

# ITAN

## Integrated Territorial Analysis of the Neighbourhoods

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# C. SCIENTIFIC REPORT

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## Introduction

Notwithstanding the ESPON projects dedicated to some territories of the neighbourhoods, this European Neighbour Regions (ENRs) project is the first one dedicated to the European neighbourhoods as such. This is of utmost importance, given the rising importance of the neighbourhoods not only for Europe but also in the other main regions of the world namely the two leading ones: North America – that is, including Mexico since Nafta – and East Asia. The first chapter of this ITAN report reminds the scientific and political issues of the “regionalisation” of the world’s spatial organisation, and the importance of geographical proximity (there is neither any “end of geography” nor “end of history”) were it for environmental purposes, economic competitiveness or cultural exchanges.

The chapters 3 to 6 present the Neighbourhoods on overall and country by country: Northern Neighbourhood, Eastern that is basically the European part of the former USSR, South-Eastern that is Western Balkans, and Southern that is Mediterranean. The report sums up the main characteristics of their statistics system, territorial administration, spatial organisation with regard to the recent changes in the fields of demography, social and economic issues – unfortunately not very much of environmental issue, except for the Northern Neighbourhood.

We could not analyse the wide range of the territorial stakes for all the countries of all these Neighbourhoods because the task showed immense. The chapter 2 on the ITAN methodology is certainly the most important in the perspective of further works on the ENRs. It raises – in collaboration with the M4D project – the question of geometries, which is highly sensitive because any territorial division has an immediate political impact. It explains all the barriers the TPG met to fulfil its goals of giving a comprehensive view of these territories and assessing the territorial integration/or de-integration between Europe and its neighbours. It shows the methods the TPG used for harmonising data that happened to be very heterogeneous in their definition, reliability and time series, and it sets up composite indicators on the local human development, on the territorial dynamic, on the local international openness and on the territorial capital of the ENRs. Let us say it in a word: the data collection, database constitution and indicators harmonisation has been managed by the ITAN TPG but at the end of the project, is it obvious for any of its members that such a tremendous mission should have been given to an international institution such as Eurostat, not less. Indeed, the TPG made the job in a humble manner and perfectly acknowledges that it only laid the first stone to a building that, with time, will count thousands. We hope ours is sustaining and sustainable.

The last chapter makes an overall synthesis and policy recommendations. It deals with territorial policies but also with sectoral policies which have strong territorial impact, such as agricultural and rural policy, water and environment, energy policy (the big neighbourhoods’ issue), migration – one should rather say *mobility* – policy and of course networks and namely transports. The report proposes two overarching recommendations. The first is the need for a comprehensive Neighbourhoods Territorial Agenda 2020, justified by the need of gathering a large amount of policies, tools, figures and analyses financed by the European Union or its member states on such and such neighbouring area but without any clear overall vision thus strategy. In practice, the European neighbourhoods are rather viewed as the juxtaposition of many financial instruments and scattered issues than as a strategic territory for the European future. As an aside, in spite of the public money they put there, this is certainly the reason why the Europeans are progressively losing on these rapidly emerging markets.

The second recommendation is the absolute necessity for the European stakeholders to keep on investing in the knowledge on the neighbour regions, and not only at the NUST 2 level at which the ITAN project worked. Thanks to the on-going collaboration between the neighbours’ national statistics offices and the international bodies in particular Eurostat, norms and methods are converging between us and them. But an enormous work remains to be done to improve it and to extend it at the local data, at the fine scale if one hopes dealing with the key urban issue. If the European stakeholders want to develop the collaboration with their neighbouring counterparts, to monitor common projects and policies dealing with territories (the list is long: access to the Arctic resources and environmental preservation, common adaptation to the climate change, energy transition, de-pollution of the

Mediterranean and its surrounding lands, water supply, urban design and management so as to avoid an uncontrolled car-oriented urban sprawl, solar electricity and energy pipes, rural development...), they need good database, collaborative methods and mapping tools as indispensable means for a shared vision.

The ITAN project has been conducted throughout a genuine and deep cooperation, not only between teams of the ESPON space of course, but also with scholars, experts and teams of the neighbour countries. Along with the database provided by ITAN, it is certainly the major output of the project. It gives a common basement for further collaborative research and action in order to make the European region, that is to say the territory encompassing Europe and its neighbours, a leading region in tomorrow's world.

# 1. CONCEPTUAL AND METHODOLOGICAL FRAMEWORK

## 1.1. Scientific and political background; ITAN key notions and hypothesis

### 1.1.1. The rise of the neighbourhoods in the regionalisation context...

Three factors explain the rise of the regionalisation – thus the neighbourhood – issue, as a complementary major pattern, along with the “globalisation” pattern, of the internationalisation of human activities particularly since the mid-1980s. The first factor is economic: in a knowledge economy, an increasing part of the resources are less and less *withdrawn to* other players but rather *produced with* other players. The more significant the interaction with other players, the larger the new resources. The neighbouring countries become strategic potential partners (thus the importance of neighbourhoods for investment and production rather than for consumption, cf. [Hirata 2013]). The “neighbour” gets a new status: it less and less depicts the historical military enemy and more and more becomes the necessary economic partner – see the new East Asian policy of China, which has turned in the 1990s its regional strategy from confrontation to partnership [Beeson & Li 2012].

The second factor is environmental: the rise of the climate and natural resources’ concerns has of course a global dimension (e.g. IPCC reports), but it also has a regional dimension because dissemination of air or water pollution happens in neighbouring territories. Environment is the most convincing domain that proves that proximity has not been dissolved in globalisation and matters more and more. Moreover, the perspective of costlier long distance transports because of energy increase, could promote shorter supply chains, hence growing economic interaction with neighbours.

The third factor is political: the collapse of purely national regulation since the 1980s did not give way to an alternative regulation at global scale. The recent failures of global regulation in the financial area (2008 international crisis), in the environment area (2009 Copenhagen climate change conference), and in the trade area (Doha round’s successive adjournments), have shed light on a necessary international regulation at regional scale, of which the European Union gave a first instance.

The consequences of this rising interaction between regionalisation and globalisation are threefold:

(i) The rise of *regionalism*, that is to say the multiplication since the mid-1990s of Regional trade agreements – which go much further than trade since they can also deal with migration or environment. As reflected in the positions adopted by the FAO [Matthews 2003] and Unctad favouring regional agreements [Mashayekhi et al. 2005], the regionalisation of efforts to regulate environment, food security, new North-South relations and international economic relations is increasingly viewed as a positive complement to global regulation.

(ii) the confirmation of *de facto regionalisation* of cultural and economic international exchanges. For decades the international trade has more increased at the scale of large international regions than at the scale of the world. The assets of the regional cooperation are particularly high when it associates neighbours of different levels of development, due to the economic complementarity: know-how and technology in the developed countries, rising markets, labour forces and low economic costs in their developing neighbours, the stake being to manage going from a classic international division of labour to an intra-industry cooperation and trade, as managed the East Asian countries (fig. 2, [Dupuch 2004, Ando 2006]). The figure 3 shows that despite the globalisation of routs, foreigners still mostly come from the neighbourhoods. In the Americas, contrarily to what is often said due to the rapid growth of Asian incomers, the bigger changes over the last half century has been the replacement of European in-migrants by American in-migrants.

Figure 1 - Long-run trend of regional integration. The case of trade

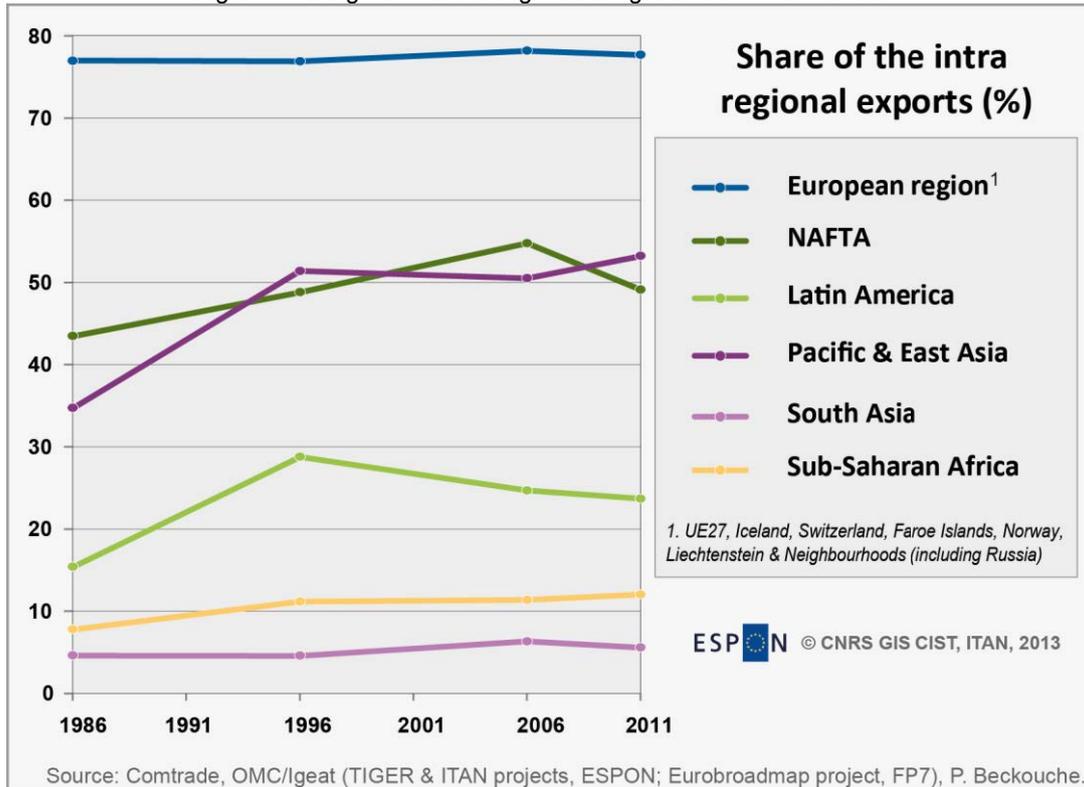


Figure 2 - The impressive rise of the trade East Asian region's integration

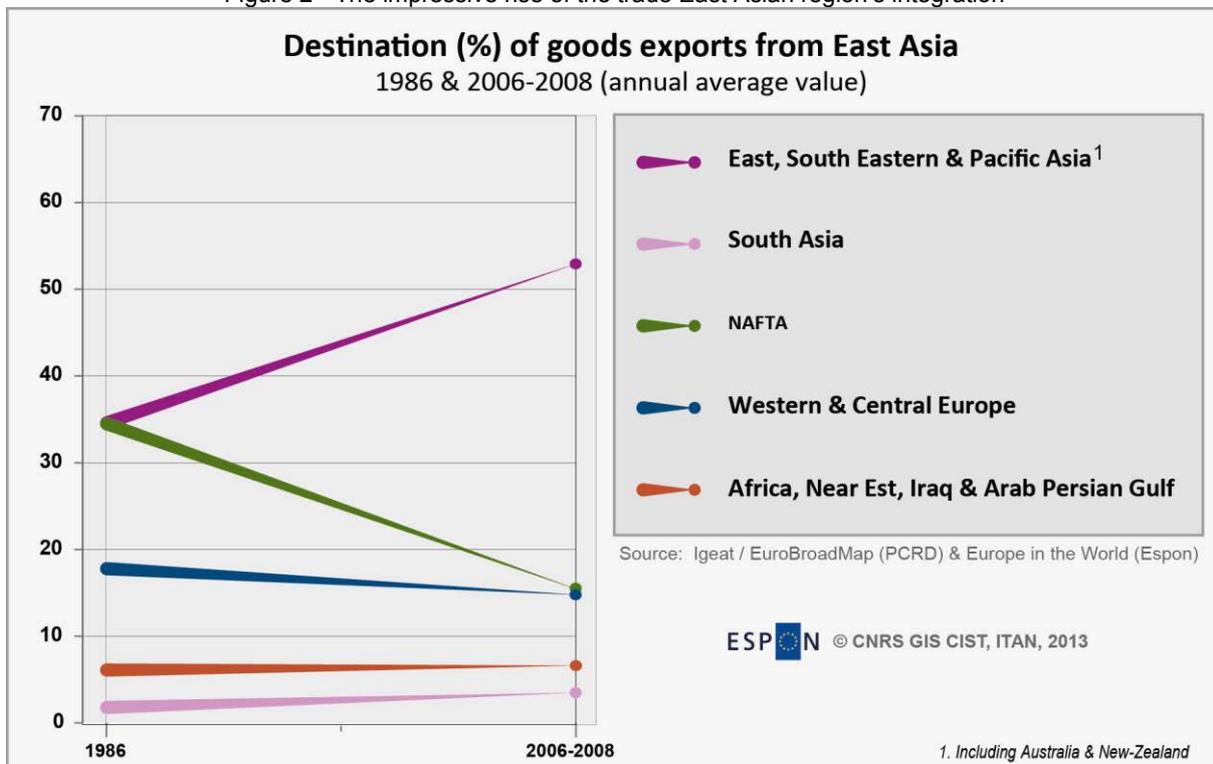
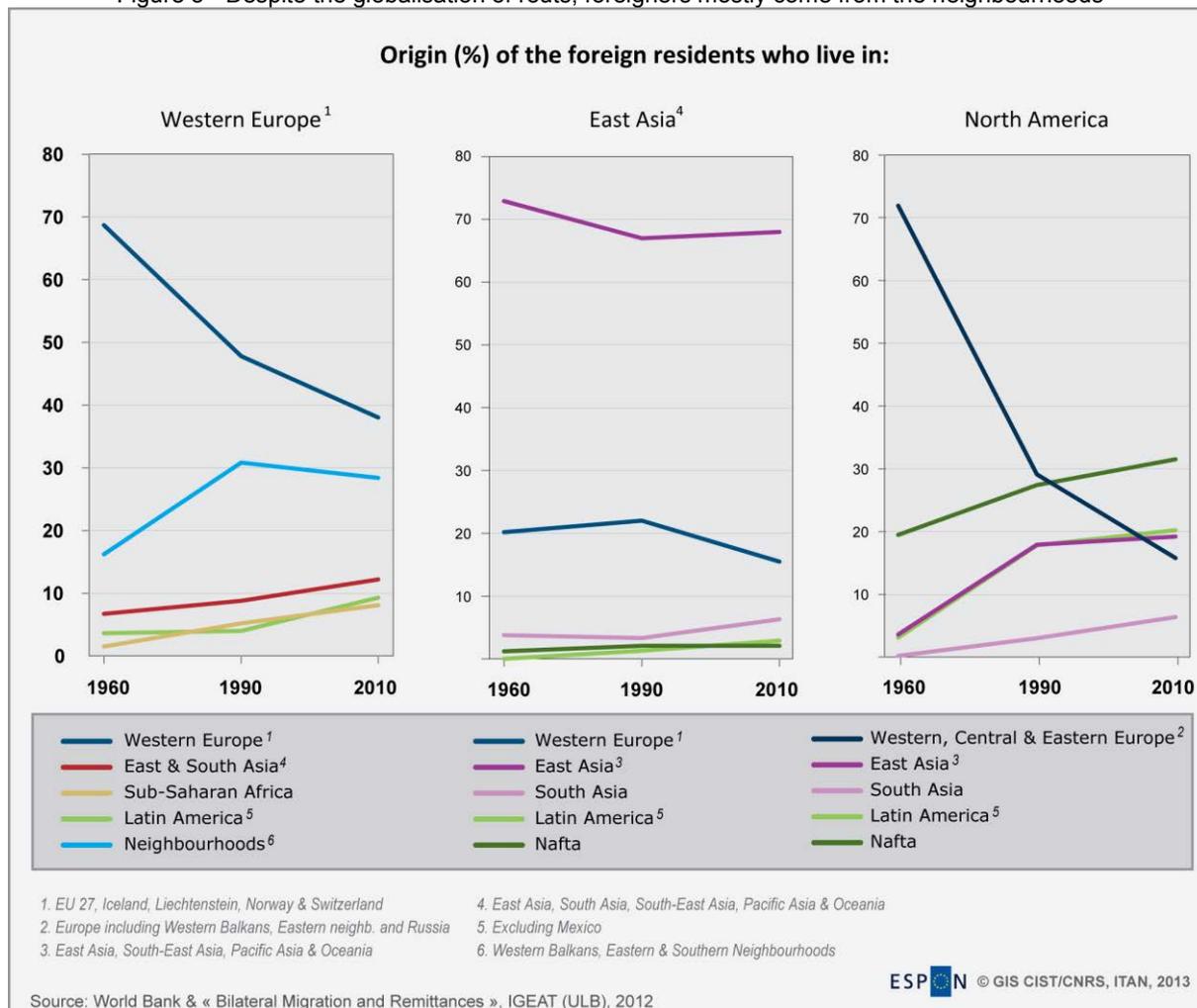


Figure 3 - Despite the globalisation of routes, foreigners mostly come from the neighbourhoods



(iii) What could be called the *regionalisation of minds*, that is to say the on-going use of international institutions and think tanks to figure out the internationalisation through the regional pattern. The World Bank works more and more at a regional scale: many studies and publications deal with “East Asia and the Pacific”, “Latin America”, “Middle East and North Africa (Mena region)” etc., see as an example its book with the Islamic development bank on the Arab countries’ integration [CMI, WB and IDB 2012]. The Asian development bank has published in 2011 a report which significant title is “Institutions for Regional Integration – Towards an Asian Economic Community” [ADB 2011]; regional integration is one of the three axes of the Asian development bank’s (ADB) strategy along with inclusive growth and sustainable growth. Likewise, the strategy of the African development bank is now designed in a regional framework, as expressed in the “ADB Group Regional Integration Strategy” [AfDB 2009]; in 2012 the bank has published a book very much in favour of a North African integration [Santi, Ben Romdhane & Shaw 2012]; since 2004 it is associated with the UN Economic commission for Africa in publishing a set of reports on African regional integration [Uneca 2012].

The UNDP and the WTO also see the world in regions (see for example [UNPD 2011], [Hartzenberg 2011]). The Institute for the integration of Latin America and the Caribbean (Intal) of the Inter-American development bank publishes comparisons with other large world regions such as “Global and Regional Economic Integration: a View from Asia” [Kawai & Wignaraja 2009]. The OECD publishes studies of the various regional integrations (see [OECD 2011] on Southeast Asia for instance).

Indeed the regional bodies such as the regional development banks have played a leader role in this process. But still more significantly, whereas it had come down against any East Asian financial cooperation during 1997-1998 financial crises and advocated for a sole global monetary fund, the IMF henceforward regards the regional issue much more positively. Its *Finance & Development* review recognises that “*Done right, regional integration helps connect developing countries to world markets*” [Deichmann and Indermit 2008].

#### 1.1.2. ... and in the EU political framework

Cooperation with the neighbouring countries has long been an important issue for the European Union. The rise of the regional integration in America (Nafta) and eastern Asia (Asean Plus Three), the Arab spring and the European need for new markets since the beginning of the financial crisis, have made this issue still more relevant. A large set of EU policies draw a favourable context for a renewal of the European actions dedicated to the European Neighbour countries (ENCs), especially in territorial terms:

The *European Neighbourhood Policy* (plus the Strategic partnership with Russia) brings the general framework for cooperation, security and common development with the Neighbourhood, and provides a transversal financial instrument (ENPI) for a large set of actions. The ENP was first outlined in March 2003 in the “Commission communication on wider Europe” [European Commission 2003] with a major objective: building with the European Neighbours a common space for free circulation of goods, services, capital and people. It was officially launched in January 2007 when the ENPI came into force in the framework of EU’s 2007-2013 budget. The changes in the neighbouring countries and especially the Arab spring have led to a recent renewal of the ENP [European Commission 2011] with higher involvement of the EU in the Neighbourhood strategy.

*Europe 2020 Strategy* advocating smart, inclusive and sustainable growth, gives a role to enlargement and regional integration with neighbouring countries: “*The Europe 2020 strategy (...) can also offer considerable potential to candidate countries and our neighbourhood and better help anchor their own reform efforts. Expanding the area where EU rules are applied will create new opportunities for both the EU and its neighbours*” ([European Commission 2010a], p.23). In the Europe 2020 Strategy, the neighbourhood dimension is present in both the “Agenda for new skills and job” and “An Integrated Industrial Policy for the Globalisation Era” which speaks of EU’s “*particular interest in seeking closer economic integration with neighbouring countries through the European Neighbourhood Policy*” [European Commission 2010b, p 17].

The *Cohesion Policy* promotes cross-border and transnational cooperation and macro-regions including neighbouring countries since it encourages economic activity and territorial development across internal and external EU borders. The “Fifth report on Economic, Social and Territorial Cohesion” (2010) highlights the need for peripheral EU regions to enhance transport infrastructures, cross-border links and communication. It insists on the political instability of the external borders of the EU space due to problems of unemployment and low level of development, which could hamper the development of these European peripheral areas. The report says that “cross-border cooperation can enhance welfare, but it may involve relatively high transaction costs due to different institutional systems, cultures and languages. EU support can help overcome such obstacles to bring untapped resources into use” (summary p. XIV). According to the “Territorial State and Perspective of the EU” (which was the background document for the Territorial Agenda) the success of the EU 2020 strategy “*will depend not only on integration between Europe’s regions but also on their integration with neighbours*” [ESPON 2006 p.27].

Nevertheless, the tools for a better cooperation with neighbouring territories are to be improved. As the Territorial State and Perspective of the EU states, “*the current territorial cooperation system is composed of three loosely co-ordinated blocks: territorial cooperation within the EU, territorial cooperation with neighbouring, candidate and potential candidate countries, and cooperation with other countries*” [ESPON 2006 p.24]. This means that a comprehensive vision of this large region that encompasses Europe and the neighbouring countries is lacking. We rather have a juxtaposition of status, of tools, programmes and visions. The Barcelona process itself is divided in an enormous

amount of programmes – much closer to an impressionist painting than to a coherent strategy [Lannon 2009].

In its “*Elements for a Common Strategic Framework 2014 to 2020*”, the European Commission [2013] paves the way for a better combination of its financial funds for cohesion, social, regional, rural and maritime policies. It maintains the main EU’s goals related to the Neighbourhoods, were it in the field of the European territorial cooperation or in the field of the external action. The European Neighbourhood Instrument (ENI, which has replaced the ENPI since January 2014 and will continue to provide the bulk of funding to the European Neighbourhood countries through bilateral, regional, and cross border co-operation programmes where Russia’s eligibility is retained) benefits from a significant increase when compared to the budget of the previous ENPI instrument, with €18,2 billion for the period 2014-2020. Better coordination and efficiency of the financial tools are among the main objectives of the ENI: reducing the complexity of the programming process, focussing cooperation on key policy objectives (namely, human rights and fundamental freedoms, stronger and more inclusive growth, economic integration into the EU internal market, prevention of conflicts, sectorial cooperation such as in energy and climate change, support to civil society exchanges), and promoting closer links with EU internal instruments and policies so as to avoid the border effect in European policies implementation when Neighbourhoods’ actors are involved. An innovation is the creation of a Partnership Instrument (€1,1 billion) specifically designed for supporting the external dimension of internal policies (e.g. competitiveness, research and innovation, migration) and to address commonly major global challenges (e.g. energy security, climate change and environment; this could show of great interest for a more integrated vision and action between the EU and its Neighbours.

Given the potential role of territorial cooperation, it is of utmost importance for the success of the EU policies dedicated to the neighbourhoods to begin to fill the gap of territorial knowledge on the two sides of the external European border. The reform process of the Cohesion policy and the new Partnership Instrument provide an opportunity to improve EU policies’ performance in the post-2013 period. The ITAN project drives at bringing a contribution to promote the territorial approach for a consolidated picture of all the policies and programmes launched by the EU in the region, taking into account the neighbouring territories in a comprehensive way.

### 1.1.3. The territorial approach of the neighbourhoods is crucial but data are lacking

ITAN has to be considered as a first and humble attempt to give such a comprehensive representation of the neighbouring territories. What is at stake is to build the foundation of a reliable database, in compliance with the ESPON database specification so as to favour integrated analysis of the ESPON space and its Neighbourhoods in the long run. Nevertheless the local data of the ENC’s are particularly lacking or difficult to collect, hardly comparable (the national statistical systems are very different from Russia to Morocco), and often questionable (underground economy, informal employment, poor cooperation between the national bodies in charge with statistics...).

European knowledge about neighbouring territories remains highly insufficient and in many cases can absolutely not be compared to that of ESPON territories. A diversity of local territorial analyses of the neighbouring countries exists but they are scattered throughout many reports and documents of varied EU’s Directorates General. For the moment the bulk of the existing information about neighbouring territories is analysed at national scale; this provides an overall profile of what our neighbours are but hampers in-depth sustainable cooperation with them because the monitoring of the on-the-ground projects and the mobilisation of local partners would imply the real knowledge of these local territories.

A first attempt of a possible integrated vision of Europe and its surrounding countries had been made in the Study Programme of European Spatial Planning at the origin of ESPON. An overall approach of territorial stakes in the Neighbourhoods has been initiated in the ESPON project Europe in the World [Grasland & Didelon 2007]. The green paper on Territorial cohesion has made a very interesting attempt to show an analysis consolidating European and bordering territories at local scale (NUTS 2 and equivalent); however (i) the geographical frame of this mapping was too narrow since it only covered the littoral strip of northern Africa and did not cover the Caucasian countries; and more importantly the question of metadata, thus of how durable the database was, remained open. ESPON

DB1 and DB2 (M4D) projects have attempted to go further in data collection and integration in the Neighbourhoods. In ESPON DB1 a first attempt of integration of data on Western Balkans and Turkey has been realised, but the data remain largely lacking and lowly comparable, and the DB1 Balkans Technical report shows these shortcomings, which ITAN tried to overpass.

#### 1.1.4. ITAN key notions (glossary)

ITAN has detailed its key notions in a glossary, because the reader (who certainly knows much more about EU 27, Iceland, Liechtenstein, Norway and Switzerland than about Morocco's or Ukraine's space) may not be familiar with the conceptual notions such as "regionalism", "Oblast" or "Wilaya". ITAN glossary defines the following notions:

- *Region*: the geographical notion should be distinguished from "regionalism" (institutional approach of the issue), and from the terms or "regionalisation" and "regional integration". The latter should distinguish between "shallow integration" (free trade) and "deep integration" (convergence of norms and standards, sharing of the value chains..., see the annex 8 for the definition of these notions).
- *Neighbourhoods*, in the sense of the European Neighbourhood Policy and of other institutional contexts, and in the sense of the ITAN project. The other geographical categories of the European policies have to be defined (Northern Dimension...) as well as the usual geographic categories (Near East, Middle East, Balkans...). The objective is to highlight the overall notion of the greater European region that is Europe plus its neighbourhoods.

The glossary also defines notions within several main categories: *ITAN Local territories*, *ITAN Indicators*, *Cooperation* (inter-governmental, local, private or professional), *Regional strategies*, and *EU policies and instruments with territorial impact on the Neighbourhoods*.

#### 1.1.5. How the Neighbourhoods issue is addressed in the international scientific literature

##### 1°) Neighbourhoods and regionalisation issues in the academic literature

Alike international institutions' publications, the regional issue has been the target of a huge rise of academic publishing since the beginning of the 2000s. Things began as early as the 1960s when the European Community came into force. The debate among economists dealt namely with the opportunity of this community to fulfil the five stages of any regional integration according to the theory of Bela Balassa [1961]. At that time, the approach would be prominently economic, namely monetary (e.g. theory of Optimal Currency Region [Mundell 1961]). Later on, the Euro zone was studied as the primary and major case study of this theory, the debate being about how to achieve a monetary union i.e. the last-but-one stage of Balassa's theory.

The main impetus for academic publishing was the rise of Regional trade agreements (RTAs) worldwide in the 1990s and what Hettne & Soderbaum called the "new regionalism". Contrarily to the old regionalism that took place in the 1950s and 1960s, this new regionalism is open to new membership and to globalisation, has multidimensional objectives (politics, security, culture but above all economics [Baldwin 1997], and involves state but also market and civil society actors in many institutional forms. In a recent book, De Lombaerde and Soderbaum [2014] make a comprehensive analysis of the regionalisation process in the six last decades.

However, the territorial issue remains hardly taken into account. Hettne & Soderbaum [2004] allude to it when they discuss how public goods (common resources such as air and water, preferred social conditions such as health and welfare, common rules and policies to pursue shared goals) can be produced at the global and at the regional level. Academic literature on the regional integration remains dominated by economics and political science, and not territorial sciences. Geographers have entered the process, generally in interdisciplinary works (e.g. [Taillard 2004] or [Azuelos 2004]). But as a whole, the scientific work hardly combines economic, institutional and territorial approaches, thus hardly shows helpful for policy makers on the neighbourhood issue for on-the-field projects.

Philippe De Lombaerde, Giulia Pietrangeli and Chatrini Weeratunge [2008] make a systematic comparison of the different indicator systems used in varied research on regional integration. The theoretical question underpinned by the debate, is that of “deep” vs. “shallow” regional integration. The latter restrict to trade facilitation; the former includes harmonisation of technical and economic standards, prudential requirements, market integration, industrial cooperation and sharing of the value chains, technology transfer, transnational infrastructures and environmental cooperation. It is easy to understand how important this shallow vs. deep integration issue is for the interaction between ESPON and ENCs territories. In almost every case nonetheless, the measure of regional integration remains based on country \* country flows analysis (trade, investment, migration, inter-governmental agreements...). A very small number of authors combine inter-national and intra-national analysis. Mario Arturo Ruiz Estrada [2012] has proposed a multi-level investment flows monitoring model (MIF-model) to assess the attractiveness of territories in the framework of a regional integration. This type of multi-level approach of the regional issue remains rare.

Moreover, generally speaking, what is striking about these researches on the regional integration is that the bulk of them, if not the totality, consider Europe in its institutional dimension, that is to say EU, and not in its functional dimension that is to say including its neighbourhoods. In the most recent synthetic analysis of the regionalisation vs. globalisation issue, Hirata et al. [2013] continue to choose a very classic delineation of regions, namely the sole European Union in the case of Europe.

Since the last decade, the European neighbourhoods territorial issue has interested a rising number of authors, but few authors working on the regionalisation issue in its interaction with globalisation (as the ESPON TIGER project strives to do, cf. [Van Hamme 2012]). On what can be called the wider European region (Europe + Neighbourhoods), we either have:

- analyses of the Association Agreements between the EU and the ENCs according to the shallow vs. deep integration issue (e.g. [Hoekman & Konan 2001]), but not taking into account the territorial side of the question (environment, transports networks, local impact of FDI...);
- researches on the territorial impact of the ENP or on the Neighbourhoods as a whole, but at a large scale (national scale all too often [Faludi 2008, Gaubert & Richard 2010]);
- local scale territorial fine analysis of some Neighbourhoods and their cross-border links to Europe, but throughout local monographs, that is to say with little heuristic value;
- analyses of larger parts of some neighbourhoods (e.g. Balanche's Atlas of the Near East [2012]) or studies of national territories (e.g. Ababsa's Atlas of Jordan [2013]) but with scarce analysis of the interaction with the European space.

## 2°) What do other ESPON projects tell us about the Neighbourhoods?

The ESPON Programme has provided valuable input to the knowledge of the European neighbourhoods and their interaction with Europe. Several of them are of great interest for ITAN. They show that the territorial approach is relevant to cope with the neighbourhood issue, and provide a lot to this globalisation vs. regionalisation debate.

*ET 2050* (Territorial scenarios and visions for Europe) formulates a long-term vision for the development of the EU territory, including the interaction (migration, access to and investment in new markets...) between the EU territory and the neighbouring countries as well as other parts of the world. It analyses the future of the EU foreign policy and neighbourhood policy with a focus on its territorial dimension as well.

*TIGER* (Territorial impact of globalisation for Europe and its regions) has led to several meaningful conclusions for the ITAN project. First, functional relations of Europe largely go beyond the EU borders to include European Union non-members (Iceland, Norway, Switzerland, and Western Balkans) but also the eastern, South-eastern and southern neighbourhood. All these areas have intense functional relations – though dissymmetrical – with the EU in terms of human flows, air connections, FDI, trade of goods (namely energy of course) and services. Second, relations with the neighbours are geographically unequal within the EU. Third, analyses of the political cooperation between the EU and the rest of the world highlight the growing importance of neighbourhood (though above all with

Norway, Switzerland and Iceland) in the number and proportion of agreements signed between the EU and countries around the world; agreements with eastern and southern neighbours largely restrict to energy and immigration. Fourth, the report underlines that despite the official discourse on the importance of the ENRs, EU has been rather unilateralist, without any shared development strategy.

*ARTS* (Assessment of regional and territorial sensitivity) analyses regional exposure and sensitivity to EU directives and policies. Taking into account such impacts of EU legislation on the EU neighbourhood could be considered in the ENP.

*TERCO* (European territorial cooperation as a factor of growth, jobs and quality of life) assesses the territorial co-operation in transnational areas and across European internal/external borders for the specific purpose of territorial development, with case studies relating to Russia, Ukraine, Turkey and Morocco. A lot of data have been gathered and new indicators created. Transnational and transcontinental co-operation have also been studied and are of great interest for the ITAN project especially for macro regional co-operation in the Mediterranean and the Baltic Sea Region.

*BSR-TeMo* (Territorial monitoring for the Baltic Sea region) has developed an indicator based tool for monitoring the territorial development in the region, namely the relations growing between the EU territory and the neighbouring countries.

*ESaTDOR* (European seas territorial development opportunity and risks) promotes a more collaborative integrative approach of these fragmented maritime territories, in the vein of the Blue Book on an Integrated maritime policy (IMP). The project analyses challenges and opportunities of crucial areas for ITAN: the Mediterranean Sea, the Baltic Sea and the Black Sea regions.

FP7 European projects bring important information on the neighbourhoods. *ENVIROGRIDS* assesses the sustainability and environmental vulnerability of the Black Sea catchment through a large timescale and a GIS based methodology. *EU4SEAS* project is an international study conducted by a large scale consortium of EU and non-EU research centres, analysing the development of the sub-regional cooperation held in four seas basins: Mediterranean, Baltic, Black and Caspian Seas. *EUROBROADMAP* project provides the searchers with the main representations of Europe seen from outside, namely by students of a large number of countries – some of them being ENCs – which contribute to the work on representation that ITAN has carried out through the media data analysis.

#### 1.1.6. ITAN territory: what are the “Neighbourhoods”

##### 1°) According to a functional definition

A previous EPSON project, “Europe in the world” [Garsland & Didelon 2007], has proposed a regional breakdown of the world thanks to a wide range of economic, cultural and historical indicators. In the European case, it designed a region encompassing Europe and its neighbouring countries. Indeed the precise span of the “European region” varies according to the chosen indicators but as a whole, this geographical figure confirmed the belonging of the surrounding countries of Europe to the same region. The issue remained unclear about the Arabic peninsula and the Persian Gulf, which are in the area of influence of several world poles. But indeed the scientific results rather matched with the Neighbourhood policy launched by the European Union at that time.

Note that some American territories neighbour European territories such as French Guyana for example. The ESPON ENR project alludes to American neighbour territories, but the ITAN project does not take them into account, with the agreement of the ESPON CU; yet, the relations with non-European Russia and Canada are taken into account in the Arctic case study.

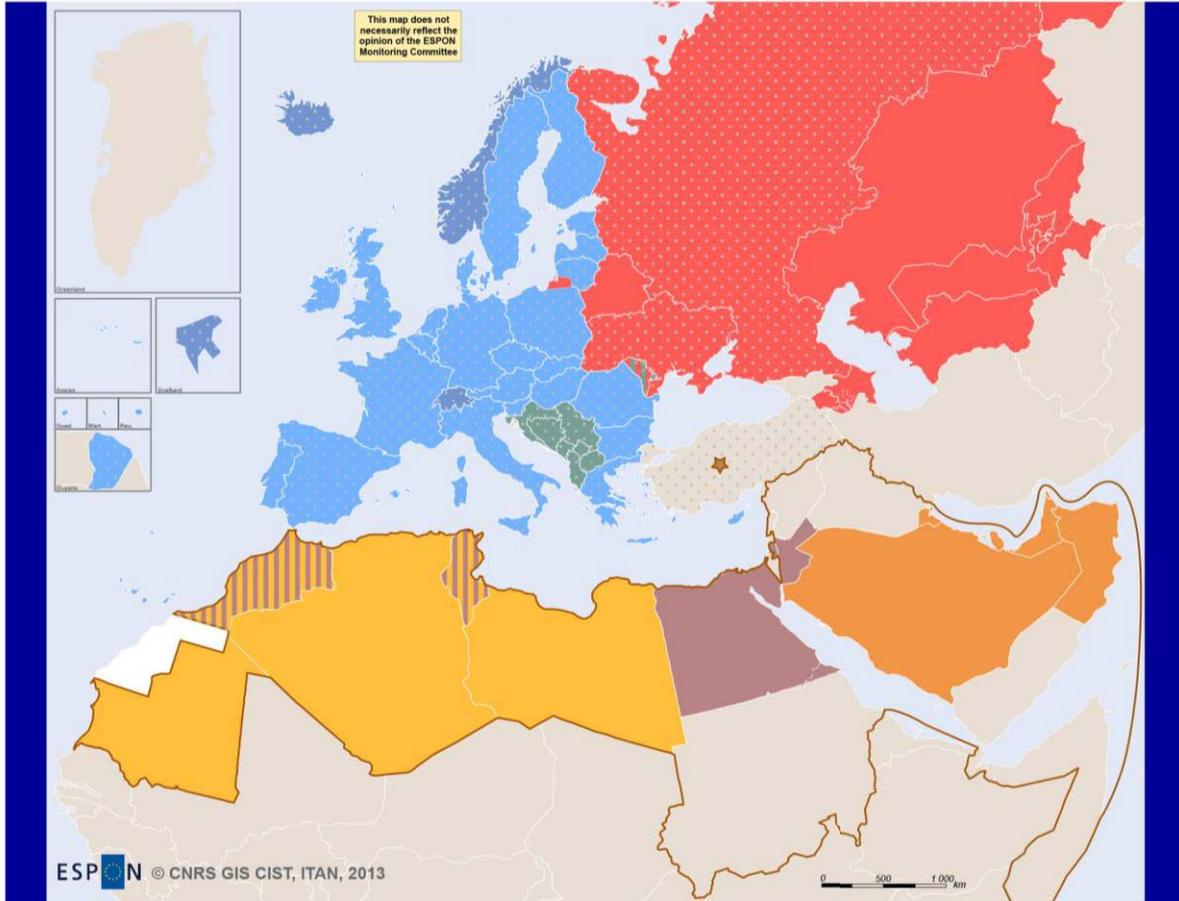
##### 2°) According to an institutional definition

The ENRs project is based on the official list of the Neighbour Countries according to the ENP. However with some differences: (i) formally Turkey was but is no more a “neighbour” country since it

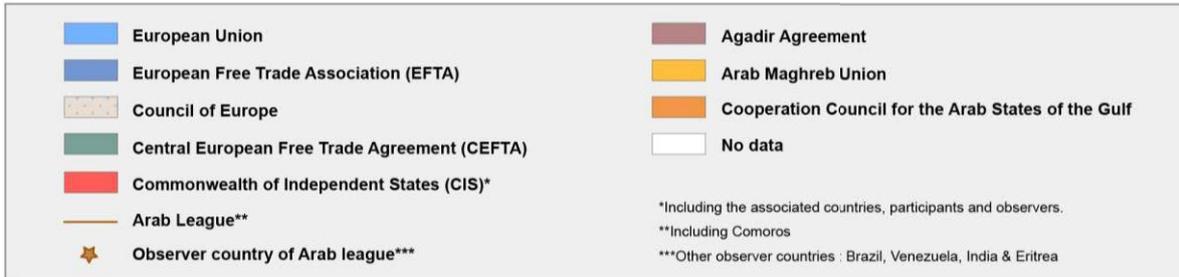
has become a “candidate” country. The same for the candidate countries of the Western Balkans: the Former Yugoslav Republic of Macedonia, Serbia and Montenegro, which are even though included in the list of the ITAN project. (ii) The Caucasian countries (Georgia, Armenia and Azerbaijan) were not included in the first definition of the project; they have been added in the life time of ITAN so as to avoid having no data on these neighbour countries, but the TPG agreed with the ESPON CU that only national data would be mapped. (iii) the project encompasses Faroe Islands and Greenland as neighbouring countries of the Northern Periphery Programme and the Northern Dimension.

The choice of considering in the ITAN project the actual and recent European Neighbour Countries should not make us forget that other grouping exist in the area. The least of these grouping is not the Community of independent states (CIS) which is being re-enforced by a custom union driven by Russia in which Ukraine recently decided to enter in a very contentious context which provoked a political unrest in Ukraine in the beginning of 2014. In the Mediterranean also, in line with the background of rising South-South trade and investment flows, other alternatives are offered to the Arab countries, at the scale of the Arab Maghreb Union or at the scale of a pan-Arab free trade agreement (Greater Arab free trade agreement – Gafta). For Europe the situation is all the less granted that some Neighbour countries have not yet negotiated any Association agreement or Action plan (see Syria, Libya and Belarus on map 2), and that a country like Turkey considers the Union for the Mediterranean as a diversion of the membership issue, and develops its own sub-regional strategy with the Middle-East and the countries with turcophone populations of central Asia (a “five seas strategy” from Caspian to Black, Aegean, Mediterranean and Red Seas).

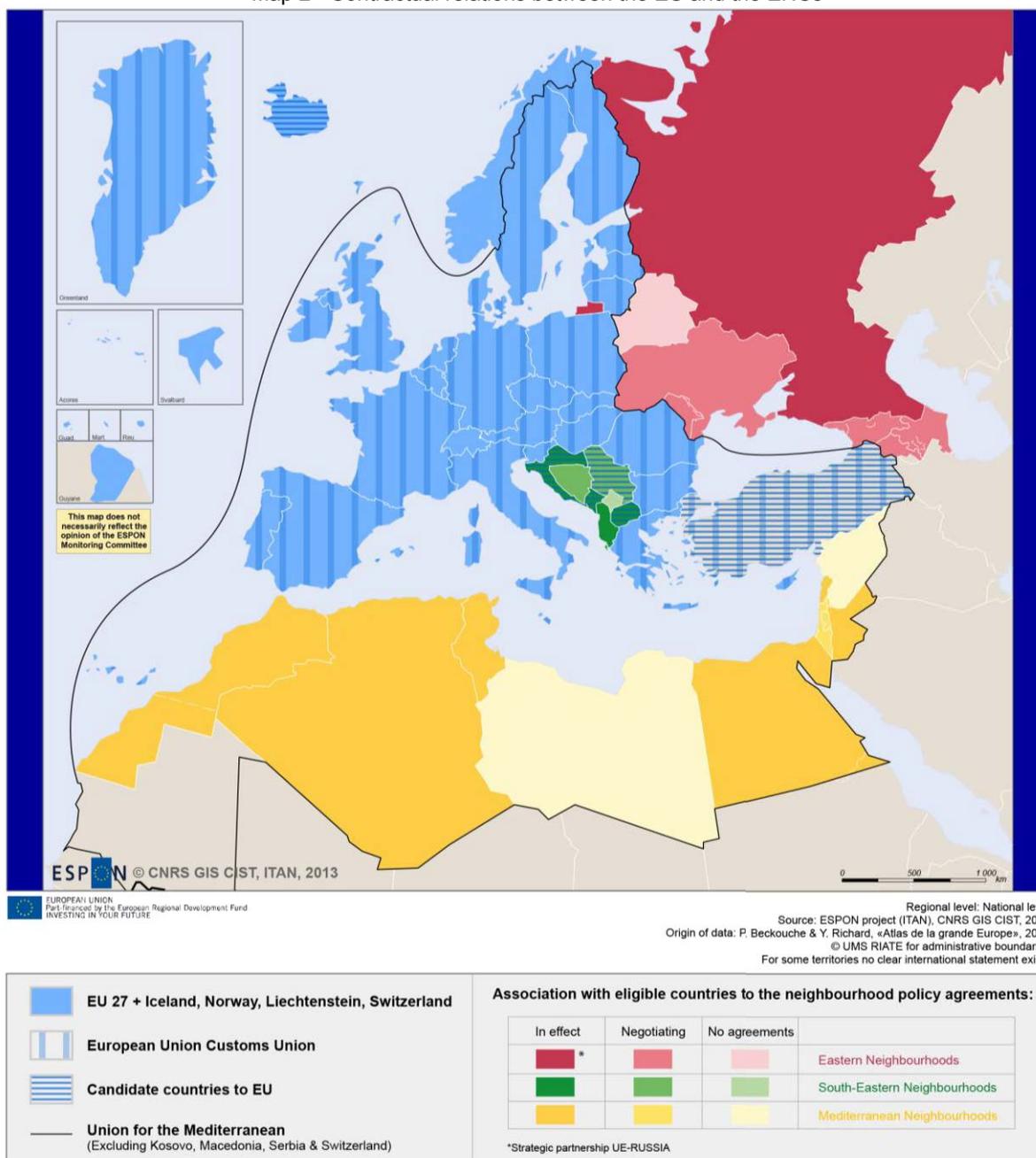
Map 1 - A proliferation of sub-regional organisations in the greater European region



Regional level: National level  
 Source: ITAN, CNRS GIS CIST.  
 Origin of data: P. Beckouche & Y. Richard, «Atlas de la grande Europe», 2013  
 © UMS RIATE for administrative boundaries  
 For some territories no clear international statement exists



Map 2 - Contractual relations between the EU and the ENC



### 1.1.7. ITAN hypotheses

ENRs call's terms of reference raised two key questions: (i) what are the territorial structures, and what are the economic, social and environmental stakes and dynamics of regions neighbouring the ESPON territory? (ii) What are the flows, interaction and cooperation between ESPON and neighbouring territories? The ITAN project addresses these questions throughout two scientific hypotheses.

1°) The ESPON territory and its Neighbourhoods are one "region"

**ESPON space and the ENC** constitute one "region". Its validation is twofold:

- (i) *Regionalism*: the project has to show the number and relevance of cooperation agreements (we stick to territorial agreements) at the intergovernmental scale down to the local cross-border local scale. Our starting point stems from ESPON TIGER result: such agreements are numerous but unequally according to the related ENC and much less effective than what the EU's discourse on the ENP would let expect. Other researchers have shown how scattered was the action taken by the Commission in the framework of the Barcelona process for overall very limited financial means – not to speak of the almost inexistent neighbourhood strategy of each EU member state.
- (ii) *Regionalisation*, that is to say the question of convergence vs. divergence between ENRs and the ESPON space. We assumed that territorial structures and flows with the ESPON space analysis would show an increasing convergence in the northern Neighbourhood, whereas it would show an increasing divergence in the southern Neighbourhood – which drives to very different policy recommendations. In the case of the South-eastern Neighbourhood the dominant trend should be convergence rather than divergence, but the results of the research shows a variety of degrees according to the considered country. The result of the eastern Neighbourhood is highly difficult to predict, because Russia might have resisted, in the last decade, the reorientation of this Neighbourhood's economic geography toward Europe that occurred in the 1990s.

2°) This region shows bigger opportunities than threats.

The second hypothesis assumes that the neighbourhoods show **more opportunities than threats**, be they economic, social, environmental or political. European Neighbourhoods are all too often regarded through a simplified view: great natural resources on the one hand, especially energy; migration pressure and political unrest on the other hand. We assume that ITAN's territorial analysis can drive to a much more nuanced view of both opportunities and threats, at national and at local scale (access to markets, investment scarcity and potential, climate change and water shortage but also opportunities for cooperation, cross-border trafficking control but also cooperation, etc.). We acknowledge that the assessment of threats is underestimated because ITAN does not deal with all the geopolitics issues.

## 1.2. ITAN key objectives and policy questions

### 1.2.1. Bringing to European stakeholders a comprehensive view

The first objective is **bringing to European stakeholders a comprehensive view of the ENRs**. It is a preliminary step for any regional view of the wider European region. Otherwise stakeholders would remain in today's situation: a fragmented representation of the various Neighbourhoods, with large loopholes in the territorial knowledge of these strategic territories for Europe. A multi Neighbourhoods (Northern, Eastern, South-Eastern and Mediterranean), multi-level approach addresses this need. Moreover, the goal is to provide a presentation of the large array of European policies, tools and programmes which have a direct impact on these territories. Such a comprehensive view is necessary for any contribution for policymakers, given the general lack of political integrated strategy in that field.

### 1.2.2. Assessing the territorial integration (relations ENRs / ESPON territory)

The second objective is **assessing the regional integration between the ESPON space and the ENCs, through a territorial analysis**. Can we more and more speak of "one region"? Do trends rather show convergence or divergence? There were varied answers according to the related Neighbourhoods. ITAN analysed discontinuities between ESPON territory and the ENRs (structural analysis), and flows between them. The project's results help qualifying the regional integration: on-going integration or de-integration, shallow or deep integration.

The report answers to three questions:

- (i) Do the flows between ENRs and ESPON space show a trend toward integration, or rather de-integration? The general figure shows a general diminution of relative flows between the ENCs and Europe in the last fifteen years; what is the figure at a geographical more precise scale?
- (ii) Is this diminution of the links with Europe balanced by an increase of flows between ENCs and cross-border exchanges? The difficulty here was to analyse the local impact of international flows, given the available data.
- (iii) A great deal of the numerous conventions, partnerships and cooperation agreements between the EU and the ENCs have not really come into force or have had a low impact on the ground. It is necessary but also difficult to measure the territorial impact of all these cooperation agreements, whether they deal with transport, energy (gas and oil pipes, electricity grid), and decentralised cooperation.

#### 1.2.3. In order to fulfil these two objectives, ITAN aims at building a sustainable DB

In order to fulfil these objectives, ITAN aims at building a database that should show sustainable, so as to feed long term research programmes and scientific partnerships between European and ENCs' researchers. Hence the importance of metadata, and our choice for a small number of consistent data ("core data") rather than for an extensive collection. The third objective of ITAN is **building the first stage of a long-run process**.

#### 1.2.4. Key policy questions and policy orientations

The fourth objective is **making policy orientations in order to reduce risks and foster opportunities**. That means: promoting a prominent role of territorial approaches in political recommendation on the Neighbourhood issue; highlighting what the territorial cooperation could be through the ENP and the sectorial EU policies (CAP, regional policy, environment, TEN...); proposing a new vision of territorial strategy and planning for the ENRs – which is a key issue for many of these countries especially in the Mediterranean area as the Arab spring has shown – and for the Neighbourhoods as a whole and dealing not only with energy supply but also with transports, rural development, urban planning, thrifty use of natural resources etc. We assume that such a territorial vision could bring a lot for a deep regional integration.

### 1.3. ITAN database and methodological challenges

The ITAN database building process had to deal with new geometries for the targeted countries that do not have the same system of territorial divisions, and with data collection for these territorial divisions. The ITAN TPG closely worked with the M4D team since it took care of building the ITAN geometries and nomenclature.

#### 1.3.1. What we call "ITAN Neighbourhoods" (Northern, Eastern, South-Eastern, Southern)

##### 1°) Geographic definition of each of our Neighbourhoods

Notwithstanding the neighbouring Arctic areas of Canada, the ITAN Neighbourhoods cover a surface of 25 million square kilometres, including the most eastern part of Russia which proves hardly possible to map. Sticking to a stricter definition of the "neighbourhood", the ITAN project, with the agreement of the ESPON CU, does not cover the central and eastern parts of Russia.

The ITAN Neighbourhoods (with a capital "N"), are:

- Northern Neighbourhood: Faroe Islands and Greenland (to Denmark), and not Iceland because this country is an ESPON member. Faroe Islands and Greenland are self-governing

overseas administrative divisions of the Kingdom of Denmark, but unlike Denmark they are not members of the European Union or ESPON and thus included in ITAN project

- Eastern Neighbourhood : Ukraine, Belarus, Moldova, and Russia (every oblast from the western boundaries to the Ural Mountains which is the conventional limit to the European Russia)
- South-Eastern Neighbourhood: Croatia<sup>1</sup> (because it joined the EU after the beginning of the ITAN project), Bosnia-Herzegovina, Serbia, Montenegro, Kosovo (under the UN Security Council resolution 1244/99), The Former Yugoslav Republic of Macedonia and Albania
- Mediterranean Neighbourhood: Morocco, Algeria, Tunisia, Libya, Egypt, Jordan, the occupied Palestinian territory (oPt), Israel, Lebanon, Syria and Turkey.

Indeed one could have considered Turkey as part of the South-eastern Neighbourhood, but we chose to respect the former country definition of the EU's Meda policy which long encompassed Turkey until the beginning of the membership negotiation in 2005. In order to take into account the interaction between Turkey, South-eastern Europe, Ukraine and South-western Russia, the ITAN project chose among its case studies that of the Black Sea.

2°) The choice of the Case studies (why; what key questions; what specific data used)

The case studies have been chosen on a territorial base (so as to shed light on the Neighbourhoods territories), and not according to the governance issue because this issue is rather dealt with by the TERCO and TANGO projects.

The choice avoids case studies already taken in charge in the TERCO project: Finland–Russian Federation, Poland–Slovakia–Ukraine, Greece–Bulgaria–Turkey. We acknowledge that TERCO deals with Spain–Morocco, but the Gibraltar case tries to be much more complementary than redundant.

- The Gibraltar case study is very directly devoted to the convergence vs. divergence issue, because it reaches here a paroxysmal height: huge economic discontinuity between the two shores of the Mediterranean, terrible barrier for migration, growing competition in tourism and between Tangier-Med and the port of Algeciras; on the other hand this competition means possible synergies, a growing number of Spanish firms settling in northern Morocco, an envisaged tunnel along with a possible common vision of Gibraltar as a global node for transport and logistics.
- The Western Balkans case study gives to ITAN the opportunity to analyse in depth cross-border cooperation at a very local scale, and raise awareness on the impact in the long-run of the cross-border cooperation programmes on a type of border with changing status due to the candidacy to membership.
- The Black Sea region case study is designed as “methodological”, given the complexity of the case and given the scale of this territory: the Black Sea transnational area encompasses eight countries of varied status, and implies a complex data collection on territorial structures and flows (migration, trade, energy...). For the consortium, it represents an interesting link between South-eastern, eastern and even Mediterranean Neighbourhoods to be addressed collectively. It provides the opportunity to develop a quite recent approach of the decentralised cooperation, and a brand new approach on the diplomatic direct and indirect ties between the countries bordering the Black Sea. The overall goal is to understand up to what point a territorial study can shed light on major trends generated largely further the region, such as environmental degradation or geopolitical balance of power exerted by the EU and Russia (and maybe tomorrow Turkey?) on the Black Sea countries, especially Ukraine.

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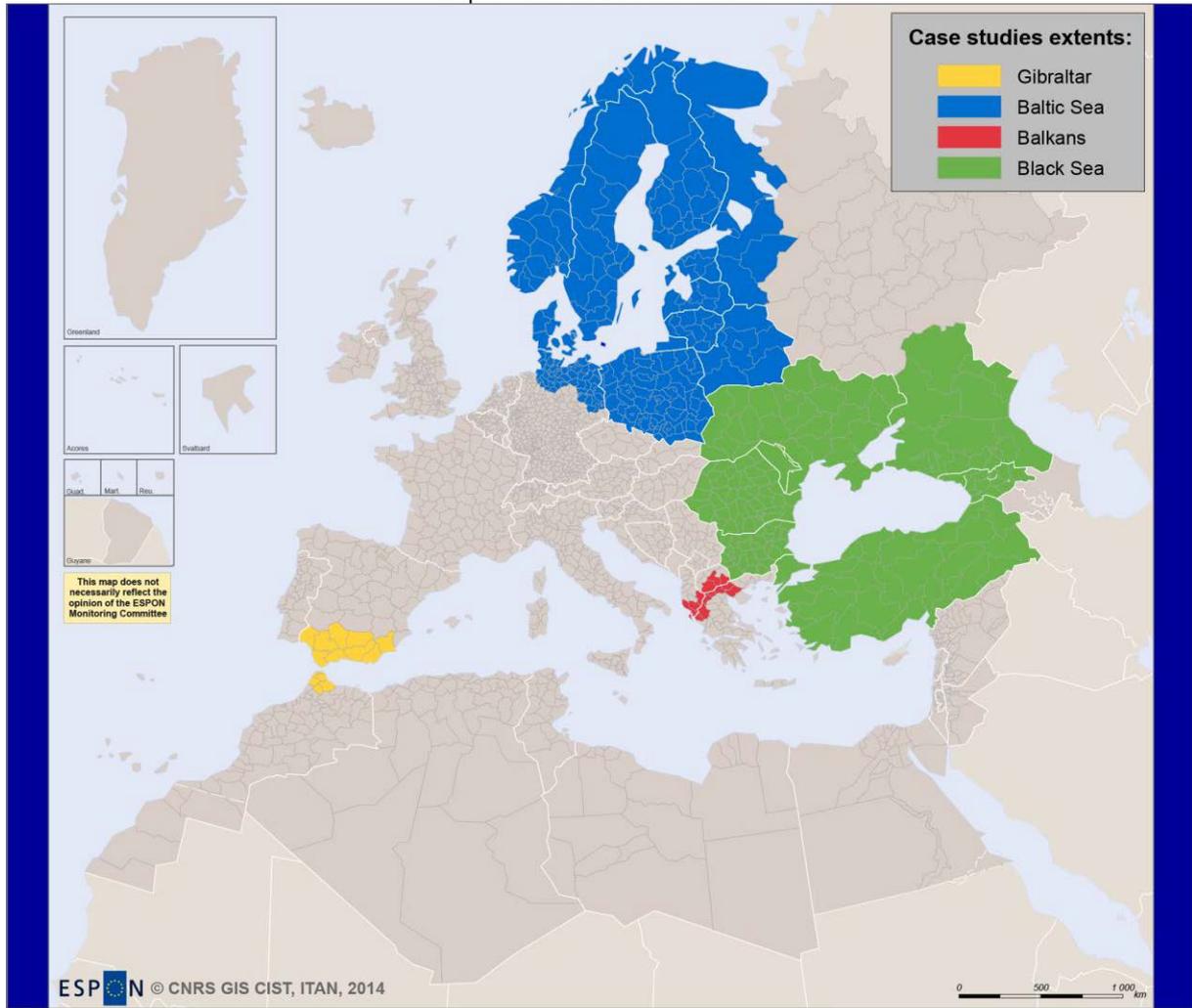
<sup>1</sup> In the ITAN Project Croatia is considered as a country of the European Neighbourhoods. The ESPON Monitoring Committee took its decision on the Project Specification on 'European Neighbourhood Regions' by 23-24 June 2011 at a time when the final date for Croatia accession had not been. Thus Croatia is included in the South-Eastern Neighbourhood in all analysis and maps.

- The European Arctic case study focuses on climate change related future challenges and opportunities (what will happen when the ice melts), and on the use of natural resources. It is a way to highlight the environment issue and also to raise an emerging geopolitical and geo-economical issue in the European region. A third motivation is to take into account Canada, which is a European neighbour but is not studied in the rest of the ITAN project since we agreed on not considering America as a priority in this first project dedicated to the neighbourhoods.
- The Baltic case study is a way of analysing more in depth the relationship between ESPON space and Russian territories. The case study is an opportunity to address the main stakes of this area (sustainability, prosperity, attractiveness, security...) on a European point of view and on a Russian point of view namely focused on the Kaliningrad enclave – the Baltic region as a possible “territorial laboratory” for better relationship between EU and Russia.

Table 1 - Profile of ITAN five case studies

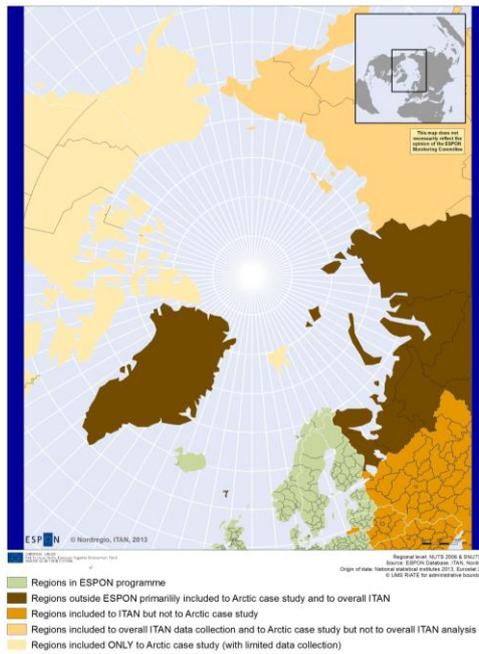
	specific question raised	EU/ENRs differences in/decreasing	cooperation policies implemented	reality of EU/ENRs cooperation	Available data to assess EU/ENRs interaction	Possible observatory / follow-up structure
Gibraltar	Rather North-South economic competition or cooperation?	✓	✓	✓	✓	✓
West. Balkans	How can cross-border programmes take into account on the ground reality, and what impact on the long term?	✓	✓	✓	✓	
Black Sea	Can local interaction among brodering territories loosen the stranglehold of mega (envt, geopolitics) constraints?	✓	✓	✓	✓	✓
Baltic Sea	Can a regional coperaton be a laboratory for positive interaction between the EU contries and Russia?	✓	✓	✓	✓	
Arctic	How can Europe tackle an emerging issue that combines potential resources, environmental threats and competition with mega neighbours (Russia, North America...)		✓	✓	✓	

Map 3 - The ITAN Case studies



EUROPEAN UNION  
Part-financed by the European Regional Development Fund  
INVESTING IN YOUR FUTURE

Regional level: NUTS 3 & SNUTS2/3  
Source: ESPON project (ITAN), CNRS GIS CIST, 2013  
Origin of data: CNRS GIS CIST, 2013  
© UMS RIATE for administrative boundaries  
For some territories no clear international statement exists



### 1.3.2. Main features about the national statistical system on territories

In each of the ENC's a national statistics office coordinates the production of data. Sometimes, like in Algeria for instance, the bodies which produce data are poorly coordinated especially when it comes to territorial data. The various sets of data providers by country are described by the "Medstat" programme launched by Eurostat in 1996. This multi-country programme is the principal vehicle by which the EU currently provides the necessary assistance to ENP Mediterranean partner countries in statistics. The main objective of Medstat I was a standardised collection and exchange of reliable, harmonised and up-to-date statistics, which in turn would allow the European Union to monitor the development of a free trade area in the whole Mediterranean basin, according to the 1995 Barcelona agreements. Medstat II (2006-2009) intended to improve the quality of the statistical services, and Medstat III (2010-2013) to promote evidence-based decision-making and to stimulate democratic development by improving the availability of statistical data in ENP countries, namely throughout six primary thematic sectors (agriculture, energy, migration, social statistics, transport and trade, balance of payments statistics). It is important to highlight the fact that this Medstat programme was dedicated to the harmonisation and quality of data at national scale, and not at local scale, whereas such data raise very specific issues and challenges; for instance the definition of GDP at the national scale is one thing, but its definition at infra-national scale is highly complex because the spatial breakdown of the different components of the GDP has to be harmonised from one statistical system to another. That kind of issue is addressed by the international recommendations of the UN or the IMF in the field of financial statistics. Still, much remains to be done to reach harmonised data at infra-national scale.

The issue is roughly the same as for the eastern ENC's. The development of the European Statistical System vis-à-vis eastern neighbour country has been implemented in the framework of the eastern Partnership. Its goal is to go towards harmonisation with European Statistical System. An international conference has been dedicated to this issue in October 2011 in Krakow, during the Polish presidency. Other initiatives launched by the EU in the field of statistics cooperation imply eastern Neighbours, such as the Inogate (EU countries, eastern Neighbour countries, Turkey and Central Asian countries) Energy Statistics Network, a forum between energy statisticians and policy makers on energy statistics. But again, these programmes have been implemented for data at *national scale*.

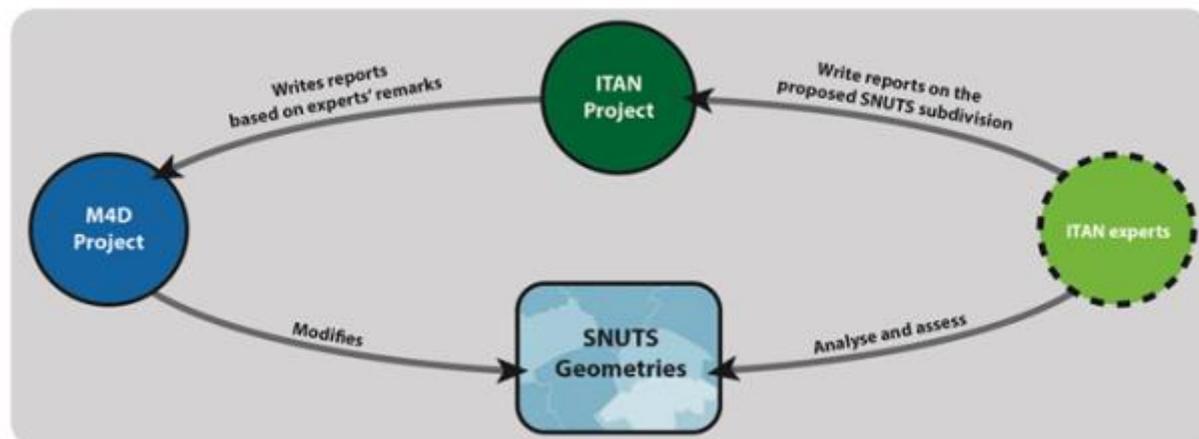
### 1.3.3. Geometries

#### 1°) ITAN scales of analyses and the "SNUTS" nomenclature

To be properly analysed, all the targeted territories had to be subdivided following the same methodology so as to perform comparable analyses of these territories. This methodology is called "SNUTS", for "Similar to NUTS". In the framework of the M4D project, a territorial division has been created for the ENC's. It uses the same classification criteria than the NUTS, the Nomenclature of Territorial Units for Statistics, the Eurostat hierarchical system for dividing up the EU space. This territorial division "SNUTS" allows the comparison between the EU space and the ENC's, and between the ENC's.

These seamless all-embracing geometries referred to as SNUTS has been built on *existing administrative levels* in the targeted countries. This choice ensures further updating phases of the database and therefore the long-term sustainability the ITAN project is aiming for. However, the ITAN project has tried to improve the SNUTS nomenclature. That is why the first duty of external experts hired within the project was to assess the territorial subdivision. In addition to collecting data, they had a mission to tag errors and suggest changes so the SNUTS are more relevant for the country. The SNUTS nomenclature has been validated or modified by each expert so as to be not only based on statistical criteria but it also take into account historical, geographical analysis and latest changes in the administrative division.

Figure 4 - Improving the SNUTS nomenclature



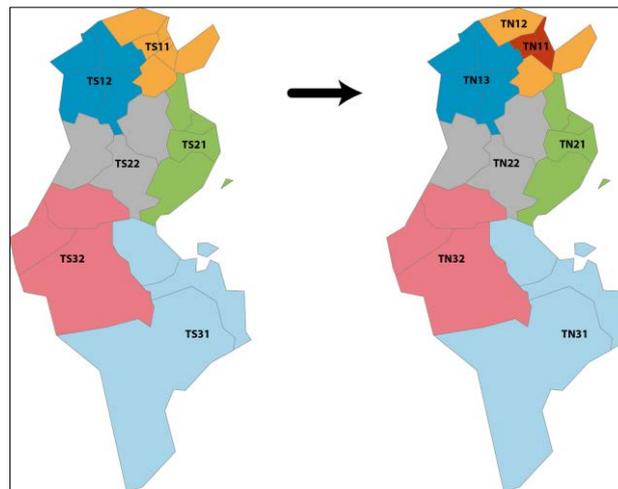
The ITAN project analyses the targeted territories on the SNUTS 2 or/and SNUTS 3 scale (what we call “SNUTS 2/3”), due to the large range of countries’ sizes. In a small country such as Lebanon, we use the SNUTS 3 level which is the only one available below the country level (that always equals the SNUTS 0 level). In a larger country such as Russia, we use the SNUTS 2 level: it is the only existing level that complies with both the feasibility of the ITAN partner to collect data and the readability of the ITAN maps of this very large country (the covered area of the country in the ENR macro-regional map-kit counts 65 SNUTS 2 units); moreover, the lower administrative and statistical level, the raion, is too small (similar to LAU 1).

The delineation of such SNUTS is an iterative complex process. As an example, for Tunisia, ESPON M4D had firstly proposed a SNUTS 2 delineation which would fit with the classical Tunisian zoning. Then, the ITAN national expert suggested, in compliance with recent experts’ work in the country, the creation of a new SNUTS 2 as “district of Tunis”<sup>2</sup> which would fit with the Tunis urban area, in order to replace the first delineation that encompassed Bizerte and Nabeul. Despite this new territorial subdivision makes difficulties for data reading, it actually matches the reality of the urban regions of Tunis, Nabeul and Bizerte.

<sup>2</sup> [http://www.augt.gov.tn/index.php?option=com\\_content&view=article&id=59&Itemid=88&lang=fr](http://www.augt.gov.tn/index.php?option=com_content&view=article&id=59&Itemid=88&lang=fr)

Figure 5 - SNUTS delineation's complex process. The case of north-eastern Tunisia

First subdivision (M4D)		New subdivision proposed by ITAN	
<b>TN11</b>	Nord-Est	<b>TN11</b>	Tunis district
<b>TN111</b>	Tunis	<b>TN111</b>	Tunis
<b>TN112</b>	Ariana	<b>TN112</b>	Ariana
<b>TN113</b>	Ben Arous (Tunis Sud)	<b>TN113</b>	Ben Arous (Tunis Sud)
<b>TN114</b>	Manubah	<b>TN114</b>	Manubah
<b>TN115</b>	Nabeul	<b>TN121</b>	Nabeul
<b>TN116</b>	Zaghouan	<b>TN122</b>	Zaghouan
<b>TN117</b>	Bizerte	<b>TN123</b>	Bizerte



Source: ITAN

Some of ITAN analyses were made at a larger SNUTS level (SNUTS 0 or 1) than expected when the data for SNUTS 2 or 3 levels were not available. Some analyses were performed at the SNUTS 0 scale when the national scale was relevant for specific analyses. Each ITAN partner also worked at a more local scale in the case study analyses.

The ITAN geometries have been created by the M4D team at two levels of generalisation: one is designed for mapping purposes, the other one for GIS calculations (but only at SNUTS 2 or 3 levels).

## 2°) ENC's Geometries' inventory

The SNUTS delineation corresponds to different geographical and institutional realities from country to country. It does not make much difference on the maps, but it makes a big difference when it comes to interpret the maps for operational matters. The table gives an insight of the institutional nature and competences of the territorial units in each ENC, and, basically, it gives the name of those divisions in the framework of the SNUTS nomenclature.

Table 2 - ENC geometries inventory and local competencies, first step

<i>Neighbourhood</i>	<i>Country</i>	<i>Subdivision</i>	<i>Number of entities</i>	<i>SNUTS level</i>	<i>Codification</i>	<i>Date of present dividing</i>	<i>Self-government</i>	<i>Self-government estimation /10</i>
South-East	Albania	Country	1	0	AL			
South-East	Albania	Country	1	1	AL0			
South-East	Albania	Country	1	2	AL00			
South-East	Albania	Prefecture	12	3	AL00x	1938	decentralisation raising since 1995	5
Mediterranean	Algeria	Country	1	0	DZ			
Mediterranean	Algeria	EPT	9	1	DZx	1988		
Mediterranean	Algeria	EPT	9	2	DZx0	1988		
Mediterranean	Algeria	Wilaya	48	3	DZ0x	1984	very weak	0
East	Armenia	Country	1	0	AM			
East	Azerbaijan	Country	1	0	AZ			
East	Belarus	Country	1	0	BY			
East	Belarus	Country	1	1	BY0			
East	Belarus	Voblast	7	2	BY0x	1960	weak : centralized state	2-3
South-East	BH*	Country	1	0	BA			
South-East	BH*	Country	1	1	BA0			
South-East	BH*	District	1	2	BA0x		effectively self-governing	10
South-East	BH*	Political entity	2	2	BA0x			
South-East	BH*	Region	7	3	BA03x	1996		
South-East	BH*	Canton	11	3	BA0xx	1995	strong	10
South-East	Croatia	Country	1	0	HR			
South-East	Croatia	Country	1	1	HR0			
South-East	Croatia	Region	3	2	HR0x	1995		
South-East	Croatia	County	21	3	HR0xx	1995	strong	7
Mediterranean	Egypt	Country	1	0	EG			
Mediterranean	Egypt	Region	4	1	EGx			0
Mediterranean	Egypt	Governorate	27	2	EGxx	2011		0
North	Faroe Islands	Autonomous region	1	0	FO			
South-East	FYROM**	Country	1	0	MK			
South-East	FYROM**	Country	1	1	MK0			
South-East	FYROM**	Country	1	2	MK00			
South-East	FYROM**	Statistical region	8	3	MK00x			
East	Georgia	Country	1	0	GE			
North	Greenland	Autonomous region	1	0	GL			
Mediterranean	Israel	Country	1	0	IL			
Mediterranean	Israel	Country	1	1	IL0			
Mediterranean	Israel	District	6	2	IL0x		strong	5-7
Mediterranean	Israel	Sub-district	15	3	IL0xx		strong	5-7
Mediterranean	Israel	Settlements	1	3	ILXXX		strong	5-7
Mediterranean	Jordan	Country	1	0	JO			
Mediterranean	Jordan	Country	1	1	JO0			
Mediterranean	Jordan	Region	3	2	JO0x			
Mediterranean	Jordan	Governorate	12	3	JO00x		very weak	0

Neighbourhood	Country	Subdivision	Number of entities	SNUTS level	Codification	Date of present dividing	Self-government	Self-government estimation /10
South-East	Kosovo	Country	1	0	XK	2000		
South-East	Kosovo	Country	1	1	XK0			
South-East	Kosovo	Country	1	2	XK00			
South-East	Kosovo	Region	7	3	XK00x			
Mediterranean	Lebanon	Country	1	0	LB			
Mediterranean	Lebanon	Country	1	1	LB0			
Mediterranean	Lebanon	Country	1	2	LB00			
Mediterranean	Lebanon	Governorate	6	3	LB00x		mean	5?
Mediterranean	Libya	Country	1	0	LY			
Mediterranean	Libya	Country	1	1	LY0			
Mediterranean	Libya	No official existence	3	2	LY0x		strong trends toward decentralisation	
Mediterranean	Libya	Shabiyat	22	3	LY00x	2010		
East	Moldavia	Country	1	0	MD			
East	Moldavia	Country	1	1	MD0			
East	Moldavia	Country	1	2	MD00			
East	Moldavia	Republic	2	3	MD00x		Transnistria is de facto independant	10
South-East	Montenegro	Country	1	0	ME			
East	Montenegro	Country	1	1	ME0			
East	Montenegro	Country	1	2	ME00			
East	Montenegro	Country	1	3	ME000			
Mediterranean	Morocco	Country	1	0	MA			
Mediterranean	Morocco	No official existence	3	1	MAx			
Mediterranean	Morocco	Region	16	2	MAxx	2009	weak	2
Mediterranean	Morocco	Province	75	3	MAxxx	2009	very weak	0
Mediterranean	OPT***	Country	1	0	PS			
Mediterranean	OPT***	Country	1	1	PS0			
Mediterranean	OPT***	Region	2	2	PS0x		Gaza is de facto independant from the Palestinian authority	10
Mediterranean	OPT***	Governorate	16	3	PS0xx		weak	?
East	Russia	Country	1	0	RU			
East	Russia	Federal okrug	8	1	RUx	2008		5
East	Russia	Avtonomnyy oblast	1	2	RUxx	2008		5
East	Russia	Avtonomnyy okrug	2	2	RUxx	2008		5
East	Russia	Federal city	2	2	RUxx	2008		5
East	Russia	Kray	9	2	RUxx	2008		5
East	Russia	Oblast	46	2	RUxx	2008		5
East	Russia	Respublica	21	2	RUxx	2008		5
East	Russia	?	3	2	Ruxx	2008		5
South-East	Serbia	Country	1	0	RS			
South-East	Serbia	Statistical Functionnal Territorial Unit	2	1	RSx			
South-East	Serbia	Statistical region	4	2	RSxx	2009		

Neighbourhood	Country	Subdivision	Number of entities	SNUTS level	Codification	Date of present dividing	Self-government	Self-government estimation /10
South-East	Serbia	Statistical area (admin. District)	24	3	RSxxx	2009	none	0
Mediterranean	Syria	Country	1	0	SY			
Mediterranean	Syria	Country	1	1	SY0			
Mediterranean	Syria	Governorate	14	2	SY0x		weak, centralized state	0
Mediterranean	Syria	District	63	3	SY0xx			
Mediterranean	Tunisia	Country	1	0	TN			
Mediterranean	Tunisia	No official existence	3	1	TNx			
Mediterranean	Tunisia	Planning region	7	2	TNxx			
Mediterranean	Tunisia	Governorate	24	3	TNxxx		weak (raising?)	2
Mediterranean	Turkey	Country	1	0	TR			
Mediterranean	Turkey	Economical region	10	1	TRx	2002		
Mediterranean	Turkey	Economical sub-region	26	2	TRxx	2002		
Mediterranean	Turkey	Province	81	3	TRxxx	2000	weak	2-3
East	Ukraine	Country	1	0	UA			
East	Ukraine	Country	1	1	UA0			
East	Ukraine	Oblast	24	2	UA0x			2-3
East	Ukraine	City of national significance	2	2	UA0x			2-3
East	Ukraine	Autonomous Republic	1	2	UA0x		Autonomous Republic of Crimea have its own parliament and government	2-3

Source : IGEAT 2014

(\*) Bosnia and Herzegovina

(\*\*) Former Yugoslav Republic of Macedonia

(\*\*\*) Occupied Palestinian territory

#### 1.3.4. Data collection

The first step of the project was to identify the statistical data to collect at the local level. It has been divided in two categories: core data – the project's priority – and desired data.

##### 1°) Assessing data availability

To collect relevant and reliable data in the targeted countries for the three *core data* sections Demography, Society and Economy, we work in close collaboration with external experts we hired to help us finding the data and get a better overall understanding of it. In the first phase of the project, we identified the data available online or through statistical yearbooks. Not all the targeted data for every country was available at the desired scale (SNUTS 2/3). In the process of finding the experts to work with, we created a document entitled Data Assessment Table (DAT). It is shaped to assess data availability and reliability, as well as the available scales, sources and time period coverage. It is both filled in by the ITAN team in charge of the country and by the external expert.

Figure 6 - Extract of the Occupied Palestinian Territory DAT

Topic	Dataset name	Included data	Definition	TO BE FILLED BY THE EXPERT					NOT TO BE FILLED BY THE EXPERT
				Availability	Time period coverage	Scale	Sources	Observations	What we (GIST) found on the data producers' websites
<i>cf subcontract proposal project</i>			<i>for the dataset's objectives</i>	<i>yes or no</i>	<i>years</i>	<i>regions, provinces,...</i>	<i>institution, reliability...</i>	<i>comment on the dataset, the methodology, ...</i>	<i>comment on the dataset</i>
Demography	Population	sex, age, urban vs. non-urban	Total population, by sex, age; urban and rural population	Yes	1997 and 2007 and also the projected data are available	locality ,Governorate and national	PCBS		Total population, by sex and age group in 1997 in 2 Regions. By sex and governorate in 1997. By localities within the 16 governorates, in 1997 and 2007 (localities, Jerusalem is missing). Natives, and foreign-born Palestinians in 2007 in Regions. Characteristics of Urban and Rural Areas in the Palestinian Territory (July 2003, Khalil Motaw'ie Amro, Dr. Othman Sharkas, published by the Palestinian Central Bureau of Statistics).
	Large cities population		population in cities > 1 million inhabitants	no				there is no cities in the oPt with this number of population	Not found
	Deaths	sex, age	Total deaths, if possible by sex and age	yes	yearly Based	Governorate	Ministry of Health and Arij		Not found
	Life expectancy	sex	Number of years an individual is expected to live at birth, if possible by sex	yes	yearly Based	Governorate	Ministry of Health and Arij		Not found
	Births		Total number of births	Yes	yearly Based	Governorate	Ministry of Health and Arij		Only found for births in 12 months preceding the 2007 census, in 2 Regions.

- 1 – Same contents for each country
- 2 – The targeted data is specifically explained so the expected indicators to collect are fully understood by everyone. For instance the “population” dataset gathers data for total population, population by sex and age (age pyramids) as well as urban and rural populations.
- 3 – The expert then has to fill in the five remaining columns (availability, time period coverage, scales, sources and observations) to detail which data s/he has access to within the time frame of the ITAN project. This document allows us to evaluate the opportunity of working with the identified expert, and to make sure we all agree on the specific data to find and collect.

## 2°) Shaping the ITAN database

We gathered a large number of datasets from different sources, with a wide variety of data and data types entered by a large number of people. To ease the building process of the ITAN database and deliver data to the ESPON database, we organised the whole data collection process by carefully defining each of its steps. That is why we designed technical documents to make sure the data and the metadata would be entered properly. The following documents have been delivered to all the ITAN teams and external experts: the Data Collection Manual, ten prefilled data files for each ITAN country, the predefined data codes (ITAN\_DAT\_Codes), the Metadata Specifications (document created by the M4D team).

### *The data collection manual*

It is the reference document to properly fill in the data files. It explains how to enter the data and the associated metadata. The manual is organised in four sections: The main rules to follow; Explanation of the predefined data codes (“ITAN\_DAT\_Codes” document); Presentation of the data files to fill; List of supports and documents to deliver.

### *Ten prefilled data files for each ITAN country*

To organise the data collection, all the core data have been subdivided in ten sections. One section of data has to be entered in one data file. We built ten prefilled data files for each ITAN country using the SNUTS nomenclature (unit codes, name, version) and the ESPON data file template. By shaping these files, we make sure all the files are following the same rules and therefore (i) we know where to find a specific data – for instance total population of Jordan will be found in the file entitled

ITAN\_JO\_DEMO\_A\_XXXXXXXX; (ii) we facilitate the further gathering process of the data files. The datafiles are to be reorganised to make them comparable and practical.

Figure 7 - Which data has to be entered in which file?

### How to name a data file ?

Codification structure of each file

TOPIC	FILE CODE	Dataset name-code	DATA DEFINITION	DATA NAME	DATA CODE	To be delivered	Source code	FILE NAME
Demography DEMO	A	Population pop	Total population	Total population	pop_t	mostly predefined	CODE-ISO(2)+A?	ITAN_CODE-ISO(2)_ DEMO_A_MMDDYYYY  ↓ *CODE ISO(2)* = code ISO (two letters) of the targeted country → Algérie = DZ *MMDDXXX* = Month, day and year of the last modification → Ex : 27092012
			Total population by sex	Population by sex	pop_f		CODE-ISO(2)+A+?	
			Total population by age	Population by age	pop_m		CODE-ISO(2)+A+?	
			Total population by sex and age	Population by sex and age	pop_0-4, pop_5-9, pop_10-14... pop_15 and pop_unknown (if necessary)		CODE-ISO(2)+A+?	
			Total urban population	Urban population	pop_urb	(depending on the age classification)	CODE-ISO(2)+A+?	
			Total rural population	Rural population	pop_rur		CODE-ISO(2)+A+?	
	B	Large cities population majcity	population in cities > 1 million inhabitants	Major cities' population	majcity_pop		CODE-ISO(2)+B+?	ITAN_CODE- ISO(2)_DEMO_B_MMDDYYYY
	C	Deaths death	Total number of death	Total death	death_t		CODE-ISO(2)+C+?	ITAN_CODE- ISO(2)_DEMO_C_MMDDYYYY
			Total death by sex	Total death by sex	death_f		CODE-ISO(2)+C+?	
		Life expectancy life	Total death by age	Human life expectancy (and sex)	death_0-4, death_f_4-9, death_m_185		CODE-ISO(2)+C+?	
			Number of years an individual is expected to live at birth, if possible by sex (data also informs us on life expectancy by age at national scale)	Human Life expectancy	life_t		CODE-ISO(2)+C+?	
		Births birth	Total number of births	Total births	birth_t		CODE-ISO(2)+C+?	
			Total number of births, by sex	Total births by sex	birth_f		CODE-ISO(2)+C+?	
		Fertility ferti	Total number of births, by mother age	Total births by age	birth_m	(depending on the age classification)	CODE-ISO(2)+C+?	
			Number of women of childbearing age; if not available: fertility rate	Number of women of childbearing age	childbearing		CODE-ISO(2)+C+?	
		Infant mortality inf_mort	Fertility rate	Fertility rate	ferti_rate		CODE-ISO(2)+C+?	
			Infant mortality	Infant mortality	inf_mort_t		CODE-ISO(2)+C+?	
			Total infant deaths	Infant mortality by sex	inf_mort_f		CODE-ISO(2)+C+?	

ITAN - [CODE ISO(2)] - [abbreviation of topic name (3 ou 4 letters)] - [File Code (one letter)] - [MMDDYYYY (date of the last modification)]

Ex : Jordan = JO, Algeria = DZ, Tunisia = TN

Example : « ITAN\_JO\_DEMO\_C\_09272012 » = Data file of Jordan, about demography (section C) and last modification performed on Septembre 27th 2012

### The predefined data codes

At the end of the data collection, the ITAN teams were in possession of hundreds of datafiles. To facilitate the database management, all the data codes (names of the variables in the database), the source labels (codes which bind each data with a source in the ESPON database) and the name of each datafiles have been predefined in the ITAN\_DAT\_codes document. This document looks like the "DAT" document, but we added information to shape the data and source label codes the experts had to use. This step was of utmost importance to make sure: (i) we minimise the potential number of errors; (ii) we would not encounter redundancy in the numerous files we would gather; (iii) we facilitate the harmonisation process that was performed after we got all the filled datafiles back. Let's make the (ii) well understood: (10 datafiles)\*(24 countries) = 240 datafiles; we got 24 times the data entitled "total population"; its code would always be "pop\_t" and the associated source label would always include the ISO code for the country, the letter A (referring to the section of the demographic data dealing with total population) and a letter or number. This was the only way to make sure we would not have to deal with same source labels for different sources, and different data codes for the same data once we gathered all the filled in datafiles.

Figure 8 - How to name a data code  
**How to name a data code ?**

**Codification structure of each code**

TOPIC	FILE CODE	Dataset name-code	DATA DEFINITION	DATA NAME	DATA CODE	To be delivered	Source code	FILE NAME
Demography DEMO	A	Population <b>pop</b>	Total population	Total population	pop_t	Yes	CODE-ISO(2)+A+2	ITAN_CODE-ISO(2)_ DEMO_A_MMDDYYYY  ↓ *CODE-ISO(2)* = Code ISO (two letters) of the targeted country → Algérie = DE *MMDDXXXX* = Month, day and year of the last modification → Ex : 27092012
			Total population by sex	Population by sex	pop_f pop_m	Yes	CODE-ISO(2)+A+?	
			Total population by age	Population by age	pop_0-4, pop_4-9, pop_10-14... pop_+85 and pop_unknown (if necessary)	Yes	CODE-ISO(2)+A+?	
			Total population by sex and age	Population by sex and age	pop_f_0-4, pop_m_0-4 (depending on the age classification)	Yes	CODE-ISO(2)+A+?	
			Total urban population	Urban population	pop_urb	Yes	CODE-ISO(2)+A+?	
			Total rural population	Rural population	pop_rur	Yes	CODE-ISO(2)+A+?	
			B	Large cities population <b>majcity</b>	population in cities > 1 million inhabitants	Major cities' population	majcity_pop	
	C	Deaths <b>death</b>	Total number of death	Total death	death_t	Yes	CODE-ISO(2)+C+?	ITAN_CODE- ISO(2)_DEMO_C_MMDDYYYY
			Total death by sex	Total death by sex	death_f death_m	Yes	CODE-ISO(2)+C+?	
			Total death by age	Total death by age [and sex]	death_0-4, death_f_4-9..., death_m_+85	Yes	CODE-ISO(2)+C+?	
		Life expectancy <b>life</b>	Number of years an individual is expected to live at birth, if possible by sex [data also informs us on life expectancy by age at national scale]	Human Life expectancy	life_t	Yes	CODE-ISO(2)+C+?	
			Life expectancy by sex	Life expectancy by sex	life_f life_m	Yes	CODE-ISO(2)+C+?	
		Births <b>birth</b>	Total number of births	Total births	birth_t	Yes	CODE-ISO(2)+C+?	
			Total number of births, by sex	Total births by sex	birth_f birth_m	Yes	CODE-ISO(2)+C+?	
	Fertility <b>ferti</b>	Total number of births, by mother age	Total births by age	birth_20-24, birth_25-29... (depending on the age classification)	Yes	CODE-ISO(2)+C+?		
		Number of women of childbearing age; if not available; fertility rate	Number of women of childbearing age	ferti_rate	Yes	CODE-ISO(2)+C+?		
		Fertility rate	Fertility rate	ferti_rate	Yes	CODE-ISO(2)+C+?		
	Infant mortality <b>inf_mort</b>	Infant mortality	Infant mortality	inf_mort_t	Yes	CODE-ISO(2)+C+?		
		Total infant deaths	Infant mortality by sex	inf_mort_f inf_mort_m	Yes	CODE-ISO(2)+C+?		

① Most of the data codes are already established → However, some codes can not be established in advance

② To create a data code, use the code indicated for each section, and specify the complementary information in the data code with an abbreviation → Examples of abbreviation :

Total	_t
Male	_m
Female	_f
Age groups (ex : 22 to 24)	_22-24
Rate	_rate
1er quintil	_Q1
2nd decil	_D2
Population	_pop

③ The experts are free to choose the abbreviations that don't exist

Ex : « **pop\_m\_18-30** » = Male population between 18 and 30 years old

To create a data code, we have to use the dataset code and specify the complementary information with an abbreviation. Ex: **pop\_m\_18-30** = Male population between 18 and 30 years old.

Figure 9 - How to name a source label  
**How to name a data source, to choose a label ?**

Codification structure of each label

TOPIC	FILE CODE	Dataset name-code	DATA DEFINITION	DATA NAME	DATA CODE	To be delivered	Source code	FILE NAME
Demography DEMO	A	Population pop	Total population	Total population	pop_t	Yes	CODE-ISO(2)+A+2	ITAN_CODE-ISO(2)_ DEMO_A_MMDDYYYY  ↓ *CODE-ISO(2)* = Code ISO (two letters) of the targeted country → Algérie = DZ *MMDDXXXX* = Month, day and year of the last modification → Ex : 27092012
			Total population by sex	Population by sex	pop_f	No	CODE-ISO(2)+A+?	
			Total population by age	Population by age	pop_m	No	CODE-ISO(2)+A+?	
			Total population by sex and age	Population by sex and age	pop_0-4, pop_4-9, pop_10-14... pop_+85 and pop_unknown (if necessary)	No	CODE-ISO(2)+A+?	
			Total urban population	Urban population	pop_urb	No	CODE-ISO(2)+A+?	
			Total rural population	Rural population	pop_rur	No	CODE-ISO(2)+A+?	
	B	Large cities population majcity	population in cities > 1 million inhabitants	Major cities' population	majcity_pop	Yes	CODE-ISO(2)+B+?	ITAN_CODE- ISO(2)_DEMO_B_MMDDYYYY
	C	Deaths death	Total number of death	Total death	death_t	Yes	CODE-ISO(2)+C+?	ITAN_CODE- ISO(2)_DEMO_C_MMDDYYYY
			Total death by sex	Total death by sex	death_f	No	CODE-ISO(2)+C+?	
		Life expectancy life	Total death by age	Total death by age (and sex)	death_0-4, death_f_4-9, death_m_+85	Yes	CODE-ISO(2)+C+?	
			Number of years an individual is expected to live at birth, if possible by sex (data also informs us on life expectancy by age at national scale)	Human Life expectancy	life_t	Yes	CODE-ISO(2)+C+?	
		Births birth	Total number of births	Total births	birth_t	Yes	CODE-ISO(2)+C+?	
			Total number of births, by sex	Total births by sex	birth_f	No	CODE-ISO(2)+C+?	
	Fertility fert	Total number of births, by mother age	Total births by age	birth_20-25, birth_25-29... (depending on the age classification)	Yes	CODE-ISO(2)+C+?		
		Number of women of childbearing age; if not available: fertility rate	Number of women of childbearing age	childbearing	Yes	CODE-ISO(2)+C+?		
	Infant mortality inf_mort	Total infant deaths	Infant mortality	Infant mortality	inf_mort_t	Yes	CODE-ISO(2)+C+?	
			Infant mortality by sex	Infant mortality by sex	inf_mort_f	No	CODE-ISO(2)+C+?	

CODE ISO(2) | File Code (one letter) | One number (expert's choice)

Example : « JOC1 » = Source n°1 of section C, for Jordan

Ex : Jordan = JO, Algeria = DZ, Tunisia = TN

### The Metadata Specifications

Even if they are well described in the Data collection manual, the ESPON metadata can be difficult to understand and to fill in because a lot of information has to be detailed. That is why we also used the Metadata Specifications document that is the reference document for the ESPON DB designed in the ESPON M4D project.

### 3°) Which data?

#### Core data

The core data are key information to build an integrated analysis of the ENRs. Collected with detailed metadata, they helped to shape comparable and basic indicators for every country. These data were gathered in three main themes of territorial analysis: demography, society and economy.

The “other desired data” cover the topics of environment, health, economy (such as investments at local scale but also R&D or the use of Internet and computers) and local flows (domestic and international). The crucial ones are those on flows, because today's territories are more and more understandable according to the link they have with other territories. The problem is that this kind of data is hardly available, even in European countries. We acknowledge that environment is a key issue, nevertheless (i) in the ENC's data are hardly available and comparable from one country to another, and (ii) the fundamental task of ITAN was to collect basic socio-demographic data as the first step of what the TPG hopes will be long run research series on the neighbourhoods' territories.

Regarding all these issues, the priority was given to collecting the data identified as core data to build the first DB for the ENC's at the SNUTS 2/3 level, which allowed comparative analyses between ENC's and between them and the ESPON space. The other desired data were only collected and processed once we fulfilled our expectations regarding the core data.

## Flow data

The flow data were taken from diverse world institutions databases (as indicated in table 3) and processed to be analysed. Not all the databases foreseen in the ITAN Inception Report could be used for some were incomplete (tourism – especially in South Mediterranean countries, or migratory flows), or redundantly based on others (like the remittances data that is actually inferred from the migration stocks).

All the databases listed below have a basic structure of the type: “origin \* destination \* time \* value”, and have been harmonised as to have the same country codification everywhere. In addition, three informations have been added in each data file to code (i) the membership to the EU, (ii) the identification of the ENC, (iii) the world region of the country according to the WUTS-3<sup>3</sup> classification.

The following main treatments have been achieved for the different types of flows:

- 1) The database on the **trade of goods** is based on the IMF data. It has been standardised with Chelem DB because the latter, although covering less countries, fluctuates less through the years. Chelem data were also used to estimate missing data, especially trade between old communist countries before 1990;
- 2) The Chelem DB is a very detailed DB providing values for 147 categories of goods. We have used it for the different **energy** products (Coals, Coke, Crude oil, Refined petroleum products, Natural gas and Electricity). All the countries of the project are present in the DB but not all of them are energy sellers of course;
- 3) **Foreign Direct Investments** data comes from Unctad. Data have been completed by national sources for several countries missing in the database. When this is the case, we always keep the total FDI from the Unctad database. Because FDI have important variations from one year to another, our data are averages for 5- or 3-years period of time;
- 4) **Development Aid** is a combination of different transfer accounting (loan cancellation, direct aid...), and we have used the Net Aid transfer (NAT) which is a net result. Because of this, some annual values of NAT are negative and we simply set them to zero;
- 5) The Official airline guide (OAG) DB provides all the **Air traffic connection** (i.e. offer) between the airports planned in January for the year. Air traffic is very sensitive to the demand and hence we can consider the offer as a significant indicator of real flows. We have summed all the seats offered on any airport connection at the country level;
- 6) The World Bank provides on **migratory stocks** for all countries between 1960 and 2010 on a decennial base.

Table 3 - Data sources used in the flow study

<i>Flow</i>	<i>Provider</i>	<i>Time covering</i>	<i>Geographical covering</i>	<i>Note</i>
Goods trade	IMF	Yearly, 1967 - 2011	Country level, 213 x 218	Standardised with Chelem
Energy trade	Chelem (Cepii)	Yearly, 1967 - 2010	Country level, 100 x 100	6 types of energy
Migration stocks	World Bank	1960, 1970, 1980, 1990, 2000, 2010	Country level, 238 x 237	Stocks instead of flows, for better geographical covering
FDI	Unctad + Igeat	Periodically, 1998 - 2008	Country level, 230 x 121	Only 2 periods : 1998/2002 and 2006/2008
Development aid	OECD + CGD	Yearly, 1960 - 2010	Country level, 165 x 44	Net Aid Transfer
Air traffic	OAG	Yearly, 1991 - 2012	Airport level, countries : 234 x 234	Based on seats number in January

<sup>3</sup> Derived from the ESPON Europe in the World project, WUTS is a nomenclature for grouping the countries in a hierarchic structure. On one end WUTS-0 stands for the world and on the other end WUTS-5's stand for the countries; intermediate levels represent regional groups.

The choice of migratory stocks provided by the World Bank is motivated by the difficulty to get data on actual flows. This can be easily understood in the case of Tunisian data. Indeed the Tunisian statistics system has taken into account the key importance of migratory data at the era of globalisation. A specific module on "international migration" has been introduced for the first time in the 2004 census, documenting the departures abroad between 1999 and 2004 and counting the presence of family members abroad. In recent years, the Office of Tunisians abroad (OTE: *Office des Tunisiens à l'Étranger*), in collaboration with the ministry for Foreign affairs, has carried out on annual basis the update of a database covering Tunisians living abroad. Nonetheless, the statistical data available in this database are deemed to be defective due the wide development of non-migratory movements (tourism, pilgrim, business...). These data would be even more doubtful insofar as the illegal migration outflows which are visibly increasing and fast-growing still not captured.

Data on migration give significance to the rising remittances phenomenon in several ENC's economy. Those countries are among the most important countries in the world for the importance of remittances. This is particularly the case for Bosnia, Serbia, Moldova, Morocco, Jordan and Lebanon; in Egypt, informal transfers could be more than twice as big as the documented figures in the table 4. Remittances are, in the same time, a very valuable financial resource for local development, and a component of economies driven by rent (along with international aid or tourism) and not by production.

Table 4 - Inflows of remittances, chosen countries, 1980-2011

	US\$ million 1980	US\$ million 2011e	% of the GDP 2010
<i>Bosnia Herzegovina</i>	..	2 021	12,9%
<i>Serbia</i>	..	3 719	10,4%
<i>Moldova</i>	..	1 562	23,2%
<i>Ukraine</i>	..	6 619	3,9%
<i>Russia</i>	..	5 615	0,4%
<i>Morocco</i>	1 054	7 081	6,8%
<i>Algeria</i>	406	1 942	1,3%
<i>Tunisia</i>	319	1 955	4,4%
<i>Egypt</i>	2 696	14 213	3,0%
<i>Jordan</i>	794	3 554	12,8%
<i>oPt</i>	..	1 106	..
<i>Lebanon</i>	..	7 558	19,6%
<i>Syria</i>	774	1 988	2,6%
<i>Turkey</i>	2 071	1 235	0,1%
Senegal	77	1 442	11,0%
Mexico	1 039	23 610	2,1%
El Salvador	49	3 636	15,7%
Nicaragua	..	920	11,7%
China	..	62 497	0,8%
Malaysia	..	1 235	0,5%
Thailand	383	3 994	0,9%
Vietnam	..	8 600	5,1%
Philippines	626	22 974	10,7%

Source : World Bank

When it comes to the infra-national scale, flow data are of utmost importance to understand the organisation of the ENC's national territory. Yet, such data are particularly poorly documented. This can be seen in today's attempt to reshape the regional administrative organisation of Tunisia: the inter-censal migration are the only data available to understand the interaction between territories (see below section 6.2.3). When infra-national data was available ITAN TPG collected it; all too often the data was limited to the migratory balance, sometimes we had the absolute numbers of out- and in-migrants, but almost never the matrix origin \* destination.

When it comes to international flows, data at local scale are the most difficult to provide, although they would be of great interest to understand international links of territories. Data on ports and airports approach it, as well as ITAN modelled data on accessibility based on territorial access thanks to the transport system including the major transports airports and ports (see below).

The TPG used another very interesting database at local scale, on Foreign Direct Investments (FDI), a database set up by Anima<sup>4</sup>. The individual data belong to Anima and are not releasable, but it still allows a striking view of the economic links of each local territory – at least for the Mediterranean ENC's since Anima is dedicated to this sole Neighbouring area. The TPG had to make a heavy work of verification of the database (which is documented sometimes with the corresponding number of employment and sometimes with the amount of the investment) and of geographical correspondence between the location of each FDI (with many ways of writing a place!) and our SNUTS delineation. As it is this very valuable database gives information on the geographical origin of each investment, its type (brownfield, greenfield, acquisition, privatisation, joint venture, licenses and PPP...), and its sector including corporate services or high tech industry which is very relevant for the analysis of the international links of local territories. The database exists for two more than a decade but is really reliable only since 2008.

#### *Grid data*

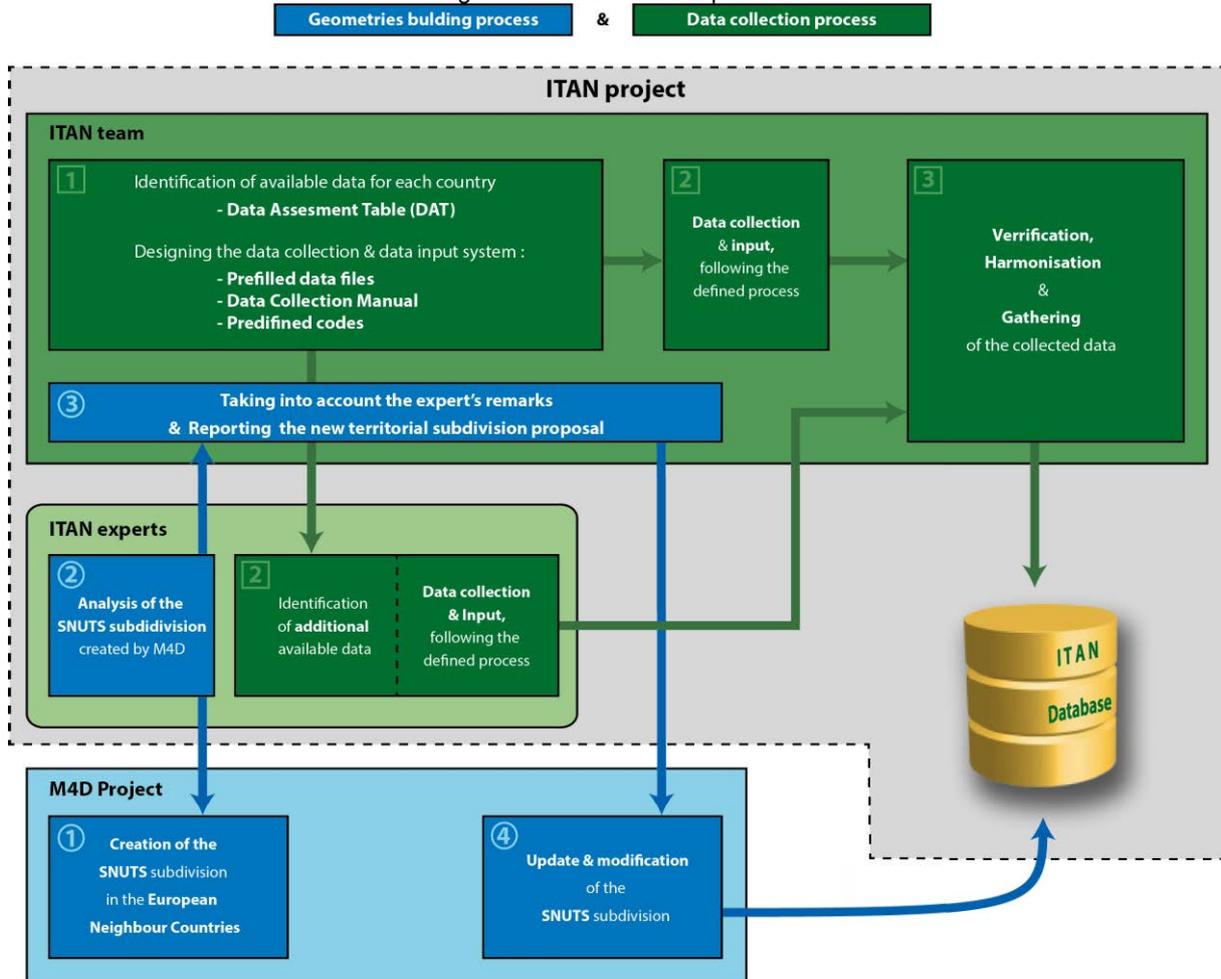
ITAN processed continuous grid data of population density to generate a complete map of Europe and the Neighbourhoods. The data was already available for many countries, but for some it derives from regional population data. Land cover was also provided as a continuous grid map for all the ITAN space, based on CORINE and other sources. Some computed variables such as connexity are presented too in a continuous grid form. All grids are at least with a resolution of 5x5km.

#### *Network, transport and accessibility data*

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<sup>4</sup> ANIMA Investment Network (<http://www.animaweb.org/>) is a multi-country cooperation platform for economic development in the Mediterranean. The targeted sectors and themes are: promotion of the territories, new sectorial environment, innovation and entrepreneurship, Responsible Investment.

Figure 10 - The ITAN DB process



### 1.3.5. Mapping (ENR coverage, projections, map-kits)

#### 1°) The ITAN map-kits

The ITAN project needed a macro-regional map-kit displaying Europe and its ENRs as well as specific map-kits for each of the Neighbourhood and for the case studies (table 5).

Working with the UMS RIATE team in charge of map-kit building within the ESPON Programme, we chose to centre ITAN macro-regional map-kit on the ESPON space using the EPSG projection 3035<sup>5</sup>, so the map will be easily readable for any European stakeholder. The other map-kits have been built with the same projection; we acknowledge that it makes the Eastern Neighbourhood layout not very common to read, but we wanted the reader to be used to this Neighbourhoods geography centred on the ESPON space. Due to its Arctic location, the Northern Neighbourhood's map-kit has been built using a polar projection so the territories, including extra-European, can be displayed. Each map-kit's scale has been adjusted to improve the readability of the covered space.

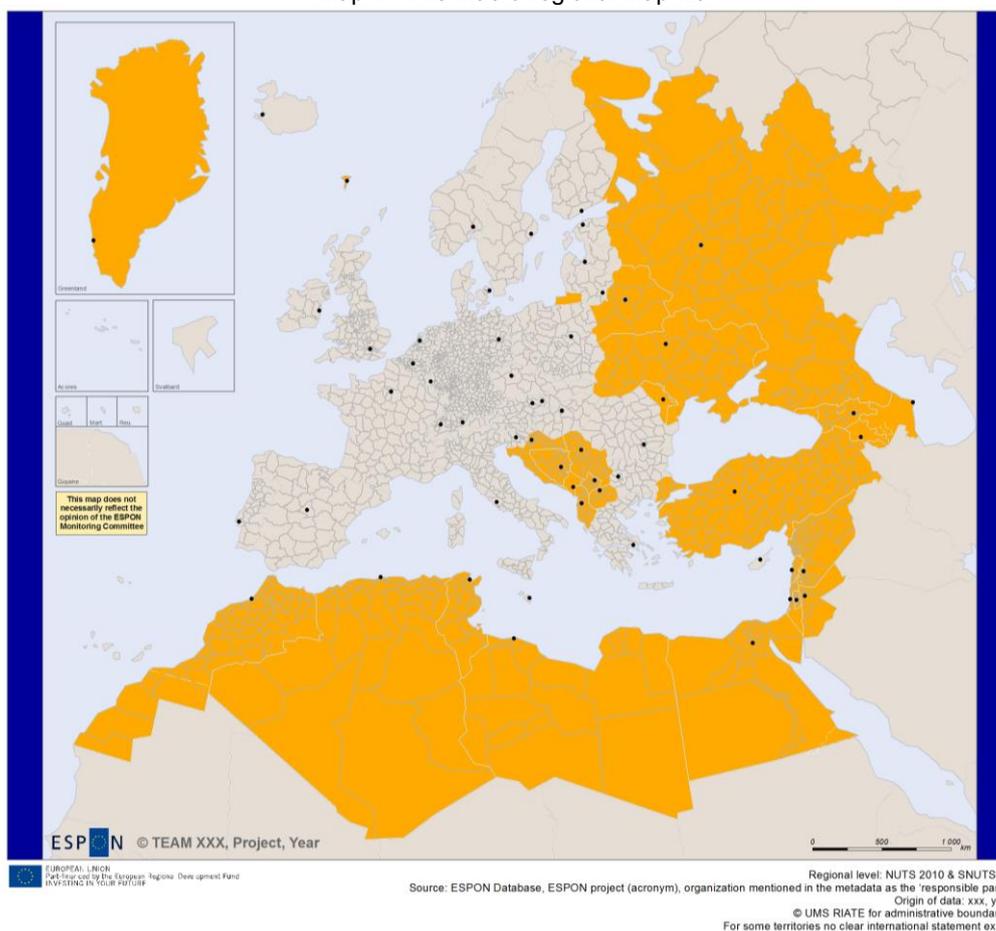
<sup>5</sup> Using the European Terrestrial Reference System 1989 - ETRS89 Lambert Azimuthal Equal Area projection with parameters: latitude of origin 52° N, longitude of origin 10° E, false northing 3 210 000.0 m, false easting 4 321 000.0 m.

Table 5 - Presentation of ITAN map-kits

Map-kit type	Map-kit name	W.P.	Projection
Macro-regional	ENRs	All	ESPG3035
Regional	Eastern Neighbourhood	W.P.3	ESPG3035
Regional	Northern Neighbourhood	W.P.4	Polar equal area
Regional	South-Eastern Neighbourhood	W.P.5	ESPG3035
Regional	Mediterranean Neighbourhood	W.P.6	ESPG3035
Case study	The Baltic Sea	W.P.3	TBD
Case study	The European Arctic	W.P.4	n/r
Case study	Western Balkans	W.P.5	n/r
Case study	The Black Sea	W.P.5	XX
Case study	Gibraltar	W.P.6	XX

*The macro-regional map-kit – The ENRs*

Map 4 - The macro-regional map-kit



The ITAN project's area covers territories that are politically disputed (see a detailed analysis in the 2.2.3 section), hence the choices made, with the agreement of the ESPON CU, regarding how these territories are displayed on maps:

- the Palestinian Territory mapping follows the international cartographic norm of the United Nations

- the Western Sahara issue was difficult to address: the UN cartography does not encompass it within the Moroccan national territory, which would make the dissemination of ITAN results towards the Moroccan partners impossible – whereas Morocco is certainly the Mediterranean country the most thoroughly involved in the partnership with the EU; mapping the Western Sahara within Morocco national territory risks to make difficult the dissemination of ITAN's results towards the Algerian partners. The solution was to delineate both, when SNUTS 2 analysis was made, so as to have, at minimum, the Moroccan regions' delineation on the map.
- The TPG had also to deal with Abkhazia (vis-à-vis Georgia); South Ossetia (vis-à-vis Georgia); Transnistria (vis-à-vis the Republic of Moldova); the Golan Heights (between Israel and Syria); the Hala'ib triangle (between Egypt and Sudan). We followed the EU statements to be able to properly display these territories on maps, even though there is no statement on the Hala'ib Triangle.
- As for this Hala'ib Triangle in particular, given the fact that Egypt is one of the ITAN ENCs and that our data at the Egyptian SNUTS scale encompass this area, we followed the Egyptian view but with a specific representation of the limits of this Hala'ib triangle as a fuzzy border.
- The cartographic representation of Cyprus followed the ESPON Programme recommendations.

Map 5 - Contested territories in ITAN Neighbourhoods were a specific decision for mapping had to be made



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Regional level: NUTS 0 & SNUTS 0  
Source: ESPON project (ITAN), CNRS GIS CIST, 2013  
Origin of data: The World Factbook 2013-14. Washington, DC: Central Intelligence Agency, 2013  
© UMS RIATE for administrative boundaries  
For some territories no clear international statement exists

Fuzzy Border	Territory controlled by ...	Claim by...	Type of issue	International position :	Representation in ITAN maps	
Kosovo	Kosovo	Serbia	Secession	Kosovo ICJ	ESPON Rule	0,15 pts
Abkhazia	Republic of Abkhazia	Georgia	Secession	Georgia EU	White dotted line (long dash)	0,30 pts
Nagorno-Karabakh	Nagorno-Karabakh	Azerbaijan	Secession	Azerbaijan EU	White dotted line (long dash)	0,30 pts
South Ossetia	Republic of South Ossetia	Georgia	Secession	Georgia EU	White dotted line (long dash)	0,30 pts
Transnistria	Pridnestrovian Moldavian Rep.	Moldova	Secession	Moldova EU	White dotted line (long dash)	0,30 pts
Western Sahara	Morocco	Sahrawi Arab Democratic Rep.	Secession claimed	"undetermined"	White dotted line (long dash)	0,30 pts
Golan Heights	Israel	Syria	Occupied territory	Syria UNO	White, Thin, dotted line (dot)	0,20 pts
Bir Tawil	Not claimed	Not claimed	Countries conflict	"undetermined"	White dotted line (long dash, two dots...)	0,30 pts
Hala'ib Triangle	Egypt	Sudan	Countries conflict	"undetermined"	White dotted line (long dash, two dots...)	0,30 pts

## 2°) The ITAN Mapping Guide

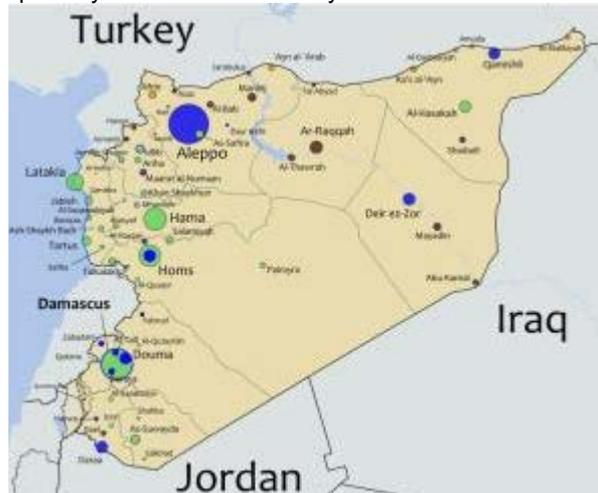
To make sure the maps of each Neighbourhood would be comparable, the ITAN TPG has agreed upon mapping rules for shared analyses (e.g. the same phenomenon had to be display with a same colour for the four Neighbourhoods). The ITAN Mapping Guide is provided in Annex 2.

### 1.3.6. Barriers for ITAN implementation – Territorial impact of the recent and on-going wars in the ENC

Some ENC

In this report the analysis of the Syrian territory is made out of data and information that were prior to the civil war. The crisis that has overwhelmed the country since 2011 has seen more than 2,1 million Syrians flee to neighbouring states of Iraq (0,2 million), Turkey, and mostly Lebanon and Jordan (in each of those two countries the last figures of the UN-HCR are around 900 000), and more than 6 million within Syria in search of a safe refuge. Prior to the conflict, Syria was considered a transitional country in terms of health achievement in recent decades, with significant improvements in life expectancy and child mortality rates. The conflict, however, has not only caused many casualties (perhaps 140 000 to-day), but also disrupted health systems that are essential for the nation's future, with childhood diseases such as polio resurfacing, a number of hospitals being turned into refugee shelters, and knocked the economy down. Hence, the ITAN analysis should be understood as a statement of the pre-civil war territory, which will be helpful to measure the – very likely – disruption of the social and economic organisation of the Syrian space when compared to what the national territory will when the war is over.

Map 6 - Syrian' territories hold by the civil war's stakeholders



Legend:  
Green: Cities controlled by the Syrian government  
Blue: Cities controlled by opposition forces  
Yellow: Cities controlled by Kurdish forces  
Red: On-going conflict/unclear situation  
Source: [http://en.wikipedia.org/wiki/Syrian\\_Civil\\_War](http://en.wikipedia.org/wiki/Syrian_Civil_War), Accessed on February 1<sup>st</sup>, 2014

### 1.3.7. Barriers for ITAN implementation – Geometries changes in a contentious recent history

Many countries of the European neighbourhoods have experienced huge changes in their territorial geometries over the last decades and sometimes the last century. The attempt to draw a delineation of territories similar to Europe's is all the more challenging that several ENC do not benefit from a steady and well admitted territorial division. As an example, Lebanon territorial organisation, both at

national and at local scale, was profoundly shaped in 1920 when France annexed the peripheral coastal area, the Beqaa Valley, the northern region, and Jabal Amil (southern Lebanon) to the *mutasarrifiyah* of Mount Lebanon to create Greater Lebanon; before that, Lebanon had been politically and socially fragmented among the various Ottoman *vilayets* (provinces). Morocco still counts European enclaves, Ceuta and Melilla, which conquest dates back to the 15<sup>th</sup> century. When it became independent, in 1963, Algeria had to drastically reduce the number of communes (from 1577 to 676) to tackle the lack of competent managers because of the leaving of the Europeans. This skill shortage has to be kept in mind to understand why the Mediterranean ENC's are so centralised; this is of course only one among other explanations but, for instance in the case of Tunisia, the choice of centralised public national bodies and delivery for water supply or electricity, was partly due to the need to concentrate the few competent managers left in the country after the end of the French protectorate. Indeed, poor governance explains also a lot of the geometries changes: for example Libya has experienced six deep administrative geometries changes since 1980.

In the former Yugoslavia, the territory, its delimitation and its settlements have been largely modified during the Yugoslav wars. From 1991 (secession of Slovenia from the federation) to 2001 and even 2008, these territories went through combats, ethnic cleansing, massive migration, finally the multiplication of new republics replacing the former confederation with in-depth internal territorial reorganisation. The key dates of these wars are 1991–95 for the Croatian war of independence, 1992–95 for the Bosnian war (ended in December 1995 with the Dayton agreement), 1998–99 for the Kosovo war, 2001 for the insurgency in the Former Yugoslav Republic of Macedonia. In 2006 the Montenegrins voted for independence from the State Union of Serbia and Montenegro, and in 2008 Kosovo declared independence from Serbia and was recognised by 107 UN member states including 4 of the former Yugoslav states. As a result, the former Socialist Federal Republic of Yugoslavia has been divided into six countries which have all carried out territorial reforms in the framework of their state-building. For instance in Bosnia and Herzegovina, after 1995, the territorial structure was reformed according to the “Inter-Entity Boundary Line” with no continuity with the previous situation, assigning municipalities or part of municipalities to one of the two entities (Federation of Bosnia and Herzegovina and Republika Srpska) in accordance with their ethnic composition. Last, the end of the socialist system and the crises of the transition period have provoked political instability also in Albania. Everywhere in the Western Balkans the wars and unrest have led to administrative reforms thus deep changes in the nature and delineation of the statistical units.

As a result, the SNUTS nomenclature underwent by the TAN TPG revealed a complex process. This nomenclature had to be created for all the countries except for Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Turkey that were granted with official NUTS divisions as acceding and candidate countries to the EU.

In almost every country of the Neighbourhoods, changes continue to occur in the national territorial division: on 21 countries analysed at infra-national scale by ITAN, 5 were impacted by geometries changes since 1990, and 9 more since 2000. The ITAN project uses only the last version of the territorial division; thus, making the collected data from 1990s to 2010s fit in the current territorial units has been a difficult task.

Table 6 - The administrative geometries change in the ITAN ENC's

Geometries changes	Eastern Neighb.	South-Eastern Neighbourhood						Mediterranean Neighbourhood						
	RU	AL	BA	HR	MK	RS	XK	EG	IL	LY	MA	PS	TN	TR
Since 1990	x	x	x	x	x	x	x		x	x		x	x	x
Since 2000	x		x	x			x	x	x		x	x	x	

There are many examples of the difficulty to set up good time series due to these delineation changes. In Moldova, the number of *rayons* has varied between 60 and 18 during the Soviet period; at the time of independence there were 40 *rayons*, then during the first years of independence three administrative-territorial reforms took place. Approaching European standards, Moldova returned to the pre-Soviet administrative-territorial structure of 12 counties in 1998; but in 2003 the country returned to the *rayon* administrative system. Moreover, one of the two main regions of the country,

Transnistria, is a breakaway state located on a strip of land between the River Dniester and the eastern Moldovan border with Ukraine. Since its declaration of independence in 1990, and especially after the War of Transnistria in 1992, it is governed as the Pridnestrovian Moldavian Republic (PMR), a state with limited recognition. Because of the Russian military contingent there, the European Court of Human Rights considers Transnistria “under the effective authority or at least decisive influence of Russia”. The territory's political status remains unresolved: it is an unrecognized but independent presidential republic with its own government, parliament, military, police, postal system, and currency.

The number and boundaries of Turkish provinces and districts have undergone radical changes. The number of districts increased from 636 in 1960 to 957 in 2011. These changes do not seem to follow a clear pattern, and it is hardly possible to track the changes. TurkStat has not published any data to allow comparisons with previous borders. These local changes affect the districts composition of the provinces which are the basic delineation for ITAN analysis of the Turkish territory.

Likewise, the Moroccan territorial reform in the 2000s introduced new provinces to the previous organisation. More precisely, one prefecture (urban SNUTS 3) and thirteen provinces (rural SNUTS 3) were created respectively in 2005 and 2009. Some of the new provinces were created by a split of previous provinces or by re-arrangement. Thus, four SNUTS 2 (economic region) have been impacted by this territorial restructuring. This implied for the TPG's work:

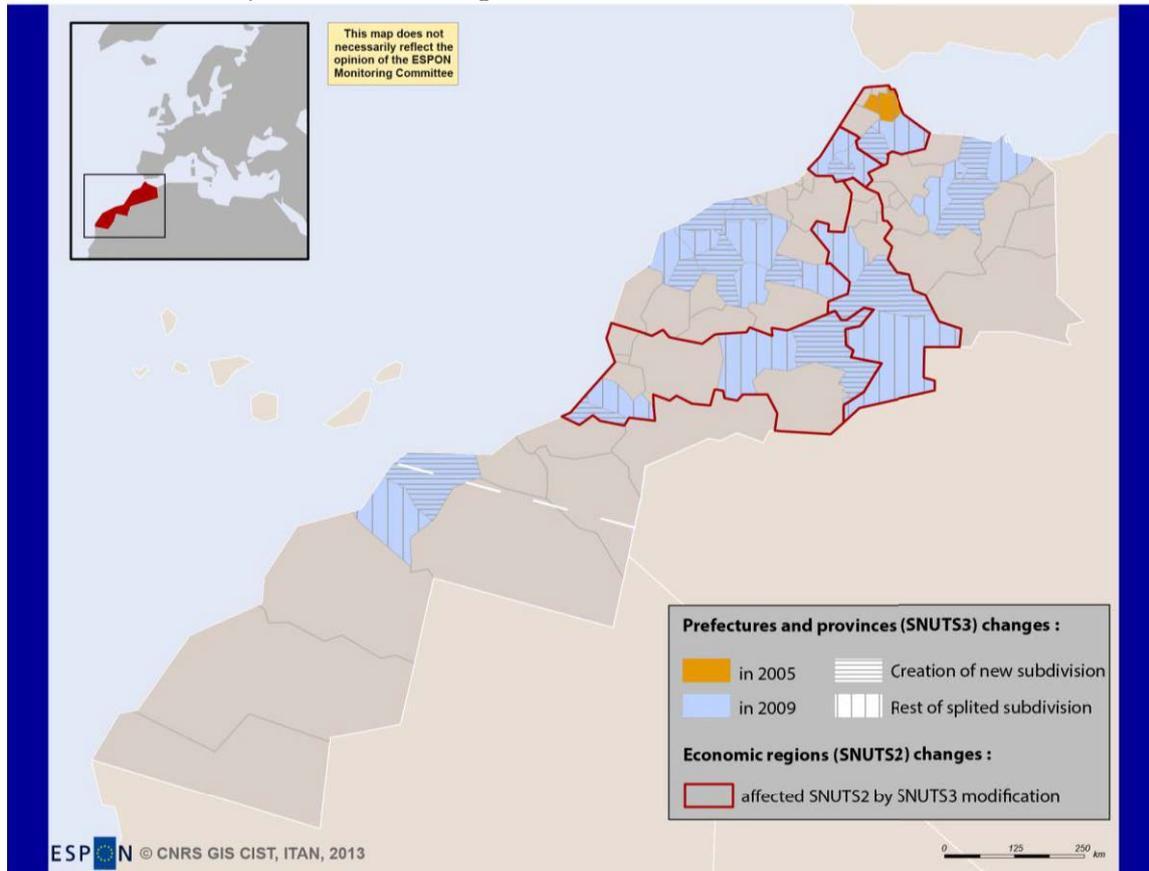
- a lot of time spent to check data, given that the same subdivisions' names are used even though their geographical composition (in SNUTS 3) has changed
- Inability to compare demographic and socio-economic data at infra-national scale (SNUTS 2 or 3) in time series.

Due to the quality of Moroccan local data, it could be partially possible to rebuild the data corresponding to the previous provinces delimitations by aggregating municipal data (i.e. SNUTS 4 or 5); but it happens that most of the provinces kept their name even if their geographical limits changed, which is very deceiving. Such a work was impossible within the ITAN timeframe but this demonstrates (i) the importance for on-the-ground works in order to deeply understand the nature of the delineation changes even when official names and codes remain unchanged, and (ii) the need for further research on the ENC's at a finer scale than that of SNUTS 2/3.

Table 7 - Example of modification of territorial subdivision in Morocco

LEVEL	Old M4D code	NAME	Detected problem	Status	New ITAN code	New Name
SNUTS3	MA121	Al Jadida			MA121	Al Jadida
SNUTS3	MA122	Safi			MA122	Safi
			Province created in 2009	Split of E Al Jadida?	MA123	Sidi Bennour
			Province created in 2009	Split of Safi ?	MA124	Youssoufia

Map 7 - The recent changes in territorial division: the case of Morocco



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Regional level: SNUTS3 V1  
Source: ITAN, CNRS GIS CIST, 2013  
Origin of data: Haut Commissariat au Plan (HCP), «Maroc des régions, 2010»  
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For some territories no clear international statement exists

In Russia there has been a change in boundary between Moscow city and Moscow oblast, etc. That kind of geometries changes is countless in the Neighbourhoods since 1990. Therefore we often had to deal with two sets of data for two censuses; to compare these data, we had to build specific methods in each country according to the types of geometries change. The SNUTS entities that have been set up were partially updated thanks to the ITAN national experts' remarks. The entire work was made in interaction with the M4D team to update the geometries as well as the map-kits.

Lebanon shows another case: in 2003, the parliament approved to establish two new governorates by splitting the governorates of the North into two, and that of Beqaa into two as well. But the corresponding application decrees were never developed and the political will to implement the administrative division seems lacking. But one can fear that further researches will have to cope with this coming new geometry change....

### 1.3.8. Barriers for ITAN implementation – Data difficulties, overall

Collecting a large number of data and data types is very complex, especially to ensure and ease the further harmonisation process. Encountered difficulties are many: access to data, quality and reliability of data and sources, heterogeneity in indicators definition and in basic territorial categories such as “urban” and “rural”.

#### 1°) Access to data

In the ENCAs which have been going through a major unrest in the recent years or still confront such situation especially in Libya and Syria, the TPG has encountered great difficulties to access to data. In such countries, our purpose was of course not to collect 2012 or 2013 updated data but, in a more humble ambition, to collect data on the pre-unrest period (2000s) in order to provide an analysis of the territory before the war. This would be of interest when updated data are available thanks to a comparison before v. after the crisis. Nevertheless, accessing to pre-crisis data proved to be a hard task, because in these countries the national statistics bodies are upset and the minimum safety of the working conditions not guaranteed.

Sometimes data simply does not exist. In the case of Lebanon, political reasons about the actual proportion of the various communities in the national population explain the absence of any census or comprehensive demographic surveys, with the last census held in... 1932. As the Lebanese political structure and institutions depend on a subtle balance between communities, namely Christians and Muslims, conducting a census has long been a very sensitive issue. Sample surveys provide the only option for estimating the number of residents in Lebanon, as well as to identify their demographic, health, immigration and other characteristics. But (i) surveys do not have the same level of reliability than a general census; (ii) as these samples' size is not the same, some can drive to fine geographical analysis at the districts scale while others can only provide significant information at the governorate level or at the national scale; moreover (iii), they are not periodic and depend each time of international funds.

In the case of Bosnia and Herzegovina, the Agency for statistics of Bosnia and Herzegovina (BHAS), as a state level institution, is responsible for the harmonisation of the data collection system and for its production and dissemination, but with the exception of any local data; it means that SNUTS 3 data are to be found at the “Entity” statistical offices: the Institute for Statistics of the “Federation of Bosnia and Herzegovina” and the Institute for Statistics of the “Republika Srpska”, but neither the former nor the latter publish local or regional data on a regular basis. The 2013 census is expected to bridge this gap, but for the moment, databases at SNUTS 3 level are very incomplete, especially for the Brčko district (a small Entity directly monitored, when it comes to statistical issues, by the Institute for Statistics of the Federation of Bosnia and Herzegovina) and the Republika Srpska.

#### 2°) Change in quality of data

The quality of data is uneven according to the ENCAs and to the considered year. For instance the Moroccan 2004 census is much better than the 1994 census because the Haut Commissariat au Plan in charge with Moroccan statistics – like many other national bodies dedicated to the statistics in the Arab world – has launched huge reforms in the last decade in order to update the methodology and the organisation of the data collection process. In several countries, the definition of employment, unemployment and active population were put in line with the ILO recommendations as late as in the 2000s; this explains why the latest census' data are not comparable with those of the previous census. This change occurred in 2003 in Algeria. In Tunisia, at the time of the census of 2004 the Tunisian statistics national body decided to revise the methodology of the household's employment surveys in order to ensure a better compliance with international standards and the ILO's concepts of employment and unemployment; this good decision created a bad effect: data are not comparable with those of the previous census.

Likewise, the annex XX explains why Turkish pre-2000 censuses can be criticized; in the 2000s, TurkStat underwent a radical restructuring in line with European Union harmonisation process and

changed its system of data collection, in particular concerning the way in which censuses were carried out – a much bigger reliability but also a much smaller number of indicators collected, with more limited geographical resolution.

### 3°) Data reliability: the issue of the informal activity

The main problem of data reliability stands in the informal issue. The huge dimension of the informal activity, income and employment is a major characteristic of the ENC's economy and thus statistics. It ranges from 20 to 50% in the non-agricultural sectors in Arab countries [Aita 2011]. In Egypt one can estimate that the informal economy accounts for 40% of economic activity; informal jobs have incredibly increased during the liberal 2000s decade, with more than 9 million informal jobs today. In Morocco, the informal economy employs 30 % of the workforce. In Jordan the figure is about 20% for jobs and over 20% for the economy<sup>6</sup>. Before the uprising in Syria broke out, 25% of the workforce was unregulated. The few Arab countries that have gathered data on the informal economy – including Jordan, the occupied Palestinian territory and Yemen – have done so inconsistently, especially when it comes to local data.

The figures are quite alike in the Western Balkans. Over the 1990s, the ratio of the informal economy to registered GDP in the Federal Republic of Yugoslavia was approximately one-third. Before they split in two countries, the size of the shadow economy in Serbia and Montenegro was estimated at more than a third of the GDP [Krstić & Sanfey 2010].

According to the estimate of the Russian federal state statistics service (Goskomstat), the share of the informal economy out of total GDP increased from 13 % in 1993 to 23 % in 1996 and 25 % in 2000s. However, Goskomstat's method has been strongly criticized by national and international experts; their estimation is that during the transition, the informal economy reached 23% when the USSR collapsed, 42% in 1995 [Kim 2010] to almost 50% in the first part of the 2000 decade [Timofeyev 2013]. A half of the Russian population is employed informally as a partial or total part of their activity. In Ukraine, the share of employment in informal activity outside of agriculture in the mid-2000s was 17%, but at the largest account, that is, including individuals involved in agricultural production on a secondary basis or for their own use, the figure was 66 [Commander et al. 2013]. It seems that the informal activity accounted for around 16% of the Ukrainian GDP in 1990, rising to 47% in the mid-1990s and over 50% in the mid-2000s. Formerly, the informal economy accounted for between 35-44% of GDP in the countries of the former Soviet Union.

### 4°) Sources reliability

To ensure the long-term sustainability of the database, the ITAN TPG needed to collect data as well as the data sources. So if the data has to be updated in ten years from now, the person in charge will be in possession of the whole history of the database that will also be a quality assessment tool. Without this crucial information, a data would be useless and could not be uploaded in the ESPON DB. Indeed, filling up the metadata information in the ITAN database proved difficult for many ITAN national experts, because information about the data production's methodology or even about the data source are not always clearly explained in the national statistics. The diversity of statistical systems in all the ENC's also increased the difficulties due to the according number of methodologies used to collect and publish the data.

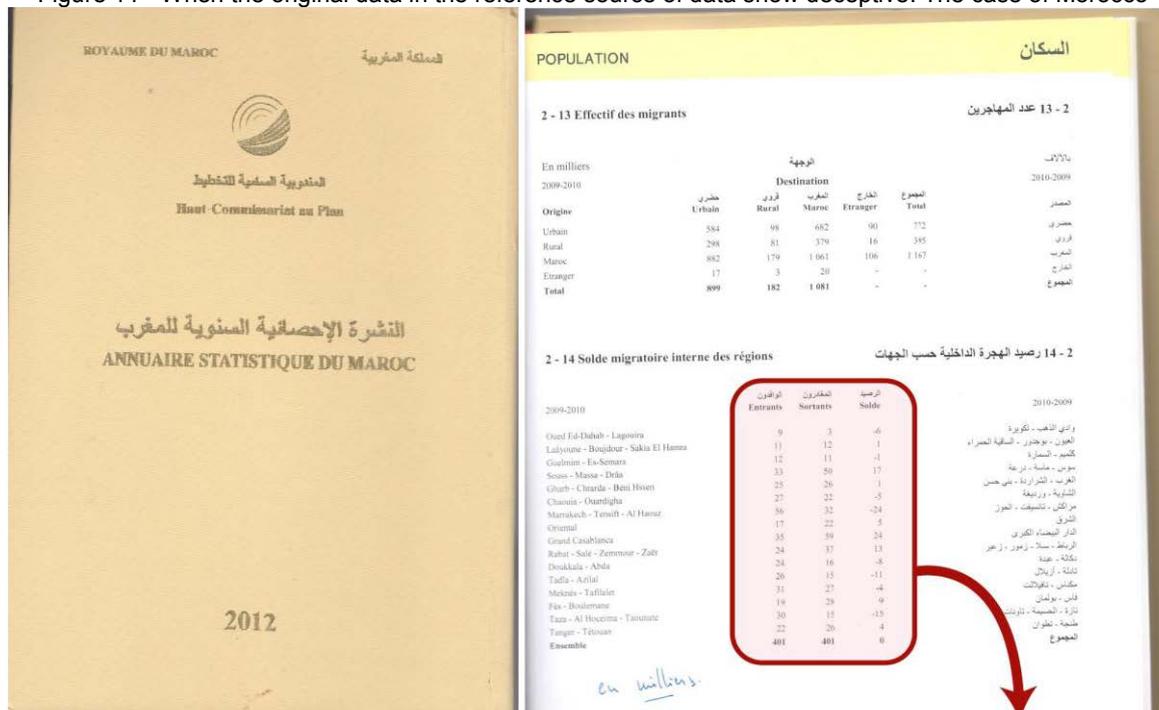
Furthermore, although Morocco happens to have one of the best statistics system of all the Arab Neighbour countries, the original source of data can show deceptive. The figure 11 proves that data on migration by region were available in the key statistics book of the country, and the ITAN expert duly collected it in the ITAN database. And then, the process continued: the data was checked, used for the country analysis and put into the complex ITAN data harmonisation task (see 1.3.11 section). It

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<sup>6</sup> Statement of Ibrahim Saif, former director of the Centre for Strategic Studies at the University of Jordan, resident scholar at the Carnegie Endowment for International Peace Middle East Center and consultant to numerous international organisations

took some time to understand that whenever the ITAN expert had made a proper work, the *original* data was mislabelled! So we had to re-start the whole process...

Figure 11 - When the original data in the reference source of data show deceptive. The case of Morocco



Incoming migrants	Outcoming migrants	Good calcul=	GOOD Net migration
9	3	9-3	6
11	12	11 - 12	-1
12	11	12 - 11	1
33	50	33 - 50	-17
25	26	25 - 26	-1
27	22	27 - 22	5
56	32	56 - 32	24
17	22	17 - 22	-5
35	59	35 - 59	-24
24	37	24 - 37	-13
24	16	24 - 16	8
26	15	26 - 15	11
31	27	31 - 27	4
19	28	19 - 28	-9
30	15	30 - 15	15
22	26	22 - 26	-4
401	401	401 - 401	0

Incoming migrants	Outcoming migrants	FALSE Net migration
9	3	-6
11	12	1
12	11	-1
33	50	17
25	26	1
27	22	-5
56	32	-24
17	22	5
35	59	24
24	37	13
24	16	-8
26	15	-11
31	27	-4
19	28	9
30	15	-15
22	26	4
401	401	0

A solution could be the recourse to international database such as UN, US Census database or the World Bank: they would give the "good" national numbers, and stemming from them we would apply the geographic breakdown derived from the ITAN local data. Besides, this is partly what we did in the harmonisation process described below (1.3.11). But it has to be said that sometimes the reverse way showed relevant: in particular in the Western Balkans, the demographic international database have proven to be dubious even at national scale; the very good knowledge of ITAN experts of on-the-ground realities drove to demographic figures different from those of the international database, namely due to the migration complex issue; the chapter 5 dedicated to the South-Eastern Neighbourhood explains why.

## 5°) Definition of territories: the urban space issue

The urban issue is a key issue for territorial development and policies. However it is also particularly tricky because each country has its definition of what is “urban” – and sometimes the challenge lies also within a country. Defining a valuable and steady definition of the “urban space” for all the ENC’s would need an entire ESPON project *per se*, despite the attempts to normalise such a definition throughout the world (see the research of François Moriconi [1993] stemming from a morphological definition of the urban agglomerated space). Yet, the ITAN report does analyse the urban space of some of the ENC’s but it has to be understood that it relies on the national official definition of what is “urban”.

To some extent, all the ENC’s show a peculiar problem in urban space’s definition, either referred to an administrative definition of what is “urban”, either referred to a more functional definition (e.g. demographic size) – all too often to a mix. See Turkey. “Municipalities” (i) do not overlap necessarily with the Turkish administrative delineation of provinces and districts; (ii) are supposed to correspond to settlements over 5 000 inhabitants whereas 70% of them count less than that; it has to be noticed that in earlier periods, “urban” referred to settlements with a population larger than 10 000 and in some instances 20 000. Besides the “urban”-“rural” definition does not refer to a specific population threshold but is in terms of administrative divisions since it refers to province and district centres designated as “urban”. In addition, an awkwardly undefined “*belde*” municipality is an administrative division that does not have a clear definition in legal documents, and usually refers to villages “with a municipal organisation”.

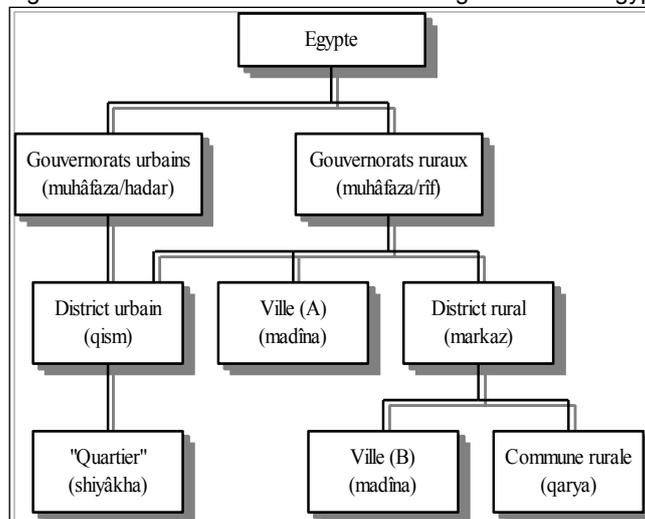
Another good example comes from the Palestinian statistics system. It considers as urban any locality whose population amounts to at least 10 000 persons, *plus* all governorates or districts centres regardless of their size, *plus* all localities whose populations vary from 4 000 to 9 999 persons provided they have, at least, four of the following elements: public electricity network, public water network, post office, health centre with a full-time physician and a school offering a general secondary education certificate! Besides, the occupied Palestinian territory does not only distinguish “urban” and “rural” areas but also comprises “camps”, that is any localities referred to as a refugee camp and administered by the United Nations Refugees and work agency in the Near East (UNRWA). Indeed, in particular in the Gaza strip or in Jordan (especially in the Amman region) many refugee camps progressively turned into urban areas, so as to make the distinction between “camps” and “city” very sensitive, for both statistical and political reasons.

Israel counts “cities” and rural localities called “*kibbutzim*” or “*moshavim*”, the term “village” being reserved for Palestinian localities; but hundreds of new Jewish localities have been developed since 1949, most of them being neither “villages” nor “cities” but “communal localities” which are, in fact, suburbs. This issue does not limit to Israel or the occupied Palestinian territory; as a matter of fact, almost all the ENC’s show peculiarities – up to Greenland were one distinguishes “villages”, “sheep farms”, “stations” and “cities” but the division is political and has nothing to do with the size of the settlement, some of the minor cities being smaller than some village. See also the countries of the South-Eastern Neighbourhood: at the time of the Former Yugoslav times, the status of city was rather a political privilege than a strict statistical definition based on the number of inhabitants, the spatial morphology or the types of functions; the 5.1.2 section gives a detailed analysis on that topic.

If one stays within the administrative definition of what is “urban”, the best example of the complexity is Egypt. Its public administration distinguishes “urban” and “rural” governorates; but within the latter one finds “urban” and “rural” districts; and within the latter one finds “urban” and “rural” communes – with no correspondence with the administrative organisation of the urban governorates! In other words, there is not a unique institutional definition of the urban space that would need to be compared with a functional definition: there are at least four definitions of the urban space in the administrative organisation of the Egyptian territory. And the issue is still trickier, because the Egyptians make the distinction between the urban space (*hadar*), referred to order, beauty, cleanliness – in a word civilisation which root word is the same (*hadâra*) – and rural space (*rîf*), referred to agriculture and under-development. As a consequence, the only territories regarded as “cities” by the Egyptian people are the capital cities of governorates and of district (*markaz*). Last but not least, to become “urban” a locality has to have the agreement of the state; as the latter is not keen on promoting territories as “urban” because it would imply the delivery of larger services, a number of localities experience a huge

demographic growth without being named “urban”, which hampers the signification of the official statistics on Egyptian cities. This is the reason why the statistics continue to consider as “rural” former villages largely encompassed in the urban expansion of the great cities.

Figure 12 - The administrative territorial organisation of Egypt



Source : Pagès-El Karoui, d'après Moriconi-Ebrard, 1994

Several other thematic statistical issues show very tricky, such as migration. The below 3.1.1. section gives the example of the migrants who live in Russia but are not registered: they can be estimated to be 4 to 5 million, with some sources counting even as high as 10 million people!

#### 6°) The hardly possible standardisation of collected data

This has been one of the major difficulties – thus one of the main scientific and operational interests – of the ITAN project. The unexpected amount of barriers is detailed in the following lines, and also the way we have (tried to) overcome these.

#### 1.3.9. Barriers for ITAN implementation – Data difficulties, specificities from transport and energy networks

With respect to transport networks, Transtools allows to easily have information for Europe, the Balkans and most of the Eastern Neighbourhood. However the network for Russia is not very detailed and the analysis made with it are of lesser quality. The Mediterranean has no single comprehensive database of transport network.

Available data for energy networks is quite comprehensive, but fragmented by sectors (oil, gas, electricity) and by regions. The level of detail varies depending on the source, thus an effort has been made to integrate all this data for the ITAN database. Concerning solar energy, there is no official database on solar radiation; only some commercial layers can be purchased. Raw NASA satellite data has been used to derive a raster of solar radiation for ITAN.

#### 1.3.10. Barriers for ITAN implementation – Data difficulties, country examples

Here we give a first and short insight of what is detailed in the country analyses of the chapter dedicated to each Neighbourhood (3 to 6).

### *Albania*

During the 1990s, the capacity of Albanian statistical institute was limited due to unrest and successive socio-economic crises.

### *The Former Yugoslav Republic of Macedonia*

Due to the deep instability of the territorial division at the local level which hinders the aggregation of data at the NUTS 3 level, the time series for the period from 1991 onwards was not ensured. The state statistical office has just recently published the 1994 and 2002 census data according to the NUTS 3 level.

### *Kosovo*

Due to the instability of the municipal territorial division and the conflicts in the end of the 1990s, discontinuities in time series and lack of data occurred. According to the statistical office of Kosovo (ASK), after the war the under-registration of deaths was around 25%. The 2001 census was cancelled, and vital statistics were interrupted between 1997 and 2005. The period 1990-1997 had been covered by the Serbian statistical office, and since 2005, the ASK publishes the vital statistics. There are at present no reliable statistics on migration in Kosovo. Demographic data are rather of low reliability. Socio-economic data according to international standards are available for the last few years, mostly 2011. Another problem is that both 1991 and 2011 censuses were boycotted, the former by the ethnic Albanians and the latter by the ethnic Serbs.

### *Montenegro*

Data on migrations remain problematic due to the difficulty in enumerating and defining emigrant/immigrant after the break-up of the Union state between Serbia and Montenegro.

### *Serbia*

Data availability can be considered as good, because the country has inherited the know-how of the former Yugoslavia and kept an operational statistical office. However, all data issued during the 1990s until the end of the Kosovo war are of low reliability due to the unrest in the region.

### *Moldova*

Many indicators are not available for the national level and Transnistria. Most of the data are pretty discontinuously collected or for a limited number of years; data on employment indicators present many discontinuities.

### *Morocco*

The TPG witnessed changes in the published results for total population in the country and in its regions. The ESPON M4D project collected this data in 2010, ITAN TPG collected it in 2012-2013 and the figures were different. We asked why to the statistical institute (Haut Commissariat au Plan) and got a reply, but no one could explain why the figures had changed. A suggestion is that the two different results do not both deal with the nomad population.

## *Tunisia*

The statistical data concerning live expectancy and infant mortality are absolutely unavailable at regional scale. Under the governorate, demographic statistical information at the delegation's level is scarcely available out of the two censuses of 1994 and 2004 and limited to the population overall and by sex. When it comes to school enrolment comparisons over time are difficult because surveys did not keep the same age brackets. As in many other ENC's, GDP data is lacking at local level because of methodological reasons since the spatial breakdown of activities such as large enterprise or public administration is highly complex. In the harmonisation methodology section the report explains that in Tunisia the energy consumption by voltage, followed in year-on-year basis, is deemed to be a good proxy of industrial activity. On the other hand the Tunisian statistics system provides with data rarely available in the other Mediterranean ENC's: a well-documented set of data on enterprises according to their size (Micro-enterprises: less than 6 workers, Small and middle enterprises: 6-199 workers, and Big enterprises: more than 200) which is a good proxy of the capacities of each governorate in terms of self-sustained development process.

## *Libya*

ITAN TPG got some data from the last performed general census in 2006. But the data is not entirely reliable and it has proven very difficult to get another set of data for the previous decade.

## *Israel and Palestinian population and territory*

Until the 1995 census, all information was collected from households; whereas the 2008 census combined administrative data with information obtained by traditional methods. The Israeli Central Bureau of Statistics provides data and surveys considered to be professionally run and of high quality. However, the coverage of Bedouins living in small communities in the South is partial.

Until 1996, Israel collected and published some information on the Palestinian population under occupation, a practice that was stopped following the Oslo agreements and the establishment of the Palestinian Authority. So that data on the West Bank are split into two parts (i) the one dealt with by the Israeli CBS, that is that of the Israeli settlers beyond the "Green Line", and (ii) the one dealt with by the Palestinian authority, that is that of the rest of the West Bank. But on the ground things are not that clear. The Israeli CBS does not provide (namely in English) a full methodology on how the population is recorded in the country. On the administrative divisions' maps, the West Bank is entirely covered as part of an Israeli "region" called Judea and Samaria. All the Israeli districts are divided into sub-districts, except for "Judea and Samaria" which is only identified as an "area". Statistics are published for this area, but without any explanation on who is counted there: only the Israelis? Are the Palestinian working in Israeli territories included in the work statistics? The thing remains unclear and would need further investigation. When it comes to the Palestinian Central Bureau of Statistics, it also publishes data for the West Bank, but with its own definition of population and the territory and the population taken into account.

The Gaza Strip is another case. It is left aside by the Israeli CBS since only Palestinian live there, but the fact that the Israeli left the Gaza strip in 2005 has to be taken into account when one calculates the recent evolution: at the end of the 1990s there were 6 100 Israeli settlers in Gaza Strip, and in most tables issued by the Israeli CBS they were *gathered* with the settlers of the West Bank at that time; this is no more the case since 2005.

## *Lebanon*

As no general census has been conducted since 1932, all the published population data have been estimated using diverse methodologies. The Lebanon ITAN expert found two different sets of figures for population in 2004. The reason is that both the Central Bureau of Statistics and the Ministry of

Social Affairs conducted surveys to estimate the population; both institutions are reliable, but they got two different results.

### 1.3.11. Data harmonisation as a way to cope with these barriers

#### 1°) The ITAN data harmonisation process

A shortcoming of the ENC's statistics system is that in some of these countries, the national body in charge is very recent – the Palestinian Central Bureau of Statistics was created in 1994. These bodies follow the international prescriptions in terms of statistical definition and methods, but to varying degrees and since different years. Definitions of categories remain different from one country to another and even when they are alike, the available data at local scale vary from one ENC to another. As an example incomes are documented in a great set of manners: in the Near East we could only find net incomes in Israel, daily wages in the occupied Palestinian territory, and households' income in Jordan. In order to cope with it and to make comparable series and maps, the ITAN TPG harmonized the data by keeping the regional distribution of the provided data for a given country and applying it to the national value stemming from international database and chosen to be the same for all ENCs – Gross National Income in that case. We assume that the final result is an approximation, but such approximation allows comparison throughout the space of all the Neighbourhoods.

Sometimes the approximation is necessarily very rough. Many ENCs do not provide any local data on life expectancy nor infant mortality. For the former we had to calculate a standardised mortality, which is an acceptable proxy for life expectancy: we compare (i) the theoretical number of deaths according to the regional age structure multiplied by the deaths number by age provided by international database for the concerned country, and (ii) the actual local number of deaths provided by ITAN experts in the TPG's database. But such standardisation is difficult when the local age data does not provide the same brackets (0-20 year old in some cases, 0-15 in others...); and it is impossible when no local data exist for the number of deaths. In Tunisia, births registration is deemed to be exhaustive (coverage rate is estimated at 100% since 1975) whereas the coverage is only 85% for the death registration, in spite of the obligatory character of the marital status statement since the independence.

As the table 8 shows, the ITAN TPG had to make a number of harmonisation upon key indicators. But indeed, it has to be clearly stated that we remain dependent upon official data on production and income, whereas we know the high level of informal jobs. Besides, official indicators of actual income are all too often poorly documented. In Jordan for example, salaries only count for half of actual income on average; the rest consists of undeclared income (self-employment), income from rents (13%) and transfers (remittances from family members living abroad, pensions, state benefits and charitable donations), that is to say of local figures that would be very difficult to collect.

Furthermore, the data collection in the Neighbouring countries was delegated to experts in each country and it had been required from them to fill the standard Microsoft Excel files created by ESPON for the collection of data and metadata by the regular teams in all the projects; but unfortunately these files proved to be pretty inappropriate for such a huge harmonisation task. All together we had about a hundred files with several data sheet *each*, covering more than nine thousand combinations of country, label, sex, age-class, and other parameters, for which the metadata should have been tediously provided. As the metadata and the data were in separate sheets, there were quite a lot (approximately 1 500) discrepancies between the first and the latter, like misspelling or change of label from one sheet to another, that had to be addressed individually. This led the TPG to accomplish an enormous work, without which it was not possible to use the database and therefore which delayed many tasks in the project, by months. This difficulty was increased by the important variability among the data that are not standardised as they could be when prepared by an institution like Eurostat. We consider that it was quite illusive to expect a neat data collection with such forms, and more 'professional' tools or a more efficient data /metadata connection are required for the future.

Table 8 - Total population, a simple indicator, but a complex ENC's set of thirty sources to harmonise

Country	Source(s)
Albania	INSTAT (Albanian Institute of Statistics) , 2013
Armenia	US Census, 2013
Azerbaijan	US Census, 2013
Bosnia Herzegovina	DEMOBALK, 2013 / FEDERAL OFFICE OF STATISTICS, 2001
Croatia	DZS - The Croatian Bureau of Statistics, 2013
Belarus	National Statistical Committee of the Republic of Belarus, 2012
Algeria	ONS - Office National des Statistiques Algeria, 2012
Egypt	CAPMAS - Central Agency for Mobilisation and Statistics, 2013
Faroe island	Hagstova Føroya (Statistics Faroe Islands), 2013
Georgia	US Census, 2013
Greenland	Naatsorsueqqissaartarfik (Statistics Greenland), 2013
Israel	Central bureau of Statistique - Israel, 1997-2012
Jordan	DOS jordan - Myriam Ababsa (General Census of Population and Housing of Jordan 1994) / DOS jordan - Statistical Yearbook 2011
Lebanon	MoSA/UNFPA - Ministry of Social Affairs Lebanon, 2011 / CAS&UNDP & MoSA - Central Administration for Statistics, 2007
Libya	Bureau of statistics & Census, 2010
Morocco	Haut Commissariat au Plan (HCP), 2004-2012
Moldova	Biroul National de Statistică al Republicii Moldova, 2001
Moldova	Бурла М.П., Гушан В.А., Казмалы И.М., ИПЦ "Шериф"
Moldova	Государственная служба статистики Министерства экономики ПМР
Montenegro	MONSTAT - Federal Statistical Office of the Federal Republic of Yugoslavia, 2011
Former Yugoslav Republic of Macedonia	State Statistical Office of the Republic of Macedonia, 2012
OPT	Palestinian Central Bureau of Statistics (PCBS), 1999-2010
Serbia	Republički zavod za statistiku, 2010
Russia	Federal State Statistics Service, 2001-2012
Syria	CBS - Central bureau of statistics, 2004 / Mamdouh Al Mobayed, 2013
Tunisia	Tunisie Statistiques, 2001-2011
Turkey	Turkish Statistical Institute (TURKSTAT), 2000-2011
Ukraine	Ukrainian State Statistics Service (UKRSTAT), 2001-2012
Kosovo	Federal Statistical Office of the Federal Republic of Yugoslavia, 2011 / ASK (Kosovo Agency of statistics), 2013
European Union	Eurostat, 2013

## 2°) Time series harmonisation

Another harmonisation has been conducted for time series. The main sources of national data, that is, the censuses, which approximately covers the same type of data: demographic, education, employment and unemployment, households' equipment and dwellings. But censuses have been conducted at different years according to the country. Indeed the ENC's tend to comply with international recommendation on the decennial range of censuses, but (i) this is not always the case and (ii) when it is, the documented year varies. As a result, the ITAN TPG had to make an estimation of data at common years, i.e. circa 2000 and circa 2010.

Table 9 - Last censuses years in ENCs (examples): no time concordance

<i>Country</i>	<i>Penultimate date</i>	<i>Last date</i>
Algeria	1998	2008
Armenia	1989 USSR era	2001
Azerbaijan	1999	2009
Belarus	1999	2009
Croatia	2001	2011
Egypt	1996	2006
Georgia	1989 USSR era	2002
Israel	1995	2008
Jordan	1994	2004
Kosovo	2001	2011
Lebanon		1932
Moldova	1989	2004
Morocco	1994	2004
Occupied Palestinian territory	1997	2007
Russia	2002	2010 postponed for 2013
Syria	2000	2004
Tunisia	1994	2004
Turkey	2000	2011
Ukraine	2001	2010 postponed for 2016

### 1.3.12. ITAN composite indicators as a way to answer the project's key questions

ITAN composite indicators address our two needs: a better knowledge of the ENRs *per se*, and a better knowledge of their interaction with the ESPON territories. These basic needs implied to have comparable data for the key indicators of all the Neighbour countries. Given the large heterogeneity of sources and collection methods, the ITAN project was put into the necessity to build, downstream, a data harmonisation it could not find at the upstream moment of data collection. Given the high challenge collected data's heterogeneity, we consider these composite indicators as a major asset of the territorial integrated analysis of the Neighbourhoods.

1°) Composite indicators were needed to answer ITAN key question

#### *Toward a better knowledge of the ENRs: assessing territorial disparities*

The study of the structures and dynamics of ENRs addresses ITAN multilevel approach. Here the driving questions are: is the development of each ENC territorially balanced, can we speak of an inclusive growth? In terms of policy recommendations: what are the needs for territorial planning (national and local), urban services, and rural development?

(i) Structures. Their study implies the use of *demographic and basic territorial data* (demographic density, transport network connexity...); *social* level indicators (school enrolment when possible with a distinction between male et female because the gender issue is of utmost importance in some of the ENCs, level of qualification of the population, level of income when available); *economic* level indicators (share of young adults in population to show the attractive territories, local production indicator when possible, when available Internet use). Among these data, we have picked those which were the most frequently available in the ENCs to build a synthetic common "local human development index", inspired of the Human Development Index, according to a methodology explained below.

(ii) Dynamics. Data on demographic growth income and production evolution drove to a composite indicator, the "territorial dynamics". A typology of the ENRs would derive from the crossing of these two composite indicators (socio-economic structure / dynamism), so as to show the importance and trends of the territorial disparities in each Neighbourhood.

#### *Toward a better knowledge of the interactions between the ENRs and ESPON territories*

Here the driving questions are: what are the actual links to Europe vs. to other world regions (in other words what polarisation is exerted by Europe upon its Neighbourhoods)? Do the ENC's experience a "Mexico" pattern characterised by the dualisation of their territory (internationalised poles more and more disconnected from the rest of the country)? ITAN has answered it in different manners and at different scales:

(i) Country \* country data, in order to understand the role of ENC's in Europe's international integration: share of European and of ENC's citizens in the foreign population; geography of the ENC's economic flows (FDI, trade...); share of Europe in the public aid to the ENC's. The results are presented in the second chapter of the report (section 2.1).

(ii) Local scale: overall links with foreign space are studied thanks to the presence of international transport facilities (ports, airports) and local FDI. These data allowed us to create a common composite indicator on "international openness index". This indicator has been enriched by an analysis of the borders' openness, critical to understand the links between the ENC's and the EU's territory as well as the links between the ENC's – think of the closure of the Morocco-Algeria border since 1994 for instance, which hampers both the Maghreb development and the North-South integration in the Mediterranean because the Maghreb countries remain to small markets for European enterprises. However, this borders' openness is difficult to document; this report makes a qualitative and incomprehensive analysis of the phenomenon.

(iii) Local scale: data on flows and links with foreign space exploiting origin \* destination database, in order to address the geography of foreign influence in the ENC's (are these territories rather connected to ESPON / or to other world regions?): foreigners who live in the country at local scale are hardly available; FDI's origin, available for the Mediterranean Neighbourhood and for some of the Eastern Neighbourhood; ports and airports international connections. As these data are unequally available in the various ENC's, it was not be possible to use them for the international openness index.

(iv) Local scale: international cooperation. Data on cross-border agreements was only provided and exploited in the case studies. A specific methodology on twin cities is detailed in the chapter 7 of the Black Sea case study (TERCO provided ITAN with the methodology).

## 2°) The composite indicators methodology

Here are the main lines of the process stemming from data harmonisation to ITAN composite indicators (see Annex 4).

### *Step 1: harmonisation*

As said above, the data needed for the ITAN composite indicators have been harmonized against the national values provided by international database. For a given indicator, one same database had to be used for all the countries because even between the different international sources providing data at the national level there are sometimes strong disparities; US Census Bureau and the World Bank were the providers used because of their wide geographical coverage, although some essential data were missing for the Faroe Islands, which explains the absence of this country in the synthetic or composite indicators. When the national values were collected from these database, a cross-multiplication was then used to apply the observed figure at the regional scale, according to the regional breakdown provided by the ITAN national experts for each ENC.

### *Step 2: scaling*

The harmonized values have then been scaled, which means that they each are reduced and centred so that their mean is 0 and their standard deviation is 1, in order to make them comparable.

### *Step 3: aggregation*

The scaled values were then aggregated to form the composite indicators (see table 10):

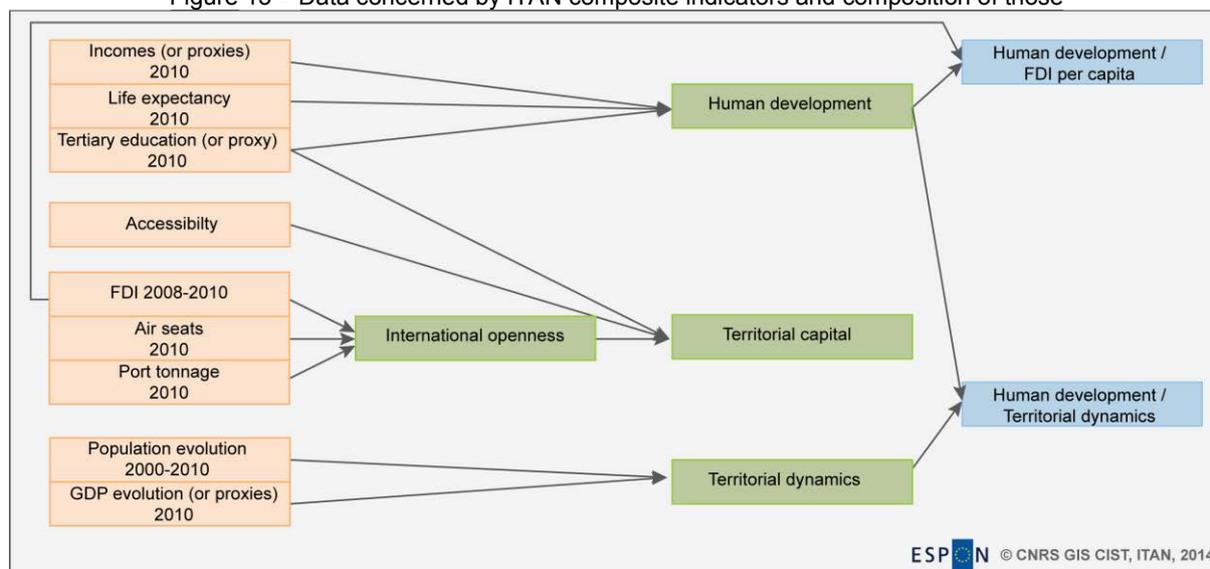
- the 'local HDI'.
- the 'territorial dynamics'
- the 'territorial capital'
- the 'international openness'.

The 'territorial dynamics', based on the demographic and the economic evolutions, is a typology based on the combined standard deviation classes ranging from 'below -1' to 'above 1', each class of size 1. This gives for each component the four classes: below -1, from -1 to 0, from 0 to 1, above 1, the SNUTS-2 values being allocated to one of the 16 combined classes. 16 classes are certainly a (too) big number for such an information, based itself sometimes on proxies and not accurate enough to be considered as very steady. We could revise this classification in the Final Report.

The three other composite indicators are indexes made of three raw or synthetic indicators and obtained by averaging the scaled values. The local HDI is based on 'life expectancy', 'income' and 'tertiary education'; the International openness is based on air and maritime traffic, and on FDI; the Territorial capital is based on 'tertiary education', 'accessibility' and 'international openness'.

These composite indicators have been computed at the SNUTS 2 level whenever possible, at the national level otherwise.

Figure 13 – Data concerned by ITAN composite indicators and composition of those



The table below synthesises the sources and adjustments that were made on the raw data to produce these indicators.

Table 10 - Raw data sources and adjustments for the composite indicators

<i>Indicator</i>	<i>Ref. year</i>	<i>Adjustment</i>	<i>Description</i>
Life expectancy	2010	US Census	Regional data
POP_beginning	2000	-	Regional data and years adjusted according to availability in DB to keep a 10 years span.
POP_end	2010	-	
pop2000_uscensus	2000	US Census	POP_beginning and POP_end adjusted to US Census national figures
pop2010_uscensus	2010	US Census	
Evolution_00-10	2000 - 2010	-	Based on POP_beginning and POP_end
pop_0-5_2010_uscensus	2010	US Census	
pop_15-60_2010_uscensus	2010	US Census	From age classes in regional data
pop_above_60_2010_uscens	2010	US Census	
Somtot_age_uscensus	2010	US Census	Total population from total of age classes
Income/inhab	2010	World Bank	From regional data, adjusted in current \$ PPS from World Bank. If no Income data, proxies were used, by availability order : <ul style="list-style-type: none"> <li>• Income</li> <li>• Salaries</li> <li>• GDP</li> <li>• cars/inhabitants</li> <li>• electricity consumption</li> </ul>
Men/Women employment	2010	-	Ratio, all sectors
Share of women employed in the non-agricultural sector	2010	World Bank	Regional % of total employment in non-agricultural sectors, based on Men/Women employment adjusted to the World Bank national data
GDP_00_10	2000 - 2010	World Bank	Average annual growth of GDP between 2000 and 2010. The data are based on regional growth of jobs which have been calibrated to national economic growth in constant \$ published by the World Bank.
Tert_2010	2010	World Bank UNCTAD	The level of education is calculated as the proportion of tertiary educated in the active population. Regional data are calibrated to national averages published by the World Bank and UNCTAD.

The reference years are provided in Annex 4.

<i>Indicator</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Data type</i>
Economic evolution	4,70	1,43	annual increase rate
Demographic evolution	4,49	1,59	annual increase rate
Openness	3,78	9,63	index
Accessibility	2,46	2,17	index
Income	1,18	7,74	
Life expectancy	7,16	3,54	years
Tertiary education	2,86	1,99	index

### 3°) Detailed methodological analysis of the International openness

This index has to be further explained because it constitutes one of the main output of the ITAN project, as a result of a deep collaboration of the TPG's teams, and because it gives a vision of the Neighbourhoods on a key issue. The index is based on three indicators of participation to international networks:

- the number of *air seats available in international flights* from airport to airport. All airports have been allocated to a SNUTS 2 area
- the volume of *international maritime flows* by port. All ports have been allocated to a SNUTS 2 area
- the *FDI* in dollars for all SNUTS 2 regions. Basic data of FDI coming from different sources have been calibrated to the national FDI values of the World Bank. Final values are the annual average investment in dollar between 2008 and 2012, which is the period of highest reliability of the Anima data; for the Neighbourhoods out of Mediterranean, when data are not available for the whole period we kept the annual average value for the available period (only in Bosnia, there are two missing years).

We also computed *weighted* indicators of maritime and air connections by considering the *time-distance* between any SNUTS 2/3 to port or airport infrastructures and taking into account the infrastructures located within the EU space. For the time-distance, *real networks speeds* have been considered as well as border delays. A normal distribution has been used to weight the seats/tons by distance/time, with a standard deviation of 0,3 for passengers and 0,7 for freight, because the time distance should not be calculated the same way when it comes to reach international transport facilities for freight / and for passengers; this results in a reduction of 80% of the value of seats at 500 km, and a reduction of 50% of the tons at 500 km.

Table 11 - Index of international openness at regional level in neighbouring countries

	<i>Indicator</i>	<i>Source</i>	<i>year</i>
Air connections	Number of seats available in international flights	OAG	2012
Maritime connections	Volume of international traffic	Lloyds	2011
Foreign Direct Investments	Annual average investments	Anima, National sources for regional data; World Bank for national data	2008-2012

We propose two different international openness indexes:

- (i) the first uses rough data, without considering the time-distance to major infrastructures. Hence, only the area where airports and ports are located benefit from these infrastructures as a motor to participate in the regional/global economy;
- (ii) the second one uses weighted data, considering that territories can benefit from large infrastructures if they have a short time-distance access to it.

It is important to notice that both methods are justified from a theoretical point of view and give a coherent index of international openness. In the first method, it is considered that ports and airports are not mainly transport infrastructures but indicators of internationalisation in trade or human flows which generate agglomeration effects to the benefit of cities. In the second method, we consider that large transport infrastructures give a potential access to the global economy, as long as you can access to these infrastructures.

To produce the index, all values were calibrated to the maximum value for each of the three indicators. In a second step, we calculated the average of the three indicators.

As an alternative, we produced a principal component analysis. As shown in table 2, the first component is the only one which as an Eigen value higher than 1; and the variance it takes into account is more than double of the second component. This means that the score of each region on the first component can be considered an indicator of international openness. However, table 3 indicates that the first component only poorly takes into account maritime nodes, meaning that they have a very different spatial pattern while FDI and air connections are well correlated to each other. Our two indicators of international openness are well correlated (weighted  $R^2$  equals to 0.94). However, we prefer using the simple average of the three indicators since there is no reason not taking into account port areas as a major source of openness.

Table 12 - Variance of the components on the PCA (non-weighted indicators)

	<i>Eigen value</i>	<i>% of Variance</i>	<i>Cumulative variance %</i>
1	1,98	65,92	65,92
2	0,82	27,38	93,30
3	0,20	6,70	100,00

Table 13 - Component matrix (non-weighted indicators)

	<i>1</i>	<i>2</i>	<i>3</i>
FDI 2008-2012	0,903	-0,297	0,311
Air links2012	0,923	-0,210	-0,322
Maritime links 2011	0,557	0,830	0,030

We reproduce the same analyses considering the weighted index by time distance. The PCA gives the following results. They are similar in terms of the variance taken into account by the first component. However, when looking at the component matrix, we observe that FDI is less related to the first component and port infrastructures a bit more, while the second component clearly opposes FDI and port as having different spatial patterns.

Table 14 - Variance of the components on the PCA (weighted indicators)

	<i>Eigen value</i>	<i>% of Variance</i>	<i>Cumulative variance %</i>
1	1,88	62,76	62,76
2	0,86	28,65	91,41
3	0,26	8,59	100,00

Table 15 - Component matrix (weighted indicators)

	<i>1</i>	<i>2</i>	<i>3</i>
FDI 2008-2012	0,744	-0,615	0,262
Weighted Air links2012	0,927	-0,019	-0,374
Weighted Maritime links 2011	0,686	0,693	0,222

The – very relevant – geographical results are given in the below 2.1.4 section.

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## 2. PRESENTATION OF THE EUROPEAN NEIGHBOUR REGIONS

### 2.1. Overall presentation of the Neighbourhoods

#### 2.1.1. Main figures

The European Neighbour Countries in the ITAN definition (at a national scale that is to say with the whole Russia) cover 25 million square kilometres, from the Arctic zone to the Saharan desert. The climatic conditions constitute a major component of the Neighbouring regions, when it comes to transport issue in the North or to solar electricity potential in the South. The settlement is largely explained by the climatic constraint, with low density in the northernmost and in the southernmost. In Russia the severe continental climate contributes to explain an overall low density even at what is usually called “temperate” latitudes. In the Near-East and in North Africa the littoral band gathers the vast majority of the population, yet the desert comes up to the littoral in Libya between Tripolitania and Cyrenaïque, and between the latter and the Nile delta. Huge demographic concentration can be seen on the Near-East littoral from Gaza, Israel, Lebanon, western Syria up to southern Turkey around Iskenderun; and of course in the very large cities of the ENC: Moscow, Istanbul and its Marmara’s urban region, at a much lower extend the Maghreb large cities. But no place in the Neighbourhoods displays a bigger demographic concentration than the Nile valley, from Luxor to the Mediterranean coast.

These ENCs gather 508 million inhabitants (2011), with a rapid growth in the Mediterranean Neighbourhood and a decrease of the population in the other Neighbourhoods. As a whole the ENCs’ share in the world population is decreasing but its share in the world’s GDP has been rising in the last fifteen years, thanks to the recovery of the former Soviet countries after the difficult phase of transition, and to the quite strong economic growth in the Mediterranean Neighbourhood especially in Turkey. As the overall GDP per capita of the ENCs has passed from US\$ 2 000 in 1994 to 8 000 in 2011, Europe is surrounded by regions which represent important market opportunities and rapidly developing economies – not sufficiently rapidly, the section dedicated to the Mediterranean Neighbourhood will show. As the demographic transition is deeply advanced in all these ENCs including the Arab countries, the social structures and issues (“oldies boom” issue namely) are converging with that of the EU.

In terms of environment, the issues are very important (climate change, pollution, energy resources and transition...) and diversified in such a vast area. This can be seen with the greenhouse gas figures, which range from 0,5 tons per capita in the occupied Palestinian territory to more than 15 tons in Russia. Generally speaking the poorest of these ENCs have the lowest figures but they rise rapidly which makes environment a stake common to Europe and its Neighbours.

Table 16 – Main figures of the Neighbourhoods

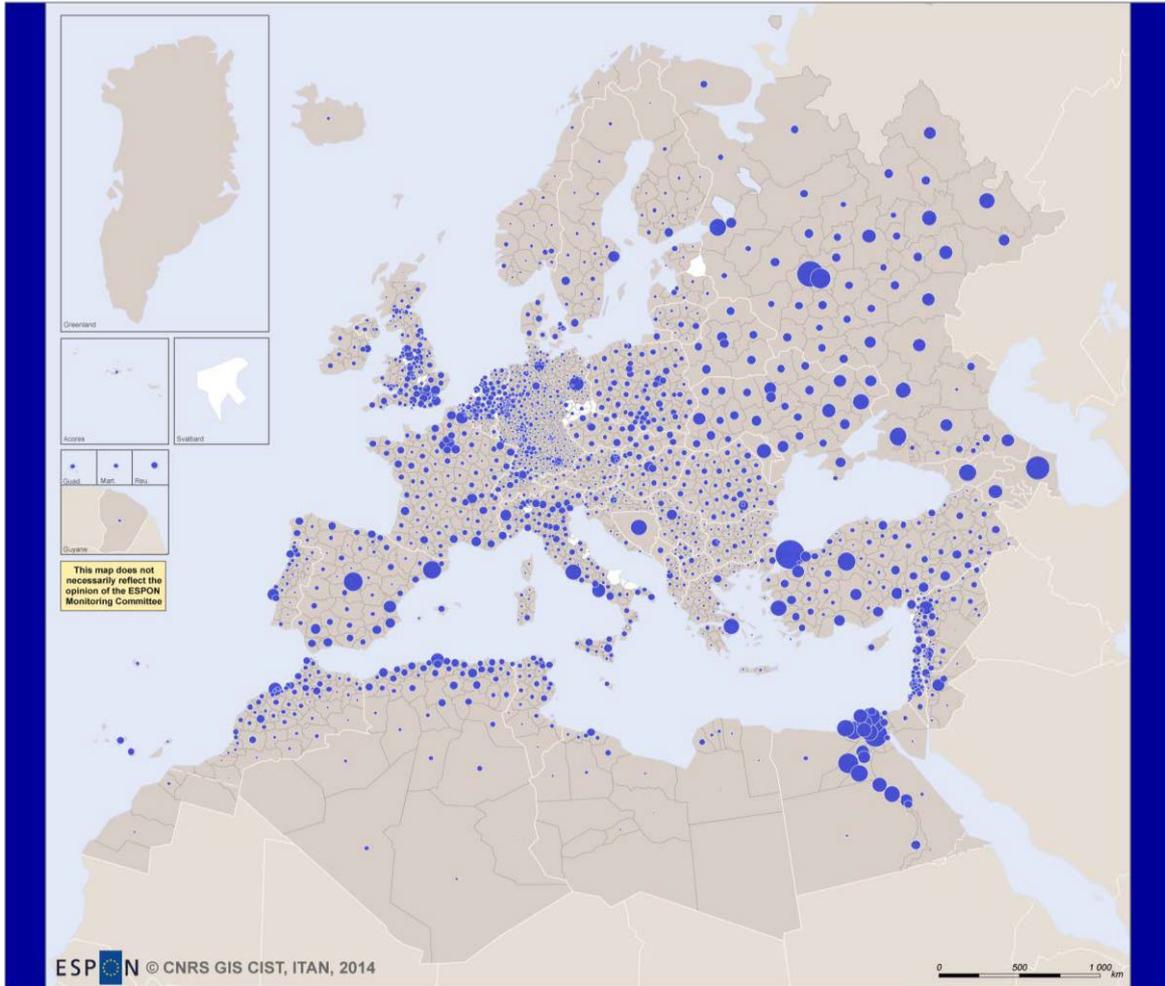
Coverage:	<p>24 countries i.e.:</p> <ul style="list-style-type: none"> <li>• Faroe Islands and Greenland (to Denmark) (<b>Northern Neighbourhood</b>)</li> <li>• Russia, Ukraine, Belarus, Moldova (<b>Eastern Neighbourhood</b>);</li> <li>• Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Kosovo (under the UN Security Council resolution 1244/99), FYROM and Albania (<b>South-eastern Neighbourhood</b>)</li> <li>• Morocco, Algeria, Tunisia, Libya, Egypt, Jordan, the occupied Palestinian territory (oPt), Israel, Lebanon, Syria and Turkey (<b>Mediterranean Neighbourhood</b>).</li> <li>• <i>NB</i>: the three <b>ENP Caucasian countries</b> (Armenia, Azerbaijan and Georgia) are not covered by the ITAN project.</li> </ul>
Total territory:	25 million km <sup>2</sup> (neighbouring Arctic areas of Canada not included), ranging from 1 400 km <sup>2</sup> in Faroe Islands to 17 million km <sup>2</sup> in Russia (but the sole western part of Russia is covered by ITAN)
Share of world GDP at current prices	<p>3.4% in 1994 → 5.8% in 2011.</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 0,008% → 0.005%</li> <li>• <b>Eastern N.</b> = 1.7% → 3.0%</li> <li>• <b>South- Eastern N.</b> = 0.2% → 0.2%</li> <li>• <b>Mediterranean N.</b> = 1.5% → 2.5%</li> <li>• <i>NB</i>: ENP Caucasian countries = 0.03% → 0.13%</li> </ul>
GDP per capita:	<p>2 017 US\$/hab. in 1994 → 7 919 US\$/hab. in 2011 (ranging from &lt; 1 000 US\$ in Palestinian Territory to 45 000 in the Faroe)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 21 217 → 32 818 US\$</li> <li>• <b>Eastern N.</b> = 2 168 → 10 391 US\$</li> <li>• <b>South- Eastern N.</b> = 1 923 → 6,966 US\$</li> <li>• <b>Mediterranean N.</b> = 1 869 → 6,244 US\$</li> <li>• <i>NB</i>: ENP Caucasian countries = 454 → 5 253 US\$</li> </ul>
Average annual development of GDP per capita:	<p>8.4% between 1994 and 2011 (ranging from -1,0% in oPt to 16,4% in Bosnia-Herzegovina)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 2.6%</li> <li>• <b>Eastern N.</b> = 9.7%</li> <li>• <b>South- Eastern N.</b> = 7.9%</li> <li>• <b>Mediterranean N.</b> = 7.4%</li> <li>• <i>NB</i>: ENP Caucasian countries = 15.5%</li> </ul>
Share of world population:	<p>8.1% in 1994 → 7.3% in 2011</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 0,002 → 0,002%</li> <li>• <b>Eastern N.</b> = 3.8 → 2.9%</li> <li>• <b>South- Eastern N.</b> = 0.4 → 0.3%</li> <li>• <b>Mediterranean N.</b> = 3.9 → 4.1%</li> <li>• <i>NB</i>: ENP Caucasian countries = 0.3 → 0.2%</li> </ul>
Total population:	<p>454 million in 1994 → 508 million in 2011 (ranging from 0.04 million in Faroe to 142 million in Russia)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 0,1 million (2011)</li> <li>• <b>Eastern N.</b> = 200,6 million (2011)</li> <li>• <b>South- Eastern N.</b> = 23,1 million (2011)</li> <li>• <b>Mediterranean N.</b> = 284,6 million (2011)</li> <li>• <i>NB</i>: ENP Caucasian countries = 16,8 million (2011)</li> </ul>
Population development (annual growth):	<p>+0.7 % between 1994 and 2011 (ranging from -0.7 % in Ukraine to +2.5 % in Cyprus)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 0.3%</li> <li>• <b>Eastern N.</b> = - 0.4%</li> <li>• <b>South-Eastern N.</b> = - 0.1%</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Mediterranean N.</b> = 1.6%</li> <li>• <i>NB:</i> ENP Caucasian countries = 0.4%</li> </ul>
Proportion of population aged 0-14 years and 65 years and more:	<p>0-14 year old: 29,3% (1994) → 22,9% (2011)  65 and more: 8,2% (1994) → 8,9% (2011)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = n.a.</li> <li>• <b>Eastern N.</b> = 21,6% → 15,1%; and 12,2% → 13,4%</li> <li>• <b>South-Eastern N.</b> = 21,4% → 15,8%; and 9,1% → 12,9%</li> <li>• <b>Mediterranean N.</b> = 37,9% → 29,0%; and 4,2% → 5,5%</li> <li>• <i>NB:</i> ENP Caucasian countries = 30,3% → 19,6%; 7,2% → 9,4%</li> </ul>
Population density:	<p>21 inhabitants per km<sup>2</sup> in 2011  (ranging from 0.1 in Greenland to 668 in Occupied Palestinian Territory)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 0,3 hab. per km<sup>2</sup></li> <li>• <b>Eastern N.</b> = 12 hab. per km<sup>2</sup></li> <li>• <b>South-Eastern N.</b> = 85 hab. per km<sup>2</sup></li> <li>• <b>Mediterranean N.</b> = 42 hab. per km<sup>2</sup></li> <li>• <i>NB:</i> ENP Caucasian countries = 93 hab. per km<sup>2</sup></li> </ul>
Investment (Gross capital formation) as % of GDP:	<p>Approx. 25 % in 2011  (ranging from 15% Israel to 41 % in Algeria)</p>
Greenhouse Gas emissions per capita:	<p>7,9 tons CO<sub>2</sub> equivalent in 2010 [CO<sub>2</sub>, Methane, and Nitrous oxide, that is 98% of the world greenhouse gas emissions]  (ranging from 0.5 tons in oPt to 15.3 tons in Russia)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 12,2 t. per capita</li> <li>• <b>Eastern N.</b> = 13,1 t. per capita</li> <li>• <b>South-Eastern N.</b> = 6,4 t. per capita</li> <li>• <b>Mediterranean N.</b> = 4,4 t. per capita</li> <li>• <i>NB:</i> ENP Caucasian countries = 5,5 t. per capita</li> </ul>
Greenhouse Gas emissions per GDP in Millions of Euro:	<p>1 000 tons CO<sub>2</sub> equivalent in 2010  (ranging from 298 tons in Israel to 2186 tons in Ukraine)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = 370 t.</li> <li>• <b>Eastern N.</b> = 1 262 t.</li> <li>• <b>South-Eastern N.</b> = 913 t.</li> <li>• <b>Mediterranean N.</b> = 702 t.</li> <li>• <i>NB:</i> ENP Caucasian countries = 1 044 t.</li> </ul>
Human Development index:	<p>0.717 in 2011 [non demographically weighted average]  (ranging from 0.582 for Morocco to 0.888 for Israel)</p> <ul style="list-style-type: none"> <li>• <b>Northern Neighbourhood</b> = na</li> <li>• <b>Eastern N.</b> = 0.722 (2011)</li> <li>• <b>South-Eastern N.</b> = 0.756 (2011)</li> <li>• <b>Mediterranean N.</b> = 0.565 (1990) → 0.698 (2011)</li> <li>• <i>NB:</i> ENP Caucasian countries = 0.717 (2011)</li> </ul>

Notes:

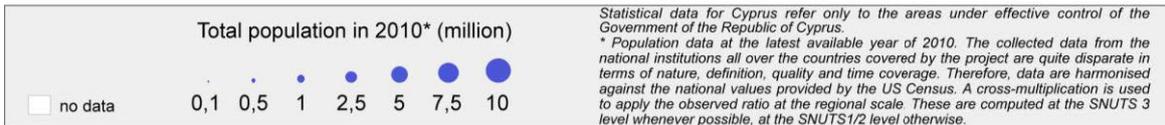
- "GDP 1994": 1998 for Faroe, 2000 for Kosovo (under the UN resolution 1244/99) and Montenegro, 1997 for Serbia.
- "GDP 2011": 2009 for Faroe, Greenland and Libya, 2010 for Ukraine, 2005 for the Occupied Palestinian Territory
- "Greenhouse gas emissions": CO<sub>2</sub> 2009, Nitrous oxide 2010, Methane 2010; HFC, PFC, SF<sub>6</sub> are excluded (but they only represent 2% for the total at world scale); only CO<sub>2</sub> available for Faroe, Greenland, Montenegro and the Occupied Palestinian Territory (but Methane and Nitrous oxide represent small emissions compared to CO<sub>2</sub>); Kosovo (under the UN resolution 1244/99): no data at all.
- All data: source World Bank.

Map 8 - Population at (S)NUTS 3, 2010

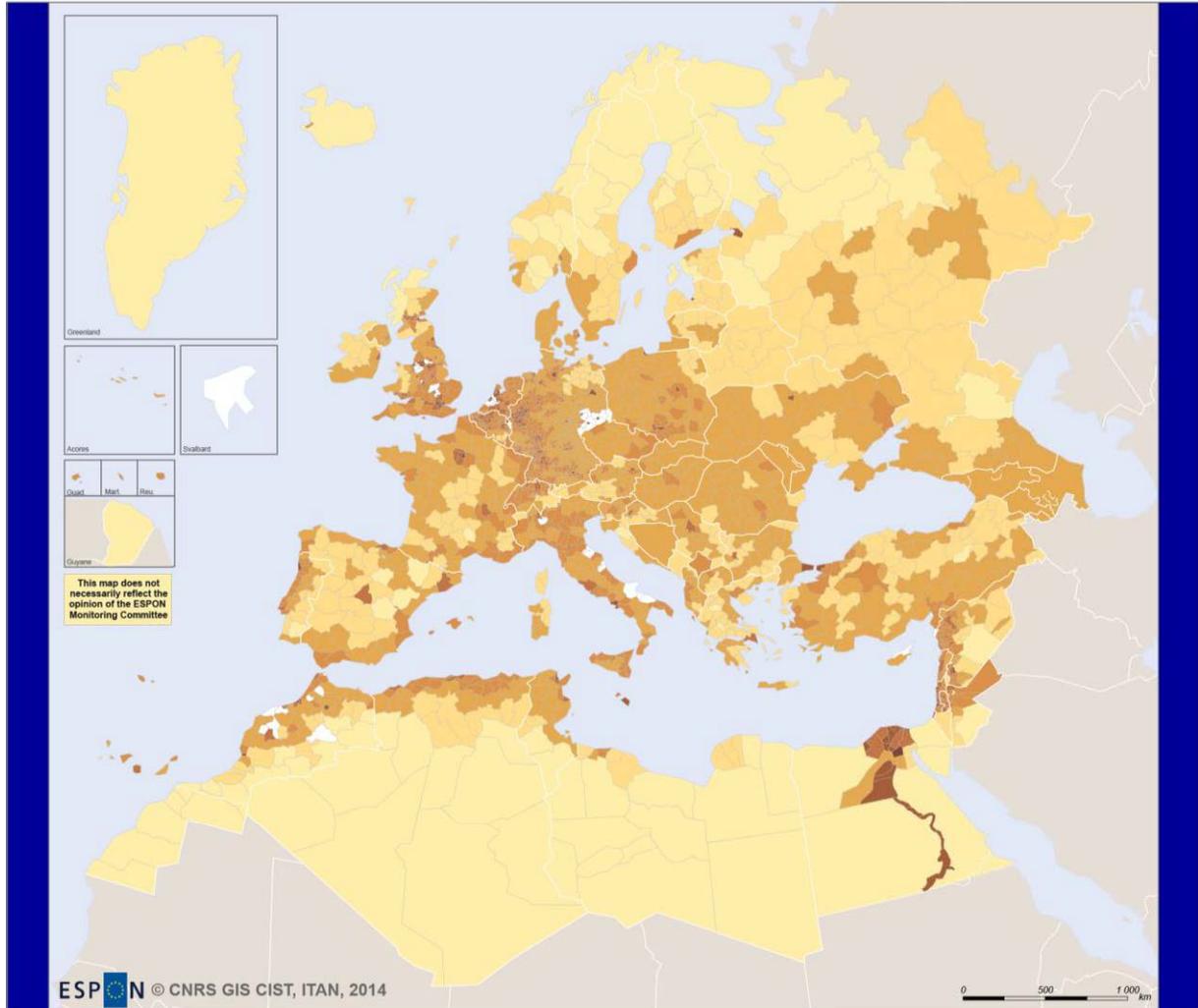


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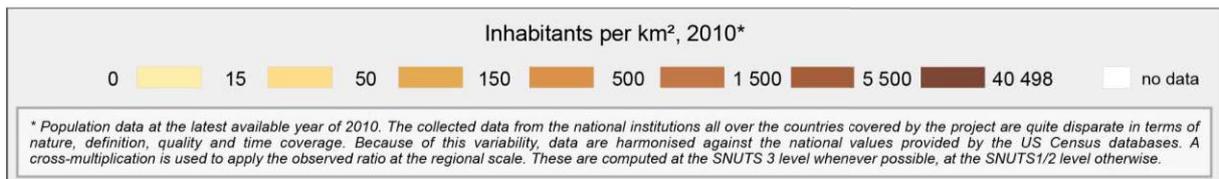
Regional level: NUTS 2 & SNUTS 1- 2-3  
Source: ESPON project (ITAN), CNRS GIS CIST. Data standardised by IGEAT, 2013  
Origin of data: Eurostat, national statistics institutes & US Census, 2013  
© UMS RIATE for administrative boundaries  
For some territories no clear international statement exists



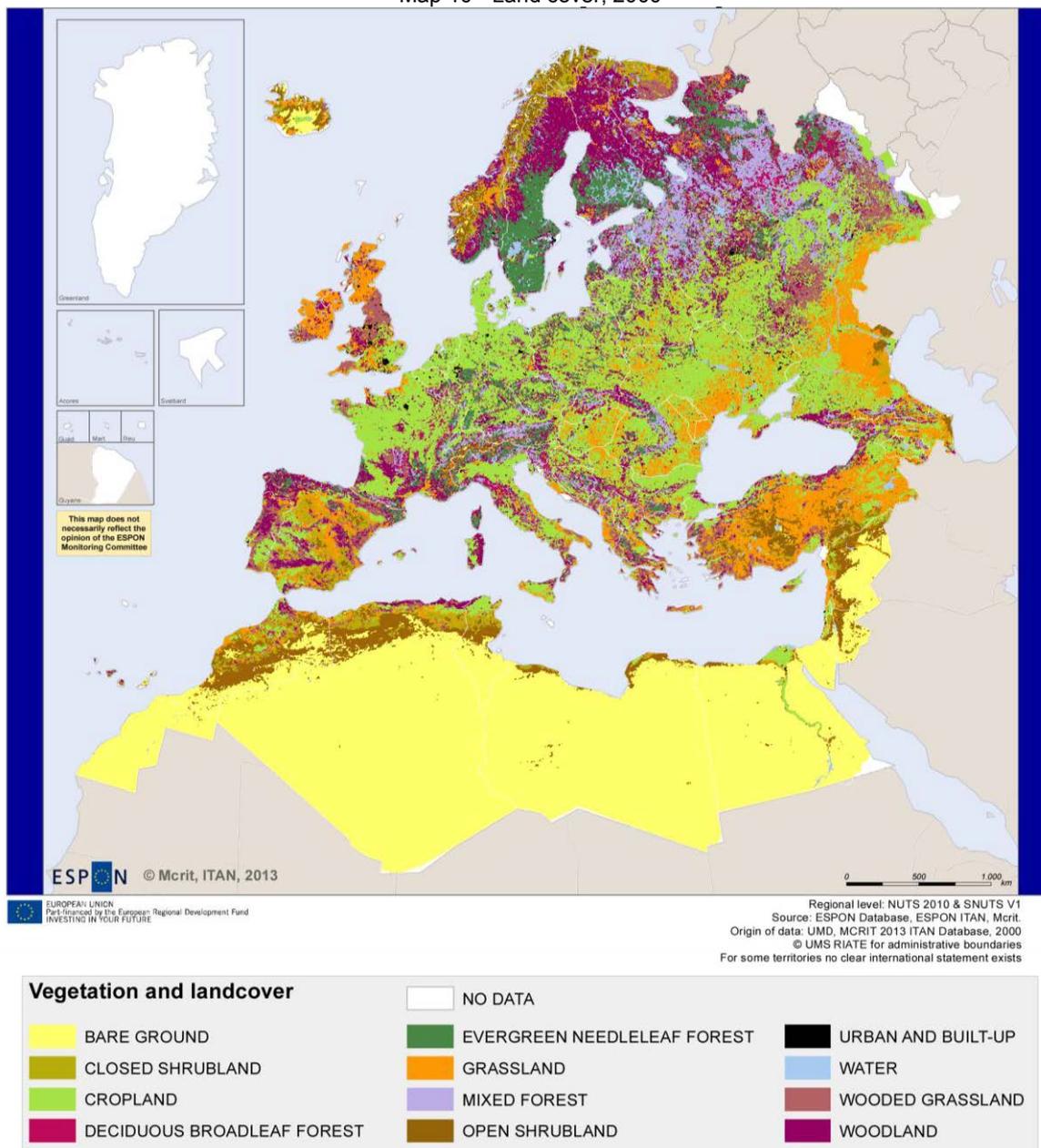
Map 9 - Demographic density in the European region



Regional level: NUTS 2 & SNUTS 1-2-3  
 Source: ESPON project (ITAN), CNRS GIS CIST, Data standardised by IGEAT, 2013  
 Origin of data: Eurostat, national statistics institutes & US Census, 2013  
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Map 10 - Land cover, 2000



## 2.1.2. Place of the ENC's in the flows between Europe and the rest of the world, and related stakes

### 1°) Introduction

In contrast to fears expressed during the nineties, globalisation and regionalisation have been two faces of the same coin [Van Hamme et al. 2012; Poon 1997; Poon et al. 2000; Richard, Zanin 1997]. In the last two decades, internal flows in large coherent economic ensembles such as the EU or NAFTA have developed at very high rates, as well as between them. For example in the EU, the ratio between domestic trade and GDP raises from 27% to 42% from 1986 to 2007, while the openness rate (ratio between external trade of the EU and GDP) increases from 15% to 21%. Overall, the share of internal trade remains dominant around two third of the EU trade but with increasing domestic and external exchanges. Looking to other types of flows (air connections, human mobility, flows of capital, etc.) leads to the same conclusion: regional integration – that is growing flows within large regional areas – and global exchanges develop simultaneously.

We call this process of regional integration through the development of increasing internal flows and networks “regionalisation”. This “regionalisation” should probably be understood as one important aspect – though generally ignored – of globalisation. In particular, it is very important to notice the decisive role of political decisions in both processes: the liberalisation of trade and capital at global level went hand in hand with the creation of integrated regional markets where goods, capital and people can circulate freely. This is so true than liberal economists as well as liberal world institutions such as the World Bank (in their famous 2009 World Development Report on “Spatial disparities and Development Policy”) clearly plead now in favour of regional integration. As the Espon Tiger report states “if the final aim is economic integration at a world scale, notably for so-called “third world” countries, regional integration is now widely perceived as a good way to achieve this objective. This is because regional integration can reinforce economic development by promoting higher agglomeration economies and also because liberalisation is better accepted politically in a limited regional framework. In brief, regional integration is now generally perceived as a positive process because it favours trade and globalisation, and favouring trade is expected to boost territorial economic development” (tiger draft final report, p.11).

We refer to the politically-driven process of regional integration as “regionalism”, as opposed to regionalisation which describes the emergence of large integrated areas in which flows of different nature are intense, that is functional regions. As underlined above, these processes mutually reinforce each other. However, they do not necessarily fit geographically. While politically-driven regional integration has relatively clear boundaries, corresponding to free trade areas, the functionally integrated regional areas have in general more fuzzy limits.

In the case of Europe, there is no doubt that the limits of the functional region goes beyond the limits of the politically-driven integrated area. Moreover, the functional region has fuzzy limits, with the level of integration decreasing with the distance to Europe, all other things equal, but also depending on the types of flows and exchanges we look at. Briefly said, we can consider the Neighbourhood as this part of functional Europe which does not make part of the EU process of integration, including the quasi members of the EU such as Norway or Switzerland. In concrete terms, it includes most of former USSR, Northern Africa, Former Yugoslavian republics, Turkey and the near east which all have intense and deep exchange with the EU/European territories.

Undoubtedly, there has been an increasing consciousness of the importance of Neighbourhood by EU institutions leading to the implementation of an official Neighbourhood policy (ENC).

In this chapter, we describe in depth this process of integration between the EU/European territory and its Neighbourhoods by answering three core questions:

1. starting from the EU perspective, we first assess the importance of Neighbourhoods for the EU, in comparison to other world regions;
2. taking the reverse perspective, we assess whether the EU and close associates (Switzerland, Norway, Iceland etc.) is important for neighbouring countries and, moreover, how this importance has evolved across time;
3. Finally, changing the scale of analysis to the country level, we assess the geographical diversity of relations between European and neighbouring countries, showing that neighbouring countries have privileged relations with specific European countries rather than with the European space as a whole.

In the rest of the chapter, we explore successively these three major issues of the EU/Neighbourhood(s) relationships.

## 2°) Data on flows

The present study on flows is based on the use of detailed data from different sources, as indicated in the table 17 below. So far, not all the databases foreseen in the inception report have been used for some are incomplete (tourism - especially in South Mediterranean countries- , or migratory flows), or redundantly based on others (like the remittances data that is actually inferred from the migration stocks). Nevertheless, further work will be done to try to update the available databases with other

sources. All the databases have been harmonised as to have the same country codification everywhere.

All the databases listed below have a basic structure of the type: “origin \* destination \* time \* value”, and have been harmonised as to have the same country codification everywhere. In addition, information about the membership to the EU, a dummy for EU neighbouring countries as well as world regions according to the WUTS <sup>7</sup> classification has been added in each data file.

The following main treatments have been achieved for the different types of flows:

- 7) The database on the **trade of goods** is based on the IMF data. It has been standardised with Chelem DB because the latter, although covering less countries, fluctuates less through the years. Chelem data were also used to estimate missing data, especially trade between old communist countries before 1990;
- 8) The CHELEM DB is a very detailed DB providing values for 147 categories of goods. We have used it for the different **energy** products (Coals, Coke, Crude oil, Refined petroleum products, Natural gas and electricity). All the countries of the study are present in the DB but not all of them are energy sellers of course.
- 9) World Bank provides on **migratory stocks** for all countries between 1960 and 2010 on a decennial base.
- 10) **Foreign Direct Investments** data comes from UNCTAD. Data have been completed by national sources for several countries missing in the database. When this is the case, we always keep the total FDI from the UNCTAD database. Because FDI have important variations from one year to another, our data are averages for 5- or 3-years period of time;
- 11) **Development Aid** is a combination of different transfer accounting (loan cancellation, direct aid,...), and we have used the Net Aid transfer (NAT) which is a net result. Because of this, some annual values of NAT are negative and we simply set them to zero.
- 12) OAG DB provides all the **Air traffic connection** (offer) between the airports planned in January for the year. Air traffic is very sensitive to the demand and hence we can consider the offer as a significant indicator of real flows. We have summed all the seats offered on any airport connection at the country level.

Table 17 - Data sources used in the flow study

<i>Flow</i>	<i>Provider</i>	<i>Time covering</i>	<i>Geographical covering</i>	<i>Note</i>
Goods trade	MFI	Yearly, 1967 - 2011	Country level, 213 x 218	standardised with Chelem
Energy trade	Chelem (Cepii)	Yearly, 1967 - 2010	Country level, 100 x 100	6 types of energy
Migration stocks	WorldBank	1960, 1970, 1980, 1990, 2000, 2010	Country level, 238 x 237	Stocks instead of flows, for better geographical covering
FDI	Unctad + lgeat	Periodically, 1998 - 2008	Country level, 230 x 121	Only 2 periods : 1998/2002 and 2006/2008
Development aid	OECD + CGD	Yearly, 1960 - 2010	Country level, 165 x 44	Net Aid Transfer
Air traffic	OAG	Yearly, 1991 - 2012	Airport level, countries : 234 x 234	Based on seats number in January

<sup>7</sup> WUTS is a nomenclature for grouping the countries in a hierarchic structure. On one end WUTS-0 stands for the world and on the other end WUTS-5's stand for the countries, intermediate levels represent regional ensembles.

### 3°) The (relative) importance of Neighbourhood(s) for Europe

As demonstrated in other studies, Europe's influence around the world has dramatically declined over the years [Van Hamme et al. Tiger 2012]. As a result, European influence is more and more limited to its immediate neighbourhood.

However, it does not mean that the Neighbourhood(s) are the most important partners for the EU. In this section, we assess the importance of Neighbourhood(s) in global EU relations: economic flows, human and migratory flows, energy supply, security.

From the economic point view, we first assess the growth potential for the EU in the next decade (2010-20) on the base of a simple model.

In a first step, we extend the average growth rate of the years 2000-2010 to the next, both in current US \$ and PPS<sup>8</sup>. As a result, we have the share of each part of the world in the global economic growth (Columns 1 and 3 of table 18). Not surprisingly, the EU, Northern America and China account for most of the growth. Despite the limited growth in the last decade for the EU and the US, its growth potential remains important at global level because of its weight in the global economy. However, there is a deep contrast between the potential market growth in current \$ and in PPS for the EU, notably due to the strength of the Euro. In contrast the low cost of the Yuan results in much higher figures in PPS than in current \$ in the case of China.

In a second step, we assess what it means for the EU, considering the current geography of its trade. The basic idea is that EU will benefit more from growth in areas where the EU currently has more market shares. The result is given in columns 2 and 4 respectively in current \$ and PPS. The main point is that by far, the EU is the major source of potential growth for itself in the next decade. Following the internal market growth, we have three major market growth potentials: the US, around 11% of the growth potential of the EU, China, with 9% in current \$ and 19% in PPS, and finally, the Neighbourhoods, with very similar shares to the US. However, more than half of this potential growth is toward the East (Russia, plus Belarus, the Ukraine, and Moldavia), Turkey also plays a significant role, while the other Neighbourhoods remain marginal for the EU growth potential, because of their marginal economic weight as well as their limited economic growth. Hence, two important conclusions can be drawn:

- on the one hand, considering the high market share of the EU, the Neighbourhoods represent a significant share of the potential market growth for the EU;
- on the other hand, this potential is spread geographically and politically.

In table 19, we show the importance of the different parts of the world in different kinds of flows. In Table 20, we focus on the evolution of the importance of the EU and the different Neighbourhoods in the EU relations to the world.

In trade and FDI, the importance of Neighbourhood(s) is limited. The reason is that most trade and FDI are internal in Europe, resulting in intense transnational trade and investments within Europe. When these internal flows are excluded, the Neighbourhood(s) appear as the main trade partner of the EU, though remain very marginal in investment flows. Indeed, 7,5% of EU trade takes place with the Neighbourhoods, while the US only accounts for 6,2 and China for 2,2 of the European trade. On the long run, from 1968 to 2011, the importance of Neighbourhood(s) has been remarkably stable (table 21). We must note that half of the trade toward the Neighbourhood is with Russia and other European former Soviet Republics, while the rest is quite dispersed among the different Neighbourhoods.

Human flows can be tackled in two different perspectives: airflows, which mainly take into account short-term mobility for medium and long distances, and migrations toward Europe. Short-term mobility is mainly intra-European, since 80% of all movements are within European countries. Flows with Neighbourhoods, equally toward Turkey, former Soviet republics and Maghreb, account for more than 7% of the flows, more than any other part of the world. It indicates a distance effect, related to touristic,

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<sup>8</sup> Purchasing Power Standard

migratory and other types of flows. Regarding migrations, Neighbourhoods account for 30% of the stocks of migrants in Europe, while European themselves only account for about 38%. Hence, Europe and its Neighbourhoods account for most of the migrants which are present in Europe.

Finally, Neighbourhoods also play a major role for energy supply in Europe. Europe provides 42% of its energy while Neighbourhoods provide 32,5%, two thirds from Russia and the rest from Maghreb, mostly Algeria and Libya. Oil and gas producers of the Middle East play a limited role in comparison, with 9% of energy supply of Europe.

If we look to the evolutions, we see no clear trend: neighbours remain small partners for the EU, despite a general increase in air flows, and a significant increase of the importance of the Eastern neighbours in trade, mainly related to the importance of Russia as a energy supplier.

What results from the figures is that Neighbourhoods play an important role in two domains: migrations and energy supply. The analysis from the Tiger project clearly highlights that Neighbourhood policies tend to focus on these aspects as well as in security matters [Richard 2012]. In contrast, Neighbourhoods are not considered as strategic economic partners, as well as in many other domains, such as scientific cooperation.

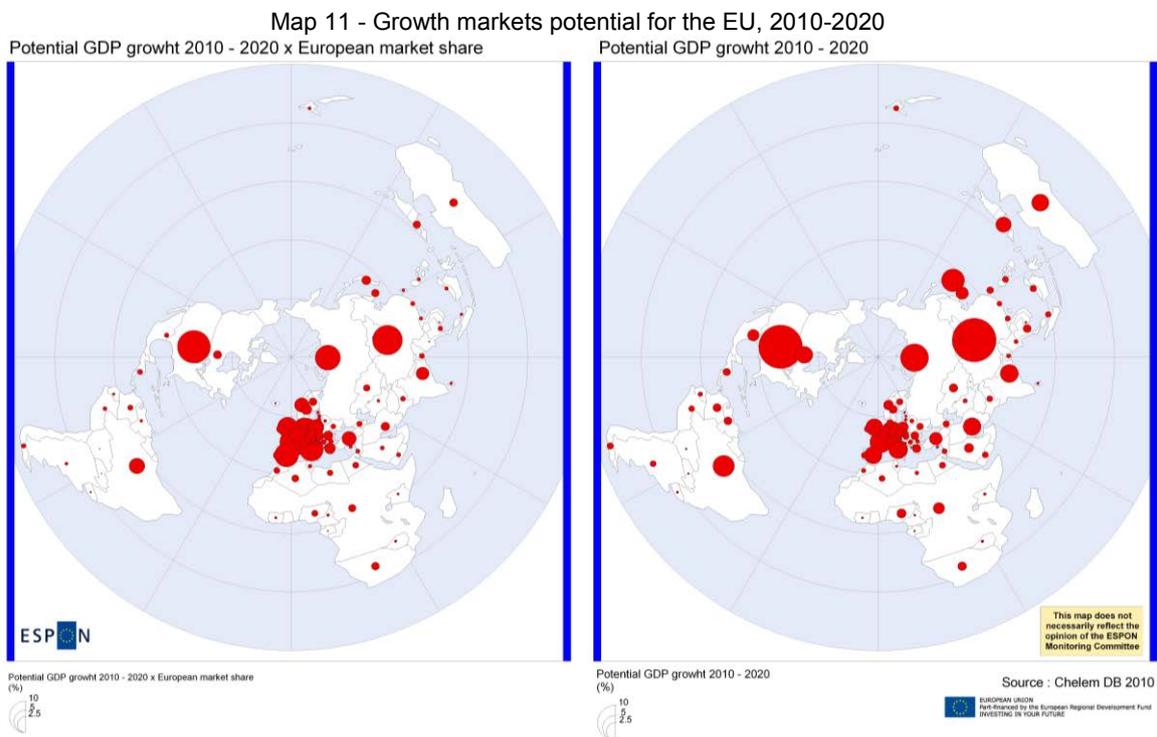


Table 18 - Share of the world main economic powers in the growth market potential for 2010-2020

	<i>Absolute growth potential 2010-20, current \$</i>	<i>growth potential for the EU, in current \$</i>	<i>Absolute growth potential 2010-20, PPS</i>	<i>growth potential for the EU, PPS</i>
EU27 +	25,4	54,3	16,3	37,8
Western Balkans	0,4	0,6	0,3	0,6
Turkey	1,4	2,1	1,3	2,1
Near East (2)	0,9	0,8	1,3	1,3
Eastern neighbours (1)	6,9	6,7	3,8	6,3
Maghreb	0,4	0,9	0,5	1,2
Neighbourhoods	9,9	11,1	7,2	11,5
North America	18,0	11,5	16,3	11,1
India	2,7	1,7	7,4	5,2
Japan	4,3	0,8	4,1	1,9
China	15,7	8,9	23,9	19,3
rest of the world	23,7	11,3	24,8	13,2

(1) Russia, Belarus, Ukraine, Moldavia

(2) Egypt included

Table 19 - Share of Neighbourhoods and other parts of the world in EU relations and flows

	<i>Trade of goods : exports plus imports (2011)</i>	<i>FDI in and out (2006-08)</i>	<i>Cooperation (2010)</i>	<i>Air flows (2012)</i>	<i>(Im)migrations (2010)</i>	<i>Energy supply</i>
EU27 + (1)	70,0	71,8	0,0	80,4	37,9	42,4
Western Balkans	0,5	0,2	3,5	0,7	6,1	0,3
Turkey	1,3	0,7	1,7	1,7	7,9	0,1
Near East (3)	0,4	0,0	3,3	0,8	1,2	0,7
Israel	0,4	0,0	0,0	0,4	0,1	0,0
Eastern neighbours (2)	3,8	2,2	1,8	1,9	5,7	21,1
Maghreb	1,1	0,2	4,6	1,5	8,7	10,3
Neighbourhoods	7,5	3,4	14,8	7,1	29,8	32,5
North America	6,2	17,8	1,0	4,2	1,9	2,5
Latin America	1,9	1,7	13,4	1,4	8,6	1,6
Southern Asia	1,2	0,4	14,8	0,7	5,6	0,6
Japan, Korea, Taiwan	2,2	1,1	0,0	0,5	0,6	0,8
China	5,1	0,8	3,7	0,7	1,9	0,1
Rest of Asia and Oceania	2,8	1,9	6,8	1,1	3,8	3,4
Subsaharan Africa	1,6	0,8	44,0	1,3	7,7	5,5
Middle-East	1,7	0,5	1,5	2,0	1,7	8,6
rest of the world				0,4	0,3	1,8
Total	100	100	100	100	100	100

(1) includes Switzerland, Norway, Iceland, Liechtenstein, Andorra

(2) Russia, Belarus, the Ukraine, Moldavia

(3) Egypt included

Table 20 - Share of the EU, Neighbourhoods and the rest of the world in different flows, around 1995-2000 and 2010

		EU (1)	Eastern Neighbours (2)	Western Balkans	Maghreb	Near East (3)	Rest of the world
Air flows	1999	84,4	1,0	0,4	0,7	1,7	11,7
	2012	80,5	1,9	0,7	1,5	3,0	12,5
Trade (Total)	1996	71,5	2,1	0,4	1,0	1,8	28,4
	2011	70,0	3,6	0,5	1,1	2,1	22,7
Migration (origin of the migrants in the EU)	2000	40,5	8,2	9,9	7,4	8,2	25,8
	2010	38,0	5,5	6,1	8,7	9,3	32,5
Energy (origin of the energy)	1995	23,0	4,5	0,1	5,8	0,8	65,7
	2009	20,5	9,5	0,1	5,1	0,5	64,3
FDI (investments from the EU)	2000	59,6	0,4	0,1	0,3	0,3	39,4
	2007	78,4	0,2	0,0	0,0	0,1	21,2

(1) includes Switzerland, Norway, Iceland, Liechtenstein, Andorra

(2) Russia, Belarus, the Ukraine, Moldavia

(3) Egypt, Turkey and Israel included

Table 21 - Share of Neighbourhoods and other parts of the world in European trade flows, 1968-2011

	1968	1986	1996	2006	2007	2008	2009	2010	2011
EU27 +	60.3	69.0	71.5	71.5	71.7	70.6	71.1	70.4	70.0
Western Balkans	1,0	0,8	0,4	0,4	0,4	0,5	0,5	0,5	0,5
Turkey	0,4	0,5	0,9	1,2	1,2	1,2	1,2	1,3	1,3
Near East	0,7	0,7	0,5	0,4	0,4	0,4	0,5	0,4	0,4
Israel	0,6	0,4	0,5	0,3	0,3	0,3	0,3	0,3	0,4
Eastern neighbours	3,3	3,2	2,1	3,6	3,7	4,4	3,0	3,5	3,8
Maghreb	2,3	1,6	1,0	1,2	1,2	1,5	1,3	1,3	1,1
Neighbourhoods	8,2	7,2	5,5	7,1	7,2	8,3	6,9	7,4	7,5
North America	12,3	9,6	8,1	7,3	6,9	6,5	6,7	6,3	6,2
Latin America	4,2	2,0	1,9	1,6	1,6	1,7	1,7	1,7	1,9
Southern Asia	1,2	0,8	0,8	0,8	0,9	0,9	1,0	1,1	1,2
Japan, Korea, Taiwan	1,4	3,5	3,7	2,5	2,4	2,3	2,3	2,3	2,2
China	1,0	1,5	2,3	3,7	3,9	4,1	4,6	5,1	5,1
Rest of Asia and Oceania	3,1	1,9	3,4	2,5	2,5	2,6	2,7	2,7	2,8
Subsaharan Africa	5,1	2,0	1,3	1,4	1,3	1,4	1,4	1,5	1,6
Middle-East	3,1	2,4	1,4	1,6	1,6	1,7	1,6	1,6	1,7
Total	100	100	100	100	100	100	100	100	100

#### 4°) The Neighbourhoods in globalisation

We now take the reverse perspective by interrogating the importance of Europe in the whole set of relations and flows of neighbouring countries.

##### *The unequal importance of Europe in neighbouring countries*

Table 22 shows the evolution of the importance of the EU, of the Neighbourhoods and the rest of the world for the different Neighbourhoods. Most figures illustrate the declining importance of the EU in neighbours' flows, although this declining importance depends on the nature of the flows as well as the part of the Neighbourhood we take into consideration. For example, the share of the EU in the neighbours' trade is declining for all neighbour regions but the Eastern Neighbourhood, which has become a key partner in energy. In air flows by contrast, we observe the increasing importance of the EU for both Maghreb and Western Balkans and the opposite trend for the Near East and Eastern neighbours.

If we now turn to the relations of the neighbour regions with themselves, we find very poor integration, with the notable exception of the Eastern Neighbourhood, which has a moderate and declining

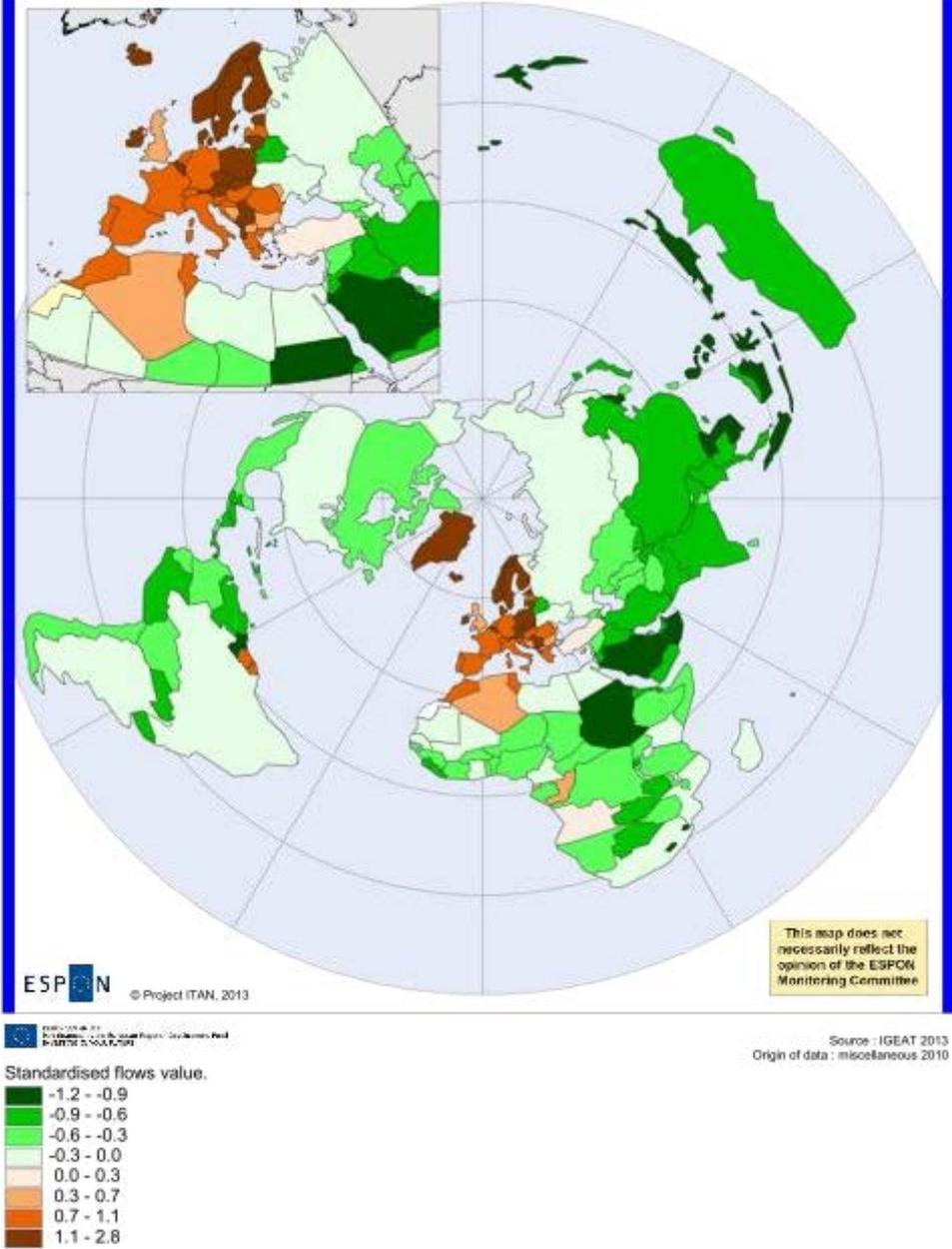
economic integration but intense human and related air flows. In the Maghreb, the integration is poor and stagnant. Similar pattern is found in the Near East although we observe here an important increase in human flows.

Table 22 - The importance of the EU, of the Neighbourhoods and the rest of the world for the different Neighbourhoods, around 1995-2000 and 2010 (in %)

		EU		Eastern neighbours		Western Balkans		Maghreb		Near East		Rest of the world	
		1995-2000	2010	1995-2000	2010	1995-2000	2010	1995-2000	2010	1995-2000	2010	1995-2000	2010
Air flows (1999 and 2012)	Eastern neighbours	23,5	18,3	57,6	61,8	0,9	0,2	0,1	0,1	3,7	4,6	14,2	15,1
	Western Balkans	46,9	69,7	4,1	2,5	43,5	19,2	0,6	0,2	4,2	7,7	0,7	0,6
	Maghreb	42,8	58,6	0,3	0,3	0,3	0,1	47,4	25,5	2,5	6,7	6,8	8,8
	Near East	28,3	24,9	2,5	3,9	0,6	0,6	0,7	1,4	50,1	46,7	17,8	22,4
Trade (1996, 2011)	Eastern neighbours	45,8	50,4	23,6	15,5	0,2	0,5	0,4	0,5	3,4	4,4	26,6	28,8
	Western Balkans	80,4	69,0	2,2	4,8	7,5	14,0	1,4	0,3	1,6	2,7	6,9	9,1
	Maghreb	69,2	57,4	1,3	1,9	0,5	0,1	3,7	3,8	3,7	4,7	21,7	32,2
	Near East	49,8	40,6	4,3	6,2	0,2	0,4	1,5	1,7	4,1	5,3	40,2	45,8
Migration (destination of the migrants) (2000, 2010)	Eastern neighbours	15,7	13,7	54,9	56,9	0,1	0,0	0,0	0,0	3,3	5,7	25,9	23,7
	Western Balkans	72,1	69,9	0,1	0,0	11,2	15,5	0,0	0,0	3,6	1,0	13,1	13,6
	Maghreb	77,5	84,7	0,1	0,0	0,2	0,0	4,5	2,1	7,6	7,4	10,1	5,8
	Near East	37,2	41,1	0,0	0,1	0,0	0,1	4,3	3,9	3,7	11,8	54,7	43,0
Energy (destination of energy exports) (1995, 2009)	Eastern neighbours	18,4	25,7	1,7	2,7	1,2	1,7	0,0	0,0	0,2	0,4	78,6	69,5
	Western Balkans	25,3	29,8	0,3	1,5	17,3	2,9	0,0	1,1	1,7	3,2	55,3	61,5
	Maghreb	39,9	33,1	0,1	2,3	0,7	0,3	0,0	0,0	0,5	0,0	58,7	64,2
	Near East	33,6	18,2	4,2	1,5	1,7	3,0	0,3	0,6	0,1	0,1	60,2	76,6
FDI (origins of the investments) (1998-2002, 2006-2008)	Eastern neighbours	56,4	76,3	1,3	1,3	0,0	0,0	0,0	0,0	0,3	0,5	42,0	21,9
	Western Balkans	92,9	98,2	0,9	1,2	1,4	0,6	0,0	0,0	0,1	0,0	4,6	0,0
	Maghreb	73,6	71,6	0,1	0,0	0,0	0,0	1,0	1,0	4,1	1,9	21,1	25,5
	Near East	76,1	77,0	0,0	0,4	0,0	0,0	0,0	0,2	0,0	1,1	23,9	21,3

Map 12 synthesise the importance of Europe for neighbouring countries taking into account migratory stocks, trade, foreign direct investments and airflows. It shows the dominance of Europe in most of these countries' external flows.

Map 12 - The importance of EU and close associates for other countries, around 2010



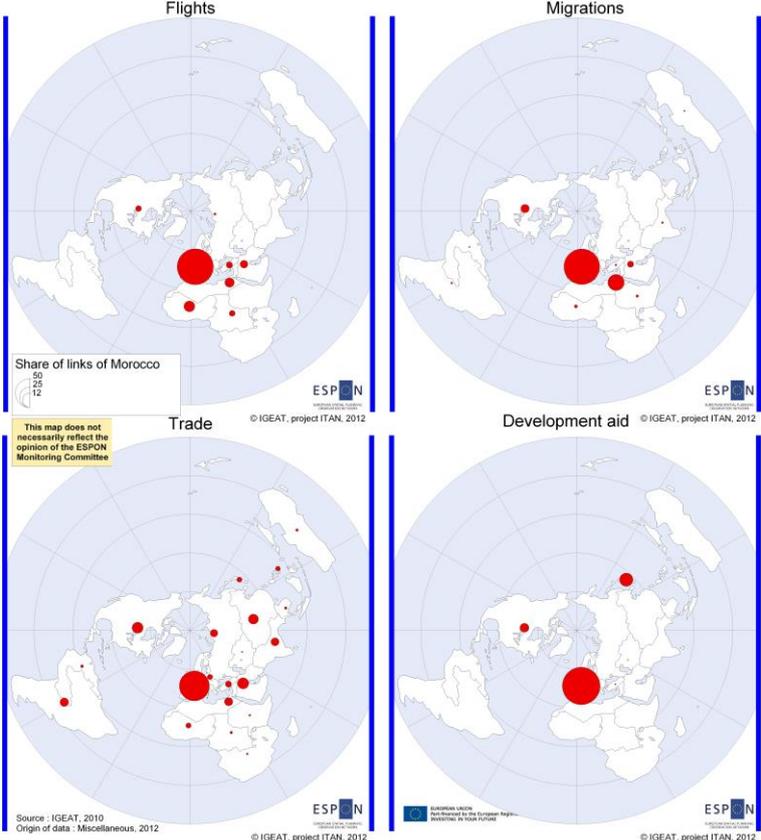
Note: This map is based on the importance of the EU and close associates all over the world, based on migratory stocks, cooperation, FDI, trade and air flows. For each country, we calculate the standardised share of the EU and associates in all countries' flows; the final value is the average of standardised value on the 5 types of flows. Positive value means that the country in general has more intense links to Europe than average. Standardised value takes into account average and standard deviations in the relations to Europe.

However, it also illustrates the unequal importance of Europe in the different Neighbourhoods.

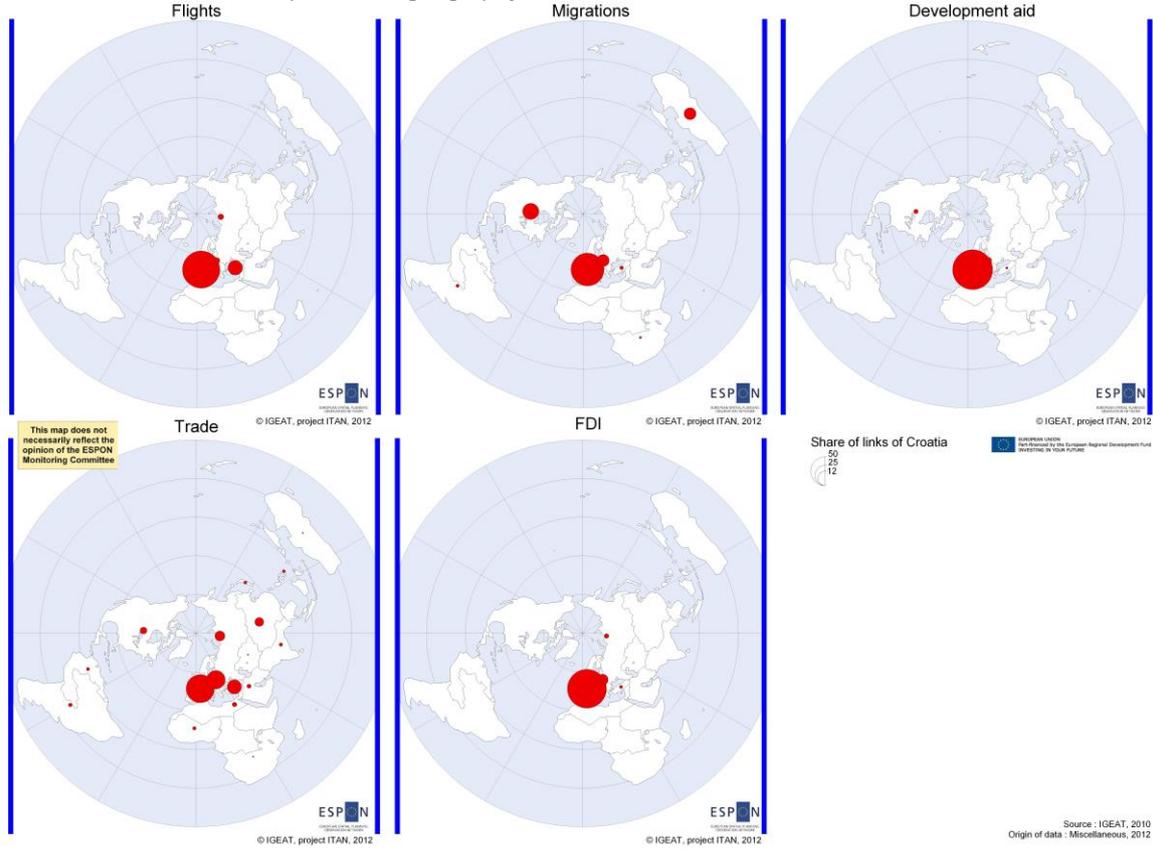
First, in the Western Balkans and in Maghreb, Europe is by far the main, if not hegemonic partner. We illustrate this by the geography of relations of Morocco (map 13). In all types of flows, (Western) Europe is the first partner; only, in migratory stocks, we observe another important destination, mainly

the close countries. This illustrates that not only, Europe is the main partner of Morocco, but also that Morocco does not have another important partner and that, except for migrations, relations with other Maghreb countries are very weak. The situation is similar for Tunisia, and, to a lesser extent Libya and Algeria. In the latter case, the lower importance of Europe is the result of a political choice to sell oil resources not only to Europe but also to the US. The dominance is similar for Croatia, though in a completely different political context, because of the likely adhesion to the EU (map 14). However, in contrast to the Maghreb, Croatia keeps important relations with the neighbouring Balkan, notably through trade and flight connections.

Map 13 - The geography of global relations of Morocco, around 2010

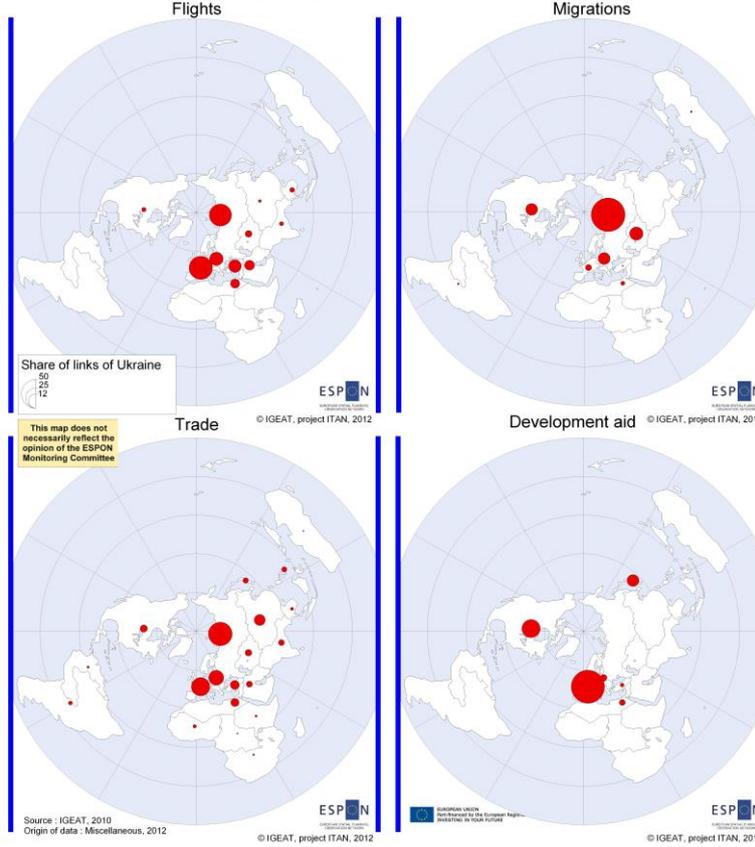


Map 14 - The geography of relations of Croatia, around 2010

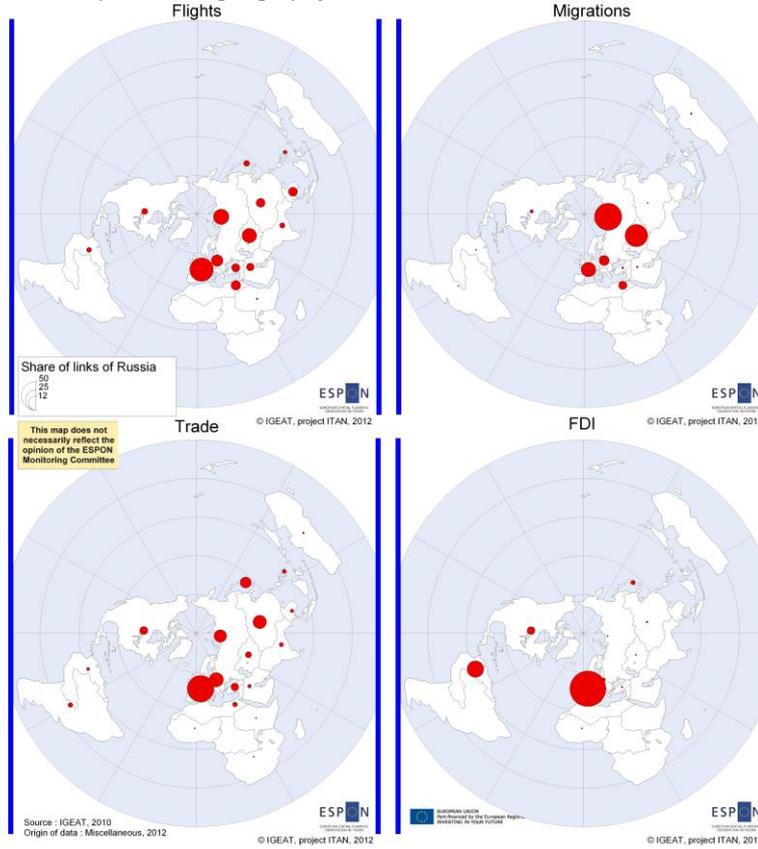


In contrast to the previous areas, the situation is a bit different in former USSR, where the persistence of flows between former USSR republics explains the lower importance of Europe. Map 15 illustrates this situation for the Ukraine for which relations are balanced between Western and Central-Eastern Europe, on the one hand, and Russia, on the other. The case of Russia itself is a bit different because its partners from former USSR has much lower weight than Russia itself, making the polarisation toward Western Europe more intense, except for migratory stocks because of the presence of Russian in all former USSR republics (map 16).

