

# Perceived border obstacles in the forest bioeconomy – Norway and Sweden

*Svinesundskommittén*



**B**

The Bioeconomy Regions  
in Scandinavia

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# Summary

Border obstacles related to the forest bioeconomy are at the heart of The Svinesund Committee's mission in the Interreg project *Bioeconomy Regions in Scandinavia*. The target group of the project are small and medium-sized enterprises (SMEs) producing bio-based products and services from mainly raw forest materials. This new report provides a comprehensive picture of the challenges and needs present in the border obstacle area, based on interviews with a range of stakeholders involved in the forest bioeconomy. The efforts with abolishing border obstacles in the Nordic region and within the EU have also been followed up.

Building regulations and requirements for construction products differ among the Nordic countries, which makes it difficult for trade and for construction companies to operate across borders. The harmonization of building regulations in the Nordic region is also closely linked to the continued digitalization and development of the circular economy in the Nordic region. The border obstacle titled "Different building regulations in the Nordic countries" is now being discussed by Nordic construction and housing officials, who have set up a steering group to speed up the harmonization process.

The Svinesund Committee conducted interviews in 2021 with a number of stakeholders involved with the forest bioeconomy. Together with the results of previous interviews with entrepreneurs and industry representatives, a clear picture emerges. Stakeholders in the forest bioeconomy have to deal with a large number of formal border obstacles related to different building regulations, which

directly hinder business opportunities. Interview respondents point to differences in the details as particularly aggravating as they are easy to miss and increase the risk of costs or schedules spiralling out of control. They also report differences in working methods, term definitions, language and culture. The sustainability systems and requirements that are now being developed must also be compatible so as not to hinder business across the border.

The ongoing pandemic has made co-operation difficult and the border increasingly evident. The role of the public sector is now even more important to provide integration in border regions and to increase business. The people interviewed feel a great need of an increased co-operation between the Swedish and Norwegian public sectors. Among other things, they point out rules that prevent funding for innovation work from being used in test beds on the other side of the border. They also underline the need to improve the exchange between colleges and universities.

The main goal of the work with abolishing border obstacles is to create growth, innovation and jobs, hence regular discussions on which regional measures have the greatest impact in this regard are needed. Striking the right balance between long-term and short-term work could lead to a greater success. Respondents also emphasize that discussions on border obstacles need to permeate the entire regional development and be more closely linked to work with innovations. Together we can truly strengthen business development in the border regions.

*Text: Annika Daisley, Svinesundskommittén*



# Green growth and innovation

The climate crisis together with established sustainability goals have pushed for green and sustainable innovations. Several Nordic projects have aimed to promote industrial wood construction in the Nordic region in the past years. An increased use of wood and wood products in construction is important for both Norway and Sweden.

The Interreg project *Grön tillväxt trä – rethinking wood* pushed the exchange of information, design and production between different sectors, academies and regions. The results were wood-based products of the highest quality, providing new, green business opportunities. The collaboration has also spread knowledge about fire, noise and indoor climate, the need for significant reductions in carbon emissions and how concrete and steel can be replaced by wood in both private and public buildings.

The experiences and knowledge from this is integrated in to the Interreg project *Bioeconomy Regions in Scandinavia*. The target group for this project are SMEs that produce bio-based products and services from mainly raw materials from the forest. The key focus areas are sustainable construction in wood, innovations from forests, fossil-free packaging and waste streams. The regional stakeholders in this project include Region Västra Götaland, Viken County Municipality, The Svinesund Committee, Fyrbodal Municipal Association, Innovatum Science Park, Innlandet County Municipality, Region Värmland, Region Dalarna, Paper Province, IUC Dalarna and many business actors in Norway and Sweden.

## The Svinesund Committee's mission

Identifying and addressing border obstacles related to the forest bioeconomy is the main priority of The Svinesund Committee in the above mentioned Interreg projects. In 2020, Norwegian and Swedish business leaders in the construction, forestry and timber industries were interviewed. The results were outlined in the report titled *Upplevda gränshinder kopplade till träbyggnation* ('Perceived border obstacles related to wood construction').

This new report provides an even more comprehensive picture of the challenges and needs present in the border obstacle area, based on additional interviews with a range of stakeholders involved in the forest bioeconomy. Development work at the Nordic level and within the EU has also been followed up alongside this.

Following almost two years of the pandemic and a severely affected situation at the border, the situation for Swedish and Norwegian companies and for the communities by the border is summarised.

