

**Scoping document and summary of political messages**

***for an assessment of the***

***TERRITORIAL STATE AND PERSPECTIVES  
OF THE EUROPEAN UNION***

***towards a stronger European territorial cohesion  
in the light of the Lisbon and Gothenburg ambitions***

Endorsed for further development by the Ministers for Spatial Development  
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# TERRITORIAL STATE AND PERSPECTIVES OF THE EUROPEAN UNION

## *Introduction and summary of political messages*

At their meeting in Rotterdam on November 29, 2004, the EU Ministers for Spatial Development launched a political agenda for the period until the end of the German Presidency (1<sup>st</sup> half 2007). Building on the ESDP, they agreed to focus on elaborating territorial cohesion and positioned this ambition explicitly in the light of the Lisbon aims for sustainable economic growth (incl. the sustainable development strategy), by aiming at a better exploitation of Europe's diverse potentials. A key action in this respect is to compose a short evidence-based policy assessment addressing the territorial state and perspectives of the Union, mainly based on ESPON analyses, and on a dialogue with the EU institutions, across disciplines and with local and regional actors.

The attached paper presents a scoping document for the assessment. The assessment will be developed under the coming EU Presidencies (UK, Austria and Finland) and adopted under the German Presidency. Its purpose is to offer the EU institutions, Member States, regions and other stakeholders a better insight into the territorial state and development perspectives of the Union, and a common and understandable information base to address key territorial challenges and opportunities. By that it contributes to the identification of a territorial approach for a better integration of the territorial dimension into EU (and national) policies.

### **Defining the Scope**

The first part describes the policy scope for strengthening territorial cohesion in the light of the Lisbon aims. The aim is to set out the themes, priorities and parameters for the development of the policy synthesis document "Territorial State and Perspectives of the European Union".

Each region has a specific '**territorial capital**' that is distinct from that of other areas and generates a higher return for specific kinds of investments than for others, since these are better suited to the area and use its assets and potential more effectively. **Territorial development policies** (policies with a territorial approach to development) should first and foremost help areas to develop their territorial capital. They allow for all public policies with territorial impacts to be scrutinised and assessed so as to strengthen and increase their synergies and the sustainability of their outcomes. An important element in this respect is the cooperation of various actors, authorities and stakeholders.

Although not explicitly mentioned in the strategy **the Lisbon aims implicitly incorporate a strong territorial dimension** by strengthening the territorial capital of Europe's cities and regions in the following ways: **exploiting the endogenous potentials** of an area; including natural and cultural values, **promoting an area's integration and connectivity** to other areas that are important for its development; promoting horizontal and vertical policy coherence or "**territorial governance**". Bottom-up initiatives and activities likely to strengthen synergy and coherence among the various sectors, such as territorial development policies and strategies are therefore important conditions for the success of the second phase of the Lisbon strategy.

The concept of **territorial cohesion** builds on the ESDP. It adds to economic and social cohesion by translating the fundamental EU goal of balanced competitiveness and sustainable development into a territorial setting. Considered in the light of the Lisbon aims, the key challenge for strengthening territorial cohesion is to enhance the territorial capital and potentials of all EU regions and promote territorial integration, i.e. by promoting trans-European synergies and clusters of competitive and innovative activities. In practical terms, territorial cohesion implies: **focusing regional and national territorial development policies** on better exploiting regional potentials and territorial capital - Europe's territorial and cultural diversity; **better positioning of regions in Europe**, both by strengthening their profile and by trans-European cooperation aimed at facilitating their connectivity and territorial integration; and **promoting the coherence of EU policies with a territorial impact**, both horizontally and vertically, so that they support sustainable development at national and regional level.

So, **if territorial cohesion is the policy objective, territorial development policies are the policy tool**. In this light, territorial cohesion is an integral part of economic and social cohesion but at the same time covers more than EU Cohesion policy in the narrow sense. It adds an

integrated and long-term approach to the process of exploiting territorial potentials that has to be addressed across different policy levels and sectors.

The challenge of balanced and sustainable development as embodied in **the ESDP**<sup>1</sup>, considered in the light of the Lisbon aims, will offer the key political benchmark for assessing whether the development of the EU territory is moving in the right direction following the adoption of the ESDP in 1999. In this sense, trends and policies are judged as contributing to territorial cohesion if they assist the better exploitation of inherent regional potentials or comparative territorial advantages. Possible key territorial indicators are currently being discussed at expert level. By **considering the ESDP principles<sup>2</sup> in the perspective of the Lisbon aims, three strategic policy objectives for strengthening territorial cohesion can be identified**: improving the strength and diversity/identity of urban centres/networks as motors for territorial development in Europe; improving accessibility and territorial integration in the Union; preserving and developing the quality and safety of Europe's natural and cultural values and developing sustainable urban-rural linkages. A special challenge in this respect is to strengthen the territorial capital of areas with a weak economic structure or physical or geographical handicaps in an EU perspective, including their links to potentially strong EU areas.

**Territorial cohesion is a common challenge and a shared responsibility of both Member States and the Union.** It requires an effective and coherent application of the instruments that the Union and the Member States have at their disposal. This is the key challenge of **territorial governance**. The aim is not to create a top-down and separate EU territorial policy but to *integrate the territorial dimension* into EU and national policies, using existing instruments and structures. Although spatial development is more than territorial cohesion, the EU Ministers for spatial development and the Commission could have a key role in raising awareness concerning the territorial dimension of EU policies and in *promoting policy coherence and cooperation*. Key EU instruments for territorial cohesion are principally EU cohesion policies, but also rural development, TEN, environment and competition policies. National and regional territorial development policies and strategies are key instruments within the Member States. The instrument of European Territorial Cooperation is crucial to link strategies and policies and to strengthen the structure of the EU territory.

**The EU Constitution**, as adopted by the Council, will set a formal shared *competence* of the Union and member states to strengthen territorial cohesion. This would not require a change in governance philosophy but create a stronger mandate and responsibility for both the Union member states to promote a coherent approach to territorial development within EU (and national) policies. The Commission intends to elaborate a White Paper on territorial cohesion under the EU Constitution.

### **Assessing the state**

The second part of this report identifies key challenges for the structure of the recently enlarged EU territory and the impact of EU policies on territorial developments in the Union. The scoping document only gives a short overview, building mainly on first ESPON results so far. Analyses show a challenging picture of the Union's territorial structure in the light of the Lisbon aims: an unbalanced distribution of factors of competitiveness; a need for strengthened urban networking to create strong clusters of (trans)national competitive and innovative activities; environmental pressures; severe trans-European bottlenecks; missing links in key transport, ICT, energy and ecological networks; and challenges for trans-European risk management. **The key challenge appears to be a better exploitation of the specific territorial potentials of Europe's regions and a more effective trans-European territorial integration**: *Different* regions can show their competitiveness in *different* fields by drawing on *different* types of territorial potentials. A special challenge is the exploitation of the territorial capital of areas with a weak economic structure or physical or geographical handicaps.

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1 ...linking the three fundamental EU goals of economic and social cohesion, conservation of natural resources and cultural heritage and more balanced competitiveness of the EU territory in a territorial setting, *ESDP*, 1999

<sup>2</sup> Development of a balanced and polycentric urban system and a new urban-rural partnership; securing parity of access to infrastructure and knowledge; sustainable development, prudent management and protection of nature and cultural heritage, *ESDP*, 1999

Analyses of the territorial impact of EU policies highlight the absence of an effective and structured EU territorial governance. The EU policy process does not take the territorial dimension of EU policies into account in an explicit, formal and structured way. Trade-off effects and inconsistencies between various EU sectoral policies can lead to an inefficient allocation of EU resources and a reduction in policy effectiveness. Nevertheless, there appear to be good opportunities for a better use of the *existing* possibilities of the EU policy process with a view to a more coherent approach to the development of the EU territory. At the same time many member states are taking initiatives to strengthen the (trans-)European dimension of their territorial development strategies and to anticipate the territorial impact of EU policies. **In terms of governance, the key challenge is to enable more effective exploitation of Europe's territorial capital by ensuring that EU sectoral and economic policies and territorial development policies in the member states structurally reinforce each other.**

*On balance*, trends and policy developments since 1999 seem to have contributed slightly to strengthened territorial cohesion. However, further efforts are needed to unlock Europe's territorial potentials.

