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Improved Nordic labour market statistics provide better insights

Oct 25, 2024

# Theme: Globalisation is slowing down



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# Globalisation is slowing down

Globalisation is a powerful process impacting trade, migration patterns, and cultural influences. It cannot be stopped overnight, but now there are signs of globalisation slowing down.

EDITORIAL

24.10.2024

BY BJÖRN LINDAHL, EDITOR-IN-CHIEF

Whether this could be called deglobalisation or regionalisation is up for debate. But frictions between trading blocks have grown with higher tariffs and other measures aimed at boosting national industries. This is both about power struggles and technology.

Some say there is now an increasing trend of bringing jobs back which had previously been moved to low-wage countries. The wage differences are no longer that big. For many businesses, it is a greater advantage to have production closer to customers.

We have spoken to Martin Grauers, CEO of the Swedish part of Danx, a logistics company for time-critical transport, mainly of spare parts for IT and automotive companies. He points to several reasons for why reshoring has become more popular.

Robots and artificial intelligence are important factors. If production is automated, companies want to keep it local to remain in control. Local production also has the benefit of allowing companies to secure sustainability throughout the production process.

“This makes it easier to control the entire chain to see whether it is sustainable. It also makes it easier to assess and measure whether for instance steel or other energy-intensive raw materials have been manufactured with clean electricity or dirty coal power.”

Another driving force is the increased uncertainty about whether you can import strategic goods in a changed geopolitical climate.

“The previous global paradigm is fading. The era of rapid world trade growth looks to have passed, with EU companies facing both greater competition from abroad and lower access to overseas markets.

“Europe has abruptly lost its most important supplier of energy, Russia. All the while, geopolitical stability is waning, and our dependencies have turned out to be vulnerabilities,”

said the former Italian Prime Minister and central bank head Mario Draghi when he presented his report on EU competitiveness.

But in societies and industries that for decades have worked according to the just-in-time principle – where parts reach production exactly when they are needed without the need for storing them – it is hard to know what to prioritise. Are computer chips or food more important? Health care equipment or weapons?

Everyone seems to agree that access to rare earth minerals should be secured. These are used in the production of smartphones, EVs and wind turbines.

In Norway, the mining company Rare Earths Norway (REN) called a press conference in June to talk about a crucial find in what is known as the Fen Complex in Telemark.

“We can document that this is Europe’s largest deposit of rare earth elements – with a good margin,” said chief geologist at Trond.

There is currently no extraction of rare earth minerals in Europe. The EU’s goal is that at least ten per cent of the minerals and metals the Union needs will be produced in the EU or Western partner countries by 2030.

Yet to manage the green transition and ensure national security, you need skills as well as raw materials.

Norway has been witnessing a trend where the number of Norwegians studying abroad and the number of foreign students coming to Norway has fallen radically after the country introduced fees for some foreign students.

“It is naive to think that Norway can find the solutions to the great global challenges without an international network, and without Norwegians spending time abroad gathering knowledge from around the world,” says Øyvind Bryhn Petersen, President of the Association of Norwegian Students Abroad ANSA.

In Greenland, authorities are hoping a new airport due to open in November will help attract foreign labour. Until now, the capital Nuuk has not had an airport capable of receiving larger aircraft.

“Being able to fly non-stop to Nuuk will open up Greenland to the wider world in a completely new way. Tourism will be further boosted and it will also make it easier to transport Greenlandic fish to our export markets,” says Aaja Chemnitz, a member of the Danish Parliament for Greenland’s ruling left-wing Inuit Ataqatigiit party, IA.

Finland has taken a leading role in the Nordic in the fight against work-related crime. This will also be a priority when Finland takes over the Presidency of the Nordic Council of Ministers in 2025.

A new phenomenon has emerged, where posted workers increasingly come from non-EU countries. Countries like Estonia and Lithuania used to have a labour surplus, but this has fallen as their economies and wage levels have improved.

This initially led staffing agencies to source workers from Ukraine, but since the 2022 war, workers have been brought in from countries even further afield.

A “fast lane” has been created where many of the stationed workers in Finland have never lived in the Baltics, but simply had a stop-over in some Baltic city to secure the necessary paperwork.

In Sweden, the Club Heartbeat strip club has gone to court to allow their employees to do night work between midnight and 5 am. According to the Working Hours Act, all workers have the right to enough rest in that period and the Swedish Work Environment Agency sees no reason for the club to be exempt.

Now, the strippers have set up a new trade union, and the club owner has entered into what is being described as a collective agreement. It is possible to negotiate for night shifts. But the Work Environment Authority refuses to approve the agreement and the issue will now be settled in court.

This might seem like a fringe issue, but the court’s decision could have repercussions for the entire labour market.

Finally, we report from Iceland where the government has called for fresh elections on 30 November. The current coalition has been made up of parties from the furthest on the right to the furthest to the left, but after Katrín Jakobsdóttir stepped down as Prime Minister, the ideological differences have grown.



## When global supply chains are threatened, reshoring increases

It is better to manufacture closer to your market and pay a higher price than to lose sales and get dissatisfied customers. That is why several Swedish companies have decided to bring production back home.

THEME

23.10.2024

TEXT: FAYME ALM, PHOTO: CNES 2021, DISTRIBUTION AIRBUS DS

“Production costs in so-called low-pay countries have increased and over time approached EU levels. That is true, particularly for manufacturing with high levels of automation, such as advanced manufacturing processes in electronics production or the production of medical technology and pharmaceuticals.



"In those cases, wage cost differences are so small that there are no longer significant gains to be had from keeping production abroad," Martin Grauers tells the Nordic Labour Journal.

He set up the Reach consultancy agency in the mid-2010s, to help customers with manufacturing and logistics as well as with relocating or optimising operations. Today, he is the CEO of the Swedish branch of DANX, a logistics company specialising in just-in-time deliveries, primarily of spare parts for IT and automotive companies.

"As a Swede and part of the business community, I have tried to find production opportunities in Sweden. After witnessing successful examples of relocating operations back home, the interest has remained strong and this is also a matter of public interest."

### **Demands for greater flexibility**

There are other reasons than reduced wage differences that make Swedish companies bring production back home. The pandemic and recent events like the Suez Canal becoming blocked by a shipping accident in 2021 have influenced Swedish companies' interest in reshoring, believes Martin Grauers.

"When there are global disruptions, companies realise they cannot deliver to customers as efficiently as they had promised. The distance causes significant disruptions while within Europe, distances only mean a couple of days' transport to where the market is. That flexibility has value in itself," he says.

Another reason for bringing production back is to protect critical societal functions to secure access to products, such as defence-related items or access to medicines and medical equipment.

"There is value in choosing countries with low political risk and not having production in risky countries where it could fall into the wrong hands," says Martin Grauers.

### **The power of technological development**

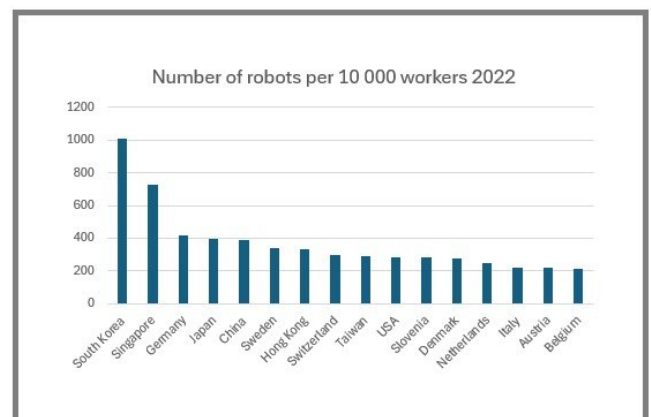
Yet another reason is the development in automation and the modernisation of robots – both traditional industrial robots and so-called cobots, collaborative robots which are follower robots meant to directly interact with humans in a shared environment.



*A cobot works together with a person and does the heavy lifting. Here food is packed by a cobot and a human. Photo: International Federation of Robotics.*

"The cobots can be used for parts of production that for instance involve a lot of repetition and is not that suited for humans," says Martin Grauers. He also points to what Industry 5.0 can mean for the reshoring of production.

"Industry 5.0 affects everything that has to do with AI. How you control machines and how to make production more cost-efficient through creating very efficient production chains for the type of products that can be automated."



*Both Sweden and Denmark are among the countries that had the most robots per 10,000 workers in 2022. Source: International Federation of Robotics.*



### **The environment wins**

Martin Grauers assumes that environmental and sustainability aspects are important and that they are definitely contributing factors when companies choose to locate production in Sweden.

“The more local production the fewer long-distance transports which is good for the environment,” he says.

He also sees the advantages of having production close by when it comes to ensuring that the entire production chain remains green.

“This makes it easier to control the entire chain to see whether it is sustainable. It also makes it easier to assess and measure whether for instance steel or other energy-intensive raw materials have been manufactured with clean electricity or dirty coal power.”

Martin Grauers does not, however, believe that environmental and sustainability issues are the driving forces behind the reshoring of production.

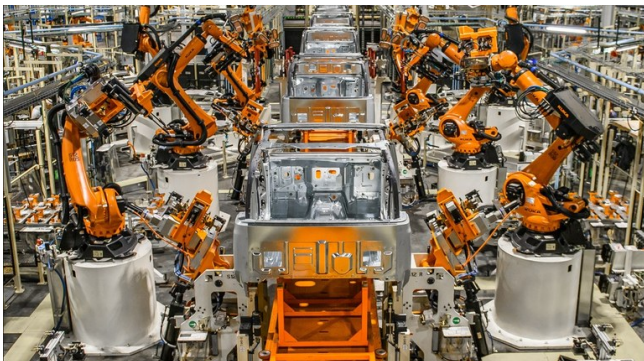
“The overall trend is so large that it would have happened even if we did not care about the environment and sustainability. These are definitely contributing factors, but not the ones driving the reshoring of production.”

