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The Territorial State and Perspectives of the European Union

**Towards a Stronger European Territorial Cohesion
in the Light of the Lisbon and Gothenburg Ambitions**

**Based on the Scoping Document discussed by Ministers
at their Informal Ministerial Meeting
in Luxembourg in May 2005**

A Background Document for the Territorial Agenda of the European Union

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“(...) to work cooperatively at the local, regional, national, and continental levels, to make sure that future spatial planning across the European landmass is compatible with Europe’s dream of inclusivity, diversity, sustainability, quality of life, universal human rights, the rights of nature, and peace among people.”

(Jeremy Rifkin, The European Dream, New York 2004)

Part A – Defining the Scope

1. Territorial Cohesion and the Added Value of Territorial Development Policies

Why take a Territorial Approach to Development?

(1) *“A region’s territorial capital is distinct from other areas and is determined by many factors (which) ... may include ... geographical location, size, factor of production endowment, climate, traditions, natural resources, quality of life or the agglomeration economies provided by its cities ... Other factors may be “untraced interdependencies” such as understandings, customs and informal rules that enable economic actors to work together under conditions of uncertainty, or the solidarity, mutual assistance and co-opting of ideas that often develop in small and medium-size enterprises working in the same sector (social capital). Lastly there is an intangible factor, “something in the air”, called the “environment” and which is the outcome of a combination of institutions, rules, practices, producers, researchers and policy-makers, that make a certain creativity and innovation possible. This “territorial capital” generates a higher return for certain kinds of investments than for others, since they are better suited to the area and use its assets and potential more effectively ... (Territorial Economy, OECD Territorial Outlook 2001).*

(2) In addition, common regional dimensions in European macro-regions – as there are the Northern, the Central European, the Eastern European, the Mediterranean, and the Atlantic one – influence the territorial capital of a region. Many of the components of territorial capital and human resources (economic and non-economic, social, environmental, and cultural), including their integration and connectivity (both crossborder and transnational) to other areas, can lead to productivity gains and generate growth. Public policies aimed at promoting territorial development and limiting disparities – in contrast to imposed uniformity or loss of diversity – should first and foremost help areas to develop their territorial capital, to maximize their competitive advantage while maintaining a high quality of life, and thus to become attractive for investments of the private sector. The promotion of regional innovation strategies and the exploitation of regional territorial capital is therefore an important prerequisite for improving the global competitiveness of the whole EU territory. The same goes for European territorial cooperation, especially when focused on cooperation between structurally weaker regions and stronger ones. Governance plays a key role in this respect as the promotion of sustainable growth means ensuring that national territorial policy is compatible with the development policies in the regions and cities, and at the EU level.

(3) The logic of territorial development policies is that economic growth is based in part on the organisation of space which is shaped by a range of policies at all levels of government as well as by social trends, technological development and market forces. Some of these mainstream economic and sectoral policies have unintended spatial impacts which can compromise territorial development. Policies with a territorial focus not only counteract these effects but more importantly add value by integrating the economic, social and environmental dimensions of cross-sectoral policies. An important element in territorial development policies is the cooperation of various sectors of activity, levels of authorities and stakeholders, such as partnerships with the private sector and civil society that play an important part in growth and development processes. Therefore, territorial development policies are an important instrument for strengthening regional territorial capital.

1.1 The Territorial Dimension of the Lisbon Strategy

(4) The understanding of the notion of "territorial" differs widely all over Europe. But nevertheless there is a widespread consensus about possible elements of "territorial", including

- places and geographical context matter;
- policies should be differentiated according to the territorial context;
- thematic integration of different sectoral policies with impact on certain places (whatever the level) would be desirable – but is obviously difficult to achieve;
- and that the involvement of actors from subnational levels (regions, municipalities) is crucial for the success of strategies and for translation into the "regional language of people".

(5) The Lisbon Strategy is the key political ambition of the Union to become "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion". The Gothenburg Council of 2001 added sustainable development as another key dimension to the strategy. At the spring Council in Luxembourg the Lisbon Strategy was relaunched. The sustainable development strategy of Gothenburg was further developed in the second half of 2005. At the EU Stakeholders Conference in Amsterdam in 2006 the three dimensions of cohesion, addressing the Lisbon Strategy, were stressed: economic, social and territorial.

(6) Although not explicitly mentioned in the strategy, both the Lisbon and Gothenburg ambitions have a strong territorial dimension. The territorial dimension and the concept of territorial cohesion are essential for the implementation of the strategy as the most important and dynamic forces in terms of economic development are – despite a certain translocality – increasingly both localised and territorially specific. As stated elsewhere: *"The concept of territorial cohesion extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it (adapting to the particular needs and characteristics of specific geographical challenges and opportunities). In policy terms, the objective is to help achieve a more balanced development by reducing existing disparities, avoiding territorial imbalance and by making both sectoral policies which have a spatial impact and regional policy more coherent. (Under Cohesion Policy, geography matters. This means that a different meaning should be given to territorial cohesion, linked to each Member State's history, culture or institutional situation.) The concern is also to improve territorial integration and encourage cooperation between regions."* (Third Report on Economic and Social Cohesion 2003 / Communication from the Commission on Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013).

(7) One of the key challenges in this respect is the accelerated relocation of economic activities. Factors underlying this trend include lower production costs and the rapid development of advanced technologies and significant markets in emerging economies. Global competition is not limited to enterprises – regions and cities compete with each other but also cooperate to attract economic activities. Increasingly, the competitors are territories in other countries. In this respect, regions and cities specialise in certain kinds of production because of specific territorial advantages. The most competitive are those that are able to respond most effectively to globalisation. Less competitive regions may suffer as a result of globalisation, leading to greater EU regional disparities.

(8) To put it briefly, the territorial dimension of the Lisbon and Gothenburg ambitions amounts to strengthening the territorial capital of Europe's cities and regions. In policy terms a classification can be made:

- exploiting the endogenous potential of an area: including natural and cultural values;
- promoting an area's integration and connectivity to other areas that are important for its development;
- territorial governance: promoting horizontal and vertical policy coherence.

Bottom-up initiatives and activities likely to strengthen synergy and coherence among the various sectors, such as territorial development strategies and policies are therefore important conditions for success in the second phase of the Lisbon and Gothenburg strategies.

1.2 Territorial Cohesion in the Light of the Lisbon and the Gothenburg Strategy

(9) The first formal attempt at defining territorial cohesion came from the Commission in its Third Report on Economic and Social Cohesion. Building on this definition the Rotterdam Informal Ministerial in 2004 succeeded in taking a next step in sharpening the policy scope of the concept. In this document a further step in scoping territorial cohesion will be taken.

(10) The concept of territorial cohesion builds on the European Spatial Development Perspective (ESDP, agreed upon at the Informal Ministerial, Potsdam, 10/11 May 1999) and the Guiding Principles for Sustainable Spatial Development of the European Continent (CEMAT Guiding Principles, agreed upon at the 12th Session of the European Conference of Ministers Responsible for regional Planning, Hanover, 7/8 September 2000). It adds to the concept of economic and social cohesion by translating the fundamental EU goal of a balanced and sustainable development into a territorial setting. Considered in the light of the Lisbon aims the key challenge for strengthening territorial cohesion is enhancing the territorial capital and potential of all EU regions and promoting territorial integration, e.g. by promoting trans-European synergies and clusters of competitive and innovative activities. These will have to be addressed in a sustainable way, via the promotion of eco-efficient investments and the conservation and development of natural and environmental assets. In practical terms the concept of territorial cohesion would mean the following:

- focusing regional and national territorial development policies on better exploiting regional potential and territorial capital – Europe's territorial and cultural diversity
- better positioning of regions in Europe, both by strengthening their profile and by trans-European cooperation aimed at facilitating their connectivity and territorial integration
- promoting the coherence of EU policies with a territorial impact, both horizontally and vertically, so that they support sustainable development at national and regional level

(11) So, if territorial cohesion is the policy objective, territorial development policies are the policy tools. In this light, the challenge of territorial cohesion covers more than EU Cohesion Policy in the narrow sense. It adds an integrated and long-term approach to the process of exploiting territorial potential in the EU that has to be addressed at, and across, different policy levels (regional, national, crossborder, transnational and EU) and across sectors (agriculture, transport, environment, regional-economic development, competition, etc).

(12) The challenge of balanced and sustainable development as embodied in the ESDP (cf. ESDP 1999: linking the three fundamental EU goals of economic and social cohesion, conservation of natural resources and cultural heritage and more balanced competitiveness of the EU territory in a territorial setting), considered in the light of the Lisbon aims, will offer the key political benchmark for assessing whether the development of the EU territory since the adoption of the ESDP is moving in the right direction. In this sense, trends and policies are judged as contributing to strengthened territorial cohesion if they assist the better exploitation of inherent regional potential – comparative territorial advantages. Possible key territorial indicators are currently being discussed at expert level.

(13) By considering the ESDP principles (cf. ESDP 1999: development of a balanced and polycentric urban system and a new urban-rural partnership; securing parity of access to infrastructure and knowledge; sustainable development, prudent management and protection of nature and cultural heritage) in the context of the Lisbon aims, the following three strategic policy objectives for strengthening territorial cohesion can be identified:

- improving the strength and diversity / identity of urban centres / networks as motors for territorial development in Europe;
- improving accessibility and territorial integration in the EU;
- preserving and developing the quality and safety of Europe's natural and cultural values and developing sustainable urban-rural linkages.

A special challenge is the strengthening of the territorial capital of areas with weak economic structures or physical or geographical disadvantages from an EU perspective, having regard to their interrelation to potentially strong areas in the Union. In general when aiming at a more strategic approach, often the strategic process is more important than the strategy documents – but the latter are necessary by-products for communication.

1.3 EU and Sustainable Urban Development Policy

(14) The policy field of cities has meanwhile become an integral part of European politics. The European Commission has consolidated its position on European urban development with its communication "Sustainable Urban Development in the EU: An Action Programme" (October 1998). Four targets are aimed at:

- strengthening economic well-being and employment in cities;
- supporting equality, social integration and renewal in urban areas;
- protecting and enhancing the urban environment with regard to local and global sustainability;
- contributing to a wise urban management and fostering local self-government.

The European Commission underlines the correlation between urban development and growth as well as employment in its communication "Cohesion Policy and the Cities: The Contribution of Cities to Growth and Employment in Regions" (13 July 2006).

(15) The importance of issues related to urban policies has been acknowledged by a number of subsequent EU Presidencies, in particular at the Informal Ministerial in Rotterdam and on the occasion of the one of EU Urban Development Ministers in Bristol in 2005 by agreeing upon the Bristol Accord. The Bristol Accord identifies Europe-wide principles and characteristics of a sustainable community. Its relevance is that it provides both a framework and practical approach to deliver sustainable development, economic prosperity as well as social justice in an era of rapid global economic change.

1.4 Governance Philosophy

(16) Territorial governance is the manner in which territories of a national state are administered and policies implemented, with particular reference to the distribution of roles and responsibilities among the different levels of government (supranational, national and sub-national) and the underlying processes of negotiation and consensus building. EU territorial governance is a special and growing challenge in this respect. It focuses on the impact of EU Policies on territorial developments, especially with a view to strengthening EU territorial cohesion. EU Policies have an impact on territorial developments in two ways: direct impacts, by providing information and subsidies (carrots) and measures that restrict development options (sticks) and indirect impacts by stimulating new economic activity (e.g. via the internal market, infrastructure links), introducing new territorial concepts (e.g. sustainable development), creating new administrative relationships (e.g. EU regions, INTERREG), redrawing mental maps (especially in border areas), or providing information, (e.g. publishing rankings of EU Member States) or providing sound territorial data (European Spatial Planning Observation Network – ESPON) can affect policy decisions (cf. Unseen Europe, RPB 2004).

(17) The territorial impact of EU policies should be considered. Any assessment of the effects would depend very much on the perspective of the different actors on the development of an area. EU Policies should be consistent in terms of the Lisbon aims. Moreover, they should be applicable in territorial development policies and fit in with national and regional territorial development objectives. This requires a certain degree of policy coherence between relevant (sectoral and territorial) policies in the EU and in some cases a certain degree of policy freedom to enable regions to exploit their territorial potential effectively.

(18) Strengthening territorial cohesion in the light of the Lisbon aims is not about creating a top-down and separate EU territorial policy but about integrating the territorial dimension into EU and National Policies. On the occasion of the Informal Ministerial in Rotterdam in 2004 EU Spatial Development Ministers agreed to base their ambition for stronger territorial cohesion on four principles (integration, i.e. building on the ESDP, no new procedures or rules but better use of existing possibilities, subsidiarity, facilitating development and thus supporting efficiency in achieving cohesion), amongst them information and dialogue were seen as the most important ones. Although spatial development is more than territorial cohesion, the EU Ministers for Spatial Development and the European Commission could have a key role in raising awareness concerning the territorial dimension of EU Policies and in promoting policy coherence and cooperation in this concern. The EU institutions and other stakeholders should

become more aware of this territorial dimension and should be triggered to act adequately. Instruments like ESPON and Objective 3 can support the European Commission and the EU Ministers for Spatial Development in fulfilling this role, e.g. by delivering the analytical basis for an assessment on the territorial state and perspectives of the Union. Moreover, the EU Spatial Development Ministers have a role in strengthening the (trans-)European dimension of national and regional territorial development strategies and policies and promoting horizontal and vertical policy coherence. The following elements of a territorial governance process could support the implementation of strategies for Cohesion Policy on EU level (Community Strategic Guidelines) – and national / regional levels (National Strategic Reference Frameworks):

- transparency as precondition;
- impact studies and thematic evaluation to investigate "attribution gap" between immediate outcomes and final impact of public interventions;
- presentation of cases by beneficiaries (creating ownership, making strategies visible);
- and ongoing exchange of experience between EU Member States and regions – requiring appropriate formats of meetings and communication tools.

(19) The inclusion of the concept of Territorial Cohesion in the future Constitutional Treaty of the EU would create a formal shared competence of EU and EU Member States to strengthen territorial cohesion in Europe. This would not require a change in governance philosophy. Rather, it would create a stronger mandate and responsibility for both EU Member States and EU to promote a coherent approach to territorial development within EU (and National) Policies. The European Commission would then be required to take account of the territorial dimension of its policy proposals in a more structured way. The same goes for the European Council and the European Parliament in taking decisions. In the same way, the EU Ministers for Spatial Development will have an opportunity to strengthen their informal (but more strongly focused) awareness-raising role and to cooperate more actively.

1.5 Responsibilities

(20) Although the development of the European territory is a common challenge, the principle of subsidiarity provides a logical division of responsibilities in this respect. The future Constitutional Treaty of the EU should not change this division of responsibilities but instead sets a shared competence for territorial cohesion. This will give more impetus to this common challenge and a legal basis; a small but crucial difference from the current situation. In general terms, responsibilities between EU and EU Member States and regions can be shared along the following lines.

(21) The EU Member States and their regions fulfil a key task in exploiting their regional endogenous potential and positioning themselves in the European territory. This would enable them to strengthen their profile and to identify issues for trans-European cooperation and synergies in investments. The EU institutions (including the European Council) have the key task of promoting the coherence of spatially relevant EU Policies (including the development of visions, scenarios, etc) and offering strategic policy frameworks for national and regional policies (convergence, competitiveness, cooperation). A further task for the EU is to facilitate trans-European territorial integration, by stimulating the development or conservation of areas and networks of European importance, the trans-European structuring elements for the EU territory and their connection to secondary networks: trans-European transport, energy and ICT networks, transnational water networks, maritime links, urban networking, cultural resources and the NATURA 2000 areas.

1.6 Instruments

(22) The current shared responsibility of both EU Member States and the EU in strengthening territorial cohesion requires an effective and coherent application of the instruments, which the Union and the EU Member States have at their disposal. The EU instruments for territorial cohesion can be classified as follows:

- Specific territorial instruments. Until 2006 INTERREG III was the only EU Policy Instrument that was specifically territorial – as is now Objective 3. INTERREG III A and B (cross-border and transnational territorial cooperation) and ESPON (European territorial

analyses) in particular have had a specific territorial dimension. Post-2006 EU Cohesion Policy offer stronger and broader instruments for strengthening territorial cohesion (cf. Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013, Brussels, COM[2005]0299, adopted with amendments by the European Parliament on 26 September 2006). All three Cohesion Policy Objectives (cohesion, competitiveness and cooperation) have specific territorial elements and themes.

- EU instruments with a strong territorial dimension but with a primarily regional-economic or sectoral objective. These concern the Community Initiative Programmes URBAN and LEADER and the Mainstream Objectives 1 and 2 of the EU Cohesion Policy (2000-2006), the Trans-European Transport and Energy Networks Guidelines, several EU Environmental Directives (such as the Directives on Birds and Habitats, Water, Strategic Environmental Assessment and Air Quality) and the Rural Development Regulation.
- EU instruments with strong territorial implications but a non-territorial objective: EU policies such as the internal market, R&D, competition and Common Agricultural Policy (CAP – 1st pillar).

(23) National instruments for strengthening EU territorial cohesion naturally vary between EU Member States. However, national and regional territorial development policies and strategies can have a pivotal role in offering an integrated and space-based framework for development, adding value to EU Cohesion Policy and the Lisbon Action Plans.

Part B – Assessing the State

2. Territorial Diversity as a Potential for the European Union in the Light of Lisbon

What is Territorial Diversity about?

(24) The key political challenge for the Union at this moment is to become economically more competitive and dynamic. Urgent action is needed if Europe wants to keep up its model for sustainable development. This requires a stronger focus on growth and employment whilst also taking proper account of social and environmental issues. A harmonious development of the European territory is facing significant challenges that require a coherent approach in order to support the Lisbon strategy effectively in its crucial second phase until 2010 and at the same time ensure territorial balance and cohesion. The capital apparent in different regions and larger territories is diverse and present different opportunities for development, some of which are currently not used in full. The most striking territorial challenges are outlined below, based mainly on the latest applied research, e.g. in the context of ESPON.

2.1 General Outlook

Diversity as Potential and Challenge

(25) Europe is a continent of large territorial diversity. This diversity comprises positive assets which can be capitalised and which can contribute to making Europe the most competitive territory in the world. Diversity can also take the form of disparities which challenge, and in some cases put at risk, European cohesion and integration. European diversity can be discussed at many different geographical levels reaching from general appreciation such as core-periphery, North-South or East-West to more detailed insights such as functionality of urban regions, urban-rural relations or low and high population density, accessibility and hazard risks, and crossborder territories.

Specific Geographic Characteristics Offer Unique Possibilities

(26) Europe has many regions with geographical specificities, such as islands, coastal, mountainous, remote (both peripheral and ultra peripheral as well as overseas) or border areas. Overall, these regions show the same variety of development paths as the rest of Europe, even – though facing physical, economic and demographic limitations – a high diversity with regard to economic success, with some being highly adaptive and others lagging behind. Indeed, most of them have clear positive territorial potential which are not fully

capitalised. Among others mountains and coastal zones have become subject to exploitation as natural resource for urban consumption from lowland regions. Also European coasts are a natural environment which attracts socio-economic development. Thus the European coastal population, but also its related infrastructure, is continuously increasing, sometimes faster than in inland areas. The share of area covered by artificial surfaces is approx 25 % higher on the coast than inland. Because of greater environmental sensibility their exploitation requires special care.

Core-Periphery Orientation of Economic Activities and Population

(27) In general terms the economic as well as the accessibility patterns in Europe are core-periphery centred with the highest peaks in the core of Europe. Indeed approx 46.5 % of the EU 27 GDP is concentrated in an area marked by the cornerstones, with London, Hamburg, Munich, Milan, and Paris as the so called core area. Despite its economic importance this area covers only 14 % of the territory and is home to one third of EU citizens. Most of Europe's metropolitan locations are concentrated in this area. In terms of economic performance and in particular with relation to the Lisbon aims, however, the Northern parts of Europe are at equal footing with the core and even outperforms the core in some indicators. In general terms market forces work towards a concentration of economic activities, be it at European level towards the core of Europe or at national levels towards main national centres.

Cool North and Hot South

(28) The future of northern and southern regions might lie in different fields of activity. Many Northern regions can benefit from their current strengths in relation to ICT and innovation and further capitalise these. The North may manage to keep its image of being "cool" but could face severe challenges in terms of low accessibility, demographic development and possible increases in energy prices. Many southern regions can benefit from their pleasant climate, strategic location at the interface between Europe and North Africa of the Middle East, and a population density which also in times of population decline will allow for the provision of a suitable level of service of general economic interest. Thus the south has the prospect of becoming a "hot" location which can easily attract knowledge workers, service sector businesses, mobile retired people as well as holiday and second homes.

Challenges of the East Catching-Up

(29) The economic disparities between East and West are obvious. At the same time it is obvious that the East is catching up in a number of areas. Among others the increase of car transport expected in the Eastern parts of the EU during the next decades is striking. Also percentage figures of GDP increase are much higher in the East than in the West. Whereas these percentage figures suggest a quick catching up effect expressed in Euros (absolute terms) the disparities are still rising in many areas. Eastern and Western regions compete with each other for locations of industries and the European work benches, while the competition for highly skilled labour is more European and world wide. The measures in this competition are low labour costs and in some cases soft environmental and social regulations as well as the relation to the Euro. At the same time the industry and foreign direct investments are looking for locations outside the EU.

European Urban System a Key Driver in Development

(30) The metropolitan regions, cities and other urban areas of Europe represent a key potential for European and regional competitiveness, and is a key territorial structure and the living place of more than 80 % of the European citizens. In economic terms the European urban system is the localisation of the variety of activities, which are key driving forces for economic development as well as social cohesion and environmental improvement. The role of the individual urban regions, cities and settlements differs. Metropolitan urban regions and capital cities, apart from serving the daily life of the population, are often players in the European and global process. Small and medium-sized cities have important functions as nodes for development of national and regional territories although they can be important players also at the global or European level in certain special sectors. The competition between cities for investments and a highly skilled labour force have increased over the years, putting more emphasis on factors such as environment, culture and integrated urban management in order to offer attractive urban spaces. In addition, there has been increased

cooperation between neighbouring cities, in particular between smaller cities, pooling their resources and potential in an effort to create synergies together. This is the case for crossborder neighbouring cities as well. Currently the European urban system is characterised by a concentration of functions of global and European importance in the core area of Europe, with potential outside the core area.

Variety of Rural-Urban Relations

(31) The relation between rural and urban areas differs widely throughout Europe. In some areas the distinction between rural and urban is becoming increasingly blurred. This regards in particular rural areas close to urban centres where a process of integration of rural and urban spaces is taking place. Thus many rural areas while benefiting from an increased interaction with the urban areas close by and / or from an increasingly diversified economic base, they also face the challenges of losing their rural characteristics and identity, and in some cases heavy population losses. At the same time more remote rural areas with low population density and a difficult economic development will face an increasing dichotomy between rural and urban areas. Over the next decade urban agglomerations will benefit from current economic and demographic trends whereas many remote rural areas face increasing difficulties and needs to better capitalise their territorial potential. This is also illustrated by the fact that the polarisation between capital regions and their wider hinterland is increasing.

Observations for Policy Considerations

- European diversity represents both an underestimated potential and a source of disparities.
- Geographic specificities such as mountains, coasts and islands are usually not fully capitalized and as such are opportunities for socio-economic development.
- Northern and southern Europe have different territorial potential which may shape their way into the future and their approach to meeting the challenges ahead.
- Eastern Europe is only in relative terms catching up and will have severe difficulties in meeting the challenges ahead.
- The rural-urban dichotomy will increase, whereas many urban areas might belong to the winners of the developments ahead rural areas are at risk of losing out.