### ***Developing the perspectives***

The third part of this document sets out the 'common message' of the EU Ministers for spatial development and the Commission to all relevant stakeholders in the EU. It identifies priorities for strengthening territorial cohesion in the light of the Lisbon aims. In addition, it will focus on the new instrument of European Territorial Cooperation, presenting e.g. good practices of Interreg III. The following priorities can be identified at this stage as a basis for further elaboration in the coming years:

#### **Priorities for strengthening the structure of the EU territory**

1. promoting a territorial policy for polycentric development of agglomerations, cities and urban areas as motors of Europe's development;
2. strengthening urban-rural partnerships and ensuring a sufficient level of services of general interest for balanced territorial development;
3. promoting (trans-)national clusters of competitive and innovative activities (by strengthening the international identity and specialisation of cities/regions and identifying priorities for cooperation and synergies in investments, such as cooperation on territorial development, job markets, training, education, R&D, capital risk for SME);
4. strengthening the main trans-European transport, ICT and energy networks in view of connecting important economic poles in the EU and their links to secondary networks (with special attention to development corridors, the accessibility of naturally or geographically handicapped areas, maritime links and connections to EU neighbours);
5. promoting trans-European technological and natural risk management, including integrated development of coastal zones, maritime basins, river basins and mountain areas
6. strengthening the main trans-European ecological structures and cultural resources.

#### **Priorities for stronger coherence of EU policies with a territorial impact**

1. strengthening the EU perspective in national and regional territorial strategies, by taking account of the territory's identity, specialisation and position in the EU and of the impact of EU policies on the development of the territory;
2. linking national and regional territorial development strategies to the national and EU strategic frameworks for cohesion, rural development and the Lisbon strategy;
3. promoting joint cross-border and transnational territorial development strategies within the framework of European Territorial Cooperation;
4. strengthening the role of the Commission and the EU Ministers for spatial development in raising awareness concerning the territorial dimension of EU policies and in promoting policy coherence and cooperation in this concern;
5. ensuring active involvement of territorial expertise in an early phase in the development of spatially relevant EU policies (e.g. in expert groups);
6. deploying ESPON and other instruments to deliver territorial analyses for the ex-ante impact assessment of territorially relevant EU policies;
7. ensuring effective comitology after 2006 to discuss strategic territorial development affairs;
8. stimulating the dialogue on territorial cohesion across disciplines, with EU institutions and with local and regional actors.

With regard to the importance of the proposals for European Territorial Cooperation a flexible strategic approach incorporating different facets of territorial co-operation is needed. An

appropriate balance is needed between the development and application of innovative and integrated spatial development approaches, the exchange and dissemination of best practices on common issues, and strategic projects. Spatial strategies implemented through policies and strategic projects at all levels should reflect the Lisbon/Gothenburg aims.

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## Foreword

This document describes the scope for an assessment of the state and perspectives of the EU territory. The initiative for an assessment stems from the EU informal ministerial meeting on territorial cohesion in Rotterdam on November 29, 2004. There, the EU Ministers responsible for spatial development agreed to focus their agenda until 2007 on territorial cohesion with the aim of supporting the Lisbon ambitions by better exploiting Europe's diverse potentials<sup>3</sup>. They agreed to translate their analyses into a short evidence-based synthesis document, making use of ESPON and other research results. In developing the synthesis document the Ministers aim to realise their ambition to focus their efforts in the coming years on putting EU territorial issues and challenges on the EU political agenda. The synthesis document will be developed under the coming EU Presidencies (UK, A, FIN, D) at official level, in close cooperation with the Commission and the Committee of the Regions. It will be adopted under the German EU Presidency in the first half of 2007. It will address the medium term perspective until around 2010 (assuming legality of the EU Constitution at the latest from 2009, setting a new legal and political context).

The purpose of the synthesis document is threefold:

- to offer the EU institutions, Member States, regions and other stakeholders a clear insight and a common information base to address key territorial challenges and opportunities;
- to support political discussions on EU policies and strategies with a territorial dimension: Lisbon, Sustainable Development Strategy (Gothenburg), Cohesion, Agriculture, TEN, Environment, Competition, Internal Market, etc;
- to provide input for the Community Support Programmes for the period 2007-2013.

The main reason behind the initiative was the obvious lack of knowledge, information and common understanding in the Union on issues related to territorial cohesion. After all, the Constitution sets a shared competence of Union and Member States to strengthen the economic, social and territorial cohesion of the Union.

The aim is to adopt the synthesis document under the German EU Presidency in 2007. This timescale has been agreed as:

- The ratification procedure of the Constitution will have been finalised, offering clarity on the legal and political context of strengthening territorial cohesion in the years to come.
- ESPON and the other Interreg III programmes will have delivered their final results, offering a scientific and a practical evidence base for strengthening territorial cohesion.
- Results of a broad dialogue under the UK, Austrian and Finnish EU Presidency on territorial cohesion across disciplines and with local and regional actors will be available.
- The Agenda 2007 process will have been finalised, offering clarity on the financial framework and the priorities and themes of the 2007-2013 EU Cohesion Policy, the Rural Development Policy, the 7<sup>th</sup> EU R&D Framework Programme, etc. The synthesis document could offer policy practitioners a framework to elaborate their operational priorities and position their region or member state in terms of a European territorial perspective.

But the process of informing key policy debates in the EU from a territorial development perspective is already in progress. The joint informal Ministerial meeting in Luxembourg on regional policy and territorial cohesion provides an opportunity to link the debate on the Commission proposal for the Community Strategic Guidelines for the 2007-2013 EU Cohesion Policy to the consideration of territorial challenges. Moreover, it can stimulate the debate *in* the member states on the territorial development dimension of the proposed National Strategic Reference Frameworks for Cohesion and the national Lisbon Action Plans.

Following the outcomes of the Rotterdam meeting, and with more than half of the planned ESPON analyses available, it is possible already to identify in the scoping document some key priority fields for strengthening territorial cohesion. These priorities will be examined in more detail in the coming period, in line with further ESPON and other analyses and policy experiences.

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<sup>3</sup>In this document references to the Lisbon strategy include the EU sustainable development strategy, adopted at the Gothenburg European Council in 2001.

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# PART A: DEFINING THE SCOPE

## 1. Territorial cohesion and the added value of territorial development policies

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

Each region has a *specific territorial capital*<sup>4</sup> that is distinct from that of other areas and generates a higher return for certain kinds of investments than for others, since these are better suited to the area and use its assets and potential more effectively. Many of the components of territorial capital, including their integration and connectivity to other areas, can lead to productivity gains and generate growth. Public policies aimed at promoting territorial development and limiting disparities should first and foremost help areas to develop their territorial capital and to maximize their competitive advantage. The promotion of regional innovation strategies and the exploitation of regional territorial capital is therefore an important prerequisite for improving the global competitiveness of the whole EU territory. The same goes for European territorial cooperation, especially when focused on cooperation between structurally weaker regions and stronger ones. Governance plays a key role in this respect as the promotion of *sustainable* growth means ensuring that national territorial policy is compatible with the development policies in the regions and cities and at the EU level.

The logic of territorial development policies is that economic growth is based in part on the organisation of space which is shaped by a range of policies at all levels of government as well as by social trends, technological development and market forces. Some of these mainstream economic and sectoral policies have unintended spatial impacts which can compromise territorial development. Policies with a territorial focus not only counteract these effects but more importantly add value by integrating the economic, social and environmental dimensions of cross-sectoral policies<sup>5</sup>. An important element in territorial development policies is the cooperation of various sectors of activity, levels of authorities and stakeholders, such as partnerships with the private sector and civil society that play an important part in growth and development processes. In such a way, territorial development policies are an important instrument for strengthening regional territorial capital.

