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Partnerships, networking and macro-regional dimensions : Scotland and its neighbours

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Abstract

In the context of the generation of Structural Fund operational programmes and the referendum on Scottish independence in September 2014, there is much discussion on Scotland's place in Europe. In particular, Scotland has been increasingly compared and contrasted with other small nations, and of the Nordic countries especially (JRF, 2014; Hilson, 2008). These countries individually and collectively are leading most international league tables of wealth, health and happiness, while the regions of the Nordic and Celtic countries have been leaders for many years in the development of innovative and institutional approaches to sustainable economic development. While each region and nation across Europe is experiencing its own form of crisis and austerity package during the current period, there are the possibilities for international networks and cooperations to provide the forum for learning and collaborating.

In this environment, there are discussions over what relationship Scotland should have with Nordic Europe and with the UK, respectively, after the referendum. In particular, there might be expected that there would be an enthusiasm for the concept of a North Sea Macro-region.

This paper offers some background as to what a macro-region around the North Sea might be based upon. It examines how institutions such as the regional development agencies and European Partnerships have been involved and responded to the crises in these environments according to a triple helix and smart specialisation approach to regional economic development and whether macro-regional approach is consistent with the foundations for closer cooperation.

Prologue

In the run up to the referendum on Scottish independence in September 2014, there is much discussion on Scotland's place in Europe in terms of economic performance, statistical indicators and other measures of its development relative to nearby countries. In particular, Scotland has been increasingly the subject of analysis when compared and contrasted with other small nations, and of the Nordic countries especially. With these countries individually and collectively leading most international league tables of wealth, health and happiness, it might be expected that there would be an enthusiasm for the concept of a North Sea Macro-region. Yet, despite the rising tide of requests, according to opinion polls and popular commentaries, for better informed debate on Scotland's future prospects, it might be argued that the Scottish Government has been quite muted in its promotion of closer links through such a strategic vehicle.

However, a Member of the Scottish Parliament, Angus MacDonald, in 2014 argued that:

“Socially, culturally and economically, Scotland has much to gain from greater involvement with the Nordic nations. Regular attendance as observers at the Nordic Council in the run-up to the independence referendum will allow Scotland to build closer ties with Norden and will allow for greater co-operation after independence. Does the Cabinet Secretary [Fiona Hyslop] have any plans to arrange a visit by either ministers or officials to the Nordic Council in the near future?”

She responded that:

“The Scottish Government has regular contact with the Nordic countries on a number of policies of common interest, including regional development, through the northern periphery and North Sea programmes, and knowledge exchange, through the Nordic Horizons group, which the Scottish Government supports and funds. Those are examples of the improving engagement strategy between Scotland and the five Nordic countries, which will also be extended to include the three Baltic countries of Estonia, Latvia and Lithuania.

“Currently, there is no mechanism for the Scottish Government to have observer status at the Nordic Council, although it is possible for MEPs from any member state to perform that role. We are taking forward our engagement with the Nordic countries in a variety of ways—I reassure the member on that point”.

In contrast to this, pronouncements up to Spring 2014 from leading nationalist politicians tended to stress the social and economic ties with the rest of the UK rather than to suggest an alternative Nordic path, although such an approach is being promoted ever more widely within Scotland (e.g. JRF, 2014). Progressing from here, the draft Operational Programmes for Scotland (Scottish Government, 2014a and b) demonstrate some development of this position, however, with inclusion of European Territorial Cohesion actions which recognise macro-regional strategies. This paper does not look at the politics of these developments but rather offers some background as to what a macro-region around the North Sea might be based upon. It also seeks to draw the basic arguments applied to explore such a grouping to examine whether closer links might be strengthened by discussions around the two referenda: on Scottish independence and on the UK's continuing membership of the European Union.