2.2 Growth and Innovation

2.2.1 Diversity of Economic Competitiveness

Other Continents Are Catching-Up

(32) Although the Gross Domestic Product in Purchasing Power Standards (GDP in PPS) has increased tremendously over the past 50 years in Europe, Europe's share of the world GDP is declining. Many economies outside Europe are growing faster than the European economy. This affects the competitiveness of European companies and the attractiveness of Europe as location. The Lisbon Agenda set out to make Europe the most competitive knowledge-based economy in the world by 2010. The current development of GDP and the potential to contribute to achieving the ambitious aim of the Lisbon Agenda, differ widely across the European territory.

Concentration of GDP

(33) The highest GDP per capita (in PPS) in 2002 was rather concentrated to the core or Europe, stretching down to Northern Italy and Roma, and the North of Europe, with some spots of urban areas around Lisboa, Madrid, Athinai, Budapest, Bratislava and Praha. The lowest levels of GDP per capita are to be found in new EU Member States.

Economic Growth in the New EU Member States and Former Cohesion Countries

(34) Figures on average annual increase of GDP per capita (in PPS) between 1995 and 2002 show that in particular regions in the Eastern parts of the EU and the former Cohesion Countries are catching up, although there is still a long way to go. It seems here that the capital regions of the new EU Member States do well, most of them having growth rates above 10 percent. In addition, in a few countries such as Poland, Lithuania and Slovakia other

regions can be characterised as having a good performance and overall having a balancing effect on the national territories. As for the four Cohesion Countries of Greece, Ireland, Portugal and Spain a large number of regions show high growth rates. These comparable high percentages in growth rates are to be treated with caution as the annual growth in Euro per capita are still comparably low in the East as compared to the West.

Economic Growth in Urban Areas

(35) A number of the major urban agglomerations in Europe are important drivers for the European economy. Some are also located in regions with the highest growth rates. Examples are Cork, Tallinn, Riga, Vilnius, Turku / Åbo and Sevilla, as well as most urban agglomerations in Poland and the Czech Republic. Taken with Budapest, Praha, Bratislava, Lisboa and Valencia - also places in areas of high economic growth - the general picture shows a European territory with significant potential for economic growth in urban areas outside the core of Europe. The size of an urban area is not necessarily the decisive factor for economic growth. This is illustrated by places like Göteborg in Sweden which shows higher growth figures than Stockholm; or München in Germany which has higher figures than the Ruhr Metropolitan Area. Therefore, small and medium-sized cities also play important roles as economic drivers for their regions.

Better Conditions in North and Central Europe

(36) Some regions have greater ability to contribute to future economic growth and the aims of the Lisbon Strategy. Following the official Lisbon indicators, there is a significant regional diversity within Europe in relation to the economic Lisbon indicators, northern and central parts are generally in a better position than southern and eastern parts. A presence of metropolitan areas of European importance and a good European-wide accessibility appears to affect the performance of a region with regard to the official Lisbon indicators.

More Dynamic Development in Peripheral Areas of Europe

(37) In the last ten years, economic development was more dynamic in the peripheral areas of Europe than in continental core areas. The highest growth rates were experienced in Ireland and in the Baltic States, but development in East Central and in Southeast Europe was also substantially more dynamic than in continental Western Europe. Though the initial development level was much lower, these higher growth rates contributed to territorial cohesion and convergence within the European Union. The higher dynamics of the economy meant not only quantitative but also qualitative improvement. Economies were restructured: material-, energy- and transport-intensity of the economies decreased substantially. The share of services in the GDP increased significantly, economies became more open: the volume of exports and imports increased more rapidly than production. Beside these positive features of development, however, there are still some serious structural weaknesses and problems in the economies of peripheral areas, especially in new Member and Candidate Countries.

Foreign Direct Investments in Eastern Europe

(38) In some countries (especially in Hungary and Slovakia) the carrier of growth is almost exclusively foreign direct investment. Increasing Foreign Direct Investment (FDI) is very beneficial for the countries, especially in cases where it gives an impetus to local suppliers and utilises local human, natural and service resources. This "pull" effect of FDI is still less experienced in the respective countries and regions.

Concentration of Growth Only to a Few Regions in the East

(39) In most countries FDI and growth is restricted to a few regions, mostly to capital regions, Western border regions and major ports. Development is slowly spreading to other regions but this process is slow and unequal. Regional disparities have increased in almost all new member and candidate countries in the last decade. In many countries, the most dynamic sectors, the carriers of growth are trade, commerce, real estate and financial services. On the one hand, it is necessary, because these sectors were underdeveloped in the former centrally planned economies, on the other hand, large disproportion between these sectors and industry and agriculture might jeopardise competitiveness and equilibrium.

Transformation of Big State Enterprises in the East and Emerging SMEs

(40) Centrally planned economies were characterised by the dominance of big state enterprises while small and medium enterprises hardly existed. The emergence of Small and Medium-Sized Enterprises (SMEs) is therefore a new phenomenon, they had not the opportunity to accumulate capital and consolidate market position. In most cases they are too small, most of them have no employees at all. There is a gap between large enterprises (owned mostly by the state or foreign investors) and very small “micro” enterprises, owned by local people, while small and medium size firms are missing. It means also that there is a gap between highly mechanised, high-tech plants of multinational enterprises and local “micro” service firms without employees. Medium size firms, based on local skills, endowments and traditions could be competitive on the international markets and fill the gap of employment in the economy.

Economic Growth and Decreasing Activity Rates

(41) Employment did not increase parallel with the dynamic growth of GDP and unemployment is rather high in most countries and many regions of the periphery. Equally serious is the problem of low activity level. Activity rates decreased dramatically in some countries in the last one and half decade: many people retired early, many women left the labour market, others gave up the hope to find a job and therefore do not register as job-seekers any more. It is a serious problem, because without raising the activity level it is impossible to catch up with the more advanced countries.

Economic and Trade Relations Not Balanced in Eastern Member Countries

(42) Finally, the economic and trade relations of formerly centrally planned economies are not balanced. Their foreign trade is concentrated to one or a few large developed country (Germany, Italy) and trade relations among them are – with exceptions, i.e. Slovakia – on a low level. Enforced COMECON trade relations have collapsed after the change in the political and economic system and they did not recover for a long period. In the last two years (since the EU Accession) these trade relations have gained momentum but there are still in some cases unused opportunities.

Different Recipes for Success

(43) The reasons for a prosperous development of a region can be manifold. Whereas the initiative of the Lisbon Strategy might be right for a large number of regions, other regions show that they can be economically successful by focusing on other topics which are much more closely linked to their comparative advantages and territorial potential. For instance Athinai, Roma and Barcelona illustrate that cultural and administrative functions as well as conventional industries can still be a viable economic base for regional development. Whereas these examples are major cities it becomes even more evident when looking at small cities or rural areas.

Building Clusters - Two Territorial Dimensions

(44) One type of building clusters is taking place within functional urban areas and regions, and the other type is taking place between them. Links between urban areas and regions have been built primarily within national context since early 1990s. Now gradually the building of clusters is also taking place internationally. Transnational links are built with crossborder neighbouring regions and cities and development zones, but more and more also within meso regions, within Europe and globally. Hot spots of competitiveness and innovation are also outside Europe. Europe can not turn inwards but it must build active links especially to North America, Russia and the other states of the former Soviet Union, Asia, the Middle East and Africa.

Major Urban Areas Are Main Hotspots

(45) Major urban areas are crucial in terms of competence and development especially in terms of creating new innovation. But there is no size-determination in building clusters: small and medium sized cities and rural areas are very important especially in applying knowledge but also in creating new innovations. Smaller regions are often more efficient and regenerative. By networks the mass of regions and cities is increased, generating economies of scale and scope as well as creating synergies. Creative, attractive and interesting areas are hotspots. Brains go where they are stimulated and enjoy their life. Business goes where brains go.

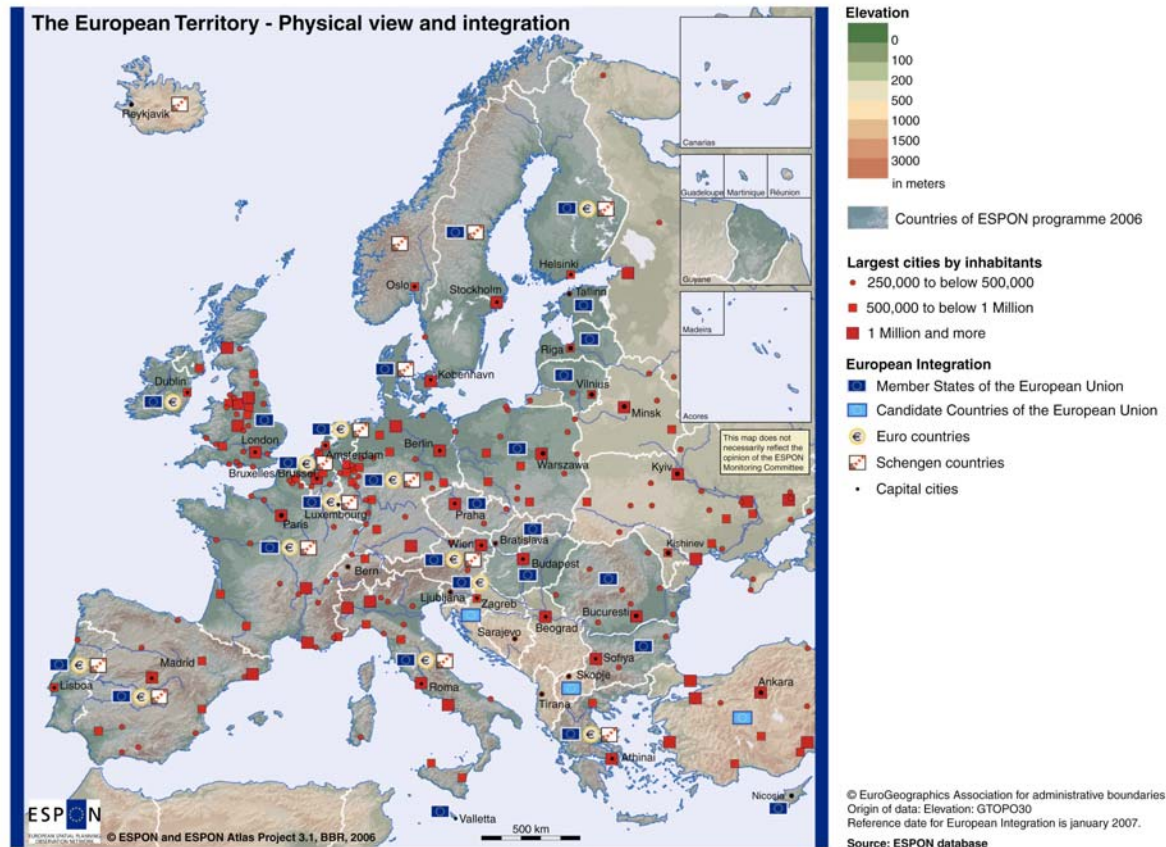
Lisbon Strategy and Regional Integration

(46) The success of the Lisbon Strategy will depend not only on Europe's internal regional integration but also on integration in its environs and even related to its worldwide relations. Europe, besides North America and East Asia, is one of the three major economic poles in the world. Not only have these three major poles intense economic interrelations developed between them, but also their relations to newly emerging dynamic economies (China, ASEAN, India, South America) have been rapidly expanding. While economic North-South integration is progressing in America and Asia, large economic disparities and political instabilities hamper North-South integration between Europe and Africa and the Middle East. In fact, Japanese firms invest four times more, and US firms even six times more in the developing regions of their neighbourhood than European firms do in theirs. If such North-South integration is an economic advantage, the low degree of regional integration between Europe and Africa might, in the long run, undermine the competitiveness of both Africa and Europe within the world.

Observations for Policy Considerations

- Concentration of GDP and of "Lisbon potential" in the core and North of Europe plus a number of urban agglomerations.
- Above average growth in some regions of both the Eastern and Western European Countries, which might contribute to better territorial balance in the long term.
- Both smaller and larger urban agglomeration areas can contribute to a more balanced development of the European territory.
- Metropolitan areas with good accessibility have the best potential to contribute to meet the Lisbon objectives.
- With regard to clusters it can be future-oriented to identify transnational clusters of European and global importance, considering benchmarking and the level of competence, track flows and brain circulation, the building capacity of regions (being part of top-notch clusters and innovation greenhouses), branding and common identity, and exchange competence and capacities.
- North-South integration might become the guideline for new agreements on trade, environment and social issues.

Example for a Possible Map
 (Source: ESPON Atlas Project, 2006)



2.2.2 Places of Innovation and Research & Development

Innovation Needed for the Future

(47) Innovation is an important element for boosting Europe's economy. Amongst others Research and Development (R&D) needs to be strengthened in order to support innovation capacity and thus the future of Europe in a global economy. In relation to the goals of the Lisbon Agenda more nations and regions are likely to strive for improvement to their knowledge base. There is currently a huge territorial diversity with regard to where R&D occur and where investments are made in R&D.

Strong Geographic Concentration of R&D Expenditure

(48) The concentration of R&D expenditure in the capital regions in absolute terms is particularly visible in countries including Austria, the Czech Republic, Finland, France, Hungary, Greece and Portugal, where half of the "top" regions account for half of the country's R&D expenditure. In France, 45% of national R&D expenditure is concentrated in Ile de France (the region with the highest R&D expenditure of any European region in absolute terms), compared to 10% for Rhône-Alps, which has the second highest levels of R&D expenditure in France.

Regional Diversity of R&D Intensity

(49) The intensity of R&D in a regional economy (expressed as a percentage of GDP, Gross Domestic Expenditure on R&D (GERD) is often used as an indicator of the overall R&D intensity of a country or region showing the relative emphasis put on R&D activities within a given economy) varies considerably between regions within individual countries and is often concentrated in a small number of regions, often near the capital city. Regional variation in R&D is particularly high in Germany, with an exceptionally high value for Braunschweig, and in Finland. Regional diversity is also pronounced in several new EU Member States particularly the Czech Republic and Poland.

Concentration of R&D Importance

(50) Bringing together the regional importance of R&D and the research in a region (expressed in expenditure as share of GDP [GERD] as well as other research in the Business Enterprise Sector [BES], calculated as a share of the total employment in a region) shows a core-periphery picture of R&D importance at European level and a rather scattered picture at regional level. At European scale, the regional figures for R&D intensity demonstrate the weaker position of the EU periphery with the exception of the Nordic Countries. Focusing on single regions, metropolitan areas in Europe are mainly situated in regions with above average importance in terms of R&D. In particular metropolitan areas in the new EU Member States are situated in regions with the best national R&D scores, including Bratislava, Budapest and Praha. Dublin, Göteborg, Toulouse and Lyon occupy similar positions in their respective countries.

Not all Metropolitan Areas Are Strong on R&D

(51) Some important metropolitan areas do not rely on a high importance of R&D. This is the case in Ahtinai and Roma which display rather more culture and administrative functions, and similarly with Barcelona, which has conventional industries, culture and tourism.

Medium-Sized Urban Areas Can Have High R&D Importance

(52) R&D is not only important in metropolitan areas, also a large number of medium sized urban areas in the core and North of Europe, display high figures for R&D importance. Oulu in Finland and Braunschweig in Germany are the most outstanding examples for this. More examples are to be found especially in Germany and the Netherlands.

Culture and Creative Skills as Territorial Potential

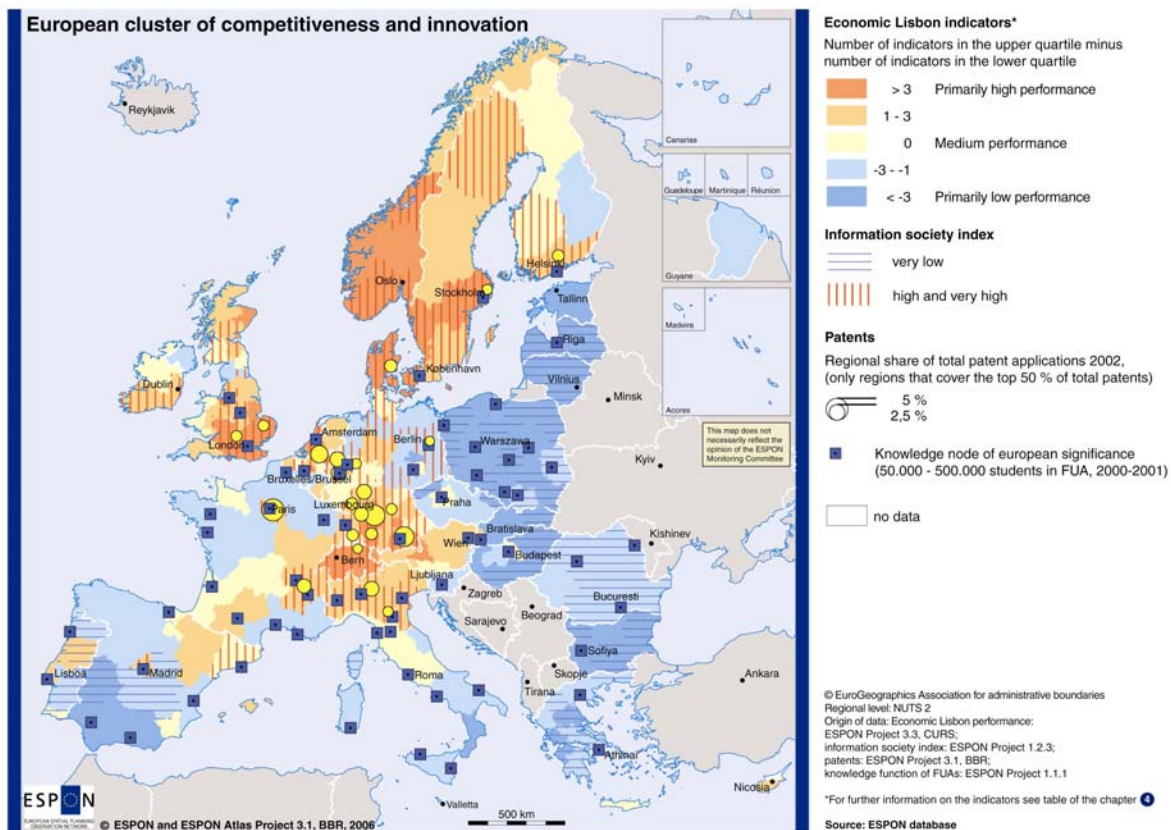
(53) Current theories of regional competitiveness emphasise the significance of "soft" factors such as human, cultural (knowledge and creativity) and socio-economic capital, environmental quality etc. These factors are important in order for locations to attract highly skilled employees and to improve the preconditions for innovation. The share of local workers engaged in the cultural and creative professions is indicative of the extent to which culture and creativity are embedded in local production systems. The highest share of cultural

employment can be found in a number of urban regions, many of which are capitals (e.g. Bratislava, Budapest, Madrid, Paris, Praha, Wien) or agglomerations in the Netherlands, Germany and Belgium. Some countries demonstrate a high degree of “creativity” – or capacity to utilise cultural values for strong knowledge-based industries – such as Finland (telecom), Sweden (design and electronics), the Netherlands (media and publishing) or Switzerland (design and architecture).

Observations for Policy Considerations

- There is a concentration of R&D expenditure in total values to large metropolitan areas.
- R&D intensity (expenditure as share of GDP, GERD) shows high concentrations to a small number of regions, which are often smaller metropolitan areas or medium sized cities.
- R&D expenditure and the number for researchers in the Business Enterprise Sector are concentrated in the core of Europe and the Nordic Countries.
- Not all European metropolitan areas have strong R&D profiles.

Example for a Possible Map
 (Source: ESPON Atlas Project, 2006)



2.2.3 Hotspots of Information and Communication Technology

Access to the Information Society is Important for Future Economy

(54) Information and communication technologies (ICT) are important means of the citizen's daily life and business communication in enterprises and industry. To foster growth and jobs and to enhance the quality of life, participation in modern information and communication means is needed. ICT is a complex and highly dynamic sector and the spatial patterns change quickly.

Diversity of Communication Cultures

(55) How the Information Society is approached and ICT means are used in an area depends a lot on cultural aspects. There are national differences in telecommunication cultures, e.g. Finland and Sweden have high communication and computing cultures, Czech Republic, Greece and Italy have high voice communication cultures. Denmark and the Netherlands have high computing cultures. The access and the type of access to the Information Society and the so called global village depend on the geographical location of citizens and businesses. This means also that ICT cultures might be considered as comparative advantages underlining the specificity of an area.

Information and Communication Technology North

(56) Some regions in the northern countries, along with the core of Europe, are furthest ahead in terms of ICT accessibility and the information society lifecycle index. The stages of this cycle are (a) readiness to use ICT means, (b) intensity of use and (c) impact of the usage. Areas with the highest values in the index are most likely to gain from the impacts and development of new innovations in the field. Regions with very high performance can be found in particular in the UK, the Nordic Countries, Germany and Switzerland. The regions of Paris and Madrid and single regions in Belgium and the Netherlands also show a very high performance. While national differences are significant, there are also considerable intra-country inequalities. In particular remote and peripheral regions generally seem to lag behind the respective national average.

Surprises on the Leading Edge

(57) Similar to the North-South divide there is an East-West divide with the West being currently more advanced. The newer EU Member States are, on average, running behind in ICT applications. However, differences do occur, and these become visible when considering single ICT fields. E.g. Malta, Slovenia and Estonia are positioned ahead on leading edge technologies and applications such as broadband and e-commerce.

Metropolitan Areas First

(58) The most commercially developed forms of broadband technologies are highly driven by demand and thus primarily serving areas with high population density. They follow a hierarchical roll-out pattern where metropolitan areas have the critical mass to attract investments in the latest commercially interesting technologies. Although ICT in principle could help rural and remote areas to become more competitive as location, rural areas suffer often from insufficient critical mass on the demand side.

Observations for Policy Considerations

- Cultural diversity in the use of ICT can be capitalised as comparative advantage.
- ICT sector is extremely fluid and stimulating the demand side can attract investments in the commercially most developed technologies, also in less densely populated areas.
- Overall the Nordic countries currently lead in ICT applications and might expect the highest returns in terms of impacts and developments of new innovations.
- Considering single applications very different countries belong to the leading edges.
- Urban areas benefit more from ICT than rural areas as roll-out pattern focus on densely populated areas.

2.3 Transport and Energy

2.3.1 Transport Networks and Accessibility

Maximising Opportunities

(59) Accessibility is one of the most important indicators used to describe the territorial aspects of transport systems. The quantity and quality of a region's infrastructure endowment, as well as distance (travel time) to population and / or economic centres play an important role here. Accessibility describes the relative location of an area and illustrates the benefits that accrue to household and firms in an area in terms of the available transport services. Accessibility at European level can be discussed with regard to the transport mode or in terms of multimodal accessibility. The discussion should also take into account the specific accessibility challenges of mountains, islands and areas of low population density, and the access to global markets. Apart from that, the constant build-up of transport infrastructure shows environmental effects.

Core-Periphery Pattern of European Road Accessibility

(60) Accessibility by road is characterised by a clear distinction of centre and periphery. Accessibility by road shows clearly the European core-periphery pattern. For all other transport modes, the accessibility indicators provide somehow softer core-periphery pictures. In some countries of Eastern Europe it is important to develop comparable accessibility conditions, e.g. North-South road corridors.

