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Fredrik Karlström works hard to make Åland more diversified

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Islands with their own point of view

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Hybrid work: Nordic border commuters face income tax headache

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# Theme: Autonomy or independence



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# Islands with their own point of view

The Faroe Islands, Greenland and Åland see the Nordic cooperation as a stepping stone to the outside world. But they also bring plurality to the Nordic table by enhancing awareness of different governance arrangements, peoples and their rights.

EDITORIAL

10.12.2021

BY BJÖRN LINDAHL, EDITOR-IN-CHIEF

One of the most exciting journeys I have ever done as a reporter was in 2011 when I travelled with the then Minister of Trade Ewa Björling to Greenland. She was particularly interested in the mining industry, so the Swedish delegation took a speedboat from Nuuk up the Godthaab Fjord and into a small branch full of small icebergs.

32 containers formed a rectangle on top of a hill, the base camp for the prospecting going on higher up. Some of us flew in a helicopter across the mighty inland ice cap to the top of the hill, which jutted out of the ice. As we landed, the London Mining project head exclaimed enthusiastically:

"Look at the top of the hill! Can you see the magnetite running like rods down the side? That's all iron, a billion tonnes of iron ore, perhaps more!"

The British-Chinese mining project was supposed to remove 200 million tonnes of ice and build a road to an open mine with three production lines. 1,100 people were supposed to work during the construction phase, many of them Chinese. With production underway, 500 people were to be hired.

Many have been blinded by Greenland's natural resources. Former US President Donald Trump even wanted to buy the entire country.

But the British company that had secured the license, London Mining, went bust. It only operated one mine in Sierra Leone, which closed after an Ebola outbreak. Now I see the Chinese company General Nice, which took over the license, has returned it to the Greenlandic authorities. It was a small company that could never have provided the 20 billion kroner investment needed.

The price of ore and viruses are elements the Greenlandic government cannot control. But the new government that came to power in April this year has decided that any ore extracted in Greenland must not contain more than 0.01% uranium. Marie Preisler has investigated what consequences

this will have, and what measures the government will introduce to improve the labour market.

There are also grand plans afoot in Åland. The autonomous archipelago plans to construct 500 offshore wind turbines which would produce 100 times more electricity than it consumes itself. We talk to Åland's Minister for Industry and Trade Fredrik Karlström, who has become a veteran among the Nordic labour ministers. They gathered in Helsinki in late November to discuss issues like platform work and the need for joint Nordic legislation for this part of the labour market.

Iceland's minister Ásmundur Einar Daðason did not participate because he was busy with the formation of the new Icelandic government, which began governing on 29 November. We have a portrait of the new Minister for Labour Guðmundur Ingi Guðbrandsson.

Meanwhile, in Sweden, Magdalena Andersson finally became Prime Minister. And with that, the most important Nordic government minister post yet to be held by a woman was filled. Since Iceland has also got its first female Minister of Fisheries and Agriculture in Svandís Svavarsdóttir, the Nordic Council of Ministers has now had women in all 11 minister posts.

We also write about how Hungary has blocked the declaration from the yearly EEA Council meeting and the tax problems for Nordic border commuters, when hybrid work has become the norm.



## Fredrik Karlström works hard to make Åland more diversified

Fredrik Karlström has become a veteran of Nordic labour market cooperation. The Minister for Industry and Trade in Åland's government pops up in pictures everywhere in the Nordic Labour Journal archives. The first was taken in 2012, where he poses with Nordic colleagues on the quayside in Longyearbyen in Svalbard.

PORTRAIT

10.12.2021

TEXT AND PHOTO: BJÖRN LINDAHL

“The Svalbard trip is one of my best memories from the last time I was a government minister. Hillevi Engström, the then Swedish Minister for Employment, asked if I wanted to go with her in the Swedish government jet,” he says as we meet during the Nordic labour ministers' meeting in Helsinki.

The jet he talks about was a Gulfstream that once belonged to the Canadian whisky producer Seagram's CEO. Next to the seats, under large windows, are round recesses where a whisky glass fits perfectly.

“With my interest in planes, this was huge.”

### **Trained as a pilot in the USA**

It was, after all, not a given that Fredrik Karlström was going to become a politician. He trained as a helicopter pilot in the USA, got a commercial pilot's license and an instrument rating for both. But he never got the job as a helicopter pilot in Åland he had been dreaming of.

“I have been thinking how my life might have been very different had I got that job.”

Instead, he gained a more chequered working life experience. He was head of a commercial radio station, started several companies and constructed some large commercial proper-

ties before turning to politics. The 1999 Åland parliamentary elections were his first attempt, and four years later he managed to get elected.

At the 2011 elections, he got the most votes in his own party and was fifth best out of all the 250 candidates. He was made Minister for Industry and Trade and as a result got to participate at the Nordic Council of Ministers.

### Foreign policy arena

“The Nordic cooperation is incredibly important for Åland. That is our foreign policy arena. So I prioritise participating in all the meetings I can. This is not only to talk through the issues on the agenda. It is about talking to the other Nordic ministers about other issues too.



*Four labour ministers in Svalbard in 2012: Lauri Ihalainen, Finland; Hillevi Engström, Sweden; Hanne Bjurstrøm, Norway and Fredrik Karlström, Åland, in front of the Governor’s vessel. Photo: Berit Kvam.*

Fredrik Karlström calls himself “a proud nordist”, but the last 20 months have brought major challenges.

“The Corona pandemic was like a knife to my heart. After nearly 70 years of free movement, everything changed. Åland is sometimes called an ideal society with low unemployment, high levels of welfare and a stable economy. Suddenly, almost overnight, unemployment rose to 13.5%.”

Åland’s GDP fell by a massive 19% in 2020.

The Finnish government introduced a state of emergency and forced ferry companies to stop selling tickets. The ferries are key to Åland’s economy, and the usual 9,000 annual landings were reduced to nearly zero.

### Managed the pandemic well

Fredrik Karlström is still upset.