“Instead, it is the technology that makes it cheaper and more efficient to have production close to the other business units,” notes Martin Grauers, who believes that the reshoring of production is a strong trend.

A trend where two factors determine whether production that was previously moved abroad will return to Sweden and be successful, creating more jobs here.

### **Challenges with reshoring**

One of the challenges is the access to the necessary skills which are different today than those needed in the past.



*Even if the robots do the work, like at this Jeep factory in Toledo, Ohio, engineers and maintenance personnel are still needed. This plant produces 828 vehicles every day. Photo: International Federation of Robotics /KUKA.*

“Production is largely about automation and more modern manufacturing. For that, you need access to engineers and automation engineers as well as maintenance personnel. This availability becomes a crucial issue if production in Sweden is to increase,” he says and points out that there is a structural skills shortage.

“It requires both the business sector and not least politicians to take responsibility for making investments to develop the skills needed created by this trend.”

The other challenge identified by Martin Grauers is access to reliable, clean and cheap electricity.

“There are companies that hesitate to invest in Sweden because they cannot be guaranteed the electricity they need,” he says.

Despite all this, there is a lot pointing towards a kind of renaissance of manufacturing industries in Sweden, believes Martin Grauers. He notes that many contract companies have grown in Sweden in recent years.

“We are moving towards regional manufacturing chains rather than having production in one part of the world and sales in another. There are clear and good examples that Sweden has an opportunity to attract a lot of manufacturing.”

### **Sweden stands out**

Comparatively, Swedish companies are reshoring production to a greater extent than other countries do, explains Jan Olhager, who was a professor of strategic production technology at Lunds University of Technology until recently, and is now emeritus.





He tells the Nordic Labour Journal about the two studies he conducted on reshoring. The first covered the period 2015 to 2020, and the other – a follow-up study – covered 2020 to 2022.

“The first study showed that Swedish companies brought home nearly as much production as they were moving abroad. From an international perspective, this is a lot, and both Denmark and Finland lag behind. The rest of Europe even more so,” he says.

In this study, the main reason for reshoring turned out to be the quality of the products delivered.

“The quality outcomes were not what was expected when moving production abroad. This in turn led to delivery issues which then became cost problems. Lead times, the proximity to product development and, to some extent, proximity to the market, also played a role,” he says.

### **A new not-normal post-pandemic**

During the pandemic, short lead times became the dominating argument for reshoring production, as Olhager’s follow-up study shows.

“The pandemic disrupted things and the main reason for reshoring production was no longer quality, although that remained important. Now it was much more about creating shorter supply chains,” says Olhager.

Factors like lead time, proximity to the market and product development dominated the survey responses. Quality fell from being reason number one to number four in this second study.

While the pandemic lasted, some companies were forced to create shorter supply chains to make them function again, while others held back from both reshoring and moving production out. There were far too many unknowns, says Jan Olhager.

“It is hard to say what triggers reshoring today. During the pandemic, various geopolitical events might have had an effect. It made companies realise that the world around them had changed making it impossible to return to the situation such as it was before the pandemic. Now you have to find a new position to work from,” he says.

### **Finally**

So what is it that makes Sweden stand out from other countries when it comes to the reshoring of production? The reasons are difficult to determine, believes Jan Olhager.

“Sweden has no state subsidies for reshoring like those that exist primarily in the USA. Nor have we made the kind of investments that Germany did during Industry 4.0 which focused on automating domestic production.

“However, the sustainability discussion which Sweden has had for several years might be a contributing factor to why Swedish companies are considering reshoring the production for sustainability reasons.”



## Did Norway just find the industrial future in Telemark's bedrock?

The Fen Complex in Telemark has something the world needs: Europe's largest documented deposits of rare earth elements. Now, plans are underway again for mining in one of Norway's oldest industrial communities.

THEME

23.10.2024

TEXT AND PHOTO: LINE SCHEISTRØEN

In June this year, the mining company Rare Earths Norway (REN) called a press conference in Oslo to announce an important find in the Fen Complex.

"We can document that this is Europe's largest deposit of rare earth elements – with a good margin. This is world-class and a milestone not just for us, but also for the local community in Nome municipality, for Norway and for Europe," said chief geologist at Rare Earth Norway Trond Wathne during the press conference.

And CEO Alf Reistad added:

"The minerals in the Fen Complex can become Norway's most important contribution to Europe's green transition."

He believes the export of rare earth minerals from Telemark can become more important for Europe than what Norwegian gas exports are today.



*There is currently great national and international interest in the Fen Complex. Alf Reistad recently welcomed Norway's Norwegian Minister for Trade And Industry Cecilie Myrseth. (Photo: Kanalen)*

Rare Earths Norway has the right to exploit around 90 per cent of the Fen Complex deposit in Nome municipality.

Things have been particularly hectic for Reistad and his colleagues since June. Now “everybody” wants to visit Nome in Telemark. And most of the visitors support the development of the mineral industry in the Fen Complex.

Even the Norwegian Confederation of Trade Unions LO and the Confederation of Norwegian Enterprise NHO, which often disagree quite heatedly, recently wrote an article in the local newspaper stating that “Fen has something the world needs!”

### **Important part of the green transition**

The need for rare earth minerals keeps increasing. EU estimates show demand will quintuple by 2030.

Rare earth minerals are crucial for the production of the world's strongest permanent magnets. Rare Earths Norway specialises in these magnet-related minerals, which the EU considers to be among the most critical raw materials in terms of supply security for European industry.



*Core samples from the Fen Complex after diamond drilling to map the deposit.*

Without these minerals, there can be no production of EVs, wind turbines, mobile telephones or defence materials. So far we have made ourselves dependent on Chinese imports. The country has a near monopoly on both the extraction and processing of rare earth minerals.

But China has already demonstrated, through export restrictions, that they can use minerals as leverage in international politics. That is why the EU and the USA are trying to become more self-dependent, developing their own mines, and increasing recycling.

To speed all this up, the EU introduced the Critical Raw Materials Act (CRMA) last spring (see facts).

### **Many years before becoming operational**

Ulefoss in Nome municipality is one of Norway's oldest industrial communities with one of the oldest industrial companies in the Nordic region – Ulefoss Jærnverk.

Mining and ironworks have been active here since the 1600s. The mineral-rich Fen Complex provided ore to the ironworks. Throughout history, there have been different kinds of mining operations here. But in 1965 things came to an end.

Today, Ulefoss is a mining society without mining.

But there is a lot of interest in the local society for a new mine, according to Alf Reistad at Rare Earths Norway. This time it would be a subterranean mine (see illustration and explanation), which has also calmed down many mining sceptics.



*The Fen Complex is in Nome municipality in Telemark county.*

The initial goal was to open mining operations by 2030, but Reistad realises that might be too optimistic. A lot needs to be done and there are many state and political obstacles yet to navigate.

One thing Reistad really wants to see is faster case processing. According to him, it takes twice as long to open a mine as it does to open an off-shore gas field.



“Despite the many challenges, we are very confident this will be realised. Not least because of the geopolitical situation and the climate crisis. The question is only how quickly we can make it happen,” he says.

– Selv om det er mange utfordringer har vi Vi har stor tro på at dette blir realisert. Ikke minst på grunn av en anstrengt geopolitisk situasjon og klimakrisen. Spørsmålet er bare hvor raskt vi kan få det til, sier han.

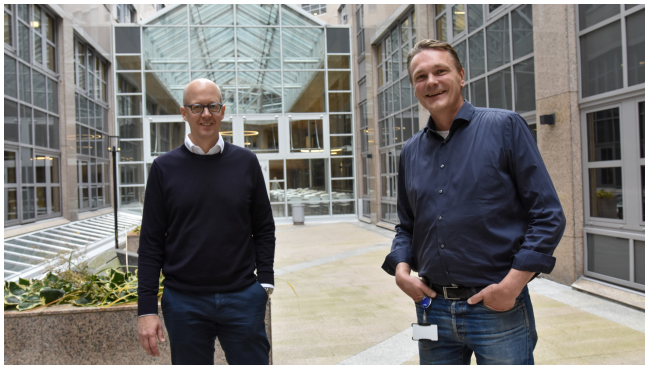
The goal is to have a pilot factory for test production in place in 2026. Innovation Norway recently granted 60 million Norwegian kroner (€5m) to the pilot project.

### Almost self-sufficient in the Nordic region

The documented deposit in Fen has turned out to be several times larger than the biggest deposit in Europe – which lies in Kiruna in Sweden.

“We have most of what we need in the bedrock in the Nordics. This is unique,” says Håkon Lind. He works for Nordic Innovation, an organisation under the Nordic Council of Ministers. For the past four years, he has been heading their Sustainable Minerals programme.

“From being an issue not many were interested in, it is now high on the political agenda,” adds his colleague Peter Munch-Madsen.



