Repositioning the EU's Northernmost Regions in a European Territorial Context

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The growing perception of the European Union as an increasingly single and integrated territory requires specific regions to position themselves and highlight their specifities vis-à-vis the European space. This is amplified by an apparent re-orientation of EU regional policy towards a more spatial approach that takes the territorial diversity existing into account.

The Swedish, Norwegian and Finnish northernmost regions have a long tradition in collective action within the framework of Nordic co-operation. Recently, they presented themselves as the so-called Northern Sparsely Populated Areas (NSPA) and engaged in inter-regional co-operation in order to position themselves on the regional policy map of Europe. Within this setting this paper aims to investigate how actors (regional and national level, EU) attempt to position the northernmost regions within a European territorial context and to examine how European spatial policy concepts are recognized, rejected or adapted during this process.

1. Introduction

Increasing attention is being paid in Europe to territorial issues of development at a variety of geographic scales. Of particular interest and importance in this respect are developments at the EU level. Here, approximately two decades of an emerging European spatial planning discourse (see Böhme 2006, Böhme & Waterhout 2008) have resulted in transnational spatial visioning and strategy-building exercises, of which the European Spatial Development Perspective (ESDP) and the Territorial Agenda of the European Union have been important elements. This has also resulted in the increasing realization of the fact that EU policies have certain territorial impacts, which, in turn, results in a need for these policies to be spatialized or territorialized (Evers 2009). An important inroad into this issue has been the inclusion of the policy objective of territorial cohesion into the Lisbon Treaty, adding a third dimension to the already existing objectives of social and economic cohesion. In addition, the Interreg Community Initiative has contributed to transnational

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territorial action and co-operation on the ground. Also the ESPON programme, launched in 2002, has initiated large-scale research activities into the territorial shape and development of the European space.

This increasing debate and policy initiatives regarding European Union territorial development and, as a result, territorial governance obviously is of particular relevance to European regions that in some way deviate from European averages in terms of territorial composition and territorial development. These territorial 'deviations' could relate to, for example, lagging economic development, geographic or relational peripherality, or low endowment of spatial structures in terms of population, employment and infrastructure. In the northernmost regions of Europe, many of these territorial deviations and challenges indeed converge. Over time, this has resulted on an above average reliance on fiscal and regional development support from the national levels and, later, from the European Union Structural Funds. It should therefore not come as a surprise that especially regional as well as national actors from the extreme North pay particular attention to the European Union debate and policy development on territorial governance. It can be expected, and will be shown in later parts of this paper, that of particular interest and concern to northern European actors is the way in which the European debate on territorial development continues to oscillate between the somewhat conflicting ideas of cohesion and competitiveness. In this respect, EU territorial governance often finds itself between notions such as, on the one hand, solidarity, spatial justice and 'the European Model of Society' (see Faludi 2007) and, on the other hand, notions such as territorial capital and the goal of turning territorial diversity into strengths or territorial assets. This oscillation presents regional actors with the challenge to position themselves in a way that contributes to the luring in of both public and private resources for the benefit of their regional constituency.

Based on these considerations, this paper attempts to investigate the conceptualization of northernmost Europe in the manifold processes of European territorial governance. These regions – comprising northern and eastern Finland, northern Sweden and their adjacent areas in Norway – account for a major share of the EU's sparsely populated regions, are far removed from the so-called core regions of Europe and have long struggled to find socio-economic activities and sectors that are suitable for their territorial specifities. Although Norway is not an EU member state, its northernmost regions form an integral part of Europe's High North and has a long-standing tradition of institutional and collaborative links with its neighbouring regions in Sweden and Finland.

2. European territoriality, territorial cohesion and territorial governance

The wider territoriality and territorial development of the European Union is an intricate subject. The uniqueness of the European Union project renders it territoriality different from traditional state-territoriality that is signified by clearly defined boundaries and power relations. It can indeed be questioned whether the

European Union has a territory – or territoriality - at all. There is however no doubt that European Union policy has territorial effects and contributes to some form of intentional or unintentional, conscious or unconscious process of territorialisation. The link between territoriality and the European project is highlighted by Gualini (2006: 114) who emphasises that "there is a direct, albeit not always explicit, connection between how we conceive of democratization in Europe and how we conceive of the territorial dimension of European governance".