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

The Lisbon strategy is the key political ambition of the Union to become “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”. The Gothenburg Council of 2001 added sustainable development as another key dimension to the strategy. At the spring Council in Luxembourg the Lisbon Strategy was relaunched. The sustainable development strategy of Gothenburg will be further developed in the second half of 2005.

Although not explicitly mentioned in the strategy, both the Lisbon and Gothenburg ambitions have a strong territorial dimension. The territorial dimension is essential for the implementation

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<sup>4</sup> A region's territorial capital is “distinct from other areas and is determined by many factors [which]... may include... geographical location, size, factor of production endowment, climate, traditions, natural resources, quality of life or the agglomeration economies provided by its cities... Other factors may be ‘untraded interdependencies’ such as understandings, customs and informal rules that enable economic actors to work together under conditions of uncertainty, or the solidarity, mutual assistance and co-opting of ideas that often develop in small and medium-size enterprises working in the same sector (social capital). Lastly there is an intangible factor, ‘something in the air’, called ‘the environment’ and which is the outcome of a combination of institutions, rules, practices, producers, researchers and policy-makers, that make a certain creativity and innovation possible. This ‘territorial capital’ generates a higher return for certain kinds of investments than for others, since they are better suited to the area and use its assets and potential more effectively...” OECD Territorial Outlook, *Territorial Economy*, 2001

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



of the strategy as most important and dynamic forces in terms of economic development are increasingly both localised and territorially specific<sup>6a</sup>.

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

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

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

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

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

The first formal attempt at defining territorial cohesion came from the Commission in its Third Cohesion Report<sup>6</sup>. Building on this definition the Rotterdam conference succeeded in taking a next step in sharpening the policy scope of the concept. In this document a further step in scoping territorial cohesion will be taken.

The concept of territorial cohesion builds on the ESDP. It adds to the concept of economic and social cohesion by translating the fundamental EU goal of a balanced and sustainable development into a territorial setting. Considered in the light of the Lisbon aims the key challenge for strengthening territorial cohesion is enhancing the territorial capital and potentials of all EU regions and promoting territorial integration, i.a. by promoting trans-European synergies and clusters of competitive and innovative activities. These will have to be addressed in a sustainable way, via the promotion of eco-efficient investments and the conservation and development of natural and environmental assets. In practical terms the concept of territorial cohesion would mean the following:

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

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

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

The challenge of balanced and sustainable development as embodied in the ESDP<sup>7</sup>, considered in the light of the Lisbon aims, will offer the key political benchmark for assessing whether the development of the EU territory since the adoption of the ESDP is moving in the right direction. In this sense, trends and policies are judged as contributing to strengthened territorial cohesion if they assist the better exploitation of inherent regional potentials – comparative territorial advantages. Possible key territorial indicators are currently being discussed at expert level.

By considering the ESDP principles<sup>8</sup> in the perspective of the Lisbon aims, the following three strategic policy objectives for strengthening territorial cohesion can be identified:

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

A special challenge in this respect is to strengthen the territorial capital of areas with a weak economic structure or physical or geographical handicaps in an EU perspective, including their interrelations to potentially strong areas in the Union.

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

## ***Governance philosophy***

Territorial governance is the manner in which territories of a national state are administered and policies implemented, with particular reference to the distribution of roles and responsibilities among the different levels of government (supranational, national and sub-national) and the underlying processes of negotiation and consensus building.<sup>9</sup> EU territorial governance is a special and growing challenge in this respect. It focuses on the impact of EU policies on territorial developments, especially with a view to strengthening EU territorial cohesion. EU policies have an impact on territorial developments in two ways: Direct impacts, by providing information and subsidies (carrots) and measures that restrict development options (sticks) and indirect impacts by stimulating new economic activity (e.g. via the internal market, infrastructure links), introducing new territorial concepts (e.g. sustainable development), creating new administrative relationships (e.g. EU/region, Interreg), redrawing mental maps (especially in border areas), or providing information (e.g. publishing rankings of Member States or providing sound territorial data (ESPON) can affect policy decisions)<sup>10</sup>

The territorial impact of EU policies is not necessarily negative. The judgement of the effects depends very much on the perspective of the different actors on the development of an area. The point is that EU policies should be consistent in terms of the Lisbon aims. Moreover, they should be applicable in territorial development policies and fit in with national and regional territorial development objectives. This requires a certain degree of policy coherence between relevant (sectoral and territorial) policies in the Union and in some cases a certain degree of policy freedom to enable regions to exploit their territorial potentials effectively.

Strengthening territorial cohesion in the light of the Lisbon aims is not about creating a top-down and separate EU territorial policy but about integrating the territorial dimension into EU and national policies<sup>11</sup>. Although spatial development is more than territorial cohesion, the EU

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7 ...linking the three fundamental EU goals of economic and social cohesion, conservation of natural resources and cultural heritage and more balanced competitiveness of the EU territory in a territorial setting, *ESDP*, 1999

<sup>8</sup> Development of a balanced and polycentric urban system and a new urban-rural partnership; securing parity of access to infrastructure and knowledge; sustainable development, prudent management and protection of nature and cultural heritage, *ESDP*, 1999

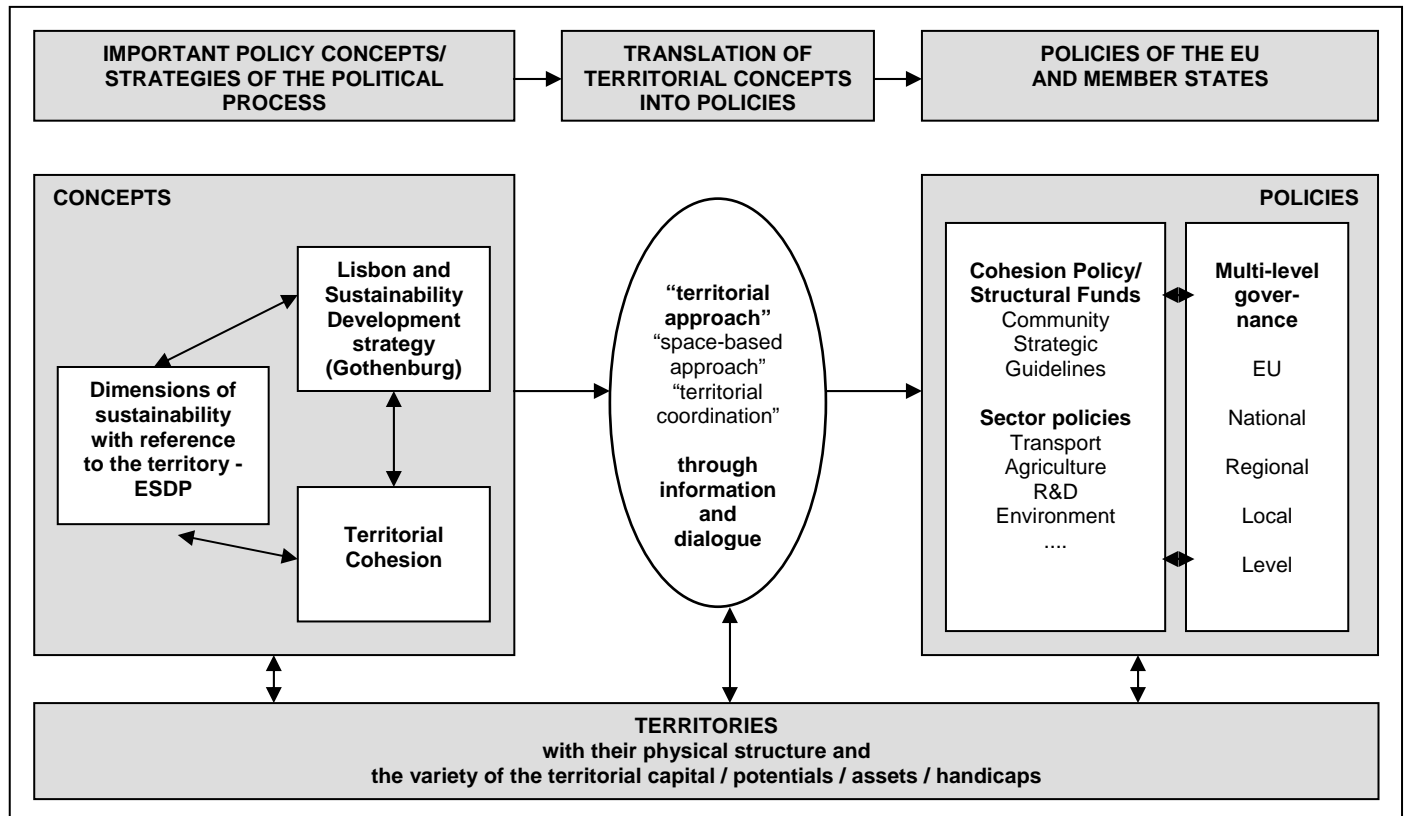
<sup>9</sup> OECD Territorial Outlook, *Territorial Economy*, 2001 (p. 135 and 142)

