



**ROYAL NORWEGIAN  
MINISTRY OF TRADE AND INDUSTRY**

*The Minister*

European Commission  
1049 Brussels  
Belgium

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## **CONSULTATION ON THE FUTURE "EU 2020" STRATEGY**

On behalf of the Norwegian Government, I am pleased to present our comments to the European Commission's consultation on the future "EU 2020" Strategy. The key priorities as outlined by the Commission – knowledge, social inclusion and green growth – are at the heart of the Norwegian Government's vision of a prosperous future for Europe. Through the EEA Agreement, our full participation in the Single Market and several EU programs, we are engaged in many areas covered by the strategy.

I welcome the general approach in the Communication recognising the twofold challenge from the current financial crisis and the global climate change. The policies we design for the next decade must facilitate a smooth recovery from the financial crisis while at the same time promoting a sustainable development. The EU and other developed countries, such as Norway, have an international responsibility to act as leaders with regard to sustainability, by providing models for middle-income and developing countries in their efforts to grow and develop sustainably, but also by taking into account the global and transboundary effects of their policies in a world which is more and more globalised.

While referring to our detailed comments below, I would like to underline the following core political priorities:

- Safeguarding and promoting free trade and free markets, both in Europe and beyond
- Preventing climate change and promoting a sustainable green economy
- Social inclusion combined with a well functioning labour market and high labour force participation
- Knowledge, innovation and entrepreneurship as keys to growth, modernisation and structural reform

Norway is prepared through our comprehensive relations with Europe to contribute in the upcoming discussions on a successful "EU 2020" Strategy that will allow Europe to become a smarter, greener economy.

### ***An efficient Single Market***

An efficient Internal Market is a prerequisite for the success of the new strategy to make the EU a smarter, greener social market. This is also fundamental for a quick recovery from the current economic crisis. Short-term national interests should not tempt us to jeopardise what we have slowly achieved step-by-step over many years by turning to protectionist or trade distorting measures, either between Member States or towards third countries. It is vital that all countries act responsibly in order to avoid an escalation in the use of damaging measures and to avoid obstructing the level playing field based on the EU rules on competition, state aid and public procurement, or more generally on multilateral rules. Efficient competition, less but better targeted subsidies and more widespread use of the polluter-pays-principle, will contribute to an efficient use of the resources available.

Continuing the work on reducing barriers between national markets in the EEA and lowering the cost of doing business across national borders is still important. At the same time, the Single Market depends on trust. Thus, businesses and citizens must be informed and able to effectively exercise their rights throughout the Single Market. Strengthened administrative cooperation and better coordination between various support systems are important to this end, not least for the implementation of the Services Directive and the Goods Package. A more trustworthy system will also encourage labour mobility and thus promote a well-functioning labour market in Europe. I therefore welcome the ongoing work to streamline and improve various existing Single Market Assistance Systems.

European standardisation has already given a considerable contribution to the Single Market and other European policies. The possible contribution from standardisation should be assessed also in the context of "EU 2020". Consideration is also needed with regard to the market for certification services in creating the Single Market, since certification schemes for products and services operating at national level may fragment the Single Market.

Continued effort is needed to reduce administrative burdens and ensure better regulation at the national level as well as at EU level. In this context, the importance of this work for the competitiveness of European enterprises must be taken into account.

### ***Growth based on knowledge***

Knowledge is important to fulfil the aims of the "EU 2020" Strategy. Therefore, the potential of education, research, innovation and creativity must be realised, by for instance developing the universities into even better engines for knowledge and growth, by preventing early school leaving, and by pooling research resources. In this context equal rights for women and men to acquire education and training are important.

We recognise the need for increased policy coordination and joint European efforts in order to be able to create a common European Research Area. Efforts at coordination and to develop the necessary partnership should also include countries associated to the Framework Programme and be as open and transparent as possible. Moreover, a more comprehensive approach, encompassing EU programmes and processes in the areas of research, education and innovation is necessary to fulfil the potential of the knowledge triangle in Europe.

Norway supports the focus on the digital economy in the draft strategy. Important prerequisites for the digital, knowledge-based economy are broadband communications infrastructure and the building of a single digital market. We therefore support EU's efforts in those areas. However, the creation of a digital single market for services requires a thorough review of existing regulations. Functional regulation will speed up the cross-border service flow and open new business opportunities

for companies. As ICT and its use develop very rapidly, current policies and regulations should reflect these dynamics.

Norway welcomes the ongoing work on a European ICT strategy, succeeding the current *i2010* strategy. We will strongly support a forthcoming ICT strategy with ambition, as it is relevant for the three priorities of the "EU 2020" Strategy.