Concentration of Accessibility by Rail

(61) Good accessibility by rail is concentrated in the central areas and in the cities serving as main nodes in the high-speed rail networks and along the major rail corridors. Investments in high-speed rail links and networks can enlarge corridors of higher potential accessibility by road. This is mainly visible in France where the TGV lines towards the Mediterranean Sea and the Atlantic Ocean lead to corridors of clearly above European average rail accessibilities.

More Polycentric Accessibility by Air

(62) Accessibility by air shows a patchwork of regions with high accessibility surrounded by regions with low accessibility. Low accessibility is however no longer a concern solely for those in the European periphery, but is also an issue for regions located in the core of Europe. This is a result of the fact that the areas of highest potential accessibility by air are strongly concentrated around major airports. Nevertheless, airport regions in the central parts of Europe enjoy better accessibility than airport regions in other parts. The hinterland of the airports is very narrow, which becomes evident by the steep decline in accessibility when moving away from airports.

Inland Waterways and Multinational River Basins

(63) Inland waterways are indispensable arterial waterways with great impact on the industrial, urban and cultural development of most European countries, regions of the EU and their Neighbouring Countries. Considering the increasing volume of traffic and trading inland waterway networks, like Rhine-Main-Danube, Rhine-Rhône, Schelde-Seine, Havel-Oder enjoy a significant importance. At the same time their river basins and catchment areas are being utilised for many purposes and thus characterize landscapes, economic regions and ecosystems.

Hotspots of Multimodal Accessibility

(64) Taking the various modes for transportation together, regions with clearly above average accessibility are mainly located in an arc stretching from Liverpool and London via Paris, Lyon, and the Benelux regions, along the Rhine in Germany to Northern Italy. However some agglomerations in more remote areas such as Madrid, Barcelona, Dublin, Glasgow, København, Malmö, Göteborg, Oslo, Roma, Napoli, Thessaloniki and Athinai enjoy also good or medium multimodal access, largely because of the existence of international airports. At the same time the European periphery begins in regions that are usually considered as being central.

The Importance of Secondary Networks

(65) The core-periphery pattern at European level is accompanied by core-periphery patterns at national level. At the national level, central areas show a better accessibility than more peripheral coastal or border regions, including mountainous regions and islands, within most countries. This is related to the fact that road and rail networks reflect a core-periphery pattern both at the European and at the national level. Hence, not only regions in the European periphery but also regions in the periphery of their respective national markets suffer from “peripherality”. This underlines the importance of second tier transport networks. This rationale on national “peripherality” also goes some way to explaining the disadvantages suffered by border, coastal, mountain and islands regions.

Transport Increases Especially in the Eastern EU and in Rural Areas

(66) Increasingly, overloaded transport corridors are becoming an important issue for accessibility. The increase of road transport will mainly happen in rural areas and the Eastern parts of the EU. The increase of rail transport will mainly happen in the core and Eastern parts of the EU and to some extent it will also stretch into Spain and Italy.

Links Between Land and Sea

(67) Goods trade on the global market are mainly transported by sea and also within Europe short sea shipping is gaining importance. Thus connectivity to commercial seaports is a key issue for Europe’s competitiveness. Ports are hubs in global transport networks that connect the territories in which goods are produced, refined and consumed. The relation between ports as nodes in a European transport network and the inland territories to be served is also integral to the concept of “motorways of the sea” that has been developed to address increasing congestions in land-based transport corridors. Coastal regions in the core of Europe, along the English Channel and the North Sea, have the highest connectivity values and the most efficient connections from ports to their hinterlands.

Increasing Transport Prices Hit Lagging Regions Most

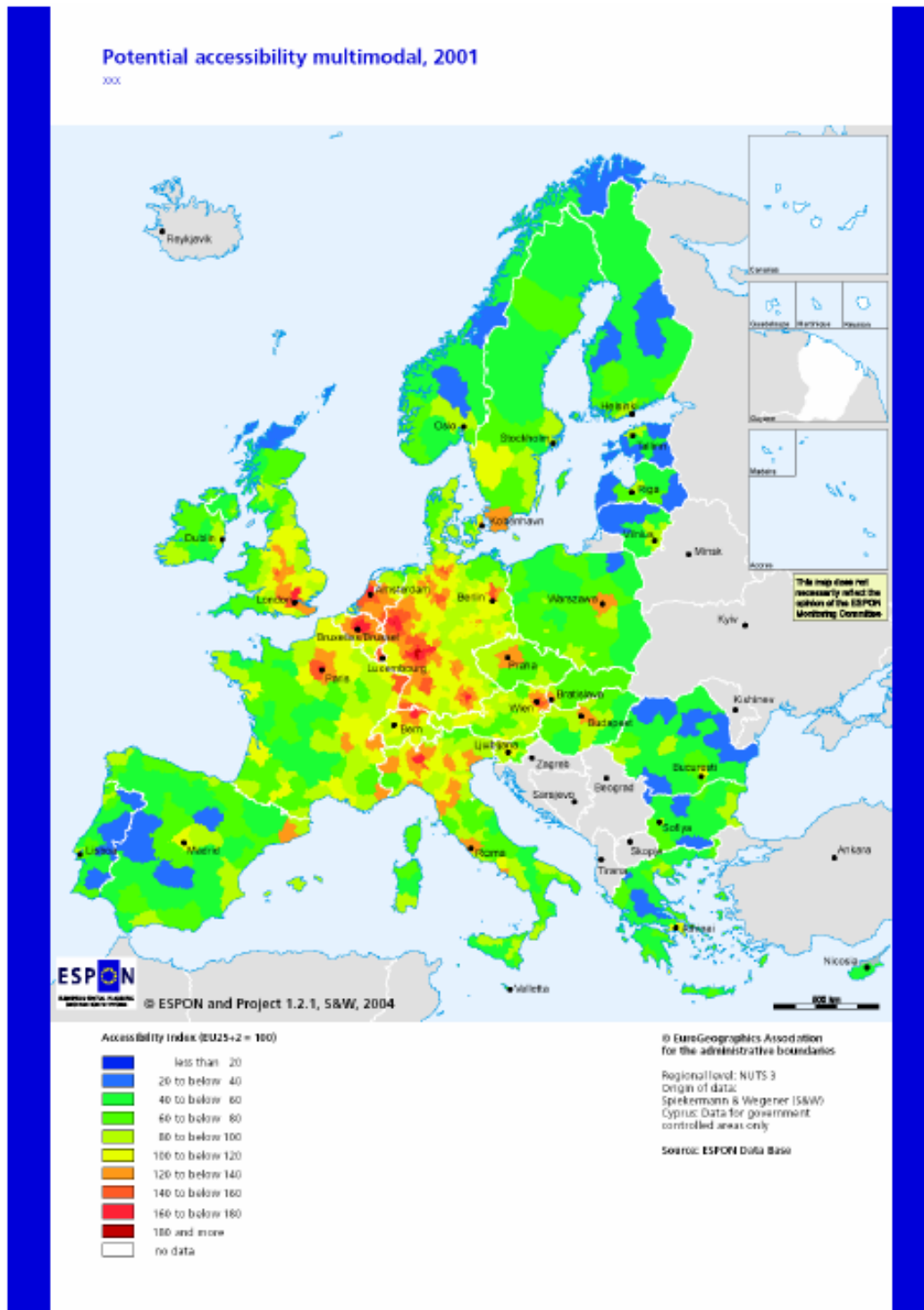
(68) Increased transport costs as a consequence of oil price increases or transport (e.g. road) pricing will have most unfavourable effects for lagging, rural and peripheral regions, i.e. those who are in general less affluent than the centre.

Observations for Policy Considerations

- Road and rail accessibility are clearly best in the core of Europe.
- Air accessibility shows a more polycentric picture, but it is very much focused on airport cities and their immediate hinterland. Some cities use their “territorial capital” to be better accessible from a global perspective.
- Inland waterways and their networks play a significant role in connecting many different regions in Europe.
- Maritime transport and “motorways of the sea” as well as associated port infrastructure are particularly important for the development of certain coastal and islands regions, improving their overall accessibility.
- Multimodal accessibility underlines the importance of airports for accessibility outside the core of Europe.
- Peripheries of national territories underline that also in the core of Europe there are areas which show low accessibility.
- High-speed rail lines can support cities between main nodes through strategic planning of stops of (some) trains
- Secondary networks are of high importance in particular in the light of the expected transport increase in rural areas.
- Effects of European transport policies are mostly in favour for a balanced territorial development, although they improve even more the accessibility in the central regions than in less accessible regions.

Example for a Possible Map

(Source: ESPON (2006): Territory Matters for Competitiveness and Cohesion. Facets of Regional Diversity and Potential in Europe)



2.3.2 Energy Demand and Supply

Europe Needs Stable Energy Supply

(69) Worldwide energy demand is rising while oil reserves are limited; energy shortages and / or rising energy prices are likely to be the consequences. However, the European economy needs a reliable basis of energy supply. This has a strong territorial component. Because of different demand structures as well as available resources European regions are affected in different ways and degrees. Europe's regions can contribute to a safer energy supply situation by investigating new energy sources and / or technologies (or re-introducing old ones); Europe needs a territorial structure that is, as far as possible, "resistant" against energy shortages and rising energy prices.

Diverse Pattern of Energy Import Dependencies

(70) As a whole, the EU+ has become less dependent on imported energy, as its dependency rate has improved from 1990 to 2002, moving from an overall self-sufficiency ration of 60.9 % in 1990 to one of 64 % in 2002. This figure is however significantly influenced by the role of Norway, which produces 9 times more energy than it consumes. Other countries need to import the lion share of the energy needed. Still a certain dependency exists for some EU Neighbouring Countries.

Oil Price Increases Hit Eastern Economies Harder

(71) Price increases are to be inspected and they will hit some regions harder than others. Depending on the use of energy, the sensitivity to changes in energy prices varies. Not all regions are dependent on energy supply and low prices in the same way. Energy intensive industries run the risk of not being profitable any more; their respective regions might be greatly affected. Western European countries use 50 % more energy than Eastern European Countries, but producing one Euro of income in Western European Countries takes only 30 % of the energy needed to do so in Eastern European Countries. In particular regions with a high sensitivity to price and a low self-sufficiency will be affected by this (e.g. regions in Latvia, Lithuania, Hungary, Slovenia, Cyprus but also France and Italy) followed by regions of high sensitivity and self-sufficiency (e.g. regions in Poland, Czech Republic, Romania, Estonia). Some European regions and countries might even profit from rising energy prices. Energy "producing" areas will have additional gains, in particular those which produce more than they consume.

Increased Transport Costs Affect Particularly Rural and Remote Areas

(72) Energy shortages and / or rising energy prices will have direct impact on the cost of transportation, of (energy intensive) industries, and of housing. In relation to transport, increased oil prices will affect in particular, rural, lagging and peripheral regions and may slow down the catching up process in the Eastern part of the EU as regards km travelled. Rural areas in close proximity to urban centres might be less affected than more remote rural areas.

Renewable Energy as Territorial Potential

(73) According to their specific regional capital regions might contribute to the European energy production in diverse fields like oil and gas, wind, water, solar and bio energy. Areas for renewable energies will become sought after. These areas differ regarding the energy type (wind, biomass or solar). The highest potential have regions with high self-sufficiency and low sensitivity, i.e. most parts of the EU 15.

- Wind energy potential are particularly high in countries like Norway, Ireland, Greece, Sweden, Portugal, Spain and the UK.
- Biomass energy potential are particularly high in countries like Italy, Poland, the Netherlands, Germany, UK and Belgium. Countries like the Nordic ones, with abundant forests reserves have a high biomass energy potential as well, e.g. by side-products of forest industries.
- Solar energy potential are highest in Southern Europe, but increasingly new technologies making it accessible to Northern Europe.

In terms of cohesion more regions will be energy producing and thus current imbalances might decrease.

Energy Saving to Reveal Hidden Territorial Resources

(74) The manner in which various traffics are currently generated and how other energy consuming functions are territorially organised, fundamentally affect energy consumption. Both disperse physical and territorial structures contribute more to consuming energy than to saving it.

Observations for Policy Considerations

- The high sensitivity of the Eastern parts of Europe creates territorial imbalances in the effects of changes in energy prices.
- Increases in energy prices will hit new EU Member States (and smaller countries with low self-sufficiency) harder than others.
- In relation to transport, increased oil prices will hit in particular, rural, lagging and peripheral regions and may slow down the catching up process in the Eastern part of the EU as regards km travelled.
- Efficient means of energy transport (without energy losses on the way) and a high degree of security of energy production can be observed to be needed.
- All European regions do have diverse potential for renewable energy production.
- Less disperse territorial structures might contribute to energy saving.

2.4 Risk Management

Natural and Technological Hazards

(75) A distinction can be made between natural hazards and technological hazards. Both have a clear trans-European dimension. Natural hazards can be roughly grouped into major groups affecting European regions. Southern Europe and the Mediterranean mainly experience forest fire and drought hazards, as well as earthquakes and volcanoes; Western and Northern Europe are mostly affected by winter storms, storm surges and floods, meanwhile Eastern Europe mainly experiences floods, earthquakes and extreme temperatures. Mountain regions additionally have landslide and avalanche hazards, meanwhile many islands and coastal regions in the vicinity of tectonically active zones can be affected by tsunamis. The regions most affected by potential technological hazards include harbour areas (including coastal zones) and major centres of oil and chemical industries. In relation to nuclear hazards cities / regions in the vicinity of nuclear power plants become apparent.

Highest Number of River Floods in Central Europe

(76) River floods emerged as an increasing challenge in respect to the built environment once human intervention began to change, straighten and even relocate river beds with their natural flood-prone areas while at the same time settling in low lying areas close to rivers. Increased soil sealing also lead to a higher flood hazards level, as rainwater runs off directly into the streams and the water mass inflow to rivers is no longer delayed by natural soil retention. The highest amount of large flood events between 1987 and 2002 are concentrated in North-Western Romania, South-Eastern France, Central and Southern Germany, in the East of the Czech Republic, and the east of England.

Droughts Affecting Several Regions in Europe

(77) The 2003 drought in Europe accounted for almost one third of the economic losses due to natural hazards. In Europe, the man-made impact of droughts is considerable. There are several examples of water resource mismanagement in relation to e.g. the over pumping of aquifers, the sealing of surfaces, increasing surface runoff and restricting groundwater recharge, overuse of water in dry areas and intensive agriculture. Aside from this, water scarcity is a growing problem in some regions. Eastern European countries, apart from having experienced a high number of floods over the last 15 years, have also experienced great problems with droughts over the last hundred years.

Risk for Forest Fires Highest in Mediterranean Regions

(78) Forest fires (wild fires) can cause considerable damage in environmental and economic terms. In general forest fires are natural phenomena that are of importance for the natural

living process of a forest. The highest potential for forest fires lie in the Mediterranean regions, and partly also in Bulgaria, the Czech Republic and Romania. The high risk of forest fires in central-Northern Portugal and in North-Western Spain probably relates to local habits of “slash and burn” practices that are dangerous in combination with a high potential for forest fires.

Climate Change Affecting Natural Hazards

(79) Climate change comprises changes in weather variables such as averages and extreme events in temperature, precipitation / rainfall (including snow and ice cover) and wind. Future climate change can be expected to affect mostly frequency of natural hazards. Considering the change of dry spell lengths, the southernmost areas of Europe face the highest increase in natural hazards occurring as an effect of climate change. A change of wind patterns or an increase in extreme events may lead to a considerable higher hazards level for winter storms. Examples for extreme events are the 2005 winter storm in the Baltic Sea Region and other storm events in other parts of Europe. Furthermore, the effects of increased precipitation on landslide and avalanches will cause effects most visible at local level.

The European Territory is Not Uniformly Threatened by Natural Hazards

(80) The European territory is not uniformly threatened by natural hazards, as its natural, meteorological and geological diversity leads to regionalised, characteristic hazard patterns. Seismic hazards, including volcanoes, as well as droughts and forest fires are mainly concentrated in the Mediterranean Region and some active fault lines, as well as in EU overseas territories. Droughts and forest fires also have a high potential in Central, South and Southeast Europe. Storms and storm surges are mainly restricted to coastal zones and hinterland areas, and are climatically more imminent along the North Sea and Baltic Sea coasts than elsewhere in Europe. Floods occur among almost all large rivers; flash floods and landslides occur mainly in mountain areas, avalanches mostly in snowy alpine-type mountain areas. Most certainly, locally areas can play also a role outside of the mentioned regions.

Technological Hazards Do Have a Clear Territorial Impact

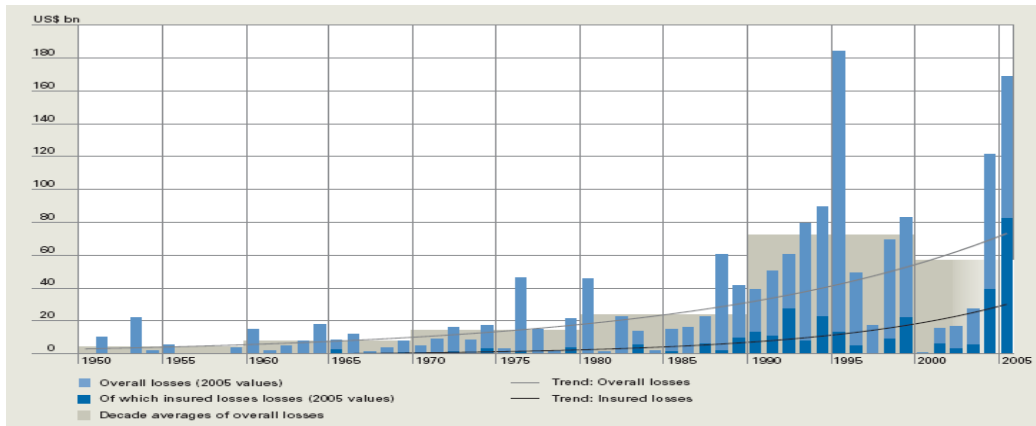
(81) Major accident hazards like Seveso, Chernobyl and lately the Prestige oil ship accident show that such events, being clearly man-made, affect to a large extent the territory and human beings. They can occur in most of the European regions corresponding to extraordinary situations in relation to technical artefacts. The consequences of these hazards are of both human and economic interest. Technological hazards are traditionally found in areas of high industrialisation, where they also accumulate. Since many traditional settlement places have developed industrial importance, agglomerations of technological hazards are often located in vicinity to naturally hazardous areas.

Observations for Policy Considerations

- The different hazards have shown how omnipresent hazards are in the territory and at all spatial scales of the EU. Therefore it can be assumed that better coordination is needed.
- Vulnerability concerns the human and social side of risk, including spatial patterns.
- Polycentric spatial development can balance patterns of vulnerability in Europe. It can be assumed that taking into account all aspects of vulnerability (economic, social, and ecological) form part of integrated vulnerability analyses.
- Both substantive goals and procedural rules related to vulnerability reduction and risk management should be integrated into development and research.
- Adaptation strategies for stakeholders involved are an interesting aspect.
- The triangle “resistance – resilience – retreat” has to be taken into consideration when discussing measures.
- Risk governance could be seen as an integrated part of governance as overall strategy.

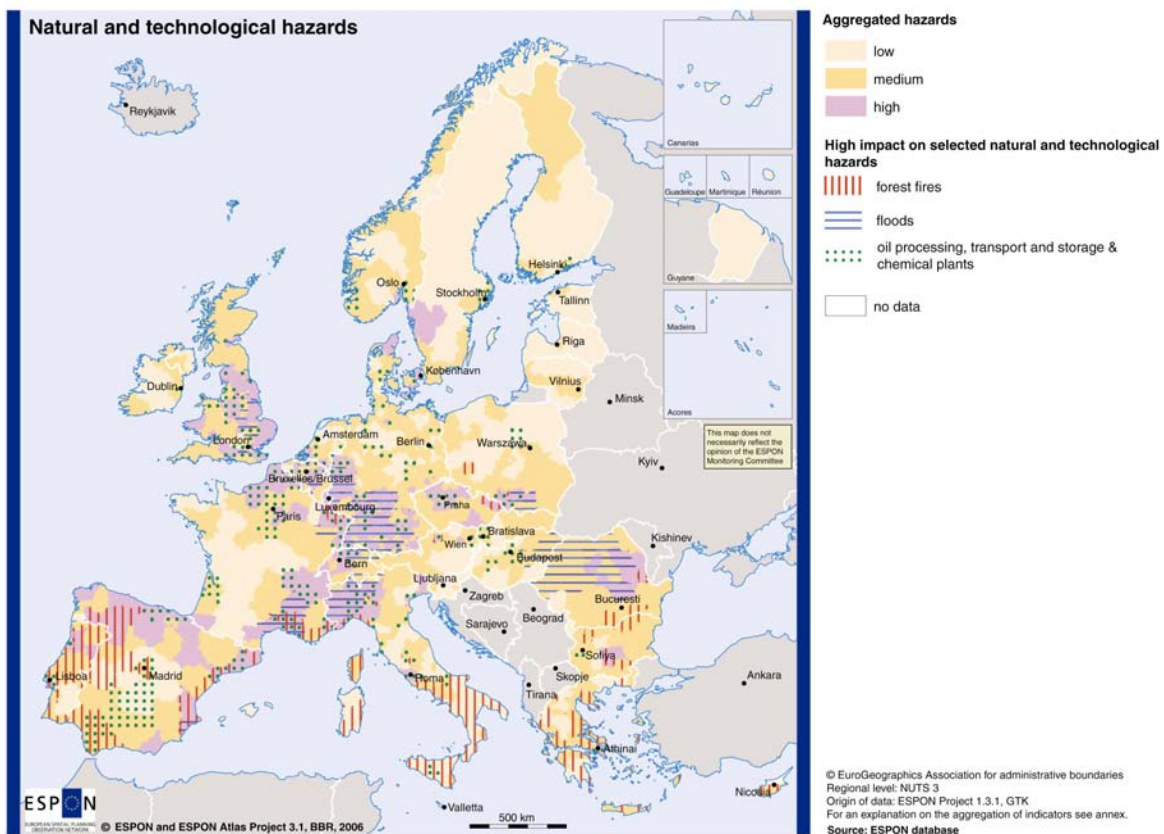
Example for a Possible Table

(Source: Munich Re (2006): Annual Review. Natural Catastrophes 2005)



Example for a Possible Map

(Source: ESPON (2006): Territory Matters for Competitiveness and Cohesion. Facets of Regional Diversity and Potential in Europe)



2.5 Environment, Nature and Culture

Europe's Natural Heritage is Unique

(82) In global terms, this comparatively small continent has a most complex system of landscapes, reflecting the scale and intensity of development of its natural resources over the centuries. The remnants of Europe's original natural landscapes and its varied cultural landscapes hold an essential part of the continent's abundance of wildlife. It is for this reason that a system of protected areas has been established over recent decades. In Europe's national parks and large nature reserves, nature is left to develop freely, and natural evolution can continue unhindered. The natural beauty of these areas is also preserved to enrich our lives. Regional and nature parks as well as biosphere reserves are cultural landscapes which have been shaped over hundreds of years, during times when people lived in greater harmony with nature and their environment.