<sup>10</sup> 'Unseen Europe', RPB, 2004

<sup>11</sup> In Rotterdam the Ministers agreed to base their ambition for stronger territorial cohesion on four principles:

Ministers with a responsibility for spatial development and the Commission could have a key role in raising awareness concerning the territorial dimension of EU policies and in promoting policy coherence and cooperation in this concern. The EU institutions and other stakeholders should become more aware of this territorial dimension and should be triggered to act adequately. Instruments like ESPON could support the Commission and the EU Spatial Development Ministers in fulfilling this role, i.a. by delivering the analytical basis for an assessment on the territorial state and perspectives of the Union. Moreover, the EU Ministers for spatial development have a role in strengthening the (trans-)European dimension of national and regional territorial development strategies and policies and promoting horizontal and vertical policy coherence.

#### Translation of policy concepts into tailor made policies for territories



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

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

## **Responsibilities**

Although the development of the European territory is a common challenge, the principle of subsidiarity provides a logical division of responsibilities in this respect. The new EU Constitution will not change this division of responsibilities but will set a shared *competence* for territorial cohesion. This will give more impetus to this common challenge and a legal basis: a small but crucial difference with the current situation. In general terms, responsibilities between Union and Member States/regions can be shared along the following lines.

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

## **Instruments**

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

- Specific territorial instruments: Until 2006 Interreg III is the only EU policy instrument that is specifically territorial. Interreg IIIB (transnational territorial cooperation) and ESPON (European territorial analyses) in particular have a specific territorial dimension. The proposals for post-2006 EU Cohesion policy offer stronger and broader instruments for strengthening territorial cohesion. All three proposed Cohesion Policy objectives (Cohesion, Competitiveness and Cooperation) have specific territorial elements and themes.
- EU instruments with a strong territorial dimension but with a primarily regional-economic or sectoral objective. These concern the Community Initiative programmes Urban and Leader and the mainstream objectives 1 and 2 of the current EU cohesion policy, the trans-European Transport and Energy Networks guidelines, several EU environmental directives (such as the directives on birds and habitats, water, strategic environmental assessment and air quality) and the Rural Development Regulation.
- EU instruments with strong territorial implications but a non-territorial objective: EU policies such as the internal market, R&D, competition and CAP (1<sup>st</sup> pillar).

*National instruments* for strengthening EU territorial cohesion naturally vary between member states. However, national and regional territorial development policies and strategies can have a pivotal role in offering an integrated and space-based framework for development, adding value to EU Cohesion policy and the Lisbon action plans.

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

## PART B: ASSESSING THE STATE

### 2. Territorial challenges for the Union in the light of Lisbon

The key political challenge for the Union at this moment is to become economically more competitive and dynamic. Urgent action is needed if Europe wants to keep up its model for sustainable development. This requires a stronger focus on growth and employment whilst also taking full account of social and environmental issues. As described comprehensively in the 2<sup>nd</sup> ESPON synthesis report, the development of the European territory is facing significant challenges that require a coherent approach in order to support the Lisbon strategy effectively in its crucial second phase until 2010. The most striking territorial challenges are outlined below.

***The European urban system:*** Cities, as motors for development, play a key role in strengthening territorial cohesion in the light of the Lisbon aims. The basic elements of the European urban system are functional urban areas, defined on the basis of travel-to-work areas. Analyses reveal a considerable spatial concentration of these within the core of Europe. The picture of Europe is dominated by metropolitan agglomeration areas within the core, i.e. a *pentagon* defined by the corners London, Hamburg, Munich, Milan and Paris. Looking at the potential strategic horizons of the European urban structure the core area becomes less defined. Manchester, Berlin, Venice and Genoa are new growth poles near the current pentagon. Outside this dominant area there are only a few functional urban areas with apparent potential to counterweight the predominance. These are Madrid, Barcelona, and Athens in the South, Dublin in the West, and Stockholm, Helsinki, Oslo and Gothenburg in the North. Urban revitalisation is a common challenge for the competitiveness of Europe's cities.

***R&D hotspots in the urban system:*** The location of research and development (R&D) activities and well educated human capital are important development potentials for regions. In most countries the capital city is also the most important node in terms of knowledge 'production', measured as the number of students at higher education institutes. On the other hand, the university system in most countries has a polycentric structure, with many large universities located in other functional urban areas. Strong territorial concentration is observed in the fields of R&D intensity, employment in high technology services and R&D infrastructure. In several countries R&D expenditure is concentrated in the capital region. This phenomenon is evident in Austria, the Czech Republic, Finland, France, Hungary, Greece and Portugal, where the top spending regions all account for around half of national R&D spending. In France 45% of national R&D expenditure is concentrated in Ile de France (the region with the EU highest R&D expenditure in absolute terms), compared with a figure of 10% for Rhône-Alpes, the region with the second highest level of R&D expenditure in France.

***Urban rural relations (national polycentrism):*** Balanced regional development requires a strong regional integration of functional urban areas and their surroundings (ensuring, for example, a sufficient level of services of general interest). This creates a challenge of effective networking and governance. In this context ESPON research has identified "Potential Urban Strategic Horizons" (PUSH), i.e. those municipalities that are within 45 minutes reach (community distance) of a city. These offer the possibility of an enlarged functional entity for daily activities (services, working, education, leisure, shopping) Today, Europe is witnessing increasing 'rurbanisation' where the physical environment loses qualities that were traditionally associated with urban and/or rural settings. Seeing Europe through urban-rural glasses, areas under high urban influence and with high urban intervention cover 19% of the ESPON area, but house 60% of the population and produce 70% of the total GDP. The corresponding figures for all areas under high urban influence are 26%, 69% and 77%. This means that nearly four fifths of the GDP of the ESPON space is produced in slightly more than one fourth of the territory which are highly urbanised. Less urbanised regions count for 53% of the total territory but only 20% of the total population and 16% of the GDP.

**Transnational urban poles:** In the enlargement process, an unprecedented number of EU border regions will have the potential to merge into dynamic functional relationships with new neighbours. PUSH areas can extend beyond national borders. 23% of European cities' PUSH areas cross a national border, and can thus be considered as potential transnational functional urban areas. These are mainly concentrated along border areas stretching from the Benelux countries to Northern Italy, but also those situated between Slovenia, Hungary, Slovakia and Poland. The relatively large proportion of PUSH areas that cross national borders illustrates the potential for transnational initiatives promoting territorial cohesion, and the importance of effective networking.