Bialasiewicz et al. (2005) provide us with a useful overall frame for the analysis of European territoriality and territorial governance and conceptualise an emerging European territoriality by distinguishing between the two dimensions of 'hard' and 'aspirational' territoriality. The former (hard territoriality) refers to external bordering of the European Union as a functionally integrated entity, which revolves around 'conventional' contexts grouped around issues such as "border controls, jurisdictional limits, and a concern for territorial integrity and sovereign rights" (Bialasiewicz et al. 2005: 335). In this traditional context that focuses on boundaries and power relationships, the EU, to some extent, overlaps with and blurs the member states' conventional territoriality whilst simultaneously raising its own territorial profile as a mega-region and becoming a functionally integrated territorial entity with sharp external edges. Thus, hard territoriality pertains mainly to notions such as geopolitics and geoeconomics. The notion of 'aspirational' territoriality, on the other hand, revolves around "Europe as a putative space of values and area of solidarity" (Bialasiewicz et al. 2005: 335) and to a significant extent pertains to patterns of interaction across borders – barrier effects of which are to be removed - and the conceptualisation of the EU as an internally integrated space. This includes the co-ordination of EU polices and their territorial effects as well as the development of strategic planning frameworks and visioning exercises. As has been indicated earlier, this increasingly takes place in the form of European Union territorial governance and spatial policy-making including the policy objective of territorial cohesion. Indeed, Bialasiewicz et al. (2005) argue in their work that the idea of territorial cohesion forms an integral part of how European territoriality is inscribed into the Reform Treaty of the European Union.

Despite the fact that it represents one of the most important recent elements in the implicit territorial agenda that the European Union always had (Faludi 2009), there is still no established understanding of what the policy objective of territorial cohesion actually means and entails (Waterhout 2008). To further the concept, the European Commission launched a consultation round by publishing a Green Paper on the topic (CEC 2008a) and a significant number of stakeholders have taken up the challenge and expressed their views on understanding of the concept, including important inputs from the European North (see, for example, Damsgaard et al. 2008). The title of the Green Paper - "Turning territorial diversity into strength" (CEC 2008a) - illustrates well the acknowledgment at the Commission of the diversity that exists within the EU territory; a way of thinking that is deeply rooted in earlier planning initiatives such as the ESDP, which opens with the statement that "the characteristic territorial feature of the European Union (EU) is its cultural

variety, concentrated in a small area" (CEC 1999, 7). However, it is acknowledged that the territorial diversity of the European Union also involves a variety of problems or challenges. In this context, the Green Paper identifies three specific types of areas that deviate from European averages and face particular development challenges that necessitate and justify the policy objective of territorial cohesion:

1. mountain regions, which are often border regions and in which more than a third of the people live in rural region;
2. island regions, which in many cases are mountainous and more than half of the population also live in a border region; islands include 6 of the 7 outermost regions;
3. 18 sparsely populated regions, all rural and almost all border regions.

These "territorially challenged" regions also receive attention in Article 158 of the Lisbon Treaty, where it is stated that

"…particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions."

However, the Commission's slogan of "turning territorial diversity into strength" explicitly suggests that the above-mentioned problems or challenges can be turned into strengths by transforming diversity into competitive assets. This understanding is indeed covered by the numerous interpretations that float around in both the academic and policy-making circles. In a report by the Netherlands Environmental Assessment Agency (Evers 2009, 12), five discrete interpretations of territorial cohesion are presented:

1. socio-economic convergence, focussing on the reduction of disparities
2. economic competitiveness, focussing on the competitive position of regions and their territorial capital
3. rural perspectives, focussing on rural challenges
4. spatial planning, focussing on unbalanced spatial development and cross-sectoral integration
5. policy co-ordination, focussing on more coherent EU policies

The first interpretation is in line with the regional policy initiatives, fiscal transfers and support trough tax incentives carried out as part of the development of the welfare state projects in the Nordic countries and earlier interpretations of EU cohesion policy. It is in line with Molle's view of EU Cohesion Policy "… as the degree to which social and economic welfare between the different regions or groups within the EU are politically and socially tolerable" (Molle 2007, 5).

