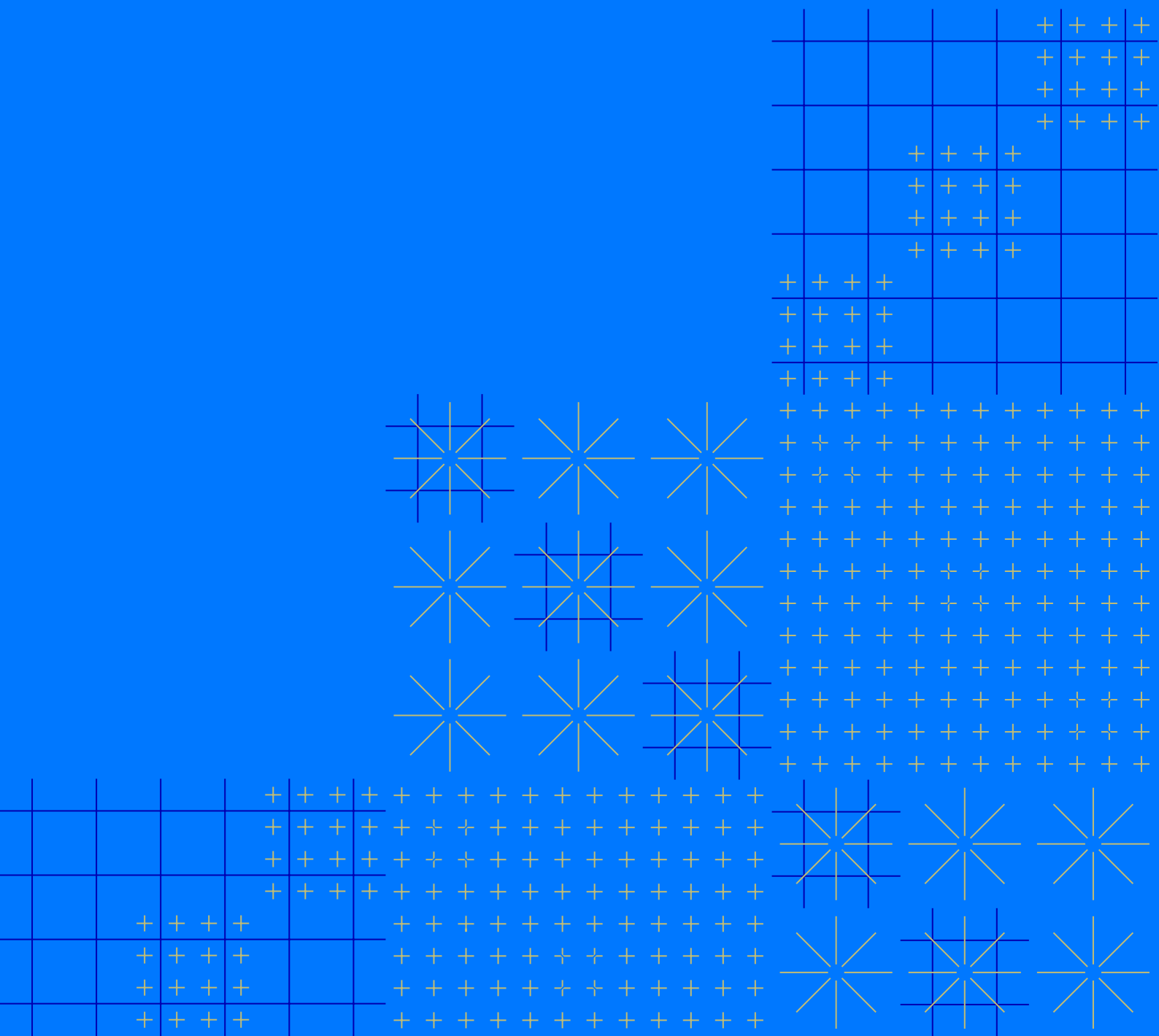


Visionary report on Estonia Sweden future cooperation

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Executive Summary

Estonia and Sweden have a long common history, but mutual interests have weakened during the last 20 years. This is the reasoning behind putting together a joint strategy on how to boost our future cooperation. The aim of our report is to provide some solutions and proposals to our governments to reach that goal.

First, we have to mention that due to Russia's aggression in Ukraine, the geopolitical situation for Estonia and Sweden has completely changed during the writing process of this report. At the same time, significant global changes affect mutual relations: climate change, demographic changes, migration pressure, digitalisation and a new security order are global megatrends that definitely affect cooperation between Estonia and Sweden.

The SWOT-analysis presented in this report is an important tool for understanding the current relations and potential developments between the two countries. Among opportunities, we would like to highlight political support for stronger cooperation, the establishment of the Swedish-Estonian Cooperation Fund with its young leaders programme, and mutual scholarships for university students.

Climate change, digitalisation, energy policy, and sustainable forestry are the four policy areas where we see the most urgent need for closer cooperation. In order to realise those opportunities, we need to overcome some threats: growing nationalism and protectionism, lack of common institutions, and "big brother attitude". In our understanding, the cooperation between our two countries is based too often on nostalgia rather than forward-looking projects.

Our policy proposals are based on discussion and ideas originating from many interviews and workshops where different people with different experiences and knowledge participated. Some have general knowledge about both countries, some are experts in specific areas, and some are public opinion leaders, politicians and academics. A short overview of our proposals is presented below. It is divided into two sections: proposals for strengthening relations in four policy areas, and general proposals in five dimensions.

Four major policy areas and our proposals

Climate change: fighting climate change is a matter of survival regardless of our location on the planet. It is our generation's shared responsibility to do whatever we can to stop climate change. We see closer cooperation in a number of areas: joint research projects analysing how offshore wind parks affect the Baltic Sea environment, how microplastics affect the ecosystem etc.

Digitalisation: Sweden (in the private sector) and Estonia (in the public sector) have both been successful in digitalisation. We face similar challenges in digitalization. We can learn from each other to create a stronger region. Cybersecurity, AI, blockchain, and digital health are some areas with great potential for cooperation and growth.

Energy policy: the challenge of climate change is closely linked to a new, more sustainable energy policy. The current geopolitical situation in Europe also highlights the necessity of transforming the energy sector. We believe Estonia and Sweden could take a leading role in this through a tighter bilateral cooperation. Smart grids, new energy storage solutions, offshore wind-parks, hydrogen transmission networks, energy saving — the list of potential areas for cooperation within the energy sector is long.

Sustainable forestry: in forestry, there are several contradictory objectives — carbon binding, forest as an

energy source, biodiversity, the growth of forest industry. Both countries struggle with those issues. We should work together towards finding solutions for balancing economic and environment interests.

Policy proposals in five dimensions

From people to people

Our vision is to establish 'The Centre for Swedish–Estonian Cooperation', like the institution 'Hanaholmen/Hanasaari' outside Helsinki that promotes cooperation between Finland and Sweden. A physical meeting place for Estonians and Swedes, a place for everything, from seminars and workshops to business negotiations and cultural events – an institution that promotes cooperation in all kinds of different ways. We urge the Sweden–Estonia Cooperation Fund to take the lead in this.

We encourage a campaign in various media channels to improve Estonia's image in Sweden and Sweden's image in Estonia through positive examples like the digital services of Estonia, Swedish creative industries e.g. gaming and music, etc.

