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**"The Swedish Presidency of the Nordic Council of Ministers - efforts to strengthen the
impact of the Nordic countries in a globalised world"**

Ladies and Gentlemen,

First of all I want to thank you for inviting me to come and talk about Nordic cooperation.

It's a great pleasure to be here.

Indeed, being here is a particular pleasure for me since I have visited the United States so many
times and have so many positive experiences of this country.

The Minister in the Swedish Government who is in charge of formal Nordic cooperation is
Cristina Husmark Pehrsson. Her ministerial responsibility is twofold: she is both Minister for
Social Security and Minister for Nordic Cooperation. My name is Johan Tiedemann and I am the
State Secretary in the Swedish Government with responsibility for matters concerning Nordic
cooperation. A Swedish state secretary is the equivalent of a deputy secretary in the American
administration.

My speech is going to revolve around the following points:

1. The background to Nordic cooperation.
2. What challenges we see ahead of us.
3. What we are going to do.

It might seem more appropriate for the Foreign Ministry to also be in charge of relations with our
neighboring countries. The fact is that none of the Nordic countries has their Foreign Minister in
charge of Nordic questions. This is partly because the Nordic agenda is extensive and the Foreign
Ministers already have quite large responsibilities and is partly intended to indicate that the
foremost purpose of the Nordic Council of Ministers is to deal with regional and domestic issues.

You are probably quite familiar with the EU – the institutions and legal framework and the
history of its integration. Hopefully after this hour, you will know a little bit more about a region
that is not always at centre of attention when you study the EU.

First, I probably should point out the difference between Scandinavia and the Nordic countries.
Scandinavia is the name for Denmark, Norway and Sweden. The Nordic countries also include
Finland and Iceland.

The five Nordic countries and the three autonomous areas (the Faroe Islands, Greenland and the
Åland Islands) cooperate formally at government level in the Nordic Council of Ministers. We
have a rotating Presidency, and this year it is Sweden's turn to hold that position.

I'm going to begin by giving some historical background to why the Nordic countries cooperate as closely as they do.

From an American perspective, Europe may appear like a patchwork of countries, regions, languages and cultures. In recent decades the European Union (EU) has also emerged as an additional political component.

In brief, the Nordic countries can be described as follows:

Together the Nordic countries have large land areas but small populations. The Nordic region covers five time zones. Including Greenland, the Nordic region corresponds to about 38 per cent of the area of the United States. Together we have a population of about 25 million, which corresponds to around 8 per cent of the US population.

Apart from Finnish, our languages belong to the Germanic family of languages, like English and German. Within this language family they are also particularly close to one another, which means that we can communicate with one another in our own languages, albeit with complications.

All the Nordic countries were reformed in the 16th century and became Protestant.

Our democratic institutions arose gradually in the 19th century.

Today three countries – Denmark, Sweden and Norway – are monarchies and Iceland and Finland are republics.

In many respects we share a common historical and cultural heritage.

In the present, we share common political experience. You might have heard of the Nordic welfare model, for example. Our business sectors are also highly integrated with one another.

In other words, there are very strong ties that make us embrace one another and cooperate. Often we also cooperate with and help one another in other political forums. For example, we are helping Iceland to stand for the UN Security Council, as it is a Nordic candidacy.

I usually compare Nordic cooperation to a family. In the EU and elsewhere all of us work hard on our own, each focusing on our specific areas and questions. But we are secure in the knowledge that whatever happens we have our Nordic neighbours to support us.

Add to that a fundamentally very deep popular sense of Nordic affinity. In international sports we support one another's teams when we ourselves have been eliminated.

We often get invitations from all around the world to explain how countries can cooperate so closely and warmly. We have been as far away as China and Japan, but we have also been in countries in Europe that are trying to establish regional cooperation.

As you may be beginning to understand, exciting is not the word you associate most with Nordic foreign policy. Or to borrow the words of the former Estonian foreign minister (now the

country's president, Toomas Hendrik Ilves, who is well-known to you in the US) when he set out the future of Estland: "We want to be just another boring Nordic country!"

Are there any historical reasons why the Nordic countries tend to cooperate more than other countries?

On the contrary. The Nordic countries have a past full of conflicts, like most other parts of Europe. In the period 1521–1814 Sweden fought 31 wars, usually with neighbouring states.

And, by the way, in 1655 Sweden fought a war with the Netherlands about Sweden's colony on the Delaware River called New Sweden.

