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Spatial Development in the European Union – Co-operative Efforts in Selected Regions

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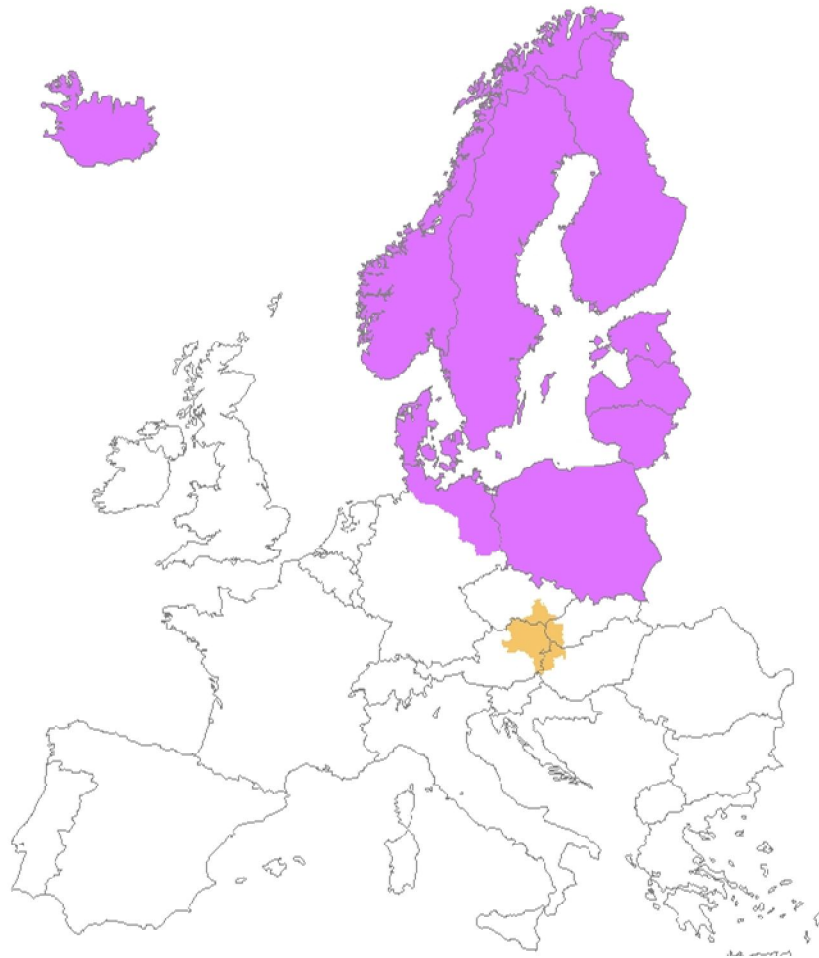Fakultät für Architektur und Raumplanung

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Spatial Development in the European Union –
Co-operative Efforts in Selected Regions

Case Study Regions –
Baltic Sea Region
Central European Region

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0. Introduction

0.1 Personal Motivation

There are tow things that motivated me to write this thesis. One was the module "Europäische Regionalentwicklung", which gave me an understanding of spatial development in Europe and where I learned about the Central European Region (Centrope). The second was an internship which I had at the Nordic Centre of Spatial Development (Nordregio) in Stockholm, Sweden in the summer 2007. At Nordregio I was first introduced to the Baltic Sea Region (BSR). These two experiences lead to the following questions:

- How co-operation efforts work on a larger spatial scale over national borders?
- What kind of output this co-operation leads to?

In this thesis I try to answer these questions. The answers were only possible with the help of the following people.

First of all I want to thank my professor Dr. Rudolf Giffinger for his support and the discussions I had with him. Dr. Rudolf Giffinger gave me a lot of input for my thesis and he helped me not to lose track of my goals.

I also want to thank all my interview partners from the BSR and CENTROPE. The interviews with them gave me important background information about the co-operative efforts of these regions. Without the interviews a large part of the thesis would be missing.

Another special thanks goes to my parents who always supported me in my education and gave me the possibility to study. Last but not least I want to thank my partner Stuart who made me write this thesis in English and who has the challenge to correct all my spelling and grammar mistakes.

I feel really lucky to have many people to support me and I want to thank all of them.

0.2 Content of the Thesis

The aim of this thesis is to show the impact of co-operation in selected regions on spatial development. Therefore two case studies will be discussed; the Baltic Sea Region (BSR) and the Central European Region (Centrope) (see Figure 0-1).

Figure 0-1: The Baltic Sea Region and Central European Region in the European Union

The Baltic Sea Region* and Central European Region in the European Union

Legend

BSR

Centrope

Country border

Geographical data base: EuroStat - GISCO - NUTS2006-20M-shapefile

*) Due to the available geographical data base not the whole BSR can be shown. The north western part of Russia as well as Belarus are missing.

Viktoria Barthofer
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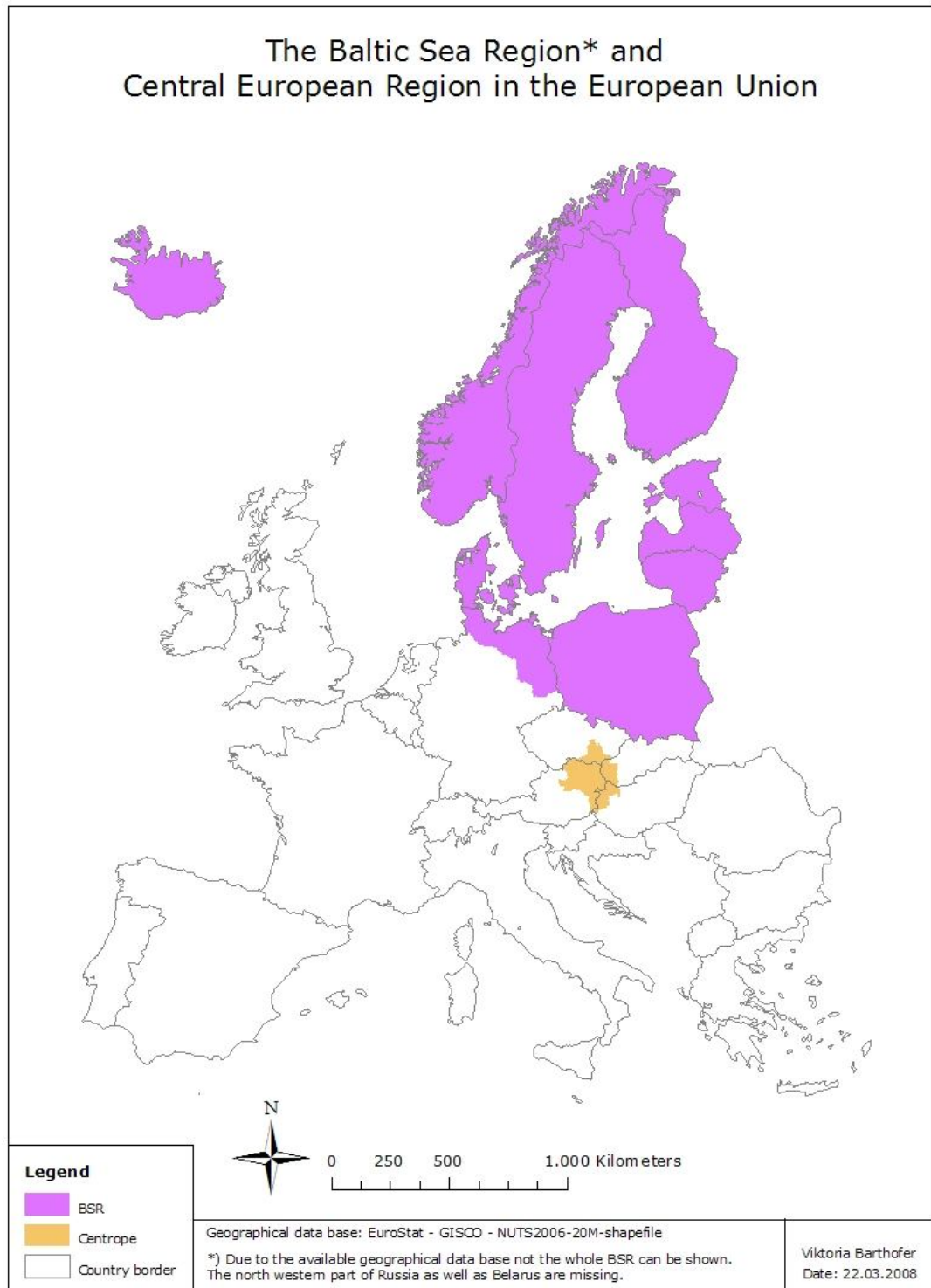
The BSR is selected as an example of a transnational region and Centrope as a cross-border region.

The main focus in this thesis is based on co-operation approaches over national borders, the output of these co-operative efforts will be shown. These efforts should lead to a more coherent region, where disparities will be reduced. The instruments of the organizations and networks and how they reach their goals, will be shown. Such instruments can be common policies in the region, agreed documents, best practice projects, etc. To show how this works, there will be a focus on spatial planning and the impact of spatial development on the selected regions.

Figure 0-2: The Impact of the EU and the different regional levels on Spatial Development
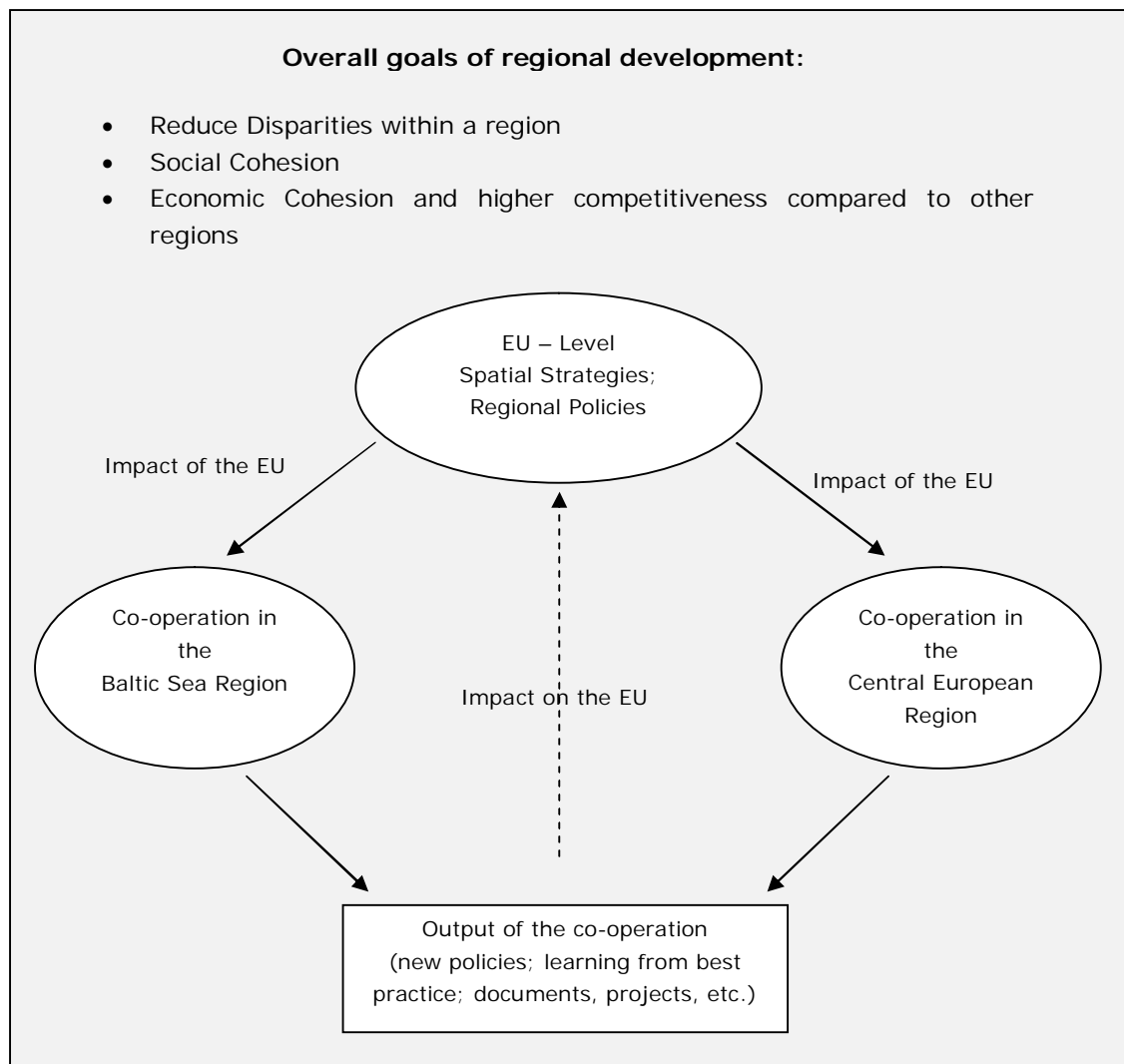
The structure diagram in Figure 0-2 shows the illustrated content of the thesis. The European level will be discussed to give an understanding of how the EU influences co-operation and which impact the EU has on spatial development on

the national, regional and local levels. Such impacts can appear from the European Spatial Development Perspective (ESDP), European strategies like the Lisbon/Goteborg strategy, community initiative like Interreg, etc. All these documents and policies on the European level have the goal to make the EU more coherent, to reduce disparities and to make it competitive worldwide.

After the EU level the regional levels will be discussed regarding the case study regions. There will be an overview of the most important organizations and co-operative efforts of each region. The working body, the main goals and the main work of the organizations and co-operation within the region will be shown. Special papers and projects which have an impact on spatial development will be discussed. Also the co-operating efforts between the internal network partners will be discussed to show how the work procedure is in such networks and where conflicts and problems can appear.

The aim of the regional analysis is to get an idea of the impact of these superior organizations and networks in the region. The instruments they use to achieve there major goals, which are for example:

- Territorial cohesion
- Economical cohesion
- Higher competitiveness compared to other regions
- Harmonising of development

These instruments can be new policies which appear through co-operation, visions for the region or concrete projects, etc.

After the analysis, recommendations for the regions will be made. These are mostly recommendations for the co-operations partners. The recommendations focus on how the partners should co-operate to achieve there goals and also where they should focus to improvement the region.

0.3 Structure and Method of the Thesis

This thesis consists of two main sections. The first section explains theoretical concepts on which the thesis will be formed. The second section analyses the case study regions and gives recommendations for improving co-operation.

There are two main chapters in Section I. One gives an overview over theoretical background and the basic concepts of the thesis. Here the basic terms are defined and discussed and the concepts, which are used in the thesis are explained. One of the main concepts is territorial capital based on the theory of Camagni. The papers of Camagni, ESPON and the EU are used to define and clarify words and give an overall understanding of the topic covered in the thesis. The second chapter in Section I discuss spatial development in the EU. Here the main sources are documents and websites of the EU. The main documents are the European Spatial Development Perspective (ESDP) and reports by ESPON. The main website used is from the European Commission "Regional Policy – Inforegio".

Section II is the core of the thesis. This section analyses two case study regions. One is the BSR and the other one is Centrope. These two regions are selected as example for a transnational and a cross-border region. The BSR is one of the best working transnational regions in Europe. The networks have been established for many years. Centrope is quite a new region and the networks are not as well established yet. These two different regions are analysed using statistical data, qualitative interviews with experts and analysis of the homepages and the main documents of the superior organizations of the selected regions. The statistical data comes mainly from the EuroStat homepage. The work of the organizations is studied and the structure and the main goal of the organizations are discussed. All the data are used to analyse the case study regions closely, for a better understanding of the work of the organizations and networks within the region. Then the impacts of the work of these organizations and networks in the in the region are shown.

To give a better understanding and a more clear view of the regions some illustrations and maps are created.

To complete this thesis an Annex which gives background information is added. The Annex consists of the interview guideline for each region, the abbreviations, the list of figures and tables and the bibliography.

Section I

Theory and Background

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Section I – Theory and Background

1. Theoretical Background

This chapter gives the reader a theoretical background of the theses "Spatial Development in the European Union – Co-operative Efforts of Selected Regions".

First some common terms are defined. Then the main concepts are discussed. These concepts are important to understand the working method for the analyses in Part II. With the help of these concepts the case study regions are analysed with one common method. The concepts at the beginning form the main method which is used throughout the thesis.

1.1 Definition of the Main Terms

1.1.1 Spatial Development

In the OECD Territorial Outlook 2001 the definition is the following:

Achieving balanced and sustainable development requires interventions that can be grouped under the broader heading "spatial development" and the more restricted term "spatial planning". This includes:

- *Preparing territories to support economic and social activities*
- *Geographical (re)distribution of infrastructure and public services across the territory: and*
- *Management of natural and cultural resources embedded in each part of the territory*
  (OECD, 2001 p. 136)

In the case of cross-border and transnational co-operation such interventions are only possible if good working co-operation between organizational levels exist. Such co-operation within a territory and between different actors (public, private, NGOs, etc.) are closely related to the concept of territorial governance which will be explained in the following chapter.

Furthermore the OECD 2001 report states that spatial development policies are important for the geographical distribution of infrastructure and public services to ensure equal access across the territory and reduce excessive disparities in terms of productivity and living standard between different parts of the territory. (OECD, 2001 p. 136)

Spatial development in a region can be influenced by the European Union (EU), the national state or the organizations and networks within regions. This thesis will concentrate on the impact of cross-border and transnational organizations and networks of a region on spatial development as well as the impact of the EU on these organizations and networks.

1.1.2 Spatial Planning

The term Spatial Planning is a "Euro-English" term influenced through the different countries of the EU. It can be seen as a counterpart to the North American "town and country planning". (Faludi, 2002 p. 4)

Even though the term is a so called "Euro-English" term, the planning cultures in the countries are different and therefore the term spatial planning is often used differently in countries within the EU.

When the term first appeared in an EU topic it could be translated into the German "Raumplanung" which is related to public intervention and regulatory policies.

Andreas Faludi mentioned in his Overview of the European Spatial Development Perspective (ESDP) that spatial planning adds an extra dimension to spatial policies. Therefore spatial planning can be seen as the systematic preparation of spatial policies. Those policies can lead to strategy plans/spatial visions in different areas or regions, to land use plans on the local area, etc. (Faludi, 2002 p. 4)

1.1.3 Region

The term region is commonly described as a unique area with differences from its surroundings. The area within the region is homogenous and has the same culture, traditions, landscape, etc. The people have an awareness of the region and its common history. To talk about a region, many functional networks have to exist in the area. The system borders of the region are similar to political borders.

Some terms which characterize a region and separate it from its surroundings are:
- Uniqueness
- Different
- Common (history, culture, tradition, landscape, …)
- Regional identity
- Political borders; public administration
- Functional networks
- Homogeneous
- Networks between organizations
- Global competitive ability

(Giffinger, 2006)

The regions in the context of the BSR and Centrope are not homogeneous areas. They have variations such as GDP, language, historical backgrounds, governmental systems, etc. The regions include political borders and systems.

Both of the case study regions have something in common. They have superior organizations or networks, which try to make the region more coherent and lower disparities. These co-operative efforts should lead to a better understanding within the region, an identification of the people with the region, the reduction of disparities, etc. Due to these efforts the region should become unique compared to other regions and competitive within the EU and worldwide.

Therefore the so called regions are more in a regionalisation process which merge given territorial unites and form a new region.

1.1.4 Political Borders and Frontiers in Europe

Political borders are normally drawn from historical development. Often this line is based on natural borders (rivers, mountain ridges, the sea cost, etc.). For example the border between Austria and Slovakia is the river March. Borders can be internal frontiers or administrative frontiers which have no impact on daily life. Borders can also be between areas with conflicts, for example the border between North and South Korea or the former border between the USSR and Western Europe. (Ott, 1996) The prosperity of a border is based on how it impacts on daily life. This significance of the borders has changed in Europe over the last few years. Borders which were tough to cross are now disappearing. This process started with the opening of the "Iron Curtain" which was a closed border for the people and for economical interactions. Former interaction areas were cut. After the fall of the "Iron Curtain" interactions within the border areas started again. Due to the enlargement of the EU and the establishment of the Schengen area the internal borders between the national states within the EU are becoming more and more irrelevant for the people, economical interactions, etc.

The Schengen Convention
The Schengen Convention was the first agreement to abolish controls on people at the internal borders of the signatories, to harmonise controls at the external frontiers of the 'Schengen area' and to introduce a common policy on visas and other accompanying measures like police and judicial cooperation. The Schengen signatories agreed that each country could only reintroduce controls on their mutual borders in certain well-specified circumstances. (European Comission - Justice and Home affaires)

The Schengen Convention which came into force in 2005 was the most important step for free movement for people with in the whole EU integration process. A right of free movement across the EU was originally envisaged only for the working population, as a single market could not be achieved while limitations to workforce mobility remained in existence. Yet, thanks to the rising social and human dimension of the European area, the right to free movement has since been extended to include all categories of citizens, to dependants, to students and to those who are no longer economically active. (European Comission - Justice and Home affaires)

All the EU countries except of Great Britain, Ireland, Bulgaria and Romania are in the Schengen area. However the countries of Norway and Iceland which are not in the EU are also in the Schengen area. The last Schengen extension was in December 2007 when the 10 EU member states which joined the EU in 2004 became members of the Schengen area.

1.2 The Basic Concepts of this Thesis

The following chapter gives an overview of the basic concepts used in this thesis. These concepts are used to analyse the case study regions using a common scheme.

1.2.1 Territorial Capital

The term territorial capital was first mentioned in the OECD 2001 report. There it is specified that each area has a specific capital that is distinct from that of other regions. This capital is called territorial capital.

Territorial capital is determined by many factors. These factors can be divided into three groups:
- Functional factors – geographical location, size, factor of production endowment, climate, traditions, natural resources, quality of life, agglomeration economies provided by its cities, business incubators and industrial districts, business networks.
- Untraded interdependencies – understandings, customs and informal rules that enable economic actors to work together under conditions of uncertainty, solidarity
- Environment – which is the outcome of a combination of institutions, rules, practices, producers, researchers and policy-makers

(OECD, 2001 pp. 15-16)

Roberto Camagni (Camagni, 2007) took the OECD approach and extended it to the concept of territorial capital. He mentioned that a possible growth of a region relay on local assets and potentials and there exploitation. This exploitation is in following called territorial capital.

To classify all potential sources for territorial capital he invented a 3x3 cube with the dimensions:
- Rivalry: public goods, private goods, and intermediate class of club goods and impure public goods
- Materiality: tangible goods, intangible goods and an intermediate class of mixed, hard soft goods.

The four extreme classes with high/low rivalry and tangible/intangible goods are found in the so called "traditional square". In this square items like private fixed capital, human capital, social overhead capital (e.g. infrastructure), social capital (institutions, models values) are found. For the other classes he invented the "innovation cross". This "innovation cross" combines the more innovative classes like co-operation networks, relational private services, proprietary networks,

relational capital (co-operation capability, collective competencies), and agencies for R&D transcoding. (see Figure 1-1). (Camagni, 2007)

Figure 1-1: A theoretical taxonomy of the components of territorial capital

Rivalry	Tangible goods (hard)	Mixed goods (hard + soft)	Intangible goods (soft)
High rivalry (private goods)	Private fixed capital stock Pecuniary externalities (hard) Toll goods (excludab.) *c*	Relational private services operating on: - external linkages for firms - transfer of R&D results University spin-offs *i*	Human capital: - entrepreneurship - creativity - private know-how Pecuniary externalities (soft) *f*
(club goods) (impure public goods)	Proprietary networks Collective goods: - landscape - cultural heritage (private "ensembles") *b*	Cooperation networks: - strategic alliances in R&D and knowledge - p/p partnerships in services and schemes Governance on land and cultural resources *h*	Relational capital: - cooperation capability - collective action capability - collective competencies *e*
(public goods) **Low rivalry**	Resources: - natural - cultural (punctual) Social overhead capital: - infrastructure *a*	Agencies for R&D transcoding Receptivity enhancing tools Connectivity Agglomeration and district economies *g*	Social capital: - institutions - behavioural models, values - trust, reputation - associationism *d*

Materiality

Source: (Camagni, 2007 p. 6)

To expand the "traditional square" with the "innovation cross" - as Camagni did - gives one of the most important parts of territorial capital. This part is the ability to activate the given assets within an area. If these assets are not activated territorial capital is not given. The maintained territorial capital has to stay in the territory to generate an added value within the territory. (Camagni, 2007)

One problem with Camagni's approach is that it was established specifically for a local dimension within a country (same governmental system). In this thesis, the approach is attempted on a regional scale. It is not necessary that the territory is located within one country. The territory in this case can cross political borders as long as it has common factors for example one common economically entity, etc.

In the ESPON[1] 2006 report the co-operative approach is separated from the concept of territorial capital. There the co-operative approach is found under the term territorial governance (ESPON Monitoring Committee, 2006a).

1.2.2 Territorial Governance

The concept of governance started with the shift from government to governance, where government refers to a dominance of the state, which is hierarchical organized and bureaucratic. Governance refers to the emergence of overlapping and complex relationships. One base of these relationships are co-operation, which should emerge between governmental actors, governmental-public actors, NGOs, public actors, etc. (ESPON Monitoring Committee, 2006a p. 17)

The governance concept has two main parts, a vertical and horizontal coordination.

The vertical coordination talks form "multi-level governance", which is a negotiation among governments between several territorial levels (supra-national, national, regional and local). This process has pulled some previous centralized functions from the state up to the supra-national level (EU) as well as down to the local/regional level. (Marks, 1993 p. 392)

Horizontal governance has two different aspects; the interaction between sectors (cross sector and multi-actor coordination), and the coordination of actors in different territories. (ESPON Monitoring Committee, 2006a pp. 17-18) In transnational and cross-border organizations and networks the horizontal co-operation is one of the main parts of the work of their actors. Here the meeting of different actors from different countries is the basic idea of the organization. The outcome of these meetings should lead to action in the single countries and this action is done through vertical structures. Other form of vertical governance appears through the applying for structural funds from the EU, etc.

The term territorial governance is now an application of a territorial issue to the principles of governance.

The definition of territorial governance from ESPON states –
"… ‚we define territorial governance as a process of actors organization and co-ordination to develop territorial capital in a non destructive way in order to improve territorial cohesion at different levels." (ESPON Monitoring Committee, 2006b p. 39)

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[1] ESPON - European Spatial Planning Observation Network

Therefore the key challenges for territorial governance is to create co-operation between various levels of government, sector specific policies with territorial impact, governmental and non governmental organizations and citizen. These organizations and networks interact among policies, plans and programs which act on different spatial scales, from a local to an international level. The establishment of such policies, plans and programs is a process of negotiation and consensus building.

One specific challenge for cross-border and transnational regions are the establishment of co-operation over national borders. This co-operation should be on a governmental but also on a non-governmental level.

This vertical and horizontal approach leads to integration and coherence between different responsibilities, competences and visions of territories. In terms of cross-border and transnational regions this governance thinking leads to a better cohesion of the different countries within the regions.

1.2.3 The Concept of Territorial Cohesion

In the third report for economic and social cohesion from the European Commission the concept of territorial cohesion was established. This concept combines economic with social cohesion and expands them. The goal for the concept of territorial cohesion is to achieve a more balanced development by reducing existing territorial disparities and avoiding territorial imbalance. This goal can be reached through more coherent sectoral and regional policies with spatial impact, through territorial integration and a better co-operation between the regions. (European Commission, 2004)

Such policy integration should be done on different spatial levels, through an active participation of public, private and mixed actors that operate at different scales. (Governa, et al., 2006) In the last chapter territorial governance is discussed. Territorial governance creates the conditions that allow a territorial collective action which leads to territorial cohesion.

Territorial cohesion can be more practically received through the following:
- Focusing regional and national territorial development policies on better exploiting regional potential and territorial capital.
- Better positioning of regions, both by strengthening their profile and by co-operation aimed.
- Promoting the coherence of policies with a territorial impact, on a horizontal and vertical level, so that they support sustainable development on all spatial scales.

(Director Generals meeting on Territorial Cohesion, 2006)

1.2.4 Conclusion for a further Work

Every territory has potentials and assets which can be turned into territorial capital. Such activation is only possible through defining these assets and through the right activation of them. To activate the assets of the region good vertical and horizontal working co-operation has to exist. The horizontal co-operation should be between the different political actors, the economy, NGOs, etc. The vertical co-operation is important to change things in a region.