Government to government

We urge the two governments to establish a yearly forum for policy and best practice exchange on the ministerial level. We also encourage members of Riigikogu and Riksdagen, and members of the European Parliament to establish closer relations.

Municipality to municipality

With twin cities / twin regions, we see several areas of common interest: smart, local public transportation, all actions that have been taken in relation to climate change, digital solutions, etc. We also strongly recommend a more frequent exchange of ideas and experiences between primary and secondary schools in our two countries.

Business to business

Estonia and Sweden are successful start-up nations. We therefore strongly recommend the venture capital associations of the two countries to strengthen their cooperation.

Strengthening the creative industry: Sweden has a leading role in pop music and a modern film industry, whereas Estonia has some world names in classical music, as well as in traditional and folk music. We should use these differences to grow stronger together.

University to university

We have to increase student exchange and mobility between Estonian and Swedish higher education institutions. We propose establishing scholarships for students, joint research topics and joint PhD schools.

Last but not least

We suggest our governments organise a series of conferences in the four policy areas we prioritised in our report, e.g. on climate change, digitalisation, energy policy, and sustainable forestry. This series of conferences should bring together top academics, political leaders, NGOs, and leading businessmen from both countries to discuss in a round table format the latest innovations, business opportunities, and potential political cooperation between the two countries.

Secondly, we should not forget regional cooperation. Three reports on future bilateral cooperation (Estonia/Finland, Estonia/Sweden, and Estonia/Latvia) were completed almost simultaneously. In the autumn of 2023, a joint conference for Estonia, Latvia, Sweden, and Finland should be organised, where participants from all countries can discuss joint activities proposed in those three reports.

Introduction

Estonia and Sweden are two countries with a common history that dates back hundreds of years. They are neighbouring countries that despite the decades of Soviet occupation in Estonia were able to maintain strong ties during the twentieth century. Today, Estonia and Sweden are two EU countries that are equal members of the European community and two start-up nations at the forefront of technological development.

There is no doubt we have much that unites our countries. However, there is still significant room for improvement in cooperation between Estonia and Sweden. This applies to three different levels.

- × The bilateral level – from country to country, between Estonian and Swedish interests, whether political, economic, or cultural.
- × The regional level – the democratic countries around the Baltic Sea must be more closely intertwined, not least after Russia's attack on Ukraine.
- × The European level – Estonia and Sweden should be able to coordinate their positions in the EU to a greater extent.

We have identified four policy areas that, in our opinion, the governments should prioritise for deeper cooperation, at all three levels mentioned above:

1. climate change,
2. digitalisation,
3. energy policy,
4. sustainable forestry.

Even if our two Ministries of Foreign Affairs have given us this task, cooperation between the two nations involves much more than cooperation between two governments. Therefore, we have chosen to carry out our task and achieve the ambitious aims that cover several fields. Consequently, our proposals not only target governments, but also businesses, NGOs, academia, and many other interested parties.

Our report provides many policy suggestions on how to improve our bilateral cooperation. These ideas were born during brainstorming and workshops where people from very different occupations and educational backgrounds provided ideas that they believed would increase our cooperation. We also had in-depth interviews with stakeholders from the business sector, academia, politics, etc. Some participants had background knowledge of Estonian-Swedish relations, whereas some did not.

A report like this might only have a very short-term effect, causing debate but no real change, as it does not involve obligations for any party. Therefore, the process of completing the report is as important to us as the suggestions presented in this report. To ensure that the report does not end up collecting dust on a shelf, we also wish to make sure that specific actions are planned for the future. Many people have been involved in the report and we are most grateful to them.

In 2018, the foundation of Estonia-Sweden Cooperation Fund was established. It was an important step to create an institution, which could contribute to increased cooperation over time. We urge the fund, as well as other stakeholders, to establish a centre for cooperation between Estonia and Sweden like the Hanaholmen/Hanasaari cultural centre in Finland that promotes cooperation between Sweden and Finland.

In the first chapter of the report, we give a brief and a subjective overview of the history of cooperation between the two nations. Then, we describe global trends that have affected our relations in the recent past and will do so in near future. Thirdly, we present our view on the current situation using SWOT analysis. In the second chapter of our report, we present different policy proposals that we gathered from numerous interviews and workshops involving different people on both sides of the Baltic Sea. Finally, the conclusion includes our suggestions for follow-up actions related to the future of the cooperation report.

We have had the privilege to hear many opinions and ideas while working on this report, but the report was drawn up by us alone. With that said, we wish to emphasise that the actual work begins now. Our proposals must be supplemented and improved, and then implemented.

1. Brief history and framework for future cooperation

From assistance to equal cooperation – Estonia and Sweden in the past thirty-five years

This report is not suitable for giving a thorough and comprehensive description of the cooperation between Estonia and Sweden during the last thirty years. However, we believe it makes sense to include a few remarks on our history if they are relevant in view of our specific proposals.

With that said, we would like to encourage historians in our countries to study our common recent history! To the best of our knowledge, there are no comprehensive research reports on how the relations between Estonia and Sweden have developed since Estonia regained independence in 1991. It is a fascinating story and well worth a serious research effort.

We believe that our cooperation over the last thirty-five years can be divided into four phases, each of which has its own special focus and character.

- x Before the Singing Revolution of Estonia
- x The period after WWII to the Singing Revolution (1988) in Estonia, to the application for Estonia's EU membership (1996)
- x The period between the application for Estonia's EU membership (1996) and becoming an EU member (2004)
- x After Estonia's accession to the EU in 2004

We would like to highlight some trends, milestones, and events in these three phases. Then, we will focus on global megatrends influencing our cooperation and on the current status of our relations.

1.1 OVERVIEW OF THE COOPERATION HISTORY

Before the Singing Revolution of Estonia

During the years of Soviet occupation, there was extremely sporadic cooperation between Sweden and the then Soviet Republic of Estonia. The invisible wall in the Baltic Sea prevented normal relations between the two neighbouring countries. At the same time, many of the Estonian refugees that fled to Sweden in the 1940s established themselves in their new homeland. They contributed in a significant way to Sweden's progress during the post-war period. At the same time, many of them kept the Estonian culture and traditions alive.

From the Singing Revolution to Estonia's 1996 application for EU membership

As the Singing Revolution of 1988 gained momentum, re-establishing ties between the two countries became possible again. Thousands of freedom-thirsty Estonians no longer saw the Baltic Sea as a wall and Estonian exiles in Sweden hoped to see their relatives and friends in Estonia once again.

Despite the lack of cooperation, as early as 1989, two years before Estonia restored its independence, the Estonian business newspaper Äripäev was founded by the Swedish Bonnier Group. It

later became an important component in Estonia's transition from a planned economy to a market economy.

On the Swedish side of the Baltic Sea, in the years leading to the restoration of Estonia's independence, from March 1990 to September 1991, people gathered every Monday in the Norrmalmstorg square in Stockholm to express their solidarity. The solidarity was also expressed in political action by various Swedish governments from 1990 onwards. The so-called Måndagsrörelsen (Monday movement) came to play an important role in Sweden, raising awareness and political support for the aspirations of the Baltic States to regain their independence.

With the dissolution of the Soviet Union and the restoration of independence by the Baltic countries in 1991, a comprehensive Swedish programme was launched to support the sovereignty of the Baltic countries, their transformation into democratic market economies, and integration into European and other international cooperation bodies. The collaboration affected the majority of societal sectors and engaged the Swedish society.

