

KEY POLICY CHALLENGES IN WESTERN SCANDINAVIA

Strengths, Weaknesses, Opportunities and Challenges for Western Scandinavia

The figure below outlines the main strengths, weaknesses, opportunities and challenges for Megaregion Western Scandinavia. The focus is on questions that are common for the area as a whole. The analysis has been taken forward by the steering committee for the territorial review. The group has members from all regional partners involved in the study: Oslo, Akershus fylke, Östfold fylke, Gothenburg, Västra Götalandsregionen, Region Halland, Helsingborg and Region Skåne. The executive summary that follows has been put together from the data and analysis that has been handed in to OECD in December 2016. It is based on an extensive questionnaire given from OECD to the regions at the start of the project.

<p>Strengths</p> <ul style="list-style-type: none"> • Three metropolitan city regions affecting three countries with extensive human and economic exchange and interdependency • Common history, language, culture and a genuine feeling of belonging together • Modern sustainable societies, a high standard of living, trust and few external threats • Attractiveness and quality of living – metropolitan cities, sea and lakes, innovation, experiences • Knowledge intensive, innovation leaders. R&D in competitive global companies, higher education. • Large population living relatively dense • Common EU-programs and boarder co-operation 	<p>Opportunities</p> <ul style="list-style-type: none"> • Eight million city – from Oslo to Copenhagen • Knowledge and competencies that complement and reinforce competitiveness for all parts • Investments in fast rail traffic. Alternative ways of financing? Alternative solutions? • Public institutions and businesses in closer co-operation and mutual learning • Common activities in creative industries, experiences and ICT for societal development • Forerunners and bench mark in creating fossil independent societies and sustainable cities • More resilient regions, jobs and welfare in the regions and in Norway, Sweden Denmark.
<p>Weaknesses</p> <ul style="list-style-type: none"> • High share of transport of goods and people on road in an infrastructural system with missing links • General shortage of qualified labor and lack of opportunities for people with lower education • Weak exchange between societal institutions • Political cooperation from Oslo to Copenhagen and cooperation between national authorities • No capability to decide on crucial infrastructure investment • Strong regions, sometimes reluctant to cooperate • A relatively peripheral geographical position in a European context 	<p>Challenges</p> <ul style="list-style-type: none"> • Create financial solutions for more sustainable transport and logistics solutions in • Solve remaining border barriers - DenSweNor • Enhance cooperation at the political and practical level in Western Scandinavia • Make politicians and authorities cooperate over country borders. Work against nationalism. • Increase connectivity in key areas like higher education, research, experiences, sustainable cities and societies, to develop a more resilient society with maintained global competitiveness • Inclusive growth with job opportunities for people at all levels of education

EXECUTIVE SUMMARY OF THE CITIES AND REGIONS ANALYSIS OF WESTERN SCANDINAVIA

Happiness, Trust and Health

The Nordic Countries in general have citizens with high life-satisfaction, good health and high levels of trust. Western Scandinavia is no exception. But there are parts of the population with less well-being, worse health and lower trust. For health there is a correlation between inferior health and low educational levels. For well-being questions of unemployment and relations are vital. The general development is positive but differences between people with different living conditions tend to increase. A more integrated Western Scandinavia will be more resilient and increase the opportunities also for people with fewer resources.

Population

Western Scandinavia benefits from high natural population growth, strongly positive in-migration from other parts of Norway and Sweden, as well as net immigration from other countries. The demographic vulnerability in terms of natural population growth remains the strongest in the areas outside of the major urban areas (Oslo, Gothenburg, Malmö). The demographic structure remains overall beneficial. Although on the increase, compared to other parts of Scandinavia, the welfare burden (the proportion of the economically active age cohort relative to the total population) in the Megaregion, remains low. All parts of the Megaregion have experienced net population gains during the last decade, with the highest relative population growth being in the Norwegian part.

Economic structure

Megaregion Western Scandinavia is in a fast transition to a more urban and resilient economy. The development after the financial crisis has brought strong economic growth and new job creation well over one percent per year in the region. One explanation behind this is the frequent and in many cases increased exchange within the region in all areas of the economy. Cross ownership and investments has become more frequent between the countries. Trade relations are the most or among the most important. The labor markets are intertwined by strong commuter flow at the borders and Nordic labor market integration means that people in the different countries take advantage of differences in economic cycles. An example is that three percent of all employed in Norway were Swedes around 2010. There is extensive economic exchange in the markets for tourism, commercial trade and properties, creating opportunity for people and companies on all sides of the borders and in the region as a whole.

Innovation and R&D

Western Scandinavia is strong on innovation. R&D levels are high and the EU Regional Innovation Scoreboard ranks the different parts of the region as innovation leaders or strong innovators in a European perspective. The regional specializations differ and better connectivity would give room for more co-operation and competitiveness, in the regions as well as in the countries affected. The transition to a more urban economy is seen by fast growth in areas dependent on dense economic environment as business' services, hotels and restaurants, etc. There is also fast growth in medium to high-technology sectors. An urban economy based on qualified services, high-tech and "city life" is less dependent on the outside world, more competitive and all in all, more resilient. Megaregion Western Scandinavia, in conclusion, is a leading innovation region with high potential in a European (EU28) perspective, both in terms of enabling factors (tertiary education attainment, public and private R&D expenditures), firm activities and innovation outputs.