“It is not borders that transmit the virus. We know this in Åland. Between March and December 2020, before the vaccines, around 70,000 people travelled from Sweden to Åland and around the same number arrived from Finland.

“Despite this only 22 people were thought to have been infected on the island. Since the start of the pandemic, around 500 people have been confirmed infected with the virus, around 25 went to hospital, around five ended up in ICU, no one needed respirators and nobody has died. So the pandemic has not hit us particularly hard medically, yet the side-effects have been enormous.”

Could the Finnish government have handled the pandemic differently? Yes, at least when it comes to border restrictions, thinks Fredrik Karlström. He feels they did not properly consider just how important border commuters is to Åland as a region.

“We have 0.54% of the total Finnish population. But Ålanders make up 15% of people commuting from Finland to another country.”

The Corona pandemic meant major challenges in Åland too. The government adopted wide-ranging measures with the motto “better to do too much too early, than too little too late” in order to save the island’s businesses. This has come at a cost, but fewer businesses went bust in 2020 than in 2019.

### Immigration continues

The tourism industry had a record turnover last summer thanks to a large number of Finnish visitors. Despite Corona, immigration has also continued to increase. For Fredrik Karlström it is very important that the population continues to grow.

“Each year some 600 to 700 people move away from Åland. Most are between 16 and 25, and many are naturally looking to study or work. But at the same time, some 1,000 move here every year.”

With just over 30,000 citizens, Åland is the smallest of the three autonomous areas in the Nordic region. The Faroe Islands have passed 50,000 while Greenland has 56,000 citizens.

“If these 1,000 people did not move here every year, we would quickly face major challenges. That is why it is so very important to attract many people and to continue to work for increased immigration.”

### A small-scale society

The arrivals are of all ages and come for various reasons.

“Some are moving back home, others do it for love or because they want to live in a more small-scale society where everything is close, where it is very safe while there is also a varied business environment with three listed companies and 2,600 businesses plus around 50 restaurants,” says Fredrik Karlström.

“If you sell a terraced house in Täby [a Stockholm suburb] you can afford a luxury villa in Åland and still have money to spare.”

But where will all these people work? How sustainable is it to base so much of Åland's economy on ferries, that in turn depend on duty-free products like alcohol and tobacco? Åland is an EU member, but as it joined together with Finland in 1995 it gained an exception from being part of the European excise duty cooperation.

“When we joined the EU in 1995, it was absolutely crucial for us to keep the ferry routes. The boat operators represented around 45% of Åland's economy, and counting secondary businesses it was around 60%. To maintain duty-free sales was the solution.

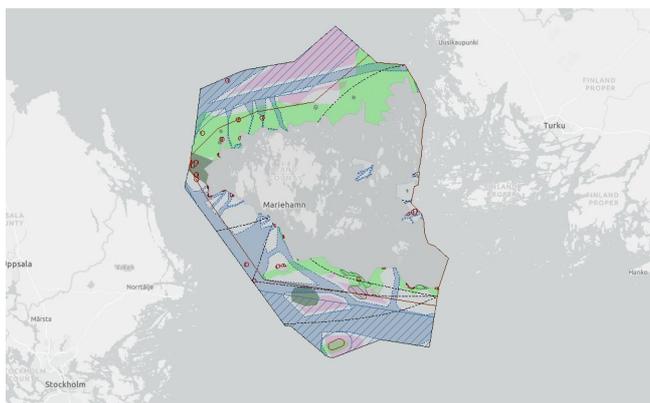
“Today the boat operators make up some 19% of the economy, so 25 years later our business sector has diversified.”

### IT experts stay

As is the case in many other countries, Åland has high expectations for IT. Åland's tech cluster has grown a lot over the past decades. The gaming company Paf, with around 200 employees, is an important business for Åland. It runs Åland's legal gaming monopoly. Despite a tough 2020, its turnover fell by only 1% to 113 million euro. The operating profit, however, fell by 35% to 16.7 million euro.

“One interesting development in the wake of Corona is that even if major global computer companies still poach Paf employees, they do not move away from the island. The majority of them have started to work internationally but from home in Åland,” says Fredrik Karlström.

Wind power is another industry that could form a major part of Åland's future economy. Not long ago the Sunnavind project was unveiled. It aims to open up areas where private companies are invited to construct wind farms with a total of 500 wind turbines, each with a 12MW capacity.



*Åland consists of over 6,500 islands and a large area of sea between Sweden and Finland. Offshore wind parks are planned in the pink areas. Source: Government of Åland.*

“This would represent a production 100 times bigger than the electricity consumption of the whole of Åland. The energy could be exported to Finland, Sweden and Estonia. The pro-

ject is too large for Åland to finance on its own, but we have several advantages compared to other, similar projects.”

The total cost is an estimated 4.2 billion euro. One advantage is that the 300 metres tall wind turbines will be constructed in the seas to the north of Åland, which are owned by the government. There, the wind is more constant than in other areas. Åland's demilitarised and autonomous status also means it has the legislative power over construction, energy and the environment.

“The other day, the Bank of Åland also announced that they, in cooperation with OX2, will start cooperating on one of the projects within the Sunnavind framework. It will consist of 250 wind turbines in an area of sea to the south of Åland. This should deliver around 20 TWh a year,” says Fredrik Karlström.

# How much independence for Greenland, Åland and Faroes in the future?

Will the Nordic region in the future merge into one single federal state, or will there be eight, instead of five separate nation states?

THEME

08.12.2021

TEXT AND PHOTO: BJÖRN LINDAHL

That was not quite how the question was formulated when Finland and Åland hosted a conference in Copenhagen, as Presidents for the Nordic Council of Ministers, focusing on the Nordic region and the autonomous areas. But if you invite historian and author Gunnar Wetterberg you can be sure to get a passionate argument for creating a new Kalmar Union, which 1397 to 1523 united all the five present Nordic countries.

