

A Nordic Perspective on the EU Green Paper on Territorial Cohesion – *Turning Territorial Diversity into Strength*

Contents

1. Introduction
2. Geographical structures in the Nordic countries and specific geographical features
3. The EU-Green Paper, the main messages and Nordic perspectives
4. Addressing the questions for debate

1. Introduction

This paper is the result of the work of a Nordic working group on *Third Generation Regional Policy* which has been commissioned by the Nordic Senior officials' Committee for Regional policy, the Nordic council of Ministers. The work was undertaken mainly during January 2009.

This paper is conceived as both an input into the national responses to the EU-Green Paper on Territorial Cohesion, *Turning Territorial Diversity into Strength* and as an inspiration to others within the context of this process.

The paper was drafted within Nordregio by Ole Damsgaard with comments from Erik Gløersen and Lise Smed Olsen.

2. The geographical structures of the Nordic countries and their specific geographical features¹

From a settlement point of view, the Nordic countries can be subdivided into roughly four geographic zones (figure 1. below): Firstly, there are five main metropolitan regions, around Oslo, Gothenburg, Copenhagen, Stockholm and Helsinki. These regions have become larger as the spatial range of commuting has extended and are generally now formalised through wide-ranging cooperation bodies and/or agreements.

Secondly, Denmark and *Scania* in Sweden are characterised by a central European mode of urbanisation, with a dense system of cities and towns, and a functionally integrated countryside. This area is increasingly developing into a single labour market, with intensive commuting between cities and sprawl.

The Norwegian coast from Southern Trøndelag to Oslo and Lillehammer, Sweden south of Gävle and southern Finland belong to a third category, with a regular but looser system of towns and cities that are more clearly separated in terms of labour market areas. The Northern Swedish and Finnish coasts belong to this category, and thereby highlight the increasingly challenging perspective of preserving a coherent territorial development model catering for the needs of such inland and the coastal areas.

¹ Based on Nordregio Working Paper 2008:4, *Nordic inputs to the EU Green Paper on Territorial Cohesion*

