Shopping along the border between Norway and Sweden as engine of regional development

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This paper pays attention to the increase of activities along the border between Norway and Sweden. At focus is shopping by Norwegians in Sweden. Driving force is high income in Norway and relatively low prices in Sweden. In addition, the construction of shopping centers and the new bridge crossing Svinesund have increased the accessibility to the border area. The Norwegian purchasing power is also reflected in other sectors such as the demand for holiday houses. The aim of the study is to throw some light on the impact of border-shopping and Norwegian investments for the development of the municipalities located to the county of Västra Götaland in Sweden at the border to Norway.

Introduction

It was early 1970s. The oil price raised four times pushing the search for oil offshore. High prices and new technology transformed Norwegian oil and gas resources in the North Sea to reserves and made Norway one of the leading producers of energy in the world. Most of the production is exported, which creates a trade-surplus for Norway. In relation to population the Norwegian production of energy (incl. water power) and exports of oil and gas is unique. One consequence is high income. Thus, nowadays Norwegians go shopping along the Swedish border driven by their high income and the comparatively low prices in Sweden. This shopping, favoured by the construction of shopping centers and the new bridge crossing Svinesund, has meant growth of wages and employment in border regions (Tillväxtverket 2010).

The Norwegian purchasing power is also reflected in other sectors, e.g. the demand for holiday houses. To buy a house often includes rebuilding and a demand for different kinds of craftsmen. Besides, shopping means employment in stores, in service of camping and bathing activities and
need for investments such as infrastructure for transportation. In this study special attention is paid to the impact of shopping and investments by Norwegians on the development of the municipalities of Strömstad, Tanum and Dals-Ed. These municipalities are located in the county of Västra Götaland in Sweden and border the county of Östfold in Norway. Östfold borders the Norwegian capital area of Oslo, while the Swedish border area is peripheral from both national and regional perspectives. In addition, the region is located in the European periphery at the border of an EU-member (Sweden) and a non EU-member (Norway).

Another observation concerns the location of the border area between two metropolitan areas; Oslo (the largest city of Norway) and Gothenburg (the second largest city of Sweden). The distance between these cities is 300 km. The population in the county of Västra Götaland (incl. Göteborg) is nearly 1,6 million and in the counties of Östfold, Akershus and Oslo nearly 1,4 million. In this territory live 29% of the Norwegian population, while 17% of the Swedish population live in Västra Götaland (Statistics Norway 2009, Statistics Sweden 2010).

The aim of the study is to throw some light on the importance of Norwegian shopping and investments in different activities to promote the development of industries located along the border between Sweden and Norway. The aim is carried out through studies of the Norwegian impact on the Swedish municipalities of Strömstad, Tanum and Dals-Ed. The following issues are raised:
- What impact has Norwegian border-shopping on the development of different industries?
- What impact has Norwegian demand of holiday houses and different activities such as camping on the labour market?
- What types of cross-border cooperation take place?

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**Methods and data**

Differences and changes of income are decisive for the competitiveness of border regions when it comes to shopping. Information of these issues is taken from official statistics. The empirical material is also based on special surveys, e.g. efforts made by politicians in local and regional organisations to facilitate border exchange. The approach was to include insights and knowledge of people familiar with problems and projects based on conditions of a border area. Thus, interviews were conducted with the Chair of the Executive Committee of the Swedish municipalities of the border area; Strömstad, Tanum and Dals-Ed\(^1\).

The interviews were focusing the importance of border-shopping for the development of the municipality such as influence on the labour-market

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\(^1\) Personal interviews with the Chair of the Executive Committee of the municipality of Dals-Ed took place 2010-08-19 and of the municipalities of Strömstad and Tanum 2010-08-20. Each interview was carried through in an hour.
and demand for investment in infrastructure. Furthermore, attention was paid to the importance of Norwegian purchases of holiday houses on the demand of services and different types of craftsmen. Another aspect applied to cooperation between Norwegian and Swedish municipalities and regions. The interviews also included reflections on the location of the municipalities in European, Nordic and Swedish context as well as the future development of the municipalities with regard to the economic dependence on the development of Norway.