"Historically, there have been many attempts to unite the Nordics. But there were always outside powers who were not interested in a Nordic state," he said.

"Together, the Nordics would be the 11th largest economy in the G20, and would be able to influence the discussions and politics in a Nordic way ."



*Gunnar Wetterberg has worked for the Ministry for Foreign Affairs as well as the Ministry of Finance. In 2021 he wrote a book proposing a Federate Nordic state (Förbundsstaten Norden).*

He envisages a federal state like Malaysia, where the role as head of state rotates between the country's 16 sultans.

"A federal state could be both monarchy and republic at the same time," he said.

When he is asked how realistic the federal state he proposed in a book some ten years ago really is, his answer is more humble.

"I told the journalists back then that there was a five percent chance I would experience it in my life time, but later opinion polls showed more than 40% of people in all of the five countries were positive to the idea – so I adjusted the percentage up. Today, I think there's an eight percent chance that this will happen."

Many, however, think things are going in the opposite direction, and that we in future will have a further three nation states: Greenland, the Faroe Islands and Åland. Out of these three, the Faroe Islands is closest to obtaining independence:

"I think it will happen in 10 to 20 years," says Petur Petersen, who is a member of the Nordic Committee for Co-operation (NSK), to the Nordic Labour Journal.



*Petur Petersen has been working with the Faroese Government the past 24 years and been board member in different Nordic committees in most levels.*

"There are three things that are needed for gaining independence: You need the economy to be able to do it, you need the structures and you need the will of the people. We have the two first, but not quite the third yet," says Petur Petersen.

As part of next year's autonomy centenary celebrations in Åland, the Finnish Institute of International Affairs FIIA and the Åland Islands Peace Institute have produced a report about how the three autonomous areas fit in with the Nordic cooperation.

The report also focuses on the less ambitious goal of the autonomous areas to be treated as full members with all voting rights in both the Nordic Council and The Council of Nordic Ministers.

"The Faroe Islands, Greenland and Åland see Nordic cooperation as a 'springboard' to the outside world and an international arena where they can increase understanding for and accommodation of their conditions and concerns," writes the two researchers who made the study, Katja Creutz and Sia Spiliopoulou Åkermark.

The three autonomous areas also bring important knowledge and perspectives to the Nordic cooperation:

"They bring plurality to the Nordic table by enhancing awareness of different governance arrangements, peoples and their rights. Thanks to them, the Nordic networks permeate different governance levels ranging from international organisations to entities that do not enjoy full statal competences. Through their participation, the Nordic countries have become used to experiencing sovereignty, international legal personality and governance as nuances rather than as either-phenomena."

One key issue is how the autonomous areas should be treated in the Nordic cooperation.

- In the Nordic Council, the representatives of the Faroe Islands, Greenland and Åland are allowed to submit proposals, and they have complete voting rights. the NC makes recommendations to the Council of Ministers and Nordic governments. But the Nordic Council cannot make any binding decisions, in contrast to the Nordic Council of Ministers.
- The Faroe Islands, Greenland and Åland do not participate in the Nordic Council of Ministers on par with the five states. While formal cooperation is reserved to the five states only, the three autonomous areas can participate in the work of the Nordic Council of Ministers. Their

representatives are entitled to express themselves in the Council of Ministers.

Will they eventually be full members along with the five Nordic nations, as the Faroe Islands has asked for three times? The latest request was made in 2016 has still not been fully processed.

### **Full membership comes with a cost.**

On Åland an evaluation of the Nordic cooperation was conducted in 2016. It came to the conclusion that full membership in the Nordic Council and the Nordic Council of Ministers would require financial and human resources to such a degree that the benefits of full membership would be outweighed. The main economic burden would come from the presidency of the Nordic Council of Ministers and the organisation of the Nordic Council sessions.



*Anette Holmberg-Jansson is Minister of Social Affairs and Nordic Cooperation in the Åland Islands.*

"In Åland, we support the Faroe Islands' demand for full membership, but we have not ourselves presented similar demands," said Åland's Minister for Nordic Cooperation, Anette Holmberg-Jansson.

"If they succeed, we probably will follow."

Others are more sceptical. Jørgen S. Søndergaard, who has spent four decades working with Danish-Greenlandic relations, is now retired but follows the debate closely.

"Even if they get full minister seats in the Council of Ministers, this won't change anything since all decisions must be unanimous," he says. He does not believe the three autonomous countries will become independent nation states.



*Jørgen S. Søndergaard has been senior adviser at the Greenland government but has now retired.*

“That will not happen. Their populations are too small for them to become completely independent. Who would defend Greenland?”

The developments are followed closely by other regions and countries in the world. If you do a Google Scholar search for scientific studies on the Nordic autonomous areas in the past 12 months, they compare to the situation in areas like Puerto Rico, South Tirol and Okinawa.

Even though things are moving slowly, there is a steady march towards more independence. But there are big differences between what is happening in Greenland and the Faroe Islands compared to Åland.

Both Greenland and The Faroe Islands can take full charge of internal affairs when they want to, provided they also take the costs.

In the Faroe Islands, Peter Petersen notes that out of the 32 areas that the Danish government is willing to give up control of, only 12 remain.

Greenland is allowed to pursue independence according to the self-government act of 2009, where it is noted that the entity has ‘access to independence’.

“This decision is to be taken by Greenlanders themselves, after which negotiations between the governments of Greenland and Denmark will follow. A potential agreement on independence must be approved first by the Greenlandic Parliament and in a concomitant referendum. In addition, the Danish Parliament, Folketinget, must give the agreement its approval. This explicit option of independence separates Greenland from the Faroe Islands and Åland, writes Katja Creutz and Sia Spiliopoulou Åkermark.

Greenland is, however, furthest away economically to become independent. Åland would in that respect probably manage full independence the best, but politically it is in a

very locked situation. It has been four years since a committee led by Finland’s former President Tarja Halonen failed to conclude a new agreement on self-governance for Åland.



