

*Macro-regional approaches for the benefit of North Sea-English Channel co-operation: adding value?*

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## **Section 1: Introduction**

Within the framework being established by *Europe 2020* (CEC, 2010a), there is interest in the territorial coverage of the regional policies and complementary EU activities, in the performance and effectiveness of such policies, the efficiency of governance structures and implementation arrangements, and the relationship between cohesion policy and other EU structural policies. There is also concurrent growing recognition and support across each of these issues to the concept of ‘macro-regions’, and indeed much debate internal to the European Commission<sup>i</sup>. The Fifth Cohesion Report's (CEC, 2010b) broad orientations embrace this approach of defining geographies which extend beyond national borders and conventional ‘Territorial Cooperation’ collaborations, but within specifically defined quadrants of the continent. The future architecture of cohesion policy, therefore, is likely to see demand for similar strategies for parts of Europe as already apply for the Baltic Sea and the Danube area (Commission of the European Communities, 2010 c and e; see Figure 1).

In anticipation of this, The Committee of the Regions has proposed a "European North Sea Strategy", informed by the specially commissioned Kuhn report (2010). According to this "Macro-Regions" concept of the EU, regions and countries cooperate on flagship cross-border projects dealing with a range of issues, e.g. environmental protection and transport. Within the framework of *Europe 2020: a strategy for smart, sustainable and inclusive growth* (European Commission, 2010a), this enables solutions to be found for problems that one country is unable to tackle alone and which are too specific for general EU rules. Discussions within various fora, including the Committee of the Regions (CoR), Conference for Peripheral Maritime Regions (CPMR), North Sea Commission (NSC) and other colloquia, complemented by the 8<sup>th</sup> *European Week of Regions and Cities* Open Days workshop in Brussels 5<sup>th</sup> October 2010 on *Macro-regional approaches*

*for the benefit of North Sea- English Channel co-operation?*, have confirmed broad support for this proposal<sup>iii</sup> across this extra-territorial region.

Another framework push for macro-regions has come from the adoption of the Lisbon Treaty (CEC, 2007) when the EU gained ‘territorial cohesion’ as one of its embedded central objectives (the EU "shall promote economic, social and territorial cohesion"). Economic and social cohesion focuses on regional disparities in competitiveness and well-being whilst territorial cohesion reinforces the importance of access to services, sustainable development, ‘functional geographies’ and territorial analysis.

This paper analyses how this proposal for a complex and multi-functional strategy could be established and operationalised within these geographical, political and policy constraints. It explores the functional geographies of the North Sea, bearing in mind that geography can be flexible depending on its function, and the macro-regional strategy should have more than one function. This also leads into a consideration of the different nuances in each stakeholder’s understanding of the meaning of the macro-region, what they believe to be the reasonable priorities and so aims and objectives of any such programme of activity, and the governance structures. In section 3, the paper examines the literature and rationales underpinning this proposal, paying attention to the historical and geographical contexts, and the changing environments faced by the region. Given the locations and barriers to full involvement in many European markets, it draws on the work of the RSA international research network on peripherality and marginality (Danson and de Souza, 2011) to contrast the varying demands across the macro-region. The analysis is informed by theories on cohesion, coherence and partnership, all key to any such collaborative programme (Danson et al., 1999), but all the more important given the expectation that there will be no new funds nor institutions to implement a macro-regional strategy in this part of Europe with each Member State facing competing demands for existing funds.

Section 4 examines political drivers for such strategies which, it will be argued, cannot be ignored in this context. Hitherto, demand for the macro-regional strategies has stemmed from the participating regions of Europe themselves but, to be effective, it will be suggested that buy-in from the accommodating Member State is essential. So, Member

States need to agree to such co-operation, to help drive the strategy and part-fund the process; and arguably these activities may be counter-intuitive to their current drivers so complicating the development of a programme for the macro-region. This Section will introduce the concepts and knowledge to facilitate this analysis. The parallel economic drivers for the concept of macro-regions are explored in Section 5. It will be suggested that, for this proposal to work, it needs to be in the guise of collaboration leading to efficiencies in delivery and implementation to the areas that need it and an acknowledgement that strategic decisions are required to avoid duplication of activity. It will be shown that this is particularly apposite where there is evidence of the need to find added-value, and in the current economic and budgetary environment this is demonstrated as generally the case.

It is proposed that, while the first two macro-regions – the Baltic Sea and Danube area – have included cohesion countries, this proposal for a North Sea-English Channel initiative only involving developed parts of Europe will offer an experiment for the whole continent. With reference to this analysis, Section 6 examines the region in the context of and against the strategic objectives of Europe 2020. This analysis, and suggestions that lateral governance structures offer an effective and productive innovative approach to delivering economic development across the European Union, supports the argument that a North Sea macro-region would contribute significantly to meeting the goals of ‘smart, sustainable and inclusive growth’ (CEC, 2010a). However, in conclusion (Section 7) certain internal contradictions are identified in the geographies of member states and across the divide between the core and periphery which require addressing less the concept exacerbates the existing centripetal forces that it could and should address.