Shopping is here seen as a section of tourism and defined as a result of performance of longer trips than necessary. Thus, shopping adds value to the trip and the stay. Shopping-tourism may be divided in at least three groups. One is shopping-tourism based on goods where a big supply, specific goods or possibilities to tax-free purchase are at focus. Another group is shopping-tourism based on destination and where e.g. specific products, famous shopping districts and festivals are attractive factors. A third form of shopping-tourism is based on prices; low prices are important to attract buyers. The primary purpose of a shopping-tourist is to shop even if the person also may perform other activities. A costumer of border-shopping is classified as a person who makes the trip during the day and does not overnight (HUI 2010).

Border-shopping is mainly a form of price-based shopping-tourism. Important driving force for border-shopping is the wish of the buyers to take advantage of differences in taxes, prices and exchange rates. Border-shopping usually takes place at the city/marketplace located close to the border. In Sweden the most important border-shopping is found in some regions at the Swedish borders to other Nordic countries (HUI 2010).

Here attention is paid to the price-based shopping-tourism along the border between the county of Østfold in Norway and the county of Västra Götaland in Sweden. Figures of the development of the shopping are facts presented in reports of the Swedish Trade Federation (Svensk Handel).

**Considerations**

According to the classical theories of location access to places is a decisive factor for the choice of location. Before the commercial agriculture the links with sun, rain and soil were important considerations in earning a living. High transportation costs made the distance to the market a critical factor at using the land for different types of agricultural production and at location of industries (Thünen 1926, Weber 1909). The development of more services in relation to agricultural and industrial activities made the theory of location more complex. Thus, Christaller (1933) introduced political and social factors to explain the location and the hierarchical structure of places. This theory of central places ranks the goods and services from high-order goods to low-order goods. High-order goods demand many customers and tend to be located in large cities, while low-order goods are less dependent on many customers and thereby are
accessible in small places. The system of places is according to Christaller based on a hierarchy of places whose hinterlands are formed in hexagonal patterns to cover the trade-area of each place.

The key factor for location of activities – transportation - made waterways for long the most convenient and comfortable form of transportation. In Europe several of the most important cities emerged along the coasts and the rivers enabling contacts by the sea pushed by invention of new ships. But the communications on land were about the same from the Roman time and until the nineteenth century. The European landscape of cities was to a large extent settled by the Romans (Jönsson et al 2000).

In Scandinavia – located outside the Roman Empire - the waterways were also decisive at the establishment of cities. But the formation of the settlement took place much later and some places were even established along with the construction of railways at the end of 19th century. In general, however, the railways were mainly built to connect big places. This increasing accessibility to big cities was later underlined by the building of highways and telephone networks. During the 19th century and the beginning of the 20th century industrial workers were recruited to large plants facilitated by developments in transportation. A period of decline and decay in many industrial centres has in recent times been replaced by the role as meeting places and arenas. The city offers proximity socially and by the ease with which other cities can be reached (Jönsson et al 2000).

Impact of the fast urbanization during the 1950s and 1960s, enabled by the increasing private ownership of cars and investments in infrastructure for transportation, was the growth of big functional areas. People can live on the same place by commuting to work. This development is underlined by the demand for more knowledge-oriented and more specialized types of work. Extension of the functional borders is a way to deal with these structural changes. Thereby, the improvement of the physical structure is a strategic factor for the creation of a dynamic development (Forsberg et al 2006). New production and consumption patterns have been developed pushed by increasing mobility, that also has enabled living in agreeable environments. One consequence is demand for holiday houses (Müller and Hall 2004). At the border area pull-factors such as living in agreeable environment with clean area and beautiful nature contrast with push-factors like congestion and polluted environments of the big cities of Gothenburg and Oslo.

Attention is here paid to the area located between the two big urban centres of Gothenburg and Oslo. In perspective of the central place theory this location to the hinterlands of Gothenburg and Oslo is a disadvantage. But many customers prefer shopping at the Swedish border area offering goods and services at low prices. In addition, the economic development of Norway and Sweden indicates an expanding gap between Norwegian and Swedish income. As a token of this development the Norwegian investments in Swedish industries tend to increase. An issue of this
observation is in what way the growth of the market-places along the border between Sweden and Norway can be seen as durable?

