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Nordic rural policies

The future of CAP and Cohesion

High-rise developments in the Baltic capitals



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Nordregio is a centre for research, education and documentation on spatial development, established by the Nordic Council of Ministers.

New Nordregio publications

Regional trajectories to the knowledge economy - Nordic-European comparisons (REKENE)

By Dahlström, Margareta & Hedin, Sigrid.
 Nordic Innovation Centre & Nordregio, 2010.
 Distributed by Nordic Innovation Centre, Oslo

The main findings regarding knowledge dynamics can be summarised in three key points. Firstly, cross-sectoral knowledge interactions drawing on different disciplines and fields of expertise are innovative and drive product development. Secondly, knowledge interactions are multiscalar; they include highly relevant extra-regional knowledge interactions. Multiscalar interactions are supported by policy instruments, ranging from cluster organisations to support for organising and participation in various events. Finally, knowledge dynamics include many types of actors conducting a variety of knowledge interactions.

Knowledge dynamics in moving media in Skåne - Cross-sectoral innovations in game development and film tourism

Margareta Dahlström, Sigrid Hedin and Lise Smed Olsen with contributions from Sara Östberg, Christian Dymén and Anu Henriksson (2010)
 Nordregio Report 2010:1, pp 72 - ISBN 978-91-89332-73-7

This report includes the description and analysis of two sets of territorial knowledge dynamics with accompanying firm-level knowledge dynamics in the moving media sector in the Skåne region of Sweden. The first case study looks at knowledge dynamics within computer game development and a micro-level study of the development of the game 'Agent O'. The second case study elaborates on the knowledge dynamics related to film production and tourism with a micro-level study of the marketing collaboration 'The Film Track'. In addition, these case studies have been placed in a wider European perspective by comparing them with the other case studies performed within the project.

The Potential Labour Supply in the Nordic Countries

Daniel Rauhut & Ingi Rúnar Eðvarðsson (editors) (2009)
 Nordregio Report 2009:3, pp 121
 ISBN 978-91-89332-72-0

This study estimates the size of the potential regional labour supply up to 2030. The similarities and differences evidenced between the Nordic countries are analysed with a number of under-utilised or misused labour potentials identified. Policies tasked with mobilising the working age population, primarily to maximise the number of persons in work across the Nordic countries, are also reviewed. The study ends with some policy recommendations designed to improve the situation of marginal groups in the Nordic labour markets.



Spring in eastern Norway. Photo: Odd Iglebaek

Rural changes ahead

The EU budget for the period 2007-2013 is almost 863 billion €. For 2011 it will be 142.6 billion, up 3.4% from 2010. On an annual basis the size of the budget is equivalent to an average of 235 € per head – for the 500 million inhabitants of the 27 member states.

Approximately 90% of the territory of the European Union is defined, in one way or another, as 'rural'. The movement of the population from the land to the cities is nevertheless continuing with now only 30% (150 million) of the EU 27 population living in these broadly defined 'rural' areas. In general, the poorer the region, the more likely it is to be 'rural'.

For many years the CAP was the economic backbone of the EU's redistributive policy strategy. Many would however argue that too much of these subsidies were, and still are, transferred to already very rich farmers/landowners. It is often said that 80% of the CAP funds go to only 20% of the farmers. "Mountains" of butter, wheat, meat or wine have historically represented this concentration on 'production' or 'output' at the expense of other less prosaic factors.

Until 1992 CAP transfers represented nearly 49% of the EU's budget. By 2013, the CAP's share of the budget is projected to decrease to 32%. In contrast, the EU's various regional development instruments, which accounted for only 17% of the budget in 1988, will assume almost 36% in 2013. How, and to which extent, this has changed rural life within the Union remains however unclear.

What lies ahead for the rural regions of Europe and in particular for those in the Nordic countries? This issue is discussed in a number of the articles in this issue of the *Journal of Nordregio*. On pp 12-13 the CAP's future is examined. The authors, Hilikka Vihinen and Petri Kahila, suggest that future transfers will likely be on a flat-rate basis and less linked to the production of specific crops. There will also be more concentration on the quality of food and relatively less on absolute volumes produced. There may also be a new 'pillar' devoted to energy and climate change.

In the article on pp 14-15 Andrew Copus argues that with one or two exceptions national or regional rural development programmes remain sectoral rather than territorial. This does not reflect all the differences in the local rural economy, and hence should be adjusted, in particular if the aim is to reduce the number of people leaving the countryside.

A rural focus is also maintained in the articles focusing on the Nordic area. On pp 4-7 we take a closer look at the similarities and differences in the official definitions of 'rural' areas in Denmark, Finland, Norway and Sweden. The overall aim for these countries is to sustain their rural areas (pp 8-9), however policies to achieve this vary (pp 9-10).

The introduction of bulk containers has fundamentally altered the world of shipping. One implication is that volumes (in *dwt*) have doubled in the last few decades. Denmark, Norway and to some extent also Finland have developed new strategies for the maritime sector. Recently *Nordregio's* Maria Lindqvist has finalised her study of how Sweden is attempting to change its maritime strategy. The results are presented on pp 16-19.

One year ago the *Journal of Nordregio*, No 2-2009, took a closer look at city centre densification and high-rise buildings in the Nordic capitals. In this volume we also look at the concurrent debate taking place in the Baltic capitals. This is a subject which has generated heated debate during the last congregation of Metrex – The network of European Metropolitan Regions and Areas – which met in Vilnius and Riga in May this year.

During the Soviet era a few high-rise structures were erected in the centre of these capitals, however only one or two in each city, and too few to really change the skyline.

After independence in 1991 the old towns of Riga, Tallinn and Vilnius were all accepted onto the prestigious UNESCO list of World Heritage Sites. But "peace" did not last long. With the reintroduction of private landownership and the possibility to engage in property speculation the skylines of these towns soon began to change – often quite significantly. Modern, corporate, high-rise developments emerged to challenge the silhouettes created by the towers of historical churches or town-halls. We report on the ongoing debates this change has rendered.



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Official definitions of Nordic rural areas*

The Nordic countries each define the category of 'rurality' in slightly different ways. Population density below a certain threshold and distance or accessibility to urban centres are the two most common criteria used to determine its nature and extent. They are, however, often supplemented with a number of socio-economic criteria.

Denmark and Finland each have three classes of rural area, Sweden has two, while the Norwegians use the term *districts*. In the newest Swedish national development strategy it is argued that a more flexible and context dependent definition of rural areas should be applied.

Denmark and Finland, and to some degree also Sweden make a distinction between urban-adjacent rural areas, intermediate rural areas and remote rural areas but these national definitions are often based on widely differing criteria.

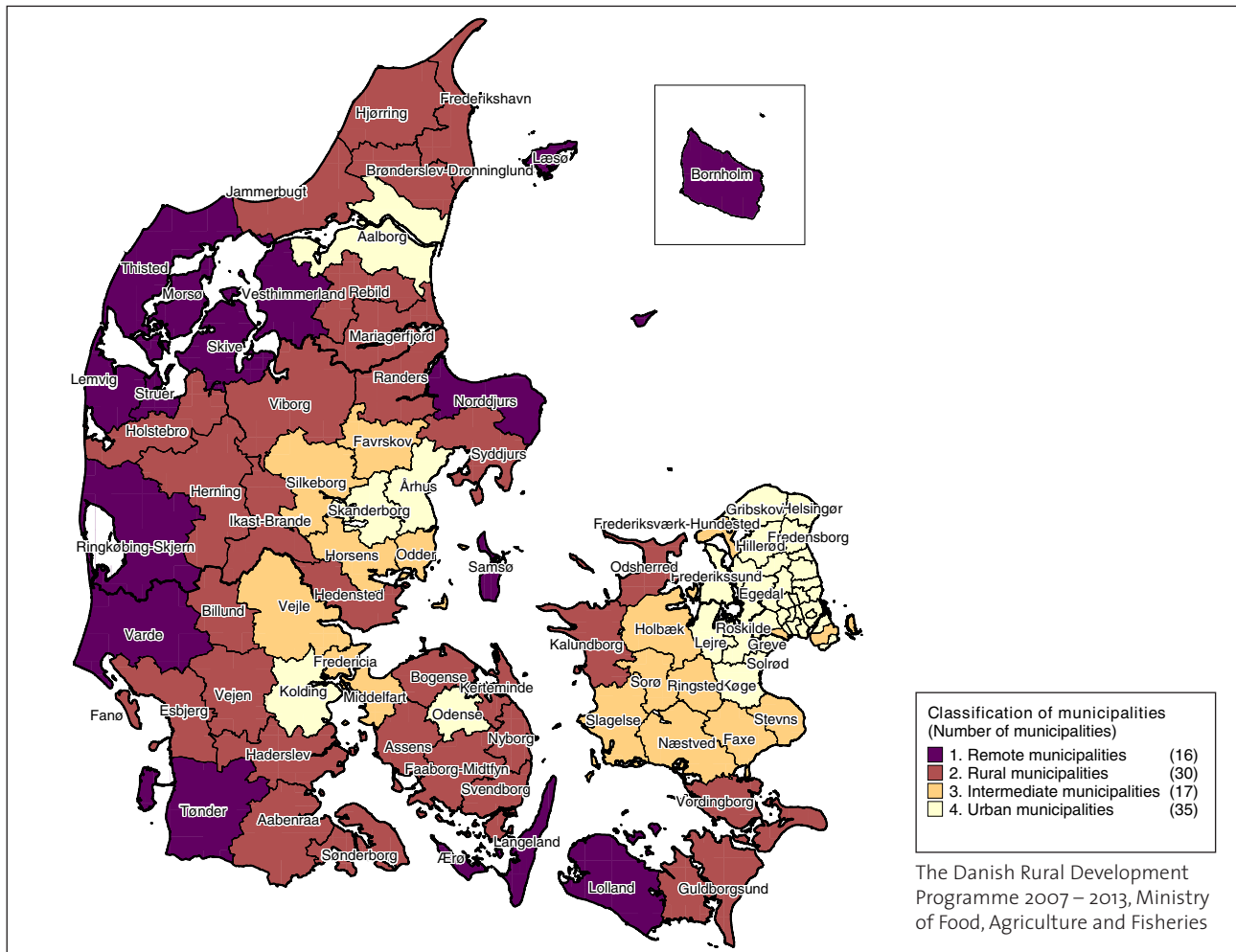
Denmark

Until the development of the Danish Rural Development Programme 2007 – 2013 for the implementation of EU agricultural policy the formal definition of rural area was 'non-continuously built up areas' or 'areas with only small towns with up to 1000 inhabitants' without making any structural or functional differences.

For the demarcation of the LEADER (see p.15) areas and the preparation of the 2007 – 2013 EU programme a new classification system based on 14 indicators was developed. This classification system draws together a structural and socio-economic profile of the 98 Danish municipalities.

The classification ends up with 4 classes; Peripheral municipalities, rural municipalities, intermediate municipalities and urban municipalities. The following 14 indicators are weighted equally in the classification process:

- Population per km²
- Population in rural areas and towns with less than 1000 inhabitants
- Proportion of the municipality's area in rural zones
- Percentage employed in agricultural enterprises
- Percentage of population aged 17-64 years
- Percentage of the population aged 25-44 years
- Employment trends, 1994 – 2004
- Population trends, 1994 – 2004
- Average distance to motorway
- Jobs in proportion to employees
- Percentage of the workforce with basic education, 2005
- Percentage of the workforce with medium or tertiary education, 2005
- Average distance to areas with a high surplus of jobs, 2004
- Taxation base *per capita*, 2007



* The articles on pp 4-9 are based on the Nordregio project *Den nordiske landsbygd*. The project will be finalised during autumn, 2010. Editor, Ole Damsgaard, Director of Nordregio