Map 15 - The geography of relations of Ukraine, around 2010



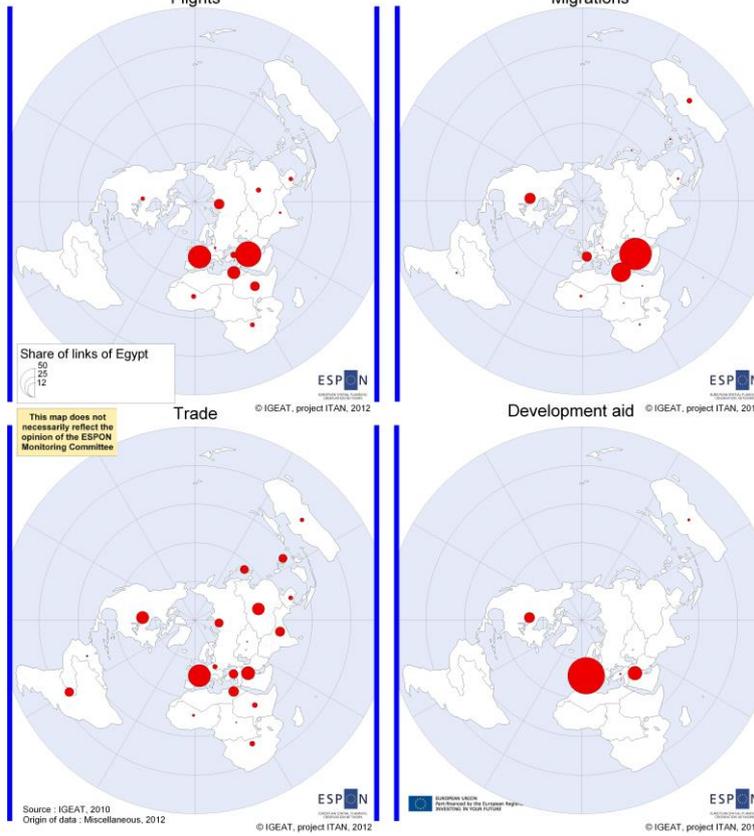
Map 16 - The geography of relations of Russia, around 2010



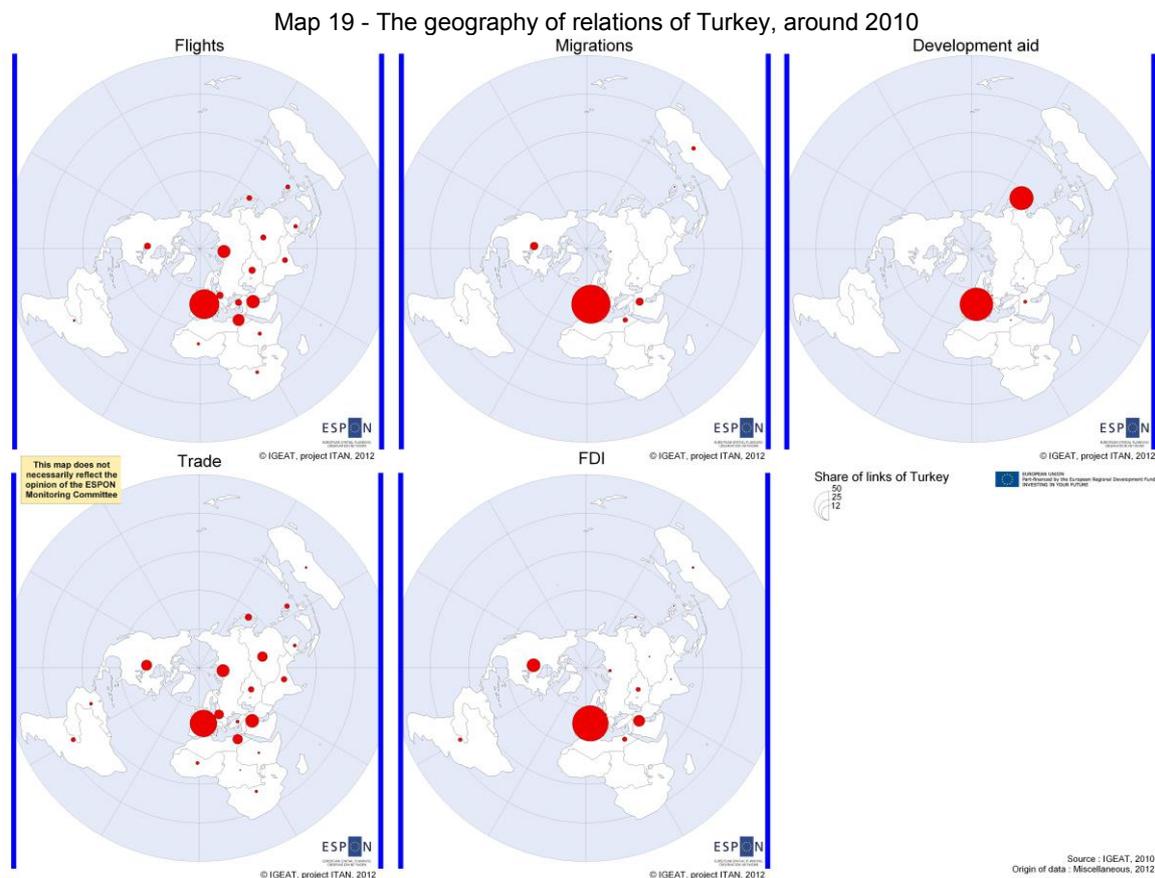
In the near east, as we will develop below, the low share of Europe in global flows is the result of the European decline versus the increasing importance of the oil powers of the Gulf in this region. The Jordan case illustrates this importance of Gulf countries (map 17). However, the EU remains an important partner for trade and as the second donator in development aid, behind the US. The case of Egypt is more complex, since economic flows are still dominated by Europe (map 18). However, in terms of flight connections and migrations, the relations with the Middle East have become central.



Map 18 - The geography of relations of Egypt, around 2010



The Israeli position is somewhat different because of close links with the US. Finally, Turkey is strongly polarised toward Europe though, as we will develop, a bit less than before (map 19).

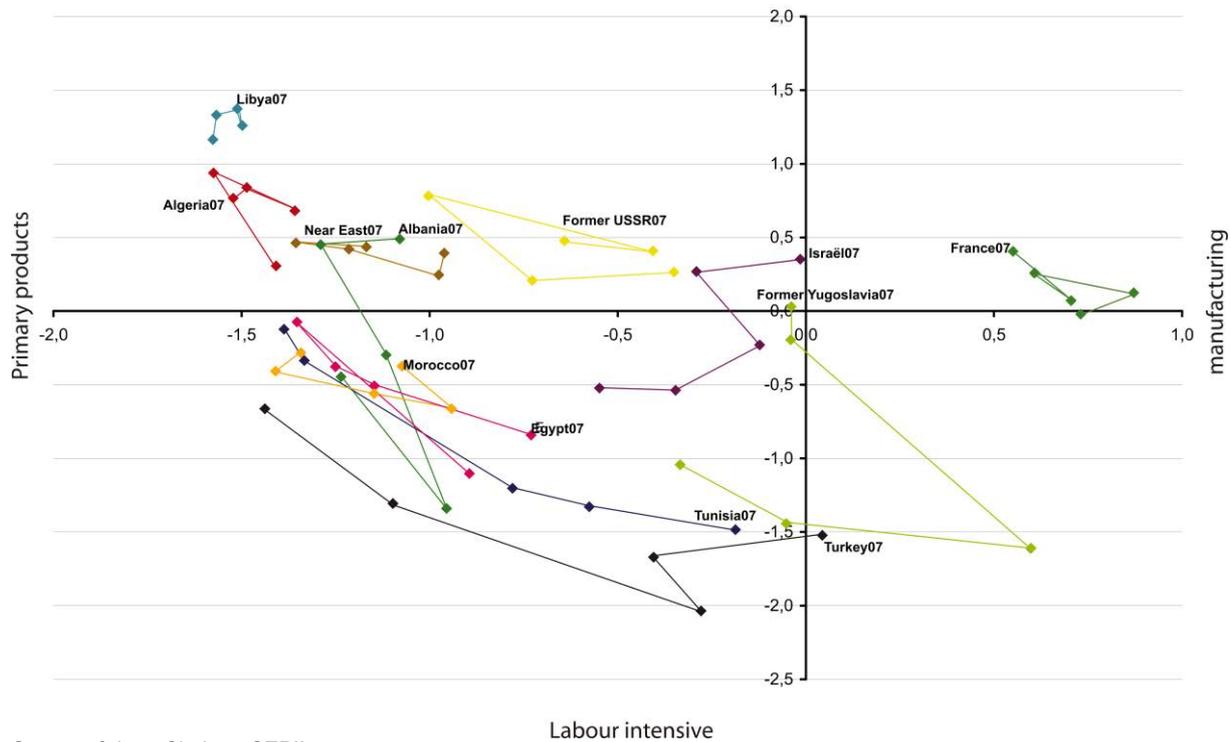


### *The changing patterns of trade in EU neighbouring countries*

Most EU neighbours can be considered as semi-peripheral or peripheral countries [Van Hamme, Pion 2012]. It reflects the dependence to Europe in qualitative and quantitative terms. On the one hand, Europe is more important to its neighbours than the neighbours are for Europe. On the other hand, the exchanges are unequal in their nature: the EU buys primary or low added value manufactured products while selling products with medium and high technological content. Moreover, qualified labour force is attracted to Western Europe while tourist flows take the reverse direction [Grasland, Van Hamme 2011; Van Hamme et al. Tiger project 2012].

Figure 14 describes the evolution of EU neighbouring countries in the international division of labour [for methodological precisions, see Grasland, Van Hamme [2011]. This graph allows roughly distinguishing between three positions: on the top right quarter, countries standing high in the division of labour with positive balances in technological manufacturing goods; on the left, countries mainly selling primary goods; on the bottom, countries mainly specialized in labour intensive manufacturing goods. Among neighbour countries, Libya and Algeria keep their exclusive specialisation in primary goods, mainly oil and gas. The same is true for former USSR – dominated by Russian trade -, though the position nearer to the centre indicates a higher share of manufacturing goods in their trade than in the Libyan case for instance. In contrast, some countries move from a pure peripheral position, mainly selling primary goods, toward specialisation in low added value manufacturing goods: Turkey and Tunisia are the best examples, Egypt being less clearly engaged in this path while Morocco is still highly specialized in mining and agricultural products.

Figure 14 - The position of the neighbours of the EU in the international division of labour, 1967-2007  
capital intensive



Source of data: Chelem, CEPII

Source: IGEAT for Eurobroadmap project, revised for ITAN.

Notes: the position of countries is related to the products they export through a Principal Component Analysis based on the share of each product in the trade of each country from 1967 to 2007.

Graphs in annex 6 show for all neighbour countries the evolution of the geography of trade since 1967. Trends are not similar across EU neighbour countries. By no doubt, the EU remains the first partner for nearly all its neighbours, and by far. The only exceptions are countries of the Near East (Jordan and Syria) as well as Russian neighbours (Belarus, The Ukraine and Georgia). In most countries, the importance of Europe has been declining in the last two decades, with the exceptions of former USSR republics. Concerning the former Soviet republics, we must point the contrast between Russia, whose trade is mainly oriented toward Europe, and the other republics mainly oriented toward Russia. It illustrates the strong regional position of Russia, still polarising flows from its direct neighbours, though the share of European partner has been growing to the detriment of Russia in most countries (Belarus, the Ukraine etc.). However, in all cases, this decline is weak and has not hindered the hegemonic trade position of the European partner. Only in the near east has this hegemonic position really been challenged, with the sharp decrease of the share of the trade with Western Europe to the benefit of oil powers of the Gulf. In Israel also, the decline is rapid, to the benefit of the US partner. A significant decline is also visible for Algeria as a consequence of a state policy aiming at balancing the European hegemony by exporting significant share of oil resources to the US, for geo-economic and geo-political motives. However, this geographical rebalancing toward the US has not been observed for imports, indicating the strong embeddedness of Algeria in the European economy.

The positions in the International Division of Labour of EU neighbours hide in most cases their intermediate – semi-peripheral – position visible when considering both the geography and the product specialisation of their trade. Let us take some examples of this.

Tunisia and Turkey are typical examples. When disaggregating its trade by world region, we clearly observe two contrasting types of trade: with Western Europe, by far their main partner, both countries show negative balance in all sophisticated products (chemical, mechanical industry etc.) and positive balance in agro-food and textile goods; with more peripheral countries (north African neighbours of

Tunisia or Gulf countries for Turkey), the situation is different, both countries showing positive balances in all types of products but primary goods. A similar pattern is observed for the Ukraine, buying sophisticated goods to Western and central-Eastern Europe, while having positive balance in these goods with Russia, their first trade partner. More peripheral positions are also observed as in the case of Morocco: the country has positive trade balance in textile and primary goods and negative balances in other types of products, whatever the region Morocco is trading with. Russian position is more complex, showing positive balances with all partners in primary goods, but also in heavy industry, and negative balances in sophisticated goods.

*The changing geographical pattern of migratory relations, flight connections, maritime connections and energy exports in neighbouring countries*

Graphs in annex 6 well illustrate the diversity of migratory geographies in the different parts of the Neighbourhood, which is only partly polarised toward Europe. The dominance of the European destination for migrations concerns most “inner” neighbour countries from the north and the Balkans. It also concerns Turkey and the Maghreb since the sixties, when massive migrations toward North West Europe initiates.

The pattern is different in the former USSR Republics which clearly form an integrated region with massive cross migratory movements. In the near east, situations differ from one country to another: Israeli and Lebanese have strong diaspora spread nearly all over the world for the latter, more specifically in Western developed countries for the former. Egypt is a major source of foreigner labour for Gulf countries for the last three decades; the same is true for Jordan, though the migratory stocks have dramatically increased in the US during the last decade. For Syria, we observe in the last decade a dramatic decline of the share of Gulf countries in emigrants in favour of nearby destinations.

In maritime connections, there is a relative stability in the distribution of Europe-related (ESPON-related) maritime flows across neighbouring regions during recent years. The spatial pattern resembles in many ways other ones on migrations for instance. In the case of container flows by global vessel movements in 1996 and 2006, North Africa (as a whole) and the Black Sea/Russian Baltic areas realized rather moderate volumes in absolute terms but the share of Europe in their total traffic is the highest compared with other world regions, followed by Western Africa and Southern America (cf. WUTS regions). It has, however, reduced from over 50% to between 30-50% between 1996 and 2006 thereby suggesting important shifts mainly caused by the import of manufactured goods from Asian countries rather than from Europe itself, which is a general tendency of many world regions. A similar pattern was obtained when considering all commodity flows (containers, bulks, vehicles, general cargo) for the year 2004: more than 50% of North Africa and the Black Sea/Russian Baltic areas' traffics was with European countries, but this time with higher absolute volumes due to the high importance of liquid bulk traffics such as natural gas, crude oil, and refined oil, the rest of such traffics being imported by Europe through pipelines and therefore not being counted in maritime flows. Data for 2011 (containers and bulks) confirmed the drastic shrink of Europe's external influence globally but with a maintained dominance of the nearest regions (south, east).

On the level of port cities and for containers in 1996, ports having the highest proportion of Europe-related flows concentrate all around Africa and the (southern) Mediterranean basin in terms of both volumes and shares, followed by noticeable concentrations outside the neighbourhood (Quebec, Mexico, Madagascar/Réunion). The pattern in 2006 is highly similar, notwithstanding a drastic shrink of this estimated European influence around North/West Africa and the Mediterranean basin for the aforementioned reason of trade reorientation towards Asian countries. Europe's global influence is indeed dominantly concentrated at its neighbourhood when considering all commodities (Russian Baltic, Black Sea, Eastern and Southern Mediterranean). More details can be provided later on about the precise port cities concerned.

Looking only to the last two decades (1990 to 2012), we observe some similarities between the evolutions of flight connections and those observed for migrations. We focus only on the most spectacular changes, which mainly take place in the near East: in the last two decades, we observe a reorientation of flows toward the Middle East mainly at the disadvantage of Western Europe for

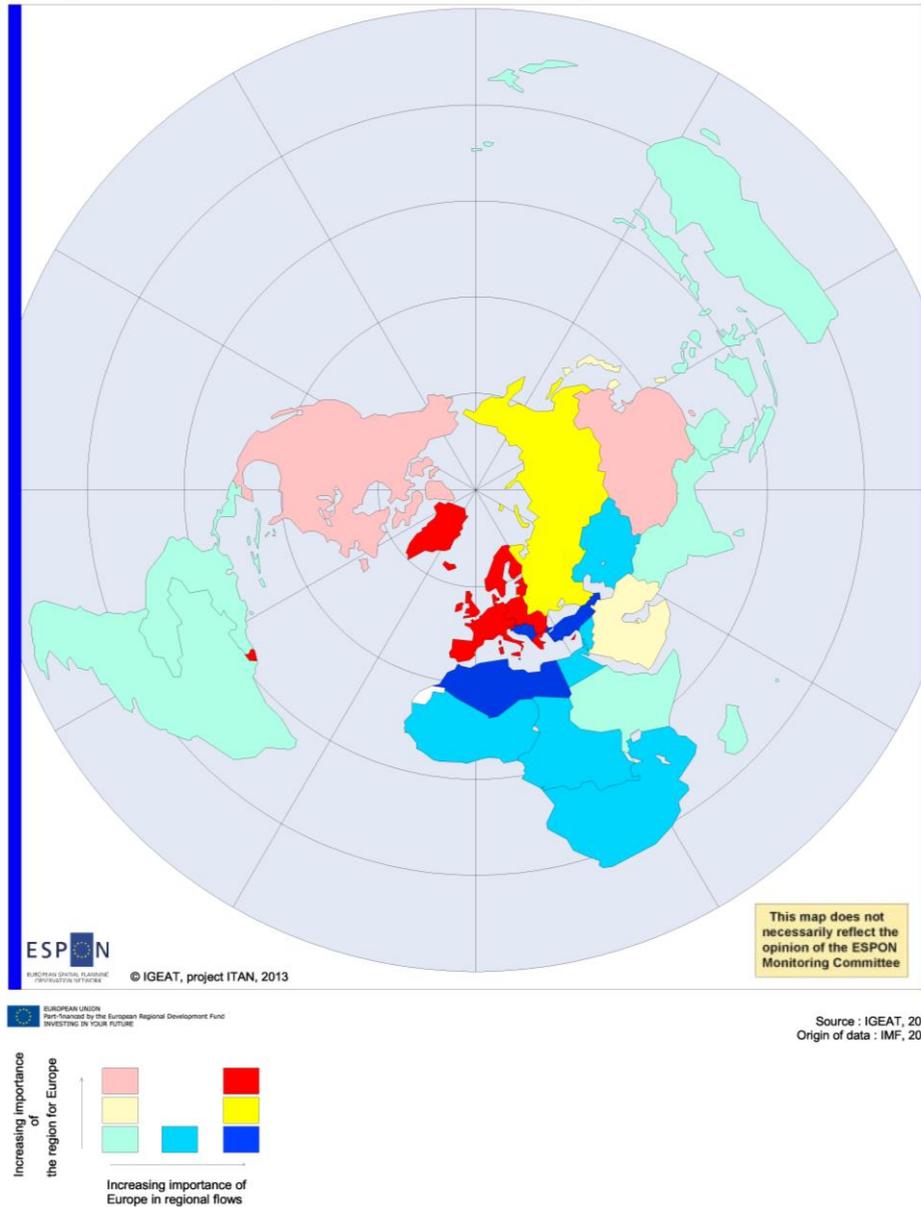
Jordan, Syria and Lebanon. The decline of Western Europe for flight connections with Israel and Turkey is also rapid though it leads here to diversification rather than the emergence of a new polarisation.

If we look to the main energy suppliers in the Neighbourhood, we observe different patterns. In the case of Russia, the main external supplier of energy for Europe, the share of Europe in the energy exports has been increasing as to reach more than half of Russian energy exports. In the Libyan case, nearly all the energy is exported toward Europe, despite the decrease in the most recent years. In Algeria, the situation is quite different since the Algerian state has deliberately diversified the geography of its energy exports, Europe and the US accounting each for around 40% of Algerian energy exports in the recent years.

*A typology of the relationship between EU and the regions of the world, based on trade data*

To achieve a synthesis, we cross the importance of the EU for world regions and the importance of world regions for the EU (map 20). As far as the EU neighbouring regions are concerned, it is no surprise that they appear very dependent on Europe, with high share of their flows turned toward their big neighbours but as modest partner for the EU. Eastern Europe makes an exception here since it is a relatively important trade partner for the EU while the Near East is less oriented toward Europe than the other regions of the EU neighbours.

Map 20 - Typology of the relationship between the EU and the regions of the world, based on trade data, 2011



##### 5°) Internal divides and preferential relations in the Euro-Mediterranean space

Looking at the EU/neighbour relations, we conclude on the importance of Neighbourhoods for Europe as well as the polarisation of EU neighbouring countries toward Europe. Until now, we've considered EU and associates as a block. This is legitimate for previous studies have shown the strong internal coherence and the dominance of internal flows in the European space. However, EU/neighbour relations hide strong preferential links between neighbours and specific European countries. We now look at these links at national level and test whether the different European Neighbourhoods specified above emerge from these analyses (Western Balkans, former USSR, near East and Egypt, Turkey and Maghreb)

In the maps shown, countries are classified according to the relative intensity of their relations. More precisely, countries of Europe and neighbours are grouped together if their relations are more intense than expected on the base of their respective size. We must underline that only internal relations within the Euro-Mediterranean space are considered in this iteration, no relation with the rest of the world has been taken into account. Hence, we illustrate divisions within a territory which at global

scale has been considered as a relatively and, to a certain extent, increasingly coherent space. In the iteration process, countries are grouped together until no preferential relations can be found between the groups of countries.

The results are shown in map 21 for air connections, development aid, migratory stocks and trade around 2010.

These maps illustrate a complex picture in detail but show the existence of coherent areas within the Euro-Mediterranean space:

- 1) The first coherent area includes south-western Europe and the Maghreb; the precise limits of this group vary according to the flows considered but it always includes France, Morocco, Algeria and Tunisia. It confirms the strong polarisation of the Maghreb toward this part of Europe since previous analyses have demonstrated the weakness of interrelations between countries of the Maghreb.
- 2) Former USSR republics are always grouped together forming a second coherent area.
- 3) Germany also forms a third coherent area with Central Eastern European countries. In the case of air and cooperation flows, this area is grouped together with former USSR.
- 4) Finally, Nordic countries are always grouped together, except in cooperation flows since no cooperation exists between European countries, and are grouped with Western Balkans in cooperation and migration flows.

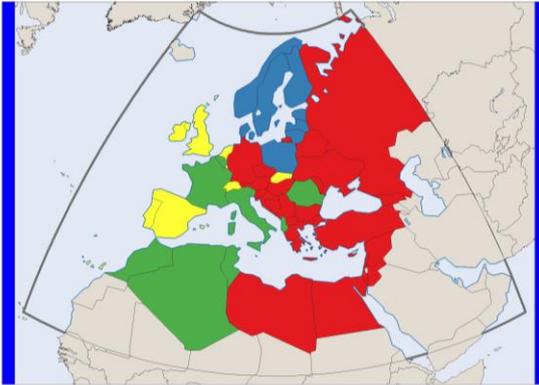
Taking another perspective, we may ask to which parts of Europe neighbouring countries are linked. First, neighbours do not constitute independent coherent groups, except in the case of the former USSR. Second, Maghreb countries – except Libya – are always linked South-western Europe. Third, Western Balkans seem to belong to different groups according to the types of flows: linked to Germany and Central-eastern Europe for trade and air connections, it is linked to Nordic Europe in cooperation and migration flows. Fourth, Turkey and the near east are grouped with former USSR in air and trade flows. In contrast, Turkey is grouped to the German group in migrations while the near east forms a coherent area in migratory flows.

To conclude, these maps perfectly illustrate the existence of several distinct Neighbourhoods (former USSR, Maghreb, and Western Balkans) linked to different parts of Europe.

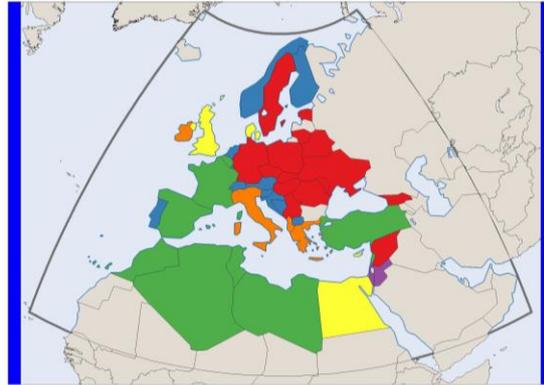
The following maps (22 to 24) show the evolution of the preferential links within the Euro-Mediterranean space for migratory stocks, trade flows and air connections. We observe quite stable preferential links through the time. One of the main evolutions is to be seen in trade flows, where the East/West divide during the cold war has disappeared. In place, we find a central-eastern European group centred to Germany, including Western Balkans, and an eastern, from the former USSR to the near east, including Turkey and South-Eastern Balkans.

## Map 21 - The space of privileged relations within the Euro-Mediterranean space

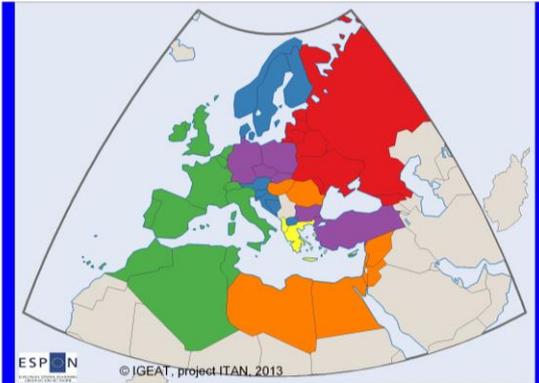
Air connections



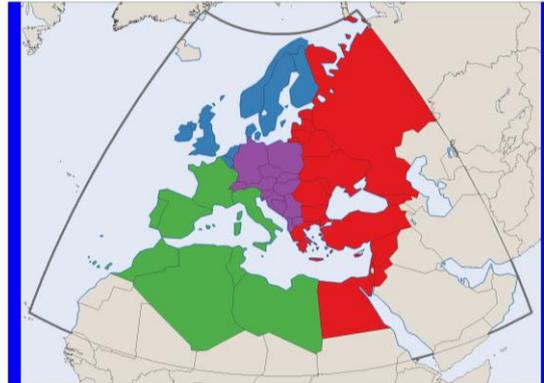
Cooperation



Migration flows



Trade flows



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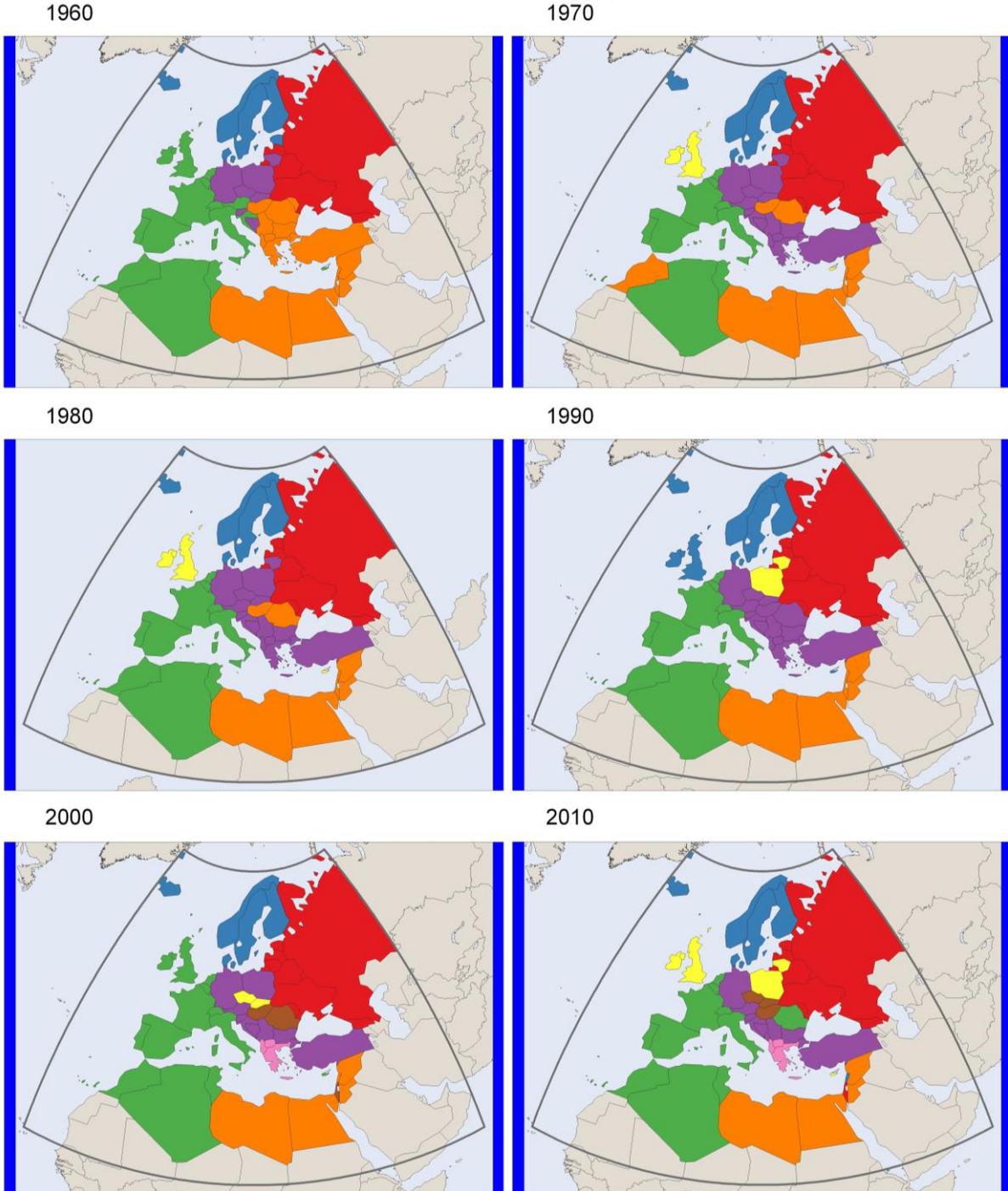
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Source : IGEAT, 2012  
 Origin of data : Miscellaneous 2011



Note: countries of Europe and neighbours are grouped together if their relations are more intense than expected on the base of their respective size. For each pair of country, we thus calculate their theoretical relations according to their respective size, compare them with real flows through a Chi<sup>2</sup>, and then group countries according to the intensity of these relations.

Map 22 - Preferential relations in migrations stocks



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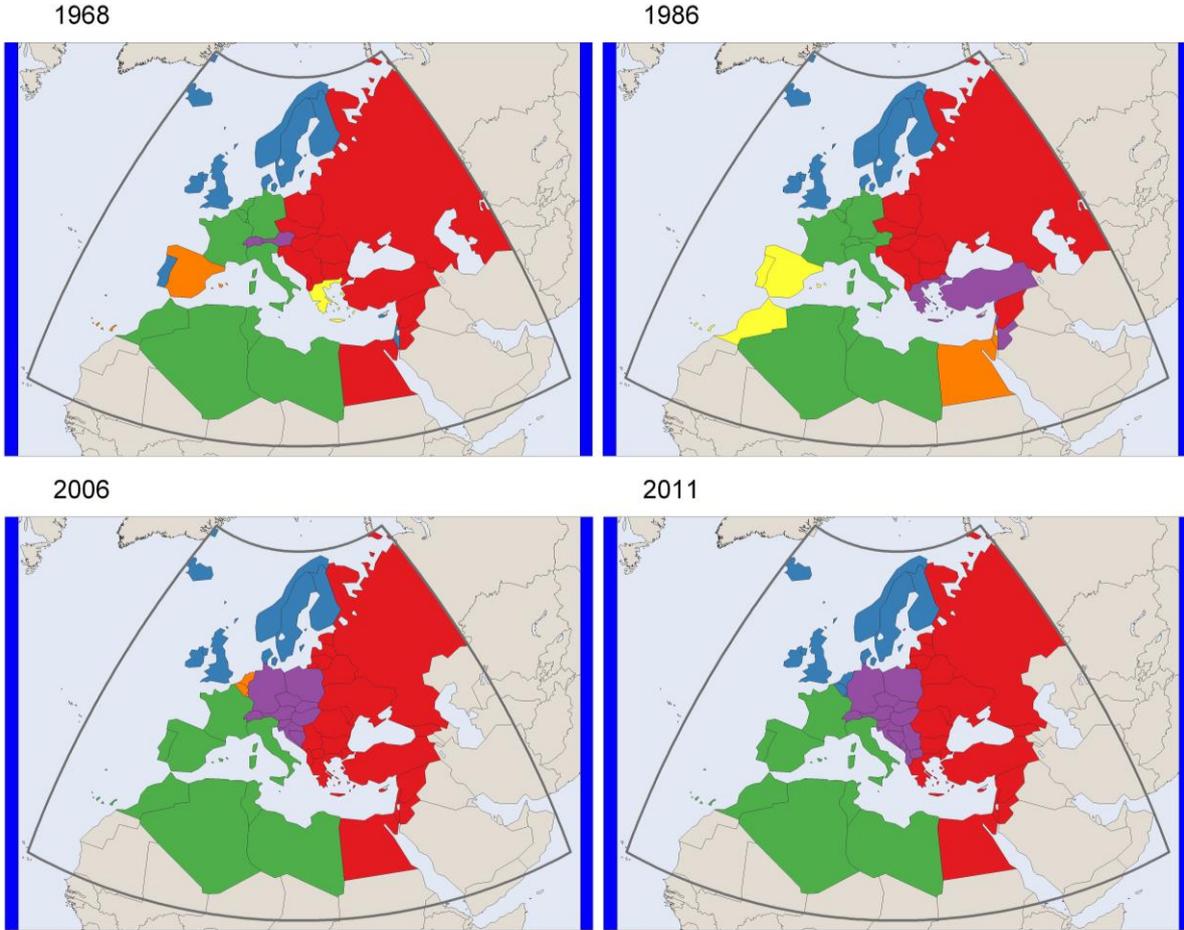
EUROPEAN REGIONAL DEVELOPMENT

© IGEAT, project ITAN, 2012

Source : IGEAT, 2012  
Origin of data : Worldbank, 2012

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Map 23 - Preferential relations in trade



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OPERATIONAL PROGRAMME

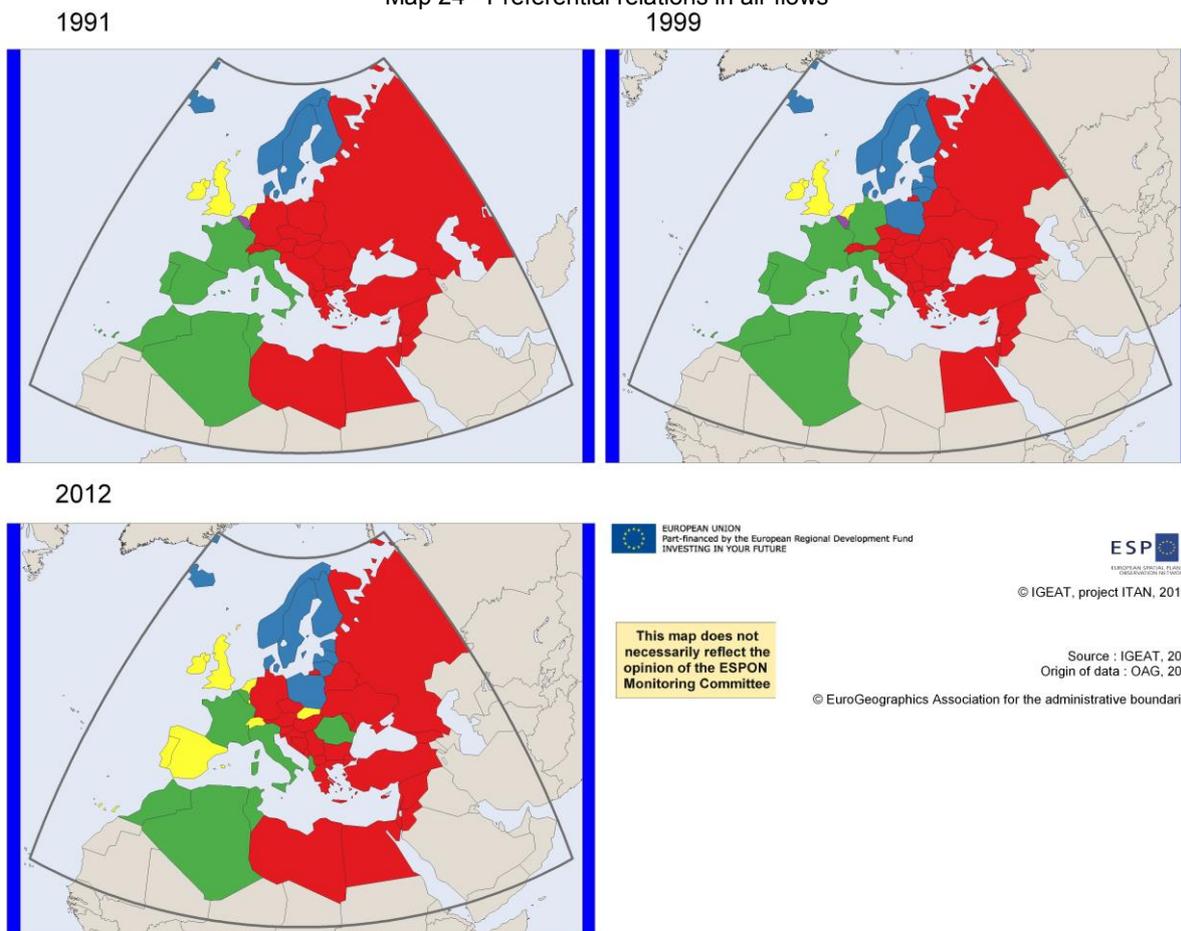
© IGEAT, project ITAN, 2012

Source : IGEAT, 2012  
Origin of data : Chelem DB, IMF 2011

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Note: countries of Europe and neighbours are grouped together if their relations are more intense than expected on the base of their respective size. For each pair of country, we thus calculate their theoretical relations according to their respective size, compare them with real flows through a Chi<sup>2</sup>, and then group countries according to the intensity of these relations.

Map 24 - Preferential relations in air flows



Note: countries of Europe and neighbours are grouped together if their relations are more intense than expected on the base of their respective size. For each pair of country, we thus calculate their theoretical relations according to their respective size, compare them with real flows through a  $\chi^2$ , and then group countries according to the intensity of these relations.

Concerning maritime flows, the application of single linkage at port city level allowed identifying a number of subsystems and their dominant hub, each subsystem including both European and neighbouring nodes. For containers, a part of Europe was actually part of the largest subsystem centred upon Hong Kong, which ranges (both in 1996 and 2006) from Western Europe to the West Coast of North America (as well as all around Africa in 2006 only). In 1996, Most of Northwestern Europe and the Scandinavia/Baltic area are indeed included in the Asian subsystem. Few and much smaller subsystems remain independent: those internal to Europe (i.e. Kemi in Finland, Trieste in North Adriatic, Barcelona for the West Mediterranean range) and those including both European and neighbouring ports (i.e. Liverpool/Quebec, Las Palmas and parts of Morocco and Spain, Piraeus-Athens being the largest capturing the whole East Mediterranean / Black Sea region). In 2006 the pattern is much more complex geographically as many small subsystems remain independent from the large Asian one. They again can be distinguished among those internal to Europe (i.e. Rostock/Iceland, Bergen/Norway, Lisbon/Portugal/Azores, Trieste/North Adriatic) and those including external/neighbouring ports (i.e. Hamburg / Baltic/Russia, Antwerp / Quebec, Barcelona / Canary / Morocco, Constantza / Ukraine / Russia, Izmir / Russia, Mersin / Egypt). Other large European ports such as Rotterdam, Algeciras, Gioia Tauro, and Piraeus are thus included in the Asian subsystem. The picture in 2006 is thus more fragmented than in 1996 and this can be explained by the increased role of transhipment (transit) hub ports that directly connect distant core regions through major trunk lines while smaller ports became bound to local services (i.e. short-sea shipping and feeder links). Can we talk of an atomisation of Europe? It seems more the effect of logistical arrangements (ocean carriers' network design) than local/territorial factors (performance and demand side).

When considering all commodities together through same methods in 2004, a large Asian subsystem again appeared reaching across Europe but this time restrained to southern hub ports (Algeciras, Gioia Tauro). European subsystems thus appeared larger, such as the one polarized by Rotterdam covering most of Northern Europe and reaching up to Montreal (Quebec), except from the smaller and very local subsystems of London and Belfast. Barcelona "dominated" most of Southern Europe (including parts of Morocco, Algeria, Ukraine and Russia) except the Lisbon/Madeira, Venice/Piraeus/Black Sea, and Las Palmas/Canary smaller subsystems. Rotterdam and Barcelona thus appeared as the two dominant hubs of Europe. The pattern differed according to the main commodity type and such results can be summarized as follows:

- liquid bulks: Marseille as hub of North Africa (Maghreb), Izmir hub of a Black Sea/Libya subsystem, Alexandria (Egypt) dominating the rest of the Eastern Mediterranean (including southern Italy), Lisbon/Portugal/Madeira, Palma/Baleares, London/Goteborg, Oslo/Norway, and Helsinki/Finland; Rotterdam being the main hub of the large subsystem including the rest of North Europe (including Russian Baltic);
- solid bulks: a large Asian subsystem polarised by Singapore including a large part of Northern Europe (of which Saint Petersburg, Hamburg, Rotterdam, Atlantic Spain and France), the rest of Europe and its neighbourhood being split among many small other subsystems such as Helsinki/Finland, Bergen/Norway, Amsterdam/Netherlands, Belfast/UK, London/UK, Barcelona/Spain/Morocco, Venice/North Adriatic, Valletta/Southern Italy, Piraeus/Greece, Volos/Greece, Istanbul/Black Sea, but also Mariupol/Ukraine/Romania;
- General cargo: scattered distribution of small subsystems due to the nature of this commodity group (a mix of various goods, from scrap metal to auto parts), revealing a diversity of local circuits that is not useful to detail fully. The subsystems comprising both European and neighbouring ports are St. Petersburg/Finland/Baltic, Valencia/Algeria/France, Naples/Tunisia/Libya, and Istanbul/Black Sea.

In 2011, Southern Europe is split among the two large subsystems of Valencia and Istanbul (followed by Venice/North Adriatic and Alexandria/Mersin) while Rotterdam remains dominant all over Northern Europe.

## 6°) Conclusion

European Neighbourhoods can certainly be considered as peripheries of Europe. Indeed, relation between Europe and its Neighbourhoods are characterised by imbalances in many aspects. Indeed, Europe is more important for Neighbourhoods than the reverse. In other terms the European Union and close associates appear as a very cohesive area, with intense internal relations, and neighbouring countries, except Turkey and Russia play a minor and dominated role in these relations. Eurobroadmap [Grasland, Van Hamme 2012] present Europe as a series of circle around a North Western core which includes Germany, France, Benelux and the UK; eastern, northern and southern Europe form a first circle around this core, while the different Neighbourhoods constitute a second circle strongly linked to Europe but less integrated to this very cohesive area. Second, the relation between Neighbourhoods and Europe is imbalanced in its nature: high level services and products vs primary or low added value manufacturing goods; tourist flows vs migratory flows including highly qualified labour; etc.

That being said, grouped together, Neighbourhoods are important partners for Europe, reaching 7,5% in the trade of goods, 7% of European air connections, absorbing 15% of the European aid of development, providing 30% of immigration toward Europe and providing 32,5% of energy supply of the European market. Moreover, we assess to 11% the share of Neighbourhoods in the potential growth market of Europe in the next decade. These figures nevertheless pointed to the importance of Neighbourhoods for energy supply and as a source of labour force (or migratory threat depending on the perspective adopted) for Europe rather than a major economic partner. And political relations tend to focus on these matters as well as on security issues.

In reverse, the European Union is the main partner by far for nearly all neighbouring countries, except Russian neighbour and some near East countries, whatever the flows considered. Also, though European Union remains a major actor at global scale, its influence has been shrinking in the last decades and its dominance has been more and more reduced to its Neighbourhood [Van Hamme et al. 2012]. However, even in the Neighbourhoods, our analyses highlight the declining influence of Europe in most countries, especially the near east.

Finally, our analyses of Neighbourhoods have highlighted the diversity in terms of relations to the world. Several Neighbourhoods can thus be identified:

- former USSR is the only part of the Neighbourhood which forms a cohesive area, with declining though important interrelations. As a result, Russian neighbours such as the Ukraine, Moldavia or Belarus are equally polarised toward Russia and the European Union;
- Western Balkans, though keeping important internal relations, is nearly exclusively turned toward Europe, mainly Central Eastern Europe but also, in relative terms, toward Nordic countries;
- The Maghreb remains highly polarised toward Europe, mainly south-western Europe. Unlike the former USSR, countries of the Maghreb have poor internal relations, each country being strongly polarised toward Europe;
- Turkey is strongly though decreasingly oriented toward Europe in its external relations but does not belong to any cohesive regional area;
- The near east, including Egypt, is less and less oriented toward Europe and has seen the influence of the gulf oil powers increased in the last decade.

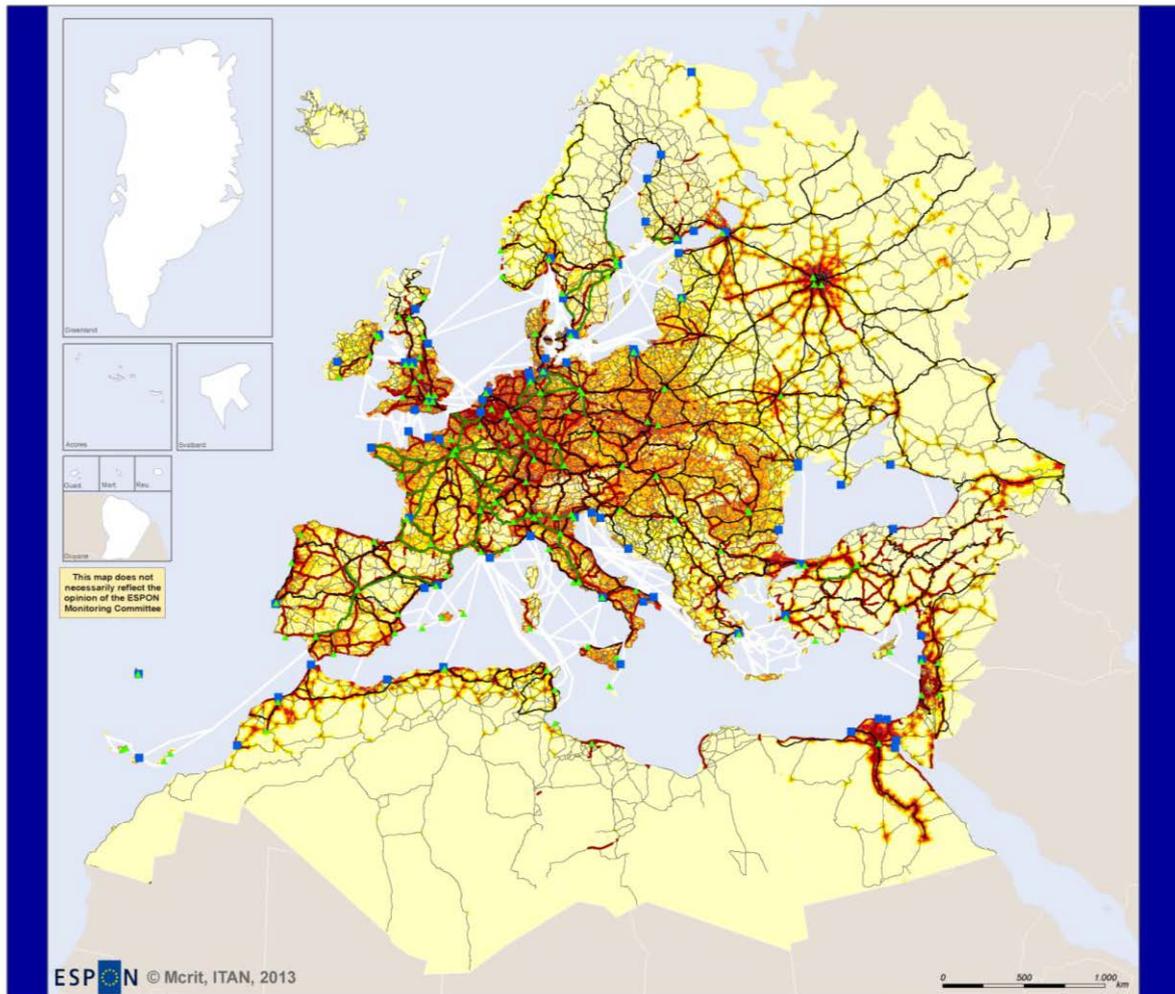
### 2.1.3. Transport and energy networks in the greater region

This section presents the mapped results of the work on the transport and energy network data. We now have at our disposal a thorough cartography and network database of the transport network of the whole European region, ca 2010. This gives (i) a comprehensive view of this greater region today and tomorrow given the role of transport network in territorial development, (ii) new possibilities for researchers to integrate social, economic and environmental data to these wide network data, so as to compute indicators of connexity, accessibility and any other socio-economic potential at this wider scale; (iii) in-depth analyses at a sub-regional scale, since this database is compliant with the overall ITAN database at SNUTS scale, which allows specific treatments for any territory of the area; (iv) further cooperation between the European stakeholders and their Neighbour counterparts, in particular in the field of energy which is one of the major stakes of the region, but also in the field of investment in transport infrastructure with regard to the needs of the ENCs.

#### 1°) Transport network

The first maps provided here display two types of opposition. The first is about demographic density, and reflects the above analysis (2.1.1 section). The second is about the network density: all the European territory is meshed, at various degrees but anyhow meshed, including Eastern Europe up to Moscow and including Turkey on its European territory up to central Anatolia. In the Arab Neighbour countries, the network is much more limited, for geoclimatic reasons as well as economic reasons

Maps 25 - Demographic density and main transport network in the greater European region, ca 2010



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Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ESPON ITAN, Mcrit,  
Origin of data: ESRI, WPI-NGA, MCRIT 2013 ITAN Database, EEA, National Statistical Agencies and own work  
© UMS RIATE for administrative boundaries  
For some territories no clear international statement exists

### Legend

- ▲ Larger airports (over 2 million passengers/year)
- Larger sea ports (World Port Index classification)
- High speed rail
- Main railways
- Motorways
- Main roads
- Ferries

### Population density

inhabitants/km <sup>2</sup>
<= 6
7 - 10
11 - 20
21 - 50
51 - 100
101 - 200
201 - 500
501 - 1.000
1.001 - 2.000
2.001 - 5.000
>5.000
NO DATA

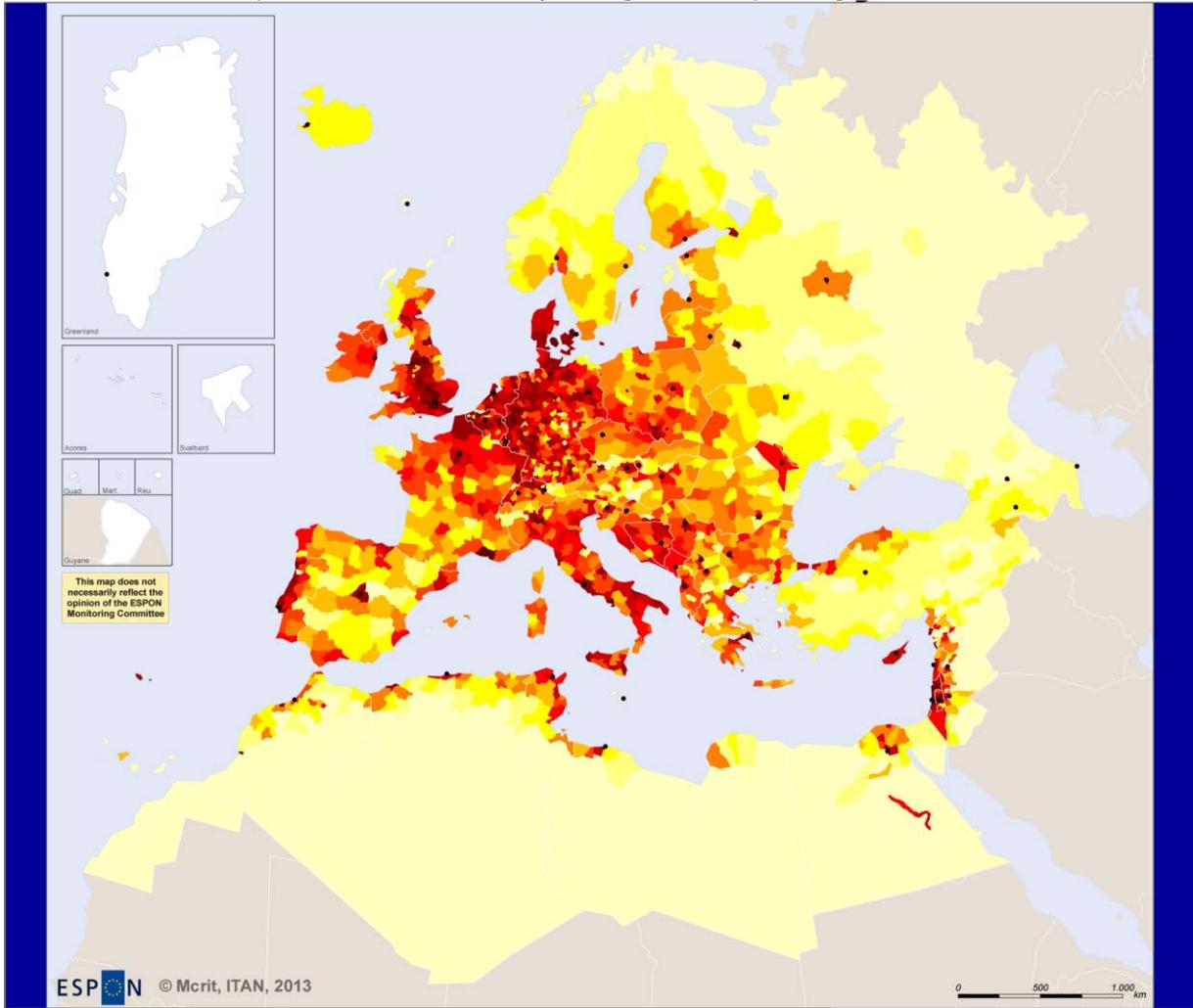
Raster cell information at 5x5km, based on EEA, complemented with national sources in the ESPON Space In Neighbouring countries total population is distributed according to accessibility to transport networks and validated against NASA satellite images and UMZ

Road network in the Neighbourhoods is less dense than in the ESPON area. This is especially true for most remote Russian regions and for the desert areas in North Africa and eastern Mediterranean. The *quality* of the networks is also quite different, as the number of high capacity roads with lane separation is much smaller in all the Neighbourhoods. Also the condition of conventional roads does not follow the same standards as in most of ESPON area. However, Israel and some surrounding areas have a road endowment and quality similar to that of Western Europe.

There is continuity between road networks including with Neighbourhoods: Eastward, and with Turkey. But some borders are closed and crossing others implies long administrative delays; this happens mainly in the southern and eastern Mediterranean countries.

In the Neighbourhoods, rail network is more sparse and patchy than the road network, and of worse quality than in ESPON area. There are important discontinuities between countries due to missing links and closed borders. Especially noticeable is the absence of rail network in most of Libya. High speed rail is right now non-existent throughout all the Neighbourhoods, although several projects are designed. Morocco intends to create 1 500 km of high-speed rail in the two coming decades, to thoroughly modernise its old inter-city network. A first line will follow the Atlantic coast from Tangiers to Agadir, with a first section in service in 2015 between Tangiers and Casablanca; a second line will cross inner northern Morocco from Casablanca to Oujda and, when financially and politically possible, Algeria. The idea is to launch a high level transport infrastructure (high-speed rail and motorway) linking the Maghreban coast from Casablanca to Tripoli in Libya.

Map 26 - Road network density in the greater European region, ca 2010



ESPON © Mcrit, ITAN, 2013

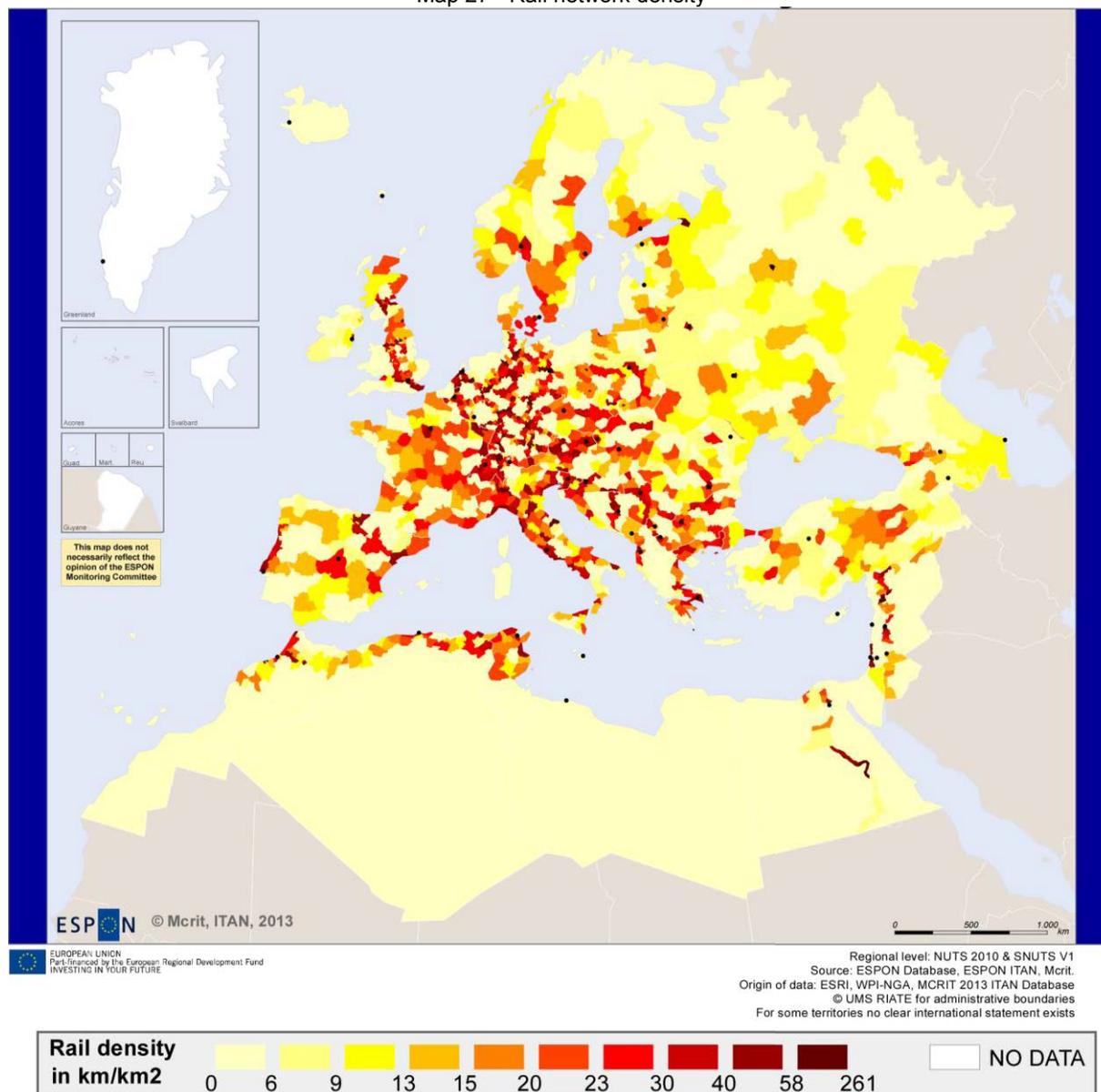
**Legend**

**Road density in km/km<sup>2</sup>**

- 0 - 24
- 25 - 38
- 39 - 49
- 50 - 58
- 59 - 69
- 70 - 80
- 81 - 98
- 99 - 126
- 127 - 186
- 187 - 718
- NO DATA

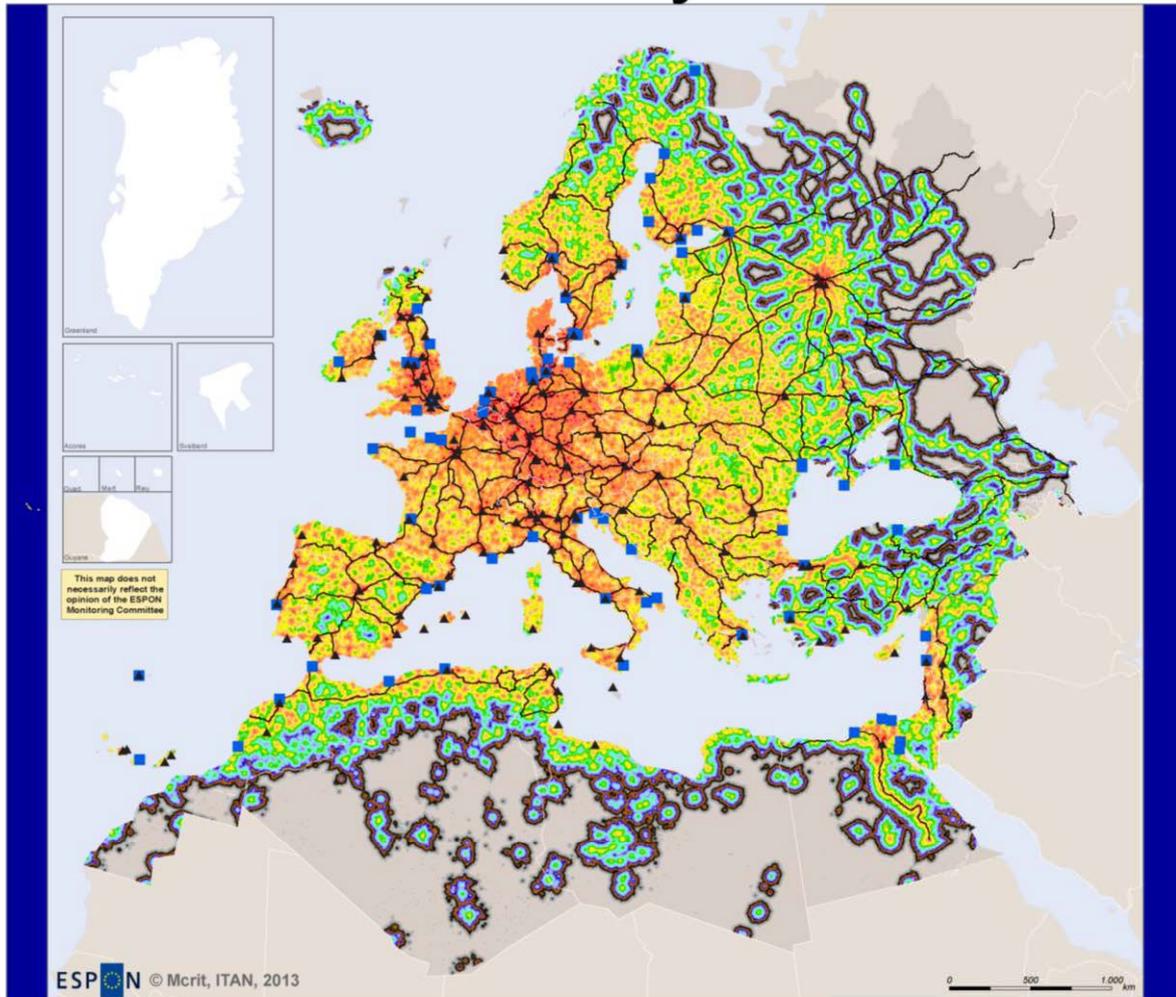
Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ESPON ITAN, Mcrit.  
 Origin of data: ESRI, WPI-NGA, MCRIT 2013 ITAN Database  
 © UMS RIATE for administrative boundaries  
 For some territories no clear international statement exists

Map 27 - Rail network density



The last maps give the resulting connectivity and accessibility in the greater European region. The number of accessible persons in a span of time of three hours displays a harsh opposition between Western Europe and its outskirts. A striking feature is that the northern part of Maghreb is linked to the European territory in terms of accessibility. At the other extremity of the Mediterranean Neighbourhood, the connection is also strong in Turkey. Another area of important demographic accessibility is the Nile valley but due to local high demographic density and without any connection to Europe. The Western Balkans and the Eastern Neighbourhoods display medium to quite low accessibility areas, due to local limited density and/or remote access to the Western Europe. The Annex XX proposes maps computed with other access time, from 30 minutes to five hours. But the three hours indicator seems relevant: it is sufficiently large to avoid any bias due to the very uneven size of the territories ((S)NUTS 2/3) on the basis of which the map was made; it is sufficiently small to correspond to a possible return trip in the day, that is a proxy of business needs for interaction.

Map 28 - Connexity



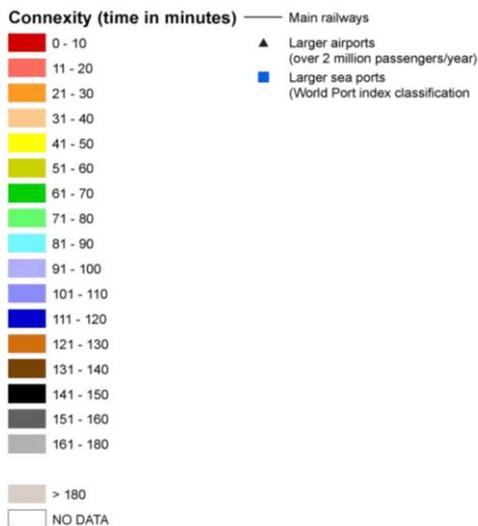
This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

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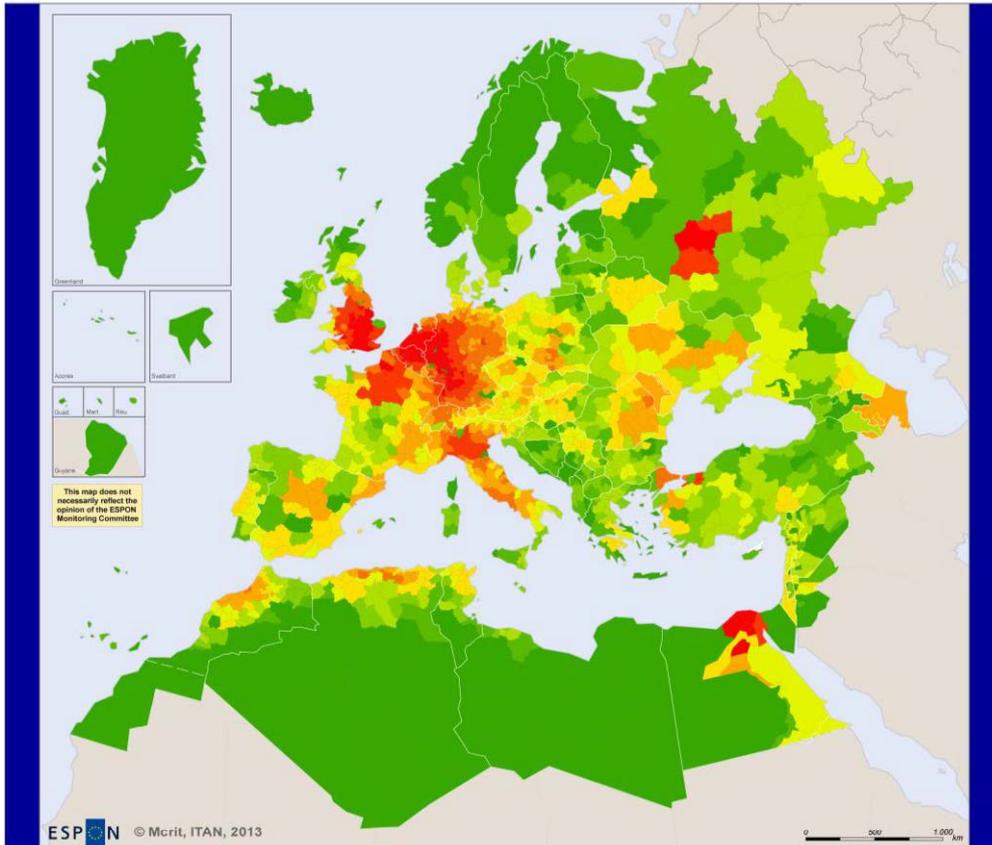
Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ESPON ITAN, Mcrit.  
Origin of data: ESRI, WP1-INGA, MCRIIT 2013 ITAN Database  
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For some territories no clear international statement exists

**Legend**



Raster cell information at 5x5km, complemented with national sources in the ESPON Space. In Neighbouring countries connexity calculated according to ICON indicator (distance to closer airports, railway stations and roads weighted by their relative passenger traffic)

Map 29 - Accessible population within 3 hours



**Legend**

**Population at 3 hours**



No data

Sum of all population that can be reached in a given time limit by using land transport.

2°) Energy

The contrast between Europe and its Mediterranean Neighbours is particularly spectacular in the field of energy, including with those countries which are energy important providers such as Algeria and Libya, which shows that their role, at the greater region's scale, remains basically that of raw material suppliers with locally low territorial development. The contrast is striking on the map of the electricity network, of which the 2.2.2 below section will show the importance for the future of the greater region.

*Natural gas network map*

The considered networks are:

- Natural gas pipelines, existing or projected

- LNG import and export terminals, existing or projected
- Gas fields, major and small.

The main features of the map are:

- The high density of the networks in central Europe, the North Sea, and the Eastern Europe.
- The presence of LNG export terminals in the Maghreb, which is related to the growing “sop market” strategy of these countries, at the expenses of long-term deliveries thanks to long-term contracts on which the European Commission is more and more reluctant.
- The big gas pipelines from Russia, with a diameter of 36” and over.
- The significant presence of major gas fields in the North Sea, Eastern Europe and Maghreb, with recent discoveries in Eastern Mediterranean which have revived the disputes about maritime boundaries in the area (Israel-Lebanon-Cyprus), and the potential important gas fields in front of the Nile Delta.
- The numerous projects of natural gas pipelines in the Balkans, as in interface between Russia and Western Europe.
- The Trans-Saharan gas pipeline project linking Algeria with gas fields in the Gulf of Guinea.

The main references used for the realisation of the map are:

- European Natural Gas network map (2009), Gas Transmission Europe (GTE, a subdivision of Gas Infrastructure Europe which represents the Transmission System Operators). GIE is a representative organisation towards the European Institutions, the European bodies of regulators and other stakeholders. The map is available on the website of the European Commission, in the energy sector.  
Link: [http://ec.europa.eu/energy/international/russia/russia\\_en.htm](http://ec.europa.eu/energy/international/russia/russia_en.htm)
- System Development Map (2011), Gas Infrastructure Europe (GIE).  
Link: [http://www.gie.eu.com/download/maps/ENTSOG\\_SYSDEV\\_MAP2011.pdf](http://www.gie.eu.com/download/maps/ENTSOG_SYSDEV_MAP2011.pdf)

Complementary references are:

- The Current Export Infrastructure from South Mediterranean and Iraq to Europe map (2010), “Supplying the EU Natural Gas Market” Report, Mott MacDonald, 2010, p. 20.  
Link: [http://ec.europa.eu/energy/international/studies/doc/2010\\_11\\_supplying\\_eu\\_gas\\_market.pdf](http://ec.europa.eu/energy/international/studies/doc/2010_11_supplying_eu_gas_market.pdf)
- And: oil pipelines and pipeline projects in the Western Balkan region map (2008), “Energy in the Western Balkans” Report, International Energy Agency (IEA)/Organisation for Economic co-operation and development (OECD), 2008, p. 76.  
Link: <http://www.iea.org/publications/freepublications/publication/Balkans2008.pdf>

### *Oil network map*

The considered networks are:

- Crude oil pipelines, existing/under construction or projected.
- Oil products pipelines, existing/under construction or projected.
- Oil fields, major and small.

The main features of the map are:

- The presence of crude oil pipelines in the Neighbouring countries (Russia, Maghreb, Near East, Caucasus).
- The high density of oil products pipelines in the EU, especially in the European metropolitan areas.
- Again, the numerous projects of crude oil pipelines in the Balkans.
- The significant presence of oil fields in the Neighbourhood countries, except for the North Sea.

The main references used for the realisation of the map are:

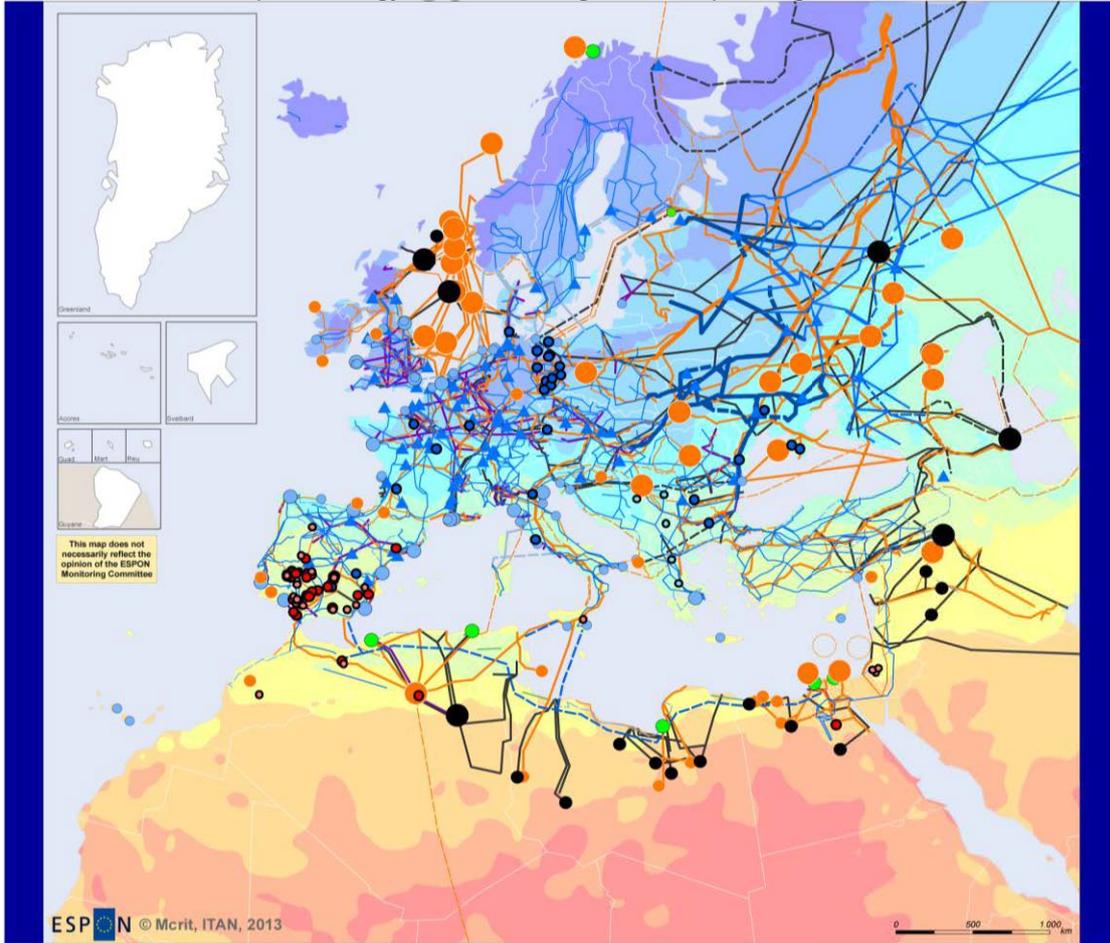
- For the EU territory: Refineries and oil pipelines in Europe map (2006), “Performance of European cross-country oil pipelines” Report, Concawe, 2006, p. 18. Concawe is a non-profit making scientific association, composed by companies that own crude oil refining capacity within the European Union, Iceland, Norway, Switzerland and Turkey. Its main mission is to carry out research on environmental issues relevant to the oil industry.

- Link: [http://www.nifv.nl/upload/176974\\_668\\_1254304852686-Performance\\_of\\_Eurpean\\_cross\\_country\\_oil\\_pipeline.pdf](http://www.nifv.nl/upload/176974_668_1254304852686-Performance_of_Eurpean_cross_country_oil_pipeline.pdf)
- For the Maghreb region: Oil and gas pipelines in the North Africa map (2008), available on the website theodora.com.  
Link: [http://www.theodora.com/pipelines/north\\_africa\\_oil\\_gas\\_products\\_pipelines\\_map.html](http://www.theodora.com/pipelines/north_africa_oil_gas_products_pipelines_map.html)
  - For the Russian pipelines: Primary russian oil and gas pipelines to Europe map (2007), available on the website hermes-press.com. The map is made by the US Energy Information Administration (EIA), which is the statistical and analytical agency within the U.S. Department of Energy.  
Link: [http://www.hermes-press.com/EU\\_russia.htm](http://www.hermes-press.com/EU_russia.htm)
  - For the Eastern Europe territory: Political and economic alliances map (2007), Philippe Recacewicz, "Balkan vital graphics" Report, The United Nations Environment Programme (UNEP) and GRID-Arendal, 2007, p. 19. GRID-Arendal is a center collaborating with the Unep, established in 1989 by the Government of Norway. The Foundation's mission is to communicate environmental information to policy-makers and facilitate environmental decision-making.  
Link: <http://www.grida.no/files/publications/balkan-vital-graphics/balkans-vital-graphic-full.pdf>
  - For the Balkans territory: Oil pipelines and pipeline projects in the Western Balkan region map (2008), "Energy in the Western Balkans" Report, International Energy Agency (IEA) and Organisation for Economic co-operation and development (OECD), 2008, p. 76.  
Link: <http://www.iea.org/publications/freepublications/publication/Balkans2008.pdf>
  - For the Northern Europe : Oil infrastructure in NWE map (2009), "Survey of the competitive aspects of oil and oil products markets in the EU", Pöyry Energy Consulting, 2009, p. 190.  
Link: [http://ec.europa.eu/energy/oil/studies/doc/2009\\_oil\\_market\\_survey.pdf](http://ec.europa.eu/energy/oil/studies/doc/2009_oil_market_survey.pdf)
  - For the major oil fields: Oil in Europe map (2010), "Oil and gas delivery to Europe" Report, Susanne Nies, IFRI, 2011, p. 32.

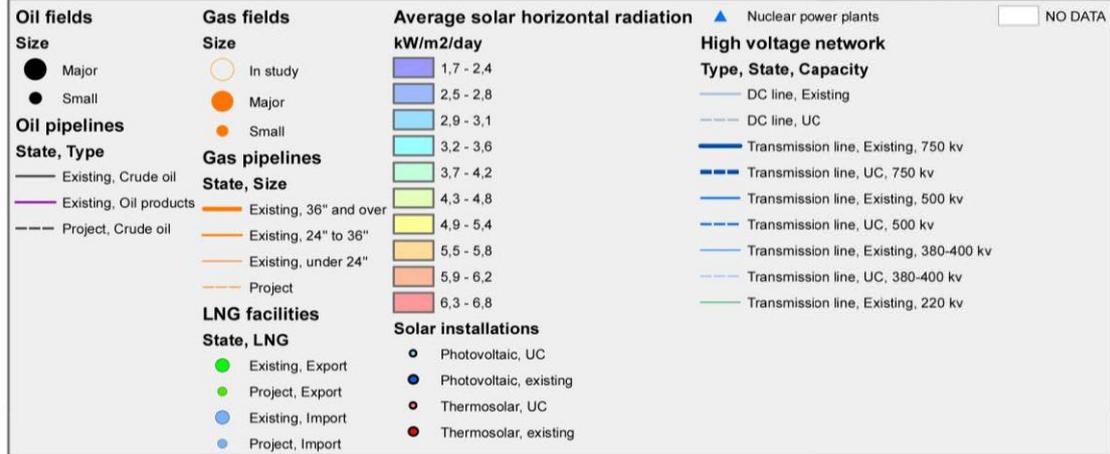
Complementary references are:

- Map of Turkey's oil infrastructure (2008), Turkey Review, IEA, 2009, p. 55.  
Link: <http://www.iea.org/publications/freepublications/publication/turkey2009.pdf>
- Current flows in Central and Eastern Europe's oil pipeline network map (2010), Study on the Technical Aspects of Variable Use of Oil Pipelines, ILF CONSULTING ENGINEERS/ PURVIN & GERTZ, 2010, p. 17.  
Link: [http://ec.europa.eu/energy/oil/studies/doc/2010\\_reporting\\_technical\\_aspects.pdf](http://ec.europa.eu/energy/oil/studies/doc/2010_reporting_technical_aspects.pdf).

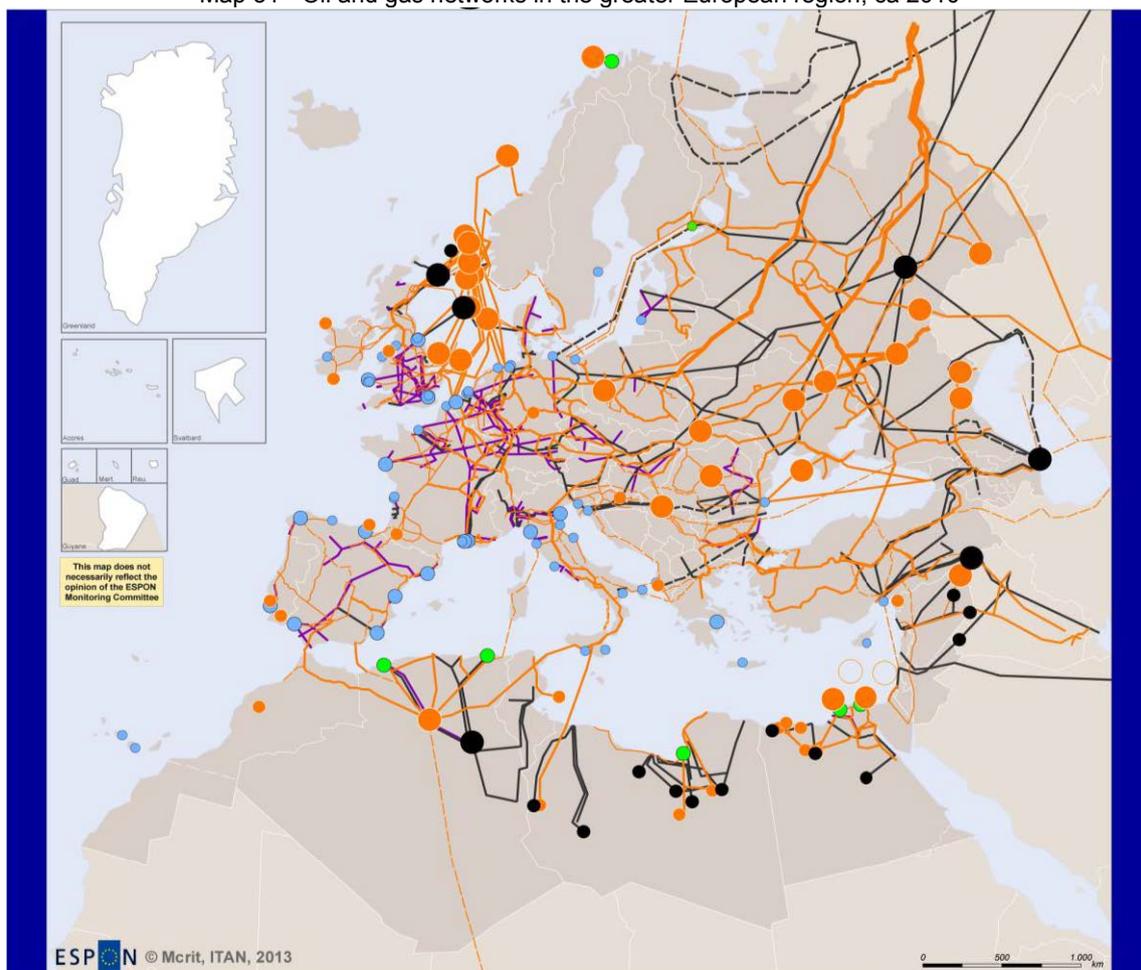
Map 30 - Energy networks in the greater European region, ca 2010



Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ESPON ITAN, Mcrit  
 Origin of data: ENTSO-E, Concaawe, GIE, NASA SSE, MCRIT 2013 ITAN Database  
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Map 31 - Oil and gas networks in the greater European region, ca 2010



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Regional level: NUTS 2010 & SNUTS V1  
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Origin of data: Concaawe, GIE, NASA SSE, MCRIT 2013 ITAN Database  
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For some territories no clear international statement exists

Oil fields	Gas fields	Gas pipelines	LNG facilities	NO DATA
<b>Size</b>	<b>Size</b>	<b>State, Size</b>	<b>State, LNG</b>	
● Major	○ In study	— Existing, 36" and over	● Existing, Export	
● Small	● Major	— Existing, 24" to 36"	● Project, Export	
<b>Oil pipelines</b>	● Small	— Existing, under 24"	● Existing, Import	
<b>State, Type</b>		— Project	● Project, Import	
— Existing, Crude oil				
— Existing, Oil products				
--- Project, Crude oil				

### Electricity

The considered networks are:

- High-voltage transmission lines, with voltages between 380 and 750 kv, existing or under construction (UC).
- Nuclear power plants.
- DC lines.
- Low voltage interconnections in the Mediterranean Neighbourhood.

The main features of the map are:

- The high density in the centre of the EU, losing importance away from the European metropolitan areas.

- The very high voltage network in Russia, only region which has transmission lines of 500 and 750 kv.
- The absence of network in the Baltic States, due to the existence of a high tension network, but with 300-330 kv transmission lines.
- The numerous nuclear power plants in the European large urban areas, especially Germany, France and Belgium.
- The Medring project, which aims at connecting the north African countries between them and with European countries (Spain, Italy) using high voltage lines. A connection already exists between Maghreb and Western Europe, but at a lower voltage than what is mapped here.

The main references used for the realisation of the map are:

- Interactive map of European interconnected electricity grids map (2009), European Network Transmission System Operators for Electricity (ENTSO-E), available on the website of Raw & Refined Commodities, a group of companies which entered the European electricity market in 2007, founded in Macedonia.

Link: <http://rrc-energy.com/electricitymap>

Complementary references are:

- Interactive map of the world nuclear reactors (2012), available on the website of New scientist. The map is based on the World Nuclear Association's Reactor Database.

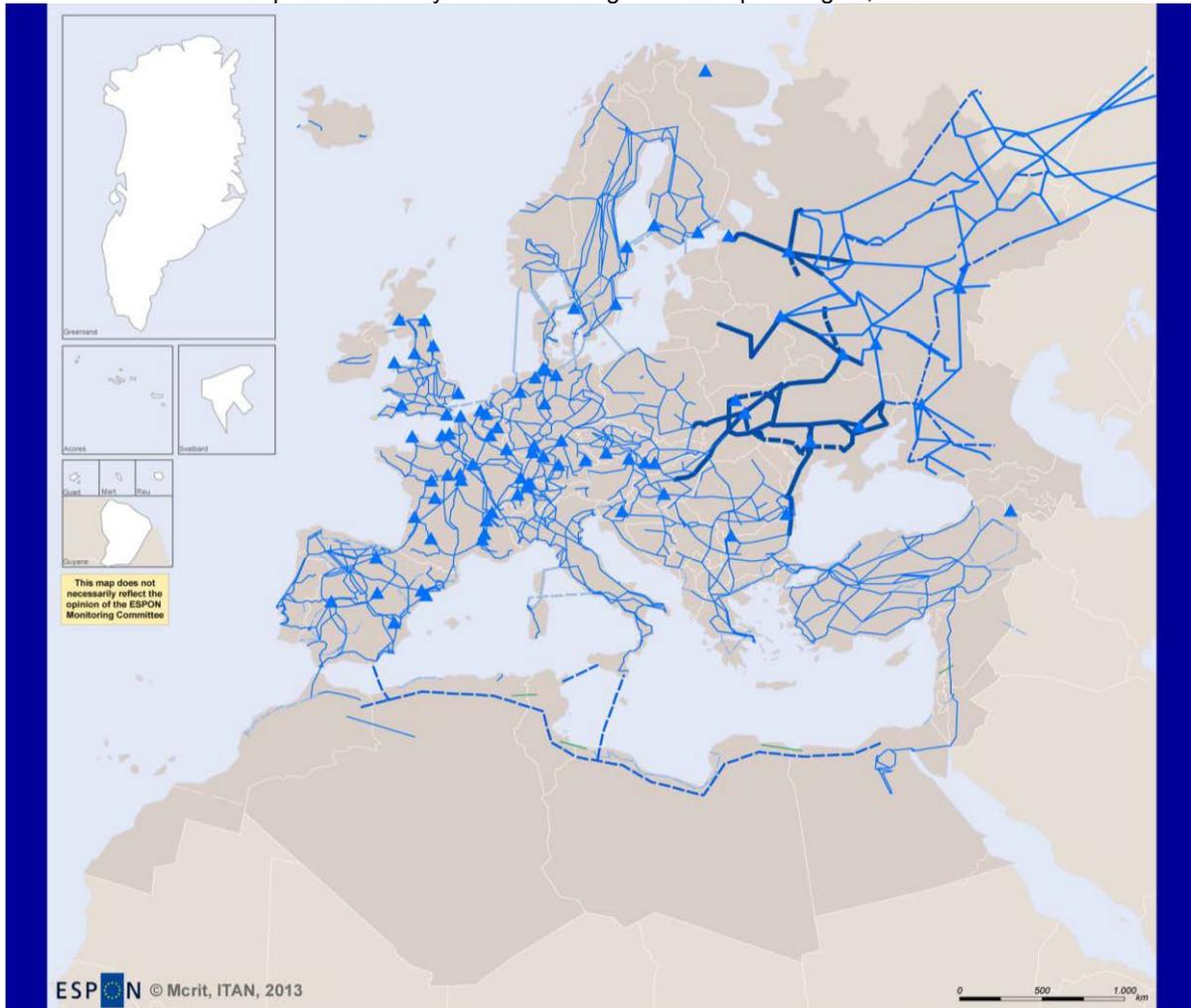
Link: <http://www.newscientist.com/embedded/nuclear-reactor-map>

#### *Solar electricity: the potential solar horizontal radiation*

The map of potential solar horizontal radiation is derived from NASA SSE data. Satellite observations produce a table of average values in a grid of 1x1 degree. These values are interpolated into a raster using a spline function. The result is a map with the average solar radiation measured in kW/m<sup>2</sup>/day giving an idea of the enormous differences in potential solar power across the regions. Radiation in the Sahara desert is in average 3,5 times superior to that of the northernmost areas.

Concentrated solar power stations (of more than 50MW) are a relatively new technology that is not yet widespread. Most thermosolar power plants are concentrated in the South of Spain, while photovoltaic installations can be found in several places but are mainly concentrated in Eastern Germany. As an example the Solúcar platform is the largest solar platform in Europe and is situated in the vicinity of Sanlúcar la Mayor, Seville. In this complex plant Abengoa Solar commercially operates 183 MW. Currently, the platform annually produces energy equivalent to 94 000 households and avoids the emission of over 114 000 tons of CO<sub>2</sub>. The solar electricity issue is addressed in the 2.2.2 section dedicated to the energy stake of the greater European region.

Map 32 - Electricity network in the greater European region, ca 2010



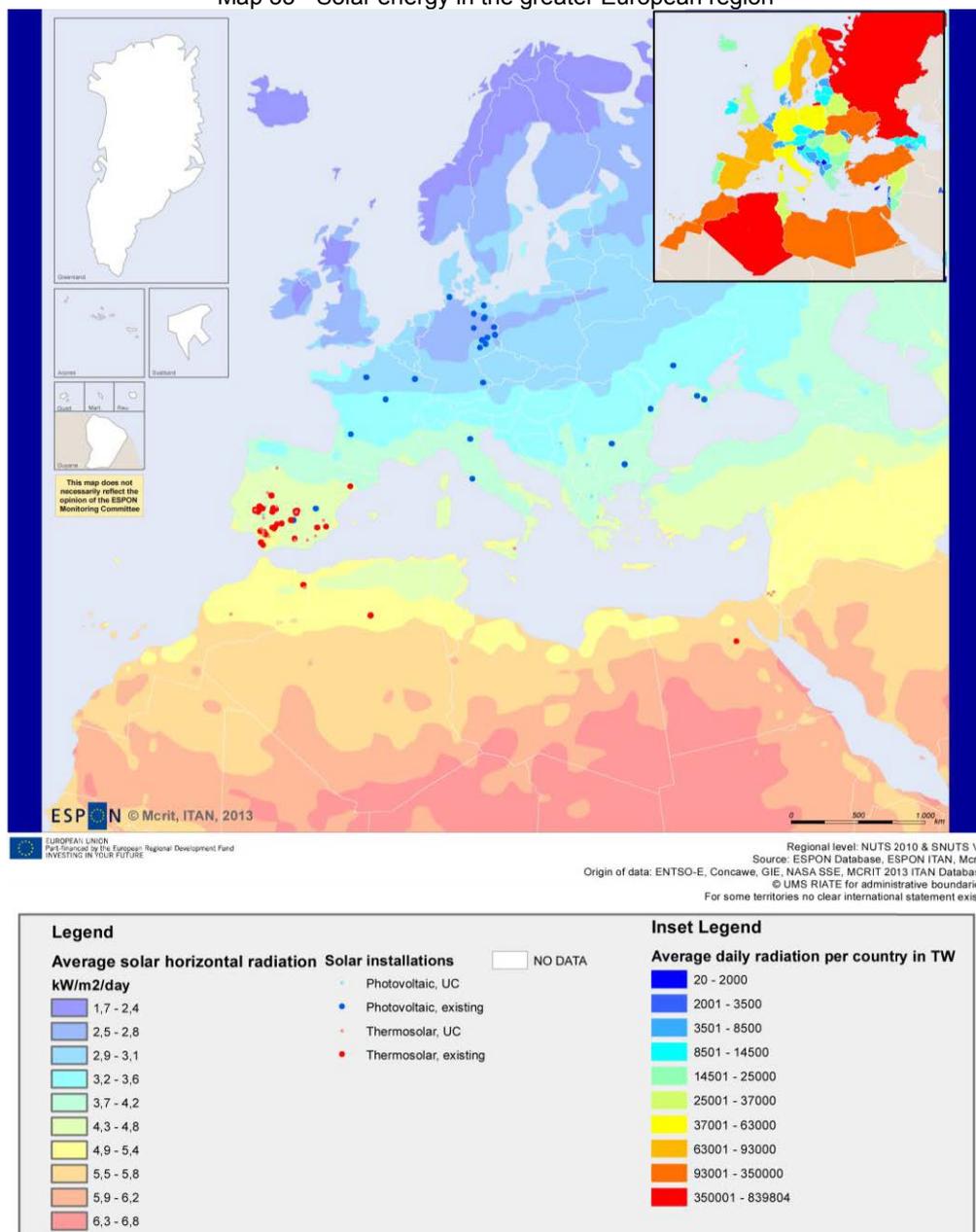
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Regional level: NUTS 2010 & SNUTS V1  
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Origin of data: ENTSO-E, MCRIT 2013 ITAN Database  
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▲ Nuclear power plants	— Transmission line, Existing, 500 kv
<b>High voltage network</b>	- - - Transmission line, UC, 500 kv
<b>Type, State, Capacity</b>	— Transmission line, Existing, 380-400 kv
— DC line, Existing	- - - Transmission line, UC, 380-400 kv
- - - DC line, UC	— Transmission line, Existing, 220 kv
— Transmission line, Existing, 750 kv	□ NO DATA
- - - Transmission line, UC, 750 kv	

Map 33 - Solar energy in the greater European region



#### 2.1.4. International openness

This section presents the geographical results stemming from the methodological analysis made in the above 1.3.12 section about the International openness composite indicator. The methodology distinguishes two approaches, one weighted by time-distance of each SNUTS 2/3 to international transport facilities which highlights *accessibility*; and one non weighted, which highlights the *agglomeration effects*.

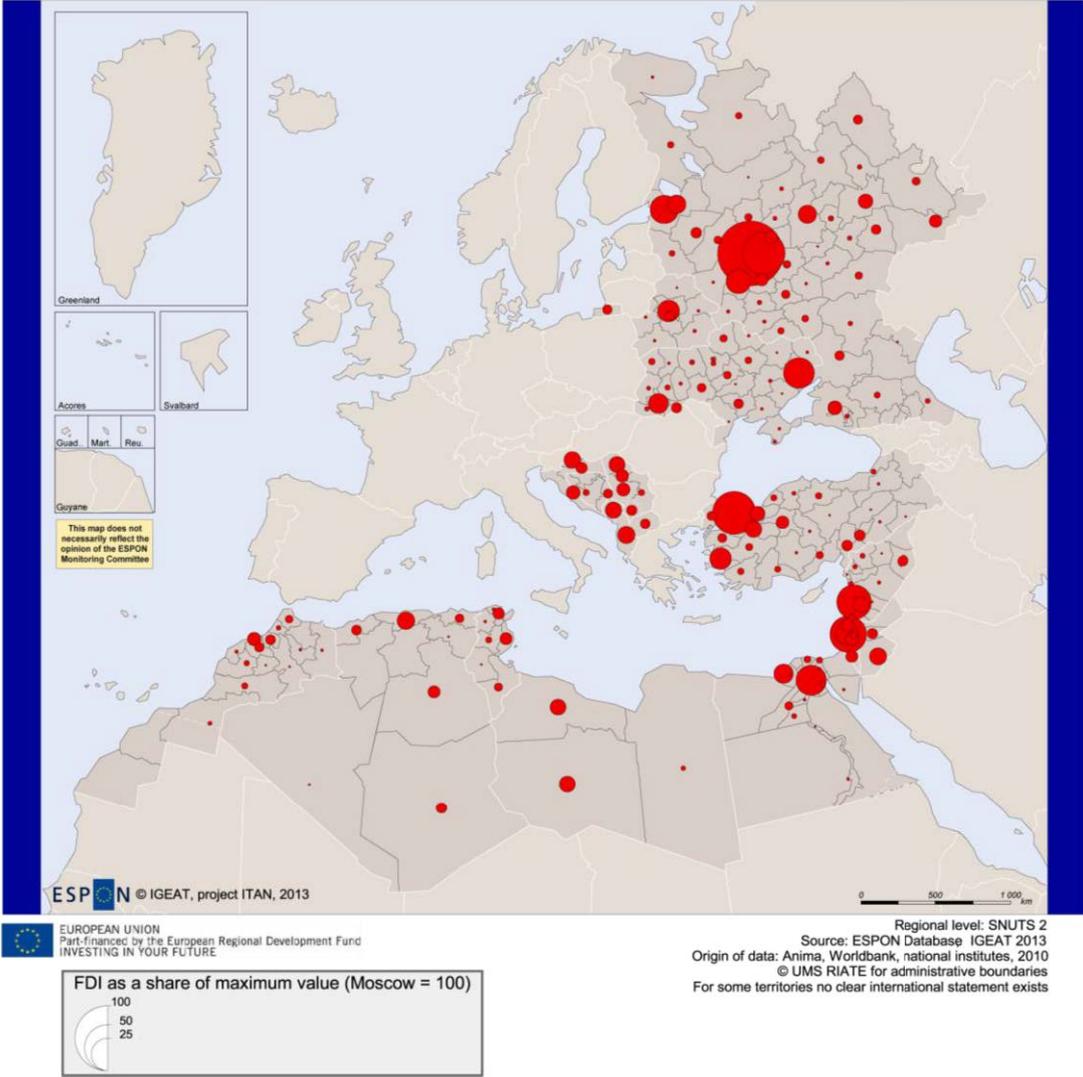
##### 1°) Non weighted international openness

The maps below show the three indicators of openness as well as the synthesis of the three dimensions (map 34 to 37). We see two keys of interpretation: country effect and metropolitan effect. First, bigger and/or more developed countries have in general higher internationalisation; this was an

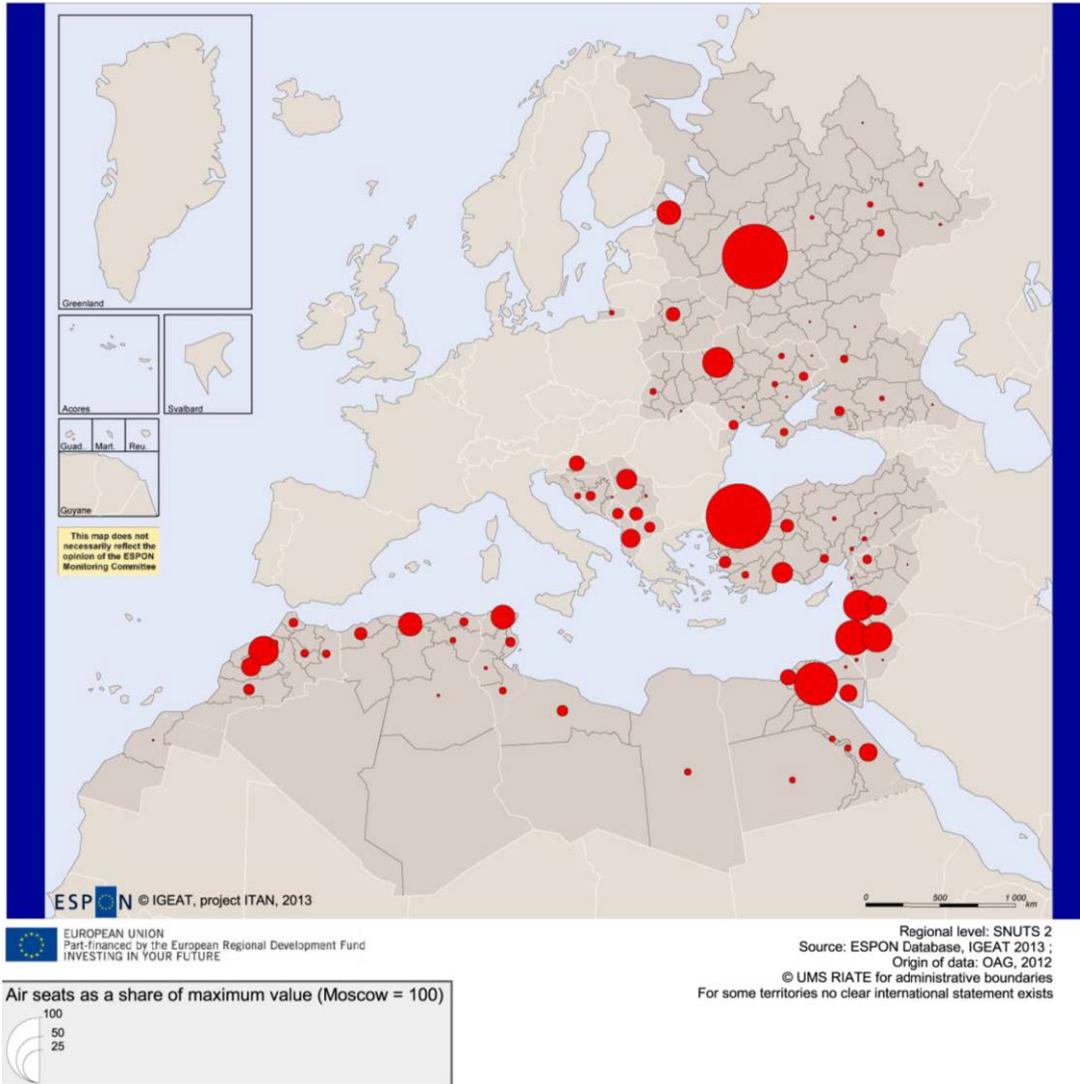
expected result since international openness is very much concentrated in the main metropolitan area. However, the strong concentration in the first pole of the country is tempered by the geography of the major ports, often located in another city, which is an important pattern of the Neighbourhoods' geography.

In the synthesis map, we also take into account the demographic size of the territorial units (SNUTS 2/3). This highlights the international openness of Israeli territories, and the low international openness of the Maghreban territories although we saw that their potential accessibility to the European territory was very high. This suggests important avenues for territorial development there, to take better advantage of these Maghreban territories' situation.

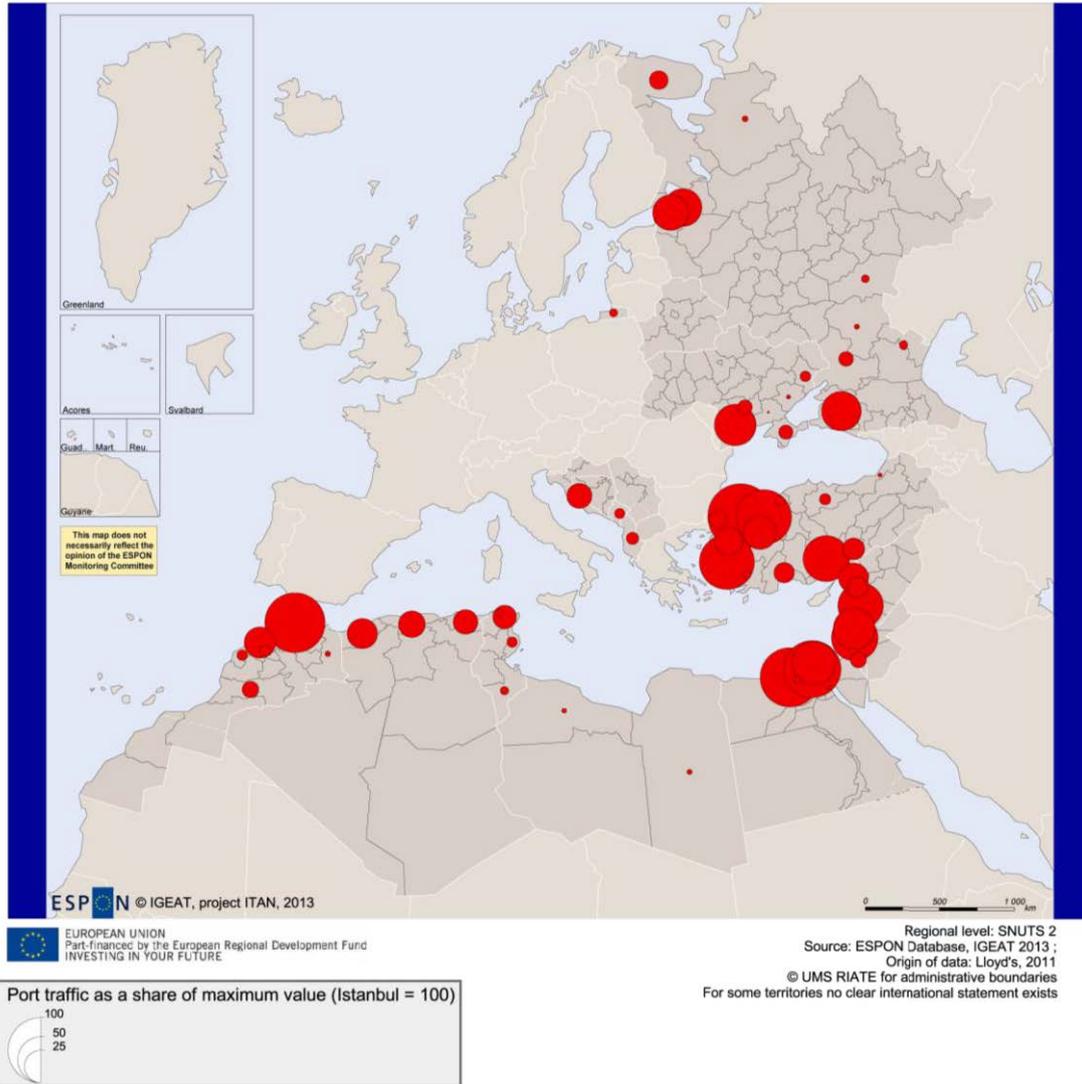
Map 34 - Foreign direct investments, 2008-2012



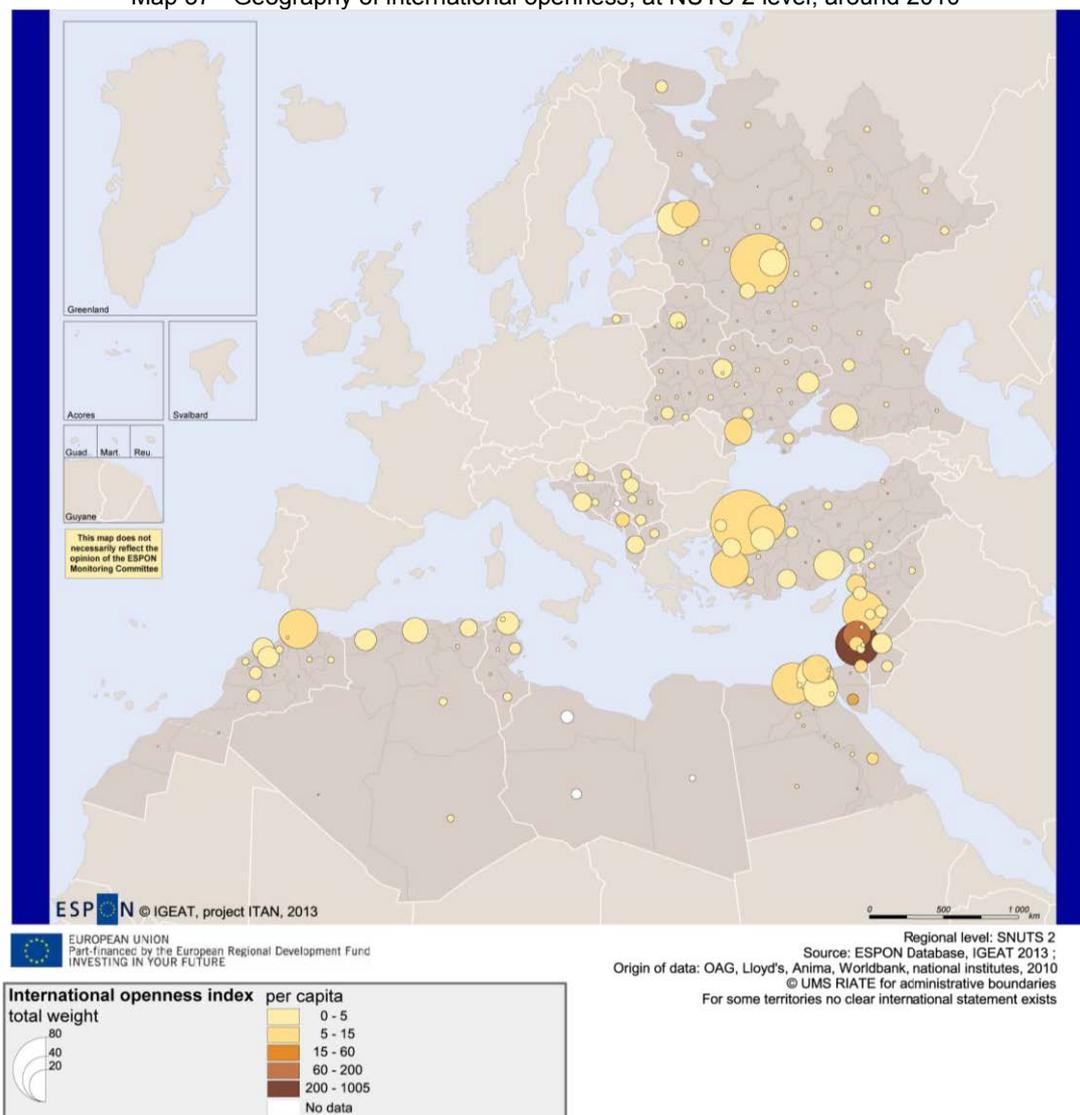
Map 35 - International Air traffic, 2012



Map 36 - International port traffic, 2011



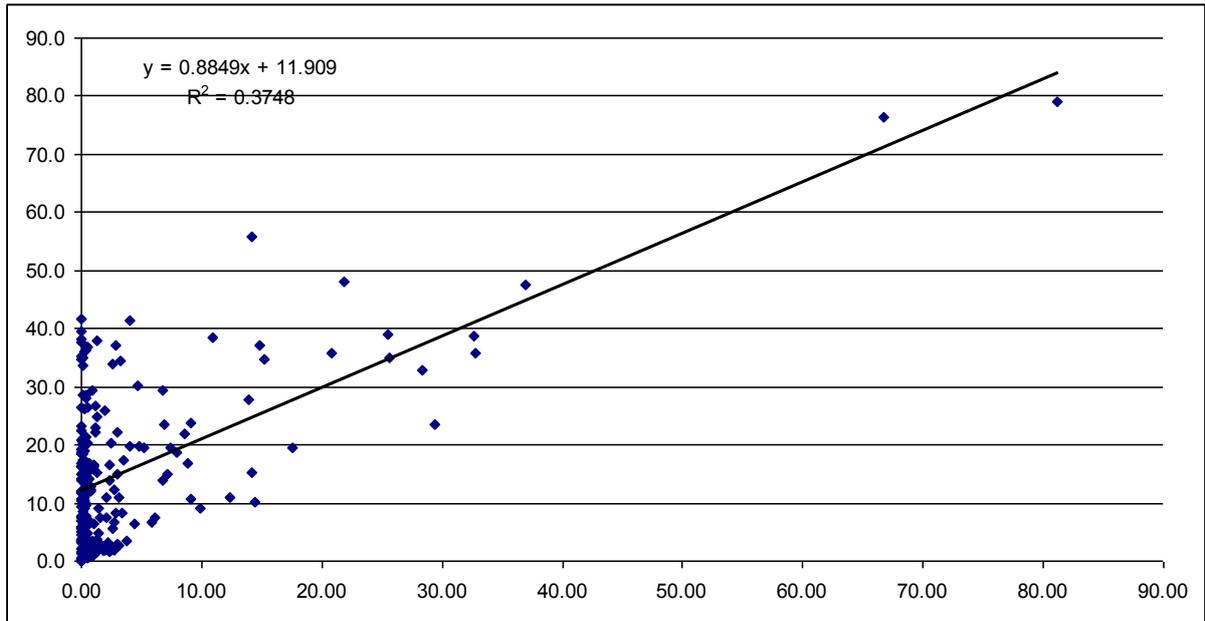
Map 37 - Geography of international openness, at NUTS 2 level, around 2010



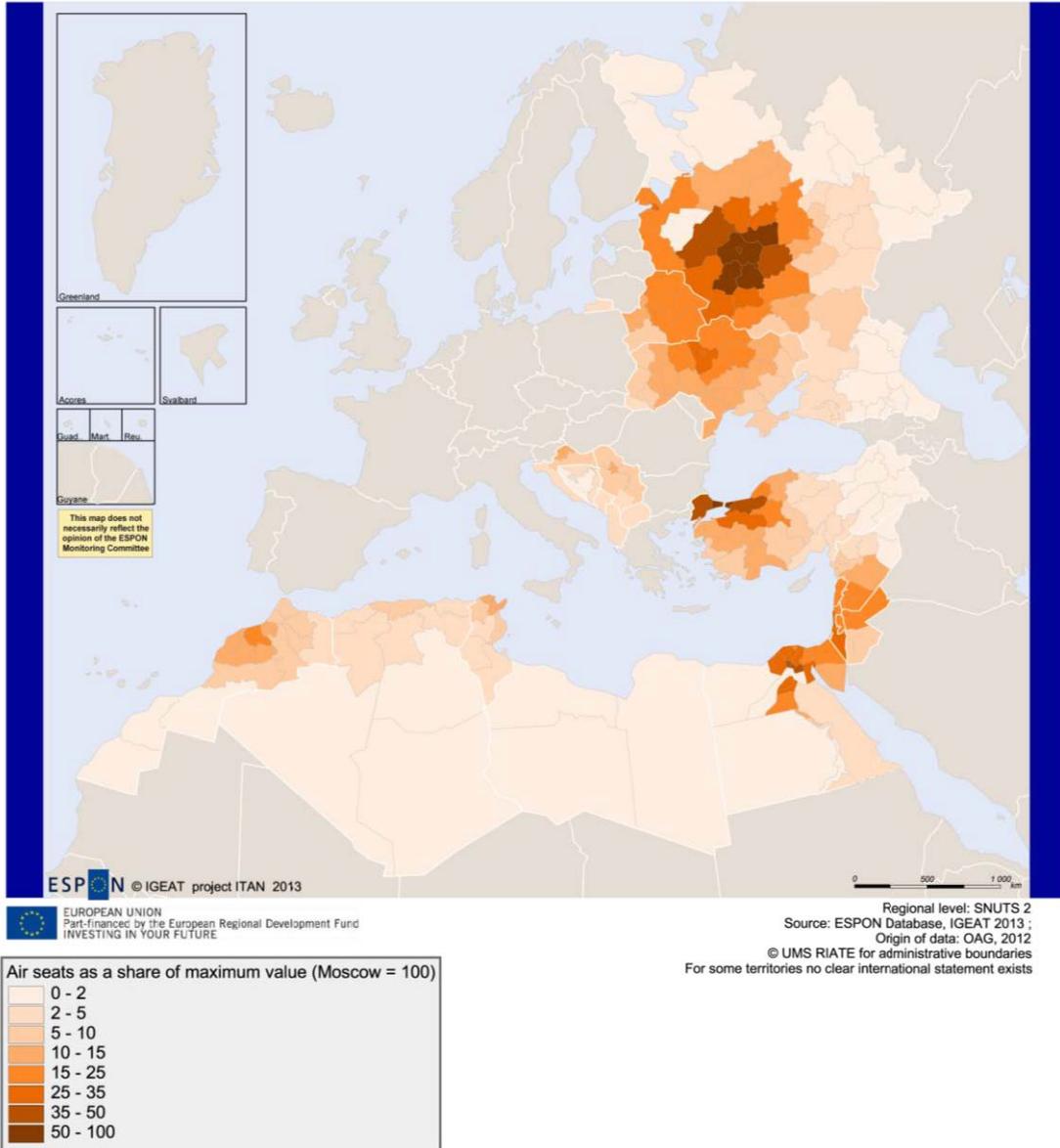
## 2°) Weighted international openness

The maps below show the two indicators of openness which have been weighted (air and maritime flows) as well as the synthesis (maps 38 to 40). As can be observed, results are quite different; indeed, correlation between both synthetic indexes is relatively low. Major differences do not only result from the diffusion effect linked to the proximity to the major port and airport infrastructures, as illustrated in the Nile delta which benefit from their proximity from Cairo airport or the Damiette and Alexandria ports, but also from the proximities to major European infrastructures in some parts of the Neighbourhoods, notably the Western Balkans.

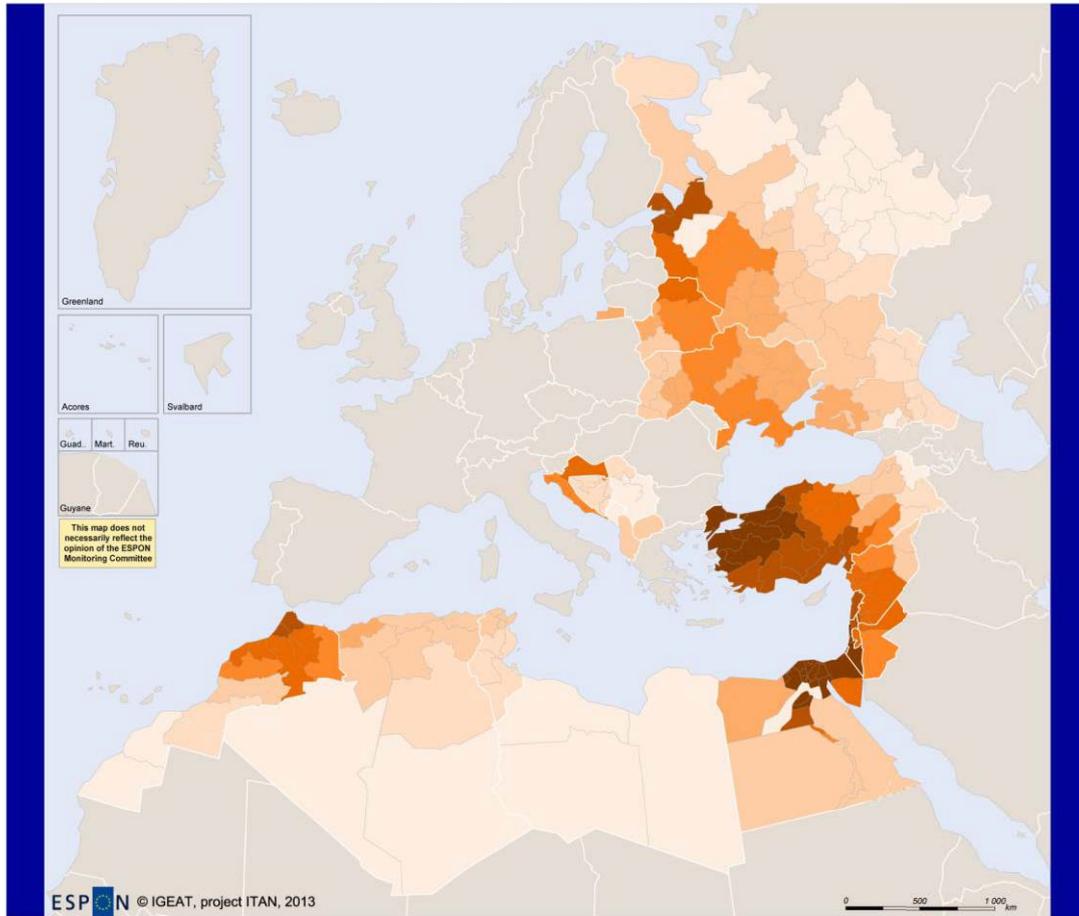
Figure 15 - Scores of each entity on the weighted and non weighted international index



Map 38 - International Air traffic, 2012. Values weighted by the time-distance to the airports



Map 39 - International Port traffic, 2012. Values weighted by the time-distance to the Ports



ESPON © IGEAT, project ITAN, 2013

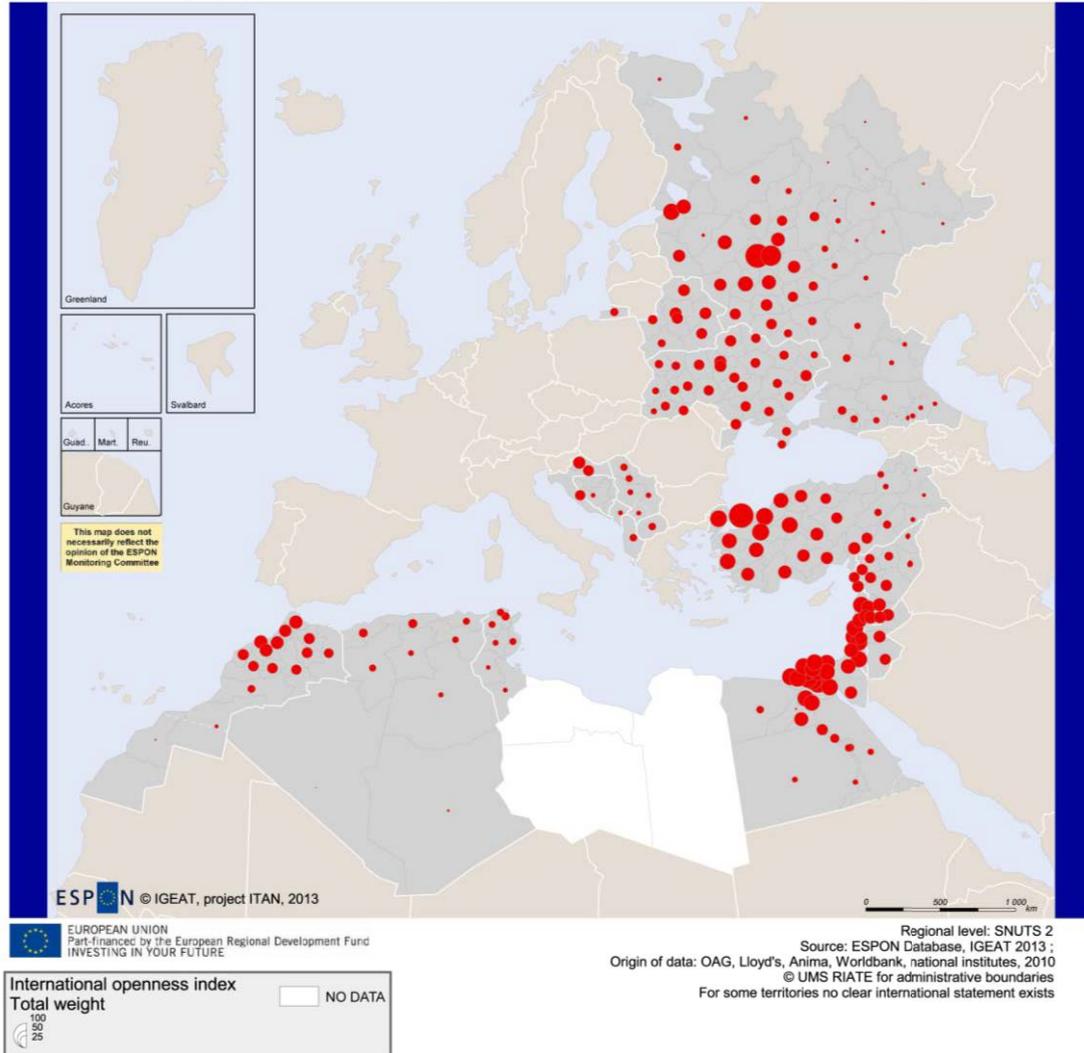
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Regional level: SNUTS 2  
Source: ESPON Database, IGEAT 2013 ;  
Origin of data: Lloyd's, 2011  
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For some territories no clear international statement exists

Port traffic as a share of maximum value (Istanbul = 100)

0 - 5
5 - 10
10 - 20
20 - 25
25 - 35
35 - 50
50 - 65
65 - 100

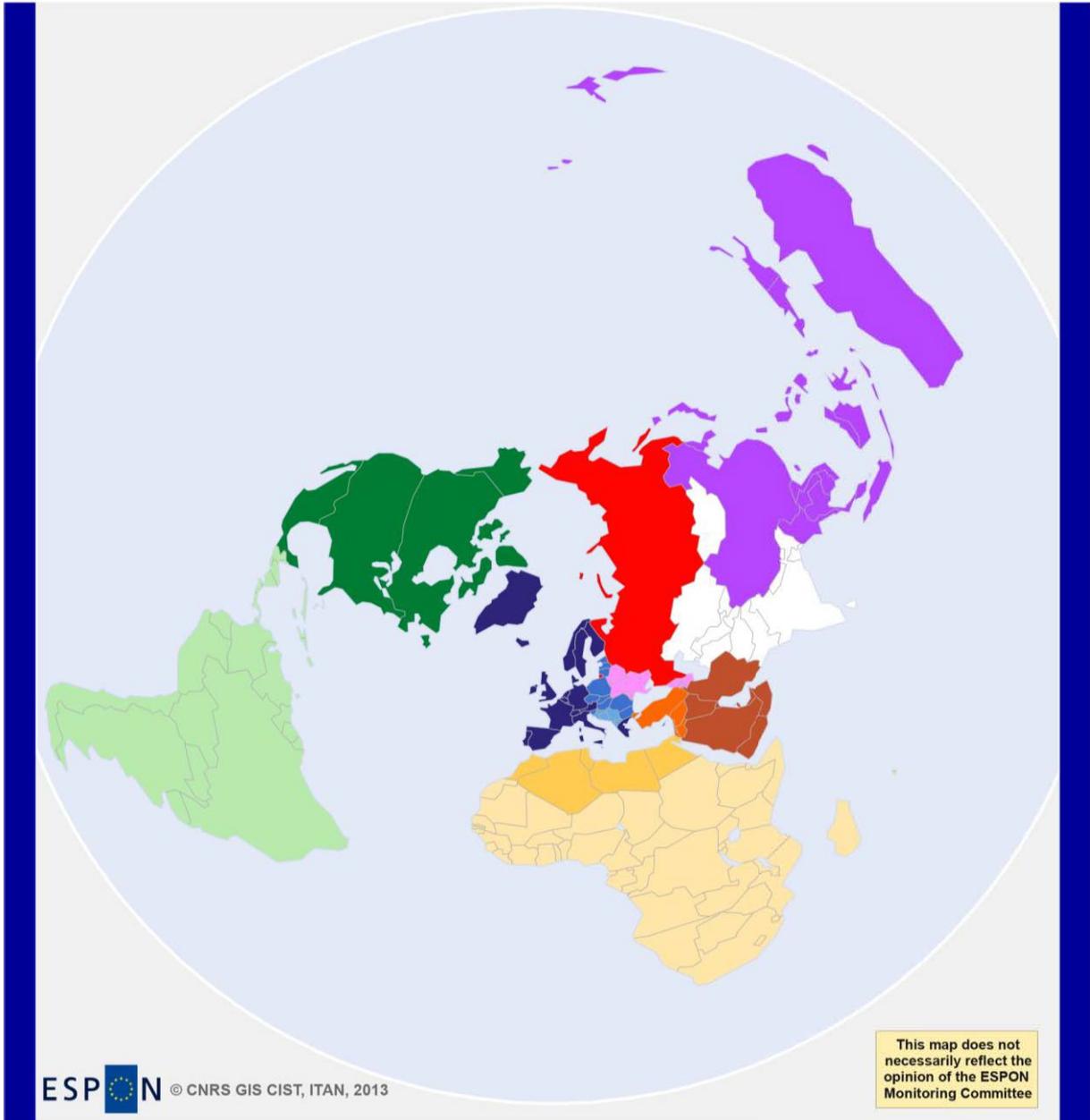
Map 40 - Geography of international openness, at NUTS 2 level, around 2010. Weighed values



## 2.2. Stakes, opportunities and threats, an overview

In this chapter we gather the key elements of the European Neighbourhoods' stakes, opportunities and threats – for both Europe and for the ENC's. The gathered information comes from various works: (i) some external works from which we synthesise analyses in particular on natural resources; (ii) the general ITAN research as presented in the first chapter, with results mapped in the scope of the greater region (Europe + Neighbourhoods); and (iii) further ITAN analyses comparing this greater region to other world leading regions, namely East Asia and North America. In that case, we opted for a delineation of the world regions showed on the map 41. It draws a "Gulf and Middle East" region because these countries are, relatively, in the European area of influence, and because they are a potential lengthening of the Arab Neighbouring ENC's to be taken into account in terms of energy issues and potential markets for European enterprises. Within the European region (see map 42), we distinguished between Western Europe and the new member states because the latter, as "former European neighbours", constitute a useful comparison for the actual ENC's and suggest a possible future for them – at least on the socio-economic ground if not on the institutional ground of membership.

Map 41 - Analytical geographical framework: a macro-regional division of the world



ESPON © CNRS GIS CIST, ITAN, 2013

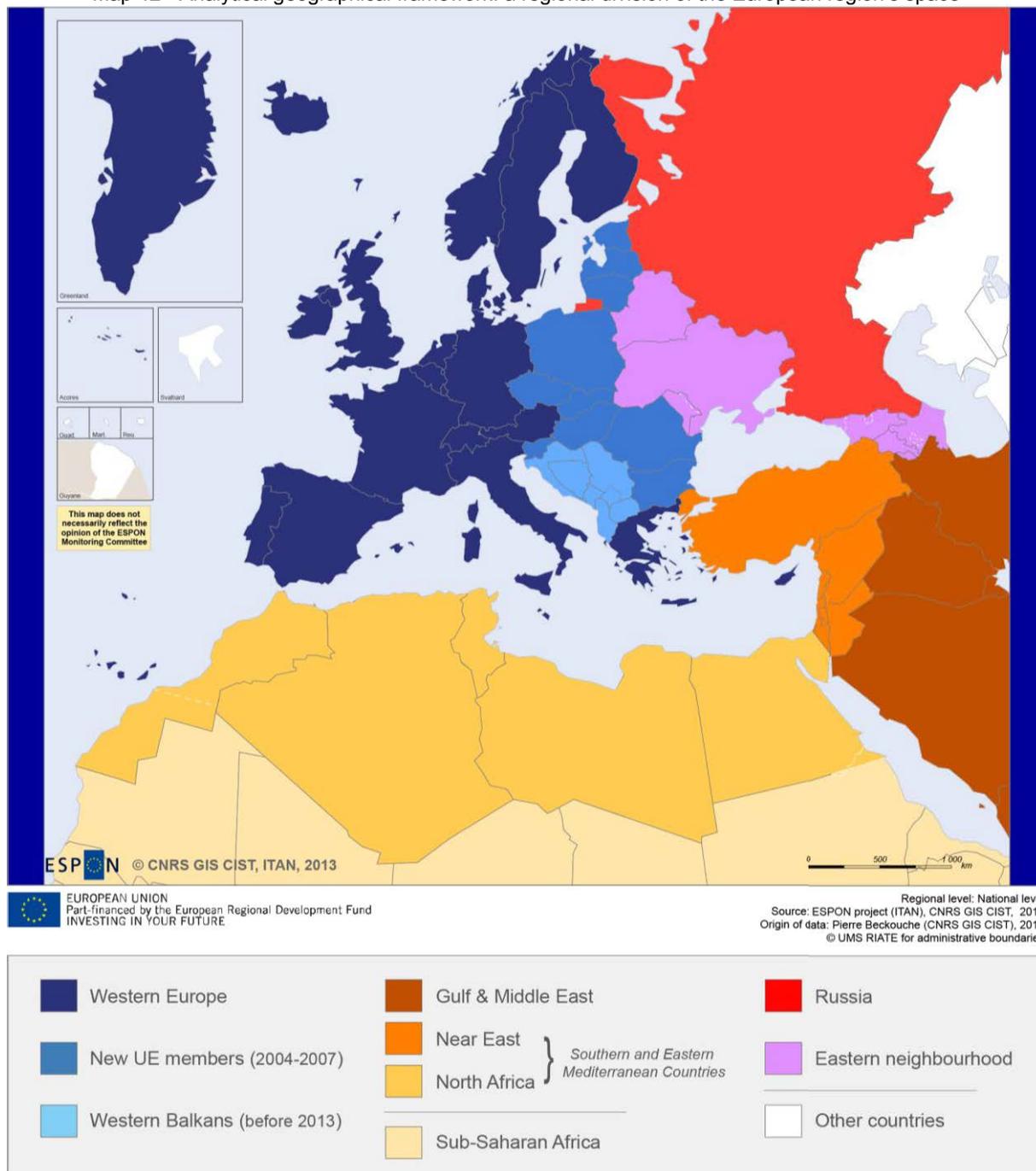
This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

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Regional level: National level  
Source: ESPON Database, ESPON project (ITAN), CNRS GIS CIST, 2013  
Origin of data: Pierre Beckouche (CNRS GIS CIST), 2013  
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Map 42 - Analytical geographical framework: a regional division of the European region's space



### 2.2.1. Opportunities

For European actors, the Neighbourhoods constitute opportunities because of their demographic and economic size, which is rising in particular in the Mediterranean Neighbourhood although European investment there is low and declining, and although the European share in international trade is also declining; and because of their natural resources.

## 1°) Population dynamic, labour force and markets

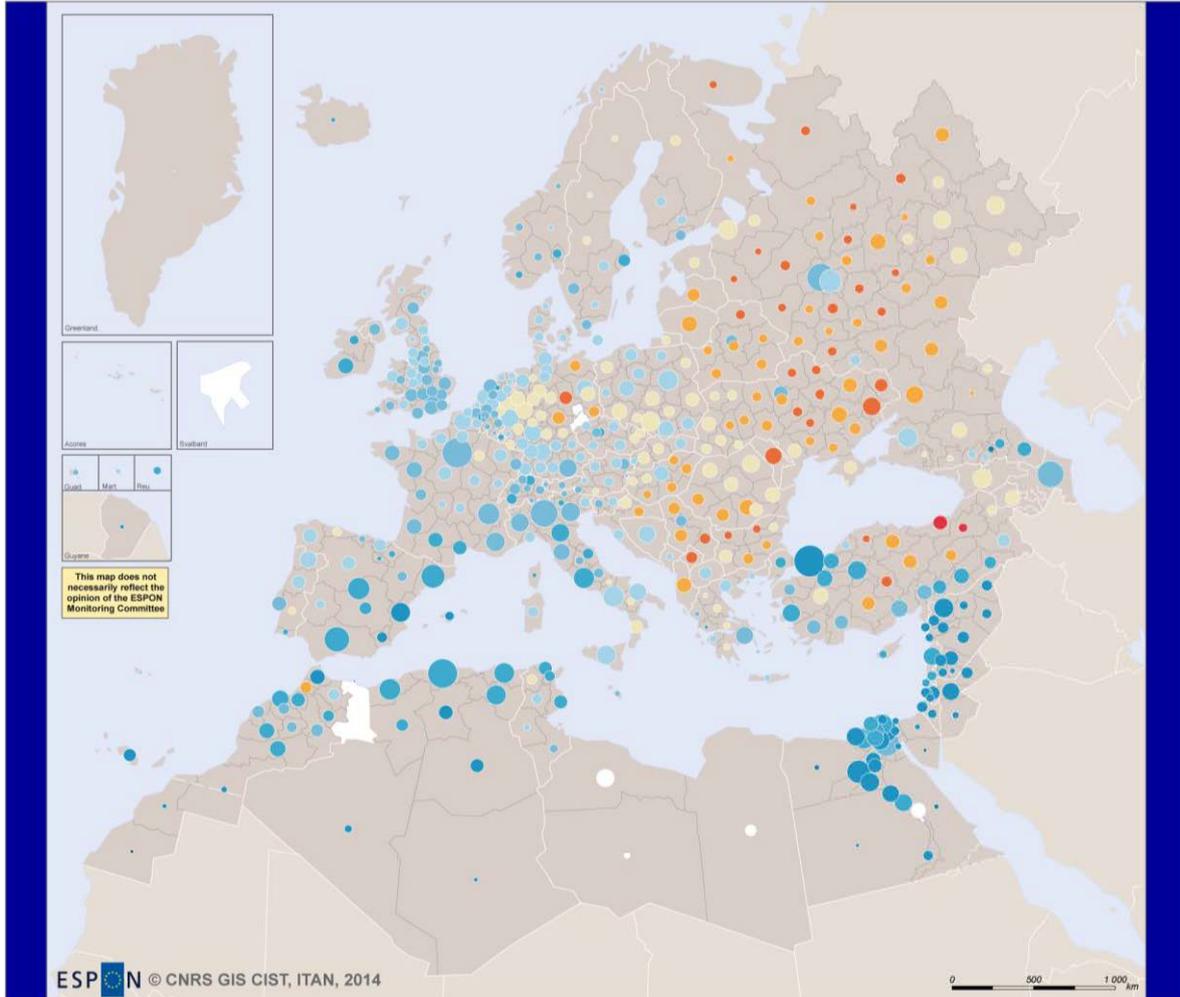
### *Population growth*

The 508 million people of the ENCs (2011) progress rapidly in the South, mostly in the Eastern Mediterranean. Turkey is a transitional country in many senses. The demographic transition is largely advanced there, and the national territory is split into demographically rising territories and declining territories. For a little part of their own national territories, this is what is beginning to happen also in Tunisia and in Morocco. Reversely, the demographic decline of almost all the Balkans and Eastern ENRs is striking.

The maps below show that the young people of the greater European region are concentrated in the Near-East and in some southern parts of North Africa. The elder – consider it as an asset when it come to know how or as a burden when it comes to financial issues – are concentrated in Europe, Eastern Neighbourhood included. This demographic shift is striking: poorly managed, it could drive to conflicts between territories and perhaps countries confronted to a difficult transition, but properly managed it constitute a very favourable complementarity. One thing is obvious: both aging Europe and booming Mediterranean have to tackle high dependency ratios, in a context of insufficient jobs creations: this creates a de facto convergence of stakes.

Another demographic asset has to be enhanced: Europe benefits from an important diaspora coming from its Neighbourhoods (fig.16). Given the growing role of diasporas in the economic and cultural development, it is important for European public opinion and politicians to consider migrants in a renewed way: they used to be all too often regarded as a social problem (integration, education...), they should all the more be regarded as a solution as their education level is rising. As a whole, it is of utmost relevance to think in terms of “mobility” rather than of “migration”, because the actual economy is based on the former much more than on the latter. The people who live in Western Europe as foreigner come more and more from the Neighbourhoods, namely the Mediterranean one, and from Sub-Saharan Africa which is a lengthening of the European area of influence. This is a asset to rely on, given the foreseen development of Africa in the coming century – which for the moment benefit mostly to other world players than Europe...

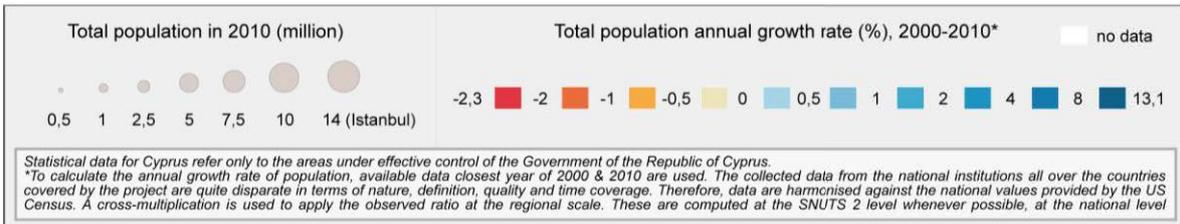
Map 43 - The demographic growth in the greater European region, 2000-2010



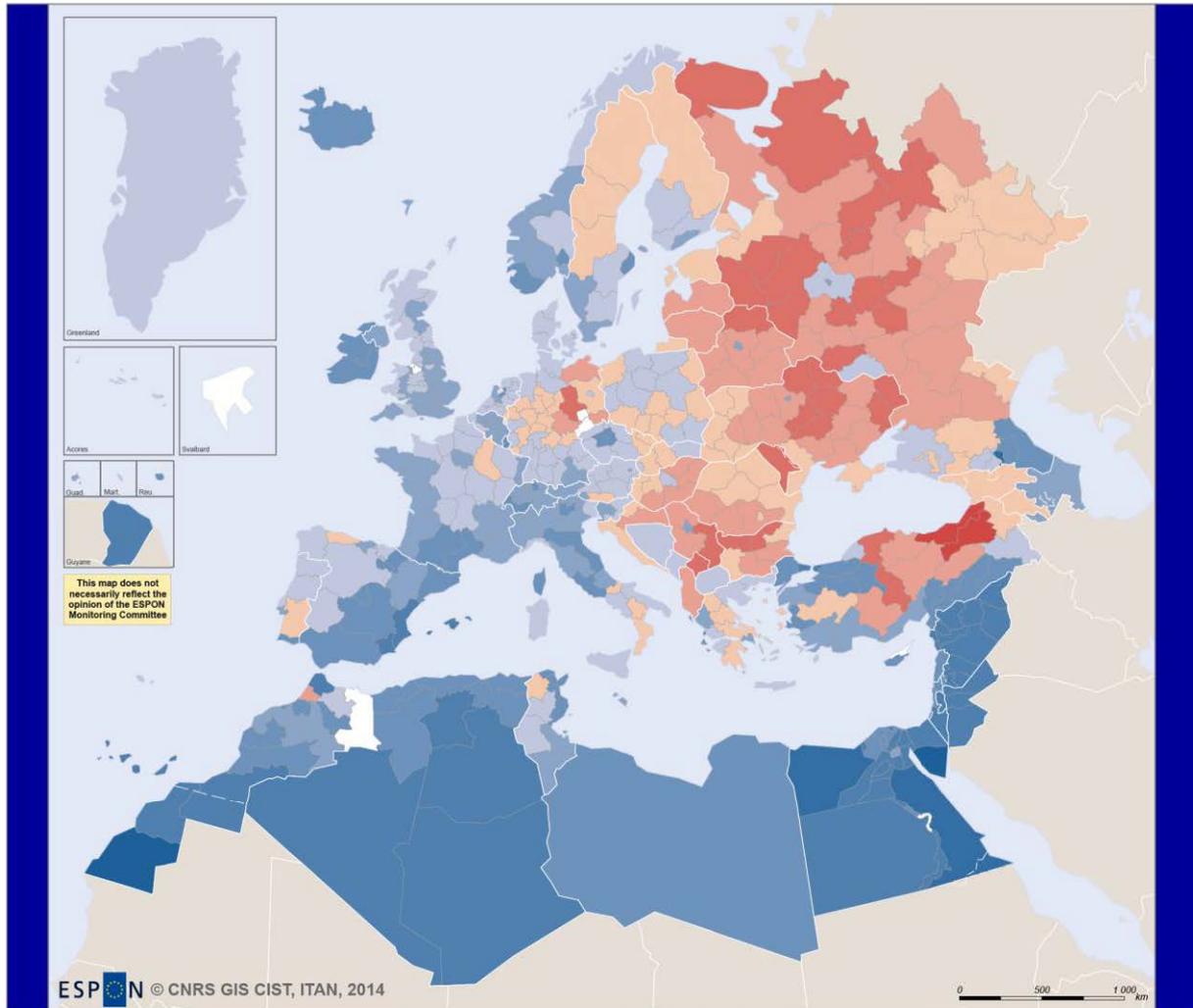
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Regional level: NUTS 2 & SNUTS 1-2  
Source: ESPON project (ITAN), CNRS GIS CIST. Data standardised by IGEAT, 2013  
Origin of data: INSTAT (AL), 2013; DEMOBALK (BA), 2013; Federal Office of statistics (BA), 2001; DZS (HR), 2013;  
National Statistical Committee of the Republic of Belarus, 2012; ONS (DZ), 2012; CAPMAS (EG), 2013; Hagstova Føroya (FO), 2013;  
Naatsorsueggrisaartirik (GL), 2013; CBS (IL), 1997-2012; DOS Jordan - Myriam Ababsa (JO), 1994-2011; MoSA/UNFPA (LB), 2011;  
CAS&UNDP/MoSA (LB), 2007; Bureau of statistics & Census (LY), 2010; HCP (MA), 2004-2012; Biroul National de Statistică al Republicii Moldova (BY), 2013;  
Бурла М.П., Гушан В.А., Казмалы И.М., ИПЦ "Шериф" (BY) & Государственная служба статистики Министерства экономики ГИМР (BY), 2013;  
MONSTAT (ME), 2011; State Statistical Office of the Republic of Macedonia, 2011; PCBS(PS), 1999-2010; Republički zavod za statistiku (RS), 2010;  
Federal State Statistics Service (RU), 2001-2012; CBS (SY), 2004; Mamdouh Al Mobayed (SY), 2013; Tunisie Statistiques, 2001-2011; TURKSTAT (TR), 2000-2011;  
UKRSTAT (UK), 2001-2012; Federal Statistical Office of the Federal Republic of Yugoslavia (XK), 2011; ASK (XK), 2013; US Census, 2013; Eurostat, 2013  
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Map 44 - Annual growth rate of population in the greater European region, 2000-2010



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Regional level: SNUTS 0-1-2  
Source: ESPON project (ITAN), CNRS GIS CIST, Data harmonised by IGEAT, 2014  
Origin of data: National statistical institutes, US Census, 2013  
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For some territories no clear international statement exists

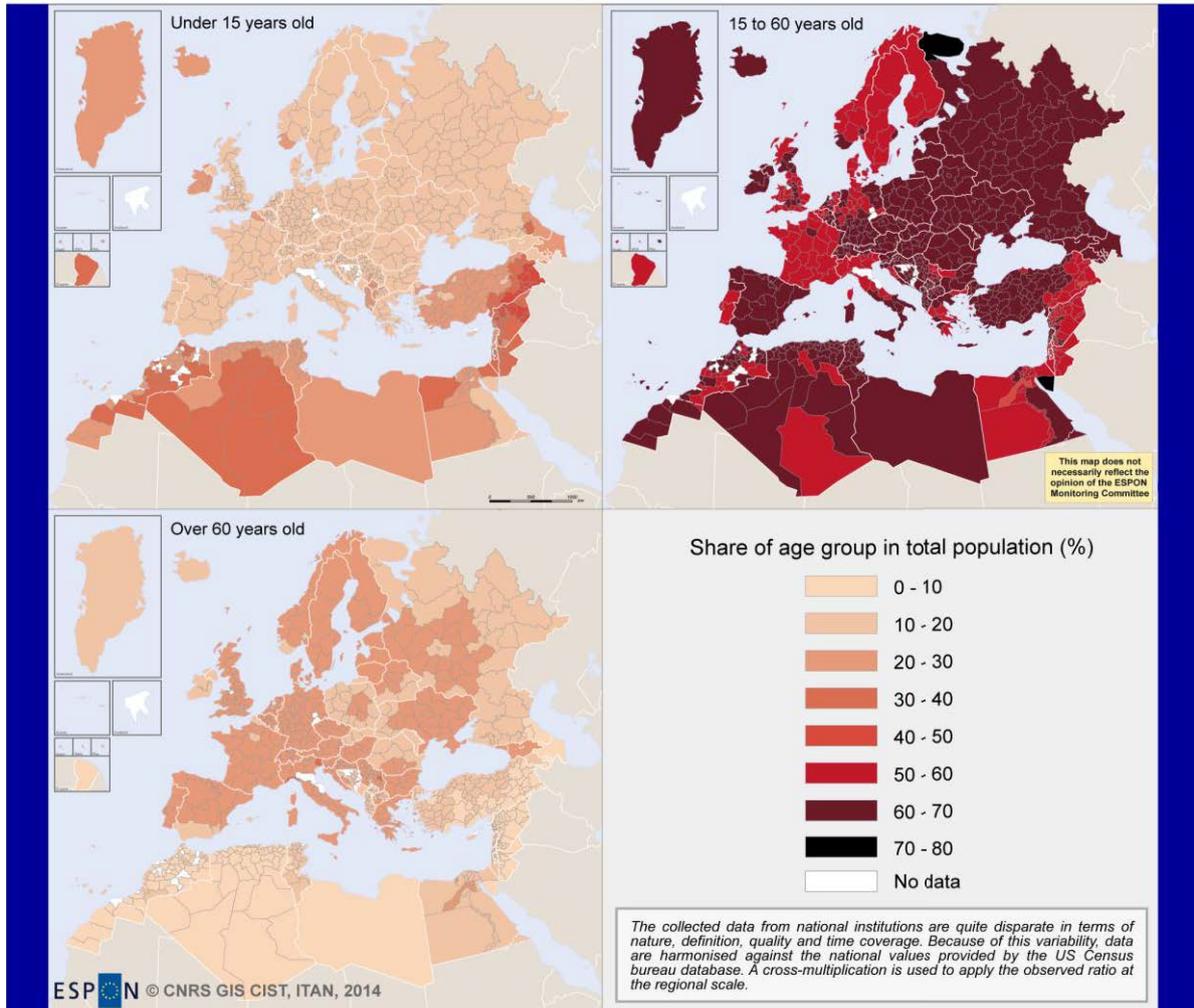
Annual growth rate of the population (%), 2000-2010

-2,3 -2 -1 -0,5 0 0,5 1 2 4 8 13,1 no data

To calculate the annual growth rate of population, available data closest year of 2000 & 2010 are used.

The collected data from the national institutions all over the countries covered by the project are quite disparate in terms of nature, definition, quality and time coverage. Because of this variability, data are harmonised against the national values provided by the US Census databases. A cross-multiplication is used to apply the observed ratio at the regional scale. These are computed at the SNUTS 2 level whenever possible, at the national level otherwise.

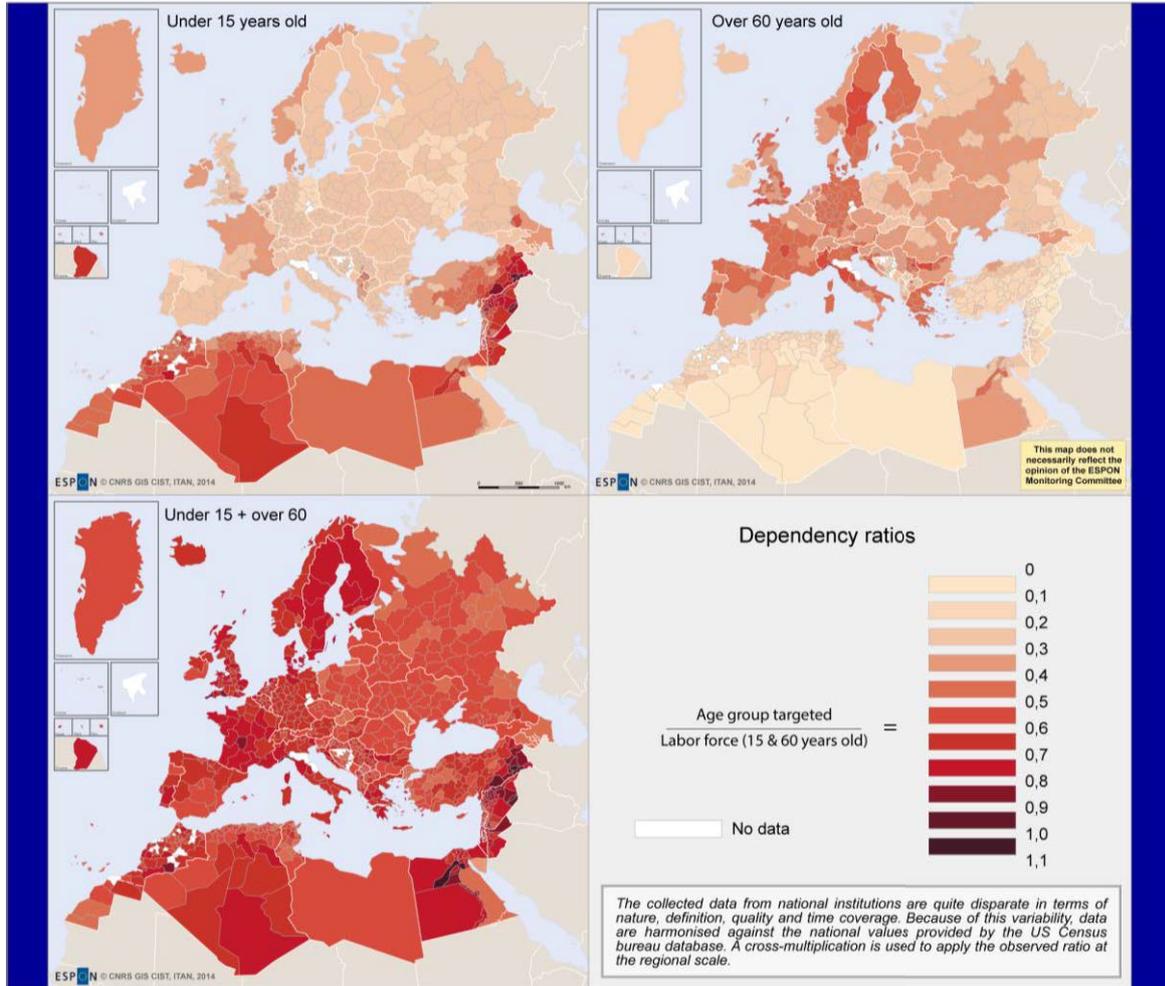
Map 45 - Age groups in the greater European region, ca 2010



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Regional level: NUTS 2 & SNUTS 0-1-2-3  
Source: ESPON project (ITAN), CNRS GIS CIST. Data standardised by IGEAT, 2013  
Origin of data: Eurostat national statistics institutes & US Census, 2013  
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Map 46 - Dependency ratios in the greater European region, ca 2010

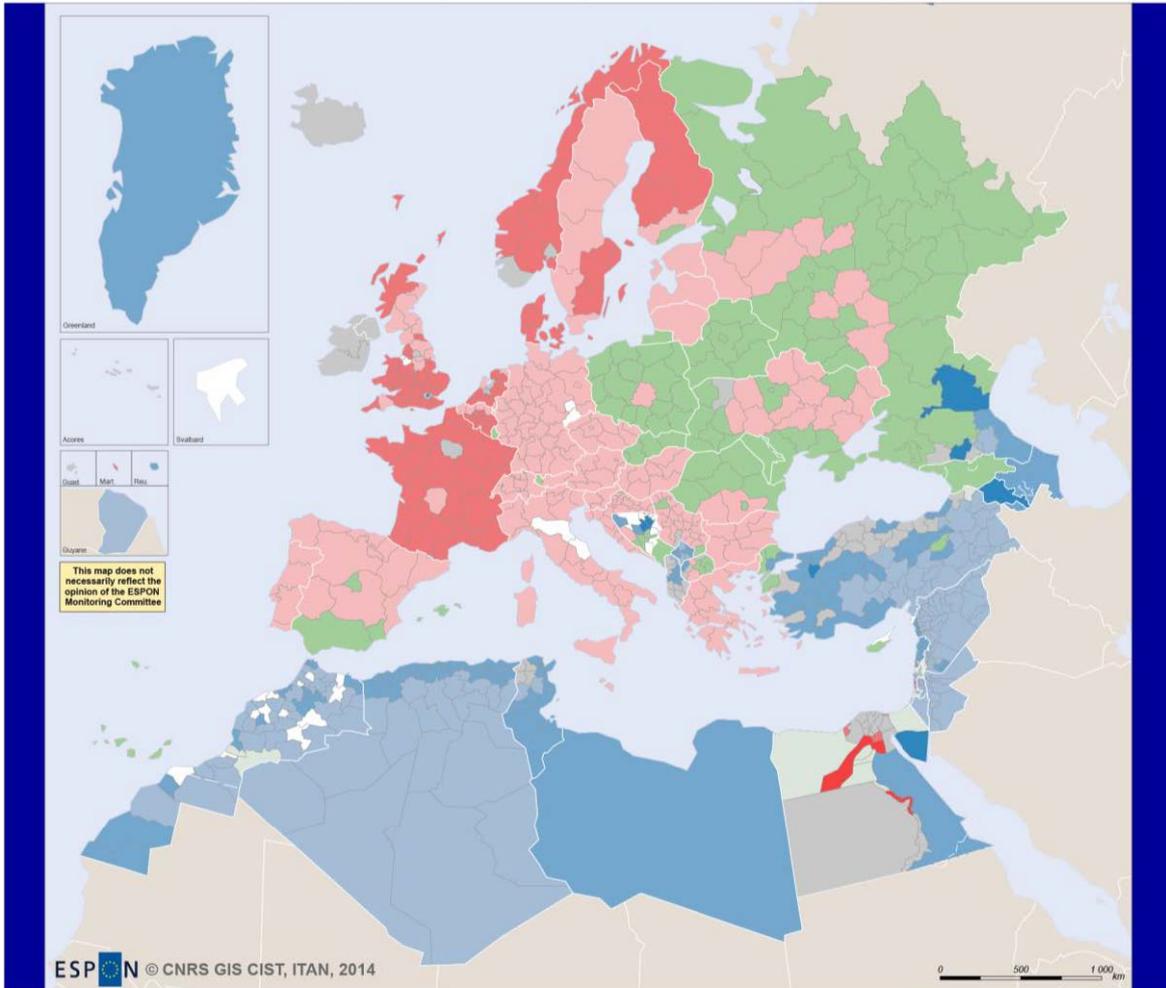


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Map 47 - Dependency ratio in the greater European region, a typology



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Regional level: NUTS 2 & SNUTS 0-1-2-3  
Source: ESPON project (ITAN), CNRS GIS CIST, Data standardised by IGEAT, 2013  
Origin of data: Eurostat, national statistics institutes & US Census, 2013  
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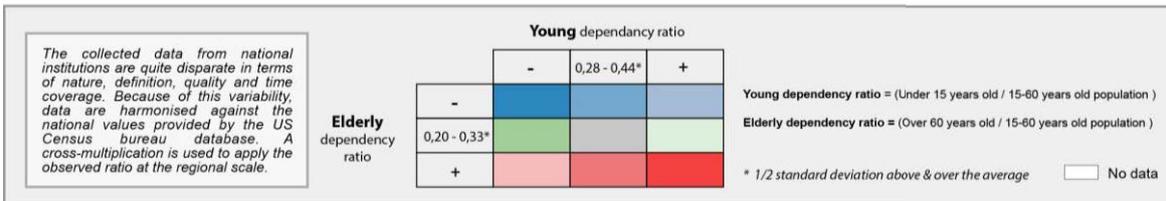
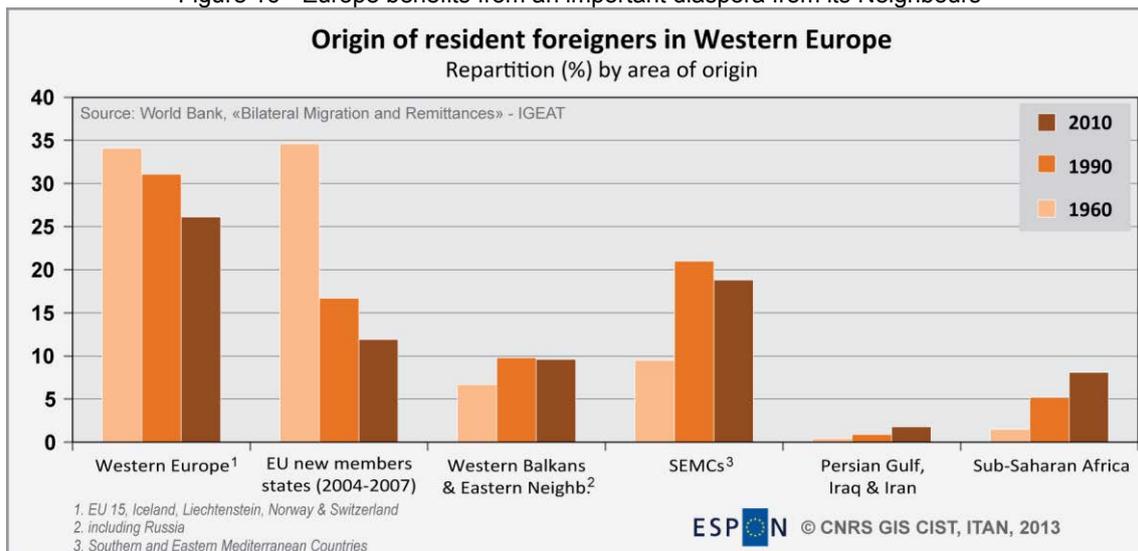


Figure 16 - Europe benefits from an important diaspora from its Neighbours



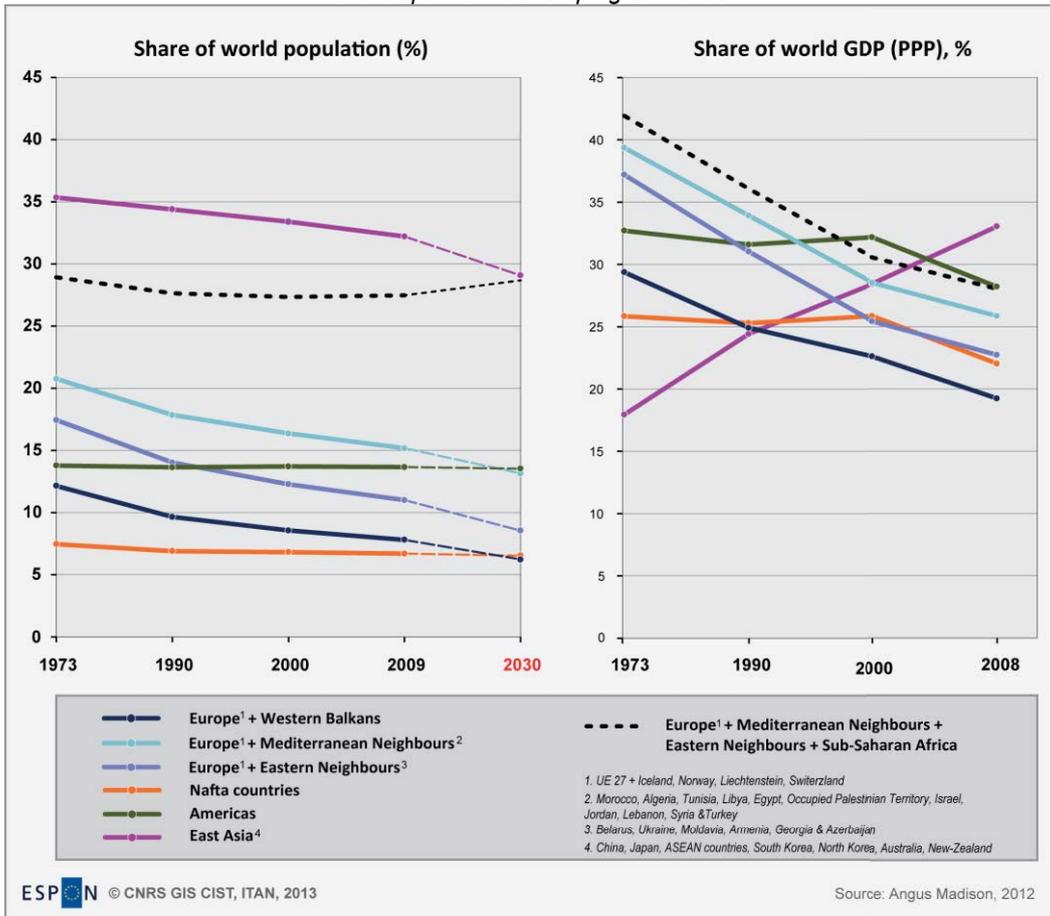
## 2°) Markets

*The greater European region as a response to the booming place of East Asia in the world economy*

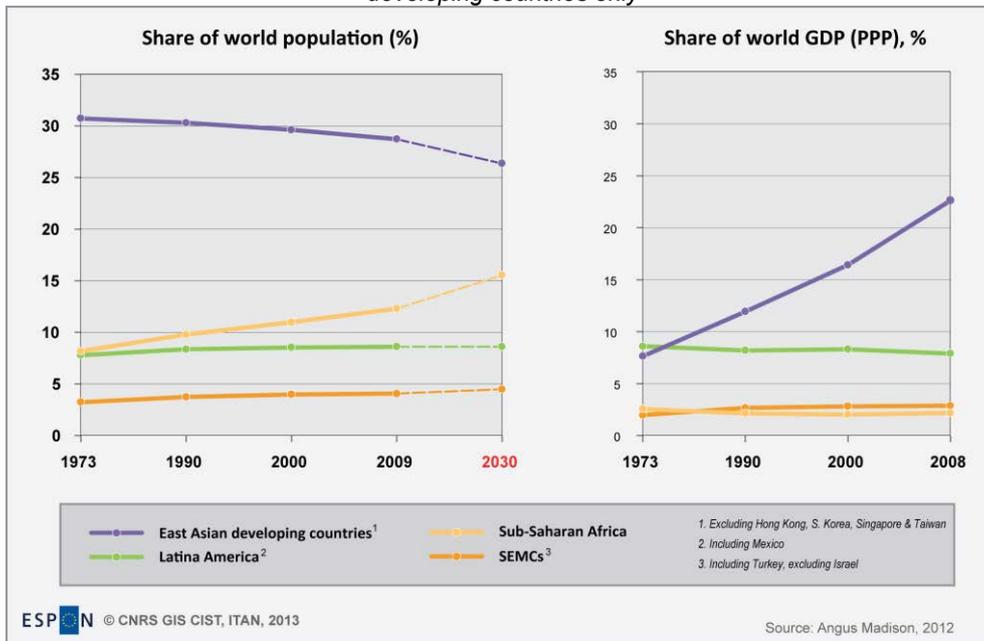
The figure 17 displays several meaning of the “European region”: ESPON countries + Western Balkans, plus the Eastern ENC, plus the Mediterranean ENC, plus sub-Saharan Africa. In all cases, the contrast of its share of the world’s GDP is striking vis-à-vis the huge rise of the East Asian share. But indeed, the larger the European region, the higher its place in the world economy.

Figure 17 - World markets: can we cope with the rise of the East Asian region?

*Developed and developing countries*



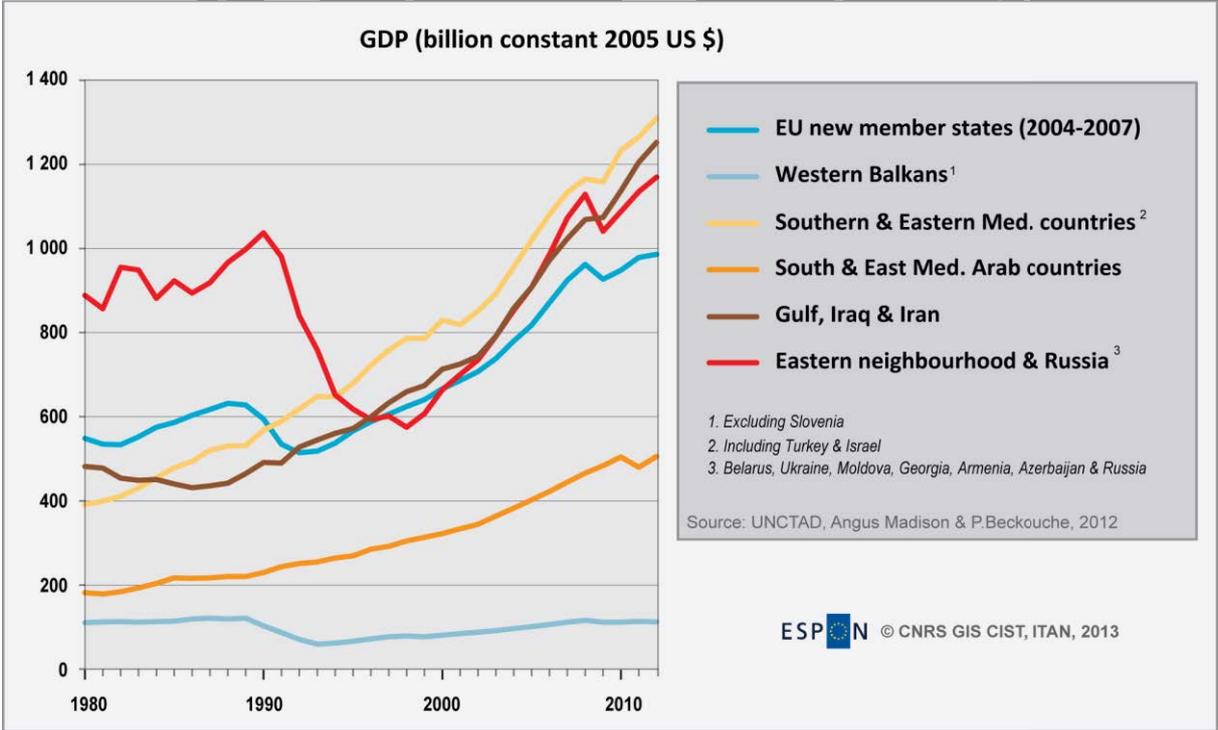
*developing countries only*



The figure 18 compares the GDP growth since 1980 in the various neighbourhoods of Europe. It considers the ITAN Neighbourhoods, but also the Gulf plus Iraq and Iran, and the EU new member states (2004-2007) because prior to 2004 they were former Europe's neighbours. The first lesson is that almost all these neighbourhoods have a impressive economic growth, expressed in constant currency; this is undeniably un major asset for Europe. Second, the economic hierarchy as dramatically changed during these three last decades: the Eastern Neighbourhood was first and the new member states second, they are now in third and fourth position, whereas the Mediterranean and Middle-East neighbourhoods have become first and second; Western Balkans are now lagging behind.

This analysis has to be tempered by several facts: (i) the huge transition experienced by the former Socialist countries, with much better growth rates in the 2000s of course; (ii) the driving role of Israel and Turkey among the Mediterranean Neighbours, whose performance is much lower if one takes into account the sole Arab countries; (iii) the Arab countries performance is dampened by the on-going unrest and wars. Before the beginning of the Arab Spring, the World Bank was forecasting growth rates in 2011 of 4,4% in Morocco, 4% in Algeria, 5% in Tunisia, 6% in Egypt, 4.5% in Jordan, 7% in Lebanon and 5,5% in Syria; the real rates have been much lower, and nobody knows how long this difficult transition will last. Still, it has to be highlighted that the European neighbouring areas are experiencing a long term shift from East to South, which is due to somehow continue given the demographic figures presented in the previous section.

Figure 18 - The Neighbourhoods, a new driver of economic growth for Europe



Exports

The section 2.1.2 has confirmed the rather low and declining economic integration between Europe and its Neighbours. Beyond the European case, the general trend throughout the world is that of a slowing down of the economic integration within the major regions over the 2000s, due to the booming importance of a new global player: China, which has become a major trade partner of the countries of the world whatever the region they belong to. Should we conclude that the regional integration time is over? Certainly not, because the long run stays in favour of the regionalisation thesis. In the 1960s the European countries would only make a third of their trade between them and the trading links would

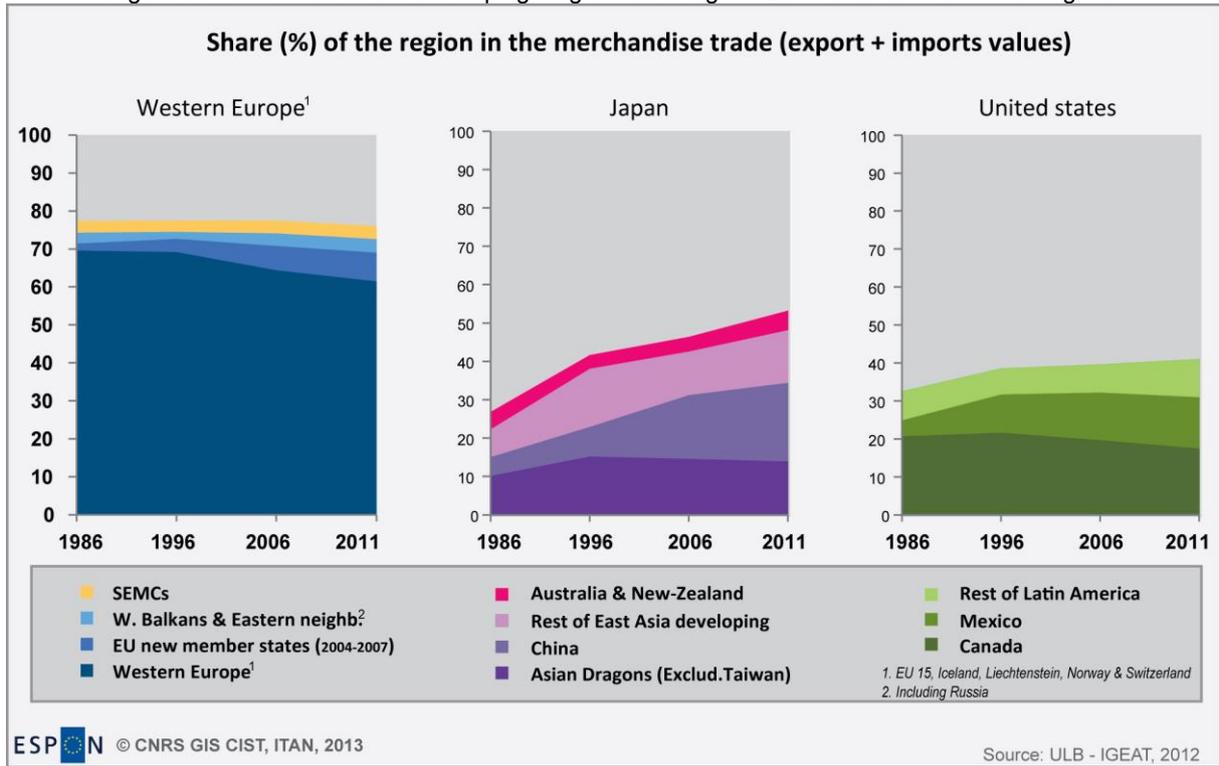
be still lower between the USA, Canada and Mexico. The respective regions are much more integrated today. The figure 19 shows that, even at a slower pace, the trade regionalisation is on-going for the US as well as for Japan. The big difference with Europe is that the latter trades very much within UE and very lowly with the developing and emerging countries of its neighbourhood.

Another fact has to be highlighted. Over the three last decades, the European new member states have drastically reoriented their trade with Western Europe instead of with the former Soviet bloc. But this is the reverse way for the neighbourhoods:

- The Eastern Neighbourhood is indeed strongly linked to Western Europe's markets, but less and less to central Europe's partners and, above all, the evolution shows a rising importance of their Asian partners. Along with that, the internal trade within the Eastern Neighbourhood is on the rise due to the gas diplomacy used by Russia to expand its economic influence in former Soviet republics, and due to the wider prospects offered thanks to a single economic space pushed by Russia (customs union of Russia, Belarus, Kazakhstan, and now Armenia and Ukraine, initiated in 2010 in the framework of the "Eurasian Economic Community").
- The Mediterranean ENC's are also highly linked to European trading partners, but also less and less: 60% in the 1980s and only 44% in the 2000s. This trend has accelerated in the 2000s, at the time when these countries applied the Association agreements with Europe and opened their markets to international exchanges. Mediterranean ENC's find growing partners within themselves, in the Gulf, in North America, and somehow in sub-Saharan Africa.
- Remarkably, the Gulf countries (including Iraq and Iran here) trade less and less, too, with Europe. Their growing partner is Asia, in particular East Asia which henceforward buys the two thirds of its hydrocarbons (against less than 40% in the 1980s).
- And this feature is true also for sub-Saharan Africa, which diversifies its trading partners at the expenses of European partners (Europe represented 59% of Africa's exports in 1986 but 26% in 2011).

In sum, all neighbourhoods of Europe, in a wide meaning, send to Europe a declining part of their exports and import a declining part of European products. This can be considered good news if this means a wider insertion of these countries in the global economy. This can also be regarded as bad news for Europe's influence which remains high upon its neighbourhoods, but undoubtedly declining.

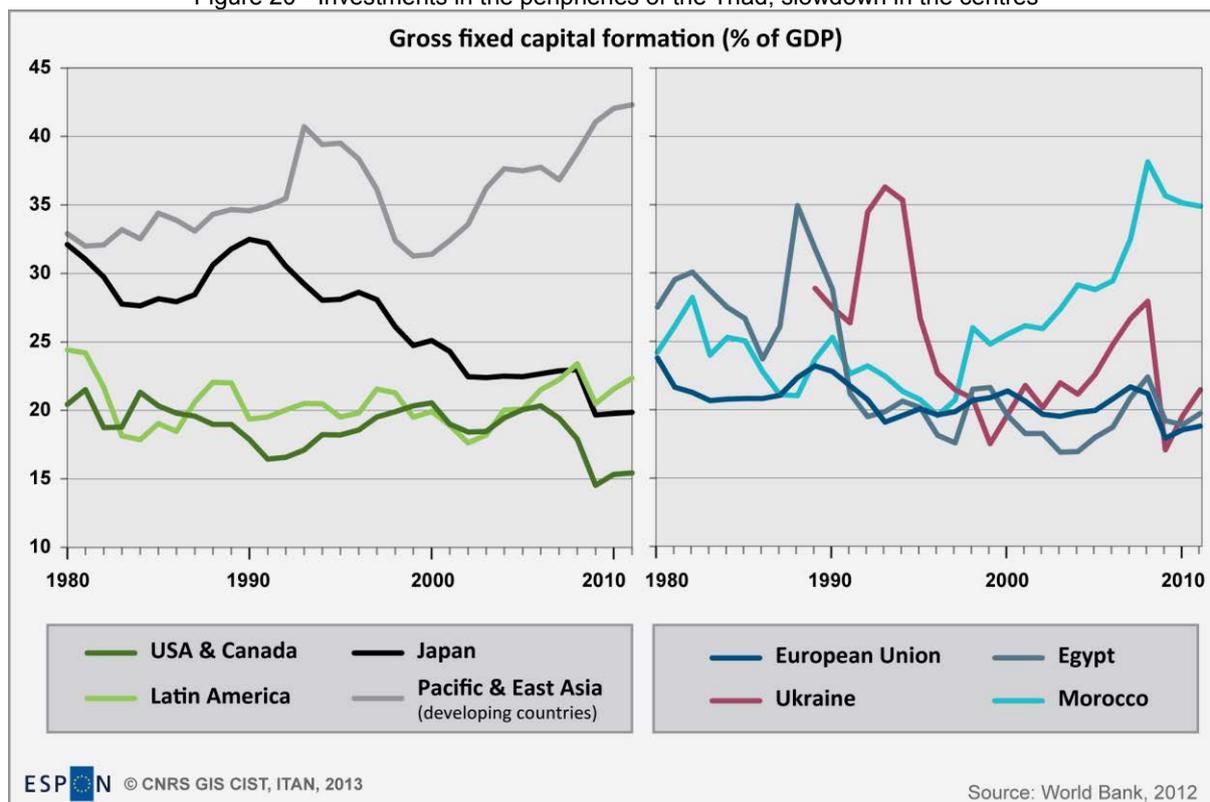
Figure 19 - The share of the developing neighbours is high in East Asian and American regions



### Investment

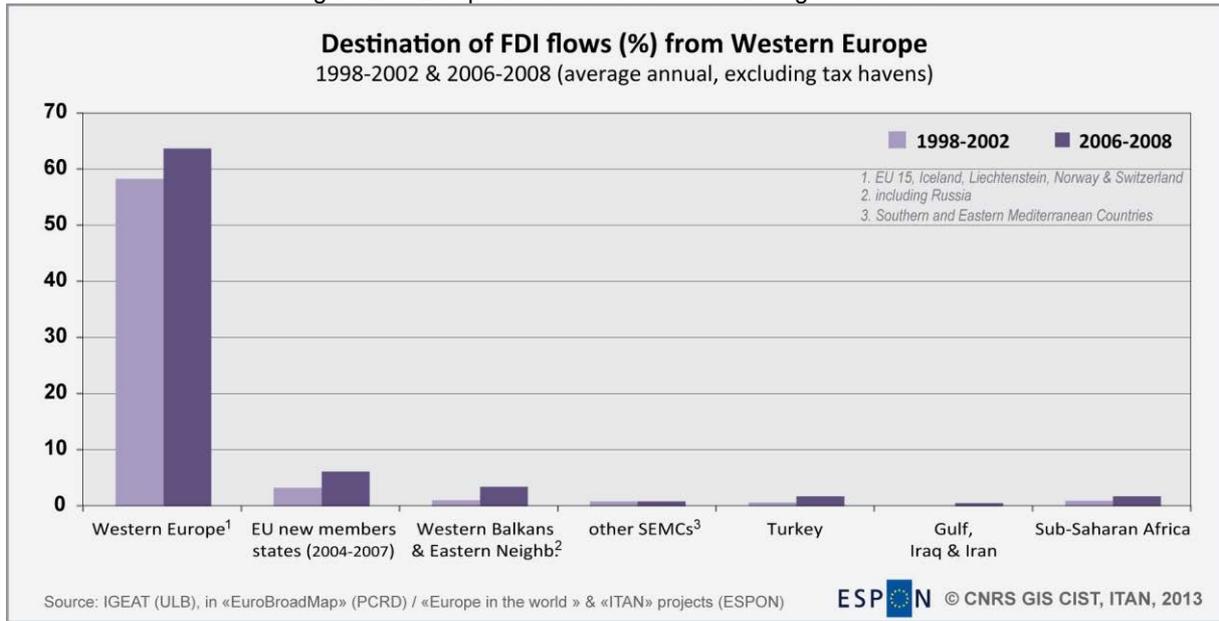
The East Asian boom is based on the complementary between its national economies: highly developed (Japan), developed (Dragons), and developing (China...). The developed countries have found growth drivers in their developing neighbourhood. The figure 20 shows it clearly for the investment rate in the region. The complementarity is less obvious between the US and Latin America but it exists too. In the European greater region this is the case when it comes to Morocco for instance, but not for Egypt, whereas Ukraine shows a chaotic path. Since the Arab spring, investment in the Mediterranean Neighbourhood as diminished.

Figure 20 - Investments in the peripheries of the Triad, slowdown in the centres

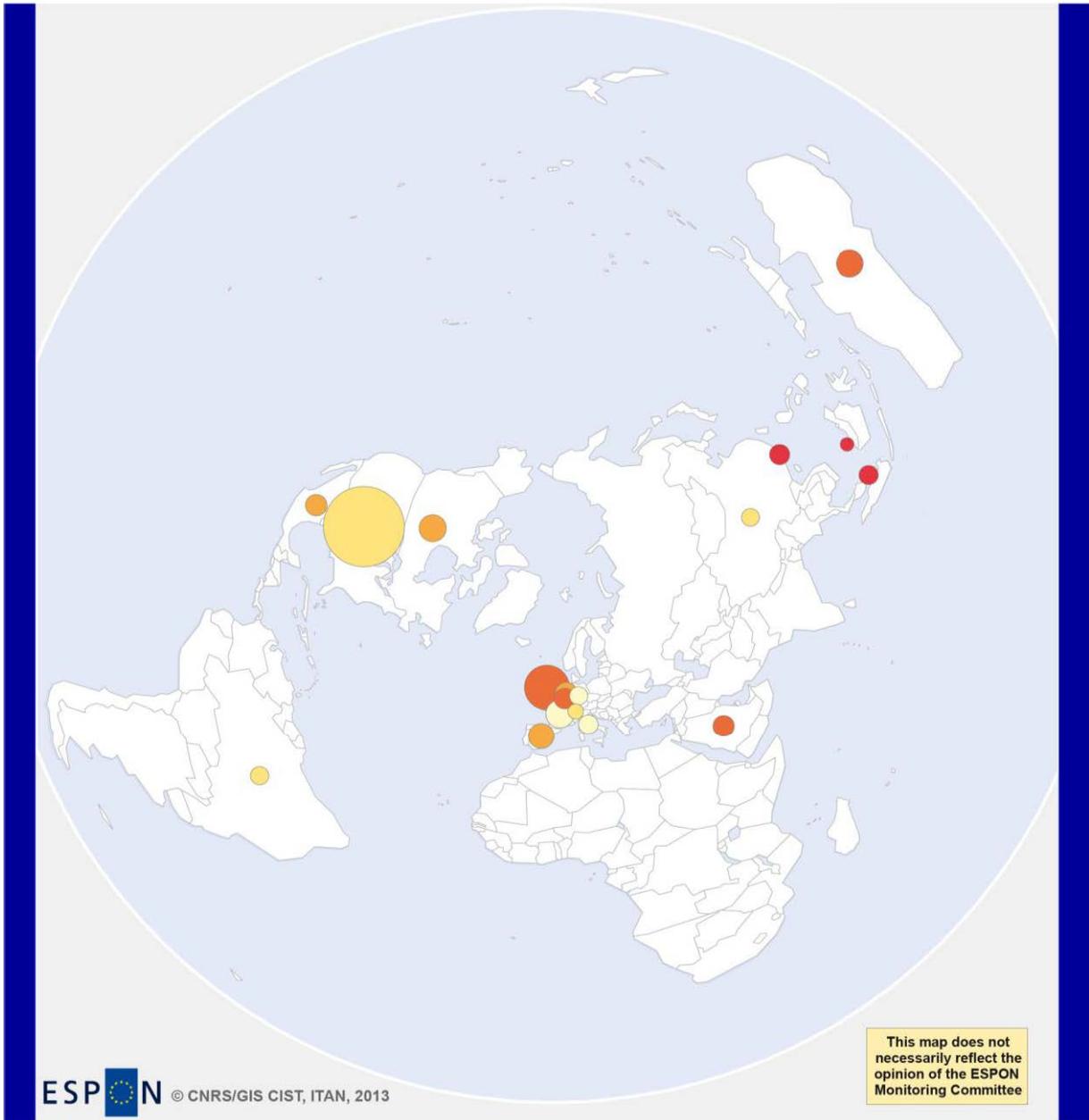


The Mediterranean Neighbours remain marginal players in the world's FDI flows, as shown in the 2.1.2 section. North Africa attracts less than 1% of the world's FDI inflows, the Arab Near-East (that is Near-East excepted Israel and Turkey) less than 0,5%. Turkey is rising but attracts less than 0,8%. The Eastern Neighbourhood shows more attractive: altogether the Western Balkans and the Eastern Neighbourhood attracted 1,1% of the world's FDI inflows in the 1990s and 4,3% in the 2000s. But these figures stay far away from the Asian records. Under the impetus of the Japanese enterprises, emerging and developing East Asia attracted 7% of the world's FDI inflows in the 1970s, 9% in the 1990s and 15,5% (China's boom) in the 2000s. The post-crisis period confirms this mega trend: in 2007 China has attracted US\$85bn, in 2011 the figure reached 125; the other emerging and developing East Asian countries have attracted in 2011 22% of the world's FDI inflows – much ahead of Latin America (10%), not to speak of the European Neighbour Countries. The figure 21 shows that the latter attract a very marginal part of the European countries FDI outflows.

Figure 21 - Europeans do not invest in their neighbourhoods



Map 48 - FDI inflows and share in GDP in the 1980s

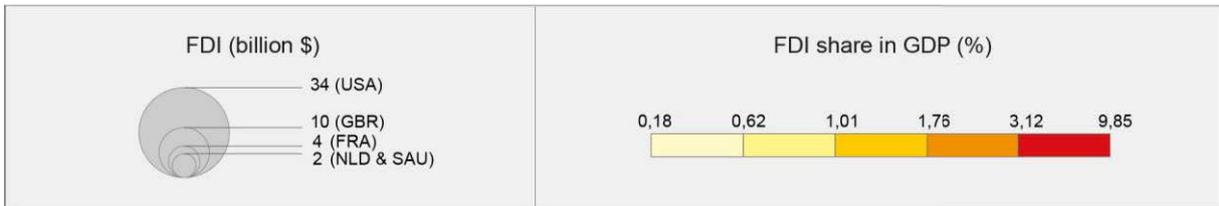


This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

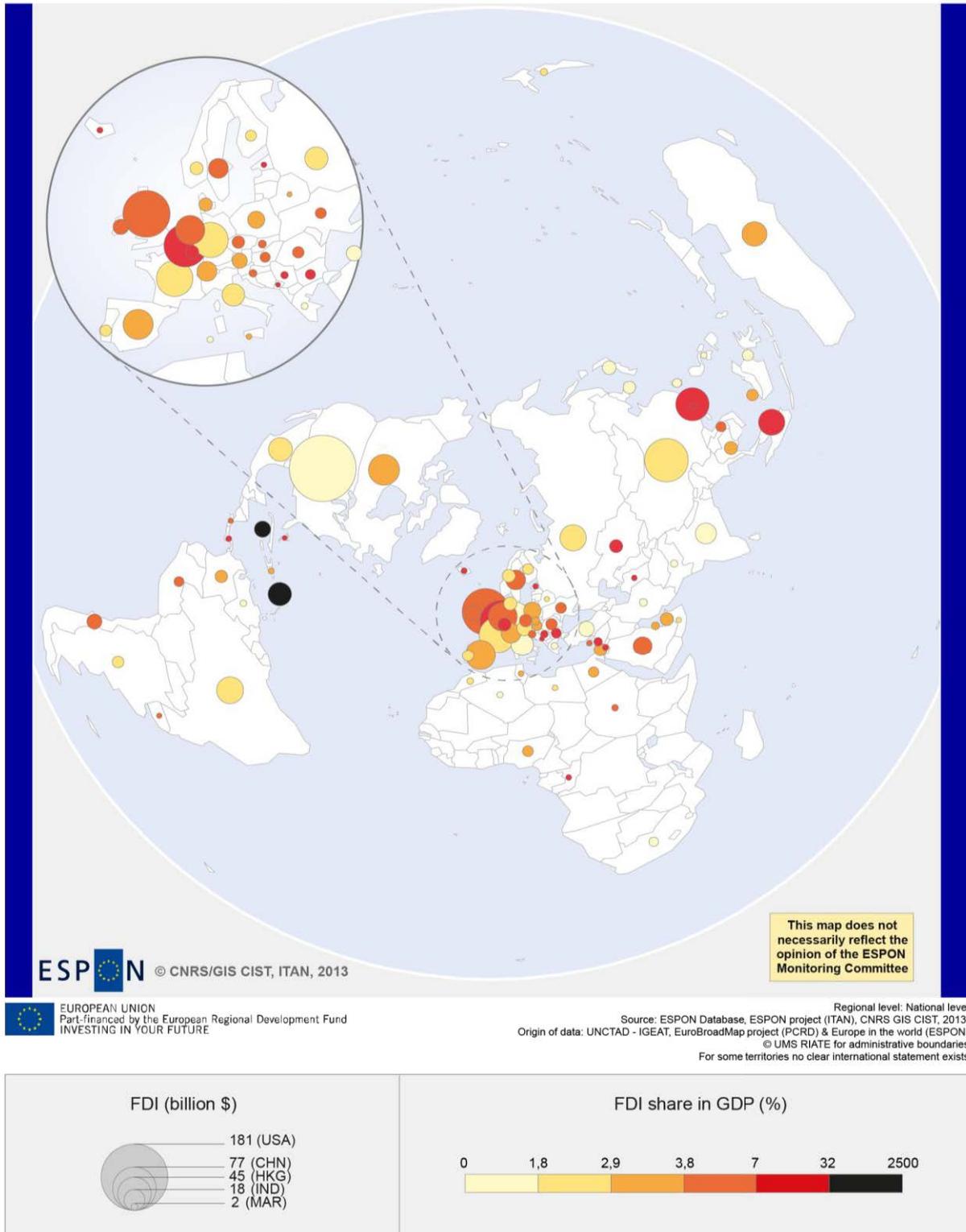
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Map 49 - FDI inflows and share in GDP in the 2000s



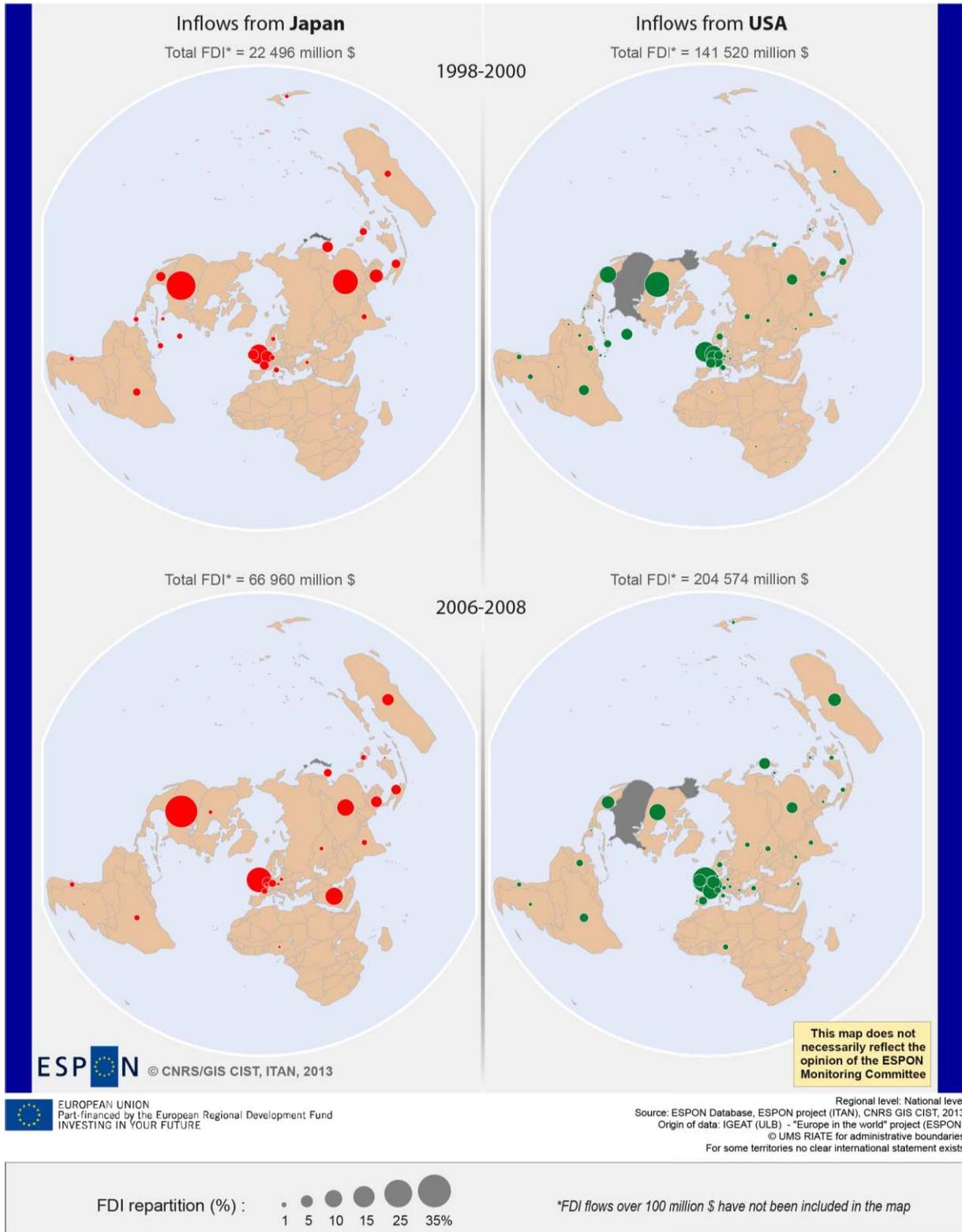
The low attention paid by the European investors to their Neighbourhoods is at stake. Circa 2000, Japan investors targeted East Asian countries for one third of their FDI outflows, American countries for another third, and European for a quarter. A decade later, the figure has slightly change with a reducing part of East Asian countries, but still, it is possible to say that Japanese investors invest strongly in their neighbouring region. When one agglomerates all the FDI outflowing from any East

Asian country, the regional integration shows very high since East Asia itself attracts the half of these outflows.

The US invested in their region quite a lot in 2000, but this has lowered over the 2000s because the more and more invest in Russia, central Asia, Turkey, South Asia but mainly in East Asia and Europe.

The message of the synthetic figures is clear: at the end of the 2000s, the emerging and developing countries of the region attracted 21% of Japan FDI outflows, 10% of US FDI outflows, but only 4% of European FDI outflows.

Map 50 - Do the US and Japan invest in their region? Destination of FDI, 1998-2008

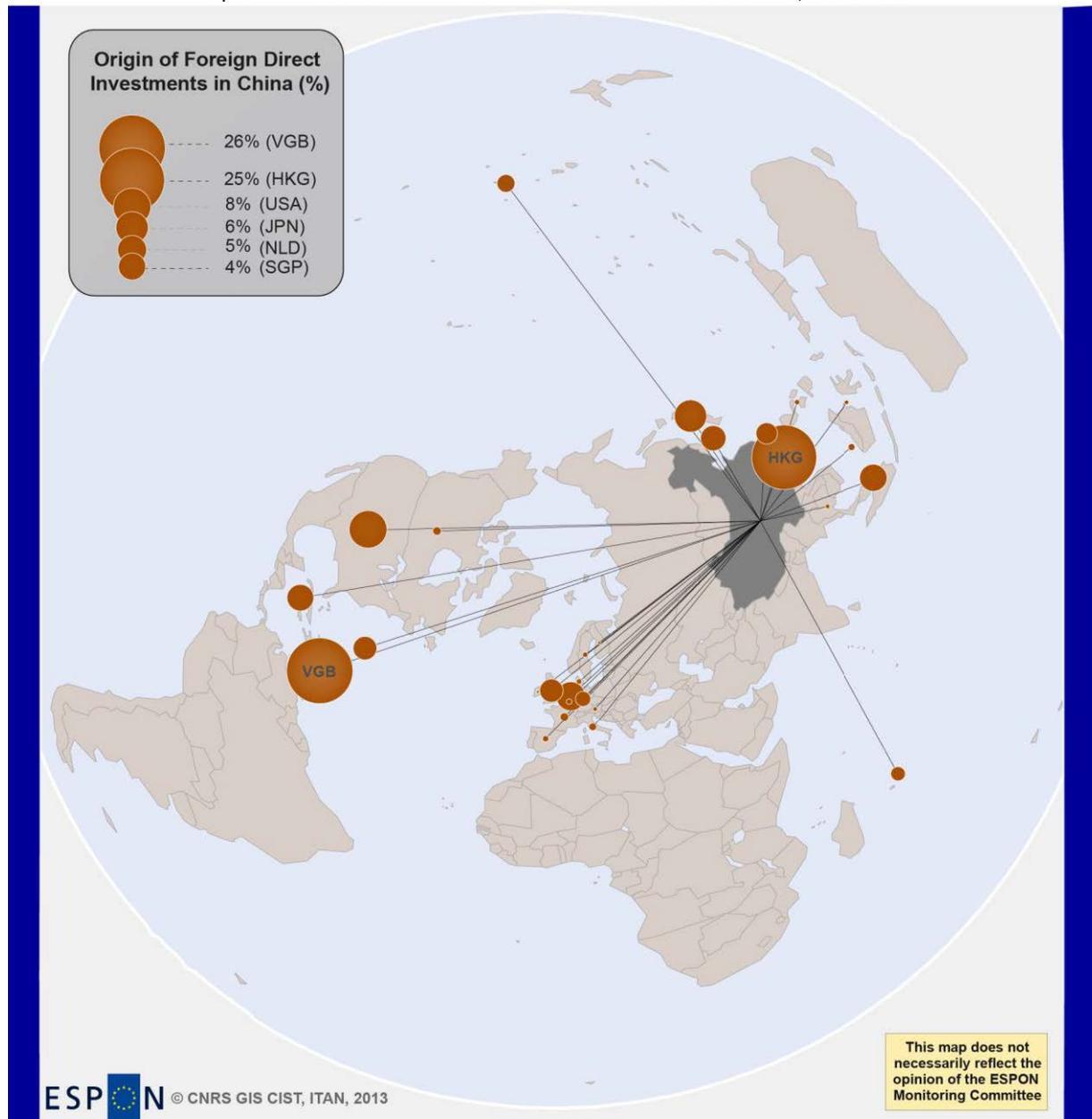


Seen from the developing countries' standpoint, the geography of FDI flows is different, because they highly rely on investments originated from their developed neighbours. For example Morocco, Tunisia or even Turkey FDI inflows highly come from Europe: 85% for Morocco, 57% for Tunisia and 77% for Turkey at the end of the 2000s. What is the evolution? Again, the role of Europe as FDI provider for

the Mediterranean ENC is declining: more than 50% at the beginning of the 2000s (the figure is lower than for the sole Maghreb because the Mashreq is much less linked to Europe), 30% in 2010 (whereas the figure is 20% for the Gulf as origin of FDI invested in the Mediterranean ENC).

In the other regions the figures are alike: half of FDI inflows come from the US; the bulk of FDI inflows in China or Thailand come from Japan and Dragons (along with Caribbean tax havens).

Map 51 - Where do FDI in-flows come from? The case of China, 2006-2008

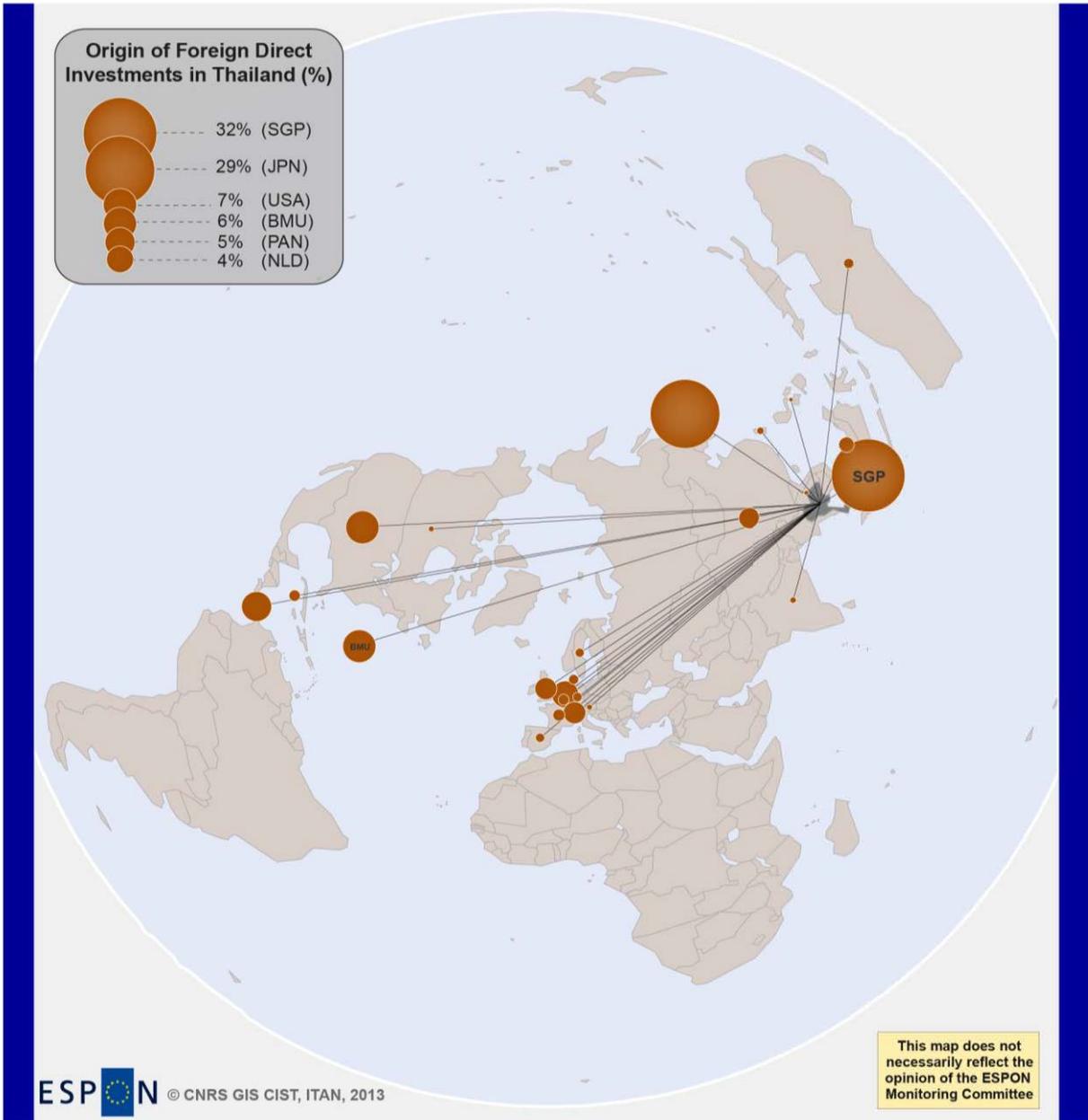


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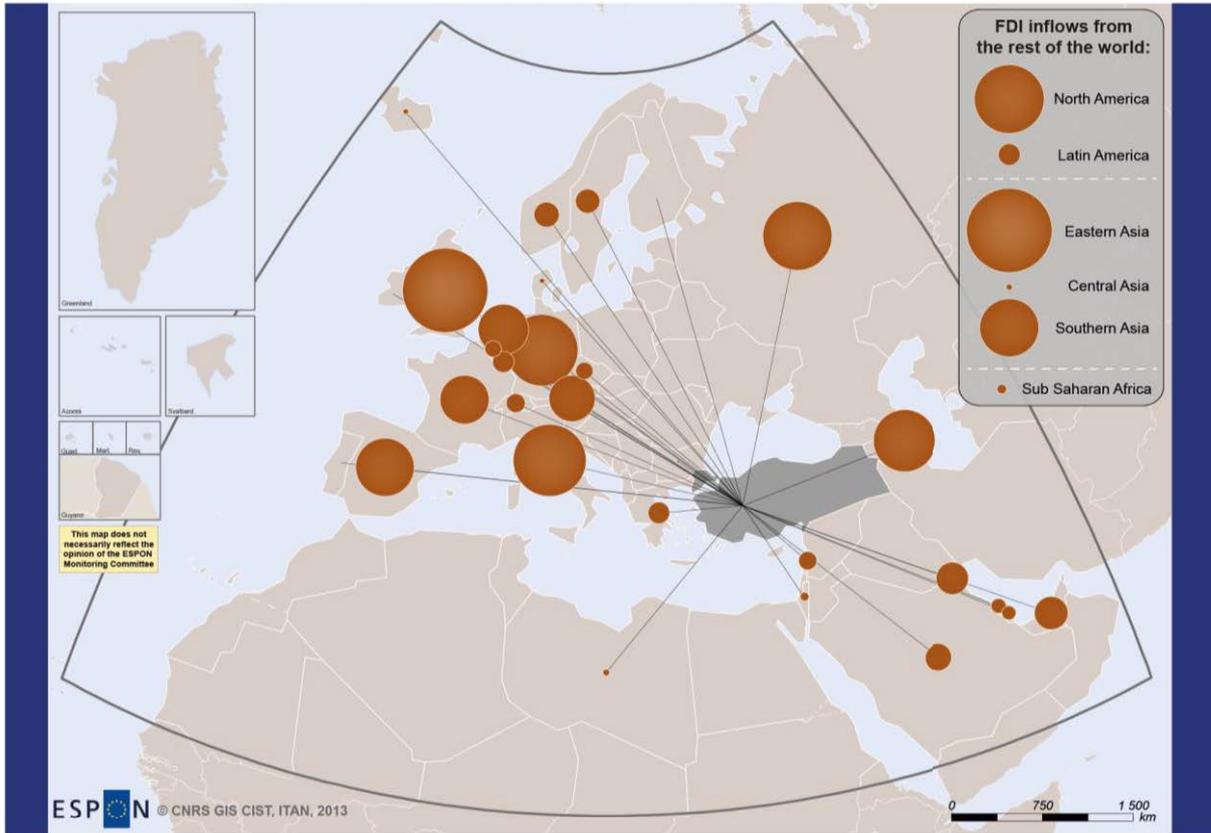
Map 52 - Where do FDI in-flows come from? The case of Thailand, 2006-2008



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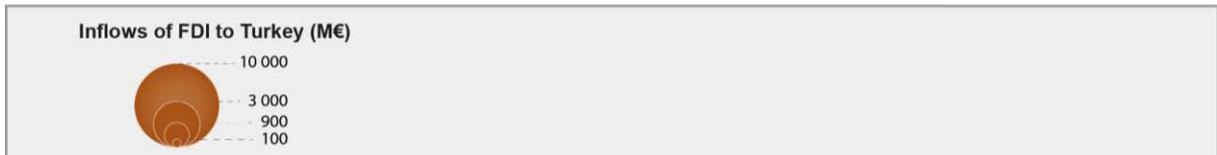
Regional level: National level  
Source: ESPON Database, ESPON project (ITAN), CNRS GIS CIST, 2013.  
Origin of data: UNCTAD - IGEAT, EuroBroadMap project (PCRD) & Europe in the world (ESPON)  
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Map 53 - Where do FDI in-flows come from? The case of Turkey, 2006-2008

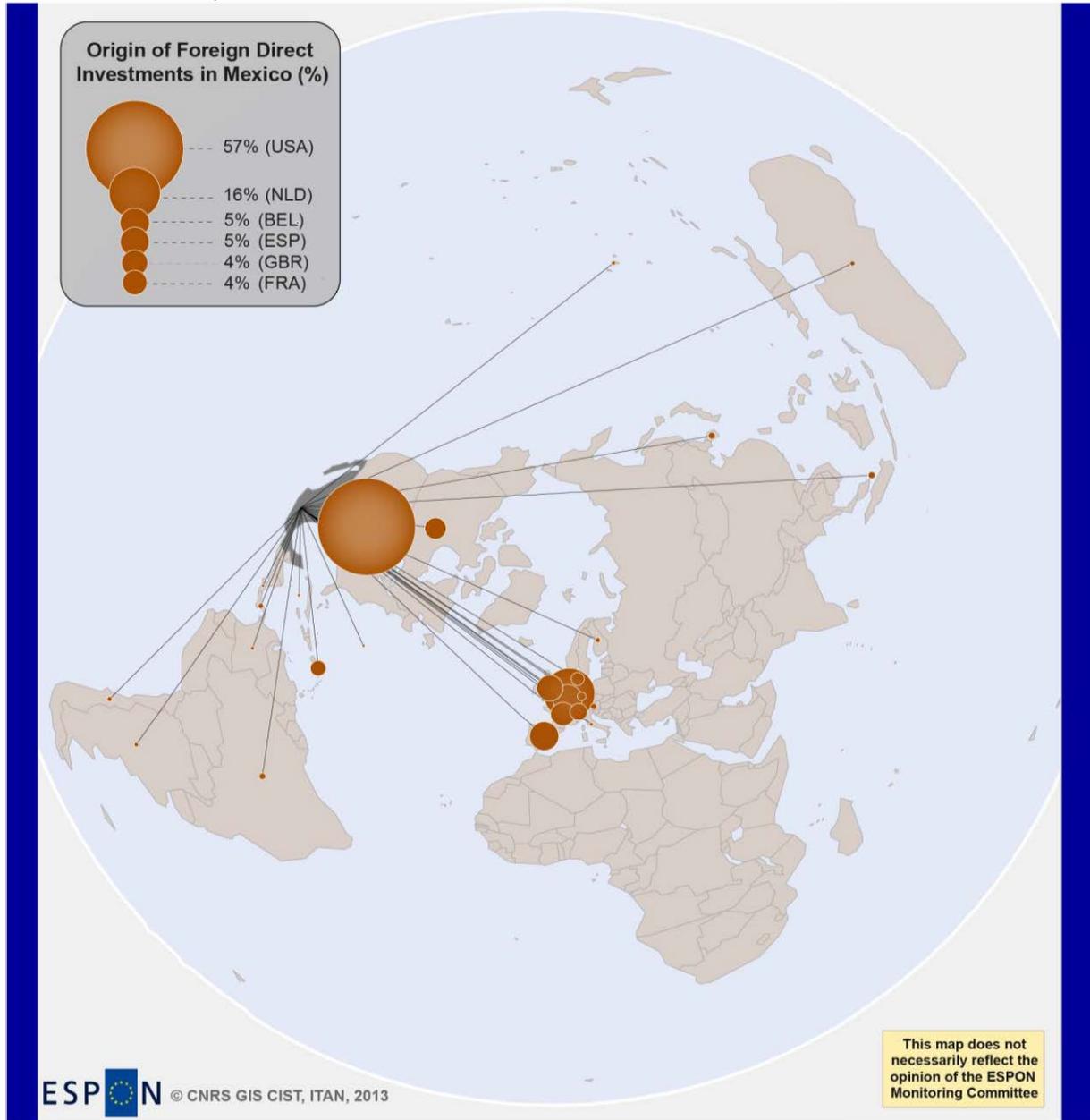


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Source: ESPON Database, ESPON project (ITAN), CNRS GIS CIST, 2013  
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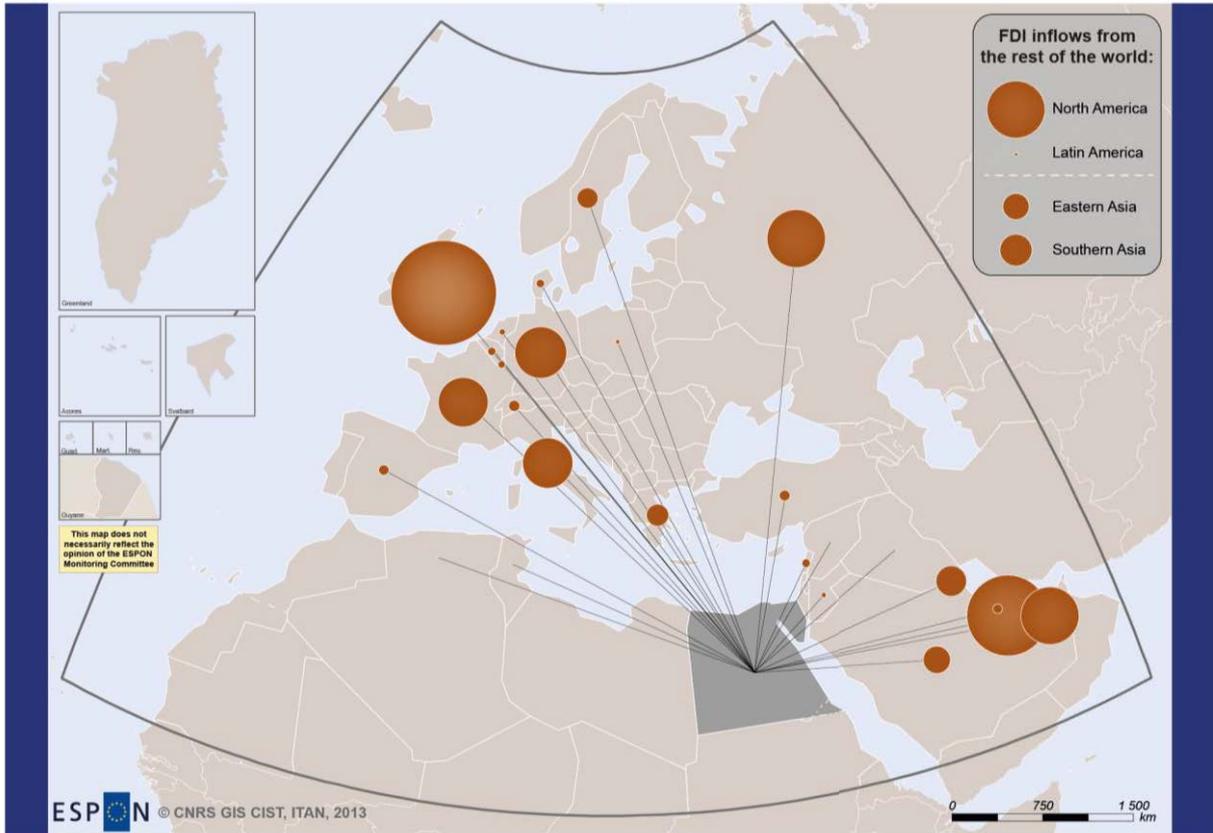
Map 54 - Where do FDI in-flows come from? The case of Mexico, 2006-2008



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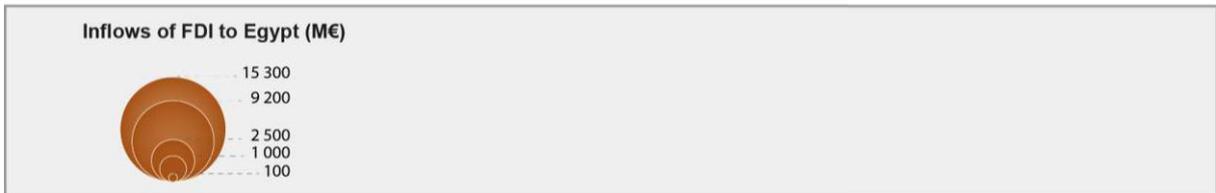
Regional level: National level  
Source: ESPON Database, ESPON project (ITAN), CNRS GIS CIST, H.Pecout, 2013.  
Origin of data: UNCTAD - IGEAT, EuroBroadMap project (PCRD) & Europe in the world (ESPON)  
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Map 55 - Where do FDI in-flows come from? The case of Egypt, 2006-2008

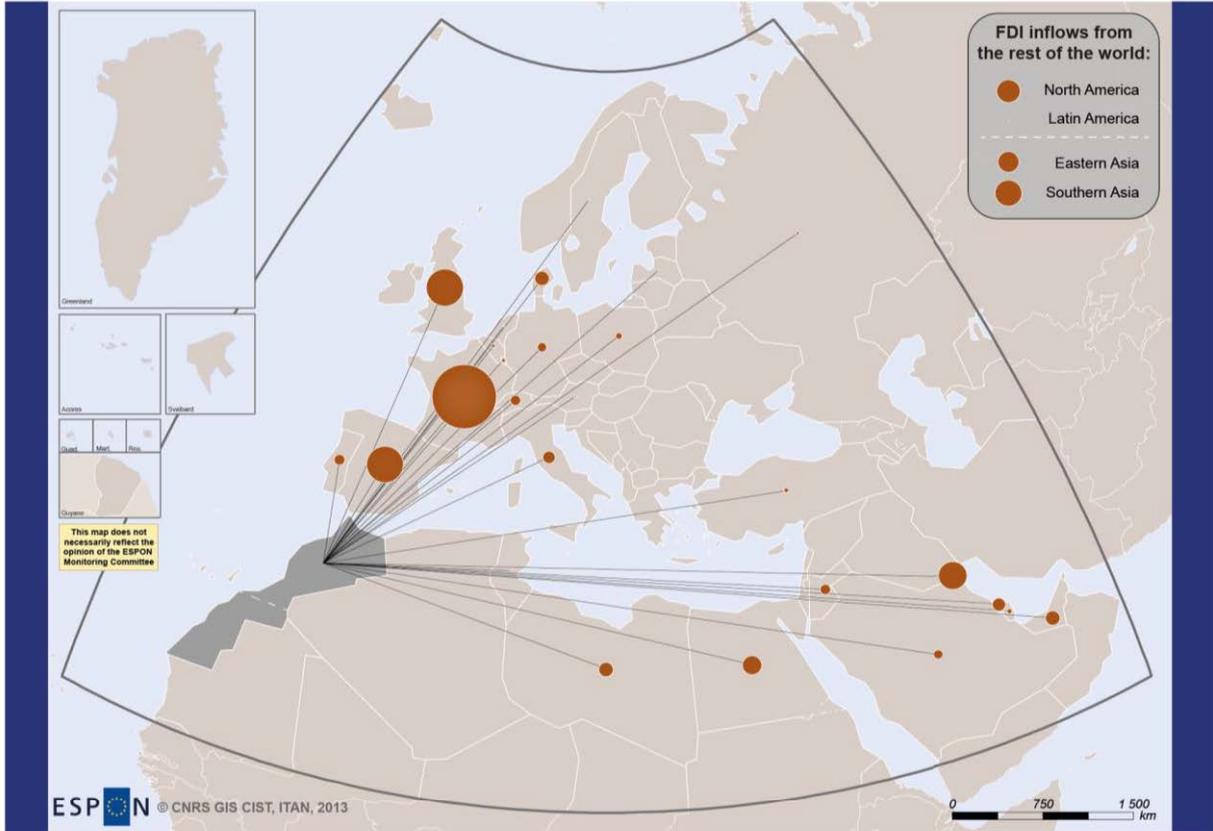


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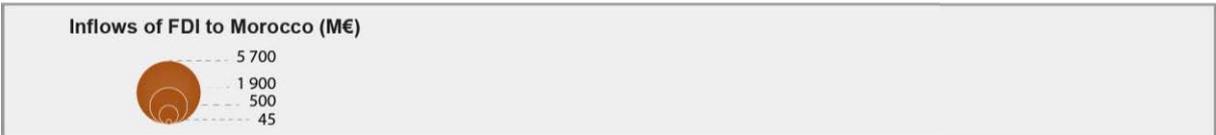


Map 56 - Where do FDI in-flows come from? The case of Morocco, 2006-2008



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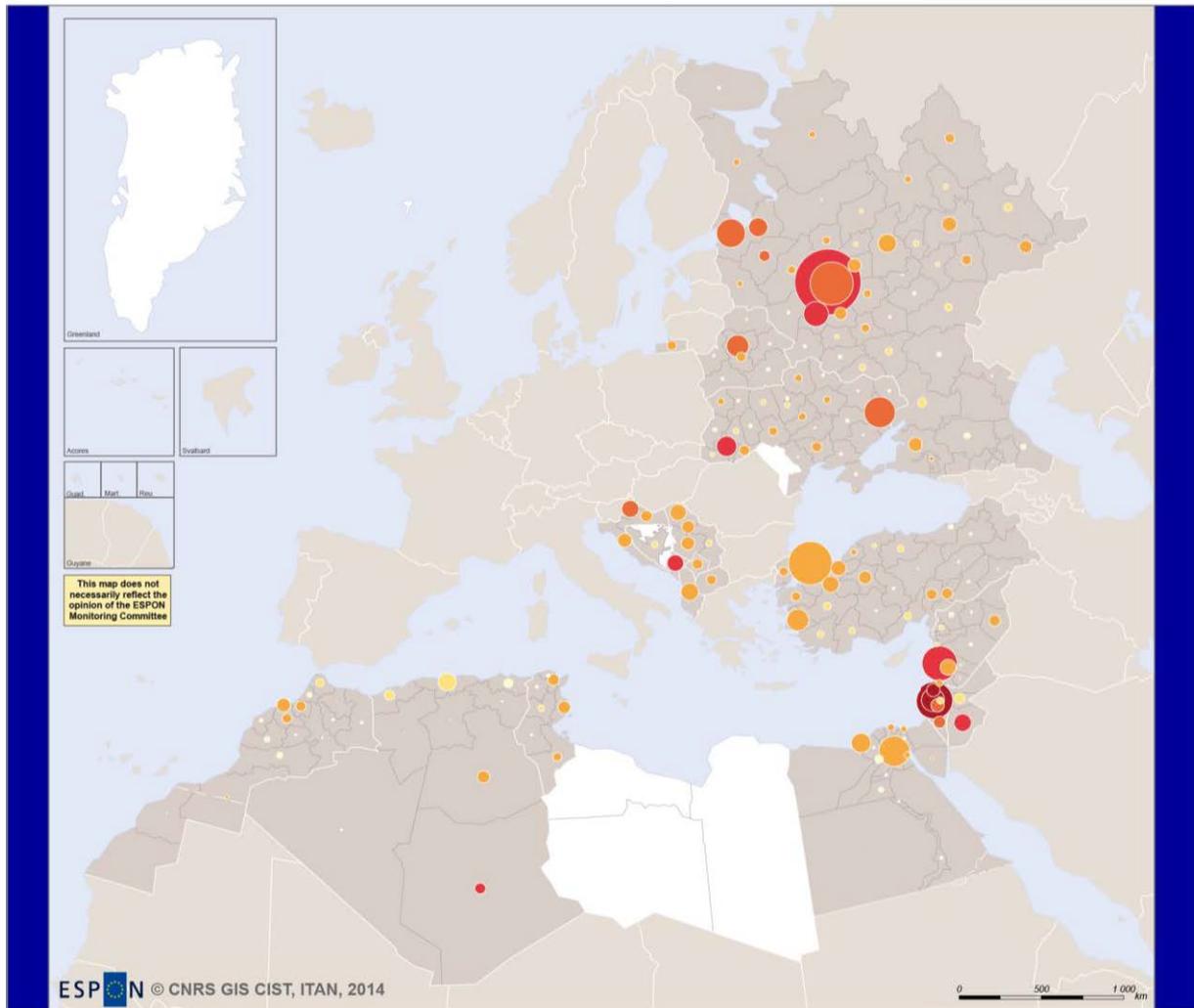
Regional level: National level  
Source: ESPON Database, ESPON project (ITAN), CNRS GIS CIST, 2013  
Origin of data: ANIMA - MIPO, 2013  
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The map 57 displays the FDI inflows in the entire Neighbourhood at local scale (SNUTS 2, sometimes at country scale when data were not available). Russia, Israel and Turkey are the main target, despite the latter shows a per capita record minor than expected; Maghreb is less targeted than the Near-East.

Some peculiar territories appear here and there, for instance Ukrainian Ivano-Frankivskiy oblast at the border of Slovakia, with rising FDI since 2008 in the fields of chemistry and food business, mostly from Western European countries (60%) and from the Russian economic area of influence (Russia, Serbia, Cyprus and... Virgin Islands: 40%) – a symbol of the contest between the European Union and Russia upon Ukraine.

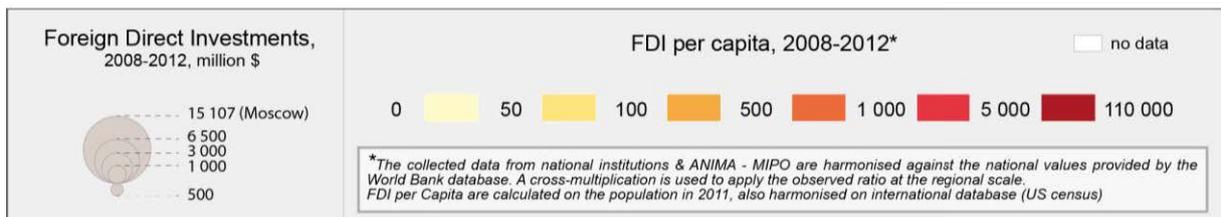
Map 57 - The FDI inflows in the Neighbourhoods, SNUTS 2



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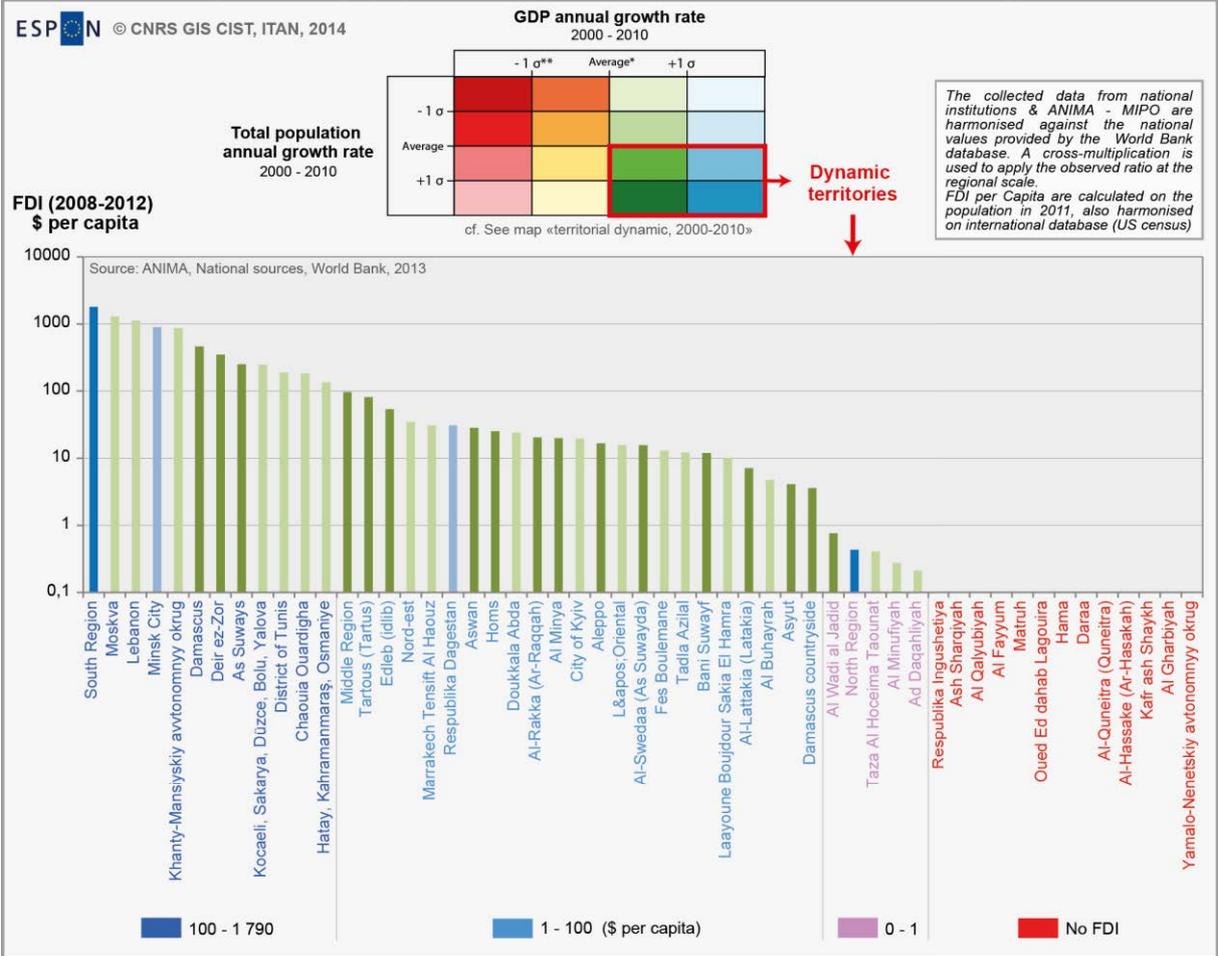
Regional level: SNUTS 2  
Source: ESPON project (ITAN), CNRS GIS CIST, Data harmonised by IGEAT, 2014  
Origin of data: ANIMA - MIPO, 2008-2012, National sources, US Census & World Bank, 2013  
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The figure 22 gives an idea of the usefulness of the indicators developed by ITAN: it crosses FDI inflows at SNUTS 2/3 scale, with the local index of territorial dynamics based on local GDP and population growth. That kind of method is relevant to check if all the dynamic territories of the Neighbourhoods are regarded as such by international investors. Minsk or Kiev, quite dynamic territories of the Eastern Neighbourhood, attract FDI; similarly for numerous territories of the Mediterranean Neighbourhood including Syrian (Damascus, Der ez-Zor, tartous, Homs, Lattakia, Aleppo... data are an average of the 2008-2012 period, things have deeply changed since then). But many local territories, mostly of the Mediterranean Neighbourhood and namely in Egypt, show dynamic which means need for further equipment and services with – at least potentially – rising purchasing power, but show little or not at all attractive for FDI.

The chapter 6 will give another example of what can be derived from the ITAN indicators: in the case of the Mediterranean Neighbourhood, we show that the FDI, contrarily to what is often said, are quite territorially inclusive because they are not limited to the richest territories on these countries.

Figure 22 - Highly dynamic territories and FDI inflows: a crosscut methodology



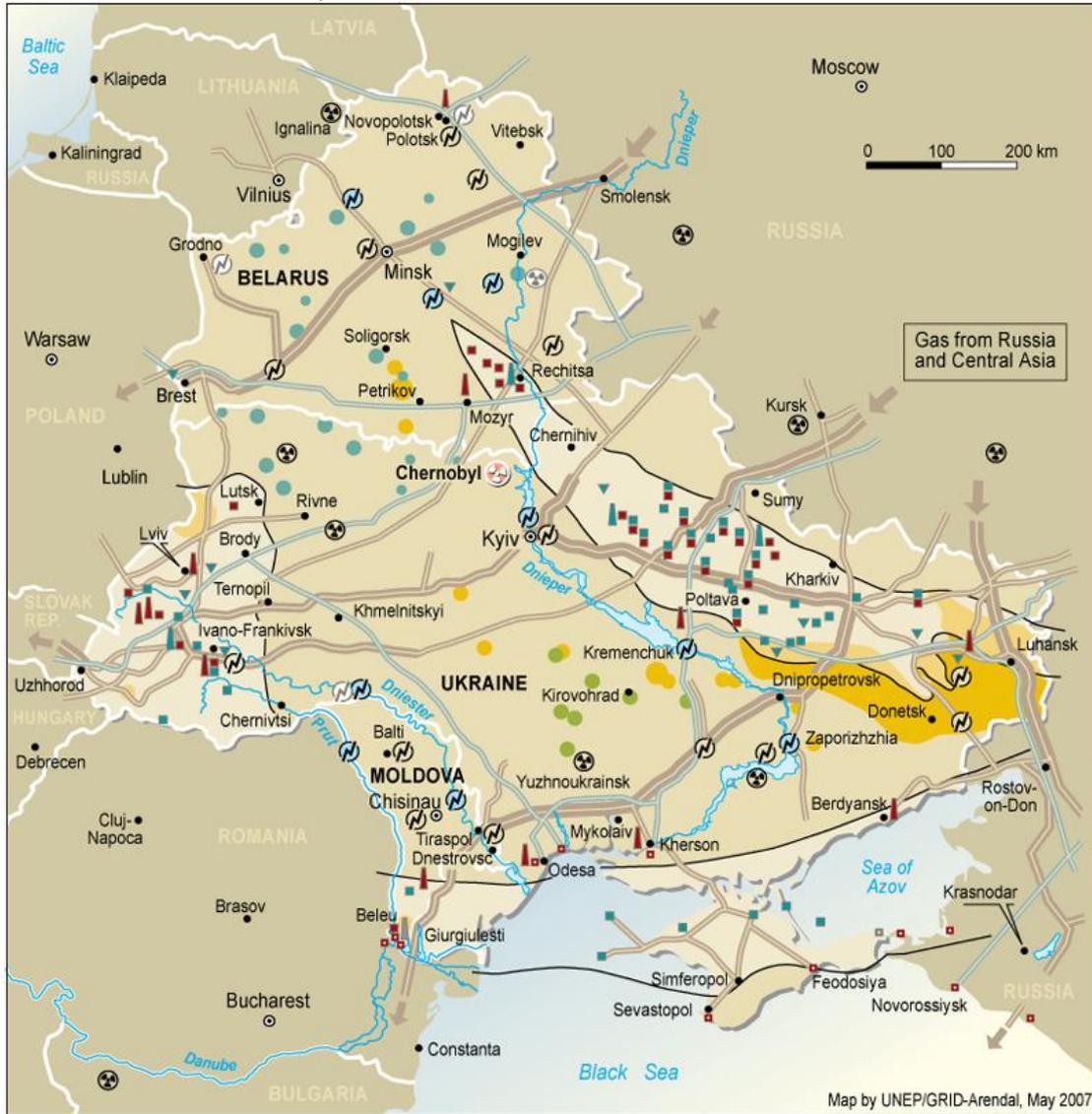
2°) Natural resources: the examples of Northern and Eastern Neighbourhoods

Both the Eastern and Northern Neighbourhoods have extensive mineral and energy resources. Natural resources in the Eastern Neighbourhood have been exploited more extensively in the process of industrialisation compared to the Northern Neighbourhood due to easier access. Vast areas in the Northern Neighbourhood remain undeveloped, mainly because of their remote location, lack of transportation facilities and harsh climate, which results in high costs of developments. When it comes to the Eastern Neighbourhood, Belarus has large deposits of potassium salt (in Soligorsk), non-ore

materials and peat (occupies more than 10% of the country's territory). Donets basin in Ukraine is an important coal mining area. The country is also rich in uranium, iron ore and nickel (map 58). The reserves of sulfur in Ukraine are considered to be the largest in the world. Russia ranks first in the production of natural gas (30% of world production). Along with northern Russia, North Caucasus and the Caspian Sea area are rich in natural gas. Kursk area and southern Karelia have large ore deposits. The Republic of Tatarstan in the North-East of the European Russia is among the most economically-developed regions in the whole country due to large oil reserves. Moreover, Russian regions possess rich reserves of timber (especially Karelia and Archangelsk oblast) and various minerals.