**Prerequisites of the border area**

The area of the counties of Akershus, Oslo and Østfold in Norway and the county of Västra Götaland in Sweden includes many distinctive features with sea shores, mountains, agriculture, forest and varying settlement structures. Gothenburg, whose size deviates from many small places based on fish, agriculture, handicraft and small industry, plays a leading role for the development of the industries in Västra Götaland, while Østfold, Akershus and Oslo are dominated by Oslo. The big cities of Gothenburg and Oslo are poles with hinterlands that meet at the Swedish-Norwegian border. In this territorial field of tension the border area is located.

The Swedish parts of the *border area* are sparsely populated. At the Norwegian side of the border the number of population varies. Thus, Swedish periphery of the county of Västra Götaland meets centrally located and densely populated areas in the Norwegian county of Østfold. These differences are even more pronounced if the border area includes territories within the distance of 150 km from the border. This extension means that Oslo with surroundings influence the development of the border area. Investments in highways and motorways to, from and within the territory make the border area successively more accessible.

Here the border area consists of the municipalities of Strömstad, Tanum and Dals-Ed in Västra Götaland (Sweden) and the municipality of Halden in Østfold (Norway). The population of Halden is 28 400. The population density is 48 inh./km$^2$; average in Østfold is 68 inh./km$^2$ (Statistics Norway 2009). The industrial sector of Halden comprises a variety of activities such as wood processing, information technology, electronics and chemical industries (Halden 2006-06-21).

The number of inhabitants in the municipality of Strömstad is 11 600, in Tanum 12 300 and in Dals-Ed 4 800. The population density is 25 inh./km$^2$ in Strömstad, 13 in Tanum and 7 in Dals-Ed. Corresponding figure for Västra Götaland is 65. In Strömstad a relative big share of the employment is within trade and communication as well as in personal related and cultural services (Strömstad 2010-08-06)$^2$. In Tanum and Dals-Ed considerable shares of employment are found in manufacturing and activities based on natural prerequisites such as agriculture and fishing. Furthermore, a relative big share of employment in Tanum is related to building and construction and to hotels and restaurants (Tanum 2010-08-06, Dals-Ed 2010-08-06).

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$^2$ The favourable location of Strömstad at the border of Norway and Sweden is reflected in the growth of wages and employment; most of all Swedish municipalities during 1997-2007 (Tillväxtverket 2010).
The ability to cross the border is mainly dependent on road connections. But the topography hinders the construction of roads. In the Western parts of the border area the bridge at Svinesund is the most important connection emphasized by the new bridge built in 2005. East of the Idefjord there is a road connecting Halden with Tanum and Dals-Ed. Trains between Gothenburg and Oslo are passing through Ed and Halden. Another observation is that the border area since many years has cultural links that facilitate the creation of a regional cross-border identity.

The population in the functional area of Akershus, Oslo, Östfold and Strömstad is 1 380 000 within an area of 9 364 km$^2$ (148 inh. per km$^2$). The number of inhabitants in Akershus is 528 000, 575 000 in Oslo and 269 000 in Östfold, altogether 29% of the Norwegian population. The population of Strömstad is close to 12 000 (Statistics Norway 2009, Statistics Sweden 2010). This functional region includes five urban areas with more than 10 000 inhabitants. In the urban area of Oslo there are 857 000 inhabitants, in Fredriksstad/Sarpsborg 100 000, in Moss 40 000, in Halden 23 000 and in the urban area of Askim 13 000. In relation to other parts of Norway the area is densely populated (Statistics Norway 2009).