Cultural Identity

(83) The oral and intangible heritage for instance has gained international recognition as a vital factor in cultural identity, promotion of creativity and the preservation of cultural diversity. It plays an essential role in national and international development, tolerance and harmonious interaction between cultures. In an era of globalization, many forms of this cultural heritage are in danger of disappearing, threatened by cultural standardization, armed conflict, the harmful consequences of mass tourism, industrialization, rural exodus, migration and environmental deterioration. The cultural heritage of Europe is the expression of its identity and is of world-wide importance. It is also part of the everyday environment of numerous people and enriches their quality of life. This goes also for cultural landscapes and the built environment.

Natural Heritage as Essential Component of Life

(84) The development of natural resources takes place in the EU under the auspices of environmental management (air, water, soil) and targeted protection of certain areas (protected areas, environmentally sensitive areas). The extent of protected areas in the EU has grown in the past fifteen years although most areas remained protected "islands". The European Union established a network of especially protected areas "NATURA 2000" with standardised measures and procedures. Links and corridors between protected areas, such as hedges, forest belts, can assist migration and genetic exchange of plants and wild animals. In addition, a broader land-use policy can provide the context within which protected areas can thrive without being isolated. However, protection of e.g. biotopes, which are a result of traditional farming or other economic activities, alone, is not sufficient for conserving these areas. Their less sensitive part should be the subject of economic uses, like nature-based tourism or organic farming, in keeping with their ecological function.

Urban Fluvial Landscapes Are of Diverse Power

(85) Rivers shape the cultural landscape of many densely populated areas in the EU. Urban fluvial landscapes of Europe are of economic power and have to serve both as traffic junctions, settlement areas and cultural areas as well as recreation centres and natural habitats, including – particularly in the last two cases – seasonal streams in urban areas of Southern Europe. Especially urban industrial regions located at European rivers increasingly have to compete with areas from all over the world.

Situation in Eastern Europe

(86) In the Eastern part of the EU, the institutional conditions for the conservation of the most valuable part of the natural heritage are already in place. An extensive network of national parks has emerged. More than half of the area declared as national park in the EU is in the new member and candidate states, though in respect to their management and maintenance there is still room for improvement. The network of more "permissive" protected landscape areas is less extensive. Their regulation is in many cases not sufficiently elaborated. Special attention has to be paid to areas where valuable ecosystems, environmentally sensitive areas or cultural landscapes are endangered by floods, droughts, erosion, fires, earthquakes and landslides. Areas, exposed to such natural hazards are to be identified, registered, and adequate cultivation, building, protection and emergency regulations are to be drawn up.

Land Restitution is a New Challenge

(87) In the Eastern part of the EU, land restitution (privatisation) is a new challenge for the protection of natural heritage. Several areas have been restored to original owners or to their descendants who were declared protected landscapes or other forms of protected areas in the last few decades. Adequate legal and financial measures are necessary to motivate or force new owners to use these areas in accordance with environmental protection objectives.

Border Areas Are the Core Areas

(88) A large part of the most valuable ecosystems are located in border areas. Borders run traditionally along rivers, mountain and maritime ranges, the most suitable places for the evolution of these systems. In addition, many borders were forbidden areas for tourism, travel and economic activity for several decades. Ecosystems were able to develop undisturbed and untouched during this time.

Several Risks Are Threatening Cultural Heritage

(89) Environmental pollution risk, flood, earthquake, vibration, injuring and “souvenir collection” is an accompanying phenomena of mass tourism. The main types of risks can be identified and common risk management strategies can be prepared. But there is a risk, the prevention of which is possible only with international cooperation. To quote the UNESCO declaration: *“As world events unfold, we have witnessed the tragic destruction of cultural heritage, for the heritage can become a prime target, especially in intra-State conflicts for reasons of symbolism, identity, aggressiveness, misunderstanding and rejection”*. Unfortunately, such events happened also in the EU Enlargement area (Central and South-East Europe, Cyprus) and in the neighbouring areas. But even if deliberate destruction did not happen, ethnic-centred policies frequently preferred one kind of cultural heritage to the others. Legal and professional arrangements are needed to preserve the respect for and the memory of all nationalities, language and religious groups, creating a specific cultural heritage in Europe. This goes as well with new urban and rural structures and other changes in land use threatening the existing cultural values and heritage.

The Transnational Dimension

(90) Closely related to this is the transnational, but also cross-border dimension of cultural and natural heritage. Cultural processes, like economic and social ones, are subject of spatial diffusion. Artists and objects of art (with the exception of architecture) are mobile in space. The channels, corridors of mobility were partly identical with present ones, but partly very different. Borders were not the same and they did not play the same role as in the 20th century. Borders of architectural and artistic regions do not coincide with present borders. Dense zones of catholic and orthodox monasteries are crossing borders.

Tourism as Economic Factor

(91) In the last decades, tourism became the largest industry of the world ahead of automobiles and chemicals. But as the UNESCO formulates *“it is a well known fact that tourism can be a deadly foe as much as a firm friend in the matters of development”*. The impact depends on the constellation of different factors, their qualitative and quantitative relationship. There are regions highly and less dependent on cultural and natural heritage tourism, regions and cities with “overburdened” cultural heritage and regions with unutilised capacities and reserves, furthermore regions and cities, where the impact of cultural tourism on prosperity and employment has been decisive, moderately positive or negligible.

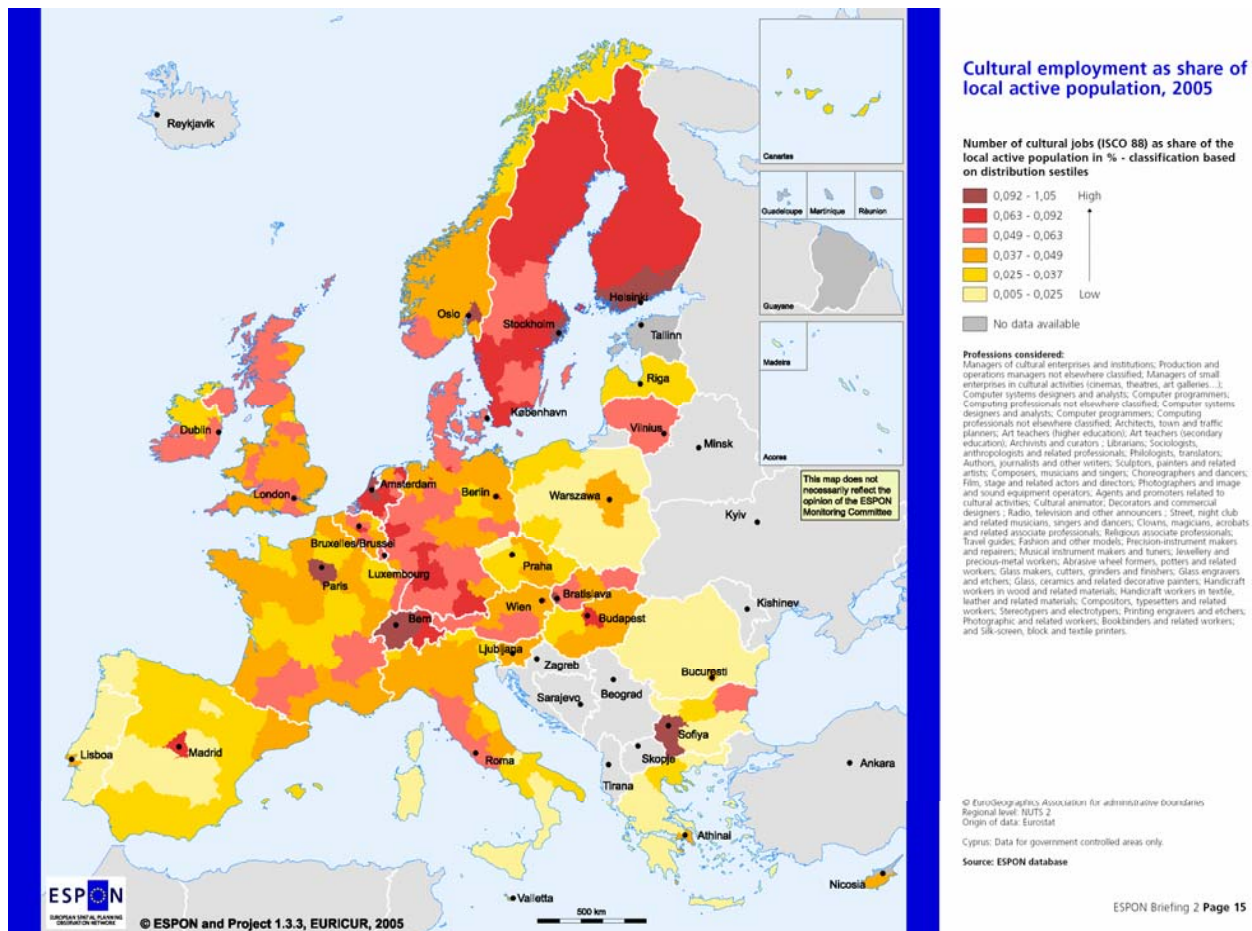
Observations for Policy Considerations

- It can be observed that increased research and planning efforts at a European level may help to maintain EU's world leadership in this area and to contribute to Europe's Lisbon goals.
- It can be assumed that promoting better collaboration and coordination between EU Member States, the European Commission, and other International Organisations based on common goals may achieve European added value in the valorisation, protection and utilisation of European cultural and natural heritage.
- Urban fluvial landscapes are of diverse power and their success in interregional competition may lie in their endogenous potential.

- Including cultural heritage valorisation and eco-efficient protection in strategies and promoting favourable educational, training and knowledge transfer programmes may be achievable.
- An integrated and sustainable development and maintenance of the European urban and rural environments through planning may valorise, protect, conserve, and enhance the movable and immovable heritage for improved quality of life.

Example for a Possible Map

(Source: ESPON (2005): Project 1.3.3: Impacts of Cultural Heritage and Identity)



2.6 Territorial Structure

2.6.1 Demographic Imbalances Affecting Future Labour Markets and Service Ratio

Population Decline and Ageing Affect European Society

(92) Europe faces a stagnating and in many parts even declining population and this goes hand in hand with the increasing average age of its citizens. In consequence, a decline in the labour force will affect the preconditions of a dynamic economy, the labour market, as well as the social welfare system and the service provision. Opportunities for changing ageing trends and declining population are limited. Policies should therefore focus on adaptation strategies. A key concern for regional policy makers is to attract and develop highly skilled labour force. However, the demographic development shows regional diversity within Europe and between Europe and its Southern neighbours which anticipate considerable population increases.

Increasing Demographic Imbalances

(93) Demographic development is in particular related to two factors (a) natural population change (births versus deaths) and (b) net migration (immigration versus emigration). In many parts of Europe; either both factors are negative and thus the population is declining and ageing or positive and the population is increasing. There is a clear territorial pattern of increasing polarisation, where people concentrate in highly urbanised areas, thereby reinforcing pre-existing imbalances in population density. The challenge of immigration from outside the EU, in particular Africa, is another major issue. Consequently there is a juxtaposition of population growth and decline, where some areas are threatened by serious decline and depopulation whereas others grow and partly resist the negative effects of rapid population growth.

Europe is Getting Older, North and East Are Not so Close to Pension Age

(94) In many parts of Europe the average age of the citizens is in the mid or late thirties. This will change substantially over the next few decades. In 2030 the median age will be above 40 in most parts of Europe and even beyond 50 in places. Italy and in particular the North of Italy, Northern Spain, Eastern Germany, some parts of Finland and Scotland will experience a median age in the mid-fifties. Only Ireland, Southern England, some parts of Eastern Europe and Scandinavia will have a median age below 40 in 2030. The increasing age will affect the labour market, social welfare systems and service provisions.

Low Birth Rates Outside the Core

(95) Fewer cases of birth than death are one of the main reasons for population decline. Such negative natural population change can be found in many European regions, particularly in less central areas, such as large parts of Sweden, parts of Scotland, the Spanish inland, Eastern Germany, large parts of Hungary, Romania, Bulgaria, Estonia, Latvia and Lithuania. In these areas young people will be in high demand in the labour market. This is a phenomenon that might not fit today's picture of huge youth unemployment in many parts of Europe.

Population Decline Affects Labour Markets

(96) Natural population change is determined by the fertility rates and age structure. These two factors are interrelated. Low fertility rates will result in unbalanced age structures with ageing and consequently population decline. In particular in Southern Europe ageing and low fertility rates seem to reinforce each other, whereas in large parts of the Northern Periphery also a connection between ageing and net-migration can be observed in the way that regions with an ageing population are also regions of out-migration. Earlier out-migration has contributed to the imbalances in regional age structures with an increasing predominance of elderly people. The change of the median population age in a region has obviously effects on the labour market situation and the relation between working population and supported (younger and older) population which are not participating in the labour market.

Migration to Urban Centres

(97) Migration has important regional, European and global components. The current picture reveals that some former out-migration areas (mainly in the EU 15) are becoming more attractive in terms of migration, e.g. Greece and Ireland. In some countries, however, rather

different trends can be observed. In Poland larger urban agglomerations and the western border areas represent immigration areas, whereas most other parts of the country are out-migration areas. In Italy as well as the UK, there is a clear North-South divide while in France the South-East of the country remains an immigration area whereas the North-East is a predominantly out-migration area. Generally, metropolitan areas are the most attractive for external migration. In addition, some tourist areas have become areas of immigration because of their high quality of life, attracting retired persons (grey migration), and people from economically disadvantaged countries and regions.

Brain Drain and Competition for Skills Between Urban Areas

(98) In terms of labour market urban areas and metropolitan agglomerations are mainly the winners of current demographic trends. These also imply an increasing competition between urban areas. In future more efforts will be needed to attract people and increasingly there will be a competition for the labour force needed in urban areas. Thus not all urban areas will necessarily be winners in the demographic trends. Indeed, we are already observing population decline in some old industrial areas. These indicate that there might be a shortage of human capital (labour force) in the near future.

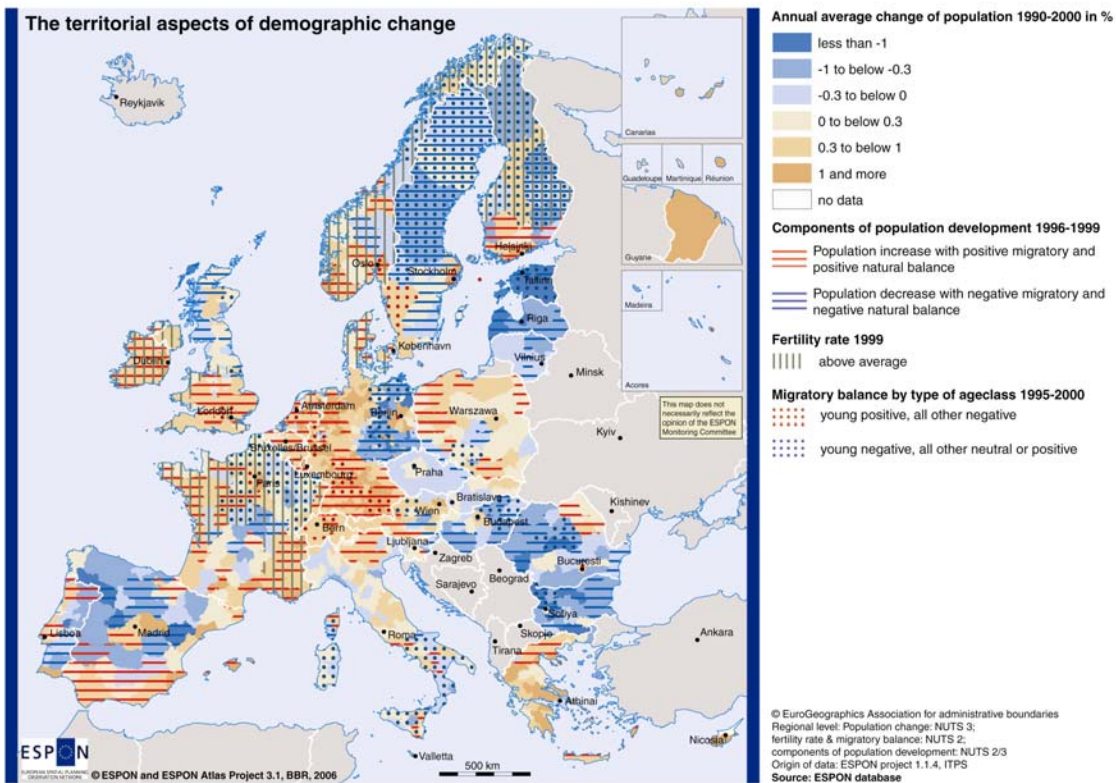
Regions at Risk of Depopulation and Deficits of Public services

(99) In some areas of Europe population decline figures are quite significant. In particular sparsely populated and remote areas can be hit by the combined effects of natural population decline and out-migration of in particular young citizens. Examples from Eastern Germany, Sweden, Scotland or parts of the Spanish inland show how drastic this population decline can be. Indeed some regions are at risk of depopulation which also poses particular challenges to their attractiveness for investments and the provision of public services. Once a territory is no longer home to enough people forming the critical mass needed for providing public services, fundamental questions are posed to the organisation of the local society.

Observations for Policy Considerations

- There will be increasing imbalances in population development which will reinforce already existing imbalances.
- Educated young people will be a scarce resource for the labour market in large parts of Europe.
- Metropolitan and urban areas are more likely to belong to the winners of the demographic change, however there will be an increasing competition on attracting people and also labour force, in particular with high level of skills.
- In particular sparsely populated and remote areas but also old industrial areas will face severe population losses which affect the level of service provision in these areas.
- For some regions there might be vicious circle of ageing, population decline and out migration of young people as well as migration from outside the EU.
- Ageing will affect some areas with consequences on the age structure whereas some areas might be able to establish themselves as "grey" communities with high quality of life other areas will suffer from both imbalanced age structures and decline in the long-run.

Example for a Possible Map
 (Source: ESPON Atlas Project, 2006)



2.6.2 Urban Regions and Major Cities

Future Hotspots for a More Balanced Europe

(100) Outside the dominant European core area there are more sparsely but quite evenly distributed networks of individual metropolitan regions and other urban regions to counterweight the predominance of the core area towards a more polycentric structure at EU scale. Among these are Madrid, Barcelona, Rome and Athinai in the South, Dublin in the West, and København, Stockholm and Helsinki in the North. Furthermore, in the East new metropolitan regions are emerging which play a crucial role for the integration of the new EU Member States, such as Budapest, Praha, Bratislava or Warszawa.

Metropolitan Areas Outside the Core

(101) The metropolitan areas outside the core are mainly areas which have comparably good European wide accessibility because of the airports, they tend to perform better than their surroundings in economic terms, and they may attract young labour force also in future and thus become important nodes in the future European structure. Cooperation arrangements might provide added value even for the biggest urban nodes in the EU mainly in competition at a world scale.

Regions Between the Cutting Edge and those Lagging Behind

(102) Depending on the national urban system the role and importance of metropolitan areas in relation to cities and urban areas outside metropolitan areas differs. In many EU Member States core-periphery patterns can be observed. Since the 1990s most European countries have experienced increasing regional polarisation between centrally located city regions on the one hand, and peripherally located regions and regions undergoing structural change on the other hand. This is especially true for many of the newer EU Member States, with Poland and Lithuania as clear exceptions. Urban areas outside metropolitan areas are often important motors for their region and some of them are leading locations when it comes to research and development or highly specialised services and products.

Small and Medium-Sized Cities as Important Nodes in Europe in Offering Various Development Changes

(103) Some small and medium-sized cities host functions of higher importance than larger cities and even show better economic growth figures than large agglomeration areas. These functions are closely related to the territorial potential and endogenous capital of an area. Additionally, small and medium-sized cities are of importance both for their wider geographical context, especially in regions outside the core of Europe without large metropolitan areas, and with regard to certain functions even internationally. For instance with regard to R&D there are a number of medium-sized cities which have a high R&D profile and belong to the international locations in their field. The importance of small and medium-sized cities for their wider region depends also on the territorial structure of a region. In more sparsely populated regions they can act as poles for development of rural areas and provide public services. In more densely populated areas cooperation between small and medium-sized cities in close proximity to each other, even on a transnational exchange basis, or the cooperation with larger urban centres offers various opportunities.

Social Balance as Crucial Issue for Cities' and Regions' Economic Development

(104) Cities show both social advantages and disadvantages and serve as motors of economic development. Cities offer the biggest number of working places, enterprises and higher education facilities; and they are important actors in realizing social cohesion. Cities are in the middle of this alteration for which innovation, entrepreneurial initiative and growth of enterprises constitute the basis. At the same time the social balance in cities and urban regions for keeping them attractive as places of intervention and to create jobs for their inhabitants, thus favouring social cohesion, is in danger. In fact the economic and social differences between housing areas within a specific city are often bigger than between different cities. This fact influences negatively the attractiveness, competitiveness and social integration as well as security of cities. Apart from that, the differences do have negative effects on the sustainable growth of bigger regions, EU Member States and the entire EU, as short resources have to be used to stabilizing these quarters which then are no more available for supporting knowledge and innovation.

Observations for Policy Considerations

- There are metropolitan areas outside the core of Europe which can be strengthened to better utilise their territorial potential and counter act current imbalances, supporting a more balanced and polycentric EU territory.
- Cities outside metropolitan areas are important growth engines and can play an important role in the wider territorial context (ranging from international key locations for specific functions to general service provision and rural development poles).
- Metropolitan and urban areas can become stronger and more competitive through better focusing on and developing their individual profiles.
- Social balance may be a crucial issue for the economic development of both cities and regions.

2.6.3 Rural Diversity

Rural Areas with Underused Potential

(105) Up to 80 % of the European territory can be characterised as rural or semi-rural considering the low influence of cities in these areas and the more rural land-use and low population density. In these areas live almost half of the European population (approx 40 %) and produce approx 30 % of the total GDP. Especially remote and disadvantaged rural areas show a diverse picture of natural resources and environmental assets. Both in terms of land and human capital this gives the impression that the potential of the rural areas are not fully capitalised on. It is the relationship between tangible and less tangible resources and how they interact in the local context which gives rise to or condition different opportunities and constraints for local development. Often it is not so much the tangible resources themselves that matter for economic performance, but the social capital and the way local people are able to exploit those resources available and transform stocks into flows, namely to value natural and man-made assets, strengthen the economic environment and improve institutional capacity.

Development Poles in Rural Areas

(106) Cities and towns in rural areas are important development poles in rural areas ensuring universal access to a variety of services, particularly in sparsely populated areas. Rurally located cities have often the role of serving the traditional rural economy, mainly the agricultural sector and population. However, the ongoing diversification of the rural economy in many areas widens the functionality and role of rural cities accordingly. The development of economic clusters based on local assets combined with the use of new information technologies is a key element in this respect, which may be boosted by partnerships between rural territories and their urban entities.

Urbanisation and the Pressure on Rural Areas

(107) Some rural areas benefit from nearby urban areas and people moving from urban areas to the rural surroundings. The physical and functional boundaries of urban and rural areas are becoming ever more blurred, while at the same time the interdependencies are becoming more complex and dynamic, containing structural and functional urban-rural flows and commuting of people, capital, goods, information, technology and lifestyles. The population in rural areas, particularly in reach of greater cities and agglomerations, is growing steadily reinforcing the trend towards scattered settlement development and pressure on land use on extended parts of rural areas. Overexploitation, competing demands and interest may threaten the rural diversity as a whole and especially the provision of amenities, cultural heritage features and the environmental performance. At the same time the out-migration from urban areas may create new opportunities to some of those areas which previously suffered from depopulation with all its consequences.