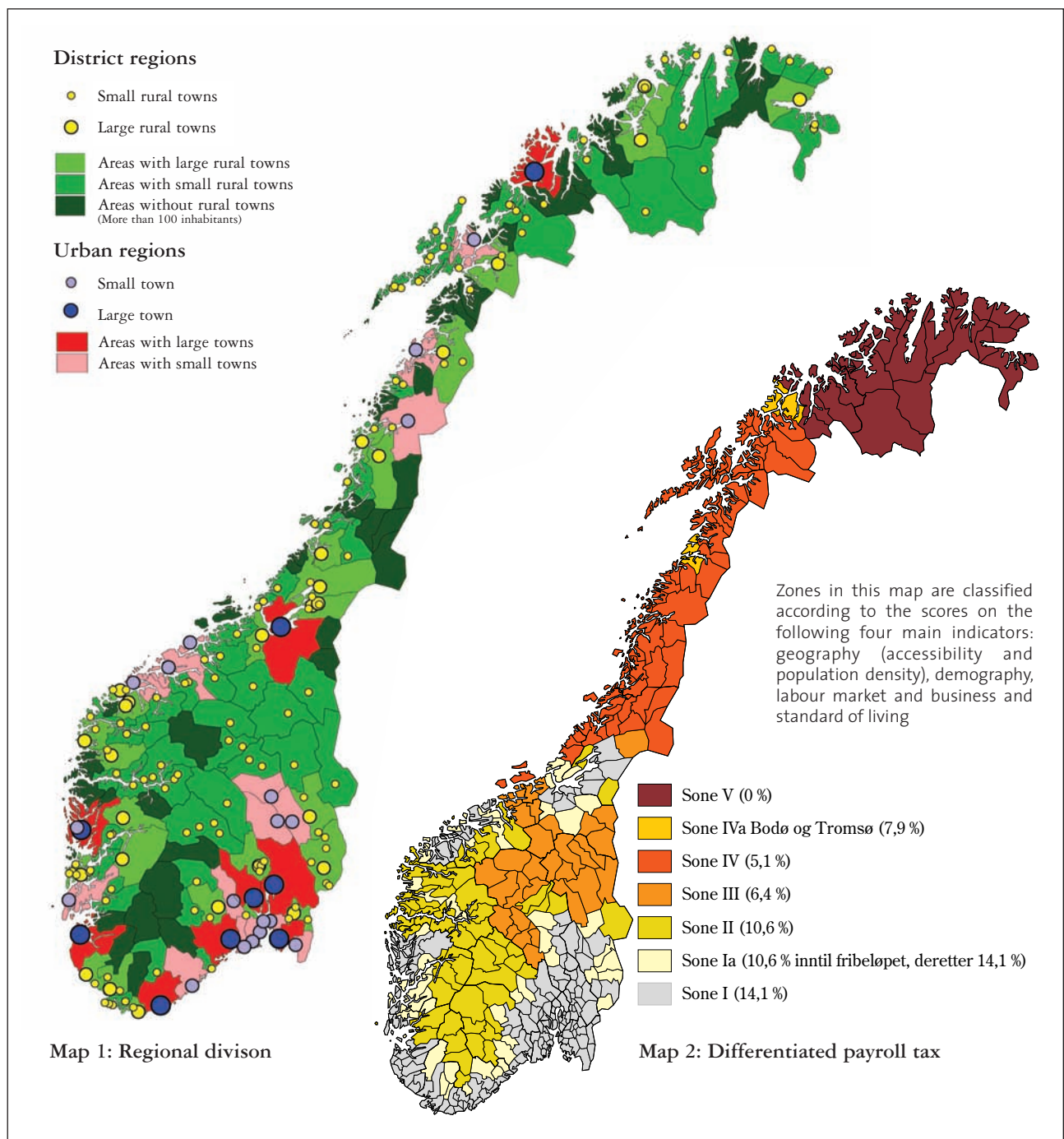
According to this classification the municipalities of the first two classes (peripheral and rural) could be labelled as 'rural Denmark'. However, the intermediate municipalities are also eligible for funding from EU rural policy.

A supplement to this definition of rural areas developed for the implementation of EU-policy can be found in the Danish National Spatial Planning report from 2006 where the overall urban pattern and the main transport corridors are identified. Some of the municipalities labelled as 'intermediate rural' especially in parts of Jutland in fact contain medium-sized urban centres.

Norway

Norway does not use the term 'rural area' in its national legislation. Instead the term *district* is used which means 'peripheral areas consisting of a minimum of one municipality eligible for national aid in respect of transport, investment and differentiated payroll tax. Map 2 below shows this.

The two maps were drawn up by *Østlandsforskning* in 2004 and demonstrate another approach to classification based on the differentiation of urban and rural areas, map 1. The rural areas are further differentiated into three zones; areas with large rural towns, areas with small rural towns and areas without rural towns.



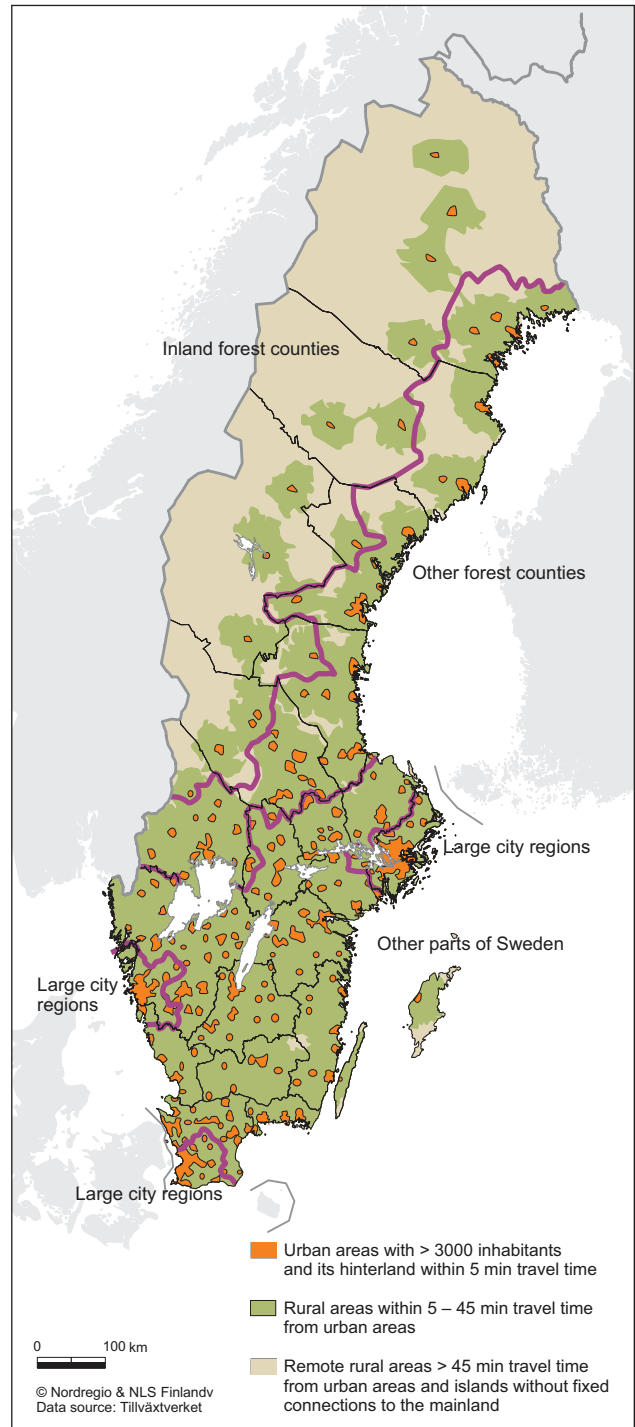
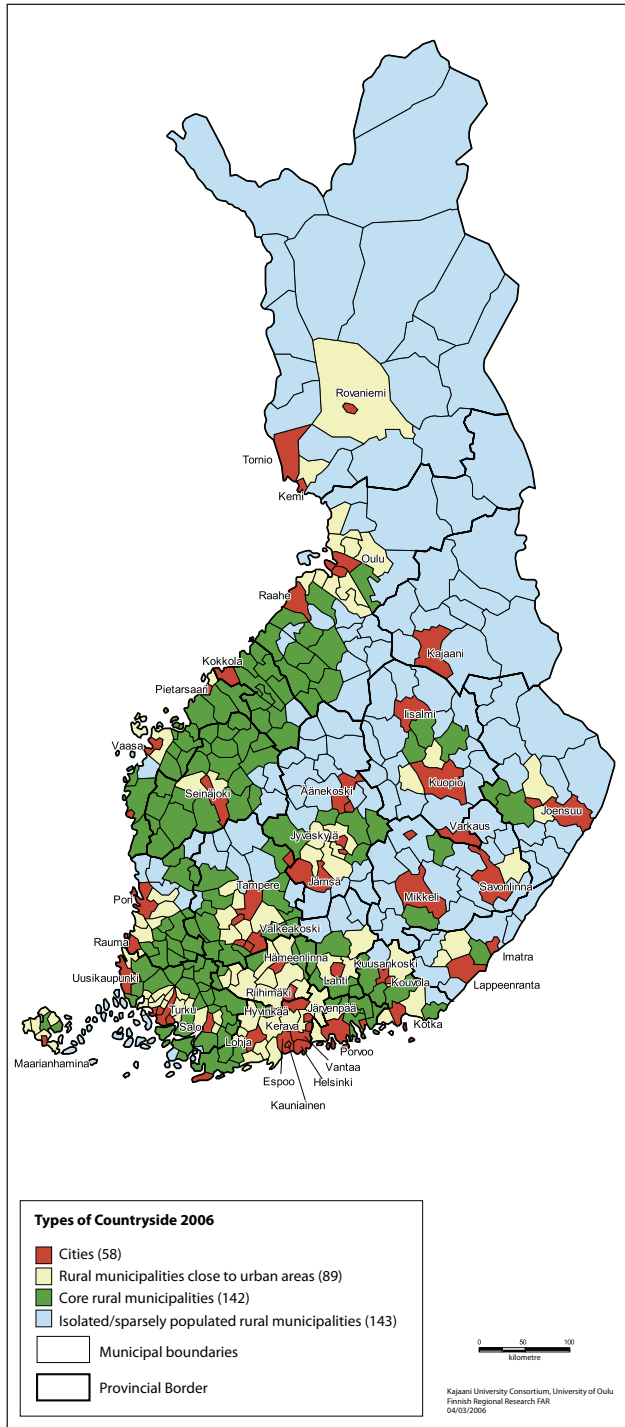
Finland

Finnish rural areas are classified into three groups: 1) rural municipalities close to urban areas, 2) core rural municipalities, and 3) sparsely populated rural municipalities. The rural categories are portrayed in the national Rural Policy Programmes in the following way:

Rural municipalities close to urban areas; these municipalities have the best development opportunities. Residents have the chance to work in nearby towns and cities. Agricultural and other businesses have highly diverse markets nearby. These economically integrated rural municipalities are located in southern and western Finland. These parts of the country enjoy the best conditions for agriculture and for the diversification of the rural economic structure.

Core rural municipalities; these are important municipalities for primary production. They also contain some rurally located sector-specific industrial centres here and there. Core rural municipalities are situated close to a number of medium-large centres. Core rural municipalities are to be found in southern and western Finland.

Sparsely populated rural municipalities; the threat to these municipalities is the cycle of poor development: depopulation, ageing population, unemployment, problems in public service provision and economic stagnation. Most sparsely populated rural municipalities are to be found in eastern or northern Finland.



Sweden

Rural areas are, in terms of rural development policy, defined in a variety of ways. Different classifications are required, depending on what issues or problems are being analysed or what kind of action is being planned. This makes actions and analyses more accurate.

In the Rural Development Programme for Sweden 2007-2013 and in most of the regional rural strategies a definition based on accessibility is used. For more analytical purposes the Swedish Agency for Agriculture and the Agency for Rural Development have together developed a classification of rural areas based on accessibility. Three zones can be identified:

Urban areas with more than 3000 inhabitants and with a hinterland within 5 minutes travel time.

Rural areas within 5 – 45 minutes travel time from urban areas with more than 3000 inhabitants.

Remote rural areas more than 45 minutes travel time away from urban areas with more than 3000 inhabitants and islands without fixed connections to the mainland.

However within the three classes considerable differences exist in respect of preconditions and growth potentials therefore the classification is combined with a regionalisation approach which takes these different preconditions into consideration. This regionalisation approach results in the creation of the following four region categories:

- Inland forest counties (*Skogslänets inland*)
- Other forest counties (*Skogslänen i övrigt*)
- Large city regions (*Storstadsregioner*)
- Other parts of Sweden (*Övriga Sverige*)

This classification has been used in a number of national reports and studies on rural development.



Nordic rural winter. Photo: Odd Iglebaek

EU and Nordregio rural definitions

Definitions of rurality vary between countries, reflecting different national experiences, environments, and administrative structures. In a European context, however, the OECD approach has been widely adopted as a basis for the socio-economic analysis of rural policies.

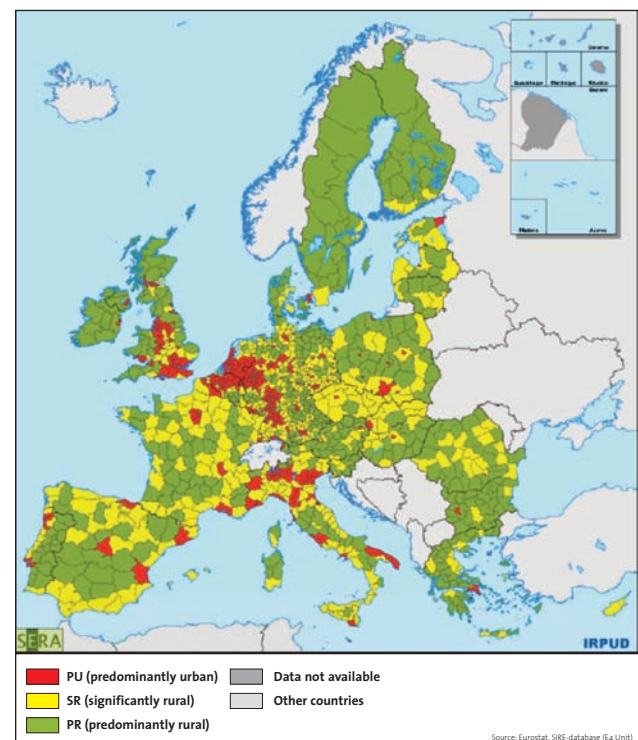
Communities with a population density below 150 inhabitants per square kilometre are classified as rural. This classification is not however very appropriate in the Nordic context, because it is based on NUTS3 regions. This scale of analysis implies that there are no predominantly urban regions in either Sweden or Finland. According to this classification almost 90% of the population in the four Nordic countries live in rural NUTS3 regions covering 95% of the area.

In this light Nordregio has developed a classification system that is far better suited to the Nordic context. It operates with two classes 'rural' and 'mixed'. Population density below or above 150 inhabitants per square kilometre is again used as the main measurement criterion but this is supplemented with an additional measure of whether the largest town in the area is below or above 25 000 inhabitants.