Furthermore, the competitive situation along the border between the counties of Östfold and Hedmark (Norway) and Värmland (Sweden) is observed. At the places of Töcksfors (Årjäng municipality) and Charlottenberg (Eda municipality) in Värmland big shoppingcenters have been constructed. Like Nordby shoppingcenter (Strömstad municipality) the investments in the shoppingcenters of Töcksfors (Årjäng municipality) and Charlottenberg (Eda municipality) are made by the Norwegian Thon-group$^4$ (Thongruppen 2010-08-04). These centers attract partly the same Norwegian customers as stores located to Strömstad, Tanum and Dals-Ed. This competition may change as a result of investments in infrastructure for transportation$^5$. The border-shopping and the establishment of shoppingcenters have also stimulated other investments such as in hotels and conference establishments (Johansson 2007). The national border is of considerable importance for the regional growth of the border municipalities (Berger et al 2010).

Figure 1 shows the border area, railways for personal transports and important roads. Besides the location of the shoppingcenters of Nordby in Västra Götaland and Töcksfors and Charlottenberg in the county of Värmland are marked.

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$^3$ The surface concerns land area.
$^4$ The Norwegian Thon-group is a common name for activities where Olav Thon direct or indirect has at least 50% of the ownership (Thongruppen 2010-08-04).
$^5$ There are plans to construct a motorway from Oslo to the border area. If these plans are performed the time-distance between Oslo and Töcksfors will decrease from 90 to 60 minutes in 2012 (Arbetsliv 2010-03-01).
Figure 1  The border area, railways for personal transports and important roads.
Characteristic for the municipalities of Strömstad, Tanum and Dals-Ed is their attractiveness for tourism including different activities of hospitality. At ranking of this hospitality Strömstad is ranked as number 1, Tanum as number 3 and Dals-Ed as number 41 of the 290 Swedish municipalities. Decisive for this ranking is 9 variables such as number of guest nights per inhabitant, number of holiday houses per habitant, number of boat nights per inhabitant, the turnover of restaurants and retail trade. Strömstad is a typical summer-municipality even if its high ranked position to a large extent is explained by the extensive retail trade. The high ranking of Tanum is explained by high positions in all categories (Kommunindex 2009).

**Border-shopping**

Shopping-tourism is most obvious at the municipalities of Sweden located at the borders of Norway and Finland even if the tendency of sales also indicates visits by many people to the region of Malmö (Kommunindex 2009). An important factor explaining this shopping is differences in price levels between countries. Table 1 shows the comparative price levels of final consumption by private households including indirect taxes of Denmark, Finland, Norway and Sweden.¹

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 2000</th>
<th>Year 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>130,2</td>
<td>144,6</td>
</tr>
<tr>
<td>Finland</td>
<td>120,8</td>
<td>126,4</td>
</tr>
<tr>
<td>Norway</td>
<td>137,7</td>
<td>137,1</td>
</tr>
<tr>
<td>Sverige</td>
<td>127,6</td>
<td>107,0</td>
</tr>
</tbody>
</table>

Source: Eurostat (2010-08-02).

¹ The same position as Tanum (3) has also the municipality of Åre and the same position as Dals-Ed (41) has also the municipalities of Varberg and Östersund.

² Comparative price level indices (PLIs) are calculated for each country as the ratio of the purchasing power parity (PPP) and the exchange rate (XR) in relation to another country (base country) or to the average of a group of countries (e.g. EU-27) (Eurostat 2010-08-02).
As shown in table 1 the comparative price levels of Denmark, Finland and Sweden were similar in 2000. But in 2009 Sweden had lower, while Denmark and Finland had higher price levels. The Norwegian position is nearly the same in 2009 as it was in 2000. The figures indicate increasing advantages of inhabitants in Denmark, Finland and Norway to buy goods and services in Sweden, even if price levels may be explained by many factors such as different taxes, agricultural policy, regional policy, industrial policy, currency, competitive and topographical conditions. Furthermore, Norway is not a member of EU and has the largest amount of agricultural transfers per farmer of the world (Hitiris 2003). Table 2 shows differences in price levels related to type of goods.

**Table 2** Price differences between Sweden in relation to Denmark, Finland and Norway in 2008 and with regard to type of goods.

