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Norwegian input to the EU Green Paper on Territorial Cohesion¹

From a settlement point of view, Norway can roughly be subdivided into three geographical zones: First, we have the metropolitan region, around Oslo, then the Norwegian coast from Southern Trøndelag to Oslo and Lillehammer, with towns and cities that are more clearly separated in terms of labour market areas. Beyond this, one finds a geographical area facing geographic challenges in terms of sparsity, peripherality, long distances and cold climate, which are unique in the European context.

These differences often disappear when pan-European comparisons are made on NUTS 2 level. Norway is especially differentiated and fragmented, an example in hand is the number of local labour markets; 160 in Norway, 70-80 in Finland and Sweden and less than 30 in Denmark. In short the Norwegian Territorial structure of Norway can be characterised by the following:

- Long distance to main markets,
- Extensive mountain areas,
- Insular and coastal regions,
- Isolated border regions,
- Arctic and sub-arctic climate,
- Demographic sparsity.
- An extremely diffused urban system with sharp differences regarding settlement structures, functional profiles and centralities

Sparsely populated, mountain and insular regions

Sparsely populated areas require particular attention. Areas with less than 12,5 persons per square km in Norway cover 27 pst. of the population, 87 pst. of the land area and

¹ The facts of this paper is largely based on the Nordregio report "Nordic Inputs to the EU Green Paper on Territorial Cohesion" commissioned by the Nordic Council of Ministers. The report is enclosed.

286 municipalities out of a total of 430. The core challenges sparsely populated areas face are:

- Reaching sufficient number of people within daily commuting range to run public and private services cost-efficiently
- Establishing a well-functioning labour market.

Current depopulation trends in sparsely populated areas imply the risk of falling below threshold population levels below where local communities enter a self-reinforcing process. This implies the need to incorporate social, environmental, cultural and resource-related issues into the debate on territorial cohesion including service provisions to both citizens and business'. A territorial cohesion policy must provide a set of tools to counter the structural causes of depopulation in situations where its consequences are deemed unacceptable.

Mountains

A large percentage of the European Union's surface area may be characterised as mountainous. According to a Nordregio report Norway has 92 pct mountainous area with 63 pct. of the population. The corresponding figures for Finland and Sweden are 19 and 12 pct. and 51 and 7 pct. Mountain regions are often characterised by sparse populations, large areas, harsh climate, and low accessibility. At the same time, mountain regions carry territorial resources that have a potential to contribute significantly to the growth and prosperity, as well as the sustainability of the territorial development in Europe.

Globalisation

Norway has a high GDP per capita, which is reflected in both high labour costs but also high productivity rates. In 2006 the average personnel cost in 1000 Euro per employee in the manufacturing sector according to Eurostat was 33.9 in EU 27, 43,0 in Finland and 46,2 in Sweden but 54,9 in Norway. An ongoing and significant challenge in the globalised economy will therefore be our high labour costs. Specialised, but traditional industrial production will be more vulnerable than regions with a more diversified economic structure. The same could be said in respect of regions that are dependent on agriculture and forestry. This implies that the peripheral regions and even parts of those regions with a looser urban pattern outside the metropolitan and most densely populated regions will become increasingly vulnerable to 'the challenges of globalisation'. Norway as a producer of raw materials has benefitted from the high commodity prices over the recent years. It has also led to many industrial spinoffs with niche-production. Lower commodity prices will however have an adverse effect on many communities in all parts of the country.

Governance

Key challenges for territorial governance in Norway with our geographical structure and small population are to create horizontal and vertical cooperation/coordination between:

- Various levels of government
- Sectoral policies with territorial impact
- Governmental and nongovernmental organizations and citizens.

A strong central government component is needed to secure necessary coordination, equal living conditions in all parts of the country, and help lagging regions. But there is also a need to mobilise public and private actors at local and regional level and to adapt policy to their needs and conditions. Regional, local and private actors are with our settlement structure crucial to business development and community viability in all parts of the country.

Urban matters and urban-rural relationship

There are several issues with regard to urban matters and urban-rural relationship in Norway.

- To what extent the Norwegian cities manage to remain integrated in the relevant global networks and to develop strong positions within a selected range of sectors, which can maintain a sustainably high level of economic development.
- Develop proactive strategies for sustainable growth at all levels of the urban hierarchy
- The future of numerous rural areas and sparsely populated areas are increasingly interlinked with urban development in terms of access to services, infrastructure, education, cultural activities and innovation. With regard to innovation it is important to develop links between business experience, consultants and capital mainly from universities and R&D institutions and innovation environments in rural and sparsely populated areas.
- Regional enlargement is not, because of our geographical structure, an alternative strategy of same importance as in the other Nordic countries.

Some reflections on future Territorial Cohesion policies

When discussing territorial cohesion the following aspects could be considered:

- *Geographical coverage – Should the term Territorial Cohesion cover all regions or only some selected regions?* As the concept is addressing territorial development it should cover all regions, but special attention should be given to areas facing particular challenges like sparsely populated areas.
- *Concept – Should territorial cohesion be a limited or comprehensive concept?* Territorial cohesion should be a comprehensive concept influencing all policy areas, which are significance for regional development.

- *Policy – should there be a common policy for all regions or differentiated policy taking into account territorial differences?* There is a strong need in Norway to conceive a territorially differentiated approach to policy making. This comes from the acknowledgement that different types of regions need different types of policy support to make full use of the potential in all parts of the country.
- *Focus –should focus be on balanced development and reduced disparities or increased competitiveness and reduced disparities?* We believe there should be a focus on developing local, regional and national comparative advantages in a global context. In our opinion we believe this will promote both cohesion and competitiveness.

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Attachments: 1