The result of this exercise is that the total population of 'rural' municipalities falls to 6.6 millions or 27% of the total population in the five Nordic countries. Another result of this definition is that Finland and Norway have more than 40% of their population in 'rural' municipalities, while Sweden has just 24% and Denmark only 3.5% in such areas.

The map shows the OECD classification in a 2006 version used Europe-wide and identifying three classes of regions:

- Predominantly urban < 15% population in rural communities
- Significantly rural, 15 – 45% population in rural communities
- Predominantly rural > 50% population in rural communities



Source: Eurostat, SIRE-database (E & Unit)



Agricultural policy was generally seen as being an integral part on regional development. Photo by Odd Iglebaek from Akershus, Norway.

Sustaining Nordic rural areas

Official actors: At the national level the ministry responsible for agriculture and food is the key actor in each country, especially in the three EU Member States where implementation of EU agriculture policy, (Pillar 2) constitutes an important part of rural-development policy.

In addition, the Ministry for Regional Policy also has an important role especially in Norway and Sweden. In Denmark the Ministry for Social Welfare is responsible for non-EU related rural development policy.

In Finland the Rural Policy Committee is responsible for the formulation of rural development policy. It also plays an important role in implementation. The Committee has representatives from a number of ministries; national research institutes and various other organisations and associations. Denmark has a similar committee, however, only with an advisory role.

In addition a number of national agencies have also been allocated important roles in particular at the operational level. In Sweden the national 'growth agency' *Tillväxtverket* and in Norway the national innovation agency *Innovasjon Norge* provide good examples of such actors. Regional and municipal level authorities should also be included here.

Arguments: Historically, rural policies in the Nordic countries have always contributed to national self-sufficiency with food and other strategic products. Such goals are clearly formulated in the official Norwegian and Finnish policy programmes. The issue of national security, primarily in relation to securing the eastern part of the country against their large neighbour, has long been a concern for both Finland and Norway. The level of permanent population is an important element in such policies. In recent years moreover the discourse on national social cohesion and welfare has also become more intense e.g. in Denmark.

In the recent policy pronouncements of all four countries the arguments for sustaining rural areas have been, at best, implicit.

In Norway however it is argued that maintaining a free choice over where to live and work represents a desirable value in and of itself.

Each of the Nordic countries acknowledges that rural areas contain important human and natural resources which contribute to strengthening growth and competitiveness across the entire country. **Challenges:** The challenges addressed in the various national policy documents are quite similar across all four countries despite their huge geographical differences. All identify the ongoing processes of globalisation and climate change as key factors here.

In addition, the impact of the centralisation of both the population and of the economy is also questioned. In particular, shrinking populations, ageing populations, the lack of both private and public services, the small size of labour markets and the need for economic diversification are also highlighted as issues meriting further attention.

In Sweden the so-called 'media image' of life in the countryside is seen as a specific challenge while in Denmark, the existence of empty rundown houses dotted across the countryside are seen as being highly negative in respect of positive rural development.

Objectives and priorities: In general, the aim of the Nordic country's rural policies is to provide the possibility for a good living and working life. Norway specifically prioritises the maintenance of established settlement patterns. In Denmark it remains a priority to strive for balanced development across the entire country.

All four countries pay significant attention to encouraging entrepreneurial activity, innovation and a competitive environment for business in rural areas.

Finland introduced some years ago a distinction between *broad* and *narrow* rural development policy. The broad policy notion includes transport, the environment, social issues, industry and also labour market issues while the narrow notion refers more specifically to rural issues *per se*.

Perhaps the most important example of 'narrow' rural development policy is EU agricultural policy (Pillar 2) itself which applies to the three Nordic EU Member States. This policy is directly addressed to specific rural areas and aims at the implementation of specific objectives.

Another example of 'narrow' policy is the Norwegian *MERKUR* initiative where local shops in sparsely populated areas are supported. The Danish national fund for rural development, *Landdistrikspuljen*, can also be seen to be in the same category. All four Nordic countries practise two kinds of policies in parallel. Concerning 'broad' policy, Finland is often mentioned in relation to international best practice e.g. in the recent OECD review of Finnish rural policy. Broad policy is driven and coordinated here by the Rural Policy Committee.

The committee uses different kinds of instruments e.g. programmes and projects. An important part of the programmes is to formulate objectives and identify the actions and initiatives tasked with implementing the objectives. These actions and initiatives are often ongoing or are new initiatives which are carried out by different ministries and national agencies etc. The programmes function, effectively, as coordination tools. In addition, the programmes undoubtedly have an important informative function.

In the other Nordic countries national rural programmes with such a coordinating function also exist. One such example is the 2009 Swedish national strategy for rural development, *En strategi för att stärka Sveriges landsbygder*. The strategy lists a large number of national initiatives and actions carried out by various ministries and other national agencies.

Politics of Nordic rural development

Rural development has not traditionally been addressed as a policy field in its own right in Denmark, Finland, Norway or Sweden. After the Second World War politics in the Nordic countries was dominated by a concentration on the building of the welfare state and on regional development. Agricultural policy was generally seen as being an integral part of the latter process.

With the EU accession of Denmark, and subsequently also some twenty years later of Finland and Sweden, greater attention has been given to the issue of rural development than was previously the case while recent years have also seen a move away from regional balance towards a greater focus on competitiveness and regional growth.

In contrast, since 1945, Norway has attempted to maintain established settlement patterns, thus distinguishing it from the other Nordic countries. Danish strategy has shifted from supporting national redistribution and welfare service provision towards a greater focus on grassroots developments. Swedish politics has become increasingly characterised by the move from a focus on regional equalisation policy to the creation of competitiveness based on the intrinsic strengths of each region. Environmental issues are also important in rural policies. In Finland rural development politics have attracted greater attention over the last twenty years. Finland remains

A major difference with regard to Finland here is that responsibility for the implementation of such national programmes in Sweden rests with one ministry, or one specific national agency, which does not hold the power to coordinate the activities of other ministries.

Norway practices a specific variation of the 'narrow' and to some degree also the 'broad' policy. Here rural development policy is integrated into regional policy and regional policy is practiced in a different way such that the different kinds of policies are adapted to their specific regional or territorial settings. One such example of this is the payroll tax where the country is divided into a number of zones according to a set of pre-determined socio-economic indicators.

Other important instruments for the coordination of different rural development policies can be found at the regional level, in particular where such programmes have a coordinating function in respect of EU, national and regional policies.

At the local level the involvement of communities and local action groups plays an important role in national policy as well as in the implementation of EU policy. Growth has to be a 'bottom up' process as is stated in the Norwegian regional and district strategy.

Following a larger European trend the regional and local levels are to a varying degree strengthened in the design and implementation of rural development policies in the four countries. In comparison with other European states however the Nordic countries have a tradition of strong grassroots movements and of successfully carrying out local development initiatives.

characterised by a holistic view of rural areas and by the search for a coherent policy covering a number of administrative sectors.

Denmark¹

The Danish welfare state developed after the Second World War supported decentralisation and aimed at distributing the wealth of the country evenly between places and people. This idea was further strengthened by national and municipal reforms in the 1970s and until recently signs of convergence between the different regions could be seen.

The so-called 'village movement' was the first policy initiative to draw attention to the need for a more explicit rural development policy in Denmark, a policy which went beyond regional and agricultural policies. Local associations mobilised to make the voice of the countryside heard during the 1980s and 1990s. In 1997 the first national rural development initiative was born and designed to support development initiatives at the local level. Recently the role of the village movement was enhanced when the local action groups (LAGs) were strengthened in the implementation of the EU rural development programme.

The state, the primary sector and civil society have all taken part in shaping the rural development work that today mainly consists of support programmes for local development projects



In Norden, rural development has not, traditionally, been viewed as a policy field in its own right. Photo Tornedalen, Sweden by Odd Iglebaek.

combined with business and environmental support to the agricultural sector. In recent years the socioeconomic difference between regions has increased as state service supply decreases and competition between places increases imposing a whole new set of challenges for rural development policy.

Finland²

The 1960s and 1970s saw a period of heavy urbanisation and structural change in Finland. This gave rise to the first measures directed at peripheral areas concerning issues beyond agriculture. In addition a more holistic approach highlighting the desirability of conceptualising entities as being composed of nature, people and different activities emerged in the 1970s and 1980s. These changes also gave rise to the Finnish village movement, today one of the cornerstones of the country's rural development policy.

At the beginning of the 1990s a national rural policy committee with representatives from a number of different administrative sectors was created. The rural policy system has since then expanded, and today consists of both a broad policy outlining the direction and a narrow policy containing different project support measures. This is designed to ensure cross-cutting territorial rural development at all levels.

The key focus here has long been on enabling rural areas, including remote areas, to keep pace with urban areas. In recent years however regional policy has, as elsewhere, focused increasingly on competitiveness.

Norway³

The Norwegian welfare state was developed after 1945 while the country recovered through economic growth based on the transfer of labour from the primary sector to industries in more urban settings.

The first actions to reverse the relative decline of rural areas came in 1961 when a public fund was established to prevent the loss of rural jobs and depopulation. The term *rural* was never, and is still not, used. The term *districts* has historically been used instead. Specific policies for agricultural, fisheries and businesses were developed with the aim of creating a balance between rural and urban areas.

In the 1960s and 1970s the development of infrastructure and industry as well as the decentralisation of higher education was high on the rural policy agenda. Since the 1980s competitiveness, deregulation and the development of regional urban centres has again, however, been the main focus. Compared with the other

Nordic countries however Norway remains, to a much greater extent in their sectoral policies, focused on adapting to the situation in the different regions.⁴

The political debate in Norway, over the last fifty years, has been dominated by two camps; one promoting decentralised growth and local development initiatives, the other promoting policies focusing on the provision of infrastructure and growth centres. Current policies are a mix of the two but the focus is still to some extent placed on sustaining existing settlement patterns.

Sweden⁵

A strong welfare state policy dating back to the 1950s, a redistributive regional policy and a well developed local public sector have helped for many years to minimise urban-rural disparities in Sweden. Specific policies supporting the primary sector played a role in the early part of the second half of the 20th century but were phased out by the 1990s. Reappearing after EU membership was attained, these types of policies gained public acceptance when designed to support environmental solutions to various problems. While the focus was primarily on incomes for farmers this was not however the case.

In the 1970s the welfare state model started to weaken, partly in the wake of increased globalisation and the influence of neo-liberalism. One result was a gradual change in regional policies, from redistribution towards competitiveness and endogenous growth. The aim of achieving regional balance in economic development was thus largely superseded.

In the late 1980s policy started to attach more importance to local village associations and community initiatives. "Regional enlargement"; increasing labour markets, has also attracted more interest as a tool for sustaining rural areas. Today remoter rural areas are characterised by net out-migration

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The author would like to thank Nordic Working group on Rural Development Policy, Hanne Tanvig, Senior Researcher and Adviser, Forest & Landscape, University of Copenhagen and Professor Reidar Almås, Centre for Rural Research, the Norwegian University of Science and Technology, Trondheim, for providing background information for the Danish and Norwegian analysis undertaken herein.

1) Based on information provided by Hanne Tanvig. 2) Petri Kahila, Deliverable D1.1 Country profile on rural characteristics, Finland, RuDI project. 3) Based on information provided by Reidar Almås. 4) Means and instruments for the implementation of the national policy. 5) Petri Kahila, Moa Hedström, Deliverable D1.1 Country profile on rural characteristics, Sweden, RuDI project, Jon Moxnes Steineke, Petri Kahila, D2.2 National report on RD policy design Sweden, RuDI project.

Foreign second-homes in Norden

In accordance with the free movement of capital in the European Union member states cannot prevent foreigners from buying second homes under the same conditions as citizens. On entry into the European Union a number of countries and regions have however been issued exemptions from this general rule, Denmark and Åland being two such examples.

Both the use and the ownership of second homes are restricted in Denmark. The construction of new second homes in coastal areas is, moreover, only allowed in exceptional cases while Danish regulations prohibit the use of second homes for other than recreational purposes. They also state that foreign citizens are prohibited from owning second homes in Denmark. This is to ensure access to summer houses for Danes. According to the Danish magazine *Business* (2004) in spite of this prohibition some 550 foreigners had found ways around these regulations and bought houses.

In Åland one needs to be allotted local citizenship status, or *Hembygdsvärd*, to be able to own real estate on the island. This right is bestowed only to those who are born in Åland or to those who have a parent who is a citizen. One can also be allocated this right if you are Finnish, speak Swedish and have lived in Åland for the last five years. The Åland government can grant dispensations to foreigners building or buying real estate if the foreigner plans to live permanently there. Hence such dispensations do not apply to foreign second home owners. The regulations are designed to keep the land in Åland in the hands of Ålanders, while also maintaining Åland as a Swedish speaking community.

In Finland and Sweden the acquisition of real estate and natural resources by foreign citizens was tightly controlled before EU accession. This continued during the first five years after accession. Today there are no restrictions in Finland (with the exception of Åland), in Sweden, or for that matter, in Norway.

In Finland calls for the introduction of new regulations have been made in recent years. This is connected to the large number of Russian citizens buying second homes mostly in the eastern

part of Finland. In 2008, 70% of all foreigners buying second homes in Finland were from Russia (Ekot 2008, <http://sverigesradio.se/sida/artikel.aspx?programid=83&artikel=1947837>). In the northern parts of the country the situation is different; skiing resorts attract buyers primarily from Norway.

