Success Factors of Macro-Regional Cooperation: The Example of the Baltic Sea Region

Marion Salines

Bruges Political Research Papers

© Marion Salines 2010

Cahiers de recherche politique de Bruges

No 12 / 2010
Success Factors of Macro-Regional Cooperation: The Example of the Baltic Sea Region

Marion Salines

© Marion Salines 2010
About the author

Marion Salines is an economist at the European Central Bank (DG International and European Relations, EU Institutions and Fora Division). She holds an M.A. degree in Public Administration from the Institut d'Etudes Politiques of Paris as well as an M.A. degree in European Political and Administrative Studies, obtained at the College of Europe (Marcus Aurelius Promotion).

This paper reflects the personal opinion of the author and does not represent the views of the European Central Bank. It was prepared before the author joined the ECB. Any errors or omissions are exclusively the responsibility of the author.

I would like to thank Professor De Rynck and Professor Chang for their useful comments.

Address for Correspondence
marion.salines@googlemail.com
Abstract

As illustrated by the recent adoption of the European Union Baltic Sea Strategy, a new level of governance seems to be emerging in the European integration process, i.e. the macro-regional level. The present paper aims at identifying the necessary ingredients for successful macro-regional cooperation. It draws on the example of the Baltic Sea Region (BSR), where the combination of intense cooperation and of heterogeneity is particularly interesting to analyze. The author argues that effective macro-regional cooperation requires four factors: a common perception of interests, a common identity, a well-balanced cooperation method, and the involvement of the EU. The respective relevance of each of these factors is tested and some key strengths and weaknesses of cooperation in the Baltic Sea Region are identified.

The paper is based on the Master’s Thesis *Towards a Europe of the Macro-Regions? Success factors and benefits of macro-regional cooperation in the Baltic Sea Region*, College of Europe, Department of European Political and Administrative Studies Bruges, 2009, available in the institution’s library. Please consult this document for an elaboration of the analysis below.
On 10 June 2009, the European Commission issued its proposal for the first macro-regional strategy of the EU’s history, i.e. the EU Strategy for the Baltic Sea Region\(^1\). This comprehensive strategy, covering several Community policies and targeted on a macro-region, was endorsed by the European Council in October 2009\(^2\). A few months earlier, in June 2009, Heads of State and Government invited the Commission to present an EU Strategy for the Danube region before the end of 2010\(^3\). These developments point to the emergence of a new level of governance in the European integration process: the macro-regional level\(^4\), i.e. an intermediary level between the national and the European one. Given the increasing heterogeneity within the EU due to the successive enlargements over the last years, such an empowerment of macro-regions might be an innovative and effective way to bring the European integration process forward. Macro-regions can offer a higher problem-solving capacity than the EU-27 in a number of fields such as innovation policy, environmental protection, etc, as it might be easier to achieve common understanding and mutual trust at this level.\(^5\) As expressed by a Swedish CEO, “in the Baltic region we are similar enough to cooperate and different enough to learn from each other”.\(^6\)

Nevertheless, the mere adoption of an official strategy will not be sufficient to achieve the ambitious goals set by European policy-makers. Indeed, macro-regional cooperation is confronted with the same overarching challenge as the one faced by the EU as a whole, i.e. how to ensure that countries having various interests, traditions and needs work effectively

---

\(^1\) According to the EU Baltic Sea Strategy, the Baltic Sea Region consists of the eight EU Member States bordering the Baltic Sea: Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, Sweden. The State of the Region Report adopts a broader definition by including Iceland, Norway and Russia’s Northwestern Region.

\(^2\) European Council, Presidency Conclusions, 29/30 October 2009, p.11

\(^3\) European Council, Presidency Conclusions, 18/19 June 2009, p.13

\(^4\) According to Joseph Nye, a macro-region can be defined as “a limited number of states linked together by a geographical relationship and by a degree of mutual interdependence” (http://ocw.unu.edu/programme-for-comparative-regional-integration-studies/introducing-regional-integration/a-typology-of-regions/ - 02.05.09) There is no specific definition of macro-regions in the EU.

\(^5\) For a more detailed explanation, see Chapter 2 of the Master’s Thesis Towards a Europe of the Macro-Regions? Success factors and benefits of macro-regional cooperation in the Baltic Sea Region. It is demonstrated through a case study that the macro-regional level does present an added value compared to the national and European ones.

\(^6\) Hans Dalborg, Chairman of Nordea, www.bdforum.org (03.03.09)
together towards common goals. Whereas one can find an incredible number of studies on EU policy-making, macro-regional cooperation has not attracted much attention from scholars so far. The aim of this paper is to identify the necessary ingredients for a successful macro-regional cooperation to happen and to assess their respective relevance. It will be argued that four factors are required: a common perception of interests, a common identity, a well-balanced cooperation method and the involvement of the EU. Their selection deserves further examination.

The first factor, **common perception of interests**, reflects the assumption that the *objective* existence of benefits is not sufficient to explain the development of the cooperation. There are many areas in the world where cooperation would be economically beneficial but which does not take place for non-economic reasons. It illustrates the fact that interests need to be *subjectively* commonly perceived by policy-makers. In this respect, interests probably need to be understood in a broader sense and should include political motivations as well.

The criterion of **common identity** is probably the most surprising and original one. One could intuitively argue that interests will be the exclusive driving force of such a functional process. Nevertheless, a certain sense of common belonging might be necessary for the long-term viability of cooperation: in the case of changing or too many competing interests, this could facilitate the pursuit of cooperation. In addition, branding is increasingly necessary in the context of an expanding area of competition and it has probably to be underpinned by a certain level of common identity. Hence the exact role of identity deserves further examination.

The factor of **cooperation method** reflects the balance between two elements, i.e. the institutional framework and the involvement of stakeholders. The former reflects the assumption that institutions do matter. A number of (neo-)institutionalist theories were
developed to explain the European integration process, which, according to Mark Pollack, “is without question the most densely institutionalized international organization in the world.”