The Northern Neighbourhood hosts large deposits of oil and gas, but also rare materials and timber. Particularly large oil and gas reserves can be found in the Barents Sea shelf. Stockman gas field in the northwestern part of the South Barents Basin is one of the world's largest natural gas fields. In the southeastern part of the Barents Sea lies an oil field, the Timan-Pechora Basin. Pechora Basin has also large coal deposits. Other regions with large deposits of oil and gas are Yamalo-Nenets Autonomous okrug (accounts for more than 90% of Russia's natural gas production today) and Nenets Autonomous okrug. Murmansk oblast ranks high in terms of mineral reserves. The Kola Peninsula is rich in ore deposits, phosphorus, titanium, apatite, nickel, nepheline and other rare metals. Greenland has large reserves of rare materials, such as zinc, gold, diamonds, platinum, but also coal and iron ore (map 59). As discussed in the next chapter dedicated to the Northern Neighbourhood chapter, the possibilities of increased transport with the opening of the Northwest passage and the Northeast passage will facilitate greater exploitation of these resources.

Map 58 - Natural resources in Ukraine and Belarus



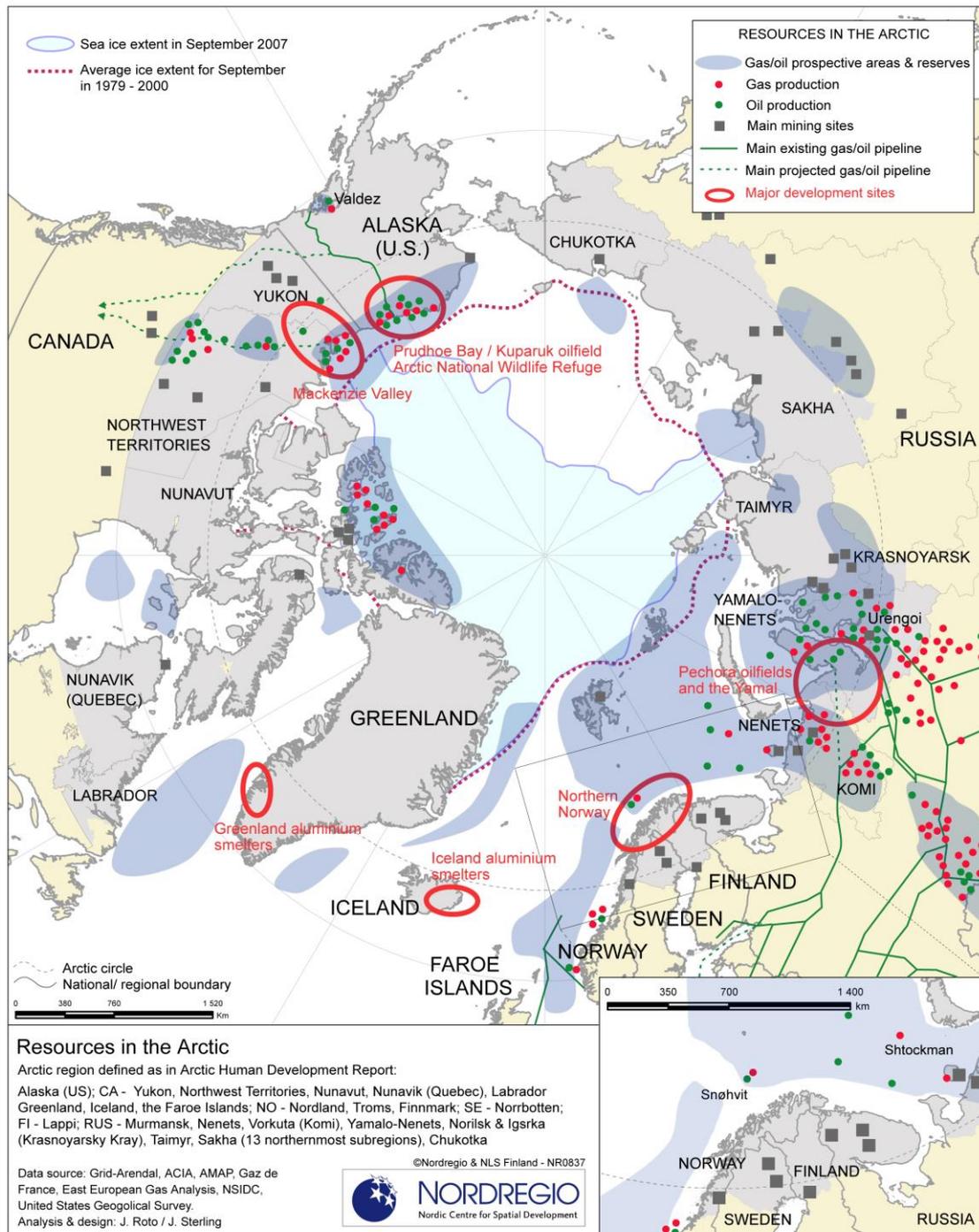
- |   |  |
|---|--|
| Major gas pipelines<br>(line thickness indicates pipeline capacity) | Nuclear power plants<br>(operating / projected / closed) |
| Major oil pipelines   | Major fossil fuel power plants                           |
| Oil fields  | Major hydropower plants<br>(operating / projected)       |
| Oil refineries<br>(operating / under construction)                  | Coal deposits  |
| Oil terminals<br>(in use / considered)                              | Uranium deposits   |
| Main oil and gas areas  | Peat deposits  |
| Gas fields  |  |
| Gas processing plants   |  |
| Underground gas storages  |  |

Sources: INCOTEC. *Oil, gas and product pipelines of Russia and nearby states and Atlas. Fuel-energy complex of Russia XXI*. Moscow 2006; Lecarpentier A. *Underground gas storage in the world*. CEDIGAZ, 2006; Belarus State University. *Atlas of Belarus Geography*. Minsk 2005; State Committee for Land Resources, Geodesy and Cartography. *National Atlas of Belarus*. Minsk 2002; Botnaru V. and O. Kazantseva. *Republic of Moldova. Atlas*. Chisinau 2005; State Committee for Natural Resources. *Integrated Atlas of Ukraine*. Kyiv 2005. ENVSEC consultations 2006-7.

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Source: ENVSEC maps (2011) <http://envsec.grid.unep.ch/easteur/index.php>

Map 59 - Main sites and areas for gas & oil production including infrastructure, main mining sites and sea ice extent in the Arctic



### 2.2.2. Energy: threat or opportunity?

#### 1°) The European region: a strategic complementarity

Unlike the ESPON countries, which consume high levels of energy (EU's energy dependency will reach 65% by 2025 and up to 80% for gas), the ENC's possess a large amount of the world's resources: (i) notwithstanding the Arctic potential resources, the East possesses an impressive part of the world's energy. The sole Russia holds 32% of world proven natural gas reserves, 12% of the proven oil reserves and 10% of the explored coal reserves. It procures a third of the hydrocarbons

imported by Europe and a quarter of its coal imports. Other countries of the area such as Azerbaijan and Turkmenistan also hold some hydrocarbons reserves. (ii) Mediterranean Neighbours possesses 5% of the world's oil resources and 3% of its gas; they supply a third of the gas and a quarter of the oil consumed in Europe, as well as transit (Turkey, from both Russian and Gulf production). Production and transit countries are similarly dependent on European consumer markets: 70% of North Africa's oil exports and 90% of its gas exports are sent to Europe. The potential for energy collaboration in the Mediterranean is therefore strategic. It could be the basis of an ambitious industrial, social (employment) and environmental partnership.

2°) How the European Union tries to reduce its dependence upon Russia and how it hardly manages

Here we focus on the gas issue, for two reasons. One is the rising share of gas in the energy mix of Europe and its neighbours today and in the coming decade (lower greenhouse gas emission than oil). Two is the strong geographical dimension of gas delivery, since oil is mostly delivered on the spot market (by boat) whereas gas is mostly delivered by pipes which can hardly be longer than 2 to 3 000 km because of cost reasons.

The security of energy supplies is a particular concern in the EU since most of the EU member states must rely on energy imports from Russia. Moreover, Russian interests rise in European gas distribution and production. For instance Russian firms own one third of Estonia's and Latvia's and 37% of Lithuania's energy firms. The high dependency on Russian procurement sometimes crosses the line for autonomy, like in the Baltic States where 100% of natural gas and almost of oil imports come from Russia [Lithuanian Tribune 2012].

The EU has been seeking to limit Russia's influence on the European energy market, especially in connection with the gas supply disruptions of 2006 and 2009 by the Russian export monopoly Gazprom. Although the situation has now stabilized, the uneasy relations of the transit countries Ukraine and Belarus with Russia present a serious factor of instability of energy supply in the region. In the light of these events, Russia is now developing new pipelines bypassing Ukraine and Belarus, which would secure stability of energy exports to the EU and avoid dependency from transit countries [Zimin 2013].

A new energy strategy for Europe 2011-2020 contributes to limiting EU dependence upon Russian energy sources. The strategy seeks to promote a more widespread use of renewable energy and hence reduction of oil and natural gas consumption in the long run. Secondly, the EU energy strategy seeks to diversify the EU's energy imports in order to avoid dependency on a single supplier. For this reason the EU has supported several projects bypassing Russian territory, such as Baku-Tbilisi-Ceyhan oil pipeline and the planned Nabucco gas pipeline [Zimin 2013] – but the latter with low chance of success.

The Nabucco Gas Pipeline project initially intended to secure gas from Iraq and Iran, but given the current political and economic instabilities in the two countries it has readjusted, with main potential suppliers being Azerbaijan and Turkmenistan, and maybe Romania since the discovery in 2012 of a large gas field in the Black Sea. The Nabucco project was originally backed by several European Union member states and by the United States, and was seen as a rival to the Russian South Stream pipeline project. Since then, the Azerbaijan has stated that the gas will be transported only through those routes which would be commercially most attractive, which means not necessarily by Nabucco; also the opening of the Central Asia-China gas pipeline and the agreements to build the South Stream pipeline (Russian pipe under the Black Sea to south-eastern Europe, construction started in December 2012 with first commercial deliveries in late 2015) have been seen as the end of Nabucco project.

There is a large gas infrastructure project connecting the EU countries of the Baltic Sea Region and Russia. Nord Stream pipeline transports gas from Russia through the Baltic Sea directly to Germany. The pipeline runs through the waters of five countries in the BSR: Finland, Sweden, Denmark, Germany and Russia. Nord Stream started operations in November 2011 after a fierce criticism from Estonia for environmental and safety reasons, claiming that hosting a strategic Russian asset could create a security threat for the Baltic countries [EWR 2012].

Some analysts argue that with development of new pipelines and seaport development projects Russia is attempting to re-establish its geopolitical influence in the former Soviet countries and in Europe at large. Others argue that the Atlanticist powers (mainly US and UK) are seeking to promote Russophobia in Europe in order to “*prevent the rise of the European Union as a powerful competitor, partly with the strategic aim of preventing the integration of a Great Eurasian space extending from Vladivostok to Lisbon*” [Eskelinen et al. 2013 p.119]. According to this interpretation, the new pipelines are seen as means to unite Europe. Thus, active lobbying of the US against the new pipelines and backing the development of other projects (i.e. Nabucco), as well as American support for the ‘colour revolutions’ in Ukraine and Georgia are among the arguments supporting this theory [Zimin 2013]. There is also a third opinion, according to which Russia is more likely to be driven by solely economic interests of the involved companies and that reintegration can hardly be a priority of the Russian leadership.

### 3°) The two drivers of a common energy policy between Europe and the ENCs

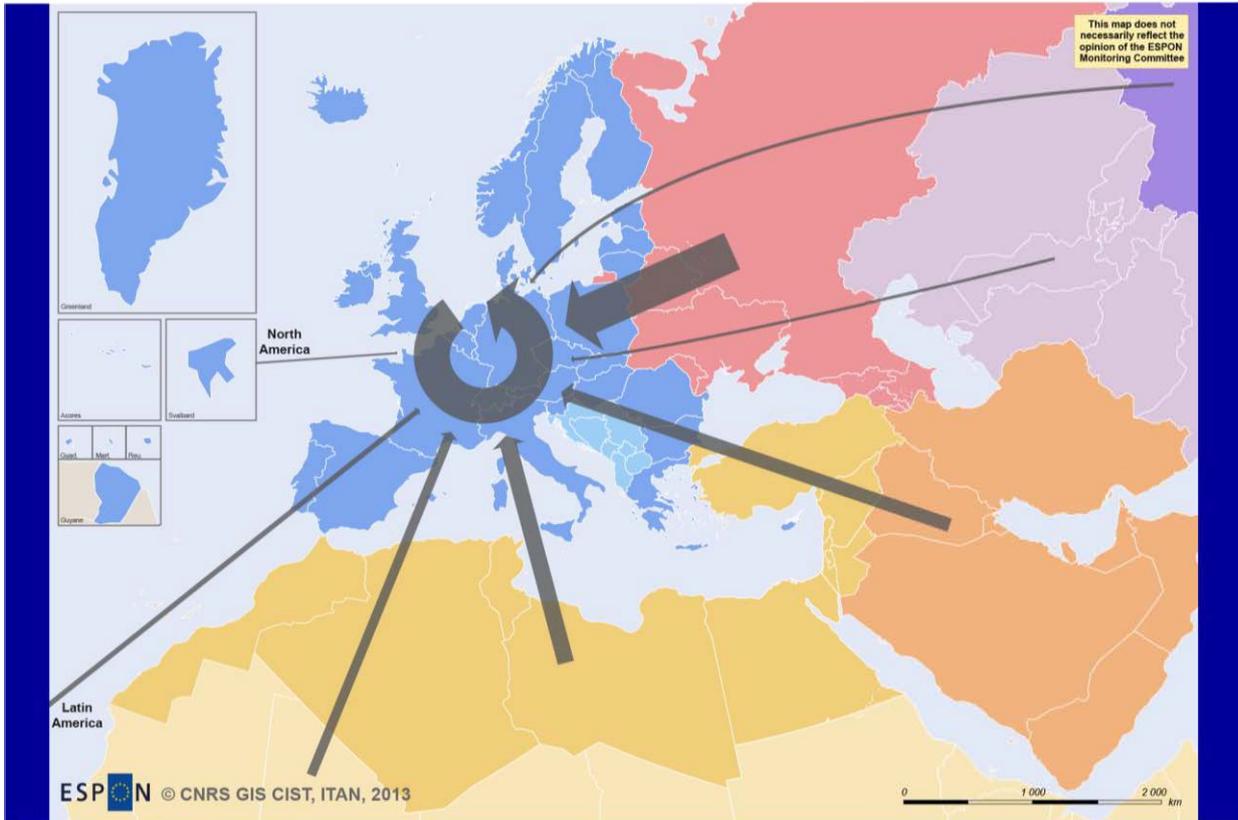
The maps below synthesise the main energy issue in the greater European region. Map 60 shows the importance of the Eastern Neighbourhood – read Russia – in the primary energy consumed in Europe. Russia is the main provider of crude oil with almost 35% of the EU27 imports, and natural gas with about 32% of the EU27 imports. Europe itself stands second (Norway provide 14% of the crude oil and 28% of the natural gas imported by the EU) but as has been said, this ratio decreases rapidly. The Mediterranean Neighbourhood stands in the third place (Libya with 10% of the crude oil imports and Algeria with 14% of the natural gas) but is largely surpassed. However the oil and gas fields in Northern Africa have not yet been fully developed, and in the near future they might become the first source of oil and gas for Europe; Algeria might also become a transit country for the gas coming from Nigeria if the Trans-Saharan pipeline is built.

Map 61 is a clear demonstration of the complementarity between Europe and its Neighbours: trade deficits (except Norway) in Europe, trade surpluses in most in the neighbourhoods – even though some Neighbours are confronted to deficits: Western Balkans, Morocco, Tunisia, Near-East except Syria, Moldova and Ukraine).

Map 62 displays the huge rise of the energy demand in the southern neighbourhoods. This means in the same time, (i) huge potential markets for European energy enterprises which could find opportunities in these booming countries, and (ii) a threat if this boom is managed with low energy efficiency and high greenhouse gas emissions. Map 63 speaks about the threat: these booming southern neighbours depend very much on hydrocarbons. As it is the case also in the Eastern Neighbourhood, the map displays a striking contrast between the ESPON space were the energy transition has really begun, and the ENCs. The consequence is given in the map 64: the greenhouse gas emissions have been booming in the booming southern neighbours. Indeed they started with a low level of emission (see map 65 on per capita emissions), but they are clearly catching up.

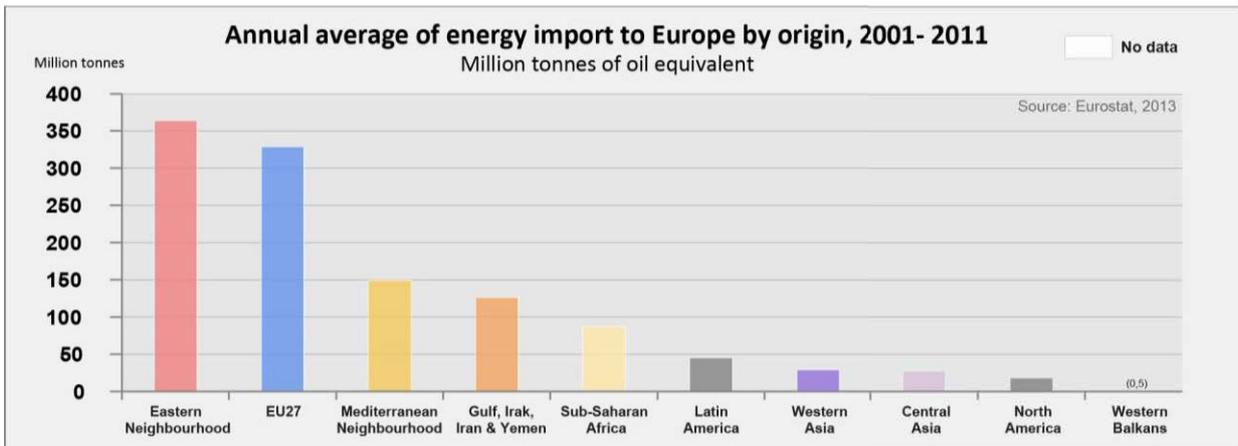
The conclusion is clear: Europe would find two key advantages in an in-depth cooperation with the ENCs in the field of energy: one is the security of procurements, two in a common policy in favour of the energy transition and fight against the greenhouse gas. The following section adjusts the scope in the case of the Mediterranean Neighbourhood.

Map 60 - Energy consumed in Europe: the key role of the Neighbourhoods

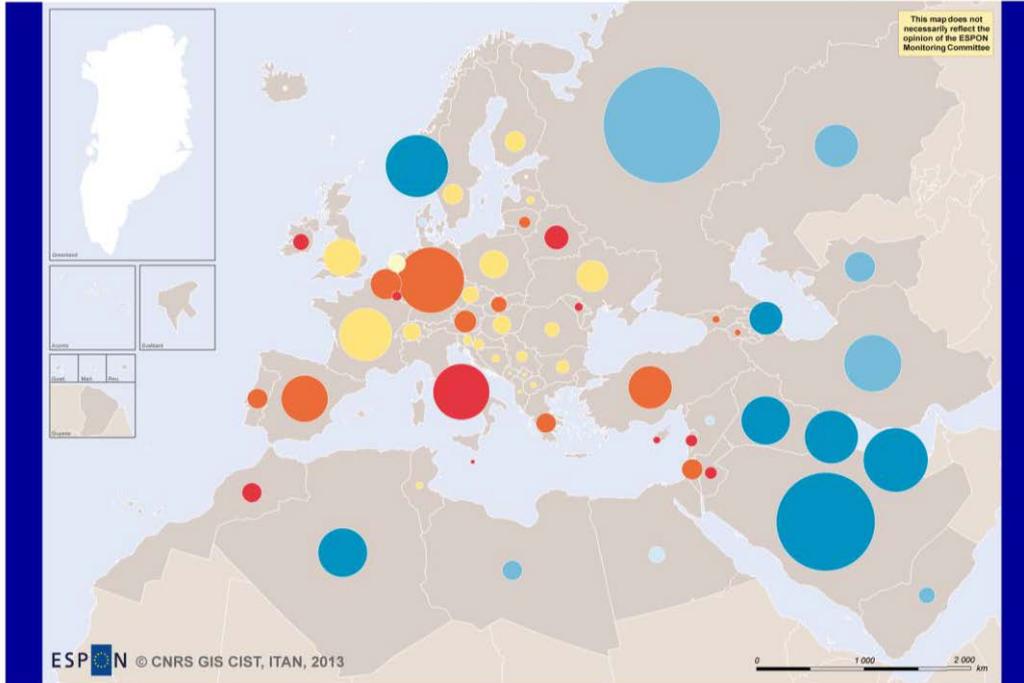


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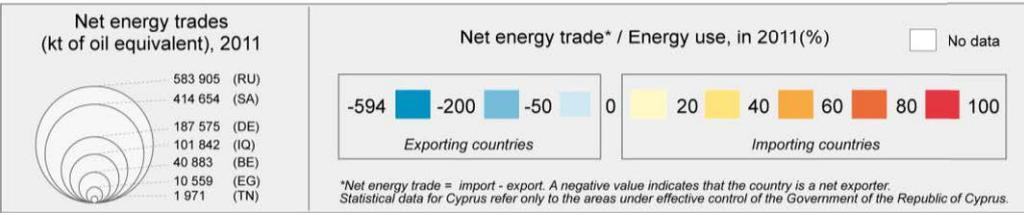


Map 61 - Energy net trade: the complementary between Europe and its neighbours, 2011

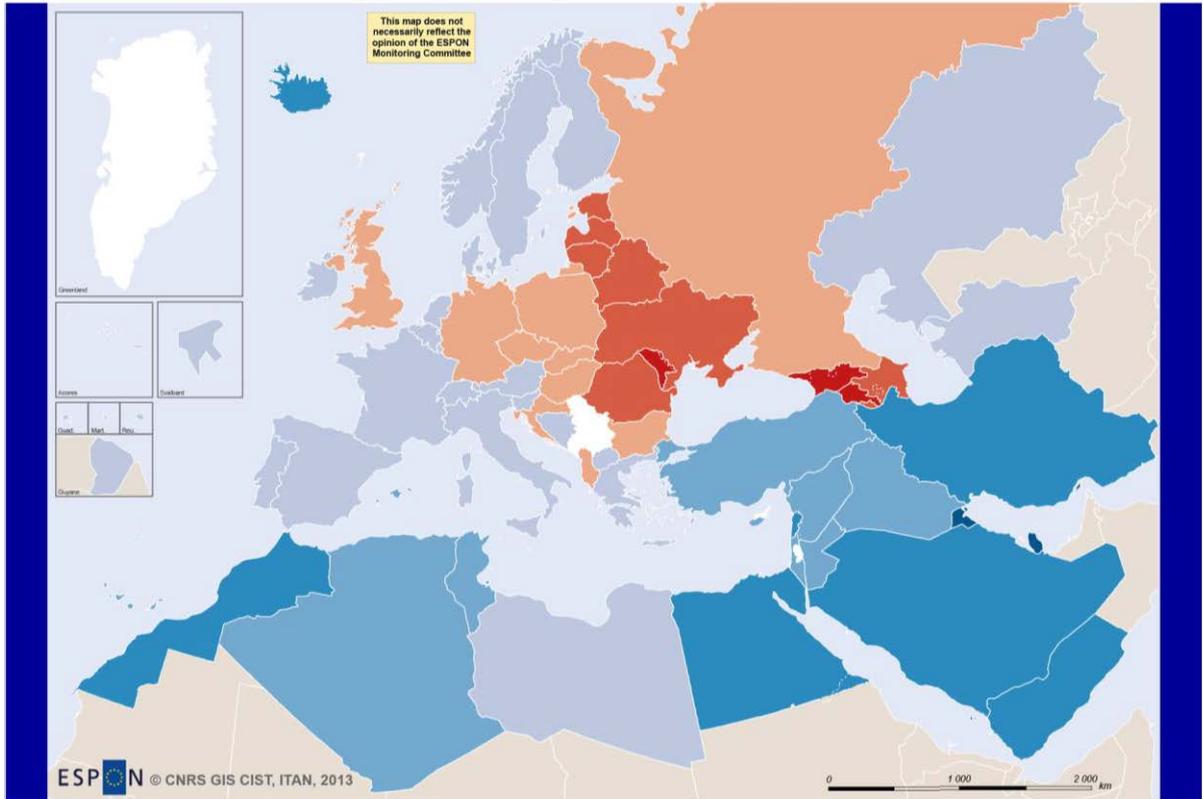


ESPON © CNRS GIS CIST, ITAN, 2013

Regional level: National level  
 Source: ITAN, CNRS GIS CIST, Carbon Dioxide Information Analysis Center, Oak Ridge National Laboratory / WB online, 2013  
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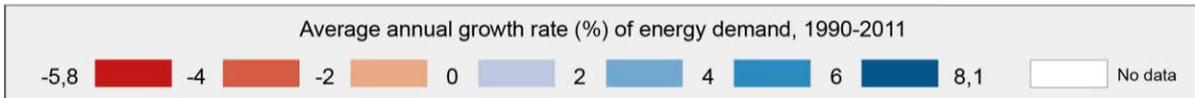
Map 62 - The huge rise of the energy demand in the Neighbourhoods, 1990-2011



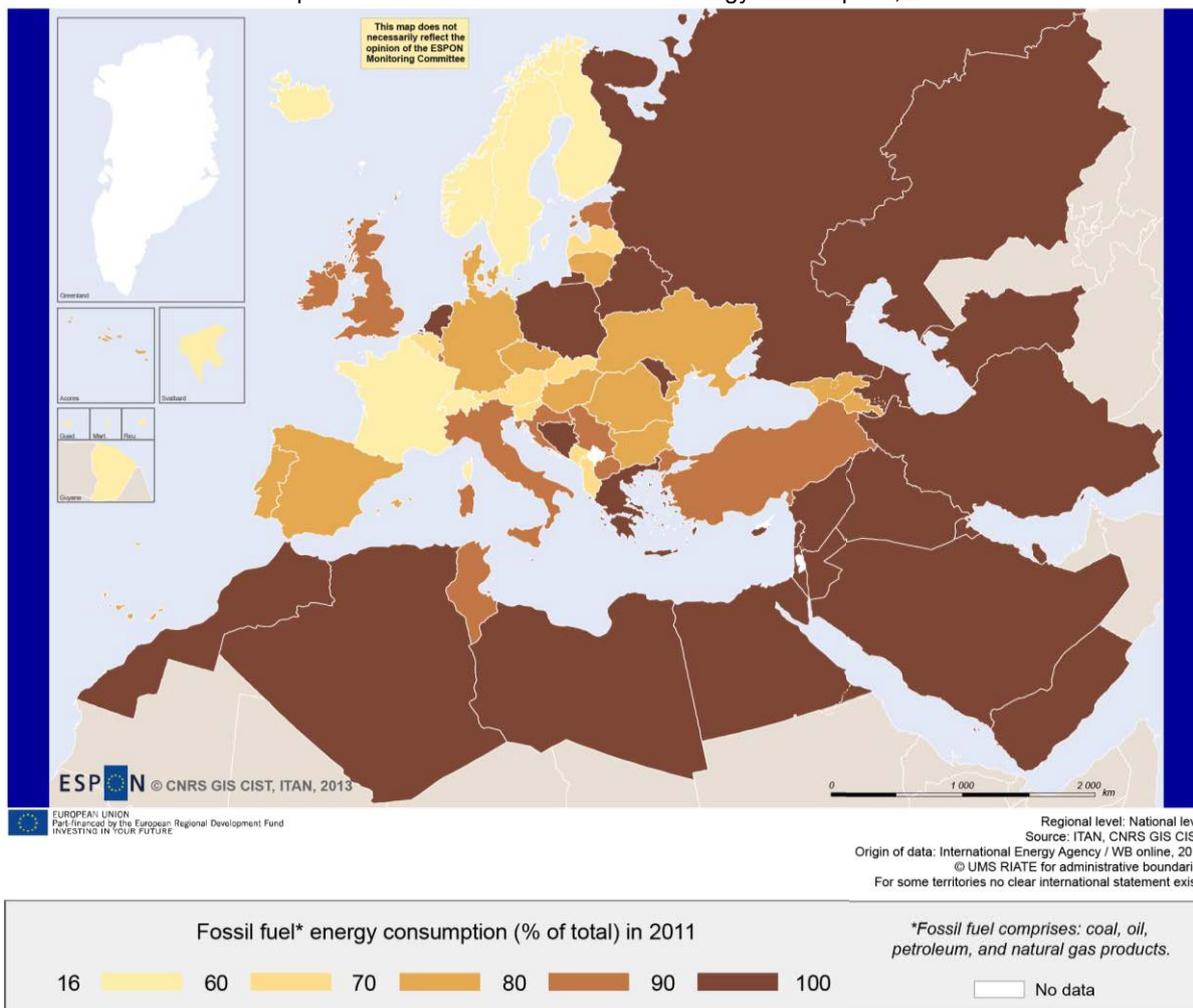
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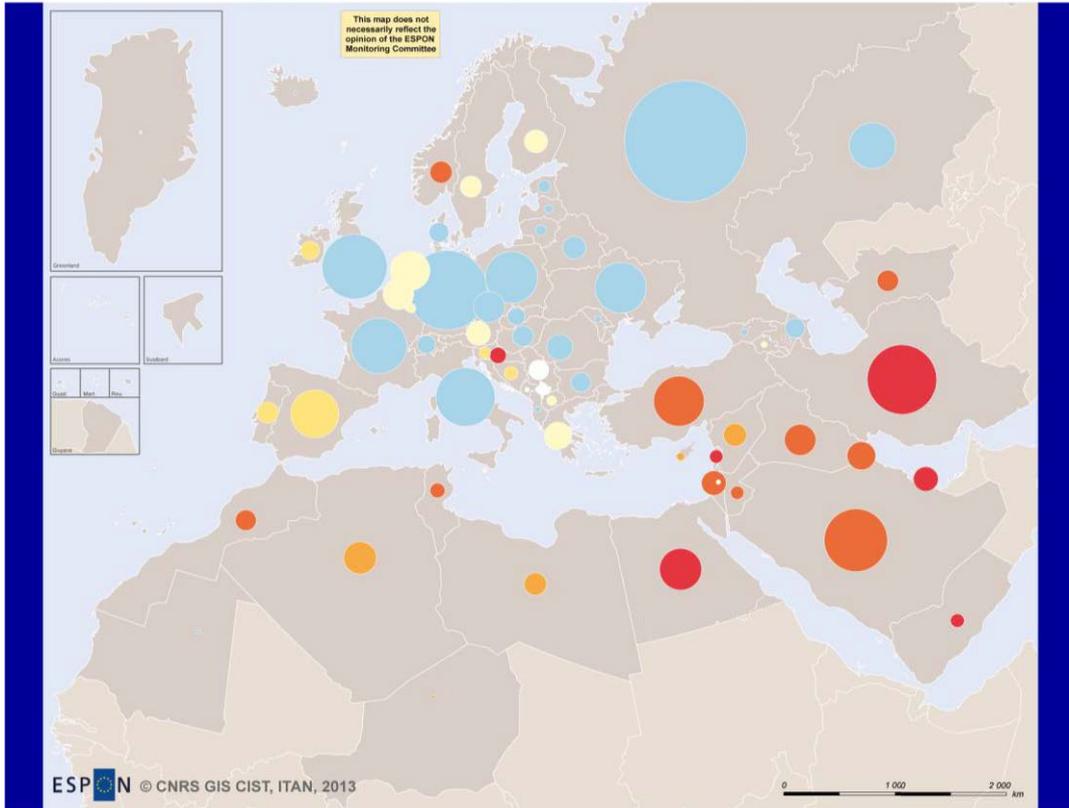
Regional level: National level  
Source: ITAN, CNRS GIS CIST.  
Origin of data: international Energy Agency, WB online, 2013  
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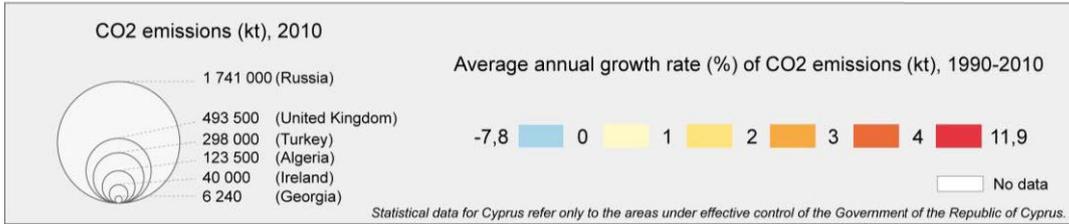
Map 63 - Share of the fossil fuel in the energy consumption, 2011



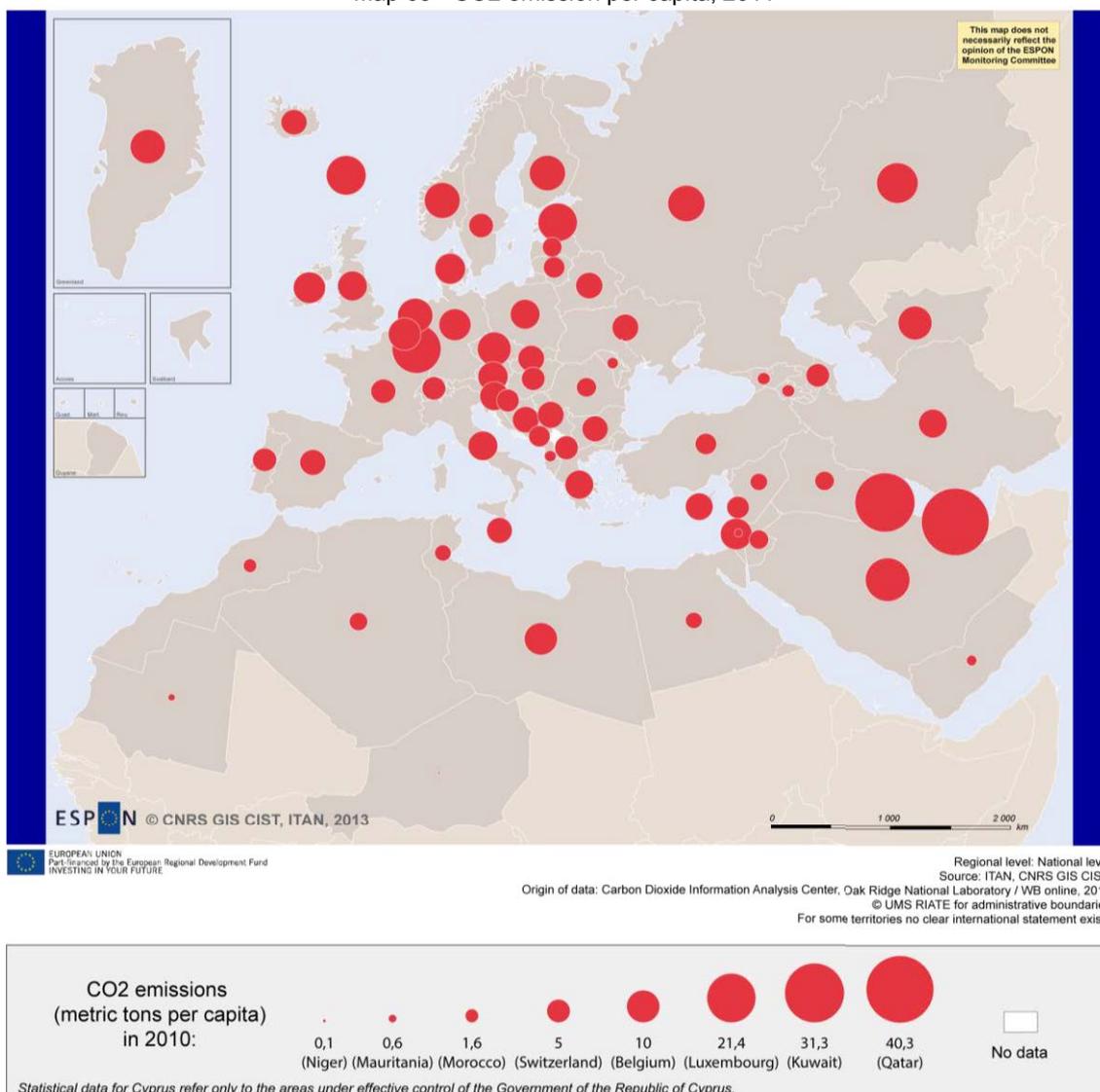
Map 64 - Catching up Mediterranean Neighbours: greenhouse gas emission, 1990-2010



Regional level: National level  
 Source: ITAN, CNRS GIS CIST,  
 Origin of data: Carbon Dioxide Information Analysis Center, Oak Ridge National Laboratory / VVB online, 2013  
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Map 65 - CO2 emission per capita, 2011



#### 4°) A prospective to 2030: the case of the Mediterranean

The OME's<sup>9</sup> "Mediterranean Energy Perspectives", published every three years, is an authoritative publication. It covers twenty-four countries of the Mediterranean rim, including the European Mediterranean countries, the Western Balkans' ones, Turkey and the countries of the Mediterranean Neighbourhood. A most interesting aspect is that it provides prospective scenarios to 2030.

The shortcoming of this publication is that it does not give figures for the whole European countries. Nevertheless, it provides a useful prospect of the European stakes throughout its Mediterranean countries (Portugal, Spain, France, Italy, Malta, Greece, Cyprus). The same for Western Balkans, of which the MEP does not give the profile of this whole Neighbourhood; but it gives those of Albania, Bosnia-Herzegovina, Croatia, Former Yugoslav Republic of Macedonia and Serbia. The Mep's supply/demand outlook by sector and fuel to 2030 is based on a modelisation separately processed for 19 out of these 24 countries. The 2030 perspectives are analysed throughout two demand scenarios: the "Conservative scenario" (cs) pursues the actual trends, whereas the "Proactive scenario" (ps) is based on a slowdown of the rising energy demand, better energy efficiency and larger

<sup>9</sup> The Observatoire Méditerranéen de l'Énergie (<http://www.ome.org/fr>) is a Euro-Mediterranean body dedicated to the energy issue: general analysis, specific studies on each of the energy fuels, country profiles and perspectives.

use of renewable energy (RE). Here are the main lessons learnt from the last publication of this MEP [OME 2011].

### *No area in the world will experience a more rapid electricity demand growth*

The major information about the region's energy demand (once again here the "region" means the twenty-four countries of the Mediterranean rim) is its impressive rise: +40% between 2010 and 2030, but only 20% increase if robust policies are put in place. The major fact is that, anyhow, 75% of the increase will come from the South.

The figure 23 shows the impressive growth of energy use (that is, the total energy use whereas as the "energy final consumption" would not take into account the energy used to generate energy fuel available for households and enterprises) in the South Mediterranean countries. Indeed the proactive scenario would diminish this rise but not that much. In 2030, in any of the two considered scenarios, the energy use would almost be as high in the Southern Mediterranean countries than in the EU's Mediterranean countries, whereas the West Balkan would experience a stagnating energy use. Such an evolution should not be astonishing: the energy use rise goes along with the development process, hereafter indicated with the DGP growth – as we already said this economic growth will be much bigger in the southern side than on the northern in the coming decades.

This is bad news when it comes to environment. The regional CO<sub>2</sub> emissions would increase by +9% in the Proactive scenario, and still more in the Conservative scenario: +40%. We saw that the CO<sub>2</sub> emissions were much lower in the southern Neighbourhood than in Europe; sadly, the southern emissions will particularly increase.

But this is good news when it comes to potential markets for European enterprises. It has to be highlighted that the Mediterranean electricity demand and supply will be booming in the coming decades. Up to 2030, no area in the world will experience a more rapid electricity demand growth than the southern Mediterranean countries, at an average rate of 5% per year. This trend has a major territorial side: the electricity grids are to be major infrastructures for the coming years, which represent in the same times huge investments (including for European investors) and main territorial challenge; in particular, the rural development will not be possible if these territories are not provided with electricity supply.

Between 2010 and 2030, the electricity production will be multiplied by 1,4 in the EU's Mediterranean countries (by 1,3 if they choose the Proactive scenario); it will be multiplied by 2,6 in the South Mediterranean (by 2,1 in the Proactive scenario) – in other words the electricity capacity to develop in the southern rim, including Turkey and Israel, up to 2030 could be almost as important as the actual capacity in the EU's Mediterranean countries.

The second lesson of OME's MEP-2011 is that the general figures show a diminishing gap between the North and the South of the Mediterranean. First, the Energy demand per capita gap will decrease somewhat by 2030. In 2010-2013 the figures are almost stagnating for the EU's Mediterranean countries, whereas they are booming in the southern. This is particularly so for Israel (whose level of energy per capita should exceed that of the EU's considered countries by 2030) and Turkey; but even without these two countries, the South Mediterranean countries will partly bridge the gap vis-à-vis the northern side. This is also the case for the Western Balkans. In 1990, the Med ENC's ratio of energy use per capita (without Turkey and Israel) was a quarter of the EU's Mediterranean countries'; in 2030 it will be the half.

### *Energy transition in the Mediterranean ENCs: a remote perspective*

The third major lesson is that the energy transition will not be an easy thing in the Mediterranean area. Yet, the difference between the Conservative and the Proactive scenarios is much bigger in the South than in the EU: in the South the energy use would be of 18% smaller if the Proactive scenario was implemented; in the Western Balkans the decrease would be -13%; in the EU's Mediterranean

countries the decrease would only be -6%. Nevertheless, the South's transition to a better energy efficiency and to renewable fuels will require high commitments.

The solar electricity production will develop on both sides of the Mediterranean. Today, it really exists on the northern side only; in 2010 the solar production in the South was 1% of the EU's Mediterranean production; in 2030 it could be 18% (cs) or 38% (ps). But even in this Proactive scenario, the southern production will stay far behind. The reasons are (i) the low capacity of these countries to subsidise their solar industry (this capacity has severely diminished in Europe since the financial crisis but remains much higher than in the South); (ii) the lack of technology and industrial know how; (iii) a lower sensitivity to this issue than in Europe. This is ironic since the solar potential is indeed much higher in the South than in the North.

*The European plan on climate change paved the way to a possible cooperation in the Mediterranean*

According to the European plan on climate change adopted by the European Parliament on December 2008 ("20-20-20 targets"), European states will have the possibility to include imported renewable energy among their 20% RE of their policy mix – namely imported from the Saharan solar plants. Still, and despite the huge Desertec initiative launched by the German enterprises in the framework of the Mediterranean Solar Plan promoted by the Union for the Mediterranean, and despite the enlargement of the trans-Mediterranean electricity grid to boost the electricity import-export in the Mediterranean, such plans will have to be accompanied by strong commitments – in both North and South side – to come into force. In 2030 OME's MEP says in its Proactive scenario, the two major solar player in this Mediterranean region will be Spain and Italy (46 TWh); far after could come Turkey (18), then France and Algeria (13) if this country manage launching an industrial and technological initiative to become a lead country in the energy filed – but will it succeed without a strong trans-Mediterranean cooperation? Morocco (6 TWh) would come much behind, not to cite Jordan (2,3) nor Tunisia (0,6).

### Box 1 - Toward a common North-South Mediterranean scheme for energy transition?

#### *The Mediterranean Solar Plan*

According to the Trans-Mediterranean Renewable Energy Cooperation, 0,3% of the Saharan surface could provide all energy current and coming needs of Europe and its Mediterranean neighbours. The issue is to make this potential both actual and fair between Europe and its Mediterranean partner countries. Launched in 2008 as an emblematic project of the Union for the Mediterranean, the Mediterranean Solar Plan has a main focus on solar but also addresses wind and, on the side-lines, biomass. The aim is (i) to increase the proportion of renewables in the southern countries' energy mix, and in Europe's especially (the 2008 climate-energy packet allows consideration to be taken of "green kilowatts" purchased from the southern Mediterranean countries), and (ii) to increase energy supply security in urban and rural areas in North and South alike.

The plan has two major themes. The first is the deployment in the Mediterranean ENC's of a large number of solar energy production sites (photovoltaic cell clusters and concentration solar energy), with wind and biomass sites as a complement. Output was planned to reach 20GW by 2020 for a total investment of €80 bn. The second is the manufacture in the ENC's of solar panels, solar radiation concentrators and related equipment in order to contribute to their productive modernisation and the rise of seawater desalination. In the longer term perspective, meeting the South-North transport requirements stemming from the implementation of the Mediterranean Solar Plan will require the creation of around half a dozen new links (cost around €800 m per link).

#### *Desertec*

Desertec is a non-profit foundation funded in majority by German stakeholders. It aims to provide 15% of Europe's electricity by 2050 through a vast network of solar and wind farms stretching right across the Mediterranean ENC's and connecting to continental Europe via special high voltage, direct current transmission cables, which lose only around 3% of the electricity they carry per 1 000km. The tentative total cost of building the project has been estimated at €400bn.

#### *Medring*

The development of renewable energies in the southern neighbourhood will benefit from another project related to the electric grid. Presently the countries of Northern Africa and the Eastern Mediterranean have partially separated high voltage networks working with non-synchronous frequencies, thus there is no transmission of electricity among countries at big scale. However, the European Network of Transmission System Operators for Electricity (ENTSO-E) is developing an ambitious plan to connect the different isolated networks, effectively creating a closed ring of electric networks around the Mediterranean, the so called Medring. This future network will merge the electric distribution systems of Europe and the Mediterranean Neighbourhood effectively helping to achieve some of the priorities of the EU Energy Policy: security, adequacy, market and sustainability. In particular the sustainability criteria can be fulfilled when coupling the Medring distribution network and the Desertec generation plants.

As a matter of fact, the Mediterranean energy mix will remain largely dominated by hydrocarbons in 2030, whatever the scenario, and especially in the South. The figure 25 shows it clearly: hydrocarbons, in particular natural gas, will be very largely prominent in the South Mediterranean mix. One explanation is the hydrocarbons production there of course: three countries - Libya, Algeria, and Egypt – hold 94% of the Mediterranean's oil reserves. Libya will continue to increase levels of oil production to 2030; total oil production in the Mediterranean will remain above 6 mb/d in 2030.

Over the next two decades natural gas production is expected to double, especially in Algeria but also in eastern Mediterranean where important reserves have been recently discovered in the "Tamar" and "Leviathan" fields, close to Egypt, Gaza strip, Lebanon, Israel and Cyprus, these two latter countries being to become gas exporters in a decade [Karbusz 2012]. Gas will overtake oil as the dominant energy source over the outlook period, especially in the South Mediterranean due to strong demand coupled with attractive prices and easy availability.

In a word, heavy reliance on fossil fuel will endure in the South. In the Conservative scenario, the share of wind, solar and other renewables in the SEMCs (Israel and Turkey non included) will represent only 2,5% of the total energy use. As a whole, to 2030 the Mediterranean region will remain a net importer of oil and gas regardless of the scenario.

The figure 26 gives a synthesis of the Conservative scenario picture: the rising share of hydrocarbons in all the parts of the Mediterranean region, but most particularly in the South; the rising role of gas – hence the importance of the gas pipes infrastructures and the long term contracts v. spot market issue in the gas business; a tiny share of renewables.

*Avenues for cooperation with the ENC's: energy efficiency, renewables, key role of electricity grids*

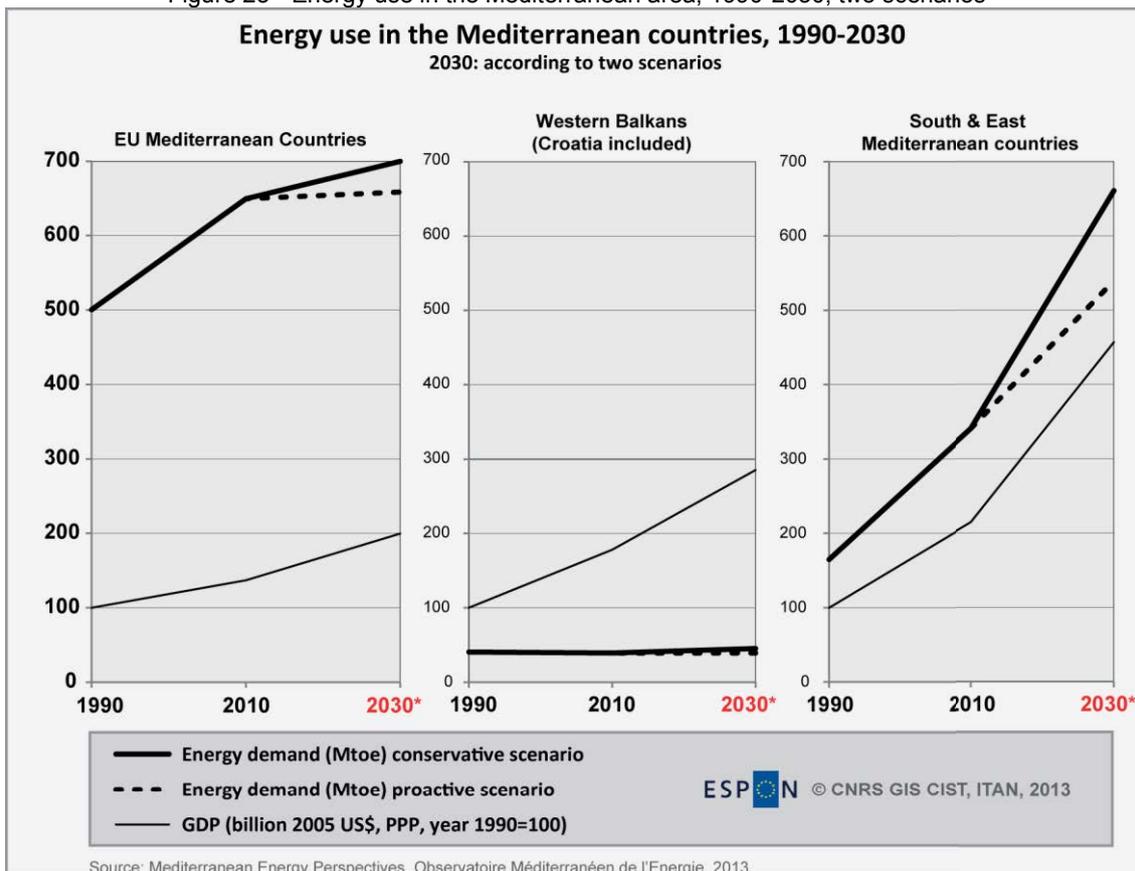
The fourth lesson is the importance of promoting the energy transition in the region, especially in the Mediterranean ENC's. Current energy trends are not sustainable and would jeopardise energy security. Besides, the figure 27 shows that in the Conservative scenario the energy intensity, that is, the energy use divided by the GDP, will hardly decrease in the Mediterranean Neighbourhood. The decrease will be impressive in the Western Balkans (by 1990 the energy intensity was extremely high), and it will significantly decrease in the EU's Mediterranean countries. According to this indicator, the gap is rather enlarging between the North and the South.

Even if the Mediterranean should dream of a very windy and shiny energy future, renewables could all the same supply 15% of primary energy demand by 2030 in the Proactive scenario. Solar photovoltaic would then grow at a rate of 15,5% p.a. in the Mediterranean region and 39% p.a. in the South.

Along with that, the potential for energy efficiency is very important (10% of the regional energy demand can be saved by 2030), namely in the South. This means that the Mediterranean ENC's could choose a lighter model of development for energy use – but in that case adapted institutional and legal frameworks are needed. The Plan Bleu estimates that for the two coming decades, the further investment needed in the Mediterranean ENC's to build energy efficient buildings would be of €260bn. On the other hand it would create deux millions jobs up to 2030, including in the informal sector. At the Mediterranean regional scale, oil and natural gas net import requirement would be nearly halved by 2030 in the Proactive scenario compared to the Conservative scenario. In the proactive scenario, the South would meet its electricity demand (less additional capacity needs, more renewables, more energy efficiency gains and substantial upgrade of networks).

The last lesson is the rising role of electricity grids in the territorial development and cooperation in the Mediterranean Neighbourhood. Here OME's statement is strategic: "while oil and gas trade have brought about fruitful long term Mediterranean partnerships for decades, *nowadays electricity (through renewables) emerges as another strong driver for reinforcing regional cooperation*". This matters very much, because it makes the electricity grids a major component of territorial development in the Mediterranean Neighbourhood, within this Neighbourhood and through the trans-Mediterranean connection.

Figure 23 - Energy use in the Mediterranean area, 1990-2030, two scenarios



**Notes.**

EU Mediterranean countries: Portugal, Spain, France, Greece, Malta, Cyprus. SEMCs : including Turkey & Israel.

Source: Mediterranean Energy Perspectives, Observatoire Méditerranéen de l'Energie, 2011

Map 66 - Energy demand in the Mediterranean, 2010-2030

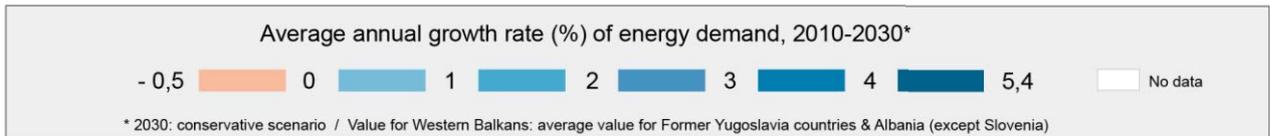
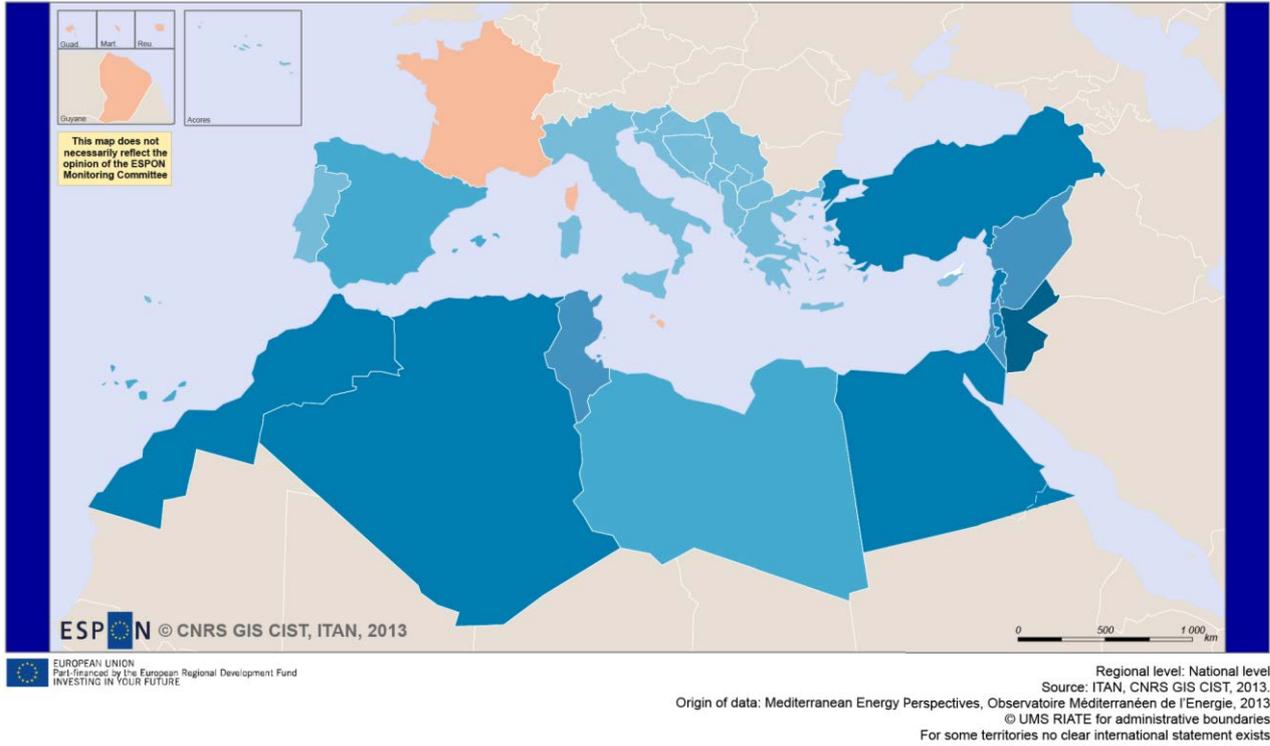
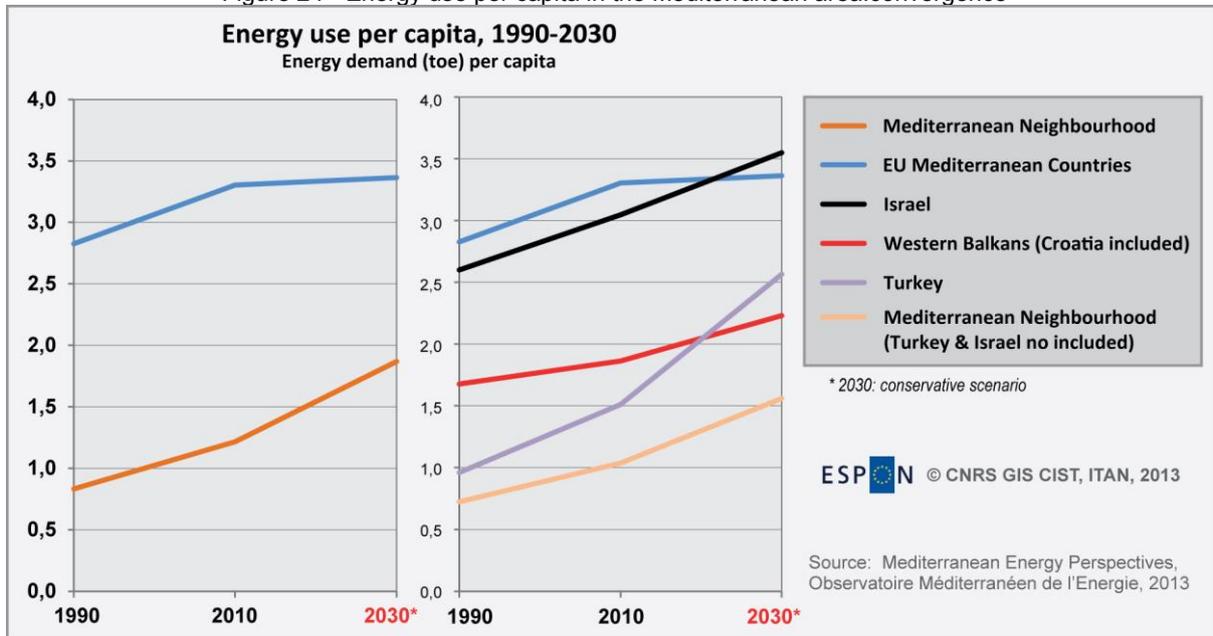


Figure 24 - Energy use per capita in the Mediterranean area:convergence



Notes.

EU Mediterranean countries: Portugal, Spain, France, Greece, Malta, Cyprus.

Figure 25 - Energy use by type of energy in the Mediterranean in 2030 : two scenarios

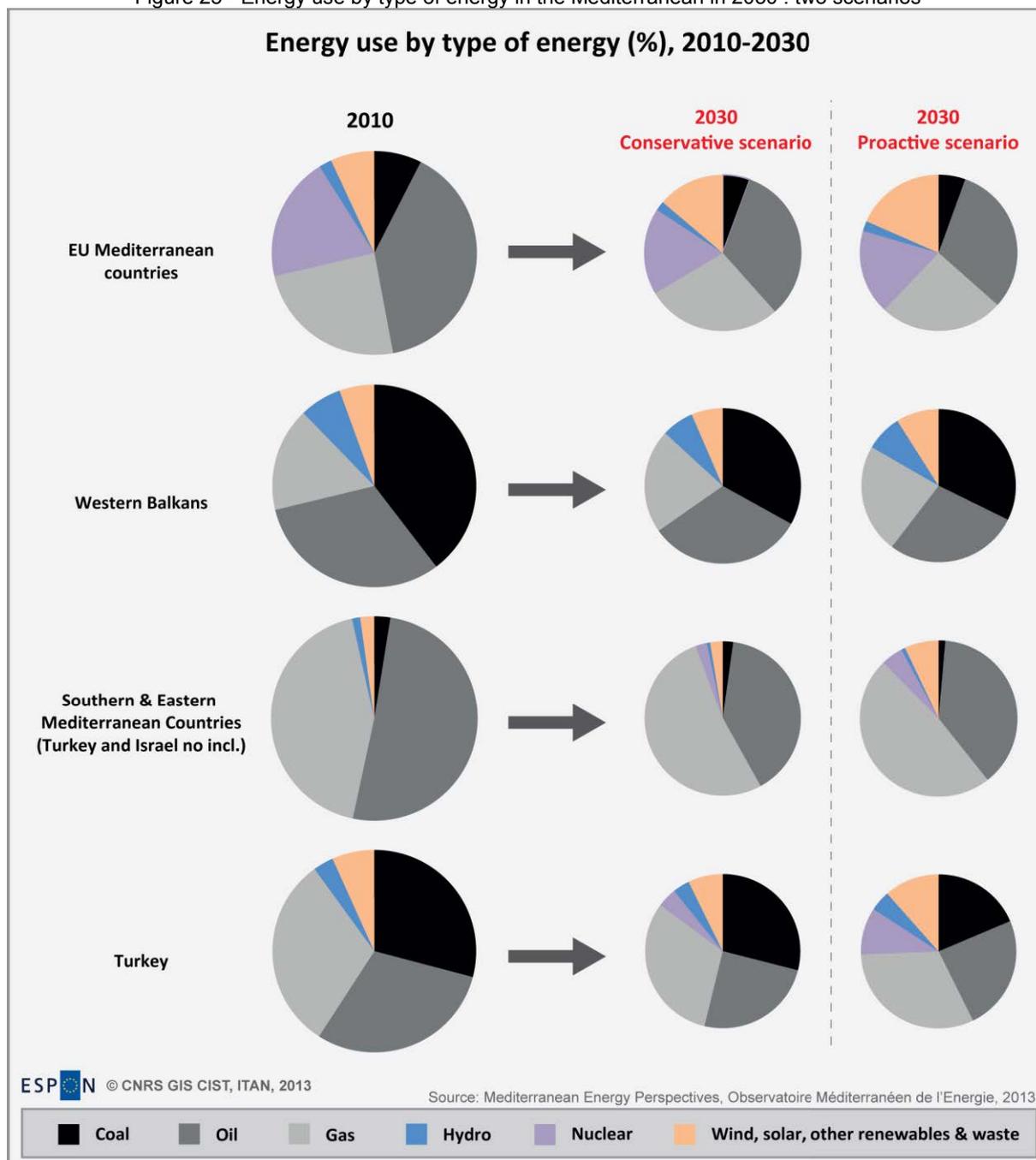
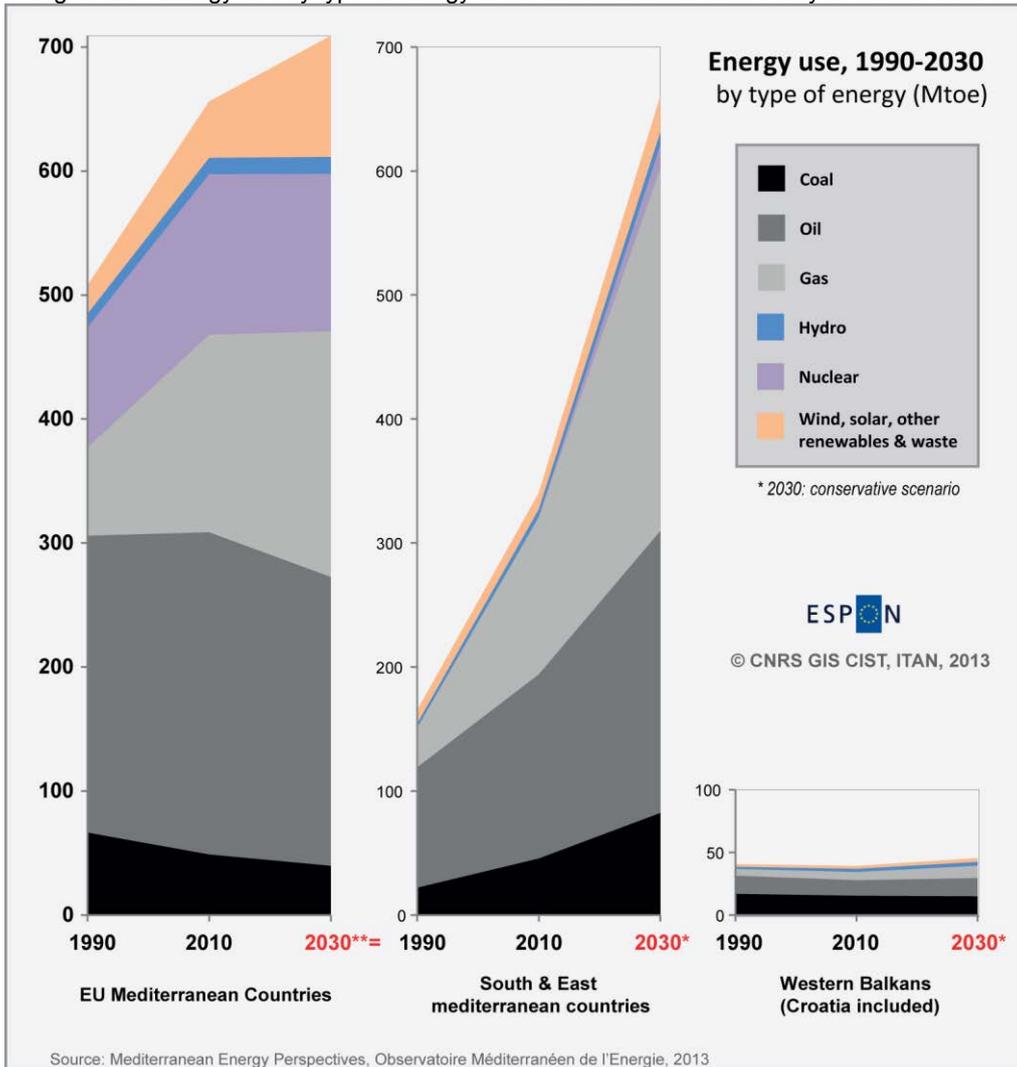
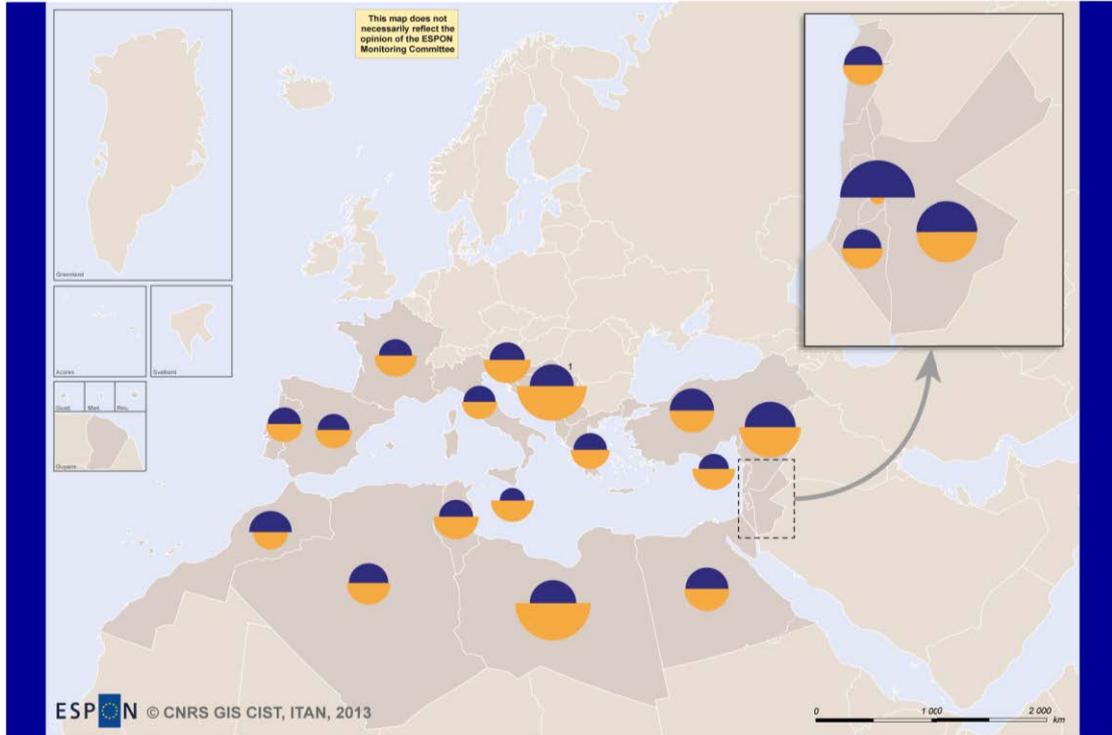


Figure 26 - Energy use by type of energy in the Mediterranean area : a hydrocaronic future



Map 67 - Energy intensity 1990-2030: a common challenge between Europe and its neighbours



Regional level: National level  
 Source: ITAN, CNRS GIS CIST,  
 Origin of data: Mediterranean Energy Perspectives, Observatoire Méditerranéen de l'Energie, 2013  
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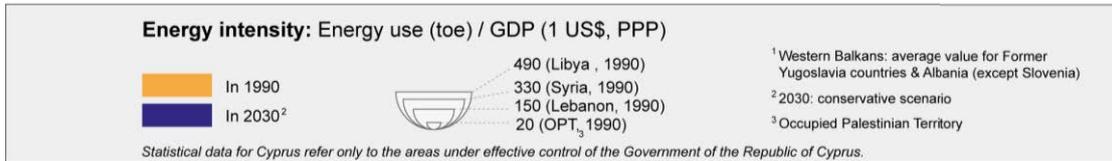
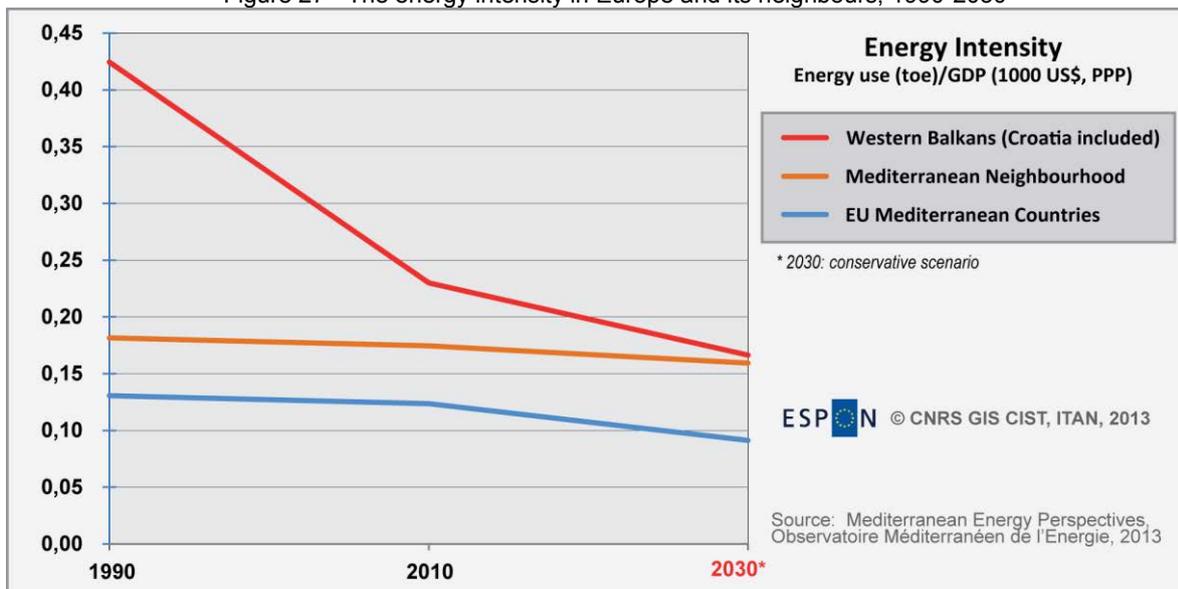
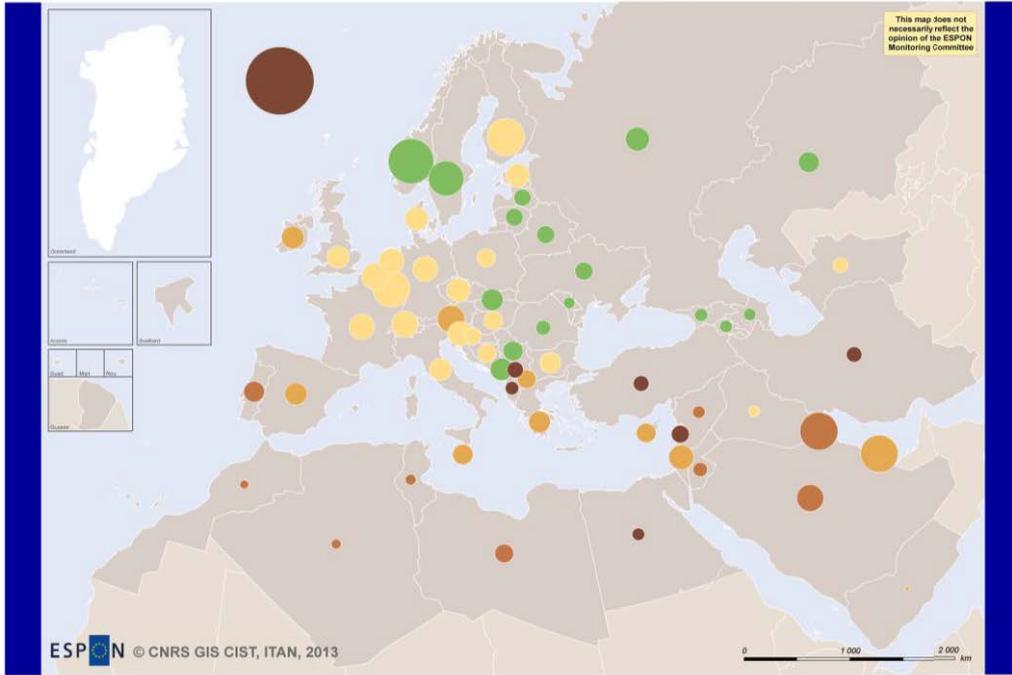


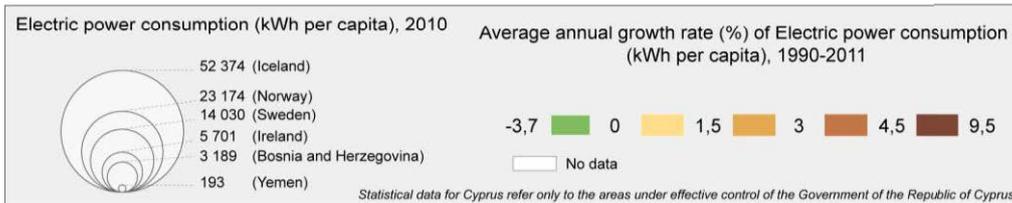
Figure 27 - The energy intensity in Europe and its neighbours, 1990-2030



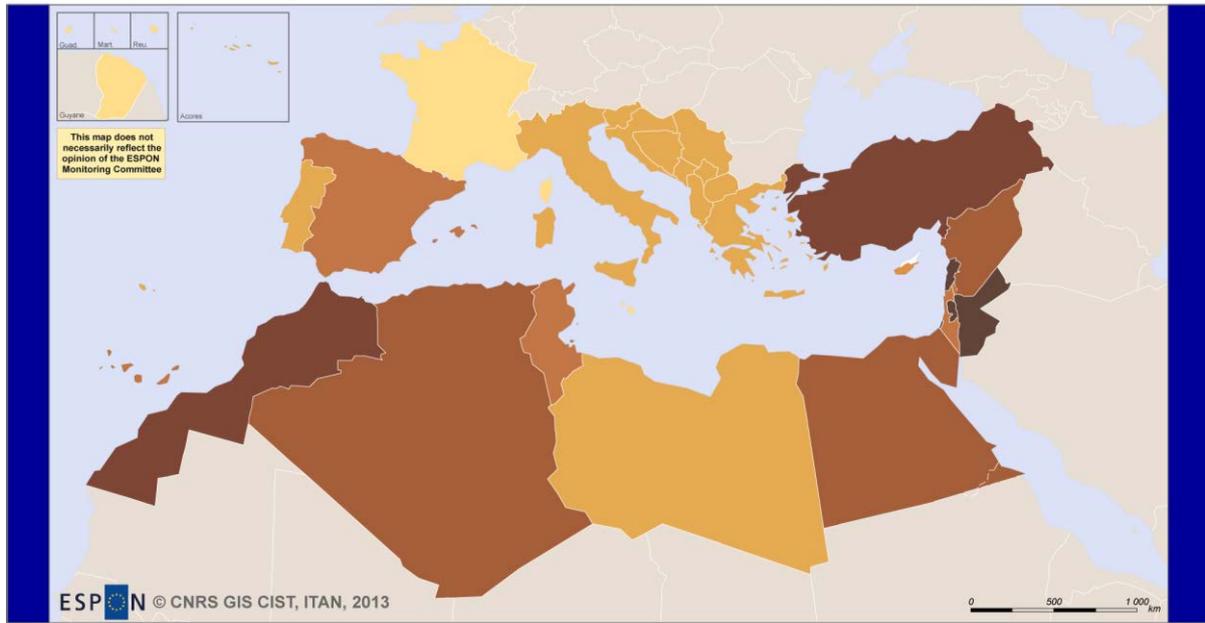
Map 68 - Electricity consumption per capita, 2011: still a large gap to fill in the Mediterranean



Regional level: National level  
 Source: ITAN, CNRS GIS CIST,  
 Origin of data: Carbon Dioxide Information Analysis Center, Oak Ridge National Laboratory / WB online, 2013  
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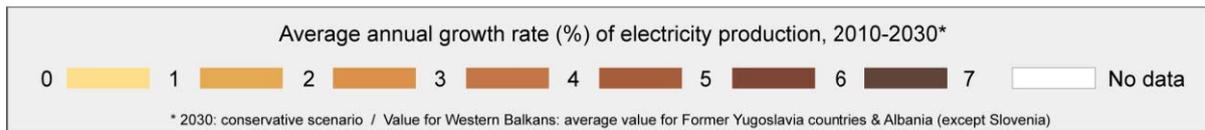
1888Map 69 - Electricity production 2010-2030 : the huge Mediterranean prospects, huge potential markets



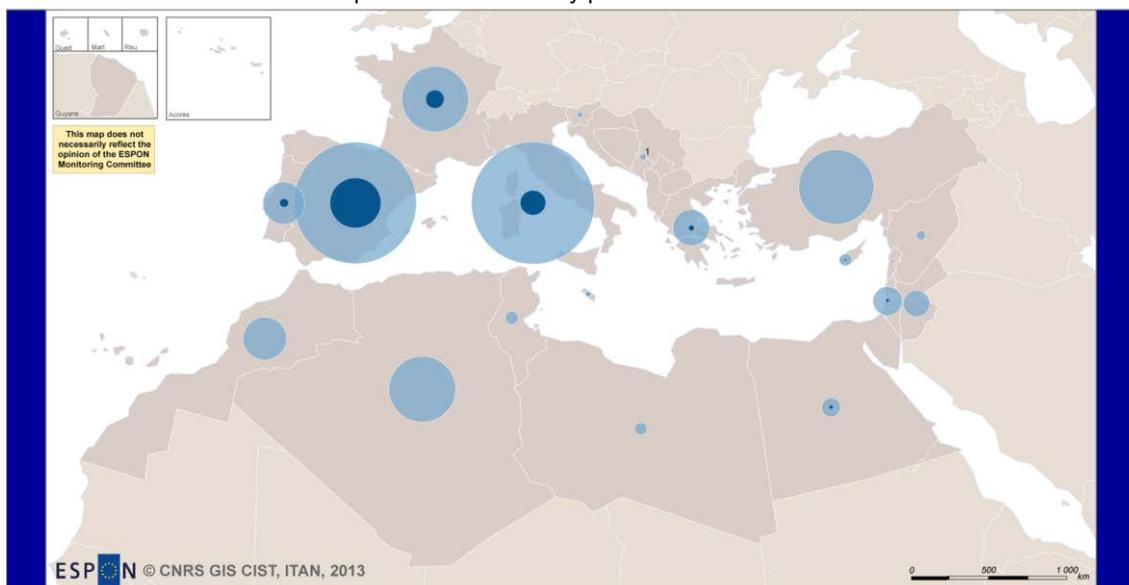
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Regional level: National level  
Source: ITAN, CNRS GIS CIST, 2013.  
Origin of data: Mediterranean Energy Perspectives, Observatoire Méditerranéen de l'Energie, 2013  
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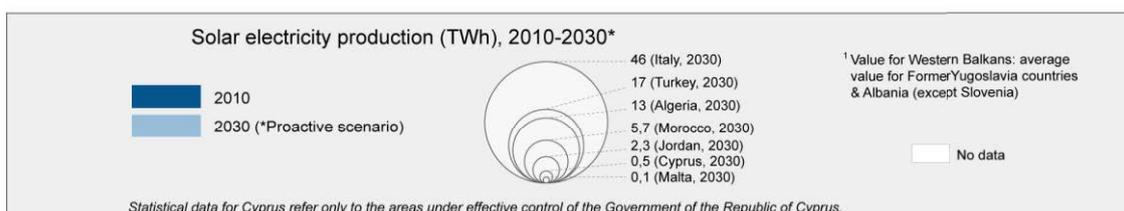
Map 70 - Solar electricity production 2010-2030



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Regional level: National level  
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Origin of data: Mediterranean Energy Perspectives, Observatoire Méditerranéen de l'Energie, 2013  
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## 2.2.3. Threats

### 1°) Environmental threats

It is impossible to give a comprehensive view of all the environmental threats of all the Neighbourhoods, because environment is indeed one of the most important stakes in the relation between Europe and its Neighbours. Here we highlight some examples, taken in two Neighbourhoods; other analyses can be seen in the chapter dedicated to each Neighbourhood.

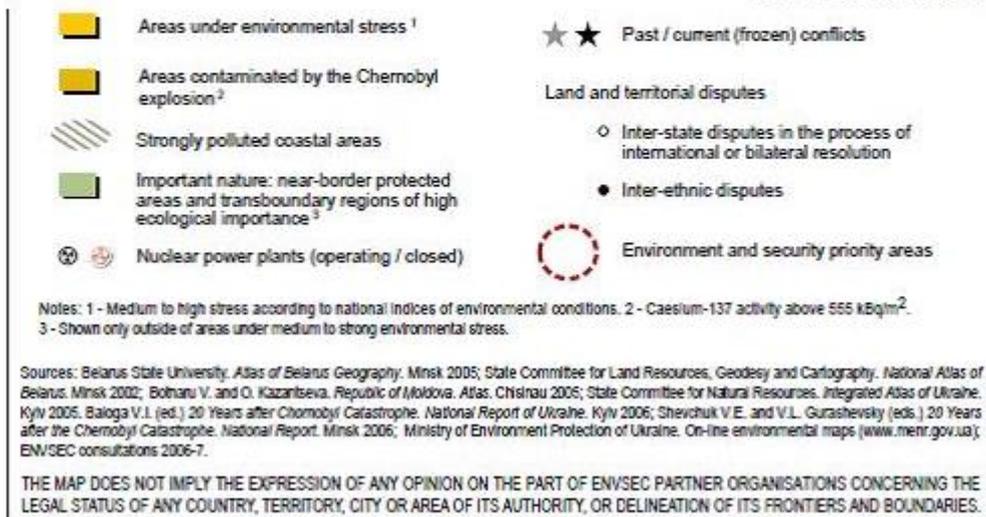
#### *Case of the Eastern Neighbourhood*

Map 72 below illustrates the environment and security priority areas in Belarus, Ukraine and the Republic of Moldova. Maps 73 to 75 show in more detail the environment and security issues in Belarus, Moldova and Ukraine respectively. The remaining maps illustrate the impact of climate change on Belarus, the republic of Moldova and Ukraine; another one shows energy pipelines; energy sources, production and transportation in Belarus, the republic of Moldova and Ukraine.

Map 71 - Environment and security priority areas in Eastern Europe

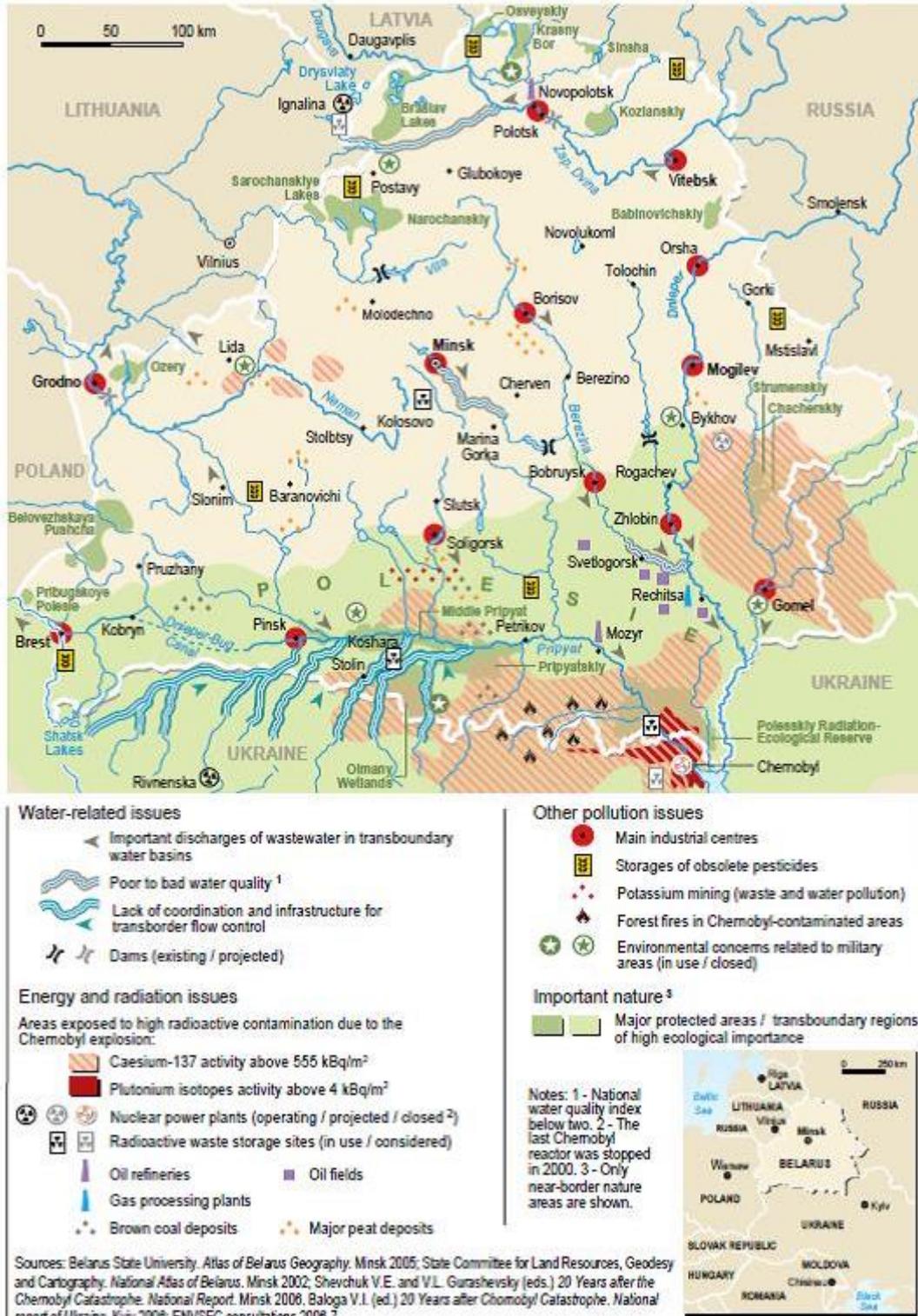


Map by UNEP/GRID-Arendal, May 2007.



Source: PIC 1 (Viktor Novikov, UNEP/GRID-Arendal) [http://www.grida.no/graphicslib/detail/environment-and-security-priority-areas-in-eastern-europe\\_11d8](http://www.grida.no/graphicslib/detail/environment-and-security-priority-areas-in-eastern-europe_11d8) Environment and security priority areas in Eastern Europe 2007

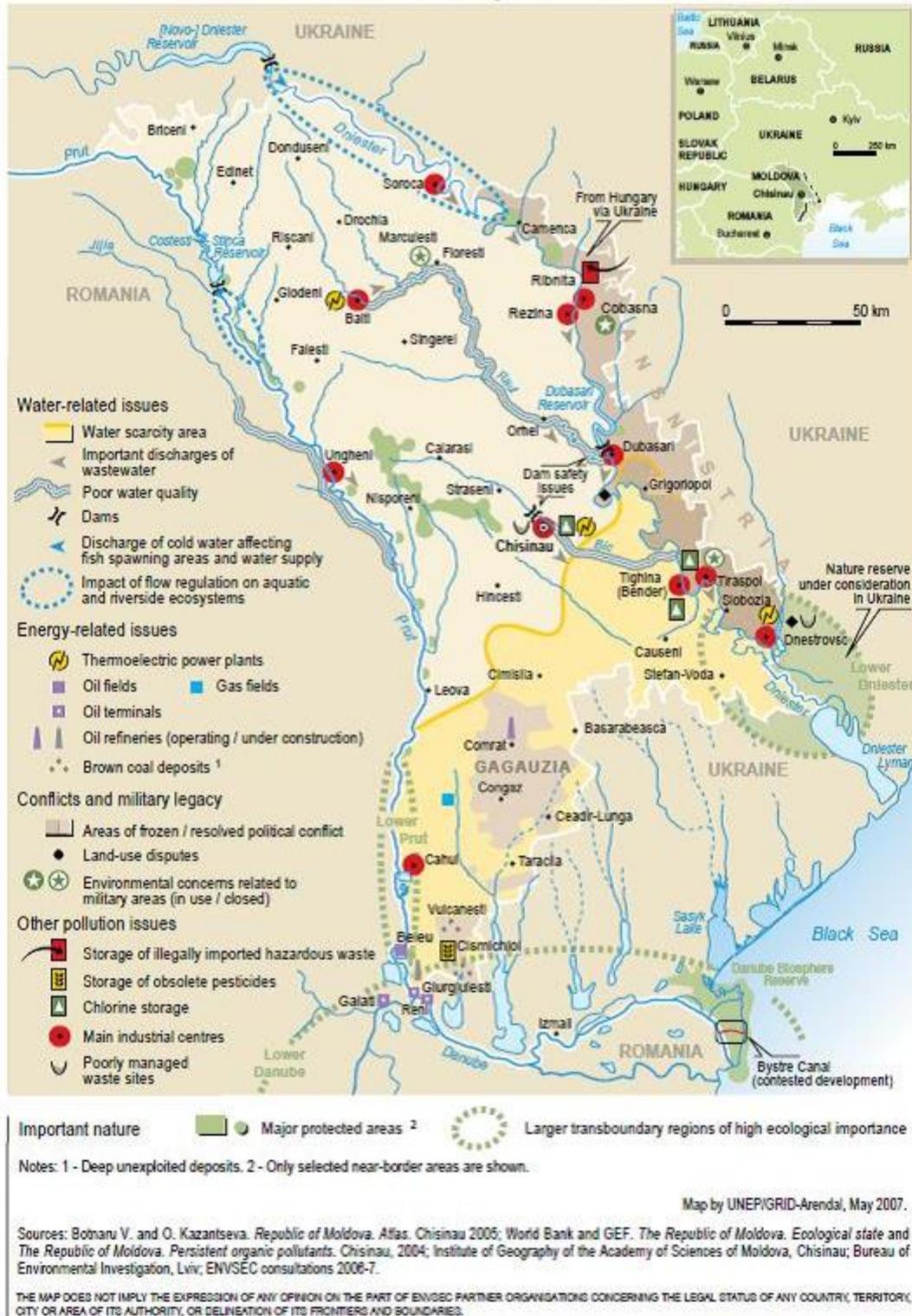
Map 72 - Environment and security issues in Belarus



Source:

[http://www.envsec.org/publications/ENVSEC.%20Transforming%20risks%20into%20cooperation.%20The%20case%20of%20Eastern%20Europe\\_English.pdf](http://www.envsec.org/publications/ENVSEC.%20Transforming%20risks%20into%20cooperation.%20The%20case%20of%20Eastern%20Europe_English.pdf)

Map 73 - Environment and security issues in the Republic of Moldova



Source:

[http://www.envsec.org/publications/ENVSEC.%20Transforming%20risks%20into%20cooperation.%20The%20case%20of%20Eastern%20Europe\\_English.pdf](http://www.envsec.org/publications/ENVSEC.%20Transforming%20risks%20into%20cooperation.%20The%20case%20of%20Eastern%20Europe_English.pdf)

Map 74 - Environment and security issues in Ukraine



Map by UNEP/GRID-Arendal, May 2007.

Notes: 1 - National water pollution index above ten. 2 - The last Chernobyl reactor was stopped in 2000. 3 - Long-term storage of spent fuel, and military waste; other sites for low-level radioactive waste and short-term storage at nuclear power plants are not shown. 4 - Shown near oblast centres, not per specific locations. 5 - Refer to documented incidents and may only represent a small portion of the traffic. 6 - Only near-border nature areas are shown.

Sources: State Committee for Natural Resources. *Integrated Atlas of Ukraine*. Kyiv 2005; Ministry of Environment Protection of Ukraine. On-line environmental maps ([www.menr.gov.ua](http://www.menr.gov.ua)); Baloga V.I. (ed.) *20 Years after Chernobyl Catastrophe. National Report of Ukraine*. Kyiv 2006; Shevchuk V.E. and V.L. Gurashevsky (eds.) *20 Years after the Chernobyl Catastrophe. National Report*. Minsk 2006. Hats I.A., Ministry of Defence of Ukraine: in materials for the *Environment and International Security* round-table. Minsk 2006; Bureau of Environmental Investigation, Lviv; ENVSEC consultations 2006-7.

THE MAP DOES NOT IMPLY THE EXPRESSION OF ANY OPINION ON THE PART OF ENVSEC PARTNER ORGANISATIONS CONCERNING THE LEGAL STATUS OF ANY COUNTRY, TERRITORY, CITY OR AREA OF ITS AUTHORITY, OR DELINEATION OF ITS FRONTIERS AND BOUNDARIES.

Source:

[http://www.envsec.org/publications/ENVSEC.%20Transforming%20risks%20into%20cooperation.%20The%20case%20of%20Eastern%20Europe\\_English.pdf](http://www.envsec.org/publications/ENVSEC.%20Transforming%20risks%20into%20cooperation.%20The%20case%20of%20Eastern%20Europe_English.pdf)

Map 75 - Climate change in Eastern Europe



**Climate change in Europe**

- |                    |   |                            |                               |                        |
|--------------------|---|----------------------------|-------------------------------|------------------------|
| More precipitation | Sea-level rise concerns and affected major cities | Impact on mountain regions | Negative agricultural changes | Present permafrost     |
| Less precipitation | Changes in ecosystems                             | Forest fires               | Melting of glaciers           | Permafrost in 2050     |
|                    |   |                            |                               | Climate change hotspot |

Map produced by ZOI Environment Network, May 2011  
 Source: Intergovernmental Panel on Climate Change (IPCC) - www.ipcc.ch/ Adapted for Second Assessment of Transboundary Rivers, Lakes and Groundwaters, UNECE, 2011.



Source: Climate Change in Eastern Europe [http://www.envsec.org/publications/climate\\_change\\_in\\_ee\\_english.pdf](http://www.envsec.org/publications/climate_change_in_ee_english.pdf) & ENVSEC (2011) Climate Change in Eastern Europe.: [http://www.envsec.org/publications/climate\\_change\\_in\\_ee\\_english.pdf](http://www.envsec.org/publications/climate_change_in_ee_english.pdf)

### Case of the South-Eastern Neighbourhood

The South-Eastern neighbourhood has now to deal with the legacy of pollutions inherited from the socialist period: concentration of highly polluted zones in industrial centres or exploitation of mineral raw now closed are the major sources of unsolved solid waste and other environmental problem. Even if in the 1990s, conflict and economic crisis reduced the pollution from agriculture and industry, the rehabilitation of all polluted industrial and mining-energy sites is one of the main issues.

In contrast, the South-Eastern neighbourhood, despite its dimension, offers a huge range of landscapes (from coastal landscapes to mountainous ones). The fragmentation of the region into internal mountainous basins divided by rivers valleys and wetlands gives way to diverse climatic

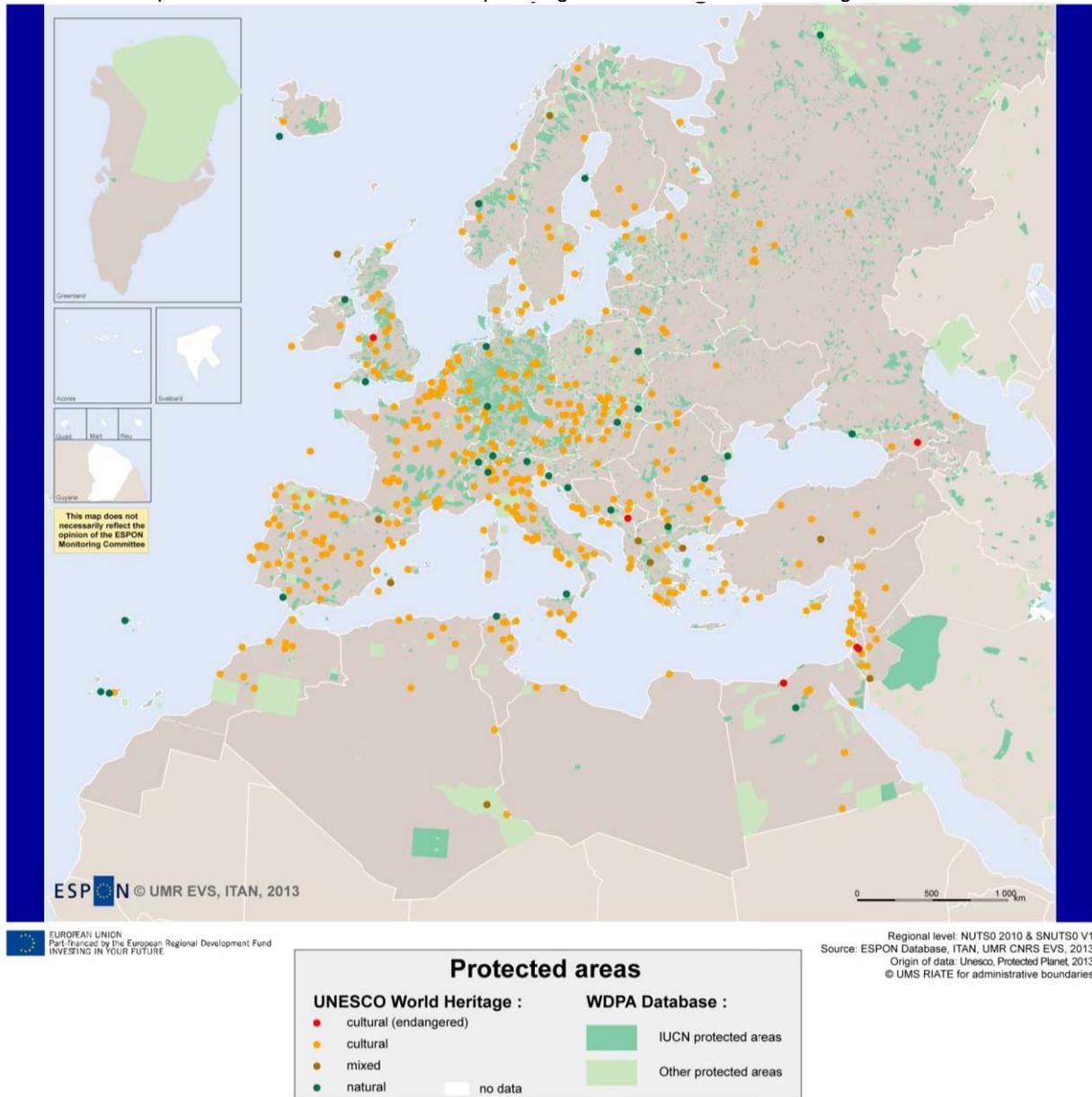
influences, such as Mediterranean, continental and mountainous. Natural zones in mountain areas are widespread in countries where mountain is everywhere: in Albania 51% of the territory is situated above 600m: in Serbia 15% is above 1000 m. These features give the Balkan countries an exceptional biodiversity, for example, Albania concentrates 30% of the European plant species. This potential needs to be protected, but in 2007 only 6,5% of the overall territory was placed under protected areas, ranging from 0,8 % of the territory in Bosnia and Herzegovina to 10,4% in Albania [EEA 2010].

In the last two decades, the South-Eastern Neighbouring countries were confronted with two major issues: (i) the waste management of both industrial activities and municipalities which threatens the quality of water and soils. The generation of municipal waste has risen steadily, and it is currently estimated to be at levels similar to those in the EU new member states and more and more convergent to the EU-27 levels (about 500kg/inhab). (ii) The risk management of floods and droughts requires international cooperation. The region seems to be one of the most vulnerable to the climate change with important floods in the northern part (Danube river basin) and severe droughts in the southern part, but further analyses are needed concerning the impact of the climate change. The international cooperation is enhanced by the ICPRD (International Commission for the Protection of the River Danube).

The case of the protected areas

Map 76 shows the long way to go for the ENC's to catch up with Europe in the field of protected areas.

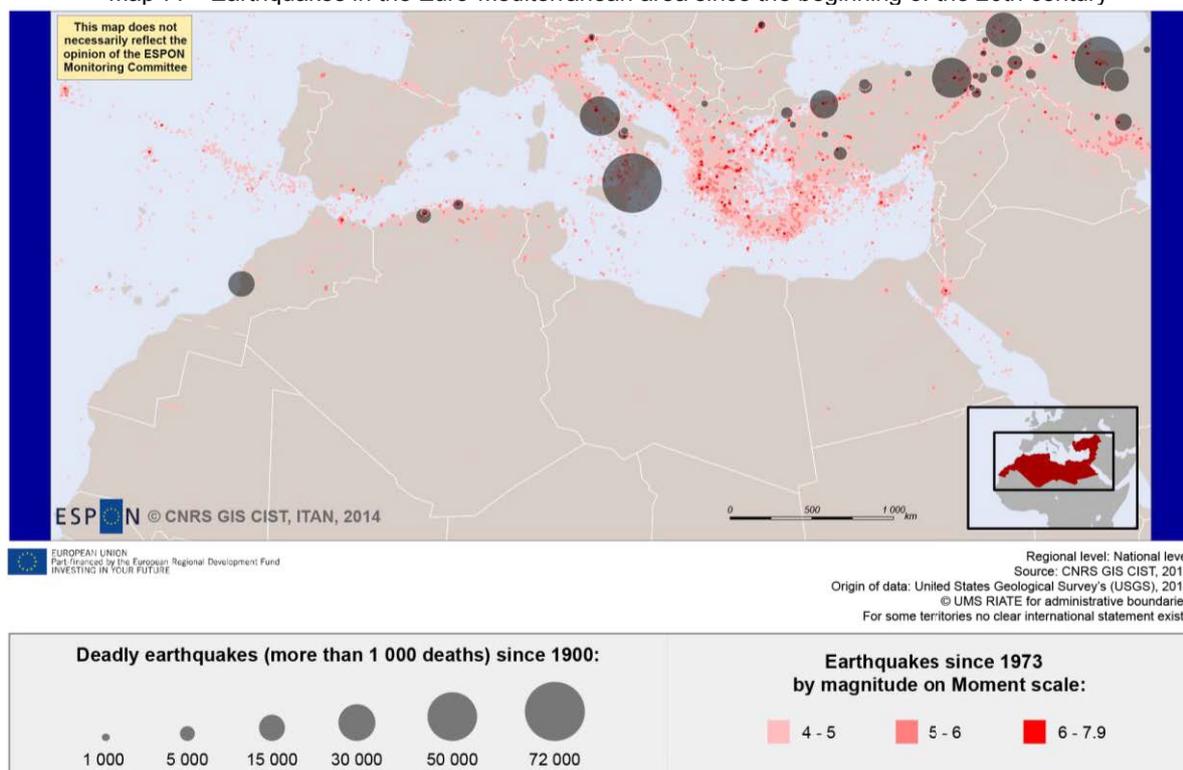
Map 76 - Protected areas in the European region: still a lot to do in the Neighbourhoods



## Earthquakes: common risk and common policies between EU and Neighbours?

The numerous earthquakes in the Mediterranean and the historic tsunamis prove that the threat remains high. This call for a cooperation between Europe and its Neighbours (which has largely begun e.g. between Greece and Turkey) in the three domains of (i) common alert system, training and exchanges of experiences in the field of crisis management or insurance issues; (ii) concerted crisis management; (iii) post-crisis reconstruction.

Map 77 - Earthquakes in the Euro-Mediterranean area since the beginning of the 20th century

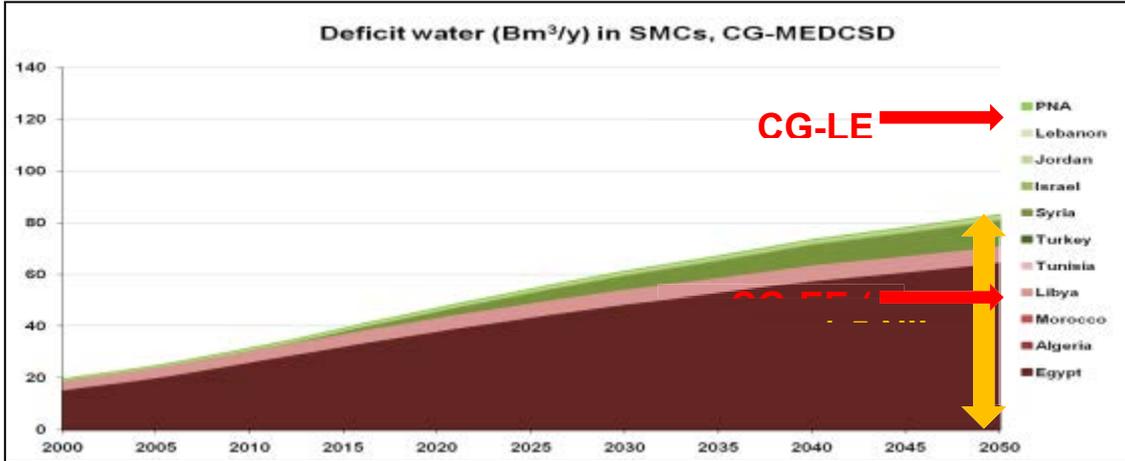


## Water

The climate change will highly impact the ENC's, especially in the Black Sea area and in the Mediterranean. The water shortage will particularly impact Egypt (fig. 28). The water exploitation index is high in the water basins of the Mediterranean, and not only in the southern side: compared to available water resources, withdrawals have been historically high in the previous decades, especially in the Near-East, in Libya and Tunisia but also in Greece and Spain (map 78). In the 2000s (map 81) the pressure seems to have lowered but anyhow the available water resources are not sustainable in the South, because they rely a lot on groundwater.

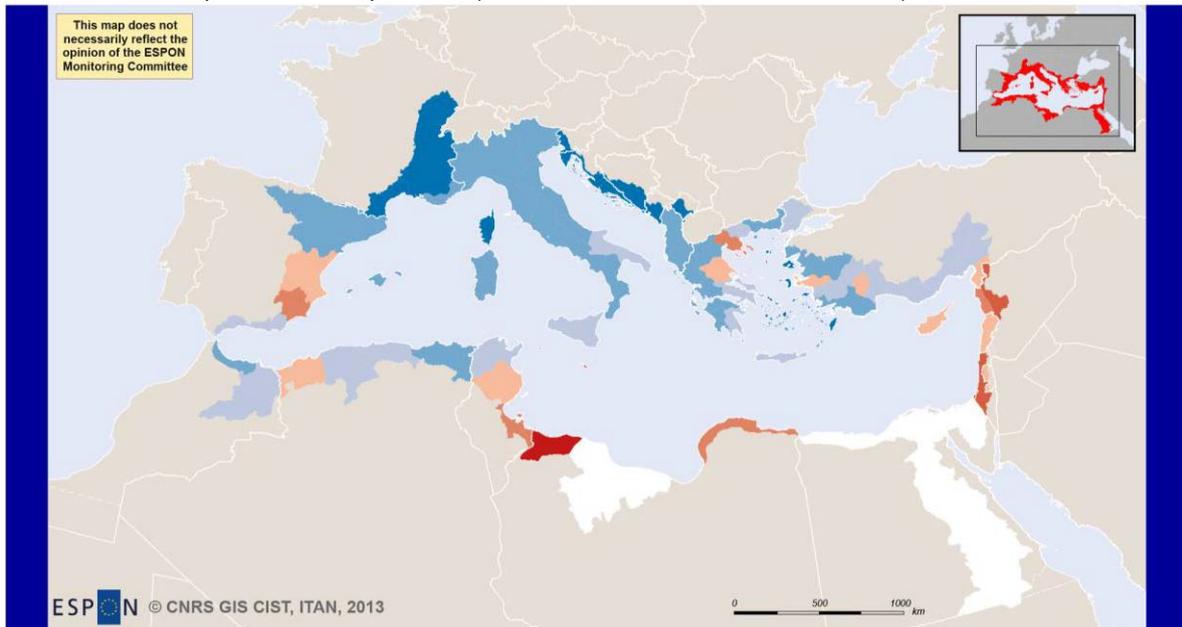
Today, the water resources per capita are worrisome in the Mediterranean as a whole, especially in the South but also in Spain: the water issue is not only a Neighbour concern (map 81). The current solutions are hardly sustainable. As an example in Tunisia, which is one of the Arab countries the most efficient in the field of water, improvement in sewage (map 83) and drinkable water (map 82) raises various problems: (i) ecological, since the water resources are taken from non-recharged groundwater. (ii) Managerial, since the know-how is lacking in both the governance and the technical aspects. (iii) Political, since the modernisation of the water service would need an increase of the water tariffs that no government can assume. (iv) Financial, since the needs for modernisation of the water and above all of the sanitation system remain huge. (v) Territorial, since the North-West of the country (water and sewage) and the South (sanitation) are lagging behind the North-East. The water issue is one of the most important fields of possible cooperation between Europe and its Neighbours.

Figure 28 – Mediterranean ENC: water deficit at horizon 2050



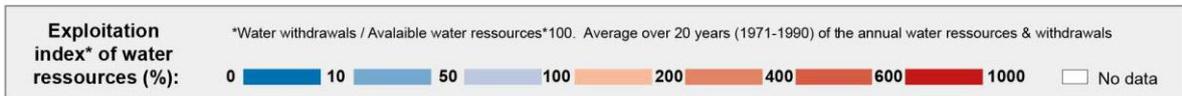
Source: OME

Map 78 - Water exploitation (withdrawals / available water resources), 1971-1990

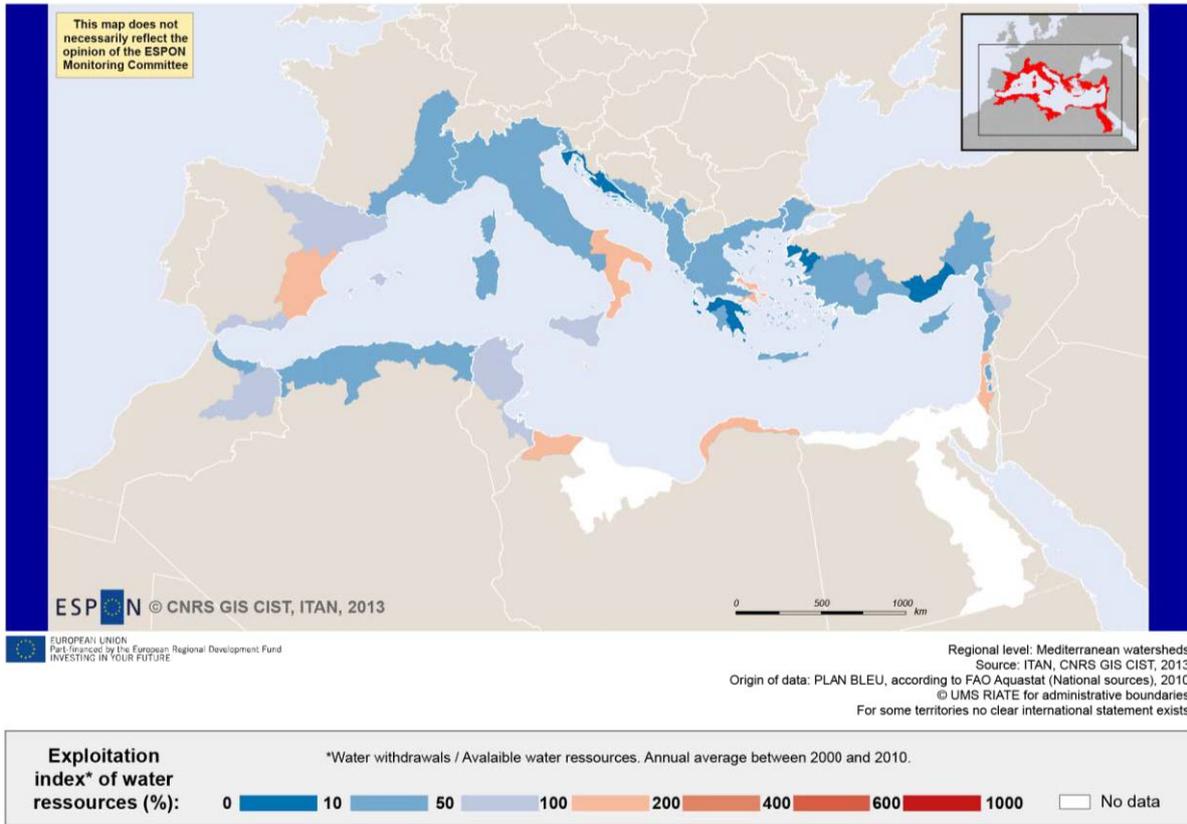


Regional level: Mediterranean watersheds  
Source: ITAN, CNRS GIS CIST, 2013

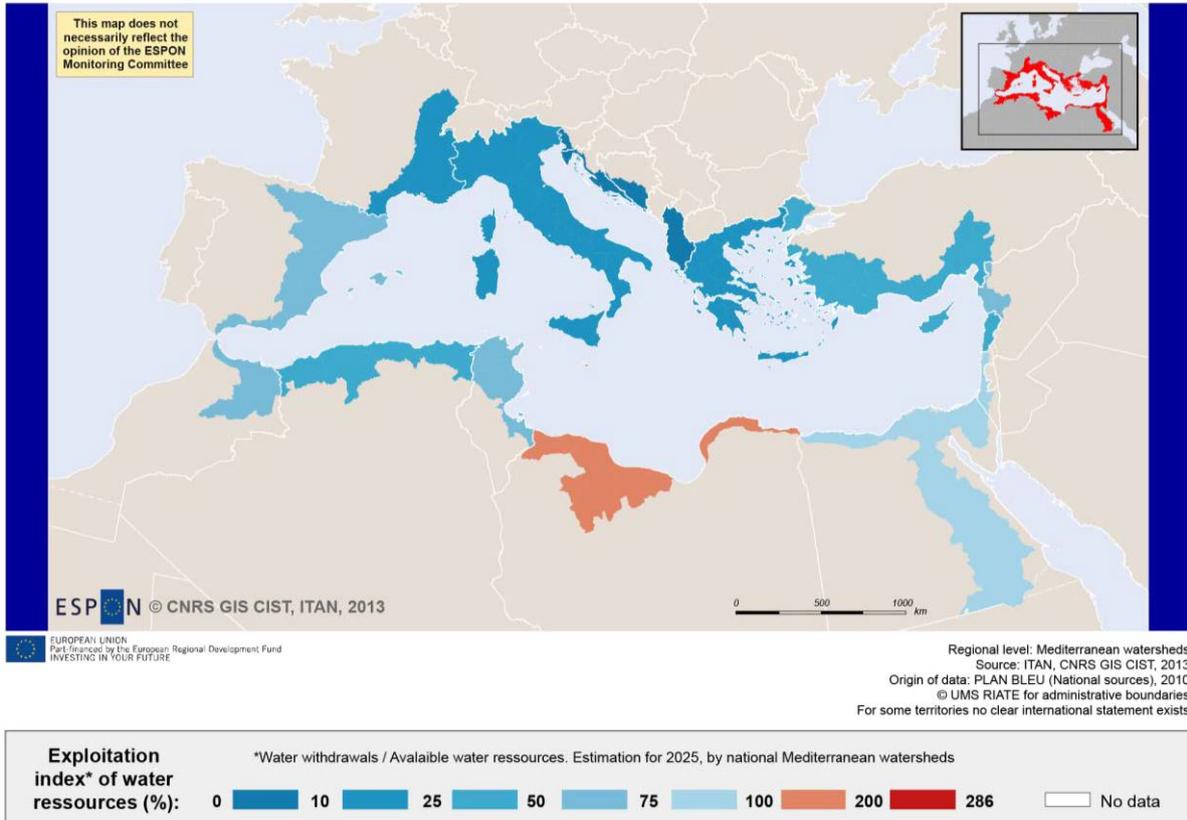
Origin of data: Data derived from the thesis of Marianne Milano: "Current state of Mediterranean water resources and future trends under climatic and anthropogenic changes", 2012, University of Montpellier2 & PLAN BLEU © UMS RIATE for administrative boundaries  
For some territories no clear international statement exists



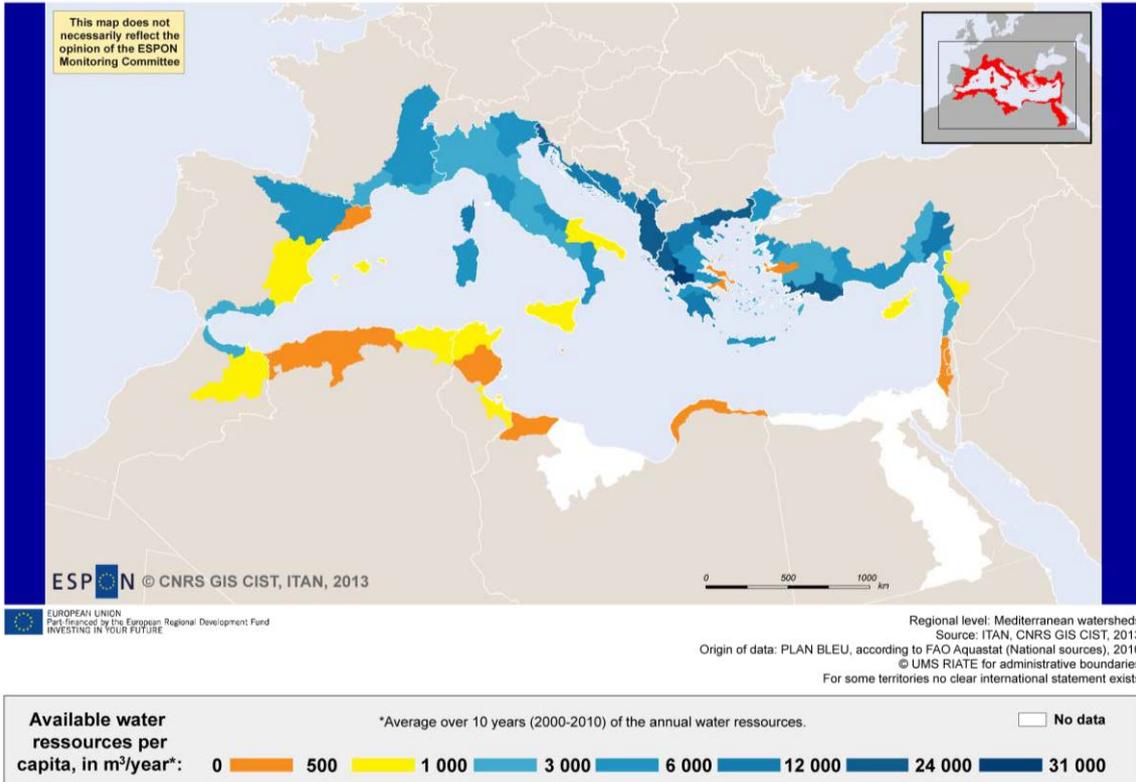
Map 79 - Water exploitation (withdrawals / available water resources)



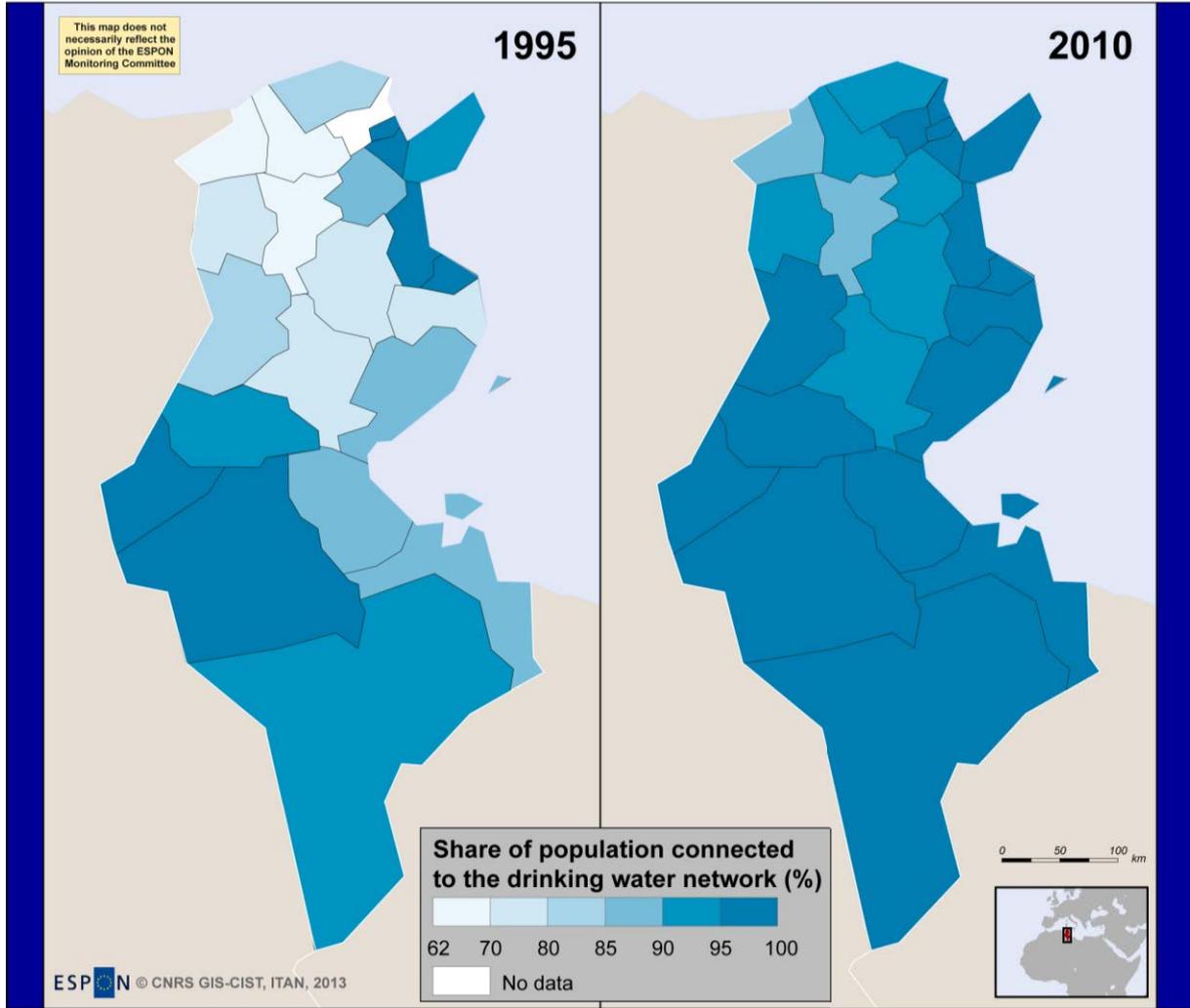
Map 80 - Water exploitation (withdrawals / available water resources), estimation 2025



Map 81 - Water resource per inhabitant, 2000s



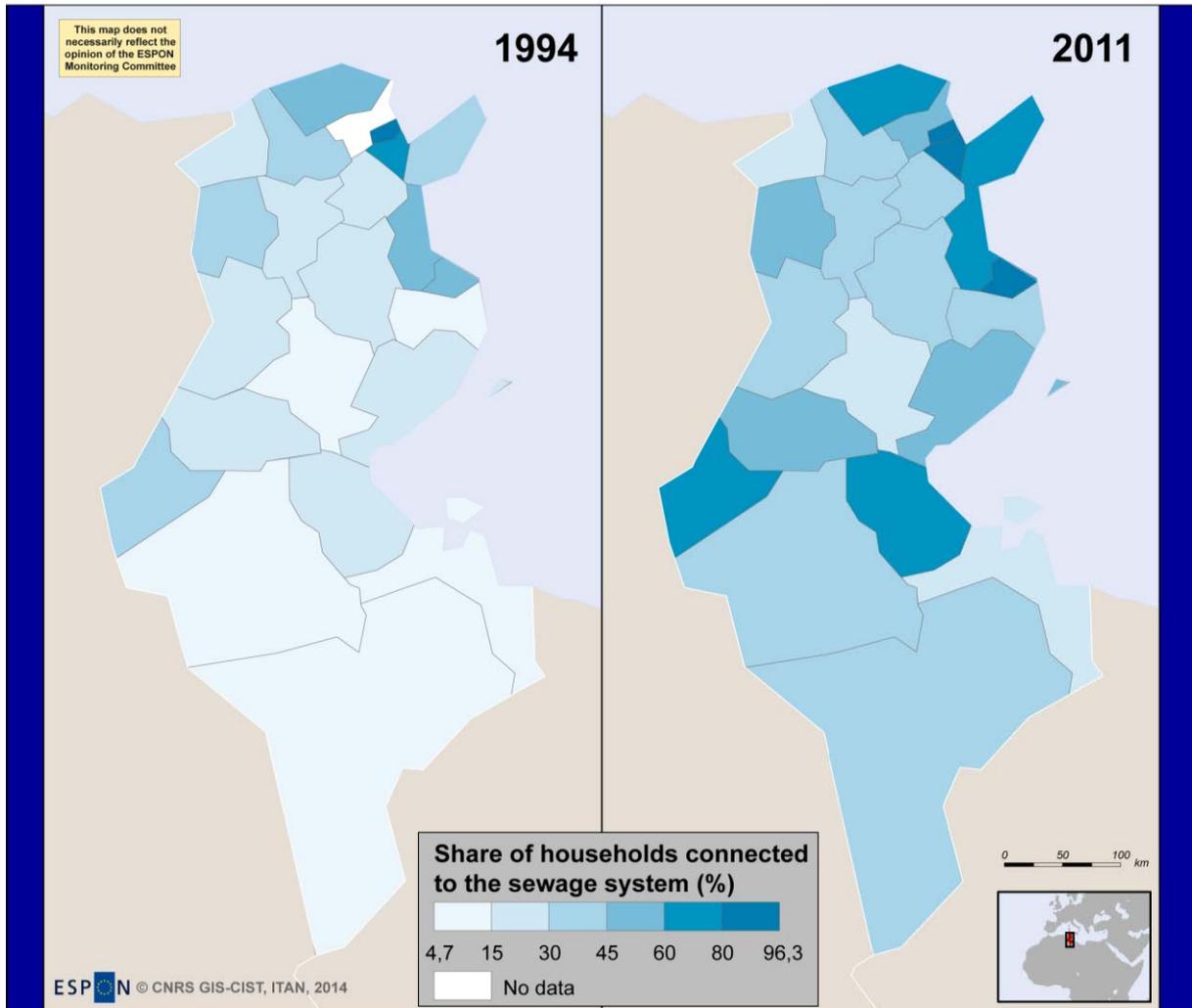
Map 82 - Is the progress in access to drinkable water sustainable? The case of Tunisia



EUROPEAN UNION  
Part-financed by the European Regional Development Fund  
INVESTING IN YOUR FUTURE

Regional level: SNUTS3 V1  
Source: ESPON Database, ITAN, CNRS GIS-CIST, 2013  
Origin of data: Tunisie Statistiques 1996, 2011 - WHO 2013  
© UMS RIATE for administrative boundaries

Map 83 - Low progress in sewage. The case of Tunisia



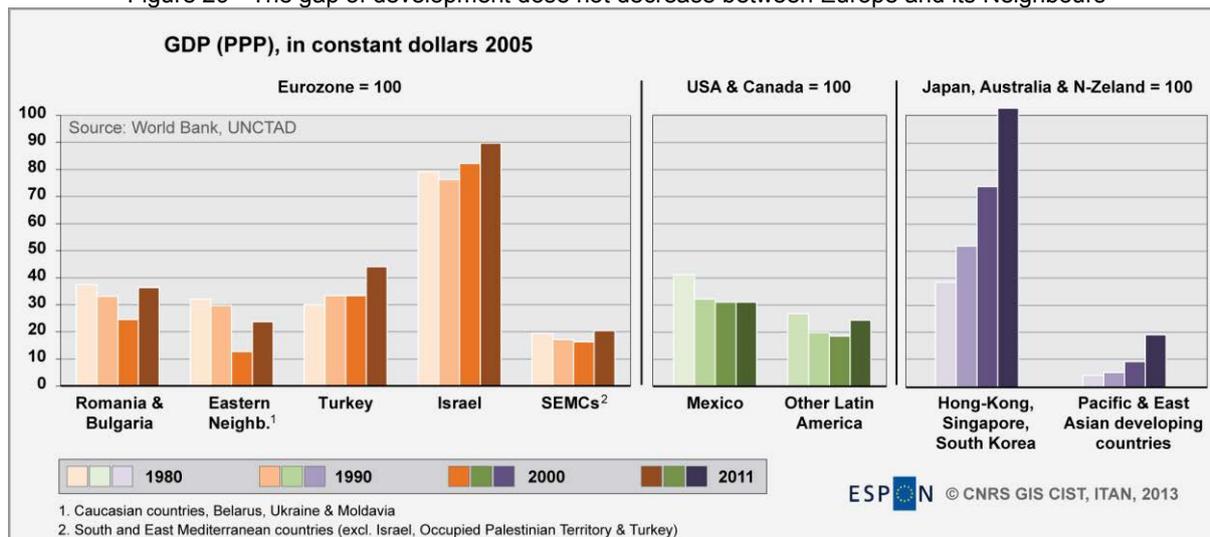
EUROPEAN UNION  
Part-financed by the European Regional Development Fund  
INVESTING IN YOUR FUTURE

Regional level: SNUTS3 V1  
Source: ESPON Database, ITAN, CNRS GIS-CIST, 2014  
Origin of data: Tunisie Statistiques 2011  
© UMS RIATE for administrative boundaries

## 2°) Non-inclusive growth

The issue of inclusive growth is a stake many scales: locally because of the poor quality of development and people participation in the ENC's in particular in the poorest; at national scale because the regional disparities are rising in particular in countries such as Tunisia or Turkey; at the scale of the greater European region, where the discontinuities are not sustainable. The figure 29 compares the GDP per capita in the three first world regions. In East Asia, the Dragons clearly caught up Japan, and the developing countries (including China) are progressively bridging the gap. In the Americas, the emerging and developing Latin America does not fill the gap vis-à-vis the USA, but (i) the US experience a rapid growth of their GDP per capita, and (ii) Latin America is at the level 25 (Mexico excluded, 100=USA). In the European region, apart from Israel and Turkey, the gap remains huge; the Arab Mediterranean ENC's hardly reach a level of 20 (Eurozone=100).

Figure 29 - The gap of development dose not decrease between Europe and its Neighbours



### 3°) Political threats

The political threats are many. They sometimes have direct territorial impacts or origin. The table 23 gives a comprehensive sight of the contested territories in the ENCs.

Table 23 - Contested territories in the ENCs

Country or territory concerned	Country or territory concerned	International disputes
Abkhazia & South Ossetia	Georgia	Secession of Abkhazia and South Ossetia, recognized especially by Russia
Afghanistan	Russia	Smuggling of poppy through Central Asian countries
Albania	Greece	Mass migration of unemployed Albanians
Albania	Italy	Mass migration of unemployed Albanians
Algeria	Morocco	- Rejection Moroccan administration of Moroccan/Western Sahara (the Polisario Front, exiled in Algeria, represents the Sahrawi Arab Democratic Republic) - Algeria's border with Morocco remains an irritant to bilateral relations, each nation accusing the other of harboring militants and arms smuggling
Algeria	Libya	Libyan claims of about 32,000 sq km of southeastern Algeria
Armenia	Azerbaijan	Break-away Nagorno-Karabakh region and the Armenian military occupation of surrounding lands in Azerbaijan
Armenia	Turkey	- Damaging of the medieval ruins of Ani (blasting from quarries) - No diplomatic ties between Armenia and Turkey
Armenia	Georgia	Ethnic Armenian groups in Georgia seek greater autonomy
Armenia	Azerbaijan & Georgia	Illegal transit of goods and people across the porous, no demarcated Armenian, Azerbaijani and Georgian borders
Azerbaijan	Russia (+ Iran & Kazakstan)	Ratification of the Caspian seabed delimitation treaties based on equidistance, while Iran continues to insist on a one-fifth slice of the sea
Azerbaijan	Turkmenistan	Dividing the seabed and contested oilfields in the Caspian Sea
Belarus	Ukraine	Unresolved financial claims : no ratification for boundary delimitation
Belarus	Poland	Poland seeks enhanced demarcation and security along this Schengen hard border with financial assistance from the EU
Bosnia and Herzegovina	Serbia	Boundary sections along the Drina River in dispute
Bosnia and Herzegovina	Croatia	Several boundary small sections in dispute related to maritime access
Canada	Greenland (Denmark)	Sovereignty dispute over Hans Island
Chad	Libya	Various Chadian rebels from the Aozou region in southern Libya

<i>Country or territory concerned</i>	<i>Country or territory concerned</i>	<i>International disputes</i>
Croatia	Slovenia	Pirin Bay and 4 villages and Croatia's claim of an exclusive economic zone in the Adriatic Sea
Cyprus	Turkey	- Cypriot Government creation hydrocarbon blocks and maritime boundary with Lebanon - Turkish recognition of Turkish Republic of Northern Cyprus
Denmark	<i>Faroe Islands</i>	Faroeese continue to study proposals for full independence
Egypt	OPT*	Gazan breaches in the security wall
Egypt	Sudan	Halaib region north of the 22nd parallel boundary (+Bir Tawil region)
Egypt	Saudi Arabia	Islands of Tiran and Sanafir
Estonia	Russia	- No signed a technical border agreement - Russia demands better treatment of the Russian-speaking
<i>Faroe Islands (Denmark)</i>	Iceland, Ireland & UK	Faroe Islands' continental shelf extends beyond 200 nm
Finland	Russia	Various non-official groups in Finland advocate restoration of Karelia
FYROM**	Greece	Use of the name Macedonia or Republic of Macedonia
Georgia	Russia	Russia's military support and recognition of Abkhazia and South Ossetia
Greece	Turkey	Complex maritime, air, territorial and boundary disputes in the Aegean Sea
<i>Greenland (Denmark)</i>	Russia	Russia' additional data to augment its 2001 Limits of the Continental Shelf
<i>Greenland (Denmark)</i>	Norway	Limits of the Continental Shelf
Iraq	Turkey	- Turkish hydrological projects to control upper Euphrates waters - Turkey has expressed concern over the status of Kurds in Iraq
Israel	OPT*	- West Bank is Israeli-occupied with current status subject to the Israeli-Palestinian Interim - Israel construction of a separation barrier along the Green Line and within the West Bank
Israel	Lebanon	Shebaa Farms area of Golan Heights
Israel	Syria	Golan Heights
Japan	Russia	Islands of Etorofu, Kunashiri, Shikotan and the Habomai group remains the primary sticking point to signing a peace treaty formally ending World War II hostilities
Jordan	Syria	2004 Agreement settles border dispute with Syria pending demarcation
Kosovo	Serbia	Kosovo's declaration of its status as a sovereign and independent state in February 2008
Latvia	Russia	Russia demands better Latvian treatment of ethnic Russians in Latvia
Lebanon	Syria	Portions of the boundary are unclear with several sections in dispute
Mauritania	Morocco	Mauritanian claims to Moroccan/Western Sahara remain dormant
Moldova	<i>Transnistria</i>	Secessionist movement from Pridnestrovian Moldavian Republic
<i>Moroccan/Western Sahara</i>	Morocco	Secessionist movement from Polisario Front ("Sahrawi Arab Democratic Republic")
Morocco	Spain	- Enclaves of Ceuta, Melilla and Penon de Velez de la Gomera & islands of Penon de Alhucemas, Perejil/Leila and Chafarinas - Maritime delimitation around Canary islands - Morocco serves as one of the primary launching areas of illegal migration
Norway	Russia	- Limits of the Continental shelf - Maritime limits in the Barents Sea
Romania	Ukraine	- Zmiinyy/Serpilor Island and Black Sea maritime boundary delimitation - Romania opposes Ukraine's reopening of a navigation canal from the Danube border through Ukraine to the Black Sea
Russia	Ukraine	Boundary through the Kerch Strait and Sea of Azov
Russia	USA	No ratification of 1990 Bering Sea Maritime Boundary Agreement with the US
Syria	Turkey	Turkish hydrological projects to control upper Euphrates waters

\* Occupied Palestinian Territory

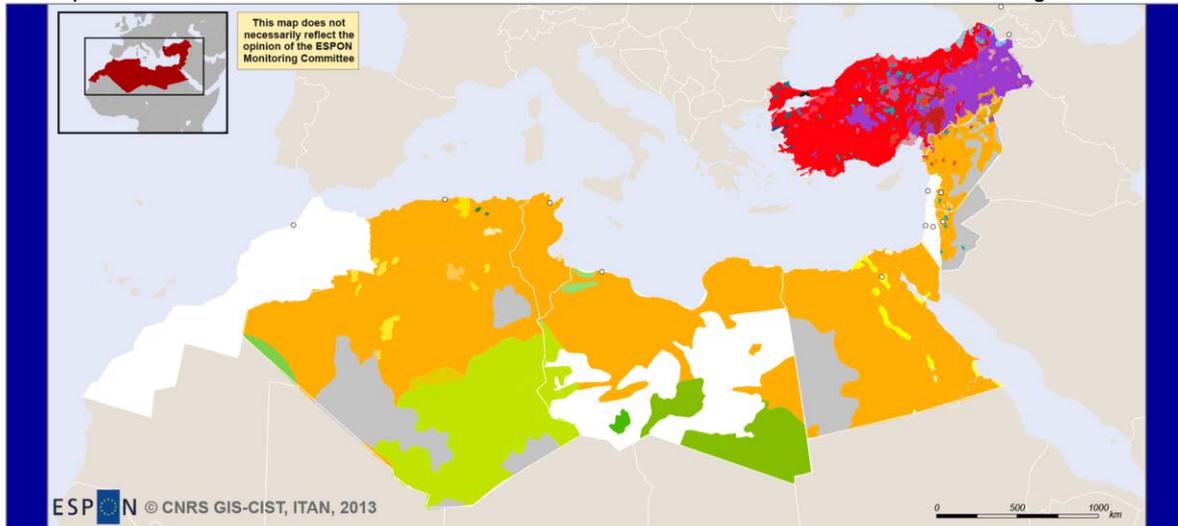
\*\* Former Yugoslav Republic of Macedonia

Source : The World Factbook 2013-14. Washington, DC: Central Intelligence Agency, 2013  
<https://www.cia.gov/library/publications/the-world-factbook/index.html>

## A Minority report

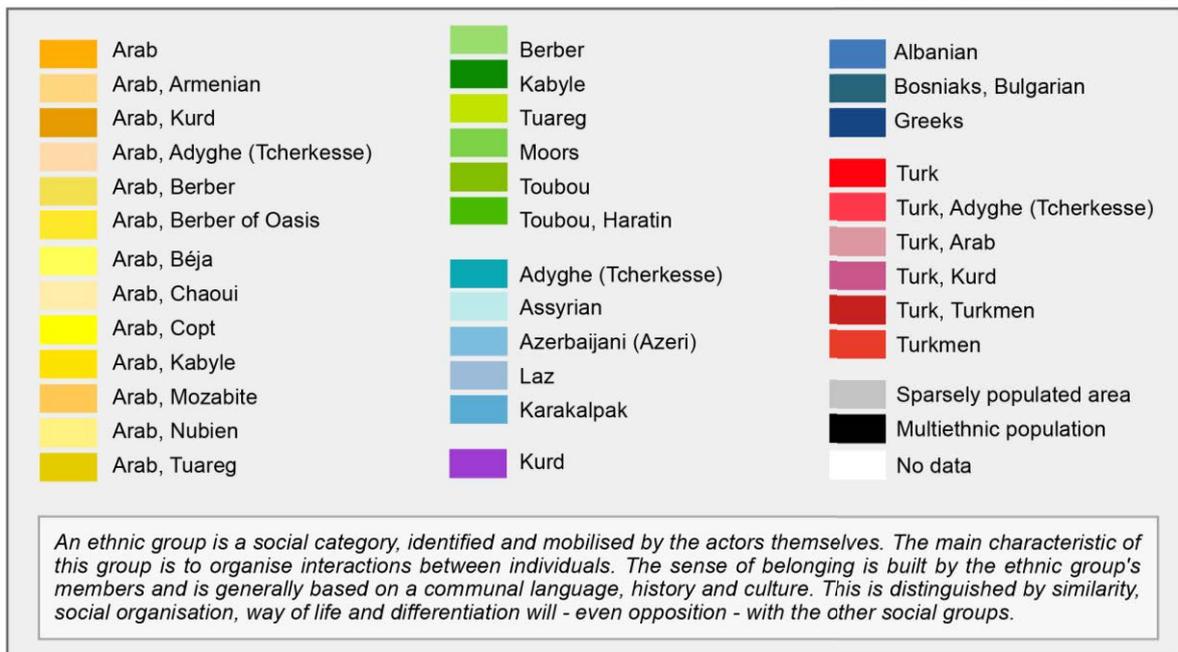
A major threat of the ENRs is related to the minority issue – as long as a cultural treasure of the greater region of course, but undoubtedly it is a component of many of the contested territories of the ENC. The map 84 is an attempt to represent it in the Mediterranean Neighbourhood, but due to the lack of reliable information, it would require a whole ESPON project per se to gather the needed data.

Map 84 - Minorities: a treasure but also a sensitive stake – the case of the Mediterranean Neighbourhood



ESPON © CNRS GIS-CIST, ITAN, 2013

Regional level: NUTS0 2010 & SNUTS0 2013  
 Source: ESPON Database, ITAN, CNRS GIS-CIST, 2013  
 Origin of data: MINDEF France, 2013  
 © UMS RIATE for administrative boundaries  
 For some territories no clear international statement exists



## The Palestine's case

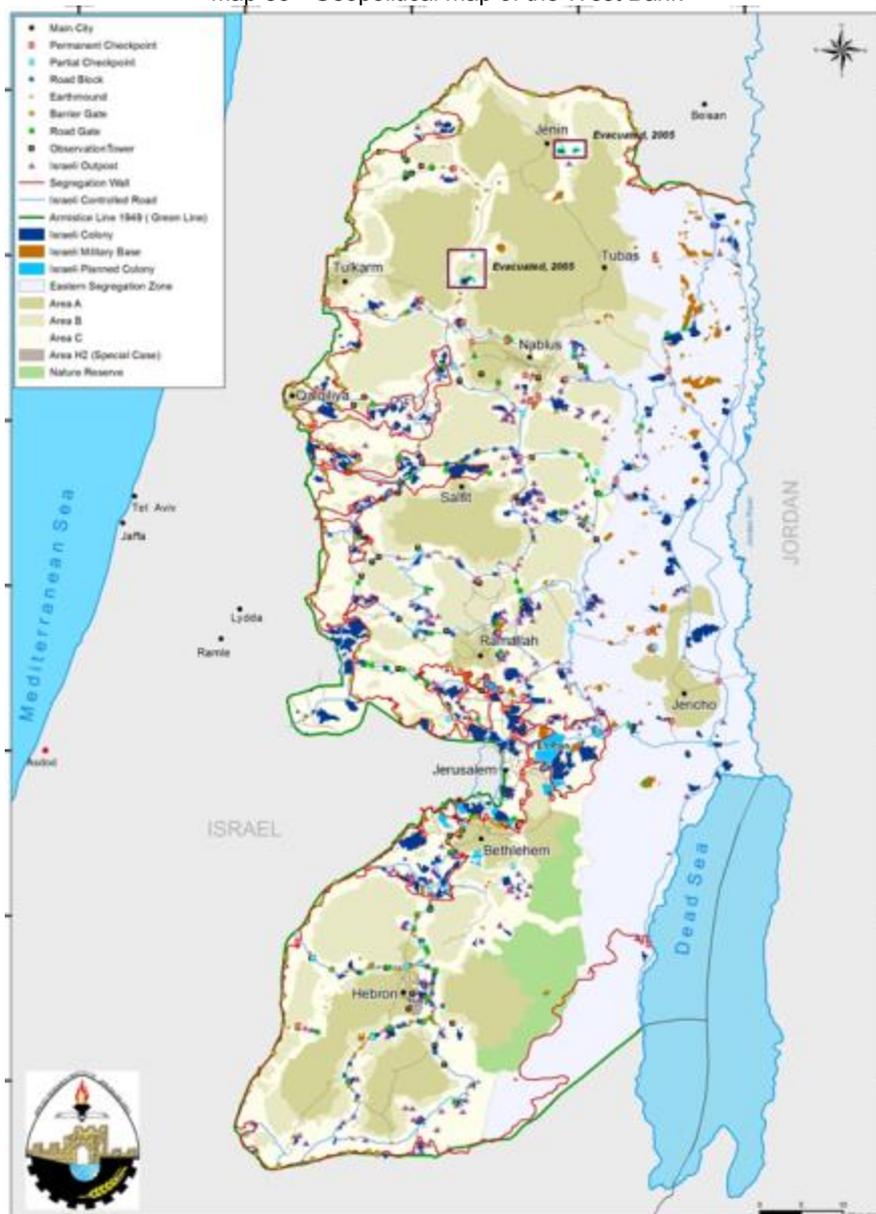
Nowhere in the ENC are these contested territories, data and mapping more complex than in Palestine and Israel. Over the years of a conflicting history, and depending on one's political affiliations, the word "Palestine" has acquired various meanings. Generally, it refers to that political unit

(27 090 km<sup>2</sup> area lying between the river Jordan and the Mediterranean Sea) designated by the British Mandate that took possession of the region from the vanquished Ottoman Empire in the first World War. After the 1948 war, Jewish forces took control of 20 700 km<sup>2</sup> and established the State of Israel. Then in 1967, Israel occupied the remainder plus the Golan Heights and the Sinai Peninsula. In 1988, the Palestinian National Assembly (Parliament in exile) adopted the two-state solution; hence, "Palestine" started to refer to the West Bank and Gaza. With the advent of the Oslo agreements (1993), a new term was added to the conflict's lexicon: "Palestinian Territories". This term came to mean the areas in which the Palestinian National Authority has jurisdiction; that is Area "A" and Area "B" according to the Oslo Accords. In sum, "Mandate Palestine" refers to the 27 090 km<sup>2</sup> area, the "Palestinian State" or "Occupied Palestinian Territory" refers to the West Bank and Gaza areas as they were before the 1967 war, and the "Palestinian Territories" refer to those areas over which the Palestinian National Authority exercises some level of self-rule [POICA - ARIJ 2004].

This conflicting history has directly impacted not only the size of "Palestine" but also its internal territorial organisation and its data production. Between 1948 and 1967, West Bank (800 000 inhabitants) was under the Jordanian administration and divided into 3 districts, Gaza Strip (300 000 inhabitants) was under the Egyptian administration and included 5 territorial entities. Under Israeli administration between 1967 and 1994, West Bank was divided into 8 governorates, and Gaza Strip into 5 governorates. Since 1994, according to the Palestinian Authority administration, the occupied Palestinian territory (oPt) consists of two physically separated land masses, the West Bank (5 660 km<sup>2</sup>, 2,6 million inhabitants in 2011, 11 governorates including East Jerusalem) and Gaza Strip (360 km<sup>2</sup>, 1,6 million, 5 governorates).

The complexity of these recurrent territorial changes is heightened by the settlements developed under the on-going Israeli occupation: upon the Israeli withdrawal from the heart of the Gaza Strip in 2005, the main urban areas of Gaza constitute a single territorial unit, with the exception of an unpopulated security buffer zone along the northern and eastern borders of Gaza that remains under the Israeli control. But in the West Bank, Israel's aim has been to control as much land as possible, and this aim has been marked in 1991 by a master plan for every single settlement. In the past two decades the Israeli settlements' built-up areas have increased from 69 km<sup>2</sup> in 1990 (240 000 settlers) to 189 km<sup>2</sup> in 2011 (179 settlements, 628 000 settlers [ARIJ GIS Department 2011] whereas the Israeli Central Bureau of Statistics says "531 000" people including East Jerusalem, see below). 84% of the Palestinian West Bank population live in Areas A and B, whilst Area C, over which Israel has full control, constitutes 61% of the total West Bank but is scarcely populated with Palestinians because of the long term restrictions imposed by the Israeli occupation to any kind of Palestinian development, particularly construction of residential homes. In the West Bank as a whole, in addition to the 72 checkpoints, 26 partial checkpoints, 94 road blocks, 163 earth mound, 121 road/iron gates, 71 watchtowers and 113 agricultural gates, Israel initiated in 2002 its "defensive wall". Once completed, the wall will isolate 66 Palestinian localities (320 000 people including 274 000 in Jerusalem), that is 733 km<sup>2</sup> i.e. 13% of the total area of the West Bank [ARIJ GIS Department 2011].

Map 85 - Geopolitical map of the West Bank



Source: Applied research institute Jerusalem (ARIJ)

When it comes to the data issue, the most valuable data on population come from the census taken by the British in 1931, and prove more reliable than any others taken in Ottoman or Mandate times; another Mandate census, that of 1922, is less detailed than that of 1931. The quality of Mandate statistics declined after the 1931 census. Civil unrest, followed by World War II, made it impossible for the British to take another census. After 1948, during the Israeli occupation, the statistical situation deteriorated even further in the West Bank and Gaza Strip. Enumerating Palestinian numbers after 1948 is a difficult proposition, all the more as the Palestinians outside Mandate Palestine borders were counted poorly and sporadically<sup>10</sup>. Often, Palestinians arrived in countries, most of those in the Middle East, which did not take accurate censuses. In the West Bank, the Jordanians took censuses in 1952 and 1961; the second was more complete than the first, but neither was complete. Gaza's citizens

<sup>10</sup> Today, the Palestinian CBS estimates that the number of Palestinians in the world is 11,8 million, of whom 4,5 million are in Palestine, 1,4 million in Israel, 5,2 million in Arab countries and around 0,7 million in other foreign countries.

were not enumerated between 1931 and 1967, when the Israelis made a census of both Gaza and the West Bank. The Israeli census in 1976 provided the most valuable data yet collected.

In this report, directly derived from the ARIJ work, occupied Palestinian territory data for the years 1950 to 1990 are taken from the Palestine remembered website<sup>11</sup>, a non-profit organisation that gathers data from this variety of statistical sources. The task is all the more difficult that Israel did not transfer the data to the Palestinian covering the years 1948 to 1994. Despite serious efforts have been made by different governmental and non-governmental institutions to generate demography data for that period, data for the years 1991 and 1993 remain unavailable, because of the unrest of the first Intifada which occurred since 1987 until the Oslo Agreements of 1993. When the Palestinian Authority took the administration in 1994, it established the Palestinian Central Bureau of Statistics; data for the years 1994 to 1996 are preliminary estimates published by the PCBS; the first census taken by the Bureau was conducted in 1997, and the second in 2007, with quite good reliability.

Let us now see these data matters from the Israeli side. The occupation, annexation of East Jerusalem and Golan Heights, and the settlement movement emanating from the 1967 war have influenced the complex way Israel counts its own population. The 1949 borders of Israel, known more commonly as the pre-1967 borders, or the "Green Line," were in effect for only 18 years, until 1967 when Israel unilaterally occupied the West Bank, the Golan Heights, the Sinai Peninsula and the Gaza Strip. At the end of 2012, about 531 000 Israeli Jewish settlers lived in the occupied West Bank (including an estimated 190 000 in East Jerusalem); an additional 19 000 settlers reside in the annexed Golan Heights. Israel considers its population to include all those residing within the 1967 borders, plus all those residing in Jewish settlements in the West Bank, as well as all those (both Jews and Palestinian-Arabs) residing in annexed East Jerusalem and the Golan Heights. By contrast, the international community does not consider the occupied West Bank and the Golan Heights to be part of Israel, nor does it recognise the annexation of East Jerusalem or consider the settler population in the occupied Palestinian territory to be part of Israel. However, because of the way Israel collects and publishes data on its own population, it has not been possible for ITAN to obtain statistics on all characteristics of the Israeli population that excludes all settlers, especially those residing in East Jerusalem and the Golan Heights.

#### 2.2.4. Other major stakes for Europe

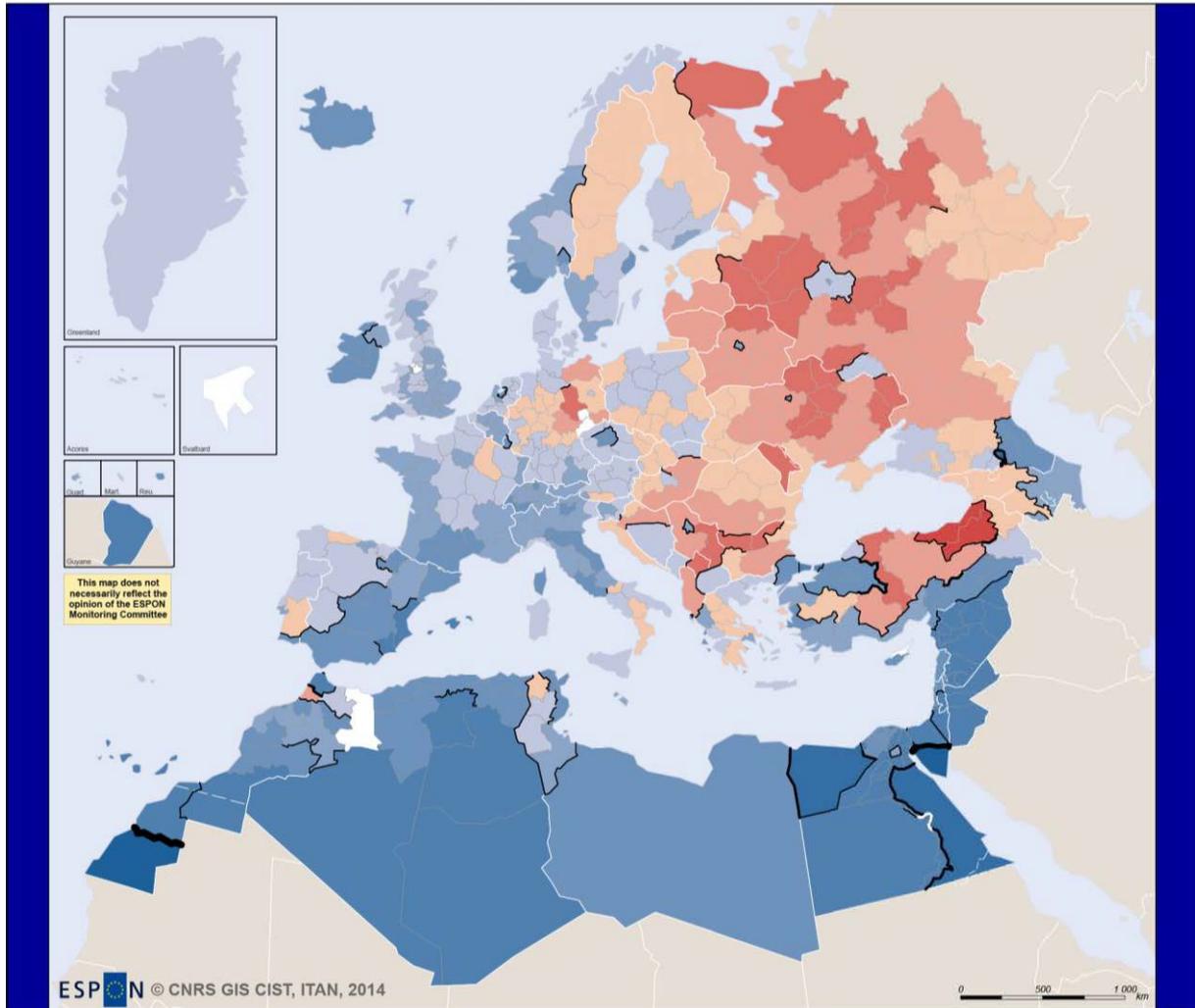
The map of the demographic evolution in the 2000s displays the major discontinuities in the greater region. Except in the south-eastern Europe vis-à-vis Turkey, the major discontinuities are not that much between Europe and its Neighbours than within the Neighbourhoods. Between Europe and the Eastern Neighbourhood, there rather is a progressive gradient from positive demographic growth in the westernmost Europe to a mix situation in Germany and a negative growth when one crosses the external borders eastward and lastly to very clear decline in some Russian territories.

Within Russia a strong discontinuity appears between the Moscow urban area and its surrounding regions. Within the Western Balkans discontinuities appear in Serbia and between Kosovo and Macedonia, as well as vis-à-vis EU's territories in northern Greece and western Bulgaria. In the Mediterranean Neighbourhood major discontinuities appear within Morocco, within Algeria, within Tunisia, within Egypt, within Israel, and, mainly, within Turkey. As a whole the stake here would rather be to transfer in the Neighbourhoods the European know-how in the field of territorial planning et regional policy.

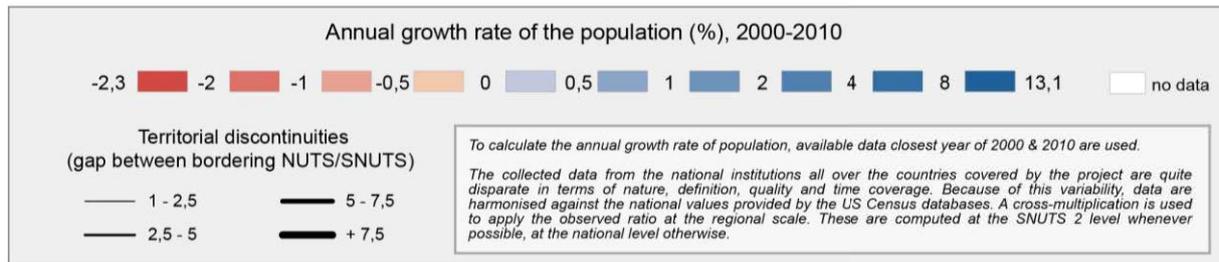
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<sup>11</sup> <http://www.palestineremembered.com>

Map 86 - Demographic evolution in Europe and ENCs



Regional level: SNUTS 0-1-2-3  
 Source: ESPON project (ITAN), CNRS GIS CIST, Data harmonised by IGEAT, 2014  
 Origin of data: National statistical institutes, US Census, 2013  
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 For some territories no clear international statement exists

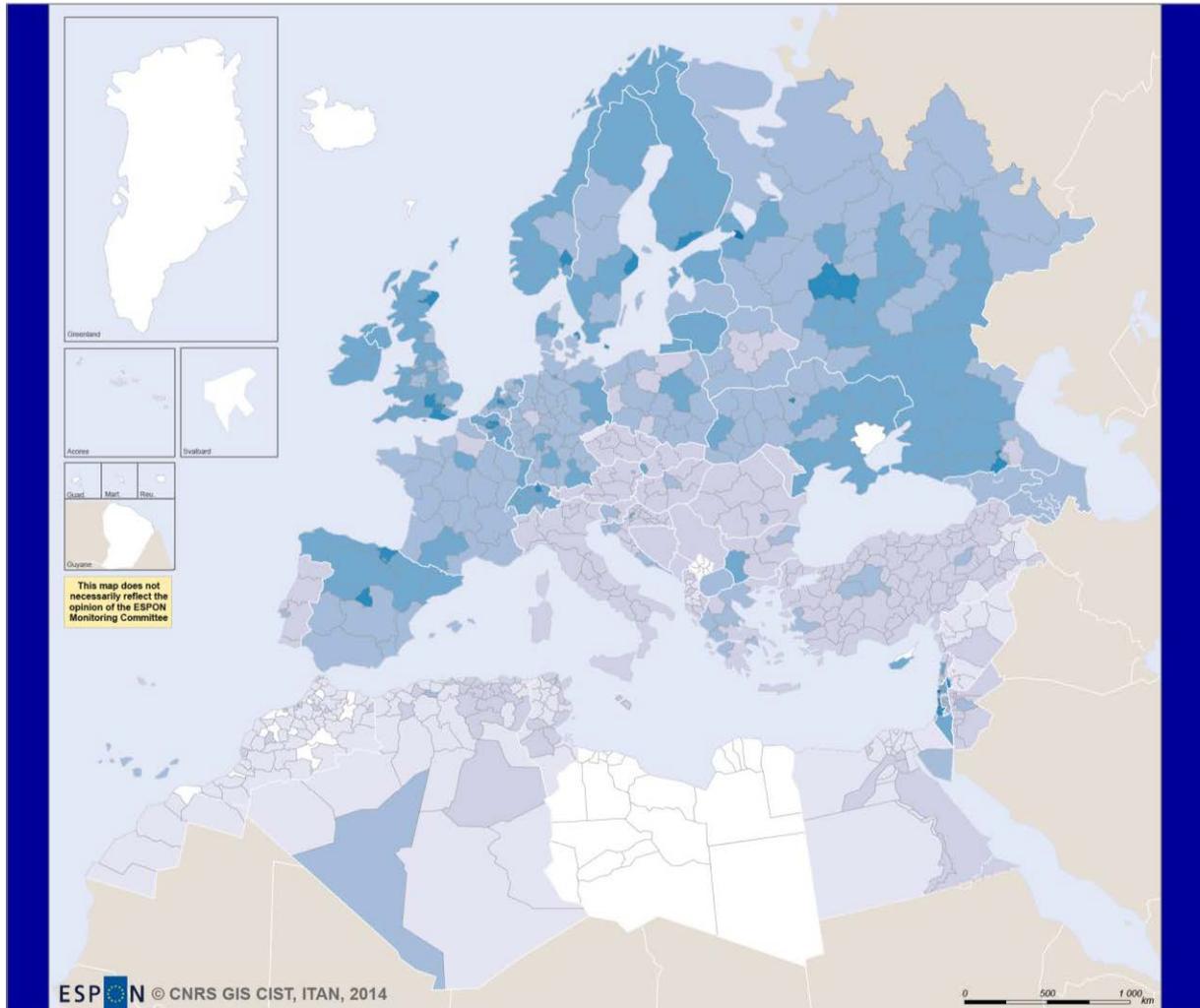


Another stake of the greater region is about education. The chapter 6 will show that the Mediterranean Neighbours have managed rapid progress in school enrolment. But many difficulties remain, in particular in the rural areas, in particular for women, in particular for the people over 30 years. The contrast between Europe – extended to its Eastern Neighbourhood but not to its south-eastern part including many new member states' territories – and the Mediterranean Neighbours is one of the highest among all the indicators (map 87). The potential cooperation in that field seems boundless between Europe and Neighbours.

Very much related to the previous indicator is the income issue. The map 88 shows the gap between the Russian, Israeli and Turkish territories on the one hand, and almost all the other ENRs on the

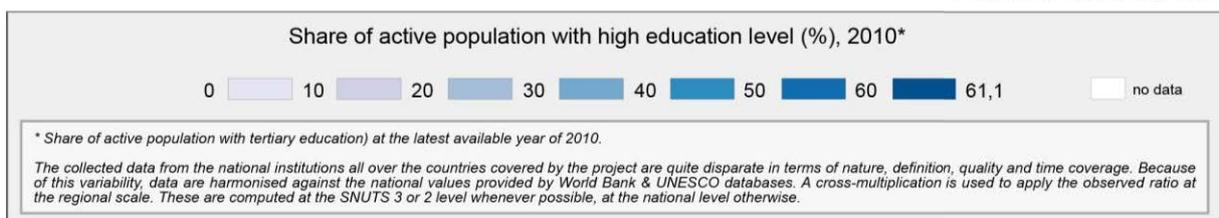
other. Again, the issue of internal inequality proves relevant, particularly in Algeria and Tunisia where the opposition between the littoral and the inner country is impressive. In the Near-East, the contrast between Israel and the rest of the area is a part of the geopolitical mix. In the Western Balkans, Bosnia and Herzegovina and Albania appear as the most unequal countries (but we do not have regional data for Serbia). In Ukraine the contrasts is strong between the capital city and the rest of the country where income seem evenly low.

Map 87 - High education level in the European region, 2000s

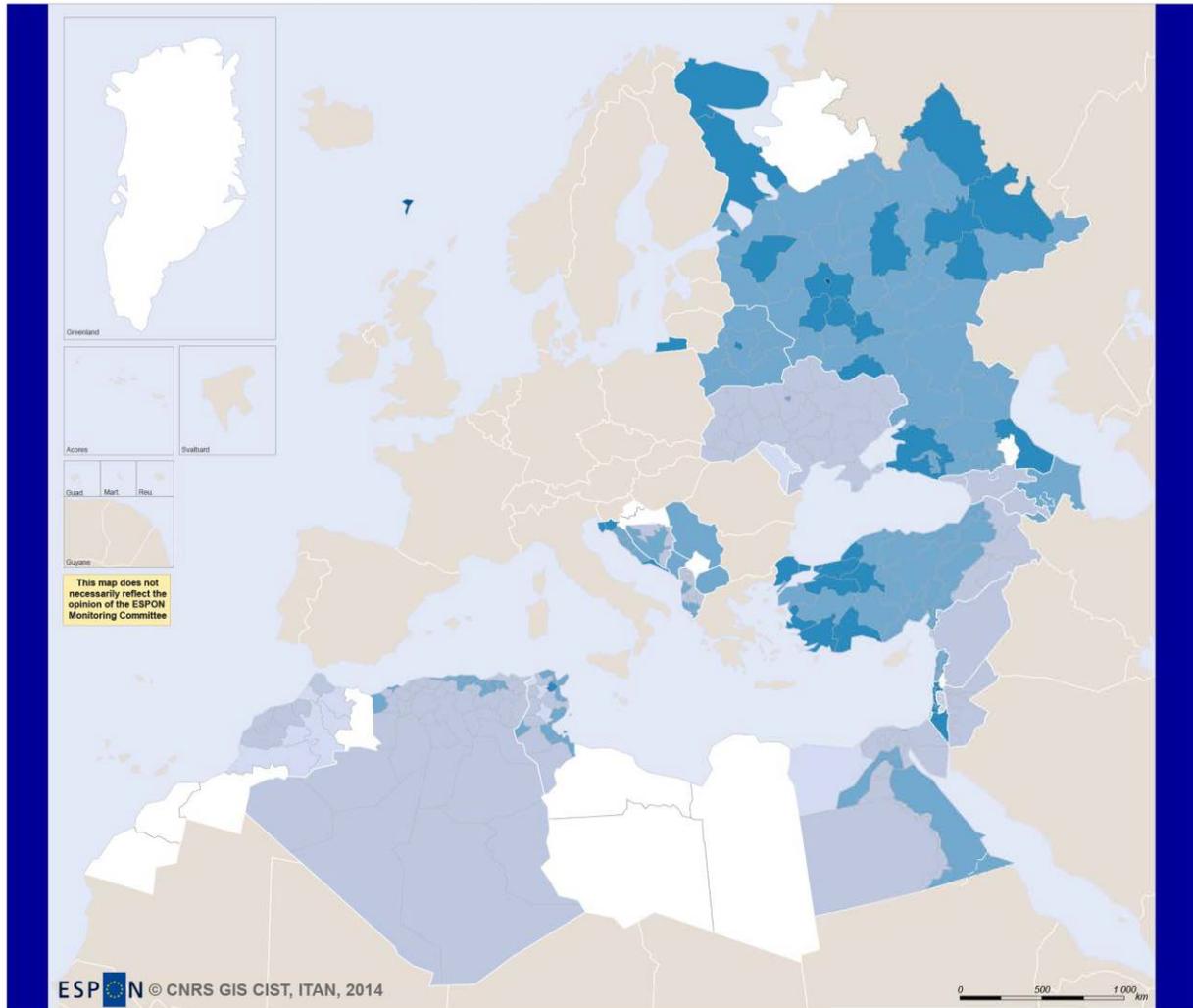


ESPON © CNRS GIS CIST, ITAN, 2014

Regional level: NUTS 2 & SNUTS 0-1-2-3  
 Source: ESPON project (ITAN), CNRS GIS CIST, 2013. Data standardised by IGEAT, 2013  
 Origin of data: EUROSTAT (2013), National Institutes of Statistics (2000-2011), World Bank & UNESCO, 2013  
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Map 88 - Income per capita in the Neighbourhoods, ca 2010



ESPON © CNRS GIS CIST, ITAN, 2014

Regional level: SNUTS 01-2-3

Source: ESPON project (ITAN), CNRS GIS CIST. Data standardise by IGEAT, 2013

Origin of data: National statistics institutes & World Bank, 2013

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For some territories no clear international statement exists

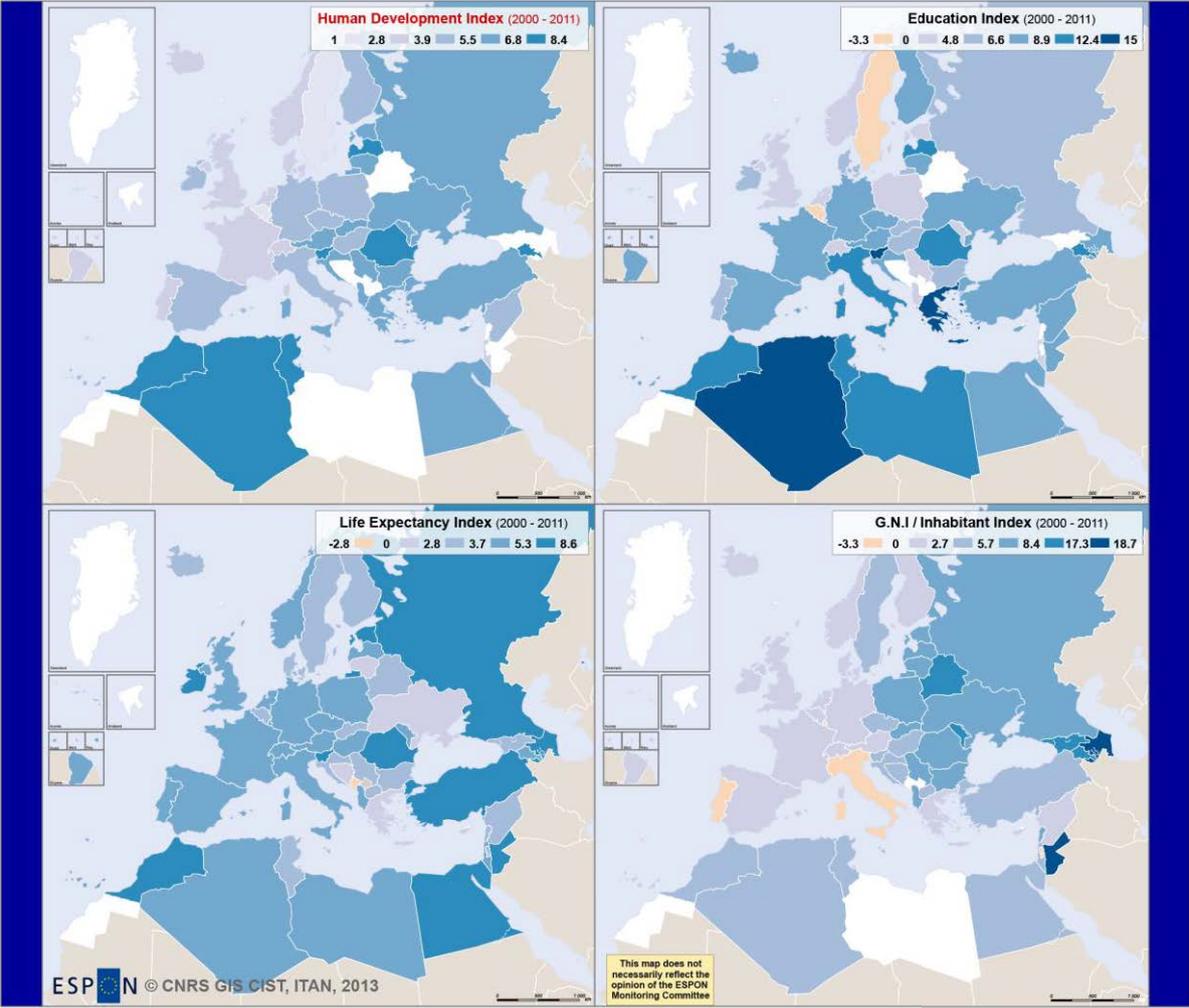


The evolution 2000-2011 of the Human development at national scale (HDI, map 89) provides general information. The Eastern Neighbours is recovering after its harsh 1990s decade, and the Mediterranean Neighbours keep on improving. As a whole, the divide between Europe and its Neighbours has rather decreased in the 2000s. The Mediterranean Neighbours seem to benefit from their long run effort in education, even though the chapter 6 will say all the remaining shortcomings with regard to education. The life expectancy is improving in the Eastern Neighbourhoods but for Russia only and from a low level; the chapter 4 will show that the picture is not very favourable in particular for men.

The map 90 gives an idea of the added value of ITAN thanks to the calculation of the *local* human development index. Its first output is to confirm that local realities rely very much on national structures, especially in human development where (national) public policies are determinant for health and education. In Russia, Ukraine, Egypt, local records are more or less national values, despite some peculiarities such as Belgorod Russian oblast at the immediate north-eastern periphery of Ukraine (this territory hosts energy and in particular nuclear activities, with high salaries and educated people). But in other countries, internal disparities are confirmed: the chapter 6 will detail the littoral vs. inner Tunisia issue, and it will highlight the importance of the territorial disparities in Turkey. The first geographical results of this first ITAN composite indicator are encouraging: the territorial analysis can bring a very positive contribution to the HDI, in the ENRs as well as in Europe.

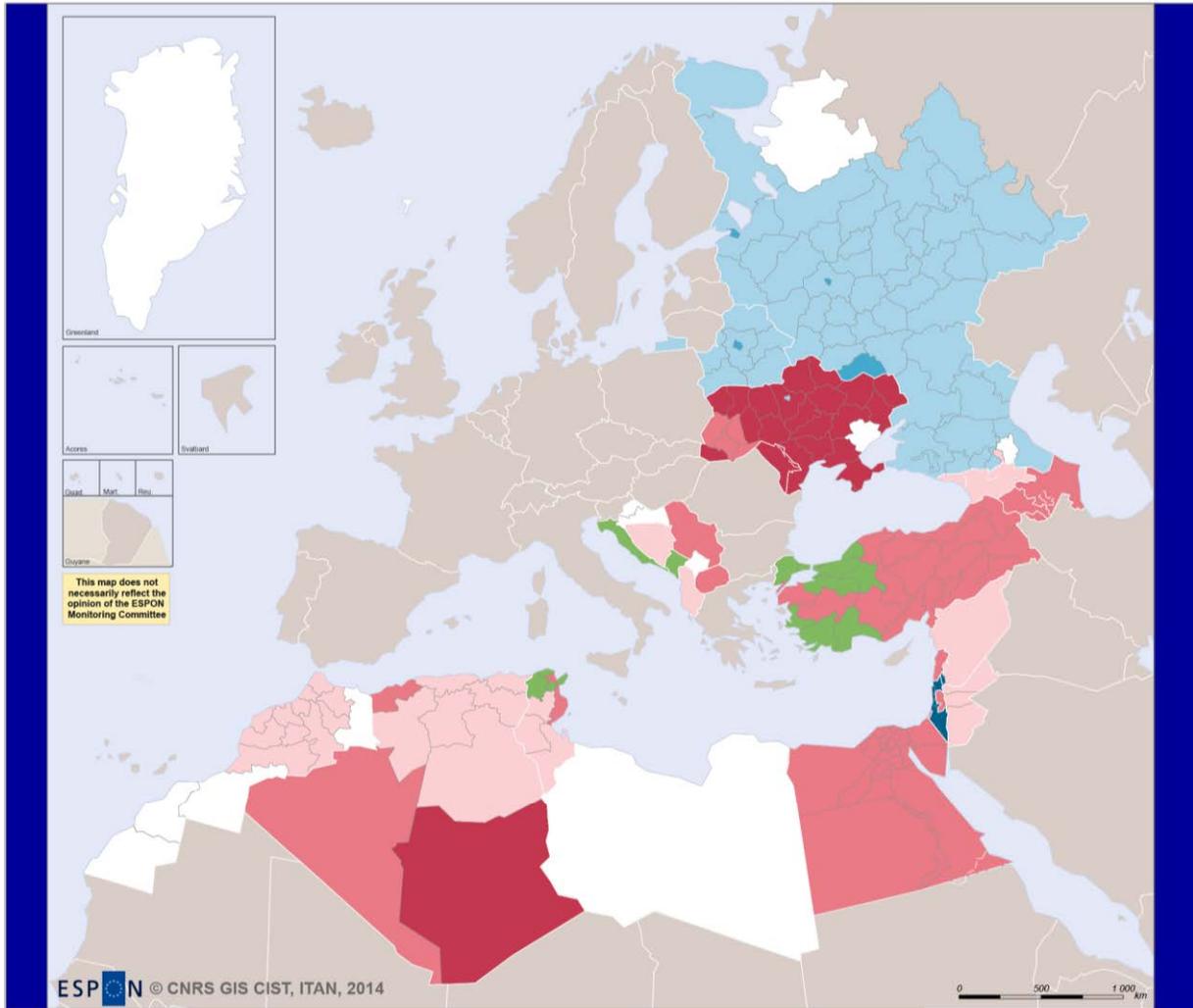
The map 91 uses a simpler way to express the indicator, and stresses on the discontinuities – which confirm the major contrast within the ENRs that we had analysed with the previous indicators. Hence, the integrated analysis permitted by this composite indicator proves consistent.

Map 89 – Evolution of the Human Development Index, national scale, 2000-2011



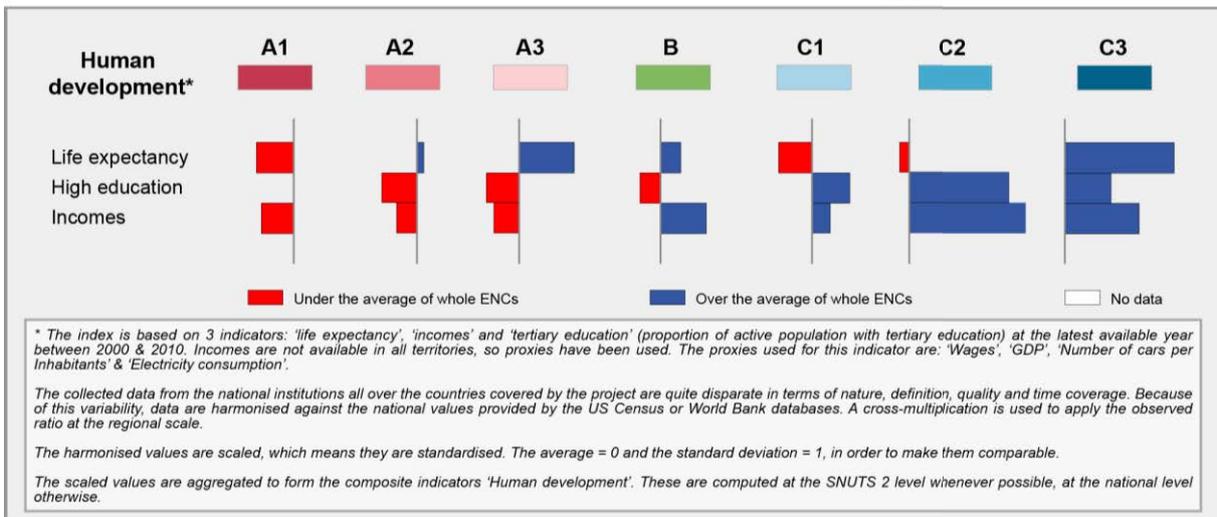
Regional level: National level  
 Source: ESPON project (ITAN), CNRS GIS CIST, 2013  
 Origin of data: UNDP, 2012  
 © UMS RIATE for administrative boundaries  
 For some territories no clear international statement exists

Map 90 – Local Human development typology, 2010

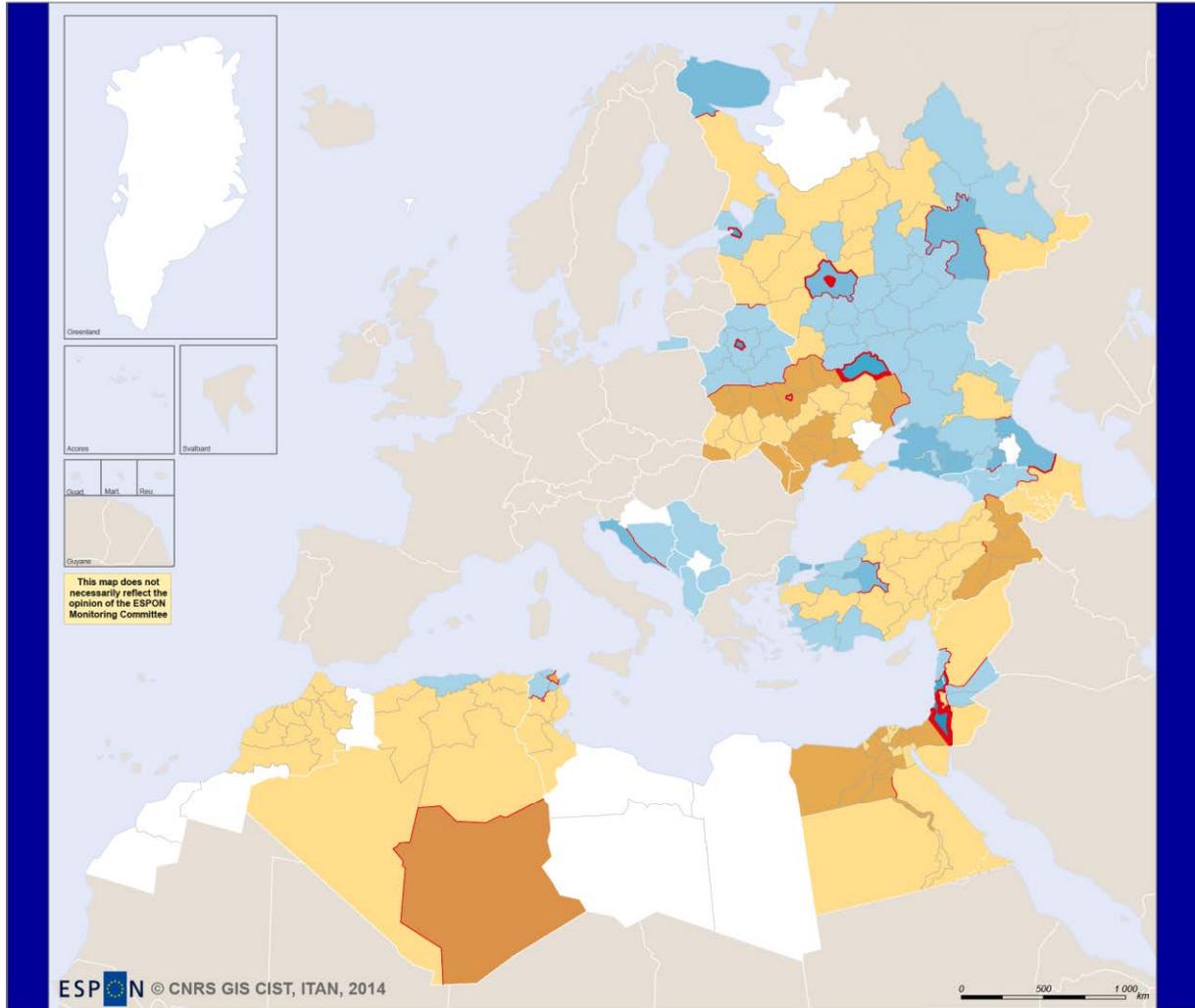


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Regional level: SNUTS 1-2  
Source: ESPON project (ITAN), CNRS GIS CIST, Data standardised by IGEAT, 2014  
Origin of data: National statistical institutes, US Census, World Bank, 2013  
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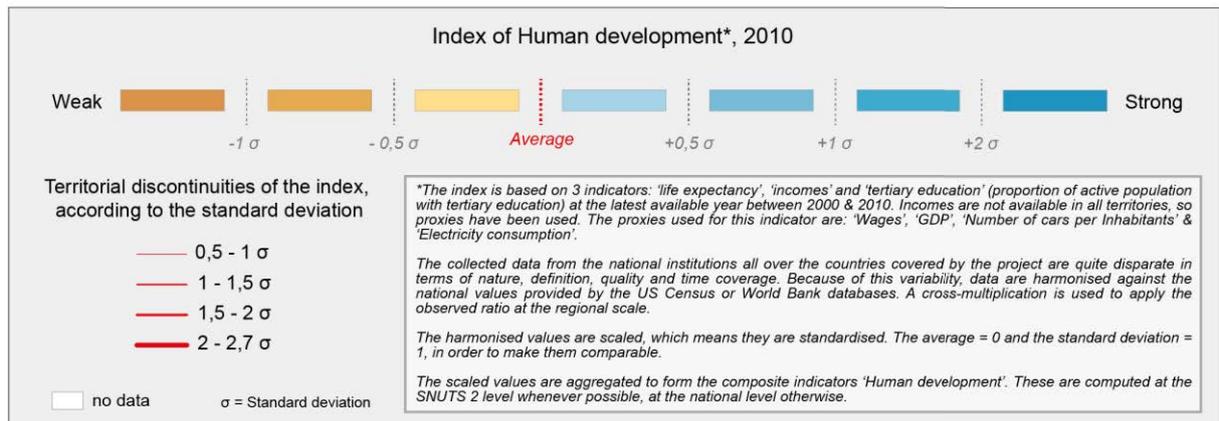
Map 91 – Local Human development, index and discontinuities in the ENRs, 2010



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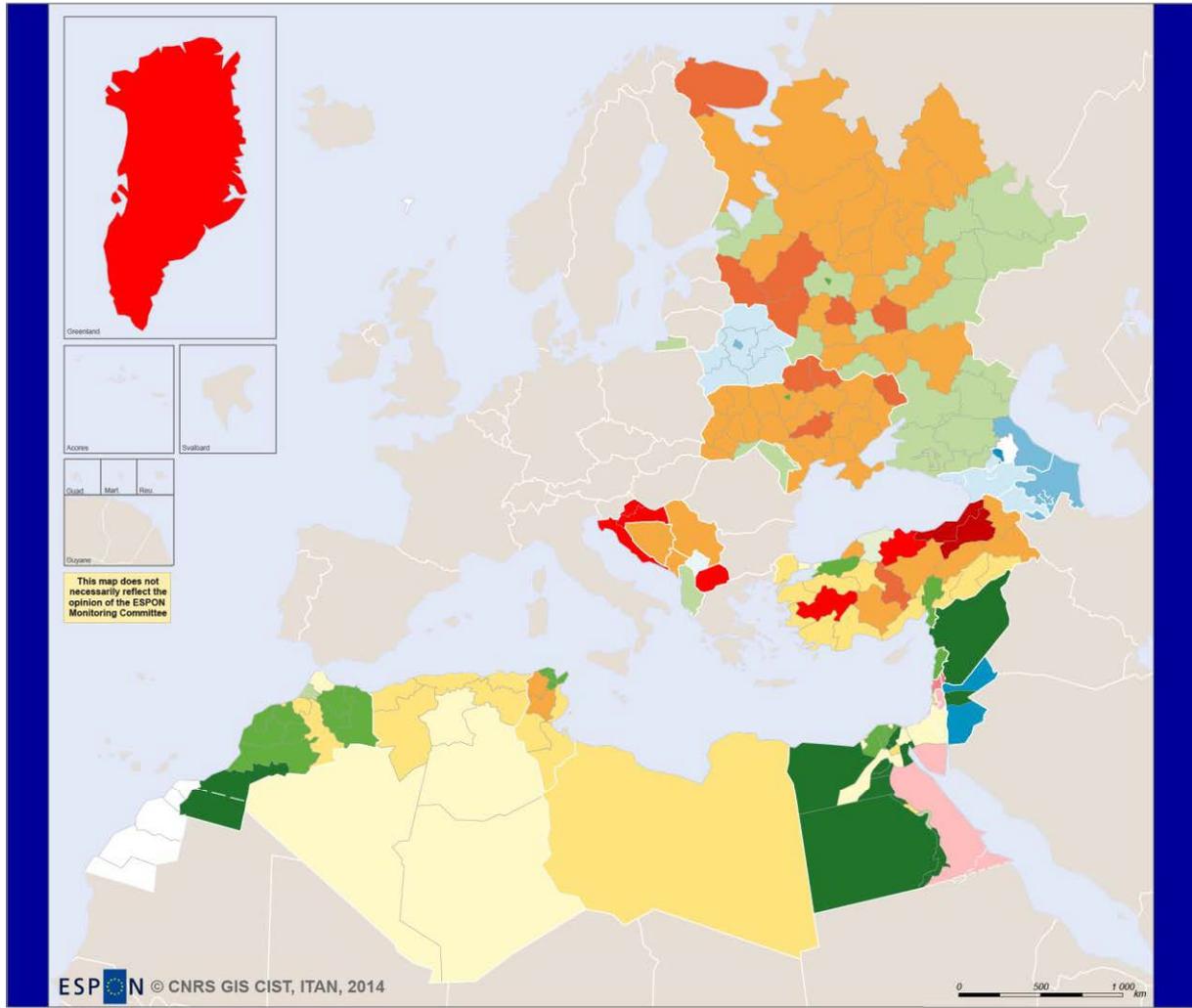
Regional level: SNUTS 1-2  
Source: ESPON project (ITAN), CNRS GIS CIST, Data harmonised by IGEAT, 2014  
Origin of data: National statistical institutes, US Census, World Bank, 2013  
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The map 92 gives the cartographic output of the second ITAN composite indicator: the territorial dynamics. The typology set up here keeps the distinction between the demographic evolution (very much in favour of the Mediterranean territories and not at all of Eastern) and the economic evolution. As a whole, the dynamic confirms to be rather in the South than in the East, despite some Mediterranean ENRs show very worrisome because their strong dynamic is demographically driven

and not economically sustained (see southern Algeria for instance). The situation of the greater Cairo in Egypt, not easily readable given the delineation of the Egyptian governorates, will be further detailed in the chapter 6.

Map 92 - Territorial dynamics, 2000-2010



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Regional level: SNUTS 0-1-2-3  
Source: ESPON project (ITAN), CNRS GIS CIST, Data harmonised by IGEAT, 2014  
Origin of data: National statistical institutes, US Census, World Bank, 2013  
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For some territories no clear international statement exists

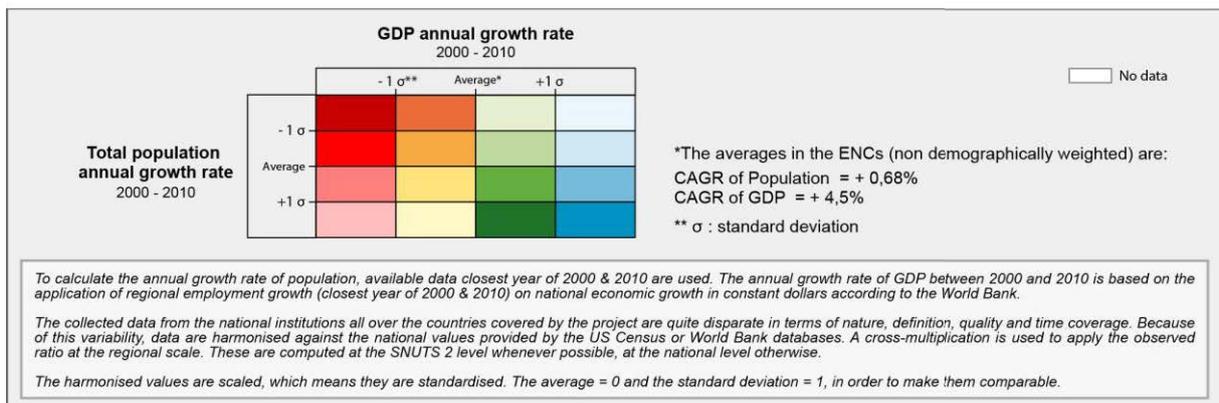
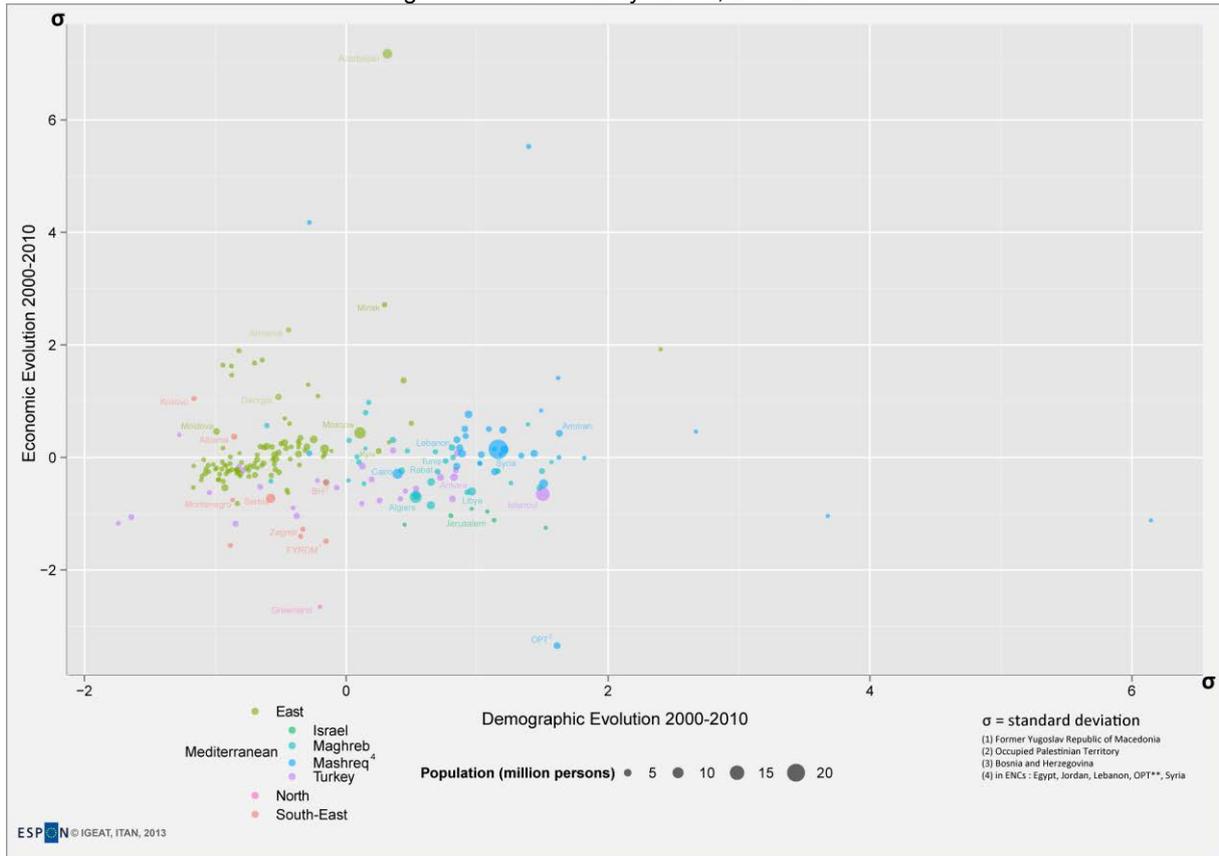
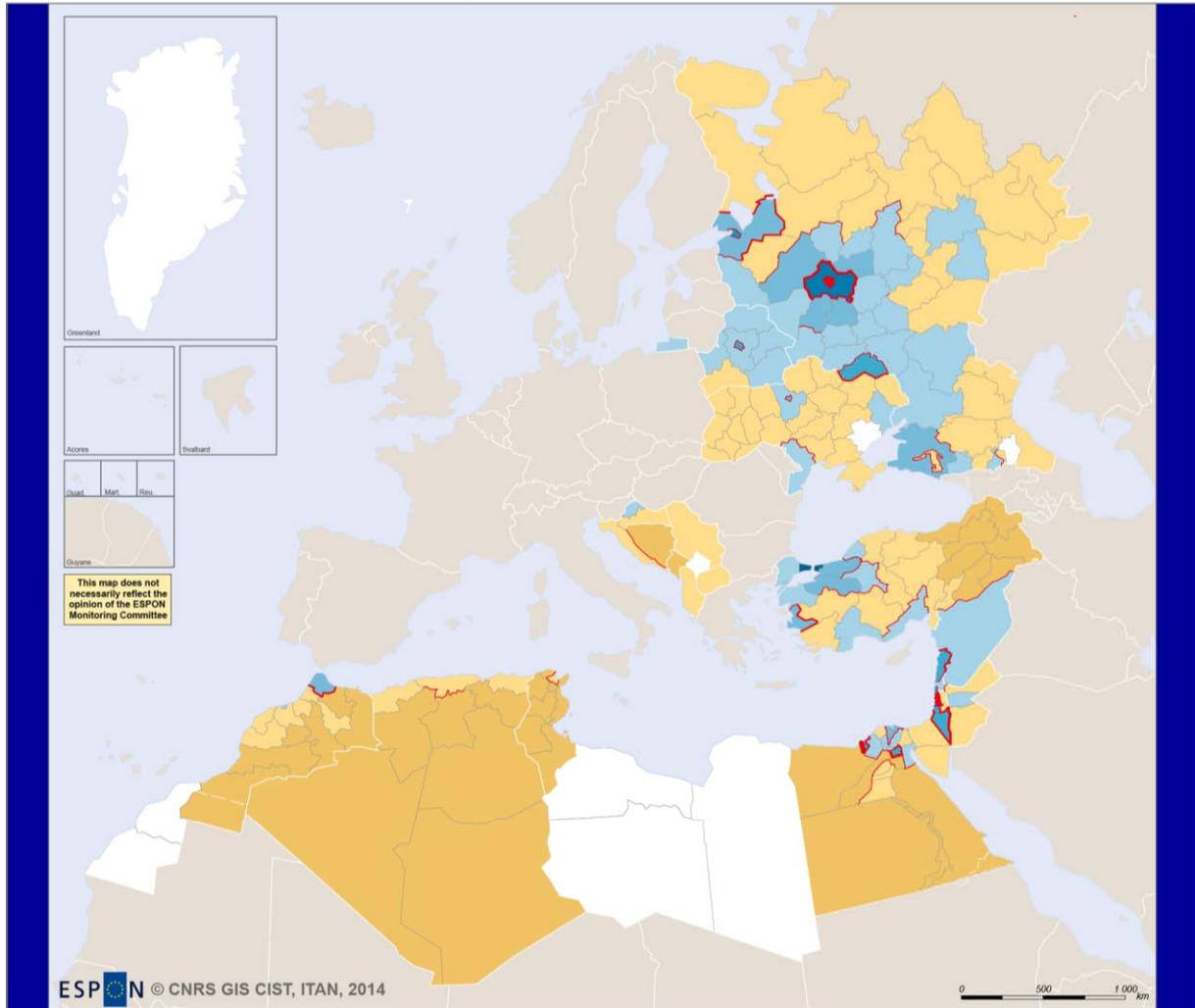


Figure 30 - Territorial dynamics, 2000-2010

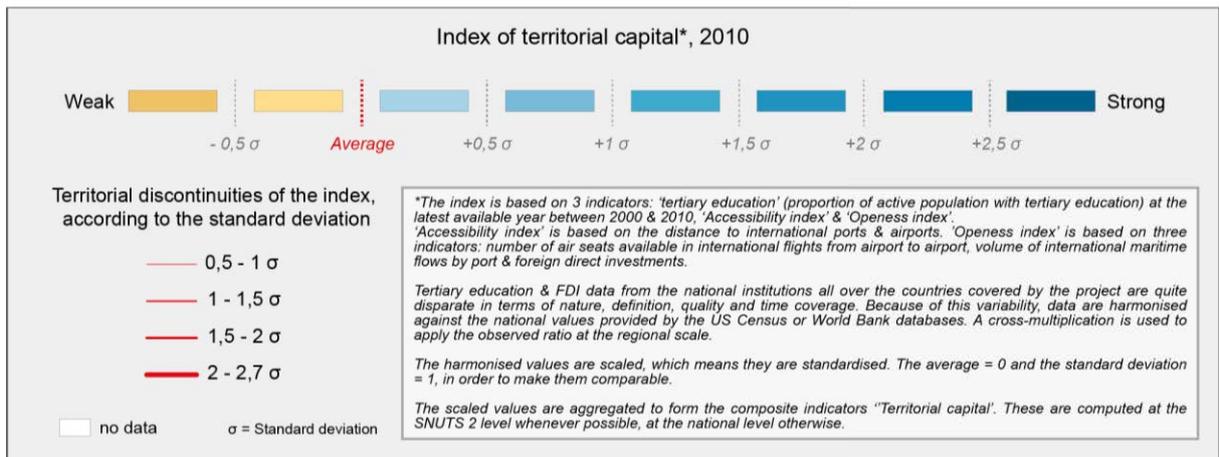


But when it comes to the territorial capital, fourth composite indicator of the ITAN project, the assets seem clearly in the East – read Russian and not Ukrainian – rather than in the South, with Turkey in an intermediate position and with an internal great heterogeneity. Here Moscow and Israeli territories are far ahead, but several territories in Egypt show up. Maghreb, meanwhile, is lagging behind.

Map 93 - Territorial capital, 2010



Regional level: SNUTS 0-1-2  
 Source: ESPON project (ITAN), CNRS GIS CIST, Data calculated by MCRIT & standardised by IGEAT, 2014.  
 Origin of data: National statistical institutes, US Census, World Bank, MCRIT, 2013  
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### 2.3. Do European mind about their Neighbourhoods? An analysis of the media data

This section analyses the European representation about the ENC as seen by the European Press. It gives a first overview of the tremendous advantage than researchers can take from the media

database and their geographical treatment, in order to provide a robust picture of spatial representation and mental images – a tricky field, all too often analysed through a limited number of data. Beginning with the neighbourhood issue provides first promising results. To start with, we explain the scientific benefit that can derive from the Factiva database, and our choice for a panel of five generalist and five business newspapers of different European countries.

### 2.3.1. Positioning, objectives and methodology

Geographical research has shown that the press is not a simple recorder of international events, but on the contrary a player who selects information on a specific basis (Grasland et al. [2012] give the example of the situation in the Middle East between 2006 and 2011). The theory of “agenda setting”, at the crossroads between political science and media psycho-sociology, indicates that the power of the press consists of concentrating the public’s attention on several key themes and, by doing this, turning its awareness away from other subjects [McCombs & Shaw 1993, 2002]. Voluntarily or involuntarily, “*News is first of all made for those who share the same social imagination*”, Jean-Pierre Esquenazi [2002] points out, and the chosen events have to do with the daily life of the public [Koopmans & Vliegthart 2011]. Newspaper articles are therefore territorial markers of a spatial connection and a spatial perception between the location of a fact and its media publication location. Our objective here is to concentrate on European media flows, defined as press articles published in a European country on the subject of one of the twenty-seven countries of the European neighbourhood. The objective is to determine how the information circulating between the EU and its neighbourhood is affected by media regionalisation (see in appendix XX geographical questions).

To carry out this work, we considered Factiva, the press aggregator<sup>12</sup>. Factiva is a professional tool from Dow Jones & Company, a database of press and financial information with international coverage. It provides access to more than 10 000 sources from more than 150 countries, in 22 languages: 2 100 international, national and regional newspapers through either daily editions or archives; 3 500 magazines which are either general or more specialised publications; press agencies and media programmes (transcriptions of television programmes). Factiva offers functions for research, broadcasting, and management of media information. It provides the possibility of researching, reading and using press articles, employing thematic, geographical and even linguistic keywords. Numerous scientific studies that need the consultation of a corpus of press articles use this successful tool. In the context of ITAN TPG, this aggregator provides access to a wide panel of European press, despite some limitations which are reported in the appendix XX in the “Validity of the source Factiva” section.

From Factiva we have constructed our own database translating the spatial vision of *a part* of the European press. We selected national flagship reference media in Europe which offered some regularity and comprehensiveness in the referencing of their articles, and have a wide audience. In order to compare them, we selected two types of press: general media, open to a wide cross-section of the public; and a more specialised press centred on the business world, for two reasons: (i) the economic potential of the neighbourhoods is widely under-estimated by European stakeholders beyond oil and gas procurements, and (ii) business newspapers make a quite homogenous corpus whereas generalist newspapers show a wide variety of thematic subjects from one media to another. Thus we chose one generalist newspaper and one business newspaper in five major European countries (only economic for the Czech media, see table 24), under the assumption that the French, Italian and Spanish media would rather report on Mediterranean Neighbourhood’s events, the German and Czech media rather on East Neighbourhood’s ones. Not least than 2,4 million international (i.e. excluding the articles on the newspaper’s country) press articles were analysed, over two periods: 1998-2000 so as to cover in particular the on-going change in the Eastern Neighbourhood in transition, and 2010-2012 so as to cover in particular the Arab spring.

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<sup>12</sup>[www.factiva.com](http://www.factiva.com) . The database excludes items related to financial markets and sports.

Table 24 - Factiva corpus of part of the European press used by ITAN TPG

Country	Generalist newspapers	Economic newspapers
France	<i>Libération</i>	<i>La Tribune</i>
Germany	<i>Suddeutsche Zeitung</i>	<i>Financial Times Deutschland</i>
Italy	<i>Corriere della Sera</i>	<i>Italia Oggi</i>
Great Britain	<i>The Guardian</i>	<i>Financial Times UK</i>
Spain	<i>El Mundo</i>	<i>Cinco Dias</i>
Czech Republic		<i>Hospodarske Noviny</i>

*Notes.*

Periods 1998-2000 and 2010-2012

The Italian and German newspapers were only included for the period 2010-2012

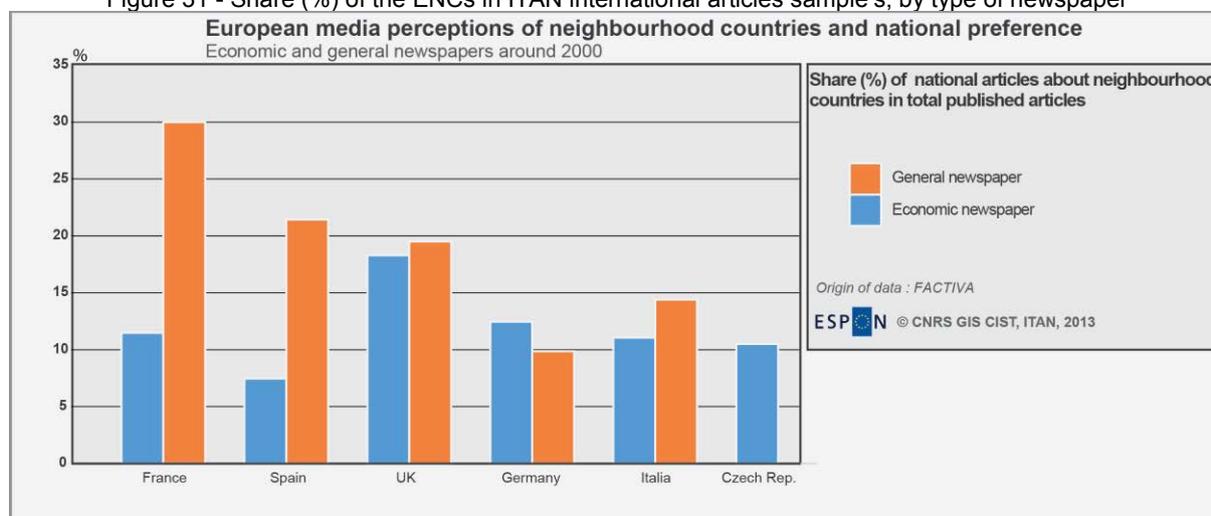
### 2.3.2. Silence and noise in the European media regarding Neighbourhoods

#### 1°) European newspapers pay a small and declining attention to the ENC's

Over the two periods (between 1998 and 2000 and between 2010 and 2012) 15% of the 2,4 million analysed international articles focus on at least one ENC. 17% of the articles in general newspapers include a reference to these countries, whilst the percentage is only 13,5% for the economic newspapers. This confirms that the European business milieu pays rather scant attention to the Neighbourhoods.

French newspapers make a relatively important effort to report information from ENC's: on average, in our sample 21% of French international articles addressed this area; then come British newspapers with 19%. A striking difference is that the French generalist newspaper reports many events whereas the French business newspaper reports on the ENC's in only 11% of its articles. UK business newspaper shows much more interest in the Neighbourhoods; even the German business newspaper reports more on the ENC's than its French or Spanish counterparts. But as a whole, barely 11% of the articles in the two German newspapers pay attention to these countries.

Figure 31 - Share (%) of the ENC's in ITAN international articles sample's, by type of newspaper



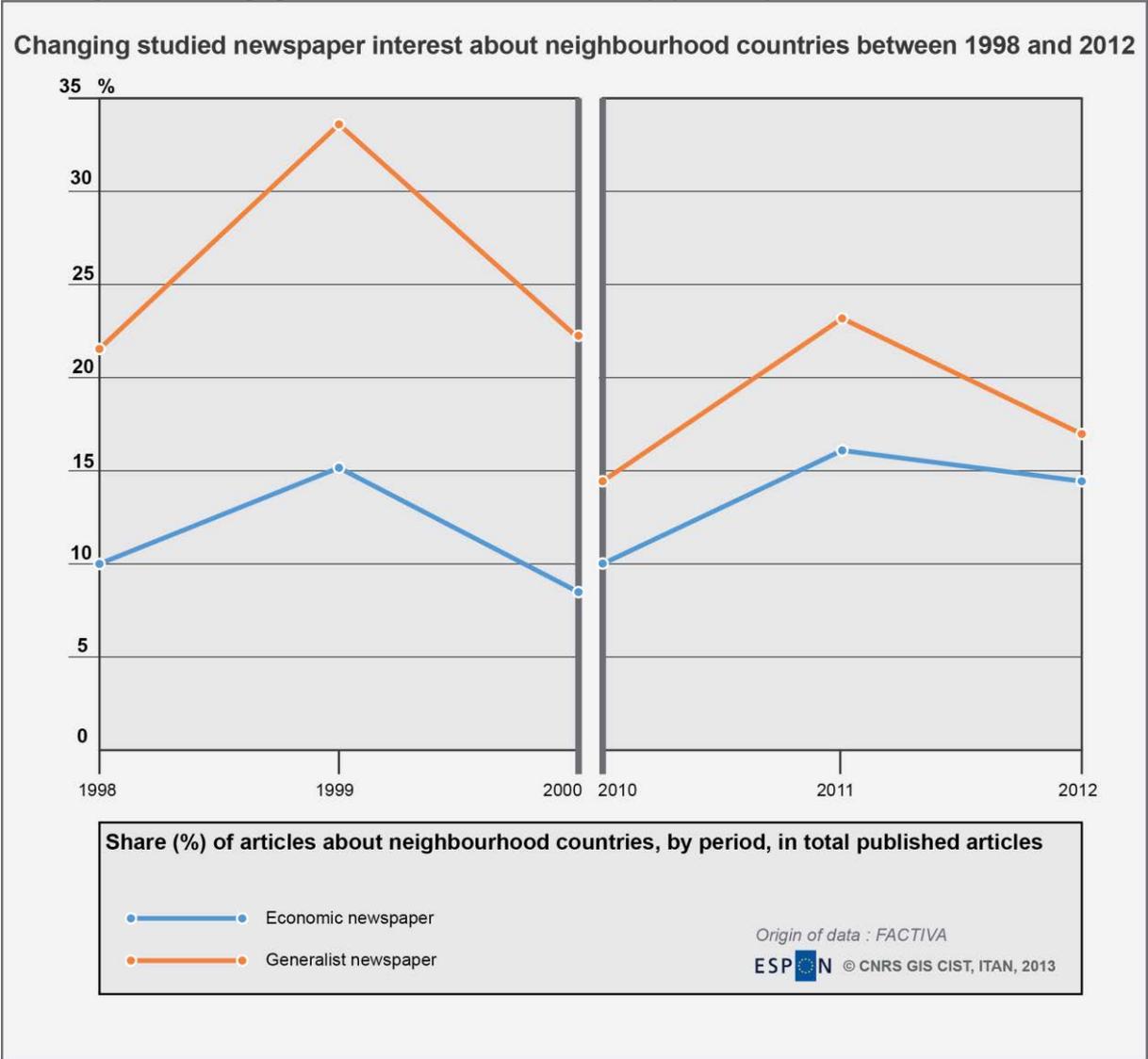
Notes. Periods 1998-2000 & 2010-2012

Media attention to ENC's has declined between the two periods: 18,4% in 1998-2000, and 15,7% in 2010-2012. Here the figures differ according to the type of newspaper: for the general newspapers they went from 25% to 15%, for the economic newspapers from 13 to 14% (fig. 31). This suggests a progressive awareness of European milieu vs-à-vis the Neighbourhoods.

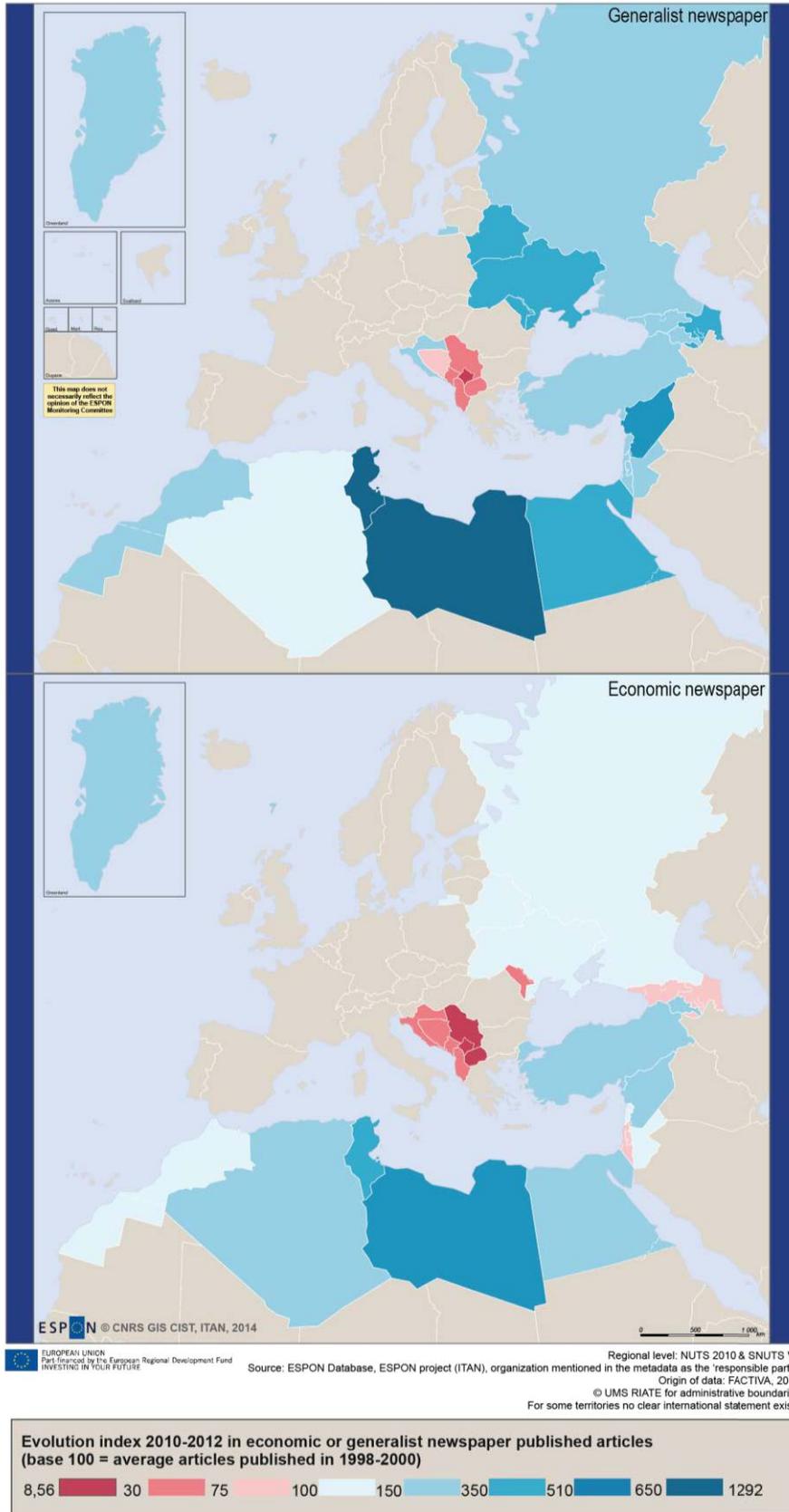
It also differs according to the reported country. From the first period (1998-2000) to the second (2010-2012) the spatial breakdown shows the decline of media coverage of the Western Balkans, for the

benefit of two Arab countries in transition: Tunisia and Libya (fig. 32). The map pictures a – relatively – growing interest of the Mediterranean for the selected European newspapers.

Figure 32 - Changing interest for the ENC of ITAN newspapers sample, 1998-2000 and 2010-2012



Map 94 - Media referencing in ITAN international articles sample, from 1998-2000 to 2010-2012

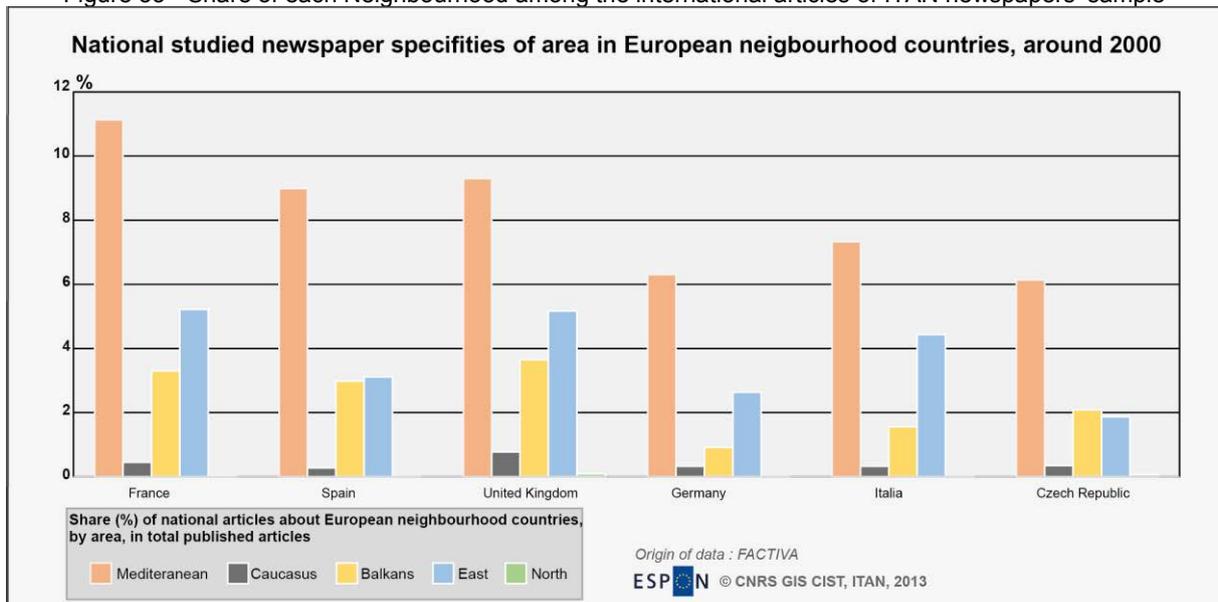


2°) Importance of the Mediterranean particularly Turkey, in the East importance of Russia

The figure 33 displays the high coverage of countries in the Mediterranean via such an approach based on regional areas, which is logical given the number of countries involved (11) and the media events that took place recently in those countries. French newspapers appear to pay more attention than others to events in the Mediterranean.

The second area of media coverage involves the Eastern Neighbourhood countries, which proves particularly attractive to the French and British press and not, surprisingly, to the German. Western Balkans rank third, primarily featured in British, French and Spanish newspapers, and not very much, once more surprisingly, in German, Italian or Czech media. The Caucasus area turns out to be quite forgotten by our European newspapers, together with the Northern Neighbourhood; this is primarily explained by the small number of countries involved.

Figure 33 - Share of each Neighbourhood among the international articles of ITAN newspapers' sample

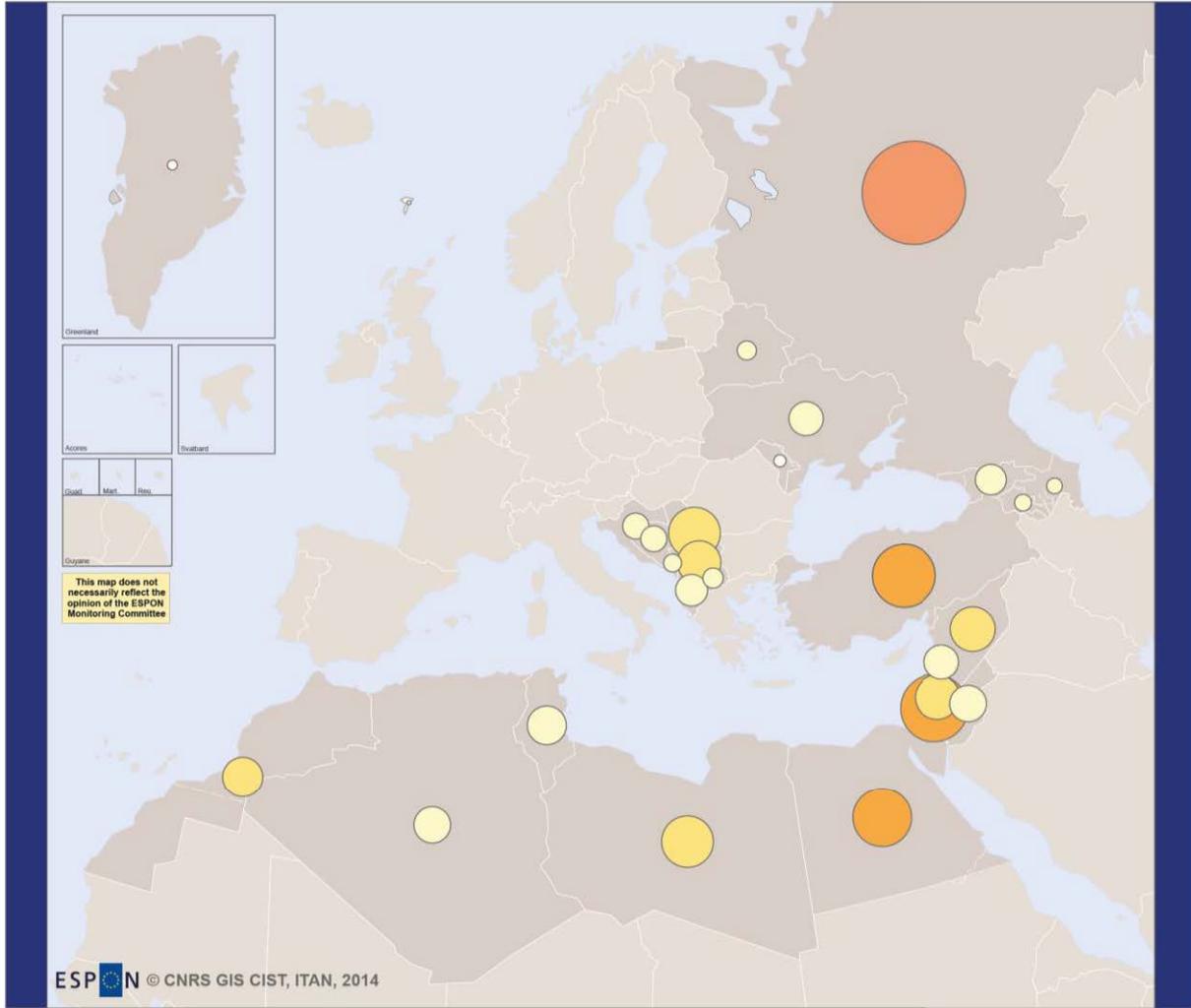


Notes. Periods 1998-2000 & 2010-2012

By country, Russia achieves the highest coverage level with 3,5% of our sample. A small group of countries receive a 1%-1,5% amount of media coverage due either to the magnitude of the events taking place (Egypt and Serbia) or to the business and political ties with the European Union (Turkey and Israel). All other ENC's are under 1%.

The general spatial organisation remains the same whatever the type of newspaper. Note however that some countries are very lowly mentioned on the business media scene: Albania, Bosnia and Kosovo in the Western Balkans which do not seem to be credible target for European business except Serbia; Palestine to a lesser extent (map 96).

Map 95 - Share (%) of each ENC in ITAN international articles sample's, 1998-2000 and 2010-2012



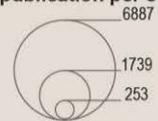
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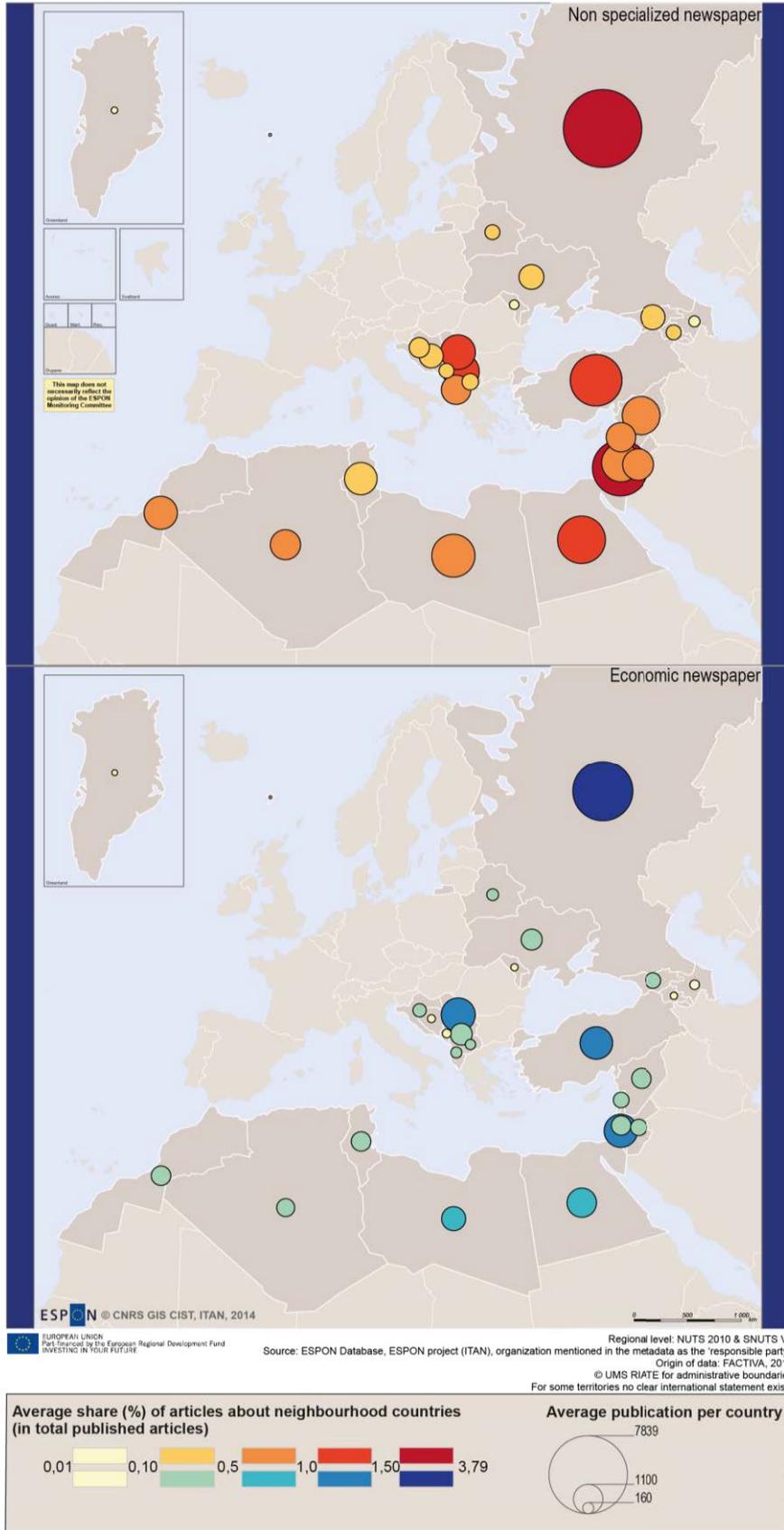
**Average share (%) of articles about neighbourhood countries  
(In total published articles)**

0,001 0,05 0,5 1,0 2,5 3,47

**Average publication per country**



Map 96 - Share (%) of each ENC in ITAN international articles sample's, by type of newspaper



Notes. Periods 1998-2000 & 2010-2012

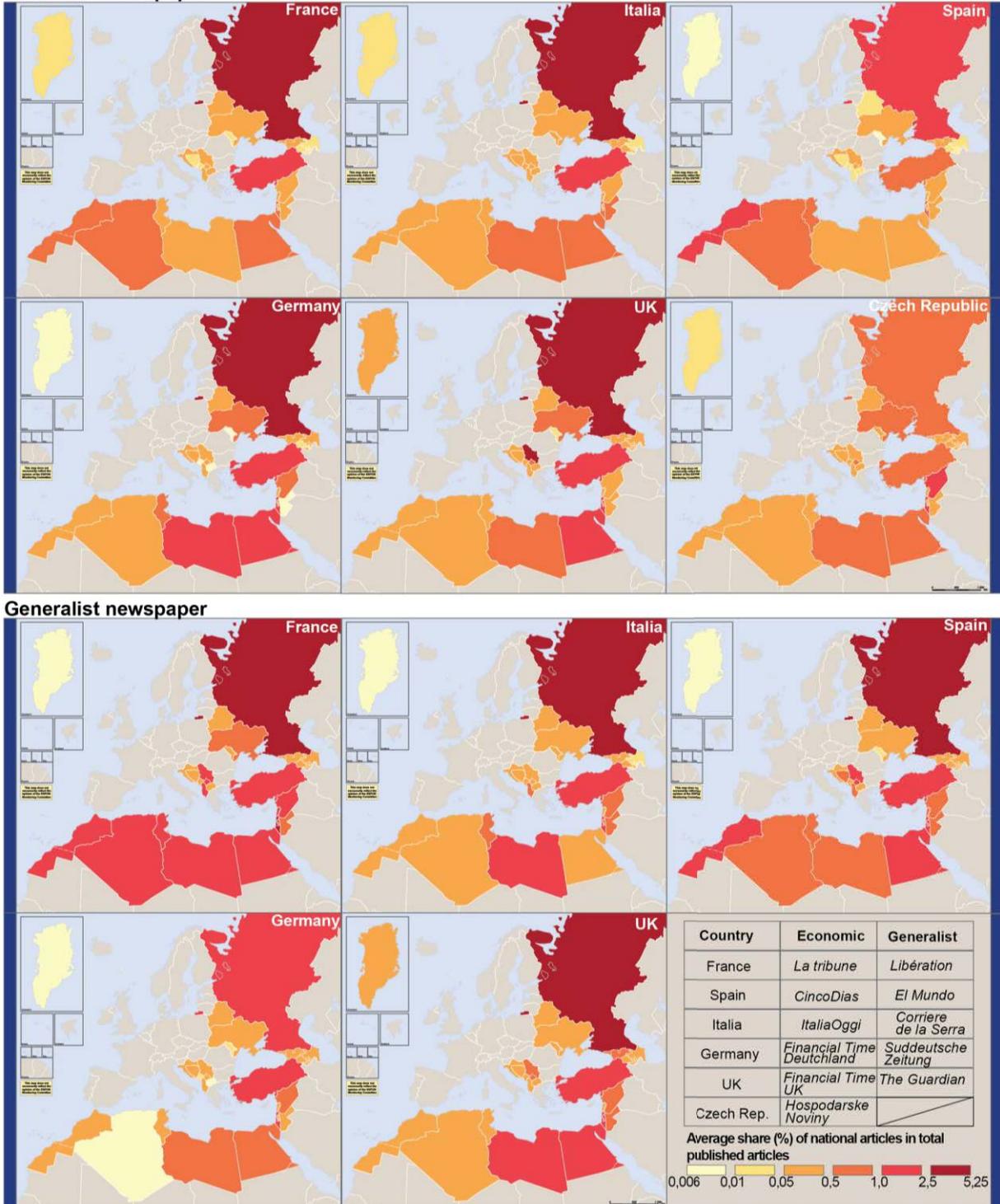
The analysis by nationality of the considered newspaper brings further information. As we said the French press is more open to the Mediterranean than the other European media. The specificity of the general French newspaper is that it covers the whole Neighbourhoods, with a focus on Russia and Turkey. The Neighbourhoods geography of the business French newspaper is quite alike that of its European counterparts.

