



Stockholm, 2 June 2017

European Commission  
European Parliament  
Swedish Government  
Swedish Parliament  
SALAR

## **Europaforum Northern Sweden welcomes OECD's support for northern Sweden and the development of Europe.**

*Europaforum Northern Sweden (EFNS) is a network for politicians at the local and regional levels of government from Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland. EFNS is a meeting place and a knowledge arena where EU policies are analyzed and discussed in regard to how they affect northern Sweden. EFNS monitors European policy issues to influence EU legislation, EU's strategies and action programs and the EU's budget. The objective of EFNS is to safeguard the interests of northern Sweden both in the European arena and in relation to the national level in matters with a clear European perspective.*

In the light of the OECD's studies of Northern Sparsely Populated Areas (NSPA) and Sweden (2010 and 2017), as well as Regional Outlook (2016), Europaforum Northern Sweden would like to share the following conclusions and recommendations for continued efforts to create smart, sustainable and inclusive growth.

### **Background**

The 14 regions in the network Northern Sparsely Populated Areas (NSPA), which includes northern Sweden, have made a joint effort to increase knowledge and cooperation by mapping out and analyzing the region's preconditions for development together with the OECD. After two years of work, the study *OECD Territorial Reviews: Northern Sparsely Populated Areas* was launched in March 2017. The study sheds light on challenges and opportunities, and gives recommendations for future growth and welfare, targeting NSPA in its entirety, the EU level, the national level, as well as each region.

In parallel with the study of NSPA, the Swedish Government decided to follow-up on the national study that OECD had published in 2010. The follow-up study *Territorial Reviews: Sweden 2017* gives an overview of how Sweden implemented and worked on the recommendations OECD had previously presented, as well as contributing with new recommendations. The Swedish study was partly connected to the study for NSPA by giving it a special focus on innovative and sustainable rural development. Furthermore, OECD also chose to analyze growth in sparsely populated areas in the study *Regional Outlook 2016*.

### **OECD's conclusions**

OECD states that the geopolitically important northern Sweden strongly contributes to Sweden's and Europe's growth and has great chances of unlocking further potential with improved preconditions for innovation, more investments in transport and digital infrastructure, as well as increased cross-border cooperation. At the same time, northern Sweden faces special challenges that make the region vulnerable, such as long distances, a sparse and ageing population, a small critical mass, a cold climate, as well as an economy based on natural resources and sensitive to market fluctuations.

In the studies, OECD stresses that both rural regions in proximity to large towns, as well as remote regions, contribute to national and European welfare in several ways. Among other things, communities outside the so-called densely populated environments represent 68% of the areas where growth is taking place in OECD countries.



For increased growth and employment, growth policies therefore also need to be better adapted to the various and special preconditions and opportunities of sparsely populated regions.

The regions in EFNS represent a little over 9% of Sweden's population and just under 9% of Sweden's GDP. OECD finds that the national redistribution of additional costs in sparsely populated northern areas corresponds in magnitude to 0.2% of Sweden's GDP. In return, the regions supply a considerable share of Sweden's direct export revenue. Northern Sweden is responsible for over half of the country's electricity production through hydropower, and has industries in forestry, mining and minerals that provide job opportunities in different forms of service production in the rest of the country, not least in the capital region of Stockholm.

The regions' vulnerability and need for support to manage its vulnerability should be regarded from this perspective. The costs of more active, growth-promoting measures in northern Sweden are considerably lower than the socio-economic losses for Sweden and the EU if measures are not taken. Efforts to turn challenges into opportunities are needed, for example by further processing and developing products from natural resources, by utilizing the geography and the cold climate for development of innovations and technology, by developing attractive living environments and tourism, and by developing distance-spanning technologies.

The paradox of northern Sweden's production is that increased productivity creates growth but also a diminished need for labor. In order to create both growth and employment, OECD recommends that the regions invest more in innovation in northern Sweden's areas of strength, which requires territorially adapted regional policies. Both the EU and the national level, in close dialogue and with support for the regions, need to contribute to increasing the regions' chances of handling their own challenges.

The unique comparative advantages of a certain location serve as the basis for development. At the same time, regional innovation systems are part of a common European structure for regional development that requires long-term and comprehensive goals. When the growth potential is connected with natural resources in geographically large areas it is important that towns and rural areas are jointly developed in order to maximize attractiveness and growth. This requires a much clearer connection between what is today differentiated as regional policy and rural policy, both at national level and EU level.

Investments in transport and digital infrastructure are decisive for northern Sweden's chances of reaching a larger market. Furthermore, efforts are also required for increased support for innovation, access to capital and provision of services as well as access to competence. The demand for competence by the industry and the public sector requires a clearer connection between support systems for regional development and educational and skills development in order to match the needs from future new industries.



**Against the backdrop of the OECD's studies EFNS would like to present the following recommendations;**

EFNS agrees with the OECD that there is a need for joint concepts for regional development that are flexible and take into consideration the various characteristic features of respective region. Growth policies must not be limited to densely populated environments since Sweden and Europe will then lose the potential for development that exists in large parts of the country.

EFNS recommends a European growth policy with smart specialization based on the unique context and preconditions of each region. A joint and territorially adapted policy is needed to create ecosystems between different environments, rather than setting densely and sparsely populated environments against each other.

Smart specialization is needed as a method for intertwining different regional actors that create development, so that they are able to cross-fertilize one another for innovation within the regions, as well as between different regions and countries.

EFNS believes that EU's future regional policy needs to enable a broad and flexible toolbox of efforts that can be implemented on the basis of the geographic features prevailing where efforts are to be useful. In a dialogue with and collective action between the European Commission, the Member States and the regions, the right instruments and policy mix can be formulated based on northern Sweden's specific challenges.

In addition to flexibility and the possibility of regional adaptation of national and EU policies, different efforts and programs need to come together in a strategic and effective way. Experience from northern Sweden indicates that regional projects can often be the basis for capacity-building and strategic development work, and later lead to territorial and cross-border collaborations. In several cases the projects can also be further developed through, among other, the EU's research programs. However this requires that EU funds and programs are better coordinated to complement each other.

Finally, EFNS also underlines the OECD's conclusion that infrastructure, transport as well as digital, is a key factor for utilizing the regions' growth potential. Connectivity plays a decisive role for companies' competitiveness, in order to reach an international market, as well as for skills supply and service.



**Adopted by Europaforum Northern Sweden, Stockholm, 2 June 2017**

**Erik Bergkvist** (S) chair EFNS, Region Västerbotten

**Anders Josefsson** (M) vice chair EFNS, Association of Local Authorities Norrbotten

**Ewa-May Karlsson** (C) Region Västerbotten

**Harriet Classon** (S) Region Västerbotten

**Maria Stenberg** (S) Region Norrbotten

**Helena Öhlund** (S) Association of Local Authorities Norrbotten

**Robert Uitto** (S) Region Jämtland Härjedalen

**Gunnar Hjelm** (M) Region Jämtland Härjedalen

**Thomas Andersson** (C) Region Jämtland Härjedalen

**Erik Lövgren** (S) Västernorrland County Council

**Peder Björk** (S) Association of Local Authorities Västernorrland

**Anders Gäfvert** (M) Association of Local Authorities Västernorrland