This institutionalist postulate has to be tested in order to assess whether it is relevant or not for macro-regional cooperation. The latter element emerges from the observation that a lot of territorial cooperation projects – even on a small territorial scale such as cross-border projects – still lack effectiveness and dynamism due to the poor involvement of stakeholders. This assumption has to be verified in the case of bigger transnational projects.

Finally, the factor of **EU involvement** reflects the interrogation as to whether the EU has any role to play with regard to macro-regional cooperation. The underlying issue is how the macro-regional and the EU-wide levels can be articulated in a meaningful way from a subsidiarity perspective, with a clear and effective division of responsibilities.

In order to assess the respective relevance of each of these factors, this paper will draw on the example of the Baltic Sea Region. With the 1995 and 2004 EU-enlargements the Baltic Sea has become the inland sea of the EU, with almost one third of the EU’s member states on its shores. Over the years cooperation within the BSR has increased both in scope and in degree: it takes place in an increasing number of policy fields and involves ever more ambitious projects. Given this high level of interaction, the BSR is today commonly considered as being “one of the most regionalized parts of Europe” and as “a showcase laboratory” for the European integration process. On the other hand, there remains a high level of economic and political heterogeneity within the Region due to the longstanding

---

8 Antola, Esko, “Third Wave Cooperation Needed in the Baltic Sea Region”, B.R.E., 22.6.06, p.8
9 Svedberg, Marcus, “The Baltic Rim Model”, B.R.E., 28.2.06, p.8
10 Joenniemi, Perti, “Bridging the Iron Curtain? Cooperation around the Baltic Rim”, Copenhagen Peace Research Institute, August 1999, p.2
division between the Eastern and the Western shores of the Baltic Rim. This combination of intense cooperation and heterogeneity makes the BSR particularly interesting to explore.

The paper will first analyze what kind of interests have played a role in the BSR cooperation process since the end of the Cold War, and how important the perception by policy-makers of these sometimes diverging interests has been (1). It will then explore to what extent identity has provided a drive to this process and will discuss the need for a stronger common identity in the BSR (2). Moreover, it will investigate the BSR cooperation method by assessing both its institutional framework and its bottom-up forces (3). Finally, it will assess the extent to which the EU has played a catalyst role in a concrete macro-regional cooperation project (4).

1. A common perception of interests

This first section will resort to a historical perspective in order to show with various examples taken from the post-Cold War period that the existence of different interests in the BSR has sometimes hampered the cooperation (1.1). It will then demonstrate that a common perception of interests is ultimately of a political nature and has thus to be accompanied by political will and leadership (1.2).

1.1. The historical difficulty of agreeing on common priorities

For most of the 1990s cooperation in the BSR was dominated by political motives, while economic issues were certainly important but not at the forefront of the public discourse.\textsuperscript{12} This was very much due to the influence of an exogenous factor, i.e. the end of the Cold War. Just after the fall of the Iron Curtain, the symbol of reintegrating into the

‘European house’ rise to political visions like recreating a ‘Mare Balticum’ in countries which had been for half a century under totalitarian domination. The prevalence of (geo)political interests till the mid-1990s was illustrated by the fact that the agenda of the Council of Baltic Sea States was dominated by issues inherited from the Soviet legacy and related to the transition, in particular to the traditional security issues.

Gradually, over the 1990s, a gap has emerged between the Eastern and the Western shores of the Baltic Rim, both having different priorities and interests regarding the agenda of the Baltic Sea cooperation. On the one hand, the Nordic countries and Germany were increasingly interested in economic and environmental issues rather than in the traditional agenda of security. As far as the economic issues were concerned, this could be explained by the fact that they had just experienced a severe economic crisis and were afraid of being further marginalized in the context of a fierce global competition. On the other hand, the Baltic States and Poland were still greatly preoccupied by traditional security concerns and perceived them as the main priority. Here again, this is quite comprehensible: for instance, the Russian troops stayed in the Baltic States till 1994 and the bilateral relations remained very tense afterwards especially due to the presence of large Russian minorities in Estonia and Latvia. As a result, till the beginning of the 2000s there was a different perception of common interests across the Region which hampered the cooperation.

This has changed under the influence of an exogenous factor, i.e. the EU- and NATO-enlargements in 2004. From the moment the Baltic States and Poland joined both organizations, there has been a downgrading of the old agenda of security. This has been accompanied by a period of doubt concerning the raison d’être of the Baltic Sea cooperation. There was a growing fear that BSR countries may lose interest in cooperating at the macro-

13 Joenniemi, op.cit., p.5
14 Ibid., p.6
15 Ibid., p.7
regional level and may shift their entire attention towards the EU-level. All this has led to a shift in the perception of common interests from a focus on political to functional issues, with economic development and environmental protection becoming prevalent goals.\textsuperscript{16} A very pragmatic approach is now taken: \textit{“Cross-national cooperation is not a goal in itself – it is a tool to achieve other, more ultimate goals like economic prosperity or security.”}\textsuperscript{17} Since the mid-2000s the competitiveness of BSR countries together with the Lisbon Strategy have been presented in the public discourse as a matter of common interest and a major goal.

