

## **The Northern Sparsely Populated Areas – Strong, Specific and Promising**

- NSPA political statements regarding the future EU Cohesion policy

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## 1. INTRODUCTION

Earlier and ongoing programming periods have had a positive impact on NSPA<sup>1</sup> regional development and interregional cooperation. At this point, the NSPA wishes to take another step forward in the discussions between the regional level and the EU institutions in order to strengthen NSPA possibilities within the framework of the future cohesion policy. The NSPA stress the need to further develop the territorial cohesion and territorial cooperation as a part of the future cohesion policy.

The EU cohesion policy has become an important part of the European integration process and should be continued after 2013. The NSPA stress the importance of an availability of structural funds that are offered all regions in all EU member states. Instruments for territorial cohesion and territorial cooperation have high added values for a cohesive European Union supporting collaboration across borders. The NSPA stress the need for more complementary frameworks in structural fund programming as well as between structural funds and other financial funds for addressing comprehensive development issues.

The NSPA strongly support multi level governance where dialogue and engagement of all levels of governance on issues of common concern is important. Thus, regions and regional policy plays an important role in developing Europe and it is important that regions are actively involved in developing new strategies for the European Union in areas of common concern. The NSPA firmly believes that the principle of subsidiarity should guide the work.

The NSPA considers that actions taken in realising the Lisbon strategy within the framework of cohesion policy and other policy measures taken at the EU level should act for a sustainable development of all parts of the European Union. It is important with a continued focus on areas defined by geographical characteristics – for example, geographically and demographically exposed regions with sparsely populated areas and long distances. The need for particular actions in these areas has a legal base in Protocol 6 of the Accession Treaty for Sweden, Finland and Austria, and article 174 of the Lisbon Treaty. The NSPA believes that the need for particular actions indicated by Protocol 6 and article 174 respectively should direct the incorporation of the NSPA in the discussions concerning the development of new cohesion policies and programmes, as well as cross-border, interregional cooperation, the Baltic Sea strategy and cooperation along the external borders of the EU.

The policy statements presented in this NSPA position represents the viewpoints and reflections of the arguments and analytical findings in the Nordregio study “Strong, Specific and Promising” (2009)<sup>2</sup>.

The context of challenges in Europe – trade globalisation, demographic issues, climate change and energy supply and demand set the framework of the political proposals presented in the position. The NSPA agrees that the stated priorities for EU 2020 – creating value by basing growth on knowledge; empowering people in inclusive societies; creating a competitive, connected and greener economy – are important guidelines to face these current and future challenges. To summarize; the NSPA conclude that the region can contribute to fulfilling these priorities and the future EU-policies can enable the NSPA to achieve this

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<sup>1</sup> The NSPA network for Northern Sparsely Populated Areas represent close collaboration between regions that share many characteristics in the four northernmost counties of Sweden (Norrbotten, Västerbotten, Västernorrland, Jämtland), the seven northernmost and eastern regions of Finland (Lapland, Oulu, Central Ostrobothnia, Kainuu, North Karelia, Pohjois-Savo and Etelä-Savo) and of North Norway (Finnmark, Troms, Nordland).

<sup>2</sup> To download the report “Strong, Specific and Promising” visit [www.nspa-network.eu](http://www.nspa-network.eu)

ambition through the policy measures stated below. The importance of fighting climate change is internalized in all NSPA policies suggested in the position. This is expressed both in specific policy measures as well as in the general discussions regarding the NSPA's need for instruments for development.

Stimulating the NSPA **global competitiveness** through:

- supporting activities that increase the value added in the NSPA from natural resources located in the region,
- supporting a job policy that increase the number of employees in the NSPA related to the service sector, the cultural/creative industries and the RDI sector,
- developing the potential of the NSPA natural resources, knowledge and technology for the global transformation into a low-carbon and eco-effective economy,
- creating substantial revolving funds from EU funding to ensure venture capital in the NSPA,
- providing funding to NSPA Universities and Centres of excellence as an important feature of strengthening the EU knowledge economy and developing green technology,
- encouraging international R&D projects in the NSPA by creating economic incentives to locate the projects within the region and developing cooperation networks between NSPA universities/centre of excellences within and beyond the NSPA,
- exploiting the NSPA geographic position next to the Russian border and the Arctic area and secure effective east-west as well as south-north infrastructural systems within the NSPA and between the area and the surrounding world,

