordic Research Board has a strategic function with three main elements: co-ordination, funding and policy. It has been granted a significant measure of autonomy in its working methods and activities, and must make all grant decisions on the basis of quality-based scientific evaluations. Another of its roles, as has been mentioned, is to establish dynamic co-operation with the Nordic innovation systems and NICE.

One important outcome of the Nordic Research Board's work will be closer research co-operation in the Nordic Region and its Adjacent Areas. The Nordic Region as a whole needs to be more competitive when it comes to competing for European research funding than the Nordic countries would be individually. Like ERA, NORIA must also be an open research area that provides the basis for close Nordic international partnership.

It is important for the Nordic Research Board's work to be seen in the context of other initiatives within Nordic research co-operation. In energy research, co-operation is well established and there are plans for greater co-ordination in agriculture and forestry, foodstuffs and fisheries. These and other future initiatives must be linked into the work of the Nordic Research Board in order to guarantee the most effective possible development and implementation of the Nordic Research and Innovation Area.

8.3.4 Forestry research

Nordic Forestry Research Co-operation (SNS) provides financial and technical support for applications to the EU's 6th Framework Programme. This system of targeted applications has led to a number of large

forestry research projects receiving financial support from the EU. SNS is also a partner in an EU ERANET, in the specialist field of 'wood material science'. One networking project, 'Wood Wisdom-net' won EU support and is running for four years from its launch on 1 January 2004. Twelve partners (including SNS) are involved in the project, which is run from Finland. Its main objective is to prepare and establish a jointly financed supply of R&D funds for wood material science in 2007.

8.3.5 Energy

Nordic Energy Research (NEFP) has developed into a Nordic connection with, and co-coordinator of projects within, the EU ERA network. Among other things, it plays an important part in the EU project, 'Hydrogen and Fuel Cell Co-ordination' (HY-CO), which aims to co-ordinate publicly financed research in the area of hydrogen and fuel cells in Europe. The project involves 21 participants from 18 European countries, which are together responsible for more than €160 million. NEFP represents the Nordic Region in the HY-CO project and is responsible for one of five areas of work that deal with joint strategic objectives in relation to a future hydrogen-based society.

8.4 Examples of the work done by ministerial councils in an EU context

8.4.1 Sustainable development

Sustainable development is an ongoing challenge, and a process which is constantly progressing at regional, national and international levels. The Nordic strategy, 'Sustainable Development – New Bearings for the Nordic Countries' has therefore been revised, and the updated version took effect on 1 January 2005. The strategy covers the long-term goals of the Nordic countries for sustainable development up to 2020, together with the targets and measures for the period 2005–2008 which are necessary in order to achieve these long-term goals. They apply to a number of different specialist ministerial councils and action areas. The strategy and in-

formation on related activities can be found at www.norden.org/baerdygtig_udvikling/sk

The 'Nordic Sustainable Development Strategy 2005–2008' will be used as a lever to have an impact on the international co-operation and actions for sustainable development. It also confirms that the Nordic model of co-operation can be used on a cross-sector item of this kind. Since the revised Nordic strategy has a stronger focus on the economic and social dimensions, it also facilitates the EU's Lisbon Process. The Chairman of the Council of Ministers, the Danish Minister for Co-operation, submitted the strategy to the EU spring summit in Brussels in March 2005 as a contribution to the discussions on the Lisbon Process and sustainable development.

The European sustainability strategy, which is based on the decisions taken in Gothenburg in June 2001, is being revised in 2005. The Nordic strategy is more comprehensive than the current EU strategy, and thus it was forwarded to the Stakeholder Forum on Sustainable Development held by the EU Economic and Social Committee in Brussels in April 2005.

The follow-up and the marketing of, the strategy for sustainable development have been top priorities in 2005, involving regular contact with officials in the EU Commission who are working on the revision of the EU sustainability strategy.

8.4.2 The environment

A new Nordic environmental action programme came into effect on 1 January 2005. It identifies a number of areas to be focused on from 2005–2008, and a common factor is that targets should be seen in an international – and therefore European – perspective. A large number of environmental projects are being implemented with European partners, including the substantial number of Nordic-Baltic projects, to the tune of approximately DKK 18 million.

The Nordic Ministers of the Environment discuss European issues at their meetings, and key topics in 2005 have been EU marine strategy, a Nordic contribution to the EU Lisbon Process on environmental technology and global climate issues. Environmental problems are often trans-boundary and require international co-ordination, and co-operation has

been closely coordinated at Nordic level through the work of the Nordic Council of Ministers.

The Nordic Committee of Senior Environment Officials held a meeting with their Baltic counterparts in 2005, at which they discussed their respective action plans and priority areas, and also decided to hold annual meetings at both political and official level with a view to strengthening co-operation in the Baltic Region with regards to the environment. The Nordic Council of Ministers' Secretariat is to co-ordinate the future meetings and suggest issues for co-operation that would be of joint Nordic-Baltic interest.

8.4.3 Co-operation on food

Through the Nordic Committee of Senior Officials for Food Issues (EK-Livs), the ministers responsible for fisheries, agriculture, forestry and food have initiated a major project aimed at developing a Nordic action plan for better health and quality of life through food and physical exercise. This theme has major international significance, so a Nordic action plan could both create synergies between and add value to activities in the Nordic countries at national level, as well as influencing future policies in the EU and beyond. The Council of Ministers decided upon the broad guidelines for the action plan at its meeting in June 2005. A major conference is being held in November 2005, and the Council of Ministers is expected to adopt the final Nordic action plan in July 2006. The action plan will provide a useful basis for gaining influence in European and international strategies for promoting a healthy diet and lifestyle.

8.4.4 Gene technology

Nordic research into gene technology enjoys substantial political support and exerts a major influence on both EU and international processes. Nordic co-operation recently provided valuable insight into access and rights to genetic resources, and the Nordic Council of Ministers has stepped up its co-operation with both the FAO and the EU in this area. The EU and FAO have now indicated that they would like closer co-operation with the Nordic Council of Ministers on current and future policies on issues concerning subjects such as animal and forestry genetic

resources. The Baltic States have expressed an interest in participating in the work of the Nordic Gene Bank.

8.4.5 Rural development policies

The issue of rural development is an important element in both national and EU agricultural policies. In August 2004, the ministers responsible for fisheries, agriculture, forestry and foodstuffs set up Nordfram, a working group at senior official level to examine future Nordic policies on rural development and the cultural landscape. The policies cover the implementation of EU rural development policies and phasing out of EU farm support. As rural districts become squeezed by production limits and globalisation, it is becoming increasingly clear that there is a major challenge in ensuring the development of sustainable rural districts by securing the economic basis for a rural population. In this context, it is necessary to define the potential of rural districts, not only as production bases for agriculture and forestry, but also as wider areas of potential for tourism and housing.

8.4.6 Co-operation on consumer affairs

A core activity in Nordic consumer affairs co-operation is that of exerting the highest possible degree of influence on decision-making processes in the EU. This sector has led and inspired the legal process on many issues. Work is also being done on the standardised implementation of regulations and directives in the Nordic countries. During the last year, a number of proposals for EU directives that will have a major impact on existing consumer protection in the Nordic countries have been analysed, and discussed in Nordic advisory groups. These include proposed directives on unacceptable business methods, security in consumer services, safety in toys, and EU work on a revision of legally binding agreements. The sector has also initiated an analysis of the effects that changes to individual EU directives have on Nordic consumer protection, including how the directive has been implemented, how the regulations are applied in practice and how they are interpreted by the appropriate authorities. A seminar is to be arranged, to which colleagues from the Baltic States will also be invited.

In order to ensure the efficient functioning of the EU inner market, as well as to ensure that manufacturers comply with the relevant regulations, the Nordic consumer authorities co-operate to provide more effective market monitoring, most recently by means of joint Nordic market controls on prams and dummies. An advisory meeting has also been arranged about the EU regulation of administrative co-operation, which forms the legal framework for co-operation between inspecting authorities responsible for consumer protection legislation. An inter-departmental co-operation group has been put in place since the regulation was implemented.

8.4.7 Social security

The Nordic health and social services ministers have signed a convention on social security in the Nordic countries, updating an earlier convention in light of the development of social security provisions in the EU. This came into effect on 1 September 2004. The health and social services ministers are also preparing and updating an electronic casework system for use in national social security systems. The system contains up-to-date information on areas such as relevant regulations and judicial decisions in the EU and Nordic countries, which will improve the ability of caseworkers to make decisions. The ministers are also supporting a Nordic-EU seminar on the co-ordination of work-linked and home-linked social benefits in relation to the new EU regulations in this area (directives 1408/72 and 883/04). The seminar, which will examine both Nordic and European viewpoints, is planned for the second quarter of 2006.

8.5 Barriers to cross-border freedom of movement – building the internal market

8.5.1 Nordic co-operation on the removal of barriers to freedom of movement

In an enlarged EU, the Nordic Region must provide both leadership and ensure that the Nordic internal market functions well at a practical level, for both citizens and enterprises. The aim is to steadily strengthen integra-

tion in the Region. Nordic enterprises already regard the whole Nordic Region as their domestic market. Against a background of steadily increasing global competition, it is important for the Nordic Region to present itself as an open, borderless unit. This objective has become even more important in the context of EU development, specifically of EU enlargement. Rather than competing with European co-operation, Nordic co-operation must now fit in with it, and it is hoped that it will go further than it once did on issues such as citizen mobility across Nordic borders, and cross-border trade and company investments.

In 2003, the Ministers for Nordic Co-operation appointed former Danish Prime Minister Poul Schlüter as a special envoy to promote freedom of movement. His primary task is to find practical solutions to the legal and bureaucratic conditions that create barriers to the free movement of people between the Nordic countries, especially in the areas of health and social services, taxation, education and the labour market. The objective is to produce tangible results that directly improve opportunities for Nordic citizens who choose to live and/or work on the other side of a Nordic border. The Nordic Council of Ministers provides an information service for citizens who need help to work, live or study in another Nordic country.

Hello Norden

Hello Norden is the Nordic Council of Ministers' information service for private individuals who move between Nordic countries and run into any sort of problems with bureaucracy. The service helps people who want to work, study or live in another Nordic country.

See www.hallonorden.org

The task of promoting freedom of movement for citizens was supplemented in 2004 with the task of removing obstacles to cross-border trade.

The Ministers of Trade and Industry launched this work in 2004, with an audit of specific obstacles encountered by Nordic businesses. This resulted in a catalogue of obstacles to business that forms the basis for the work of Poul Schlüter in 2005.¹⁵ He reports on his work to the Nordic

¹⁵ The catalogue is available at www.norden.org/grensehindringer

Prime Ministers during the annual Session of the Nordic Council, both orally and in writing, and made his final report at the end of October 2005.

Examples of results to date

- A new Nordic agreement on personal registration numbers was signed in Stockholm in November 2004. This agreement makes it possible for citizens who move from one country to another to get a personal registration number quickly and easily.
- A new Nordic taxation portal has been developed to enable Nordic citizens to communicate directly with officials at the Nordic Virtual Tax Office, and ask questions on taxation issues across the whole Nordic Region. The Virtual Tax Office is not a physical entity, but a network of tax experts across the Nordic Region. Uniquely, a person who needs to get in contact with several Nordic tax authorities can put a question to the portal and get a collective answer from the Nordic Tax Office.
- A new portal, the Inter-Nordic Labour Exchange, was launched in autumn 2005 and is accessible through Hello Norden. It focused initially on the Øresund Region.
- A business portal linked to Hello Norden is being developed to help small companies (which often have problems finding all the information they need on the rules that apply when they start a business in another Nordic country) do business with a company on the other side of a border or employ people in border areas. The portal will have its own section on the Hello Norden website, offering links to important information affecting companies that do business in other Nordic countries. The new business portal will be launched at the Nordic Council Session in Reykjavik in October 2005.
- Further information: www.norden.org/grensehindringer, www.hallonorden.org, www.nordisketax.net.

