

# European and External Affairs Committee

EUR(3)-09-10-p1a: 8 June 2010



British-Irish Parliamentary Assembly  
Tionól Parlaiminteach Na Breataine Agus Na Héirean  
Committee B: European Affairs  
February 2010  
Document Number 166

## A British and Irish Isles Regional Economic Space: Interim Report

### Background

1. At the meeting of the British-Irish Parliamentary Assembly in Donegal in March 2009, we noted that there was a growing level of support within the European Union, and from the European Commission, for the establishment of regional economic spaces, or "macro regions": that is, groups of countries within the EU which could usefully co-operate on a range of economic and infrastructure issues for mutual benefit, as 'sub-units' of the EU.
2. We decided to hold an inquiry into this policy area, for two principal reasons. Firstly, we wanted to try to assess whether the move towards regional economic spaces was a direction of travel which was gaining widespread support and could therefore be an important part of the future development of the Union. Second, we wanted to establish whether the British and Irish Isles were a suitable potential economic space, and therefore whether the UK, Irish and devolved governments should be pursuing this concept as a policy priority.
3. As part of the inquiry, we held meetings with Anne-France Woestyn of the European Commission's Directorate-General for Maritime Affairs and Fisheries (DG MARE), Eleni Marianou, Secretary-General Designate of the Conference of Peripheral Maritime Regions, and Robert Collins, Head, Irish Regions Brussels Office, in November 2009; with Pierre Schellekens, Head of Swedish Representation, European Commission, Alexander Schenk, Swedish National Lead on EU Baltic Strategy, Gabrielle Lindholm, Swedish Ambassador for the Marine Environment, Markus Öllman and Ingrid Bränströmm, Swedish Prime Minister's Office, and Sinikka Bohlin, President of the Nordic Council, in December 2009; and with Chris Bryant MP, Minister for Europe, Foreign and Commonwealth Office, in January 2010.

### The Baltic Sea and Danube Basin strategies

4. One of the first regional economic spaces was the Baltic Sea. There had been a long history of co-operation between the Baltic Sea nations dating back to the 1950s, but from the 1990s onwards the Swedish Government began to push for a more 'joined-up' approach to inter-governmental co-operation; not least, it did not wish co-operation within the Baltic Sea to be seen as a Swedish-led project. In 2007, a European Parliament working group raised the idea of an EU-level strategy for the Baltic Sea, calling on the European Commission to come forward with proposals. The following year, 2008, the Commission prepared such a strategy, and followed it up with a regional consultation with appropriate stakeholders. The Strategy brought together eight Member States: Sweden, Denmark, Estonia, Finland, Germany, Latvia, Lithuania and Poland.
5. The EU Strategy for the Baltic Region was formally adopted by the European Council in October 2009. The key features of the Strategy were that it would require no new legislation and no new budget line, and would operate within existing structures. Governance was to be delivered through individual Member States (or other partners, such as the Nordic Council of Ministers or federations of farmers) taking a lead for each item in a detailed action plan, with 80 flagship projects in 15 priority areas. The Commission would steer the Strategy (day-to-day management being undertaken by the Directorate-General for Regional Affairs, DG REGIO), and would report annually to the European Council, but implementation would be a matter for Member States. In budgetary terms, resources would come from a combination of existing inter-regional, convergence and regional competitiveness funds.
6. Different Member States regard the Strategy as delivering results in different policy areas. For Sweden, the Strategy is primarily seen as a vehicle for environmental projects, dealing with issues such as climate change, emissions and biodiversity. However, Estonia, Lithuania, Latvia and Poland are more concerned with the economic co-operation and development aspect of the Strategy. But its proponents stress that this is one of the chief virtues of a regional economic space; because it is driven by the Member States involved,

each can derive from it those benefits which are in its national interest.

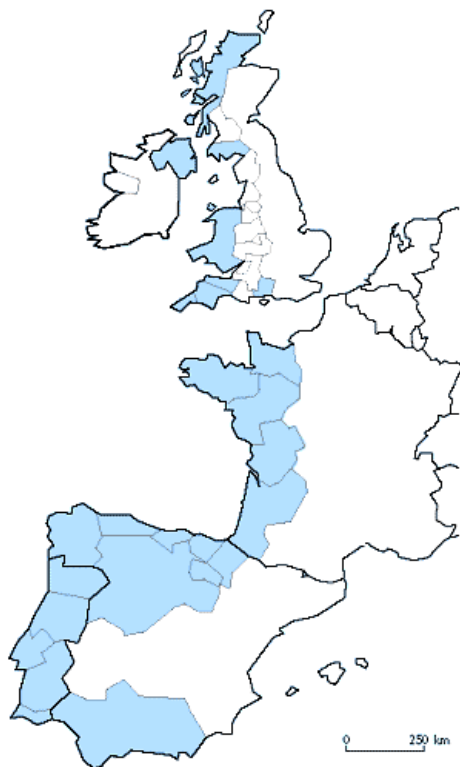
7. There is also a developing strategy for the Danube Basin, though it is in its early stages. The regional grouping would include six Member States; Germany, Austria, the Slovak Republic, Hungary, Bulgaria and Romania. The European Council asked the Commission to outline plans for such a strategy by the end of 2010. In January 2010, the European Parliament passed a resolution calling on the Commission to hold consultations in order to be able to draw up such a strategy, and identified economic and social development and ecological concerns as potential policy areas of interest.