**Accessibility to transport and ICT:** Transport infrastructure contributes significantly to territorial competitiveness. Key (trans-European) challenges in this concern are not only the development of new infrastructure, but also an effective integration between trans-European and secondary networks and an efficient and sustainable organisation of the whole network e.g. via territorial development strategies. Multimodality (including inland, maritime and short-sea transport) is a key concept in this respect. Regions with a high level of multimodal accessibility are mainly located in an arc stretching from Liverpool and London via Paris, Lyon, and the Benelux, along the Rhine to Northern Italy. In addition some agglomerations outside this central area are well equipped with good multimodal access, largely because of international airports. Transport flows will change during the next 15 years with particular development potential on East-West corridors and connections to EU neighbours. Areas that are presently marked by lower accessibility are the Eastern rim of the EU, as well as more rural areas. Some of these areas will experience significant improvements in transport links which may improve their accessibility. On the other hand, problems associated with the overloading of transport corridors and congestion are increasing. Vice versa a lower increase in transport, in particular in urban agglomerations, might be perceived as a better quality of life and environmental situation.

When it comes to ICT (information and communication technology), the picture looks complex, as it is very different for each technical solution. Spatial patterns depend on technical solutions, which reflect mainly national differences in telecommunication cultures, e.g. Finland and Sweden have strong communication and computing cultures, the Czech Republic, Greece, and Italy have strong voice communication cultures, Denmark and the Netherlands have strong computing cultures and France and Germany have relatively weak telecommunication cultures. The *diversity* of telecommunication cultures is a development potential for Europe as a whole, as well as for the different areas. Focusing on specific area-based characteristics, the diverging telecom cultures might actually be perceived as a comparative advantage.

**Energy:** as a whole Europe has become less dependent on imported energy. However, some European countries reveal strong *energy dependence* (Luxembourg, Cyprus and Malta, Belgium, Spain, Ireland, Italy and Portugal), offering challenges for trans-European cooperation. The probability of high *energy prices* in the future, in particular due to possible oil depletion and increasing energy demand in emerging economies will have important consequences in terms of spatial development, ranging from interregional imbalances related to transport costs to planning measures. Against this background, the development of *renewable energy sources* is a key challenge in addressing environmental concerns, but also in terms of security of supply and reduction of energy dependency. The potentials for increasing the use of renewable energy are not equally distributed. Solar and wind energy potential are highly relevant, in particular for Norway, Ireland, Greece, Sweden, Spain and the UK. Biomass is another important energy resource in Europe. Relating this potential to population, almost half of the EU countries including Italy, Poland, the United Kingdom and Belgium have low potential per capita in terms of biomass. .

**Risk prevention in relation to hazards:** A distinction can be made between natural hazards (e.g. volcanic eruptions, river floods, earthquakes, forest fires, winter storms) and technological hazards (e.g. nuclear power plants, oil production, processing, storage and transportation). Both have a clear trans-European dimension. Natural hazards most strongly affect regions of Portugal, Spain and the west Mediterranean arc (forest fires), the Acores, Sicilia, Campania and Lazio as well as Notio Aigaio (volcanos), Greece (earthquakes), and Western European regions (winter storms). Western and Southern Germany, Northern Switzerland as well as the regions in the North of Romania have the highest indicator values for flood events. The regions most affected by potential technological hazards include harbour regions and major centres of oil industries, such as Denmark and the regions Provence-Alpes-Côtes d'Azur, Lomardia and

Weser-Ems. In relation to nuclear hazards cities/regions in the vicinity of nuclear power plants become apparent.

*Climate change* and its consequences are at the forefront of the debate on natural hazards. Climate change can be expected to affect both the frequency and intensity of natural hazards and thus influence decisions on the risk management of all climate-induced hazards. Climate change comprises changes in weather variables such as averages and extreme events in temperature, precipitation/rainfall (incl. snow cover) and wind. These three elements in turn influence other aspects such as e.g. dry spells.

**Natural resources:** natural resources provide important potentials for economic development in many regions. However, the right balance between use and protection is essential to preserve those potentials. The ecological structure in Europe consists of many small disconnected 'islands of nature' surrounded by other "human-dominated" types of land use. These fragments of semi-natural habitats are often not able to support the survival of species populations in the long run. The size of coherent (trans-European) semi-natural areas as well as the distance between different sites is crucial for the maintenance of our natural heritage. Today, the European territory consists to a large extent of highly fragmented semi-natural areas. Less fragmented semi-natural areas are to be found in Finland and the mountain areas in Spain, the Alps, the Carpathians, Greece and Scotland. Most fragmented natural areas are located in Ireland, South England, and the north western coastal zones of France, Belgium, the Netherlands, Germany and Denmark. These areas stretch from coastal zones inward along the main rivers, i.e. Loire, Seine, Po, Elbe and Danube.

**Cultural resources:** Cultural resources represent an important element of 'quality of life' for a region. The (trans-European) spatial distribution of cultural resources varies depending on their type. There is a tendency for resources of the immovable type and museums to cluster in coastal and urbanised areas. At the same time access to cultural resources is potentially more problematic in urbanised areas where use pressures are higher (e.g. on landscapes). The concentration of cultural assets is a strong element of attractiveness of an area. Visitor flows turn out to be an important development asset, producing jobs, income and branding, but also a potential source of disturbance through a congested use of the resources (e.g. in coastal and mountain areas). Moreover, excessive tourism threatens to preclude access to the resources by the local population. Finally, heavy economic pressure from tourism is likely to alter the social mix of the territory through 'crowding out' effects, coming to alter the 'cultural identity'.

To conclude: Although more research and a further 'digestion' of current ESPON results and other sources is needed, the cautious conclusion could be drawn that trends since the adoption of the ESDP are *on balance* contributing slightly to territorial cohesion, in the sense that they are in favour of the exploitation of not fully used potentials of regions. Nevertheless, the structure of the European territory still shows scope for improvement in the light of the Lisbon aims and targeted efforts are needed in the coming years to further unlock Europe's potentials and strengthen territorial cohesion. A crucial point in this concern is that different regions can show their competitiveness in different fields by drawing on different types of territorial potentials: making Europe's diversity a strength. Moreover, all the issues described have a strong trans-European dimension. The key challenge appears to be a better exploitation of the specific territorial potentials of Europe's regions and a more effective trans-European territorial integration.

European analysis can help to identify comparative advantages for the exploitation of territorial capital. However, the identification of territorial potentials and appropriate ways to exploit them requires complementary bottom up processes and dialogue drawing on innate territorial knowledge.

### 3. The impact of EU policies on territorial development

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

Strengthening territorial cohesion in the light of the Lisbon aims is a long-term process. Although this is not primarily the focus of current **EU Cohesion Policy**, ESPON studies provide evidence suggesting that current structural funds programmes can contribute to achieving increased territorial cohesion and polycentric development, depending largely on national policies. The proposals for post-2006 EU Cohesion Policy illustrate a shift in policy philosophy towards explicitly supporting the Lisbon aims and taking stronger account of the territorial capital of Europe's regions (both by taking more explicit account of territorial specificities in strengthening regional potentials and by offering opportunities for strengthening the trans-European structuring elements of the EU territory). A particular challenge in this respect is the emergence of many new internal and external borders.

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

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

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

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



Certain **EU environmental policies** have a very direct and strong territorial impact, by setting conditions for territorial developments and policies. Strategic Environmental Assessment raises the evaluation of impacts to a higher level. The Habitats and Birds Directives, the Framework Directives on Air Quality and Water and the Nitrates Directive can affect plans for residential areas and building plans around airports, seaports and highways, the viability of the livestock sector, the designation and use of coastal recreation areas, etc. On the other hand, the Habitats- and Birds directives play an important role in preserving and developing the ecological structure in the Union. New cross-border cooperation initiatives to achieve Water framework Directive objectives can enhance trans-European spatial planning.