However, it appears to be the case that currently the European Commission's interpretation has shifted towards the second interpretation. Recently, competitiveness and territorial capital have been operationalised and championed as the key argumentative thrust behind the debate on territorial cohesion. The notion of territorial capital can be traced back to the OECD's report Territorial Outlook 2001 and has found application in the Third Cohesion Report (see Waterhout & Zonneveld 2005, OECD 2001). According to

Waterhout & Zonneveld (2005, 19), the OECD's report argued that each region has its own specific and endogenous territorial capital that renders "investments in one region more effective than in another". Various factors influence the territorial capital endowment of a region and include tangible and quantifiable aspects such as geographic location, demographic development, accessibility, institutional and governance-related issues, as well as intangible aspects that are difficult to pinpoint and are generally summarised under the 'quality of the milieu' heading (Ibid., 19).

As such, the increasing focus on territorial capital invokes and is a reflection of a wider paradigm shift in terms of what cohesion policy in general, and territorial cohesion policy in particular, actually entails. This manifests itself in an increasing emphasis on the competitiveness of European territorial structures (regions) rather than a focus on balance and cohesion, echoing the findings and recommendations from the Sapir Report (Sapir et al. 2003) and the Lisbon Strategy. Indeed, in a speech from the year 2009, former Commissioner Hübner of DG Regio underlined that in her view

"territorial cohesion is first of all about mobilising development potential, not compensating for handicaps. Regional policy is a development policy and not merely a redistributive tool. I firmly believe that EU policies help most if they help citizens and enterprises unlock the inherent potentials of their territories" (Hübner 2009)

However, it should be emphasised that disadvantaged and lagging regions are still of central concern in these policy cognitions, since territorial capital does not refer to the strengthening of the competitiveness of already strong territorial entities, but involves elements that relate to the reduction of disparities by strengthening the territorial capital of areas that are lagging or perform weakly in terms of socio-economic development, exhibit geographical handicaps or are disadvantaged by sparsity, peripherality and structural weaknesses. In addition, the debate on territorial capital is informed by and linked to sustainability as emphasised by the EU in the Gothenburg Strategy. The acknowledgment of territorial problems and challenges on part of the EU is illustrated by their inclusion in important policy documents and even the Lisbon Treaty as described above. Nevertheless, the crucial aspect of the notion of territorial capital is a departure from an orientation away from fiscal redistribution, instead encouraging regional actors and policy-makers to make use and build on their diversity and existing and evolving areas of strength and expertise in order to become socio-economically more competitive both in a European and global context (see Zonneveld & Waterhout 2005). This, of course, has implications for the northernmost regions in Europe and for the way in which they contextualise themselves in the European territory and position themselves on the European regional policy map.

3. Territorial capital and the Northernmost European Regions

The northernmost regions have typically been conceptualized as frontier-regions that have become part of nation-building processes at relatively late points in time. Nation-building processes in the high north generally included resettlement of population and the demarcation of territories, which obviously impacted on the situation of the aboriginal Sami population. Events that had significant effects in the northernmost regions were the independence of Norway and Finland in 1905 and 1917 respectively and the founding of the Soviet Union, which resulted in the formation of a closed border in the northernmost regions in Europe. As a consequence of World War II and subsequent cession of Finnish territory – the areas of Salla and Pechenga - to the Soviet Union, this border between eastern and western Europe shifted towards the West.

After several post-war decades that were signified by the building of the Nordic welfare states and concomitant inter-governmental co-operation in form of the Nordic Council, the geopolitical setting in the North was reshuffled by the collapse of the Soviet Union in 1991. This altered setting ultimately provided the ground for Finland and Sweden's accession to the European Union in 1995 by which the EU has, to a significant extent, replaced the so-called Nordic balance – i.e. co-operation between the Nordic countries in form of the Nordic Council - and has now become the entity towards which the national as well as regional actors and organizations look for policy guidance and towards which regional policy and economic activity is increasingly geared to (Aalto 2006). This, in turn, implies that sub-national and national actors have to position their regions not only in a regional or national but increasingly in a European and even global context and requires them to identify, understand, and contextualise EU policy notions and initiatives, such as territorial cohesion and territorial capital, for their purposes.

