



Reykjavik declaration

11 October 2024, Reykjavik, Iceland

Today, convening in Iceland, the presidents and directors-general of the Nordic business federations call for a renewed focus on green competitiveness and well-functioning labour markets in a secure Nordic region. In this context, the presidents and directors-general of Nordic business federations welcome the joint statement on competitiveness and security of the Nordic Prime Ministers from 13 May 2024.

The Nordic countries have benefitted from an open and globalised world. With membership of the EU and the European Economic Area, Nordic companies have benefitted from the EU Single market, and a rule-based global trading system. As geopolitical tensions are rising, companies are now operating in a more unpredictable setting, and with Finland and Sweden having entered NATO, Nordic cooperation is more important and relevant than ever.

While close Nordic cooperation is key in achieving our ambitions on green growth, job creation and security, and preparedness, the Nordic region will not succeed without a strong and well-functioning EU working towards the same political objectives. The new political mandate of the EU presents an opportunity to refocus its priorities, particularly on the need to increase the competitiveness of European companies.

BusinessEurope is the strong voice of business in the EU. The Nordic business federations will continue to work with BusinessEurope to pursue the policy ambitions laid out in this declaration.

Competitiveness and the Single Market

As stated in the Draghi report, competitiveness is closely interlinked with productivity which in turn depends on our ability to innovate and attract investments. The Nordic countries are still among the most innovative countries in Europe. However, this is not a given. For long-term competitiveness, and to remain at the forefront of the green and digital transition, Nordic companies need framework conditions that allow investments and innovation to flourish. This in turn will act to boost productivity, the biggest driver of economic growth and the only sustainable, long-term way to grow the European economy.

Nordic call for action:

- Set targets to reduce regulatory burdens on companies. This approach should not only target existing regulations but also aim for a systematic and progressive decrease in the regulatory burden over time. While the overall administrative costs of regulation on companies must be reduced, the emphasis of EU regulation should simultaneously shift to how regulation supports economic growth.
- Safeguard the European Single Market. While the Single Market is the biggest achievement of the EU, it still holds a huge untapped economic potential which should be reaped in the next political mandate - based on a new, ambitious Single Market strategy. It is vital that the EU in the future ensures the integrity of the Single Market and continue to defend open rules-based trade.

- Support research and innovation as fundamental drivers of European competitiveness. The Nordic countries advocate for increased public and private investments in research and innovation. However, success lies not in channelling public funds into specific projects, but in establishing fair regulations that allow companies to compete.
- Ensure that Europe become an appealing and competitive option for investments. This will require rapid improvement of the investment climate in the EU. The Nordic countries need to be vigilant and constantly work on improving the conditions to attract investments to lead the way for Europe to become the beacon of investment in research and innovation.

Clean energy

We firmly believe that a competitive European region and a green transition must go hand in hand. The EU must keep high climate ambitions on the path to climate neutrality by 2050 alive and have the determination to continue the implementation of the green transition. Accelerating the green transition offers great opportunities for our industries to become world-leading in key technologies and sectors, allowing us to remain competitive and ensure long-term sustainable growth.

Nordic call for action:

- Ensure a competitive Europe based on a stable, secure and clean energy system powering our industries. Today, high European energy prices pose a competitive disadvantage, and actions must be taken to close the energy price gap between the EU and notably the US, China and India.
- Unlock the clean industrial potential to pave the way for green growth, the European energy system must be revamped to enable competitive clean energy. The EU must in line with its new technology neutral approach, ensure a massively build out a cost-efficient clean energy supply and production to increase energy security and decouple imported energy. The deployment of solutions must be technology-neutral to allow for the most cost-efficient approach.
- Support European energy-intensive industries in their mitigation and electrification efforts to enable decarbonisation, energy efficiency, lower and more stable energy costs. To link clean energy supply with the energy demand, the infrastructure across the region must be massively deployed. Cost-efficient build-out of energy production and infrastructure for electricity, hydrogen and other low carbon energy sources, in addition to CCUS solutions, including the necessary infrastructure such as capture, transport and storage of CO₂ will be a key to unlock lower energy prices for the entire union.

Labour market

European companies allocate significant resources to comply with complex reporting requirements without any immediate added value. This leads to a competitive disadvantage for European companies. The European labour markets are increasingly challenged by labour a shortage of labour and skills. Nordic labour markets are no different. The skills necessary to shoulder the twin transition are in short supply, and the competitiveness of tomorrow's technologies depends on the necessary supply of skills. A shortage of labour is eminent in many sectors and is projected to upshoot in the future, due to the demographic development. Already today, a substantial number of European companies must turn down orders due to labour and skills shortages.

Nordic call for action:

- Labour market regulation should be thoroughly assessed for unnecessary and unproportionate administrative burdens and reporting requirements. The college of Commissioners should make sure to live up to the 'check against delivery' principle.
- Social, labour and education policies must be designed to better supply labour markets with the necessary skills and workforce. Educational programmes (such as lifelong learning) should be flexible, and market driven to meet companies' current and future demands.
- Reinforce the respect for national labour market models. Less detailed regulation is essential to ensure competitive and responsive labour markets – for the good of both employers and employees. Often detailed regulation affecting national labour markets leads to negative unintended consequences and unwanted 'double regulation'.
- Give European employers ways to use new technologies, incentivise it for public administrations and provide abundant opportunities for users to get educated in the use of new technologies, e.g. AI.

Preparedness

The Russian aggression war in Ukraine, rising geopolitical and economic tensions, and threats posed by climate change have transformed our security needs. In response, the Nordic region and Europe must strengthen their defence industry and broader business ecosystem to effectively respond to these emerging threats. Societal resilience during war and crises requires more than military capabilities - it depends on the involvement of various business sectors and public-private contingency planning to ensure the stable supply of essential services like transportation, food, energy, and ICT infrastructure.

Only a strong economy can sustain its security. Therefore, bold reforms to boost European growth and productivity must be central to the European security agenda. Thriving global businesses are key to generating the economic strength needed for major investments in defence, cybersecurity, key technologies, and overall preparedness.

Nordic call for action:

- Ensure NATO as the guarantor of Nordic security. While NATO is the most important security policy body for Europe, the importance of strong EU-NATO cooperation cannot be underestimated. The EU has an industrial toolbox for strengthening Europe's defence capabilities, whereas NATO forms the operational force.
- Continue the support for Ukraine and keep unity on sanctions. We must also strengthen the European defence industry and create a Single Market for Defence by addressing production capacity issues and providing proper incentives.
- Strengthen the business climate in the EU. Only a strong economy can sustain its security. That is why bold reforms boosting growth and productivity must be at the centre of the EU's security agenda.
- Societal resilience in times of war crises cannot be achieved solely by military means. It requires the involvement of a wide range of business sectors beyond the defence industry to maintain supply stability of basic services ranging from transportation to food, pharmaceuticals, fuel, energy and ICT infrastructure.
- Preparedness Union requires close cooperation with the business community, beyond the defence industry, to ensure broad societal resilience.