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*Approximately 10 interviews on the topic of border obstacles were conducted with representatives from Swedish and Norwegian services within the Bioeconomy Regions in Scandinavia project. The people interviewed represented various stakeholders in the project. The aim was to describe the challenges and opportunities that businesses and stakeholders face when conducting cross-border trade and cooperation.*



# What is a bioeconomy?

*Bioeconomy is the sustainable use of bio-based natural resources for products, services and energy. The aim is to reduce the climate impact from the use of fossil fuels. Increasing the bioeconomic part of the Swedish economy is a high priority. We need to transition from a fossil-dependent society that uses fossil carbon compounds to a bioeconomic society where we instead use carbon compounds that nature can replenish.*

*Source: SCB, Swedish regions for a bioeconomy*

## Bioeconomy in Sweden

- Bioeconomy in Sweden accounted for 6.3% of the GDP and 6.8% of the total employment (in 2017, according to the report titled Swedish regions for a bioeconomy).
- Value added: 293 billion SEK (SCB 2017)
- Number of employees: 335,086
- Value added per person employed: 874,000 SEK

## Bioeconomy in Norway

- Bioeconomy in Norway accounted for roughly 5% of the total employment (SSB, 2015). According to the 2020 report titled *Socioeconomic Indicators to Monitor Norway's Bioeconomy in transition* by NIFU, bioeconomy is an industry in transition with great potential.
- Value added: 129,5 billion NOK (SSB 2017)
- Number of employees: 130,257
- Value added per person employed: 994,000 NOK

# Strategies aimed at increasing wood construction

## National strategies

**Sweden** has had a national strategy in place since 2004 that aims to promote an increased use of wood and wood products in construction. (Ds 2004: 1). There has been a new approach in timber construction since 2018, which has focused on building homes more appropriately, by meeting today's climate challenges, shaping our urban living environments, strengthening Swedish exports and creating growth in both the city and the countryside. (N2018.27)

**Norway** has a long tradition of using timber in detached houses and other smaller buildings, such as small farm buildings and industrial buildings. The development of new technology has made it possible to use timber in larger buildings and structures. Using solid timber or glued structures has made it possible to build higher, even in urban areas. (Meld. St. 41 (2016–2017))

## Regional strategies

At a regional level, regions and counties have adopted climate strategies and regional development strategies based on the benefits of wood construction.





Foto: Erik Burås Studio B13

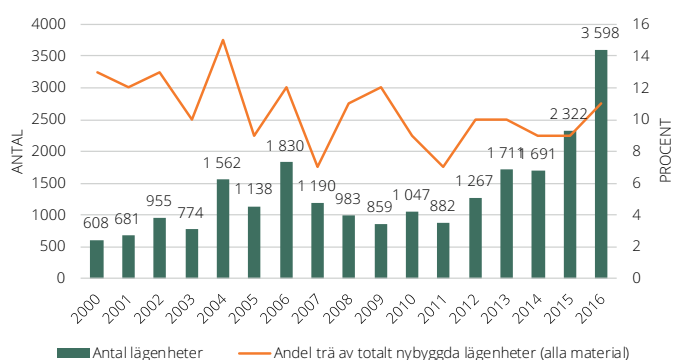
## Wood construction in Sweden

Wood construction in the detached house market currently accounts for about 80–90% of the production of new detached houses. Interest in the production of apartment buildings with wooden frames has increased. The National Board of Housing, Building and Planning has estimated that Sweden needs to build around 700,000 new homes by 2025. This high demand is due to strong population growth and urbanization, but also to the fact that housing construction has been lagging behind since the early 1990s. Housing construction has been picking up in Sweden for some years now, although it has fallen again in the last year or so, but not to the low level that housing construction used to be at. To reach The National Board of Housing, Building and Planning's needs assessment, Sweden would need to increase construction substantially again.

## Wood construction in Norway

Norway has had a long tradition of using wood for building houses. Today, wood is used as structural timber in more than 85% of new construction in the residential segments of small houses and apartment buildings (four to six-person dwellings), while apartments are traditionally built using steel and concrete. Cross laminated timber (CLT) as a load-bearing structure in the relevant market segments amounts to only about 5% of the total market in Norway according to an analysis carried out by Trebruk AS. A Norwegian producer of CLT components has been established who will help increase awareness on the use of cross laminated timber. Estimates show that the market share could potentially rise to 15% by 2030. Architects and contractors estimate that Norway could use wood as a structural material in more than 40% of all new buildings over a 10-year period. This could be realized if the government's tree strategy is implemented in all municipalities.

### Lägenheter i nybyggda ordinära flerbostadshus med stomme av trä



Källa: SCB, Inriktning för träbyggnade (N2018.27)



# International work with abolishing border obstacles for business development

## Vision of the Nordic Council of Ministers

The official Nordic co-operation takes place within the framework of the Nordic Council of Ministers and the Nordic Council, and includes Denmark, Finland, Iceland, Norway and Sweden as well as the Faroe Islands, Greenland and Åland ([www.norden.org](http://www.norden.org)). *The vision is for the Nordic region to be the most sustainable and integrated region in the world by 2030.*

## The framework that governs the work with abolishing border obstacles

Free movement within the EU has existed in the Nordic countries since the 1950s through the Nordic Passport Union, and it forms the framework for our work with border issues. The ongoing pandemic increased the awareness of a national border between Norway and Sweden. The Nordic Passport Union from 1952 was abandoned due to weak Nordic institutions and a non-existing Nordic co-ordination. When the physical border between Norway and Sweden was closed for an extended period of time for

residents and commuters, the border obstacles we are used to today appeared trivial.

