

Nordic Member State collaboration to Address Obstacles

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Introduction

The Nordic countries have a long history of promoting cross-border mobility and cooperation, as well as of trying to solve the obstacles standing in the way of that. For instance, already in the 1950s, more than three decades before the Schengen agreement, Nordic citizens received freedom of movement rights. The Nordic Passport Union of 1952, enabling the citizens of the Nordic countries to travel without passports or ID cards, simplified cross-border mobility, as did the other agreements on labour movement and freedom of residency two years later. Likewise, it was recognised early on that cross-border relations between sub-national units were an important part of that, and that it was something different from foreign policy, a prerogative of the state. Therefore, Article 25 of the Treaty of Cooperation between the Nordic countries of Denmark, Finland, Iceland, Norway and Sweden, signed on March 23, 1962, stated that when “the need and the necessary conditions exist for joint economic development of adjoining parts of the territories of two or more contracting parties, these parties shall jointly endeavor to promote such development” (cited in Anderson,

1967, p. 174). This means that Nordic countries were early and distinct adopters of cross-border cooperation practices. In a much-cited article from 2003, Markus Perkmann constructed a typology in which Scandinavian cross-border cooperation institutions constituted a separate type, all having high cooperation intensity and large geographical scope (Perkmann, 2003). They have been described as “older and, as a consequence, should have a higher degree of maturity and better outputs in generating positive and effective territorial impacts” (Medeiros, 2011, p. 142). On an aggregate level, within the framework of the Nordic Council of Ministers, a method was developed to systematically work to identify and solve obstacles that began in the early 2000s. In this paper, I analyze Nordic participation in the b-solutions initiative against this backdrop, comparing it with the pre-existing obstacle-focused method for solving obstacles standing in the way of cross-border regional integration and mobility.

Before proceeding, a note on the definition of what constitutes Nordic countries. It should be noted that in everyday speech, “Nordic countries” is sometimes used interchangeably with

“Scandinavia” and “Northern Europe”, but these terms can encompass other country constellations as well. For the purpose of this chapter, Nordic countries refer to those taking part in the Nordic cooperation that is institutionalised through the Nordic Council and the Nordic Council of Ministers, i.e. Denmark, Finland, Iceland, Norway, Sweden, the Faroe Islands, Greenland and Åland. That is also in line with an established policy-maker practice of using the shorthand N5 for Nordic countries and NB8 for Nordic and Baltic countries.

Nordic *b-solutions* Cases

Given the long history of cross-border cooperation in the Nordic countries, one might have expected bodies involved in cross-border integration issues to be keen uptakers of the support and advisory mechanisms of the *b-solutions*. However, that was not the case. In the first round of 2018 there was no project with partners from the Nordic countries. In the subsequent round of 2020-2021 there were 3 projects and in the 2023-2024 round 3 more, making it a total of 6 over the studied period:¹

Three of these concerned obstacles at the Norwegian-Swedish border:

Perceived border obstacles linked to wood construction: The cross-border

cooperation organisation Svinesund Committee, uniting municipalities at the southern part of the Norwegian-Swedish border and one of twelve cross-border cooperation committees in the Nordic Region, requested assistance from the *b-solutions* for this case which focused on the lack of harmonisation of Nordic building regulations and coordination between Norway and Sweden in the wood construction sector, stemming from differences in regulations and requirements for construction products across the two countries. This issue is exacerbated by three main barriers: the lack of access to essential information (informal barrier), confusing and differing administrative procedures (administrative barrier), and a tendency to work in silos with varying work cultures (mental barrier). These challenges hinder cross-border trade, business opportunities, and regional integration in the wood construction industry. The problem could be solved by introducing common building regulations across Nordic countries, particularly Norway and Sweden. Enhanced coordination among stakeholders is essential to harmonise technical requirements and streamline the wood construction sector across borders. The solution requires strong political support at minister level, and in the effort to secure this the *b-solutions* work has been an important part of the puzzle. It was accompanied by several

¹ In addition, there have been examples of other cooperation in Northern Europe, such as between a Nordic country (Denmark) with its southern neighbour Germany, or between Baltic countries. However, they are not considered in the analysis due to the political-geographical limitation explained in the introduction.

longer reports as well as a shorter film, and it has been utilised in targeted activities such as workshops, roundtable discussions and breakfast meetings with policy-makers and stakeholders.