*Natuk Lund Oisen, is the head of the division of constitution in Greenland, Harry Jansson is the Deputy Head of the Government of Åland.*

“Since the revision should be ready for the centenary of Åland’s self-governance, and must be passed by the Finnish parliament before then, we have to be done by April next year. We would like to see Finland being a bit more inspired by how Denmark handled its autonomous areas. To us, the Danish model is like a dream,” says Harry Larsson, Deputy Head of the Åland Government.

“The current agreement is from 1991. It has been 30 years and the world has changed since then. Finland has not even agreed to a simple demand like when a collective agreement is being extended in Finland it should also be translated into Swedish, since it will also be binding for Åland. Local taxing authority is not even on the table.”

When it comes to the more humble demand of being allowed to play an independent role in the Nordic council of ministers cooperation, Greenland appears rather uninterested.

“Greenland has its own view of the rest of the world. If a Greenlandic politician comes from the south of Greenland where sheep farmers have historically cooperated with Iceland, there is some interest. But further up the coast, you are just a sleigh ride away from Canada,” says Søndergaard.

“The Nordic cooperation needs to be seen among the society. Otherwise it has no value. In Greenland you see it on a political level and maybe if you are an artist. But in the daily life it’s not something that is considered very much,” said Natuk Lund Olsen, the head of the division of constitution in Greenland.



# Will Greenland get the mining adventure off the ground?

Greenland is about to introduce a range of reforms aimed at creating a well-functioning labour market and a stable framework for foreign investments in industries like mining.

THEME

08.12.2021

TEXT: MARIE PREISLER, PHOTO: BJÖRN LINDAHL

Tourism and mining are central elements to the economic adventure which successive Greenland governments have been working towards. Yet both sectors are currently in trouble. Tourism has been severely damaged by the Corona pandemic and there are few active mining projects.

Mining industry investors are waiting to see what Greenland's government will do about their most important promise made during the 2021 election campaign: no to uranium mining in Greenland and no to the sale of uranium which is already being mined in Greenland.

The highly radioactive element is found naturally in Greenland's subterranean ore in combination with other elements like gold and copper, which mining companies from around

the world would very much like to extract. Uranium will therefore be an unavoidable by-product in many mining projects, and it can be difficult for mine owners to know in advance exactly how much uranium will be extracted as part of mining for other elements.

Nevertheless, one of the most important pieces of legislation the current government has proposed after its election victory is that uranium must not make up more than 0.01% of the ore extracted (: 100 parts per million uranium) when mining companies prospect for or extract raw materials in Greenland.

The government also retains the right to change terms and conditions for mining operations in the future – for instance

by banning the extraction of other radioactive substances besides uranium.

### Create stability around raw materials

The political decision for a low threshold for uranium as a by-product and the possible further tightening of regulations has caused many investors to hesitate. In a recent report, the Economic Council of Greenland called on Greenland's government and parliament to secure more long-term stability around the mining industry.



*Mille Schiøtt Kongstad, Greenlandic geologist, holding a rough gem stone from the Aappaluttoq mine. (Photo: Greenland Ruby)*

If they do not, the mining adventure might not get off the ground at all. And with no mining, an important building block of Greenland's future economy will be missing, says the Council, which provides independent analysis of Greenland's economy for Greenland's government.

"Mining activities are essential to creating a broader economic base. To boost the sector, it is important to have long-term political stability and reliable conditions. This concerns both the types of minerals that may be extracted and the modalities for doing so.

"Uncertainty about the regulatory framework and conditions for doing business generally has a negative impact on investment, and particularly on activities that require large initial capital outlays and operate over long periods of time.

"For Greenland as a "greenfield" area, it is particularly important to provide clear conditions and have an efficient and transparent administration in order to attract companies and investors and thus achieve the ambitions for the mining sector," writes the Economic Council of Greenland in its report from September 2021.

Greenland had a zero-tolerance for uranium exploration until 2013, when the ban was removed so that income from raw materials might become a central element to Greenland's economy along with three other main income streams: fish

export, tourism and considerable economic support from Denmark in particular, but also the EU.

### Sustainability plan in the works

The government's 2022 budget does not contain any major changes, but the government has announced that reforms are coming. These will be presented in an upcoming Sustainability and Growth Plan which will contain proposed tax reforms for housing and the public sector as well as education and labour market measures.

This is a signal that the Economic Council of Greenland welcomes, but it also warns the government not to wait too long:

"Thorough groundwork is essential to developing an understanding of the need for reform and the concrete actions to be taken. But it is also important to act swiftly and initiate a reform process. Many problems are already well documented and have been discussed for some time now. In a number of areas, postponing reforms would merely compound the difficulties of adapting to new demands."

Reforms, the Council says, are necessary to move towards a more self-sustaining economy. To do that, Greenland needs to diversify business activities, prepare for demographic changes brought on by an ageing population, solve the country's large social challenges, educate more young people and secure a more sustainable management of fishing and shellfish – especially prawns which is Greenland's primary export.

### Coordinating reforms

The Economic Council of Greenland believes the coming reform process can only succeed if Greenland solves the labour market's largest problem – the lack of qualified labour in many areas, including the health sector, construction and mining. There is also a lack of unskilled workers, although many are not in employment.



*A student at the Greenland School of Minerals & Petroleum in Sisimut practices how to do CPR on a doll.*

“Without a solution to the labour problem, the outcome of new initiatives and projects to support a more self-sustaining economy will be less effective or may even have the opposite overall effect,” the Council writes.

Many measures will be needed to solve the labour problem, and some of them will only have an effect in the long term. All measures must be coordinated with other reforms, the Council advises. It highlights two areas where reforms could free up labour and at the same time support a more sustainable Greenlandic economy:

More effective and sustainable fisheries would make labour available for other industries. Increases efficiency and productivity in the public sector would allow the same tasks to be performed more cheaply and with less need for labour, releasing resources to secure services and welfare to deal with the ageing population.

