OPINION

on the future European Cohesion Policy
of the Northern Sparsely Populated Areas (NSPA) of Finland and Sweden with the contribution of North Norway

The remote Northern Sparsely Populated Areas (NSPA) of Finland, Sweden and Norway, with a population density of only 4.9 inhabitants per km², are not to be found in any other parts of the European Union (Nordregio 2005:4). The NSPA of Finland and Sweden comprise an area of 429,970 km² with a population of only 2,185,000 people. Furthermore, North Norway comprises an area of 135,340 km² with a population of 591,470 people (4.3 inhabitants per km²).

This Opinion Document is a result of close collaboration between the four northernmost counties of Sweden (Norrbotten, Västerbotten, Jämtland, Västernorrland), the seven northernmost and eastern regions of Finland (Lapland, Oulu, Central Ostrobothnia, Kainuu, North Karelia, North Savo and South Savo) and with the contribution of North Norway (Finnmark, Troms, Nordland, Nord-Trøndelag) on the issue of the future European Cohesion Policy. This Opinion will be presented to the European Commission at “the NSPA Cohesion Workshop 2013+” in Brussels on the 12th of December 2007.

1. The NSPA of Finland and Sweden unequivocally support the continuation of the European Union cohesion policy. This policy of solidarity, stability and integration has over the years greatly contributed to the economic progress of the regions lagging behind; has enhanced the strategic approach in regional development as well as the key role of regions in it; has increased employment and entrepreneurship; has improved competitiveness and sustainable development; and has promoted exchange of good practices and transfer of knowledge across Europe.

Results of EU Structural Policy in NSPA

2. The interventions co-funded by the Structural Funds of the European Union have supported regions suffering from natural and geographical handicaps by slowing down depopulation, reducing unemployment, and alleviating social exclusion. This policy has enhanced multi-sector public-private partnerships and inter-regional cooperation and thus promoted remarkably the knowledge-based industry and strengthened the role of higher education in the regional development. The NSPA of Finland and Sweden were able to make significant progress during the past programming period of 2000-2006.

1 “Northern Peripheral, Sparsely Populated Regions in the European Union” (Nordregio 2005:4)
**Accumulation of handicaps**

3. The permanent natural and geographic handicaps of the NSPA are of cumulative nature. The low population density, the demographic change, the extreme remoteness and the harsh climate contribute to the accumulation of effects, which results in a complexity of problems for regional development.

4. There is an increasing risk of losing a critical mass of the population especially in the rural areas of the NSPA. The low population density and the long distances are serious problems for both public and private sector, hampering the competitiveness of the society and businesses. Small local and regional societies limit economic activities. The smallness and insularity of communities restrict access to the labour market and to education. The public sector pays a high cost for maintaining an adequate level of services of general interest.

5. The extreme remoteness of the NSPA, with long distances to national and European markets, results in high costs for marketing, training of staff and transportation of persons and goods. After the enlargement of the Union, the NSPA seem even more remote than before, as the new Member States are located closer to the major European markets.

**European Added Value**

6. The regional development in the NSPA brings true added value for the entire Europe; inter alia

6.1. by presenting innovative solutions and sharing good practices for the development and the service provision of rural sparsely populated and peripheral regions across Europe, for example in the fields of e-health, e-learning, e-business, e-governance and new working methods;

6.2. by providing an excellent gateway for the European Union to the resourceful Barents Region. The geographic location of the NSPA is of crucial importance for the Union when it comes to the exploitation and transportation of the vast natural resources of these northern regions such as oil, gas, wood and minerals;

6.3. by sharing the long border line with the Russian Federation and thus the long tradition of partnership in the cross-border cooperation with North-West Russia including St. Petersburg Region;

6.4. by contributing to the climate change strategy of the European Union the NSPA provide an expanding forest area necessary for the capture of CO$_2$
and for the development and exploitation of renewable energy resources;

6.5. by providing natural winter testing platforms and know-how of arctic technology to the other parts of the Union;

6.6. by providing a unique natural environment and cultural heritage for recreation and tourism and

6.7. by providing a cultural conglomerate of three main national languages and three minority Sami languages, since the last indigenous people in Europe, the Sami people, live in the northern parts of Finland, Norway and Sweden.

**Future Regional Policy for NSPA**

7. The NSPA need to be covered by a special instrument guaranteeing sufficient financial allocations.

The special treatment of the NSPA in the future European policies has a legal basis in Protocol 6 in the Accession Treaty for Austria, Finland and Sweden\(^2\). Furthermore, the need for special action for the NSPA is stressed also in Article 158 of the Reform Treaty of the European Union\(^3\). The legal basis of support should ensure that the special conditions of these regions are reflected also in other EU policy fields such as agriculture policy (in particular the Agricultural Fund for Rural Development), competition policy, environmental policy, transportation policy and fisheries policy.

In order to guarantee the sustainable economic, social and territorial development of the area a special NSPA Innovation System should be developed through an effective coordination of research institutes, academia, enterprises and regional authorities. A Triple-Helix best practice should be applied, and the different northern research bodies should be integrated in a common research platform in order to

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\(^2\) **Accession Treaty of Austria, Finland and Sweden.** Protocol 6: "... in Article 1 of Council Regulation (EEC) No 2052/88, as amended by Council Regulation (EEC) No 2081/93, which Objective shall be: - to promote the development and structural adjustment of regions with an extremely low population density (hereinafter referred to as Objective 6)."

Article 2: Areas covered by Objective 6 shall in principle represent or belong to regions at NUTS level II with a population density of 8 persons per km\(^2\) or less. In addition, Community assistance may, subject to the requirement of concentration, also extend to adjacent and contiguous smaller areas fulfilling the same population density criterion.

\(^3\) **Reform Treaty of European Union.** Art. 158 "Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions."
increase the critical mass of innovation and entrepreneurship both in the growth centres and rural areas of the NSPA.

7.1. In order to guarantee a polycentric development and the interdependence between growth centres and surrounding rural areas, the NSPA should be covered by a special instrument. It is important that such an instrument would allow comprehensive, strategic programmes. It should include a wide scope of activities addressing the complexity of the problems related to the development needs of these areas.

7.2. As the extreme remoteness and insularity of the NSPA is hampering the competitiveness of enterprises and the delivery of public and private services, special attention should be paid to the exploitation of the great economic potential and added-value of the NSPA and to the development of transportation corridors and information networks.

7.3. The climate change is a global challenge affecting all of Europe. When it comes to the NSPA, special attention should be paid to the sustainable use of natural resources and particularly to a higher utilization of renewable energy resources in order to reduce CO₂ emissions. A more intensive forest management can result in a remarkable carbon capture.

7.4. The NSPA call for better coordination of the Structural Funds and other development programmes (the European Agricultural Fund for Rural Development (EAFRD), the Framework Programme for Research and Technical Development etc.).

7.5. The GDP/capita does not provide the true picture of prosperity in the NSPA, which is based on a strong traditional industry exploiting local natural resources. The capital-intensive traditional industries generate high turnover and therefore significantly inflate the GDP figures. However, due to the high level of modernisation, these industries create few jobs and a limited regional added value.

**Governance**

8. The NSPA should fully participate in the planning, programming and implementation of the regional policy of the Union. This is to guarantee that the “special case” and priorities of the NSPA are fully considered and that the principle of subsidiarity is applied.

9. We propose that the European Commission should establish a separate task force for the Northern Sparsely Populated Areas.
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