Norwegians seem, in general, to buy houses abroad to a greater extent than foreigners buy in Norway. Foreign second home ownership is not a 'hot' topic in Norway according to Evelyn Dyb, research director for Housing and Environmental Planning Research at the Norwegian Institute for Urban and regional Research (NIBR). No regulations exist prohibiting this but in some coastal areas, especially in the south, potential buyers are obliged to move permanently to their new homes. Building or buying in the mountains is restricted to a much lesser extent.

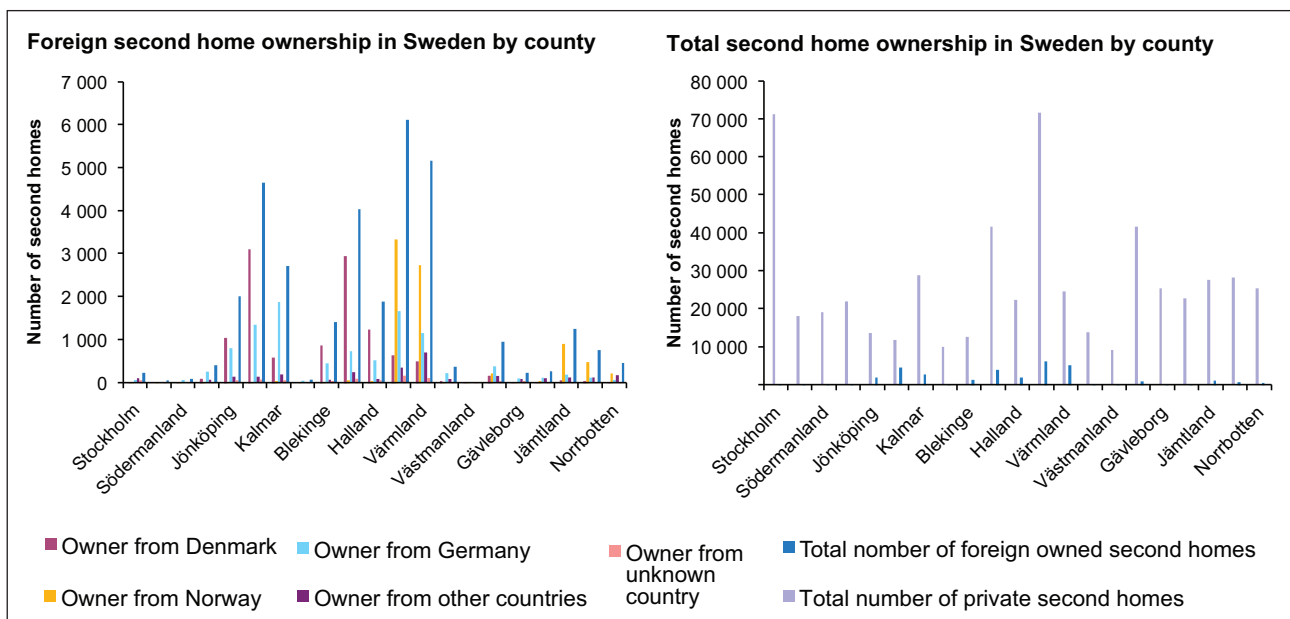
According to Statistics Sweden 5.9%, or more than 33 000 second homes, were owned by foreign citizens in 2009. Many of these estates are located in the southern parts of the country. As shown in the table below, foreign owners can nevertheless be found in the north of the country.

Finding the figures which accurately illustrate second home ownership in the Nordic countries is a problematic exercise. The definition of the term 'second home' is not clear while, in addition, gathering statistics on foreign second home ownership is not, currently, an activity which is often undertaken.

The Journal of Nordregio No 3-2007 had a substantial discussion on developments in second homes in the Nordic countries.



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How will the CAP influence their future? Picture of Romanian women loading bio-straw bundles in Dragos Voda, 100km east of Bucharest. AFP Photo Daniel Mihailescu

Where now for the CAP?

■ In November 2010, the EU Commission is due to come up with a Communication that will set out its vision concerning the challenges facing the CAP. Earlier this year, in April, Commissioner for Agriculture and Rural Development, Dacian Cioloș launched a public debate on the future of the CAP. This public consultation is reported to have received the largest response of any Commission consultation on any issue with a total of 5 700 responses from individuals, stakeholders and research institutes. The consultation was concluded with the holding of a conference in July. A formal public consultation will take place on *The CAP Post 2013* once the Commission issues the Consultation on the subject.

What lies ahead? The legitimisation of the policy requires a more harmonised level of support. The disbursement of funds to farmers can no longer be based on historical production, which has led to huge differences in support across the old and new member states. Convergence towards some kind of flat rate direct payment therefore seems inevitable. The timing of the change, as well as the extent and manner by which the gap between the status quo and flat rate would be bridged, however, remain open.

What can be said with some certainty is that elements of the current decoupled direct payment system under Pillar 1 could be retained. Instead of being based on historical production levels, however, the Commission is likely to present public goods as a new focus for support, proposing that payments could target “non-compulsory environmental services, sustainable services, sustainable farming practices and improving the countryside in high nature value areas”. In the face of budget pressures, it is possible that the Commission will put forward the option of direct aids being nationally co-funded. The Commission has strongly resisted this alternative in the past.

How many pillars?

As to the structure of the CAP, the discussion centres on the relationship between the two pillars, as well as their number. How many pillars should there be, none two or three with the third one being devoted to the ‘new challenges’: biodiversity, water management, renewable energy and climate change. The Commission’s paper, emanating from the 2008-09 Budget Review process late last autumn, actually suggested the creation of a ‘third pillar’. This pillar should focus spending on measures to contribute to reducing agriculture’s greenhouse gas emissions while also developing the use of land as a carbon sink.

On the basis of the July Conference, however, it seems likely that the current two pillar structure will remain for the time being. In his closing speech Commissioner Cioloș stated that Pillar 1 should contain policy measures with the objective of reconciling ‘the economic, environmental, social and territorial dimension’. Pillar 2 could again include measures that could be used to ‘modernise farms, deploy new support for innovation, promote diversification in rural areas, help the agricultural sector respond to volatile markets and treat, in a horizontal manner, the complex challenges linked to climate change.

Nevertheless, the way of framing Pillar 2 has changed. The shift from talking about ‘multi-functionality’ to making ‘public goods’ the core rationale for future support is not merely of semantic significance. The open question is whether all actors capable of producing public goods in rural areas will be the target of the policy or whether it will only be targeted at farmers. The notion of ‘public goods’ seems attractive to many policy designers, even though it remains rather imprecise, namely, for which public goods would citizens in practice be willing to pay, and how much?

Quality of food

The debate over the future CAP clearly involves reference to more system-wide approaches than ever before with new suggestions framed issue-by-issue. The Commission seems to expect a lot from quality-food and short production chains, most probably to be supported from Pillar 2. This element would actually pave the way for, and probably require, a broadening of the CAP towards its rebranding as an agricultural *and food* policy, which has been suggested frequently in the ongoing debate. A new topic heavily advocated in the Congress was subsistence farming along with the issues relating to small farms more generally.

Moreover, the political positioning of the CAP within EU politics is characterised by the new composition of both the Commission and the European Union more generally and by the new co-decision procedures as a result of the Lisbon Treaty. Moreover, the proposal of specific targets in the Europe 2020 strategy now underlines specific assets in all types of regions. This is especially important for rural areas.

The strategy's approach is to seek to move away from subsidising economic activities in less well performing regions to the promotion of assets in all kinds of areas. As such, the strategy comes to the fore in the discussion about the territorial approach of the CAP.

CAP *plus* Cohesion

Rural development policy has also drawn closer attention from regional policy makers. As such, there is now growing interest and discussion in the EU over how to bring CAP and Cohesion Policy closer together. The crucial argument in this context relates to the need not just to widen the regional perspective of the CAP but also to enhance its relationship and coordination with other respective policies in rural areas.

The LEADER approach enjoys a lot of enthusiastic support among CAP actors despite ongoing problems with policy delivery. It is thus likely that it will be continued in the new version of Pillar 2 to come. In the July Congress it was suggested that Leader and a number of other local approaches should be maintained and reinforced, and perhaps even broadened beyond rural areas.

The potential relocation of the present Pillar 2 from the CAP to the Cohesion Policy has also received some support in the current programme period. On the other hand, there is growing awareness that the integration of Pillar 2 into the Cohesion Policy necessitates further evaluation. The current debate has not however sufficiently considered the consequences of this relocation. Arguments against this move highlight the fact that the relocation of Pillar 2 would significantly loosen the bonds between agriculture and rural policy.

The possibility of moving Pillar 2 is however often considered positively as it would enhance the consistency of rural development. One crucial argument refers also to the growing and difficult issue of the management of various EU funds. On the other hand another argument in favour of keeping Pillar 2 RDP measures inside the CAP is that the present context has allowed for both a smaller scale approach to be utilised and for the connection to land use to be retained, which would be more difficult to embed in the current Structural Funds approaches.

If the CAP fits...

It is obvious that at present both CAP Pillar 2 and Cohesion Policy need to be given more and specific attention in order to comprise strategies which can further enhance integration and support policy coherence. Particular consideration must be given to the characteristics of specific geographical areas and the needs of different types of rural areas. This would also promote the potential to manage funds in such a way that measures are aligned and directed to regions typified as 'most lagging'.

The CAP's share of total EU expenditure has long been on the decline. It nevertheless remains the biggest item (at around 42%) of the EU budget while agriculture is far from being the Union's most crucial political objective.

There is no universal agreement on the priorities for a future CAP but it is clear that the status quo is no longer tenable. Dramatic and indeed profound changes in respect of this policy are however unlikely. The CAP is, after all, 'a big ship that cannot turn quickly', but it has been perceptively changing course since the MacSharry reforms of 1992, and is likely to continue in this evolution. It is likely then that the 'big changes' are rather more likely to come in 2020.



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EU-jargon

CAP: Common Agricultural Policy of the European Union

Pillar 1: Includes direct aid and market measures under the CAP

Pillar 2: Covers rural development measures

RDP measures: Menu of 39 measures in Rural Development Programmes, from which member states may select those to implement

Cohesion policy: European Union's strategy to enhance and support social and economic development and to diminish gaps between regions

LEADER: European Union initiative to improve quality of life and economic assets in rural communities

Axis 1: Competitiveness of the agricultural and forestry sector;

Axis 2: The environment and the countryside;

Axis 3: The quality of life in rural areas and encouraging diversification of the rural economy.

Axis 4: LEADER implementation.

More about axis at pp 14-15.

New Rural Cohesion Policy after 2013

Since 2007 EU rural development policy has been separated from Cohesion policy, as a component of the CAP. Previously there was, arguably, a greater potential for coordination between Rural Development policy and the other Structural Funds. The argument for separation in 2007 was simplification – rural development programmes would be administered by a single new fund – the European Agricultural Fund for Rural Development (EAFRD).

The disadvantage of this has been the failure of Axis 3 (which addresses broader rural issues) to flourish, and a tendency for national/regional programmes, often administered by agriculture ministries/departments, or their successors, to “retrench” by focusing disproportionately upon Axis 1 (farm structures and competitiveness) and Axis 2 (agri-environment). In addition many observers have expressed concern that the mainstreaming of the LEADER Community Initiative as Axis 4 has so fundamentally changed its character that it is no longer an innovative driving force for change in rural communities.

The current programming period runs until 2013. Behind the scenes discussions about the shape of rural development policy from 2014 have been taking place in the Commission, and between the Member States for at least a year. Various publications, notably the Barca Report, and reflections by both Commissioners Hübner and Samecki¹ and conferences such as DG Agriculture’s *The CAP Post 2013*², have been used as vehicles to developed arguments and test the reactions of key stakeholders. The coming months represent a window of opportunity for change. Decisions will be made which will have substantial implications for the future of rural Europe in the medium term.