**A focus on education**

Reforms in these areas will be dependent on supporting measures for the labour market and the education system, the Council believes. It wants to see a general improvement in Greenland’s education level – especially through quality improvement in primary and secondary schools, where many pupils do not acquire basic academic skills need to progress through the education system.

“Boosting the level of educational attainment is crucial for a more self-sustaining economy. The next 20 – 30 years will usher in a series of social trends that will require adaptations and new decisions to ensure prosperity and welfare. These include changes in the size, age composition and educational level of the population that will have an impact on the workforce, employment, productivity, living standards and the number of people receiving social benefits.”

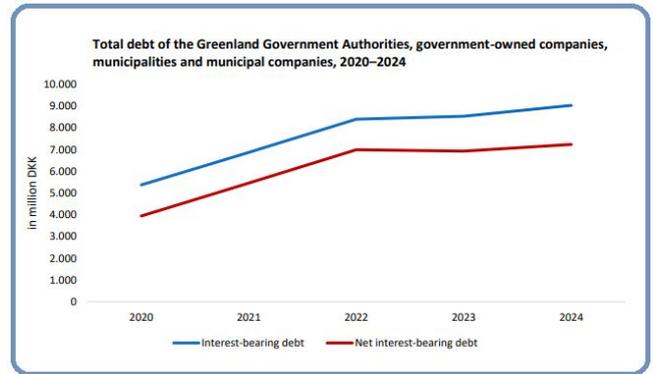
Danmarks Nationalbank takes a similar view in an analysis of Greenland’s economy from November 2021:

“In the longer term, increased education levels are key to expanding the labour supply and employment,” the national bank writes.

Unemployment among people with no further education stood at 8.4% in 2019 compared to 2.5% for people with vocational training and 0.5% for people with further education.

**Growing debt**

Danmarks Nationalbank calls for the introduction of public reforms in Greenland where the public debt is expected to grow from today’s nine billion kroner (€1.2bn) to the equivalent of 45% of GDP by 2024 driven by the construction of new airports in Nuuk and Ilulissat.



*The total debt of the Greenland Government Authorities and the municipalities will grow considerably, warns the Danish National Bank. Source: Draft budget 2022.*

This will considerably increase the autonomous government’s risk exposure in just a few years, the national bank expects, and it predicts that this will necessitate a reform process in the coming years in order to create a sustainable economic policy.

Greenland, and in particular the capital Nuuk, has enjoyed an economic upswing since 2016 with high construction activity in Nuuk thanks to high revenue levels from fisheries and massive investments in new airports in Nuuk and Ilulissat. Greenland has also decided to build an airport in Kujalleq Municipality in the south, although an airport there cannot be financed by rent income and will therefore be dependent on public money.

The Danish national bank’s advice is for Greenland’s government to save money right now, as long as it needs to import labour in order to sustain the economic upturn.



## Guðmundur Ingi Guðbrandsson: Planned to be a sheep farmer, now Iceland's labour minister

A new government in Iceland was announced on 28 November, over two months after the parliamentary elections. The new labour minister is Guðmundur Ingi Guðbrandsson from the Left-Green Movement.

PORTRAIT

07.12.2021

TEXT: HALLGRÍMUR INDRÍÐASON, PHOTO: MAGNUS FRÖDERBERG NORDEN.ORG

There never really was another option to the three parties that has governed Iceland the last four years would continue their coalition. Before the elections, the parties held 35 of 63 seats, but now they have 37 mainly because of the Progressive party's big gain of five extra seats ending up with 13 seats. The Independence Party retained their 16 seats. The Left-Green Movement has 8, down three.

Even though the Left-Green Movement lost seats, Prime Minister Katrín Jakobsdóttir's personal popularity has been so strong that there never was any doubt that she would keep her position.

Another perhaps smaller reason why the government formation took so long was numerous ministerial changes. New ministries were formed and portfolios moved from one ministry to another.

The Progressive Party was in a strong position to have more ministers after their election victory so they gained one ministry. They have now four instead of three. The other two have the same number of ministers as before (The Independence Party has five and the Left-Green Movement has three), so there are now 12 rather than 11 government ministers. The cabinet has never been larger and only once before has there been this many ministers.

### **Environmentalist is the new labour minister**

Guðmundur Ingi Guðbrandsson takes over as new Labour minister and will also serve as Minister for Nordic Cooperation.

Guðbrandsson was born in 1977 and was raised on a farm with sheep and cows. Back then, his intention was to be a sheep farmer. While in secondary school in Akureyri, he started acting and thought about becoming an actor. He gave that up when he failed to secure a part in the musical *Beauty and the Beast* because he didn't sing well enough.

After graduation, he also did a lot of unusual things for a young man. First, he went to the Reykjavik home economics school, before going to Germany to stay in a convent for a few months. He found out eventually that his faith was not strong enough to be a monk.

So he started his university studies. He secured a bachelor's degree in biology from the University of Iceland and then a master's degree in environmental science from Yale University. After that, he worked in environmental research and as a ranger before taking over as CEO of the NGO Landvernd – The Icelandic Environmental Association, in 2011.

In that position, he became one of the best known environmental spokesmen and lobbyists in Iceland. However, politics did not seem to be part of his plans at the time.



*Guðmundur Ingi Guðbrandsson at COP 26 i Glasgow.*

In 2017, when the current coalition first came together, Guðbrandsson was appointed Minister for the Environment and Natural Resources. He had been a member of the party for a long time – he was even a board member between 2007 and 2009 – but nevertheless, it is not common that a minister is appointed from outside the parliament.

There were two reasons for his appointment: his uncanny knowledge of environmental issues, and that two of the Left-Green MPs had voted against party leader Katrin Jakobsdóttir's coalition, although this would be a wise move to strengthen the party in parliament.

### **First a minister, then party vice-chairman**

It was not necessarily obvious that this would be the start of a political career for Guðbrandsson – that has not always been the case when a minister is appointed from outside the parliament.