The coverage of the Italian media is concentrated on a small number of countries: Russia and Turkey (Turkey is a target of all newspapers whatever their nationality or type), and Libya for the business newspaper. Conversely, Italy neglects some countries in the Western Balkans (Kosovo and Serbia). Spain has a quite balanced coverage, with its business newspaper being focused on Russia, Turkey and Maghreb especially Morocco. The British press, including business, holds little interest in the Maghreb events and more (along with Russia) in countries such as Turkey, Egypt, Libya and Serbia – but not that much, for the business newspaper, in the English speaking Near-East. The general German newspaper concentrates on Russia and Turkey, the business one has a wider outlook including Tunisia where the German enterprises have recently significantly invested, but, as we said, not the Western Balkans.

The press in the Czech Republic pays attention to a quite wide outlook of countries, and, compared with the other newspapers, less in the most important countries elsewhere (Russia and Turkey) or in countries that are just always in the news (Libya, Tunisia and Morocco).

Belarus is hardly reported by either of these newspapers, Ukraine a little bit more (by British and German business newspapers).

Map 97 - Share (%) of each ENC in ITAN international articles sample's, by type and nationality of newspaper



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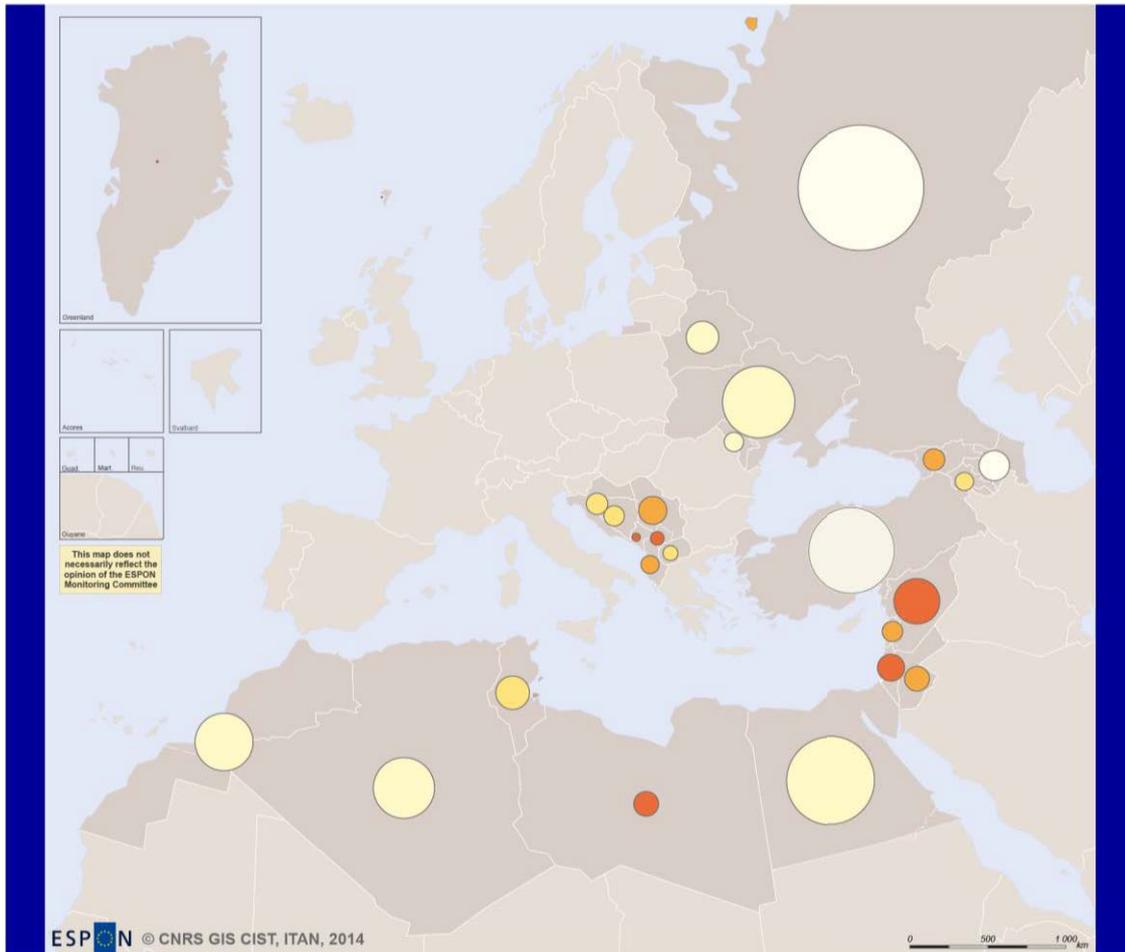
### 3°) Removing demographic and economic differences: war places and the Mediterranean

Following maps calculate a media coverage factor that is independent of countries' demographic (map 98) and economic (map 99) weighting. Per capita, the Near-East becomes the major area under the

European press scrutiny along with Balkans and Libya, that is to say the recent or actual unrest places. Two further smaller focus areas can be added: Georgia and Tunisia.

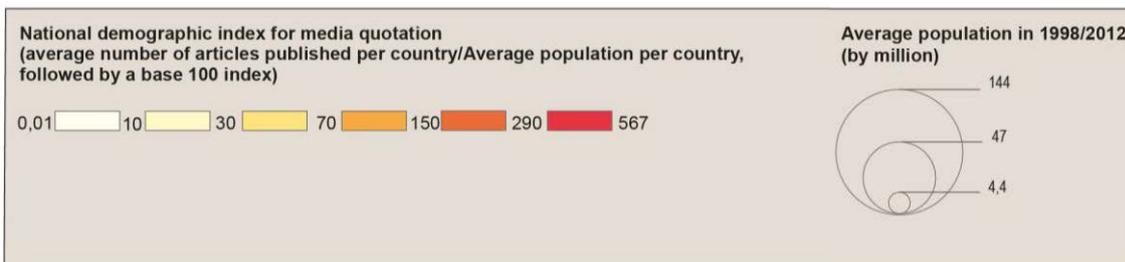
When measured per GDP, the cope changes. The poorest countries receive better media coverage: Kosovo and Montenegro, Georgia, Libya and even Jordan. Conversely, some countries with higher GDP like Russia or Israel receive few mentions in the newspapers. Only Turkey appears to stand out.

Map 98 - Number of articles per capita of each ENC in ITAN international articles sample, 1998-00 and 2010-12

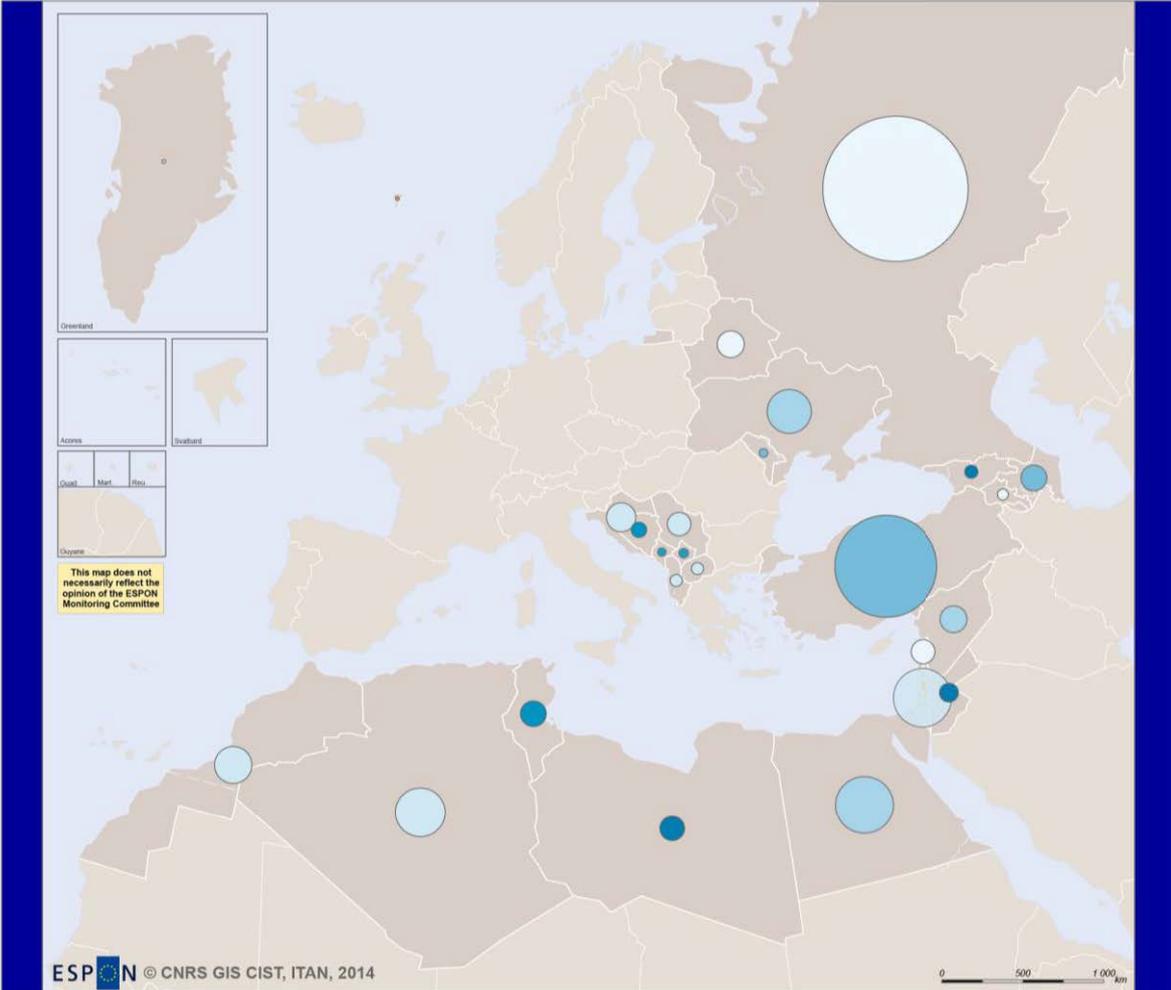


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Map 99 - Number of articles per GDP of each ENC in ITAN international articles sample, 1998-00 and 2010-12



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### 3. THE NORTHERN NEIGHBOURHOOD

#### 3.1. Presentation

In order to show the structures and dynamics of the Northern Neighbourhood's regions it is crucial to highlight the sparse settlement structure and long distances in the North European Neighbourhood. For the regional analysis will use circumpolar comparison when relevant. For that we recommend using 'national' territories or regions as a starting point and main level of analysis. This means the territorial level of "Subject" (Oblast, Republic etc.) for Russia and 'state'/territory for Canada (where applicable). Due to limited number of population in the Faroe Islands and Greenland (later referred to as "Westnorden") we propose using those at national level. For circumpolar comparison also Alaska, on state level, could be shown.

##### 3.1.1. Presentation of each country's territorial system

###### 1°) Administrative divisions

Both Faroe Islands and Greenland are self-governing overseas administrative divisions of the Kingdom of Denmark, but unlike Denmark they are not members of the European Union or ESPON and thus included as 'neighbouring regions' in ITAN project. Following the NUTS Nomenclature principles regarding population thresholds and existing administrative divisions of the countries/regions, both Faroe Islands and Greenland are included to SNUTS division as one SNUTS 3 region.

###### *Faroe Islands*

The Faroe Islands consist of 18 major, mountainous islands, with a total land area of some 1400 sq. kilometres. Administratively the islands are divided into 30 municipalities (*kommunur*) since 2009. During the last decade a process of municipal amalgamation has reduced the number of municipalities by 18 since 2004 and it is expected that in the coming years the number of Faroese municipalities will drop to somewhere between 7 and 15. This process of municipal amalgamations is closely related to the small size of the municipalities. As only some 48 000 inhabitants live in the Faroe Islands, and some 20 000 of them live in the capital municipality of Tórshavn, the other municipalities are small. 18 municipalities have fewer than 1 000 inhabitants and the smallest municipality of Fugloyar had only 37 inhabitants at the beginning of 2013.

All the municipalities consist of a number of settlements and in total there are 116 settlements (as of January 2013). As a settlement in administrative terms in the Faroe Islands is defined as 'any populated place', the size of the settlements varies. The largest settlement is Tórshavn with 12 000 inhabitants and four of the settlements had only one inhabitant. Also, no division between cities and villages, or urban and rural settlements is done.

Traditionally there are also six regions (*sýslur*: Norðoyar, Eysturoy, Streymoy, Vágur, Sandoy and Suðuroy) that do not have any administrative role but are still commonly used to indicate and present the geographical regions of the Faroese. These regions are, on the side of municipalities, also included as statistical division by Statistics Faroe Islands and can function also as regions for different types of tasks, i.e. as police districts.

Although the distances in general are relatively short in the Faroe Islands, the main regional socio-economic differences can partly be explained with accessibility that puts the different parts of the Islands into three categories. The well-developed road network connects almost 90% of the population – with a number of tunnels through the mountains and between the islands and bridges – forming the 'main area' of the Islands. Two larger islands to the South of the main area, Sandoy and Suðuroy, form the second category and cover some 12% of the total population. The islands are connected to the main area with regular ferries and the villages in these two islands are well connected to each other. The third category covers the remaining seven smaller islands, six of which only have one

village; altogether only some 250 inhabitants live on these islands; they are connected to rest of the Islands by irregular ferry services and/or heliports.

### *Greenland*

Greenland is one of the most sparsely populated regions in the world. It is often cited as the world's largest island with its area of 2 167 000 sq. kilometres. Only some 56 000 inhabitants live in Greenland. All the populated places are traditionally located along the coast as the inland is covered by permanent icecap.

Greenland is administratively divided into four municipalities. In addition the uninhabited large national park in Northeast Greenland is unincorporated to municipal division. Also Thule Air Base is unincorporated, located as an enclave within Qaaqutsup municipality and administered by the United States Air Force. On January 1<sup>st</sup> 2009, a municipal reform took place and the former 18 municipalities were re-grouped into four municipalities of:

- Kommuneqarfik Sermersooq - including previous municipalities of Ivittuut, Paamiut, Nuuk, Illoqqortoormiut and Ammassalik
- Qaasuitsup Kommunian - including Kangaatsiaq, Aasiaat, Qasigianguit, Ilulissat, Qeqertarsuaq, Uummannaq, Upernavik and Qaanaaq
- Qeqqata Kommunian - including Maniitsoq and Sisimiut, and
- Kommune Kujalleq - including Nanortalik, Narsaq and Qaqortoq.

The old municipalities however still exist i.e. for statistical purposes, now called as 'districts'. The municipal reform changed the municipal boundaries more than just a simple amalgamation, but as all the additional changes took place outside the inhabited area; there are no breaks in demographic or socio-economic statistics on municipal level.

All the municipalities consist of a number of settlements and in total there are 90 settlements (as January 2013). In administrative and statistical terms all the settlements in Greenland are classified in one of the four categories: cities, villages, sheep farms, and stations. The main difference is between the cities and other types of settlements. As such the 17 former municipal centres (excluding the former municipality of Ivittuut) were cities and all other settlements were villages (57), farms (11, all located in southernmost Greenland) or stations (5, located outside the municipal order). The division is political and has nothing to do with the size of the settlement. This means that some of the minor cities were smaller than largest village. After the municipal reform in 2009 all the cities maintained their definition in spite of the fact that they are not necessarily longer administrative centres. This division between the cities and other types of settlements is visible also i.e. in the statistics and is also the basis for our definition of urban and rural population.

When analysing the demographic and socio-economic trends in Greenland it should be noted that the distances between the settlements are long and there are no two settlements in Greenland with road connection between them. All passengers and supplies of goods are transported by sea or by air. The main nodes of the internal transport system are ports in 16 cities, harbours in 60 settlements, 14 airports, seven heliports, and 37 helistops. Kangerlussuaq airport is the main international gateway and many domestic flights are also operated via Kangerlussuaq, former American military base. As there are no two settlements in entire Greenland with a road connection the number of cars is not included as a relevant dataset. As such there are approximately 6 000 motor vehicles. Most of the cars can be found in the capital where a car is a normal transport mode between home and work but in the smaller cities and in the villages a car ownership does not make sense due to the short distances. The number of (motor-) boats, snow mobiles or sled dogs tells more about the living conditions.

### *Russia*

Russia is a federation which since March 2008 consists of 83 federal subjects that are the backbone of the territorial structure. The federal subjects are also known as the constituent entities of the Federation. In 1993, when the constitution of the new Russian State – Russian Federation was adopted, there were 89 federal subjects listed, six of those later merged to others. The federal

subjects have equal federal rights but they do differ in the degree of autonomy they enjoy. The types are republics (21), autonomous oblast (1), oblasts (46), krais (9), federal cities (2 – Moscow and St.-Petersburg), and autonomous okrugs (4). Of the autonomous okrugs Tyumen oblast has administrative jurisdiction over autonomous okrugs of Khanty–Mansi and Yamalo-Nenets, as Arkhangelsk oblast has over Nenets Autonomous okrug. These specific arrangements are mostly financial. From the statistical perspective all the 83 federal subjects are at the same level of hierarchy, namely SNUTS 2. As all the mergers in SNUTS 2 level that have taken place during the latest years are simple mergers of two or more regions, building time series in the database is not a problem.

In 2000 seven federal okrugs (FO) were established “in order to ensure the implementation of the President’s constitutional competences”. The federal okrugs, or SNUTS 1 regions are: the Central FO, the North-Western FO, the Volga FO, the Ural FO, the Siberia FO, the Far Eastern FO and the Southern FO that in January 2010 was split into two parts called the Southern FO and the North Caucasian FO. Thus, the current number of federals okrugs is eight. The boundaries of federal okrugs have little to do with natural, economic, social or cultural delimitations. Nevertheless, they may be useful for a statistical analysis at the SNUTS 1 level because they represent a territorial framework for a number of federal programmes.

The ITAN project is not focusing on the entire Russian territory. In the Northern Neighbourhood our main focus, both in data gathering and in analysis is on littoral Northern – the Republic of Karelia, Arkhangelsk and Murmansk oblast (also in the Eastern Neighbourhood) as well as the Republic of Komi, Nenets Autonomous Okrug and Yamalo-Nenets Autonomous Okrug.

## 2°) Local competencies and data

### *Russia*

In 2003 the Russian federal law N° 131 “On the general principles of local self-government” was adopted. This law changed the structure and the hierarchy of local governments and their relations with the administrative-territorial division at the SLAU1 level. A new two-level model of local governance was created. As a result of transition from a one- to a two-level model of local governance the number of municipal entities in Russia increased from 11 733 to 24 372 between 2003 and 2006. The first level consists of towns and urban and rural settlements; the second includes municipal rayons and city municipalities (SLAU 1). City municipalities can comprise only one town or urban settlement but may also embrace neighbouring rural settlements. Municipal rayons include a number of urban and/or rural settlements and the territories between them. SNUTS 3 level does not exist in Russia.

The data availability as such is rather good in Russia. ITAN core data sets are mostly available at the federal subject level (similar to NUTS 2). Some of the core data are also available at the rayon level (similar to LAU 1). The last census in the USSR took place in 1989 and in the Russian federation two censuses, 2002 and 2010 have taken place. In addition annual estimates exist for part of the core data. The census data enables to build rather satisfying time series especially as the changes in the Russian territorial structure are mostly simple mergers of two or more regions and thus easy to calculate. The census data covers all persons permanently residing in Russia and is thus that most comprehensive data source. However, there are some weaknesses in the census methodology.

By the law, each citizen of the age of 14 or more must have a domestic passport/ ID certificate. By this document each citizen is officially registered in a permanent settlement, though he/she can live in another settlement. Permanent (official) registration gives certain social and civil rights that the citizen enjoys at the place of his/her official residence. Children under 14 are registered under their parents. This register creates the basis for current population statistics. The main problem is related to migration. Due to registration the statistical service has not before recently taken into account the migrants registered at their real place of residence (considered as temporary residents). Also those who were not registered at all, which was and partly still is a very common practice, are not included. The main shortcomings are related with migrations from post-Soviet countries as citizens of CIS countries can cross the borders using only their internal passports and thus they do not need an

internationally valid passport. In addition foreign migrants avoided meeting census agents. The number of these migrants who live in Russia but are not registered there is estimated to be 4 to 5 million but some sources count even as high as 10 million people.

Since 2007, statistical data on population include a large part on migrants – those who are registered at the real place of residence and stay there for more than a year. It corrected the figures but did not eliminate the fact that a great number of domestic and international migrants were not counted. Census data are used to improve information taken from current accounts and is a basis for retrospective corrections, but it also suffers from the same shortcomings especially for the regions with largest population change – both the most attractive for migrants and the depopulating ones.

### *Faroe Islands and Greenland*

In the Faroe Islands and Greenland a well-updated person level register data – that is based on the personal ID-numbers – is the backbone of national statistics. This register data and a number of statistical surveys are collected, processed and published mainly by the national statistical institutes (Statistics Faroe Islands and Statistics Greenland) who are the responsible authorities over official national statistical data in both countries. Other national authorities compiling statistics are required to coordinate their activities with national statistical institutions. As such the quality of the data for both of the countries is good but the limited number of inhabitants makes some statistical challenges to show some figures with reliable time series on annual basis and/or at a local scale.

The **demographic data** in the Faroe Islands and Greenland is based on the persons' registered place of residence as January 1<sup>st</sup> on the given year. Although this address based location of the people is in general giving a good indication over the distribution of the population, the number of inhabitants can be overestimated in some smaller settlements and underestimated in main cities as some persons prefer to be registered in their home settlements, although they are actually living in the larger settlements due to work or study activities. A lack of housing in some larger settlements especially in Greenland is also impacting as persons can unofficially stay at their friends and relatives apartments or rent a room without officially changing their place of living.

Both of the countries are very homocentric with a remarkable share of population living in the capital city. In the Faroe Islands 25% of the total population is living in the capital settlement of Tórshavn (app 12 200 inh.) and when looking at the total population in Tórshavn, Argir and Hoyvík settlements that together form the 'capital region', the share of population is up to 37% (January 2013). In Greenland 29% of the population is living in capital settlement of Nuuk (app. 16 500 inh.). In both of the countries the second largest city settlement has approximately 5 000 inhabitants.

The demographic phenomena are reported in the statistics after the persons' place of residence on monthly or/and annual basis. Births are reported after the mothers' place of residence. The low number of people as such is however creating two main challenges in terms of showing reliable rates, namely high annual variations and 'missing numbers'. Taking the variable 'Infant mortality' as an example:

- High annual variations: as the total number of deaths before the age of one is very limited (i.e. in the Faroe islands the numbers during the last twenty years varied between 0-8 children on annual basis) and the total number of births is not that high either (600-700 child annually), the annual variations in infant mortality rates are unrealistic; between 0 – 9.8 deaths per 1 000 live births.
- 'Missing numbers': as both of the countries are small, the capacity for highly specialized health care is also limited. Therefore a significant number of females having a high risk pregnancy are sent to Denmark to give a birth – and get more advanced medical help. As these 'high-risk children' are thus born – or died – in Denmark, they are not included to Faroese or Greenlandic statistics.

As both Faroe Islands and Greenland are included to ITAN research only at SNUTS 3 level, no figures for internal migration is gathered. In terms of international migration, both to and from these countries, two issues should be noted. Firstly migrations to and from Denmark are included as 'international

migration' and not separated from other origins or destinations. Secondly in order to be included as immigrant or emigrant (both national inhabitants and foreigners) in the statistics, a person's intention stay in the country/abroad at the moment of registration should be more than 6 months.

For both of the countries the statistical data over the population's level of **education** is challenging. Due to the small size of the countries, the domestic education possibilities are limited and linked to a number of key sectors of national interests. Therefore a remarkable share of secondary and tertiary education is obtained abroad, mostly in Denmark. Thus the overall knowledge of the level of education is not included in registers in general. In the Faroe Islands an ISCED comparable statistical survey of population's level of education was done in 2007. In Greenland cooperation between the Greenlandic institution of education (USF) and Statistics Denmark started in 2011. This cooperation makes it possible to combine Greenlandic education statistics with Danish statistics. This combined data works as a basis for the Greenlandic education statistics that is further adjusted to ISCED standards. The time series are anyhow limited.

In both of the countries the school system is based on the Danish education system. Children normally start school when they turn 7 years old and nine years education is obligatory. School attendance is anyhow not obligatory if a child is getting his/her education in other ways. The education is generally given in national languages, in Faroese or Greenlandic and Danish is the most important foreign language. In many of the village schools the number of students is limited and multiple classes can be taught at the same time by same teacher. In the Faroe Islands it is an aim that a pupil has a possibility to participate on primary school in classes (age classes 1-7) in their home village whereas the secondary classes (7-9) are more centralized on cities and larger villages. For those pupils who haven't passed an exam that gives them entry to upper secondary schools there is a possibility for so called 10th grade to make their credits better. In Greenland there are some 25 schools in the cities and 60 in the villages. The village schools have normally only a limited number of pupils and classes for the youngest children whereas in almost all the cities there is school housing for the pupils coming from the surrounding villages and who therefore are not able to travel between home and school every day.

In Greenland the main division of **minorities** is done between indigenous and other peoples. The population of Greenland is predominantly Inuit, a people bearing an affinity and solidarity with the Inuit of Canada, Alaska and Siberia. The national statistics do not classify people after their ethnicity, race etc. Statistically the division between Greenlanders (Inuit – in theory) and non-Greenlanders (all other) is defined after the place of birth. If a person is born in Greenland, he or she is statistically counted as Greenlandic. The share of Greenlandic born population is 89%. In the Faroe Islands no minorities are defined and no distinction between i.e. Faroe Islands – others exist in statistical terms. In general it can be said that the population in the Faroe Islands is rather homogenous.

As **unemployment and income** figures cannot be separated from the overall economic context of the Faroe Islands and Greenland, are those discussed under this section. Economy and to a lesser degree also labour markets in the Faroe Islands and Greenland are heavily depended on few key sectors and substitutes from Denmark. For the Faroe Islands' national budget some 12% comes as aid from Denmark, whereas about half the Greenland government revenues come from grants from the Danish government.

The Faroe Islands, although a small society, is rather well comparable to other Nordic Countries and to other small island societies with high living standards. The unemployment rate has generally been low in numbers and with no larger differences between the regions. Two important issues should anyhow be highlighted. Firstly the Faroe Islands are a small society that is heavily depended on exports of fish and fish products and thus its economy is vulnerable for external turbulence. Secondly the limited size of the domestic labour markets and employment possibilities lead to the situation where that instead being unemployed in the Islands, many persons choose to move abroad to find a job. Thus the domestic unemployment figures do not always reflect the real situation of the labour markets. Like in Denmark, taxpayers/ persons with money are in the Faroe Islands persons with either A- or B- income. A- income refers to taxable salary, allowance, pension and state aid (tax often paid automatically). B- income is i.e. honorarium income from lecturing, art work... (the income receiver is responsible for paying tax on their earned income). Included are also pensioners with a taxable

retirement pension, children receiving child payments (not living with their parents) and foreigners taxed in the Faroe Islands.

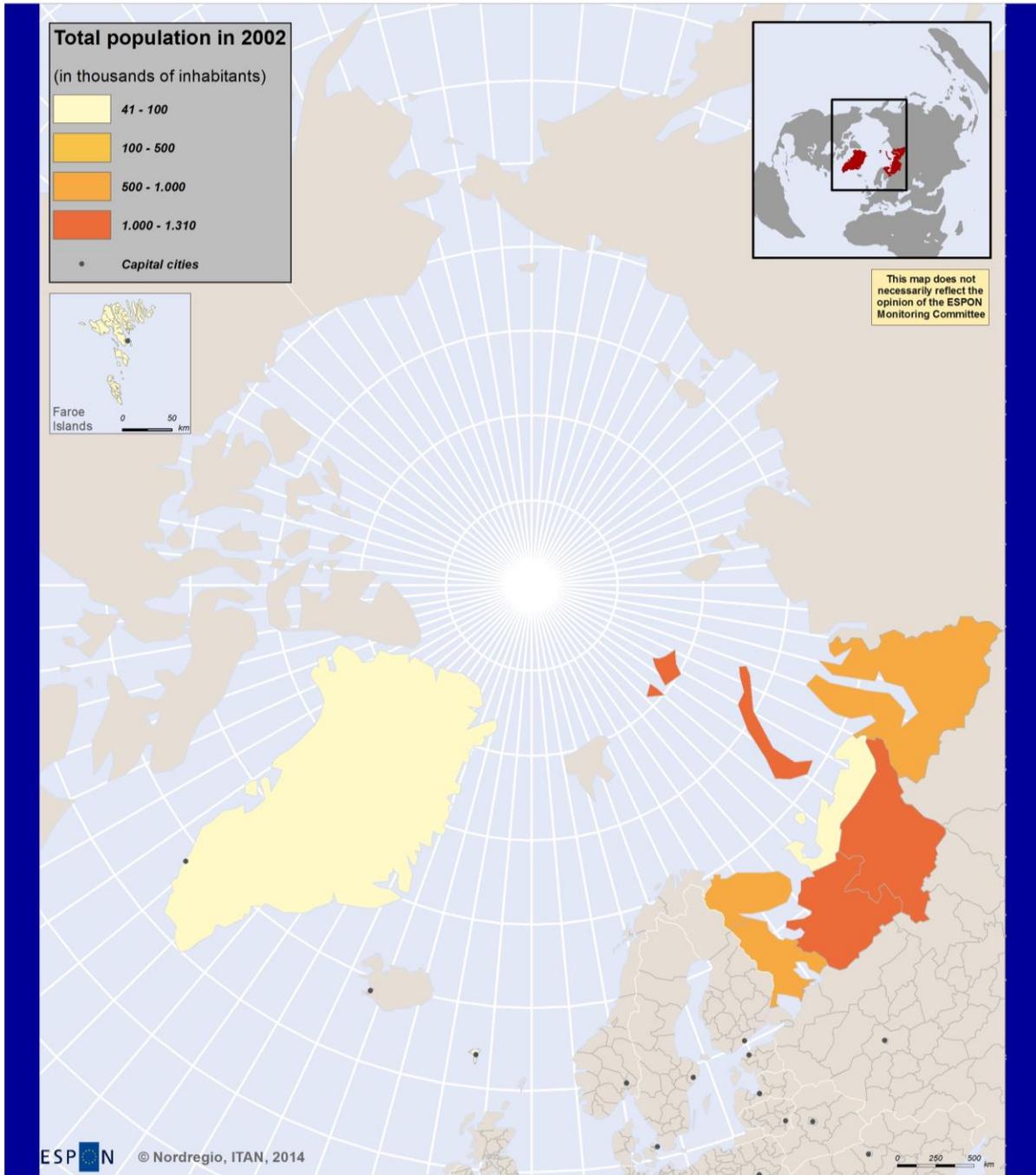
Three specific issues should be taken into account when describing the labour markets in Greenland. Firstly the distance-related limited commuting possibilities between the settlements make each settlement more or less a labour market region of its own. This means that there are relatively large differences between different types of settlements in their labour market profiles based on their endogenous resources and administrative role. Secondly there are statistical differences between cities and villages. Excluding the latest improvements of the Statistics Greenland (annual figures from 2010 and onward), the labour market statistics are reported as:

- Potential labour force: all the persons aged 18-64 years living in the cities. No estimation of the real size of the labour force was performed.
- Unemployed persons: only unemployed persons living in the cities are included to the statistics. This issue is mostly related to the small size of the villages and lack of commuting possibilities. Also, hunting and fishing activities are still a significant source of income in many villages and as the work is often temporal in nature, a clear division between employment and unemployment is hard to define.
- Thirdly, as already indicated, the informal economy related to hunting and fishing activities still plays an important role in Greenland and especially in the villages.

### 3.1.2. Demography

Due to extreme climate Northern Neighbourhood is sparsely populated and has a small population size. Greenland and Nenets autonomous okrug (AO) in Russia have the smallest population in the Neighbourhood (56 370 and 42 789 respectively). The Northern Neighbourhood also has extremely low population densities (e.g. 0,026/km<sup>2</sup> in Greenland and 0,24/km<sup>2</sup> in Nenets AO). The most populated areas in the Northern Neighbourhood in 2002 were Russian northern regions – Arkhangelskaya oblast, including Novaya Zemlya archipelago, and the Komi Republic (map 100). The majority of the regions in the Northern Neighbourhood have experienced a population decline over the last decade (map 101).

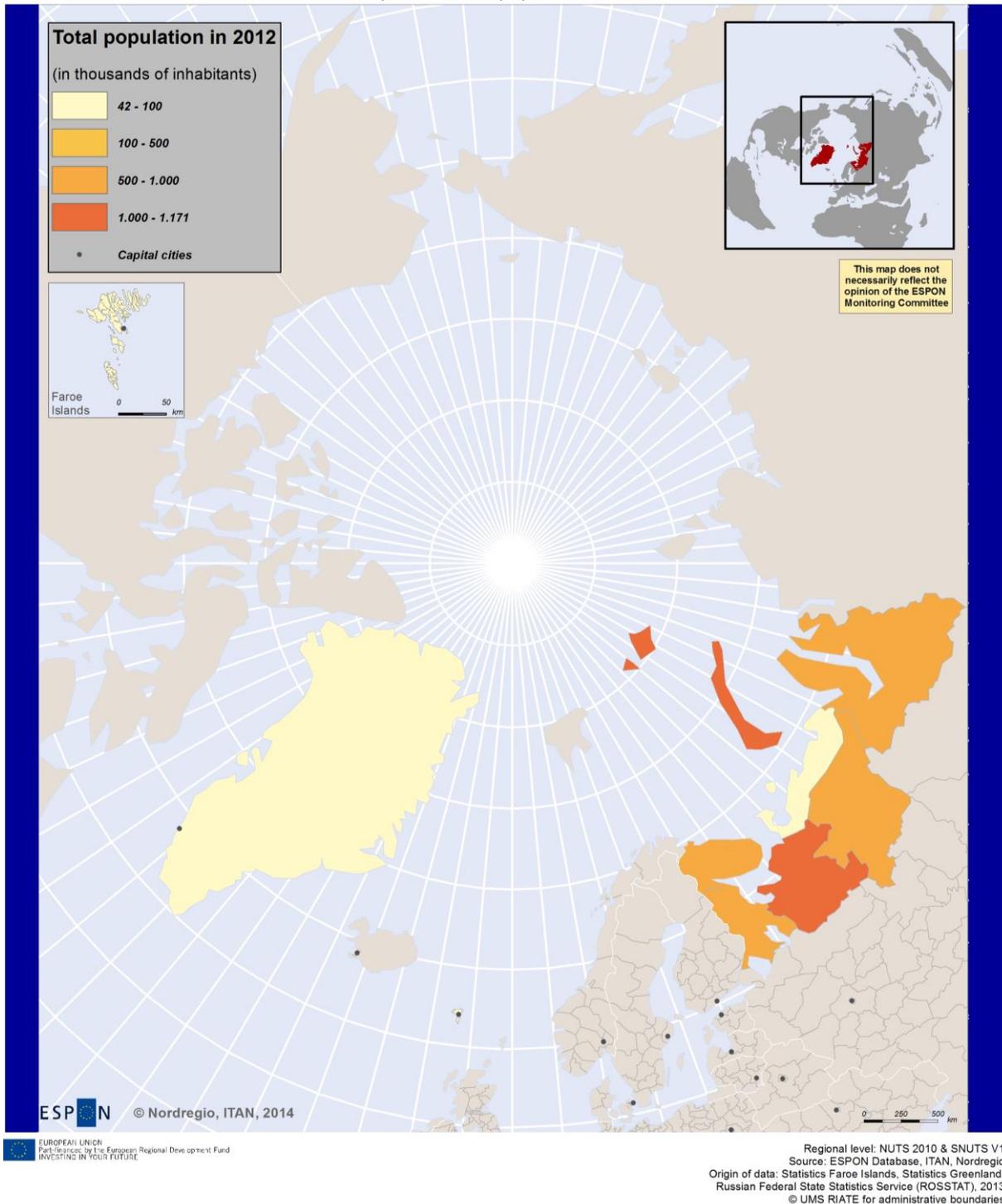
Map 100 - Total population in 2002



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Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: Statistics Faroe Islands, Statistics Greenland,  
Russian Federal State Statistics Service (ROSSTAT), 2013  
© UMS RIATE for administrative boundaries

Map 101 - Total population in 2012



### 3.1.3. Networks

The territorial flows in the Northern Neighbourhood could be analysed both on national and regional transnational level related to the project targets and data availability. The specific characteristics of the territory (sparse population, geographic barriers, and long distances) are vital to understanding the territorial flows in this Neighbourhood. On the one hand, there is the question of analysing the accessibility aspect of the existing infrastructure on which many of the flows are dependent in the region and changes in with regard to various cross-border infrastructures like transport and energy. On

the other hand, there is the question of large distances and maritime connections in harsh climatic conditions.

Mobility of the people in the Northern Neighbourhood is high. People are moving towards the regional centres and larger urban nodes within the region but also abroad, to the more populated areas in the West, East and South of the Northern Neighbourhood. A remarkable share of the migration is related to the limited labour possibilities in the home regions and in the case of more rural and peripheral regions, in relation to education possibilities. Also fly in-fly out phenomenon is common in some settlements, especially in those where the economic structure is heavily concentrated on natural resource exploitation. With this we mean those employees who are flown to the work site where they are working usually long shifts for a number of continuous days and are then flown back to their home town for a number of days of rest as the working towns might have a temporal status (e.g. the mine will close once the minerals have been extracted) or the settlements are not otherwise offering sufficient quality to attract families to live locally.

### 3.2. Stakes, risks and opportunities

#### 3.2.1. Demographic dynamics

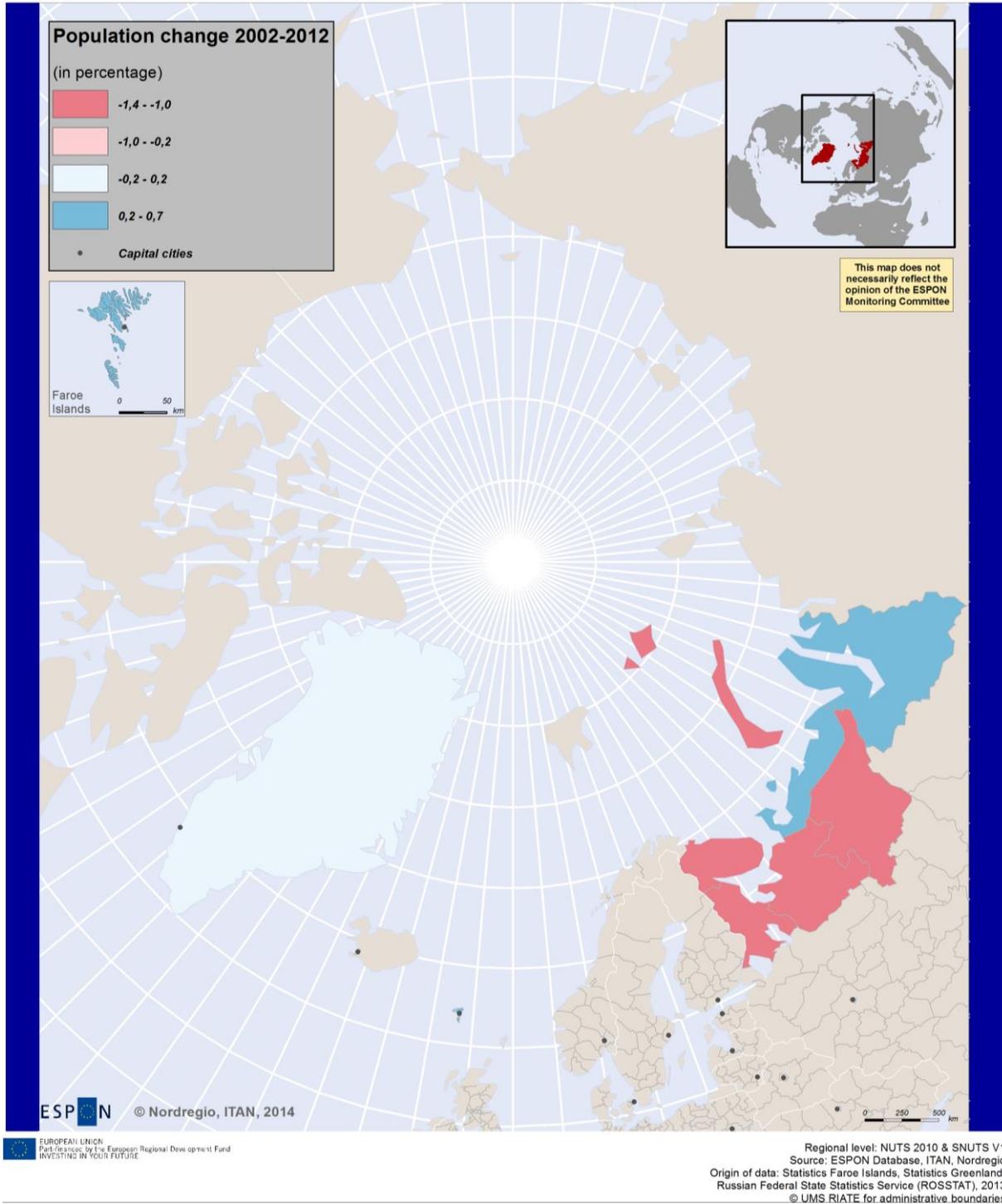
Against the background of an overall drop in population in the Northern Neighbourhood, a slight population increase by 0,7-1,2% from 2002 to 2012 was observed in Faroe Islands, as well as in Yamalo-Nenets and Nenets autonomous okrugs in Russia. Population growth in the Russian regions can be attributed to increasing oil and gas exploration here. In Nenets AO oil and gas constitutes approximately 99% of all industrial activities here, whereas Yamalo-Nenets AO accounts for more than 90% of Russia's natural gas production. Other European parts of Arctic Russia experienced a loss of population over the last decade (map 102).

There are several cities with more than 100 000 inhabitants in the Russian part of the Northern Neighbourhood (map 103). The largest cities with more than 200 000 inhabitants are Arkhangelsk, Murmansk, Petrozavodsk and Syktyvkar, which are the administrative centres and capital cities of Arkhangelsk oblast, Murmasnkaya oblast, the Republic of Karelia and the Republic of Komi respectively. It can be seen from the map 103 that urban settlements are highly dispersed in the Northern Neighbourhood. Most of them emerged in the areas rich in natural resources and due to development of resource extraction industries.

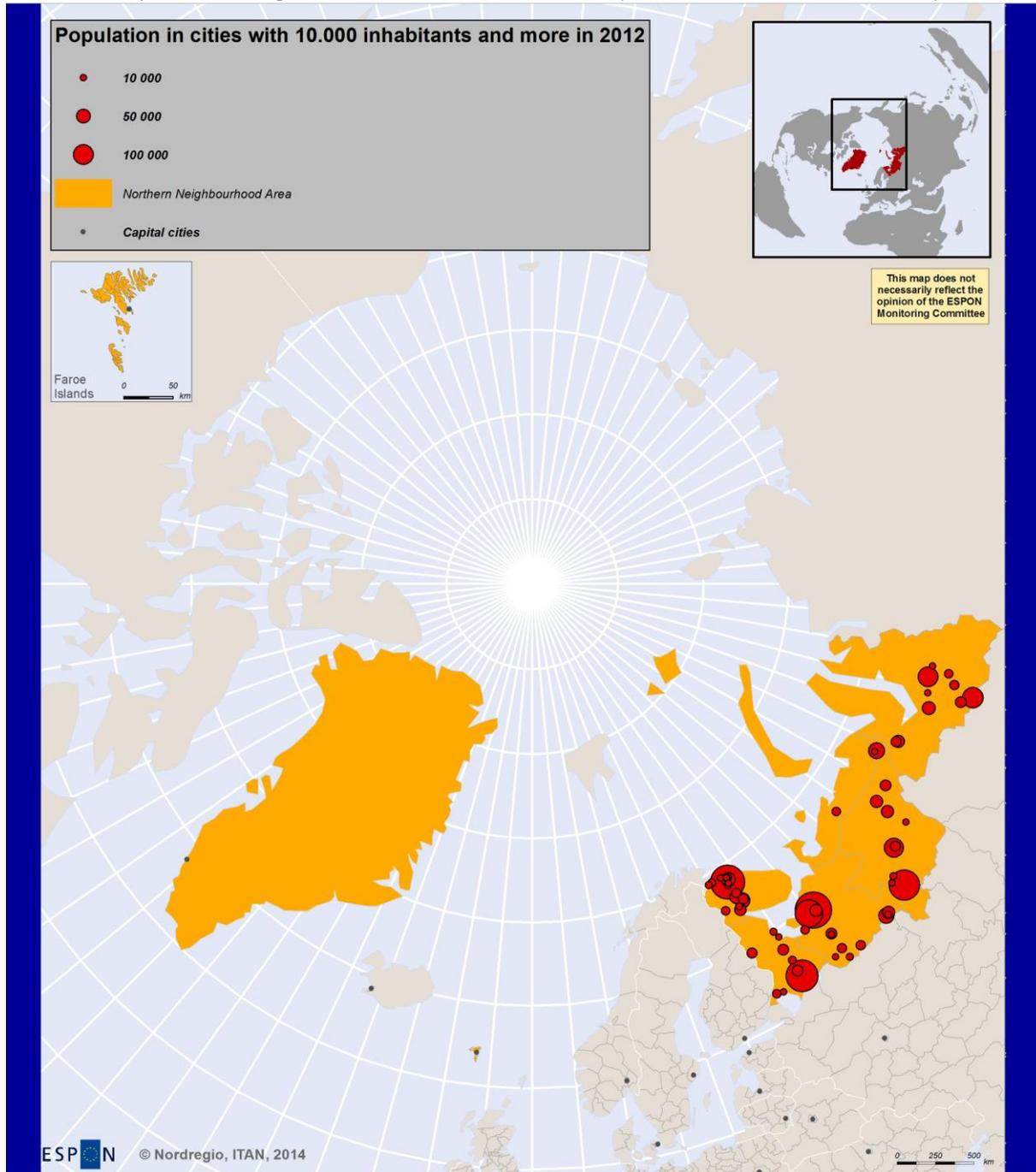
More than 90% of the population of Greenland and Murmansk oblast live in urban centres. A share of urban population is also high in other northern regions of Russia – about 80-90% in Yamalo-Nenets AO. Due to difficult climatic conditions, low accessibility of the region and a limited access to services (e.g. health care and education), urban centres are becoming more attractive to live in. The least urbanized and least populated region in the Northern Neighbourhood today is Nenets AO. However, due to enormous development potential of the oil and gas extraction industry in the autonomous okrug and increased investments in infrastructure development, the situation is expected to change in the nearest future (map 104).

Among the natural explanations for a decrease in population in the Northern Neighbourhood is high outmigration from the region. In 2010, negative net migration was observed in the whole Russian part of the Northern Neighbourhood, except for Nenets AO where net migration was neutral or even slightly positive. Among the most common reasons for outmigration are limited job opportunities (primarily linked to the dominant industry), harsh climate and difficult socio-economic environment (map 105).

Map 102 - Population change 2002-2012



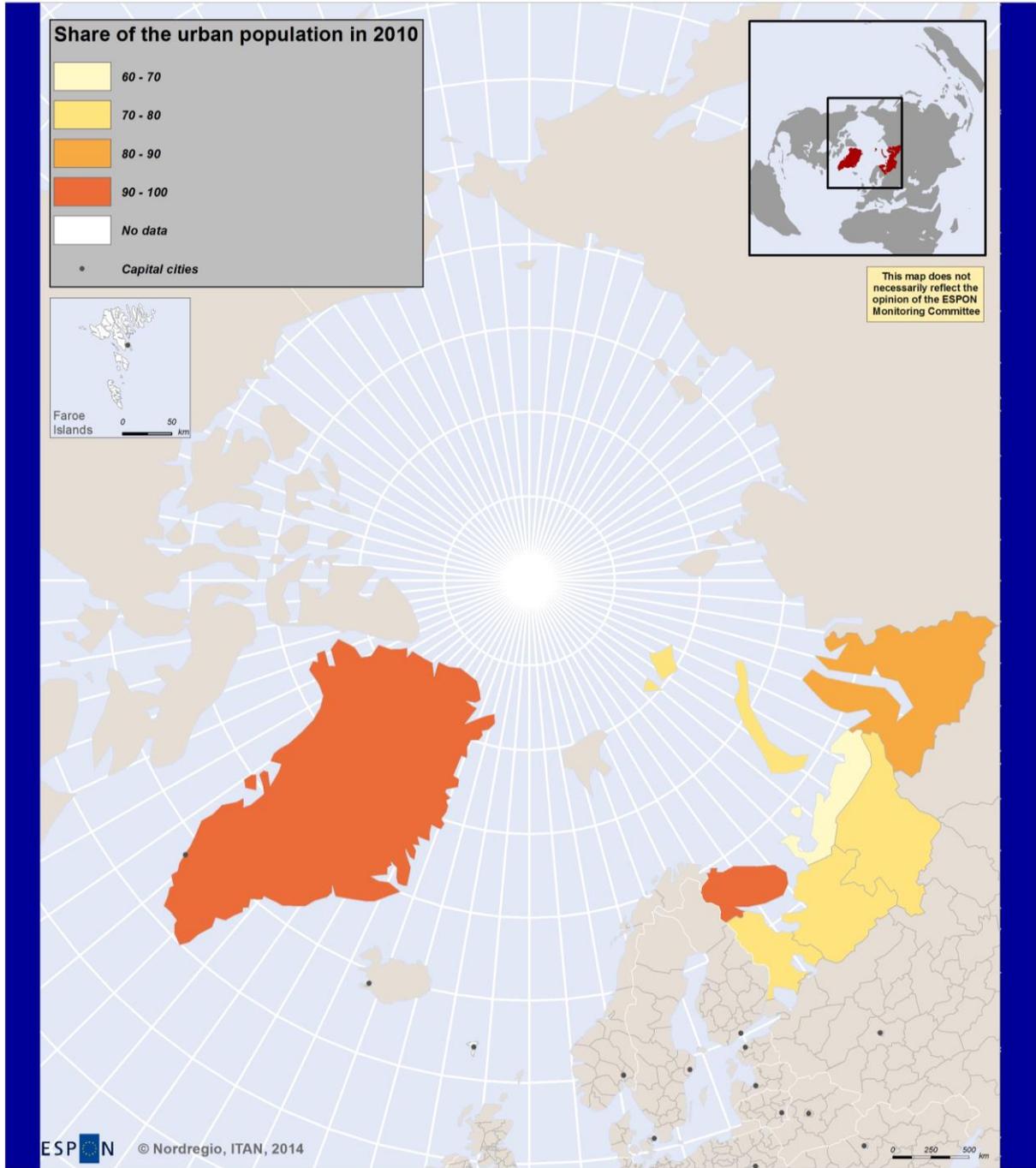
Map 103 - The largest cities and urban centres in 2012 (with more than 10 000 inhabitants)



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Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: Statistics Faroe Islands, Statistics Greenland,  
Russian Federal State Statistics Service (ROSSTAT), 2013  
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Map 104 - Share of urban population in 2010

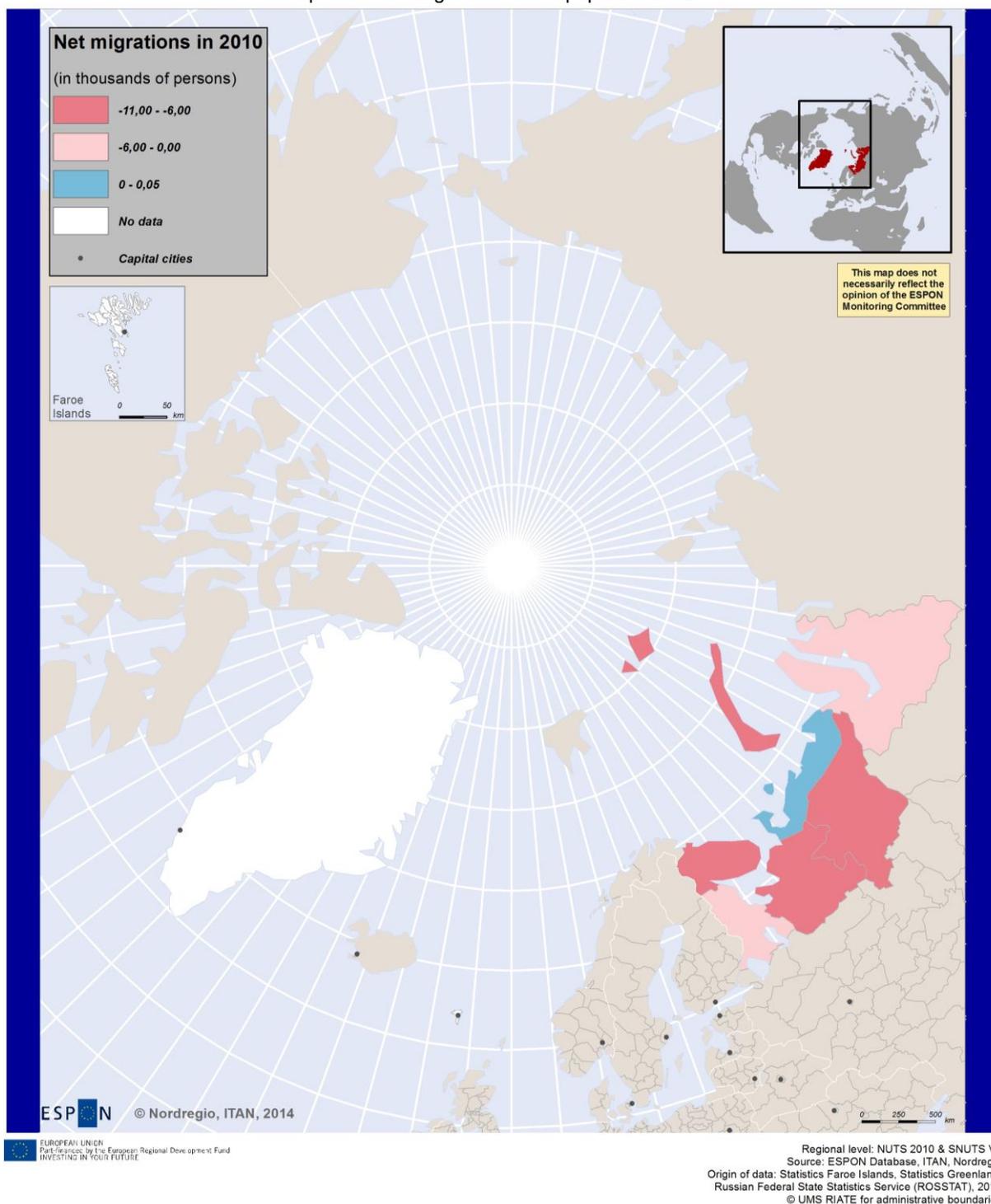


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Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: Statistics Faroe Islands, Statistics Greenland,  
Russian Federal State Statistics Service (ROSSTAT), 2013  
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Map 105 - Net migrations of the population in 2010



### 3.2.2. Social

As to gender balance of the population in the far North, the male population of working age is slightly higher in the whole Northern Neighbourhood (particularly in Greenland and Murmansk oblast). This can be explained by development of strongly male-dominant industries – oil and gas exploration fields, mining activities, military bases, construction and forestry. Employment possibilities for females are quite limited and available mainly in larger urban centres (map 106).

When it comes to the total gender balance including all age groups, the proportion of females is significantly higher in all areas of the Northern Neighbourhood, except for Greenland. Overall, the adult males tend to have higher death rates than females. This trend is exacerbated in the Northern Neighbourhood due to tough work environment in the industry sector which exposes many workers to health hazards, but also harsh climate, low quality of housing, inconsistent and poor quality of health care and excessive consumption of alcohol among male population [Socpol 2013a]. In the case of Greenland, the dominance of male population can be explained by high emigration of female population from the country (map 107).

Life expectancy is not that high in the Northern Neighbourhood due to above-mentioned reasons. In addition, life expectancy of Indigenous Peoples is in many cases lower [Socpol 2013b]. While in majority of the regions in the Eastern Neighbourhood life expectancy for women is 73-76 years or higher, in the Northern Neighbourhood it is 71-75 years and 75-80 in case of Yamalo-Nenets AO and Faroe Islands (map 108). Life expectancy for men in the Northern Neighbourhood is close to average in the central and northern parts of the Eastern Neighbourhood (60-65). Yamalo-Nenets AO, Faroe Islands and Greenland have the highest life expectancy rates for men in the Northern Neighbourhood (65-70 years) (map 109).

The fertility rates from Greenland and Faroe Islands were not available. Looking at the Russian part of the Neighbourhood it is interesting to note that fertility rate was relatively high in Arkhangelsk oblast and Yamalo-Nenets AO (1,5-2,0) and the highest in Nenets AO (2,0-2,1). In Nenets AO higher fertility rate could be a consequence of higher birth rate among the indigenous population – nenets (Socpol 2013a) (map 110).

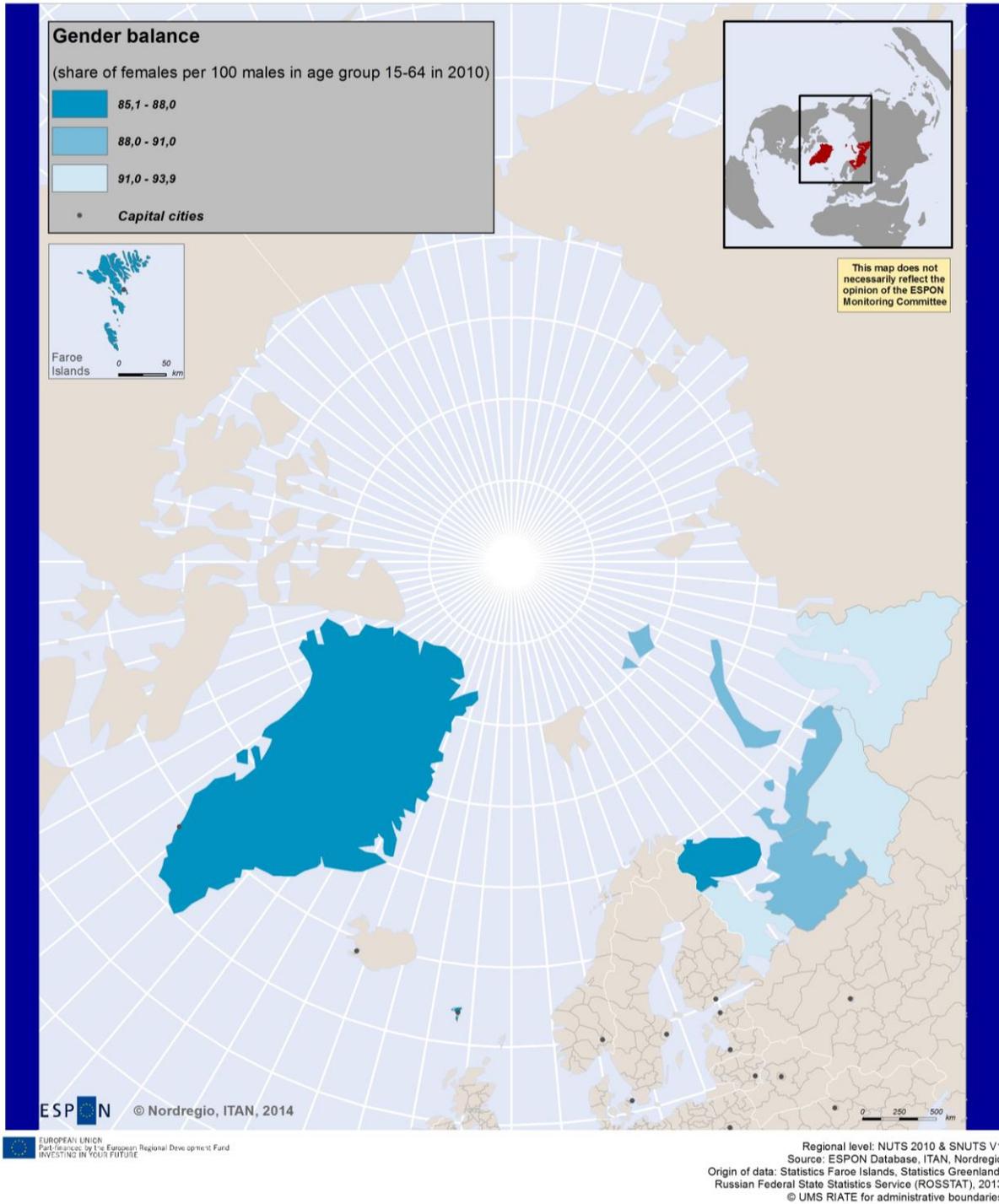
The Northern Neighbourhood is characterized by a relatively high share of children and young, particularly in Greenland, Faroe Islands and Nenets AO (20-22,7). The share of children and young in these regions is comparable to the North Caucasus and western Ukraine. In other Russian regions of the Northern Neighbourhood the share of children and young is lower and more comparable to the other parts of Russia which belong to the Eastern Neighbourhood (map 111).

As one might expect the share of elderly is low in the Northern Neighbourhood due to shorter life expectancy and migration of retired residents to the regions with more favourable climatic conditions. In fact, in the majority of the regions elderly account for 6-12% of the population, while in Yamalo-Nenets AO the rate is even lower (below 6%) (map 112). For comparison, in the Eastern Neighbourhood the respective indicator is above 12% in most regions except in the Caucasus.

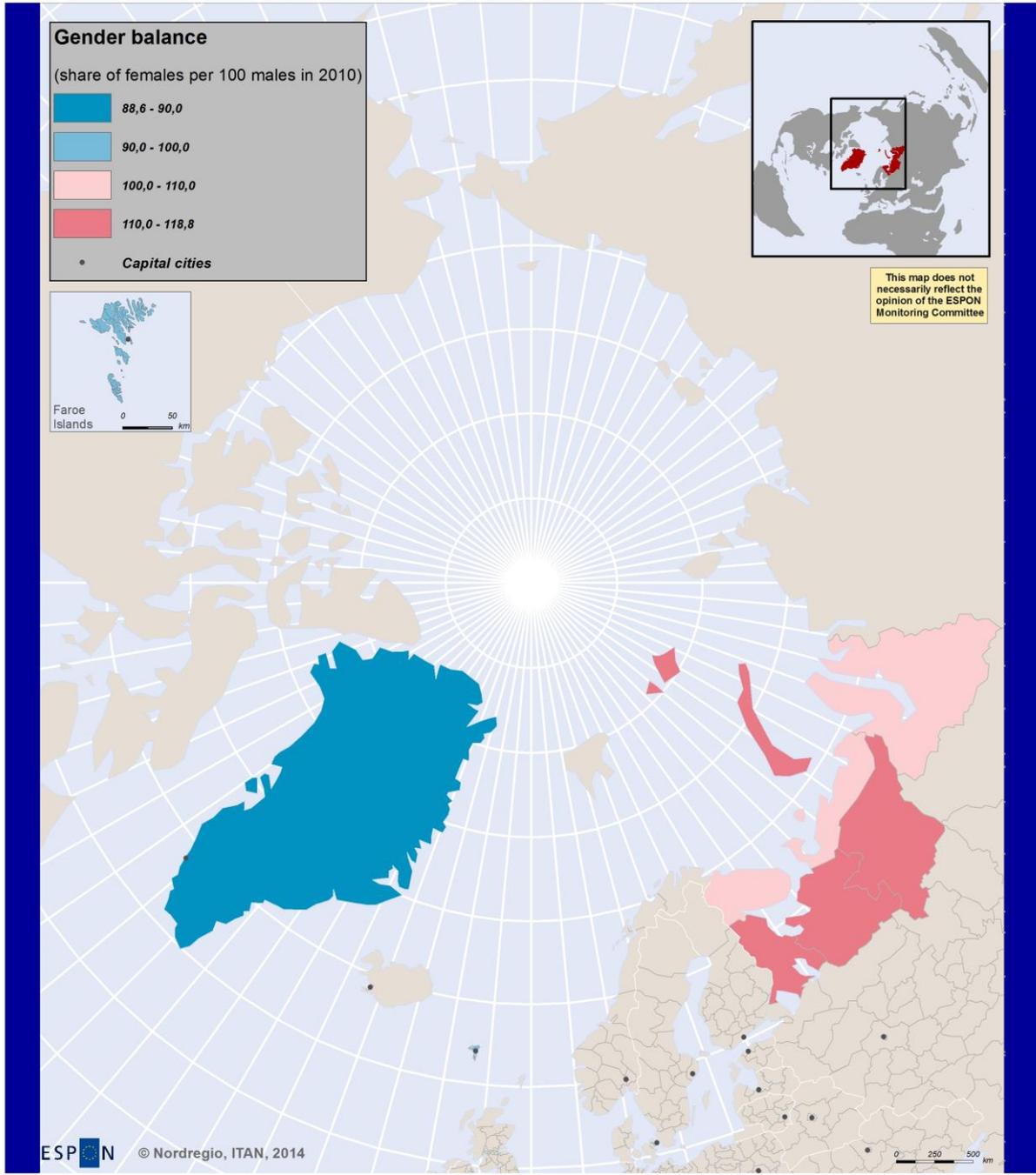
The proportion of child, young and elderly population is quite low in the Northern regions (21,8-30%). In Faroe Islands the proportion of these age groups in the total population is slightly higher (30-35%) (map 113).

Due to a low share of elderly in the population, the proportion of the population not in the work-force-age who are 'dependent' on those of working-age is relatively low the Russian regions of the Northern Neighbourhood. On the one hand lower dependency ratio lightens the financial burden on wage earners. On the other hand it signals about significant demographic challenges which are rooted in socio-economic problems. Primarily in Faroe Islands, but also in Greenland, the dependency ratio is quite high – similar to the values in the central and southern parts of the Eastern Neighbourhood (above 45) (map 114).

Map 106 - Gender balance of working age population



Map 107 - Gender balance total

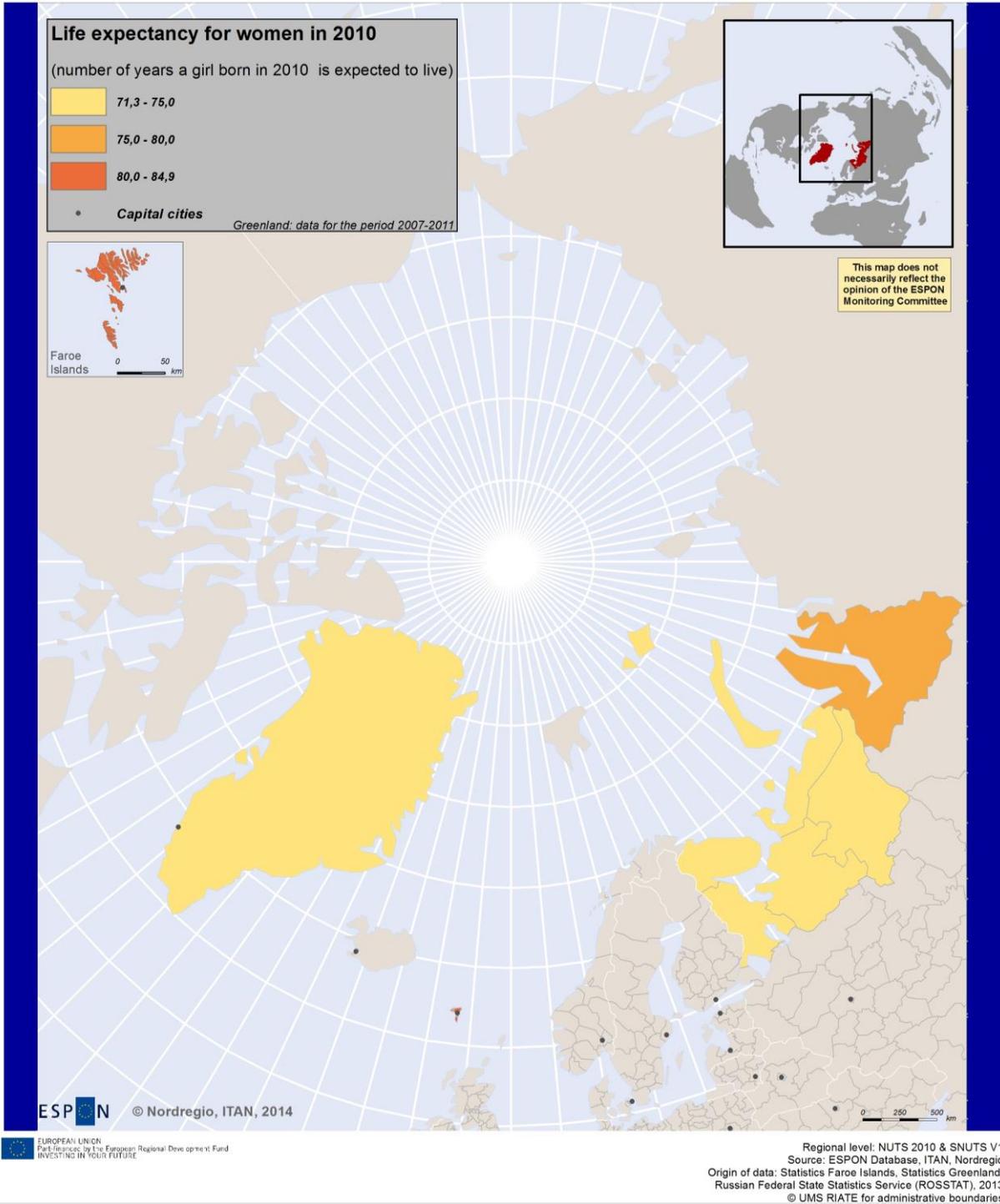


ESPON © Nordregio, ITAN, 2014

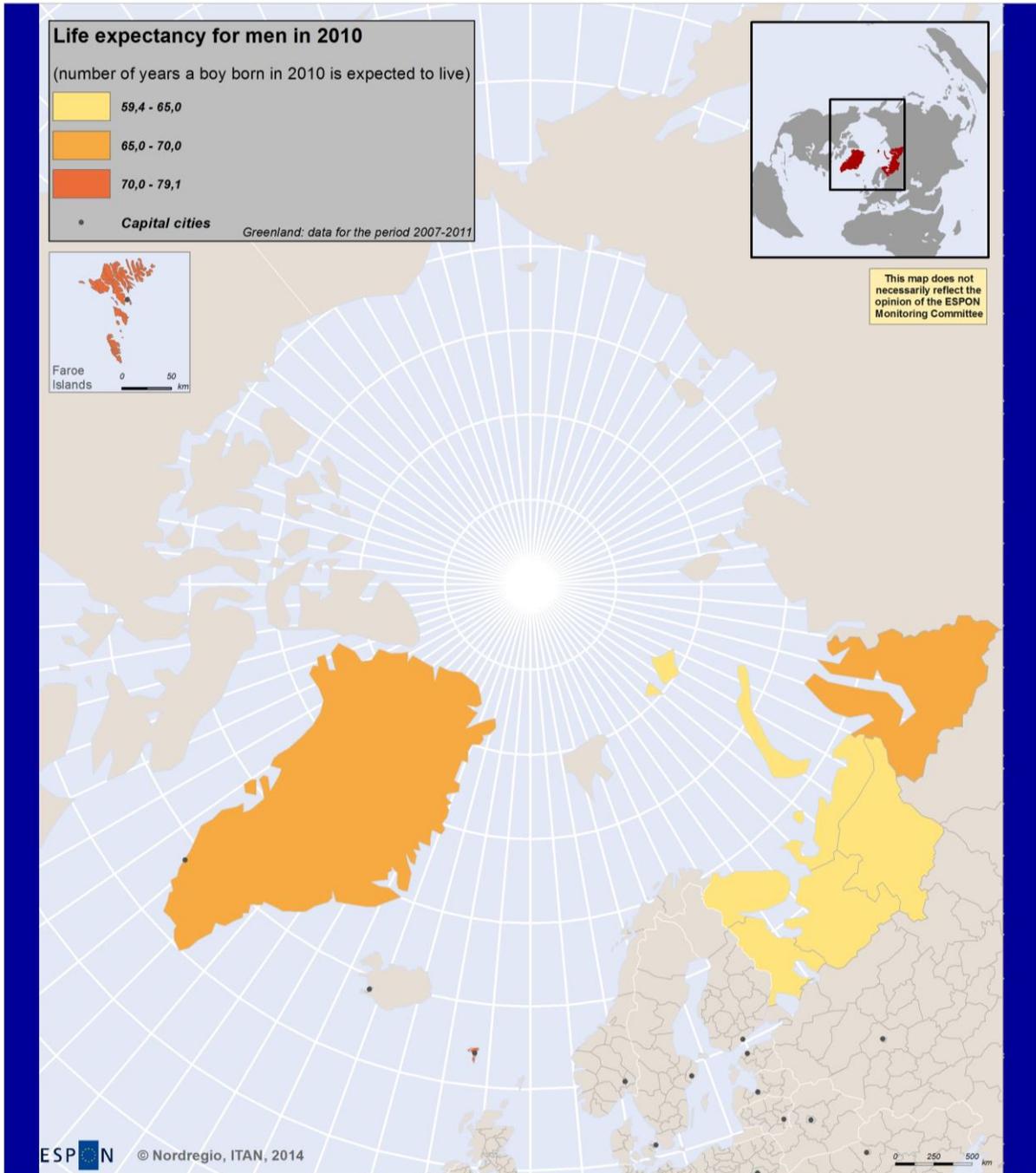
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Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: Statistics Faroe Islands, Statistics Greenland,  
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Map 108 - Life expectancy for women in 2010



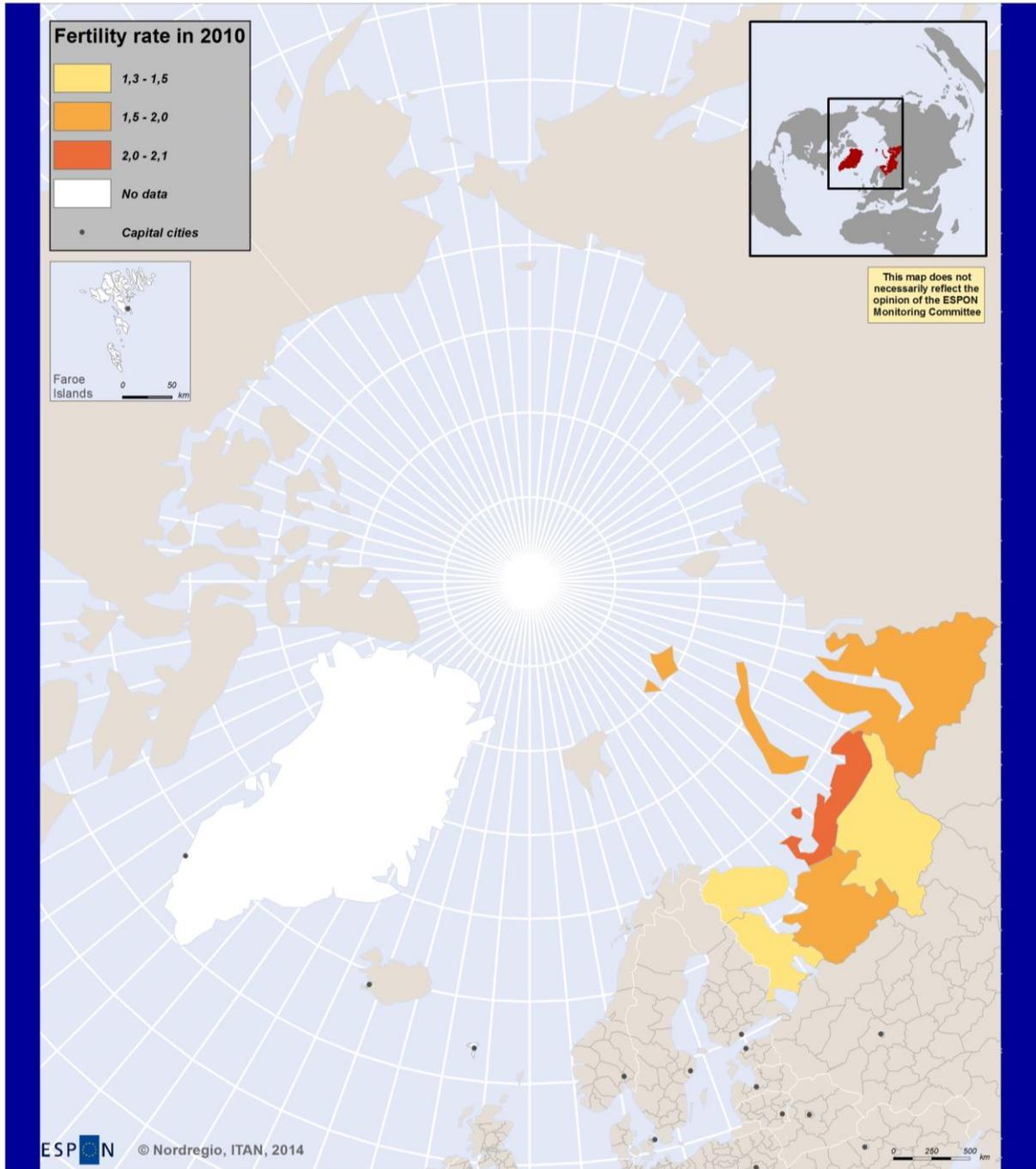
Map 109 - Life expectancy for men 2010



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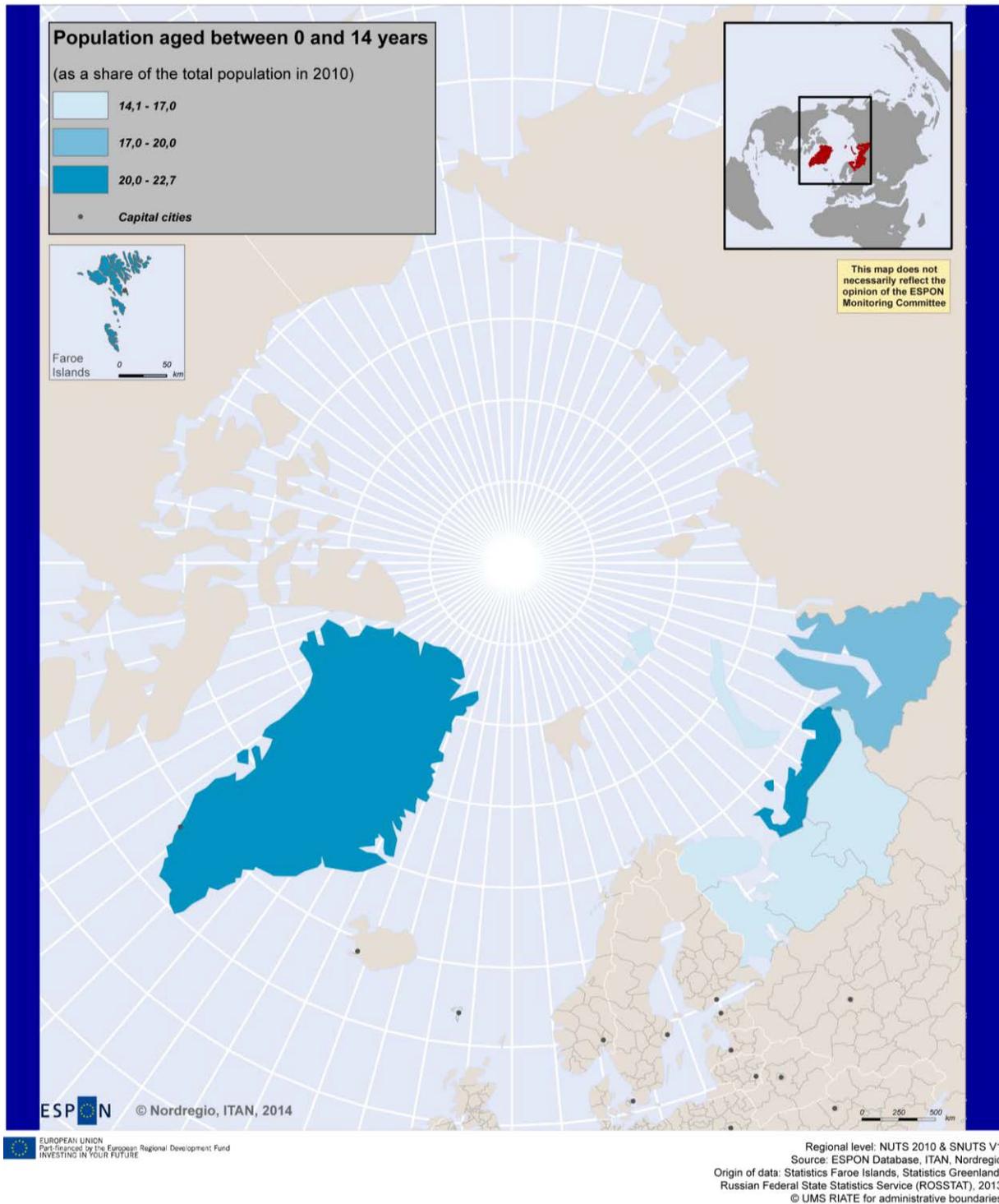
Map 110 - Fertility rate in 2010



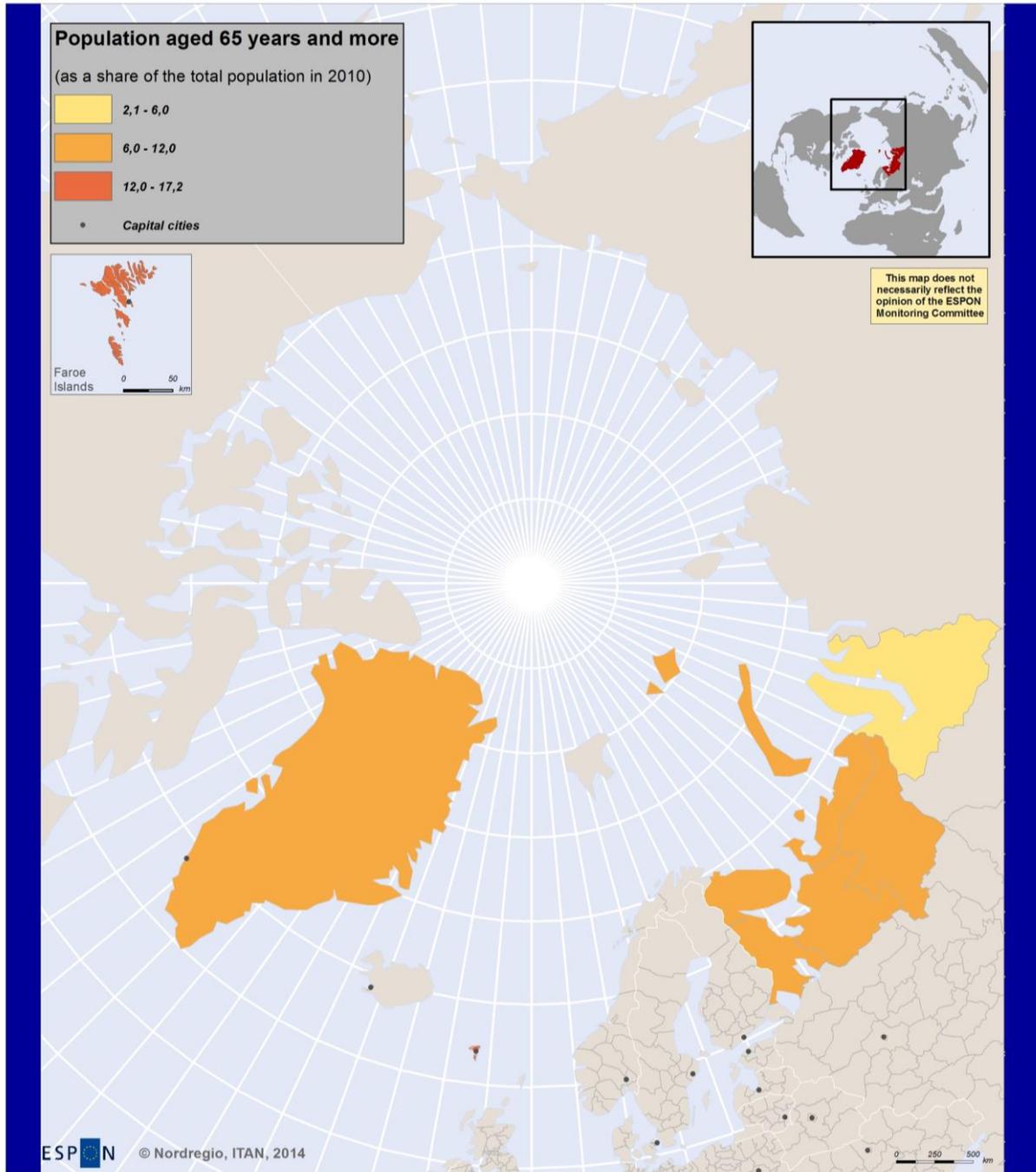
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Map 111 - Children and young as a share of total population in 2010



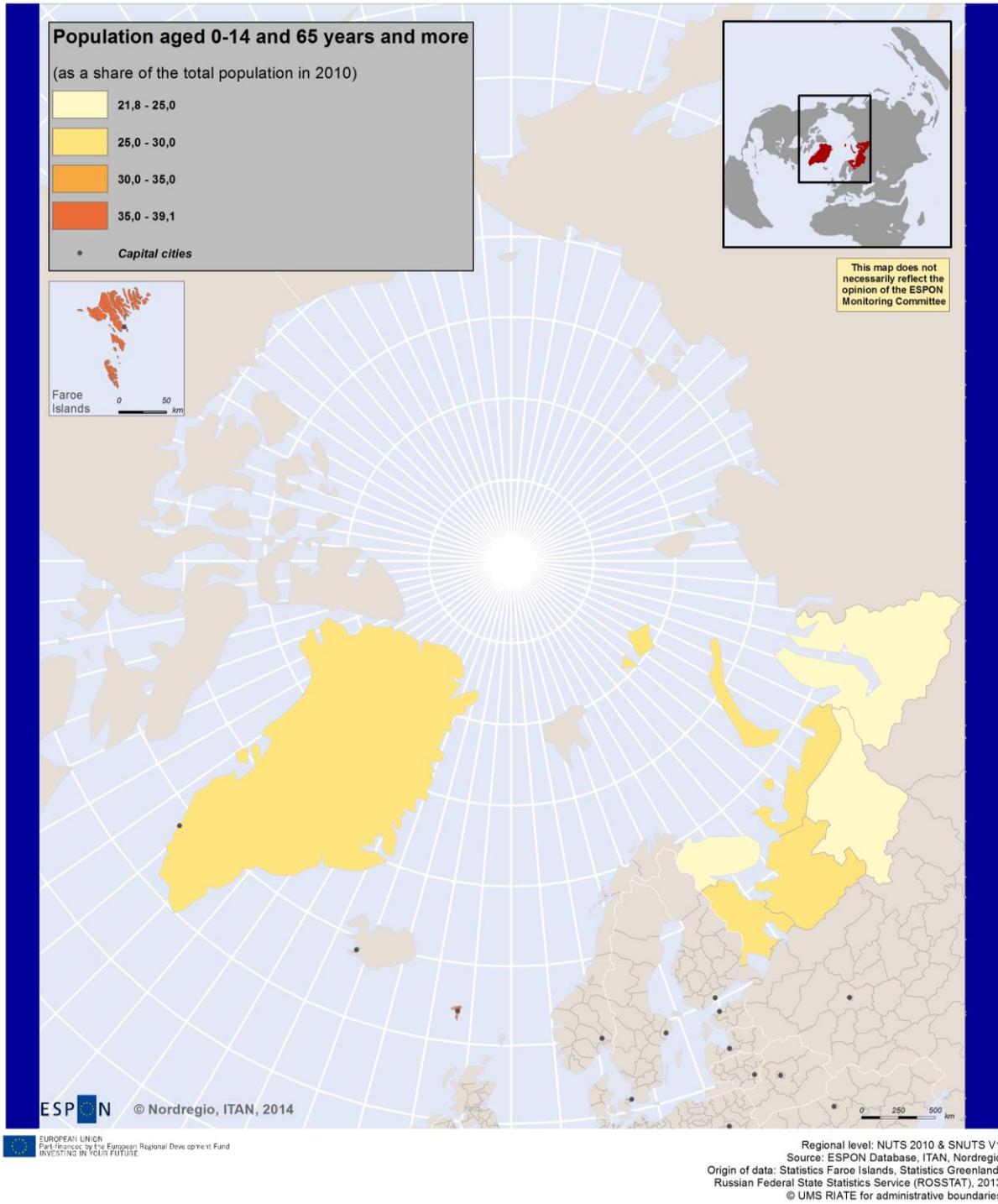
Map 112 - Elderly as a share of total population in 2010



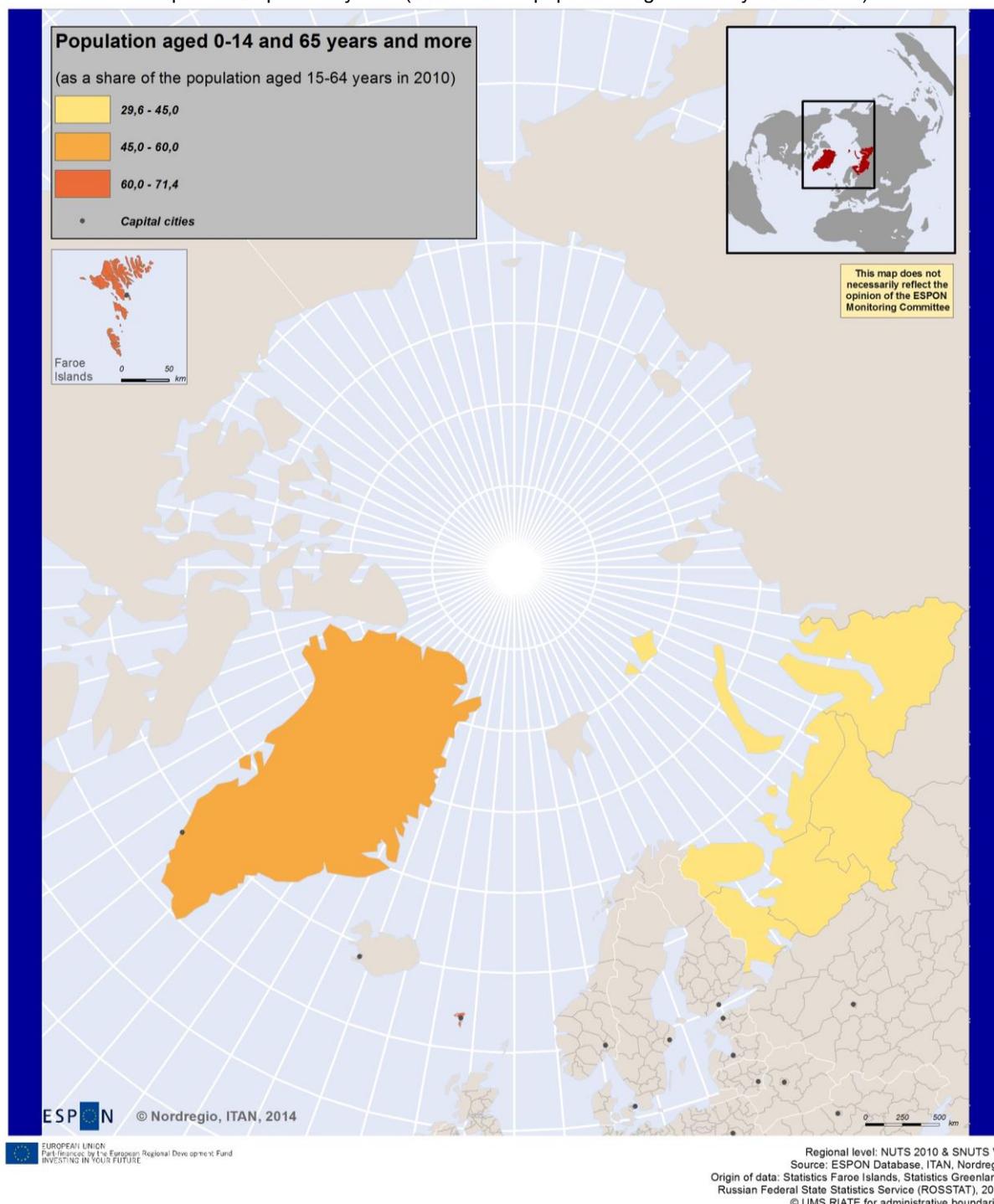
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Regional level: NUTS 2010 & SNUTS V1  
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Map 113 - Dependency ratio (as a share of total population in 2010)



Map 114 - Dependency ratio (as a share of population aged 15-64 years in 2010)



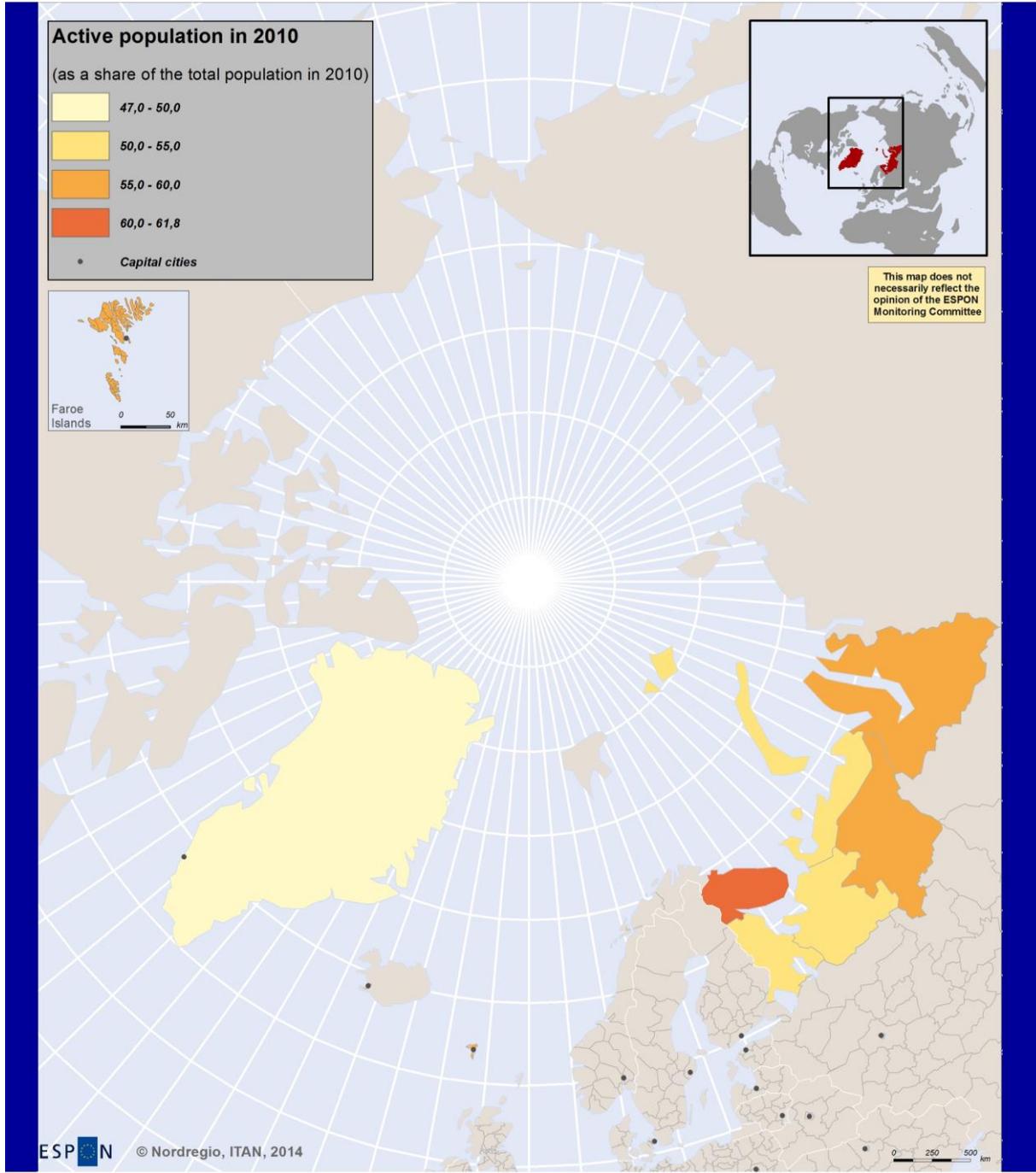
### 3.2.3. Economy

The active population (those in a job or seeking a job) in the Northern Neighbourhood constitutes on average 50-55% of total population in the Republic of Karelia, Archangelsk oblast and Nenets AO, and about 55-60% in Faroe Islands, the Republic of Komi and Yamalo-Nenets AO. The highest share of active population is in Murmansk oblast (60-61,8%) and the lowest in Greenland (47-50%) (map 115). A similar pattern can be observed when it comes to working population, with slightly better performing Yamalo-Nenets AO and Nenets AO (map 116).

GDP in the Northern Neighbourhood is the highest in Yamalo-Nenets AO, which is due to gas extraction activities. In 2010, Yamalo-Nenets AO accounted for about 80% of all gas extraction in Russia (Socpol 2013b). Yamalo-Nenets AO is followed by the Republic of Komi and Murmansk oblast in terms of GDP (map 117).

Looking at map 118 which shows GDP per capita, Nenets AO is dominating, followed by Yamalo-Nenets AO, Greenland and Faroe Islands. When it comes to Nenets AO, its GDP per capita is the highest among all Russian regions (about 7-8 times above the country average) [Socpol 2013b]. It is not surprising considering a small size of the population in the region and rapid growth of oil industry. However, it is important to note that the regional economies of Nenets AO and Yamalo-Nenets AO are narrowly specialized and based on exploitation of raw resources, which is far from being sustainable. Moreover, the regions pay high taxes to the federal budget.

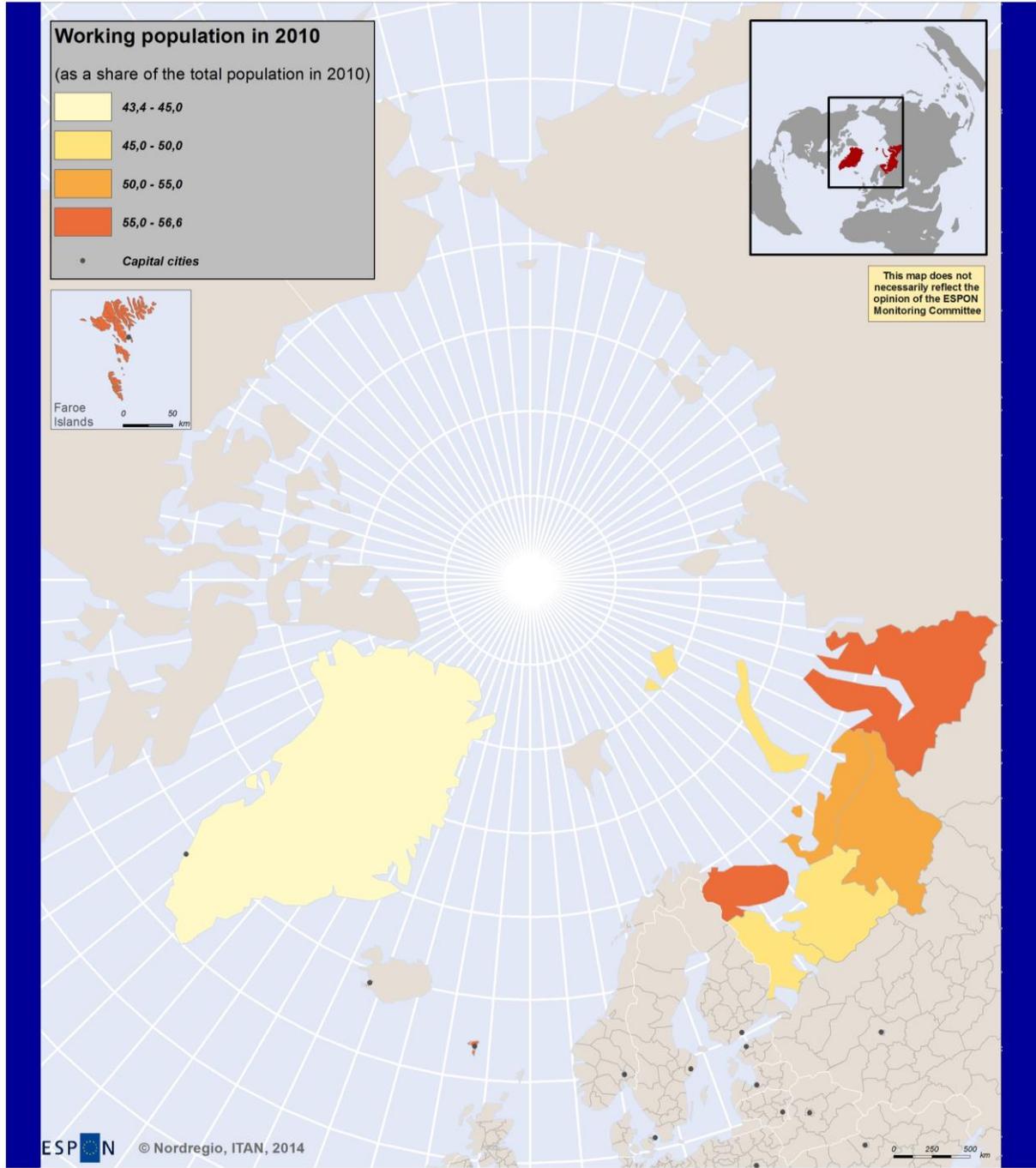
Map 115 - Active population as a share of total population in 2010



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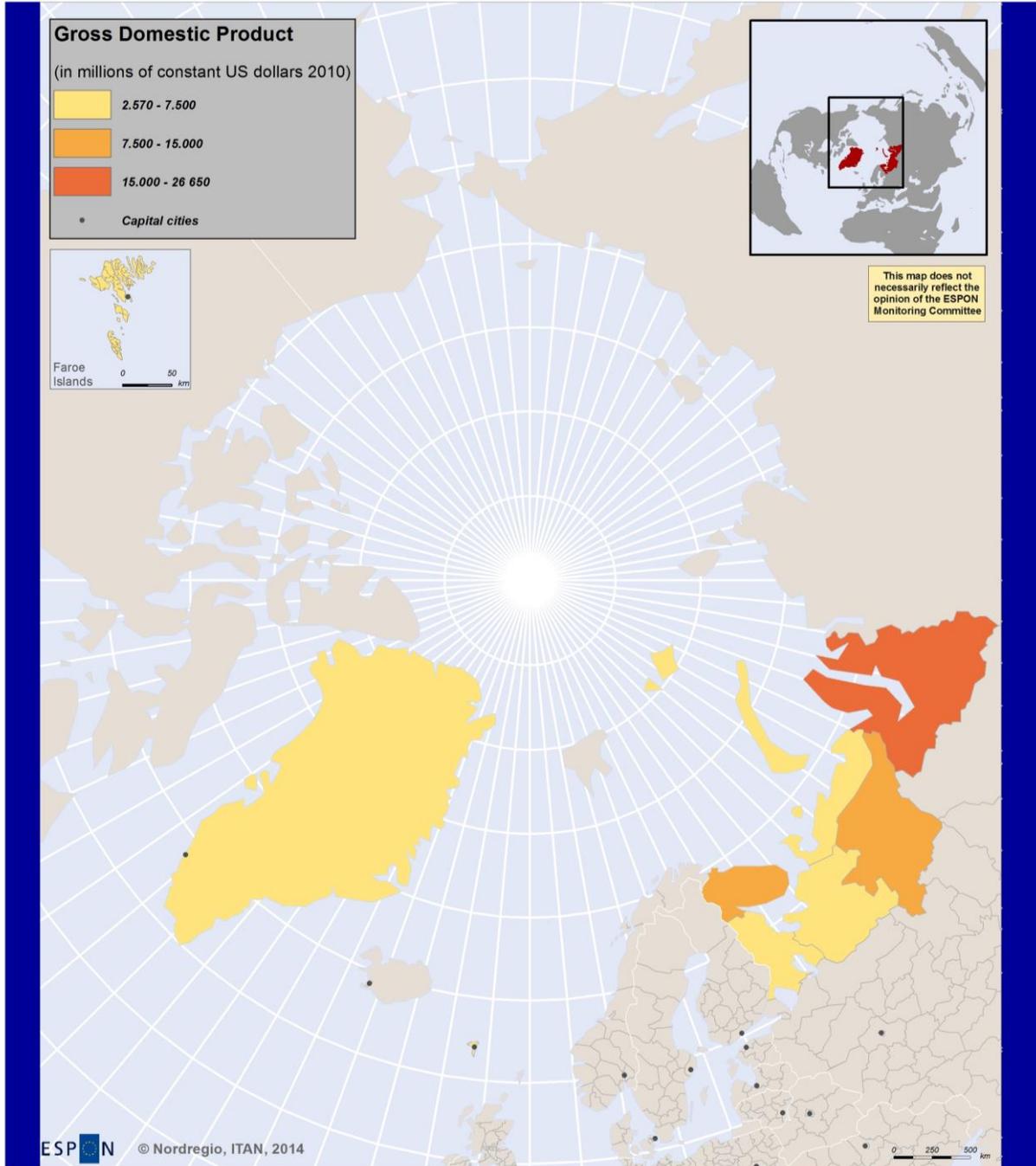
Map 116 - Working population as a share of total population in 2010



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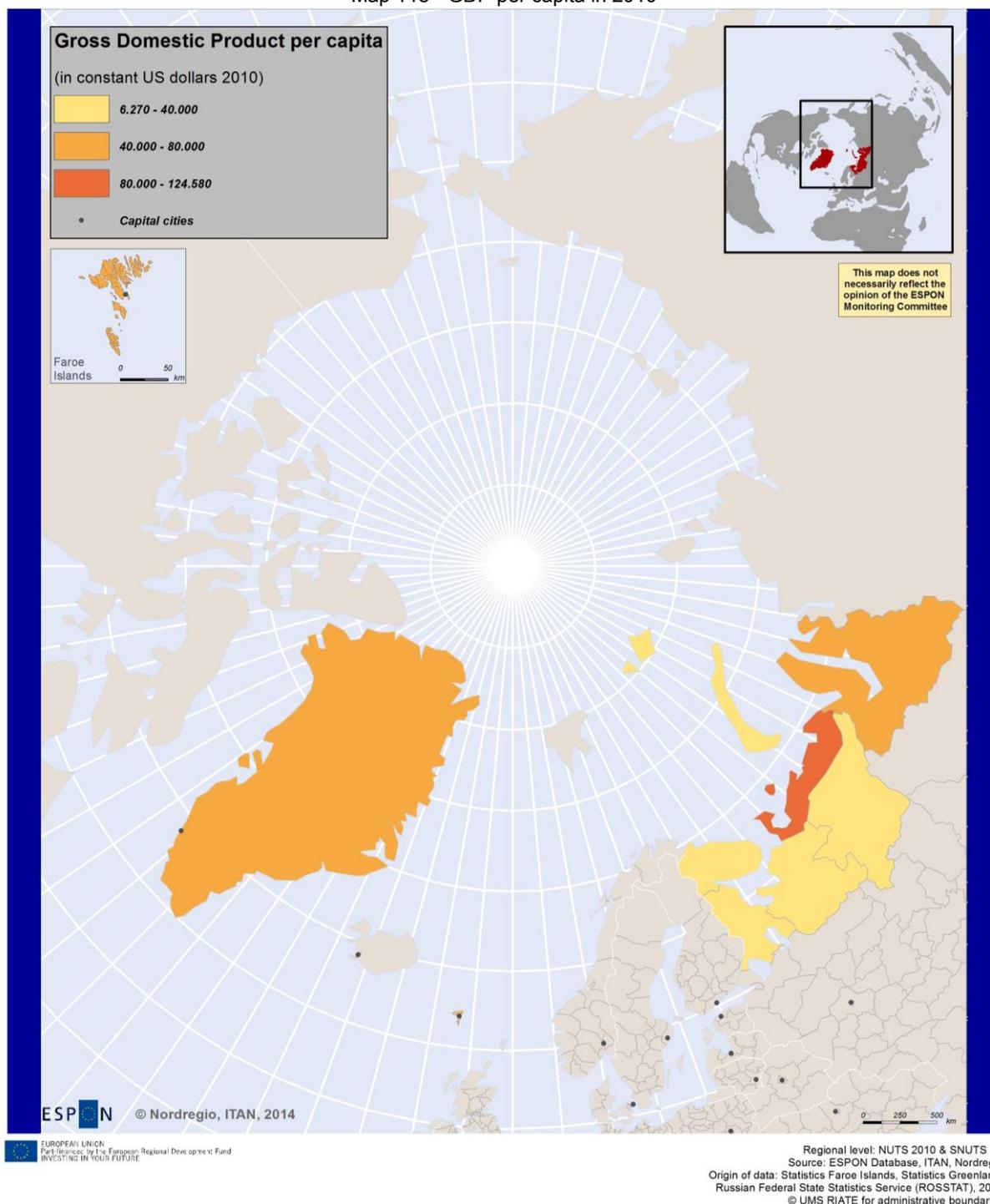
Map 117 - GDP in 2010



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Regional level: NUTS 2010 & SNUTS V1  
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Map 118 - GDP per capita in 2010



### 3.2.4. Environmental threats on the Northern Neighbourhood

The Arctic climate is harsh, with low temperatures, ice cover and polar nights during winter and a short summer seasons. It is inhabited by many species that are endemic to the Arctic which means if Arctic species is vanished, it is unlikely that a new one will take its place and replace its function in the ecosystem.

However, the Arctic is under major environmental threat from a multitude of changes happening in climate due to human activities. Depletion of the ozone layer, pollution, industrial fishing, nuclear

waste and oil spills as a result of petroleum activity or as a result of pipelines that are not well-maintained.

Climate change is almost certainly a process that will cause the single greatest impact in the Arctic region. This means that, without major reductions in global carbon emissions, the Barents Sea will be completely ice free by 2050 and will have implications for the habitat and many other ice-associated organisms. The amount of annual mean Arctic sea ice decreased over the period from 1979 to 2012 with a rate that is more than 50% for the summer perennial sea ice. Average decrease in decadal mean extent of Arctic sea ice has been most rapid in summer (high confidence); the spatial extent has decreased in every season, and in every successive decade since 1979 (high confidence) [IPCC 2013] (map 119).

Figure 34 - Multiple observed indicators of a changing global climate

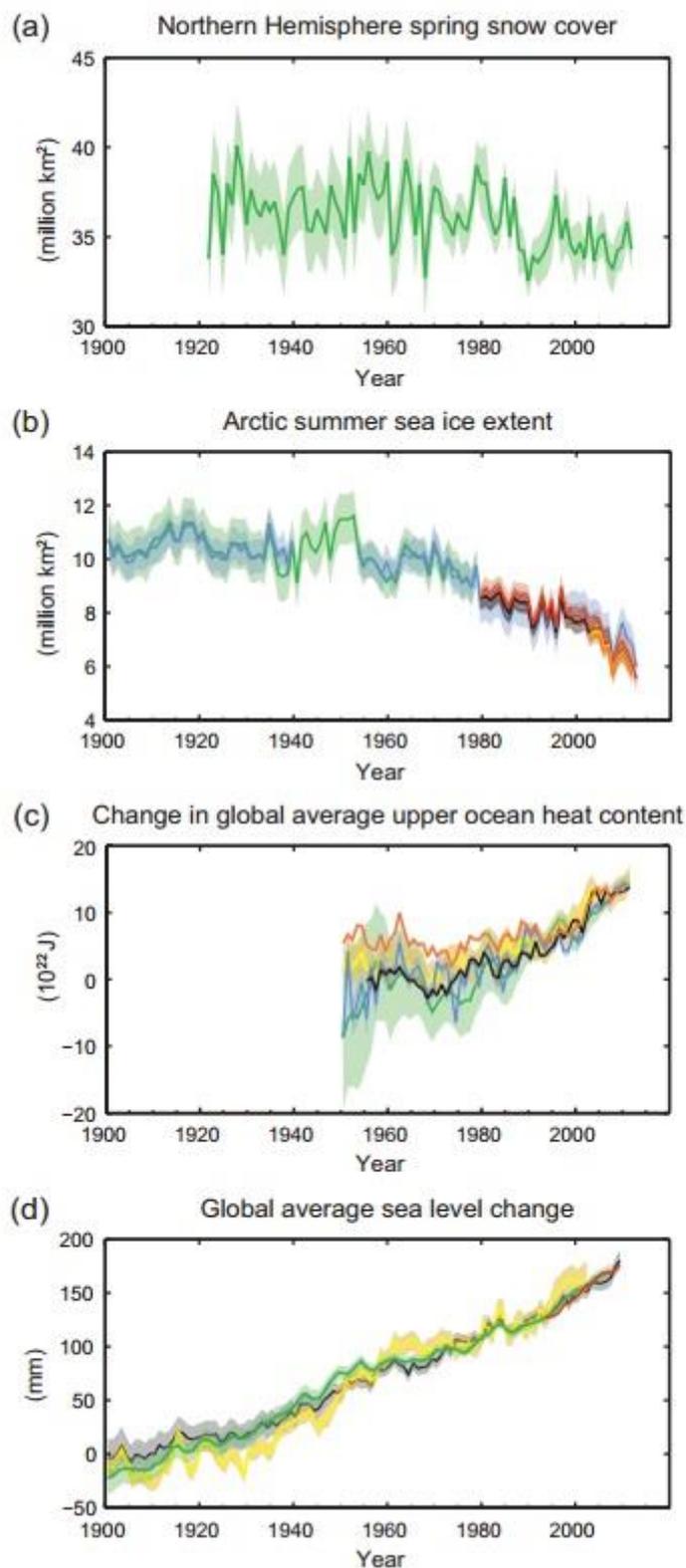
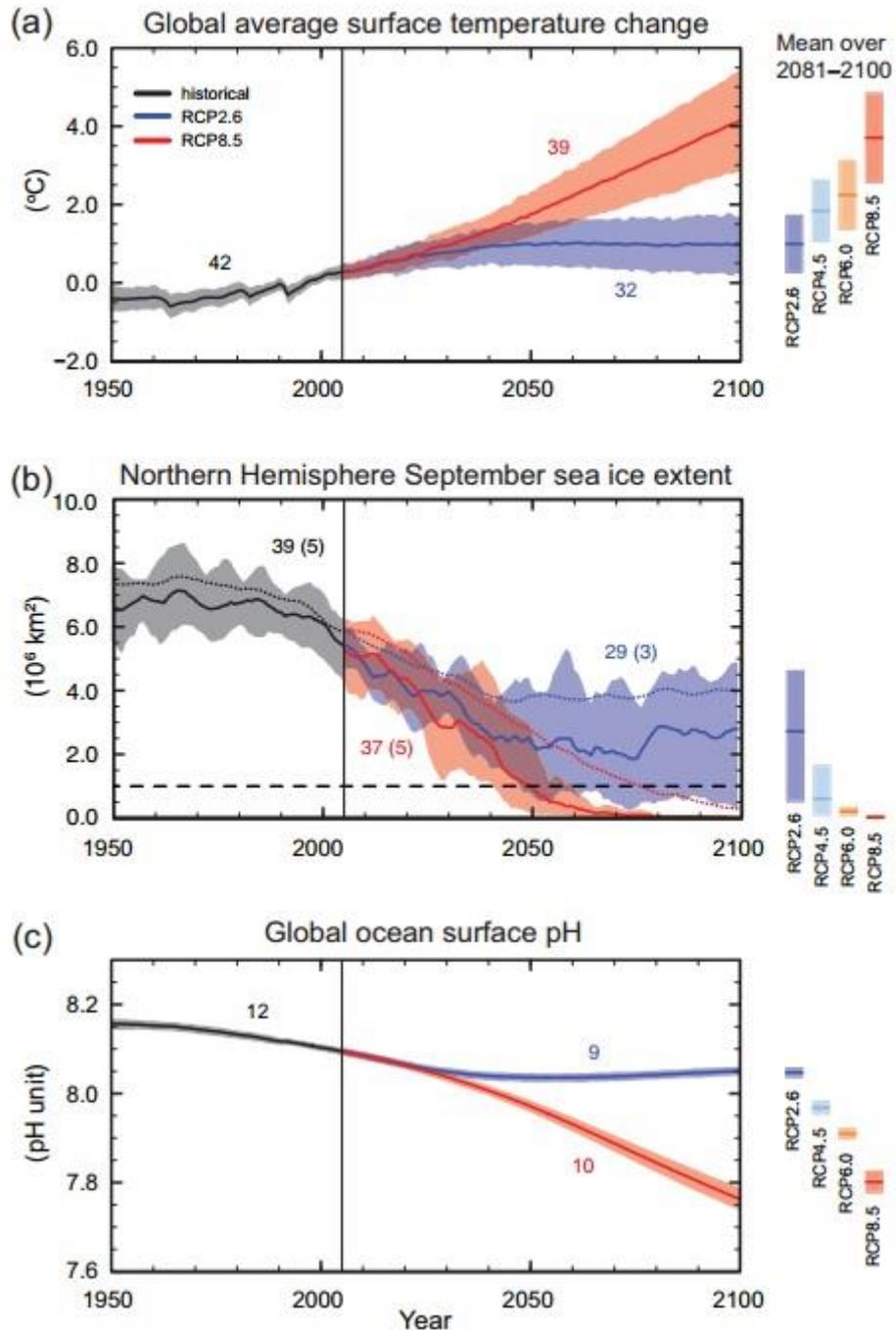


Figure 34 shows the multiple observed indicators of a changing global climate ranging from extent of snow cover in Northern Hemisphere during spring and summer (a and b) to the change in global mean upper ocean heat content and global mean sea level (c and d). There is an extraordinary increase in the sea surface temperature over the last three decades [IPCC 2013, p.8]. The regional effects of

climate change have already been observed in the region as the most severe effects of global warming have already been occurring faster in the Arctic than anywhere else on earth – almost twice the global average since 1980 [IPCC 2013, p.17]. IPCC predictions from 2013 indicate that the Arctic region will warm more rapidly than the global mean, and mean warming over land will be larger than over the ocean [IPCC 2013, p.18].

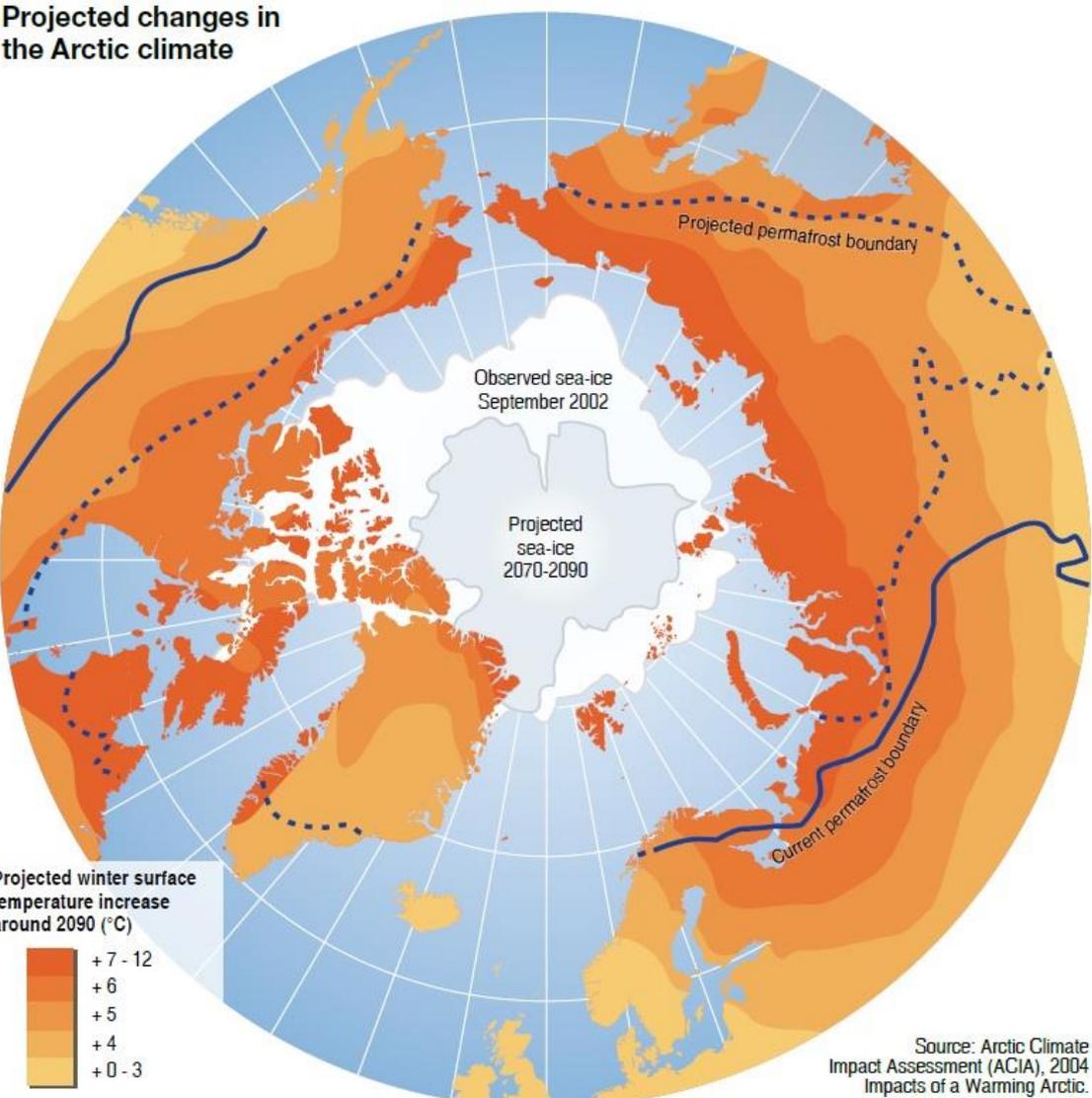
Figure 35 - Increase of global mean surface temperatures for 2081–2100



Source: IPCC 2013

Early predicted models on the region indicate that the Arctic will be ice-free during the summer by 2100, recent studies predict that this will occur as early as 2035 [Unep 2013]. Hence, the Arctic region is extremely vulnerable to climate change. It is very likely that the Arctic sea ice cover will continue to melt rapidly and that Northern Hemisphere spring snow cover will decrease during the 21st century as global mean surface temperature rises meaning that global glacier volume will further decrease [IPCC 2013, p. 22]. In particular, Arctic coastal communities and services are at risk of increasing threats of storms and shore erosion. Most of the communities have already been threatened by the impacts, and almost all villages are in search of relocation. Melting ground is putting the transportation and the construction of infrastructure such as roads and buildings in danger. Rapid warming of the Arctic climate is expected to lead to major changes in the vegetation and fauna [Climate Change and The North Atlantic 2009]. Thus far, melting of the Arctic ice cap has led to increased marine access and coastal wave action, changes in vegetation and fauna as well as changes in coastal ecology and biological diversity and production [ibid]. The map 119 shows the projected changes in the Arctic climate in 2090 based on Arctic climate impact assessment (ACIA) data from 2004. The map shows the surface temperatures over land, the size of the polar ice cap, and the outer limits of permafrost.

Map 119 - Projected change in the Arctic climate



Source: Protecting Arctic Biodiversity, Limitations and Strengths of Environmental Agreements, GRID Arendal-A Centre Collaborating with Unep [2010]

### 3.2.5. Synthesis

The Northern Neighbourhood is at times a display of contradictions. In terms of population the Northern Neighbourhood, contrary to what might be expected, is highly “urbanized”. Despite the very low population density, more than 90% of the population of Greenland and Murmansk oblast live in urban centres and about 80-90% in Yamalo-Nenets AO live in the urban areas. This is mainly due to the difficult climatic conditions, low accessibility of the region and a limited access to services (e.g. health care and education). Thus urban centres are becoming more attractive to live in.

The male working age population is slightly higher than the corresponding female population in the whole of the Northern Neighbourhood due to the prevalence of male-dominated industries such as oil and gas. Yet the female population of all ages is significantly higher in most areas. This is presumably because the male death rate is higher due to the health hazards associated with the oil and gas industries and excessive alcohol consumption. The exception is Greenland where the female population is dwindling as females tend to move away (mainly to Denmark) to get an education or to find employment. The indigenous populations in the Neighbourhood tend to have lower life expectancies, but higher birth rates. All-in-all the dependency ratio is quite low in the Neighbourhood.

GDP and GDP per capita is fairly high in the Russian parts of the Neighbourhood and as is the share of the active population. The situation is slightly different in Greenland and the Faroe Islands, although this may change as the opportunities for greater oil, gas and mineral exploitation open up on Greenland.

That the Arctic climate is harsh and cold is not news. However, the Arctic is under major environmental threat from a multitude of changes happening in climate due to human activities. Climate change is almost certainly a process that will cause the single greatest impact in the Arctic region, as the ice caps melt at an ever increasing rate. This means that, without major reductions in global carbon emissions, the Barents Sea will be completely ice free by 2050 and will have implications for the habitat and many other ice-associated organisms.

In addition the possibilities of increased transport with the opening of the Northwest Passage and the Northeast Passage will facilitate greater exploitation of these resources, thus making the Arctic an important geopolitical territory for both Europe and the rest of the world. At the same time this huge potential territorial capital also means that a very unique and vulnerable environment may be at risk of increased pollution and threatened by the risk of increased shipping and potential oil spills etc. This is explored to a greater extent in the case study below.

## 3.3. Case Study: the Arctic

### 3.3.1. General presentation

The Arctic region is one of the few places on earth that has not yet been nationally defined so there is no uniform definition of the region. Several definitions exist from natural science (ecologic, physical temperature), cultural and political boundaries perspectives (map 120 and map 121). For instance there is a cultural definition of the Arctic that includes the areas inhabited by indigenous Arctic peoples and their traditional hunting grounds. This definition refers to an area that is more than the Arctic Circle.

The region is referred to as the northernmost region of the Earth, including the area surrounding the North Pole. Most generally, the Arctic region is defined as the area above the Arctic Circle (dashed blue circle in the map 120), an imaginary line that circles the globe at 66° 32" N (Arctic monitoring and assessment program (AMAP)). The Arctic Circle indicates the latitude above which the sun does not set on the summer solstice, and does not rise on the winter solstice.

The Arctic region is made up of Arctic Ocean sovereign states. Politically, the Arctic includes the territories of the eight Arctic states (United States, Canada, Greenland, Russia, Iceland, Sweden, Norway, and Finland. Nordic countries constitute the Arctic states even though Finland, Iceland and Sweden have no territorial borders on the Arctic Ocean. On the other hand two of the Nordic countries,

Denmark (via Greenland and Faroe Islands) and Norway (via Svalbard) together with the United States, Russia and Canada are considered as the Arctic Five. Hence, the Arctic means considering more than one boundary and defining the region is a complex and challenging task that depends on which definition of the region is being used.

The Arctic resources were not clearly divided between countries at the outset. The Arctic catchment zone is now claimed by at least this Arctic five all of which have direct access to the Arctic Ocean. The Arctic is very complex in terms of its geological structure, is massive and mostly uncharted. There has been a strong interest in the Arctic region from countries on every continent. This is also proven by the number of signatories to the Svalbard and Spitsbergen treaties [Ebinger & Zambetakis 2009]. The Spitsbergen Treaty in 1920 acknowledged Norwegian sovereignty over Svalbard however gave mineral rights to various countries. For instance, Russia and Norway today continue to mine and export coal in the region. The Svalbard Act in 1925 made Svalbard part of the Kingdom of Norway<sup>13</sup>.

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<sup>13</sup> <http://lovdata.no/dokument/NL/lov/1925-07-17-11> , Accessed 01.11.2013

Map 120 - Three different definitions of the Arctic region



Notes. Map courtesy The Perry-Castañeda Library Map Collection.  
 Source: NSIDC 2013 Available at: <http://nsidc.org/cryosphere/arctic-meteorology/arctic.html>

Map 121 shows three different definitions of the Arctic region: the tree line (indicates the frozen landscape); the 10 degrees Celsius isotherm, and the Arctic Circle at 66° 32" North.

Map 121 - Definitions of the Arctic



Source: [Nordregio 2013]

China, Japan, South Korea and India have funded scientific missions in the Arctic region. There has also been sovereignty claims within various international frameworks that the region should remain

open to all nations under the international law concept of the 'common heritage of mankind' which would be influencing marketing activities concerning hydrocarbons and fisheries in the future.

The Arctic is subject to major and rather rapid changes in term of social, economic and environmental processes due to the impacts of climate change. Consequently, these processes will have significant impacts on the region's indigenous population.

#### *Historical links with the Nordic countries*

Nordic countries constitute an important part of the Arctic with strong historical links. First of all, a large part of Nordic land and sea areas lie in the Arctic region and Nordic countries constitute five out of eight Arctic Council member states. Nordic countries share similar interests and objectives regarding Arctic region. In this connection, the Nordic countries are highly involved in Arctic issues such as the promotion of social and cultural development of indigenous people in the northern areas and also the protection of the natural characteristics, resources and biological diversity of Arctic. Nordic co-operation in the Arctic is institutionalized both at the parliamentary level (e.g. Nordic Council) and also through governmental cooperation. The ties among the Nordic countries may become stronger in the future for collaborating around shared strategic objectives as interests in the Arctic will grow and new actors who want to be involved in the Arctic issues will emerge.

#### 3.3.2. Continuities and discontinuities

##### 1°) Arctic territorial governance situation

In the Arctic region, the international catchment zone (the Arctic seabed) is beyond the national jurisdiction limits and supposedly rich in minerals. The waters beyond the territorial waters of the coastal states are considered as the international waters. Activities in the international waters are expected to be carried out in the collective interests of all states, and benefits are expected to be shared equitably: High seas (i.e. international waters) and seabed.

The sea bed beyond the exclusive economic zones and confirmed extended continental shelf claims are considered to be the "heritage of all mankind" and administered by the UN International Seabed Authority. This means that it is not subject to national use for private interests and it is labelled "common heritage of mankind" by the Declaration of Principles Governing the Seabed (1970) and the Law of the Sea treaty. The Arctic is governed by international customary maritime law through UNCLOS<sup>14</sup>, and cooperation is led by the Arctic Council, in addition to bilateral agreements or understandings between states with competing claims [Ebinger & Zambetakis 2009].

The impacts of climate change, thinning sea ice and melting permafrost have started to unsettle the geographies of Arctic governance and created a new agenda with new strategic issues. These include management of "new" environment, oil and gas exploration, trade, economic development, discussion of a legal framework, most importantly; governance and security. As the region undergoes a vast transformation, new states and political entities wish to become involved in the Arctic governance.

Due to increased accessibility of vast mineral, hydrocarbon and fishing resources, national security interests will be focusing on the future development of the region. Thus, the potential developments in the region will be based on the impacts of climate change and consequently increased human activities. The melting of the Arctic ice cap raises challenges to the governance of the region in economic, environmental and security terms. In a long term perspective, decreased ice will give countries more opportunities to operate infrastructure in order to facilitate the exploitation of natural resources such as hydrocarbons and minerals. Furthermore, there will be an opportunity for increased access for commercial shipping and fishing.

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<sup>14</sup> UNCLOS, an already existing convention since 1982, allows the parties to strengthen their jurisdiction over Arctic waters and the potential resources within.

Regarding security questions, the presence and role of military in the Arctic will have to adapt to the new conditions in terms of undertaking new responsibilities; as the region becomes more accessible there will be more capacity for operations such as border patrolling, submarine activities, search and rescue. This will also require adaptation in terms of management of resources as monitoring of the Arctic waters will be of interest to the Arctic states. Since May 2011, all the member states of the Arctic Council have comprehensive Arctic strategies where they share some overall objectives. The roles of different organisations and forums show consensus on the general need for international cooperation on Arctic affairs and for the international governance of the Arctic. The Nordic strategies share same interests and policy objectives on the Arctic but have different perspectives on the Arctic roles of different organisations such as Nato and the EU. While Norway has emphasized Nato's role, Finland, Denmark and Sweden considered the role of EU as important. Many of the Nordic strategies place strong emphasis on the central role of the Arctic Council and with a wider mandate and involvement to new observers, the Arctic Council would be the natural place for such efforts [Ebinger & Zambetakis 2009].

However, considering the changes the Arctic is facing, there are also discussions whether the Arctic Council is resistant enough to accommodate these changes. Considering the new possibilities to exploit the region's vast natural resources, it is now up to discussion if the Council is still to be the predominant inter-governmental forum or if it should be succeeded by other forms of governance [Koivurova 2010]. Therefore, the discussion on the future of Arctic governance is focused on whether to create new structures or regulatory frameworks or build on already existing multinational frameworks. In order to attract international investment for energy and mining projects, a clear legal framework will be needed as it would be central to the management of fisheries, oil and gas exploration as well as to the national and energy security issues. It would also be central to the operation of commercial shipping and the management of possible accidents that may occur beyond the national boundaries, along with any other potential activities that may arise [Ebinger & Zambetakis 2009].

In conclusion, Arctic governance will need to grow in strength to meet to new policy challenges, given that the region is experiencing a vast transformation from being an inaccessible area to a new accessible region with new potentials and challenges.

## 2°) The territorial structure of the Arctic region/Mega trends

### *Harsh climate*

The Arctic is characterized by long winters with a low amount of sunlight (sun disappears above the Arctic Circle) and short summers with long hours of sunlight. Some parts of the Arctic are covered with ice or snow all year round. In Alaska, Iceland, northern Russia and the Nordic countries a maritime climate prevails with stormy and wet winters. Snow levels are between 60 and 125 cm. Summers in these areas are cool and cloudy with average temperatures around 10 °C [NSIDC 2013]. In other regions away from the coast the climate is continental, which is characterized by dryer weather, less precipitation and more sunny summer days. In winter the temperatures fall below -40 °C. In summer the upper layer of permafrost thaws and the average temperatures reach above 10 °C. In some interior regions of the Arctic summer temperatures can rise above +30 °C [NSIDC 2013]. Inversions are also typical for Arctic; when occurring over cities, inversions can trap pollutants and create smoggy conditions.

### *Sparsely populated and isolated settlements*

The Arctic region is characterised by peripherally, extremely low population density and sparse settlement structure. There are only a handful of big cities and towns where the majority of the Arctic population is concentrated. The settlements with a population above 50 000 inhabitants can be found in the Nordic countries, north-western Russia, Iceland and Alaska. In north-western Russia big urban centres emerged mainly due to development of resource extraction sector and due to establishment of the North Sea Fleet in case of Murmansk [Megatrends 2011].

The recent studies of AHDR [2004] and Rasmussen [2011] indicate the social challenges that Arctic inhabitants are experiencing including health issues, community fragmentation, economic and political disparities. About one third of the Arctic population is living in small and scattered settlements with a population of less than 5 000 inhabitants. These settlements can be found in north-eastern Russia, the Faroe Islands, Greenland and the eastern Arctic regions of North America. Number-wise small settlements are dominating in the Arctic. The livelihood of small settlements is based on the utilisation of local natural resources (fisheries, forestry, hunting and gathering, herding). These communities are highly dispersed and comprise numerous cultural and ethnic groups [Rasmussen et al. 2013].

As anywhere else in the world, urbanisation process is taking place in the Arctic. The urban centres are becoming more attractive to live due to educational possibilities, better employment opportunities and access to a diversity of services. The urbanisation process influences the structure of the rural settlements and some small communities are in decline [Rasmussen et al. 2013].

#### *Geographic and accessibility barriers*

Due to natural preconditions, the access to the Arctic region has traditionally been limited. Long distances and physical barriers between the communities make the accessibility and communication between the settlements difficult. Although the Arctic region has become more accessible due to development of modern transportation, infrastructure remains scattered across huge territories. Infrastructure development in the Arctic is in many cases linked to the distribution and access to natural resources and their value, meaning that Arctic towns and infrastructure were often built around exploitation of nearby resources. The lack of agriculture is another reason behind poorly developed infrastructure, as there was no need for development of the internal transportation infrastructure to move agricultural products to markets in the Arctic [Rasmussen et al. 2013].

The communities in the Arctic today are to a large extent dependent on air transport. Air routes mainly connect the peripheral areas with the largest urban centres, while the accessibility to the small settlement remains extremely low. In this regard, smaller settlements have the worst access to necessary means and variety of services, including health care and education. Some parts of Russia and Alaska, Faroe Islands, Canada and Greenland are island type settlements and are only accessible by airplane or boat. Overall in the Arctic, and for the island economies in particular, low accessibility reduces market access and is an obstacle for achieving critical mass [Megatrends 2011].

#### *Focus on primary sectors and other business opportunities*

The Arctic region's economy is based on natural resources and their exploitation, which are not evenly spread across the region. The primary sectors play an important role in the economy of Labrador in Canada (minerals) and Nenets region in Russia (oil and gas). Besides the above mentioned non-renewable sources, the forestry sector provides a steady income and offers employment in these regions. The traditional economic activities, such as hunting, fisheries and herding still play important role for the northern communities in Iceland, Faroe Islands, Norway and Greenland. These renewable resources are mainly locally consumed [Rasmussen et al. 2013].

In Nenets region, Labrador, Faroe Islands and Svalbard the primary sectors account for about 20-40% of employment. For the whole Arctic region the proportion of employees working in the primary sectors accounts for less than 10% [Megatrends 2011]. The region is characterised by a dispersed business base and relatively low economic diversity. Business opportunities are primarily linked to further exploitation of region's natural resources. There is a growing international interest to develop mining, energy production and aquaculture in the Arctic [Megatrends 2011]. In terms of value, petroleum is the most important resource in the Arctic. Already in 2002 about 16% of the world's petroleum and about 25% of natural gas originated from the Arctic. About 10% of world's wild fish was caught in the Arctic in 2002. Moreover, about 10% of world's supply of nickel, cobalt, palladium, apatite and platinum comes from the Arctic. Among other resources in the region valuable for the worldwide markets are diamonds, gold and zinc [Rasmussen et al. 2013]. Besides capital intensive industries oriented towards global market, nature tourism is gaining popularity and reaching new frontiers. It is expected that most categories of tourism will flourish in the Arctic, particularly land-based tourism and large

cruise shipping [Megatrends 2011]. An important favouring factor for the expansion of any economic activities in the Arctic is related to projected extension of the navigation season and improved access to the resources due to ice melting [Megatrends 2011].

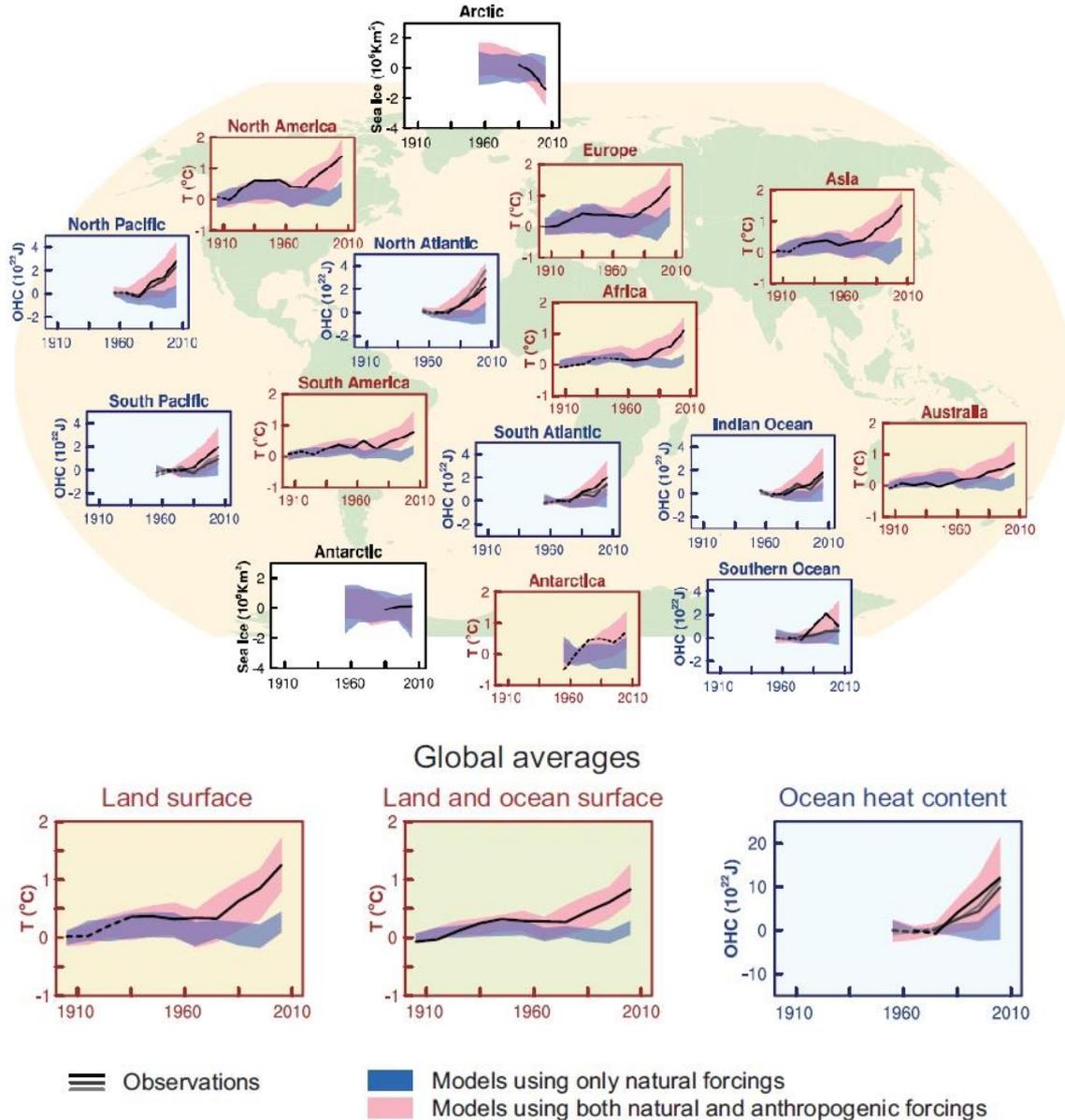
### 3°) Natural Resources

#### *Climate change - both negative and positive*

The first circumpolar analysis of the impacts of climate change in the Arctic region was provided by ACIA [ACIA 2005] that showed clearly the region is extremely vulnerable to global climate change. The most recent analysis provided by the IPCC Report [2013] states that the Arctic sea ice extent (annual, multiyear and perennial) and Northern Hemisphere spring snow have continued decreased over the period 1979-2012.

It is further stated that sea-surface temperatures in the Arctic are anomalous in the perspective of at least the last 2 000 years. This means that these measurements accelerated during the 1980-2012 period, in comparison with the 2 000 year history. It is likely that there has been an anthropogenic contribution to the very substantial Arctic warming since the mid-20th century [IPCC 2013, p.15]. The figure 36 shows the comparison of observed and simulated climate change based on three large-scale indicators in the atmosphere, the cryosphere and the ocean: change in continental land surface air temperatures (yellow panels-here it looks like pink), Arctic and Antarctic September sea ice extent (white panels), and upper ocean heat content in the major ocean basins (blue panels). Global average changes are also given.

Figure 36 - Natural resources in the Arctic



Source: [ IPCC 2013, p.16]

Rising global temperatures due to climate change and declining sea ice are the main factors in an increased strategic interest since there is an opportunity of reaching the region's fossil fuel resources via potential new shipping routes. Human activity will increase as the region becomes more accessible via maritime transport, commercial shipping, tourism, fisheries and also via natural resource exploration activities such as oil, gas and minerals. This will provide new opportunities for the mining and tourism industries and will also have implications for the overall economy of the region.

While this warming trend brings new economic opportunities, it also brings major challenges to the region that was once a remote area. According to the current global warming trend, the Arctic region will be warming more rapidly than the global mean, and mean warming over land will be larger than over the ocean. Accordingly, global climate change has placed the Arctic into the centre of geopolitical discussions as Arctic ice cap is melting and transforming the region from a scientific interest into a complex set of commercial, national security and environmental interests and concerns with profound implications for the international legal and political system. This hazardous feedback cycle will

contribute further to the foreseen consequences of the warming trend. Policies are needed to make a change in the phase of vicious circle of climate change [Ebinger & Zambetakis 2009].

Melting of the icecap is inducing a grey surface as black carbon from incomplete hydrocarbon combustion lodges itself in snow and ice, causes what was once a reflecting sunlight from the surface is to absorb more sunlight, melt, and warm the water; causing rapid and extensive ecological change and known as “tipping points”. The increase in water temperatures change the distribution of sea ice and have severe impacts on ice-dependent flora and fauna that is unique for the region. These changes in the timing of sea ice melt will produce significant changes in annual light, which in turn will have major consequences for polar ecosystems. The loss of permafrost, migration of animals and fish could have a distressing effect on the composition of biodiversity and on indigenous population whose cultures are linked with them in the region.

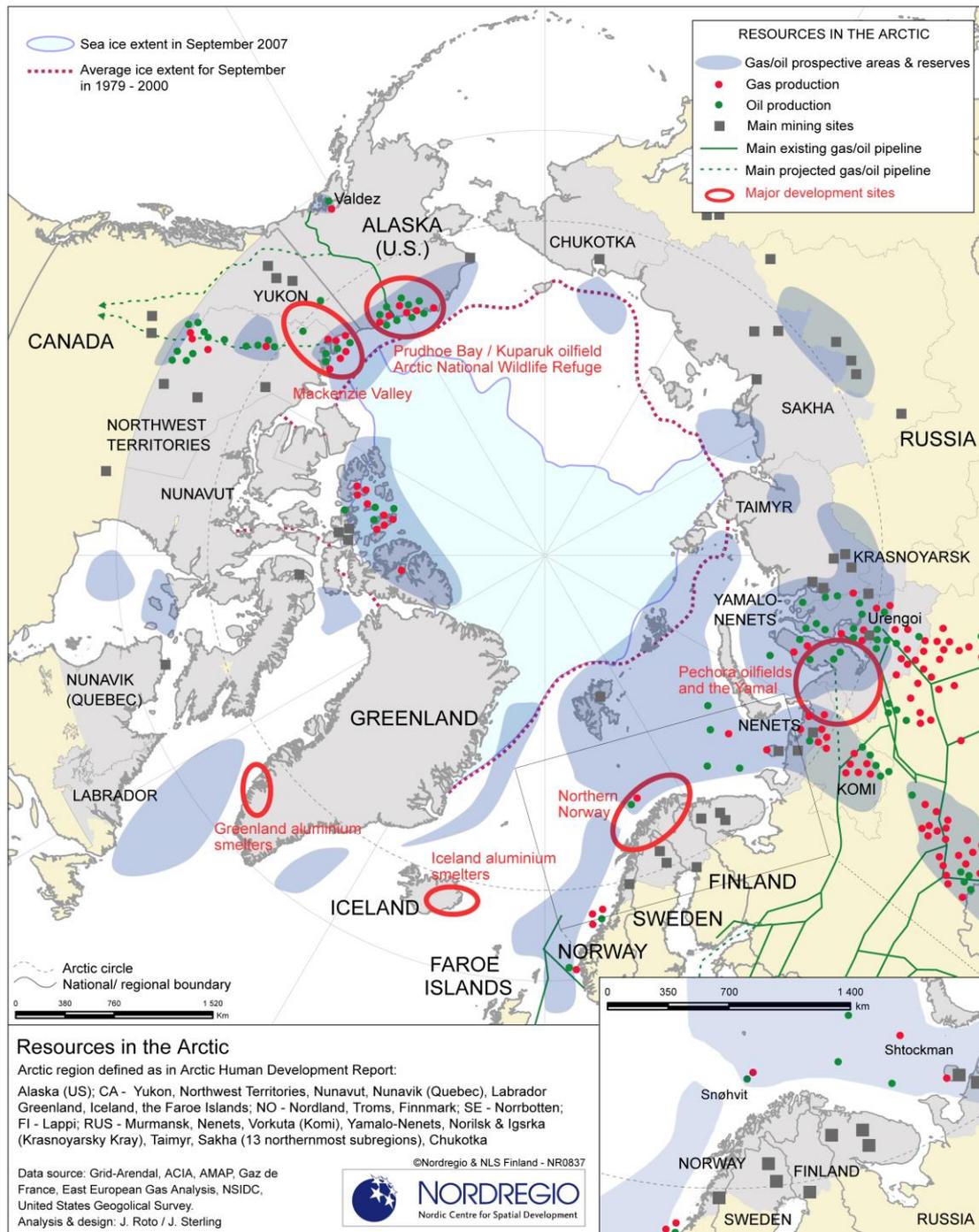
#### *Melting icecap and open shipping lanes*

The climate change is opening up a new and broad agenda of strategic issues to be discussed. These issues cover management of natural resources such as oil, gas and fish and also consideration of environmental protection, new shipping lanes due to the melting of the Arctic ice, shipping trade, economic development, legal issues as well as governance and security. Melting of the Arctic ice is and will be producing new global and regional challenges but will generate opportunities as well. It will take time to observe the impacts of these opportunities but it is most likely that melting of the ice cap will lead to an increased access to natural resources in the Arctic, and the possibility of new shipping routes and regional economic development.

The potential hydrocarbon mine of the region holds a great potential for local communities in terms of economic benefit. While detailed information on Arctic petroleum resources still remains limited, the proportion of natural gas to oil in the region’s hydrocarbon resources is three times more [US Geological Survey 2008]. Besides hydrocarbon resources, when Arctic ice disappears the new shipping will reduce the maritime distances between the continents of Europe and Asia, providing strategic alternatives to other countries such as Japan, which would have an interest in Arctic access owing to its current dependence on shipping through the Strait of Malacca for most of its energy supplies [Ebinger & Zambetakis 2009].

The Arctic Region holds big potential in terms of energy resources [Rasmussen 2011; Ebinger & Zambetakis 2009]. There are transport and technological difficulties to uncover the Arctic resources as natural gas requires expensive and rather complex infrastructure. Lack of adequate technology is a key barrier to the access in Arctic resources in the short term but perhaps not so in a longer term perspective. The map 122 shows the different gas, oil and mining resources in the Arctic. The diminishing sea ice extent of the Polar Sea is displayed during the last decade. The map also shows potential and existing sites of mineral and energy resources in the Arctic region.

Map 122 - Main sites and areas for gas & oil production including infrastructure, main mining sites and sea ice extent in the Arctic



#### 4°) Renewable energy and green economy

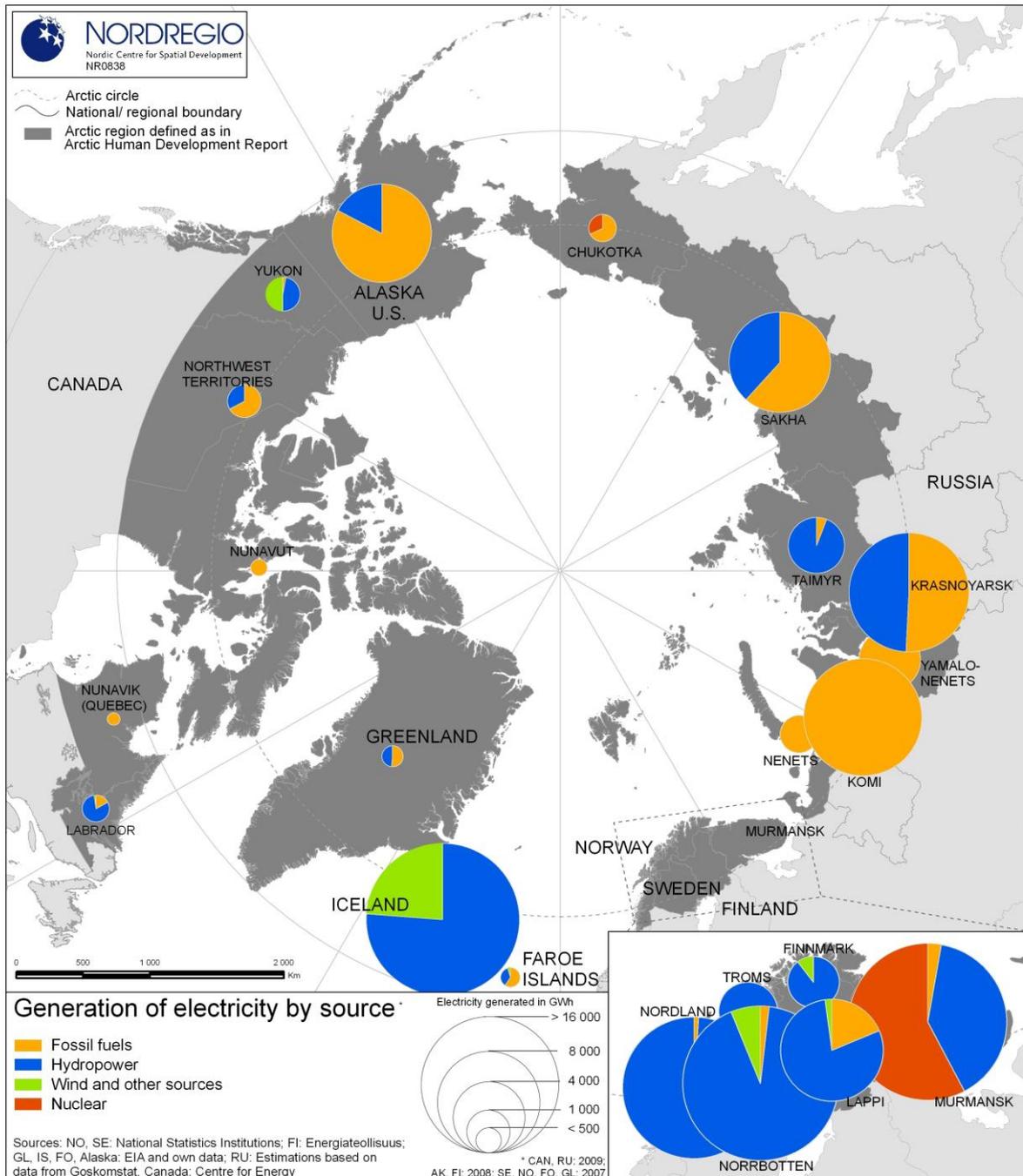
The melting of the ice cap tends to initiate a number of scenarios all related to a potential conflict between the Arctic coastal states concerning maritime border disputes [Hong 2012]. Furthermore, there is an emerging interest of non-Arctic states in shipping and polar research which is adding indefinite elements to the geopolitical development of the Arctic.

The role of continuous energy consumption based on non-renewable carbon and hydrocarbon sources is evident in the major changes that the Arctic region is now experiencing. The region is going through some of the most rapid climate changes on earth. Burning of fossil fuels is contributing to the melting of the Arctic twice as fast as the rest of the world, creating negative effects through feedback effects (tipping points), sea level rise and increased ocean acidity on the livelihoods and ecosystems in the region. Therefore, Arctic oil exploration would further exacerbate the catastrophic effects of climate change. On the other hand, making investing in renewable energy sources and transition to a green economy would provide the Arctic a number of possibilities in terms of future development. Arctic holds a large supply of renewable energy sources. Focusing on “green economy” provides the Arctic with new perspectives in relation to upcoming climate changes and the need for new ways of exploiting the renewable resources. It would also provide possibilities for new economic activities and green jobs [Rasmussen 2011]. New questions will arise with the potential flow of consumer goods to the region. There will be a need for finding ways of recycling. Here the role of household waste and packing materials will be important in terms of local energy development via industrial symbioses and district heating supply.

Arctic’s contribution to the CO<sub>2</sub> emissions is minor when compared to industrialized and industrializing countries. However, many regions in the Arctic are among the largest consumers of hydrocarbons per capita [Rasmussen 2011]. Therefore, the transition from natural resource use to renewable energy resources is considered to be a long term process. In the map 123, the current increase in generation of electricity and the share of renewable energy are reflected. The map indicates that renewable technologies are needed to make a green shift and sustain the climate in the Arctic.

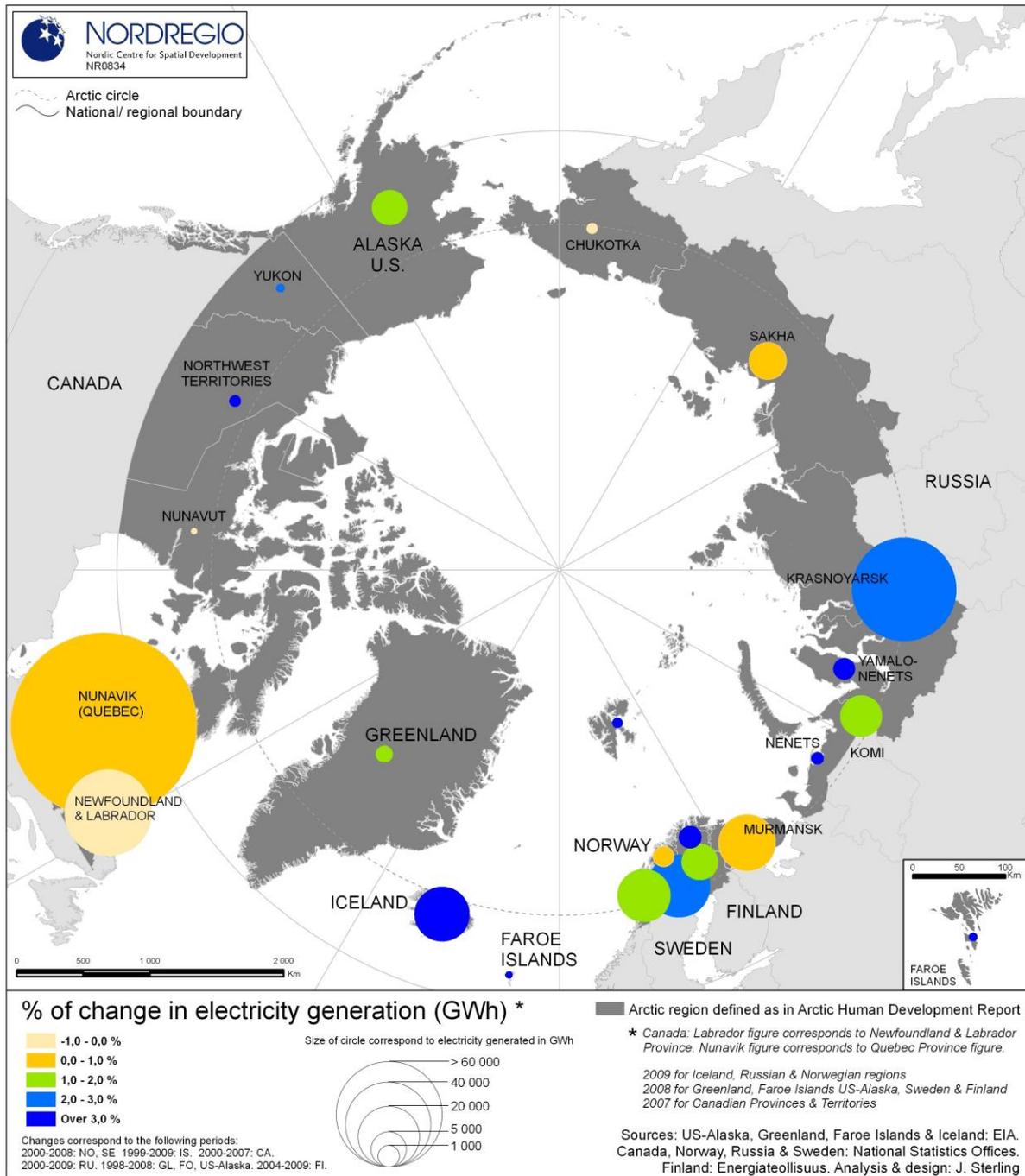
Currently, the Arctic is dependent on imports due to the amount of hydrocarbons used. Distances and transport costs are critical issues. Green economy and renewable energy development will determine the future of the region in terms of how it will sustain its climate. How Arctic will pursue development strategies is a critical question both from a political and a practical perspective.

Map 123 - Generation of electricity by main sources in the Arctic region



Map 123 shows the generation of electricity in GWh per region (size of the circles) subdivided into four classes: fossil fuels (orange), hydropower (blue), wind and other renewable sources (green), and nuclear energy (red). Hydropower is usually a large-scale dam-based system though river-based floating generators are also in use in the Arctic as are small scale dam-based systems. Wind power is currently the most widely used renewable generating system, but photovoltaic systems also exist, mainly as energy contributors to single houses. Geothermic energy is also utilised where Iceland is the acknowledged leader. Finally nuclear power is present in two regions, Chukotka where it provides a third of the energy, and in Murmansk region where more than 50% of electricity is generated by means of nuclear power [Megatrends, p. 152].

Map 124 - Change of electricity generation in GWh and electricity generated per region/country in the Arctic



Map 124 displays the generation of electricity per region in GWh (size of circles) and the changes in % in the last available years. For a few regions data has not been available for the time series, and they are marked in white. Otherwise the colour scale indicates the level of increase or decrease. In Chukotka, Nunavut and in one of the Norwegian regions production has declined and in a couple of Russian regions – Sakha and Murmansk – the increase has been rather limited. In the other regions a larger increase has taken place, with Iceland, the Faroe Islands, NWT, Yamalo-Nenets, Nenets and Finnmark Fylke in Norway experiencing increases of over 3%. In some cases the increased generation of electricity has been connected to an increased focus on renewable energy resources, primarily hydropower and wind power. [Megatrends, p. 150]

### 3.3.3. The functional interactions with the European territory

EU has recently developed focus on an Arctic policy. Although EU's territorial presence in the Arctic is limited and it does not have a shoreline on the Arctic Ocean, it is important to recognize EU's policies' role in the Arctic as there are growing interactions between the Arctic region and the European territory. Three of the EU member states, Denmark (through Greenland), Finland and Sweden, have territories lying in the Arctic circle. Iceland and Norway are not the member of the EU but they are the members of the European Economic Area (EEA). In many international policy areas that are relevant for the Arctic, the EU holds shared competence with the member states and coordinates the positions and interests of the member states in international negotiations. Therefore, the EU has considerable influence on the socio-economic and environmental issues of the Arctic region.

The European Parliament has called for specific EU Arctic policies in order to increase and emphasize the role that the EU can play in the Arctic region and also to improve existing joint agreements [Ebinger & Zambetakis 2009]. Changing climate and economic forces are recognized as relevant factors behind the development of EU's policy interest in the Arctic [Koivurova et al. 2011]. Greenland, a strategic area for future development in the Arctic, is of special importance for the EU. Russia plays a key role for various initiatives especially in energy security matters in Europe [Mega Trends 2011]. On the other hand, strict visa requirements are the most important barriers to integration of the peoples of Russia and the EU.

The EU recognizes the cooperation work carried out by the Arctic Council and it is committed to UNCLOS. In 2009, an application was submitted by the European Commission to become a permanent observer to the Arctic Council. This application was considered as being one of the goals of EU Arctic policy identified in the EU Commission Arctic Communication (2008). However, the member states of the Arctic Council showed reluctance to the application questioning whether the EU has or should have any role in the Arctic.

As economic and environment importance of the Arctic grow, it is likely that institutional competitions will also grow over the Arctic region (e.g. EU, Nato, UN etc.). In this connection, the changing geopolitical position of the Arctic points toward a growing interest from non-Arctic actors whom want to take part in the Arctic cooperation. Discussions on the active development of the Arctic will inevitably lead to a conflict of interests among countries as the new strategic issues (as mentioned under the section 3.3.2) are closely interlinked [Hong 2012]. The Arctic region can be an important territorial cooperation area together with different public actors from Europe including third countries different levels (local, regional, national) and can also provide a liaison for enlargements in EU cooperation with its neighbours. The effects of climate change will continue placing Arctic in the centre of attention especially that of world's major powers. Arctic states will need to address and accommodate new interests of the non-Arctic states as well as adapt their venues for collaborating with their sub-regional entities, indigenous groups and the other northern states and with each other in the future [Mega Trends 2011].

New strategic issues in terms of economic and strategic interests will have to be approached in a collaborative manner in order to tackle future challenges effectively. In this connection, the Arctic can be considered as a macro region; however it can be delineated in many different ways. A macro-region is considered as a "catchment area" that spans across different countries which have common interests based on potential opportunities or key challenges that require joint transnational action. In that regard, Arctic region holds a potential of becoming a leading regional actor in terms of strengthening international relations between America, Europe and Asia. Thus, Arctic neighbourhood represents a potential in terms of strengthening international relations for the future of the region. Cooperation in Arctic is and will be contributing to greater integration and defining the new neighbourhood structure with important links for the rest of Europe.

### 3.3.4. The cross-border cooperation

#### 1°) European cooperation programmes

### *Kolarctic ENPI Cross-border cooperation*

The Kolarctic ENPI is a financing instrument of the EU which enables to develop cross-border activities in the Kolarctic region. The eligible regions in the programme are Nordland, Troms and Finnmark counties in Norway, Norrbotten in Sweden, Lapland in Finland, Murmansk and Arkhangelsk regions and Nenets autonomous district in Russia. The main priorities of the programme are socio-economic development, common development challenges, and strengthening people-to-people contacts<sup>15</sup>.

### *Northern Periphery Transnational cooperation*

Northern Periphery programme 2007-2013 provides funding for the transnational projects which promote innovation and competitiveness in remote and peripheral areas in the northern Europe and support sustainable development of natural and community resources. Among the prioritized themes of the 2007-2013 programme are supporting business innovation, accessibility (both when it comes to transport infrastructure and access to ICT), sustainable management of natural resources, strengthening urban-rural relations. The programme area covers the communities of the Nordic countries (all of the Faroe Islands, Greenland and Iceland, parts of Finland, Sweden and Norway), as well as parts of Ireland and Scotland. In exceptional cases the partners from the north-western Russia and some regions of Canada can be involved, receiving co-funding of up to 10% of the ERDF, Icelandic and Norwegian funds<sup>16</sup>.

In the next programme period the successor programme will be called Northern Periphery and Arctic 2014-2020. The draft priorities of the programme are innovation, entrepreneurship, renewables and energy efficiency, protecting natural and cultural heritage and resource efficiency<sup>17</sup>.

2°) Northern Dimension (BSR, Arctic, Barents Sea, strategic relation with Russia): environment, nuclear safety, crime prevention, inclusion

### *Northern Dimension*

Northern Dimension (ND) is a cross-border policy between EU, Russia, Norway and Iceland. It has a broad geographical coverage – from the European Arctic, Iceland and Greenland to the BSR and north-western Russia. In the framework of the ND policies both the EU countries and those under the EEA and Russia can participate on an equal footing. The ND enables the involvement of a number of actors in the implementation of the ND aims – from civil society to academia, business community and regional and local stakeholders. There are four ND partnerships which were created to address the specific challenges and opportunities in these regions in practice (mainly through project implementation):

- Environmental Partnership;
- Partnership in Public Health and Social Well-being;
- Partnership on Transport and Logistics;
- Partnership on Culture.

Of particular relevance for the Arctic region are the initiatives in the field of environment, nuclear safety, civil defence, economic cooperation, crime prevention, inclusion, social security and healthcare which are implemented as part of the ND. The main donors supporting the ND cooperation are the EU member states and Russia. Project cooperation in the framework of the ND is also supported through the EU financial instruments, such as the ENPI Cross-border cooperation programmes<sup>18</sup>.

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<sup>15</sup> <http://www.kolarcticenpi.info/en#>

<sup>16</sup> <http://www.northernperiphery.eu>

<sup>17</sup> [http://www.northernperiphery.eu/files/archive/Downloads//Programming\\_process\\_2014-2020/Public\\_Consultation\\_DRAFT\\_OP/Draft\\_OP\\_document\\_-\\_chapters\\_1-4.pdf](http://www.northernperiphery.eu/files/archive/Downloads//Programming_process_2014-2020/Public_Consultation_DRAFT_OP/Draft_OP_document_-_chapters_1-4.pdf)

<sup>18</sup> [http://eeas.europa.eu/north\\_dim/index\\_en.htm](http://eeas.europa.eu/north_dim/index_en.htm)

### *Baltic Sea region*

The Baltic Sea Region has a broader geo-political and strategic importance in terms of trade routes, maritime resources and security – which have been highlighted in recent ‘Arctic strategies’ and other documents. This applies in particular to Russia: although the Russian partners currently have limited scope to participate due to lack of funding, cooperation activities between EU and Russia in the Baltic Sea Region include actions on environmental protection, further development of transport routes (Motorways of the Seas concept), maritime data exchange and the conservation of living marine resources [EEAS 2011]. Some key questions that could be addressed concern the ways in which the BSR can contribute to the strategic priorities of the partnership for modernisation agreement and the Four Common spaces framework, the lessons to be learnt from Russia’s involvement in the current programme period, and how Russia’s strategic priorities link to other strategies in the Baltic Sea Region. The impact of factors such as urban development and demography on the BSR are integral to the intergovernmental and territorial cooperation. The expanding trade relationships and the economic impact of the cities in this area point to the fact that the Baltic Sea states are important trading partners and the exchange of goods is essential for the cross-border integration of EU member states. Furthermore, the development possibilities of the region from various perspectives are emphasized including the current potentials and the future challenges. The role of St Petersburg in Russia is considered as crucial in the region because of its position as being a Baltic Sea port and connecting the markets in central Russia to the EU.

### *Barents Sea*

The Barents Euro-Arctic Region (BEAR) was launched in 1993 when Sweden, Finland, Norway, Denmark, Iceland, the Russian Federation, and the EU Commission signed the Kirkenes Declaration establishing the Barents Euro-Arctic Council (BEAC) at a Foreign minister’s conference in Kirkenes, Norway. At the same time, the Barents regions’ county governors and representatives of indigenous peoples signed a cooperation protocol establishing the Barents Regional Council (BRC). The principles and objectives of the Kirkenes Declaration that formed the basis of the multilateral cooperation are still valid today, as stated in the communiqué from the BEAC session in Kiruna 12 October 2011. BEAC highlights the theme of Green and responsible growth in the communiqué in connection to which the council encourages amongst others the following focus areas:

- Policy opportunities to stimulate research, innovation, entrepreneurship and investments in clean production, environmentally sound consumption, renewable energy and energy efficiency
- Contribution to the mitigation of climate change, and the development of an action plan on climate change in the Barents Region with concrete recommendations, the development of an action plan for the forestry sector, and exploring its potential in the bioenergy sector, increased activities at the regional level for the development of small and medium sized enterprises.

The Barents region shares many similar characteristics and challenges with the BSR, not least with the presence of the NSPA and North West Russia in both ‘regions’ (Barents Euro-Arctic Council).

Today, there is still a growing interest in the region’s natural resources and its industrial expansion as well as a growing concern regarding its environmental challenges. The Barents Region is the most densely populated part of the Arctic. The Barents Cooperation encompasses both project-based cooperation between people and civil society groups and political cooperation which includes ministry representatives and regional leaders from the four Barents countries. The region includes 13 administrative entities in four countries. Barents Cooperation started as a political project including regional politicians and officials from these 13 Nordic and Northwest Russian regions and also national government ministers. Mainly this political model made the Barents initiative an important interest in international affairs.

The first Barents Review was published in 2010 and then followed by the Barents Review 2012 by the staff of the Norwegian Barents Secretariat. It documented knowledge and activity in the Barents Region by presenting “a practically-oriented and experience-based analysis and reflections on the

situation in Region” and presents complex challenges related to co-existence of industry and indigenous peoples living in the region. The report draws attention to the growing interest in the Arctic and the necessity to facilitate cross-border traveling and development. It also poses questions concerning the future of the Barents Cooperation and its possible influence on the regional cooperation in terms of big state politics, energy politics and the further enhanced international interest. An opinion poll was addressed to 600 respondents from Murmansk City and the Pechenga Rayon (Murmansk Oblast). Among the proposals put forward in the document is the development of joint social and economic infrastructure across the borders, as well as joint cross-border problem resolution of economic, transport, energy, municipal, environmental, social-demographical, humanitarian and several other issues. The report further highlights the importance of trust, common understanding and good neighbour relations between authorities, businesses and the people on both sides of the border. Especially the issue of energy is considered in the centre and seen as a platform for joint action.

East-West relations, security relations in Europe and international uncertainty about Russian position in Neighbourhood cooperation are among the raised questions concerning the people living on the border areas between Norway, Finland and Russia. The report reflects upon the transfer of power from the local authorities to the regional and to federal authorities concerning the management of natural resources which has indirect impact on indigenous peoples.

It is argued that Barents cooperation model is unique and could be spread to other regions with similar challenges. In the meantime this model could also highlight the need for a modernisation of the cooperation structures. It is further argued that regional cooperation is instrumental in the strengthening of international stability [Barents Review 2012].

The two important developments that occurred during 2010-2011 are the agreement between Russia and Norway to establish a local visa-free zone in their borderlands and the signing of the treaty between these two parties concerning Maritime Delimitation and Cooperation in the Barents Sea and the Arctic Ocean. On the other hand, the local border traffic agreement, the first of its kind, led to opening the border municipalities of Sør-Varanger and Perchenga for visa-free traveling. This agreement is considered as an important step in contemporary European East-West border relations since not only it prepares the ground for cross-border development of offshore oil and gas resources in the Barents Sea, but it also will give the regular Russian the right to move across the border with a western European country without visa. These agreements have set new standards in Norwegian-Russian relations. Hence, the Barents Review 2012 is focused on borderland development and cross-border cooperation. The report proposes several concrete measures and recommendations about how to strengthen the regional cooperation. They focus on political development, energy, cross-border traveling, youth cooperation, project cooperation and military relations. Emphasis is placed on strengthening elected political structures and civil society in the region besides Barents Cooperation structures such as Barents Regional Council. It is advised in the review that Council representatives should be included in all political processes of cross-border cooperation.

One of the recommendations concerns stronger role for elected regional parliamentarians. Also a proposal has been put forward for establishing a Barents Parliamentary Forum for representatives of all 13 legislative assemblies in order to increase contact and interaction between the elected regional legislative assemblies. The establishment of a cross-border cooperation fund was also emphasized. It is proposed that the fund can be based on a share of the revenues generated from potential cross-border hydrocarbon fields. It is further stated that Norway and Russia should look for the ways to develop joint cross-border infrastructure and industrial facilities both at sea and on land, especially issues of rescue and emergency preparedness and that joint and cross-border environmental management regimes should be established in the Barents Sea.

The report highlights that a number of measures should be taken to facilitate cross-border travelling by harmonizing procedures and the use of technology on all Schengen border checkpoints. All young people under 20 years of age should be granted visa-free traveling; the report proposes that the Russian side to ease visa requirements and that Russia introduces a visa similar to the Norwegian Pomor visa. The Review also touches upon the media rights and stresses that journalists should be

given easy access to local sites, events and data (Barents borders: Delimitation and internationalisation).

#### *Nordic Council of Ministers Cross-border programmes (e.g. NORA)*

There are 11 cross-border programmes in the Nordic region which are under the NCM. Some of the programmes are especially relevant for the Arctic region as they cover the northernmost parts of Finland, Sweden and Norway, as well as Greenland and Iceland.

NORA stands for Nordic Atlantic Cooperation. It is an intergovernmental organisation which includes the western coastal part of Norway, Iceland, Faroe Islands and Greenland. NORA is involved in a broad range of activities, from project initiation and support, to organizing the conferences, doing regional analyses and working with communication issues. The main focus areas during 2012-2016 are fisheries and marine resources (i.e. fostering sustainable management, research and innovation), diversification and innovation (i.e. advancing innovative business, new production methods) and infrastructure and connectivity (i.e. facilitating the political dialogue about infrastructure, support to ICT projects). The financing of the organisation comes from the NCM and the grants from the member countries<sup>19</sup>.

North Calotte Council (NCC) is regional cross-border organisation under the NCM. NCC covers 3 northernmost regions of Norway, Norrbotten County in Sweden and Lapland in Finland. The Council consists of the representatives from the regional governments and industries from the NCC region. The NCC is a project-based organisation, which both initiates the projects and grants co-financing for cross-border cooperation activities. Among the strategic areas for cooperation are overall regional development issues, Nordic integration, sustainable development and alternative energy, experience exchange and identity issues<sup>20</sup>.

Torne Valley Council (Tornedalsrådet) consists of the municipalities along the Swedish-Finnish-Norwegian border (four municipalities of Norrbotten County in Sweden, 6 municipalities of Lapland County in Finland and four municipalities of Troms and Finnmark Counties in Norway). The Council promotes cross-border cooperation between the municipal actors, businesses and civilians in the Torne Valley in order to foster sustainability and ensure preservation of the Torne Valley cultural heritage. The Council is engaged in activities and projects which aim at creating an attractive business environment and labour market, supporting cross-border training and skills development (e.g. in the area of health care), initiating the bioenergy network in Torne Valley etc. The financing comes from the NCM and EU-financed projects (e.g. Interreg IVA programme).

#### *Arctic Council*

The Arctic Council was founded in 1996 as an international high level political forum to support cooperation and collaboration on Arctic issues within its "well-defined limits". It includes all Arctic states (Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden and the U.S.), as well as the Indigenous peoples' organisations. Nearly all the members of the forum are in opposition to enlarging the Council's mandate to an international organisation. However, most of the Council members understand the changing nature of Arctic and recognize the increased need of cooperation on trans-border issues. The Arctic Council operates with the help of six Working Groups, which consist of the representatives from the ministries, government agencies and researchers. The Working Groups are:

- The Arctic Contaminants Action Program (ACAP)

Founded in 2006, ACAP is encouraging national actions on prevention and reduction of emissions of pollutants into the environment. Among the focus areas of the cooperation activities and initiated practical projects are obsolete pesticides, mercury, PCBs, dioxins/furans, reducing exposure and impact of contaminants in indigenous peoples' communities, reducing emissions of black carbon contamination in the Arctic etc.

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<sup>19</sup> <http://www.nora.no/en>

<sup>20</sup> [www.nordkalottradet.no](http://www.nordkalottradet.no)

- AMAP

The AMAP was established in 1991. AMAP monitors and assesses the environmental status of the Arctic region. The main focus is on pollution and climate change – current and future trends, pathways and processes, as well as effects on ecosystems and humans. It also has a mandate to propose actions to decision-makers to reduce the emerging threats.

- The Conservation of Arctic Flora and Fauna (CAFF)

This Working Group addresses the conservation of biodiversity in the Arctic. Its mission is to analyse the status and threats to biodiversity and to communicate the findings to the decision-makers and residents of the Arctic region. Moreover, the Working Group is sharing and facilitating practical approaches on sustainable management and regulatory regimes which can help to balance the regional growth and preservation of the natural environment.

- The Emergency Prevention, Preparedness and Response Working Group (EPPR)

EPPR is dealing with the prevention, preparedness and response to the environmental emergencies in the Arctic. Among the recent activities initiated by the EPPR are the projects on development of risk assessment methodologies, development of safety systems in implementation of economic and infrastructural projects, radiation emergency exercises and other practical trainings and exchanges the best practices on addressing emergencies among the members. The Working Groups works closely with the oil industry and other organisations in the Arctic to enhance their preparedness and prevention of oil spill.

- The PAME Working Group

This Working Group of the Arctic Council is engaged in protection of the Arctic marine environment, which is highly vulnerable due to increased economic activity and climatic changes. The Working Group is addressing policy and developing non-emergency pollution prevention and control measures to ensure marine safety. PAME develops strategic actions, guidelines (e.g. oil and gas guidelines), assessments (e.g. shipping, climate impact assessments), promotes ecosystem based management etc.

- Sustainable Development Working Group (SDWG)

SDWG's mandate is to facilitate sustainable development in the Arctic, which includes enhancing socio-economic status, protecting culture and health of the Indigenous Peoples and Arctic communities as a whole. The activities of the SDWG cross cut with other Working Groups of the Arctic Council. The major areas of the SDWG involvement are human health, adaptation to climate change, overall socio-economic development issues, sustainable management of natural resources, supporting Arctic cultures and languages.

### 3.4. Synthesis and policy orientations

#### 3.4.1. Synthesis

Due to extreme climate Northern Neighbourhood is sparsely populated and has a small population size. Greenland and Nenets autonomous okrug (AO) in Russia have the smallest population in the Neighbourhood (56 370 and 42 789 respectively). The Northern Neighbourhood also has extremely low population densities (e.g. 0,026/km<sup>2</sup> in Greenland and 0,24/km<sup>2</sup> in Nenets AO). The most populated areas in the Northern Neighbourhood in 2002 were Russian northern regions – Arkhangelskaya oblast, including Novaya Zemlya archipelago, and the Komi Republic (map 100). The majority of the regions in the Northern Neighbourhood have experienced a population decline over the last decade (map 101).

The specific characteristics of the territory (sparse population, geographic barriers, and long distances) are vital to understanding the territorial flows in the Northern Neighbourhood. On the one hand, there is the question of analysing the accessibility aspect of the existing infrastructure on which many of the flows are dependent in the region and changes in with regard to various cross-border infrastructures like transport and energy. On the other hand, there is the question of large distances and maritime connections in harsh climatic conditions.

Mobility of the people in the Northern Neighbourhood is high. People are moving towards the regional centres and larger urban nodes within the region but also abroad, to the more populated areas in the West, East and South of the Northern Neighbourhood. A remarkable share of the migration is related to the limited labour possibilities in the home regions and in the case of more rural and peripheral regions, in relation to education possibilities. Also fly in-fly out phenomenon is common in some settlements, especially on those where the economic structure is heavily concentrated on natural resource exploitation. With this we mean those employees who are flown to the work site where they are working usually long shifts for a number of continuous days and are then flown back to their home town for a number of days of rest as the working towns might have a temporal status (e.g. the mine will close once the minerals have been extracted) or the settlements are not otherwise offering sufficient quality to attract families to live locally.

Territorial interactions with neighbouring areas and potential joint development opportunities for cooperation differ between the parts of the Northern Neighbourhood. On the one hand, the region includes countries like Iceland with ongoing EU accession negotiations. On the other hand, there are negotiations on a New EU-Russia Agreement. Also the new self-government agreement in Greenland from 2009 can have some effects as Greenland took over i.e. responsibility for the mineral resource and in the existing EU-Greenland partnership Agreement (Council decision 2006/526/EC) the focus was changed from a fishery agreement to partnership agreement with special focus on education. Countries of the region, including the EU countries, have either published their Arctic strategies during the last years or have a strategy that is under construction. The European part of the Northern Neighbourhood belongs to various European Territorial Cooperation programmes. Of the European Neighbourhood and Partnership Instrument, the Cross Border Cooperation (ENPI CBC) programme the Kolarctic-Russia is located in North ENR. For the Westnorden the main cooperation channel is the Northern Periphery Programme under the Structural Funds 2007-2013 Transnational Cooperation Areas. The regions can also be related to the Northern Dimension policy.

With the focus on the better integration of the regions, the countries have different positions and interests. For the Northern Neighbourhood the main questions are related, on the one hand, to challenges of sparsely populated areas and on the other hand to sustainable use of resources and enhanced Arctic multilateral governance in the Northern Dimension policy.

With regard to territorial institutional structures, the Northern Partnership is one of the primary initiatives in the area to address common challenges with regard to cross-border cooperation and external policies among the Nordic Countries, the Baltic states and Russia. The goal is to promote development and security in a number of areas – economic, social, environmental, judicial and regional development. Several different types of partnership agreements were created: the NDEP (environmental issues), the NDPHS (public health and social wellbeing), the NDPC (culture) and the NDPTL (transport and logistics). The ND Institute and ND Business Council were been created, along with an 'Arctic Window' to focus attention on the Arctic region. The Northern Dimension forms an important venue for dialogue with the Russian neighbourhood.

Returning to the ITAN hypothesis: *Can the Northern region and Europe be seen as "one region"?* We see that functionally the flows between the Arctic and the rest of Europe (and other parts of the world) are expected to increase. The existing territorial structure, however, is still distinct from many parts of Europe, and could somewhat limit the territorial potentials for cooperation. Still cooperation could help highlight the continuities of the Neighbourhood with other parts of Europe

The Northern Neighbourhood hosts large deposits of oil and gas, but also rare materials and timber. Particularly large oil and gas reserves can be found in the Barents Sea shelf. Shtokman gas field in the north-western part of the South Barents Basin is one of the world's largest natural gas fields. Greenland has large reserves of rare materials, such as zinc, gold, diamonds, platinum, but also coal and iron ore (map 122).

Due to climate change and the resulting melting of arctic ice (inland ice and sea ice), the access to oil, gas and mineral reserves in the Northern neighbourhood/arctic will become more pronounced. In addition the possibilities of increased transport with the opening of the Northwest Passage and the Northeast Passage will facilitate greater exploitation of these resources, thus making the Arctic an

important geopolitical territory for both Europe and the rest of the world. At the same time this huge potential territorial capital of the region also means that a very unique and vulnerable environment may be at risk of increased pollution and threatened by the risk of increased shipping and potential oil spills etc.

Thus in the case of the Northern Neighbourhood we see that processes of *regionalisation* (increased flows or potential flows of oil and gas reserves) are specifically increasing the need for greater *regionalism* (in terms of increased cooperation) as countries outside of the Arctic region are vying for access to a type of territorial capital that has traditionally been a common good, rather than a strict jurisdictional territory. This implies both opportunities and threats for the region. The discussion on the future of Arctic governance is focused on whether to create new structures or regulatory frameworks or build on existing multinational frameworks. In order to attract international investment, a legal framework will be needed.

Returning to the ITAN hypothesis: *Is the Northern neighbourhood a threat or potential?* It is difficult to conclusively say that the answer is. On the one hand there is strong territorial capital in the region, but the current territorial structure makes it somewhat vulnerable. Climate change both helps to free up material territorial capital, but could worsen the immaterial capital. Territorial cooperation can focus on the potentials (such as dealing with the immaterial aspects of climate change), but new governance constellations are developing which may make the region a contested area. Thus in turn cooperation on Arctic issues becomes even more important as the Northern Neighbourhood becomes a strategic neighbourhood not only for Europe but for the rest of the world.

#### 3.4.2. Policy orientations

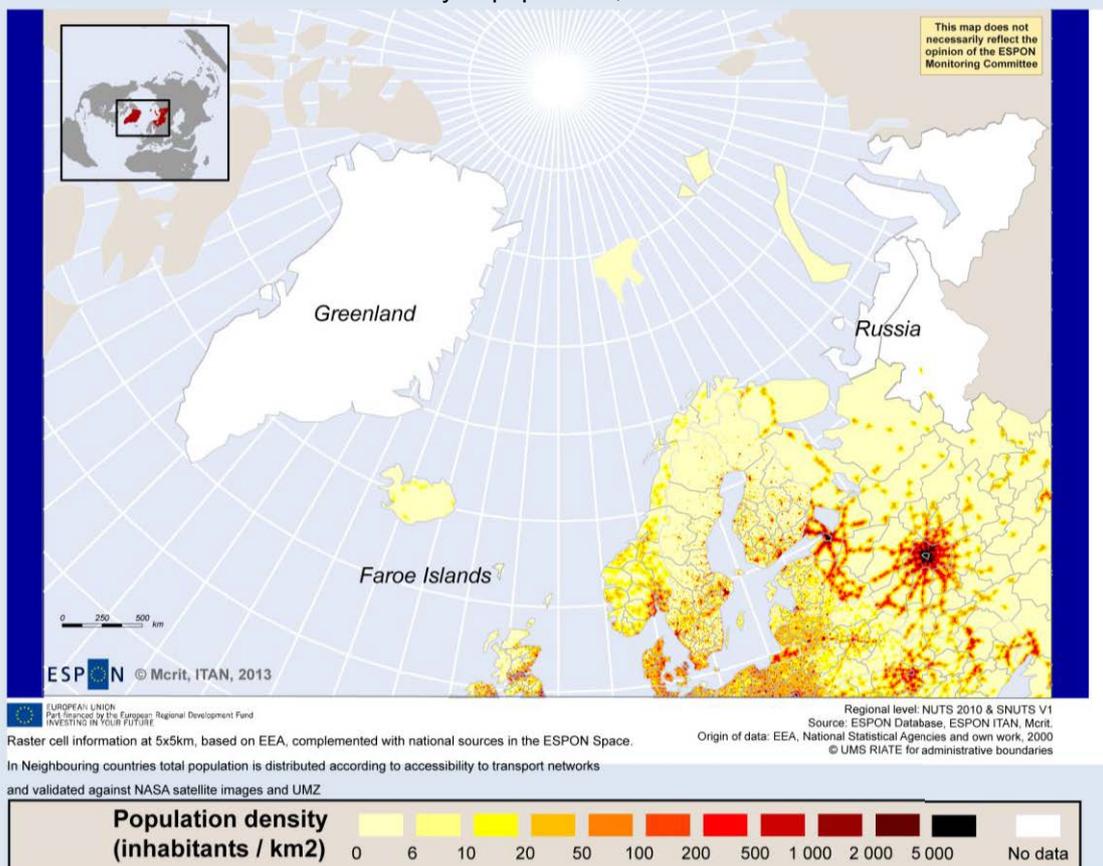
The EU has a special Arctic Strategy which is built around three main policy objectives: protecting and preserving the Arctic environment, promoting the sustainable use of resources and international cooperation. The EU has also an observer permanent status in the Arctic Council. Thus there are strong strategic and geopolitical visions of the European links with the region. However EU Cohesion policy instruments could be further extended (i.e. the territorial cooperation objective) to pay specific attention to the territorial ramifications of increased exploitation of the territorial capital within the region.

One idea for a further ESPON project would be to examine in more detail the territorial capital of the Arctic, not only from an economic/natural resources point of view, but also in terms of preserving the social capital of the area as well as the environmental viability of the region. Such a project could potentially be built around the end-users (in the shape of what is currently a “targeted analysis” project) with stakeholders in Norway, Sweden, Iceland and Denmark (Greenland and Faroe Islands).

### Northern Neighbourhood Faroe Islands – Greenland – Russia (North-West)

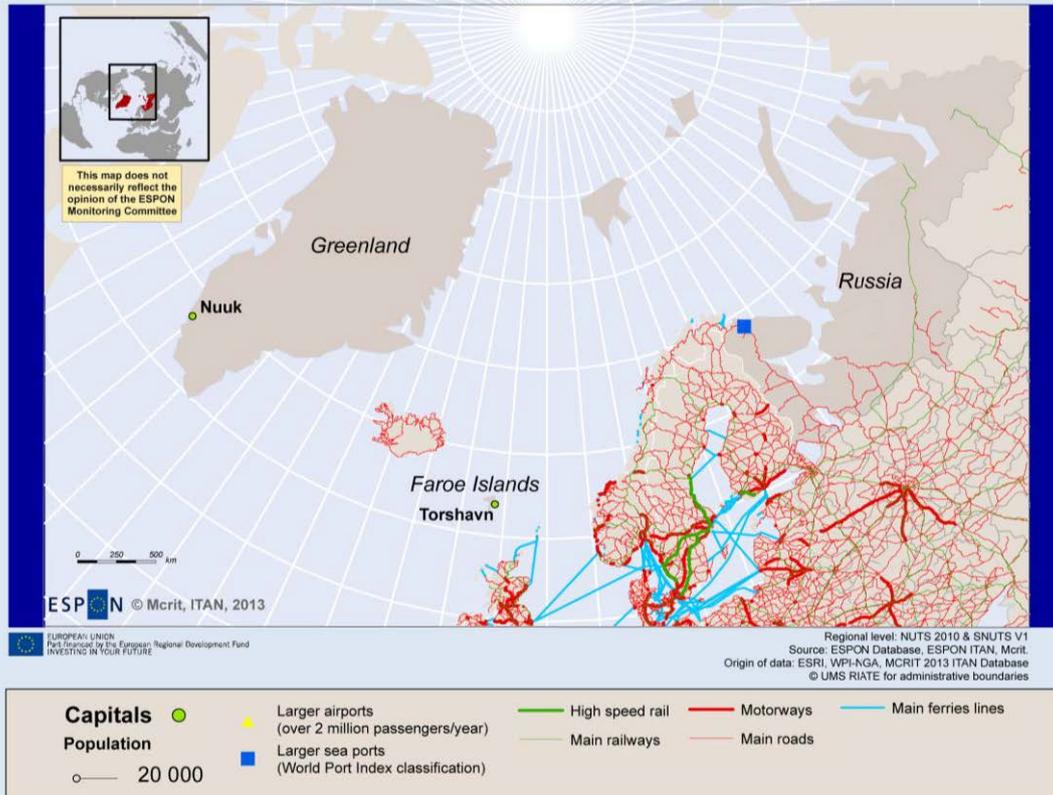
	1994 → 2011				1990 → 2011	2010
	<i>Total population (million persons)</i>	<i>Population annual growth (%)</i>	<i>Share of world GDP at current prices (%)</i>	<i>GDP per capita (US \$)</i>	<i>Human Development Index (non demographically weighted average)</i>	<i>Greenhouse Gas emissions per capita (tons CO<sub>2</sub> equivalent)</i>
<b>All Neighbourhoods</b>	470 → 525	0,7	3,4 → 5,9	1 965 → 7 834	0,589 → 0,719	7,8
<b>Northern Neighbourhood</b>	0,1 → 0,1	0,3	0,008 → 0,005	21 217 → 32 818	n/a	12,2
<b>EU 27</b>	483,1 → 507,8	0,3	29,9 → 25,3	16 625 → 34 826	n/a → 0,877	8,7

Density of population, ca 2010



The Northern Neighbourhood shows very low population compared to both the other Neighbouring regions and to the EU-27, although the annual population growth is similar to the EU-27. As seen in the map, population density is extremely low, with isolated “hot spots” around the regional centers and further south radiating from the transport nodes of St. Petersburg and Moscow. Urban settlements are highly dispersed in the Northern Neighbourhood. Most of them emerged in the areas rich in natural resources and due to development of resource extraction industries. In terms of population the Northern Neighbourhood, contrary to what might be expected, is highly “urbanized”. Despite the very low population density, more than 90% of the population of Greenland and Murmansk oblast live in urban centres and about 80-90% in Yamalo-Nenets AO live in the urban areas. This is mainly due to the difficult climatic conditions, low accessibility of the region and a limited access to services (e.g. health care and education). Thus urban centres are becoming more attractive to live in.

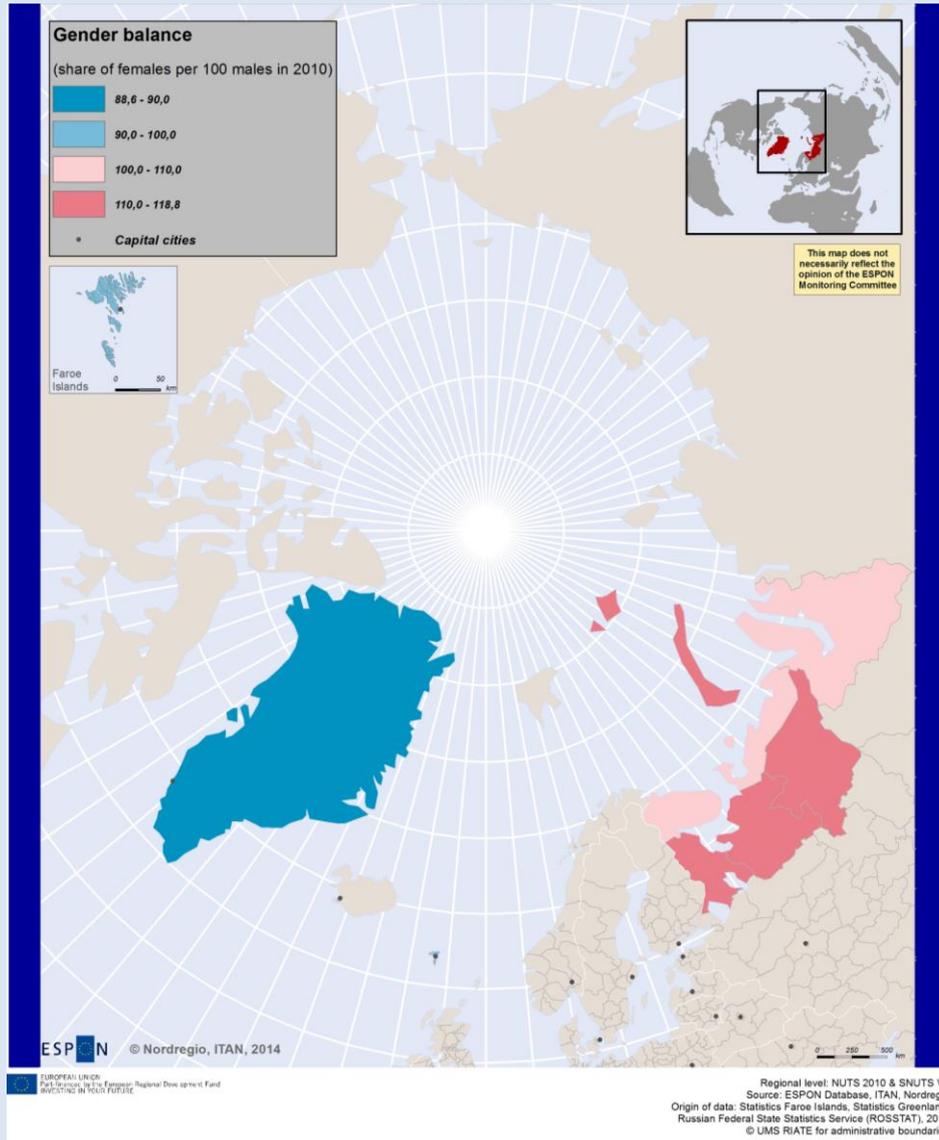
## Transport networks, ca 2010



Reflecting the dispersed settlement pattern in the Northern Neighbourhood, the transport networks are much less dense than in the EU-27 or even in the Nordic countries. There are no high speed rail links and few main railways. No larger airports exist, the large sea port in Murmansk is of strategic importance for Russia as a year-round ice-free port. There are also no motorways and a limited number of main roads. Although Greenland data is not available, the road system is very small (a few hundred kilometers) and most travel between settlements is by plane, boat or dogsled. Due to climate change and melting ice, the possibilities of increased transport with the opening of the Northwest Passage and the Northeast Passage will facilitate greater exploitation of the oil and gas resources, thus making the arctic an important geopolitical territory for both Europe and the rest of the world.

Despite the harsh climate and dispersed settlement pattern, mobility of the people in the North Neighbourhood is high. People are moving towards the regional centres and larger urban nodes within the region but also abroad, to the more populated areas in the West, East and South of the North Neighbourhood. A remarkable share of the migration is related to the limited labour possibilities in the home regions and in the case of more rural and peripheral regions, in relation to education possibilities. Also fly in – fly out – phenomenon is common in some settlements, especially in those where the economic structure is heavily concentrated on natural resource exploitation.

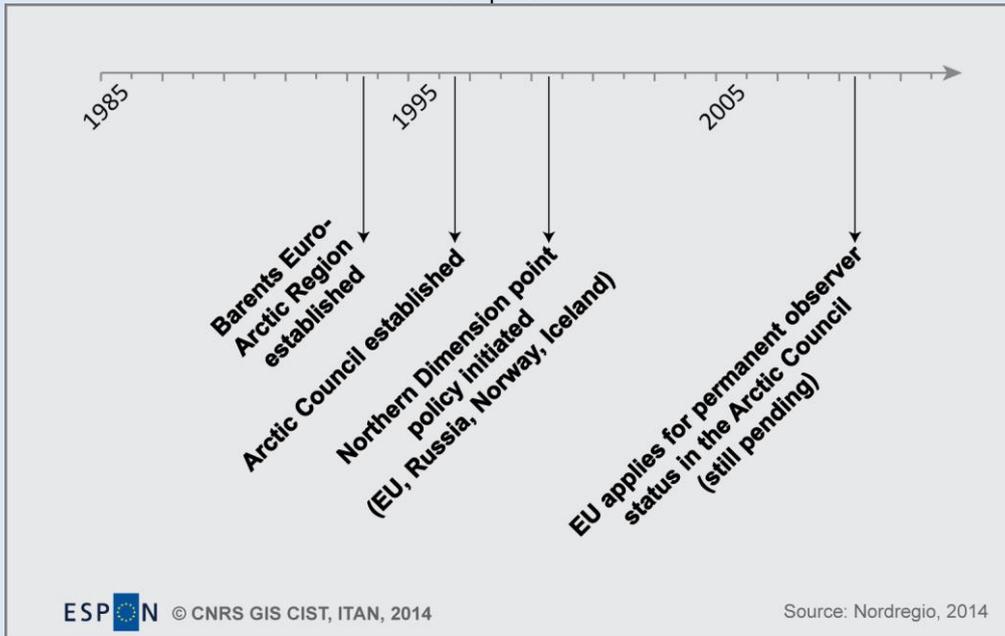
## The Gender Balance



Since the Northern Neighbourhood includes two autonomous regions- Greenland and the Faroe Islands, it was not possible to develop a composite indicator for the neighbourhood. However, gender balance, as a social indicator nicely shows some of the challenges and territorial specificities of the area. In the far North, the male population of working age is slightly higher in the whole Northern Neighbourhood (particularly in Greenland and Murmanskaya oblast). This can be explained by development of strongly male-dominant industries here – oil and gas exploration fields, mining activities, military bases, construction and forestry. Employment possibilities for females are quite limited and available mainly in larger urban centres.

When it comes to the total gender balance including all age groups (see map above), the proportion of females is significantly higher in all areas of the Northern Neighbourhood, except for Greenland and the Faroe Islands. Overall, the adult males tend to have higher death rates than females. This trend is exacerbated in the Northern Neighbourhood due to tough work environment in the industry sector which exposes many workers to health hazards, but also harsh climate, low quality of housing, inconsistent and poor quality of health care and excessive consumption of alcohol among male population. In the case of Greenland, the dominance of male population can be explained by high outmigration of female population from the country.

## Cooperation



There are now discussions whether the Arctic Council as the main governance structure in the region, is resistant enough to accommodate changes that are now happening. With the possibilities to exploit the region's vast natural resources, it is now up to discussion if the Council is still to be the predominant inter-governmental forum or if it should be succeeded by other forms of governance. The discussion on the future of Arctic governance is focused on whether to create new structures or regulatory frameworks or build on already existing multinational frameworks. In order to attract international investment for energy and mining projects, a clear legal framework will be needed as it would be central to the management of fisheries, oil and gas exploration as well as to the national and energy security issues. It would also be central to the operation of commercial shipping and the management of possible accidents that may occur beyond the national boundaries, along with any other potential activities that may arise.

In the Northern Neighbourhood we see that processes of *regionalisation* are specifically increasing the need for greater *regionalism* as countries outside of the Arctic region are vying for access to a type of territorial capital that has traditionally been a common good, rather than a strict jurisdictional territory. This implies both opportunities and threats for the region. The EU has a special Arctic Strategy which is built around three main policy objectives: protecting and preserving the Arctic environment, promoting the sustainable use of resources and international cooperation. The EU also has applied for permanent observer status in the Arctic Council. Thus there are strong strategic and geopolitical visions of the European links with the region. However EU Cohesion policy instruments could be further extended to pay specific attention to the territorial ramifications of increased exploitation of the territorial capital within the region.

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Sustainable Development Working Group (SDWG): <http://www.sdwg.org/>

The Arctic Contaminants Action Program (ACAP): <http://www.arctic-council.org/index.php/en/acap-home/283-about-acap>

The Conservation of Arctic Flora and Fauna (CAFF): <http://www.caff.is/>

The Emergency Prevention, Preparedness and Response Working Group (EPPR): <http://www.arctic-council.org/eppr/>

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## 4. THE EASTERN NEIGHBOURHOOD

### 4.1. Presentation

The Eastern Neighbourhood encompasses the territories from the Baltic area to the Black Sea, that is Russia, Belarus, Ukraine and Moldavia. Such a grouping is motivated by geographical reasons (various historical and cultural links between these countries, decisive issue of European energy supply security from Russia through Ukraine, etc.), by political reasons (the Eastern Partnership), and by practical reasons (the data system of these countries remain quite close due to their common soviet past). Russia is not a country of the ENP, but the EU-Russia Strategic Partnership is crucial for the territorial integration between the ESPON space and the surrounding countries, and is indeed an important player of the Baltic area.

In order to show the structures and dynamics of the Eastern Neighbourhood regions we will use the territorial level of "Subject" (oblast, Republic etc.) for Russia and Belarus as a comparative starting point for NUTS resemblance as that will give the best data availability. In Belarus, Russia, Moldova and Ukraine the most comprehensive statistical data are provided by censuses. The availability and quality of data estimates between the censuses is limited. In all countries two post-Soviet censuses have been already held, which allows time comparisons. Although data and analysis at the rayon level would involve some uneasy problems of data compatibility, at this territorial level it could now be possible to find a number of relevant statistical indicators, which would make the results much more detailed. Oblasts and Republics (in Russia) are larger than NUTS in neighbouring countries, and only some parts of them are really concerned by the cross-boundary flows. It makes an analysis at a more detailed territorial level not only desirable but really necessary for the purposes of eventual joint territorial planning and projects (rayons for the cross-border areas, oblast for the other parts of these Eastern ENCs).

#### 4.1.1. Presentation of each country's territorial system

##### 1°) Administrative divisions and their evolution

###### *Russia*

The administrative division of the federation of Russia is has been provided in the above 3.1.1 section. The ESPON ITAN project is not focusing on the entire Russian territory. In the Eastern Neighbourhood our main focus, both in data gathering and in analysis is on European Russia, including SNUTS1 regions of the Central FO, the North-Western FO, the Volga FO, the Southern FO and the North Caucasian FO. Also the Ural FO in Asian side is included as the FO provides some 90% of Russian natural gas production and a remarkable share of oil and metal products and is thus of importance.

###### *Belarus*

The administrative-territorial division is defined by the law of 5 May 1998 № 154-Z "About the Administrative-Territorial Division and the Way to Solve the Questions of the Administrative-Territorial Arrangement in the Republic of Belarus". This law re-establishes three levels of the administrative-territorial division which existed in the Soviet period:

- the capital (the city of Minsk) and six oblasts (regions);
- cities submitted to oblasts' administrations and rayons (districts);
- towns submitted to rayons' administrations, settlements of the urban type and rural councils (soviets).

In addition to the six oblasts, on 1 January 2013 there were 118 rayons, 113 cities and towns, 90 settlements of the urban type and 1280 rural councils<sup>21</sup>. Since the disintegration of the Soviet Union all system did not change much and no change concerned its upper level.

<sup>21</sup> Belarussian Statistical Yearbook 2013. Minsk, 2013.

The administrative-territorial division of Belarus as a unitary state serves first of all the needs of the state management and local government. According to the Byelorussian law of 4 January 2010 № 108-Z "About Local Government and Self-Government" it consists of two nested autonomous systems of power. Self-government is represented mainly by the activity of local councils of deputies elected by population of territorial units for four years. Local government is based on the activity of local executive authorities whose chairs are appointed and dismissed by the President of Belarus or by the respective local councils of deputies according to the procedures established by him. Lower local representative and executive authorities are submitted to upper institutions. The Parliament is the highest level of power for representative bodies, and the President of the country is the highest level of the executive "vertical".

### *Ukraine*

Just like in Russia and Belarus, the administrative structure of Ukraine is largely inherited from the Soviet past. The main regional level (SNUTS 2) for Ukraine consists of 24 oblasts, two cities of Kiev and of Sevastopol and the Autonomous Republic of Crimea. These 27 regions are further divided into 490 rayons (SLAU 1). At the SNUTS 2 level there have been no changes of administrative boundaries during the Ukrainian independence. The administrative-territorial division matches the principles of a unitary state organisation with the same status for all the oblasts and cities of Kiev and Sevastopol. Crimea has the status of an Autonomous Republic that it restored just before the disintegration of the Soviet Union. The autonomy is anyhow quite limited, particularly after a short period in 1994 when separatists were at power. A number of political organisations in Transcarpathia also claim autonomy but with no results so far. SNUTS 3 level do not exist.

The contemporary administrative-territorial structure of Ukraine is defined by the article 133 of its Constitution (1996). It abolished the Soviet system of the double subordination of regional and local executive authorities (committees), their departments and committees to the central government and to the respective territorial councils (Soviets). In turn, regional and local councils were liberated from the tutelage of their executive committees.

The Constitution indicates that the lower administrative level in Ukraine is shaped by rural districts (rayons) and the cities of the oblast's (region's) or the republican (in the Autonomous Republic of Crimea) subordination. But the Constitution does not include provisions about the institutions of self-government (rural, district, city's and oblast's councils), and their work is settled by other legislative acts. Some of them were adopted in the Soviet years. Thus, the problem of subordination of different local authorities and the distribution of competences among them was not solved in a due way. Executive committees of all councils became only parts of their apparatus; they lost most of their executive functions which now belong to state administrations as elements of the state "vertical of power". Decisions taken by the councils' executive committees can be cancelled by the state administration. At the same time, decisions of a state administration can be cancelled neither by the executive committee nor by the council itself. Both of them can only ask a higher state administration to re-consider these decisions.

### *Moldova*

Historically, Moldova has had two regional administrative organisations, counties and rayons. Counties were characteristic of the pre-Soviet period whereas rayons were used in the Soviet. The number of rayons has varied between 60 and 18 during the Soviet period and at the time of independence there were 40 rayons in Moldova. During the first years of independence, three administrative-territorial reforms took place. In 1994/1995 there were legally approved changes in the Soviet system of administrative organisation, but with no essential changes to territorial structures. Approaching European standards, Moldova returned to the pre-Soviet administrative-territorial structure of 12 counties in 1998. The hope was that larger counties (equivalent to NUTS 3) could promote self-administration and diminish some problems caused by the small size of rayons (equivalent to LAU 1). The reform was anyhow not supported by the local stakeholders and as the discrepancy between the settlement systems was based on the rayons, the government did not have enough political will to

complete the reform process. Therefore, in December 2001 the new administrative-territorial organisation law was adopted, but it was implemented after local elections took place in May 2003. Moldova returned to the rayon administrative system after 5 years of experimenting<sup>22</sup>.

Today Moldova is administratively divided into 37 first-tier units, including 32 rayons (districts), 3 municipalities (of Chişinău, Bălţi and Bender), 1 autonomous territorial unit of Gagauzia and 1 territorial unit of Transnistria. These 37 units correspond to SLAU 1 level. The cities of Comrat and Tiraspol, the administrative seats of Gagauzia and Transnistria also have municipality status but as the central government does not control these disputed territories, these two municipalities are not included to first-tier division. At the lower level of SLAU 2 Moldova has 982 incorporated localities – 65 cities of which 5 have municipality status and 917 villages with commune status.

At the SNUTS 3 level Moldova is divided into two regions, first one including the Republic of Moldova, "mainland" (Besarabia) and Gagauzia, and second is the Transdnisterian Moldavian Republic.

## 2°) Local competencies

### *Russia*

In 2003 the Russian federal law N° 131 "On the General Principles of Local Self-Government" was adopted. This law changed the structure and the hierarchy of local governments and their relations with the administrative-territorial division at the SLAU1 level. A new two-level model of local governance was created. As a result of transition from a one- to a two-level model of local governance the number of municipal entities in Russia increased from 11 733 to 24 372 between 2003 and 2006. The first level consists of towns and urban and rural settlements; the second includes municipal rayons and city municipalities (SLAU 1). City municipalities can comprise only one town or urban settlement but may also embrace neighbouring rural settlements. Municipal rayons include a number of urban and/or rural settlements and the territories between them. As we said, SNUTS 3 level do not exist in Russia.

### *Belarus*

The law № 154-Z in Belarus defines the spatial limits of competences for both local representative and executive authorities within the boundaries of the respective territorial units. Thus, both systems have three territorial levels:

- the regional level including the Minsk city's and oblasts' executive committees;
- the basic level consisting from the councils and the executive committees of rayons and submitted to the oblasts administrations (the Minsk City Council and the Minsk City's Executive Committee possess the rights of both oblast and city's levels);
- the primary level comprising the councils and the executive committees of rayons' towns, settlements of the urban type and rural settlements. Besides, the primary level of local government includes also local administrations of large cities divided into cities' rayons and the primary level of self-government – territorial bodies of social direct self-government like the councils and the committees of micro-districts, neighbourhoods, blocs, streets, villages, etc. Self-government is implemented through local referenda, meetings and other forms of population's direct participation.

Before 1994 local councils directly ran and controlled the executive committees (local government) like in the former Soviet Union. But since then the executive committees were withdrawn from the system of local self-government and directly re-submitted to the President and the central government. It means that they were transformed into a kind of state administrations at the local level (state de-concentration). It created two parallel "verticals" of legislative and executive power; the influence of the executive authorities on local affairs is much more important than of the legislative (representative) branch of power.

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<sup>22</sup> [http://lgi.osi.hu/publications/2007/368/FDI\\_Regional\\_Development\\_Moldova.pdf](http://lgi.osi.hu/publications/2007/368/FDI_Regional_Development_Moldova.pdf)

The Constitution includes in the exclusive competence of local councils of deputies the approval of local economic and social development's programmes, local budgets and reports on their performance. They determine local taxes' and fees' rates within their legal limits and establish the model of managing the municipal property and local referenda. All other questions concerning the basic interests of citizens are the competence of local executive committees. Besides, local councils which do not have their own executive bodies often delegate parts of their competences to the basic level's executive committees. As a result, there is a considerable bias in the balance of real political power in favour of executive authorities.

### *Ukraine*

Competences of different authorities at the regional, district (*rayon*) and local level are described in details by the law "About Local Self-Government in Ukraine" adopted in 1997. Its basic notion is "territorial community (*hromada*)" defined as "the inhabitants united by their permanent residence in a village, settlement, town which are separate administrative-territorial units, or a voluntary association of the inhabitants of several villages' having the common centre". The second basic notion is "administrative-territorial unit" defined as region (*oblast*), district (*rayon*), city district (*rayon* in a city having an internal division), settlement and village (article 1). This acting law adopts the old Soviet model in legitimating the existence of the councils of deputies and their executive committees. The article 2 reads: "Local self-government is implemented by territorial communities (*hromadas*) of villages, settlements and cities directly or through villages', settlements' and cities' councils and their executive bodies, as well as through districts' and oblasts' councils representing common interests of territorial communities". All of them function in the framework of the single legislation of Ukraine.

An extremely complicated administrative map of Ukraine at the local (intra-regional) level creates numerous problems in territorial governance and self-government. Many territorial units, especially in Donbass (Donets Coal Basin) have exclaves and very whimsical, twisting boundaries of districts, settlements and towns. Moreover, administrative boundaries often are not properly delimited which often provokes conflicts. Particularly complicated are the territorial and the administrative structure of many large cities. They can incorporate other towns, settlements and villages either directly or through the councils (territorial units) of an intermediate level. 64 cities of the oblast's submission include 202 other administrative-territorial units. The Ukrainian legislation stipulates that practically all local authorities have the same rights but in these nested systems of territorial units, "Russian dolls", they have also the same territory to govern. It leads to legal collisions, especially in the field of land use.

The Supreme Rada (parliament) of Ukraine adopted separate legal acts about the functioning of the authorities in the Autonomous Republic of Crimea and in the city of Kiev as the country's capital.

### *Moldova*

The administrative-territorial division and the competences of local authorities are established by the legislative acts of the Republic of Moldova, and its de-jure parts – Republics of Gagauzia (Gagauz-Yeri) and the Transdnestrian Moldavian Republic (TMR). The law on the administrative-territorial structure of the Republic of Moldova divides its territory into the autonomous territorial units with a special status (Gagauzia and de-facto break-away Transdnestria) which form the upper level, rayons (districts, or counties) representing the basic level, cities (municipalities) and villages (communes) shaping the lower level. The division of the territory into rayons, urban and rural settlements is applied in Gagauzia and Transdnestria, too.

The law on local public administration sets the organisation and the functioning of local public authorities. At the lower level (urban municipalities and villages) population elects local councils and mayors who constitute the executive branch of power. At the basic (rayons') level they elect councils (representative authorities) and rayons' chairs which have executive functions.

Local councils have the right to initiate and to take decisions in accordance with the law on all matters of local importance, with the exception of the competences belonging to other public authorities. Local

councils will: promote local economic and social development in cooperation with domestic and foreign business and public associations, in particular through spatial planning; establish the rates of local taxes and fees; run the property pertaining to public and private areas of a village (commune) or a city (municipality), local public services; manage land use, design, construct, maintain and modernise roads, bridges, housing, and all economic and social infrastructure; establish and run local public institutions. They adopt the budget and control its incomes and expenditures, provide public order, regulate the activities of municipal police, fire service and civil defence units of local importance. If necessary, local councils initiate and organise local referenda.

In accordance with the law on administrative decentralisation, the district council shall be endowed with the following competences: budget, income and expenditures as well as on the use of special funds; decisions on the management of the district's property, its public services, construction, maintenance and upgrading of infrastructure; strategies, forecasts, plans and programs for the socio-economic development of its territory; environment protection and of the use of local labor force. The district council is also responsible of research, educational, cultural, youth and sports activities of rayon's importance and of cross-border cooperation. The district council may exercise other activities in accordance with the law, provided that there is funding covering their costs.

The Transdniestrian Moldovan Republic (TMR) law on local authorities, local government and public administration includes in the system of self-government local councils of people's deputies and their executive bodies, and the bodies of territorial self-government (councils and committees of neighbourhoods, street's, blocs', village committees, etc.). Local government is also implemented through local referenda, meetings (gatherings) of citizens, and through other forms of direct democracy within the boundaries of the administrative-territorial units: villages, towns, cities or rayons (districts). They may create different forms of associations.

### 3°) National statistics system and data availability

#### *Russia*

See the above 3.1.1 section dedicated to Russian statistics system

#### *Belarus*

The overall availability of regional SNUTS 2 data from Belarus is limited. The data tables that ITAN project has already received from the external expert include practically all information that it was possible to get from the site of the national statistical office, from its various printed publications and received from their office in Minsk (a member of Russian expert team even went there for some days to check if they collected everything what was available). Most of the data are available, but for a limited number of years. When available, the collected data are for the years 1989, 1995, 1999, 2005 and 2009. From 2009, these data are collected for each year until 2012. It is also interesting to note that all statistical data are published in Russian and sometimes in English, and never in Belorussian (both Belorussian and Russian are official state languages).

The data sources used are:

- Handbooks "Regions of Belorussia" for 2012, 2011 and 2007 (the first two of them are put online, the third one was bought in Minsk in the hard version);
- "Demographic Handbook" for different years;
- "Social statistics" handbook prepared in 2005 jointly by Belstat and UNDP
- Materials of the 2009 census. Unfortunately, the data of two previous censuses (1989 and 1999) are represented on the site by only separate tables. Besides, the statistical system has considerably changed since 1989, and comparisons over time are not always possible
- In addition it was not always possible to get the full data for Minsk. Due to the split of Minsk city and oblast in the 2000s, the older data is not always available separately.

#### *Ukraine*

Most of the core data are available at the oblast level (similar to NUTS 2), and mostly available from the early 2000s to 2010/11.

As for Belarus, most of the data are available but for a limited number of years only. Most of the indicators have been collected for the years 1990, 1995, 2000, 2001, 2005 and 2010. However for several indicators data are only available for 2000, 2005 and 2010 (active population) or only for 2000 and 2010 (working population). Moreover it is worth mentioning that data from 2011 onward are not available: only for population total and by sex, and urban population.

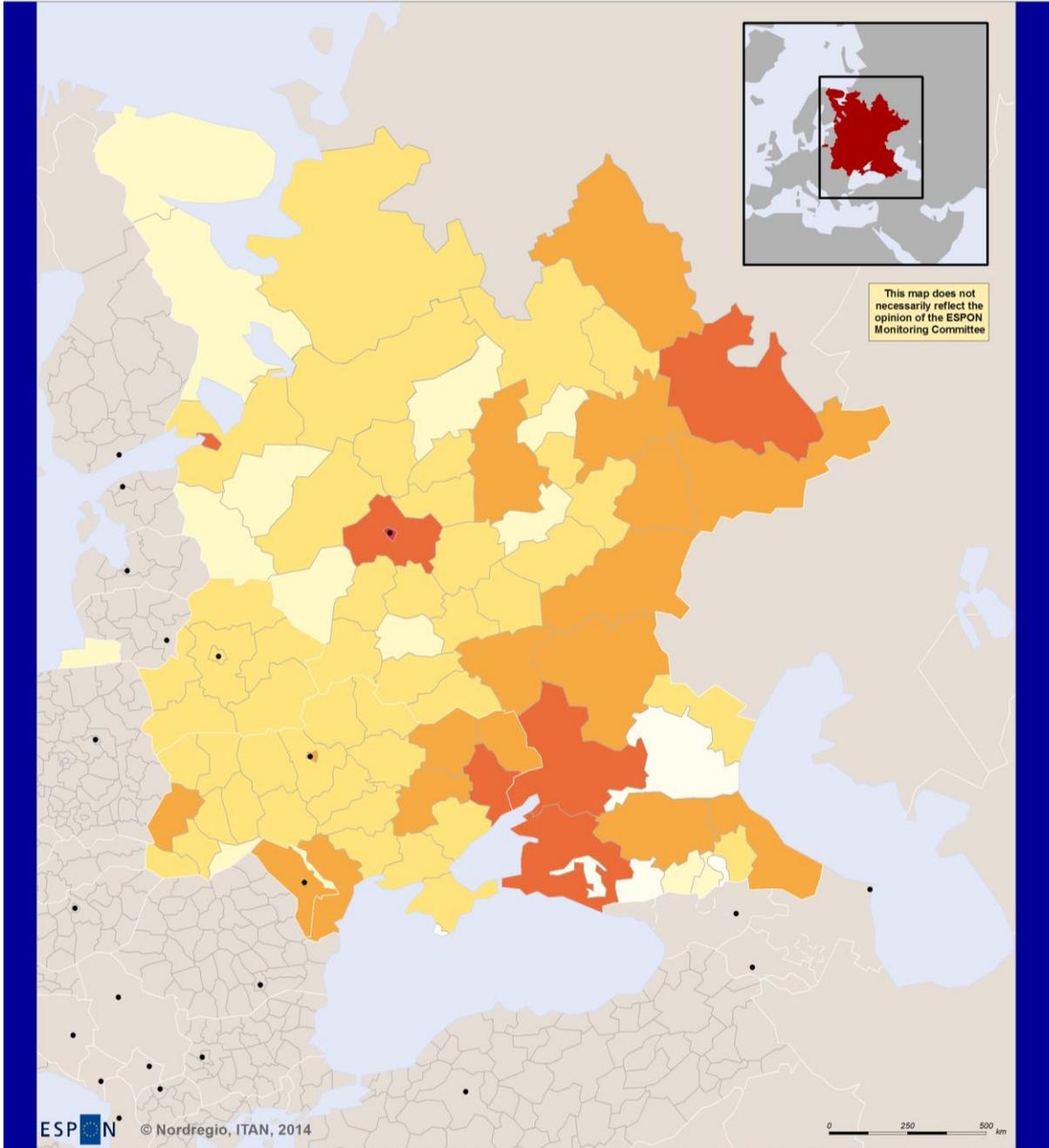
### *Moldova*

Many indicators are not available for the national level and Transnistria: only for the SNUTS 3 named Republica Moldova. The years of data collection available mostly are: 1989, 1995, 2000, 2005, 2010. General data for population can be also found for the years 2011, 2012 and 2013. But most of the data are pretty discontinuously collected or for a limited number of years (i.e. data on population by age and by sex are collected for three years only 2001, 2006 and 2009 and not rarely for the 3 SNUTS in Moldova). Data on employment indicators also present many discontinuities.

#### 4.1.2. Demography

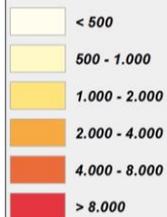
In 2002 there was a West-East divide with more population regions in the eastern part of the neighbourhood, with the exception of the two metropolitan areas of Moscow and St. Petersburg located in the occidental part of the neighbourhood. The most populated areas are in 2002 as well as in 2012 (map 125) the metropolitan regions of Moscow and St. Petersburg, as well as part of the Caucasus and the north-eastern part of the neighbourhood (gas and oil production).

Map 125 - Total population in 2012 (in thousands of inhabitants)



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**Total population in 2012 (in thousands of inhabitants)**



Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: National Statistical Committee of the Republic of Belarus,  
National Bureau of Statistics of the Republic of Moldova,  
Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
Russian Federal State Statistics Service,  
State Statistics Service of Ukraine, 2013  
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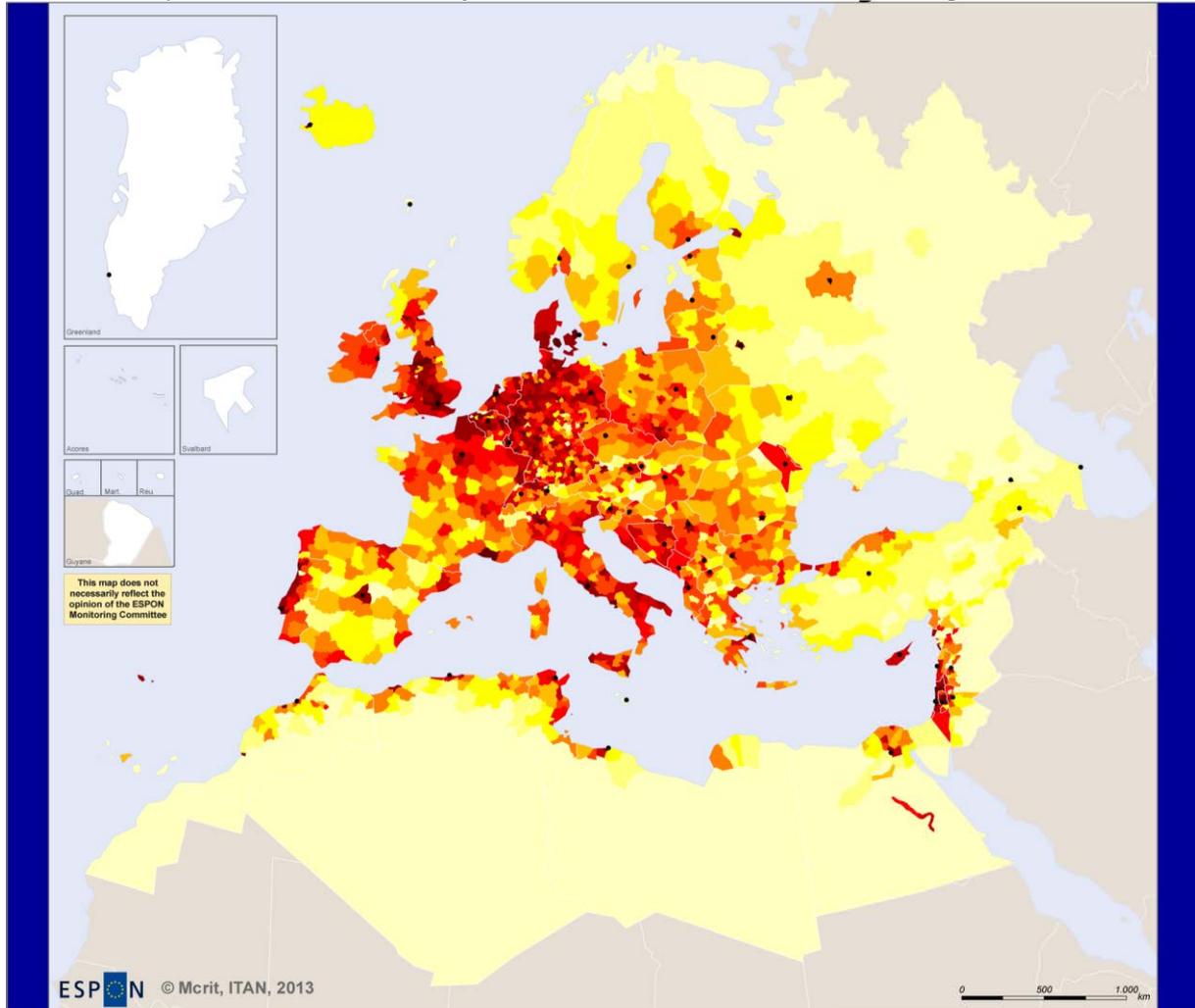
#### 4.1.3. Networks

The density of transport network is rather low in the Eastern Neighbourhood, especially in comparison to the ESPON countries (maps 126 & 127). This is not surprising considering relatively low population density in Russia outside the metropolitan areas and big urban centres.

The road network is particularly dense in the capital cities and St. Petersburg metropolitan area, but also in the whole Moscow area and in the Republic of Moldova. The road network density is considerably higher in proximity to the EU border. The westernmost regions of Ukraine and Belarus are comparable to the Baltic States in terms of road network density, which could be attributed to higher human mobility and border crossings in the border regions (map 126).

When it comes to rail transport density, it is also higher in the capital regions. Ukraine stands out amongst the Eastern Neighbourhood countries in terms of high density of rail network. Zaporozhye oblast and Donetsk oblast in the south-eastern Ukraine have the most developed railway transport infrastructure. Donetsk railway covers approximately 40% of national transportation. In Russia, the most important railway junctions are Moscow oblast and Kursk oblast. The latter lies in the southwest of European Russia and borders with Ukraine. In general, rail transport is fairly developed in the central and southern regions of European Russia, where the population density is higher. The accessibility of the northern regions of the Eastern Neighbourhood by rail transport is rather poor (map 127).

Map 126 - Road network density in the ESPON countries and the Eastern Neighbourhood

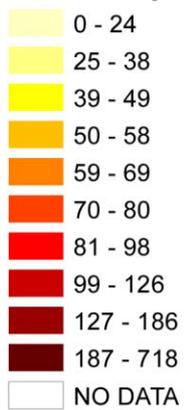


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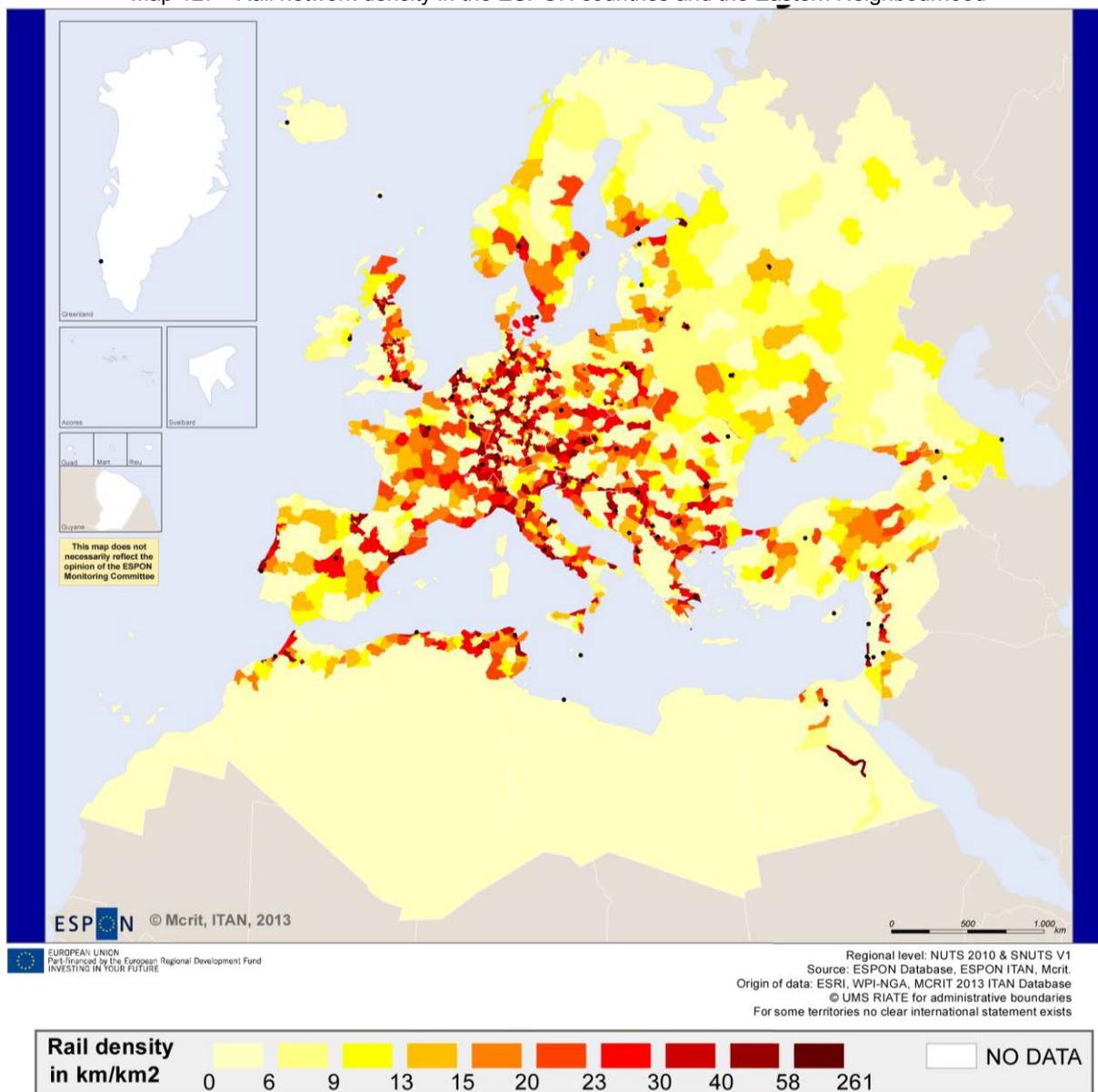
Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ESPON ITAN, Mcrit.  
Origin of data: ESRI, WPI-NGA, MCRIT 2013 ITAN Database  
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For some territories no clear international statement exists

## Legend

### Road density in km/km<sup>2</sup>



Map 127 - Rail network density in the ESPON countries and the Eastern Neighbourhood



## 4.2. Stakes, risks and opportunities

### 4.2.1. The key demographic issue

There is population growth in every capital city region, except in Moldova, indicating a large attraction of these cities beyond their territories. More generally, the demographic growth takes place in urban regions such as St. Petersburg, and the Caucasus. Due to several important conflicts before 2002, in particular to the – often quite compelled – return of the displaced people, Chechnya has a positive demographic trend during the last decade (map 128).