However, even though there is a broadly shared perception of common interests in the BSR, individual countries’ interests are still very much present and are sometimes diverging. A prominent example was shown by the \textit{“Viking Line”} and \textit{“Laval un partneri”} cases opposing respectively Finish and Estonian and Swedish and Latvian socio-economic interests. Beyond these highly symbolic and politicized issues, the common perception of interests is also not completely straightforward in the day-to-day cooperation: \textit{“One has always to make sure that everybody has the same objectives and, most importantly, that it’s a win-win situation, that it’s not beneficial for some countries more than for others.”}\textsuperscript{18}

In addition, there remain some differences in terms of objectives’ prioritization. It is best illustrated by the titles of the ‘non-papers’ that were recently drafted to provide an input to the European Commission regarding the EU BSR Strategy. Whereas the Finish ‘non-paper’ is entitled \textit{“A clean Baltic Sea and a prosperous economic area”}, the Polish one is called \textit{“Cohesion and competitiveness of the Baltic Sea Region”}.\textsuperscript{19} The Nordic countries place

\begin{flushleft}
\textsuperscript{16} State of the Region Report 2007, op.cit., p.10
\textsuperscript{17} Ibid.
\textsuperscript{18} Interview with Emily Wise, Research Fellow, Research Policy Institute, Lund University – 17.02.09 (phone interview)
\textsuperscript{19} Brask, Hans, “Visions for the Future BSR Cooperation – An EU Avant-Garde in Promoting the Fifth Freedom of the Internal Market?”, B.R.E., 17.6.08, p.34
\end{flushleft}
economic issues on equal footing with environmental ones, whereas the Baltic States and Poland put a lot more emphasis on socio-economic problems.

1.2. The interplay between economic and political interests

Even when economic interests dominate the discussion, the decision to cooperate or not ultimately remains of political nature; this is best shown by the current financial and economic crisis. The whole Region is hit, though to variable extents. The question arises as to whether the crisis will lead to an acceleration and deepening of regional cooperation or will on the contrary result in protectionist reactions and in a stronger focus on domestic affairs. From an economic viewpoint, it appears that a coordinated action would be the optimal solution since national responses are clearly unable to deal with this crisis alone, especially given the small size of most BSR countries. “If there is a joint endeavor to coordinate programmes and policies, it will be much easier to go out from the crisis, especially for smaller countries. They would be in a stronger position afterwards.”

Nevertheless, the economic rationale is clearly not a sufficient condition for macro-regional cooperation to happen. History has shown that the burden of proof gets harder for regional or international cooperation in times of crisis because bad economic times often lead to an increased protectionism, not least under the pressure of public opinion. So the perception at the political level of common interests is a key determinant for success. Ultimately, it is not economists but politicians who decide in what field and with what intensity to carry out cooperative activities in spite of protectionist temptations.

---

20 Interview with Christian Ketels, Professor at the Harvard Business School, Institute for Strategy and Competitiveness – 09.02.09 (phone interview)
21 Interview with Christopher Beazley, MEP, Chairman of the “Baltic Europe” Intergroup – 26.02.09 (phone interview)
Against this background, the involvement of the highest political level is of crucial importance. According to some interviewees, political will and leadership are still insufficient in the BSR, and this explains why cooperation is slower and less effective than it could be: “We definitely need more political leadership. A lot of initiatives are discussed at the lower political level, but they don’t get enough attention because the highest political level is insufficiently involved.”

In recent years some countries such as Sweden have already tried to take the lead, but this appeared to be quite tricky as the example of the EU Baltic Sea Strategy showed: “Right from the start the Swedes have been the big backers and supporters of the Strategy. But they realized quite quickly that it wouldn’t work if it were considered as a Swedish project, because for historical reasons Sweden is regarded with some caution by the other states of the Region.”

This demonstrates that reaching a political agreement on common interests and goals for the whole Region is crucial for a successful cooperation to happen. The paper will now move on to the question whether such a functional and mainly interest-driven cooperation process has to be underpinned by a common identity.

2. A common identity

This section successively examines the main traditional elements of identity: geography on the one hand (2.1) and history and culture on the other hand (2.2). It then moves on to the relations between identity and branding (2.3).

---

23 Interview with an official preferring to stay anonymous
24 Interview with an official preferring to stay anonymous
2.1. The role played by geography

Interestingly enough, geography appears to play in the BSR an equally important role with regard to identity as to interests. Firstly, as a matter of fact, (almost) all countries of the Region are geographically neighbours and share something in common: the Baltic Sea. The Region even defines itself in relation with the Baltic Sea. By creating positive externalities, geographic proximity also shapes interests. Nevertheless, some authors argue that the BSR should not be regarded as a geographical concept. For instance, Norway and Iceland do not lie in the Baltic Sea but are involved in a number of cooperation projects. This demonstrates that “definitions of areas are deeply embedded in history, culture and politics. They have always been defined in a context somehow wider than geography.”

The analysis of two other geographical factors, i.e. the small size of the countries and their peripheral position, seems to be more relevant. First of all, most of the countries are small, apart from Germany and Poland. In economic terms, it means that these countries have small domestic markets and are dependent to a great extent on international trade and exports. In political terms, they have a limited weight and bargaining power, especially in an enlarged Europe. “Acting at a cross-national level gives the possibility to be more well-known, better branded and more attractive.” The small size of the countries clearly provides an incentive for cooperation.

Secondly, the whole Region is situated at the periphery of Europe. This has resulted in a growing fear of being economically and politically isolated within Europe. This fear was further enhanced by the debate over the ‘European banana’ in the 1990s, which would extend

---

26 Ibid.
27 Interview with Emily Wise, op.cit.
from Southern England to Northern Italy and would be the economic core of Europe. As the BSR countries have felt threatened by peripheralization, they have aspired for increased centrality. This ambition can be explicitly found in the Strategy published by the European Parliament: it recommends making the BSR “a core of Europe, not a marginal periphery as it was in the 20th century”. This is both a matter of common interest and of identity: the very fact that BSR countries have perceived this common danger of marginalization from the rest of Europe has helped in transcending cognitive barriers and feeling more united and cohesive.

Thus cooperation certainly requires some level of geographic cohesiveness. In the BSR, common geographical features (i.e. sharing of the Sea, small size and peripheral situation) have all provided a drive to cooperation though to variable extents. They have shaped the identity of the Region as well as its perception of common interests. Nevertheless, as the examples of Norway and Iceland show, geography does not always prove to be the main determinant. Other factors such as history and culture also play a significant role.