Recent programming periods have produced rather conservative “incremental” changes; new measures have successively been

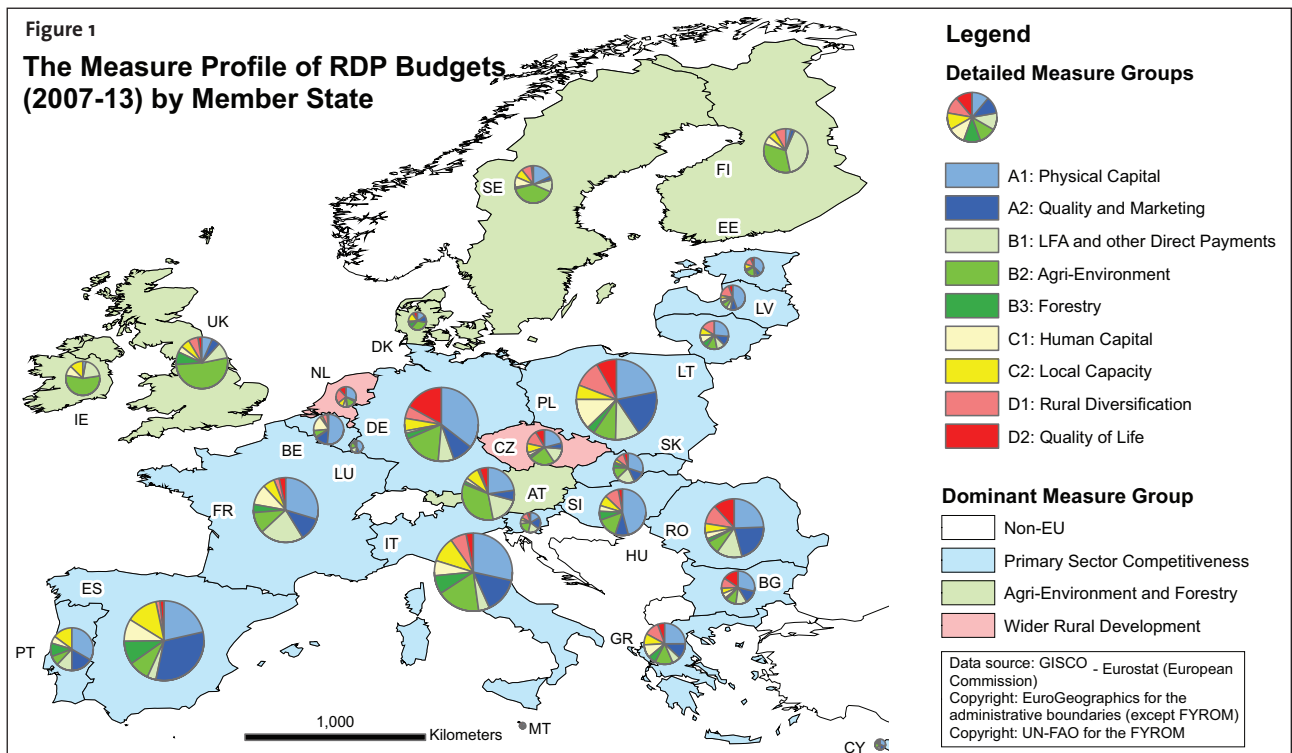
added; the existing “menu” has been restructured. There is however a risk that this form of policy development gradually becomes out of touch with the reality of the rural areas and issues that it is intended to address. The danger is heightened by the new challenges posed by the post-recession economic environment, and climate change.

It is hardly surprising that the current debate has produced demands for a major rethink on how best to address the broader needs of rural areas in Europe, including calls for Axes 3 and 4 to be brought back into the Cohesion policy fold, by transferring responsibility for them to DG Regio.

Both directorates are expected to make significant announcements regarding plans for the new programming period during November of this year. No doubt the proposals that emerge will be orientated towards the overarching aims of EU2020 (“smart, sustainable and inclusive growth”), and DG Regio’s at least will reflect the philosophy of supporting potential rather than compensating disadvantage.

Within this context then of a need for a radical rethink of EU rural policy Nordregio has participated in two research projects which in their different ways have each contributed substantially to the necessary “evidence base” for the debate. The first is RuDI (Assessing the impact of Rural Development Policies), and is part of the 7th Framework Research Programme. The second is the ESPON project EDORA (European Development Opportunities for Rural Areas).

The reports and working papers of these projects are a rich source of relevant information, and it is only possible to provide some key points here as examples of the direction of travel: There is a substantial “gap” between the concepts and theories presented in



the academic literature and the policy rationale presented in the documents supporting the 2007-13 programme (RuDI report on WP1).

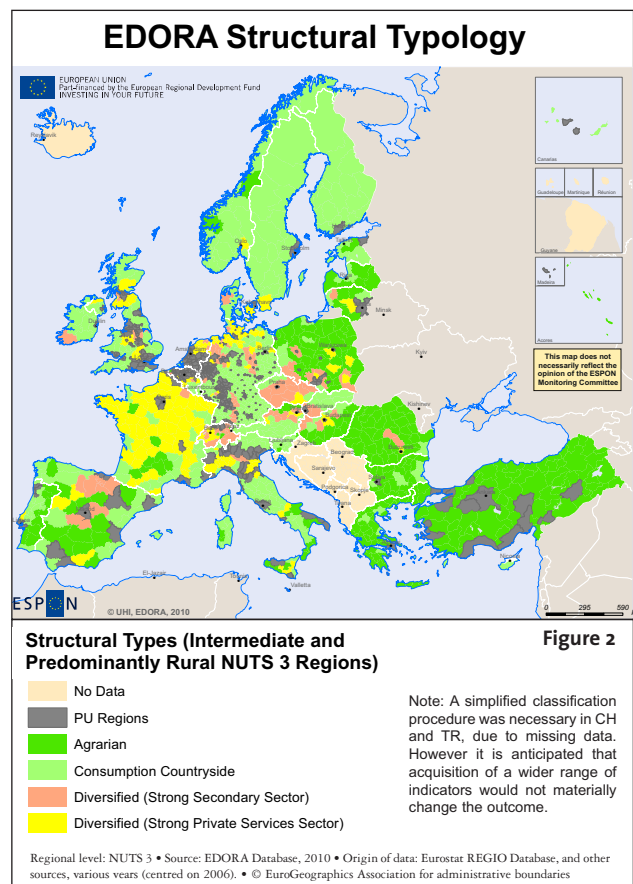
During the 2007-13 programme the expenditure plans of the majority of Member States are dominated by either agri-environment or agricultural structures and competitiveness – the wider rural economy, social and human capital, are very much “poor relations”, and on the evidence so far, are unlikely to reach even these modest spending targets (RuDI report on WP4-5 – Figure 1).

Substantial differences exist between rural areas in different parts of the Union (Figure 2). The EDORA Structural Typology of “non-urban” NUTS 3 regions shows that “Agrarian” (dark green) regions are largely confined to the New Member States and the South. In the less accessible regions of the Nordic Member States, and in some other parts of Western Europe, the rural economy is more likely to be orientated towards delivering “rural amenities” (light green) including leisure, recreation, tourism, and the conservation of countryside public goods. In more accessible areas the rural economy tends to be much more diverse (yellow). In the New Member States of Central Europe secondary (manufacturing) activities (pink) generally play a more substantial role than traditional land-based industries, whilst further west the “New Rural Economy” is characterised by service activities.

The above typology represents a high degree of simplification and generalisation. Although the “menu approach” of the current Rural Development Regulation (2005/1688) is intended to accommodate the rich and increasing diversity of rural Europe, the reality is that, with one or two exceptions, national and regional rural development programmes are still strongly sectoral, rather than territorial. On the whole they address the needs of a minority economic sector/social group, rather than those of the majority of the “non-urban” enterprises and population, and hence they fail to reflect the differences in the local rural economy.

A common phrase in the recent discussion, especially from the DG Regio side, has been “rural-urban relationships”. These are seen as a potential driver of territorial rural development. On closer examination (in the context of EDORA) the terminology turns out to be frustratingly ambiguous and to present some weaknesses in terms of its “functional/city region” rationale. Whilst there is some development potential to be derived from the “relocalisation” of regional and high quality food industries, and perhaps other “rural amenity” activities, most rural economies will benefit more from a balance between connections with both nearby urban areas and more distant sources of information, innovation and demand (whether urban or rural). Rural-rural and rural-global linkages are likely to be as important as rural-urban.

Globalisation and increasing “connexity”, even in remote rural regions means that development opportunities are increasingly ubiquitous. The determinants of the development path, and thus of the prosperity, or otherwise, of any individual region are likely to be place-specific assets and capacities, broadly defined, and including “soft” factors such as human and social capital, quality of governance, “institutional thickness” and so on.



If it is to address cohesion objectives, such as balanced regional development through enabling rural areas to exploit their potential, EU Rural Policy will need to steer carefully between the risk of a narrow agrarian focus on the one hand, and becoming swallowed up by regional/cohesion policy which sees rural areas as having a supporting role in an urban dominated regional growth process, on the other. It is rather disheartening that the current debate tends to overlook the fact that rural regions can, and often do, exhibit an endogenous dynamic in activities well beyond the rural amenities “comfort zone”.

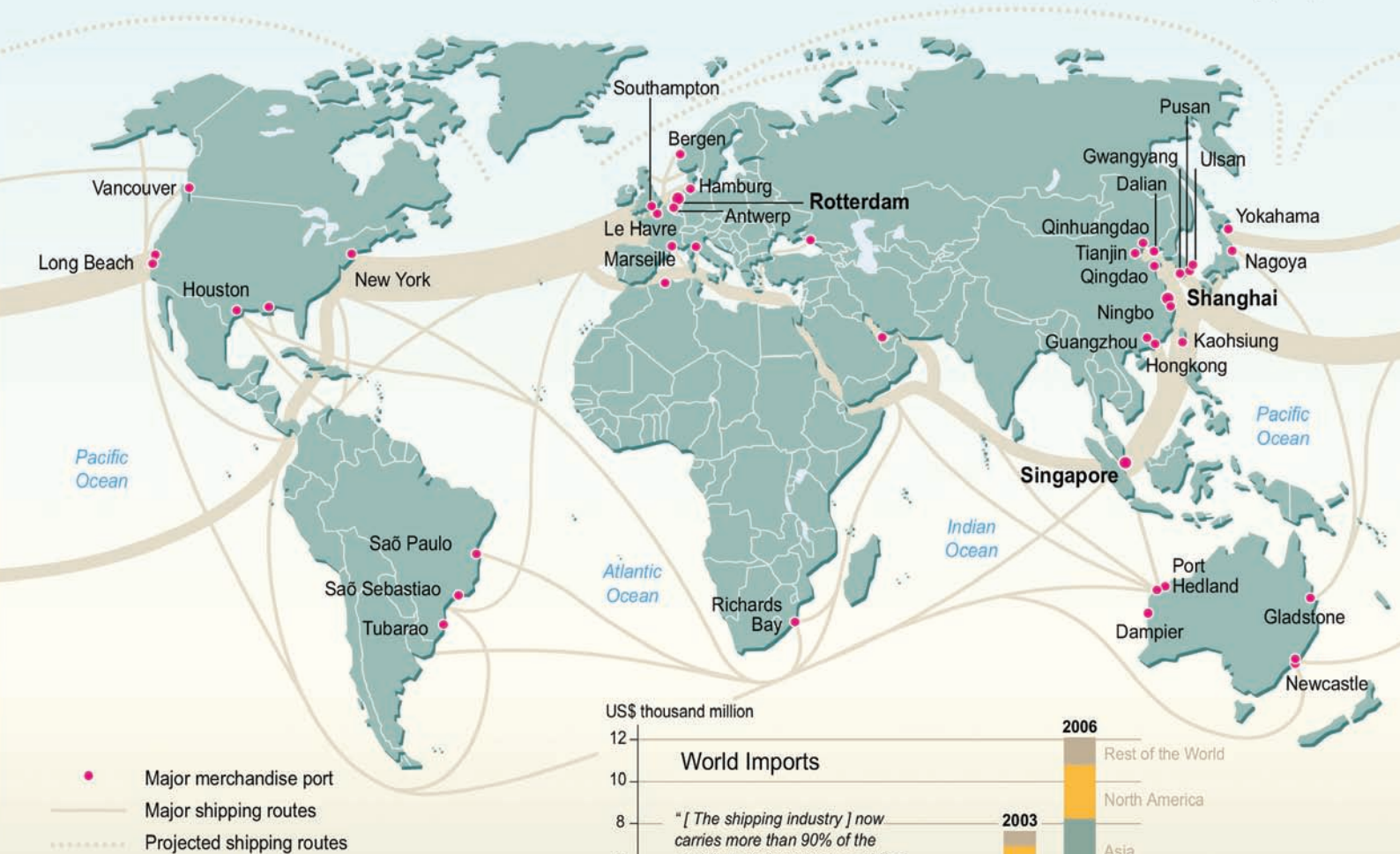


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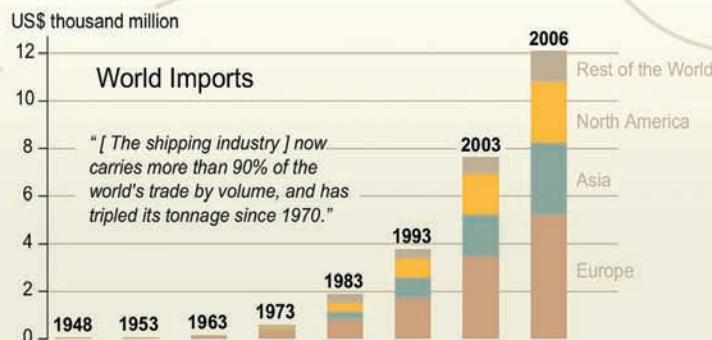
Figure 1: Profiles of Expenditure 2007-13 Rural Development Programmes
Source: RuDI Project, see: <http://www.rudi-europe.net>

Figure 2: The EDORA Structural Typology
Source: EDORA Project Working Paper 24

¹ All these documents may be found at http://ec.europa.eu/regional_policy/policy/future/index_en.htm
² http://ec.europa.eu/agriculture/cap-post-2013/conference/index_en.htm



Sources: John Vidal, "Shipping boom fuels rising tide of global CO₂ emissions", The Guardian, February 13 2008; Atlas du Monde Diplomatique 2006, Armand Colin; Panorama des ports de commerce mondiaux 2003, ISEMAR, January 2005; Images économiques du monde 2002, Sedes.



The shipping trade boom and a graphic showing world imports. Cartographer/Designer: UNEP/GRID-Arendal

Challenges facing the Nordic Maritime Sector

In an increasingly globalised world, the need for transportation becomes more and more important. Consumption is increasing as new consumer markets, for example in China and India develop. At the same time environmental and security issues have emerged while energy prices have increased, focusing interest in maritime transportation as an environmentally friendly and energy efficient transport alternative.