8.5.2 The implementation of EU directives

Within the formal framework of Nordic co-operation, a great deal of work is being done on the joint Nordic implementation of EU directives. This work is particularly important when it touches upon issues of importance for the development of the single market. In this context, it is vital for the Nordic countries to strive for Nordic co-ordination when imple-

menting EU directives, to ensure that new barriers to freedom of movement are not erected. The Danish Presidency has placed the Nordic co-ordination of EU directives high on the agenda for Nordic co-operation in 2005. Nordic co-ordination of the implementation of significant directives will reduce the risk of creating unintended obstacles to freedom of movement that could be to the detriment of citizens and enterprises.

Nordic co-ordination of EU Directives

In a number of sectors, Nordic structures already exist for a more uniform implementation of EU directives that have an impact on the cross-border freedom of movement of citizens and companies. For example, the Ministers of Trade and Industry have set up a working group, which meets each time EU company law has to be incorporated into national legislation. The Group meets regularly and has, for example, discussed implementation of the EU directive on competitive bidding.

Joint Nordic co-ordination of EU directives was a high priority on the agenda for the Danish Presidency of the Nordic Council of Ministers 2005. Co-ordination of the implementation of important directives at Nordic level reduces the risk of inconsistent implementation and, therefore, the inadvertent erection of new barriers to cross-border freedom of movement.

In order to avoid new barriers, some Nordic countries have decided to initiate quality assurance on Bills put to parliament that might have an impact on Nordic co-operation. Insofar as a particular law might have particular consequences for the other Nordic countries, including the free movement of people and businesses between the Nordic countries, this should be accounted for in the commentary to the law. This should attract additional attention to the need to avoid obstacles to freedom of movement.

9. Regional organisations

9.1 Introduction

Nordic co-operation with other international organisations is designed to generate the greatest possible synergies from any relationships to which the Nordic governments have committed themselves.

The regional bodies of the Council of Baltic Sea States (CBSS), the BarentsEuro-Arctic Council (BEAC) and the Arctic Council (AC) are broadly active in the same geographic areas and fields of activity as the Nordic Council of Ministers. For this reason, the highest possible level of co-ordination with these organisations, as well as with the EU, is a constant goal. An increasing level of co-operation with the other regional bodies has also been a priority for the Danish Presidency of the Nordic Council of Ministers in 2005.

At their meeting in August 2005, the Ministers for Nordic Co-operation confirmed their desire to see improved co-ordination with CBSS, BEAC and AC. The idea is to swap information about targets and activities, and to establish tangible partnerships in the form of projects or other programmes that provide mutual benefits through co-operation.

On the initiative of the Nordic Council of Ministers, an exchange programme is being set up with the other regional bodies at secretariat level. The Nordic Council of Ministers has also stated that in future, the Presidency will keep the other regional bodies informed of planned programmes. Several specific projects have also been launched (see below). These actions have been taken in order to avoid unnecessary overlapping and encourage synergy.

9.2 Co-operation with the Council of Baltic Sea States (CBSS)

9.2.1 Introduction

Co-operation with the Council of Baltic Sea States has been improved in recent years. Co-ordination also continues to improve steadily and joint projects are being run.

Regular joint meetings of the two secretariats and the two presidencies facilitate the exchange of information (including agendas) and co-ordinate activities. An exchange programme for secretariat staff is now being prepared. The Secretary General of the Nordic Council of Ministers has also taken part in two CBSS Committee of Senior Officials (CSO) meetings, most recently in Kaliningrad in April 2005. In return, the new director of the CBSS Secretariat has been invited to a future Nordic Co-operation Committee meeting during the Danish Presidency. The Nordic Council of Ministers' Secretariat has also met with the incoming CBSS Presidency. The Secretary General of the Nordic Council of Ministers also took part in a meeting of CBSS foreign ministers in Szczecin on 9–10 June 2005, which confirmed the value of strengthening co-operation between the two regional bodies.

The Nordic Council of Ministers has sought to co-ordinate and co-operate more closely with the CBSS in a number of specific areas. Some examples follow.

9.2.2 Baltic Euroregional Network (BEN)

On the initiative of the Nordic Council of Ministers, a co-operation pilot project (BEN) has been launched, which will lead to a jointly financed and managed cross-border co-operation project in the Baltic Region. In June 2005, the EU INTERREG Committee agreed to fund the project, subject to certain conditions which are now being met. The Nordic Council of Ministers Office in Vilnius is taking the lead in project management, while the Nordic Council of Ministers is contributing funds of approximately €350,000 and CBSS is providing €80,000. A total of 35 part-

ners are involved and the project is expected to run from September 2005 to December 2007.¹⁶

9.2.3 *NeDAP*

On 1 January 2005, the Nordic Council of Ministers entered into an information technology partnership with CBSS under the Northern eDimension Action Plan (NeDAP), within the framework of the Northern Dimension. CBSS and the Nordic Council of Ministers share responsibility for the execution of the project, while each of the two parties has responsibility for one or more lines of action within it.

The Nordic Council of Ministers has expressed a particular interest in courses of action on statistics development, and courses of action closely associated with the Nordunet co-operation in advanced IT infrastructure and research. The possibility of expanding co-operation in Nordunet research to the Baltic States, which do not yet participate, is being investigated, as is the possibility of participants obtaining joint access to European financial instruments such as the EU's ERA-NET. The Nordic Council of Ministers and CBSS are following this up with the EU Commission.

9.2.4 *Other joint NCM-CBSS activities*

Transport is another area in which there has previously been co-operation between the Nordic Council of Ministers (NCM) and CBSS. A joint meeting on transport was held in Warsaw in January 2005. It has been said that there are advantages in co-operating only on those transport policy issues that are related to common challenges faced in the Baltic Sea Region. Changes in the Nordic structure on transport, involving the abolition of the ministerial council for transport, will have an impact on the general structure of co-operation. A new, mutually beneficial platform should, therefore, be established for co-operation on transport in the Baltic Sea Region.

The removal of obstacles to the free movement of citizens and companies is of interest to both bodies (for further details please refer to Section 8.5). The Nordic Council of Ministers took part in a meeting of the

¹⁶ Further information about the project is available at www.benproject.org

CBSS economic group in February 2005, and briefed the group on the Nordic Council of Ministers' work on promoting freedom of movement between the Nordic countries. The CBSS economic group also met the Nordic Council of Ministers' Secretariat in May to discuss the establishment of Nordic Council of Ministers innovation projects in the Baltic Region. It has been agreed that there are clear advantages in the two bodies working more closely together on freedom of movement.

Also worthy of note is the co-operation within the Partnership on Public Health and Social Wellbeing under the Northern Dimension (see Section 7.3). A network on human trafficking has been established under this programme and held its first meeting in June 2005 (see Section 9.4.2).

The Nordic Council of Ministers has also taken part in the work of Baltic 21 (cross-sectoral co-operation on sustainable development in the Baltic Region) since it was set up in 1996. The Nordic Council of Ministers is a member of the Senior Officials Group (SOG), which links the CBSS countries, EU, HELCOM, the Nordic Council of Ministers, VASAB (Vision and Strategies Around the Baltic), a number of international finance institutes and NGOs with links to the Baltic Region.

Finally, the Nordic Youth Committee, CBSS and BEAC have launched a process that aims to lead to closer Nordic co-operation on children and youth.

9.3 Co-operation with the Arctic Council and the Barents Euro-Arctic Council

The Nordic Council of Ministers has observer status on both the Arctic Council (AC) and the Barents Euro-Arctic Regional Council (BEARC), and is invited to CSO meetings in the BEAC. The observer status is useful, as it allows the Nordic Council of Ministers to receive notification of meetings and technical material, to take part in meetings and dialogue, although the Nordic Council of Ministers does not participate in voting or proposals in BEAC.

Sustainable development is a common denominator for the project activity in the Barents Region and the Arctic.

9.3.1 Co-operation with the Barents Euro-Arctic Council (BEAC)

The Presidency of the Nordic Council of Ministers and Secretariat of the Nordic Council of Ministers held discussions with the Norwegian Presidency of the BEAC in the spring of 2005. The BEAC Presidency agreed to examine possible measures for improving co-ordination between the two organisations. Both parties are interested in investigating concrete projects of common interest. The Secretary General of the Nordic Council of Ministers also met with representatives of the Norwegian Barents' Secretariat in Kirkenes on 24 February 2005.

The regional organisations in the Barents Region share information on projects and collaboration that cover both the Nordic countries and North-West Russia. The Nordic Council of Ministers plays an active role in the BEAC Working Group on Health and Related Social Matters, and has taken the initiative on co-operation on projects in the social sector that focus on vulnerable children and young people and their families. Nordic Council of Ministers' participation in the working group is co-ordinated with the participation in the EU Northern Dimension Partnership on Public Health and Social Wellbeing. There is also systematic, but as yet informal, co-operation between BEAC and the Nordic Council of Ministers. Budget considerations undoubtedly play a role here, as BEAC has no secretariat with a budget funded by member countries. Rotating presidencies instead act as the secretariat for BEAC.

BEAC has previously expressed a need for closer co-operation with the Nordic Council of Ministers. It has been suggested that the Nordic Council of Ministers InfoPoints in Murmansk and Archangelsk might be located in the same place as the Norwegian Barents' Secretariat's local information offices. There are obvious advantages to this suggestion, and the idea is currently being examined.

9.3.2 Co-operation with the Arctic Council (AC)

The Nordic Council of Ministers has its own Arctic Co-operation Programme with an annual budget of around DKK 7 million. The "Nordic" Senior Arctic Officials (SAO) Group is used by the Nordic Council of Ministers advisory board for hearings and co-ordination as part of its efforts to define activities on the Arctic Co-operation Programme in relation to activities with the Arctic Council.

The Arctic Co-operation Programme 2006–2008 was proposed by the Council of Ministers to the Nordic Council Session in October 2005 and was later endorsed and adopted as well during the session. The programme is designed to support the Nordic countries' role in the Arctic Council, together with joint Nordic input to International Polar Year 2007–2008, thereby forming a basis for Nordic Council of Ministers co-operation with the Arctic Council. Generally, initiatives and activities will be conducted within and by the Arctic Council. Other forms of initiative are possible where the Arctic Council is not considered to be the most appropriate forum. However, all activities in which the Nordic Council of Ministers take part must be in line with the overall strategies of the Nordic Council of Ministers and the Nordic countries.

The Nordic education and research ministers, together with other representatives of Arctic Council member countries, have adopted a declaration to strengthen co-operation in education and research. The ministers have called for increased mobility for students, teachers and researchers in the Arctic Region. To follow up on the declaration and to co-ordinate Nordic priorities in this area, a Nordic working party has been established to propose specific measures that will result in lasting co-operation and networking in education and research in Arctic Council member countries. The working group will report to the Nordic Committee of Senior Officials for Educational and Research Issues (EK-U) in autumn 2005. A meeting of representatives from all the Arctic countries is planned for ultimo 2005, when the Nordic proposal will be presented together with proposals from the other countries for co-operation in education and research.

9.4 Co-operation with other international organisations

9.4.1 Co-operation with the Council of Europe on disability

One theme for co-operation between the Nordic Council of Ministers and the Council of Europe is that of the improvement of conditions for children with disabilities in Russia and the Baltic States, and this is currently under development. As President of the Council of Europe, Norway hosted a conference on Human Rights, Disability and Children in autumn

2004. Following this, Norway and the Nordic Committee on Health and Social Affairs funded a pilot project to survey opportunities, potential partners and relevant structures in relation to children with disabilities and their families, and this has led to a three-year project starting in autumn 2005. The project is being run by the Nordic Co-operation Organisation for Disability (NSH), and its activities are based on the Nordic Council of Ministers' guidelines for co-operation with North-West Russia. Other important foundations for this project include the Nordic Council of Ministers' work under the Action Plan for Vulnerable Children and Young People, and its participation in the Northern Dimension Partnership in Public Health and Social Wellbeing. Both the Nordic Council of Ministers and the European Council are expected to follow the project closely and participate in the reference group for the project. This co-operation is also closely linked to the Russian Presidency of the European Council May-November 2006, the Finnish Presidency of the EU in autumn 2006 and the Norwegian Presidency of the Nordic Council of Ministers in 2006. This will result in a natural focus on the Baltic Sea Region and further development of this type of cross-sectoral project activity.