2.2. The importance of common historical and cultural roots

For centuries the Baltic Sea has been a uniting link between these countries, a very high degree of exchanges of all kinds (commercial, cultural, religious, military, etc) taking place across its shores. For instance, the Estonian capital was founded by the Danes in 1219 after a military battle. The name Tallinn is derived from the expression “Taani-Linn” which means “Danish castle/town”. Another prominent example is the Hanseatic League: this alliance of around 200 trading cities along the coast of Northern Europe from the Baltic to the

29 Joenniemi, op.cit., p.8
30 ‘Europe’s Strategy’, op.cit., p.6
31 Joenniemi, op.cit., p.2
North Sea served as a very active link between all these countries from the 13th to the 17th century.

The question arises as to the relevance and the impact of this historical and cultural legacy on the contemporary cooperation process. For some authors this has played a crucial role since it has contributed to establishing and maintaining links across the Region\(^{32}\). This is best exemplified by the current existence of numerous networks and by a great deal of interaction among civil societies. Nevertheless, the BSR history is also characterized by a strong rivalry: some countries such as Sweden aspired to great power status and often tried militarily to dominate the Region. This is the reason why history can also be a divisive issue.

Interestingly enough, despite this caveat, common historical and cultural roots have been very much emphasized by policy-makers since the end of the Cold War. They have been used in the public discourse to provide a historical *raison d’être*\(^{33}\) for extending both the scale and scope of cooperation from the Nordic countries to the Baltic States and Poland. At the beginning of the 1990s, a plethora of catchy names were proposed in the public debate such as ‘Baltic Europe’, ‘Mare Balticum’\(^{34}\), the ‘Amber Gateway’, etc. For these reasons it is argued that the BSR already exists as “a cognitive region and project”\(^{35}\) or as “a discursive product”\(^{36}\) and has thereby become “self-reinforcing”\(^{37}\).

However, this “*mainly benevolent and enthusiastic ‘region-building historicism’***\(^{38}\) seems quite problematic for a couple of reasons. Firstly, it is doubtful whether policy-makers can justify contemporary cooperation and promote a sense of collective identity by making a

---


\(^{33}\) Anderson, op.cit., p.127

\(^{34}\) Joenniemi, op.cit., p.2


\(^{36}\) Joenniemi, op.cit., p.2

\(^{37}\) Williams, op.cit., p.10

\(^{38}\) Ibid., p.6
retroactive use of history\(^{39}\). Secondly, given the past rivalry mentioned above, history has to be used very carefully so as not to trigger old fears of domination especially among small countries; cooperation could otherwise be perceived as the expression of a “latent neo-colonialism”\(^{40}\). In fact, it appears difficult to strike the right balance between the emphasis on the common cultural heritage and the respect of national diversity. The risk is to damage the coherence of region-building by producing a rather unclear message such as the following one: “the Region must restore its identity, within the EU, in its own right while supporting the rich cultural diversity within the Region”\(^{41}\).

This might explain why the level of identification with the Region is today not equal to a sense of common identity, even though opinions slightly differ in that regard. For example, the Swedish Minister Cecilia Malmström and MEP Christopher Beazley respectively declared: “There is no Baltic Sea identity as such. But we feel connected. For instance the Nordic people showed their solidarity when the Balts demonstrated for their independence. There is a sense of belonging, yes, I would say, a sense of historical community.”\(^{42}\); “There has always been a Baltic Sea identity in cultural terms: there is a natural affinity but it’s not recognized as much as it should be.”\(^{43}\).

Given that the BSR does not have a strongly anchored common identity, the question arises as to whether this hampers the smooth functioning of what is mostly a functional and interest-driven process.

---

\(^{39}\) Andersson, op.cit., p.127

\(^{40}\) Williams, op.cit., p.6

\(^{41}\) ‘Europe’s Strategy’, op.cit., p.19

\(^{42}\) Cecilia Malmström, Conference at the College of Europe, ‘A Swedish Vision for Europe’, Bruges, 04.02.09

\(^{43}\) Interview with Christopher Beazley, op.cit.
2.3. Identity and branding

Some argue that “identity will not drive the process. The cross-national level will be recognized as a relevant level if it can deliver things that other levels cannot deliver.”44 Given this viewpoint one can wonder why so many efforts are still today made to foster a BSR identity. As an example, a ‘Balticness’ campaign was launched in 2007 by the Latvian CBSS presidency in order to enhance the diffusion of a shared cultural identity45. In February 2009 the Finish Foreign Minister Alexander Stubb again stated that “new ideas and impetus to reinforce our regional identity are needed”46.

Even though identity does not provide the major drive for functional cooperation, it does have a role to play with regard to branding. Branding can be defined as “the process whereby a country actively seeks to create a unique and competitive identity for itself, with the aim of positioning the country internally and internationally”47. It is now recognized as being absolutely crucial in order to raise the economic profile of a place and to attract inward investment, highly qualified workers, tourists, etc. As MEP Christopher Beazley points out, “a rise in the public awareness and visibility of a region can result in an increase in inward investment which is much higher than any potential EU funds.”48 Therefore, the European Parliament proposes to “systematically create a brand for the region as one of the most attractive and competitive areas in the world”49.

But the question remains to be answered whether branding needs to be underpinned by identity. According to place-branding theory, branding and identity are interacting and

---

44 Interview with Christian Ketels, op.cit.
47 Andersson, op.cit., p.122
48 Interview with Christopher Beazley, op.cit.
mutually reinforcing themselves. While a sense of collective identity is required in order to build and maintain a brand, the development of such an identity can itself be facilitated by a brand-building effort.\textsuperscript{50} This means that, even in the field of economic cooperation, a certain degree of common identity is required.

Given the insufficient level of common identity in the BSR, one could wonder whether some actions can be undertaken to address this problem. Branding appears to be a real challenge because of the diversity of the Region in terms of language, culture, etc: quite logically the complexity of place branding increases with the size and diversity of a place.\textsuperscript{51} This was confirmed by some of the interviewees, who explained the concrete difficulties of common branding: “We [the city of Tallinn] participated together with Finland in the World Expo: we had joint stands, but no joint strategy, no joint objectives. It is an example of how to cooperate pragmatically, but it shows its limitations.”\textsuperscript{52} These obstacles are obviously more related to interests, but one could argue that a higher level of identification would help mediate competing interests. A certain sense of common belonging thus proves to be an important facilitator of macro-regional cooperation. It has also to be accompanied by a well-balanced cooperation method.