*Håkon Lind and Peter Munch-Madsen work on the Sustainable Minerals programme for Nordic Innovation. (Photo: Line Scheistrøen)*

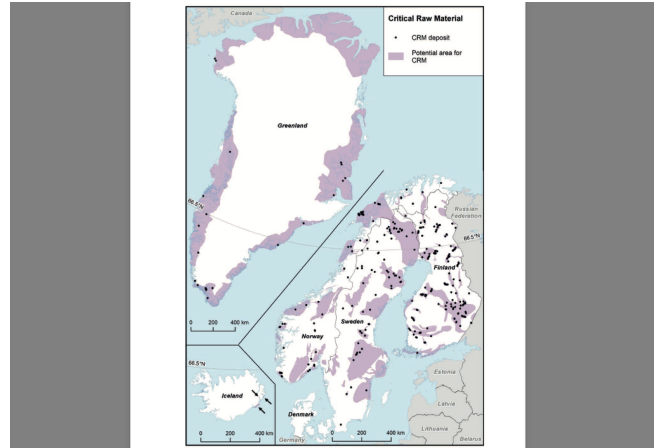
Critical raw materials have been discussed during the Nordic democracy festivals this summer. The programme has established the Nordic Forum on Raw Materials and participation is good. The forum is headed by Svemin, the Swedish Association for Mines, Mineral and Metal Producers. A conference was held recently in Stockholm and more seminars, conferences and podcasts are planned.

### A popular report

The program has four focus areas: Mapping, traceability, recycling and getting the network up and running.

Nordic Innovation is the main facilitator. Among the programme partners are the Norwegian Geological Survey and similar organisations in the other Nordic countries. The Norwegian Directorate of Mining has also played a central role.

The work on the programme is now coming to an end and has resulted in several reports. What started it all was a September 2021 report called “The Nordic Supply Potential of Critical Metals and Minerals for a Green Energy Transition”.



*Locations of deposits with known critical raw material resources and areas with known or assumed potential for additional CRM resources in the Nordic countries. Source: Nordic Innovation*

The report maps the situation in the Nordic region.

“It has been downloaded 13,000 times,” says Lind.

The expected number of downloads of reports from Nordic Innovation is normally 1,000 to 1,500.

### Recycling will be key

“This demonstrates the large and growing interest for this field among our readers,” adds Peter Munch-Madsen.

The programme has also included a review of the recycling of critical raw materials. By 2030, the EU aims to achieve a recycling capacity of 25 per cent of its annual consumption of critical raw materials (CRMs).

“We know a lot about what can be found in the bedrock, but we know little about the value of what we have already extracted. If you for instance operate a copper mine for 100 years, there will still be cobalt in the waste, but what is the value of that and can it be used for anything? It was important for the programme to look at this,” says Lind.

February this year saw the publication of the report “Recycling of Critical Raw Materials in the Nordics”.

The report states that there is potential for recycling hundreds of tonnes of CRMs. But this will require technology, money and time.

“Although the concept of a circular economy gets a lot of attention, there are still many critical raw materials where the recycling rate is practically zero,” the report states.





## Do globes have anything to do with globalisation?

Has the world entered a period of deglobalisation? Or are the forces of globalisation so strong that trade continues to grow, only in new ways? When new barriers are erected, what will the consequences be?

THEME

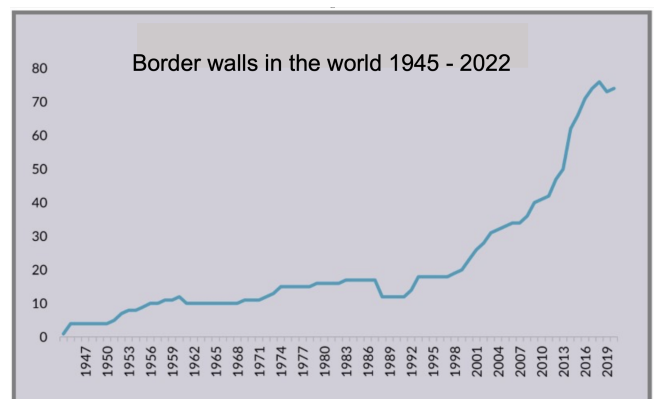
23.10.2024

TEXT AND PHOTO: BJÖRN LINDAHL

When I was little, my brother and I had a world globe in our room. We often played a game where we would spin it and, while closing our eyes, stop it with a finger. Wherever the fingertip landed was where we would imagine travelling to.

When I now walk around Oslo, I have started taking pictures of windows with globes in them. Among all the Palestinian and Ukrainian flags and rainbow colours in various combinations, I fantasise that the globe is a quiet defence of a world where everyone can travel where they want and trade with whomever they wish.

Borders have always existed. But border walls between countries were rare, until a couple of decades ago. At the end of WWII, there were only five. When the Berlin Wall fell in 1989, there were less than a dozen. Today there are 74, writes the researcher Élisabeth Vallet in an article for the Migration Policy Institute in Canada.



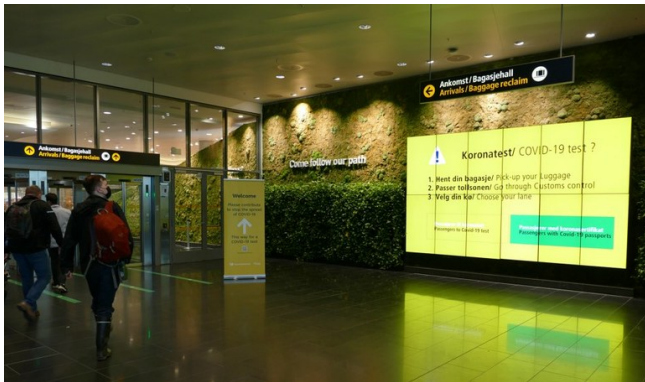
Source: Élisabeth Vallet/Migration Policy Institute, Canada

A border wall is often erected by just one of the neighbouring countries and can be made from concrete or barbed wire. It also needs to be surveilled. At the end of the Cold War, there were only 200 kilometres of border walls in Europe – mainly in Cyprus and between Lithuania and Belarus. Today, there are 2000 kilometres of walls.

The EU has been at the forefront of promoting borderless co-operation. The Schengen Agreement, which was established in 1995 with five member countries, made it easier to cross internal EU borders, while the outside borders of the 29 countries that are now part of the agreement have been strengthened.

But the flow of refugees from Syria and the Corona pandemic showed how quickly borders can be shut again – even within Schengen.

For instance, since 15 September, Germany has reintroduced border controls at all of its nine borders. Earlier, there were controls only at the borders with Poland, Switzerland, the Czech Republic and Austria. The border controls will be in place for six months.



*Pandemics are no longer the only reason why different forms of border controls are being reintroduced. The German interior ministry says the border controls are being reintroduced to protect the country against Islamist terrorism and serious cross-border crime. The picture is from Oslo International Airport during the pandemic.*

The flow of people is not the only thing that has slowed down. In 2008, for the first time, global trade did not grow faster than the world's gross domestic product (GDP). That year was the pinnacle of the financial crisis. But trade picked up quickly and that is why many now doubt deglobalisation will happen.

To understand that paradigm shifts sometimes happen – when what everyone believes in turns into something new – we need to broaden our horizons.

One of the lessons from history class that I can still remember is David Ricardo's theory of comparative advantage. As Wikipedia puts it:

“The basis of the theory of comparative advantage is modelled on a simple scenario involving two countries, here England and Portugal. According to the basic theory, each country has absolute advantages in producing certain goods.

“Specifically, Portugal could produce wine more cheaply than England, and England could produce cloth more cheaply than Portugal. This means both countries should specialise in their respective goods and then trade with each other to also benefit from the other product. This is the foundation of international trade.”

According to Ricardo, all countries benefit from free trade. In 1750, as the industrial revolution began in the UK, the country produced only 2 per cent of the world's total output of goods. The USA produced a measly 0.1 per cent while China produced one-third.

By 1880, the UK had reached its zenith as a world producer. The country produced a quarter of all goods. When WWI broke out, that share had shrunk to 13 per cent and since then it has kept falling to today's 3 per cent.

The development in the USA has been even more dramatic. By 1880, the country had overtaken the UK and was behind one-third of the world's production. With undamaged industries after WWII, the USA's share rose to a top in the 1950s, when the country produced 45 per cent of global goods.

When I was a young journalist in the 1980s and started work at an economics editorial team, it was said that Denmark had a larger export economy than China. After Chinese leaders broke with Communism and opened up for foreign investments, China has been behind the largest-ever change in world trade.

When the country became a WTO member in 2001, the trade accelerated further. China now produces around one-quarter of all goods in the world, including 71 per cent of mobile telephones and 63 per cent of the world's shoes.



China's dramatically increasing share of world trade is shown in a graph in Mario Draghi's report **The Future of European Competitiveness**. This shows the share of EU, US and Chinese trade in global goods when the internal trade between EU countries is excluded. As a trading block, the EU has lost 3 percentage points while China has increased its share of global trade by 13 percentage points since the year 2000. Source: EU/WTO

This is how Mario Draghi sums it up in his report to the European Commission:

“The previous global paradigm is fading. The era of rapid world trade growth looks to have passed, with EU companies facing both greater competition from abroad and lower access to overseas markets. Europe has abruptly lost its most important supplier of energy, Russia. All the while, geopolitical stability is waning, and our dependencies have turned out to be vulnerabilities.”