Depopulation in Rural Areas

(108) Rural areas in particular in remote locations face diverse demographic challenges. Population ageing and out-migration are serious concerns for many rural areas. Working-age people, and especially better-educated younger people, due to the apparent difficulties in

meeting their expectation on jobs, educational and leisure facilities, tend to move elsewhere to find better changes and opportunities. This loss of, especially younger people, along with in-migration of retirees in some places has left many rural areas as ageing and declining. These challenges are often associated with people tending to concentrate in highly urbanised areas, thus further contributing to the already existing imbalances in population density patterns. This demographic change endangers the rural fabric and leaves, particularly peripheral, rural areas. A number of rural and in particular remote rural areas will face depopulation tendencies and difficulties in keeping a workable median age and sensible level of services of general economic interest. This might result in a vicious circle leading to depopulation risks in some rural areas.

Traditional Agricultural Areas Mainly in the East

(109) The classical rural areas with traditional agriculture are predominantly to be found in the Eastern parts of the EU. Here, including Bulgaria and Romania, more than 16.4% of the workforce is employed in agriculture. This is also reflected in the population density and type of land-use in rural areas which show a higher degree of human influence in Eastern parts of the EU as well as in Denmark, Eastern Germany, Bulgaria and Romania. These traditional agricultural regions have high reserves and potential that could be exploited for example intensive agriculture, ecological agriculture, bio-industries, production of alternative energies etc. If the production of renewable energy becomes a more common feature in Europe, many rural areas might experience conflicting land-use interests between food and energy production, but at the same time create new and possibly better employment and living opportunities there.

Diversification of Rural Economy

(110) Rural development covers many different perspectives and priorities. Given the vulnerable and often less successful economic performance of rural areas in comparison to urban areas, economic development and viability are core issues for the future. While tangible factors such as natural and human resources, investments, infrastructure and economic structure have traditionally been seen as the main determinants of differential economic performance, more recent research has highlighted the important role of less tangible or soft factors including various kinds of social, cultural, institutional, environmental and local knowledge which constitute the basic capital for regional development. The diversification of the economic base of rural areas going beyond agriculture and tourism, illustrates this. Local entrepreneurial capacity has been identified as a key aspect for capitalising on territorial potential in rural areas. A key issue to emerge in this respect is effective and open governance with a positive attitude to small and local enterprises and entrepreneurs and local public institutions with sufficient autonomy to adapt policies and specific measures to assist with the collective needs of local enterprises. Furthermore open and inclusive soft networks are positively related to the mobilisation of entrepreneurial capacity and local initiative.

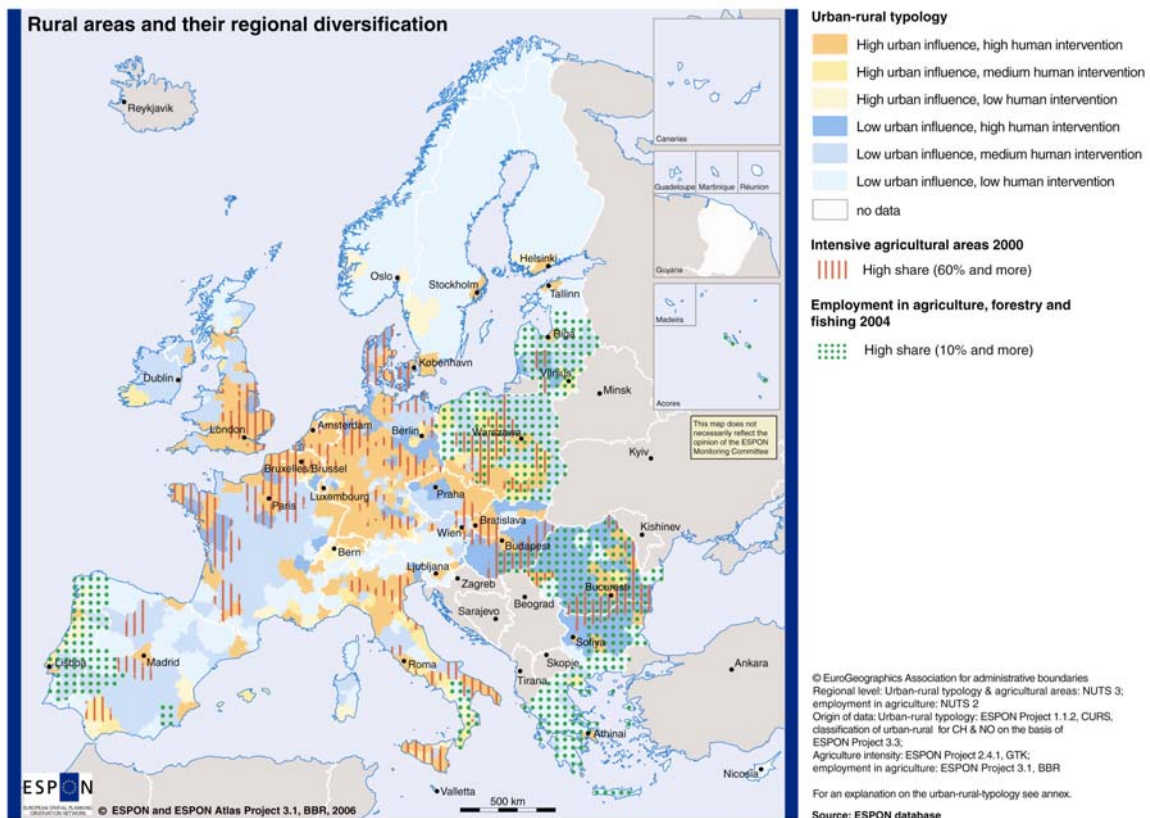
Increasing Transport on Secondary Networks in Need of Upgrading

(111) The secondary networks linking rural areas internally and with urban centre and thus the transport infrastructure of higher order, are often insufficient, in particular on the Eastern parts of the EU. This regards all transport modes and in particular multimodal transport links. Despite these insufficient transport infrastructures, rural areas will increasingly take over more of the transport burden currently bundled in urban areas. Indeed, the highest increase in transport flows until 2020, i.e. 67%, is to be expected in rural areas with medium high human influence or foot-print. For other rural areas the increase in transportation is expected to be 45% for areas with low human foot-print and 58% in regions with high human intervention. At the same time rural areas will suffer most from higher transportation costs resulting from increasing oil prices. Yet, the growth of transport does not affect all rural areas. In areas of depopulation the challenge is in keeping the existing network in condition for lessening transport at the same time when the decreasing population becomes more dependent on private transport.

Observations for Policy Considerations

- Large parts of the European territory are rural areas and there are still many people living in these locations. However, they produce a disproportionately small part of the GDP as their potential are not fully exploited.
- Rural areas close to urban agglomerations will benefit from the location on terms of population and economic development, but they will also face the challenges of urban sprawl and conflicts between urban and rural land-use demands.
- Remote areas may face challenges in terms of population decreases and the possibility to provide the necessary public services.
- Rural areas will experience an increase in transport although the current secondary networks are often insufficient in particular in the Eastern parts of the Union.
- Increasing energy prices will affect many rural areas in particular with regard to increased transportation costs. At the same time some rural areas will have the opportunity to benefit from an increasing production of alternative energies.
- There might be land-use conflicts between the production of food and alternative energies in the long run.
- The diversification of the economic base in rural areas will be affected by stimulation of entrepreneurship in these areas and the creating of local networks and local authorities with appropriate competences.

Example for a Possible Map
 (Source: ESPON Atlas Project, 2006)



3. The Impact of EU Policies on Territorial Development

Why Address EU Policies?

(112) An effective exploitation of Europe's territorial capital requires that EU sectoral and economic policies and territorial development policies in the EU Member States structurally reinforce each other. Trade off effects and inconsistencies between various EU sectoral policies lead to an inefficient allocation of EU resources and a reduction in policy effectiveness. However, at this moment, effective and structured EU territorial governance does not exist. The EU policy process does not take the territorial dimension of EU policies into account in an explicit way.

3.1 EU Policies and their Impact

EU Cohesion Policy

(113) Strengthening territorial cohesion in the light of the Lisbon aims is a long-term process. ESPON studies provide evidence suggesting that the 2000-2006 Structural Funds Programmes contributed to strengthening territorial cohesion and polycentric development, depending largely on national policies. The 2007-2013 EU Cohesion Policy illustrates a shift in policy philosophy towards explicitly supporting the Lisbon aims and taking stronger account of the territorial capital of Europe's regions (both by taking more explicit account of territorial specificities in strengthening regional potential and by offering opportunities for strengthening the trans-European structuring elements of the EU territory). A special challenge in this respect is the emergence of many new internal and external borders.

(114) By co-financing regional development, EU Cohesion Policy has direct territorial impacts, such as on urban and rural restructuring, riverbank development, the creation of new business parks and infrastructure and the development of tourism and recreation areas. Moreover, it has strong indirect impacts, such as on the promotion of regional development, the selection of priorities and governance concepts introduced or promoted by the EU (sustainable development, additionality, subsidiarity, multi-annual programming, partnership), the support of new alliances (between the EU and cities / regions and trans-European alliances) and the availability of new data and know-how (ESPON, URBAN, INTERREG etc).

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The Common Agricultural Policy

(115) Like EU Cohesion Policy, the Common Agricultural Policy (CAP) has diverse territorial impacts. ESPON analyses show that CAP financial allocations are to a certain extent inconsistent with those of EU Cohesion Policy. For example, expenditure on the CAP tends to be concentrated in the wealthier and more densely populated areas of the EU. Although, on the one hand, this can be considered as a logical fact of life because of the difference in focus and objectives, on the other hand, it can be considered as a key political issue for stronger coherence of EU Policies and financial allocations, due to the fact that these two policies contain the major part of the EU Budget and have strong territorial impacts in the Union.

(116) The ongoing liberalisation of the CAP will probably have strong but diverse impacts on the development and position of many rural regions in the EU. It will lead to shifts to new crops due to loss of production subsidies, with further concentration of production in some regions and loss of agricultural activities in others. Rural areas with a vulnerable natural structure may experience a shift from production to multifunctional agroeconomics (leisure, recreation, management of natural areas) and other land uses. So-called semi- or transrural areas may face an increased pressure for urban development due to reduction in production value, with an increase in the number of actors and interests in rural development. The exact impacts on the development of the EU territory are still subject to research.

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EU Transport Policies

(117) EU Transport Policies have important territorial impacts, in particular through the development of infrastructure and pricing policy. ESPON analyses show that EU transport investments have considerable positive effects on the development potential of many regions outside the pentagon London, Paris, Milan, Munich, and Hamburg. Large positive impacts are observed in north-eastern Spain, the coastal regions of Italy (particularly on the east coast), other Italian regions and in southern Scandinavia. Positive impacts are also observed in the southern part of east-central Europe. Moreover, EU Transport Policy has some important indirect impacts on cities and regions. While areas around high speed train-stations may profit from development, other areas may experience drawbacks. Moreover, a repositioning of ports and airports in the EU transport network may be expected as a result of TEN investments.

The **Baltic Gateway Project** – funded by INTERREG III B Baltic Sea Region and bringing together partners from seven countries – is aiming at the integration of the new EU Member States into the transport system of the Southern Baltic. An element of cooperation is to integrate the waterways of the Southern Baltic into the pan-European transport network and to use the concept of the “motorways of the sea” as an effective alternative to congested overland corridors. To connect the trans-European network with local and regional markets, the project also banks on expansion of the secondary regional transport network. On the project’s initiative political decision-makers in the Southern Baltic signed a common declaration for interregional cooperation in the transport field, which has been put in concrete terms by the so-called Baltic Gateway Quick Start Programme that underlines highly prioritised transport projects for the entire Southern Baltic Sea Area.

www.balticgateway.se

EU Environmental Policies

(118) Certain EU Environmental Policies have a very direct and strong territorial impact, by setting conditions for territorial developments and policies. Strategic Environmental Assessment (SEA) contributes to improvement and assessing different alternatives. On the other hand the implementation of EU Environmental Policies is poorly connected to spatial planning instruments which bring together policy and decision makers from different sectors at concrete spatial development issues. Although the assessment of the impacts is related to a higher level by SEA, the problem of policy incoherence is not solved for SEA. The Habitats and Birds Directives, the Framework Directives on Air Quality and Water, the Nitrates Directive and the Seveso Directive can affect plans for residential areas and building plans around airports, seaports and highways, the viability of the livestock sector, the designation and use of coastal recreation areas, etc. On the other hand, the Habitats directives and Birds directives play an important role in preserving and developing the main ecological structure in the Union. Still, there is not enough evidence whether this benefit results from the implementation of the Directive or from the existing ecological structure itself. New cross-border cooperation initiatives to achieve Water framework Directive objectives can enhance trans-European spatial planning. Poor communication of EU Environmental Policies often causes their disapproval by the regional and local stakeholders who are supposed to implement them.

The **Maritime Safety Umbrella Operation (MSUO)** was established to coordinate cooperation between INTERREG funded Maritime Safety Projects (with partners from altogether sixteen countries), related initiatives (e.g. ICZM and maritime area spatial planning) and maritime stakeholders (e.g. policy-makers, shipping industry, coastal communities etc). A goal of the MSUO is to close information and knowledge gaps to enable current and potential new maritime projects to operate efficiently. The suite of projects include activities that seek to save human life, ensure the safety of ships and cargo, protect the maritime environment and safeguard the maritime economic and social assets communities depend on. In general, the work is undertaken under three general themes: response (at sea and shoreline), institutional preparedness and prevention (including risk management) and coastal zone management and marine spatial planning.

EU R&D Policy

(119) The effects of the R&D Framework Programmes (FPs) are felt most strongly in the wealthy core regions of the EU, where R&D activity is concentrated. These regions attract more FP funding primarily on the basis of their existing academic and private research infrastructure, and the need to have a certain “critical mass” to support the risks of involvement in potentially complex transnational project. Existing regional strengths are thus a key factor in determining a region’s propensity to benefit from FP funding. Nevertheless, comparatively high participation levels per unit of GDP in less developed regions imply that the FPs are contributing to overcoming the R&D gap between European regions. There is limited evidence of direct spillovers from FP Projects into surrounding regions. However, the impact of participation can be considerable in terms of raising the “R&D profile” of a region.

(120) The R&D focus of Structural Funds programmes varies considerably, even between outwardly very similar regions. Structural Funds interventions are comparatively more focused on support to business (and particularly SME) R&D activities than the FPs, which direct a majority of their funding to public and academic R&D establishments. There is little evidence of co-ordination between the two main strands of EU R&D policy (FPs and Structural Funds) at a regional level. Taken together, they appear to offer strong potential for reinforcing each other in view of territorial development. A key challenge will be to ensure that EU R&D policy can build on existing linkages between towns and cities (as well as between firms and institutions) within and between European regions.

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EU Energy Policy

(121) EU Energy Policy has mainly a territorial impact via a variation in energy prices, energy production, sources of energy and location of TEN-E as well as territorial and urban structures have an impact on the amount and type of energy consumption. Energy prices appear to have a significant but small impact on economic growth. Energy market opening is a major component of EU energy policy. Although far from being completed it has associated a decrease in energy prices either for households or for industry. Moreover, the availability of Trans-European Energy networks (TEN-E) is an important condition for providing access to energy at competitive prices to consumers. The EU Energy Policy is now relying on the development of renewable energy sources and energy efficiency. Both can have an important impact at local level by increasing the use of endogenous energy resources. Bio fuels for transport, biomass, wind and small hydro power for electricity production are among the main drivers of such a policy for the years to come. A new challenge is the long term security of energy supply, as the EU appears to be in a vulnerable position due to over-dependence on a few countries for its supply.

The **BTN Project** (Bioenergy Technology Transfer Network) – funded by INTERREG III B Baltic Sea Region and bringing together partners from five countries – aims at implementing the latest research results and technologies into the practical application by local and regional suppliers. To reach this aim, a Bioenergy Development Centres Network has also been set up promoting the stronger use of bio energies and regional value added chains. The activities have helped decision-makers to get information about regional bio energy resources, increased the understanding of the positive impacts of bio energy utilisation on the regional economy and employment, increased the know-how on available and future technologies and identified and removed bottlenecks in the chain of bio energy utilisation.

www.bdc-network.jypoly.fi

EU Fishery Policy

(122) EU Fisheries Policy appears to have significant territorial impacts – indented and well as unintended – between coastal regions and also within the regions themselves. Impacts

differ in accordance with the extent the regions are dominated by coast fishing and small vessels, fishing in distant waters with greater vessels, landings, fishing processes or aquaculture. There is proof that the Fisheries Policy favours the prosperous regions against the most remote regions that depend highly on fisheries. More favourable regions are able to take greater advantage of the measures included in the Fisheries Fund (FIFG) due to closer access to products and markets. This also goes for the recovery plans. These are intended to “punish” or at least restrict the fleets targeting endangered stocks. An unintentional partly territorial impact is that the different fleet segments are put in different situations. Larger vessels might be able to utilise resources far from where they have homeport, whereas this possibility does not exist for smaller coastal vessels. However, it is mostly not the smallest vessels which constitute a problem for the resources or the destruction of habitats. Interesting is the fact that some regions are able to get more funding from the EU based on considerations, which are wholly or partly unrelated to the situation of the fisheries sector. This puts some regions in a better situation than other regions. ESPON analyses show furthermore that some countries and regions receive a very significant part of the total EU support. The European Commission has recently released its Green Paper on Towards a Future Maritime Policy for the Union: A European Vision for the Oceans and Seas.

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EU Urban Development Policies

(123) The Structural Funds are the main EU financing instruments in the context of urban development policies. Yet a main concern of the EU is to support the elaboration of integrated concepts of urban development. For the up to now traditional sector specific approach and the therewith connected allocation of competences and responsibilities on different levels of decision has hampered the solution of urban challenges. At the same time the demand for an integrated urban development policy is in line with the "Declaration on the Guiding Principles of Sustainable Development" of the European Council (16/17 June 2005).

The **Historic Neighbourhood Rehabilitation Project** is a comprehensive and integrated intervention for the creation of a series of public spaces in Peristerona City (Cyprus), linking three important local elements (two historic buildings and the seasonal river). The project aims to upgrade the historic neighbourhood, showcase the village church and mosque which constitute important elements of local and regional identity and have become symbols of the peaceful coexistence of the two religions of the island, as well as to create an attractive area of social interaction. Interventions include the transformation of the village square, the landscaping of public areas, the introduction of traffic management measures, the construction of bridges and walkways, and the provision of existing utility services in an upgraded underground network.

www.peristerona.org.cy/english/projects.shtm / www.moi.gov.cy

EU Internal Market and Competition Policies

(124) Regulation of competition by the EU (e.g. restrictions on state aid, liberalisation of markets and anti-monopoly legislation) can affect territorial development patterns by influencing business location decisions, both in positive and negative terms. An important issue in this concern is the liberalisation of the air travel market (“the Single European Sky”) that will have ramifications for both mobility as well as company location decisions. This liberalisation has encouraged the development of regional airports and small budget airlines. In addition to the encouragement of privatisation, the most important change is the “home carrier” rule, allowing national airlines to depart from any EU hub they wish. The bilateral Open Skies Agreement negotiated between the EU and USA will create an even larger internal market – allowing departures from any EU / USA hub – and is likely to result in additional corporate consolidation. The KLM / Air France merger is a good example of this.

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Other EU Policies

(125) Further research in the years to come is necessary both to deepen and to broaden the knowledge and the insight concerning the territorial impact of EU policies. Other EU Policies, such as the EU Fiscal and Economic & Monetary Policies or the Policies on Foreign Trade, Food Safety, Enterprise and Industry may have important territorial impacts too, both in their specific actions and in coherence with other EU policies.

Heterogeneous planning systems, different spatial development instruments and culture in the Baltic Sea Region often lead to a deceleration or even prevention of transnational cooperation and communication concerning common activities and decisions of spatial relevance. The **COMMIn Project** (Promoting Spatial Development by Creating COMMon MINscapes) – integrating all eleven countries of the INTERREG III B Baltic Sea Region – creates for current and future transnational activities and investments a base for more efficient communication and cooperation. Strategic instruments are developed for transnational exchange of knowledge and experience concerning spatial challenges (e.g. TENT-T and ICZM), sustainable spatial development, and the economic coalescence, especially in the Baltic Sea Region. The main tool is a publicly available website with comparable information and practical examples from all involved countries introducing their planning and administrative systems in the respective national as well as English language.

www.commin.org

3.2 Addressing the Territorial Impact of EU Policies

The EU Policy Process in Short

Preparatory Phase: This is the most open phase in legal terms. Formally, the European Commission takes the initiative for elaborating a policy proposal. But before that, all kind of stakeholders (EU institutions, public authorities from EU Member States, NGOs, private actors, etc.) try to put issues on the EU political agenda. This is a somewhat blurred process of lobbying. In view of scoping such political debates and formulating policy recommendations, the European Commission often produces communications like Green or White Papers, or the periodic Cohesion Reports before elaborating a formal proposal. In this preparatory phase the European Commission generally builds on the support of experts from the EU Member States, NGO's and private actors. Before the European Commission presents a proposal it carries out an assessment on its potential impact and an internal interservice consultation.

Decision Phase: In this phase the Committee of the Regions (CoR) and the Economic and Social Committee (EESC) give their advice on the European Commission proposal. The Council and (depending on the procedure) the Parliament decide on the Proposal. Legally, this is a very complicated phase. Depending on the Treaty base of a proposal, several formal EU decision making procedures are possible.

Implementation Phase: EU Regulations are directly binding for EU Member States. Directives will have to be implemented into national legislation. Sometimes the Council delegates an implementation or regulatory competence to the European Commission. In those cases the European Commission makes use of so called comitology committees, in which it cooperates with national representatives. Such committees can take legally binding decisions, such as on the management of structural funds programmes, mostly on technical matters but sometimes with political implications

(126) As mentioned in part A the EU Ministers for Spatial Development and the European Commission can play a key role in raising awareness concerning the territorial impact of EU policies and in promoting policy coherence and cooperation in this concern. However, as long as there is no legal basis for territorial cohesion, there is no formal obligation or incentive to take the territorial impact into account in the EU policy process. Therefore, effective management of the territorial impact seems only possible with strong political leadership and broad political ownership at EU level. This means a strong network of stakeholders that can build on a sound base of territorial knowledge, information and expertise, and with effective

links to the EU policy process. Legally, there are good opportunities for addressing the territorial impact, especially in the preparatory phase, which is the most open in legal and political terms. Key challenge in this respect is the sectoral organisation of the EU policy process.

Political Leadership in Managing the Territorial Impact of EU Policies

(127) As expert ministers the EU Ministers for Spatial Development are most suited to strengthen the insight and the awareness of the territorial impact of EU Policies and to start the debate on a more coherent approach within EU Policies. Their informal role in the framework of the EU gives them the freedom to analyse the issue in an open atmosphere and to define the key political challenges. However, Ministers cannot do more than delivering a sound evidence base and putting the territorial dimension of EU Policies on the EU Agenda. For effective management of the territorial impact of EU policies they appear to be dependent on the commitment of the formal EU institutions, especially the European Commission, as the initiator of EU Policies. In other words, leadership in managing the territorial impact of EU policies appears only possible if the European Commission and the EU Ministers for Spatial Development cooperate closely as a driving force for other stakeholders.