In January 2012 the population of Russia was 143,1 million, unevenly distributed across the country: 80% live in the European part of the country while 75% of its territory is located eastward of the Urals. Just after the collapse of the Soviet Union in 1993 the population in Russia hit a historic peak at 148,6 million. In 1994 a 15 years long trend of population decline began. The main reasons for negative demographic development in Russia were related to natural population decrease. In 1994-2009 the

population in Russia decreased by 11,9 million due to natural change, but thanks to immigration surplus the total population decreased by “only” 6,7 million.

However, most of the regions do experience a loss in population. Population shrinkage mostly takes place in the most northern territories as well as in the most rural regions. The regions located between St. Petersburg and Moscow suffer from the great attractiveness of these two metropolises. Russian regions along the border with Ukraine also experience a shrinking demographic trend. In Ukraine and Belarus, nearly the entire country experiences negative demographic trends with the exception of the capital city. In Moldova, the entire country has declining population figures, mainly due to emigration to the EU or Turkey.

The map 129 shows that most of the SNUTS have a greater share of urban than rural population. The map indicates two types of regions:

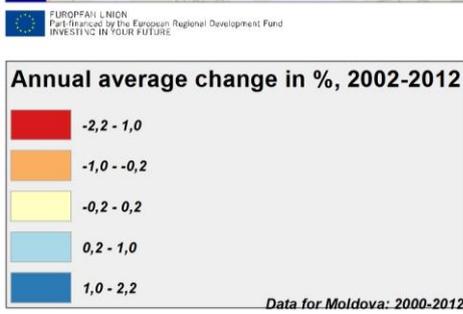
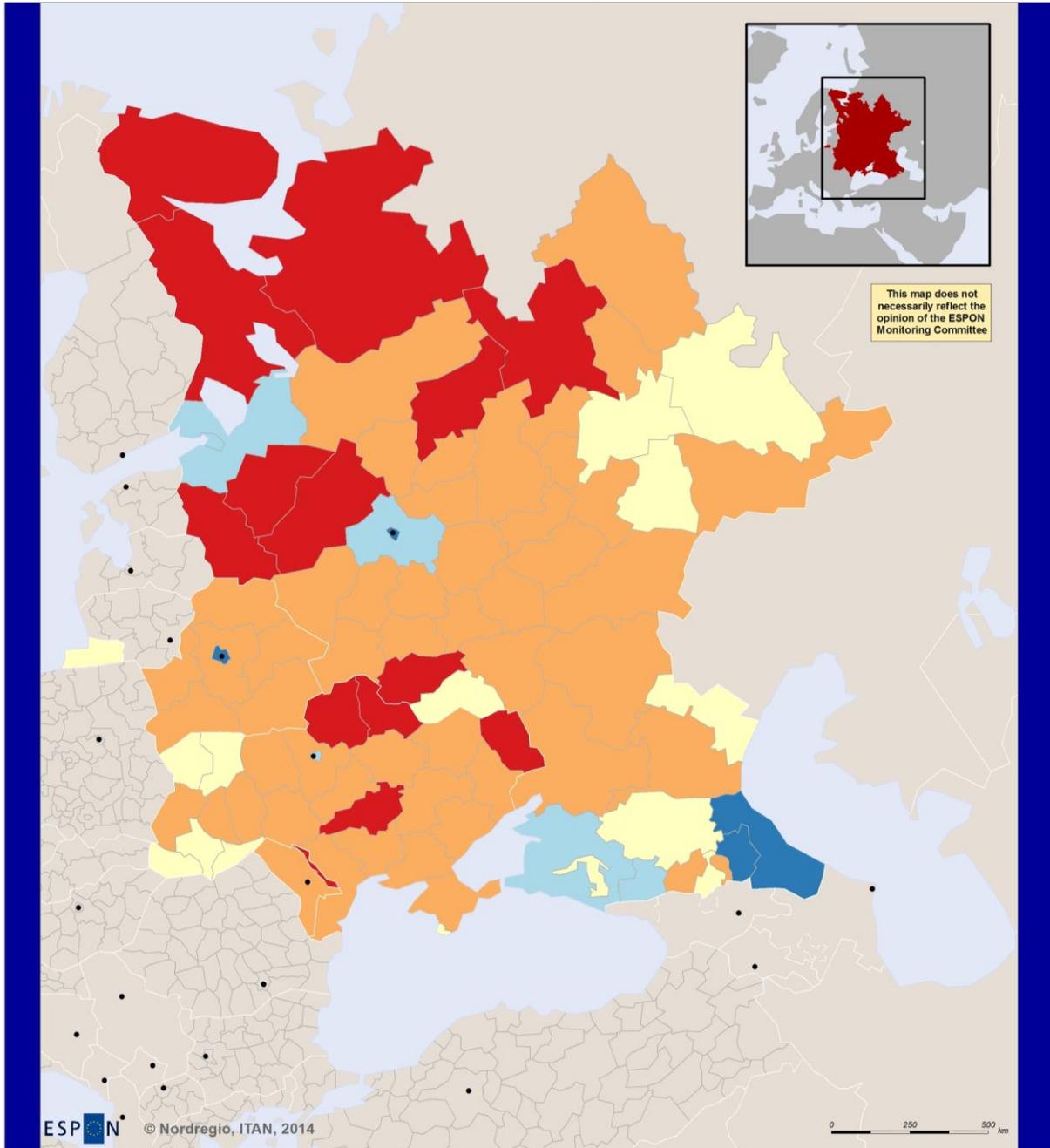
- small SNUTS corresponding to large cities (Moscow, St. Petersburg) and densely populated regions (ex: Donetsk in southern Ukraine: urban sprawl, highly populated, mining industries).
- sparsely populated region dominated by one medium sized-city (ex: Murmansk).

Moscow is dominating the Neighbourhood with more than 11 million inhabitants, followed by St. Petersburg (ca. 5 million), Kiev (2,8 million) and Minsk (1,9 million). There is a South-West/North-East corridor where most of the large cities are located within the region. We can note the absence of large cities in the most northern territories and in Moldova (map 130).

The domestic migrants have their origins in the most rural and peripheral regions (except when there is oil and/or gas). Map 131 indicates that domestic migrants in Belarus move from the provincial regions to Minsk. The destinations of the domestic migrants are the metropolitan areas, oil/gas regions (Tatar and Bashkortostan) and the Caucasus.

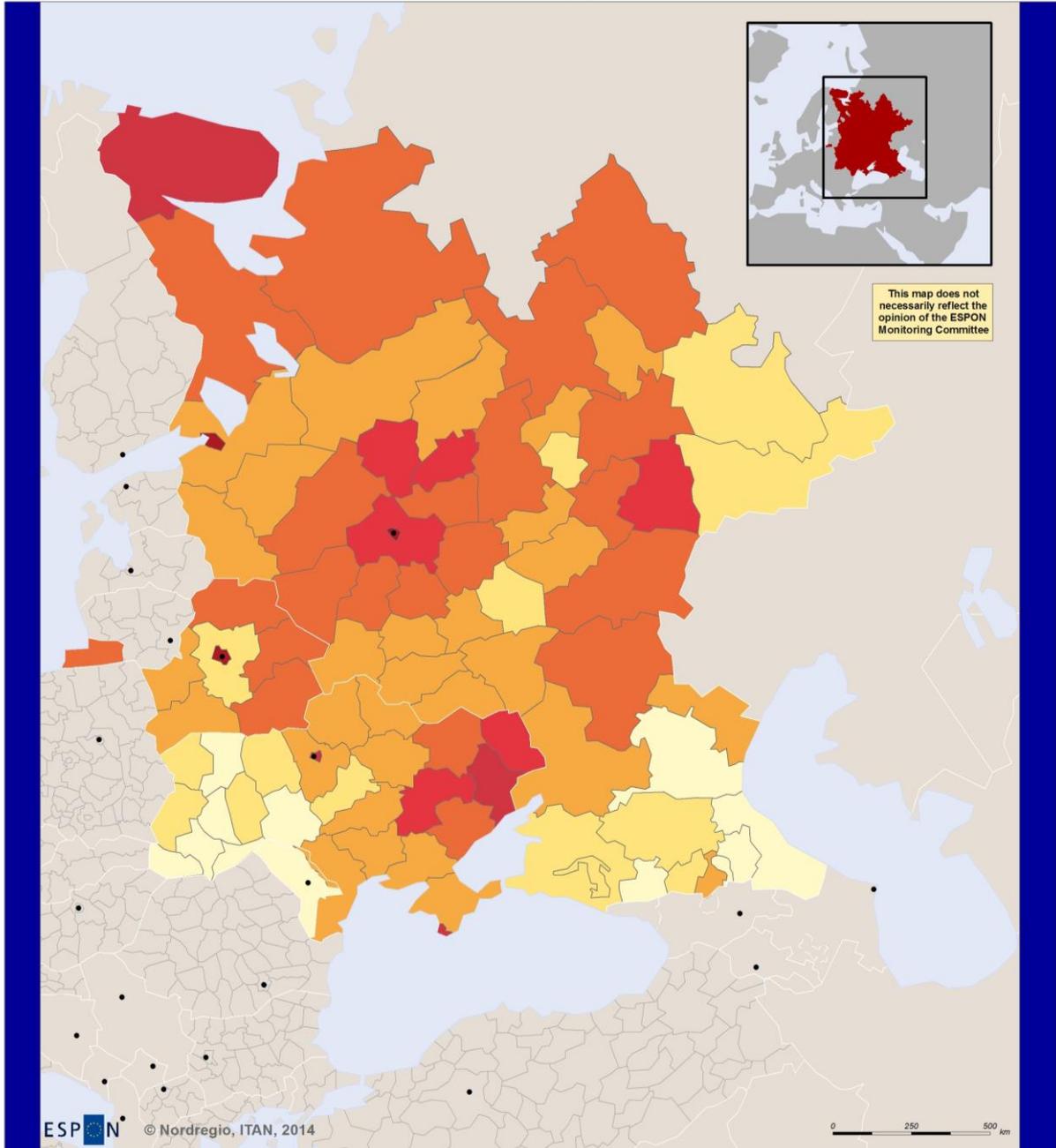
Internal migration in Russia is greater than external migration. In 2011 the annual migration turnover of those who moved permanently to another Russian region or city was 3,1 million, whereas the official (registered) international migration turnover was only 320 000. The most important destinations of migrants in Russia were Moscow and Moscow oblast, St. Petersburg and Krasnodar krai, whereas the population of most subjects in the North, Siberia and the Far East is decreased rapidly due to outmigration. After the collapse of the USSR several shutdowns, degradations and relocations of industries and military activities took place. Also the fact that several support systems and privileges, such as the so-called “northern wage increments” – extra-money for working in remote regions with a harsh climate – were terminated impacted as many people had taken advantage of these incentives to work in these regions temporarily for earning money.

Map 128 - Population change 2002-2012



Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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Map 129 - Share of urban population in 2010

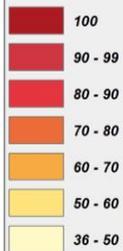


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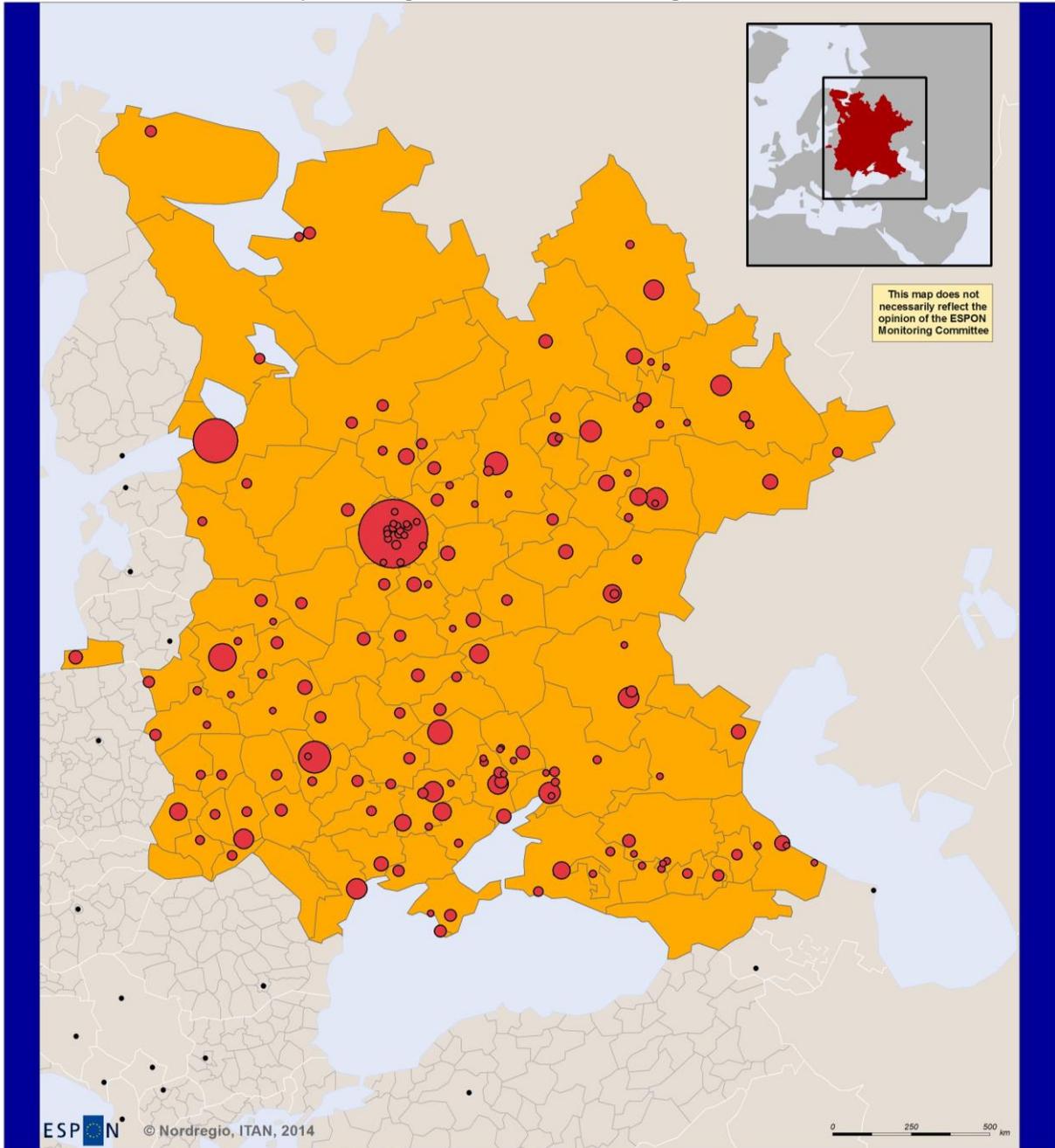
0 250 500 km

**Share of the urban population in 2010**



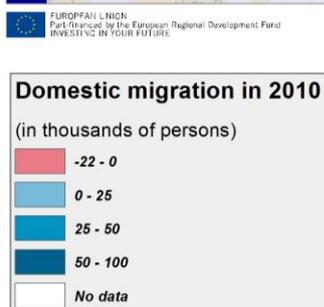
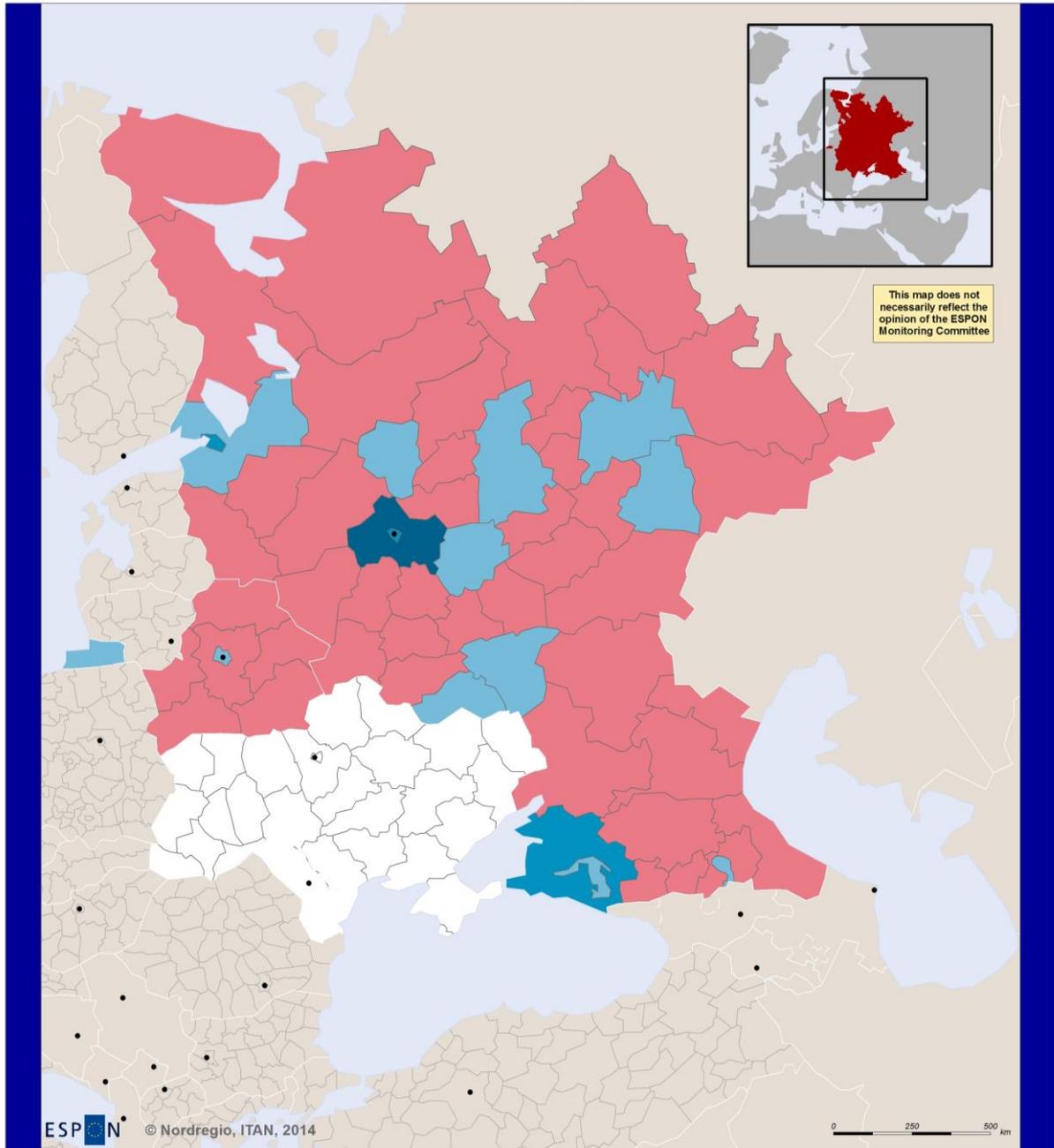
Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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Map 130 - Largest cities in the Eastern Neighbourhood



Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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Map 131 - Domestic migration in 2010



Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: National Statistical Committee of the Republic of Belarus,  
National Bureau of Statistics of the Republic of Moldova,  
Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
Russian Federal State Statistics Service, 2013  
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#### 4.2.2. Social

In terms of gender balance, there is an urban-rural divide in Russia, Belarus and Ukraine with the capital regions (and St. Petersburg) having a more balanced number of males to females of working age (map 132). This is especially significant in Belarus where the Minsk metropolitan region stands out as more balanced in light of the surrounding region which has a lower number of females, perhaps due to the greater number of females moving to Minsk from the surrounding regions for employment or education.

There is also a North-South divide, whereby the most northern oblasts – Murmansk and Arkhangelskaya oblast have fewer than 90 females per 100 males in working age. In Arkhangelskaya oblast the major industries are timber and woodworking, pulp-and-paper, fishing and shipbuilding industries which do not provide many jobs for females. The same goes about Murmansk oblast, with mining, metallurgy, electric power being the main industries here [Metaprom 2009].

Along the EU border (Kaliningrad, Leningradskaya and Pskovskaya oblast, except for St. Petersburg city) a share of males in working age is also slightly higher than females. In Ingushetia republic in the North Caucasus female population of working age strongly dominates. Among the reasons could be high mortality rate of men in working age as a consequence of war. However, if this is the case, a similar trend would have been noticed in neighbouring Chechnya. Some experts [Maksudov 2005] refer to mistakes made in population census, which could explain the unusually high outweigh of women in the working age here.

Another region with a significantly higher number of females than males of working age is Voronezhskaya oblast, which could be primarily explained by a high premature mortality among males of working age (especially after 32 years old) due to unfavourable socio-economic situation [Voronezh Media 2013].

Looking at the gender balance of all age groups in 2010 in total, one can notice a numeral superiority of females over males in the central regions of Russia, with the exception of Moscovskaya oblast. This could be a sign of difficult socio-economic situation here resulting in premature mortality among males (map 133).

Despite instability in the region, life expectancy (maps 134 & 135) for both genders is the highest in the North Caucasus region, Ingushetia in particular. According to [Sazonova 2006, Kvasha 2011] one possible explanation is undercounting of mortality rates in the North Caucasus. In this region with predominantly rural population, low level of education, strong religious and socio-cultural traditions there is a higher uncertainty about the mortality rates [Kvasha & Harjkova 2010; Sazonova 2006].

Overall, life expectancy is higher in the southern part of the Neighbourhood and lower in the central and northern regions of Russia. Lower life expectancy for both genders in the majority of oblasts of the Central federal district of Russia can be explained by a high share of rural population and elderly people – both groups have higher mortality rates. In Pskov oblast (bordering with Estonia and Latvia) the reasons for low life expectancy is unfavourable socio-economic situation (i.e. unemployment, alcoholism). Due to lower level of income the living conditions in these regions and the health status are lower [Sazonova 2006].

Life expectancy is somewhat higher in the capital cities (Moscow, Minsk and Ukraine) and St. Petersburg urban area due to a high number of jobs in tertiary sector, but also the highest income of the population, economic stability and a better access to high quality medical service.

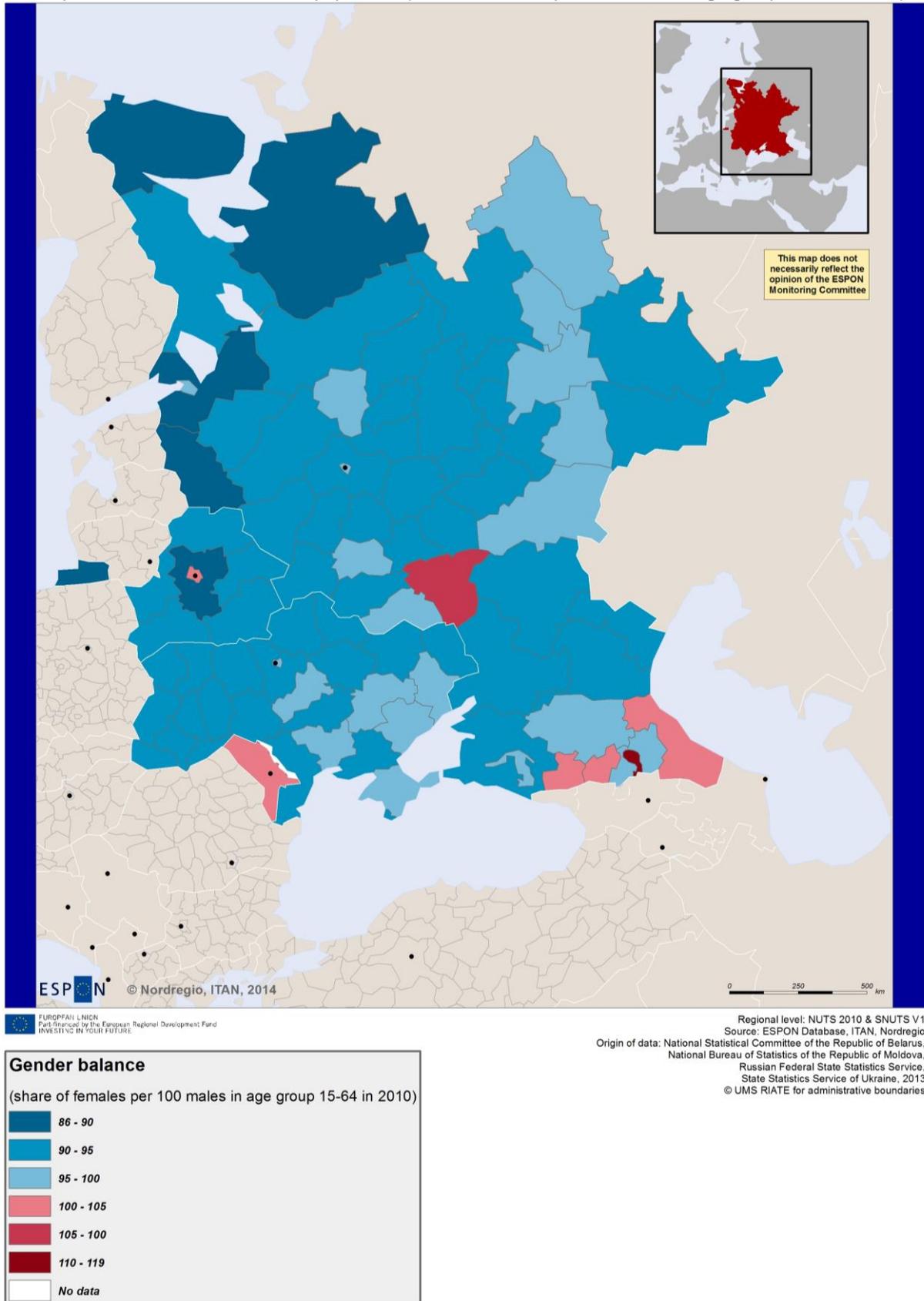
In many regions of Ukraine life expectancy is higher than in Russia, particularly for men. Life expectancy is also higher in the Belorussian and Ukrainian regions on the EU border, especially when it comes to women. At the same time life expectancy is lower in the Russian regions on the EU border (Pskovskaya oblast and Republic of Karelia). Republic of Tatarstan in the eastern part of Russia also stands out in terms of longevity of both genders. This could be attributed to a lower consumption of alcohol by the Muslim population residing here.

The North Caucasus region (Chechnya and Dagestan) is characterised by a high share of children and young (map 136) and a high fertility rate (map 137) which can be explained by strong cultural and religious traditions, and a low level of education. At the same time there is a lower proportion of the elderly in these regions and a fairly low share of active population. Among the explanations could be the destruction of the social and economic life of the country during and after the war which has led to increased mortality in all age groups, but especially in the elderly. The same goes about Moldova – a high share of children and young, while a low share of the elderly (map 138) and active population. In western Ukraine a share of population aged between 0 and 14 years and elderly is high, which results in a lower share of active population.

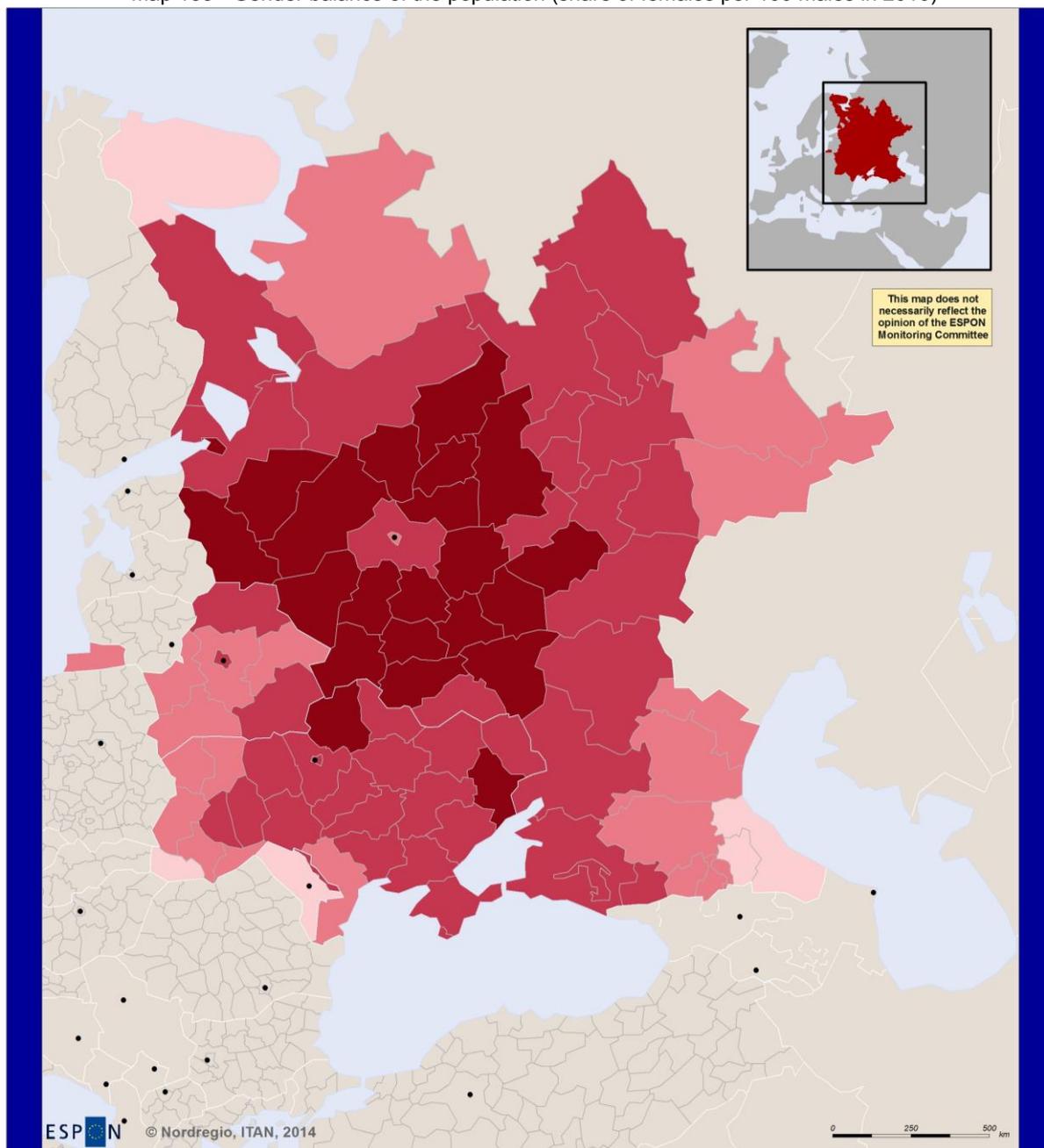
Besides the North Caucasus there are only two oblasts in the North-East Russia (Udmurtskaya Republic and Republic of Bashkortostan) with a slightly higher share of children and young. These are also Muslim Republics with strong cultural traditions and normally larger families.

Fertility rate (map 137) is the highest in the North Caucasus, Chechnya in particular, as well as the eastern part of the European Russia in Udmurtskaya Republic and Republic of Bashkortostan which have already been mentioned with regard to a high share of children and young. However, an interesting observation is that there is also a somewhat higher fertility rate in the northern regions of Russia (Permskiy Kray and Vologotskaya oblast).

Map 132 - Gender balance of the population (share of females per 100 males in age group 15-64 in 2010)



Map 133 - Gender balance of the population (share of females per 100 males in 2010)

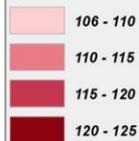


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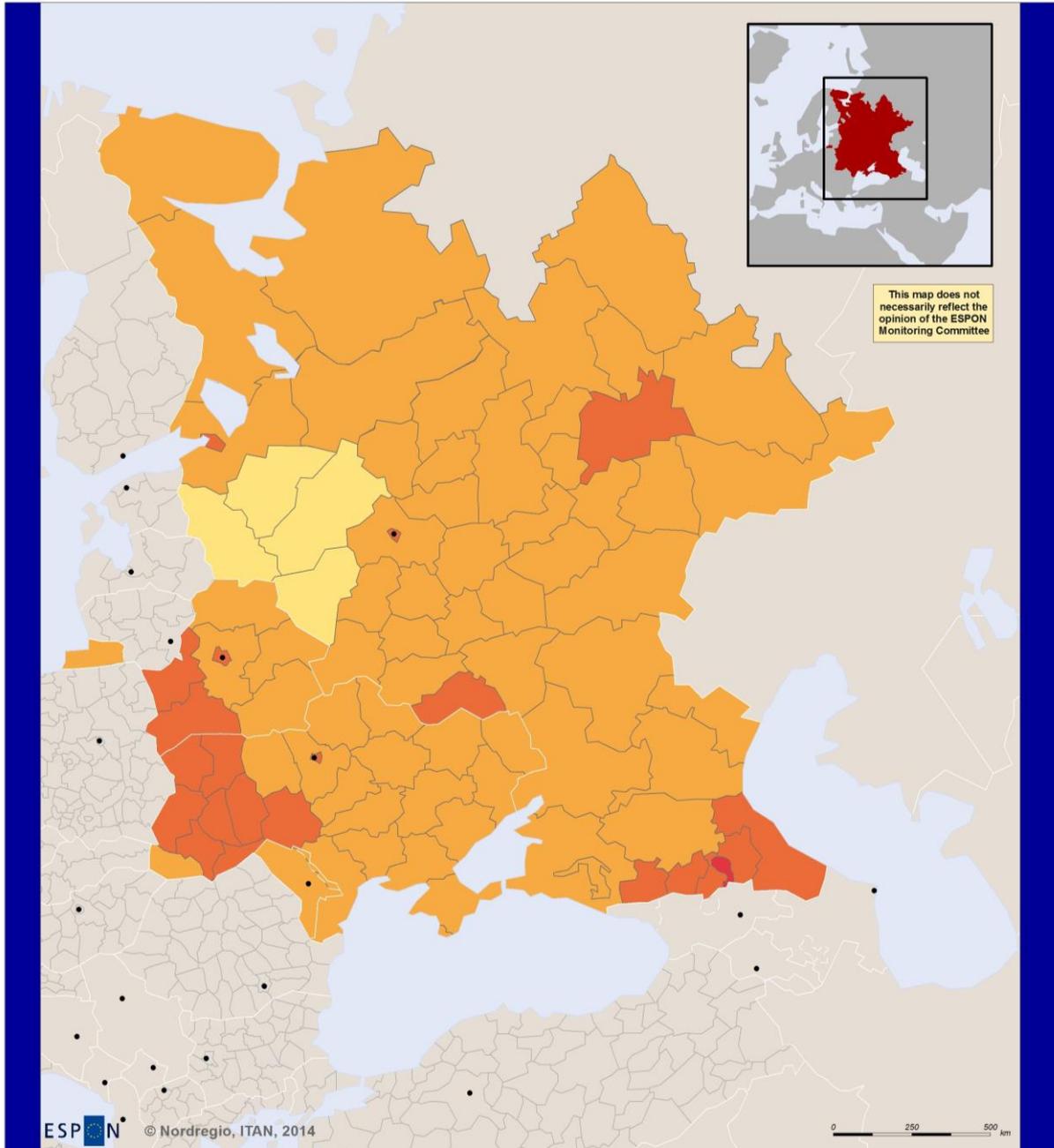
**Gender balance**

(share of females per 100 males in 2010)



Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: National Statistical Committee of the Republic of Belarus,  
National Bureau of Statistics of the Republic of Moldova,  
Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
Russian Federal State Statistics Service,  
State Statistics Service of Ukraine, 2013  
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Map 134 - Life expectancy for women in 2010



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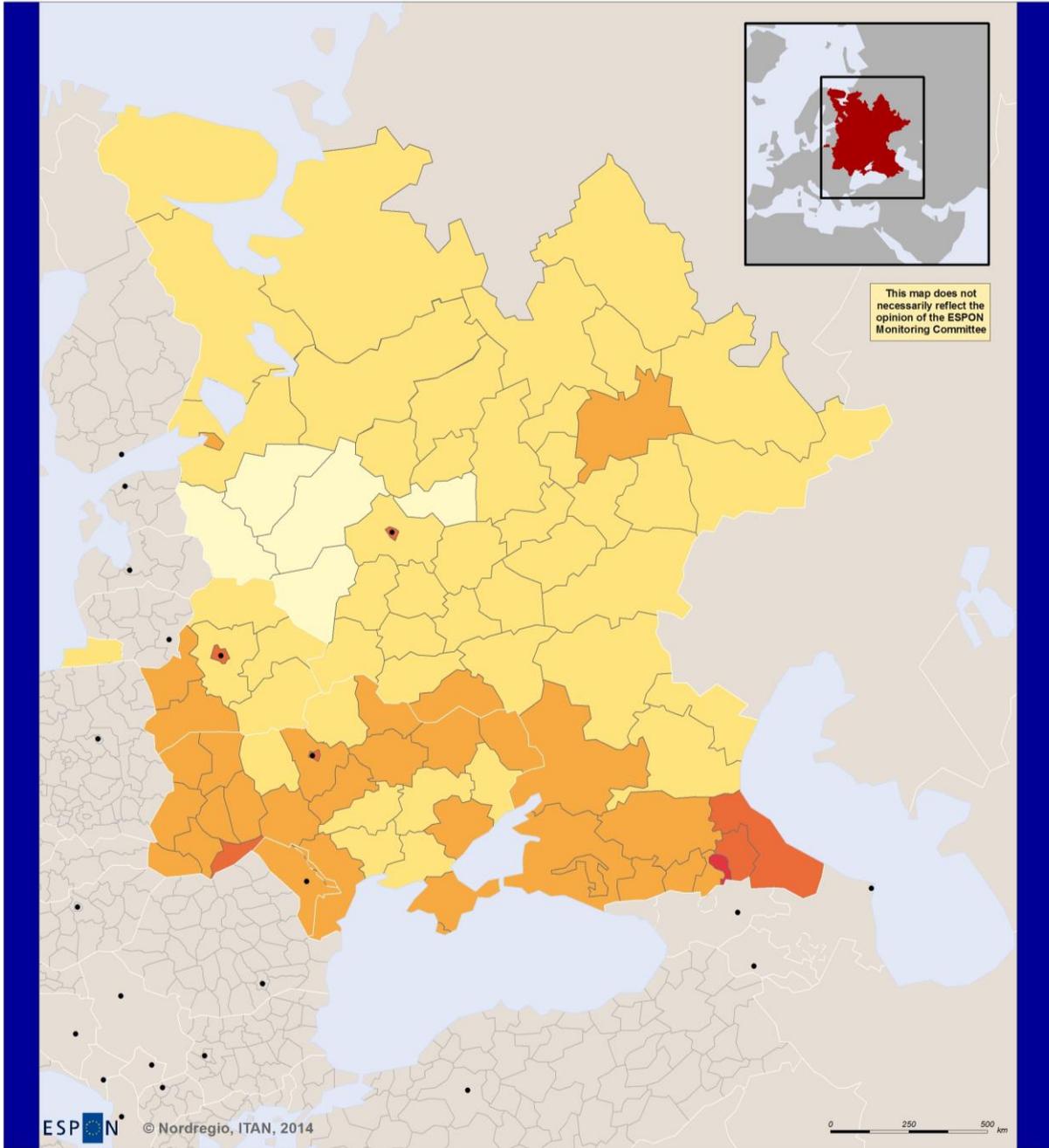
**Life expectancy for women in 2010**

(number of years a girl born in 2010 is expected to live)

- 71 - 73
- 73 - 76
- 76 - 78
- 78 - 82

Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: National Statistical Committee of the Republic of Belarus,  
National Bureau of Statistics of the Republic of Moldova,  
Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
Russian Federal State Statistics Service,  
State Statistics Service of Ukraine, 2013  
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Map 135 - Life expectancy for men in 2010



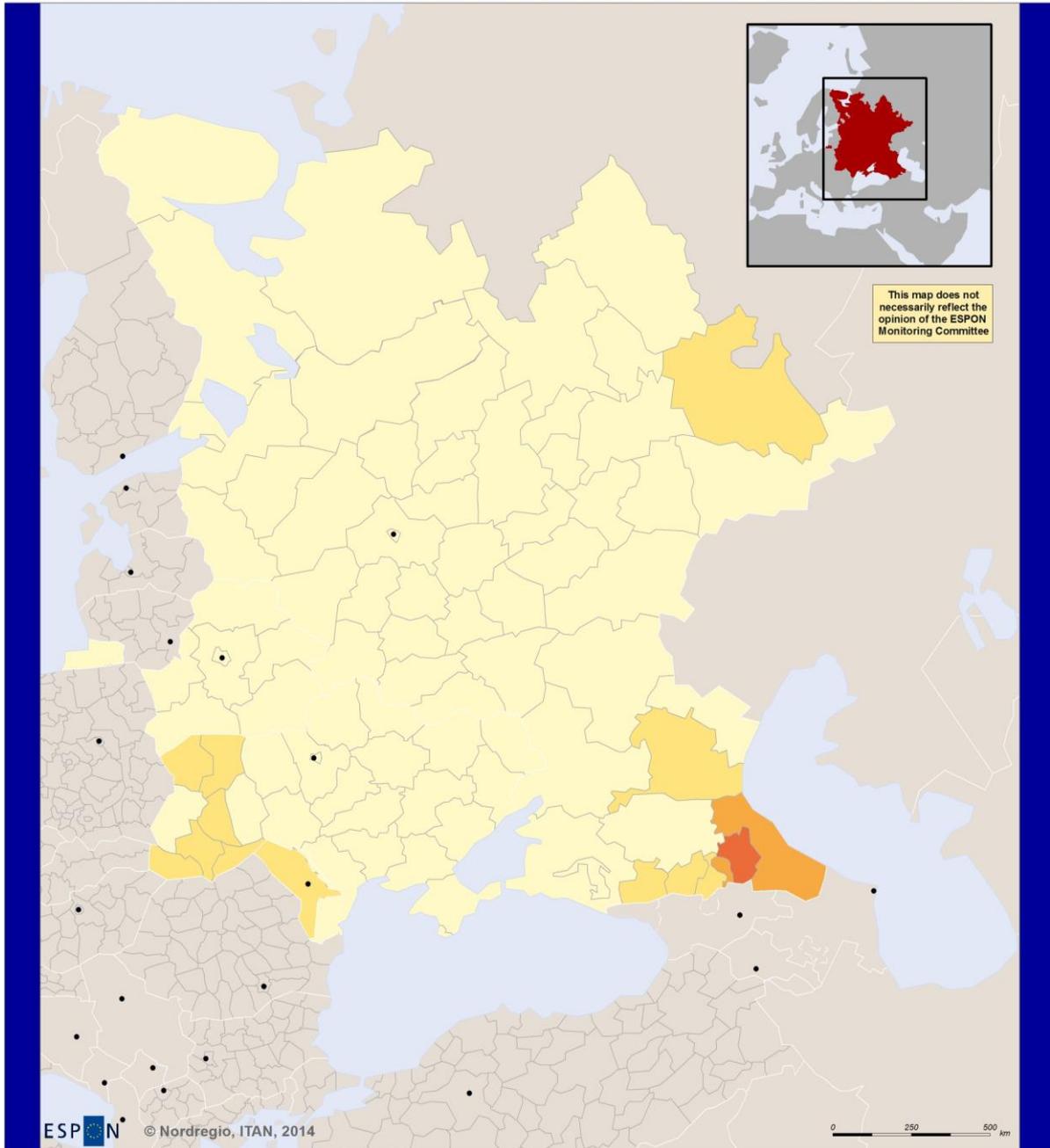
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**Life expectancy for men in 2010**  
 (number of years a boy born in 2010 is expected to live)

	57 - 60
	60 - 64
	64 - 68
	68 - 72
	72 - 75

Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
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Map 136 - Population aged between 0 and 14 years (as a share of total population in 2010)



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**Population aged between 0 and 14 years**

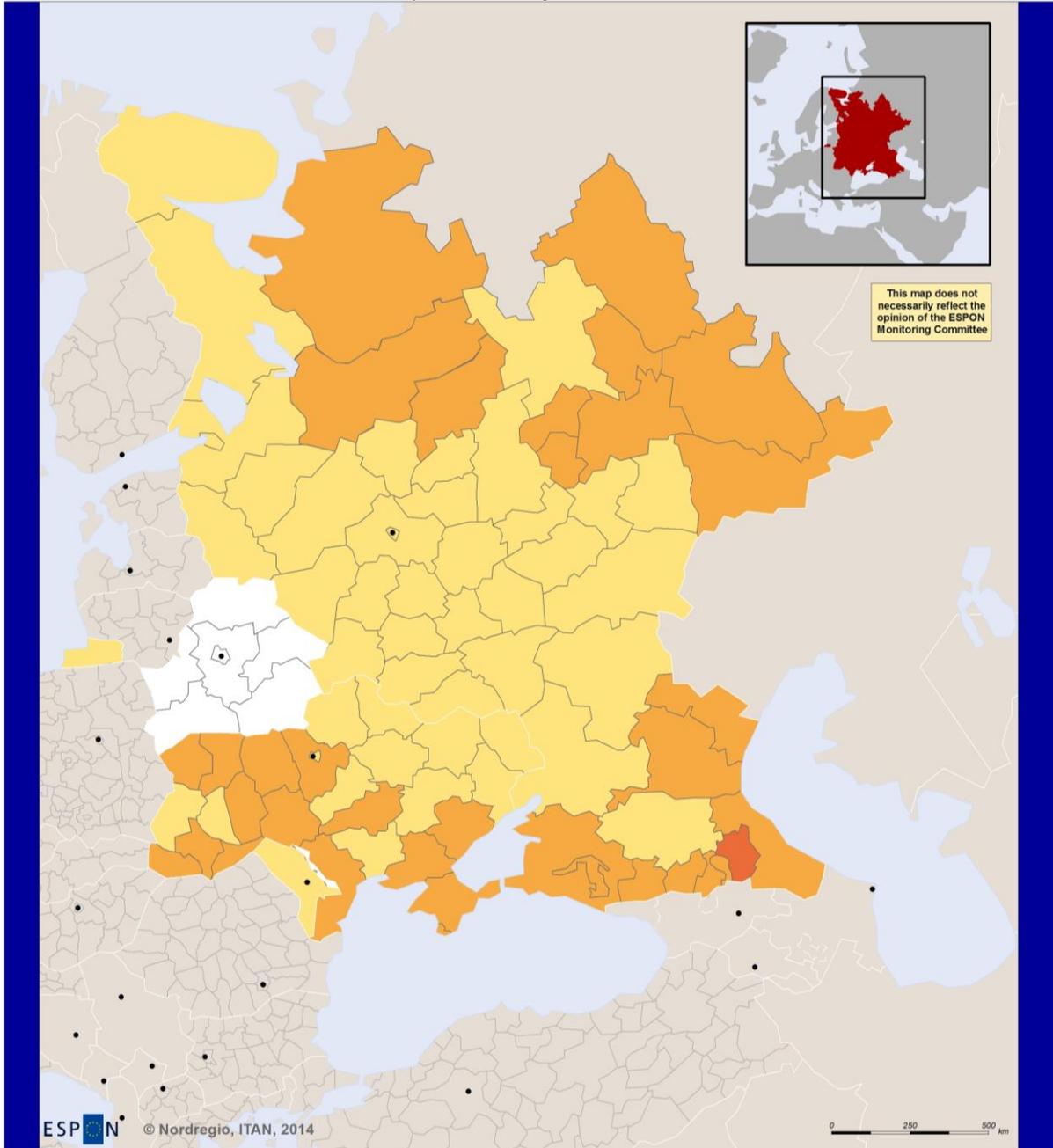
(as a share of the total population in 2010)

- 12 - 17
- 17 - 22
- 22 - 27
- 27 - 33

*Data for Belarus  
and Moldova: 2009*

Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: National Statistical Committee of the Republic of Belarus,  
National Bureau of Statistics of the Republic of Moldova,  
Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
Russian Federal State Statistics Service,  
State Statistics Service of Ukraine, 2013  
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Map 137 - Fertility rate in 2010



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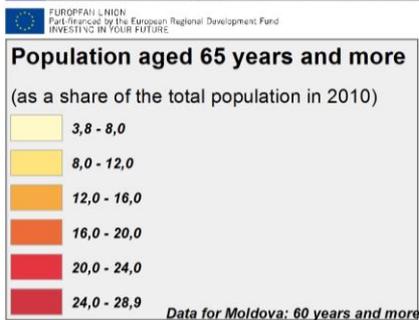
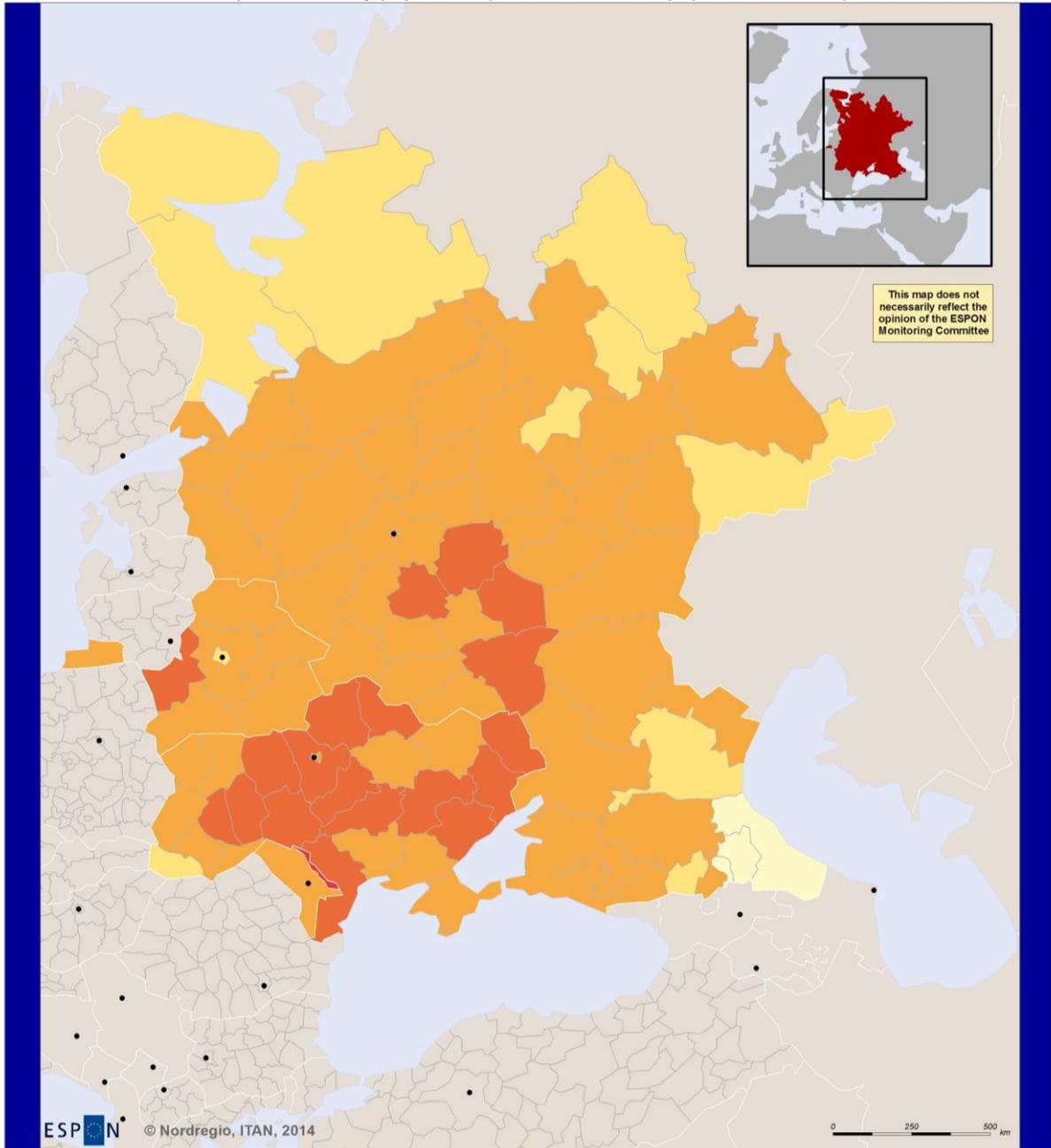
**Fertility rate in 2010**

	1,1 - 1,5
	1,5 - 2,0
	2,0 - 3,4
	No data

*Data for Russia: 2009*

Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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Map 138 - Elderly population (as a share of total population in 2010)



Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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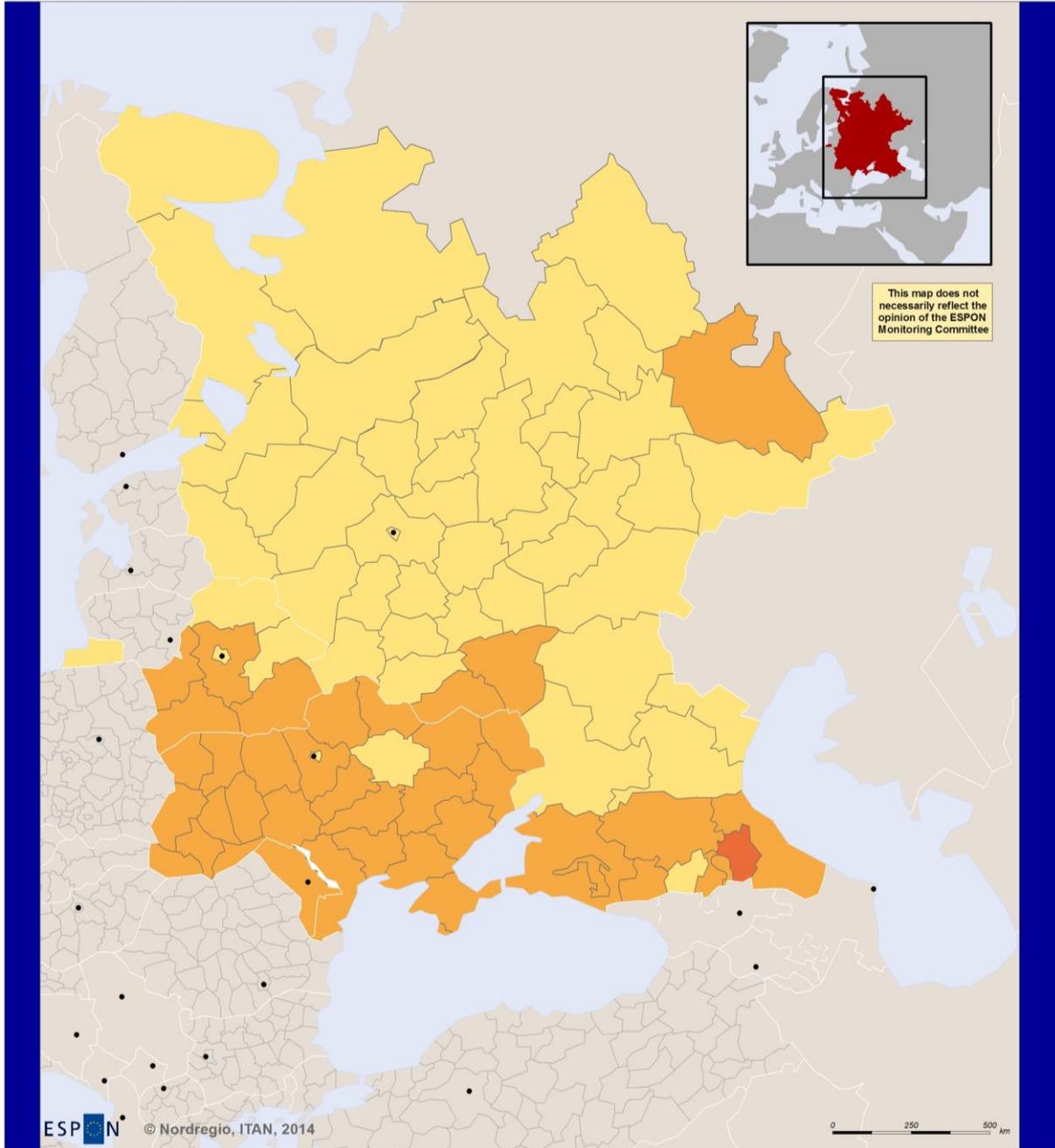
#### 4.2.3. Economy

In terms of dependency ratio we see a clear North-South divide, whereby the northern and central parts of European Russia have a relatively low ratio (with the exception of Bashkortostan), and the southern oblasts, the Caucasus region and most of Belarus have somewhat higher dependency ratios. The dependency ratio in Ukraine is slightly higher – the result of the higher ratio of elderly and relatively low ratio of youngsters in the country (map 139 and maps 138 & 137).

This is also reflected in the active population (those in a job or seeking a job) as share of total population. The Murmansk Oblast of Russia has the highest rate of active population while Belarus (except in the greater Minsk region) and the Ukraine regions have a lower share. Chechnya and the Moldova are the areas with lowest working populations and active populations (maps 140 & 141).

GDP in Russia is centred on the Moscow and St. Petersburg metropolitan regions. The regions bordering the Urals eastern edge also have slightly higher GDPs than the regions bordering the EU. This is presumably due to the mineral deposits in the area (map 142). When looking at GDP per capita the picture is slightly different. The Moscow and St. Petersburg region/Leningrad Oblast are still dominating, but along with Murmansk, Belorodskaja and Tatarstan (one of Russia's most economically developed regions). Ukraine as a country was hard hit by the economic crisis and thus performs worst in GDP per capita, along with Moldova (map 143).

Map 139 - Dependency ratio



ESPON © Nordregio, ITAN, 2014

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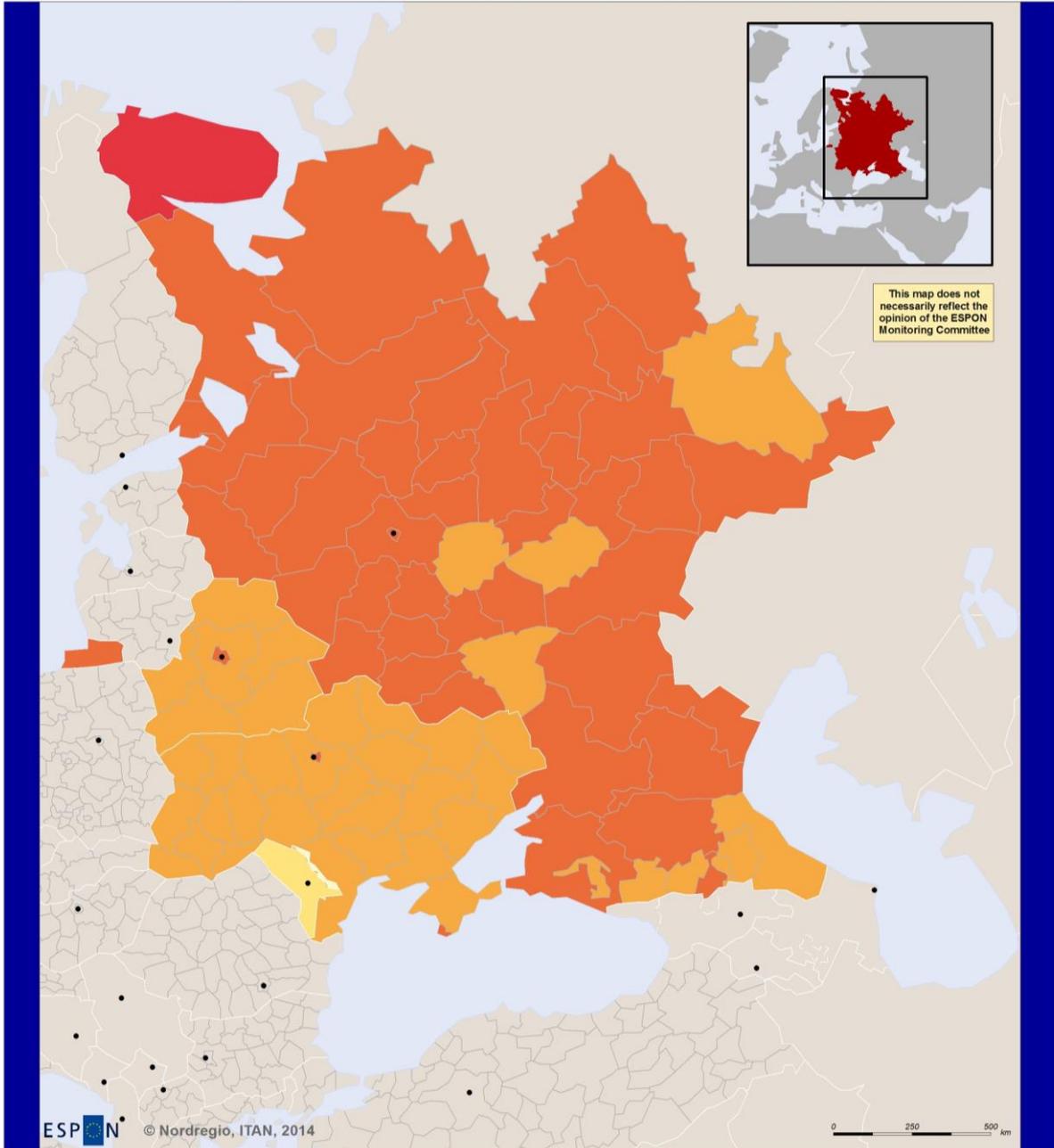
**Population aged 0-14 and 65 years and more**

(as a share of the population aged 15-64 years in 2010)

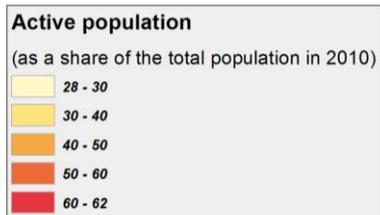
- 29,6 - 45,0
- 45,0 - 60,0
- 60,0 - 70,3
- No data

Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: National Statistical Committee of the Republic of Belarus,  
National Bureau of Statistics of the Republic of Moldova,  
Russian Federal State Statistics Service,  
State Statistics Service of Ukraine, 2013  
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Map 140 - Active population (as a share of total population in 2010)

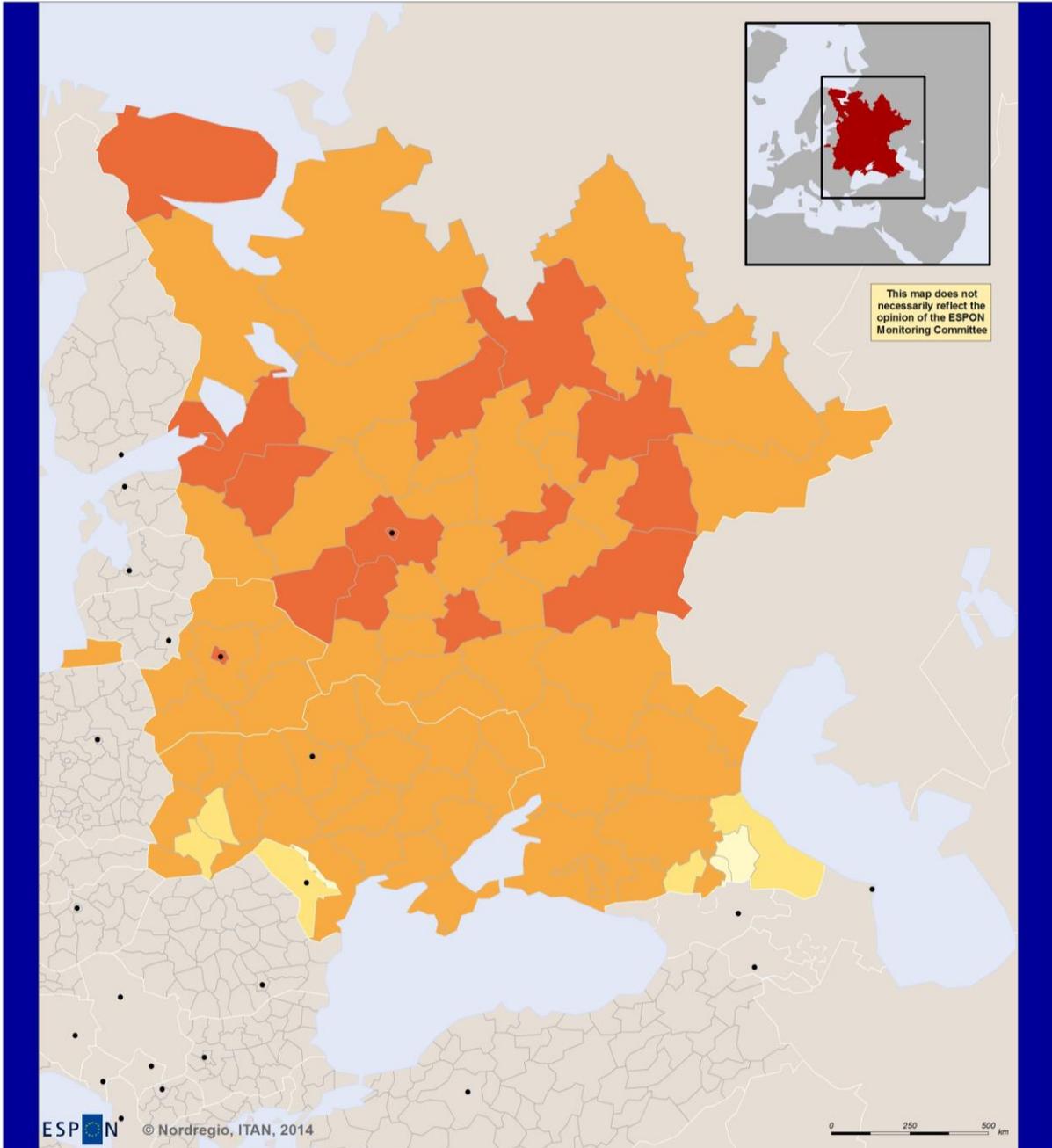



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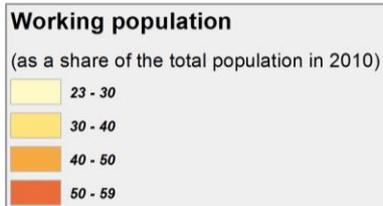


Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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Map 141 - Working population (as a share of total population in 2010)

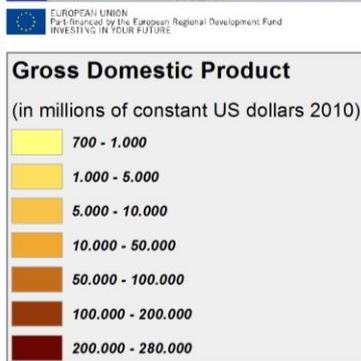
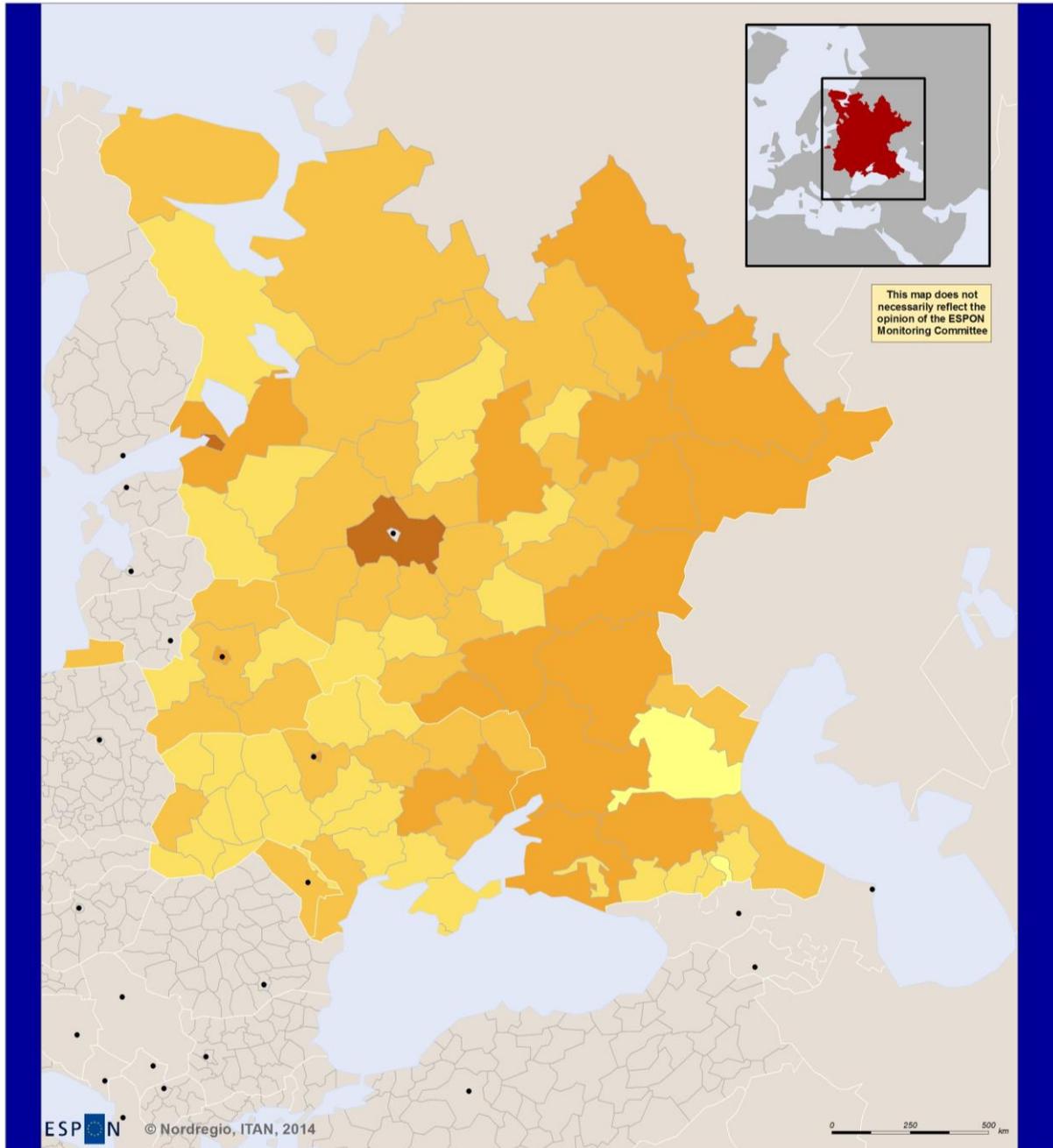


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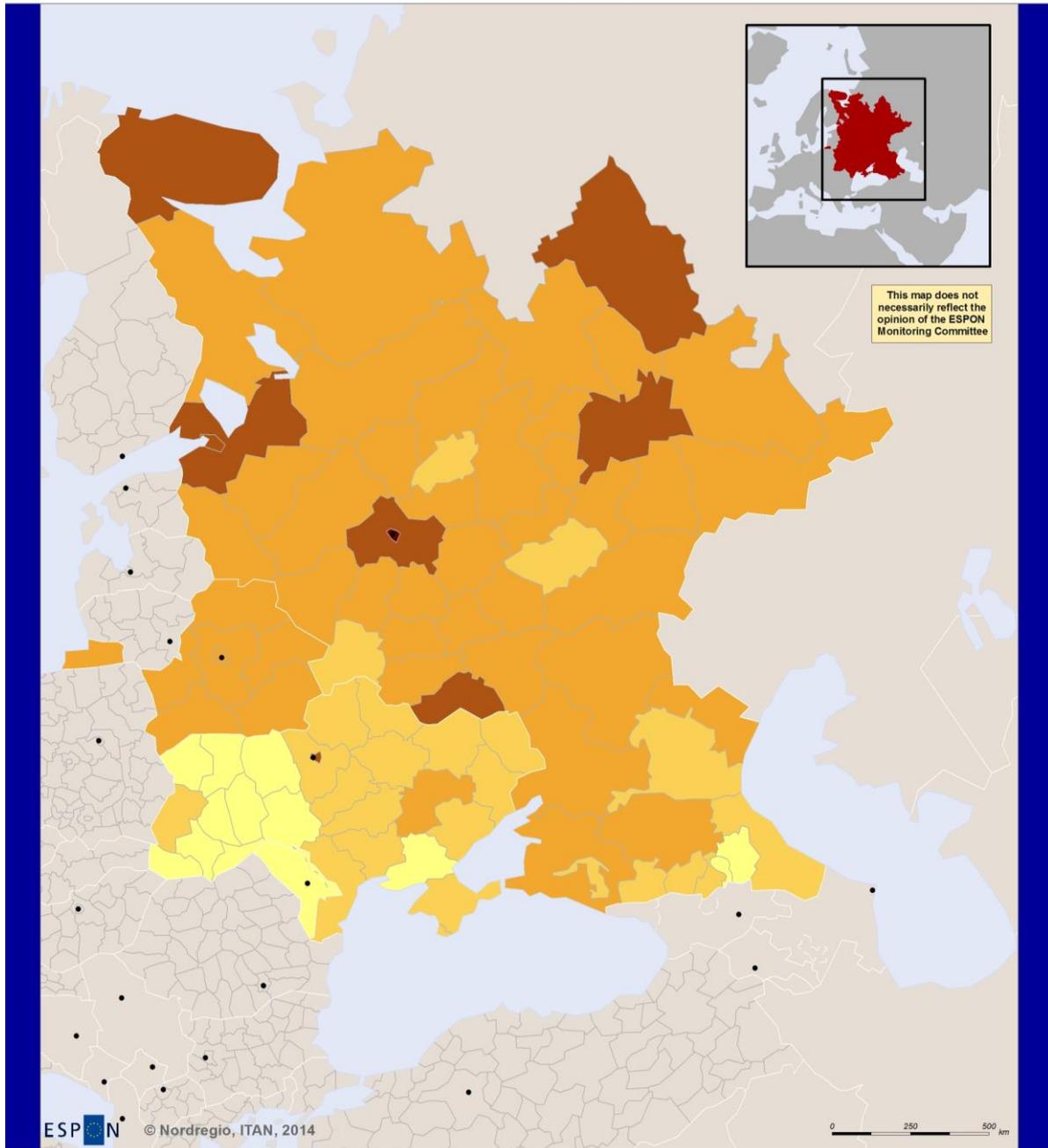
Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: National Statistical Committee of the Republic of Belarus,  
National Bureau of Statistics of the Republic of Moldova,  
Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
Russian Federal State Statistics Service,  
State Statistics Service of Ukraine, 2013  
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Map 142 - GDP (in millions of US dollars in 2010)



Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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Map 143 - GDP per capita



This map does not necessarily reflect the opinion of the ESPON Monitoring Committee



Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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#### 4.2.4. Environmental

We were not able to collect comparable data on local environmental issues, such as climate change or water waste, from each of the countries in the Eastern Neighbourhood. Thus we had to rely on secondary sources to be able to describe some of the stakes risk and opportunities when it comes to environmental issues. As can be seen from table 25, the Eastern Neighbourhood's countries share a number of common environmental challenges. Most of them are related to water quality, waste management, hazardous and military activities, industrial pollution, obsolete pesticides, land, forest and biodiversity management, non-rational and exhausting use of natural resources, low energy efficiency, as well as pollution of the Sea of Azov, the Black Sea and the Caspian Sea [ENPI 2007].

Table 25 - Summary of major environmental challenges in the countries of the Eastern Neighbourhood

<i>Belarus</i>	Land degradation (wetland areas of Polesie) Chernobyl disaster consequences Hazardous industrial sites and polluting facilities Stockpiles and disposal sites of toxic waste, incl. obsolete pesticides Defence facilities and activities
<i>European Russia</i>	Nuclear-waste and accidents Erosion and degradation of land and water Climate change Deforestation
<i>The Republic of Moldova</i>	Land and water bodies pollution with mineral fertilizers and pesticides Loss in biodiversity Excessive use of natural resources Excessive pollution Soil erosion
<i>Transnistria</i>	Degradation of water resources Air pollution Accumulation of solid household and industrial wastes Reduction of the forest area and illegal cutting of forests Degradation of land resources Soil pollution with agrochemicals and pesticides
<i>Ukraine</i>	Hazardous and military activities (industrial and mining facilities, radioactive contamination, hazardous waste) Nuclear power and waste (Chernobyl) Obsolete pesticides and industrial pollution Water management and water scarcity Land, forest and biodiversity management

The region's major environmental problem is related to the consequences of Chernobyl nuclear accident in 1986, which continues to pose long-term environmental and health damages to Ukraine, the neighbouring Belarus and Moldova and Bryansk oblast in Russia [ENVSEC 2006b].

Belarus, Moldova and Ukraine were among the most industrialized countries in the former Soviet Union. Although with the collapse of the Soviet Union the industrial production levels decreased significantly, **the environmental problems linked to the industrial processes remain**. The depots of industrial wastes, obsolete pesticides and unsustainable mining practices from the past pose serious environmental risks today (i.e. the regions of Donbas in Ukraine and Soligorsk in Belarus) [ENVSEC 2010]. In Belarus the amount of banned and obsolete pesticides exceeds 6 000 tons including 718 tons of DDT, and there are about 2 700 tons of potentially hazardous pesticides. About one third of all pesticides are stored under unsuitable conditions (e.g. at farms or industrial facilities) [ENVSEC 2007]. Ukraine hosts about 16 800 tons of highly toxic and hazardous quid rocket fuel component 'melange' since 1961. The storage facilities are no longer safe but the country does not possess the capacity, both financial and technical, to recycle or dispose the compound in an ecologically sound manner [ENVSEC 2006b].

Due to slow modernisation rate of technological processes and inefficient use of natural resources, the economic expansion in the post-Soviet era brought back high levels of industrial pollution in the Eastern Neighbourhood. Overall, low technological capacity results in higher emission levels, higher

waste volumes from production processes, while insufficient treatment of industrial wastewater affects the stability of ecosystems. Mining activities in Soligorsk, Belarus, have caused changes in the landscape, land subsidence and swamping. In 2004, accumulated mine residues exceeded 778 million tonnes. These waste deposits are being exposed to wind and water erosion and represent a threat to the ground water and nearby water bodies.

The **military heritage also left its mark** on the region – toxic and radioactive material can be found in all countries of the Eastern Neighbourhood. The decommissioning of nuclear submarines and disposal of nuclear waste is an on-going process in Murmanskaya and Arkhangelskaya oblasts, where many of the submarines are still docked. Moreover, even today pollution at defence sites and facilities, as well as disposal of obsolete armaments are important issues for Belarus and the Caucasus region.

When it comes to **radioactive and toxic waste**, the countries often do not have suitable infrastructure and available financial resources to handle it. In the Republic of Moldova, for instance, there were about 8 000 tons of toxic waste products in 2004 and no available disposal sites to store toxic waste products [ENVSEC 2006a].

**Poor status of the water environment** is another major environmental challenge in the Eastern Neighbourhood. The leading causes are weakly developed sewerage systems, industrial discharges and non-existing or out-dated wastewater treatment plants, but also agricultural pollution and soil erosion. Poor water quality affects biodiversity and natural ecosystems. In the Republic of Moldova quality of water in major rivers (the Dniester, the Prut) is evaluated as “moderately polluted”, in the Reut and the Byk Rivers as “polluted” and in majority of small rivers as “heavily polluted”. Most sources of underground water in the Republic do not meet water quality standards due to a high content of chemically harmful substances, such as fluorine, sulphates and chlorides [ENVSEC 2006a].

Water quality problems are severe in the **Volga Basin in Russia**. Volga is Europe’s longest and among the most polluted rivers as a result of the cumulative effects of overuse, untreated sewage and heavy industry. Volga’s water is far beyond the quality norms for drinking water and is unsuitable for fish farming or irrigation. The Caspian Sea which receives about 85% of its freshwater from the Volga River is dramatically affected [Henry & Douhovnikoff 2008].

The pollutants have accumulated in seas with limited water exchange, such as the Black Sea, the Sea of Azov and the Caspian Sea. The nutrients from agricultural, domestic and industrial sources and insufficiently treated sewage waters cause eutrophication and degradation of the ecosystems in these seas. In many cases, the pollutants travel hundreds of kilometres to enter the seas. So, water quality of the Black Sea is affected by the polluted waters of the Danube and the Dnipro Rivers which are passing through the Central Europe and the territories of Russia and Belarus before emptying into the Black Sea.

The **Caspian Sea** is a living (or maybe dying...) example of excessive chemical pollution through the running rivers (the Volga, Kura and Ural Rivers) and offshore and onshore oil and gas industry. Underwater oil pipelines which surround Absheron peninsula and some area of Mangyshlag are also among the sources of pollution of the Sea. During Russia-Chechnya war the military waste was dumped into the sea. Today the Caspian Sea is also polluted by the radioactive waste. The Caspian Sea is experiencing a decline in commercial fish stocks, such as Caspian sturgeon [Ministry of Ecology and Natural Resources of Azerbaijan Republic 2012].

Exhaustive nature management (basin rivers impoundment) aimed at fostering economic growth and active utilisation of aquatic ecosystem services of the **Sea of Azov** has left irreversible damages to the ecosystem. During the Soviet times the barrage cascades on the basin rivers have been constructed with a purpose to improve irrigation and flood control for the Kuban river. It has caused a collapse of the fishery, among other things. The regional development plans with a view to further develop the transportation network and construct Azov-Caspian shipping canals represent an emerging threat to the ecosystem of the sea [Lagutov 2011].

Besides the Kuban, a number of hydroelectric dams have also been constructed on the Volga and the Don rivers during the Soviet times, which caused drastic environmental impacts. Dams blocked or limited fish migration (particularly sturgeon) as many fish could not pass the dams for spawning.

Moreover, the construction of dams has significantly influenced the downstream water regimes and hydrographic conditions [Henry & Douhovnikoff 2008].

In recent years chemical pollution by oil and toxic substances has become a serious trans-boundary problem affecting the **Black Sea**. High levels of oil pollution can be found in many coastal areas and river mouths, which is a result of operational or accidental discharges from vessels and insufficiently treated wastewaters from land based sources entering the Sea. Moreover, a growing number of invasive species in the Sea pose additional threat to marine biodiversity. There are a number of 'hot spots' in the Black Sea with high levels of other toxic substances such as pesticides and heavy metals (cadmium, copper, chromium and lead). Heavy metals mainly enter the sea with waste from the heavy industry and ash remaining from burning coal, while pesticides end up in the sea through rivers from agricultural activities [Black Sea SCENE 2013].

Poorly developed management of **hazardous, industrial, agricultural and municipal waste** is another environmental hot-spot in the Eastern Neighbourhood. Due to low environmental standards at waste treatment facilities and ineffective waste prevention measures and sorting capacity, waste sector possesses a significant threat to the natural environment. Unsafe disposal of waste causes pollution of groundwater, dangerous compounds accumulation in the soil, GHG emissions, acid rains etc.

In all countries of the Eastern Neighbourhood and in the southern Caucasus region in particular, **land degradation** and **desertification** is a serious environmental challenge [ENPI 2007]. Fertile soils are being exposed to degradation as a result of human activity, reduced afforestation, unsustainable agricultural practices, mismanagement, etc. The lower Volga River was degraded beyond repair during the Soviet period. Wind erosion has affected the more arid parts of the North Caucasus and lower Volga River basin.

In the Republic of Moldova the area of erosive land grows by approximately 0,9% each year which results in losses of 26 mln tons of fertile soil [ENVSEC 2006a]. Polesie in Belarus is the largest marshland area in Europe and a habitat for many endangered bird species. Polesie covers approximately 30% of Belarus territory and also spreads out to the eastern Poland and the West of Bryansk oblast in Russia. Much of this unique ecosystem and the natural resource were affected by drainage and deforestation to enable farming in the 1960s-1980s [ENVSEC 2007].

Illegal logging and corruption represents a major threat for the **forestry** in the region. Most likely pressure to increase extraction of forest in the region will grow as the domestic and international demand for lumber grows. The Eastern Neighbourhood comprises about 30% of the world forest reserves which act as major sinks of greenhouse gases and play an important role from climate change mitigation perspective [ENPI 2007].

Changes in temperature, precipitation level and in frequency of natural hazards has already taken place over the last decades in the Eastern Neighbourhood. Until today **climate change** has mainly affected agriculture, water and forests, which is a particular threat to the economy of the Republic of Moldova which relies on agriculture [ENVSEC 2011]. In Belarus six out of the seven highest temperatures were recorded during the last twenty years. Nine droughts were recorded in Moldova between 1990 and 2007. The drought of 2007 affected 80% of the country and caused economic damage of US\$ 1 billion. In Ukraine the frequency of extreme weather events (occurring once in 50-100 years) has increased by 1,5-2 times over the last twenty years. The most damaging natural disasters in Ukraine are heavy rainstorms that may cause mudslides and flooding of large areas of agricultural land, houses and industrial buildings [ENVSEC 2011].

A summary of the main environmental and security threats in Belarus, Moldova and Ukraine are presented in map 144.

Map 144 - Environment and security priority areas in Eastern Europe



Map by UNEP/GRID-Arendal, May 2007.

	Areas under environmental stress <sup>1</sup>		Past / current (frozen) conflicts
	Areas contaminated by the Chernobyl explosion <sup>2</sup>	Land and territorial disputes	
	Strongly polluted coastal areas		Inter-state disputes in the process of international or bilateral resolution
	Important nature: near-border protected areas and transboundary regions of high ecological importance <sup>3</sup>		Inter-ethnic disputes
	Nuclear power plants (operating / closed)		Environment and security priority areas

Notes: 1 - Medium to high stress according to national indices of environmental conditions. 2 - Caesium-137 activity above 555 kBq/m<sup>2</sup>. 3 - Shown only outside of areas under medium to strong environmental stress.

Sources: Belarus State University. *Atlas of Belarus Geography*. Minsk 2005; State Committee for Land Resources, Geodesy and Cartography. *National Atlas of Belarus*. Minsk 2002; Boharu V. and O. Kazantseva. *Republic of Moldova. Atlas*. Chisinau 2005; State Committee for Natural Resources. *Integrated Atlas of Ukraine*. Kyiv 2005; Baigala V.I. (ed.) *20 Years after Chernobyl Catastrophe. National Report of Ukraine*. Kyiv 2006; Shevchuk V.E. and V.L. Gurashevsky (eds.) *20 Years after the Chernobyl Catastrophe. National Report*. Minsk 2006; Ministry of Environment Protection of Ukraine. On-line environmental maps ([www.menr.gov.ua](http://www.menr.gov.ua)); ENVSEC consultations 2006-7.

THE MAP DOES NOT IMPLY THE EXPRESSION OF ANY OPINION ON THE PART OF ENVSEC PARTNER ORGANISATIONS CONCERNING THE LEGAL STATUS OF ANY COUNTRY, TERRITORY, CITY OR AREA OF ITS AUTHORITY, OR DELINEATION OF ITS FRONTIERS AND BOUNDARIES.

Source: PIC 1 (Viktor Novikov, UNEP/GRID-Arendal)

#### 4.2.5. Synthesis

Several maps present mapped results of composite indicators for the Eastern and Southern Neighbourhoods, which show some important territorial development trends and indicate the cohesion level.

The map 36 shows international openness of the Eastern and Southern Neighbourhoods per capita, which is composed of three indicators of openness: air connections (number of seats available on international flights), maritime connections (volume of international traffic) and FDIs (annual average investments).

One can see from the map that the metropolitan regions are clearly the forerunners when it comes to international openness. Moscow region has the highest FDI levels and is the largest international air transport hub in the Eastern Neighbourhood. Other capitals of the Eastern Neighbourhood are considerably less internationally open, which can be explained, among other things, by smaller size of the cities and countries themselves. Other regions in the Eastern Neighbourhood which can be referred to as fairly internationalized is St. Petersburg area, and a Ukrainian and Russian regions located on the Black Sea coast. This can be attributed to the importance of the major ports on the Baltic and Black Seas.

The map shows that the international openness index is quite low in the Northeast of the Neighbourhood, which indicates low levels of internationalisation in trade and human flows.

Map 92 shows the territorial development in the Eastern and Southern Neighbourhoods based on GDP evolution and population change from 2000 to 2010, where 0 stands for average evolution in all ITAN Neighbourhoods. It shows that two urban centres - Moscow and Kiev – experienced both the highest evolution of population and GDP growth in the Eastern Neighbourhood during the last decade.

Positive GDP evolution while at the same time slightly below average population development (standard deviation between 0 and 1) was observed in St. Petersburg city, Moscow, Leningrad and Kaliningrad regions, several oblasts in the eastern part of the Neighbourhood and the Republic of Moldova.

In the majority of regions in the North and central parts of European Russia and Ukraine GDP evolution was about average if compared with all ITAN Neighbourhoods, while a total annual population growth rate was much below average (standard deviation below -1).

The map shows that territorial development is more dynamic in the capitals and larger cities, while the majority of peripheral regions are lagging behind both when it comes to population and GDP evolution growth. In general the evolution of the territorial dynamic of the Eastern Neighbourhood is slightly more stable compared to the other Neighbourhoods.

Looking at the composite indicator of territorial capital in the Eastern Neighbourhood (map 93) which combines several indicators - tertiary education, accessibility and international openness, one can see that the central and Southern regions of European Russia and Belarus are performing above average for the ITAN Neighbourhoods. The index of territorial capital is the highest in the capital regions and St. Petersburg city. The regions with a territorial capital index below average are located in Ukraine, but also in Northern and South-Eastern parts of Russia. Especially in the Northern SNUTS of Russia this could be due to low levels of accessibility and road/rail connectedness.

The largest territorial discontinuities in the Eastern Neighbourhood can be observed in Moscow city and the surrounding area. Large territorial discontinuities between other capital cities in the Eastern Neighbourhood and the nearby regions can also be noticed.

### 4.3. Case Study: the Baltic Sea region including Russia

#### 4.3.1. How can we define the area of the Baltic Sea Region?

There is no precise definition of the boundaries of the Baltic Sea Region (BSR). From the geographical point of view, the BSR comprises the countries which have coastlines on the Baltic Sea (Sweden, Finland, Denmark, Estonia, Latvia, Lithuania, Poland, Germany and Russia). In case of Poland, Germany and Russia only some parts of the states belong to the BSR. Normally, only the northernmost coastal regions of Germany are included (Hansestadt Hamburg, Mecklenburg-Vorpommern, and Schleswig-Holstein), northern Poland (Pomorskie, Warminsko-Mazurskie, and Zachodnio-Pomorskie) and some parts of the north-western federal district of Russia (Kaliningrad oblast, Leningrad oblast and Republic of Karelia) [State of the region Report 2012].

Moreover, the BSR comprises the areas which are in a drainage basin of the Baltic Sea. So, besides nine coastal states, there are five countries in the basin – Belarus with almost half of its area in the basin, and smaller parts of Ukraine, Czech Republic and Slovakia draining through Poland, and very small parts of Norway. The whole drainage area covers 1,7 million km<sup>2</sup> [BUP 2002].

Other than geographical specificities belonging to the sea itself, political and economic factors also matter when defining the region. Norway is normally included as part of the BSR due to its strong economic ties with the countries surrounding the Baltic Sea and willingness to participate in regional cooperation. Even Iceland is sometimes included in the definition of the BSR (e.g. by the CBSS and the Baltic Development Forum). The definition of the Region varies across different institutions and intergovernmental organisations, depending on focus of the activities and the purpose of cooperation. For instance, if the purpose of cooperation is environmental protection of the common water, then it makes sense to include the territories of Belarus which are in the drainage basin. The BSR is a highly heterogeneous area in economic, environmental, social and cultural terms, but at the same time the countries in the region share many common resources, have strong ties, common development trends and challenges (i.e. Baltic Sea environmental degradation) [COM 2013].

The regions of the Baltic Sea share a long common history. The Baltic Sea has brought people together for centuries by providing routes for trade and cultural exchange [COM 2009]. In the Middle Ages until the 15<sup>th</sup> century, nearly a hundred cities in the BSR belonged to the Hanseatic League – a trading system which covered most of the northern Europe [Paas & Tafenu 2004]. The economic ties with northwest Russia have traditionally been strong. Before the revolution in 1917, the St. Petersburg metropolitan area was a major export market for a number of eastern Finland's industries [Koistinen & Krutova 2013]. Moreover, some areas of modern Russian Federation were previously foreign territories. Part of the Republic of Karelia belonged to Finland while Kaliningrad was part of Prussia and later the German Reich before the World War II, which shows their closeness to the European states of the BSR [Belokurova & Nozhenko 2013].

The integrative processes and cooperation in the BSR were hampered by the historical events, including the Cold War. The post 1945 division made direct personal contacts and market-based contacts in the region almost impossible. During that time the region was divided into two blocs – the Nordic and western countries on the one hand, and the soviet states with close orientation towards Russia on the other hand. With the end of the Cold War (approx. 1989) the cooperation in the BSR resumed. The collapse of the Soviet Union also caused geopolitical and geo-economic transformations in the post-Soviet countries. The Baltic States adopted a pro-western attitude and pursued EU integration. The cooperation between the countries increased with further enlargement of the European Union, first Finland and Sweden in 1995 then the Baltic States and Poland in 2004 [BDF 2013]. Today the BSR continues to benefit from exceptionally strong economic, social and trading ties in the region [State of the region report 2012].

#### 4.3.2. The importance of further integration of northwest Russia and Belarus in the region

Ensuring the cohesion of the entire macro-region is high on the EU agenda. Russia is the EU's biggest neighbour and third biggest trading partner [EEAS 2013]. In addition, Russia is an important supplier

of oil and gas to the EU member states. Interconnections of national and regional economies as well as effects of the global financial crisis push the EU and Russia to establish a closer cooperation. Indeed, deeper regional co-operation is essential for ensuring security and improving the environmental and economic stability of the region [BDF 2013]. There are a number of issues between the EU and its neighbours which need to be resolved together. Among the issues is environmental deterioration of the Baltic Sea, climate change, trafficking in human beings, smuggling of harmful goods, communicable diseases, illegal immigration and organized crime [OSW 2012]. Moreover, through diminishing socio-economic imbalances and inequalities between the EU countries and the northwest Russia some of these challenges can be overcome, which would contribute to overall stability of the region.

In addressing the environmental challenges in the region the involvement of the countries surrounding the Baltic Sea and those located in the catchment area (Belarus) is crucial. The city of Kaliningrad itself is among the greatest sources of pollution in the entire Baltic Sea basin. Due to weak development of sewage treatment plants in the urban centres and villages of Kaliningrad oblast, communal wastewater mostly goes untreated into the Neman and Pregola rivers, which flow into the Baltic Sea. Moreover, the lack of adequate waste management systems in Kaliningrad oblast represents a threat to the quality of groundwater [OSW 2012].

From the social perspective, regional integration is of high importance for many individuals, primarily from the former Soviet republics (Estonia, Latvia, Lithuania) who have relatives, friends and cultural ties with Russia and Belarus and vice versa. Simplifying a visa regime could be an important step towards the integration.

Further integration of the Eastern Neighbours in the region would strengthen their sense of belonging to the Baltic Sea, or a so-called 'regional identity', which is important when it comes to sharing the responsibility for the region. Development of the BSR identity would contribute to the regional community viability and resilience, as well as improve overall understanding and conflict resolution. The regional identity is based on sharing the Baltic Sea, a common history, culture and a common wish to see the region as competitive, stable, inclusive and sustainable.

This is particularly relevant in case of Kaliningrad oblast, which is often considered as a special case due to its exclave status and geographical isolation from the mainland Russia. The oblast is surrounded by the EU countries, which influences the mindset of the residents, who perceive themselves as Russians living in a special area, 'a different Russia in Europe'. The residents often mention that they have a strong connection to the BSR and have developed sense of a separate identity, which is very close to Europeans [OSW 2012]. There is a strong interest from the residents of the exclave to strengthen people-to-people contacts with the neighbouring European countries, cooperate in the field of culture, education, environment and social development issues.

#### 4.3.3. Continuities and discontinuities in the BSR

Half of the countries in the BSR were behind the Iron Curtain until the beginning of the 1990s while others, the three Baltic States, are the former Soviet republics. The history leaves its mark on the current governance situation in the BSR, which is quite diverse. On the one hand, there are Nordic countries which proved to be innovative and ambitious in their governance agendas and are fairly well experienced with decentralisation. The Nordic countries have a long tradition of strong national and local governments [Fritsch 2013]. The local and regional actors have a lot of responsibilities and freedom to act. The local authorities carry out most of the planning activities sharing the responsibility with the national level, which is also referred to as "Nordic approach". Cooperation between the administrative levels is well-functioning, partly due to a good coherence and a high level of trust between all governance levels. Public participation is a very strong element of the Nordic culture. These countries also have a strong civil society [Liveland project 2013]. On the other hand, the post-communist countries (three Baltic States and Poland) are lagging behind the Nordic neighbours in the field of governance. As young democracies, the priority in the 1990s was given to more pressing political and economic reforms, such as establishing an effective representative democracy rather than fostering public participation. During the last decades these countries made a significant progress towards better governance, largely influenced by the EU accession process. The EU had a major

effect on shaping the institutions governing employment and economic development in these countries, as well as on national and sub-national governance structures, foremost by strengthening the regional level of governance.

In the EU as a whole, the member states' governance systems have been undergoing a process of Europeanisation, which prompted cross-border cooperation and a more international orientation. Moreover, the EU principles of subsidiarity and partnership, as well as the requirements for the distribution of EU structural funds, have supported the regional level of governance [Fritsch 2013]. Despite the principle of subsidiarity applied in the Baltic States, the challenges for the local governance remain. The municipalities here have little decision-making authority, few administrative functions and are lacking financial independence [Böhme 2013]. In Germany, power is divided between the federal governments and 'Länder'. German Länder are the regional units which have their own legal framework and are highly influential because of their financial and political power. The sixteen Länder participate in policy formulation and decision-making at the federal level and their interests are also represented at the EU level.

The governance model in Russia is quite different from the EU countries. In the beginning of 2000s the policy of re-centralisation was taken in Russia, which diminished the newly found autonomy of regional actors in Russia. The majority of regions were fully subordinate to the central government, both politically, economically and administratively, which to some extent also limited the opportunities for the regions to engage in the international activities [Ross & Campbell 2008].

The Law on Local Governance (enacted in 2006) implied decentralisation of political, administrative, and fiscal powers in Russia. However, the newly formed local self-governments are weak and have limited financial independence, which does not create favourable environment for the development of local initiatives. In practice the central government continues to retain significant authority and district administrations have to focus on implementing activities delegated from the top. Corruption and the lack of transparency are additional challenges for the development of good governance in Russia [Ross & Campbell 2008].

At the BSR-wide scale, the EUSBSR is expected to contribute to better governance, as it 'offers a new governance framework for bringing together various relevant sector policies to approach joint challenges or potentials' [Böhme 2013].

Table 26 - Political systems in the BSR countries

Country	State form	Subnational level Regional/county	Local
Estonia	unitary state; parliamentary republic with multi-party government	<i>Management of services are concentrated to 4 regional centres.</i>	<b>227 municipalities</b> , mean number of inhabitants: 6 005. Local councils elected on a proportional basis for a 4-year period. Mayor appointed by the council. Local Government Act defines in detail rights and responsibilities of local councils.
Latvia	unitary state; parliamentary republic; president elected by the parliament, the president appoints the prime minister, often coalition governments	<i>District self-governments were abolished in the reform of 2009</i>	<b>118 municipalities</b> (after a reform in 2009), headed by a directly elected council
Lithuania	unitary state; semi-presidentialism		<b>60 municipalities</b> ; vary in size from 2400 to 550 000 inhabitants
Poland	unitary state; parliamentary system, directly elected president with weak power	<b>315 counties</b> ; county government functions: secondary education, health care, county roads, social services, labour offices, natural disasters protection, land surveying, various inspections such as sanitary, building. <b>16 regions</b>	<b>2 478 municipalities</b> (including 65 cities of powiat status), mean number of inhabitants: 16 000 Local government functions: primary education, water, waste collection, local parks, local public transports, communal housing, fire brigades, social services, local spatial planning.
Germany	federal state	<b>16 Länder (States): 323 counties</b>	<b>12 312 municipalities</b>
Sweden	unitary state	<b>16 county councils, 4 regions</b> (formally county councils), directly elected: health care, regional planning (the 4 regions have extended responsibility for regional planning and development compared to the county councils). <b>Intermunicipal cooperation</b> (kommunala samverkansorgan) in 13 counties. <b>21 county administration boards</b> (state representative at regional level)	<b>290 municipalities</b>
Finland	unitary state, directly elected president	<b>19 regional councils</b> (indirectly elected), and other joint municipal authorities ÅLAND	<b>320 municipalities</b> (reduced from 415 to 320 from 2008 to 2013)
Denmark	unitary state	<b>5 regions</b> (before the reform in 2007: 14 counties)	<b>98 municipalities</b> (before the reform in 2007: 271 municipalities)
Russia	federal presidential republic	<b>8 federal districts</b> divided into <b>83 federal entities</b> (21 minority republics, 9 krajs (territories), 46 oblasts (regions), 2 federal cities (Moscow and St. Petersburg), 1 autonomous oblast, and 4 autonomous okrugs (districts))	<b>Municipal districts (rayon), urban okrugs</b>

Source: INVOLVE project (Loughlin et al. (2011), The Oxford Handbook of Local and Regional Democracy; Hörnström, L (2010), Redistributive regionalism. Narratives on regionalisation in the Nordic Periphery)

#### 4.3.4. Functional relations within the BSR

The development of the BSR has a diversified and quite heterogeneous territorial pattern which can be explained through the territorial divides presented below.

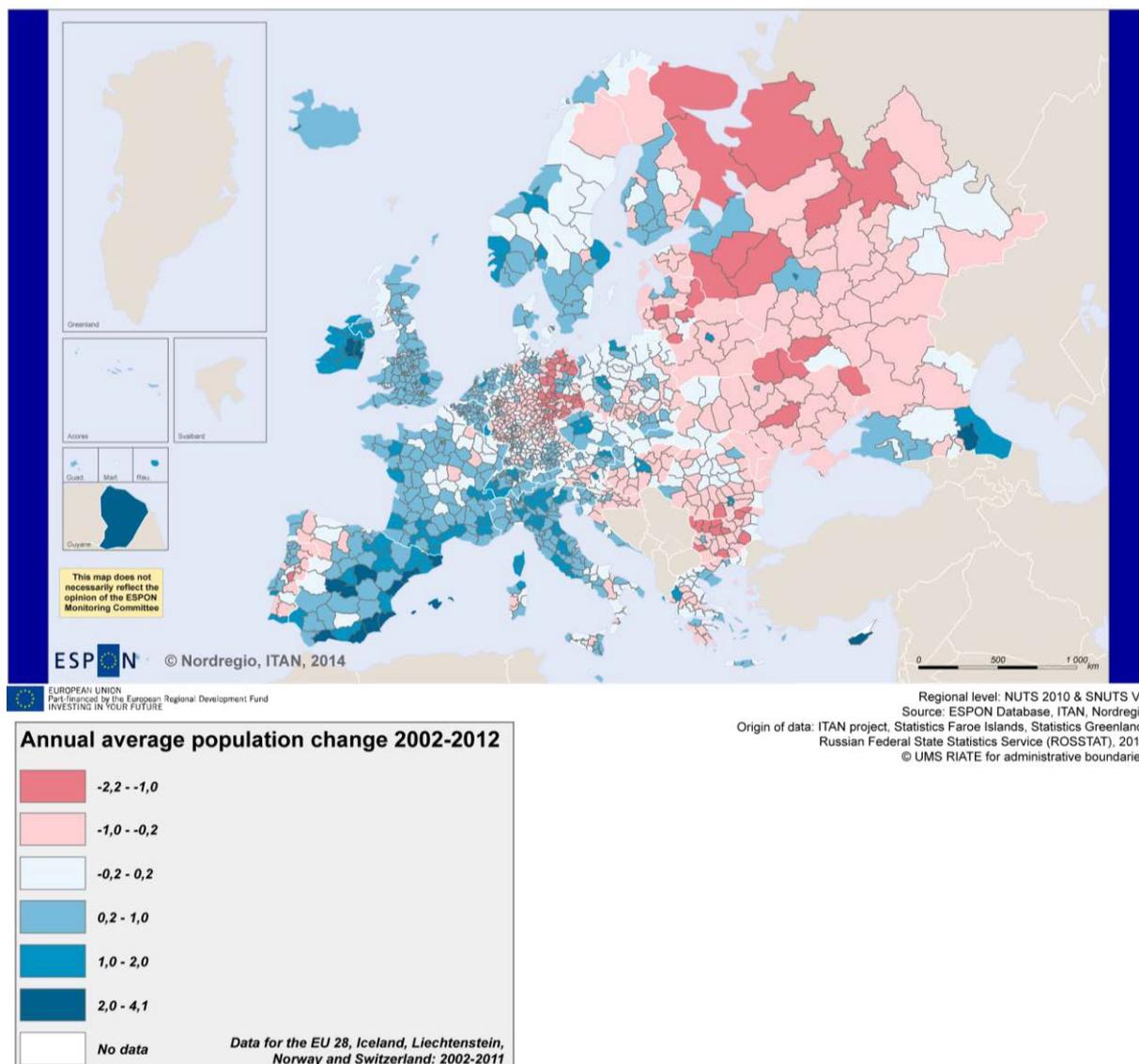
##### 1°) Divides across the region

###### *Urban-rural and North-South divide with regard to population dynamics*

The North-South territorial divide illustrates the population dynamics in the region, which is primarily influenced by diversified climatic conditions (map 145) The BSR consists of a densely populated southern part and largely uninhabited and sparsely populated northern part [Nordregio 2012]. Connecting the remote rural settlements in the North to the urban networks and providing sufficient transport infrastructure remains a major challenge for the development there. The population decline in the northernmost parts of the region is expected to continue, except for the dynamic urban environments in the North which have an economic development potential and will be able to keep and attract new residents [Nordregio 2012].

East-West divide with regard to population dynamics is also true, although less remarkable than the North-South divide. The population in the Baltic States and northwest Russia is declining both in urban and rural areas due to low fertility and high outmigration. The northwest Russia is experiencing the sharpest population decline in the region by 0,5% annually and has fertility rates below Western European averages, except for Kaliningrad oblast where the demographic situation is fairly good [State of the region Report 2012, Sebentsov & Zotova 2013]. On the contrary, the population in the Nordic countries continues to grow due to high birth rates and immigration (e.g. from the Baltic States). The Nordic countries gain population at rate of 50 000 per year [BUUF 2007].

Map 145 - North-South population divide



In addition there is also an urban-rural divide, which results from significant differences between the capital areas and their hinterlands. Urban-rural divide is an important challenge for the regional cohesion, as more and more people are moving to the cities, whereas the rural areas are struggling with population ageing and outward migration. In addition, some of the remote rural areas with low physical accessibility are suffering from underdeveloped ICT connections [Nordregio 2012].

Migration from rural areas to urban centres and from smaller towns to cities has an impact on labour market changes in the BSR. Traditional jobs in rural areas in primary and secondary sectors of the economy are on the decline and being replaced by jobs in the service sector in the cities and capital regions. This results in scarce employment opportunities in the rural areas, which reinforce the shifts in the settlement structure of the region [BUUF 2007].

#### *East-West divide with regard to economic development*

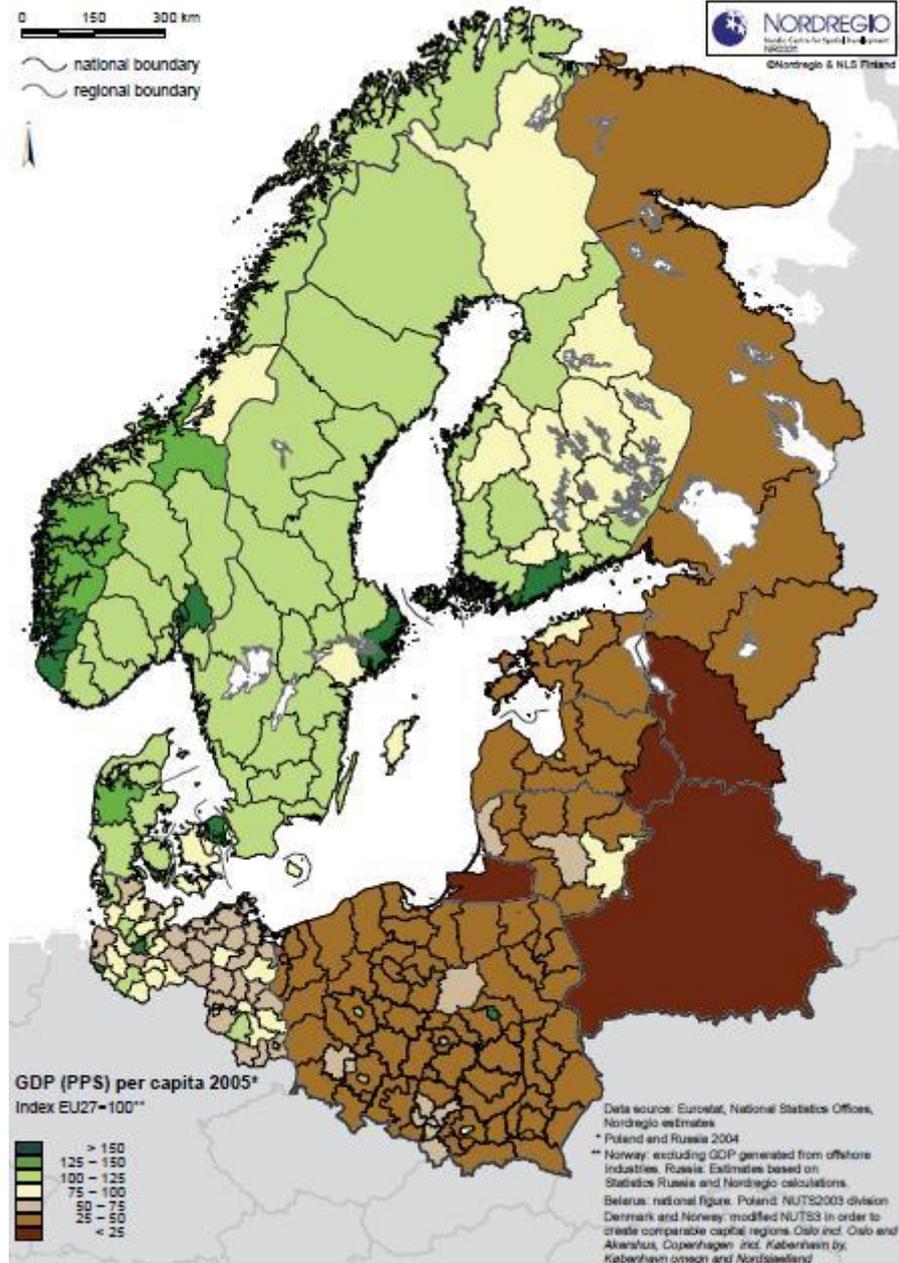
East-West divide characterises the socio-economic development disparities in the BSR, which are still visible today – two decades since the fall of the iron curtain (map 146) GDP per capita in the western part of the BSR accounts for 122% of the EU27 average, whereas it is only 53% of the EU average in

the eastern part [Nordregio 2012]. Although the prosperity differences in the region remain high, they have been reduced significantly over the last decade. Before 2000 the prosperity levels in Norway were more than five times higher than in Latvia. Today the ratio dropped to three, but Latvia still remains one of the poorest countries in the EU [State of the region Report 2012].

The economies of Germany and the Nordic countries are substantially more innovative and prosperous in comparison to developing eastern and southern parts of the BSR [EUSBSR 2009]. The recent financial crisis hit the Baltic countries, Poland especially hard, which exacerbated the country-specific differences within the region and shifted the region's economic balance further towards the Nordic countries [State of the region Report 2012]. It can be seen from map 147 that primary and secondary sectors of the economy have a stronger weight in the share of employment in the eastern part of the BSR, whereas the tertiary sector of the economy accounts for the largest share of employment in Nordic and Western states.

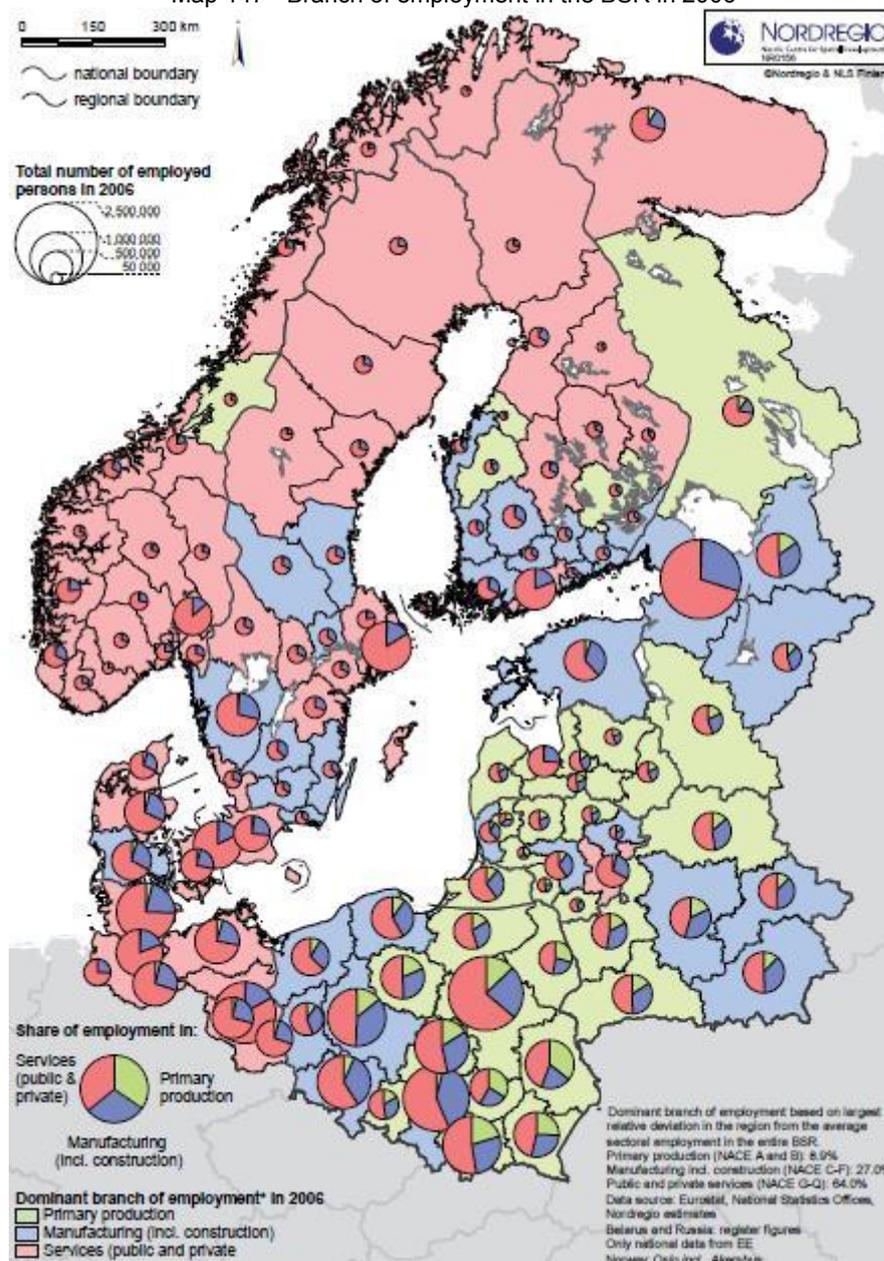
There are also considerable differences within the Northwestern Federal District in Russia itself with regard to economic development. The District consists of 11 federal subjects (including 2 republics, 7 oblasts, 1 federal city and 1 autonomous oblast). It borders with Finland, Poland, Estonia, Latvia, Lithuania and Belarus, and has access to the Baltic, White, Barents and Kara Sea. The area covers 1,6 million km<sup>2</sup>, which is almost as much as the catchment area of the Baltic Sea [NWAPA 2013, Unep 2005]. Leningrad oblast and St. Petersburg are the fastest growing of all federal subjects in Russia, whereas the Komi Republic and Murmansk oblast are ranked at the bottom (69 and 71) [OECD 2007]. The economy of the Kaliningrad oblast can be characterised as fragile and unstable (described further in the study). The economic crisis in 2008 had a worse impact on the exclave than other federal subjects of the Northwestern Federal District [Sebentsov & Zotova 2013].

Map 146 - GDP (PPS) per capita 2005. Illustration of the East-West economic divide



Source: Nordregio

Map 147 - Branch of employment in the BSR in 2006



Source: Nordregio

## 2°) Commonalities in the region on which to build

In general, the BSR has a well-developed information society, export-orientated production, a fairly good investment climate and well educated labour force [VASAB 2009]. Some of the commonalities in the region, both as potentials and opportunities are discussed in this section.

### *High level of education*

Educated people are very important for the economic and overall prosperity of the BSR. Highly skilled labour force has been a backbone of a good economic performance of the region so far. The quality of educational system and the overall spending on education are quite high in the BSR. In most of the countries the educational attainment is higher than the OECD average, with Finland being among the global leaders. Looking at the teachers' pay in relation to the pay of other workers with similar

education, it is fairly high in Germany, Sweden, Finland, and Denmark, while in Estonia, Poland, and Norway this ratio is below the OECD average [State of the region Report 2012].

### *Ageing population*

Ageing population is a major concern for the region which may hamper its sustainable development. The median age in the BSR is over 40 years which is slightly above the European average [Zvidriņš 2011]. The countries with the highest proportion of those aged 65 and over in relation to the working-age population are Germany, Finland, Sweden and Latvia. Population ageing is a consequence of low fertility rates and rising life expectancy. Increasing number of retirement-age population puts additional pressure on the productive part of the population, who might have to pay higher taxes to maintain the pensions. Higher number of retired people will create greater demand for healthcare services and market for goods linked to the older people, which would lead to changes within the sectors of the economy. High emigration rates of the working-age population from the Baltic States, Poland and the North-West Russia places even higher burden on the remaining workforce in these countries [Nordregio 2012].

### *Dealing with urbanisation processes*

Despite the low average population density, the level of urbanisation here is fairly high – 85% in the western parts and slightly less in the eastern parts [BUP 2013]. More than 60% of the total population of the BSR lives in cities with more than 10 000 inhabitants. There are ten million-plus urban areas in the region, Saint Petersburg being the largest one [Nordregio 2012]. As a consequence of the urbanisation process the gap between urbanised and rural areas increases. The rural areas become depopulated and experience gradually degrading conditions. The metropolitan areas suffer from a shortage of business space, higher housing costs as well as increased congestion, pollution and urban sprawl [VASAB 2009]. Growing urban areas have to handle challenges of energy-, water- and food provision for its residents, as well as improve sustainability of the cities (i.e. provide efficient waste and wastewater management) [BUP 2013].

### *Overcoming the accessibility barriers*

Increasing accessibility is identified as one of the four key challenges in the EUSBSR. Among the priority issues are improvement of transport networks, ending the energy isolation of parts of the region and ensuring sustainability of transport modes [EUSBSR 2009]. When it comes to transport links, the metropolitan areas of the region are fairly well connected by road, rail and air and are easily accessible for people and goods transport. The accessibility is still low in many northern parts, the eastern part and the Baltic States. The peripheral areas in the BSR have difficult topographic and climatic conditions and their remote location implies long travel distances. The integrated regional transport networks are highly important for fostering socio-economic growth in these territories [EUSBSR 2009, VASAB 2009].

Significant deficits in the quality and efficiency of transport infrastructure can be observed when traveling from the North to South (the Baltic States-Poland direction) and from the East to West (Baltic States-Russia direction), such as fragmented motorway sections and a lack of electrified double-track railway lines, which hinder mobility of goods and persons. In addition, institutional obstacles at the border crossings impede a better integration of northwest Russia and Belarus with their EU neighbours [VASAB 2009]. The BSR has great opportunities related to being a transport gateway to and from the EU, Russia and the Far East markets. Maritime transport has a great potential to increase in future to meet the demand for the transport growth.

### *Baltic Sea as a common resource*

The Baltic Sea is a semi-enclosed sea with a unique brackish ecosystem. It has a surface area of 413 thousand km<sup>2</sup>. The Baltic Sea catchment area (fourteen countries) is home for about 85 million people

[HELCOM 2011]. The Baltic Sea is acknowledged as a common asset and a development resource of all the countries in the region [VASAB 2009]. It is among the busiest shipping routes in the world with steadily increasing traffic volumes [Helcom 2011]. Maritime industries, such as fisheries, ship building, port-related services and supply chains, are important industries and have an important contribution to the regional integration and development. Moreover, marine and coastal areas are used for recreational activities and tourism, especially in the southern parts of the BSR. The Baltic Sea waters are also used for production and transport of fossil (e.g. Nordstream) and renewable energy [ESPON 2013].

Development of industries and trade, intensification of agriculture and other anthropogenic activities have contributed to the environmental degradation of the sea. The Baltic Sea is highly vulnerable to pollution due to a limited water exchange and low oxygen volumes. Eutrophication, contamination by hazardous substances and loss of biodiversity are the main challenges of the Baltic Sea ecosystem today. Climate change also presents a serious concern to the status of the Baltic Sea ecosystem, both through indirect (e.g. changed land use, water run off) and direct effects (e.g. increase in water temperature). Addressing these challenges requires joined efforts taken by all countries around the Sea and in the catchment area.

#### 4.3.5. Functional relations: further integrating Russia into the BSR macro-region

##### 1°) Border as a resource for economic and cultural exchange

Border regions in different countries often share common problems, such as peripherality and challenges related to structural changes – decreasing population in the rural areas, ‘brain drain’, low level of investments and a generally lower socio-economic level. At the same time the geographical proximity to the border can present opportunities for a more intensive economic and cultural exchange between the countries. This has been the case for the forestry sector in eastern Finland and the neighbouring Republic of Karelia [Eskelinen 2013], which has benefited from a proximity to the border due to lower transport costs and direct economic contacts. The border municipalities and regions in northwest Russia (particularly Leningrad region and Vyborg municipal district) have also benefited from the proximity to the border and the development of Russia’s oil and gas transport infrastructure. Transport (by sea, road and rail) to other countries has been among the important factors behind the economic success of these regions [Zimin 2013].

At the same time the emerging economic ties and cultural cooperation in the EU-Russia borderlands are highly sensitive to the market fluctuations and unstable institutional framework, including the border regime. Looking at the forestry sector as an example, opening up of the Russian border for trade in the early 1990s positively influenced the development of markets for raw materials in the forestry sector. During this period the Finnish imports of round wood from Russia grew substantially, which enabled Finland to expand the production industry by processing timber. In 2007 Russia introduced export duties for timber to encourage domestic processing of raw materials, which resulted in a sharp decline in trade of round wood to Finland [Eskelinen 2013].

Despite these constraints, the cross-border cooperation between the EU and northwest Russia has been quite successful, especially the bilateral relations between Russia and Finland. Until the economic crisis in 2008 bilateral trade and investments between the two countries grew significantly, with Leningrad region being the main gateway. During the years 2006–2010 the investment in the Leningrad region by the Finnish companies accounted for about 16% of the total Finnish investments in the Russian Federation. During the last decade several cross-border entrepreneurial networks emerged between south-eastern Finland and the Leningrad region, which in some cases operate independently from public authorities [Zimin 2013].

As noted previously, the cross-border relations between Russia and the European neighbours have developed with a various degree of success throughout the years. The extent of the cross-border cooperation has been largely dependent on a kind of prevalent regional political regime, the presence (or absence) of a single strong regional identity, and the nature of a region’s involvement in

international cooperation [Belokurova & Nozhenko 2013]. In the Republic of Karelia much more intensive cross-border cooperation took place in comparison to Novgorod and Kaliningrad oblasts.

In case of Kaliningrad oblast the years 1999-2003 were the most successful when it comes to its involvement in the cross-border cooperation. The international cooperation was realised between the NGOs and the regional authorities mainly in the field of environmental protection and health care, and was not coordinated centrally. However, enlargement of the EU in 2004 brought a closer attention of the central government to the region. Considering the important mission of Kaliningrad oblast, which is to protect the country's borders, the region's increased orientation and openness towards Europe could pose a challenge to Russia's integrity and was perceived as a threat by the federal authorities [Belokuriva & Nozhenko 2013]. The central government adopted a new strategy, which did not favour the idea of the region's involvement in the macro-regions. To some extent the new strategy has even limited the region's economic development potential.

At the same time both federal and regional authorities in Kaliningrad have long been interested in fostering production- and export orientation of the economy of the exclave. For this purpose and in order to attract foreign investments, a free customs zone regime in the framework of a Special Economic Zone (SEZ) was established here. The SEZ grants exception from the customs duties and custom fees to all goods produced in the SEZ and exported to foreign countries or to the mainland Russia. In general, there are also no import taxes in Kaliningrad with an exception of some categories of goods.

## 2°) Trade patterns

For the EU member states, Russia is the third main partner in goods trade worldwide [EUROSTAT 2011]. The main imports from the EU to Russia are manufactured goods, some services and agricultural products. Russia in its turn is primarily exporting oil and gas to the EU [Dreyer 2012]. The northwest Russia's economy is regarded as one of the most dynamic parts of Russia and is highly dependent on natural resources. Among the strongest industries in Archangelsk and Karelia regions are forest, timber and pulp and paper; fuel industry in Komi, ferrous metals in Vologda and Murmansk, and chemicals in Novgorod.

Despite the communist past, the Baltic States and Poland have not kept strong economic ties with Russia. Estonia is increasingly oriented towards the Scandinavian trade blocks. Latvia and Lithuania are strategically turning to the Western European countries for a greater economic and financial integration. The unique location of the Baltic States on the crossroads between Eastern and Western markets is not fully used today.

As noted above, the economy of Kaliningrad oblast is oriented towards openness and enhancement of foreign economic activities. At the same time the exclave has a vast trade deficit due to its underdeveloped economy and the fact that it is used mainly as a gateway for foreign goods to the mainland Russia. With introduction of the SEZ regime Kaliningrad was expected to develop exports to the neighbouring EU countries. However, the locally produced goods are not able to compete on the European markets yet and instead of expanding exports the imports grew on a mass scale [Rogoža et al. 2012].

Although exports from the region increased twofold in 2011 in comparison to 2010, the region accounts for less than 1% of total EU imports from the Russian Federation. Among the main export items are petroleum products and crude oil. Goods from Kaliningrad oblast are exported to Germany, Poland, Lithuania, Holland and the United Kingdom. In 2010 about 7% of all EU exports to Russia went through Kaliningrad oblast. Imports account for over 90% of the Kaliningrad's foreign trade. Consumer goods and the items that are processed and/or assembled in the region and then sold in the other regions of Russia constitute the largest share of the imported items. The products manufactured in Kaliningrad can be exported to other Russian regions without duties. Kaliningrad oblast predominantly imports electrical and machinery products (components for the assembly of cars and TV sets), household chemical products, agricultural and food products, footwear, clothes and furniture. The key suppliers of goods to Kaliningrad are Germany, China, South Korea and Slovakia [Rogoža et al. 2012].

In spite of considerable benefits of the SEZ regime, the investment climate and business environment in general are far from being good in Kaliningrad. Even though the business activities including foreign investments in the region have increased over the last 10 years, the full potential of the region as a gateway to Russian, Baltic and wider European markets has not been used. Instability of the federal tax and tariff legislation, as well as the SEZ regime in Kaliningrad are among the barriers for attracting foreign investments to the region. Other barriers include the lack of adequate competences at the regional level and, typical for Russia as a whole, excessive bureaucracy, corruption and a poor legal culture [Rogoža et al. 2012]. Moreover, isolation of the market from the mainland Russia and higher business costs related to that (i.e. costs of energy, transit and imports), are amongst additional drawbacks.

### 3°) Energy issue

The region's energy sector is fully dependent on supplies of raw materials (i.e. gas and petroleum products) from the mainland Russia via transit through Belarus and Lithuania or by sea. Energy security is therefore also an important issue for Kaliningrad. In case of a gas conflicts between Russia and its neighbours (see above the 2.2.2 section on energy procurements), the region may experience the shortages of raw materials. This was the case in 2004 as a consequence of Moscow cutting off its supplies to Belarus. In 2011, Kaliningrad oblast produced enough power to meet its demand for electricity due to recently completed construction of (gas) heat and power plant TEC-2. Since December 2011 the region's energy grid is connected with the rest of Russia through the energy lines running through Lithuania. But the prices on gas and petroleum products in Kaliningrad oblast are in general higher than average Russian prices [Rogoža et al. 2012].

Since 2009 Moscow has been interested in construction of a nuclear power plant in Kaliningrad oblast. As long as its planned output is higher than the region's demand for energy, some of the energy would be exported, mainly to the EU member states. Construction of the Baltic nuclear power plant would, on the one hand, contribute to establishing a closer relation between EU and Kaliningrad oblast. The nuclear power plant could contribute to reduction of the GHG emissions levels of the EU. On the other hand, along with environmental concerns, the construction of the nuclear power plant would increase EU dependency on the energy supply from Russia, which is already dependent on the Russian oil and gas sector, and thus reduce the energy security of Poland and the Baltic States [Rogoža et al. 2012].

### 4°) Green growth as a 'new' area of integration

Green growth is an important topic for the prosperity of the entire Baltic Sea macro-region. The European countries have in overall more expertise when it comes to deploying sustainable solutions and promoting green growth. According to the association for economic interaction of the subjects of the North-West region of the Russian Federation (Association North-West) the environmental protection will be one of the most perspective directions for cooperation between the Russian Federation and the EU in the BSR [BSR 2012].

The major problems in the northwest Russia are high levels of water and air pollution, the lack of environmental infrastructure, the lack of regulations which would force businesses to respect the natural environment, and a low environmental awareness level of the population. Among the most acute problems is a poor quality or lack of waste water treatment systems and poor waste management. Improving the environmental situation through promoting the implementation of projects of construction and modernisation of municipal sewage treatment plants, sewers, enterprises for sorting and recycling of waste was among the priorities of the Russian presidency of the CBSS (2012-2013) [CBSS 2012].

With the EU aid a sewage treatment plant was built in Gusev (Kaliningrad oblast), and a few others have been modernised. Kaliningrad's efforts to reduce the amount of waste entering the Baltic Sea were also supported by the federal programme for developing Kaliningrad oblast until 2015. The Swedish international development co-operation agency (SIDA) also contributed over US\$17 million in 2003-2007 for the construction and modernisation of water and sewage infrastructure and sewage

treatment plants in Kaliningrad oblast. Further developments in this field are needed to contribute to the pollution prevention of the Baltic Sea. The actions should also include consultations, experience exchange and trainings of representatives of stock-raising and poultry farms in the BSR [Rogoža et al. 2012].

Tourism development and promotion of macro-regional tourist products (development of joint international tourist programmes together with neighbouring European countries (the Kaliningrad region – Poland – Lithuania, the Republic of Karelia – Finland, the Republic of Komi – the Nenets Autonomous Okrug – the Murmansk region – Finland – Norway) is among the objectives in the Strategy of social and economic development of the North-West Federal District. In addition, creating a network of recreational clusters based on sustainable tourism development was among the priorities of the Russian presidency of the CBSS. Tourism development also coincides with the objective of the EUSBSR, which is to foster the Baltic Sea regional identity. Therefore promoting sustainability in tourism (including organic food, sustainable transport options, eco-labeling), together with the cultural and historical heritage could be among the focus areas for joint Russian-EU international tourist programmes in future.

**Box 2 - Priorities outlined in the Strategy of social and economic development of the North-West Federal District in Russia a focus on promoting green growth**

- modernisation of environmental constructions of enterprises
- developing solutions of the technogenic waste eradication (recycling of waste of industrial enterprises and agricultural production, utilisation and processing of solid domestic waste)
- establishment of an efficient ecological sector of economy
- modernisation of the water-and-sewage complex
- formation of sustainable land-use of the agricultural production subjects
- development of social and engineering infrastructure in rural territories, including through reconstruction and construction of livestock houses using high-capacity equipment
- development of transportation infrastructure in accordance with ecological requirements Euro-4 and Euro-5
- development of renewable energy for slowdown of growth of anthropogenic impact on environment and counteraction to climate change
- construction of tide-mill power plants
- construction of wind-mill power plants when it is economically justified.

5°) Ensuring flows of goods and people

Despite a varying degree of success in developing cross-border cooperation with the authorities and regional actors in northwest Russia, human mobility in its various forms is yet another indicator of cross-border exchanges. Since the early 1990s and the following expansion of the EU a number of Russians crossing the border has increased substantially. In Finland, the Russian nationals account for about three quarters of the total number of border crossings today. The most common reason is day trips or shopping, which has a valuable contribution to the Finnish economy. Besides that, the Russian-speaking residents are now the largest group speaking a foreign language in Finland, followed by Estonian-speakers [Eskelinen 2013]. Moreover, several thousands of Russians come to Finland yearly for seasonal or temporary jobs.

The residents of Kaliningrad tend to travel to the EU countries considerably more often than the residents of other Russian regions. The data from 2011 shows that around 215 000 visas to the EU countries (out of 941 500 residents of the exclave) were issued in the region [Rogoža et al. 2012]. Since the region is dependent on the external supplies (from Russia and abroad), the goods and services in the neighbouring countries become more attractive and competitive. Not only shopping centres, but also resorts and clinics in Poland and Lithuania are widely popular among the residents of Kaliningrad oblast. Gradually, these countries are becoming ‘a point of reference’ for them in terms of living standards, including the quality and prices of goods and services [Rogoža et al. 2012].

Russian entry visa is required to travel to Russia for all EU nationals no matter what the purpose of a visit is. Business, private, humanitarian, work and student visa are issued for a period of up to 3 months. In case of business and humanitarian visa it is possible to obtain a multiple entry visa, which is valid for 1 year. In most cases a visa invitation from a ‘receiving party’ (e.g. company, relatives,

friends, educational institutions) from Russia is needed. Tourist visas are valid for up to 30 days and have just one entry [Visit Russia 2013].

The Russian Federation visa-free regime for up to 90 days is valid for the citizens of Ukraine and Moldavia. The citizens of Belarus do not require a visa and can stay in Russia for an unlimited period. There are few possibilities for a visa-free entry to Russia. Stateless persons who were former citizens of USSR and now residing in Estonia and Latvia (holders of alien and non-citizen passports in Estonia and Latvia respectively) can enter Russia without a visa for a period of 90 days [Garant 2008]. Since 2009 cruise ship passengers traveling to the BSR ports of Kaliningrad, Vyborg and St. Petersburg can stay in Russia for up to 72 hours without a visa on condition that the tours are booked through the travel agencies authorised in Russia.

When traveling to Kaliningrad region, the citizens of Schengen states, UK and Japan can obtain a 72 hours tourist visa at the border check points of Bagrationovsk, Mamonovo and Khrabrovo Airport if traveling through an approved travel agency [MFA Kaliningrad 2013]. In all other cases a Russian visa cannot be obtained on arrival but only through the Russian Consulates and Embassies.

A bilateral local border traffic agreement between Kaliningrad and neighbouring Polish regions was signed on 14 December 2011, which is a significant progress in visa-free talks. From July 2012 the residents of the Russian exclave who use the local border traffic are allowed to stay in Poland for a period of thirty days (but no longer than ninety days within every six months) [Rogoża et al. 2012]. In November 2013 the Russian ministry of Culture proposed a draft bill aiming to introduce a 72-hours visa-free transit for foreigners from 20 countries (including the BSR countries Finland, Sweden, Germany and Poland) on condition that they travel with a Russian airline carrier. Among the eligible airports included in the proposal are those located in the BSR – Pulkovo in St. Petersburg and Khrabrovo in Kaliningrad [Barents Observer 2013]. Visa-free movement between Kaliningrad and EU would further contribute to strengthening the economic and cultural exchange in the region. Making Kaliningrad a 'pilot' region for establishing a visa-free movement in the entire EU has been discussed for years [Rogoża et al. 2012].

#### 4.3.6. Forms of intergovernmental and territorial cooperation

Despite the cross-border governance is not in the scope of the ITAN project, it is necessary to remind the basic information in this field because it highlights the regional integration issue. The cross-border cooperation in the BSR has been possible due to a number of established networks and organisations:

##### 1°) The European Union Strategy for the Baltic Sea Region (EUSBSR)

Adopted in October 2009, EUSBSR is the first macro-regional strategy in Europe. It involves eight EU member states around the Baltic Sea (Sweden, Denmark, Estonia, Finland, Germany, Latvia, Lithuania and Poland) and promotes cooperation with EU neighbouring countries (Russia, Norway and Belarus). The thematic pillars of the Strategy are: environmentally safe region, prosperous region, accessible and attractive region, and safe and secure region. The EUSBSR Action Plan comprises fifteen priority areas, a number of horizontal actions and Flagship Projects which are being implemented through several financial sources of the EU.

The Strategy was elaborated without full-fledged participation of Russia and the country is excluded from the decision making process. However, the Russian actors can be involved in the EUSBSR flagship projects as associated partners through such frameworks as Northern Dimension. With regard to the cooperation with Russia, the strategy is seen as a tool for bridging European Neighbourhood Policy and territorial development policies together. It is stated in the strategy that the involvement of the EU neighbouring countries in the EUSBSR would facilitate the *“economic integration and make EU's external borders less of an obstacle to the flow of goods, services, capital and persons within a macro-region”* [Böhme 2013]. One of the cooperative actions outlined in the priority area 6 is to 'promote the principles of good governance in the tax area', which aims to reach an agreement with Russia on good governance in the tax area. A number of activities are identified which would diminish

tax fraud and smuggling of excise goods into the EU and contribute to trade facilitation in the region, among other things [EUSBSR Action Plan 2010].

The priority area 11 calls for improving the connections with Russia and other neighbouring countries, especially for major transport connections and freight transport logistics [EUSBSR Action Plan 2010]. In particular one of the Horizontal Actions of the Action Plan is focused on “Neighbours” with specific tasks of further integrating the adjacent Russian regions into the EUSBSR’s implementation.

## 2°) VASAB (Visions and Strategies around the Baltic Sea)

VASAB is an intergovernmental network of eleven countries of the BSR (including Russia, Belarus and Norway) which was established in 1992. It promotes cooperation in the field of spatial planning and development in the region. VASAB is involved in a broad spectrum of activities, such as drafting of policies for the territorial development, organisation of regional conferences related to spatial planning issues, cooperation on maritime spatial planning and integrated coastal zone management in the BSR [BSR 2012]. Helcom and VASAB are Horizontal Action Leaders on Maritime Spatial Planning in the EUSBSR. Therefore, VASAB plays a crucial role in facilitating North-West Russia’ participation in collaboration in the field of spatial planning in the BSR.

## 3°) Council of the Baltic Sea States (CBSS)

The CBSS is an overall political forum for regional inter-governmental cooperation established in 1992. Members of the Council are the eleven states of the BSR, as well as the European Commission. The Council provides a unique regional platform for cooperation between EU member states and the Russian Federation. The long-term CBSS priorities are economic development, environmental protection and sustainable development, education and culture, energy and civil security and human dimension.

During the German presidency of the CBSS a Declaration on energy security in the BSR was adopted on 5 February 2012, which promotes energy security, low carbon energy policy and sustainable growth. Adoption of the Declaration is a positive sign of a deepened mutual trust and understanding between the EU countries and Russia, which laid the basis for even closer cooperation in the field of energy in the Baltic Sea Region [CBSS 2012b]. The following Russian presidency of the CBSS (2012-2013) presented real opportunities to synchronise efforts of the EU and Russia in the BSR. The main priorities under the Russian presidency were:

- Development of cooperation in the field of modernisation and innovation with the focus on clusters of growth, with the prospect to form regional partnership in the field
- Establishment of a network of public-private partnership (PPP) in view to shape ‘the Baltic Sea area of PPP’ as a platform for sustainable growth and setting up a regional private equity fund;
- Fighting against extremism and radicalism, stimulating the traditions of tolerance
- Promotion of people-to-people contacts, including facilitation of the existing visa regime.

The CBSS Project Support Facility (PSF) is a new initiative with a timeframe 5 March 2013 until 2015, which provides co-financing to the development and implementation of Baltic Sea macro-regional cooperation projects. PSF allows the involvement of the Russian actors on an equal footing. Among other recent initiatives of the Council is the initiative of Modernisation of the South Eastern Baltic Area (SEBA) through regional cooperation. SEBA has particular interest in promoting international partnerships and synergies with the Kaliningrad oblast. The current fields of interest are sustainable tourism, cooperation in the field of arts, culture and creative industries, youth and university cooperation [CBSS 2013].

## 4°) European Neighbourhood Policy (ENP)

As stated, ENP aims to promote closer ties between the EU and its neighbouring states to the East and South. Through this policy, the EU seeks to promote economic development, stability and better

governance in its neighbourhood. Russia is not part of the ENP at the moment. Russia cooperates with the EU through the four Common Spaces: economy & environment; freedom, security & justice; external security; research & education including cultural aspects. Since January 2007, the programmes have been implemented mainly through a common financial instrument called the ENPI (European Neighbourhood and Partnership Instrument) [EC 2013].

Cross Border Cooperation (CBC) is a key priority of the ENPI. Russia is a key beneficiary of four CBC programmes co-funded by both the EU and the Russian Federation in the BSR for the period 2007-2013:

- Latvia-Estonia-Russia, with total budget of 47 mln euro
- Lithuania-Poland-Russia, with total budget of 132 mln euro
- South-East Finland-Russia, with total budget of 36 mln euro
- Karelia, with total budget of 23 mln euro [BSR 2012].

In general the programmes tackle economic and social development in border areas; increasing competitiveness and attractiveness of the territories; common environmental, health and security problems; and encourage cross-border exchange.

#### 5°) Baltic Sea Region Programme 2007-2013

During the present Structural Funds period 2007-2013 there is no co-financing available for the Russian partners from the ENPI for the Baltic Sea Region programme, as Russia did not sign the Financing Agreement for ENPI. Russian partners can still participate as 'associated partners' but at their own expenses. Over 20 million euros of ENPI funds were originally allocated to the BSR programme for cooperation with Russia and Belarus. More than 18 million euros left after the second application round were left unused [BSR 2013].

#### 6°) Northern Dimension Policy

Initiated in 1999, the Northern Dimension (ND) policy plays a vital role in the overall cooperation in the BSR especially when it comes to developing cross-border cooperation with Russia. ND envisages equal participation of EU member states, the Russian Federation, Norway and Iceland in the creation of this policy. The ND partnerships provide a good platform for development of concrete projects of macro-regional significance in the following spheres:

- Environmental Partnership, founded in 2001 (main focus on water, wastewater, solid waste and energy efficiency projects)
- Partnership in Public Health and Social Well-being, initiated in 2003
- Partnership on Transport and Logistics, founded in 2008
- Partnership on Culture, started in 2011 [BSR 2012].

Projects in the areas of economic cooperation, ecology, nuclear safety, civil defence, development of scientific research and culture, social security and healthcare, internal affairs and justice are implemented as part of the ND. Entities from Kaliningrad oblast were involved in projects in all ND partnerships. However, some difficulties occurred, namely failure to meet many of these projects' co-financing requirements by the Russian side. This is the main reason for delays in implementing a flagship project on modernising the water-and-sewerage and heating networks in Kaliningrad, which was first announced in 2000 but the implementation was still underway in 2012. Among the projects that are usually implemented successfully are so-called 'soft' projects in the field of youth exchange and training events [Rogoża et al. 2012].

#### 4.3.7. Synthesis: Baltic Sea Region as a case of neighbourhood integration

1°) *In what sense can the spatial structures of the BSR including northwest Russia and Belarus be understood as a coherent region or 'macro-region'?*

Both in the northwest Russia and other parts of the BSR similar processes are taking place, which are changing the spatial structure. Among those are urbanisation, widening disparities in population between the regions and high share of elderly population. The population in the capitals and big urban centres is growing in most parts of the BSR, which is followed by accelerating suburbanisation around the metropolitan areas. The region is characterized by positive migration in the western part and negative migration and extensive natural population decrease in the eastern part. In the northwest Russia the magnitude of these challenges is higher and these spatial trends are more distinct, which is worsening the degree of territorial cohesion [Schmitt & Dubois 2008].

In terms of economic indicators, there are still sharp contrasts within the region. There are significant differences in the regional GDP per capita between the Nordic countries and the eastern EU members (up to 25-50% of the EU 27 average), as well as the northwest Russia and Belarus, where the respective rates are even lower (less than 25% of the EU 27 average). However, one can notice positive development trends, with more regions catching up (primarily due to rapid development of the metropolitan areas). The EU members of the BSR have a common legislation (e.g. sectoral policies in agriculture and maritime planning), common growth strategies, a single market and similar political systems, which have had an impact on their more coherent development.

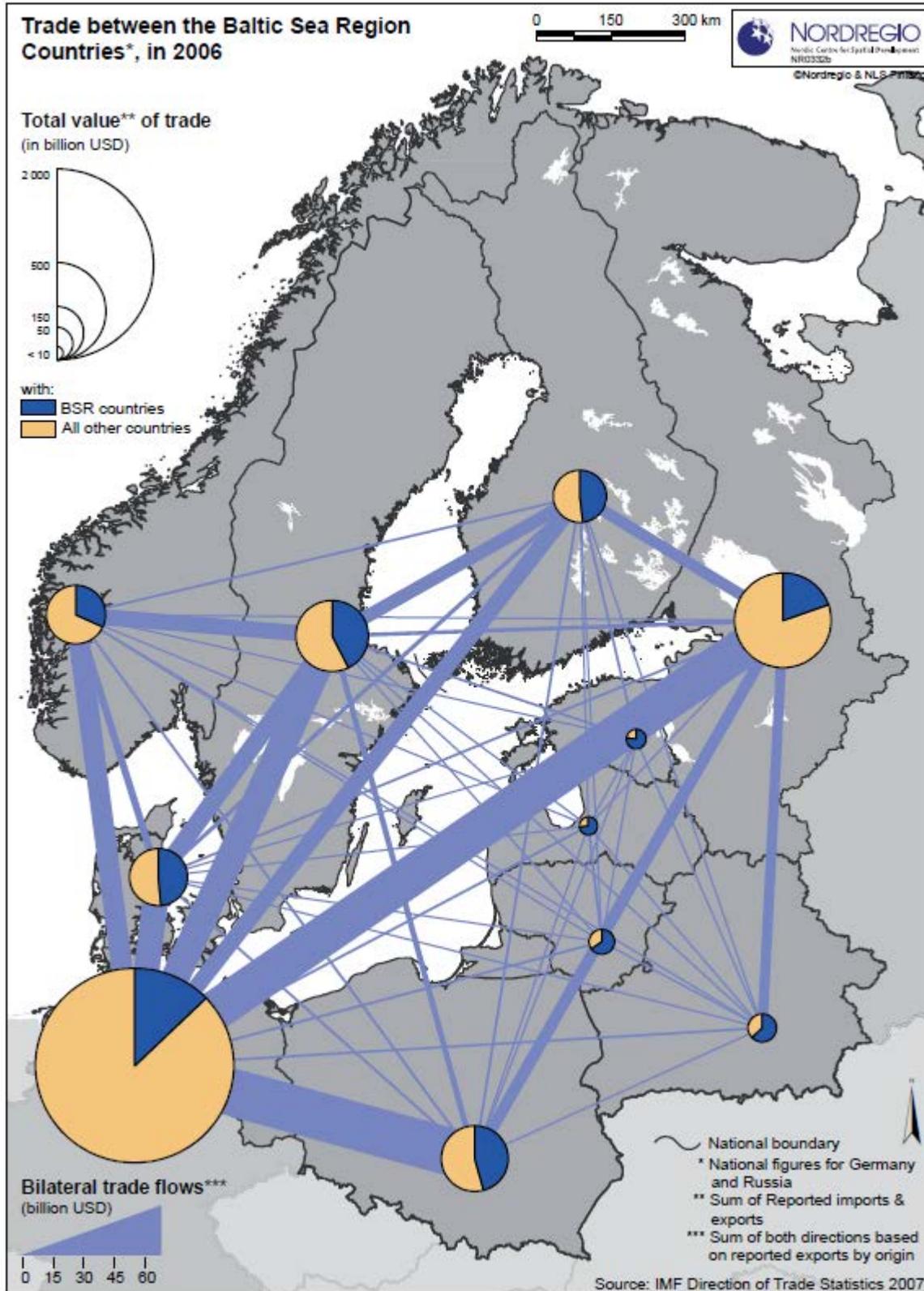
Other factors that are worsening the degree of territorial cohesion in the BSR include underdeveloped physical infrastructure connecting the East-West, disparities in access to ICT between BSR countries (although the disparities are shrinking rather quickly), institutional and organisational bottlenecks (e.g. long border crossing time into the Schengen zone). According to VASAB Long-Term Perspective for the Territorial Development of the Baltic Sea Region *"inefficient transport connections across the borders impede a tighter integration of the regional and national economies around the Baltic Sea and ability of the Baltic Sea Region's infrastructure to serve intercontinental flows"* [VASAB 2009]. Improving internal and external accessibility in the region is essential for bridging and diminishing the main territorial divides within the BSR and is important for achieving the territorial cohesion.

At the same time when comparing the socio-economic indicators in Kaliningrad oblast and the neighbouring regions in Lithuania and Poland, the differences are not that striking. The industrial output per capita is higher in Kaliningrad than in neighbouring Warmian-Masurian Voivodeship in Poland and is almost comparable to Pomeranian, which is one of the most developed voivodeships in Poland. Good preconditions exist in Kaliningrad oblast, which favour the cooperation with the neighbouring regions in Poland and Lithuania. The purchasing power of the population in Kaliningrad is growing and the average income is similar to that in the neighbouring regions in Lithuania and Poland. The average monthly salary in Kaliningrad in 2012 was 716 USD, in Pomerania 805 USD and in Klaipeda County in Lithuania 762 USD. The average cost of food basket in Gdansk is approximately 20-23 % lower than in Kaliningrad and Klaipeda, while the cost of gasoline, utilities and public transport are much higher in Gdansk than in Kaliningrad. The apartment prices are lower in Kaliningrad, while it is cheaper to buy a car in Gdansk or Klaipeda [Sebentsov & Zotova 2013].

## 2°) *What are the common links and flows within the BSR and with the Neighbours?*

Since most of the countries in the region are members of the EU or EEA, the economies of the countries are highly integrated. Trade flows within the BSR are currently exceeding the trade flows outside the region [Giguère 2007]. Growing international trade flows is a positive indicator of a greater economic integration in the region. Apart from increased movement of goods, the globalisation process of the economies also results in increased mobility of human resources and ideas.

Map 148 - Trade between the Baltic Sea Region countries in 2006



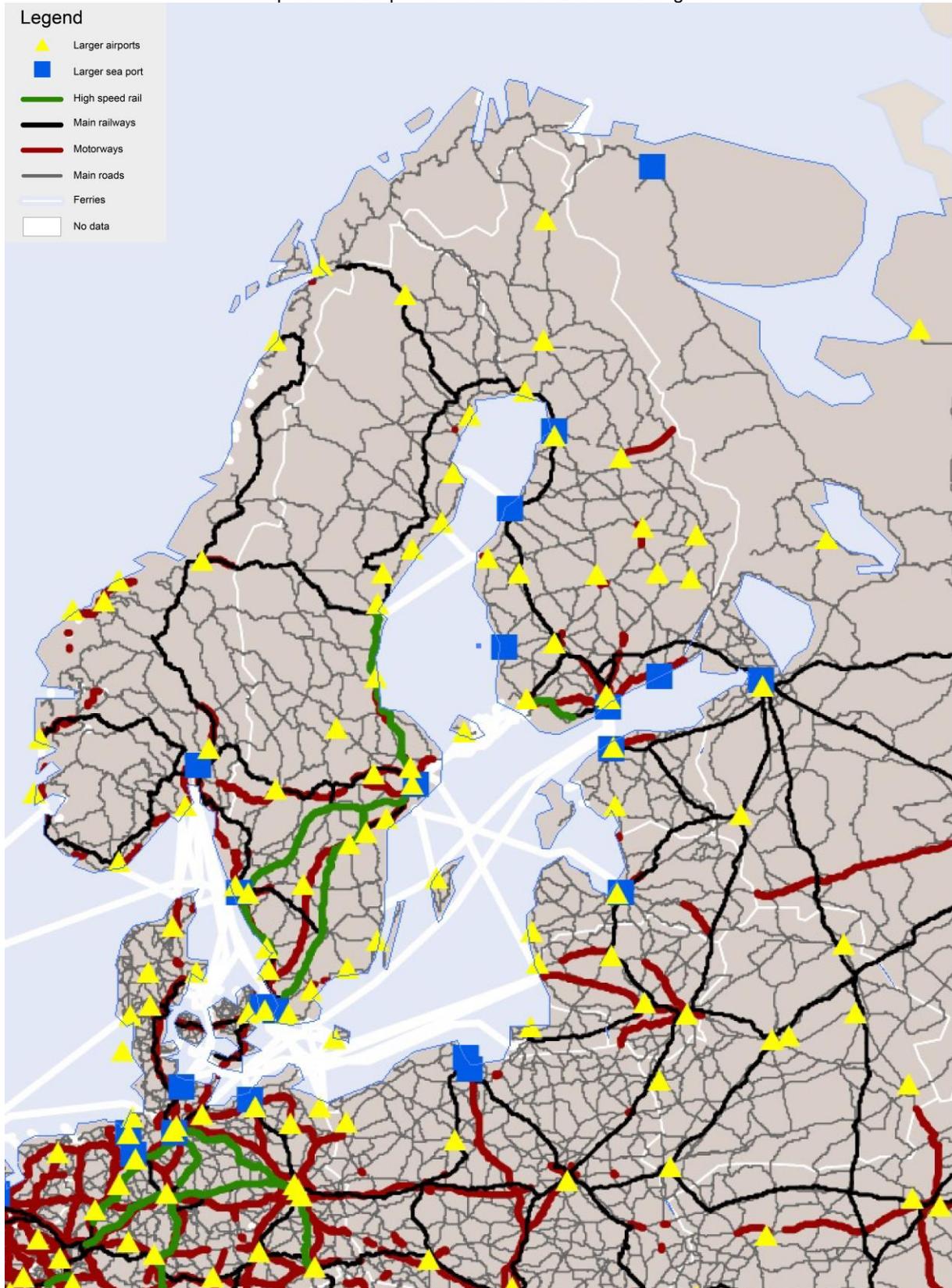
Source: Schmitt & Dubois 2008, Nordregio

Looking at the intra-regional trade pattern (map 148), the Baltic States and Belarus have the highest shares of trade flows within the region, followed by the Nordic countries and Poland. The share of

bilateral trade flows between Germany and other BSR countries is rather low; the same goes for Russia. Comparatively strong trade flows are also observed between Germany and the Nordic countries, Germany and Poland, and between Germany and Russia [Schmitt & Dubois 2008]. Russian participation in the economic integration today is mainly limited to energy and transit projects with Gazprom being the main investor in the region. There are few Russian companies established in the EU part of the BSR, which can be a sign of their low competitiveness and border/customs barriers but also shows a range of opportunities that are to be explored. Although the volume of investment by the Swedish, Finnish and other transnational corporations in Russia is growing, the actual integration of Russian business into the BSR is still rather weak [Kuznetsov 2012].

When it comes to the transport flows, both rail and seaborne cargo volumes are rapidly increasing in the BSR. Kaliningrad region has an advantageous geographical position for the development of a transport cluster, which could be integrated into the transport system of the BSR and contribute to better neighbourhood integration (see map 149 illustrating the transport networks in the BSR). Further development of transport networks between the EU and Kaliningrad region would also increase the accessibility of the south-eastern part of the Baltic Sea [VASAB 2009]. There are two large-scale transport projects today contributing to such development – Via/Rail Baltica (IX transport corridor) and Via Hanseatica. Although Kaliningrad seaport is the only Russia's ice-free European port, its development perspectives are not that bright, primarily due to high competition with the neighbouring ports of Klaipeda and Gdansk. There are a number of barriers related to customs and border crossing procedures which hinder the formation of a strong transport cluster in the exclave and but also influence the trading regime between the EU and Russia [Sebentsov & Zotova 2013].

Map 149 - Transport networks in the Baltic Sea Region



Due to the growth of EU-Russia trade, complemented by inefficient procedures and inadequate infrastructure on the Russian side, long queues of lorries at crossing points from Finland, Estonia and Latvia have been usual. Simplifying the customs legislation and improving infrastructure in Russia will help avoid similar problems in the future [EUSBSR Action Plan 2013].

Increased mobility of labour and in relation to provision of educational services takes place within and beyond the region. Migration flows (emigration and immigration) are increasing in some and stabilising in other BSR countries. The Baltic States and Poland are experiencing a 'brain-drain', while the Nordic countries and Germany gain from receiving skilled people from these countries. Among the main reasons for the residents of Kaliningrad oblast to cross the Polish and Lithuanian borders are shopping and leisure. The special border regime and privileges given to the residents of the border territories have laid the foundation for the development of the cross-border trade and shadow economy, particularly in the beginning of the 1990 and since 2012 with the introduction of a bilateral local border traffic agreement between northern Poland and Kaliningrad. Among the main trading items are fuel, cigarettes and alcohol. In 2012 a number of passengers and cars crossing the Polish border increased by 35% and 50% respectively in comparison to 2011. At the same time a number of Polish nationals coming to Kaliningrad is 45% higher than a number of Kaliningrad residents traveling to Poland [Sebentsov & Zotova 2013].

*3°) What are the drivers of integration in the BSR and with the rest of Europe? Are these drivers considered the same by the EU and by the Neighbours?*

From the policy perspective, since recently both Russia and EU have shown considerable interest in macro-regional strategic planning. In 2009 the EUSBSR was developed and in 2011 Russia adopted the Strategy on social and economic development of the North-West Federal District (NWFD) until 2020, which also aims at planning and development of large macro-regional units.

Looking at the two strategies, many similarities regarding the geographic coverage and the main priority areas can be observed, which leaves a room for joint strategic planning between the EU and Russia. These strategies are important steps towards uniting and harmonisation the Russian and European efforts in the BSR, which would prevent from duplication of policies, allow to formulating clear and precise common interests in the region and straightforward objectives, and ensure cooperation on the systematic basis [BSR 2012].

Overall, the drivers of integration in the region and with the rest of Europe relate to achieving economic prosperity, security and stability. Integration in economic terms in the BSR has been given the main priority until today. Deeper regional integration can help to overcome some of the disadvantages related to predominantly small size of the economies in the region, as well as its peripheral location. In the long run through the economic integration the BSR could succeed in a much bigger market, as well as increase the efficiency, profits and competitiveness of the entire region. Russian integration would further diminish the trade and investment barriers in the region. For the EU countries, entering the market of the northwest Russia offers opportunities to outsource their production to do labour intensive operation at lower costs, for instance. Moreover, among the important drivers for integration of the neighbours considered by the EU countries are tackling the environmental challenges (pollution of the sea), ensuring accessible transport and energy networks in the region, as well as ensuring the involvement of the northwest Russia in the socio-economic development of the BSR.

For northwest Russia and Belarus an increased regional integration opens up opportunities to receive foreign direct investments, a transfer of technology (e.g. municipal wastewater and waste treatment plants) and tightening of trade relations, which in the long run could contribute to increased standard of living and the overall prosperity level. Also experience and knowledge exchange through projects and people-to-people contacts are utterly important drivers. Involvement of Russia in cross-border cooperation in the BSR is highly dependent on the available funding instruments. So, under the current BSR Programme the Russian partners can only participate as associated partners without the ENPI funding.

4°) *To what extent is greater cooperation within the area contributing to integration?*

Greater cooperation could help to tackle some of the regional inequalities, enhance security and improve the environmental and economic stability in the BSR. Increased cooperation between Russia and other countries is important at all levels – from the governmental agencies to business actors and individuals. Through strengthening cooperation which goes beyond current national and EU borders and working as equals with northwest Russia a sense of belonging and common responsibility for the region can be enhanced, which would contribute to integration and territorial cohesion.

There are a number of barriers to extended cooperation with Russia today, mainly of geopolitical character, different institutional framework and low access to funding of the Russian partners. It has also been noted that Russia's attitude towards the EU became more reserved with enlargement of the EU in 2004 and the EU's unwillingness to include Russia as an equal partner in its cooperation efforts [Fritsch 2013]. The situation might change if the federal government changes the strategic priorities. As it seems today, the current leadership is more focused on enhancing cooperation with the central Asia. In any case it is important to overcome the existing barriers, as increased economic, social and cultural cooperation would benefit all countries of the BSR and unleash the region's underlying growth potential: *"Overcoming borders reinforces the added value of territorial cooperation and helps better address similar threats as well as promote more balanced development. In this respect, it is strongly recognised that joining forces also contributes to fostering integration and inclusion as well as avoiding duplication of efforts and resources"* [INTERACT 2007].

Finally, easing visa regime could have a far greater contribution to integration of northwest Russia into the BSR than any other form of cooperation.

5°) *How can the BSR be seen as an example of neighbourhood integration and what could other Neighbourhood macro-regions learn from their experience?*

There are a number of intergovernmental organisations established in the BSR, which are dealing with the regional development issues for more than twenty years, where Russia is an active member. So, a solid basis for development of cooperation has existed for decades. The existence of these structures can be seen as an important driver for the neighbourhood integration. The development of the common strategies [i.e. VASAB 2010 and VASAB 2010+] has also contributed to strengthening of neighbourhood integration.

The cooperation in the field of education, science, health protection, environmental protection and culture involving regional authorities, business actors, NGOs and academia has increased over the last decades between northwest Russia and other parts of the BSR, which indicates positive development. In Kaliningrad oblast, establishment of the NCM's Information Office in 2005, launching of the EuroFaculty at the Immanuel Kant State University of Russia in 2000 and developing of several Northern Dimension Environmental Partnership projects are among the positive examples of cross-border cooperation activities. However, despite a number of successful projects and initiatives in Kaliningrad, these efforts have a relatively low impact compared to the needs and challenges of the oblast.

The EUSBSR carries important political weight and can be regarded as a significant step towards a greater territorial cohesion and integration in the BSR. At the same time the exclusion of Russia in the developing process of the Strategy is a significant deficit of the EUSBSR and a step back in the integration process. Today, Russia is involved in the implementation of the Action Plan of the Strategy via the Northern Dimension and to some extent via the activities of the CBSS and VASAB, which is obviously insufficient and ineffective [BSSSC 2011]. Without active participation of Russia in the EUSBSR, the coherent and long-term sustainable development of the BSR cannot be achieved.

#### 4.4. Relations with ESPON territory

##### 4.4.1. Continuities and discontinuities between the Eastern Neighbourhood and the ESPON territory

The maps below present an overview of the demographic changes and economic activity in the ESPON countries and the Eastern Neighbourhood. They illustrate the main differences, but also reveal some of the similarities. Due to a small scale of the maps and rather wide interval of values chosen some of the differences are not that distinctive. In addition, the data on GDP per capita for Iceland and Italy is missing.

Map 150 is showing an East-West divide with regard to population change over the last decade from 2002 to 2012. Most of the regions in the Eastern Neighbourhood are experiencing a population decline, while a slight population growth can be seen in the majority of the regions in the West. The decline in population is most severe in the northernmost regions of Russia and in several federal subjects in the central Russia, as well as in some regions of Ukraine. An increase in population was observed in the capital regions of the Eastern states (Moscow, Kyiv and Minsk) and in rapidly developing growth centres – St. Petersburg city and Leningrad oblast. The latter coincides with the trend occurring in the majority of the ESPON countries over the last decade – the capital areas and big urban centres attract a growing number of inhabitants. Among other commonalities between the ESPON countries and the Eastern Neighbourhood is the declining population in the peripheral areas.

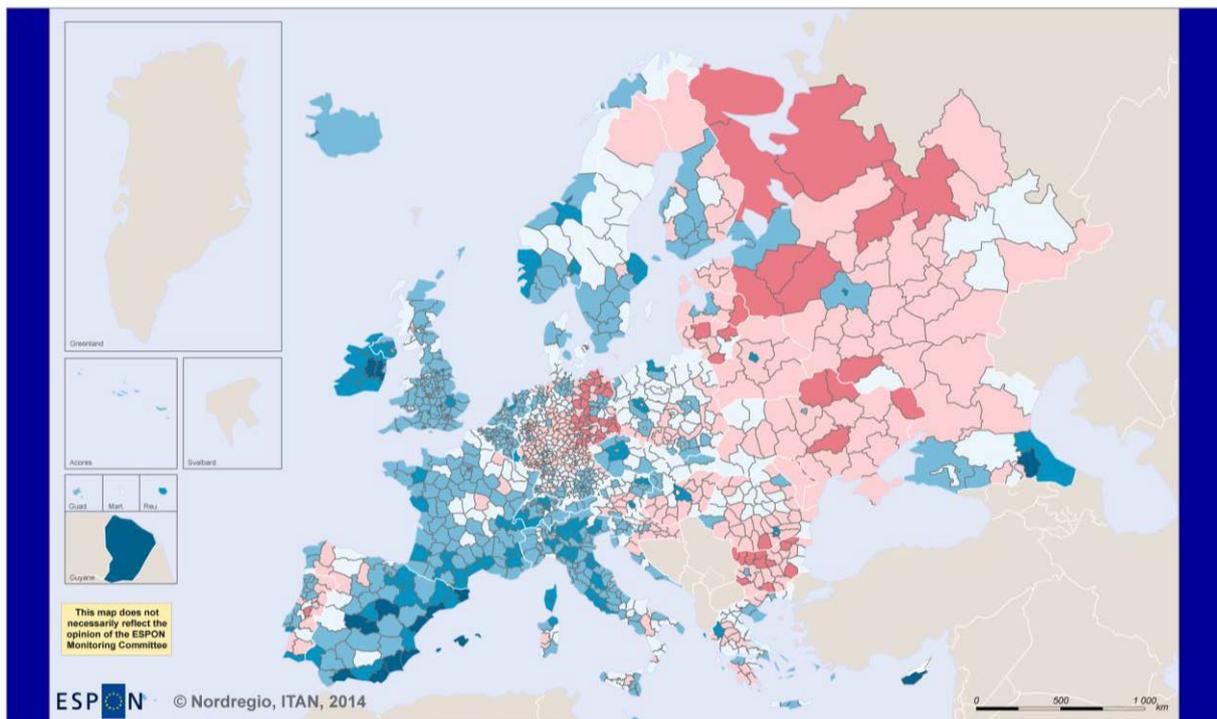
The ESPON countries have more heterogeneous patterns when it comes to population dynamics. One can notice a population increase in the south-eastern regions and in the Nordic countries and a significant drop in population in the new EU member states in the East (the three Baltic States, Poland, Romania and Bulgaria). This is mainly explained by high emigration from these countries to the Western Europe. Therefore despite low birth rates in the Western European countries, in overall the population is continuing to grow here due to increased net migration.

An East-West divide can also be noticed with regard to dependency ratio – it is in general higher in the Western and Northern Europe and lower in the Eastern Europe. Among the explanations are lower life expectancies at older ages for the Eastern Neighbourhood. The northern regions of Russia have particularly low dependency ratio which can be explained by a high share of working-age population, lower life expectancy and migration of the elderly population to the regions with more favourable climatic conditions. Overall, the dependency ratio is lower in the capital regions across all countries as these regions are attractive primarily for the working-age population due to better employment opportunities and a higher diversity of social services (maps 151 & 152).

Ageing population is a significant concern for the majority of states, especially in the West. In some regions of France, Spain, Italy and Greece the elderly account for as much as 32-42% of the total population which is primarily due to higher life expectancy and in some cases declining birth rates. In addition, Portugal, the Mediterranean coast and the southern parts of the UK are popular retirement destination for many Europeans, which is among the explanations for a high share of elderly here. Among the ESPON countries Poland has one of the lowest dependency ratios and the lowest share of elderly population (maps 151 & 152). Age composition of the Eastern Neighbourhood is characterised by lower proportion of the elderly in comparison to the ESPON countries today, ageing here is progressing rapidly (map 152).

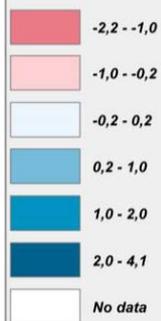
An East-West divide with regard to economic development is also visible. The best performers when it comes to GDP per capita are more economically developed countries in the Western Europe and the Nordic countries. A lower GDP per capita can be found when looking at the eastern part of the Baltic Sea Region, the newest EU member states (Romania, Bulgaria), Greece (affected by the economic crisis), Ukraine and Belarus. These countries are similar in terms of their GDP per capita values. In the majority of Russian regions GDP per capita is also rather high; in particular in the Northwestern Federal District which borders with the EU member states, as well as in Moscow metropolitan area and some regions in the North-Eastern parts of Russia (mineral deposits). Some of these areas are rather sparsely populated which can be among the reasons for a higher GDP per capita. In general, the metropolitan regions often have the leading positions within the country in terms of GDP per capita (map 153).

Map 150 - Annual average population change in the ESPON countries and the Eastern Neighbourhood 2002-2012



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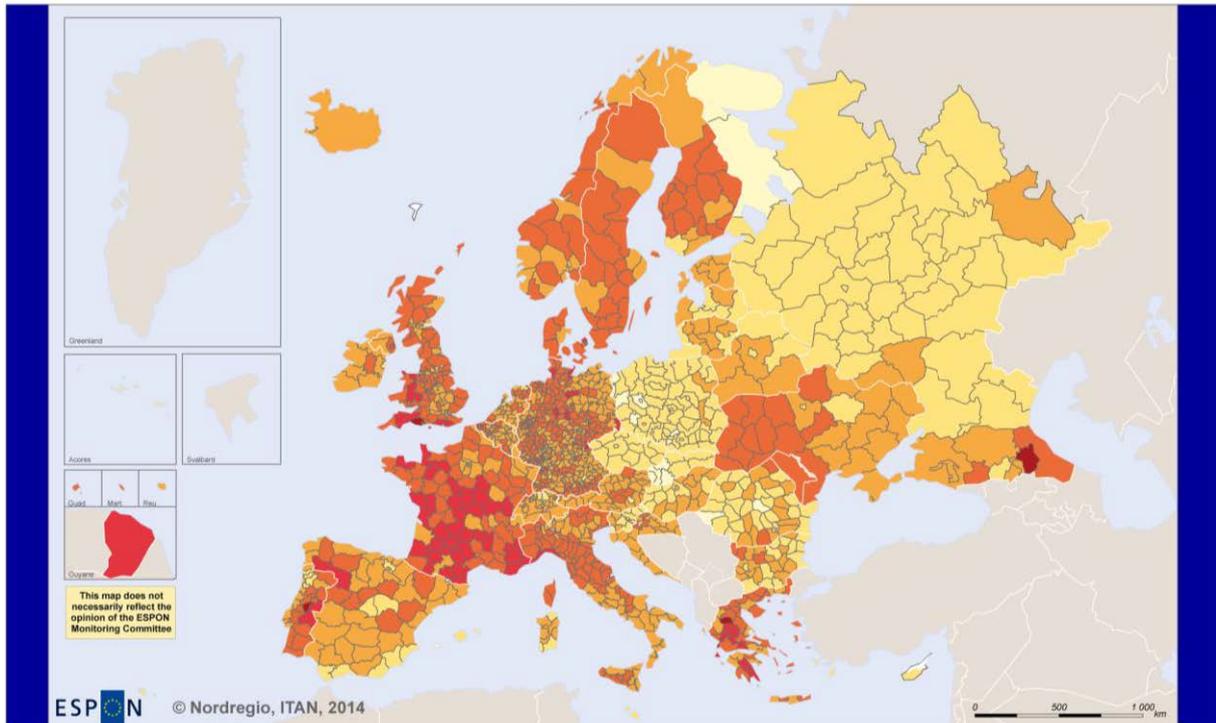
**Annual average population change 2002-2012**



*Data for the EU 28, Iceland, Liechtenstein,  
Norway and Switzerland: 2002-2011*

Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: ITAN project, Statistics Faroe Islands, Statistics Greenland,  
Russian Federal State Statistics Service (ROSSTAT), 2013  
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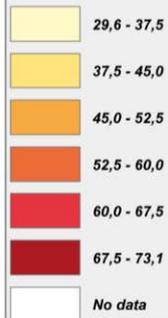
Map 151 - Dependency ratio (as a share of population of working age) in the ESPON countries and the Eastern Neighbourhood



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### Population aged 0-14 and 65 years and more in 2010

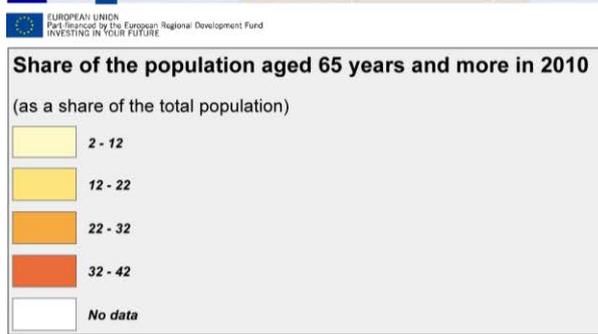
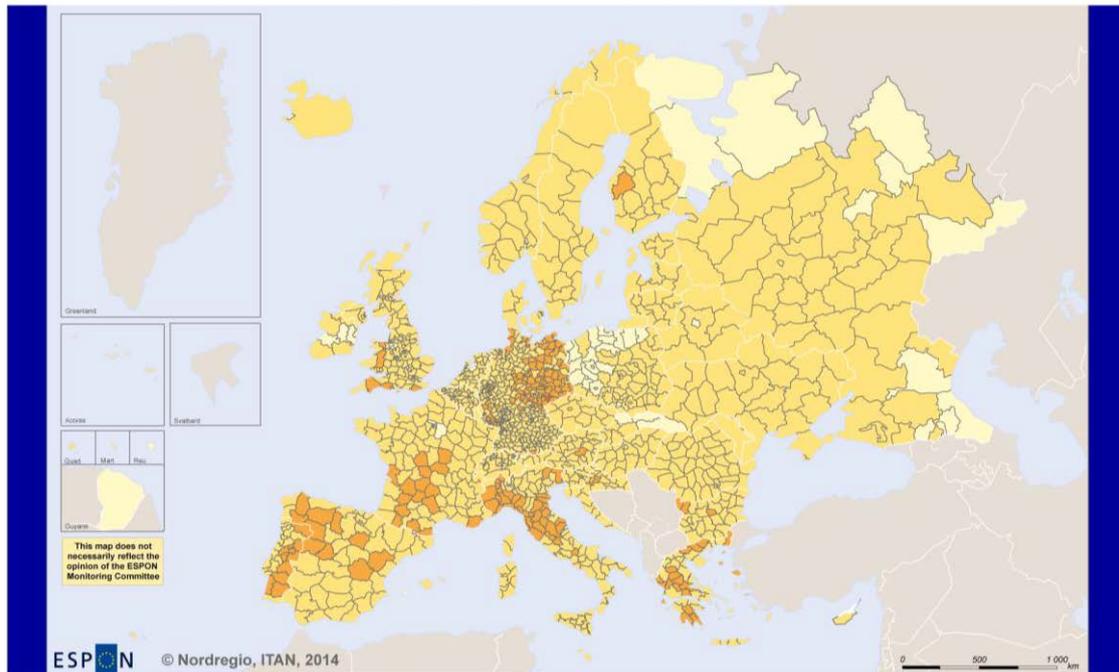
(as a share of the population aged 15-64)



Data for Moldova: >60

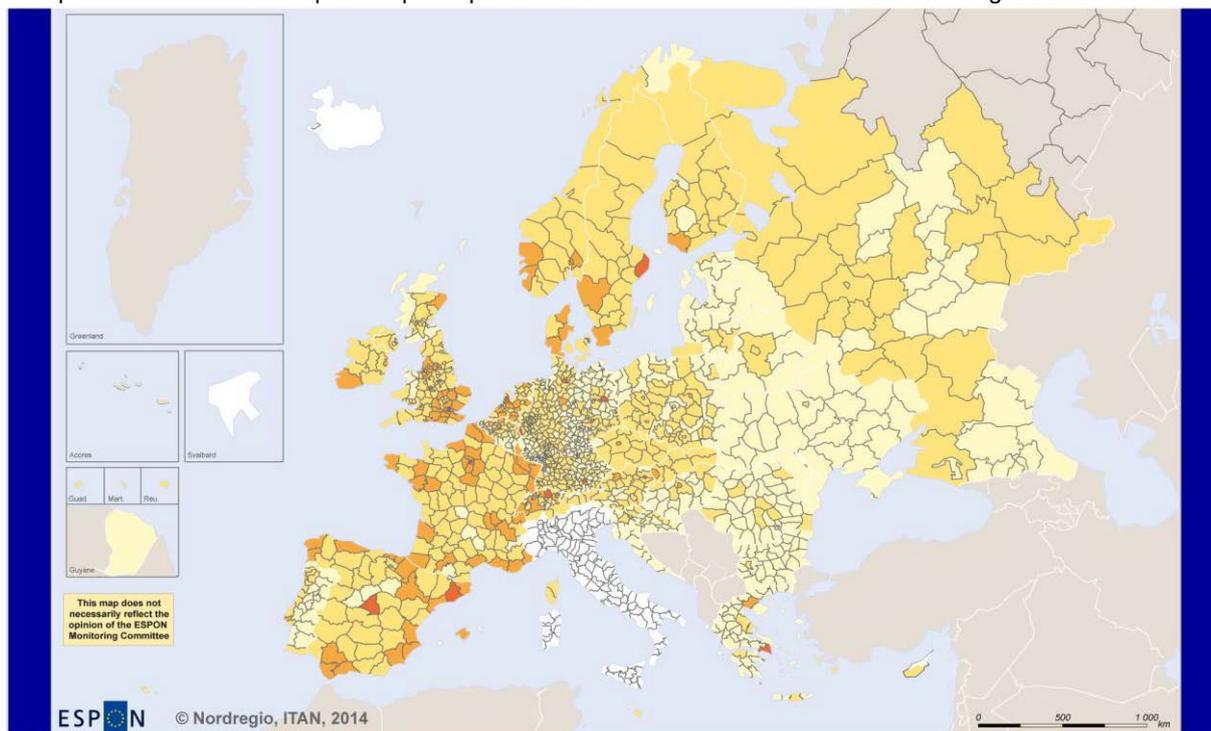
Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ITAN, Nordregio  
Origin of data: ITAN project, National Statistical Committee of the Republic of Belarus,  
National Bureau of Statistics of the Republic of Moldova,  
Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
Russian Federal State Statistics Service,  
State Statistics Service of Ukraine, 2013  
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Map 152 - Share of population aged 65 years and more (as a share of total population) in the ESPON countries and the Eastern Neighbourhood in 2010



Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: ITAN project, National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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Map 153 - Gross domestic product per capita in the ESPON countries and the Eastern Neighbourhood in 2010



Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ITAN, Nordregio  
 Origin of data: ETMS project, National Statistical Committee of the Republic of Belarus,  
 National Bureau of Statistics of the Republic of Moldova,  
 Ministry of Economic Development of the Pridnestrovian Moldavian Republic,  
 Russian Federal State Statistics Service,  
 State Statistics Service of Ukraine, 2013  
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#### 4.4.2. Functional relations

Mobility of the people in most of the regions of the Eastern Neighbourhood is related to out-migration. People are moving towards the regional centres and larger urban nodes within the region but also abroad, towards the ESPON space. When talking about the economic flows of the region, time series are of great importance. Especially the Eastern Neighbourhood was developing rapidly at the beginning of this century but it was also heavily hit by the economic crisis. One issue is to measure the geographical reorientation of economic flows towards Europe, and the geo-economic importance of flows such as energy flows from Russia in this Neighbourhood.

#### 4.4.3. Political Cooperation between the Eastern Neighbourhood and Europe

In terms of territorial institutional structures, the Eastern Neighbourhood is represented in two macro-regional strategies for achieving territorial cohesion: the EU Strategy for the Danube Region (EUSDR) and the EU Strategy for the Baltic Sea Region (EUSBSR). Territorial interactions with neighbouring areas and potential joint development opportunities for cooperation differ between the countries of this Neighbourhood and EU. On the one hand, the region includes countries like Ukraine which is a priority partner country within the European Neighbourhood Policy with ongoing negotiations on an EU-

Ukraine Association Agreement, despite the failure of the third Eastern Partnership summit of November 2013 with regard to the Agreement. On the other hand, there are negotiations on a New EU-Russia Agreement.

This Neighbourhood is a part of various European territorial cooperation programmes. Cross Border Cooperation is a key priority of the European Neighbourhood and Partnership Instrument (ENPI). There are fifteen programmes that have been established under the ENPI Cross Border Cooperation (ENPI CBC) for the period 2007-2013 and seven of those are highly relevant for the Baltic Sea Region - namely the land-border programmes of Kolarctic-Russia, Karelia-Russia, South-East Finland-Russia, Estonia-Latvia-Russia, Latvia-Lithuania-Belarus, Lithuania-Poland-Russia and Poland-Belarus-Ukraine. Under the structural funds 2007-2013, Transnational cooperation areas of the Baltic Sea region is an important programme area. With the focus on the better integration of the region, the main questions are related to better economic integration and deepening of political cooperation, especially with Ukraine. Sectors' issues like trade, energy and security, not least related to visa issues, are high on the agenda.

In 2008-2009 Sweden and Poland started the Eastern Partnership initiative as a type of "fast track" for those neighbours that wanted to be further and more quickly integrated into EU issues. The idea was that mainly extra money for projects that help to build up institutional capacity, primarily in Ukraine, Belarus, Russia, Moldavia, Albania and Azerbaijan would be funded. In this way the "Eastern" integration would have the possibilities to move at a faster pace than the whole ENI, but much of the momentum behind the Eastern Partnership has been stymied as the result of the debt crisis.

Much of the interaction that the BSR does with its neighbour Russia is linked to the European Union Strategy for the Baltic Sea as an intersect between the transnational level and the intergovernmental level. As the EU's first macro-region in 2009, the BSR strives for closer cooperation between the member states. The EU Strategy for the BSR provides an Action Plan for the BSR addressing issues concerning the marine environment, prosperity, transport and energy and safety and security. As the strategy makes no provisions for new institutions, funding, instruments or regulations, its role is rather as an integrated framework by which to utilize existing structures, institutions and actions – many of these in the form of projects funded by the BSR Programme 2007-2013. The strategy stresses the need for coordinated joint actions in the BSR on a "macro-regional" level including discussions with external partners, especially Russia. As we said, Russia is not on board the EUSBSR but the idea is that it will be integrated into the implementation of the EUSBSR once it is well-functioning. Russia itself became more interested with the EUSBSR as became more linked to the Northern Dimension and with the CBSS as a key player in the EUSBSR.

The European Union Strategy for the Baltic Sea Region [COM 2009 p.2] sites that the BSR is a highly heterogeneous area in economic, environmental and cultural terms, yet the countries concerned share many common resources and demonstrates considerable interdependence. The VASAB Long Term Perspective (LTP), which, among other things, addresses integrating Northwest Russia into the BSR, also identified three main territorial cohesion challenges. First the East-West divide reflects the differences in several socio-economic development aspects. Second the North-South divide results from diversified differences in (i) climate and environmental conditions and (ii) settlement pattern highlighting the importance of accessibility. Thirdly, the urban-rural and the centre-periphery divides are seen as the major challenge for the BSR cohesion, particularly with regard to demographic and economic development prospects. This same threefold can be found also in the expanded Eastern Neighbourhood context.

The Danube Macro-regional strategy (EUSDR) is the EU's second macro-regional strategy endorsed by the European Council in June 2011. Stretching from the Black Forest to the Black Sea, the EUSDR encompasses fourteen countries, including the ENCs Ukraine and Moldova. Like the EUSBSR, the EUSDR includes no new institutions or funding mechanisms and is coordinated by an Action Plan and implemented largely by other types of territorial cooperation projects. Within the four pillars of the EUSDR – Connecting the region, Protecting the Environment, Building Prosperity and Strengthening the region the challenges of the region identified include missing mobility links, ensuring energy security and efficiency, water quality and quantity, differences in innovation, gaps in the Single Market, social exclusion, differing governance capacities and illegal migration and human trafficking. In most of

these areas, the role that the ENC's and regions can play is quite significant for ensuring cohesion of the region as a whole.

#### 4.4.4. Synthesis and policy orientations

##### 1°) Synthesis

Density is rather low in the Eastern Neighbourhood outside the metropolitan areas. The road network is particularly dense in the capital cities and in proximity to the EU border. The rail transport density is also higher in the capital areas and in overall in Ukraine, in the central and southern regions of European Russia, where the population density is higher. The accessibility of the northern regions by rail transport is rather poor. The population change over the last decade displays an East-West divide. Most of the regions in the Eastern Neighbourhood are experiencing a population decline. The decline in population is most severe in the northernmost regions of Russia and in several federal subjects in the central Russia, as well as in some regions of Ukraine. An increase in population was observed in the capital regions of the Eastern states and in rapidly developing growth centres – St. Petersburg city and Leningrad oblast.

An East-West divide can also be noticed with regard to dependency ratio – it is in general higher in the Western and Northern Europe and lower in the Eastern Europe. Overall, the dependency ratio is lower in the Eastern Neighbourhood's capital regions across all countries as these regions are attractive primarily for the working-age population due to better employment opportunities and a higher diversity of social services. An East-West divide with regard to economic development is also visible. The best performers when it comes to GDP per capita are more economically developed countries in the Western Europe and the Nordic countries. A lower GDP per capita can be found when looking at the eastern part of the Baltic Sea Region, the newest EU member states (Romania, Bulgaria), Greece (affected by the economic crisis), Ukraine and Belarus; these countries are similar in terms of their GDP per capita values. In the majority of Russian regions GDP per capita is rather high; in particular in the Northwestern Federal District which borders with the EU member states, as well as in Moscow metropolitan area and some regions in the North-Eastern parts of Russia (mineral deposits). In general, the metropolitan regions often have the leading positions within the country in terms of GDP per capita.

Territorial interactions with neighbouring areas and potential joint development opportunities for cooperation differ between the countries of this Neighbourhood and EU. On the one hand, the region includes countries like Ukraine which is a priority partner country within the European Neighbourhood Policy (ENP) with ongoing negotiations on an EU-Ukraine Association Agreement. On the other hand, there are negotiations on a New EU-Russia Agreement. This Neighbourhood is a part of various European territorial cooperation programmes. In 2008-2009 Sweden and Poland started the Eastern Partnership initiative as a type of "fast track" for those neighbours that wanted to be further and more quickly integrated into EU issues, but much of the momentum behind the Eastern Partnership has been stymied as the result of the debt crisis.

Much of the interaction that the Baltic Sea Region does with its neighbour Russia is linked to the European Union Strategy for the Baltic Sea (EUSBSR) as an intersect between the transnational level and the intergovernmental level. As the EU's first macro-region in 2009, the BSR region strives for closer cooperation between the member states. The strategy stresses the need for coordinated joint actions in the BSR on a "macro-regional" level including discussions with external partners, especially Russia. Russia is not on board the EUSBSR but the idea is that Russia will be integrated into the implementation of the EUSBSR once it is well-functioning. Russia itself became more interested with the EUSBSR as became more linked to the Northern Dimension and with the CBSS as a key player in the EUSBSR.

The VASAB Long Term Perspective , which, among other things, addresses integrating Northwest Russia into the BSR, also identified three main territorial cohesion challenges: East-West divide, North-South divide (resulting from diversified differences in climate and environmental conditions and settlement pattern highlighting the importance of accessibility), and the urban-rural and the centre-

periphery divides. This same threefold can be found also in the expanded Eastern Neighbourhood context. The Danube Macro-regional strategy (EUSDR) is the EU's second macro-regional strategy endorsed by the European Council in June 2011. Stretching from the Black Forest to the Black Sea, the EUSDR encompasses fourteen countries, including the ENCs Ukraine and Moldova.

## 2°) Policy orientations for European interaction with the Eastern Neighbourhood

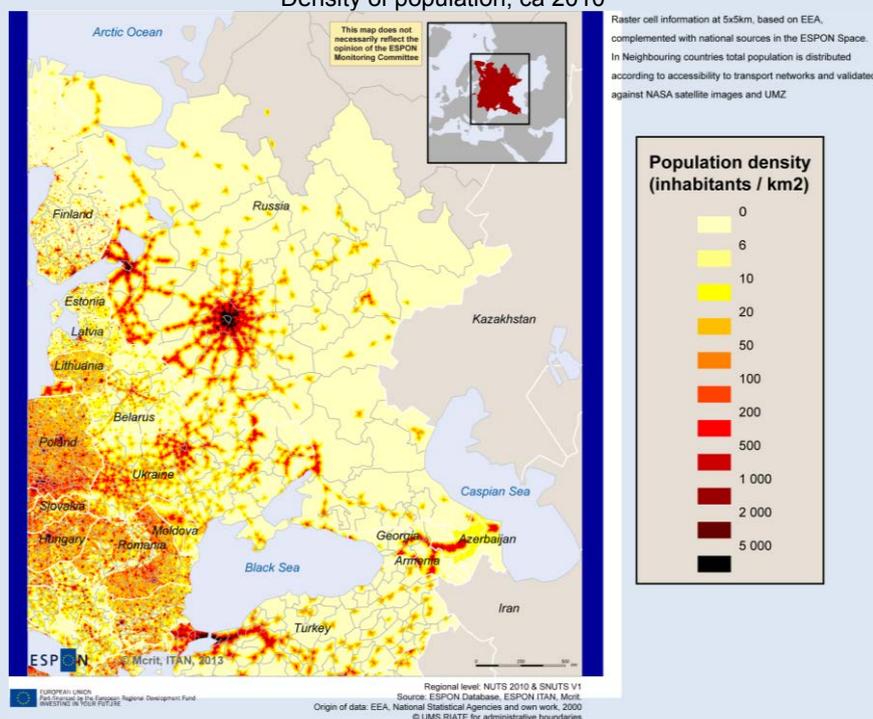
The key policy messages of coming from the Eastern Neighbourhood are that cooperation remains important, particularly territorial cooperation around the Baltic Sea Region. As the Baltic Sea itself is a special eco-system, one that is highly threatened by eutrophication, over-fishing and other environmental hazards, it is vital that all countries around the sea, including the neighbours participate in order to preserve the sea as a common resource. But territorial cooperation between the EU and its neighbours is not always straight-forward, due largely to the differences in governance and political priorities. Nevertheless one simple message is to continue the work on developing strategic visions together with neighbouring regions, such as VASAB.

A key to promoting both regionalisation (in terms of increased flows) and regionalism (in terms of further cooperation) as an integrative process is the building-out of energy and transport infrastructure as a basic precondition. As seen in the report above, both the rail and road systems linking the Eastern Neighbourhood with its EU neighbours is very weakly developed compared with the rest of Europe. Despite the relatively low population density in especially the northern areas of the EU and the Eastern Neighbourhood, transport and energy infrastructure will be vital in order to capitalise on further trade in oil and gas resources as a force in further regionalisation.

## Eastern Neighbourhood Armenia – Azerbaijan – Belarus – Georgia – Moldova – Russia (West) – Ukraine

	1994 → 2011				1990 → 2011	2010
	Total population (million persons)	Population annual growth (%)	Share of world GDP at current prices (%)	GDP per capita (US \$)	Human Development Index (non demographically weighted average)	Greenhouse Gas emissions per capita (tons CO <sub>2</sub> equivalent)
All Neighbourhoods	470 → 525	0,7	3,4 → 5,9	1 965 → 7 834	0,589 → 0,719	7,8
Eastern Neighbourhood	229,9 → 217,4	- 0,3	1,7 → 3,1	2 050 → 9 995	0,707 → 0,720	12,5
EU 27	483,1 → 507,8	0,3	29,9 → 25,3	16 625 → 34 826	n/a → 0,877	8,7

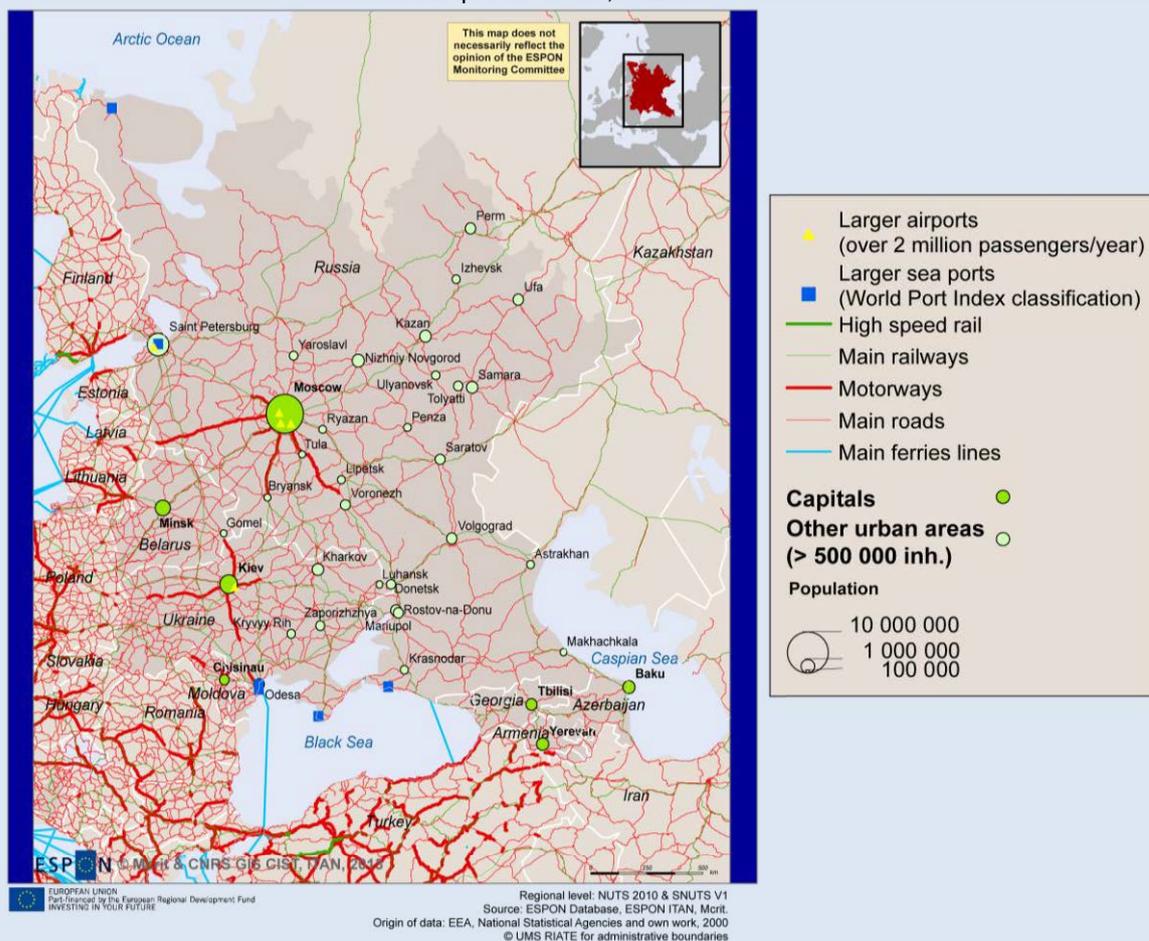
Density of population, ca 2010



The Eastern Neighbourhood encompasses the territories from the Baltic area to the Black Sea, that is Russia, Belarus, Ukraine and Moldova. Such a grouping is motivated by geographical reasons, by political reasons (the Eastern Partnership), and by practical reasons (the data system remain quite close due to their common soviet past). Russia is not a country of the ENP, but the EU-Russia Strategic Partnership is crucial for the territorial integration with the ESPON space. The Eastern Neighbourhood considerably lags behind the EU when it comes to economic indicators. The weighted average HDI is almost the same as the average for the all Neighbourhoods. But as to the environmental indicators, GHG emissions per capita in the Eastern Neighbourhood in 2010 were much higher than in the EU and the average value for all Neighbourhoods.

In the Eastern Neighbourhood as a whole a population decline occurred from 1994 to 2011. During this period the Neighbourhood experienced negative population growth rate by -0,3%. The population is unevenly distributed. Moscow metropolitan region and St. Petersburg stand out in terms of high population density, whereas population density in the Eastern and Northern parts of the Neighbourhood is very low in comparison to the neighbouring European countries.

Transport networks, ca 2010

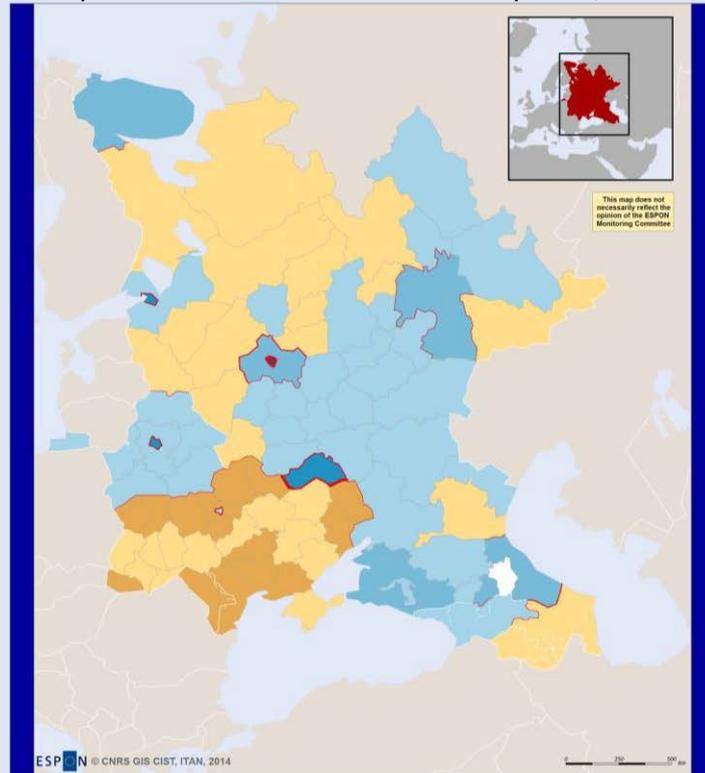


The density of transport networks is rather low in the Eastern Neighbourhood, especially compared to the EU member states. This is not surprising considering relatively low population density in Russia outside the metropolitan areas and big urban centres.

The road network is particularly dense in the capital cities and St. Petersburg metropolitan area, but also in the whole Moscow area and in the Republic of Moldova. The road network density is considerably higher in proximity to the EU border. The westernmost regions of Ukraine and Belarus are comparable to the Baltic States in terms of road network density, which could be attributed to higher human mobility and border crossings in the border regions. The capital cities in the Eastern Neighbourhoods (Moscow and Kiev in particular) are also well connected by air and rail. Moreover, the Eastern Neighbourhood hosts five larger sea ports.

In other parts of the Eastern Neighbourhood the population density is fairly low and so is the density of transport networks. In general, rail transport is fairly developed in the central and southern regions of European Russia, where the population density is higher. The accessibility of the northern regions of this Neighbourhood by rail and road transport is especially poor. Other urban areas in the Neighbourhood are accessible through a limited number of main roads and railways.

## Composite indicator 'Local human development', ca 2010

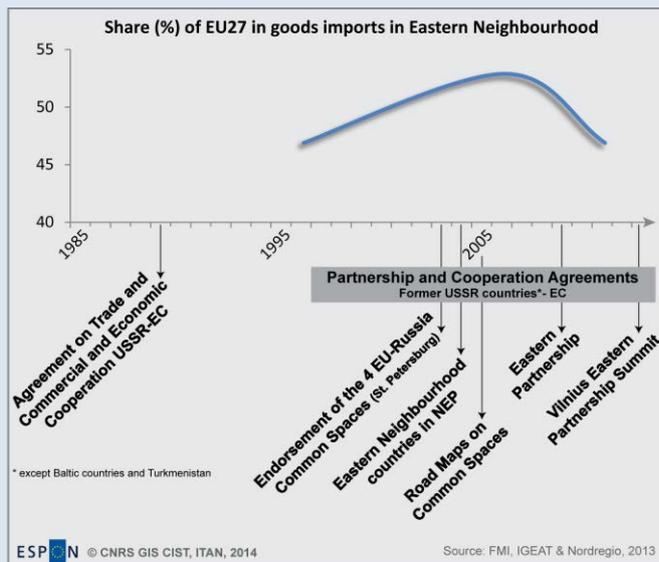


The above map reflects social development level in the Eastern Neighbourhood which is composed of three indicators, namely life expectancy, income level and population with tertiary education. These indicators are compared against the average levels for all ITAN Neighbourhoods. The map shows that the composite indicator of social development level is above ITAN Neighbourhoods' average in most of the eastern and central oblasts in European Russia, in Kaliningrad and Murmansk oblasts, as well as in Belarus. The majority of oblasts in the Northwestern Federal District of Russia are slightly below ITAN Neighbourhoods' average.

A particularly high social development level can be observed in dynamically developing cities of Moscow, St. Petersburg and Minsk. Belgorodskaja oblast on the border with Ukraine also stands out in terms of high index of social development. In the European Russia there is a high share of population with tertiary education and fairly high income levels, while below average life expectancy. The latter is a common feature for the whole Eastern Neighbourhood.

Ukraine and the Republic of Moldova are the worst performers when it comes to social development index. Life expectancy, income level and tertiary education indicators are below average for ITAN Neighbourhoods.

The largest territorial discontinuities in the Eastern Neighbourhood can be observed in the capital cities, St. Petersburg city, the whole Moscow region and Belgorodskaja oblast.



Cooperation vs. real regional integration

The graph illustrates the development of the cooperation between the EU and the Eastern Neighbourhood expressed in the share of EU27 in goods imports and presents the main milestones of cooperation. A share of EU27 in goods imports reached highest levels in 2005-2007 (about 53%). Since 2008 the imports dropped, which is attributed to the global financial crisis and economic stagnation in the EU. Despite a slight decline in imports the situation is rapidly recovering and the Eastern Neighbourhood (Russia in particular) remains a major trading partner for the EU27.

Cooperation between the EU and the Eastern neighbours (Belarus, Moldova and Ukraine) is currently framed within the European Neighbourhood Policy

(ENP). Belarus remains outside most of the structures of ENP today. Cooperation between the EU and Russia is realized through the Common Spaces. Both ENP and Common spaces receive funding from the European Neighbourhood and Partnership Instrument (ENPI).

### Recommendations of the territorial issues and cooperation

The cooperation between the EU and the Eastern Neighbourhood remains important, particularly territorial cooperation around the BSR. As the Baltic Sea itself is a special eco-system, one that is highly threatened by several environmental hazards, it is vital that all countries around the sea, including the neighbours participate in order to combat the consequences of trans-boundary pollution and preserve the sea as a common resource. This is currently being addressed in the EU Strategy for the BSR.

Likewise, the EU Strategy for the Danube Region also brings together both EU states and countries in the Eastern Neighbourhood around use of the Danube as a common resource. But territorial cooperation between the EU and its neighbours is not always straight-forward, due largely to the differences in governance and political priorities. Nevertheless one simple message is to continue the work on developing strategic visions together with neighbouring regions.

A key to promoting both regionalisation (in terms of increased flows) and regionalism (in terms of further cooperation) as an integrative process is the building-out of energy and transport infrastructure in the Eastern Neighbourhood as a basic precondition. Transport and energy infrastructure will be vital in order to capitalise on further trade in oil and gas resources as a force in further regionalisation. Future research could focus on the role that governance (or territorial governance, see ESPON TANGO project) plays as a linkage factor between regionalisation and regionalism. That is a potential study on the Eastern Neighbourhood countries or the BSR rate of flows, FDI etc. and how this is affected by the governance processes that facilitate cooperation programmes and projects.

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## 5. THE SOUTH-EASTERN NEIGHBOURHOOD

The South-Eastern Neighbourhood encompasses seven countries, from North to South: Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Kosovo under United Nations Security Council resolution 1244/99, the Former Yugoslav Republic of Macedonia, and Albania. With 21 million inhabitants, these states form a small neighbourhood compared to the others since they represent 4% of the studied Neighbourhoods' population. Compared to EU-27, Iceland, Lichtenstein, Norway, and Switzerland, the SE Neighbourhood represents 4,3% of its population and 5,4% of its territory.

This narrow territory (about 264 000 km<sup>2</sup>, a little bit larger than the United Kingdom) is a real stake for the European project. The fall of the Iron curtain and wars in the former Yugoslavia opened a decade of political, economic, and social turmoil. The 2000 decade is that of progressive internal stabilisation, openness to a globalised economy, and application to EU membership. Now in all European policies, these seven countries are considered as future members with different degrees. Moreover, this Neighbourhood is entirely surrounded by EU members: Italy, Slovenia, Hungary, Romania, Bulgaria and Greece. This situation places the Western Balkan countries as an enclave into the EU.

The post-war context has revealed that fragmentation into states (two states in 1989, seven in 2012) and discontinuities along new borders are a main feature of the South-Eastern Neighbourhood. Wars have provoked mobility at all scales, changes in the ethnic composition of populations and economic collapse. Discontinuity, fragmentation and diversity are enshrined in the common world 'balkanisation'. Another character of the Balkan Peninsula refers to its position as crossroads of many cultural influences that have contributed to the diversity in European identity.

### 5.1. Presentation

#### 5.1.1. Since 1991 a range of changes in territorial systems

Following the dismantling of the Socialist Federal Republic of Yugoslavia, wars broke out; in Albania, the borders opening after the communist regime' collapse led to a sudden wave of outmigration. Recovering of wars and crisis needs time and today Western Balkans states are still seeking for stability of their territorial systems. The fall of the Iron curtain has led to a crisis of the socialist organisation of state and its administrative structures. For young states born at the beginning of the 20<sup>th</sup> century, the Nation-state building is still an important issue.

Different political cultures had emerged even during the socialist period. Hence, the reform of the territorial and administrative systems raises different issues:

- The seven states are "small" states concerning area and population, ranging from 11 000 km<sup>2</sup> (Kosovo under UN resolution 1244/99) to 77 500 km<sup>2</sup> (Serbia) and from 620 000 (Montenegro) to 7,2 million inhabitants (Serbia): the delineation of local and regional units to erase the socialist legacy is under question.
- In the field of competencies, the shift from administrative units conceived as organs of the central state (state de-concentration) to self-government units (decentralisation) is still an ongoing process challenged by corruption.

#### 1°) Administrative division and its evolution

##### *Albania*

Under communism Albania was a highly centralised country and sustained deep political changes from 1991 onwards. The country is divided into 12 counties (*qark*) as first administrative level introduced in 1993, and 308 communes (*komunë*, in rural areas) and 65 municipalities (*bashki*, in urban areas) as local administrative levels. They replace the two-tier administrative division made of 26 districts (*rrethi*) and 536 localities in 1989. But the socialist districts, introduced since 1959, are a legacy of the communist period.

## *Bosnia and Herzegovina*

The country declared its independence in 1992 and endured the Bosnia war between 1992 and 1995. According to the Dayton Peace Agreement (1995), Bosnia and Herzegovina is ruled by a three-member presidency where each member represents each major ethnic group and, is composed of two entities, the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS). Since 2000, the Brčko district belongs to both entities out of their land and is placed under direct international supervision with a Deputy high representative. The Office of the high representative (OHR) is an international institution responsible for overseeing the implementation of civilian aspects of the Peace agreement with crucial power in all key decisions. Bosnia and Herzegovina is still highly divided along ethnic and religious lines which are institutionalised in the administrative organisation.

The territorial delineation of the Inter-Entity Boundary Line (IEBL) is an administrative demarcation which follows broadly the cease-fire line between both entities. After 1995, following the IEBL, the territorial structure of municipalities was reformed with no continuity with the previous situation, assigning municipalities or part of municipalities to each entity in accordance also with their ethnic composition. The municipal fragmentation increased: there were 109 municipalities before war. Now, the FBiH is divided into 74 municipalities (*općina*) aggregated at the upper tier in 10 cantons (*kanton*) from 1995 onwards; the Republika Srpska is divided into 63 municipalities (*općina*) with no intermediate level; the Brčko district is composed of 2 municipalities.

## *Croatia*

Croatia has implemented an administrative and territorial reform in 1992, after its independence declared in 1991. It is divided into 21 counties (*županija*): 20 counties plus the capital city of Zagreb. The county level is known as an historical feature and was rejected during the Socialist Federal Republic of Yugoslavia. Territorial changes have occurred between 1992 and today. Between 1995 and 1997 there were only 20 counties by the merging of the City of Zagreb and the Zagreb county; in 1997, the reform returned back to the 21 units but introduced territorial changes in the delimitation of the Zadar county and the Šibenik-Knin county. At the local level, since 1991, the number of municipalities (*općina*) has increased in a continuous process of fragmentation. In 1991, Croatia was divided into 102 municipalities, in 2001 into 124 towns/cities (*gradovi*) and 426 municipalities and in 2011 into 127 towns/cities and 429 municipalities. Municipalities that are seats of counties and those with more than 10 000 inhabitants have town status.

## *The Former Yugoslav Republic of Macedonia (FYROM)*

It was recognized as a state by the international community in 1992. It has only one administrative level: municipalities (*opština*) and no intermediate level. However, the instability of the local territorial division illustrates the inter-community tensions in a new state with ethnic and religious minorities.

There is no continuity in the territorial division of municipalities since the independence. Before 1991, the “communal system” of the Socialist Federation of Yugoslavia prevailed. In 1996, 123 municipalities were created instead of the 34 previous units. The law on territorial organisation of the local government (2004) introduced 84 municipalities by aggregating local units or redrawing local boundaries, after tough political negotiations. All these changes reflect the difficult balance between the economic and political efficiency and the respect of local identities.

## *Kosovo*

Kosovo declared independence from Serbia in 2008. However, its independence has partial international recognition. Serbia does not recognize the independence of Kosovo. The European Union position is based on the United Nations resolution 1244/99 and on the International Court of Justice opinion in 2010 which states that Kosovo’s declaration of independence did not violate general international law or the UN resolution 1244/99. After the Kosovo war in 1999, Kosovo was placed

under a transitional United Nations Administration Mission in Kosovo (UNMIK) and doubled in 2008 under the European Union Rule of Law Mission in Kosovo (EULEX), both as international supervisions. With its micro-state's area (11 000km<sup>2</sup>), Kosovo is only divided in municipalities (*komuna* in Albanian, *opština* in Serbian). But the number of the municipalities and their territorial division has frequently changed since the 1980s. This instability refers to inter-ethnic tensions between ethnic Serbian and ethnic Albanian. In 2000, the UNMIK stated 30 municipalities, confirmed in 2008 after the independence. Since then, pilot municipalities or new municipalities have been created in order to better comply with the ethnic representation during the elections. There were 36 municipalities in 2009, 38 in 2013.

### *Montenegro*

Following a referendum, Montenegro declared in 2006 independence from Serbia and Montenegro. The country did not directly suffer from conflicts and wars. As a micro-state (13 800 km<sup>2</sup>), the country has only one administrative level: 21 municipalities (*opština*) inherited from the socialist period. No major territorial change has occurred since the 1990s in order to stabilise a new multi-ethnic state as a legacy of the dismantled Socialist Federation of Yugoslavia.

### *Serbia*

According to the Constitution of 2006 and a set of laws in 2007 regulating administrative and territorial division, Serbia recognised the Autonomous province of Vojvodina (the ITAN project excludes Kosovo from Serbia according to the UN resolution 1244/99) and local self-government units. The country is divided in 24 districts (*okrug*), 122 municipalities (*opština*) and 22 cities (*grad*); the City of Belgrade has a special status. Despite the territorial loss of Montenegro in 2006 and Kosovo in 2008, the local administrative division remains the same since 1974. Districts were introduced as new intermediate levels in 1992 with de-concentrated functions. The status of Autonomous province is regulated by the constitution: it was created in 1945, and then reformed in the 1974 constitution, suppressed in 1990 and both reintroduced and reformed in 2002 and 2008. In 2009, the law on equal territorial development created 7 statistical regions and then merged to 4, with no administrative functions.

The analysis of each national administrative division shows the diversity of situations depending on social and political choices. Post-socialist reforms have sometimes kept the former territorial structures or have changed the delineation. But even in case of conservation of the socialist administrative division, the competencies of the administrative units have been changed.

## 2°) Self-government units and competencies

Western Balkans countries did not share the same political culture regarding the autonomy of territorial units. In Yugoslavia, the socialist self-management was the key of the administrative organisation. On the contrary, Albania was one of the most centralised socialist countries. After 1989, local democracy and the need for self-government have entered the debate with different degrees. At the local level self-government units have been implemented, but at the regional level the process was longer. The introduction of local and regional self-government units complying with European standards still raise difficulty in electoral process (irregularities in elections are still observed), in implementing clear local and/or regional competencies. The issue of the balance between local and regional self-government units and the central power is of utmost importance in small and young states.

### *Albania*

Under the communist regime, Albania country adhered to a strict self-reliance policy and to a strong centralised system. The local government reform was introduced in 2000 without any historical experience in self-government units. The reform identified three types of competences – delegated functions, shared functions and exclusive functions – and implemented local government units on the basis of municipalities and communes as basic level, and regional government units in the framework

of the 12 counties renamed regions, as sub-national level. Practices of local self-government encountered difficulties because competences were not clearly defined. The 308 communes and 65 municipalities constitute local self-government units with directly elected councils and mayors. They share functions with the central power in the field of education, health, social assistance, public order and environmental protection and have exclusive functions in four domains: infrastructures and public services, local development, social, cultural and recreational functions, civil protection. Local authorities are often in conflicts with the central government concerning laws that reduce their competencies. The 12 regions are considered as weak level [COE 2006]. Their exclusive competencies are limited to the implementation of regional policies in accordance to national strategies. The local representatives who are members of regional councils are reluctant to transfer more powers and financial resources to this upper level. And prefects, appointed by the Council of ministers, and representing the central administration in regions exert a direct control driven by a political partisan bias. Moreover, the fight against corruption and crime still remains on the agenda.

### *Bosnia and Herzegovina,*

In Bosnia and Herzegovina, the political changes created a highly fragmented Federation into numerous and diverse statutes of self-government units. Even the status of Sarajevo is still under discussion. The law on the principles of local self-government in the FBiH (2009) does not clarify their delimitation or is contradictory with other laws. The Republika Srpska has no intermediate level between the Entity and municipalities and towns which form the local government units. In 2009, the RS adopted both a strategy of decentralisation and a law on territorial organisation. But their implementation is rather inefficient because of the discrepancy between competencies and financial means. The Brčko district is a self-government unit placed under the supervision of the Office of the High Representative.

### *Croatia*

According to the Constitution of 1990, the Republic of Croatia is a “unitary and indivisible democratic and social state” with rather strong self-government units. Counties are regional self-government units. They carry out charges of regional significance such as education, health services, area and urban planning, traffic infrastructures, economic and regional development. Their budget is funded by the central government, county taxes and fees that they collect. The government is ensured by a direct elected assembly (*skupština*) headed by a prefect (*župan*). At the local level, municipalities and cities/towns are local self-government units, with an elected council; they are in charge of the basic citizens’ needs. The distribution of competencies between the two self-government tiers is regulated by law according to the principle of subsidiarity. The system presents a good efficiency.

### *The Former Yugoslav Republic of Macedonia*

The Former Yugoslav Republic of Macedonia has a single tier system of self-government units: the 84 municipalities. Since the Ohrid Agreement (2001), the decentralisation has been ensured. Mayors and local councils are elected every four years. After the economic growth, the current crisis seems to have limited impacts on local finances. The ongoing decentralisation is expected to enlarge local democracy and co-existence of different communities. The eight planning regions established in 2007 on the basis of the NUTS 3 criteria have two purposes: statistical data collection and implementation of regional development policies. They have neither regional council nor budget.

### *Kosovo*

In Kosovo, the process of decentralisation has been launched since 2008 at the local level. The first local elections (for municipal assemblies and mayors) were held in 2009 and 2013. The competencies of the municipalities predominantly concern primary education and primary health care, although they

enjoy a considerable degree of autonomy to use the central budget transfers which correspond to 80% of their resources [SIGMA 2013].

### *Montenegro*

The 21 municipalities of Montenegro are recognized as self-government units in the 2007 Constitution. The municipalities are multi-ethnic. Elected local authorities manage decentralised and delegated functions, listed in the law on local self-government (2003 amended in 2009). The large autonomy raises the issue of the capacity for small municipalities to manage their duties. Regular projects of reforms show that Montenegro is still seeking a balance for its territorial organisation.

### *Serbia*

Although the territorial division of local levels has remained unchanged during the last two decades, great changes have occurred regarding their competencies. The new constitution in 2006 established the principle of decentralisation for the Autonomous province of Vojvodina as well as for municipalities and cities. The Autonomous province of Vojvodina (7 districts, 39 municipalities and 6 cities) is ruled by an assembly with deputies elected every four years with a proportional representation of national minorities provided by law. Each of the 122 Serbian municipalities (over 10 000 inhabitants) is headed by a local council and rules its own budget and public services. The 24 districts (*okrug*) are a state de-concentrated intermediate level. The City of Belgrade has a special district status close to that of a municipality. According to scholars, the decentralised competences are considered as weak [Vučetić 2007]. The weakness of civil society, the degree of corruption, and the political party configuration are holding back further progress.

### 3°) The National statistical systems, regional and local data availability

As candidate countries or potential candidate countries, the South-Eastern ENCs are adopting the Eurostat's NUTS classification. In 2009-2010 official candidate countries (Croatia, Former Yugoslav Republic of Macedonia, Montenegro and Serbia) adopted it. For Potential candidate countries (Albania, Bosnia and Herzegovina, and Kosovo under UN Resolution 1244/99), a SNUTS classification has been proposed in the framework of the present ITAN project. Although NUTS (or SNUTS) is based on the administrative division, the recent changes in certain countries concerning the delineation of administrative units make it difficult to collect complete time series. Besides, national statistical offices have faced difficulties in collecting data during wars. Reliability and availability of data are uneven between countries.

### *Albania*

Albania has not yet adopted an official NUTS classification but has divided the country in 3 levels equivalent to the NUTS in 2009. The 12 regions constitute the SNUTS 3 level. 3 statistical regions exist since 2009 as SNUTS 2 level, but due to the delay of their implementation the ITAN project could not take them into consideration. In order to address the comparability issue for time series, the administrative division of 1989 has been transformed to the corresponding one of 2001/2011, starting from the 536 localities and aggregating them up to SNUTS 3 level. For economy and social data, the ITAN database does not cover all the 1990s. During that period, the capacity of Albanian statistical institute (Instat) was limited due to unrest and successive socio-economic crises. After 2001, when political and social conditions begun to stabilise, the statistical system with the assistance of international donors has experienced a considerable development. Albanian statistics now approximate to international standards with improving reliability and better dissemination. However, issues of collection and reliability of data still persist at local level due partly to the high mobility of persons.

### *Bosnia and Herzegovina,*

The statistical system reflects the complexity of the country's political structure. The SNUTS classification consists of 3 SNUTS 2 level which corresponds to the Federation of Bosnia and Herzegovina, the Republika Srpska and the (fifty times smaller) Brčko district. The SNUTS 3 level is still more complicated since the RS does not have an intermediate level between the Entity and municipalities, even if 7 statistical regions have been created in 1996. Cantons in BiH and the Brčko district compose the SNUTS 3 level.

Three institutes are producing statistical data in the country. First, the Agency for statistics of Bosnia and Herzegovina (BHAS), as a state level institution, is responsible for the harmonisation of the data collection system and for its production and dissemination, with the exception of any local data; it means that SNUTS 3 data are to be found at the Entity statistical offices (the two major Entities since BHAS is responsible for producing data for the Brčko district since 2006); the Institute for Statistics of the Federation of BiH (FZS, also official repository of all the statistical data prior to 1991 including censuses data) and the Institute for Statistics of the Republika Srpska (RZSRS). However neither FZS nor RZSRS is publishing local or regional data on a regular basis. As has been said, the 2013 census is expected to bridge this gap. But for the moment, databases at SNUTS 3 level are very incomplete, especially for the Brčko district and the Republika Srpska.

### *Croatia*

In Croatia, the NUTS 3 level corresponds to the 21 counties implemented in 1992. Two territorial changes have occurred. First, between 1995 and 1997, the City of Zagreb was merged with Zagreb county. Therefore, some data are missing for the City of Zagreb for this two years period. Secondly, in 1997, the county of Zadar-Knin and the county of Šibenik had their name changed (to Zadar-county and Šibenik-Knin county) and their territory to a minor extend. In that case, the data of the 1990-1997 period and that of the 1998-2011 period are not comparable.

NUTS 2 regions were defined in 2007: from 2007 to 2012, 3 regions corresponding to the NUTS 2 have been defined only for statistical purposes. The ITAN database is based on this delineation, aggregating data from the NUTS 3 level to complete time series before 2007.

The LAU 2 levels comprise towns and municipalities of Croatia. Due to the fragmentation of the municipalities since 1991, the comparability of census data (1991, 2001, and 2011) was compromised: the Central Bureau of Statistics is reconstructing the main indicators.

### *The Former Yugoslav Republic of Macedonia*

It is officially a candidate country to the EU since 2005 and adopted the NUTS classification in 2007. The administrative reform held in 2004 leads to four levels: the country is considered as NUTS 0, 1 and 2; the 84 municipalities form the LAU 1 units on the basis of 1 776 settlements (LAU 2); the 8 planning (statistical) regions are equivalent to NUTS 3. Due to the deep instability of the territorial division at the local level which hinders the aggregation of data at the NUTS 3 level, the time series for the period from 1991 onwards was not ensured. The state statistical office has recently published the 1994 and 2002 census data according to the NUTS 3 level. For other data (vital statistics, migrations, economy and society), regional data are available since 2000.

### *Kosovo*

Kosovo is a potential candidate country without adoption of the NUTS. 7 regions with statistical purposes have been created in this 1,7 million inhabitants country. These regions are considered in the ITAN project as SNUTS 3 level. Settlements and municipalities are the basic units to collect statistical information. Aggregations of local data (at municipal or settlement level) have been prepared

by the ITAN experts to fill in the SNUTS 3 database. But due to the instability of the municipal territorial division and the conflicts in the end of the 1990s, discontinuities in time series and lack of data occurred. According to the statistical office of Kosovo (ASK), after the war the under-registration of deaths was around 25%. The 2001 census was cancelled, and vital statistics were interrupted between 1997 and 2005. The period 1990-1997 had been covered by the Serbian statistical office, and since 2005, the ASK publishes the vital statistics. There are at present no reliable statistics on migration in Kosovo. Demographic data are rather on low reliability. Socio-economic data according to international standards are available for the last few years (mostly 2011 and sometimes 2007-2011).

### *Montenegro*

Montenegro has adopted the official NUTS classification in 2010 and submitted two years before an application for EU membership. As the total population (625 000 inhabitants in 2011) does not exceed the maximum limit of NUTS 3 level population, the whole country is considered as one NUTS 3 level. Municipalities correspond to the LAU 1 level. Hence, data are of rather good availability at the national level with rather complete time series. The statistical office (Monstat) replaces the federal office in computing indicators with sometimes a longer delay. When it comes to reliability, data on migrations are problematic due to the difficulty in enumerating and defining emigrant/immigrant after the break-up of the Union state between Serbia and Montenegro.

### *Serbia*

Serbia has adopted the official NUTS classification in 2010 and is officially a candidate country to EU membership since March 2012. In 2009, the law on equal territorial development created 7 statistical regions, merged in 5 regions one year later, respectively 6 and 4 without the Kosovo under the UN resolution 1244/99 as stated in the ITAN project. They correspond to the NUTS 2 level and the 24 districts correspond to the NUTS 3 level. 2 units of NUTS 1 are implemented in 2010, respectively, Serbia-North (encompassing Vojvodina and the City of Belgrade) and Serbia-South for the rest of the country. The aggregation of data is possible from the 24 NUTS 3 levels (districts created in 1992) up to NUTS 2 and 1 levels. Concerning data collection in Serbia, the availability can be considered as good, because the country has inherited the know-how of the former Yugoslavia and kept an operational statistical office. However, all data issued during the 1990s until the end of the Kosovo war are of low reliability due to the unrest in the region.

#### 5.1.2. Demography: measuring population and settlement changes

The average density is 85 inhabitants per km<sup>2</sup>, lower than that of the EU (116). Yet, this encompasses a huge diversity of patterns of occupation of space. Moreover, population is diminishing. Between 1991 and 2011 the region lost 2 million inhabitants, a figure that reflects very imperfectly the deep changes that occurred in the Western Balkans.

1°) Occupation of space and urbanisation

Table 27 - Main settlement's features for the South-Eastern neighbouring countries, 2011

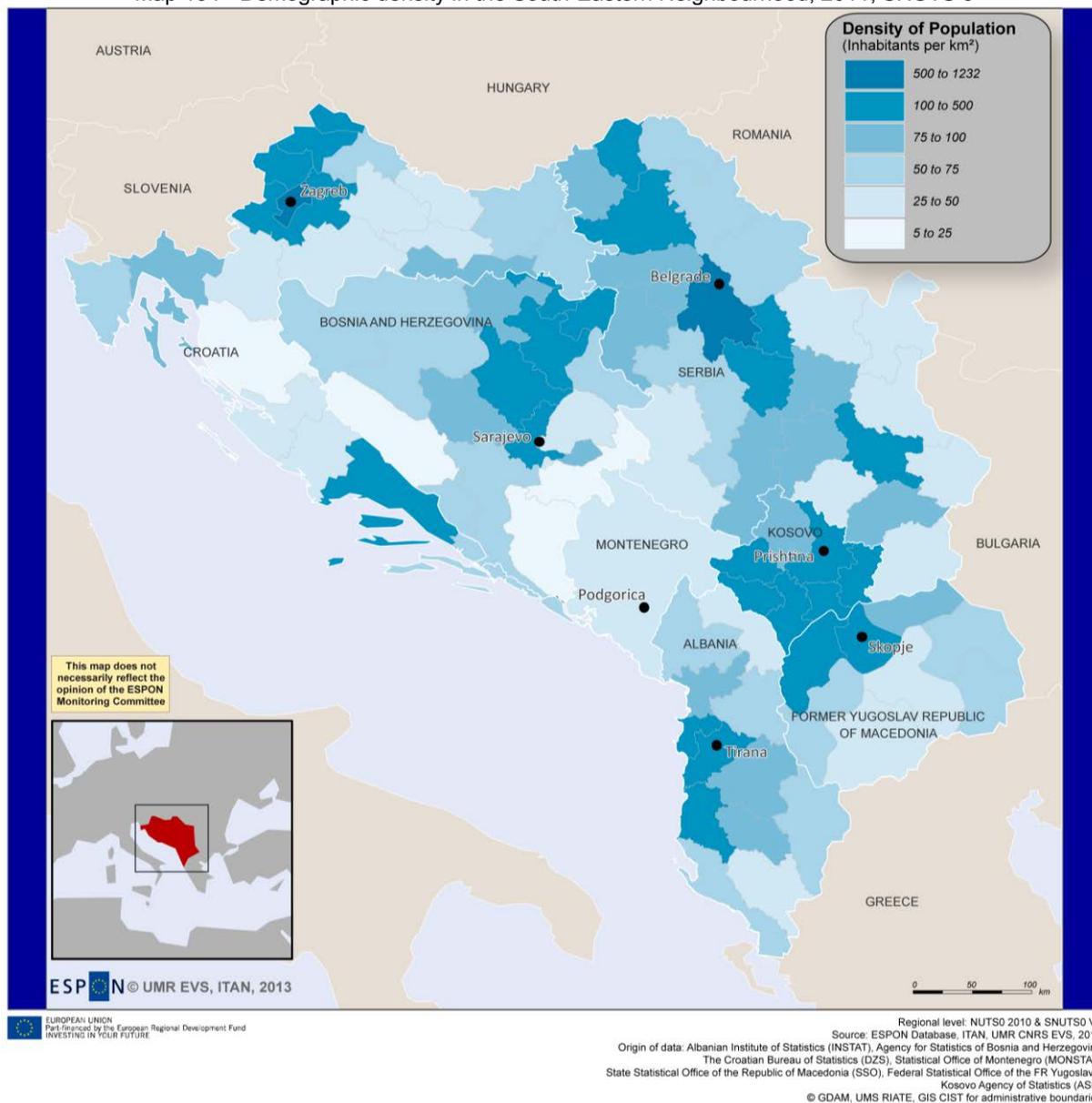
	<i>Population 2011 (inhab)</i>	<i>Area 2011 (km<sup>2</sup>)</i>	<i>Density 2011 (inh./km<sup>2</sup>)</i>	<i>Urban population 2011 (%)</i>
Albania	2 800 138	28 748	97	52
Bosnia and Herzegovina	3 840 000	51 071	75	48
Croatia	4 284 889	56 594	76	58
Former Yugoslav Republic of Macedonia	2 059 794	24 913	83	59
Kosovo under UN resolution 1244/99	1 698 625	10 908	156	ND
Montenegro	620 029	13 812	45	63
Serbia	7 186 862	77 570	93	56
<b>TOTAL – South-Eastern Neighbourhood</b>	<b>22 490 337</b>	<b>263 616</b>	<b>85</b>	<b>46</b>

Source: ITAN database, World Bank for estimated urban population (data 2010)

The fragmentation of space is due to the place of the mountains: Balkan is a Turkish word meaning mountain. The share of the territory above 1 000 meters ranges from 57% in Montenegro, 31% in Former Yugoslav Republic of Macedonia, 28% in Albania, 25% in Bosnia and Herzegovina, 21% in Kosovo under UN resolution 1244/99 to 15% in Serbia. On the northern part, Serbia, Croatia and northern Bosnia and Herzegovina open on the Pannonian lowland where the Danube River flows. On the western part, mountains plunge into the Adriatic Sea or narrow coastal plains open on the Mediterranean overseas (Croatia, Albania). On the southern and eastern side, mountains are higher and divided by valleys which lead to the Aegean sea (Vardar) or to the Black sea as a tributary of the Danube (Morava).

Kosovo under UN Security Council Resolution 1244/99 and Albania record high densities, 156 and 97 inhabitants/km<sup>2</sup> respectively, inherited from a high population growth. Elsewhere, in the mountains the region is sparsely populated. Montenegro records the lowest density with 45 inhabitants/km<sup>2</sup> especially in its northern part; coastal lines and lowlands now concentrate the population contrarily to the ancient patterns when mountains offered places for refugees and better health conditions. Another settlement pattern follows the main river axis, namely Vardar, Morava, Sava and Drava (tributaries of the Danube River) which guide ancient roads to pass through the mountains or lead to the Danube plain.

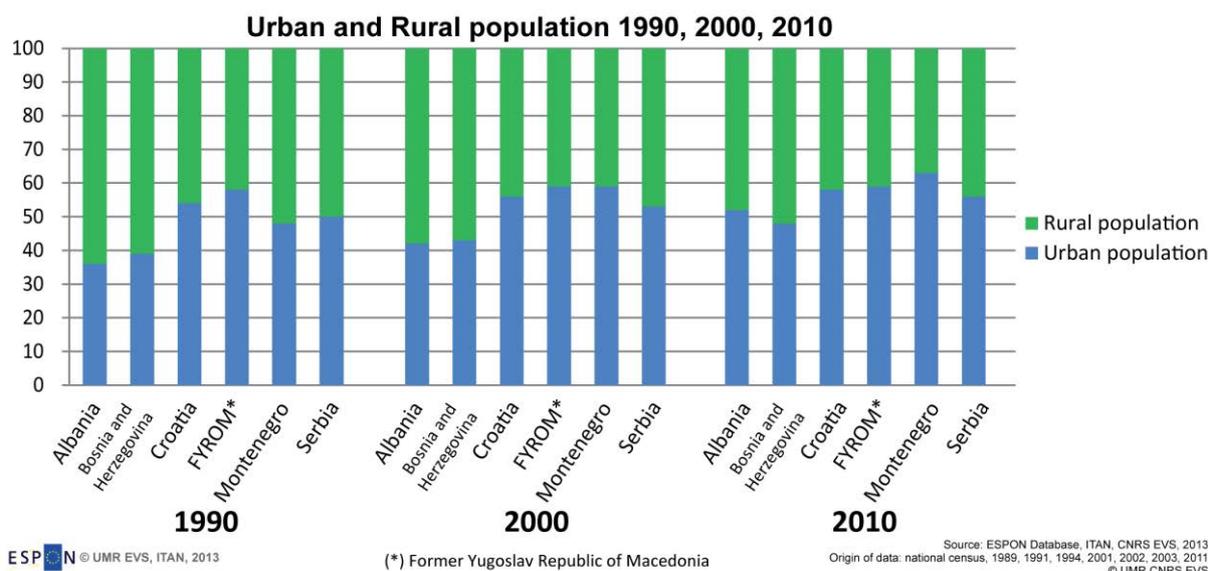
Map 154 - Demographic density in the South-Eastern Neighbourhood, 2011, SNUTS 3



The population density map shows the main features of the concentration of the population in and around capital cities districts, in coastal plains and along the main rivers. Croatia's highest densities are near Zagreb and along the Drava and in the southern plain of Split on the Adriatic Sea. In Bosnia and Herzegovina, highest densities are stretching from Sarajevo to the districts along the Sava River which borders Croatia. In Serbia the high densities follow the Morava and concern districts headed by major cities such as Niš, Novi Sad and the capital Belgrade. In Albania, the capital district of Tirana and districts of the Myzeqe plain concentrate the population. Differences of density are increasing between urbanised coastal areas and plains, and sparsely populated mountains.

Settlements patterns deeply changed over the two last decades. Under the socialist regime, in Albania strict controls on personal movements had kept high density in rural and mountainous areas. These measures were lifted in the 1990s and prompted to a shift in population from rural and mountainous to urban areas, and to outmigration. In Former Yugoslavia, the wars in the 1990s created major displacements of the population and led to a growth of urban areas and also outmigration. However, the consequences of mobility on density are hard to assess when mapping at the NUTS 3 level.

Figure 37 - Urban and rural population in the South-Eastern Neighbourhood's ENC's, 1990-2010



Despite urbanisation, the majority (54% in 2010) of the population still lives in rural areas, but this statement hides problems of comparison and data availability. Defining the urban population is a major difficulty in all these former socialist countries. The current definition of the urban population depends on the proper definition of “city” inherited from the socialist period and sometimes modified by laws on territorial and administrative organisation. Moreover, data on urban/rural population are not always provided by national statistical offices at subnational levels, and when they do exist metadata of the definition are lacking. Last, the distinction between urban and rural areas is not considered a main topic in censuses.

In Croatia, is considered as a town a settlement which “represents a natural, urban, economic and social unity” (Croatian statistical yearbook 2012: 55). The capital cities of districts and municipalities with more than 10 000 inhabitants are “towns” as well as municipalities which present specific historical, economic or geographical features. Though, the urban status is still a political decision. Anyhow, when experts have gathered information about urban/rural population, preliminary data from 2011 census were not yet available at the subnational levels.

In Albania, the official definition of urban and rural areas was adopted during the communist period and remains rather confuse and not updated. Several definitions are available and are rather contradictory. The United Nations define as urban areas “towns and other industrial centres of more than 400 inhabitants” [United Nations 2008: table 6], as for Schuler and al. [2010: 130], the distinction between urban and rural areas involves size, structure and administrative divisions. Lerch and Wanner [2008] note that one-fifth of the municipalities were considered as “urban” in 2001.