9.4.2 Co-operation on human trafficking

Traffic in human beings is a serious problem in the region covered by the EU Northern Dimension, and constitutes a breach of both human rights and human dignity. Every year thousands of women, girls, men and boys are traded to, from and between countries in the Baltic Region. In recent years, some countries and international bodies have been working hard to develop national and international policies to combat human trafficking.

A number of initiatives covering the EU Northern Dimension area and dealing with the problem of human trafficking at local, national and international levels are being prepared through bilateral and multilateral channels. The Nordic-Baltic Campaign against Trafficking in Women ran in the five Nordic countries and three Baltic States, in collaboration with the Ministers of Equality and Justice, between 2002 and 2003. At an informal meeting of the Nordic and Baltic Ministers of the Interior, Equality and Justice in Stockholm in April 2003, the ministers adopted several recommendations for long-term co-operation between the Nordic coun-

tries and Baltic States in the fight against trafficking in women and children.

The joint campaign revealed that a vital element in the campaign against trafficking in women is the importance of including a gender perspective in any work on information and opinion-forming. A report on the Nordic-Baltic Campaign against Trafficking in Women was issued by the Nordic Council of Ministers in 2004.

A follow-up to the Nordic-Baltic campaign on human trafficking was discussed at the meeting of the Nordic and Baltic Council of Ministers in Reykjavik in September 2004. Norwegian Minister Laila Dávøy proposed that the work of combating human trafficking should be closely monitored and co-ordinated in a more coherent way between the existing bodies and organisations in the Northern Dimension area.

It is important to improve co-ordination between the various international organisations working on human trafficking. The aim is to establish a common basis for improving co-ordination and producing recommendations for carrying out this work within the Northern Dimension Partnership for Public Health and Social Wellbeing. At the annual ministerial-level conference on health and social affairs in Tallinn in 2004, the ministers adopted the following recommendations:

**Recommendations from workshop on human trafficking, Tallinn,
13 December 2004**

- Participants in the workshop recommend that the Northern Dimension Partnership on Health and Social Wellbeing (NDPHS):
- promote a network under the partnership, consisting of the chairs of groups and organisations combating human trafficking, with a view to strengthening co-ordination and information exchange between bodies and organisations working in the Northern Dimension area
- ensure more comprehensive, co-ordinated work to combat human trafficking at national and international level.
- Participants in the workshop recommend that the Nordic Council of Ministers prepare a proposal for a network under the NDPHS.

In 2005, the Danish Presidency of the Nordic Council of Ministers arranged a co-ordination meeting for all relevant chairs of regional bodies, international organisations and expert groups. The aim of the meeting was

to exchange information and experiences, and establish an overview of the problem. It was decided to hold annual meetings and set up a website offering information from different bodies, international organisations and expert groups, as well as a diary of activities in the area. The Nordic Council of Ministers will co-ordinate this work and be responsible for updating the website.

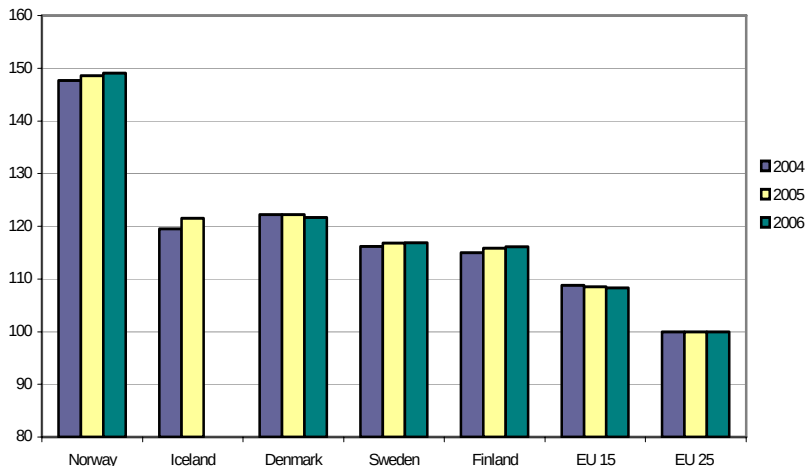
9.4.3 Co-operation with the European Council on youth issues

The Nordic Youth Committee co-operates with the European Council youth sector on two partially linked areas: the provision of grants for courses for educationalists and youth leaders to train young people in human rights; and the publication of a manual on 'living libraries' in English and the Nordic languages.

Work has also started on establishing 'living libraries', which, instead of lending books, allow members to 'borrow' other people. The people loaned out are generally people who have experienced prejudice. The objective is to encourage people to engage in dialogue which will lead them to understand that differences between people are not so great and break down their prejudices. The original idea was a Nordic one, but it has been tested many times under the European Council.

Enclosure I: Facts about the Nordic Region

Diagram 1. GDP per capita in Purchasing Power Standards (PPS), (EU-25 = 100)

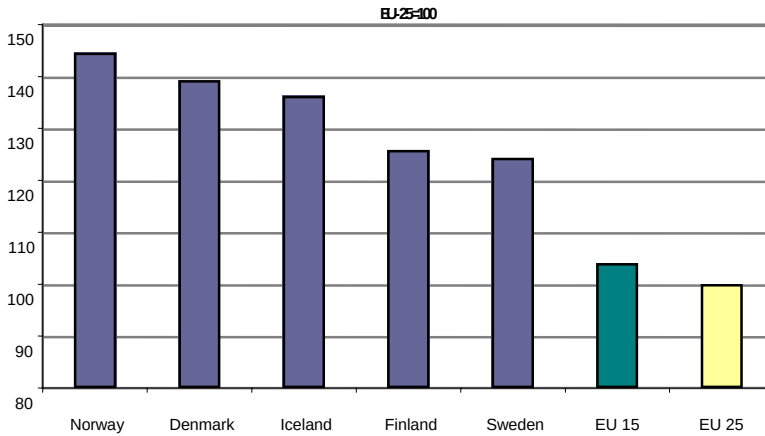


Source: Eurostat

The Nordic Region is one of the richest areas in the world. As Diagram 1 shows, GDP per capita in the Nordic countries is higher than the average for both EU 15 and EU 25.

There are, however, major differences within the Nordic Region. Norway is clearly the richest of the Nordic countries, while Sweden and Finland are notable for being closer to the EU average.

Diagram 2. Comparative price levels for the Nordic region compared to the EU average, 2003 (EU-25=100).

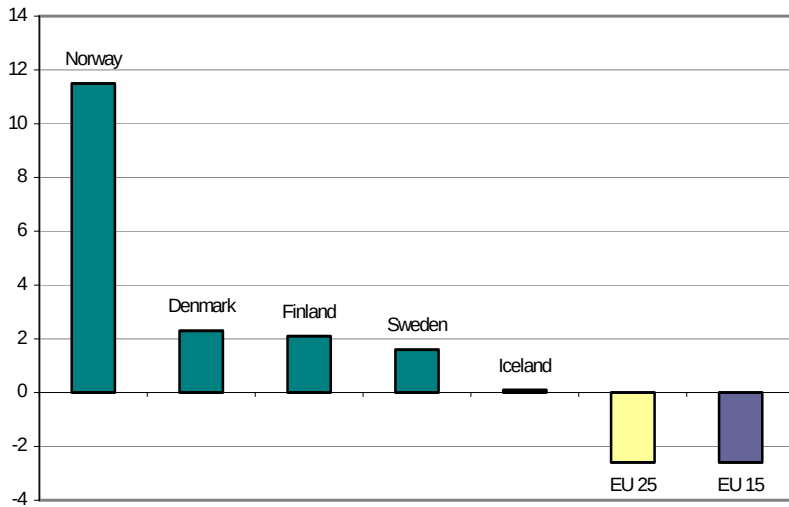


Source: Eurostat

The Nordic Region is an expensive place to live. Prices in the Region are discernibly higher than the EU 15 average, and EU enlargement has made this difference even more noticeable.

The price index includes indirect taxes and duties (VAT, green taxes, etc). In other words, it represents the actual prices that consumers have to pay. There are also major differences between the Nordic countries, both overall and for individual products.

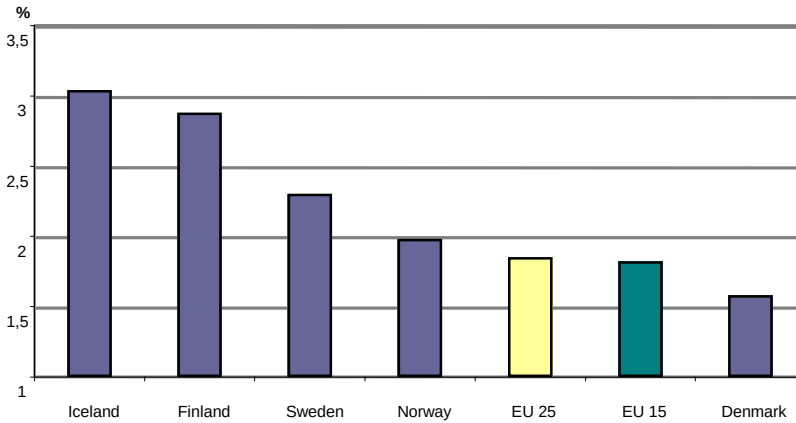
Of the five Nordic countries, Norway has the most expensive prices by some way, while Sweden has the lowest prices.

Diagram 3. Public balance as % of GDP, 2004

Source: Eurostat

Public-sector finances in the Nordic Region are healthy. All the Nordic countries comply with the rules for fiscal policy contained in the EU Treaty for Economic and Monetary Union and in the Stability and Growth Pact. From an overall perspective, therefore, economic policy is no different in the Nordic countries than it would be if they were all members of the euro-zone, inside the EU.

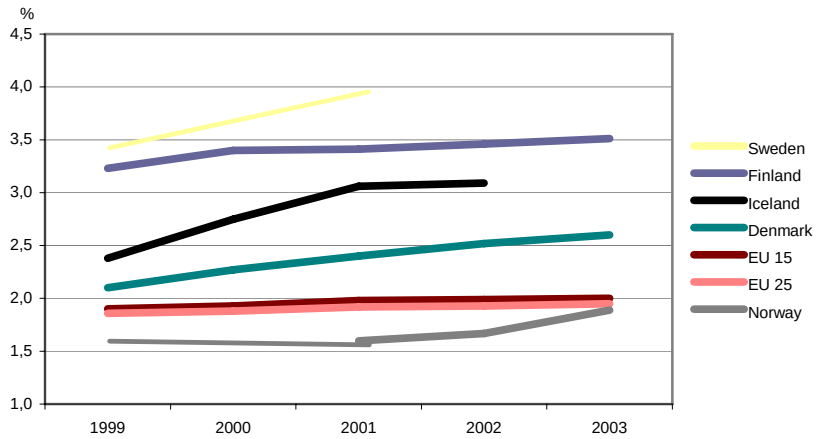
In addition to this, all the Nordic countries have a surplus in government accounts. Norway's surplus, of approximately 12% of GDP in 2004, is by far the highest, while Finland, Sweden and Denmark are around the 1–2% level. Most European countries have large deficits.

