

**The Territorial State and Perspectives of the European Union Document**

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

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## **Table of Content**

### **Part A. Defining the Scope**

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

### **Part B. Assessing the State**

**Chapter 2.**  
**Territorial Challenges for the Union in the Light of Lisbon**

**Chapter 3.**  
**The Impact of EU Policies on Territorial Development**

### **Part C. Developing the Perspectives**

**Chapter 4.**  
**Priorities for Strengthening the Structure of EU Territory**

**Chapter 5.**  
**Priorities for Coherence of EU Policies with a Territorial Impact**

**Chapter 6.**  
**A Policy Matrix**

### **Part D. Executive Summary**

## **PART A – Defining the Scope**

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

#### **Why a territorial approach to development?**

(1) Each region has a specific territorial capital<sup>4</sup> that is distinct from that of other areas and generates a higher return for certain kinds of investments than for others, since these are better suited to the area and use its assets and potential more effectively. Many of the components of territorial capital, including their integration and connectivity to other areas, can lead to productivity gains and generate growth. Public policies aimed at promoting territorial development and limiting disparities should first and foremost help areas to develop their territorial capital and to maximize their competitive advantage. 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.

(2) 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<sup>5</sup>. 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. In such a way, territorial development policies are an important instrument for strengthening regional territorial capital.

#### **The territorial dimension of the Lisbon strategy**

(3) The concrete understanding of the notion of "territorial" differs widely all over Europe. But nevertheless there is a widespread consensus about possible contents of "territorial" notion, like that

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

(4) 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 will be further developed in the second half of 2005.

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<sup>4</sup> 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 "untraded 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..." OECD Territorial Outlook, *Territorial Economy*, 2001

<sup>5</sup> and 6a OECD Territorial Outlook, *Territorial Economy*, 2001

(5) Although not explicitly mentioned in the strategy, both the Lisbon and Gothenburg ambitions have a strong territorial dimension. The territorial dimension is essential for the implementation of the strategy as most important and dynamic forces in terms of economic development are increasingly both localised and territorially specific<sup>6</sup>.

(6) 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 – cities and regions compete with each other but also cooperate to attract economic activities. The competitors are increasingly territories in other countries. In this light, cities and regions specialise in certain kinds of production because of their 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.

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

- exploiting the endogenous potentials 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 strategy.

### **Territorial cohesion in the light of Lisbon**

(8) The first formal attempt at defining territorial cohesion came from the Commission in its Third Cohesion Report. Building on this definition the Rotterdam conference 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.

(9) The concept of territorial cohesion builds on the European Spatial Development Perspective (ESDP)<sup>7</sup> and the Guiding Principles for Sustainable Spatial Development of the European Continent (CEMAT Guiding Principles)<sup>8</sup>. 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 potentials of all EU regions and promoting territorial integration, i.a. 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 potentials 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

(10) 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

<sup>6</sup> "The concept of territorial cohesion extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it. In policy terms, the objective is to help achieve a more balanced development by reducing existing disparities, avoiding territorial imbalances and by making both sectoral policies which have a spatial impact and regional policy more coherent. The concern is also to improve territorial integration and encourage cooperation between regions.", *Third Report on Economic and Social Cohesion*, 2003

<sup>7</sup> The ESDP was agreed upon at the Informal Ministerial in Potsdam on 10/11 May 1999.

<sup>8</sup> The CEMAT Guiding Principles were agreed upon at the 12th Session of the European Conference of Ministers Responsible for Regional Planning in Hanover on 7/8 September 2000.

exploiting territorial potentials in the Union 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).

(11) The challenge of balanced and sustainable development as embodied in the ESDP<sup>9</sup>, 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 potentials – comparative territorial advantages. Possible key territorial indicators are currently being discussed at expert level.

(12) By considering the ESDP principles<sup>10</sup> in the perspective 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 Union;
- Preserving and developing the quality and safety of Europe's natural and cultural values and developing sustainable urban-rural linkages.

A special challenge in this respect is to strengthen the territorial capital of areas with a weak economic structure or physical or geographical handicaps in an EU perspective, including their interrelations to potentially strong areas in the Union. In general when aiming at amore strategic approach, often the strategy process is more important than the strategy documents – but latter are necessary by-products for communication.

(13) However, these considerations need to be translated into priorities in the light of the assessment of the territorial state of the Union (see chapter 2 and 4).

### **Governance philosophy**

(14) 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.<sup>11</sup> 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 / region, INTERREG), redrawing mental maps (especially in border areas), or providing information (e.g. publishing rankings of Member States or providing sound territorial data (European Spatial Planning Observation Network – ESPON) can affect policy decisions).<sup>12</sup>

(15) The territorial impact of EU policies is to be considered. The judgement of the effects depends very much on the perspective of the different actors on the development of an area. The point is that 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 Union and in some cases a certain degree of policy freedom to enable regions to exploit their territorial potentials effectively.

(16) 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

<sup>9</sup> ...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, *ESDP*, 1999

<sup>10</sup> 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, *ESDP*, 1999

<sup>11</sup> OECD Territorial Outlook, *Territorial Economy*, 2001 (p. 135 and 142)

<sup>12</sup> 'Unseen Europe', RPB, 2004

EU and national policies<sup>13</sup>. Although spatial development is more than territorial cohesion, the EU Ministers with a responsibility for spatial development and the 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 could support the Commission and the EU Spatial Development Ministers in fulfilling this role, i.a. by delivering the analytical basis for an assessment on the territorial state and perspectives of the Union. Moreover, the EU Ministers for spatial development 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)
- ongoing exchange of experience between Member states and regions – requiring appropriate formats of meetings and communication tools.

(17) Ratification of the EU Constitution would create a formal shared competence of Union and Member States to strengthen territorial cohesion in Europe. This would not require a change in governance philosophy but would create a stronger mandate and responsibility for both member states and Union to promote a coherent approach to territorial development within EU (and national) policies. The 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 Council and the Parliament in taking decisions. In the same way, the EU Ministers responsible for spatial development will have an opportunity to strengthen their informal (but stronger mandated) awareness-raising role and to cooperate more actively.

## Responsibilities

(18) 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 new EU Constitution will not change this division of responsibilities but will set a shared competence for territorial cohesion. This will give more impetus to this common challenge and a legal basis: a small but crucial difference with the current situation. In general terms, responsibilities between Union and Member States / regions can be shared along the following lines.

(19) The Member States and their regions fulfil a key task in exploiting their regional endogenous potentials 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 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.

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<sup>13</sup> In Rotterdam the Ministers agreed to base their ambition for stronger territorial cohesion on four principles:

- Integration: building on the ESDP, their cooperation is aimed at the integration of the territorial dimension into EU policies, taking account of regional diversity and the challenges of multi-level and multi-sectoral governance
- No new procedures or rules: better use will be made of *existing* possibilities, including EU expert committees, impact assessments, existing Council structures and working groups
- Subsidiarity
- Facilitating development: efforts will be focused on facilitating the Lisbon Strategy and supporting efficiency in achieving cohesion

## **Instruments**

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

- Specific territorial instruments: Until 2006 INTERREG III is the only EU policy instrument that is specifically territorial – as it will be Objective 3 in the future. INTERREG III A and B (cross-border and transnational territorial cooperation) and ESPON (European territorial analyses) in particular have a specific territorial dimension. The proposals for post-2006 EU Cohesion policy offer stronger and broader instruments for strengthening territorial cohesion. All three proposed 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 current EU cohesion policy, 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 CAP (1st pillar).

(21) National instruments for strengthening EU territorial cohesion naturally vary between 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.

(22) These considerations need to be translated into priorities on in the light of the assessment of the state of the European Union (see chapter 3 and 5).

## **PART B – Assessing the State**

### **2. Territorial Challenges for the Union in the Light of Lisbon**

(23) 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 potentials for development, some of which currently are 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 Territorial Diversity**

##### **DIVERSITY AS POTENTIAL AND CHALLENGE**

(24) Europe is a continent of large territorial diversities. Some of these diversities are positive assets which can be capitalised and which can contribute to making Europe the most competitive territory in the world. Other diversities take the form of disparities which challenges, and in some cases put at risk, European cohesion and integration. The European diversity can be discussed at many different geographical levels reaching from general appreciations 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 cross-border territories.

### **SPECIFIC GEOGRAPHIC CHARACTERISTICS OFFER UNIQUE POTENTIALS**

(25) Europe has many regions with geographical specificities, such as islands, coastal, mountainous, remote or border areas. Overall seen these regions show the same variety of development paths as the rest of Europe. Indeed, most of them have clear positive territorial potentials which are not fully capitalised. Among others mountains 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 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**

(26) 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 London, Hamburg, Munich, Milan, Paris, the so called "pentagon". Despite its economic importance this area covers only 14 % of the territory and is home to one third of the EU citizens. Most of Europe's metropolitan areas are concentrated in this there. In terms of economic performance and in particular with relation to the Lisbon aims, however, the Northern periphery is 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, by it at European level towards the core of Europe or at national levels towards main national centres.

### **COOL NORTH AND HOT SOUTH**

(27) The future of northern and southern regions might lie in very different fields of activity. Many Northern regions can benefit from their current strength in relation to ICT and innovation and further capitalise these. The North may manage to keep its image of being "cool" while they may face severe challenges in terms of low accessibility, demographic development and consequence of possible increases of energy prices. Many southern regions can benefit from their pleasant climate 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 perspectives of becoming a "hot" location which easily can attract knowledge workers, mobile retired people as well as holiday and second homes.

### **CHALLENGES OF THE EAST CATCHING-UP**

(28) The economic disparities between East and West are eye catching. 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 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**

(29) The urban regions, cities and settlements 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. Smaller and medium-sized cities have important functions as nodes for development of national and regional territories. 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, cooperation activities have risen between neighbouring cities, in particular between smaller cities, pooling their resources and potentials in an effort to create synergies together. It is the case for cross-border 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.

### **VARIETY OF RURAL-URBAN RELATIONS**

(30) 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 may benefit 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.

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 potentials. This is also illustrated by the fact that the polarisation between capital regions and their wider hinterland is increasing.

### **Observations for Policy Considerations**

- European diversities are both underestimated potentials and sources for disparities.
- Northern and southern Europe have different territorial potentials 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 meet 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.
- Geographical specificities are no handicaps but underused potentials.

## **2.2 Territorial Diversity of Economic Competitiveness**

### **OTHER CONTINENTS ARE CATCHING-UP**

(31) Although the GDP (in ppp) 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 on the world by 2010. The current development of GDP and the potentials to contribute to achieving the ambitious aim of the Lisbon Agenda, differ widely across the European territory.

### **CONCENTRATION OF GDP**

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

### **ECONOMIC GROWTH IN THE NEW MEMBER STATES**

(33) 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 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 carefully 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**

(34) A number of the major urban agglomerations in Europe are important drivers for the European economy. However, also a number of other urban areas are located in regions with the highest growth rates. Examples here include Cork, Tallinn, Riga, Vilnius, Turku / Åbo and Sevilla, as well as most urban agglomerations in Poland and the Czech Republic. Together with the examples of Budapest, Praha, Bratislava, Warszawa, Lisboa or Valencia, which are also places in areas with high economic growth, the general picture shows a European territory with significant potentials for economic growth in urban areas outside the core of Europe. That the size of an urban area is not necessarily the decisive factor for economic growth is also showing national examples, as e.g. in Sweden Göteborg presents higher growth figures than Stockholm or in Germany München higher figures than the Ruhr metropolitan area. Some medium sized and small cities also play important roles as economic drivers for their regions.

### **BEST CONDITIONS IN NORTH AND CENTRAL EUROPE**

(35) Some regions have better potentials to contribute to future economic growth and the aims of the Lisbon. 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**

(36) 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 economies, especially in the new member and candidate countries

### **FOREIGN DIRECT INVESTMENT**

(37) 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, but especially in the case when 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.

### **RESTRICTION TO A FEW REGIONS**

(38) 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 spread process is slow and unequal. Regional disparities have increased in 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;

### **DOMINANCE OF BIG STATE ENTERPRISES**

(39) Centrally planned economies were characterised by the dominance of big state enterprises while small and medium enterprises hardly existed. The emergence of 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, base 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**

(40) Employment did not increase parallel with the dynamic growth of GDP and unemployment is rather high in most countries and 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.**

(41) 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 on a rather 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 unused opportunities.

#### **DIFFERENT RECIPES FOR SUCCESS**

(42) The reasons for a prosperous development of a region can be manifold. Whereas the initiative of the Lisbon agenda 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 potentials. 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.

#### **BULDING CLUSTERS HAS TWO TERRITORIAL DIMENSIONS**

(43) One is taking place within functional urban areas and regions, and the other is taking place between them. Links between urban areas and regions have been built primarily within national context since early 1990s. Now it is time to build clusters internationally. Transnational links are built with cross-border neighbouring regions and cities and development zones, but more and more also within meso regions (like the Baltic Sea Region), within Europe and globally. Hot spots of competitiveness and innovativeness are also outside Europe. Europe can not turn inwards but it must build active links especially to North-America, Asia and Africa.

#### **MAJOR URBAN AREAS ARE MAIN HOTSPOTS**

(44) Major urban areas (strong metropolitan areas) are main hotspots in competence and innovation driven development especially in a sense 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, both economies of scale and scope generated and synergies created. Cool (creative, attractive and interesting) spots are actually hotspots. Brains go where they are stimulated and enjoy their life. Business goes where brains go.

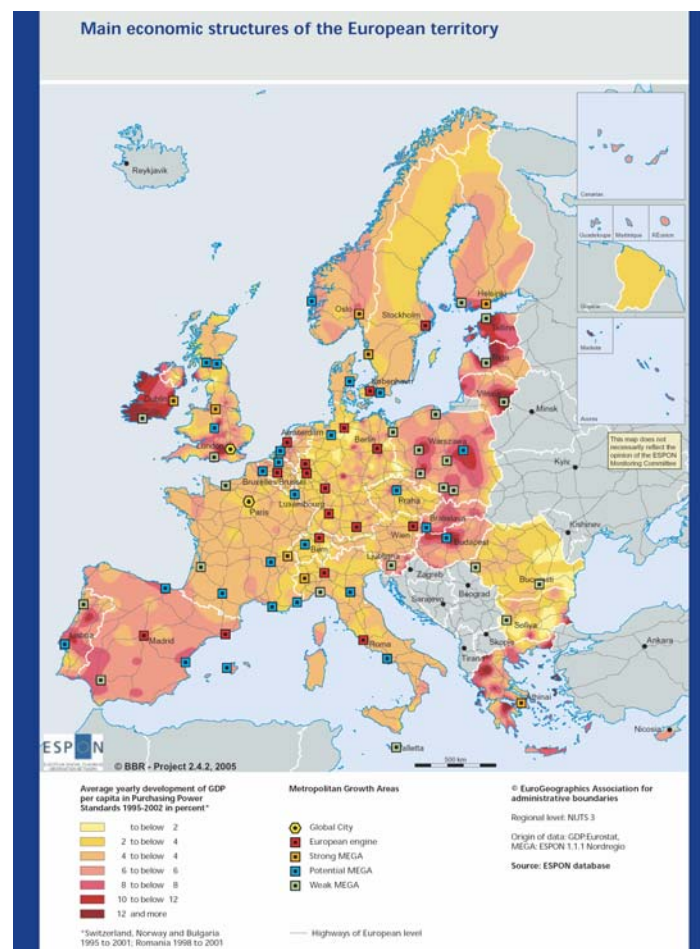
#### **Observations for Policy Considerations**

- Concentration of GDP and of “Lisbon potentials” in the core and North of Europe plus a number of urban agglomerations.

- Above average growth in the Eastern European Countries and the Western European Countries, which might contribute to better territorial balance in the long run.
- 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 potentials to contribute to meet the Lisbon objectives.
- Considering clusters: Find the top – identify transnational clusters of European and global importance.
- Benchmark competence level – analyse what is the level of competence
- Map clusters and track flows – find where they are located. Support free flow of ideas, goods, capital and work force. Europe needs especially brain circulation.
- Search for potentials – build capacity of regions to be part of top-notch clusters (to climb to the top) and look for promising clusters and foster them (innovation greenhouse)
- Support forming cluster brands and build common identity
- Strengthen wider regional competence basis and local networks, utilise tools for information and experience exchange.