This wider process of Europeanization, i.e. the institutionalisation of the EU in the northernmost areas and concomitant adoption of EU practices and systems of governance, including the utilisation of EU funding schemes, in Finland, Sweden and, to a lesser extent Norway, and their northernmost regions has left its imprint on territorial governance practices and initiatives in these areas. These internal, aspirational forms of European Union territorialisation were, to a much more limited extent, also echoed at that external border of the European Union in the North. The steadily increasing permeability of the border with Russia and processes of regionalization within Russia provided for increased socio-economic interaction and opportunities of sub-national co-operation between the northernmost Nordic regions and their Russian counterparts particularly during the 1990s; mainly Murmansk Oblast and the Karelian Republic. Due to this sea change, the location at the external border of the EU of many of the northernmost regions was reinterpreted as a source of opportunity and development potential rather than attaching to it negative connotations of peripherality and perceiving it as a source of potential conflict. However, in line with Bialasiewicz et al.'s (2005) interpretation, developments in terms of the external, hard dimension of European territoriality are also reflected in the North. In this context, concerns about exclusionary European

Union practices at the external border have been raised particularly during the 2004 enlargement round that mainly relate to the effects of the Schengen Agreement. The Schengen Agreement controls and regulates access to the European 'territory' on its external borders according to standards commonly agreed upon between the Schengen countries. In practice and comparison to the situation on the more southern external borders of the European Union, however, the exclusionary effects of the agreement are of a lesser concern in the northern European context where it has not significantly changed the border regime between Finland and Russia. In relation to the process of European territorialisation, the territorial positioning of the northernmost regions vis-à-vis their non-EU neighbours is a crucial point. The northernmost regions have an intrinsic interest in diminishing the separation of hard and aspirational dimensions of territoriality and position themselves as bridgeheads between internal EU processes of territorialisation and its external dimension vis-à-vis the wider European neighbourhood, conditioned, however, by aspects such as the prevalent border regime and geopolitical/geoeconomic relations between Russia and the EU as well as its individual members states.

Returning to the intra-European Union context, the traditional conceptualization of challenges that exist in the northernmost areas, which also find expression, as described above, in the Lisbon Treaty and the Green Paper on Territorial Cohesion, generally rest on the assumption that low population densities, and more explicitly, the *sparsity* of population, employment and infrastructure creates problems for socio-economic development in affected regions. Indeed, in combination with other negative factors, such as remoteness from the European core economic areas as well as the cold climate, sparsity contributes to what has been termed the "syndrome of disadvantage" indicating a situation that is characterised by a number of associated symptoms of disadvantage (Gløersen et al. 2005). The perception of sparsity as an integral development challenge in the northernmost areas is sustained by theories of regional development, which, from a static perspective, argue that sparsity, i.e. the absence of population potential, inhibits the development of agglomerative effects and, combined with long distances and remoteness, results in higher transportation and transaction costs. From a dynamic and relational perspective, sparsity reduces the potential for interaction between key actors, which, in turn, reduces the potential for socio-economic innovation and development.

The above-described limiting effects of northern spatial structures can be interpreted in two ways. Firstly, the competitiveness in the regions affected by sparsity can be deemed as persistently weak in all sectors of socio-economic development, which would provide a rationale for continued redistributive support. Secondly, sparsity can perceived to reduce the (potential utilization of) territorial capital of a region to such an extent that only certain, specialized economic activities are possible. These economic activities can either function independently of spatial location, profit from the particular spatial location or spatial features of the region (or the physical environment connected to it), or have developed innovative and competitive solutions for overcoming drawbacks of their location in space. In line with territorial capital thinking, this would imply that resources would be focussed on those activities that can be carried out competitively or the ones that

promise potential success in European and global competition despite the challenges posed by sparsity, remoteness and cold climate. Naturally, the different options in terms of selecting the appropriate economic activities are an integral element in the discussion on the territorial positioning of the northernmost space in Europe. This discussion and policy elaboration is set within the wider European debate on territorial governance and at the same time influences and is influenced European territorial governance and its wider process of territorialisation.