3. A well-balanced cooperation method

By “well-balanced” the author here means the right mix between a top-down process and bottom-up forces. The BSR cooperation method is a \textit{sui generis} one: on the one hand, it is based on intergovernmentalism and the strict respect of the sovereignty of nation states; on

\textsuperscript{50} Andersson, op.cit., p.128
\textsuperscript{51} Ibid., p.121
\textsuperscript{52} Interview with Jaanus Vahesalu, International Projects Manager, and Ingrid Hindrikson, Coordinator of Development Projects, Business Development Unit, City Enterprise Board, City of Tallinn – Tallinn, 22.12.08
the other hand, it is accompanied by very dynamic bottom-up forces illustrated by the large involvement of civil society. One could thus argue that the BSR cooperation method is quite the opposite of the EU integration process. The EU is namely one of the most integrated areas in the world, where Member States gave up their sovereignty in such sensitive areas as monetary or commercial policy. Yet, there is an ongoing debate on the so-called ‘democratic deficit’ especially given the ever lower turnout at the European Parliament’s elections. This section will first analyze the institutional framework (3.1) before dealing with the bottom-up forces at play in the BSR (3.2).

3.1. A strongly intergovernmental institutional framework

The Nordic cooperation has exerted a dominant influence on the wider Baltic Sea cooperation: it has provided an institutional model that was largely transferred to the broader Region in the 1990s. The long tradition of cooperation among the Nordic countries started during the Cold War with the creation in 1952 of the Nordic Council (bringing together parliamentarians from Denmark, Finland, Iceland, Norway and Sweden). Only about 20 years later, in 1971, the Nordic Council of Ministers was created as a platform for governments. The Nordic Council of Ministers has its own secretariat and, in addition to the political dialogue, it has initiated a broad range of joint activities in various policy fields. However, cooperation has always remained at the level of low politics because Nordic countries are traditionally opposed to any form of integration or supranationality. These activities have thus taken place in a rather pragmatic and depoliticized way. This was made possible by the high degree of homogeneity and common understanding among these countries. Due to similar political and social systems as well as similar ways of life, a “geographic and societal

54 Ibid.
55 Williams, op.cit., p.7
sense of belonging together” was prevailing. This was illustrated by the existence of dense social, political and economic networks within the Nordic Region where personal contacts were very important.

After the end of the Cold War the Nordic model of cooperation seemed quite attractive to non-Nordic countries. It was based on cooperation and not on integration, thereby not encroaching upon the sovereignty of participating nation states. This was particularly important for countries like the Baltic States and Poland that had just restored their independence after a long period of Soviet domination. This explains why, although the level of heterogeneity hugely increased, the model of Nordic cooperation was transposed to the BSR with the creation in 1992 of the Council of Baltic Sea States (CBSS). The founding members were all Nordic states, the Baltic States, Russia, Germany, Poland and the European Commission. Interestingly, the CBSS defines itself as “a flexible, demand-driven and result-oriented forum for regional cooperation”: the expression “forum” already indicates the pragmatic and anti-supranational approach that has been taken.

The functioning of the CBSS is indeed strongly intergovernmental and similar to that of a classic international organization. The Council is composed of the foreign ministers of the 11 countries and of a representative of the European Commission, who meet every two years at a CBSS ministerial session. In addition, a Baltic Sea States Summit brings together the Heads of State of Government who are expected to provide overall political guidance. There is an annual rotation of the CBSS presidency and, as with the EU system, a troika. Concerning the voting system, unanimity prevails, which results in all decisions being

56 Ibid.
57 Ibid.
58 CBSS, “Innovative Cooperation for a Dynamic Region”, 2005, p.4
59 Williams, op.cit., p.12
consensus-oriented and close to the lowest common denominator. The few financial and human resources at the disposal of the CBSS also demonstrate the strongly intergovernmental flavour of this cooperation. In the first years following its creation, the CBSS worked without a secretariat of its own: the member states holding the presidency were in charge of all the administrative tasks. A coordinating Secretariat was established in 1998 in Stockholm, but it remains quite small with only around fifteen staff members. Regarding its financial resources, the Council does not have a general budget: the Secretariat is financed by annual contributions from the Member States, who are also responsible for seeking funds if they wish to finance further common activities.

This strongly intergovernmental functioning explains why the CBSS is mainly a forum for political dialogue or, one could critically say, for ‘declaratory politics’. This platform might have been quite useful in the 1990s to establish some level of trust between all these different countries. But the CBSS does not seem to live up to the current challenges and ambitions of the BSR. In June 2008 a reform was thus agreed by the Heads of State and Government at the 7th Baltic Sea States Summit in Riga. The official aim of the reform is to “revitalize the CBSS to ensure that the organization is better equipped to focus on priority actions”. Nevertheless, the reorganization is far from being ambitious and will not dramatically change the functioning of the CBSS. In fact, it is doubtful whether the CBSS will ever become a powerful organization able to take the lead and to be taken seriously by other actors. As an example, an official involved in BSR cooperation declared: “the CBSS is a very loose structure, which doesn’t have much credibility”.

---

60 Ibid.
61 Joenniemi, op.cit., p.5
62 http://www.cbss.st/thecouncil/secretariat/staff/ (22.03.09)
63 http://www.cbss.st/thecouncil/ (22.03.09)
64 CBSS, ‘Declaration on the reform of the Council of the Baltic Sea States’, CBSS Ministers’ Deputies Meeting, Riga, 3.06.08, p.1
65 Interview with an official preferring to stay anonymous
The absence of a solid institutional framework obviously hampers the effectiveness of cooperation in the BSR. Nevertheless, the CBSS is far from illustrating the full reality of cooperation in the BSR. The existence of a plethora of cooperation fora and networks in the BSR exemplifies quite dynamic bottom-up forces.