During the first years, the governmental reform support was focused on:

1. the sovereignty of the three countries and their transition from planned economies to market economies;
2. a shift from one-party states to parliamentary democracies;
3. the environment in the Baltic Sea.

However, the reform process was faster than expected, and as early as 1995, the three goals were no longer relevant. Sovereignty was not in question any longer and that is why the support for sovereignty was replaced by a security cooperation. Democracy had been established in a convincing way, which made it possible to focus on collaboration. The transition to a market economy was not in question either and that is why the social aspects of the reform process gained an increasingly stronger position. Environmental cooperation continued within the framework of international agreements to safeguard the Baltic Sea environment.

The first independent years were characterised by curiosity, enthusiasm, and close cooperation between the two countries. Sweden provided its assistance in the form of experience, knowledge, investments, and other material aid to NGOs, local governments, academic institutions, etc. Collaboration took place at many different levels of society.

From application for EU membership to becoming an EU member

When Estonia decided to apply for EU membership in 1996, the cooperation between the governments shifted to support and strengthen that ambition. However, a relationship between two countries should be much more than formal diplomatic relations between two central governments. The interaction between people, universities, municipalities, companies, and organisations are just as important.

The sinking of MS Estonia in September 1994 was an incredible disaster and will always be remembered – 852 people died, 502 of whom were Swedes and 284 Estonians. The catastrophe cast a shadow over the relations between the two countries. Even today, the sinking is a subject of debates, but above all, it has brought the two countries closer to each other in grief.

On a more positive note, one of the most important foreign investments over the past 30 years was when Telia established itself in Estonia in 1997. Assessors believe that this decision may explain why Estonia re-invented itself as e-Estonia so early and so quickly, a digital champion among nations.

Perhaps more than anything else, a single company symbolises the digital revolution in Estonia and cooperation across the Baltic Sea at its best: Skype was founded in 2003 by Niklas Zennström from Sweden and Janus Friis from Denmark, but the original program was written by Estonians Ahti Heinla, Priit Kasesalu, Jaan Tallinn, and Toivo Annus. In 2011, most of the software was developed in Estonia. That is a fine example of entrepreneurs from different Nordic and Baltic countries coming together and literally changing the world of communication. The importance of Skype to the development of Estonia cannot be underestimated. Today, many of the early employees of Skype in Tallinn are leading entrepreneurs and investors in Estonia. In addition, several companies have emerged from the Skype network.

After Estonia's EU accession in 2004

The relations between Estonia and Sweden have become more equal over the past 15 years. It is no longer a question of Sweden helping Estonia. The relative differences in political, economic, and social terms have decreased over the years and consequently, the nature of cooperation has changed. Economic relations in particular have become closer and stronger.

Two important milestones contributing to strong economic ties between the countries were Swedbank's acquisition of the majority stake in Hansabank in 2005 and Eesti Ühispank becoming SEB Pank, which is part of the SEB Group, in 2008. As a result, large parts of the economic infrastructure in Estonia have become part of the infrastructure of Swedish banks. That had a huge impact on the handling of the financial crisis in 2009. Consequently, Estonia was able to tackle the situation better than, for instance, Latvia, which was more dependent on domestic banks.

This mutual economic development would not have been possible without the EU membership of Estonia and Sweden. Sweden joined the EU in 1995 and Estonia nine years later, in 2004. The EU membership has changed the bilateral relations between the countries in many ways. Step by step, the EU membership has become part of the economic and political DNA of both Estonia and Sweden. EU membership has also, at a more psychological level, contributed to levelling the relationship between the countries. Today, the two equal nations meet in the EU cooperation system on an equal footing.

At the same time, we have seen clear signs that the bilateral cooperation seems to have thinned out. The EU membership may also help explain it — if meetings are held in Brussels, why organise them in Tallinn/Stockholm as well? However, it can also be due to other circumstances. For example, as early as 1994 some Estonian diplomats stated that the sinking of MS Estonia led to tensions between the countries that prevailed for many years.

The generation that experienced, and was literally part of, the fall of the Berlin Wall and the restoration of Estonia's independence had a clear attitude and curiosity about Estonia and Sweden. This is not the case with the younger generation of today. For them, Estonia and Sweden are rarely the first destination to explore — if they ever have been there at all. In general, it is alarming that the people living in these two countries seem to have less knowledge about the other country — in Estonia about Sweden, and in Sweden about Estonia.

This report cannot unfortunately ignore the recent money laundering scandals in Estonia. Estonians blamed the Swedish headquarters in Stockholm, whereas Swedes blamed their bank branches in Estonia. It is not our task to comment on the situation, but we may say that the actions of the Swedish banks, regardless of whether the main responsibility for the money laundering lies with

Tallinn or Stockholm — have increased prejudices towards and stereotypes about each other in both countries. Against this background, we believe that in this context, Swedbank and SEB not only have a legal and pecuniary responsibility, but also a joint responsibility to repair Swedish-Estonian relations at a deeper level.

Recent geopolitical events and Russian aggression in Ukraine have changed the global and regional security situation. The Nordic/Baltic cooperation has gained a new momentum in security issues. However, the necessary cooperation is more extensive than that. High energy prices and sanctions against Russia should lead to the development of joint independent energy supply solutions and boost green energy production. EU countries around the Baltic Sea have started to realise that mutual agreements, trust, and cooperation are as important as joint actions at the EU or UN level. This is hopefully true for Estonia and Sweden. It is most likely that we are acknowledging the restart of our bilateral relations only today (Summer 2022) and a new era of our cooperation is about to start in 2023.

1.2 GENERAL CONDITIONS FOR BILATERAL COOPERATION IN THE FUTURE

The global megatrends affecting social, political, and economic developments

Our daily lives are affected by large-scale global changes, referred to as megatrends in academic literature. There are many different classifications used — we merely need to look at sources, such as PMI (2022), Davies, et al (2011), ESPAS (2019), Kearny (2018). Megatrends are large-scale global changes, which affect all countries in the world. The emergence or development of those trends has occurred over the past 10–15 years and they will most likely continue to affect our lives for the next 10–15 years — the future which we can perceive and forecast today. Below, we will be discussing the following megatrends chosen by the authors:

- x the new security situation and geopolitical uncertainty;
- x climate change, increasing shortages of natural resources, and rising resource prices;
- x demographic changes — ageing of the population;
- x increasing inequality;
- x new media ecosystem and distant (TELE) work;
- x new technologies and automation;
- x increase in the share of emerging economies in the global economy, the growing share of Asia.

The new security situation and geopolitical uncertainty

The Russian aggression in Ukraine has created a completely new security situation in Europe.

Contrary to what was expected by Russia, Europe has been relatively unified in supporting Ukraine. Russia has been subjected to strict economic sanctions and Ukraine is receiving economic and military support. The number of Ukrainian war refugees has exceeded the volumes of the 2015 migration crisis in just one month. NATO has clearly increased its presence on its eastern border. Finland and Sweden have applied for NATO membership. This historical step will have an undisputable impact on the security cooperation around the Baltic Sea. At the time of presenting this report (September 2022), a lot is unclear for the future of cross-national relations in our neighbourhood. However, a new cold war period has begun, in which Russia is not even attempting to conceal its aggressive intentions towards its neighbours

and has thereby increasingly placed itself in international isolation. The Russia-Ukraine war will probably result in more unity and cooperation between the EU and the United States, but some also believe that China will eventually gain the most political power from this war (Alonso-Trabano J. M, 2022).

