

INFORMATION

REGIONAL POLICY

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REGIONAL STRUCTURE AND POLICY OF DENMARK

25/72

I - THE REGIONAL ECONOMIC STRUCTURE

Denmark covers an area of 43,000 sq. km and falls into three regional groups. One of these, Jutland, is part of continental Europe; and the two others are island territory, Seeland and Fionia. Mention should also be made of the Faroe archipelago (1,300 sq.km) midway between Scotland and Iceland; and Greenland (2.5 million sq.km).

Between the three national regions there is an important imbalance in the distribution of the population. The Seeland group, covering only 22 % of the territory, has 46 % of the population of the Kingdom; and inside it are three small counties, with 1.75 million inhabitants in an area of 2,700 sq.km. This is because it includes the capital city of Copenhagen, which has 1.5 million inhabitants. The average population density in Seeland is 242 inhabitants per sq.km.

The Fionia region has a population of 124 to the sq.km, which is slightly above the national average of 114. Jutland, however, though it covers 30,000 sq.km, has a population of only 2.2 million, or 71 per sq.km.

Inside these regions the tendency is for the population density to be lower as the distance from Copenhagen is greater.

Inside Denmark the main tendency of inter-regional migration is towards Copenhagen. In 1950-70, the net migration balance towards Copenhagen was around 7,000 per annum, representing an annual increase of 0.5 %.

Almost all the Danish counties are losing population by emigration, particularly those in north-western Jutland. The only exception is Aarhus on the eastern coast of Jutland, which has a net inward balance.

Though Denmark's agriculture is reputedly one of the most productive in Europe, the country is dominated by industry and the service trades. During the last decade the trend has been for agriculture to decline (from 18 % to 11 %) while there has been a corresponding growth in the service trades (from 44 % to 51 %).

Agriculture still plays an important part in Jutland (17 %), especially in the north-western counties, where the percentage varies between 20 and 30. On the other hand, the Seeland region, which contains Copenhagen, provides 49 % of the industrial jobs and 55 % of those in the service trades.

During the past ten years unemployment has been around an annual average of 3 %. On a regional basis it has been lowest in the north-east of Seeland (1.5 %). The highest figures were in the north-western part of Jutland (between 9 and 12 %).

Figures for the income per head in 1970 reflect the discrepancies between the degrees of development inside Denmark.

- only one district shows a figure above the national average. This is north-eastern Seeland, which is equivalent to Greater Copenhagen ;
- the second highest county is Aarhus which, incidentally, contains the second largest city in the country ;
- apart from the little Baltic island of Bornholm, the least developed counties lie on the western coast of Jutland, especially Viborg ;
- the discrepancy between the most and the least developed counties is around 58 % (north-east Seeland 129 % of the national average; Viborg 79 %)

II. Development of regional problems and policy 1958-69

Denmark has three classes of regional problem :

- a) the rural regions, especially in north-west Jutland. There were 206,000 independent farms in 1951; the number had fallen to 146,000 in 1969 and is expected to fall further to only 40,000 in 1980, when the agricultural population is estimated to be only 60,000. The emigration from these regions is on quite a considerable scale; the unemployment rate is three times the national average and the income per head is 30 % below the national average.

- b) the fishery regions. The product of these regions is equal to that of France and Germany put together. The main fishing centres are on the west coast of Jutland and, more especially, in the Faroe islands and Greenland. In the Faroes, fishing contributes a third of the regional internal product and 95 % of the exports in the form either of fish or fishery products. The position in Greenland is similar; and the other local activities are unlikely to respond to development.
- c) urban concentration in Copenhagen. The capital city contains 35 % of Denmark's population. This is the highest concentration percentage in all the countries of the enlarged European Community. In none of the other countries is the capital so strongly predominant in the more advanced and remunerative types of economic activity.

Denmark's first regional development law dates from 1953. Its provisions were limited to offering a government guarantee for loans to firms in certain regions. In 1962, new provisions were introduced, enabling local authorities to finance the construction of industrial buildings. It was not till 1967 that criteria were laid down to identify the State-assisted regions. These arrangements have not yet made it possible to deal with the basic problems of urban concentration at Copenhagen (which had 34.9 % of the population in 1960, 35.2 % in 1965 and 35.5 % in 1970), or with the comparative under-development of some of the other counties.

The regional policy now in force is governed by the regional development law of 1969. It provides that: "the Minister for Commerce, on the advice of the Regional Development Council, shall determine the regions of the country to which the systems of aid provided by the law, shall be applicable". The selectivity principle has been applied in practice. Only the special development regions are eligible for subsidies, representing 25 % of investment expenditure. Ordinary development regions are entitled to government guarantees in respect of loans raised by other means.

The development regions, taken as a whole, cover an area of 24,000 sq.km, or 56 % of the territory. They have, altogether, 1,432,000 inhabitants (31 % of the national total) and are divided almost equally between ordinary and special development regions.

III. TERRITORIAL DEVELOPMENT AND RESULTS OF THE REGIONAL POLICY.

In a territory which, apart from the continental mainland, is split into nearly 500 different islands, extreme importance attaches to problems of communication.

Two projects on a very big scale are being worked out to provide certain permanent connections :

- the link across the Sound between Seeland and the southern part of Sweden ;
- the link between the Fionia islands and Seeland across the Great Belt Strait.

The execution of these schemes would do away with any solution of "maritime" continuity in Denmark. It would also improve the comparative position of those parts of the country which are most developed.

There is also a question of laying out anew international airport on the little island of Saltholm, which lies to the south of Copenhagen. This airport could serve the whole of Scandinavia. It is proposed it should be built in the period 1978-85; and this too, would assuredly strengthen the position of the capital city.

No territorial development measures have yet been taken to curb the urban concentration in Copenhagen. A number of steps have, however, been taken towards administrative decentralisation.

The annual report of the Regional Development Council gives many figures on the amount of government aid given by way of guarantees, loans and subsidies. In the 1958-71 period, government guarantees were given in respect of 379 projects, amounting to a total of about 55 million EEC units of account (UC -- equivalent to the pre-Nixon dollar). In 1963-71 the number of loans granted was 115, amounting to UC 15 million. Subsidies were not granted before 1969, and amounted in 1971 to UC 4.1 million. It is estimated that public authorities have contributed in this way to the creation of about 11,000 new jobs.