Stimulating the NSPA **demographic development** through:

- investing in effective infrastructure connecting the NSPA to central markets as well as enhancing interregional functionality within the NSPA,
- enhancing the possibilities of developing functionality within the NSPA and delivering services in sparsely populated areas e.g. through ICT solutions,
- supporting a job oriented policy particular addressed to the service oriented sectors of the NSPA economy,
- enabling settlement strategies to identify the specific potential of the NSPA's rural and urban societies with respect to regional functionality and issues regarding gender, age, security and cultural background,
- stimulating new innovative approaches to how long term employment and economic activity is created in sparsely populated regions,

Stimulating an effective use of **energy and energy assets** in the NSPA through:

- strengthening the role given to regional stakeholders in the NSPA regarding design and implementation of policies surrounding the exploitation of natural resources,
- innovation policies that support the development of green technology, renewable energy sources and environmental techniques,
- supporting transformations of the transport infrastructure into a system based on more eco-friendly transportation and connecting the internal NSPA infrastructure system with the EU green corridors,
- improving the design of energy grids for increased internal use of energy in the NSPA,
- enabling an effective use of NSPA energy assets

## 2. MAJOR CHALLENGES FOR DEVELOPMENT

The NSPA is a strong, specific and promising region. The NSPA is an important part of the EU, most notably due to the large amount of natural resources, advanced research institutions and high performance process industries found in the area. However, the NSPA is at the same time a peripheral and sparsely populated region with long distances to the European markets. The importance of the structural funds for development and cooperation in the NSPA underlines the importance that the EU together with the regions in the NSPA, discuss common policies that include these obstacles, in order to face the future global challenges for development stated below.

Globalisation, population decline, climate changes and energy assets are all important aspects for the future development of the EU-regions. Globalisation creates new opportunities for trade and industrial production, but also increased competition, requiring all regions to carefully position themselves on the basis of their assets. Low birth rates reinforce the ageing process and can eventually lead to population decline in large parts of Europe. Conversely, many nations outside of Europe's borders experience rapid population growth. Deteriorating living conditions, rapid population growth, and the reduction of fertile soil in some parts of the world can bring about significant migration into EU. Energy prices that rise rapidly may on a mid to long term basis be the result of increasing discrepancy between fossil energy supply and demand. A changing climate is a reality today. It is of great importance that policies in all fields respect this fact when activities to face the major challenges for Europe are developed.

### 2.1 Globalisation in the NSPA

The role of the northern and arctic regions is becoming more important in the global context, especially due to its rich natural resources and attractive natural environment. In general, the NSPA has a large untapped potential in its geographical position. The growing economy of North-West Russia is so far a weakly exploited opportunity both for the NSPA regions and Europe, as is the potential of expanding beyond the Russian market into the Asian markets.

The regional economies of the NSPA are strongly based on nature and natural resources. The natural resources in the NSPA are and have for a long time been of great importance for the European industries. However, the value added based on raw material exploitation in the NSPA is mostly produced outside the region due to the relative remoteness of the main markets. Even though NSPA primary industries are highly efficient and expanding, no corresponding increase in employment can be expected in this sector. This implies that in order to provide more job opportunities, a more diverse regional economy is a prerequisite.

All though R&D intensity is relatively low in some areas, if measured as BNP, the per capita R&D is high and places the NSPA in an outstanding position when compared to other comparable areas in terms of population density. There are several globally networked world class centres of expertise in the different regions, acting as growth poles in a developing knowledge economy and providing state of the art research and technology in fields such as environmental technology and energy

### Vision

In the vision, the NSPA economy is characterised by high value added products, high RDI intensity, innovative green technology, effective use of natural resources and an expanding service sector. The region is a strong knowledge economy with innovative environments and world class higher education opportunities. The NSPA has a thriving sustainable tourism industry adapted to climate change and promoted by coordinated actions from various sectors.