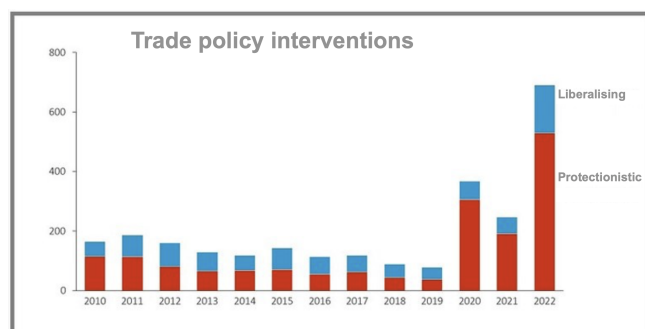


*Mario Draghi is a former Italian prime minister and central bank head who has written a report for the EU Commission. Photo: EU.*

Ever since Donald Trump changed the USA's trade policy and introduced tariffs in 2018, the country has been in a trade war with China which the EU is now also joining. From November, the tariff on Chinese EVs will increase from 10 per cent to as much as 35.3 per cent for five years.

When tariffs and trade barriers are removed, it happens after long negotiations where the needs of the parties are carefully considered. When trade wars erupt, it is sudden and the aim is to hit the other side where it hurts the most. China promptly responded to the EU's decision by dramatically increasing tariffs on French cognac.

The Draghi report also includes a graph that shows how the number of trade policy measures—such as tariffs, state aid, and other decisions affecting trade—has emerged in recent years:



*Source: Global Trade Alert.*

The measures have different effects and do not hit all countries in the same way. Measures that promote free trade are relatively evenly distributed between the world's countries. However, when looking at which countries introduce the most trade barriers or support their own industries in ways that distort competition, the USA, China and Brazil come out top, according to Global Trade Alert, which aims to provide the most complete picture possible of global trade.

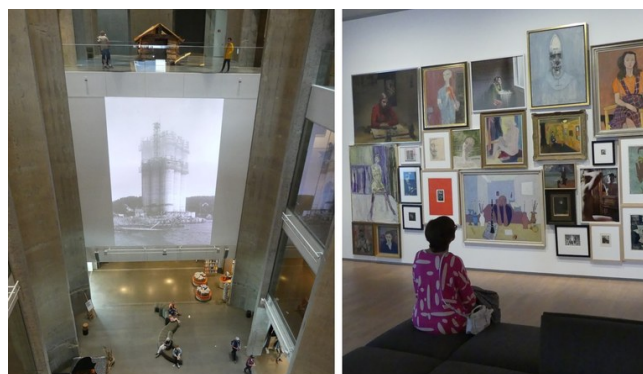
The Nordic countries have followed the EU and introduced comprehensive sanctions against Russia after its latest invasion of Ukraine on 22 February 2022. So far, no Nordic country has ended up in any bilateral trade wars with China. But there are signs this might change.

According to a report on trade restrictions submitted to the EU, China has blocked the export of graphite to Sweden for many years, reports Sveriges Radio. Graphite is an important component in EV batteries and China dominates when it comes to its production.

According to Olof Gill, the EU Commission's spokesperson on trade issues, Sweden is the only EU country affected by China's trade barriers on graphite.

“We have been in close contact with the Swedish authorities on this issue, and since 2020, China's Ministry of Commerce has stopped approving export licenses for the export of artificial graphite products to Sweden, in our opinion without an explicit decision or any further explanation,” Olof Gill told Sveriges Radio.

So far, the crisis-stricken Swedish battery company Northvolt in Skellefteå has managed to source graphite from suppliers other than China.



*At Konstsilon in Kristiansand, visitors can watch a film about how the grain silo was constructed in 1935 to secure the country's grain supply. Today it is filled with art instead.*

But it is one of many worrying signals. When Ukraine was invaded in 2022, there was a lot of worry about what would

happen to the country's grain exports. Various agreements were made with Russia, but the current stability of Ukraine's grain exports can largely be attributed to successful military actions by Ukrainian forces. These forces have managed to sink about a third of the Russian Black Sea Fleet and forced Russia to withdraw its ships from Ukraine's coastline.

Meanwhile, there is the war in the Middle East not far from the Suez Canal, where one sunk ship would stop traffic for months.

Last summer, we visited Norway's newest art museum in Kristiansand, which has been funded by the private fortune of Nikolaj Tangen, the director of the Norwegian oil fund. The city's old grain silo has been transformed into a modern museum that now houses Tangen's extensive collection of Nordic art.

Like most people, I was impressed by the building and its enormous volumes. Seeing more art is something I look forward to in old age, but is the art silo really that wise? Would I feel safer if the silo were full of grain?





## Could fewer international students damage Norway's international standing?

The number of international students in Norway is falling dramatically. Fewer Norwegian students are going abroad and fewer international students are arriving. A loss for Norway, argue educational experts.

THEME

23.10.2024

TEXT: LARS BEVANGER, PHOTO: OSLOMET

Frøya Skyrud is in her second year studying criminology at the Salford University in England. She is one of a shrinking number of Norwegian students who choose to travel abroad to pursue a degree in the UK – simply because it has become too expensive.

“Last year I got 375.000 kroner (€31.800) from the Norwegian State Educational Loan Fund. At the end of my first six months, I had paid half of my school fees and half of my rent,

and I was left with 1,500 kroner (€127) to live on for the next four months,” she says.





*Frøya Skyrud will be left with huge student debts after her education in England. Photo: private*

To make ends meet, she has worked and saved up money. Skyrud reckons she will be left with nearly one million kroner (€84.800) in debts when she graduates from Salford University – roughly double what her course would have cost her in Norway.

“It is really not nice to see so many choosing not to travel abroad to study because they can’t afford it. When you study abroad you become far more self-sufficient and you learn a lot about yourself. I also gain international competence because my course focuses on English and American justice systems,” says Skyrud.

### **Brexit, weak currency and cuts to grants**

Much of the reason why studying in the UK has become so expensive is a record-weak Norwegian krone, which means the money from the Norwegian State Educational Loan Fund (Lånekassen) is insufficient.

After Brexit, British authorities have also introduced a visa for foreign students costing some €420 plus €565 for an extension after a certain period of time. The students must also now pay a fee to be able to use the National Health Service – currently costing €560.

“In the UK we have actually seen the number of Norwegian students cut in half over the past ten years,” says Øyvind Bryhn Pettersen, President of the Association of Norwegian Students Abroad ANSA.

In 2014 - 2015, there were 5,263 Norwegian students in the UK, and this year the number is down to 2,616. The number also fell in that same period in countries like Denmark – from 2,750 to 1,976 – and in the USA – from 2,077 to 1,509.

“Fees have become more expensive while the Norwegian government has made cuts to the grant portion of the tuition fee support,” says Bryhn Pettersen.

### **Good for Norwegian business**

“It is disappointing that the government has cut the grant. This is directly contrary to the government’s own goal that half of Norwegian students should spend some time studying abroad.”



The ANSA President underlines that student mobility can create lasting connections across national borders, which can be of great value for Norway.

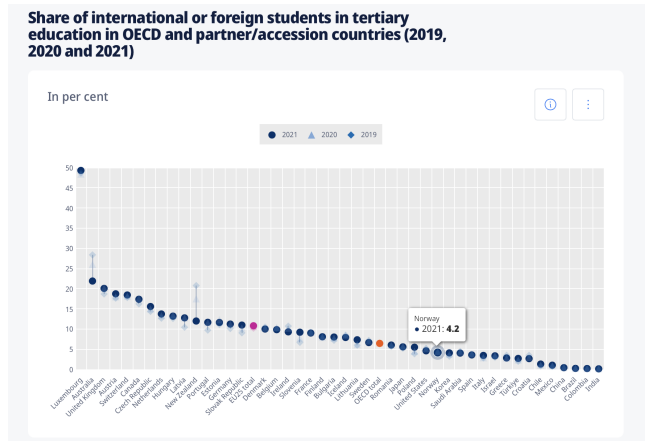
“Both because of the knowledge and cultural understanding the individual takes away from it, but it is also a boon for Norwegian business. Norway also needs new competencies outside of the oil and gas sector as part of the green transition.

“And it is naive to think that Norway can find the solutions to the great global challenges without an international network, and without Norwegians spending time abroad gathering knowledge from around the world,” argues Bryhn Pettersen.

### **Dramatic fall in international students to Norway**

Higher education has in principle been free for all in Norway. But last autumn, the government introduced study fees for foreign students coming from countries outside of the EU and EEA.

“For us, it’s almost the end of the line, the number of students from countries that now have to pay has plummeted. This year we only have four paying foreign students,” says Silje Fekjær, Vice Rector for Education at the Oslo Metropolitan University, OsloMet.



Norway rates low on the number of international students attending Norwegian universities. In 2021 the number was 4.2 per cent. In the UK, the number was 20.1 per cent. Source: OECD

She is one of many in the Norwegian education sector who has voiced concern for what the falling numbers of foreign students will mean for higher education institutions and not least for other students.

### Worried about the impact on study programmes

“What we are losing is the academic contribution this group of students has made to many of our study programmes. In both health, social sciences, and teacher education, we have had master’s programs with an international profile and significant collaboration with other countries,” Fekjær told the Nordic Labour Journal.



She points out that in several study programmes, the entire academic framework is based on having a diverse group of students from several countries.

“When you have a course built around examining international issues where students are expected to work actively together on understanding and development, we also need a varied international group of students.”

### “Fair that foreign students pay their way”

When the Norwegian government introduced student fees last year, it argued it was only fair that foreign students had to pay their way as long as Norwegian students abroad had to do the same.

Other Nordic countries, like Sweden and Denmark, have already introduced similar student fees for international students.

Some education experts question the Norwegian government’s reasoning.