## **Section 2: Functional geographies and EU macro-regions**

Defining regions, within nations, has long occupied a key if often underplayed role in the analysis of economic geography and spatial economics. Unlike the identities of nations, rooted in cultural, historical, social and other recognised factors of coherence, regions are often created administrative constructs; and macro-regions are similarly social constructs ‘promising effective management of interdependencies, the resolution of potential conflicts and the construction of collective knowledge’ (Nordregio, 2009). Generally

regions can be understood as formal, functional or vernacular, and while these may coincide for some cases, in others there may be little correlation between the definitions. When regions are used or constructed for administrative purposes, there may be a lack of identification with the territory, perhaps suggesting a need for pro-activity in generating appropriate allegiances and buy-in from the local stakeholders (Jensen and Leijon, 1999). For the planning, implementation and distribution of many Structural Funds programmes within Member States, sub-national territories may be created from existing geographical units or from specifically delineated administrative areas (Keating and Hooghe, 2001, p280); in many instances, these may themselves be aggregations of 'natural' formal or functional regions or of similarly artificially constructed units. Examples of such regions can be found in most countries, with Ireland (Reese and Holmes, 1995), the UK (Keating and Hooghe, 2001), Greece (Kafkalas and Thoidou, 1999) and much of central and eastern Europe (Bachtler and McMaster, 2008) having to invent such administrative units for instance, while existing federal states or those with strong underlying communities and spatial identities often have pre-existing regions with recognised and well-established borders.

For most communities and regions, whether constructed specifically for the purposes of accessing EU funds or with their own existing identities, there will be experience of trans-national co-operation programmes (Perkmann, 2003; CEC, 2010b). Although these may have involved much stronger collaborations with similar entities outwith their own nation state than with neighbouring regions nationally, analogously to twinning arrangements these may not be very deep or persistent relationships and last only as long as the EU funding demands.

With this brief introduction to regions and identities as background, it should be clear that there should be similar considerations in the determination of regions which cross national boundaries. Work on such virtual regions, their construction, origins and characteristics, has been developed in recent times as certain drivers of change have become apparent and operational (Herrschel, 2009). So, the transformations in central and eastern Europe - which allowed former links between old regions across the east-west divide to be re-established, the opening of the Øresund Bridge between the metropolitan areas of Copenhagen and Malmö – both connecting the two city regions and

building on their common cultural identity of these "Öresund citizens", and the developing Dublin-Belfast corridor are all examples of cross-border macro-regions based on historic accepted identities. Contrariwise, such transitions have also exposed the artificiality and weak resilience of some other regional forms constructed during recent times.

In a significant review of the concept, the European Commissioner Pawel Samecki delivered a discussion paper in Stockholm on 18 September 2009 on "Macro-regional strategies in the European Union" which informs the analysis here. He confirms that the Commission's standard definition of a macro-region is "*an area including territory from a number of different countries or regions associated with one or more common features or challenges*" (Samecki, 2009, p.1). Critically for consideration of the geographic coverage of the proposed North Sea macro-region, such an initiative should involve 'several regions in several countries' and, not only do the limits of the region not need to be precisely defined but also the boundaries can vary with any specific policy area within the envelope of the macro-region programme.

In stressing that there are "*Three No's – no new funds, no new legislation, no new institutions*" (Samecki, 2009, p.5), it is clear that, in practice, this concept is about realising synergies. Further, these should be gained through a broad inclusive partnership and approach: "*All relevant policy areas, EU, national, regional and local should be included. IFIs, NGOs and the private sector should also be fully involved*". Indeed, and particularly relevant to the North Sea, the possibility that this is extended to third countries (e.g. Norway) is suggested (ibid., p.6). In discussing the scope and content of a macro-region strategy at the level of intervention, Samecki (2009, p.7) argues that it must be designed to rectify market or policy failures. In the context of the North Sea, such partnerships already exist for such policies where there is evidence of market failures due to the 'tragedy of the commons' (e.g. fishing and oil, both involving non-EU countries), and where positive externalities mean that under-production would result if the market was unregulated (i.e. where social and EU-wide benefits are greater than those accruing to private or national interests alone).

He concludes that the factors underpinning a successful macro-region are therefore about actions aimed at tangible achievements with demonstrable added value; in geographies tolerated to have “flexible, even vague, definitions of the boundaries”; and focused on using existing resources and funds more effectively.

There are important implications from such experiences for experiments in creating macro-regions across national boundaries embracing communities from several countries. As Peterlin (2011, p.2) argues: *Nordregio (2009) acknowledges in its scoping study EU macro-regions and macro-regional strategies, there are still a lot of questions both on the delimitations and functionality of macro-regions as well as on the rationale and added-value of development strategies in a macro-regional context.* The foregoing, albeit brief, set of references appears to point to the significance of persistent trans-national linkages and identities if cross-border regions are to develop naturally, and if full benefits of such macro-regions are to be realized. In particular, there are interesting contrasts in how the Baltic Sea and Danube macro-regions have evolved, based on top-down initiatives emanating from the European Commission itself (Commission of the European Communities, December 2010), and the North Sea proposals. Considering historical flows, linkages and common legacies is a pre-requisite to determining whether such plans may succeed.