Diagram 4. Real GDP growth rate at constant prices (1995) in the Nordic countries 1997–2006

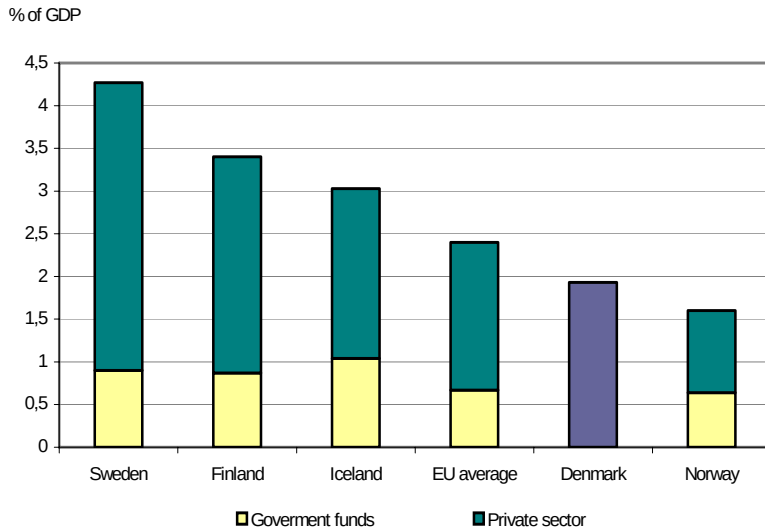
Source: Eurostat

Iceland has had the highest average growth rate in the Nordic Region in the last decade, with both Iceland and Finland easily outstripping their Nordic neighbours in terms of growth. Sweden and Norway are also above the EU average, with Denmark the only Nordic country to experience a growth rate below the EU average over the ten-year period.

Iceland enjoys average growth of more than 60% above the EU average and more than 90% above Danish growth. In other words, there are significant differences between the Nordic countries in terms of average growth.

Diagram 5. Gross domestic expenditure on Research & Development (GERD)

Source: Eurostat

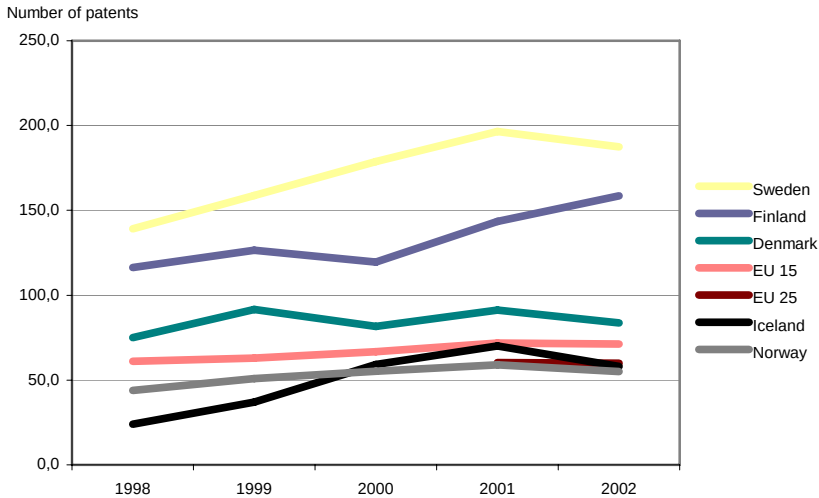
Diagram 5B. Gross domestic expenditure on Research & Development in pct. of GDP, 2001

Source: OECD - Main Science and Technology Indicators 2003-1, National FoU statistics

In general, the Nordic countries spend a far higher percentage of GDP on R&D than the EU average.

Of the Nordic countries, Sweden¹⁷ spends the biggest percentage of GDP on R&D, followed by Finland, Iceland and Denmark. Norway is the only Nordic country below the EU average.

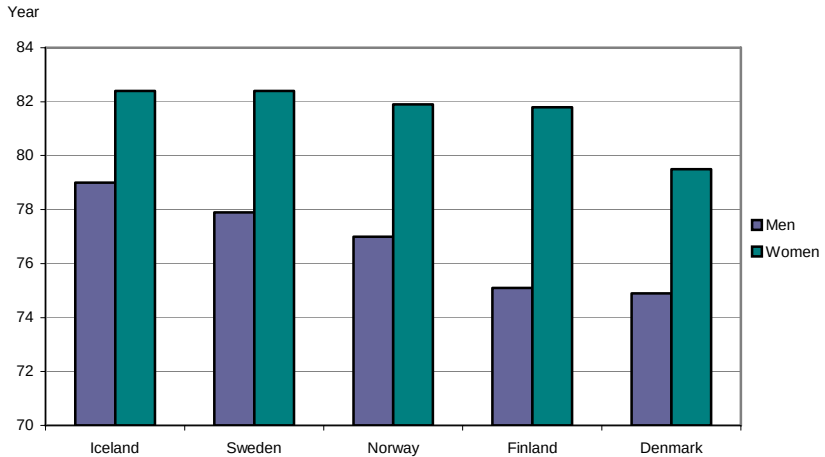
Diagram 6. Number of patents granted by the United States Patent and Trademark Office (USPTO) per million inhabitants



Source: Eurostat

The Nordic Region is one of the most innovative parts of Europe. Diagram 6 reveals that Sweden and Finland, in particular, are well above the EU level, as well as being above the level of the other Nordic countries. Denmark has a slightly higher number of patents than the EU 15 and EU 25, while Norway and Iceland are on the same level as the average for EU 25 but under the level for EU 15.

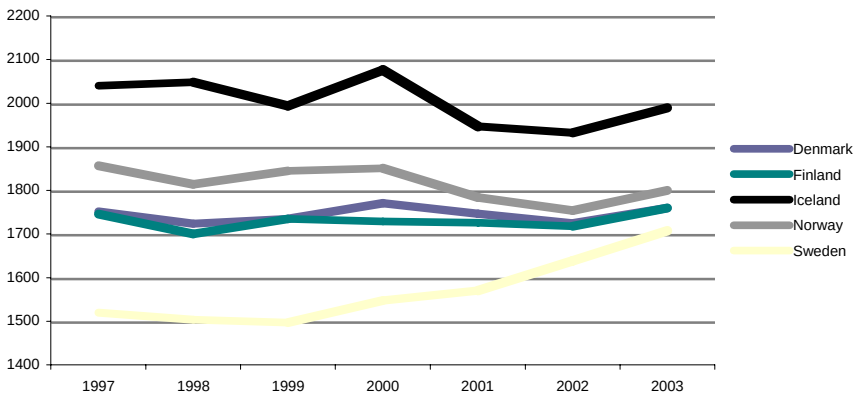
¹⁷ Please note that, unfortunately, it has not been possible to source more recent Swedish data.

Diagram 7. Life expectancy, 2003

Source: Nordic Statistical Yearbook 2004

Some of the biggest differences in life expectancy are to be found in the Nordic Region and the Baltic Sea Region. There are differences between men and women and between countries.

Overall, life expectancy for women in Europe is far greater than for men. The widest difference between male and female life expectancy can be found in Finland, where women live approximately seven years longer than men. Average life expectancy for women is generally on the same level throughout the Nordic Region, with only Denmark on the low side; Danish women have a noticeably lower life expectancy than women in the rest of the Nordic Region. Male life expectancy varies from 79 in Iceland to 74.9 in Denmark.

Diagram 8. Total fertility rate, live births per 1,000 women aged 15–49

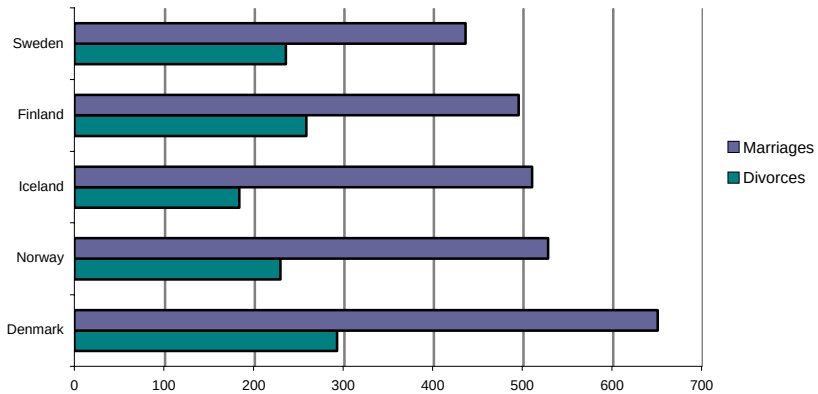
Source: Nordic Statistical Yearbook 2004

Nordic women bear an average of less than two children each. For the last decade, Sweden has had a significantly lower birth rate than any other Nordic country, with an average of approximately 1.7 children per woman.

Iceland is not only the country in the Nordic Region with the longest-living population, but also the country with the highest average birth rate, just under two children per woman. Norway, Denmark and Finland are on about the same level, with a birth rate of approximately 1.75–1.8 children per woman.

More children are born per women in the Nordic Region than in the rest of the EU, and in comparison with Southern Europe, the number of children born in the Nordic Region is quite high.

With a birth rate of less than two children per woman and limited immigration, the population of the Nordic Region will both fall and become older over the next two or three decades.

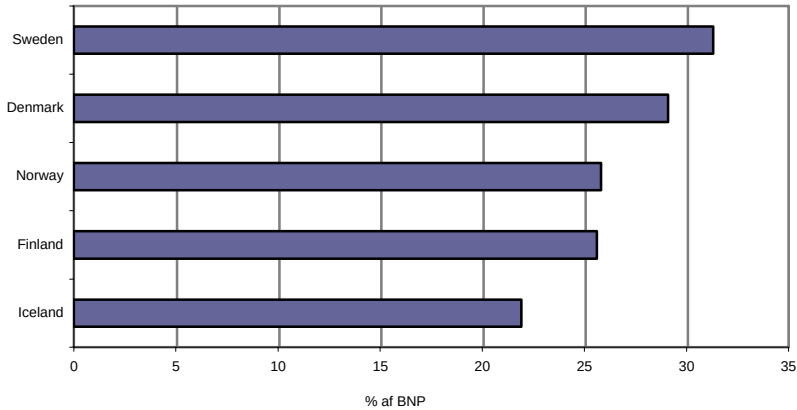
Diagram 9. Total number of marriages and divorces, 2003.

Source: Nordic Statistical Yearbook 2004

Denmark has the highest marriage rate in the Nordic Region, and for every 1,000 Danes, there are 6.5 marriages per annum. The divorce rate is also highest in Denmark, however, and for every 1,000 Danes, there are 2.9 divorces per annum.

The Swedes are the least likely in the Region to marry. For every 1,000 Swedes, there are only 4.4 marriages per annum, and half of all Swedish marriages end in divorce. Denmark holds the Nordic record for divorce per 1,000 inhabitants, with 2.9 marriages (or just under half of all new marriages) breaking down every year. Icelanders are the least likely to divorce. For every 1,000 Icelanders, only 1.8 marriages break down per annum.

A lot of people live together in the Nordic countries without getting married. For that reason, the number of marriages and divorces does not really provide an adequate picture of how people live together in the Nordic Region.

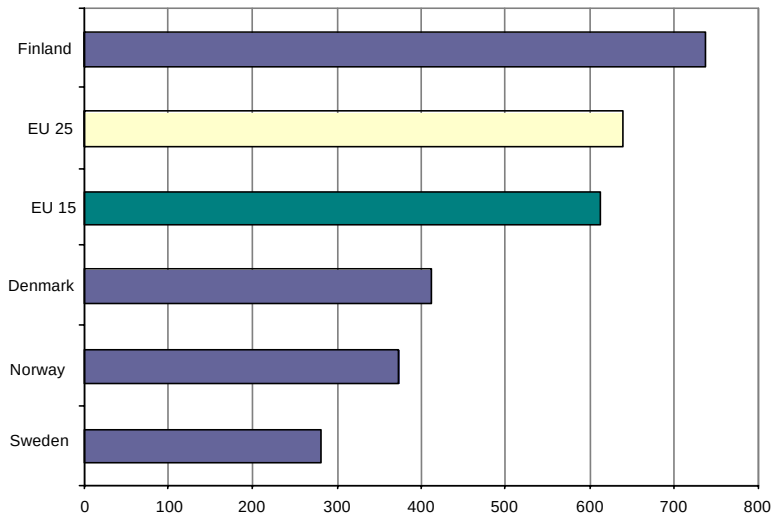
Diagram 10. Social expenditure as % of GDP – 2002

Nordic Statistical Yearbook 2004

Denmark and Sweden have the highest social costs in the Nordic Region, measured in terms of GDP%. The level in 2002 was approximately 30% of GDP. In all Nordic countries, the top spending priorities are care of the elderly and the health sector. Care of the elderly accounts for 6.2–11.7% of GDP, with the percentage is highest in Sweden and lowest in Iceland.