“It has long been Norwegian policy to promote internationalisation at home, meaning Norwegian students who do not go abroad should be exposed to an international element. For this, international students are of course key,” says Jannecke Wiers-Jenssen, Head of Research at the Nordic Institute for Studies in Innovation, Research and Education (NIFU).

### **A potential loss for Norwegian employers**

She believes many Norwegian companies, that might be struggling to recruit the right special competencies, will lose out when fewer students choose to come to Norway.

“So it is more important than ever to make sure people can meet across national borders, exchange ideas, work together to find solutions to big challenges – both through student exchange and global research collaboration,” says Bratberg.



*Jannecke Wiers-Jenssen is Head of Research at the Nordic Institute for Studies in Innovation, Research and Education (NIFU). Photo: NIFU*

“This can be a useful recruitment channel for the Norwegian labour market of people who know what they are letting themselves in for – as opposed to when you try to directly import IT engineers who do not know Norway well and might feel it is all quite a sudden change.

“We also know that many international students are studying subjects that few Norwegians chose to study,” says Wiers-Jenssen.

The OECD writes as part of the publication of its 2023 Education at a Glance Report something about what international students might bring to a globalised world:

“The movement of students across borders to pursue higher education in foreign countries significantly impacts individuals, institutions and societies worldwide. International student mobility can serve as a catalyst for academic excellence, cultural exchange, economic growth, and international understanding in an increasingly interconnected world.”

### **A dangerous development**

“When international students disappear from Norwegian auditoriums, we also lose diversity and important perspectives, and discussions in the classroom become less rich, says Selma Bratberg, President of the Norwegian Students' and Academics' International Assistance Fund (SAIH).

She believes this is a dangerous development also in a larger international context.

“It is worrying when education becomes more nationalistic and isolated. We live in a world where authoritarian powers are on the rise and universal human rights are under pressure.



## Finland: Strong collaboration against work-related crime

The shadow economy and economic crime, illegal work and the exploitation of labour will be some of the priorities when Finland takes over the Presidency of the Nordic Council of Ministers in 2025.

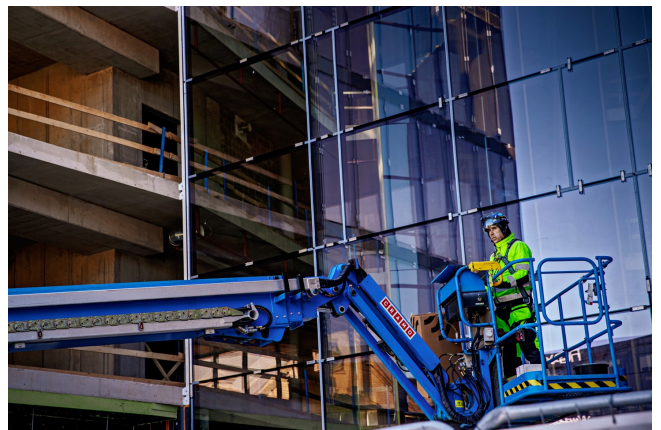
NEWS

22.10.2024

TEXT AND PHOTO: BENGT ÖSTLING

As work changes, it will also be increasingly important to focus on workers' psychosocial health, says Riku Rajamäki, a Finnish member of the Nordic Committee of Senior Officials for Labour at the Nordic Council of Ministers.

There has been an increase in organised crime globally, in parallel with increased freedom of movement and the need for foreign labour.





*Work has become more borderless, not least for construction workers. Photo: Cata Portin*

The exploitation of labour and the shadow economy are sometimes used to gain a competitive advantage and are part of some companies' profit models. The risk has increased with the rising need for foreign labour, including a lot of seasonal work.

Riku Rajamäki is a senior specialist at the Finnish Ministry of Social Affairs and Health. He has played a central role in various projects focusing on workers' protection, including on Nordic and European levels. He was previously the head inspector at the Occupational Safety and Health Administration at the Regional State Administrative Agency for Southern Finland.

### **Voluntary practices improve legislation**

The need for foreign labour has increased and has led to more crime in Finland, but there are improvements too. Rajamäki has seen that the scope for fraud has significantly decreased in Finland.

He mentions the construction industry in particular, with its many subcontractors, where employers through their tripartite agreements have voluntarily gone further than what the legislation demands.

Given enough time, this it could end up as legislation since the improved conditions have already become standard within the industry, points out Riku Rajamäki.

### **Encouraged by Nordic collaboration**

Rajamäki told the Nordic Labour Journal back in 2018 about the collaboration and sharing of information between different Finnish authorities.

They compared good practice with experiences from Norway where many different authorities work together in shared offices.

In Finland, the work protection authority would investigate tips and pass them on to police and tax authorities if this was deemed necessary, and if the crime was serious enough. Now this type of cooperation is also part of the Finnish government's programme.

### **Collaboration of great importance**

The authorities' chance to collaborate is an issue of great importance, explains Riku Rajamäki. This specifically concerns the right to receive and to provide information to other authorities on your own initiative. Some improvements have already occurred.

"Today, information sharing between authorities happens on request but often not automatically. If there is an "impulse" to the police, tax authorities or work protection authorities, they do not necessarily know that the same issue is also being investigated elsewhere," says Riku Rajamäki.

His dream is a system where all authorities can automatically access the information and together prioritise and share tasks. Not all believe this is a good idea, admits Rajamäki. Some are for instance concerned about the issue of confidentiality and the need to protect personal information.

### **The Marin government's legacy**

The previous government led by the Social Democrats, was seen as prioritising the labour market through many projects and measures. There was extra funding for surveillance and workplace inspections, for instance.

The Finnish media have done some major crime exposés, which has accelerated legislation and surveillance. The cleaning industry has been highlighted as problematic, along with restaurants and the newest startup companies.

There are many examples of underpayment and the exploitation of labour, especially when it comes to foreign workers.

Riku Rajamäki says this makes collaboration even more important. When there is no minimum wage, binding collective agreements become key, and of course, it is also important that these are being adhered to. This is also the case when foreign workers do not know or dare to demand their rights.

When working is a prerequisite for being allowed to remain in Finland, some people will also accept worse working conditions, and this is a problem.

### **The Orpos government**

The centre-right Orpos government that took power in the summer of 2023 also focuses on the labour market but from a slightly different angle. Strengthening the labour market is a central point in the government's programme.

The Finns Party in particular have wanted to tighten citizenship legislation and change conditions for permanent residence permits and Finnish citizenship.

Finnish citizenship is not something people get automatically. They need to demonstrate successful integration, according to the government programme.





*Increased mobility and the need for foreign labour has led to people travelling across borders to work. Photo: Yadid Levy/norden.org*

Permanent residence permits can be granted after four years, but require an annual income of €40,000 from regular employment or a higher degree from Finland. Applicants must also be able to demonstrate a good knowledge of Finnish or Swedish, and a clean record.

The income limit for a workers' residence permit is being raised to the minimum level set out in the respective sectors' collective agreements – at least €1,600 a month.

Labour immigration is still considered to be extremely important in view of economic growth and for securing the Finnish welfare system. Labour immigration will strengthen the public sector.

A residency permit is based on the right and duty to work. Work is the key to integration in Finland.

### **Action plan**

Finland has also moved forward with an action plan against labour exploitation. The programme lists 33 measures for preventing and tackling the exploitation of foreign workers.

It also has a chapter on how to strengthen the social responsibility of employers when it comes to preventing and combatting the exploitation of foreign labour. One of the measures includes improving the implementation of criminal liability.

A permanent address for the fight against work-related crime

Many of these issues have long been on the national and Nordic agenda. During the Finnish Presidency, the fight against workplace crime and exploitation continues.

As crime becomes more international, the fight against it must follow suit. This kind of cooperation already exists within the EU and the OECD. Now, the Nordic Council of Ministers takes on the execution and administration of the Nordic cooperation project.

In the previous edition, the Nordic Labour Journal reported on the formalisation of Nordic-Baltic cooperation on work-related crime.

This work will now get a permanent address and more stability and a long-term perspective. Riku Rajamäki welcomes this.

### **New problems**

When you get rid of old problems, new ones appear.

“Finland becomes a kind of gateway between the Nordics and the Baltics because of our geographical position. Many problems are first spotted in Finland before they reach Sweden and the rest of the Nordics,” says Riku Rajamäki.



*Riku Rajamäki from Finland, member of the Nordic Committee of Senior Officials for Labour.*

Right now the issue of many stationed workers creates a challenge. They used to come from Estonia or Lithuania. But those countries no longer have a surplus of labour as their economies have improved and wages improved.

That is why Baltic countries had been sending Ukrainian workers instead. After Russia's 2022 invasion, the stream of posted workers comes from even further afield, explains Riku Rajamäki.

### **A fast lane to work in Finland**

A posted worker, according to EU regulations, is an employee sent by their employer to temporarily perform a service in another EU member state.

The freedom of establishment and the free movement of people are fundamental freedoms in the EU. However, this now seems more like a fast lane for foreign labour from third countries to move to Finland.

It appears that many of the newcomers have never lived in the Baltic states but have only stopped in some Baltic city to obtain the necessary papers, which guarantee that the workers have their social protection there.

This involves an A1 certificate that shows which country the worker is insured in, where the worker or employer is to pay social contributions.

These certificates seem to be easy to obtain in the Baltics, even for workers from some countries in Central Asia. The day after they receive their certificate, the workers are already at some construction site in Helsinki.

Riku Rajamäki questions whether this is a genuine posting from another EU country or if Finnish immigration and labour laws are being circumvented.