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

It appears that EU sectoral and economic policies and territorial development policies in the member states do not structurally reinforce each other as regards objectives, priorities and measures taken. In some cases the contrary is true. Nevertheless, there appear to be good opportunities for a better use of the existing possibilities of the EU policy process. At the same time, many member states are taking initiatives to anticipate the spatial impact of EU policies but are facing serious obstacles like differences in policy cycles, objectives, priorities, distribution of responsibilities, processes of negotiation and consensus building of relevant EU policies and national and regional territorial development policies.

## PART C: DEVELOPING THE PERSPECTIVES

### 4. Priorities for strengthening the structure of the EU territory

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

In view of the great diversity of territorial potentials in the Union it is clear that these priorities will have to be addressed in a flexible way depending on the physical and geographical context and the policy scale at which they are applied. As most will have to be addressed at the trans-European level, the European Territorial Cooperation strand of the 2007-2013 EU Cohesion policy will play a key role.

The first three priorities focus on the key role of cities as motors for development, addressing the apparent potentials for stronger urban-rural partnerships, (trans)national functional urban areas and strategic functional urban areas at the European or even global scale. The other three priorities focus on the 'other' trans-European structuring elements of the EU territory that are crucial for strengthening territorial cohesion.

1. promoting a territorial policy for agglomerations, cities and urban areas in a polycentric pattern as motors of Europe's development
2. strengthening urban-rural partnerships and ensuring a sufficient level of services of general interest for balanced territorial development
3. promoting (trans-)national clusters of competitive and innovative activities (by strengthening the international identity and specialisation of cities/regions and identifying priorities for cooperation and synergies in investments, such as cooperation on territorial development, job markets, training, education, R&D, capital risk for SME)
4. strengthening the main trans-European transport, ICT and energy networks in view of connecting important economic poles in the EU and their links to secondary networks (with special attention to development corridors, the accessibility of naturally or geographically handicapped areas, maritime links and connections to EU neighbours)
5. promoting trans-European technological and natural risk management, including integrated development of coastal zones, maritime basins, river basins and mountain areas
6. strengthening the main trans-European ecological structures and cultural resources.

## 5. Priorities for coherence of EU policies with a territorial impact

Effective territorial governance is an important prerequisite for strengthening territorial cohesion. The key challenge appears to be to ensure that EU sectoral and economic policies and territorial development policies in the member states structurally reinforce each other with the aim of an effective exploitation of Europe's territorial capital. In this light eight priorities can be identified. They will have to be developed in more detail in the coming years.

The first three priorities concern the role of national and regional territorial development strategies. They focus on the bottom-up perspective for improving territorial governance in the EU.

1. strengthening the EU perspective in national and regional territorial strategies, by taking account of the territory's identity, specialisation and position in the EU and of the impact of EU policies on the development of the territory
2. linking national and regional territorial development strategies to the national and EU strategic frameworks for cohesion, rural development and the Lisbon strategy.
3. promoting joint cross-border and transnational territorial development strategies within the framework of European Territorial Cooperation.

The following five priorities concern the integration of the territorial dimension into the EU policy process by making better use of *existing* opportunities: one of the key ambitions of the Rotterdam agenda. These priorities are focused on promoting the coherence and the coordination of EU policies with a territorial impact in a more structural way and at an early stage in the EU policy process.

4. strengthening the role of the Commission and the EU Ministers for spatial development in raising awareness concerning the territorial dimension of EU policies and in promoting policy coherence and cooperation in this concern;
5. ensuring active involvement of territorial expertise in an early phase in the development of spatially relevant EU policies (e.g. in expert groups)
6. deploying ESPON and other instruments to deliver territorial analyses for the ex-ante impact assessment of territorially relevant EU policies
7. ensuring effective comitology after 2006 to discuss strategic territorial development affairs
8. stimulating the dialogue on territorial cohesion across disciplines, with EU institutions and with local and regional actors.

## 6. The case of European Territorial Cooperation

This section concentrates on the future EU Cohesion Policy strand of European Territorial Cooperation (ETC). The reason behind this is that its focus, the trans-European dimension, plays a key role both in strengthening the structure of the European territory and in promoting better territorial governance in the EU. Moreover, in comparison to the current Interreg III programme, it is intended that the proposed ETC strand will be stronger ('mainstreamed'), more coherent in its zoning and more strategically focused on strengthening territorial cohesion. As the EU Ministers for Spatial Development will play a key role in applying ETC, it is important to consider how the analyses and priorities of the assessment on the 'territorial state and perspectives of the European Union' could be applied by stakeholders.

It is proposed that ETC should have a stronger focus on strategic projects, in addition to a continuing emphasis on the development of innovative approaches and the exchange and dissemination of best practices on common issues. Strategic projects may cover multiple (sub) projects and investments. Improving (trans-)European territorial governance i.a. by developing common approaches, networks and integrated development strategies could be an important element of such projects.

Examples of strategic projects are:

- the integrated development of metropolitan axes with a cross-sectoral focus. This encompasses optimizing multimodal infrastructure and flows of transport; supporting economic activity; improving the (peri-)urban environment of living and working; connecting urban networks; the development and protection of natural resources, e.g. measures to minimize the effect of infrastructure on nature and to reduce negative environmental effects; synchronizing plans and procedures for planning and procurement, including the promotion of trans-European consortia for public-private-partnership preparation and implementation of infrastructure projects. the integrated development of coastal zones, combining joint management of maritime risks, including coastal defences; protection and development of areas of high natural value (e.g. wetlands); development of short sea shipping links; investing in sustainable energy systems, including natural gas and wind power; sustainable development of the economic potential of the coast, including recreation and tourism; action to optimize the environmental quality and economic potential of coastal areas.
- an integrated approach to water management in river catchment areas, combining the implementation of flood risk reduction measures, investing in multifunctional land use and the recreational potential of rivers; taking measures to improve water quality and nature development: enabling efficient transport on rivers.
- innovation projects leading to strategic trans-European partnerships between knowledge institutions and other partners in the innovation process, including SME and venture capital participation in public knowledge valorisation and exploitation. Partnerships should lead to better utilisation of research-infrastructure, exchange facilities for researchers, better trans-European linkages between investors and researchers, access for SME's to public knowledge dissemination instruments, sharing of experience of spatial, environmental and cultural policies and policies for promoting innovation in a regional and urban context, incl. Policies to attract innovative and R&D investments.
- In general there may be a case for supporting projects that aim at urban growth poles and networks and connecting them to other networks, aiming at strategic alliances.

Some good practices of Interreg III projects in this respect are attached as an illustration.

## Annex: Examples of good practices of INTERREG

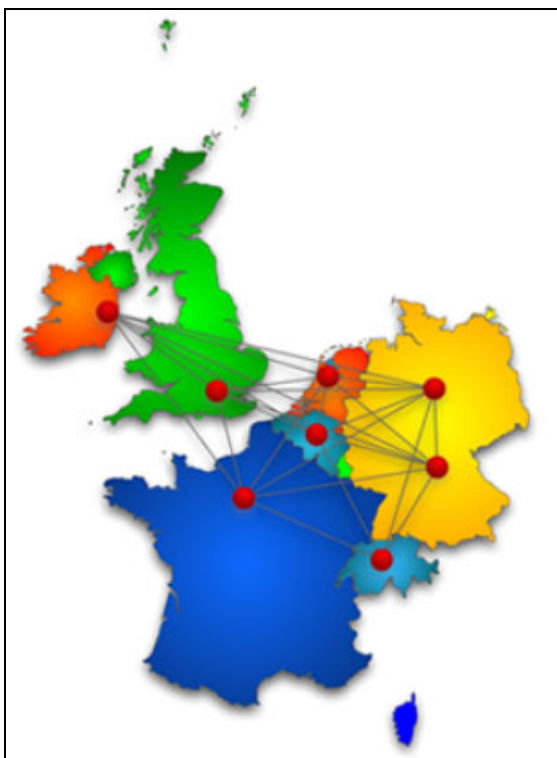
The selection of projects displayed below is not a result of a systematic investigation of Interreg programmes in terms of either in thematic or in geographical coverage. A careful assessment of project will be subject to the elaboration of the final document.

