Developing a specialist tourism market to improve trans-boundary competitiveness – SE/FI

1. Policy Objective & Theme

- SUSTAINABLE ECONOMIC GROWTH: Improving competitiveness

2. Key Approaches

- Integration
- Ecosystems based approach

3. Experiences that can be exchanged

The case gives an example of trans-boundary regional co-operation to develop an economic future for the communities. It embraces a large number of economic areas focussing on the development of a specialist tourist product, namely small-medium size cruise ships.

4. Overview of the case

The Bothnian Arc Association involves the cities and towns around the trans-boundary coastline of Finland and Sweden in the Gulf of Bothnia promoting policies that enhance the economic prospects of the communities situated along the respective littorals.

5. Context and Objectives

a) Context

The economic needs of Northern Finland and Sweden were identified many years ago, but it was only in the 1990s that joint action was taken to improve the situation. Launched in 1998, the Bothnian Arc, originally comprised five Finnish regions/sub regions and five Swedish towns/municipalities along the Gulf of Bothnia. The coastal zone was already industrialised in the 19th century and process industries based on natural resources (forestry & minerals), with the iron and steel industries playing an important role, with an annual turnover of €3 billion in the region. In the two last decades, ICT and tele-communication companies - with Nokia as the engine - have formed a strong cluster in the Finnish part of the Arc: the number of jobs in the technology parks in the year 2004 was about 18,000 in over 450 companies. With a population of 600-700,000, the Arc region is the most densely populated area of the northern-most part of the Nordic countries. The climate is harsh with over a hundred and eighty days of snow per annum, while the physical environment is delicate, requiring careful husbandry. It is a highly strategic point between the Baltic and Barents areas which includes both northern Norway and NW Russia.

The recognition that economic viability cannot depend solely on natural resources has led to the development of a specialist tourism product being marketed – small to medium size cruise ships. Ports in the Bothnian Arc are currently not on the map of most cruise lines e.g. there was only one cruise to the Bothnian Arc offered in 2004. This is despite the fact that the Baltic Sea is a growing market accounting for 10 % of the total number of cruise passengers (although a long way behind the Mediterranean and Caribbean). About 239,000 people cruised the Baltic Sea in 2003 with Americans accounting for 44%, Germans 22%, Britons 20%, Swedes/Finns 6% (mostly Swedes, weekend cruises) and others 8%. Although cruise holidays are largely seen as floating holiday resorts in 18,000 to 22,000 tons liners with non-stop entertainment on board for 650-850 passengers, there is also another market. This is for vessels of typically 3,000-10,000 tons, carrying around 100-200 passengers. They aim for a market willing to pay the higher prices for such vessels which are also able to enter smaller
harbours, canals and even bigger rivers. They also meet the demand for sustainable tourism in a better way than the bigger vessels, not only by their construction and fuel consumption but also in their ability to visit remote, fragile environments with fewer tourists.

b) Objectives

The aim of the Bothnian Arc association is to promote Finnish–Swedish co-operation in the northern coast of the Bay of Bothnia. Co-operation with the members of the network is carried out in the fields of business life, culture, tourism, research and education. The objective is to use regional development planning to create a common vision on the future of the region and a strategy for development that can bolster the community and business development of the Bothnian Arc. It wants to bring modern industry and up-to-date techniques to communities in sparsely populated areas, helping to create new employment and stem the flow of outwards migration to the south. This includes proper use of land and water resources and protecting the cultural heritage and natural resources. Another objective is to identify the position of the region within the European Union and to make the Bothnian Arc known to the rest of Europe.

6. Implementation of the ICZM Approach (i.e. management, tools, resources)

a) Management

The Bothnian Arc Association is not a government body and so has no executive power but is primarily a collection of cities and towns that work on behalf of the region as a whole. A board was set up to manage the Arc Association. It is open to all the municipalities and sub-regions in the Bothnian Arc region and, in addition to its municipal representatives, members from industry and commerce, the Universities of Oulu (Finland), Luleå (Sweden) and the University of Lapland have been included.

b) ICZM tools

Initially, the Bothnian Arc was considered an umbrella project with a common vision and whose goals would be achieved through three sub-strategies:

- Vision, strategy and networks
- Communication systems
- Tourism and the environment

It must be emphasised that no matter how desirable economic growth was in its broadest sense, everything had to be achieved within the confines of the region’s delicate natural environment which required protection as much as its unique biodiversity, culture, heritage and languages.

In trying to develop the economy of the extended region and operationalise the sub-strategies, several approaches have been taken. Initially there was a recognised need to improve the area’s infrastructure and, secondly, to identify key industries and sectors where common potential were greatest. Such an approach requires intervention from national and EU authorities to assist in what the municipalities are trying to achieve. The key to much of this lies in achieving a very close relationship between educational establishments, the towns and industry/commerce. Fundamental to the health of the north are the sea routes linking the Gulf of Bothnia to the Baltic and Barents seas and regions as well as to other parts of Europe. The Finnish ports of Kemi and Oulu together with the Swedish ports of Luleå, Pitea and Skellefteå account for 27 million tons of goods handled per annum. However, to date the Nordic countries have played a relatively small role on the European tourist industry. The Bothnian Gulf is open to different types of tourist activities and have targeted sea cruises. The strategy therefore, is focussing mainly on British and German visitors to give them a Nordic experience. The policy has three strands: Bothnian Ice; Bothnian Beach and Bothnian Road. The first includes winter holidays with an emphasis, for example, on skiing, travelling over the frozen sea or visiting the Ice hotel at Kemi. In contrast, there are summer experience holidays such as camping on the beach at Nallikari or visiting the Health Spa at Eden on Oulu’s outskirts. Similarly, there are opportunities to visit the Luleå Archipelago with contains 742 islands and which is the only brackish water archipelago in the world.

7. Cost and resources

Source: EU OURCOAST-Project
No figures are available for the Bothnian Arc Association.

8. Effectiveness (i.e. were the foreseen goals/objectives of the work reached?)

Progress on co-operation to date has been slow although the number of tourists is increasing. However, the countries have yet to devise a co-operative strategy. The Bothnian Arc concept is ambitious and expectations of the Bothnian Arc Association have been, in the short-term very high. Although this may be seen as a failure, judgement perhaps should be postponed for the longer-term, at least another ten to fifteen years. The Bothnian Arc has acted as a strong lobby, giving a voice to the views of the northern European Union.

9. Success and Fail factors

There is an over-riding spirit of co-operation in the Association but the participating countries are still separated by identity, language and legal systems, even if cultural aspects are not radically dissimilar. There are concerns about the negative impact of cruise tourism e.g. environmental disturbance. When large cruise ships arrive at small ports, congestion can arise and have an impact on Nature and on traditions and social behaviour among local residents. Cruising also has the ability to reach even very peripheral destinations and thus harm pristine areas. Another negative impact is the flag of convenience. Many cruise line companies have their base in Bermuda, St Vincent, Mauritius or Malta where the demands on companies are fairly liberal. Above all this means low wages and little social security for the staff but also low taxes on profit for the company. Even if there is a competition situation between destinations, there may be great advantages if the destinations are able to present their attractions in a comprehensive exhibition for passengers at the start of the cruise. Further, there is a feeling that the EU is more sympathetic to the north’s requirements than the national governments of Finland and Sweden which seem reluctant to commit sufficient funds to meet the needs of the northern communities.

10. Unforeseen outcomes

None.

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13. Sources

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