Over the last 25 years, the volume of maritime transportation has increased rapidly. The world trade fleet of vessels above 100gt increased by 75% to more than 81 400 vessels. Freight capacity increased by 129% to 1 306 million deadweight tons, while the current trend is towards even larger vessels. Due to investments made before the recession the fleet is expected to continue to increase by another 10% and freight capacity by 32% up to 2014.

The Nordic countries have a long maritime tradition and sea transport is important for numerous economic activities. For example, Norway has a history as a world leader in shipping, about 90% of Sweden's international trade volumes pass over the

sea while Denmark has one of the largest operating trade fleets in Europe. Due to their geographic location, heavy process industries in the north of Sweden and Finland are also highly dependent on sea transport.

Even if the number of persons employed on board is limited, and indeed declining, sea transport remains important for employment. Using the broad definition contained in the EU Bluebook *An Integrated Maritime Policy for the European Union*, which includes directly related activities, e.g. ship brokers, harbours, offshore activities and shipyards, as well as sectors such as water-based natural resources, tourism and the public sector more generally, the number of employees is actually much larger.

Shipping is one of the most 'international' business sectors in the world and competition is increasing. In line with the rest of Europe Norden's share of sea transportation is declining. Since 1975, East Asia has more than doubled its share of the global trade fleet to 33% of the vessels.

During the same period, the EU27 and Norway have, together, seen a reduction in their share from 27% to 18% of the global

share of vessels. In spite of a generally positive economic development trend during the 2000s the Swedish share of the world trade fleet fell from 1.3% to 0.6%, or 451 vessels, while the Norwegian figure fell from 2.1% to 1.9%, or 1 536 vessels, since 1975. Only Denmark has seen a small increase, from 0.7% to 0.8% of the world fleet, or 618 vessels.

In terms of freight capacity, the greatest expansion, since 1975, has been among countries in South and Central America. Today, one third of the world's freight capacity is registered in these countries, compared to 21% in East Asia and 18.5% in Europe.

Still, in Europe as well as in South Asia, the number of vessels operated is higher than the number of vessels registered. Overall, 21 300 vessels are operated by shipping companies in the EU27 and Norway, compared with the 15 000 vessels actually registered in the area. These are mainly vessels operating in trans-ocean markets for tank, dry bulk and container transports. The largest European operators are the UK, Denmark and Germany, with 63.6, 57.4 and 44 million tons. In Norway, the operated volumes are 33.1 millions and in Sweden 9.4 million tons.

In 2009, the EU presented a *Maritime Transport Strategy for 2009-2018*, with a focus on shipping and related industries. According to the report, about 1.5 million persons are employed in the maritime transport sector (broadly defined) across Europe, about 70% of them onshore, for example in shipbuilding, design, research, distribution and logistics. The maritime sector is also a motor for economic growth, representing large shares of GDP (gross domestic product) and exports.

At the same time, it is argued that the sector faces several challenges including a volatile demand structure, increased globalisation, the effects of the financial crisis, the risks

Län	Sea transport (onshore)	Sea transport (onboard)	Harbours	Ship brokers	Ship building	Total
Västra Götaland	1 931	4 568	1 485	747	558	9 289
Stockholm	1 457	2 869	298	55	222	4 901
Skåne	433	2 074	988	411	472	4 378
Blekinge	74	285	164	20	746	1 289
Kalmar	37	784	122	24	44	1 011
Halland	27	451	206	39	81	804
Östergötland	129	395	150	50	0	724
Gotland	138	529	29	7	0	703
Västernorrland	252	280	29	15	51	627
Gävleborg	16	286	228	62	29	621
Södermanland	10	236	226	6	0	478
Värmland	21	174	140	57	13	405
Norrbottnen	51	102	138	24	32	347
Västmanland	47	192	106	0	0	345
Uppsala	24	218	3	11	0	256
Dalarna	53	151	0	0	0	204
Västerbotten	14	98	29	30	0	171
Jönköping	40	130	0	0	0	170
Örebro	19	136	0	0	0	155
Jämtland	27	77	0	0	0	104
Kronoberg	4	65	0	0	0	69
Total	4 804	14 100	4 341	1 558	2 248	27 051

Table 1: Regional distribution of employment in the Swedish sea transport sector. Source: Tillväxtanalys, 2010

associated with protectionist behaviour, environmental demands, energy insecurity and the risk of losing competence in the maritime sector.

To increase competitiveness in the maritime sector, many larger maritime nations in the EU have developed maritime strategies and introduced different incentives to support the shipping industry. Denmark, for example, has developed the vision “*Blue Denmark*” while Norway has developed a maritime strategy for environmentally friendly growth, “*Stø kurs*”. Both countries have introduced international registers, to reduce costs by employing

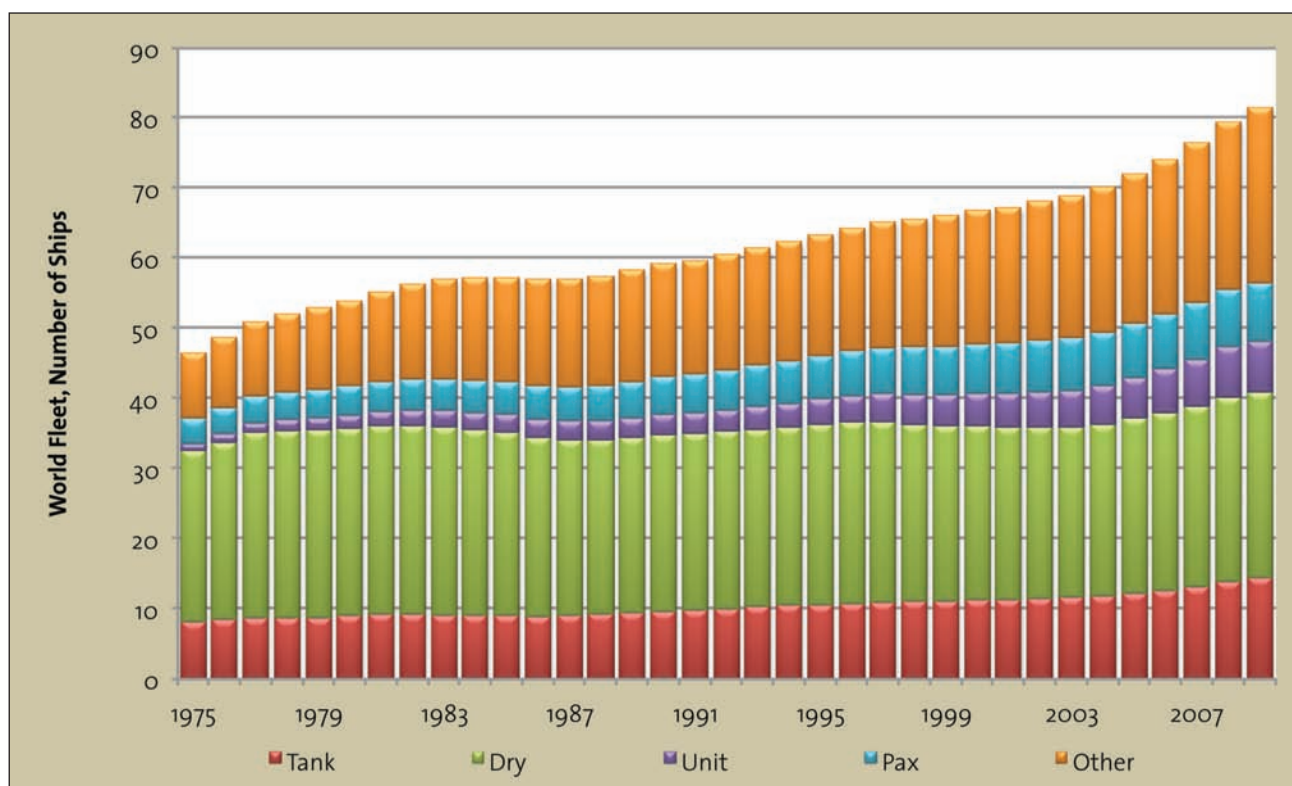


Figure 1: The world trade fleet, per market segment (1000s of vessels) Källa: Tillväxtanalys and Lloyds Register Fairplay, 2010

	Positive	Negative
Internal conditions	<i>Strengths:</i> Long maritime tradition High level of competence and increasing cooperation Significant focus on environmental and security issues Competitive higher education Well developed harbours	<i>Weaknesses:</i> Weak tradition of cooperation outside the sector Limited interest of politicians and the general public High cost levels Weak business dynamics Limited national R&D investments Long term competence development Lack of comparable statistics
	External conditions	<i>Opportunities:</i> New markets develop Increased interest in environment, energy and security Increasingly intermodal transportations Emergence of new waterways Potentials for innovation and entrepreneurship

Table 2: SWOT analysis of the Swedish sea transport sector
Source: Tillväxtnalys, 2010

onboard personnel from low cost countries. In an attempt to facilitate long term investments in vessels and compensate for high capital costs and a volatile market, several countries, including Denmark, Finland and Norway, have also introduced tonnage taxation.

In Sweden interest in the maritime sector has increased during the recent recession as the economic situation of some shipping companies has become acute. Even if the question of tonnage taxation has been postponed until after the coming election in

the autumn of 2010 several investigations have been initiated including a study concerning a possible international register. In April 2010 a background analysis of the Swedish maritime cluster was presented to the Swedish Government. According to the report the Swedish sea transport sector had a turnover around SEK 45 billion in 2008. Together with other directly related sectors, such as harbours, ship brokers and ship building, it accounted for around 27 000 jobs in Sweden. The main concentrations were found in the larger city regions, but some smaller regions such as Blekinge, Strömstad and Gotland also had high levels of regional specialisation in certain segments.

The level of education in the sea transportation sector is high and it has important cluster effects in terms of competence spill-over to other sectors. With a broader definition of the maritime sector, including suppliers, public sector and leisure boats, but excluding parts of the tourism and transportation sectors, more than 110 000 persons are affected. In spite of this, the shipping industry is relatively unknown to the general public and there is no national maritime strategy in Sweden.

Based on a SWOT-analysis (Strengths, Weaknesses, Opportunities and Threats), the report indicates the potential for the future development of the maritime sector, but this requires regional or national initiatives to reduce the sector's weaknesses and the impact of current threats, for example the new sulphur directives in relation to the Baltic Sea.

One of the main recommendations of the report is to develop a Swedish maritime strategy using a cross sector approach involving both private and public actors. This could increase the Nordic influence on prioritised questions for the shipping industry, such as the environment, energy efficiency and security,

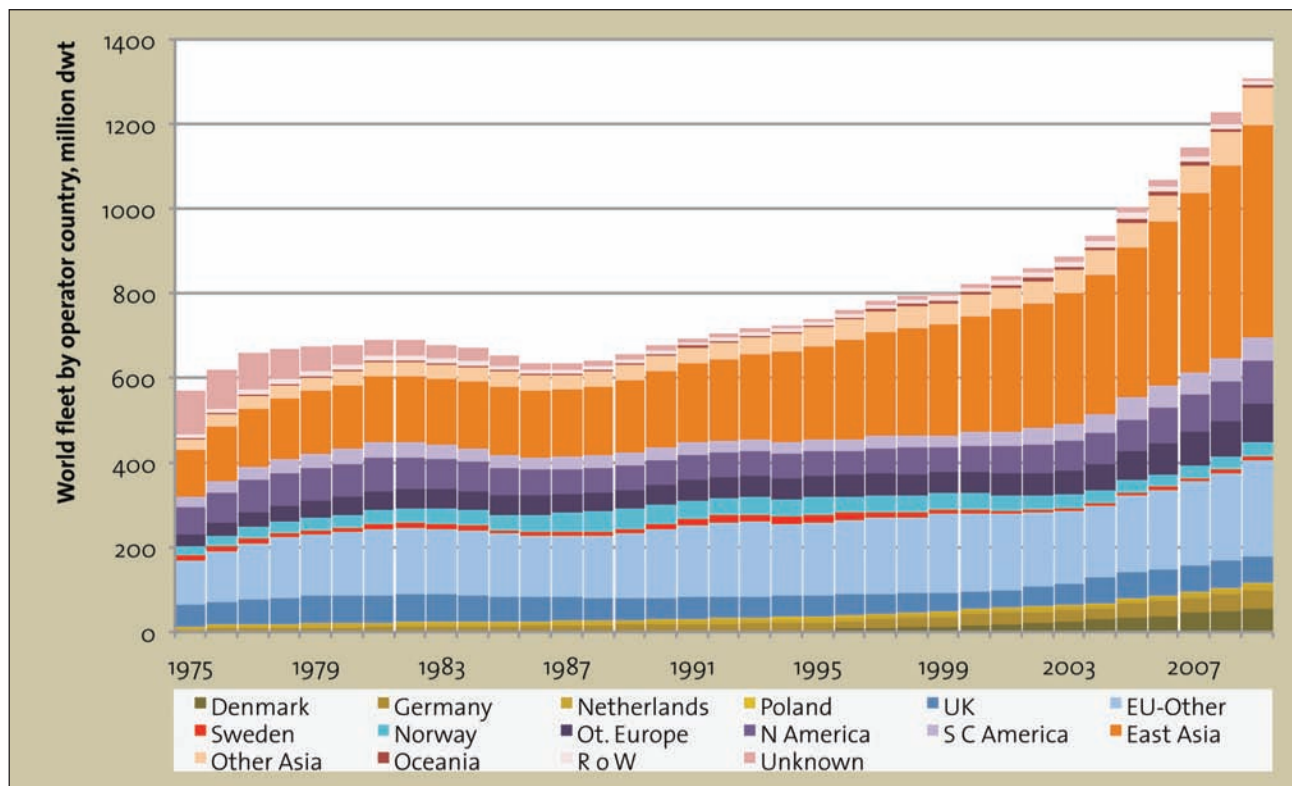


Figure 2: The world trade fleet, per operating country in million dwt. Source: Tillväxtnalys and Lloyds Register Fairplay, 2010

- Develop a Swedish maritime strategy
- Increase the knowledge level among policy makers
- Stimulate development through cooperation
- Look into the fee systems
- Create a stronger public structure in the maritime sector
- Develop the mission of the Swedish Ships' Mortgage Bank
- Increase national R&D investments in the sector
- Reduce the effects of the new sulphur directives
- Secure future maritime competence
- Speed up relevant infrastructural investments

Table 3: Policy recommendations to the Swedish Government

within the EU. It could also provide the potential to develop an internationally competitive sea transport sector, by increasing entrepreneurship, stimulating innovation and facilitating the long term supply of competence in the field. Many of these initiatives could be taken at the Nordic level, to further increase the Nordic countries' leverage in the EU.

