

*The Extremely Sparsely Populated Regions of Finland and Sweden
within the EU Cohesion Policy post-2006*

**– Response to the Third Report on Economic and Social Cohesion –
Brussels, 19 March 2004**

This statement is a response to the Third Report on Economic and Social Cohesion presented by the European Commission on 18 February 2004. It is also the result of the close collaboration between the four northernmost counties of Sweden (Norrbotten, Västerbotten, Jämtland and Västernorrland) and the northernmost and eastern regions of Finland (Lapland, Oulu Region, Kainuu, North Karelia, North Savo and South Savo) on the issue of the future European Cohesion Policy. It is a follow-up to the Declaration that was adopted and presented to the European Commission and the European Parliament on the occasion of the seminar “Regional development in sparsely populated areas – bringing added value for the entire Europe” on 10 June 2003.

Areas as sparsely populated as the northern parts of Finland and Sweden cannot be found in any other part of Europe, with a sparseness of population on average 4.4 inhabitants per square km. The extremely sparsely populated regions of Finland and Sweden comprise an area of 447 000 km² with a population of only 1.9 million people.

1. The extremely sparsely populated regions of Finland and Sweden welcome the support expressed in the Third Cohesion Report by the European Commission to continue the European Cohesion Policy in order to promote the development in all European regions. It is also noted that the territorial dimension of the Cohesion Policy is acknowledged, highlighting permanent geographical handicaps and extremely low population density, both characteristics of Northern Sweden and Finland.
2. The European Union has a special responsibility for the ultraperipheral regions and the extremely sparsely populated regions in Europe, both of which have a strong legal basis in the EU treaties. The geographical and demographic constraints such as remoteness, low accessibility and extremely sparse population seriously affect their competitiveness. The present Objective 1 regions of Sweden and Finland were defined on the basis of the low population density criteria laid out in the Article 2, Protocol 6, of the Accession Treaty for Finland and Sweden. The European Commission has proposed a special programme to compensate the ultraperipheral regions within the Convergence Objective of the future Cohesion Policy. The extremely sparsely populated regions of Finland and Sweden argue that they should be treated equally with the ultraperipheral regions.
3. The Third Cohesion Report of the European Commission does not determine the support intensity that would apply to the extremely sparsely populated regions of Finland and Sweden. The minimum must be the present level of support, since the natural and geographical handicaps as well as the extremely sparse population are still present and will not likely change in the future. While welcoming the European Commission’s proposal, the regulations covering the EU co-financing levels in the regional programmes should remain at least the same as at present, taking into consideration, for example, the lack of critical mass and very small communities in the extremely sparsely populated regions.
4. The proposal put forward by the European Commission on three criteria, GDP, employment and population density for allocating funding in the future Cohesion Policy is by the extremely sparsely populated regions of Finland and Sweden seen

very positive. However, it still remains to be clarified how the different criteria will be applied and weighted in the future regulation. The starting point here has to be the already established criteria for population density outlined in the Accession Treaty for Finland and Sweden and the Regional State Aid guidelines.

5. It will be difficult for the extremely sparsely populated regions of Sweden and Finland to exploit the proposed priorities of the new Regional Competitiveness and Employment Objective of the Third Cohesion Report. The thematic priorities identified fall short of sufficiently addressing the particular conditions and needs of the extremely sparsely populated regions. There is a continued need in the future – alongside issues such as innovation, accessibility, and the environment – to develop other areas e.g. infrastructure, rural development and tourism, and to enable assistance for business investments.
6. The extremely sparsely populated regions of Finland and Sweden welcome the fact that the Third Cohesion Report reflects the coherence between different EU policies and national policies in place in European regions. This is of great importance for the development of growth and competitiveness. It is however not clear how the revision of the regional state aid guidelines will affect the extremely sparsely populated regions. When revising these guidelines the European Commission should compensate the extremely sparsely populated regions for their disadvantaged position of competitiveness and additional costs emerging from low accessibility and remoteness similar to the ultraperipheral regions, as well as from the low population density.
7. The extremely sparsely populated regions of Finland and Sweden appreciate the European Commission's efforts to further develop the instruments of cross-border cooperation. This is particularly important in the light of the EU enlargement. The extremely sparsely populated regions would like to request that the financial allocations for the future Neighbourhood Instruments truly reflect the importance of the EU-Russia relationship. At the same time it is important to continue cooperation, supported by sufficient financial allocations, both along the EU's internal and external borders.
8. The experiences of the extremely sparsely populated regions on the Interreg III C programme have been positive. While welcoming the opportunity to finance interregional cooperation through regional programmes, the extremely sparsely populated regions would however request the maintenance of a separate programme for interregional cooperation. Mainstreamed Interreg C strand would potentially limit the scope of interregional cooperation in Europe, including cooperation with regions in the new Member States.
9. With Structural Funds interventions, the extremely sparsely populated regions of Finland and Sweden have been able to slow down depopulation, reduce unemployment and alleviate social exclusion, but, nevertheless, certain permanent challenges persist. These regions want to stress the difference in terms of sparse population, long distances, limited access to services and isolation that these regions suffer compared to other less favourable regions in the European Union. As the natural and geographical handicaps confronted by the extremely sparsely populated regions of Finland and Sweden are of a permanent nature, the regions request the establishment of a permanent instrument from the European Union.



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