The fact that Norway is outside the EU affects trade for both businesses and people. Norway is part of the internal market, but they are not part of the customs cooperation. Sweden being an EU country therefore has a special situation at the EU's external border. The work with abolishing border obstacles is carried out within the Nordic co-operation ([www.norden.org](http://www.norden.org)).

The European Commission has launched the *b-solutions* pilot initiative to tackle legal and administrative border obstacles along the EU's internal land borders. Within the EU, there are major cultural and linguistic differences that we are all aware of and adapt ourselves accordingly to, in order to avoid misunderstandings. But in the Nordic region we share many historic, linguistic, economic and cultural ties. This oftentimes makes us perceive each other as "the same", which results in us constantly being surprised by how easy it is to misunderstand each other.

## The Svinesund Committee's mission within the Nordic Council of Ministers

The Svinesund Committee's work with abolishing border obstacles is linked to the Nordic Committee of Senior Officials for Regional Policy (ÄkR) within the Nordic Council of Ministers. The agreement with the Nordic Council of Ministers outlines the following assignment for The Svinesund Committee:

*Identify and minimize border obstacles and support regional development, innovation and growth from a sustainable perspective.*

## The definition of border obstacles by the Nordic Council of Ministers

*"Laws, official regulations or practices that restrict the mobility of individuals or the ability of companies to operate across borders in the Nordic Region".*

## Border obstacles can be divided into several different types:

- **Formal obstacles** = border obstacles caused by countries' laws and regulations not working optimally together.
- **Informal obstacles** = border obstacles that occur due to lacking or difficult to access information.
- **Administrative obstacles** = border obstacles caused by public authorities interpreting regulations or having administrative practices that make it difficult to conduct business or work across borders.
- **Multi-dimensional obstacles** = border obstacles caused by laws, regulations and practices, and partly due to lacking or difficult to access information.
- **Mental obstacles** = border obstacles that may be due to the lack of networks, differences in business culture and personal comfort zones.





## A coherent common construction market in the Nordic region

Building regulations and requirements for construction products differ among the Nordic countries, which makes it difficult for trade and for construction companies to operate across borders. Examples of these include requirements related to fire protection, moisture, water and drainage. Entrepreneurs who wish to tender in Norway, for example, may also have difficulties finding information about what rules apply. Sometimes a fee is charged for companies to access national adaptation documents.

The harmonization of building regulations in the Nordic region is also closely linked to the continued digitalization and development of the circular economy in the Nordic region. Common rules would obviously make the digitalization process and the development of circular systems easier. If the trend would turn in the opposite direction, it would mean a high risk that businesses would face new border obstacles.

In an effort to drive change, a joint declaration was adopted at the 2018 Nordic ministerial meeting, in which the Nordic construction and housing ministers stated that they want to promote a strong and integrated construction market in the Nordic region by working to remove barriers that limit the opportunities for companies to build in other Nordic countries.

### Different building regulations in the Nordic countries – a prioritized border obstacle

The border obstacle titled “Different building regulations in the Nordic countries” is at the top of the agenda for the Nordic ministers for construction and housing. They point to a better knowledge base, innovation and digitalization as drivers for future regulatory development. The latest development on a Nordic level in the past years has seen the harmonization work continue and the creation of a steering group.

The steering group prioritizes the harmonization of building regulations. These include:

- **Strengthening the cooperation on climate declarations for buildings.** (One of the Nordic vision projects on construction with an emphasis on LCA for construction will be included.)
- **Developing a Nordic method for creating a circular economy in construction.** (Includes a Finnish Presidency project on the Nordic Circular Construction network.)
- **Ensuring digital harmonization in relevant areas.**

# Border obstacles in forest bioeconomy addressed in the EU

The construction industry, as well as the entire forestry and timber sector, are important industries in the EU. The Association of European Border Regions (AEBR) is the umbrella organization for European border regions. Over the past few years, AEBR has focused on the forest bioeconomy, which has led to The Svinesund Committee gaining direct access to European expertise on border obstacles.

In 2021, AEBR conducted an in-depth study titled *Perceived border obstacles linked to wood construction*, which partly focused on the harmonization of the Nordic building regulations. In it, the analyst's proposal to the Nordic steering group covers five areas (see the fact box). However, a Nordic pilot project for the area "accessibility and universal design" has been discontinued as the difference between the countries' legislation is currently deemed too great.