Through the activation of assets territorial capital is created. In a perfect case this capital backflow should stay and distribute evenly in the region. To activate territorial capital, strategies to activate it have to be developed.

Through the concept of territorial capital the actors in region should become more aware of the regional potentials. They are asked to develop methods to activate this potentials and assets. This activation is done through a close co-operation of different actors from political and non political fields and in different spatial levels. The activation of regional potentials leads to a better positioning of the region. The region becomes a stronger profile and is therefore more competitive compared to other regions. It also can lead to more coherent policies and lead to more coherent development within the region. This can lead to a lowering of disparities and to a social and economical cohesion in the region.

With this basic concept the case study regions are analysed.

2. Spatial Strategies, Policies and Guidelines of the European Union

The first part in this chapter gives an overview of the spatial strategies and policies of the European Union (EU). The spatial strategies are discussed beginning with the European Spatial Development Program (ESDP) and ending with the Leipzig Agenda.

The second part concentrates on regional policies of the EU with a focus on the community initiative European Territorial Co-operation[2].

2.1 From the European Spatial Development Perspective to the Territorial Agenda Leipzig 2007

2.1.1 The European Spatial Development Perspective - ESDP

The ESDP is a document established by the Committee on Spatial Development (CSD). The process of the ESDP started in 1989 with a first informal meeting of the ministers responsible for spatial planning. In 1991 the CSD was established. The representatives of the member states the European Commission and members of the CSD were present.

After several meetings and problems the ESDP was established as a legal, nonbinding document in the year 1999. Even though the ESDP was never a binding document, but through the process of establishing it had a big influence on further spatial development within the EU.

The underlying objectives of the ESDP are based on the EU aim achieving a balanced and sustainable development, in particular by strengthening economic and social cohesion. (Committee on Spatial Development, 1999 p. 10)

To focus on this EU aim the ESDP gives policy options, where the member states of the EU can orientate on. These policy options also concentrate on the co-operative aspects within the EU.

Many policy options focus on the importance of co-operation between different participants. (Faludi, 2002 pp. 12-15) (Faludi, et al., 2000 pp. 115-131)

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[2] Former Interreg initiative

The following policy options have an impact on cross-border and transnational co-operations:

3.2 Polycentric Spatial Development and New Urban-Rural Relationships:
> *4. Strengthening co-operation on particular topics in the field of spatial development through cross-border and transnational networks.*
> *5. Promoting co-operation at regional, cross-border and transnational level; with towns and cities in the countries of the Northern, Central and Eastern European and Mediterranean region;…*

(Committee on Spatial Development, 1999 pp. 20-21)

48. Promotion of transnational and interregional co-operation for the application of integrated strategies for the application of integrated strategies for the management of water resources, including larger ground water reserves in areas prone to drought and flooding, particularly in coastal regions.

50. Concerted management of the seas, in particular preservation and restoration of threatened maritime ecosystems.
(Committee on Spatial Development, 1999 pp. 32-33)

Next to the producing of policy options the ESDP was the first document which discussed the existing impact of the EU on spatial development on a local and regional level. Such impacts come for example through Trans European Networks (TEN), the Structural Funds[3], Environmental Policies, and also policy options for the EU member states to focus on.

One main output of this ESDP establishing process was the idea of the first Community Initiative called Interreg IIC in the funding period 1994 to 1999. The initiatives aim was to co-finance transnational planning efforts. (Faludi, 2002 p. 13) Interreg IIC was already established when the ESDP report was published. A second important output was the setting up and preparing of the European Spatial Planning Observation Network (EPSON) program. The Commission uses the working group to discuss the integration of the spatial development approach into future structural policies. (Faludi, 2002 p. 15)

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[3] Structural Funds - The EU's Structural Funds are administered by the Commission to finance Community structural aid. Financial support from the Structural Funds mainly goes to the poorer regions to strengthen the Union's economic and social cohesion so that the challenges of the single market can be met right across the EU. (European Union - Regional Policy Inforegio)

2.1.2 Lisbon/Goteborg Strategy

Next to the ESDP the European Lisbon/Goteborg Strategy has also a major influence on spatial development in the EU.

The strategy was established in 2001. There was an extension of the Lisbon Strategy in Goteborg. The Lisbon Strategy has the goal to make the EU the "most competitive and dynamic knowledge-based economy in the world by the year 2010". The Goteborg Strategy added to the Lisbon Strategy the sustainable idea. This says such a development, which is forced through the Lisbon Strategy, is to be reached with sustainable methods. (European Union)

The Lisbon/Goteborg Strategy rests on three pillars:

Economic pillar - which prepares the ground for transition to a competitive, dynamic, knowledge-based economy. The goals are to constantly change to an information society and to boost research and development.

Social pillar - the goals are investment into human resources as well as to avoid social exclusions. This should be reached through investment into education and training, an active policy for employment.

Environmental pillar - this last pillar was edited in the meeting in Gothenburg 2001. The last pillar stands for economic growth which must be uncoupled from the use of natural resources. (European Union)

2.1.3 Territorial Agenda Leipzig

The last main step of these spatial strategies was the Territorial Agenda Leipzig 2007 (EU Council of Ministers, 2007). An informal ministerial meeting of all Ministers concerning spatial and regional planning of all EU member states took place on the 24th and 25th of May 2007 in Leipzig. In this meeting the ministers agreed to the Territorial Agenda with six priorities.

- We aim to strengthen polycentric development and innovation through networking of city regions and cities.
- We need forms of partnership and territorial governance between rural ad urban areas.

- We want to promote regional clusters of competition and innovation in Europe.
- We support the strengthening and extension of Trans-European Networks.
- We promote Trans-European Risk Management including the impacts of climate change.
- We require the strengthening of ecological structure and cultural resources as the added value for development.

With these six priorities the EU should be able to response more effectively to territorial needs and characteristics, specific geographical challenges and opportunities of the regions and cities.

2.2 Regional Policy and Spatial Development in the European Union

The regional policy started in the EU in 1957 with the signing of the Treaty of Rome. It refers in its preamble to the need "to strengthen the unity of their economies and to ensure their harmonious development, reducing the difference existing among various regions and the backwardness for the less-favoured regions".

After this first mention of regional policy in the years 1958 to 1975 the European social fund (ESF), the European agricultural guidance and guarantee fund (EAGGF) and the European Regional Development Fund (ERDF) were established. The ERDF has the challenge to distribute the member states budget from the richest areas of the EU to the poorest.

In 1986 the basis for the cohesion policy was established. It should create a balance between the new member states in the south (Spain, Portugal) and the rest of the EU.

In the treaty of the EU, which came in force 1993, the main objectives were cohesion, economy, monetary union and single market. It also established the Cohesion Fund to support projects in the fields of environment and transport in the least prosperous member states. The aim is to reduce the disparities between EU members' economies. Member States where the Gross National Income (GNI) per inhabitant is less than 90% of the Community average will get this funding. The Cohesion Fund finances activities under the following categories:

- Trans-European transport Networks, notably priority projects defined by the EU
- Environment; energy efficiency projects, use of renewable energy, developing train transport; etc.

(Directorate General for Regional Policy)

Regional policies were established to reduce social and economic disparities between the member states and regions of the EU. These policies help to finance concrete projects in these regions to make the EU more coherent.

2.2.1 Key Objectives of the Regional Policy – Funding Period 2007-2013

In the funding period 2007-2013 three key objectives are established: Convergence, Regional Competitiveness and Employment and European Territorial Cooperation.

These three key objectives are financed by the EFRD, the ESF and the Cohesion Fund after the following system.

Figure 2-1: Objectives, Structural Funds and Instruments

Source: (Directorate General for Regional Policy)

Objective Convergence

The Objective Convergence is financed by the ERDF the ESF and the Cohesion Fund. The aim of the Objective Convergence is to stimulate growth and employment in the least developed regions of the EU. In the objective there is a special focus on innovation and knowledge base society, adaptability to economic and social changes, and quality of environment and administrative efficiency. (European Commission - Regional Policy, 2007 p. 13)

Of the 27 EU member states the Objective Convergence concerns 84 regions within 17 MS with a total population of 154 million. The GDP per capita in these regions is less than the 75% of the community average. With the so called "phasing-out" basis another 16 regions get funding under the Objective Convergence. These regions are slightly above the threshold due to the effect of the EU enlargement.   The amount available under the Objective Convergence is EUR 282.8 billion, representing 81.5 % of the total. It is split as follows: EUR 199.3 billion for the Convergence regions, while EUR 14 billion are reserved for the "phasing-out" regions, and EUR 69.5 billion for the Cohesion Fund, the latter applying to 15 Member States.
(Directorate General for Regional Policy)

Regional Competitiveness and Employment

The Regional Competitiveness and Employment covers all the regions which don't have the criteria to be in a Convergence area. It is funded by the ERDF and the ESF. The aim is to reinforce the regions competitiveness as well as employment by anticipating social and economic changes. (European Commission - Regional Policy, 2007 p. 18) This will be done through two different approaches. First, development programmes will help regions to anticipate and promote economic change through innovation and the promotion of the knowledge society, entrepreneurship, the protection of the environment, and the improvement of their accessibility. Second, more and better jobs will be supported by adapting the workforce and by investing in human resources. In EU-27, a total of 168 regions will be eligible. Within these there are 13 regions which are called "phasing-in" areas and are subject to special financial allocations due to their former status as "Objective 1" regions.

The amount for this program is €55 billion. The "phasing-in" regions will receive €11.4 billions of this amount.
(Directorate General for Regional Policy)

Figure 2-2: Objective Convergence & Regional Competitiveness and Employment 2007 - 2013
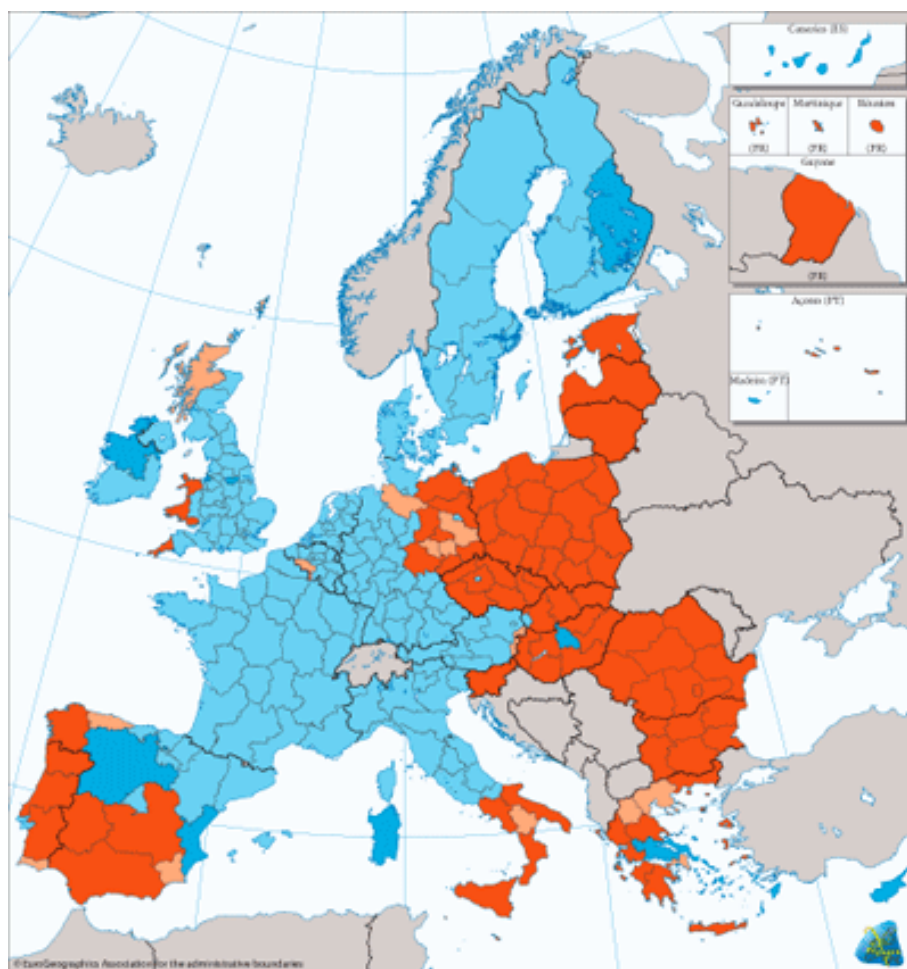
Convergence Objective

- ■ Convergence Regions
- ■ Phasing-out Regions
- ■ Phasing-in Regions
- ■ Competitiveness and Employment Regions

Source: (Directorate General for Regional Policy)

European Territorial Cooperation

The most important objective in this thesis is the European territorial co-operation. In the last funding period it was called the Interreg initiative.

The European territorial cooperation objective aims to reinforce cooperation on cross-border, transnational and interregional levels. It acts as a complement to the two other objectives, as the eligible regions are also eligible for the convergence and regional competitiveness and employment objectives. It is financed by the ERDF. It aims to promote common solutions for the authorities of different countries in the domain of urban, rural and coastal development, the

development of economic relations and the setting up of small and medium-sized enterprises (SMEs). The cooperation is centred on research, development, the knowledge-based society, risk prevention and integrated water management. (European Commission - Regional Policy, 2007)

For cross-border cooperation: NUTS 3 level regions are eligible, along all the land-based internal borders and some external borders, along maritime borders separated by a maximum distance of 150 km. (European Commission - Regional Policy, 2007)

Figure 2-3: Cross-Border Co-operation 2007-2013
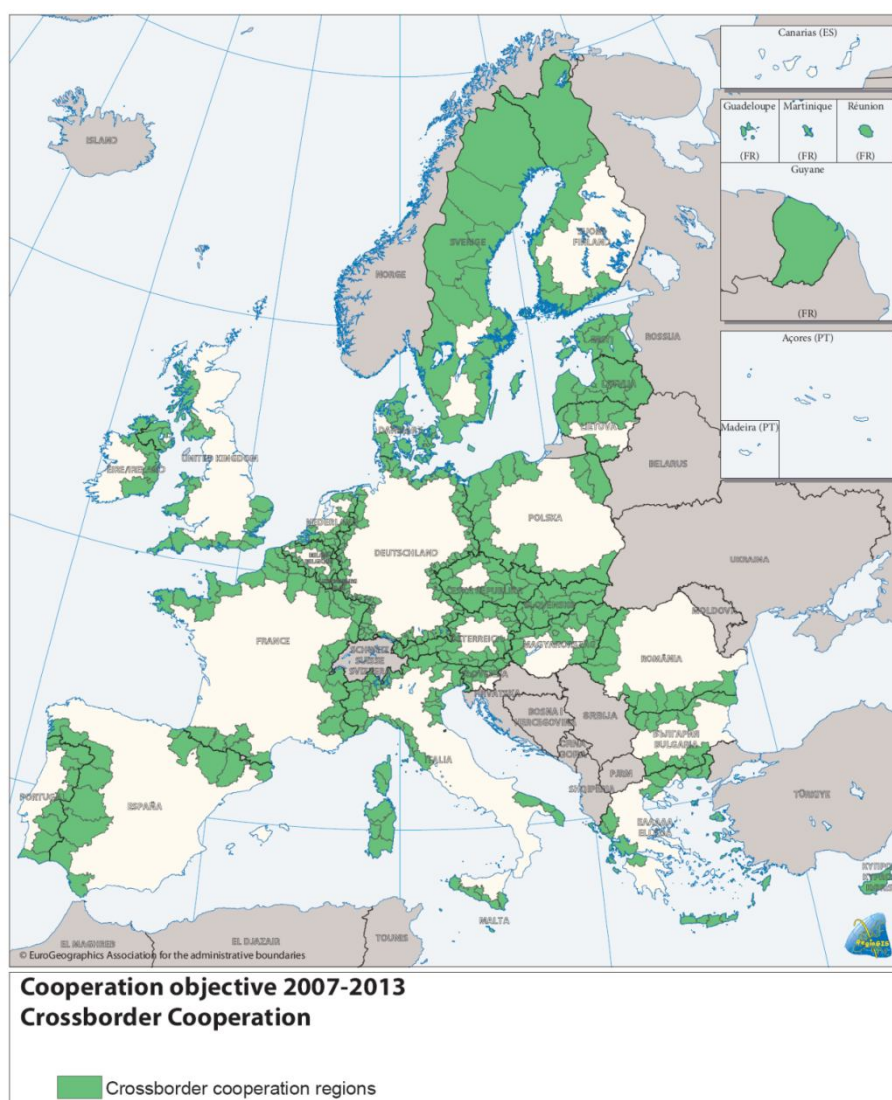
Source: (Directorate General for Regional Policy)

For transnational cooperation: all the regions are eligible but, in consultation with the Member States, the Commission has identified 13 cooperation zones. (European Commission - Regional Policy, 2007)

One of these co-operation regions is the case study BSR.

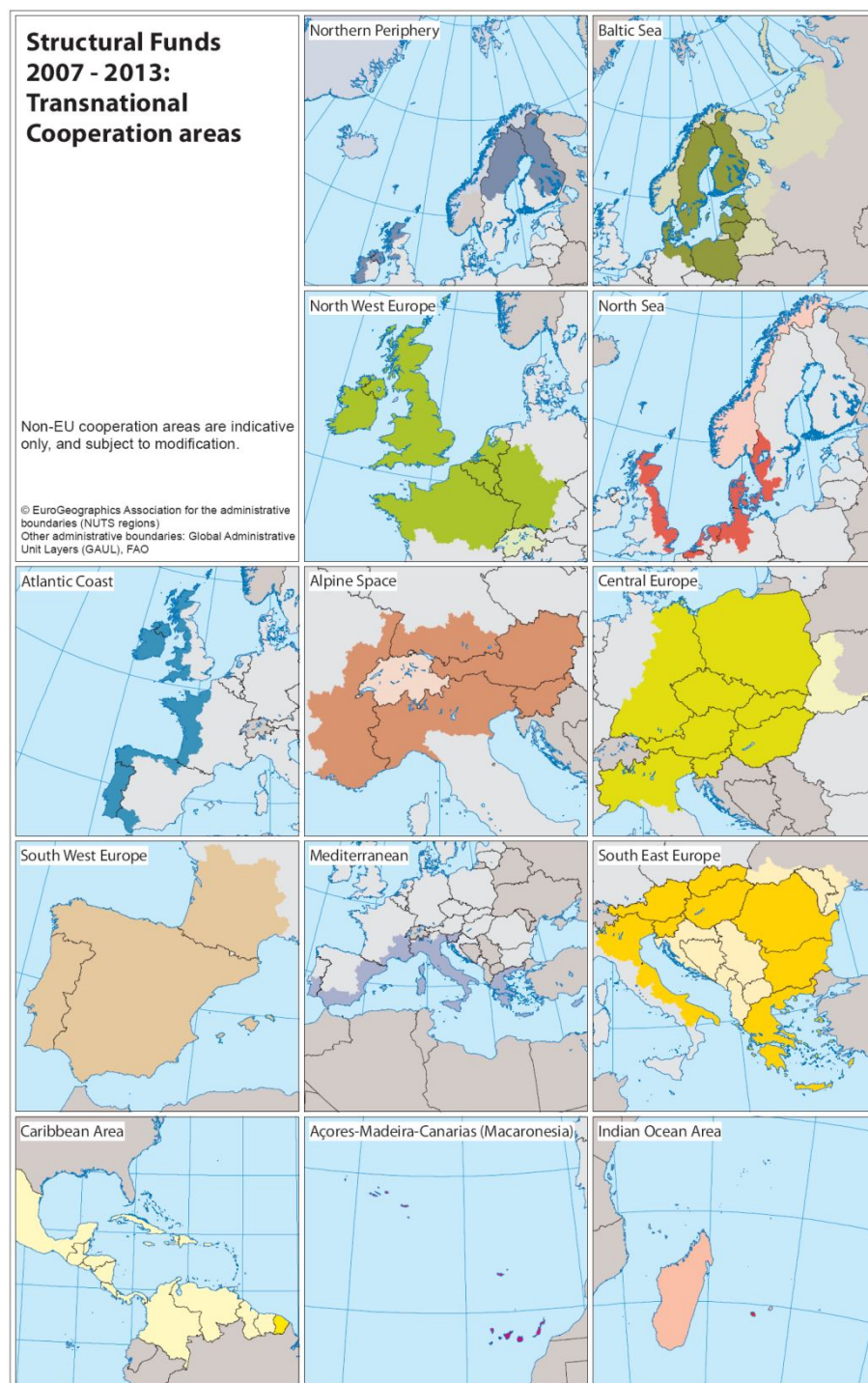**Figure 2-4: Transnational Co-operation areas 2007-2013**

Source: (Directorate General for Regional Policy)

Interregional co-operation are in the entire EU area and their aim is to setting up networks and exchange experiences.

(European Commission - Regional Policy, 2007 p. 20)

2.2.2 Other Instruments which Influence Spatial Development

The European Neighbourhood and Partnership Instrument

Beside of the European Territorial Cooperation the European Neighbourhood and Partnership Instrument (ENPI) is an instrument which also influences one case study region.

This instrument is also in the funding period 2007 - 2013. It gives financing to support cross-border co-operation along EU's external borders. This instrument should help to avoid the new dividing lines along these borders. The previous instruments which are replaces by the ENPI were MEDA and TACIS.

The ENPI is a "policy driven" instrument that will operate in the framework of the existing bilateral agreements between the Community and the neighbouring countries.

A specific feature of the instrument is its cross border co-operation component. Under this component, ENPI will finance "joint programmes" bringing together regions of member states and partner countries sharing a common border. It will use a "Structural Funds" approach, based on multi-annual programming, partnership and co-financing. The cross border co-operation component of the ENPI will be co-financed by the ERDF[4].

(European Commission - web)

Trans European Networks in the European Union

- Trans European Transport Networks

    In July 1996 the European Parliament and the Council adopted the community guidelines for the development of the Trans-European Transport Network (TEN-T). The main goal of the guidelines is to bring the geographical and economic areas of the EU closer together. This should be done through projects in the transportation system roads, railways, inland waterways, airports, seaports, inland ports and traffic management systems on the entire continent. The time horizon to

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[4] Cross-reference: ERDF

complete the network was set for 2010. Due to budget limits the time horizon from 2010 will be tough to meet. The guidelines also include a list of 14 projects with particular importance. Many of these projects are already completed.

The realisation of the TEN-T is primarily addressed to the member states. The member states are financially supported by the Community. (Directorate-General for Energy and Transport - Transport)

- Trans European Energy Networks

    Through the guidelines of the Trans European Energy Networks (TEN-E) the EU supports electricity and gas transmission infrastructure projects of European interest. Most of the projects are over cross national borders or have influence on several EU member states.

    The finances for the TEN are coming form the ERDF, the Cohesion Fund, the European Investment Bank (EIB) and the European Investment Fund (EIF).

    The TEN-E and the TEN-T have a big influence on regional policy. Through such high investment into the regions the local and regional premises are changing. (Directorate-General for Energy and Transport - Energy)

- Trans-European Telecommunications Networks

    The Trans European Telecommunication Networks (eTEN) has the aim on deployment of telecommunication networks based services. (DG Information Society and Media) The eTEN influence on regional development is not very big and will be neglected in this thesis.

The Northern Dimension Policy

The Northern Dimension Policy is a policy from the European Commission for External Relations.

The partners of the Northern Dimension are the EU, Iceland, Norway and the Russian Federation. They committed to co-operate on the basis of good neighbourliness, equal partnership, common responsibility and transparency. The main focus of the policy is on specific factors of the North such as its fragile environment, public health and social issues, culture and indigenous people's issues. Another important theme is cross-border co-operation within the area.

The area which the Northern Dimension covers includes the northern countries Sweden, Finland and Norway; in the south the Baltic Sea States in the east North West Russia and in the west Iceland and Greenland. Therefore the policy has a main influence on the BSR which has also similar borders.

The Northern Dimension has a specific focus on North West Russia. This territory is the largest in this policy with specific challenges and opportunities.

The projects within the Northern Dimension policy are under the principle of co-financing from the partners as well as from international and private financial institutions.

Favourite models for the implementation of projects are partnerships. Two existing partnerships within the Northern Dimension are the Northern Dimension Environmental Partnership (NDEP) and the Northern Dimension Partnership in Public Health and Social Well Being (NDPHS). The number of projects and the detailed financial and operational parameters become approved at a meeting of Foreign Ministers or Senior Officials.

Ministerial meeting for the Northern Dimension take place at least every two years with all four partners of the Northern Dimension.
(European Commission - External Relations)

Section II

Case Study Analysis

Index of Contents – Section II

Case Study Analyses

3 The Baltic Sea Region

Co-operation in the area of the Baltic Sea Region (BSR) already existed during the Viking and the Hanseatic Era. Many trade networks existed until the Second World War. Symbols for these trade unions can be seen in the architecture of the main cities of the BSR. There are still many historical trade union buildings in the Hanse Cities (Riga, Hamburg, Gdansk, etc.), which show the common great past of the region. After the Second World War the region was split into a northern and an eastern area. The networks and co-operation between the people completely stopped in these two political systems. The fall of the "Iron Curtain" was a flash point in the establishment of new networks and organizations in the BSR. These networks and organizations are founded on a political as well as an economical base. The overall aim of these organizations and networks is to remove the gap which occurred during the cold war.

The high disparities between the western countries and the former East European countries should be reduced. The region should become more socially and economically coherent. One main goal which often occurred during the discussions with the experts of the BSR was sustainable development in the BSR and economical excellence.

3.1 General Description of the Baltic Sea Region

The core of the BSR consists of Norway, Sweden, Finland, Estonia, Latvia, Lithuania, Poland and Denmark as well as the northern part of Germany and the western part of Russia. From Germany the NUTS 2 regions Berlin, Brandenburg-Nordost, Brandenburg-Südwest, Hamburg, Mecklenburg-Vorpommern and Schleswig Holstein are members of the BSR. In some organizations Iceland and Belarus are also BSR members.

Common topics within the BSR are the Baltic Sea and its environmental problems and the northern location of the BSR.

Environmental Status of the Baltic Sea:
The Baltic Sea is extremely vulnerable. It is shallow compared with other seas with an average depth of 58 meter. The connection with the North Sea is narrow and therefore the water changes slowly. It takes approximately 30 years for the water to completely change. Due to high pollution, costal areas become useless for summer activities and tourism and the biodiversity in the sea is reduced. The main polluters are Russian cities like St. Petersburg which let there wastewater

go untreated in the sea. Another source of pollution is the high ferry and vessel traffic in the Baltic Sea.

The transport of oil vessels is likely to increase in the future, therefore the risk of oil spills will also increase. Another threat is the construction of a gas pipeline through the Baltic Sea. Due to the pollution of the sea over the years, constructions on the bottom of the sea can cause a release of harmful substances from the polluted bottom sediments.(Christopher Beazley, 2005 pp. 7-8)

All these problems and threats for the Baltic Sea are best solved with good co-operation between the BSR countries. All actors should have the same goal work to solve the problems together.

Northern Location of the BSR:
One common factor in the BSR is the climate which is rougher then in other parts of Europe. The temperature which averages between -15 to -25° C in the winter month causes many problems. These problems are found in many sectors such as road, train and ferry traffic. The weather also curses difficulties with residential housing, etc. The northern part of the BSR has especially rough conditions. Through co-operation actors in this northern part can see how people over the border are dealing with these conditions.

3.1.1 The Baltic Sea Region in Europe

Most of the member states of the BSR are also members of the EU. This EU membership has made a larger part of the region more coherent. The EU brings more coherent policies and standards in the countries. Russia, Belarus, Norway and Iceland are not members of the EU. Iceland and Norway are members of the European Free Trade Association (EFTA) and through that they are closer to the EU than Belarus and Russia.