One result of the Napoleonic Wars was that the Nordic countries became small states in political and military terms, without any crucial strategic influence on great power politics in Europe. This meant that they could concentrate on economic and political development.

In the 19th century a civil and political current with the theme of fraternity and cross-border integration evolved. One political consequence that can still be seen today is that a Nordic currency union was set up, with the result that four of the five Nordic countries have kronor (or crowns) as their currency today. The Nordic countries also cooperated on drafting contract law and law on the sale of goods in order to assist business.

I should also point out that in the 19th and 20th centuries the Nordic region had its fair share of the creation of new states. During the Napoleonic wars Russia won Finland from Sweden after 600 years of unity. Sweden in turn received Norway as compensation from Denmark; then Norway had been united with Denmark and Iceland for several hundred years.

One very concrete result of the emerging sense of affinity was that in 1905 Sweden and Norway were able to separate without a war or any blood being spilled. Quite simply, there was no political support among the people and among the politicians holding power for solving the conflict by using violence. In 2005 we celebrated 100 years of affinity with Norway as different countries enjoying very close cooperation. Since then the close cooperation between Sweden and Norway has developed further.

In 2009 we will remember the Landmark Year of 1809; it will then be 200 years since Sweden and Finland went separate ways. By starting from our long common history, we focus on the opportunities for developing our very close cooperation with Finland, bilaterally, regionally and as part of EU cooperation.

Sweden and Finland were also able, through mediation by the League of Nations, the predecessor of the UN, to solve their border disputes peacefully in the aftermath of the First World War and Finland's liberation from Russia. This is usually held to be the only success recorded by the League of Nations.

The resolution of territorial separations and border disputes without violence laid the foundation of the reputation of the Nordic region as a group of peaceful countries.

After two world wars, there was a strong will to build up a new kind of Europe, where you could focus on economic growth and feel safe in your relations with your neighbours. Formalised Nordic cooperation is about as old as the first formal institution that was to become the European Union. The signing of the Coal and Steel Treaty, where six countries decided to run their heavy industries under common management, took place in 1951. The following year, in 1952, the Nordic Council was established as a body for cooperation between the Nordic parliaments. Both of these events were expressions of the same war and arms race fatigue.

The Nordic Council of Ministers is a body that was established in the 1970s to serve as a platform for cooperation between the Nordic *governments*, as opposed to the *parliamentary* cooperation in the Nordic Council.

The basic premise of the Nordic Council of Ministers is to work for Nordic benefit. This means that, starting from a common foundation, the Council focuses on matters that are not best solved separately in each individual country.

These two vehicles for cooperation have celebrated many triumphs in the post-war period. We dropped passport requirements and introduced a common labour market to mention a couple for examples.

Later on, first Denmark and then Sweden and Finland joined the EU. Many people thought that Nordic cooperation would decrease as the three countries focused on the EU.

That didn't happen. Instead, we have seen more of an upturn in cooperation between the Nordic countries: in terms of defence and security policy, as regards the energy field and concerning the integration of the Nordic countries. We have also seen a clearer orientation in the EU, where the Nordic countries move towards one another. The Nordic countries share very much of a common perspective within the EU and also work with the Baltic countries in matters of common, and especially regional, interest.

The fact is that sometimes questions of a regional nature may often be solved more easily in cooperation between a few countries or areas. Especially when there are common historical ties or people are able to talk to one another easily.

There are several examples of such cooperation in Europe. Benelux cooperation acted as an inspiration for the formation of the EEC after the war and still plays an important role. Several central European countries cooperate in what is called the Visegrad Group, consisting of the Czech Republic, Hungary, Poland and Slovakia. The Nordic Council of Ministers is talking to them about opportunities for further cooperation. I was in Warsaw recently myself. The Baltic states cooperate both with one another and with the Nordic countries. Add to that innumerable networks of local authorities, regions and associations that have been formed to find solutions to common problems.

To answer the big question posted on the Web site for European Studies Center: Quo vadis Europa? I think that aside from big politics and the big powers, you have to notice the emergence of regional cooperation within the EU.

Besides the big issues and the big visions, politicians have to find allies to make an impact and also to address everyday problems for citizens. A very down-to-earth reason for an increased interest in regional cooperation is the need for mutual consideration when it comes to implementing common laws.