Cross-border vocational quality education: The obstacle in focus was the lack of coordination and harmonisation between the high school and vocational education systems in Norway and Sweden. This discrepancy between the two countries' education structures, specifically in how they handle vocational training and internships, creates challenges in addressing the region's skilled labour shortage. Norway's system alternates between schooling and apprenticeships, while Sweden has a more cohesive system with incorporated internships. This difference makes it difficult to align the education and training programs across the border, which is essential for regional development and addressing the labour shortage in key sectors. The advised *b-solutions* entity was the County Administrative Board of Dalarna, which worked in close cooperation with Cross-border Committee Inlandet-Dalarna, a cross-border cooperation in the two border regions Inlandet (Norway) and Dalarna (Sweden). The *b-solutions* expert advice centred on (1) establishing task forces to develop a new snow technician education program, (2) retraining workers for northern Europe's largest ski resort, and (3) recruiting youth for healthcare education. Moreover, the expert's emphasis in his analysis on the

lack of formal legal obstacles, gave the advised entity confidence in pushing the issue further.

Cross-border riding and dog sled guided tours: The advised entity in this case was the Municipality of Trysil in the non-EU state Norway. The obstacle under scrutiny was the lack of harmonised rules and coordination between Norway and Sweden regarding the sanitary and customs requirements for transporting animals (dogs and horses) across the border for commercial and tourism purposes. This leads to administrative burdens, extra costs, and inefficiencies for tourism operators, particularly because the process is not digitalised and requires veterinary certificates within a tight 48-hour window. The differences in customs rules, such as how deposits for horses are calculated, further complicate cross-border tourism activities. Recommendations focused on digitalizing procedures to streamline border crossing, implementing a sustainable cross-border initiative with both short- and long-term measures, and learning from similar challenges in other regions. The expert also specifically pointed out how the adoption of the proposed European Cross-border Mechanism (ECBM), could be helpful in this case, since it could be applied to harmonise veterinary requirements, potentially waiving some certificate requirements for animals staying within the border region, and ensuring mutual recognition of veterinary regulations on both sides.

The remaining three concerned obstacles at the Danish-Swedish border.

Problem to work in both Sweden and Denmark at the same time: In the Øresund Region, many cross-border workers live in Sweden and work in Denmark, but differences in social security systems create obstacles for part-time and remote work. The advised entities, an information service for inhabitants in the region, (Øresunddirekt), and the county administrative board on the Swedish side (Scania), are well aware of this rather complex issue, including for instance that Danish businesses must pay higher contributions to the Swedish government if their employees work at least 25% of their time in Sweden, which discourages them from hiring cross-border workers. This restricts mobility and job opportunities, despite the benefits of addressing this issue amid Sweden's unemployment and Denmark's labour shortage. EU Regulation (EC) No 883/2004 coordinates social security, with exceptions like the Øresund Agreement allowing up to 50% remote work, but these exceptions don't apply to workers with multiple employers, complicating the situation further. The expert compiled a report that outlined several possible solutions, including making the temporary exceptions for remote work under the Guidance Note on Telework permanent by updating the Øresund Agreement, creating new exceptions or guidance for workers with multiple employers, and prohibiting Danish contract clauses that force employees to pay their own social

contributions in Sweden. The advised entities would take these suggestions up with relevant actors on both sides of the strait.

Third country citizens excluded from the labour market in the region. The same entities as in the previous case (Øresunddirekt and the County Board of Scania) also sought advice on the difficulty third-country nationals face in obtaining Danish work permits while living in Sweden, despite strong demand for labour in Denmark. This issue arises because Denmark opted out of EU Directive 2003/109/EC, which allows long-term residents in one EU Member State to live and work in another. As a result, non-EU citizens with long-term residence permits in Sweden cannot work in Denmark, and those with permits in Denmark risk losing their status if they work in Sweden. Danish national requirements for work permits, such as the Pay Limit Scheme and Positive Lists, further complicate the situation. According to the analysis provided by the *b-solutions* expert, there would be four different roads towards the solution of Denmark allowing for work permits of non-EU citizens in the border region of Oresund: change Danish law, apply stronger EU measures, extending an existing or developing a new bilateral agreement or use a judicial route of referring to Swedish case law.