But it is safe to say that Guðbrandsson remained very firm in his stance on protecting the environment during his time as Minister for the Environment. When he opposed the construction of a power plant in the Western fjords which would have submerged a nature site, one of the locals called him “the main enemy of the Western fjords” in a newspaper article.

Climate change has of course been a huge task for his ministry and during his tenure, Iceland introduced legislation to make the country carbon neutral before 2040 – all with good support from his Left-Green Movement of course.

As a minister, he has also been speaking out for gay rights, being gay himself. He says he considers it to be his moral duty as a gay government minister. During a visit from a Russian politician to Iceland, Guðbrandsson wore a rainbow colour face mask and he has twice sent a letter to the Pope on these issues.

In 2019 it was clear that he was ready to pursue his political career when he was elected vice-chairman of the Left-Green Movement. And in the last elections, he was voted in as an MP, making this his first term in parliament, even though it will be his second one as a government minister.

His new role as Minister of Social Affairs and the Labour Market might seem a bit far from his background. But he was clear on his first intentions:

“We need to improve conditions for people with disabilities,” he told journalists after the government was announced, and he also wanted to make the benefits system more transparent.

In the coalition agreement, there are, however, other things that will probably be Guðbrandsson's job to follow through. It says:

“The participation and return of individuals with reduced work capacity to the labour market will be facilitated so that individuals can benefit financially from employment and be offered opportunities in the labour market without jeopardising their financial security.”

And also: “Older people will be able to actively participate in the labour market, e.g. by increasing flexibility in retirement age in the public sector.”

A short chapter on the labour market itself suggest measures for reducing the gender pay gap, improving procedures in wage negotiations and measures to strengthen the fight against serial bankruptcies.

### **First female Minister of Fisheries**

The new Minister of Fisheries and Agriculture is also from the Left-Green Movement. Svandís Svavarsdóttir was Minister of Healthcare in the previous coalition, and as such had a very busy time because of the pandemic. She is Iceland's first female Minister of Fisheries and Agriculture.

She has been an MP since 2009 however, and before that, she sat on the Reykjavik city council, so she has a lot of political experience. Tourism will be in the hands of the Progressive Party's vice chairman Lilja Alfreðsdóttir, previously the Minister of Education. She has been the party's vice chair since 2016.

When the government was formed four years ago, political scientists were interested in seeing how a coalition with the party furthest to the right (the Independence Party) and the one furthest to the left (the Left-Green Movement) on the Icelandic political scale would work out.

Judging from the elections, neither party benefitted that much from it but the Left-Green Movement lost more. They even lost two of their seats to other parties during the last term. Their coalition partners, the Progressive Party, benefitted the most, which perhaps was not expected at the start of the coalition four years ago. What effect this term will have on the parties remains to be seen.



## Hybrid work: Nordic border commuters face income tax headache

Hybrid work became a solution for many companies during the Corona pandemic. But people commuting across borders risked being taxed in a different country because they were working from home. The Nordic Border Barriers Council is on the case.

NEWS

07.12.2021

TEXT: FAYME ALM, PHOTO: JOHAN WESSMAN/NEWS ØRESUND

Hybrid work will remain a challenge for Nordic border region labour markets for as long as it is limited by current national legislation and bilateral agreements. An upgrade is necessary and urgent.

That is why barriers rather than opportunities were the main topic of debate during a seminar about the borderless labour market organised by Øresunddirekt and Øresundsinstitutet on 24 November. One of the speakers was Evan Lynnerup, a Zealand regional council member for Left, Denmark's Liberal Party. He put it like this:

“What comes out of the talking shops? We spend a lot of time talking and we also allocate money. But is there any con-

crete action here? All of our national governments need to address this. What does the Corona pandemic mean for various agreements? Commuters need concrete answers and solutions to the problems,” he said.



*Elin C Larsson, HR Director at Novo Nordisk and the third person from left, raised the question of how difficult it is for employers to be informed about all the new rules affecting commuters. Here with moderator Trine Grönlund, Kenneth Ekberg, senior advisor Malmö City, Evan Lynnerup, Zealand regional council member for Venstre and Tue David Bak, CEO for Greater Copenhagen. Photo: News Øresund - Sofie Paisley.*

The county governor of Skåne had invited the participants to this physical seminar at her official residence in Malmö. There was a local focus, but only to a point. Different speakers time and again pointed to the urgent need for new and joint solutions for all of the Nordic border regions.

### **Difficult for workers and employers**

The problems became obvious to more people due to the Corona pandemic. The media has heard from border commuters how difficult it has been during the pandemic to decipher tax rules in relation to hybrid work.

In normal times, they want to have the same opportunity to work from home as their colleagues who live in the country where the job is located. The opportunity to work from home has increased a lot thanks to technology, but legislation and bilateral agreements covering border region labour markets lag behind.

The problems with hybrid work concern not only border commuters but also companies that are looking to hire staff. Elin C Larsen, head of HR at Novo Nordisk in Sweden, was among those who called for manageable regulations which would allow employers to treat all employees the same whether or not they are commuting.

Today, all border commuters – or those who are considering working across a border – must interpret and deal with information about taxation and social insurance from four different authorities – two in their home country and two in the country where they work.

This situation can be really discouraging and as a result, employers might not attract the best suited candidates when they are trying to recruit staff. Others might stop commuting

across borders and look for work in their home country instead.

### **From a different perspective**

The increased interest in the barriers that exist in the border region labour markets could also be seen as an opportunity for change, argued Sven-Erik Bucht, the Swedish representative at the Border Barriers Council.



*Sven-Erik Bucht, former Minister of Rural Affairs and now the Swedish representative at the Border Barriers Council. Photo: Anders Löwdin, Socialdemokraterna.*

“It is time for a fresh start. This issue has never had as much attention as during Corona. There is a momentum here that we need to keep,” he told the seminar.

That is also what is happening. Last spring, the Nordic Council of Ministers asked former Finnish government minister Jan-Erik Enestam to carry out a strategic review in order to strengthen the Nordic civil crisis preparedness based on what has been learned from the Corona pandemic and with a view to strengthening the Nordic cooperation.