<table>
<thead>
<tr>
<th>Category</th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>23 %</td>
<td>6 %</td>
<td>33 %</td>
</tr>
<tr>
<td>Non-alcoholic beverage</td>
<td>55 %</td>
<td>15 %</td>
<td>37 %</td>
</tr>
<tr>
<td>Alcohol</td>
<td>-4 %</td>
<td>28 %</td>
<td>62 %</td>
</tr>
<tr>
<td>Tobacco</td>
<td>-23 %</td>
<td>-27 %</td>
<td>55 %</td>
</tr>
<tr>
<td>Clothes</td>
<td>-8 %</td>
<td>3 %</td>
<td>5 %</td>
</tr>
<tr>
<td>Shoes</td>
<td>0 %</td>
<td>3 %</td>
<td>16 %</td>
</tr>
<tr>
<td>Furniture and home-equipment</td>
<td>5 %</td>
<td>10 %</td>
<td>13 %</td>
</tr>
<tr>
<td>Appliances</td>
<td>13 %</td>
<td>-2 %</td>
<td>3 %</td>
</tr>
<tr>
<td>Radio/TV, data and photo</td>
<td>19 %</td>
<td>15 %</td>
<td>19 %</td>
</tr>
</tbody>
</table>

**Note.** The figures are corrected with regard to the different currencies; the crowns (Denmark, Norway and Sweden) and the Euro (Finland).


The price levels are in general lowest in Sweden. The differences are especially big between Sweden and Norway underlined by 62% higher price of alcohol in Norway. Furthermore, tobacco, non-alcoholic beverages and food are much more expensive in Norway than Sweden. The relation Sweden-Denmark shows primarily advantages for Danish consumers to buy non-alcoholic beverages and food in Sweden, while the advantages of Finnish consumers mainly concern alcohol.

The Norwegians spend most money at border-shopping; at average a Norwegian household spends nearly 3 000 Swedish crowns at each purchase. Corresponding figure for Danish households is a little more than 2 000 and for Finnish households nearly 1 400 Swedish crowns. The Norwegian visitors to Sweden are also most frequent border-shoppers. The choice of transportation varies. Shopping-trips by Norwegians are made by cars (92%) much more than trips made by customers from Finland and Denmark (48% and 38%). Danish trips at border-shopping are also often made by train (38%), while Finnish trips are also often made by bus (38%). The length of the trips are usually short by shoppers from
Finland; 61% of the customers have less than 50 km return journey. This figure for Danish shoppers is 38% and for Norwegian shoppers 15%. Many customers from Norway make long trips; 36% of the trips are more than 200 km. According to available figures of Norwegian purchasing 74% of the customers buy meat, 63% goodies, 58% alcohol and 52% tobacco (HUI 2010).

In 2009 the turnover of the largest shoppingcenters at the Swedish-Norwegian border - Nordby, Töcksfors and Charlottenberg - was 5 050 Swedish crowns of which 3 033 million was related to sales at Nordby, 1 336 to Charlottenberg and 681 million to sales at Töcksfors (olavthon 2010-08-04). Otherwise, Swedish border-shopping take mainly place along the border to Denmark and Finland.

The importance of border-shopping for the development of the municipalities of Dals-Ed, Tanum and Strömstad

The construction of roads and the bridge crossing Svinesund has increased the accessibility to the border area between Västra Götaland and Østfold. At the same time the construction of the new shoppingcenter Nordby has increased the supply of goods and services during a period of economic growth of Norway. Strong Norwegian currency and relatively low prices of goods and services in Sweden have increased the purchasing power of the Norwegian consumers and influenced the development of industries in Strömstad, Tanum and Dals-Ed.

The Norwegian purchasing power comprises demand for many types of goods and services both direct and indirect dependent on shopping. Border-shopping is very important and tends to become more important for the development of the municipalities. The shopping is in accordance with the transformation of the economy from resource-oriented to service-