The White Paper on European Governance states: *“The territorial impact of EU Policies in areas such as transport, energy or environment should be addressed. These policies should form part of a coherent whole as stated in the EU’s Second Report on Economic and Social Cohesion; there is a need to avoid a logic which is too sector-specific. In the same way, decisions taken at regional and local levels should be coherent with a broader set of principles that would underpin more sustainable and balanced territorial development within the EU.”* (cf. White Paper on European Governance) The European Commission intends to use the enhanced dialogue with EU Member States and their regions and cities to develop indicators to identify where coherence is needed. It will build upon existing work, such as the ESDP. This work of promoting better coherence between territorial development actions at different levels should also feed the review of policies in view of the Sustainable Development Strategy. The White Paper also states that EU Policies should be refocused, *“... supporting territorial diversity.”* (cf. White Paper on European Governance)

(128) In the White Paper on European Governance from 2001 the European Commission had already identified the need to clearly address the territorial impact of EU Policies.

(129) The Third Report on Economic and Social Cohesion and Community Strategic Guidelines for the 2007-2013 EU Cohesion Policy elaborates on this ambition under the heading of territorial cohesion. The European Parliament and the Committee of the Regions (CoR) support this approach in recent opinions on territorial cohesion. The CoR has even established a specific territorial cohesion committee. However, at this moment it is not yet clear what the impact of this ambition of greater coherence in policy practice will be. The careful conclusion can be drawn that the European Commission has made first cautious attempts to address the politically sensitive issue of a coherent approach to the territorial impact of EU policies via the line of EU Cohesion Policy. However, so far it remains a rather premature and fragile matter on the EU agenda.

Political Ownership: The Stakeholders Dialogue on Territorial Cohesion

(130) In order to strengthen the ownership of the issue the EU Ministers for Spatial Development have started a dialogue with key territorial cohesion “stakeholders”, like the EU institutions, national, regional and local representatives, NGO’s and private actors involved in territorially relevant policies. Sharing information and achieving more clarity and insight on the territorial impact of EU policies is a key priority in this dialogue. So far, the dialogue has been a very informal and flexible process, focused mainly on creating a common understanding. The dialogue has not yet gone into the stage of a structured and well managed network of stakeholders monitoring and discussing the political agenda’s of the European Commission and the Presidencies concerning dossiers with a territorial impact. At this moment it is still too early to assess the effectiveness of the dialogue.

EU Territorial Analyses and Impact Assessments

(131) Another key element in managing the territorial impact of EU policies is the availability of a sound "evidence base" of key EU territorial structures, processes, trends, scenario's, typologies, indicators, data, maps, methodologies and policy impacts. The key challenge is to produce targeted analyses that key stakeholders are actually prepared to use at key moments in the EU Policy process, starting with the very early stage of EU policy development, when policy challenges are scoped and discussed between experts from throughout the EU. Other key moments are the impact assessment procedure, the interservice consultation, the opinion forming in the Committee of the Regions and the Economic and Social Committee and the decision making in the Council and the Parliament.

(132) Although a sound analytical base is still in development, mainly via ESPON, it appears that territorial analyses already played an important role in the development of the 2007-2013 EU Cohesion Policy. Moreover, ESPON is developing methodologies for ex ante territorial impact assessments of European Commission proposals. If the political will is there, these could be used in the framework of the formal integrated impact assessment procedure. So far, this opportunity has not been explored. Also, ESPON is working on analyses that zoom in into specific EU territories. These developments look promising.

Territorial Expertise in the EU Policy Process

(133) Experts play a very important role in EU policy development. The European Commission can invite experts both for formal committees and informal meetings. These experts are generally drawn from EU networks. The challenge is both to build an EU network of territorial experts, and to monitor the European Commission Agenda, so that the European Commission can be informed in time of the territorial experts available.

(134) A broad network of EU experts is now taking shape, mainly due to ESPON and the territorial agenda of the EU Ministers for Spatial development. The European Commission has already made use of territorial experts in some cases. This was especially the case in the development of the 2007-2013 EU Cohesion Policy and some EU Environmental dossiers like the Thematic Strategy on Urban Environment, the INSPIRE Directive and the initiative on Integrated Coastal Zone Management. However, the European Commission and the Ministers for Spatial Development have not so far explored the use of territorial experts in a structured way.

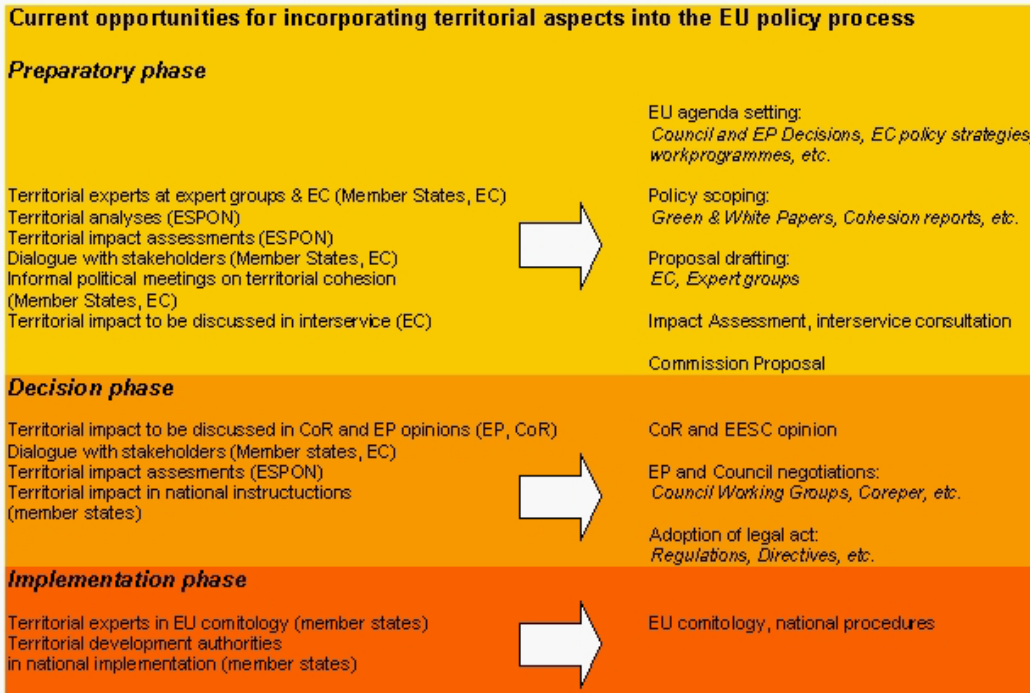
The Territorial Dimension in EU Comitology

(135) The EU comitology is another important opportunity to address the territorial impact. Although comitology committees are mostly mandated to deal with technical implementation or regulatory issues, their decisions can have territorial impact, e.g. through the establishment of environmental norms.

(136) In 2001 the European Commission set up a working group on territorial and urban development, as a Sub-committee of the Management Committee of EU Regional Policy (the CDCR). This way, discussions on territorial challenges could be linked to the formal EU comitology for EU Cohesion Policy. The working group has deepened the territorial and urban dimension of EU Cohesion Policy. However, the "marriage" proved difficult, especially in the beginning, because of differences of interests and responsibilities within and between EU Member States and the European Commission. The goal of finding an effective structure and agenda within EU comitology remains a challenge.

(137) In outline, the current opportunities for incorporating territorial aspects into the EU policy process are as follows.

Current Opportunities for Incorporating Territorial Aspects into the EU Policy Process



The EU Perspective in EU Member States' Territorial Development Policies

(138) Strengthening the coherence of EU policies with a territorial impact is not only a challenge for the EU policy process (horizontal coherence). It is also a challenge of linking territorial development policies in the EU Member States and EU policies, so that they structurally reinforce each other in view of an effective exploitation of Europe's territorial capital (vertical coherence). Traditionally this bottom up perspective on territorial governance in the EU has been rather weak. In recent years several instruments and incentives have been developed to strengthen this vertical coherence, i.e. by EU Cohesion Policy, the Lisbon Strategy and new governance approaches on territorial development.

The EU Perspective in National and Regional Territorial Development Strategies

(139) During the past years many regional and national territorial development policies overcame insular ways of looking at their territory and took into consideration European policy aspects and trans-European territorial structures, processes and interdependencies right from the outset. Cities and regions are increasingly trying to identify their unique territorial capital and to position themselves in an EU perspective, triggered by the challenges of the Lisbon strategy. In addition, some countries have modified their planning legislation and introduced provisions related to the concepts and objectives of the ESDP.

(140) At the same time, many EU Member States are taking initiatives to anticipate on the growing territorial impact of EU Policies. It appears that this is not an easy challenge as they are facing serious obstacles like differences in policy cycles, objectives, priorities, distribution of responsibilities, processes of negotiation and consensus building of relevant EU policies and national and regional territorial development policies. Moreover, territorial development authorities in the EU Member States are increasingly involved in EU Dossiers. This is mainly due to the challenges of EU Cohesion policy. In around half of the EU Member States competences for territorial development and regional economic development have been integrated into one Ministry. In other EU Member States the spatial development ministries had a coordinating role in the 2000-2006 INTERREG III B Programmes. In many cases this offered them an entrance to the national instructions for the negotiations on the 2007-2013 EU Cohesion Policy and the EU Financial Perspectives, giving a voice to the territorial aspects.

The Dutch Ministries of Foreign Affairs and Spatial Development recently took the initiative to discuss European Commission proposals with a potential territorial impact in the National Planning Commission. In this Commission all spatially relevant directors-general participate. It prepares all government decisions on spatial development. The idea is that by anticipating at an early stage, new EU legislation can be better integrated into spatial development decisions and the spatial planning system.

Territorial Development Strategies and EU Strategic Frameworks

(141) In line with the above, most EU Member States succeeded in linking their territorial development priorities to the national strategic reference frameworks for the 2007-2013 EU Cohesion and Rural Development Policy. The involvement of Spatial Development Ministries in the national Lisbon Action programmes 2005-2008 appeared however generally weak. This is mainly due to the still weak recognition in the official discussions on the strategy that territorial development policies can provide favourable conditions for achieving the Lisbon aims.

Crossborder and Transnational Territorial Development Strategies

(142) Trans-European cooperation can not only increase economies of scale and synergies, it can also diminish trade-offs and inconsistencies in policies. Many regions try to position themselves better in the European perspective by overcoming borders and developing joint crossborder and transnational territorial development strategies. As those regions face huge challenges of differences in administrative systems, competences, languages, policy cycles, political priorities, etc it appears that EU Cohesion Policy, especially the instruments for European territorial cooperation, in many cases provides a *conditio sine qua non* for such cooperation.

ELAT – the Eindhoven, Leuven, Aachen Top Technological Triangle – is one of the first regions in Europe wishing to fulfil the Lisbon Strategy from a transnational point of view. Due to the intermediary position of the ELAT Triangle between the Flemish urban network, the Ruhr Area and the Dutch Randstad, the significance of cooperation within the ELAT Triangle surpasses the scale of these regions. ELAT aims at creating favourable territorial development conditions to become *one* European top technology region. With the help of INTERREG III B North West Europe the region tries to strengthen its position in the European and even global perspective, identifying its unique territorial capital, and increasing economies of scale and synergies via a joint transnational territorial development strategy.

www.elat.org

3.3 Conclusions

(143) It appears that EU Sectoral and Economic policies and territorial development policies in the EU Member States do not structurally reinforce each other as regards objectives, priorities and measures taken. In some cases even the contrary is true. Nevertheless, there appear to be good opportunities for a better use of the existing possibilities of the EU policy process. At the same time, many EU Member States are taking initiatives to anticipate on the territorial impact of EU Policies but are facing serious obstacles like differences in policy cycles, objectives, priorities, allocation of responsibilities, processes of negotiation and consensus building of relevant EU Policies and National and Regional Territorial Development Policies.

(144) Both directly and indirectly EU Policies have a strong, but very diverse and often hidden impact on territorial developments in the Union. Although EU Policies are important for strengthening territorial cohesion, there is a significant incoherence and overlap between the various EU policies and their territorial impact. At the same time there seems to be a strong potential for synergies. It should be noted that, despite the lack of an EU competence for spatial development, the indirect, and therefore often unseen consequences are more significant and will become more so in the future.

(145) Opportunities for effective management of the territorial impact of EU Policies are only being exploited partly and cautiously. Both the European Commission and the EU Ministers for Spatial Development can strengthen their leading role in this respect. A broad network of territorial stakeholders is emerging but so far without structures and focused management. The development of the analytical basis for addressing the territorial impact looks promising. There is a need to think and act more strategically.

(146) Strengthening the coherence between national and regional territorial development policies and EU Sector and Economic Policies is a huge challenge that is gradually becoming an issue in the EU Member States due to the Lisbon challenges and EU Cohesion Policy. The EU dimension is being taken into account in a growing number of territorial development policies. Joint crossborder and transnational development strategies are being explored by a growing number of regions. Territorial development authorities are more and more involved in EU discussions in the EU Member States. Still, here is a long way to go before territorial development policies and EU Policies structurally reinforce each other to some extent.

Part C – Developing Perspectives for the Future

(147) The key challenge for strengthening territorial cohesion – in the light of the Lisbon aims – is to enhance the territorial capital and potential of all EU regions and to promote territorial integration, i.e. by promoting trans-European synergies and clusters of competitive and innovative activities. These will have to be addressed in a sustainable way by promoting eco-efficient investments, the conservation and development of natural and environmental assets, the ongoing demographic change, and life long learning. In practical terms the concept of territorial cohesion would mean the following:

- focusing regional and national territorial development policies on better exploiting regional potential and territorial capital – Europe’s territorial and cultural diversity;
- better positioning regions in European context, both by strengthening their profile and by trans-European cooperation aimed at facilitating their connectivity and territorial integration;
- promoting the coherence of EU Policies with a territorial impact, both horizontally and vertically, so that they support sustainable development at national and regional level.

If territorial cohesion is the policy objective, territorial development policies are the policy tools. In this light, the challenge of territorial cohesion covers more than EU cohesion policy in the narrow sense. It adds an integrated and long-term approach to the process of exploiting territorial potential in the EU that has to be addressed at, and across, different policy levels (regional, national, cross-border, transnational and EU) and across sectors (agriculture, transport, environment, regional economic development, competition etc). The challenge of balanced and sustainable development as embodied in the ESDP and considered in the light of the Lisbon aims, offers the key political benchmark for assessing whether development of the EU territory has been moving in the right direction since the adoption of the ESDP. On this basis, trends and policies are judged as contributing to strengthened territorial cohesion where they enable better exploitation of inherent regional potential or comparative territorial advantages.

4. Priorities for Strengthening the Structure of the EU Territory

How to Achieve a More Competitive Europe of Diverse Regions ?

(148) The analysis has shown a challenging picture of the Union’s territorial structure in the light of the Lisbon aims, with an unbalanced distribution of competitiveness factors, major challenges for urban networking to create strong clusters of competitive activities, growing environmental pressures, some serious trans-European bottlenecks and various missing links in key transport, ICT and ecological networks. Given this context six priorities emerge for enhancing the territorial capital and potential of all EU regions and for promoting territorial integration. In view of the great diversity of territorial potential in the EU it is clear that these

priorities will have to be addressed in a flexible way depending on the physical and geographical context and the policy scale at which they are applied. The first three priorities focus on the key role of cities as motors for development, addressing the potential for stronger urban-rural partnerships and (trans)national functional urban areas and strategic functional urban areas at the European or even global scale. The other three priorities focus on the “other” trans-European structuring elements of the EU territory that are crucial for strengthening territorial cohesion. The six priorities, which are set out below, form the basis of the Territorial Agenda of the EU.

1. Promoting a Territorial Policy for Metropolitan Regions, Cities and Other Urban Areas in a Polycentric Pattern as Motors of Europe’s Development
2. Strengthening Urban-Rural Partnerships and Ensuring a Sufficient Level of Public services for Balanced Territorial Development
3. Promoting (Trans-)National Clusters of Competitive and Innovative Activities (by Strengthening the International Identity and Specialisation of Cities / Regions and Identifying Priorities for Cooperation and Synergies in Investments, Including Cooperation on Territorial Development, Job Markets, Training, Education, R&D, Capital Risk for SME etc)
4. Strengthening the Main Trans-European Transport, ICT and Energy Networks in View of Connecting Important Economic Poles in the EU and their Links to Secondary Networks (with Special Attention to Development Corridors, the Accessibility of Naturally or Geographically Disadvantaged Areas, Maritime Links and Connections to EU Neighbours)
5. Promoting Trans-European Technological and Natural Risk Management, Including Integrated Development of Coastal Zones, Maritime Basins, River Basins and Mountain Areas
6. Strengthening the Main Trans-European Ecological Structures and Cultural Resources

4.1 Promoting a Territorial Policy for Metropolitan Regions, Cities and Other Urban Areas in a Polycentric Pattern as Motors of Europe's Development

(149) Strengthening territorial cohesion requires a strong focus on the role of Europe’s cities as motors for growth and development. As the analysis of the territorial state shows, there is a huge variety of urban characteristics and challenges in Europe. At the same time there is growing trans-European territorial integration in the form of networks of metropolitan and smaller urban regions. This situation makes effective policy intervention at the level of the EU necessary but difficult. It implies a further shift from purely sectoral and top-down policy approaches towards integrated and multilevel approaches for each specific territorial setting. In particular, the creation of a strong European network of metropolitan regions, enabling Europe to play a fully competitive role in the global economy, requires a supreme effort. In view of this the following lines of action will be elaborated between 2007 and 2010.

Strengthening Metropolitan Regions and their International Competitiveness

(150) Competitive and well integrated metropolitan regions, like the area between Tokyo and Kyoto in Japan and the one between Washington D.C. and Boston in the USA, are the motors of the world economy. The most important emerging metropolitan area in Europe is the Northwest-European Delta, which contains several important urban clusters like the Randstad and the Ruhr area. Other areas also have the potential to become world-class metropolitan regions. This poses a two fold challenge for territorial cohesion; first, to find an effective mix of complementarity and competition within and between the urban clusters in each metropolitan region and, second, to achieve a more balanced European pattern of metropolitan regions. EU policies can stimulate cooperation and development and facilitate a level playing field for a sustainable and competitive environment. So far, the following territorial policy issues have been inadequately addressed in the EU context and should be taken into account at the midterm review of the EU Cohesion Policy and the development of the new White Paper on EU Transport:

- **Identifying the Potential and Interrelationships of EU Metropolitan Regions.** The European Commission and the EU Ministers for Spatial Development should stimulate

targeted analyses on the potential and interrelationships of EU metropolitan regions and their role in Europe's competitiveness (using ESPON but also other disciplines and perspectives), including the issue of effective governance

- **The Contribution of EU Policies to Competitive and Integrated EU Metropolitan Regions.** The potential for stimulating and facilitating metropolitan regions via EU cohesion and other policies, such as transport, internal market and competition policies, should be evaluated. An assessment of the results of the European Territorial Cooperation programmes could also be elaborated. Thirdly, an action plan on cities as motors for development should be considered on the base of the European Commission's Paper on Urban Development in cooperation with the responsible authorities for urban policy.

METREX (Network of European Metropolitan Regions and Areas) – founded in 1996 and comprising fifteen countries – is a network of practitioners, i.e. politicians, officials and other advisers, concerned with spatial development and planning at the metropolitan level. Through intensive networking and projects, mainly funded by INTERREG, METREX is making a contribution to the objectives of the European Spatial Development Perspective (ESDP) and the issue of metropolitan governance. METREX calls for a Green Paper of the European Commission on “The Metropolitan Future of Europe. The contribution of Metropolitan Regions and Areas to Growth, Competitiveness, Sustainability and the Social Face of Europe” (Findings of the Talents, Tolerance Technology Forum, Committee of the Regions, Brussels, 7 March 2006).

www.eurometrex.org

Strengthening the National and International Role and Position of Cities and Urban Areas Outside of the Metropolitan Regions in order to Promote a More Polycentric Development in a National Context

(151) In the newer EU Member States, there is an over concentration of development in the largest metropolitan region, usually the national capital region. The challenge is to avoid growth and innovation of metropolitan regions being at the expense of smaller and medium sized cities. On the contrary, strengthening metropolitan and urban networks should go together and be mutually reinforcing. Therefore, the following territorial issues should be taken into account in the midterm review of EU Cohesion Policy and the development of the new White Paper on EU Transport:

- **The Role and Potential of Secondary Urban Areas in the EU Urban System.** The European Commission and the EU Ministers for Spatial Development should stimulate further targeted analyses on these issues (e.g. by ESPON), including the potential for better linking secondary urban areas with metropolitan areas. “Zooming in” research is necessary to identify opportunities for cooperation and specialisation for specific areas.
- **The Role of EU Policies in Strengthening the EU Urban System.** There should be further discussion about whether and to what extent different EU Policies (Transport, R&D, Cohesion, etc) can facilitate better linkages between the various levels of the EU urban system, and also more cooperation amongst small and medium-sized cities, preferably in a crossborder or transnational context. This issue could become part of an Action Plan on the role of cities as motors for development.

The **VITAL CITIES Project** – bringing together partners from seven countries – uses the approach of counteracting negative impacts of the development on urban habitat, housing areas, infrastructure and open spaces caused by increasing location of shopping centres on green sites, resulting in urban sprawl, increased volume in traffic and environmental problems. It aims to achieve more balanced regional development by increased support for retailers in inner cities to strengthen polycentric urban systems through the INTERREG III B CADSES project. This involves public sector representatives cooperating in an innovative approach involving a transnational public-private-partnership. In its European Charta “Network VITAL CITIES” (adopted at Berlin on 12 May 2006) the project underlines “(...) *the crucial role played by retailing as an important motive force for balanced spatial development. Where trading is strong, dynamic cities and regional centres develop, radiating life to their surrounding areas and sustaining the partnership between town and country. Neither*

business nor politics alone can guarantee such a development. The key success lies in the cooperation between all players. (...)

www.vital-cities.net

4.2 Strengthening Urban-Rural Partnerships and Ensuring a Sufficient Level of Public Services for Balanced Territorial Development

(152) As the analysis shows, the strength of the European territory lies primarily in its diversity. Therefore, the rural-urban debate needs to be differentiated in terms of different rural-urban settings such as rural areas close to urban agglomerations, rural areas with urban development poles and remote rural areas. It is clear that this diversity requires tailor made policy solutions. In other words, it requires a policy response that explores the potential of urban and rural areas and their interactions, that improves conditions for successful development and that addresses restricting factors and bottlenecks in a way which makes best use of the opportunities. In view of this the following lines of action will be elaborated between 2007 and 2010.