For Bosnia and Herzegovina, and Former Yugoslav Republic of Macedonia, neither data nor metadata are provided concerning urban population. For Serbia and for Montenegro, the three last censuses enumerate the number of total urban settlements and their populations, and classify the rest of the population as “other” without giving any detailed definition. For Kosovo data are only available for the 1991 census, according to the definition that prevailed in the former Yugoslavia without giving more information.

In order to compare, the figures provided by the World Bank give estimations of the urban population, without providing much detail about the chosen definition for each country. The evolution of the share of the urban population between 1990 and 2010 shows a shift in urbanisation process. In 1990 only Croatia and the Former Yugoslav Republic of Macedonia presented a majority of urban population. In 2010 all the countries are over the threshold of 50% except Bosnia and Herzegovina. The last two

decades of political unrest and deep economic uncertainties have led to a concentration into urban areas. The overall demographical decline in the South-Eastern neighbouring countries has particularly affected rural areas. But no city except Belgrade is inhabited with more than 1 million people.

In Albania, between 1990 and 2010, the share of the urban population has increased by 16 points. The census shows a population's loss of about 380 000 inhabitants, that is -12% between 1989 and 2011, with a rural population decrease of -36% and urban increased of a third. The movement from remote mountainous area, especially in the North of the country, to Tirana is not the simple explanation. Outmigration was the major process after 1989, and the number of citizens outside the country was estimated to 1 million in 2001. It means that censuses have underestimated the loss of rural population by outmigration.

In Serbia, between the 1991 census and that of 2001 and 2011, the number of urban population remained almost unchanged, but the share of urban population increased from 50% to 56%. The rural population diminished by 675 000. In a context of demographic decline, cities have attracted rural population and, during the 1990 decade of wars, they have received refugees from the former republics of the Socialist Federative Republic of Yugoslavia and internally displaced persons (IDPs) from the former Autonomous province of Kosovo and Metohija. The latter are only enumerated in the 2011 census.

## 2°) Demography: overall analysis

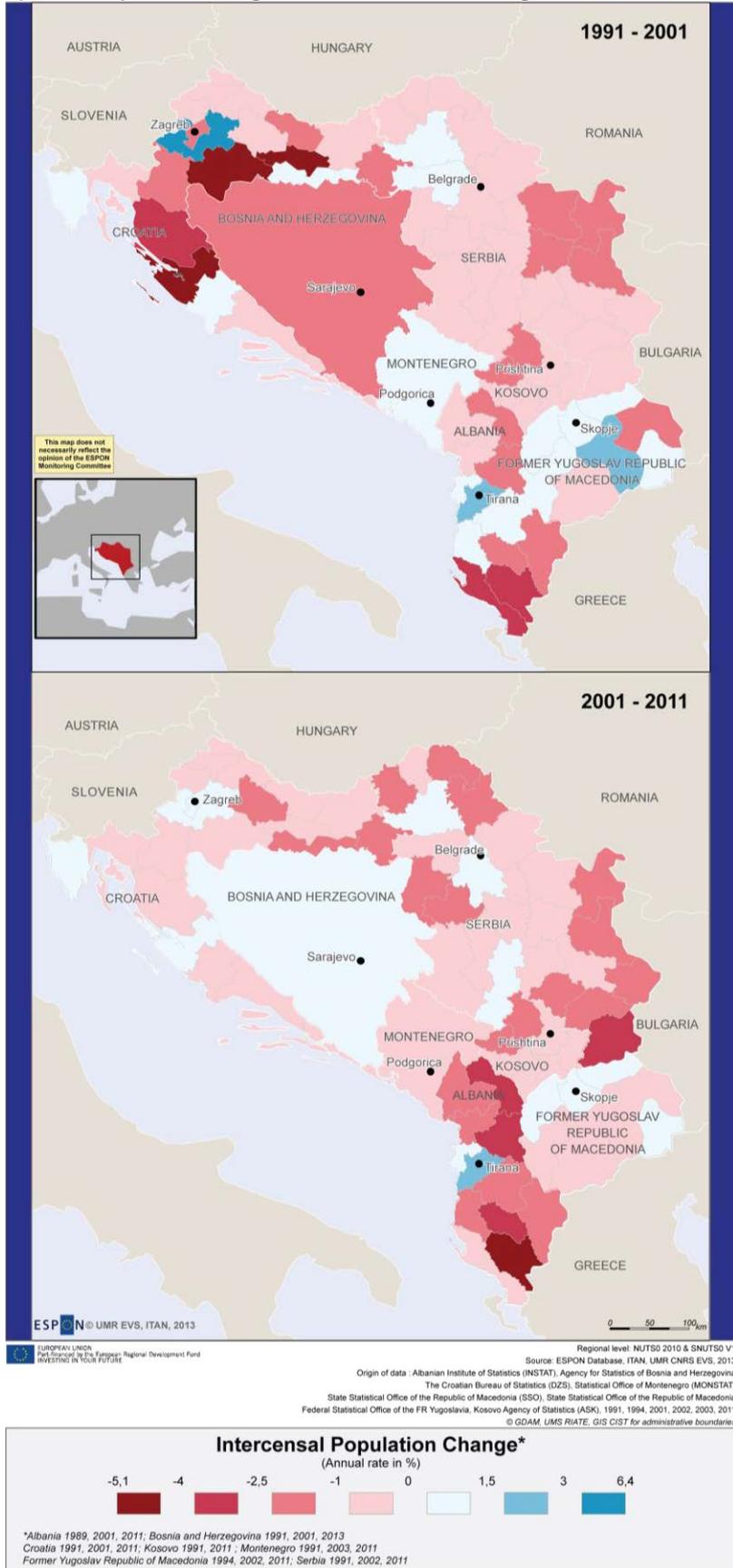
The population of the Neighbourhood has faced a demographic shift over the last two decades. Inhabited with more than 24,6 million people in 1991, there were 21 million in 2011, according to censuses. After the Second World War, the increasing natality and a high fertility had led to an important demographical growth: some countries had doubled their population in forty years, namely Albania, Former Yugoslav Republic of Macedonia and Kosovo under the UN resolution 1244/99 [Sintès & Cattaruzza 2012]. Now a general demographical decline characterises the Neighbourhood. If Montenegro and Former Yugoslav Republic of Macedonia are somehow maintaining the number of inhabitants from 1991 onwards, the other countries have endured severe population loss. The ageing is due to outmigration and to negative natural growth. However, we need to distinguish two periods to explain this general decline and to take into account the different definitions of population according to censuses where migration processes are differently taken into consideration. Thus, expert's estimations showed very useful.

Table 28 - Population of the South-Eastern neighbouring countries, 1991-2011

	1991	2001	2011	1991-2011 %
Albania	3 182 274	3 069 275	2 800 138	-12,0
Bosnia and Herzegovina	4 377 033	3 798 000	3 840 000	-12,3
Croatia	4 784 265	4 437 460	4 284 889	-10,4
Former Yugoslav Republic of Macedonia	1 945 932	2 022 547	2 059 794	5,9
Kosovo under UN resolution 1244/99	1 956 196	1 970 000	1 698 625	-13,2
Montenegro	615 035	620 145	620 029	0,8
Serbia	7 822 795	7 498 001	7 186 862	-8,1
<b>TOTAL – South-Eastern Neighbourhood</b>	<b>24 683 530</b>	<b>23 415 428</b>	<b>22 490 337</b>	<b>-8,9</b>

Source: ITAN database, World Bank for estimated urban population (data 2010). Italic: estimations

Map 155 - Population change in the South-Eastern Neighbourhood, 1991-2011



In the successor States of Yugoslavia, wars in Croatia, Bosnia and Herzegovina, and Kosovo have deeply affected demographical trends. In Croatia, according to the 1991 and 2001 censuses, the population has diminished of 8%. Forced migrations and refugees due to the war (1991-1995) were still larger than the negative natural growth. In the beginning of the 1990s there was an interplay of emigration from the areas inhabited by the Serb community (Krajina) and immigration from other former Yugoslav republics. In Serbia, according to 1991 and 2002 censuses, the total population of Serbia decreased of 325 000 inhabitants, especially in the eastern part. But the 2002 definition of total population did not take into account the internally displaced persons (IDPs): if they were included in the number of residents, the population of Serbia would have increased thanks to the net immigration (refugees and IDPs), while the natural growth was negative. In Montenegro, during the first intercensal period, both natural increase and net immigration explain the population growth (+ 5 000 inhabitants). At that time, Montenegro was part of the Federation of Yugoslavia with Serbia. In the Former Yugoslav Republic of Macedonia, between 1994 and 2002 censuses, the net migration was negative due to economic migrations abroad, but emigration was counterbalanced by a high natural growth. Last, In Albania, the number of external migrants for the period 1989-2001 is estimated to 600 000 up to 800 000, corresponding to 20-25% of the 2001 population. Meanwhile, the natural growth has remained positive.

The second intercensal period, 2001-2011, covers a decade of political stabilisation and return to economic growth but demographical trends have undergone a very change of pace in each country. In Albania, the population decline (-9%) was speeded up by the interplay of fertility decline and strong external migration. In Serbia, some of the long-term processes were speeded up such as negative natural growth and emigration abroad, while others were slowed down namely the return of refugees. They led to a population loss of about 485 000 inhabitants, according to the ITAN expert's estimation of comparable data. In Croatia, during the 2001-2011 intercensal period, the natural decrease continued while the migration process shifted to emigration at the end of the period. In Montenegro, in 2011, the number of inhabitants remained equal to that of 2003, around 620 000 people, thanks to a slight natural increase which counterbalanced the outmigration trend. In Former Yugoslav Republic of Macedonia, the population still increased by natural growth but is now ageing: emigration concerns young people when the elder stay in the villages. For Kosovo under the UN resolution 1244/99, only data for the 1991 and 2011 censuses are available since the 2001 census was cancelled. But both censuses were boycotted, the previous one by the ethnic Albanians and the latter by the ethnic Serbs. Despite the fact that the country has the highest natural increase rate in Europe, estimations provided by the experts conclude to a population decrease, due to forced migrations during the 1990s then economic migrations during the 2000s. At last, for Bosnia and Herzegovina, the first preliminary results of the census held in September 2013 are now available. The country had a positive population growth over the entire post-war period but, in details, the interplay between natural growth and migrations processes is complex: Bosnians have been by far the most affected population by forced displacement.

To conclude, the achievement of demographic transition or the acceleration of natural decline occurred during the first or the second intercensal period, but in all cases they showed a convergence with the demographical trends observed elsewhere in Europe. Compared to Western Europe, the demographic patterns are more deeply influenced by migrations: international migrations have increased because of wars and crisis; migrations between the countries of the Neighbourhood have developed due to forced migrations (displaced persons), political reasons (refugees) or economic reasons. Last, internal migrations in each country have changed the distribution of the population, with concentration in coastal plains or into cities as opposed to remote mountainous zones or deprived border areas.

### 5.1.3. Networks: between fragmentation and integration

The fragmentation of space has been reinforced through the state-building since the 1990 decade. The political unrest, the economic instability and wars have fragmented networks and led to the emergence of new ones. On the other hand, the perspective of EU membership gives opportunities to openness.

## 1°) Travellers and visa regimes

Since 1989, these countries are in process of re-bordering. Both internal (within the Neighbourhood) and external (with neighbouring countries), borders have changed their delineations or status. Firstly, the increase of internal national borders is due to the dismantling of the Socialist Federative Yugoslav Republic. From one country six countries were born between 1991 and 2008. Previous administrative boundaries between Yugoslav republics have turned into international borders. Secondly, external borders with neighbouring countries have changed their status concerning visa regime and circulation, following the Enlargement of the EU in 2004 and 2007 and the extension of the Schengen area.

The Western Balkans' fragmentation leads to a perception of borders as barriers more than contact points. If the South-Eastern Neighbourhood is now surrounded only by EU member states, only a third of the total borders' length is with EU, and three countries do not have any direct terrestrial border with the EU. For Bosnia and Herzegovina, Kosovo under UN resolution 1244/99 and Montenegro, accessing to the EU's territory requires to cross another country.

Table 29 - Length of borders in the South-Eastern Neighbourhood

	<i>total length of borders (km)</i>	<i>of which maritime (km)</i>	<i>with Neighb. countries</i>	<i>with Neighb. countries (%)</i>	<i>with EU-27</i>	<i>with EU-27 (%)</i>
Albania	1094	294	529	48	271	52
Bosnia and Herzegovina	1538	13	1538	100	0	0
Croatia	2375*	6278**	1352	57	1023	43
Former Yugoslav Republic of Macedonia	896	0	467	52	429	48
Kosovo under UN res. 1244/99	701	0	701	100	0	0
Montenegro	614*	294**	614	100	0	0
Serbia	2365	0	1284	54	1081	46
South-Eastern Neighbourhood	9583	6879	6485	68	2804	32

Source: national statistical yearbooks and own calculation, \* land boundaries only, \*\* sea coast (mainland +islands)

A qualitative analysis of visa regime and modifications of Border Crossing Points (BCP) gives an overview of the re-bordering process. Border control management is one of the priorities of the EU in South-Eastern Europe. Following the yearly recommendation of the EC, the countries of this Neighbourhood began to improve their capacity in border control. On the one hand they closed unofficial border crossings; Bosnia and Herzegovina for instance started the closing of wild (in the forest) and side (in the towns) border crossing points and in 2011, according to the ministry of Security, 116 points were closed [Djurovic 2013]. When villages are shared between two countries, points are locked with gates and the key is given to inhabitants of the village. On the other hand, new secured BCPs are opened and old ones are improved. Between 2008 and 2011 Albania enabled to open ten new facilities and improved seventeen border police stations thanks to a 6 million euro EU assistance [Delegation of the European Union in Albania 2011]. Among those, three new strategic BCP were opened or improved at the border with FYROM [Trajkovski 2013], at the border with Montenegro [Delegation of the European Union to Montenegro 2009] and at the border with Kosovo under UN SC Resolution 1244/99 [Kukes Regional Council 2013].

Opportunity to cross borders is generally regarded as one of the top priorities for the population of the SE Neighbourhood. Citizens of Croatia – as the most advanced country on the road to EU membership – have never been required a visa for stays no longer as three months. The so-called “liberalisation” of the visa-regime for the other countries progressively took place on the 19<sup>th</sup> December, 2009 (for Former Yugoslav Republic of Macedonia, Serbia, and Montenegro) and on 15<sup>th</sup> December, 2010 (for Albania, Bosnia and Herzegovina). Kosovo under UN SC Resolution 1244/99 received a road-map for visa-liberalisation on 14<sup>th</sup> June, 2012. This progressive extension of the visa-free regime in the Neighbourhood is seen by the populations as a clear improvement of their freedom to travel. However, considering the issues faced by those countries to prevent their nationals to seek

asylum in the EU, and taking into account the social conditions of citizens under readmission agreement, the EU Parliament adopted a visa waiver suspension mechanism in September 2013 which is presented as a threat for the countries of the region which could see their situation downgraded.

The SE Neighbourhood is being progressively integrated to EU and this creates uncertain situations along borders. To avoid critical transition situations, countries are experiencing flexible regime of border crossing. This is the case at the border between Croatia and Bosnia and Herzegovina since the 1<sup>st</sup> July 2013 when Croatia entered the EU. The border crossing issue was a major discussion topic during the tri-lateral meetings held between BiH, Croatia and the EU before the enlargement. Indeed, whereas Bosnian citizens were able to cross the Croatian border with an ID card only until then, the integration of Croatia into the EU forced them to get a biometrical passport. That is why the parties agreed on the creation in BiH of a five-kilometre buffer zone along the Croatian border: any Bosnian citizen justifying his residence in this zone and maintaining economic activities or family ties on the other side of the border is entitled to get special easier conditions for crossing the borders [European Commission 2013].

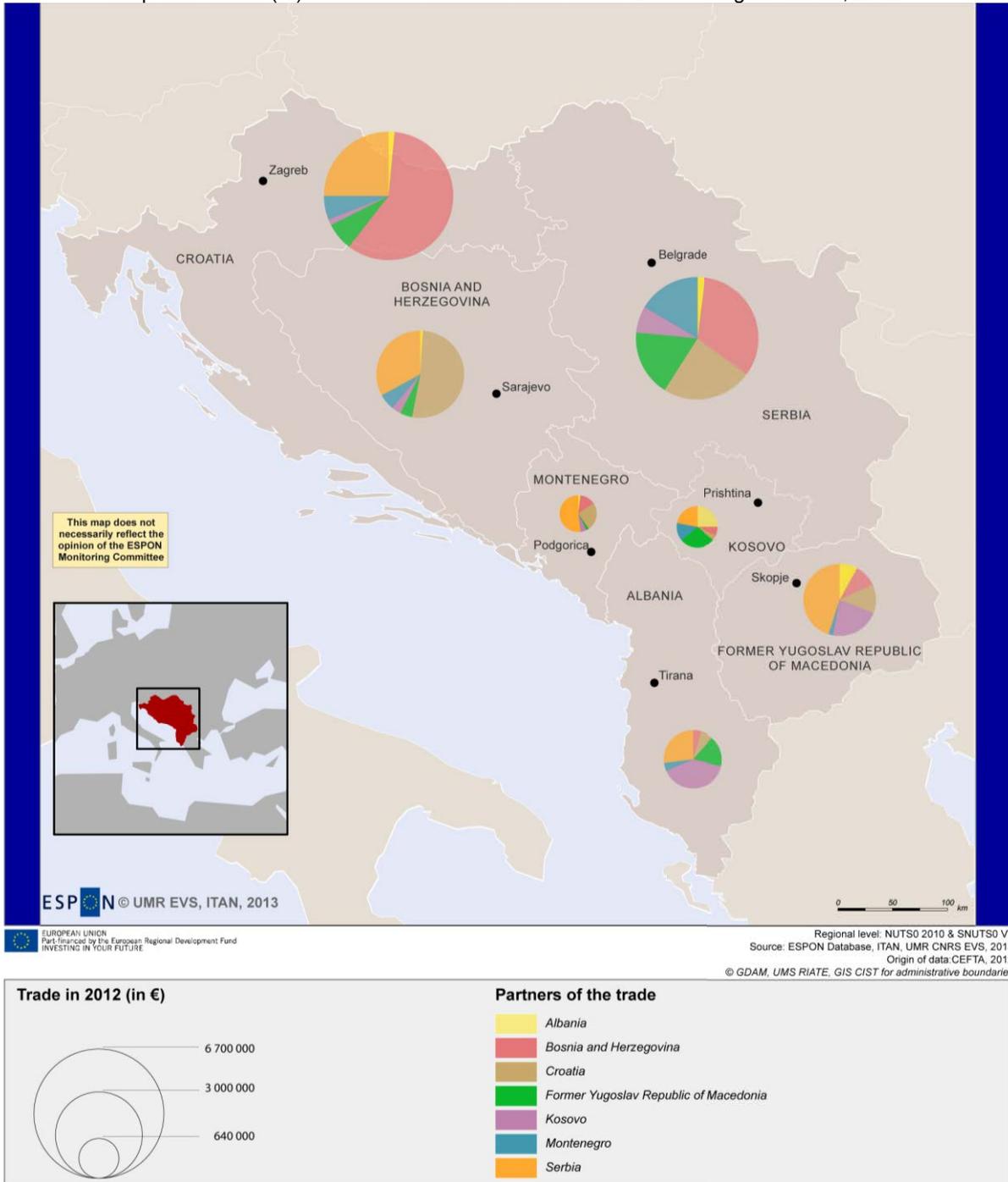
## 2°) Trade: assessing the Cefta's role

During the 1980s, the trade between the Balkan countries was estimated to less than 10% of their external trade. For Albania, after the Soviet-Albanian split (1961), markets became highly partitioned and trade with neighbouring countries limited.

During Yugoslavian war periods embargoes, grey economy, illicit trade and corruption developed in the area. Despite the 2000 decade opened stabilisation and trade opportunities for the seven states, the South-Eastern Neighbourhood still presents a high fragmentation of its national markets. The framework of the Central European Free Trade Agreement (Cefta) fosters the perspective of integration of markets and trade cooperation, in accordance with World Trade Organisation (WTO) procedures and EU regulations. Croatia entered in 2002, the Former Yugoslav Republic of Macedonia in 2006, the agreement went into force in 2007 for Bosnia and Herzegovina, Serbia, Montenegro, Albania and Kosovo under the UN resolution 1244/99. The Cefta is considered as a preparation for full European Union membership: previous members have left when entering the EU, namely the Visegrad group (Czech Republic, Slovakia, Hungary and Poland) and Slovenia in 2004, Bulgaria and Romania in 2007. The membership in Cefta requires being member of WTO, to have contracted an Association and Stabilisation Agreement (ASA) with the EU, and to have ratified bilateral trade agreements in the framework of the Stability Pact for the Southern Europe.

In 2012, the intra-Cefta trade corresponds to 16% of the external trade of the South-Eastern Neighbouring countries. If trade has increased since 2009, the share of the intra-Cefta trade remains the same and none of the state members carries out more than a half of its trade with Cefta partners. Moreover the trade balance of the Cefta members is negative with non-Cefta partners.

Map 156 - Trade (%) between the countries of the South-Eastern neighbourhood, 2012



In 2012, the importance of Cefta in each country's trade significantly varies, ranging from 10% for Albania to 48% for Montenegro, and between 21 and 32 % for the other states. Serbia contributes 10 times more than Albania to the intra-Cefta trade and Croatia is on the second place. Serbia and Croatia, as the bigger countries in the Western Balkans, are important partners, both with positive trade balance with the Cefta members.

Serbia presents a low share of the Cefta zone into its international trade (16%), but it appears as a important Cefta trade partner for all the countries, ranging from 23,5% for Kosovo's Cefta trade to

52,5% for Montenegro. Despite its continental position without sea shore, Serbia is the lonely country with a common border with all the South-Eastern neighbouring countries; except Albania.

Croatia carries out 12% of its international trade with the Cefta zone. The country has a significant share of trade with only Bosnia and Herzegovina and Serbia but appears as an important regional partner for four countries, namely Bosnia and Herzegovina, Montenegro, Serbia, and Former Yugoslav Republic of Macedonia. It means that Croatia's Cefta trade is more selective than that of Serbia and that the country is more EU-oriented (63% of its trade).

Montenegro is more dependent on the Cefta zone (48% of its international trade) and carries out more than a half of its intra-Cefta trade with Serbia. Its isolated situation with no common border with the EU, and a little window on Adriatic Sea maybe explains this fact. On the contrary, Kosovo under UN resolution 1244/99 achieves 60% of its trade with the rest of the world (except EU and Cefta), according to its special status under international supervision.

Albania carries out only 12% of its trade with the Cefta zone of which three main partners: Kosovo under UN resolution 1244/99, Serbia and Former Yugoslav Republic of Macedonia. Relations with the ethnic Albanian settlement area seem to be of major importance.

The South-Eastern neighbouring countries present different profiles of trade: size matters but also their geographical situation and their political status, such as for Montenegro and Kosovo which have to build up their trade partnership, as the last new born states in the Western Balkans. Trade in this case shows the role of political fragmentation and the uneven integration into the Cefta zone.

### 3°) Energy: the South-Eastern Neighbourhood at the crossroads

The Neighbourhood is not an energy provider but is situated at the crossroads on energy roads from Russian and Caspian fields to Europe. The 1990s crisis emphasised the obsolescence of the socialist legacy in energy supply: networks out of age, high level of losses – still estimated in 2005 to 22,5% for the entire South-Eastern Neighbourhood [IEA 2008]. After the collapse of consumption during the 1990 decade, and the perspective of both an economic growth and an increasing of the domestic demand, the countries faced new needs in energy supply and modernisation.

A first stake concerns the domestic market. The countries of the Western Balkans have to deal with the legacy of socialist regimes and their policy of self-reliance: in consequences, energy networks were not interconnected between countries and the safe access to soviet pipelines was not ensured. As late as 2003 domestic coal and lignite were the major source of energy for Serbia and Montenegro (56%), Bosnia and Herzegovina (56%), Former Yugoslav Republic of Macedonia (51%) while Croatia (54%) and Albania (69%) were more dependent on oil [Kocsis 2007]. The diversification of both energy resources and suppliers are yet at stake..

The Neighbourhood's position on the roads from Russian and Caspian oil and gas fields to European markets opens new perspectives. The countries present an energy dependency lower than that of EU-27 (54% in 2010), ranging from 42% in Serbia to 62% in Albania [Eurostat 2013]. Projects of transnational roads through the Balkans and interconnections of networks are in tension between bi-lateral agreements with Western European States and the Russian will to bypass the Turkish straits for exporting oil and gas more directly.

### Box 3 - Energy perspectives in the countries of the South-Eastern Neighbourhood

Albania produces crude oil but its energy dependency in 2010 is the highest of the SE Neighbourhood (62%). Its energy consumption relies mostly on oil and hydropower plants. Two projects will serve its diversification of energy sources and its connection with other networks. The Albania Macedonia Bulgaria oil (AMBO) pipeline project will run from the Bulgarian port of Burgas on the Black sea to Vlorë, a deep-water port with access for tankers on Adriatic. The project is backed by the USA and will permit to bypass the Turkish straits. The TAP (Trans-Adriatic gas pipeline) project will give connection from a Turkish pipeline to Italy through Greece and Albania; it will be built and operated by a Swiss, German and Norwegian consortium. A wind farm under construction with Italian investments is expected to supply 100 000 homes. Hence, interconnections with external networks are in favour of Italy, only separated from 72 km by the Otranto strait.

For the successor states of the former Socialist Federative Yugoslav Republic, energy networks are fragmented. Croatia has a network mostly set apart from that of the former Yugoslavia. It relies on its own oil and offshore gas fields, still insufficient to fill up the domestic demand (energy dependency of 52%). The country is connected to the Central Europe networks: connection to the Krško nuclear plant in Slovenia, to the TAG (trans-Austria gas pipeline), and to the Adria-Druzhba oil pipeline from Russia. A branch of the South Stream gas pipeline under construction will supply Croatia in 2016. The Pan-European oil pipeline from Constanța in Romania to Trieste in Italy will pass through Serbia and Croatia. The Ionian Adriatic gas pipeline (IAP) will run from Split in Croatia to Fier in Albania under the sea. It will be bi-directional to interconnect both with TAP to the South and TAG to the North.

Serbia still mainly relies on its coal and lignite thermal plants but diversifies its energy supply. The Iron Gate hydropower plants on the Danube River between Serbia and Romania are still operating, and were one of the lonely examples of international cooperation in the energy sector during the socialist period. Serbian oil and gas fields are operated by the national company (NIS) now ruled by Gazprom which possesses the majority of the capital. The South Stream gas pipeline, which is expected to open in 2015 and will run from the Black sea shore of Russia through Bulgaria to Hungary, is operated by a consortium composed by Gazprom (51%), the Italian company ENI, the French company EDF, and the German company BASF. The Pan-European pipeline would deliver Russian oil through Romania.

The Former Yugoslav Republic of Macedonia's energy is still provided by lignite and coal deposits transformed by thermal plants. Two projects of new thermal plants are planned to fulfil domestic demand, while the connection with oil pipelines is done between Skopje and Thessaloniki (2002) and in project with the AMBO.

In Bosnia and Herzegovina, Entities are for the moment unable to propose a countrywide energy strategy. The country relies on the power plants on the Drina River at the border with Serbia and Montenegro. Kosovo and Montenegro remain out the major project of pipeline, but the latter develop cooperation programs with Italy.

So far, many projects have aborted or have been delayed due to too numerous bilateral agreements rather than a clear European energy policy.

## 5.2. Stakes, risks and opportunities

### 5.2.1. Demographic dynamics: a huge change in demographic trends

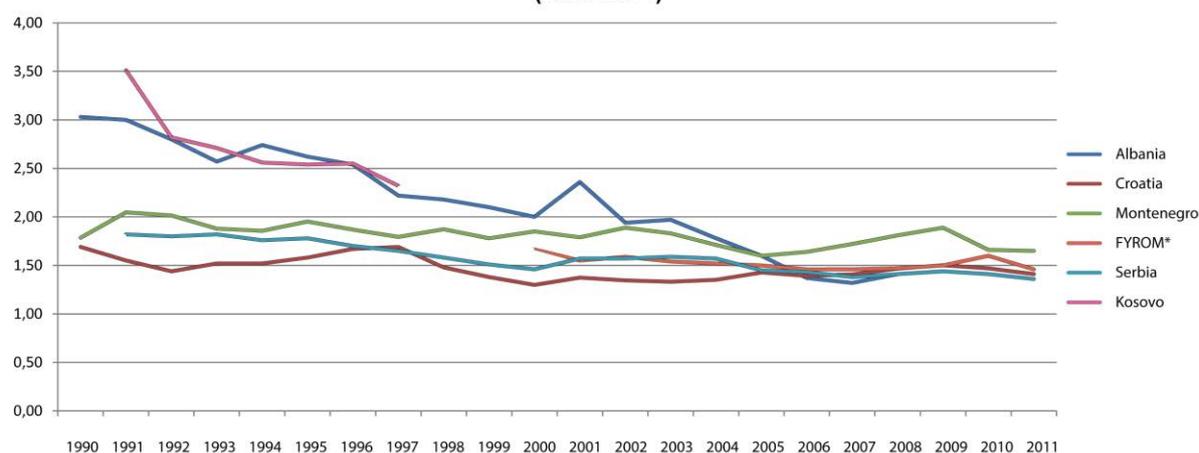
The general pattern of demographic dynamics in the South-Eastern Europe converges with that of European countries. But the pace and the intensity of the demographic trend were sharper and even exceptional during the last two decades. It concerns both demographical components: natural growth and migration issues. These states were emigration countries: diasporas through continents, migrations inside empires during the 19<sup>th</sup> century, work migrations in Germany (*Gastarbeiter*) or elsewhere in Europe gave them a wide sense of mobility. At the end of the 20<sup>th</sup> century, outmigration was uncontrolled due to profound crises or forced because of wars. Mortality and natality were affected by political unrest and economic uncertainty. Hence, the demographical change in the Western Balkans is hard to cover by statistical means.

Methodological problems are manifold to enumerate populations and compare time series data. Generally, minorities and migrations are underestimated due to calls for boycott at the census moment for the first case and issue on the definition of the resident population according to censuses for the second case. Vital statistics (births, deaths etc) are inaccurate. When existing, migrations data from the last censuses (2011) are not yet published in the majority of the countries.

1°) A natural growth converging with that of EU

The natural growth is declining or slowing down since 1991. A static representation at census dates (1991, 2001, 2011) shows that in 2011, only four countries, representing a third of the total population of the Neighbourhood, had an increasing population thanks to the difference between births and deaths.

Figure 38 - Fertility rate in the South-Eastern Neighbourhood, 1990-2011  
**Fertility rate in the South-Eastern Neighbourhood (1990-2011)**



ESPON © UMR EVS, ITAN, 2013

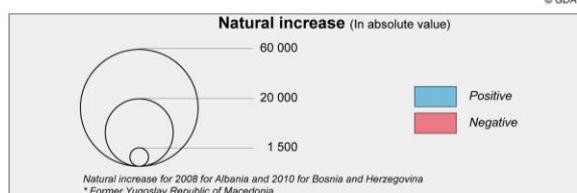
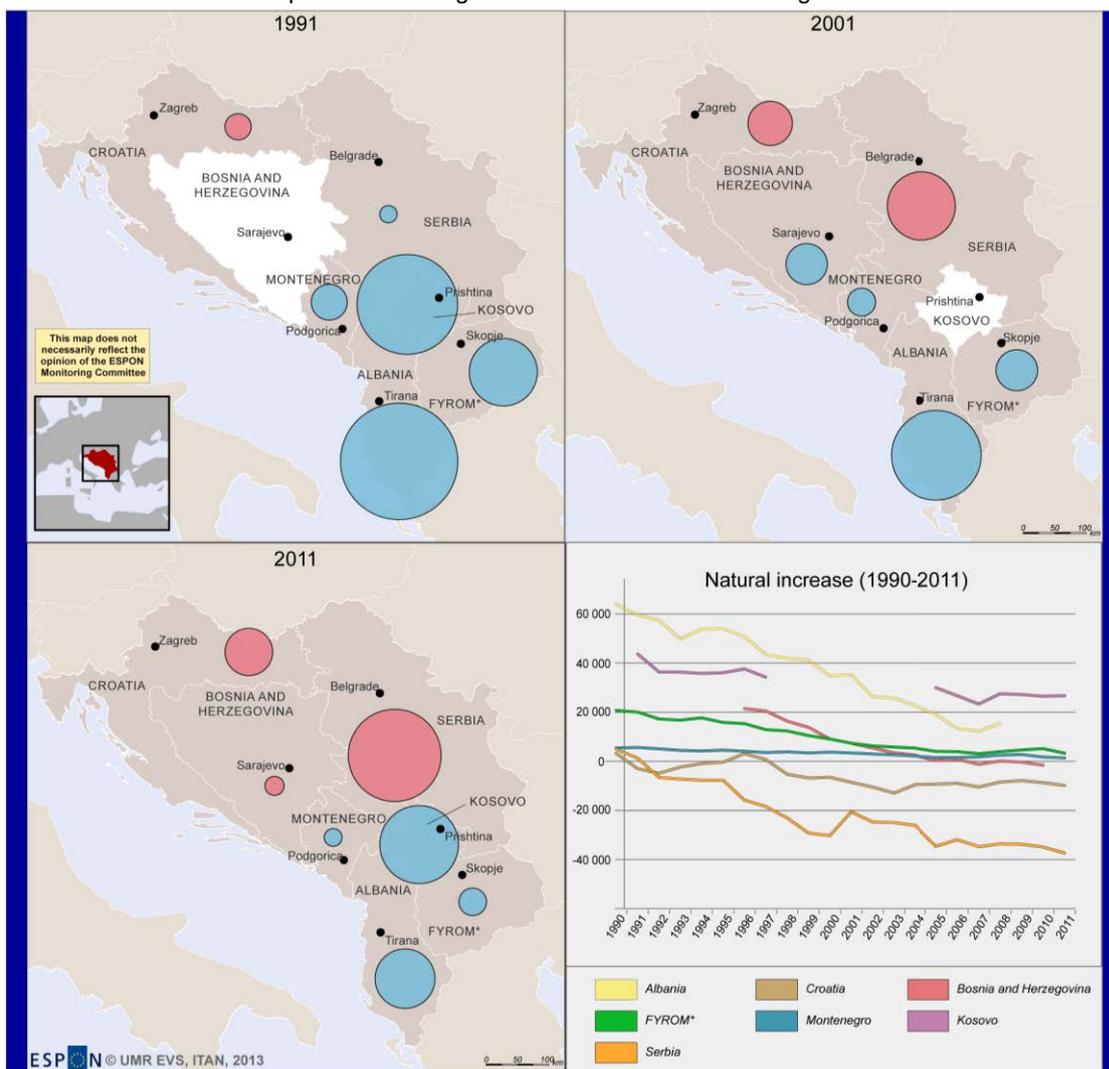
(\*) Former Yugoslav Republic of Macedonia

Source: ESPON Database, ITAN, CNRS EVS, 2013  
 Origin of data: national census, 1990 to 2011  
 © UMR CNRS EVS

### A low fertility

Fertility follows a steady downwards trend. Since the beginning of the 2000 decade, fertility rate is under 2 in all the countries (no data for Bosnia and Herzegovina and partially for Kosovo). For some countries, namely Croatia, Serbia and Former Yugoslav Republic of Macedonia, the rate is under 1,5 and the EU-27 average (1,6). The drop of the fertility rate in Albania, from almost 7 children per woman during the 1960s down to 1,4 in 2008, shows the current convergence with the European rate. In Serbia, the general fertility rate is below replacement level since 1956. This trend has continued to drop: in 2011, the fertility rate is 1,4 children per woman. At the beginning of the 2000s the government conducted a pro-natality policy; but huge economic crisis in the mid- 2000s and an ageing population have strengthened the declining trend. In Croatia, the same trend is visible: in the 1960s, the fertility rate was yet under 2 children per woman; the decrease went on until 2003 (1,3), then a slight increase occurred, without reaching the level of generation replacement. In Former Yugoslav Republic of Macedonia, the fertility rate was under 2 for all the period but the population still increases thanks to a significant number of women. In Montenegro, the fertility rate is below replacement level since the 1980s.

Map 157 - Natural growth in the South-Eastern Neighbourhood



### A natural growth negative or declining

Croatia presents a natural decrease from 1991 onwards. It leads to a negative natural population change (-2,0‰ in 2001 and -2,3‰ in 2011). In Serbia, the loss of population by the natural movement is increasing (-2,7‰ in 2001 to -5,2‰ in 2011). Bosnia and Herzegovina joins the group of countries with negative natural population change since 2007, with a decrease of -0,9‰ in 2011. Albania, Kosovo, the Former Yugoslav Republic of Macedonia and Montenegro are keeping a positive natural growth but present a steady downwards trend. In Montenegro the increase is still positive. Compared to other European countries, natural growth rates are nowadays ranging on the same scale. However, in the Western Balkans, the general trend of demographical transition has been speeded up.

The ageing of the population is at the disadvantage of the male population: longer female life expectancy and migrant selectivity by age (the youngest) and by sex (the men) strengthen the process.

## 2°) Migrations at stake

Migratory flows are one of the main topics on which the reconfiguration of the relations between Western Balkans countries and the EU is based. This creates a large range of unstable situations at EU's border.

### *Impacts of Wars*

First the war in Croatia and Bosnia and Herzegovina caused large flows of refugees, mostly internal movements and international migrations from Croatia to Serbia, and from Bosnia and Herzegovina to Croatia and Serbia. The ethnic cleansing operations implemented by all belligerent groups had major consequences on the distribution of ethnic groups. In 1995, 180 000 Serbs fled from Knin Krajina in Croatia, at the end of the military operations [Lejeau 2005]. Even if the war didn't happen on its territory, Serbia was among the most impacted countries by migration. In 1996 the UNHCR evaluated that Serbia was hosting 538 000 refugees from the conflicts [UNHCR 2007]. This number rapidly fell during the 2000s, as refugees were able to get the Serbian citizenship or to go back home. During this process the most important problem was the retrocession of property to their previous owner.

Secondly the war in Kosovo generated large flows of refugees from Kosovo to Serbia (mostly Serbs and Roma) and to Albania and Former Yugoslav Republic of Macedonia (mostly Albanians). In 1999, at the peak of the crisis 300 000 "ethnic" Albanian refugees were seeking assistance in Former Yugoslav Republic of Macedonia [IOM 2007]. Most of them went back after June 1999 and in 2000. In Serbia the case of Serbian citizens fleeing from Kosovo is more problematic. Indeed, the Serbian state does not consider them as "refugees" in the sense of the 1951 Convention on Refugees, but as "internal displaced persons" (IDPs). Citizenship is not an issue but basic rights such as property and access to the labour market are difficult. In 2005 there were still 205 000 Serbian displaced persons from Kosovo in Serbia [Rakić 2010].

### *New trends in migration*

The economic crisis that followed the disintegration of Yugoslavia created the conditions for emigration. Different publications including newspaper articles highlighted the fact that the young population is willing to leave the region [Osservatorio sui Balcani 2003; Papović 2011]. Different factors are pushing young people to project themselves in Western Europe, in particular the high unemployment rate (30,6% in December 2012 in Former Yugoslav Republic of Macedonia – Republic of Macedonia State Statistical Office 2013) and the dismantling of social protection institution of the socialist states which places the young population in highly vulnerable situations.

The largest pull factor is the place taken by diasporas in national contexts (Croatian, Serbian, Albanian, Macedonian). These groups abroad continue to have impact on the social, economic and political life in each national context. Remittances are crucial in the daily life for a large part of the populations.

Almost 500 000 Albanian went to Greece and about 300 000 to Italy. New types of migrations, such as temporary stays, and the economic crisis in both countries have changed the directions of Albanian migrations. The reality of such movements is hard to cover.

Liberalisation of visa in 2009 (for Serbia, Macedonia and Montenegro) and in 2010 (for Bosnia and Herzegovina and Albania) generated fearful discourse on the potential flows of migrants that would spread from the Western Balkans to the EU. However small numbers finally managed to leave their country because of the legal obstacles framing their employability and because of the resources needed to migrate.

### Transit migrations routes

The region recently became one of the hotspot targeted by Frontex as one of the seven high-risk route in 2013 [Frontex 2013a]. The countries mostly represented are Afghanistan, Kosovo, and Pakistan. According to Frontex, this Neighbourhood progressively switched “from a source area to transit area for irregular migration” [Frontex 2013b]. Non-Western Balkans population which accounted for 15% of the total irregular border crossing in 2010, accounted for 73% in 2012. The long-term instability on the border of Kosovo under UN SC resolution 1244-99 is one of the central issues for the control of human trafficking in the region. This is mostly linked to the liberalisation of visa which enables nationals from the region to spend short periods of time in the Schengen zone without any visa. This is a consequence of the new relative position of this neighbourhood which became a geographical enclave inside the EU after the membership of Bulgaria and Romania in 2007.

### 3°) Conclusions on demographical dynamics

One risk is that these countries will endure an overall demographical drop and will contribute to the current population decline in Europe. But in the globalisation process where people are more and more mobile, the sense of mobility can be an opportunity. The stock of working age population is still important and rather well educated and could be a source of labour force needed in Western Europe when the crisis will be resolved.

Migration flows remain the main component of the demographical change in the South-Eastern Neighbourhood since natural growth converges to that of Europe. Due to the reduction of the demographic reservoir by the population decline, a push factor of migrants from the Western Balkans countries towards Europe shall not be expected. Furthermore, migrations are changing to temporary stays in the Western countries (“mobility”); migration practices should be better recorded and analysed.

### 5.2.2. Social Issues: from development countries to upper middle income with internal disparities

Twenty years after the fall of the socialist regimes, the improvement of social conditions is indubitable. At the end of the 1980s, the scientific literature was still talking about development [Roux 1992]; now, according to the World Bank, the Western Balkans countries have entered the ranks of upper middle income countries, but social disparities are also more contrasted.

Table 30 - Social development indicators

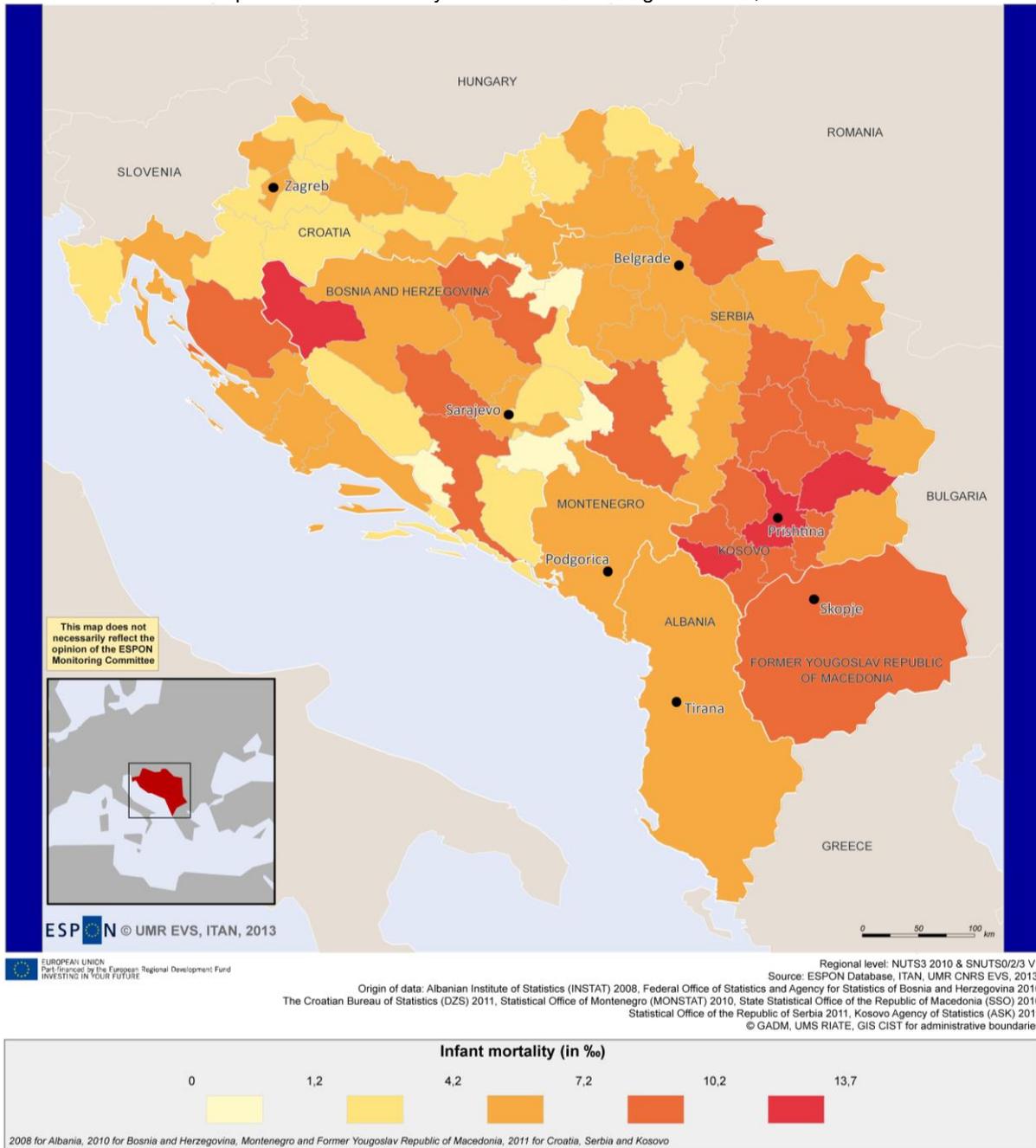
	<i>Infant Mortality rate (per 1000)</i>		<i>Life Expectancy at birth (Men/Women)</i>		<i>Unemployment Rate (%)</i>		
	2000	2011	2000	2010	2001	2006	2011
Albania	11,9	5,9	72,1/78,6	72,9/77,8	16,4	13,8	N/A
Bosnia and Herzegovina	9,7	6,4	72/77	73/78	40,0	31,1	28,0
Croatia	7,4	2,1	68,6/75,4	72,2/77,6	16,3	11,2	13,5
Former Yugoslav Republic of Macedonia	13,2	7,6	71/76	73/77	30,5	36,1	31,4
Kosovo under UN res. 1244/99	N/A	9,7	66/70	68/72	57,1	44,9	N/A
Montenegro	11,1	6,7	71,4/76,5	73,0/78,0	21,2	29,6	19,7
Serbia	10,6	6,3	72,4/69,7	71,4/76,6	13,3	20,9	23,0
European Union	4,6*	3,6	77,3*	79,3	8,6	8,2	9,6

Source : ITAN database, 2008 data for Albania, 2010 data for BiH; life expectancy 2001-2003 for Serbia; completed by World Bank database (italic). Eurostat for the EU and for unemployment data (estimations); \*= 2003.

1°) Gains on infant mortality and life expectancy

In 2000, the infant mortality rate was above 10‰ in Albania, Former Yugoslav Republic of Macedonia, Serbia and Montenegro. Ten years after, the decrease is remarkable with a reduction of 6 to 4 points. In 2011, infant mortality remains higher than in the EU (except in Croatia).

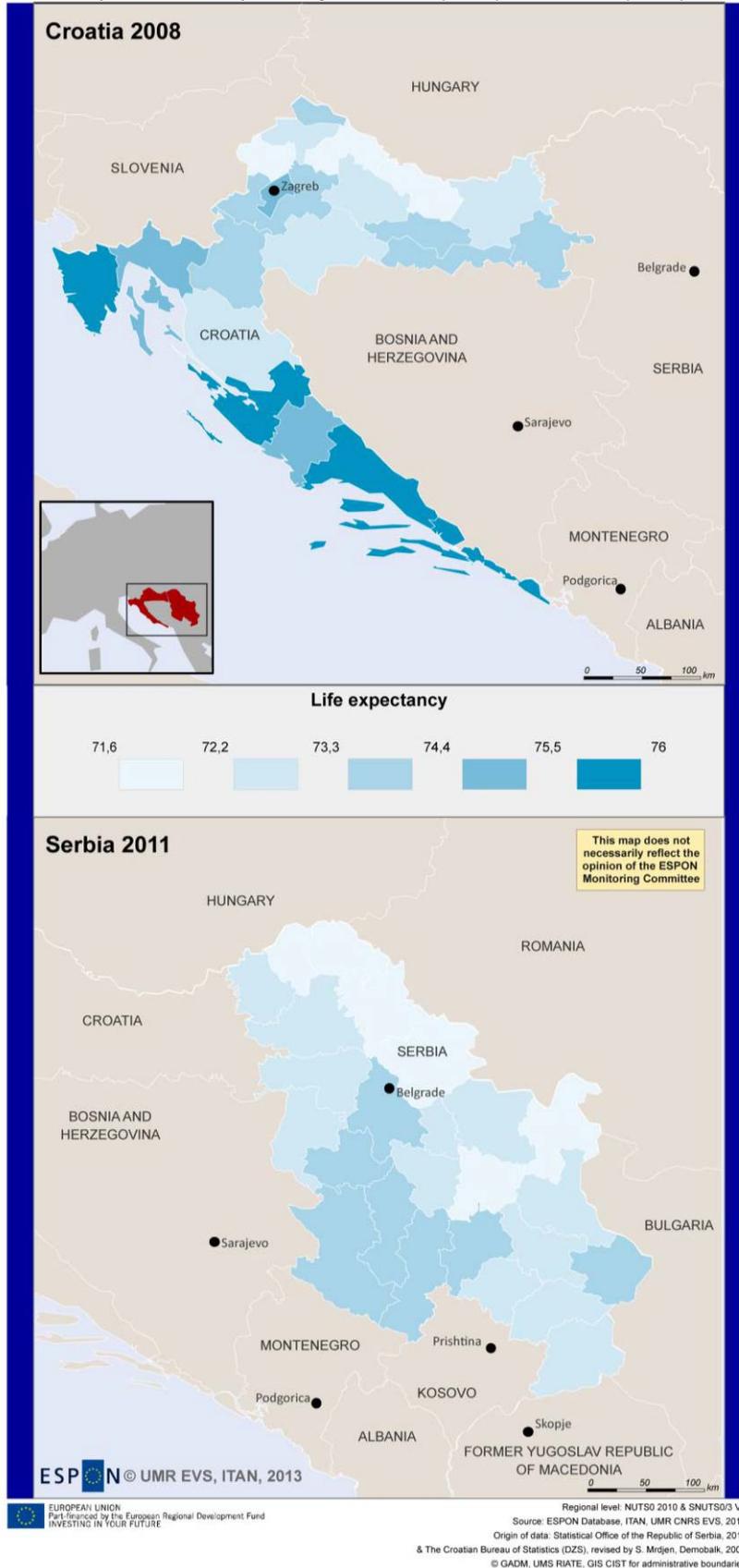
Map 158 - Infant mortality in South-Eastern Neighbourhood, ca 2010



In Serbia, the south-eastern regions present higher infant mortality rates: these regions are also outmigration areas due to a weaker level of development. In Croatia, the northern part of the country on the Danube plain has a very low infant mortality: the decrease of births and the improvement of social and health conditions reduce mortality of very young children. In Bosnia and Herzegovina it is

difficult to understand regional disparities: the reliability of data is under question since five regions present an infant mortality rate equal to zero. Kosovo presents the highest rate (about 10‰).

Map 159 - Life expectancy in Croatia (2010) and Serbia (2008)



Concerning life expectancy at birth, while the EU has improved its average by 2 years, none of the Western Balkans countries except Croatia has reached such an improvement even if they are gradually catching up. In Albania, women life expectancy has decreased of 10 years even though it remains higher than that of men.

## 2°) A high unemployment rate as one of the main social issues

Indicators such as unemployment rate show that the transition to a liberal economy has deeply affected the labour market: the shutdown of state-run organisations and enterprises and the end of the socialist full employment led to an increasing unemployment and to the impoverishment of the population. The 2008 crisis in Western Europe has also hit economies with a different acuity. But statistical offices and Eurostat draw attention on the lack of reliability and completeness regarding unemployment statistics due to the share of informal economy and difficulty to collect relevant data. In 2011, official unemployment rates are around or above 20%, ranging from 19,7% in Kosovo to 31,4% in Former Yugoslav Republic of Macedonia.

In Albania, World Bank [2009] say that poverty is reducing both at national and regional level; however, regional disparities persist. From 2005 to 2008, central areas had the largest reduction in poverty, from 21% of the total population to 11%, followed by coastal areas with a reduction of 3%; in mountainous areas, one out of four individuals was recorded as poor; ratio that remained unchanged both in 2005 and 2008.

Table 31 - Equipment indicators for the South-Eastern Neighbourhood

	<i>Motor vehicles</i> (per 1000 inh.)		<i>Road density</i> (km of road for 100 km <sup>2</sup> )		<i>Internet users</i> (per 100 inh.)	<i>Mobile cellular subscriptions</i> (per 100 inh.)	
	2004	2010	2000	2010	2010		
Albania	87	124	0.1	63	45	84	
Bosnia and Herzegovina	113	214	1.1	44	52	83	
Croatia	337	380	6.6	52	56.6	112	
Former Yugoslav Republic of Macedonia	136	155	2.5	54	51.9	105	
Kosovo under UN resolution 1244/99	N/A	N/A	N/A	64	N/A	N/A	
Montenegro	N/D	262	N/A	56	37.5	185	
Serbia	234	238	N/A	50	40.9	122	
European Union	547		130		75.3	130	

Source : World Bank

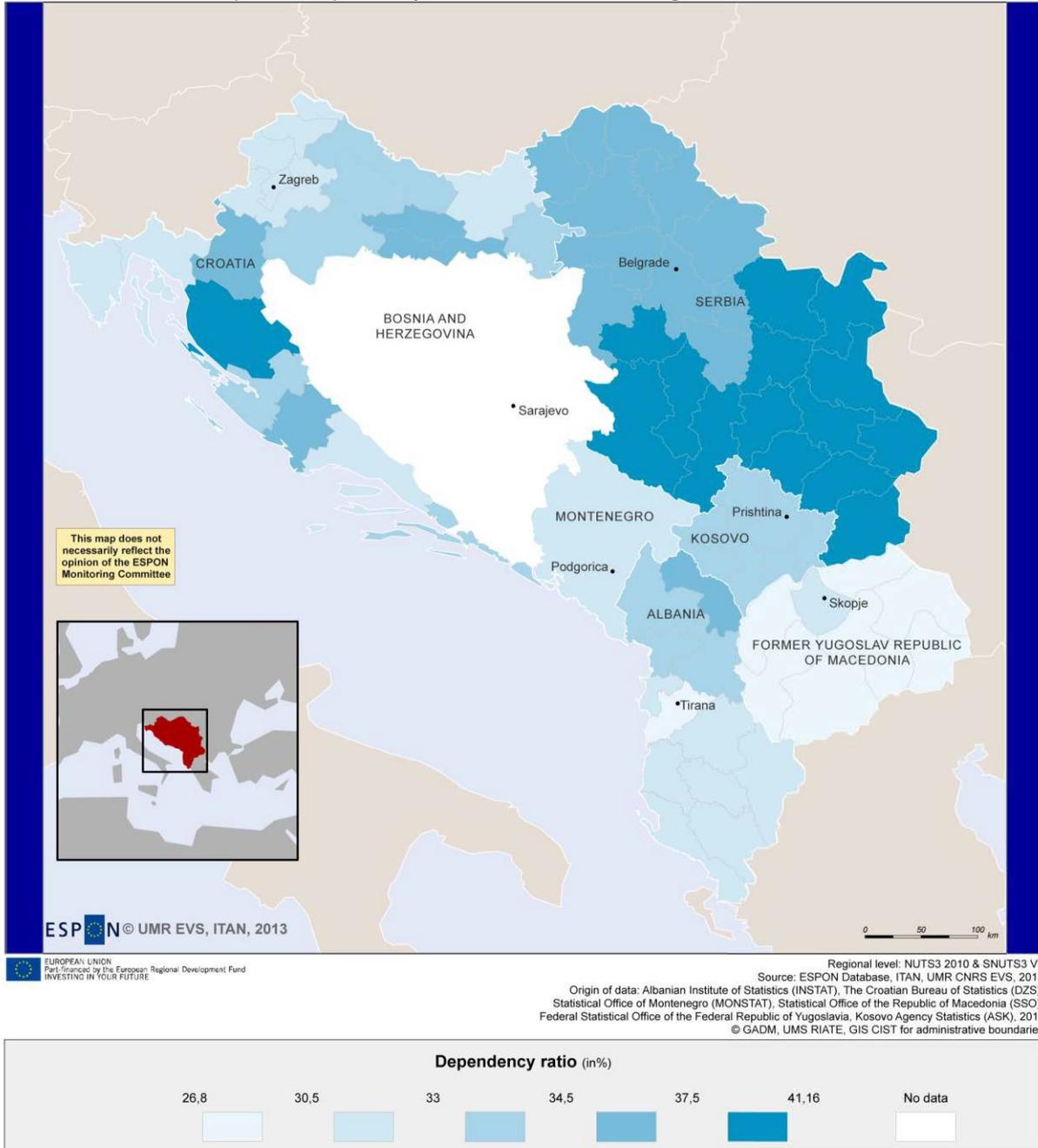
## 5.2.3. Economy: recovering from wars and political unrest

Based on a scarcity of natural resources and an industrialisation mostly carried out under socialism, the Western Balkan's economy is still recovering from the wars' impact. Data prior to 2000 are not really reliable, when they do exist. After 2000, definitions and metadata better comply with international and European recommendations, such as calculation of gross domestic product and foreign direct investments in national accounts. Time series are reduced and data are often lacking at regional level. The openness of economies to a globalised world is brutal and reveals economic assets and weaknesses. The development of grey economy, illegal trafficking and corruption are part of the latter.

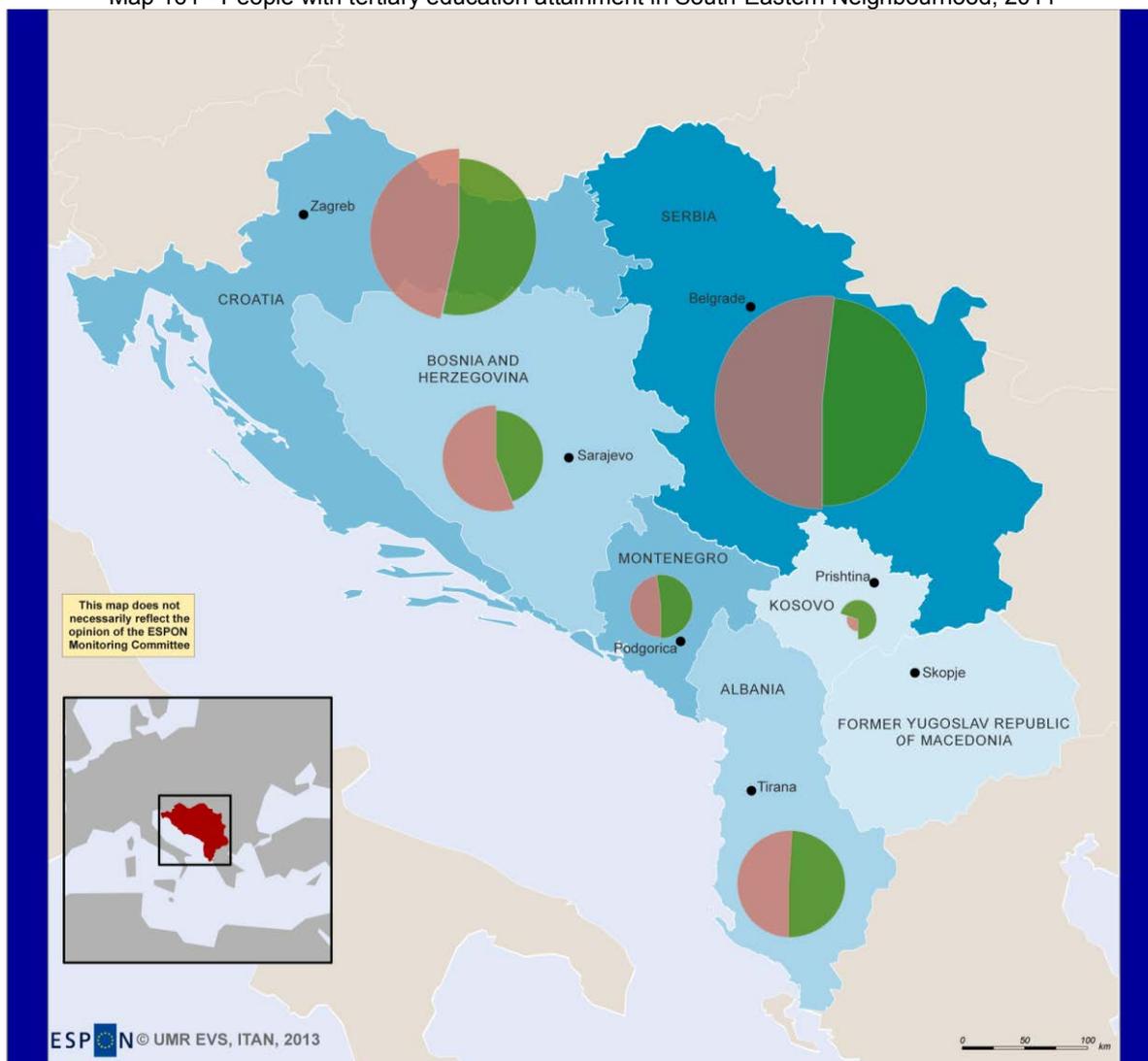
### 1°) Labour force

The most important share of the population constitutes the labour force, with dependence ratio everywhere lower than in the EU-27 (50% in 2011). The southern part of Serbia is where the dependency ratio is the highest but without exceeding 41%.

Map 160 - Dependency ratio in South-Eastern Neighbourhood, 2011



Map 161 - People with tertiary education attainment in South-Eastern Neighbourhood, 2011



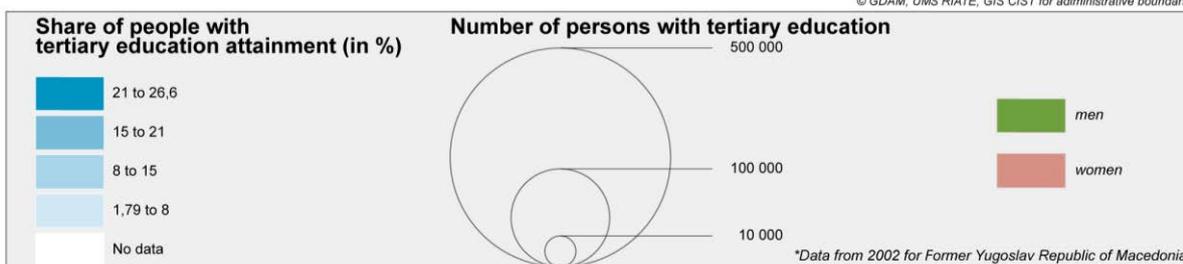
This map does not necessarily reflect the opinion of the ESPON Monitoring Committee



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Regional level: NUTS0 2010 & SNUTS0 V1  
Source: ESPON Database, ITAN, UMR CNRS EVS, 2013  
Origin of data: Albanian Institute of Statistics (INSTAT), Agency for Statistics of Bosnia and Herzegovina  
The Croatian Bureau of Statistics (DZS), Statistical Office of Montenegro (MONSTAT)  
State Statistical Office of the Republic of Macedonia (SSO), State Statistical Office of the Republic of Macedonia  
Federal Statistical Office of the FR Yugoslavia, Kosovo Agency of Statistics (ASK)  
© GDAM, UMS RIATE, GIS CIST for administrative boundaries

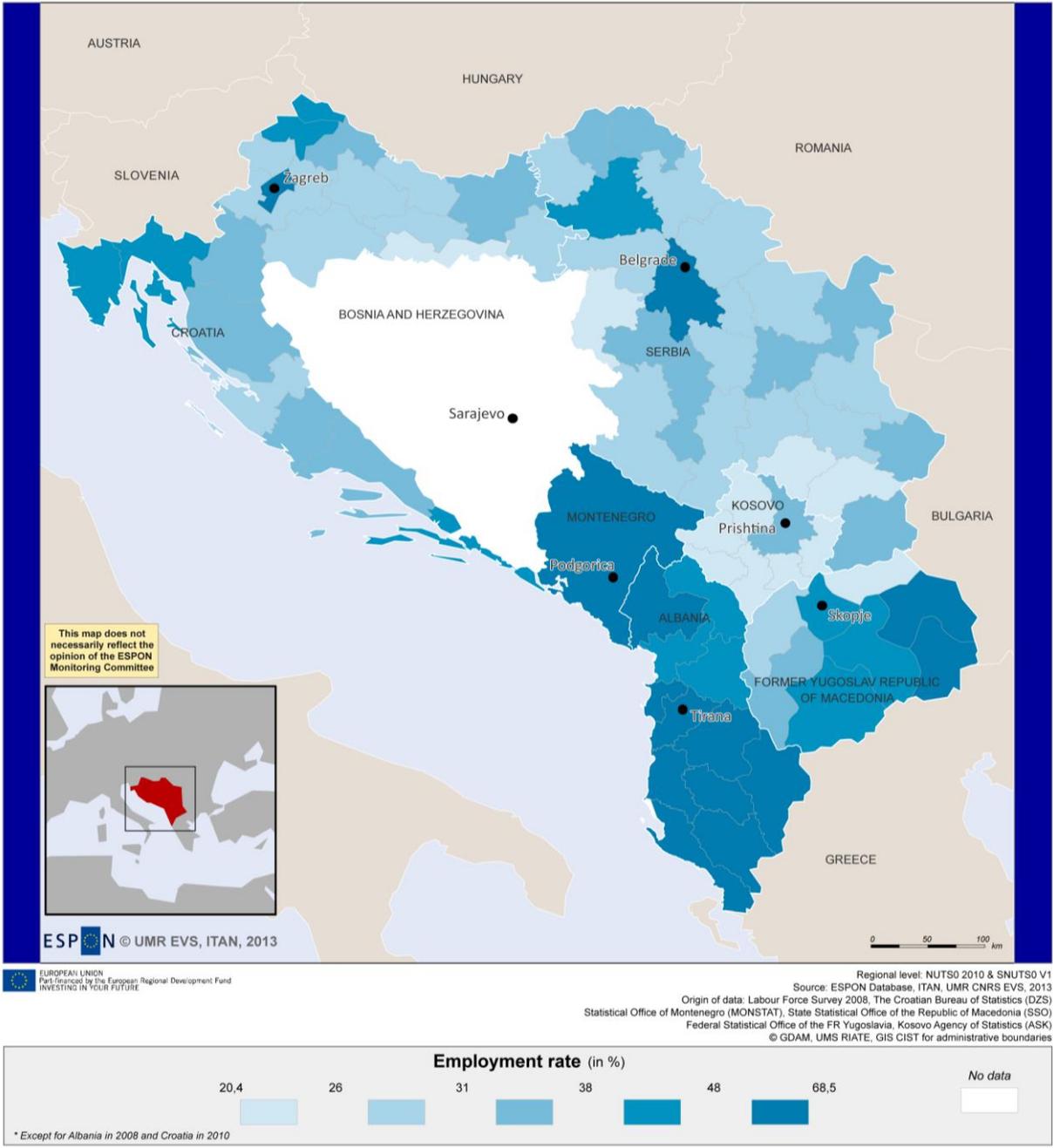


The number of people with tertiary education, according to ISCED or equivalent, corresponds to an important share of the total population in Croatia, Serbia and Montenegro (between 13 and 14%). For the southern countries, Albania, Former Yugoslav Republic of Macedonia and Kosovo, rates are lower. The balance between men and women with tertiary education is in favour of women, like elsewhere in Europe, except in Kosovo where only a third of the women have attained a tertiary education level.

The transformation of the economy, with more population employed in services, led to an increasing women employment but discrepancies in school attendance between female and male population remain even if they tend to decrease. In Montenegro the share of women in the total working population increased from 43% in 2002 to 46% in 2011. In Albania, if illiterate rate for children above ten years is 3,7% for females against 1,7 for males, women are slightly overrepresented in the population with tertiary education attainment. In Bosnia and Herzegovina, in 2011, women represent more than 60% of graduated students. More women in Croatia than men have a tertiary education, but the number of women without diploma is also twice higher than that of men.

There is a skill mismatch between jobs' offer and qualification of people. For people with tertiary education, outmigration is an opportunity when they could not find job; the culture of mobility is in this case of great help. Informal employment constitutes another response to this mismatch.

Map 162 - Employment rate in the South-Eastern Neighbourhood, 2011



As an indicator of the labour market conditions, the employment rate shows the difficulty to offer a job to the working age population. Compared to the EU where the average employment rate reaches 64,3% in 2011, the same indicator is below the European level in all the South-Eastern ENCs. In the southern part (Montenegro, Albania and Former Yugoslav Republic of Macedonia), figures are coming from labour force surveys which maybe overestimate the activity rate, especially the full-time activity. According to national statistical institutes, the women employment rate is ranging from 34% to 42% far from the European average of 58,5%. Internal differences are visible in countries where NUTS 3 data is available. More developed regions, such as capital regions of Zagreb and Belgrade, Istria in Croatia and, Novi Sad in the Serbian Vojvodina, are closest to the European levels.

## 2°) GDP and sectorial breakdown of GVA

For the whole South-Eastern Neighbourhood, GDP per capita is twice higher in 2010 than in 2000 and approximate the level of that of Bulgaria (4 800€ per capita according to Eurostat). However, differences of level are sharp: in this Neighbourhood the discrepancy of GDP between the richest region and the poorest one is by 12 times higher. A gradient from the north-western part down to the south-eastern part is visible: Croatia is by far as the country with the richest regions – Zagreb city district's GDP is 18 710 euros per capita and that of Pološki region in Former Yugoslav Republic of Macedonia is 1 598. Generally speaking, in these centralised countries, the highest amounts of GDP per capita are in the capital city districts: Zagreb, Belgrade (Belgrade district is NUTS 2 and NUTS 3 level), Skopje and Tirana, as that observed in the countries of the 2004 and 2007 European enlargement.

Table 32 - GDP in 2000 and 2010 in South-Eastern ZENCs

<i>Country</i>	<i>GDP 2000 in M €</i>	<i>GDP 2010 in M €</i>	<i>GDP growth in %</i>	<i>GDP/inhab 2000</i>	<i>GDP/inhab 2010</i>
Albania	3 945	8 716	121	1 160	2 728
Bosnia and Herzegovina	6 031	12 639	110	1 595	3 289
Croatia	23 333	44 441	90	5 258	10 372
Former Yugoslav Republic of Macedonia	3 881	7 058	82	1 919	3 426
Kosovo under UN res. 1244 :99	2 912	4 291	47	1 427	2 626
Montenegro	1 295	3 104	141	2 088	5 006
Serbia	6 461	27 969	333	862	3 892
South-Eastern Neighbourhood	53 647	108 217	102	2 291	4 812
EU-27		12 279 589			24 500

Source : ITAN database, EUROSTAT Regional GDP database

Map 163 - GDP in the South-Eastern Neighbourhood, 2011

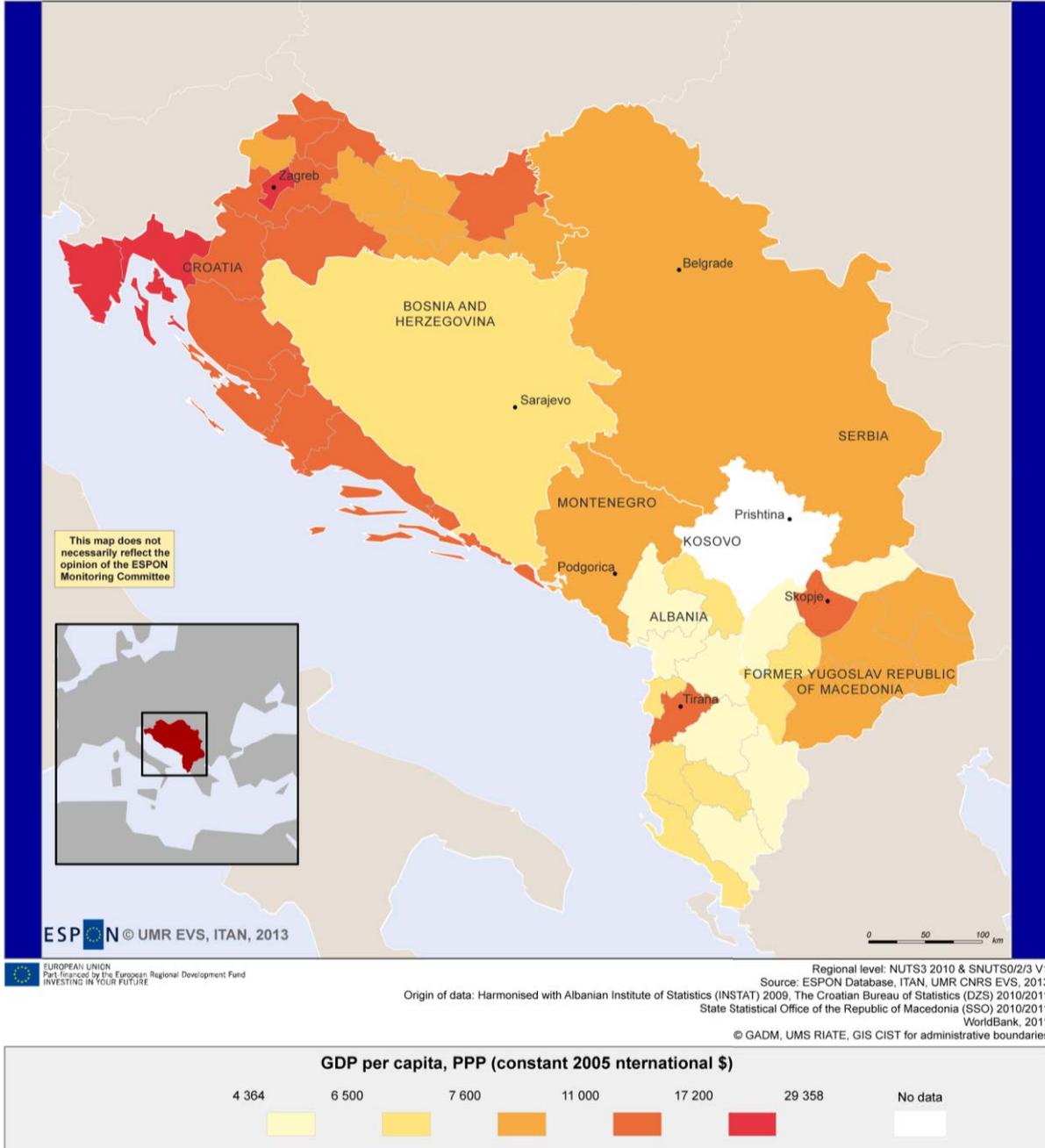


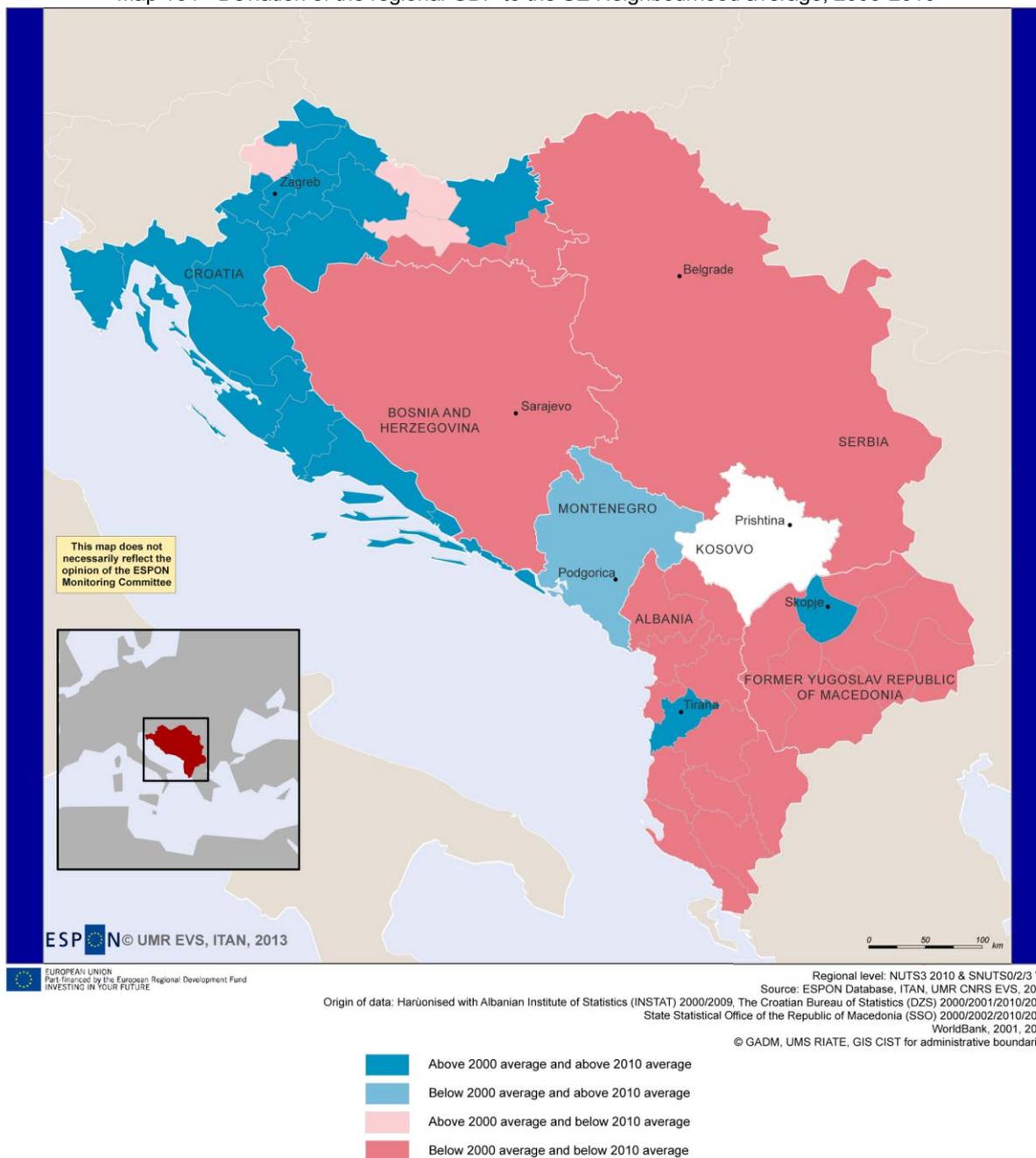
Table 33 - Sectoral Breakdown of Gross Added Value in 2011 (%)

NACE code	Activities	Bosnia and Herzegovina	Croatia	Former Yugoslav Republic of Macedonia	Montenegro	Serbia
AB	Agriculture, forestry and fishing	8,2	4,9	11,5	9,5	10,5
CDE	Mining and quarrying; manufacturing; energy supply, water supply etc	21,1	20,2	21,5	13,6	23,6
F	Construction	4,8	6,7	6,3	5,8	4,9
GHIJ	Wholesale and retail trade, repair; transportation and storage; accommodation and food services; information and communication	26,0	25,2	25,1	32,1	22,0
KLMN	Finance and insurance ; real estate ; Professional, scientific, support services activities	15,1	24,8	14,7	16,3	21,6
OPQ	Public administration and defense, social security; education; health and social work activities	22,3	15,5	17,5	19,5	15,0
RSTU	Other services	2,6	2,6	3,5	3,2	2,5

Source: ITAN database, statistical offices, 2010 for Croatia and Former Yugoslav Republic of Macedonia. No data available for Albania

The economy of all the countries mainly relies on services (ranging from 56% of the Gross Added Value in Bosnia and Herzegovina to 71% in Montenegro), then on industry (ranging from 19% in Montenegro to 28% in Serbia). The agricultural forestry and fishing sector still achieves around 10%, except in Croatia. Compared to the average in EU-27, the latter is over-represented in the Western Balkans. Concerning services, high added-value services are under-represented in the Western Balkans, except in Croatia (one-fourth of the total GVA) and in Serbia (more than one-fifth). The services sector corresponds rather to common services where, on the one hand, wholesale and retail trade is scattered in a huge range of small enterprises and, on the other hand, tourism helps to maintain services. The high share of agriculture relates to the importance of the rural population in most of the countries.

Map 164 - Deviation of the regional GDP to the SE Neighbourhood average, 2000-2010



Some GDP data are missing such as the regional breakdown in Serbia in 2000 and data prior to 2000 due to the economic and political unrest. For Serbia, Kosovo and Bosnia and Herzegovina, only data at the NUTS 2 level are available. The map 164 emphasises the dissociation between the growth paths of the capital city districts and the rest of the regions, especially in the southern countries of the Western Balkans.

In Albania, between 2000 and 2010 the GDP has more than doubled. Regional disparities are low, except the discrepancy between Tirana district and the rest of the districts, but it decreases: in 2000 the GDP per capita in Tirana was 4 times higher than that of the Dibër district; in 2010, it was respectively only twice higher. The GDP per capita in the districts of Kukës, of Durrës (on the Adriatic coast), and that of Berat (closed to the Capital district) are in a process of economic catching-up and

approximate the national average in 2010. But except the Tirana district, all the regions are lagging behind under the Neighbourhood's average both in 2000 and in 2010.

In Croatia, over the period 2000-2010, the Croatian average GDP per capita remained twice higher than that of Montenegro (at the second rank) and higher than that of Hungary for instance. The Croatian development is carried out by Zagreb district (29% of GDP in 2000, 33% in 2010). At NUTS 2 level, the northwest region (37% of the total population) achieves almost the half of the Croatian GDP. The central and eastern region in the Danube plain carries out only 21% of the GDP.

Montenegro lies at the second rank after Serbia concerning the growth rate of the GDP between 2000 and 2010. Both countries are in process of recovery after wars and UN sanctions. Montenegro is a service-based economy and tends to develop the tourism sector. In Serbia, the Belgrade district still attracts and the Autonomous Province of Vojvodina (NUTS 2 level) is on the second place and will soon reach the national average of GDP per capita.

In Bosnia and Herzegovina, it is difficult to compare the Brčko district (at the same time NUTS 3 and NUTS 2 level) with both entities of Republika Srpska and Federation of Bosnia and Herzegovina due to the disparities of size and population. However, the growth of GDP in all the regions was insufficient to catch up that of the whole South-Eastern Neighbourhood.

3°) Conclusion: the main one is that the young and abundant working age population of this Neighbourhood constitutes an opportunity for both internal and external labour market: a well-educated, mobile and rather young population is a real asset for an ageing Europe.

#### 5.2.4. Environment: a transversal issue

##### 1°) Environmental threats and situation

The overall situation of the Neighbourhood has been presented in the above 2.2.3 section. Data or estimations of environmental issues are hard to cover in this Neighbourhood. When states have ratified conventions, such as Convention on Long Range Transboundary Air Pollution (LRTAP) and the United Nations Framework Convention on Climate Change (UNFCCC), data are sometimes available without long time series for pollutants emission and greenhouse gas emission. But for the moment, for the latter indicator, only Croatia publishes data [Eurostat pocketbook 2013] in accordance with the objective of the Europe 2020 strategy to reduce greenhouse gas emissions by 20% by the year 2020. Data on environmental issues are rare, scattered and offer low comparability between states. At the NUTS level, no topics on environmental appear in local and regional statistical publications, excepted sometimes for municipal waste management. The ITAN Database provides only first steps in this field.

##### 2°) Waste management and water quality

As we said, the generation of municipal waste has risen in the Western Balkans and it is currently at levels similar to those in the EU new member states. The generation of municipal waste per capita has increased by a third in Montenegro between 2001 and 2010, has more than doubled in Albania for the same period, when Serbia managed to reduce its quantity by a third [Eurostat pocketbook 2013]. While 92 % of the population in Croatia is served by organised municipal waste collection schemes, four-fifth of the waste generated by economic activities is disposed in landfills or waste discharges. In Bosnia and Herzegovina, only 60 % of the population is served by organised municipal waste collection, when it works correctly [EAA 2010]. In Serbia eight regional centres and one plant for dangerous waste are under project. Illegal waste dumping, random waste deposit areas have increased during the period of economic crises and wars. Since then, the reduction of such illegal waste deposit is confronted to the lack of cooperation between local and central authorities, in countries where decentralisation processes are problematic.

The problems have consequences on the water quality. Water supply systems have become obsolete and insufficient. Albania has only one working wastewater treatment plant. In Montenegro, the loss of water increased of 5% between 2008 and 2011. In Kosovo under UN Security Council Resolution 1244/99, less than a third of the population has access to a sewer system. In Bosnia and Herzegovina 90 % of wastewater is reportedly released without treatment; in Serbia 84% of the population are not served by water treatment plant [EAA 2010]. National water legislations were ratified in Croatia, Former Yugoslav Republic of Macedonia and Kosovo, but such documents are still pending in Serbia, Albania and Montenegro. Also in this case, the share of competencies between national and local level is at stakes.

### 3°) Risk management: floods and droughts in the context of climate change

Much of the South-Eastern Neighbourhood's water resources are shared and induce strong interdependency between countries. About 60 % of Croatia's territory and over 70 % of Bosnia and Herzegovina's lie in the Danube River basin. In Serbia, over 90 % of water resources flow from neighbouring countries. The Former Yugoslav Republic of Macedonia's main river basins flow through Albania into the Adriatic Sea and through Greece into the Aegean Sea rivers. Frequent episodes of floods have been registered in the Balkan Peninsula during the last decade: the Danube floods in the summer 2013 in central Europe have affected the Vojvodina region in Serbia. Large floods have hit the region in 2010 during spring (Serbia, Former Yugoslav Republic of Macedonia, Albania, Belgrade and South-East of Serbia) and winter (North Albania, Bosnia and Herzegovina). On the contrary, heat waves and droughts have been noticed, for example in June 2007 (Croatia).

The launching of international cooperation, such as the Danube River Protection Convention entered into force in 1998 and the Framework Agreement on the Sava River Basin in 2002, have been ratified by the concerned countries. Croatia was one of the first members of the Danube convention in 1994, then joined by Serbia in 2003, Bosnia and Herzegovina in 2005 and Montenegro in 2008. It was a first step to adopt the international and European standards to fight against pollution and develop protection of the waters. The Framework Agreement on the Sava River ratified in 2002 between Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Montenegro was related to the Stability Pact and was a mean in beginning to implement the EU Water Framework Directive.

### 4°) Conclusions on environmental issues

Hence, according to the 2013 national progress reports of the European Commission for all the candidate countries or potential candidate countries, the alignment on the *acquis communautaire* in the field of environment is most of the time qualified as "little progress" or "at an early stage". National strategies and policies are incomplete: for example, there are no regulatory frameworks in any country of this Neighbourhood concerning the climate change, except in Croatia. Regulations are adopted in the field of Water Framework directive (like in Serbia) or Birds and habitats directives (Serbia, Republika Srpska in Bosnia and Herzegovina for example) but implementation is delayed due to the lack of administrative capacity.

Sectorial regulations are lacking to fulfil European recommendations or international ones such as the United Nations Millennium Goals for Environmental Sustainability. Nonetheless, the measures enhancing territorial cooperation in the field of environment seem to raise interest in these countries.

(i) In all the South-Eastern Neighbourhood, the enforcement of legislation remains problematic due to the weak administrative capacity, the lack of consultation process with the civil society, and the unclear distribution of competencies between administrative levels. Moreover, inter-sectoral cooperation between ministries is needed in transversal domain such as environment and climate change. Finally, environmental evaluation is still to be done to measure the biological and geo-diversity.

(ii) The need for cross-border cooperation is now identified in all these countries in order to fight against floods episodes or drought in the southern part (Albania and Former Yugoslav Republic of

Macedonia). Macro-regional strategies supported by the EU or euroregions supported by the Council of Europe could help to tackle environmental issues.

(iii) The development of protected areas needs to be tied with tourism and with fight against rural poverty, especially in the mountains areas where density is low and outmigration important. Some countries like Croatia and Albania are ready for the establishment of the NATURA 2000 networks and protected areas. Thus, Albania increased the share of the territory under protected areas from 10% in 2007 to 15% in 2012. According to the European Environment Agency's data, in 2007, 8,5% of the Croatian territory is under national protection, 7,4% in former Yugoslav Republic of Macedonia, 6,3% in Serbia, and only 0,8% in Bosnia and Herzegovina. As a whole, the areas under natural protection cover now almost 10% of the South-Eastern Neighbourhood (22% for the EU-27, Iceland, Norway, Switzerland and, Liechtenstein).

#### 5.2.5. Synthesis: analysis of the cohesion and of the territorial development

When looking at the territorial dynamics (map 92) the SE Neighbourhood appears as a region in critical situation. Surprisingly, two countries have almost the lowest levels, namely Croatia and the Former Yugoslav Republic of Macedonia. In Croatia, the profound demographical decline during the 1990 decade (and even before) along with the war, explain this weak dynamic. In the Former Yugoslav Republic of Macedonia, the population was still increasing but the level of GDP remain one of the lowest among the Western Balkans.

As for the local human development indicator (maps 90 & 91), Dalmatian Croatia and Montenegro present a profile close to the Neighbourhoods' average. Serbia and the Former Yugoslav Republic of Macedonia are in a more difficult situation: the level of highly education population and incomes hinder the human development. All the SE Neighbourhood countries present a real asset: an improved life expectancy.

The typology crossing both aforementioned indicators distinguishes two parts in the European neighbourhoods: in one hand, the Eastern Neighbourhood, on another hand the SE Neighbourhood and the eastern basin of the Mediterranean. Twenty years after the fall of the socialist regimes, the Western Balkans have very little in common with the former socialist countries of Eastern Europe. Bosnia and Herzegovina and Albania appear with a "Mediterranean pattern" were both tertiary education and incomes are insufficient to be driver for development.

Internal characteristics of the SE Neighbourhood such as population assets (qualification, growth) and economic bases (GDP, income...) are insufficient to nurture a robust development. New assets can rather be found in the external position at a crossroads on international roads. Nevertheless, the SE Neighbourhood appears with a rather low international openness index, quite similar to that of Northern Africa (map 36). But internal differentiations are visible. In Croatia, as the more stable economy in the Western Balkans, the three regions are well connected and attract FDI. The Dalmatian seashore is connected to the maritime trade by the international ports of Rijeka and Split. The capital region of Zagreb has an international airport, and the north-western region is well connected to the Danube plain which is the main path to the Western Europe. The same situation characterises the city of Belgrade with its international airport, and both the northern regions of Serbia (Vojvodina and the region around Belgrade): the Morava river valley leads to the Danube northward and attract the major part of the FDI in Serbia. The southern part of the Neighbourhood appears with a better international openness. For Albania and the Former Yugoslav Republic of Macedonia, the proximity to the port of Thessaloniki and the domestic port of Shköder close to Italy, give these countries a spatial advantage. The other countries or regions are rather landlocked.

In terms of territorial capital (map 93), the SE Neighbourhood is lagging behind the average of the Neighbourhoods with the exception of one region: Zagreb capital. Bosnia and Herzegovina and Montenegro hold the weaker territorial capital as rather landlocked countries with no port facilities of international rank, and as young states with recovering economy. Furthermore, the Neighbourhood appears as a fragmented space for physical and historical reasons after the dismantling of the Former

Socialist Republic of Yugoslavia, as is shown with the discontinuity of territorial capital between the Dalmatian Croatia and Bosnia and Herzegovina.

### 5.3. Case Study: Cross-border programmes (IPA) between Greece, the Former Yugoslav Republic of Macedonia and Albania

This research report concerns the cross-border co-operation programmes undertaken under the heading of IPA (Instrument for Pre-Accession Assistance) during the period 2007-2013 between Greece, Albania and the Former Yugoslav Republic of Macedonia; three countries in the south-east of Europe each with a different status vis-à-vis the European Union. Whereas Greece has long been the only EU member country in the Balkans from its accession (1981) until that of Bulgaria and Romania (2007), the Former Yugoslav Republic of Macedonia has officially been a candidate since 2005, whereas Albania will be submitting its official act of candidature at the end of 2013. It would therefore seem particularly pertinent to examine a Neighbourhood being reorganised following the post-Communist “transitions” of the 1990s, further marked by multiple political challenges and crises, and called on to experience further changes when enlargement – in the medium or long term – reaches these two countries. Hypothetically, as distinct from a number of other cases, this Neighbourhood is itself transitional, since the territories being considered are being required to change their status from that of “neighbours” to “members” in their own right.

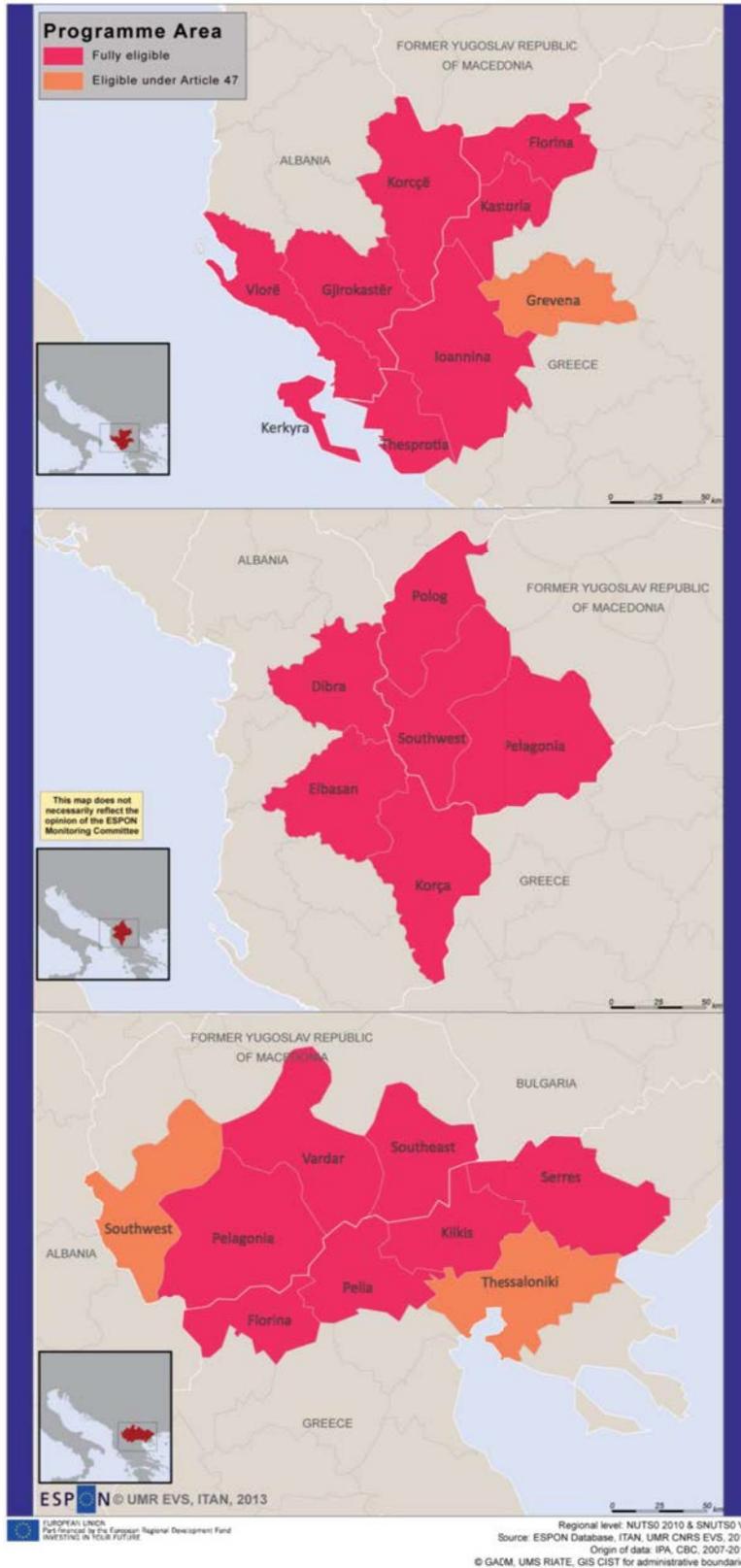
The general aim of case studies is to better define the reality of cross-border practices supported by the EU in the region concerned; in particular what is known as the “Europe effect” on perceptions and practices within the neighbourhood, from the institutional point of view as much as that of the various local players. We will concentrate on the authors’ experience of cross-border dynamics as well as on a methodology founded on localised qualitative studies, enabling progress towards detailed analyses of the Neighbourhoods in question, starting from a geographical and anthropological approach to the area. The choice of emphasising the development of projects financed by the EU’s IPA tool on the Albano-Greek, Albano-Macedonian and Macedo-Greek border segments is justified by the geographical closeness and the different statuses vis-à-vis the EU of the three countries concerned, and, finally, by the potential for enlarged (trilateral) co-operation at the point where the three countries meet, in a territorial approach.

The approach that has been developed is intended to contribute to the consideration of ways of observing and analysing “European Neighbourhoods”. The normative dimension of the idea of Neighbourhood is particularly included, especially because it expresses prescriptive, instrumental and operational aims, and cross-border co-operation programmes give a good overview of these. The construction of our methodology and the fieldwork have therefore been based on a critical examination of the effects caused by this sort of object: the tendency to consider “cross-border co-operation” as an object taken for granted, and to naturalise the quantitative indicators (amounts, criteria, spin-offs, failure or success of projects etc.) produced by and for the institutions who influence them. In concentrating on an approach to on-going neighbourhoods such as those produced in the co-operation projects analysed, we advocate a “distinct from evaluation” methodology. Our expertise does not aim to determine whether or not the observed projects “function” (which would involve relying solely on explicit project success criteria), but to propose gathering feedback on the ground which will take account of the many dimensions and the challenges that they present. We therefore propose to differentiate between results (explicit, concrete, proposed) and effects (inferred, implicit, long-term): some results assessed as weak or negative can be strong and beneficial when viewed according to other timescales and in other contexts.

Local situations are tackled as a dimension in themselves, distinct from models generally produced to define and assert the neighbourhoods. We judge that this methodology involves consideration of the properly political role of the ESPON tools, which are by definition intended to become established in a homogeneous demographic network in areas outside the EU, as they are inside. As much as they are part of the definition of territorial co-operation promoted by the EU, it is worth submitting these tools themselves to an analysis of their prescriptive contents in the light of qualitative approaches. These make up a fundamental methodological and theoretical contribution – or even a point of critical vigilance – vis-à-vis the effects of smoothing or homogenising that purely statistical indicators can

produce when gathered on a scale integrated with the collection of data. By avoiding the effects of simplification and homogenisation, they help to counterbalance the sometimes too lofty or too generalising view of cartography by paying renewed attention to differences and peculiarities, the only aspects that reveal the actual dynamics that the players are experiencing.

Map 165 - IPA CBC eligible areas, 2007-2013



### 5.3.1. General presentation: IPA Programmes between Greece, Albania and Former Yugoslav Republic of Macedonia

#### 1°) Europe investing in its border

For the period 2007-2013, the EU arrangements for candidate countries were regrouped into one instrument, the IPAs (Instruments for Pre-Accession Assistance) which include five priorities: aid for the transition and reinforcement of institutions, cross-border co-operation, regional development, human resources development and rural development. CBC (Cross Border Co-operation) is thus one of the major components of the policy of enlargement of the EU, and one of the priorities of ENPI (*European Neighbourhood and Partnership Instrument*). It appears as an interface linking these countries via their areas bordering other member and non-member countries. It takes the form of common objectives and programmes, financed on one same budget, with common management structures, and common legal framework and implementation rules. Finally, it aims at a balanced partnership, since programme management is no longer the prerogative of member states alone, but since it has been open to Associated States since 2007, and increasingly allotted to regional authorities.

Apart from participating in the establishment of frameworks which will facilitate the integration of partner countries into the Union in a near or more distant future, one of the immediate objectives of CBC is the common benefits that each of the countries is supposed to gain from it. These are: the establishment of common standards that should enable the promotion of a decision-making and management process aiming to stimulate economic co-operation and integration between the States concerned, as well as revitalising the border areas within national territories that are generally considered as peripheral. Directly inspired by the current programmes in the Union and drawn up within the European institutions, CBC is, all in all, a process which is highly standardised and regulated. Closely following the rules of European Structural Funds, these programmes are explicitly intended to offer training, aiming to prepare the countries and institutions concerned for the European Union cohesion policy, thus fitting them into the accession process.

In practice, cross-border institutions set up according to European rules should establish arrangements for co-operation by drawing up a programming document outlining the area eligible for the programme, defining a profile of the chosen area, studying the specificities and determining the most important objectives of the co-operation. In signing a co-operation agreement, the States commit for their part to co-operation without being compelled to by the EU. Once this agreement is signed, it is they who organise, bilaterally, the establishment of structures that will subsequently supervise the process of co-operation, following European regulations. The process of institutionalisation of the CBC is therefore achieved by means of the co-operation of national and European players, and also local players, since it is within this context that the projects that are being supported must take place.

#### 2°) Issues and objectives

The cross-border programmes involving Greece, Albania and the Former Yugoslav Republic of Macedonia will be examined in more detail. Presenting their context and their general features, we have taken into account the 1<sup>st</sup> (and only) call in the bilateral relations 2007-2013 between Albania and Greece, and the 1<sup>st</sup> and 2<sup>nd</sup> calls in the bilateral programme between Greece and the Republic of Macedonia. As a comparison, the results of the IPA/EUROPEAID call of 2009-2011 for Albania-Former Yugoslav Republic of Macedonia will also be examined, although the latter only corresponds to funds and projects that are much more modest than the former (scarcely more than 1 million euros).

For the three calls concerning Greece's neighbourhoods (2 with the Former Yugoslav Republic of Macedonia, 1 with Albania), the allocation of funds has sometimes been concentrated on certain key projects. With Albania, it was a project intended to promote and develop hospital infrastructures in the two countries (3 of the 11.6 million euros distributed from the first call). The other 24 fundings were intended for projects with an average cost of 360 000 euros. The two calls examined that were part of the co-operation with the Former Yugoslav Republic of Macedonia show less clearly this intention to support regionally-important businesses, with the relative exception of the FIRESHIELD project (fire monitoring network), provided with 0,5 million of the 4,6 million allocated during the first call, and the

18 remaining projects allocated on average 250 000 euros. With more than 16 million euros, the second call involved a more even allocation of funds: 7 of the 20 chosen projects were allocated 50% of the funds, with an average budget of 1,2 million euros (with an overall average of 810 000 euros per project for this call).

Once again, the substantial investments (roads, customs posts, health installations, industrial zones, education) were most prominent in the largest budgets, although this second call also covered several social or cultural development projects among the projects exceeding a million euros of financing (such as PROM-CULT “*Promotion of the Vlachs' cultural heritage in the regions of Serres and Konce*” or HERITAGE PROTECT “*Protection and promotion of natural and cultural heritage in the cross-border region of the Municipality of Strumica and Kilkis*”). It seems that the frameworks and the spirit of the European incentives towards CBC between Albania and the Former Yugoslav Republic of Macedonia are, on the other hand, very different. In fact, it forms part of a perspective of development and aid to civil society. We examined it in comparison with the actions supported by INTERREG, where an average sum of 73 000 euros was allocated to 13 “small projects” ranging between 35 000 and 90 000 euros as economic investments, but also involving human and/or cultural development (9 of the 13 projects).

The generalised emergence of this type of object for CBC is a reminder of how much the border, for a long time the line of geographical and political sharing and division (especially in the Balkans), can emerge nowadays as an area of sharing, a link around exchanges, and also around the existence of a shared heritage. The objective of CBC is confirmed as promoting economic frameworks as much as protecting the environment and cultural heritage. As is shown by the table below, provisions are fairly well-balanced from this point of view, with a slight preference however for economic development through investment in infrastructures in the case of Albania. On the other hand, the allocation of budgets for calls between Greece and the Former Yugoslav Republic of Macedonia reveals clearly projects using heritage (cultural as well as natural) as a support for co-operation and by the fact that for development. Co-operation initiated between Albania and the Republic of Macedonia was much less directed towards this type of objective. Encouragement of good practice (with designs on *sustainability*) was promoted rather than the development of shared heritage, contributing to reinforcing a certain number of social and institutional players.

### 3°) Geographical distribution of European funds in the southern Balkan region

IPA projects in the South Balkan region concern the borders of Albania and the Republic of Macedonia (non-EU-member states), and those of Italy, Bulgaria and Greece (member states). The distribution of allocated funds for programmes co-financed by the Union in this region in terms of inter-state co-operation show how intense relations are between members of the Union and more moderate towards Balkan candidate or potential-candidate countries.

Table 34 - Budget allocated for inter-state co-operation programmes

<i>Area of co-operation</i>	<i>Budget allocated (in millions of Euros)</i>
Greece and Bulgaria (ETCP 2007-2013)	138,6
Italy and Greece (ETCP 2007-2013)	118,6
Italy and Albania (IPA 2007-2013)	46,4
Greece and Former Yugoslav Republic of Macedonia (IPA 2007-2013)	31,5
Greece and Albania (IPA CBC 2007-2013)	27,8
Bulgaria and Former Yugoslav Republic of Macedonia (IPA CBC 2007-2013)	13
Albania and Former Yugoslav Republic of Macedonia (IPA CBC 2007-2013)	2,7

Source: IPA and ETCP (European Territorial Co-operation Programme) programmes

During the period 2007-2013 of the IPA programme, this proportion of IPA funds destined to promote CBC remained fairly low (in Albania, they scarcely exceeded 10% of the total; 9/10 were assigned to *transition assistance and Institution Building*). Nonetheless, the programmes overall, although they may not have been intended only to develop the border, were often based on regional co-operation,

sometimes multi-lateral, and also contributed to the shaping and solidity of institutional frameworks in the countries concerned.

Table 35 - Allocation of CBC funds in relation to objectives

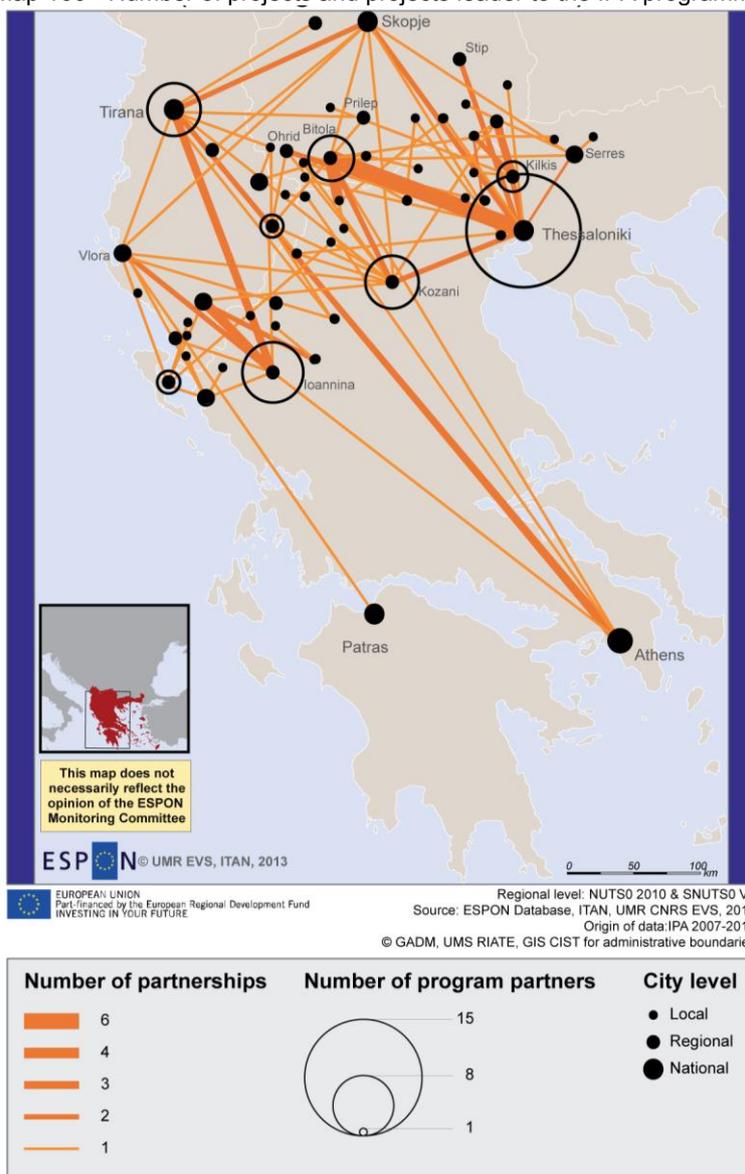
	<i>ALB-GR (1st call)</i>		<i>MK-GR (1st call)</i>		<i>MK-GR (2<sup>nd</sup> call)</i>	
1. Enhancement of cross-border economic development	7 484 457	64,4 %	2 035 228	42,0 %	8 351 045	51,5 %
1.1 Promotion of entrepreneurship	1 524 712	13,1 %	658 714	13,6 %	4 466 359	27,5 %
1.2 Promotion of sustainable tourism	2 022 750	17,4 %	490 128	10,1 %	520 955	3,2 %
1.3 Enable people to people actions	3 936 995	33,9 %	440 970	9,1 %	1 438 215	8,9 %
1.4 Protect human life	0	0	445 416	9,2 %	1 925 517	11,9 %
2. Promotion and development of the environment and natural and cultural resources	4 141 620	35,6 %	2 804 993	58,0 %	7 867 197	48,5 %
2.1 Promotion and protection of the environmental resources of the area	2 099 714	18,1 %	1 970 088	40,7 %	5 165 696	31,8 %
2.2 Promotion and protection of the natural and cultural heritage of the area	2 041 906	17,6 %	834 905	17,2 %	2 701 501	16,7 %
<b>TOTAL CBC</b>	<b>11 626 077</b>	<b>100 %</b>	<b>4 840 221</b>	<b>100 %</b>	<b>16 218 242</b>	<b>100 %</b>

Source: IPA programme

#### 4°) Areas of programme development

As far as the participation of partners is concerned, it is entities whose accountability is proven who mostly benefit from this tool, as shown by the importance of the Greek partners, accustomed to spending European funds since 1981. So the *lead partners* are Greek in 51 of the 65 projects examined in the three calls. Although the allocation of sums per partner for the period 2007-2013 was not known to us for the calls overall, it appears that the budget was also distributed in an unbalanced way on both sides of the EU border, with the Greek partners generally receiving the better provision. So it was 2/3 of the funds that went to Greek entities for the two 2007-2013 calls with the Former Yugoslav Republic of Macedonia; for Greco-Albanian relations, in the absence of more recent figures, those of the 2000-2006 call in the Greece-Albania INTERREG programme reveal an even more unbalanced sharing, with 90% of the 11 million allocated for this programme going to Greek partners. The map that follows shows these broad tendencies in terms of the distribution of partnerships, and illustrates some of the territorial effects of CBC.

Map 166 - Number of projects and projects leader to the IPA programme



First conclusion: the main towns in the region are the favoured areas in these operations. The main urban centres of the region (Vlorë, Gjirokastrë, Ioannina, Kozani, Thessalonica, Kilkis, Serres, Grevena and Bitola) are in fact represented in practically all of the projects in the three main calls. This tendency illustrated the effects of this type of programme on the delegation of skills, relaying certain decision-making capacities previously centralised on medium-sized towns, which then acquired a key position in the territorial hierarchy and a certain pre-eminence in terms of impetus and programme management. So of the 65 programmes examined, 44 leaders are localised in towns with more than 70 000 inhabitants, as against only 5 in towns with fewer than 10 000 inhabitants. Moreover, one can see the emergence of pairs of towns where a significant number of investments have been concentrated: such as Bitola-Thessalonica and Ioannina-Gjirokastrë, which are regional capitals, but also Bitola-Florina or Kilkis-Strumica, where it is essentially direct geographical closeness that has been at the origin of participation and the association of partners.

On the other hand, this effect of the prioritisation of decision-making and management capacities entails a weaker impact of CBC on the revitalisation of the most marginal areas – generally the closest geographically to the borders – due to the lack of players able to implement the necessary logistics for such financing. A certain type of “border effect”, or impact on border politics on the dynamics of the

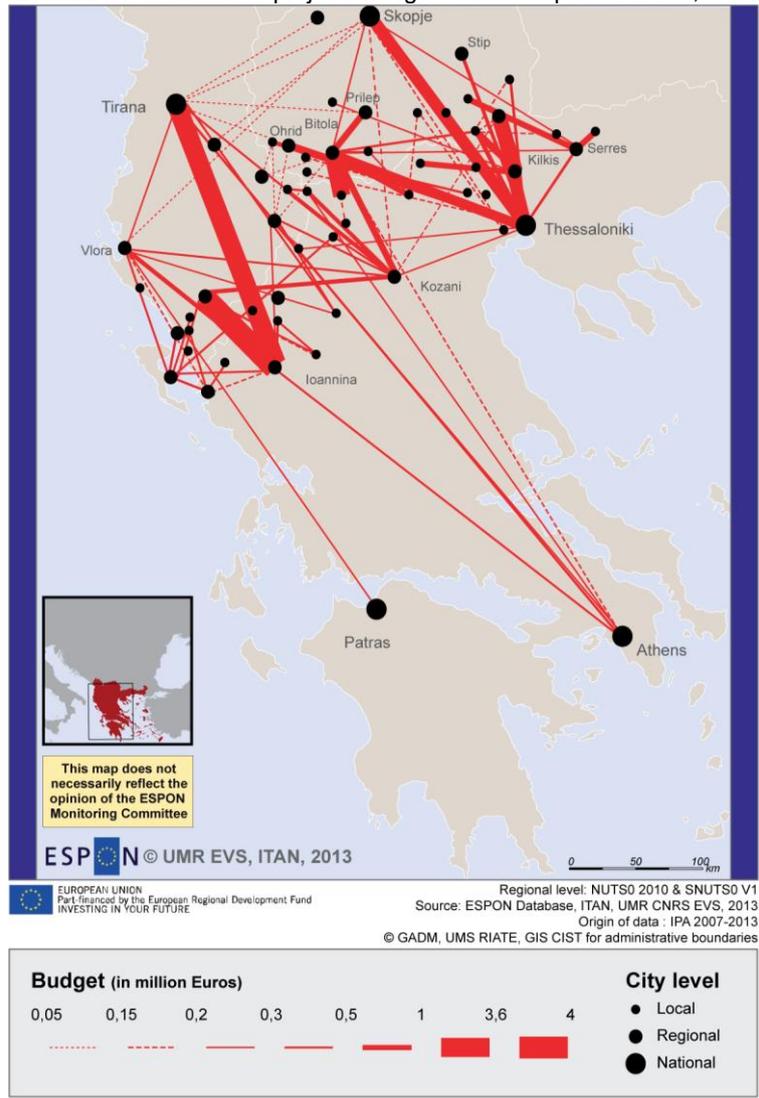
opening or closing of borders, can thus be seen paradoxically to be reinforced by a CBC whose most urgent prominent beneficiaries are not actual border areas as such, but operators located in urban decision-making areas. Indirectly, the map of projects thus reveals weak densities: the partners least concerned by the implementation of cross-border projects are certainly the least-populated or least-accessible regions. Small-scale partners can be associated with projects, but they often stay in a marginal position. In general, the more partners are concerned with small-scale structures or places, the more they are located close to the border, as if in the eyes of the sponsors, the truly cross-border character of such an operation could compensate for the fragility or weakness in terms of accountability.

In contrast, and beyond the cross-border area proper in which the role of the main regional towns seems acknowledged, it is important to demonstrate the existence of partners who are sometimes located well away from the area eligible for CBC. These out-of-area partners appear as not insignificant focal points: this role is often fulfilled by capitals with their central services. It is worth picking out other characteristics that demonstrate other types of determining factors for these projects: 1) the case of Patras (Greece) where the existence of a private support agency establishing projects led to this geographical extension and 2) the case of Skopje (Former Yugoslav Republic of Macedonia) where, on the other hand, there was no project *leader* (unlike the position in the other two state capitals). In the latter case, it is probable that the disagreement about the name of the Former Yugoslav Republic of Macedonia is behind the refusal of Greek entities to collaborate with the central institutions of the neighbouring State.

#### 5°) A concentrated allocation of budgets

The analysis of financial distribution confirms this tendency towards concentration, since the partners located in large towns are also those who obtain the highest amounts of money. The projects linking partners situated in the ten towns of Ioannina, Gjirokastër, Tirana, Florina, Strumica, Kilkis, Skopje, Thessalonica, Ohrid and Kozani concentrated half the grants allocated within the framework of CBC tenders, whereas more than 70% of funds allocated when all programmes are taken together concern projects in which at least one of these ten towns figures. The diversity of the players taking part in CBC does therefore not exclude a concentration on some of them (territorial entities, urban decision-making centres). CBC seems to offer special possibilities to players located in these regional centres, since the money is allocated directly to management bodies located in these centres. This is particularly true in the case of Greece, where the players in the IPA programmes are located in the main towns of the border area (Ioannina and Thessalonica, and to a lesser extent Kozani). On the other side of the border, things are not so clear, and a certain balance can be seen between the main towns located near the border (Bitola, Gjirokastër, Ohrid, Strumica) and the capitals (Tirana and Skopje), no doubt showing that decentralisation is still weak or very recent (a lack of administrative services able to implement programmes where the expenditure needs an extensive administrative set-up). This trait also reveals the relative weakness of the players in civil society or economic milieus when compared to Greece, which has maintained real progress in this area despite the recent crisis.

Map 167 - Distribution of allocated projects budgets between partner cities, IPA 2007-2013



6°) What type of partners?

The observation of the types of partner reveals tendencies comparable to the above analyses. On both sides of the border, these are essentially administrative partners (public administrations in most cases) who seem to be the prime movers in CBC projects: they represent 46% of the overall number of partners, or 64% if university and hospital institutions are added. This tendency is even more obvious in Albania and the Former Yugoslav Republic of Macedonia, where the public institutions represent 50% of the total number of partners (68% with the universities and hospitals). While on this subject, it is noticeable that the proportion of public partners increased on the Greek side between the first and second call for co-operation with the Former Yugoslav Republic of Macedonia. Should this be seen as an effect of the crisis and the cuts in public expenditure, meaning that these entities needed to call upon this type of financing? Including hospitals and universities, this type of partner moves from 44% to 63% of the total number of Greek partners involved in CBC programmes, similar to the level of the first Albania-Greece call. Thus these figures show a tendency for cross-border partnerships to become institutionalised over time.

Table 36 - Type of partner involved in IPA 2007-2013 co-operation

	1st call Albania-Greece		1st call Former Yugoslav Republic of Macedonia - Greece		2nd call Former Yugoslav Republic of Macedonia - Greece	
	Albania	Greece	Former Yugoslav Republic of Macedonia	Greece	Former Yugoslav Republic of Macedonia	Greece
Associations	5 (16 %)	6 (14 %)	6 (22 %)	6 (24 %)	4 (15 %)	7 (19 %)
Private	4 (13 %)	9 (21 %)	2 (7 %)	8 (32 %)	4 (15 %)	6 (17 %)
Administrations	16 (50 %)	21 (49 %)	14 (52 %)	7 (28 %)	13 (50 %)	16 (44 %)
Uni/Hospitals	6 (19 %)	7 (16 %)	5 (19 %)	4 (16 %)	5 (19 %)	7 (19 %)
Church	1 (3 %)	0	0	0	0	0

Source: IPA programme 2007-2013

This global information on partnerships benefitting from the IPA cross-border programme indicates several tendencies. First of all, the sums invested in partnerships flow into already-existent administrative structures within border areas, favouring their management capacities and their human resources. Without any doubt, these investments are part of the emergence of cross-border dynamics and cross-border areas rich in interaction, but they also contribute to the reinforcement of territorial inequalities through the uneven distribution of management resources in the regions concerned. Analysis of the nature of the partners confirms the pre-eminence of public administrative structures, in a better position to succeed in establishing and managing the programmes than players from the civil society or economic milieus. The part played by these seems to be getting smaller, if the development of cross-border co-operation between the Former Yugoslav Republic of Macedonia and Greece is to be believed. The only notable exception to this tendency seems to be found in the co-operation between Albania and the Former Yugoslav Republic of Macedonia, where it is clearly players from the civil society who are involved. The low level of budgets involved in this programme can nonetheless go some way to explaining this difference: since the management possibilities of these small-scale structures are limited, it would probably be difficult for them to cope with implementing programmes with a larger scope. On this scale, the hypothesis can be suggested that the institutionalisation evoked is to be attributed to the upgrading of the co-operation projects, whose total cost has been multiplied by 4 between the two calls for co-operation linking Greece and the Former Yugoslav Republic of Macedonia.

### 5.3.2. Qualitative analysis of cross-border cooperation

The considerations above have been put on test by qualitative field studies centred on the Greece-Albania- Former Yugoslav Republic of Macedonia<sup>23</sup> border tripoint area. The examination of actual projects of differing scales and sizes is intended to highlight some of the configurations that CBC takes at the level of individual local beneficiaries, and also some of the specialised agencies who are intermediate players in the monitoring, implementation and support of these projects. Centred on the speeches and practices of players involved in cross-border areas, these case studies are presented as introductory feedback, which will need more general comparative analyses later.

1°) "Macedonia": a paradigmatic border in the Balkans?

*From common history to national rifts ...*

Today shared between different countries (Greece, Albania, Bulgaria and the Former Yugoslav Republic of Macedonia), the region of Macedonia constitutes a geographical and historical entity

<sup>23</sup> We are using the constitutional name of the "Republic of Macedonia" to designate the State which emerged in 1991 from the dissolution of Yugoslavia. It is also frequently designated by the acronym ARYM (Ancienne République Yougoslave de Macédoine) or FYROM (Former Yugoslav Republic of Macedonia).

marked by numerous conflicts, involving different countries claiming an historical, cultural or demographic presence or legitimacy in the region. Essentially dominated by the former Ottoman *wilaya* of Monastir (Bitola), the area of the study was very prosperous in the 18<sup>th</sup> and 19<sup>th</sup> centuries [Lory, 2011], and is covered today by the regions of Korçë (Albania), Pelagonia (Former Yugoslav Republic of Macedonia) and the department (*nome*) of Florina (Greece). The presence of important trade routes, such as the Istanbul-Belgrade axis linking the Ottoman Empire with central Europe, ensured its economic prosperity and also the urban and cultural development of a town like Bitola, whereas others (Voskopöje, Kastoria etc.) were famed for their crafts and commerce. Under the effect of the Ottoman “millets”, according a vassal status but also autonomy to faith communities, the region constitutes an example of linguistic and religious mixing, through the plurality of the “ethnic” then “national” groups that were present (Greeks, Bulgarians, Serbs, Albanians, Vlachs, Jews, Turks, Roma etc). Like numerous other regions in the Balkans, the processes of forming nation states which took place during the 19<sup>th</sup> century and the beginning of the 20<sup>th</sup> century broke a political, economic, social and cultural frame that was often multi-ethnic and multi-confessional. These processes were characterised locally by long-running territorial disputes that were often dramatic: the Macedonian “question” was marked by many border challenges, showing the “uncertain” nature of the nations in question [Brown 2003] and, more generally, the structure influence of nationalism in the Balkans [Marinov 2010].

The Ilinden uprising and the Republic of Kruševo (1903), then the Balkan Wars (1912-1913) mark the central place occupied by the region in the expansionist projects of Greece, Bulgaria and Serbia. The partition that followed the Treaty of Bucharest (1913) fixed the still ongoing boundaries, whereas the period between the wars was marked by multiple and painful exchanges/expulsions of populations in the wake of international treaties [Lausanne 1923]. The Second World War saw re-occupations (Bulgaria in 1941-1944), but also the emergence of a new context with the creation of Yugoslavian Republic of Macedonia (1944) in a federal socialist framework. The Greek Civil War (1946-1949) had a considerable impact on the region, and the memory of this is still largely felt in the mutual and respective representations of the border “landscape” (destroyed villages, various monuments, military installations, etc., see Van Boeschoten and others, 2008). The context of the Cold War favoured the long-term fixing of antagonistic positions established throughout the century. Ratifying a long-running nationalist process, the establishment of a Macedonian State (1991) following the violent break-up of Yugoslavia also revived tensions (notably with Greece) which took on a European dimension when viewed from the perspective of the future accession of the new State to the EU. Anchored in the national struggles of the beginning of the 20<sup>th</sup> century and fed by the different episodes of conflict, the “Greco-Macedonian” dispute, topical again, crystallised around the official non-recognition by Greece of its new sovereign neighbour (questions of the name, national symbols, minorities etc<sup>24</sup>). This study area may be a paradigmatic Balkan border region, but it poses very acutely the question of tensions between ancient, conflicting neighbourhood relationships – even if they also arise out of mutual knowledge or implicit cultural familiarity – and the European vision of an area for exchanges and free movement.

#### *Exchanges and neighbourhood: reactivated heritage, persistent borders ...*

Behind the border lies a palimpsest of conflicting memories evoked by the sharing, in both senses of the word (uniting and dividing), of the historical and geographical entity called “Macedonia”. The multiplicity of communities inheriting these events (“Macedonians” from Greece, Albania and Bulgaria: “Aegean” refugees from 1949) [Monova 2001; global diasporas, Danforth 1995] shows in addition the extremely trans-national character of the regional challenges. Other signs of pre-border heritage, multilingualism and in a general way the tangle of linguistic practices, constitute essential data about the region. Macedonian is spoken in Albania (where its speakers are based in the 5 Prespa Lakes villages that have minority nation status) and in Greece (without any special status). Albanian is spoken in the Former Yugoslav Republic of Macedonia (its official status was revived by the Ohrid agreements in 2001) and in Greece, on the one hand by Albanian immigrants, and on the other hand

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<sup>24</sup> Greece’s opposition to the Republic of Macedonia joining NATO was dismissed in 2011 by the International Court of Justice.

by a small group of Arvanites<sup>25</sup>, whose numerical importance is difficult to assess. Greek is widely understood in southern Albania, where the migrants of 1990-2000 came from, and where there is a Greek-speaking minority (particularly on the western side of the border). Other groups, like those of the Vlachs (Aromanians)<sup>26</sup> are spread out in the three States being studied, where others are confined to only one (Turkish speakers in the Former Yugoslav Republic of Macedonia).

Previous studies [Sintès 2008 and 2010] highlight the way in which these commercial, family and linguistic links severed by borders have been effectively reactivated when the border restrictions have been relaxed (Albanian migrants in Greece, Albano-Macedonian trade, Macedo-Greek cross-border visits and investments etc.). The case of the Aromanians is symbolic of this situation insofar as the geometrically variable definition of this people enables certain members to play the cross-border card in a flexible and effective way, using the statuses and representations that are attached to it in each of the countries. The closing of the respective countries consecutive to the border fixing, the displacements of populations after the Second World War and the Greek Civil War, the enclosure of Communist Albania, then the rural exodus have nonetheless largely contributed to the demographic sluggishness of the sector, still obvious today. The chosen segment is representative of the challenges that characterise some Balkan borders, and actually reflects a more general reality of numerous and ancient exchanges which hark back to neighbourhood practices prior to the creation of nation States. These practices are part of an implicit knowledge of one another and inevitably clash with territorial and political challenges inherited from antagonisms forged throughout the last century.

#### *The emergence of a geometrically-variable cross-border profile*

The confines of the borders are clearly orientated towards the regionally-important urban centres such as Bitola (Former Yugoslav Republic of Macedonia) and Korçë (Albania), and to a lesser extent Florina and Kastoria (Greece). Besides wider movements (towards the capitals, transnational migrations, from “neighbourhoods” or beyond), it is these medium-sized towns which exert the main demographical attraction. The tri-point border area proper, in this case the Prespa Basin, is characterised by its low population density, its mostly mountainous relief, the importance of the primary sector and the rarity of border posts nearby. There are three of these: Krystalopigi-Kapshticë between Greece and Albania; Goricë-Stenje between Albania and the Former Yugoslav Republic of Macedonia, and Niki-Metzitlija between Greece and the Former Yugoslav Republic of Macedonia.

It is in this specific historical and territorial context that the CBC programmes and projects promoted by the European Union are implemented, mainly through bilateral programmes, and whose main points were presented in the first part of this report. The multiplicity of these projects during the period of 2007-2013 demonstrates the interest shown by the European Union in the region, as well as how rapidly the local stakeholders react when faced with cross-border resources which although they might not be new, have still undoubtedly aroused more interest in the last few years. According to all evidence today, CBC has definitely proved to be a significant lever, largely favoured by the grouping of a multitude of preliminary European resources into one single tool (IPA). On the other hand, our observations show the fact that, in the region concerned, CBC does not constitute a stable *acquis*, but a framework for action under development, sometimes faced with the constraints of a transfer of standards, and especially by representations and practices of the territory remaining strongly anchored in the border logics.

Moreover, while large towns can turn out to be influencers and consumers of projects, we will focus here on projects involving small or medium-sized regional authorities. Characteristics of these are: the relatively modest size of projects presented and accepted; the frequent necessity for external logistical support in the implementation and management, and the dimension of local development in the economic and social contexts that are generally difficult. This choice will be aimed at including certain logical steps in the work, which will consist either of experimenting with cross-border activities

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<sup>25</sup> Arvanites are Albanian speakers who have been established in what is now Greek territory since before the establishment of the Ottoman Empire.

<sup>26</sup> The ethnonym “Aromanian” (or “Vlach” – a term judged to be derogatory) designates populations speaking a Romance language spread throughout the Balkan countries (and distinct from Romanians), historically known for their practice of pastoralism and commerce.

(sometimes without a recognised or felt need), or to put under the heading of co-operation preoccupations that are initially strictly local. It will therefore be a question of understanding how the cross-border territory, far from being limited by its geographical area, appears rather as a social space with variable geometry, that can increase and decrease in size depending on opportunities, affinities or different contingencies (political, economic, etc).

## 2°) Four configurations of cross-border co-operation

### *Example 1/ Maintaining cross-border capital: the Green boat project (Greece-Albania)*

The region of Prespa is shared by the three countries that are the subject of this case study, and centred on two lakes: *mikri Prespa* (Albania-Greece) and *mégali Prespa* (Albania-Greece- Former Yugoslav Republic of Macedonia), covering a total area of 2 519 km<sup>2</sup>. The region has been marked by power struggles between the Byzantine and Bulgarian Empires (10<sup>th</sup> century), among others, and has a significant religious heritage (churches and hermitages built during the Ottoman period). National borders were fixed at the end of the Balkan Wars (1912-1913). Since then, its character with its tri-national boundaries and its mountainous profile make it relatively difficult to access (two main roads from the Greek side, from Florina and Kastoria, two routes from the Macedonian side from Bitola and Ohrid, and one route from the Albanian side, from Korçë), tending to limit its economic development and contribute to its demographic decline. Divided into 68 localities and one small town (Resen, Former Yugoslav Republic of Macedonia), the population of the Prespa Basin is today assessed at 29 343 inhabitants, including 1851 in Greece, 10,667 in Albania and 16 825 in the Former Yugoslav Republic of Macedonia (9 000 inhabitants in Resen). Economic activities are largely directed towards the primary sector (raising animals, agriculture, forestry and fishing).

But beside this rural, marginal profile, there are also its wetlands, its rich biodiversity (with many endemic species), and its forested areas as well as its landscapes that have made the reputation of the region, the object of long-running ecological and environmental policies. These were established through the creation of national parks in all the countries concerned (Former Yugoslav Republic of Macedonia from 1948 and 1958; Greece in 1974, and Albania in 1999). In particular, the creation of a tri-border park in 2000, spurred on by the WWF and the *Society for the Protection of Prespa* (SPP), constituted one of the very first examples of an environmental approach to the border areas which today is particularly significant in the Balkans. Although its implementation encountered certain difficulties, the signature in 2010 of an international agreement between the three partner States and the European Union placed this trilateral cross-border dynamic, strongly promoted by local and global environmental stakeholders, in a European setting.

In fact, the cross-border dimension acted as a label qualifying the area in the eyes of the public authorities, and a facilitator of projects. The *Green Boat* project, which brought together the *deme* (LAU 1) of Prespa (Greece, *leading partner*) and the community of Liqenas/Pustec<sup>27</sup> (Albania), is part of this heritage. Part of the Priority Axis 2 (*Promotion and development of the environment and natural and cultural resources*), it has a budget of 440 000 euros, of which two thirds come from the EU. Its objective is the installation of solar-powered boats for tourist, cultural and environmental trips on the Prespa Lakes, and also for promoting renewable energy in the region. The spirit of the project falls exactly within the area's typical tourist facilities, mainly linked to its natural and cultural heritage and its landscapes, and also falls within the sphere of environmental experimentation that constitutes its "added value" in the eyes of international funding agencies.

It is significant that the initiator of the *Green boat* project was recently a central player in the influential SPP (Society for the Protection of Prespa – itself linked to the WWF), an association which was assured a central position in any local project with a cross-border impact thanks to its role in the creation of the tri-national park in 2000. Within this framework, he personally participated in the setting up of several European environmental LIFE projects. The case in point of two very modest local communities (Liqenas/Pustec: 5 000 inhabitants and Prespes: 1 500 inhabitants) collaborating without

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<sup>27</sup> The village of Pustec was re-named Liqenas in 1973. In 2013, it officially regained its Slavic name, hence the double name of Liqenas/Pustec.

help in establishing the structure of projects was in fact made possible on the one hand by the existence of these resource people present and active locally, and on the other hand, of the presence of previous collaborative projects, such as the tri-national park, whose management committee already included the mayors of the three communities involved in the three countries.

The specific case of Prespa thus demonstrates the superposition of multiple cross-border logics: trilateral initiatives united by international players (WWF, with the support of Unep), local (SPP) and European players via specific programmes (LIFE), then an agreement aiming to establish “permanent structures” for environmental and economic co-operation. On the other hand, the area’s innovative character in cross-border co-operation is sometimes contradicted by the persistence of border logics generally referring back to national accountabilities. The story told by the promoter of the *Green Boat* project, involved in the multiple collaborations around the Prespa Lakes, is worth mentioning here: one week after the signing of the agreement on the tri-national park on 2<sup>nd</sup> February 2010 by the three environment ministers from Albania, Greece and Former Yugoslav Republic of Macedonia – accompanied by the European Commissioner for the Environment – the Greek police dug a trench barring the way leading to Former Yugoslav Republic of Macedonia ...

#### *Example 2/ Impulsing a cross border programme: the Ecotrails projet (Greece-Albania)*

Financed during the first call for projects in 2011 (Priority Axis 1 *Enhancement of cross-border economic development*, measure 2 : *promote sustainable tourism*) with a sum of 263 000 euros (including 206 000 from the EU), the *Ecotrails (ECO-TOURISM TRAILS in the Cross-border Area for the Promotion of Alternative Tourism)* project presents a configuration that is at the same time similar and very different. Bringing together the *deme* of Nestorio (a region of western Former Yugoslav Republic of Macedonia, in Greece, *leading partner*) and the municipality of Korçë (Albania), as well as the Greek environmental NGO Callisto (Thessalonica, Greece), dedicated to the protection of the wild fauna and particularly to the protection of the large carnivores such as the bear (*ursus arctos*), the aim of the project was to create five hiking itineraries in the mountains (3 in Greece, 2 in Albania) with themes linked to cultural and natural heritage, also with a sporting and environmental aspect, and a strong teaching element (exploring the biotope of the bear, discovering remains from the Greek Civil War).

The implementation was carried out by the Technopolis agency, based in Thessalonica, which specialises in professional development and which has diversified its activities in recent years into project engineering. It is obvious that it was through the requests of this specialised agency, which was monitoring European projects, that this collaboration was promoted between two partners who, unlike the communities in Prespa who had long been involved in joint activities, had had no previous contacts. Technopolis also looked after the conduct of the “training” components of the project. This could have involved just the simple provision of services, but proved to play an essential role. In proposing the project to communities and ensuring its drafting, Technopolis provided an environment for the project in the absence of an explicit request from the protagonists, or even in opposition to the immediate challenges of the modest *deme* of Nestorio (2 600 inhabitants in 2011).

The configuration of the project, dominated by the local authorities (a *deme*, a municipality) and Greece (where the Lead Partner is located), is representative of the global geometry of the projects presented above. It brought together partners that are asymmetrical in size and positioning: a rural *deme* in a marginal location (Nestorio, Greece); a municipality with regional standing whose development benefits from its proximity to Greece (Korçë, Albania, 80,000 inhabitants); an environmental NGO based in Thessalonica whose actions take place over the whole of northern Greece (Callisto), and a controlling agency playing the key role in the emergence of the project, itself based in Thessalonica. This configuration demonstrates several tendencies to which we shall return later, in particular the mutual dependence of the local authorities and the professionalised backrooms in terms of implementation and management of projects.

Nonetheless, the conduct of the project quickly ran into problems, explicitly pointed out by the Albanian partner: “*we had good potential for co-operation, since we shared common traits in terms of natural heritage and the development of low-impact tourism, but the project suffered a delay that was*

*difficult to manage*” (Vilma Petro, municipality of Korçë). Financial problems encountered by the *lead partner* are mentioned, but also the difference in professionalism between the teams responsible for implementing the project: “*We encountered some difficulties certainly linked to the actual context in Greece, but also in terms of communication. The collaboration was not easy. They are lead partners but they do not respond to our requests. They do not have English-speaking staff either.*” (Sofjola Kotelli, municipality of Korçë). Involved in multiple co-operations involving IPA funds (notably with Bitola, cf example 3), the representatives of Korçë Town Hall also can easily compare the European programmes with the bilateral frameworks such as the projects supported by the German GIZ and the American USAid, that are easier to handle and subject to less supervision by an EU member country.

Some difficulties encountered by the project were certainly due to the context of the “Greek crisis”, and the delay in payment of the money linked to the difficult situation in the country vis-à-vis financing coming from the EU. But they also arose from weaknesses that were difficult to remedy in terms of managing capacity as well as direct communication (linguistic inadequacies of the staff), and, finally, the characteristics of a project promoted from a distance, responding to economic opportunities and only occupying a marginal place in the global set of priorities of the local community co-ordinating and managing the project. These last points, however, demonstrate the capacity of the large regional urban centres – via the players who have sufficient critical mass, via the concentration of decision-making bodies etc. – to favour the emergence of projects destined for (and officially directed by) areas among the most deprived, on the margins. This is a demonstration of what we will call the “thick border”, meaning by that that CBC will be used more for institutional, social, economic and political networks, than over an area defined in strictly territorial or geographical terms.

On the other hand, and despite their notable differences that have already been highlighted, the *Green Boat* and *Ecotrails* projects have common characteristics in one essential aspect: the cross-border character comes up against a stumbling block when it is actually being realised. The players in the ECOTOURISM-TRAILS project explain that the 3 Greek and the 2 Albanian trails stop at the border, since none of them can cross for reasons of “security” and in the absence of official crossing points. In the same way, it is anticipated that the solar boats of the GREENBOAT project will each function on their own side, visiting their part of the lake without going beyond their territorial waters. Far from always being presented as a hindrance invalidating the very nature of the projects, these basic constraints reveal the internalisation by local players of the need to cope with the border. The real benefit of the cross-border action seems to be found elsewhere: in the positioning made possible on the cross-border section for communities which often have few capabilities for managing European projects directly, and who, in the absence of such opportunities, seem to consider the creation of a common area of knowledge of one another and exchange as secondary. On this basis, the projects being considered all involve a formal commitment, in the form of meetings with partners (in English), actions of the same nature and common communication. A fundamental place is allotted to training – that is, the acquisition by local players of skills on the theme of the project and on the methods of co-operation. CBC is then presented as a progressive way of passing from the border to neighbourhood, then from neighbourhood to partnership.

*Example 3/Developing cross-border skills: the Borders without boundaries Bitola/Korça project (Former Yugoslav Republic of Macedonia-Albania)*

The third project examined also emphasises the occasional and progressive shapes that the CBC dynamics can take, and also the logics of the acquisition of expertise for co-operation that the players implement. Conducted in 2011 and 2012 between the two municipalities of Bitola (Former Yugoslav Republic of Macedonia) and Korçë (Albania), provided with a funding package of 83, 500 euros (including 48 000 euros from the EU and 3 000 from the municipality of Bitola), the *Borders without boundaries* project was initiated and directed by the municipality of Bitola (lead partner), in particular its cultural department. It was aimed at promoting cultural links between the two municipalities, which were chosen for their comparable size (80 000 and 100 000 inhabitants) and the cultural context which was judged to be similar: a richness of history and heritage, the presence of cultural centres, nationally-important monuments, and a tradition of craftsmanship. The two municipalities were thus assessed as “comparable”: they had been inhabited from antiquity, enjoyed economic growth during the Ottoman period, been integrated as nation states during the 20<sup>th</sup> century, maintained their

attraction as regions, and had locations close to the border giving rise to new opportunities (notably with regard to Greece) after 1989.

A specific emphasis was laid on the “*development of relations between the younger generations of the two countries so as to facilitate their social integration*” (presentation document). Three workshops were therefore organised for unemployed young people, with a view to developing useful skills in the field of good cross-border relations, with a cultural emphasis: mutual knowledge of local craftsmen in the two municipalities, photographic and audio-visual workshops leading to different achievements (exhibitions, publications), and the creation of a common cultural calendar for the two municipalities in three languages. The characteristics of this project revealed the expectations, real or anticipated, of the cross-border programmes: reviewing and highlighting local and regional resources (cultural facilities and sites, historical heritage etc.); the targeting of beneficiaries (unemployed young people, local cultural players involved in the training); the centrality of training and skill-transfer practices, one of the explicit objectives being to promote the cross-border, international and European dimensions in the professional future. The CBC frameworks therefore generate thematic fields which can easily be capitalised upon and converted from one project to the other and from one programme to the other.

This last point constitutes a key element: the effect of training that leads to the implementation of this collaboration, in this case the transfer of skills from an initial Greco-Macedonian experience to an Albano-Macedonian project. The Macedonian co-ordinator of the project explains that in fact this project was conducted following a previous collaboration with the community of Sikiès (Thessalonica Prefecture, Greece) with comparable themes (craft, photography, children’s theatre). This first co-operation (2008) in fact provided a methodological and thematic framework largely carried over into the *Borders without boundaries* project. “*The idea emerged following this project, where Thessalonica was leader. It was Bitola that took the initiative, contacting the Albanian partners, and we drew up all the requests internally, with the help of the Struga Joint Technical Committee. We did not know the partners before this project, and we had preparatory meetings in Korçë and Bitola, in English. We do not currently have any new project, because it is difficult to devote yourself to these issues, considering the lack of means and personnel*”. (Evguenija Iosifovska, cultural department of the town of Bitola).

Analysis of this project by the Albanian partner presents a new level of co-operation judged as excellent: “*We had a visit from our colleagues from Bitola, as well as from the PREDA agency. We gave them the documentation concerning the cultural activities at Korçë, and then the idea of this co-operation was born. Travelling from Bitola to Korçë only takes two hours by road. Cultural exchanges have genuinely taken place in both directions, from Korçë to Bitola and from Bitola to Korçë: choirs, rock groups, painters, photographers, with exhibitions of wooden sculptures, and much more*”. (Vilma Petro, Municipality of Korçë). At such a level of listening to the respective representatives, each person becomes an ambassador not only of the project, but also of the partner. So, in contrast to the ECOTRAILS project weakened by the asymmetry of the partners (example 2), this project shows the importance of the symmetry of professional relations and managing capacities, as well as the spheres of expertise at the heart of cross-border projects, even if one considers the budget, which is largely inferior. Both of the municipalities of Bitola and Korçë in fact have important cultural programmes at their disposal, part of their image and dynamic, as well as specialised services. They in fact added a cross-border dimension to an existing activity.

More widely, a network of towns has been established on a local neighbourhood scale. These towns are engaged in co-operation which sometimes existed previously and was then brought under the heading of cross-border IPA tools: “*We have experience of this in terms of co-operation with the towns of similar size in neighbouring countries, with the exception of Greece: Bitola in Former Yugoslav Republic of Macedonia, Budva in Montenegro*” (Sofjola Kotelli, Municipality of Korçë). On this basis, the possibility of becoming involved in cross-border projects between two partners of non-member countries may be considered as a pledge of parity and reciprocity. Without overestimating the impact of discovery, the cross-border framework plays its experimental and innovative role here: “*We knew that historical links between the two towns had been strong, but with Bitola, we were surprised to see how close we were. This first experience created a dynamic. When we found out about the second call for projects in February 2012, we offered four projects with Bitola – with the Town Hall, but also with private economic stakeholders*”.

*Example 4/Cross-border activities beyond national antagonism (Greece- Former Yugoslav Republic of Macedonia)*

Without being the only focus, we tried to put the accent here on the forms and effects of co-operation in the specific case of Greco-Macedonian relations, which we have already briefly presented. The first example will thus concern projects involving international dynamics while bypassing the huge contentious issues between the two states concerned. The second example, centred on the action of the PREDA agency (*Pelagonia Regional Development Agency*), created in 2007 and dedicated to the establishment and follow-up of projects on behalf of the region of Pelagonia (Former Yugoslav Republic of Macedonia), will enable a change of perspective, examining the possible role of regional authorities in the “denationalisation” of the border.

Following the course of these examples necessitates situating European CBC in its temporal context once again. In the Balkans, European politics constitute *de facto* a major framework for stabilisation and development on the region following the last changes after 1989: “from 1995-1999 to 2000-2006, aid to the former Eastern bloc countries rose from 4 to 22 billion euros” [Beckouche and Richard, 2008: 53]. While European aid for the development was previously destined for member states and different countries in the world without any geographical distinction, the perspective of enlargement led by the new shape of Europe imposes the creation of mechanisms combining the granting of development aid to the prospects of accession which each country concerned takes as its horizon. A multiplicity of tools (CARDS, PHARE, SAPARD) was replaced in 2007 by a single one, IPA, a real vehicle for the notion of pre-accession, and set out in five priorities, one of them CBC. This provision makes EU technical and financial aid subordinate to the implementation of European regulations, thus according a major place to the EU cohesion policy. The possibility given to neighbouring States and potential or actual candidates to implement a certain number of European programmes by themselves thus constitutes a new development, since CBC projects were previously exclusively piloted by member states.

This was the case in a certain number of exchanges initiated in the 1990s between the communities of Nymphaio (Greece) on the one hand and Malovište (Former Yugoslav Republic of Macedonia) on the other, around fifty kilometres away. Nymphaio is a renowned tourist destination in northern Greece, and was at the time a mountain commune (*koinotita*) which had been engaged in a process of revitalisation since the 1980s, on the basis of local initiatives rapidly continued at regional or national level. This former Aromanian township, whose golden age was linked to craft and trade, had seen a rapid decline after the Balkan Wars. Due to the momentum created by the Greek state listing the village in 1978 as “a traditional preserved district and preserved historical site”, a certain number of influential players, in particular from the Aromanian community, invested in development projects concerning the restoration of the architectural heritage, rural tourism and environmental protection (creation of a brown bear sanctuary by the powerful NGO Arkturos). Upon Greece’s accession to the EU, European financing (Leader) logically came into play, and the “Nymphaio experience” was held up as a model for the Greek public authorities.

This model took a cross-border turn at the end of the 1990s, with the development of exchanges (within such frameworks as INTERREG) with their counterpart communities in the Former Yugoslav Republic of Macedonia, notably the Aromanian village of Malovište. Meetings in the form of study visits were organised around the theme of heritage and local development, and collaborations took place with a view to transferring the “Nymphaio model” to Malovište, whose history proved to be similar. These exchanges may often have had only a limited success, because of the differences in situation between the two communities, but they did establish local and trans-local networks, promoted in particular by the Greek diplomatic presence in Bitola. The networks had several dimensions, and one of the most prominent was involving members of the Aromanian communities, successfully combining community consciousness, national allegiances and the affirmation of a traditional “Grecophilia” in these communities. The cross-border activity was partly based on the acknowledgement of a trans-national cultural community, originating as heritage but also re-activated in favour of new opportunities. The reaffirmation of pre-border identities was thus adapted to the frameworks of co-operation preceding the nation states, linked to the ancient pan-Balkan spheres of influence – and beyond – of the Aromanian trade networks.

This use of the community dimension as cross-border culture received active support from the Greek authorities, as is shown by the existence of a number of projects partly linked to these Aromanian networks<sup>28</sup>. Under the umbrella of promoting a cross-border heritage much less controversial than anything concerned with ancient or national emblems, intermediaries such as the partly-community networks were used, and made into symbolic or actual symbols of the cross-border dimension. Other initiatives, like the cultural and educational co-operation between the town of Kruševo (Former Yugoslav Republic of Macedonia) and various Greek institutions, notably universities, took part in a comparable logic. The originality of Aromanian culture, in particular its trans-national character, was thus used to advantage in the multiple strategies aiming in fact to bypass the border. They perhaps even went as far as favouring the granting of Greek citizenship to members of what is sometimes presented as a particular form of diaspora<sup>29</sup>. Flagrantly, the Greek *leadership* limited access for Macedonian partners in these initiatives to the resources of the European development programmes: financial, material, political, and also symbolic. The change in governance of CBC programmes within the IPA framework, giving substantial autonomy to the candidate States, may contribute to reducing certain effects of domination observable up to then in this kind of situation.

It is this new context that is illustrated by the second example: situated at Bitola, the PREDA agency (Pelagonia REgional Development Agency) was created in 2007. This new kind of organisation (the first of this type created in Former Yugoslav Republic of Macedonia) developed beside the process of de-centralisation encouraged by the perspective of accession to the EU. In the beginning, PREDA functioned with the Swiss development agency (*Swiss Agency for Development and Co-operation*, SDC), and had offices in Prilep to aid small and medium-sized businesses. Since 2009, the agency has been linked to a “sister organisation” (according to the terms of its director): The Centre for Development of the Pelagonia Region, a public institution formed and financed by the Ministry for Local Self-Government and the 9 municipalities of the region. The two organisations share the same premises, and share the applications to the calls for projects. The creation of the Centre for the Development of the Pelagonia Region has certainly constituted an administrative obligation (following the law of 2007 on regional legislation dealing with the creation of regions); on the other hand, only Pelagonia previously benefited from non-governmental structure like PREDA.

The analysis of CBC projects managed by PREDA shows the defining role that this type of agency will have from now on, generally tied to territorial communities. Possessing the necessary critical mass and a relatively strong local autonomy, these structures also contribute to “denationalising” cross-border relations. Two examples in particular are quoted to show regional and local cross-border co-operation demonstrating a standardised approach to bilateral relations. Provided with 470 000 euros and signed up in March 2012 (point 2.1 *Protection and Promotion of Regional Environmental Resources*), the FIRESHIELD project concerns the equipment and co-ordination of teams of fire-fighters in the prefecture of Western Former Yugoslav Republic of Macedonia and the region of Pelagonia. It was considered by the partners involved as a success, crowning a system of current mutual aid in the fight against fires in the border area, and rendered indispensable by the recent forest fires. The ZOO INOVATIVA project is an innovative educational programme reinforcing the environmental resources in the cross-border region Pelagonia/Florina (*Innovative Educational Programmes enhancing the environmental resources of the cross-border region Pelagonija/Florina*). Involving, among others, the Bitola Zoo, it was provided with 1,2 million euros, in the second IPA call.

The architecture of these projects captures the attention more than their themes. Their *Lead Partner* is a public institution, the *Centre for the Development of the Region of Pelagonia*, created complete after the reform decentralising the territorial administration of Former Yugoslav Republic of Macedonia (2007) and specialising in the implementation of projects financed in various ways (German, Swiss, North American co-operation etc.). Its Greek partner is again a local authority (Macedonian

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<sup>28</sup> As an example, one of the cross-border projects accepted under the last Greece-Republic of Macedonia Interreg call (2012) concerned the “promotion of the Vlach cultural heritage in the regions of Serres and Konce” (PROM-CULT, *Promotion of the Vlachs' cultural heritage in the regions of Serres and Konce*), to the level of 1,2M€.

<sup>29</sup> This is a matter, based on certain speeches viewing Aromanians as superficially “latinised” Hellenes, of benefitting from the national Greek policy of *omogenia*, or granting access to Greek citizenship according to certain cultural, linguistic, historical criteria etc.

prefecture), itself supported by a specialised institution specialising in project financing (Anaptixiaki florinas, regional development agency of Florina, ANFLO). These two projects link up regional communities that are relatively equivalent, with the support of *ad hoc* public or private agencies based on the spot. This again shows us the already-highlighted pattern of relative success when co-operation is decentralised, which is supposed to enable national antagonism to be overcome, summarised thus by the PREDA director: “*As long as you stay at a local level, it’s fine!*”. At the level of the studied projects, the debates about Greco-Macedonian disputes thus seem distant or secondary. The success of these projects has been presented to us precisely as the fruit of a mutual overlooking of opposition, which is presented from then on as unconnected to local preoccupations. The decentralisation of Macedonian territorial organisation and the creation of regional development agencies make it possible for local agreements to be signed under the aegis of the EU, not mentioning the name of Macedonia, thus getting round the difficulties at grass-roots level.

### 5.3.3. Analysis and recommendations

These different projects reveal differing situations for CBC rather than a single, consistent model. These observations are too selective to permit us to draw general conclusions, any more than we could from the linear examination of the whole body of projects which have been presented and chosen, since their subject matter, local situations and the actual forms the co-operation takes are so varied and numerous. Their interest lies more in throwing light, on the basis of experience as lived and interpreted by the participants, on some situations which are sufficiently contrasted to offer some recurrent features for analysis. This section has as its objective a shifting of focus, revealing a more broadly-based dynamic from actual instances of implementing cross-border activities, and demonstrating at the same time the actual establishment of a cross-border dimension (the institutional part of this is, however, only the smallest element) and of a certain number of relationships maintained at the border. It also aims to establish methodological and theoretical proposals for making the idea of CBC in the European Neighbourhoods an object of research.

#### 1°) Coping with the border: a tangible but unstable reality

##### *From external borders to future internal borders*

Since the end of the Cold War, the borders in the Balkans have again become centres of geopolitical interest [Cataruzza, Sintès 2012]. These borders are seen as providing cause for legal disputes over their boundaries, which were basically established by force of arms, and subsequently endorsed by international treaties [London 1913, Versailles 1918, Lausanne 1923]. They also constitute a stage for and a factor of the reactivation of various irredentisms or separatisms, even vague thoughts of annexation, which are given less and less weight in the international arena (eg. the events in Former Yugoslav Republic of Macedonia in 1998-2000) but which are still given voice in statements on the local media (eg. the reappearance of the borders of “Greater Albania” in the speeches of President Sali Berisha at the time of the celebration of the centenary of the creation of the country). The border here is clearly a bone of contention, and therefore the first element on which to act in order to improve the quality of neighbourhood between these states. This is all the more true because these border problems also affect countries which are already members of the EU: Greece, but equally Croatia, with the question of the right of returning for the Serbs of Krajina and Slovenia, and Bulgaria, which is going as far as giving Bulgarian citizenship to “ethnic” Macedonians from the Former Yugoslav Republic of Macedonia or from Albania who ask for it.

In parallel the many challenges linked to the control of movement (visas, naturalisation, dual nationality etc.) in the heart of the Balkan region attest to its transformation over the last two decades into a vast area of movement. With the notable exception of the external borders, such as those in the charge of the European agency Frontex, in general borders seem to be dematerialising. The global tendency to remove conflict and barriers from the totality of European borders, thus creating vast Neighbourhood zones not tied to national boundaries, favours the emergence of “thick” border areas. But this dematerialisation of borders, far from indicating their disappearance, seems to have as a corollary their geographical spread. The border as national boundary intended to give protection from an identified enemy is being replaced by border zones crossed by multiple flows, which are

encouraged for some and obstructed for others. The forms of crossing and holding back may remain particularly crucial, but they no longer happen exclusively in border areas. One can wonder about the transformation that is taking place of what formally constitutes external borders, in a hybrid border regime which is preparing the areas in question to become in the future internal borders for the EU, among other things through the concept of CBC.

### *The place of European projects in “thick” borders*

The CBC projects are thus a response to the importance of the European focus on the borders of the Balkan states, according to which the aim of smoothing over inter-state relations and stabilising the disputes associated with frontiers would be achieved by, among other things, the opening of boundaries, territorial decentralisation and regional development. But this geopolitical aim must not hide the multiplicity of levels in the fact of the border: the linear border is neither the narrow border (of border districts or regions), nor the “thick” border of the process that percolates down to the whole group of territories, often from the decision-making centres and urban hubs of regional importance. On the other hand this “thick” border looks back to numerous ancient cross-border practices which affect a variable number of individuals, but bring them together in ways which are both strong (family ties, for example) and distant (networks extending towards national centres or abroad<sup>30</sup>). The present European integration of the regions concerned, while conferring a new status on their borders, therefore represents only one aspect of the dynamics present, and takes its place in a long history, marked by the co-existence of these populations under the Ottoman Empire until 1913 and then by competing and conflicting national structures.

So – and even if these “perceived neighbourhoods” arise out of structures in the present – one element of the new cross-border practices observable today looks back to neighbourhoods tested over a long period, mutual familiarity and territorial structures inherited from this history. The complexity of the phenomena generated by the fact of the frontier, as well as the capacity of individuals to operate in a multitude of networks and at various levels, argue in favour of this vision of a “density” of the border, sometimes not appreciated enough by the CBC programmes. The cross-border projects promoted by the EU may play an experimental role sometimes leading to the creation of co-operative ventures from scratch, but they must also be considered in the light of practices and knowledge developed over a long time by cross-border players. On the one hand, the structures for financing and managing the project channel some of this *savoir faire* about the border; on the other hand, the players develop methods and tactics which allow them to respond to their own objectives within frameworks which they adapt or mould according to the situation. Seen from the level of local practice, the frameworks for action which characterise CBC show a European form of adaptation which is much more unstable, based on circumstances, and variable, than an inexorable, consistent process. Whereas European policies are seen principally in terms of convergence, aiming to transfer to neighbouring countries the “community *acquis*”, it would be more appropriate to take account of the multi-scale, multi-factor and “multi-player” character of the actual practices.

### *Some fragile but pressing border “balances”?*

We have been able to note that in a certain number of cases CBC has not appeared to break down situations of border isolation. This is the case with the *Greenboat* and *EcoTrails* projects in the Greece-Albania programme, but also, beyond the sphere of what is properly community action, in the project for the tri-national park for the Prespa lakes between Greece, Albania and the Former Yugoslav Republic of Macedonia. In the three cases, cross-border co-operation breaks down over the question of the movement of people, given that illegal crossings are often described as being as numerous as effective. We have come to the conclusion that there was here a refusal to give official status to practices, the acknowledgement of which would call into question local cross-border balances based on exchange, but as fragile as they are fluid. In examples 1 and 2 CBC takes the form of a life lived in parallel by the two countries on either side of the border: in public discourse it may flay

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<sup>30</sup> For instance the importance of tourism and of Australian investment in Bitola, because of particularly large and active communities of Macedonian origin in that country

up an approach to the neighbour, but in practice it is taking part in maintaining or even accommodating the border. In general the projects described suggest that CBC is coming up against or rather being moulded by the border practices of the area.

In an actual case, two partner communes in Greece and Albania are each developing on their own side trails that stop at the frontier; the solar boats, which exist on both sides, which are identical and financed by a single programme, operate only in their own territorial waters. While responding to European demands and hopes, these projects seem to have been undertaken with contradictory logic: on the one hand the permanence of separate representations for this area, as a place with borders that are being maintained, and are to be maintained (thus also the tri-national park of Prespa, created in 2000, remains virtually a dead letter); on the other hand the implicit knowledge of a common area requiring its opening up. In local terms the national discourse is, perhaps, being contested for the sake of a vision of “intuitive neighbourhood” which has become impossible to deny following the end of the Cold War, and in particular under the form of multiple Albano-Greek migration movements.

But it all seems as if the region was finally manifesting a sort of balance both fragile and significant, based on the permanence of the border logics. Some of the players we have met thus define the region of Prespa as an “ecosystem” (in the words of Yannis Kazoglou, an agronomist and animal breeder, Agios Germanos) which it would serve no one’s interests to change: the Greeks have at their disposal a cheap Albanian labour force; the Albanians benefit from a slender but important resource in comparison with the situation of the country as a whole: working “on the other side” remains an advantage. Local opinions also state a fear that a possible opening of the border would cause an economic imbalance in favour of their neighbour: *“if they open up here, everyone will go to Former Yugoslav Republic of Macedonia where they can host tourists and there is a lower cost of living”*. Another, more implied, remark concerns the “European frameworks” which, in converting border areas into places for projects, the programmes, the financing and the interest, create “zones” conditioning the access to resources. The attention being paid to cross-border co-operation thus contributes to asserting the border, which becomes a kind of label giving access to institutional resources and coveted funding, and in general turns it into a “valuable” area after being seen as a blot for a long time [Green 2012]. However that may be, the persistence of a state-centred geopolitical point of view can induce a *status quo* in which the parties present are somehow settled, and not encouraging the acceptance of their common past which could become their heritage.

#### *Cross-border activities tested by the lived border and experience*

A vision then emerges which appears contradictory, tending on the one hand to free up the symbolic border and on the other to reinforce *de facto* the actual border. It is interesting to note how much, from this point of view, the dynamic of these projects is opposed to what is observed otherwise: outside the specific activity of the projects the actual border is quite porous, it is only an object of surveillance from a distance, particularly at the principal road crossings, and this porosity effectively allows for every-day exchanges. The symbolic border itself remains powerful, as is shown by the various politico-cultural manifestations of national identity (flags, nationalist graffiti, festivals in “minority” languages etc.). No doubt we must see in this apparent contradiction a refusal to make official – or at least to make visible – cross-border practices which are quite real but often informal or considered illegal because they are redefining certain national and international balances which had hitherto been subject to contest.

Thus, for example, by the Prespa lakes between the last Greek village and the first Macedonian village, you find an dirt road on the Greek side, but asphalted on the Macedonian side. On the Greek side there are barracks and some not-very-effective installations (a view-point, an embankment on the road). Although potentially dangerous, clandestine crossing of the border is a local reality. Similarly at Vrontero, and in the direction of Albania, an inhabitant will point to the mountain path by which you can get directly to the other side, or “mesa” (inside). The map of the area as lived swings between defiance and accommodation in relation to the border: a geopolitical reality, but also a resource for daily life. Border control is undoubtedly directed more at migrants and other mobile people who are heading for the interior of the country than at “locals” engaged in “forms of co-operation” which may not be evenly matched, but are every day. The border as a boundary is probably no more the centre of attention:

rather it is the border as a “thick” area, that of the presence of Albanians in Athens for example, which is targeted.

At all events this dual vision is sometimes brought together by the players in the projects as a constraint but above all as taken for granted. When projects for trekking paths or solar boats stop at the limits of the national territory, instead of fudging the issue the officials in Korçë, Prespa or Nestorio explain that these actions are taking place in parallel, and that already constitutes an act of co-operation, in the construction of an area with identical characteristics, but divided and in no sense communal. This view of the border as a shared space yet also retaining parallel lives shows the complexity of the constructions and representations of a local area across a common boundary. It is possible at one and the same time to witness conversations and activities which obliterate the border on an everyday level (familiarity with neighbouring villages, small-scale routines for crossing, understanding each other’s language, even communal festive events, etc.), and reaffirm the geographical, social, cultural and national distinction which it constitutes. In other words, the border is not limited to its administrative and political meaning: it is also a reality which is lived in an unstable way. There lies another sense of what we propose calling a “thick border”, to describe a social area with fluctuating contours, shifted from time to time as opportunities, circumstances, but also local social skills, permit.

#### *“Resource”, “wealth”, “niche”: tactical uses of CBC*

At this point, the character of the notion of “cross-border” itself (a technocratic term little used in everyday language), sometimes considered artificial, is worth describing. As we have seen in the example of projects involving cross-border activity which in practice is limited to acting in concert but on each side of the frontier, this notion exists alongside other representations of the border. The notion of cross-border activities is on the whole accepted for the sharing of a certain number of patterns and resources from each side; it does not guarantee, however, *per se* the real existence of a communal territory. On the other hand, the initiatives involving local players in sporadic co-operative ventures seem sometimes to be implicitly limited to circumstantial, side-by-side, modest projects. Heritage projects (natural and cultural), are on the one hand of many forms (multiple and diverse fields of action), and on the other endowed with “screening effects”, acting as “pretexts” for not facing the points of disagreement head on. Certain favourite themes for European projects (sustainable development, ecotourism, environmental issues) are even sometimes viewed ironically, as superficial and having little effect, so much has the constraint of the border been internalised.

Is this to say that European involvement stops at the edge of the inherited and renewed visions of the border? That would reduce the dynamics described to simple spatial interplays between areas (local, national, European) either setting up contradictions and neutralising themselves, or complementing one another, developing a hierarchy, etc. If from an institutional point of view one can admit that each level in effect provides qualities and abilities which are defined and stable, all the interest in a qualitative approach to cross-border activity lies in the analysis of the actual interactions at the edges of and in the blurring of these categories, in the multiple positions and movements of the players, in short, in the negotiation of shared territories (even if not common).

This evolving and shifting relation to “cross-border” activities, depending on opportunities, partnerships, frameworks and the durations of programmes, is translated into the interactions and networks of the players themselves co-operating or competing for the cross-border resources. As examples 3 and 4 show, these interactions and networks can involve relationships of domination or symmetry, and they can involve players of different types (communities and institutions; private concerns and members of civil society; “informal” or “community-based” players; co-operation professionals and project managers). They also often draw in the national public authorities, or even, insofar as problems of neighbourhood are central, diplomatic representatives, and they take shape in the mechanisms for decision-making and management that constitute areas for negotiation, as e.g. the technical committees. The cross-border resource itself constitutes an economic dimension beside which political and symbolic stakes must be taken into account. The acceptance and negotiation of these challenges at the heart of the decision-making and managerial proceedings should be analysed in more detail.

### *Transnational communities: scarecrow or reality?*

Among the parties involved in these new cross-border dynamics there are some diverse communities, identified by their language, nationality or religion. Even if “ethnic powers” [Gossiaux 2002] may unquestionably act in the form of networks, organisations, or even political parties, but it is necessary on the other hand to avoid producing a culturalist explanation capable of giving a final explanation of certain features of Balkan societies. Although encountered in different forms, the prism of the community represents one social lever among others, in the many strategies used for creating opportunities permanently. Nevertheless, one is right to ask questions about some ways that these levers can be mobilised within cross-border dynamics on the basis of often cleverly-exploited aspects of trans-national heritage (linguistic ability, social capital, cultural or ethnic affinity). The variation in the forms of acknowledgement is equally striking: the publicity from which some groups, especially the Aromanians, seem to benefit, contrasts with the tensions surrounding other groups whose legitimacy – even existence – is questioned.

Since then the European level has been one of the arenas in which discussions take place about the recognition of trans-national communities which are often localised in border zones, or about bringing them forward as territories of preference. So-called “minorities” have long raised the question of claiming their recognition at international level, and particularly at the European level, notably through legal action in cases where there are suspicions that the rights of minorities have been violated. Still significant for geopolitical relations between the countries concerned, these issues therefore undoubtedly have a European resonance. The position of Greece (under the title of its “national sovereignty”) may have been judged politically and institutionally as a default against European conformity, notably on the question of minorities, where a finger is pointed at their failure to respect European norms in the matter of the rights of their Slavic-speaking minorities. On the other hand, the prospect of the Former Yugoslav Republic of Macedonia joining the European Union confronts the latter with the country’s obstacles to “neighbourhood”.

Cross-border activity could come to play a significant role, since it acts as a “label” which is used to assert itself in the international arena, after the manner of the examples already analysed which give value to an Aromanian heritage in a certain number of projects old and new. Similarly, the European projects involving the authorities of Ligenas/Pustec on the Albanian side of Prespa lake, however modest or innocent their scope seems (as with the *green boats* project) are part of a game in which the community dimension is present. The population, which is Slavic-speaking, has elected a municipal team from the minority party, which is itself an extension of the conservative party of the neighbouring Former Yugoslav Republic of Macedonia (VMRO). There again the local situation contradicts the dominant trends at the national level, but using arguments where the appeal to the EU aims basically at negotiating advantages at a national level. So the Albanian VMRO has allied itself with the Democratic Party of the former president Sali Berisha in order to counteract the influence of the Albanian socialist party – in the majority in the south of Albania. Within this alliance the party of the Slavic-speaking minority is working with the party of the neighbouring Greek-speaking minority, both sharing concrete political benefits, such as, for example, the tarring of the road which leads from Korçë, along the banks of Prespa lake, towards the Former Yugoslav Republic of Macedonia (inaugurated in April 2013 by President Berisha two months before the parliamentary elections).

### 2°) “Europe effects” – converging but fragmented

#### *Bilateral co-operation or de-centralisation of public action?*

The study has shown that CBC programmes financed by the EU IPA tools not only establish relations between two countries and two border regions, but also, inside each of the countries involved, those between local players, institutional, economic and cultural players, community-based organisations etc., acting in large towns, and community delegations in the States that are themselves situated in metropolitan centres. The ESPON commitment to the establishment of statistical indicators fitting the NUTS system resonates here with the administrative orientation of each country in the area. The last administrative reform (called the Kalikratis plan) in Greece, an EU country, is symptomatic: the *demes* were grouped into bigger units, from then on free to continue or not the programmes of co-operation

with regions or municipalities outside the EU launched by the smaller entities that had preceded them. That was the case, for example, in Nymphaio, former independent “community” (*koinotita*) in western Former Yugoslav Republic of Macedonia (Greece), which saw its own cross-border projects (with the village of Malovište in the Former Yugoslav Republic of Macedonia) disintegrate with its own absorption into the large *deme* of Amyndeo. By contrast, the Macedonian regional administrative reform of 2007 reinforced the lower layers of the pyramid, reinforcing the regional command role of Bitola. This dynamic has not been in just one direction, since at a lower level, there seems to have been a concentration of decision-making in the regional capital, to the detriment of offices spread throughout the small towns of Pelagonia (notably Prilep).

There followed a certain type of “Europe effect”, in terms of administrative and territorial reforms, consisting, among others, of bringing the areas concerned into line with the NUTS and reordering the scope of CBC. From then on, the medium-sized local authorities (new or already old) played a major role in the production, implementation and administration of co-operation. Cross-border activities thus contribute to the decentralisation/recentralisation process, clearly presented as an element of the specification for integration into the EU. The reformed administrative network of member countries in effect brought in a change of scale for CBC. Co-operation between Malovište and Nymphaio may have lapsed due to the dilution of the Greek *koinotita* in the *deme*, but on the contrary, the new, enlarged *deme* of Nestorio became involved in co-operation with the municipality of Korçë. In neither case does the result seem conclusive: Nymphaio is no longer autonomous, but neither does Nestorio have the means to ensure an effective follow-up of the project. In the future, one might consider that the current stratification of the territories and the players constitutes a possible impoverishment of resources to build cross-border dynamics.

#### *Cross-border territories that become stratified*

Taking into account the territorial and political effects of IPA, it seems even more fundamental that most of the players involved have multi-faceted and “multilateral” experience in project implementation. Our contacts in the DMO at Korçe and in PREDA at Bitola, as well as the local politicians in charge, have access – in parallel with IPA financing – to financing for development aid from states acting through bilateral programmes, whether or not they are members of the European Union. Bilateral Swiss, German and North American programmes were also mentioned many times, often in very glowing terms: “*to fulfil a request for USAID finance sometimes needs one or two pages, whereas with IPA, it’s a hundred pages – it’s much more complicated.*” Bilateral aid seems more “fair” in this context, insofar as the choices of IPA projects admitted are presented as relatively obscure, subject to complex political arbitration and subject to the verticality of administrative procedures. The political dimension of American aid, more assumed and more targeted, is better accepted by candidate institutions that can better anticipate their chances of success. On the other hand, the specificity of the cross-border component consists of the possibility of responding directly at the level of the local authority, where the other IPA elements generally require national input.

The current administrative reorganisations, and the choice that seems to favour candidacies from medium-sized communities within cross-border IPAs, can therefore leave the initiative to other international institutions rather than the EU over vast areas covered by players from civil society and economic, social, cultural and environmental spheres wanting to diversify their resources, or even to avoid certain institutional constraints judged to be too heavy. The apparent stratification of powers in the arena of European cross-border programmes, although it may arise out of an understandable will for harmonisation and regulation, can lead to some initiatives being stifled. In some cases, it can arise straight out of political intentions – sometimes assumed – not very conducive to the development of an open cross-border area. For example, the recent proposition to open a European Union outpost in Bitola was postponed, according to certain local players, in order to preserve the pre-eminence of the outpost in Thessalonica in the evaluation of dossiers and organisation of training sessions concerning bilateral programmes between Greece and Former Yugoslav Republic of Macedonia. The implementation of the cross-border technical and administrative system does involve creating new effects of centrality, within which national arbitration, though not necessarily predominant, is far from being absent. In a bilateral context marked by disputes that are well known and still significant, it is not surprising that the stratification of decision-making and action on a cross-border scale matches

national political agendas, as shown by involvement of the Greek Consulate in Bitola in certain cross-border partnerships between Greece and the Former Yugoslav Republic of Macedonia.

Another aspect: the multiplicity of instances of co-operation undertaken by urban centres, involving partners of very varying sizes and with very diverse themes demonstrates their capacity to run projects on different scales and with different scopes, and also their decision-making power and their institutional weight, which is sometimes sought after by more modest partners. On the other hand, this stratification of co-operation skills can lead to subordinating “weak” and “strong” communities, with the latter reserving the possibility to identify and choose their partners. This increase in power of urban centres, supposed to participate in regional re-balancing, does not seem to succeed in checking the economic and demographic decline of marginal regions which form the “thin” border of each state. The international and intercontinental migration dynamics, for example, show the importance of link towns acting as relays or destinations for mobility (Istanbul, Athens, Belgrade etc.) while the cross-border dyads (on the linear border), impoverished and deserted, are less and less militarised and monitored (eg the relatively porous borders of Greece and Albania as, for instance, the massive migration in the 1990s showed). The choice to concentrate on the regional scale, which seems inevitable, combining national political wills and community influence, suggests that the “thick” border and its relations with the “thin” border should be studied in more detail.

#### *A “stabilising” effect*

Regarding what is set out above, there is a statement to be highlighted: Neighbourhood in the EU vis-à-vis the Balkan states appears as a reality anchored in the field, permeating for example the fields of politics and the media, discernable through the various communication media relating to the EU’s role in infrastructures, etc. Though it is better not to overestimate its effects on public opinion, but this European display demonstrates a real capacity for action. In the same way, although sometimes criticised for their weight or their complexity, the efforts to standardise represented by the accession specifications, as well as more concretely the various procedures accompanying the projects, are not fundamentally called into question by the players taking part in co-operation activities. Neighbourhood in the EU, as a process leading to accession, remains the reference point for numerous bilateral co-operation activities, well-established and evaluated many times by the community authorities. The local perception of a stabilising effect is what dominates, in a general context often marked by uncertainty.

The Director of the PREDA agency (*Pelagonia REgional Development Agency*) in Bitola presents EU Intervention like this, from a financial and political, as much as an organisational, point of view: “*We have projects with the centre [ie Skopje and the State], but it is with the EU that we try to give our projects a more durable character*”; “*The municipalities no longer finance us*”; “*It is since we started with the EU that we started to implement the law on regional development, and this was with a view to join the EU*”; “*After entry in the accession process, we have received training ... the government allocated money to train us specifically in the IPA tools*”. This type of speech is strongly internalised by the players in the projects studied, and probably acquired “professionally” in recognition of the stabilising (if not arbitral) role of the EU. Even if they criticise its technocratic character, or even the protective aspects, they admit the structuring dimension of European programmes, as well as the validity of the evaluation procedures.

These project operators, for whom the border is a resource, more often indicate the responsibility of national authorities for difficulties in co-operating locally, in a way that evokes centre-margins relations deemed as classic while revisited in the light of cross-border activity. In a context of mistrust vis-à-vis the States and State institutions paradoxically judged intrusive or absent, a border location can accentuate the feeling of occupying a territorial niche which offers opportunities and is relatively free from national heaviness. What is also at stake is a more general ability to cope with the border, for players who have had multiple experiences in neighbouring countries, well versed in the constraints resulting for example from migration experiences, and for these reasons endowed with a complex and nuanced vision of neighbourhood. As an anecdote, an independent consultant specialising in the management of cross-border projects for the Korçe region council (in Albania), experiencing difficulties in sending her children to Greece because their passports (although biometric) were non-compliant,

placed the responsibility on the provocation of the Albanian government, rather than blaming Greece. In this regard, one of the stabilising effects of “cross-border activity” undeniably consists of conferring a form of social, professional and institutional acknowledgement, official validity and legitimacy in effect, to actual neighbourhoods and converting the actual experience of the border and its “other side” into skill (for example in implementing projects).

3°) A trend towards professionalisation and institutionalisation in CBC

*Provisions, agencies, players: a professional cross-border culture?*

Following the example of ANFLO, the development agency in Florina (Greece), or private enterprises such as Technopolis (Thessalonica) offering their services beforehand at the level of the institutional implementation of the project, at Korçë and Bitola there are young public or private institutions that implement this project follow-up. In Bitola, the PREDA development office already described only has one salaried member of staff, the Director. Two contract employees are paid on the basis of the projects that they manage (and generate). The Centre for the Development of Pelagonia (the public institution with which PREDA works in symbiosis) has 5 employees. All of them speak English and have a background in human resources or financial management. The eight are aged between 25 and 40. They sometimes lack a little experience (“*it is hard at Bitola to find experienced candidates – they are mostly at Skopje*”), but work hard at the job: “*in public administration you work from 8 till 4 and that’s it ... Here, we often 12 hours a day on projects*” and are proactive: “*we meet up every morning and look for calls for projects on the internet*”. In the same way, in terms of the local professional environment, at Korçë there are equivalent structures, such as DMO (*Destination Management Organisation*) that also looks for IPA tools or bilateral co-operation finance (USAID, GIZ, KfW) for the promotion of tourism development.

We consider that in these representations we see a way of “speaking European”, a language that can seem purely invented, but is now part of the landscape. This language of projects and standards has become the norm for a particular professional group: the *project managers* or *project hunters*, often young or at most in their forties, trained in their home countries and abroad (Greece, Romania or further afield), English-speaking, but who have opted to “stay in the country”. These people involved in projects are a mixed category but share some common traits: a regional attachment (from roots or by settling somewhere); a level of studies and an investment in fields with added intellectual or axiological value (tourism, environment, culture etc.); a grasp of the administrative machinery, of the “project chain of command”, and also of other professional frameworks (NGOs, independent profession etc.); a capacity to adjust and articulate the different scales of the project (“speak European” as well as “local”, and a mutual knowledge of local players) and to change its status.

The Bulgarian examples analysed by Delpeuch and Vassileva [2010] can easily be transposed here. They show the importance that western – in particular European – standardised frameworks can have, in the construction of social and professional expertise in a “transitional” situation. The blockages frequently encountered in the societies concerned (clientelism, the heritage industry, inexperience in conducting projects and managing international funds) give high added value to a “European profile”, which although it may have been implemented initially in non-governmental or private structures, is today prized by territorial institutions and local authorities. Offering an alternative to local and national social areas often judged as fossilised and undermined by clientelist logic inherited from the past, international co-operation has been one of the major catalysts of these new skills. As far as we have been able to see through actual, professional career paths, the field of CBC is part of a type of professional culture, of player-networks, which demonstrates the lifestyles and aspirations of a certain generation and social category, at the same time aware of recent heritage (“transition”) and part of the various scales that undeniably constitute the societies concerned.

Thus rather than a culture in the full sense of the word (“being European”), “Europeanisation” – in the sense of the perception and adoption of certain cultural standards associated with societies in western Europe and developed in the European Union – is seen very practically as a “skill” to acquire, making it possible to act properly on the different scales mobilised in the “development”. As proof, one of the essential dimensions in the projects concerned is *training*, continuous development, co-ordination and

managing networks. In the case of Greco-Macedonian co-operation, these training sequences take place in Skopje or Thessalonica, the town where the *Joint Technical Secretary*, who evaluates and ranks the projects applying for IPA funding, is based. These points linked to training, omnipresent for both professional players involved as well as beneficiaries of projects who are frequently encouraged to acquire then share their experience in seminars, constitutes one of the keystones of transferring European standards. A qualitative study concerning the building of expertise at CBC, as well as the dissemination of European models to local players, would probably reveal much about the expectations, forms and reception of European policies in this area.

Professional profiles therefore highlight on the one hand, the importance of training, in the public or private universities in the country of origin as well as through experiences abroad, and on the other hand, the status mobility and the capacity to diversify professional frameworks. Our contact at PREDA, Milena Dimitrovska, 28 years old and speaking perfect English, joined the structure in 2009 as assistant manager, before taking over the management. A native of Bitola, she studied at the Law Faculty at Skopje, where the European and community dimension was already apparent: "*at university, we learned all about EU policies, laws and procedures ... So I am familiar with almost all of that*". She then benefited from a European University Exchange Programme to study in Italy, at the University of Bologna (*Master's Degree in Political Science*). Alongside her professional activities, she is currently taking a *Master's Degree in Business and Administration* in Bitola.

Our Albanian contacts present similar profiles: Sofjola Kotelli (Municipality of Korçë) pursued studies in Social Policy at the Makedonias University in Thessalonica, then a Master's Degree in *Business Administration* specialising in *General Management* at the American College in Thessalonica. After professional experience as Editor in Chief of an Albanian magazine in Greece, she became Director of the Tourist Services in the Municipality of Korçë in 2008. Vilma Petro, coming from the field of education (Master of Education at the University of Tirana, as well as a Diploma in English), worked for a long time in the Department of Education in the University of Korçë, before "*taking the step into local government*" in 2008, taking charge of the Department of "Strategic Planning and Development" in Korçë. Sometimes – notably in the case of Albania – we noticed how some cultural backgrounds or pre-existing social capital can mix with apprenticeship of European techniques to train a particular population: it would thus be useful to analyse the feminisation of the profiles, and the significant number of people using facilities in Greece for different reasons (presence of emigrated family members, being Greek-speaking, sometimes combined with community origins), especially for studies.

#### 4°) Recommendations

- To place the accent on the potential role of CBC to take the measure of this hybridizing and hybridisation of borders, as well as the effects of the change of status of an external border to a possible internal EU border.
- To understand these "zoning" effects created by CBC services, as well as the local perceptions of the border as a structural or structuring reality. We would not necessarily advocate its removal, but managed government.
- To deepen the understanding of these border paradoxes, which rest on a multiplicity of representations, practices and situations; widening knowledge of the border as it is established through knowledge of the border at it is lived.
- To distinguish in CBC projects between the results (quantitative in the short term, fulfilling criteria of evaluation, seen in terms of success or failure) and the effects (qualitative, staggered in time, spread throughout social practices and sometimes intangible with evaluation tools that are purely managerial).
- To be attentive to the effects of historical and cultural resonance, which reveal social structures, allegiances or memberships, vested interests arising sometimes from an old underlying foundation, but also demonstrating the fundamental character of forms of mutual knowledge in the logics of co-operation.

- Not to neglect the (cross)-border areas, even if they are deprived, marginal or confined; identifying and placing the accent on these areas as laboratories of relations with neighbouring States, places of passage and special places to observe the challenges and difficulties of integration.
- To reinforce the intermediate levels, small and medium-sized towns, in relaying the European programmes to touch the local border-area population better, and also to carry out a better analysis of the properly-regional logics and the effects of territorial hierarchies.
- To highlight the stabilising role of cross-border initiatives, which allow the neighbourhood to be reinforced as it is lived locally (by closeness, migration, pre-border history) with a more institutionalised neighbourhood, making the exchanges and border relations official.
- To highlight and also analyse the efforts in training in the EU, structuring and essential for neighbourhoods as places for acquiring the necessary tools for implementing and carrying out co-operation projects.

#### 5°) Conclusion: how to observe and analyse local neighbourhoods?

The cross-border projects and considered territories reveal the complexities of neighbourhoods in the Balkans. Designed as a way of neutralising national and territorial splits (rural/urban etc.), CBC appears to bring opportunities for territorial transformation, but also as one dimension among other, sometimes modest, changes occurring in the territories concerned. The European agenda on Neighbourhoods, concerning pacification (from the border as a demarcation boundary to the border as a common heritage) and development (the cross-border regions and euro-regions as opportunities), is strongly integrated at the level of institutionalised speeches, but it is limited on several levels by local, national and regional challenges suggesting that cross-border dynamics should be reconsidered as composite, contextual and changeable.

The overall approach shows that the qualitative study of local perceptions of the CBCs, starting from the lived experiences, is indispensable in understanding the dynamics at work. These experiences and territories, constituted by social interactions rather than spatial characteristics, enable the versatility and multiplicity of the players' logics to be grasped.

Among these routes that we have opened up, we retain three principles in the end, in the form of recommendations aiming to improve the knowledge and qualitative analysis of Neighbourhoods as they are characterised, promoted and planned within the CBCs:

- The concrete implementation and the perception of "cross-border" activity and its effects – prescribed or not, in particular the contribution of the cross-border leverage in re-shaping territories and favouring decentralisation within each State;
- The existence of networking strategies at several levels showing the perception of the neighbourhood as an economic, political and symbolic resource, a local reality, and also as a field of rivalry if not competition;
- The emergence of an institutional and professional sphere acting in the financial field of project funding – cross-border or not – but constituting a major melting pot for the production, dissemination and regulation of forms and standards for co-operation.

#### 5.4. Relations with the ESPON territory

As candidate countries or potential candidate countries the seven Western Balkan countries are in process of EU integration since the Thessaloniki summit held in June 2003, where the EU perspective for the Balkans was confirmed. The Stabilisation and Association Agreements (SAA) were the first steps to membership, with a road map for the adoption of the *acquis communautaire* and a full annual progress report providing recommendations to fulfil EU norms. The process for political and economic

integration is under way but to what extent are territorial relations with the ESPON territory ready to foster this process?

Table 37 - The EU pre-adhesion process in the South-Eastern Neighbourhood, situation in 2012

<i>Country</i>	<i>Status towards EU membership</i>	<i>SAA Signature entry into force</i>	<i>IPA 2007-2013 agreement's signature</i>	<i>Visa liberalisation to the Schengen area</i>	<i>Opening of EU membership negotiations</i>
Albania	PCC	June 2006 April 2009	January 2008	December 2010	
Bosnia and Herzegovina	PCC	June 2008 ratification	July 2008	December 2010	
Croatia	CC since June 2004	October 2001 February 2005			October 2005 EU member as of 1 July 2013
the Former Yugoslav Republic of Macedonia	CC since December 2005	April 2001 April 2004	October 2007	December 2009	
Kosovo under UN res. 1244/99	PCC	Initiative of European Commission October 2007	After February 2008	Initiative of European Commission	
Montenegro	CC since December 2010	May 2010	November 2007	December 2009	June 2012
Serbia	CC since March 2012	April 2008 September 2013	No date available	December 2009	

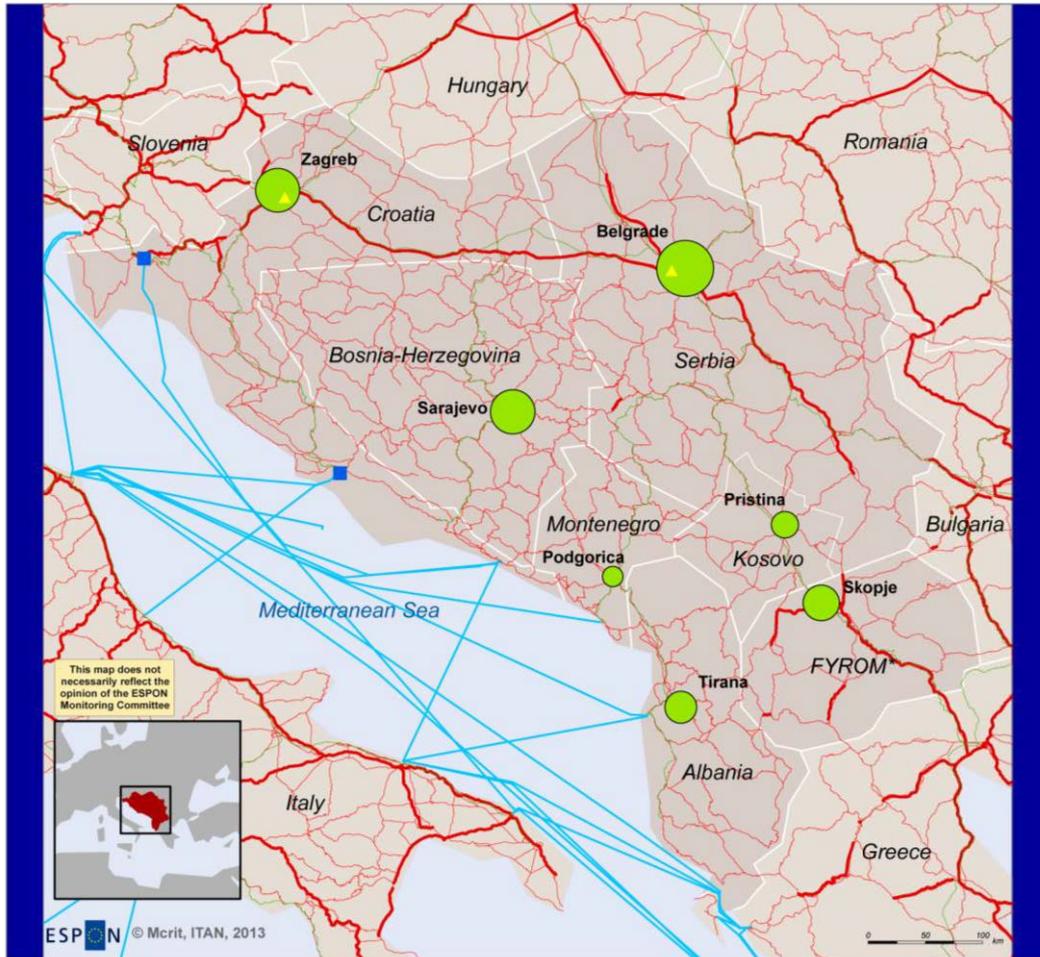
Source: EU delegation in each country

#### 5.4.1. Continuities and discontinuities between the SE Neighbourhood and the ESPON territory

##### 1°) Transport networks

Transports networks are a good indicator to assess the degree of connection and the opportunity to integrate the overall European dynamics.

Map 168 - Transport network in South-Eastern Neighbourhood



**Legend**

- ▲ Larger airports (over 2 million passengers/year)
- Larger sea ports (World Port Index classification)
- High speed rail
- Main railways
- Motorways
- Main roads
- Main ferries lines

**Capitals** ●

- Population**
- 1 000 000
  - 500 000
  - 100 000

(\*) Former Yugoslavia Republic of Macedonia

Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ESPON ITAN, Mcrit.  
 Origin of data: ESRI, WPI-NGA, MCRIT 2013 ITAN Database  
 © UMS RIATE for administrative boundaries

The railway network in the Neighbourhood has both a low density and a lack of hierarchy; countries are not connected to all their neighbours. However, on the northern part, the legacy of rail development under the Austro-Hungarian Empire has given Croatia and Bosnia and Herzegovina a dense network, seriously damaged during the 1990s wars. Maintaining the network and the rehabilitation of railway lines after wars – the destruction of the rail network is estimated to 80% in Bosnia and Herzegovina – needs subsidies whereas countries focus efforts on road networks. As in EU-27, the length of rail network is stable between 2001 and 2010 except in Kosovo where it has diminished by a third.

Zagreb and Belgrade are the main nodes leading towards the Danube lines coming from the ports of Bar (Montenegro) and Vlora (Albania) through Podgorica (Montenegro) or Skopje-Pristina for the latter, and coming from the ports of Split and Rijeka to Zagreb then Ljubljana or Budapest. The ancient Orient Express line between Paris and Istanbul was running through Belgrade on the way from Budapest to Sofia, it is now a touristic although symbolic attraction. A project for the modernisation of

the Budapest-Belgrade line into a high speed railway was launched at the end of 2013 thanks to... Chinese investments.

The road network was mainly developed in the second half of the 20<sup>th</sup> century according to the socialist logics: priority was given to domestic networks rather than international connections [Kocsis 2007]. Until today, there is no motorway in Bosnia and Herzegovina, in Montenegro and in Albania. In former Yugoslavia, the North-West East-South traffic was ensured with a motorway from the port of Rijeka to Belgrade through Zagreb to fulfill domestic needs. According to Eurostat [2013], between 2001 and 2010 the motorways length has been increased by 3 in Croatia, by 80% in Former Yugoslav Republic of Macedonia and by 60% in Serbia. The connection from Belgrade to the Hungarian border is now open to the North, and is completed to the South to Niš: the European corridor X is almost finished, a section is lacking from the Serbian city of Niš to Kumanovo (Former Yugoslav Republic of Macedonia) in order to join Budapest to Thessaloniki.

Meanwhile trans-European Transport Network (TEN-T) corridors have been reformed into nine core network corridors in the framework of the 2014-2020 programming period. The TEN-T core network Orient-East Med is expected to join the ports of Athens-Piraeus and Thessaloniki (Greece) on the Mediterranean shore, and the port of Burgas on the Black Sea (Bulgaria) to Budapest through EU member countries: Sofia, Craiova, Timișoara in Bulgaria and Romania. The historical central nodes from the Mediterranean Sea to Central Europe such as Skopje and Niš are bypassed. For the South-Eastern Neighbourhood, it might create a serious loss of traffic and economic development opportunities. Regarding high speed roads, Bosnia and Herzegovina, Montenegro, Kosovo, and Albania could stay on a periphery out of main road axes to Europe. For Montenegro and Albania, the ports on the Adriatic seashore provide connections to Italy. For Bosnia and Herzegovina, Kosovo, and Former Yugoslav Republic of Macedonia, as landlocked countries, accessibility to the main roads could decrease.

However, the inland waterway connection Rhine-Danube remains in the new European transport priority as a major axis. The River flows through the cities of Novi Sad, Belgrade and Pančevo in Serbia. The inland waterway transport of Bosnia and Herzegovina is directed to the Danube along the Sava River. But conditions for the navigation are still unstable due to the damages during wars and the development of road transport for the trade of goods.

Concerning airports and ports of international importance, only Zagreb and Belgrade have airports with traffic over 2 million passengers per year. Main sea ports are situated in Croatia (Rijeka and Split); the other two-third of the Adriatic seashore present in each country (Bosnia and Herzegovina, Montenegro and Albania) ports of domestic importance.

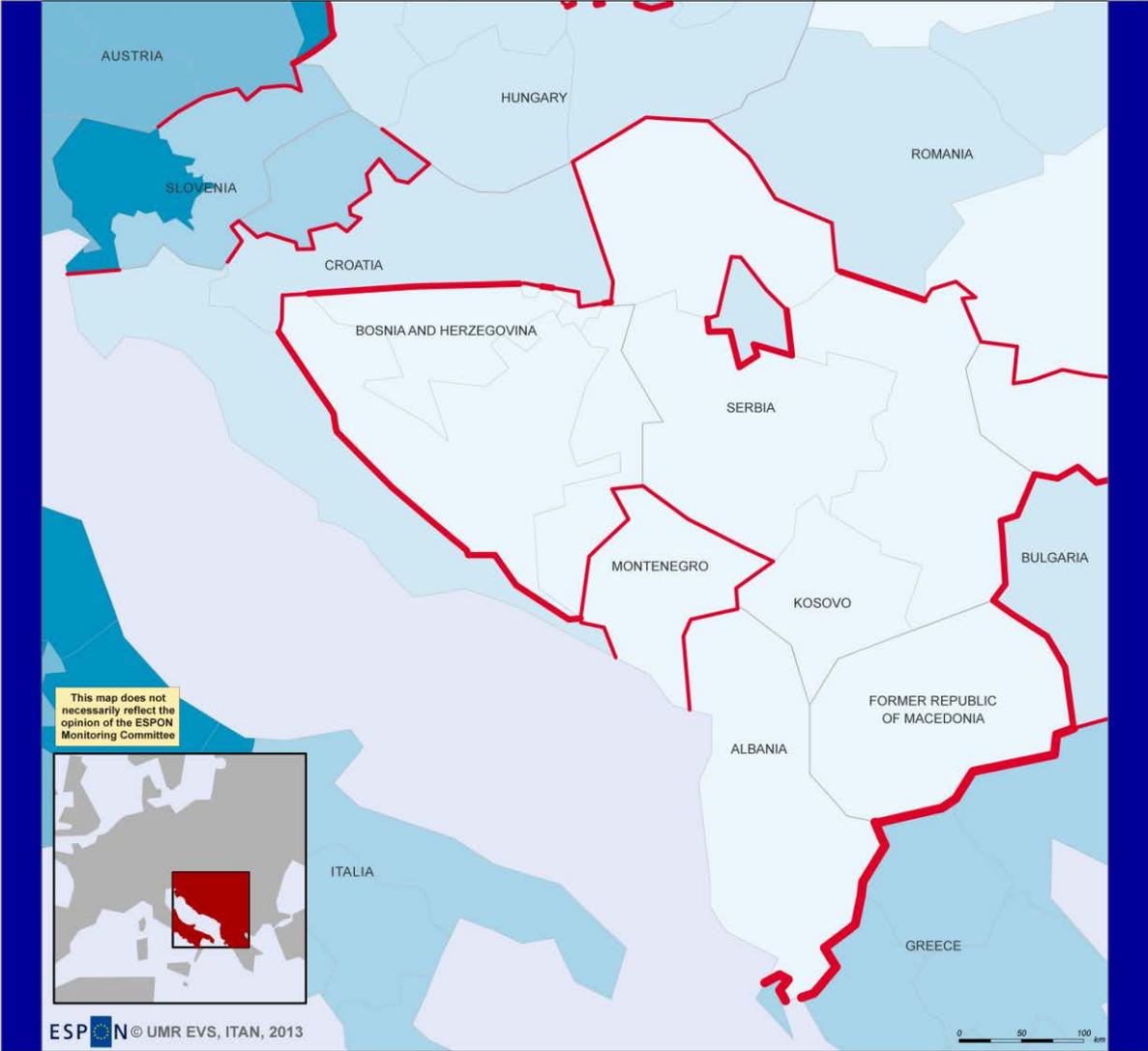
As a consequence, transport networks, especially roads, represent strong discontinuities: high speed roads networks are not yet completed at borders (between Serbia and Bulgaria, Serbia and Former Yugoslav Republic of Macedonia) or simply inexistent. With the expansion of road traffic and controls at EU borders, congestion at checkpoints arises. The lack of networks' hierarchy concentrates flows on domestic single axes with a risk of congestion in the one hand and, in the other hand, a risk of marginalisation for some internal regions, such as central Bosnia and Herzegovina, North of Montenegro and South-East of Serbia, Kosovo and Western Former Yugoslav Republic of Macedonia. Trade facilities are still fragmented according to domestic priorities; transport networks of regional and international importance are limited and need improvement to reach European speed and security norms.

## 2°) The GDP discontinuities with the EU members

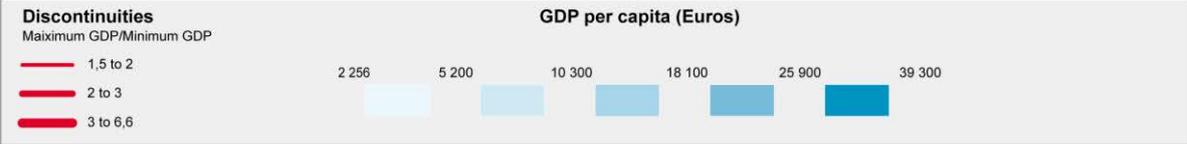
By comparing each regional GDP level of the SE Neighbourhood with that of immediately bordering regions of surrounding EU members, the stress is placed on discontinuity. The method consists in mapping discrepancies of GDP amount along each regional border. The amount of GDP per capita is by 1,5 higher between Montenegro and all its neighbouring countries for example (thicker line), and by 6,6 higher in Dytiki Makedonia than in Albania (larger line).

In the southern part, the boundaries between Greece and both Albania and Former Yugoslav Republic of Macedonia register the highest levels of disparity. Then the discontinuity follows to the North the border between the Former Yugoslav Republic of Macedonia and Bulgaria and partly that of Serbia with Bulgaria, with regional GDP (at NUTS 2 level) ranging from 8 200 euros per capita in the Bulgarian Južno-zapaden region, 3 400 euros in Former Yugoslav Republic of Macedonia, and 2 600 euros in the Serbian region Južne i Istočne Srbije. Hence, the level of discrepancy with the EU territory along the southern borders of Albania, of the Former Yugoslav Republic of Macedonia and partly Serbia mark a new “golden curtain” with the EU. The expression “golden curtain” was used just after the 2004 Enlargement to characterize the new external border of the EU.

Map 169 - Discontinuities of regional GDP in the South-Eastern Neighbourhood, 2010



Regional level: NUTS2 2010 & SNUTS2 V1  
 Source: ESPON Database, ITAN, UMR CNRS EVS, 2013  
 Origin of data: Albanian Institute of Statistics (INSTAT) 2009, Agency for Statistics of Bosnia and Herzegovina 2010  
 The Croatian Bureau of Statistics (DZS) 2010/2011, Statistical Office of Montenegro (MONSTAT) 2010  
 State Statistical Office of the Republic of Macedonia (SSO) 2010/2011  
 Statistical Office of the Republic of Serbia 2010, Kosovo Agency of Statistics (ASK) 2010  
 Eurostat 2010  
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On the Eastern limit of the South-Eastern Neighbourhood with the EU, the discontinuity is lower but still visible between Serbia and Romania and generally approximates 1,7. Finally, the northern limit of the Neighbourhood appears as a scattered discontinuity of regional GDP in three cases: between Serbia and Hungary with a 1,7 factor; between Croatia and Hungary with a factor approximating 2 in favour of Croatia and, between Croatia and Slovenia in two little sectors. It means that elsewhere, regional GDP are more or less equal on the both sides of borders.

Croatia appears closer to the Hungarian or Slovenian levels than to those of Bosnia and Herzegovina or Serbia. With Bosnia and Herzegovina, the GDP of the Adriatic Croatia is almost three times higher than that of the Federation of BiH; central and eastern Croatia exceeds with a factor 2,4 the GDP of the Republika Srpska. Regarding GDP, Croatia is yet closer to the levels of the new member states than to those of the Neighbourhood. In contrast, in the central part of the Neighbourhood regional amounts of GDP at NUTS 2 present similar levels, ranging from 2 500 euros per capita in Kosovo to 3 400 euros in Former Yugoslav Republic of Macedonia with the exception of Montenegro. Since its independence this country has achieved a fast catching up process and now its GDP slightly exceeds 5 000 euros per capita.

For some of the South-Eastern Neighbour countries, internal discontinuities are visible, with the exception of Montenegro, Kosovo, Albania and Former Yugoslav Republic of Macedonia which are considered as equivalent to NUTS 2 level. In Croatia and Serbia, the capital city regions are in discontinuity with their surrounding regions. As in other Eastern and Central European countries such as Hungary and Bulgaria, the capital region concentrates capitals and means of production and more generally modernisation. GDP discrepancies illustrate a domestic political dilemma between concentrating wealth in few regions to be competitive or distributing the efforts in all the regions according to the principle of territorial equity.

As a whole, the Neighbourhood rather presents an internal homogeneity where the highest discontinuities are stretching all along the external border of the EU; Croatia constitutes a notable exception and is already closer to the central Europe levels, except some cases aforementioned.

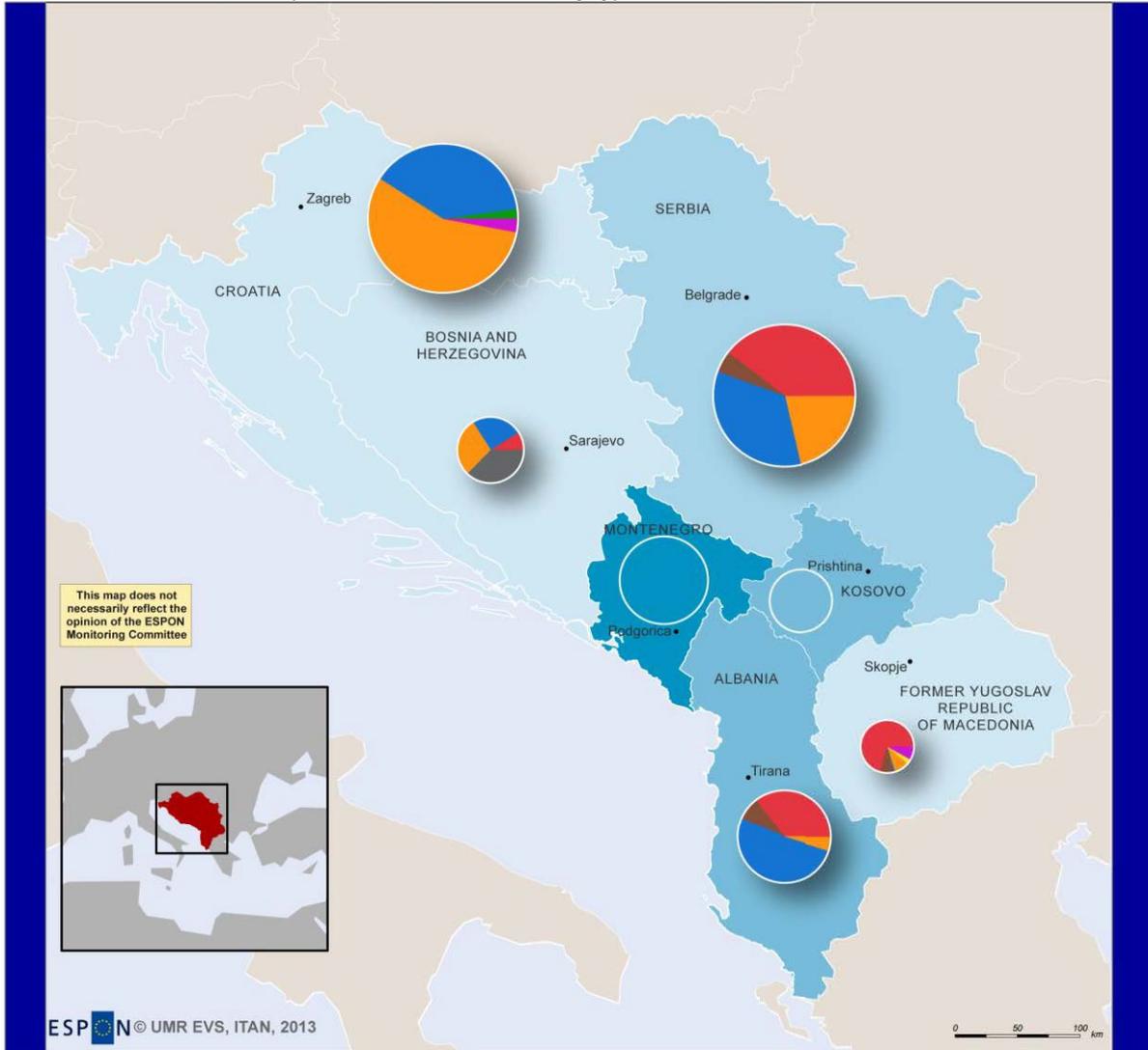
#### 5.4.2. The functional relations: a core-periphery pattern

The Western Balkans correspond to a very minor share of relations and flows of the EU: they only represent 0,5% of European trade of goods in 2011; 0,2% of the Foreign Direct Investments coming in and out; 0,7% of air flows; 0,3% of energy supply, and 6,1% of migrations. In contrast, what is the share of Europe in financial (FDI and public aid) and economic flows (trade) of the Neighbourhood and what is its evolution? Are Western Balkans a periphery of the greater European region?

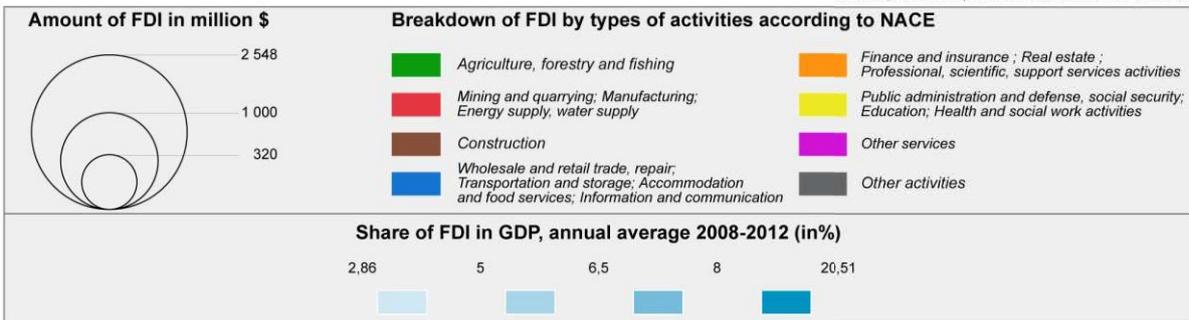
##### 1°) Foreign Direct Investments: a European dependency?

Foreign Direct Investments are of utmost importance for the South-Eastern neighbouring countries to develop their economies: there were no savings (or a few) to invest left by socialist regimes; wars have degraded infrastructures and industries; obsolete technologies needed to be updated. At the beginning of the process, the openness to FDI relied on a large privatisation of state owned enterprises, as it was in Central and Eastern European countries before EU accession. Then, at the end of the 2000s, Western Balkans countries have developed investment promotion agencies; they have introduced a low corporate income tax (10% in Albania and Bosnia and Herzegovina) and are still benefiting from a cost competitive workforce to attract investments.

Map 170 - Breakdown of FDI by types of activities, 2008-2012



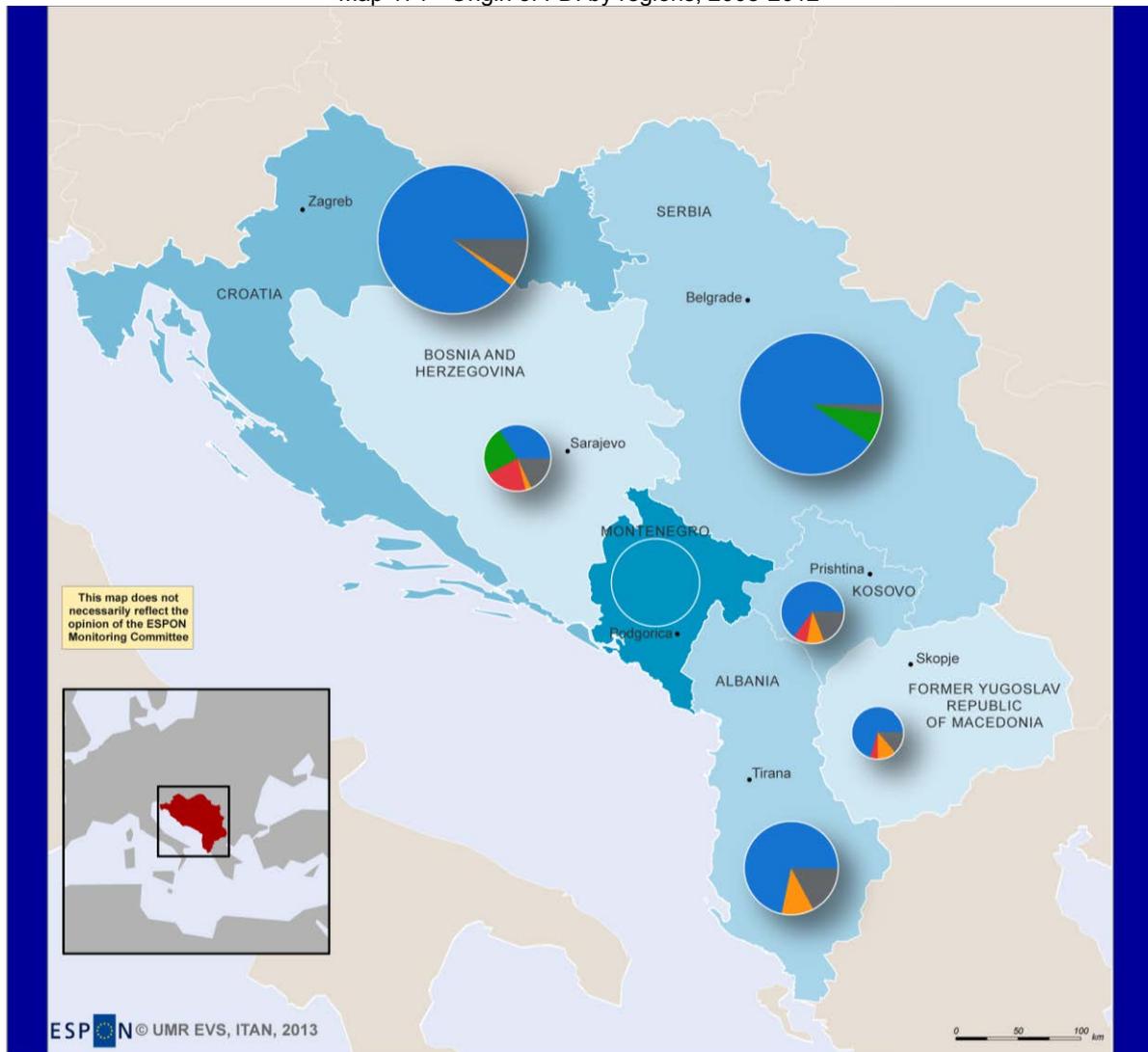
Regional level: NUTS0 2010 & SNUTS0 V1  
 Source: ESPON Database, ITAN, UMR CNRS EVS, 2013  
 Origin of data: United Nations Conference on Trade and Development (UNCTAD), WorldBank 2008-2012  
 Bank of Albania, Central Bank of Bosnia and Herzegovina, Croatian National Bank, Central Bank of Montenegro,  
 National Bank of the Republic of Macedonia, National Bank of Serbia, Central Bank of Kosovo  
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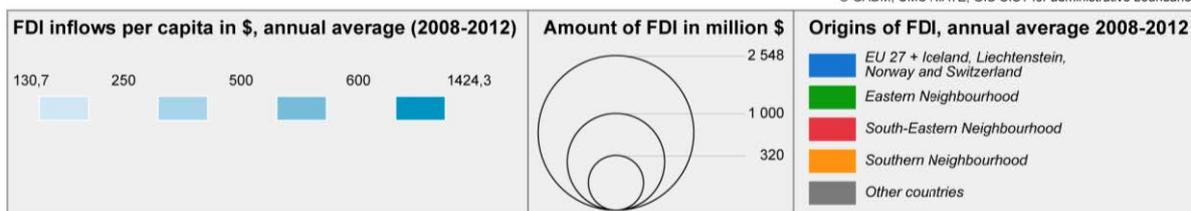
For the period 2008-2012, the average annual share of FDI inflows in GDPs is ranking from 3% in Bosnia and Herzegovina to 8% in Albania; Montenegro is far ahead with 20%. In Bulgaria which entered the EU in 2007, FDI inflows represented 31% of the GDP, from 6% in 2000. In Croatia, on the eve of its EU integration, the share of FDI in the GDP was 2,2% and 9% four years ago. For the entire South-Eastern Neighbourhood, the manufacturing sector appears at the first rank of FDI (30%) followed by the wholesale and retail trade sector, and the financial and insurance sector, and real

estate (24%): in all cases the privatisation is the main factor. Quoted by Botrić [2011], OECD recommends to the Western Balkans countries to promote investments in greenfield projects and in export-oriented activities to boost economy: the shift towards a technology-improving or knowledge economy is not yet engaged (except in Croatia). Botrić states that there was no creation of stable path towards sustainable economic growth in these countries.

Map 171 - Origin of FDI by regions, 2008-2012



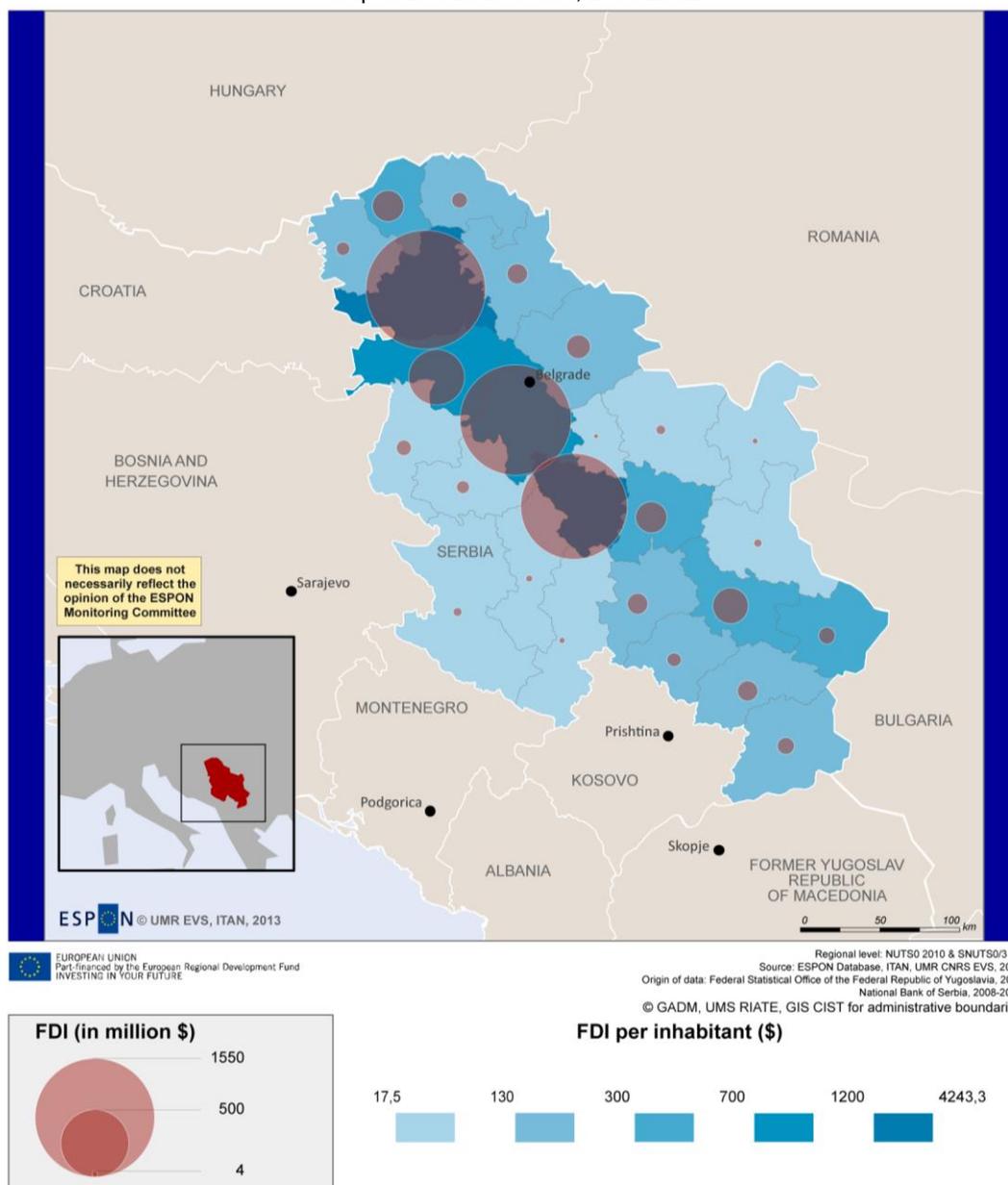
Regional level: NUTS0 2010 & SNUTS0 V1  
 Source: ESPON Database, ITAN, UMR CNRS EVS, 2013  
 Origin of data: United Nations Conference on Trade and Development (UNCTAD), WorldBank 2008-2012  
 Laboratory of Demographic & Social Analyses of Albania (INSTAT), Estimation by Agency for Statistics of Bosnia and Herzegovina,  
 The Croatia Bureau of Statistics (DZS), Statistical Office of Montenegro (MONSTAT), Statistical Office of the Republic of Macedonia (SSO),  
 Statistical Office of the Republic of Serbia, Kosovo Agency of Statistics (ASK), 2011  
 Bank of Albania, Central Bank of Bosnia and Herzegovina, Croatian National Bank, Central Bank of Montenegro,  
 National Bank of the Republic of Macedonia, National Bank of Serbia, Central Bank of Kosovo, 2008-2012  
 © GADM, UMS RIATE, GIS CIST for administrative boundaries



The ESPON countries are the first investors, ranging from 70% of FDI in Former Yugoslav Republic of Macedonia to 91% in Serbia, and only 34% in Bosnia and Herzegovina. Western Europe countries are taking advantage of the geographical proximity and reduction of transports cost to expect expansion of production capacity or to relocate part of their production, for instance in labour intensive industries. South-Eastern Neighbour countries are narrow markets but the EU accession perspective increase confidence as well as the market size. They did not suffer a lot from the financial crisis. However, EU progress reports stress the need of further improvement of business conditions and legislations to warrant investments. The business environment needs improvement of the fight against corruption and informal procedures, and an effort in the quality of infrastructures and energy supply.

- In Albania, investments in labour intensive industries, such as wearing apparel and footwear in relations with Greek and Italian investments, are taking advantage of the low wage level (average wage around 153€ in 2012).
- According to FIPA (Foreign Investment Promotion Agency) from 1994 to 2011, the TOP5 investors in Bosnia and Herzegovina are Austria, Serbia, Croatia, Serbia and Slovenia: the proximity effect is well visible. The increasing share of Russia during the last five years is due to investments in oil sector in Republika Srpska.
- In Croatia, inwards FDI form EU and Efta members (Iceland, Liechtenstein, Norway and Switzerland) represent 88% of FDI during the period 2008-2012. Austria, Hungary, the Netherlands, Germany, and Luxemburg are the five main investors. In 2010-2012, 56% of FDI were oriented towards upper level services and 39% towards common services: this FDI profile differs from that of the other Western Balkans. Croatia invests also in Serbia, and Bosnia and Herzegovina.
- Since its independence in 2005, Montenegro has developed a strategy to attract FDI: the corporate Income tax is 9% and the VAT is 17%, both are the lowest in the Western Balkans. That is why in the period of analysis 2008-2012, the share of FDI in the GDP was around 20%, thanks to the process of privatisation. According to the Montenegrin Investment Promotion Agency (MIPA), three sectors are sharing a large majority of FDI, i.e. finance, tourism (luxury tourism resorts on the seashore with Russian, Qatari, Swiss and Canadian capital) and industry. Between 2001 and 2008 the top investors were Russian federation, Hungary, Great Britain, Switzerland and Cyprus.
- Kosovo receive FDI up to 8% of its GDP (average 2008-2012). Main investors are Germany (20%), Great Britain (11%), Switzerland (10%), Slovenia (10%) and Turkey (9.4%). The young labour force is an opportunity, as well as low wages (average wage in 2011 is 300 €).
- In Former Yugoslav Republic of Macedonia, FDI inflows are among the lowest in the Neighbourhood with 3,3% of GDP. During the period 2010-2012, Slovenia is the main investors (22%) followed by the Netherlands (21%), Austria (17%) and Turkey (11%). 70% of FDI inflows are coming from EU and Efta countries.
- In Serbia, the average share of FDI in the GDP for the period 2008-2012 is almost 6%. Main investors between 2007 and 2011 were Austria (25%), Luxemburg (15%), the Netherlands (13%), Italy (11%) and Russia (7%). The EU and Efta countries send 91% of FDI, the highest share in the neighbourhood.

Map 172 - FDI in Serbia, 2008-2012

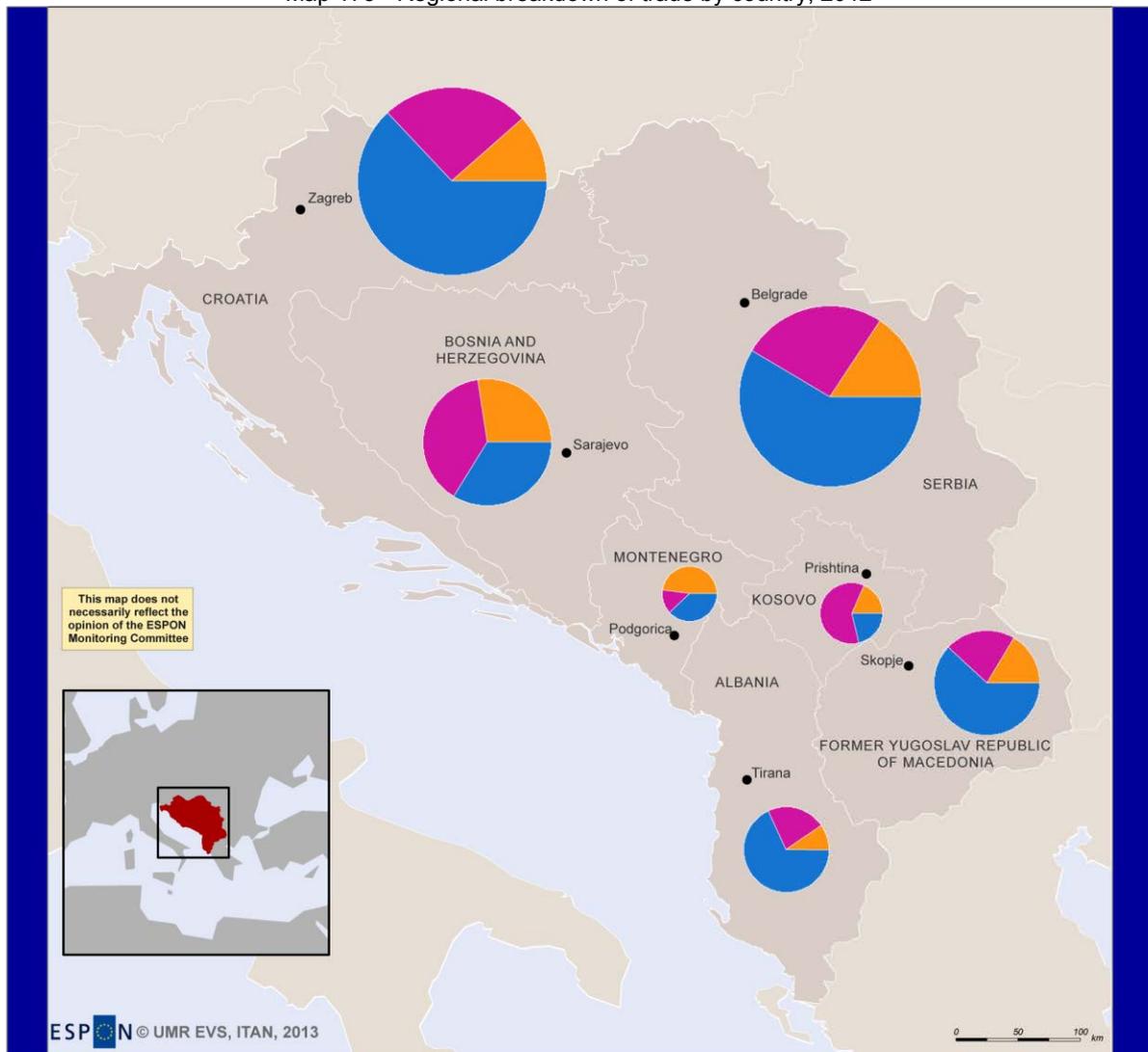


Here we propose a first attempt to map the localisation at NUTS 3 level of FDI in Serbia. A south-east north-west axis concentrates the highest level of FDI per inhabitant following on the southern part the road Istanbul to Budapest through Sofia in Bulgaria, and Pirot and Niš in Serbia. The Morava valley from Niš to Belgrade joins the Tisza valley in Vojvodina, both rivers are tributaries of the river Danube and concentrate the settlement. Three regions attract the highest values of FDI for the period 2008-2012: from North to South. The Southern Bačka headed by Novi Sad is situated in Vojvodina: there, FDI (1 550 million dollars cumulated flows) are concentrated in the oil and gas sector (refinery) and services (Banking and insurance). Belgrade is on the second rank (1 350 million dollars). In the Šumadija, the city of Kragujevac is specialized in the automotive industry: the privatisation of the Zastava complex has attracted investments from FIAT (cars) and Iveco (trucks). The chain of suppliers for the automotive sector has developed.

2°) Trade with the EU: a negative trade balance

The EU-27 and the Efta countries represent 57% of the Cefta members' trade, far ahead of the intra-Cefta trade share (16%). The Neighbourhood depends on European trade. Its trade balance is significantly negative, especially with Western Europe.

Map 173 - Regional breakdown of trade by country, 2012



- In Albania exports cover 40% of imports' value. The country carries out 68% of its trade with the EU-27 and Efta countries. Italy is by far its main partner with 51% of Albanian imports and 46% of Albanian exports, mainly textile and footwear products and mineral fuels.
- Croatia presents a European-oriented trade (63% of its trade), and carries on only 12% of trade with the Cefta zone. Italy is the first trade partner. The Russian Federation and the United States of America are among the top 10 partners.
- As Croatia, Serbia is more EU- and Efta-oriented (58% of its total trade) than Cefta-oriented (16%). To its neighbours, namely Bosnia and Herzegovina and Romania, Serbia exports agricultural products. Manufactured products, such as wire and cables, tyres for the automotive industry, go to Germany and Italy.
- Bosnia and Herzegovina external trade is more balanced between EU and Efta (34%), Cefta (27%) and the rest of the world (39%).
- Montenegro has the same profile as Bosnia and Herzegovina with high share of trade with Cefta (48%) but a reduced one with the rest of the world (14%) – international trade carried out in the vicinity. Almost half of its exports are with Serbia and Croatia.
- Kosovo under resolution 1244/99 makes its trade with Cefta (only 18%), EU and Efta (21%) but mainly with the rest of the world (60%). Due to its international status, it appears as more opened on the world. The trade balance is broadly in deficit: exports covers only 11% of exports.
- The first trade partner of the Former Yugoslav Republic of Macedonia is EU and Efta (62%), the Cefta only represents 16%. Trade deficit is relatively limited: 65% of exports cover imports.

As a whole, the Cefta does not prove an integrated zone where internal trade would be favoured.

### 3°) Public aid

According to the OECD, the Official Development Assistance (ODA) towards South-Eastern Neighbour countries is in a large extent ensured by EU institutions, EU member states and Iceland, Lichtenstein, Norway and Switzerland. Serbia gets the higher amount of ODA, of which 86% from European sources. Kosovo is at the second rank (6<sup>th</sup> rank according to population): international supervision has been replaced by that of EU, including in the field of development aid, even if the USA appear at the second rank of contributors. The Former Yugoslav Republic of Macedonia and Montenegro have the lowest European dependency rate (66%) due to the place of Turkey among principal donators. Turkey appears as a regional power in the field of ODA especially in countries where Muslim communities are represented. In Albania, Islamic organisations or countries, such as the Islamic Development Bank and Kuwait are contributors.

The regional breakdown of trade, FDI and ODA show a strong dependency of the Neighbourhood vis-à-vis Europe. Flows are unbalanced (trade balance negative, one way FDI), the core-periphery pattern characterises the regional integration of the Western Balkans to the EU's territory. One of the reasons is related to Western Balkans themselves: this Neighbourhood is not a unique area that would be well connected and economically integrated. Moreover, if the majority of these countries receive the largest share of FDI from the EU and the Efta countries, southern states (Albania, Kosovo and Former Yugoslav Republic of Macedonia) attract also Turkish investments (about 10%), Serbia and Bosnia and Herzegovina attract significant Russian investments.

Table 38 - Official Development Aid (ODA) in the South-Eastern Neighbourhood 2010-2011

Country	Total ODA (millions \$) Average 2010-2011	ODA provided by European organisations and EU-27 + EFTA countries (millions \$)	Share of European organisations and EU-27 + EFTA countries in total ODA	TOP 5 contributors to ODA
Albania	379	288	76%	1. EU institutions; 2. Italy; 3. Greece; 4. Germany; 5. USA
Bosnia and Herzegovina	496	400	81%	1. EU institutions; 2. IDA; 3. USA; 4. Germany; 5. Austria
the Former Yugoslav Republic of Macedonia	192	127	66%	1. EU institutions; 2. USA; 3. Germany; 4. Japan; 5. Turkey
Kosovo under UN res 1244/99	639	504	79%	1. EU institutions; 2. USA; 3. Switzerland 4. Germany; 5. OSCE
Montenegro	83	55	66%	1. EU institutions; 2. Germany; 3. USA; 4. Turkey; 5. Luxemburg
Serbia	661	550	84%	1. EU institutions; 2. Germany; 3. USA; 4. IDA; 5. Sweden

Source: OECD. IDA: International Development Association, the World Bank

#### 5.4.3. The cooperation with Europe and within the South-Eastern Neighbourhood

Contrarily to the other Neighbourhoods, this Neighbourhood is not reliant on the ENPI, due to the process of EU accession. Financial funding and territorial cooperation are driven by the European Commission, DG Enlargement. We consider in this part not flows but relations in order to document the ITAN *regionalism* issue.

1°) Diplomatic areas of influence: to what region belong the seven countries of the SE Neighbourhood?

In the framework of the ITAN project, we have collected in a database the diplomatic structure of each state of the world, according to its diplomatic lists. It establishes with which countries each state has regular diplomatic relations, in which capital cities it has a resident embassy and in which capital cities it has no diplomatic representation, even if it has diplomatic relations with the country. In this case, the diplomatic relations are supported by a corresponding embassy situated in another country, and which is, as a consequence, competent for more than one state. The database gathers this information for each ESPON member state and each neighbouring countries considered by the ITAN project.

For instance, Iceland has got only 11 embassies in the area studied by ITAN but has diplomatic relations with 43 countries. It means that the diplomatic relations of Iceland with 32 countries are made through the competence of a non-resident embassy. For its relations with Italy, Iceland uses the Icelandic embassy in Paris. The Parisian embassy is said to be the corresponding embassy of the non-resident embassy in Italy.

In this study, we analyse the relations between non-resident embassies and their corresponding embassies, in order to know where are located the diplomatic representations, following the hypothesis that the concentration of embassies and corresponding embassies in a country is an indicator of the diplomatic influence and power of the same country. The more a capital city concentrates an important number of resident and corresponding embassies, the more the country is considered as powerful. A second hypothesis states that the geographical proximity matters to host a non-resident embassy. In other words, for countries of the whole world, according to the localisation of their embassies, to what region belong the seven countries of the Western Balkans?