### POLYNET

- Project title: Polynet – sustainable management of European Polycentric Mega-City Regions
- Project Partners: Institute of Community Studies, University of Amsterdam, University of Heidelberg, Université Paris-1, Urban Institute Ireland, NSL (Netzwerk Stadt und Landschaft), IRL (Institut für Landschafts- und Raumentwicklung), Institut für Landes- und Stadtentwicklungsforschung des Landes Nordrhein-Westfalen (ILS), Loughborough University
- Programme: INTERREG IIIB NWE (North West Europe)

The project POLYNET is conducting research which will help us better to understand the process of urban agglomeration in North-West Europe and to develop policy recommendations which, if acted upon, would enhance economic, social and environmental performance – and generally promote European competitiveness in a global context.

Developments in information and communication technology is transforming the way in which key knowledge-intensive service industries – banking, insurance, advertising etc – are organised. These developments are causing businesses to transfer information and knowledge in new ways between cities and across national borders.



The changes in business behaviour are causing the emergence of a new urban phenomenon – the Polycentric Mega-City Region (PMCR). A Polycentric Mega-City Region (PMCR) is a collection of adjacent cities and towns where a number of these individual nodes are mutually supportive, and where the combination provides better overall performance than each operating separately. It is argued that well-planned and managed PMCRs have advantages in the global market place, attracting high value-added international and national businesses and delivering better quality of life.

## NWE Delta

- Project title: North West European Delta
- Project Partners: Province of South Holland, Ministry of Flemish Community, Port Authority of Antwerp, Institute for Infrastructure, Environment and Innovation, Ministère de l'Ecologie et du Développement Durable, Port Autonome de Rouen, Port of Rotterdam, ALTERRA, Delft University of Technology, ABPmer (ABP) – UK
- Programme: INTERREG IIIB North West Europe (NWE)

The project facilitates the optimal implementation of the Bird and Habitat Directive. It links port development to nature policy in the Netherlands, Belgium, France and the UK.



In the area of the port of Antwerp a network of ecological infrastructure inside a port area will be built, so that natural habitats and species “cohabit” with maritime, industrial and other harbour activities. Connected to the port of Rotterdam (in an area called the Zijk (dunes)) investments shall demonstrate the beneficial links between natural habitats and nature of industrialised (port) areas in close proximity. It displays how restoration of habitats in a dune area can achieve a range of benefits, *i.e.*, enhancement of nature resources, flood protection, recreational functions, agricultural benefits, other economic benefits

## ELAT

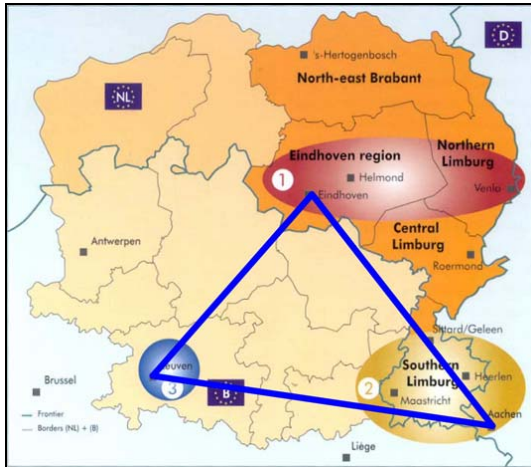
- Project title: ELAT Eindhoven, Leuven, Aachen Technology Triangle
- Project Partners: SRE; The Eindhoven Regional Government, City of Leuven, K.U. Leuven Research & Development, City of Aachen, AGIT; Economic Development Agency for the Aachen Region, City of Eindhoven
- Programme: INTERREG IIIB NWE

To achieve the overarching goal of the Lisbon Strategy (to become the most competitive and dynamic knowledge-based economy in the world) a transition to a knowledge based economy and society is needed. This can be achieved by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market. The INTERREG-project ELAT project is an example of a transnational approach on stimulating innovation.

The main objective of the ELAT project is to develop and implement a joint innovation strategy for the "technology triangle" by the knowledge institutes, businesses, and national, regional and city authorities, especially through the use of intensive and innovative ICT. Examples are the development of a joint facilitation programme for "techno starters" and challenging and facilitating the knowledge institutes and businesses to work together in order to develop and combine knowledge.

Due to the intermediary position of the ELAT-triangle between the Flemish urban network, the Ruhr Area and the Dutch Randstad, the significance of cooperation within the ELAT-triangle surpasses the scale of these regions. The creation of favourable conditions to become a high technology European region can not occur without cooperation in general and on spatial

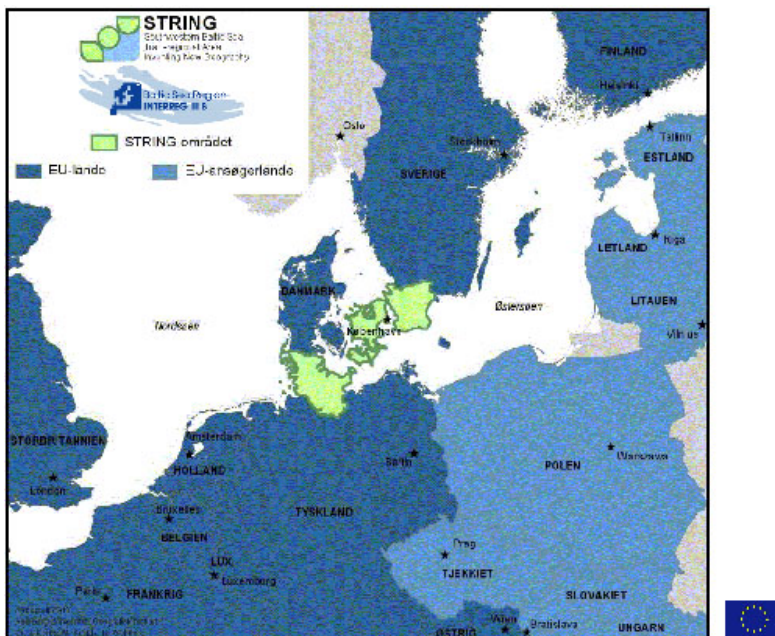
planning in particular. The high technology triangle Eindhoven, Leuven, Aachen (ELAT) is one of the first European regions that aims to implement the Lisbon Strategy from a transnational point of view.



## STRINGII

- Project title: STRIING II South-Western Baltic Sea Transregional Area – Implementing New Geography
- Project partners: Municipalities, Regions, federal states and other organisations from Hamburg to Skåne (South Sweden)
- Programme: INTERREG IIIB Baltic

The STRING area – Hamburg/Schleswig-Holstein (D), Sealand (DK) and Scania (S) – has a wide range of potentials not yet developed on a transnational scale. By combined efforts, the STRING partners aim to maintain this macro region as one of the most successful trans-regional areas in Europe. In the first co-operation period of 1999 – 2001 a development concept with a concrete action plan was agreed. The process was based on three pillars: entrepreneurship, innovation and sustainability to maintain a high level of quality of life in the area. In the second period, 2002 – 2004, this action plan with six [five?] sub projects has been implemented: e-learning portal; e-learning courses for small and medium sized enterprises; common TV-emission; internet based tourist route; new tourist products; platform to promote young design.





More than 50 local and regional authorities, educational, business and tourism institutions, museums and broadcasting companies from Denmark, Germany and Sweden participated in the projects. Transnational co-operation is wisely seen as a factor which could give added value for strengthening the potentials of each partner.

**Development concept for the south-western Baltic area** In recent years a special dynamic has arisen in the region of the southwestern Baltic area. The promising economic development, the numerous well-reputed educational establishments as well as the high social and environmental standards in the area between the Øresund region, including Copenhagen and Malmö, and the metropolitan region of Hamburg/Schleswig-Holstein offer a high standard of living and an attractive milieu for internationally orientated companies.