Table 3-1: The Baltic Sea Region in the European Content

Country	EU-Member	Euro-Zone	Schengen Zone	EFTA[1] Zone
Belarus	No	No	No	
Denmark	Yes	No	Yes	
Estonia	Yes	No	Yes	
Finland	Yes	Yes	Yes	
Germany (BSR)	Yes	Yes	Yes	
Iceland	No	No	Yes	Yes
Latvia	Yes	No	Yes	
Lithuania	Yes	No	Yes	
Norway	No	No	Yes	Yes
Poland	Yes	No	Yes	
Russia (BSR)	No	No	No	
Sweden	Yes	No	Yes	

Source: Own creation

Different political systems can cause difficulties for co-operation in the BSR. This issue was examined in an evaluation of the North program Interreg IIA[2]. The evaluation shows, that the main challenges in the North program appeared through the co-operation with Russia. Russia is a very centralized country. Due to that it was difficult to integrate the Russian participants in the Interreg IIA program. The main problems came from the co-ordination of the activities from Russia with other countries, since the participation of Russia was dependant on a few selected individuals. These difficulties were mostly noticed at the local and regional level. (Steineke, 2008)

3.1.2 City-System and Population Distribution in the Baltic Sea Region

The area of the BSR with Belarus and Iceland is over 2.600.000 km². In this area there live around 100 Million people. The overall density of people per km² is relatively low with 40 people per km². As seen in Figure 3-1 there are large variations in how the people are distributed over the region. The northern countries like Iceland (3 people/km²), Finland, Sweden and Russia (13,5 – 20,5 people/km²) are sparsely populated. Especially in the north of these countries the density is lower than 10 people/km². The southern countries (Germany and Poland 122 – 175 persons/km²) are compared to the northern part of the BSR densely populated. In Figure 3-1 the change of the population within the last 10 years from 1997 to 2007 can be seen. It is significant that the northern parts of the BSR, the former Soviet countries, the Baltic States, Poland and the eastern

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[1] European Free Trade Association

[2] Interreg IIA program is a cross-border program in the funding period 1994-1999

part of German are also loosing inhabitants. The loss of population is mostly coming from emigration to wealthier countries or regions within the BSR or other countries in Europe. A positive population development can be seen in the city regions of Scandinavia with a population increase of 12,4% in the Oslo region, 10% in the Stockholm region and 6% in the Helsinki region. In the case of Scandinavia the population is concentrating more and more in the southern parts and around the bigger cities Stockholm and Goteborg. In these areas the economic conditions are better. There are more possibilities for immigrants and for the youth which come to the bigger cities for studying and work. In Poland the people are also concentrating more in city areas.

Figure 3-1: Population Density in the Baltic Sea Region – 2006 NUTS2
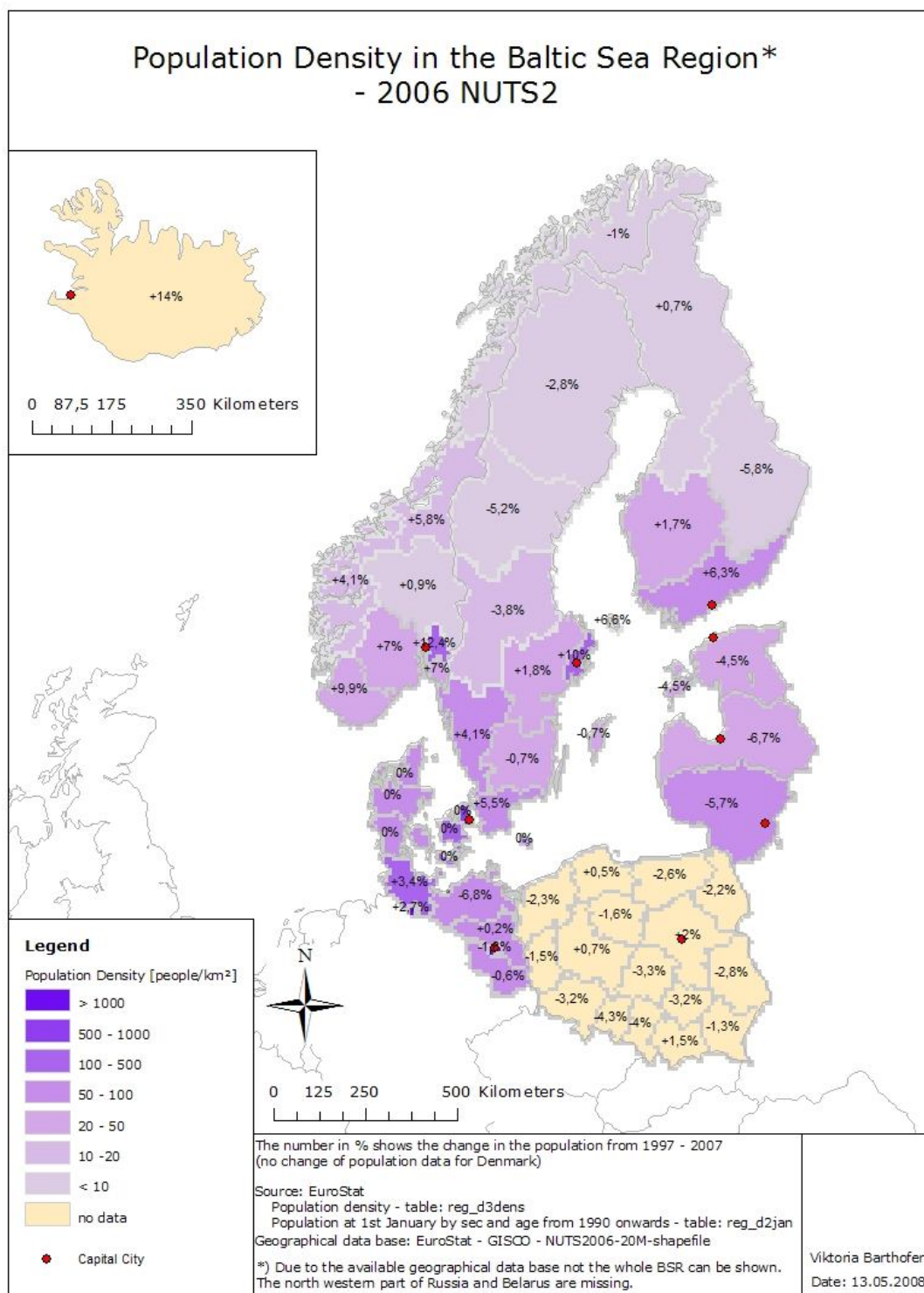
In the BSR there are mostly small and medium sized cities. Just 5 of these cities have more than 1 Million inhabitants, and most of these cities are located in the southern parts of the region. The five biggest cities are Berlin (DE) with 3,4 Million inhabitants, Warsaw (PL) with 1,6 Million inhabitants Hamburg (DE) with 1,6 Million inhabitants, Copenhagen (DK) with 1,4 Million inhabitants, and Stockholm (SE) with 1,2 Million inhabitants. There are 8 cities with 500.000 – 1 Million inhabitants. The capital cities of Riga, Vilnius, Oslo, Helsinki and Copenhagen are found in this category of cities. Significant for the northern part of the BSR is that there are no cities with over 50.000 inhabitants. This corresponds with Figure 3-1, which shows the population density. The metropolitan areas have shown particular large growth in the last 10 years in the BSR.

Figure 3-2: City-System in the Baltic Sea Region

City-System in the Baltia Sea Region*

Legend
Inhabitants in the city
- > 1.000.001
- 500.001 - 1.000.000
- 100.001 - 500.000
- 50.000 - 100.000

BSR

Source: EuroStat - GISCO - Settlements
Geographical data base: EuroStat - GISCO - NUTS2006-20M-shapefile

*) Due to the available geographical data base not the whole BSR can be shown.
The north western part of Russia and Belarus are missing.

Viktoria Barthofer
Date: 13.05.2008

0   87,5   175   350 Kilometers

0   125   250   500 Kilometers

3.1.3 Regional Disparities in the Baltic Sea Region

Examine the GDP per PPP of the EU big disparities within the BSR can be shown. The Scandinavian countries Sweden, Finland and Denmark are wealthy compared to the EU average. The new EU member states as well as the eastern part of Germany have a lower GDP per PPP. The GDP within Poland and the Baltic States is in many parts lower then 50% of the EU average. This low GDP leads to a higher migration in these counties. This is one reason why these countries have a negative population development (see Figure 3-1). This migration trend leads also to a loss of highly qualified workers. This can cause economical problems for the business sectors in these countries. There are also big disparities within countries. The city regions in the BSR countries are wealthier than the rural regions. This is mostly seen in the former Soviet countries.

Figure 3-3: GDP per PPP in the Baltic Sea Region

GDP per PPP* in % of the EU average in the Baltic Sea Region**

Legend

GDP per PPP
- > 200%
- 150% - 200%
- 120% - 150%
- 105% -120%
- 95% - 105%
- 80% - 95%
- 50% - 80%
- < 50%
- no data
- ● Capital City

Source: EuroStat
Gross domestic product (GDP) at current market prices at NUTS level 2 - table: reg_e2gdp
Geographical data base: EuroStat - GISCO - NUTS2006-20M-shapefile

*) PPP - Purchasing Power Parities per inhabitant in percentage of the EU average
**) Due to the available geographical data base not the whole BSR can be shown.
The north western part of Russia, Island as well as Belarus are missing.

Viktoria Barthofer
Date: 13.05.2008

3.1.4 Technical Infrastructure in the Baltic Sea Region

The technical infrastructure in the BSR is an important factor to bring people closer together and to make this sparely populated region better accessible. One main focus in this chapter will be on the Trans European Networks (TENs) that are found in the BSR. Another focus will be on the ferry systems and the air traffic. These two transport systems are very important for the accessibility in the region due to large distance.

Trans European Transport Networks in the Baltic Sea Region

Table 3-2: Trans European Transport Networks within the Baltic Sea Region

Nr.	Project	Description	Involved Countries	Realisation
11	Øresund fixed link	Road, rail connection between Malmö, Copenhagen	Denmark Sweden	2000
12	Nordic triangle railway/road axis	Upgrading of road, rail and maritime infrastructures	Sweden Finland	Helsinki-Vaalimaa motorway -> 2015 Helsinki-Vainikkala railway -> 2015 Helsinki-Turku motorway -> 2009 Kerava-Lahti railway -> 2006
21	Motorways of the sea	improve the efficiency and reliability of freight transport		
27	"Rail Baltica" axis Wasaw-Kaunas-Riga-Tallinn-Helsinki	upgrading and renewing of the north-south rail network	Estonia Latvia Lithuania Poland Finland	Warsaw-Kaunas -> 2010 Kaunas Riga -> 2014 Riga Tallinn -> 2018

Source: (Directorate-General for Energy and Transport, 2005)

The main TEN project in the road and railway network is the Nordic triangle. This project has the goal to upgrade the road, railway and maritime infrastructure in Sweden and Finland. Another project which is already completed is the Oresund fixed link. This link is a rail and road bridge over the Øresund channel to connect Copenhagen and Malmö. Since the bridge was completed the interactions between the border regions has greatly increased.

Figure 3-4: Road System in the Baltic Sea Region – Trans European Networks - Europe

Road System in the Baltic Sea Region*
- Trans European Networks -

0   75 150   300 Kilometers

Oeresund fixed link

Legend

TEN-T Sections

— Existing

— Planed

— Non TEN Section

TEN-T Priority Projects

— Nordic Traingle, road axis

— Oeresund fixed link

— CAR FERRY

N

0   125   250   500 Kilometers

Source: Eurostat - GISCO - European road network, Version 4

Geographical data base: EuroStat - GISCO - NUTS2006-20M-shapefile

*) Due to the available geographical data base not the whole BSR can be shown. The north western part of Russia as well as Belarus are missing.

Viktoria Barthofer

Date: 23.03.2008

Figure 3-5: Railway System and Airports in the Baltic Sea Region

Railway System and Airports in the Baltic Sea Region*

Oeresund fixed link

Legend

Airports - passangers 2004
- 15.001 - 150.000
- 150.001 - 1.500.000
- > 1.500.000

TEN-T Priority Project
- Nordic Triangle, railway axis
- Oeresund fixed link

Type of Railway line
- Suitable for 250 km/h and more
- Suitable for 200 km/h and more
- Conventional line

N

0   150   300   600 Kilometers

Source: EuroStat - GISCO - Airports
EuroStat - GISCO - European railway network, Version 4
Geographical data base: EuroStat - GISCO - NUTS2006-20M-shapefile

*) Due to the available geographical data base not the whole BSR
can be shown.
Island, the north western part of Russia and Belarus are missing.

Viktoria Barthofer
Date: 23.03.2008

Ferry Traffic:

In Figure 3-6 the ship traffic in the Baltic Sea in October 2005 is shown. The main traffic routes are around Germany, Denmark, south of Sweden and in the Gulf of Finland.

Figure 3-6: Snapshot of Ships` Traffic in the Baltic Sea (October 2005)
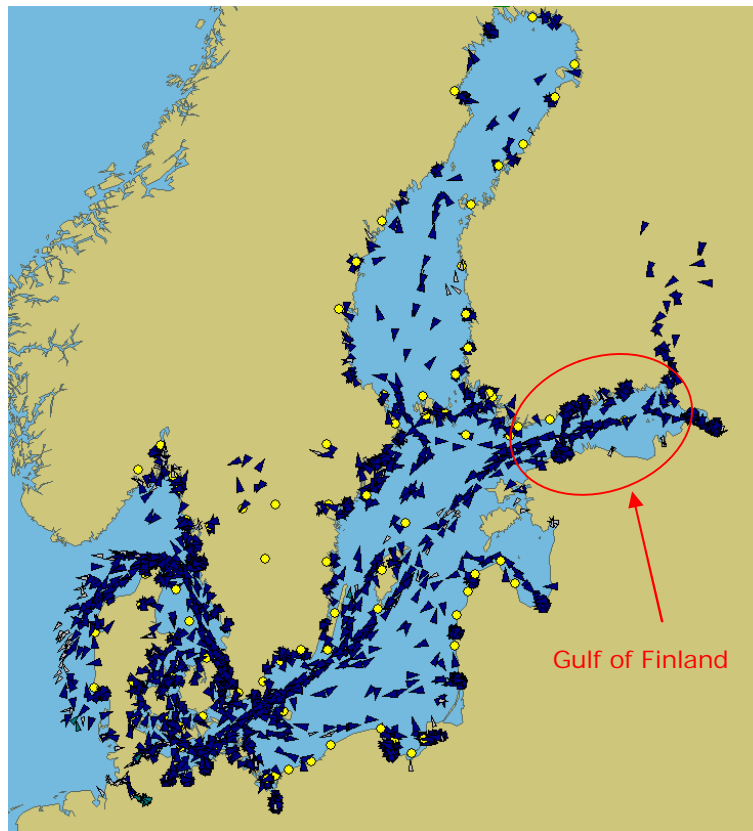
Gulf of Finland

Source: (Helsinki Commission)

This ferry traffic consists of cargo, oil vessels and passenger ferries. The biggest parts of the traffic are cargo ships and oil tanks. For example the Gulf of Finland had a total number of 10.100 vessels leaving and entering the Gulf of Finland between July and October in 2005. That is around 82 vessels every day. From the total number of vessels there were around 15% passenger ferries, 64% cargo vessels and 17% oil vessels (see Figure 3-7).

Figure 3-7: Types of Vessels entering/leaving the Gulf of Finland
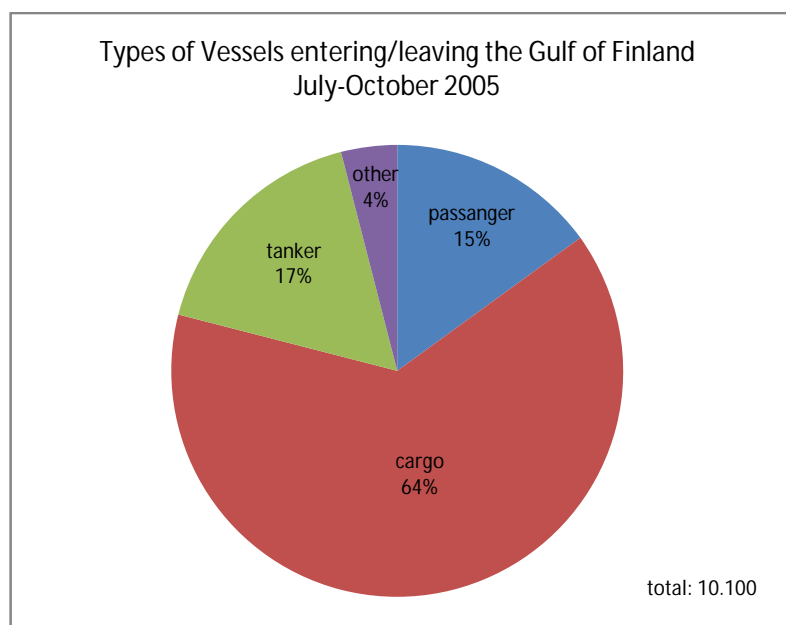
Source: (Helsinki Commission)

Trans European Energy Networks in the Baltic Sea Region

Next to the TEN-T there are also priority projects in the energy sector in the BSR. Figure 3-8 and Figure 3-9 show the priority projects for electricity and gas.

Figure 3-8: Electricity Network EL7 Denmark-Germany-Baltic Ring

Source: (Directorate-General for Energy and Transport, 2004 p. 20)

A main aim of the electricity priority project is to strengthen the electricity grids in the BSR with a special focus on the Baltic States and Poland to make them more independent from Russia.

Figure 3-8 shows the main elements of the project which will be an interconnection between Denmark and Scandinavia, Norway-Netherlands as well as a mid-Norway-mid-Sweden interconnection and a Denmark-Germany interconnection. (Directorate-General for Energy and Transport, 2004 pp. 20-21)

Figure 3-9: Gas pipeline; Connection of United Kingdom-northern continental Europe-Russia
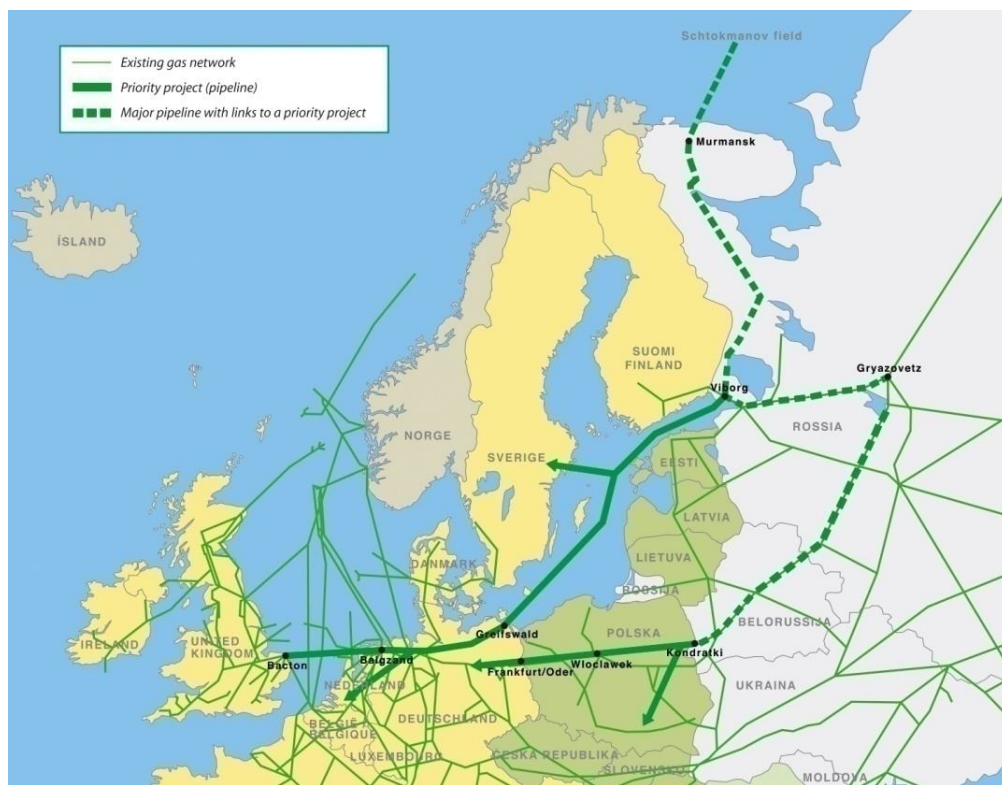
Source: (Directorate-General for Energy and Transport, 2004 p. 27)

The aim of the gas project is to deliver Russian gas to the United Kingdom and northern central Europe including Germany, Denmark, Sweden and the Netherlands.

As Figure 3-9 shows the pipeline is divided into two main sections: the first section is the northern European line, which brings Russian gas across the Baltic Sea or overland alongside the existing Yamal-Europe pipeline. From the backbone, there might be additional branches to the Nordic States as well as to the Baltic States. (Directorate-General for Energy and Transport, 2004 p. 26)

3.2 The Council of the Baltic Sea States

The Council for the Baltic Sea States (CBSS) is an overall political forum for regional intergovernmental co-operation. The members of the CBSS are the 11 states Norway, Sweden, Finland, Russia, Estonia, Latvia, Lithuania, Poland, Germany, Denmark and Iceland as well as the European Commission.

The CBSS was established by the region's foreign ministers in Copenhagen in 1992 as a response to the geopolitical changes that took place in the BSR with the end of the Cold War. The aim of the CBSS is to identify political goals, create action-plans, initiative projects and serve as a forum for exchange of ideas concerning regional issues of common interest.(Council of the Baltic Sea States, a)

The CBSS consists of the Ministers for Foreign Affairs from each member state and a member of the European Commission. The chairmanship of the CBSS rotates among the member states. The foreign minister of the presiding country is responsible for coordinating the council activities.(Council of the Baltic Sea States, a)

The chairman was Sweden in 2007 and the current chairman is Latvia. Every second year the foreign minister have a meeting, the years in between a Summit is held. In the Swedish presidency the foreign minister had there meeting and in the Latvian presidency a Summit will be held.(Kötschau, 2008)

The **Summit** consists of the heads of the government of the CBSS members as well as the president of the European Commission and the chairman of the European Council.(Council of the Baltic Sea States, a)

At the meetings of the foreign ministers as well as at the Summit a declaration is made. This declaration should give the basis for follow up work in the BSR. The decision making in these meetings has to be based on a consensus. This consensus was always given in the past. The reason therefore is the good work of the working groups and the Committee of Senior Officials. (Kötschau, 2008)

The working body of the CBSS is the **Committee of Senior Officials** (CSO). The CSO consists of diplomats of the Ministries of Foreign Affairs of the 11 CBSS member states as well as of the European Commission. (Council of the Baltic Sea States, a) The countries are sending their delegates to the CSO. The CSO is meets usually every 6 to 8 weeks. In different working groups the CSO prepares the papers and conclusions which are decided on in the ministry or Summit meetings. The work of the CSO is only possible with a permanent feedback with

the ministries at home.(Kötschau, 2008) Without this feedback the continuous work and follow up political decisions would not be possible.

There are three permanent working groups, one task force and two lead-country expert groups operating under the CSO. The Working Group on Democratic Institutions; the Working Group on Economic Cooperation; and the Working Group on Nuclear and Radiation Safety; the Task Force against Trafficking in Human Beings; the Lead Country for Civil Security; and the Lead Country for EuroFaculty-Kaliningrad.(Council of the Baltic Sea States, a)

The main objective of the **Working Group on Democratic Institutions** (WGDI) is to promote democratic development in the BSR. This is done by sharing experience in relevant fields, particularly with respect to the rule of law, civil society, transparency in administrative practices, access to information and local democracy; launching and overseeing concrete projects in the field of strengthening of democratic institutions, including technical assistance, good governance, local self-government and good law-making; promoting people-to-people contacts and cross-border exchanges in the region. The WGDI drafts policy recommendations on the basis of conclusions made by experts and forwards these to the CSO.(Council of the Baltic Sea States, a)

The **Working Group on Economic Cooperation** (WGEC) aims to develop overall frameworks for trade and investment as well as to increase cross-border business cooperation. Important issues include improving border-crossing conditions for goods, facilitating a favourable business environment for SMEs, including by promotion of entrepreneurship, assisting the fight against corruption, creation of a Joint Investment Area, business development in Kaliningrad Oblast, and implementation of the Northern Dimension Action Plan.(Council of the Baltic Sea States, a)

The **Working Group on Nuclear and Radiation Safety** (WGNRS) deals with all issues of nuclear safety. The WGNRS collects information about nuclear facilities and waste storage, identify sources of radioactivity, and identifies potential on nuclear and radiological risk that requires immediate action, is monitoring projects aimed nuclear radiation safety and prepares relevant recommendations. (Council of the Baltic Sea States, a) Different to the other working groups experts are working in the WGNRS and their work is very successful as Gabriele Kötschau says. The experts are working with a different know how than the diplomats with more general knowledge. (Kötschau, 2008)

As mentioned above there are two Lead Country Functions. The **Lead Country Function for Civil Security** is an Agenda for Action which called for a reinforced co-operation between police, border, customs, immigration and coast

guard authorities as well as search and rescue services, with the aim of enhancing the security of their citizens. The other **Lead Country Function** is for the **EuroFaculty – Pskov**. The EuroFaculty -Pskov is a project in the region of Pskov in western Russia, close to the border of Estonia and Latvia. The aim of the project is to upgrade university education in Business Economics/Business Administration at two institutions of higher education, the Pskov State Polytechnic Institute and the Pskov Volny Institute. Sweden is Lead Country for the Pskov project. The EuroFaculty Pskov project is financed by voluntary contributions from CBSS members and external partners. (Council of the Baltic Sea States, a) Before the EuroFaculty project in Pskov there were three previous EuroFaculties in the Baltic States and the last one in Kaliningrad, which was finished in 2007.

The CSO and the working groups are serviced by the **Secretariat of the CBSS**. The secretary was founded in 1998. It is a permanent international secretariat that is located in Stockholm. The secretariat is funded by the CBSS member states. The funding is done using a special system were the smaller member states, Iceland and the three Baltic States, pay less then the bigger ones. In the secretariat there are 20 people from different countries working. The workers of the secretary are changing every 4 years. The higher positions like the director of the secretary, changes every 3 years and should always come from a different country. (Kötschau, 2008)

3.2.1 The Structure of the Organization

Figure 3-10: The Structure of the Council of the Baltic Sea States
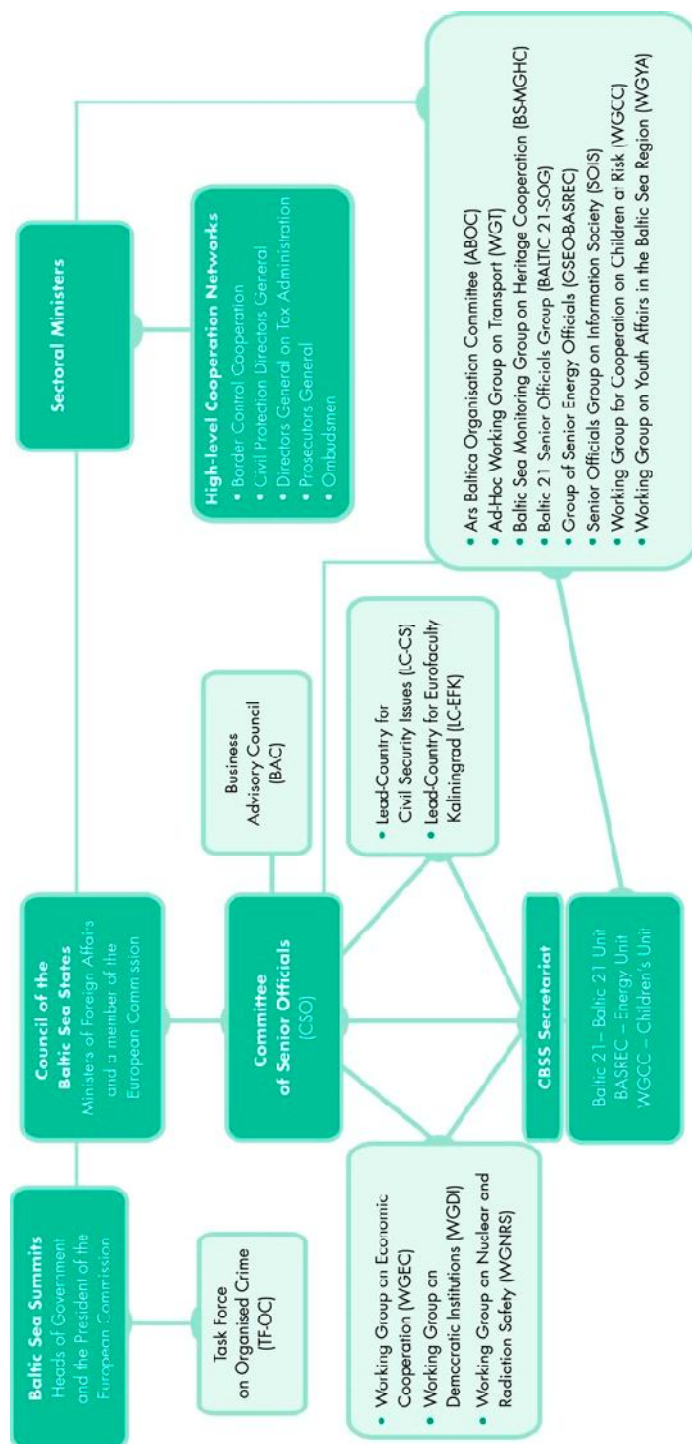
Source: (Council of the Baltic Sea States, a)

3.2.2 The Latvian presidency

To give an example for the work during the year of a presidency, this chapter discuss the current presidency in Latvia.