### **Risk of Exploitation**

This group of workers is also the most vulnerable to exploitation, as they are in an unclear and precarious situation, similar to asylum seekers who depend on work to remain in Finland, says Riku Rajamäki.



*There is a desire to strengthen cooperation between authorities like the police. Photo: Magnus Fröderberg, norden.org*

A worker who asks about their salary and rights risks being labelled as difficult and may also lose the right to stay in Finland. This gives employers leverage that is also exploited.

### **Light Entrepreneurship – being "your own boss"**

Another phenomenon is "light entrepreneurship", which is an alternative to being a salaried employee. It means individuals are responsible for their pension protection and tax payments. Sometimes workers are encouraged – or forced – to start their own businesses to be able to work.

Light entrepreneurship is not fully recognised in Finnish legislation; you are either an entrepreneur or an employee according to labour laws.

This is particularly relevant for freelancers working in food delivery and the construction sector. A food delivery worker who is not employed and has an accident on their moped must cover healthcare and disability costs themselves, points out Riku Rajamäki.

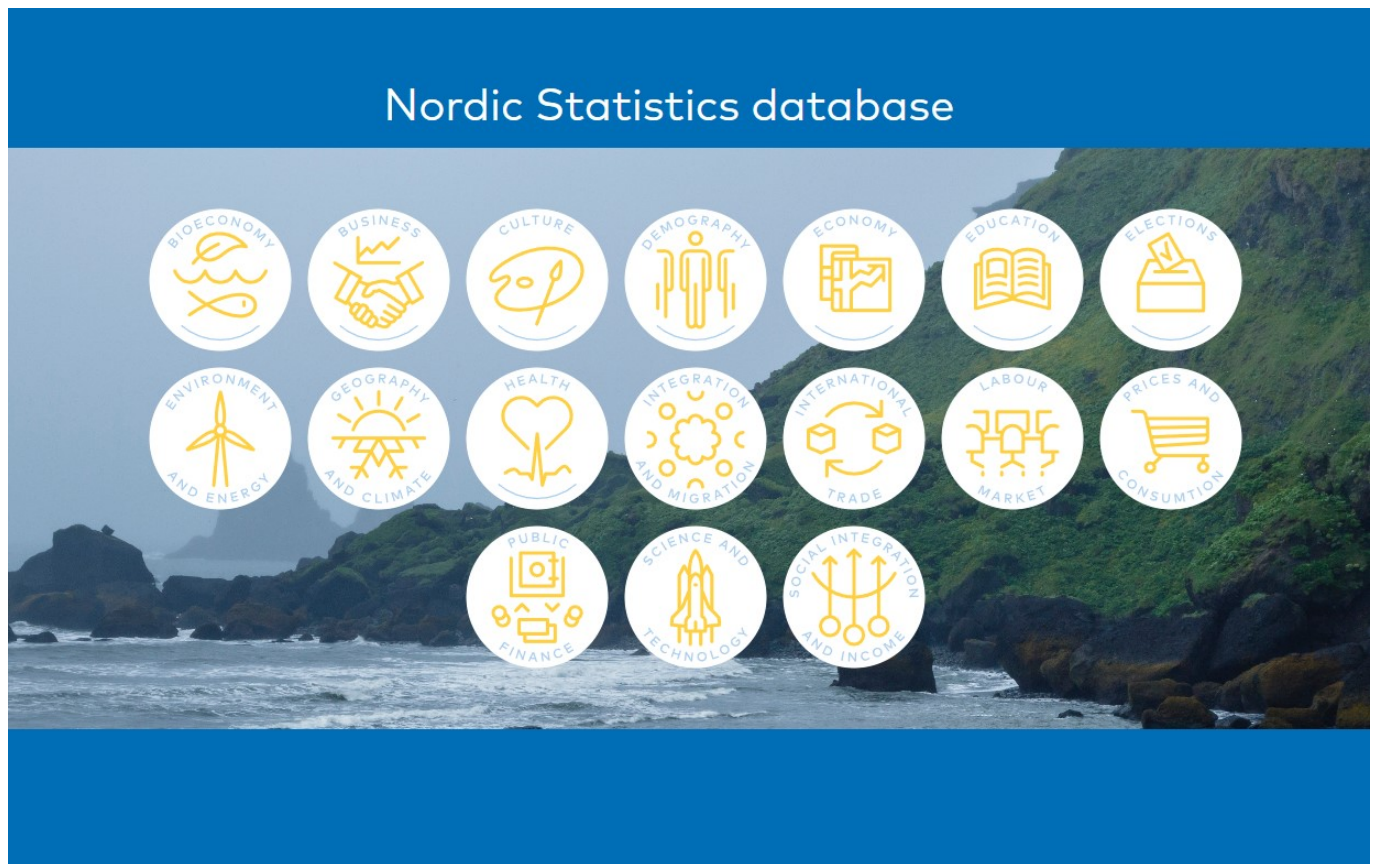
He acknowledges that light entrepreneurship as a model can work in many areas. However, in several sectors, such as construction, there are many ambiguities about who pays social contributions and taxes when the worker has their own business.

### **A nail in the foot no longer the greatest risk**

Riku Rajamäki also wants to introduce a newer phenomenon which the changing labour market has brought with it – psychosocial challenges. In Finland, this issue has primarily been looked at from the individual's perspective, while the other Nordic countries are better at considering the entire organisational level, says Riku Rajamäki.

"The psychosocial perspective should be better included in how we work with workplace environments. Therefore, it might be better to talk about the psychosocial work environment rather than the psychosocial burden."

While the burden pertains to the individual, the solution lies in the entire organisation and how work is organised.



## Improved Nordic labour market statistics provide better insights

The Nordic Statistics Database, a collaboration between the Nordic Council of Ministers and the Swedish statistics and research company Statisticon, has undergone huge developments. This will benefit anyone working with comparative Nordic assessment statistics in working life.

### NEWS

22.10.2024

TEXT: BJÖRN LINDAHL

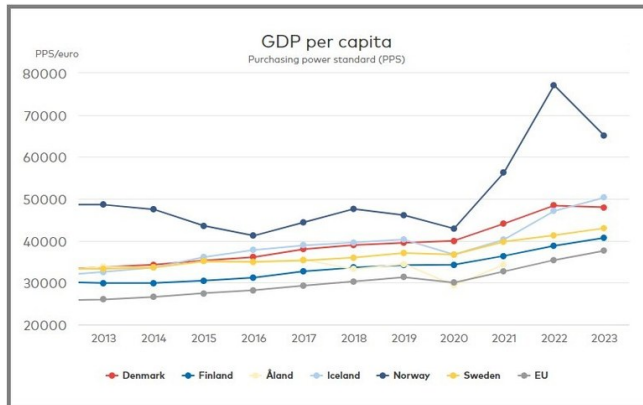
Improved Nordic labour market statistics provide much improved insights

The number of tables has grown from 3 to 28 and statistics are now even more up-to-date. It is also possible to choose which countries to compare and easy to shorten or lengthen the time period you want to analyse. In addition, differences in the statistics are now explained to avoid pitfalls.

You can find all the statistics here:

Here we bring you on a brief statistical journey which showcases some of the major differences between the Nordic countries right now.

## GDP per capita



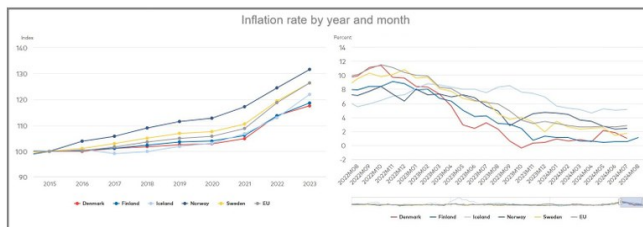
Gross domestic product in PPS/euro by reporting country, unit and time. Åland is here shown separately from Finland. Source: Nordic Statistics database

We begin with GDP, where Norway really has stood out in recent years. The reason behind Norway's considerable GDP growth is Russia's invasion of Ukraine in 2022. That made natural gas prices soar. Yet although Norway's GDP rose a lot, it does not mean the citizens got that much more money. Most of the revenue is being saved in Norway's oil fund.

"Out of all the European countries, Norway has made the most money from the crisis so far. Our extra revenue has already surpassed 1,500 billion kroner (€127bn) mainly from higher energy prices and especially gas," writes Bård Standal, deputy leader for the employers' organisation Renewables Norway.

The Corona pandemic was another transformative event. It caused a rapid rise in unemployment rates in the Nordic countries, yet far less than in the USA which lacks a comparative welfare safety net.

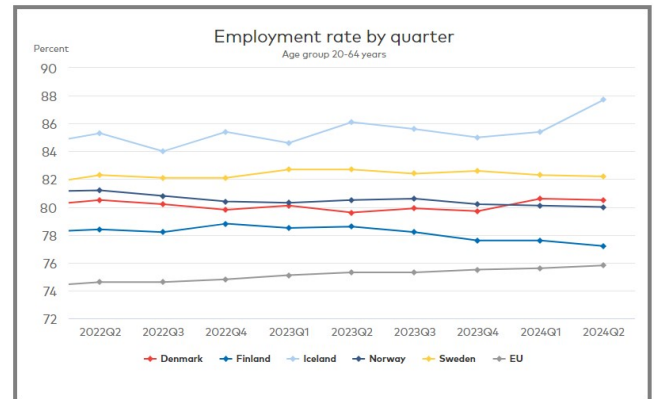
## Inflation rate



The figure displays the harmonised index of consumer prices by reporting country and time. Annual figures on the left, the monthly index compared to the same month the previous year on the right.