### **Section 3: (a) Historical and geographical contexts**

A neo-classical economic analysis of the North Sea environment is insufficient to understand the proposals for a macro-region given the arguments presented above; the history and geography of this region are important, not just the politics and policy regimes of the C21<sup>st</sup>. A millennium ago, the North Sea and associated waterways of the North Atlantic were a well-trodden highway, with vital connections between the communities on coasts and estuaries across this geography (Smith et al., 2007). In other words, these coastal communities were at the heart of not only their regions and nations but also of this international maritime society and economy of nations around the North Sea.

Further, these northern nations are critical in the origins of important elements of European history, culture, language, identity; and to the extent that diversity gives

strength to the European community and economy the constituent elements of this macro-region offer much to the EU's overall competitiveness. Compared with the former times of 1000AD, now transport forms and networks are dominated by air, high speed rail, and containerised cargo movements, also bridges and tunnels have changed contexts and positions so that the tendency to peripheralisation and marginalisation have become endemic and embedded into the north.

Deeper analysis of the common histories and legacies, and of the shared problems and opportunities, would confirm that these communities around the North Sea can be considered as more than an imagined or virtual region but, rather more positively, appear to have the essentials for a genuine macro-region. Therefore, there is the potential for synergies to be realised through the creation of a trans-national territorial cooperation on a larger scale than offered through the existing programmes<sup>iii</sup>.

#### **(b) peripheral and marginal concepts**

For the communities, regions and nations around the North Sea, many are peripheral by geography but also peripheralised and marginalised within Europe, within their own nations and within their own regions (Danson and de Souza, 2011). This has been exacerbated by reorientation of trade following entry to the EU and the completion of the common market, globalisation and associated restructuring and deindustrialisation. At all levels in this macro-region, as elsewhere, the competitiveness agenda dominates so that cities/city-regions/agglomeration economies are promoted, privileging the core (ESPON, 2010; Krugman, 1991). As a result, internally and trans-nationally many regions and nations bordering on this sea face peculiar difficulties in competing with the firms and communities of the core of the continent (ESPON, 2010; CEC, 2008 for discussion on principles) and so have become peripheral and marginal (Danson and de Souza, 2011) within their own Member State or in the wider European context.

Therefore, the evolving impacts of economic and political changes rather than history and geography can be seen as the principle drivers of these forces of peripheralisation. Communities which formerly had been at the core of sea-based international networks are now relatively isolated facing high rates of out-migration, unemployment and low incomes (Lorentzen and van Heur, 2011; Beatty and Fothergill, 2004).

### (c) essential elements of EU territorial cooperation

Yet, throughout history the communities around the North Sea have made the most of its geographical handicaps (e.g. by becoming maritime traders), although distance has always been an obstacle to benefiting from scale economies and economies based on the core of Europe. As a highly innovative part of the world it has much to offer the EU in meeting the objectives of *smart growth* (Europe 2020, CEC, 2010a), of *sustainable growth* being the cradle for the development of renewable energies (to address climate change in terms of production, jobs and wider economic impacts), and of *inclusive growth* with its, generally, low levels of inequality and poverty, and incorporation of new technologies into old industries such as forestry, fishing, oil & gas, climate (e.g. datastores), and leisure. And, as many of these activities display economies of scale, suffer from other market imperfections and failures, or otherwise offer advantages from joint actions, there is a rationale for considering a North Sea macro-region.

In summary, lessons from elsewhere show that it is possible to promote change in imagined and virtual regions for the better with the trans-national examples around the Baltic and Mediterranean especially significant given their common maritime definitions. Indeed, more generally it can be argued that such initiatives based around seas are doubly important as they make Europe different from other continental trading blocs offering opportunities for first mover advantages in delivering renewable energy sources, on the one hand, and economies of scope through the exploitation of varied geographies, on the other.

Under various EU initiatives for building partnerships and networks (e.g. promoting the 'Motorway of the Sea' in the Trans-European Network, the North Sea Grid), there should be potential positive impacts and synergies, extending lessons and good practices from European programmes with a transnational dimension active in the past around the North Sea (e.g. from Interreg III, Leader, and EQUAL). Some of these build upon long-established fora for discussion and dialogue, the Nordic Council being the most obvious. As a note of caution, though, prior to the development of formal 'macro-regions' in the EU the primacy of the Member States in establishing and sanctioning any significant cross-border region-building has been stressed by Perkmann (2003, p168): *In this sense,*



*small-scale CBRs [cross-border regions] in particular are part of the multi-level governance structure of EU policy-making but are far from posing an imminent threat to the authority of the member-states over these policies.*

As well as these constraints, debates within the European Commission (see footnote 1) suggest that there will be demands that proposals for new macro-regions should align with the new funding period, offer flexibility in meeting challenges that only cross-national cooperation can address, and not be driven by the availability of money rather than the opportunity and need to work across boundaries. Bringing together existing funds and operating on existing platforms are seen as the fundamentals for constructing a strategic plan for using the funding instruments already available to macro-region partners. More effective and efficient ways to spend are therefore expected. We now turn to an examination of how the development of these larger macro-regional co-operations has been evolving since 2000, within these constraints.