4. Territorial governance in the northernmost European regions

Pre-EU accession

The territorial challenges prevalent in northernmost Europe have long been subject to national attention in the Nordic countries as part of the larger welfare state project, and continue to do so, albeit within the different policy environment of today. At national levels, the regional development challenges in the northernmost regions were already recognised during the 1950s, as part of which they received their status as priority areas for national redistributive support. The northernmost regions were considered to suffer from socio-economic disadvantage due to their reliance on the primary sector, their remoteness from the more southerly located economic centres (particularly the capital regions), their problematic physical geography as well as out-migration. The aim of national policy was to diversify the regions' economic structure via, for example, investment support and low interest rate loans. At the same time, these region-specific measures were accompanied by the simultaneous construction of the Nordic welfare states, which entailed the development and organisation of educational, social and health care systems within the municipalities according to national criteria in the unitary states. From the 1960s onwards (in the Finnish case from ca. 1970 onwards), the latter policy, so-called 'large regional policy', cushioned and balanced the development in the northernmost areas, as compared to the southern, less challenged areas, to a significant extent.

From a co-operation point of view, the northernmost regions' early engagement in aspirational territorial governance in a trans-regional context has a rather long history and has resulted in a number of cross-border co-operation instruments, despite the fact that the northernmost European regions are, despite a tradition of strong institutional links, neither an economically nor a politically integrated area. Co-operation within the context of the North Calotte framework was officially initiated between Finland, Sweden and Norway in 1967. The regions represented in the North Calotte Committee were Norrbotten in Sweden, Lapland in Finland as well as Nordland, Troms and Finnmark in Norway. This specific type of co-operation was supported by the Nordic national governments and was inter-regional in nature, rather than cross-border co-operation on a local level. This was due to the specific geographical features of the region – few urban

centres that are located far away from each other – and the strong institutionalisation of multi-lateral co-operation between the Nordic states (Perkman 2003).

As already mentioned, the collapse of the Soviet Union in 1991 had immediate and direct effects on the geopolitical status of the northernmost European regions and also redefined its position in the European territory. Cross-border interaction and co-operation across the border between the East and the West became possible, which resulted in the creation of networks between individual actors but also the establishment of institutional structures. The Barents Euro-Arctic Council (BEAC), formed in 1993, provided a platform for a variety of actors, ranging from the regional to the supranational (EU) level, to engage in co-operation. In addition, the northernmost areas are integrated into large-scale, global collaboration structures, the most important of which were the Arctic Council (est. 1996) and the Northern Forum (est. 1991).

The European Union Enters the Scene

The European Union can be said to have a somewhat ambiguous relationship with the northernmost regions and the Arctic dimension. Although the EU has been lacking the institutional frameworks and policy instruments to deal with Arctic issues, it had been involved in case-specific issues due to Greenland's joint membership with Denmark until 1985 (Airoldi 2008). Although northern Sweden and northern Finland can be seen as semi-arctic, the states themselves are generally not recognised as being part of the Arctic Regions. More recently, the Arctic was put more firmly on the EU's agenda through the Northern Dimension providing an "Arctic Window" (Ibid 2008, 13). The accession of Sweden and Finland to the EU in 1995, however, signalled a watershed in the inter-relationship between the EU and the North. Despite the fact that the EU's influence manifested itself in a variety of ways in the northernmost regions, the northern characteristics were almost exclusively addressed in the context regional policy. First, the territorial development challenges and territorial specifities encountered in the northernmost regions of Europe were recognized at the EU level. In the accession Treaty of Austria, Finland and Sweden, as part of Protocol 6, it was agreed to give the peripheral regions of Finland and Sweden a special status (Objective 6) in the framework of the Structural Funds during the time period from 1995 to 1999. The aim of the Objective 6 programme was to "promote the development and structural adjustment of regions with an extremely low population density" (Accession Treaty, Article 52). Identification of these areas was based on a population density of 8 persons per square kilometre or less. Secondly, the Interreg Community Initiative started to be implemented at the northern internal as well as external borders, in combination with TACIS funding for Russian project partners, and provided additional resources for sub-national authorities to engage with partners from neighbouring regions. At the internal borders, the already existing co-operation within the North Calotte was strengthened and cross-border co-operation at the external border between Finland and Russia, particularly Murmansk oblast and the Karelian Republic was made possible after the collapse of the Soviet Union. Although Norway did not join the EU in 1995, in practice it co-operated also within the

