State Secretary, Ladies and Gentlemen,

I am very pleased to have this opportunity to discuss the issue of depopulated areas in Europe with you here in Sweden.

I would very much like to thank State Secretary Grönlund and the Swedish Presidency for organising this important event.

Sweden knows only too well the problem of depopulation. I am confident this seminar will help us to learn more about the valuable experience that the Swedish authorities have gained in tackling this issue.

Depopulation is also a common problem currently faced by many European regions. And it is a growing problem. In 2025, some 90 European regions, spread across all Member States, will face demographic decline. The way in which we help these regions is fundamental to economic and social cohesion. I intend therefore to set out what can be achieved together, from a Community point of view.

The second report on social and economic cohesion, adopted by the European Commission last January, found that depopulation is an issue of particular
importance in the context of an enlarged European Union. The report places areas with specific geographical features, such as depopulated areas, at the very heart of priorities for a future, enlarged Union. This seminar is therefore timely. During the next two days we aim to exchange information, identify and disseminate best practices and develop contacts between European regions facing these common difficulties. I am sure that these two days will help to take the debate forward.

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To start off the discussion, I should like to explain why, and how the European Union is making a significant contribution to the development of sparsely populated areas.

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First, why.

Sparsely populated areas are spread out all over Europe. From the Northern parts of the continent to the Greek Islands or in Thrace, inside coastal areas in Spain, in the Portuguese Alentejo, in the Italian Calabria and Basilicata. They are also found in the French region of Lorraine, in the Austrian Burgenland, in Ireland, in the rural areas of West Belgium and in the North of Netherlands or the Highlands and Islands of Scotland. So this is a common issue.

These regions have specific features and needs. Nevertheless, despite their differences, sparsely populated areas in Europe have to face at least four common problems:
First of all they are geographically isolated: located far away from economic centres, with high transport costs and problems of access mainly due to deficiencies in transport infrastructure.

Second, they face demographic problems: young people emigrate and the remaining population is ageing. Fertility rates are low.

Third, economic activity is scarce: employment tends to be concentrated in the primary sector or in the public sector, industrial activity is largely in traditional rural areas, and services are lacking. Climate is often a major factor hampering competitiveness.

Fourth, living standards tend to be low, with average income lower than in other parts of the country, with in some cases severe rural poverty.

In short, depopulation is part of a vicious circle of economic and social decline - economic activity decreases, the workforce emigrates, there is a shortage of young entrepreneurs and so the development of new business is hampered, there is no critical mass of population for providing adequate services and this in turn has a further negative impact on the attractiveness of the region as a place to live and work.

It is in this context, that of helping regions which are suffering from natural or economic handicaps, that the intervention of the Structural Funds can contribute to breaking the cycle and to creating the conditions for success.

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So, second, how can we help?

To begin with, the Structural Funds are an important instrument for complementing the work of local authorities in the region. In most depopulated
areas, public aid is crucial. Public funds support SMEs, rural communities, the
development of information and communication technology, the protection of a
region’s culture and environment, developing skills and supporting equal
opportunities. Very often, local authorities are the engine of development. In
depopulated areas in Nordic Countries, up to 50% of public aid comes from
local authorities. Moreover, measures are designed and implemented on the
ground through partnership with local economic and social actors: this enhances
efficiency and promotes co-operation between the various levels: local, regional,
national and Community.

The European Union is also targeting depopulation through concrete, focused
actions in depopulated areas.

It has been doing so for some time. The European Union’s support for sparsely
populated areas is not new. Already during the previous programming period, a
priority objective of the Structural Funds, the so-called “Objective 6”, was
specifically designed to support Swedish and Finnish regions with a low
population density (below 6 inhabitants per square kilometre). Nearly €830
million of Community funds have been invested in these areas from 1994 to
1999.

The European Commission will now evaluate the impact of the actions that have
been implemented within this framework. We want to know for instance what
worked well, what didn’t, why, how many jobs were created and what were the
effects on migration flows. The evaluation will be carried out with the regions.
The results should be available in a year’s time. They will of course be made
available to you and serve as a basis for the development of future actions in this
field.
Today, “Objective 6” as such is no longer in place. Nevertheless, at the Berlin European Council in 1999, Heads of State and Government insisted on the need to take into account depopulated areas. That is why, in the current programming period, the issues that are crucial to depopulated areas are still tackled by a range of Community instruments.