Health care accounts for 6.1–8.8% of the Nordic countries' GDP. The lowest percentage is found in Denmark, where it is 6.1%, while it is lowest in Norway, at 8.8%. Finland and Denmark spend 2.5–2.7% of GDP on unemployment benefits, compared to only 1.7% in Sweden and 0.4–0.7% in Iceland and Norway.

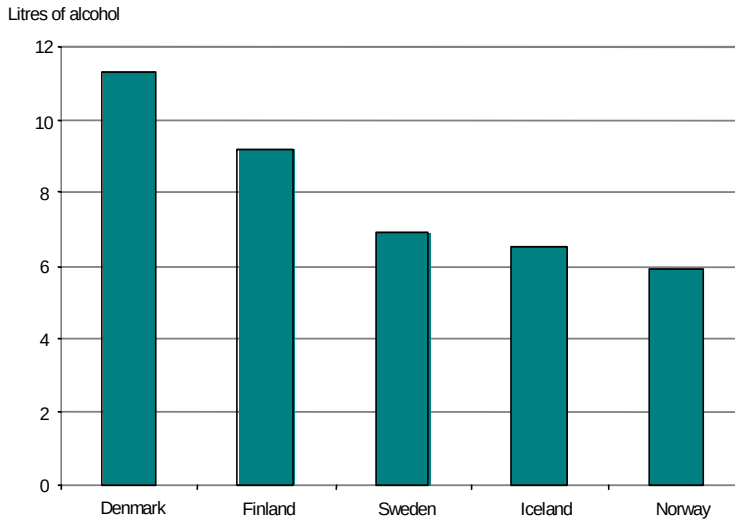
Disability policies account for 3–4.6% of GDP in all the Nordic countries. Norway is the highest spender, Iceland the lowest.

Diagram 11. Hospital beds per 100,000 inhabitants, 2002

Source: Nordic Statistical Yearbook 2004 and Eurostat

In EU 25, the average number of hospital beds per 100,000 inhabitants was 639 in 2002. This was almost 127% higher than in Sweden, 72% higher than in Norway and 55% higher than in Denmark.

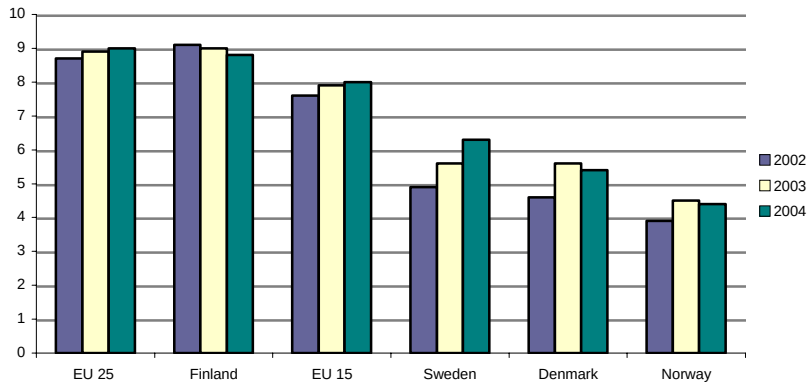
On the other hand, Finland, which has about twice as many hospital beds per 100,000 inhabitants than Norway and Sweden, has a markedly higher number of hospital beds per inhabitants than the EU average, at some 15% above the EU level.

Diagram 12. Sales of litres of pure alcohol per person aged 15+, 2002

Source: Nordic Statistical Yearbook 2004

Denmark has the highest per capita alcohol consumption in the Region. In 2002, the average Dane drank just over 11 litres of pure alcohol. Finland is in second place, although the figure there was 23% lower than the Danish average.

Norwegians drink just over half the amount Danes do, at 5.9 litres of pure alcohol per capita per annum compared to 11.3 in Denmark. The Swedes drink one litre of pure alcohol more than the Norwegians, while Icelanders drink 0.60 litre more, but still considerably less than the Danes and Finns.

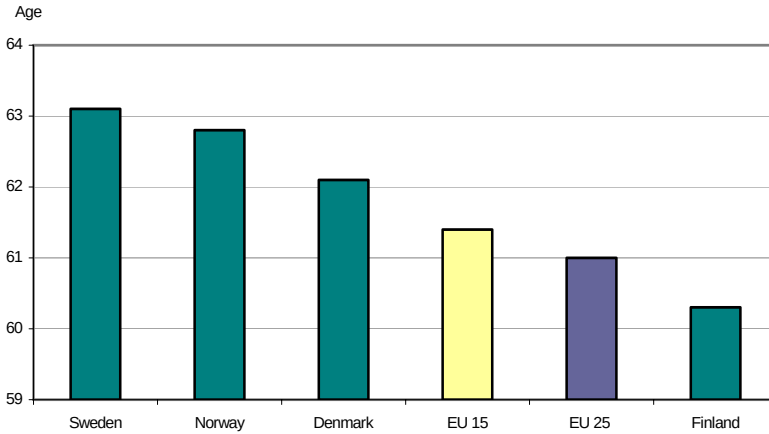
Diagram 13. Unemployment as a % of the workforce

Source: Nordic Statistical Yearbook 2004

Unemployment has risen in the EU and the Nordic Region in general in recent years, except in Finland, where it has fallen. Unemployment also fell in Denmark and Norway in 2004, and is generally below the EU average in the Nordic countries.

Finland has the highest Nordic unemployment rate, but was below the EU 25 average in 2004. On the other hand, unemployment is considerably lower in Denmark, Sweden and Norway.

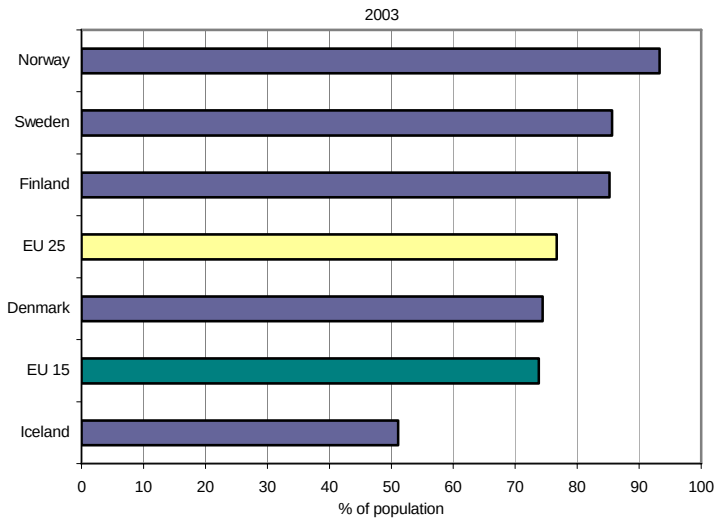
Diagram 14. Average retirement age, 2003



Source: Eurostat

Nordic citizens generally work longer than other Europeans. Sweden has the highest retirement age of all the Nordic countries, with an average of approximately 63, while Finland has the lowest, at approximately 60.

Diagram 15. Proportion of population aged 20–24 who completed upper secondary school



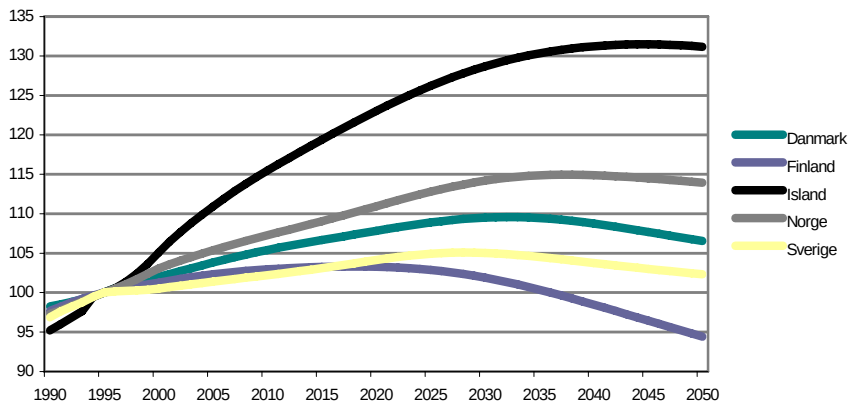
*The indicator shows the percentage of the adult population (aged 20–24) who have completed an "upper secondary education".

Source: Eurostat

The lowest percentage of the population aged 20–24 who completed secondary school can be found in Iceland, where the figure was approximately 50%, compared with approximately 75% in Denmark.

In Sweden and Finland the comparable figure is 85% but it is highest in Norway where more than 90% of the population aged 20–24 completed an upper secondary education.

Diagram 16. Population prognoses, index 2005=100

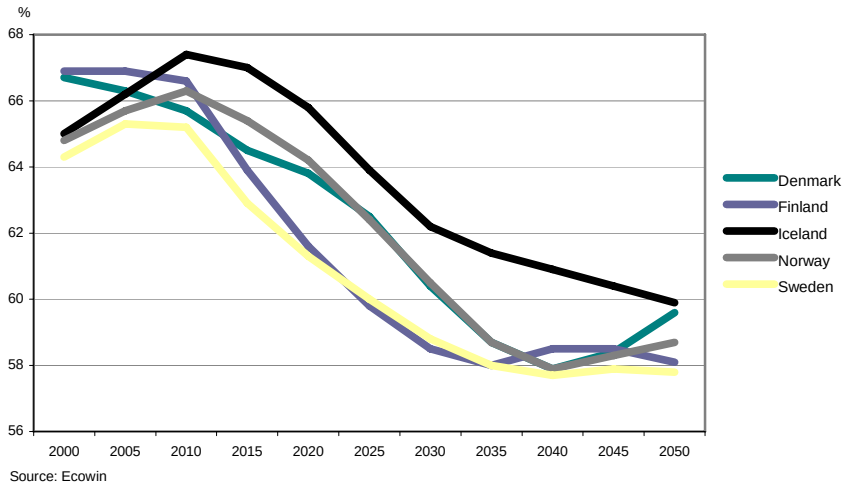


Source: Ecwin

The total population is expected to fall in the EU as a whole in around 2020. The change is expected to happen most rapidly in Finland, where it is predicted to fall in about 12 years' time, while in Denmark, Sweden, Norway and Iceland it will happen later, between about 2025 and 2035.

According to predictions for the Nordic Region, Finland will be the only country in the Nordic Region to have a population that is lower in 2050 than it was in 2004. In all other Nordic countries, the population is expected to be higher in 2050 than it is now. The average age of the population will, however, be much higher; and the larger the proportion of elderly citizens, the higher the proportion of GDP will be spent covering the costs of social pensions and health.

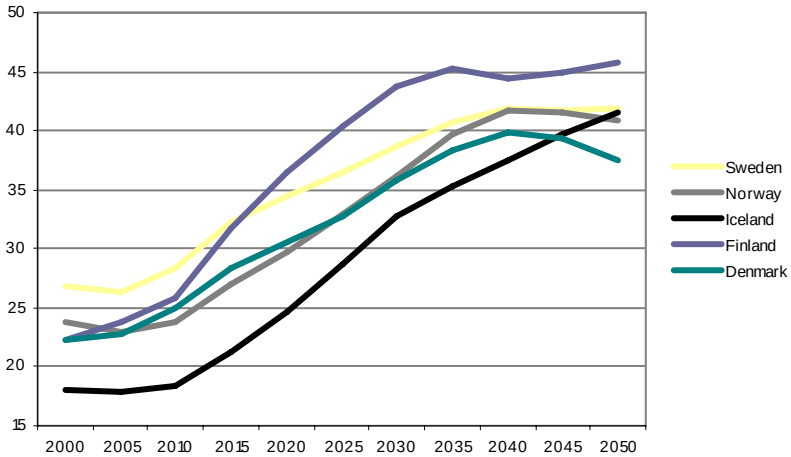
Negative population growth will cut the size of the workforce in the long term. This will make it more difficult both to generate growth in total GDP and to continue to fund welfare payments. This population trend may, therefore, lead to major changes to the Nordic welfare states in the long term.