#### **Section 4: Political drivers, Europe 2020 and Member States**

There are multiple policy networks with an interest in the North Sea and the regions surrounding the North Sea. They usually take the form of collaboration on a shared issue and range from loosely integrated issue networks such as KIMO (Kommunenes Internasjonale Miljøorganisasjon also known as Local Authorities International Environmental Organisation) to those policy communities with a more integrated role in the European Commission decision making process, such as the North Sea Regional Advisory Council for fisheries (Rhodes, 1990, 304-5). They form part of a complex ecosystem of organisations all with an interest in influencing the direction of EU policy making.

In contrast with how the Baltic Sea and Danube Strategies developed<sup>iv</sup> the discussion on the North Sea Strategy has hitherto come almost entirely from the regions themselves. This section will explore the role of two organisations in the evolution of the idea for a North Sea Strategy before turning to look at the Member States' approach. Both organisations have strong political voices from the local and regional level, one of which is organised around a North Sea basin (including non-EU Norway) and the other with an EU-wide remit.

The North Sea Commission, a geographical arm of the Conference of Peripheral and Maritime Regions, has been pivotal in driving forward this debate primarily between its members, who are regions or local authorities in the countries surrounding the North Sea. The debate and discussion about the possibility of a North Sea Strategy originally could be described as 'reactive' in that the idea was not on the political agenda until moves were made by the Baltic Sea to develop their strategy. Early discussion within the North Sea Commission<sup>v</sup> could therefore be described as more of a "me too" approach rather than driven by strong economic, social, or environmental motivations. It is also obvious from their early papers (see Samecki, 2009, for instance) on what a North Sea Strategy could entail that the concept was seen by local politicians as something that they wished to explore and there were plenty ideas on types of activities that would suit North Sea collaboration (North Sea Commission Executive Committee Meeting, November 2009). Ideas included joint work on the impacts of climate change such as rising sea levels and flooding; protecting the environmental sustainability of the North Sea and its ecosystems; developing comprehensive and coherent data available across Member States to enable the most effective policy decisions (particularly in the context of the Integrated Maritime Policy, the Common Fisheries Policy and Integrated Coastal Zone Management); ensuring Europe's sustainable energy supply (including the proposed North Sea Grid for Renewable Energy); and sustaining and developing Europe's competitive advantage in the world in the field of R&D and innovation (ibid). Some might call this a "shopping list" approach to rival the ambitions of other macro-regional strategies in existence or development. The problem with such a position is that it becomes difficult to identify the added-value of a macro-regional strategy within a crowded list of desired activity and to distinguish what is different from existing EU instruments for cooperation (CEC, 2010b). There was also much concern within the membership that some of the initial ideas were too orientated around the North Sea per se rather than about the economic development of the regions surrounding the North Sea and that rationalisation and prioritisation was needed.

As a result, the concept behind the idea of a North Sea Strategy has grown over time. It was rebranded "North Sea Region 2020" reflecting the ambition to align any future resulting Communication with the aspirations of the Europe 2020 Strategy and to

demonstrate, through an accompanying Action Plan, the contribution of the region to the delivery of the EU's over-arching strategy. At a planned event in March 2011 discussions will be held around the following five themes: Increasing Accessibility and Attractiveness; Tackling Climate Change; Promoting Innovation and Excellence; Sustainable Communities; and Managing Maritime Space. The aspiration of this joint working now has far greater political motivation, and therefore direction, as opposed to trying to please everyone or attempting to prioritise potential activity. The motivation behind this approach, we would argue, is now more ideological and almost calls into question the Community way of working in the call for a North Sea Region 2020 Strategy. There is an argument that inter-governmental approaches to EU decision making have not served the regions well and they want greater say in discussions that affect their areas (Keating, 2009). “[There is] *growing recognition that sectoral policies do not always take account of local challenges and opportunities and can have negative impacts on local communities and indeed other sectoral policy objectives.*” (North Sea Commission, September 2010). Moves towards a macro-regional strategy, therefore, can be viewed as a vehicle for the local and regional political class within the North Sea to improve the partnership and governance model on a transnational scale. The aim of the North Sea Commission is currently (February 2011) to get North Sea Region 2020 on the agenda during the Danish EU Presidency in the spring of 2012.