First of all, the Swedish and Finnish regions formerly covered by Objective 6 are now covered by Objective 1 funds, even though per capita GDP in these regions is close to the EU average. This recognises the specific handicaps of these regions due to very low population density and harsh climate. There is also a special programme for Swedish coastal regions in the north of the country, whose population density is only marginal above 6 inhabitants per square kilometre. €363 million of Community funding will be invested in this particular programme over 7 years.

Second, many depopulated areas are Objective 1 regions, whose per capita GDP is below 75% of Community average. There are a number of measures specifically targeted at sparsely populated areas within Objective 1 programmes. In the North Aegean for instance, one of the priorities of the regional development programme supported by the Structural Funds is to reverse demographic decline and economic marginalisation, mainly through the use of information technology.

Depopulated areas therefore benefit from the so-called “mainstream” structural interventions. But they may also benefit from more specific Structural Fund actions, such as Community initiatives and innovative actions.

The first Community initiative that benefits depopulated areas is the INTERREG III programme. In isolated regions, the ability to link and co-
operate with other regions is vital. The INTERREG programme, promoting cross-border, transnational and interregional co-operation, aims to help regions do just that.

For instance, the European Commission has approved a €24 million support to foster co-operation between Sweden, Finland and Norway in the Kvarken-Mittskandia area. This programme will allow the pooling of resources and strengthen co-operation in one of the least populated areas of the EU (6.7 inhabitants per square kilometre). It will promote training measures, support to local firms, investments in infrastructures and local culture in the area.

Second, the new Community Initiative LEADER + also contributes to the development of sparsely populated regions. It works through local partnerships to encourage development and implementation of innovative development strategies for rural areas. The LEADER + initiative has a budget of €2020 (two thousand and twenty) million for 2000-2006.

Third, and finally, the use of new information and communication technologies in those areas which suffer from isolation can be of a crucial importance. These technologies offer a tremendous opportunity to reverse economic decline. Innovative actions supported by Community funds can make a big difference. Let me give you just one example. In Lapland, the 18 most Northern municipalities of Finland cover 28% of the country’s territory. The population density is 1.5 inhabitants per square kilometre. Structural Funds from the European Union were used to develop a telemedicine project. Through the use of IT, small hospitals and local health centres can now consult the Central Hospital in the town of Rovaniemi and the University Hospital in the city of Oulu. Medical data can be sent there for analysis and therefore substantially increase the diversity and the quality of medical services in the area.
So there is already support from Objective 1 Funds, Community initiatives, Innovative actions. This is what the Structural Funds can do now to help depopulated areas.

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Outside the framework of regional policy, the EU can do much more. A key role can be played by other community policies such as agriculture, environment and its LIFE programme, social, transport or tourism policy.

Beyond this, the issue of sparsely populated areas will be one of those discussed during the debate on the future of cohesion policy after enlargement. This debate, which is open to all, will allow us to draw the lines of tomorrow’s regional policy. The debate was launched at the Cohesion Forum which took place in Brussels on 21-22 May.

The second cohesion report is the starting point for this debate. The report underlines that in future, demographic perspectives and their consequences such as the decrease in active population will only make the problem of depopulation more acute. Against this background, how can we best promote a balanced and multi-centred development in the EU?

This seminar can begin to answer this question. In particular we can learn from each others’ experiences, identify successes and failures, and see if those experiences can form best practices and be transferred. We shall hear about some concrete examples, in the form of case studies, throughout the course of this seminar. And we shall then disseminate the results, in an on-line publication.
State Secretary, Ladies and Gentlemen,

Depopulation is a real challenge to economic and social cohesion. We have, at Community level, a variety of instruments to tackle the problem.

There are at least three challenges.

First of all, we have to use these instruments in the most efficient way, so as to ensure the best possible results on the ground. That includes ex-ante evaluation of specific needs, improving partnership, getting the right mix of public and private funds, complementarity between Community, national and regional actions, and additionality.

Second, we have to evaluate the programmes we have already financed and learn from the past. This includes the ex-post evaluation of Objective 6 programmes I referred to.

Third, we have to identify, disseminate and promote best practice and encourage networking.

All in all, we have to find how to make the most of regional policy instruments in depopulated areas in the future. Our point of departure will be the questions raised by the second report on economic and social cohesion. This seminar is a first step in the right direction. I hope we shall have other opportunities to discuss this and other cohesion issues again in the near future.

Thank you very much.