Section 1: Introduction

Within the framework of Europe 2020 (CEC, 2010a), there is a stress on the territorial coverage of the regional policies and complementary EU activities. There is increasing attention on 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. Over the last few years there has also been a growing recognition and support for the concept of 'macro-regions', which some have promoted as serving to meet these objectivesⁱ. The Fifth Cohesion Report (CEC, 2010b) broadly embraces 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)

In anticipation of this, The Committee of the Regions 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 the Committee of the Regions (CoR), Conference for Peripheral Maritime Regions (CPMR), North Sea Commission (NSC) and other colloquia have confirmed broad support for this proposalⁱⁱ 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").

After describing recent economic performances across northern Europe, 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 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 4, 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, 2012) 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 5 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 6. 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.

Section 7 examines the region against the strategic objectives of Europe 2020. This supports the argument that a North Sea macro-region would contribute significantly to meeting the goals of ‘smart, sustainable and inclusive growth’ (CEC, 2010a). Specifically, the concept of ‘smart specialisation’ and associated EU strategies are suggested as the potential focus for a North Sea macro-region, playing to the strengths of the region and avoiding many of the limitations and areas of conflict. In conclusion (Section 8) the internal contradictions are identified explicitly in the geographies of member states and across the divide between the core and periphery and it is argued that these reinforce the benefits of pursuing smart specialisation.

Section 2: Relative performances during the crises

Driven by the long and sustained relative decline of the UK economy (Elliott and Atkinson, 2012) and deindustrialisation since the 1970s, Scotland’s economic performance has been mediocre compared with its nearest comparators and, without a transformational change, this is projected to continue into the future (Elliott and Atkinson, 2012; MacKay, 2011). Since the Scottish Parliament was re-established in 1999, successive Scottish Governments have introduced measures to address this, albeit constrained within the confines of devolution (Maxwell, 2012) and after-effects of the

2007 Financial Crisis. In summary, measures of the lagging performances include (Danson, 2012):

- sustained lower levels of economic growth in the post war years
- flat-lining population numbers
- low levels of entrepreneurship
- a widening gap between rich and poor
- high levels of emigration of qualified, talented young people

Despite these indicators of a long term underperformance relative to its nearest neighbours, Scotland does have strengths and opportunities as well as the weaknesses and threats exposed by these statistics. In recent times there has been much attention paid to the importance of agglomeration economies in explaining why some localities appear to attract economic activities disproportionately, and then continue to benefit from these flows and lower costs. Captured in such theoretical constructs as ‘clusters’ (Porter, 2000), proximity (Moulaert and Sekia, 2003) and agglomeration economies of scale and scope (Parr et al., 2002) with derivative strategies and policies of smart specialisation (CEC, 2011; Lundvall and Lorenz, 2012), they have led to arguments in favour of the Single Market and unfettered competition policy on the one hand (Cecchini, 1988) and progressive concentration of industry, finance and commerce in the core of Europe (Farole et al., 2011). Other things being equal, these centripetal forces have worked against the interests of the peripheral regions of Europe; yet, it has been suggested (ESPON, 2010) that there are:

economically successful regions with below average accessibility. Often ... sparsely populated and remote. They can be found in the Nordic Countries, north-east of Spain, Scotland, Ireland and in and around northern Italy. Apparently, accessibility is not a decisive factor for the economic development of these regions. Regions in the Nordic Countries, for example, have overcome their peripheral location by capitalising on current strengths in relation to ICT, research, educational and environmental opportunities and less on improving their accessibility.

So, although not co-located with the other key players in an industrial cluster (as in the economic heartlands of the EU and US), networking and judicious use of indigenous human factors and resources have allowed the businesses of these smaller nations to compete successfully in global markets. Overcoming apparent obstacles to participating in supply chains and acting globally has been possible, therefore, and by energising and activating its latent networks in the diaspora there should be crucial advantages for Scottish enterprises.

The other approach to addressing the need for diversification of the economy following deindustrialisation has been through the attraction of mobile capital, in other words through foreign direct investment. Although inward investment by multinational enterprises has been pursued for several decades and Scotland has a good track record in terms of establishing their branch plants here (Ernst & Young, 2012), globalisation and the international division of labour have increased the competition for such footloose investment. As a result, moves to embed these plants in the regional economy and to fill in the gaps in the supply chain locally have come to represent a maturing of this particular strategy. Recent economic and financial crises have exacerbated the negative forces and both undermined local economies dependent on branch plants and highlighted the vulnerability of small nations (Skilling, 2012; Price with Levinger, 2011). However, these peripheral locations have demonstrated such a degree of resilience of late that it suggests that their cohesion and flexibility has much to offer as a model for resistance and success (Martin, 2010).