### **Identifying problems and recommendations**

The review identifies 12 problems and recommendations. Number 9 deals with cross-border hybrid work and the need to modernise legislation and bilateral agreements.

“Enestam’s report is much appreciated. Now it is important to decide which of his recommendations can be implemented quickly. Preferably on a prime ministerial level,” Kimmo Sasi told the Nordic Labour Journal. A former Finnish MP, Sasi chairs the Border Barrier Council during 2021.



*Kimmo Sasi chairs the Border Barrier Council during 2021.  
Photo Johannes Jansson/Norden.org.*

Since spring 2020, the organisation has prioritised the Corona-related border barriers identified by Info Norden and the Nordic information services. They have created a database containing some 120 border barriers to date. Also, many of the rules that were introduced as Nordic borders closed can be reinterpreted. Sometimes misunderstandings could be solved when authorities clarified issues,” says Kimmo Sasi.

### **Urgent need for solutions**

The situation is less positive when it comes to other issues. Surveys of Nordic border region citizens have uncovered desperation and worries for the future. If the same national restrictions are reintroduced, people are not sure they will want to work in the country on the other side of the border, says Kimmo Sasi.

The Border Barriers Council has therefore produced a set of concrete examples for the Nordic finance ministers of what needs to be done.

“One of the things we propose is changing the double taxation agreement on income during a crisis situation like the pandemic, when working from home means working in a different country from your workplace,” says Kimmo Sasi.

He concludes in the same way as Evan Lynnerup:

“The consequences of the national restrictions triggered by the Corona pandemic allow us to clearly see how important the Nordic cooperation is. We have got some concrete improvements and we now have proposals for how to take things forward and do not need to debate this anymore.”



## Platform work challenges the Nordic model

Should we be adding a third labour market category in addition to employer and employee? As the Nordic labour ministers met in Helsinki between 22 and 23 November, much of the discussion centred on platform work and the challenges this presents for the Nordic model.

NEWS

07.12.2021

TEXT AND PHOTO: BJÖRN LINDAHL

Platform work is when customers and service providers are linked via algorithms, which can make it difficult to determine who is the employee and who is the employer. Uber and Foodora are two of the best-known platform companies.

Studies in the Nordic countries and from the ILO have shown that so far, platform work has not had a very big impact on Nordic labour markets. The Nordic study *The Future of Work* concluded that only 0.3 to 2.5% of the population had worked in the platform economy in the past 12 months.

### **Greater role in the future?**

“Platform work might be niche today, but there are reasons to take this issue seriously because it could have an impact on future labour markets,” said the ILO Director-General Guy Ryder, who had been invited to Helsinki. He presented some

of the results from a study where 12,000 platform workers had been interviewed.

Platform work is a bigger deal internationally. In the EU it is estimated that 11% of workers have undertaken such work in one working year, while in some ILO member countries 22% of the labour force has performed some sort of platform work during a working year.

“We have divided platform work into two groups. Local work, like driving a taxi, cleaning and delivering food. Then there are platforms offering services that can be performed anywhere in the world, like translation, data management or going through online catalogues. A customer in Helsinki can have a service provided by someone in India, China or Argentina,” said Guy Ryder.

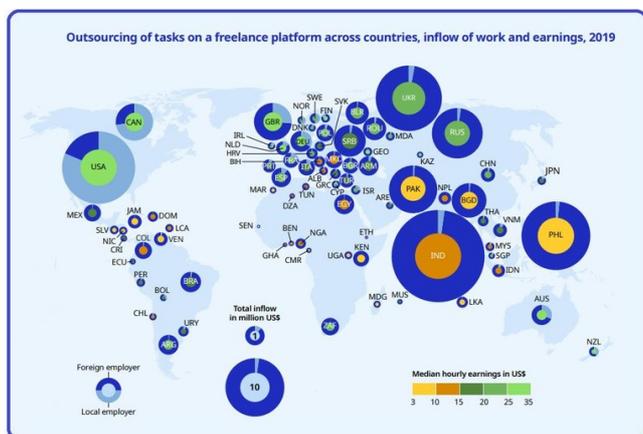
The number of platform companies has increased from 142 in 2010 to 777 in 2020. Those offering services locally have increased tenfold in ten years, while those offering services internationally have increased threefold.

Platform companies are very homogenous, with a few giants like taxi provider Uber in the USA and the delivery company Meituan in China with annual turnovers of around ten billion US dollars each.

“70% of the platform companies’ income goes to the USA and China. 11% goes to Europe,” pointed out Guy Ryder.

So what is it about the platform companies that worry the labour ministers?

The way in which platform workers are classed will influence whether they can organise, enjoy social benefits like pensions and sick pay, who has the responsibility in the case of accidents and many other aspects.



The map shows the spread of income from the platform economy. India, Ukraine and the Philippines have the largest platform economies, but also the least control – illustrated by the dark blue circle. The colour of the next circle shows hourly wages. Source: ILO

**China and the USA largest**

Platform companies claim they do not have employer responsibilities except for people who work to keep the platforms running. Only 11 years after starting up, Uber now has 26,900 employees and five million drivers across 69 countries who either own or rent their own cars.

Uber calls the drivers self-employed or driver-partners. Yet in several countries, the company has lost court cases where workers have demanded to be classified as employees since the “independent” work in reality is completely controlled by the platform algorithms.

**Handled on a case-to-case basis**



“In the Nordic countries, issues of misclassification are usually resolved by labour courts on a case-to-case basis, typically based on an assessment of workers’ dependency and subordination,” said Sigurd Oppegaard from the research foundation Fafo, who presented the Nordic report.

“We have yet to see any court cases on the reclassification of platform workers in the Nordic countries, but in Norway, a government-appointed commission in 2021 recommended revising the legal presumptions in Norwegian labour law to make workers considered employees by default.”