3.2. The large involvement of stakeholders

After the fall of the Iron Curtain, a revival of cooperation took place not only between states but first and foremost between actors from the civil society: contacts and partnerships were (re)established between NGOs, universities, cities, churches, political parties, etc, at a very fast speed. Some authors thus argue that the creation of the CBSS “might even have contained some pre-emptive purposes, i.e. the aim was one of not leaving the whole field merely to non-state actors”\textsuperscript{66}.

According to some estimations, there are today around 70 networks that are active in the field of Baltic Sea cooperation and deal with specific issues.\textsuperscript{67} It is interesting to observe that the subnational level is involved to a great extent in this cooperation: one can mention in this regard the Baltic Sea States Sub-regional Cooperation (BSSSC), the Union of Baltic Cities, the Baltic Metropoles Network, the Baltic Sea Seven Islands Cooperation Network (B7 initiative) or the Baltic Sea Commission of the Conference of Peripheral Maritime Regions of Europe (CPMR). In the field of economic development a lot of networks and fora are also active, such as the Baltic Sea Chambers of Commerce Association, the Baltic Business Advisory Council, the Baltic Sea Trade Union Network, the Baltic Ports Organizations, the Baltic Sea Tourism Commission, etc. Organizations dealing with environmental protection comprise the influential Helsinki Commission as well as the Baltic 21 project, whereas the Conference of Baltic University Rectors, the Baltic University Programme, the Baltic Sea

\textsuperscript{66} Joenniemi, op.cit., p.5

\textsuperscript{67} Williams, op.cit., p.10
Youth Office, etc, are active in the education policy field. These are just some examples of the most prominent organizations, but further interaction is taking place between less visible networks from civil society.\textsuperscript{68}

This large involvement of stakeholders is a key strength and success factor of cooperation in the Region. This grassroots interest from various actors is a condition for its long-term viability. It means that cooperation is not only an elite-driven process which will disappear as soon as politicians lose incentives, but a reality deeply rooted in the civil society. It also provides a solid basis for the concrete implementation of projects because policymakers can rely on partners already collaborating with each other within well-established networks.

Nevertheless, it also entails the risk of fragmentation and incoherence. The CBSS is officially responsible for providing political guidance and overall coordination\textsuperscript{69}. Since 2001 the CBSS has attempted to coordinate its activities with other regional organizations active in this field\textsuperscript{70}. For example, it has granted the status of ‘Special Participant’ to six regional organizations and identified other organizations as ‘Strategic Partners’. But as it was already argued, the CBSS is itself a very loose institution, its main concern being to avoid heavy bureaucratic structures. Consequently, the CBSS does not succeed in coordinating the work of all these organizations\textsuperscript{71} and it results in a “loosely linked anarchy”\textsuperscript{72}. This is detrimental to the internal success of the cooperation. Given the large involvement of stakeholders there is a huge potential in the Region which is insufficiently exploited due to the weakness of the institutional framework. Resources could be pooled and used in a more efficient way if these multidimensional and mainly spontaneous initiatives could be streamlined and better

\textsuperscript{68} Scott, op.cit., p.140
\textsuperscript{69} \url{http://www.cbss.st/thecouncil/} (22.03.09)
\textsuperscript{70} ‘Innovative Cooperation for a Dynamic Region’, op.cit., p.16
\textsuperscript{71} Williams, op.cit., p.13
\textsuperscript{72} Ibid., p.22
articulated. An observation which was primarily directed at innovation policy can be extended to cooperation in the BSR more generally: “so far it has been mostly a bottom-up approach. Cooperation is more based on coincidence than on a strategic thinking. What we now lack is a top-down approach and more coherence.”73.

The weaknesses of the BSR cooperation method and their impact on the cooperation’s effectiveness demonstrate that striking the right balance between a solid institutional framework and a dynamic involvement of stakeholders is a key success factor. After having examined three endogenous success factors, the paper will now move on to the assessment of an exogenous factor, i.e. the role played by the EU.

4. The involvement of the EU

In order to assess the importance of EU involvement, this section will draw on the case study of a macro-regional cooperation project conducted in the BSR in the field of innovation policy and supported by the EU. It will first present the project (4.1) before assessing the role of the European Commission and of EU funding (4.2).

4.1. The example of a successful macro-regional project, BSR Innonet

The Baltic Sea Region Innovation Network (BSR Innonet) was one of the so-called ‘INNONETs’ projects supported by the European Commission with the aim of fostering transnational cooperation in the field of innovation policy. It ran for three years (September 2006 - August 2009) and involved representatives from national or regional ministries dealing with innovation policy, representatives from national innovation agencies and experts. BSR Innonet pursued two broad strategic objectives: “to establish a joint conceptual framework

73 Interview with an official preferring to stay anonymous
for cluster policy formation, evaluation and operational activities across national borders in the BSR; to establish one or more joint innovation programmes among partner countries in the BSR”\textsuperscript{74}. Furthermore, it had the ambition to become a learning case for Europe\textsuperscript{75}. It had an overall budget of around €5 million for the 3 years: €2.4 million were provided by the Commission, while the rest was financed by national contributions and by external financial sources in the Region\textsuperscript{76}.

Overall BSR Innonet is regarded as a success. Around 91% of the survey’s respondents\textsuperscript{77} assess the project as either “extremely valuable” (36%) or “rather valuable” (55%). This was confirmed by an official from the Commission: “The project was very successful in mobilizing different business and policy stakeholders to promote cluster development and cooperation in this region. This successful experience should now be integrated as an input into further cluster initiatives and relevant programmes”\textsuperscript{78}.