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8 The figures concern the first quarter of 2010 and are based on a survey performed by the Swedish Trade Federation (HUI 2010).
9 The area of Nordby shoppingcenter is 72 000 m², the number of shops 110 and the number of visitors 6 million (in 2009). Corresponding figures for Charlottenberg is 31 000 m², 50 shops 2.5 million visitors and for Töcksfors 28 000 m², 42 shops and 930 000 visitors (Nordby Shopping Center 2010-08-03, Charlottenbergs Shoppingcenter 2010-08-03, Töcksfors Shoppingcenter 2010-08-03).
10 An observation is the importance of the exchange rate for the intensity of border-activities. For example, many Danes last summer went to Sweden to take advantage of the low value of the Swedish currency, while many Swedes stayed at home. This year the flows have changed and many activities such as Zoo and Tivoli attract Swedes to Denmark (Öresundsbron 2010).
11 This section is based on interviews of the Chair of the Executive Committee of the municipalities of Strömstad, Tanum and Dals-Ed focusing the importance of border-shopping for the development of the municipalities e.g. influence on the labour-market and demand for investment in infrastructure. Another focus is the impact of Norwegian purchases of holiday houses on the demand of services and different types of craftsmen.
oriented activities. The influence is most evident in Strömstad but the
tendency is the same in Tanum and Dals-Ed. There is a pressure to
expand supply of goods and services to Norwegian customers. This is
underlined by the extension of E6 to motorway making Swedish goods
and services more accessible for Norwegian customers. One result is
employment at shopping centers. Another activity concerns service at
camping and bathing places. Norwegians also demand storage and
maintenance of their boats. Boat-owners demand landing stages.
Intensive traffic means demand for investments in infrastructure for
transportation including parking space. Cars and boats are taken into
garage for repairs.

Norwegian *purchases of holiday houses* often includes need for
renovation. Houseowners also demand roads, water and drainage. This
means demand for different types of craftsmen that stimulates the creation
of a multi-faceted labour market. A consequence is small businesses. The
construction of permanent residences enable longer stays that contributes
to demand of goods and services during a longer time than the summer-
season. However, the big seasonal variations in the number of residents in
mainly coast areas with many holiday houses challenge decision making
at investments in infrastructure such as sewage works. This is a specific
problem of the municipalities as compensation for these vital investments
by the tax system is unfair to the municipalities, even if the hospitality
industry and the border-shopping are positive factors of development of
many businesses.

The high prices of holiday houses along the coast is another factor
influencing the decision making at many issues such as investments to
favour permanent residence. On the other hand, high prices at the coast
also have raised the prices of houses located to the inland that in this case
is seen as a favourable factor of development. Thus, in some places
earlier low prices of housing hindered the construction of new houses; this
has changed to profitable construction. Furthermore, the Norwegians also
have become exploiters and Norwegian capital is invested in
shoppingcenters as well as leisure activities. This development from
manufacturing-oriented to service-oriented municipalities of Dals-Ed,
Strömstad and Tanum have been more pronounced during the last years.

**Cross-border cooperation**

The cross-border cooperation is governed by politicians representing
different geographical levels of which the *European level* marks the
phrane for national objectives and measures. Since the end of the 1980s
Europe is characterized by both integration and fragmentation. The
European Union is an example of supranational integration. But the
sovereign states remain the most important territorial units, while self-
confident regions are smaller than most states. At the same time networks
exist that transcend territorial, political, economic and social networks and
display transnational networks (Jönsson et al 2000).
From a regional point of view four types of problems are found in EU: underdeveloped rural areas, decline of existing basic industries, congested areas and frontier areas (Hitiris 2003). In this context the border between Norway and Sweden is a frontier area. But the situation deviates from the general European picture of poor regions of EU-members that meet even poorer regions of non-EU members. In this case a rich EU-member (Sweden) meets an even richer non-EU member (Norway). Nevertheless, there are programs concerning cooperation between Västra Götaland and parts of the counties of Östfold and Akershus.

When Sweden became a member of EU in 1995 national priorities of the regional policy had to be adapted to objectives of EU such as reducing economic and social differences between regions and increase the competitive power. Common and national efforts of the regional policy should complement one another and partly be nationally financed. Thus, it is difficult to perform a national policy that deviates from the European policy. The European cohesion policy involves local and regional authorities, governments and EU-representatives that tend to demand more cooperation to meet future challenges (SOU 2000, 2005).