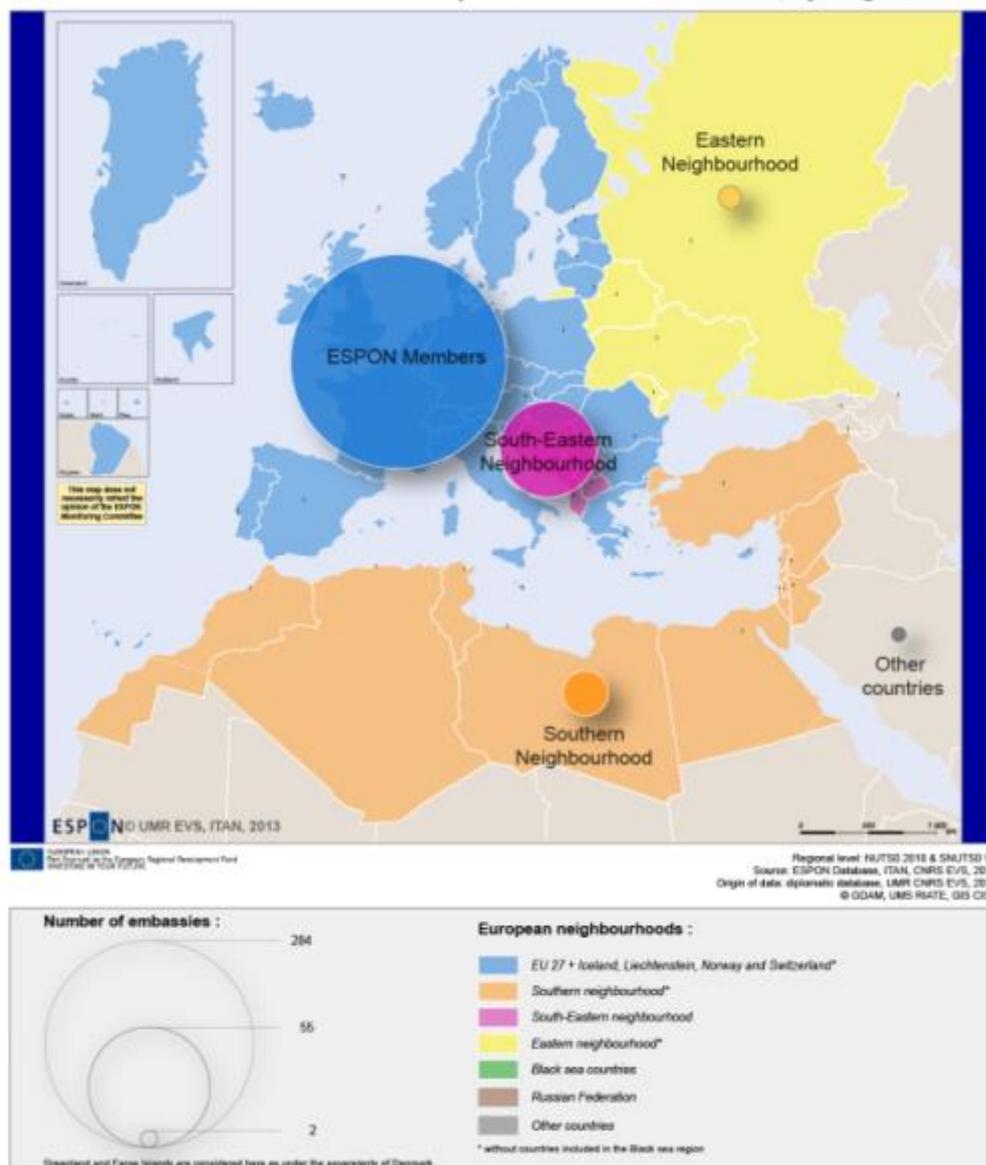
Table 39 - Breakdown of diplomatic representations of all the states in the South-Eastern neighbouring countries

<i>Competent embassy for</i>	<i>Number of resident embassies</i>	<i>Number of non-resident embassies</i>				
		<i>Total</i>	<i>Of which in SEN</i>	<i>Of which in ESPON countries</i>	<i>Of which in another neighbourhood</i>	<i>Of which in the rest of the world</i>
Albania	31	63	5	53	4	1
Bosnia and Herzegovina	42	52	8	42	2	0
Croatia	54	56	1	54	0	1
the Former Yugoslav Republic of Macedonia	30	48	11	32	5	0
Kosovo under UN res 1244/99	28	17	5	9	3	0
Montenegro	24	48	25	22	1	0
Serbia	97	74	0	72	2	1
TOTAL	306	358	55	84	17	2

Source: ITAN diplomatic database

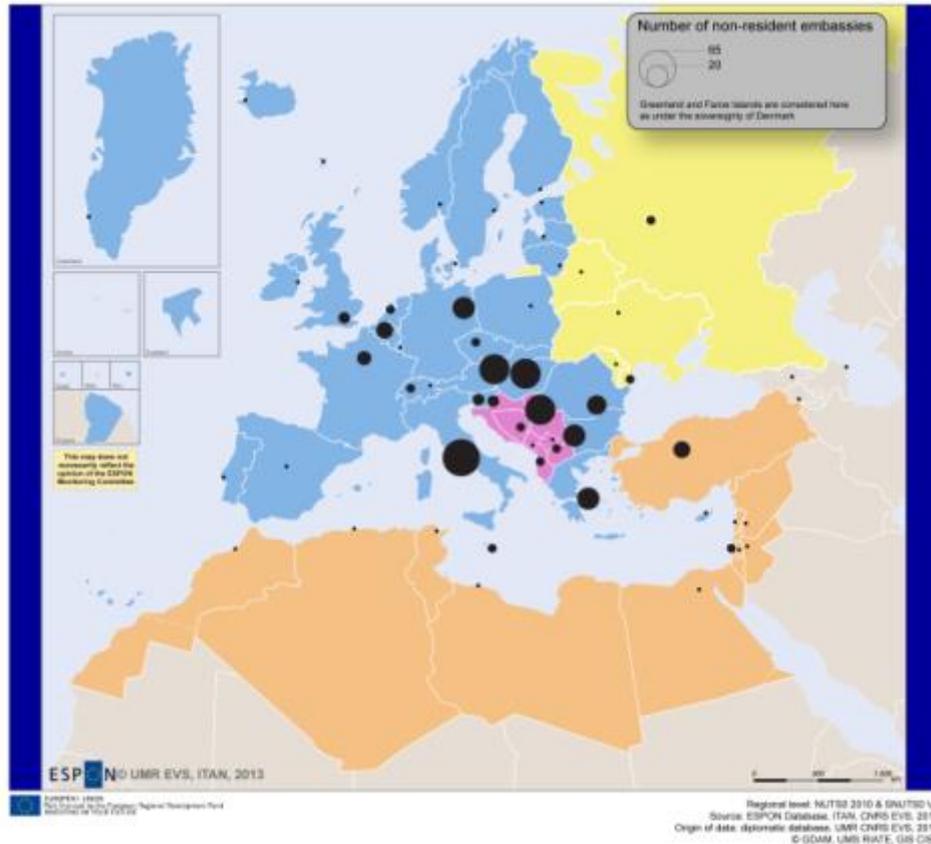
The diplomatic representations of all the countries in the world show the different diplomatic status of the seven countries of the Western Balkans. The number of non-resident embassies is inversely related to the diplomatic weight of the country. Belgrade hosts more resident embassies than non-resident ones; the breakdown is almost equal for Zagreb. In Kosovo, the international supervision on this country explains that all the states that have diplomatic relations with Pristina do have a resident embassy in the country. For the rest of the Western Balkans countries, the number of non-resident embassies is higher than that of resident embassies: it means that embassies in other country are competent for Albania, Bosnia and Herzegovina, Former Yugoslav Republic of Macedonia and/or Montenegro.

Map 174 - Number of non-resident embassies competent for the SEN countries, by Neighbourhood



According to the diplomatic representations of all the foreign states, the South-Eastern neighbouring countries belong to Europe: the capital cities of EU member states, Iceland, Lichtenstein, Norway, and Switzerland host a large majority of embassies also competent for the South-Eastern neighbouring countries. Only 19 non-residents embassies are located outside Europe among 358 (5%). It means that the Western Balkans are little internationalised and depend mostly on their immediate Western neighbourhood as diplomatic representative.

Map 175 - Number of non-resident embassies competent for the SEN countries, by country



In details, the territorial breakdown of non-resident embassies registers the effects of proximity and history. In Italy 65 embassies are competent for the Western Balkans countries: Roma counts “double” due to the fact that the Italian capital city is both the head of Italy and Vatican. This particularity explains the huge concentration of diplomatic representations in Roma. The geographical proximity of Albania and the relationships between both countries also matter: Roma hosts 27 non-resident embassies for Albania. For the same country, Greece hosts 14 non-resident embassies. After Roma, Vienna and Budapest are at the second and third rank, respectively with 46 and 41 non-resident embassies. The legacy of the Habsburg Empire is still visible in the former lands that were under its rule: 20 non-resident embassies in Vienna and 10 in Budapest are competent for Croatia, 13 in Budapest are competent for Bosnia and Herzegovina. At the fourth rank, Belgrade hosts 39 non-resident embassies of which 24 for Montenegro, the last state that has declared its independency from the Former Yugoslavia in 2005 (if we except Kosovo under UN resolution 1244/99). Then Sofia, Athens as other Balkan capital cities host around 20 non-resident embassies, 11 of them are competent for Former Yugoslav Republic of Macedonia in the Bulgarian capital city.

## 2°) Territorial cooperation: a focus on cross-border cooperation (CBC)

The South-Eastern neighbouring countries as candidate or potential candidate countries receive funding allocations from the EU in the framework of the Pre Accession Instrument (IPA). IPA replaces CARDS for the programming period 2007-2013; both were implemented to enhance the Regional Cooperation Council (2008) which is the successor of the Stability Pact for South-Eastern Europe (1999). Candidate countries have access to 5 components of the IPA and potential candidate countries have access to the first two: Transition Assistance and Institution Building (I) and Cross-Border Cooperation (II). Other components are: regional development (III), human resource development (IV), and rural development (V).

Table 40 - Breakdown of the IPA funds for the programming period 2007-2013

	IPA Component	I	II	III	IV	V	Total
Albania	Total in €	528 392 157	66 135 585				594 527 742
	in %	89	11				100
	in €/hab	189	24				212
Bosnia and Herzegovina	Total in €	621 425 534	34 098 883				655 524 417
	in %	95	5				100
	in €/hab	162	9				171
the Former Yugoslav Republic of Macedonia	Total in €	242 062 110	32 326 703	274 388 813	54 516 000	85 879 552	689 173 178
	in %	35	5	40	8	12	100
	in €/hab	118	16	133	26	42	335
Kosovo under UN res. 1244/99	Total in €	626 448 937	8 916 879				635 365 816
	in %	99	1				100
	in €/hab	369	5				374
Montenegro	Total in €	166 537 548	30 315 037	22 752 941	5 608 000	10 585 467	235 798 993
	in %	71	13	10	2	4	100
	in €/hab	269	49	37	9	17	380
Serbia	Total in €	1 306 937 326	78 713 172				1 385 650 498
	in %	94	6				100
	in €/hab	182	11				193

Source: European Commission, DG Enlargement

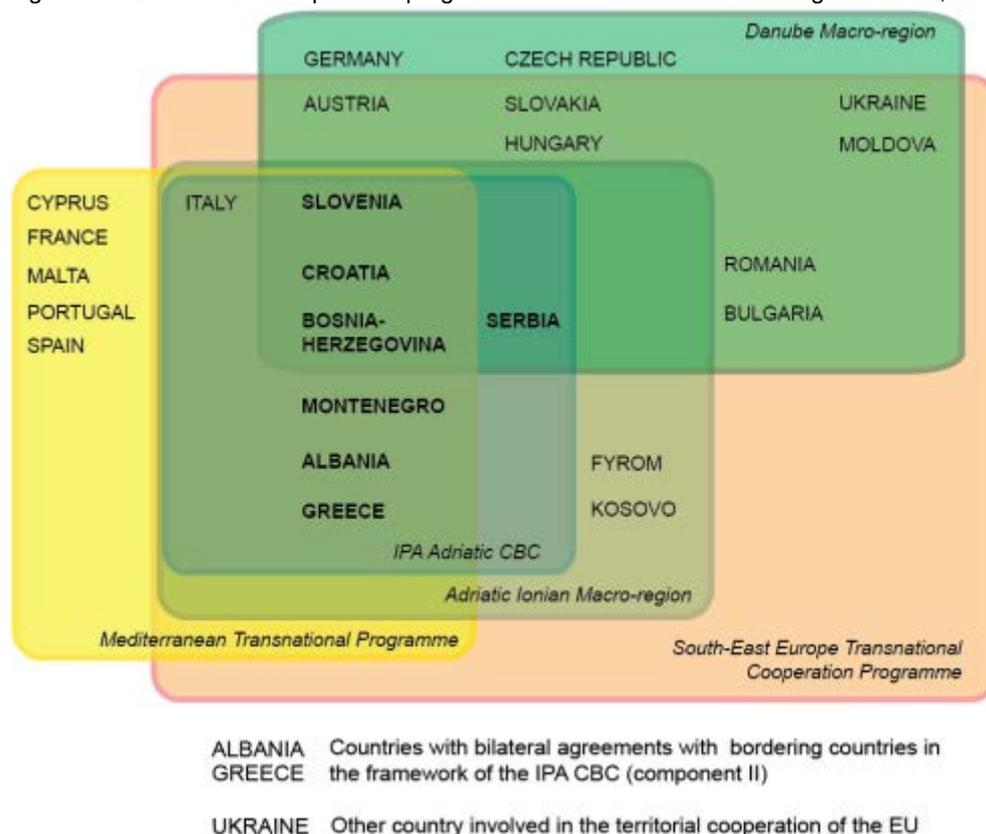
The vast majority of IPA funds are focused on transition assistance and institution building dedicated to the reinforcement of administrative capacity in recent and/or reforming states affected by the dismantling of Yugoslavia and the collapse of the socialist regime. The share of the CBC does not exceed 5 or 6% except for Albania and Montenegro, respectively 11 and 13%. Due to its special status regarding international definition of state, Kosovo receive 99% of IPA funds in the framework of the first component. Candidate countries in 2011 receive more funds per capita (amount above 330€ per inhabitant), except Kosovo.

Despite the low share dedicated to CBC in the Western Balkans, the case study has shown that for countries where terrestrial borders were institutionalised after 1991 (except for Albania) CBC is of utmost importance. Concrete projects financed by IPA on the border between Greece and Albania, Greece and Former Yugoslav Republic of Macedonia, and between Former Yugoslav Republic of Macedonia and Albania have stressed the role of the local actors, the importance of the history of the border, and the progressive change of the border status.

Lessons learnt from the case study are the following:

- Shifting from a linear border to a border zone through CBC projects shows the acuity of historical and 'minority' issues on peripheries of young states. Depressed and peripheral border zones appear as laboratory of new integration processes
- Implementing CBC changes the border status as a resource for cooperation: the territorial approach at local level is more relevant than the sectorial one.
- New actors are emerging from CBC: civil society, local communities, self-government units find a way to express themselves : their professionalisation is under process and needs to pay attention to actor's training
- The CBC institutionalises borders and emphasises a local neighbourhood based on proximity, migrations and exchanges. In fact, local practices have impacts at upper scale regarding administration process and introduce more stability. The need to strengthen intermediate levels (small and medium towns) in CBC projects gives the opportunity to promote territorial development.

Figure 39 - EU territorial cooperation programmes in the South-Eastern Neighbourhood, 2012



Other European initiatives have implemented a territorial approach rather than a sectorial one. In the framework of Transnational Cooperation Programs, Macro-regional Strategies, and European Grouping of Territorial Cooperation (EGTC), South-Eastern neighbouring countries have been involved. According to the Association of European Border Regions (AEBR), there are 13 euroregions, and one EGTC (Banat Triplex Confinium between Hungary and Romania where Serbia is observer member). Main lines of the territorial impacts of Transnational Cooperation programs and EGTC have been addressed in the ESPON TERCO project. We can observe inside the Neighbourhood an internal core-periphery pattern: Kosovo and Former Yugoslav Republic of Macedonia are less involved than other countries in a range of territorial cooperation initiatives.

A focus on macro-regional strategies will complete the overview on territorial cooperation. Shifting administrative borders in favour of a territorial extend based on common challenges or problems is one of the main innovation of macro-region. Limits of macro-regions are flexible according to main challenges and problems: some issues are transversal and encompass administrative borders such as pollution or floods, other are common to different countries and regions, such as demographical issues [Duhr 2011]. Their resolution needs territorial coordination rather than scattered initiatives and a multi-level governance rather than a centralised action. This integrated approach stresses on functional territories which are not overlapping with administrative territories. Concerning the SE Neighbourhood, two macro-regional strategies have been adopted:

1. The Danube macro-regional strategy (EUSDR), adopted in 2010, encompasses fourteen countries (totally or partially) and is based on the Danube river catchment basin. Four countries of the Neighbourhood are included: Croatia, Bosnia and Herzegovina, Montenegro and Serbia.
2. the Adriatic-Ionian macro-region strategy (EUSAIR) was endorsed in 2012 by the European Council, the public consultation has been launched and results are expected in February 2014. The macro-region encompasses 8 countries: Greece, Italy (9 regions), Slovenia as EU member states, Albania, Bosnia and Herzegovina, Croatia, Montenegro and Serbia, and

stretches on both sides of the Adriatic sea. For the moment, no official strategy is available, as the process is under discussion.

If we focus on the Danube macro-region, the interest of the South-Eastern Neighbourhood countries is not obvious: during the consultation phase, among 92 respondents only a Croatian association answered the European Commission's call. The list of the detailed projects with precise localisation of partners and exact amount of funds is difficult to build: according to the "3 no", there is no new funding nor new regulation nor new institution in a macro-regional strategy. Hence, each project supported by the macro-regional strategy is firstly financed in the framework of another European programme. In the next programming period 2014-2020, the trend to develop macro-regions is going on and is raising questions.

- (i) The relation between INTERREG B supported by the Cohesion policy in the framework of the transnational cooperation and macro-regional strategies is under question: will the territorial and multi-level approach of macro-region replace the transnational level of INTERREG B?
- (ii) The future Adriatic-Ionian macro-region strategy (EUSAIR) is built on a territorial discontinuity, that of the Adriatic sea. Western Balkans countries involved in the project will be oriented to the sea as a foreland, but we have stressed the fact that Neighbourhood is fragmented with borders and discontinuities, what about the interconnections of hinterlands in this strategy?
- (iii) Finally, Kosovo and Former Yugoslav Republic of Macedonia remain excluded from both strategies due to their geographical position: as continental enclaves, they have neither seashore nor tributary to the Danube. This fosters fragmentation and a risk of a two speed integration process in a neighbourhood already fragmented.

#### 5.4.4. Synthesis and policy orientations

##### 1°) Synthesis

Two main features of this Neighbourhood have to be kept in mind: (i) the South-Eastern Neighbourhood is not surrounding Europe but is including within it as an internal neighbourhood: all its neighbouring states are members of the EU. (ii) The Western Balkans represent 4,3% of the ESPON countries' population and 5,4% of their territory. Yet it is an important area for Europe.

##### *From "Western Balkans" to "South-East Europe"*

After the 1990 decade of wars, political and economic unrest, the SE Neighbourhood converges in many ways with the general trends observed in Europe. It presents some common features with the rest of Europe:

(i) Regarding demographical structures and dynamics. The demographic transitions completion and even the acceleration of natural decline show a convergence with the natural demographical trends observed in many parts in Europe. However, in contrast with Western Europe, demography is deeply influenced by external and internal migrations, and the latter both within the Neighbourhood (many displaced persons during war time) and with remote countries namely European. That being said, due to the reduction of the demographic reservoir by the population decline, a major push factor of migrants (a working age population rather well educated) from the Western Balkans countries towards Europe shall not be expected. Furthermore, migrations are changing to temporary stays in the Western countries; migration practices should be better recorded and analysed as forms of modern "mobility". Last, the concentration of population in coastal plains, valleys and cities is common to the rest of Europe: the settlement pattern also converges to that of Europe.

(ii) Regarding the Europeanisation of territorial reforms. South-Eastern Neighbour countries have undertaken deep administrative and territorial reforms due to the failure of the socialist regime. As candidate countries or potential candidate countries, they take into account the European demands registered in each national progress report. In the field of local competencies, the shift from state de-

concentrated units to self-government is an ongoing process, despite unclear distribution of competencies in the legislation. The weakness of civil societies, the degree of corruption, and the party political configuration are holding back further progress.

(iii) Regarding the diplomatic relations: for foreign countries, the South-Eastern Neighbourhood belongs to Europe. The capital cities of ESPON states host 95% of the non-resident embassies also competent for the South-Eastern Neighbour countries.

*Yet, more territorial discontinuities than continuities between this Neighbourhood and Europe*

(i) Borders, mobility and new barriers. Since 1989 and the dismantling of the Socialist Federative Yugoslav Republic, the Neighbourhood's countries are in process of borders creation of (what we called "re-bordering"), both internal (within the Neighbourhood and which have become "international" borders) and external. The external border control with EU's countries have been strengthened by the EU following the Enlargement of the EU in 2004 and 2007 and the development of the Schengen area: visa regime and controlled circulation led to a perception of borders as barriers more than contact points. Note that for Bosnia and Herzegovina, Kosovo under UN resolution 1244/99 and Montenegro, access to the EU requires to cross another country.

(ii) Insufficient market integration. In 2012, the intra-CeFTA trade (Central and European Free Trade Agreement) corresponds to only 16% of the external trade of the South-Eastern Neighbour countries, and this share does not rise.

(ii) Transport networks, especially roads, represent strong discontinuities with European networks: high speed roads are not yet completed at borders or simply do not exist. Congestion at checkpoints arises. The lack of networks' hierarchy concentrates flows on domestic single axes with a risk of congestion. Trade facilities are still fragmented according to domestic priorities; transport networks of international importance need improvement to reach European speed and security norms.

(iv) The position at the crossroads of the South-Eastern Neighbourhood is of utmost importance for gas and oil trade to Europe in order to bypass the Turkish straits with a new terrestrial road, to join the Western Europe through the Danube plain or through the Adriatic shore, and to diversify energy roads coming from the Caspian and Russian fields. However, many projects have aborted or have been delayed due to numerous bilateral agreements rather than a clear European energy policy.

(v) Rising discontinuities. In the Neighbourhood, the discrepancies of the levels of GDP per capita vis-à-vis EU' neighbouring territories are high, except for Croatia which is close to European averages. Within the South-Eastern Neighbourhood internal disparities are quite low, except when it comes to the capital areas (Zagreb, Belgrade, Tirana and Skopje). The Neighbourhood will face the classic dilemma between territorial equity and competitiveness to compete in a globalised Europe.

*A core-periphery pattern between Europe and the Neighbourhood*

(i) Unbalanced relationship with EU. The Neighbourhood represents 0,5% of European trade of goods in 2011, 0,2% of the Foreign Direct Investments (FDI) coming in and out the ESPON countries. But reversely, the ESPON countries: send 70% to 90% of FDI inflows in the South-Eastern Neighbourhood; give between 66% and 84% of its official development assistance; make 57% of the international trade of the CeFTA countries – with positive trade balance for Western Europe countries.

(ii) Other international actors are there. The presence of the interests of Turkish stakeholders (in FDI flows to Albania, Kosovo and Former Yugoslav Republic of Macedonia), of Russian stakeholders (ODA and FDI to Serbia and Bosnia and Herzegovina) confirms that this Neighbourhood show the interest of several economic powers.

### *The internal diversity of assets, standpoints and strategies*

(i) The diversity of national trajectories. The case study based on an in-depth analysis of the tri-point border between an EU member state (Greece), a candidate country (The Former Republic of Macedonia), and a potential candidate country (Albania) has shown different experiences in state-building and borders history which remain sensitive issue, with various local way to adapt and to turn borders into resources.

(ii) A large diversity of landscapes and environmental resources. Countries are more concerned with floods and international cooperation around northern river basins, whereas in the southern part (Albania and the Former Yugoslav Republic of Macedonia) environmental stakes are more related to Mediterranean issues.

(iii) Strategy to European integration. Kosovo under UN resolution 1244/99, Montenegro and, Bosnia and Herzegovina, as new states independent respectively since 2008, 2006 and 1995 need to consolidate their state building. The situation in the Former Yugoslav Republic of Macedonia since 2001 raises a similar issue. Kosovo under UN resolution 1244/99 and Former Yugoslav Republic of Macedonia appear as landlocked countries without seashore and without any important tributary to the Danube, they stay partly out of EU cooperation programs. Croatia and Serbia as the biggest countries in the Neighbourhood with territories more opened on the Danube plain, have better assets to join the European dynamics. According to a range of indicators, Croatia is closer to Eastern and Central European countries than to its Neighbourhood.

### 2°) Policy orientations

#### *Addressing European territorial discontinuities*

- Connecting places through transports is a condition for better integration, both within this fragmented Neighbourhood and vis-à-vis the EU's territory. The development of a thorough network including access roads could foster the European accessibility and contain depopulation by developing hierarchical networks at local and regional levels instead of only focusing on high speed roads.
- The Neighbourhood presents a huge diversity of landscapes and specificities (such as islands, mountainous regions and sparsely populated areas); the cohesion policy already targets territorial imbalances and areas with specific geographical features. It could now focus on tailor-made objectives to take into account particular needs.
- Challenges of migrations and security border control could be more differentiated between nationals of South-Eastern Neighbour countries and illegal migrants. Turning the high level of working age population as a resource for labour markets in enhancing training, skills, professional and student mobility would promote a mutual advantage of the sense of mobility of the South-Eastern Neighbour people.

#### *Developing markets and functional relations*

- Fostering the internal integration within the Neighbourhood's countries could be a first step towards European integration. It could enhance complementarities rather than competitiveness between Cefta's members. If Cefta was conceived as a lever for internal market cooperation instead of a simple antechamber of the accession process, it would better participate to the trade dynamics between Western and Northern Europe and Mediterranean overseas such as Turkey.
- Turning both the core-periphery pattern and the strong dependency on Europe into a cooperation pattern would create a secondary pole in a polycentric Europe. It would contribute

to stabilise settlement there, it would take advantage of the well-educated working force, and it would enhance more ambitious interaction with EU's stakeholders.

- Developing alternative energy routes through the South-Eastern Neighbourhood could help fighting against the congestion of current pipes and securing energy supply. It needs however a united political vision of all the EU members states regarding energy policy.

#### *Fostering territorial international cooperation*

- To put the stress on regionalisation process rather than regionalism process could be of major interest: as for example in the Baltic Sea Region, a European common vision should provide a real perspective, shared by all the EU members, highlighting the place of the South-Eastern Neighbourhood in the European territory's future.
- Enhancing territorial cooperation could be better based on cross-border cooperation. Borders can be considered laboratories: terrestrial borders are rather depopulated areas and are in a sense double periphery. Hence, focusing on borders is a good manner to observe the challenges of integration. Reinvesting the intermediate levels (such small and medium-sized towns) is also another way to better focus on territorial key issues by a bottom-up process. The stability of partners is important to facilitate the continuity of projects.

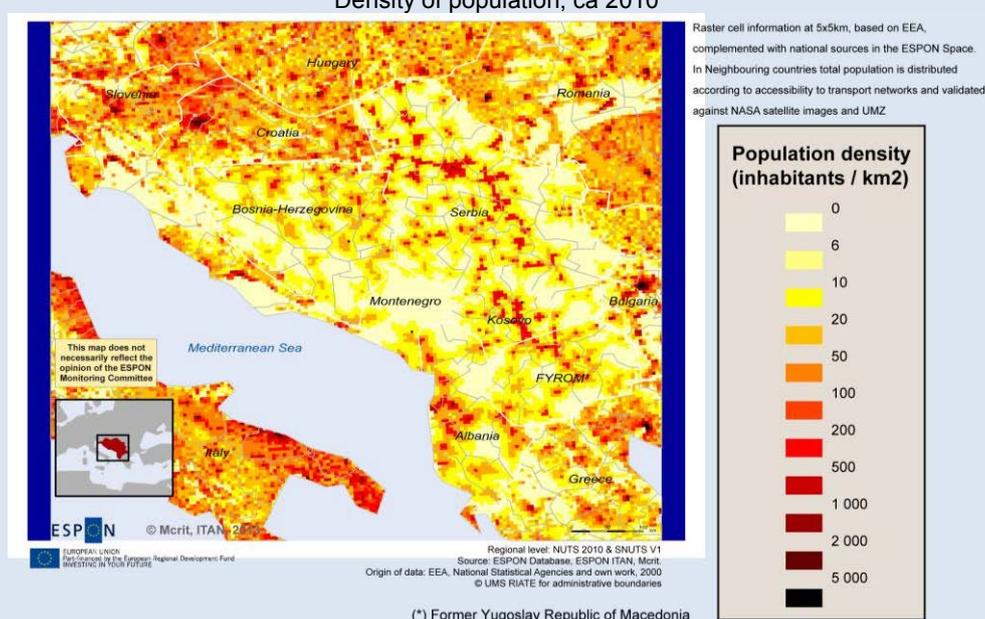
Developing a territorial approach from local scale to European level through CBC could contribute to better address spatial imbalances and complete transnational partnership based on a sectorial approach.

### South-Eastern Neighbourhood

**Albania – Bosnia and Herzegovina – Croatia – Kosovo (under UN SC 1244/99) – Former Yugoslav Republic of Macedonia – Montenegro – Serbia**

	1994 → 2011				1990 → 2011	2010
	Total population (million persons)	Population annual growth (%)	Share of world GDP at current prices (%)	GDP per capita (US \$)	Human Development Index (non demographically weighted average)	Greenhouse Gas emissions per capita (tons CO <sub>2</sub> equivalent)
<b>All Neighbourhoods</b>	470 → 525	0,7	3,4 → 5,9	1 965 → 7 834	0,589 → 0,719	7,8
<b>South-Eastern Neighbourhood</b>	23,6 → 23,1	- 0,1	0,2 → 0,2	1 923 → 6 966	0,656 → 0,756	6,4
<b>E.U.</b>	483,1 → 507,8	0,3	29,9 → 25,3	16 625 → 34 826	n/a → 0,877	8,7

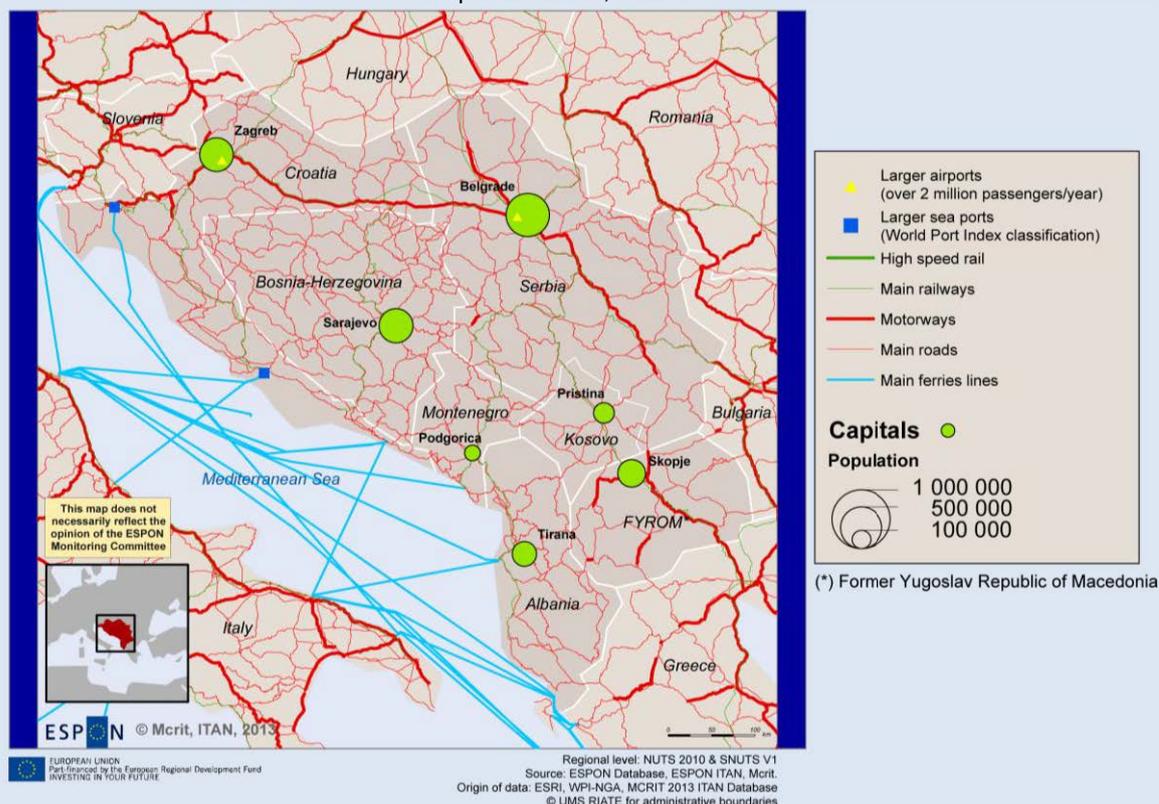
Density of population, ca 2010



Two main features of this Neighbourhood have to be kept in mind: (i) the South-Eastern Neighbourhood is not surrounding Europe but is including within it as an internal neighbourhood: all its neighbouring states are members of the EU. (ii) The Western Balkans represent 4,3% of the ESPON countries' population and 5,4% of their territory; yet it is an important area for Europe.

After the 1990 decade of wars, political and economic unrest, this Neighbourhood converges in many ways with the general trends observed in Europe. (i) The demographic transitions completion and even the acceleration of natural decline show a convergence with the natural demographical trends observed in many parts in Europe. However, in contrast with Western Europe, demography is deeply influenced by migrations, both within the Neighbourhood (many displaced persons during war time) and with remote countries namely European. (ii) The main patterns of settlements as in Europe are visible, in and around capital cities districts, in coastal plains, and along the main rivers leading to the Danube plain. Current migrations increase the contrast between depopulated and ageing internal areas, and concentration in cities and seashores. (iii) These Neighbour countries have undertaken deep administrative and territorial reforms due to the failure of the socialist regime. As candidate countries or potential candidate countries, they take into account the European demands. However, the weakness of civil societies, the degree of corruption, and the party political configuration are holding back further progress.

Transport networks, ca 2010



There are more territorial discontinuities than continuities between this Neighbourhood and Europe, because of:

(i) New borders. Since 1989 and the dismantling of the Socialist Federative Yugoslav Republic, these countries are in process of borders creation (“re-bordering”), both internal (within the Neighbourhood and which have become “international” borders) and external. The external border control with EU’s countries have been strengthened by the EU following the 2004 and 2007 Enlargements and the development of the Schengen area: visa regime and controlled circulation led to a perception of borders as barriers more than contact points. For Bosnia and Herzegovina, Kosovo under UN resolution 1244/99 and Montenegro, access to the EU requires to cross another country.

(ii) Insufficient market integration. In 2012, the intra-CeFTA trade (Central and European Free Trade Agreement) corresponds to only 16% of the external trade of the South-Eastern Neighbour countries, and this share does not rise.

(ii) Transport networks, especially roads, present strong discontinuities with European networks: high speed roads are not yet completed at borders or simply do not exist. Congestion at checkpoints arises. The lack of networks’ hierarchy concentrates flows on domestic single axes with a risk of congestion. Trade facilities are still fragmented according to domestic priorities; transport networks of international importance need improvement to reach European speed and security norms.

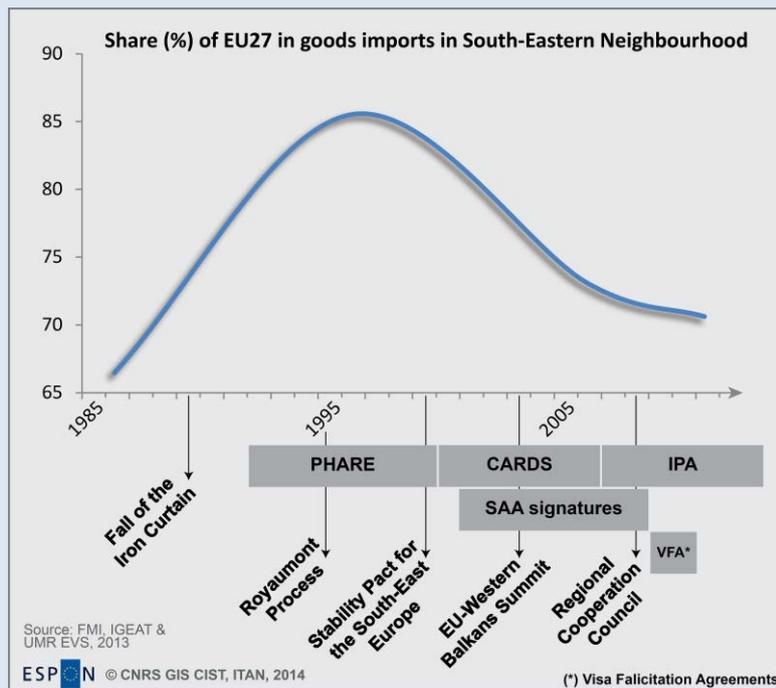
(iv) The position at the crossroads of the South-Eastern Neighbourhood is of utmost importance for gas and oil trade to Europe in order to bypass the Turkish straits with a new terrestrial road, to join the Western Europe through the Danube plain or through the Adriatic shore, and to diversify energy roads coming from the Caspian and Russian fields. However, many projects have aborted or have been delayed due to numerous bilateral agreements rather than a clear European energy policy.

## Discontinuities of regional GDP



At the European scale, the discontinuities of GDP per capita at borders between the S-E Neighbourhood and the European Union appear uneven. In the southern part, the boundaries between Greece and both Albania and Former Yugoslav Republic of Macedonia register the highest levels of disparity. Hence, the level of discrepancy with the EU territory along the southern borders of Albania, of the FYR of Macedonia and partly Serbia marks a new “golden curtain” with the EU. On the eastern limit of the Neighbourhood with the EU, the discontinuity is lower but still visible between Serbia and Romania. Finally, the northern limit appears as a scattered discontinuity. It means that elsewhere, regional GDP are more or less equal on the both sides of borders.

At national scale, Croatia appears closer to the Hungarian or Slovenian levels than to those of Bosnia and Herzegovina or Serbia. At regional level, in Croatia and Serbia, the capital city regions are in discontinuity with their surrounding regions. GDP discrepancies illustrate a domestic political dilemma between concentrating wealth in few regions to be competitive or distributing the efforts in all the regions according to the principle of territorial equity. Regarding all the GDP levels, the Neighbourhood displays an internal homogeneity where the highest discontinuities are stretching all along the external border of the EU, with the notable exception of Croatia.



Cooperation vs. real regional integration

territorial cooperation instruments (CARDS, IPA), economic agreements (SAA), and visa facilitation agreements progressively leading to official candidatures to EU membership. European pre-accession support is more and more tangible.

Relationship with EU is unbalanced. The Western Balkans represent 0,5% of European trade of goods in 2011. But reversely, the ESPON countries send 70% to 90% of FDI inflows in this South-Eastern Neighbourhood; give between 66% and 84% of its official development assistance; make 57% of the international trade of the Cefta countries – with positive trade balance for Western Europe countries.

Other international actors are there, with the presence of Turkish (FDI), and Russian stakeholders (ODA and FDI).

In terms of political cooperation, the integration process of the Neighbourhood into the EU is strengthened thanks to specific

## Recommendations of the territorial issues and cooperation

### 1°) Addressing European territorial discontinuities

- Connecting places through transports is a condition for better integration, both within this fragmented Neighbourhood and vis-à-vis the EU's territory. The development of a thorough network including access roads could foster the European accessibility and contain depopulation by developing hierarchical networks at local and regional levels instead of only focusing on high speed roads.
- Challenges of migrations and security border control could be more differentiated between nationals of South-Eastern Neighbour countries and illegal migrants. Turning the high level of working age population as a resource for labour markets in enhancing training, skills, professional and student mobility would be of mutual advantage.

### 2°) Developing markets and functional relations

- Fostering the internal integration within the Neighbourhood's countries could be a first step towards European integration. It could enhance complementarities rather than competitiveness between Cefta's members.
- Turning both the core-periphery pattern and the strong dependency on Europe into a cooperation pattern would create a secondary pole in a polycentric Europe.
- Developing alternative energy routes through the South-Eastern Neighbourhood could help fighting against the congestion of current pipes and securing energy supply. It needs however a united political vision of all the EU members states regarding energy policy.

### 3°) Fostering territorial international cooperation

- Developing a territorial approach from local scale to European level through CBC could contribute to better address spatial imbalances and complete transnational partnership based on a sectorial approach.

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## 6. THE MEDITERRANEAN NEIGHBOURHOOD

### 6.1. Presentation

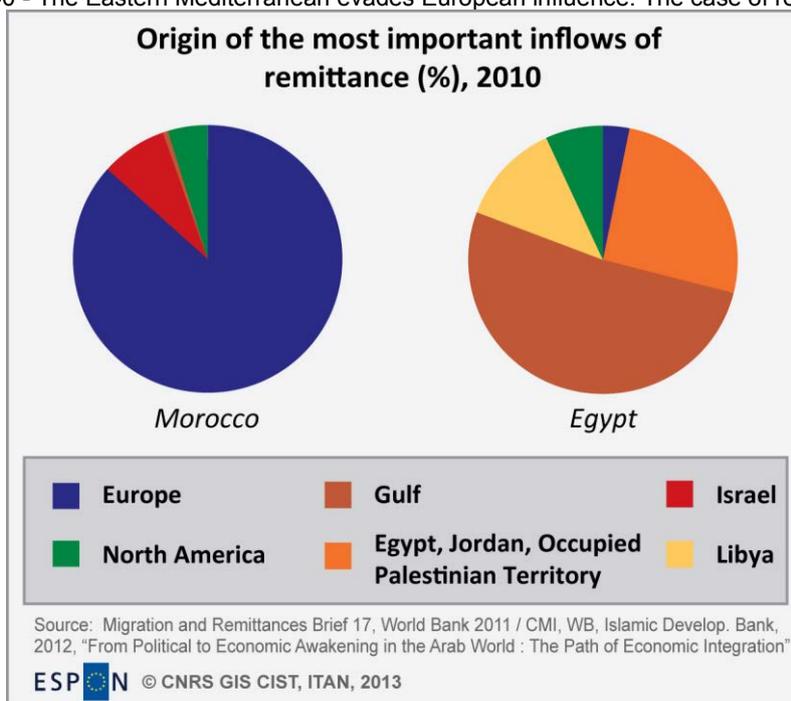
In this section we chose to present and analyse the stakes and opportunities of the Mediterranean Neighbourhood country by country, due to the number (11) of the considered ENC's along with their great differences. We begin with an overall presentation of the Mediterranean Neighbourhood.

#### 6.1.1. The only Neighbourhood with a growth of its population and GDP's world share

There are of course large differences between the various countries of the Mediterranean Neighbourhood – between Israel and all the other countries, much less developed; between Turkey and the Arab countries; between countries which population will soon be almost a hundred million and countries of less than ten; between Maghreb and Mashreq; between the occupied Palestinian territory and the rest of Mashreq because the Palestinian case has absolutely no equivalent although strong interaction with its neighbours. Still, some common features can be highlighted. This Neighbourhood is the only one which share in the world's population and GDP is rising. The annual growth rate of its GDP is impressive even though still far from the growth rates that made the south-eastern Asian Dragons and Tigers key countries of the booming East Asian region. With 285 million inhabitants, the Mediterranean ENC's are by far the first European Neighbourhood and it will be more and more so due to the demographic decline of the other Neighbourhoods. In 2025 the number could be around 340 million, and 460 with the Arabic peninsula and Iraq that is to say the Arabic immediate lengthening of the Mediterranean Neighbours. Another asset of this Neighbourhood is its natural resources namely energetic.

The bad news are (i) the environmental sharp stakes of this area, in particular the water issue thus the agricultural issue since agriculture consumes the three quarters of the available water there. (ii) The energetic transition, which is not granted. The business-as-usual scenarios foresee a Mediterranean energy mix largely dominated by hydrocarbons, with low energetic efficiency and poorly sustainable urban growth (urban sprawl, choice of car transport...). (iii) The economic and political transition, which is on its way but could take a very long time, with conflicts and wars. (iv) As the section 2 showed, a Neighbourhood less and less connected to Europe, especially the East Mediterranean where the influence of the countries of the Gulf is growing, with declining common social, cultural and political references with Europe. The figure 40 shows that the vast majority of the remittances that arrive in Morocco come from Europe which means intense flows of migrants and money but also information, ideas and references. As an example, Youssef Courbage [Courbage & Todd 2007] considers the mobility flows between Maghreb and Europe one component of the transformation of the family structures, namely the rapid decline of the fertility rate. Contrarily, a tiny part of the remittances that arrive in Egypt come from Europe; this is a good proxy for measuring the European contrasted influence upon the western and eastern Mediterranean partner countries.

Figure 40 - The Eastern Mediterranean evades European influence. The case of remittances

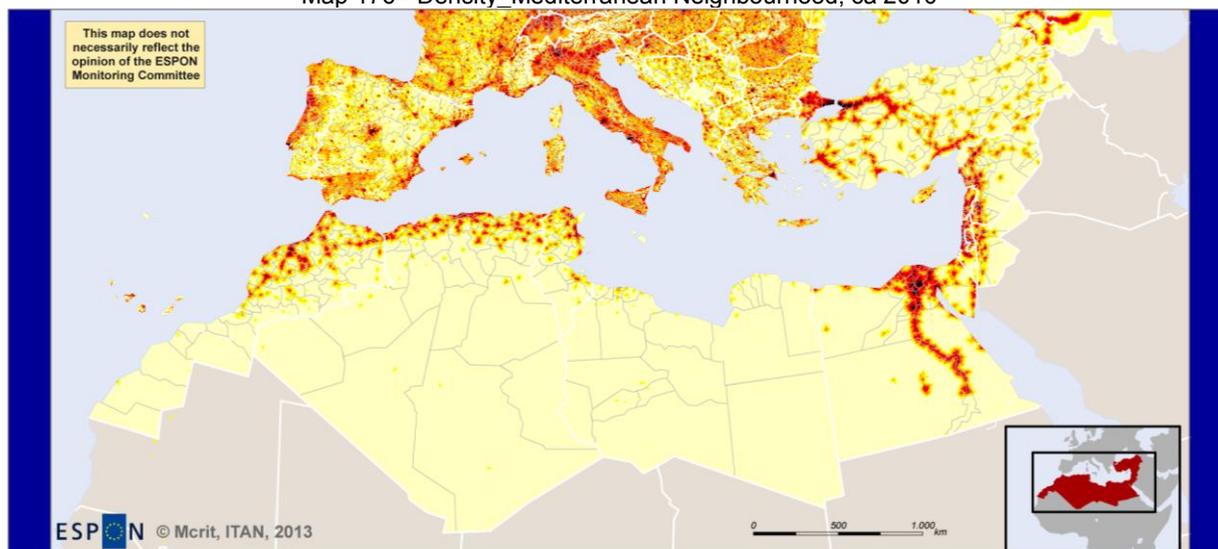


Territories are hardly at the top of these countries' political agenda, because they are rarely seen as an asset for development. When the relation between territories and economy is taken into account, it is all too often according to the rent economy that characterizes the Mediterranean Neighbours – were it tourism, real estates, hydrocarbons revenues, remittance or international aid, due to the lack of a modern productive system except in Turkey. When the first Tunisian revolutionary government took office in January 2011, they were stricken by the importance of the territorial divide that had been highlighted by the social unrest. As the Tunisia analysis section proves, the Tunisian themselves had not taken into account the dimension of the territorial inequality; hence it has become a critical issue of the on-going political transition.

The organisation of space in the South and East of the Mediterranean is marked by the concentration of the settlements on a narrow littoral margin of the territory, including an important rural density – at least in the territories which fit for agriculture – and a rapid urban growth. This neighbourhood is experiencing, in the same time, major challenges in its rural areas (rising pressure on agricultural land, impact of the rainfall shortage, risks of a straight food trade liberalisation with Europe, high rural density), and major challenges in its urban areas. Today the Mediterranean partner countries' cities count 190 million inhabitants and four more million every year. The population's urban rate was 64% in 2004, it will be over 75% in 2025.

The transport networks (map 177) are incomplete. Despite on-going progress for example the Maghreb coastal motorway (without connection yet between Morocco and Algeria), huge infrastructures remain to be made, in particular in the railway networks. The map displays impressive contrasts – spectacular in Egypt – between the urbanised space and the arid lands. The only exception of this pattern is Turkey, where the inner Anatolia is occupied throughout an overall network of transport and cities that somehow meshes the territory, within the country and with EU's neighbours thanks to the territorial continuity permitted by the Istanbul bridges – a major difference with the other countries of the Mediterranean Neighbourhood. In this Neighbourhood, the various political discrepancies entangle the transnational links between Morocco and Algeria, between Egypt, Israel and the occupied Palestinian territory, and now between Syria and its neighbours.

Map 176 - Density\_Mediterranean Neighbourhood, ca 2010

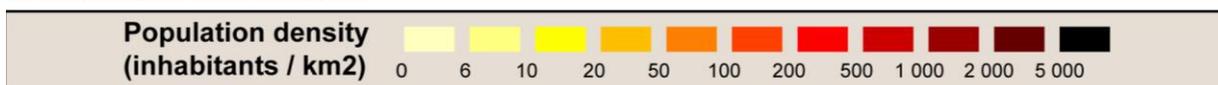


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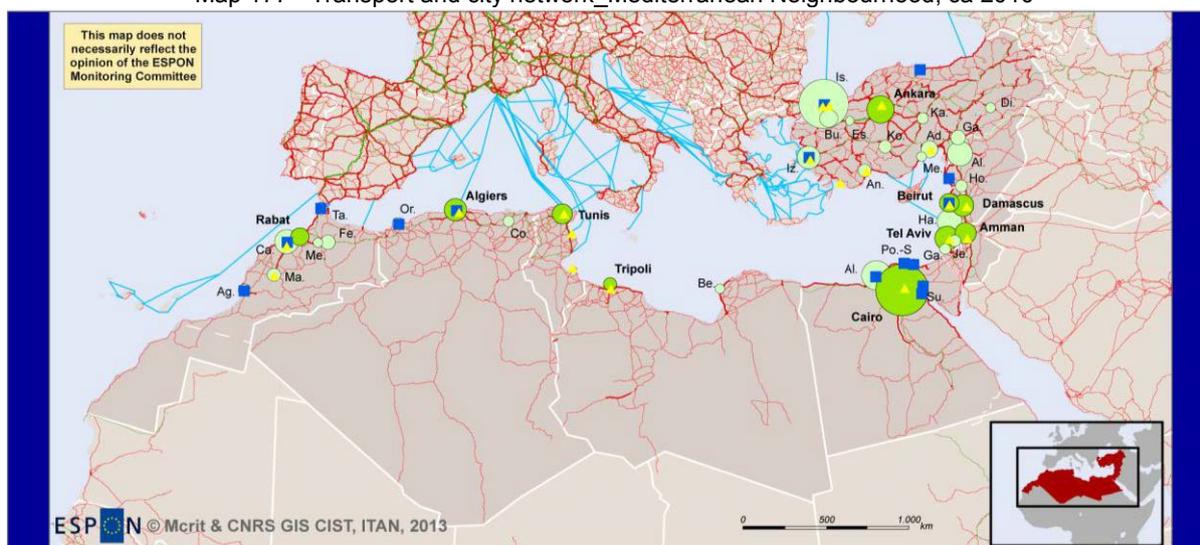
Raster cell information at 5x5km, based on EEA, complemented with national sources in the ESPON Space.

In Neighbouring countries total population is distributed according to accessibility to transport networks and validated against NASA satellite images and UMZ

Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ESPON ITAN, Mcrit.  
Origin of data: EEA, National Statistical Agencies and own work, 2000  
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For some territories no clear international statement exists



Map 177 - Transport and city network\_Mediterranean Neighbourhood, ca 2010

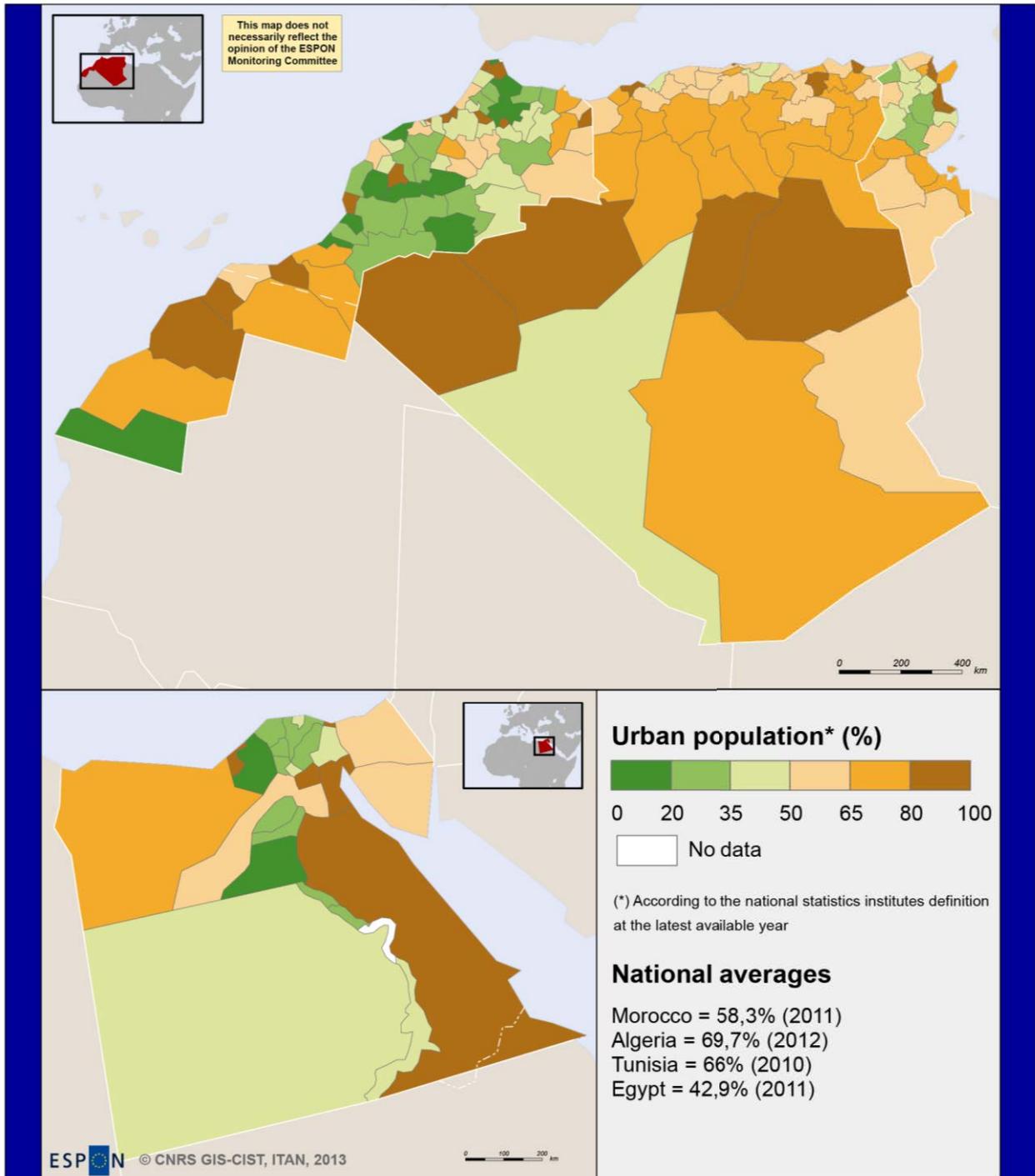


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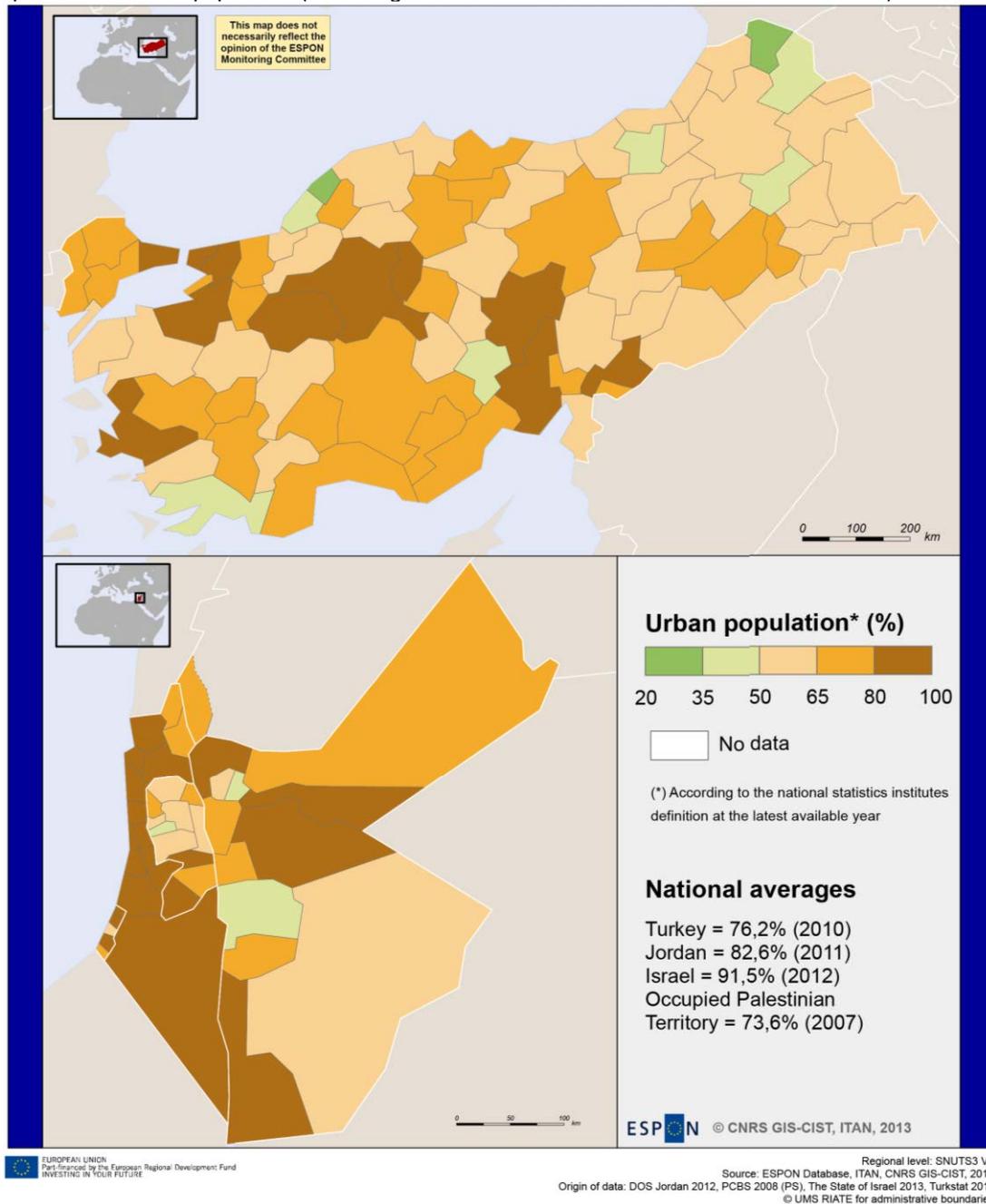
Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ESPON ITAN, Mcrit.  
Origin of data: ESRI, WPI-NGA, MCRIT 2013 ITAN Database  
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Map 178 - The urban population (according to the administrative national definition of "urban") in North Africa



Map 179 - The urban population (according to the administrative national definition of "urban") in Near East



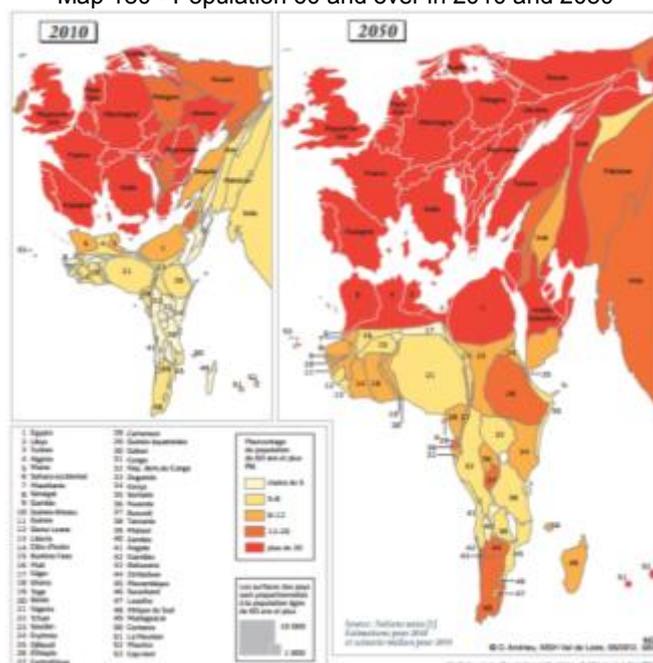
### 6.1.2. Territories and demographic issues

The Mediterranean ENC's are experiencing the "demographic gift" phase, during which a country benefits from a large number of young adults who are available for their country's development without bearing the burden of a large amount of younger (ending of the numerous family phase) and elder (on-going raising of the life expectancy thanks to the development of the country). The young adults are ready for development or for unrest if the country does not offer them the jobs they need. Many revolutions in history have occurred in this peculiar demographic gift moment; so did the Arab spring, which Courbage and Todd [2007] had predicted and interpreted according to the demographic and political regime of the Arab countries.

The important "oldies boom" is well-known in Europe and its Eastern Neighbourhood. This can be considered a burden, when it comes to the pensions and health expenditures. It can be considered an asset, when it comes to know-how in a knowledge economy where a rising part of skills are incremental and

develop with age, up to a certain extent of course. More important than that, the aging of both Europe and eastern ENCs means a convergence of social structure and possible cooperation. The pension reform in the East can be inspired by the various solutions within the European Union; the health care issue can bring exchange of experiences of public policies, institutional and personal medical staff cooperation, and business links in the field of drugs or medical equipment. What is less known is the coming oldies boom in the Mediterranean Neighbourhood, especially in North Africa where the demographic transition and the decline of the birth rate are striking. The speed of this demographic transition will raise the financial and health problem over the elder population in the coming decades, along with a new type of possible cooperation with Europe. Today's oldies boom is European, West and East (see the 2010 feature in map 180); tomorrow it will clearly expand in the Mediterranean (see the 2050 feature).

Map 180 - Population 60 and over in 2010 and 2050



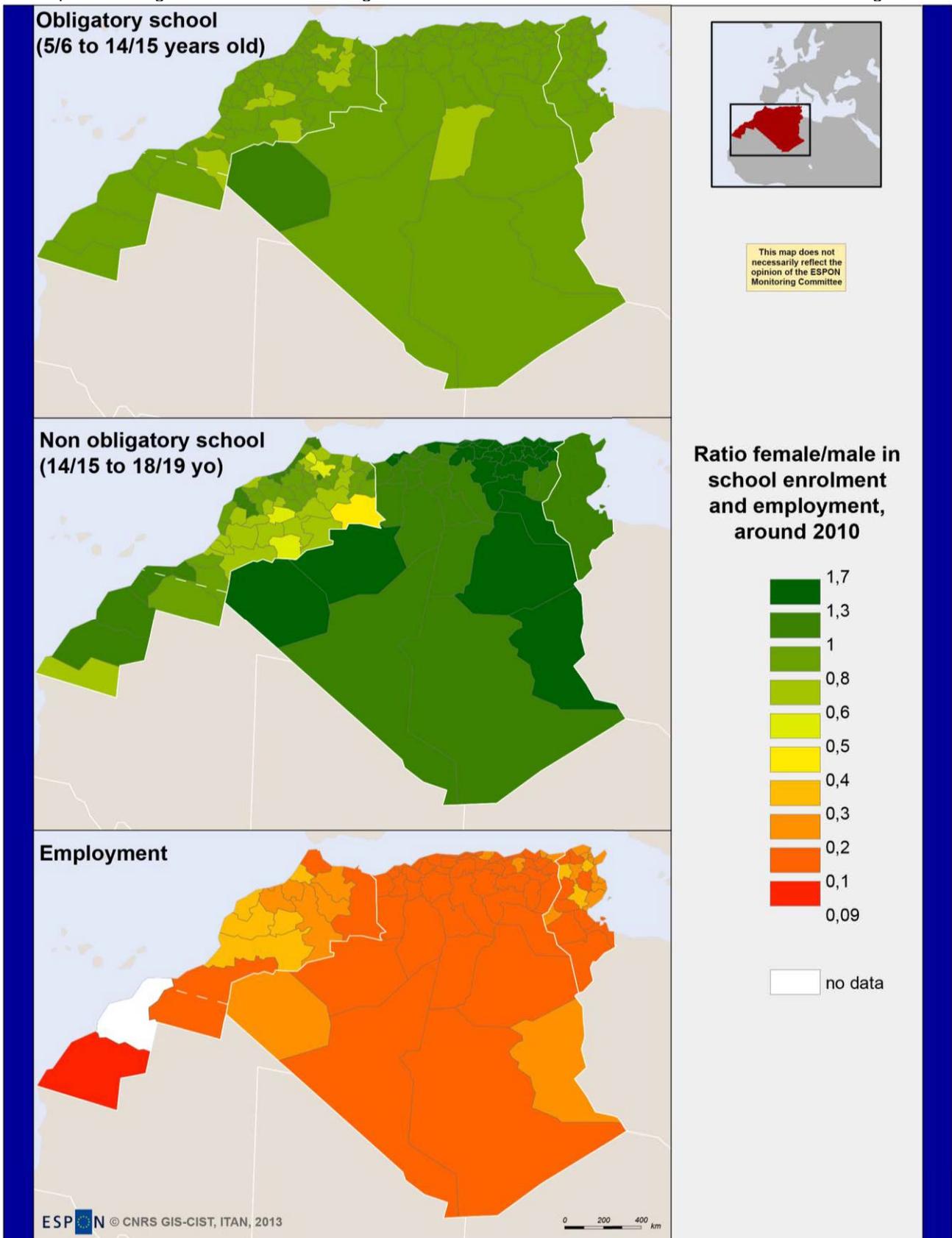
Source: Golaz, Nowik and Sajoux 2012, Ined

### 6.1.3. Territories and social issues

The Mediterranean ENCs displays the highest rates in the world for the gender gap in activity (a very low percentage of women are officially active) and in employment (11 points between the two unemployment rates). In North Africa, 41% of the young females of 15-24% are unemployed. This gender issue is of high significance, for two reasons:

- (i) The tangible situation of women proves difficult. The country analysis shows the terribly low figures of the women status of the rural areas in terms of literacy and access to the labour market. The map 181 shows, in the case of Maghreb, that the access of girls to education has dramatically improved in all the Mediterranean ENRs, but that it will take a long time before their access to the labour market is equal to that of men. The contrast is striking in Algeria where there are much more girls in the secondary education than boys but where the young women' access to the labour market confront a lot of obstacles. This contrast is particularly strong in the East and in the largest cities – Algiers, Oran, Constantine – which promises further clashes when these more and more educated girls want to take their place in the national activity.
- (ii) The status of the women vis-à-vis men has a lot to do with the cultural and symbolic closeness of those Mediterranean Neighbours vis-à-vis Europe where the equality between individuals, whatever their gender, is the very basement of the social contract.

Map 181 - The gender issue viewed through access to education and to the labour market. The case of Maghreb

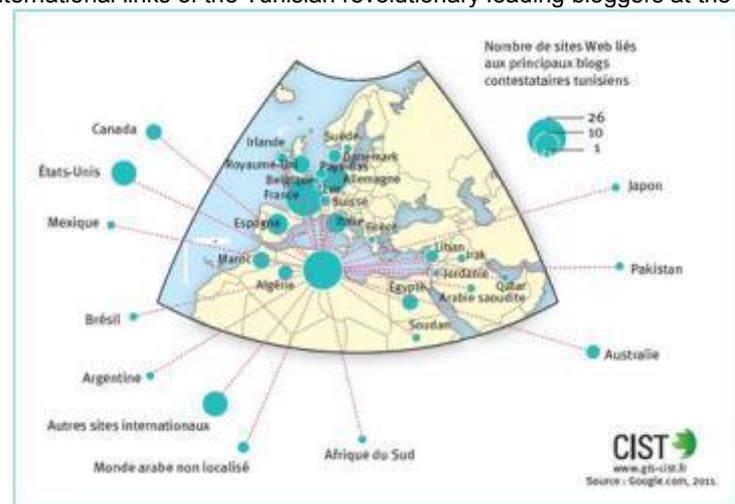


Indeed, the huge need of employment in the Mediterranean Neighbourhood goes beyond the gender issue. In the twenty coming decades, these countries would need the creation of at least forty million job just to avoid an increase of the unemployment rate. The employment of the younger is the main focus of the “Trade & investment” panel of the Parliamentary Assembly of the Mediterranean, which gathers representatives of countries of the Euro-Mediterranean region. In its latest report [PAM 2014], this panel states that 28% of the young active are unemployed in the South and East Mediterranean partner countries. As the situation has dramatically worsened in the EU’s Mediterranean countries since 2007, this worrying situation is a characteristic of the whole Mediterranean area. But this is particularly true for the partner countries, where this unemployment rate is foreseen to rise in the coming years the panel says. A large proportion of graduate young adult cannot find any job, due to the inadequacy of the training system to the labour market and to the scarcity of the job creation in these countries. It should be added that a lot of 15-18 drop out school without finding any job. As a result, more than 40% of the 15-24 year old Moroccans are allegedly neither at school nor at work.

#### 6.1.4. Territories and IT issue

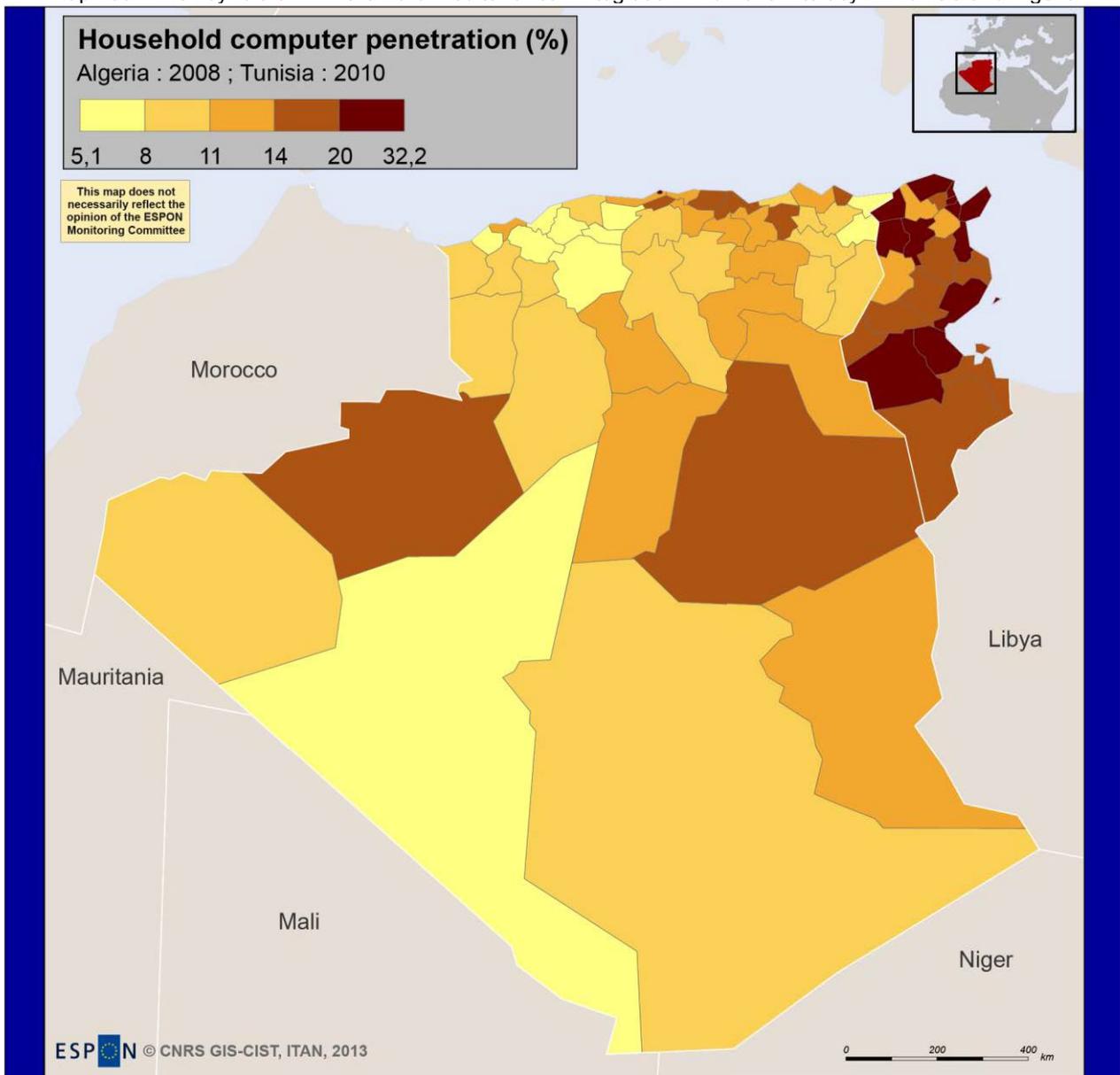
The IT issue is both social (notion of “numeric illiteracy”), economic (access to the knowledge economy), and political (see the importance of the connexion to Europe of the revolutionary leading bloggers in Tunisia, map 182). The map 183 shows the households’ under-equipment in computer in many areas of Algeria and Tunisia, especially in the former. Compared to the dualistic Algerian figure were the coastal large urban regions contrast with the inner country, the equipment of the national territory has been much better in Tunisia. Still, only one household out of ten holds a computer in the Kasserine, Beja and Zaghuan governorates; one can imagine than in the rural parts of these governorates the rate could not reach 5%.

Map 182 - The international links of the Tunisian revolutionary leading bloggers at the beginning of 2011



Source : Giraud & Severo [2011]

Map 183 - The key role of IT in the Euro-Mediterranean integration. "Numeric illiteracy" in Tunisia and Algeria



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Regional level: SNUTS3 V1  
Source: ESPON Database, ITAN, CNRS GIS-CIST, 2013  
Origin of data: ONS, Tunisie Statistiques, 2011  
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For some territories no clear international statement exists

Currently, many Mediterranean projects deal with telecommunication, for instance in the e-commerce field or international e-learning cooperation. These projects depend on the development and use of broadband facilities in the South Mediterranean. To date, these countries are quite well equipped when it comes to mobile phone (with major international buyouts in the recent years), but less to internet users. The prospects for telecommunication markets are impressive. Despite the lack of fix telephone main lines, which could hamper the rise of internet and e-services in the long run, the proportion of broadband subscribers is booming (see the case of Egypt, Jordan and Turkey in table 41).

Table 41 - Historical data and forecasts for some Mediterranean countries, 2001-2013

	2001	2008	2013 estim.
<i>Mobile phone subscribers (per 100 people)</i>			
Algeria	0	87	124
Egypt	4	42	128
Jordan	18	80	93
Morocco	17	62	107
Tunisia	4	90	148
Turkey	29	89	128
<i>Telephone mainlines (per 100 people)</i>			
Egypt	10	15	13
Jordan	13	10	5
Turkey	28	25	22
<i>Broadband subscribers (per 100 people)</i>			
Egypt	0,0	0,6	2,9
Jordan	0,0	1,6	7,0
Turkey	0,0	5,8	14,8
<i>Internet users (per 100 people)</i>			
Egypt	0,9	11,4	27,4
Jordan	4,8	19,7	42,3
Turkey	5,1	18,0	42,5

Sources: Wcis, ITU and World Bank

#### 6.1.5. Territories and economic issues

Territories have much to do with economic development. Clusters can be of great help to shift toward an innovative productive economy. Turkey, Tunisia and Morocco are developing science parks and clusters, along with Israel of course which is very far ahead among the Mediterranean ENCs. The European Investment Bank sees in such clusters and innovation a priority axis of its Femip's strategy in the area<sup>31</sup>.

Urbanisation in general hardly turns into an engine for development. Urbanisation is at the same time a risk (concentration of left behind people) and an opportunity: when properly planned and managed, cities are a major mean for economic innovation [Veltz 2005].

The Arab Neighbour regions suffer from low land tenure security, lack in cadastre and land registry, and under-investment in the basic infrastructures: water sanitation, waste facilities, urban and inter-urban transports, and poor logistic efficiency namely because bureaucracy and corruption extend the delivery times [Hatem 2006].

The EIB forecasts that in the coming decades, the need to finance energy, facilities and urban services of the Mediterranean partner countries should be approximately \$250 bn: 100 billion for energy, 110 for urban facilities such as water, sanitation, waste, local transports, education, health; 20 for national and international transports (ports, airports, motorways...). And it should be added the financial need for SMEs in order to help them create the millions of jobs that they need.

The *Observatoire Méditerranéen de l'Énergie*<sup>32</sup> estimates that this "energy \$100 bn" figure is under evaluated. In the 1970s, the per capita energy consumption differential between the southern and the northern sides of the Mediterranean stood at 1:8; by 2000 it had fallen to 1:4, and within ten years it is expected to fall to 1:2. The financial need for the sole electricity sector (power generation and transport lines that should be constructed up to 2020) is \$150 bn. For the gas sector, numbers are huge: in the region, an

<sup>31</sup> The EIB's Facility for Euro-Mediterranean Investment and Partnership had dedicated its 7th conference in Tunisia in 2010 to this issue. The "Mediterranean Technopoles Guidebook" edited by the Centre for Integration in the Mediterranean (CIM, created in 2009 by the EIB, the World Bank, the Governments of Egypt, France, Morocco, Tunisia, Libya, Jordan, Lebanon and the City of Marseille) shows the focus put on this issue.

<sup>32</sup> This non-profit Association counts thirty two leading Mediterranean energy companies from fourteen countries. Its main objective is to promote cooperation of the companies operating in the Mediterranean region, making energy a key element for regional integration.

international gas pipe costs roughly \$10 bn, a LNG plant, the equipment and pipes linked to it, can cost up to \$1 bn - and a dozen could be constructed in these countries in the coming years. To summarise, the overall cost of energy infrastructures in Mediterranean ENC's is more like \$200 bn than 100.

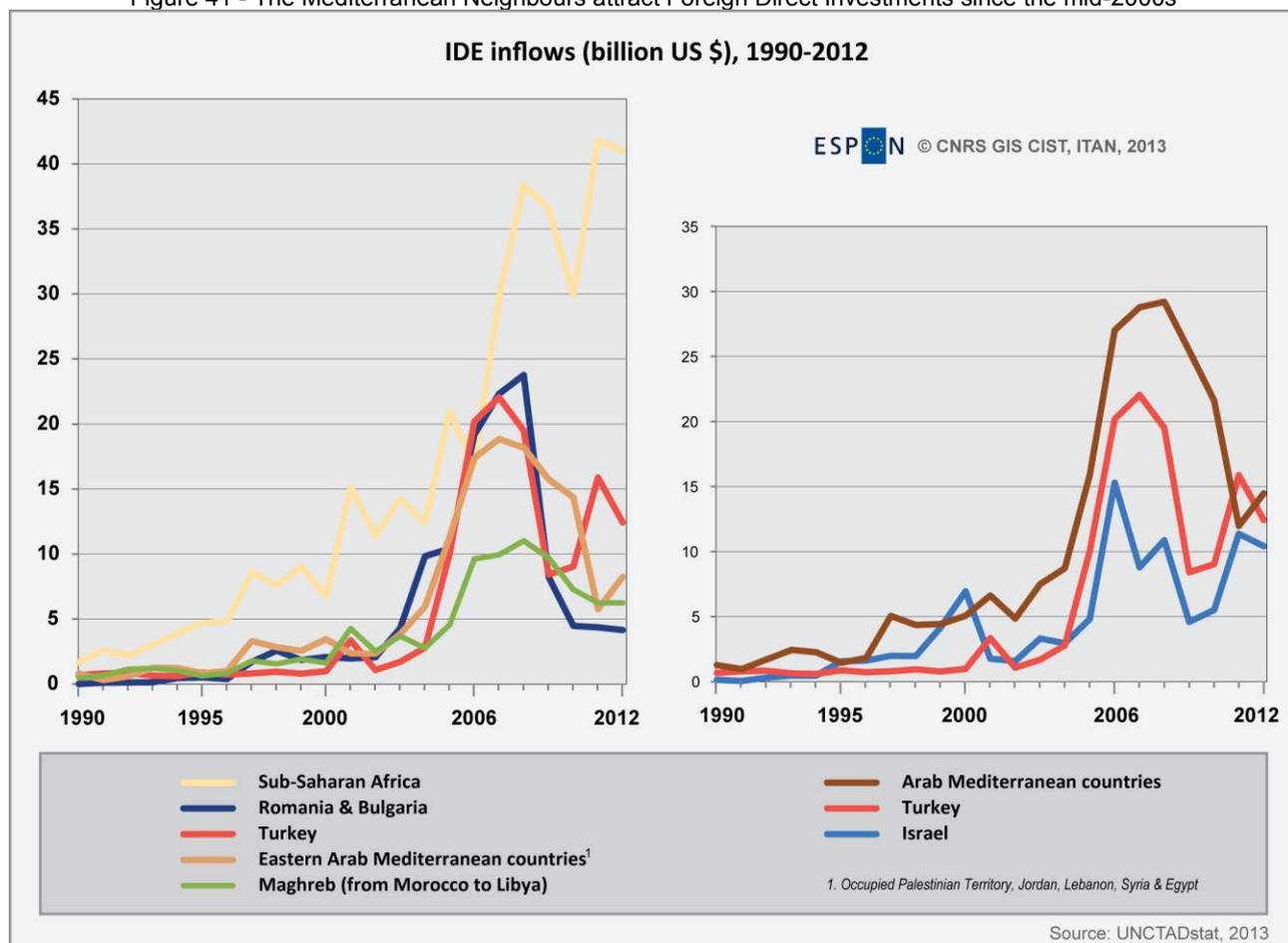
The *Plan Bleu*<sup>33</sup> estimates that the required amount to meet the need for access of all Mediterranean Neighbourhood's people to fresh water is at least €15 bn, and 35 bn for sanitation. Even if it mobilises many donors and has an emblematic dimension, the EU's sanitation programme "Horizon 2020" will not face it since its budget is around 3 bn. Moreover, the cost of the adaptation of the Mediterranean Neighbourhood to the climate change could reach \$40 bn in the two coming decades. This represents in the same time a tremendous stake and a major opportunity for business.

Can those ENC's finance these enormous amounts? For the time being, except Turkey and of course Israel, these countries remain very far from the European investment average per capita, even if the gap is reducing. Related to GDP, investment in Mediterranean ENC's remains lower than in India and much lower than in China; nevertheless, the amount has doubled during the 2000s. This is confirmed by the Foreign Direct Investments, which were less than 3 billion dollars annually in the early 1990s, 7 in the late 1990s, but 30 in 2007-2008 for the sole Arab partner countries, before the European crisis backlash (fig. 41). Not including Turkey, almost 10 billion dollars of the public infrastructure programme in these countries have recently been open to FDI.

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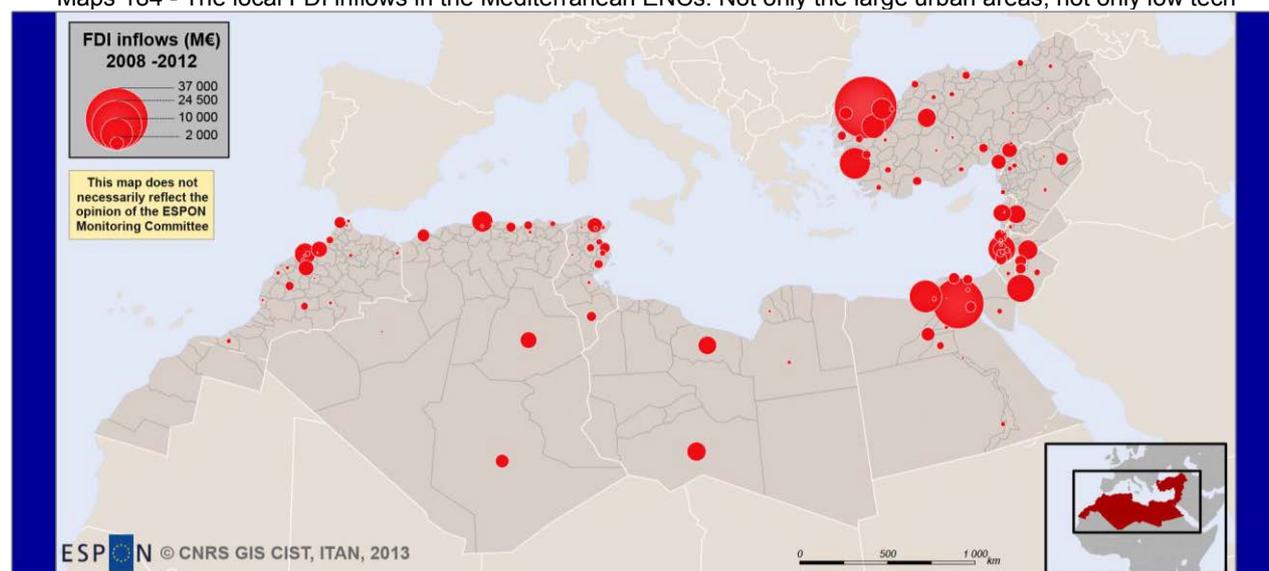
<sup>33</sup> The Plan Bleu has been launched by the Unep Barcelona Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean in 1976. Its objective is to contribute to raising awareness of Mediterranean stakeholders and decision makers concerning environment and sustainable development issues in the region, by providing future scenarios to assist in decision-making.

Figure 41 - The Mediterranean Neighbours attract Foreign Direct Investments since the mid-2000s



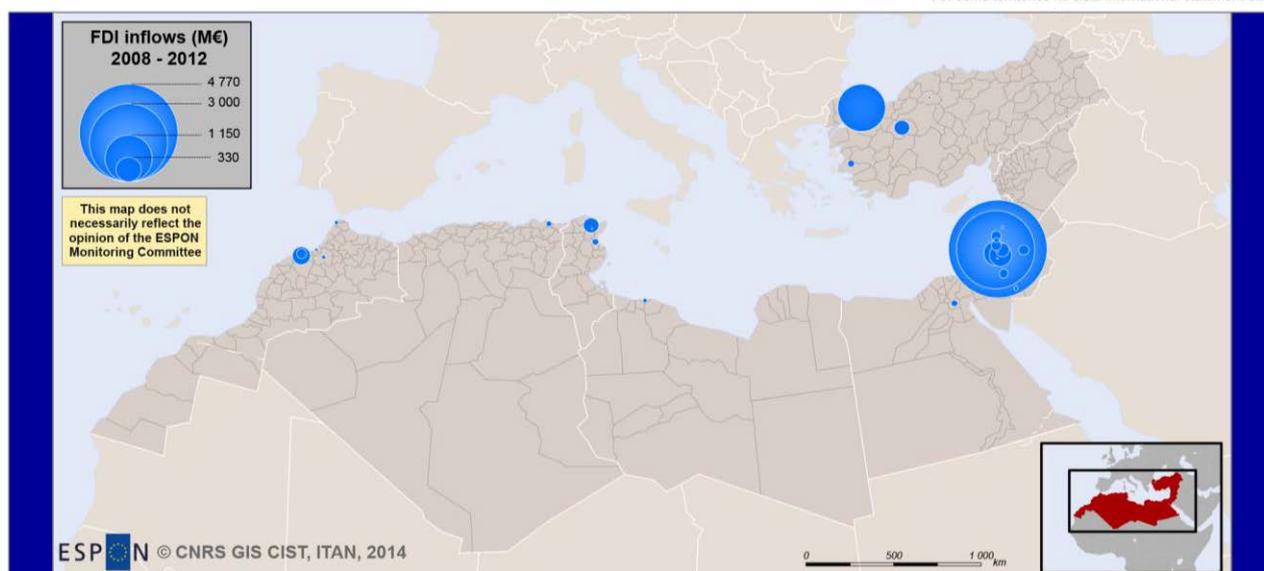
Another lesson derived from the Anima database on FDI is that inflows do not only go to the richest areas of these countries. Indeed the large cities appear as major targets, but the geography is much largely spread than one could have thought. This means two things: (i) attracting foreign investment has become a quite shared goal and practise in these countries; this territorial analysis confirms the Mediterranean partner countries' general openness to international exchange; (ii) FDI show more inclusive than feared. In these countries, a tough debate has emerged between actors in favour of international, namely European, influence upon their economy, and opponents saying that such FDI create a too small number of jobs and have no actual spillover effect on SMEs and territories. At least according to this map, one can say that this territorial argument is not obvious. That being said, the second map, focusing on advanced manufacturing and services, is limited to the leader metropolitan area of this Neighbourhood: Israel as a whole, Istanbul, and to some extents Casablanca and Tunis. At least, this proves that these countries can henceforward attract something else than low tech factories such as clothing industry.

Maps 184 - The local FDI inflows in the Mediterranean ENC. Not only the large urban areas, not only low tech



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Regional level: SNUTS 2-3  
Source: ESPON project (ITAN), CNRS GIS CIST, 2013  
Origin of data: ANIMA - MIPO, 2008-2012  
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Regional level: SNUTS 2-3  
Source: ESPON project (ITAN), CNRS GIS CIST, 2013  
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Notes. Red: FDI in all sectors; Blue: FDI in Aeronautics & transport equipment, biotech, business services and software.  
Source: FDI 2008-2012 Anima – MIPO / cartography by CIST.

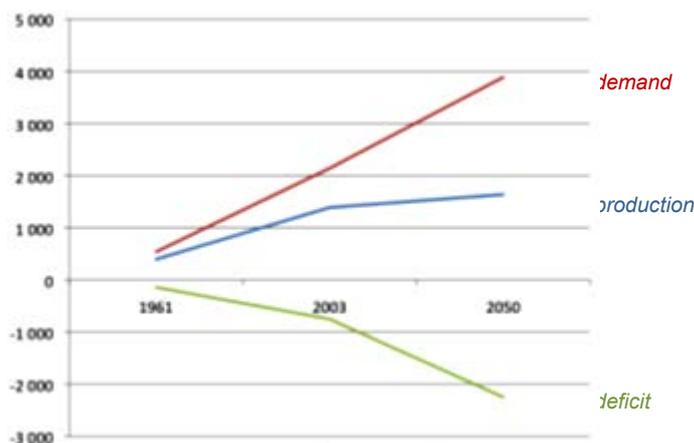
#### 6.1.6. Territories and environmental issues

According to the IPCC's scenarios and along with north-western India, the impact of the climate change in the coming century will nowhere be harder than in the Mediterranean [Hallegatte 2009]. Today, 35 million people in these countries do not have access to sanitation facilities, 20 million to fresh water. The water shortage will become harder; the arid part of this territory could then increase, the agricultural modernisation could be insufficient for tackling the utmost dependence of these countries vis-à-vis food imports.

A research programme spearheaded by Inra & Cirad [2009] tracks the long-term trends of six major regions of the world and provides scenarios for agriculture and food through to 2050. Between 2003 and 2050 the population of the Middle East and North Africa (MENA) wider region is set to have 70% more people; food

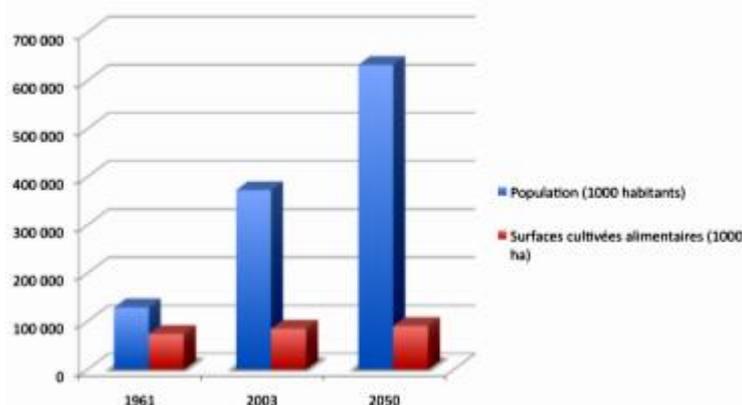
and agricultural demand (expressed in energy equivalents: vegetable and animal kilocalories) is expected to rise by 80%; due to expected improvements in product quality, the market in value terms will rise from 100 to 200% over the period. The MENA region, some parts of which were ancient Rome's grain basket, has become the region of the world with the highest level of food stress: in 2003, the gap between local resources and consumption hit 54% of the total supply, and by 2050 it is expected to more than double. On a per capita basis, by 2050 the gap will be three times greater than in sub-Saharan Africa. Three factors explain this food supply crunch: the scarcity of land available for agriculture; the climate degradation and particularly the dramatic shortage of water; the institutional weaknesses that are hampering technical and managerial progress in the sector.

Figure 42 - Outlook for agro-business in Middle-East and North Africa (in vegetable & animal kilocalories per day).



Source: Cirad, Inra, 2009: *Agrimonde*

Figure 43 - Population and agricultural land outlook for MENA countries



Source: Cirad, Inra, 2009: *Agrimonde*

The table 42 gives the numbers for cereals production and imports, according to four scenarios. The first scenario is the baseline and drives to a production per inhabitant of 80% compared to that of the 2000s, and to imports almost doubled. The third (severe climate change scenario) and the fourth (food trade total liberalisation) drive to imports multiplied by three compared to that of the 2000s. The combination of severe climate change and straight liberalisation would drive to mushrooming imports. The only scenario where production per inhabitant does not diminish and where imports remain bearable is that of a deep Euro-Mediterranean cooperation. Given the still great share of agriculture in employment in the various Mediterranean ENRs, it is easy to understand that the future of their rural territories will largely depend on the Euro-Mediterranean cooperation. Even in countries such as Algeria where agriculture plays a minor role, this is a key issue because Algeria, thanks to its recent *Politique de Renouveau Agricole et Rural*, wants to reduce its dependence upon food imports and to enhance its agricultural sector which had been left behind in the first decades of the republic.

Table 42 - Cereals production and imports in the Mediterranean ENCs (except Turkey) in 2030

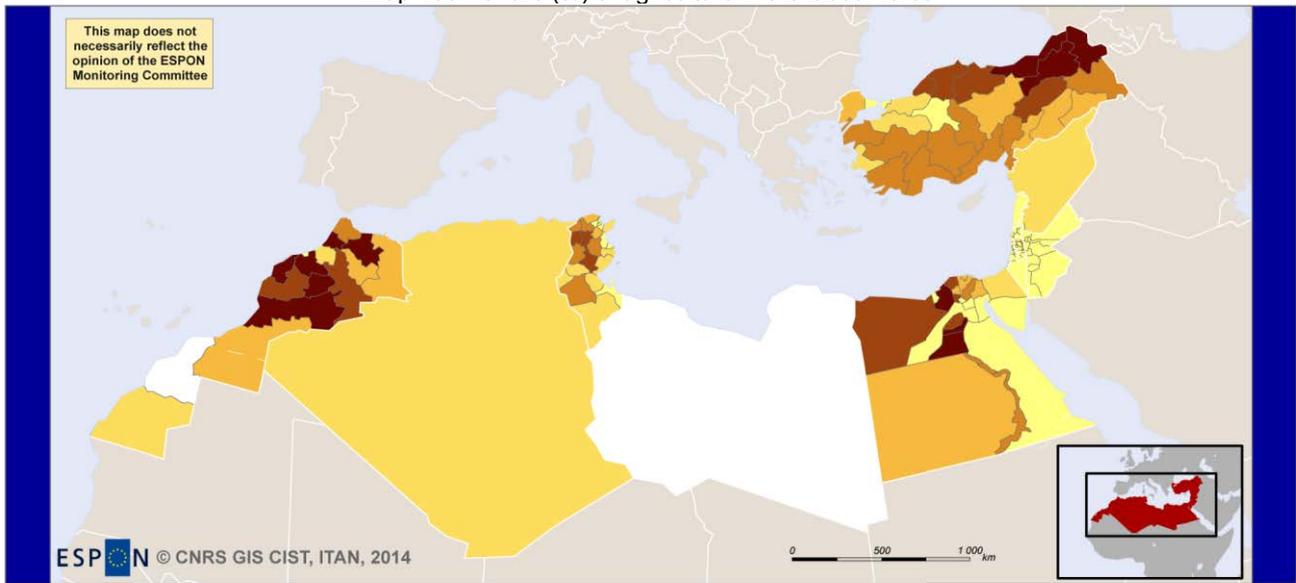
	----- production -----		index	imports million t
	million t	kg/inhab.		
average 2000/2007	77	261	100	37
Scenarios 2030:				
S1 – Baseline trend	78	210	81	62
S2 – Euro-Mediterranean deep cooperation	95	256	98	45
S3 – Severe climate change	47	126	48	93
S4 – Total food trade liberalisation	51	138	53	89
S3+S4 – Worst-case scenario	24	66	25	116

*Notes.*

Imports estimated as the difference between consumption and production. We take into account the average consumption per inhabitant of the 2000-2007 period.

Source : Cheriet, Mohaved and Rastoin [2010]

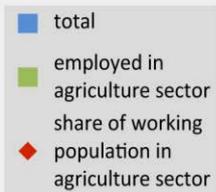
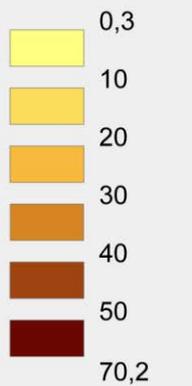
Map 185 - Share (%) of agriculture in the labour force



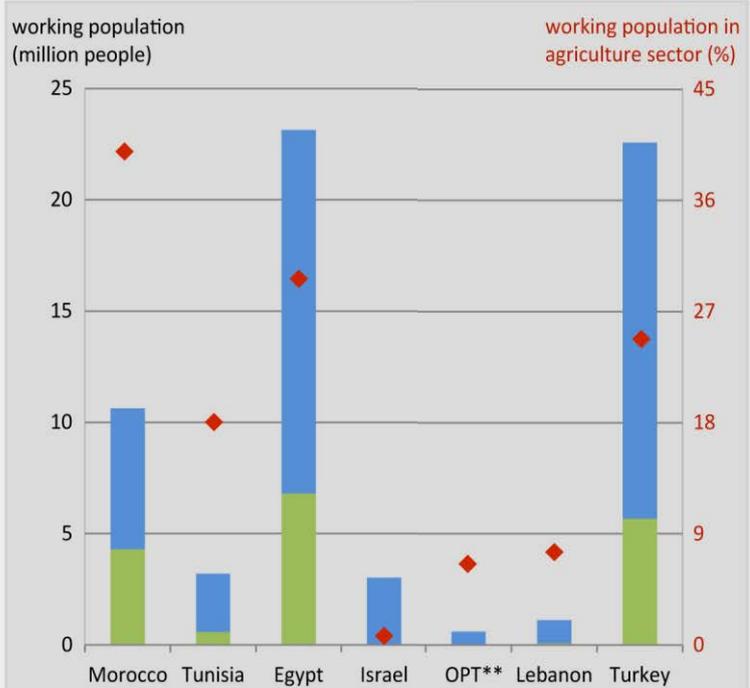
Regional level: SNUTS V1  
 Source: ESPON Database, ITAN, CNRS GIS CIST 2013  
 Origin of data: CAPMAS 2012 (EG), CAS & UNDP & MoSA 2007 (LB), Department of Statistics 2013 (JO), HCP 2011 (MA), PCBS 2009 & 2012 (PS), The State of Israel 2013, Tunisie Statistiques 2010, Turkstat 2010 & 2011, United Nations Statistics Division 2014 (DZ & SY)  
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**Share (%) of working population employed in agriculture sector at the end of 2000's\***

\*most recent data for each country between 2007 & 2011



\*\* Occupied Palestinian Territory

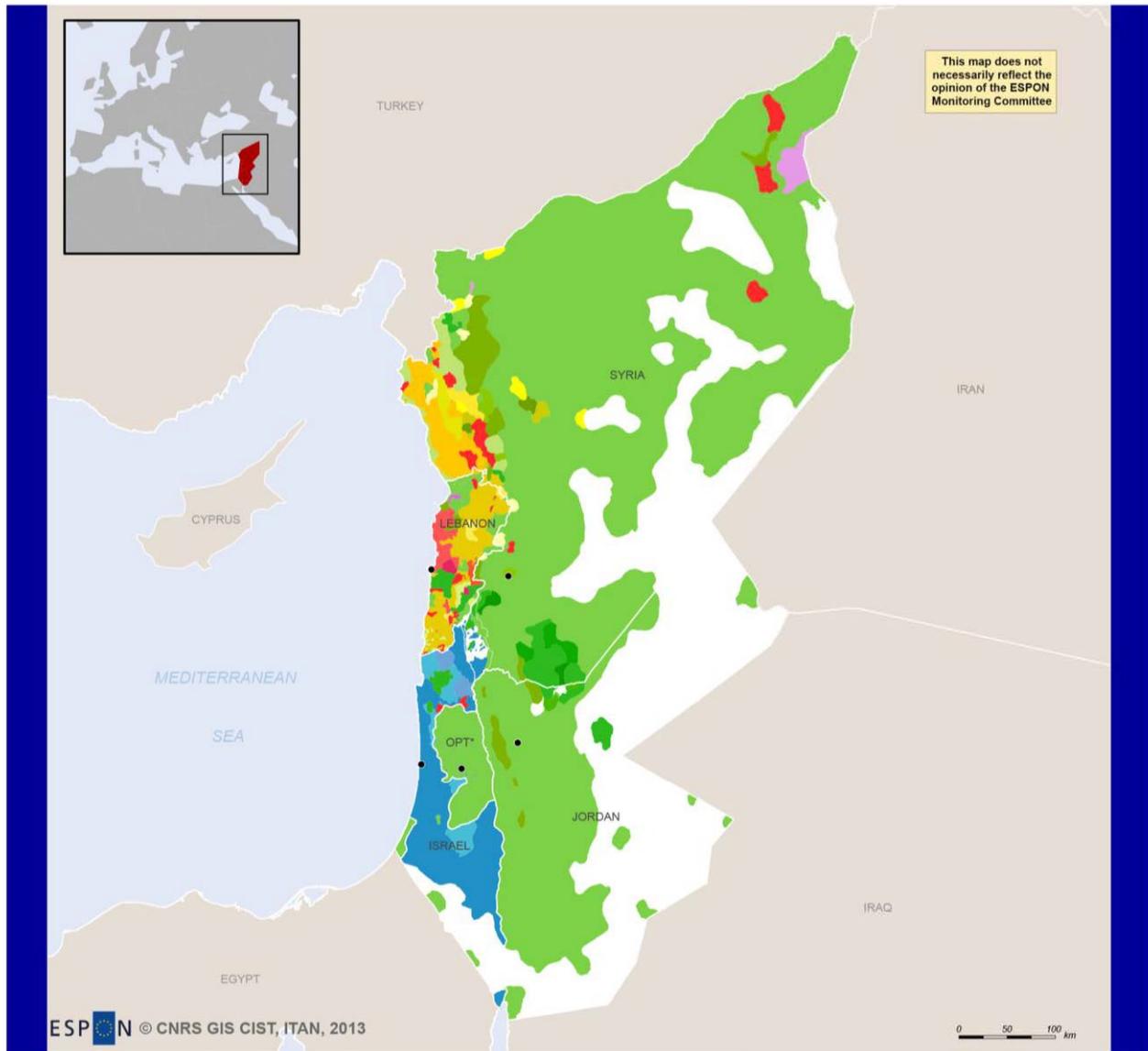


### 6.1.7. Territories and political issues

The success of the Islamist parties since the Arab spring is largely due to the state's deficiencies in local territories, progressively offset by the Islamist associations. The decentralisation issue has soon been entangled in this contradiction: the authoritarian regimes did (do) not want to empower the local governments in order to avoid empowering the Islamists, but in doing so they hamper the necessary local development.

Municipalities are ancient institutions in the Arab world since they were launched in the mid-19<sup>th</sup> century at the time of the Ottoman modernisation (*Tanzimat*). They were reinforced by the European states during the colony or mandate time, on English or French patterns that were, in most of the case, incorporated by the independent states [Tourret 2008]. During the last decade, the Arab partner countries have enhanced their decentralisation, given more responsibilities to the local authorities but before the Arab spring, decentralisation remained rather viewed by the regimes as a risk for security and for the national unity vis-à-vis the Berber regionalism (Morocco, Algeria), the Islamists danger (Egypt) or the communitarian fragmentation (Near-East, see map 186 which yet gives a simplified geography of data particularly difficult to collect). Everything changed after the Arab spring and a general call for a genuine decentralisation. At a higher scale, that of regions, the only country that launched a credible reform is Morocco; but even there the country analysis show that the State representative, the wali, holds the real regional power. As a matter of fact, the Arab ENC's would need a better regional de-concentration of the State power, as an indispensable stage before decentralisation. The problem is that they did not manage the former whereas the already have to set up the latter.

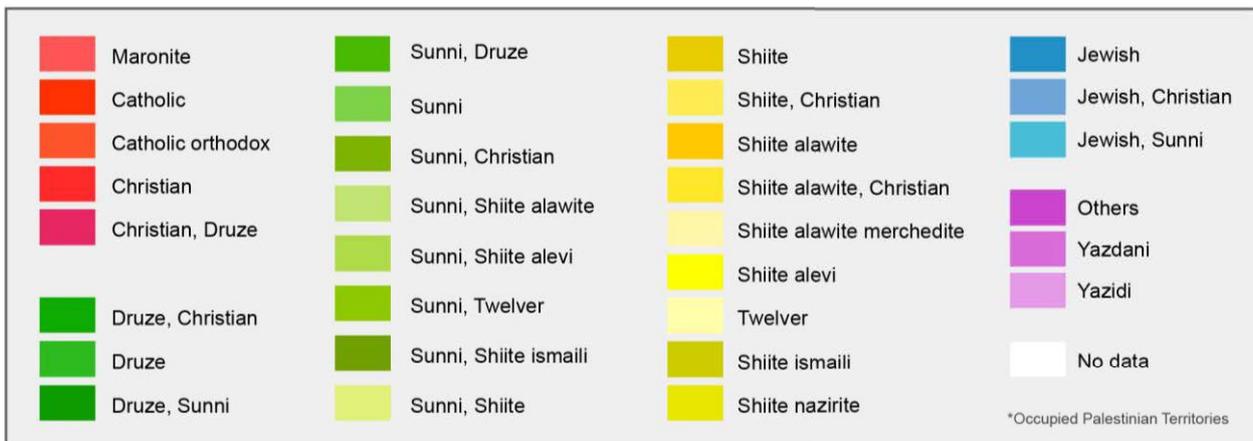
Map 186 - The complex minority tangle in the Near-East



ESPON © CNRS GIS CIST, ITAN, 2013

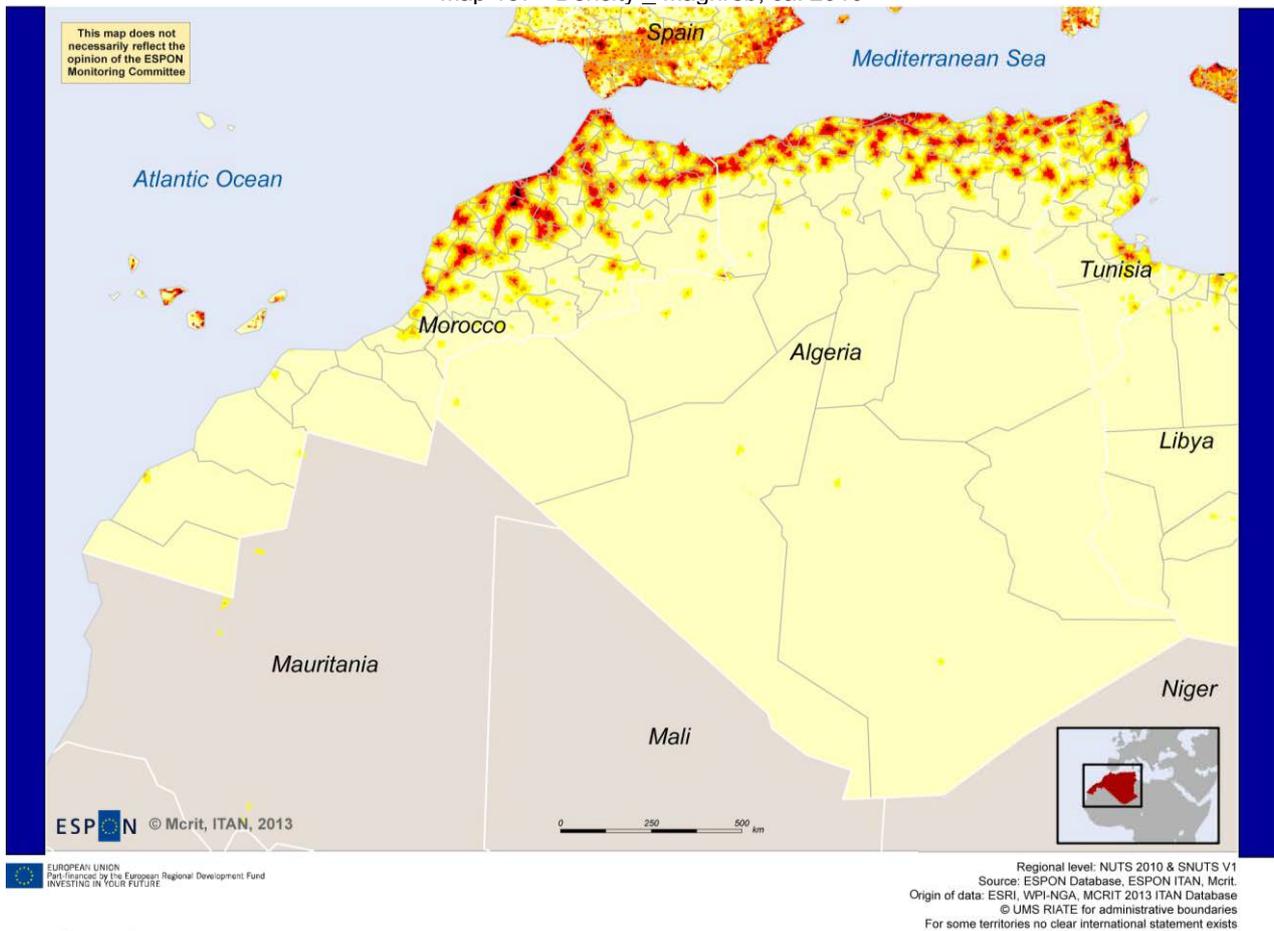
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Source: ESPON project (ITAN), CNRS GIS CIST, 2013  
Origin of data: MINDEF France, 2012-2013  
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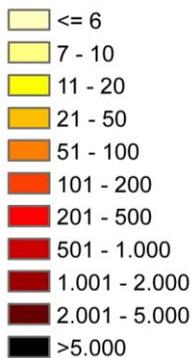
## 6.2. Stakes, risks and opportunities

Map 187 - Density \_ Maghreb, ca. 2010



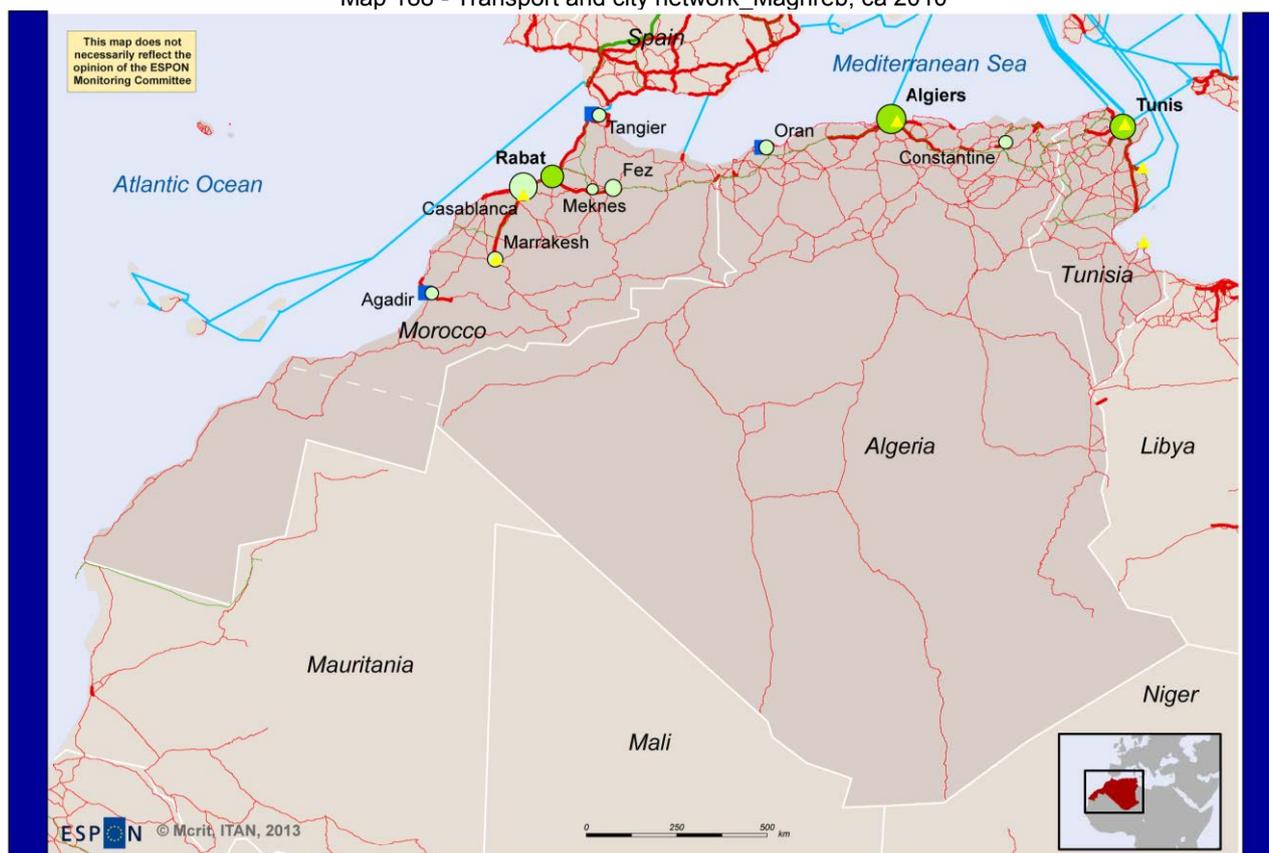
### Legend

#### Population density inhabitants/km<sup>2</sup>



Raster cell information at 5x5km, based on EEA, complemented with national sources in the ESPON Space In Neighbouring countries total population is distributed according to accessibility to transport networks and validated against NASA satellite images and UMZ

Map 188 - Transport and city network\_Maghreb, ca 2010



This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

ESPON © Mcrit, ITAN, 2013

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Regional level: NUTS 2010 & SNUTS V1  
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Origin of data: ESRI, WPI-NGA, MCRIT 2013 ITAN Database  
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- |  |  |   |
|--|--|---|
| <b>Legend</b>  | <b>Capitals</b>                              | ● |
| ▲ Larger airports (over 2 million passengers/year)   | <b>Other urban areas (&gt; 500 000 inh.)</b> | ○ |
| ■ Larger sea ports (World Port Index classification) | <b>Population</b>                            |   |
| — High speed rail                                    | 1 000 000 — ○ — 2 000 000                    |   |
| — Main railways                                      |  |   |
| — Motorways  |  |   |
| — Main roads   |  |   |
| — Main ferries lines                                 |  |   |

### 6.2.1. Morocco

#### *Administrative division and its evolution*

The purpose to organise the regions and provinces in Morocco is far from being new. In its long history of domination attempts, the *Makhzen* (literally the Royal Treasury that is to say the King's tight circle) drew administrative limits in order to establish its political and fiscal control. The territorial division has been made even more complex by the colonial history. In 1900, Morocco was an independent sultanate but several European countries had varying degrees of influence. Spain, in particular, had possessed enclaves on the Mediterranean coast for many years. In 1912, Morocco was divided into a French protectorate, and a Spanish protectorate which consisted in strips of territory at the northern and southern ends of the country; a few years later Tangier was established as an international zone.

Since the beginning of the 20<sup>th</sup> century, the territory concepts in Morocco were basically inherited from the French school of Geography, namely the notion of vast (six) regions. After the independence, the administrative decrees of 1959-1960 stated that Morocco's primary divisions were the provinces and prefectures. It was not before 1971 that a regional administration was created: seven "administrative regions"

were formed by combining the existing prefectures and provinces, which remained in place as secondary and tertiary divisions. At the very end of the 20<sup>th</sup> century, sixteen regions were created as primary subdivisions, corresponding to a new conception of the region: it was supposed to be a space of debate, of negotiation of the public issues, potentially driving to decentralisation. In 2006, the region has obtained a proper budget within the State budget. Settled in 2010, the *Commission Consultative de la Régionalisation* (CCR) is in charge of designing a new regionalisation program call the “advanced regionalisation”; the main purpose is to promote the civic participation in order to foster the democracy and boost economic and social development. The CCR foresees today a new regional zoning with only 12 regions (which would be less socially unequal than today's 16), but the reform is not yet adopted.

The annexed Morocco report gives the details of all the changes which occurred in the administrative territories' geometries during the past decades. A key change occurred in 1976, when Spain relinquished control of Spanish Sahara. Mauritania and Morocco promptly divided it between them. This action was not recognized as legal by the international community. The United Nations still intends to hold a referendum to determine the future of this territory that the UN calls “Western Sahara”. Pending the decision, other governments have withheld recognition of Morocco's sovereignty over it. It remains a zone of conflict and its sovereignty is disputed between Morocco and the Polisario Front, supported by Algeria. Within Morocco, an extremely large consensus estimates that this territory is a historical and actual part of the country and that the term of “Western Sahara” is irrelevant.

Today, the 16 regions are run by regional wilayas, the latter (17 because one of the regions counts two wilayas) being the institutional local presence of the de-concentrated State. The 61 second-level administrative subdivisions are (urban) prefectures and (rural) provinces.

#### *Local competencies*

De-concentration remains much stronger than decentralisation: the wali, who represents the States and is named by the King, keeps playing the main role in the regional life of Morocco. Still, this attempt of regionalisation is certainly the most advanced one in the Arab world. One important reason is the will of the Moroccan authorities to cope with the “Western Saharan” issue: three southern regions correspond approximately to it but the northern borders of the regions of Laayoune and Guelmim do not fit with the international delimitation of the “Western Sahara”, so as to fade the delimitation thus the relevance of the UN delimitation. In the same time the regionalisation policy enhanced by the Moroccan authorities is dedicated to giving some autonomy to regions, namely those of the South. The Moroccan highest authorities consider that the Western Saharan issue is of utmost importance for the kingdom.

Another reason is that the unity of the Kingdom has long been hampered by the resistance of the peripheries to the authority of the Makhzen, in particular the territories with important Amazirh (Berber) populations. The reign of Hassan II has been marked by the punishment he imposed to the Rif area (northern part of the country) due to the radical political opposition of some of the northern authorities. Since Mohammed VI came to power in 1999, a regional policy favourable to the North has been implemented, for example thanks to the Tanger-Med project, in order to bridge the gap between this part of the country (a strategic one since it connects Morocco to Europe via the Mediterranean) and the richest ones. Understandably, in Morocco the regional policy has been designed as the way to cope with economic as well as political sensitive issues.

#### *The national statistical system*

The statistical laws are based on the royal decree promulgating law of 1968 which establishes the creation of the Committee for the coordination of statistical studies (CCSS), gathering the representatives of several ministries. The *Haut Commissariat au Plan* (HCP) is a ministerial organisation created in 2003 as a public administration directed by a *Haut Commissaire* with a ministerial rank and nominated by the King. The HCP is the central institution in the Moroccan national statistics system and is the main supplier of demographic, economic and social statistics. It manages an Observatory of the household living conditions and a Centre of demographic studies. HCP is conforming to the regulations and international norms related to statistics; it is admitted since 2005 to the FMI special norms for data dissemination. It is not only a statistical institution but as the successor of the ministry of Planning, it is also in charge of the economic plan.

A general census of the population was carried on in 1960, 1971, 1982, 1994 and 2004. A new census will be organized in 2014. In order to respond to the new needs of spatial statistics related to the regionalisation policy launched in the 1990s, a large effort was made to develop new spatial and regional indicators. The publication "*Le Maroc des Régions*" provides detailed demographic, economic and social data on the different regions at province level; it has been published in 2010 and is available on line. Under the authority of the HCP, sixteen regional offices were established, in each region. They are in charge of collecting data, of publishing regular surveys notably the administrative statistics, of undertaking specific studies demanded by local authorities and of responding to local users. The regional HCP offices have to provide a report on their respective region on a regularly basis; such report is written both in Arabic and French, and is available on line on the HCP web site for the year 2011. The Moroccan data are very detailed, down to the municipal data for 2004. All these data are available on the HCP web site.

### *Occupation of space*

The human settlement of the Moroccan territory is more and more concentrated. In 2011, half of the total population lives in the five more populated regions: Grand Casa (12% of the total population), Souss Massa Draa (11%), Marrakech-Tensift (10%), Tanger-Tetouan (9%) and Rabat-Salé (8%). At the opposite the three southern regions house only 2% of the population. This ranking was almost the same in 1994.

### *Demographic dynamics*

The highly growing regions are (i) those of the South; despite they are the less populated regions, they are growing along a mushrooming trend namely because the Moroccan authority promote a rising Moroccan – that is to say not Sahraouiian – presence there. And (ii) those were the major cities are located: Tanger Tétouan, Rabat-Salé-Zemmour-Zaër, Souss Massa Draa (Agadir), and Fès-Boulemane. The demographic growth of the Grand-Casablanca is smaller, but the urban region has been hugely developing for one century, since the French mandate. According to the HCP, this metropolisation is not about to lower; the urban projects and the new Towns prospects close to these large metropolitan area favour this hypothesis. The spatial concentration will grow fast in the future, in spite of the regionalisation policy, and at the expenses of regions such as Taza, Charb Chrad and l'Oriental (at the eastern border with Algeria). Still, compared to other countries, this metropolisation pattern does not seem that strong in Morocco, for two reasons: (i) the region's delineation make many rural and urban areas comprised in one region, which smooths the average; (ii) the public policies seem to manage maintaining a certain balance between the various territories of the country.

The most worrisome dynamic is that the urban dynamic is concentrated on a narrow coastal strip of 20 km. As it develops with low on the ground planning regulation, the consequences are quite heavy on the natural environment as well as on the further capability of cities to develop collective transport.

### *Social disparities and dynamics*

The total population in Morocco was estimated at 33 million people in 2012, from 12 million in 1960. The fertility rate, which used to reach 7 children per woman in the 60's, has dropped to 2,2 in 2011. The contraceptive prevalence reaches 67% of women aged 15-49 in 2011, almost equally across the kingdom. Another important change is endogamy that was a traditional way for maintaining family assets, and dropped from 33% in 1987 to 21% in 2010. The change in demographic statistics reveals the deep transformation of the Moroccan social values and cultural behaviour. An important point to notice is the relative homogeneity of the demographic transition in the different areas of Morocco, even in the rural areas. Despite the living conditions, the cultural and the economic conditions contrast widely, the demographic trends are quite homogeneous.

The number of inhabitant for one doctor (fig. 44) is a good indicator of the high social inequality among Moroccan regions. The number goes from 1 in the largest cities' regions (Rabat-Salé, Grand-Casablanca, Fes-Boulemane) to 6 in the less equipped regions.

Figure 44 - Inhabitants for one doctor in 2011



Source: Ministry of Health / HCP

Along with the three southern regions of the country, due to the specific strategy of the Markhzen vis-à-vis these strategic Saharan territories, the major cities regions are the richest in terms of households' consumption: Grand-Casablanca, Rabat-Salé-Zemmour-Zaer, Fès-Boulemane and Tanger-Tétouan. This is an expected metropolitan pattern because it happens in every country in the world. But to understand in depth, some cultural elements of the Moroccan history have to be reminded. This cultural feature is not about religion (Morocco is a Muslim and an Arab country by the constitution; 98,7% of the population are Muslim, 1,1% Christian and 0,2 % Jewish). It is rather about the complex Arab-Berber relationship which goes through the Moroccan history. For a long time, Arabs were in the cities whilst the peripheries (Souss, Rif and mountains) were mainly inhabited by Berber population. Half of the Moroccan population still speaks Berber languages (Amazigh) and uses them in the daily life. A quarter of the population does not speak the Moroccan Arab dialect. The Berbers demand to a better recognition is increasing. Mainly due to the Arab spring and to the more liberal regime of Mohamed VI, this demand was fulfilled and Berber is now an official language of Morocco.

The Moroccan government has made education one of its priorities since its independence in 1956. The state expenditure devoted to education amounts to more than 25 % of the total State budget since 1997. Education expenditures exceed 5% of GDP since 1997, which puts Morocco in a better position than many Arab countries. The adult literacy rate increased a lot, but it must be said that at the beginning of the independence era, the illiteracy rate was extremely high – one of the highest in the Arab world along with countries such as Egypt – in particular among women of the rural Berber territories. The gross enrolment ratio has been increasing steadily (90% in 2012) with a convergence between girls and boys: the percentage of girls among secondary school students was one third in 1970s and is now 45%. According to the regionalisation policy, the regions are responsible for a third of the educational programs content. Nevertheless, the education system is poorly adjusted to the labour market needs and the creation of jobs remains insufficient; consequently in Morocco like in many other Arab countries the unemployment rate is particularly high among educated young people. This is a component of the large cities' unrest in the last decades and namely since the beginning of the Arab spring.

The Directorate of statistics of the ministry for Economic forecasting and planning conducts an annual national survey on employment, and the HCP calculates unemployment with the standards set by the International Labour Office in their wider version. The reliability of these data is controversial, either because of the high informal labour market and because of the underestimation of the active population: a large amount of adults are not considered "active" although they work or want to do but do not see any interest in registering as such, especially women – the women activity rate is increasing but in 2013 it only reaches 26%. Whatever its limits, the official unemployment rate allows relevant comparisons between territories: it has decreased in the last decades with, however, an important disparity between rural (3% in 2013) and urban (14%) areas. More than four out of five unemployed live in urban areas, two out of three are young people aged 15-29, one out of four has graduated with higher diploma.

In the active population, almost 2 workers out of 3 have no contract; unpaid employment represents one fourth of the employment at national level and one half in rural areas. Less than 20% of the active population benefit from medical coverage.

## *Economy*

Two types of regions have a high GDP per inhabitant: those of the capital cities, that is to say Grand-Casablanca (the economic capital of Morocco with almost a third of the Moroccan industrial added value, and a GDP per capital 60% over the national average), and Rabat-Salé-Zemmour-Zaer (where the Morocco's political capital is located, almost 60% over the GDP per capita national average); and the southern regions (a third over the national average). The poorest regions in terms of GDP per inhabitant are the region where agriculture holds the largest place (more than of a third of the GDP): two are located in the Rif that is to say in northern Morocco (Taza-Al Hoceima-Taounate and Gharb-Chrarda-Béni-Hssen), the last one (Tadla-Azilal) is in the eastern-centre of the country.

The four first richest regions in Morocco: Grand-Casablanca, Rabat-Salé, Marrakech-Tensift and Tanger-Tétouan, that is to say 39% of the national population in 2009, produce 50% of the national GDP and benefit from 48% of the households' final consumption. Despite the regionalisation policy, the redistribution towards the under-developed territories at national scale remains small. Casablanca alone represents more than a fifth of the total production, whereas it only counts 12% of the Moroccan population. However, this strong regional inequality is somewhat balanced by the low growth rate of Casablanca. Over the last decade, the maximum growth rate has been located in the southern regions.

One of the challenges of the regionalisation policy is to make all regions attractive to investments and to reduce the regional inequality. In that perspective, the State is developing the "Emergence plan" adopted in 2006 and Export Free Zone (EFZ) reserved to export-oriented industrial activity dedicated to national and international companies. Currently, the government is developing three more EFZ to promote Tangiers Med port and extends its containers capacity. In order to stimulate regional balance, other ZEF are implementing as example in Nador in the Oriental region, which development is hampered by the official closure of the border with Algeria since 1994. Other recent national economic policies could have strong regional impacts, such as the *Maroc Vert* (Green Morocco) plan in agriculture, and the Moroccan Solar Plan in energy. In 2012, in the province of Ouarzazate (Souss-Massa-Draâ region) the first solar plan was launched with an investment of 1b\$; the Moroccan Integrated Wind Energy Project also is developing through public-private partnership. Last, major phosphates deposits, of which Morocco is the world's leading exporter, are located in the eastern-centre of the country, but have not provoked any significant local development.

## *Environment*

The environmental issue is prominently dominated by the water issue. Only the Northwest of the country and especially the Sebou and Loukous basins benefit from significant rainfalls. Agriculture holds a crucial place in the Moroccan economy with 15% of GDP and 40% of employment; however, the sector is very dependent on precipitations, and Morocco has very low irrigation rates of its arable land with 4,6% in 2010. According to the Plan Bleu, the absence of hydraulic survey is a serious handicap for the evaluation of real water demands.

During the last decade, in order to tackle the enormous investment needs for drinkable water so as to extend the network and rehabilitate the obsolete devices, the public authorities have more and more turned towards public-private partnerships. But the major stakes is bound to the agricultural water, which represents the three quarters of the whole demand. Morocco is already suffering from the climate change. Water inputs to groundwater tables are decreasing.

### 6.2.2. Algeria

#### *Administrative division and its evolution*

The territorial administration of Algeria is composed of 48 wilayas, 538 dairas and 1541 baladya (communes). In 1963 the numbers were 15 wilayas and 91 dairas. In 1974 a first reform led to 31 wilayas, and 48 after the 1984 reform. The new status of Algiers' territory (were circumscriptions run by a delegate wali have replaced the dairas) was adopted in 1997, when 24 surrounding communes were attached to

Algiers' wilaya. There are other territorial definitions such as the "agglomeration" (defined by the contiguity of settlement).

In 2010 the country has adopted a *Schéma National d'Aménagement du Territoire* (SNAT, national territorial planning master plan), in order to reduce the regional disparities, enhance local development and protect the natural capital. Under the SNAT, and along with sectoral national planning master plans, other territorial planning tools have been set up:

- 9 *Schémas des Espaces de Programmation Territoriale* (EPT, territorial planning areas' master plans), gathered into three main regions (North, High Plateaux, South)
- 4 *Schémas Directeurs d'Aménagement pour les Aires Métropolitaines* (metropolitan areas' master plan) for the Algerian main cities of Algiers, Annaba, Constantine and Oran
- 48 wilaya's *Plan d'Aménagement* (wilayas' master plans).

All of these planning tools are consistent with the territorial division in wilayas.

### *Local competencies*

The wilaya is first a States de-concentrated division, run by a wali. But it is also a decentralised body since there is an elected assembly, the *Assemblée populaire de wilaya*, but remaining under the wali's authority.

### *The national statistical system*

The *Office National des Statistiques* (ONS, National statistics office) is the main body for statistics. But there are a lot of other public sources of information, ministries namely, with low coordination between them. In 2012, the National territorial planning ministry launched a Committee for sustainable development indicators (*Comité des indicateurs de développement durable*) and a project of National Planning Observatory (*Observatoire de l'aménagement du territoire*) to cope with the difficult data source crosscutting.

The main source of information are the censuses, conducted every decade, along with the Civil status registry which exists since 1891; in the latter, records are made at the place of death or birth that is to say the place of the hospital or the clinic and not the place of residence, which over-estimates the records in the cities' commune – a problem which vanishes when one work at the wilaya's scale.

### *Occupation of space*

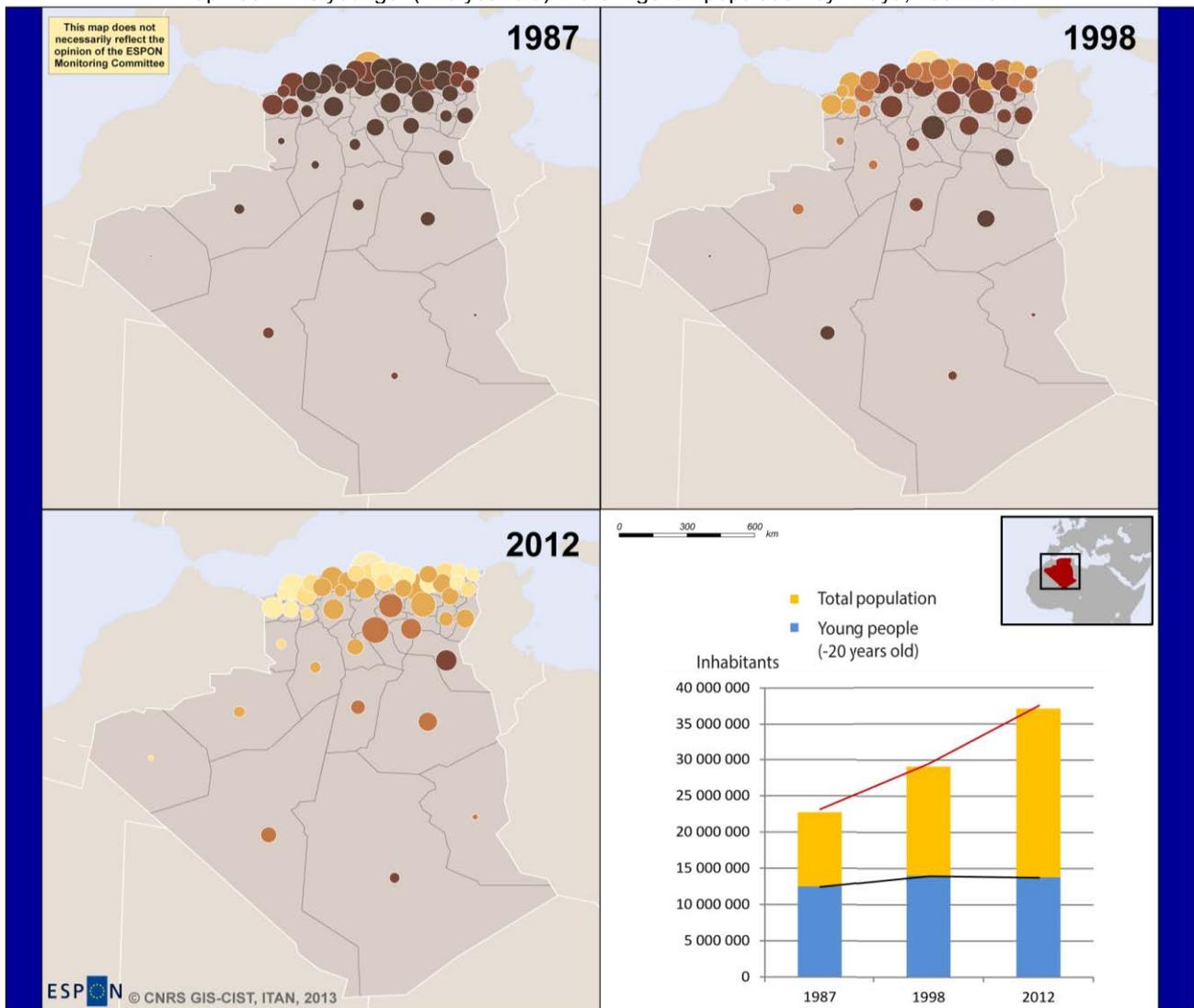
The North of the country (15% of the surface) gathers 90% of the national population. The reason is the climate's strong difference between North (higher rain fall and presence of the Atlas mountain) and South. The littoral North has the highest densities (largest cities, advantage of the coast); the High Plateaux are rather populated in their eastern part (Kabylie).

### *Demographic dynamics*

The Algerian population was 12 million in 1966, 30 million in 1998 and around 38 million today. Between 1998 and 2008 the annual growth rate was still as high as 1,6%; it fell down to 1,2% in 2011. In 2012, 28% of the population was under 15 year old; the proportion was 48% in 1987. The fertility rate has fallen from 8,1 in 1970 à 2010 to 2,2 in 2002 but 3 in 2011, because the women's average age at marriage has got back to an earlier level in the 2000s; in the last years there has been a slight increase of the birth rate. This rise can be seen including in the large cities namely the capital, yet the highest rates are still in the South (approx. 4 children per woman).

The maps 189 and 190 give the impressive idea of the huge demographic transition on the national territory. It also suggest that the remaining quite high fertility rate in the large central and southern part of the country beyond the Atlas and the Aures Mountain, could turn out to be a time bomb, if these younger cannot find sufficient jobs either in their area of residence or in the northern large cities were they could envisage to migrate.

Map 189 - The younger (<20 year old) in the Algerian population by wilaya, 1987-2012

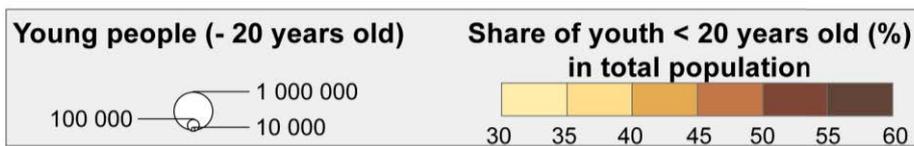


This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

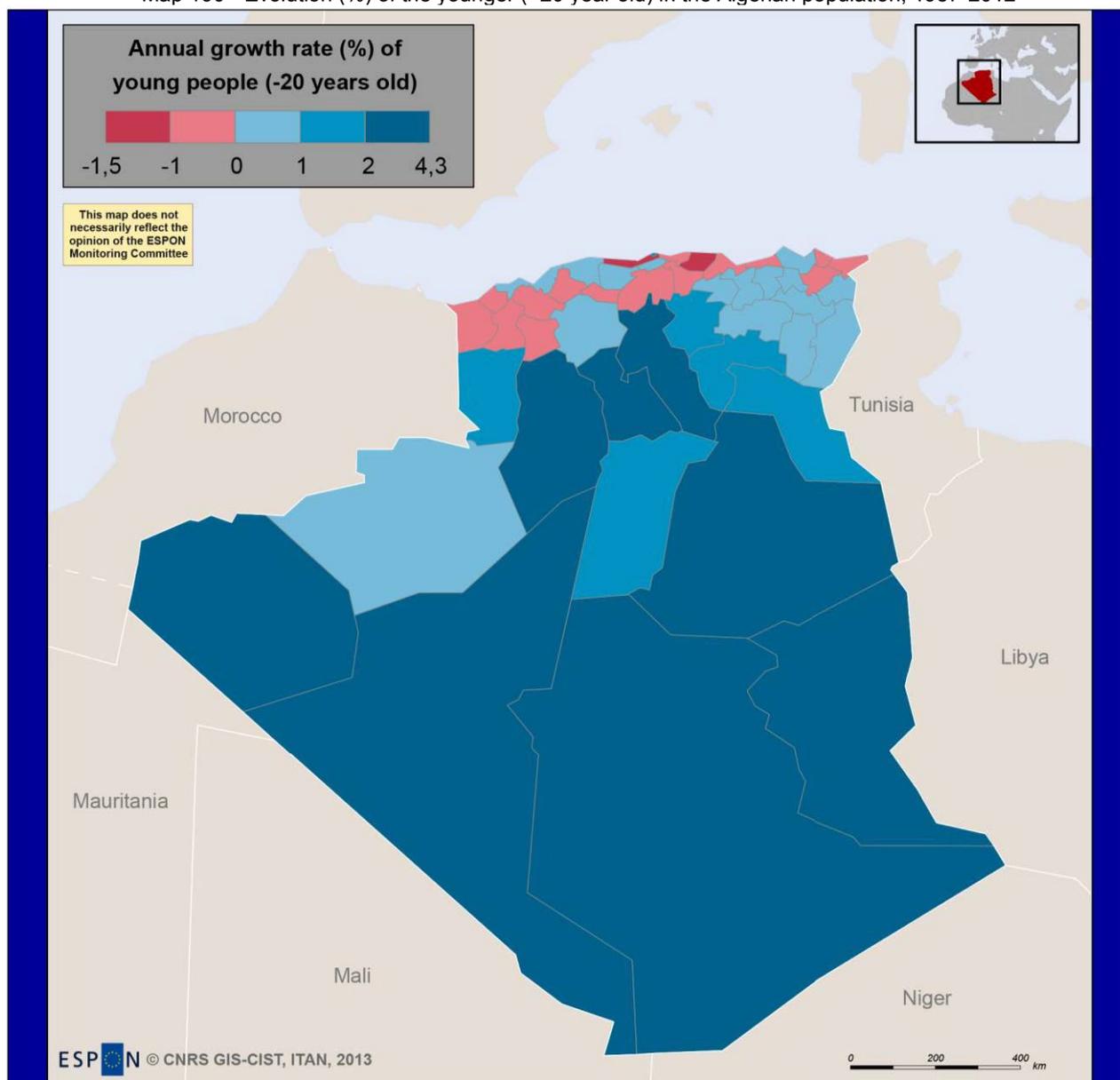
ESPON © CNRS GIS-CIST, ITAN, 2013

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Regional level: SNUTS3 V1  
 Source: ESPON Database, ITAN, CNRS GIS-CIST, 2013  
 Origin of data: ONS, 2012  
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Map 190 - Evolution (%) of the younger (<20 year old) in the Algerian population, 1987-2012



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Regional level: SNUTS 3  
Source: ESPON project (ITAN), CNRS GIS-CIST, 2013  
Origin of data: ONS, 2012  
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### *Social disparities and dynamics*

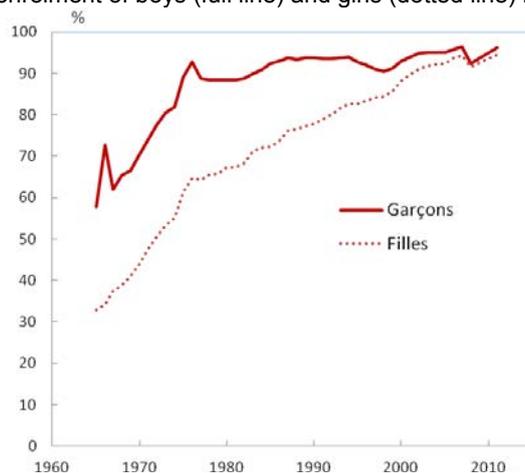
The cultural issue is very sensitive. In particular, in the 2008 census, the answer “Amazigh” (the Berber language) was no more proposed for answering the question about the read and written language.

Like in the other Arab countries in general, the education has dramatically improved in the last decades. The illiterate people were 30% of the population over 6 year old in 1998 and 23% in 2008. But what remains at stake in the quality of education, its openness to innovation and its accuracy to the economic needs. The improvement has been particularly strong for girls, as the figure 45 shows – yet today’s rural areas one 15 year girl out of three leaves school, but indeed the gap between girls and boys is reducing everywhere. The percentage of woman with a level of higher education has become bigger than that of men.

That being said, the regional disparities remains high: in 1998 36 out of the 48 wilayas had less than 5% of their population with a higher education, whilst the rate was closed to 10% in the largest cities' wilayas (in the north-eastern cities more than in the capital). In 2008 only one wilaya did not reach 5%, with Algiers' wilaya at the first place: 11% for men and 13% for woman, before Annaba's wilaya (10% and 12%), Constantine (10% and 13%), Tizi Ouzou (8% and 11%). Two wilayas still have a proportion of 10-14 year old people over 10% without education: Djelfa, in the High Plateaux, and Tamanrasset in the far Saharan South. But due to the still high fertility rate in the South and to the large general improvement in school enrolment, the literacy rate in the South is getting higher than in the High Plateaux.

This is compliant with data on households' equipment: the last wilaya for television equipment in 2008 is Djelfa, the two last for refrigerator are Djelfa and Tamanrasset.

Figure 45 - School enrolment of boys (full line) and girls (dotted line) in Algeria, 1961-2011



Source: ONS / Bedidi 2013

## Economy

The active population gone through two major changes: its overall increase (from 3 million in 1977 to 11 million in 2011) and the rapidly rising share of women (from 7 to 18%) despite they still represent less than a fifth of the labour force. The official female labour force is particularly low in rural areas. As a whole, the active rate of the Algerian population remains low: 40% in 2011. Along with the limited female activity rate, the cause is the low percentage of people with higher education who are active.

The employed population shows an even smaller percentage of women: 8% in 1977 and 16% in 2011. The official number of jobs was 2,4 million in 1977 and 9,6 million in 2011; 80% of this rise took place in the urban areas. The overall employment rate (employment / population in working age) is only 36%, as a average between men: 60% and women: 12%.

No wilaya has an internet connection average over 10% in 2008. Alger and Constantine are ahead with 8 and 6%, the national average is only 3,4%.

### 6.2.3 Tunisia

#### *Administrative division and its evolution*

Since its independence in 1956, Tunisia went through deep transformations which made essential the redefinition of the country planning policy. The regional planning appeared gradually in the 1960s, without being really established as a planned program. During the first thirty years of independence, the regional planning has been integrated in a sectoral approach of the State action (the first urbanism code goes back to 1979) as well as in the vertical economic planning.

Since the 1980s, decision makers started to become aware of the immense gap separating the littoral areas from the interior. From this moment, the will to articulate spatial planning and socio-economic planning drove to a short experiment of integration between the General commissariat for regional development (CGDR) and the Directory of territorial planning (*Direction d'aménagement du territoire*, DAT) but it only lasted from 1983 to 1985. The incapacity of authorities to integrate socio-economic dimensions and other dimensions related to spatial planning in the regional planning, which continues till now, expresses the primacy of the short term political logic on structured development. Moreover, the regional planning (anyhow restricted to indicative role) was emptied of its contents by the governorate's prominent influence role in the implementation of the development policies. Last, the zoning of the country in economic areas failed to impact the design and the execution of local development integrated strategies. The change in zoning did not help: at the time of the VI<sup>th</sup> Economic development plan (1982-1986), the country was split up into six economic areas but they became five at the time of the XI<sup>th</sup> (2007-2011).

The change of the basic administrative territorial layout was even larger. Between 1956 and 2010, the number of governorates passed from 13 to 24. The increase began during the 1970's. After the "Revolt of the Bread" in 1984, the governorate of Tunis was divided into three governorates: Tunis, Ariana and Ben Arous; finally, the governorate of Manouba was created in 2000, dividing the Tunis metropolitan area into four governorates. In the meantime, the number of sub-governorate circumscription, the Delegations, passed from 86 to 264. In addition, another subdivision of the territory was adopted, consisting in the partition of the country in "communal" areas (which obey to urban considerations) and non-communal areas.

Just after the revolution of 14<sup>th</sup> January 2011 and as regard of the notorious development gap between the areas, the last publications of the ministry of Regional development and planning stressed the need for adopting new administrative and economic zoning in order to foster development in the most disinherited territories. When the revolutionary government took office ((February-November 2011), it immediately decided to modify the initial budget law for 2011 that had previously decided to give the 80% of the public expenditures to the littoral Governorates, and called for an ambitious territorial planning policy based on an independent statistical national institute to disseminate data and territorial analyses.

#### *Local competencies*

Governors are appointed by the president of the republic further to a proposal from the minister of Interior. The Delegate is appointed by the minister of Interior and is placed under the supervision of the Governor; he ensures the administrative operations and the management of the local public services. The management of the municipalities (urban communes) is ensured by permanent civil servants, under the supervision of an elected municipal council.

#### *The national statistical system*

The National Institute of statistics (INS) was created in 1969 as a non-administrative public organisation under the supervision of the ministry of Regional development and planning. The INS is considered as the central institution in the national statistics system. As for the reliability of the INS products (general census, surveys, national account, foreign trade statistics...), the statistical law guarantees the INS' impartiality. The overall structure in terms of concepts and definitions (demography, employment, national accounts...) follows internationally accepted standards.

In 1921, date of the first census, the Tunisian population counted 2,5 million inhabitants whilst in the last census in April 2004, it passed to 9,9. The first four censuses had been carried out at quinquennial frequency (1921, 1926, 1931 and 1936); they became decennial since 1946 following the international recommendations. At midway, an inter-censal survey of significant size (mini-census, 1980, 1989, 1999 and 2009) works out a demographic assessment of population and employment.

Since 1975, the *Statistical yearbook* has been a reference publication. It gathers wide range of statistics produced by the INS and the other structures of the national statistical system. This document publishes regularly estimates of the Tunisian population as well as its distribution between the different governorates.

Most of the ITAN delivered data have been produced and published by the INS. Socio-economic data have also been taken from the Tunisian Company of Electricity and Gas (STEG), the *Caisse Nationale de Sécurité Sociale* (CNSS, Social security fund) and the ministry of Education. Regarding demographic data collection the main problem is that life expectancy and infant mortality are only available at national level. The general censuses of the population (1994 and 2004) as well as the household employment survey (2009) have been used to collect statistical data that would relate changes of residence and main migratory inflows/outflows trends. A specific module on "International migration" has been introduced for the first time in the 2004 census, counting the presence of family members abroad, and the Household employment Survey conducted in 2009 introduced a question on international migration in order to compute outflows over the period 2004-2009. However, this survey doesn't provide information with the origin by governorate of the recorded international migrants.

### *Occupation of space*

The disparities between littoral and interior areas inherited from the colonial period are wide. Indeed, areas on the remote fringe of dynamic metropolitan zones witness a depression of their productive activities and depend more and more on public employment. Since the elaboration of the first National master plan of regional planning in 1985, the government's choices have strengthened the tendencies of selective and differentiated development, at the expenses of the inner areas.

Here is the overall demographic structure of the country:

- The South, especially the part which is not on the littoral (Tataouine governorate), is left behind; family remain more traditional than in the rest of the country, with many children per family.
- The inner centre shares several characteristics with the South, except the governorate of Gafsa thanks to traditional mining.
- The centre-North has long been in the influence of Tunis and has sent a large part of his young population to the north-eastern coast, which explains the high rate of remaining old population in the governorates of Jendouba, Beja, Siliana and Le Kef.
- The littoral concentrates the economic and demographic dynamism of the country, namely the Tunis urban region, and those of Sousse, Monastir and Sfax.

### *Demographic dynamics*

Since the beginning of the 90's, Tunisia knew major changes on the demographic level. The population development has been slowing down considerably, due to the demographic transition. The demographic annual growth rate passed under the bar of 2% since 1989 and was reduced gradually to be stabilized around 1% on average a year during period 2006-2010.

The choices of Tunisia's development model which gave the priority to national construction, to an accentuated centralisation, the industrialisation and the development of tourism, led to support great urban areas located on the littoral areas. Over the period 1990-2010 the contrast between the littoral areas and the areas of the interior of the country has been widening. The areas of the East of the country in particular the district of Tunis, North East and the Centre East, successively recorded rates of 1,9%, 1,4% and 1,9%, whereas the areas of the Nord West, the Center West and the South West recorded a very weak demographic growth rates: 0,1%, 0,9% and 1,3%. The share of the Tunis metropolitan area (governorates of Tunis, Ben Arous, Ariana and Manouba) in the national population passed from 17% in 1975 to 23% in 2010. On the other hand, the weight of western north areas experienced a spectacular fall from 17% in 1975 to 12% in 2010, due to the migratory phenomena which heavily impacted both governorates of Kef and Siliana.

The following maps address the territorial dynamism and attractiveness issue, thanks to a simple indicator: the importance of the young adults (20-34 year old) in local population. This ratio does not necessarily indicates that these young adults do have a job, nor that the territory is attractive (since a high ratio might be explained by historical reasons, for instance an important young adults in-migration one generation ago, whose children now arrive on the local labour market). Still, the presence of such 20-34 year old people indicates a local potential of development. Furthermore, this indicator reflects the demographic transition and the risks when the labour market does not fit with the available young labour force. In the case of Tunisia, the

unrest in December 2010 occurred in a significant context: Sidi Bouzid is in central inner Tunisia, an area long left behind by the Tunisian policy makers and private actors, and Mohamed Bouazizi was a 26 year old young adult without any consistent job.

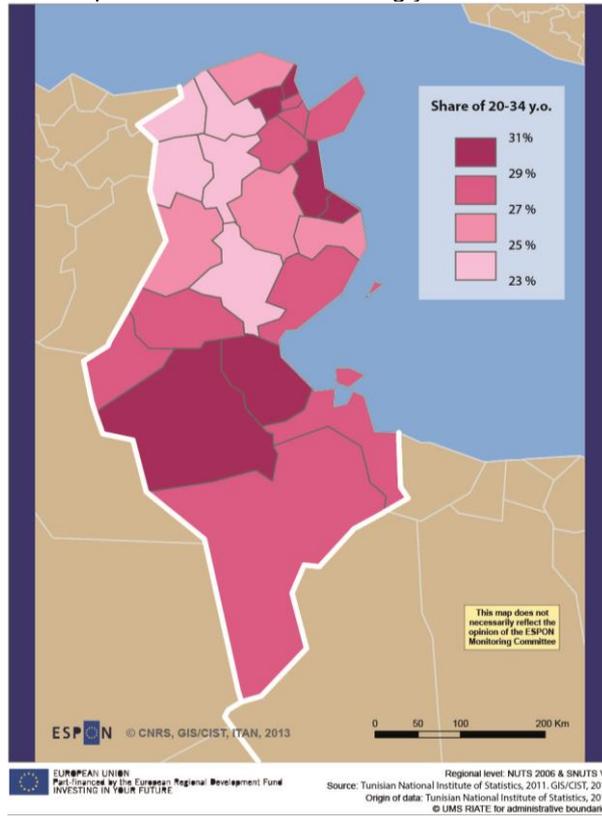
The map 191 gives the rate of young adults in local population. The littoral has the highest rates, in particular the Tunis region (its suburbs often more than the city centre, which is common to many Arab capital cities and explains the political sensitivity of these suburbs), Sousse and Monastir, Sfax, and Gabès. The rates are quite high too in the South, particularly in the inner governorate of Kebili.

The map 192 confirms the assets of the littoral in the North-East (from the Tunis area to Sfax), and to some extent down to Medenine in the South-East: since the mid-1990s, the share of young adults has increased more rapidly in these governorates than in the rest of Tunisia. The rise of the southern littoral (Medenine) has much to do with the proximity of Libya: this territory benefits – or rather, benefited before the Libyan revolution – from the remittances of Tunisian workers settled in Libya, from trade with Libya and from the money spent by rich Libyan tourists namely in the health centres of South Tunisia. The only and striking exception to this littoral picture is related to the southern governorates of Tataouine and Kebili where the share of young adults in the local population has also grown faster than the national mean. The map only shows absolute numbers, but this statement on relative numbers has to be kept in mind if one wants to understand the concern of the southern young adults' insertion in the labour market.

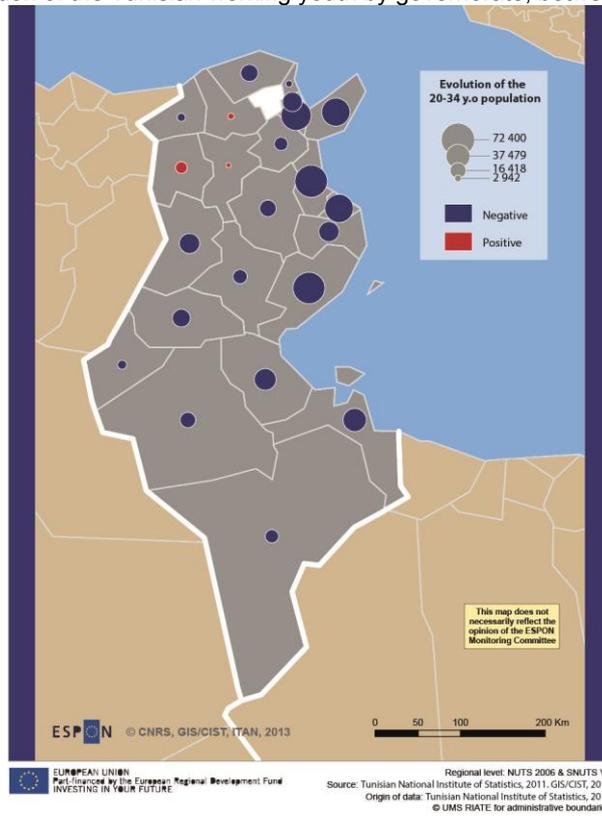
The final typology drawn by the map 193 synthesises these facts: in the northern part of the country the opposition littoral vs. inner Tunisia is obvious. In the southern part of the country, the apparent demographic asset of the inner governorates (growth of the share of the young adults) must in reality be interpreted as a shortcoming: given the bad performance of the local labour market (see the low attractiveness of these territories for domestic migrants on map 194), the “demographic gift” could prove politically dramatic there.

The map 195 shows that the persistent attractiveness of the littoral from the Tunis area to Monastir and Sfax, has also tuned in a gender issue these last decades: the young migrants to the northern-eastern littoral seem to be rather men, leaving behind over-represented women in inner Tunisia, especially in the South where it is certainly combined with the out-migration of men to the Libyan labour market. Today, the national space is much more differentiated in terms of gender than it was fifteen years ago. The gender issue being one of the most sensitive issues when it comes to the political relationship between Europe and its Mediterranean neighbours, it is interesting to notice that this issue has henceforward a territorial component.

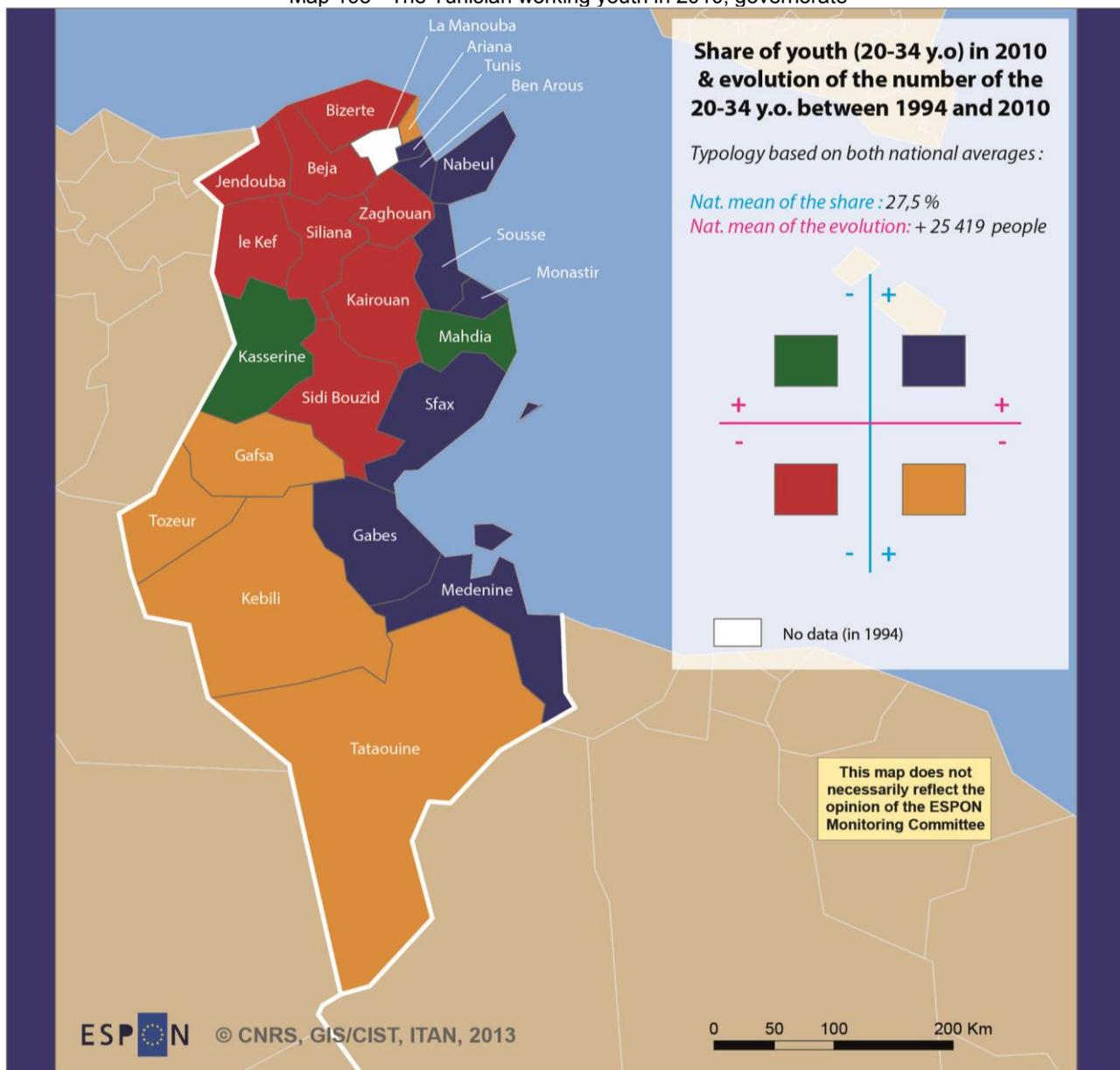
Map 191 - The Tunisian working youth in 2010



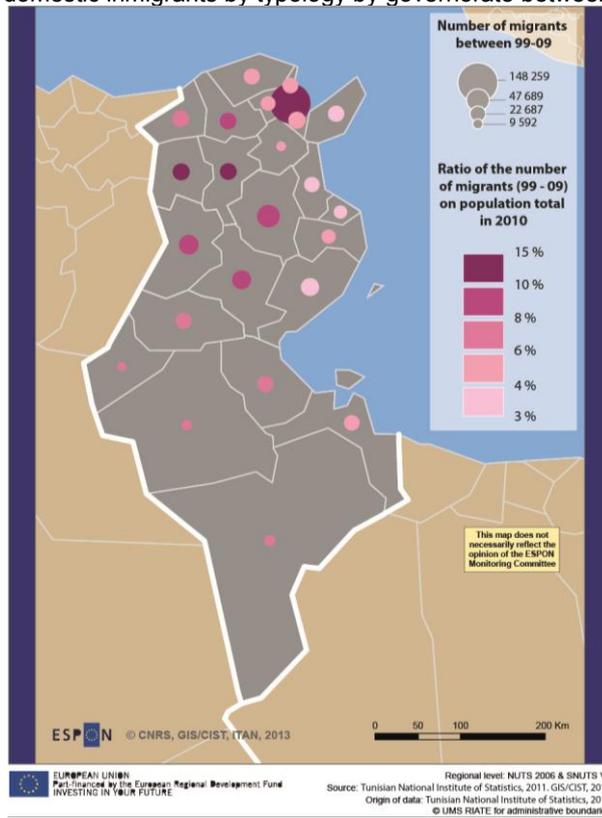
Map 192 - Evolution of the Tunisian working youth by governorate, between 1994 and 2010



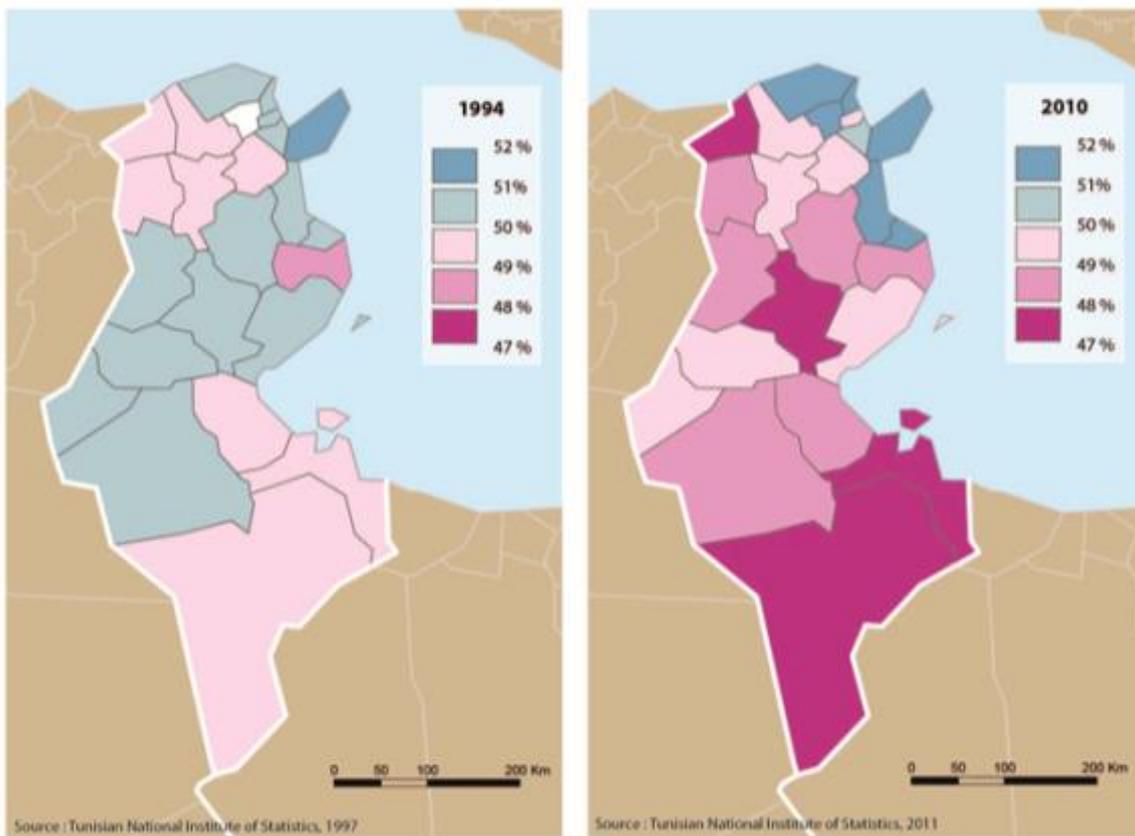
Map 193 - The Tunisian working youth in 2010, governorate



Map 194 - The domestic immigrants by typology by governorate between 1999 and 2009



Map 195 - Share of men in 1994 and 2010 by Tunisian Governorate



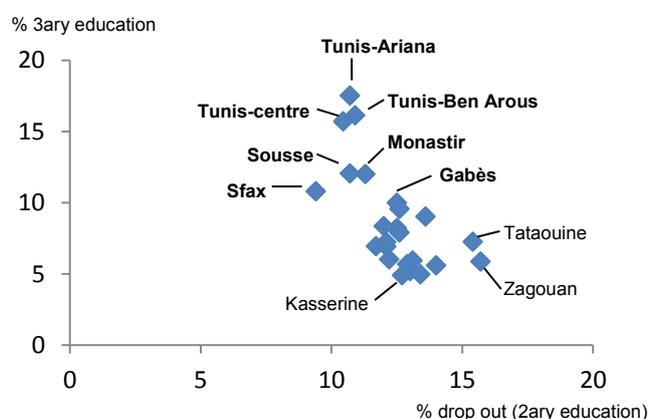
## Social disparities and dynamics

Tunisia elevated education to the status of a fundamental right and a constant in its development equation. The average number of pupils by class reaches 22 in 2011-2012. Tunisia implemented a national programme aiming at the integration of children carrying handicaps in primary and secondary schools. Tunisian governments have shown strong commitment towards pre-school education. A preparatory class for the 5 year old children was launched in 2001, the State focusing its efforts in the poor and rural zones. The net enrolment rate of children aged 6 year old reached nearly 100% these last years in most of the governorates, for the boys as for the girls. As a whole, the illiteracy rate, which was still of 32% in 1994, fell to 19% in 2011.

Nevertheless, some disparities at the regional level are persisting in terms of school attendance, dropout rates and other indicators. A triple challenge has to be raised: (i) the reduction to the maximum of the disparities about quantitative indicators (average pupils by class...); (ii) the targeting of a parity index of 100% to imply more the girls in the development; the areas of the centre-West and the North-West must be particularly targeted; (iii) the improvement of education's quality and better professionalisation of teachers, namely in the governorates of centre-West and the South-West.

The dropout rates in the first cycle of basic teaching were reduced in most of the governorates over the last decade. However, basic education second cycle's dropout rates are remaining high especially, but not only, in the inner areas of the country. The figure 46 depicts the opposition between the north-eastern littoral governorates (those of the Tunis urban region, of Sfax, Sousse and Monastir), and the other governorates namely Tataouine (South) and Kasserine (centre-West). The former group of governorates show both a high share of population with a tertiary education level and a small share of pupils dropping out the second level of the basic education (16-19 year old people); the latter show the contrary. This means that the future should be alike the present: the younger people show the same territorial disparities as the elders. Nevertheless, the rich littoral governorates experience all the same a quite high proportion of pupils dropping out: the correlation is not perfect, since it seems that at a certain point, no Tunisian governorate, including the richest, can avoid losing 10% of its pupils before the end of their secondary education.

Figure 46 - Share of dropout pupils of the lower secondary and share of the total population with a tertiary education level: a strong correlation



### Notes.

Arithmetic average for the two education districts of Tunis (Tunis 1 & Tunis 2); idem for Sfax (Sfax 1 & Sfax 2).

Source: Ministry of Education

## Economy

A strategic conceptual note produced by the transition government in 2011 rejected the old style of downward development (issued by north-eastern metropolitan areas of the country) and proposes a new territorial structuring founded on the rise to power of "areas of progress". It proposed the following actions to be adopted by the coming governments: (i) developing interurban transport in particular the rail transport in order to facilitate the sustainable mobility of people and goods; (ii) easing exchanges of the goods and

services with Tunisian neighbour countries; (iii) facilitating urban centres expansion by a better urban planning; (iv) designing a new administrative division of the country to benefit more from the spillover effects from the dynamic areas to the inner ones.

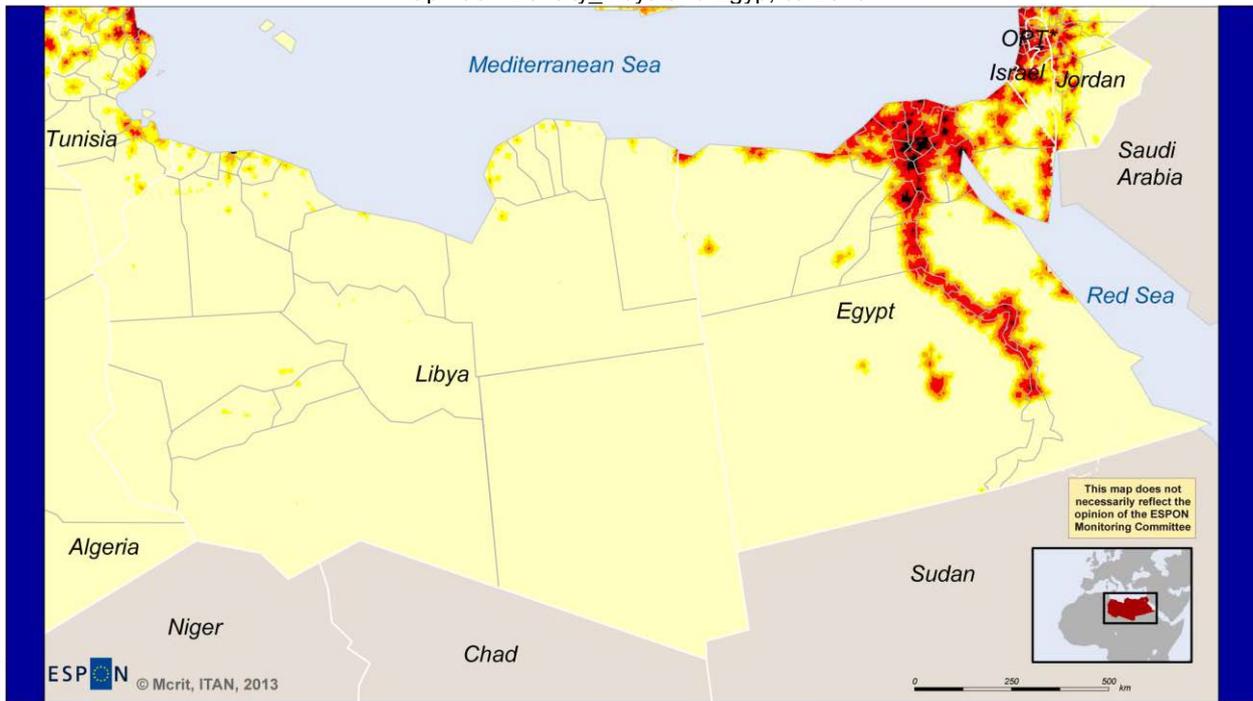
The latter's challenge is about:

- efficiency (question of the size and of the number of governorates to be set up, issue of polarisation in order to reinforce the large dynamic cities as an advantage in the context of globalisation);
- accessibility, the strategic note considering an area accessible when the distance desirable to traverse in order to reach the regional capital or the leader governorate is 80 to 150 km, equivalent of one to two hours of car. This time necessary to arrive at destination makes it possible to achieve the round trip, to make transactions and also to work in the same day;
- spillover, that is the capacity of the most dynamic governorates within the same region to pull upwards the latecomer governorates. A major objective would be to linking interior and littoral territories, and promote poles located inside the country like Jendouba, Kef, Kasserine, Sidi Bouzid, Gafsa and Tozeur;
- proximity and actual territorial interaction; as statistics relating to the exchanges of goods are unavailable, inter-governorate migration could be adopted as the best variable to capture the concept of proximity.

The annexed report on Tunisia draws the geography of these inter-governorates migration. The balance (entered less left) is positive for the region of Tunis (Ariana, Ben Arous, Manouba) and the other governorates of the western littoral (Nabeul, Sousse, Monastir, Sfax and Medenine). The governorates of Tunis district currently account for 21% of the total population and 56% of the migrants, with a national catchment area but particularly strong in the northern half of Tunisia. All the other major poles have a regional area of influence: northern Tunisia for Bizerte and Nabeul, centre-East for Sousse and Sfax, South for Gabes and Medenine.

According to this geographic interdependence, the transitional government's strategic note proposed that all each new region would be constituted by a set of complementary governorates including poles of the littoral / and of the inner areas of the country. All region would then comprise areas with touristic vocation, with industrial, with agricultural and with service vocation. One issue remains unclear: that of the regional role of the Tunis urban area.

Map 196 - Density\_Libya and Egyp, ca 2010



ESPON © Mcrit, ITAN, 2013

Regional level: NUTS 2010 & SNUTS V1  
 Source: ESPON Database, ESPON ITAN, Mcrit.  
 Origin of data: EEA, National Statistical Agencies and own work, 2000  
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 For some territories no clear international statement exists

**Legend**

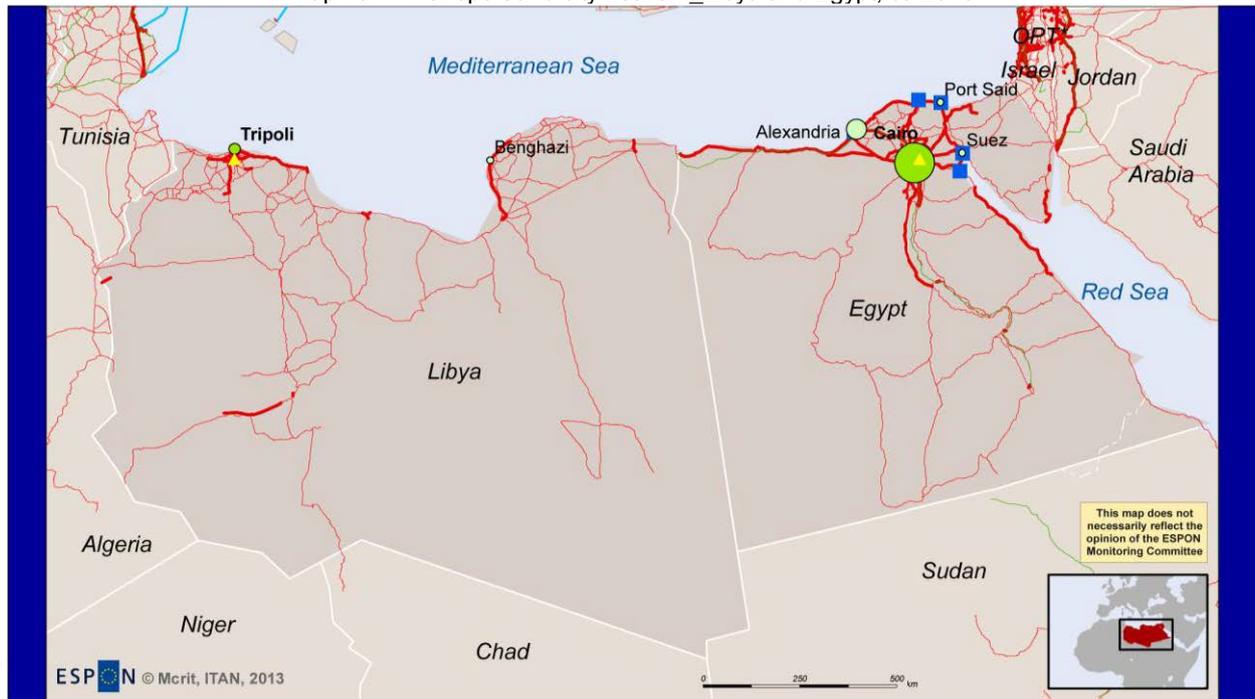
**Population density inhabitants/km<sup>2</sup>**

- <= 6
- 7 - 10
- 11 - 20
- 21 - 50
- 51 - 100
- 101 - 200
- 201 - 500
- 501 - 1.000
- 1.001 - 2.000
- 2.001 - 5.000
- >5.000

Raster cell information at 5x5km, based on EEA, complemented with national sources in the ESPON Space In Neighbouring countries total population is distributed according to accessibility to transport networks and validated against NASA satellite images and UMZ

(\*) Occupied Palestinian Territory

Map 197 - Transport and city network\_Libya and Egypt, ca 2010



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Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ESPON ITAN, MCRIT  
Origin of data: ESRI, WPI-NGA, MCRIT 2013 ITAN Database  
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For some territories no clear international statement exists

**Legend**

- ▲ Larger airports (over 2 million passengers/year)
- Larger sea ports (World Port Index classification)
- High speed rail
- Main railways
- Motorways
- Main roads
- Main ferries lines

- Capitals
- Other urban areas (> 500 000 inh.)

- Population**
- 5 000 000
  - 10 000 000
  - 1 000 000

(\*) Occupied Palestinian Territory

6.2.4. Libya

*Administrative division and its evolution*

*Local competencies*

*The national statistical system*

*Occupation of space*

*Demographic dynamics*

*Social disparities and dynamics*

*Economy*

## *Environment*

### 6.2.5. Egypt

#### *Administrative division and its evolution*

Egypt is divided into 27 governorates (*muhâfaza*). They are often gathered in three main regional groupings: “Lower Egypt” (governorates of the Delta), “Upper Egypt” (or “Valley”), and “Frontiers” (lowly occupied spaces of the two Sinai governorates, those of the New Valley, of the Red-Sea and of Matruh).

The gap between rural and urban space crosscuts the administrative division of the Egyptian territory: four governorates, corresponding to the four larger cities of the country, are defined as “urban”: Cairo, Alexandria, Port-Said and Suez. These governorates do not encompass any rural area; they are divided into urban boroughs (*qism*). The other governorates are defined as “rural”; they are divided into rural or urban districts (*markaz*). But it is important to keep in mind that this urban component of “rural” governorates is sometimes very important. For example Giza governorate is situated on the west bank of the Nile river, and goes further down hundreds kilometres in the desert, with Guiza as its capital – but indeed, its territory located on the close west bank of the Nile is a part of Cairo metropolitan area (the Guiza governorate’s population is over 7 million). Other governorates such as Menia also encompass rural desert areas *and* extremely highly dense urban territories. In the southern part of Egypt, on the contrary, the choice has been made to delineate governorates strictly located along the Nile Valley (Asiut, Luxor, Asouan...) and a very vast governorate located in the south-western desert (called New Valley despite it does not border the Nile Valley). Things are still more complex: the south-eastern desert part of Egypt corresponds to the Red Sea governorates, but, along with cities on the Red Sea, this governorate encompasses in its northern part a portion of the Nile valley. As a whole, the structurally heterogeneous geography of the Egyptian governorates division raises difficulties for map interpretation.

Furthermore, in 2008 two new governorates have been added from the most populated governorates of Greater Cairo: Six-October (from the governorate of Giza) and Helwan (from the governorate of Cairo); they appear in the 2006 census’s results. But three years later, after the January 2011 revolution, these two new governorates have been reintegrated to their original governorates. In 2009 the governorate of Luxor, the smallest in Egypt, has been created from the governorate of Qena. All those creations are justified by the need of better governance, but there are mostly motivated by the will of the public authority of better security control.

#### *Local competencies*

Local territories are rather regarded as a potential danger. They keep managed by the central authorities according to de-concentration rather than to decentralisation. The two other administrative levels remain under the governorate: districts, and cities or villages. Each territorial level is run by a president (the central authority appoints him), by a Local executive council (whose members are also named), and by a Local popular council locally elected but with a sole advisory role. In practice, the administration is run by the public servants of the Local executive council, who are highly dependent of the ministry to which they are related, and of the governor. The latter is named by the President of the republic with the rank of a minister; he all too often comes from the Army or from the minister of Interior. The governor decides of the breakdown of the de-concentrated State budget between the various administrative bodies. In Egypt, only 15% of the public resources are allocated to the regional or local bodies, and the proportion has been rather declining since the 1990s. Moreover, the three quarters of these locally allocated resources are devoted to the civil servants’ salary, with a small part remaining for investment.

This territorial administration organisation shows a number of shortcomings: high centralisation of decision, low influence of local elected officials upon the civil servants, overlapping of responsibilities, poor coordination, high inefficiency of services, very high corruption. A reform is indeed necessary; international donors call for more democratic local governance. A draft law was supposed to be voted in 2005 but remains to be. Anyhow, this draft aimed to reinforce the power of the governor upon the different ministers rather than to empower the local elected officials.

Some kind of an “informal decentralisation” is under way, throughout a larger autonomy granted to some of the governors according to their personality and loyalty vis-à-vis the central power, delegation of public services to private enterprises, rising influence of NGOs and associations – often Islamists – due to the State’s failure namely in the field of local health and education.

Egyptians expected the 2011 revolution to lead to a rising role of the local level and a real decentralisation, all the more as the revolution has been strongly supported by a local political commitment. However the local level sometimes falls apart: proclamation of independence of cities like Mahalla or Port-Said, proclamation of emancipation from the governor authority of some villages, lynching of Shiites in Cairo’s suburbs etc.

### *The national statistical system*

The Egyptian experience in term of modern censuses is as early as the 19<sup>th</sup> century – before many European countries. Thirteen have been conducted since the first one in 1882. Under the direct authority of the president of the republic, the Capmas (Central agency for public mobilisation and statistics) is the public body in charge with statistics production and publication since 1964. Despite Capmas’ monopoly on the data production, many other public institutions (ministries, the Information and decision support centre created in 1992 as the think tank of the government) produce their own data. The consequence is a variety of not always compatible data.

Censuses are reliable. However some key figures like unemployment are under-evaluated. The comparison between censuses raises difficulties: change in nomenclatures, abandoned indicators – for instance since the 1996 census there are no more data on Christians and Muslims – change in territorial delineation...

### *Occupation of space*

With 80 million inhabitants, Egypt is the major demographic country in the Mediterranean neighbourhood. The 6 million Egyptian emigrants (three quarters work in the Gulf) could be added. The vast empty territories of the western desert make a discontinuity with the Maghreb; the Nile Valley is rather linked to the Mashreq. The people settlement of Egypt is essentially turned towards the interior of the country. The two main littoral cities, Alexandria, the main Egyptian port but which has long been regarded as “exterior” to Egypt, and Port-Said, the bridgehead of the Suez Canal, are two exceptions on a lowly occupied northern coast.

The settlement is limited to the irrigated land of the narrow Nile valley and of its delta. The construction of the Aswan High-Dam, completed in 1970 as a prominent symbolic project of Nasser, was a turning point in the history and the space of the country. It allowed a largely permanent irrigation to a vast amount of arable land; the agricultural area expanded of one million hectares. Still, 98% of the Egyptians live on 5% of the country’s territory. The utilized Egypt has among the highest density in the world, with an average of 2 500 inhabitants per km<sup>2</sup>. The urban pattern is a set of tightly jointed agglomerations; such a stretched urban space is a specificity of the Egyptian territory.

Another is the enormous size of Cairo. Greater Cairo, that is to say the governorates of Cairo, Giza and Qaliubiyya, counts more than 16 million people in 2006 (today the four governorates approach 20 million), in other word 22% of the Egyptian population (the figure was 6% in the middle of the 19<sup>th</sup> century), 55% of students, 46% of the hospitals’ beds, 43% of the civil servants’ jobs and 40% of the private sector’s jobs. The second city, Alexandria, counted less than 10 000 inhabitants at the beginning of the 19<sup>th</sup> century. It resurrected from its glorious past thanks to the active policy of Mohamed Ali who wanted to turn it into a military arsenal and above all a major port to export the Egyptian cotton towards England. At that time, a railway network was set up, irrigation canals and the Suez Canal were dug, which unprecedentedly boosted the cities of the Delta. In Egypt, urbanisation has begun by the top, with an early rapid growth of the larger cities, nurtured by the rural exodus which culminated in the mid-20<sup>th</sup> century. Today, urbanisation is rather progressing at the bottom throughout was it called “micro-urbanisation” or “*in situ* urbanisation”.

Even if Egyptian keep on opposing rural and urban space, the urban way of live is spreading. The fragmented agricultural land (70% of the farmers own less than a half hectare) implies that most often the households have to seek complementary revenues. The generalisation of the apartment living, the rising

social anonymity, the enlarged access to various goods and services, the growing division of labour and the high quality of the inter-city connection reflect the village urbanisation process.

Residential mobility has dramatically reduced, in the rural as well as in the urban space, because it is hard to find a cheap dwelling. In reality, mobility often happens once during the life, at the wedding time, and at close distance. Half of the Egyptian urban dwellers live in informal neighbourhoods, and the number is higher in Alexandria (58%) and Cairo (65%). These informal dwellings are in better shape than the derelict historic centres because the tough fight of the residents has led to their connection to the basic service networks, turning them into formal neighbourhoods.

Is religion a relevant component of the Egyptian territory? Contrarily to many other Mediterranean countries, Egypt has a homogeneous population, with a prominent share of Sunni Moslems (94%). Copts are original Egyptians who have been Christianised in the very beginning of the Christian times; they speak and pray in Arabic. Jewish have completely left the country after 1948, 1956 or 1967; Nubians are a very tiny minority and are being assimilated; Bedouins have totally become sedentary and their marginalisation in the Sinai partly explains the unrest of this region (active presence of jihadists). Nevertheless, the individuation of society goes along with a diminishing tolerance vis-à-vis non-Sunni people. The divide between communities widens, violence against Copts multiplies. The latter more and more withdraw upon their structures focused on the church, consider themselves as second class citizens and sometimes emigrates to northern America or Australia. The issue of their number in the Egyptian population is highly controversial. They are estimated at 6%; the proportion is higher in Middle Egypt between Minya and Assiout, and in Cairo were they could represent a tenth of the population. During the 2011 revolution the Tahrir square celebrated the recovered unity of the nation, with the symbol of Copts and Muslims praying in turn on the square and protecting each others. But clearly, this union is politically more and more hampered.

#### *Demographic dynamics*

Since the 1990s, Egypt has entered a multi-dimensional transition: economic transition with a more liberal policy (*infitâh*); urban transition with the urban spreading and the urbanisation of rural land; water transition because Egypt henceforth uses the total of its water resources; political transition since the Arab Spring. The revolutionary process is uncertain, as illustrated by the coup of the Army and the destitution in July 2013 of Mohamed Morsi, the first Egyptian democratically elected president.

With 80 million people and a population that rises by more than one million every year, Egypt seems specific in the Mediterranean. Whereas Tunisia, Lebanon or Iran have now a fertility rate lower than the rate of the generational renewal (2,1), the Egyptian demographic transition remains uncompleted with a rate of 3 in 2010 (the rate was 5 in 1980). Yet, the demographic transition had begun as early as the mid-19<sup>th</sup> century, with the economic modernisation initiated by Mohamed Ali and his successors. Today, the gap between the fertility rates of the urban and the rural space is tiny (2,7 v. 3,2); but Upper-Egypt lags behind, namely in the rural space (3,6) which remains very poor.

#### *Social disparities and dynamics*

The decline of the fertility rate goes along with the rise of the educational level, at least for the younger; the literacy rate has reached 71% (2006). The progress has been particularly sharp for women, even if a strong feminine illiteracy remains to be deleted namely in the rural Upper-Egypt. Today, 56% of the graduate students are women.

During the four last decades, the situation of the Egyptian women has changed a lot: they are no more housebound, because the patriarchal system has been eroded by the socio-demographic transition. But the way to equality is a long way: for instance the share of women in the formal active population is only 24% (2007).

The quality of education is still discriminatory socially and territorially. Nasser launched a vast education policy. But as soon as the 1970s, the school could hardly confront the massive demand due to the demographic growth. Since then the situation has worsen: premises and facilities are overburdened,

afterschool education mushrooms and is almost mandatory to get good marks in the regular course, private schools multiply. The dualisation in the health system has also boomed in the last fifteen years.

There is a strong spatial divide between the historical heart of the country, that is to say the Nile, its delta and the series of cities of the Suez Canal, and the desert peripheries where the labour force, masculine and single, do not settle and prefers long recurrent migration and where the activity is dominated by the rent economy: defence, oil, tourism. The heart is itself divided between North (the Cairo metropolitan area and the delta) and South (high fertility and illiteracy rates, poverty, under-development, low equipment, and sometimes insurrectional situation as early as the 1990s). In the southern Valley, poverty rises in cities as in villages.

Nevertheless, contrarily to Tunisia where the 2010-2011 protests began in the poor inner areas, the Egyptian revolution has not begun in Upper-Egypt periphery. The revolt has been initiated by the middle or rich class of Cairo and Alexandria, galvanized by the Tunisian upheaval. This being said, for the presidential elections the Valley voted for Morsi more massively than the large metropolitan areas.

In the 2000s, income disparities have decreased: the Egyptian Gini coefficient has passed from 36% in 2000 to 31% in 2009 – a low rate when compared to emerging countries such as Brazil or China. In the meantime the economic growth has been over 5% per year but the households' welfare did not really improve. Thus, people do not have the feeling that they took advantage of this growth.

### *Economy*

The economic Cairo polarisation has increased during this globalisation phase. In the 2000s, the Cairo area has attracted the three quarters of the FDI; 57% of the Egyptian manufacturing production is located there. It should be kept in mind that 70% of the Egyptians live at least three hours from the capital city.

Plus, planning policies in the desert land have led to six New Towns (Dix-de-Ramadan, Six-October, Sadate City...) in order to hold back the extension of the Nile and Delta's cities at the expense of arable land. Originally, the goal was to counter-balance the importance of Cairo by creating autonomous new urban poles with employment and services there and no informal settlements. Some of these New Towns have succeeded, namely Six-October and Dix de Ramadan: their labour market is dynamic, they produce a diversified set of products of good quality often exported to foreign markets. It has to be said that all these New Towns were supposed to host 6 million inhabitants, whereas only 0,8 million settled there since they were launched forty years ago. But over the last decade, residential areas have boomed thanks to real estate developers who have attracted well-off households; they have built unprecedented private communities (« Dream Land », « Utopia », « Beverly Hills »...), following the pattern of the gated communities which develop in some suburbs of Beirut or Istanbul. They finally are not that remote from Cairo, and the New Towns de facto are under the direct influence of the capital city. They represent an enormous reserve of land, which the other large Egyptian cities do not have either because they are surrounded by arable land either because their site does not allow it (Alexandria, Port-Said). This constitutes a de facto strategic asset for Cairo's on-going polarisation.

Another significant change of the Egyptian territory should be reported: touristic resorts are multiplying. These highly specialised enclaves are disconnected from the rest of the territory; their labour force comes from the Delta and the Nile valley; their model is quite close to that of the gated communities since they provide their own equipment and services (water desalination facilities, water treatment plants, electric plants, sometimes airport). These resorts are more and more used by Egyptians of the middle and upper classes. The northern coast has a set of 120 of those resorts on the 300 km between Alexandria and Marsa Matrûh. Some well-off Egyptians have even two secondary residences, one on the northern coast for summer and one on the Red-Sea for winter.

Last, the tremendous Egyptian dependence upon food imports, namely cereals, raises the issue of the modernisation of the agricultural Egyptian land. Since the 1990s, Egypt has been importing food, and the food security has become a key challenge. Today, the country is the first world wheat importer; it imports the half of the wheat it consumes.

## *Environment*

The government is more and more sensitive to the environmental issue. Hence, the 1994 law on environment and the creation of a dedicated minister in 1997. However, the decided norms are hardly implemented. The World Bank estimates that the environmental deterioration costs 5% of the annual Egyptian GDP.

Several decisions, including on territorial issues, do not help a more sustainable growth. In the 1970s, in order to cope with the demographic increase, the governments have extended the settlements in the desert thanks to pharaonic investments. The success of such initiatives is far from granted. The digging of the al-Salam (Peace) canal, decided at Sadate time so as to better integrate the Sinai to the Egyptian settlement, is still not completed; we remain far from the three million inhabitants expected in 2015; many pollution problems are raised in the built sections, which hampers exports to European markets. In the mega-project "Toshka" launched by the president Mubarak (a total amount of 20 billion dollars over twenty years with an envisaged "New Valley" thanks to the diversion of the Nile waters towards the western oasis), but the Gulf investors have since partly disengaged.

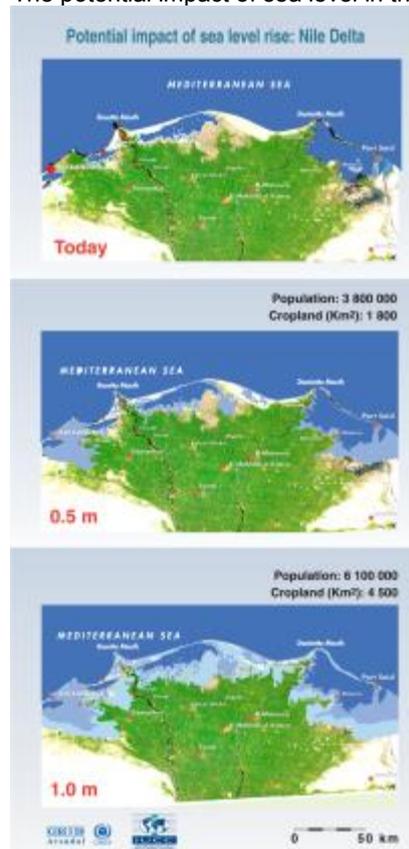
Moreover, the land reclaimed out of the desert or of the marshy soils of the northern delta, cost a lot, and their quality is lesser than that of the traditional arable land. Water and money are lacking to improve the soils, of which many have returned to desert. Above all, these reclaimed lands are far from compensating the loss of arable land due to intensification of the agricultural system (soils erosion and salinisation) and to the urban sprawl. Last, the new economic liberal orientation have favoured big investors, agricultural holdings over 250 ha highly mechanised, not labour intensive and thus which did not entail real settlements.

Pollution stemming from cars is one of the examples of the various pollution issues in Egypt. The car ownership is low (43 vehicles per 1000 inhabitants, to be compared to 600 in France), nevertheless the automobile fleet is rapidly increasing. It makes traffic very difficult in the large cities and even in the New Towns, and the pollution rises.

Energy is of course another key challenge. Despite Egypt is a hydrocarbons producer and has recently discovered further resources in the Mediterranean littoral, since a few years the country experiences important energy shortages, power cuts, and undelivered service-stations. Hydrocarbons exports are diminishing; the country now imports natural gas. Due to the growing oil prices and to the governmental announcement that public subsidies on energy are to be lowered, many manufacturers are about to increase their use of coal – cheaper but more polluting.

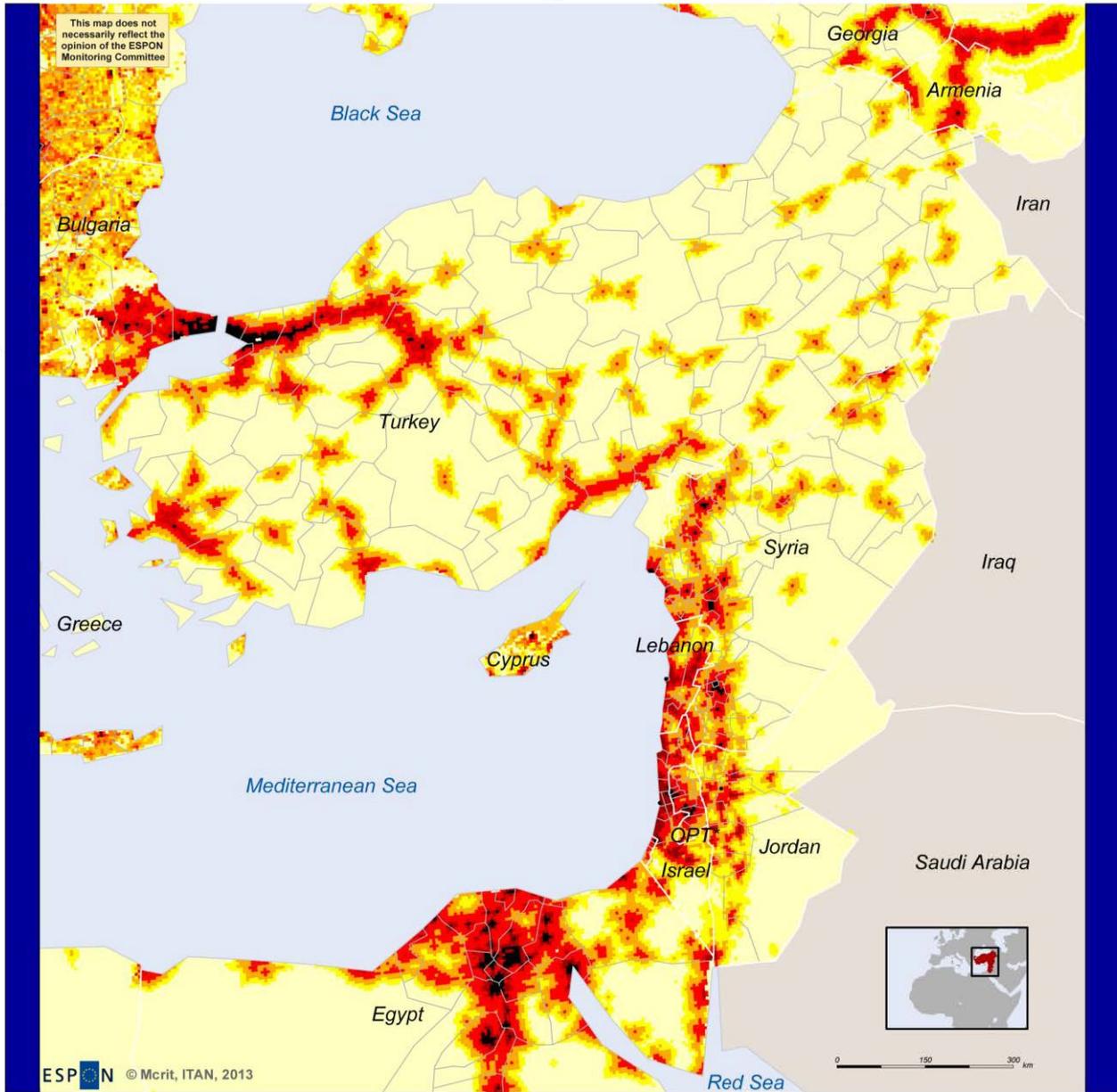
But indeed the major environmental stake is water. First, because the available resource per capita is lowering. The rising demand and the still high waste of water are the reasons why Egypt, which hitherto had a positive water balance, is turning into deficit. During the summer 2007 Egypt experienced "thirst riots". The Egyptian water resources depend on the partnership with the Nile upstream countries. In June 2013 the tension between Egypt and Ethiopia has intensify when the latter has begun the building of Africa's biggest dam at the border of Sudan. Second, because the quality of the Egyptian waters is declining continuously. The omnipresence of the irrigation canals and its use by a great variety of actors cumulate the pollution factors. This is all the more dangerous as less than half of the country's households are connected to a sewage system. Such water quality degradation is responsible of a quarter of the infant mortality. Last, because of the potential rise of the sea level that could, in the long run, flood a large part of the delta. The consequence would be flows of environment refugees – from 3,8 to 6 million people depending on the estimation.

Map 198 - The potential impact of sea level in the Nile Delta



Source : [http://www.grida.no/graphicslib/detail/potential-impact-of-sea-level-rise-nile-delta\\_6d94](http://www.grida.no/graphicslib/detail/potential-impact-of-sea-level-rise-nile-delta_6d94)

Map 199 - Density\_Near East, ca 2010



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**Legend**

**Population density  
inhabitants/km2**

- <= 6
- 7 - 10
- 11 - 20
- 21 - 50
- 51 - 100
- 101 - 200
- 201 - 500
- 501 - 1.000
- 1.001 - 2.000
- 2.001 - 5.000
- >5.000

Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ESPON ITAN, Mcrit.  
Origin of data: EEA, National Statistical Agencies and own work, 2000  
© UMS RIATE for administrative boundaries

Raster cell information at 5x5km, based on EEA, complemented with national sources in the ESPON Space In Neighbouring countries total population is distributed according to accessibility to transport networks and validated against NASA satellite images and UMZ

(\*) Occupied Palestinian Territory

Map 200 - Transport and city network\_Near East, ca 2010



## 6.2.6. Israel

### *Administrative division and its evolution*

Israel's current territory is divided into six administrative districts plus one "area." Each of the six districts is divided into sub-districts (fifteen as a whole) and natural areas (fifty-one). Four of the districts cover territory entirely within the "Green Line": the districts of Tel Aviv, Haifa, Central, and the South. The Northern and Jerusalem districts were enlarged following the 1967 war to include the territories Israel unilaterally annexed in the Golan Heights and East Jerusalem. The "area," called the "Judah and Samaria area" by Israel, and in this report the "West Bank", includes the occupied West Bank, but excludes 70 km<sup>2</sup> that were annexed to Jerusalem. Note that many Israeli maps, most notably those available at schools and other State institutions, do not show the 1967 borders (Green Line) between Israel and the West Bank and the Golan Heights.

A 20% public use geographic file stemming from the 2008 census (see below) makes it possible to compare the Israeli population by seven districts (that is, six districts + the "Judah and Samaria area"), thereby enabling to compare the settler population in the West Bank (not including those in East Jerusalem) to the

population in Israel's other six districts, something which has not been done by previous research that had addressed regional inequalities in the country. We say "not including those in East Jerusalem" because it is not possible to provide socioeconomic characteristics for the settler population of East Jerusalem (estimated at the end of 2011 at 190 423) and the Golan Heights (estimated at the end of 2012 at 19 000 to 20 000); virtually no data are reported separately in CBS publications or in the geographic public use samples of the censuses for the two parts of Jerusalem.

### *Local competencies*

The districts and sub-districts are run by district commissioners and district officers. The minister of interior appointed these officials. Citizens elect the lower and relatively autonomous municipal level officials. The system of district administration and local government is for the most part based on statutes first promulgated during the Ottoman era. Indeed since independence it has been modified to foster local self-rule. Yet, local government institutions still have quite limited powers, experience financial difficulties, and depend to a great extent on national ministries.

Another important feature of territories' administration is that the Israel land administration (ILA), the Israeli government authority responsible for managing land in Israel which is in the public domain, manages almost the totality of the land in the country.

### *The national statistical system*

The Central Bureau of Statistics (CBS) is responsible for collecting and disseminating data regarding the country's population and territory. *The Israeli Statistical Abstract* is the flagship publication of the CBS. In addition to a full census count, a representative sample of approximately 20% of the population, available for researchers, is conducted in each census year to provide detailed demographic, social and economic information about the population. Much of the data presented in the following pages are thus based on our analysis of the 20% geographic public use files of the 1995 and 2008 (PUF) censuses.

According to the CBS, the Israeli population of nearly 8 million at the end of 2012 included 79,4% "Jews and others" and 20,6% "Arabs" (including about 190 000 Palestinian residents of annexed East Jerusalem). "Others" are 338 000 non-Arabs with no religious classification and non-Arab Christians, most of whom are new immigrants from the former Soviet union. Since they are "sociologically" Jews, this report follows CBS practice and includes them with Jews in all tables. The Palestinian-Arab population of Israel is classified by the CBS into the three categories of Muslims, Christian and Druze. Currently 84% of Arabs are Muslims, and the proportions of "Arab Christians" and Druze are 8% and 8%. The important social group of ultraorthodox Jews, comprising between 7 and 11% of the Jewish population, is not identifiable in CBS publications and public use files.

### *Occupation of space*

Population density in Israel is among the highest in the world, and the countrywide figure (353 persons per km<sup>2</sup>) is in fact an underestimate because very few Israelis reside in the Negev desert in the southern district, which comprises nearly two third of Israel's territory.

There are currently fourteen Jewish cities with more than 100 000 inhabitants, but only two Palestinian cities with more than 50 000 inhabitants: Nazareth in the North, and Rahat in the South. Rahat was established by the State in 1972 as part of a national program of resettlement of Bedouins in the Negev; unlike Nazareth, Rahat lacks most characteristics of a "city." The Israeli three major cities are defined as mixed cities, that is to say with a Jewish and a Palestinian population: Jerusalem (815 000 inhabitants in the Israeli geographical definition of the city, including East Jerusalem, out of which 38,5% are Palestinian), Tel Aviv-Yafo (415 000, 6,5%) and Haifa (272 000, 20%).

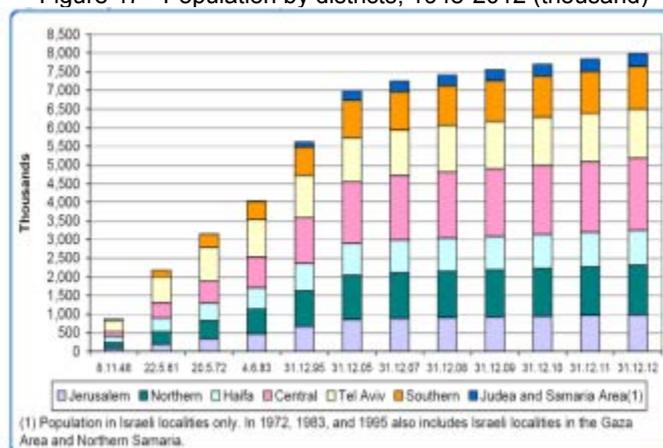
During the 1948 war, Palestinian urban centres such as Jaffa, Haifa, Acre, Lod and Ramle were severely damaged and depopulated, all of them becoming Jewish cities with a negligible Palestinian minority and no Palestinian economic base. The rural population remaining in Israel did not fare better. After losing lands in

the 1948 war and the subsequent confiscation of land by the State, former Palestinian farmers were forced into a rapid proletarianisation. With no land to cultivate, the farmer-dominated Palestinian population of Israel has been transformed into a worker-dominated population. Living in densely overpopulated villages (some absorbed Palestinian refugees from other villages), without an industrial infrastructure, they were forced commute to Jewish areas looking for employment possibilities. The Palestinian population residing in Palestinian “villages” in Israel has a high rate of natural increase, so thousands, and in some cases tens of thousands, now populate “villages” that had a few hundred inhabitants in 1949. Yet due to the Israeli Land Administration very strict national land allocation policy, the municipal boundaries of Palestinian villages have remained largely the same in the past six decades. While these villages are defined by the CBS as “urban” in terms of population size (having more than 2 000 inhabitants), they lack most of the characteristics of urban areas in terms of urban development, infrastructure and cultural and educational institutions. Not only have Palestinians lost most of the land they owned, the land controlled by their municipalities is severely restricted. Currently, 97% of all Israel’s land area is under Jewish municipal control; Palestinian Israelis, who account for over 20% of Israel’s population, control only 2,7% of the State’s municipal jurisdictions and hold 3,5% of the land in private ownership and another 0,3-0,5% in leased land. A leading Israeli geographer, Oren Yiftachel [2009], concludes that “Arab citizens are effectively prevented from residing in over 80% of Israel’s territory; in those exact same areas, diaspora Jews can purchase or lease land even if they are *not* citizens of the State”, even if in 2000 the High Court of Israel ruled that the ILA policy of leasing land only to Jews was discriminatory and illegal, calling for the equal right of all citizens to purchase or lease state land.

The only exception to the ILA policy towards non-Jewish citizens – restricting the development of any new or existing settlement – is the forced relocation of Bedouin in the Negev. In 2013, about 200 000 Bedouin live in the South of Israel (the vast majority of the 216 200 Palestinians in the southern district are Bedouin). About 54 000 of these Bedouin live in an estimated forty-five “unrecognized villages,” and another 150 000 live in seven towns (established by the State in the Beer Sheva metropolitan area) and in eleven Bedouin villages which received recognition in the past few years, but are still lacking the infrastructure of recognized localities. The status of “unrecognized villages” is a result of an on-going land dispute between the State of Israel and the Bedouin, the latter claiming ownership of 4% of the Negev region whereas the State claims that these same lands are “State Lands”.

In general, skilled workers tend to commute longer distances than less skilled workers. For many years, this is not the case in Israel. Palestinians residing in the Haifa and northern districts were commuting to Jewish communities as early as the late 1960s. As late as 1995, unskilled Palestinian workers had commuting rates higher than Jews. Nevertheless, by 2008 a higher proportion of Jews especially those residing in Haifa and Tel Aviv, crossed district boundaries while commuting to work because the central part of Israel has been experiencing an important urban sprawl, which increases commuting. West Bank settlers experience the highest rate of crossing district boundaries. Many commuter-settlers reside in settlements near the 1967 border; they moved to the West Bank not so much for ideological reasons as for the generous subsidies and the availability of cheap housing, while keeping their jobs within the Green Line.

Figure 47 - Population by districts, 1948-2012 (thousand)



Source: CBS Statistical Abstract, 2013 (table 2.16, figure 2.5).

## Demographic dynamics

Average annual population growth for Israel for the period 1948-2012 is very high at 3,7%. It was near 8,2% until 1960, when a million new immigrants accounted for nearly two-third of the total population growth. It declined to 1,8% during the 1980s, but rose again to 3,5% during 1990-1995 when 680 000 immigrants came to Israel. Since 1996 immigration declined, bringing down Israel's annual growth rate to below 2%.

Israel continues to support population dispersion, especially to the "periphery" (as the northern and southern districts are labelled) and the West Bank. Part of the reason for the Israeli concern with populating the northern and southern districts is the growing population density in the Central district.

Annual average population growth rates for the entire period are higher among Palestinians. However, while the Jewish growth rates for 2011 and 2012 are the same as the average for 1999-2012, among Palestinians the growth in both 2011 and 2012 is down to 2,3% reflecting decline in fertility. The two districts/nationalities with the largest growth rates are southern Bedouins and Jewish settlers in the West Bank, both doubling their population during the 14-year period.

Table 43 - Population (thousands and percentages) by year, nationality and district

District	1995				2012			
	All	% in District	% Jews	% Palest.	All	% in District	% Jews	% Palest.
Total	5 619,0	100,0	81,0	19,0	7 984,5	100,0	79,4	20,6
Jerusalem <sup>1</sup>	662,7	11,8	72,7	27,3	987,4	12,4	68,5	31,5
northern <sup>2</sup>	952,1	16,9	49,4	50,6	1 320,8	16,5	46,6	53,4
Haifa	740,3	13,2	77,7	22,3	939,0	11,8	74,7	25,3
Central	1 213,2	21,6	91,2	8,8	1 931,0	24,2	91,8	8,2
Tel Aviv	1 141,9	20,3	97,8	2,2	1 318,3	16,5	98,6	1,4
southern	770,2	13,7	85,9	14,1	1 146,6	14,4	81,1	18,9
West Bank <sup>3</sup>	138,6	2,5	100,0	0,0	341,4	4,3	100,0	0,0

Notes.

<sup>1</sup> Including Occupied East Jerusalem.

<sup>2</sup> Including Occupied Golan Heights.

<sup>3</sup> Jewish Settlers in the Occupied West Bank and Gaza Strip in 1995, and only in West Bank in 2012.

Source: CBS Statistical Abstract, 1996 (table 2.5), 2013 (table 2.13)

Table 44 - Sources of population growth by district and nationality, 1999-2012

District	Population (thousands) at beginning of period	Population (thousands) at end of period	Total growth (thousands)	Annual average growth <sup>1</sup> %	Migration balance of total growth <sup>1</sup> %
<b>Jews, Total</b>	4 936,0	6 337,3	1 401,3	1,8%	23,5%
Jerusalem	516,8	676,7	159,9	1,9%	-10,3%
northern	509,4	615,6	106,2	1,4%	11,8%
Haifa	624,0	701,8	77,8	0,8%	21,5%
Central	1 251,4	1 772,0	520,6	2,5%	47,4%
Tel Aviv	1 125,2	1 299,8	174,6	1,0%	-14,7%
southern	737,1	930,4	193,3	1,7%	19,7%
West Bank <sup>2</sup>	172,1	341,0	168,9	5,3%	39,6%
<b>Palestinians, Total</b>	1 105,4	1 647,2	541,8	2,9%	3,8%
Jerusalem	200,2	310,7	110,5	3,2%	8,7%
northern	517,4	705,2	187,8	2,2%	-0,1%
Haifa	164,6	237,2	72,6	2,6%	3,7%
Central	106,8	158,9	52,1	2,9%	4,1%
Tel Aviv	13,5	18,5	5,0	2,3%	30,2%
southern	102,9	216,2	113,3	5,4%	4,5%

Notes.

<sup>1</sup> Yinon Cohen's calculations. Average growth rates are geometric means.

<sup>2</sup> Including in 1999 6,100 settlers in Gaza Strip. They were not included in calculating annual average growth for the West Bank. If included, the average annual growth for the West Bank is 5%.

Source: Yinon Cohen's calculations based on CBS Statistical Abstract of Israel, 1999-2012

Israel's rate of natural increase is among the highest in the developed world. In 2012, the total fertility rate (TFR) for the entire population – the number of children the average woman is expected to have during her childbearing years – was 3,05. There are major differences in TFR by district, but most of the territorial differences are driven by the religious composition of districts and, among Jews, by level of religiosity. Among Palestinians, TFR declined from over 4 children per woman in 1995 to 3,32 in 2012; the decline is observed in all districts. This is to be expected, as the educational attainments of Palestinian women, including Muslims, have risen during this period. Even among high-fertility Bedouin women, the TFR has declined significantly since 1995, although it is still very high in 2012 (5,85). Among Palestinians, Christian and Druze have “European” levels of fertility

By contrast, among Jews TFR has increased from 2,62 to 2,95. The rise among Jews is observed in all districts, in spite of impressive increases in the educational level and labour force participation of Jewish women. This could be due to the rise in the proportion of religious and ultraorthodox Jews in all districts. The increase in the West Bank, from 4,73 per woman in 1995 to 4,97 per woman in 2012, has been due to the rise in the share of high-fertility ultraorthodox Jews in the settler population, from about 15% in 1995 to about 30% in 2012 [Gordon and Cohen, 2012]. During the past decade, the extremely high fertility rate in the West Bank has been the main source of population growth in the West Bank.

### *Social disparities and dynamics*

Origin is defined in Israeli statistics strictly by one's country of birth, and for the Israeli-born by the father's continent of birth. Unlike their Jewish counterparts, Israeli Palestinians are unable to attain the status of having an “Israeli origin” no matter how many generations their ancestors have resided in Israel/Palestine. Until 1995 they were referred to as “non-Jews” and since then as “Arabs,” and they are classified by the CBS according to their religion.

There are also small minorities in Israel, for instance the Circassians who lived in the region since the days of the Ottoman rule. These Sunni Muslims, who communicate in own Circassian language, mainly live in two villages with a total population of about 4 000. This community is well integrated into the Israeli society, they serve in the army or the police force. Another example are the Armenians, whose presence in the Holy Land predates the life of Jesus Christ, when Armenia and Palestine were part of the common empire of Tigranes the Great. Under the Ottomans, the population flourished: by 1690 Armenians comprised a quarter of Jerusalem's Christians. With the arrival of refugees from Turkey after the massacres during the World War I, the Armenian population in Palestine under grew to 20 000. During the British Mandate the Armenians continued to be successful; they were well established and many were entrepreneurs, administrative officers, and civil servants. Harmonious relations with local Palestinians were developed. During the wars of 1948 and 1967, many Armenians, like Palestinians, lost their businesses and homes and fled to nearby countries, which further reduced the number of Armenians in the Holy Land. Many sought refuge within the Armenian Quarter and the St. James Convent of the Old City. Armenians have preserved their own cultural identity, traditions, customs, cuisine and language. Many of them established industries in the West Bank, where they are an integral part of Palestinian society and rather empathise with the Palestinian cause because they share common problems with Arabs who were forced to migrate.

Segregation by nationality is arguably the most salient feature of the Israeli territorial structure, the vast majority of localities being either Arab or Jewish, and defined as such by the CBS. Palestinians are segregated in many other spheres, including education where Palestinians and Jews do not attend the same schools. There is a mixed population of Jews and Palestinians in only nine localities (out of 1 200), five of which were Palestinian cities prior to 1948 and became Judaized: Jaffa, Acre, Lod, Ramle, Haifa, and occupied East Jerusalem. Currently, in these cities Palestinian and Jewish families rarely live in the same building, street, or even neighbourhood, and the Palestinian population is a minority. In Tel Aviv-Yafo, for example, commonly known as Tel Aviv, Palestinians are only 6,5% of the total city population, all residing in several neighbourhoods in Jaffa (Yafo).

The major areas of Palestinian settlements are in the northern district of Israel, where 686 900 Palestinians live. Many of the regional differences in Israel are driven by the population composition of the various regions. In general, the greater the share of Palestinians, ultraorthodox Jews, and Mizrahi Jews in a district, the poorer the district is and the lower the socioeconomic standing of its population. The infant mortality rate has declined from 6,9 per thousand in 1995 to 3,6 in 2012. This figure, however, is an average of the low

rate among Jews and very high rates among Palestinians, especially in the southern district. The rate for the Bedouin population is particularly high, despite it has declined slightly from 13,1 to 12,0. The average family size of Jews is between 3 and 4 persons, and between 4 and 5 in the West Bank. Among Palestinians the typical family includes between 4 and 5 persons, and over 6 in Bedouin families in the South.

The educational levels of the population in the developed districts in central Israel are higher than in the northern and southern districts, and not only because Palestinians, with lower education, are concentrated in the peripheral regions (North and South). Even among Jews, the proportion with at least a first university degree is significantly lower in the northern and southern districts, the latter in particular – and the gap was higher in 2008 than in 1995, with a particularly important progression of the Jews' educational level in the Central and Tel Aviv districts. It has to be highlighted that the level of education of the West Bank's settlers is one of the highest in Israel. Last, the gaps in college graduation rates of Jews and Palestinians, measured in percentage points, increased from 14,6 points in 1995, to 19,8 points in 2008 – and this growing gap is observed in all districts.

In 2008 most Israeli households had a computer at home, and the vast majority had an internet connection. Specifically, 75% of Jewish and nearly 50% of Palestinian households had a computer. Although lesser than that of Jews, the ratio for Palestinian is impressive. Nevertheless, it does not reach 25% for Palestinians of the southern district. When it comes to Jews, the low figures for Jerusalem (69%) are due to the large ultraorthodox community, whereas the figures for settlers of the West Bank is over 80%.

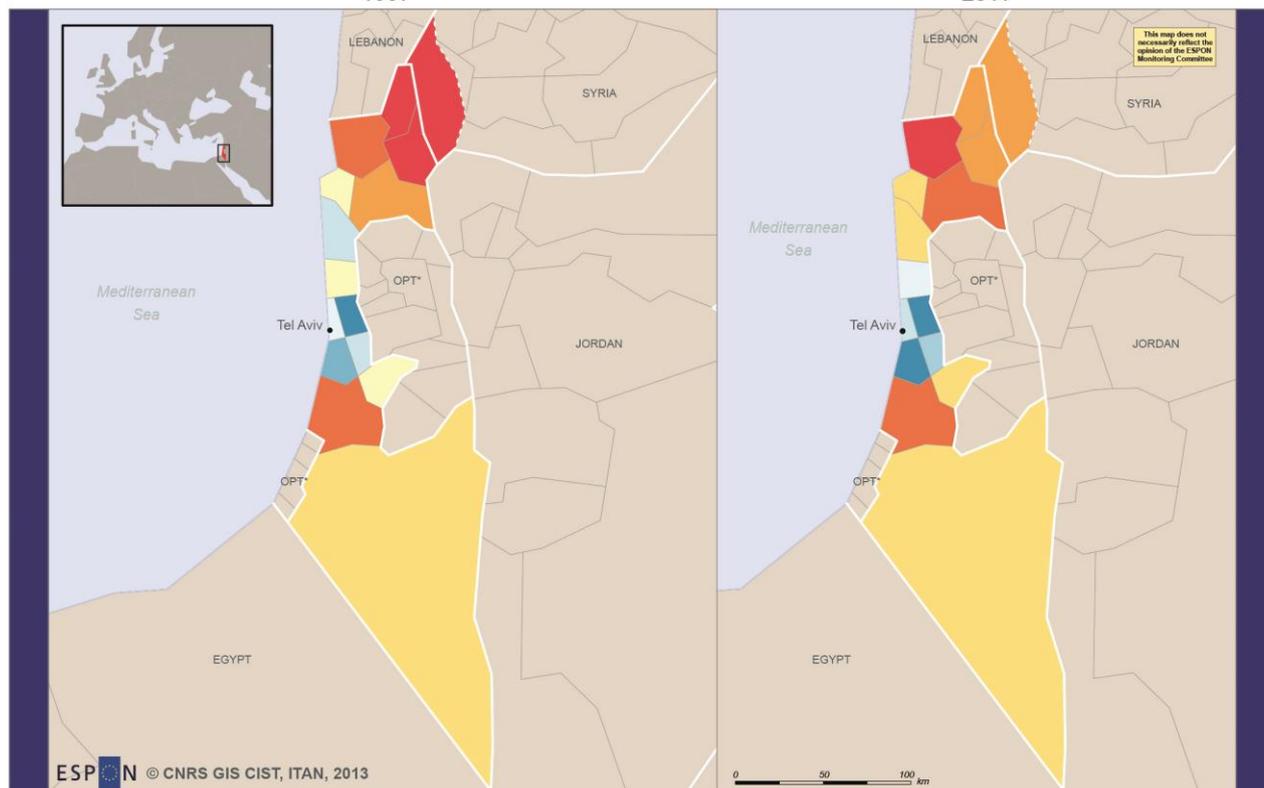
In 1995 as in 2008, household income was higher in the Central district (which shows that the urban sprawl as a high social content), then the West Bank and Tel Aviv, and lowest in Jerusalem, the South and the North. The median household income of Palestinian families in 1995 was about 60% of that of Jewish households in Israel; in 2008 it was 59%. Note that this Jewish/Palestinian gaps in household income are underestimated because they are not adjusted for household size.

Table 45 - Median Household Income by year, nationality and district (in 2008 NIS)

		1995	2008	% per year
Israel	Palestinians	6 988	6 849	-0,2
	Jews	11 646	11 623	0,0
	All	10 093	10 278	0,1
<i>Districts:</i>				
Jerusalem	All	8 541	9 052	0,4
northern	All	8 541	9 052	0,4
Haifa	All	10 093	10 278	0,1
Central	All	11 646	14 748	1,8
Tel-Aviv	All	11 646	11 623	0,0
southern	All	8 541	10 278	1,4
West Bank	Jews	11 646	13 095	0,9

Source: Israel Census 1995, 2008

Map 201 - Income inequality in Israel by district, 1997-2011



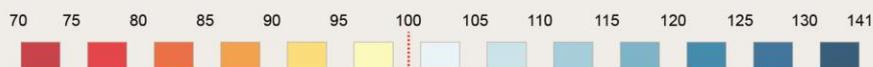
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Regional level: SNUTS3  
Source: ESPON project (ITAN), CNRS GIS CIST, H.Pecout, 2013  
Origin of data: Central bureau of Statistique - Israel, 2013  
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Net monthly income in terms of the national average for the considered year (100 = national net monthly income)



This rising disparity is to be linked with the rising social disparity which has been booming in the last two decades in Israel. In that field, the country is much more alike the US trajectory where the richest 1% of Americans has come to earn more than 15% of the national income, than alike the European and especially the Scandinavian pattern (see fig. 48).

Figure 48 - Rising income inequality: Israel on a “US path” rather than a “Sweden”



Notes. Israel: full-time wage and salary workers 25 through 64 years old.  
Source: Kristal [2013]

## Economy

The proportion of low-participation Palestinian women and ultraorthodox men in districts is responsible for the differences in inter-district labour force participation rates. In 2008 the participation rate of all Israelis 25-69 years old was 74,1%, an average of the participation rates of Jewish men (83%), Palestinian men (73%), Jewish women (76%) and Palestinian women (26%).

The participation rates among Palestinian men have declined in all districts, due to the aging of the Palestinian male population that tends to exit the labour force at a younger age than Jews, and because they are employed in physically demanding blue-collar jobs. But the rate has also declined among Jewish men respectively in Jerusalem and the West Bank, where the proportions of ultraorthodox Jews have significantly increased since 1995. Among settlers in 2008, women are more likely than men to participate in the labour force.

The Palestinian women are the social group which is the most distant to the labour market; their situation is improving (their participation rate was 21% in 1995) but very slowly. Plus, 13% of the active Palestinian women were unemployed in 2008 (10% in 1995). In the South, their unemployment rate reaches 25%. Palestinian men, with the exception of Bedouins of the South, do not face a greater risk of unemployment than Jewish men. Part of the reason for this seemingly unexpected result is that Palestinian Israelis are willing to take jobs that Jews view as undesirable, mostly low-paying and physically demanding jobs in construction, services and manufacturing. Yet the very high unemployment rate of Bedouin men (about 23% in both 1995 and 2008) suggests that other factors may be responsible for it, including greater employment discrimination against Palestinians in the South. As a whole, the unemployment rates in Israel among persons 25-69 years old is relatively low: around 6,1% in 1995 and 5,4% in 2008. In 1995 the South experienced the highest unemployment rate, 8,4%, and in 2008 the highest unemployment rates were in the North (7,4%).

Israel publishes a multitude of economic data, including labour force statistics, national accounts, GDP, and the like. However, the CBS or the Bank of Israel rarely present economic data by districts except for the manufacturing establishments. The decline manufacturing in Tel Aviv in the last twenty years was driven by

the shift in the Israeli economy from manufacturing to services. The three districts where employment in services is disproportionately high are Jerusalem, Tel Aviv and the West Bank. In Jerusalem 48% of the workforce was employed in public services in 2008, mostly in governmental ministries. In Tel Aviv, the financial and economic centre of the country, private firms in finance, real estate, communication, transport, and other business services employed 40% of the workforce in the same year. The highest share of employment in public services is in the West Bank, where in 2008, one in two settlers was employed in the public sector, either providing services in the settlers' communities or commuting to public service jobs in the other districts. Even as the Israeli government has been eroding the welfare state, it has been recreating it in the West Bank: between 1995 and 2008 the share of the workforce employed in the public sector in the West Bank increased by 6 percentage points, more than in any other district.

The huge rise of the manufacturing employment in the South is primarily due to the Intel corporation, which enlarged in 2008 an already huge high-tech manufacturing plant in the Kiryat Gat development town. Intel's choice to locate in Kiryat Gat is revealing. In order to qualify for the tax breaks provided by the government to large multinational corporations, Intel had to locate its plant in an approved area, generally in the northern or southern districts. Yet there were not enough skilled workers, especially engineers, Kiryat Gat is located about 60 km south of Israel's two largest cities, Jerusalem and Tel Aviv (less than an hour's drive), and even closer to Beer Sheva, a city of nearly 200 000.

Israel's high tech sector is considered to be the engine of the Israeli economy. In 2007 it contributed 14% to Israel's GDP and accounted for 47% of all exports (up from 37% in 1995). Most high tech jobs are in the Central and Tel Aviv districts. In 2007, these two districts employed 49% of all salaried workers in Israel but 61% of the workers in the high tech sector. Only 4% of employees in the high tech sector are Palestinian, compared with their share, 15%, in the whole Israeli economy.

In all districts, about half the Palestinians are blue-collar workers, compared to 16-30% among Jews. The figures for the South, showing similar proportions of Palestinian and Jews in Professional, Technical and Managerial workers (PTM) occupations, are surprising: the low employment rate and high unemployment levels among Bedouin men and women suggest that many Bedouins either get a "good" public sector PTM job in health, education or social services, or stay out of the labour force. The overall level of segregation, here calculated as the difference between the share of PTM among the Jews minus the share among the Palestinians, increased from 14 points in 1995 to 15 in 2008. Segregation is greatest in Jerusalem, where the index has increased since 1995.

Table 46 - Occupations of employed persons 25-69, by year, nationality and district (%)

	1995		2008		% PTM among Jews – % PTM among Palestinians	
	Jews	Palest.	Jews	Palest.	1995	2008
Israel	100,0	100,0	100,0	100,0		
PTM (a)	34,1	20,5	41,5	26,8	13,6	14,7
Other WC (b)	35,5	19,5	36,4	23,8		
Blue collar	30,4	60,1	22,1	49,4		
% of PTM (a) in employment, by district						
Jerusalem	42,7	20,0	48,0	22,2	22,7	25,8
northern	28,2	20,7	36,7	28,2	7,5	8,5
Haifa	36,6	20,7	41,4	27,1	15,9	14,3
Central	35,1	19,6	43,5	25,2	15,5	18,3
Tel Aviv	35,1	19,2	44,1	21,1	15,9	23,0
southern	25,6	22,7	32,8	31,9	2,9	0,9
West Bank	41,4	-	48,7	-	-	-

Notes.

(a) "PTM" = Professional, Technical and Managerial workers. (b) "WC" = White Collar.

Source: Israel Census 1995, 2008

## Environment

The table 47 gives some figures of pollutants for selected locations. The Israeli's statistical system permits a fine analysis of environmental issues in the territories, namely at the sub-district scale. In general pollutants are diminishing (the reduction in Jerusalem is particularly impressive), due to the improvement of the energy efficiency, to environmental measures and to the economical shift from manufacturing to services. In some

place the pollutants are rising, as in Ashdod where the rising industrial pollution suggests a de-concentration of manufacturing facilities from the Central area. The Israeli Report in annex XX also gives number for wasted by district.

Table 47 - Concentration of air pollutants (micrograms per m3 atmosphere) by Year and selected locations

Type of Area	Year	Sulfur Dioxide (SO <sub>2</sub> )			Nitrogen Oxides (NO <sub>x</sub> )			Ozone (O <sub>3</sub> )			Carbon Monoxide <sup>1</sup> (CO)		
		[1]	[2]	[3]	[1]	[2]	[3]	[1]	[2]	[3]	[1]	[2]	[3]
<b>Commercial</b>													
Tel Aviv	2000	12	35	130	121	540	850	46	121	163	175	833	1889
	2012	4	12	47	77	250	1389	55	120	229	102	470	1455
Jerusalem	2000	6	22	83	26	86	407	67	157	249	177	521	1840
	2012	3	22	128	65	158	604	68	140	186	125	296	991
<b>Industrial</b>													
Haifa	2002	8	84	325	40	130	564	48	130	200			
	2012	1	30	140	11	53	345	69	138	200			
Ashdod	2000	8	100	343	60	2	25	53	95	168			
	2012	11	71	356	45	216	940	49	122	208			
<b>Residential</b>													
Haifa	2000	9	86	576	24	74	511	52	115	215			
	2012	2	25	112	6	40	323	70	134	165			
Tel Aviv	2000	10	40	246	58	196	58	108	240	400			
	2012	3	10	58	37	186	37	67	142	247			
Be'er Sheva	2000	9	28	184	32	103	547	69	147	223			
	2012	5	15	48	20	60	370	70	146	168			

Source: Statistical Abstract, 2013 (tables 27.7, 27.8, 27.9)

Three numbers in each cell refer, respectively, to Annual Average [1], Maximal 24 hours (8 hours for Ozone) [2], and Maximal half hour [3].

<sup>1</sup> Data for Carbon Monoxide were collected in Traffic monitoring stations.

## 6.2.7. Occupied Palestinian Territory

### *Administrative division and its evolution*

The above section has shown the huge changes experienced over time by the internal territorial organisation of Palestine.

### *Local competencies*

Since land ownership has always been the key issue in the Palestinian-Israeli conflict, Israel neither recognized nor authorized the traditional communal based system of ownership that had existed for many generations on the land that covered almost the entire Palestinian rural areas. But as a matter of fact, the inefficient existing laws, regulations, and decrees which make up the legal planning system in the occupied Palestinian territory go back much further in time since they include the Ottoman Turks (1516-1917), the British Mandate laws (1917-1948), Jordanian laws in the West Bank governorates and the Egyptian laws in the Gaza Strip (1948-1967), Israeli military orders since 1967 and, finally, decrees issued by the PNA since its inception in 1994.

### *The national statistical system*

Population, migration, life expectancy and fertility data come from the Palestinian Central Bureau of Statistics (PCBS), whereas data on birth, death and infant mortality were obtained from the Palestinian ministry of Health. The data related to the education level reached by total population, education level and the school enrolment, and to employment were taken from the censuses conducted by the PCBS. Data related to GDP and to the average daily wages (report of the labour force survey) were taken from the PCBS website.

### *Occupation of space*

Palestinian refugees are the largest single group of refugees in the world. As a result of the 1948-war, around 800 000 Palestinians were evicted from their lands and homes. Other displacements have followed the other wars in Israel and Palestine. Many Palestinians forced to leave their homes have taken residence or refuge in neighbouring Arab states. The West Bank has been greatly affected by emigration of its population. These trends are, however, difficult to study due to lack of comprehensive data. According to a BADIL study conducted in the period between 2010 and 2012, the total number of displaced Palestinians by the end of 2011 was at least 7,4 million, which represent 66% of the entire Palestinian population (11 million) worldwide. The internally displaced persons on both sides of the Green Line amount at 519 000. Among all the Palestinian refugees, 60% live between Jordan, Syria, Lebanon, 16% in the West Bank, and 23% in Gaza Strip. Furthermore, approximately 29% of Palestinian registered refugees live in the 58 refugee camps, of which 10 are in Jordan, 9 in Syria, 12 in Lebanon, 19 in the West Bank, and 8 in Gaza Strip [PCBS, 2011d]. Among the 11 million Palestinian worldwide, 38 % of Palestinians live in the occupied Palestinian territory, 12% inside the Green Line, 44% lives in Arab countries and 6% lives in other foreign countries.

When, in 1997, the PCBS conducted the first Palestinian census, the total population living in the occupied Palestinian territory was 2,9 million inhabitants, of which 1,9 were living in the West Bank including East Jerusalem, and 1,0 in the Gaza Strip. The estimated total population at the end of 2010 was 4,1 million: 2,5 in the West Bank including East Jerusalem, and 1,6 million in the Gaza Strip. The projection indicates that the population will reach 2,9 million in the West Bank and 1,9 million in the Gaza Strip by 2016, with a particularly rapid increase in the latter.