To put it bluntly, grand visions are perhaps more interesting and attract a lot of interest from the media, but when it comes to everyday political workmanship in making and implementing laws, regional cooperation is a necessity.

As a result, Nordic cooperation has gradually developed into an important component of European cooperation. The explanation is fairly simple. The issues may vary over time, but there is a lasting need for the Nordic countries to cooperate and coordinate their actions.

Today the Nordic countries are facing new challenges that we are not capable of solving on our own. The enormous expansion and rapid development of new technology in recent decades has created opportunities, but has also put new pressure on our societies. Globalisation in the 21st century raises new questions:

1. How do we make sure that we are strong enough to face the competition?
2. How do we handle the threat to the climate?

Our well-developed institutions for cooperation and the fact that our prime ministers get on well with one another have resulted in a broad political will to work together to address these challenges.

Therefore, in 2007 the five Nordic Prime Ministers adopted a declaration on a long-term joint Nordic approach to globalisation. It includes specific measures in research and innovation, promotion of the Nordic region, enhanced energy and climate cooperation and stronger action to dismantle border obstacles. As a result of this initiative, globalisation has become a top political priority among the Nordic countries, especially in the Nordic Council of Ministers.

Starting with the issue of global competition, growth in the Nordic region is higher than in many comparable regions around the world, unemployment is at a low level compared with the rest of Europe and public finances are strong. The Nordic countries are at the top of many international measurements of success in several important areas of society – the investment climate, IT, research and education as well as many others.

I think you can say that the Nordic countries start from a shared experience concerning globalisation. It is trade and openness to thoughts and ideas that form the basis for the prosperity that we have created in the Nordic countries.

As small, open economies, all the Nordic countries have had to turn to trading partners in exchanges of goods and services throughout history. And we continue to do so.

The value of the exports of all the Nordic countries is just under half the value of US exports (47 per cent). Taken together the Nordic countries export more in dollar terms than the UK and Italy do. We would be the world's seventh largest export economy if we were one country.

Our orientation towards exports means, in other words, that we are very dependent on the rest of the world.

Economic development in the tiger economies of Asia and other countries has not left us worse off. On the contrary, it has led to new markets and more opportunities for the Nordic countries. When we talk about responding to the challenges of globalisation in the Nordic region, we do not want to choose a protectionist path. We want to increase free trade and increase the exchange between countries. In a nutshell, our prosperity has been created as a result of globalisation, and not despite this process. This is our starting point when responding to the challenges of globalisation.

We think that the Nordic countries are in a good position to succeed in a world of greater competition, because we can continue to benefit from the areas in which we are strong. We see a development in which jobs will be created in knowledge-intensive areas such as design, production expertise, marketing, sales and logistics.

The duel between Nokia and Ericsson in mobile telephony is perhaps the best known example. Even if the phones are manufactured where it is cheapest at the moment, research and development around these products creates an extremely large number of jobs in the Nordic region.

Another very well-known example is IKEA. As well as selling furniture, IKEA has probably become Sweden's single largest food exporter, and its restaurants belong to one of the ten largest chains in the world.

But there is much to be done, and let me give you some examples of what's on the agenda.

We already have a well-functioning internal market, which is one of our biggest comparative advantages. However, there are still barriers that need to be lifted if we are to have a fully accessible market. A lot of Nordic citizens live in one country and work in another. While efforts are being made to remove legal and administrative obstacles to free movement across our borders, the Nordic Council of Ministers is continuously providing private citizens, companies and authorities with information about what rules are currently in force by arranging seminars and running web portals. Online you can easily get information through the tax and social insurance portals about the applicable regulations.

We are also about to launch a major effort to bolster research and innovation. The aim is to attract investment by securing the supply of a well-educated labour force. We also believe that by investing in research we will create fertile soil for new entrepreneurs and companies. This focus on research and innovation will probably be one of the main priorities for Nordic cooperation the next coming years. We will also try to allocate national funding for this project. In the first period we will focus on the areas of climate, energy and environment.

We are also working to present Nordic experience, expertise and solutions at the World Expo in Shanghai in 2010. The Nordic countries are small actors in a global perspective, and the difficulty of acting on your own rises with geographical distance. For India and China, the populations of our countries lie within the margin of error in population statistics. This observation illustrates why it is quite natural for us to cooperate in order to establish a profile for our region in North America and Asia, for instance.

The other major contemporary challenge is the threat to our environment.