Climate change, increasing shortages of natural resources, and rising resource prices

By agreeing on the European Green Deal, the European Commission decided that the EU will become CO₂ neutral by 2050. Thus, according to the plans, there will be no net greenhouse gas emissions in 2050, economic growth will be separated from resource use, and no one or no region will be left behind in the green transition process. In the budget period that started in 2021, €600 billion have been allocated for the implementation of the Green Deal. The aim of the Green Deal is to improve the living environment for people, which includes increasing biodiversity, energy-efficient construction, healthy food, developed public transport, green energy, circular economy, future-proof jobs, and competitive economy. (European Commission, 2022)

The Russia-Ukraine war and the economic sanctions imposed on Russia have shown how dependent the EU is on non-renewable energy carriers, especially gas, but also exported oil and coal. The cooperation between Estonia and Sweden must certainly very significantly contribute to tackling climate change, to environmental protection, and green energy to ensure energy security in all areas of economic activity.

Increasingly more resources are required for global economic growth. Growing demand is accompanied by increasing prices and the general burden on the environment is increasing. The volatility of resource prices will probably also increase. The rapidly growing population and climate change will result in the risk of food shortages in certain regions and an increase in the prices of food products on the global market. This will be amplified by the Russia-Ukraine war, which will result in a significantly lower amount of exportable grain being produced for the global market. The issue of the availability of clean water will become increasingly urgent in the developing countries.

Demographic changes – ageing of the population

The world population is ageing: the average life expectancy is increasing thanks to the improved awareness (increased level of education) of people, as well as the higher quality and better availability of medical aid. UN World Population Ageing Report states that there were 703 million persons aged 65 years or over in the world in 2019. The number of older persons is projected to double to 1.5 billion in 2050. Globally, the share of the population aged 65 years or over increases from 9 per cent in 2019 to 16 per cent in 2050 (United Nations, 2019).

If we look very long global demographic projections over time, then we see that according to new estimations of UN the total population itself will reach up to 10.3 billion by 2100¹. While we are currently accustomed to the idea of the majority of people living in Asia, the highest growth in population will be originating from Sub-Saharan Africa in the longer perspective. The population of Asia will stabilise by the middle of the century and will then begin to drop. China will already face demographic problems before that time due to its earlier one-child policy.

From the perspective of the economy, an ageing population means there is an increase in the importance of products and services designed for the elderly and older people stay on the labour market for a longer period. Furthermore, it means that the current social security systems (incl. pension systems) need to be

¹ [https://population.un.org/wpp/Download/Standard/MostUsed/;](https://population.un.org/wpp/Download/Standard/MostUsed/)

reconsidered, as the pressure on the tax systems would become too high and slow down the economic development of countries if no changes were made. Simply put, the negative economic impacts of ageing include a decrease in the number of taxpayers and an increasing cost of social security systems.

The negative impacts of ageing are counteracted by innovation and automation, which means that the human labour will be increasingly replaced by smart machines in the future and less manual work will be needed for creating higher value added. Another trend balancing the negative impacts is the longer stay of people on the labour market, i.e. an increase in the pension age.

The rise in the pension age and the higher activity of the people at a higher age will, in turn, provide opportunities for developing various types of tourism between Estonia and Sweden, particularly for elderly people, designing new services and products for this age group, and cultural exchange.

Increasing inequality

Increasing inequality affects very different sectors. As the labour market is very dynamic, the income of households is becoming less secure, regional differences increase, as does the polarisation of the workforce. The latter means that as a result of automation and digitalisation, the positions of employees with medium skills will be filled by machines. This will increase income polarisation in labour market, as people with low skills have less opportunities in wage negotiations. Increasing demand for high skill workers will increase their salaries and each highly paid specialist presumably also generates new low-skill jobs (such as babysitters, cleaners, home chefs, etc.).

The economic gap between cities and rural areas is growing, the pressure on the financial sustainability of social insurance systems is increasing, which calls for adjusting tax systems, which, in turn, comes with higher uncertainty and instability. In the Estonian and Swedish contexts, this means increasing differences between peripheral areas and centres. The cooperation between Estonia and Sweden should invigorate the cooperation between local governments and different regions (e.g. islands), introducing to one another the best practices in the fields of digitalisation, smart cities, and green transition.

The unequal increase in income is also caused by the development of atypical forms of work, because fixed-term work, temporary work, self-employed work, and other irregular forms of work are, as a rule, less generously paid than working with a regular employment contract concluded for an unspecified term (Brewer et al. 2012). Sweden and Estonia probably both have something to learn from one another in the field of regulations and legislation and solutions can be found together for solving those problems in the future.

Most forecasts claim that most of the jobs to be cut in the future are mid-level jobs providing an average income (Frey, Osborne, 2017). A good example is the profession of a traditional accountant, in which the modern software, e-invoices, and e-tax authority have significantly reduced the role of manpower in the accounting of businesses. The demand for very simple and low-paid jobs, mainly in the field of personal services (which call for a high level of empathy), and for highly qualified and well-paid specialists is growing.

Inequality between different countries and regions is also increasing. Based on the Global Inequality Report, 55% of the poorer population in the world owned 1,3% of the total wealth, while the wealthiest 12,2% owned 84,9% of the wealth in 2021 (Credit Suisse Research institute, 2022). According to the Global Inequality (2018), 1% of the global population held 33% of the total wealth in 2017; the same figure had risen to 38% by 2021 and keeps increasing.

New media ecosystem and distant work

New technologies are changing the manner of communication of people. The use of social media, streaming, digital animation and video, and 3D reality means a decrease in the share of traditional media (TV and print media). Media is becoming more personal; it is available anywhere via mobile communication devices (Solis, 2012). New technologies also affect the language of mutual communication. At the global level, we have witnessed an increase in the importance of social media — for instance, during the Arab Spring, the refugee crisis of 2015, and the war in Ukraine. Social networks have made the world smaller and information more accessible.

The rapid development of social media also comes with several negative consequences: deepfakes, trolling, breaking into IT systems, etc. Cyber-attacks are becoming an increasingly common part of today's war propaganda and information warfare. This increases the importance of cyber security issues and practices in international cooperation, in which Estonia and Sweden can exchange experiences.

The information consumption habits of people are changing, the importance of television is decreasing, especially in younger age groups, and the consumption of streaming platforms is increasing. This means that the cooperation between Estonia and Sweden in the field of copyright and personal data protection should also achieve a new quality.

A large part of the business activities of the companies of certain sectors takes place in online environments, social media information is already in use in the management of human resources, and online real time databases are used in the management and planning of companies. The concept of the workplace is changing, as the opportunities of distant working are expanding rapidly and into various fields, including traditional manufacturing companies, as automation and digitalisation allow remote real-time management of production processes. The COVID-19 pandemic also contributed to the development of distant work and non-traditional forms of work, as many people switched to working from home offices. In several sectors, this has remained the case even now, even though there is no longer a direct need for working at home.

