



2021-06-03

European Commission

European Parliament

## Europaforum Northern Sweden's views on Green industrial transition in European regions

*Europaforum northern Sweden (EFNS) is a network for politicians at the local and regional levels from Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland. EFNS is a meeting place and a knowledge arena for discussion and analysis of the impacts of EU policy on northern Sweden. EFNS monitors European issues to influence EU legislation, the EU's strategies and action programmes and the EU's budget. The objective of EFNS is to safeguard the interests of northern Sweden both in the European arena and in relation to the national level in matters with a clear European perspective.*

With this position, the EFNS welcomes the high ambitions set by the EU through the European Green Deal. The EFNS also welcomes the EU Industry Strategy and the trust that is placed upon the European companies to lead the green industrial transition, while at the same time increase European competitiveness. In light of these objectives, the regions of north Sweden see great investments that, while utilizing the European green transition, also test the regions capacities to host big industrial projects while building strong and attractive societies. Therefore, EFNS want to suggest that EU measures for green industrial transition also:

- Reinforce the long-term capacity building in the European regions to equip the regions for hosting big industrial projects of European interest
- Explore the coherence between EU's measures for industrial development and the measures with a place-based support such as the ERDF
- Measures for industrial transition should be planned in coherence with the regional innovation ecosystem and Smart Specialization Strategies

### The European green industrial transition in the regions of northern Sweden

The European Union has declared a strong commitment to limit the climate impact through a green transition. [The European Green Deal](#) sets the overall growth strategy that is concretized in for example the [EU Industry strategy](#), [EU SME strategy](#), [Circular economy action plan](#) and the [Action Plan on Critical Raw Materials](#). These strategic documents state the ambitions to limit EU's greenhouse gas emissions by at least 55% by 2030 and introduces instruments to support the transition. The ambitions also declare a great trust in European industry and its research and innovation actors to take lead in this transition and to maintain growth and job opportunities throughout the green transition.

The regions of northern Sweden have been targeted for big industrial investments in light of the increased global demand for sustainable processes and products in the global value chains. The supply of green energy, in combination with a strong innovation system, has attracted ambitious companies to locate their production and development in the north of Sweden. In the upcoming decades, 100 billion euros will be invested in a broad range of industrial branches located in the north of Sweden, for example:

- Hybrit, the joint venture of Vattenfall, LKAB, and SSAB that develops and implements novel technologies for steel production by applying hydrogen technology



and thereby limiting the total Swedish CO<sub>2</sub> emissions by 10 percent. The technology will have an even bigger impact when deployed in the global steel production that corresponds to 7 percent of the global CO<sub>2</sub> emissions.

- H2 Green Steel will apply a similar technology for their investment in new steel mill that increases the production capacity of CO<sub>2</sub>-free steel to the European market.
- Northvolt AB is building a gigafactory for battery cells that will support the transition of the European automotive industry to electromobility
- Re:newcell has mobilized 150 million euros to invest in a textile recycling plant that applies their new technology in fiber-to-fiber recycling, creating circular value chains and sustainable alternatives for the fashion industry
- Woolpower, a frontrunner in sustainable production techniques that allows residues to be reintroduced in the production line to reduce waste, invests in a new factory that will create 80 new jobs.
- Liquid Wind plans an investment of 150 million euro in the production of eMethanol based on wind power and captured CO<sub>2</sub>.

These green investments create opportunities for both people and companies in northern Sweden, but it also challenges the regional economies to supply labour, energy, and infrastructure capacity. The regions and their actors have been working proactively to make these investments possible by targeting the capacities in the energy grids, by assigning land, supporting the research and innovation system, and building strong societies that can attract and develop skilled labour. In addition to the national and regional resources, European support through the ERDF, ESF+ and Horizon 2020 has been vital in building the regional capacity. The foreseen investments reaffirm the need to strengthen the regional ecosystem in order to adapt to the demands of the new advanced industries in regions such as northern Sweden. The region has unique values in clean energy, forestry, and sustainable extraction of critical minerals, in combination with leading know-how within engineering and sustainable solutions. However, they also carry permanent disadvantages such as small labour markets, long distances to markets and a sparse population. European efforts for industrialisation will have a great impact on the possibilities to strengthen the European competitiveness, its green transition, and the ability of northern Sweden to support this development.