The regional policy of EU has stimulated cross-border cooperation locally and regionally. With regard to geographical prerequisites the most important issues for development of the border area vary. For example, the good infrastructure for transportation, underlined by the new bridge at Svinesund and the upgrading of E6 to motorway, enables favourable conditions for cross-border activities in the municipalities of Strömstad and Halden. In the case of Dals-Ed the train-connection to Halden is observed. The settlement structures of Strömstad and Dals-Ed are dominated by one place, Strömstad and Ed respectively, while the structure of Tanum is more spread. Knowledge of different conditions is important as a tool at efforts made to support regional development. These efforts also include built-up of data-bases enabling cross-border analysis; in this case statistics of both sides of the border between Norway and Sweden.

A common issue is the importance of visitors for the development of industries and the problems related to the big increase in the number of visitors during the summer. For this type of issues there are “platforms” for formal cross-border cooperation as well as informal daily communication with contacts, meetings and coordination between leading politicians and representatives of the municipalities. The municipalities cooperate in issues like industries, environment, culture and education. This also includes efforts to create common labour markets, e.g. by cooperation of investments in infrastructure for transportation enabling extension of commuter areas. Furthermore, since 1980 a special committee

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12 In European context these type of studies are carried out in Interreg-programmes (see e.g. Interreg IIIA 2010-08-13). An example in Nordic perspective is the decision in autumn 2008 by the ministers of regional issues of Denmark, Norway and Sweden to establish a data base of cross-border statistics. The decision should be seen with regard to earlier agreements of a common Nordic labour market (Statnord 2010-08-13).
(Gränskommittén) has made efforts to get rid of barriers of the Norwegian – Swedish border (Lorentzon 2006, Carling 2010-08-19, Borsson 2010-08-20, Sörkvist 2010-08-20)\textsuperscript{13}

Conclusions and reflections

Global changes of the demand and supply of energy are decisive for the integration of Swedish and Norwegian economies. The Norwegian position is unique by the rich resources of energy. Big demand for energy strengthens the Norwegian economy. At the same time differences in price level between Norway and Sweden tend to increase. One consequence is increasing Norwegian purchasing power leading to demand for goods, houses and services in Sweden.

The area studied includes many distinctive features such as sea coast, agriculture, forest and varying settlement structures. Gothenburg and Oslo are the poles with hinterlands at the border area. In the counties of Västra Götaland, Östfold, Akershus and Oslo live nearly 3 million people; about 1,4 million in the counties of Norway and about 1,6 million people in the county of Sweden. The population of the border area - the municipalities of Halden, Strömstad, Tanum and Dals-Ed – is 57 000. About the same number of people live on each side of the border. But north of the border area the number of people increases dramatically when the surroundings of Oslo are included. This population has by the reconstruction of E6 Swedish houses in agreeable environments as well as goods and services at low prices within easy reach.

Border-shopping is related to the hinterlands of the shoppingcenters; in this case dependenct on the level and the distribution of income in the counties of Akershus, Oslo and Östfold, the supply of goods at the shoppingcenters and the infrastructure for transportation to and from the centers. The range of the individual is restricted by the area possible to reach within a certain time. Studies show that border-shopping usually takes place during a day-trip. More knowledge about the importance of access to shoppingcenters as a factor influencing the development of border regions can be used in the planning of built-up areas.

The demand for houses is also related to issues like levels of income and infrastructure for transportation. Houses located at the coast are attractive both for holiday and permanent living since the Swedish prices are low in comparison to the Norwegian prices and restrictions in Norway to buy holiday houses. The Norwegian demand is a driving force for raising prices especially at the coast. This demand influences the labour market in a

\textsuperscript{13} The cooperation between Östfold-Bohuslän/Dalsland started in 1980 to promote the development of the area and to establish a forum of common issues. Today 22 Swedish and Norwegian municipalities as well as "Östfold fylkeskommune" and "Västra Götalandsregionen" are members of this committee. The population of the territory of the committee is 459 000 (Gränskommittén 2010-08-23).
positive way. The investments in houses mean renovations and thereby demand for different kinds of competences such as building contractors and carpenters.