The full AEBR study was presented at the end of 2021/2022 in a report outlining "Main findings & lessons learned" together with recommendations to local, regional, national and European institutions. The Svinesund

Committee is also one of seven stakeholders selected to contribute a "case" in the form of storytelling. This shows that when we work with border obstacles, we must first engage with companies in our border region in order to be able to make a difference, both at a national and at a Nordic level, as well as in the EU.

- Work group 1:** Accessibility and universal design
- Work group 2:** Eurocodes, dimensioning, construction product rules (CPR)
- Work group 3:** Energy, insulation, carbon dioxide emissions, life cycle assessment (LCA)
- Work group 4:** Fire protection, safety, occupational safety
- Work group 5:** Hygiene, health aspects (noise, daylight, ventilation, radon, etc.)



“ Not knowing exactly what rules apply in a Norwegian tender is a limiting factor. There is an uncertainty if we are unable to follow the checklist and unaware of the final costs”.

**Jonas Fred Hell**, CEO and partner, Fridh & Hells Bygg AB

## Simplify, streamline and improve quality in construction

There are many ongoing initiatives among both public authorities and stakeholders in the construction industry to simplify, streamline and improve quality in construction. This is done especially to drive climate and environmental work forward. The National Board of Housing, Building and Planning are reviewing building and construction regulations with the aim of creating a simplified and consistent regulatory framework. This new regulatory framework will not affect the level of requirements set by law and regulation. It is the National Board of Housing, Building and Planning's implementing regulations that are covered by this review, and the building regulations will afterwards consist of fewer rules, be formulated as functional requirements and only contain binding regulations.

In recent years, the Norwegian Building Authority (counterpart to the Swedish the National Board of Housing, Building and Planning) has been working to simplify the regulatory framework for the construction industry, i.e. building regulations. This has led to the removal of some requirements, without compromising safety and important features. The regulation has also gained a better structure with clearer provisions. The planning and building application process has also largely been digitalized, including digital checklists to make the application process more efficient.

## The future is digital with open digital standards

In Sweden, the member organization BIM Alliance is also working for a better development using BIM – digital structured information management. In 2018, leading stakeholders in the construction industry and BIM Alliance took a joint decision in principle to use the Global Trade Item Number (GTIN) as a standardized identifier for construction products. Sweden's five largest construction contractors have now set strict requirements for the use of GTINs on all construction products from 1 July 2022 to speed up the transition.

Norway's Byggenæringens Landsforening (BNL) has prepared a "Digitalt Veikart" which is a digital roadmap for the construction industry. PDT Norway is a membership organization that promotes standardization and exchange of product information in the construction and real estate industry by developing, managing and distributing digital product data (PDT). In 2021, a council for digitalization was also established by the Ministry of Local Government and Regional Development, which is a collaboration between government and industry with the goal of a more sustainable industry through digitalization.

### What is GTIN?

GTIN (Global Trade Item Number) is a standardized and globally unique number created by each company and assigned to each unique product. GTIN enables labelling with a unique barcode that identifies the product and can be used for purposes such as digital management in logistics and administration.



# Border obstacles perceived by the stakeholders

*In 2020, Norwegian and Swedish business leaders in the construction, forestry and timber industries were interviewed. The interviews led to The Svinesund Committee's report titled "Perceived border obstacles related to wood construction". Additional interviews have been conducted since then with a number of stakeholders in the forest bioeconomy. They reveal a large number of formal border obstacles linked to different building regulations, in addition to differences in working methods, term definitions, language and culture. The following section is a summary of the interview respondents' experiences.*



## Regulatory frameworks & standards

### Different building regulations in the Nordic region

Building regulations and requirements for construction products differ among the Nordic countries, which makes it difficult for cross-border trade and for construction companies to operate in several Nordic countries. Entrepreneurs who wish to tender in the neighboring country, for example, may also have difficulties finding information about what rules apply. Sometimes a fee is charged to gain access to national adaptation documents.

It is detail differences in building regulations that create border obstacles, says one of the respondents. Other examples of genuine border obstacles described are the differences in dimensions of timber between countries. This creates problems for retailers who have to handle different standards with different product specifications.

The driving force for standardization should be cost savings and the possibility of reaching a larger market.

Another respondent points to differences in how climate declarations of buildings ("0-emissions") are measured and handled differently in Norway and Sweden.

- **Different building regulations** – differences in details create border obstacles.
- **Different rules** – such as surface treatment, fire protection, impregnation, noise.
- **Different dimensions of timber** – Could large stakeholders in the construction industry drive change?
- **Climate declaration of buildings** – there are differences in how 0-emission houses are declared in Norway and Sweden.

## Technical approval in Norway

Swedish house construction consists largely of components or modules and about 80% is manufactured in factories. The corresponding production of components in Norway is 25%.