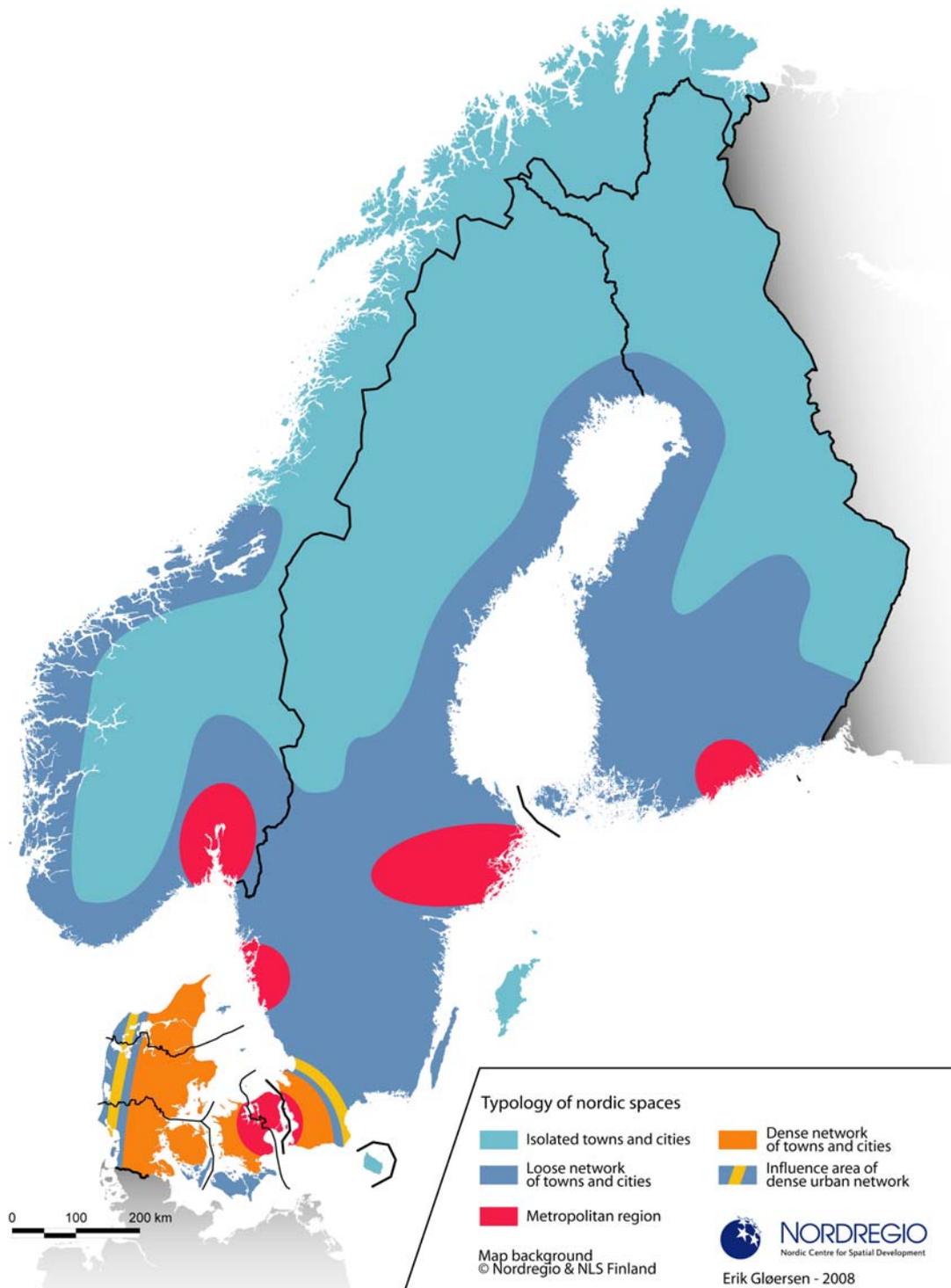


Figure 1.

Beyond these zones, one encounters a specific north Nordic geographic context with areas facing specific geographic challenges in terms of:

- distance to main markets,
- extensive mountain areas,
- insular and coastal regions,
- isolated border regions,
- arctic and sub-arctic climate,
- demographic sparsity.
- an extremely diffused urban system with sharp differences regarding settlement structures, functional profiles and centralities

This specificity should not however lead us to underestimate the local differences in settlement patterns and development potentials characterising this part of *Norden*.

Except possibly with respect to issues relating to border regions these factors all impinge on the vast majority of north Nordic regions, particularly if one assimilates areas with harsh climatic conditions to mountain areas. The north Nordic regions therefore face a combination of specific geographic characteristics.

It remains however a question of some dispute whether these characteristics should be considered to constitute resilient obstacles to social and economic development. The only exception in this respect is sparsity, defined as a low number of persons within daily mobility distance. Sparsity leads to a series of challenges in terms of economic development and public and private service provision. More generally, sparsely populated areas need to actively promote the specific advantages they have to offer, against a generally promoted "standard urban and sub-urban lifestyle". A specific and concrete challenge in the context of a knowledge economy is the absence of specialised higher education facilities in sparsely populated regions. This entails that sparsely populated regions need to find ways of actively attracting youth segments that have finished their studies, in order to survive.

It is important to note that, in this understanding, sparsity includes insular and mountainous areas. From a social and economic point of view, it is not relevant whether the obstacle to reaching a sufficient number of people is the sea, the topography or long distance. Border regions may also be sparse because human resources in the neighbouring country are made unavailable. Sparsity therefore is a generic way of addressing not only the core challenge of northernmost *Norden*, but also of a wide range of European regions.