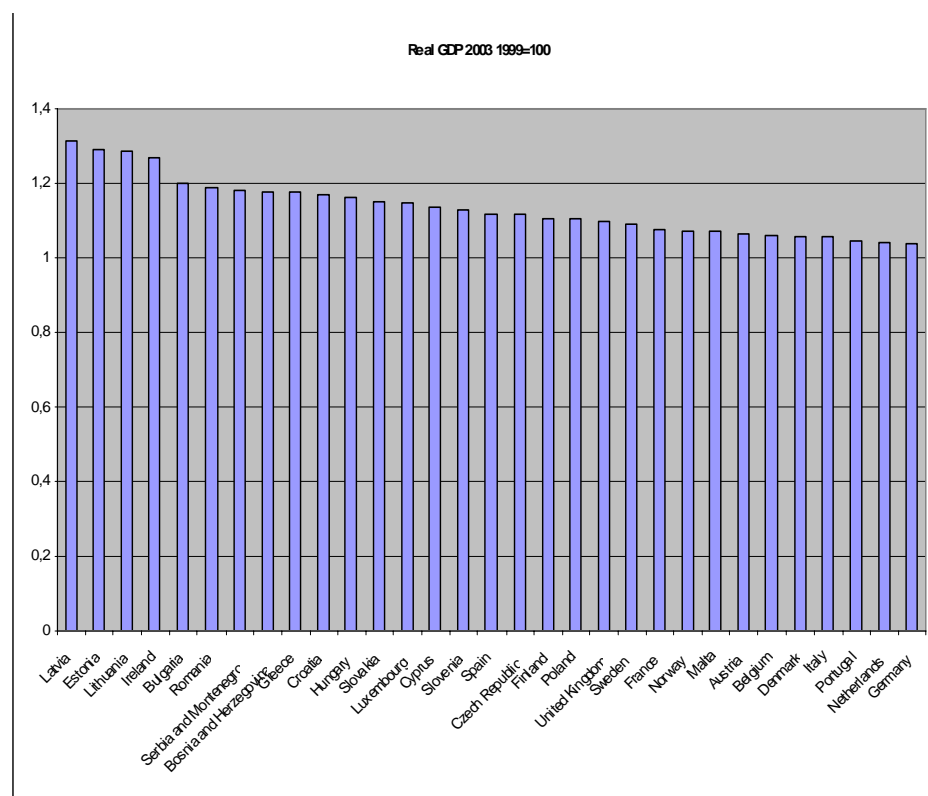
### Example for a possible map

[**Editorial remark:** Based on ESPON data a new map will be tailor-made for this section, presenting new information directly targeting the evidence presented in the text. The final map will be accompanied by a text box with an explanatory note.]



### Example of a possible table

(Source: Economic Commission for Europe Survey, Geneva 2003)



## 2.3 Places of Innovation and Research & Development

### INNOVATION NEEDED FOR THE FUTURE

(45) 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 ambitions of the Lisbon Agenda it seems that more nations and regions may strive to improve their knowledge base. Currently, there is a huge territorial diversity with regard to where R&D takes place and where investments are made in R&D.

### STRONG GEOGRAPHIC CONCENTRATION OF R&D EXPENDITURE

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

### REGIONAL DIVERSITIES OF R&D INTENSITY

(47) The intensity of R&D of a regional economy<sup>14</sup> varies considerably between regions within individual countries and is often concentrated in a small number of regions, often near the capital city. The regional variation in R&D is particularly high in Germany, with an exceptionally high value for Braunschweig, and in Finland. Regional diversities are also pronounced in several new EU Member States particularly in the Czech Republic and Poland.

### CONCENTRATION OF R&D IMPORTANCE

<sup>14</sup> 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.

(48) Bringing together the regional importance of R&D and the number of research in a region<sup>15</sup> 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, the main 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, such as Bratislava, Budapest and Praha, Dublin, Göteborg, Toulouse and Lyon are in a similar situation in their countries.

#### **NOT ALL METROPOLITAN AREAS ARE STRONG ON R&D**

(49) 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**

(50) 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 and Braunschweig 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**

(51) Current theories or 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 often considered important for a location to attract highly skilled employees but also to improve preconditions for innovation. The share of local workers engaged in cultural and creative professions is one indication 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).

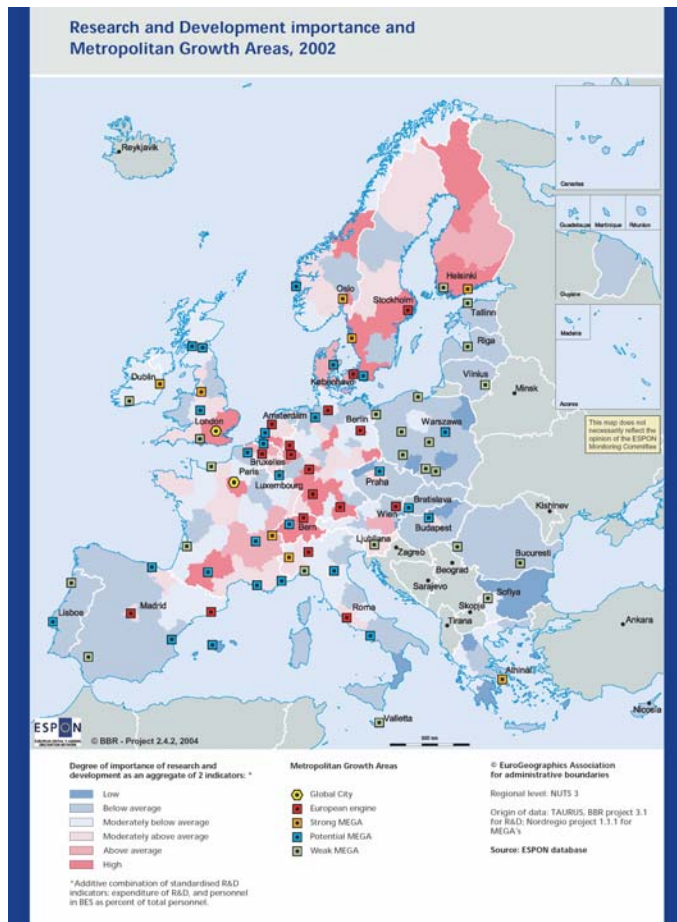
#### **Observations for Policy Considerations**

- 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**

[**Editorial remark:** Based on ESPON data a new map will be tailor-made for this section, presenting new information directly targeting the evidence presented in the text. The final map will be accompanied by a text box with an explanatory note.]

<sup>15</sup> Expenditure as share of GDP (GERD) and the number of researchers in the Business Enterprise Sector (BES), calculated as a share of the total employment in a region.



## 2.4 Demographic Imbalances Affecting Future Labour Markets

### POPULATION DECLINE AND AGING AFFECT EUROPEAN SOCIETY

(52) Europe faces a stagnating and in many parts even declining population, which goes hand in hand with an increasing average age of its citizens. The consequence is a decline in the labour force which will affect the preconditions of a dynamic economy, the labour market, as well as the social welfare system and the service provision. The possibilities for changing the trends of aging and declining population are limited therefore policies need to focus on adaptation strategies. A key concern for policy makers is to attract and developed highly skilled labour force to their region. The demographic development shows however regional diversities within Europe and between Europe and its Southern neighbours which expect considerable population increases.

### INCREASING DEMOGRAPHIC IMBALANCES

(53) Demographic development is in particular related to two factors (1) natural population change (births versus deaths) and (2) net migration (immigration vs. emigration). In many parts of Europe either both factors are negative and thus the population is declining (and aging) or both factors are positive and the population is increasing. This increasing polarisation has a clear territorial pattern, where people tend to concentrate in highly urbanised areas, and reinforce already existing imbalances in population density. Consequently there is a juxtaposition of population growth and decline, where some areas suffer from serious decline and depopulation threats whereas other areas grow and partly fight negative effects of fast growth.

### EUROPE IS GETTING OLDER, NORTH AND EAST ARE NOT SO CLOSE TO PENSION AGE

(54) In most parts of Europe the average age of the citizens is in the mid or late thirties. This will change substantially over the next decades. In 2030 the median age will be above 40 in

most parts of Europe and in large parts even beyond 50. 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 in 2030 have a median age below 40. The increasing age will affect the labour market, social welfare systems and service provisions.

#### **LOW BIRTH RATES OUTSIDE THE CORE**

(55) Less 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, in particular 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 (well educated) young people will be in high demand at the labour market. A phenomenon which might not fit today's picture of huge youth unemployment in large parts of Europe.

#### **POPULATION DECLINE EFFECT LABOUR MARKETS**

(56) 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 aging and consequently population decline. In particular in Southern Europe aging and low fertility rates seem to reinforce each other, whereas in large parts of the Northern Periphery also a connection between aging and net-migration can be observed in the way that regions with an aging 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 TOWARDS URBAN CENTRES**

(57) 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 attractive again in terms of migration, e.g. Greece and Ireland. In a number of 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 in 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 predominantly an out-migration area. Generally, metropolitan areas are the most attractive areas 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**

(58) Urban areas and metropolitan agglomerations are mainly the winners of current demographic trends. These trends 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 about the labour force needed in urban areas. Thus not all urban areas will necessarily belong to the winners of the demographic trends. Indeed, already today we see in particular in old industrial areas a population decline. These trends indicate that there might be a shortage of human capital (labour force) in the near future.

#### **REGIONS AT RISK OF DEPOPULATION AND DEFICITS OF SERVICES OF GENERAL INTEREST**

(59) In some areas of Europe the population decline shows significant figures. 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 services of general interest. Once a territory is no longer home to enough people forming the critical mass needed for providing services of general interest, fundamental questions are posed to the organisation of the local society.

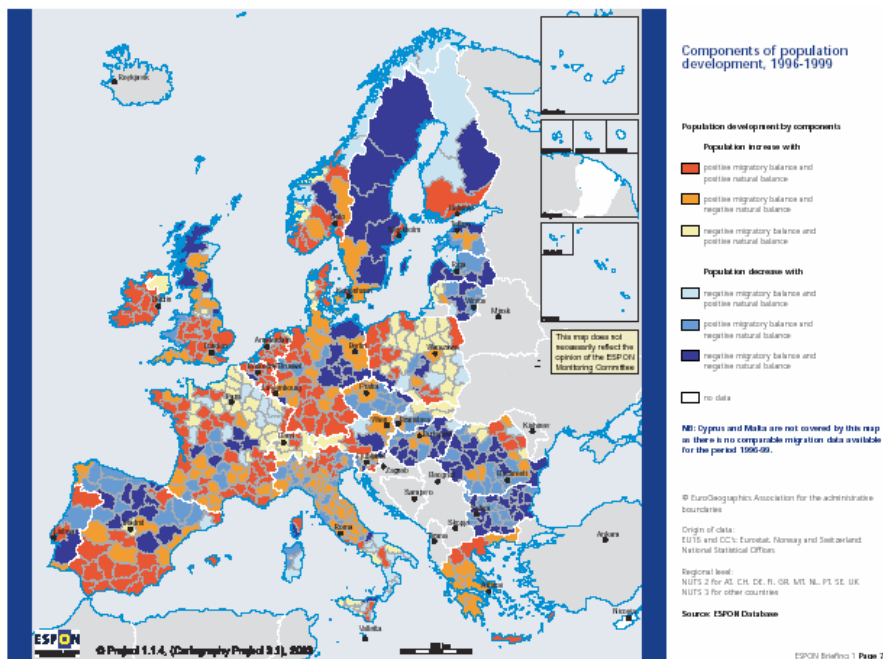


## Observations for Policy Considerations

- 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 aging, population decline and out migration of young people.
- Aging 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 imbalanced age structures and decline in the long-run.

## Example for a possible map

[**Editorial remark:** Based on ESPON data a new map will be tailor-made for this section, presenting new information directly targeting the evidence presented in the text. The final map will be accompanied by a text box with an explanatory note.]



## 2.5 Transport Networks and Accessibility

### OPPORTUNITIES TO BE REACHED

(60) 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.

### CORE-PERIPHERY PATTERN OF EUROPEAN ROAD ACCESSIBILITY

(61) 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.

#### **CONCENTRATION OF ACCESSIBILITY BY RAIL**

(62) 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**

(63) 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.

#### **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 Athinaï 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 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 rational on national “peripherality” also goes some way to explaining the disadvantages suffered by border and coastal 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. Connectivity to commercial seaports is, generally less pronounced around the Mediterranean coasts and islands.

## INCREASING TRANSPORT PRICES HIT LAGGING REGIONS MOST

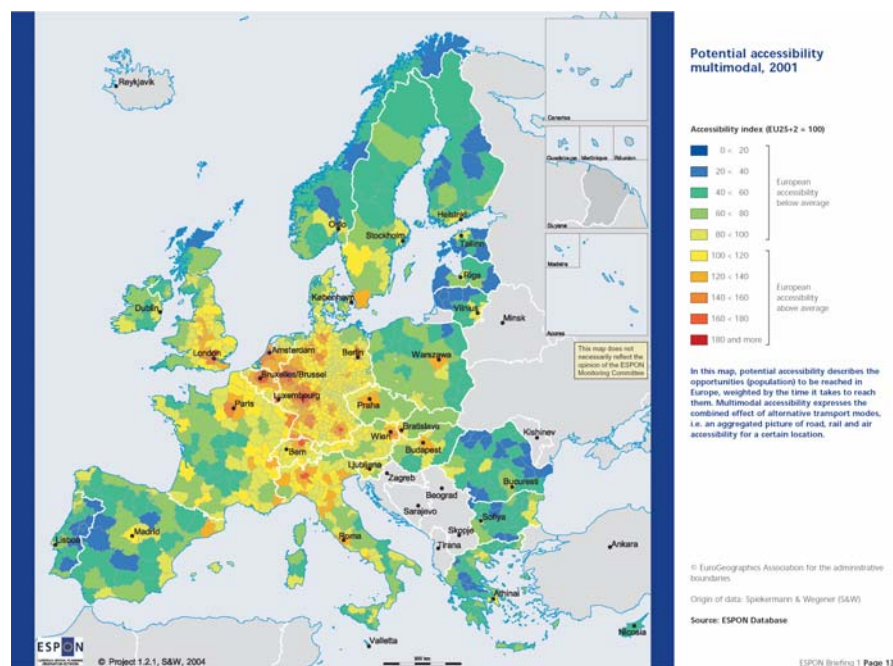
(68) Increased transport costs as a consequence of oil price increases or transport (e.g. road) pricing will have most unfavourable effects for lagging, rural and peripheral regions, i.e. those who are in general less affluent than the centre.

### 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.
- Multimodal accessibility underlines the importance of airports for accessibility outside 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

[**Editorial remark:** Based on ESPON data a new map will be tailor-made for this section, presenting new information directly targeting the evidence presented in the text. The final map will be accompanied by a text box with an explanatory note; eventually accessibility maps for all 4 modes of transport should be included.]



## 2.6 Hotspots of Information and Communication Technology

### ACCESS TO THE INFORMATION SOCIETY IS IMPORTANT FOR FUTURE ECONOMY

(69) Information and communication technology (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**

(70) 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 citizen 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**

(71) In the Information Society lifecycle ranging from readiness to use ICT means, via intensity of usage to the impact of the usage, the Nordic countries are currently furthest ahead. Thus they are most likely to gain from the impacts and developments of new innovations in the field. However, ICT is an extremely fluid, and quickly changing sector and other areas can catch-up quickly. In respect to some specific technologies the Southern European countries are more advanced than the core of Europe.

#### **SURPRISES ON THE LEADING EDGE**

(72) 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**

(73) 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 might 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 density populated areas.

## **2.7 Energy Demand and Supply**

#### **EUROPE NEEDS STABLE ENERGY SUPPLY**

(74) 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 source 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**

(75) As a whole, Europe has become less dependent on imported energy, as its dependency rate has improved from 1990 to 2002, moving from an overall self-sufficiency ratio 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.

### **OIL PRICE INCREASES HIT EASTERN ECONOMIES HARDER**

(76) 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 to not be profitable any more; their respective regions might be most 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 region with a high sensitivity and high 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**

(77) 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**

(78) 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 potentials have regions with high self-sufficiency and low sensitivity, i.e. most parts of the EU 15. Regions benefiting from this are located e.g. in Ireland, Norway, Greece, Sweden, Portugal, Spain, UK, Poland, Italy, the Netherlands, Germany and Belgium.

- Wind energy potentials are particularly high in Norway, Ireland, Greece, Sweden, Portugal, Spain and the UK.
- Biomass energy potentials are particularly high in Italy, Poland, the Netherlands, Germany, UK and Belgium.
- Solar energy potentials 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.

### **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 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 have to be ensured.

## **2.8 Environment and Culture**

### **EUROPE'S NATURAL HERITAGE IS UNIQUE**

(79) In global terms, this comparatively small continent has the 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. Areas such as these could be seen as models for the way in which Europe's rural areas should be dealt with in future.

### **CULTURAL IDENTITY**

(80) 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. 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.

### **NATURAL HERITAGE AS ESSENTIAL COMPONENT OF LIFE**

(81) Natural heritage is an essential component of the environmental situation and living environment. 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, including, if necessary, the identification of buffer zones. However, protection alone is not sufficient for conserving these areas. Their less sensitive part should be the subject of economic uses in keeping with their ecological function.

### **SITUATION IN EASTERN EUROPE IS ENSURED**

(82) In the Eastern part of the EU, the institutional conditions for the conservation of the most valuable part of the natural heritage are already ensured. 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. Less extensive is the network of more "permissive" protected landscape areas. 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**

(83) 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 which were declared protected landscapes or other forms of protected areas in the last 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**

(84) 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, 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**

(85) Environmental pollution risk, flood, earthquake, vibration, injuring and “souvenir collection” as 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 (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.