Interreg framework and other collaborative activities with its own resources. In fact, the Interreg IIA (1995-99) programming was equal to the area covered by the North Calotte Committee. Thirdly, in anticipation of EU membership the northern sparsely populated regions initiated strategic co-operative action with Scotland (Highlands & Islands), which itself has rather similar spatial characteristics. This co-operation and the pooling of resources represented a first inroad into and, thus, piloted co-operation between European sparsely populated regions. Formal co-operation at the governmental level was established in 1994, with the initiative coming from Scotland. The main areas of co-operation were information technology, forestry, university networking and the development small and medium-sized businesses. From 1997 to 1999, this pilot project was implemented under Objective 6/Article 10 using the "Northern Rim Area of Europe" designation. The Northern periphery programme (NPP) under Article 10 (pilot programme on trans-national spatial planning) was accepted by the EC in 1997. The programming area included the Highlands and Islands Objective 1 and adjacent Objective 5 areas in Scotland, the Objective 6 areas and some adjacent areas in Finland and Sweden and the four northernmost counties in Norway (for a review of the complex processes involved, see Malinen 2009)

As a result of the discontinuation of the Objective 6 programme at the beginning of the 2000 to 2006 programming period, the northernmost sparsely populated areas became part of the Objective 1 programme. This choice by the European Commission resulted in a heated discussion in the Nordic countries, even if the special status of the sparsely populated areas remained officially recognised by equating them to the mountain, island and outermost regions in the EU territory (see, for example, Hedegaard 1998).

On national levels, an evident paradigm shift away from an emphasis on redistribution towards competitiveness, which occurred earlier than the one experienced at the EU-level, impacted on regional policy making for the northernmost areas already during the 1990s. In Finland, for example, this was signified a lessening emphasis and focus on the compensation for territorial handicaps and an increasing interest in the development of strategic action to improve preconditions for better competitiveness in these regions. This was accompanied by shifting focus in regional policy towards urban centres as engines of growth rather than cohesion between the regions (Antikainen & Vartiainen 2005). As such, the inter-relation between the concepts of territorial cohesion and territorial capital is not something entirely new in relation to the northernmost areas, but only represents a re-conceptualization of territorial development in the European context.

In addition to change of content and direction in regional policy, its governance has changed considerably, which is to a significant extent due to Finland's and Sweden's accession to the EU and resulted in a stronger role of sub-national governments. Of particular importance in this respect were projects carried out within the Northern Periphery Programme (NPP, Interreg IIIB) that brought together sub-national authorities as well as NGOs and research institutes from the Sweden, Norway, Finland, Scotland and Iceland. For

example, the NPP-funded Spatial North project "aimed to identify and develop best practice techniques and processes for effective strategic spatial plan making and implementation in the northern peripheral regions of Europe" (www.spatialnorth.org). In 2005, the northernmost regions also engaged in joint supervision of the interests, which initially included the commissioning of a series of reports from Nordregio – the Nordic Center for Spatial Development - that had the aim to identify their specifities in terms of spatial structures.

As a result, Nordregio published two reports (Gløersen et al. 2005, 2006) - the latter one included Norway that provided its own funding to be included in the report - that particularly looked at the already mentioned issue of sparsity, which is considered to be the main challenge in these areas. Sparsity, based on a calculation of population potential within a certain commuting distance, represents a more refined indicator than average regional population density, since it takes into account the settlement structure for a given area and is not affected by administrative delimitations. This is important in the respect that economic development and the provision of services poses a challenge in dispersed settlement patterns, and as such highlights the spatial challenges that exist in the northern sparsely populated areas as a specific category that goes beyond the traditional emphasis on population density.

This process took place at the same time as the European Union was reformulating its regional policy for the period 2007 to 2013, which included, as has been argued afore, an increasing interest on part of the EU in territorial development matters and a paradigm shift towards competiveness instead of the compensation for handicaps.

New Approaches - NSPA Foresight 2020 and beyond

On the basis of the above-mentioned research into the spatial specifities in the northernmost regions, the NSPA Foresight 2020 –exercise was initiated in 2008. The NSPA (Northern Sparsely Populated Areas) covers 565310 sq. kilometres in Sweden, Finland and Norway (roughly the same size as France), but only contains about 2,8 million inhabitants resulting in a population density of only 4,9 inhabitants per sq. km. From an administrative viewpoint, the area is formed by four Swedish counties (Norbotten, Västerbotten, Jämtland, Västernorrland), seven Finnish regions (Lapland, Northern Ostrobothnia, Central Ostrobothnia, Kainuu, North Karelia, Northern Savo, Southern Savo) and 4 counties in Norway (Finnmark, Troms, Nordland, Nord-Tondelag).