Strengthening Urban-Rural Partnership

(153) In many rural areas, the territorial and endogenous potential of the area and the possible rural-urban partnership are not fully used. This concerns tangible resources, as well as social capital, institutional settings, rural community development and local entrepreneurship capacities of partners. The challenge is to develop an integrated view of rural and urban development – taking urban and rural areas as equal partners – and to consider common development assets and strategies which might facilitate the better utilisation of existing potential. In addition new forms of governance should be exploited. In view this, the following territorial policy issues should be taken into account within the EU political agenda between 2007-2010, in particular through the midterm review of EU Cohesion and Rural Development Policies, the development of the 7th Environmental Action Programme and the next White Paper on Transport. The European Commission and the Ministers for Spatial Development could stimulate a discussion between stakeholders on how these EU policies could facilitate urban-rural partnerships more effectively, on

- **The Role of Transport and ICT Networks.** Accessibility in rural areas is often rather weak particularly when considering means of access other than the private car. Therefore a debate is needed on how to improve multimodal transport links and secondary networks. Moreover, over the next decades road traffic is expected to increase faster in rural areas than in urban areas. A debate will be necessary on how to cope with the effects (e.g. on the environment) of this increase and how to ensure that rural areas actually benefit from this development, in terms of economic development and accessibility.
- **The Effects of Energy Prices in Rural Areas.** This issue requires further research (e.g. by ESPON). Rural areas with low accessibility are likely to be particularly disadvantaged by rising energy prices. At the same time rising energy prices might also facilitate the production of renewable energy in these areas. A dialogue is needed on how to cushion the very negative impacts of rising energy prices on the economic development of rural areas and how to assure that the positive effects of the production of renewable energy are fully utilised.
- **The Effects of Metropolitan Regions and Urban Areas on Their Wider Hinterland.** The key question is how to facilitate positive effects. In particular in areas where urban and rural areas are becoming increasingly integrated, the challenge emerges how to strengthen rural-urban partnership such that they create larger and more powerful regions which take advantage of the different territorial potential. Key words in this context are urban sprawl, “social justice”, rural and urban land-use and identities. In predominately rural areas with single urban centres, the question is how rural-urban partnership can help to strengthen the urban centres as growth poles for the entire region on the one hand while on the other hand providing services for rural areas and enabling endogenous and sustainable development, without making the surrounding area completely dependent on the urban centre.

- **The Contribution of Remote and Disadvantaged Areas of Economic Value.** These areas – based on their natural resources and environmental assets – are of significant economic value, e.g. mountain areas and forest lands provide water, soil, clean air, greenhouse gases sinks, biodiversity and increasingly alternative energy sources for the benefit of all European citizens.

The **REMEDY Project** (Remote telematic solutions for patient diagnoses and the training of health care professionals in sparsely populated areas) – funded by INTERREG III B Northern Periphery and bringing together partners from three countries – aimed at developing the practical use of telemedical support within different branches of the health and medical services in sparsely populated, remote areas of the Northern Periphery. The purpose was to increase patient security, improve quality of services and to protect patients' legal rights within the telemedical field. An IT-based training programme aimed at individual, group and organisational level, has been developed in close cooperation with patients and relatives to serve as a basis for a standard European qualification.

www.vannas.se/kommun/forvaltningar/vord-omsorg/MEMO/Utkast.htm

Ensuring a Sufficient Level of Public Services for Balanced Territorial Development

(154) In more remote areas with single urban centres, the key challenge is how the urban centres can be strengthened as growth poles for the entire region – thus shared responsibilities for wider areas – and providing public services (especially health care and education) to a sufficient level corresponding to the size of population and distance from larger cities. In view of this, the following territorial policy issues should be taken into account within the midterm review of EU Cohesion and Rural Development Policies. The European Commission and the EU Ministers for Spatial Development could stimulate a debate with stakeholders on the following issues:

- **Exploiting Rural Resources.** What are the key resources that are available in remote rural areas, such as agriculture, production of renewable energy, tourism, recreation and unspoiled nature? This also involves diversifying the economic base. Even more important than the tangible rural potential is the need to empower people living in rural and remote areas. The contribution of both policies has to be evaluated in terms of their support for building social capital and the way local people are able to exploit available resources and transform stocks into flows, i.e. value man-made assets, strengthen the economic framework and improve the institutional capacity.
- **The Effects of Demographic Change on Regional Development.** Ageing and increasing out-migration leading to population decline are threatening the viability and the provision of services in remote and sparsely populated areas. Therefore integrated measures are needed which enable those areas to secure a sustainable path for economic and social development.
- **The Effects of Rising Energy Prices in Remote Regions.** Remote areas with low accessibility are likely to be particularly disadvantaged by rising energy prices, which might lead to a vicious circle for these areas. Therefore strategies are required to prevent rising energy prices weakening the economic base of these areas.
- **Access to Information and Communication Technology.** Often modern information and communication technologies can assist the provision of services in more remote areas. However, at the same time rural and particularly remote and sparsely populated areas often lack access to the latest ICT-infrastructure. Therefore solutions such as broadband bundling, should be used to provide sufficient access to ICT in these areas thus allowing rural areas to keep up with the demands of an information society.

In the **North Sea Rural Project** – funded by INTERREG III B North Sea Region and bringing together partners from six countries – six regions aim at transnationally generating innovative solutions for rural development in the fields of accessibility to social services, efficient public transport and economic development. It is assumed that if these three interlinked issues are addressed simultaneously and coordinated, the prospects for positive development are much brighter than if they are addressed independently. Innovative ways are tested in a number of pilot projects, e.g. the establishment of a Joint Health Clinic for general practitioners through public health insurance in Thy (Viborg County Council). The Joint Health Clinic is a concept

which improves the scope for recruiting the necessary qualified health professionals by providing a professional environment, modern facilities and opportunities for flexible working.

www.northsearural.org

4.3 Promoting (Trans-)National Clusters of Competitive and Innovative Activities

(155) The analysis shows that to date regional clusters have developed primarily within national contexts since the early 1990s. In view of globalisation, increasing competition between regions and the need to use resources in a sustainable way, there is a growing necessity to stimulate clusters across borders. Moreover, a paradigm shift is necessary: from securing fair play within the system to coaching clusters to become globally competitive. National actors have a major role in facilitating networks. In addition, it seems to be indispensable to shift from subsidising the poor to investing in the high potential. In view of this the following line of action will be elaborated between 2007 and 2010:

Promoting (Trans)National Clusters of Competitive and Innovative Activities by Strengthening the International Identity and Specialisation of Cities and Regions and by Identifying Priorities for Cooperation and Synergies in Investments

(156) Cities and regions are localising and anchoring the Lisbon Strategy. Strong partnerships are required. The key challenge for the EU in this respect is to facilitate such bottom-up processes more effectively. Genuine European clusters are needed, but cluster and innovation policies still tend to be national in nature. Innovation policies would become more effective if they would be connected more strongly and directly with regional development policies. In view of the midterm review of EU Cohesion Policy, the European Commission and Ministers for Spatial Development should start a debate on developing an EU cluster policy or strategy. A debate on an EU Cluster Policy should take account of the following territorial issues:

- **International Benchmarking.** ESPON and other EU instruments like the Urban Audit could facilitate more detailed international benchmarking of Europe's cities and regions. After all, effective exchange of knowledge and experiences requires detailed profiles of regions and cities.
- **Stimulation of Specialisation and Division of Labour.** A lot of information produced in global hubs is adapted and further refined in other places, and vice versa (a two way distribution and diffusion of knowledge). Small and medium-sized cities as well as rural areas should be linked functionally to larger creative innovation hubs and to national innovation systems, while avoiding a strategy of 'only picking the winners'.
- **Support for Existing Strengths of Regions.** Regions and cities with similar and complementary profiles (functional clusters) should be stimulated to identify networking opportunities. As it can be risky to specialise, a 'safety net' should be considered for regions and cities with a specialisation strategy in case of failure owing to external factors. This also applies especially to islands according to their size.
- **Training and Education.** A cluster approach requires major and cross-sectoral training activity covering government, business and NGOs. Entrepreneurship and competency development of governmental agencies should be encouraged, strengthening business orientation and professionalism of staff. The capacity of SMEs to operate internationally is still limited.
- **Fuelling of Triple-Helix.** Clusters are actually formed by players from three sectors: business, research and public sector. The role of public sector actors is to support the interaction between business and research and also to build transnational networks. This should also be part of regional development. Further development of social capital between regional development actors should be encouraged. Public-public partnership appears to be more challenging than public-private partnerships, suggesting strong sectoral orientation in regional development. EU actions could foster public-private partnership for innovation, including R&D, and increasing innovation policy activity at regional and national levels.
- **Balance and Broad Perspective.** All forms of innovation and various stages of the innovation process – starting from basic research to commercialisation – should be

covered by investments. Knowledge-intensive services are often of great importance. A balance should also be achieved between tangible (e.g. machines, building) and intangible (e.g. R&D, modes of cooperation) investments.

- **Territorial Cooperation for Building Clusters.** It is evident that not all regions offer the critical mass to build clusters. Cooperation between regions should be supported in those cases where bottlenecks owing to relative size can be overcome by technology transfer, training and business support facilities.

Good practice from Finland and applied in various European countries, forms part of the **Centres of Expertise Programme**, which in 1994-2006 focused on internal dynamics and in 2007-2013 will focus on regionalised network clusters, meaning that at least two urban regions must share the same interest. Thus networking between urban regions is a definitive criterion and broadening the scope of this model to international level, would naturally be the next step leading to the launch of a European-wide Expertise Programme.

www.oske.net/in_english/centres_of_expertise

4.4 Strengthening the Main Trans-European Transport, ICT and Energy Networks to Connect Poles in the EU and their Links to Secondary Networks

(157) Good infrastructure and service provision is a precondition for the development of competitive regions in Europe. Infrastructure networks and services related to transportation, ICT and energy are of particular concern at European level. The analysis of the territorial state shows that for all these areas there are considerable territorial differences. Whereas some regions have access to good infrastructure networks and services, others are in a less favourable position or might be negatively affected by current policies and development trends. In order to make best use of existing potential and synergies between different policy agendas, policy has to respond to the diversity of territorial preconditions. In view of this the following concrete lines of action will be addressed between 2007 and 2010.

Strengthening the Main Trans-European Transport Networks (Road, Rail, Air and Maritime) and their Links to Secondary Networks

(158) The key challenge for territorial cohesion is to create a more effective and sustainable integration between trans-European networks and secondary networks, preferably focusing on rail. In view of this, the following territorial policy issues should be taken into account within the midterm review of EU Cohesion and Rural Development Policies, the debate on the new White Paper on Transport, and the development of the 7th Environmental Action Programme as well as the implementation of the Water Framework Directive and different EU support programmes. The European Commission and the EU Ministers for Spatial Development could stimulate a debate with stakeholders on these issues:

- **Accessibility in the Periphery.** More research is needed on how accessibility in peripheral areas can be improved in a sustainable way and how low accessibility can be compensated. This also applies particularly to islands considering their different sizes and typologies. A specific issue is how to handle the negative effects of the increase in road transport especially in rural areas and in Central and Eastern Europe.
- **Secondary Networks.** Accessibility disadvantages and inadequate transport networks and services in rural areas and national peripheries need to be addressed through improved secondary transport networks. A key question is which precise measures could link the hinterland to transportation hubs and networks in a sustainable way. A specific challenge is the multimodality of transport to better link primary and secondary transport networks.
- **High-Speed Rail.** The further development and upgrading of high-speed train systems and the connection from high-speed train hubs to the wider hinterland are important topics for the future EU transport system. This also applies to rail freight transport.
- **Air Services.** Viable regional airports with good transport services are important for more peripheral areas. Further discussion is still needed on how to secure high quality services to regional airports. Existing examples should be examined more closely.

- **Inland and Maritime Waterways.** To better exploit these under-utilised transport means and thus to avoid any further congestion, port services – both maritime and inland –, facilities and river boards have to be interlinked. Additionally, maritime safety standards have to be improved. Integrated river basin management and planning should be realized, which is informed by science and provides both economic and ecological solutions.
- **Energy Prices.** Measures need to be discussed for handling the increasing territorial differences in levels of accessibility which will be caused by rising energy prices.

Shifting Alpine-crossing freight transport from road to rail by pursuing innovative regional and supra-regional concepts, The **AlpFrail Project** (Alpine Freight Railway) – funded by INTERREG III B Alpine Space and bringing together partners from four countries – aims to stimulate new thinking among politicians and railway companies in terms of networks and systems rather than the old scheme of North-South axes and East-West routes in the Alpine Space. The project aims to foster these new networks and develop management structures to make use of existing infrastructure networks. Transalpine traffic and its accessibility is essential for Europe, as demonstrated by recent catastrophes in Alpine tunnels and subsequent traffic congestion.

www.alpfrail.com

Strengthening the Main Trans-European ICT Networks and their Links to Secondary Networks

(159) The key challenge is to facilitate and stimulate good infrastructure and service provision by better exploiting territorial differences in ICT cultures, literacy, policy approaches, etc. In view of this, the following territorial policy issues should be taken into account within the midterm review of EU Cohesion and Rural Development Policies, and the debate on the new White Paper on Transport. The European Commission and the EU Ministers for Spatial Development could stimulate a debate with stakeholders on these issues:

- **Rural and Peripheral Areas.** The focus of ICT infrastructure rollout and service provision on urban and densely populated areas needs to be tackled by a set of different measures by European, national and regional actors.
- **Digital Literacy.** With their direct impacts on labour market qualifications the territorial differences in digital literacy in Europe are an important policy field for achieving the aims of the Lisbon Agenda.
- **Information Society Lifecycle and Knowledge.** The territorial disparities need to be addressed in relation to all aspects of the Information Society Lifecycle (ranging from readiness to use ICT means, via intensity of use, to the impact of that usage) in order to assure good preconditions (in the sense of lifelong learning) for the future competitiveness of all European regions.
- **Cultural Diversity.** The different communication and computing cultures in Europe should be discussed with a view to better exploitation of Europe's diversity.

The **HERMES Project** – funded by INTERREG III B CADSES and bringing together partners from eight countries – intends to promote and to support sustainable regional development by innovative interactions between cultural heritage and resources and new electronic media. In particular, the project aims to upgrade regional identity by improving the perception of cultural resources with the help of new media tools, and to maintain cultural heritage sites by new introducing uses and thus valuing cultural resources. All activities are based on a completely new approach to interactions between urban, regional, cultural and media spaces. In using new media tools, e.g. internet radio (Radio Lotte), it helps to bridge physically long distances without being forced to supply traditional physical infrastructure. In particular young experts and multipliers in culture are offered educational courses and qualifications.

www.swkk.de/hermes

Strengthening the Main Trans-European Energy Networks

(160) Europe is facing the challenge of coping with worldwide rising energy demand, limited reserves of non-renewable energy sources, security of energy import structures, and rising energy prices. The following deals with territorial strategies in support of sustainable, competitive and secure energy supply in Europe. European regions are affected in different ways and degrees owing to the differences in demand structures and available resources. Europe's regions can contribute to a safer energy supply situation by investigating new energy sources and technologies; a European territorial structure that points to the future has to be "resistant" to rising energy prices. In view of this, the following territorial policy issues should be taken into account within the midterm review of EU Cohesion and Rural Development Policies and the development of the 7th Environmental Action Programme, also considering the activities of the High-Level Group on Competitiveness, Energy and Environment (established by the European Commission in 2006). The European Commission and the EU Ministers for Spatial Development could stimulate a debate with stakeholders on these issues:

- **Energy Prices.** The negative effects of rising energy prices for the economy in many regions needs to be assessed and met by pro-active policies in order to ensure the economic viability of all regional economies. This is particularly relevant for regions with economies which are highly sensitive to changes in energy prices and low in energy self-sufficiency.
- **New Resources.** The exploration of new energy sources is a key aspect where a territorially differentiated picture is necessary to identify territorial potential especially those which enable and strengthen a more decentralized production of renewable energy.
- **Safer and Cleaner Energy Supply.** Efficient, safe and environmentally reasonable means of energy production, technologies and transportation need to be further exploited and strengthened. Internal "energy islands" in the EU (Ireland, Malta, Baltic States), bottlenecks (e.g. between France and Spain) as well as the need for better external linkages (e.g. Europe and Africa) have to be considered. Energy infrastructure and resources have to be protected against natural, technical, political, and terrorist risks and hazards.
- **Job Creation.** Given their decentralised nature, renewable energies can have a very positive impact on local job creation and revenue generation, in particular in rural and remote areas, through the use of natural resources (biomass, forestry, wind, solar radiation)
- **Energy Efficiency.** In its 2005 Green Paper on Energy Efficiency, the European Commission showed that up to 20 % of EU energy use could be saved. Major reserves for savings refer to territorial infrastructure, especially transport and housing. Ministers responsible for spatial development, transport, housing and urban development can play a major part in implementing and facilitating European policies on energy efficiency.
- **Policy Synergies.** Europe is one of the leading regions in the world in energy efficiency and renewable energy technologies. Beyond its own needs, Europe has become a major exporter in this industry. Cohesion policy and energy policy meet with the aims of the Lisbon strategy at this point. The synergies between them should be further investigated and improved. Moreover, tradable certificates and instruments like the EU Emissions Trading Scheme and the Europe-wide "white certificates" system, have recently been introduced. Broadening the range and scope of such instruments for application world-wide is supported at EU level. The regional impacts and applications have not yet been explored sufficiently. Therefore, the interplay of these instruments with other European policies (mainly Cohesion Policy) is not yet fully clear and needs further investigation.

The **NSBE Project** (North Sea Bio Energy) – funded by INTERREG III B North Sea Region and bringing together partners from three countries – aims to speed up the introduction of bio energy production processes in the NSR. It offers new solutions to current problems and creates innovative processes to optimise the use of biomass for energy. A structured exchange network has been set up which addresses practical, regulatory and technical issues that have prevented biomass energy plants from becoming more widespread. An important issue is to ensure that all findings on regulations which either support or obstruct the production of bio energy are brought to the attention of policy-makers. This will stimulate the harmonisation of EU regulations in support of the bio energy sector. NSBE also plans to set up a virtual market place allowing North Sea countries to trade biomass and emissions online.

4.5 Promoting Trans-European Technological and Natural Risk Management, Including Integrated Development of Coastal Zones, Maritime Basins, River Basins and Mountain Areas

(161) Generally speaking, natural hazards pose a risk to human beings and assets, whereas nature and ecosystems have always adapted to natural disasters. Natural hazards can be enforced by human activities and can then pose a certain threat to ecosystems, at least from a human perspective. Technological hazards are purely man-made and are thus a risk to both, human beings and nature, but might be triggered by natural events. Technological accidents can lead to long lasting disruptions in ecosystems.

(162) The constantly increasing exposure of coastal zones, maritime basins, river basins and mountain areas to human activities cumulatively endangers these areas and their ecological capacity. Resulting damage can only be made good by spending large amounts of financial resources. For this reason economic interests and ecological needs have to be reconciled in these areas while considering geographical realities. Risks have different territorial characters and pose varying burdens for particular areas. Therefore particular precautionary measures to prevent, mitigate or adapt to risks need to be considered. In view of this the following lines of action will be elaborated between 2007 and 2013.

Promoting Trans-European (Crossborder and Transnational) Technological and Natural Risk Management

(163) The key challenge for territorial cohesion is how to control or influence the main driving forces behind risk. Economic growth and concentration of population in threatened areas lead to increasing vulnerabilities, even if hazards were not to occur any more frequently than before. This combination of natural and man-made factors is the main cause behind the rapidly increasing damage caused by natural disasters in Europe. In view of this the following territorial policy issues need to be taken into account within the midterm review of EU Cohesion Policy. The European Commission and the EU Ministers for Spatial Development could stimulate a debate with stakeholders on the following issues:

- **Vulnerability Reduction.** Natural hazards emerge to become risks to human beings and socio-economic systems, when settlements or infrastructures are located in naturally hazardous areas. Since natural hazards cannot be fully mitigated, the most appropriate strategy is to reduce vulnerability, for example, by area specific adaptation measures. This process has started in some regions, but an EU approach towards vulnerability reduction, or a general adaptation process, including effects of climate change on natural hazards, is still missing.
- **Comprehensive Strategies.** In relation to technological hazards security measures are being established to prevent accidents as far as possible. However, other than regulatory guidelines on the operational side, vulnerability aspects have so far mostly been left untouched. In other words, vulnerability aspects, which in fact turn a hazard into a risk and an accident into a disaster, are currently met on the level of single establishments rather than by comprehensive strategies. A possible role for the EU in this matter has to be considered.
- **Multi-Hazard Policy Setting.** At present, several hazard research communities tend towards insularity, as they rarely interact beyond the limits of the individual sectors, disciplines, regions and cultures. As a consequence, different hazard and risk assessment methods exist for different hazard types. When talking about the territorial dimension of risk it would be more appropriate to make decisions within a multi-hazard framework. Consequently, a more homogenized and interdisciplinary perspective is needed for the assessment and management of hazards and risks.
- **Priority Setting.** Since hazards and risks are not evenly distributed over the European territory, there is a need to prioritise territorial risk assessment. The priorities should focus on the territorial development impact of all potential, regionally relevant, hazards. Apart from that, it should be taken into account that "acceptable risk" might be defined differently across European regions even in relation to comparable threats, as socio-

cultural aspects and adaptability to hazards also influence the perception of risk. The role of the EU in multi-hazard and priority setting has to be considered.

- **Risk Governance.** The management of risks has become increasingly politicised and contentious. Often the statistically measured and the perceived risk do not coincide. Consequently, those who manage and communicate risks to the public need to start with an understanding of the emotional responses towards risk by those affected. Developing such a “risk governance” process means consulting and involving stakeholders in the whole process of assessment and management of risks. The role of the EU in facilitating risk governance has to be considered.

Focussing on the Baltic Sea Region the **ASTRA Project** (Developing Policies and Adaptation Strategies to Climate Change in the Baltic Sea Region) – funded by INTERREG III B Baltic Sea Region and bringing together partners from seven countries – assesses regional impacts of the ongoing global change in climate and, then, develops adequate strategies and policies for climate change adaptation. At the beginning of 2006 the City Council of the Estonian town of Pärnu – as Project Partner – decided to base its final planning decision about measures to protect buildings and infrastructure in flood-prone areas on the project’s outcomes.

www.astra-project.org

Integrated Development in Coastal Zones, Maritime Basins, River Basins and Mountain Areas

(164) The key challenge is to reconcile economic development and ecological capacity in these areas. In view of this, the following territorial policy issues should be taken into account within the midterm review of EU Cohesion and Rural Development Policies, and the development of the 7th Environmental Action programme and an EU Maritime Policy. The European Commission and the EU Ministers for Spatial Development could stimulate a debate with stakeholders on the following issues:

- **Integrated Policies and Governance.** Integrated territorial development policies have to be enhanced, both by strong regulations and related measures. New forms of governance and spatial adaptation strategies are needed. At the EU level a further debate is needed on how EU sectoral policies could facilitate better development in these areas (e.g. energy, transport, settlement structure, agriculture, forestry, tourism, soil protection and erosion management, public health: water, waste). Quality management tools have to be developed with all relevant stakeholders and to be applied on the basis of a common understanding. Integrated Coastal Zone Management (ICZM) and Spatial Planning on Sea (SPS) may serve as examples. A crucial part of the conceptualising process is a profound evaluation and assessment i.e. by Coastal Erosion and Strategic Environmental Assessment (SEA).
- **Competitive Industry.** In the light of the Lisbon Agenda preconditions have to be designed to provide incentives for competitive maritime, river-related and mountain industries. Innovative product cycles should be supported.
- **Urban Fluvial Landscapes of Europe.** Human capital, positive patterns for growth and soft location factors have to be strengthened in these areas to attract investment and to support regional identity.
- **Harmonised Data.** In order to evaluate and assess the territorial dimensions of coastal zones, maritime basins, river basins and mountain areas and thus to design integrated policies, it is necessary to provide harmonised data and continuously update it. A virtual network of related institutions has to be established. The possible role of ESPON needs to be considered.