Diagram 17. The workforce in pct. of the population

Population growth (particularly the size of the workforce) exerts a major influence on welfare trends in the Nordic countries. If birth rates and immigration are too low, the population will age and the workforce will shrink. The workforce is expected to reach a high point in the next few decades, but this will not happen simultaneously in all of the Nordic countries.

The trend is most dramatic in Finland, where the prognoses show that the workforce is expected to be falling by 2010. In Norway, Sweden and Denmark the workforce is not expected to start falling until much later, in about 2040. The picture is different in Iceland, where the workforce is expected to grow until 2050.

In all the Nordic countries, the proportion of the population that is of working age is expected to begin to fall in about a decade.

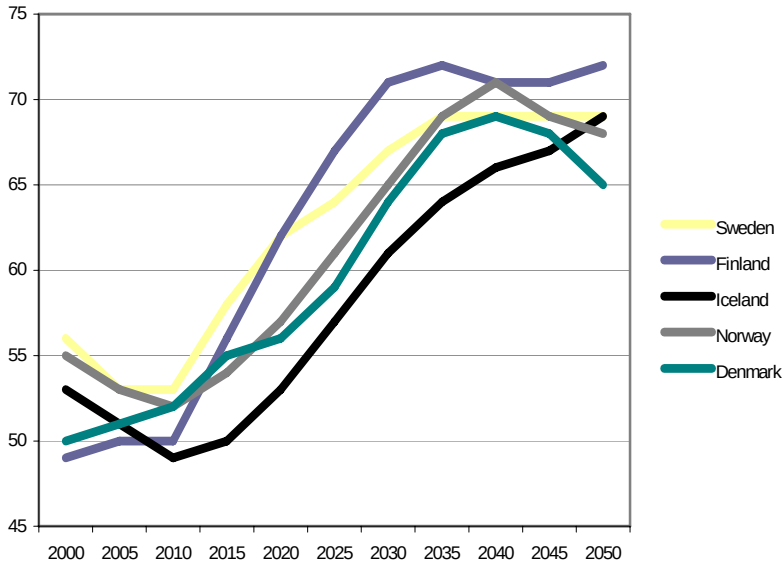
Diagram 18. The elderly quota in the Nordic Region, %

Source: United Nations population division

The 'elderly quota' is a percentage indicator showing the proportion of elderly citizens aged 65+ in relation to people of working age (15–64). A quota of 25% means that there are four citizens aged 15–64 for each citizen aged 65+. This is more or less the situation in the Nordic Region at present.

In 30 to 40 years' time, there are expected to be twice as many elderly citizens for each person in the workforce, that is, one person over 65 for every two aged 15–64.

Proportionally, Sweden currently has the oldest population, with Norway in second place, and Iceland has by far the lowest quota. The rate at which the Nordic population ages has started to escalate rapidly in recent years, and this is true of all the Nordic countries. The Finnish population will age the most rapidly in the Nordic Region over the next two decades. By the 2020s, it will have the largest number of elderly citizens in relation to the total population.

Diagram 19. Provider quota in the Nordic Region, %

Source: United Nations population division

The provider quota shows the number of people aged 0–14 plus the number of people aged 65+ as a percentage of those of working age (15–64). A quota of 50% means that there are two people in work for every one not actively engaged in the labour market. In other words, every four people in work must provide for two out of work. This is the current situation in all the Nordic countries.

In around 1–1.5 generations, however (i.e. when the children of today have entered the labour market and had children), this quota will rise to around 40–50%, meaning that four people in work will have to provide for up to three people not in work.

The quota will increase most rapidly in Sweden and Finland until the 2020s. After that, it is expected to rise most rapidly in Denmark and Norway. Finland currently has the lowest quota, but from 2010, the quote will be lowest in Iceland. Sweden and Norway now have the highest quota, followed by Denmark.

Enclosure II: Nordic Council of Ministers' institutions

Nordic co-operation funds approximately 30 institutions throughout the Region, as follows:

- NOREY – Nordic House in Reykjavik (www.nordice.is)
- NHFØ – Nordic House on the Faroe Islands (www.nlh.fo)
- NIFIN – The Nordic Institute in Finland (www.nifin.helsinki.fi)
- NAPA – The Nordic Institute in Greenland (www.napa.gl)
- NEFP – Nordic Energy Research (www.nordicenergy.net)
- NIPÅ – Then Nordic Institute in Aland (www.nordinst.aland.fi)
- Nordregio – Nordic Centre for Spatial Development (www.nordregio.se)
- NordForsk – Nordic Research Board (www.nordforsk.org)
- Nordic Innovation Centre (www.nordicinnovation.net)
- NIOM – Scandinavian Institute of Dental Materials (www.niom.no)
- NJC – Nordic Journalist Centre (www.njc.dk)
- NKD – The Nordic Artists' Centre (www.nkdale.no)
- NUD – Nordic Staff Training Centre for Deafblind Services (www.nud.dk)
- NGB – Nordic Gene Bank (www.ngb.se)
- NHV – The Nordic School of Public Health (www.nhv.se)
- NIKK – Nordic Institute for Women's Studies and Gender Research (www.nikk.uio.no)
- NIVA – The Nordic Institute for Advance Training in Occupational Health (www.niva.org)
- NAD – Nordic Council for Alcohol and Drug Research (www.nad.fi)
- NOPEF – Nordic Project Fund (www.nopef.com)

- NSH – Nordic Co-operation on Disability (www.nsh.se)
- NOPUS – Nordic Education Programme for Social Service Development (www.nopus.org)
- NORDICOM – Nordic Information Centre for Media and Communication Research (www.nordicom.gu.se)
- NIFCA – Nordic Institute for Contemporary Art (www.nifca.org)
- NordScen – Nordic Centre for the Performing Arts (www.nordscen.org)
- Nordita – Nordic Institute for Theoretical Physics (www.nordita.dk)

*

- NEFCO – Nordic Environment Finance Corporation (www.nefco.fi)
- NDF – Nordic Development Fund (www.ndf.fi)

Enclosure III: Guidelines for the Nordic Council of Minister's co-operation with Estonia, Latvia and Lithuania

10.12.04

Guidelines for the Nordic Council of Minister's co-operation with Estonia, Latvia and Lithuania 2006–2008

Since the beginning of the 1990s the Nordic Council of Ministers and the three Baltic countries have developed increasingly broader co-operation. With the accession of Estonia, Latvia and Lithuania to the European Union, a new and important step has been taken. These guidelines should be seen as the Nordic Council of Ministers' contribution to move co-operation forward in a new political environment.

During the first phase of co-operation between the five Nordic countries and Estonia, Latvia and Lithuania, relations had the character of being support and aid functions. In the second phase of co-operation, Estonia, Latvia and Lithuania were consulted during the preparation of the current Framework Programme that expires at the turn of the year 2005/2006.

The present guidelines represent a new, third phase of co-operation between the Nordic countries and Estonia, Latvia and Lithuania, constituting co-operation between eight states on an equal basis (NB8). For the Nordic Council of Ministers, the guidelines will partially take effect from the year 2005. Ongoing projects falling outside the scope of the guide-

lines will be terminated as soon as possible and at the latest at the end of 2005.

The intention behind the guidelines is to identify the areas in which the Nordic and Baltic countries may have shared interests, i.e. in which sectoral areas co-operation should primarily be depend. The guidelines are a tool for the Nordic ministerial councils and should be seen as a starting point for the development of common ambitions between the eight countries. Responsibility for the concrete process lies with ministerial councils or senior officials' committees, together with Estonia, Latvia and Lithuania.

The guidelines should not be regarded as a final product, but as a step in the ongoing process to further develop co-operation, in a phase where all countries involved are searching to find the way forward. During the preparation of the guidelines the Nordic Council of Ministers has consulted with the governments of Estonia, Latvia and Lithuania. The task of the Nordic Council of Ministers as an institution is to assist in the work in such a way that NB8 co-operation may develop for the good of all eight countries.

1 Why cooperate?

Following the Baltic countries' accession to the EU, Nordic-Baltic co-operation has changed in character. Aid-oriented co-operation will be replaced by a broader political partnership on a reciprocal basis. Such co-operation is of *strong intrinsic value* and paves the way for achievements in a variety of areas.²

Future co-operation should be in the interests of all participant countries and of *mutual Nordic-Baltic benefit*. Through joint Nordic-Baltic co-operation, the countries will achieve more than they are in a position to do separately.

Nordic-Baltic co-operation within the framework of the EU and EEA will gain increased importance in a positive sense, without being perceived, for this reason, as promoting the creation of blocs. The fact remains that smaller countries in the same geographical area will often share common aims, even if they may not be specifically embodied in established relations.

Responsibility for the *environmental state of the Baltic Sea unites the Nordic and Baltic countries*. It is in the interests of all countries around the Baltic Sea to protect these waters, not only as an important economic traffic artery, but also as a tourist area and marine environment.

Sustainable development represents a strong common obligation and is a field where the Nordic countries occupy a leading position. This theme reconciles environmental, economic and social issues. The application of the new Nordic cross-sectoral strategy for sustainable development could prove particularly useful in this specific area.

Historical ties and neighbourliness between the Nordic countries and Estonia, Latvia and Lithuania are factors behind the bridge-building process that has evolved. Today, this manifests itself in diverse forms of co-operation, also in the *field of culture*. In the future, culture will continue to form the connective tissue of mutual Nordic-Baltic co-operation, thereby contributing to joint access to the development of democratic societies, respectful of human rights and with open economies.

Against this general backdrop, Nordic-Baltic co-operation should have one clear objective, namely to *reinforce cohesion between the eight countries*. The results of such Nordic-Baltic cohesion can give positive effects on several levels:

- Increased international contacts in the Baltic Sea region and thereby a strengthening not only of political relations, but also of economies and societal development. The Baltic Sea region can become a dynamic centre in the new Europe.
- Developing democracies through activities fostering democracy and the rule of law is in the interests of all the countries concerned. The Nordic region has longstanding experience in cooperating with government authorities and NGOs. Together, the Nordic and Baltic regions can contribute to strengthening democracy and societal development across the EU's new eastern borders, especially in respect of Russia and Belarus.

2. How to cooperate?

As far as the Nordic countries are concerned, the co-operation described here is the *multilateral co-operation engaged in between national states*, where the Nordic countries jointly cooperate within the framework of the Nordic Council of Ministers with Estonia, Latvia and Lithuania. The activities of the Nordic Council of Ministers should be regarded as a complement to the Nordic countries' bilateral co-operation with Estonia, Latvia and Lithuania and in compliance with the principles jointly laid down by the countries involved. 3

The natural institutional basis will be regular NB8 meetings at ministerial and senior officials' level.

For the Nordic Council of Ministers, the year 2005 is the final year of the "2003-2005 Framework Programme". 2006 will see the start-up of a new form of co-operation where responsibility for the *sector-specific content* of joint Nordic-Baltic co-operation will be placed with the respective sectoral ministerial council, whereas co-operation ministers will continue to attend to overriding responsibilities. Accordingly, co-operation will be pursued along the fundamental guidelines adopted by the Nordic co-operation ministers, whereas sector-specific content will be defined by the respective sectoral ministers.

Nordic co-operation ministers, including the Nordic Committee for Co-operation, will draw up the Nordic Council of Ministers' guidelines for co-operation, and hence they have primary responsibility for coordinating the joint Nordic content of such co-operation. The current Nordic and Nordic-Baltic committees of experts will be dissolved. Co-operation ministers will also assume primary responsibility for ensuring the necessary coordination with the relevant parties in the Baltic countries.

