



Europaforum Northern Sweden opinions on the Consultation on the Conclusions of the Fifth Report on Economic and Social Cohesion

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Europaforum Northern Sweden is a partnership and network for councillors at local and regional level covering the four northernmost regions in Sweden; Norrbotten, Västerbotten, Västernorrland and Jämtland. Its objective is to increase knowledge and awareness of policy at EU level, but especially to increase involvement in shaping EU policies in matters regarding Northern Sweden.

Europaforum Northern Sweden welcomes the debate on the European Cohesion policy after 2013 and would like contribute to the debate with the following reflections and recommendations based on our experience with the previous and current cohesion policy.

Europaforum Northern Sweden especially wants to stress the following:

- Europaforum Northern Sweden supports a strong future EU cohesion policy – a policy for economic, social and territorial cohesion in the European Union.
- Europaforum Northern Sweden believes that regional policy plays an important role in achieving the vision of Europe 2020.
- Europaforum Northern Sweden stresses the importance of future cohesion policy available for all regions in EU.
- Europaforum Northern Sweden emphasizes that Cohesion policy is an instrument for creating sustainable development as well as solidarity within the union. Focusing investment on where economic growth best can be achieved has to be clearly understood as focusing development measures and reforms on the specific regional factors and activities that have the greatest potential for strengthening the endogenous development of the specific region, in all regions of the EU. To achieve this ambition, the instruments for development of the competitiveness and employment objective are vital.
- Europaforum Northern Sweden strongly supports multi level governance where dialogue and engagement of all levels of governance on issues on common concern, such as the future cohesion policy and regional development is very important.



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- Europaforum Northern Sweden believes that the involvement of the regional and local levels is essential for both designing policies and for accomplishing sustainable growth in Europe. In order to establish multi level governance and to respect the principle of subsidiarity, partnership agreements must include three parties. Not only the commission and the member states, but also the regions. Partnerships should include
 - Europaforum Northern Sweden is pleased about territorial dimension added to the cohesion policy through the Lisbon Treaty and agrees on the writing that special attention needs to be given to regions with certain geographical features such as sparsely populated areas. The special conditions are also confirmed in protocol 6 of the Accession Treaty for Sweden, Finland and Austria, and article 174 of the Lisbon Treaty.
 - Europaforum Northern Sweden believes that the possibility and challenge and processes of development of sparsely populated areas must be analysed in them self and not judged based alone on GDP analysis or in comparative statistical analyses on EU level.
 - Europaforum Northern Sweden believes that analyses needs to be done on sparsely populated areas such as the north of Sweden and thereon design strategies and programs to overcome the challenges of the area and focus on developing the areas potential.
 - It is important that the cohesion policy acknowledges the pronounced demographic challenges associated with outmigration, age imbalance and gender imbalances. The social as well as the economic aspects.
 - Europaforum Northern Sweden considers it problematic that the importance of gender equality has not been thoroughly analyzed. Gender equality is not only a question of wellbeing and equal opportunities, but an important factor of growth, which further stresses the importance of gender equality as an essential priority in the future cohesion policy.
 - Europaforum Northern Sweden stress that coordination between EU policies is important and supports the plan of designing common framework of policies and for financial instruments.

A cohesive European Union and the role of multi level governance in delivering the EU2020 goals through cohesion policy

Europaforum Northern Sweden believes that EU needs an ambitious strategy for sustainable economic growth and development that focuses on our common challenges and possibilities and welcome that the EU2020 strategy supports further implementation and engagement at national, regional and local level.



This strategy calls for engagement on all governing levels for its future success. The EU cohesion policy has supported a development of multi level governance, which is essential for regional development and economic growth in EU.

Since its design and introduction, EU cohesion policy has contributed considerably to economic and social development in EU regions, also in northern Sweden. Europaforum Northern Sweden supports a strong future cohesion policy for sustainable development, competitiveness and employment in the European Union. Thus, Europaforum Northern Sweden believes that EU regional policy is of great importance achieving the EU2020.

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, does not only contribute to the development of that territory, but also to that of the entire EU. It strengthens not only the objectives of future EU 2020 strategy, but also those set for cohesion policy by the European Union.

Regions participating - Multilevel governance

Europaforum Northern Sweden strongly supports multi level governance and wants on an ongoing base to participate in a constructive and creative dialog with the EU level on issues of common concern such as designing and implementing a future cohesion policy and realising a common vision of sustainable growth and a competitive alongside a cohesive EU.