### **The Commission's approach**

8. During our meetings with representatives of the European Commission, it was stressed that regional economic spaces and the emerging strategies for them were principally matters for the Member States involved. The Commission was very happy to help co-ordinate these strategies and was encouraging relevant stakeholders to talk to each other. A 'place-based' approach to territorial cohesion was fully in line with the Commission's objectives but it did not intend to play a proactive role in establishing regional strategies.

9. Another important feature of regional strategies, from the point of view of the Commission, was that they were not radical departures from current structures or funding arrangements. As Pierre Schellekens, Head of the Commission's Swedish Representation, noted to us, the Baltic Sea Strategy was not an initiative which would change the way the Member States or the Commission would conduct politics; rather, it was a practical, rather than a political or ideological, proposal. DG MARE were very clear that the emergence of the Baltic Sea Strategy was a natural evolution of a long-standing programme of co-operation between the nations bordering the Baltic Sea. Nevertheless, we were told that the Commission views regional economic spaces or macro regions (the terminology is still not fixed) as a useful middle ground between local and EU-level programmes.

10. DG MARE also told us that discussions were going on with stakeholders with a view perhaps to developing co-operation among Member States on the so-called Atlantic Arc (see figure below).



<http://arcatlantique.org>

However, there was acknowledgement that the Member States involved - the UK, France, Spain and Portugal - had diverse interests and priorities, and the discussions were very much at a preliminary stage. It should also be noted that the Atlantic Arc only includes certain regions of the Member States in question, though, with only certain Länder of Germany, for example, being directly involved in the Baltic Sea Strategy, this is not in itself an insuperable obstacle to the creation of a macro region.

### **The UK and Ireland**

11. It seems to us that the British and Irish Isles, as represented by the British-Irish Parliamentary Assembly, would be a possible candidate for another regional economic space. The close economic, transport, infrastructure, social and other links between the jurisdictions of the Isles are long-established, but it would be foolish not to re-examine them, as the countries bordering the Baltic Sea have done, within the context of European Union structures and funding.

12. However, we acknowledge that a great deal of work in terms of cross-border collaboration has already been done. The British-Irish Council, established under the 1998 Good Friday Agreement, already exists to "promote the harmonious and mutually beneficial development of the totality of relationships among the peoples of these islands". The work areas identified under the Good Friday Agreement and the responsibility of individual members to take the lead on them in many ways already mirror the operation of, for example, the Baltic Sea Strategy. It is important that effort should not be duplicated nor existing structures undermined.

13. We also note that not all of the jurisdictions within the BIPA and represented in the EU. While the UK and Ireland are both long-standing Member States (which acceded together in January 1973), the UK Crown Dependencies, including Jersey, Guernsey and the Isle of Man, are not part of the EU and must therefore be considered differently in terms of a purely-EU regional economic policy.

14. However, there are areas in which co-operation within a British-Irish regional economic space could be expanded. For example, England, which does not have a devolved government within the UK, is not represented directly on the British-Irish Council. Additionally, there may be possibilities of involving local as well as national and devolved government within such a framework.

15. It is also important that, in consideration of a British-Irish regional economic space, consideration should at least be given to the involvement of Member States outwith these islands. It may be that the jurisdictions within the BIPA have commonality of interest and the potential for collaboration and co-operation with other Member States such as France and Spain; there may also be the possibility of co-operation with states outside the EU.

## **Conclusions**

16. We consider that there is a high level of political support for the creation regional economic spaces both within the European Commission and among EU Member States. However, we also note that this is a policy area in its infancy, the future development of which is far from certain.

17. Given the early stage of this policy, we therefore intend to continue our inquiry beyond this preliminary Report, in order to identify a preliminary outline of the challenges and policy solutions faced by the countries and regions within the British and Irish Isles which could better be addressed by integrated, cross-border collaboration and co-operation.

18. We intend to focus on the following issues as part of our ongoing inquiry:

- (a) The appropriateness of the geographic space occupied by the members of the British-Irish Parliamentary Assembly as a macro region in its own right, as part of a broader region (such as the Atlantic Arc), or a combination of both.
- (b) Whether a British-Irish macro region would be better served by a more flexible approach to its geographical base, with its boundaries determined by the common problems to be resolved through collaboration and co-operation.
- (c) The level of political support for a collaborative approach within the geographical areas examined.
- (d) The role of non-EU jurisdictions within the British and Irish Isles such as the Isle of Man, Jersey and Guernsey, and neighbouring non-EU jurisdictions such as Iceland, Norway and the Faroe Islands.
- (e) The development of a dialogue with the European Commission, the Committee of the Regions (especially UK and Irish members), the European Parliament and the Council of Europe.
- (f) The potential for the BIPA and the British Council to take a political lead in this matter.

19. We recommend that the BIPA and the British-Irish Council should investigate the possibility of hosting a conference to explore the idea of a British and Irish-Isles regional economic space, involving UK and Irish members of the Committee of the Regions, the European Commission, the UK and Irish Governments and the devolved and other administrations within the BIPA area.