One of the respondents described in detail how these differences affect business opportunities.

In collaboration with research leaders from the Norwegian technical research institute SINTEF and a Norwegian contractor, they were commissioned to investigate the possibility of importing Swedish building systems to Norway. The first step involved having the Swedish exporter receive a technical approval from SINTEF to allow the export of Swedish "CLT components" equivalent to solid wood to Norway. The next step in the construc-

tion project required the Norwegian contractor to also receive technical approval from SINTEF to assemble large components of solid wood into a building system. The respondents state that this process is much more extensive and costly than in Sweden, which in the end led to neither the exporter nor the importer being able to complete the contract in this case.

- **Norwegian technical approval** of products (solid wood, CLT components, and so on).
- **Norwegian technical approval** to assemble large components of solid wood.

## Funding systems stifle innovations originating from test beds

The Swedish and Norwegian funding systems currently stifle the ability of SMEs to make use of test beds and expertise in neighboring countries as part of their development and innovation work. This is a widely known border obstacle which has been previously addressed in other projects (The Bioeconomy Region). Several respondents consider this to be a major problem and they argue that if innovation is to be encouraged, funding needs to "follow companies across the border". The funding systems also need to be simplified and harmonized, as stakeholders in the Nordic countries depend on each other's expertise.

One example of how this particular border obstacle slows down development involves the testing of a plastic product. A Swedish company wanted to test the poten-

tial for manufacturing a new plastic product at the Siva katapult test center in Gjøvik. Contact was made with Paper Province and Sør-Hedmark Næringshage, through the Interreg project the Bioeconomy Region. As Sør-Hedmark Næringshage was unable to neither find a Norwegian partner nor to offer the Swedish company initial funding, it became impossible for the Swedish company to test the production possibilities at the test center in Gjøvik.

- **Funding systems stifle innovations originating from test beds** – companies cannot use test beds and expertise in neighboring countries. Different regulatory frameworks and structures for innovation support and funding create obstacles.

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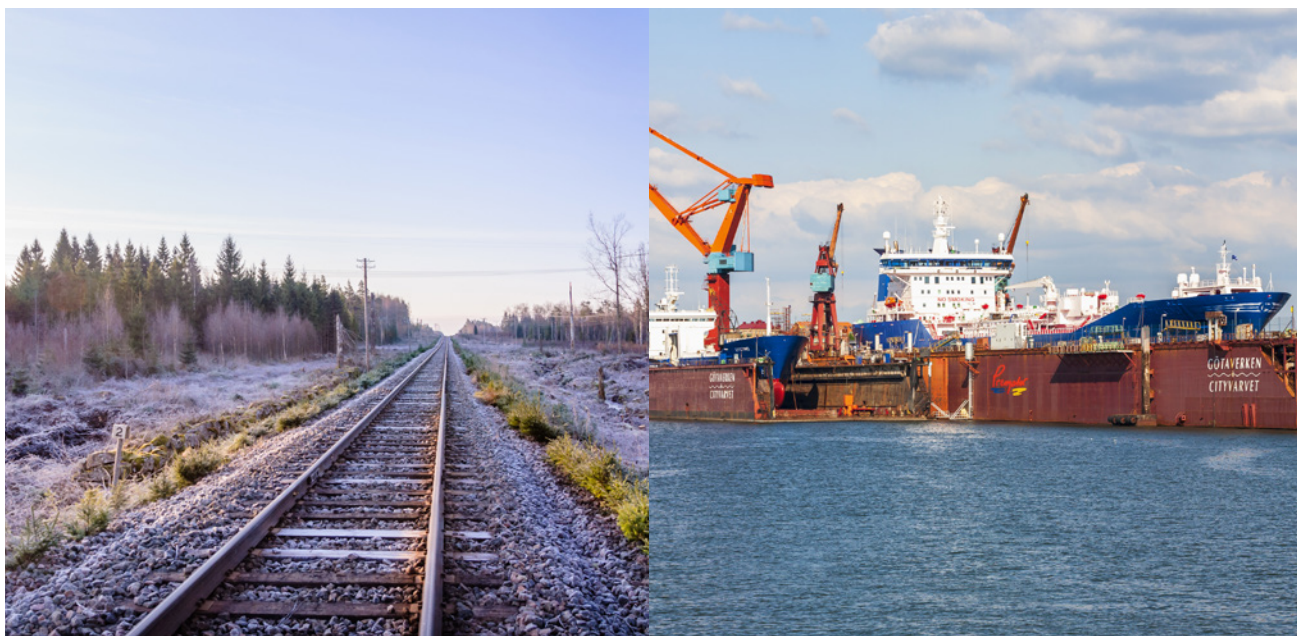


## Infrastructure and transportation

Several of the respondents point to major deficiencies in infrastructure and available rail capacity across the Norwegian-Swedish border. The Port of Gothenburg is Scandinavia's largest port and the main artery for both Norway and Sweden for exports and imports.