Several of the Nordic countries are sceptical about introducing a third labour market category. According to Sigurd Oppegaard, there are two different narratives in the Nordics:

Either the platform companies are “tamed” or the Nordic labour market models are eroded.

**Digital proletariat**

“It is not our job to get rid of the platform companies but to regulate them so that their business model is run according to decent standards,” underlined Guy Ryder.

Platform companies also bring new services or reorganise existing ones. The ILO report describes how Amazon with their enormous warehouses faced a big problem because items were duplicated across their websites. By crowd-sourcing 60,000 people to work on removing the duplications, the job

was done in two days. The alternative had been for Amazon to hire hundreds of people over several weeks to do the job.

“But let’s not forget that platform work is nothing new. Historically we have seen workers queueing up on the dock in the morning to offload a vessel, or agriculture workers gathering in the town square for a day’s work. It’s the same principle, only new technology,” said Guy Ryder. He ended his speech by quoting Germany’s outgoing Chancellor Angela Merkel:

“The digital economy has the potential to open up fantastic new opportunities in the labour market. But the technology can also create the 20th century’s digital proletariat.”



## EEA/EFTA countries meet as Hungary blocks final declaration

The 53rd EEA Council meeting on 24 November at the new EFTA House in Brussels ended without a final declaration. Hungary took the highly unusual step to veto it in a move seen as revenge against EEA grants to the country being stopped earlier.

### NEWS

26.11.2021

TEXT: LARS ÅDNE BEVANGER, PHOTO: EUROPEAN UNION

The EEA Council is the most important formal channel between the EU and the Nordic countries Norway and Iceland, which along with Liechtenstein make up the three non-EU members of the EEA.

The twice-yearly meetings usually end with a final declaration, but this year for the first time in nearly three decades this was not possible. Hungary, one of the 27 EU member states that are also by default an EEA member, chose to veto the declaration in a move widely seen as "revenge" for having

more than 200 million euro in EEA grants withheld earlier this year.

"The Hungarians have held the joint declaration hostage in order to influence their bilateral dispute with Norway on the Norway Grants. They have blocked all roads to compromise," a diplomat who asked to remain anonymous told the Hungarian *Népszava* newspaper.

### Power over millions of euro

While the EEA agreement made Norway, Iceland and Liechtenstein equal partners to the EU in the internal market, the three also voluntarily offered to help the Eastern European states when they joined EU 2004. Many consider the grants to be a de facto membership fee for being part of the internal market.

The difference is that Norway has the power to decide how these grants are distributed, to help reduce social and economic disparities elsewhere in Europe.



*Ambassador Pascal Schafhauser represented the Principality of Liechtenstein at the EEA Council.*

At the same time, Hungarian Prime Minister Viktor Orbán's chief of staff, Gergely Gulyás, told reporters that "Norway owes us this money."

The EU recently passed regulations linking respect for the principle of international rule of law to the EEA Grants. The Hungary episode goes to show that even the non-EU EEA trio does wield some power within the block when it comes to pursuing human rights, freedom of expression and the protection of civil society.



*Anniken Huitfeldt is Norway's Minister for Foreign Affairs. Norway currently chairs the EEA/EFTA cooperation.*

These EEA grants help fund projects in 15 mainly Eastern European countries, covering topics from climate change to various civil society support programmes. 2.8 billion euro, of which Norway provides more than 95%, had been made available for the period 2014 to 2021.

### Lost €200 million

Hungary was one of the countries set to benefit in this period, to the tune of over 200 million euro. In July 2021, however, Norway and the other EEA/EFTA countries decided to hold the money back. There is an absolute requirement for the beneficiary countries that the money is administered by a body that is independent of the authorities.

Norway's then Minister for Foreign Affairs Ine Eriksen Søreide (Conservatives) said in a statement at the time the Hungarian government had refused to recognise the candidate body.

"Hungary has not accepted the appointment of the best-qualified candidate for the task," said Eriksen Søreide.

"Funding under the EEA Grants scheme could have been very beneficial, particularly in providing support for civil society in Hungary, as well as in boosting innovation in the business, energy and climate sectors, and promoting minority rights."

### Norwegian chair faces challenges at home

Norwegian Minister for Foreign Affairs Anniken Huitfeldt chaired the 53rd EEA Council meeting as her country currently chairs the EEA/EFTA cooperation. The EEA Grants were not on the agenda, but what was discussed was the EU's new industrial policy, which aims to accelerate the transition to a green and digital economy, and a more general assessment of how the current state of the EEA Agreement.

"Iceland, Liechtenstein and Norway reiterate the importance they attach to the EEA Agreement, which establishes a solid basis for a privileged relationship with the European Union," read the official statement summing up the meeting.

Norway's new government came to power in October, comprising Huitfeldt's pro-EU Labour Party led by Prime Minister Jonas Gahr Støre, and the anti-EU Centre Party, which had campaigned on ditching the EEA agreement altogether.

In government, the two parties have agreed that the EEA agreement should form the basis for Norway's relationship with Europe, but that the government will "work more actively to promote Norwegian interests within the agreement's framework." They have also agreed not to apply for full EU membership for the duration of this parliament.

In a speech to Parliament the day before the EEA Council meeting, Anniken Huitfeldt promised to review the EEA agreement, which has not been done since 2012.



*Iceland was represented by Ambassador Krisján Andri Stefánsson who is Head of Mission of Iceland to the EU.*

“We want the review to shine a light on the challenges and opportunities the EEA agreement has had for Norway over the past ten years.

“It is important for Norway to have a debate about Europe. The EEA agreement and our cooperation with Europe have a broad impact on Norwegian interests and politics – including many themes where there are good exchanges of opinions and healthy disagreement here in parliament,” Huitfeldt said.

A recent opinion poll showed two-thirds of Norwegians would have voted for the current EEA agreement if there was a referendum now. Only three in ten would vote yes to full EU membership. In Iceland, only 23% of people are in favour of EU membership.