The Latvian presidency started on the 1st of July 2007 and will last until 30th of June 2008. For that time Latvia has set up three priority fields which they want to bring further within their presidency. The priorities are education, energy and civil security. According to Sandra Martinsone out of these three priority fields the most efforts of the Latvian presidency are in the priority field education. (Martinsone, 2008) The main goal of the Latvian presidency is to promote the EU Bologna[3] process. Therefore special IT links should be extended between the universities, education for sustainable development should be promoted, and there should be a special focus on adult education. A high level meeting on education and science will be organised. All these goals should be driven forward with ad-hoc working groups as well as with a close co-operation with the Baltic 21 Working Group on Education. In the priority field energy there is a focus on competitive free energy market, the promotion of renewable resources and the effective consumption of the energy within the BSR. Work in this field should be done through a close co-operation with BASREC[4] and the Baltic 21 Energy Sector. The priority field on civil security should promote the democratic values, human rights, stability, social security and sustainability. (Ministry of Foreing Affairs of Latvia)

Next to this priority field the core of the Latvian presidency is the project "Balticness". The project should promote the regional identity and strengthen the regional co-operation. This should be done on a political but also on a cross-sectoral level. (Martinsone, 2008) The project "Balticness" has three main parts, a series of round-table discussions on themes of regional development, a travelling photo exhibition and a series of jazz concerts. These three events are between November 2007 and June 2008 in the major cities in the BSR. (Ministry of Foreing Affairs of Latvia) Every time the discussion has a different topic, for example in Tallinn the topic was science infrastructure and in Stockholm it was about the reform process of the CBSS. For the different discussions all the organizations in the BSR which deal with this topic are invited. After the discussion the photo exhibition opens with the topic Baltic Sea. In the evening of

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[3] EU Bologna process - create a European Higher Education Area by 2010. The three priorities of the Bologna process are: Introduction of the three cycle system (bachelor/master/doctorate), quality assurance and recognition of qualifications and periods of study. (European Comission, 2007)

[4] BASREC - Baltic Sea Region Energy Co-operation

the event there is the jazz concert where musicians from Latvia and the host country play together. (Martinsone, 2008)

The presidency will end on June 30th. At the end there will be the meeting of the Summit. At this meeting the work which was done will be presented and discussed.

3.2.3 Future of the Council of Baltic Sea States – The Reform Process

The CBSS is currently in a reform process. The reform process can be divided into three blocks. One is the definition of priorities, the second is the structure and the organization and the third are financial aspects. (Martinsone, 2008) The whole reform process is still ongoing and decisions are not made yet.

The priorities are not clearly defined, but there are discussions to choose five long term priorities. The priorities could be education, economy, energy, environment and civil security. These long time priorities will change the work of the CBSS. Before every presidency could choose there priority fields. Through these long term priority fields the work in the CBSS should get more continuous. (Martinsone, 2008)

The CBSS is heading towards a more project orientated working style. Steps in that direction were already made by the secretary. An expert who has a lot of experience in implementing of projects just started to work in the secretary of the CBSS. (Kötschau, 2008) The financing of such projects should be done through funding by the EU, private funds and other partners. The member states will not give significantly more money for the work of the CBSS.

Next to this new working method the CBSS wants to change its position within the BSR. The goal is the change of the CBSS into an overall coordinating organization. This co-ordinating unit should build up networks and co-operation between the different organizations, and actors. Through that the existing problem of parallel working of the different organizations and networks should be avoided and resources should be used better. (Kötschau, 2008)

3.3 Spatial Planning in the Baltic Sea Region - VASAB

The main organization which deals with spatial planning in the BSR is VASAB. The political board of VASAB are the ministries dealing with spatial development of the member states of VASAB. These ministers meet every two years in the ministerial conference. The working body of VASAB is the **Committee of Spatial Development** (CSD-BSR). Each member state is represented with senior level civil service on this board. They meet four times every year. The CSD-BSR decides on the topics which should become issues in the VASAB process. (Linkait, et al., 2008)

Every year a new country gets the presidency for VASAB. Normally the presidency for VASAB is also the country which holds the presidency for the CBSS. (Linkait, et al., 2008)

The decisions in the VASAB process are made on the level of the CSD-BSR. Before decisions can be made the ministries in the home countries have to be consulted. In the official meetings of the ministries the work of the CSD-BSR is presented. Based on the work of the CSD-BSR the future direction of the organization is decided on by the ministers. (Linkait, et al., 2008)

The financing of VASAB comes from the national governments. All the countries are paying a certain amount of money to VASAB. The amount the countries are given is not fixed. A few years ago the Baltic States, Belarus and Russia didn't pay anything for VASAB. Now the Baltic States are paying a smaller amount, Russia and Belarus are still not paying. (Linkait, et al., 2008)

In additional to the national money there are also funding for projects which VASAB is working on. Such a project is now the East West Window project which is funded by the European Union Grant - BSR INTERREG III B[5] Neighbourhood programme - TACIS[6] strand. (VASAB, 2007)

VASAB sees it's role to promote action oriented spatial planning, which contributes to sustainable development of the BSR and which strengthen trans-nationality. In this framework VASAB seeks to:

- Articulate spatial implications of economical, social and political processes in the BSR

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[5] Interreg IIIB: Program for transnational co-operation in the funding period 2000-2006

[6] TACIS: previous program for funding co-operation with eastern neighbour countries and Russia. Now TACIS is included in the ENPI. (Part I, chapter 3.4.1 The European Neighbourhood and Partnership Instrument)

- Make Europe spatial policies and strategies like ESDP or CEMAT guiding principles of sustainable spatial development operational under BSR conditions
- Bridge "east" and "west", with all BSR countries participating on equal terms
- Express Baltic interests in Europe
  (VASAB, 2004)

3.3.1 Vision and Strategies around the Baltic Sea 2010 – VASAB 2010

VASAB 2010 was the first vision which VASAB established. The decision to establish this vision came in the year 1992 from the ministries responsible for spatial planning in the BSR. The Vision was completed in the year 1994 (Platz, 1994 p. 4) and has a time horizon until 2010.

When VASAB 2010 was completed the political system within the region was different then now. Sweden and Finland weren't members of the EU yet. The Baltic States as well as Poland and also the new Länder in Germany which are located in the BSR were in a big change from a planned economy to a market economy. The Baltic States and Poland had still a long way to go to get EU membership. In this political and economical context VASAB started to work on a vision with a time horizon until 2010.

For the vision some basic principles and elements were created. One main principal was therefore that VASAB 2010 should not become a comprehensive "mega plan" for the region. But it was hoped that the authorities were taken the vision into account when the national plans for the member state countries were drawn up. (Platz, 1994)

For the vision the structure of the BSR was described through four basic elements: the system of cities and urban settlements ("pearls"), the interlinking infrastructure networks ("strings"), the selected types of land uses ("patches") in non-urban areas, and spatial planning in the BSR as "the system". (Platz, 1994 p. 5)

With the help of this structure VASAB analysed the region and then formed a vision which should be reached by 2010. VASAB also sub-divided the BSR to get a better focus on the problems of the sub regions.

There is the **north** of the BSR, which has a low population density and is located on the periphery. The goal for the northern part is to improve regional networks. Another major issue is to improve the regional communication infrastructure,

technological and scientific networks while minimising environmental damage. In the view of long distances between the cities high-speed railway transport and regional air links should be further developed. (Platz, 1994 p. 5)

The **central belt** of the BSR is formed by southern parts of Norway, Sweden, Finland, together with Denmark and Schleswig-Holstein (Germany). One main goal is to strengthen the network between the small urban centres and to develop the international function of some urban centres. Interregional transport networks as well as regional co-operation in fields such as education, culture, research and development should be improved. (Platz, 1994 pp. 5-6)

The **southern part** of the BSR which is formed of the "new" German Länder and Poland should focus on the transformation of the economy and social structures towards market oriented democracies. A common issue is the integration with Western Europe and with other parts of the BSR. (Platz, 1994 p. 6)

The **eastern zone** of the BSR has wide discrepancies in the spatial structures. Main common issues with respect to spatial development are: institutional, legislative and administrative reforms, privatisation of land and businesses, cross-border co-operation, integration with other sub-regions of the BSR and with Western Europe. The cross-Baltic and European functions of major urban centres needed to be developed. The urban environments must be improved through urban planning and envelopment control to protect open space, reduce pollution and to respect cultural heritage. (Platz, 1994 p. 6)

3.3.2 VASAB 2010+

A follow up document to VASAB 2010 is VASAB 2010+. This document is not a vision like VASAB 2010; it is a strategy and action plan for the vision VASAB 2010. (Linkait, et al., 2008) VASAB 2010+ was established 5 years after the vision.

Numerous actors are involved in the implementation of the action program VASAB 2010+. These actors come from local, regional and national levels, they are international groups and bodies, governmental and non-governmental, profit and non-profit organizations. (VASAB, 2004)

The basic principal under which VASAB acts is subsidiarity. That means VASAB engages only if a task can be better solved through transnational co-operation, or if cross-border co-operation requires political backing from international or national levels. Through the work of VASAB international discussion should be

promoted. VASAB will recommend policy options which should be implemented into national policies. (VASAB, 2004)

Based on these principals the CSD-BSR has identified six key themes where action should be taken in the future. These key themes are (VASAB, 2004):

1. **Co-operation of urban regions on key issues of sustainable development**
   The main challenge identified is to raise the competitiveness of urban regions at three levels and to enhance a polycentric urban system:

   > (a) to make powerful metropolitan regions stronger at the international scale,
   > (b) to promote less dynamic major cities to "catch up" with those being more successful, and
   > (c) to strengthen medium-sized and non-diverse secondary cities as future growth engines for rural regions lagging behind.

2. **Strategic development zones important for transnational integration within the BSR**
   The main objective addressed by this theme is to promote spatial cohesion. In some parts of the BSR, particularly those bordering Russia and Belarus the welfare disparities are extremely high, and are growing.

3. **Transnational transport links important for integration across BSR and within Europe**
   Most BSR countries have developed sophisticated systems to decide on future transport infrastructure investments. Spatial aspects are considered only as spatial structures are reflected in demand forecasts. No regional development impacts from infrastructure improvements are taken into consideration. The same is true for existing transnational transport infrastructure development concepts which concentrate on linking major urban centres together.

4. **Diversification and strengthening of rural areas**
   Rural areas, if not located in commuting distance to strong urban centres, have difficulties in giving their populations a proper chance to share benefits from economic and social progress. This applies particularly to areas depending mostly on low-productivity agriculture with dominance of small farms. There, future job losses in agriculture may not be compensated by development of new employment opportunities.

VASAB suggests promoting more applications for Interreg/ Phare/ Tacis projects in this field. Such projects shall explore economic development potentials in urban centres of rural areas, in non-agriculture sectors like culture & arts, handicraft, design, entertainment production, tourism as well as new economy knowledge and information based activities. They shall consider complementarities between urban and surrounding rural areas, looking at rural and urban areas common development regions.

5. **Development of transnational green networks and cultural landscapes**

Networks of protected nature areas enhance bio-diversity by overcoming limitations of single, fragmented, areas. New concepts to secure the diversity of ecosystems emphasise larger-scale management together with a regional approach. Such approaches seeks to make use of the positive mutual impacts on bio-diversity, of areas with different (or no) nature protection status. The concept of green networks promoted by VASAB does not replace formal nature protection approaches such as Natura 2000. It integrates Natura 2000 areas into a broader context.

6. **Integration development of coastal zones and islands**

Coastal areas have always offered location advantages for human activities. They are one of the strengths of the BSR. But this strength is frequently associated with environmental, cultural, economic and social problems threatening the sustainability of development.

The proposed concept for integrated coastal zone development considers the following demands:

- o Integrate the needs for development with those for protection.
- o Include all types of coastal areas, i.e. areas of intensive tourism, urban expansion areas, infrastructure development areas etc.
- o Equally include off-shore and land-side coastal areas. Growing spatial conflicts in coastal waters like the one between off-shore wind-mill parks and undisturbed sea traffic show a need to apply instruments of spatial planning.

3.3.3 A New Long-Term Perspective for the Baltic Sea Region

In 2005 in the Gdansk Declaration the development of a new long term perspective for the BSR was decided. This long term perspective is a follow up document after the documents VASAB 2010 and VASAB 2010+. The document should have a time horizon until 2030.(Schmitt, 2008)

The new long term perspective is still in process. One main difference to the old vision VASAB 2010 is the overall situation in the BSR. Now most of the countries of the BSR are members of the EU. Due to this changed environment it is important to make a new vision for the BSR.

The new long term perspective will probably have three key themes. These are:
- Urban networking, urban rural relationships and urban issues and accessibility
- Development zones
- Sea use planning or maritime spatial planning (Linkait, et al., 2008)

Since the process is still ongoing these topics have not been officially agreed upon. Until now the process is concentrating on the research for basic data for the area.

This research is done within the East-West Window project. The aim of the project is to get an idea about the socio-economic disparities in the BSR. The work is split into three working groups. These working groups have the following topics:

1. **Business development and innovation affecting spatial development**
   The main goal is to check whether functional polycentricity is a right solution for the BSR and to what extend this model works in reality in the BSR. There will be a special look at the innovation potentials of traditional and knowledge-based economy in north western Russia.

2. **Working Group on accessibility and development zones**
   The working group will concentrate on national, cross-border and transnational strategies, obstacles for co-operation, real and feasible accessibility perspectives as well as development clusters and zones.

3. **Working Group on sea use planning and Integrated Costal Zone Management**
   The working group will focus on north western Russian perspective in transnational sea use planning and Integrated Coastal Zone Management (ICZM). Through the exchange of experience and good practice the work package will allow for contribution of north western Russia to an integrated approach on BSR-wide sea use planning and ICZM policies and methodology. (VASAB, 2004)

3.4 Other Organizations in the Baltic Sea Region

There are several organizations in the Baltic Sea Region, which are working closely together with the CBSS. These organizations are easy to find online on the Baltic Sea Portal[7]. The portal was developed by the secretariat from the CBSS.

Figure 3-11: Screen Shot of the Baltic Sea Portal

Source: (Council of the Baltic Sea States, b)

Due to the great number of organizations and networks in the BSR this report will mainly concentrate on organizations and networks, which are most related to spatial planning.

3.4.1 Economic Organization in the Baltic Sea Region

There are several organizations in the BSR which are related to the economy sector. These organizations are:

The Baltic Development Forum

The Baltic Development Forum is an independent non-profit networking organization with members from large companies, major cities, institutional investors and business associations in the

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[7] Your Gateway to the Baltic Sea Region - http://www.balticsea.net/

BSR. The organization works with a wide range of partners, including businesses, governments, regional organizations, research and media institutions. The forum develops new initiatives, partnerships and international contacts to stimulate growth, innovation and competitiveness in the BSR. The aim of the forum is to develop the BSR as a global centre of excellence and establish the region internationally as a strong and attractive place brand. (Baltic Development Forum)

The Baltic Sea Chamber of Commerce Association

The Baltic Sea Chambers of Commerce Association (BCCA) is an organization of altogether 50 Chambers of Commerce in Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Russia and Sweden. It was established to give the business community of the BSR a common voice. The BCCA represents more than 450 000 companies belonging to all sectors of the northern and north-eastern European Market. The main task of the BCCA is to protect and uphold the interests of private entrepreneurship by advising politics in business related affairs, offering services to the business community and providing facilities for contacts, debates and meetings in the region. (Baltic Sea Chamber of Commerce Association)

The Baltic Sea Forum

The Baltic Sea Forum is a non-profit organization which supports the economical, political and cultural co-operation in the BSR. The Baltic Sea Forum has an extended network of members, representatives and partners from all fields of activity such as economy, politics, culture and science. The organization is always in close contact with governments as well as state, regional and local authorities and institutions in the BSR.

The main tasks of the Baltic Sea Forum is to realise programs and objectives of the EU, strengthen the Baltic economic region and create an independent platform for its members in order to exchange ideas, experiences, and opinions. It also initiates and encourages cultural exchange programs between the states and draft trend-setting recommendations to committees and institutions. (Baltic Sea Forum)

The Baltic Sea Trade Union Network

The Baltic Sea Trade Union Network (BSTUN) represents about 12 million trade union members in trade union confederations in the BSR. The network is a joint way of influencing EU, CBSS as well as the politicians in the home country. (Baltic Sea Trade Union Network)
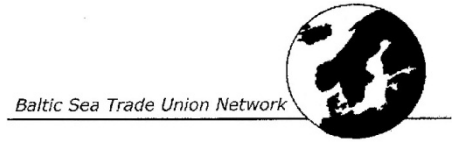
3.4.2 Sub Regional Networks

The BSR has several sub regional networks. These organizations and networks bring regions and cities within the BSR closer together. One main goal of all these organizations is to deal with the same problems and to increase their presence within the region.

B7 – The Baltic Island Network

This network consists of the seven largest islands in the Baltic Sea. It was formed in 1989 and has five different countries as there members. The partners of the co-operation are, Bornholm (Denmark), Gotland (Sweden), Hiiumaa (Estonia), Rügen (Germany), Saaremaa (Estonia), Åland (autonomous region of Finland), Öland (Sweden). The overall goal of B7 is to use the common strengths to promote strategic goals for the islands. (B7-Baltic Island Netowrk, 2008)

Figure 3-12: The Islands of the B7-The Baltic Island Network
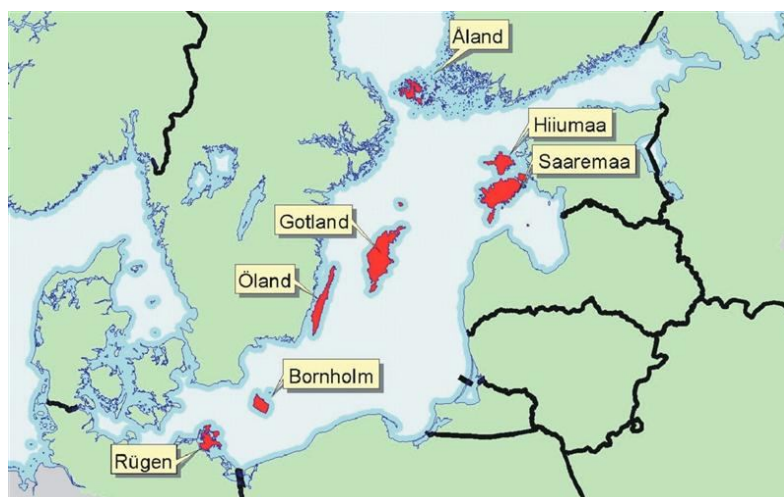
Source: (B7-Baltic Island Netowrk, 2008)

The Union of Baltic Cities

The Union of the Baltic Cities (UBC) has 105 members (see Figure 3-13). The UBC consists of thirteen different commissions on business cooperation, culture, education, energy, environment, gender equality, information society, sport, tourism, transportation, urban planning, youth issues, health and social affairs. Most of the work of the UBC takes place within these commissions. They have numerous activities in their respective fields ranging from music festivals and sports events to concrete projects and training seminars. (Union of the Baltic Cities)

Figure 3-13: Union of the Baltic Cities – The Member Cities

Source: (Union of the Baltic Cities)

The Baltic Sea State Sub-regional Cooperation

The Baltic Sea States Sub-regional Co-operation (BSSSC) is a political network for decentralised authorities in the BSR. The BSSSC was found in 1993. Its members are regional authorities (level directly below the national level authorities) of the BSR states. The BSSSC is a political network whose main organizational bodies are: the Chairperson, the Board consisting of two representatives of each of the BSR countries, the secretariat which follows the Chairperson and ad hoc Working Groups. (BSSSC - Secretariat of the BSSSC)

Baltic Metropoles Network

Baltic Metropoles Network (BaltMet) represents a forum for capitals and large metropolitan cities around the Baltic Sea. It brings the cities of Berlin, Copenhagen, Helsinki, Malmö, Oslo, Riga, Stockholm, St.Petersburg, Tallinn, Vilnius and Warsaw together. The main goal of the network is to promote innovativeness and competitiveness in the BSR by engaging cities, as well as academic and business partners, into close co-operation. The work of the BaltMet is based on the annual mayors. The network is coordinated and administratively run by the chair city in cooperation with two vice chair cities, elected by the mayors for two years. The chair city is also hosting the secretariat of the network. (Baltic Metropoles Network)

3.4.3 Environmental related Organizations

There are two main networks which have a focus on environmental issues within the BSR.

Baltic 21

Baltic 21 was initiated in 1996 by the Prime Minister of the BSR (the members of the Council of the Baltic Sea States, CBSS), the European Commission and a number of intergovernmental organizations, international financial institutions and international non-governmental networks. The organization is founded on the political will to accelerate the work on sustainable development in the BSR and to implement Agenda 21 regionally. The work is focused on seven economic sectors (agriculture, energy, fisheries, forests, industry, tourism and transport) as well as on spatial planning and on education. (Baltic 21, 2008)

HELCOM – The Helsinki Commission

HELCOM is an organization which works to protect the marine environment of the Baltic Sea from all sources of pollution through intergovernmental co-operation between Denmark, Estonia, the European Community, Finland, Germany, Latvia, Lithuania, Poland, Russia and Sweden.

HELCOM has been working for three decades to protect the marine environment. One of the main papers, which was published from HELCOM, is the Baltic Sea Action Plan. This paper was adopted at the HELCOM Ministerial Meeting on the 15th of November 2007. It is a programme to restore the ecological status of the Baltic marine environment by 2021.

The objective of the Baltic Sea Action plan includes clear water, an end to excessive algal blooms, and viable populations of species. This vision will determine the need for further reductions in pollution loads, as well as the extents of various human activities.

A highlight of the HELCOM Baltic Sea Action Plan has been the active participation of all major stakeholder groups in the region. In developing the action plan, HELCOM has taken into account the environmental provisions of the Maritime Doctrine of the Russian Federation. Close co-operation with Russia, which is the only HELCOM country outside the EU in the Baltic Sea region, is crucial for any further progress to be made in rescuing the troubled Baltic marine environment. (Helsinki Commission)

3.5 Territorial Assets in the Baltic Sea Region

The first step to activate territorial capital within a region is to analyse the assets which occur in the region. Due to the size and the diversities in the BSR this is not easy. Within the region a multiplicity of countries with different political systems are found. The disparities between the countries but also within the countries are high. Due to that it is important to find common assets for the region and make common strategies to reach the overall European goal of more coherent regions, lower disparities and for a social and economical cohesion.

Examples for assets in the BSR are organised in Camagni's system of potential sources for territorial capital, which he divided into the "traditional square" and the "innovation cross".

3.5.1 Assets of the "Traditional Square" in the Baltic Sea Region

The "traditional square" describes potentials and resources in the areas of private fixed capital, human capital, social capital and resources (natural capital), which are to find in a territory.

Baltic Sea

The Baltic Sea can be seen as the common denominator within the BSR. It was one of the main reasons for co-operation efforts within the BSR. Through the Baltic Sea the region has a physical and geographical dimension. (Schmitt, 2008)

The Baltic Sea is a common factor within the region, which gave the impulse for co-operation in different sectors. These sectors are for example:

- Transport; the ferry and vessel system is one important transport system in the region
- Fishing; the fishing industry depends on the Baltic Sea
- Tourism; with the coastline and islands around the Baltic Sea

These are few of the sectors where the Baltic Sea can create territorial capital within the region. This is only possible if every member of the BSR is looking in the same direction. For example higher vessel traffic within the Baltic Sea can cause more problems with accidents, with the risk of oil spills, etc.

Northern Location of the Region

The northern location of the BSR leads to a rough climate. The living conditions are unfriendly. Temperatures under -30°C can cause problems for the people in general. It can also cause problems for the transport system, the electricity system, the water distribution, etc. These rough conditions and the factor that there is hardly any sun in the winter time it makes the area unfriendly to live in. Therefore these areas are sparely populated. Young well educated people are moving into the more attractive areas in the south were the bigger cities are located. This problem is found in northern Norway, Sweden and Finland.

The northern location can be also an asset for the BSR. The northern areas are for example interesting for tourist in the summertime.

Technical Infrastructure

- Transport networks

  Due to the long distances between the towns especially in the northern parts of the BSR a good transport system is required. The transportation system includes the air, ferry, railway and road systems. The link of the traffic systems over the national borders is important, but also the link between different traffic systems is necessary to make the whole system work efficiently. The transport system is not only important to make the BSR accessible, it is also the link to Western Europe. This link has been established trough the Øresund link between Sweden and Denmark. However the connection of the new EU member states of the BSR to the rest of Europe is still weak for both the train and the road networks.

- Energy Networks

  The energy supply in the BSR is important for almost every aspect of daily life, starting from the bank system, the security system to the power supply for households. Therefore a stable energy supply is very important. The BSR has an organization (BASREC), which deals with Energy topics within the BSR. This organization is found under the head organization CBSS.

Human Capital

The Scandinavian countries have the reputation of having one of the best education systems in Europe. Finland is especially high in the international rankings. Estonia also was one of the best countries in the last PISA

ranking[8].(Organisation for Economic Co-operation and Development) These countries can be a guide in case of education systems to other countries within the BSR. Well educated people are attracting high tech companies, research and development centres, etc. One main step that was taken to equalize the university education in the BSR was the project EuroFaculty from the CBSS. There has already been three EuroFaculties, one in Kaliningrad, one in the Baltic States and now there is one in the Russian region Pskov. These EuroFaculties have the goal to bring the Universities in these countries and areas up to western standards. (Council of the Baltic Sea States, a) One main output off the previous EuroFaculty projects was better networks between the Universities of the BSR.

Human capital is also created through good education. However it is very important to retain in this human capital. The migration trend of the Baltic States and Poland as well as the eastern part of Germany shows that they are losing their human capital. This has to be avoided, otherwise these countries will face big problems in the near future. The migration of qualified labour to countries with higher wages will cause economical difficulties for these countries.

Social Capital
In the BSR a high amount of social capital is given. This can be seen in the multiplicity of organizations and networks in the region. These organizations and networks are in different spatial levels, over different countries and in different sectoral fields. There exist many governmental and non governmental organizations and networks in the BSR. Due to the involvement of different countries there emerge problems with different languages, working cultures, historical backgrounds, political systems etc. The establishment of such an amount of organizations and networks is only possible through a high potential of social behaviour, tolerance of different cultures, etc. People who co-operate together have to trust each other, they have to be equal within the co-operation and they have to be disciplined to attend meetings regularly and to bring requested work.

On the political level the daily political work is also important. In the Scandinavian countries the political situation is settled. This situation makes it easier for political co-operation over different countries. The Baltic States and Poland currently don't have such a settled political situation. It is important to

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[8] The Programme for International Student Assessment (PISA) is an internationally standardised assessment that was jointly developed by participating countries and administered to15-year-olds in schools. (Organisation for Economic Co-operation and Development)

know within co-operative efforts that agreed papers and policies are still valued and important after a change in the political scenery.

The co-operation with Russia is difficult due to the centralised political system in Russia. This makes co-operation on the regional level with Russia difficult.

3.5.2 Assets of the "Innovative Cross" in the Baltic Sea Region

The "Innovative Cross" combines more innovative classes like co-operation networks, relational private services, proprietary networks, relational capital, collective goods, etc.

Great Number of Organizations and Networks
 The BSR has a large number of organizations and networks (see Table 3-3).