Regulations on truck weights in Norway and Sweden also differ and have been a long-standing border obstacle.

- **Deficiencies in infrastructure** – there is a lack of capacity on several key rail routes along the artery from Norway down to the Port of Gothenburg.
- **Transport regulations** – different weights apply to truck transports in the Nordic region.



## A unified system for recycling aluminium cans

There is a lack of a unified system for recycling aluminium cans in Norway and Sweden. One respondent explains the difficulties with Swedish aluminium cans not being accepted by the recycling system in Norway. The aluminium cans end up in the residual waste instead of being recycled, which creates a major waste problem in the border areas of Norway, it is also unsustainable from a sustainability perspective. Although this is a complica-

ted problem with many stakeholders involved, the fact remains that the recycling systems need to be harmonized.

- **A unified system for recycling** of materials such as aluminium cans is missing.

## Tax regulations

For workers who live in Sweden and work in Norway, the 6-month or 183-day rule applies. This rule causes problems during longer construction projects or if projects face delays. Companies can either be forced to replace staff after six months or choose only to hire staff who live in Norway from the start. This is a source of many problems, according to the respondents.

- **The 183-day rule** – Swedish workers in Norway are not allowed to work for more than 6 months in their neighboring country.





## Customs and value-added tax

The Swedish-Norwegian border is the EU's external border. Respondents still believe that the flow of people and capital across the border could be further simplified. Several of them say that there are simplifications that could be extended. A good example of this is how companies can already manage the export and import of timber across the border through a digital app. Importing food to Norway, on the other hand, is an area that is thought to have an elaborate regulatory framework, which results in goods crossing the border in other ways, they

say. Spreading information and simplifying the process is necessary in this area.

- **EU's external border** – the flow of people and capital needs to be simplified.
- **Simplified customs administration**
- **Food imports** – Heavy regulations contribute to some businesses opting to transport goods across the border as private individuals.

## Certificate of origin

Fossil-free steel is a product whose origin is certified by a label, which is a stamped certificate of origin. If the system breaks down and companies decide to circumvent it, it would obviously have a negative impact on the market. Respondents claim that, for example, Eastern European steel is transported through transit countries and then on to Norway and Sweden using incorrect certification.

This would mean that steel produced from coal power could be sold as fossil-free steel, distorting competition and delaying the necessary sustainability efforts.

- **Certificate of origin** – for fossil-free steel is circumvented.



## Training and the supply of expertise

According to one of the respondents, the working methods during the project planning phase in the construction sector differ significantly between Norway and Sweden. The company originally intended to use its Norwegian engineers, but later decided to hire a Swedish engineer for their Swedish projects. One of the reasons for this was that the Swedish projects were thought to be both more resource-intensive and time-consuming. Another voice describes differences in education at Swedish and Norwegian universities and colleges, which makes validation and matching difficult.

- **Professional expertise** – working methods in areas such as the planning phase differ.
- **Universities and colleges** – different education systems make validation and matching in the job market difficult.

## Capital and funding

It is generally more difficult to get funding in Sweden than in Norway, according to one respondent. A more complicated process in Sweden is seen as a barrier. For example, Swedish lenders are thought to have stricter customer information requirements in order to prevent money laundering.

- **Capital and funding** – a more complicated process in Sweden is seen as a barrier.

## Real estate transactions

A real estate transaction is a demanding process in Norway, but the respondent feels that the same process in Sweden is much easier, which significantly helps lowering costs.

- **Real estate transactions** are perceived to be more demanding in Norway.

## Language

Although Swedish and Norwegian rental agreements share the same principles, the language in them is a real challenge, according to one of the respondents. For example, the legal parts in Swedish rental agreements are perceived to be difficult to understand. Another area where language is brought up as a border obstacle is in leaflets for medical devices. When language becomes an obstacle, it puts more pressure on the individual's language skills and knowledge of the subject. Other persons express that the same words can have different mea-

nings in Norway and Sweden, which can easily create misunderstandings.

- **The language in rental agreements** – Swedish rental agreements are thought to be very different from the Norwegian ones.
- **Language** – medical device leaflets pointed out as a border obstacle.
- **Language** – identical words can have different meanings in Swedish and Norwegian.

## Psychological and cultural differences

Several respondents point out that there are quite a lot of differences in the way we organize ourselves, which naturally affects cooperation and business across the Swedish–Norwegian border. Cultural differences are also mentioned as being significant and causing problems, especially if companies are not aware of them.

- **Cultural differences and how we organize ourselves** – it may risk partnerships and make it harder to close deals.

# The pandemic – a closed border and divided communities



The ongoing pandemic has affected the conditions of the Norwegian–Swedish border regions. Perhaps more than anyone could have predicted.

