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Mr. Simon Kollerup
Minister for Industry, Business and Financial Affairs, Denmark

Mrs. Paula Lehtomäki
Secretary General
Nordic Council of Ministers

Subject: 10 steps leading out of the crisis: the Nordic recovery strategy post-Covid-19.

Copenhagen, May 5, 2020

Dear Nordic Ministers in charge of Industry!
Dear Secretary General!

We strongly welcome your idea to develop the Nordic strategy for the economic recovery after Covid-19. We believe that the cooperation and acting together is the only way out of this crisis. This is also our chance to show to the rest of the world that the Nordic cooperation stands strong in time of crises!

Our organization, the Association of Nordic Engineers, ANE, represents more than 500.000 engineers in the region – a strong voice that can be relied on during the transition times. The success of our Nordic Model is due to the governance structures of the Nordic countries, not least role of strong social partners. We are, therefore, ready to contribute with our expertise to the recovery roadmap and can help your working group finding the right solutions.

In our view, the focus of this Nordic cooperation should be making the Region a true frontrunner in the **green transition and investing in the innovative solutions leading out of the crisis and towards sustainable societies**. Free trade, open competition and a market-based economy combined with high social and environmental standards is what has defined our Region as the success story of the twentieth century. Today, the opportunities are plentiful in areas like energy, transport, circular economy, research and innovation programs, support to SME's, dissemination of new technologies, strengthening value and supply chains, investment programs of common Nordic interest, export programs etc.

The crisis caused by the pandemic has shown that value and supply chains are now to a very high degree international – especially within industries. Therefore, a primary goal for the open Nordic economies must be to ensure that these value and supply chains are kept intact. Based on the high degree of trade interlinkages between the Nordic industries and common Nordic values and similarities, there is now an opportunity and a momentum to take even further the advantages of these traits.

This is no time for “any country or region first”, we need to act together!

ANE 10 steps leading out of the crisis:

- 1) **Formulate a common vision for the green transition:** A marketing strategy is needed to showcase the Nordic societies and industries as frontrunners in the transition to climate neutrality. The strategy should focus on access to a well-qualified and flexible workforce, high standards of data security and ethics, testing of green products and services etc. The industries access to capital is low. Now is the time to invest in industries contributing to climate neutrality such as carbon capture and storage, sea wind and battery technology.
- 2) **Pursue a joint Nordic circular economy market:** Circular economy, especially material loop closing, would get huge benefits from larger markets than national scale. For example, the Nordic recovery strategy should include support to build joint Nordic collaboration platforms for sharing and managing circular economy relevant data to generate material markets, including designing products for reuse and recycling. Nordic region will be too small to design its own circular economy on an industrial scale. Therefore, the Nordics must also cooperate on influencing the European approach to circularity.
- 3) **Harmonise efforts for decarbonizing transport:** Together, the Nordic countries make for a reasonably sized market for decarbonized transport solutions. Heavy road transport, personal transport, maritime transport and aviation systems should all be planned in Nordic collaboration and find harmonized solutions. Pilots such as electrification of internal flights in Norway should be scaled up as a Nordic solution. Regarding digitalized solutions for advancing decarbonization of transport, solutions such as Nordics-wide platforms for electric vehicle charging services and public transportation services would also promote more sustainable local tourism within the Nordic region.
- 4) **Agree on coordinated approach for sector coupling with focus on electrification of everything:** Energy system optimization is easier and more efficient when done in a larger market and area. The Nordics need to be prepared for electrification of everything and the huge growth of electricity demand requiring strong transmission grids. A more coordinated approach and enhanced Nordic cooperation is needed for solutions for energy storage, Power-2X, CCS/U and other relevant sector coupling technologies.
- 5) **Ensure more coordination regarding cooperation on fossilfree industry:** All industry sectors are to prepare their climate neutrality roadmaps. The Swedish government has kicked off a collaboration project with different industrial sectors towards a “fossil free Sweden”. In Norway, the Government’s expert Committee on Green Competitiveness established work processes in close cooperation with the business community. Several industries (17) prepared roadmaps for green competitiveness that describe how greenhouse gas emissions can be cut to zero in 2050, while the industries at the same time can achieve increased value creation and new jobs. These examples should serve as inspiration to develop a collaborative exchange on a Nordic scale. This is also strongly linked to the step 4) - sector coupling and electrification.
- 6) **Invest in technical research:** The Nordic Governments must keep at least the same level of investments to R&D as before the Covid-19 crisis. Technical research should be also prioritised by the next NordForsk proposals to promote research and development at universities and companies, which in the past has demonstrated the ability to develop new technologies and solutions that are the foundation of the Nordic welfare model and the Nordic countries’ financial success.
- 7) **Secure excellence in AI research:** The Nordic cooperation should strive for hosting more excellence centres, for example the Nordic countries should prioritise the research in AI and establish the Nordic lighthouse centre of AI research, innovation and expertise. This would be a great way of seizing an open opportunity outlined in the EU white paper on AI. In addition to this, and learning

from the Finnish example, the Nordic ministers should support initiatives towards establishing regulatory sandbox environments to test the use of AI technology in a real-world environment. Our researchers have a lot of experience in developing approaches to design and verify AI systems, and in terms of securing the trustworthy AI, those efforts should be further endorsed.