Harmonised cross-border taxation in Greater Copenhagen. The cross-border cooperation organised Greater Copenhagen was the advised entity in this

case, revolving around the problematic issue of cross-border taxation. The Øresund Agreement, effective since 2003, was designed to address taxation for commuters between Denmark and Sweden. However, it fails to resolve current issues such as complex tax rules, pension system differences, and potential double taxation for cross-border workers. The agreement's 'three-month rule' complicates tax calculations for part-time home workers, and recent Swedish laws require Danish companies to deduct 30% tax from employees working in Sweden. While workers can choose between Danish or Swedish pension schemes, this is complicated by income thresholds and potential double taxation. Additionally, public sector employees face more challenges, as the agreement only covers private sector workers, leading to further complications for cross-border taxation and administrative costs. The expert recommended replacing the three-month rule with an annual reporting period, adjusting preliminary tax deductions to the employer's country, recognizing pension schemes across borders, and including public sector workers in the Øresund Agreement. These changes aim to simplify administrative processes, reduce tax burdens, and enhance cross-border labour market integration between Denmark and Sweden.

Several observations can be made based on this account of the six cases. *First*, after a slow start, several actors in the Nordic countries became interested

in trying out the *b-solutions* initiative. But they were limited to the Norwegian-Swedish and Danish-Swedish borders. There were no cases at the Finnish-Swedish border despite that being an active cross-border cooperation region. Moreover, while the cases at the Norwegian-Swedish border represented different geographic locations of that long border, the focus of cases concerning Denmark-Sweden seemed to be on the southern part where Copenhagen and Malmö are located. *Second*, in terms of policy areas, the 2023-2024 cases from the Swedish-Danish border were all directly related to the cross-border worker mobility, whereas the 3 cases from the Swedish-Norwegian border were more diverse. Notably, there were no cases dealing with maritime obstacles, despite the significance and prevalence of sea, waterways, rivers and lakes in the Nordic borderlands. *Third*, no specific type of actor dominated the demand, reflecting the multi-faceted composition of cross-border governance in the Nordic countries. The advised entities included two Euroregions/cross-border cooperation organisations, one cross-border information service, two Swedish county boards and one Norwegian municipality.

The Nordic Way: border obstacle identification

Before the *b-solutions* project started, an early adopter of a working method based on systematic identification of

“obstacles” (sometimes also “drivers”) was the Nordic Council of Ministers. The Nordic Council of Ministers supported a methodology, whereby committees in cross-border regions started to identify and name factors that hindered flows across the border, i.e. obstacles. Often these would be in the form of differences in legal and regulatory systems, but also other issues – including cultural stereotyping – could be included. This method started to develop during the first decade of the 21st century, with the creation of a Border Obstacle Forum in 2008 as a landmark. The Border Obstacle Forum was a council that started to systematically collect obstacles for border regional integration. In 2014, a successor, *Gränshinderrådet*, was created. The literal translation into English is the *Border Obstacle Council* or *Border Barrier Council*, but it has opted for a different official name in English, the Freedom of Movement Council. The original meaning is important since it emphasises the working method based on the identification of obstacles, which it has in common with *b-solutions*. It consists of 10 members (8 national representatives, the general secretary of the Nordic Council of Ministers and a representative of the Nordic Council). The committee collaborates closely with other stakeholders, such as private sector representatives, authorities, political bodies, and others. It is also supported by a Freedom of Movement Working Group, consisting of members of parliaments from constitutive countries and organised by the Nordic Council, which is the official body for

formal inter-parliamentary cooperation. All obstacles are collected in a database, currently listing 115 cases. The Border Obstacle database consists of 115 cases. Viewers can search for cases according to their status (not solved, solved, not relevant/discarded), policy area (labour market, business, education, taxation and finance, social welfare and health, and “other fields”), and country/countries involved. The goal of the Border Obstacle Council is to remove 5-8 border barriers. A typical entry looks as follows:

Reimbursement for patient travel between Norway and Finland/Sweden

A cross-border commuter residing in Finland or Sweden and working in Norway is socially insured and liable to tax in Norway. He or she does not receive compensation for their patient travel/treatment travel from home in Finland/Sweden to the hospital in Norway, unlike their work colleagues who live and work in Norway.