Mari Wøien Meijer, a researcher from Nordregio, has drawn conclusions from several Covid-19 studies and argues that a closed border has divided communities. The pandemic has in many ways revealed problems in the Nordic co-operation, and there has been a great deal of frustration with the regulatory framework, she says. Media has helped reinforce prejudices, which has especially affected border commuters in the border area.

## **A high price for cross-border commuters and local businesses**

The Nordic co-operation and the vision of being the most integrated region in the world has been put under pressure during the pandemic. The approach of the Nordic governments to the pandemic suggests a lack of communication

and awareness of the reality on the ground in the border communities. The pandemic has shown just how fragile the Nordic co-operation can be.

Nordregio notes that cross-border cooperation between committees and organizations has continued during the pandemic. Municipalities and local stakeholders have made great efforts to ensure access to basic goods and services and they have also lobbied national authorities to allow cross-border workers to continue crossing borders. The information provided to national authorities played an important role in influencing decision-making on critical issues.

## **The collaborative role of The Svinesund Committee**

Located in the southernmost border region between Norway and Sweden, The Svinesund Committee has an important collaborative role and can bring together politicians across the border for any new situation. Together with

actors in highly interesting industries, it is important to study the experiences gained from the corona crisis, both in the short and slightly longer term. Not least in light of our commitment to develop the construction and timber industries, as well as marine industries within the border region.

In 2020 and 2021, The Svinesund Committee conducted interviews with representatives of companies and other stakeholders in the forest bioeconomy to get a better picture of how the pandemic has affected connections and business in the Nordic region.

### The flow of goods has worked

The respondents are fairly unanimous in their answers that the flow of goods across the Swedish–Norwegian border has worked fairly well during the pandemic, even though there have been some occasional logistical and delivery problems. Some of the entrepreneurs describe having incidents with border police, but nothing serious that could not be solved quickly.

Long waiting times for carriers at The Svinesund Bridge due to the ongoing maintenance work disrupted commercial traffic even before the pandemic, and the situation has not improved. The Svinesund Committee, together with industry and stakeholder organizations, proposed temporary solutions in autumn 2021 to improve the situation and to reduce the costs caused by increased transport times. Respondents also feel that there have been differences between different border crossings in terms of how smoothly transport and border commuters have been able to cross.

### Problems related to the labour force

Several respondents say that the biggest border problems have been related to the labour force, specifically consultants and staff members who have had to cross the border between Norway and Sweden. For example, some Swedish workers were barred entry into Norway even though they lived in areas where the regional infection rate was low.

Even at the end of 2021, commuters are still reporting that they are tired of all the testing and the uncertainty of being allowed in, which has led them to look for work in their country instead.

### Trust in each other is weakening

The pandemic has certainly tested relations among the Nordic countries, and respondents who were contacted several times during the pandemic agree that trust in each other has indeed been eroded. Although soft values have taken the biggest hit and not the actual flow of goods, this may actually lead companies in the long run to spread their

risk and find new suppliers closer to home. People say that the pandemic has “scarred the Swedish soul” and that an “us and them” mentality has emerged.

But the pandemic has also taught us that digital meetings and webinars can be as natural as their real-life counterparts. Networking and creating new contacts have in a way become more complex, which can affect trust and cooperation in cross-border projects. The upside to this is when looking at existing trusted contacts, where the use of digital tools has worked great for maintaining a close contact.



#### Trond Erik Grundt, Grensetjänsten Norge-Sverige

“ The pandemic has tested the relations between Sweden and Norway in recent years, especially for cross-border commuters. Their neighborhood stretches across two countries. Restrictions that were introduced overnight had very unfortunate consequences for people’s lives on both sides of the border. Everyday life was completely transformed and our day-to-day collaboration, which used to be quite natural, suddenly became impossible to carry out”.

#### Martin Andersson, KGH Customs Services AB

“ For our services in general, I don’t really see anything that has been impacted. We’ve had some hick-ups with the Border police in Sweden, mostly when they didn’t allow entry to truck drivers from Denmark in transit to Norway. According to the Border police, it turned out to be a misunderstanding that lasted an entire evening/night. Otherwise, everything has generally been handled well, however, in the long run it may increase protectionism and hamper trade”.


#### Ola Rostad, Tretorget AS

“ Most things have worked well. Problems stem mostly from labour – we have a lot of cross-border commuters and we also need expertise from Sweden and the EU to be able to assemble and deliver advanced equipment. This has also to a certain extent been a barrier from Norway to Sweden, but more so from Sweden and the EU. Establishing new contacts and new markets is more difficult when you can’t travel to them yourself, but instead have to use electronic communications”.



”

It becomes necessary for those of us who live in a border region to think borderless and and see opportunities for entrepreneurs and citizens on both sides.”...



# Driving solution processes means regional development

The Svinesund Committee has been working for almost ten years to minimize border obstacles for businesses. The efforts in the region are important for the border region and they also help the national and Nordic efforts to abolish border obstacles.

It becomes necessary for those of us who live in a border region to think borderless and see opportunities for entrepreneurs and citizens on both sides. Strong regions are the champions of tomorrow.

Throughout the course of our work, we have seen a considerable need for efforts in the marine industry as well as in the construction, forestry and timber industries. By abolishing border obstacles and providing better conditions for future industries means that we pave the way for more innovative products and services. But it also means simplifying the day-to-day business, which could grow thanks to the simplifications. This is what we need to reach in order to move seriously towards the vision of a sustainable and integrated region.

# Conclusions about border obstacles in the forest bioeconomy

*The Svinesund Committee has focused on border obstacles in the forest bioeconomy in two Interreg projects. What kind of border obstacles do industry stakeholders encounter and in what areas do they see challenges and opportunities? The short answer is that stakeholders point out both formal border obstacles, i.e., laws and regulations, and informal barriers such as information, culture and language. Some conclusions are particularly important to highlight.*



## Many border obstacles are in the details

The interviews with stakeholders in the forest bioeconomy show that, just like the work on abolishing border obstacles in the EU and the Nordic region, there are many differences in the regulatory frameworks within the industry. The differences are sometimes large, and sometimes they are just in the details. Companies can naturally manage the large differences easier, but sometimes it can be the small details that feed uncertainty and inhibit investment across the border. The details should be easier to standardize.

## Cross-border expertise

An increased exchange between universities, colleges and other educational institutions is one factor that could mitigate the differences in skills and working methods present in areas such as the construction sector. For example, stakeholders point out that the planning phase of construction projects is carried out in different ways, forcing the company to hire skilled staff from the neighboring country to not risk mistakes that could affect costs or schedules. In order to mitigate these types of obstacles, it will be important for cooperation to start already at the educational stage.

## Public support structures must help, not hinder

Companies today have limited access to public investment in test beds and expertise in innovation in neighboring countries. This is due to the financial systems that limit them. This is a completely unnecessary border obstacle when viewed through the lens of the Nordic vision. Public services must naturally lead the way.

## Systems and sustainability requirements must be compatible

Interview respondents point to how developments in digitalization and standardization, as well as certifications in sustainability and circular systems for materials, affect trade between countries. These systems need to be common or compatible with each other, to avoid that border obstacles emerge. A good example of this is GTIN, Global Trade Item Number, which is a standardized identification system for construction products, which five of the major construction sectors in Sweden will require as early as 2022.



### **A positive border culture is a perishable commodity**

Events in the past two years have shown very clearly how easily residents' and businesses' views towards each other and their neighboring countries can be affected. The conditions at the Norwegian-Swedish border regions have been affected by the pandemic which, unfortunately, have also revealed difficulties in the Nordic cooperation. If the Nordic governments are serious about the vision of the Nordic Region being the most sustainable and integrated region in the world, the effects of the pandemic in the border regions need to be taken more seriously at a national level. Public actors in particular need to make a major effort to increase cooperation again and prove that there are ambitions in the community, so that companies can feel safe to grow on both sides of the border.

### **Regional development in the short- and long-term**

Large parts of the work with abolishing border obstacles in the forest bioeconomy represents a long-term effort aimed at removing differences in laws and regulations in the Nordic region or mitigating the effects of border obstacles.

This requires perseverance, but also an understanding that describing and opening a dialogue on border obstacles are the first steps in the process of finding a solution. Politicians driving these types of issues at a local, regional, national and Nordic level will be critical for a successful effort to abolish border obstacles. The commitment and prioritization of public authorities will be equally important.

Those of us working at a regional level with responsibility for border obstacle issues have a natural role in raising, describing and communicating formal border obstacles, such as those found in the construction sector, but at the same time we need to think about where the most impact can be made. We need to divide our resources between the drawn-out processes involved in resolving formal border obstacles and a more short-term work that aims to mitigate their effects by increasing knowledge in businesses about border obstacles and cultural differences.

Interview respondents also argue that discussions on border obstacles need to permeate all regional development and be more closely linked to innovation work in order to truly strengthen businesses in border regions.

# What is a border obstacle?

As defined by the Nordic Council of Ministers

**“Laws, official regulations or practices that restrict the mobility of individuals or the ability of companies to operate across borders in the Nordic Region”**

**This report describes perceived border obstacles in the forest bioeconomy – Norway and Sweden**

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*The Svinesund Committee is a political cooperation between Swedish and Norwegian municipalities and the regions of Viken and Västra Götaland. We are one of 12 border regions working on behalf of the members and the Nordic Council of Ministers. Our main focus areas are blue and green growth, tourism and border obstacles/opportunities.*



### Norska partners:

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