- 8) **Invest in human capital throughout career:** The transition to a sustainable society will require new skills within a wide range of areas and at all professional levels. Everyone should have the right to lifelong learning opportunities in order to acquire skills to remain in the employment and manage the transitions in the labour market, including highly educated professionals. Nordic governments should establish the Nordic Lifelong Learning Fund administrated by the Nordic Adult Learning Network. Another important priority should be enhancement of the role the Higher Education institutions must play in securing the provision of the lifelong learning courses. Our cooperation partner, the network of technical universities in the Nordic and Baltic countries, NORDTEK would be the relevant partner to have onboard in this process.
- 9) **Solidify efforts around privacy:** The discussion on stronger rules and ownership of data is becoming urgent in times when biometric technology and location data for contact tracking has been introduced as a temporary measure to fight Covid-19. The Nordic Region can benefit from joint efforts in coordinating different national approaches while introducing new technological tools. Furthermore, there should be developed a Nordic appeal instance with governmental oversight – an advisory body enabling individuals and organisations to address the technological advances’ behaviour and decisions that they find potentially harmful.
- 10) **Secure digital autonomy:** Digitalisation of Nordic industries, preparedness for cybersecurity, fully exploiting AI technology¹, attracting more talents, establishing tech hubs are the areas for the Nordic region to take a common stance on to diminish its reliance on global actors and unlock a significant value potential. Supply chains in the digital domain are highly international and interdependent. In the new geopolitical context, it is time to position the Region as a digital frontrunner.

Today, when our world is disrupted by pandemic and new technologies, when Europe is threatened by disintegration and when our ties with other continents are becoming more and more fragmented, a reinforced cooperation is the only solution to deal with global challenges. Therefore, we ask ministers to **re-establish the Single Market**. Firstly, the borders between the Nordic countries should be reopened. The Oresund bridge has demonstrated how infrastructure can deepen Nordic ties. To continue with, the Nordic countries should support its EU partners and defend the four freedoms of the Single market. The well-functioning Single market is key to our growth and welfare as many jobs are directly linked to the internal market. The Nordic region might be a net contributor to the EU budget, but it is a net gainer from the economic integration². Therefore, it is an absolute priority to reestablish the Single Market and to secure that it functions even in times of crisis. The Nordics should push to deepen the internal market, promote trade agreements far and wide and support rules-based free trade and multilateral co-operation.

Moreover, **the Nordics should stand with the EU partners**. In the lack of global leadership, the Nordics can help the EU to take on this role. This requires that the level of fair play in the next budget is secured. The Nordics should wholeheartedly support the EU budget, and it should focus on areas vital for future across the EU. It is time to show our Nordic solidarity to the common EU project and getting out of the “Frugals” coalition! In addition, the Nordic countries must work on influencing the formulation and implementation

¹ Existing AI domains can unlock USD 80 billion of value for Nordic businesses, corresponding to a 2 to 3 percentage point uplift in profit margins, according to McKinsey report: How AI will transform Nordic Business

² To highlight Denmark as an example: In 2016 the net contribution of Denmark was 639 million euro but it is estimated that the internal market contributed to an increase of private consumption with 7,6 billion euro due to higher wages and an increase of GDP with more than 13 billion euro. Assessment made for The Danish Business Authority by Højbjerg Brauer Schultz.

of the extensive EU measures³ to revitalize the European economy. Keeping the European and global value and supply chains intact is a prerequisite for a revitalized Nordic industrial sector. Investing in the citizens and companies of other EU-countries not only contributes to stability but also gives economic returns in the long run as it contributes to stimulating growth and demand.

Additionally, the Nordic cooperation should strive for **promoting trade through diplomacy**. The Nordic countries are all together each other's biggest trading partners. These intense trading relations can be further strengthened through targeted measures by the Nordic embassies, focusing on counselling companies who want to export to or invest in other Nordic countries.

And lastly, we could all benefit from and contribute to **establishing a Nordic Green Transition Forum**. The Nordic Council of Ministers should play a role as a platform to gather industry leaders, thought leaders, academics and social partners to investigate opportunities for collaboration, share insights and turn best practices into joint Nordic efforts.

Together, we can succeed in engineering our way out of the crises!

Yours sincerely,

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³ Through funds and guaranties the EU has raised 2.770 mia. € in support to revitalize the European economies.