New technologies and automation

We have now stepped into the era of a new industrial revolution, referred to as 'Industry 4.0'. It is also known as the fourth industrial revolution, and it mainly consists of the automation and digitalisation of industry. The fourth industrial revolution is characterised by keywords, such as 3D printing, networking, big data analysis, Internet of Things, machine learning, and robots. (Wikipedia, 2022)

As many new technological breakthroughs are made at the intersections of different disciplines, interdisciplinary knowledge will be highly valued (biotechnology, IT applications, nanotechnology, etc.). Digitalisation, automation, and 3D printing are expanding into very different sectors and are thus becoming essential parts of the traditional economy.

Big data and the opportunities arising from processing large databases have become increasingly important basically in all sectors. Using big data enables optimising traffic schemes, increases the yield in agriculture, influences people's consumption habits, etc. Before, the massive use of big data was hindered by insufficient computing capability. The development of technology in the IT sector has largely eliminated this problem.

The Internet of Things (IoT) means that there are an estimated 40 billion devices connected to the internet today. Those devices cannot yet communicate independently, they do not have a collective

consciousness, etc., which could lead to the so-called 'singularity' (machines producing increasingly smarter machines independently from humans). However, the devices connected over the internet already allow building smart and environmentally friendly houses, developing self-driving vehicles, using drones in agriculture, or building 'smart' greenhouses, among other examples.

The developments in genetic engineering and biotechnologies are changing the nature of medicinal products and extending human lives, while IT development and nanotechnologies are bringing changes to the functions and methods of the medical personnel. For example, experimental robots have already been tested in social care in Japan (Murison, 2018) and robots have also been used in treating autistic children. (Scassellati B. et al, 2012)

The digitalisation of production comes with automatic production processes and new logistics chains. New technologies (e.g. 3D printing) enable the decentralisation of production processes and making so-called 'tailor-made products' based on the wishes of customers, in addition to mass production.

The increased role of emerging economies in the global economy; economic power is shifting to Asia

Asian economies are growing faster than those of the old world (OECD, 2017). By 2030, Asian economies will form approx. 40% of the global gross domestic product. The fastest-growing markets are India, the Philippines, and Vietnam (Fenson, 2017). Based on forecasts, the Chinese economy will have passed the United States economy by 2030 and India will be the third-largest economy in the world with Indonesia in the fifth place. According to estimations, the largest economy by 2050 will be China (forming 20% of the global GDP per capita), with India second, the United States third, and Indonesia fourth. (PWC, 2017)

Growing financial centres, such as Shanghai, Hong Kong, and Singapore, will be reducing the importance of the current financial centres (London, New York, and Tokyo). Based on a study conducted in 2012, two thirds of the investment bankers of the UK believed that the above-mentioned Asian cities would be the leading financial centres of the world by 2022. (Jeffs, 2012)

In order to balance the increasing role of the Asian centres, cooperation must be increased at the EU level as well as at the regional level in the form of bilateral cooperation between Estonia and Sweden and cooperation between the Nordic and Baltic countries.

1.3 CURRENT STATUS OF ESTONIAN-SWEDISH RELATIONS

All attempts to improve bilateral relations must be based on a thorough analysis of the current situation. For that purpose, we think that the classic SWOT analysis is a useful tool. In individual talks, group discussions, and seminars, we have tried to involve as many people as possible to be able to identify the current status of the relationship of the two countries. Despite this, there are certainly dimensions and conditions that we have not captured in our attempts at finding facts. However, we believe that we have been able to identify what are the 'strengths', 'weaknesses', 'opportunities', and 'threats' in Swedish-Estonian relations.

Our concrete proposals presented in chapter 2 are based on the SWOT-analyses.

Table 1. SWOT analysis of the Estonian-Swedish current relations

<p>Strengths</p> <ul style="list-style-type: none"> x Common history x Similar culture x Strong work ethics x Trustworthy x EU members x Common geopolitical interests x Well educated populations x Innovative countries x Low level of corruption x Strong economic ties 	<p>Weaknesses</p> <ul style="list-style-type: none"> x Lack of knowledge of the other country x Lack of a Nordic-Baltic identity x Cooperation sometimes based on nostalgia rather than on future orientation x No common vision x Preconceptions that do not correspond to reality x Language barrier, especially among the elderly x Knowledge about other cities and regions outside the metropolitan areas is limited x Differences in business culture and unionisation x 'We have taken ourselves for granted'
<p>Opportunities</p> <ul style="list-style-type: none"> x Political support for closer ties x Sweden Estonia Cooperation Fund x Young Leaders' Program x Mutual Scholarship Fund for university students x Four policy areas of certain interest to develop x Deeper cooperation within the EU x Sports, e-sports, and culture as areas of potential x A more balanced trade and investment relation 	<p>Threats</p> <ul style="list-style-type: none"> x Cooperation is often rather ad hoc. Short term funding of joint projects x Few common institutions x Small nations are vulnerable x Growing nationalism and protectionism x Cooperation based on aid, rather than on a win-win approach x Sweden's big brother attitude

Strengths

Common history

Strong historical ties bind our countries together from the seventeenth century, when Estonia was part of Sweden, to the twenty-first century Skype era (Skype was created by Estonian and Swedish entrepreneurs in collaboration).

Similar culture

The geographical proximity and the historical ties mean that the cultural heritage of our two countries is similar and has developed in a similar fashion.

Strong work ethics

The labour market in both countries is characterised by a high degree of work ethics. We both see hard work a valuable endeavour. Loyalty, productivity, and the ability to cooperate with others permeate the countries.

Trustworthiness

Both Estonia and Sweden are perceived by other countries as reliable and credible. It is repeated in many contexts, not least in international politics. It is no coincidence that first Sweden and then Estonia have most recently been members of the UN Security Council.

EU members

Sweden joined the EU in 1995 and Estonia in 2004. The fact that we are both members of the European Union means a shared responsibility for the future of our continent.

Common geopolitical interests

Estonia and Sweden, two democratic neighbours, on the eastern and western shores of the Baltic Sea, have major common geopolitical interests. Russia's brutal war in our immediate area in Ukraine will further strengthen geopolitical ties.

Well educated populations

Estonia and Sweden rank high in different comparisons between countries in terms of the education level of the population. This also applies to the quality of education where, above all, Estonia is successful at the primary and secondary school level, while Sweden has many prominent universities.

Innovative countries

Estonia and Sweden are ranked as some of the world's most innovative countries. This is reflected, among other things, in the large number of start-ups and successful companies, which means a new economic backbone in our countries.

Low level of corruption

According to Transparency International, which annually measures the level of corruption in the world, Estonia and Sweden are high on the list of countries with low corruption.

Strong economic ties

Ever since Estonia became independent again in 1991, economic ties between our two countries have been strengthened. An obvious boost in economic exchange occurred when we became members of the EU. The free market of the EU has made it possible to trade almost seamlessly across the Baltic Sea.

Weaknesses

Lack of knowledge of the other country

It is of great concern that the level of mutual knowledge about our countries seems to be particularly low among young people.

Lack of a Nordic-Baltic identity

The idea that Estonia and Sweden have common values and a shared future in the Northern part of Europe is not very popular. The people also have no genuine Nordic-Baltic identity.

Cooperation is sometimes based on nostalgia rather than on future orientation

The common history is certainly a strength, but it can also be a burden. We celebrate ancient anniversaries instead of gathering around joint future-oriented projects.

No common vision

The two countries have no common vision, whether in terms of mutual relations or a place in the Nordic-Baltic community and the EU. 'We do ours, you do yours. Sometimes we meet.' is an all-too-common attitude.

