



**FINANCE
DENMARK**

Finance Denmark's comments on the European Commission's Roadmap for a long-term vision for rural areas

Finance Denmark supports the Commission's focus on the need for designing a long-term vision for rural areas and we are positive towards the presented Roadmap.

The financial sector affects all parts of the society and therefore plays an important role in connection to the development of rural areas, and the Danish credit institutions provide loans in all parts of Denmark in order to finance property. We believe, that ensuring healthy development in our rural areas is important for the cohesiveness of both Denmark and the European Union and for the everyday lives and future of many families. Therefore, Finance Denmark strongly supports a healthy development and the goal of creating and maintaining growth and jobs in rural areas.

In this memo we would like to highlight the underlying reasons, as we see them, causing most of the challenges, that many rural areas are facing today. This memo is based on the situation in Denmark, but it is our firm belief, that many of the elements/challenges are not restricted to Denmark but are seen in most countries within the European Union.

The mortgage banks provide loans in all parts of Denmark, but some rural districts are challenged by various fundamental factors. Since World War II, these rural districts have experienced losses of private and public-sector jobs and depopulation. One of several reasons is that public-sector reforms have contributed to shutting down public-sector jobs and centralising hospitals, educational institutions, etc. in the large cities of Denmark. At the same time, Denmark has gone through a technological development that has changed the everyday lives of its citizens.

According to a report by the Danish Building Research Institute (SBI) published in 2014, Denmark has since World War II undergone a period of urbanisation driven by the development in society. Agriculture and manufacturing have been replaced by service and knowledge-based industries that are centred around towns and cities to achieve competitive advantages. Many people have taken advantage of the various offers available in urban areas. The local businesses in

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small communities have felt the consequences of this, seeing customers being attracted to the large shopping centres.

Rural-urban migration has been going on for a long time and not only in Denmark. The same development is seen in many other countries, also in other Nordic countries. At the same time, many reforms have been implemented in the Danish public sector, moving jobs away from rural areas, including a local authority reform, hospital reform, tax reform, police reform and court reform. Barracks, train stations and schools have been shut down. When schools close, families with children move away. If the train or bus no longer stops in the village, commuters and young people who can no longer get to their place of work or study move away. All these things act to shut down the small local communities.

Furthermore, it has been a clear political goal that young people should have an education so that they can take on future jobs. When educational institutions are mainly placed in the large cities, it is another factor that draws young people away from the rural districts.

The challenges of the rural areas originate from a fundamental change of our society over recent decades. If we want more people to settle down in rural areas, there must be more jobs. Job creation need not only happen through relocation of public-sector jobs. We could also improve the conditions for entrepreneurs, SMEs and tourism.

No matter what, some rural areas today have many vacant houses that should be demolished to restore the balance between supply and demand. According to the SBI in 2014, some 60,000 dwellings in Danish rural areas alone should be demolished.

Finance Denmark supports the focus of gathering of a strong evidence base covering both challenges and concrete proposals to meet these challenges.

Finance Denmark is of course available if there are any questions regarding the comments above.

Kind regards



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