Affected/affected countries: Finland, Norway, Sweden

Category:	Social and health
Status:	Solved
Prioritised:	No

Actors with long experience of working with cross-border cooperation testify that the interest in Europe for this way of working was significant and that they several times showcased it in different European fora. It is

clear that the Nordic model to some extent worked as an inspiration for *b-solutions*, together with other type of problem-focused initiatives such as the Solvit networks serving individuals and companies (Lindahl, 2024). At the same time, *b-solutions* have become something different. When asked about the differences between the Nordic work on systematizing border barriers and obstacles, representatives of the advised entities point to several ways in which *b-solutions* differs. While the Freedom of Movement Council's work on border obstacles only promote integration between the Nordic countries, *b-solutions* focuses on strengthening cohesion within the European Union. This added European dimension is a strength since it can give an outsider perspective, and it can also open up ways to European policy application or policy change that could contribute to a solution. The *b-solutions* working method of providing an external consultant/expert constitutes another difference, since that means de facto allocation of resources. In the Freedom of Movement Council, the obstacles are systematised but the actual work of understanding the mechanisms of obstacles is left with the actors themselves. On the other hand, the work on border obstacles done by the Nordic Council of Ministers through its Freedom of Movement Council has an advantage in pushing for solutions, since it has influence on agenda-setting at various Nordic cooperation meetings and can help to set up meetings directly with ministers. This is not something that *b-solutions* offer.

The *b-solutions* experience

Those actors who have received advice through *b-solutions* have generally become involved through personal interactions with people at the European cross-border cooperation, and the general experience is positive.

The Association of European Border Regions has been outstanding in this. We have a very good cooperation, and the addition of an expert through b-solutions added up to something very good. We got someone who had worked both as a practitioner at Nordregio (a research institutespecializingin regional policy and development) and who had also been a professor at a university. He could tackle the question in a more academic ways, while also looking at and understand the legal frameworks. (Discussion, August 19, 2024)

There was a tip from our management team. Since [region in the other country] is a part of the Associations of Borderlands Studies, they participate in their meetings and were able to advise that here there were opportunities to get some funds to investigate some special issues. We had a special issue (we wanted to investigate) and we got a very knowledgeable and good expert, who really helped us. It was a bit of a jackpot actually. (Discussion, August 20, 2024)

However, two points can be identified where experiences differed. First, opinions differed on the amount of work required by the advised entities.

The slightly negative thing is that it was a lot more work for me/us than it was marketed as. Apart from having one or two meetings with the expert, it would not mean more work for us. It has not been true. There has been a lot of subsequent work. (Advised entity, email August 15, 2024)

For us it was very simple. As I recall, the expert contacted us, and we had a brief meeting. Then the expert wrote a form of assignment description and then we gave some feedback on it, after which he did the work. The big thing was that he then presented what he had come up with in a larger workshop that we organised. I thought it was very simple and easy to work with. In practice, there were only two or three meetings with the expert. (Advised entity, discussion August 20, 2024)

Secondly, it concerns firstly the rate to which the results could be taken further to actions and a roadmap towards solutions. The *b-solutions* case concerning regulation in the wood construction industry has since advanced significantly, although it should be noted that the report was preceded by persistent attention to the issue by especially a dedicated small team at the advised cross-border cooperation organisation. On the other hand, the obstacles hindering third-country nationals to work in another country and making it difficult to work in Sweden and Denmark at the same time, have so far not much led to any significant progress in these long-term standing issues.

Conclusion

“We cannot do that because of the rules.” This sentence, or variations thereof, is often said by actors involved in cross-border cooperation contexts in Europe. It can be uttered by a mayor representing a municipal member of a cross-border cooperation organisation talking about the benefits that could be gained by coordinating elderly care in peripheral border settlements, or stated by an organisational project manager explaining why school children cannot (easily) attend a school on the other side of the border.

What these actors mean when they talk about “rules” is not only a broad spectrum of formal norms (laws and regulations) that differ between the two or more nation states to which the borderland territory belongs. It also refers to the entire complex institutional compound of hierarchical and vertical competence distribution across multi-level governance systems, and the asymmetry effects caused by that. The elected politicians and public servants involved in cross-border governance rarely have decision-making powers in their own right; to have an effect on policy and everyday life in the borderlands they are dependent on local, regional, national and EU authorities. The novelty of the Nordic approach to this attitude was the way in which the actors started to systematise these issues as “obstacles” that were neither permanent nor impossible to surmount. In short, rules can be changed. This approach has spread to European actors,

but *b-solutions* took the systematisation further and the method has returned to the Nordic countries with a twist and additional resources. However, Nordic actors still remain underrepresented in the overall pool, and it remains to be seen whether up-take will speed up going forward.

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