The former principle whereby the Nordic Council of Ministers was not to cooperate with the *Baltic states individually*, but as far as possible "en bloc", will be replaced by a more flexible approach. In the future, it will be natural for sectoral ministerial councils also to cooperate as required with Baltic countries individually, in order to follow up more specific interests. However, cooperative activities involving the participation of all Baltic countries will undoubtedly continue to play an important role in the future.

Examples of activities where the participation of all countries represents a clear advantage are the preparation and implementation of joint Nordic-Baltic ministerial council meetings for the sectoral ministers. This will constitute a continuation of the NB8 co-operation to which foreign ministries have given high priority.

Future co-operation will be *evaluated* on a continuous basis – by co-operation ministers, as well as by the secretariat to the Nordic Council of Ministers. To this end, the individual sectoral council will annually prepare a status report on co-operation. The reports will describe the specific cooperative projects that have been carried out, provide an evaluation of the extent to which the guidelines of the co-operation ministers have been followed and whether the political priorities in force at any given time have been fulfilled. They will also contain a description and evaluation of cooperative activities planned for the coming years. The reports will form the basis of a more general annual discussion of principle among Nordic co-operation ministers of such co-operation and its development in the future. The evaluation of co-operation should also be discussed in a joint Nordic-Baltic context.

Nordic co-operation ministers have at their disposal a *reserve for political initiatives* under the annual budget for co-operation with relevant neighbouring countries. These funds will be used for special measures of current political interest. The reserve may also provide support for Baltic participation in Nordic institutions.

In the future, sectoral as well as co-operation ministers will contribute more actively to achieving *increased attention and information* about joint Nordic efforts deployed in the region and, by so doing, improve knowledge of such co-operation and publicise them more 4

widely outside the Nordic sphere. This is a task to be shared with the Nordic Information Offices in the Baltic countries, as well as by the secretariat.

3 Areas of co-operation

The aim of further developing the Nordic-Baltic political community and strengthening cohesion between the Nordic countries and Estonia, Latvia and Lithuania will have consequences for most areas of co-operation, but

it might still be useful to highlight the most significant tasks and topics. These are of an instructive nature for the different ministerial councils.

It is essential to focus on forms of co-operation where joint Nordic-Baltic co-operation represents added value and additional worth by comparison to bilateral co-operation, regular EU/EEA co-operation and co-operation with EFTA. In this respect, consideration should also be given to the input to be provided in the coming years by Nordic EFTA/EEA countries through their two new financing mechanisms, which will annually invest close to EUR 30 755 400 in Estonia, Latvia and Lithuania in the period 2004–2009. The application of such funds will be based on priorities presented by the Baltic countries.

Priority will be given to *building on* already successfully established co-operation where there is mutual interest in further development. The principles of gender equality will occupy a central position and will be integrated into further co-operation.

Efforts *promoting Nordic interests* are a benefit for all Nordic countries. Well-developed cultural co-operation is especially significant in this context. As in the past, culture may serve as a lever for other forms of co-operation. Achievements aimed at furthering the Nordic region also include the fostering of Nordic business start-ups in the Baltic countries.

As for the *relevant themes*, there are certain key areas where the Nordic Council of Ministers has special interest in developing co-operation, including:

- Trans-boundary activities along the EU's new border could be developed on the basis of positive Nordic experiences. In this area, several ministerial councils would have the opportunity of making a contribution.
- Research and innovation work, as well as co-operation in the field of education would provide natural continuity in the context of co-operation that has already been initiated and that is vital to the attractive force of the entire region.
- IT co-operation could be developed in terms of content and technology. The areas of application of – and the need for – broad IT solutions in the Baltic Sea region are vast.

- Social and health issues, including the fight against drugs and safeguarding the interests and needs of children and young people, particularly within the “Northern Dimension Partnership in Public Health and Social Well-Being”.
- Environment and sustainable development.

4 Forms of co-operation

The various forms of joint Nordic-Baltic co-operation may range from policy development and coordination to activities entailing more distinct financial consequences. Co-operation within the respective sectoral ministerial councils should be established as *cooperative programmes drawn up jointly and running for several years*, as declarations or agreed minutes. They should contain specific, focused activities based on the political priorities adopted by the co-operation ministers.

Joint Nordic-Baltic ministerial meetings of high sectoral relevance should be held on a regular basis. Such meetings should be prepared by the respective committees of senior officials in collaboration with Baltic colleagues.

At the level of senior officials, co-operation in the form of joint NB8 meetings should be further developed and strengthened as required.

Appropriate instruments for achieving the specific forms of co-operation are, among others:

- Exchange programmes are efficient with a view to building interpersonal relations. Such programmes would be relevant in a number of important areas.
- Joint initiatives that could form the basis of promoting projects of particular development value and thereby serve as “path-finders”.
- Exchange of experience and information could provide mutual benefit as part of a necessary benchmarking process.
- Co-operation within the framework of current Nordic institutions.

The Nordic region has a tradition for establishing *co-operation at grass-root level*, something that has also proven successful in the context of co-operation with Estonia, Latvia and Lithuania. This approach will be pur-

sued. This type of co-operation is moreover an example of how Nordic co-operation can complement EU co-operation.

5. Financial principles

The value of co-operation lies in its *quality*. Good co-operation presupposes that the parties shoulder a common responsibility - politically and administratively, as well as financially. The possibility of applying for project funds from a specific Nordic Adjacent Area Programme will be discontinued. This will be replaced by regular, reciprocal co-operation where each of the parties finances its own expenses or where, in special circumstances, the parties jointly agree on a distribution of costs. This type of arrangement will secure that co-operation is of *mutual Nordic-Baltic benefit*. Purely development aid projects will be terminated.

During a three-year transition period, consideration should be given to the capacity of the Baltic authorities/joint venture partners to provide co-financing in their respective ministerial councils. Valuable and already initiated projects will be completed. One such example is the ongoing work to combat contagious diseases.

6. Nordic Council of Ministers' offices in Estonia, Latvia and Lithuania

The information offices in Estonia, Latvia and Lithuania have played a *pivotal role* in the development of joint Nordic-Baltic co-operation. The Nordic Council of Ministers is the only regional organisation with a physical presence in the Baltic countries. Through their longstanding presence, these offices have established valuable networks on behalf of Nordic players.

The functions of the offices will be specified *more clearly* and their size adapted to the new priorities of co-operation. The offices' mandate and profile are to be homogeneous, albeit taking due account of country-specific criteria and differences. The offices serve as catalysts for joint Nordic-Baltic co-operation as they:

- constitute the local *contact point* for Nordic sectoral ministerial councils, their committees and working groups, e.g. by identifying the relevant Baltic partners and thereby facilitating co-operation;
- develop *networks* with national authorities, NGOs and other national and international players in their respective countries;
- serve as the Council of Ministers' local *observers*, identifying trends and opportunities for joint Nordic-Baltic co-operation. This is a task that cannot exclusively be carried out at a distance;
- serve as exponents for all that is "*Nordic*" and work to increase attention to co-operation, especially in the field of culture;
- possess considerable *competence* that could also be useful for the offices in Northwest Russia and for the further development of co-operation with the Russian regions, thereby constituting a *network between the Nordic Council of Ministers' offices*;
- carry out the *practical case handling, quality assurance*, etc. of exchange programmes and other schemes in a more efficient manner than would otherwise have been possible.

These tasks will gradually be adapted to whatever needs may be appropriate in view of the future development of joint Nordic-Baltic co-operation.

As at present, the offices will continue to have a *budget* at their disposal for locally initiated co-operation in compliance with the Nordic Council of Ministers' guidelines.

These offices make up part of the Nordic Council of Ministers' secretariat and their executives *report* directly to the Secretary General. Contacts between the offices and the secretariat in Copenhagen will be expanded. Their names will be shortened to the "Nordic Council of Ministers' Office in Estonia, Latvia and Lithuania" respectively.

7. Institutional co-operation

Several of the Nordic Council of Ministers' sectoral institutions are involved in cooperative activities in Estonia, Latvia and Lithuania. The other activities of these institutions and of the Council of Ministers will be coordinated by means of *consultations and annual reporting*.

Estonia, Latvia and Lithuania will be offered closer co-operation with Nordic institutions on terms that are of mutual interest. Resources will be allocated to the co-operation ministers to enable this type of institutional co-operation.

Co-operation between institutions will be governed by needs and characterized by a high degree of flexibility. The possibility for full ownership (such as in the NIB) or more comprehensive partnerships will be kept open.

8. EU, CBSS and other players

In the future joint Nordic co-operation with the Baltic countries will be pursued taking due account of the co-operation in which these countries are engaged within the *EU framework*. The Northern Dimension and trans-boundary activities are two such examples.

Co-operation with the three Baltic countries should, to a certain extent, *also include Russia*. Stronger Nordic-Baltic-Russian co-operation, especially in border regions, should be pursued. Such co-operation should be founded on experiences gained from internal Nordic co-operation in border regions in the eight regional cross-border committees, but also on Baltic knowledge and experience with Russia. Within the context of this co-operation, the EU's financing instrument Interreg and the forthcoming "Neighbourhood Instrument" will have a crucial role to play.

Expanding coordination and specific co-operation between the *Nordic Council of Ministers and the CBSS* would be welcomed, not only to avoid an unnecessary duplication of activities, but also to reduce the resources that countries expend on participating in the work of several, often overlapping organisations. The Nordic region and Nordic priorities often play a crucial and decisive role, since Nordic countries participate in many different forums.

The Nordic Council of Ministers' participation in the context of regional co-operation is founded on separate, overriding guidelines for such activities, as adopted by the co-operation ministers on the co-financing of activities. Consultation between the organisations involved takes place on a regular basis.

Enclosure IV: Guidelines for the Nordic Council of Minister's co-operation with Northwest Russia

10.12.04

Guidelines for the Nordic Council of Minister's co-operation with Northwest Russia 2006-2008

Since the mid 1990s the Nordic Council of Ministers and Russia have developed their co-operation in Northwest Russia. The current Framework Programme expires at the turn of the year 2005/2006.

The present guidelines should be seen as the Nordic Council of Ministers' contribution to move co-operation forward and they will partially take effect already as of 2005.

1 Why cooperate?

Throughout the times, the Nordic countries have throughout the times entertained relations with Russia. The motives for such cooperative relations have evolved over the years. Today, there is a wish for wider-ranging co-operation focusing on *democratic societal development*, *open pluralistic relations* across borders and a *regulated market economy*. The Nordic Council of Ministers attaches vital importance to such aspects as:

- *A democratic development of society* presupposes that constant attention is given to fundamental human rights and principles of the

rule of law, as a precondition for citizens' dialogue and necessary participation in socio-political life. Well-functioning, independent societal structures are crucial for free opinion-shaping and empowerment by citizens of society;

- Experience has shown that *extensive and diverse cross-border contacts* at all levels are crucial to ensuring mutual understanding between neighbouring nations which, in turn, forms the basis for stability and secure conditions for development, both regionally and in a broader international perspective;
- *A regulated development of the market economy* can counterbalance the benefits of free entrepreneurship for individuals and enterprises by providing common regard for the fundamental conditions of economic life. In this respect, judicial as well as physical infrastructures, principles for sustainable development, as well as considerations of welfare distribution are of vital importance.

Broader co-operation will be based on sustainable development. Sustainable development represents a strong common commitment and is a field where the Nordic countries occupy a leading position. The new Nordic cross-sectoral strategy for sustainable development reconciles environmental, economic and social issues that could prove particularly useful in this specific area.

Co-operation gains particular significance in view of the fact that Russia is the Nordic region's, but also the EU's largest neighbour. Hence, developments in Russia also impact the Nordic region and the EU, not least for *security reasons* in the broadest sense of the term.

The *Baltic Sea region* has the potential of becoming a leading growth region in Europe. In this region, Northwest Russia and St. Petersburg, in particular, are of utmost importance. Moreover, with its distinct geographical location, Kaliningrad holds special interest.

All countries around the Baltic sea have a responsibility for and an interest in *protecting these waters*, not only as an important economic traffic artery, but also as a cultural legacy, tourist area and marine environment.