### **THE TRANSNATIONAL DIMENSION**

(86) Closely related to this is the transnational, but also cross-border dimension of cultural 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**

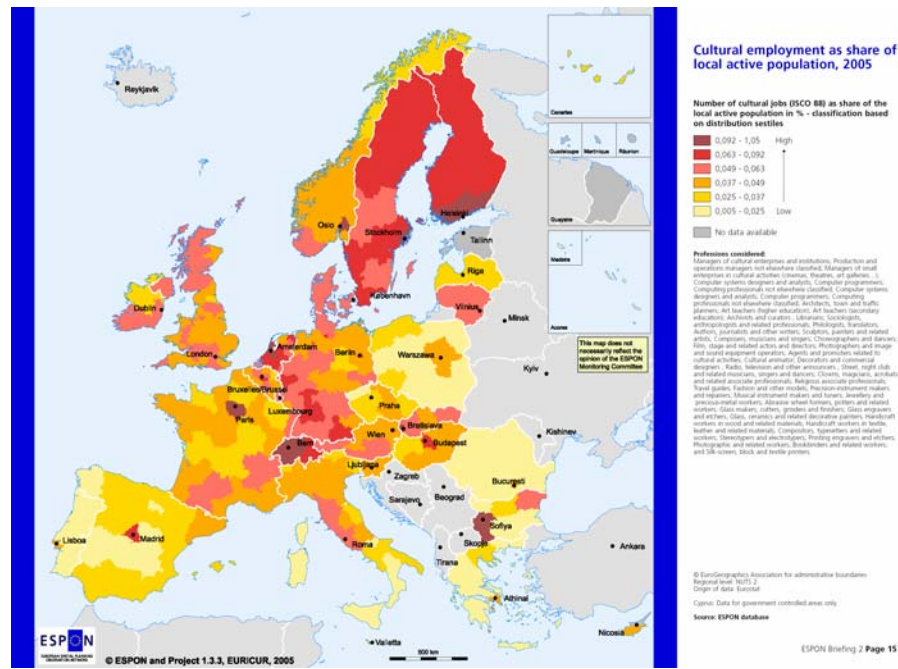
(87) In the last decades, tourism became the largest industry of the world ahead of automobiles and chemicals. But – as the UNESCO formulates – “it is a well known fact that tourism can be a deadly foe as much as firm friend in the matters of development”. The impact depends on the constellation of different factors, their qualitative and quantitative relationship. There are regions highly and less dependent on cultural 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**

- To increase research and planning efforts at a European level in order to maintain EU world leadership in this area and to contribute to Europe’s Lisbon goals.
- To promote better collaboration and coordination between EU Member States, the European Commission, and other International Organisations with the common goals to achieve European added value in the valorisation, protection and utilisation of European cultural heritage
- To include cultural heritage valorisation and protection in EU Directives and to promote favourable educational, training and knowledge transfer programmes
- To support an integrated and sustainable development and maintenance of the European urban and rural environments through planning designed to valorise, protect, conserve, and enhance the movable and immovable heritage for improved quality of life.

### **Example for a possible map**

[**Editorial remark:** Based on ESPON data a new map will be tailor-made for this section, presenting new information directly targeting the evidence presented in the text. The final map will be accompanied by a text box with an explanatory note.]



**Example for a possible table**  
 (Source: NATURA 2000)

NATURAL PROTECTION AREAS IN EUROPE					
	Number of areas		Area in sq km		% of national territory
	1980	2002	1980	2002	2002
Austria	195	294	9506	22114	26,4
Belgium	15	21	82	816	2,7
Denmark	66	85	2044	3517	8,2
Finland	31	270	5062	28408	8,4
France	220	1309	47406	77276	14
Germany	2699	7288	81857	111084	31,1
Greece	64	88	1335	4696	3,6
Ireland	8	71	135	660	0,9
Italy	196	408	7306	24365	8,1
Luxembourg	1	138	360	526	20,3
Netherlands	27	51	836	3930	9,5
Portugal	26	56	3973	6024	6,5
Spain	56	312	15591	42322	8,4
Sweden	942	1644	12339	36106	8
United Kingdom	304	506	40456	48066	19,8
EU15	4850	12541	228288	409910	15,4
Cyprus	4	10	667	782	8,5
Malta	3	7	3	3	0,9
Czech Republic	711	1756	10063	12441	15,8
Estonia	123	217	3026	4993	11,1
Hungary	115	186	3725	6492	7
Latvia	16	79	2988	8288	12,8
Lithuania	16	79	895	6456	9,9
Poland	26	56	7889	30208	9,3
Slovakia	..	..	..	11278	23



Slovenia	6	32	858	1203	5,9
EU10	1020	2422	30114	82144	10,9
EU25	5870	14963	258402	492054	12,4
Bulgaria	94	112	1359	4924	4,4
Romania	69	106	1421	10884	3,3
CC2	163	218	2780	15808	3,6

## 2.9 Hazards

### RISK PREVENTION IN RELATION TO HAZARDS

(88) 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 vicinity to tectonically active zones can be affected by tsunamis. The regions most affected by potential technological hazards include harbour areas 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

(89) 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 and the east of England.

### DROUGHTS AFFECTING SEVERAL REGIONS IN EUROPE

(90) 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. 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

(91) 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. They act as natural cleaning process for forests. The highest potential for forest fires lie in the Mediterranean regions, and partly also in Romania and Bulgaria. 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

(92) Climate change comprises changes in weather variables such as averages and extreme events in temperature, precipitation / rainfall (incl 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 EQUALLY THREATENED BY NATURAL HAZARDS**

(93) The European territory is not equally 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's 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**

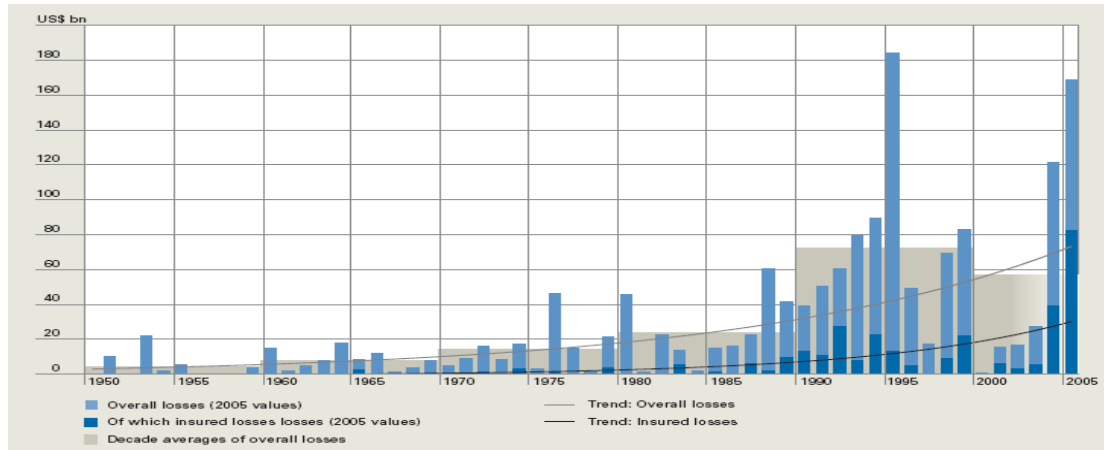
(94) Major accident hazards like Seveso, Chernobyl and lately the Prestige oil ship accident show that such events, being clearly man-made, affect to a large extent the territory and human beings. They can occur in most of the European regions corresponding to extraordinary situations in relation to 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**

- Risk management should be made an integral and explicit part of EU Cohesion Policy, since the different hazards have shown how omnipresent hazards are in the territory of the EU. This calls for better coordination of policy measures at all spatial scales.
- Stress vulnerability reduction is a key strategy in policy and planning. It has to be recognized that vulnerability concerns the human and social side of risk, including their spatial patterns.
- Polycentric spatial development to balance patterns of vulnerability in Europe are to be aimed at. The taking into account of all aspects of vulnerability (economic, social, and ecological) as considered in integrated vulnerability analyses is to be ensured.
- Both substantive goals and procedural rule related to vulnerability reduction and risk management into policies and programmes are to be included.
- Adaptation strategies for stakeholders involved are most needed.
- The triangle "resistance – resilience – retreat" has to be taken into consideration when discussing policy measures.
- Risk governance has to be seen as an integrated part of governance as overall strategy for policy-making in the 21st century.

#### **Example for a possible map**

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



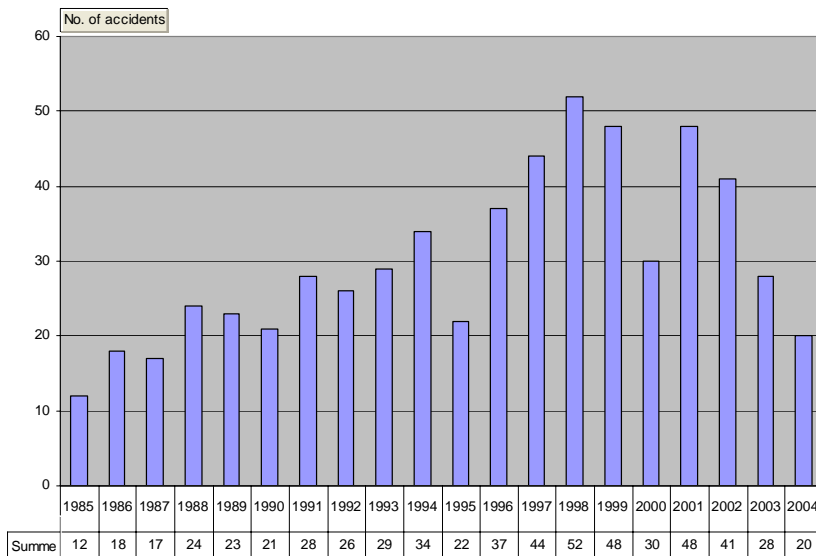
**Example for a possible table**  
(Source: EM-DAT, 2005)

Reported effects of selected larger natural disasters on European countries (1970-2005)

	Number of disasters	Deaths	Estimated damage costs (in 1000 €)
<b>Floods</b>	274	3,270	53.577.458
<b>Storms</b>	215	1,546	34.403.573
<b>Earthquakes</b>	123	19,644	43.936.462
<b>Extreme Temperatures</b>	69	47,466	1.889.329
<b>Forest Fires</b>	63	248	2.471.668
<b>Landslides</b>	46	1,314	1.023.464
<b>Droughts</b>	26	0	12.989.281
<b>Volcanic Eruptions</b>	7	9	36.769
<b>Waves / Storm Surges</b>	1	11	0
<b>Total</b>	<b>824</b>	<b>73,508</b>	<b>150.328.003</b>

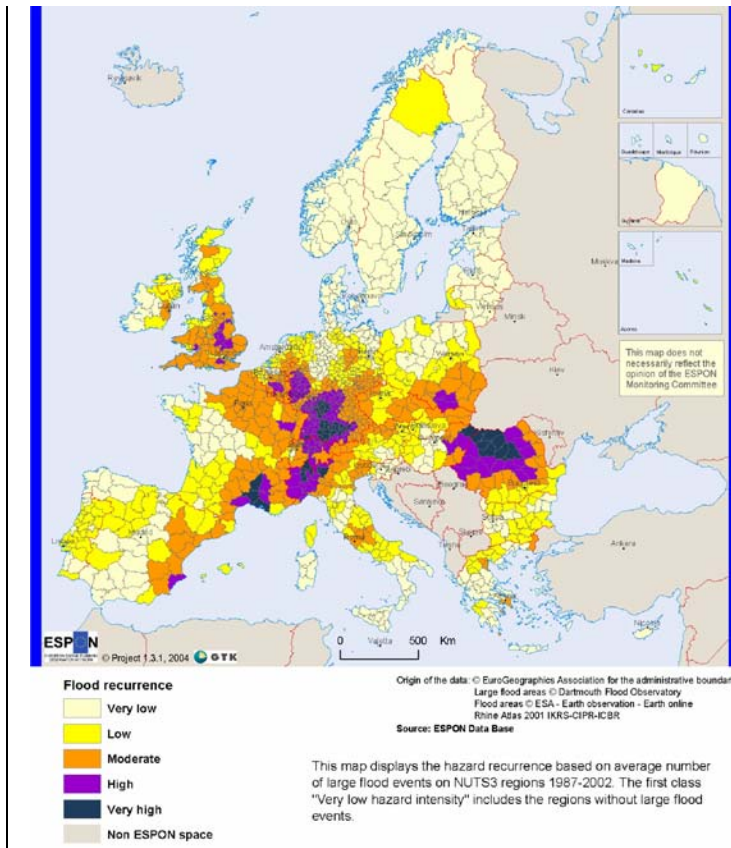
Only disasters with the following minimum criteria are entered in the EM-DAT disaster data base: (a) 10 or more people reported killed, (b) 100 or more people reported affected, (c) declaration of a state of emergency, (d) call for international assistance.

**Example for a possible table**  
(Source: MARS database)



### Example for a possible map

[Editorial remark: based on ESPON data a new map will be tailor-made for this section, presenting new information directly targeting the evidence presented in the text. The final map will be accompanied by a text box with an explanatory note.]



## 2.10 Urban Regions and Major Cities

### **ECONOMIC CONCENTRATION IN THE CORE**

(95) The European territory has a powerful core area. About 46.5 % of the EU 27 GDP is concentrated in an area roughly within the “pentagon” London, Hamburg, Munich, Milan, Paris. At the same time this area covers only 14 % of the territory and is home to one third of the EU citizens. Most of Europe’s metropolitan areas are concentrated in this core area. Outside this dominant area there are only a few individual metropolitan regions with apparent potentials to counterweight the predominance. Most of these are capital regions, which leads to a double core-periphery pattern: at EU level and at national level.

### **FUTURE HOTSPOTS FOR A MORE BALANCED EUROPE**

(96) Outside the dominant European core area there are only a few individual metropolitan urban regions with apparent potentials to counterweight this predominance towards a more polycentric structure at EU scale. Among these are Madrid, Barcelona, and Athina 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 Member States, such as Budapest, Praha, Bratislava or Warszawa. 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 CUTTING EDGE AND LAGGING BEHIND**

(97) 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 Member States, with Poland as a clear exception. 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. Although there is a tendency to concentrate important functions in major agglomerations, also small and medium sized towns can be important European nodes in selected aspects. Indeed, in some cases smaller urban areas 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 potentials and capital of an area. As for the future they will face major challenges. They are often more sensitive to energy price increases (in particular in the field of transport), they come often second as regards the roll-out of latest commercial ICT infrastructure, and they need particular coping strategies for the expected demographic developments. Some of these will be able to profit from an increased demand for services resulting from the urban population moving to the country side. However, many areas will need to develop innovative strategies to meet aging population, population decline, the provision of services of general interest, and the out migration of young and skilled labour force.

### **INNER URBAN CHALLENGES FOR SOCIAL AND ECONOMIC COHESION**

(98) Whereas the size of urban areas is often seen as correlated to the potentials of an area and the number and importance of functions it can host, there are also a number of negative agglomeration effects. This regards in particular the quality of life and involves issues such as congestions, segregation and environmental challenges. Attractive cities and sustainable urban communities are increasingly becoming assets for development. Among the biggest challenges especially for new member states is the renewal of city structures, urban sprawl and housing. Large housing estates, erected in recent decades cause the most concern. The cost of heating is rapidly rising. As the time for necessary technical repairs and renovation is rapidly approaching, the lack of adequate and efficient repair technologies, and the problem of financing these repairs of – in the meantime mostly privatised – dwellings becomes a more pressing problem. Social segregation is underway, people with higher incomes are leaving these estates, low-income groups are staying or moving in. About 20 million people, nearly 20 % of the total and 32 % of the urban population of new Member States and Candidate

Countries live on these large housing estates. Simultaneously, lifting former restrictions on private housing construction and urban migration are enforcing the process of urban sprawl and suburbanisation.

## SUSTAINABLE COMMUNITIES

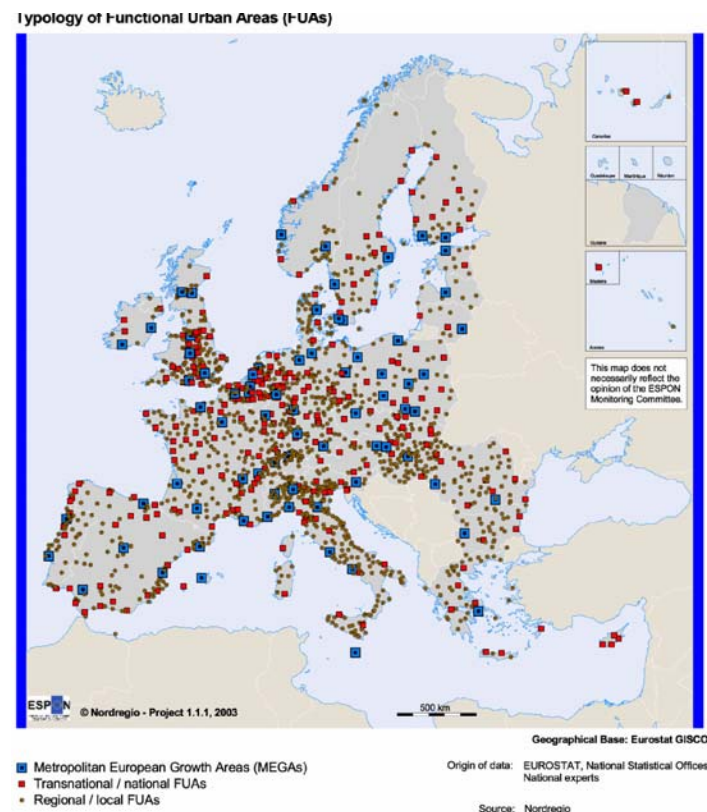
(99) ... [Editorial remark: This paragraph to be added.]