The NSPA foresight and visioning exercise was initiated jointly by the Brussels offices of East-Finland, North Finland, North Norway, Mid Sweden and North Sweden and led by Nordregio, and comprised of two successive workshops and an document called "Strong, Specific, Promising – Towards a Vision for the Northern Sparsely Populated Areas in 2020". The title already indicates that the ad-hoc NSPA initiative brought together regional authorities from the NSPA, reflecting the increasing role in sub-national governments' role in influencing policy-making at the supranational level, in order to create a joint vision

and strategy towards the forthcoming structural fund/cohesion policy period and to contribute to the discussion on territorial cohesion. This macro-regional concern for the effects of EU policy on the NSPA is an apt example of collective action carried out by sub-national government grouped around the territorial challenges prevalent in the NSPA, aiming at influencing supranational policy-making without direct involvement of national government.

In relation to concepts such as territorial cohesion and territorial capital, an early decision was made in the Foresight process to present the northern sparsely populated regions as a source of competiveness and 'opportunity' for territorial development in the EU rather than a 'problem'. In this respect the NSPA-report emphasises that "[c]onsidering the major foreseen global challenges in the 2020 horizon, the ambition is to ensure that NSPA regions shall be part of the solution rather than the problem (Gløersen 2009). As such, the NSPA exercise is a manifestation of the diffused pressure that sub-national governments are under to position their regions in the best possible way with regard to current and future regional policy-making at the EU level. It can thus be expected that northern stakeholders in regional policy adapt the way they conceptualize their regions and present them to the outside (mainly the European Commission) according to the prevalent "regional policy philosophy" of the European Union, particularly as representatives from the European Commission were actively involved in the NSPA foresight process.

A watershed concerning European Union regional policy doctrines and their relation to the northern sparsely populated areas was certainly the accession round in 2004, which put the socio-economic situation of the northernmost regions into a new perspective by weakening the rationale for redistributive support for these areas. This was mainly due to the fact that the majority of regions in the recently acceded countries in Central and Eastern Europe fared far worse in terms of economic development indicators than the NSPA. More recently, the Regions 2020 –report produced in 2008 (CEC 2008b), in which the European Commission provides an analysis of the likely regional impact of four of the biggest challenges facing on the European territory and, consequently, regional policy-making, represents an important and influential background document to territorial development policy in the European Union. The Regions 2020 analysis is naturally based on existing regional disparities and examines to what extent the above-mentioned territorial challenges potentially intensifies the existing disparities or even creates completely new ones. The key challenges identified in the report are globalisation, demographic change, climate change, and energy supply. These challenges are expected to lead to very diversified regional impacts due to the fact that, except for energy supply, there are large internal territorial disparities in the EU member states. Of significant importance for the NSPA stakeholders and their lobbying strategies is the report's conclusion that there exist considerably fewer territorial risks and challenges in the NSPA areas (excluding Norway, which was not part of the analysis) as compared to other European macro-regions. Of the four key challenges, only demographic change is identified as a real territorial challenge in the NSPA. The remaining three challenges are deemed to have a comparatively low impact on the northernmost European areas in a time horizon until 2020. However,

it has to be borne in mind that the analysis in Regions 2020 is based on NUTS 2 areas, which obscures the significant disparities that exist in the northern regions. For instance, the City of Oulu, which in essence is 500km away from the northern boundary of its statistical region and is often presented as an epitome of successful economic and, consequently, demographic development, pulls a number of indicator averages into the positive for the northernmost NUTS 2 region in Finland.