The Lisbon strategy has shown how important it is to involve the regional and local level in achieving the goals of the strategy. Multilevel governance suggests that the responsibility is shared by all concerned levels of governance and is supported by the democratic legitimacy and repetitive nature of contributing actors. 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. Development and progress is achieved in communities, and to realize the EU2020 strategy local and regional level needs to be involved in the process of designing and implanting the future cohesion policy. Therefore Europaforum Northern Sweden strongly believes that the principal of subsidiarity should guide our work.

The EU cohesion policy has become an important part of the European integration process and should be continued after 2014. Therefore Europaforum Northern Sweden wishes to stress the importance of availability of financial funds that are offered all regions in the European Union stimulating sustainable development.

Further, an instrument for territorial cooperation has a high added value for a cohesive European Union supporting collaboration across borders. It should remain an essential part of cohesion policy and should be further strengthened.

In order to guarantee the principle of subsidiarity, i.e. decisions shall be taken at the lowest possible level, it is important for the regional level to participate in planning, programming



and implementing future territorial cohesion policies. This is important in order to ensure that the choice of actions that these policies, and subsequently programmes, have to offer really meet existing needs at the regional level. Likewise, it is of the same importance for future cohesion policy not to be re-nationalised, and for the EU to act as a guarantor for the implementation of joint developments strategies.

Furthermore, Europaforum Northern Sweden wants to stress the importance of deriving advantages from synergies that can be obtained from a more effective coordination between development programmes/strategies introduced in the EU. Obvious examples of how clear synergies can be obtained are the priorities set in the Baltic Sea Strategy and actions in future territorial cohesion policy.

Cohesion policy and territories with particular geographic features

The regions in north of Sweden is characterised as an extremely sparsely populated region with long distance which is a demographic and geographic challenge for the region, though the region also possess great resources and possibilities that brings added value to the region and to all of Europe.

The permanent natural and geographic handicaps of the sparsely populated areas of northern Sweden 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 not only results in a complexity of problems for regional development but also pose an increasing risk of losing a critical mass of the population especially in the rural areas. 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 public sector pays a high cost for maintaining an adequate level of services of general interest with a greater part of the population as elderly with a high dependence on the public sector.

In order to strengthen policies aimed at the sustainable development of areas with specific geographic and demographic characteristics such as sparse population, it is important to incorporate the special circumstances and structures that affect the development of these areas in analyses and documents such as the Cohesion report. This involves highlighting the effects of structural and geographic handicaps for the regions concerned. In EU documents, the obstacles for development are not explicitly analysed or presented and therefore they become concealed, which in turn implies that they are not included in the creation of policy and development processes. This omission creates a negative bias for the sparsely populated area in northern Sweden as the specific challenges are systematically ignored. Some examples of such factors are the following:

As indicated in the 5th Cohesion Report, productivity growth has been high in the NUTS 2 region övre Norrland, but this is influenced to a high degree by trends on the world market and development can be severely affected if demand in some sectors fall, due to a lack of diversity in the economy. Productivity growth can have a negative relationship to employment



rates in areas characterized by capital intensive industries and productivity growth can be increased by outmigration of working age population.

Norrbottnen was classified in Eurostat regional yearbook (chapter 15 – A revised urban- rural typology) as an intermediate rural area in, which implies that the distances between the urban centres in Norrbotten was not incorporated into the indicators. This could lead to wrong analyses drawn and policy actions taken if not studied in detail but only understood as an intermediate rural region.

Gender equality is measured comparing gender employment rate. However, a serious obstacle for development in many areas is gender imbalances between sectors and industries, which make less diversified economies vulnerable for outmigration of the gender that is underrepresented in the sectors of the local labour markets. Some demographic issues such as outmigration, age imbalances and gender imbalances are more pronounced in remote areas.

The conclusions drawn from the 5th Cohesion report regarding the northern sparsely populated regions are that the area is one of the most competitive areas of the union with a high quality of education, excellent living standards, high economic growth and equality between men and women. This is essentially an adequate description of the north of Sweden but, as stated in the Cohesion report, geographical or demographical features can intensify development problems. The territorial dimension is of great importance for the designing of the future cohesion policy.