The Committee of the Regions is a consultative body and is seen as one of the main channels through which local and regional authorities act as the Third Level in the European decision making (Jeffery, 1997). The Committee of the Regions contributes the ‘view from below’ and as such is considered an important element of the EU's multi-level governance (Piattoni, 2008). On the 6 October 2010, their Plenary agreed by unanimity an Opinion on ‘A Strategy for the North Sea-English Channel area’ and which calls on Member States through the European Council to task the European Commission with drawing up a strategy with an emphasis on maritime policy, the environment, transport, industry and science. This was an accumulation of work of the North Sea-English Channel Inter-group within the Committee of the Regions and a stakeholder event held on the 13 April 2010 to discuss issues related to strategy development and implementation. The inter-groups were set up in 2000 and enable CoR members to meet

on the basis of common issues, over and above national formations and political groups or affiliations. This is an example of lateral decision making. Another interesting point to note is that a number of key individuals are involved in both the North Sea Commission and the Committee of the Regions, and thus are central in pushing the discussion forward. Thus there is 'politician spillover' and to some extent 'ideas spillover' between the two organisations.

The issue of a North Sea-English Channel Strategy will continue to be on the agenda of the Committee of the Regions in 2011. Members of the Inter-group "North Sea-English Channel" have committed themselves to promote and support the development process within their Member States. In addition the Inter-group will continue to exchange views with the European Parliament on the subject through their "Coastal Regions" Inter-group. Further, they plan to maintain discussions with the North Sea Commission work on "North Sea Region 2020" and hold discussions with DG MARE on the possibility of a "Sea-basin Strategy for the North Sea" (CEC, 2010d). They, similarly to the North Sea Commission, would like to see this on the agenda during the Danish Presidency and will work with the Danish CoR delegation to that end.

In contrast to the issue networks and policy communities around the North Sea, Member States have not really engaged with the idea of a North Sea Strategy to any great degree. The UK Department for Environment, Food, and Rural Affairs, under the previous administration, co-sponsored a North Sea Stakeholder Conference in March 2010 with the tagline "Working Together to Manage the Marine Resources of the North Sea Region". Since then, there has been very little work at Member State level to note and certainly not on the broader idea of a North Sea Strategy encompassing multiple areas of activity beyond the maritime agenda.

### **Section 5: Economic drivers, efficiency and strategic decisions**

However, there have been other interesting developments on shared cooperation involving parts of the North Sea which are worth exploring within this paper. On the 19-20 January 2011, the UK hosted a "UK Nordic Baltic Summit" in London, which was the first of its kind. Only announced by the UK Government that it was to take place on the 23 November 2010, after all countries involved confirmed it was a good idea, this was a

summit unlike the traditional EU-style summits in Brussels where the main discussions focus on communiqués and agreeing the wording to meeting conclusions. The press had heard rumours that the civil service were attempting to create a “*Californian-style policy seminar*” (The Economist, 20 January 2011) and described the delegates as an “*intriguing mix of PMs, tech types, green activists and wonks*” (Policy Exchange, 20 January 2011). All accounts from those who attended the Summit and its ‘edgier’ approach suggest it has been a huge success in its break from the norm (ibid). The idea behind the Summit was to create a forum for the sharing of ideas, establish best practice and to brainstorm to find better/more efficient solutions and to identify where approaches may be transferable to other countries. The business was conducted in small groups or symposia, each of which heard presentations from various innovators and policy makers in the participating countries and centred on 3 themes: technology and innovation; families, jobs and gender equality; and the environment and sustainability – all areas where this region is increasingly seen as having excellence within a European context. In David Cameron’s concluding speech he said “*today we’ve created a hugely valuable new network... But a network like this must also have a clear purpose, and some people have asked me why I’ve convened this particular group of countries. But I think the answer is simple. We face similar economic and social challenges; we have a huge amount to learn from each other...I believe the UK, Nordic and Baltic countries can be the avant-garde, can be in the guard’s van of delivering jobs and growth*”. He also said “*I think one of the outcomes of this should be that so many of the ideas that we have talked about should be part of Europe’s growth agenda, whether it’s about green growth, about entrepreneurialism, about the digital economy, all of those issues need to be in the European programmes and I’m sure we’ll all drive that forward.*” (David Cameron, Speech 20 January 2011).

The UK Government’s motivations are clear, to a large extent at least. The Summit may be perceived by those outside Government to be about informal alliance building with the EU Council in mind. This group of countries are clearly more likely to be on the same page as the UK on issues such as free trade or prioritising sustainable growth. However, the Summit involved both Iceland and Norway who are not members of the European Union, so it is perhaps unfair to make full the connection to the EU. There is growing

recognition of differences in the economic dynamic between northern and southern Europe, especially with regards to responding to the economic crisis, where the north is believed to have fared significantly better (McKinsey Global Institute, 2010). It is also clear from the participation of industry at the Summit and the trade forum which took place on the eve of the UK Nordic Baltic Summit (including senior business figures from companies such as Vattenfall, Spotify, Ericsson, Envac) that trade is of central importance to any future collaboration. Announcements were made by Vattenfall that they would be opening a London office and a bilateral Norway-UK pact was signed. David Cameron also used the opportunity to publicly back plans for a European energy supergrid (Cameron Speech, 20 January 2011). Collaboration with this group of countries could provide the framework to creating a joint North Sea supergrid, where energy supplies produced from one country could benefit another, using cables under the sea. Swedish Prime Minister Fredrik Reinfeldt was reported to note that debate among northern countries *"differs a little sometimes from discussions in central and southern Europe"* (EUobserver, 21 January 2011). Perhaps this network is determined to ensure that Europe's growth agenda is at the heart of future European programmes and that the European Council is fully on-message regarding the aspirations and needs of this group who have identified some of their common interests.