Beyond the concrete results, one important aspect which is less directly visible but yet highly important is the socialization process taking place: “Over the 2 years participants have developed a higher degree of joint understanding: they are now well aware of the priorities of the other countries, they know where it is possible to cooperate and trust each other much more.”\textsuperscript{79} Indeed, around 82% of the respondents consider that their involvement in BSR

\textsuperscript{74} BSR Innonet, “Mapping of National Cluster Policies and Programmes in the BSR: Summary and Analysis of National Consultations”, 2007, p.3
\textsuperscript{75} Nordic Innovation Centre, “BSR Innonet – Transnational Cooperation on Innovation and Clusters”, January 2008, p.6
\textsuperscript{76} Interview with Jens Erik Lund, BSR Innonet Coordinator, Nordic Innovation Centre – Brussels, 18.11.08
\textsuperscript{77} Survey conducted by the author in April 2009 among innovation policy-makers and practitioners involved in BSR Innonet
\textsuperscript{78} Interview with Bo Caperman, Policy Officer, DG Enterprise and Industry, European Commission – Brussels, 26.01.09
\textsuperscript{79} Interview with Jens Erik Lund, op.cit.
Innonet has improved their understanding of the needs and priorities of their partner countries.\(^{80}\)

Against this background, it is interesting to analyze the role that the European Commission - and the financial resources it provided - have played both in the launch of and during the realization of this project.

### 4.2. The catalyst role played by the European Commission and EU funding

The two questions that can be critically raised are whether this cooperation was launched purely to benefit from EU funds and whether the project would have anyway taken place also without EU funds. On the one hand, it must be emphasized that transnational cooperation in the Region had already been carried out before the creation of BSR Innonet. Indeed, two initiatives were launched a few years before. The first one was the creation in 2004 of the Northern Dimension Working Group on Innovation by the Nordic Council of Ministers in order to explore and compare national innovation policies in the Region.\(^{81}\) The same year, the Northern Cluster Alliance was launched by the Danish, Finish, Norwegian and Swedish innovation agencies: they invited all the other national innovation agencies of the Region to join the Alliance with a view to exchanging best practices on cluster policies.\(^{82}\) These two initiatives played a crucial role by paving the way for BSR Innonet. When the European Commission organized in 2005 its call for application, the Working Group and the Alliance agreed to join their forces.\(^{83}\) ‘Only a couple of weeks were then needed to respond to

\(^{80}\) 54.5\% of the respondents replied to the third question of the survey “yes, a lot”; 27.2\% “yes”; 18.2\% “only to a limited extent”.

\(^{81}\) ‘BSR Innonet – Transnational Cooperation on Innovation and Clusters’, op.cit., p. 5

\(^{82}\) Ibid.

\(^{83}\) Ibid.
The call for application. We would never have been able to hand in a successful application without all this preparatory work.”

The fact that cooperation already existed previously shows that the participation in this project was not exclusively motivated by the EU funds. Another indicator is that the financial effort was shared: Member States added to the EU funding their own national contributions. According to the project’s coordinator it is a critical factor for the success and the sustainability of cooperation: “We are not doing it just because Brussels is ready to pay for it.”

On the other hand, the call for application has played a very important role in the development towards a more ambitious and more structured level of cooperation: “The European Commission has been a very efficient trigger. Without this call for application we would have spent one or two more years to convince everybody before moving forward.”

Overall the coordinator of BSR Innonet describes the role of the European Commission as very positive: “The Commission has been a tremendous partner in the strategic dialogue. I have attended numerous meetings in Brussels to discuss how to move forward. I was also invited to go with Commission officials to conferences or workshops to present how to develop transnational cluster cooperation in Europe.”

The answer to the two critical questions raised above is thus clearly negative. The Commission, through its call for application and its subsequent action, played the role of a facilitator by accelerating and guiding the development of cooperation within the BSR. This demonstrates the relevance of EU involvement as a success factor.

---

84 Interview with Jens Erik Lund, op.cit.
85 Ibid.
86 Ibid.
87 Ibid.
The four success factors examined in this paper prove to be of relevance, though to somewhat varying extents. Mere economic rationale will not be sufficient if it is not accompanied by the awareness among policy-makers that their countries have common interests which can be best pursued together rather than alone and if it is not accompanied by political leadership. Although a macro-regional cooperation process remains foremost functional and is mainly driven by interests, a certain level of collective identity is required in order, internally, to mediate between competing interests and, externally, to brand the Region to the outside world. From an institutional point of view a right balance has to be struck between a solid top-down framework and dynamic bottom-up forces. Finally, the European Commission can play a catalyst role by providing its expertise and its financial resources. The example of the BSR has shown that these factors interact with each other and can mutually compensate themselves: as an example, the damaging effects of a too loose institutional framework were partly offset by advice and funding from the EU in the case of BSR Innonet. In the future, it would be particularly interesting to apply the conceptual framework developed in this paper to other emerging macro-regions in Europe such as the Danube Region in order to assess the effectiveness of their cooperation and to identify room for improvement.

This paper stands just at the beginning of what might be called a ‘macro-regionalisation’ process. The EU has still to adapt its governance and its policies to the growing importance of macro-regions. “Till now there has always been a Europe with one speed with the concern to align everything, to make everything together. There might have been a rationale before. But cross-regions are taking the next step and they don’t do so
instead of the EU, but in complement." The challenge of the next years will be to articulate these different geographic levels in an efficient and meaningful way both in financial and institutional terms so as to avoid overlapping and to foster synergies. According to the author, the subsidiarity test should now include a fourth level of governance. For each issue at stake, one should explore whether the micro-regional, the national, the macro-regional or the EU-level (or a combination of those) is best able to address it. Moreover, the EU should financially support the macro-regions by strengthening the objective “Territorial Cooperation” of its regional policy. Currently this objective only benefits from 2.52% of the funds available for cohesion policy. A more balanced repartition between the three objectives in the next financial period would be welcome.

