

Mr Johannes Hahn
Member of the European Commission
Directorate General for Regional Policy
European Commission

13 October 2011

Mr Joaquín Almunia
Vice-President of the European Commission
Directorate General for Competition
European Commission

Dear Mr Hahn, Dear Mr Almunia,

We, the ministers responsible for regional policy in Finland, Sweden, Norway and Iceland, meeting in the framework of the Nordic Council of Ministers on 13 October 2011 in Helsinki, have agreed to bring to your attention our joint views on the continued need to take account of the northern sparsely populated areas within Cohesion Policy and in the Regional aid Guidelines.

According to Article 174 of the Lisbon Treaty, particular attention shall be paid to regions which suffer from permanent natural or demographic handicaps, such as the northernmost regions with very low population density.

Continued support from the EU, together with national and regional efforts, will be crucial for these regions' possibility to develop in the future.

- **It is necessary to take due account of population density in the model for distributing resources between member states for more developed regions.**
- **It is essential to retain the special treatment based on protocol 6 of the Accession Treaty.**
- **The northern sparsely populated areas must have the possibility to adapt the structural funds programmes to the needs resulting from the existing specific geographical and demographic circumstances.**
- **The Regional aid guidelines must continue to take due account of the low population density regions, both regarding the regional aid coverage and the possibility to use operating aid.**
- When Sweden and Finland joined the EU in 1995, a new type of regions was added to the union, the extremely sparsely populated areas. These regions (less than 8 inhabitants per square kilometre at NUTS II-level) therefore received special support (Objective 6) from the Structural Funds, based on protocol 6 of the Accession Treaty. During the programming periods after 1999 these regions have continued to receive special treatment on the basis of this protocol. Iceland has now become a candidate country and will need similar support in accordance with its national conditions.

- The low population density regions in Finland, Norway and Sweden also have special rules in the Regional aid guidelines, based on the same provision of the Accession Treaty. The Regional aid guidelines allow for these regions to be eligible for regional aid, and they also provide special exemptions regarding operating aid.
- There is still rationale for special treatment. The regions are still remote in the far north with a harsh climate, dispersed population and long distances. The cold climate leads to high costs for energy and heating and the lack of accessibility leads to high costs for transportation of people and goods. The demographic development is an increasing problem for maintaining a reasonable level of services in many areas. At the same time a continued depopulation makes it difficult to recruit adequate staff in certain sectors.
- Apart from tackling all these challenges, there is a need to promote the intrinsic development potentials of these regions. They do have natural handicaps, but they also have sectors that can create growth and employment and where EU- funding will continue to play an important role. The natural resources, not least forestry, mining, energy and fisheries, are important not only for the regions and the Nordic countries, but also for the EU industry as a whole. The successful utilisation of these resources is thus crucial.
- These regions have a great potential to benefit from the cold climate through the development of cold climate technologies e.g. for energy exploration and car testing. In addition there is a great potential for the development of tourism and the creative economy. The wide areas can also be an asset for investments in the field of environment and climate such as wind power and renewable energy. In addition there is a need to diversify the economy to make it less vulnerable to economic down-turns in the global economy.
- The territorial cooperation between Sweden, Finland and Norway should be further developed. The region is part of the Barents region with immense natural resources (energy, forests, fisheries and minerals). It is also close to the Arctic, which is subject to increased interest as the effects of climate change are threatening this vulnerable area. At the same time, a side effect may be the opening up of new potentials such as natural resources and new transport links.
- The support from the EU Structural Funds to sparsely populated and remote areas can compensate and reduce some of their natural disadvantages, e.g. when it comes to smaller infrastructure investments. Support to innovative environment and cooperation projects between the northern universities and the business community could also contribute to obtaining a critical mass of knowledge and thus create better conditions for growth and economic development. Professionally managed structural funds projects should stimulate experimentation, innovative actions and best practises.
- The shared objectives of the Europe 2020 –strategy – smart, sustainable and inclusive growth – require making use of existing resources and potentials for development. It is important to continue facilitating the development in the northern, sparsely populated areas in Europe. In this context also the special exemptions regarding regional aid and operating aid in low population density regions are of a crucial importance.

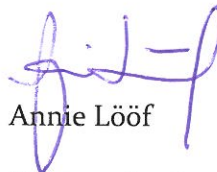
We hope that you will find these views useful in your important work for the development of all regions in Europe.

Yours sincerely,



Jyri Häkämies

Minister of Economic Affairs
Finland



Annie Lööf

Minister for Enterprise
Sweden



Liv Signe Navarsete

Minister of Local Government
and Regional Development
Norway



Kristján Skarphéðinsson

On behalf of
Minister of Industry,
Energy and Tourism
Iceland

Cc.

Mr Dirk Ahner, Director-General, DG REGIO

Mr Alexander Italianer, Director-General, DG COMP