The conclusions of this brief review of the development drivers for small open economies are that a capacity to participate in international markets is crucial. This is dependent on participation in global sectors and supply chains from a position of strength based on optimising the application of high levels of human capital and skills in knowledge-based industries, and on participation in regional and international networks. Theoretical perspectives and practical experiences of what works in this competition stress endogenous growth and the pursuit of smart specialisation (CEC, 2011). The Nordic countries are recorded as the most innovative in the European Union, which enables them to overcome many disadvantages from the lack of agglomeration economies and proximity (CEC, 2012; EPSON, 2010).

Section 3: Functional geographies and EU macro-regions

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.

It should be clear that there should be similar considerations in the determination of regions which cross national boundaries: virtual regions (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 "Øresund 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.

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. This confirms 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 4: Context

(a) Historical and geographical contexts

The history and geography of this region are important, not just the politics and policy regimes of the C21st. 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). 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.

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.

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 programmesⁱⁱⁱ.

(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, 2012). 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, 2012; 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, 2012) within their own Member State or in the wider European context.

Recognising the characteristics of cooperation, Braun and Kovács (2011, p81) refer positively to the Nordic Council, Nordic Council of Ministers, Council of the Baltic Sea States, Baltic Sea States Subregional Cooperation but then raise the “*the fragmentation of the region into smaller states*” which they suggest means there is “*still little internal competition ...and ... adequate economies of scale have not yet been realized against the background of globalization*”. This may not be uncontested but strengthens the arguments for looking at smart specialisation strategies for this region.

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). The characteristics of peripherality and marginality common to these regions and countries is consistent with the label accorded to the Baltic Sea members: Europe’s ‘new’ or ‘peripheral sub-regionalism’ (Hubel and Gänzle, 2002; Gänzle and Kern, this volume).

In this context, and in the current environment of pursuing strategies and experiences of resilience and sustainable development, the esteem in which the Nordic countries are held is notable. From a Scottish perspective, especially, looking towards the Nordic models of the economy and society has become almost essential for many in favour of independence. Also in Scotland and elsewhere in the UK, many of those who oppose austerity budgets and deepening cuts in welfare argue that the lessons from across the North Sea should be important for recognising an alternative response to the crisis.

So, there are groups based in and around the Scottish Parliament which meet regularly to consider ‘Nordic Horizons’ (<http://nordichorizons.org/>), the left-leaning think tank the ‘Reid Foundation’ is publishing a series of papers on ‘The Common Weal’ based on a distinctively Scottish version of the type of society that has been achieved in the Nordic area (Finland, Denmark, Sweden, Norway and Iceland). This argues that a ‘more Nordic’ Scotland can be envisaged by drawing from the different Nordic models (<http://reidfoundation.org/common-weal/>).

These developments and the more widespread favourable comparisons made of the levels of prosperity and development in small nations against the existing UK and Scottish positions suggests that there is prima facie evidence that the Scottish Government and allies would look to strengthen the concept of a North Sea macro-region. As will be highlighted below, however, the Scottish Government might initially appear to be fairly neutral if not indifferent to the embryonic proposals for such a collaborative framework.

(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. Finally, and we believe critically, they demonstrate the characteristics of ‘smart specialisation’ which is now a priority strategy for the European Commission.

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.

Further, (see footnote 1) proposals for new macro-regions will have to 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.

Section 5: 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 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 eco-system 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^{iv} the discussion on the North Sea Strategy has come almost entirely from the regions themselves. 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. Ideas on the components of a strategy have evolved over the last few years and have 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. There has been an increasing focus around 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. It meets Schymik and Krumrey's definition of "*an innovative political experiment. The macro-region represents a new governance level "located between the nation state and the supranational community"* (Schymik and Krumrey, 2009, p3) occupying a "*mezzanine position between the supranational and the national levels and the long and short term*" Braun and Kovács (2011, p91).