Gender equality

Europaforum Northern Sweden would like to underline that gender equality is an important factor for a sustainable development of the European Union. The importance of gender equality can be explained in many different terms e.g. as the right to equal opportunities or in terms of economic benefits such as increasing labour output. To be successful, future EU strategies must fully incorporate the gender perspective. A successful Europe must give men and women the opportunity to control their own life, to choose their own careers, to start, to run and develop their own business. Even though some aspects of gender equality are presented in e.g. the 5th cohesion report, not much analytic focus is dedicated to this important issue.

An important aspect to highlight further is the economic impact of increasing the employment rate of women. This is not merely a question of rights or an indicator of the well being of regions but rather a crucial factor for development. This is especially true for many of the regions in the southern member states where an increase of the employment rate of women constitutes an enormous untapped potential. It is also of great importance for the sparsely populated areas of Sweden where the labour markets has been less attractive for women, causing outmigration and demographic imbalances as well as decreased economic development. Gender equality must have a pronounced role in EU development strategies.



Europaforum Northern Sweden believes that development indicators should explicitly describe the correlation between gender equality and economic growth. Gender equality should not only be described as an indicator of wellbeing or exclusion, but as an important factor of economic growth.

Further, gender equality should be highlighted and analyzed as a factor for growth and development in the same way that e.g. the level of tertiary education, infrastructure or business sophistication are highlighted. Gender equality should be prioritized in all EU regions and perhaps become an obligatory priority for EU regions that score very low on equality indexes and EU indicators of equality. Europaforum Northern Sweden believes that EU strategies and instruments for regional development must stimulate projects and strategies aimed at gender equality.

Climate change effects

This climate change is a global challenge affecting all of Europe. Climate change and increased demands of secure sustainable and renewable energy resources will pose an increasing challenge for the regions of Europe. Increased energy prices are expected to raise transport costs if not alternative modes of transporting individuals and goods are developed, shifts from road to rail and/or more fuel efficient ways within the transport sector is developed to compensate an increased price level. As stated in the report, peripheral regions such as the northern Sweden with a sparse population, long distances within the region and the main markets of Europe are most likely to be affected by this.

The climate change needs to be addressed at all levels of governance especially at EU-level. Northern Sweden encourages the European Union continuing setting out ambitious targets and strategies towards reaching the targets. Coordination between EU-policies can stimulate development addressing climate change including development and exploitation of renewable energy resources. Cohesion policy can support regions addressing these challenges where regions such as northern Sweden can develop or expand renewable energy sources such as biomass, wind power or can gain and create added value for all regions in EU.

Further, when it comes to the northern Sweden, 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.

Innovation and competitiveness

As indicated in the cohesion report, and most evidently in the competitiveness index, the innovation index and indexes concerning tertiary education, the north of Sweden is highly competitive in a European context. However, the indexes hide some important territorial aspects. Many of the high scores attained by the north Sweden in the index indicators are influenced to a high degree by the very strong competitiveness and educational level of specific localities within the sparsely populated areas of the north. This also is especially evident for indicators such as tertiary education, market size, labour market efficiency and



infrastructure. The area is sparsely populated and for many localities within the north of Sweden, competitiveness is much lower than suggested by the Cohesion report. The rural areas of the north Sweden constitute a large part of the territory and are unique within the EU because of their relative remoteness to central markets, but also to larger urban areas. This implies that even if some very strong urban areas of the sparsely populated area creates a strong competitiveness at the NUTS 2 level, the effects of this cannot be expected to have the same spatial effects as in NUTS 2 regions that have a higher degree of proximity between cities and larger urban areas.

These regional imbalances constitute severe challenges for the cohesion and innovative capacity of the sparsely populated area and require specific attention when development policies are formed and discussed. Policies that are overly focused on strengthening the north Sweden and neighbouring regions eastwards in Finland and westwards in Norway competitiveness accordingly to the thematic areas of e.g. the competitiveness index run the risk of exasperating regional imbalances by creating a bias for EU financial instruments that are truly effective only in a few very competitive areas of the north of Sweden.

Europaforum Northern Sweden wants to underline that key priorities and the concentration of investments cannot be overly fixed around the factors outlined in the competitiveness index. For the region, even though innovative capacity is strong and business sophistication is high, the importance of market size, infrastructure, higher education and labour market efficiency is potentially higher for the north of Sweden than for comparable areas. For many localities, the innovative strength is hampered by such factors as weak infrastructure, low educational level and small local markets and labour markets.