In contrast to the usual reputations of Member States, the approach taken at the UK Nordic Baltic Summit was an innovative, more open (it included a number of sectors, think-tanks and members of the press corps in the 100 delegates who were selected to attend as well as social media platforms providing real time insights into discussions), and was driven by an evolving discussion as opposed to a potentially stagnant strategy document. In some ways this approach goes against the grain of traditional models of government which tend to be centralised, hierarchical, and top-down and perhaps optimistically indicates willingness to move towards a more distributive, open, and lateral model of cooperation with other countries. However, execution is still vitally important. If the activity which these countries want to take forward together is delivered in silos (be that through member state government departments or the EU's Directorate Generals) it will be a missed opportunity to explore synergies, deliver real cross-over and potentially

efficiencies<sup>vi</sup>. There are follow-up plans (David Cameron, Speech 20 January 2011) for the Summit to be held in Sweden next year, so this will be an ongoing network.

The title of this section: ‘economic drivers, efficiency and strategic decisions’, is important. They are essentially the three of the main ingredients that are needed for a North Sea macro-region to come into fruition. It needs to have Member States on board or it will never get on the EU agenda properly (the European Council asked the Commission to draft both the Baltic Sea and Danube Strategies). In order to get Member State support it will be important to demonstrate economic benefit/opportunities or efficiency gains which this new approach would deliver and which cannot be done under current structures or EU Programmes<sup>vii</sup>.

Economist Jeremy Rifkin has some interesting ideas on the EU’s role in creating a “third industrial revolution” which he describes as “*both entrepreneurial and collaborative, it requires a shift from the geopolitical frame to biosphere politics*” and which the EU has the opportunity to be the flagship for within this new model of governance (Euractiv Interview, 1 February 2011). ‘Biosphere politics’ needs some explaining. It refers to nations, regions or cities acting as nodes in continental networks that are lateral and which result in biosphere politics. It is based on an understanding that we are as interdependent on natural resources as we are on the social spaces on the internet. Thinking in this way requires a spatial-temporal shift from vertical hierarchical power to lateral power. He is primarily conceptualising this model with the energy and climate change cooperation in mind. However, they are precisely the areas which most levels of government agree upon are a priority. This can be demonstrated from the comparison of the summarised priorities identified by each of the fora discussed in this paper in the table below.

**Table 1 – Comparison of priorities**

| Europe 2020 <sup>viii</sup> | UK Nordic Baltic Summit <sup>ix</sup>     | North Sea Commission <sup>x</sup> | Committee of the Regions <sup>xi</sup> |
|-----------------------------|---|-----------------------------------|--|
| Employment                  | Families, <i>jobs</i> and gender equality |                                   | Maritime Safety & Skills               |

|                            |   |  |   |
|----------------------------|---|--|---|
| R&D & innovation           | Technology and innovation                 | Promoting innovation and excellence                | Science, Research & Industry (blue growth)                            |
| Climate change & energy    | Environment and sustainability            | Tackling Climate Change<br>Managing Maritime Space | Climate change Environment Energy (North Sea Grid)<br>Maritime policy |
| Education                  | <i>Families, jobs and gender equality</i> |  |   |
| Poverty & social exclusion | <i>Families, jobs and gender equality</i> | Sustainable communities                            |   |
|                            |   | Increasing Accessibility and Attractiveness        | Transport (shipping & ports)  |

## Section 6: Discussion

What we have hitherto seen in EU policy and programme development is a silo approach, with activity being led by different Directorate Generals' work. What the North Sea macro-region could offer is an alternative way of working, more lateral and less top-down, acting as a useful coordinating tool for the interests of a number of Directorate Generals within this geography, and linking in to all levels of government and civic society (Samecki, 2009). Whether or not it should be a static strategy document or living network (as per the UK Nordic Baltic Summit) is another question. Further, in an earlier discourse around cross-border regions (CBR), some of which can be applied to macro-regions, Perkmann (2003, pp157) concludes that: *it does not matter whether a CBR is built upon cultural or ethnic commonalities, a common historical background, existing functional interdependencies or a mere community of interests, as it is precisely the process of construction that matters.* This confirms the consensus that, although shared histories and geographies are fundamental to many trans-national projects of cooperation, the strategic discussions and dialogue around their creation is critical. Similarly, Samecki



(2009) restates the European Commission's view that actions, boundaries (inclusion of geographies), and constraints are the essential defining elements of a successful macro-region proposal, not a restrictive geographically bounded partnership.