### ***Active labour market policies for securing an inclusive working life***

Labour mobility is to be promoted as it is positive both for the individual and helps the overall labour market flexibility. Promoting a well functioning common labour market in the EEA-area, securing the mobile workers' rights to pay and other working conditions, should be part of the strategy.

It also important to promote a labour market that provides security for the individual worker through active labour market policies, lifelong learning and appropriate social protection. The "EU 2020" Strategy would benefit from stating more explicit that an active and targeted labour market policy is paramount in order to reduce unemployment, poverty and social exclusion. Special attention should be given to early school leavers (dropouts), who are at special risk for long-term unemployment, inactivity and dependency on social welfare assistance.

In Norway, we have seen both high rates of female employment and high fertility rates. The provision of affordable quality child care services and measures to facilitate the reconciliation of work and family life for both women and men are important to promote female employment. Individual taxation of both spouses, reforms of the social security system and the promotion of female entrepreneurship is also vital to this end. High female employment is important to economic growth. Attention should be made to the need to better include migrant women in the labour market and in the society as a whole.

A more inclusive labour market favouring a high labour force participation rate is important for meeting the demographic change. Pension systems and social protection systems should encourage people to stay longer in the working life.

### ***A competitive, connected and greener economy***

More efficient use of resources, including energy, is a prerequisite for developing a greener and more sustainable economy. Securing continued economic growth while at the same time reducing the burden on the environment to sustainable levels will require targeted and efficient measures that reduce the environmental strain at the lowest possible costs. The measures should be directed as precisely as possible towards the products and the activities causing the environmental damage. Environmental taxes and tradable emission permits give flexibility to businesses and consumers in their adaptation. This is also in line with the polluter-pays-principle. Moreover, revenues from environmental taxes and auctioning of emission permits can be used to reduce other taxes. Emphasis should be given to the use of economic instruments in the effort towards a greener economy. Norway's experience with CO<sub>2</sub> taxes demonstrates that such taxes can be very effective; in the offshore sector they have for instance lead to greatly reduced emissions from flaring of natural gas, and were decisive in bringing about the now well-known project of separation and storage of associated CO<sub>2</sub> from the Sleipner field.

In particular, removing environmentally harmful subsidies, such as to fossil fuels, will reduce emissions of greenhouse gases while also contributing to increased economic efficiency. The G20 heads of state agreed in September 2009 to phase out and ration over the medium term inefficient fossil fuel subsidies. As inefficient fossil fuel subsidies encourage wasteful consumption, distort markets,

reduce energy security and impede investment in clean energy sources they undermine efforts to deal with the threat of climate change.

A greener economy needs to include the economic value of ecosystem services. This requires a range of policy instruments and integrated sectoral policies. The Economics of Ecosystems and Biodiversity (TEEB) global study gives us new tools to enhance coherence between economic and environmental policies. With EUs strong initiative and support for this work, it should also be referred to in the EU 2020 strategy.

Norway supports the strong focus on the need to promote eco-innovations and accelerate the market uptake and development of innovations. EU's emphasis on life cycle analysis of the environmental impact of goods and services elaborated in "Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan" is an important basis. An efficient tax system will increase demand for environmental technologies and stimulate eco-innovation. Public investments and public procurement represents another powerful economic driver to the uptake of environmental technologies. New policy aims and standards for procurement should be communicated to the business sector at an early stage. Greener public procurement should stimulate more energy-efficient products and services, as well as less use of hazardous substances and less biodiversity loss.

As regards the transport sector, Norway supports that Europe needs smarter transport infrastructures, and there should be a strengthened shift to more environmentally friendly modes. Measures to optimize the use of all modes of transport, individually or in combination by facilitating the passage from one transport mode to another should be promoted.

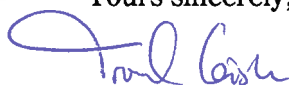
Removing bottlenecks and building infrastructure networks across Europe are crucial for realizing aims of increased modal shift and co-modality, establishing "green transport corridors" and dedicated freight networks. In order to stimulate better integration of the different transport modes, new mechanisms and new technology such as Intelligent Transport Systems should be sought for seamless planning, financing and organizing of terminals for combined transport.

### ***Final remarks***

The challenges ahead for "EU 2020", notably regarding the environment and climate change, call for new measures. At the same time, in order to facilitate green growth, we need to use many of the tools we already know. This demands an adequate balance between open markets, efficient competition and regulation. Exchange of good practice and mutual learning between the European countries should be continued to pursue the common policy objectives.

Norway's experiences and further ambitions across these fields should be of interest for the EU in its further elaboration of the "EU 2020" Strategy. The Norwegian Government is looking forward to future deliberations and cooperation with the EU on various aspects of the Strategy, particularly related to programs and the further development of the Single Market.

Yours sincerely,



Trond Giske