### Observations for Policy Considerations

- There are metropolitan areas outside the core of Europe which can be strengthened to better utilise their territorial potentials 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.
- Inner urban challenges need to be properly addressed to avoid that negative agglomeration effects hamper the utilisation of territorial potentials of metropolitan and urban areas and their attractiveness for investments and people.

### Example for a possible map

[Editorial remark: Based on ESPON data a new map will be tailor-made for this section, presenting new information directly targeting the evidence presented in the text. The final map will be accompanied by a text box with an explanatory note.]



## 2.11 Rural Diversity

### RURAL AREAS WITH UNDERUSED POTENTIALS

(100) 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. Both in terms of land and human capital this gives the impression that the potentials 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 resource available and transform stocks into flows, i.e. valorise national and man-made assets, strength the economic environment, improve institution capacity.

#### **DEVELOPMENT POLES IN RURAL AREAS**

(101) 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.

#### **SMALL AND MEDIUM SIZED CITIES**

(102) ... [**Editorial remark:** This paragraph to be added.]

#### **RURBANISATION AND THE PRESSURE ON RURAL AREAS**

(103) 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 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.

#### **RISK OF DEPOPULATION IN RURAL AREAS**

(104) Rural areas in particular in remote locations face diverse demographic challenges. Population aging 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 aging 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**

(105) 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 are 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 potentials that could be exploited fore e.g. 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.

### **DIVERSIFICATION OF RURAL ECONOMY**

(106) 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 potentials 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**

(107) 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.

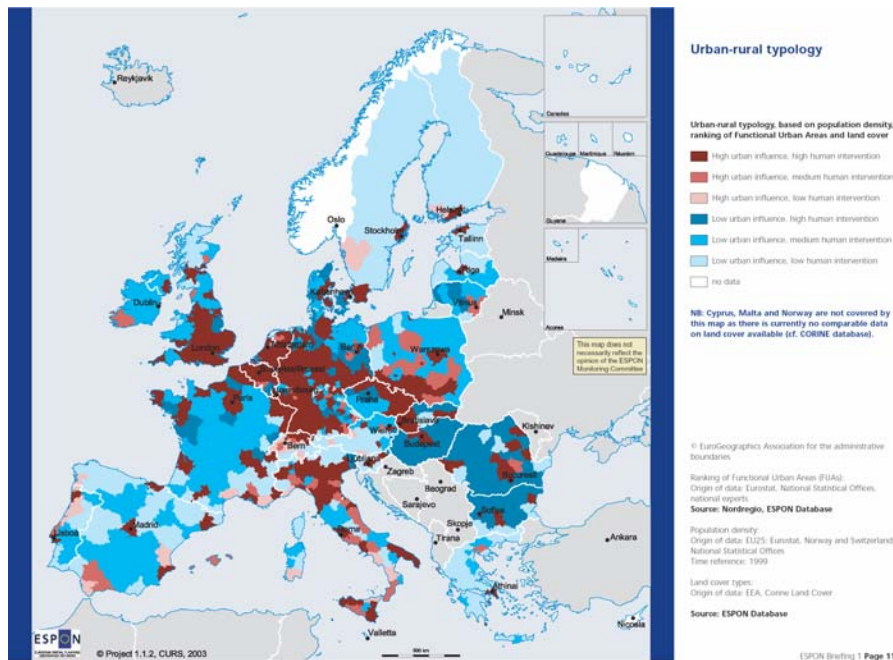
### **Observations for Policy Considerations**

- Rural areas compose large parts of the European territory and there are still many people living in the rural areas. However, they produce a disproportional small part of the GDP as their potentials 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 rural may face challenges in terms of population decreases and the possibility to provide the necessary services of general interest.
- 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**

[**Editorial remark:** based on ESPON data a new map will be tailor-made for this section, presenting new information directly targeting the evidence presented in the text. The final map will be accompanied by a text box with an explanatory note.]





### 3. The Impact of EU Policies on Territorial Development

(108) An effective exploitation of Europe's territorial capital requires that EU sectoral and economic policies and territorial development policies in the 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.

#### EU Policies and Their Impact

##### EU Cohesion Policy

(109) 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 potentials 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.

(110) 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, framework programmes, Urban, INTERREG).

**Possible example of territorial cooperation in the field:**

...

### **The Common Agricultural Policy**

(111) 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 Union. 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.

(112) 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 agriculture (leisure, recreation, management of natural area) 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.

#### **Possible example of territorial cooperation in the field:**

...

### **EU Transport Policies**

(113) 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, 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.

#### **Possible examples of territorial cooperation in the field:**

##### **SEAPLANE Project**

The partnership of the SEAPLANE Project ("Sustainable and Efficient Air Transport – Platform for Linked Analysis of the North Sea Air Transport Environment"), comprising thirteen regions from six countries with 21 airports, inter alia developed a common resolution on the improved accessibility of peripheral EU regions. The main goal of the resolution is to suggest a new slot allocation mechanism across Europe which considers the need of peripheral EU regions to gain adequate access to larger airports. The SEAPLANE Project also contributed to the EC slot allocation consultation process in December 2004 via its partners, which was for the first time that regional bodies have highlighted their concerns in that context.

[www.seaplane-project.net](http://www.seaplane-project.net)

##### **Baltic Gateway Project**

Baltic Gateway is a project aiming at the integration of the new 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](http://www.balticgateway.se)

## **EU Environmental Policies**

(114) Certain EU environmental policies have a very direct and strong territorial impact, by setting conditions for territorial developments and policies. Strategic Environmental Assessment raises the evaluation of impacts to a higher level. The Habitats and Birds Directives, the Framework Directives on Air Quality and Water and the Nitrates 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- and Birds directives play an important role in preserving and development the main ecological structure in the Union. New cross-border cooperation initiatives to achieve Water framework Directive objectives can enhance trans-European spatial planning.

### **Possible examples of territorial cooperation in the field:**

#### **HARBASINS – Harmonised River Basing Strategy Project**

Management of the European waters is governed by the EU Water Framework Directive (WFD). Based on the concept of River Basin Management at European level, a stepwise implementation of the directive has been prescribed. However river basins usually cross borders – regional as well as national. Even within countries, strategies are often uncoordinated and the focus is set on individual management plans in order to reach the set targets. Coastal zones of the North Sea are regarded as an ecological entity and encompass catchment areas of several river basins. However, the coastal zones are guided by different international agreements, such as those of the Oslo-Paris Convention (OSPAR) and the Trilateral Wadden Sea Cooperation. These can sometimes call for adoption of approaches that are not well tuned to the requirements of the European Directives on rivers. An overall coordination of the different practices and initiatives is needed in order to integrate the North Sea as one region. The "Harmonised River Basin Strategies for the North Sea" (HARBASINS) Project has set out to do this. The HARBASINS Project presents a first attempt to recognise and address the different management strategies posed by the EU Directives on rivers and the existing coastal zone management practices. One way of doing this is through extending the concept of good ecological status of rivers to open coastal and marine areas. Among many innovative tools it will also provide new insights on the mutual influence of marine end-members of North Sea river basins on the 12-miles zone of adjacent river basins and the impact of legislation on a region in a future and historical perspective.

[www.harbasins.org](http://www.harbasins.org)

#### **Maritime Safety Umbrella Operation**

Maritime Safety is recognised as an important global issue. Recent accidents have affected the communities, economies and environmental assets of many regions in different countries simultaneously. Regional and local organisations and authorities are acquiring expertise and developing projects to aid their preparedness. The development of the maritime safety

projects demonstrates the aspirations of regional and local organisations and authorities to work together with national bodies to provide improved capacity to identify and deal with Maritime Safety issues. These projects augment well-established national and multinational initiatives. The Maritime Safety Umbrella Operation (MSUO) was established to coordinate cooperation between INTERREG funded Maritime Safety Projects, 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.

[www.maritime-safety.org](http://www.maritime-safety.org)

### **River Basin Agenda Alpine Space Project**

Due to numerous functions and various requirements which alpine river basins should fulfil, an urgent need exists for holistic river basin management that should link protective water management, land use planning and ecology with one another. Essential functions and use of river basins are flood protection and flood retention, extensive agriculture and forestry, recreational use, groundwater protection and nature conservation. Modern river basin management therefore means conciliating these requirements at the best possible way. River basin management as it is understood within the project group of the INTERREG III B River Basin Agenda Alpine Space Project, deals with coordination of procedures regarding flood protection and land use planning in Alpine valley floors. Within the project the holistic river basin management is based on analysis, planning and communication. It plays particularly a crucial role in the spatial development of endangered, intensively used valley sites. In the frame of the planning process it is important to integrate as many participants as possible, e.g. municipalities, departments interested and people concerned.

[www.flussraumagenda.de](http://www.flussraumagenda.de)

### **EU Internal Market and Competition Policies**

(115) 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 and 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).

#### **Possible example of territorial cooperation in the field:**

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### **EU R& D Policy**

(116) 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. 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.

**Possible example of territorial cooperation in the field:**

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### **EU Energy Policy**

(117) EU energy policy has mainly a territorial impact via a variation in energy prices, which 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 renewables development 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.

**Possible example of territorial cooperation in this field:**

#### **BTN (Bioenergy Technology Transfer Network) Project**

The Bioenergy Technology Transfer Network (BTN) project aims at implementing the latest research results and technologies into the practical bio energetical application by local and regional suppliers. To reach this aim, a "Bio energy Development Centres" network has inter alia 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](http://www.bdc-network.jypoly.fi)

### **EU Fishery Policy**

(118) EU Fisheries policy appears to have significant territorial impacts-intended 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 unintentionally 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.

**Possible example of territorial cooperation in the field:**

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**Other EU Policies**

(119) 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.

(120) 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. Interesting is the fact that, despite the lack of an EU competence for spatial development, the indirect, and therefore often unseen consequences are more significant and will increasingly become so in the future.

**Addressing the Territorial Impact of EU Policies**

### **The EU Policy Process in Short**

1. Preparatory Phase: This is the most open phase in legal terms. Formally, the Commission takes the initiative for elaborating a policy proposal. But before that, all kind of stakeholders (EU institutions, public authorities from 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 Commission often produces communications like Green or White Papers, or the periodic Cohesion Reports before elaborating a formal proposal. In this preparatory phase the Commission generally builds on the support of experts from the member states, NGO's and private actors. Before the Commission presents a proposal it carries out an assessment on its potential impact and an internal interservice consultation.

2. Decision Phase: In this phase the Committee of the Regions (CoR) and the Economic and Social Committee (EESC) give their advice on the 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.

3. Implementation Phase: EU Regulations are directly binding for member states. Directives will have to be implemented into national legislation. Sometimes the Council delegates an implementation or regulatory competence to the Commission. In those cases the 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

(121) As mentioned in part one the EU Ministers for Spatial Development and the 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: 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**

(122) In November 2004 the EU Ministers responsible for Spatial Development started an informal EU territorial agenda 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. As expert ministers they are most suited to take up this challenge. 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, the 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 Commission, as the initiator of EU policies. In other words, leadership in managing the territorial impact of EU policies appears only possible if the 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 cohesion report; 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 Union.'

The Commission intends to use the enhanced dialogue with 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 European Spatial Development Perspective adopted in 1999 by Ministers responsible for spatial planning and territorial development. 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' (p.13, 14). Also, the White paper states that EU policies should be refocused, 'supporting territorial diversity' (p.28)

(123) Already in the White Paper on European Governance from 2001 the Commission identified the need for addressing the territorial impact of EU policies very clearly.

(124) In the Third Cohesion Report 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 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 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, it remains so far rather premature and fragile on the EU agenda.

#### **Political Ownership: The Stakeholders Dialogue on Territorial Cohesion**

(125) In order to strengthen the ownership of the issue the EU Ministers for Spatial Development have started a dialogue with key territorial cohesion "stakeholders": 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 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**

(126) 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.

(127) 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 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**



(128) Experts play a very important role in EU policy development. The Commission can invite experts both for formal committees and for 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 Commission agenda, so that the Commission can be informed in time of the territorial experts available.

(129) Mainly due to ESPON and the territorial agenda of the EU Ministers for Spatial development a broad network of EU experts is now developing. In some cases the Commission already made use of territorial experts. 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, up until now the Commission and the Ministers for Spatial Development have not explored the use of territorial experts in a structured way.

### The Territorial Dimension in EU Comitology

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

(131) In 2001 the Commission set up a working group on territorial and urban development, as a subcommittee of the management committee of EU regional policy (the CDCR). With that, 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, especially in the beginning, the 'marriage' proved difficult, because of differences in interests and responsibilities within and between member states and the Commission. The challenge of finding an effective structure and agenda within EU comitology remains.

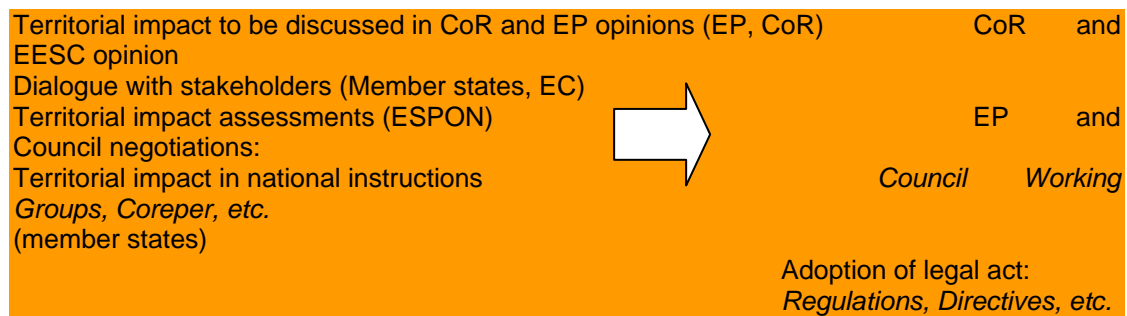
(132) Schematically, the current opportunities for incorporating territorial aspects into the EU policy process look as follows.

### Current Opportunities for Incorporating Territorial Aspects into the EU Policy Process

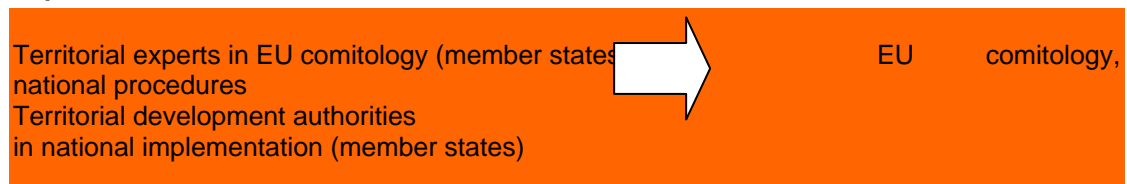
#### Preparatory Phase



#### Decision Phase



### Implementation Phase



(133) Opportunities for effective management of the territorial impact of EU policies are only being exploited partly and cautiously. Both the 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 structured 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.

### The EU perspective in Member States' Territorial Development Policies

(134) 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 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.a. by EU Cohesion Policy, the Lisbon strategy and new governance approaches on territorial development.

### The EU Perspective in National and Regional Territorial Development Strategies

(135) 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 ESPD.

(136) At the same time, many 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 member states are increasingly involved in EU dossiers. This is mainly due to the challenges of EU Cohesion policy. In around half of the member states competences

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....

for territorial development and regional economic development have been integrated into one Ministry. In other 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.

### Territorial Development Strategies and EU Strategic Frameworks

(137) In line with the above, most 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.

### Cross Border and Transnational Territorial Development Strategies

(138) 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 cross-border 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.

	<p>The Eindhoven, Leuven, Aachen top technological triangle (ELAT) is one of Europe's first regions that wishes to fill in the Lisbon Strategy from a transnational point of view.</p> <p>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 <i>one</i> European top technology region. With the help of INTERREG III B 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.</p>
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(139) Strengthening the coherence between national and regional territorial development policies and EU sectoral and economic policies is a huge challenge that is gradually becoming an issue in the 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 cross-border and transnational territorial development strategies are being explored by a growing number of regions. Territorial development authorities are more and more involved in EU discussions in the member states. Still, there is a long way to go before territorial development policies and EU policies structurally reinforce each other to a certain extent.

### Conclusions

(140) It appears that EU sectoral and economic policies and territorial development policies in the 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 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, distribution of responsibilities, processes of negotiation and consensus building of relevant EU policies and national and regional territorial development policies.

## **PART C – Developing the Perspectives**

### **4. Priorities for Strengthening the Structure of the EU Territory**

(141) Applied research analyses, e.g. in the context of ESPON, so far show a challenging picture of the Union's territorial structure in the light of the Lisbon aims, with an unbalanced distribution of factors of competitiveness, serious challenges for urban networking to create strong clusters of (trans-European) competitive activities, a growing environmental pressure and some serious trans-European bottlenecks and missing links in key transport, ICT and ecological networks. The key challenge appears to be a better exploitation of the specific territorial potentials of Europe's regions and a more effective trans-European territorial integration; different regions can show their competitiveness in different fields by drawing on different types of territorial potentials. A particular challenge in strengthening the EU territorial structure is the exploitation of the territorial capital of areas with a weak economic structure or physical or geographical handicaps. In this light, six priorities emerge.