If we can agree that a macro-region as a "functional economic area" has no firmly established borders, rather these can change depending on the problem and the solution (CoR Opinion, Oct 2010; Samecki, 2009), then we can agree that geography matters but it is not necessary to define rigidly. Each of the three proponents of territorial collaboration around the North Sea covered in this paper involves different geographies.

In addition, each of the three proponents of territorial collaboration around the North Sea (CoR, NSC, UK Nordic Baltic Summit) have different motivations, though all recognise the importance of this region to spearhead smart, sustainable and inclusive growth in Europe, thus contributing to the EU's economic strategy (Europe 2020). Perhaps the most confusing misalignment is between the North Sea Commission and the Committee of the Regions, who represent the same interest group – local and regional authorities. In summary, they have similar priorities (as per table above) but when we look into the details it is clear that the Committee of the Regions sees this work in terms of the sea itself whereas the North Sea Commission has come to a broader outlook of economic development extending to the regions surrounding the sea. Member States' main motivations are improving trade and knowledge exchange across areas of excellence with the view of stimulating efficiencies; and this compliments the local and regional authorities' aspirations in many ways.

Many local and regional authorities already participate in the Territorial Cooperation Programmes in the North Sea region (however defined) where improving economic development and knowledge exchange takes place. So why would an additional approach be needed? The rationale is about coordination and giving a voice to this 'functional area'. In the existing North Sea IVB Programme they are currently experimenting with the concept of clustering projects; the idea being that projects addressing similar overarching themes could form a cluster to increase the impact of each other's projects. They do this by using each other's communication channels and the expectation is that, by grouping together, you are more visible to those you need to influence to encourage

policy change based on the outcomes of your respective projects' undertakings (i.e. to Member States and the EU).

This type of approach offers a rationale and justification for what a North Sea macro-region could be about. By coordinating and giving a voice to wider governmental actors and sectors it could lead to greater synergies on key projects. The North Sea Grid for renewable energy is an interesting example as it seems that all levels of government in the region are keen to see it happen based on the simple comparison of priorities in Table 1. Financing it is a greater obstacle to overcome than political will, though when the latter is confirmed the former follows more easily. If this project is to succeed it will need governmental, private, and research sector involvement and the EU has a key role to play in terms of facilitation and incentivising its funding resources. So, in other words, the North Sea macro-region could act as a 'pooling initiative' across the elements of the region's triple helix (Etzkowitz and Ranga, 2010) for a whole host of funding options from the EU level (in various DGs) and for investors.

One observation on the development of the North Sea macro-region hitherto, is that it has been driven mainly by regional and local governments who want greater say and influence over what happens in their areas, yet the view of colleges, universities and private sectors has been silent. Without a full range of sectors and levels of government on board, it is doubtful whether it would be worth pursuing.

Another observation concerns timescales in relation to agenda-setting. If the regions are successful in getting this on the EU agenda, it will be an accumulation of almost four years work (2009-2012) demonstrating the slowness of 'soft power' in EU agenda setting. The Alpine-Adriatic plans have taken from the 1970s to reach a similar stage of development (Peterlin, 2011). By contrast, the UK Nordic Baltic Summit took just eight weeks to happen once the decision was made in November<sup>xii</sup>. As argued by Johann Sollgruber (footnote 1), successful coordination requires time and resources and the Commission is recognising this in its approach to the Council of Ministers for increased support for the human capital involved in developing plans for macro-regions. This is also reflected in the holding back of 10 per cent of for technical assistance to support the

implementation of these programmes, all the more essential where the partnership architecture is so complex.

### **Section 7: Conclusion**

This paper has established the theoretical, social, cultural and economic rationales for a macro-region which incorporates the nations and regions around the North Sea. It has been argued that such a geographical collaboration can only be pursued because of the strong historical links binding most of the partners together. Further, though, the shared experiences, policy regimes and commitments to innovation generate an environment that is conducive to joint working and cooperation. In terms of renewable energies, maritime and other natural resource their commonalities and complementarities offer the opportunity to nurture this cradle of innovation more effectively to the mutual advantage of all players. However, it has been demonstrated also that there are obstacles to realising the potential of this macro-regional partnership in the context that no additional EU funds will be made for its delivery and within the context of fixed EC funds and limited national budgets. In an environment of such a zero-sum game, it is likely that the greatest problems facing the supporters of this initiative will be within their respective nations as non-participating regions campaign against change; this was a major point of debate at the conference on *“What Future for Cohesion Policy? An Academic and Policy Debate”* with few practitioners believing that such groupings would support cooperation without the resources for coordination.

Nevertheless, the prolonged gestation for a North Sea macro-region and the success of the established programmes for cooperation together suggest that the synergies promised may give grounds for some optimism that the existing partnerships may be formalised as proposed.