In any case, the findings from the Regions 2020 report deprived the northern stakeholders to a considerable extent of their ability to claim an exceptional status for their region, at least in terms of traditional, often territorially rather insensitive indicators (see, for example, the shift from 'population density' to 'sparsity' that is part and parcel of the northern stakeholders regional policy lobbying). This, in turn, would make the case for a re-conceptualization of the North as an area of untapped potentials, i.e. to focus on development potential rather than the obstacles to positive development. Strengths that are identified in the NSPA Foresight Exercise are, for example, mineral production and great experience in the provision of high-quality services for a sparse and continuously decreasing population. Nevertheless, the Foresight exercise does not completely sideline the structural challenges that undeniably exist in the northernmost areas, but reinterprets them as 'specifities' that can, under the right conditions, be turned into opportunities. This is also illustrated by the use of the word "specific" in the title of its core document. The focus of the NSPA Foresight and Visioning exercise appears also to be on the solving of the territorial challenges rather than balancing out the negative effects. Here we find the crucial link to the concept of territorial capital, which we have earlier identified as being an integral element of a wider paradigm shift in European regional and territorial policy thinking. Another clear manifestation of this can be found in the fact that the NSPA Foresight Exercise takes the four key territorial challenges identified in the Region 2020 report as "inspiration" and uses them as starting points for their joint supervision of the interest as regarding European Union regional policy. Interestingly, the sub-national concern for the development of the northern sparsely populated and otherwise territorially challenged areas vis-à-vis European regional and territorial policy-making has been taken up by national actors in form of the Ministries of several European Union Member as well as non-Member States. As part of Priority 2 of the ESPON research programme central government stakeholders of Finland, Sweden, Norway, Cyprus, Switzerland and other countries have initiated the ESPON TeDi (Territorial Diversity) Targeted Analysis, which is an "applied and exploratory project addressing the issues of economic and social development in regions with geographic specifities…" (ESPON 2010). Also in this initiative, the focus on "specifities" rather than "handicaps" is telling of the paradigm shift that has been the focus of the foregoing analysis.

In terms of the external dimension of territorial development, it is interesting to note that the NSPA Foresight Exercise pays some attention to the co-operation and interaction with Russia, but this remains at a rather superficial level. It is of course in the interest of the northern stakeholders to economically, socially and ultimately territorially integrate the northern regions of Northwest Russia into a common northernmost

Europe that transcends internal and external divisions within the confines of the existing EU-Russian geopolitical framework. Ways to achieve this in practice, however, are difficult to identify and this is also visible in the NSPA exercise.

5. Conclusions

Due to the fact that European Union territorial governance and regional policy-making has an increasing effect on the socio-economic development of, especially lagging, European regions, macro-regions such as northernmost Europe increasingly feel the need to conceptualise and position themselves on the "regional policy map" (Gløersen 2009) of the European Union. The way in which they position themselves is obviously influenced by the prevailing "regional policy philosophy" at the European Commission. In this respect, a significant paradigm shift away from a cohesion-based, redistributive philosophy towards a focus on competitiveness and endogenous development potential (territorial capital) is clearly discernible. This is accompanied by a less clear case for the granting of an exceptional status for the northernmost regions based on the handicap of low population density, which has, so far, been acknowledged in a number of European treaties and policy documents. Northern claims to a special status, and subsequent regional policy support, have been particularly thrown into doubt since the accession of much more socio-economically challenged countries and their regions in 2004 as well as by the findings of reports such as Regions 2020. As a reaction, researchers and policy-makers in this region have refined their conceptualisation of their main territorial challenge, i.e. sparsity coupled with negative demographic development, and have engaged in joint supervision of interest. A prime example of this is the NSPA Foresight Exercise, and more recently the ESPON Territorial Diversity Target Analysis (TeDi), which indeed follow the "territorial capital" approach by emphasising development potential and regional strengths rather than making a case for redistributive support by presenting the northernmost regions as a problem. This collective action is also a manifestation of the impact of European modes of governance, which emphasised the role of sub-national (regional) governments in the European North via the availability of funding though instruments such as Interreg. It also illustrates the departure from the traditional system of governance for the northernmost areas pertaining to the strong involvement of the national level, despite the recent involvement of national stakeholders in the TeDi project. In this respect, we can conceptualise the initiatives to position these areas in regard to European regional policy as an integral part of the internal, aspirational territorialization of the European space. In terms of its external, hard dimension, the wider geopolitical and geoeconomic relations with Russia are of great importance to the northernmost areas of the EU. In practice, however, the territorial positioning of the northernmost areas remains rather inward-looking and geared towards internal European Union issues.

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