Preconceptions that do not correspond to reality

'Estonia is an ex-Soviet state with a large Russian population.' 'Sweden is a Muslim country.' There are many preconceptions and stereotypes on both sides of the Baltic Sea.

Language barrier, especially among the elderly

Estonian and Swedish are two fundamentally different languages. There is an obvious language barrier between our two countries. Very few inhabitants are fluent in both languages and the number is unlikely

to increase. English skills have also become more important. However, the English skills of the elderly, especially Russian-speaking Estonians and immigrants in Sweden are limited.

Knowledge about other cities and regions outside the metropolitan areas is limited

The two capitals are of vital importance to both countries. However, people's knowledge about other cities and regions outside the metropolitan areas is limited due to the simple fact that they only visit the capitals. As a result, many areas of contact and potential collaborations are lost.

Differences in business culture and unionisation

The economic ties between Estonia and Sweden are strong, but clashes between their management cultures may also take place. The Swedish wage model with collective agreements, where wages are negotiated by strong employers' organisations and trade unions, does not exist in Estonia.

'We have taken ourselves for granted'

A general observation, a general weakness that many have noticed is that the two countries have taken each other for granted; they have not nurtured the relations, as one must do in all relationships.

Opportunities

Political support for closer ties

The two governments and two parliaments strongly support a closer cooperation between Estonia and Sweden. To us, it seems very clear that there is a common ground of political will to form a new, modern path for cooperation.

Sweden Estonia Cooperation Fund

The establishment of the foundation in 2019 is an important step to deepen and strengthen the cooperation. The activities are still in their infancy, but over time, the foundation will become an important cornerstone in the relationship of the countries.

Young Leaders' Programme

As a major activity, the cooperation fund has initiated a programme for young leaders in business, politics, culture, public sector, NGO and academia. In the long run, future leaders in the two countries will know more about each country and be able to form a strong network for cooperation.

Mutual scholarship funds for university students

A good example is the Alfred Ots Scholarship Fund. The purpose of the fund is to support Estonians studying engineering or architecture or receiving postgraduate education at the Chalmers University of Technology in Gothenburg. A similar foundation should be created in Estonia for Swedish students. It is an example of an ongoing activity that strengthens our bilateral relations.

Four policy areas of interest to develop

We believe there are four policy areas where the two countries have much to gain if they increase their cooperation in various fields: government to government, municipality to municipality, business to business, and academia to academia:

- x climate change
- x digitalisation
- x energy policy
- x sustainable forestry

Deeper cooperation within the EU

Sweden became a member of the EU in 1995 and Estonia in 2004. The two countries have a good reputation in the European Union. However, there is room for a closer and increased bilateral cooperation on EU-related issues.

Sports, e-sports, and culture are areas of potential

There is a strong tradition of established sports in the two countries, but also in emerging sports like e-sport. We see opportunities here for in-depth exchange. The same applies to the field of culture, where both countries have valuable heritage to take care of.

A more balanced trade and investment relation

There are obvious historical reasons why the trade and investment relations have been affected by the countries' different levels of economic development. However, the gap is gradually narrowing and Estonia's many unicorn companies will be able to contribute to it. In the future, it will be natural to see successful Estonian entrepreneurs investing in Sweden. Estonia's unicorns are a foundation for a more balanced trade and investment relation.

Threats

Cooperation is often relatively ad hoc, involving mostly the short-term funding of joint projects

There are, of course, many points of contact and cooperation between our two countries. However, we have identified that a large part of the collaboration is based on projects and/or is ad hoc in nature. This means that the collaboration is often short-term and capricious in nature. Funding is often project-based.

Few common institutions

Enthusiasts are good, but vulnerable. There are many people who nurture the Swedish-Estonian cooperation and do a fantastic job. However, relationships nurtured by institutions tend to be more long-lasting.

Small nations are vulnerable

Smaller nations have a greater interest than large countries in coordinating their interests and positions. If that insight is forgotten, both Estonia and Sweden risk losing in attraction and competitiveness.

Growing nationalism and protectionism

Nationalism and protectionism are gaining momentum all over the world (see the sub-chapter on general conditions for bilateral cooperation in the future) and that includes Estonia and Sweden. These forces are per se against extensive cooperation between countries. We also should not turn a blind eye to the fact that Russian interests, not least in social media, are trying to fuel these tendencies.

Cooperation based on aid, rather than on a win-win approach

During the first years after Estonia restored its independence in 1991, our bilateral relations were characterised by development aid in one direction – from Sweden to Estonia. Although that policy has been discontinued for many years, there is a persistent attitude in Sweden of 'helping Estonia' or the Baltics in general.

Swedish 'big brother' attitude

In general, we still can notice a psychological imbalance in the relationship between our two countries. Unfortunately, from time to time, a 'big-brother-attitude' is noticeable in Sweden. Estonia is sometimes also treated as one of the Baltic States and as part of the former Soviet Union.

2. Policy proposals

2.1 FOUR PRIORITY POLICY AREAS

During our work, we have met vibrant enthusiasm and a strong commitment in many people to improving the relationship between Estonia and Sweden. Some ideas and proposals are specific and directed at certain stakeholders. Others are of a more general character and with several target audiences.

Our main message to the governments of Estonia and Sweden is to focus on four policy areas, where we think a strengthened cooperation is more needed. They are also areas where Estonia and Sweden already are at the forefront. These policy areas are:

- x climate change
- x digitalisation
- x energy policy
- x sustainable forestry

Climate change

Tackling climate change is a matter of survival regardless of our location on the planet. It is our generation's shared responsibility to do whatever we can to stop climate change. To achieve this, we propose the following ideas.

- x In both countries, we would like to see a debate on creating an ocean/maritime law similar to the climate law in Sweden. The latter is not classical law, but a framework including aims, action plans, and an obligation to report about progress.
- x Give a political boost to develop the circular economy to build a better resilience, especially considering recent global events, which has raised vulnerabilities in supply chains, etc. A circular economy does not have to cover the whole economy at once; in the beginning, only some value chains can be included in plans.
- x Strengthen cooperation at the local level and give twin cities a boost. For example, using the planning process to strengthen sustainability; developing better budgetary tools and sustainable finance, such as green bonds, and transparent and systematised follow-up systems; developing digital tools to measure carbon footprint. Smart cities and innovative solutions should be highlighted.
- x There should be closer cooperation regarding the Baltic Sea. Marine protective areas should relate to green corridors and we need a better understanding of their vulnerabilities, especially regarding noise and pollution. For example, how offshore wind parks and micro plastics affect the ecosystems. This needs more joint research.

Digitalisation

Sweden (in the private sector) and Estonia (in the public sector) have both been successful in digitalisation and we have similar challenges in this area. We can learn from each other to create a stronger region. The potential agenda and topics of interest are listed below.

- x Addressing public sector challenges by developing new digital solutions and cross-border cooperation. With the help of specialists in digital development (private

and public sector) from both countries and different events, we would like to identify and make viable proposals to resolve the common challenges of public administrations in the region and EU countries through cross-border projects and sharing digital solutions. The purpose of these events is not to find a solution to every challenge but to build connections and find pilot projects, which helps us to build a green and digital future in the region. Some examples of areas to cover: artificial intelligence, cyber security, blockchain, data exchange, digital health or similar.