1. Promoting a Territorial Policy for Agglomerations, Cities and Urban Areas in a Polycentric Pattern as Motors of Europe's Development
2. Strengthening Urban-Rural Partnerships and Ensuring a Sufficient Level of Services of General Interest 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 Handicapped 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.

[**Editorial remark:** The following paragraphs of this chapter need further elaboration.]

#### **Priority 1**

#### **Promoting a Territorial Policy for Agglomerations, Cities and Urban Areas in a Polycentric Pattern as Motors of Europe's Development**

(142) ... [**Editorial remark:** Introduction to be added]

These basic ideas have been captured in the following two sub-priorities.

#### **Sub-Priority 1.1**

#### **Strengthening Metropolitan Regions and their International Competitiveness**

#### **Challenges**

(143) Metropolitan regions are playing an important role with respect to innovation and economic growth in a more and more globalising world economy. Many of them have been the engines of innovation, growth and better jobs in recent years. Modern strategies for more growth and jobs need a special recognition of the role and international competitiveness of the metropolitan regions.

(144) Metropolitan regions contribute to the integration of larger areas into European and world-wide production networks. The common identity of metropolitan regions and their larger metropolitan hinterland areas should be further strengthened and developed.

(145) However, not all larger areas in Europe have a fully developed metropolitan region which they are part of or could be connected to. The network of metropolitan regions in Europe has some gaps that should be filled. The aim is to achieve a European-wide net of metropolitan regions that covers all of Europe (as far as basic spatial features like a minimum population density allow for this).

(146) In particular, there are some metropolitan regions in Europe that do provide some basic features but at the same time are lacking a profile (like sufficient mix of modern innovative branches, minimum equipment with economic headquarter functions) that would enable them to play a fully competitive role in the European and global economy. The challenge is to further develop these metropolitan regions into full players.

(147) Still there are some metropolitan regions that have to struggle with the conversion and modernisation of old-industrial structure. These transformation processes are going on in East as well as in West Europe. Loss of population and employment are part of these processes as well as the needs for qualification and for rebuilding these metropolitan regions into attractive locations for modern industries.

#### **References for the stakeholder dialogue**

- URBAN documents and projects
- URBAN AUDIT documents and projects
- METREX documents and projects

#### **Stakeholders:**

DG Regio, METREX

#### **Topics for the stakeholder dialogue**

(148) Balanced territorial distribution of metropolitan regions and national targets are to be considered carefully.

(149) Mix of future-oriented branches is to be realised.

(150) Links to transport sector (polycentrism = urban settlement + transport development) is to be set.

#### **Possible examples of territorial cooperation in the field:**

##### **METREX**

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[www.eurometrex.org](http://www.eurometrex.org)

##### **VITAL CITIES Project**

The increasing location of shopping centres "on green sites" causes urban sprawl processes, an increased volume in traffic and environmental problems, which counteract the aims of a

sustainable settlement development. Amongst other things, this has a negative impact on the development of urban habitat, housing areas, infrastructure and open spaces, which also generates considerable follow-up costs. This trend can only be countered by increased support for retailers in inner cities. The INTEREG III B VITAL CITIES Project uses this approach to strengthen polycentric urban systems in the Central, Adriatic, Danubian and South Eastern European Space (CADSES) and to develop a more balanced regional development. here representatives of the public sector are cooperating in an innovative approach involving a transnational public-private-partnership. The transferable project result will be CURTIS – Comprehensive Urban Retail Trade Improvement Strategy, which contains recommendations for developing the retail trade in inner cities. The experiences gained in case studies carried out in partner cities are being evaluated and compiled and generalised in an overview. In addition, approaches for strengthening the legal framework in the partner countries are being provided, which can counteract the trend towards urban sprawl. 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](http://www.vital-cities.net)

### **Sub-Priority 1.2**

#### **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**

##### **Challenges**

(160) To become effective the network of metropolitan regions has to be linked with cities and urban areas. Both elements together, the large metropolitan regions with European and global importance and the smaller cities and urban areas which play an important role in their national contexts, form the backbone of a polycentric European urban system.

(161) In many contexts, especially but not exclusively in many new EU Member States, there is an over concentration of development towards the largest metropolitan region, usually the national capital region. Here we need more balanced development in the future. It must be avoided that growth and innovation of metropolitan regions are at the cost of smaller and medium sized cities. On the contrary, strengthening metropolitan networks and strengthening urban networks have to go hand in hand and reinforce each other.

(162) For this new strategy, the strengths and possibilities for the development of secondary urban areas and the potentials of better linkages between them and the metropolitan regions have to be further explored and developed. It has to be discussed if and how far specific policies (infrastructure, transport networks, research and development policies etc.) can contribute to a better linkage of these two layers of the European urban system without losing their own specific orientations and efficiency related criteria.

##### **References for the stakeholder dialogue**

- URBAN documents and projects
- URBAN AUDIT documents and projects
- Eurocities documents and projects

##### **Stakeholders**

DG Regio, DG Transport, DG Research etc, EuroCities

##### **Topics for the stakeholder dialogue**

(163) ...

**Possible examples of territorial cooperation in the field:**

**BEEN / LHASA Projects**

In the near future energy saving develops to one of the most ambitious tasks for regional development in Europe. A particular challenge represent the approx. 40 million housing units in Eastern Europe built from pre-fabricated concrete blocks. The transnational BEEN Project develops model solutions for energy saving in such housing units based on different national property, legal, planning, financing, income, and technical conditions. As a result 50 % of energy can be saved and emission of carbon dioxide can be reduced by up to 1.3 t per annum and housing unit. Since quality of living and housing is a vital location factor – not only for housing business – the large housing estates take an important role in the development of competitive regional centres. Throughout Central and Eastern Europe large housing areas , often located at the periphery of major cities, are of great importance for the future quality of life in urban areas. Prefabricated housing estates are dominant, giving home to about 30 million inhabitants. Increasing vacancy and fluctuation, ownership, shortages of living space, physical decay and energy consumption are the main concerns today. The projects LHASA and BEEN address these topics. By running pilot projects for the renovation of housing stock and the social stabilisation of prefabricated housing estates the LHASA (Large Housing Areas Stabilisation Action) Project contributed to the stabilisation of large housing areas in different primarily Eastern European cities, improving the quality of life for 600.000 inhabitants in these areas. The BEEN (Baltic Energy Efficiency Network for the Building Stock) Project focuses on best practice examples for reducing the energy consumption in prefabricated housing estates. Average savings of 50 % are expected, representing an annual reduction of CO<sub>2</sub> emissions of 1.3 tons per apartment. The support through the INTERREG Programme was crucial for the success of the exchange of expertise between the participating cities and beyond.

[www.been-online.net](http://www.been-online.net)  
[www.lhasa-online.net](http://www.lhasa-online.net)

**Possible example of territorial cooperation in the field:**

**Eurocity Basque**

Traditionally frontiers have been identified with a lack of security as there was a different world on the other side of the frontier: “the other side”, “the other part”. The process of European unification and the disappearance of internal borders in the Union have created new ways of looking at and interpreting the territory of Europe. This was why in 1993 the urban corridor that runs along both sides of the French-Spanish border on the Atlantic coast, began a cross-border co-operation process with the aim of structuring and uniting, with a European mind-set, the metropolitan area that runs in a line over 50 kilometres between Bayonne and San Sebastián with a population of 600,000. Supported by the INTERREG initiative, the Eurocity is a long-term project. The changes that the processes of the information age and globalisation are causing in urban areas are forcing us to adapt and to provide fresh solutions. Cooperation has begun in fields such as public transport, waste management, sport, media. The private sector is also starting to act with a cross-border vision, so that the Bayonne and San Sebastián Bar Associations and the Law faculties at both universities have set up a cross-border observatory that aims to make the convergence of two legal systems into an element providing the Eurocity with added value. The Eurocity always had a strong political leadership, which was aware of the advantages of a win – win process. The Eurocity aims at breaking the inertia by spreading the cross border way of thinking to all competent institutions. Of course, the new Eurocity cannot be envisaged without counting on its citizens: institutions may create the conditions, but it is individuals that lead the projects.

[www.eurocite.org](http://www.eurocite.org)

## **Priority 2**

### **Strengthening Urban-Rural Partnerships and Ensuring a Sufficient Level of Services of General Interest for Balanced Territorial Development**

(164) The analysis of the territorial state shows that there is a variety of rural and urban characteristics and relations both at European and national level. Current trends include e.g. urbanisation, counter-urbanisation, and the decline of remote rural areas. Population decline and aging takes place particularly in rural and remote areas. Initiatives to support local processes seem to be most effective for rural development. However, the rural-urban debate needs to be differentiated according to different rural-urban settings such as rural areas close to urban agglomerations, rural areas with urban development poles and remote rural areas.

#### **Sub-Priority 2.1**

##### **Strengthening urban-rural partnership**

###### **Challenges**

(165) Rural areas comprise a large part of the European territory and approx 1/3 of the European citizen are living in rural areas. However, they produce a disproportional small part of the GDP which indicates that their potentials and might not be fully used. A strengthened rural-urban partnership might facilitate the better use of these potentials and help overcoming the challenges rural areas face currently.

###### **References for the stakeholder dialogue**

- [www.espon.eu](http://www.espon.eu)

###### **Stakeholders**

DG Regional Policy, DG Transport & Energy, DG Agriculture & Rural Development, DG Information Society & Media, DG Environment, DG Enterprise and Industry, Urban Audit, CoR, EEA, Rurality Environment Development, Urbact, EUKN, EuroCities, METREX, EuroTowns, NGOs

###### **Topics for stakeholder dialogue**

(166) Capacity development. In many rural areas, the territorial potentials of the area and the possible rural-urban partnership are not fully used. This regards tangible resources, as well as the social capital, institutional settings, rural community development and local entrepreneurship capacities. A dialogue is needed in particular on effective and open governance with a positive attitude to small enterprises and entrepreneurs and local public institutions with sufficient autonomy to adapt policies and specific measures to assist the collective needs of local enterprises.

(167) Multimodal transport links and secondary networks. The accessibility for rural areas is often rather weak in particular when not only considering the use of private cars. Therefore a dialogue is needed on how to improve the multimodal transport links and secondary networks.

(168) Increased road traffic in rural areas. Over the next decades road traffic will increase faster in rural areas than in urban areas. A debate will be necessary on how to cope with the effects (in particular on the environment) of this increase and how ensure that rural areas actually benefit from this development, in terms of economic development and accessibility.

(169) Effects of rising energy prices in rural areas. In particular rural areas with low accessibility will be 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 strongly 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.

(170) Common rural-urban development. Taking an integrated view on rural and urban development and looking at common development assets and strategies might facilitate the better utilisation of existing potentials. A dialogue on how this integrated view on common developments can be achieved is needed in large parts of Europe.

**Possible example of territorial cooperation in the field:**

**Cross-border Air Rescue Project**

In the framework of an INTERREG III A cooperation project, cross-border air rescue missions between Germany and Denmark were developed for the first time. The HEMS (Helicopter Emergency Medical Service) with the call sign "Christoph Europa 5" is based in the German village Niebüll / Schleswig-Holstein. The Helicopter is used for emergency rescue and the inter-hospital transfer of intensive care patients. With Christoph Europa 5 the emergency medical care for the German part of the mission area as well as for the south and west of Denmark will be improved. Especially in the rural areas or islands in the mission area, fast air rescue can be life-saving.

[www.drf.de/Englisch/Niebuell.htm](http://www.drf.de/Englisch/Niebuell.htm)

**Sub-Priority 2.2**

**Supporting the Positive Effects of Metropolitan Regions, Cities and Urban Areas for their Wider Hinterland**

**Challenges**

(171) Metropolitan regions, cities and urban areas play an important role for their hinterland. This supporting role should be further strengthened and negative implications need to be counteracted. For its purpose two territorial settings can be differentiated. Firstly, there are rural areas in close proximity to urban agglomerations. Usually they benefit from the location in terms of economic and demographic development, but at the same time they face the challenge of urban sprawl and conflicts between urban and rural land-use demands and identities. Secondly, there are more remote areas with an isolated urban area which serves as growth pole for the entire region.

**References for the stakeholder dialogue**

- [www.espon.eu](http://www.espon.eu)

**Stakeholders**

DG Regional Policy, DG Transport & Energy, DG Agriculture & Rural Development, DG Environment, Urban Audit, CoR, EEA, Rurality Environment Development, Urbact, EUKN, EuroCities, METREX, EuroTowns, NGOs

**Topics for stakeholder dialogue**

(172) Potentials of rural-urban integration. In particular in areas where urban and rural areas are becoming increasingly integrated, the question emerges how rural-urban partnership can be strengthened in order to create larger and more powerful regions taking advantage of the different territorial potentials.

(173) Challenges of rural-urban integration. Rural-urban integration is not free of frictions. Therefore it also needs to be discussed how rural-urban partnership can help to counteract the negative effects of rural-urban partnership in rural areas in close proximity to urban areas.

Key words in this context are urban sprawl, “social peace”, rural and urban land-use and identities.

(174) Development poles in rural areas. 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, without making the surrounding completely dependent on the urban centre.

**Possible example of territorial cooperation in the field:**

**REMEDY Project**

The INTERREG project REMEDY (Remote Telematic Solutions for patient diagnoses and the training of health care professionals in sparsely populated areas), for example, 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 the patient security, the service quality and to protect patients' legal rights within the telemedical area. An IT-based training programme 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 certification.

[www.vannas.se/kommun/forvaltningar/vord-omsorg/MEMO/Utkast.htm](http://www.vannas.se/kommun/forvaltningar/vord-omsorg/MEMO/Utkast.htm)

**Sub-Priority 2.3**

**Ensuring a Sufficient Level of Services of General Interest for Balanced Territorial Development**

**Challenges**

(175) The analysis of the territorial state shows that in particular in remote and sparsely populated areas the provision of a sufficient level of services of general interest might be at risk. These areas are often characterised by low accessibility and a population decrease related to increasing medium age and out-migration. These developments affect the labour market in those regions as well as the provision of services of general interest.

**References for the stakeholder dialogue**

- [www.espon.eu](http://www.espon.eu)

**Stakeholders**

DG Regional Policy, DG Transport & Energy, DG Agriculture & Rural Development, DG Information Society & Media, DG Environment, DG Enterprise and Industry, Urban Audit, CoR, EEA, Rurality Environment Development, Urbact, EUKN, EuroCities, METREX, EuroTowns, NGOs

**Topics for stakeholder dialogue**

(176) Development poles in remote areas. In more remote areas with single urban centres, the question is how the urban centres can be strengthened as growth poles for the entire region.

(177) Rural potentials. The territorial potentials of rural and remote areas need to be further explored and used more efficiently. A debate is needed on the tangible resources available in remote rural areas such as agriculture, production of renewable energy, tourism, recreation and unspoiled nature.

(178) Rural empowerment. Even more important than the tangible rural potentials is the empowerment of people living in rural and remote areas. A debate is needed on how to

support social capital building and the way local people are able to exploit existing resources available and transform stocks into flows, i.e. valorise man-made assets, strengthen the economic environment and improve the institutional capacity.

(179) Demographic change. Increasing median age and out-migration leading to population decline are threatening the viability and the services provision in remote and sparsely populated areas. Therefore a discussion on integrated measures is needed which allows those areas to reach a sustainable path for economic and social development.

(180) Effects of rising energy prices in remote regions. In particular remote areas with low accessibility will be disadvantaged by rising energy prices, which might lead to a vicious circle for these areas. Therefore a discussion is needed on strategies of how to avoid that rising energy prices do weaken the economic base of these areas.

(181) 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 in particular remote and sparsely populated areas do not have accesses to the latest ICT-infrastructure. Thus a dialogue is necessary on how approaches like broadband bundling can be used to provide a sufficient access to ICT in these areas.

**Possible examples of territorial cooperation in the field:**

**North Sea Rural Project**

In the transnational North Sea RURAL project for example six regions aim at generating innovative solutions for rural development in the fields of accessibility to social services, an efficient public transport and economic development. It is assumed that if these three interlinked issues are addressed simultaneously and co-ordinated, the prospects for a positive development are much brighter than if they are addressed independently. In pilot projects, innovative ways are tested, for example the establishment of a Joint Health Clinic for general practitioners working under the public health insurance in Thy (Viborg County Council). The Joint Health Clinic is a concept, which improves the possibilities in recruiting the necessary qualified health professionals by providing a professional environment, modern facilities and opportunities for a flexible planning of work.

[www.northsearural.org](http://www.northsearural.org)

**Priority 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 SMEs etc).**

(182) ... [**Editorial remark:** Introduction to be added]

These basic ideas have been captured in the following two sub-priorities.