The NSPA is a gateway for the rest of Europe to the North-West Russian market, offering high quality service supply, border infrastructure and border crossing facilities. Further, the improved transport system makes it possible for the NSPA to become a more integrated region with well functioning North-South connections and constantly increasing East-West traffic. Economic relations with Russia and Asia have intensified. The opening of the North-West and North-East passages form significant global transport links.

### **NSPA objectives 2020**

- create an eco-effective and more diversified economy,
- increase the service sectors contribution to local economy and increase the level of added value within the regions,
- encourage the production of high quality products based on local resources, green technology and green energy sources,
- strengthen Sami culture and entrepreneurship,
- strengthen NSPA universities and centres of excellence,
- improve transport systems for strengthening NSPA competitiveness in the global market
- increase regional RDI activities and technology transfer and developing cooperation networks between higher education institutes within and beyond the NSPA,
- foster innovative environments in all parts of the NSPA,
- expand the service sector and developing emerging economic fields such as creative/cultural industries and products across national borders,
- increase the production and utilization of green technology

### **Policy measures 2014-2020**

All regions in Europe should be given possibilities to benefit from the European integration and to fully exploit their endogenous development potential. EU has a significant role in fostering competitiveness, innovation and sustainable growth in the regions. The EU must also encourage activities and frameworks that aim at strengthening the culture and entrepreneurship of indigenous people.

Policies should enable a sustainable exploitation of natural resources and provide support for SMEs developing around major industrial projects. The NSPA encourage the commission to create revolving funds from EU funding as an effective way to provide venture capital in the NSPA. EU should encourage development of high technology industries related to the energies and natural resources found in the NSPA. A joint cross-border product, such as cooperation in the field of the experience industry, is another example of activities that should be encouraged.

EU policies that strengthen regional RDI activities, NSPA centres of excellence, higher education and research facilities, are important for strengthening NSPA innovative environments and technology transfer mechanisms. Global companies should be encouraged to carry through R&D projects in the NSPA by creating the economic incentives that make it economically viable and profitable to locate it within the area. Further, EU policies must support development of cooperation networks between higher education institutes within and beyond the NSPA and provide possibilities for research funding. Particularly in fields where the region has a proven track record. .

In order to create stronger, eco-efficient and more diversified local economies, policies must provide the necessary incentives and frameworks for enabling local production of high value added products as well as stimulate the emergence of local service sectors and creative/cultural industries.

Integrating the NSPA into the global transportation systems both in terms of east-west and north-south connections is an essential tool for strengthening regional and EU competitiveness. Improved logistics are essential for securing future effective transportation of natural resources vital for the EU industry as well as for internal use within the NSPA. Smooth border crossings with Russia, both through technical improvements and simplified administrative procedures are important measures for increasing economic and cultural activity along an important EU border.

## **2.2 Demography in the NSPA**

The demographic situation in the NSPA is heterogeneous in many respects. Some localities in the coastal areas in northern Finland and Sweden are densely populated areas with high levels of economic and demographic growth. To this can be added the small coastal towns in northern Norway and several other smaller communities in the NSPA primarily based around tourism. However, areas such as the inlands of Sweden and Finland are experiencing demographic decline and a slower economic growth. Many parts of the NSPA have a problematic age composition with an overrepresentation of older people and men. This is partly caused by an out-migration of young people and women which has created unbalanced societies.

Long distances between communities combined with a sparsely populated area in general are challenges for the demographic development in the NSPA. However, these obstacles can be used as opportunities in a global context by using the spatial potential of the NSPA to build alternative living environments to overcrowded regions in Europe and abroad.

The NSPA is a particularly fertile ground for European policies targeting competitiveness and employment. The area can therefore be a good example for demonstrating the added value of European regional policies for growth and development. In addition, the NSPA has the institutional and statistical structures needed to monitor policies and evaluate their impact with high degree of reliability and precision.

### **Vision**

The NSPA have created a dynamic and modern area with attractive secure living conditions and a diversified labour market attractive for both men and women of all origins. The restructuring of areas with a sparse or declining population has been a source of innovation and development regarding new ways of offering services in e.g. ICT and public transportation.