The pandemic also led to higher inflation. The graph above is one example of the importance of fresh statistics. If you only look at the annual statistics on the left, it looks like all the countries are still experiencing rising inflation. The monthly statistics from September 2022 paint a different picture. They show the change in the monthly index of consumer prices compared to the same month the year before.

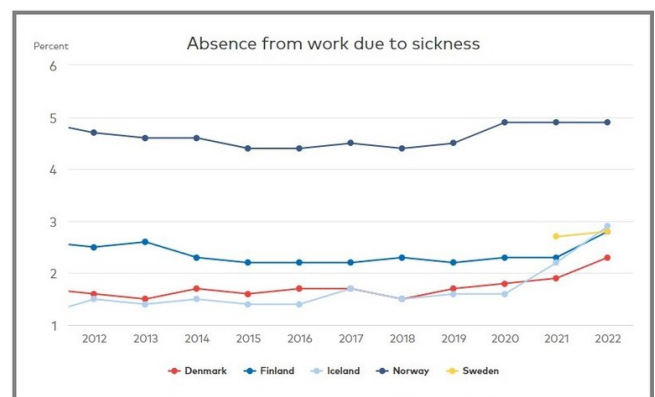
## Employment rate



The figure displays the employment rate by reporting country and time.

The employment rate differs considerably between the Nordic countries. It is higher in all of them compared to the EU average, yet Iceland stands out with an employment rate of almost 88 per cent. Finland's rate is more than ten percentage points lower. However, if the Faroe Islands had been shown separately from Denmark they would be on top with an employment rate of 90 per cent.

## Sick leave



The share of employed individuals aged 16-64 years who declare that they have been absent from work for the whole reference week.

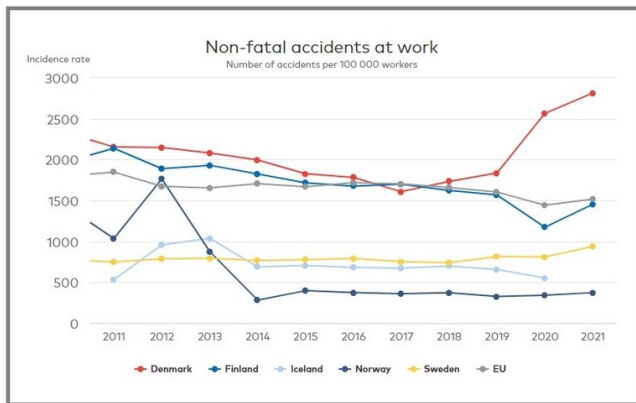
Some of the largest differences are found in the statistics covering sick leave. Norway is considerably ahead of the other countries in terms of the number of people who are too ill



to work. The reason? Norwegian rules for sick leave are the most generous in the whole of the Nordics. There are no waiting days when individuals must fund their own absence.

That means employees do not lose any money if they are off sick for shorter periods of time. The employer covers the cost for the first 16 days of sickness, after that the Norwegian Labour and Welfare Administration (NAV) covers the cost.

## Workplace accidents



The Corona pandemic also shows up in the statistics for workplace injuries. It might look like Denmark has suffered a significantly worse trend than the other Nordic countries.

But a footnote explains that Denmark classifies Corona as an occupational injury if the individual was infected as a result of their job. The other countries do not count Corona in the same way.

# Swedish strip club challenges ban on night work

Should the employees at the strip club Club Heartbeat be allowed to work all night? No, says the Swedish Work Environment Authority. Yes, says the club's owner, referring to a new collective agreement that allows exceptions to the Working Hours Act.

NEWS

22.10.2024

TEXT: KERSTIN AHLBERG

The question will now be decided by the courts, and their answer could have implications for the entire labour market.

A strip club staying open at night is almost inherent to its nature. Yet according to the Working Hours Act, all employees are generally entitled to rest between midnight and 5 in the morning.

This does not apply, however, if the nature of the work, the needs of the public or other special circumstances require that the work must be done at night. Typical examples include healthcare, emergency services, and the police.

Other employers who want employees to be able to work at night can apply for an exemption from the Work Environment Authority if there are 'special reasons.' Another option is if the employer has a collective agreement that allows for an exception.

In the case of Club Heartbeat, the Work Environment Authority sees no special reason to grant an exemption. Therefore, the club's owner, Flirt Fashion AB, was prohibited from having employees work between midnight and 5 am after 1 September this year. If the owner does not comply with the ban, it will result in a fine of 600,000 Swedish kronor (€52,600) – that is if the Work Environment Authority is successful.

Because the owner has appealed the ban, arguing that the club has a collective agreement which exempts it from the night work ban with the relatively new trade union the Stage and Cultural Workers' Union, Sokaf.

It was founded in 2022 by twelve employees from various clubs, partly as a response to the Work Environment Authority's intervention against night work at these establishments. As of today, Sokaf is said to have 33 members.

However, the Work Environment Authority does not recognise the collective agreement. A collective agreement that deviates from the night work ban must be concluded by a cen-

tral labour organisation, and Sokaf is not a central organisation, argues the authority. As a result, the court will, for the first time, have to decide what this means, as it is not clearly defined anywhere.

It is quite possible that the matter will be escalated to the highest court. If the decision allows "alternative" unions to negotiate exceptions to the night work ban, it could have implications for the entire labour market.

Strip clubs are not alone in wanting to operate around the clock these days. A couple of examples include Spotify and Klarna, which have not received exemptions from the Work Environment Authority.



## New Nuuk airport could provide lift for Greenland's labour market

Direct cross-Atlantic flights to Nuuk could bring even more tourists to Greenland and in the long term encourage Greenlandic youths to get an education and find work in their home country.

NEWS

21.10.2024

TEXT: MARIE PREISLER

The new international airport in Nuuk which opens on 28 November will be a great boost to tourism. That is what the Greenlandic business community and Aaja Chemnitz expect. She is a member of the Danish Parliament for Greenland's ruling left-wing Inuit Ataqatigiit party, IA.



“Being able to fly non-stop to Nuuk will open up Greenland to the wider world in a completely new way. Tourism will be

further boosted and it will also make it easier to transport Greenlandic fish to our export markets,” says Aaja Chemnitz.

This view is shared by Christian Keldsen, Director of the Greenland Business Association GE, the employer and interest organisation for small and large private companies in Greenland.

“The new airport in Nuuk will strengthen tourism and other activities like the export of fish by air. Those of us who live in Greenland can travel in and out cheaper and faster when we no longer need stopovers. This could also eventually attract more liberal professions like architects, lawyers and consultants.”

### A labour market under pressure

Until now, international flights have meant stopovers in Kangerlussuaq, Greenland's main air transport hub, because the runways in Nuuk and Ilulissat are too short to facilitate larger aircraft.

That is why the Danish government and Greenland's self-rule authority, Naalakkersuisut, agreed in 2018 to expand the Nuuk and Ilulissat airports.



*In 2023, most foreign workers were from the Philippines, Iceland, Sri Lanka and Poland. Source: Statistics Greenland.*

The agreement was justified by the need to provide citizens with easier access to travel into and out of Greenland, and that larger airports would support business – including the tourism industry.

Since then, a third airport expansion has begun in Qaqortoq in the south of Greenland, which is close to areas with potential for future mineral extraction. The Ilulissat expansion is delayed and expected to finish in 2025. The combined construction budget for the three airports is five billion Danish kroner (€617m).

Both Aaja Chemnitz and Christian Keldsen hope that easier access to air travel will also help ease the very high pressure on Greenland's labour market. Greenland is increasingly importing labour from abroad, particularly from Asian coun-

tries such as the Philippines, Sri Lanka, and Thailand. The majority work in fish factories, cleaning, retail, and other service jobs.

### Subsidised plane tickets

Right now, unemployment levels in Greenland are at a record low, not far from zero. In contrast, a relatively large proportion of Greenland's working-age population remains outside the labour market – a much larger share than in the rest of the Nordic countries. And a significant portion of Greenland's youth do not complete an education that would give them the skills they need to work.

Direct and cheaper air travel can help change this, hopes Aaja Chemnitz.

“The airport expansions represent a very important opportunity for more of Greenland's youths to pursue higher secondary education in for instance Denmark. Direct flights will make it easier for them to keep in touch with families at home while studying. It can also increase the chances that they return to Greenland to work when they have finished their studies,” she says.

Nearly one in two (44 per cent) of youths who study outside of Greenland do not return at the end of their education, says Aaja Chemnitz. During the 2025 Danish budget negotiations, she therefore proposed that the national budget allocate funds so that Greenlanders studying in Denmark each receive 1000 Danish kroner (€134) to help cover plane tickets back home.

“When students maintain a stronger connection to Greenland during their studies, we could reduce the current brain drain from Greenland.”

### Better study environment in Denmark

Aaja Chemnitz also spends her time in the Danish parliament pushing for more counselling for Greenlandic students in Danish schools and universities to reduce dropout rates. Denmark's Prime Minister Mette Frederiksen (Social Democrats) also believes it is necessary to provide a better study environment for young Greenlanders in Denmark.





*Work on the new Ilulissat airport has been delayed and is now due to finish in 2025. Photo: Christian Sølbeck*

"I hear about prejudice and exclusion from Greenlanders who live here and Greenlandic students. Many drop out of their studies," said the Prime Minister during a parliamentary debate on the Danish Realm in the spring of 2024.