**Sub-priority 3.1**

**Promoting National and Transnational Clusters of Competitive and Innovative Activities by Strengthening the International Identity and Specialisation of Cities and Regions**

**Challenges**

(183) The following set of governmental functions seems to be vital for any economy:

- Securing macroeconomic and political stability (stable and sound policies, effective and transparent institutions);
- Improving microeconomic capacities for development (education, infrastructure)

- Establishing sustainable rules and incentives for competition (competition and tax policies, fair and effective legal system)
- Facilitating cluster development and upgrading all clusters.
- Developing and implementing a long-term action program to mobilize all cluster participants to systematically upgrade their capacities, thereby influencing the competitive position of their clusters.

(184) Europe has high quality academia that produces modern knowledge but does not pay enough attention to develop practical skills and positive attitude – the skills necessary for cluster development and effective competition. Particularly weak are the soft skills such as communication, leadership, and entrepreneurship and conflict management that are critical for building cluster synergy. European academia should more often listen to the business and local communities and respond faster to their needs by providing appropriate human capital and research.

### **References for stakeholder dialogue**

- Common Actions for Growth and Employment: The Community Lisbon Programme. COM(2005) 330 final, Brussels, 20.7.2005 [SEC(2005) 981]

### **Stakeholders**

Regional Policy DG, Enterprise and industry DG, Research DG (Cohesion and Structural Funds, Competitiveness and Innovation Programmes, the Seventh Framework Programme); EUA (European University Association); States, regional authorities, cities, NGOs

### **Topics for stakeholder dialogue**

(185) Localising Lisbon strategy: Cities and regions are localising and anchoring Lisbon strategy. Strong partnership between local, regional, national and transnational bodies is required. Bottom-up processes should be facilitated by state and transnational players. Need for local / regional innovation strategies.

(186) Opening cluster policy: Genuine European clusters are needed, but cluster and innovation policy is still very national by nature. Innovation policies should be connected more strongly and directly with regional development policies.

(187) International benchmarking: Effective change of knowledge and experiences requires detailed profiles of regions and cities: continuation of ESPON should be secured, in which more detailed information can be produced.

(188) Create hotspots: Important locomotives of international city networks are strong and innovative hubs. They are Europe's main links to global networks. These hotspots have to have recognised role in regional development.

(189) Deepening specialisation and division of labour: small and medium sized cities as well as rural areas should be linked functionally to global creative innovation hubs. A lot of information produced in global hubs is adapted and further refined in other places, and vice versa (two way knowledge distribution and diffusion). Avoid a picking only winners –strategy.

(190) Support existing strengths of regions. Specialisation should be based on existing strengths, regions and cities with similar and complementary profiles (functional clusters) should be linked. Regional clusters as is a way to involve SMEs.

(191) Specialising can be risky: there should be a safety net for regions and cities running a specialisation strategy that for external reasons does not work.

(192) Softer turn in regional development: encourage further building of social capital between various actors involved in regional development.

(193) Training and education: cluster approach require a major and cross-sectoral training covering government, business and NGOs.

(194) What is the role of the European level in fostering public-private partnership for innovation, including R&D, and increasing innovation policy activity at regional and national levels?

**Possible examples of territorial cooperation in the field:**

**BalticString Project**

European integration is visible also alongside strategic development axes or zones across state boundaries. Scientific and technological clusters or transnational infrastructures form a basis for connecting potentials of different countries. An example is the Øresund Region. Through the transnational project STRING the region multiplied the advantages of emerging scientific, technologic and business clusters and efficient transport connections with cooperation in vocational training, further education, SME support, tourism, design and mass media publicity. The effects were extended to whole Southwestern Baltic Sea area.

[www.balticstring.net](http://www.balticstring.net)

**Possible examples of territorial cooperation in this field:**

**Lunch Centres of Expertise Programme of Europe**

Good practices from Finland and already applied in various European countries, 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, internationalising this model would be naturally the next step.

**Possible example of territorial cooperation in the field:**

**Connect Baltic Sea Region Project**

The project Connect Baltic Sea Region supports entrepreneurs to attract venture capital. Through the voluntary help of experts working in various business sectors, R&D institutions and service-providing companies, entrepreneurs get the chance to validate their business in panel debates (springboard). CBSR has supported the development of existing networks and the establishment of new Connect organisations around the Baltic Sea. The goal of international cooperation in the project is to interlink regional networks and to ease the internationalisation process for start-ups. Through common events and actions, the main target group – entrepreneurs – may accelerate their expansion to new markets.

[www.spatial.baltic.net/programm/project.php?id=10138&start=0](http://www.spatial.baltic.net/programm/project.php?id=10138&start=0)

**Sub-Priority 3.2**

**3.2 Promoting National and Transnational Clusters of Competitive and Innovative Activities by Identifying Priorities for Cooperation and Synergies in Investments**

**Challenges**

(195) A paradigm shift is necessary: from securing fair play within the system to coaching the clusters to become globally competitive.

(196) Additionally is seems indispensable to change from subsidising the poor to investing into the high potentials.

(197) Attracting both Foreign Direct Investment (FDI) and global human capital is a prerequisite for a successful clustering policy.

(198) Yet a major market failure for the knowledge economy: Europe is not efficient in facilitating exchange, as instruments of trade in the knowledge economy and to create new markets.

### **References for stakeholder dialogue**

- Common Actions for Growth and Employment: The Community Lisbon Programme. COM(2005) 330 final, Brussels, 20.7.2005 [SEC(2005) 981]

### **Stakeholders**

Regional Policy DG, Enterprise and industry DG, Research DG; European Investment Bank (EIB), the Council of Europe Development Bank (CEB), States, regional authorities, cities, NGOs

### **Topics for stakeholder dialogue**

(199) Broad perspective: all forms of innovation and various stages of the innovation process, starting from basic research to commercialisation, should be covered in investments. Knowledge-intensive services are often of great importance.

(200) Internationalisation: capacity of SMEs to internationalise is still limited – public sector actors should put more effort to international business know-how.

(201) Fuel triple-helix: clusters are actually formed by players from three sectors: business, research and public sector. Role of public sector actors is to support interaction between business and research and building networks also transnationally. Public-private partnership seems to work in many countries, but problem seems to be public-public partnership, i.e. very strong sector orientation in regional development.

(202) Encourage entrepreneurship and competency development at the governmental agencies, strengthening professionalism in staff.

(203) Right balance between tangible (e.g. machines, building) and intangible (e.g. patents, R&D) investments to be achieved at.

### **Possible examples of territorial cooperation in the field:**

#### **Greater Cambridge Partnership**

The Greater Cambridge Partnership (GCP) represents the aspirations of the public, private and community sectors in Greater Cambridge (UK), and unites them in achieving a common vision. As the sub-regional economic development partnership, it provides the strategic framework to shape the future growth of the area as centre of excellence for innovation and creativity. The GCP was established in 1998 aiming at producing a spatially balanced framework to provide the overall direction for the area, and shaping the plans and strategies of the main local and regional agencies. The guiding vision is to make Greater Cambridge a world leader in the knowledge based economy combining business success with a high quality of life for all. The strategic framework document "Investing in Success" was published in 2000, following consultations with more than 100 key stakeholders. The document has now been developed into a Investing in Success Action Plan.

[www.gcp.uk.net](http://www.gcp.uk.net)

#### **ScanBalt Campus**

Research and education are major prerequisites for regional development and global competitiveness. However, European education and research systems are considered to be fragmented and isolated and to have a disparity of regulatory systems. Clustering and transnational cooperations may help to overcome these constraints and to exploit the regional scientific potential in the European and worldwide competition in a better and more economical way. Although some institutions normally are not attractive enough to attract top scientists to a region, the focusing of top know-how may help to achieve synergy effects and a better position within the worldwide competition. The project ScanBalt Campus promotes the development of the ScanBalt Bioregion, a meta-region that encompasses the Nordic countries, the Baltic countries, Poland, North Germany and north-western Russia as a globally competitive meta-bioregion. Scanbalt Campus creates a cross-sectoral network of education and R&D between universities, companies, hospitals and other actors – all sharing life sciences/biotechnology as a common base. The project will improve regional coordination and mobility, increase cross-disciplinarity, collaboration between sectors and create a critical mass. For example a shared curricula between institutions will be created, an internet-based one-stop entry to activities in SBC and a ScanBalt Academy will be established.

[www.scanbalt.org](http://www.scanbalt.org)

#### **Priority 4**

#### **Strengthening the Main Trans-European Transport, ICT and Energy Networks in View of Connecting Poles in the EU and their Links to Secondary Networks (with Special Attention to Development Corridors, the Accessibility of Naturally or Geographically Handicapped Areas, Maritime Links and Connections to EU Neighbours)**

(204) ... [**Editorial remark:** Introduction to be added]

These basic ideas have been captured in the following three sub-priorities.

##### **Sub-Priority 4.1**

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

##### **Challenges**

(205) ...

##### **References for the stakeholder dialogue**

(206) ...

##### **Stakeholders**

(207) ...

##### **Topics for a stakeholder dialogue**

(208) ...

#### **Possible example of territorial cooperation in the field:**

##### **INTERPORTS Project**

The seaports of Rotterdam, Amsterdam, Antwerpen as well as the Medway Ports and the Thames Ports have jointly started with German inland ports within the North-Rhine Westphalian canal system and in cooperation with shipping agents, hauliers and other logistics suppliers to build up "Interports", a cooperation platform for port logistics. The aim is to jointly strengthen barges as a mode of transport within the seaport hinterland transport. Through a joint marketing of port-related intermodal transport chains and of commercial areas close to ports for port-related and affine logistic purposes as well as through the development of an Internet-based information platform, seaport and inland ports hope for competitive advantages: seaports improve their access to markets in the hinterland, facilitate the handling of their hinterland transports and gain scope for logistic activities; inland ports benefit from the

marketing capacities of seaports, increase their location quality through better transportation possibilities and marketing of their commercial areas.

[www.interports.org](http://www.interports.org)

**Possible example of territorial cooperation in the field:**

**NEW HANSA Project**

Encouraging environmentally friendly modes of transport is one of the key challenges of spatial development in Europe. Port cities are key hubs in the transport system where different modes of transport are combined and many conflicts concerning land use, water and air pollution occur. The transnational NEW HANSA Project developed a standardised “shore-to-ship power supply” based on case studies of infrastructure situation, legislation, financing possibilities and technical ship standards in different countries. As a result for instance emissions of sulphur and nitrogen oxide and dispersible dust can be reduced by 60 to 80 %. More than 15 big harbour cities around the Baltic Sea have already declared to install that new technology.

[www.newhansa.net](http://www.newhansa.net)

**Sub-Priority 4.2**

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

**Challenges**

(209) ...

**References for the stakeholder dialogue**

(210) ...

**Stakeholders**

(211) ...

**Topics for a stakeholder dialogue**

(212) ...

**Possible example of territorial cooperation in the field:**

...

**Sub-Priority 4.3**

**Strengthening the Main Trans-European Energy Networks**

**Challenges**

(213) Europe is facing the challenge to cope with worldwide rising energy demand, limited reserves of non-renewable energy sources, security of energy import structures, and rising energy prices. Some answers on these challenges relate to European strategies for more efficient use of energy, exploiting potentials for new additional energy production in the EU based on renewable energies, providing new network infrastructure to safeguard energy imports and to foster better integration of the European energy markets. Thus the following deals with territorial strategies in support of sustainable, competitive and secure energy supply in Europe.

(214) 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 source and / or technologies; a European territorial structure that points to the future has to be “resistant” against rising energy prices.

(215) There are clear interlinkages of these policies and territorial development policy:

- Europe’s regions and cities are affected by the actual trends in energy supply in different ways and need to develop different, adapted strategies to react.
- Europe’s territorial (infra-) structure influences the efficiency of energy use:  
Transport, as one of the largest energy consumers, is clearly linked to the organisation of the European territory and the territorial exchange patterns in Europe.  
Housing is another element of the territorial infrastructure that consumes a large part of the European energy.
- Europe’s regions have (to a different degree) potentials to contribute to European energy supply (through providing and organizing space for the production of renewable energy etc).

### **References for the stakeholder dialogue**

- COM: Green Paper. A European Strategy for Sustainable, Competitive and Secure Energy. COM(2006) 105 final, Brussels, 8.3.2006 [SEC(2006) 317]
- COM: Green Paper on Energy Efficiency, Brussels 2005
- Biomass Action Plan (2005)
- An EU Strategy for Biofuels (2006)

### **Stakeholders**

COM (DG Energy); EEA; High-Level Group on Energy, Environment and Competitiveness; International Energy Agency; European Federation of Local Public Energy Distribution Companies; NGOs

### **Topics for a stakeholder dialogue**

(216) In a European scale the possibilities for energy production are unequally distributed between the regions; according to their specific regional conditions, regions might contribute to the European energy production in diverse fields like oil and gas, wind, water, solar and bio energy, or even modern forms of coal and nuclear energy production. Areas suitable for renewable energies differ regarding the energy type (wind, biomass or solar), but also dependent on the latest state of technology.

(217) Some energy potentials in some regions in Europe seem to be underused and could be further developed; for instance: solar energy in Northern Europe (making use of new technologies); biomass energy potentials in central Europe; tide related hydro-energy in coastal areas. If all European potentials for energy production should be activated, this would imply a growing demand on large-scale production of renewable energy (e.g. off-shore wind-energy, large-scale biomass production etc.); to facilitate this, an effective territorial management would be needed (like, for instance, integrated coastal zone management; see also ch.5).

(218) For a European energy strategy as a whole and for some rural areas in particular, it might be an attractive economic opportunity to engage in large-scale biomass production and combined heat and power generation; this could change the rural landscape considerably. At present it is a still open question where large-scale bio-energy production might be efficiently located and if there could emerge possible conflicts between agriculture and energy production in the future, at least in some specific rural regions. Already now the most productive agricultural areas are located near to the cities and thus become subject to suburbanisation pressures. Seen from the energy perspective, rural energy production might enter into competition with territorial demands of both, agriculture and suburbanisation. Territorial development, agriculture and energy policy should explore these questions at an early stage together.

(219) The EU's cohesion policy already now identifies objectives supporting energy efficiency, the development of renewable and alternative energy sources and investments in networks where there is evidence for market failure. Member States and regions, when preparing their National Strategic Reference Frameworks and operational programmes for 2007-2013, are asked to make effective use of the possibilities provided for by cohesion policy in support of the present strategy. (See also: Green paper 2006: p.10f.) How can European cohesion policy, its national / regional implementation and energy policy efficiently play together in order to strengthen the development of new energy sources and networks?

(220) Norway is Europe's most potent energy producer. Norway produces 9 times more energy than it consumes. Taking Europe as a whole, Norway included, Europe has become less dependent on imported energy in the last ten years, as its self-sufficiency ratio has improved from 60.9 % in 1990 to 64 % in 2002. The sectoral approach to include Norway as an equal partner in a European energy strategy is being fully supported by European strategic territorial development policy. As well, Switzerland, as a major transit country for electricity, has to be considered. How could this be further improved?

(221) 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 endowments (biomass, wind, solar radiation). Moreover, the production of renewable energies relates well general concerns over the environment and with our natural heritage, both in terms of the decline in CO<sub>2</sub> emissions and as regards land use (agricultural production of renewables). In the long run the production of renewables (biomass) might even lead to a competition on agricultural areas between food and energy production.

(222) New energy technologies will only be adapted and used if there is a supportive attitude on the side of providers as well as of (potential) consumers. Regional model projects (e.g. embodied in programmes like INTERREG III B) can help to explore potentials for and obstacles to implementation.

(223) In its 2005 Green Paper on Energy Efficiency, the Commission showed that up to 20 % of EU energy use could be saved. Major reserves for savings refer to territorial infrastructures, especially transport and housing. Ministers responsible for territorial development, transport, housing and urban development can play a major part in implementing and facilitating European policies on energy efficiency.

(224) Energy shortages and / or rising energy prices will have direct impact on the cost of transportation, of (energy intensive) industries, and of housing. Increases in energy prices will hit the Eastern part of the EU (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.

(225) Tradable certificates and instruments like the EU Emissions Trading Scheme and the Europe-wide "white certificates" system have been introduced recently; an opening and widening of such instruments towards world-wide application is supported from EU's side. The regional impacts and incidences have not yet been explored sufficiently. Therefore, the interplay of these instruments with other European policies (e.g. regional policies) are not yet fully clear and needs further investigation.

(226) Energy infrastructures (and the respective living environments) have to be protected against natural, technical, political, and terrorist risks and hazards. Territorial policy provides one element to support this.

(227) An integrated European energy market needs a minimum of network interlinkages between the Member States. However, there are still 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). (See Green paper 2006). How can territorial policy, together with cohesion and TEN policies, support these needs?

(228) 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. Regional 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.

**Possible example of territorial cooperation in the field:**

**POWER Project**

The project POWER (Pushing Offshore Wind Energy Regions) for example unites North Sea regions with an interest in supporting and realising the economic and technological potentials of offshore wind energy. The project assesses environmental and planning as well as acceptance issues of offshore wind farms, supports the development of a reliable supply chain for the sector and elaborates skills development measures. 37 organisations from five countries form a North Sea competence network for offshore wind energy. A strength of the partnership is the combination of regional expertise in onshore wind energy and offshore oil and gas industries, which makes the exchange of experiences and best practices particularly beneficial.