## AlpFrail

- Project title: AlpFrail:Alpine Freight Railway
- Project partners: Amt der Vorarlberger Landesregierung (Austria), Autorità Portuale di Venezia (Italy), Bundesministerium für Verkehr, Innovation und Technologie (Austria), DB Netz AG (Germany), Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e.V. (Germany), Kärntner Landesregierung (Austria), Province of Alessandria (coordinating the ligurian ports B182 and Local Logistic platforms Rivalta Scrivia (Italy), Provincia di Brescia (Italy), Provincia di Mantova (Italy), Regionalverband Donau-Ilser (Germany), Regione Autonoma Friuli-Venezia-Giulia (Italy), Regione Veneto (coordination Port of Venice, Unioncamere, Interporto Padova, Interporte Verona (Italy), Salzburger Landesregierung (Austria), Veneto Union Chambers of Commerce - Department for European Policies (Italy)
- Programme: INTERREG IIIB Alpine space

A significant part of European trade crosses Alps. The transalpine traffic accessibility is essential for Europe. The increasing road traffic within the alpine region causes rising CO2 emissions, noise pollution and abrasion of road infrastructure, which is not designed for the actual traffic volume. The Alpine traffic policy has abandoned the scope of single nationalities and reached European dimensions. The new focus for the solution is "thinking in network and systems, not in axes". The main objective of AlpFRail is to enhance the acceptance of the railway as alternative and complemented transport media to prevent the alpine space from an economical, environmental and traffic disaster according to European programs (e.g. Alps Convention). In particular, the project will create a sustainable mobility concept to cope the transalpine freight traffic by using existing (railway) infrastructure. It will also install a prototype of an information and quality assurance system for a better execution of the transalpine freight traffic on rail taking into account the Life Cycle Assessment (LCA) for logistic and transport solution. The creation of an overall supply for the target group and verification of the system in 2 pilot cases will meet the political aims of the ESDP and the "Alpine Convention" for sustainable transport solutions.





According to the slogan „Thinking in networks and systems, not in axes“, it is necessary to organise a transnational and trans-sectoral partnership. The list of 17 partners and 5 observers covers the entire Alpine Space, which is essential to guarantee an international network solution.

The public and private partners of the project are national and regional policy makers, companies and associations. The integration of all these groups from different sectors is the base for harmonised decisions. The partnership of the policy makers is a prerequisite for publicity, public opinion forming, and sustainable implementation enduring the project and after its completion.

## TUSEC-IP

- Project title: Technique for Urban Soil Evaluation in City Regions – Implementation in Planning Procedures
- Programme: Interreg IIIB Alpine Space

TUSEC-IP is a contribution to a balanced and sustainable spatial development in the Alpine Space concerning the soil in urban regions. 10 Partners from 5 countries of the Alpine Space (Germany, Italy, Austria, Slovenia, Switzerland) developed a procedure to evaluate soils in city regions of the Alpine Region, working out implementation strategies for a better management of urban soils in regional and municipal planning procedures.

The tool will be simple to use, user-orientated, plausible and scientifically founded. Legal differences in the countries involved will be considered. Simultaneously, strategies to implement the technique in municipal and regional planning proceedings are developed and disseminated in collaboration with NGOs.

As a result, municipal planners will be enabled to evaluate soil functions and to consider soil issues in planning procedures. Also, awareness among politicians and citizens will be raised on soil functions and the sustainable use of land and soil resources. An applied preventative soil protection will be integrated in spatial planning, into local planning and permission procedures. The project will also enhance the cooperation of scientific institutions, local planning and environmental authorities and citizens.

The resulting planning tool is meant for directing economic development to locations being ecologically sustainable, promoting soil-conserving and land-saving concepts and managing a higher reliability of planning especially in city regions. The Projects promotes soil-protecting urban planning concepts and offers a higher degree of legal and time-related planning security which creates incentives for investment.



## EuRoB

- Project Title: European Route of Brick Gothic
- Programme: Interreg IIIB Baltic Sea

In the Baltic Sea Region, the project EuRoB has developed an example of how cultural assets of international importance – architecture of Gothic Bricks - can be better combined and marketed for a global market through transnational co-operation. The project has developed a transnational route with offers for tourists which can be used individually or booked through tour operators. The project connects maintenance and economic use of cultural heritage. The route comprises not only monuments of Gothic bricks, but form also an “entrance gate” to the history of the Hanseatic League, to recreation, sports, services etc. The tourism route promotes the development of transport infrastructure, business, and urban and rural areas. Hotels also take part in route marketing. Further education of personnel and certification of hotels is part of quality management of the route. This in turn increases the attractiveness of the route for tour operators. The project also supports investments for a route marking system and for maintenance of historic monuments. In a second step of project implementation, qualitative improvements and the establishment of a permanent transnational route management are envisaged. Thus, culture as an economic factor supports also the labour market and will improve regional environment for tourist and business development and promote economic and social cohesion around the Baltic Sea Region. (Information: [www.eurob.org](http://www.eurob.org)).



The project EuRoB receives around 536.000 Euro ERDF. 28 partners (cities, regions, universities, associations) from 7 countries (Denmark, Germany, Estonia, Latvia, Lithuania, Poland, Sweden) participate in the project. National authorities and international institutions of culture, economy, politics, spatial development, support the co-operation.

## CITYREGIO

- Project title: CITYREGIO
- Programme: Interreg IIIB CADSES

CITYREGIO addresses the problems arising from the different paces and accents of economic development between centres and their surrounding areas and with the impacts on spatial development in CADSES. CITYREGIO analyses the mutual interdependance of centres and their surroundings. The project regards cities and the surrounding districts as a single entity as far as regional economic development is concerned. From this perspective traditional administrative areas become obstacles. Issues of economic development, spatial planning, location management and development of human resources and capacities in the light of the Lisbon / Gothenburg Strategy are not adequately addressed by local and regional authorities without close cooperation.

CITYREGIO addresses this problem in a transnational cooperation of the regions of Leipzig (Germany), Linz (Austria) and Plzen (Czech Republic) characterized by a number of similar development issues and by geographical proximity in central CADSES. The project receives 1.3 MEURO ERDF.



## C2M

- Project: Cooperation between Mediterranean metropolises
- Programme: Western Mediterranean

The aim of this project is to organize and continue cooperation between the large metropolises of the Medoc region in order to develop a common strategy for major urbanisation functions. It tries to achieve a better performance of the Southern European economic system and to improve the competitiveness of this region as a whole. In doing so it contributes to one of the essential goals of the ESDP, which identifies the principle of 'polycentric and balanced development of the EU' as a priority.



## **PIRENE II**

- Project: PIRENE II. The need for connections between the regions of South-west Europe. Optimization of infrastructure networks through a multimodal approach.
- Programme: South-west Europe

The PIRENE II project is a follow up of the initiative 'Linking requirements for South-west European regions and optimization of infrastructure networks through a multimodal approach', a project under the INTERREG IIC South-west Europe programme. PIRENE II strives to consider in a fundamental way the large-scale transportation issue of the South-western area. Its main objective is to answer communication needs and to develop the area by strengthening the development of transport infrastructures, enabling intermodality and promoting an adequate territorial balance. The following aspects are keeping in with this objective:

- Demonstrate the feasibility of a large-scale railway link across the Pyrenees
- Redress the balance in transportation following the white paper of the Commission
- Fighting bottlenecks, especially in a vulnerable natural barrier like the Pyrenees
- Promoting coherence between the South-west European regions
- Promoting sustainability and respect for the environment
- Deepening experiences and relationships established in PIRENE I and securing necessary continuity of this initiative, of which the results proved to be beneficiary for all regions involved
- Disseminate and transmit a community project with important consequences for the South western European region to the largest public possible (technicians, institutions and social)

<http://www.pirene.net/ING/PortadaIN.asp>

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