Larger ships require new infrastructures

Container ships now transport the majority of the world's production of dry cargo and the container fleet is expanding faster than other parts of the world fleet, mainly due to the increasing size of vessels. The transoceanic container fleet can be divided into different categories according to loading capacity:

Panamax – the maximal size of vessels operating in the Panama Canal today. The current floodgates limit the size of ships to a maximal width of 32 metres, a length of 294 metres and a depth of 12 metres. This corresponds to a volume between 4 500 and 5 000 TEU (Twenty-Foot Equivalent Unit).

Post-Panamax – are the largest ships that may operate in the Panama Canal after the ongoing expansion of the floodgates has been completed in 2014. These ships may be up to 49 metres wide, have a total length of 366 metres and a depth of up to 15 metres, corresponding to a volume about 12 000 TEU.

Super Post-Panamax – are the largest Post-Panamax ships that can operate in the Suez Canal today. They may have a width up to 50 metres, a length of 400 metres and a depth of almost 15 metres, resulting in a total volume of 14 000 TEU.

Malaccamax – in the future, even larger ships, with a volume of up to 18 000 TEU may be expected. These ships are the largest ones than may operate in the Malacca Sound, but they are too large to operate in the Suez Canal before the planned expansion has been effectuated.

A continual increase in the size of vessels requires infrastructural investments, primarily, the expansion of canals and harbours. Today, there are few harbours in the world that have the capacity to handle the largest ships. In Sweden, for example, the only harbour with cranes large enough to service Post-Panamax ships is Gothenburg.



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The M/V "OOCL Germany" (above) a Panamax class ship. It is 277 m long, 40 m wide and can carry 67 500 tons in a 14 m draught. Maximum speed is 26.1 knots. Photo provided by E.R. Schifffahrt



Harmony or conflict? In the foreground Tallinn's old town showcasing the town hall tower. Behind it is the Maakri Quarter, the area defined as 'most suitable' for high-rise development in the city. Photo: Scanpix - Wojtek Buss

Baltic high-rise and UNESCO

■ Estonia, Latvia and Lithuania achieved their independence from the Soviet Union in 1991. The capital city of each country fortunately retained their historic 'old town' centres more or less intact. Characterising each was the medieval layout with narrow, winding streets, open-air markets and other public spaces and buildings of most types, styles and ages, all of which were low with a maximum of six floors.

The exception was usually a large city centre hotel approximately twenty-stories high built in the 1960s or 1970s. For the rest, modern buildings were primarily housing with flats in the so-called 'Khrushchev' or 'Brezhnev' style further away from the city centres and sometimes reaching eight or ten floors

in height. In Riga the Stalinist house of culture, the broadcasting house, the press centre and the television tower could all be added to the skyscraper endowment of the Soviet inheritance.

It would however be fair to say that 'high-rise' construction – at least in terms of building height - in these cities has historically meant the church, its bell tower or the watch tower of the castle. For Vilnius it is the 68m high bell tower of St. John's church (1571). For Riga it is the 123m high St. Peter's church spire (rebuilt with a steel skeleton between 1967 and 1983 after it was destroyed during World War II) and for Tallinn the 124m tall church of St. Olav's.

“CULTURAL HERITAGE – CONTEMPORARY CHALLENGE”
4th Baltic Sea Region Cultural Heritage Forum

RIGA, SEPTEMBER 8-11, 2010

<http://forums.mantojums.lv>

Old town centres represent history, tradition and also a greater potential to generate income from tourists and local residents. Just check the prices of apartments in such locations. Vilnius' 'old town' joined the UNESCO list of world heritage sites in 1994. Three years later Riga and Tallinn were also accepted into this prestigious group.

The charming structures make all three locations unmissable tourist destinations. Developers however are also attracted to these unique settings. In Vilnius this fascination began in 2000-01 with the first 33 floor commercial building which was completed in 2004. Almost 129 metres high the building was almost double the height of the previous highest in the locale, the church-tower of St. John's.

In the same year Riga saw the construction of the *Hansa Bank* (now *Swed Bank*) headquarters rising to 121 metres. In 2006 the 113 metre high Tomimae commercial centre was erected in Tallinn. Common to all is the possibility for the occupants to look down on the magnificent roofscapes of the historic buildings nearby.

Since all of these new "skyscrapers" were located in the so-called 'protection' or 'buffer-zones' allotted to the heritage sites, the new structures naturally generated a significant amount of discussion. Local grassroots activists and sections of the professional communities protested. UNESCO was, moreover, far from happy with this haphazard modernity. In particular, they were concerned about the impact on the skylines of the 'old town' centres.

In December 2006 an international conference was convened to discuss the issues in Vilnius. It was organised by city authorities and attracted key representatives from Riga and Tallinn as well as from UNESCO in a bid to halt the move towards eclecticism across the entire skyline of each city. The conclusions of the conference were:

- The economic necessity for high-rises should undergo feasibility studies with full cost analysis.
- Studies of silhouettes, viewpoints and urban morphology should be undertaken before planning decisions were made
- The transparency of the process and the provision of information to citizens and to the World Heritage Committee should be improved.

To some degree all three cities have followed the recommendations.

In the *Journal of Nordregio No2, 2009* we presented an overview of the Nordic capital's high-rise buildings and city densification. In this issue we examine current developments in a similar context in the three Baltic capitals. The various national analyses were undertaken by Janis Dripe, City Architect of Riga, Endrik Mänd Chief Architect of Tallinn and Gediminas Rutkauskas, Director of Vilnius Old Town Renewal Agency.

By Odd Iglebaek



Tallinn: Seegi Church with the SEB building and SAS Radisson Hotel in the background. Photo: Arne Maasik



Dialogue or competition? Headquarters of the Lithuanian Union of Architects in the foreground. Photo: Odd Iglebaek



Not everything "old" or "new" in Riga is as it seems. Photo: Odd Iglebaek



Map and photo of Tallinn's famous silhouette with the 'old town' and the high-rise area Maakri Quarter ('Urban Hills') to the left. The high-rise in the centre of the photo is the 'Viru' hotel from 1972. Montage: Svein Gangsø, Osigraf

Tallinn: Just outside the protection area

Tallinn is an old and historic city. Probably its most prosperous times were during the 15th and 16th centuries when it was an important centre of commerce for the Hanseatic League. Around 1500 AD the church of St Olaf (Oleviste) was completed with a tower 159 metres high. At the time it was probably the highest church tower in the world.

In 1997 the 'old town' of Tallinn was accepted onto the UNESCO world heritage sites list. The skyline of the old town is instantly recognisable.

At the beginning of the new millennium the building boom following the privatisation of real estate presented us with developers wanting to erect high-rise buildings. The only existing high-rise buildings in the city at that time were the "Viru" hotel built in the 1970s as a hallmark to the success of the Soviet economy and the Hotel "Olümpia" built for the Olympic Sailing Regatta in 1980.

The first high-rise of the "new era" was the *SEB* (formerly *Ühispank*) headquarters in 1999. Many different opinions were aired - among ordinary people and the decision-makers alike. The conservative wing in the debate proposed that central Tallinn should follow Helsinki, namely, by having a maximum limit of eight storey high buildings.

My argument is that little public opposition currently exists in respect of the building of high-rises *per se*. It is, rather, the need to address local traffic problems, the necessity of meeting insulation requirements and the design of high-quality public spaces that primarily concerns people. For urban planners it is of course obvious that some regulation is needed to cope with the pressure from developers to maximise the building potentials of every single plot.

In 2005 I was appointed head of the newly formed Division of Comprehensive Planning of the Urban Planning Department of Tallinn. One of our first tasks was to make theme-plans for the preservation of the *milieu*-valuable areas of central Tallinn and for the position of high-rise buildings in the city more generally. The plans were adopted by the City Council in 2008 and also by the cultural heritage protection authorities at municipal and state level.

High-rise buildings were now defined as exceeding 45 metres. There are eleven areas in Tallinn where such high-rise buildings may be erected. The maximum height varies from 60 to 130 metres with the exception of the Sitsi area where one building of 210 metres (approximately 70 floors) has been allowed.

The most suitable area to erect new high-rise buildings in Tallinn is in the Maakri Quarter. There are three reasons for this. Firstly it

is in accordance with the protection requirements of the old town as a UNESCO world heritage site, secondly, it has an accessible location in the city centre and thirdly, some high-rise buildings already exist in the area. The maximum height in the Maakri Quarter is 130 metres and the degree of utilisation (maximum floor-area in relation to land-area per plot) is between 2.7:1 and 6.5:1.

All of the high-rise areas in Tallinn are situated beyond the protection and buffer zones of the old town world heritage site. The Maakri Quarter lies exactly just beyond the buffer zone to the south-east.

How has UNESCO reacted? On the 26th of March, 2010 a Technical Advisory Mission Report was issued. Their representative Ms. Margaretha Ehrström concluded:

“The strategies and objectives of the Thematic Plan are not in conformity with the preservation of the visual integrity of the World Heritage Site. There is a specific concern for the realisation of the Maakri area, which is situated on the border of the buffer zone. Plans have been approved for the construction of high-rise buildings of up to 130 metres here.

As the already realised high-rise buildings in this area already pose a threat to the visual integrity of Old Tallinn there should be no new construction of buildings of this extreme height. New constructions can be built at a lower height and more densely. The City Planning Office should also be part of the Management Committee of the World Heritage Site.”

I agree that planning a dense quarter of high-rises has an additional level of urban complexity, and particularly in relation to the alteration of its skyline. The silhouette of the old town has acquired an almost symbolical value. It is, moreover, not just the artistic shape of the skyline, but also how it represents Tallinn as an historic city within a broader European context, that is important.

Adding a new “Urban Hill” – the Maakri Quarter – to Tallinn’s skyline will not reduce the importance or magnificence of the silhouette of the old town, as I see it. The borders of the quarter are already defined by the existing high-rise structures. New buildings can be erected between these to complete the chaotic and broken shape of the skyline as it is at present. To get the best spatial composition an architectural contest should be arranged for the whole area.

In my view two “Urban Hills” could compliment each other expressing both the age and the vigour of the capital city of Estonia.



By Endrik Mänd
Chief Architect of Tallinn

St.Petersburg: Uncertainty over Gazprom’s tower

The construction of *Gazprom’s* 403 metre Okhta tower in St. Petersburg has been dividing the city since 2006. Even Russia’s ruling partnership is participating in the debate though each party seems to be starting from a rather different viewpoint. Earlier this year President Dmitry Medvedev came out publically calling for a halt to the construction since it could harm the city centre’s position on the UNESCO World Heritage list. On the other hand Prime Minister Vladimir Putin has consistently supported the tower, saying it will help to revive the city’s economy.

The tower’s chief architect Philip Nikandrov’s economic argument is that moving the head offices of *Gazprom-Neft* will bring the equivalent of \$631 million annually in taxes to the city. In addition 60 billion roubles (\$1.9 billion) will be invested in the building’s construction. The architect also notes that: “There are 28 industrial structures in the city that are up to 310 metres in height and they do not have any historical value – so the city needs a dominant feature higher than them.” (Moscow News 07/06/10) St. Petersburg’s Governor Valentina Matviyenko also supports the tower.

Critics argue that the tower will have a ruinous impact on the view of the Tsarist-era monumental buildings and on the city’s townscape more generally. Both the St. Petersburg Union of Architects and the International Union of Architects have also protested against the structure. The maximum permitted height of buildings at the

proposed site is 48 metres or less than 1/8 of the planned building. The tower will therefore completely dwarf the historic Smolny Monastery on the opposite embankment, critics argue.

An interesting side issue here is that of tourism. Here the opposition argues that the tower might reduce the number of visitors to the historical city. Supporters on the other hand note that the tower will provide the possibility to really enjoy the beauty of the city – from a viewing platform high up in *Gazprom’s* new “flame”. The design of the building itself is in fact based on the image of the gas flame.

By Odd Iglebaek



Artist rendering of *Gazprom’s* tower.



Model of Riga, the white areas are existing buildings while the light blue areas denote potential new developments. The white buildings in the foreground bordered by green areas highlight the 'old town'. On the other side of the river the light blue buildings indicate where, and to what extent, high-rise development can take place. The white tower on the the far side riverbank is the new *Swedbank* headquarters. Photo of model provided by the City of Riga.