- × Cooperation on cyber security. Practical steps to have a closer collaboration in the field: bring together cyber security experts from both countries with the aim of finding a pilot project or projects to solve joint challenges.
- × Cross-border integrated data management system for exchanging information, e.g. energy consumption data.
- × Everything related to digital solutions in the energy sector: the smart grids of the future (Elering), remote reading of consumption data. This area is well developed in both countries. Therefore, a good basis exists to organise joint hackathons to accelerate development in the energy sector.
- × Take the leading role in the digitalisation of European Union's public sector.
- × Export digital competence to developing countries through SIDA2. A specific area may be a real-time monitoring of waste movement.

Energy policy

The challenge with climate change is closely connected to a new, more sustainable energy policy mix. The current geopolitical situation in Europe also underscores the necessity to transform the energy sector. We believe Estonia and Sweden could take a leading role in this policy area through a tighter bilateral cooperation.

- × Smart grids, energy storage, offshore wind-parks, hydrogen transmission networks, energy saving — the list of potential areas for cooperation within the energy sector is long.
- × Cooperation in developing digital solutions for energy sector, see under the digitalisation sub-section.
- × Regional hydrogen transmission network (pipelines) to transmit energy to Southern Europe in the future³.
- × Nordic-Baltic offshore grid in the Baltic Sea. Connecting offshore wind farms with different countries allows for a smooth redistribution of loads⁴.
- × Currently, increasing the production of renewable energy is easier to achieve than organising energy storage. At the same time, energy storage and the management of the system are becoming increasingly important, and Estonia and Sweden should lead this process.
- × It is necessary to establish stronger cooperation to secure trust between countries, providing vital energy services during crises.

Sustainable forestry

In forestry, there are several contradictory objectives — carbon binding, forest as an energy source, biodiversity, the growth of forest industry. Both countries struggle with those issues. We should work together towards finding a solution how to balance economic and environment interests.

² Swedish International Development Cooperation Agency, <https://www.sida.se/en>

³ European Hydrogen Backbone <https://ehb.eu/>

⁴ Baltic InteGrid Project, <https://interreg-baltic.eu/project/baltic-integrid/>

- × Cooperation in developing digital solutions for forest management. Estonia has many IT start-ups and digitalisation is also popular in Sweden. We should use this and support developing applications, helping forest industry and forest managers, for example, through thematic hackathons.
- × The usage of remote sensing in forestry is an area where cooperation beneficial to both sides can be created. Estonia and Sweden have their own strengths but when acting together, the benefits could be greater for both countries.
- × Replacing fossil raw materials with renewables also means creating more value from forest industry through using wood in construction. Wood could replace steel and concrete in construction. Wooden houses are valued by Estonian and Swedish people. However, to promote wood as a construction material, we should start from vocational schools and universities and shape the mindsets of future architects and construction workers.
- × We need a dialogue platform for changing ideas and best practices in forestry (e.g. clear-cut forestry, continuous cover forestry, close to nature forestry etc.) between stakeholders of both countries.
- × Cooperation to develop new techniques, innovations, business models, and the value chain. For example, the recycling of wood fibre.

2.2 PEOPLE TO PEOPLE

As stated earlier, it is our impression that people in Estonia and Sweden have gradually become less interested in and knowledgeable about each other. We need to reverse that trend through several measures.

- × The establishment of the Sweden-Estonia Cooperation Fund is a first step to create an independent institution that promotes cooperation between our two countries. However, the foundation needs to be bigger and widen its scope. 'Hanaholmen/Hanasaari' outside Helsinki is the epicentre for Finnish/Swedish cooperation. Our vision is to create 'The Centre for Swedish-Estonian Cooperation'. A physical meeting place for Estonians and Swedes, a place for everything from seminars and workshops to business negotiations and cultural events – an institution that promotes cooperation in all kinds of different ways. We urge the Sweden-Estonia Cooperation Fund to take the lead in this.
- × We encourage a campaign in various media channels to improve Estonia's image in Sweden and Sweden's image in Estonia through positive examples like the digital services of Estonia, Swedish creative industries, such as gaming and music, etc.
- × We encourage media houses to cover Estonian/Swedish news on a regular basis.
- × We encourage producers to make joint TV shows like Rakett69, Brain Hunt, or Draknästet, Viking Warrior (like the TV show 'Ninja Warrior'), children's song contests, e.g. Junior Eurovision.
- × 'Almedalsveckan' and 'Arvamusfestival' are important meeting places for opinion leaders. Estonians in Sweden and Swedes in Estonia need to be more visible during these events.
- × Joint e-sports games and combined sports competitions for young children (like '10 Olympic starts': national pre-rounds and the international final competition).
- × Traditional and modern cuisine are increasing in importance in both countries. We would like to see a joint food festival, including a competition for the best chefs from both countries. We would like to see an exchange programme for students or chef apprentices, with a focus on Nordic-Baltic food culture and locally grown foods.

- × Choral singing is popular in both countries. We could organise joint song festivals. A song festival for Estonian Swedes already takes place, but we think it could involve more people. We would like to see a cultural exchange programme that would cover travel expenses.
- × Traveling exhibitions of museums (Estonia's collections in Sweden and vice versa).

2.3 GOVERNMENT TO GOVERNMENT

The officials of Estonia and Sweden need to strengthen cooperation at the local, regional, and central government levels. The two small countries in the northern periphery of Europe need to co-ordinate their policy positions more frequently and regularly. Best practices also need to be shared in an organised way.

- × We urge the two governments to establish yearly forums for policy and best practice exchange at a ministerial level.
- × We urge members of Riigikogu and Riksdagen, and members of the European Parliament, to establish a closer cooperation.
- × In five years, the governments should evaluate the results of this report and policy suggestions, e.g. impact analysis.
- × Due to the high importance, we urge the governments to strengthen cooperation in the following policy areas.

- × **Climate change**

The only way to tackle the most demanding issue of our time — climate change — is to establish a common understanding of the necessity and urgency for actions. Estonia and Sweden ought to do better in sharing best practices in all fields of relevance to reach the overall goal.

- × **Digitalisation**

Estonia and Sweden started early with digitalisation. In some areas, Estonia is ahead of Sweden, in other areas vice versa. We believe that joint projects on best practices would strengthen both countries.

- × **Energy policy**

Estonia and Sweden ought to investigate which subareas would be of most interest for both to strengthen political and commercial cooperation.

- × **Sustainable forestry**

Estonia and Sweden have huge resources of deep forests. Forestry is an industry with long traditions but is now undergoing a remarkable innovation. New products and new ways to further refine forestry are strong trends. We believe that this is an area for strong cooperation — from R&D to commercialisation. A common platform for the shared understanding of sustainability, biodiversity, and responsibility in forestry would be an asset for both countries.

2.4 MUNICIPALITY TO MUNICIPALITY, REGION TO REGION

- × Both Estonia and Sweden are sparsely populated. In some urban areas, the economic development is very rapid, while development in rural areas is slowing down. This creates tensions between the urban and rural, cities and the countryside. To tackle this

phenomenon, we believe best policy practices should be exchanged. We also think it would be of value to twin regions with similar interests and conditions like the large islands in the Baltic Sea. We would welcome a joint programme for common development of the islands.