Table 3-3: Organizations and Networks in the Baltic Sea Region

Organization	Area of the organization
CBSS	10 countries around the Baltic Sea[9] + Iceland
VASAB	10 countries around the Baltic Sea (Northern Germany: Mecklenburg-Vorpommern, Schleswig-Holstein; North-West Russia: Kaliningrad Oblast, St. Petersburg) + Belarus
Economic Organizations	
Baltic Development Forum	10 countries around the Baltic Sea (Northern Germany: Hansestadt Hamburg, Mecklenburg-Vorpommern and Schleswig-Holstein; Northern Poland: Pomorskie, Warminsko-Mazurskie and Zachodnio-Pomorskie; North-West Russia including Kaliningrad)
BCCA	10 countries around the Baltic Sea
Baltic Sea Forum	10 countries around the Baltic Sea
BSTUN	10 countries around the Baltic Sea
Sub-Regional Organizations	
B7	Bornholm DK, Gotland SE, Hiiumaa EST, Rügen DE, Saaremaa EST, Åland FI Öland SE are members of B7
UBC	Cities from the 10 countries around the Baltic Sea; Germany just the northern part; Poland the northern part and north western Russia with Kaliningrad
BSSSC	Sub-regions from the 10 countries around the Baltic Sea; Germany just the northern part; Poland the northern part and

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[9] The 10 countries around the Baltic Sea are Estonia, Latvia, Lithuania, Poland, Germany, Denmark, Norway, Sweden, Finland and Russia. Sometimes there are just parts of the countries member of the BSR.

	north western Russia with Kaliningrad
BaltMet	Berlin DE, Copenhagen DK, Helsinki FI, Malmö SE, Oslo NO, Riga LV, Stockholm SE, St.Petersburg RUS, Tallinn EST, Vilnius LT and Warsaw PL
Environmental Organizations	
Baltic 21	10 countries around the Baltic Sea + Iceland
HELCOM	The 10 countries around the Baltic Sea excluded Norway
European Territorial Cooperation	10 countries around the Baltic Sea
Baltic Sea Region Program 2007-2013	10 countries around the Baltic Sea Germany: Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Vorpommern, Schleswig-Holstein and Niedersachsen (only NUTS II area Regierungsbezirk Lüneburg) Russia: St Petersburg and surrounding Leningrad Oblast, Karelian Republic, the Oblasts of Kaliningrad, Murmansk, Novgorod and Pskov Belarus: Minsk, Grodno, Brest and Vitebsk Oblasts

Source: Own creation

Organizations and networks are found on different spatial levels, they work on different topics, but all have the same or similar territory in common. These organizations and networks are working on environmental issues, economic issues, in the area of spatial planning, etc. They have different working fields and different goals. For example VASAB the main organisation which deals with spatial planning has the overall goal for a sustainable development of the region and for lowering disparities within the region. The economic organisations in the BSR want to make the region more competitive.

Most of the superior organizations are well established in the region. They have a working and administrative body in the form of a permanent secretariat. Such secretariats are often paid by the member states of the organizations. This shows how important co-operation efforts are within the BSR.

One of the main transnational organizations in the BSR is the CBSS. This organization has the benefit, that the foreign ministers of the member states are members of the organization. Therefore this organization has a high political influence in the politics of the national states. The goal of this organization is to deal with common issues on a high political level.

Relational Capital
Relational Capital is the capability to co-operate, the capability for collective action and collective competences. This relational capital in the BSR is high in comparison to other regions in Europe. This experience is higher in the Nordic

countries but the Baltic States and Poland are catching up. Due to the fact that the Nordic countries have more experience in co-operation they are normally becoming the lead partner with the main responsibility for EU projects.(Steineke, 2008) One goal in this relational capital is to pass on the experience of the Nordic countries to the East European countries.

Knowledge Transfer

All co-operative efforts bring knowledge transfer with them. This transfer is one of the most important outputs of these efforts. The knowledge transfer can be on different levels. There can be a transfer between the actors who were working together in working groups or projects. For example if the participants of a co-operation come from the public sector, they learn a lot about administrative practices in other countries. (Steineke, 2008)

Another way of knowledge transfer is the creation of papers. For example in the BSR a method of knowledge transfer can be the Vision 2010. This Vision leads to follow up papers like VASAB 2010+, but it was also the basis for the cross-border Interreg program BSR. But documents like the VASAB 2010 influence also spatial planning document on a European level, in particular the ESDP and the framework of CEMAT[10] as well as the Interreg CII[11] program. (VASAB, 2004) On the national level the VASAB reports influence the national plans, regional plans and local plans. (Linkait, et al., 2008)

A special way of knowledge transfer is made between the secretaries of the CBSS and the Nordic Council of Minister. Here was the case that employees of the CBSS office went to the Nordic Council of Minister and employees from the Nordic Council of Minister came to the CBSS. The outcome of this exchange was the learning of the different working methods in the other office and the knowledge where future co-operation can be concentrate on.(Kötschau, 2008)

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[10] CEMAT – European Conference of Ministers responsible for Regional Planning (Council of Europe)

[11] Interreg IIC: interregional co-operation in the funding period 1994-1999

3.6 Mobilising Territorial Capital in the Baltic Sea Region

In this chapter some recommendations to mobilise territorial capital in the BSR will be made. These recommendations will have a focus on two levels. First there will be recommendations for an overall coordinating organization body and the second field will concentrate on the co-operative work in spatial planning in the region.

The mobilising of territorial capital should reach the main goals of these organizations. In the BSR these main goals differ in each organization. Some have the goal to lower disparities within the region, some are for a better social and economical cohesion, a better competitiveness compared to other regions in the EU, etc.

To mobilise and identify territorial capital on a transnational scale is not easy. The huge size of the BSR and the different political systems make it hard to determine which capital backflow will appear in the region through the activation of territorial capital. In such a scale territorial capital can be activated through different actions from organizations from different countries, but the distribution of money over the territory is impossible to measure. Often outputs of co-operative efforts are soft facts for example the knowledge transfer. The conversion of these soft facts into a normative value (for example €) is often not possible. Therefore it is hard to say how much territorial capital an action of these organizations and networks can be activated.

3.6.1 One Clear Overall Organization Structure

One clear overall organization structure should make it possible to create one common goal and vision for the whole BSR under the influence of the major organizations in the BSR. Such a goal can include sustainable development in the BSR or economical cohesion within the region and economical competitiveness compared to other regions in the EU.

1. **Establishment of a Co-ordination Body in the BSR**
   As mentioned above there are many organizations in the BSR. These organizations are on a political and non-political level and they are often specialised in different sectors. Even though there is some specialisation within the organizations they often deal with the same topics for example environment, traffic, etc. Each organization makes its own vision or action plans for the region.
   Every organization has its own goal where the region should head.

These goals of the different organizations are often similar but in some cases they are controversial. For example to reach the goal of some economical organizations which is mainly to strengthen the economy in the region and become more competitive is often reached through neglecting of environmental issues where ecological organisations have their focus.

To avoid working in different directions, but also to avoid parallel working a coordinative structure is needed.
This structure should not have an overall power over the other organizations and networks, but it should try to bring the actors of the organizations and networks to one table to create one common goal for the entire region.
After this goal is set the work of the different fields can be distributed between the different organizations. The different organizations are specialised and work more focused in their major field. It is important that these different organizations are meeting regularly and exchange there progress of work in the region. Through such a co-operative structure high costs which appear through parallel work and heading in different directions within the region can be avoid.

The interviews with actors from the CBSS made clear that one organization which could build up such a horizontal coordinating structure is the CBSS. This organization is right now in a reform process and tries to head in into this direction to become the coordinative linkage between the other organizations in the BSR. The CBSS has the resources and the political background to be such a linkage. To establish this coordinative structure the CBSS need the support of all other main organizations and networks in the BSR.

2. **Creation of Overall Goals for the whole BSR**
   The BSR is a big region which has diverse areas. To know where this diverse BSR should head and how it can face future challenges, it is important to bring all main actors of the region to one table. Here the main political but also non political organizations and networks should have the possibility to give their opinion in which direction the region should head.
   An output of this work can be overall goals where the BSR should be in the next 20 or 30 years. These goals should be a guiding direction for the organization to orientate on. Such goals can be for example to become

the most competitive region in Europe with a special focus on sustainable development, etc. It is important that the politicians and the other main actors agree to these goals to guide the region in the same direction.

3. **Clear Distribution of the Sectors between the Organizations**

   After the building of a new coordinating body and the finding of an overall goal for the region, the distribution of the work between the organizations can start.

   Therefore all organizations in the region from all different sectors like economy, environment, spatial planning, the city networks, etc. will meet and discuss their focus within this goal. It is important that all organizations are pulling in the same direction.

   The organization which is in charge to deal with one sector or field has the challenge to bring all organizations which are related to this sector together and work with them. For example in the area of the Baltic Sea HELCOM could be the main organization in charge of this topic. But when HELCOM prepares a strategy for the Baltic Sea they have to communicate with all organizations that are involved with work regarding. Those organizations are for example VASAB, economical organizations, Baltic 21, etc.

4. **Distribution of Information to Different Organizations and Networks**

   One main part of the work of a superior organization is to keep the organizations and networks within the BSR informed. It is important that all organizations know what is going on in the region, which seminars are coming up, where and when the next meetings are. This information can be distributed over a general homepage. When the topics of the meetings are sectoral topics, actors of the region which are related to these topics should be invited personally over e-mail or other ways to attend these meetings. Here it is also important to invite also NGOs and economy related networks and organizations as well as experts for certain topics, if this is required.

   The information from different organizations can be discussed in seminars at the end of a working period or the year. This working progress should be published in a paper. It is important that the superior organization collects the information about the progress in the region from the different organizations and publishes it. Through such information distribution the work of the different organizations can be easier followed

and the organizations know from each other what is going on in the region.

5. **Apply for Funding of the EU**

One way to attract money to a certain regions is to establish projects and to apply for funding from the EU. This project should be conforming to the overall goals.

To get funding for a project from the BSR Program (2007-2013) there has to be at least three organizations from three different countries working together. (Joint Technical Secretariat - Investitionsbank Schleswig-Holstein) Through horizontal work of the organizations it should be easy to find appropriate partners for these projects.

All projects in this program have to be nationally co-funded. (Joint Technical Secretariat - Investitionsbank Schleswig-Holstein) If the projects conform to the overall goals which were also created by the national authorities, it should be possible to get funding for such projects.

Every project has to have a lead partner, who has the overall responsibility for the project. The applying for EU funding can help the single organizations to raise additional money.

6. **More Pilot Projects**

Project orientated work is important for all organizations. The establishment of pilot projects show the possibilities a region has. These kinds of projects in different sectoral fields can show a "hard" output of the work of the organization. The value of a project with a starting point and a clearly defined ending is easier to evaluate than non project orientated work. For pilot projects funding from the EU for example the BSR Program (2007-2013) can be applied for. If a project was a success it can lead to follow up projects or it can get permanently established. Pilot projects which were applied in some parts of the BSR can spread over the whole BSR if they are a success.

Another benefit from more project orientated working is the output of these projects. Such an output can legitimize the work of the organization better and it can also be used for further advertisement for the organization.

7. Public Relations

The BSR is already well established within a political and expert level, but "normal" citizen are still not aware of the region. There are also differences in how settled the BSR is in each country. For example people from Norway, which is not directly located in the BSR, are not so aware of the region as people in Sweden or Finland. This awareness and the work which the organizations in the region are doing can be shown through good public relations. For example the overall organization can be in charge for advertising successful projects within the region or for publishing a common vision in the region. This can be done over the national newspaper, TV, etc.

3.6.2 Spatial Planning – Cross Sectoral Discipline

8. Spatial Planning as a Co-ordinating Discipline

Due to the cross-sectoral discipline of spatial development, people in this area are used to co-operate with actors from different sectors. A co-operation is essential during the establishment for a new vision or strategy for a region.

Now the BSR is in a period of the development of a new long term perspective for the BSR. The organization which is working on the vision is VASAB. In the interview with planers from VASAB it was discussed that VASAB has a different approach to establish this new vision compared to the old vision VASAB 2010. The organization concentrates just on certain spatial issues and main topics. For example the environment will not have as high priority in the new vision from VASAB. It is hoped by VASAB that HELCOM and Baltic 21 can create this environmental vision in co-operation with VASAB. (Linkait, et al., 2008)

It is not possible for VASAB to deal with all issues which influence the region, but it is possible to bring the experts of all sectors to one table and create a vision for the whole region. After the creation of such a common vision the sectoral organization can create strategies on how the goals in the region can be reached.

This approach from VASAB is also confirmd with the idea of more horizontal work between the organizations and networks.

9. Definition of Frequently Used Terms

For good co-operation it is important that the actors which are co-operating understand each other. This is even more important as the actors are coming from different sectoral working fields and different countries with a different understanding and definition of certain topics. Due to the many languages which are spoken in the BSR the co-operation language is English. For all actors in the BSR English is there second language. Through these linguistic difficulties misunderstandings can appear. Especially in the case of spatial development and spatial planning a common understanding of the term is not given. As Peter Schmitt mentioned there are always discussions how much the different sectors (transport, energy, environment …) have to do with spatial planning. (Schmitt, 2008) Due to the cross-sectoral discipline the actors don't know where spatial planning starts and ends. Therefore before a working group starts to work, critical terms should be defined to avoid misunderstandings.

10. Evaluation of Previous Visions and Strategies

As Peter Schmitt and Alexandre Dubois from Nordregio mentioned, such overall documents are not easy to evaluate. (Schmitt, 2008) (Dubois, 2008)

To know what effect visions and strategies have on the BSR an evaluation of such visions and strategies is important for a future work. A vision or strategy influences mainly follow up programs and leads to a political commitment and this can lead in a following step to projects. (Schmitt, 2008) It would be a good result to know which follow up programs and national programs such a vision or strategy influences. Such knowledge can legitimize future visions and strategies and motivate politicians from countries and actors to support and work on them.

For example during the work on VASAB 2010 everyone was motivated to work on the vision. One factor therefore was that the whole idea of such a vision was new. As in the interview with VASAB it appears this time the motivation is not as high and some actors don't know how important the output of such a vision is. (Linkait, et al., 2008)

This could be different with a proper evaluation of the first vision. Such an evaluation should study national documents and international documents as well as programs and projects which could have been influenced by VASAB 2010. The more the vision was mentioned and the

more it flows into national programs the more the vision can be seen as a success.

As Peter Schmitt says, such long term visions and strategies are important agreements for future co-operation. One big function of such documents is the designation of the political position of the different countries.(Schmitt, 2008).

Therefore it is important that the political level is motivated to support long term perspectives.

4 Central European Region - Centrope

Centrope is a cross-border co-operation region, which takes place in the four countries Austria with the federal states Lower Austria, Vienna and Burgenland, Czech Republic with South Moravia, Slovakia with Trnava Region and Bratislava Region and Hungary with the Komitat Vas and Györ-Moson-Sopron. (see Figure 4-1)

**Figure 4-1: Central European Region - Centrope**
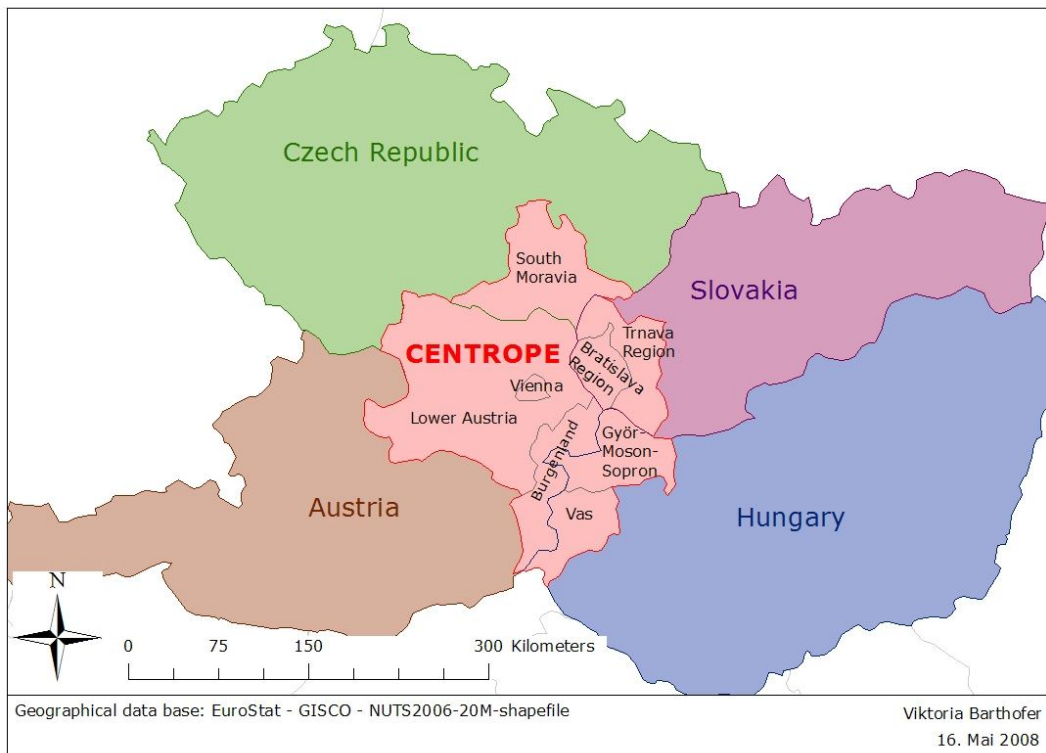
The starting point for co-operation in the area of Centrope was the fall of the "Iron Curtain" 1989. The borders between Western and Eastern Europe opened and the co-operation between the former Soviet countries and Austria started. Another important step for co-operation efforts was the EU enlargement started with Austria joining the EU in 1995 and finished with Czech Republic, Slovakia and Hungary joining the EU in 2004. After Czech Republic, Slovakia and Hungary became part of the Schengen area in December 2007 the national borders within Centrope became more and more irrelevant. Now through the EU membership all four counties apply the same European laws, they are part of the same internal market and benefit from the same program and funds. After the fall of the labour market restrictions from the Austrian side the creation of a common labour market in the whole Centrope area will become possible.

4.1 General Description of the Centrope Region

Centrope is a region with high disparities but also with a lot of common factors. The disparities are not only between Austria and the new EU member states. There are also disparities between the city regions and the more rural areas. Other differences, which are especially noticeable on the borders are the different languages, educational systems, political systems and regulations, etc.

4.1.1 City-System and Population Density in Centrope

Figure 4-2: City-System of Centrope
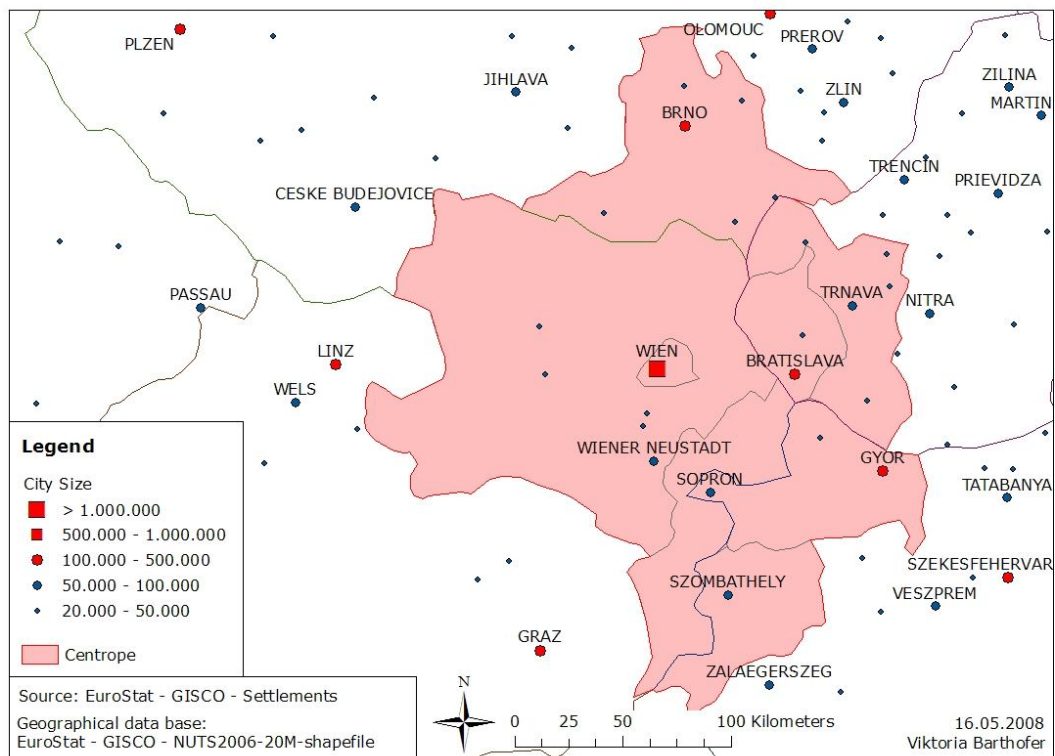
Centrope is approximately 44.000 km² and has 6.5 million inhabitants. Figure 4-2 shows that there is only one city with more then 1 million inhabitants located in Centrope. All other cities are small or medium sized cities with less then 500.000 inhabitants. Vienna the biggest city has 1.7 million inhabitants. The next biggest cities are Bratislava (SK) with 452.000 inhabitants, Brno (CZ) with 389.000 inhabitants and Györ (HU) with 114.000 inhabitants. All other cities have less than 100.000 inhabitants. The two biggest cities Vienna and Bratislava

are also the capital cities for Austria and Slovakia. These two cities are 55 km from each other and therefore they are called "Twin City".

The transport connection between Vienna and Bratislava is very good. By car or train it takes approximately 1 hour to go from Vienna to Bratislava. Trains go approximately every 30 minutes (see Table 4-1). These to capital cities are also the economical, educational, cultural, etc. core of Centrope. Through the good connection and the short distances between Vienna and Bratislava this cross-border area has a high potential for further development and growth.

Table 4-1: Distances between the main Cities

Connection	~ Linear Distance (km)	Distance Car (h)	Distance Train (h); Interval
Vienna - Bratislava	55	90 km; 1h 4min	1h; every hour
Vienna - Brno	110	206 km; 2h 2min[12]	1h 40min; ~every $1^{1/2}$ to 2 hours
Vienna – Györ	110	122 km; 1h 18min	1h 30min; ~ every hour
Bratislava - Brno	120	138 km; 1h 24min	1h 25min; ~ 1 to 2 hours
Bratislava - Györ	65	87 km; 1h 4min	1h 34min; every hour
Brno – Györ	183	204 km; 2h 1min	3h 25min; 1 to 2 hours

Own Creation; Source:(Goolge Earth, 2008); (ÖBB)

Table 4-1 shows that Györ and Bratislava areas are relatively well connected within Centrope. The Czech city Brno is badly connected within the region. For example the fastest way by car from Vienna to the 110 km (linear distance) away Brno takes by car around 2h 2min. Due to the bad road system from Vienna to Brno the detour over Bratislava is the fastest connection. The connection by train is faster, but trains run only every 1 ½ or 2 hours. This bad connection especially by car can be a barrier for further development in the area between Vienna and Brno.

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[12] Route over Bratislava

Figure 4-3: Population Density in Centrope – NUTS 3 Level (2006)
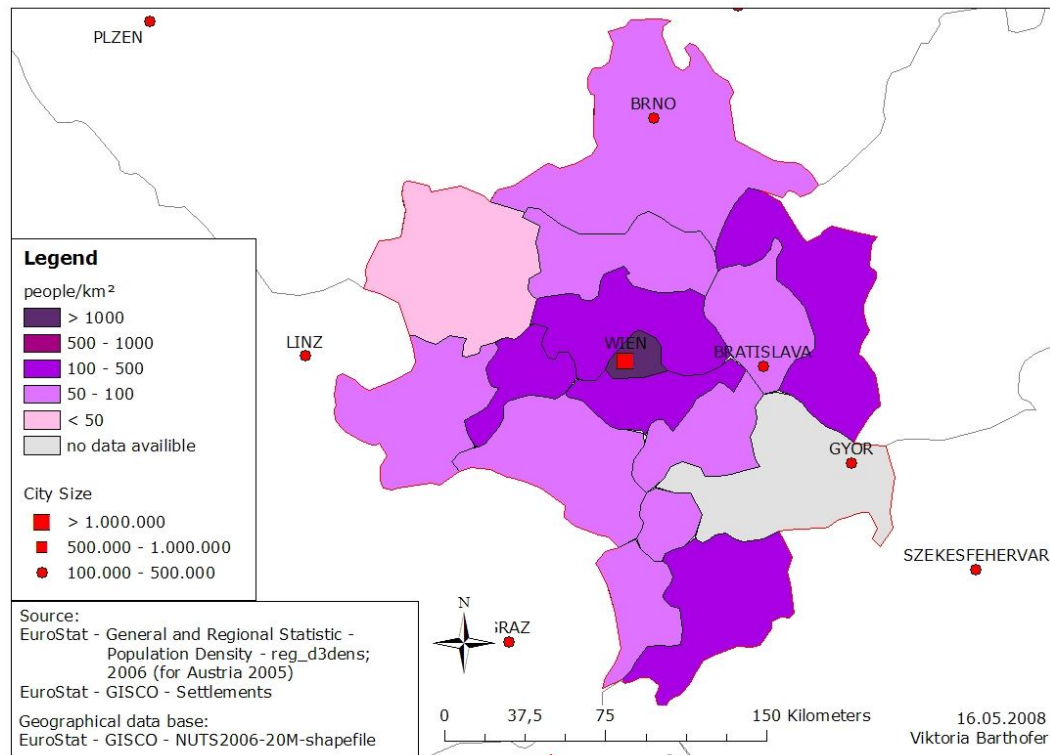
In Figure 4-3 the population density in Centrope on a NUTS 3 level can be seen. Significant is the relatively high population density in Vienna and the surrounding areas. The population density is also with 100-500 people per km² relatively high for the Hungarian region Györ-Monson-Sopron and the Slovakian regions Bratislava Region and Trnava Region. The region with the lowest population density in Centrope is the NUTS 3 region Waldviertel with less then 50 people/km².

Figure 4-4: Population Development 2001-2004
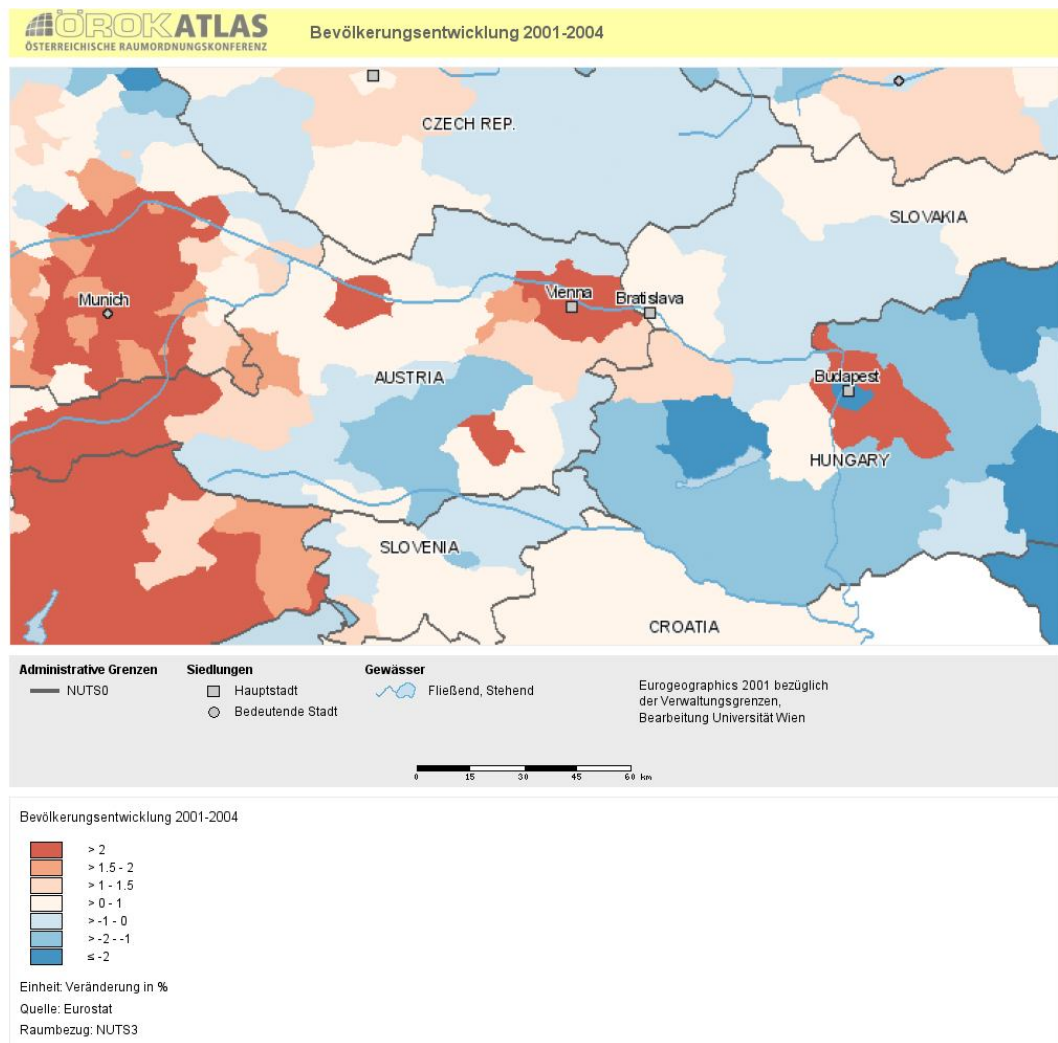
Source: (Österreichische Konferenz für Raumordung)

Figure 4-4 shows Vienna as well as the surrounding areas had a population increase of more than 2% within 4 years (2001-2004). Significant in these years is also that more rural Austrian municipalities on the Slovakian border had a population increase. This development will continue in the next few years. The area can be seen as a suburb of Bratislava and the building prices are lower on the Austrian side. (Tatzberger, 2008) Due to the EU membership of Slovakia and the joining of the Schengen zone the Austrian municipalities on the Slovakian border have to change to become an important part of the Bratislava region. On the other hand the more rural municipalities on the Czech-Austrian border and on the Hungarian border with South Burgenland are decreasing in population.