In terms of urban systems, the Nordic countries need to emphasize the impact and potentials of endogenous dynamics at all levels of the urban hierarchy. All cities and towns are subject to their own specific preconditions; potentials and challenges which have to be taken into consideration talking about territorial cohesion. Previous debates and analytical findings show that European approaches privilege macrostructures at the high end of the urban hierarchy, rather than considering towns and cities on the basis of their structuring potential on the territory. A more explicit focus on the functional profiles of cities, and on the potential to develop pro-active strategies for sustainable, endogenous growth at all levels of the urban hierarchy, is then required. In this respect, a significant discrepancy can be observed between the overall European territorial discourse, focusing on regional diversity as a source of prosperity and development, and the concrete analytical perspectives and policy options that are proposed. The promotion of more balanced views of urban dynamics in the

Nordic countries can therefore be based on the currently prevailing discourse on territorial development.

Nordic demographic trends therefore offer a convincing demonstration that individual capacities, and comparative competitive advantages can lead to overall development in a wide range of towns and cities. Overcoming the structural challenges in areas falling below the threshold levels of local demographic and economic mass however seems very difficult. The issue is then to manage the ongoing local reorganisation of regions, encouraging development projects wherever they appear possible and managing decline in all other parts, so as to minimize its social consequences.

3. The EU-Green Paper - main messages and Nordic perspectives

After pointing out that the European territory consists of a rich tapestry of territorial diversity the EU-Green Paper states that: *Territorial cohesion is about ensuring the harmonious development of all these (diverse) places (of Europe) and about making sure that their citizens are able to make the most inherent features of these territories. As such, it is a means of transforming diversity into an asset that contributes to sustainable development of the entire Europe.*

Reading this again it is worth bearing in mind a statement made by Commissioner Hübner in one of her speeches from 2007² when she revealed some preliminary results from the Member States consultation process undertaken in preparation for the drafting of the Green Paper.

In general, she points to a clear shift in the perceptions of the concept held by the Member States themselves in the following way:

From the traditional understanding of territorial cohesion (usually in terms of balanced development and the reduction of territorial disparities) towards a concept which underlies the importance of the sustainable use of territorial resources to increase competitiveness and reduce disparities (a so called "mixed approach").

In that sense, it seems that the perception of territorial cohesion has changed at the same time as the instruments for regional policy have been renewed, from a redistributive policy to a territory-based, proactive approach. This also reflects quite well the Nordic policy development during the last decade.

Territorial cohesion is not primarily a question of finding new ways to allocate EU-Structural Funds but is rather about the use and coordination of existing policies and policy instruments in new ways.

The Green Paper reflects the objective of a harmonious development of the European territory by addressing three different territorial dimensions: concentration, distance and division.

Seen from a Nordic perspective it is interesting to note that the Green Paper deals with three different classes of the European territory with regard to

² "Territorial Cohesion: towards a clear and common understanding of the concept", SPEECH/07/743

concentration of and differences in population density and economic activity. The three classes are labeled as the *concentrated areas* where economic activity is more concentrated than the population, the *intermediate regions* and the *rural areas*

This is certainly a useful first step towards a more differentiated view of the European territory where the question of territorial cohesion is addressed but in a far from sufficient manner as seen from a Nordic point of view. Specifically, the so called rural areas should be further differentiated. Rural areas can be close to or far removed from metropolitan and densely populated areas. They can be more or less peripheral. Other regions e.g. in the northern Nordic countries cannot be labeled as rural even though they are peripheral, see section 2 above.

In addition to these three territorial classes the Green Paper addresses the issue of *regions with specific geographical features*. At least three types of regions with specific geographical features can be identified, namely: mountain regions, island regions and sparsely populated regions. It is also noted that these types are not exclusive and other types of regions with specific features could be identified e.g. coastal zones. Furthermore the Green Book underlines the point that the concept of 'specific geographical feature' can be perceived as a dynamic concept, namely, that global warming and demographic change could impact on developments in such a way that new types of regions with specific geographical features emerge.

Furthermore it is important to highlight the fact that the same region can be covered by more than one specific geographical feature at the same time.

This flexible and dynamic understanding is very important and a precondition for the use of Territorial Cohesion as an overall method in European policy which should also be able to include the northern part of the Nordic countries.

Seen from a Nordic perspective demographic sparsity should always be understood as a specific feature as such and a feature that will reinforce the impact of other specific geographic features as underlined above.

The Green Paper mentions two main ways of addressing Territorial Cohesion, namely, through coordination and through cooperation. Many of the problems faced cut across sectors and effective solutions require an integrated approach and thus cooperation between the various authorities and stakeholders involved.

A detailed reflection on these two ways of addressing Territorial Cohesion will be outlined when addressing the questions for debate below. Here it should be pointed out that the coordination of the various EU-sectoral policies and coordination between EU-policy and national policies determines the potential for policy coordination at other administrative levels below and should therefore be specifically considered by the EU-Commission.

4. Addressing the questions for debate

With this in mind the questions for debate formulated in the EU-Green Paper (pp 11 – 12) as seen from a Nordic perspective can be addressed as follows. (The formulations of the EU-Green Paper questions are *italicized*):

1. Definition

Territorial cohesion brings new issues to the fore and puts a new emphasis on existing ones.

- what is the most appropriate definition of territorial cohesion?

The pursuit of Territorial Cohesion is a **strategy** addressing the combined challenges of growth, competitiveness and sustainable development through the multilevel interplay between local, regional, national and European actors, in a spirit of subsidiarity.

It is based on a twofold hypothesis: Firstly, the objective of economic, social and ecological sustainable development can only be achieved if all actors are allowed to contribute to the full extent of their potential. This implies that the functional area within which they evolve offers the institutions, infrastructures and social contexts needed for this purpose, while also taking into consideration the specificities of each territory.

Secondly, the understanding of how sustainable development can be achieved, and of the trade-offs between its social, economic and ecological components required for this purpose, can only be formulated at the level of individual communities and regions. Only at the local and regional levels does the combination of various sectoral policies translate into territorial performance, making a holistic development perspective possible.

This implies that a policy that aims at Territorial Cohesion needs to focus on the structural obstacles to the improvement of the economic, social and ecological performance of each region or locality. These obstacles may be of a physical, institutional or social nature, but can also be connected to market mechanisms leading to sub-optimal situations in certain types of territories.

It is therefore suitable to make a distinction between Territorial Cohesion as an **objective** which can be measured and monitored by indicators on the one hand and **policies** as processes or methods aiming Territorial Cohesion on the other.

Territorial Cohesion as an overall European objective is about promoting institutional arrangements and infrastructural endowments that make it possible for citizens and enterprises all over the European territory to make the best possible contribution to European growth and sustainable development while also promoting the best possible living conditions for the European citizens.

Policies aiming at territorial cohesion are primarily about identifying existing structural obstacles to the sustainable social, economic and ecological development of each locality or region. Territorial cohesion implies territorially differentiated approaches to policy making i.e. recognizing territorial diversity and identifying potentials and the territorial context. Therefore it will be necessary to develop additional criteria in respect of the characteristics of territories through data and indicators used to record the situation and the dynamics of territories.

Secondly, it implies designing and implementing actions and instruments that can allow local and regional stakeholders to identify and overcome these obstacles, to bring their potential into use and to further develop their territorial capital. The focus on the multilevel interplay between local, regional, national and European actors implies that Territorial Cohesion is about horizontal co-operation across the administrative and political boundaries of the EU, and an improved vertical division of roles based on the principles of subsidiarity. The focus on territorial

issues can therefore be considered as a **method** to achieve better horizontal and vertical coordination between sectoral policies.

- what additional elements would it bring to the current approach to economic and social cohesion as practiced by the European Union?

Territorial cohesion extends beyond economic and social cohesion by adding to this and reinforcing it: Territorial Cohesion implies facing up to the potential contradictions between social, economic and ecological sustainability.

These contradictions are particularly obvious in e.g. the Nordic sparsely populated, mountainous and insular regions. One example is that economic development and the growth of remote and sparsely populated areas often implies a growing need for transport and the development of new transport infrastructures the development of which often contradicts the goal of ecologically sustainable development.

Promoting Territorial Cohesion Policy is a tool for making trade-offs between the three different forms of sustainability. In many of these areas, it may even not be possible to rely on market mechanisms for the regulation of economic and social processes in the same way as one does in more central and densely populated areas. Typically, the notion of "labour market" does not apply when the extent of offer and demand within commuting distance offers only limited choice for the individual actor. The notion of Territorial Cohesion therefore helps identify situations of this type and design appropriate policy adaptations, - so both specific geographical features and territorial potentials can be taken into consideration.

Throughout Europe, functional integration between neighbouring regions could increase industrial development, trade opportunities and economic entrepreneurship. This introduces a specific focus on border areas that for administrative and institutional reasons have been placed in an "artificially" peripheral position. Territorial cohesion policy should therefore enable policymakers to view the EU territory from a new perspective – not only consisting of formal regions and nations but as integrated cross border entities at different levels.

In terms of practical policy making however it is not easy to identify the potential trade-offs between the different forms of sustainability at the local and regional levels. In fact very few examples of plans and programmes that address all three forms of sustainability at the regional or local level can be found. As such an urgent need remains for the methodological development and dissemination of 'best practice' all over Europe.

2. The scale and scope of territorial action

Territorial cohesion highlights the need for an integrated approach to addressing problems on an appropriate geographical scale which may require local, regional and even national authorities to cooperate.

- Is there a role for the EU in promoting territorial cohesion? How could such a role be defined against the background of the principle of subsidiarity?

Firstly the EU could take the initiative by enhancing the methodological and analytical approaches used in dealing with territorial cohesion and territorial

development. The ESPON 2013 programme could be a useful framework here for such initiatives as could the 7th Framework Programme for Research.

From the point of view of individual regions, their positioning in respect of the EU-average for e.g. GDP *per capita* is far from being the only relevant scale for social and economic development. Contrasts within countries or across national and regional borders will have specific impacts on investments, migratory flows and trade patterns. Further multi-scalar analyses and the involvement of additional thematic themes in the analyses will undoubtedly result in the emergence of a more nuanced picture both of the European territory itself and of the future development challenges seen from a regional perspective. As such, while European statistical average comparisons may provide a convenient criterion for eligibility according to e.g. the European Regional Development Fund, measures of national, inter-regional and cross border contrasts better reflect the existence and extent of territorial imbalances and potentials. Such analytical approaches should therefore be incorporated into the design of EU-Territorial Cohesion Policy.

Secondly the approach to developing and elaborating individual policy instruments should be considered in such a way that the territorial dimension - implying regional differences at different scales - is better taken into consideration.

The need for a thorough 'territorialisation' of various and relevant EU sectoral policies is obvious as is the coordination of the national-level implementation of EU-programmes. Identification of the relevant sectors that should be involved depends on the specific problems and the specific territorial context addressed.

Territorialisation can take place in several ways but goes beyond 'traditional' top down sector coordination and should be considered as a 'win-win' opportunity where the sector policy itself becomes more efficient on the one hand and at the same time the regions experience a better – more coherent - outcome in respect of the implemented policies on the other.

Indeed the development of an EU-territorial cohesion policy must respect the principle of subsidiarity. Given the great variety in national policy coordination and in the national implementation of EU-programmes there will be much to gain from comparative studies of the territorialisation of national sectorial policies and the national implementation of EU-programmes as well as the systematic dissemination of these experiences between countries.

- how should the territorial scale of policy intervention vary according to the nature of the problems addressed?

In some regions the problems of or the barriers to development can be rather local in character e.g. the lack of local accessibility to national infrastructure or regional services. In such cases interventions at the EU level often have to work indirectly 'through' national and regional policies to be able to address or cope with the barriers at the 'right' geographical level. In such cases the coordination of EU-policy with national and regional policy is crucial.

Another example is the territorial impacts of the climate change e.g. flooding where the relevant policy intervention has to cover entire river basins very often crossing regional administrative borders and sometimes even national borders.

A third example illustrates that European principles and policy interventions should be interpreted on a case-by-case basis and that they vary according to the specific territorial context where they are used. Polycentricity is one such principle: The traditional perspective on European polycentricity is to develop counterweights to the *Pentagon*. This works in the central and most densely populated parts of Europe but does not work all over Europe. E.g. the low densely populated areas of the Nordic countries can never act as a counterweight to the influence of the Pentagon.

Instead policy in respect of polycentric development needs to focus on the capacity of specific towns and cities to build more efficient regional alliances for integrated development and growth. A relational understanding of polycentricity at the EU as well as the national level is therefore needed. The crucial challenge here is to optimise each city's functional profile based on its position in transnational, national and regional urban systems. The focus on territorial cohesion policies must be on fully exploiting local and regional territorial capital. This implies that trade-offs may be needed between regions in terms of labour force and infrastructure.

- do areas with specific geographical features require special policy measures? If so, which measures?

Specific geographical features should be identified at different territorial scales and should go beyond mountain, island, coastal zones and sparsely populated regions.

Global climate change and the need to implement a 'new energy paradigm' with a higher degree of energy efficiency and the increased use of new energy sources can result in the emergence of new areas with specific geographical features – e.g. new areas susceptible to an extremely high risk of flooding or an extremely high risk of drought. For other areas climate change could result in new territorial potentials such as a longer growing season for farming crops or new possibilities for making use of energy resources.

Areas with specific geographical features are often covered by more than one feature as mentioned in the Green Paper. E.g. can island regions at the same time be mountain regions, sparsely populated regions and perhaps in the future be specifically impacted by changes in climate which further imply the need for integrated policy approaches.

The core challenge faced by sparsely populated areas is the difficulty of attaining a sufficient number of people within daily commuting range to run public and private services cost-efficiently and to establish a well-functioning labour market.

Besides that these areas often are highly dependent on a narrow economic base e.g. forestry and paper mass production or mining and metal manufacturing where fluctuations in world market prices can be a question of life or death to the whole community.

Furthermore current depopulation trends in sparsely populated areas imply that the risk remains of many such places falling below the threshold population levels below which local communities enter a self-reinforcing process of decline. In order to address issues such as this, one needs to incorporate social, environmental, cultural and resource-related dimensions into the debates over territorial cohesion. A territorial cohesion policy must provide a set of tools to

counter the structural causes of depopulation in situations where its consequences are deemed unacceptable.

3. Better cooperation

Increased cooperation across regional and national borders raises questions of governance

- what role should the Commission play in encouraging and supporting territorial cooperation?

Perhaps the most important lesson learned from experience of the Interreg Programmes is that they provide an important and seemingly inexhaustible source of inspiration supporting further development of both the ongoing programmes and future modes of cross border cooperation. Therefore targeted studies of the Interreg projects which go beyond formal programme and project evaluations should be considered.

Projects where national and regional public authorities as well as non public-sector stakeholders are involved could thus be of significant interest here. How far can the Interreg experience contribute to the development of our understanding of the concept of multi-level governance? Have the projects contributed to a higher degree of future cross border cooperation and coordination between the various administrative territories involved, between different involved policy sectors and between the private and public stakeholders involved? If not, what are the obstacles to such developments?

A specific case of cross border cooperation worthy of closer attention here is the cooperation with areas outside the EU-territory – e.g. in the Baltic Sea Region. The experience gained within the context of previous Interreg and Tacis programmes demonstrated, for example, problems with the lack of coordination between different EU-programmes and, at least in the early stages, problems with a lack of capacity in respect of the Russian partners.

As an answer to the problems encountered a special facility was established under the new European Neighbourhood and Partnership Instrument (ENPI) for financing cross border cooperation across the EU's external borders. The start-up of the new ENPI CBC programmes has however been slow and cumbersome. In the case of the Baltic Sea Region programme, it seems that the ENPI facility will be altogether lost for Russian partners due to the non-signature of the Financing Agreement between the Commission and Russia.

This means that projects already approved with Russian partners cannot be implemented as intended. In general, a major drawback of the ENPI CBC programmes is that their implementation procedures are still very onerous and thus do not fit well with the principle of equal partnership. Based on experience gathered thus far, the solution to the financing of cross border cooperation on the EU's external borders through a facility under the ENPI should be reconsidered. One alternative could be to create a new instrument based on the principles of the European Territorial co-operation objective and equal partnership.

The development of a new EU-strategy for the Baltic Sea Region provides new opportunities for not only cooperation and coordination between different EU-policy fields but also opens up new opportunities for the revitalisation and

'mainstreaming' of the work of the many existing cross border cooperation organisations at different levels in the region.

Another a source of knowledge and inspiration at a different territorial level is Nordic cross boarder cooperation where ongoing cooperation and the effort to break down cross border obstacles has taken place for decades predating the Interreg programmes. At the regional level, the Oeresund Region or the North Calotte Region could serve as examples of best practice. At the pan national level the Nordic 'Cross Border Obstacle Forum' initiated by the Nordic Council of Ministers could act also as an example of best practice. Among other things the Nordic 'Cross Border Obstacle Forum' identifies cross border obstacles between the Nordic countries and addresses this knowledge to relevant public authorities and political decision makers in the Nordic countries. Another activity here is the development of a Nordic database of cross border obstacles where regional and local stakeholders are invited to contribute with their experiences and where they can also propose possible solutions to the identified cross border obstacles.

- is there a need to develop new legislative and management tools to facilitate cooperation including along the external borders?

The experiences of the European Grouping of Territorial Cooperation instrument (EGTC) - even though it has not been implemented yet in all the Member States - should also be considered as a 'source of new knowledge'. Has the instrument thus far helped regional and local authorities to cooperate better across national borders? Can new kinds of obstacles be identified where the instrument does not work?

One important Nordic lesson learned in this context is that every time a new national regulation is implemented there is a risk that new cross border obstacles will occur. Even when new EU-regulation is implemented the risk for unintentionally produced new cross border obstacles emerges because individual Member States tend not to implement EU-regulation in a uniform manner.

The development of robust impact assessment procedures for utilisation when new national and EU-regulations are implemented could thus be one way of avoiding the vagaries of such unintended new cross border obstacles.

4. Better coordination

Improving territorial cohesion implies better coordination between sectoral and territorial policies and improved coherence between territorial interventions.

- How can coordination between territorial and sectorial policies be improved?

One way could be the creation of a more systematic way of making use of territorial impact assessment methods at different scales and in all relevant fields of policy seen from a territorial point of view. Another way to deal with the 'territorialisation' of sectoral policies could be to oversee the 'breakdown' of sectoral action plans into territorial programmes and strategies.

Besides ensuring a more transparent implementation of sectoral policy itself such a 'territorialisation- process' could help more clearly to indicate how different sector policies 'meet' at specific territorial levels and where EU-policy has to 'meet' national and regional policy at a certain geographical level.

The coming EU-strategy for the Baltic Sea will provide a first tangible example of this breaking down of EU-policy within a specific macro regional context. The strategy will be followed up by an action plan and other specific actions where different sectoral policies are integrated and coordinated at the BSR-level.

- Which sectoral policies should give more consideration to their territorial impact when being designed? What tools should be developed in this regard?