At the time, she promised to take action to make the transition to Danish student environments better for Greenlandic students.

"This will benefit the young people but it will also of course benefit Greenland because if we can create a supporting framework around our educational programmes, more young people are likely to finish them. And perhaps they will return and use the skills that their country really, really needs," said Mette Frederiksen.

### 19 nationalities

Greenland's Business Association also sees the educational level among Greenlandic youths as a challenge and predicts it will remain so for a long time. GE believes there will be a need to import a lot of labour in the coming years, also after the airport expansion works have finished.



"GE is pushing for an improvement in Greenland's education level, but it will take time and we will need to import labour also in the coming years. Fishers in Greenland would not be able to land their catch at all if there for instance were no Chinese or Philippine workers in the processing plants," says Christian Keldsen.

5 to 6 per cent of Greenland's labour force comes from Asia and the second generation of immigrants are now entering the labour market, explains Christian Keldsen. He would also

like it to be easier for companies to obtain work permits for foreign labour more quickly.

The expansion of the airports has also to a large extent been carried out by foreign labour. According to GE, 19 nationalities have been involved in the expansion of Nuuk Airport.

### A warning from economists

The latest report from Greenland's Economic Council for the first half of 2024 concludes that the influx of labour from abroad has been crucial for Greenland's recent economic growth. This growth has been driven by good years for the fishing industry, with high prices for North Atlantic fish and seafood.

The Economic Council, established by the Greenlandic self-government Naalakkersuisut, conducts independent analyses of Greenland's economy. The Council's latest report warns that the labour shortage is a major challenge for Greenland's economy and it argues that improved education levels are "a crucial prerequisite" for a more self-sustaining Greenlandic economy.

Previous reports from the Economic Council show that employment rates among specific educational groups in Greenland are comparable to those in Nordic countries. However, the main challenge is that a significant proportion of each generation in Greenland does not complete education programmes that give them the necessary skills



A similar warning appears in an analysis from Denmark's National Bank, published in November 2023. The bank identifies the educational level in Greenland as the primary reason for the lower employment rate compared to other countries.

More than half of Greenland's population between the ages of 25 and 64 have no more than an elementary school education. This proportion is much higher than in other Nordic countries.

80 per cent of Greenlanders between 25 and 65 are active in the workforce, which is slightly below the OECD average and considerably below the levels in other Nordic countries.



## Iceland facing watershed moment as PM calls snap elections

Iceland is heading for snap elections in November after the right-left coalition of Bjarni Benediktsson collapsed in October over a range of disagreements. Political scientists were not surprised and some predict a watershed moment in Icelandic politics.

NEWS

21.10.2024

TEXT: HALLGRÍMUR INDRÍÐASON, PHOTO: EGGERT JÓHANNESSEN

Icelandic politics is in turmoil. There were signs of increased difficulties in the coalition of the Independence Party, the Progressive Party and the Left Greens before the then Prime Minister, Katrín Jakobsdóttir, leader of the Left Greens, quit politics and ran unsuccessfully for president.

Polls had already shown falling support for the coalition parties, and some even showed the Left Greens would get zero MPs in an election. Still, the cooperation between Jakobs-

dóttir and Independence Party leader Bjarni Benediktsson seemed to be going well.

## A contentious issue



But things soon started to sour when Jakobsdóttir left and Benediktsson took over as Prime Minister.

In September, the deportation of a Palestinian child suffering from a rare disease was stopped by Minister of Justice Guðrun Hafsteinsdóttir, an Independence Party member.

This came after a request from the Minister of Social Affairs Guðmundur Ingi Guðbrandsson, who was then interim leader of the Left Greens.

After that, the boy was granted asylum. Immigration is one of the most contentious issues between the two parties. Rumours circulated that the Left Greens had threatened to terminate the government if the boy was deported, but that has not been confirmed.

## The end of the coalition

Then, at the Left Green annual conference in early October, Svandís Svavarsdóttir was elected new leader. The conference produced a statement saying that the coalition had reached the end, and it would be for the best to have elections next spring.

The government's term was supposed to end no later than September 2025. There was a proposal at the conference to put out a statement saying that the coalition should be terminated but that did not go through.

Bjarni Benediktsson said a few days later that if the Left Greens would not change their minds, the best thing to do

would be to have elections as soon as possible. And that is what happened.

He called a press conference on 13 October to announce that he had decided to terminate the coalition and ask the President to dissolve parliament and call elections for 30 November. After discussions with other political party leaders, that is what she did.

## Unconventional government

Ólafur Þ. Harðarson, professor emeritus in political science at the University of Iceland, says that the formation of the government in 2017 had been unconventional since the parties furthest to the right and furthest to the left came together in a coalition.



*Ólafur Þ. Harðarson is a professor of political science at the University of Iceland. Photo: Hallgrímur Indriðason*

“Many were not optimistic that this coalition would last long. Previous coalitions had lost a lot of support between elections, and therefore their majority. And mid-term polls indicated that the same would happen to this government, even though the cooperation was going well.”

But then came the pandemic, and in three months the coalition went from polling at just over 30 per cent to over 60 per cent. That lasted more or less until the 2021 elections.

“The government survived because the voters believed that it had done a good job in the fight against Covid,” Harðarson said.

## Falling approval ratings

This government became the first since 2003 to maintain its majority between elections. But soon in their second term, when Covid was no longer an issue, ideological differences between the Independence Party and the Left Greens started to create more difficulties.

And at the same time, the government's approval ratings fell drastically.





*A thoughtful Katrín Jakobsdóttir a year before she decided to resign and instead run in the presidential election, which she did not win. Photo: Björn Lindahl.*

“Katrín Jakobsdóttir was considered to be the one who kept the government together, and she took her role as Prime Minister to hold it together very seriously. She was the one who bridged the differences between the parties. She was for a long time the most popular politician in the country and was by far the most popular candidate for Prime Minister after the elections.”

#### **More disputes post-Jakobsdóttir**

Harðarson says that as soon as Jakobsdóttir left the government, the dispute between the Independence Party and the Left Greens got tougher, which led to Benediktsson announcing the termination of the government. The Left Greens then refused to continue in the coalition until the elections and left it instantly.

“The Left Greens risk vanishing from parliament and believe that their best bet now is to distance themselves from the Independence party and reconnect with their roots. Their loss is caused by people who don’t like that the Left Greens entered the coalition, and this certainly contributed to Jakobsdóttir losing the presidential elections.”

#### **Loss of mutual trust**

Harðarson also says that there was mutual trust between Jakobsdóttir, Independence Party leader Bjarni Benediktsson and Progressive Party leader Sigurður Ingi Jóhannsson. Benediktsson, however, did not seem to work equally hard to keep the coalition together when he became Prime Minister.

“Many Independence Party members have wanted the coalition to end, and the main reason is polls that indicate the party could be in for its worst results in its history.”

Harðarson does not think immigration and energy will be the main topics for the upcoming election, despite having been hot topics recently. He believes the main focus will be the legacy of this government.

“The government parties have been criticised for how they have handled the economy and public service. Many areas of public service have been inadequate, and both inflation and interest rates are currently high. I believe the campaign will focus on that.”

#### **Polls indicate watershed elections**

The latest polls indicate that the Social Democrats will become the biggest party after the elections while the Independence Party will reach an all-time low. Harðarson says that if the results are anything like that, it would be a watershed moment in Icelandic politics. He does expect the polls to change before election day.

“It would be historic if the Independence Party no longer is the largest party. That has only happened once before, in 2009 after the financial crisis. And it’s increasingly likely that the party will end up in opposition, which it has been for only a period of four years since 1991.

“That kind of position for a political party is rare in Western politics. It can be compared only to the position the Social Democrats held in Scandinavia in the 20th century – and they are not as dominant now as they were before.”



Text: Kerstin Ahlberg

# Nordic governments' sigh of relief as collective bargaining rights still intact

Pilots and cabin crew do not perform work of equal value, thus it is not discriminatory when pilots receive higher travel allowances. This was the somewhat anticlimactic ruling from the EU Court of Justice in a case that Sweden and Denmark feared would set a precedent that could threaten the right to free collective bargaining. That did not happen this time.

NEWS

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TEXT: KERSTIN AHLBERG, EDITOR EU & ARBETSRÄTT

The cabin crew involved in the case consists mostly of women, while most pilots are men. As previously reported by the Nordic Labour Journal, the women felt discriminated against when they realised that the pilots' collective agreement granted them higher travel allowances than what they received.

that are equal or of equal value. Since the work of cabin crew and pilots is not of equal value, the cabin crew had not been discriminated against.

The question the EU Court of Justice had to answer was whether this differential treatment could constitute indirect gender discrimination, even though it was based on the fact that different collective agreements apply to the two groups.

Both the Danish and Swedish governments expressed their opinions before the Court. They argued that if this were found to be illegal discrimination, it would have far-reaching and negative consequences for the autonomy of the social partners and their ability to negotiate and conclude collective agreements.

Their worries intensified when the EU Court's Advocate General issued an opinion in June this year.

The Advocate General argued that the fact that the allowances were regulated in two separate collective agreements, negotiated with two different trade unions, did not exclude the possibility of discrimination. The difference in allowances could only be justified if the employer could prove it was due to factors unrelated to gender, such as the unions prioritising different things during negotiations. And the burden of proof would have to be high.

Therefore, the EU Court's ruling in early October came as a real anticlimax. The court did not address the issue of collective agreements at all. It simply stated that allowances are a form of pay and that the principle of equal pay applies to jobs