4.1.2 Economic development in Centrope

CENTROPE is located in neither the economic nor the geographic centre of Europe. Rather it is a region that lies at the intersection between the European Economic centres, which are located to the West of the region, and the less developed but rapidly growing centres of Eastern Europe. (WIFO; wiiw, 2007 p. 4) One big benefit of Centrope is a good transport connection to Western Europe and also to the rapidly growing Eastern European countries (see chapter 4.1.4 Transport Infrastructure in Centrope). This intersection function of Centrope between Western and Eastern Europe is an asset of the region which can cause positive development.

4.1.2.1 Gross Domestic Product in Centrope

Figure 4-5: GDP - PPP per inhabitant in % of the EU average – Centrope 2005

Source: EuroStat - General and Regional Statistic - GDP at current market prices at NUTS 3;
Purchasing Power Parities per inhabitant in percentage of the EU average; 2005
EuroStat - GISCO - Settlements
Geographical data base: EuroStat - GISCO - NUTS2006-20M-shapefile
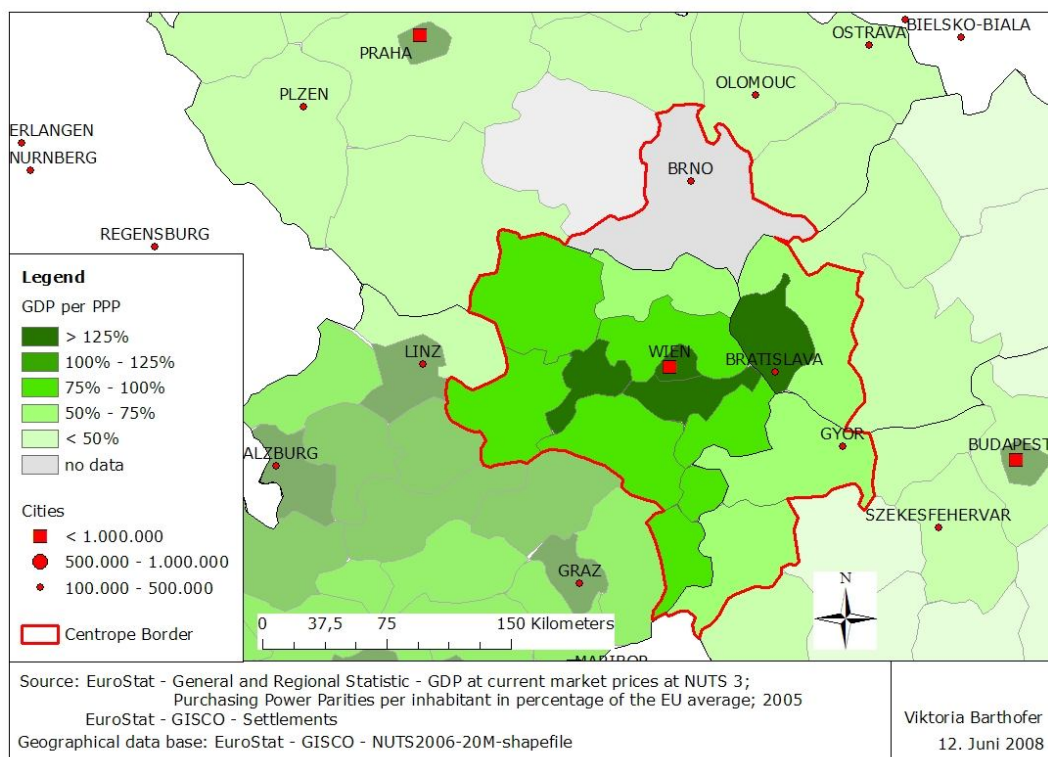
Viktoria Barthofer
12. Juni 2008

Figure 4-5 shows that there are still disparities of the GDP (PPP) in the border areas between Austria and the new EU member states. The regions in Austria have all a GDP (PPP) around 100% of the EU average. Vienna has with 177% GDP (PPP) the highest GDP (PPP) in Centrope. Surprising is that Bratislava kaj has the second highest GDP (PPP) with 147% of the EU average. All the other new member state regions in Centrope have a GDP (PPP) between 50% and

75% of the EU average. Interesting is also that the disparities within the new member states are big. The capital cities Prague, Bratislava and Budapest have always a GDP (PPP) higher then 100% of the EU average. The more rural areas are all under the EU average. Noticeable for Slovakia and Hungary is also that the GDP (PPP) lowers towards the east. The border areas with Austria have all a GDP (PPP) between 50% - 75% of the EU average. Towards the east this GDP (PPP) lowers fewer than 50%.

While the new member states regions in general may be considered "poorer" than the Austrian regions, they are also considerably more dynamic. Since 1995 GDP growth rates in the new member states regions of CENTROPE ranged between 7% and 12% and clearly outperformed the Austrian regions (with growth rates of 3% to 4%). The rapid catch-up process of the Central and Eastern European countries thus makes the whole CENTROPE region more dynamic than the European average. (WIFO; wiiw, 2007 p. 5)

Figure 4-6: GDP – PPP per Inhabitant [Million Euro] - NUTS 3 Level – 2000 & 2005

Source: EuroStat - Generell and Regional Statistics - GDP NUTS3 level
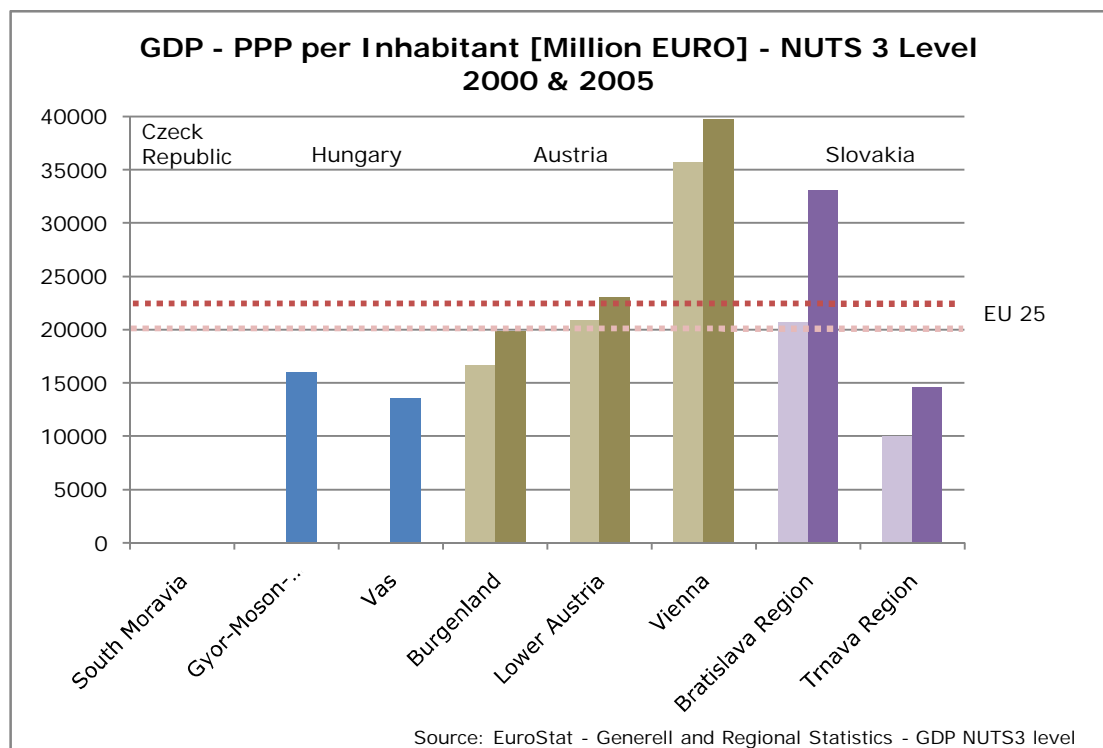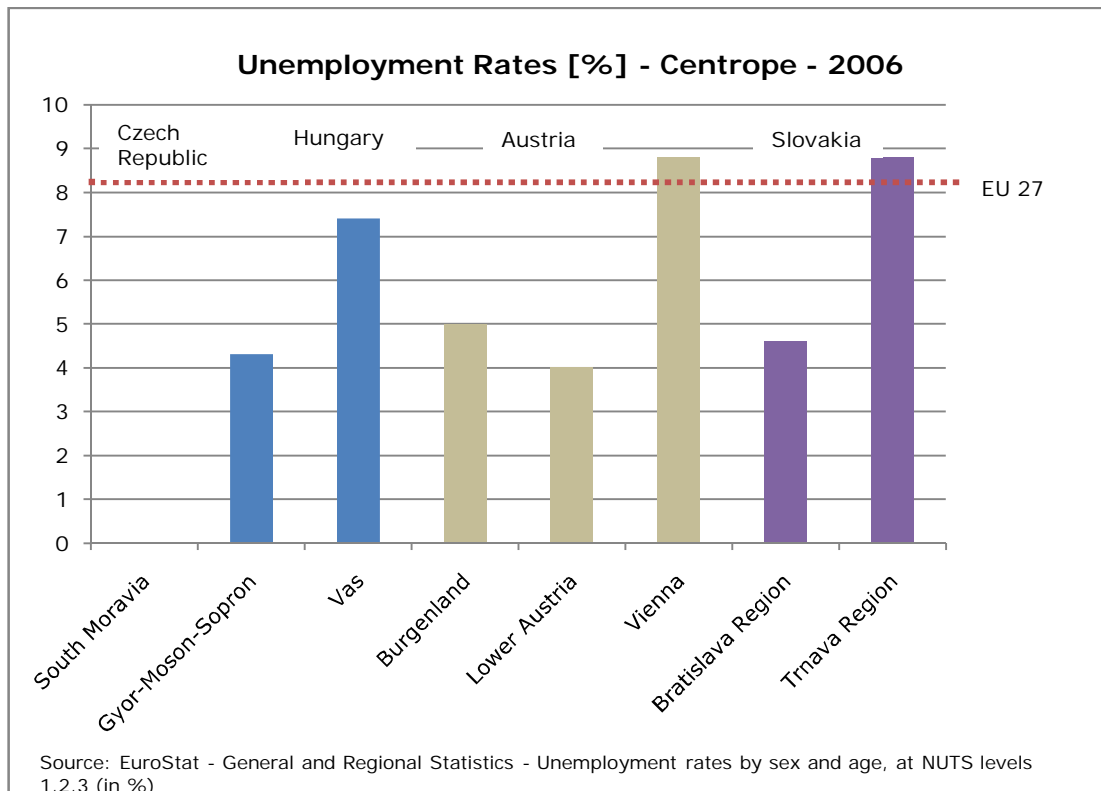
Source: Own Creation

This fast growth can especially be seen in the Bratislava Region. The GDP (PPP) growth in the region in the year from 2000 to 2005 was around 60%. The

second highest growth is also found in Slovakia in the Trnava Region. The GDP (PPP) here in 2005 was around 40% higher than in the year 2000.

4.1.2.2 Labour Market of Centrope

The labour markets in Centrope will grow closer together in the following years. This will be accelerated when Austria opens the labour markets for the new EU member states. The end of the labour market restriction will bring change in the labour market of the whole region and particular in the municipalities located directly on the borders. This new dynamic will be a challenge for both the Austrian side and the new EU member states in Centrope. Due to higher wages in Austria the competition in the labour market on the Austrian side will be tougher. Especially poorly educated people and workers with little skills will feel this competition. On the other hand there is the fear in the new EU member states that the workers will follow higher wages and there will appear a shortage on workforce in these countries. Gabor Mayer stated in an interview, he is afraid that to many workers form Györ are going to Austria for higher wages. This can cause big problems in the workforce market and therefore also in the economic development of the city when trained workers are limited. (Mayer, 2008)

Figure 4-7: Unemployment Rate [%] – Centrope 2006

Source: EuroStat - General and Regional Statistics - Unemployment rates by sex and age, at NUTS levels 1,2,3 (in %)

Compared to the European labour market Centrope can be considered as a region with relatively low unemployment rates. The highest unemployment rates are in the Trnava Region and Vienna. These two regions have 8,8% unemployment slightly over the 8,2% EU average of unemployment. The unemployment rate in Vas is 7,4% a bit lower than the EU average. Györ-Moson-Sopron, Burgenland, Lower Austria and Bratislava Region have a unemployment rate between 4% and 5,1% (see Figure 4-7).

One of the best methods to solve the problem of unemployment of lower skilled workers is a good education system.

Figure 4-8: Education Structure of working-age population (15-64), 2006
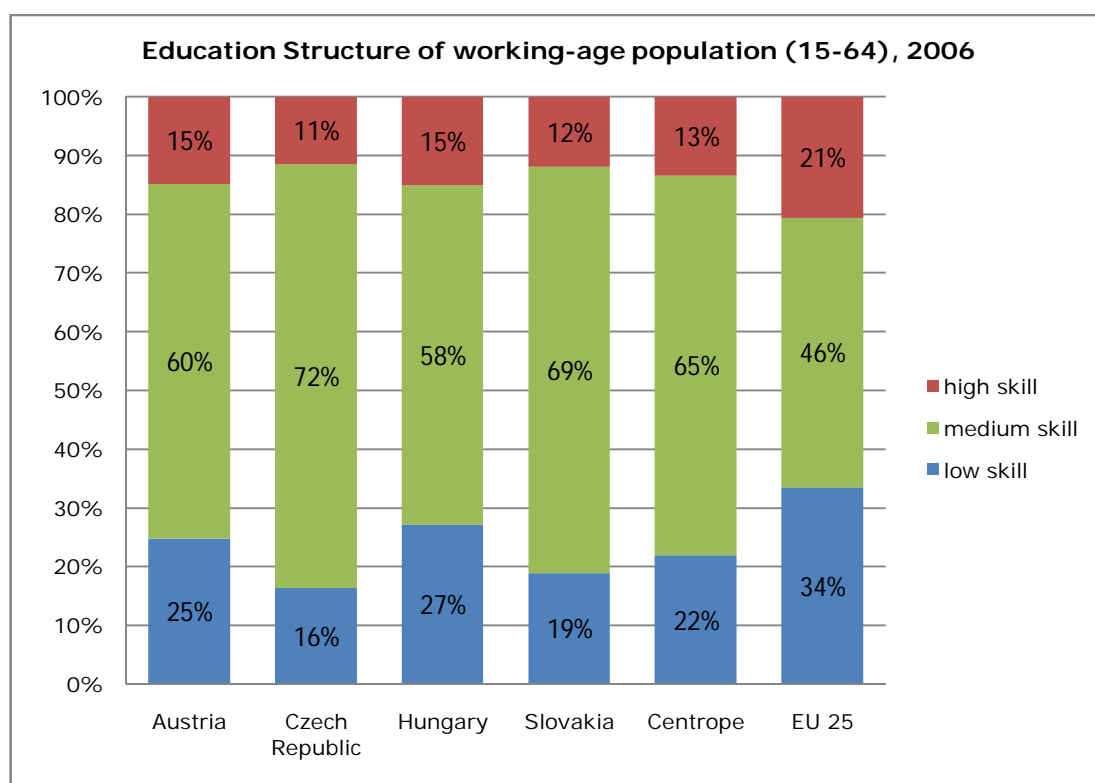
Source: Own creation; database: (WIFO; wiiw, 2007 p. 26)

In general Centrope is characterised by a highly qualified workforce that has its strongholds in the secondary and upper secondary education levels. In particular in the regions of the Czech Republic and Slovakia around 80% of the employed have a completed secondary education. The share of population with a tertiary education is, however, below the European average in all parts of Centrope except the capital cities of Vienna and Bratislava, where around a quarter of the workforce has a completed tertiary education. (see Figure 4-8)(WIFO; wiiw, 2007 p. 5)

4.1.3 Economic Clusters in Centrope

In Centrope many economic clusters are found.

The wider Centrope region is becoming significant for the automobile industry. More than 3 million cars will roll off the Central and Eastern European assembly lines in 2008. Approximately 5 percent of the vehicle production worldwide will be manufactured in this region. Ten automobile manufacturing plants are already located within a radius of 300 kilometres of Vienna. The large international automotive suppliers followed the automobile manufacturers to this region. However the majority of the necessary parts still come from West and South Europe. (Automotive Cluster Vienna Region)

Figure 4-9: Automotive Production in Centrope
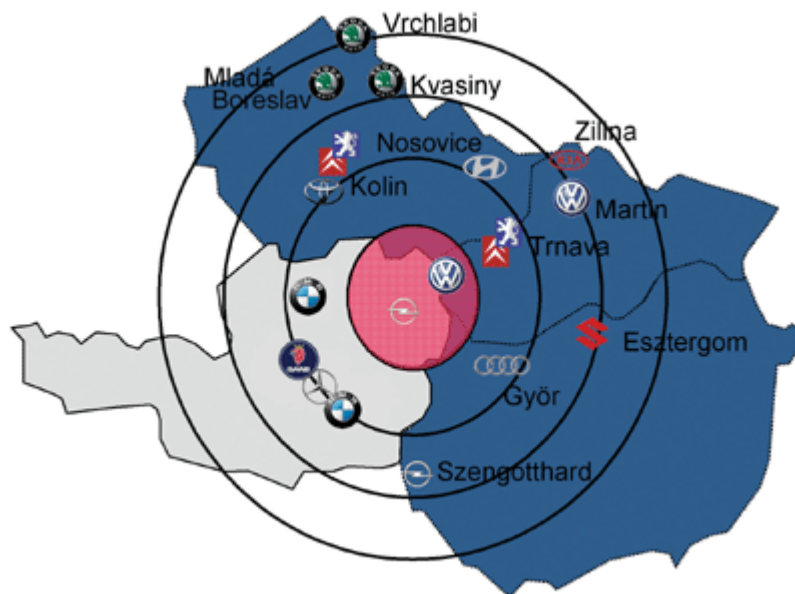
Source: (Automotive Cluster Vienna Region)

The Automotive Cluster already started to co-operate on e Centrope level. But the co-operative efforts are still week and have to be strengthened to build up a cluster which survives over political borders. The members of the Automotive Cluster Centrope are the three automotive clusters Automotive Cluster Vienna Region (ACVR), Automotive Cluster Western Slovakia and Pannon Automotive Cluster (PANAC) in Hungary. The automotive industry of the Czech Republic is not a member of the Automotive Cluster Centrope.

There are also other clusters in different working fields found in Centrope. Examples are the Life Science Austria Vienna Region (LISA VR) or the Pannon

Thermal-Cluster. Even though there are existing similar cluster in other parts of Centrope these clusters are not yet connected on a Centrope level.

4.1.4 Transport Infrastructure in Centrope

A good transport network is important to lower disparities within regions. It helps to bring the people of the different parts in the region closer together. This is important where natural borders like rivers are separate two areas.

External transport links connect Centrope with the rest of Europe. Trough such links Centrope is the gateway between Western and Eastern Europe. This can be an advantage for setting up businesses.

4.1.4.1 Trans European Transport Network in Centrope

In the area of Centrope multiplicity TEN projects are designated. These projects will develop the accessibility of the region to the rest of Europe. The transport projects which are going through Centrope are important connections between the Western European and the Eastern European countries. In Table 4-2 all TEN projects which are located or going through Centrope are listed.

**Table 4-2: Trans European Transport Networks in Centrope**

Nr.	Project	Priority Section	Status	Work
17	Railway axis Paris–Strasbourg–Stuttgart–Vienna–Bratislava	Salzburg–Vienna	1990–2012	Upgrade
		Vienna–Bratislava cross-border section	2004–12 (2010)	Upgrade
18	Rhine/Meuse–Main–Danube inland waterway axis	Vienna–Bratislava	2006–15	Improve navigability
22	Railway axis Athens–Sofia–Budapest–Vienna–Prague–Nuremberg/Dresden	Budapest–Vienna	2006–10	Rail (upgrade)
		Breclav–Prague–Nuremberg	2005–16 (2010)	Rail (upgrade) and ERTMS
		Prague–Linz	2005–17 (2016)	Rail (upgrade)
23	Railway axis Gdansk–Warsaw–Brno/Bratislava–Vienna	Katowice–Breclav	2007–10	Rail (upgrade)
		Katowice–Zilina–Nove Mesto n.V.	2006–15 (2010)	Rail (upgrade)
25	Motorway axis Gdansk–Brno/Bratislava–Vienna	Katowice–Brno/Zilina motorway cross-border section	2004–10	Road (upgrade and new)
		Brno–Vienna motorway crossborder section	2003–13 (2009)	Road (new)

Source: (Directorate-General for Energy and Transport, 2005)

4.1.4.2 Road Network

In most parts of Centrope the road networks are well developed. In Figure 4-10 the roads are classified in three levels. Level 1 confers to a high speed highway, which is comparable with the Austrian "Autobahn". Level 2 is in the Austrian system comparable to "Schnellstraßen" and level 3 is comparable to important "Bundesstraßen".

Figure 4-10: Road Network in Centrope
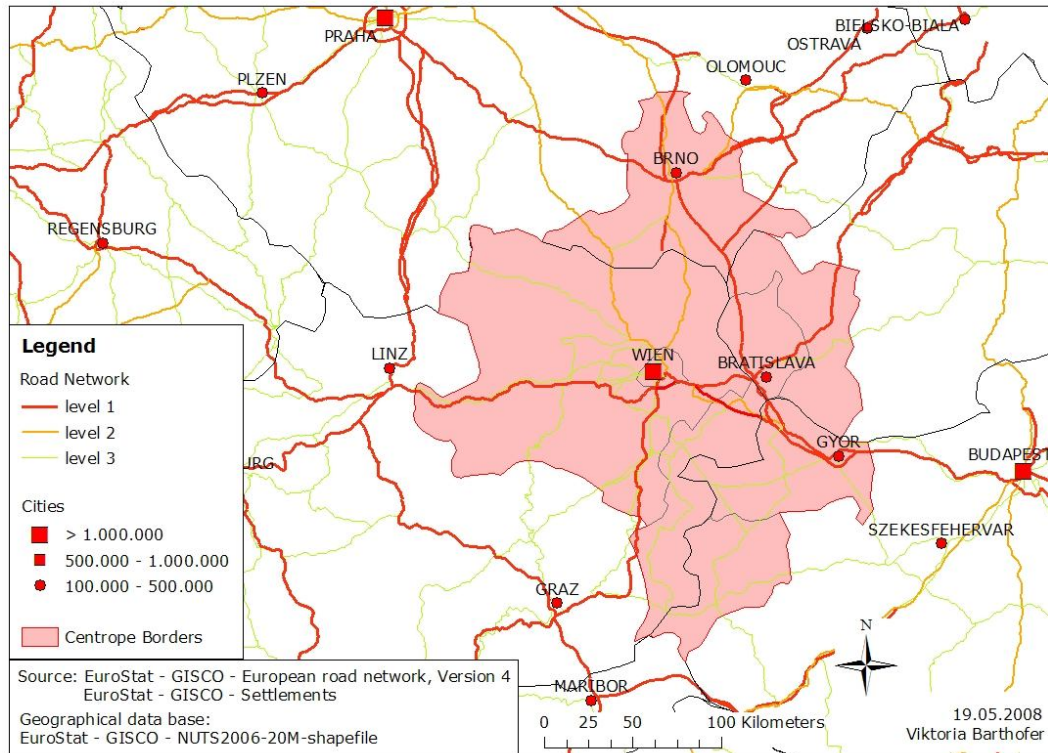
As seen in Figure 4-10 there is a good connection between the cities Vienna and Bratislava. A weakness in the road system in Centrope is the connection from Lower Austria and Vienna to the Czech Republic. There is no high speed highway to the city Brno or to Prague, but the connection from Vienna to Brno is already a TEN priority project (see Table 4-2). This project is in progress under the name Nordautobahn on the Austrian side. This Highway should lead from the north of Vienna to the town Drasenhofen on the Austrian border with the Czech Republic and then to Brno. (Amt der NÖ Landesregierung, 2007) As Friedrich Zibuschka mentioned this project is right now on a difficult path. On the county level in both countries has been decided about the route of the road. However the national government of the Czech Republic didn't approve this decision and therefore the project stagnates. (Zibuschka, 2008)

Another weakness in the road network in Centrope are missing bridges over the March River, which builds the northern border between Slovakia and Austria until the March River flows into the Danube River in Bratislava. These missing connections maintain the development on both sides of the border. The border municipalities on the south of the Danube River do not have such barriers. Therefore development and integration is easier in these municipalities. (Wollanzky, 2008)

4.1.4.3 Railway-System and Airports

Figure 4-11: Railway-System and Airports in Centrope
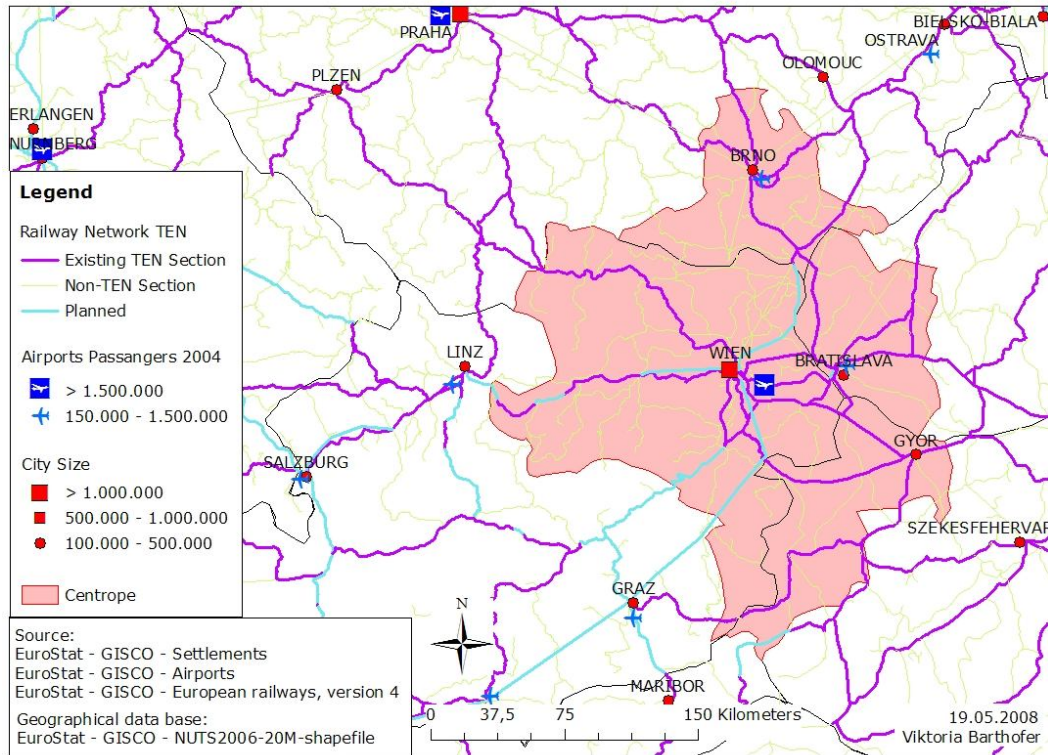
In Figure 4-11 the railway system and the main airports are shown. The figure also shows the existing TEN sections as well as the TEN projects. Important projects in the region are the upgrade of the Westbahn, which leads to a better connection between Paris – Strasbourg – Stuttgart – Vienna and Bratislava, the upgrade of the section Vienna and Budapest, Breclav–Prague–Nuremberg and Prague–Linz as well as the upgrade of the railway axis Gdansk–Warsaw–Brno/Bratislava–Vienna (see Table 4-2).