[www.offshore-power.net](http://www.offshore-power.net)

**Possible example of territorial cooperation in the field:**

**NSBE (North Sea Bio Energy) Project**

The North Sea Bio Energy (NSBE) project 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.

[www.northseabioenergy.org](http://www.northseabioenergy.org)

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

(229) Natural hazards pose a risk to human beings and assets, to the nature itself it does not pose a threat as natural hazards are part of the nature and ecosystems have always adapted to natural disasters. Risk is defined by the function of a hazard (or multi hazards) and vulnerability. Besides these, natural hazards can be enforced by human activities, for example, forest fires. These natural hazards also 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 in general. Technological accidents, e.g. oil pollution, are a great challenge to eco-systems and can lead to long lasting disruptions in it.

(230) The main challenge is how to mitigate the main driving forces for risk: the global climate change on the one hand that is going to increase the hazard intensity and frequency of hydro-geological hazards and on the other hand the raising economy and population density in threatened areas that lead to increasing vulnerabilities. This combination of natural and man-made factors has to be seen as main causer of the rapidly increasing losses caused by natural disasters. Such natural disasters often play an important role as triggering factor for technological accidents. Moreover, the ongoing growth of GDP and concentration of the population in the big agglomeration areas in Europe where most of the potentially hazardous

facilities are located indicates a similar trend: societies become more vulnerable against natural as well as technological hazards.

(231) The above mentioned pressure of a growing population and growing GDP, along with the effect of related demand for space and food, also challenges the natural sustainability of coastal zones, maritime and river basins and mountain areas. For example, coastal zones are facing an extreme rate of soil sealing due to urban sprawl, especially, but not only, along the Mediterranean coast. Maritime basins suffer, among others, from pollution and over fishing. River basins experience urban sprawl and soil sealing, as well as fragmentation. Eco systems in mountain areas suffer not only from urban sprawl but also from increasing recreational activities. These basic ideas have been captured in the following two sub-priorities.

### **Sub-Priority 5.1**

#### **Promoting Trans-European Technological and Natural Risk Management**

##### **Challenges**

(232) Generally speaking, natural hazards emerge to be risks to human beings and socio economic systems, when settlements are located in naturally hazardous areas. In Europe many historically traditional settlements are located in vicinity to naturally hazardous areas. In the case of geo hazards, which often have long return periods that may go beyond human memory, traditional settlements were always at risk, e.g. Pompeii. In the case of hydro-meteorological hazards historical settlements have been located in vicinities but on safe places (e.g. high river banks) or the socio economic structures, e.g. agriculture have been adjusted appropriately (e.g. drought hazard). Certainly traditional settlements have also been affected by hazards and disasters. But the risk rose, and continues to rise, as settlements spread into areas that face a higher hazards than the traditional ones, for example flood prone areas, both along rivers and the coast, close to volcanoes or on unstable slopes, etc. Also, a growing GDP per capita tends to lead to a spread of settlements, as more personal space is demanded or areas earlier not considered as suitable for settlements are becoming to be "en vogue", e.g. shorelines. This spread of settlements is not only limited to hazardous areas, but also into climatically unsuitable areas, as for example, local water demand is exceeding local water availability.

(233) Since most natural hazards cannot be mitigated, and urban sprawl is still continuing, the only appropriate strategy is to reduce the vulnerability. This process has started in some regions, but a European approach towards vulnerability reduction, one could also speak of a general adaptation process, including effects of climate change on natural hazards, is still missing. The European territory is not equally threatened by natural hazards, as its natural, meteorological and geological diversity leads to regionalised, characteristic hazard patterns. These specific hazard patterns lead both to site specific risk patterns that demand appropriate mitigation and adaptation processes.

(234) Concerning technological hazards security measures are being established to prevent accidents as far as possible (e.g. Seveso II Directive, air traffic control mechanisms, safety guidelines for nuclear power plants, double hull for oil tankers, etc.). Despite all safety regulations, accidents can happen, and often it seems that besides regulative guidelines on the operational side, vulnerability aspects have been left untouched so far. It is possible throughout the European territory to find settlements in close vicinity to settlements, and also many regions completely dispose of proper disaster management and long term revitalisation plans, e.g. in the case of oils spills. In other words, vulnerability aspects, which in fact turn a hazard into a risk and an accident into a disaster, are currently met rather by chance than by concrete strategies and guidelines.

(235) Europe is facing several distinct natural and technological hazards that affect its spatial development. Many of the oldest, culturally and economically important settlements in Europe have been located in naturally hazardous areas. Even though experienced disasters and scientific knowledge have shown the enormous risks these settlements face, not one area has been given up because of a natural hazard. The reasons for settling in hazardous areas,

or close to them, are based on the fact that the relatively seldom-occurring hazardous extreme events are often also the source of long lasting natural advantages, and/or the settlement areas were once chosen because of site-specific advantages (e.g. military strategy, trading routes, climatic conditions, etc). For example, fertile soils are found in flood prone areas. The same accounts for soils in volcanic surroundings, which are often also located within or in close vicinity to seismically active zones. Coastal zones, threatened by storms and storm surges, are another important source of food and a natural source for trading routes. Mountains, bearing avalanche and landslide hazards, can also have soils and slopes that are advantageous for many agricultural products; the same accounts for regions with drought and forest fire hazards.

### **References for the stakeholder dialogue**

- COM: Action Programme for Civil Protection
- COM: White Paper on European Governance
- International Risk Governance Council: White Paper on Risk Governance. Geneva 2005
- UNISDR: Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters. Hyogo 2005.
- UNISDR: Living with Risk – A Global Review of Disaster Reduction Initiatives Geneva 2004.

### **Stakeholders**

DG Environment, DG Research, DG Regional Policy, European Community Humanitarian Office (ECHO), EEA, JRC, IRGC, NGO's

### **Topics for a stakeholder dialogue**

(236) Since hazards and risk are not distributed evenly over the European territory, it is recommended to set priorities of hazard impact assessment. These priorities should focus on the spatial development impact of potential, regionally relevant, hazards. Nevertheless, some hazards can be locally important, even though they do not appear obvious in a European perspective. Therefore a strategy should incorporate the main hazardous regions but leave room for site specific local assessments.

(237) Different regions, societies and cultures have different risk perspectives and perception. This is not only due to obvious differences in hazard patterns (and multi hazard occurrences) but also due to a regional and local importance in the perception of a hazard. Some societies might be largely adapted, or "used to" certain hazards and do not perceive them as a threat, or risk. On the other hand, regions that usually do not experience certain hazards might have a rather strong impact if a certain, previously not experienced, hazard occurs. These different vulnerability patterns are to be taken into account in the stakeholder dialogue.

(238) "Acceptable risk", in other words the risk a society, or a region, is ready to take, also plays a major role in the vulnerability discussion. For example, there will always be at least a minimum risk in any case of large production facilities that bear major accident hazards or nuclear power plants. Settlements cannot be removed from naturally hazardous areas and industrial production cannot be simply shut down because of posing accident threats. However such a decision has to be taken not by scientists but by all affected stakeholders following the risk governance approach.

(239) When talking about today's dealing with risks, it becomes clear that the several risk communities, representing such different hazards like river floods, major accident hazards or bioengineering share a strong tendency to insularity. They rarely interact beyond the limits of the individual sectors, disciplines, regions and cultures. In consequence, different risk assessment methods exist for different hazard types (e.g. natural and technological) while, at the same time, a particular hazard may be assessed and evaluated differently across various countries, expert circles and advocacy groups. The same is true for risk management and decision-making, bearing strongly on the outcome of any effort to address and deal with risk. This situation has to be seen as quite problematic since most decisions have to be made in a

multi-risk setting, particularly when talking about the territorial dimension of risk. In consequence, a more interdisciplinary perspective is needed for the assessment, but also the management of risks.

(240) The management of risks has become increasingly politicized and contentious. Risk controversies are not about science versus misguided public perceptions of science, where the public needs to be educated about "real" risks. Rather, risk controversies are disputes about who will define risk in view of existing ambiguity. The public cannot be characterised as irrational due to emotionally influenced judgments about risk. The viewpoints of scientists are as well influenced by emotions, politics, economics, etc. Technology policy discourse is not about who is correct about assessment of danger but whose assumptions about political, social, and economic conditions win in the risk assessment debate. Thus, danger is real, but risk is socially constructed. Scientific literacy and public education are important but not central to risk controversies. Emotional response by stakeholders to issues of risk is truly influenced by distrust in public risk assessment and management. Due to this fact, those who manage and communicate risks to the public need to start with an understanding of emotional responses towards risk. This new approach that is called risk governance must receive commitment at the highest level, as well as practical implementation at all levels that will make a real difference to how matters any kind of risk are handled in the future. Ensuring a stakeholder-focused risk governance process means consulting and involving stakeholders like people living in the vicinity of risky infrastructure and likewise consumers and organisations that represent their interests. In summary, trust, or better the lack of it, is fundamental for risk interpretation of the public between "real" and "perceived" risks. The limitations of risk science, the importance and difficulty of maintaining trust, and the complex, socio-political nature of risk call for more public participation in both risk assessments and risk decision in order to make the decision process more democratic, to improve the relevance and quality of technical analysis, and to increase the legitimacy and public acceptance of resulting decisions. The present absence of risk governance principles makes institutional settings vulnerable and may lead to increased risks as we learned from the aftermath of the hurricane Katrina: Both, measures based on mandatory decisions of public administration as well as those, private stakeholders are responsible for, need to be accepted for their implementation. In conclusion, risk governance can be understood as procedural path towards the material goal of resilient communities.

**Possible example of territorial cooperation in the field:**

**SDF (Sustainable Flood Plains) Project**

The flooding risk along the river Rhine in Germany and the Netherlands have increased. High water levels have forced drastic measures such as the evacuation of communities and livestock, the construction of emergency dams and dikes. The damage caused by flooding ran to billions of EUROS. With climate change, flooding risks are predicted to become more frequent and acute. Since the Rhine catchment area runs across several states, transnational cooperation is crucial. Between 1997 and 2003 the relevant authorities in Flanders, France, Germany, Luxembourg, the Netherlands and Wallonia cooperated on a number of flood control projects funded by the IRMA programme. Certain partners of the INTERREG III B SDF (Sustainable Development of Flood Plains) Project have already carried out some preliminary studies which had been prepared by some members of the SDF partnership under IRMA. The SDF Project is a unique opportunity to implement this innovative approach to water retention on a large scale by creating or redeveloping flood plains along the Rhine's main course.

[www.sdfproject.nl](http://www.sdfproject.nl)

**Possible example of territorial cooperation in the field:**

**Developing Policies and Adaptation Strategies to Climate Change in the Baltic Sea Region (ASTRA) Project**

Focussing on the Baltic Sea Region the ASTRA Project assess regional impacts of the ongoing global change in climate and, then, develop adequate strategies and policies for climate change adaptation.

In the beginning of 2006 the Town Council of the Estonian City of Pärnu – as Project Partner – decided to build its final planning decision about measures to protect buildings and infrastructure in flood-prone areas on the projects' outcomes.

[www.astra-project.org](http://www.astra-project.org)

## **Sub-Priority 5.2**

### **Integrated Development of Coastal Zones, Maritime Basins, River Basins and Mountain Areas**

#### **Challenges**

(241) ...

#### **References for the stakeholder dialogue**

(242) ...

#### **Stakeholders**

(243) ...

#### **Topics for a stakeholder dialogue**

(244) ...

#### **Possible example of territorial cooperation in the field:**

##### **BaltCoast (Integrated Coastal Zone Development in the Baltic Sea Region) Project**

The growing number and intensity of both land- and sea-side activities and uses of coastal areas require a coordinated procedure for conflict resolution between the various stakeholders. Of special importance are those coastal regions, which are strongly affected by structural change, and the management of conflicts between nature protection and economic development, especially tourism. The INTERREG III B BaltCoast Project was a pilot initiative for the support of integrated coastal zone management and development in the Baltic Sea Region. The original project idea goes back to the 5th Conference of Ministers Responsible for Spatial Planning and Development in the Baltic Sea Region Countries, which was held in Wismar in September 2001. The results and recommendations of the project, amongst others a GIS based and coordinated exchange data platform of offshore activities, have been presented within the framework of the 6th Ministerial Conference on 18 September 2005 and form part of the Integrated Coastal Zone Management (ICZM) strategies within each Baltic Sea Country. Project outcomes will be used for the new PlanCoast Project 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 areas (se-use planning) throughout EU coastal zones in a coherent manner complying to 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 ICZM in EU coastal zones by enhancing the role of spatial planning within ICZM and demonstrating the benefits of spatial planning to ICZM by a selected number of pilot projects. Finally it will introduce international comparable GIS databases facilitating the spatial planning process for coastal zones and maritime areas according to ICZM principles.

[www.baltcoast.org](http://www.baltcoast.org)

[www.plancoast.org](http://www.plancoast.org)

#### **Possible example of territorial cooperation in the field:**

##### **ELLA / OderRegio Projects**

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[www.ella-interreg.org](http://www.ella-interreg.org)  
[www.oderregio.org](http://www.oderregio.org)

## **Priority 6**

### **Strengthening the Main Trans-European Ecological Structures and Cultural Resources**

(245) ... [**Editorial remark:** Introduction to be added]

These basic ideas have been captured in the following two sub-priorities.

#### **Sub-Priority 6.1**

##### **Strengthening the Main Trans-European Ecological Structures**

###### **Challenges**

(246) Natural heritage is an essential component of the environmental situation and living environment. 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).

(247) The extent of protected areas in the EU has grown in the past fifteen years dynamically although most areas remained protected "islands". The European Union established a network of especially protected areas "Natura 2000" with standardised measures and procedures.

(248) Territorial trends may cause a threat as well as a challenge to nature. Most important are the following trends:

(249) Agricultural intensification and extensification, and the abandonment of land: Increased large scale mono-culture often replaces small scale mixed farming, as the used machinery need large fields, impacting the existence of for example hedgerows. This process is a threat to the structure of landscapes naturalness and in general makes the landscapes more uniform. Abandonment is the result of marginalisation in the agriculture. through abandonment the area may gain or lose qualities.

(250) Europe has lost two-thirds of its original forest cover, mainly through clearance to make way for human settlements and agriculture. Only 2 % of the total European forest cover is regarded as natural. Threats for forests are: fragmentation by road construction, atmospheric pollution such as acidification and eutrophication, climate change, human induced forest fires. The trend of the decrease of forests has been reversed in recent decades, but the growing stock is different from the original one. Changes in land use and spatial patterns have, in their turn, influenced the environment of Europe significantly.

(251) In the new Member States, the institutional conditions for the conservation of the most valuable part of the natural heritage are already ensured. 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. Less extensive is the network of more "permissive" protected landscape areas. Their regulation is in many cases not sufficiently elaborated.

(252) 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.

(253) In new Member States, 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 which were declared protected landscapes or other forms of protected areas in the last decades. Adequate legal and financial measures are necessary to motivate or force new owners to use these areas in accordance with environmental protection objectives.

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

(255) Until the nineteenth century, biological diversity, in terms of habitat types as well as number of species in general increased in Europe. During the last century, the trends reversed: natural habitats are becoming smaller and less diverse. When areas decrease to a minimal size, the exchange of genetic material is under threat and as a consequence, the health of future generations is at stake.

### **References to the stakeholder dialogue**

- Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar Convention) 1971
- Convention on International Trade with Endangered Species of Wild Fauna and Flora, Washington, 1971
- Convention on the Conservation of European Wildlife and Natural Habitats, Bern, 1979;
- Bird Directive 79/409/EEC
- Habitats Directive 79/409/EEC
- Convention on the Protection of the Marine Environment, Helsinki 1974, 1992
- Convention on Climate Change, New York, United States General Convention, 1992
- Convention on Biological Diversity, Rio de Janeiro, 1992

### **Stakeholders**

DG Regional Policy; DG Environment; Council of Europe; IUCN (International Union for the Conservation of Nature); The Nature Conservancy; UNESCO World Heritage Centre; The Conservation Fund; Fauna and Flora International; National Parks and Conservation Association; national agencies and ministries of environment and nature conservation.

### **Topics for a stakeholder dialogue**

(256) Europe's natural heritage is unique. In global terms, this comparatively small continent has the 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.

(257) The largest natural areas can be clearly identified in Finland, the Alps, the Cantabrian Mountains, the Pyrenees, the Carpathians, Greece and Scotland. Apart of Finland and Scandinavia with extensive forests, the dominance of mountainous regions is obvious. Apparently those geomorphologic features provide biotopes in the different climate zones that are of high natural values.

(258) Natural heritage is an essential component of the environmental situation and living environment. 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).

(259) NATURA 2000 is the principal EU policy instrument for the protection of flora and fauna and habitats. NATURA 2000 encompasses more than 20 000 sites which have been either designated or proposed. These cover almost 15 % of total land area of the EU15. Existing ecological networks, linking protected sites of European, national and regional importance are

to be developed further. New member states and candidate countries (and possibly neighbouring countries) should be included in these networks.

(260) At the present time Structural Funds and 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. Similar is the case with regard to the level of spending for agri-environment and rural development support through CAP. It is therefore extremely important that these funds should complement and support the objective of NATURA 2000.