- x Twin cities / twin regions. Our impression is that vibrant twinning is not as active today as it was in the 1990s. It should be renewed and updated! The principle of 'All politics is local politics' is worth remembering. We foresee several areas of common interest: smart, local public transportation, all actions that have been taking place related to climate change, digital solutions, etc.
- x In both countries, people value clean nature. Access to nature is also better in our countries than in most other European countries. This common platform could be the basis for increased cooperation in many fields – from tourism to business exchange.
- x We strongly recommend more frequent exchange between primary and secondary schools in our countries. We would like to see virtual platforms where students from Estonian and Swedish schools could meet virtually. We also urge schools to make trips to the other country and visit places outside the capital cities.
- x Swedish is studied in Estonia, and Estonian in Sweden. We strongly recommend governments jointly investigate how to increase interest in learning the language of neighbouring countries. One possibility is to increase the number of language teachers, while the other is for governments to financially support a Swedish professorship at University of Tartu.
- x Narva has a special place in Swedish/Estonian history. It is also a region of significant geopolitical importance. The economic development of the Narva region is therefore important for both countries. We therefore urge the governments to set up various joint projects – business promotions, cultural tourism, etc. through different channels. The mayor of Narva has started the project of rebuilding the old town of Narva and we strongly support this idea.

2.5 BUSINESS TO BUSINESS

There are huge imbalances in investments between our two countries. This is not sustainable. A joint effort to reduce the gap is necessary through several means.

- x Estonia and Sweden are successful start-up-nations. However, the awareness of each other's venture landscape is limited. We therefore strongly recommend the venture capital associations of the two countries to strengthen their cooperation. We would like to see a better Estonian/Swedish presence in many start-up-events (e.g. sTARTUp Day) that take place regularly in both countries. In addition, we could establish new ones, e.g. Cyberolympics (a combination of education and start-ups).
- x Enterprise Estonia is present in Sweden, but Business Sweden is not represented in Estonia. We urge Business Sweden to re-establish its presence in Estonia.
- x Swedish banks – currently SEB and Swedbank – have made huge investments in Estonia and thereby contributed to Estonian economy. However, there is room for improvement. We urge SEB and Swedbank to promote Estonia as an investment opportunity among its Swedish customers in a more organised way.

- x Strengthening the creative industry. The music and entertainment industries have a growing economic impact in both countries. Workshops in folk music, classical music, pop music, hackathons emphasising the strength of both countries are just a few measures to boost the creative industry. Sweden has a leading role in pop music and an acclaimed modern film industry, whereas Estonia has some world names in classical music, as well as in traditional and folk music. Therefore, we should use these differences to grow stronger together.
- x Handicraft and woodworking skills are areas for mutual exchange and cooperation.
- x We urge the tourism boards of both countries to strengthen cooperation. We also urge the leading transportation companies like Tallink, SAS and Air Baltic to participate in joint efforts to increase the number of passengers in the Baltic Sea area. The cruising industry can also play an important role.

2.6 UNIVERSITY TO UNIVERSITY

Estonia and Sweden are small knowledge-based economies. The only way for Estonia and Sweden to be competitive on the global market is to invest more in human capital. Our universities are of utmost importance to achieve this, but also to support economic activities.

- x We need to increase student exchange and mobility between the Estonian and Swedish higher education institutions. We urge the governments to ask the universities to set up a special commission for this purpose.
- x There is a lack of doctoral students in both countries. To increase research, co-operation, and efficiency, the co-supervision of doctoral students should be considered. Supervision can be done through electronic channels and the use of these channels is already common. Through co-supervision, personal contacts will be established, creating a sound basis for further cooperation. Joint doctoral schools could also be established.
- x Both countries pay a lot of attention to higher education in the native language. It is possible to look for joint solutions on how to be an international university and still be able to maintain research-based education in the native language.
- x The Alfred Ots scholarship at Chalmers in Gothenburg has been an important financial scholarship for Estonian doctoral students. We would like to see a similar scholarship for Swedes at Taltech and the University of Tartu.
- x We would like to highlight a specific research topic: the microplastics and pharma residue in the Baltic Sea. Our common maritime ecosystem is sensitive and needs common efforts to be protected. It is also threatened by agriculture. Therefore, support for green agriculture is also needed.

Final words from the authors

To our knowledge, our report is the first of its kind, reflecting on the potential future cooperation between the old neighbours, Estonia and Sweden. We have a rich common history: the city of Narva and the University of Tartu are only a few remarkable milestones in our common past. Moving closer to present day, it is important to emphasise that in the 1960s, more Estonian language books were published in Sweden than in Soviet Estonia. It was due to the so-called boat refugees who left Estonia in 1940 and 1944. Most of those people belonged to the Estonian political, business, or cultural elite. They and their children have played a remarkable role in Swedish society after the Second World War.

A new era in our relationship started with the Singing Revolution, which ended the Soviet occupation, and Estonia regained its independence. Together with Finland, Sweden was one of the first countries to help Estonia through the transition by providing political support, business experience, and helping to build up free media and an independent NGO sector.

After joining the EU, relations between Estonia and Sweden changed, as we got the chance to work together in Brussels and Strasbourg. However, we cannot forget bilateral and regional cooperation. We believe that the new geopolitical situation will force us to strengthen our military and security cooperation and expand it to the whole Baltic Sea area.

The implementation of the policy suggestions above will depend mostly on political will. One can say that many activities need substantial financial support, but we know from experience in both countries that if there is political consensus, money is seldom an issue. The best example today is defence expenditures. Besides money, it is people that play the key role in implementing new ideas. When we find the right people to take the lead in joint projects, ideas will come to life. If we do not find the right leaders, ideas will stay on paper.

Our sincere wish is that our proposals will not remain on paper. We would like to see progress and common will to move on with the cooperation process. It means that in addition to previous suggestions, we have two additional proposals what could be labelled as follow-up events to our report.

First, we suggest our governments organise a series of conferences in the four policy areas we prioritised in our report. Namely, on climate change, digitalisation, energy policy, and sustainable forestry. This series of conferences should bring together top academics, political leaders, NGOs, and leading businessmen from both countries to discuss in a round table format the latest innovations, business opportunities, and potential political cooperation between the two countries.

Secondly, we cannot neglect regional cooperation. Almost simultaneously, three reports of future bilateral cooperation (Estonia/Finland, Estonia/Sweden, Estonia/Latvia) were completed in 2022. In the autumn of 2023, a joint conference for Estonia, Latvia, Sweden, and Finland should be organised, where participants from all countries can discuss joint activities proposed in those three reports. The target groups of the conference should be politicians and business elite of the four countries.

On behalf of our team, we would like to thank our Ministries of Foreign Affairs, who gave us a chance to write this report. We also appreciate the assistance and support provided by the Estonian Embassy in

Stockholm and the Swedish Embassy in Tallinn. Our greatest gratitude will go to the almost 100 people who have participated in seminars, workshops, and interviews and who have provided us with ideas and suggestions. Last but definitely not least, our great gratitude will go to our assistant team: Dorel Tamm-Klaos from Estonia and Anna Ljungdell from Sweden. They took care of the technical side of the project, arranged meetings and interviews, edited texts, and made sure that we met all deadlines.

Finally, we propose to our Ministries of Foreign Affairs to organise an international evaluation of the implementation of the Estonian-Swedish cooperation report in 2027. We sincerely believe that five years is a sufficient period to show some positive progress in deepening our mutual understanding, trust, and cooperation.

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Pär Nuder

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