### **NSPA objectives 2020**

- develop settlement policies,
- improve integration into society,
- create job opportunities,
- increase the return of students to the area,
- enhance functionality between and within regions,
- create attractive living environments in urban as well as rural areas with respect to gender age and cultural background and security,
- stimulate innovation in the field of service provision,

### **Policy measures 2014-2020**

It is of great importance that EU support population growth in the NSPA's rural as well as urban communities. It is further important that policies regarding a positive development of living environments in the NSPA also promote activities that in particular consider the possibilities of the regions indigenous people – the Sami – to develop their culture, langue and customs that may differ from the rest of the NSPA society.

A policy that increases functionality between rural and urban areas is an important component to stimulate a positive population growth in the entire NSPA. Activities that encourage networking and shared service provision between rural areas and cities as well as between cities, are important features that strengthen the functionality in the region. The cities of the NSPA play an important role as growth engines in the region. EU policies should assist the NSPA in creating attractive urban environments but also support attractive alternative living environments in more rural areas. A policy that stimulates job opportunities, particularly in service oriented sectors, is essential for a positive net migration and increasing the return of students to the NSPA. Further, the NSPA welcomes an EU policy that focuses on a more entrepreneurial culture to create new jobs.

Another central EU issue is to provide better support for infrastructural investments in order to increase the functionality within the NSPA and between the NSPA and the surrounding world. The enlargement of functional areas in areas with large distances implies support for both systematic physical infrastructure planning as well as the development and dispersion of ICT solutions.

It is important that EU policies increase young people's possibilities as well as employability on the local labour market. The NSPA recommends the commission to promote more actions for youths in the overall respond to the high levels on unemployment in EU. Further, with long geographical distances in the region, distance learning and distance working are methods that the NSPA has good experience and knowledge of. Therefore, the NSPA strongly support the attention on lifelong learning and on distance learning and working possibilities in the development of future EU policies.

The NSPA consists of small rural communities as well as larger cities. In order to identify the specific potential of each locality and develop adequate settlement strategies with respect to regional functionality, gender, age, cultural background and security, an inclusive process with the assistance of the national and EU levels is needed. Partnerships and dialogue between concerned levels of authority ensures that the policies can be implemented at the most effective level. Dialogue is an important feature when formulating policies that provide the necessary framework for reaching common strategic demographic objectives.

Integrative approaches are more effective for addressing complex inter-sector development issues such as demographical challenges. It is therefore important to promote the formation of coalitions of local actors, capable of designing and implementing development strategies as well as mutualising existing resources.

An increased migration into the NPSA and the possibility of a significant immigration of climate refugees should be taken into account as a possible future scenario. An EU policy that improves integration in society is therefore necessary to support NSPA communities to handle an increased number of migrants and climate refugees.

The demographic challenges in the NSPA are obstacles that can be used as opportunities in terms of stimulating new innovative approaches to how long term employment and economic activity is created in sparsely populated regions e.g. through "living labs". A policy that supports benchmarking in the field of service provision between the NSPA communities is necessary to develop instruments for development and innovation. EU policies should encourage cross-border as well as intra regional cooperation that improves exchanges in the field of good practice.

### **2.3 Energy in the NSPA**

The NSPA nature is a source of energy and raw material. It is one of Europe's most important areas regarding natural resources such as forests, minerals and oil. The large forests of the NSPA are important captors of CO<sub>2</sub> gas and provide the material for the forest based industry as well as for eco-friendly

constructions and housing. In addition, the NSPA is an important producer of energy. The energy production of the NSPA includes a surplus of hydroelectric power and a substantial local energy production from the forest industry, oil and gas and biomass.

The NSPA has great potential to further contribute to the global reduction of green-house gases and the securing of European energy supply. If strategic investments are made and the adequate frameworks and incentives are provided, the NSPA can significantly contribute to the development of green technology, to the transformation into a low-carbon society and to assuring a long-term sustainable development in Europe.

## **Vision**

In the vision, the NSPA has become an area less vulnerable to changes in energy prices and is in the forefront of developing and using renewable energy sources. NSPA green energy contributes significantly to the European energy supply as well as it benefits local and regional development and industrial opportunities. The process of transforming the NSPA into a region less dependent on fossil fuels has stimulated new innovative solutions for collective modes of transportation and environmental technology. That ambition has put NSPA in the forefront of challenging the notion that energy-efficiency is best obtained through population concentration. NSPA green technology and renewable energy has become a globally important contribution to sustainable development.