The municipalities of Strömstad, Tanum and Dals-Ed are very attractive for tourism, especially during the summer season, including different activities of hospitality. These seasonal variations stress the demand for different types of investments enabling high capacity in infrastructure such as transportation, water- and drainage systems. Knowledge of type of demand may be helpful at efforts made to diversify the labour market, e.g. development of adapted educational programs. This kind of efforts contribute to the development of a multi-faceted labour market with a variety of work and small businesses.

In European context the municipalities are located in the periphery at the border of Sweden (EU-member) and Norway (non EU-member). This fact emphasizes the political differences of the countries in many fields. For example, Norway has a very restrictive policy of alcohol and tobacco implemented by high taxes. Furthermore, the agricultural transfers per farmer in Norway is the largest in the world indicating high prices of agricultural products. Thus, there are differences in policies between Norway and EU that may be of importance for the development of the border areas of Sweden and Norway.

In Nordic context the municipalities are located between Oslo (Norway) and Gothenburg (Sweden). The distance between these cities is not more than 300 km. From a Swedish perspective, though, the municipalities are looked upon as peripheral. It is a challenge to change this viewpoint; to emphasize the central location in a Nordic perspective and promote the potential economic power of the border area based on the strong purchasing power of Norwegians. A key factor is investments in infrastructure for transportation enabling easy access to activities located to the municipalities of Strömstad, Tanum and Dals-Ed, exemplified by the extension of E6 to motorway between Gothenburg and Oslo and efforts made to increase the standard of railway connections.

The infrastructure for transportation is also decisive for the ability of the municipalities to attract people from the congested areas of Oslo and Gothenburg. To live in agreeable environments including access to the sea enabled by commuting is a strong competitive factor. The contact to the sea is of special value for Norwegians as it’s hard to get permission for construction as well as ownership of houses in coastal areas in Norway. In addition, the pull factors of many areas of the municipalities are in contrast to push factors such as pollution and traffic jam of the urban areas in Oslo and Gothenburg.

The studies show that cooperation takes place at different levels; supranational, national and regional/local levels. On the supranational level EU is pushing the issue of opening the borders between nations and regions. The conditions of support, based on cofinancing, are governing
instruments fulfilling these ambitions. Within the programs of EU many projects between Sweden and Norway are performed. In EU-perspective, national peripheral border areas get a more central position. In this case big differences in purchasing power and prices of goods and services contribute to a dynamic development in the area of borders; both nationally and between an EU-member (Sweden) and a non EU-member (Norway). The tendency is the creation of a functional area in the hinterlands of Oslo and Gothenburg.

Many initiatives have been taken to increase the cooperation between the municipalities and between regions at both sides of the border. These initiatives usually concern issues related to the hospitality industry. The cross-border cooperation is of both formal and informal character. The municipalities cooperate in e.g. industry, environment, culture and education. The purpose is to develop the border area to an attractive region of working and living. The border areas between Norway and Sweden have since long had cultural links that facilitate the creation of a regional border-crossing identity. A driving force towards more integration is the possibility to create a Norwegian-Swedish labour market.

The Norwegian exports of oil and gas have generated capital that has been accumulated in the Government Petroleum Fund. This is an important instrument in Norway's economic policy designed to ensure that petroleum revenues are used not only by the current generation but also by future generations (Norwegian Petroleum Fund 2010-04-30). Thus, the strong Norwegian economy indicates that border-shopping and the demand for houses will continue and stimulate the development of industries in the Swedish parts of the border-area. Furthermore, the tendency is increasing population in the Norwegian hinterlands of the border indicating more demand for goods and services. Besides, the strong Norwegian economy may contribute to lessen the impact of international fluctuations such as the present financial crisis.

But the risk of an alternative development should also be observed. Decreasing energy prices with less income of oil and gas exports may influence the exchange rates and thereby the Norwegian purchasing power in a negative way. The recent changing flows of visitors crossing the border between Sweden and Denmark emphasize the importance of the exchange rates for border-activities. There is also a risk that expansion of shoppingcenters will lead to a big supply of goods in relation to the demand. A result may be less interest in investments in shoppingcenters in Sweden. Changes of economic conditions motivate continuous observation of the environment; in this case especially concerning global changes of demand and supply of energy.
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