In these areas of *common interests*, the Nordic region wishes to serve as a partner in a positive dialogue with Russia. *The aim of joint Nordic co-operation is to foster developments in Russia capable of laying the*

foundations for stronger neighbourly relations resulting in security and development for all of Northern Europe.

Today, the Nordic Council of Ministers and Russian regions in the Northwest engage in extensive cooperative activities aimed at achieving this objective. The Nordic Council of Ministers will continue to further this co-operation.

2 How to cooperate?

As far as the Nordic countries are concerned, the co-operation described here is the *multilateral co-operation engaged in between national states*, where the Nordic countries jointly cooperate within the framework of the Nordic Council of Ministers with *certain parts of Northwest Russia*. The activities of the Nordic Council of Ministers should be regarded as a complement to the Nordic countries' bilateral co-operation with Northwest Russia and in compliance with the principles jointly laid down by the countries involved.

Experiences gained so far demonstrate that there is a need for a *clearer structuralisation* of joint Nordic co-operation with Russia.

2005 is a transition year, which means that the special *Adjacent Area Programme*, based on the *2003-2005 Framework Programme*, will be brought to an end and replaced by new co-operation starting up in 2006. The aim is that the financial means available for such co-operation will be somewhat increased in the coming years.

Nordic co-operation ministers, including the Nordic Committee for Co-operation, will draw up the Nordic Council of Ministers' guidelines for co-operation, and hence they have *overriding* responsibility for coordinating the specific content of such co-operation. In future, co-operation will be carried out within the framework of the *Russia Programme*, which includes the activities of the various sectoral ministerial councils. The Programme will have a special budget at its disposal to reinforce the activities of sectoral ministers.

Future co-operation with Northwest Russia will be *evaluated* on a continuous basis – *by co-operation ministers, as well as by the secretariat to the Nordic Council of Ministers*. To this end, the individual sectoral council will prepare an *annual status report* on co-operation. The reports

will describe the specific cooperative projects that have been carried out, provide an evaluation of the extent to which the guidelines of the co-operation ministers have been followed and whether the political priorities in force at any given time have been fulfilled. They will also contain a description and evaluation of cooperative activities planned for the coming years. The reports will form the basis of a more general annual discussion of principle among Nordic co-operation ministers of such co-operation and its development in the future. In addition to the political evaluation, co-operation will be assessed by external professional evaluators.

The aim is to reach, together with Russia, a *model for future co-operation* where each of the parties finances their share of co-operation. Hence, future project co-operation will be based on *equal partnerships* where proposals for activities are to be presented by both sides, planning is to be conducted jointly and where there is mutual agreement about financing solutions. Activities will be politically anchored with all parties involved in order to ensure ownership and follow-up. Nordic initiatives for cooperative activities will be presented via the Nordic sectoral ministerial councils/committees of senior officials.

In addition to initiatives launched by the Nordic ministerial councils, efforts will be made to accommodate cooperative projects proposed by NGOs, local authorities and other players. The Nordic Council of Ministers' Office in St. Petersburg and the future office in Kaliningrad will serve as consultative bodies for these types of inquiry.

Nordic co-operation ministers have at their disposal a *reserve for political initiatives* under the annual budget for co-operation with relevant neighbouring countries. These funds will be used for special measures of current political interest.

The Nordic Council of Ministers activity should be *rendered more visible*, so as to arouse greater interest with Russian authorities aimed at further developing co-operation. This is a task to be shared with the Nordic Information Office in Northwest Russia, as well as by its secretariat.

3 Areas of co-operation

Common objectives should form the basis for joint Nordic-Russian co-operation within the individual sectoral ministerial council, and such objectives should be updated annually.

The Nordic Council of Ministers' co-operation with Northwest Russia operates in relation to the *EU framework* for co-operation with Russia, including the development of EU's Neighbourhood Programme, the Northern Dimension, the "Four Common Spaces", as well as the bilateral co-operation agreement between the EU and the Russian Federation.

In their co-operation with Northwest Russia, the Nordic countries will, as far as possible, strive to achieve the appropriate coordination with the *2nd Action Plan of the Northern Dimension (NDAP II)*.

Joint Nordic-Russian co-operation must *represent added value*, by comparison with bilateral co-operation and EU co-operation. The common denominators of Russian and Nordic needs and interests must be identified. It is important to ensure that co-operation does not deal with tasks that should logically be covered under the Russian Federation's national budget.

It would be natural to *build on* already established co-operation that has proven successful and where there is a mutual interest in its further development. The principles of gender equality will occupy a central position and will be integrated into further co-operation.

Efforts *promoting Nordic interests* are a benefit for all Nordic countries. Particularly valuable in this context is well-developed co-operation in the field of culture, as culture may serve as a lever for other forms of co-operation. Activities promoting the Nordic region also include incentives for Nordic business start-ups in Northwest Russia.

The Nordic Council of Ministers has a particular interest in developing co-operation in certain *key areas*, including:

- Democracy development and strengthening of the constitutional state;
- IT co-operation could be developed in terms of content and technology. The areas of application of – and the need for – broad IT solutions in the Baltic Sea region are vast.

- Regional cross-border co-operation, both bilaterally between the Nordic countries and Northwest Russia, as well as tripartite co-operation between the Baltic states, Nordic countries and Russia will have an important role to play. By building on past experiences, co-operation may be further developed, e.g. with Belarus;
- Research and innovation work, as well as co-operation in the field of education would provide natural continuity in the context of co-operation that has already been initiated and that is vital to the attractive force of the entire region.
- Social and health issues, including the fight against drugs and safeguarding the interests and needs of children and young people, particularly within the “Northern Dimension Partnership in Public Health and Social Well-Being”.
- Environment and sustainable development.

In this connection, it is worth mentioning that regional cross-border co-operation may also be used as an instrument in the context of co-operation on social and health issues and on environment and sustainable development.

4 Which geographical area does co-operation cover?

As from 2006, co-operation will primarily cover those parts of Northwest Russia with a natural border – either on land or at sea – with either a Nordic or Baltic country: *Murmansk oblast*, Republic of *Karelia*, *Leningrad oblast*, *Pskov oblast*, *St. Petersburg* and *Kaliningrad*.

St. Petersburg is of obvious interest to the Nordic countries as the centre of Northwest Russia and the *key* to the future of the entire Baltic Sea region. Kaliningrad occupies a special position as the enclave gradually becomes a more integrated part of the Baltic Sea region. The needs for co-operation are considerable, at the same time as Kaliningrad’s development is of great significance, both for Kaliningrad itself and its neighbours Lithuania and Poland. These factors speak in favour of more active involvement on the part of ministerial councils in this part of Northwest Russia, especially following the opening of an office in Kaliningrad.

This geographical definition of geographical areas of co-operation may be revised on an ongoing basis by the co-operation ministers.

The Nordic Council of Ministers' efforts must be coordinated more clearly than in the past with *other regional organisations*, such as the Baltic Sea Council, Barents Council, Barents Regional Council and Arctic Council. In Arctic regions, co-operation has for many years been practised in such a way that the Nordic Council of Ministers, in collaboration with the Arctic Council, finances activities focussing on the environment and/or indigenous peoples.

In the coming years the Nordic Council of Ministers will give priority to projects in the Arctic and Barents regions that are being carried out in co-operation with the above-stated regional bodies. In collaboration with the various organisations, consensus in the strategies of these organisations will be aimed for, and the distinctive strong points of the respective organisations will be safeguarded. This provides an opportunity for implementing particularly valuable cooperative activities in Arkhangelsk oblast.

The Nordic Council of Ministers' participation in co-operation with other regional organisations is based on separate, overriding guidelines for such activities, adopted by co-operation ministers on the co-financing of activities. *Consultations* between the organisations involved will take place on a regular basis.

Current cooperative relations with Russia are *well-established at regional level*. Each regional administration (oblast/republic/St. Petersburg city) has committees for their respective sectors, health, environment, etc. However, the committee for international affairs (in the respective republics, oblasts and St. Petersburg) should primarily serve as the Nordic Council of Ministers' contact point when relations are to be established and/or extended, as these committees possess the general overview of the region's international and bilateral co-operation with the Nordic region. However, this will not be sufficient, and it is expected that Nordic committees of senior officials, working groups and similar bodies establish contacts with the relevant sectoral committees in the individual areas, with the assistance of the Nordic Council of Ministers' offices in North-west Russia.

In addition to co-operation with regional authorities, there is also a need for better-defined relations with *federal Russian authorities*. As an

initial measure, it has been agreed that the secretariat to the Nordic Council of Ministers' will keep the Embassy of the Russian Federation in Copenhagen posted on activities at a general level, with a particular focus on future meetings of ministers and senior officials involving Russian participants. As for sector-specific reporting to the competent ministries in Moscow, this is a responsibility to be assumed by the Russian partners. The Committee of Experts will be replaced by regular consultations.

5 Forms of co-operation

The different forms of joint Nordic-Russian co-operation may vary, but will at all times be based on the co-operation ministers' political priorities. Co-operation will be based on specific activities of common interest within priority areas, and the programme will not involve investment projects or general operating funds for public or private institutions, organisations or enterprises.

A *long-term perspective* is crucial to achieving sustainable results. This long-term approach will be primarily based on the involvement of Russian partners, as the level of Nordic financing will be decided on a year-by-year basis.

Appropriate instruments for achieving the specific forms of co-operation are, among others:

- Exchange programmes are efficient with a view to building interpersonal relations. Such programmes would be relevant in a number of important areas.
- Joint initiatives that may form the basis for promoting projects of particular developmental value and thereby serve as "path-finders".
- Exchange of experience and information could provide mutual benefit as part of a necessary benchmarking process.
- Use of so-called "seed money" for the start-up of activities that are expected to be of particular spread value.

6 Nordic Council of Ministers' offices in Northwest Russia

The *Nordic Information Office in St. Petersburg* has played a *pivotal role* in the development of the many technical networks that have been built up over the years between Nordic and Russian partners. The Nordic Information Office in St. Petersburg and information points in the regions occupy a key position in identifying the relevant Russian players for the various activities. A new office in Kaliningrad will be attributed the same functions.

Today, the office is often the implementing party of Nordic involvement in various cooperative activities, as the office:

- constitutes the local *contact point* for Nordic sectoral ministerial councils, their committees and working groups, e.g. by identifying the relevant Russian partners and thereby facilitating co-operation;
- develops *networks* with national authorities, NGOs and other national and international players in the Russian regions;
- serves as the Council of Ministers' local *observer*, identifying trends and opportunities for joint Nordic-Russian co-operation. This is a task that cannot exclusively be carried out at a distance;
- serves as an exponent for all that is "*Nordic*" and work to increase attention to co-operation, especially in the field of culture;
- possesses considerable *competence* that could also be useful for the sectoral ministers' further development of co-operation with the Russian regions;
- carries out the *practical case handling, quality assurance*, etc. of exchange programmes and other schemes in a more efficient manner than would otherwise have been possible.

These tasks will be continued in the future.

As in the past, the office will continue to have a *small budget* at its disposal for locally initiated co-operation in compliance with the Nordic Council of Ministers' guidelines.

Networking will gain increased importance, also between the *offices of the Nordic Council of Ministers*. The offices in the Baltic states possess considerable competence that would be of great use to the offices in

Northwest Russia for the further development of co-operation with the Russian regions.

The office makes up part of the Nordic Council of Ministers' secretariat and its executive *reports* directly to the Secretary General. Contacts between the office and the secretariat in Copenhagen will be expanded. Its name will be shortened to the "Nordic Council of Ministers' office in St. Petersburg".

A *new office* will be opened in Kaliningrad. The overall office capacity in Northwest Russian will be reinforced in order to manage the new tasks ahead. The different offices may be attributed different tasks, depending on local needs.

7 Institutional co-operation

Several of the Nordic Council of Ministers' sectoral institutions are active in Northwest Russia. The remaining activities of these institutions and of the Council of Ministers will be coordinated by means of *consultations and annual reporting*.