## **NSPA Objectives 2020**

- expand the sustainable exploitation of NSPA renewable energy and increase the NSPA role as an important producer of energy,
- increase energy efficiency and reduce the emission of CO<sub>2</sub> gas,
- identify win-win situations, allowing the NSPA to provide the infrastructure needed for its industrial development while at the same time reducing CO<sub>2</sub> emissions,
- increase the possibilities for a more efficient commuting by using more energy-efficient green-goods transportations,
- develop effective ICT- and e-solutions that have positive effects for the environment as well as for regional growth,
- address the challenge of increasing energy prices, by e.g. developing efficient and diverse regional mobility systems,
- assess the degree to which new housing and retail projects affect the dependence on fossil energy

## **Policy measures 2014-2020**

European policies should give regional stakeholders a significant role in the design and implementation of policies surrounding the exploitation of natural resources.

Innovation policies and the creation of incentives to invest in all parts of the NSPA should be incorporated as important features of EU strategies for development of energy and green technology. Policies should provide funding for development of the energy sources in the area in order to make the NSPA resources and technology driving forces in the development of green energy and for EU energy supply. Important areas of interest are the potential of energy extraction from e.g. the forest based industry, wind, hydropower, tidal and salt water.

Funding and support should be given to technologies with great development potential in the region. The development of new environmental techniques such as climate friendly housing, innovative ways of utilizing ICT and e-solutions, biogas and other renewable energy sources are examples of fields with great potential.

EU policies must support transformations of the transport infrastructure into a system based on more eco-friendly transportation. To achieve this there is a need for investments in better internal transport infrastructure and inclusion into the green-corridors for transportation. Further, the design of energy grids should also enable increased internal use of energy within the NSPA. This implies that focus should not only be placed on energy infrastructure going north-south but the importance of the east-west dimension should also be highlighted.

### **3. POLICY CONCLUSION**

This document shows the NSPA's need of economic and political tools for unlocking its strong potential. As mentioned above, an increased connectivity with the rest of the world and improved functionality within and between regions are essential for the future development of the area, both in terms of sustainable development and the possibility to enhance regional attractiveness. Better funding and frameworks for research is needed in order to strengthen the NSPA knowledge economy and innovative environments as well as for the development of green technology and ICT solutions. If the adequate support is provided, the NSPA natural resources, knowledge and technology can play a decisive role in the creation of a knowledge driven economy and a low-carbon society. Further, more support for diversifying the NSPA economy is essential for creating a more competitive and robust regional economy that offers more attractive living conditions, security and jobs. A larger service sector, higher regional value added and expanding creative/cultural industries are important components of a stronger NSPA economy and society. All of the above mentioned should be designed and implemented in cooperation between concerned levels of authority and with the guidance of the principle of subsidiarity in order to ensure democratic, place based and effective development processes for making the EU stronger and more cohesive.

The visions, objectives and policy measures stated under each area of the above mentioned challenges, stress the need for distinct economical and political tools that facilitate regional development and cross-border cooperation in the NSPA. To this date, the existing programmes such as objective 2, Interreg and ENPI programmes have been crucial factors in the development and cooperation within the area. The NSPA needs these kinds of instruments also in the future. If ignored when EU policies are formulated, the NSPA permanent geographical handicaps and current structural difficulties will persist as serious obstacles for development, decreasing not only local but also EU development potential. Strengthening the territorial perspective in cohesion policy, with consideration given to the specific conditions of a territory and the development of its potential and strength is essential for developing the full potential of the entire European Union.

By establishing a NSPA political network, the future need of resources allocated to innovation policies, different regional fund programmes and regional strategies can more effectively be discussed in the entire NSPA. The regions in NSPA will create such a forum as a base for the future dialog between the NSPA and EU-institutions. The regions participating consider themselves as a political network based upon the need to find policies that in a simpler and less bureaucratic way provide solutions to the challenges described in this position.