However, not much progress has been made since 2011 even under the Danish EU Presidency in the spring of 2012. According to Braun and Kovács (2011, p80), although there have been moves by CoR to establish macro-regional cooperation among Western Europe's maritime countries through the so-called Atlantic Strategy ... "*if the Baltic Sea and Danube Strategies do not result [in] a breakthrough in the renewal of the regional policy then the development of further macroregional strategies can also grind to a halt.*"

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 example of lateral decision making is complemented by a number of key individuals being involved in both the North Sea Commission and the Committee of the Regions. They are central in pushing the discussion forward and so there is 'politician spillover' and to some extent 'ideas spillover' between the two organisations. Confirming this inclusive approach, in an 'opinion' CPMR has argued to the Commission that there should be involvement from the bottom-up in the preparation and implementation of macro-regional and sea basin strategies (2013, p2).

The issue of a North Sea-English Channel Strategy has continued on the agenda of the Committee of the Regions, and views continue to be exchanged 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).

CPMR has proposed that the European Commission needs to be at the heart of these developments *“to play a central role in coordinating the actions of the different stakeholders involved in the preparation and in the implementation of MRS and SBS”* and also should have a crucial role in *“monitoring the implementation of the strategies”* (2013, p2).

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. Although the Scottish Government have shown some interest in the proposals, and the UK Department for Environment, Food, and Rural Affairs 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”, recent support has been more muted. 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. It is argued, however, that decisive factors in the successful of existing macro-regions: *“included the explicit political will of the national governments of the area and the promotion of consensus at diverse levels”* (Stocchiero, 2010, p3).

Section 6: Economic drivers, efficiency and strategic decisions

Economic drivers, efficiency and strategic decisions are essentially the three 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^v.

Table 1 – Comparison of priorities

Europe 2020 ^{vi}	UK	Nordic	Baltic	North	Sea	Committee of the
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	Summit ^{vii}	Commission ^{viii}	Regions ^{ix}
Employment	Families, <i>jobs</i> and gender equality		Maritime Safety & Skills
R&D & innovation	Technology innovation and	Promoting innovation and excellence	Science, Research & Industry (blue growth)
Climate change & energy	Environment and sustainability	Tackling Climate Change Managing Maritime Space	Climate change Environment Energy (North Sea Grid) Maritime policy
Education	<i>Families, jobs</i> and gender equality		
Poverty & social exclusion	Families, jobs and <i>gender equality</i>	Sustainable communities	
		Increasing Accessibility and Attractiveness	Transport (shipping & ports)

Section 7: 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). Differences have also emerged between DG Mare and DG Regio with the former reportedly 'desperate' for a North Sea strategy for fishing and renewable energies, the latter (and the UK Government) more interested in an Atlantic strategy. This ambivalence does not suggest any prioritising of the North Sea within the European Commission nor key Member States.

In response to such ambivalence, CPMR has advocated setting up a “*Macro-Regions Task Force*’ comprising representatives from the relevant DGs of the European Commission” (2013, p2)

However, the potential remains to create a strategy evolving into a living network. In an earlier discourse around cross-border regions (CBR) which can be applied to macro-regions, Perkmann (2003, pp157) concluded 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. So, strategic discussions and dialogue around the creation of a macro-region is critical with the European Commission arguing 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 (Samecki, 2009).

A North Sea macro-region as a "functional economic area" should have no firmly established borders, therefore, but definitions that change depending on the problem and the solution (CoR Opinion, Oct 2010; Samecki, 2009); geography matters but it is not necessary to constrain rigidly. Each of the three proponents of territorial collaboration around the North Sea covered in this paper involves different geographies (CoR, NSC, UK Nordic Baltic Summit). And, each has different motivations, though all recognise the importance of this region to spearhead smart, sustainable and inclusive growth, contributing to the EU’s economic strategy (CEC, 2010). 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 (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.