Human Capital, Education and Inclusive growth

The Megaregion hosts a large number of high-quality higher education institutions (HEIs), mainly concentrated in the three major metropolitan areas. The number of students enrolled at HEIs exceeds 250,000. There is a concentration of higher educated individuals in the metropolitan areas, and the education level of the economically active population outperforms the national averages (in Norway and Sweden) in almost all parts of the Megaregion. In a EU28 perspective, tertiary education levels (ISCED 5+) among 30-34 year olds, particularly among females, are exceptionally strong in the metropolitan areas of Western Scandinavia.

But there are several challenges. The co-operation between the universities could increase. More students need to leave school with grades in all subjects. More co-operation and benchmark in the region could bring new solutions. The ability to create jobs also for people with low education is a key question for inclusive growth, and a common problem in the Megaregion. The unemployment for people with higher education is almost non-existent in 2017. A better integrated region would mean more job opportunities in a wider spectrum of the economy. It would of course also give new opportunities for the most qualified parts of labour force and thereby for the companies and other employers in the region.

Housing

Western Scandinavia is characterized by attractive metropolitan centers and an attractive environment revealed by high property prizes and returns on investment in building all the way from Copenhagen to Oslo. The housing market at the same time constitutes one of the biggest challenges for the region. There are severe imbalances in the market in all parts of the area. The assessment made by the responsible authorities is that building activity needs to increase between 20 and 50 percent in the most urbanized areas. Young people and people with less financial resources are most affected. The problems are manifold, including market failures, rules and regulations, extensive rights to appeal etc. The solutions need to be formulated in the respective countries and regions but increased connectivity in and between the metropolitan centers and regions would contribute to better functioning markets.

Urban development and Planning

There has been a strong and growing trend for more sustainable cities in the metropolitan cores of Western Scandinavia in the last decade. A focus on building dense and in close connection to public transport, together with the transition to a more urban economy, has had effect. Earlier tendencies to urban sprawl seem to have come to a halt. Local and regional planning in all metropolitan centers now has sustainable cities at its center. In Oslo and Gothenburg different forms of congestion taxes has been introduced. Public transport will be fossil-free in the regions in the coming years and self-driving cars will be tested large scale in Gothenburg starting 2017. With increased connectivity Western Scandinavia have conditions and a will to be leading the way to more sustainable cities.

Environmental sustainability

Cities and regions in Western Scandinavia have ambitious visions and strategies to become fossil-independent in the coming decades. The emissions of greenhouse gases have been cut by between 10 and 20 percent in the different parts of the region in the last decade. This decoupling has taken place despite a fast growth in population and economy, and despite the fact that all of the Swedish refinery capacity is located in parts of West Sweden. Several cross border projects are running in this area but there is room for more strategic co-operation. The megaregion is also characterized by low negative effects on health due to environmental problems. Last but not least there is a common interest in the coast area and the

ecosystems of the sea. Enough land and sea needs to be preserved to safeguard biological diversity and the question of eutrophication should be high on the agenda.

Accessibility and Transport

The flaw in rail infrastructure has been the main reason behind the creation of cross-border organizations like the Scandinavian Arena, the Gothenburg/Oslo co-operation and the Greater Copenhagen and Skåne Committee during the last 20 years. Based on a vision of the benefit for all parts of society with better connectivity, the strategy has been to push for the needed rail investments. The result so far is meager.

The development during the last decade means that the need for investments has increased dramatically. The transport of goods between the south and the north part of the megaregion has increased substantially. The exchange inside the region has increased in economic terms and between people. The development is not sustainable in environmental, economic or social terms. Western Scandinavia undoubtedly and according to independent assessors has one of the largest potential for economic and sustainable development in Europe. Due to the neglected infrastructural development this potential is not taken advantage of for citizens or industry in Norway, Sweden and Denmark, or for the inhabitants and companies in the respective regions.

The main missing link is the one between Oslo and Gothenburg. The relation Oslo-Gothenburg is probably the one with the largest difference in travel time by train and car between two metropolitan city regions, where a rail connection exists, in Europe. On the West Coast Line from Malmö to Gothenburg single track passages needs to be made in to double tracks. Rail investment is a key to better connectivity in all areas in Western Scandinavia. It will not only bring better accessibility but also a more efficient use of other resources like airports, etc.

Culture and Experiences

Western Scandinavia is an attractive region with an active cultural life, high participation in society and with a common focus on life quality, experiences and events. The tourism industry is growing fast in the region in absolute figures, in jobs and in relation to the respective development in Norway, Sweden and Denmark. Culture and events can and should be seen as a gateway to closer co-operation and better connectivity between the regions and cities inside Western Scandinavia.