### **Capacity building**

The EFNS recommends that the EU industry policy takes a stronger perspective on the long term and proactive capacity building in European regions to increase the ability to host future industrial projects. At the same time as the investments means new jobs and growth in the regional economies, they also bring the risk of a one-sided development leading to stronger dependency on a single industry. The regions therefor work to diversify the regional economy for long-term resilience. A successful industrial climate requires strong societies with the ability to host big industrial investments – which are built over time, rather than reactively. European value chains must be built together with the regions in which they operate to assure long-term access to skilled labour force, a dynamic research and a strong innovation system, as well as to develop an attractive community that can educate and attract skilled people. This can all be captured with a territorial approach in a multi-level governance system to include the responsible actors in the relevant policy fields, e.g., in elementary and higher education, research and innovation, business climate, access to welfare services, and equal opportunities.



### **Coherence with place-based instruments**

The EU introduces ambitious measures to excel the European industry. Nevertheless, it falls short on the opportunity to promote joint efforts to promote coherence amongst the various EU-tools for industrial transition that are intended to boost the industrial innovation. A fragmentation appears in the EU policy framework between the industry-driven initiatives (such as Industrial Alliances and Important Projects of Common European Interest – IPCEIs) and actions that support place-based industrial innovation, implemented primarily by EU regions, for example Smart Specialisation Partnerships and Interregional innovation investments. Both strands represent substantial investments with the potential of securing the green transition from each perspective, but there is a risk of absent added value with the division between these two strands. The regional efforts have already proven to be vital in building capacity for all of Europe to participate in the green transition and the competitiveness of Europe. Still, the regional efforts are not visible in the strategies guiding today's efforts. The Horizon Europe partnerships and the Industry alliances are both good platforms for facilitating a triple helix dialogue on thematic areas. The regions should be key partners when forming the strategic agendas formulated in these forums, both in the capacity as S3-drivers and promoters, the deployment of the ERDF, and as enablers in the European innovation ecosystem.

### **Measures for industrial transition should be planned in coherence with the regional innovation ecosystem and Smart Specialization Strategies**

The EU Industry strategy should also utilize the potential enclosed in the regional smart specialization strategies. With the program period 2014-2020, Smart specialization strategies were introduced as a measure to focus ERDF spending in line with the EU's overall strategies in consideration to greatly varying regional needs, both between regions and within the regional urban and rural areas. Over time, the concept has developed into a comprehensive planning procedure that gathers the regional actors towards strategic goals in a uniform model across Europe. It has also developed into a platform for interregional collaboration, where regional authorities join forces to support the creation of the European value chains in key technologies for European competitiveness, the green transition and strategic autonomy. But the RIS3 also holds the potential of creating coherence between regions and the EU's efforts for industry, research and innovation – provided that the regions are invited to strategic discussions on EU industrial efforts, such as the Industry Alliances and European Partnerships under Horizon Europe.

### **Adopted by Europaforum Northern Sweden on 3 June 2021**

**Glenn Nordlund (S)**  
Chairman EFNS  
Region Västernorrland

**Jonny Lundin (C)**  
Region Västernorrland

**Erik Lövgren (S)**  
Västernorrland  
Association of Local  
Authorities

**Åsa Ågren Wikström (M)**  
Deputy Chairman EFNS  
Region Västerbotten

**Rickard Carstedt (S)**  
Region Västerbotten

**Ann Åström (S)**  
Region Västerbotten

**Nils-Olof Lindfors (C)**  
Region Norrbotten

**Britta Flinkfeldt (S)**  
Norrbotten Municipalities

**Anders Josefsson (M)**  
Norrbotten Municipalities

**Elise Ryder Wikén (M)**  
Region Jämtland Härjedalen

**Robert Uitto (S)**  
Region Jämtland Härjedalen

**Jonas Andersson (S)**  
Municipalities in Jämtland  
County

**Daniel Danielsson (C)**  
Municipalities in Jämtland  
County