Centrope has one big airport (Vienna International Airport) and two medium sized airports (Airport Bratislava and Airport Brno-Turany). The two medium sized airports offer mostly cheap inner European flights. The Vienna International Airport offers over 100 destinations worldwide. Many of these destinations are East of Vienna. The airport is the gateway between the East and the West. (Austrian Airlines Group)

4.2 Co-operation in Centrope

Co-operation under the name Centrope started on two different levels. There where two main co-operation projects, one on a political level with the projects "BEAR-Building a European Region" 1 (2003-2006) and BEAR 2 (2006-2007) and one on a business co-operation level with the projects "DIANE- Direct Investment Agency Net" (2002-2005) and "FID-Foreign Direct Investment in Centrope" (2005-2007). Now the political and business actors applied together for a new project Centrope III.

4.2.1 Centrope on a Political Level

The starting point for Centrope on a political level was in September 2003 at the political meeting in Kittsee. The governors, county presidents and mayors of the border quadrangle in Czech Republic, Slovakia, Hungary and Austria agreed upon the joint establishment and support of the Central European Region - CENTROPE. Within the framework of Interreg IIIA[13] the project BEAR 1 was established. In this project the necessary groundwork was laid to render possible the establishment of CENTROPE as a cross-border region and committing co-operation framework. (Project Secretariat Arge Centrope) The commitment for this project came from the Slovakian counties Bratislava and Trnava, from the Hungarian Komitat Györ-Moson-Sopron, form the Czech county South Moravia and from the Austrian Bundesländer Lower Austria, Burgenland and Vienna. Also the mayors of the cities Bratislava (SK), Trnava (SK), Brno (CZ), Györ (H), Sopron (H), Eisenstadt (A), St.Pölten (A) and Vienna (A) committed further co-operation.

The second summit meeting in Centrope was held in 2005 in St.Pölten. In this the politicians confirmed further co-operation in building up a common European region. (Centrope Consortium, 2006 p. 12)

The third summit meeting took place in Vienna in 2006. Here the new project BEAR 2 (Centrope plus) started. In this project the Komitat Vas (H) joined the co-operation in Centrope.

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[13] INTERREG III A (2000 - 2006) - Cross-border cooperation between adjacent regions aims to develop cross-border social and economic centres through common development strategies. ((European Commission - Regional Policy Inforegio)

In this meeting the main fields where co-operation should focus were decided on.

- **economy, innovation, research & development** embody the future-oriented thematic area. In the face of international competition, strength in innovation is the key factor for sustainable growth conducive to prosperity;
- **infrastructure, transport, environment & planning** stand for the structural angle that is to lay the foundation for sustainable regional development;
- **labour market, qualification & employment** cover the social aspect where innovative concepts and measures can contribute to resolving economic, social and budgetary challenges;
- **culture, creativity, leisure, sports & tourism** make up the thematic area concerned with identity. Measures taken in this area facilitate communication beyond linguistic barriers and support the emotional 'growing together' of the Central European Region. (Centrope Consortium, 2006 p. 12)

The latest summit meeting was in Bratislava in November 2007. In this meeting it was decided about the new Centrope project, which will start in 2008. In this project also the Hungarian city Szombathely will participate. The meeting in Bratislava was a milestone in the co-operation of Centrope. It was the first time a summit meeting of Centrope was held outside of Austria. Another big change was that the partners agreed on further co-operation in the area with a totally new structure. This structure will have a new Basis Co-operation as a coordinating body and the Allianz Co-operation as working body.

4.2.2 The Development of the "Project" - Centrope

In the first Centrope period (2003-006) the project BEAR 1 was established. The second Centrope period (2006-2008) was just a temporary solution with the follow up project BEAR 2. Both these projects were each established as 3 identical bilateral projects in the cross-border regions Austria-Czech Republic, Austria-Slovakia and Austria-Hungary. Within these two projects the Austrian Bundesländer Vienna, Lower Austria and Burgenland were the project executing organization. BEAR 1 and BEAR 2 were exclusive financed by the Austrian side and were additionally funded by the Interreg Program IIIA. The operative work was sourced out to a consortium with the name Arge Centrope. (Lutter, 2008a) The Arge Centrope consists of following companies and sub-contractor:

- ECO PLUS – The Business Agency of Lower Austria (www.ecoplus.at)

- Europaforum Wien – Centre for Urban Dialogue and European Policy (www.europaforum.or.at)
- RMB Regionalmanagement Burgenland (www.rmb.co.at)
- Regional Consulting (www.regcon.co.at)
- WIBAG – Business Service Burgenland (www.wibag.at)
- VBA – Vienna Business Agency (www.wwff.at)

Next to the project BEAR 2 on the Austrian side, there started also a bilateral Interreg IIIA project on the Slovakian side with the name "DOM Centropy" in 2007. This was the first time that one of the new EU member states of Centrope built up there own work capacity. (Lutter, 2008a)

In the current Centrope period (2008+) new co-operation forms with one Basis Co-operation and a multiplicity of Allianz Co-operation is in the process of establishment. To raise EU funding for this project the application for the project is right now in a ratification process within the EU objective European Territorial Co-operation (2007-2013) in the program Transnational Co-operation - Area Central Europe. The new project is compared to the old Centrope projects under the program of territorial co-operation and not under cross-border co-operation. Therefore just one common project from all the Centrope countries together will apply for funding. Another renewal in this project is also the Centrope members from the Czech Republic, Slovakia and Hungary are helping to finance this project.

In the new Centrope project the Basis Co-operation should be the backbone of the co-operation in Centrope. Therefore a basic structure with an office in each Centrope country will be established. Every office will coordinate the different Centrope activities within the country. The offices should also work closely together with each other. (Lutter, 2008a) The main tasks of the Basis Co-operation will be

- the guidance of summit meetings,
- to create lobbying strategies especially on the national level,
- the creation of knowledge management,
- public relation of Centrope,
- the implementation of pilot projects in common thematic fields.

Next to the Basis Co-operation there will be a multiplicity of Allianz Co-operation. These Allianz Co-operation are thematically working groups (Ladich, 2008). They can be formed whenever they are required for certain projects. In these Allianz Co-operation interested Centrope partners, external partners and experts will work together. The Allianz Co-operation should emerge and work autonomous and after the project is over the co-operation can split up again. Many of these

Allianz Co-operation have there origin in the working groups of the old Centrope period. The Basic Co-operation should support these Allianz Co-operation with building up networks, lobbying on a political level, etc. (Lutter, 2008a). The establishment of two co-operative forms should keep the co-operation as slim and flexible as possible.

Figure 4-12: Centrope III - Concept of the new Co-operation Principles
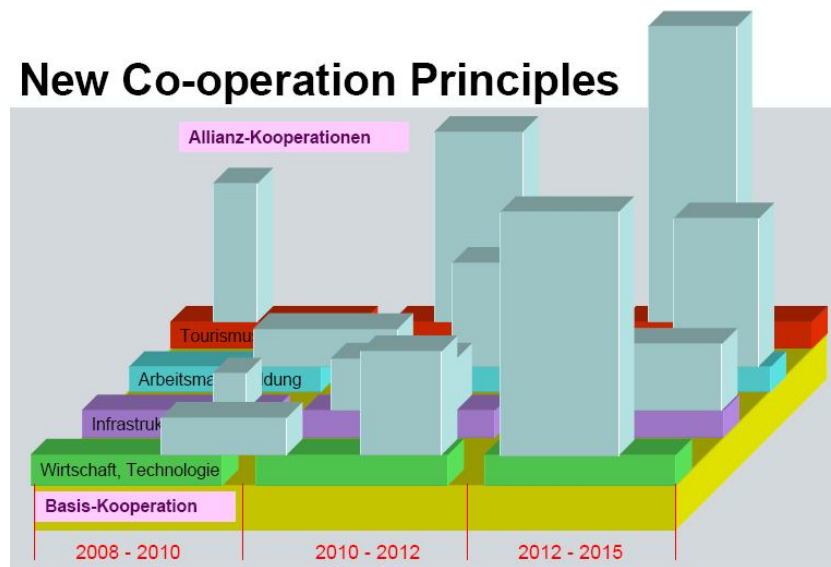
Source: (Lutter, 2008b)

To keep the co-operation focused there will be a concentration on four working fields in the Centrope period 2008+. Those working fields are:

- **Development Economy, Innovation, Research & Development** with a focus on Competence Networks & Clusters; Instruments for Innovation & Co-operation; University & Research Co-operation and CENTROPE Location Marketing
- **Transport, Planning, Infrastructure, Environment** with a focus on Water Protection & Management and Long-term Spatial Development
- **Labour Market, Employment, Qualification** with a focus on Strategy Economy & Labour and Qualification
- **Tourism, Culture, Leisure, Sports** with a focus on Tourism and Culture (ARGE Centrope, 2007)

4.2.3 Output of the Centrope Co-operation on a political level

The Centrope co-operation is still new and not that well established, even though there are already many outputs from this co-operation. The most important outputs so far are an intensive networking between the different actors of the region.

Next to these important soft facts the co-operation effort can be seen in the pilot projects or in the documents which were created over the last years.

CENTROPE Pilot project "Map"
In co-operation with statistical offices, the GIS-related authorities of the Federal Provinces of Burgenland, Lower Austria and Vienna and the partners in the neighbouring countries, the pilot project 'CENTROPE Map' was found to establish a cross-border geo-data pool. This should offer users online data material and analyses and thus improve the level of knowledge concerning the new European region. As a portal for digitised information on the Central European Region, 'CENTROPE Map' will create a basis for co-ordinating cross-border projects and plans in such areas as traffic, environment and urban development.(Project Secretariat Arge Centrope)

This pilot project is now autonomous and to find under the PGO (Planungs-gemeinschaft Ost) from the federal states Lower Austria, Burgenland and Vienna. It is not getting funding from the EU anymore. (Wollanzky, 2008)

More information on Centrope Map can be found under: Planungsgemeinschaft Ost - http://pgo.centropemap.org/

CENTROPE pilot project "Labour"
During the pilot project run, the CENTROPE labour market platform was used as a co-ordination and information forum. The mutual exchange of current developments and ongoing activities initiated a sort of labour market monitoring system for the region. On the basis of these activities, the experts were able to derive conclusions for the development perspective contained in the 'Vision CENTROPE 2015' as well as to formulate concrete recommendations for the CENTROPE agenda 'labour market & qualification'. (Project Secretariat Arge Centrope)

CENTROPE pilot project "Regional Management"
The 2007-2013 programme period of the EU will entail significant changes for the border regions with regard to the development and implementation of joint

projects. Above all regional management bodies, which in some cases also manage cross-border associations (e.g. EUREGIOs) and are involved in the co-ordination of micro-regions, will be intensively concerned with the new Objective 3 'Territorial Co-operation'.

To be able to meet these new challenges, a network of regional managements and regional organizations in the border area was created within the context of the Centrope pilot project 'Regional Managements' to prepare for the upcoming EU programme period. This is to safeguard the sustainable development of rural areas in Centrope as well as to implement the motto of Centrope 'we grow together – together we grow' at a small-scale regional level. In addition to the regional management bodies and regional development agencies of South Moravia, Záhorie, Senec-Pezinok, West Pannonia, Burgenland, Lower Austria-Industrieviertel/Industry Quarter, Lower Austria-Centre and Weinviertel, CENTROPE partner regions and cities also participated in this activity. (Project Secretariat Arge Centrope)

CENTROPE pilot project "Image"
Together with creative experts the pilot project developed an innovative advertising and merchandising concept for Centrope that can be used throughout the region. The recommendations are to be integrated in the long-term PR and marketing concept of Centrope. (Project Secretariat Arge Centrope)

Other Centrope pilot projects in the region are the pilot project "Bio Substances", the pilot project "Enter CENTROPE", the pilot project "Sound" and the pilot project "Sailing".

Project- Spatial Structure
An upcoming project in the new funding period (2008-2013) will be the project "Spatial Structure". This project is a research project, which will develop comparable homogeneous basic data in the areas of demographic development, mobility development, settlement area development, etc. This data is available on national prognoses, but not for regional prognoses. A homogenisation of this data is important for a future development of the region and to gain funding for future projects from the EU. Right now the project stagnates because of financial issues of the Centrope partners from Czech Republic, Slovakia and Hungary. In this project all partners should participate for an area-wide basic database. (Madreiter, 2008)

CENTROPE Business and Labour Report

The Centrope Business and Labour Report was published in 2007. In the report the economic situation of the Centrope region as well as the labour market situation is analysed. The current economic development as well as an outlook is shown. At the end the report gives policy recommendations. (Project Secretariat Arge Centrope)

Centrope Vision 2015

The Vision CENTROPE 2015 highlights the development process achieved so far and shows where Centrope is currently at and what Centrope aims to attain in the future. It reflects the progress made over the past two years; at the same time, it provides a basis for discussion in order to deepen the joint efforts in coming years.

Each of the chapters in the Vision are dealing with different thematic areas begin is with a description of the border quadrangle in 2015, outlining the potential situation after one decade of joint development work. The subsequent text sections present the development status in 2005/2006 and focus on the specific conditions and situations in the quadrangle by duly presenting the problems, challenges, differences, opportunities and co-operation results achieved so far. The 'Development Perspective' and 'Agenda' sections superimpose the vision for the future on the current situation to derive fundamental strategic orientations and options for priority action that will contribute to the success of the Central European Region. (Project Secretariat Arge Centrope)

4.2.4 Co-operation on a Business Level in Centrope

The co-operation started in 2001 with the project Direct Investment Agency Net Cross-border Business Co-operation for Central Europe - DIANE (2001-2004). This was the first co-operative efforts in this region also before the co-operation on a more political level. The follow up project for DIANE was the project Foreign Direct Investment in Centrope – FDI (2005-2007). Both projects were Interreg IIIA projects. The co-operation area Centrope of the business co-operation is not totally identical with the more political oriented co-operation. Here the Czech region South Bohemia is also member (see Table 4-3).

Table 4-3: Co-operation Regions of the Centrope Business Co-operation

Partner Country	Region
Austria	Provinces: Vienna, Lower Austria, Burgenland
Czech Republic	Provinces: South Bohemia, South Moravia
Slovakia	Provinces: Bratislava, Trnava
Hungary	Komitat: Györ-Moson-Sopron, Vas

Source: Own creation

From these regions the investment promotion agencies are building a inter-regional, cross-border network. Members of this co-operation are the following:

Figure 4-13: FDI in Centrope Partner Network

Source: (ARGE DIANE)

The main intention of these projects was to promote the region internationally as an attractive business location with its numerous advantages, such as its favourable geopolitical situation. A considerable amount of awareness has been achieved through the introduction of the brand and region name "Centrope", which was developed within DIANA in co-operation with the Interreg IIIA Cernet project. (Arthesia AG, 2007) Besides the development of such a successful brand, the project brought new co-operation networks, etc. One main output is the development of a website which has an integrated investor service. The website gives general information about the region, and points out its benefits

like the central location in Europe, the good infrastructure connection, the labour market, the quality of life in the region, etc. The investor service gives a short overview how Centrope can help an investor if she/he is investing in the region.

Also the project FDI is now over. The new project on the business level will be merged with the project on a more political level in the new Centrope III project. (Tatzberger, 2008)

4.3 Territorial Assets in Centrope

Centrope is a young region where co-operation on a political level started with the first BEA project in 2003. The co-operation structure is still not well established and the co-operation is not stable.

Compared to the BSR, Centrope has no common asset, like the Baltic Sea in the BSR, but there are many links on which the region can build and grow.

4.3.1 Assets of the "Traditional Square" in Centrope

Location of Centrope in Europe

Since the fall of the "Iron Curtain" in 1989 the region has moved from being located on the outskirt of Europe to the centre of Europe. This development was accelerated through the EU membership of Austria and later by the Czech Republic, Slovakia and Hungary. The region is now one of the main gateways between the Eastern European countries and the Western European countries. This position is quite interesting for investors in the region. The new Eastern European market has high growth potential. Many companies enter the Eastern European market from this location.

Centrope as a Border Area

Centrope is located over 4 countries. The four country borders are within 150 km. This causes problems with the language, cultural differences, high disparities but it has also has a high potential to gain EU funding. One of the biggest funds comes from the program European Territorial Co-operation – Cross-Border Co-operation. Most of the Centrope area is in a zone where this funding can be applied for. This money is only possible to gain, when the project is a cross-border project. Therefore co-operation on both sides of a border are required.

The border area between Austria and Czech Republic, Slovakia and Hungary are also economically interesting. Through the fall of the "Iron Curtain" these two big markets start to grow together. Many Austrians benefit from the cheap services like hair dresser or dentists and from the more liberal opening hours on the other side of the border. On the other hand in Austria the label cloths are cheaper. This is interesting for people from Czech, Slovakia or Hungary to come shopping to Austria.

This is one example of links that exist over the borders. But the conditions are still not so equal that Austrian's would go easily to Hungary for employment.

Since the income levels in different areas of Centrope are still too varied. But also the language competence is not high enough in the border areas even though some people on the border speak their neighbour's language.

The axes Vienna and Bratislava as the Centre of the Region
Vienna the biggest city of Centrope is located in the centre of the region. From there good connections to the small and medium sized cities are given. It is possible to go from Vienna to all other main centres of the region within 3 hours. The nearest centre to Vienna is Bratislava the second biggest city in Centrope and the capital city of Slovakia. These cities are less than 1 hour by car or train from each other. Therefore they build the economical, cultural, etc. centre of the region. This centre attracts global companies, tourists from all over the world, etc. Big universities are located in these two cities and a high amount of research and development is given. Therefore Vienna and Bratislava are called a twin city and are the engine of the region.

In future development there must be a focus that no "forgotten" hinterlands develop next to the twin city. Therefore the small and medium sized cities in the surrounding have to try to become better connected to the core and to attract also investors into their area. Those cities can benefit companies that want relatively cheap land and want to be close to the twin city core.

Infrastructure in Centrope
Centrope can be seen as the gateway from Western Europe to Eastern Europe. Due to the good infrastructure especially from Vienna to Bratislava and Budapest the name gateway to the East is justified. There are good train and highway connections given in the region. From Vienna great connections to the rest of Europe and world wide are given. The train network as well as the highway network is well developed. Near Vienna the biggest airport of the region is located. This airport has destinations world wide.

Industry and Cluster in Centrope
Centrope has a strong industrial background. The Czech Republic is extremely strong in the industrial field and also in the automotive industry. Slovakia and Hungary do not have as strong a background, but international companies settled down in these countries in the last years. For example in Slovakia close to the Austrian border there is a Peugeot and VW plant located and in the Hungarian Györ there is an Audi plant located.(Mayer, 2008) These big

companies have also many supply companies in their surrounding. The automotive industry has a strong cluster in each country. The establishment of an automotive cluster on a Centrope level started already and has the potential to be further develop. Other industries which are strong developed in Centrope are the tourism industry, the life since industry, etc. These industry clusters are not yet connected on a Centrope level.

The Workforce in Centrope

The workforce especially in the main industry is something in common in Centrope. The national borders are disappearing within the Schengen area. (Mayer, 2008) After Austria opens the labour market totally there will be a high exchange of labour especially in the border areas. This common bigger labour market is a high potential for companies to get high educated people to work for them. The competition within the labour marked will rise and there will also be some losers of this competition. These are especially poorly educated people.

To have an exchange on labour in both directions the income in the Eastern European countries has to rise. Especially in the beginning many people will try to find jobs on the Austrian side where the income is significant higher.

Centrope Map

Centrope Map has gone from a pilot project to a permanently established tool in the region. Centrope map has the map material over the entire region saved. Statistical data from the different countries in the Centrope region are being attached over time to these maps. Over a homepage the actors in the region have access to the maps and the statistical data of the region. (http://www.centropemap.org/) Therefore Centrope Map is becoming more and more important for regional planners and politicians in the regions.

4.3.2 Assets of the "Innovative Cross" in Centrope

Networking and Co-operative Capability

Cross-border co-operative efforts started in the region after the fall of the "Iron Curtain". The first field where co-operation was needed was the development of the cross-border transport systems. But also business co-operation and co-operation in tourism started. Next to these thematic co-operation fields city partnerships were built with the cities on the other side of the border. This partnership should create networks between the cities. In these networks, cities

can discuss common problems with each other. They can learn how other cities are dealing with similar problems. The actors of the cities can get to know each other better and an understanding and partnership can be built up.

On a wider political level co-operation in the region started with the project Building a European Region (BEA1) this was the beginning of Centrope from a political point of view. Since that time networks developed in the region. The political actors and also the administrative labour got to know each other.

Next to this political co-operation project also a business co-operation project was established in Centrope in the last few years. This project has the overall goal to attract investors and to help them to start up business in the region.

After this beginning phase of Centrope the region is now in a changing process. These first few years had the challenge to build up networks and to start first co-operation projects within the region. On these networks and co-operative capability the region can build in the future.

New Centrope Structure

Also an output of the co-operative efforts in the last few years is the establishment of a new Centrope structure. This will be done within the new Centrope project, which will run under the program Territorial Co-operation within the EU. One benefit of this program is that just one project application for all four countries is needed. Another renewal in this project is that the cities and regions of the Czech Republic, Slovakia and Hungary are helping to finance this project and they are also receiving co-financed by the EU. This should lead to a higher involvement of the actors of these countries.

Also the structure of the project will change compared to the previous projects. There will be in every country an office which has a coordinating function. These offices are building the Basis-Co-operation. Next to this Basis-Co-operation there will be a multiplicity on Allianz-Co-operations which will be in charge to deal with projects.

Austrians EU experience

Austria is the county with the longest EU experience in Centrope. It also had the benefit that it was on the western side of the "Iron Curtain" and could develop the country and the economy within the country after the Second World War.

Through this EU experience Austria has more knowledge about how to deal with EU applications, what is the best way to apply for funding etc. This knowledge is important for co-operations between Austria and the other Centrope regions. Therefore Austria will also take over the lead partner of the next Centrope project to benefit from Austria's EU knowledge in the project. The other partners have the possibility to learn from Austria and to get more experience with working on EU projects.

4.4 Mobilising Territorial Capital in Centrope

The mobilising of territorial capital in Centrope will concentrate mostly on the co-operative efforts in the region. As already mentioned above there is a new structure for future co-operation in Centrope. This structure is not yet established. It is in development and the application process to get funding for this new Centrope project is not yet completed.

The next section will give the new structure in Centrope some recommendations for future work. One main thing which is missing in Centrope is the focus on a clear goal. In the last few years the main efforts in Centrope were to build up a co-operative structure and networks all over the region. Centrope always had some areas where to concentrate on, but the output was not so observable.

Next to this there will also be some recommendations for different sectors in the regions especially for the sector spatial development.

4.4.1 Focus on One Common Goal

Centrope is a new region, which has existed since 2003. In the last few years some co-operative efforts started on a political level. Before that there were some co-operations in a more economical level which started in 2001. All Centrope projects were so far funded by the EU. The previous political projects were funded by Interreg programs for cross-border co-operation. Therefore these projects also had to follow the aim from the EU for cross-border co-operation, which aims to develop cross-border social and economic centres through common development strategies (European Commission - Regional Policy Inforegio).

Now the new Centrope project is being funding within the transnational co-operation program Central Europe. The programme encourages cooperation among the countries of Central Europe to improve innovation, accessibility and the environment and to enhance the competitiveness and attractiveness of their cities and regions (Central Europe). Within this goal the new Centrope project should work.

For the new project there are four fields developed where co-operation efforts should focus. These fields are:

- Development economy, innovation, research & development
- Transport, Planning, Infrastructure, Environment
- Labour Market, Employment, Qualification
- Tourism, Culture, Leisure, Sports (ARGE Centrope, 2007)

All these fields influence the economy in the region. Therefore it looks as if the region has the overall goal for a better economical cohesion. But to reach such an economical cohesion there has to be more then just single projects in this direction.

4.4.2 Economical Cohesion in Centrope

Co-operation efforts on a business level started in Centrope 2001. There were two main projects which had the goal to attract companies to invest in the region. They gave services and information for investors how to invest in the region. The investment promotion agencies of Centrope built up interregional and cross-border networks.

Next to these networks there are some efforts to build up cross-border clusters in the automotive industry. These clusters are still week and have to be strengthened.

1. **Establishment of Strong Clusters in Centrope**
   The Automotive Clusters in the single countries are already well established and have the goal to network the existing expertise and to initiate innovative projects. In such a cluster next to the classical automobile subcontractors the electronics and telematics subcontractors as well as various service providers, research, development and educational facilities can be partners.
   The cross-border Automotive Cluster Centrope is still weak. Members of this cluster are the single automotive cluster of the Centrope countries. The Automotive Cluster Centrope has to become more developed, to be seen worldwide.

2. **Establishment of other Clusters in Centrope**
   Next to the strong automotive industry, Centrope has other fields where it can concentrate on. Smaller cross-border clusters can be established for example in the field of tourism. The south-eastern parts of the region can concentrate on the thermal and health industry. In this area there exists already the Pannon Thermal Cluster in Hungary. This Cluster should connect with similar clusters in other areas in Centrope.
   Another field were Centrope can concentrate on is renewable energy. In this field there is already some co-operation in the field of biomass in Lower Austria, and Brno in Czech. These co-operation efforts should be extended. The big wind farms which exist already in Lower Austria and

Burgenland can be included in this co-operation efforts and a big renewable energy cluster has the potential to develop in Centrope.

3. **Political Backing**

    Next to the building up of clusters the political backing is needed to build up one common economical area in Centrope. The political backing from the single counties and cities in the region is so far given. Those politicians committed to build up the Centrope region and also to build up a common economical area. But next to those politicians it is also important to become support from the national government. This support on the Austrian side could lead to an opening of the job market. Therefore the politicians have to take the fear for a flooding of the job market from the east, etc.

    This is one area where political backing also from the national government is needed. The national government has to become informed of the development that is happening in this border area, but it also has to get involved in the work of Centrope. Otherwise there is the fear that the region could reach a point of stagnancy.

4.4.3 Recommendations for the Co-operation Structure in Centrope

The new Centrope project can be seen as new start for Centrope. The Basis Co-operation will bring a new structure. There will be an office in each Centrope country which has to deal with co-operation, networking, etc. in the country. Below are a few recommendations for this Basis Co-operation to make there work more successful.

4. **Clear Structure**

    It is important that the new Basis Co-operation has a clear structure. The people working within the Basis Co-operation have to know their exactly functions. But not just the people in the offices in the Basis Co-operation have to know their functions also all other actors, which deal with Centrope have to know what kind of help they can expect from the Basis Co-operation. For example these Basis Co-operation offices in the countries are the contact point if the actors want to get in touch with actors of the neighbouring countries.

    Another part of work for the office could be to deal with the administration within the countries to get the needed signatures for the work on a specific topic. This was a problem in the past as Harald Ladich

mentioned (Ladich, 2008). The benefit of that would be that the administration knows the people they deal with, they speak the same language and they know the administrative culture within the county. Due to that a project has a faster progress and costs can be lowered.

The interviews with some actors from Centrope made clear, that an overall co-operation structure is needed to distribute information to all 16 partners and to keep an overview over the projects and actions which take place in the region.

5. **Development of Networks**
One important role of this Basis Co-operation is to build up networks and to strengthen them. For example in the field of environment it is important to bring political actors but also NGOs and environmental organizations within the region together. Networks should be built within different sectors, for example the environmental sector, the economy sector, tourism, spatial planning, etc. Here public but also private actors and NGOs should be parts of these networks.
After these networks are well established a cross-sectoral approach has to be taken into account.
The Basis Co-operation in each country has the duty to be in contact or establish contacts to the major players in their county. Therefore the Basis Co-operation has a coordinating and platform function (Zibuschka, 2008).

6. **Lobbying on a National and European Level**
One important function of the Basis Co-operation will be lobbying on the national but also on a European level. One goal of the new Centrope project is to get more involved on the national level. For the EU level it is important that Centrope is talking with one voice, so that the region has a good chance to be heard in the EU.

The national level is not yet involved in the co-operation but has a big influence on the cities and regions within Centrope. This is especially the case in the more centralised countries like Hungary, Slovakia and the Czech Republic. To get the national level more involved in Centrope this level must be informed on what is going on in Centrope. After this campaign the region can start to do more lobbying on the national states in certain areas. For example, one topic can be the harmonising of the education system. The education system is in the countries a national

competence. If the region has a good reason to harmonise the systems then the whole region can go to the national states to lobby for such a harmonising.