As local and regional authorities already participate in the Territorial Cooperation Programmes in the North Sea region (however defined), where is the value added? The rationale is about coordination and giving a voice to this ‘functional area’, and so through an integrated approach at the appropriate scale (CEC, 2009, p5). In the existing North Sea IVB Programme there is experimenting with the concept of clustering projects; projects addressing similar over-arching themes could form a cluster to increase the impact of each other’s projects within the framework of ‘smart specialisation’ (Foray, David and Hall, 2011). By using each other’s communication channels the expectation is that, by grouping together, each partner is more visible to those they need to influence to encourage policy change based on the outcomes of their 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.

Crucially, the development of the North Sea macro-region to date 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. Successful coordination requires time and resources (footnote 1) 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.

Recognising the opportunities offered by participation in these multinational cooperations, the Operational Programmes (OPs) for Scotland make explicit mention of these transborder strategies: “*Scottish stakeholder contributions to ETC actions around the North Sea and Atlantic Strategy align with the Commission’s agenda on Blue Growth, with particular participatory strengths in marine environment, offshore renewables and coastal tourism. There is considerable scope for more strategic and coordinated efforts between ETC funds that operate within these sea basin territories, building upon strong, mutually beneficial relationships, shared priorities and common blue growth goals*” (Scottish Government, 2013, p24). These have been embedded into the draft OPs with ESF to “*make a contribution to these themes through training and diversification and business development including in coastal and marine communities and sectors*” (Scottish Government, 2014a, p61) and ERDF “*through supporting development in marine and off-shore energy and innovation*” (Scottish Government, 2014b, p66).

Section 8: 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. Basing a cooperative approach in the context of the smart specialisation strategy would seem to play to the strengths of this region and to offer positive benefits for the EU as a whole.

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. The potential for conflicts within a macro-region partnership has been recognised as a major obstacle to progress (Dubois, Hedin, Schmitt and Sterling, 2009,

p.39; Schymik and Krumrey, 2009, p.10; CPMR, 2013, p.4). 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.

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. Against this positive view, however, and despite the expected support for the concept from the Scottish Government, the initial proposals for applying structural funds during the next programme period make limited mention of cross-border cooperation along these lines. The draft Partnership Agreement now makes a reference to 'smart specialisation' and other terms that implicitly recognise the potential for learning across and around the North Sea but there is insufficient suggestion that synergies, joint projects or other developments might be embedded or incorporated into the OPs for 2014-2020. This could be said to be in marked contrast with the appreciation in Southern Norway of the possibilities offered by closer links and partnerships.

Indeed, in the context of a promised referendum on the UK Government being mandated to withdraw from the EU, which would strengthen the support for Scottish independence it is believed, it is more remarkable that the Depute First Minister in Scotland has proposed reflecting the advantages of the Nordic Council with a Council of the (British) Isles. This would confirm the orientation of Scotland not towards the North Sea but rather to a different and more narrowly defined macro-region of the current UK and Ireland. This leaves the commitment of all parts of the UK towards macro-regions generally somewhat confused and muted, in contrast with the activities of electricity suppliers and fishing interests who appear to accept the opportunities or needs to seek wider dialogues around the North Sea. Whether the public sphere comes to promote the North Sea macro-region proposals and then lead the other social partners into this concept may become clearer in the next few months.

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ⁱ 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.

ⁱⁱ 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.

ⁱⁱⁱ 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

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- Syddanmark - Schleswig-K.E.R.N. IVA Programme
 - Sjælland - Ostholstein - Lübeck – Plön IVA Programme
 - Öresund - Kattegatt – Skagerrak IVA Programme

^{iv} 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.

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

^{vi} European Commission, (2010) Europe 2020 Strategy

^{vii} UK Nordic Baltic Summit in London (Jan 2011) - Discussion groups and pre-identified challenges

^{viii} Joint NSC Conference "North Sea Region 2020 - are we prepared?" (Mar 2011) – Discussion groups and pre-identified challenges

^{ix} Committee of the Regions Opinion (2010) 'A Strategy for the North Sea-English Channel area'