Riga: New “high-rises” across the river

By 1991 and the establishment of the new Latvian state its capital Riga had, as a result of the mixture of Soviet ideology and the provincial adaptation of global trends, acquired four high buildings and two technical high-rises in its central part – thus, irretrievably losing the chance of being a humanely flat city with fragile church spires rising in its centre. The four buildings were the hotel “Latvia”, the Ministry of Agriculture, the press tower /Publishing house/ and the TV centre.

In 1997 some 438.3 hectares of the historic centre of Riga were accepted onto the UNESCO World Heritage List. Surrounding the heritage site here is a further 1520 hectares of protected area or buffer zone, which includes part of the new high-rise development opposite the old town on the left bank of the River Daugava.

The beginning of the 21st century has seen many new challenges emerge for urban planners and politicians in Riga. The artificially created real estate market and the practice of speculation resulted in a euphoria of endless development and possibilities. Project developers required high and dense construction in almost all areas surrounding Riga city centre and actively used political lobbying to fulfil this desire. Urban planning started to resemble scheming and the liberal development plan adopted at the end of 2005 revealed several instances of spot zoning.

These densification and high-rise tendencies also affect the new centre of Riga in the areas adjoining the River Daugava, leading to a disjuncture between planning and scale. The planned group of high-rise buildings on the other side of the river directly opposite Old Riga, including a 121-metre tall office building constructed in 2004, resulted however in some disquiet and ultimately to further UNESCO involvement.

UNESCO threatened to exclude Riga from the endangered monuments list and in response Latvia promised to produce a silhouette concept for the left bank of the Daugava that would ensure a balanced approach and the preservation of the integrity of the complex monument that is the old centre of Riga.

Hard work and continual consultation between 2006 and 2009 resulted in a compromise which saw areas of high-rise buildings follow the main transport crossings over the Daugava thus retaining the pyramidal nature of Old Riga as well as the potential for compact urban development.

Discussion about the high-rise buildings located in the proximity of the historic centre of Riga created a remarkable level of public involvement leading even to the creation of a new non-governmental organisation, namely, *the Movement for the Left Bank of the Daugava*.

Public opinion tends to be poorly reasoned, emotional and favour financially lavish projects (such as the suggestion that the city of Riga purchases the area intended for high-rise development with a view to creating a city park there instead), yet the presence of strong public opinion certainly increased the level of responsibility of urban planners and project developers as well as the quality of spatial plans and projects.

The centre of Riga has always been “a violator of boundaries” particularly in respect of its surrounding medieval-origin fortification walls. In the mid-19th century the ramparts were pulled down, making it possible to create a green belt around the old town of Riga and a boulevard circle saturated in eclecticism.

In the late 19th century and early 20th century, development was both rapid and broad in scope. Riga was the main port of Tsarist Russia, starting in 1899 when the first *Art Nouveau* building was constructed the city centre was to acquire some five hundred of them by 1914. In only a few decades the population of Riga doubled reaching half a million people and the city centre area was spatially filled.

Construction in the centre of the capital city has always been and will remain a special focus of attention for politicians, architects and urban planners. In the years after the original Latvian state was founded in 1918, a period which saw the country acquire considerable wealth but lose its way in terms of democratic governance, the spatial environment of Riga was also transformed. By removing some of the medieval buildings in the centre of the old town Dome Square was created. Here a huge building for the Ministry of Finance was erected, and if it had not been for World War II, a town hall – a direct imitation of that in Stockholm - and a bulky building for the Post Office Savings Bank would have also been built at the expense of the city's medieval heritage.

Planning the development of Greater Riga the architect Eižens Laube in the 1920s and the architect Arnolds Lamze in 1932 intended to redirect development and architectural accents to the left bank of the Daugava. The reconstruction project for the centre of Riga in 1969, the spatial organisation scheme in 1980 (architect E. Fogelis) and the Riga Development Plan for 1995 also intended to do the same.

Notwithstanding this, the spatial composition of the centre of Riga has been, and will remain, a compromise with some features of good taste created by the inconsistencies of the planners of different periods, Soviet ideology and the political and economic lobbyism of recent periods.



By Jānis Dripe, janis.dripe@riga.lv
 City Architect of Riga



The 121-metre high *Swedbank* building is the first new high-rise on the left bank of the River Daugava. Photo: Odd Iglebaek



A view to the centre of Riga from the south – the River Daugava forms the main axis of the spatial composition. Photo: Juris Kalniņš.



The classical tourist-image looking along Dawn Gate Street towards the high-rises at Snipiskes on the northern side of the River Neris.
Photo: Gediminas Rutkauskas

Vilnius: Heated debate produced new policy

■ Vilnius old town (some 359 *ha*) was placed on the UNESCO World Heritage List in December 1994. The site comprises a picturesque landscape and the old urban core of the city which survived the Second World War and the Soviet era without major damage. One high-rise building, the Hotel Lietuva (currently the *Radisson Blu Hotel Lietuva*), which is 22 floors high, was however built on the bank of the River Neris just opposite the old town.

Most of the intensive urban development undertaken during the Soviet era took place away from the old town and did not really impact on the city's unique and historic environment. The new housing districts of Zirmunai, Karoliniskes, Lazdynai built in the 1970s and 1980s were, as such, successfully and unobtrusively inserted into the natural landscape. These areas also came to be showcased as 'successful urban solutions' all over the Soviet countries and, as such, were highly prized by Moscow.

A distinctive planning tradition in Vilnius can be traced back to the early 19th century when the city was the major north-west regional centre of Tsarist Russia. Since then Master Plans for the city have been regularly adopted.

The notion of 'urban hills' launched in the early 1980s by local architect A. Nasvytis is also important in this respect. The concept reflects the fact that the height of the landscape of the historic centre of Vilnius varies from 76 to 230 metres above sea-

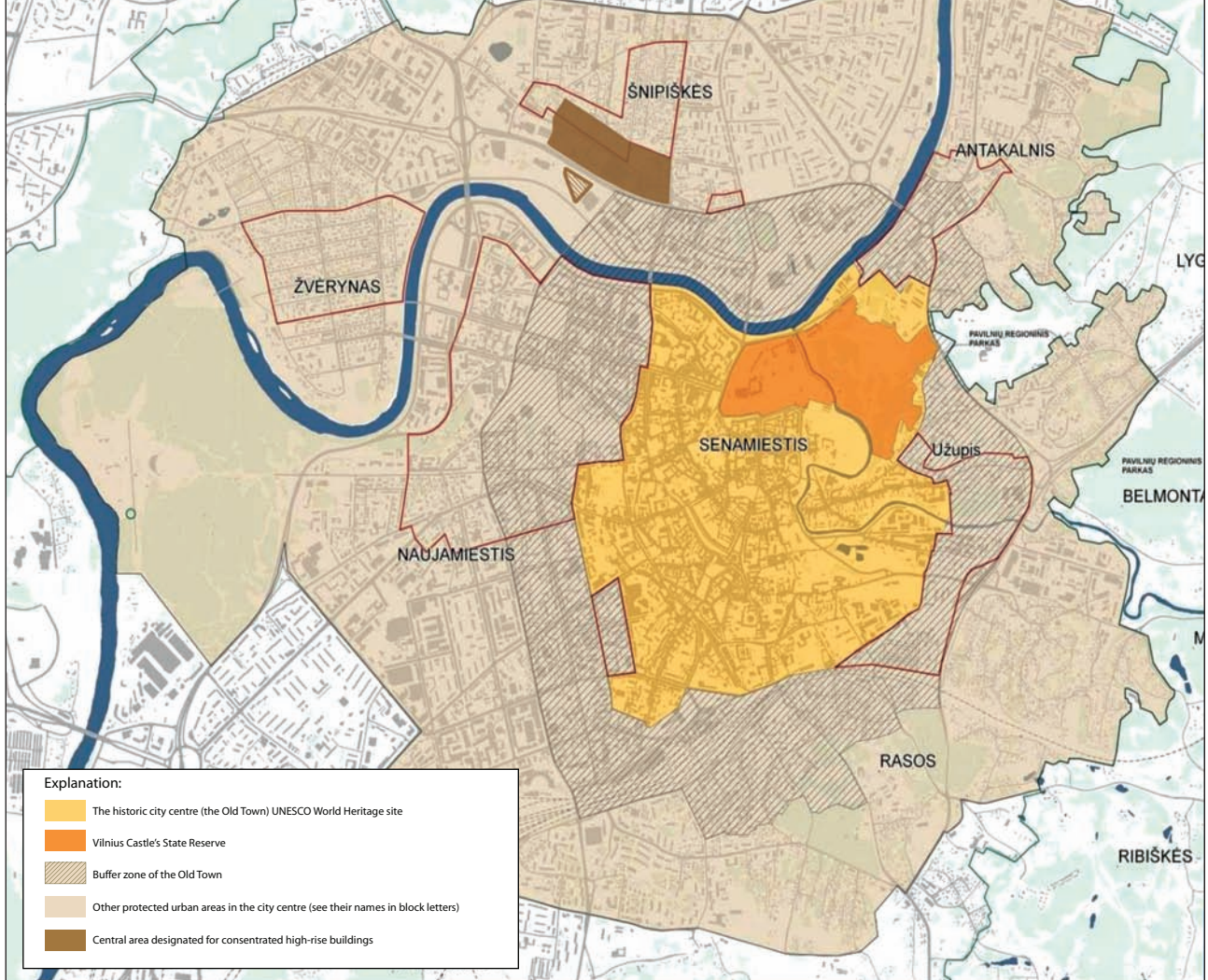
level and has become an important tool in safeguarding the distinct character of the city.

The first master plan to be developed after Lithuania gained its independence from the Soviet Union in 1991 was approved by the City Council in 1998. This plan did not have any special regulations in respect of high-rise construction.

Only a few years later, however, the first of the new generation of high-rises buildings started to rise around the Hotel Lietuva. In parallel with this the Vilnius city government, headed by the young and ambitious Mayor Arturas Zuokas was at this time eagerly engaged in creating a new and 'modern' downtown area in the Lithuanian capital.

A heated debate began and soon articles in the press and features on TV and radio found their way into the public domain, relaying all of the political wheeling and dealing. The 'Building Height Regulation for Vilnius City Central Area' developed in 2002 by Vilnius Technical University should also be included as an integral part of this debate.

In 2006 a regional conference on high-rise and heritage was organised by Vilnius municipality and the Old Town Renewal Agency – a citizen's interest group. The conference was also attended by urban planning and heritage management experts from UNESCO and from neighbouring Riga and Tallinn. (For conclusions, see separate article.)



The historic city centre of Vilnius, its buffer zone and the protected urban areas

Eventually consensus was achieved between the experts, property-developers and citizens through the new plan “The Scheme for the High-rise Constructions in Vilnius’ City Centre Area”, adopted in 2006.

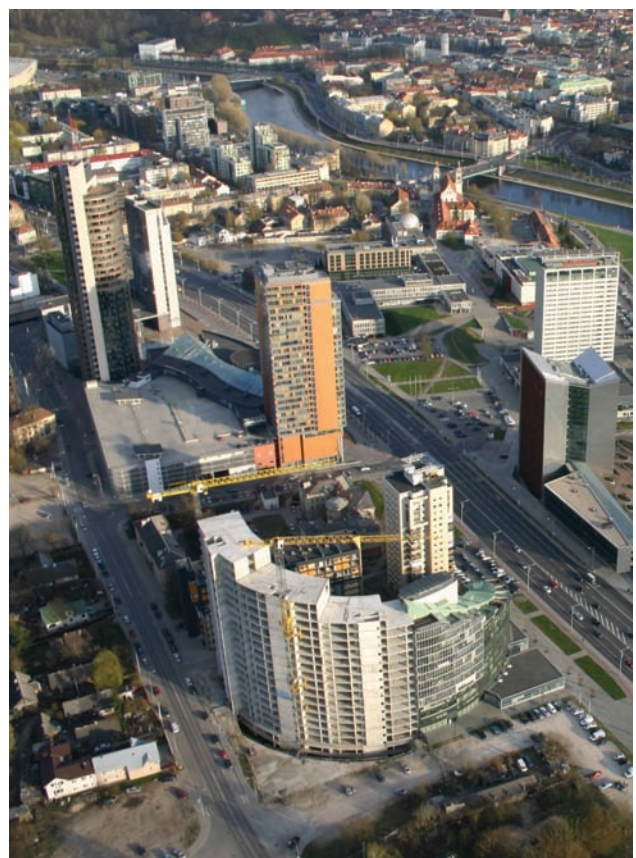
The key feature here is that high-rise buildings are allowed on only two sites. If additional new high-rise construction is envisaged then a special plan and a comprehensive impact assessment of the urban intervention must be developed by the initiator.

Operative planning implementation also includes monitoring of the city centre’s panoramas. A 3D model, a GIS database as well as a physical model of the City Centre at 1:1000 are also employed to visualise projects for new development in the existing urban and natural landscape.

Thus far some 30% of the initially planned high-rise buildings have been built in one of the designated areas, the Snipiskes district on the right bank of the River Neris while only 10% have been constructed in the other area on the western edge of the city centre.



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Abird’s eye view of the new ‘downtown’ are at Snipiskes
Photo: Linas Sinkevicius

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Timber ready to be transported south
from Kolari in Northern Finland.
Photo: Odd Iglebaek