If a project doesn't come forward because of the different laws in the countries, the Basis Co-operation can research the different law situations and then they can start up discussions how to solve this problem. In a following step the regional politicians can show their proposals to the national level. If the pressure from the regional level within the country is not high enough, the politicians from the other countries and cities can try to lobby also in the country to bring changes and harmonisation of the law situation in the country.

7. Basis for mutual trust strengthen

The Centrope co-operation efforts are still very young. Even though there were co-operations between the countries given before Centrope was established the potential of trust between the two sides is not very high. Therefore some actions have to take to create trust in the actors on the other side of the border.

It is important that the actors from the Basis Co-operation trust each other. Therefore it will be good, when the new Centrope project starts, the Basis Co-operation offices come together with the offices from the other countries and with the main actors of Centrope to get to know each other. A personal relation to these main actors in the Centrope co-operation structure is important to give the other actors in the co-operation the trust, that this new structure can be a good additional infrastructure which makes the co-operation within the region easier. Here it is also important that the people with this key function are permanent in there position. If these actors change too often and within short periods trust can not be build up. In such a big co-operation structure it is important that some things are permanently established.

Another area where trust can be built is if people show interest in their neighbours and learn their language. Therefore it would be a good sign if actors of the region start to speak at least one language from their neighbours. This can be done through free basic language classes. One big benefit of the region is that the distances are small. Here it would be also possible to start up some tandem classes where two people form the other country try to teach each other their language.

8. **Helping in the EU Funding System**

   A benefit of good cross-border co-operation is that there is a high amount of funding availably in the EU. To receive funding in the Centrope region the Basic Co-operation is asked to search for projects which have the greatest potential to gain funding by the EU. Here the Basis Co-operation can also act as an expert to apply for this funding. They can help with the project application etc. to apply within the right program.

9. **Marketing of the Centrope Region**

   The interviews made also clear, that the Centrope initiative can be seen as a big branding strategy for the whole region. This advertisement for the region can be seen in two different levels.

   The first level and the level were the Basis Co-operation is asked to do advertisement is the internal advertisement. Here the Basis Co-operation in each country is asked to advertise certain projects, political meetings, etc. under the brand Centrope. This is important that the people who live in the region are more aware of Centrope. Through such awareness more private project partners in the region will be attracted.

   The other advertisement can be seen as an external advertisement. Especially the tourism sector and the economy sector can use the brand Centrope to make the region more visibly within Europe but also world wide. This will not really be the work of the Basis Co-operation, but it can be the work of one Allianz Co-operation to set up a tourism concept, to attracted investors into the region, but also to build up clusters etc.

10. **Allianz – Co-operation**

    The Allianz Co-operation is the working body of Centrope. Here concrete project are developed. The Allianz Co-operation should work as independently as possible. Therefore it is good if they have one actor who has the lead for the co-operation. This actor has the function to supervise the process and to keep the project progressing. This actor has to look that the time schedule is followed and results are made on time.

    The Allianz Co-operation can get help from the Basis Co-operation to set up the networks with the actors of the Allianz Co-operation and in lobbying in EU issues and on the national states.

The Basis Co-operation is not in charge to organise internal meeting and to give input in the work of the project.

4.4.4 Recommendations for Spatial Development in Centrope

Spatial development in Centrope is one of the co-operation topics in the region. Spatial and regional planning is a cross sectoral topic and therefore co-operation between different sectors are required. In the case off Centrope not just cross sectoral but also cross border co-operation is important.

11. **Office for Spatial Research and Spatial Development in Centrope**
One Allianz Co-operation for spatial development should be built with the main planning authorities of the 16 members of the Centrope initiative. This Allianz Co-operation for spatial development should meet on a regularly basis. Due to the small distances meetings can be hold in an interval of 1 or 2 month. In these meetings the future of the region, the main topics in case of spatial and regional developments and upcoming concrete projects can be discussed. If this Centrope planning group comes up with concrete projects other actors, which deal with this topic in the region, should join the group. Projects can also be established for parts of the region. In this case the planning authorities and other experts of those areas of Centrope should co-operate.

A goal of this regular meeting of the planning authorities will be to establish an office in the Region which just deals with planning issues for the region. As Harald Ladich mentioned this office can be similarly organised like the Plannungsgemeinschaft Ost on the Austrian side (Ladich, 2008). But specialists from all 4 Centrope countries have to work there.

12. **Spatial Basic Research**
One project which is already in a starting process is the project spatial structure. This project deals with the creation on a harmonised database for the region. Such a harmonised database is important for analysing the problems of the whole region. This data is also important to have some background information when the region wants to apply for funding in the EU. With a good database the region has good arguments why funding for certain projects is required. (Madreiter, 2008)

Therefore it is important that all partners work together on that project and the finances for this project are allocated.

13. Regional Development Strategy for Centrope

For Centrope a common Vision was already established in 2006. This Vision is a guide for the main fields Centrope should concentrate on. Next to this vision it would be good to establish a regional development strategy for the whole region. Such a development strategy may already exist in certain parts of Centrope. The planners from the countries should come together to make from this bases one joint development strategy. This strategy should be established in the form of a report with schematic drawings. Such a strategy can include:

- **Development of the Transport Infrastructure**

  A focus on the main infrastructure corridor to connect the region to the rest of Europe and the goal to connect the countries and regions within Centrope better should be developed. That means there should be a focus on internal and external infrastructure. An example for internal infrastructure is to build bridges over the border river March. These bridges are already a never ending discussion within the region (Wollanzky, 2008). Centrope could lobby for a faster implementation of these bridges.

  Another topic can be public transport. This topic is becoming more and more interesting through rising gas prices. In the Vision 2015 there is a focus on public transport and on one common transport association to make it easier for the customers to travel in Centrope.

  Through small distances between the big and medium sized cities the region has the potential to connect these centres better by public transport. In a following step also smaller cities should be better connected to make it more attractive to switch to public transport.

  If the political will is there Centrope could become a best practice region for public transport over political borders.

- **Polycentric Settlement Structure**

  To boost development for a more polycentric settlement structure, there should be a focus on small and medium sized cities in the region. The benefit of small and medium sized cities can be a higher quality of life, specializing on certain sectors, etc. But also short travel ways to the bigger centres are important. These regional centres should be connected with each other by public transport. The national borders between these centres should not be noticeable in the future.

Other topics which can be a theme in the development strategy are green structure, industry, tourism, etc. In more specific topics experts and NGOs can be included in the discussion process for the development strategy. This strategy should have the same time horizon as the Vision 2015. A development strategy should help the establishment of regional plans for the different planning departments in the region.

5 Summary and Conclusion

5.1 Summary Baltic Sea Region

The core of the BSR consists of Denmark, Norway, Sweden, Finland, Western Russia, Estonia, Latvia, Lithuania, Poland and the northern part of Germany. Some networks and organisations also include the countries of Iceland and Belarus as BSR members even though they are not directly located on the Baltic Sea.

Many disparities and differences are found in the BSR. For example the northern parts of the BSR are sparely populated with large distances between towns. The northern areas also have a problem with decreasing population. The southern parts of the BSR are more densely populated. The city regions in the south are experiencing population growth. The BSR also has large variations in the GDP per PPP. The variation between the former Soviet countries and the western countries is high. The poorest areas in the BSR have a GDP lower than 50% of the EU average and the wealthiest areas have a GDP of more than 200% of the EU average. The gap in GDP is not only between countries, it is also found within countries. The city regions usually have significantly higher GDP than the more rural regions.

Co-operative efforts in the BSR started after the fall of the "Iron Curtain" in the early 90s. Many organizations and networks were established in this time. One main focus of these organizations and networks was to respond to the geopolitical changes in the region with the end of the Cold War. Now the BSR has many organizations and networks that work in different fields and are based both on the political and non political level.

One of the main organizations in the BSR is the CBSS. The CBSS is on a high political level, where the foreign ministers of the BSR countries are members. The CBSS is working in many different fields, for example the remove of regional economic barriers to trade and investment, improve of nuclear and radiation safety, confidence building through the promotion of democracy and human rights, etc. In these fields political goals are identified, action plans are created and projects are developed. The CBSS is also a forum for the exchange of ideas concerning regional issues of common interests. (Council of the Baltic Sea States, a)

VASAB is another organization on a high political level in the BSR which deals with spatial development. All national ministers that are in charge for spatial planning are members of this organization. VASAB's role is to promote action orientated spatial planning, which contributes to sustainable development of the BSR and which strengthen trans-nationality. In this framework VASAB seeks to:

- Articulate spatial implications of economical, social and political processes in the BSR
- Make Europe spatial policies and strategies like ESDP or CEMAT guiding principles of sustainable spatial development operational under BSR conditions
- Bridge "east" and "west", with all BSR countries participating on equal terms
- Express Baltic interests in Europe

(VASAB, 2004)

VASAB has created one vision called VASAB 2010 and a strategy for this vision called VASAB 2010+. In VASAB 2010 different zones were created in the BSR to respond to the specific situations in the areas. Every zone was analysed and different goals for each zone were created. VASAB 2010+ a strategy and action plan was established 5 years after the vision. This action plan identified where action should take place in the future. The following areas were identified:

- Co-operation of urban regions on key issues of sustainable development
- Strategic development zones important for transnational integration within the BSR
- Transnational transport links important for integration across BSR and within Europe
- Diversification and strengthening of rural areas
- Development of transnational green networks and cultural landscapes
- Integration development of coastal zones and islands.

VASAB is currently developing a new long term perspective with the horizon 2030 for the BSR. The long term perspective will likely concentrate on the following key themes:

- Urban networking, urban rural relationships and urban issues and accessibility
- Development zones
- Sea use planning or maritime spatial planning.
  (Linkait, et al., 2008)

The BSR has many other organizations and networks. The economic organizations have the goal to stimulate growth in the BSR and make the BSR more competitive within the EU and worldwide. Another goal is to have a common voice within the BSR, to influence together the EU, the CBSS and the politicians in the home countries. Many sub regional networks exist in the BSR.

The goal of these sub regional networks is to use their common strength to solve the problems of each member. The environmental organizations have the goal of sustainable development in the BSR. One of the main topics of these organizations is pollution in the Baltic Sea.

One of the next big challenges in the BSR is to bring all of organizations and networks together. Co-operation between the partners in certain organization and networks has already been well established over the years. Now a horizontal co-operation structure should be developed to avoid parallel work being done by different organizations and networks in the BSR.

This new approach can help to save money and help all BSR organizations head in the same direction. Through such an approach more people from different fields will work together. The risk of this new approach is that with more co-operation partners it will become more difficult to identify common goals for the BSR. The establishment of such goals may take longer with the participation of more actors. With more organizations from different fields the common goals are more likely to be more general and less focussed than before.

The BSR organizations have already gained a lot of experience with co-operation. The Nordic Countries and Germany still have more experience than the Baltic States and Poland. This factor could bring inequality within the organizations. The organizations in the BSR are working to keep these inequalities as low as possible. This is seen in how the organizations are organized. For example in many organizations the chairman is rotating between the countries. The secretaries are also often rotating. Some of the secretaries like the secretary of the CBSS are permanently established, but also in that case the head of the secretary is rotating every few years and always comes from another country. Even though many organizations have there secretary in Stockholm one of the biggest cities in the BSR, there are important secretaries in other cities, for example VASAB has its secretary in Riga. The actors of the BSR are spread out all over the region. Due to these big distances there can be a problem for the co-operation. However, the actors of the BSR keep in constant contact. They have often seminars, meetings or an exchange of workforce, where the different actors can meet personally.

The western countries have more experience in co-operative work but also in working on EU projects. Therefore they have until now the lead partner function for most projects. Now the Baltic States and Poland can gain experience from the western neighbours on how to lead projects and they can build up resources for

future projects. It is likely that in the next few years Poland and the Baltic States will also start to lead projects.

The benefits of the co-operation are seen in many different fields and on many different levels. In the BSR the actors of the Baltic States and Poland can learn a lot from the Nordic Countries and Germany. One big benefit is to learn the form of a horizontal governance work structure, which is developed in the Nordic Countries. Through the co-operation on a high political level there is a high chance to bring this horizontal approach in the governmental system of those countries.

This learning process can also be in different fields for example the field of education, environment or spatial planning. For example through the establishment of the Eurofaculties the universities in the Baltic States and in Russia are helped to reach a European standard. This help comes in form of financing but also from professors who hold lectures in these universities. (Kötschau, 2008) Through such help and co-operation also networks can be built up between these universities.

Another example of learning can be seen in the establishment of the vision VASAB 2010 and the follow up documents. To establish such documents the experts of the different countries work together. The experts from all the countries can learn a lot from each other in their fields. The document itself can help to harmonise the development within the region, if the national development plans use the ideas in these documents. A big disadvantage of such documents is that a concrete output is often not seen. Therefore the establishment of such documents is often questioned.

Co-operation efforts help to harmonise the economical but also the political standards in the BSR countries. Through such a harmonisation it is easier for the Nordic Countries and Germany to invest in the Baltic States and Poland. A barrier in this development can be a shortage on labour in these countries. Through the opening of the labour market in the EU and through higher wages in the western European countries many highly qualified labourers are leaving these countries to get better wages and opportunities in the west.

A barrier for the co-operation in the BSR can be unstable political situations in the BSR countries. Through the fast changing of the political scene in some countries the co-operation of the different governments is not guaranteed.

But also for investors a fast changing political scene can cause uncertainty for investors.

In general the co-operation in the BSR seems to work well. The actors are experienced with co-operating and they have political backing on all political levels.

5.2 Summary Central European Region – Centrope

Centrope is a co-operation region that includes Austria with the federal states Lower Austria, Vienna and Burgenland, Czech Republic with South Moravia, Slovakia with Trnava Region and Bratislava Region and Hungary with the Komitat Vas and Györ-Moson-Sopron.

Most cities in the region are small and medium sized cities. The biggest city is Vienna which is also the capital of Austria. The next biggest city is Bratislava the capital of Slovakia which is only 60 km away from Vienna. Vienna and Bratislava are referred to as a "Twin City". This "Twin City" region is also the economical, political and cultural core in the region.

Disparities in the GDP per PPP are also high in this region. In general the Austrian areas have a higher GDP than the districts of the neighbouring countries. One exception is the area around Bratislava which has with Vienna and the surrounding area a GDP over 125% of the EU average.

The transport system in Centrope is well developed. Often the region is referred to as the gateway between Western and Eastern Europe. The railway and the roads on the west east connections are well developed. Gaps exist in the rail and road connections between the southern and northern parts of the region.

The location of Centrope and the good transport system, which connects Centrope with the rest of Europe, is one of the biggest benefits of this region. Those two assets can be a main attraction for investors in the region.

Co-operative efforts on a political level started in 2003 with the first BEA project followed up by the second BEA project. These projects were funded by the EU. Before the projects, business co-operations already existed due to the DIANE project which started in 2001.

The political co-operation wants to focus on the following fields:

- Economy, innovation, research & development
- Infrastructure, transport, environment & planning
- Labour market qualification & employment
- Culture, creativity, leisure, sports & truism
  (Centrope Consortium, 2006 p. 12)

The BEA I and BEA II Centrope co-operation projects were in the past only financed by the Austrian side and funded by the EU. Therefore only on the Austrian side structures for this co-operation were built up and the projects were decided mostly in Austria. The input of the other co-operation partners was very low because they did not have as much influence on the projects.

A third Centrope project will start soon. This project should improve and change the co-operation within Centrope. All of the partners in Centrope are financing the project with co-financing by the EU. This project will lead to possibilities to build up resources in all countries for this initiative. The hope from all sides is that the new project will increase participation and co-operation between all countries in Centrope.

The co-operation structure will change in the new project. The new structure will consist of one co-ordinating body and many working bodies. This coordinating body is the Basis Co-operation which will be the main part of the Centrope project. This Basis Co-operation has the challenge to build up networks for the Allianz Co-operation and bring experts from the different sectors together. The Basis Co-operation consists of an office in each country. This office has to communicate with actors in the country, help with different law situations and advertise within the country to make the Centrope initiative more visible. The Allianz Co-operation is being built up for certain projects. For these projects EU money should be allocated. The EU funding can come from different pots (for example funding for cross border projects, education, etc.), depending on the project. All partners of the different member states should build up there priorities and should also give some ideas for projects to be developed. Then the partners, who are interested in certain projects should work together.

Such a structure should keep the co-operation efforts within Centrope as slim and efficient as possible.

Within Centrope their already exists projects on a business level. The main intention of these projects is to promote the region internationally as an attractive business location with its numerous advantages, such as its favourable geopolitical situation. (Arthesia AG, 2007)

This co-operation started with the project DIANE followed by the project FDI. One output of these projects was the development of a website with an integrated investor service which gives a short overview how Centrope can help investors to invest in the region.

This business co-operation is now embedded into the new Centrope III project.

From the beginning of Centrope the Austrian side and especially Vienna dominated the co-operative process. Austria gained funding from the EU and could build up resources. On the Czech, Slovakian and Hungarian side there were no such resources available. The Austrian side gave the financing and had the overall decision over the projects. Therefore the Centrope project appeared to be an Austrian project which was mostly driven by Vienna. The partners from the other countries were not participating so much in the projects.

This is one reason why from the start the co-operation in Centrope was not balanced. This unbalanced situation is one of big threat in the following project period. If the partners from Czech, Slovakia and Hungary still have the feeling that only Viennese interests are being focused on the motivation will be low to keep up the co-operation.

Now with the third Centrope project at least the financial situation is more balanced. The actors from Czech, Hungary and Vienna have a lot of hope in this new Centrope project and the new co-operation structure. The Slovakian partners don't seem so interested in the co-operation any more. The reason can be that Bratislava and Bratislava region are developing well. It can be that Slovakia does not see many benefits from the co-operation in Centrope. The actors from Lower Austria and Burgenland are also sceptical if the new Centrope project will be successful. The Centrope project III is a new start for co-operative efforts in the area. But the threat is given that this new start is too late and the damage is already done. Through the high dominance of Austria the trust for an equal co-operation in Centrope might not be given.

 Another point for the future Centrope project is that the Austrian side is not seeing concrete output of the co-operation. If output is not seen, it is likely that the politicians in Austria will not support the Centrope project any more. In the worst case this could lead to the ending of the Centrope initiative.

The new Centrope project should lead to a better communication within the region and a common appearance of the region in front of the EU and the national states. The actors hope that this new structure and the increased participation of the partners from Czech Republic, Slovakia and Hungary will make the project a success. The main output of the Centrope project should be lobbying on the national and the European level (funding for certain projects), a higher visibility for the people in the region and a strong appearance on the global and European markets to attract investors and tourists from all over the world.

However, if the Centrope III project is a success it will likely have a follow up project. These could lead in the future to a permanently establishment of Centrope. Due to that more long term thinking in the co-operative work can appear.

5.3 Conclusion

The two case study regions gave good examples for the work of organizations and networks in transnational and cross-border regions. They gave an idea of how hard it is to establish a new region and to create good working co-operation networks.

In the BSR the organization and networks are well established on a political and non political level in all different fields. Such co-operation fields are the environment, spatial development with the goals of sustainable development of the region and trans-nationality, economy with the goal of economical growth and economical cohesion, etc. The co-operation between partners within the organizations and networks work well. There are no big problems with the different languages and the different mentalities. The working language which is spoken in all organizations and networks is English.

The co-operative efforts in the BSR from the previous years have shown a lot of output in different levels. For example in the field of spatial development a common vision as well as a strategy and action plan was created for the BSR. This vision influenced national spatial development plans. Through such a paper the goals of the different countries for spatial development were harmonised. Other outputs were the project EuroFaculties which helps to built up western standards for universities in Eastern Europe and Russia. There are also organizations and networks which deal with economical issues, to make it easier to invest in the other countries and make the whole region more competitive compared to other regions in Europe.

In the BSR organizations and networks define their goals regarding their field and draw action plans to reach these goals. Some of the goals for sustainable development and environmental issues focus more on economical growth and competitiveness. Sometimes these goals are rather controversial within the same geographical co-operation area. It can happen that some organizations and networks are working on the same goals and start to work in parallel.

Due to that it is more efficient to build up a horizontal co-operation network between the different organizations and networks. Gabriele Kötschau from the CBSS sees the CBSS as an organization able to build up such a horizontal structure. In the future the CBSS could take over the position as an overall coordinative organization and network, which coordinates all other organizations in the BSR (Kötschau, 2008). Such an overall structure can build up networks and bring the relevant organizations and networks closer together. It also can help to create a common goal with all organizations and networks for the whole

BSR. This would prevent the region from conflicting goals where organizations are working in different directions. A good coordinative structure can also limit parallel working and save money and resources. But such a structure is only possible when all organizations and networks recognise this structure.

Important for the future of the BSR is to create a vision, where for the first time all major organizations and network of the area are involved. Through the involvement of these organizations and networks different interests will be combined into one common vision. With such a vision the work can be distributed easier over the different organizations and all those organizations will head in the same direction. Through such a horizontal work scheme, the output of the co-operative effort is more sustainable. The work of the organizations will become more harmonized and efficient. But there is also a big threat that the different organizations block each other. The process to create a vision with so many actors from different fields can be a long and hard process and it is also possible that the vision is kept general to get all interests of all the different organizations included in this vision.

Centrope is compared to the BSR a young region which has less experience in co-operative work. The region is still in the process to find its optimal structure. This process is still ongoing since the start of the co-operation in 2003. The main output of the work in the last few years was the establishment of the new co-operation structure and the creation of networks in Centrope. Those outputs can be considered as "soft" outputs. More concrete output of the last Centrope projects was a vision for Centrope, which the politicians of the cities and regions agreed on. The vision with the main statement "we grow together – together we grow" heads to a more coherent region with economic growth. This vision is general therefore clearer strategies on how the region can become more coherent have to be developed in future work. Here the strategy and action plan, which followed the vision VASAB 2010 in the BSR, can be an example.

The Centrope initiative exists so far only on a project orientated base. That means that no permanent structure was built yet. The Centrope project and its co-operation structure have a defined start and ending. Such a project orientated approach leads to more short term thinking. Also the threat of an ending of Centrope after ending of the funding period is permanently present.

The finances for the project came so far from the Austrian side and were co-funded by the EU. The financing situation will change now in the new project period. Also the project members of the other countries are financing Centrope.

Since the beginning the co-operative work in Centrope was not balanced. The Austrian side had the resources for the co-operation and therefore it also made the decisions on which project would be a focus, etc. It also gave the Austrian side the chance to build up structures, which are now established. The co-operation partners from the Czech, Slovakian and Hungarian side did not have any resources for this co-operation at the beginning. Therefore they did not have the chance to build up structures for the co-operative work and they were not motivated to give inputs to certain projects. This should now change in the new Centrope project. But still the co-operation partners are not on a same level. Austria has now well established structures and wants to see some outputs of this co-operation. The partners from the other countries have now the challenge to build up structures. Therefore it is not likely that they have the same progress in the project orientated work as Austria. This could lead to frictions in the work between the different partners. Especially in the case of some Austrian partners where a certain output is asked to guarantee follow up political support.

One other big problem Centrope faces is that co-operative efforts are only done on a county level. The national level is until now totally neglected. Due to the rather different competences of the counties in each country some projects are impossible to develop further. For example a more harmonised working market in the region is not possible because laws regarding this topic are often made on the national level and not harmonised within Centrope. So far some Centrope countries do not even inform the national level in the country about the co-operative efforts in this region. It will be tough for the actors in Centrope to develop projects in the fields they are focusing on without the national level. Those fields are:

- Economy, innovation, research & development
- Infrastructure, transport, environment & planning
- Labour market qualification & employment
- Culture, creativity, leisure, sports & tourism
  (Centrope Consortium, 2006 p. 12)

Except the last topic culture, creativity, leisure, sport & tourism the topics are strongly influenced by the national level and therefore it is important to involve the national level somehow in the co-operation.

Centrope in many ways is still at the beginning of its co-operative efforts. A lot of hope is now given to the new Centrope project with the new project structure and more financial resources especially in the new EU member states. This could be the last chance for Centrope to work on becoming a more coherent region. To reach the overall goal of a more coherent region and economical growth the co-operation partners have to pull in the same direction and work actively to

provide support each other to achieve some solid outputs from the co-operations. If the new Centrope project is not successful it is likely that Centrope will have no follow up project and the co-operative efforts will disappear.

Annex

Interview Guideline Questions

Interview Guideline Questions Baltic Sea Region

1. Main questions about the organization;
   - What was the driving force to great this organization?
   - What are the main goals?
   - What are the main topics the organization deals with?
   - How is the structure of the organization?
   - How works the decision making, on which level are the main decisions done?
   - Is the organization institutionalised, how is the financing?
   - How far are the networks and co-operations between the different organizations in the BSR developed?
   - How well works the co-operation over different countries? (Cultural, languages problems; problems with the political structure in the different countries?)

2. Important fields/topics in the BSR
   - In which direction is the BSR heading too?
   - Which are the priority fields in the BSR?
   - Characteristic projects in this priority fields?

3. What are the main benefits of the co-operation? (Short-term, long-term), (inhabitants of the BSR, politicians, the whole BSR?)

4. What do you see for the future of the BSR? (The next years, long term perspective, future topics, future wishes, what can be improved in the future?)

Interview Guideline Questions Centrope

1. Centrope in general
   - How did Centrope develop? What were the beginnings?
   - Why was it developed, what are the main goals of Centrope?
   - How were the borders of the area chosen, why is Prague and Budapest not in the co-operation area?
   - How is Centrope structured?
   - Who are the main decision makers?
   - How is Centrope financed? How works the financing of the single projects
   - What are the main problems in the co-operation in Centrope?
   - What are the main problems of the region?

2. In which fields is Centrope working?

3. What was the main output of the previous Centrope projects?
   - How could the people, politicians, main actors, and the whole region benefit of this co-operation?
   - What were the main important projects in Centrope?

4. What do you see for the future?
   - Which project will be developed in the new funding period?
   - How will the region look like in the next 30 years?
   - Will Centrope survive without EU funding?
   - What are your wishes for the region?

Abbreviations

A – Austria

ACVR – Automotive Cluster Vienna Region

BalticMet – Baltic Metropoles Network

BASREC – Baltic Sea Region Energy Cooperation

BCCA – Baltic Sea Chamber of Commerce Association

BEAR – Building a European Region

BSR – Baltic Sea Region

BSSSC – Baltic Sea States Sub-regional Cooperation

BSTUN – Baltic Sea Trad Union Network

CBSS – Council of the Baltic Sea States

Centrope – Central European Region

CSD – Committee on Spatial Development

CSD BSR – Committee of Spatial Development Baltic Sea Region

CSO – Committee of Senior Officials

CZ – Czech Republic

DE – Deutschland – Germany

DIANE – Direct Investment Agency Net Cross-border Business Cooperation Central Europe

EAGGF – European Agriculture Guidance and Guarantee Fund

EFTA – European Free Trade Association

EIB – European Investment Bank

EIF – European Investment Fund

ENPI – European Neighbourhood and Partnership Instrument

ERDF – European Development Fund

ESDP – European Spatial Development Perspective

ESF – European Social Fund

ESPON – European Spatial Planning Observation Network

EU – European Union

FDI – Foreign Direct Investment in Centrope

GDP - Gross Domestic Product

GDP (PPP) – Gross Domestic Product at purchasing power parity

H – Hungary

HELCOM – Helsinki Commission

ICZM – Intergrated Coastal Zone Management

LISA VR – Life Science Austria Vienna Region

MEDA - Mésures d'accompagnement financières et techniques" - Financial and technical accompanying measures

NDEP – Northern Dimension Environment Partnership

NDPHS – Northern Dimension Partnership in Public Health and Social Well Being

NGOs - Non-Governmental Organization

NUTS - Nomenclature of Territorial Units for Statistics

OECD - Organization for Economic Co-operation and Development

PANAC – Pannon Automotive Cluster

PL – Poland

R&D – Research and Development

SK – Slovakia

SME - Small and Medium Sized Enterprises

TACIS - Technical Assistance to the Commonwealth of Independent States

TEN – Trans European Network

UBC – Union of Baltic Cities

USSR - Union of Soviet Socialist Republics

WGEC – Working Group on Economic Cooperation

WGDI – Working Group on Democratic Institutions

WGNRS – Working Group on Nuclear and Radiations Safety

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