An area in which the Nordic countries in general and Sweden in particular are performing well is the environment. In our region we have managed to combine economic growth with sustainable development. However, much more can be done. Here the EU's coming Baltic Sea Strategy will play a key role.

There were differing opinions about what we have to do to protect the environment and strengthen our countries' competitiveness. But there is also widespread consensus that we, the Nordic countries together, can do more than each of our countries acting on its own.

During the Swedish Presidency my Government wants to create a platform for new and innovative ideas and intensify cooperation in the Nordic business community in the area of climate and environmental protection. We want to intensify the dialogue between public and private actors.

One important part of environmental work is encouraging entrepreneurship, technological development and enterprise, which can lay the foundation for economic development and promote job growth.

In the field of the environment, in particular, we believe there is a window of opportunity for closer cooperation between the Nordic countries and the US. The Nordic region has high levels of expertise in renewable energy production, climate-friendly technologies and energy efficiency. This is something that might also be of interest to develop further in cooperation with the US.

During our Presidency of the Nordic Council of Ministers, Sweden has worked for joint Nordic preparations and initiatives to achieve an international climate agreement in Copenhagen in 2009. The next climate change conference within the UN framework is to be held in Copenhagen in December 2009. The Nordic region is in a good position to play an active role in preparing for further international climate commitments after 2012, when the Kyoto Protocol expires.

In the environmental field, the US and the Nordic countries have a direct link regarding the protection of the Arctic areas. Lately alarming scientific reports have shed new light on what harm climate change is doing to the Arctic region. The rising temperature makes the ices melt and changes the conditions for humans, animals and plants. There are also the possibilities of exploiting gas and oil resources that might alter the geopolitical situation.

The Swedish Presidency of the Nordic Council of Ministers held a conference on Greenland in September that I attended.

Our aim was to provide input to the ongoing discussions on different approaches to the environmental problems in the arctic region, and not least to make the EU more aware of the situation in the Arctic. The EU has an important role to play in the development of the Arctic. We want to see results and conclusions from the conference guiding work in the EU in the coming years.

The coastal states of the Baltic Sea are very much in focus for the Swedish Government.

We have decided to set up new guidelines for the Nordic Council of Ministers' cooperation with the three Baltic states and the north-western part of Russia. Our main objective is to promote economic growth and employment compatible with sustainable development in the Baltic Sea region. Of the nine coastal states around the Baltic Sea, eight are EU Member States. So the business of this region is very much a European concern. On a Swedish initiative, the European Council has decided to draw up a common EU Baltic Sea Strategy. If everything goes according to plan, we will be able to adopt it during the Swedish EU Presidency in fall 2009.

The Baltic Sea Strategy is a very good example of a group of Member States trying as a region to swing the weight of the EU to address regional issues.

I should point out that a great deal of the approach in this year's Nordic Council of Ministers Presidency will be embedded in the Swedish Presidency of the EU in the latter part of next year. This year's efforts in the Nordic arena are a good exercise for next year.

Alongside the regular work on globalisation there are also more idealistic projects to promote freedom and democracy in our neighbourhood. One of the few remaining dictatorships in Europe, Belarus, is in the immediate vicinity of the Nordic countries. Since there is no free and independent education in Belarus, the Nordic countries together with the EU, and with support from US financiers and others, have set up a trust fund for an exile Belarus university in Vilnius in Lithuania. The motive is to promote the democratic development of Belarus and to ensure that the country has access to educated people the day it is democratised.

Let me make some final remarks about the Nordic countries as an example of successful regional cooperation making an impact in a globalised world.

First, a region is a practical scale for forming a foundation of common interests when it comes to cooperation in an international context. In the Nordic case, this is, of course, relatively easy because we share a common past and we have a deep common cultural understanding.

Secondly, regional cooperation works well within the EU because it acts like a bridge between the supranational level and the individual Member States. Both in forming alliances in policy-making and in implementing legislation. In a forum like this, that is focused on European politics, I can't stress enough the need to incorporate the regional element with regard to both institutions and culture in your studies of Europe.

Thirdly, outside Europe, frankly, the Nordic countries, as well as their trade and industry, are better off working together because we are small countries.

So, to sum up, the Nordic countries will have their impact on a globalised world in the areas where our cooperation works well: continued growth through competitive business and building on our lead in the environmental field.

To achieve this, the Nordic cooperation is an invaluable tool.

Thank you for listening.