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## Case-studies - Existing Macro-regional Strategies

### EU Strategy for the Baltic Sea Region

The European Commission adopted a Communication on the EU Strategy for the Baltic Sea Region on 10 June 2009, following a request from Member States. This is the first time that a comprehensive Strategy, covering several Community policies, is targeted on a 'macro-region'. It has four priority areas:

- Environmentally sustainable (e.g. reducing pollution in the sea);
- Prosperous (e.g. promoting innovation in small and medium enterprises);
- Accessible and attractive (e.g. better transport links);
- Safe and secure (e.g. improving accident response).

### EU Strategy for the Danube Region

The European Commission adopted a Communication and Action Plan on the EU Strategy for the Danube Region on the 8 December 2010, following a request from Member States. This is a comprehensive Strategy, covering several Community policies targeting this 'macro-region'. Implementation of the Strategy will start following endorsement by Member States during the Hungarian Presidency in April 2011. The priority areas are:

- transport connections
- energy connections
- the environment
- socio-economic development
- security

Both strategies will not come with extra EU finance. Rather, they provide a framework for coordinating a variety of cross-border cooperation projects and other joint actions by national and regional governments, the European Commission and various other EU agencies, financing institutions and non-governmental bodies.

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<sup>i</sup> Johann Sollgruber, DG REGIO, European Commission, opening remarks in chairing ‘Territorial cooperation: the concept of macro-regions’ session in European Commission, the Regional Studies Association and the Government Office for Local Self-Government and Regional Policy in Slovenia conference “*What Future for Cohesion Policy? An Academic and Policy Debate*”, 16th –18th March 2011, Bled, Slovenia.

<sup>ii</sup> Most stakeholders consider the North Sea-English Channel area to embrace the marine area of the North Sea and the passages to the Baltic Sea (Skagerrak and Kattegat), the Atlantic (English Channel) and the Norwegian Sea, as well as the coastal regions that surround it; involving the EU Member States of Sweden, Denmark, Germany, the Netherlands, Belgium, France and Great Britain, together with the non-EU states of Norway and Iceland.

<sup>iii</sup> Two Transnational Cooperation (IVB) Programmes and Seven Cross-border (IVA) Programmes:

- Northern Periphery IVB Programme
- North Sea IVB Programme
- Deux Mers IVA Programme
- France - Wallonie – Vlaanderen IVA Programme
- Vlaanderen – Nederland IVA Programme
- Deutschland – Nederland IVA Programme
- Syddanmark - Schleswig-K.E.R.N. IVA Programme
- Sjælland - Ostholstein - Lübeck – Plön IVA Programme
- Öresund - Kattegatt – Skagerrak IVA Programme

<sup>iv</sup> The Baltic Sea Strategy was requested by the European Council following work by the European Parliament (European Commission, May 2010). The Danube Strategy was initially promoted at EU level by Romania and Austria (Romanian Ministry of Foreign Affairs, January 2010). Once on the EU agenda, both strategies underwent public consultation which elicited a very wide and positive response from all levels of government and sectors.

<sup>v</sup> The analysis in this paper is informed by participant observation over the period 2009-11.

<sup>vi</sup> In 2007 the Commission produced a Communication and Staff Working Document setting out the need for the Member States and regions to improve the arrangements for co-ordinated preparation and use of the EU funding instruments (European Commission, 2007a and European Commission, 2007b). The idea of more integrated approaches to delivery of EU policy is a common aspiration from many circles and one which is growing in credence (e.g. maritime, industrial, food safety, regional, environmental, asylum, Trans-European Networks policy etc).

<sup>vii</sup> Member States do not usually sign up to work without clear benefits. Indeed in the UK Government’s response to the Fifth Cohesion Report they state “*Macro-regional strategies will not be appropriate for all regions and the EU should not create artificial regions that do not share common features and challenges. It is crucial that they do not become an extra bureaucratic layer that does not deliver a real added value. For many regions, territorial co-operation programmes will remain the best mechanism for co-operative working.*” (United Kingdom Government, 2011). The German Government (both the Bund & Länder, 2011) state “*the aim should be to use the existing funding more effectively and in a more co-ordinated way. The structural funds can make an important contribution towards the success of macroregional strategies; however, the regional development strategies must continue to play the main role in determining the use of the structural funds and the selection of the projects. Bureaucratic requirements to “label” projects or to produce reports should be avoided*” (German Federal Government, February 2011). The only other Member State around the North Sea to mention macro-regions specifically in their response was Sweden, who based on their positive experience

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of the Baltic Sea Strategy noted such strategy's capacity to be a '*tool for joint prioritization*' (Swedish Government, 2011).

<sup>viii</sup> European Commission, (2010) Europe 2020 Strategy

<sup>ix</sup> UK Nordic Baltic Summit in London (Jan 2011) - Discussion groups and pre-identified challenges

<sup>x</sup> Joint NSC Conference "North Sea Region 2020 - are we prepared?" (Mar 2011) – Discussion groups and pre-identified challenges

<sup>xi</sup> Committee of the Regions Opinion (2010) 'A Strategy for the North Sea-English Channel area'

<sup>xii</sup> It should be noted that the UK Nordic Baltic Summit was extra-EU and led by the UK Government after mutual agreement.