(261) The network of national parks seems to be well established in new member and candidate states. Consequently, these countries should focus, in the future, on ensuring the enforcement of regulations and extending the more permissive types of protected areas, above all, protected cultural landscapes.

(262) Appropriate management of environmentally sensitive areas of high bio-diversity must be promoted regardless of the level of existing legal protection.

(263) Preservation instructions and specific guidelines are to be prepared for the rehabilitation of major wetlands endangered by overexploitation or water diversion.

(264) Care must be taken of characteristic landscapes in areas threatened by agricultural abandonment.

(265) In several border areas the establishment of common cross-border nature protection areas is recommended.

(266) EU regional 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 handicaps do not necessarily mean unfavourable economic situation. The very geographic features could be the key factor for their comparative advantage, not only for the people to live but also for businesses to operate.

<p><b>Possible example of territorial cooperation in the field:</b></p> <p>...</p>
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## 6.2 Strengthening the Main Trans-European Cultural Resources

### Challenges

(267) Many European cities have a large number of extremely valuable cultural areas which are often suffering slow but constant deterioration. Despite considerable investment in maintenance and restoration of these areas, it has not been possible to halt this trend.

(268) 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 firm friend in the matters of development”. The impact depends on the constellation of different factors, their qualitative and quantitative relationship. Certainly, there is a concentration of cultural, historical objects in some parts of Europe, especially in the Mediterranean region, but cultural tourism is by far more concentrated than valuable cultural heritage, even within the Mediterranean. There are regions highly and less dependent on cultural 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.

(269) Several risks are threatening cultural heritage sites: environmental pollution risk, flood, earthquake, vibration, injuring and “souvenir collection” as accompanying phenomena of mass tourism. The main types of risks can be identified and common risk management strategies can be prepared.

(270) 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 (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.

### **References for the stakeholder dialogue**

- Charter of Athens (1933)
- Hague Convention: Convention for the Protection of Cultural Property in the Event of Armed conflict (1954)
- European Cultural Convention (1954); The Venice Charter
- International Charter for the Conservation and Restoration of Monuments and Sites (1964)
- Convention Concerning the Protection of the World Cultural and Natural Heritage (1972)
- Cultural Tourism (1976)
- Convention for the Protection of the Architectural Heritage of Europe (1985)
- The Washington Charter: Charter on the Conservation of Historic Towns and Areas (1987)
- European Convention for the Protection of the Archeological Heritage of Europe (1992)
- Declaration of Rio (1992)
- Charter of Sustainable Tourism (1995)
- European Convention on Landscape (2000)
- Convention for the Safeguarding of Intangible Cultural Heritage (2003)

### **Stakeholders**

European Commission DG Regional Policy, DG Education and Culture, Council of Europe, ICOM (International Council of Museums), ICOMOS (International Council of Sites and Monuments), IFLA (International Federation of Library Associations and Institutions), OWHC (Organization of World Heritage Cities), UNESCO (United National Education, Scientific and Cultural Organization), WMF (World Monuments Fund), national cultural agencies and ministries)

### **Topics for a stakeholder dialogue**

(271) 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 reverse in a number of areas the predominant trend of neglect, damage and destruction and thus pass the cultural heritage, including current achievements, on to the future generations.

(272) Cultural heritage can generate income and employment in a direct and indirect way. Direct is the impact on tourist accommodation and services. Direct employment is generated for architects and skilled workers in the conservation and maintenance of heritage sites and in their utilisation. 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.

(273) 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. Executive officers and managers are ever more frequently choosing towns and cities for location, where a large range of cultural services are available. Cultural heritage cities, having mostly old and famous institutions, are generally in a better position to offer these services. Furthermore, the name of these cities sounds better as a brand (or part of the brand) of certain products. Cultural site cities are also profiting from these plant or office locations by gaining new sponsors and supporters of their cultural life and services.

(274) Cultural heritage sites can be a positive contribution to urban planning and development, but it can be an obstacle, a difficulty, a brake for it as well. Spatial vicinity to cultural heritage objects gives rise to externalities, to (beneficiary and adverse) external effects. Proximity to cultural heritage sites could appreciate an area; increase its value and price. On the other hand, proximity to cultural heritage in case of an environmentally polluting, or even disturbing activity is much more dangerous for the common interest, than in normal cases. Consequently, urban planning and physical planning in general has to apply much more strict and demanding regulations in the vicinity of cultural heritage objects. Noise, vibration and air pollution should be kept off much more strictly from these places, the type and height of buildings is subject of rather meticulous and strict building and renewal regulations, their modernisation, renovation is a rather costly and sometimes prohibited undertaking. The solution of this conflict is the delicate task of urban development.

(275) Though it has often been associated with cultural sites, monuments and museums, 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 ephemeral and therefore 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.

(276) The protection of the historical, architectural, archaeological and monumental heritage should be based both on cultural and economic considerations. This protection requires adequate juridical instruments and its goals are to be considered in spatial planning at various levels.

(277) Co-ordinated transnational interventions aimed at enhancing "cultural routes" should ensure the protection of the distinct character of the various communities and underline the existence of common values

(278) Legal regulation should gradually move from the protection of single monuments to that of cultural ensembles and landscapes.

(279) In all Europe, legal and professional arrangements are needed to preserve respect for and the memory of all nations and nationalities, ethnic and religious groups – independently of their presence or the fact that they do not live any more there – which have created a specific cultural heritage in an area.

(280) The preservation of village architecture, folkloric arts and the preparation of art objects for everyday use should be regarded as an important part of the 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.

(281) Legal protection of natural and cultural values is an important and necessary measure, but legal protection cannot be extended to all values. Education, more efficient diffusion of relevant information should contribute to a changing social attitude and to creating respect for natural and cultural values.

(282) Private capital and public-private partnership could take an important part in restoring, maintaining and utilising objects of cultural heritage. Terms of utilisation, however, should be thoroughly defined in privatisation contracts and the respective authorities should exercise systematic control and supervision over the execution.

**Possible examples of territorial cooperation in the field:**

**HERMES Project**

The HERMES Project intends to promote and to support sustainable regional development by innovative interactions of cultural heritage and resources with new electronic media. In particular, the project aims at upgrading regional identity by improving the perception of cultural resources with the help of new media tools, at maintaining cultural heritage sites by new uses, and thus at valorising cultural resources. All activities are based on a completely new approach of interaction 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. Especially young experts and multipliers in culture are offered educational and qualification courses.

[www.swkk.de/hermes](http://www.swkk.de/hermes)

**Possible examples of territorial cooperation in the field:**

**Projects ERIH / EuRoB / ARTERY**

Cultural heritage is an important factor for larger transnational European regions to strengthen regional identity and to improve business environment. Through transnational efforts and projects such as ERIH, EuRoB and ARTERY first European examples have been created to preserve, use market and durably manage important cultural assets or landscapes of multiple countries. Beyond tourism the targets are attractive and innovative business environments such as industrial innovations, creative housing and high quality culture events. Commonly managed sites function also as "entrance gate" for other regional attractions in the areas as job engines in culture and other fields.

[www.erih.net](http://www.erih.net)  
[www.eurob.org](http://www.eurob.org)  
[www.artery.eu.com](http://www.artery.eu.com)

**Possible examples of territorial cooperation in the field:**

**Transromanica Project**

Transnational Network and Itineraries of the Romanesque  
TRANSROMANICA is based on the idea to promote the integration process of greater Europe through our common cultural and historical roots: Romanesque heritage. Using this cultural and historical basis TRANSROMANICA has formed a network of five partner regions. By this Saxony-Anhalt, Thuringia, Carinthia, the Province of Modena and Slovenia were willing to merge their Romanesque potential for a more sustainable development and marketing on transnational level.

[www.transromanica.com](http://www.transromanica.com)

## 5. Priorities for Coherence of EU Policies with a Territorial Impact

(283) 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 structurally reinforce each other in view of an effective exploitation of Europe's territorial capital. In this light eight priorities emerge. The EU Ministers for Spatial Development will address these priorities between 2007-2010 in a dialogue with key stakeholders, especially the Commission. After all, territorial governance is a very complex and sensitive issue.

(284) The first five priorities concern the integration of the territorial dimension into the EU policy process by making better use of existing opportunities. These priorities are focused on promoting the coherence and the coordination of EU policies with a territorial impact in a more structural way and at an early stage in the EU policy process. The following three priorities concern the role of national and regional territorial development strategies. They focus on the bottom up perspective for improving territorial governance in the EU.

Strengthening the role of the Commission and the EU Ministers for Spatial Development in raising awareness concerning the territorial dimension of EU policies and in promoting policy coherence and cooperation in this concern

(285) Political leadership in strengthening territorial cohesion requires "teamwork" between the Commission and the EU Ministers for Spatial Development as a driving force for other stakeholders. In view of this, two concrete lines of action will be elaborated between 2007 and 2010:

### *Delivering the EU Territorial Agenda 2007-2010*

(286) The challenge will remain the same: creating a more coherent approach to territorial cohesion within EU policies, aiming specifically at supporting the Lisbon ambitions by better exploiting Europe's diverse potentials. However, the agenda to be delivered between 2007 and 2010 will be:

- *more operational*: zooming in on concrete, space based challenges for Europe, building on a more evolved evidence base (mainly ESPON and national analyses and practices)
- *more focused*: zooming in on key dossiers with a territorial impact on the EU political agenda between 2007-2010, i.e.
  - **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
  - **Common Agricultural Policy (CAP)**: the 2008/2009 review of the EU Financial Perspectives Agreement, the 2010 midterm review of EU Rural Development Policy, the debate on the post 2013 CAP as a whole.
  - **EU Sustainable Development Strategy (SDS)**: the next SDS (2010)
  - **EU Environmental Policy**: the review of the 6<sup>th</sup> Environmental Action Programme (EAP, 2007) and the development of the 7<sup>th</sup> EAP (2010), the review/amendment of the Habitats Directive and the new thematic strategies on soil, natural resources and biodiversity (2007).
  - **EU Transport and Energy Policy**: debate of follow up on 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.)
- *more open*: identifying and discussing the key territorial issues concerning these dossiers in an interactive dialogue with stakeholders
- *more 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***

(287) 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 will be to assure political guidance and operational steering by the Commission and the Minister for Spatial Development, each from their own specific role (formal EU policy development and informal analyses and agenda setting resp.). Between 2007 and 2010 both will have to address the following issues:

- The evidence base will have to be strengthened and focused on the EU political agenda.
- The Ministers will have to work on raising awareness for the challenges related to the territorial impact of EU policies and organising the debate with key stakeholders and in the framework of the national instructions for EU negotiations.
- Both will have to find agreement on the key territorial issues to be addressed.
- The Commission is responsible for creating an accountable contact point for territorial cohesion and for integrating the territorial impact in EU policy development, i.a. via the impact assessment procedure and the interservice consultation

**Stimulating the dialogue on territorial cohesion across disciplines, with EU institutions and with local and regional actors**

(288) As a strong network for strengthening territorial cohesion requires not only political leadership but also broad political ownership under the key stakeholders, action is needed in the coming years both to deepen and to broaden the emerging network. In view of this, two concrete lines of action will be elaborated between 2007 and 2010:

### ***Structuring and Managing the Stakeholders Dialogue***

(289) 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 i.a. the Presidency and the Commission, for day-to-day management of the EU territorial agenda, esp. the stakeholders dialogue,
- *a secretariat*: physical or virtual, for facilitating the networking and for monitoring the EU political agenda, i.c. the agenda of the Commission and the Presidencies (to be positioned at the ESPON CU, the ESPON MA, DG REGIO or the Presidency, to be financed mainly by INTERACT),
- *a website*: for collecting, exchanging and disseminating information, to be managed by the secretariat.

### ***Strengthening the Ownership of Territorial Cohesion Stakeholders***

(290) 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 key players involved in developing EU sector policies, territorial development policies in member states, cities and regions and from the private sector.

**Deploying ESPON and other instruments to deliver territorial analyses for the ex-ante impact assessment procedure for territorially relevant EU policies**

(291) 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, mainly ESPON and national sources. In view of this, two concrete lines of action will be elaborated between 2007 and 2010:

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

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

- ESPON continues developing territorial indicators, typologies, scenarios, methodologies, etc. but especially analyses that are focused on the above mentioned dossiers on the EU political agenda.
- The “steering group” stimulates the development of such targeted analyses, informs key stakeholders and discusses if and how they could be incorporated in the EU policy process

### ***Addressing the Territorial Impact in the Impact Assessment Procedure***

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

- A general format is required: this could build on the methodology developed by ESPON
- The Commission’s planning for impact assessments between 2007-2010 will have to be monitored
- The ‘steering group’ should trigger the elaboration of territorial impact assessments
- The Commission should ensure integration in the impact assessment procedure.

Ensuring active involvement of territorial expertise in an early phase in the development of spatially relevant EU policies (e.g. in expert groups)

(294) Integrating the territorial dimension into the EU policy process requires not only territorial knowledge and information, but also expertise. In view of this, the following line of action will be elaborated between 2007 and 2010:

### ***Identifying Key Dossiers and Experts for the EU Political Agenda 2007-2010***

(295) As there are many experts involved in all kinds of EU dossiers the key challenge is to identify which territorially relevant dossiers are on the EU agenda and what kind of territorial expertise could enrich the discussion. This can only be done with an active EU network. In view of that, the “steering group” could play a pivotal role in identifying key dossiers and appropriate experts.

Ensuring effective comitology to discuss strategic territorial development affairs

(296) Discussing strategic territorial development affairs in the EU comitology requires both political will and effective structures. In view of this, the following line of action will be elaborated between 2007 and 2010:

### ***Discussing Territorial Analyses for Operationalising Territorial Cohesion within EU Policies***

(297) The key challenge for the period 2007-2010 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 on e.g. the management of EU regional policy, although the one should nourish the other.
- focus should be on operationalising territorial cohesion on the basis of territorial analyses and practical cases, with special attention to the role of cities as motors for development.
- aim could be the midterm review of EU Cohesion Policy in 2010. This could offer some time for a more thorough interaction and a maturing process in showing the added value of territorial development approaches in implementing EU Policies.



Strengthening the EU perspectives in national and regional territorial strategies, by taking account of the territory's identity, specialisation and position in the EU and of the impact of EU policies on the development of the territory

(298) Europe's cities and regions are facing the challenge of a rapidly internationalising context: international competition forces them to identify more sharply their specific territorial advantages and position themselves in the European perspective. 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 will be taken up between 2007 and 2010:

***Strengthening Territorial Identity, Specialisation and Positioning in Europe***

(299) 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 in an EU perspective. In view of this a few 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 potentials (ESPON)
- The availability of an EU perspective for the exchange of practices and knowledge (Interact)
- An active awareness raising concerning these challenges and the involvement of (networks of) cities and regions within the stakeholders dialogue

***Anticipating and Incorporating EU Policies in Territorial Development Policies***

(300) As most national or regional territorial development policies focus traditionally on cross-sectoral coordination of policies within their member state, the conditions set and the opportunities offered by the EU are in many cases not sufficiently taken into account. The key challenge is to incorporate them also. This requires that an informal and cross-sectoral dimension should be taken into account in national instructions on often sectoral and formal EU proposals. As this is extremely difficult due to strong interests and differences in policy cycles, responsibilities, etc. the focus could be on delivering convincing arguments, showing how national and regional developments can be linked better to EU objectives and frameworks, and how territorial development policies can help strengthening coherence and translating EU policies into an integrated territorial setting. The right approach differs from member state to member state, but the exchange on governance approaches under the stakeholders dialogue could be extremely useful for strengthening the territorial dimension in the Council.

Linking national and regional territorial development strategies to the national and EU strategic frameworks for cohesion, rural development and the Lisbon Strategy

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

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

(302) The key challenge is to identify key territorial issues in these policies and to discuss them at an early stage with key stakeholders at national and EU level, so that those responsible are willing to take those into account within the negotiations. In view of that the identification of the key issues and the dialogue will have to start already in 2007.

***Exploiting the Review of the National Lisbon Action Programmes in 2008***

(303) Here, the challenge is comparable, but even more difficult as there is no formal recognition yet 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.

#### Promoting joint cross-border and transnational territorial development strategies within the framework of European Territorial Cooperation

(304) Cross-border and transnational territorial development strategies can play a key role strengthening European territorial integration but require effective governance. In view of this, the following line of action will be elaborated between 2007 and 2010:

##### ***Triggering Cities and Regions for Strategic Cooperation***

(305) The key challenge is to trigger a strategic cooperation between Europe's cities and regions, i.e. cooperation that supports strategic EU development priorities by translating them into a specific trans-European territorial context. In view of this, the following actions will be explored between 2007-2010:

- The Commission and the EU Ministers for Spatial Development could provide a stronger European perspective under the stakeholders dialogue, i.a. via
  - EU territorial analyses (ESPON)
  - exchange of practices (INTERACT)
- The EU Ministers for Spatial Development could play a role in stimulating cities and regions to cooperate more strategically via the steering committees 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.

## **6. A Policy Matrix**

**[Editorial remark:** Conclusions / recommendations will be presented in form of the Territorial Agenda of the EU (cf. first draft outline)]

## **PART D – Executive Summary**

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