88 Interview with Christian Ketels, op.cit.
Bibliography


Antola, Esko, “Third Wave of Cooperation Needed in the Baltic Sea Region”, Baltic Rim Economies, 22.6.06, p.8


Brask, Hans, “Visions for the Future BSR Cooperation – an EU Avant-garde in Promoting the Fifth Freedom of the Internal Market?”, Baltic Rim Economies, 17.6.08, p.34


Council of the Baltic Sea States, “Declaration on the reform of the Council of the Baltic Sea States”, CBSS Ministers’ Deputies Meeting, Riga, 3.06.08.


European Council, Presidency conclusions, 18-19 June 2009.


Liuhto, Kari, “The Many Challenges of the BSR”, Baltic Rim Economies, 17.6.08, P.36


Stubb, Alexander, “Baltic Sea Cooperation Towards 2020 – Serious Challenges but Bright Opportunities”, Baltic Rim Economies, 27.2.09, p.9


Svedberg, Marcus, “The Baltic Rim Model”, Baltic Rim Economies, 28.2.06, p.8


Verheugen, Günter, “Baltic Sea Region – At the Head of the Reform Process”, Baltic Rim Economies, 31.10.07, p.8


Interviews

- Lund, Jens Erik, BSR Innonet Coordinator, Nordic Innovation Centre – Brussels, 18.11.08
• Vahesalu, Jaanus, International Projects Manager, and Hindrikson, Ingrid, Coordinator of Development Projects, Business Development Unit, City Enterprise Board, City of Tallinn – Tallinn, 22.12.08

• Rossi, Sille, Policy Officer, Technology and Innovation Division, Economic Development Department, Estonian Ministry of Economic Affairs and Communication – Tallinn, 22.12.08

• Evert, Tiiu, Manager of the Cluster Programme, Enterprise Capability Division, Enterprise Estonia – Tallinn, 22.12.08

• Grīnfelds, Toms, Deputy Head, Industry Development Division, Latvian Ministry of Economics – Riga, 23.12.08

• Spinaci, Gianluca, Policy Officer, Forward Studies Unit, Committee of the Regions – Brussels, 26.01.09

• Lindholm, Anders, Policy Officer, DG Regio and Caperman, Bo, Policy Officer, DG Enterprise and Industry, European Commission – Brussels, 26.01.09

• Cecilia Malmström, Conference at the College of Europe, ‘A Swedish Vision for Europe’, Bruges, 04.02.09

• Ketels, Christian, Professor at the Harvard Business School, Institute for Strategy and Competitiveness – 09.02.09 (phone interview)

• Wise, Emily, Research Fellow, Research Policy Institute, Lund University – 17.02.09 (phone interview)

• Haag, Kajsa, Political advisor, Swedish Prime Minister’s Office – 24.02.09 (written interview)

• Beazley, Christopher, MEP, Chairman of the “Baltic Europe” Intergroup – 26.02.09 (phone interview)

• Prange-Gstöhl, Heiko, Policy Officer, DG Research, European Commission – 04.03.09 (phone interview)

• Luoto, Jari, Ambassador for Baltic Sea Issues, Finnish Ministry for Foreign Affairs – 16.03.09 (phone interview)

• Sweet, David, Adviser, DG Regio, European Commission – Brussels, 26.03.09

• Puķīra, Una, Press Secretary, Latvian Ministry for Foreign Affairs – 28.04.09 (written interview)
Bruges Political Research Papers / Cahiers de recherche

politique de Bruges

No 11/2010
Martin Caudron, Galileo: Le Partenariat Public-Privé à l’Epreuve du « Juste Retour»

No 10/2009
Davida Bradanini, The Rise of the competitiveness Discourse—A Neo-Gramscian Analysis

No 9/ 2009
Adina Crisan, La Russie dans le nouveau Grand Jeu énergétique en Mer Noire: Nabucco et South Stream ou « l’art du kuzushi »

No 8 / 2008

No 7 / 2008
Thomas Kostera, Europeanizing Healthcare: Cross-border Patient Mobility and Its Consequences for the German and Danish Healthcare Systems

06 / 2007
Mathieu Rousselin, Le Multilatéralisme en Question : Le Programme de Doha pour le Développement et la Crise du Système Commercial Multilatéral

05 / 2007
04 / 2007

Michele Chang, Eric De Souza, Sieglinde Gstöhl, and Dominik Hanf, Papers prepared for the Colloquium, “Working for Europe: Perspectives on the EU 50 Years after the Treaties of Rome”

03 / 2007

Erwin van Veen, The Valuable Tool of Sovereignty: Its Use in Situations of Competition and Interdependence

02 / 2007

Mark Pollack, Principal-Agent Analysis and International Delegation: Red Herrings, Theoretical Clarifications, and Empirical Disputes

01 / 2006

Christopher Reynolds, All Together Now? The Governance of Military Capability Reform in the ESDP
Europe is in a constant state of flux. European politics, economics, law and indeed European societies are changing rapidly. The European Union itself is in a continuous situation of adaptation. New challenges and new requirements arise continually, both internally and externally.

The College of Europe Studies series seeks to publish research on these issues done at the College of Europe, both at its Bruges and its Natolin (Warsaw) campus. Focused on the European Union and the European integration process, this research may be specialised in the areas of political science, law or economics, but much of it is of an interdisciplinary nature. The objective is to promote understanding of the issues concerned and to make a contribution to ongoing discussions.

L’Europe subit des mutations permanentes. La vie politique, l’économie, le droit, mais également les sociétés européennes, changent rapidement. L’Union européenne s’inscrit dès lors dans un processus d’adaptation constant. Des défis et des nouvelles demandes surviennent sans cesse, provenant à la fois de l’intérieur et de l’extérieur.

La collection des Cahiers du Collège d’Europe publie les résultats des recherches menées sur ces thèmes au Collège d’Europe, au sein de ses deux campus (Bruges et Varsovie). Focalisés sur l’Union européenne et le processus d’intégration, ces travaux peuvent être spécialisés dans les domaines des sciences politiques, du droit ou de l’économie, mais ils sont le plus souvent
de nature interdisciplinaire. La collection vise à approfondir la compréhension de ces questions complexes et contribue ainsi au débat européen.

Series Titles:


