

THE EU STRATEGY FOR THE BALTIC SEA REGION.

WHAT DOES IT MEAN FOR NORWAY?

Executive Summary

The European Union Strategy for the Baltic Sea Region (EUSBSR), endorsed in 2009, is the first so-called Macro-regional Strategy of the EU. The Strategy concentrates on four areas: environment, economy, accessibility and security. The implementation of the Strategy is not financed by one main source, but rather by different EU funds. Despite promising objectives, the Strategy possesses a few flaws – in particular with regards to accountability. Going further, the EUSBSR governance structure might lead to mismanagement and a lack of efficiency. Since the Strategy is set to unfold significant impact in North-Eastern Europe, Norway has to take a stance on this document. Despite that fact that the Strategy does not address Norway directly, it is expected that Norway will generally support this strategy and may even benefit from it.

A Strategy For A Region with a Rich History

Whether viewed historically, geographically, economically or socially the interactions between the northern countries have always been a key feature of the Baltic Sea region. Macro-regional cooperation under the EU Strategy is not the first case of cooperation within the region. The largest and most well-known agreement was established in the late Middle Ages – the Hanseatic League (Hanse). It stretched from the Baltic Sea to the North Sea and inland. The Hanseatic cities had their own legal system and developed their own protection and mutual assistance, thus they established a sort of political autonomy and in some cases created political entities of their own. The location of the main city of the league – Lübeck – on the shores of the Baltic Sea provided access to trade with Northern and Eastern Europe.

EUSBSR as a New Type of Policy

Macro-regional cooperation represents a new type of EU policy that is not directly comparable to any of the existing forms of regional and territorial

cooperation by the Union. A macro-region has been defined by the European Commission as “an area including territory from a number of different countries or regions associated with one or more common features or challenges.” However, a macro-region is made up of several sub-national units in several countries, and the number of Member States should be significantly fewer than in the Union as a whole.

The European Commission emphasizes that the idea behind a Macro-regional Strategy is “to add value to interventions, whether by the EU, national or regional authorities or the third or private sectors, in a way that significantly strengthens the functioning of the macro-region. Moreover, by resolving issues in a relatively small group of countries and regions the way may be cleared for better cohesion at the level of the Union. Working together can become a habit and a skill. In addition, overall coordination of actions across policy areas will very likely result in better results than individual initiatives.” According to the EUSBSR One should also bear in mind that the goals of a Macro-regional Strategy will vary according to the functional needs of the regions concerned.

No New Institutions and Legislation, No Budget Line

In December 2007, EU leaders asked the European Commission to develop an EU Strategy for the Baltic Sea Region (EUSBSR). The EUSBSR was formally adopted by EU leaders at the European Council summit on the 29th and 30th of October 2009. The Strategy is described as an integrated framework to address common challenges. It should also contribute to the economic success of the region and to its social and territorial cohesion, as well as to the competitiveness of the EU.

There are ten countries involved in the Baltic Regional Strategy: eight member states – Sweden, Finland, Estonia, Latvia, Lithuania, Poland, Germany and Denmark – and two non-EU countries, Norway and Russia.

The Strategy fits within the Northern Dimension cooperation model, developed between Norway, Iceland and Russia during the past ten years. It brings together external and cross-border policies to promote security and stability in the region, and to address

environmental challenges including issues such as nuclear waste and water management.

The Commission had stated that “no new institutions” should be set up in order to implement the Strategy. Moreover, the Commission has emphasized that creating new institutions in the case of the EUSBSR “would be superfluous and perhaps wasteful”. It is expected that this fact will help to strengthen functional cooperation among involved stakeholders in solving specific tasks defined by the Strategy. Furthermore, the Strategy does not have its own budget. The Strategy aims to make more optimal use of all available EU funding.

Europe of Olympic Circles

The Commission had ruled that the Baltic Sea would be a suitable test case, because of the problems facing the region, the common institutions already in existence, and a common cultural affinity.

After this approach was successfully pioneered in the Baltic Sea Region in 2010 the Commission proposed a Strategy for the Danube Region. It turned out to be a valuable instrument in the Baltic Sea and Danube regions, leading to the initiation of similar initiatives in the Mediterranean, North Sea and the Alpine Region. For example, Esko Antola conceives of Europe in terms of Olympic circles. According to Antola, the Olympic circles will in the future, due to increasing regionalization, become five ‘mega-regions’ covering respectively the Mediterranean region, the central European countries within the Visegrad cooperation, the Danube region, the circle of Western Europe and the Baltic region. He characterizes it as a flexible system, where countries can belong to more than just one Olympic circle.

Four Areas of Cooperation

There are four areas – pillars – that are singled out as fundamentally important: First, to improve the environmental state of the Baltic Sea. The key logic in this area is that the Baltic Sea is very vulnerable to environmental pressures and it is one of the world’s most polluted seas.

Second, to promote more balanced economic development in the region, against the background of a prosperous and innovative north and west, and a developing south and east region.

Third, to make the region more accessible and attractive. This pillar focuses on various aspects of infrastructure in the region. Two questions receive primary attention within the third pillar:

- Transport (the northern and eastern parts of the Baltic Sea region are generally the least accessible areas of the union);
- Energy (the main issue concerns the uneven distribution of domestic supplies and the heavy dependence on one single supplier – Russia – for some of the countries in the region).

Fourth, to make the region a safer and more secure place. The fourth major area of the Strategy concerns safety and security issues. In this field, two quite different issues receive the most attention:

- Maritime safety;
- Cross-border crime.

These four areas are further developed into fifteen different challenges; so-called priority areas. The idea is to set specific goals and allocate responsibility to different member states to achieve them.

Internal and External Challenges

The Strategy faces a number of challenges. One is how to achieve value added in comparison to the current situation. There is also the question of how the Commission is going to monitor implementation and assure the future direction of the Strategy.

The second challenge – the governance of the Strategy – focuses on the absence of specific budget allocations. Instead, funding for the actions and projects will come from pre-existing funding instruments. This could also affect the successful implementation of the different targets.

Furthermore, while most national governments would like to entrust the Commission with a strong role in monitoring the implementation of the Strategy, the Commission sees its own role as a 'facilitator' rather than as a 'leader' of the Strategy. Therefore, it delegates more responsibility to the Member States when it comes to the implementation of the Strategy. There is also some criticism that it is in a sense paradoxical

that those countries most in need of a well-functioning strategy – the Baltic States – are the ones least involved in its coordination.

There is also concern that the Strategy is a clear example of the intra-regionalization of the EU. It could be a challenge to the cohesion and solidarity of the union because of the basic logic of the Strategy: to single out a limited part of the EU and treat it in special ways against the background of acute needs for protection and development. A concern of countries outside the Baltic Sea Region could be that by strengthening this macro-region the union runs the risk of creating a power-region much stronger than the rest of the EU.

However, the Director of the Baltic Development Forum, Hans Brask, argues that macro-regional strategies could prove to be an effective way of solving region-specific problems in line with EU objectives and might diminish the risk of the EU developing at different speeds. The size of the EU makes it difficult to design policies that are relevant to all 27 Member States. Therefore, EU policies might not be specific enough to deal with problems related to smaller geographical areas, which is why the concept of macro-regions could be beneficial. In other words, macro-regional strategies could prove to be an effective tool in dealing with issues that are not relevant to the entire EU. This especially concerns problems related to agricultural and fishery policies.

Unfortunately, there is no coherent approach to Russia by the EU. Russia was not involved in formulating this strategy, although it is a natural key actor in the Baltic Sea area - three of the four pillars (environment, energy, and safety issues) of the Strategy are very dependent on Russian engagement. But although Russia has expressed interest in the Strategy and would benefit from its success, the fact that it is not part of the Strategy jeopardizes many of its strong points and good intentions.

There is also another obstacle to effectively implementing the Strategy: the repercussions of the global financial and economic crisis. Between 2005 and 2007, when the concept of a Macro-regional Strategy for the Baltic Sea Region was first outlined, the financial situation was positive and represented a potentially financially prosperous region. The situation has changed sharply and a financial crisis hit the Baltic economies extremely hard. For example, Brask is concerned that the focus on the financial crisis could overshadow the commitment to implement the Strategy.

Why is the Strategy Important for Norway?

In the Baltic Sea region we have a large number of overlapping organizations of which Norway is a member (for example Northern Dimension Partnership). It is suggested that this macro-region strategy could be a good platform for raising coherence and coordination of EU action vis-à-vis member states in the region.

It is possible that Norway can connect work on this aspect together with the Macro-regional strategy. Doing this will be a huge step in making these areas better-coordinated, creating a chance for success. Norway's concerns about maritime policy and aspects connected with crime security could contribute greatly to the Strategy.

Conclusion and Proposals

From the perspective of intra-regionalization it is important for the Commission, the Baltic Sea Region states and EU members to explain the severity of the situation to the rest of the EU and convince others about the need for this strategy.

Despite the fact that the Strategy for the Baltic Sea Region does not directly address Norway, its engagement in this Baltic agreement seems to be beneficial to both sides. If it does not happen, Norway will focus all efforts connected with the Baltic Sea Region under the CBSS frame, leading to results only during presidency. For the sake of good cooperation and better problem solving in the Baltic Sea Region, Norway should recognize the EU Strategy and be recognized as a significant partner for the EU in this region. If it does not happen, the EU will not get a supportive partner to work with, and Norway will have to act only through the Council of the Baltic Sea States (CBSS).

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