Connectivity and functionality with other localities is of crucial importance for creating the critical mass and differentiation of labour markets and services needed as well as increasing the level of education. However, the cost and difficulties of bridging these obstacles is significantly increased by specific factors. Large distances, high maintenance costs for physical infrastructure and for provision of service reduce the possibilities of enlarging regions and for increasing connectivity. Based on the findings in the cohesion report, it is evident that the region need of economic instruments is broader than suggested e.g. by the competitive index. This implies that if greater concentration on priorities and thematic areas is to create stronger results in all parts of the EU, the special circumstances of remote and sparsely populated areas must be addressed when priorities are set, also for highly developed areas.

Cities and urban areas are important for regional development in the EU. In order to maximize the potential of urban areas for a sustainable development of the EU, policies aimed at strengthening cities and urban areas must be formed with regard to their function in larger territories. Cities have different functionalities depending on their geographic location. Remote urban areas function as growth engines, but for much larger geographic areas that have a weaker connectivity than more central urban areas. Europaforum Northern Sweden believes that this underlines the importance of emphasizing functionality when formulating



policies aimed at urban areas, and not only focus on social issues mostly associated with the largest urban areas.

Multilevel governance and coordination between funds

Europaforum Northern Sweden wants to stress that in order to guarantee the principle of subsidiarity the regional level should fully participate in planning, programming and implementing the regional policy of the European Union. This is important due to the regions own competence concerning the regions certain demands, needs, resources and possibilities for growth and development. Regions of the European Union, including northern Sweden anticipate influencing public policies so that they have a real and positive impact on improving the competitiveness of the regional economy and the well-being of residents.

Moreover, better coordination of the Structural Funds and other development programmes (the European Agricultural Fund for Rural Development, the Framework Programme for Research and Technical Development etc.) can result in synergies. Migration policies and other EU-policies such as competition policy, environmental policy, transport policy and fishery policy should be coordinated for desired synergies effects.

Cross boarder cooperation

The regions in the northern Sweden; Norrbotten, Västerbotten, Västernorrland and Jämtland has historically long traditions of cross border cooperation with regions eastwards in Norway and westwards with regions in Finland and Russia and around the Baltic Sea of varying intensity. Good governance and multi-level governance can also be emphasised and promoted in a horizontal perspective where regions cooperate across borders within the European Union addressing challenges working together exchanging knowledge and experience, increasing their capacity to formulate and deliver policy.

Cohesion policy is vital part in increasing cross border cooperation and exchanges in the EU. The INTERREG programs have so far been an important factor for increasing cross border activities. The programs serve as an important complement to the competitiveness program as they provide incentives for increasing the geographical scope of development activities as well as they stimulate interregional contacts and networking. These programs enhance the impact of EU competitiveness programs e.g. by stimulating benchmarking and exchanges of ideas from successful development policies. However, as indicated in the 5th cohesion report, there is a need for better coordination between the INTERREG programs and other EU programs such as the competitiveness and employment program. Today, the possibility of creating comprehensive cross border development activities is hampered by the lack of compatibility between programs.

The focus of the INTERREG programs should be directed more towards the territorial cooperation aspect rather than the content of the activities, i.e. there should be a possibility to create broad development processes across national and regional borders regardless if the activities are eligible for e.g. ESF, ERUF, EARDF or INTERREG funding. This would



intensify cross-border exchange and strengthen the incentives for creating more functional development strategies and activities that encompass larger geographies.

A future strong EU cohesion policy

Solidarity between regions in the European Region will create added value for the whole European Union. Therefore EU needs a future strong cohesion policy. For Northern Sweden and other regions within the European Union to continue to be healthy regions in the future, which can contribute to the realisation of the EU2020 strategy, there is a need for focused efforts to develop business and the infrastructure. Further supporting the regions capacity to create employment, education, and a good environment with renewable energy sources, good communications and a positive demography with good public health is also important to equip regions for meeting the demands of tomorrow.

Europaforum Northern Sweden is convinced that the cohesion policy of the EU and the structural funds will be even more needed in the future to meet tomorrow's demographical demands, rising energy prices and other challenges for our regions in the European Union. Northern Sweden persistently emphasizes the importance of a continued forceful European cohesion policy for the period 2014-2020 supporting regions facing the challenges of tomorrow.



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