The **BaltCoast Project** – funded by INTERREG III B Baltic Sea Region and bringing together partners from five countries – was a pilot initiative to support integrated coastal zone management and development in the Baltic Sea Region. Project outcomes will be used for the new **PlanCoast Project** – also funded by INTERREG III B CADSES and bringing together partners from eleven countries – which will enhance sustainable development of coastal zones of the Baltic, the Adriatic and the Black Sea. The PlanCoast Project will develop, introduce and implement the new field of spatial planning of maritime zones (sea-use planning) throughout EU coastal zones in a coherent manner complying with international

standards and facilitating international exchange and comparison of information while at the same time reflecting local and regional needs. It will strengthen the implementation of Integrated Coastal Zone Management (ICZM) in EU coastal zones by enhancing the role of spatial planning within ICZM.

www.baltcoast.org
www.plancoast.org

The **Convention of Albufeira** (Convention of Albufeira on the Cooperation for the Protection and Sustainable Use of the Waters of the Spanish-Portuguese River Basins) – concluded in 1998 and comprising two countries – aims to achieve the necessary balance between environment protection and water use to contribute to the sustainable development of both countries and respond to the need to coordinate efforts to secure the best knowledge and management of waters in the shared river basins. The cooperation is organised around four fundamental elements (regular and systematic information exchange; consultations through specific bilateral organs; adoption of measures enabling the compatibility of administrative procedures in relation to water use in both countries; regulation of river flows) in which Environmental Impact Assessment (EIA) and the management of risks and exceptional situations of floods and droughts are also considered. The coordination of management plans, programmes and measures resulting from the convention is in accordance with the EU Water Framework Directive of 2001. Both countries agreed upon common objectives and decided subsequently at national level on programmes and measures to achieve them while keeping a permanent exchange of information.

www.mma.es/portal/secciones/acm/aguas_continent_zonas_asoc/ons/medias_ons/acuerdos.htm

The **TUSEC-IP Project** (Techniques of Urban Soil Evaluation in City Regions. Implementation in Planning Processes) – funded by INTERREG III B Alpine Space and bringing together partners from five countries – aims to stimulate economic development, considering aspects of soil protection as well as soil degradation in mountain areas. Relevant stakeholders, including business, will be empowered to take relevant and future-oriented decisions.

www.tusec-ip.org

4.6 Strengthening the Main Trans-European Ecological Structures and Cultural Resources

(165) Analysis of the territorial state shows that natural and cultural heritage is an essential component of the environmental situation and living environment (also for minority groups) as well as the economic development in some regions. The coverage of protected areas in the EU has grown dynamically in the past fifteen years although most areas have remained protected “islands”.

(166) There are many risks threatening natural and cultural heritage sites, including; environmental pollution, flooding, earthquakes, vibration, injuries and “souvenir collection” as an accompanying phenomena of mass tourism. These risks can be identified and common risk management strategies prepared. In view of this the following lines of action will be elaborated between 2007 and 2010.

Strengthening the Main Trans-European Ecological Structures

(167) The key challenge is further develop the existing network into an integrated, solid and sustainable trans-European ecological structure. In view of this, the following territorial policy issues should be taken into account within the midterm review of EU Cohesion and Rural Development Policies, the Development of the 7th EAP and an EU Maritime Policy, and the evaluation of the NATURA 2000 Directive. The European Commission and the EU Ministers for Spatial Development could stimulate a debate with stakeholders on these issues.

- **Strengthening the Effectiveness of the Habitats Directive.** The upcoming evaluation of the Habitats directive is an important moment for improving its effectiveness and eco-efficiency. Existing ecological networks, linking protected sites of European, national and regional importance are to be developed further. The network of national parks seems to be well established in new EU Member States. Consequently, these countries should focus, in the future, on ensuring the enforcement of regulations and extending the more permissive types of protected areas, especially protected cultural landscapes. Accession countries and possibly neighbouring countries should be included in these networks. In addition the effectiveness of NATURA 2000 rules and procedures should be reconsidered in relation to specific territorial challenges, especially in terms of the challenge posed by integrated area development in densely populated areas.
- **EU Cohesion Policy and Rural Development Policy.** At present Structural Funds and the Cohesion Fund have a far greater impact on land use than NATURA 2000, as these funds determine the extent of infrastructure and entrepreneurial investment, receiving financial support from the EU. This is also the case with regard to the level of spending for agri-environment and rural development support through CAP. It is therefore important that these funds should complement and support the objective of NATURA 2000. Moreover, they should be evaluated on their contribution to the establishment of common cross-border nature protection areas and the preservation and development of characteristic landscapes in areas threatened by agricultural abandonment.
- **Remote Areas.** EU Cohesion Policy identified most remote areas which are struggling with poverty and other serious economic problems. These regions include 25 islands (including Canaries, Madeira and Azores) and overseas areas (Guyana). But geographical disadvantages do not necessarily mean an unfavourable economic situation. The very same geographic features could be the key factor for their comparative advantage, not only for the people living there but also for businesses to operate. This aspect needs further research by ESPON and other sources.

The **SOSTENP Project** (Sustainable Development Strategies in Nature Protection Areas in the Macaronesia) – funded by INTERREG III B Açores, Madeira and Canarias – is an initiative of the regional governments of the Portuguese (Açores, Madeira) and the Spanish (Canarias) Macaronesian archipelagos aiming at sustainable development of rural settlements in or near nature protection areas and avoiding depopulation. The imposed reduction of traditional activities (agriculture, fishery) – including some negative feelings towards nature protection areas – and a more recent shift of economic activities towards the service sector (e.g. tourism) has increased the need to establish nature protection areas to preserve their ecosystems and rich biodiversity as well as socioeconomic rural development. All relevant local and regional stakeholders (local communities, farmers, tourist agents, local and island authorities) are involved. A set of planning and development tools is being elaborated: integrated landscape management, integrated coastal zone management, soil management, sustainability indexes. The African nation of Cabo Verde, also a Macaronesian archipelago, is participating in the project.

www.gobiernodecanarias.org/cmayerot/interreg

Strengthening the Main Trans-European Cultural Resources

(168) The cultural heritage of Europe is the expression of its identity and is of world-wide importance. It is also part of the everyday environment of numerous people and enriches their quality of life. Rigorous protection measures, such as those envisaged for architectural conservation for certain areas and monuments, can only cover a small part of this heritage. For the greater part, a creative approach is required to pass the cultural heritage on to future generations. In view of this, the following territorial policy issues should be taken into account within the midterm review on the EU Cohesion and Rural Development Policies, particularly considering CULTURE 2007 (a proposed EU Programme for projects to support the transnational mobility of people working in the cultural sector and to promote intercultural dialogue and thus to raising awareness of the cultural diversity of the EU). The European Commission and the EU Ministers for Spatial Development could stimulate a debate with stakeholders in this light.

- **Generating Income and Employment.** Cultural heritage can generate income and employment in both direct and indirect ways. Famous cultural monuments generally host different festivals, performances and other cultural, political events which are again additional sources of income and employment. And these direct income flows generate additional flows through the multiplier effect. Equally important are the indirect effects. With the rapid increase of the level of education of managers and employees, the significance of the cultural environment in the choice of location is increasing. Cultural site cities are also profiting from these plant or office locations by gaining new sponsors and supporters for their cultural life and services. The role of the EU in relation to this challenge should be considered in the light of the Lisbon strategy.
- **Preserving Tradition.** The cultural heritage also includes the intangible heritage, which can be defined as the body of cultural and social expressions that characterize communities and are based on tradition. These intangible forms of heritage, passed on from generation to generation, are modified through time by a process of collective recreation. They are particularly vulnerable. The oral and intangible heritage has gained international recognition as a vital factor in cultural identity, promotion of creativity and the preservation of cultural diversity. It plays an essential role in national and international development, tolerance and harmonious interaction between cultures. In an era of globalization, many forms of this cultural heritage are in danger of disappearing, threatened by cultural standardization, armed conflict, the harmful consequences of mass tourism, industrialization, rural exodus, migration and environmental deterioration.
- **EU Regulations and Territorial Identities.** The preservation of village and landscape architecture, folkloric arts, culinary traditions and the preparation of art objects for everyday use should be regarded as an important part of cultural heritage. It can serve both as a part of the economic base of communities and as an instrument for strengthening local and regional identity. Legal protection of natural and cultural values is an important and necessary measure, but legal protection cannot be extended to all values and it should be based on both cultural and economic considerations. On the other hand, the impact of EU policies on Europe's huge diversity of territorial traditions and identities which can be regarded as having important potential for development for some areas should be analysed more in detail. EU food and agricultural regulations could, for instance, have a negative effect on such assets and thereby also on local support for the EU.
- **Strengthening Cultural Routes.** Coordinated transnational interventions should aim at enhancing "cultural routes" to ensure not only the protection of the distinct character of the various communities and underline the existence of common values but above all contribute to valuing heritage and thus to develop it. The EU programmes for European Territorial Cooperation should be evaluated in terms of their contribution to creating cultural routes.

Cultural heritage is an important factor for larger transnational European regions to strengthen regional identity and to improve the business environment. Through transnational efforts and projects such as the **ERIH Project**, the **ARTERY Project** and the **EuRoB Project** – all three of them funded by INTERREG III B North West Europe and the Baltic Sea Region and bringing together partners from five, seven and three countries respectively – European examples have been created to preserve, market and sustainably manage important cultural assets or landscapes of multiple countries. In addition to tourism the targets are attractive and innovative business environments such as industrial innovations, creative housing and high quality cultural events. Common managed sites also function as an "entrance gate" for other regional attractions in the areas and as engines of job growth in culture and other fields.

www.erih.net
www.eurob.org
www.artery.eu.com

(169) The description of the priorities does not provide a full picture of what is possible and what should be done. It highlights some important inter-linkages of the broad range of sectoral policy measures on territory. Consideration of policy approaches of different sectoral policies leads to the importance of integrated policy making with regard to their territorial effects. Policy makers in the field of territorial development do not see their role as dominating

those policies. However, the ambition is to coordinate the harmonious development of the European territory which leads directly to the issue of governing and governance.

5. Priorities for Ensuring Coherence of EU Policies with Territorial Impact

How to achieve coherent EU Policies with Territorial Impact?

(170) Effective territorial governance is an important prerequisite for strengthening territorial cohesion. The key challenge appears to be that EU sectoral and economic policies and territorial development policies in the EU Member States need to reinforce each other in order to secure effective exploitation of Europe's territorial capital. The EU Ministers for Spatial Development should address these issues during 2007-2010 in a dialogue with key stakeholders, especially the Commission. After all, territorial governance is a very complex and sensitive issue.

5.1 Integration of the Territorial Dimension into the EU Policy Process

(171) Political leadership in strengthening territorial cohesion requires "teamwork" between the Commission and the EU Ministers for Spatial Development to provide the driving force for other stakeholders. In view of this, two specific lines of action should be elaborated between 2007 and 2010:

Delivering the Territorial Agenda of the EU 2007-2010

(172) The challenge of the Territorial Agenda of the EU is to create a more coherent approach to territorial cohesion within EU policies, aiming specifically at supporting the Lisbon and the Gothenburg ambitions by better exploiting Europe's diverse potential. The agenda should be:

- *operational*: zooming in on actual spatial challenges for Europe, building upon a more evolved evidence base (provided mainly by ESPON and national analyses and practices)
- *focused*: zooming in on key dossiers with a territorial impact on the EU political agenda between 2007-2010, including:
 - **the Lisbon Strategy**: the 2008-2010 national Lisbon reform programmes and the debate on Lisbon post 2010,
 - **EU Cohesion Policy**: the 2008/2009 review of the EU Financial Perspectives agreement, the 2010 midterm review of Cohesion Policy, the debate on the post 2013 Cohesion policy,
 - **Communication on Cohesion Policy and the Cities: The Contribution of Cities to Growth and Employment in Regions**
 - **Common Agricultural Policy (CAP)**: the 2008/2009 review of the EU Financial Perspectives Agreement, the debate on the post 2013 CAP as a whole,
 - **EU Rural Development Policy**, the 2010 midterm review,
 - **EU Sustainable Development Strategy (SDS)**: the next SDS (2010)
 - **EU Environmental Policy**: the review of the 6th Environmental Action Programme (EAP, 2007) and the development of the 7th EAP (2010), the review/amendment of the Habitats Directive and the new thematic strategies on soil, natural resources and biodiversity (2007),
 - **Culture 2007 (2007 – 2013)**, the 2010 interim evaluation,
 - **EU Transport and Energy Policy**: debate on the follow up to Transport Policy post 2010,
 - **Constitutional and Governance Affairs**: debate on the EU Constitution (2007-2009) and the ongoing debate on EU Governance (Impact Assessment, multilevel and cross-sectoral approaches, etc.).
- *open*: identifying and discussing the key territorial issues concerning these dossiers in an interactive dialogue with stakeholders
- *output oriented*: producing targeted territorial impact assessments of those dossiers, a more operational assessment of the territorial state and perspectives of the Union in 2010 and specific cases of territorial development challenges and governance approaches in the Union.

Managing the Territorial Impact of EU Policies

(173) In the absence of a formal obligation or incentive to take the territorial impact into account in the EU policy process, the key challenge for managing the territorial impact of EU policies is to ensure political guidance and operational steering by the Commission and the Ministers for Spatial Development, each playing their specific role. Between 2007 and 2010 both should address the following issues:

- The evidence base should be strengthened and focused on the EU political agenda.
- The Ministers should work on raising awareness for the challenges related to the territorial impact of EU policies and organising the debate with key stakeholders and within their respective national context.
- The Commission should create an accountable contact point for territorial cohesion and for integrating territorial impact assessment within EU policy development, e.g. via the impact assessment procedure and the interservice consultation

(174) A strong network for strengthening territorial cohesion requires not only political leadership but also broad political ownership among the key stakeholders. Action is, therefore, needed in the coming years both to deepen and to broaden the emerging network. In view of this, two specific lines of action should be elaborated between 2007 and 2010:

Structuring and Managing the Stakeholders Dialogue

(175) The key challenge is to create a network that really works; where key issues are identified, discussed and incorporated into the EU policy process. Such a network demands more than political leadership:

- *a steering group*: including the Presidency and the Commission and with adequate secretarial resources for day-to-day management of the EU territorial agenda, especially the dialogue with and among the stakeholders,
- *a website*: for collecting, exchanging and disseminating information, to be managed by the Presidency.

Strengthening Ownership of the Territorial Cohesion agenda among Stakeholders

(176) The key challenge for the EU Ministers for Spatial Development is to involve stakeholders in an interactive way, by recognising their specific interests and serving them in addressing the territorial dimension of EU policies. This could be done by:

- delivering targeted analyses
- organising both open EU conferences and more targeted meetings with specific stakeholders
- broadening the dialogue to include key players involved in developing EU sector policies, territorial development policies in Member States, cities and regions and from the private sector.

(177) Optimal use of the current opportunities to address the territorial impact within the EU policy process requires a better deployment of the evolving “evidence base” for strengthening territorial cohesion, provided mainly by ESPON and national sources. In view of this, two specific lines of action should be elaborated between 2007 and 2010:

Delivering Targeted ESPON Products for the EU Political Agenda 2007-2010

(178) The key challenge is to deliver territorial analyses that can, and actually will be used by stakeholders, especially the Commission. This requires that:

- ESPON to continue to develop territorial indicators, typologies, scenarios, methodologies etc. and especially analyses that are focused on the aforementioned dossiers on the EU political agenda.
- *The steering group* to stimulate the development of such targeted analyses, inform key stakeholders and discuss whether and how they could be incorporated in the EU policy process.

Addressing Territorial Impacts through the Impact Assessment Procedure

(179) A specific challenge in this respect is to deliver territorial impact assessments (TIAs), that can really zoom in on specific challenges posed by different types of territories. TIAs could be incorporated into the formal impact assessment report or presented separately as an input for the interservice discussion on a draft impact assessment report. A successful TIA requires the following:

- A general format, which could build on the methodology developed by ESPON.
- Further elaboration of territorial impact assessments triggered by the steering group
- Paying attention to the European Commission's planning for impact assessment during 2007-2010.

(180) Integrating the territorial dimension into the EU policy process requires not only territorial knowledge and information, but also expertise. In view of this, the challenge is to identify what kind of territorial expertise could enrich the discussion on territorially relevant EU dossiers. This can only be done with an active EU network. The steering group could play a pivotal role in identifying appropriate experts.

Ensuring an effective comitology for the Structural Funds Period 2007-2013 and beyond

(181) Discussing strategic territorial development affairs in the EU comitology requires both political will and effective structures. In view of this, the key challenge for the period 2007-2013 is to incorporate territorial analyses into operational EU policy decisions on territorial cohesion. This can only be done successfully under certain conditions, such as:

- a clear separation between informal discussions on territorial issues and formal decisions, for example, on the management of EU regional policy, although the one should nourish the other.
- The focus should be on operationalising territorial cohesion on the basis of territorial analyses and practical cases, with special attention to the role of cities and regions as motors for development.
- Aiming to influence the midterm review of EU Cohesion Policy in 2010.

5.2 National and Regional Territorial Development Strategies for Improving Territorial Governance in the EU

(182) Europe's cities and regions are facing the challenge of a rapidly globalising context; international competition forces them to identify more sharply their specific territorial advantages and position themselves within the European context. At the same time EU policies are setting stronger conditions for their territorial development policies, forcing them to monitor more actively the EU agenda to ensure a certain level of policy coherence. In view of this, the following two lines of action should be taken up between 2007 and 2010:

Strengthening Territorial Identity, Specialisation and Positioning in Europe

(183) The key challenge for the period 2007-2010 is to trigger cities and regions to identify within their territorial development policies their specific territorial advantages from an EU perspective. In view of this several conditions have to be fulfilled:

- The availability of comparable and operational EU territorial data and analyses enabling regions to zoom in on their specific territorial potential.
- The availability of an EU perspective for the exchange of practices and knowledge.
- Activity to raise awareness about these challenges and the involvement of cities and regions within the stakeholders dialogue

Anticipating and Incorporating EU Policies in Territorial Development Policies

(184) The key challenge is to incorporate the conditions set and the opportunities offered by the EU in national and regional cross-sectoral coordination of territorially relevant development policies. This requires a cross-sectoral territorial dimension to be taken into account in national implementation of EU proposals which are often sectoral. The right approach differs from member state to member state, but an exchange of views about

different approaches to governance could be an extremely useful part of the stakeholders' dialogue for strengthening the territorial dimension in the Council.

(185) Linking national and regional territorial development policies to the most relevant EU strategic frameworks for territorial cohesion requires – in line with the above – incorporation of territorial priorities into the formal national negotiations. In view of this, the following two lines of action should be elaborated between 2007 and 2010:

Exploiting the Midterm Review of the EU Cohesion and Rural Development Policies in 2010

(186) The key challenge is to identify key territorial issues arising from these policies and to discuss them at an early stage with key stakeholders at national level, so that those responsible are willing to take them into account during the negotiations. Therefore the identification of the key issues and the dialogue should already start in 2007.

Exploiting the Review of the National Lisbon Action Programmes in 2008

(187) Here, the challenge is comparable, but even more difficult as there is as yet no formal recognition of the territorial dimension of the Lisbon challenges. Activities under the previous line of action could trigger a stronger recognition of the territorial dimension of the Lisbon challenges.

(188) Cross-border and transnational territorial development strategies can play a key role in strengthening European territorial integration but require effective governance arrangements. In view of this, the key challenge is to trigger cooperation at a strategic level between Europe's cities and regions, including cooperation that supports strategic EU development priorities by translating them into a specific trans-European territorial context. In view of this, the following actions should be explored during 2007-2010:

- The European Commission and the EU Ministers for Spatial Development could provide a stronger European perspective as part of the stakeholders dialogue by means of
 - EU territorial analyses (ESPON)
 - exchange of good practice (INTERACT)
- The EU Ministers for Spatial Development could play a role in stimulating cities and regions to cooperate more strategically in the framework of European Territorial Cooperation and by providing human and other resources.
- The EU Ministers for Spatial Development could play a role in stimulating better coherence and coordination between the A, B and C strands under European Territorial Cooperation within their country.

Part D – Executive Summary

[Editorial remark: Part D is to be developed based on parts A to C for the first complete draft.]

Annex – Additional Good Practices of Territorial Cooperation

Agglomération Franco-Valdo-Genevoise – Ligne Ferroviaire du CEVA (Cornavin – Eaux-Vives – Annemasse)

www.ceva.ch

Alsace / Bade-Wurtemberg / Nord-Ouest des la Suisse: BioValley – un Réseau Trinational à la Pointe des Biotechnologies

www.biovalley.com

Alps-Adriatic Working Community

www.alpeadria.org

Arc Jurassien – Mise en Place d’un Radar Météorologique Transfrontalier

www. ...

Baltic String Project

www.balticstring.net

BEEN Project

www.been-online.net

Centre Transfrontalier de Développement Industriel et Commercial

www. ...

CER² Project

www.cer2.net

ClimChAlp Project

www.climchalp.net

COINCO Project

www.coinco.nu

Competence Centre Programme of Stuttgart Region

www.rekiz.de

Connect Baltic Sea Region Project

www.connectnordic.com

Contrat de Rivières Transfrontalier “Pays de Gex – Léman”

www.geneve.ch/eau

Création d’une Chaîne de Télévision Franco-Espagnole

www. ...

Cross-Border Air Rescue Project

www.drf.de/Englisch/Niebuell.htm

Danube Regions Project

www. ...

ELLA Project

www.ella-interreg.org

ENLOCC Project

www.enlocc.net

Eurocity Basque Project

www.eurocite.org

Greater Cambridge Partnership

www.gcp.uk.net

Grünzug (Green Space) Neckartal Project

www.bbr.bund.de

HARBASINS Project

www.harbasins.org

Hôpital Transfrontalier à Puigcerda

www. ...

InServNet Project

www.inservnet.net

INTERPORTS Project

www.interports.org

IPAM Project

www.ipam.info

ISA Map Project

www.isamap.info

Identification and Characterisation of the Landscapes of the Iberian Peninsula and Islands Study

www.mma.es/portal/secciones/desarrollo_territorial

LHASA Project

www.lhasa-online.net

Lille eurométropole franco-belge

www. ...

Malopolska Informatics Cluster

www. ...

METEORISK Project

www.meteorisk.com

MOSETO Project

www.sensiblegebiete.at/eng/frameset.htm

OderRegio Project

www.oderregio.org

Parc Marin International des Bouches des Bonifacio

www. ...

Partenariat entre les CCI et Perpignan et de Girona

www. ...

Perpignan / Leida: Création d'un Centre de Produits Agricole Biologiques

www. ...

Podkarpacka Aviation Valley

www. ...

POWER Project

www.offshore-power.net

PUSEMOR Project

www.pusemor.net

Radar du Nord

www. ...

Regional Centre Programme

www.intermin.fi/intermin/hankkeet/aky/home.nsf/pages/indexeng

REGINS Project

www.regins.org

Réseau des Places Fortes

www. ...

River Basin Agenda Alpine Space Project

www.flussraumagenda.de

ScanBalt Campus Project

www.scanbalt.org

SEAPLANE Project

www.seaplane-project.net

Schéma de Développement Durable Transfrontalier pour l'Espace Mont-Blanc

www.espace-mont-blanc.com

TECNOMAN Perspectives Project

www.tecnoman.net

Ticaderu: Les nouvelles Technologies au Service du Développement Rural

www.ticaderu.com

Tisza River Basin Initiative

www. ...

Wielkopolski Furniture Cluster

www. ...