Labour market policy, enterprise- and innovation policy, education policy, energy- and transport policy, maritime policy, rural development policy, urban development and planning together with the provision of public and private services are very important fields of policy which should be integrated into territorial development strategies.

One important step here is that the Commission should take the initiative to consider how relevant EU-sectoral policies can in practice be integrated at the EU-level and at the macro regional level.

- How can the coherence of territorial policies be strengthened?

Use of territorial impact assessments could be one way of combining new working cultures without developing new and burdensome bureaucratic instruments. Another would be to demonstrate how sectoral policy can cope with the territorial aspects in question by identifying and disseminating 'best practice' examples.

- How can Community and national policies be better combined to contribute to territorial cohesion?

More visible and targeted national follow up of the European Regional Development Fund by national initiatives remains important here. The success of the EU-objectives of delivering more jobs and sustainable growth remains dependent on coordinated actions with national programmes and policies. Here further development of the national strategic framework of the Cohesion policy 2007 – 2013 could be an important tool for better coordination and coherence between national policies and the implementation of EU policies in the Member States.

5. New territorial partnerships

The pursuit of territorial cohesion may also imply wider participation in the design and implementation of policies.

- Does the pursuit of territorial cohesion require the participation of new actors in policymaking, such as representatives of the social economy, local stakeholders, voluntary organisations and NGOs?

Territorial Cohesion implies designing and implementing actions and instruments that can allow local and regional stakeholders to identify and overcome obstacles and bring their potential and their capital into use. A considerable part of this local and regional capital belongs to the local and regional business sector as well as to the non-business sector, e.g. local and regional knowledge institutions - universities, high-schools, R&D-institutions etc. Therefore it is important to involve these local and regional society institutions in the work.

It is also important however to be aware of the fact that the business sector - as individual firms or individual entrepreneurs - have only a limited interest and capacity to be directly involved in the practical work of the development of local and regional policies and in their practical implementation. As such, the level of

expectations in respect of the involvement of various stakeholders – and specifically the business sector - has to be realistic. Representatives of the business sector e.g. as business organisations could in some cases be involved together with representatives from R&D in forums where specific action plans and where the use and allocation of specific resources such as, for example, the European Regional Development Fund is discussed.

Good examples of such arrangements include the Danish 'Growth Forums' and the Swedish 'Structural Fund Partnerships'.

In other cases a rather 'looser' way of involving the business sector has to be found. The most important thing is that the vast experience and knowledge of the business sector is used appropriately in the policy making process.

- How can the desired level of participation be achieved?

The renewal and re-introduction of the EU-White Paper on Governance from 2001 could be one possibility here at a very general level followed up by an EU-action plan for the implementation of the recommendations of the white paper.

6. Improving understanding of territorial cohesion

- What quantitative/qualitative indicators should be developed at EU level to monitor characteristics and trends in territorial cohesion?

Firstly there is an urgent need for further scientific and methodological development in respect of the concept of territorial cohesion. On the one hand the need remains to develop a common and operational definition of the concept at the EU-level. On the other hand we should be aware of the fact that the concept of territorial cohesion has to be dynamic so new development trends and new potentials can be identified and incorporated into the policy making process.

Secondly there is a fundamental need for the development of better methodologies to access the impacts of globalisation seen from a differentiated territorial perspective.

Thirdly, at least four types of indicators can be proposed:

- indicators concerning territorial disparities (mainly as socio economic indicators, natural resources, environment and business performance) at different scales and where inter-regional and cross boarder contrasts are made visible
- indicators concerning specific geographical features, specifically where the coincidence of different geographical features are taking place, sparsely populated areas must be afforded specific attention here
- indicators concerning territorial potentials for development e.g. indicators on business environment
- indicators concerning governance and institutional capacity

In addition existing indicators and analytical materials can and should be used much more efficiently. Dialogue between analysts, researchers and stakeholders is therefore of the utmost importance here. Major issues of course remain to be resolved but in the short term it is important to use our existing knowledge and resources in the most systematic and efficient way possible.