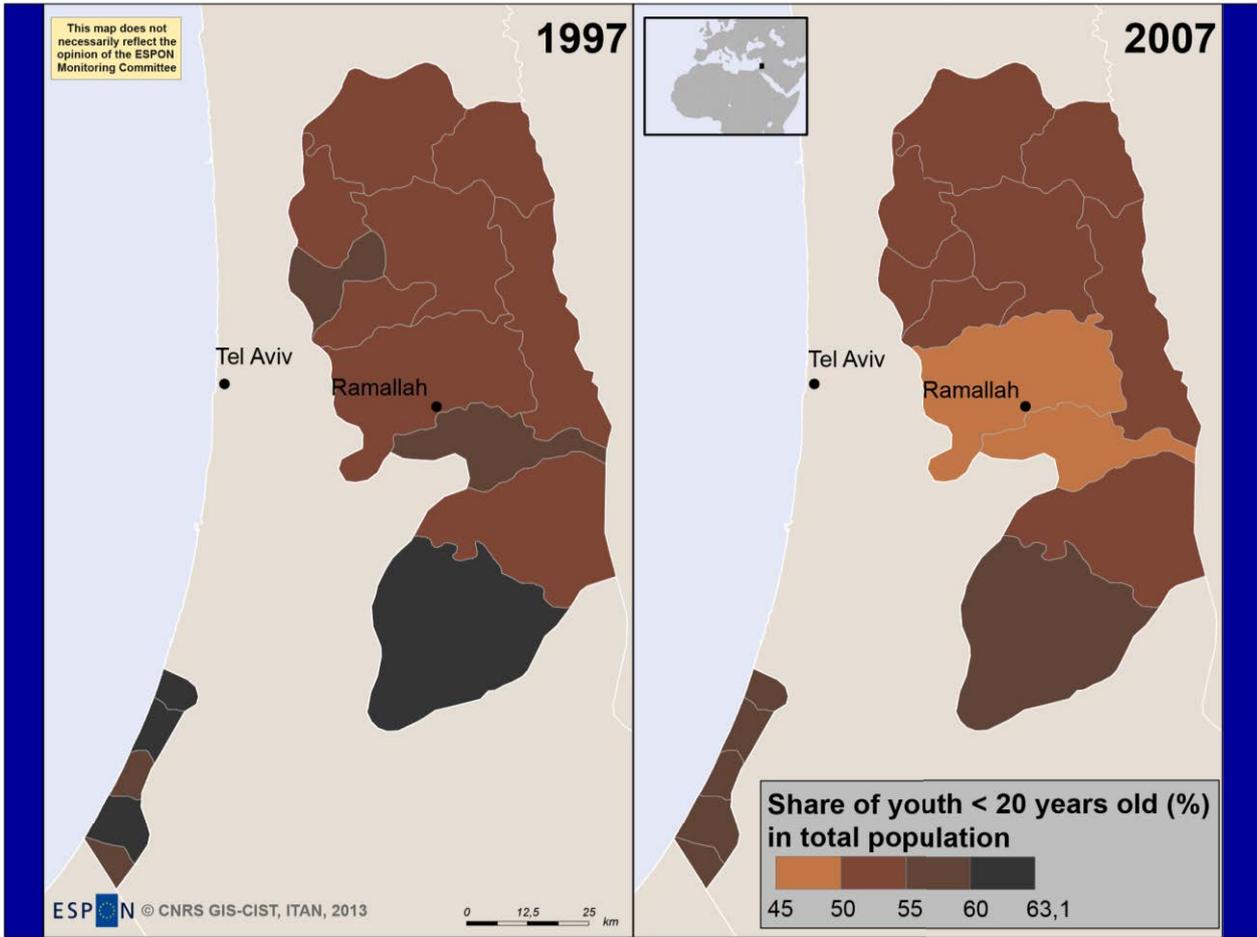
Within the Palestinian context, statistics show that the Palestinian societal development is being “forcibly” urbanized, as almost three-quarters of the occupied Palestinian territory inhabitants live in urban areas (69% in the West Bank and 81% in the Gaza Strip [PCBS, 2009]). In 1997 the distribution of housing units (building constructed for one household only) in the West Bank territory for “urban”, “rural” and “refugees camps” were 48%, 45,5%, and 6,5%, respectively; this distribution has drastically changed: in the 2007 census, the figures became 70%, 25%, and 5%. In the meantime, the Gaza Strip has witnessed an unconventional urbanisation trends, with a number of “refugees” (65% of the population in 1997 but 16% in 2007) being turned into “urban” people. The lack of irrigated lands is not the sole reason that has made Palestinians leave agricultural lands; Israeli occupation practices have also had a major impact on Palestinian emigration, through a number of measures such as forced land grab, annexing of Palestinian lands through the construction of the Wall and the expansion of the Israeli settlements. Many sectors within the Palestinian community were deprived of essential services, which could only be found in the main urban centres or sometimes not even that.

The internal movement or migrations of Palestinians between the West Bank and Gaza is extremely limited, given the geographical separation and the policies of Israeli occupation. Most of the internal migration of the population is within the same governorate from villages to the main cities, and to nearby ones.

### *Demographic dynamics*

According to PCBS, the rate of annual growth in the occupied Palestinian territory reached 3,3% in 2009 and 2,9% in 2011, a very high value when compared with other countries. Fertility rate is declining in both the West Bank and the Gaza Strip, but is still considered relatively high (see maps 202 and 203). The total fertility rate in the occupied Palestinian territory declined from 4,6 in 2007 to 4,2 in 2010; in the West Bank, the figures were 4,2 to 3,8 whereas in Gaza Strip they were 5,4 to 4,9. If the demographic projection in 2016 (4,8 inhabitants) is verified, services will be stretched, resources limited and poverty potentially increased, if adequate economic systems are not put in place to ensure financial growth matches population increase.

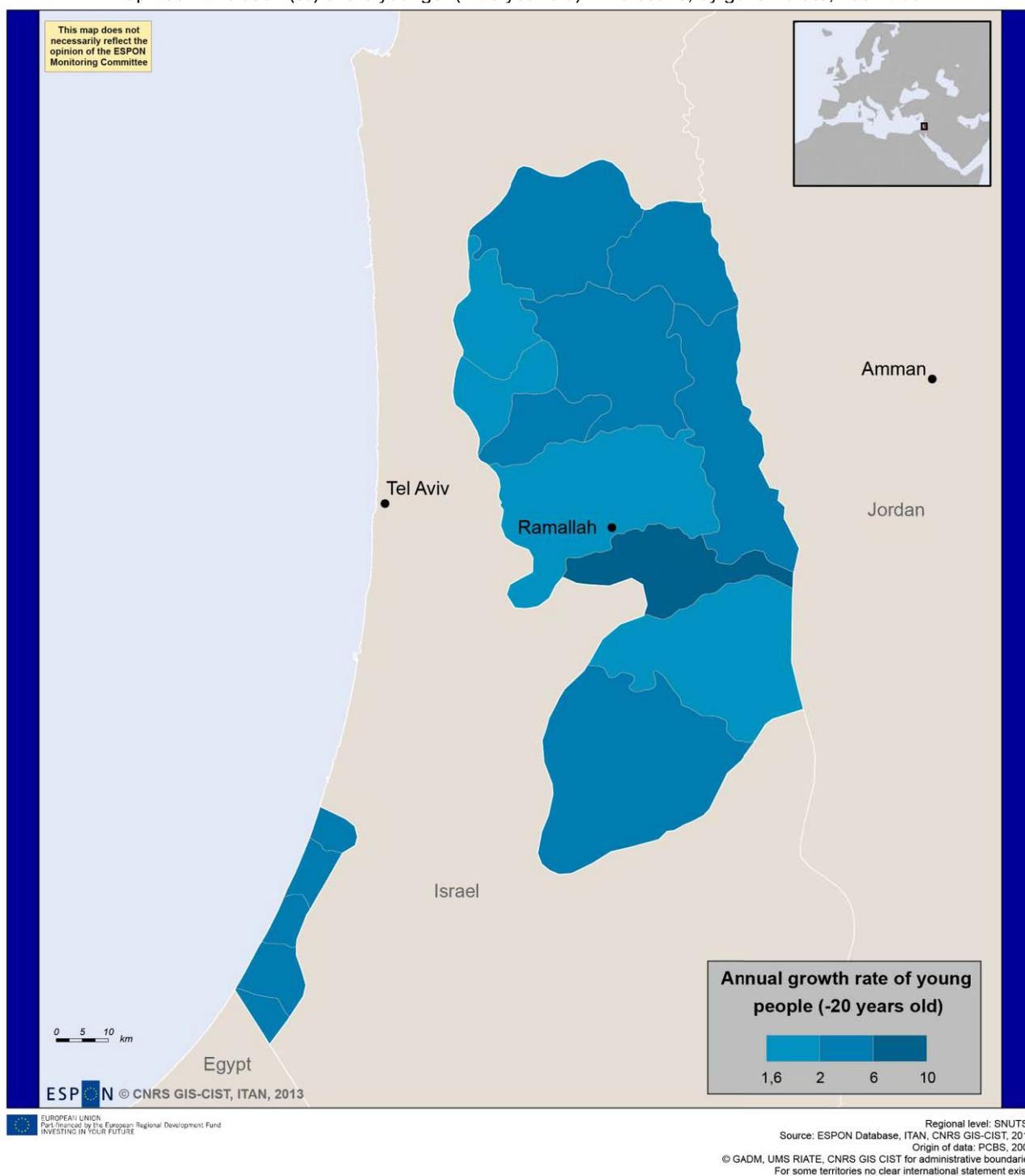
Map 202 - Demographic transition but still a high number of younger in the Palestinian governorates, 1997-2007



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Regional level: SNUTS3 V1  
Source: ESPON Database, ITAN, CNRS GIS-CIST, 2013  
Origin of data: PCBS, 2008  
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Map 203 - Evolution (%) of the younger (< 20 year old) in Palestine, by governorate, 1997-2007



### Social disparities and dynamics

Despite life expectancy (72,2 years in 2010) and literacy rates in the West Bank and Gaza are much higher than in countries with similar per capita incomes, in the field of education, the occupied Palestinian territory is at the stage of a developing country: the Palestinian national authority (PNA)'s measures to create a nationwide education program are recent; the network of public facilities is hardly comprehensive. The primary and secondary education is well spread over the whole occupied Palestinian territory, but this has been the case for the tertiary education only very recently: there are now thirteen universities, the two most recent being located in the Gaza Strip (Gaza Women's University in 2007 and the Palestine University in 2008).

Additionally, there are fifteen University colleges which offer vocational colleges and twenty Community colleges offering specialised programs i.e. tourism or nursing qualifications.

The participation rate in labour force in the occupied Palestinian territory in 2011 was 43%: 45,5% in the West Bank (71,4% for males and 19% for females) and only 38,4% in Gaza Strip (63,9% for males and 12,4% for females). The unemployment rate in the occupied Palestinian territory has been decreasing since 2007, to 21% in 2011. The figures are uneven in the West Bank where the figure for 2011 was 17.3% (15,9% for males and 22,6% for females) and in Gaza strip where unemployment rate was 28,7% (25,8% for males and 44% for females). The lowest unemployment rate was in Jerusalem: 13,2%, the highest in the Gaza strip governorates.

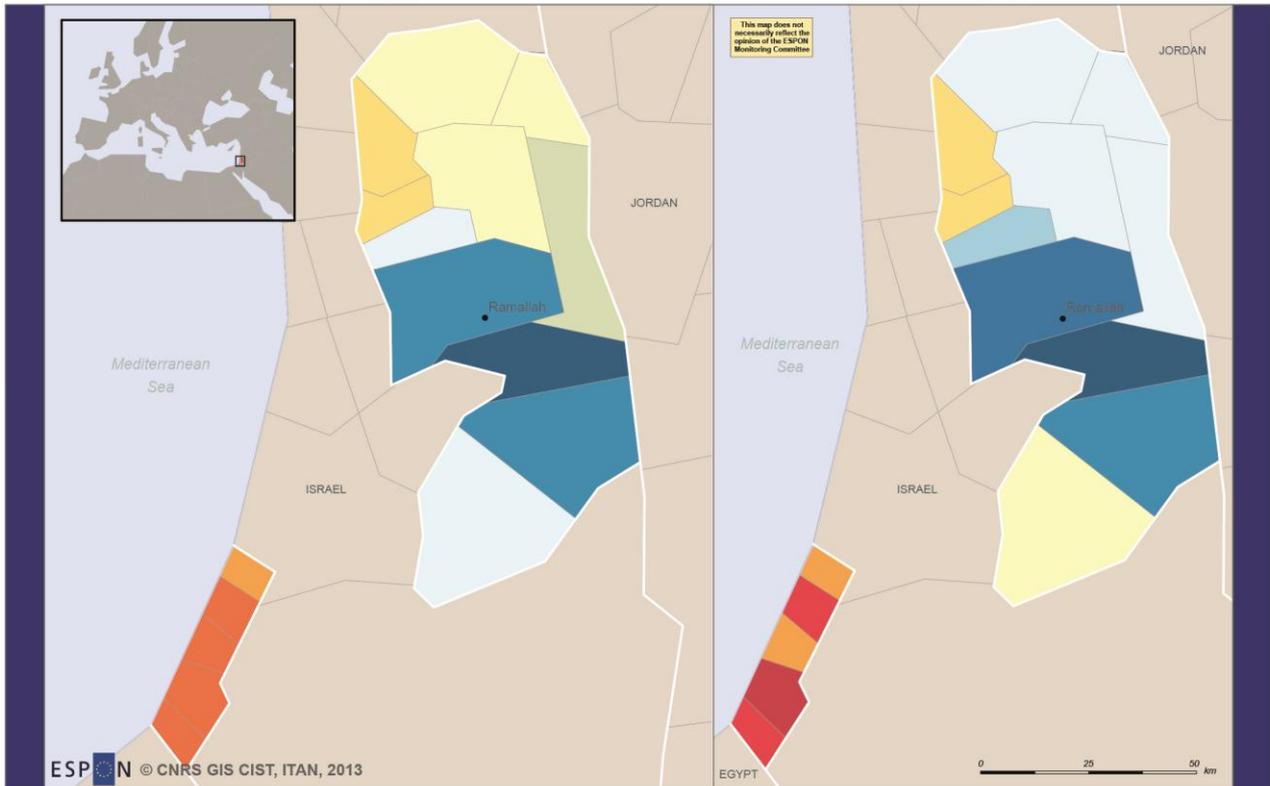
The participation of women to the labour market is a crucial issue. Not only do they hardly participate in the legal labour market, but they are very often unemployed, especially in the Gaza strip. Women depend more on agriculture for employment. Moreover, most of women's labour in the informal sector remains uncalculated and thus their contribution to the agricultural home-based activities is much higher than what is officially reported. Female-headed households (9,5% of all households) are among the poorest in Palestine: nearly 30% of families headed by women are below the poverty line.

The highest daily wage is registered in Jerusalem metropolitan area including Ramallah and Bethlehem, with 109 NIS in the Jerusalem governorate whilst the lowest is in Khan Younis governorate in the southern Gaza Strip with 56 NIS, that is to say an enormous gap. The construction of the Wall encompassing the whole Jerusalem area will then certainly hamper the economic development of the occupied Palestinian territory in which the Jerusalem metropolitan area, as in any other country in the world namely in the developing world, play a leading role.

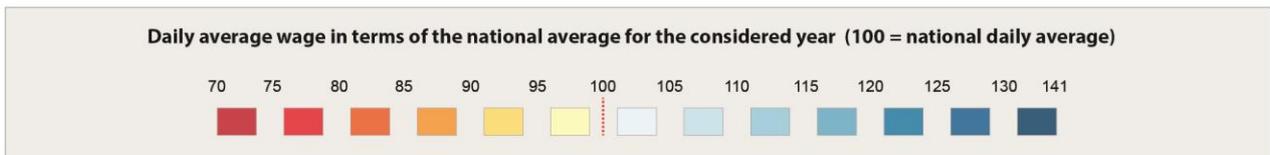
Table 48 - Unemployment and average daily wages for 2011 by governorate

<i>area</i>	<i>Unemployment rate</i>	<i>Average daily wages</i>
<b>oPt</b>	<b>20,9</b>	<b>77,8</b>
<b>West Bank</b>	<b>17,3</b>	<b>85,0</b>
Jenin	13,5	78,0
Tubas	15,0	79,8
Tulkarm	22,2	71,0
Nablus	14,8	78,3
Qalqilya	21,8	70,8
Salfit	16,0	85,6
Ramallah & Al-Bireh	16,4	100,3
Jericho & Al-Aghwar	13,3	79,7
Jerusalem	13,2	109,0
Bethlehem	19,2	93,9
Hebron	21,0	75,8
<b>Gaza Strip</b>	<b>28,7</b>	<b>61,6</b>
North Gaza	28,5	66,2
Gaza	26,4	60,2
Dier Al-Balah	26,1	68,1
Khan Younis	32,0	55,9
Rafah	33,0	61,3
<i>Notes:</i>		
Excluding Israel and Settlements)		
Source: PCBS, 2012		

Map 204 - Income inequality in the occupied Palestinian territory, by governorate, 2000-2011



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 Regional level: SNUTS 3  
 Source: ESPON project (ITAN), CNRS GIS CIST, H. Pécoul, 2013  
 Origin of data: Palestinian Central Bureau of Statistics (PCBS), 2013  
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The figure 49 shows that unemployment is directly related to the severity of the political conditions. For instance year 1999 witnessed one of the lowest levels of unemployment, while 2002 with the eruption of the second intifada and the incursion and re-occupation of the West Bank the unemployment level increased dramatically. Given the worsening of the level of poverty in the occupied Palestinian territory over the last decade, an increasing number of Palestinian children is now working to support their families instead of attending school. In 2011, 4% of children between 10 and 17 years of age are employed.

Figure 49 - Unemployment rate in the occupied Palestinian territory, by governorates

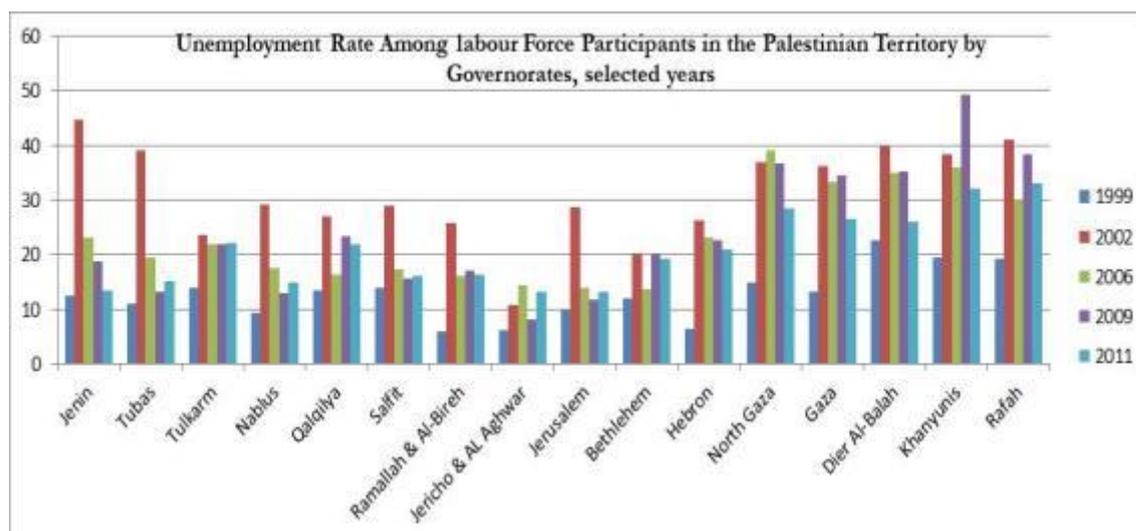
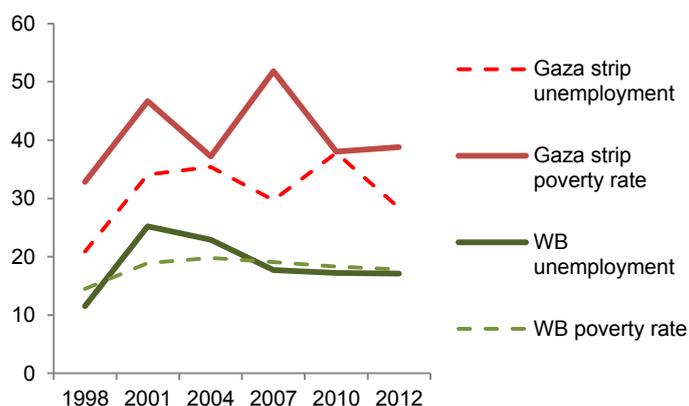


Figure 50 - Unemployment and poverty rate in the occupied Palestinian territory 1998-2012



Notes. "WB": West Bank  
Source: ARIJ 2013

## Economy

The status of the Palestinian economy in the West Bank and the Gaza Strip is clearly characteristic of underdeveloped countries. The agricultural, services and public sectors constitute the main components of the GDP. Since 1967, the Israeli occupation has succeeded in turning the West Bank and the Gaza Strip into a dependent economy and reservoir of cheap labour. The decline in household incomes, the sharp increase in unemployment, and the general spread of poverty all pose serious challenges to achieving economic sustainability. In addition, the outbreak of the second intifada in 2000 brought with it severe economic and social consequences upon the Palestinian population in the occupied Palestinian territory. The intensification of closures and the resultant restrictions placed on the movement of people and goods (not just within the occupied Palestinian territory but between the West Bank, the Gaza Strip and Israel), have had the double-edged effect on both local economies and the export of Palestinian goods.

Responding to the second intifada and the consequent Israeli trade restrictions in 2000-2002, occupied Palestinian territory's GDP per capita sharply decreased from 1 477 US\$ in 2000 to 1 141 US\$ in 2002, while rebounding to 1994 levels in 2003-2005 when restrictions were slightly relaxed. There existed a wide divergence in output paths between Gaza Strip and the West Bank, with Gaza's GDP per capita showing a downward trend from 1 058 US\$ in 2006 to 960 \$ in 2008 (then 1 534 in 2011), as a result of the Israeli imposed blockade, and the West Bank's per capita growth steadily rising since 2007 (from US\$ 1 809 to

3 137 in 2011 and being projected to reach 60% above its 1994 levels by 2013). A major explanation of the West Bank's improved macroeconomic conditions is the relaxation of Israeli restrictions on movement and access of goods and people. In Gaza Strip, the situation is still difficult regardless of the mid-2010 lifting of restrictions on the imports of consumer goods and investments in donor-supervised projects. Restrictions on exports as well as movement of people, but also aid fatigue, failure and ineffectiveness have led to unemployment rates (29 %) comparable to some of the highest in the world.

Table 49 - GDP and GNI in the occupied Palestinian territory

area	GDP (US\$ Million)			GNI (US\$ Million)		
	2007	2011	2007-2011 % per year	2007	2011	2007-2011 % per year
oPt	4 554	6 421	9,0	4 994	6 813	8,1
. West Bank	3 317	4 765	9,5	3 677	5 122	8,6
. Gaza Strip	1 237	1 657	7,6	1 317	1 691	6,4

Source: PCBS website: [http://www.pcbs.gov.ps/Portals/\\_Rainbow/Documents/MajorCurrentE1994-2011.htm](http://www.pcbs.gov.ps/Portals/_Rainbow/Documents/MajorCurrentE1994-2011.htm)

It is understandable that the Palestinian economic evolution is very much related to the political situation vis-à-vis Israel. One of the main aspects of this dependence relies on Palestinians workers mobility. In 2011 around 10% of the entire Palestinian labour force was employed in Israel and the settlements, with 100% of them coming from the West Bank as the blockade on Gaza Strip inhibits the movement of workers across external borders. This employment was dominated by construction for 52% of those workers. Their average wage was substantially higher than those who are employed within the occupied Palestinian territory; in 2011 their wages represented almost a fifth of all the Palestinians' daily wages, the rise of this proportion proving the growing dependence of the occupied Palestinian territory on activities located in Israel and settlements (table 50). In that context, it is easy to understand the heavy impact of any mobility restriction upon the Palestinians' revenues.

Table 50 - The distribution of the Palestinian employees by sector and the average daily wages (NIS)

	----- 2007 -----			----- 2011 -----		
	Employees distribution (%)	Average daily wage (NIS)	Average daily wage (%)	Employees distribution (%)	Average daily wage (NIS)	Average daily wage (%)
Public sector	22,7	79	23,4	22,5	89	23,5
Private sector	68,4	69	61,5	67,5	73	57,5
Israel & settlements	8,9	130	15,1	10,0	162	19,0
Total	100,0		100,0	100,0		100,0

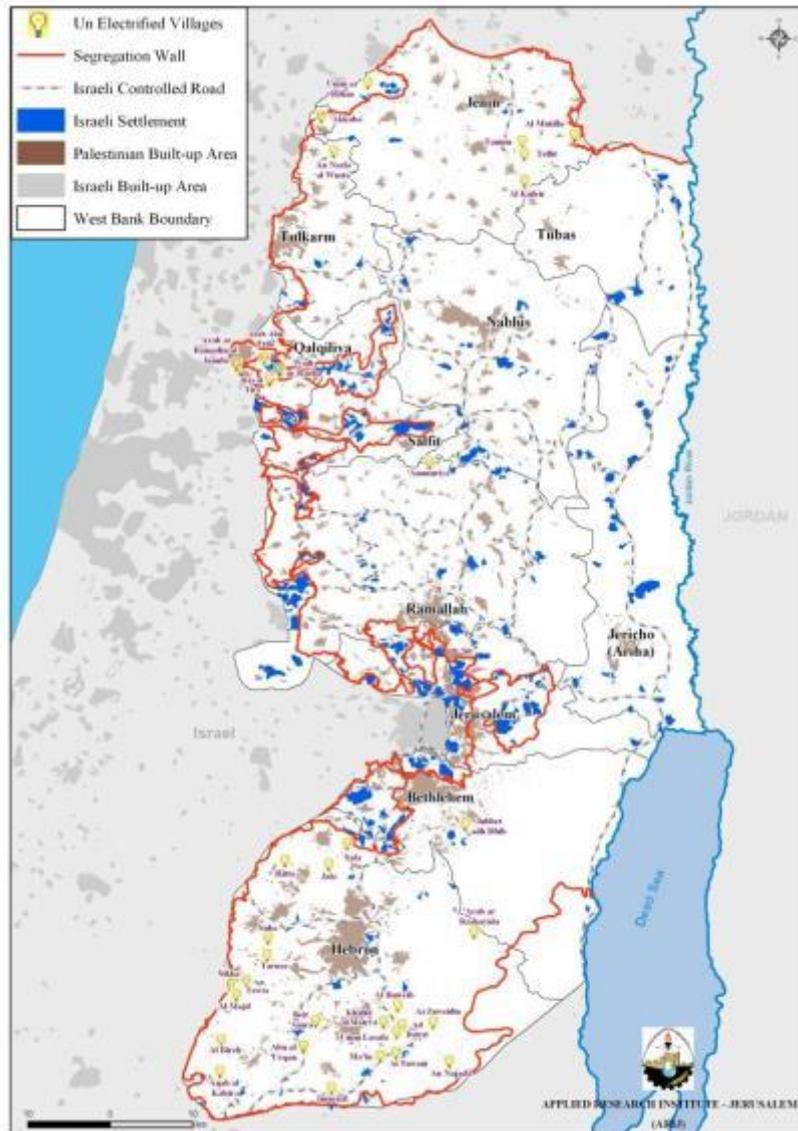
Source: PCBS, 2012

Another important aspect of this dependence, which has huge impact on the Palestinian territorial development, is about electricity – the key condition for any local activity and household basic comfort. 35 localities (20 000 citizens) out of 510 in the West Bank still do not have access to electricity network. Presently, the whole Gaza Strip has no electricity for at least 8 hours per day, except in Rafah. The vast majority of the occupied Palestinian territory's electrical energy needs are imported. The only Palestinian electricity generation is from the Gaza Strip power plant (GPP), which started the operation of generating 140 MWh on 2002. It received extensive damage as a result of Israeli air strikes in 2006. The plant needs 3 300 cubic meter of diesel per week in order to function well, but Israel allows for 2 200 to be transferred to Gaza Strip; with this amount of fuel the plant generates 55 MW only. GPP generates just about 10% of the electric power consumed in the occupied Palestinian territory, while the rest is imported from on the Israeli electric company (IEC, 96% of the total purchased energy), from Jordan (to supply electricity to Jericho governorate, since 2007) and Egypt (Rafah governorate, in the southern part of Gaza strip, since 2006). Due to this import dependence, the cost of electricity is very high in the occupied Palestinian territory: 15 U.S cent/KWh for domestic use and 19 for industry and commercial use, that is, the most expensive in all the countries in the Middle East, even higher than in Israel.

Until a very recent period, the electricity tariff system was not unified in the oPt and each electric utility had its own tariff system .As late as 2011 did the Palestinian Council of ministers approved a new electricity tariff

system, which aimed to unify electricity prices for the consumer to ensure the reduction of the electricity tariff for the poor segments of consumers and the productive sectors, with a particularly important reduction of costs for Jericho and the Jordan Valley to enhance the development there. But the major lack of Palestinian mastery upon electricity costs makes these social and territorial policies all too fragile.

Map 205 - Localities without access to electricity in West Bank



When it comes to trade as a whole, from 1976 until the signing of the Oslo accords in the year 1994, 80-85 % of the Palestinian exports and 80-90% of its imports were to and from Israel. This pattern persisted well after the Oslo accords and the signing of the Paris protocol, which reaffirmed Israel's control over Palestinian borders and trade regulations. The sudden intensification of movement restrictions, Israel's withholding of tax revenues due to Palestinian authority, the lack of imported inputs and the closure of borders with the outside world, led to a sudden decline in trade activities inside the occupied Palestinian territory. With exports declining much faster than imports, the Palestinian trade deficit has grown substantially since 2002.

The second Palestinians' dependence is upon international aid. The occupied Palestinian territory receives the highest amount of aid per capita in the world. This inhibits sustained economic growth. Aid represents just less than half of the economy. It is a dominate source of finance for the PNA's budget, covering 40% of recurrent government spending. This international aid is, at the same time, very positive for the Palestinians, and a curse – and this goes beyond the classic Dutch disease. To speak like the authors of the ITAN's

Palestinian Report (see annexe XX), the Israeli occupation “*has different sorts of costs including human and economic costs. These economic costs are partially paid by the international community’s funds which are creating one of the cheapest occupations and reveal Israel from its duties and responsibilities as an Occupying Power*” (part 2, p.23). It prevents Palestinians from accessing much of their land and from exploiting most of their natural resources; it isolates the Palestinians from global markets, fragments their territory into small, badly connected “cantons”, and artificially reduce the size of the Palestinian economy. ARIJ with cooperation of the ministry of National economy were able to trace some of the economic costs for the Israeli occupation in 2010. It was found that the total costs was US\$ 6,9 billion in 2010, a staggering 85% of the Palestinian GDP. Without the occupation, the Palestinian authority would run a healthy fiscal surplus without the need of donors’ aid, would be able to substantially expand fiscal expenditure to spur further social, territorial and economic development.

Table 51 - An estimation of the costs of the Israeli occupation on the Palestinian development

<i>field</i>	<i>main contents</i>	<i>Cost (million US\$)</i>	<i>% oPt GDP</i>
Gaza blockade	closure to intl trade, disruption to the electricity production, limited access to the sea resources	1 909	23,5%
Indirect costs of water restrictions	value added from irrigation, Jordan Valley agriculture, health costs from water	1 903	23,4%
Natural resources	Dead Sea salts and minerals, value added from quarries, gas marine reserve	1 838	22,6%
Direct utility costs	direct electricity and water costs	493	6,1%
International trade restrictions	dual use, cost of trading	288	3,5%
Movement restrictions		185	2,3%
Dead Sea tourism		144	1,8%
Uprooted trees		138	1,7%
TOTAL		6 897	84,9%
Fiscal costs		1 796	22,1%

*Notes.*

The estimation does not include other costs such as the costs associated with obstacles to the international movement of people; loss of investments in Area “C”, indirect losses from import restrictions in industry and ITC (“dual use items” list), indirect losses from restrictions on telecommunications, losses from the construction of the Wall, and losses from restrictions to the East Jerusalem market. Source: ARIJ and the Palestinian ministry of National economy (2011)

## 6.2.8. Jordan

### *Administrative division and its evolution*

Historically, during the Ottoman time, the Middle East was divided into wilaya, that included several *liwa*, subdivided into *nahiya*. The level of governorate (*muhafaza*) was added in the twentieth century. Until 1985, Jordan had five governorates: Irbid, Amman, Balqa, Kerak and Ma’an. Amman and Irbid were the two main governorates in terms of population size and economy. Yet governorate divisions reflected political rather than economic considerations. In 1985, three new governorates were created by dividing up those already in existence. Amman governorate was split into Amman (with one million inhabitants) and Zarqa (425 000, north-eastern side of Amman metropolitan area); Irbid governorate was split into Irbid (632 000) and Mafraq (93 000, strategically located on the road to Syria and Iraq); and Kerak governorate was split into Kerak (112 000) and Tafila (37 000).

In 1994, new divisions were introduced with the creation of the four governorates, three of them in the North-West of the country: Madaba (with its booming agriculture and industry), Jerash (focused on the development of tourism in its ancient city), Ajlun (for the development of tourism in its nature reserve); and one in the South, Aqaba, the country’s only port, in full economic boom since the 1980s and the decline of Lebanese ports. Since 1994, the division of the country into 12 governorates was not changed. In the 2000s, Jordan was divided into 12 governorates (*muhafaza*), 51 districts (*liwa*) and 89 subdistricts (*caza*). But within these governorates, the centres of Amman, Salt, Zarqa and Madaba form together one large metropolitan area in which business interactions are under the influence of Amman, while the cities of Jerash, Ajloun, and

Mafraq are mostly under the influence of Irbid.

### *Local competencies*

The Jordan's territorial organisation has gone through three major changes. The first was the integration of the West Bank between 1949 and 1988. From the 2000s, during the period of neoliberal privatisation and attraction of foreign capital, the administrative divisions were progressively phased out by Special Economic Zones – the best example being the Aqaba SEZ which comes directly under the Prime minister's office and functions as an extraterritorial entity. The third change occurred in 2001 in the context of democratic opening-up; the amalgamation of municipalities brought their number down from 328 to 99, and gradually endowed them with new powers and their own budgets. In the autumn of 2011, this process was reversed and more than one hundred municipalities were created under pressure from the public. At a wider scale, since the 1994 reform and the king's speech in 2002, the role of governorates had already been strengthened for the purposes of decentralisation; their budgets had been increased, with priority given to security.

### *The national statistical system*

The statistics published by the department of Statistics (DOS) are reliable. The most significant strength of the statistical system of Jordan is the existence of legislation that governs the activities of data-producing institutions. Apart from the department of Statistics, statistics are produced by a number of public institutions as a by-product of their main activity: the Central bank, the ministries, the Civil registry, the Land and surveying authority, the municipalities and syndicates. The first national survey on household expenditure and income, whose data is used to calculate the poverty line, was completed in 1987; five similar surveys have since been carried out, proving the focus put on the 'poor' by the Jordanian authorities.

### *Occupation of space*

Jordan is a small country of 6,5 million inhabitants in 2012 (DOS). This figure was calculated after the 2004 census by applying a 2,2% annual growth rate. But more than one million persons are not counted: foreign workers, mostly Egyptians (176 000 people among the legal 235 000 work migrants are Egyptian but some figures suggest that the Egyptians could rather be half a million), Iraqi and Syrian refugees – Jordan being regarded as "a heaven for refugees". The number of Iraqis refugees since 2003 is estimated around 450 000, high enough to justify substantial foreign aid. For the Syrian, the number is about half a million – but generally speaking the real number of Syrians refugees in the neighbouring countries could be the double of the number given by the UNHCR statistics, which only record those officially registered as refugee. The official estimation states that 39 000 "guest workers" are living in the Kingdom with expired work permits and residency visas.

For centuries, the settling of communities in modern Jordan was concentrated in the north-western highlands and in the Jordan Valley, leaving arid regions unpopulated. Nevertheless, from the twentieth century, natural population growth and migration as well as improved irrigation techniques and road networks led to the settling of more than a hundred communities in areas with less than 250 mm annual rainfall, which do not allow rain-fed dry farming. Settlements also spread towards the East, with the proliferation of well drilling in the areas of Mafraq and along the road to Iraq. But the implantation of communities has mostly occurred in the Jordan Valley, in particular with the arrival of Palestinian refugees.

Jordan's population became significantly urbanized during the 1960s, and has reached a rate of urbanisation of over 80% in 2011. The two main reasons were rural depopulation and the arrival of waves of Palestinian refugees and displaced persons who mostly settled in the larger towns of Amman, Zarqa, Irbid and Ruseifa, where UNRWA camps and services had been set up.

Nearly half of Jordan population is concentrated in the agglomeration of Amman-Russeifa-Zarqa (2,4 in 2004). In 2004 the Greater Amman municipality incorporated eleven fast-growing outlying communities.

## Demographic dynamics

Jordan is an exception in the Middle East due to the political stability that has reigned since the country's Independence in 1946, despite the challenge of integrating several waves of Palestinian (100 000 in 1948, then 350 000 in 1967 and 300 000 in 1991), Iraqi (500 000 between 2003 and 2013) and - more recently - Syrian refugees (half a million in 2013 as we said).

Jordan's population is undergoing major changes in its demography and its family structure. The first change is quantitative: Jordan urban population increased considerably since the 1960s, when the population did not count one million persons; between 1960 and 2010, the annual growth rate has exceeded 4%; the current rate is 2,3%. The second change is the demographic transition, which the country started in the sixties: the fertility rate dropped from 8 children per woman to 3,2 in 2004, which remains quite high. This rate is surprising considering that 90% of today's women are educated and 80% of the population lives in urban areas. In Jordan, education has progressed much faster than changes in behaviour concerning motherhood. It should be added that both Trans-Jordanians and Jordanians of Palestinian origin continue to arrange marriages within extended families.

The differences in fertility rates between urban and rural areas have gradually decreased; current fertility in rural areas declined between 2002 and 2007 from 4,2 to 3,7 children per woman, while in urban areas fertility generally increased slightly from 3,5 to 3,6. The lowest rate is found in the governorates of Amman (the most urbanized) and Madaba (with its large Christian population).

A consequence of the rapid demographic growth is the rise of large cities. The agglomeration of Amman-Russeifa-Zarqa has passed from 1,8 million inhabitants in 1994 to 2,4 in 2004. The northern city of Irbid experienced also a rapid growth (from 210 000 inhabitants in 1994 to 255 000 in 2004), and has also expanded and absorbed outlying communities. In contrast, the southern cities of the country have remained stagnant: Kerak's population rose by only 800 inhabitants between 1994 and 2004, Tafila's by 2 500 while Ma'an lost inhabitants, reflecting the crisis in southern Jordan.

Table 52 - The demographic rise of the cities of the Amman metropolitan area

	1994 million	2004 million	evolution %
Amman	1,31	1,75	33,6
Zarqa	0,35	0,40	14,6
Russeifa	0,18	0,23	27,2

Source: National Population and Housing Census 1994 and 2004

The 2004 census revealed that 9 % of the Jordanian population living in Jordan changed their governorate of birth and resided in other governorates since the previous census; the search for job was the prominent factor of this internal migration, namely to the north-western part of the country (see below XX).

## Social disparities and dynamics

The question of the minorities is very sensitive among the Jordanian population as half of the Jordanian citizens are of Palestinian ascent. It must be borne in mind that the West Bank and Transjordan were the two components of the Kingdom of Jordan from 1949 to 1988. The families who came from Palestine before 1948 are *de facto* Jordanian and nobody in Jordan contests it. The ones who came as refugees after 1948 gained full citizenship in 1949. The 1967 refugees (the 1967 war and the occupation of the West Bank by Israel led to the arrival on the eastern bank of the Jordan River of 300 000 'displaced' Palestinians with Jordanian nationality) were holder of the Jordanian citizenship. But different colours of passports indicate unequal degrees of citizenship within the nation. In 1988, following the royal decision to sever ties with the West Bank, only those Jordanians living on the eastern bank of the River Jordan were able to keep their Jordanian nationality; those who lived in the West Bank (and had green cards) lost it. And the refugees from Gaza have another status, with only two-year Egyptian travel documents.

Almost all Jordanians are Sunni, although a Shiite community, composed mainly of Iraqi immigrants, is gradually growing in the region of Amman-Zarqa. Among the non-Arab minorities, there are Armenians and Circassians (respectively 1% and 1,3% of the Jordan population), namely located in the capital city. Christians of various faiths represented less than 4% of the population. Despite they do not consider themselves as a minority, the proportion of Christians is gradually decreasing because of the high level of emigration and the low fertility rates of this subpopulation. The census of 1979 was the last to publish such “ethnicity” data; in the 2004 census, no questions were asked about religion, ethnicity or nation of origin of the population or their ascendants.

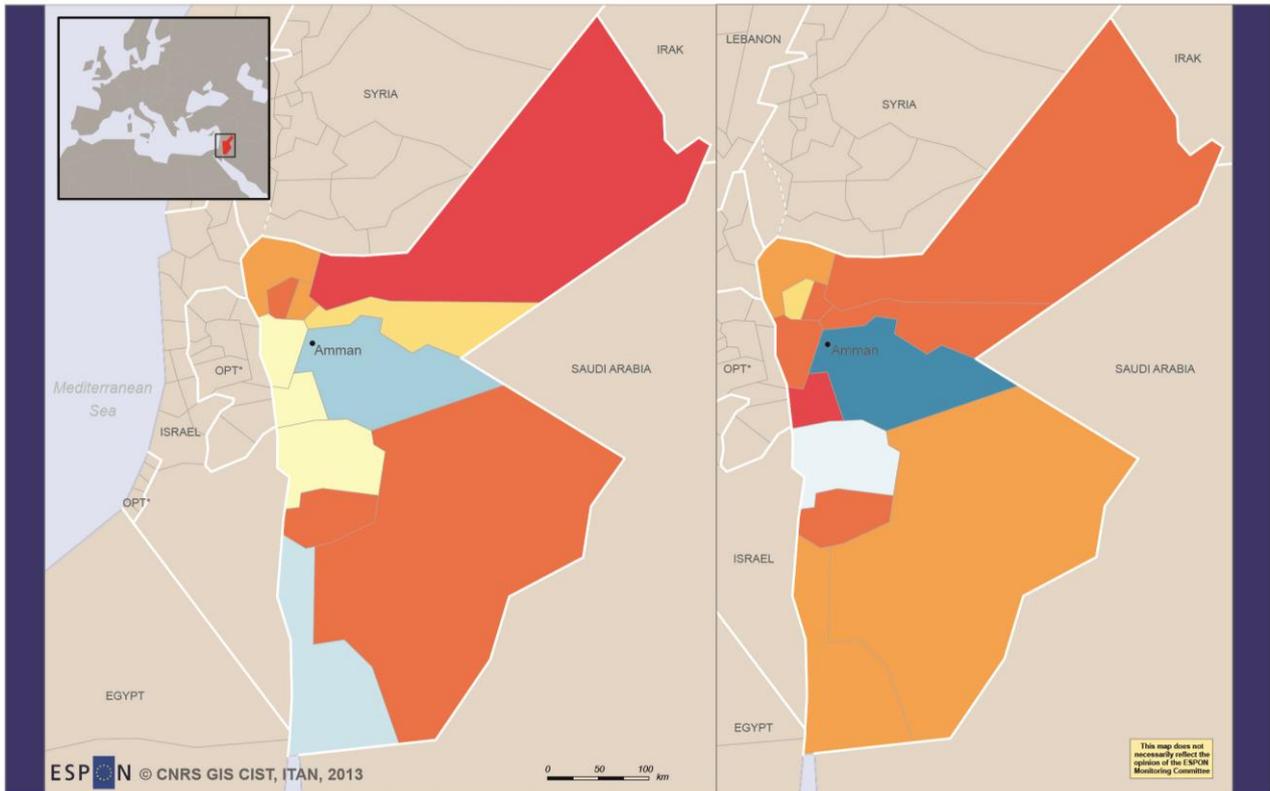
Life expectancy at birth is continually improving. It stood at 73,4 years in 2011, up from 67 in 1980. In the field of education, the top graduates are in the Jordanian north-western urbanized districts, namely in West Amman and Irbid, but also in Kerak. In that last case, this is due to university quotas that favour students from areas with predominantly Transjordanian populations and children from military families – Kerak being a region where military recruitment is common. Jordan has a very good student enrolment at 98% (up from 87% in 1990). As a result, illiteracy in over 15 year-olds dropped to 8% in 2008, compared to 68% in 1961. It has been almost eradicated for 15-24 year-olds (Jordan ranks highest among all Arabic countries in youth literacy), and now only affects the elderly, especially rural women in Ma’an, Wadi Rum, Wadi Araba and near Mafraq. The highest rates of population with only elementary education are located in rural districts in the South (Tafila, Ma’an and Wadi Musa – in the South, Kerak and Aqaba are exceptions, the illiteracy rate of the governorate of Aqaba is among the lowest in the country with that of Amman). All governorates have lower adult literacy rates for women than men, but the difference is smallest in Aqaba or Amman (8 points difference) and highest in Ma’an (16 points).

Among the work migrants, the women, mostly employed in domestic work, are particularly vulnerable; many of them are employed illegally. Since 2008, the sectors of domestic work and agriculture are covered by the Jordanian labour law from which they were previously excluded.

The proportion of poor people is reducing: 13% in 2008 down from 21% in 1997. Yet, as a whole, Jordan remains a poor country. Most poverty pockets are located in thinly populated desert areas; very low average incomes per family are found in the remote periphery of Amman: Madaba, Balqa’ and Zarqa. As food still accounts for one third of Jordan households’ expenditure, the population is very sensitive to variations in commodity prices and to the removal of subsidies on basic foodstuffs. The abrupt removal of subsidies is likely to lead to social unrest, as it was the case during the spring of 1989 in the impoverished and neglected southern parts of Jordan, as well as in 1998 and 2002 in Ma’an, and recently in 2012 with huge demonstrations.

The map 206 displays an income inequality that have risen in the last period, with a rising contrast between the Amman governorate and the rest of the country. The figure 52 indicates that this inequality is as high as in the occupied Palestinian territory, and bigger than in Israel which comparably proves less uneven – yet internal social and disparities within Israel have very much risen in the last decade, and despite the fact that when one compare the three countries’ income, Israel appears more and more ahead of the two other countries. In Jordan, analysis at a more local scale worsens the picture: the income rise seems concentrated in the western Amman city, where most of the well-off neighbourhoods are situated. Such number prove that the ITAN database would be highly improved if it could be supplemented by data at SNITS-5 level so as to properly cope with the urban issue.

Map 206 - Income inequality in Jordan, by governorate, 1997-2010



ESPON © CNRS GIS CIST, ITAN, 2013

0 50 100 km

This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

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\*Occupied Palestinian Territories

Regional level: SNUTS 3  
Source: ESPON project (ITAN), CNRS GIS CIST, H.Pecout? 2013  
Origin of data: Department of Statistics, Household Expenditure and Income Sample Surveys 1997 & 2010. Collected by Myriam Ababsa  
© UMS RIATE for administrative boundaries

Annual average income by household in terms of the national average for the considered year (100 = national annual average)



Map 207 - Income inequality in the Near-East (Israel, occupied Palestinian territory, Jordan), ca 2011

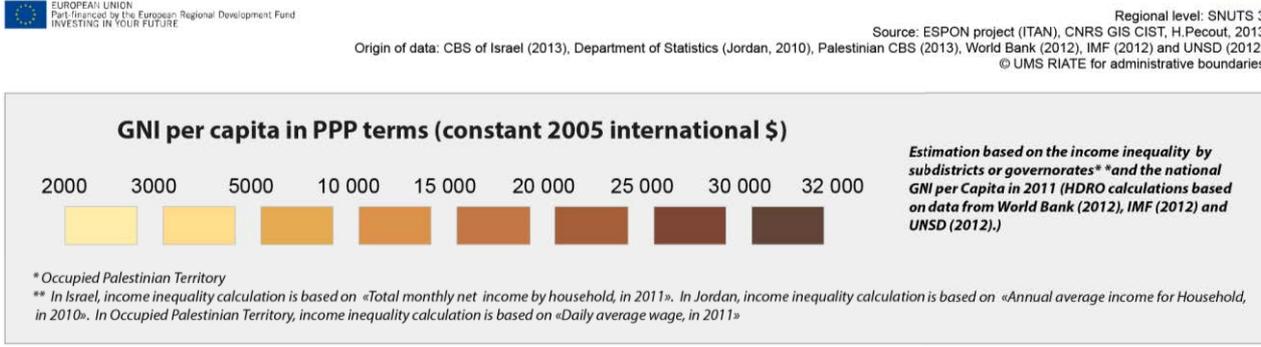
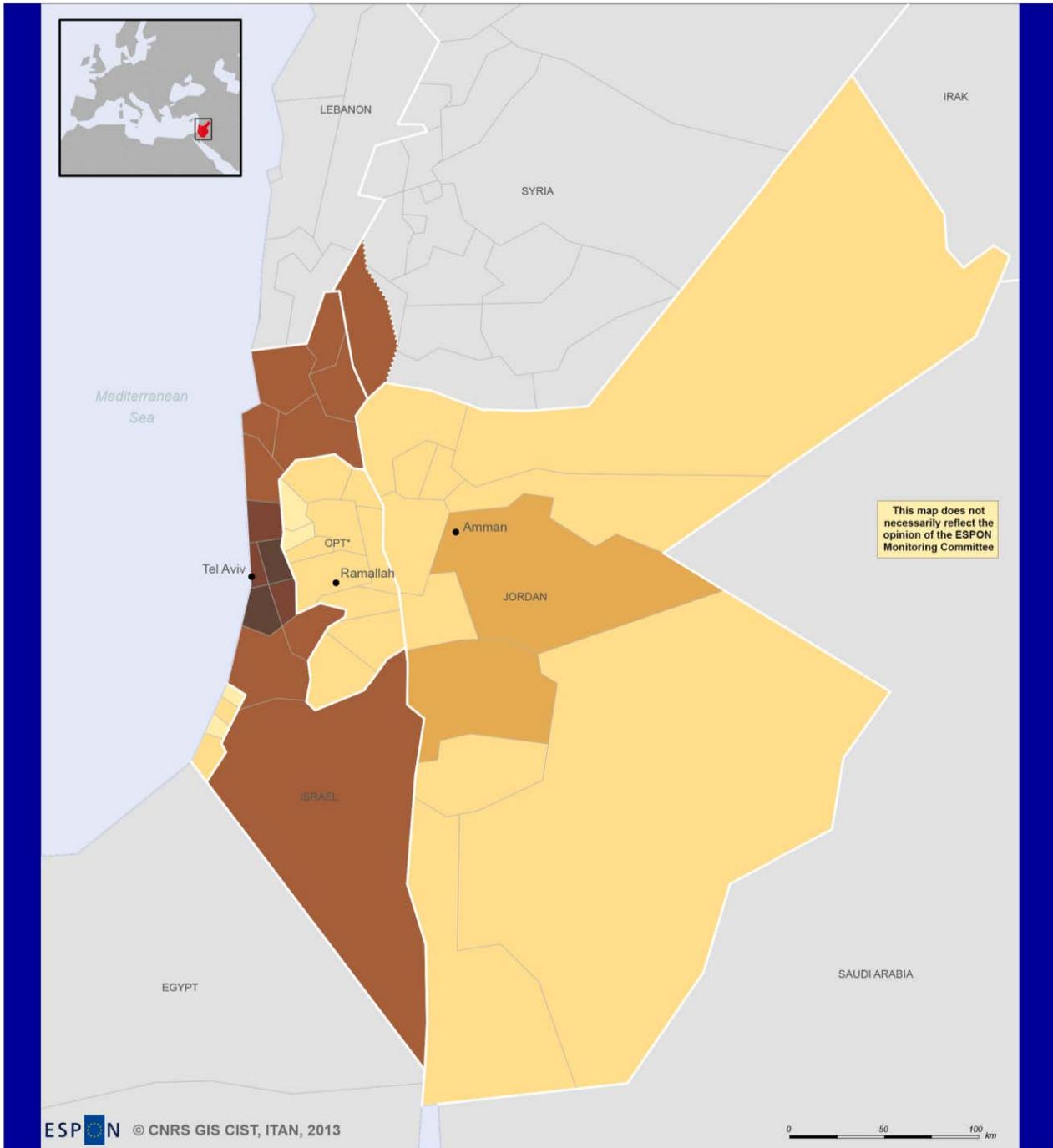
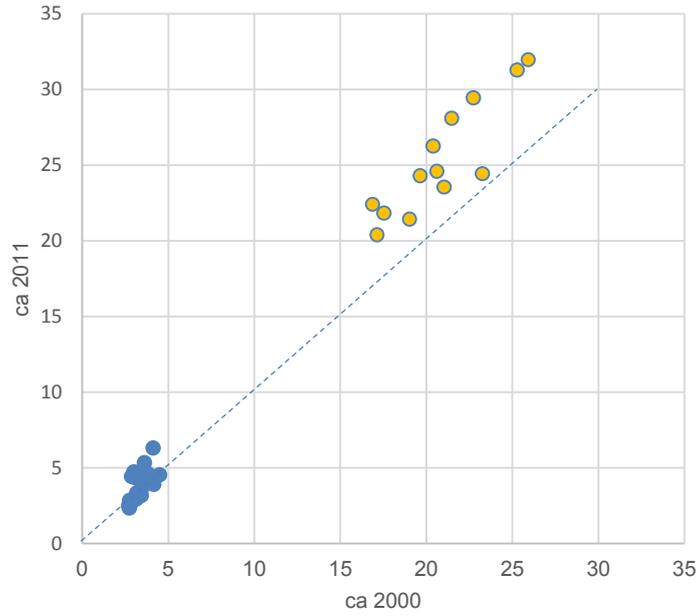
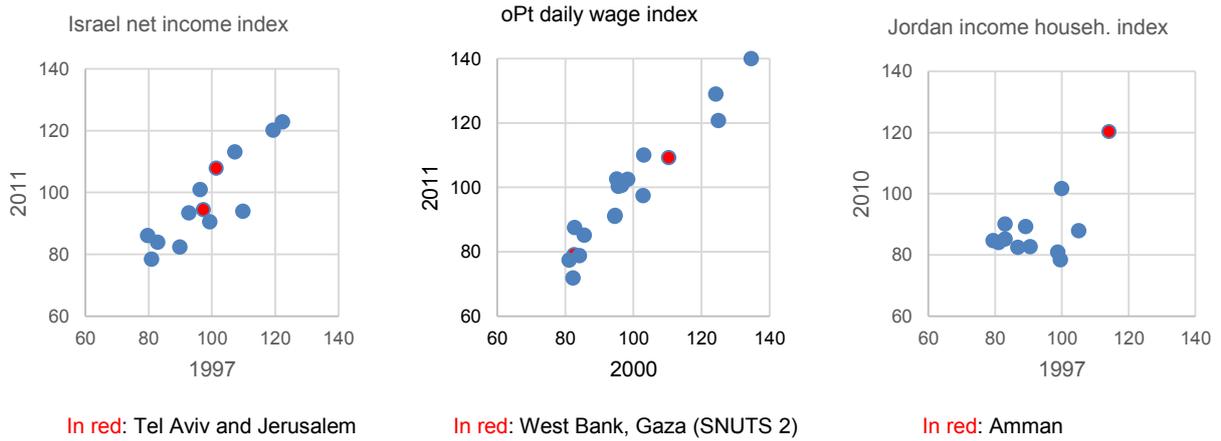


Figure 51 – SNUTS 3 income disparities in the Near-East. Israel more and more ahead



Notes. In yellow: Israel districts

Figure 52 - SNUTS 3 income disparities in the Near-East. Israel less unequal in terms of internal disparities

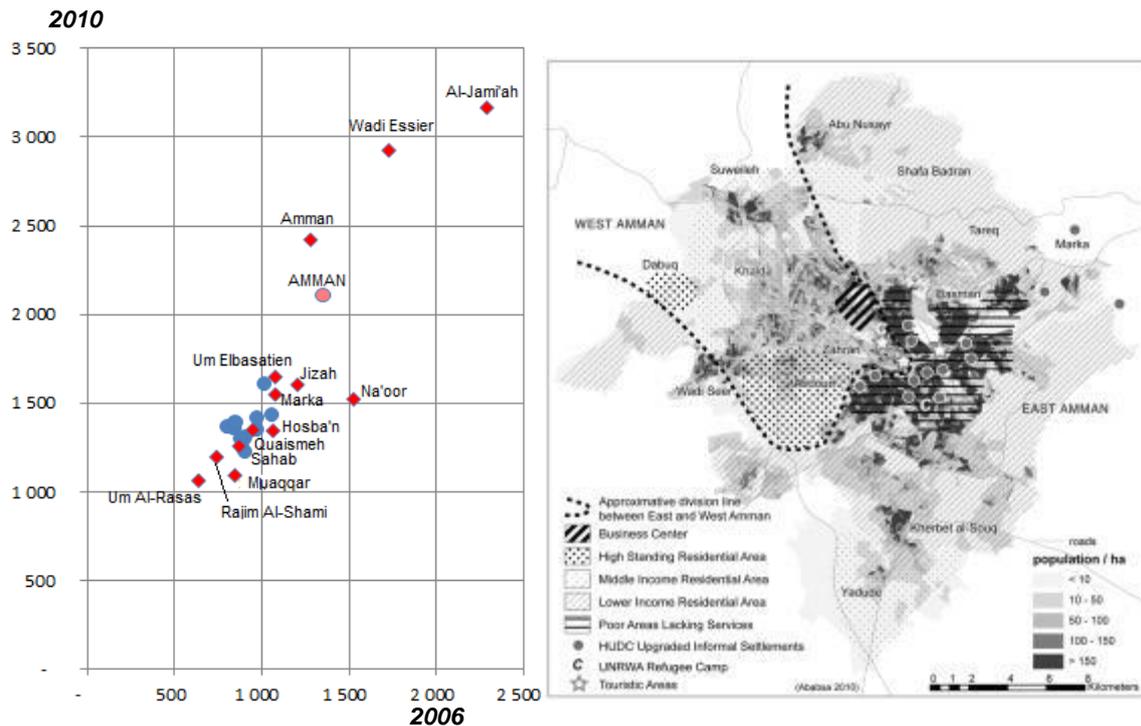


In red: Tel Aviv and Jerusalem

In red: West Bank, Gaza (SNUTS 2)

In red: Amman

Figure 53 - Average income in Jordan governorates (blue) & Amman sub-districts (SNUTS 5), 2006-2010



Unemployment is structural in Jordan; it is linked to the development of an economy of welfare dependency and to the importing of 250 000 Egyptian and Asian workers who accept unskilled jobs for very low wages. Immigrant workers represent almost a quarter of the Jordan's workforce [Ababsa 2013]. The participation rate of Jordan's workforce remains one of the lowest in the world at about 40% (less than 20% for the women). Yet, the DOS forecasts that by 2020 more than two-thirds of the population will be at working-age, which gives an idea of the tremendous employment challenge.

### Economy

Jordan is a small country lacking in natural resources and with little useful land area. Since the 1970s the country has had a rent economy. Thanks to the stability and the peace accord signed with Israel in 1994 and to its geopolitical position as a pivotal country for peace in the Middle East, Jordan is one of the first countries in the world for development aid per capita. In 2011, the United States and Saudi Arabia increased direct aid to the Hashemite kingdom, which reached \$ 1 billion to compensate for falling revenues from tourism and foreign direct investment following the Arab Spring. Besides foreign aid from the United States, Saudi Arabia and the European Union, Jordan's economy is driven by revenues from tourism (the bulk of it coming from Arab countries); by remittances from its 260 000 expatriate workers in the Gulf (600 000 with their families) due to their strong demand for skilled labour in sectors such as engineering, medical and pharmaceuticals, media and information technology, education and research, banking and finance, and due to the ratification of sectoral bilateral agreements and the establishment of administrative measures promoting the employment of Jordanian nationals in these countries [De Bel Air in *Atlas of Jordan* 2013].

2010 was a record year for tourism and revenues, but the Arab Spring greatly affected tourism from Europe and the U.S., which was offset by a greater number of Arab tourists, mainly from the Gulf. Airport traffic consequently declined, while the port of Aqaba benefited from a boom driven by re-exports to Iraq.

The three governorates of Amman, Zarqa and Irbid account for two thirds of the Kingdom's population (4,4 million out of 6,3 million in 2010). Currently their population growth rate is over 3% per year compared to 2,3% for the country as a whole. The three governorates also attract the most foreign workers and internal migrants. They are the economic driving force of the country with over 80% of domestic firms.

The 1994 national census showed that the Amman and Zarqa cities were the main “importers” of rural population (+56 %). The 2004 census showed that Aqaba, which was turned in 2001 into a liberalized, low tax duty-free and multi-sector development zone, recorded the highest immigration rate (26 %).

Jordanian industry is driven by large textile companies located in the Qualifying industrial zones (QIZ), that employ mostly Asian workers engaged in social dumping by accepting wages below the minimum salary. The construction sector develops rapidly since 2005, with major projects like the new Amman downtown in Abdali and gated communities in Aqaba. These projects were suspended by the economic crisis in 2008, while two gigantic new projects were launched: the new town of King Abdullah bin Abdel Aziz in Zarqa (for 500,000 residents in 2020, financed with Saudi capital) and the huge Marsa Zayed project in Aqaba (\$ 10 billion).

39% of Jordanians work in the public sector, still more in the governorates of Amman and Zarqa. Over one third of the workforce is employed in the sole armed forces and civil service in governorates that are sparsely populated and/or traditional supporters of the regime: Ajlun, and three southern governorates of Kerak, Tafila and Aqaba.

#### 6.2.9. Lebanon

##### *Administrative division and its evolution*

Lebanon is divided into six governorates (*mohafazas*) which are further subdivided into twenty-five districts (*caza*). The districts themselves are also divided into several municipalities, each enclosing a group of cities or villages.

##### *Local competencies*

The governorates are run by representatives of the State. At a more local scale, political support within the central government for decentralisation remains uncertain<sup>34</sup>. Historically, Lebanon has had strong local governments and a commitment to decentralisation. Nevertheless, during the civil war (1975-1990) municipal governments lost much of their power as decision-making became centralised and many public services were eliminated or privatized. The 1989 Ta'if Accord of National Reconciliation specified strengthened municipalities and administrative decentralisation at the qaza level, and in 1997 a law was passed to increase municipal financial autonomy. But municipalities currently receive funds from over thirty-five different sources, making local budgeting difficult.

##### *The national statistical system*

The Central administration of statistics (CAS) is a public administration within the presidency of the Council of ministers. Their mission is to collect, process, produce and disseminate social and economic statistics at the national level. They are also in charge of the technical supervision of statistics produced by other ministries and public administrations. Other important data public providers are: the National council for scientific research (CNRS), a public institution reporting directly to the president of the Council of ministers established in 1962; the ministry of Social affairs, which carried out a sample survey project of population and housing in 1994-1996; and the ministry of Interior which has the most accurate and yearly basis data.

##### *Occupation of space*

Lebanon's last population census conducted in 1932 indicated that the population was 875 300 with around 53% as Christians. Other censuses were conducted unofficially; for example in 1956 it was estimated that the population was 1 411 400, with around 54% Christians and 44% Muslims. According to recent statistics done by the World fact-book, the Christians constitute around 39% of the population and Muslims around

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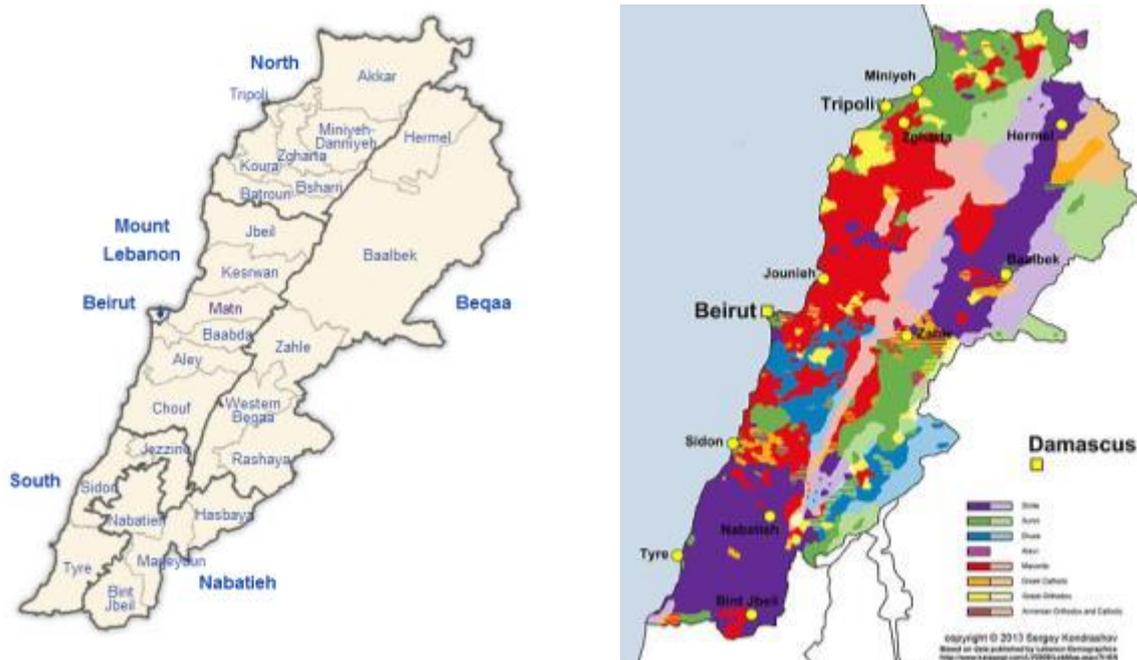
<sup>34</sup> United Nations, 2004, “Republic of Lebanon, Public Administration Country Profile”, Division for Public Administration and Development Management (DPADM) , Department of Economic and Social Affairs (DESA)

60%. CAS conducted in 1996 a national survey (not a *census*) of population data and living conditions and revised their data in 2008. According to the 2008 update, Lebanon's resident population in 2007 was 3,7 million, excluding an estimated 425 000 Palestinian refugees.

The percentage of urban dwellers was estimated at 81% in 1996. Beirut and its suburbs, in addition to the coastline of Lebanon, make up the basic concentration areas of population allocation. The survey's data from 1996 reveal that Lebanon's middle regions, consisting of the governorates of Beirut and Mount Lebanon, comprise half of Lebanon's residents.

The major feature of the Lebanese human geography is its strong link vis-à-vis the religious communities. Lebanese society is divided into numerous religious groups or sects that are separated from each other by recognisable geographical lines of demarcation and perhaps even more by fear and suspicion. Furthermore, the civil war has reinforced the distances between groups by causing demographic changes through the eviction of members of a whole group from one region to another. This movement has not only affected Christian-Muslim relations, but also sects of the same faith. Today, Lebanon continues to be largely confessionally organised. As the map 208 displays, the southern governorates are dominated by Shia, The Mount Lebanon by Maronite (Christians) and Druze, the North by Maronite and Sunni, the Bekaa by Shia and Sunni. Indeed, the cultural breakdown is much finer than that, and one has to get down to the very local scale to understand the strength of this correspondence between religious communities and territories. The fragmentation, namely in Beirut, has been stiffening since the civil war. Nevertheless, such cartography is tricky, because in Lebanon any individual is recorded to his alleged community and family geographical origin, even if this individual has long lived in another place in the country. In other words, maps derived from that kind of electoral data freeze the Lebanese human geography.

Map 208 - Distribution of main religious groups of Lebanon according to last municipal election data (2010)  
Governorates and districts



Source: Serge Kondrashov, based on data published by Lebanese Demographics (<http://www.katagogi.com/LV2009/LebMap.aspx?l=EN#BintJbeil>). Downloaded from [http://en.wikipedia.org/wiki/Lebanon#cite\\_note-159](http://en.wikipedia.org/wiki/Lebanon#cite_note-159)

### Demographic dynamics

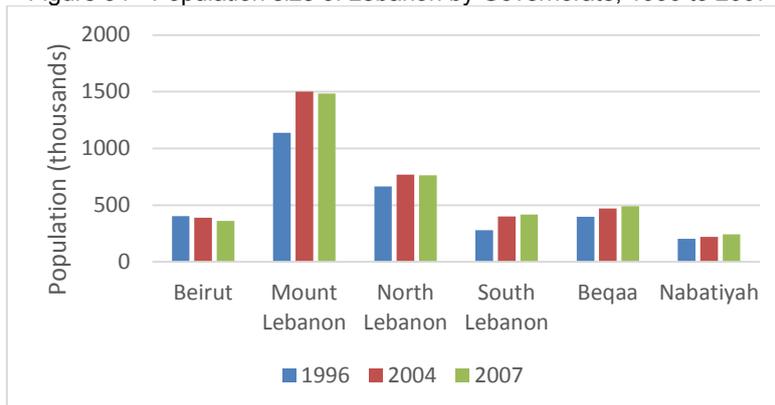
Compared to the year 1996, the total population (including refugees) increased by about 170 000, which is equivalent to an annual growth rate of about 0,4%. In reality, the growth rate is probably higher but it is inhibited by concurrent emigration which is a strong historical tradition of the Lebanese society. Population growth in Lebanon, as with many of the other demographic parameters, is uncertain. The World Bank quotes a current rate of 1,2% per annum. According to the National land use master plan, the population would grow

from 4 million in 1997 to 5,2 million in 2030 i.e. +0,9% per annum. The ministry of Energy and water assumes a growth rate of 1,7% between 2007 and 2009. All these estimates remain significantly lower than the region (2,5% in Syria and 2,4 in Jordan in 2009).

Lebanon has reached a mature stage of the second phase of demographic transition from high to very low birth rate after the fall of its death rate. Decreasing fertility along with lengthening life expectancy has reshaped the age structure of the population by shifting relative weight from younger to older groups.

As for the geographical trends, Beirut is already overcrowded, overpopulated and polluted. Citizens tend to leave their area and go more and more settle in Beirut, the capital and the most advanced city in Lebanon, whose population tends to extend in its periphery located in the Mount Lebanon governorate. North Lebanon and Nabatiyeh, where opportunities are limited, are the most abandon regions in Lebanon.

Figure 54 - Population size of Lebanon by Governorate, 1996 to 2007



In 2002-2007, 210 000 migrants (120 000 of them from Beirut and the Mount Lebanon governorates) have left the country, representing 5,3% of the total Lebanese population. As long as education class progress, from illiterate to university, it seems that total number of international migrants keep on rising. Arab countries are the highest countries to accept Lebanese immigrants; their proximity and their high salary (Gulf States) produce a big attraction. Next comes North America with approximately 104 000 international migrants (1992-2007) and only after comes Western Europe with 95 000. The in-migration is dominated by the historical presence of Palestinian refugees, and by the on-going arrival of Syrians since the beginning of the civil war there. According to the UN-HCR, almost 900 000 Syrian refugees are in Lebanon at the beginning of 2014: the yet officially recorded numbers are 249 000 in North Lebanon, 289 000 in the Bekaa, 206 000 in Mount Lebanon and Beirut, and 110 000 in southern Lebanon which proves that all the Lebanese regions are impacted by the phenomenon.

### *Social disparities and dynamics*

The overall average household size should reflect the social and cultural composition of the local population. Yet, figures show a common feature, that of a rapid decrease, whatever the governorate. At national scale it has declined from 4,8 individuals per household in 1996 to 4,3 in 2004. The minimum discrepancy is 3,8 in Beirut, the maximum 5,1 in North Lebanon. This suggests that Lebanese family structures are converging, whatever the religion or the territory.

The infant mortality shows much wider regional disparities. Its rate was estimated at 30 infant deaths per 1 000 live births in 1996 and 21 in 2004. As per governorate, only Beirut shows an increasing in the rate, to a very high level in 2004 (39), as a result of the major political unrest of the previous years and decades in the capital city. Nabatiyeh governorate represents almost a stable value of 30. The rate decreases in South Lebanon but is still at a high level of 22. The minimum discrepancy is 17 in Mount Lebanon.

This is roughly in line with the geography of incomes, where regional disparities are striking. Whereas poverty rates are insignificant in the capital, Beirut, they are very high in the northern city of Akkar; in

general, the North governorate has been lagging behind the rest of the country and its poverty rate has become high. Levels of poverty are above-average in the South, but whereas the per capita consumption in Nabatiyeh is close to the national average, it is more equally distributed than is other regions so that the governorate's poverty rate is far below the national average [El Laithy et al. 2008]. This statement is of great importance when one knows the importance of the Hezbollah in the local social regulation.

Table 53 - Income and poverty by governorate (2004-5)

	<i>Per capita consumption median (000' LBP)</i>	<i>Per capita consumption mean (000' LBP)</i>	<i>Per capita consumption mean (Lebanon=100)</i>	<i>% of the governorate in Lebanese extremely and moderately poor population</i>	<i>% of the governorate in Lebanese total population</i>
Beirut	4 939	6 141	156	2,1	10,4
Mount Lebanon	3 506	4 321	110	27,3	39,9
Nabatieh	3 478	4 075	104	4,0	5,9
South	2 385	3 151	80	15,6	10,5
Bekaa	2 888	3 558	90	13,0	12,7
North	2 039	2 671	68	38,0	20,7
TOTAL Lebanon	3 073	3 935	100	100,0	100,0

*Notes.*

Per capita consumption: adjusted for regional price differences

Source: Authors' estimates, based on CAS, UNDP and MoSa living conditions & households budget, El Laithy, Abu-Ismaïl and Hamdan, 2008

Along with the Palestinians, the Lebanese had one of the highest literacy rates in the Arab world. The rate was estimated at nearly to 80% in the mid-1980s, but like most other spheres of Lebanese life, communal and regional disparities existed. In general, Christians had a literacy rate twice that of Muslims. Since the end of the war in 1991, Lebanon has witnessed commendable progress in the education field, for all communities. There are more illiterate female than male because the role of women have traditionally been restricted to those of mother and homemaker. However, in today's Lebanon, unlike others countries in the region, women enjoy equal civil rights which means they are more accepted socially to study at higher level and to get a work afterward. Spatially, Beirut comes in the first place; it contains the largest number of schools and universities. It is followed by Mount Lebanon with nearly 40% of total education level in "Secondary" and "University" classes. On the contrary, North Lebanon has the lowest value in the most advance educational level, and Nabatiyeh governorate has the most important percentage (13%) of illiterate people. The school enrolment shows the same territorial hierarchy: Beirut and Mount Lebanon ahead, North and South Lebanon lagging behind, with Nabatiyeh and Beqaa in intermediary position.

### *Economy*

The Lebanese economy is service driven with tourism and banking activities leading as its most important pillars. As such the majority of the Lebanese workforce takes employment in the services. Lebanon's three major coastal cities, Beirut, Saida and Tripoli are engaged predominantly in commerce due to their location on the seafront and the presence of seaports.

Lebanese industry is located in Mount-Lebanon as well as in the cities of Beirut and Tripoli, and several industries on the coastal strip in North Lebanon. The fact that most of the industrial activity is located at the vicinity of cities (Beirut, Tripoli, Chekka, and Zouk) gives a rise to air pollution problems in the areas.

#### 6.2.10. Syria

We remind that the analysis below is made out of data and information that were prior to the burst of the on-going civil war that burst out in March 2011. It has to be reminded that the war affected very deeply the Syrian territory, in particular the governorates either located in the culturally mixt area of the country where an ethnic cleaning is at stake, or the economically key cities of the country, that is to say the governorates of

Aleppo, Damascus city, Homs, Hama, Daraa, Latakia and Idlib, (on the key axis from Aleppo to the port of Latakia), and in the eastern part of the country Deir ez-Zor, al-Hasakah and secondarily ar-Raqqa<sup>35</sup>.

#### *Administrative division and its evolution*

In 1960 there were 11 governorates (*muhafazat*), divided into 44 districts and 131 sub-districts (townships, i.e. a group of cities, towns, villages and farms). In 2004 census, the numbers were 14 governorates, 61 districts and 272 sub-districts. Today, districts have grown to 69, and sub-districts to 295.

#### *Local competencies*

Each governorate is headed by a governor, appointed by the minister of Interior and subject to cabinet approval. The governor is assisted by a provincial council, three-quarters of whose members are popularly elected for four-year terms, the remainder being appointed by the minister of Interior and the governor. In addition, each council has an executive arm of six to ten centrally-appointed officers, selected from among the council's elected members. Districts and sub-districts are administered by officials appointed by the governor, subject to the approval of the interior minister.

#### *The national statistical system*

The Central bureau of statistics (CBS) is the statistical agency responsible for the gathering of information relating to economic, social and general activities and conditions. Established in 2005, the office is answerable to the office of the Prime minister.

Demographic data can be provided through three main sources which are: (i) the general census of population, defined according to recommendations and guidance bulletins issued by the United Nations. The first census was done as soon as in 1854 but it was not before 1960 that a census became consistent with a modern definition. Four more followed in the years 1970, 1981, 1994 and 2004. (ii) Demographic and health surveys sample, usually applied to monitor intercensal abrupt data changes or to obtain detailed data about a particular phenomenon allowing further in-depth analysis. (iii) Civil status records, prime source for providing important data essential to calculate various demographic indicators; the reliability of civil records data increases yearly: the undisclosed births fell from 35% in 1970 to 19% in 2010, undisclosed deaths from 28% in 1971 to 15% in 2010.

#### *Occupation of space*

The inhabitants of Syria, commonly described as "Arabs", are an overall indigenous Levantine people. During colonial years, the region had a fairly large minority of French settlers; many of them stepped out after the recognition of Syrian independence in 1946, but their influence is still evident on fluency of French by the educated class. Syria's population is 74% Sunni Muslim, including 500 000 Palestinians and non-Arabs populations that is Kurds (9-10% of the Syrian population) and Turkmen (4%). Other Muslims, including Shias and Alawites (11% of the Syrian population), the belonging minority of the Al Assad family which rules the country, make up 16% of the population as a whole. Various Christian denominations make up 10%. There are a few Jewish communities in Aleppo and Damascus as well as 1 500 people of Greek descent and small Armenian populations.

A striking feature is the geographic distribution of the religious minorities. Most Christians live in Damascus and Aleppo, although significant numbers also live in Al-Hasakah governorate in north-eastern Syria, Tartus and Latakia. 90% of the Alawites live in Latakia governorate in the rural areas of the Jabal and Nusayriyah, in the western mountain range paralleling the coastal plain. The Jabal al-Arab/Jabal al-Druze, a rugged and mountainous region in the South-West of the country, is more than 90% Druze inhabited. The Twelvers

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<sup>35</sup> See [http://en.wikipedia.org/wiki/Cities\\_and\\_towns\\_during\\_the\\_Syrian\\_Civil\\_War](http://en.wikipedia.org/wiki/Cities_and_towns_during_the_Syrian_Civil_War) and the work of Fabrice Balanche [2011] in particular on the territorial dimension of the Syrian civil war: [http://www.liberation.fr/monde/2013/06/05/quatre-minutes-pour-comprendre-le-conflit-en-syrie\\_908559](http://www.liberation.fr/monde/2013/06/05/quatre-minutes-pour-comprendre-le-conflit-en-syrie_908559)

Shias are concentrated between Homs and Aleppo, they constitute nearly 15% of Hamah governorate's population; the Ismaili Shias are concentrated in the Salamiyah region of Hamah governorate and approximately 10 000 more inhabit the mountains of Latakia governorate. Kurds mostly live in north-eastern Syria; this region covers the greater part of the governorate of Al Hasakah, but many Kurds live in the large metropolitan areas of the country.

As a whole, the majority of the Syrian population live in the province of Aleppo, in the Euphrates valley and in the western part of the country. 44% of the population resides in Damascus and Aleppo governorates using a surface area that is not more than 19% of the country's area. Damascus (city + rural governorates) count 3 million inhabitants, and Aleppo governorate the same population. In 2011 just before the civil war, Aleppo's governorate, the most populated, was twelve times bigger than Sweida, the least populated located in south-western Syria near the Jordan border and not far from the Golan Heights occupied by Israel.

Syria statistical system took into consideration both administrative and quantitative aspects in defining the differences between urban and rural. Urban (cities) is defined as department centres, administrative areas and residential communities over 20 000 inhabitants. Everything else is considered to be rural. The population is rural in majority in governorates both of the West (Idlib, Tartous, Hama, Sweida) and of the East (Hassakeh, Raqqa).

### *Demographic dynamics*

The number of Syrians registered in civil status records (inside and outside the country) increased from approximately 4,2 million towards the end of 1960 to 24,5 million in 2011. The number of existing inhabitants on Syrian soil – recorded in the censuses – increased from 4,2 million in 1960 to 21,1 million in 2011. Average annual growth decreased from 4,1% in the 1960s to 2,4% between 2004 and 2011, namely due to woman's education and lower fertility (7,5 babies per woman in 1981 and 3,5 in 2009, which remains quite high). The ratio of children under the age of 15 decreased from 49% in 1970 to 37% in 2011, but obviously youth remains a major characteristic of the Syrian society. In 2011 only 4% of the population are 65 or over.

The demographic is uneven according to the cultural components of the population: the Muslim birth-rate is higher than that of the minorities, and proportionately fewer Muslims have emigrated; it is particularly low among Kurds. It is uneven also spatially. Between 1994 and 2004, high growth rates were witnessed in the governorates of the Euphrates river, in the centre-East of the country: Aleppo, Raqqa and Deir Ezzor; the two latter have very high fertility rates (5 and 6,9 children). The highest growth rates were in the south-western part of the country, in the lowly dense governorates at the borders of Jordan and Israel, Dara'a (5,2 children per woman) and Quneitra. Growth has been lower in the coastal governorates of Latakia and Tartous but was still as high as 1,7% per year. In the area of Damascus, the city growth is at 1% per year whereas its periphery at 3,3%, a classical ex-urbanisation pattern. Besides, the Damascus rural periphery is the only governorate with a positive balance of internal migration, in 1994 as in 2004; these in-migrants come for the greatest part from Damas city but not only; the Damascus urban area as a whole play the role of a magnet for the Syrian internal migrants; except that of Raqqa, all the other governorates show a negative balance of internal migrations.

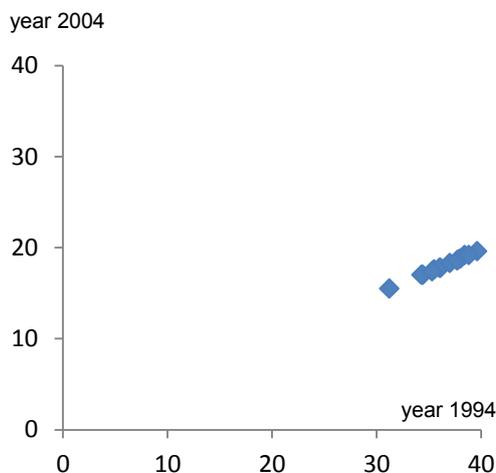
The share of urban population was 37% in 1960 and 54% in 2004. The continuous drainage of human resources in rural areas causes overpopulation in the large cities and increasing pressure on service resources. The rapid convergence of fertility rates in the urban (3,1 in 2009) and rural (3,9) areas shows that the socio-demographic differentiation of the Syrian territory is not that much a question of rural-urban issue, than a question of regional disparities.

### *Social disparities and dynamics*

The Syrian infant mortality has two characteristics: (i) its rapid decrease, since it has fallen from 35 per thousand in 1993 to 17 in 2004 and 15 in 2012 (the world average is 5); (ii) its quite even value throughout the country whatever the governorate. Indeed a more precise scale would certainly show a higher differentiation; but as it is, this governorate scale figure suggests that despite the socio-cultural disparities in the various regions of the country, Syria would have achieved an overall progress of its territory in the field of

infant health – unless those figures would have been modelled by the public statistics body rather than derived from locally collected data.... (fig.55).

Figure 55 - Infants under the age of 1 death rate according to governorates (per thousand), 1994-2004



Source: first national report 2008 (Syrian population status) – Syrian commission for family affairs

The literacy rate of Syrians aged 15 and older is 90% for males and 76% for females in 2009. The gap has largely shrunk between males and females in education, since the literacy rate in 1970 was respectively 66% and 27%. But here, regional disparities remain very high: the illiteracy rate among the population 15 and over, is about one third in governorates of the Euphrates's valley (Raqqa where almost one woman out of two is illiterate, Der Ezzor) and of the North-East (Hassakah) but also – which is more unexpected – in the Aleppo governorate. Contrarily, the illiteracy rate is under 10% in the western part of Syria: Damascus (including its rural surroundings) and further in the South the Sweida governorate, and Lattakia's. In the north-eastern Hassakah governorate, 1,6% of the population of 15 and over has a university degree, whilst it is 11% in Damascus city and 8% in Lattakia or Tartous governorates.

### *Economy*

The labour force shows to important gaps:

(i) between men and women, since women constitute only 15% of the labour force (with an important proportion working in agriculture) and the change is very slow; after 30 or 35, increasing portions of females start to withdraw gradually from the labour market under the pressure of house holding and raising children. When they remain active, women all too often are unemployed: in 2010, 6,2% of the active males were unemployed, but 22% of the active females;

(ii) between the West and the East of the country, with high rate of economic activity in governorates such as Tartous or Lattakia, and low rate in governorates such as Hassakah (where, moreover, unemployment is very high) and Der Ezzor; but other governorates have low rates, those of the South-West (Quneitra, Dara'a and Sweida). Another thing to notice is the level quite moderate of the capital city, Damascus, which is surprisingly only at the national average, including for women. Moreover, unemployment is particularly important in Damascus: it seems that the numerous migrants who come to the capital city to find a job, hardly manage finding one. Another explanation is that two thirds of the Palestinian refugees in Syria are located in the province of Damascus.

## 6.2.11. Turkey

### *Administrative division and its evolution*

Turkey inherited from the Ottoman Empire a complex system of administrative division. Although renewed since the foundation of the republic in 1923, the main divisions have been largely borrowed from the imperial period. At the highest level are provinces, below them districts (*ilçe*), and below the districts villages. Although this triple division seems clear, there are various problems associated with the distribution of functions among these units. First of all, municipalities do not overlap necessarily with any of the above divisions. Although the Municipalities Act of 2005 provides that municipalities should be established only in settlements larger than 5 000 inhabitants, 70% of the municipalities count less than 5 000 people. To make the things more complex, there are “metropolitan municipalities”, the top-tier local government administrative body, for cities over 750 000 people, and “district municipalities” under metropolitan municipalities.

Turkey adopted in the year 2001 the NUTS system as part of its EU harmonisation process. A new territorial division was set up with 12 NUTS 1 and 26 NUTS 2 regions, imposed with statistical purposes, above the 81 provinces which constitute the NUTS 3 level.

### *Local competencies*

Provinces act in most cases as extension of central government. Each province has a governor equipped with some major powers especially concerning security issues. Each district has a sub-governor whose powers are far more limited than those of governors.

### *The national statistical system*

The collection and dissemination of statistical data in Turkey is under the responsibility of the Turkish statistical institute “TurkStat”. It is in charge of the censuses (1990, 2000, 2011). In line with the recently established NUTS system, TurkStat has started gathering and publishing its various data at NUTS 1 and NUTS 2 levels. The problem is that most of the data are now collected through surveys which enable researchers in most cases to make very limited geographical choices. In most of the new datasets one can make a distinction only between urban and rural and NUTS 1 regions, and in some cases between NUTS 2 regions, but hardly at the provincial level.

When it comes to the minorities’ issue, the population census contained a question on religion until 1965. Unfortunately no data has been gathered since then about religion. Similarly, population censuses contained detailed questions about mother tongue and second best tongue until 1980 – of utmost importance to match the Kurdish issue. Although census contained some questions about language, data after 1970 were never published. Therefore, what we know about religion and mother tongue of Turkish citizens through censuses dates back to 1965. Since then, data about religion and language were gathered through some local surveys; the most important being the Turkey demography and health survey (TDHS) conducted by the Hacettepe university in five year intervals.

### *Occupation of space*

At the end of 2010, total population is estimated to be around 74 million. The rate of population growth has been regularly slowing down and dropped to 0,84% in 2010, which was unimaginable for many a few decades ago. The pace of this slowdown exceeded the expectations of all scenarios. The decline in fertility is very striking, and has fallen below replacement level for most part of the country except for southern and eastern parts. This fall in fertility has been accompanied by a secular rise in adult literacy rate (from 30% in 1945 to 88% in 2000) and urban population (from 25% to 68% in the same period).

The rural and urban population, defined on an administrative base and not out of a demographic threshold, became even in the mid-1980s. Today more than three fourths of total population live in what is designated as urban areas.

The traditional backwardness of the Kurdish part of Anatolia, in the East and South-East, multiplied with the on-going conflicts between the Kurdish separatists and the Turkish armed forces since the mid-1980s have led to massive out-migration from the region. The massive inflows of people from the eastern regions to western attractive areas have intensified in the 1990s and the 2000s. Namely, Istanbul (more than 13 million in the province and home for rapidly growing global business in the country) has acted as a magnet for migrants; the rise of the city especially after the fall of the Iron Curtain has strengthened the role of the city as major global city. In the 1990s and 2000s, the cities that are neighbours to Istanbul have registered striking growth rates thanks to the industrial establishments fleeing from Istanbul. With the addition of provinces like Kocaeli (province to the East of Istanbul), Tekirdağ (West of Istanbul) and Bursa (an industrial city over 1 million on the South of Istanbul, fourth largest city and one of the major industrial centres of Turkey with major car factories like Renault and Fiat), the whole area can be regarded as the Istanbul urban region and by far the major development pole in Turkey.

Another area that seems to attract Turkish population, in particular unskilled workers from the South East, is the south-western cities on the Aegean and Mediterranean coast. These cities, like Izmir (despite the loss of the prominent port function because of the boom of Istanbul), but especially Muğla and Antalya, have registered striking growth rates in the last decades thanks to massive tourism investments.

The capital Ankara is the home to government offices, rapidly expanding IT software companies and high-tech firms, universities and nation-wide health institutions. Ankara and Eskişehir (West of Ankara) attract few migrants from the East and Southeast regions but mostly from neighbouring rural provinces.

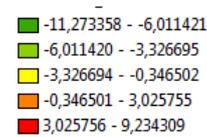
Adana was, not long ago, the fourth largest city and a major town for rapidly expanding rural businesses in the 1950s and 1960s. Since then however, it has lost most of its dynamism. Thanks to its proximity to Kurdish region today it is one of the major poles of attraction for Kurdish migrations.

Map 209 - Rate (%) of net migration by provinces  
1985-1990

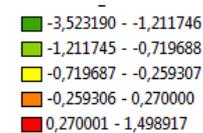
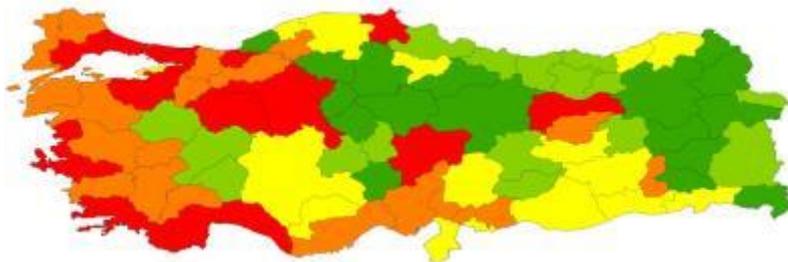


Provinces indicated by red colour  
are net receivers

1995-2000



2009-2010



Source: TurkStat migration statistics

### Demographic dynamics

In the 2000s, the polarisation of Istanbul has gone on. The share of the large metropolitan region of Istanbul, that is the Marmara region, counted a quarter of the Turkish population in 2000, and 30% in 2012. The almost totality of this rise is due to the Istanbul province (table 54). In the other dynamic regions of the country, the Aegean and the Mediterranean, the polarisation on the main cities, namely Izmir and Antalya, continues. The central Anatolian region is demographically stagnating, with a shift between the growing capital (Ankara) and the declining rural areas. The other – poorer – regions loose population, except the south-eastern region where the high fertility rates compensates the negative net emigration rate.

According to estimates the slowdown in population growth will continue in the years to come. The population of Turkey will reach some 95 million and stabilise around the mid-21<sup>st</sup> century. The urbanisation will slow down. Nevertheless, Istanbul is highly likely to keep on attracting population in the foreseeable future.

Table 54 - Population of the Turkish regions, 2000-2012

	2000 million	2012 million	2000 share %	2012 share %	2012-2000 points
Marmara region	17,4	22,7	25,6	30,1	4,5
<i>Istanbul</i>	10,0	13,9	14,8	18,3	
<i>region out of Istanbul</i>	7,3	8,9	10,8	11,8	
Aegean Region	8,9	9,8	13,2	12,9	-0,3
<i>Izmir</i>	3,4	4,0	5,0	5,3	
Mediterranean region	8,7	9,6	12,8	12,7	-0,1
<i>Adana</i>	1,9	2,1	2,7	2,8	
<i>Antalya</i>	1,7	2,1	2,5	2,8	
Central Anatolian region	11,6	12,1	17,1	16,0	-1,1
<i>Ankara</i>	4,0	5,0	5,9	6,6	
<i>region out of Ankara</i>	7,6	7,1	11,2	9,4	
Black Sea region	8,4	7,5	12,4	10,0	-2,5
Eastern Anatolian region	6,1	5,9	9,1	7,8	-1,2
South-eastern Anatolian region	6,6	8,0	9,7	10,5	0,8
total	67,8	75,6	100,0	100,0	0,0

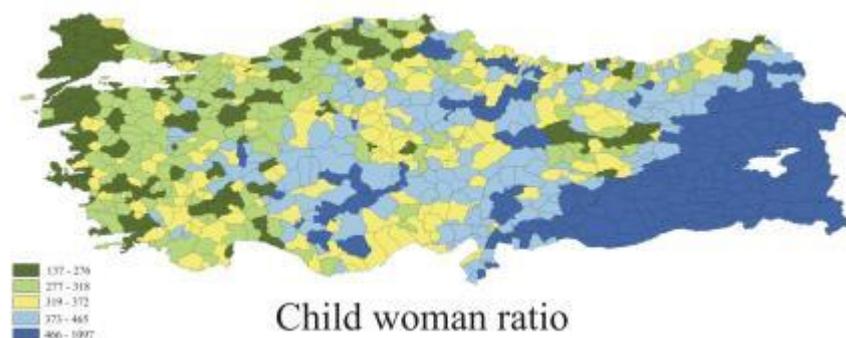
Source: State Institute of Statistics (SIS)

### Social disparities and dynamics

Turkey is a land of ethnic inequalities. The issue of minorities has always been controversial since the foundation of the republic in 1923. At the time or before the foundation of the republic some estimated that nearly 20% of pre-republican Turkey consisted of Christian minorities; the ratio fell at 2,5% in 1927 and has since then continued to fall. The Treaty of Lausanne dated 1923 recognising Turkish sovereignty within its new borders provided, inter alia, for the protection of non-Muslim minorities, namely Jews, Greek Orthodox Christians and Armenians, but without making any reference at all to Muslim minorities, particularly to Kurds. The share of Kurdish speaking was 9,1% in the 1935 census, 7,5% in the 1965 census, and 12,6% in 1990 according to the DHS survey, that is to say 7 to 9 million Kurdish speaking people. The fertility rate of Kurdish speaking women is twice higher than the Turkish speaking women, a fact which help explain the rise in the share of Kurdish minority. Despite the migration of these people to the western Turkey in the last decades (and the rise of interethnic marriages), two thirds of total Kurdish population live in the south-eastern part of the country. Compared to Turks the Kurds are far worse educated and live in larger households.

Turkey is a land of vast regional inequalities. The social geography of Turkey can be summarised as follows: western regions represent patterns of social development similar to developed countries (education level is high, fertility is low, household size small and even getting smaller); regions in the East and South-East Anatolia, with a majority of Kurdish speaking groups, resemble a third-world pattern in terms of literacy, of fertility, household size, employment characteristics etc.; central regions represent an in-between case. For example, about 56 out of 923 districts, almost all in the East and South-East, have Child-Woman Ratio higher than the national average of 40 years ago (the CWR is the number of children under age 5 per 1000 women of reproductive age, that is to say an indicator of recent fertility net of child mortality).

Map 210 - Child Woman Ratio by districts, 2000

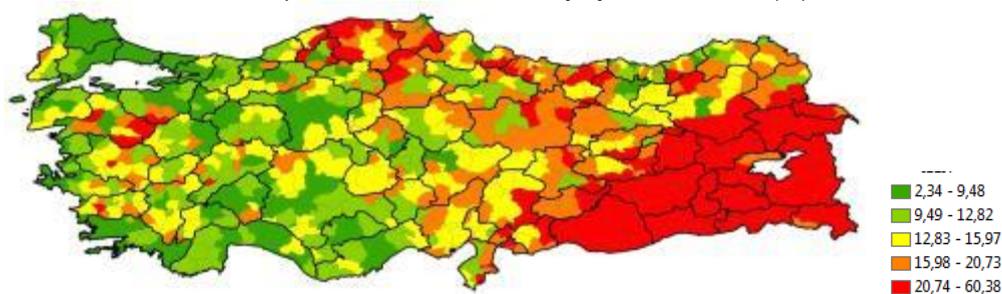


Child woman ratio

Source: TukStat / Isik 2013

The map 211 shows the rate of illiteracy by districts. Such a concentration of poverty in a single region (South-East) had and has certainly serious impacts on political equations. The western parts of Turkey, especially Istanbul and eastern Marmara regions, are far better educated than the rest of the country; the percentage of university graduates in Istanbul is three times higher and the percentage of illiterates is three times lower than the respective ratios in South-East Anatolia.

Map 211 - The rate of illiteracy by districts, 2000 (%)



Source: TurkStat, 2000 census results

Third, in spite of improvement, Turkey remains a land of significant gender inequality. The rate of literacy has risen from 80% in 1990 to 94% in 2010, but males' rate (98%) remains higher compared to females' (90%). The participation of women in the labour market remains extremely low (see below).

But Turkey is not a land of major social inequality. The Gini coefficient is under 40, to be compared to EU countries (less than 35), American (more than 40 and sometimes 50 like in Brazil) or China (45). Despite the fact that, under the neo-liberal policies of the JDP government, high-income groups have considerably increased their national income's share, as a whole the coefficient has rather diminished in the last decade, both in the rural and in the urban areas (table 55).

Table 55 - Gini coefficient by years

	1994	2002	2010
Total	0,4334	0,4385	0,3847
Rural	0,3983	0,4083	0,3945
Urban	0,4376	0,4409	0,3617

Source: TurkSat Household Budget Survey

## Economy

Starting from 1980 Turkey adopted a radical restructuring programme that aimed at transforming the economy from an inward-oriented one to an export-oriented one. This transformation has become more

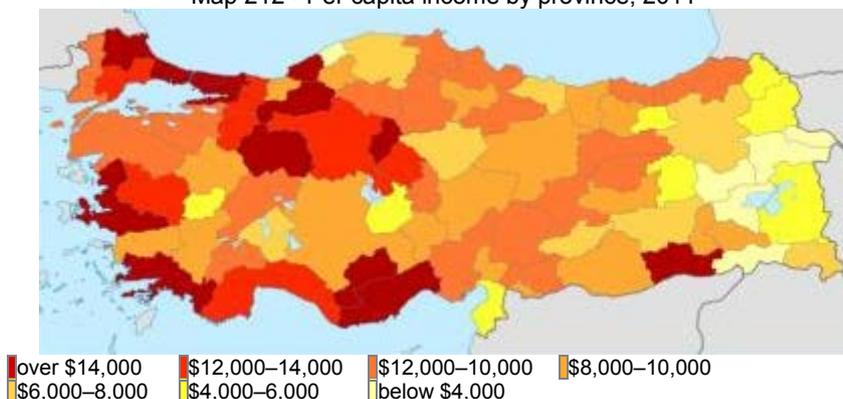
evident since the 1990s with the impact of globalisation dynamics and the neo-liberal policies of the current government under the rule of the pro-Islam Justice and development party (JDP). This has encouraged foreign investment and striking rates of growth especially in tourism, real estate and banking sectors. During these three decades of openness, the economic links with European countries has dramatically risen. GDP per capita has climbed from some 3 000 \$ to 13 000 in 2010; Turkey is no longer classified as a “developing economy” by the World Bank.

Turkish economy has undergone radical changes and been transformed from an agriculture-based economy (30% of the GDP in the 1970s and 9% in 2010) to one based on manufacturing and rapidly growing service sector. Consequently, the share of agriculture in total employment fell from some 45% in 1988 to 20% at the end of the 2000s, which remains important, and refers to low level of productivity in the sector. This means that the vast rural areas of the country still have to cope with a sharp economic, labour and social adjustment on-going challenge.

The labour force participation rate in Turkey is traditionally low. Compared to nearly 70% of labour force participation rate in EU and OECD countries, Turkish rate is around 50%. Interestingly this rate is on the decrease. The main reason is the decline in agriculture’s share. In Turkey, female participation in workforce has been exceptionally low and increased very slowly. Out of a total of some 26 million working people in 2000, one-thirds (36%) are women. However, this figure is misleading since Turkish data count unpaid family workers as employed; three quarters of “working” women are in agriculture and 90% of them are unpaid family workers. Female participation in non-agricultural sectors is extremely low: in the year 2000, 12% of those workers are women. With the general economic Turkish transformation, women have found it increasingly difficult to find a place in the urban labour markets essentially because of their low level of educational attainment. The growing gender gap in employment in almost all sectors does testify to the withdrawal of women from the labour force with increasing urbanisation.

In the 2000s, the share of Istanbul in the national economy has reached unprecedented level: almost a quarter of the Turkish GDP, 27% if one considers the metropolitan region and 38% for the Marmara region that is to say the large metropolitan area polarised by Istanbul and which represents 30% of the national population. The half of Turkish financial services is in Istanbul, and 40% of the business and personal services. With a stronger specialisation in the higher value-added activities, Istanbul’s productivity exceeds the national average by half – a comparable gap comparable to that of Paris vis-à-vis France or New York vis-à-vis US [OECD 2008].

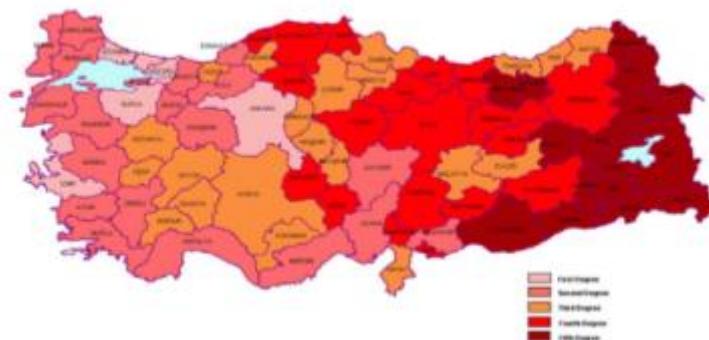
Map 212 - Per capita income by province, 2011



Source: TurkStat / <http://en.wikipedia.org/wiki/Turkey>

A synthetic indicator of regional socio-economic disparities has been set up for the 81 provinces, including 58 variables from social and economic spheres (demographic, employment, education, health, infrastructure, agriculture, industry, financial...) [Ozaslan et al. 2006]. The map 213 gives the overall ranking.

Map 213 - Provincial ranking according to the SEDI index



Source: Ozaslan, Dincer, Ozgur, 2006

## Environment

With Turkey now a formal candidate for EU membership, environmental record has come under scrutiny. In 1983, Turkey promulgated the country's overarching "Environmental law," and a national ministry of Environment was created in 1991. Turkish environmental issues are dominated by earthquake risks, water shortage an international dispute about the Euphrates and Tigris basins, pollution of the Bosphorus straits and the general rise of pollution. Smog is a particularly bad problem in many Turkish cities, especially Istanbul; rising energy consumption and the increase in car ownership have increased air pollution. Turkey's boom in industrial production resulted in higher levels of air, soil and water pollution.

With domestic energy consumption on the rise in Turkey and in the Neighbouring countries using Turkey as a transit land, the resultant increase in oil tanker traffic in the Black Sea and Bosphorus Straits has increased environmental threats there. This endangers the health of the 13 million residents of Istanbul that live on either side of the Straits. To reduce the strain on the marine environment caused by ship traffic, Turkey has backed alternative pipes means to transport oil and gas from Central Asia.

Launched in the 1980s, the south-eastern Anatolia Project (Turkish: *Güneydoğu Anadolu Projesi*, GAP) is a multi-sector integrated regional development project based on sustainable development for the 9 million people, mostly Kurdish, living in the south-eastern Anatolia region. In 2010 the three-quarters of the 32 b\$ expected investment had been implemented. Current activities under GAP include sectors such as agriculture and irrigation, hydroelectric power production, urban and rural infrastructure, forestry, education and health. The main component of the project is about water resources. It envisaged the construction of 22 dams and 19 power plants (74% capacity of projected power output was reached by 2010) and irrigation schemes on the Euphrates and Tigris basins. This Turkish huge growth in hydroelectric production in the water-starved Middle-East provokes hard disputes with Syria and Iraq.

### 6.2.12. Synthesis

The composite indicators maps give the main synthesis features of the Mediterranean Neighbourhood. The local human development (maps 90 and 91) confirms the Israeli specificity, as well as the western part of Turkey. However, some regions of the Arab countries benefit from a good local index: Algiers and the central urban coast of Algeria; the North-West of Tunisia with a strong discontinuity with the rest of the country including the coastal part near Sousse or Sfax; Lebanon – but here we only have a national value; and more surprisingly north-western Jordan (yet with a low demographic density there). The lowest value are in southern Algeria, which confirms the potentially most worrisome country of this Neighbourhood, notwithstanding Libya or southern Morocco where data are not available. Several parts of Egypt show worrisome too, including governorates highly urbanised and densely occupied, including in the Cairo area, which suggest also potential unrest. The most unequal country is Turkey.

The map of local human development typology (map 90) brings further information. In the territorially unequal countries, that is Turkey and Tunisia, the major factor of inequality is income. The south-western Algeria shows a life expectancy particularly low in the Mediterranean context; such exception suggests very

difficult life conditions. Last, the Israeli profile shows unique in this Neighbourhood, with very positive components for life expectancy, education and income when compared to the Mediterranean average.

The map of the territorial dynamic (92) confirms the growth, namely demographic, of the Arab regions, including those with a low level of human development. The demographic growth of southern Algeria, south-eastern Egypt and, at much lesser extent, southern Israel, suggest coming difficulties if the local population cannot access to job and services. Again, the most unequal countries appear to be Tunisia, and above all Turkey but the latter's demographic growth is less booming than in the Arab countries.

The map XX crosscuts the local human development and the territorial dynamic. The regional picture can strikingly to national pictures: compared to the overall European neighbourhood, almost all regions of all Arab ENC are characterised by a low level of human development except for life expectancy, and by a rising population. The only exceptions are northern Jordan, and north-eastern Tunisia which is alike Turkey. Israel is a type as such.

The territorial capital (map 93) gives a good rank to Lebanon and Syria in the Near-East but it has to be reminded that here we only have national average data. More credible are the standards of Israel and western Turkey. The Nile Egypt from Cairo down to the Delta shows good figures, contrarily to Maghreb where only Tangiers area can be distinguished; the Tunis area has a disappointing rate. The rest of North Africa displays a very low territorial capital.

### 6.3. Case Study: Gibraltar

#### 6.3.1. General presentation

The Gibraltar Case Study is devoted to the analysis of the convergence vs. divergence issue between Spain and Morocco, more specifically between the regions of the Strait, namely Andalusia and Tanger-Tétouan. Economic and political collaboration between the North and the South became increasingly important in the late 90s and first half of 2000s. This case study is aimed at analysing to what extent this trend is still valid today under the framework of the European financial crisis, or if these global orientations have changed over the last years. Like in many other European borders, the economic discontinuity between the two shores of the Gibraltar Strait is very important, with an economic gap of 1 to 7 in terms of GDP per capita; and the Strait is also a strong natural barrier for migration from Africa to Europe. But with an increasing openness of the Moroccan economy, a clarification of rules, an improvement of infrastructure and a stable political situation, a growing number of Spanish firms settled in Northern Morocco since the mid 90s. Simultaneously, more than 500.000 Moroccans moved to live in Spain between 1998 and 2008. There is also a growing competition in a number of sectors which are strategic for both shores, like tourism and logistics, sectors allowing for possible synergies in the future; and both shores of the Mediterranean share an important part of their cultural history and heritage. The area of Gibraltar has the conditions to become a much more integrated space, with potential for further territorial cooperation.

Figure 56 - The strait of Gibraltar is no more than 15km wide



Picture source: NASA

Just as the Pyrenees proved to be not as high as they had been imagined in the past when they were still the wild border of Europe, the Strait of Gibraltar is very narrow in fact, no more than 15km wide. If Spain has

needed 30 years between 1956 and 1986, to integrate with the European Union, Morocco could do a similar trail in a shorter period if the rules of globalisation stand in the mid term, and economic growth returns to Southern Europe. South Korea, China, Malaysia, or even Spain to a certain extent, have seen periods of fast development leading to processes of economic convergence with developed nations.

Table 56 - Cycles of economic growth in developing economies during globalisation

Country	Duration of growth cycle	Average yearly GDP PPP growth
South Korea	1981-1997	11,5%
Thailand	1981-1996	16,0%
Indonesia	1986-1997	9,6%
Malaysia	1987-1997	12,2%
China	1992-...	12,4%
Ireland	1994-2002	10,7%
Spain	1987-2007	6,1%

Source : IMF 2008

Since the 2000s, the region of Tanger-Tétouan has become a priority for industrial and logistic development in Morocco, due to its proximity to Europe and due to being strategically located on the global shipping route between Asia and Europe at the same time. Gibraltar is seen as a naturally prone location for logistics, just as Malacca, Panamá or Suez. The Moroccan government is committed at creating a global logistic hub in the area supported by the establishment of large foreign industrial activity implantations and the development of national industries as well. The competition or the cooperation of TangerMED with the port of Algeciras (traditionally the major Spanish hub for transshipment) will be a key point in the development of international relationships between economic zones on both sides of the Gibraltar Strait.

Up to today, Morocco has already undertaken the following initiatives to promote the pole of Tangiers:

- construction of TangerMED, a deep-water world-class transshipment port with capacity for up to 8 million containers, with the ambition to become a getaway for Europe (2006).
- setup of 5.000 hectares for logistic and industrial activities in the immediate hinterland of TangerMED (2012), including the set up of the Renault-Nissan factory .
- high standard transport network providing inland access to the port and logistic areas, allowing efficient imports / exports
- Tanger Free Zone (1999), an industrial free zone which has attracted more than 200 industrial companies operating in different areas dedicated to industrial units whose output is destined for export, of which about 50 are Spanish.

Map 214 - Tanger-Tétouan development plan as a global logistics hub



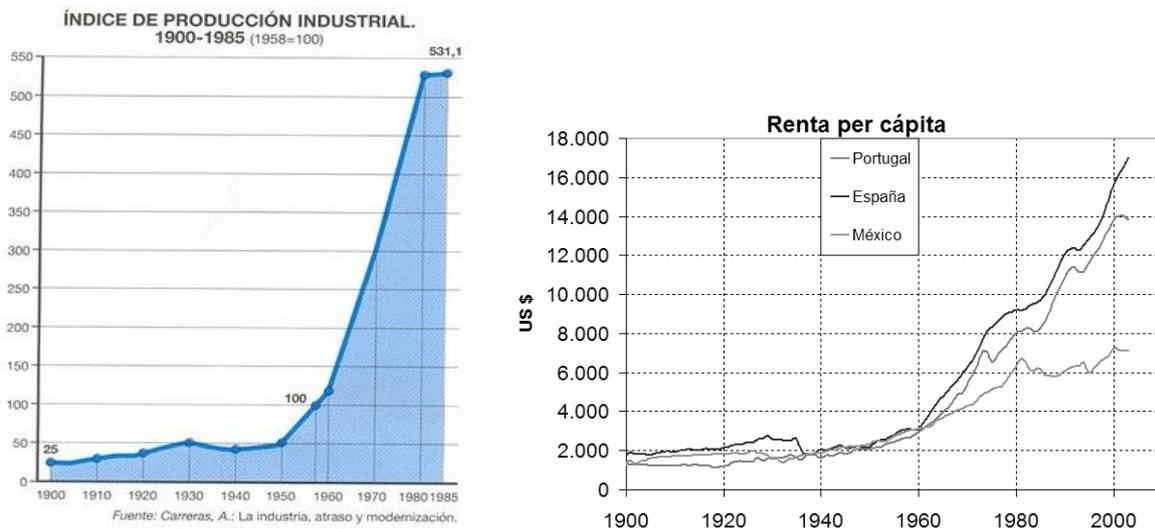
Source : TMSA 2012

Morocco is modernising its transport infrastructure well beyond the region of Tanger-Tétouan. Between 1990 and 2010, Morocco has implemented a motorway plan with approximately 1,000km of highways already built up since 1990 and 1,500km currently under construction, and railways plan aiming at upgrading trunk rail

links and providing 1,500 km of lines at the 2030, including High Speed stretches linking Tanger to Rabat, Casablanca and Marrakech. As Spain in the 60s, Morocco is playing a strong bet on tourism, which is becoming a leading industry, just like in Andalusia and many other coastal Spanish regions. In the 2000s, the Moroccan government prompted Plan Azur aimed to building 6 large tourist resorts in the country to the status of concession (partly developed today) aimed at becoming seeds for further development of tourism. Tourism represented € 4,800 million in 2006 with 6,6 million visitors, and was steadily growing (30% respect to 2005). France and Spain concentrate over 60% of visitors to Morocco. It is to progressively expect a more integrated tourism activity between both shores of the Gibraltar Strait as fast ferries across the strait allow the trip as fast as in 30 minutes, and formalities at the Moroccan border become easier. Many large Spanish corporations have chosen Morocco for delocalisation of industrial production rather than other frequent destinations due to its proximity to Spain and cultural similarities. Spanish investments in Morocco were estimated at € 2,000 million between 1997 and 2004 (22% of total FDI in Morocco, still led by France in 40%). The number of Spanish firms in Morocco was estimated at 800 (in 2008), of which one third are located in the area of Tangiers.

On the political front, reforms to increase the civil and economic freedom in Morocco have been taking place since the 2000s. This transition involves several records of public life: clarification of the rules of the game (change of government, held regular legislative and communal elections, a new law on political parties, a new concept of authority), upgrading of institutions and successful completion of reforms (of justice, the media landscape, the religious field, the Family Code), the implementation of the IER and the harmonisation of national legislation with the provisions of international conventions on human rights. There is a gradual "Europeanisation" of the family model for influence of Morocco foreign residents, a tendency towards nuclearisation of the family, which has fewer children being them more independent of the extended family. All in all, it seemed before the global economic crisis, that the necessary conditions were beginning to be in place to allow the Moroccan economy to begin a strong cycle of development. With many socioeconomic indicators starting converge towards those of more developed economies, the situation in Morocco seemed similar to the Spanish one in the late 50s when the Stabilisation Plan was set in place. This case study will show the areas where convergence of key indicators is taking place between Morocco and Spain (and Europe), and between Tanger-Tétouan and Andalusia. It will also analyse how the crisis has impacted on these processes of convergence.

Figure 57 - 1959 was an inflection point on the development of Spain (industrial production index, left; GDP per capita, right)



Source : A.Carreras (left); A.Maddison (right)

Figure 58 - A shared human landscape among rims of Gibraltar Strait



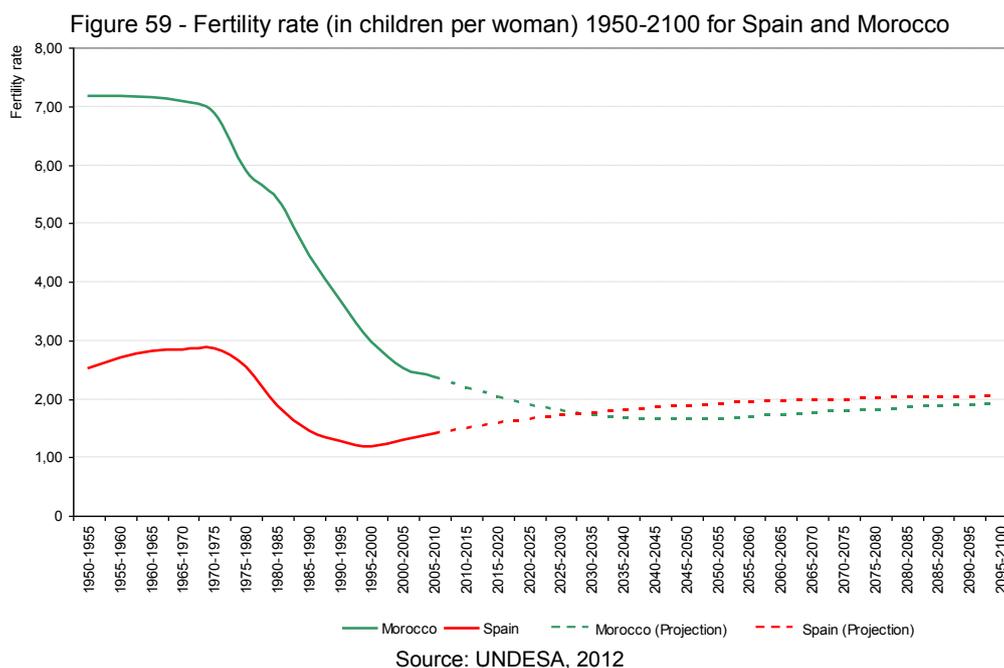
Source: MCRIT 2007 for SNED-SECEG

*Between 2007 and 2008, the twin societies SNED (Morocco) / SECEGSA (Spain) commissioned a socioeconomic study of regional impact of the construction of a fixed link under the Strait of Gibraltar for passenger and freight transport between the Maghreb and Europe. The study was entitled "Étude des Effets Régionaux du Projet de Tunnel Ferroviaire sous le Détroit de Gibraltar", and will be referred onwards as SNED-SECEG Gibraltar 2008 Study. This case study is partly based on the works initiated in that study by the authors.*

### 6.3.2. Continuities and discontinuities vis-a-vis the ESPON territory

#### 1°) Moroccan Fertility converging towards European standards

Fertility rates (children per woman) in Morocco have kept decreasing since the 1970 and are today approaching those typical of European countries a few decades ago. In 1970, fertility in Morocco was around 7,2 children per woman, in 2000 about 2,7 and in 2010, the rate was 2,2 children per woman. The fertility rate according to United Nations<sup>36</sup> could fall below 2 shortly after 2020 and could continue to decrease. In Spain, the tendency marks a gradual recovery of fertility rates, which would have seen minimum during the decade of 90, with a rate around 1,5 per children per woman. The arrival of nearly 6,5 million of new residents between 1997 and 2008 has brought a younger population giving way to a slight increase in fertility rates. The tendency towards increased fertility could hold in the long term according to UN and it may surpass the rate of 2 children per woman by 2050.



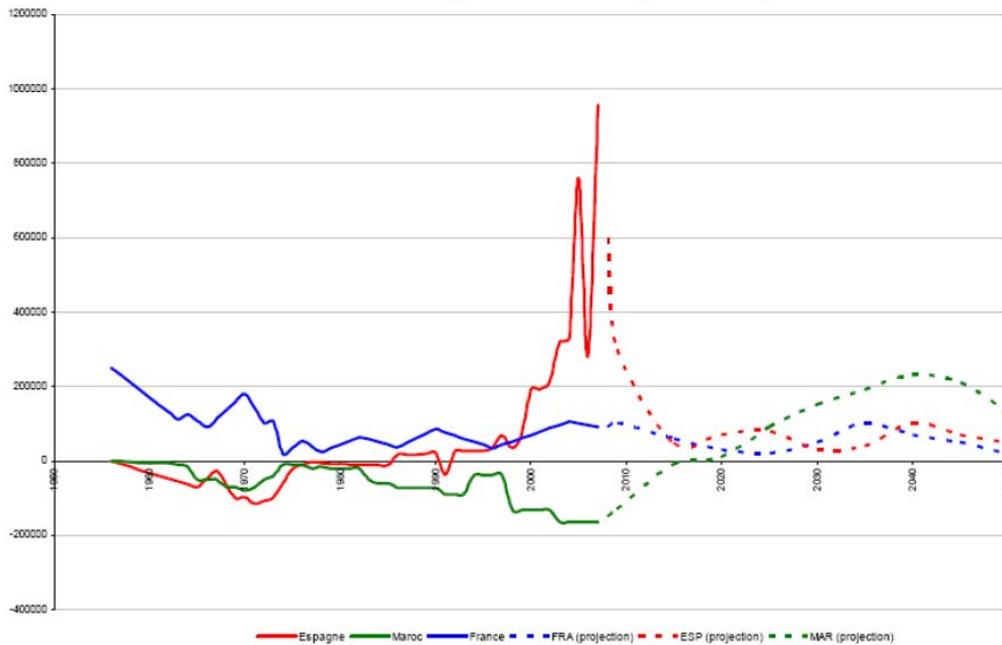
#### 2°) Reversed migration flows in Morocco and Spain

The rate in which Morocco sends new residents abroad is decreasing, and simultaneously, Morocco has been receiving a relevant number of migrants from Central Africa in the last 10 years. The general experience shows, according to observers, that cess of large migratory emission cycles come preceded by a period where expeditor countries begin receiving immigration from third countries. The number of MRE (*Marocains Résidents à l'Étranger*, or Moroccans living abroad) was 3,3 million in 2006, decreasing to 2,9 million in 2012 (Kingdom of Morocco, 2012). This represents approximately 10% of Moroccan population (but 37% of the savings banks in the country according to the Council of Moroccan Community Abroad CCME, 2008). Around 90% of MRE live in Europe, mostly in France (1 million), Spain (650.000) and Italy. The number of MRE in Spain multiplied by 6 between 1998 and 2008 (Census of Spanish Statistical Institute), but the rate of arrival is close to stabilisation in 2012. 14% of Moroccans in Spain are settled in Andalusia (Kingdom of Morocco, 2012). It is the second Spanish region in number of MRE after Catalonia (that concentrates the 33%). In 2012 there were slightly more than 1.800.000 Spanish residents living abroad, while in 2009 there were only 1 470 000. Most new Spanish emigrants are young unemployed (20-30 years) looking for job opportunities in other EU countries (35% of emigrants live in the EU, mostly in France, Germany, Switzerland and the UK). Migrations in the 60s have left 367.000 residents in Argentina, 180.000

<sup>36</sup> *World Population Prospects, the 2012 Revision*, UN Department of Economic and Social Affairs ([http://esa.un.org/wpp/wpp2012/wpp2012\\_1.htm](http://esa.un.org/wpp/wpp2012/wpp2012_1.htm))

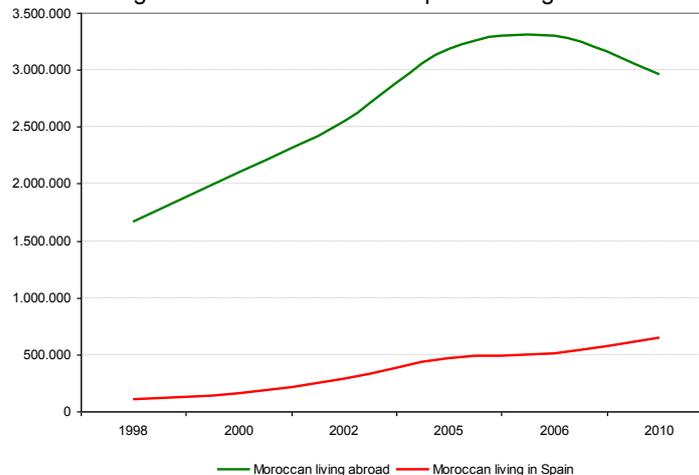
in Venezuela, 100.000 in Brasil, 95.000 in Mexico, 90.000 in Cuba. Remittances of Spanish living abroad represent around €5 billion yearly (Bank of Spain, 2011).

Figure 60 - Migration flows (migrants received/generated) in Spain, France and Maroc 1950-2050



Source: MCRIT 2008, based on UN, Eurostat, INE, HCP

Figure 61 - Moroccans and Spanish emigrants

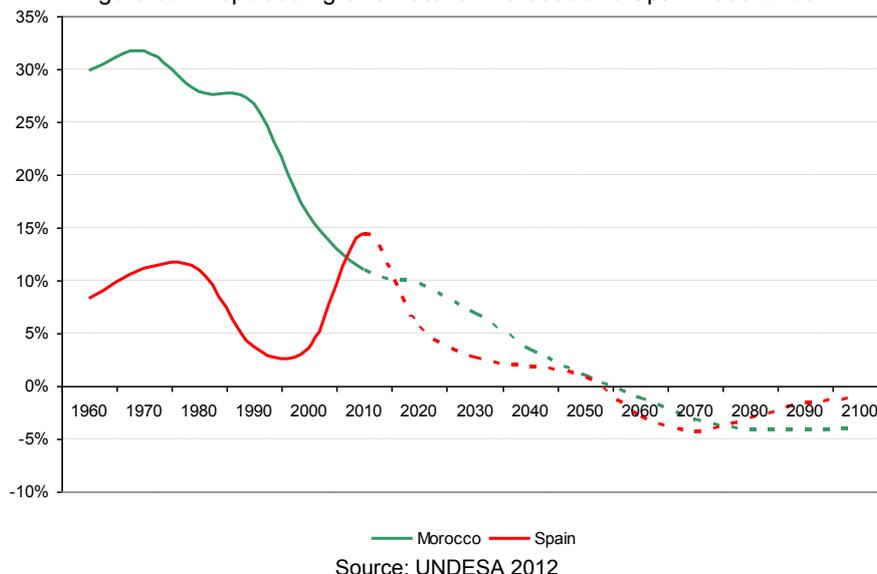


Source: Royaume du Maroc (2012); INE (2012)

### 3°) Stabilised population growth

Morocco is still set for population growth from 32,2 million in 2011 (World Bank), to 38 million in 2025 and to 46 million in 2050 (UNDESA 2012). Average growth rates are estimated in 1,1% per year by 2025. These figures are slightly higher than the estimates of by the Kingdom of Morocco (Haut Commissariat au Plan, [www.hcp.ma](http://www.hcp.ma)). Spain large population growth in the late 90s given because of immigration brought about 8 million new inhabitants in less than a decade (20% increase). The Spanish National Institute of Statistic estimates slight population increase until 2030, then decreasing.

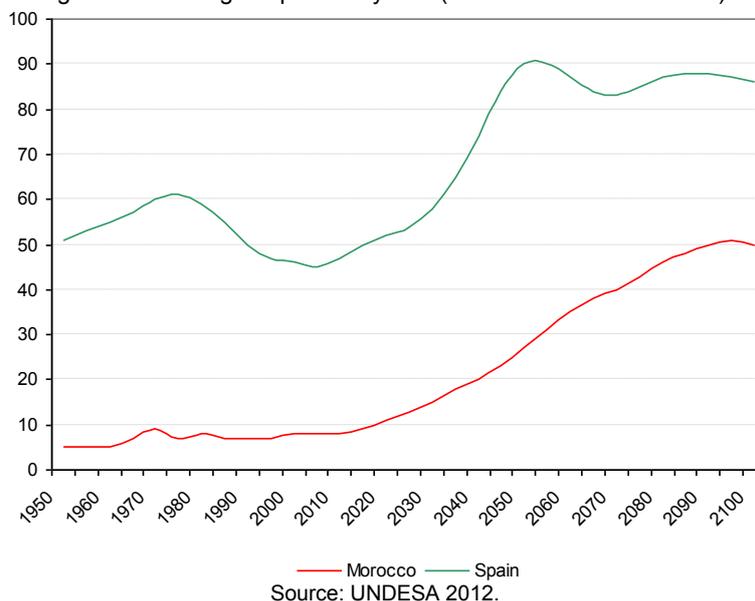
Figure 62 - Population growth rate for Morocco and Spain 1960-2100



4°) Towards a mid-term ageing process in Morocco?

Ageing in Spain will be as important as in many other countries in Europe already in the next decades. More 35% could be aged 64 or more already by 2030, and 25% aged 80 or more by 2050. In the long term, Morocco expects similar processes to take place according to UN DESA. Old-age dependency ratio in Morocco in 75 years from now could be just as in Europe's today, with 15% of population aged 64 or more by 2030 and 26% by 2050.

Figure 63 - Old-age dependency rate (>65 cohort / 15-64 cohort).

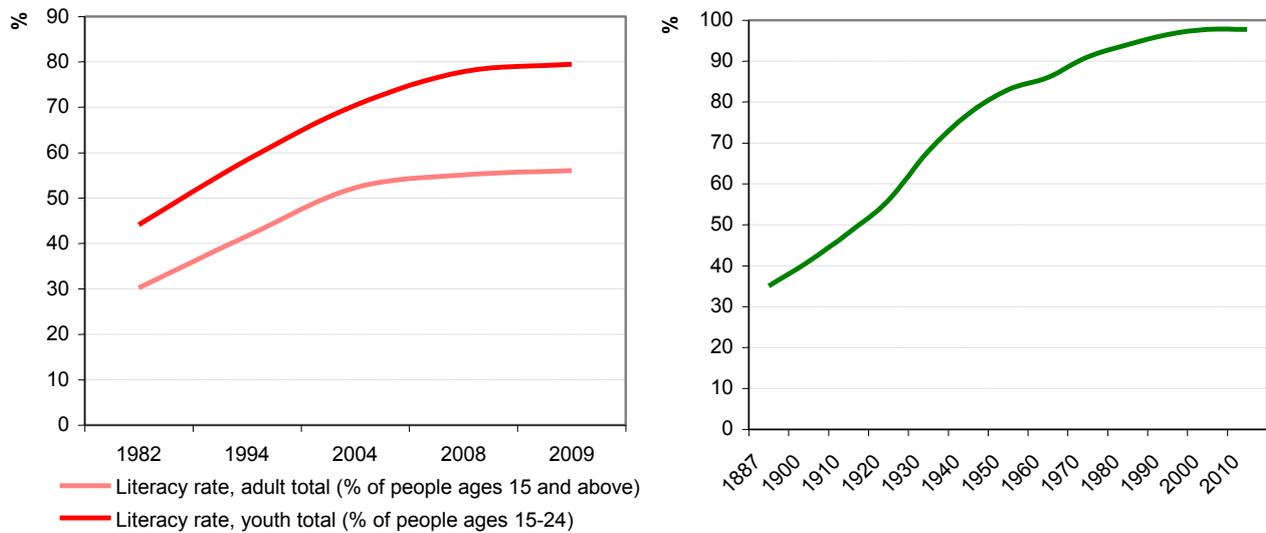


5°) Literacy rates in Morocco doubled in 25 years

The government of Morocco has taken steps to ensure that education is compulsory up to 15 years. During the 90s, the number of students completing primary education was less than 50%, and stabilized; since 1998 and until 2005, the rate increased from 50% to 80%. It is expected to reach 100% in 2015. The government's concern is now set on adult literacy. The policy adopted by the government aims to reduce the illiteracy rate

in this category of the population less than 20% in 2015. Since 2005, both young rate literacy and adult rate literacy have been stabilised respectively around 80% and 55%.

Figure 64 - Literacy rates Morocco 1982–2009 (left) and Spain 1887 2010

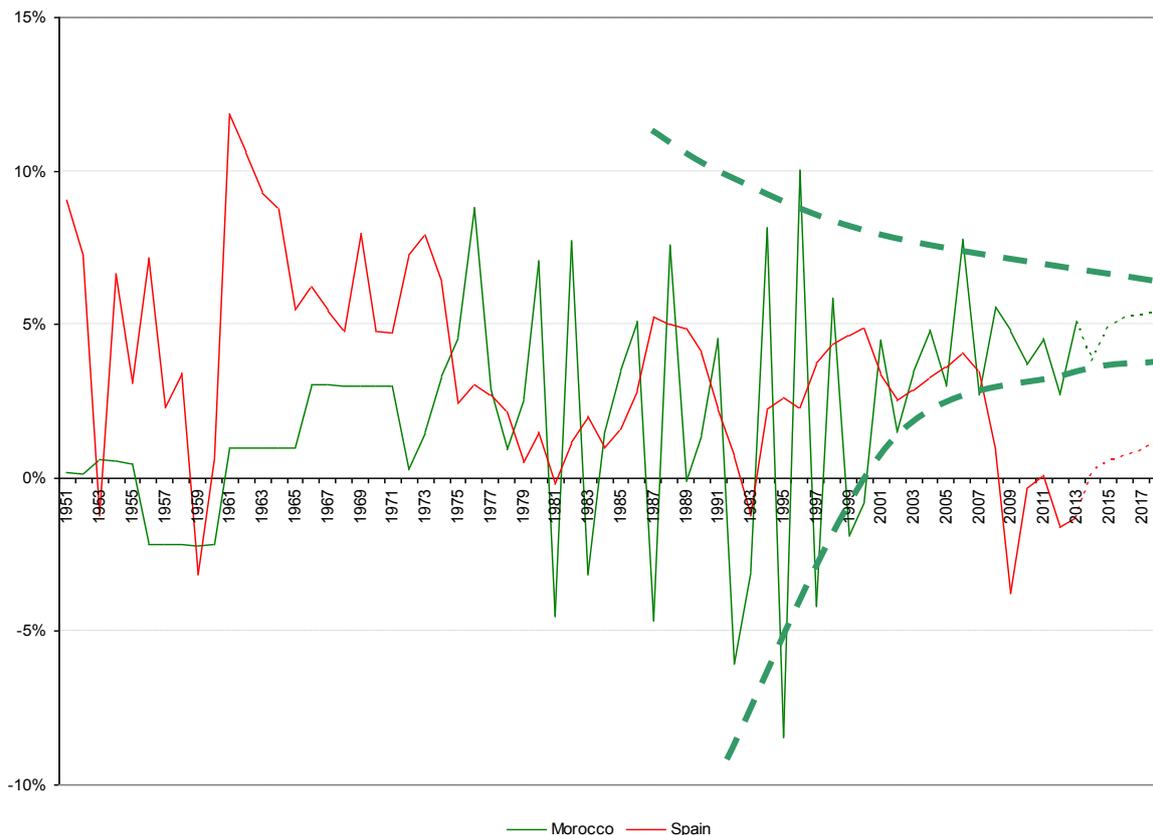


Source: World Bank; INE 2012.

#### 6°) More stable and sustained economic growth in Morocco

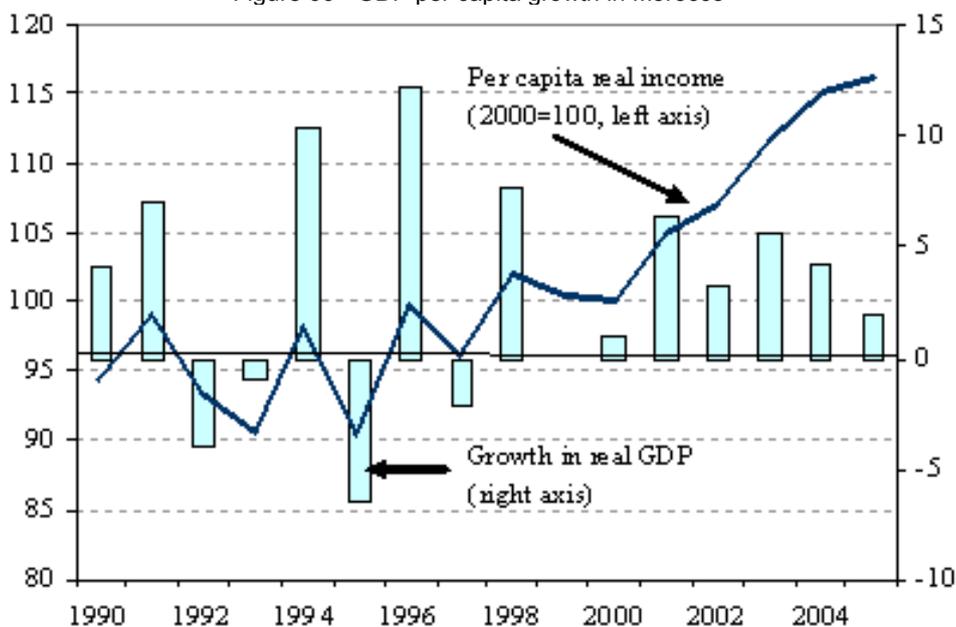
An increasing stability is observed in the overall macroeconomic trends of Morocco since the last 10 years. The Moroccan economy has had irregular results during the past half-century, partly due to the dominance of the agricultural sector, whose activity is dependent on the climate, and with the average performance of the non-agricultural sector. The privatisations and the opening of the Moroccan economy have led to a significant improvement of macroeconomic indicators in recent years. The economic growth was still fluctuating in the 90s (between 1990 and 1998, growth rate was above 8% for 3 years alternating years of lower than -3%), but since 1998, the rate of GDP has remained positive with growth rates of 3% - 8%, and much less pronounced fluctuations. Growth rate is expected to confirm its vigour at 4.8% in 2013. Spain experienced a similar growth period since the 80s, with growth rates 1% and 2% above European averages, except for the 91-93 crises (World Bank 2012). The annual growth rates were situated between 2,5% and 5% between 1995 and 2007. However, the crisis has brought down the rate of economic growth in Spain about -3'7% in 2009 and -1'2% in 2012 (IMF 2012).

Figure 65 - Economic growth in Spain and Morocco 1950-2020



Source: A.Maddison 2012 & IMF 2013.

Figure 66 - GDP per capita growth in Morocco

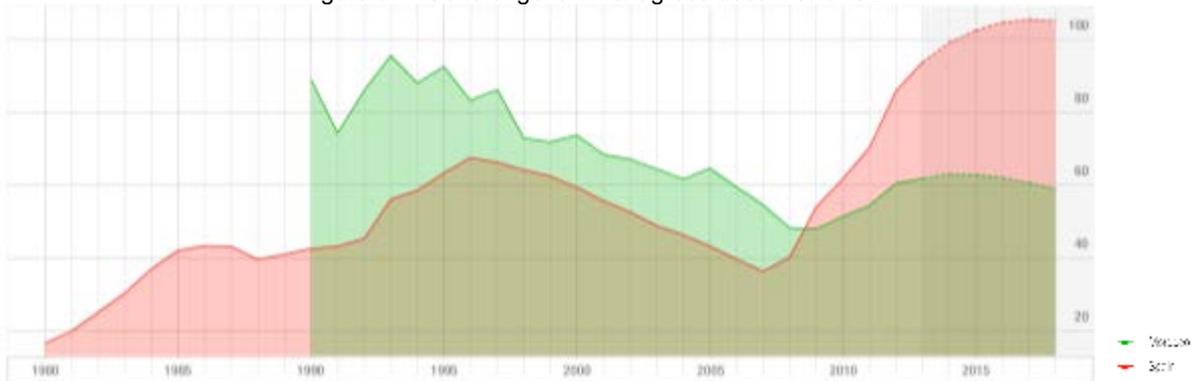


Source: IMF 2006.

### 7°) Contained government gross debt

Between the mid 90s and 2007, the Spanish government gross debt was reduced down to 36% of GDP, mostly due to reforms in the economic system and privatisation of several national monopolises during the 90s. With the crisis started, the Spanish public debt has grown back to around 90% of GDP in 2012. The Moroccan public debt has kept decreasing since 1990, from around 80% down to 40% in the mid 2000s, and despite a slight increase since the beginning of the financial crisis and Arab spring, IMF foresees a stabilisation and pursue of the decreasing trend in the next years. However, debt may become a concern for Morocco according to some experts because despite great efforts made in upgrading the Moroccan economic structure, austerity plans applied to the economy would most likely to finish off these sectors that have not been entirely reformed, namely private investment, rural areas, health and education (Z.Baghough, 2011).

Figure 67 - General government gross debt in % of GDP

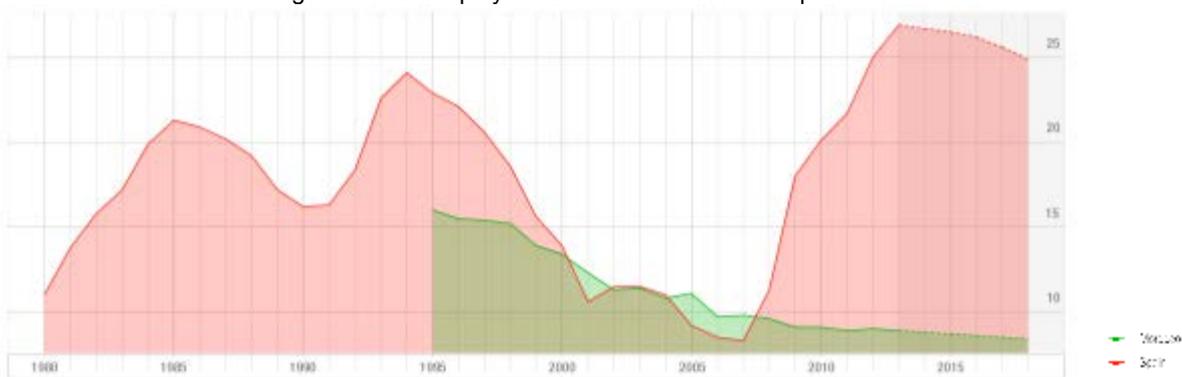


Source: IMF 2013

### 8°) Decreasing unemployment

Unemployment in Morocco has had a continuous decreasing trend since the mid 90, and went under 10% in 2006 for the first time in 35 years, and with projections by the IMF to keep decreasing. The growth of jobs has mostly benefited young people 25 to 34 years, women and licensees, according to the Economic and Commercial Office of Spain in Rabat. Poverty, although it declined in relative terms, still affects nearly five million of Moroccans (9% of Moroccans, World Bank 2009). With relieved demographic pressures resulting from stable fertility rates and emigration, Morocco can now benefit of a wide youth cohort with high literacy indexes, which will only need to sustain less important younger cohorts.

Figure 68 - Unemployment rate in Morocco and Spain in %.

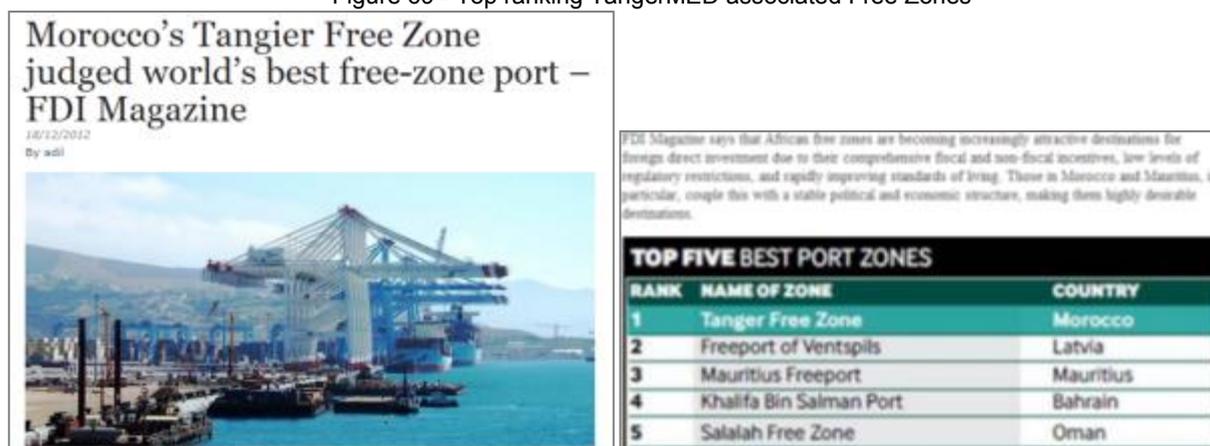


Source: IMF 2012

## 9°) Setting up in modern transport infrastructure

In 1990, Morocco has launched the Motorway Master Plan (*Programme Autoroutier*) to achieve 1,500 km of motorway by 2010. In 2008, 840 km were already in service and 581km were under construction (total spent 19253 million MAD). Budgetary resources of the State are insufficient to develop the needs of the road network. The concession system and the tolls systems were recognised as the model best suited to achieve this scheme. Morocco has also doubled his network of paved roads in 45 years from 15.800km in 1960 to 35.026km in 2005. In addition, has been upgraded 3226 Km of municipal roads. The development of the Moroccan motorway network has followed a similar pattern to that of Spain in the 1990s. Spain has now more than 14.000 km of Motorways. The development of the motorway network in Spain took place mostly from 1986, year of the entrance of Spain into the European Union. Before that only a few stretches existed, mostly in the Mediterranean coast. ONCF (Morocco's national railway operator) manages a network of 2067 km of railways, of which 1022 km are electrified (2008). This network is in the form of a spindle from Marrakech to Oujda on the south near to Moroccan-Algerian border. It has some branches to Tangier in the north and to the phosphate mining areas and some major ports. On September 2006 ONCF proposed a high-speed rail connecting Tangier to Marrakech which should reduce the time of the journey from around 10 hours to only 2 and half hours. The full line may not be in operation until 2030, but the stretch Tanger-Casablanca already under construction is expected to be finished by 2015 (MAD 20 billion or € 2 billion). The line is being constructed by a consortium integrated by the French SNCF and ALSTOM. In 2007, TangerMed port went into operation. It is a transshipment port, strategically located next to logistic zones and free trade area, commercial and industrial facilities, with efficient road and rail infrastructures. Both the port and the logistic area has been enlarged from 2010.

Figure 69 - Top ranking TangerMED associated Free Zones



Source: FDI 2012

## 10°) New energy sources

The Moroccan government aims to cover up to 15% energy needs by renewable energy in two decades. The Mediterranean shore is potentially suitable for the production of photovoltaic energy (insolation averages about 2800 hours per year). It is also detected a constant presence of winds in many valleys and coastal sites for the production of wind energy. The Moroccan Government has promoted several projects to reduce energy dependence and to increase the renewable energies:

- *Projet Marocain de l'Energie Solaire* (Integrated Solar Energy Generation Project): the aim of this project is to increase the electric energy production capacity from solar energy. The total capacity in 2010 will be 2000 MW is 5 sites: Ouarzazate-Ain Bni Mathar-Foum Al Oued-Boujdour et Sebkhah Tah.
- *Projet Marocain intégré de l'Energie éolienne* (Integrated Wind Energy Generation Project: the aim of this object is to increase the electric energy production capacity from wind energy. It envisages to build new wind farms and to increase the installed power from 280 MW to 2000 MW in 2020.

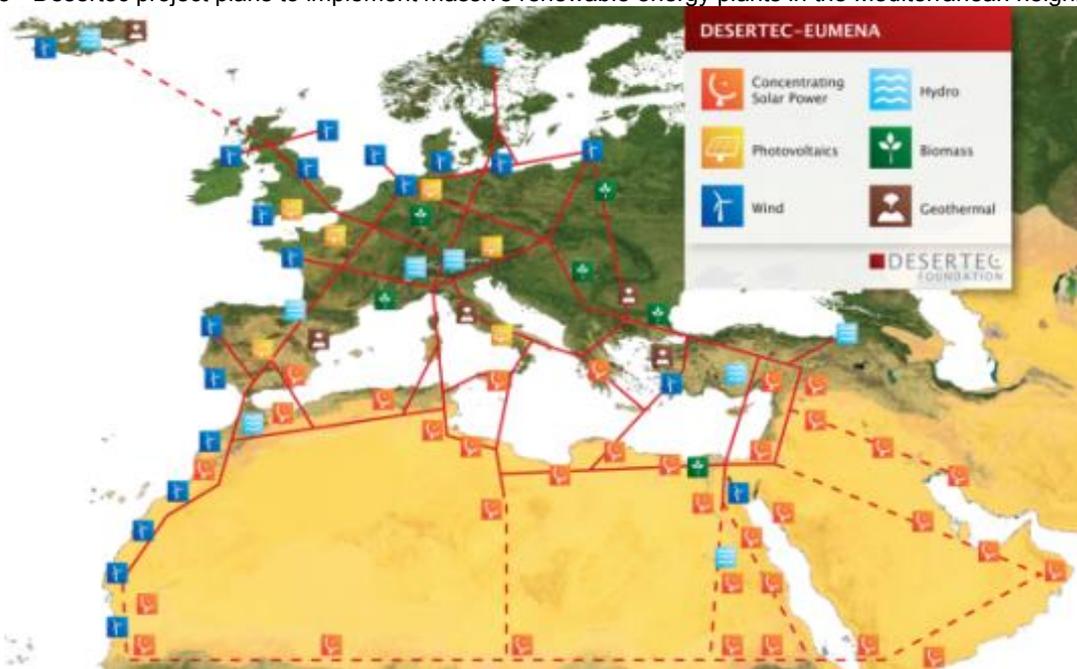
The Union for the Mediterranean (UfM) has adopted as one of its key priorities the Mediterranean Solar Plan (MSP) which involves not only renewable energy policy, production and transmission, but also the promotion

of energy efficiency. It also targets the build-up of 20 GW of renewable energy productive capacity by 2020. The Paris declaration adopted by the 43 member states at the Paris Summit of July 2008 states that “the UfMS is tasked to explore the feasibility, development and creation of a Mediterranean Solar Plan”. The aims of Mediterranean Solar Plan are:

- Attain by 2020 a capacity 20 GW of new generation capacities fuelled by renewable energy sources, mainly wind and solar, on the South shore of the Mediterranean. This represents the power consumption of millions households. At the moment, it is slightly above 1 GW (hydro excluded).
- Supply the local market with most of the electricity produced while exporting a part to the European Union. Revenues generated by exports to the EU will ease the development of profitable and sustainable projects. Improve the energy efficiency in the Mediterranean region.
- Improve energy efficiency in the Mediterranean region
- Create jobs and industrial capacities in the Southern Mediterranean countries

The MSP complements the work being done under a number of interconnecting Mediterranean energy projects, funded under the European Neighbourhood and Partnership Instrument (ENPI):

Map 215 - Desertec project plans to implement massive renewable energy plants in the Mediterranean neighbourhood



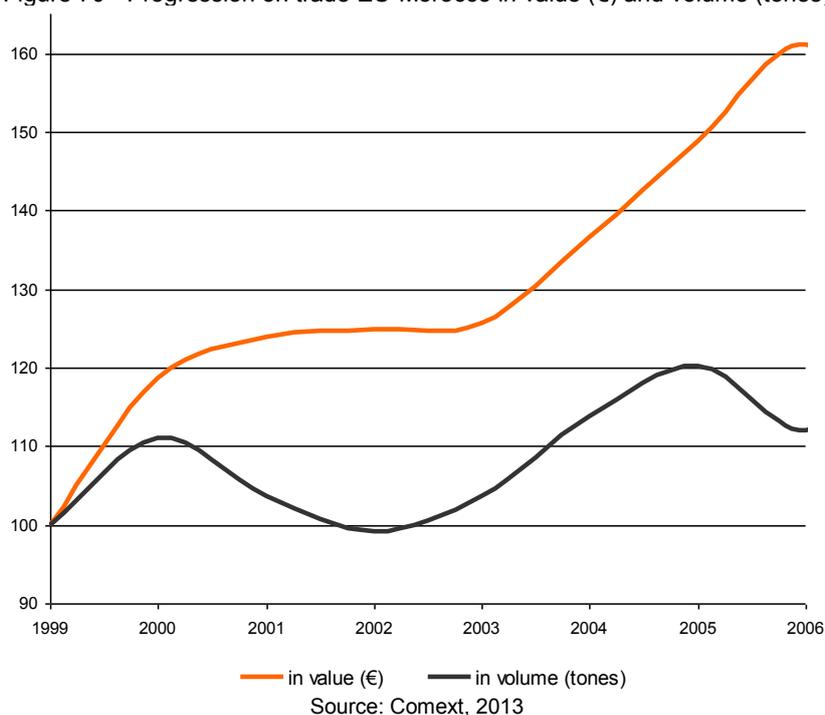
Source: Desertec Foundation 2012

### 6.3.3. Increased functional interactions with the European territory

#### 1°) Increased trade between Morocco and the EU

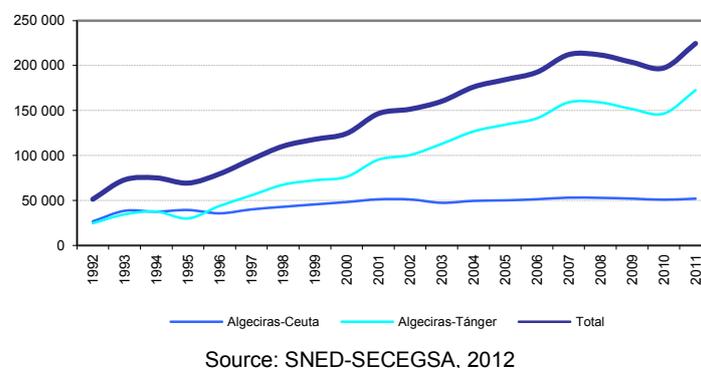
Negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Morocco were launched on 1st March 2013. DCFTA is to extend significantly beyond the scope of the existing Association Agreement to include trade in services, government procurement, competition, intellectual property rights, investment protection and the gradual integration of the Moroccan economy into the EU single market, for example in areas like industrial standards and technical regulations or sanitary and phytosanitary measures. The EU is the largest trading partner of Morocco (57% of imports and 65% of exports, *Office des Changes de Maroc, 2012*). Among the EU, France has traditionally been the main trading partner, but since 2007 Spain has become the first partner, in volume, with more than 5 million tonnes per year. Most valuable trade sectors are manufactures, machinery and perishable foodstuffs.

Figure 70 - Progression on trade EU-Morocco in value (€) and volume (tones)



Freight traffic through the Strait (% of lorries / total vehicle) represents 17% of the total traffic (224.000 lorries per year). The growth of cargo traffic has increased by 13% annually since 1995. The main freight maritime traffic flow on Gibraltar Strait is Algeciras (Spain) – Tangier (Morocco).

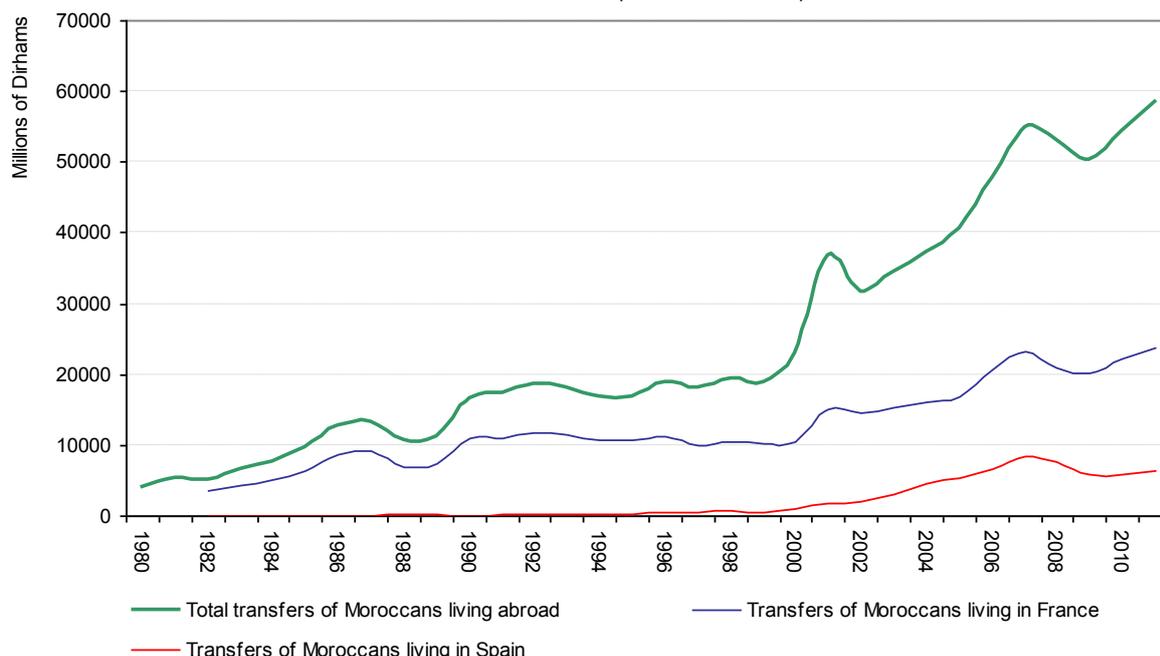
Figure 71 - Freight maritime traffic on Gibraltar (number of trucks)



## 2°) Relevance of transfers from residents in Europe

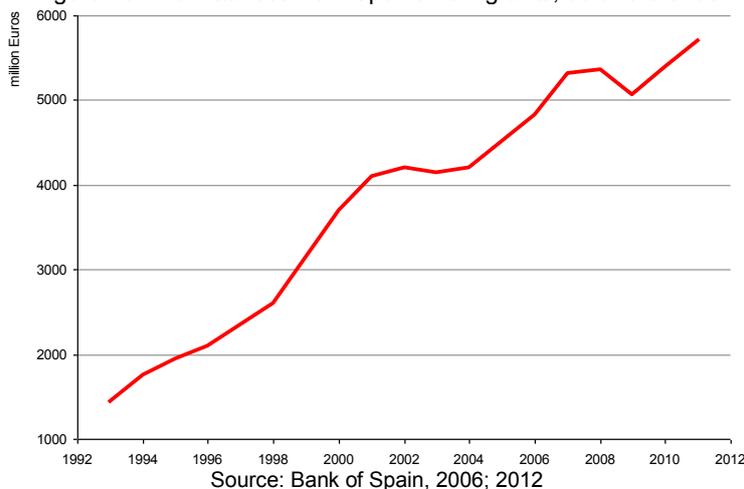
In 2005, the transfers of Moroccans living abroad were around € 3.600 million, accounting for more than 9% of GDP of Morocco. The number of MRE (Moroccans living abroad) is currently 2,9 million people, most of whom living France, Spain and Italy. Although transfers slowed down in 2008, the trend between 2005 and 2011 has been positive and the country reached the € 5.266 million of transfers (7% of GDP). Remittances of Spanish citizens living abroad are estimated on around € 5000 million per year, and have a general trend to grow. In the case of Spain, this represents a 0,5% of the GDP. With the effects of the crisis, remittances have grown a 18% between 2006 and 2012, and it is estimated that inbound remittances from Spanish citizens could soon reach the level of outbound remittances by foreign residents in Spain, representing approximately € 7.500 million per year.

Figure 72 - Total transfers of Moroccans living abroad represented 9% of Morocco GDP in 2005. Evolution 1980 - 2011, in millions of Dirham (1 MAD = 0.089€)



Source: Office des Changes, Rouyame du Maroc 2012

Figure 73 - Remittances from Spanish emigrants, as a reference



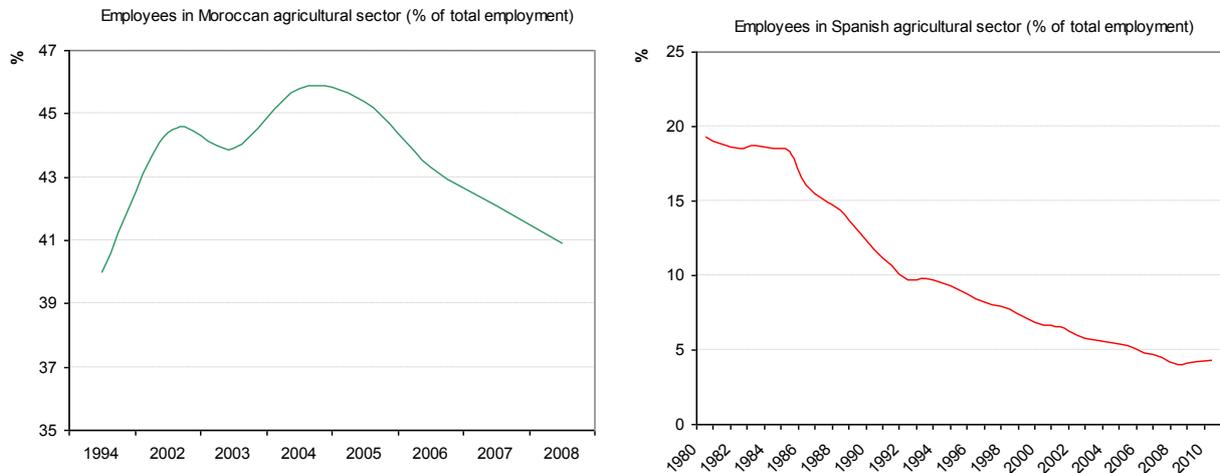
Source: Bank of Spain, 2006; 2012

### 3°) Competing agricultural and food processing sectors between Morocco and Spain

Agriculture provided 14% of Morocco's GDP in 2010, and remains the main source of employment in the country, but with a trend towards decrease. The irrigated agricultural land represents 13% of the UAA (utilized agricultural area), and provides 45% of the value added, 75% of exports and 35% of employment (M.Ait Kadi). The 85% of the available water resources are used for irrigation, whose efficiency is only 50% due to wastage and poorly maintained irrigation systems (HDR50). (utilized agricultural area). The importance of agriculture in the Spanish economy has dropped last decades, but represented 20% of employment still in 1980. Morocco and southern Spain compete for similar agricultural crops. Morocco could run intensive irrigated agriculture and horticulture just as southernmost regions of Spain like Murcia and Málaga, and other Mediterranean triad products like oil and wine produced also in Spain, France, Italy. Among the countries of North Africa, Morocco is considered to have the best natural potential for producing quality wines, due to its high mountains and cooling influence of the Atlantic, with the Moroccan wine

industry is experiencing a revival and expansion since the 1990s due to influx of foreign investments. Many Spanish food processing firms are arriving in Morocco (e.g. *Borges Morocco* oil corporation since year 2000) to exploit their know-how with lower labour costs. Fisheries is another area where both Morocco and Spain compete, both for the resources and for the rights to exploit them.

Figure 74 - Employees in agricultural sector (% of total employment)



Source: World Bank, 2012

#### 4°) European industries in Morocco

The aim of Moroccan Government is to stimulate the establishment of foreign industrial activity and the development of the industry in Morocco. To achieve this objective, it has undertaken several initiatives: development of transport infrastructure, simplification of formalities, economic agreements with the EU, economic special zones (e.g. Free Zones around the area of Gibraltar). The proximity of Europe, the establishment of foreign enterprises (it is estimated that there are more than 800 Spanish enterprises, 1/3 of them in Tangier) and the Action Plan EU – Morocco have to promote the Moroccan industry. The industry contributes in 27% of Morocco GDP. Especially important is the contribution to GDP of manufacturing industry (19,6% of GDP). Textiles and clothing industry account for more than 40% of industrial jobs and generate close to MAD 30 billion in export income, which makes it fourth highest in foreign earnings. Morocco was stated one of Africa's top business destinations according International Business Time magazine in November 2013.

Figure 75 - European business implementation in Morocco in the 2000s

9 February 2012 Last updated at 17:22 GMT

## Morocco opens North Africa's biggest car plant

The biggest car factory in North Africa has been officially opened in Morocco by the French firm Renault.

The plant is in Melloussa, a small town on the Mediterranean near Tangiers, in an area close to Europe which offers tax benefits to manufacturers.

Low-cost cars will be produced under the Dacia brand for emerging markets and Renault executives say up to 10% of the production could be sold locally.

The plant currently has the capacity to produce 147,000 cars annually.

It employs about 2,000 local staff and intends to triple production by 2015.

The BBC's Hira Fakri in Tangiers says this could boost staff numbers to 6,000 and create up to 35,000 jobs indirectly.

**King attending**

In recent years, Morocco's economy has been expanding thanks to free trade deals with international partners, but unemployment remains an issue - especially for graduates, who hold weekly protests outside parliament.

## Volkswagen prépare son implantation au Maroc

Tanger : Tanger Free Zone et Kenitra Automotive City ont définitivement séduit par leurs emplacements stratégiques, deux constructeurs automobiles, allemand et Sud-Coréen, avec une longueur d'avance pour l'allemand.



**A PROXIMITÉ**

- Maroc: Renault s'occupe à 17% de parts de marché en 2011
- Tanger Automotive City en souffrance de mois de mois
- Alémanique: Deux unités industrielles à installer à Tanger Free Zone
- Maroc: Le groupe Renault s'occupe à 23% de parts de marché en 2011

Le constructeur automobile allemand Volkswagen est en avancées négociations avec le ministère de l'Industrie marocain, pour une très prochaine implantation d'une capacité à terme, de 100000 véhicules dans un emplacement des zones franches, réservés aux marchés européens.

Des sources médiatiques nationales ont rapporté à ce propos, que le constructeur allemand, avait, pour tirer les meilleurs bénéfices, annoncé en simultané, ouvrir des pourparlers pour une implantation avec les deux pays maghrébins en perpétuelle concurrence, à savoir le royaume et sa voisine de l'Est.

Seul que les mauvaises conditions et les incertitudes pour l'investissement en Algérie, additionnées au récent boucage de son marché par le constructeur français Renault, qui par sa clause d'exclusivité de 3 ans, barrerait l'Algérie, ont convaincu Volkswagen du l'insignifiance de l'attrire algérienne.

Le management de la firme allemande se tourne vers le Maroc, le modèle réussi de Renault, y fait cas d'école, une obligation de la société voyager en été dernier, à Tanger Free Zone, et à Kenitra Automotive City, pour inspections.

Les deux zones industrielles, ayant qualité de zones franches, donnent les meilleurs des vitons aux décideurs allemands, convaincus également par la présence déjà en force, de leur principal équipementier, le géant Leon, possédant au Maroc près de huit usines.

Economics & Development | Global Arab Network

Economic stability attracts more than 1000 Spanish companies to Morocco

Global Arab Network - Rabih Serrai  
Thursday, 27 May 2010 00:00



Thanks to its political and economic stability, Morocco offers great investment opportunities, Moroccan Economy Minister Salaheddine Mezouar said.

The fact that more than 1000 big Spanish companies are operating in Morocco reflects the trust the Spanish investors have in the Kingdom, Mezouar told Spain's radio station "Punto Radio."

The Moroccan official also highlighted the growing interest shown by Spanish banks in the kingdom, adding that the largest of them established their activities in Morocco to support Spanish companies based in Morocco such as "La Caixa", "Banco Santander", "BBVA" and "Banco Sabadell."

Morocco, which has large infrastructure, is a country that offers Spanish firms the possibility to preserve their competitiveness, boost their activities in different sectors and gain new market shares, Mezouar said.

He added that Morocco, unlike some other countries, was not much affected by the global economic and financial crisis.

For Spanish companies, Morocco represents a gateway to other markets, mainly in Africa, and European companies can also benefit from Africa's economic growth, Mezouar said. (MAP)

### Investissements

## Maroc-France : la grand-messe patronale

Les articles

L'accueil des Investissements directs étrangers (IDE) a toujours occupé une place d'honneur dans les stratégies de tous les gouvernements durant ces dernières décennies.

Vu l'emplacement géographique du Maroc, l'UE reste notre premier client, fournisseur, investisseur et pourvoyeur de flux touristiques et de transferts des MRE. La France est le 1er partenaire du Royaume qui reste la première destination des investissements directs de l'Hexagone dans la région Maghreb et sur le continent africain.

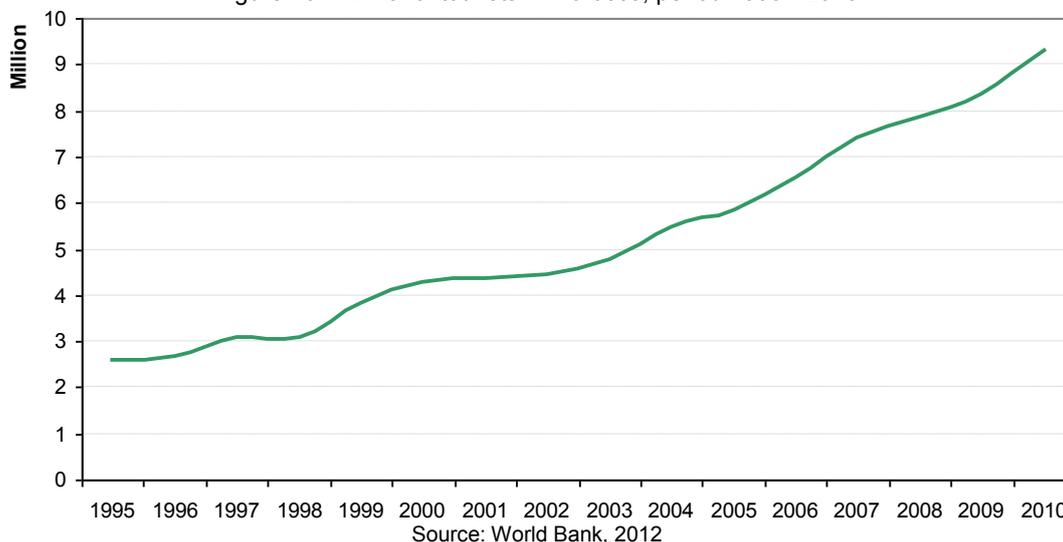
Pour renforcer davantage cette relation, les rencontres entre les deux parties ne cessent de se multiplier. Après celle qui a réuni, en janvier dernier, Abdellah Benkroune et les patrons de l'Hexagone, à leur tête, Jean-René Fourtou, président du Conseil de surveillance de Vivendi, une grande messe patronale franco-marocaine se tiendra aujourd'hui à Rabat.

Various sources: Synergies and cooperation in the tourism sector?

The potentialities of tourist sector of Morocco are their geographical location and geographical connections; the morphological characteristics specific to the Mediterranean coast, and very similar to the "Costa del Sol", Spanish neighbour; the exploitation of natural tourist attractions, as well as sea (beaches, fishing, underwater) and mountain (hunting, golf landscape, ecological tourism, ski resorts, spas), unique to

Morocco; and finally, the historical peculiarities of its Moorish towns who, with their equivalent Andalusia possible to establish additional tours. Tourism activity currently generates in Morocco 58.300 millions of MAD in non-residents receipts. Since 2008, this activity has grown up in 10% in millions of MAD. In 2012, tourism seems to be stagnating a little, however, compared with the previous year: there were 9.34 million visitors in 2011, or a mere 1% increase, while overnight stays declined by 6%. This was due to the economic situation in Europe, particularly in France and Spain.

Figure 76 - Arrival of tourists in Morocco, period 1995 - 2010



Moroccan tourism policy is centralized on promote tourism in the four Imperial Cities in the Atlantic coasts, paying less attention to the development of tourism in North and Mediterranean coast, where tourist attractions are indisputable, but they are limited by the isolation as well as the strong stationary of seaside tourism. In 2006, the Moroccan government approved the Plan Azur, which was at the core of the tourism strategy of the Vision 2010. The Azur Plan provided for the realisation of six seaside resorts, with an accommodation capacity of 110.000 beds (including 80.000 hotel beds), covering an area of 3.000 hectares with an overall investment of the order of 46 billion DH. The new six tourist seaside resorts, integrated over six priority sites, were Mogador, Lixus, Mazagan, Saïdia, Taghazout and Plage Blanche. In 2012, only two resorts were partially in service: Saïdia and Mazagan. Several financial problems of some invertors (e.g. the Spanish corporation FADESA, who was the main developing partner, filed on bankruptcy in 2009) have delayed the Plan Azur. In case of Saïdia resort, the Spanish hotel company Barceló, who was the manager of some hotels on the resort since 2009, abandoned the initiative arguing difficulties in logistics, poor access conditions to the region and lack of flight services, and insufficient services<sup>37</sup>. The government of Morocco is redesigning the overall strategy behind the Plan Azur to bring it forwards during the next years, restating its importance in the renewed Vision 2020.

##### 5°) Global Logistics Hub in Gibraltar

TangerMed port complex has consolidated its position on the container market, with over 2 million TEUs handled, and is open to new activities with the start of the TangerMed port passengers. It places TangerMed port in line with its target goals of business development, reflecting both the strategic positioning of TangerMed on sea routes East / West and North / South, and the fundamentals of competitiveness (water port deep, performance and operational flexibility, cost). The initial competition between TangerMED and its twin transshipment hub in Algeciras, on the Spanish coast of the Strait of Gibraltar, resulted in traffics in Algeciras dropping by almost 25% in the first 3 years of operation of TangerMED. Cooperation initiatives between both ports are being attempted, however, as the business in the Strait is large and cooperation may

<sup>37</sup> <http://www.yabiladi.com/articles/details/9528/maroc-saidia-lance-l-echec-plan.html>

lead to increased economies of scale. Growth has returned to Algeciras since 2011 (60% increase in the last 2 years), and is continues sharp in TangerMED.

Figure 77 - Containers handled in TEU at the logistic pole of Gibraltar

**PORTS, ALGECIRAS-TANGIER MED DEEPEN COOPERATION**

*The Port Authority of Algeciras and Tanger Med held a meeting on January 10 to further discuss mutual services and cooperation, in particular in the ro-ro traffic, which last year involved 31,000 trucks.*

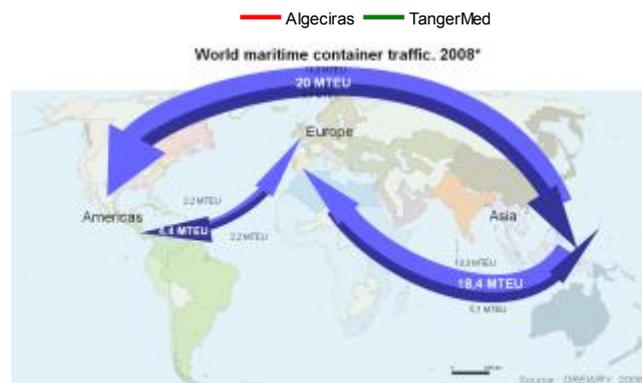
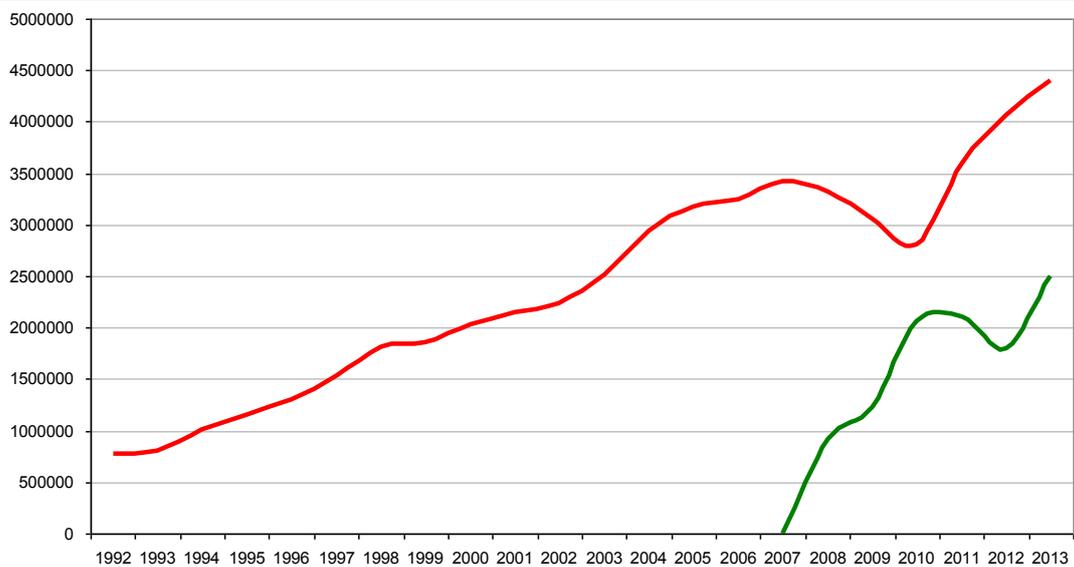
21/01/2010 12:21



The encounter took place at Algeciras port's headquarters led by the managing directors, Jose Luis Hormaechea and El Mostafa Almouzani. The optimization and efficiency of the ro-ro connections, that the two ports of the Strait maintain since a bit more than a year and that provide for 6 rotations per day, is a matter of interest for both Algeciras and Tanger Med ports.

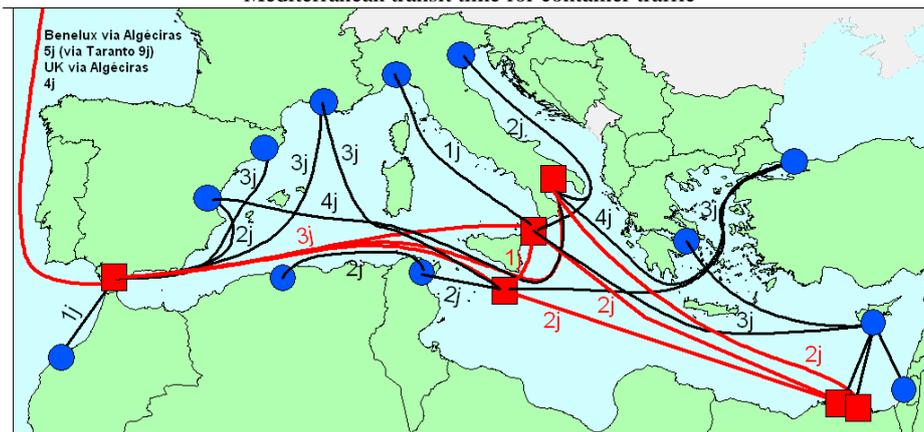
During the first year of operation, in which operating carriers have been Acciona, Comarit, FRS and IMTC, the ro-ro traffic Algeciras-Tanger Med has involved more than 31,000 truckloads of goods for import and export, thus consolidating itself as one of the main bridges of trade between African Countries and the EU.

The meeting also served to discuss upcoming changes that will involve the lines of the Strait. Tanger Med is finalizing the construction of its passenger port, which will allow it to join the forthcoming initiative "Paso del Estrecho" 2010



Source: Ministerio de Fomento and TangerMed Port Authority, 2012

Map 216 - Strategic Position of Gibraltar in the global flows  
Mediterranean transit time for container traffic

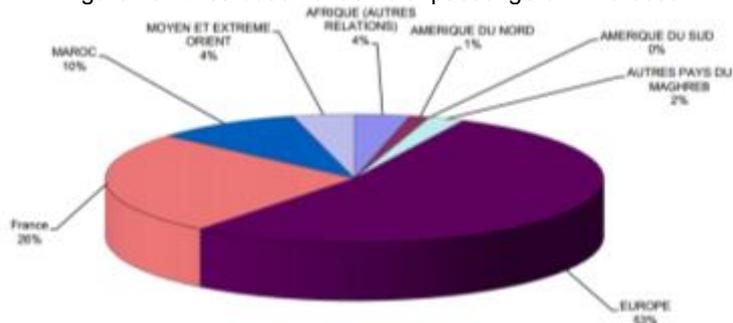


Source: Nestear 2009; MCRIT 2013

### 6°) Open skies agreement with the EU

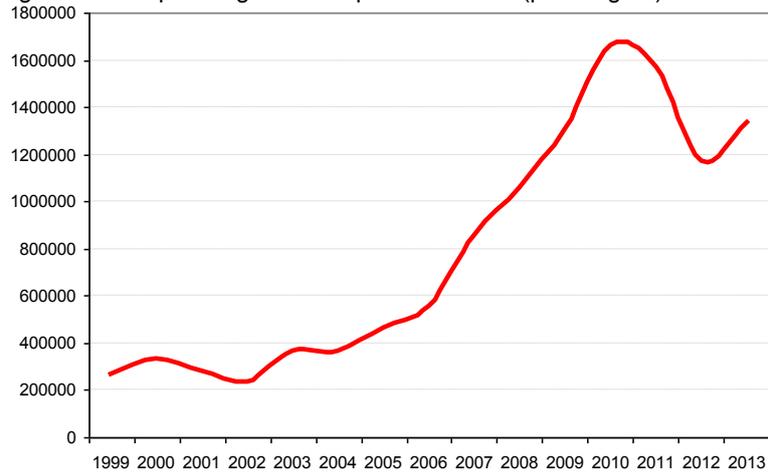
Morocco has 32 civil airports, including 12 international, 3 national and 17 airfields tertiary with a total capacity of around 10 million passengers. The management of these infrastructures was assigned in to the National Office of Airports (ONDA). It is also responsible for the commercial management of all air navigation services. In 2005, Morocco signed an Open Skies agreement with the European Union, representing the first aviation agreement of the EU with a non-European country. As outlined in the agreement, EU and Moroccan carriers are allowed to operate to and from any point in Morocco and the EU without price or capacity restrictions. Morocco's air traffic had been fairly stagnant until 2003 despite investments of €1.2 billion in grants and loans between 1995 and 2003 for economic infrastructure and transport through the MEDA Programme. Since the agreement, international traffic has increased significantly: the annual activity rate was around about 8 million passengers in 2005. In 2010, this rate reached the 15 millions of passengers. In 2004, traffic Morocco - France concentrated on 50% of international traffic to origin or destination in Morocco (about 2,7 millions of passengers) and the traffic Morocco -Spain only concentrated the 10% of international traffic (about 340000 of passengers). In 2010, the 53% of passengers flow was to/ from Europe (except France) and the 25% of passengers flow was to/ from France. Traffic between Morocco and Spain had been in constant growth since 1981 until 2008, especially between 1996 and 2004, which average growth rate was 11,26%. The passenger traffic between Spain and Morocco has dropped since 2010.

Figure 78 - Distribution of traffic of passengers in Morocco



Source: Le secteur aeroportuaire en chiffres. Ministère de l'équipement et du Transport, 2012

Figure 79 - Air passenger flows Spain - Morocco (passengers) 1999-2013

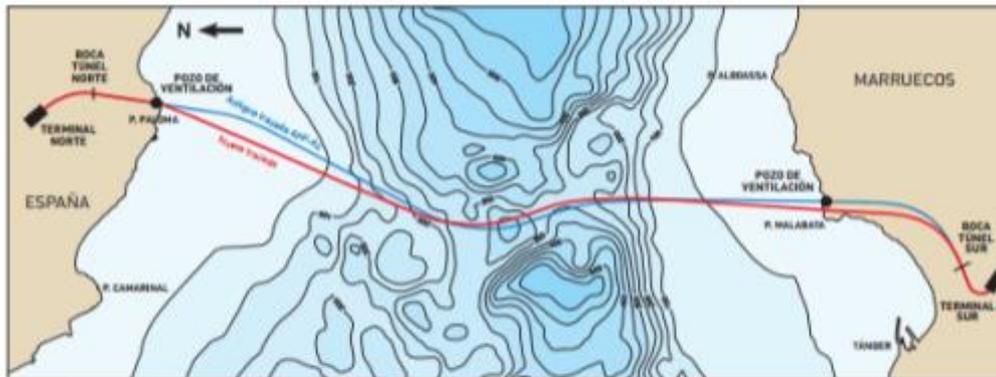


Source: AENA, 2013

### 7°) Fixed link of the Gibraltar Strait

The first proposal of a fixed link under the Strait of Gibraltar goes back to 1869 by Laurente de Valleuil, with many projects having been set up since then.<sup>38</sup> In December 2003, Spain and Morocco agreed to explore the possibility of constructing an undersea rail tunnel to connect their rail systems. The tunnel would link Cape Malabata near Tangier with Punta Paloma 40km west of Gibraltar, and would be financed by the two publicly-owned companies SNED and SECEGSA with the assistance of the European Union. Demand studies foresee a potential demand of 9 million passengers in its first year of operation, not before 2025. No official figures about the cost of the project had been announced by 2007, but previous estimates were at least €5Bn.

Map 217 - Project of a rail tunnel under the Strait of Gibraltar



1995: Elección del túnel como solución base por las razones siguientes:

- Técnicas de construcción conocidas y contrastadas.
- Ausencia de interferencia con la navegación marítima y riesgos de colisión.
- Compatibilidad con la realización por fases, según la evolución del tráfico futuro.

Source: SNED-SECEGSA 2012

<sup>38</sup> Comarna, Álvarez de Sotomayor, Jevenois, García Faria, Mendoza, Gallego Herrera, Peña Boeuf y los de los civiles Bressler, Berlier, Ibáñez de Ibero y Stauss.

#### 6.3.4. The cross-border cooperation

In order to strengthen economic cooperation between both rims, several political agreements have been signed by Morocco and EU Countries. The aims of these agreements are presented below:

**Coastal Zone Policy (1978).** The Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention) entered into force 12 February 1978. It can be regarded as a corner stone for the promotion of environmental protection and integration in the Mediterranean.. Having been ratified by six contracting parties, the Protocol entered into force the 24th of March 2011. The ratification, or conclusion, of the Protocol means that the Protocol now becomes part of EU law and has binding effects.

**Inter-Mediterranean Commission (1990).** The Inter-Mediterranean Commission (IMC) of the CPMR was created in Andalusia in 1990 to express the shared interests of Mediterranean regions in important European negotiations. Today, the IMC has fifty member regions in 10 different countries (Cyprus, France, Greece, Italy, Lebanon, Malta, Morocco, Portugal, Spain and Tunisia). Its purpose is to be open to all the different sub-national levels in all Mediterranean countries.

**The Barcelona Process (1995).** The Barcelona Process was launched in November 1995 by the Ministers of Foreign Affairs of the then, 15 EU members and 14 Mediterranean partners, as the framework to manage both bilateral and regional relations. Guided by the agreements of the Barcelona Declaration, it formed the basis of the Euro-Mediterranean Partnership which has expanded and evolved into the Union for the Mediterranean. It was an innovative alliance based on the principles of joint ownership, dialogue and co-operation, seeking to create a Mediterranean region of peace, security and shared prosperity. The partnership was organised into three main dimensions, which remain today as the broad working areas of the partnership:

- Political and Security Dialogue, aimed at creating a common area of peace and stability underpinned by sustainable development, rule of law, democracy and human rights.
- Economic and Financial Partnership, including the gradual establishment of a free-trade area aimed at promoting shared economic opportunity through sustainable and balanced socio-economic development.
- Social, Cultural and Human Partnership, aimed at promoting understanding and intercultural dialogue between cultures, religions and people, and facilitating exchanges between civil society and ordinary citizens, particularly women and young people.

**The Euro-Mediterranean Free Trade Area (1995 – 2005).** The European Union (EU) concluded Euro-Mediterranean Association Agreements between 1998 and 2005 with seven countries in the southern Mediterranean (Morocco, Tunis, Algeria, Israel, Lebanon; Jordan and Egypt), under the framework of Barcelona Process. These agreements effectively provide a suitable framework for North-South political dialogue. They also serve as a basis for the gradual liberalisation of trade in the Mediterranean area, and set out the conditions for economic, social and cultural cooperation between the EU and each partner country.

**Union for the Mediterranean (2008).** The Union for the Mediterranean is a multilateral partnership with a view to increasing the potential for regional integration and cohesion among Euro-Mediterranean partners. The UfM comprises the 28 EU member states, the European Commission and 15 Mediterranean countries. It aims to enhance regional cooperation and partnership between the two shores of the Mediterranean through the implementation of specific projects and regional cooperation.

**Integrated Maritime Policy in the Mediterranean (2011).** The Project on Integrated Maritime Policy in the Mediterranean (IMP-MED) is an ENPI South-funded project which seeks to provide opportunities to nine southern Neighbourhood States in the Mediterranean to engage in and to obtain assistance for developing integrated approaches to maritime affairs. The nine Partner Countries are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia. The project is being undertaken by an international consortium, led by WS Atkins, and involves a series of events and technical assistance activities at the regional, subregional and national levels covering all maritime sectors – shipping and ports, marine environment, fisheries, coastal zone management, maritime security, marine research, tourism, underwater cultural heritage, etc. The project is managed by the European Commission EuropeAid Cooperation Office, in cooperation with Directorate General of Maritime Affairs and Fisheries (DG MARE).

**Mediterranean Sea Basin Programme (2007 – 2013).** The multilateral cross-border cooperation "Mediterranean Sea Basin Programme" is part of the new European Neighbourhood Policy (ENP) and of its financing instrument (ENPI, European Neighbourhood and Partnership Instrument) for the 2007-2013 period: it includes the European Union (EU) and partner countries regions placed along the shores of the Mediterranean Sea. The programme is structured according to four priorities, based on the EU orientations for the cross-border cooperation component of the ENPI:

- Promotion of socio-economic development and enhancement of territories;
- Promotion of environmental sustainability at basin level;
- Promotion of better conditions and modalities for ensuring the mobility of persons, goods and capitals;
- Promotion of cultural dialogue and local governance.

**EU – Morocco Action Plan (2013 – 2017).** The new EU-Morocco Action Plan implementing the advanced status (2013-2017) will be an essential point of reference that will guide bilateral relations EU - Morocco in the coming years and thus provide a road map for a deeper association between Morocco and the EU. The ENP will continue to act as a catalyst by providing a single policy framework, based *inter alia* on partnership, joint ownership, performance-driven differentiation and tailor-made assistance. This instrument will encourage the development and implementation of policies and measures to promote the consolidation of the rule of law, democracy and human rights, economic growth, employment and social cohesion, poverty reduction and protection of the environment, thereby contributing in the long term to sustainable development. Implementation of the new instrument will take account of the necessary balance between speeding up the process of opening and modernising the Moroccan economy and the imperative of sustainable socioeconomic development.

**Trans-Mediterranean transport network and Regional Transport Action Plan.** The trans-Mediterranean transport network (TMN-T) is a strategic network for the development of the region and is not merely the sum of the national networks. This exercise of definition of the TMN-T is part of the work carried out by the Working Group on Infrastructures and Regulatory Issues of Land Transport (WG Infra) and is also reflected in the 2007-2013 Regional Transport Action Plan (RTAP) of the Euro-Mediterranean Transport Forum. The Barcelona process, in 1995, led to the identification of the EuroMed Transport project. Steered by the European Commission, the latter helped draw up a Blue Book, as well as a Regional Transport Action Plan for the Mediterranean Region 2007-2013 (RTAP). This Action Plan includes priorities for the establishment of an integrated transport system likely to harmonise the procedures, reform the entities in charge of the various transport systems and enhance the safety and monitoring of the flows.

### 6.3.5. Synthesis and recommendations

#### 1°) The Regional framework around the Strait of Gibraltar

- The two shores of the Strait of Gibraltar have an increasing number of economic activities in common, like tourism, logistics, wind energy production, agriculture and fisheries. These activities are in competition among shores but can also provide synergies at a regional scale.
- An important part of the cultural history of the region is common to both rims. This is an asset which is increasingly being valued.
- Since 1995, the Barcelona Process, the Euro-Mediterranean partnership and the initiative of the Union for the Mediterranean are advancing into the process of gradual economic cooperation between Morocco and European Union.
- The construction of infrastructures in southern Spain has been very intense in the last decades, just as the rest of Spain, and today the territorial coverage of infrastructures is very high. In Morocco, there are very important projects being carried out or already completed (e.g. TangerMed, motorway plan) and others planned for the future strategic nature (e.g. new TGV Tangier-Rabat-Casablanca-Marrakesh-Agadir).
- A number of initiatives promoting an integrated view of the Mediterranean and the Maghreb, such as the Plan Bleu program of the United Nations to develop a mechanism for environmental regional cooperation in the Mediterranean; the MEDA program of the EU as the instrument of economic and financial cooperation under the Euro-Mediterranean partnership; the European Bank of Investment - FEMIP concept for a Mediterranean Logistics Platform (2009) to improve the performance of transport and the economic development in Southern Mediterranean.
- The whole of the Mediterranean area remains as an area of conflict

- The Maghreb is an area of instable economic and political cooperation. The border between Morocco and Algeria remains closed since 1994, even though negotiations are on the agenda to eventually reopen this border in the short term. Intra-regional trade between Maghreb countries is still weak (only 2% of total trade in 1990 but even 1,2% in 2004).
- At the area around the Strait of Gibraltar on itself is also object of international territorial disputes between Morocco, Spain and the United Kingdom.
- The Common Agricultural Policy (CAP) of the European Union determines strongly the development of Moroccan agriculture.
- The lack of water can be a limiting factor for economic growth.

## 2°) The Southern Rim: Morocco and Tangiers

- Morocco is one of the Southern Mediterranean countries with positive economic environment and favourable conditions for development
- Morocco has maintained a positive macroeconomic policy framework, with an average GDP growth rate of 4.9% between 2000 and 2012, and an increasingly stability in the growth pattern. Economic growth in Morocco has been high despite the global financial crisis.
- Morocco has a liberal market economy framework increasingly open and transparent.
- The financial and legal structures of Morocco are engaged in a process of modernisation. According to World Bank, it is a country in transition and with a positive assessment of the public finance system.
- Policy reforms have been undertaken towards greater individual freedoms.
- The economic growth in Morocco is diversified and evolved into a less vulnerable to the agricultural sector (there are about 1.3 million hectares irrigated, tending to increase). Diversified industrial network, although still fragile. It is more attractive to foreign investment than other countries in the Maghreb
- Morocco is under a process of international industrial location: 800 Spanish firms in Morocco, third in Tangier. Today, the Moroccan industry represents less than 20% of GDP and less than 15% of workers. However, the industrial weight is expected to increase to 24% in 2015.
- Development of logistics, with projects such as TangerMed. The cost of transporting a container from Asia and Northern Europe is more than double that between Asia and Tangiers.
- Tourism is a rapidly growing sector (5 million visitors in 2005, 6.6M in 2006, envisaged 10M in 2010), especially in the imperial cities and the Atlantic shore of Agadir. The number of hotel beds is on the rise (Plan Azur, 6 resorts, 110,000 new beds which 80,000 hotel beds).
- Reduction of the population workforce in agriculture sector (69% in 1965, 55% in 1971, 45% in 2005).
- Incorporation of women in the labour market and institutions (new Family Code, quotas for women on political institutions, 10% of decision-making positions are held by women).
- The outward migration (3,200,000 MRE in 2005, where 2.7 million in Europe) continues to increase, but at a lower rate. To Morocco, it began to have migration from sub-Saharan Africa.
- An important part of emigrated Moroccan population has a very high level of training, and could begin the return at home if the job opportunities and living conditions continue to improve. Morocco has more than 50,000 students abroad (7em position worldwide in terms of student mobility).
- Return of retirees and qualified employees. Over 80% of Moroccans who migrate abroad for study wish to return to Morocco after an experience of 2-4 years of work. The Government encourages the return of Moroccan retired with tax advantages.

## 3°) The Northern Rim: Spain and Andalusia

- Spain continued to catch up with the European economy up until 2007. Spain managed to reduce to 10-point differential in Nominal GDP per capita compared to the average of the countries of Western Europe over the 90s and 2000s, up to the threshold of 90%.
- Since the beginning of the financial crisis, economic growth in Spain has dropped from 3% annual growth rate to below 0,5%, and has experienced recession in 2009 (-3,7%), 2010 (-0,3%), 2012 (-1,5%). The IMF forecasts recession still in 2013 (-1,3%) and weak positive economic growth in 2014 (1,0%).

- Since 2008, the Nominal GDP differential between Spanish economy and the rest of the European Union is growing again and it is expected to continue growing according to the IMF. In 2012, Spanish GDP per capita was 85% of EU average.
- Unemployment in Spain has risen from below 10% to more than 25%, and youth unemployment even up to 50%. In Morocco, the unemployment rate has been reduced to 8,8% of labour force.
- Immigration in Spain brought 6,5 million new residents between the period 1997 and 2012. Only in 2005, Spain received more than 0,7 million Moroccans, mostly people looking for job opportunities in sectors like construction or services. A number of Moroccan emigrants are now returning to their country.
- Since 2008, Spain has become a net exporter of residents abroad, with already 300.000 people having left the country. A number of these people are former immigrants returning to their home countries, but also Spanish citizens seeking for job opportunities abroad (35.000 in 2009, 63.000 in 2011, approx. 100.000 in 2012). A large proportion of Spanish emigrants are youths with higher education.
- The internationalisation of Spanish industrial sector and services sector relocated in the 2000s the production to countries with lower labour costs. Morocco remained a preferred partner because of its international opening frame and geographical proximity (e.g. Mango, Roca, Camper, Inditex, Borges).
- Some multinational corporations implanted in Spain in the 1980s and 1990s and which considered moving somewhere else in the 2000s, have finally stayed for the time being in Spain due to the possibility of reducing salaries and costs as a consequence of the status of the Spanish labour market.
- Despite the financial crisis, internal disparities in Spain have been reduced over the last 20 years so that Andalusia has today a level of development enough such as not to require vast economic transfers from other Spanish regions or from the EU. It is estimated that Spain has had a net positive income from the EU's funds of a magnitude around € 90 billion since 1985.

#### 4°) Final Conclusions

- The annual growth of GDP seems to be stabilised, but GDP per capita gap is still important. Morocco could be stated to be in a similar industrialisation process as Spain experienced during 60s and 70s of last century. The agricultural sector, more linked to climate issues, is reducing his contribution to economy (both in terms of % GDP and number of employees) in favour of industry and services. Due to this process, the annual growth of GDP is stabilising around 4% and abrupt fluctuations seem to be reduced. In the other rim, Spanish economy is recovering from 2008's collapse and it is expected a positive growth in 2014. Despite the constant GDP annual growth of Moroccan economy and the stagnation of Spanish economy, there is an important gap in terms of GDP per capita between rims (34800 USD per Spanish inhabitant and 7300 USD per Moroccan inhabitant).
- Growth of economic relations between both rims. In spite of the European economic crisis, it seems that commercial exchange between Morocco and Spain converges with the forecast. Spain has unseated France as Morocco's first export market and Morocco represents the Spain second export market (excluded EU countries). In this sense, the cooperation between both rims is increasing in terms of number of Spanish companies settled in Tangier. Morocco is a key player in the chain of industrial added value of Spanish companies and sectors such as textile, electrical components and motor vehicles have a lead role in export and import products. Spanish companies have taken advantage of the significant competitive advantages offered by Morocco as a productive platform: the proximity of European and African markets, political stability, good economic performance despite the international crisis and the gradual liberalisation of the economy and the gradual improvement of the business climate. Cooperation agreements between both governments have been signed in order to increase investments of Spanish companies to Morocco.
- The maritime traffic at Gibraltar Strait flows between Tangier and Algeciras. The freight traffic at Gibraltar Strait, after 2008, is growing again boosted by the inauguration of TangerMed Port, cooperation agreements signed by TangerMed and Algeciras in order to improve ro-ro connections and the increase of commercial exchanges between both countries. Agreements between TangerMED and Algeciras, and coordination amongst operators is promoting the pole as a global transshipment node in the Europe-Asia shipping route. An increasing weight of the Mediterranean ports as freight getaways to Europe is to

reinforce the strategic role of Gibraltar. All these elements increase the magnitude of relationships between Spain and Morocco in the area.

- The economic crisis changes the migration pattern at short-medium term. In Spain, since 2008 the population flow has turned from net immigration to net emigration. In Morocco some of their habitants that were living abroad returned to their country expecting better job opportunities. Still, emigrant remittances represent around 10% of Morocco's GDP. But at long term, the reduction of Spanish population due to reduce of fertility rate and the to increase of emigration (both not expected before the crisis) and the existing gap in GDP per capita could be the drivers of migration flow from Morocco to Spain. Many Moroccans may return home from their European emigration at the age of retirement, bringing back capital and know-how into Morocco.
- Gibraltar: a space for further territorial cooperation. Relational cooperation progresses between both shores of the Strait of Gibraltar are already notorious today. The Strait can further evolve from being mostly a crossing space between Morocco, Spain and Europe, without true social and economic integration, towards a far much integrated space of collaboration between shores if economic and social development continues in the Southern rim driven by industrial investments, new logistic infrastructures and promotion of tourism, and if openness of Morocco continues to widen.

#### 6.4. Relations with the ESPON territory

##### 6.4.1. Continuities and discontinuities between the ENRs and the ESPON territory

We said in the second chapter that the most striking contrast in terms of demographic growth between Europe and its neighbourhoods was in the South-East with Turkey. The map on demographic growth discontinuities (86) brings a more nuanced picture. The contrast is impressive between south-eastern Europe and western Turkey but the contrast between the latter and central Anatolia is still sharper, which confirms the high level of territorial stakes in this country. This can be said of the whole Mediterranean Neighbourhood: the discontinuities are not that much with Europe (see for instance the likeness between Morocco and south-western Spain) than within each Mediterranean ENC. Southern Morocco, southern Algeria and southern Egypt are much more worrisome than the differences along the Euro-Mediterranean border.

##### 6.4.2. The functional relations

1°) The European aid received by the Mediterranean ENCs is decreasing...

During the 1970s, the Mediterranean was the first region to benefit from official development assistance (ODA). It was subsequently dethroned by Sub-Saharan Africa, which currently receives more than a third of all ODA worldwide; gauged in dollars per capita, however, the funds directed to the Mediterranean neighbourhood are not that much less than those going to Sub-Saharan Africa; and they remain dramatically higher than those allocated to developing countries in the Americas or East Asia. As a result of the "trade not aid" movement initiated by the economic diplomacy of the United States over the past fifteen years, Latin America's share of US aid has plummeted from 32% to 12%; Japan, meanwhile, has been following a regional strategy based much more on industrial integration than on State aid.

EU member States have reduced their share of aid to the Mediterranean neighbourhood primarily to the benefit of Africa for the last decade or more. Compared to EU member States, the European Commission places greater emphasis on its neighbourhoods. However, taking into account the dramatically higher level of aid from member States (at the end of the 2000s \$43 billion, \$48 billion including Norway and Switzerland) than directly from the EU (\$13 billion), the geography of European aid viewed as a whole does not reveal any neighbourhood strategy. In reality, European aid is massive to recent (CEECs) and potential member states and dramatically less to countries falling under its neighbourhood policy; the latter are consequently left squeezed between the prevailing logic of accession and Europe's determination to be a global actor aiding all the regions around the world.

The European Commission's financing of EuroMed is for the most part dependent on the), although numerous other European funds are also involved. A geographic breakdown of the application of total EU funds to development is difficult to establish. When all funds are consolidated, disbursements to the Mediterranean neighbourhood total €1,2 billion for 2009, or 11,5% of all EU aid (compared to 6,5% in 2000). Expressed in euros per capita, however, the future member States stand out clearly as the primary target of the EU's aid policy. To these subsidies are to be added subsidised loans from the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), but the latter organisations undervalue the Mediterranean neighbourhood.

If we consolidate the entire financial resources of the EU (net balance of the EU operating budget for member states, ODA from the EU namely thanks to the European Neighbourhood and partnership instrument-ENPI, EIB and EBRD commitments), €261 per capita go to new member States, €145 to future member States of the former Yugoslavia and €45 to Turkey, €26 to the eastern European neighbourhood, but €13 to Mediterranean counterparts (and dropping) and just €11 excluding Palestine – much less than to Russia and only slightly more than to Central Asia.

Table 57 - EU financial contributions (subsidies and loans) to development, 2009 (in 2008 €)

	<i>New Member States</i>	<i>Former Yugoslavia<sup>a</sup> &amp; Albania</i>	<i>Turkey</i>	<i>Eastern neighbourhood</i>	<i>Russia</i>	<i>Central Asia</i>	<i>Mediterranean neighbourhood</i>	<i>idem excl. Palestine</i>
<i>€ millions:</i>								
EU operating budget balance <sup>b</sup>	11 006							
ODA - European Commission	0	699	577	376	0	85	<b>1 119</b>	<b>702</b>
EBRD	2 353	975	150	1 449	2 366	536	<b>0</b>	<b>0</b>
<u>EIB</u>	<u>13 582</u>	<u>1 692</u>	<u>2 648</u>	<u>100</u>	<u>133</u>	<u>0</u>	<b><u>1 569</u></b>	<b><u>1 569</u></b>
<b>Σ EU</b>	<b>26 941</b>	<b>3 366</b>	<b>3 375</b>	<b>1 925</b>	<b>2 499</b>	<b>621</b>	<b>2 688</b>	<b>2 271</b>
<i>€ / capita:</i>								
EU operating budget balance <sup>b</sup>	106	0	0	0	0	0	<b>0</b>	<b>0</b>
ODA - European Commission	0	30	8	5	0	1	<b>5</b>	<b>3</b>
EBRD	23	42	2	19	17	9	<b>0</b>	<b>0</b>
<u>EIB</u>	<u>131</u>	<u>73</u>	<u>35</u>	<u>1</u>	<u>1</u>	<u>0</u>	<b><u>7</u></b>	<b><u>8</u></b>
<b>Σ EU</b>	<b>261</b>	<b>145</b>	<b>45</b>	<b>26</b>	<b>18</b>	<b>10</b>	<b>13</b>	<b>11</b>

*Notes.* These figures are to be viewed as orders of magnitude for several reasons: data definitions are often not strictly comparable from one source to the next; a (small) portion of ODA funds to the Mediterranean neighbourhood is partially non-localized (one-third of this portion attributed to Palestine for the purpose at hand); approximately €100 million in non-localized funds attributed to the Eastern European neighbourhood by the ENPI is not taken into account in the OECD-DAC statistics.

<sup>a</sup>: excl. Slovenia. <sup>b</sup>: 2008 (UK adjustment included).

Sources: OECD-DAC for ODA; EU Budget 2008 Financial Report for operating budget balance; EBRD and EIB activity reports; author's calculations / [Beckouche 2011].

In contrast to the hopes that presided over its launch, the Union for the Mediterranean is not currently contributing any additional private financing, with the bulk of UfM community funding provided under the European neighbourhood policy. Nonetheless, international donors are beginning to step up, notably for the Mediterranean Solar Plan, with private investors possibly not far behind.

2°) ... and too much scattered to really impact territories positively

The economic and financial pillar of Barcelona offered multiple lines of action to the Association Agreements through which the EuroMed policy has been implemented, such as gradual establishment of a free-trade area, deep regional integration, modernisation of SEMC production structures, social development to minimise the effects of economic openness, promotion of women's role in development and so forth. During the second phase of the program (Meda II funding, 2000-2006), the scope of possible actions expanded further due to the reinforcement of the "security pillar". However, the Meda II evaluation report [EC 2009] made numerous simultaneous recommendations, amongst them maintaining budget support of institutional reforms, strengthening justice, upholding democratisation and human rights, promoting expansion of the role of civil society, increasing the allocation of resources to capital investment in SMEs and responding to regional "crucial questions". The European neighbourhood policy, for its part, confirmed these ambitious

directions. The ENPI (2007-2013) plays a role in all development areas: trade, environment, climate change, peace and security, agriculture, fishing, social aspects (health, education, professional training), employment and labour, migration, research and innovation, information society, sound governance, taxation – not to mention consideration of the gender balance, children's rights and defence of indigenous peoples.

To which actors has the funding been in fact allocated? A large share of this funding takes the form of budget support: 36% during Meda II and 38% with the ENPI (some sources being associated with even higher proportions). The private sector received only 10% to 20% (at most 30% in Tunisia during Meda II). Although agriculture accounts for one-fourth of the GDP in most SEMCs, it was almost entirely overlooked.

Before the Arab spring the European Commission's Mediterranean policy was therefore characterized as follows: a low financial priority, for a varied range of actions across an extremely broad scope and, for the most part, taking the form of budget support for various ministries. As a consequence, the average size of projects funded in SEMCs was five times smaller when financed through the ENPI than through the World Bank, and the impact of this European policy on Arab territories and public opinion particularly disappointing.

Launched during the G8 summit of Deauville in May 2011, the Deauville partnership associates the EU, the international donors such as the World Bank, the IMF or the African Development bank, the Arab sovereign funds. The promised money (at that time one spoke of tens of billions dollars) was supposed to support the Arab countries in transition. Since then, some European programmes have indeed been enhanced such as FP7 and Erasmus Mundus in the Mediterranean, European Neighbourhood Programme for Agriculture and Rural Development (Enpard) programme in particular in Tunisia, and the mandate of the EDRB has been enlarged to the Mediterranean countries in transition. The March 2013 Communication on the new Neighbourhood Policy of the European Union [2013] proposed to raise the European money to the Neighbourhoods by 22% in 2014-2020. It is too soon to measure the impact of the money that will be actually dedicated to the Mediterranean neighbour regions.

#### 6.4.3. The Euro-Mediterranean missing link is productive integration

1°) The economic future of the Med ENC's relies on the modernisation of their production systems

Over the last fifteen years, ENC's exports have certainly increased exponentially, but imports have increased even more. With the exception of the hydrocarbon-producing countries, merchandise trade surpluses have declined dramatically since 2001, particularly in relation to Europe, evidence that their production systems have not been adapted to the new global technological environment. According to the FEMISE report [Galal et al. 2009], the technological level of exports has not shifted towards more labour and technology-intensive products. The proportion of intra-industry trade has grown only slowly with Europe, demonstrating that despite recent advances we still have far to go in value sharing between the northern and southern Mediterranean.

In a study on the European Euro-Mediterranean policy's assessment, Beckouche [2011] shows that, for five countries studied (Morocco, Tunisia, Egypt, Jordan and Syria), ODA received from the European Union corresponded to less than 0.3% of GDP in 2008, in contrast to other sectors that play a determining role in external balances: tourism revenue (8,5% of GDP), migrant remittances (6,1%), FDI (5,3%) and, negatively and most significantly, the collapse of the trade balance (-13,9%). It has become clear, especially since the early 2000s, that the economic future of the Arab countries is dependent on the international positioning of their production systems (trade balance and FDI). Neither tourism revenue nor migrant remittances, much less European subsidies, can offset declines in this area.

2°) Regional de-integration

Even more troublesome, Europe's share in the foreign trade of Mediterranean partner countries appears to have reversed for all countries with the exception of Morocco (stagnation). One would think that the gradual establishment of the EuroMed free-trade area would lead them to greater openness amongst themselves and to the rest of the world. In reality, however, a large part of this extra-regional openness is due to the handicaps of Euro-Mediterranean integration: (i) poor North-South production integration, (ii) high non-tariff barriers preventing access to the European agricultural and other markets and even greater

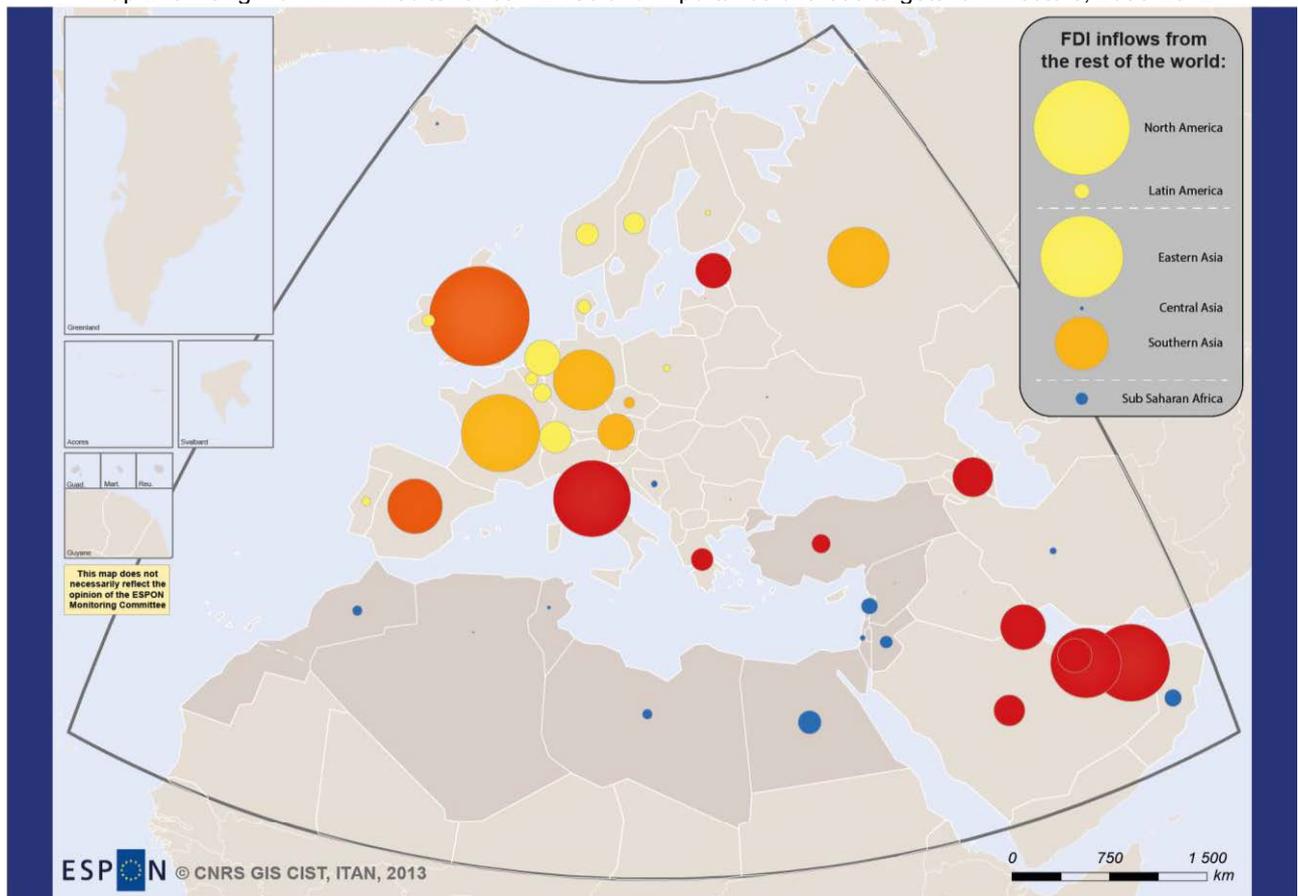
barriers to the markets of individual Mediterranean ENCs, (iii) technical (inadequate quality of cross-border infrastructures) and monetary (limited currency convertibility) obstacles to trade between ENCs in spite of the Agadir and GAFTA agreements between Arab countries, (iv) poor liberalisation of services.

Galal and Reiffers [2010] summarized the findings of multiple studies of the impact of the EuroMed agreements on regional trade. They state that overall impact has been positive but limited and declining over time due to (i) gradual elimination of the multi-fibre agreement controlling the preferential margin that these ENCs once enjoyed in comparison to Asian countries, (ii) the EU's signing of preferential agreements with CEECs and (iii) the effects of the EU's restrictive policy concerning agricultural trade on ENCs' exports. In goods trade as well as in FDI flows, South-South trade in the Mediterranean neighbourhood has improved (10% of all Med ENCs' trade) but remains low. This market fragmentation serves as a further disincentive for FDI in the region.

European share in Mediterranean ENCs' FDI inflows has declined from more than 50% a decade ago to barely a third in 2010. Money from the Gulf States has come to dominate the eastern Mediterranean with devastating effects on the production economy in the case of Lebanon as documented by Charles Abdallah [2011]. Moreover, FDI amounts have fluctuated at the mercy of a small number of major transactions, typically associated with privatisations. Only Turkey has successfully leveraged its – extensive – FDI inflows as a virtuous circle of technological intensification on the part of investors to increase the export competitiveness of their operations in Turkey. In the other Med ENCs, FDI is directed excessively into tourism, real estate or one-off (by their nature) privatisation transactions and has not had the catalytic effect experienced in countries that support FDI inflows with strong savings and production-oriented economies. These figures help understanding the overall low connexion between Europe and its neighbours as shown in the second chapter.

The Anima database confirms the previous statement derived from Unctad data. In the period 2008-2012, FDI to the Mediterranean Neighbours were significant only for the Gulf countries, Turkey and Italy. For the major western European countries, these Neighbour countries represent less than 9% of the target and even less than 6% for France, Germany, Netherlands, and Belgium.

Map 218 - Origin of FDI in Mediterranean ENC's and importance of these targets for investors, 2008-2012

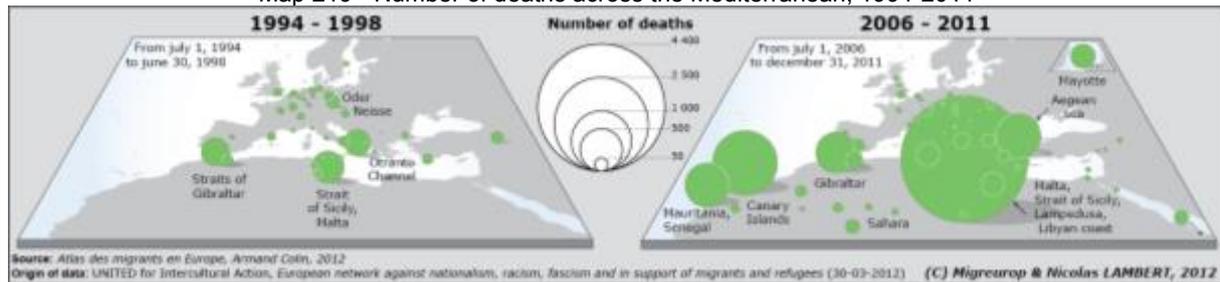


Regional level: National level  
 Source: ESPON project (ITAN), CNRS GIS CIST, 2013  
 Origin of data: ANIMA - MIPO, 2013 & UNCTAD, 2012  
 © UMS RIATE for administrative boundaries  
 For some territories no clear international statement exists



Three main issues were overlooked in Barcelona. The first is financial and monetary cooperation with respect to foreign exchange, an issue thrust to the forefront during the international financial crisis – even though banking consortia bringing together institutions on both shores are beginning to appear, and investment capital actors have formed a network (EuroMed Capital Forum). Second is agriculture as we said (see also [Cihem 2008]). Last but not least is professional mobility, recognition of credentials, professional qualifications and facilitation of movement within Euro-Mediterranean regional labour markets. In particular, Europe is losing the battle for attracting the ENC's qualified labour forces particularly in the Eastern Mediterranean. For example only 1 out of 6 high level Jordanians students enrolled abroad come to Espo; the majority of the high skilled East Mediterranean people living abroad live in Northern America. This all the more unfortunate as except singular countries such as Lebanon, outmigration of skilled people could be win-win and not a brain drain. It is impossible to speak of any Euro-Mediterranean regional integration with so many obstacles to people's movements (see map 219 on deaths while crossing the Mediterranean).

Map 219 - Number of deaths across the Mediterranean, 1994-2011



In other words, integration of the Mediterranean continues to be more trade-oriented than production-oriented, and segmented with North-South trade prevailing over South-South, non-tariff barriers in the North and in the South persisting or expanding, distortions between countries in regards to taxes and subsidies, and market segmentation. In short, economic integration has been weak overall and superficial rather than deep by any definition.

### 3°) Lack of thorough modernisation of Mediterranean ENC's economies

By focusing on denationalisation and international openness at the expense of support for the local private sector, Europe's policy in the Mediterranean territories bears a share of the responsibility for the current situation. However, primary responsibility falls directly on the ENC's regimes. Growth in that region has been more quantitative than qualitative due to the poor quality of national policies in the areas of training, research and technology and weak productivity gains. It is far from sufficient to offset problems of underemployment, including amongst the highly skilled. Competition has admittedly become more open, but there is still a long way to go both internationally, since the Arab countries remain amongst the most protectionist worldwide, and within their countries where markets continue to lack transparency. This openness has consequently failed to generate sufficient impact to stimulate business competitiveness, one of the main challenges of the economic democracy ushered in by the Arab Spring.

#### 6.4.4. The political cooperation between ENC's & Europe

In spite of all this, the Mediterranean Neighbourhood policy has already had four positive outcomes. First is the practice taken up by the governments of countries within the region of interacting with one another either at a ministerial level or between experts. Second is openness to international commerce in the form of both trade and FDI, thanks to the Agreements with the European Union. As a result, the third positive outcome is this remarkable macroeconomic stabilisation of the ENC's. Fourth and not least is the steps taken towards deep integration between the two Mediterranean shores, in the following concerted regulations:

- Financial market regulators have established a Euro-Mediterranean network.
- Environment: initiatives date as far as 1975 and the launch of the UNEP Mediterranean Action Plan. However, little progress has since been made on one of that project's symbolic objectives, pollution reduction in the Mediterranean Sea. It took until 2008 and the launch of the EIB's Horizon 2020 program before any significant and concerted action would start in regards to water sanitation in coastal areas. The UfM has made a priority of pollution control in the Mediterranean, confirming the importance of the environmental theme to regional integration. On the other hand, the environment could also become a source of discord between the two shores as environmental standards increasingly create a non-tariff barrier blocking European markets to agricultural exporters in third countries including Mediterranean (e.g., possible European penalisation of imports coming by way of road transport).
- Energy: the Barcelona process ministers opted in 2003 to move towards integrated gas and electricity markets between the Med ENC's and Europe. National agencies responsible for energy savings and renewable energy formed a regional network called MEDENER. The UfM's decision in 2008 to launch the Mediterranean Solar Plan presumes a certain heightening of cooperation in this regard, whether in terms of solar production, electrical interconnection infrastructures or regulatory aspects.

- Transport: the EuroMed Transport Forum has led to joint master plan for transport infrastructures destined to cover the entire regional territory and for financing of the first elements of this system. The UfM's Motorways of the Sea project is an extension of this action.

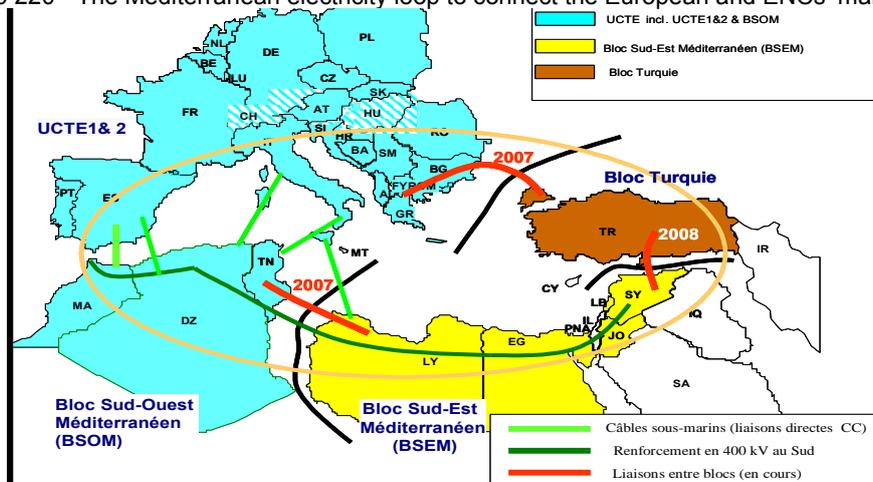
**Box 4 - Key common projects and regulations for the connexion between Europe and the Mediterranean ENRs**

Monitored by the European commission since 1999, the Euromed Transport Forum gathers representatives of ministries of transport of Europe and the Mediterranean partner countries. The *Euromed Transport Forum's 17 priority infrastructure projects* have been selected at the end of the 2000s according to ambitious regional criteria: intermodal, port and rail projects rather than road ones, in order to address the climate change issue; projects of international dimension i.e. international connexions and/or parts of transnational corridors. The choice has been driven by the Euro-Mediterranean master plan for transport which had been drawn in common in 2005.

The *Motorways of the Sea* (MoS) promote better transport connections in the Mediterranean, through support to pilot projects, awareness raising, model building and information dissemination. Those projects are threefold: (i) a modal report on sea rather than on road; (ii) a modernisation of port governance by exchanges of experiences and better coordination in information and procedures, in order to reduce logistics time; (iii) a planning dimension in order to expand and modernise port facilities in the ENRs. In western Mediterranean the most advanced projects are Morocco–Port Vendres, Algeria–Barcelona and Marseilles, Tunisia–Marseilles and Genoa, Israel–Trieste.

The *Mediterranean electricity loop* one is of utmost importance in the same time for the ENRs development and for a good connection with Europe. It will interconnect the grids of all the countries bordering the Mediterranean and is considered by the European commission has a key priority. At present, there are three interconnected zones: Europe (Union for the Coordination of Electricity Transport-UCET) and Morocco, Algeria and Tunisia; Europe and Turkey; the south-eastern Mediterranean block which links the countries from Libya to Syria. There are still some barriers to a region-wide inter-connexion, owing to different security standards and levels from grid to grid. Addressing those issues will require, in the short-term, creating an inter-connexion between Turkey and Syria, and one between UCET and Egypt via Libya.

Map 220 - The Mediterranean electricity loop to connect the European and ENCs' markets



Source: OME

Since the rise of the Arab Spring, the European Union calls for a renewed Mediterranean partnership; it will clearly no longer be based on public aid. Aid will remain necessary to help countries engaged in a difficult transition such as Tunisia, but the regional strategy can no longer rely on subsidies. Is the UfM, which was launched in order to promote private projects, the solution? One could estimate that a juxtaposition of projects will not be sufficient. On-going political and academic debates are discussing (i) political conditionality: from now on, no Mediterranean ENC should be supported by European money if it is not involved in a genuine democratisation and the rule of law; (ii) stronger support of the production system, better convergence of economical norms and standards, and constitution of a Euro-Mediterranean development bank. The European Commission [2011] had launched the accurate prospects in its

communication of March 8th 2011: liberalisation of professional mobility, substantial increase of EIB's loans, enlargement of the EBRD's mandate to Mediterranean neighbours, and project of a "Euro-Mediterranean Community of Energy": but will it be followed up?

Given the historical role of public policies in the region, the good balance should certainly associate private projects and public commitments. Indeed, the perspective of regional common policies is on the way. Such a view would change a lot of things: the type of supported projects, the type of funds (loans and investment capital rather than subsidies and budget support), the type of backed stakeholders namely the private sector and the SMEs that would get involved in the common policies. In which field should such common policies be set up? The list has been known for a long time on both sides of the Mediterranean: a common energy policy, a food security policy, a common water strategy – far beyond the de-pollution of the Mediterranean – and above all a liberalisation of professional mobility.

#### 6.4.5. Synthesis and policy orientations

##### 1°) Avoiding water wars

Of course water is a very local resource, but a regional cooperation could turn it from a political threat into an economical asset. Notwithstanding the impact of global warming, the Mediterranean is already experiencing problems in access to water and sanitation that at times lead to water conflicts. Yet water could become the cornerstone of a high-level economic channel and an ambitious international cooperation program. The priorities are well known: efficient use of water and a water demand driven management; improved local and national governance in order to get clear contracts of water supply; pricing, that is economically appropriate, territorially efficient and socially fair; legal and financial security of investments to facilitate public-private partnerships, especially for sanitation (Fernandez et al., 2010).

Since 1976, Mediterranean water issues have been at the centre of numerous debates, and yet results have not made much progress. What the region needs is a better coordination and an involvement of all concerned actors i.e. not only Water ministers but also Agriculture since agriculture uses the three quarters of these countries' water, and Urban planning authorities as well as operators and local authorities.

What could be designed is a Mediterranean Water Agency. Its role would be to coordinate the actions of the numerous institutions and NGOs focusing on water in the Mediterranean. The Agency's charter would echo the common principles about pricing and clear contracts which would need to be respected to receive funding from public and private international donors. Its missions would be information, promotion of new water practices for agriculture, exchange of experience and expertise, vocational training and research, hydro diplomacy that is mediation on trans-boundary waters. When it comes to its governance, a Euro-Mediterranean Water Council could group representatives of Heads of State of participating countries, major towns in the region and directors of NGOs and institutions working with water in the Mediterranean, to determine the Agency's strategic lines; in a second phase, the running of the Agency itself and its executive decisions could be entrusted to professionals representing basins or other relevant areas – and not the water public administration alone – covering all actions necessary for integrated water and sanitation management (Ipemed, OIEau, Remob, 2010).

Is it idealistic? It is not: the Mediterranean ENCs more and more adapt their regulation closer to the EC Water Framework Directive. They acknowledge that they need the European knowhow. On the reverse way European stakeholders acknowledge that there are business opportunities in the Mediterranean, and that a good local governance of water management is an excellent way to promote citizens' participation and democracy.

##### 2°) A food security and agricultural policy

The issue of food will become a crucial problem for the whole region owing to (i) growing population in the South and East of the Mediterranean, with almost 400 million people to feed by 2030, (ii) rising nutritional imbalances and diseases linked to the gradual abort of the Mediterranean diet made of fruits, vegetables, olive oil and fish, (iii) deteriorating ecosystems, global warming, reduction of available farming land and water

resources, with serious effects on the potential of local production, which currently provides more than 25 million jobs in the region.

The consequence for the SEMCs is a rising biological and economic food deficit, increased dependency on imports coming from instable international markets. It has to be remembered that the political unrest in Tunisia began a couple of years ago with riots due to bread price. If nothing is done, further social, economic and ecological disasters are inevitable. Europe needs to go beyond the discussions on Euro-Mediterranean free trade agreements that have been dragging on for thirty years. Experts and scientists (Ciheam, 2008) discuss the idea of a new Mediterranean policy for agriculture and food based on Europe's half-century CAP experience: (i) encouraging in SEMCs more local food production through significant investment in R&D and training, and by setting up inter-professional channels, plus regulations to improve product quality; (ii) promoting the Mediterranean diet by educating, developing geographic labels and setting up communication plans around the world with a view to conquering markets; (iii) creating regional food security by stimulating North-South and South-South complementarity via mid-term supply contracts, security stocks of strategic products (cereals and oleaginous plants) and – why not? – Euro-Mediterranean commercial preference for all food products.

Is it idealistic? It is not: the Central European states' membership has been prepared and accompanied by a strong commitment of the EU vis-à-vis their agricultural and rural modernisation. Why would not the methods of the CAP be adapted to the Mediterranean Neighbours?

### 3°) A "Euro-Mediterranean Energy Community"?

Energy: the issue is to make both supplies and commercial markets secure. Securing supplies is as relevant for European countries as it is for SEMCs that do not produce hydrocarbons. In SEMCs, ten million people still have no access to energy and their demand for primary energy is set to rise by 5% per year up to 2030 (OME, 2008); in particular, electricity demand is increasing at 6 to 8% per year, with critical supply situation in countries like Egypt (Kholer, 2011). A deep regional integration would imply that an agreement between Euro-Mediterranean countries relate to supplies as a whole, both South-North and South-South. The issue of securing markets calls for preserving long-term gas agreements, which the European commission has hitherto not wanted to accept for the sake of liberalism and strong belief in spot markets. The energy's world has only experienced producers' organisation (Opec): could not a brand new organisation that would associate producers and consumers be experienced at a regional level?

Industry: energy represents immense industrial potential for the whole region. The EIB estimates that SEMCs need to invest €100 billion in energy over the next ten years. The Mediterranean Energy Observatory goes further: in the electricity sector alone, it estimates that by 2020 countries bordering the Mediterranean – essentially on the south side – will have to obtain additional capacity of 220 GW; without including the renewal of existing power plants, 440 new 500 MW units will have to be built, for a total investment of €120 billion. The Mediterranean Solar Plan will cost tens of billions of dollars, not counting increased numbers of trans-Mediterranean electricity lines. This means that, for instance, the countries of the region could jointly draw up a management plan for "Trans-Mediterranean and South-South Energy Highways". An immense technological and industrial co-development project could be set up, provided that Euro-Mediterranean countries can transcend shallow commercial relationships. The UfM could be a useful vehicle for such cooperation, which would positively balance Gazprom's negotiating power on the European market.

Environment: the Mediterranean is one of the regions of the world where the impact of global warming is set to hit hardest. The EU's Climate and energy package 2008 directive sets an ambitious ceiling on European energy consumption with a minimum share of 20% of renewable energy in 2020. Its article 9 is a potentially important cooperation tool, since EU countries will be authorized to include in their energy balance renewable energy produced outside the EU notably from SEMCs – hence the Mediterranean Solar Plan. SEMCs are also making an effort by adopting environmental measures, although these remain insufficient. The countries of the two shores of the Mediterranean could very well adopt similar objectives and ceiling of their energy consumption balance, and promote commonly new financing tools of carbon reduction.

Is it idealistic? It is not: notwithstanding the huge Mediterranean markets in the energy field, Europe will be more and more dependent upon energy imports, tremendously needs to secure its procurement and not to

rely too much on Russia. Besides, the environmental impact of any poor energy transition would not respect any border: it is in the interest of the whole Euro-Mediterranean region to complement this transition in a collaborative way.

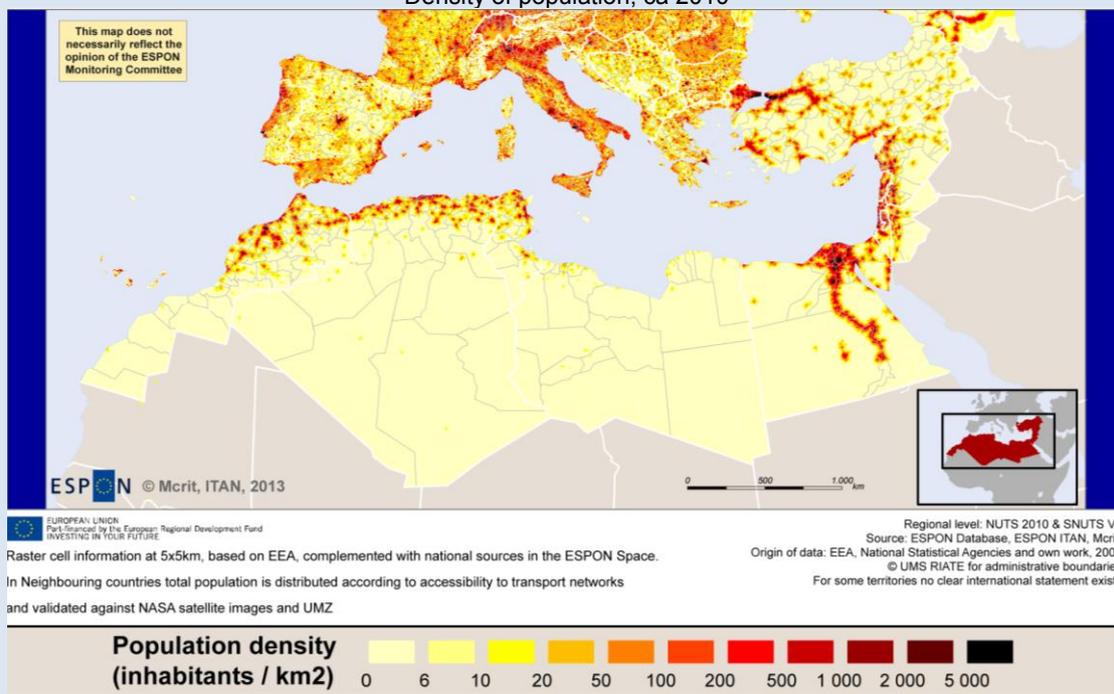
4°) Such policy orientations suppose a real *professional mobility* in the region, instead of the counterproductive and humiliating hard visa regimes that prevail in the Euro-Mediterranean area. Is it idealistic?

### Mediterranean Neighbourhood

Algeria – Egypt – Israel – Jordan – Morocco – Lebanon – Libya – Occupied Palestinian Territory Syria – Tunisia – Turkey

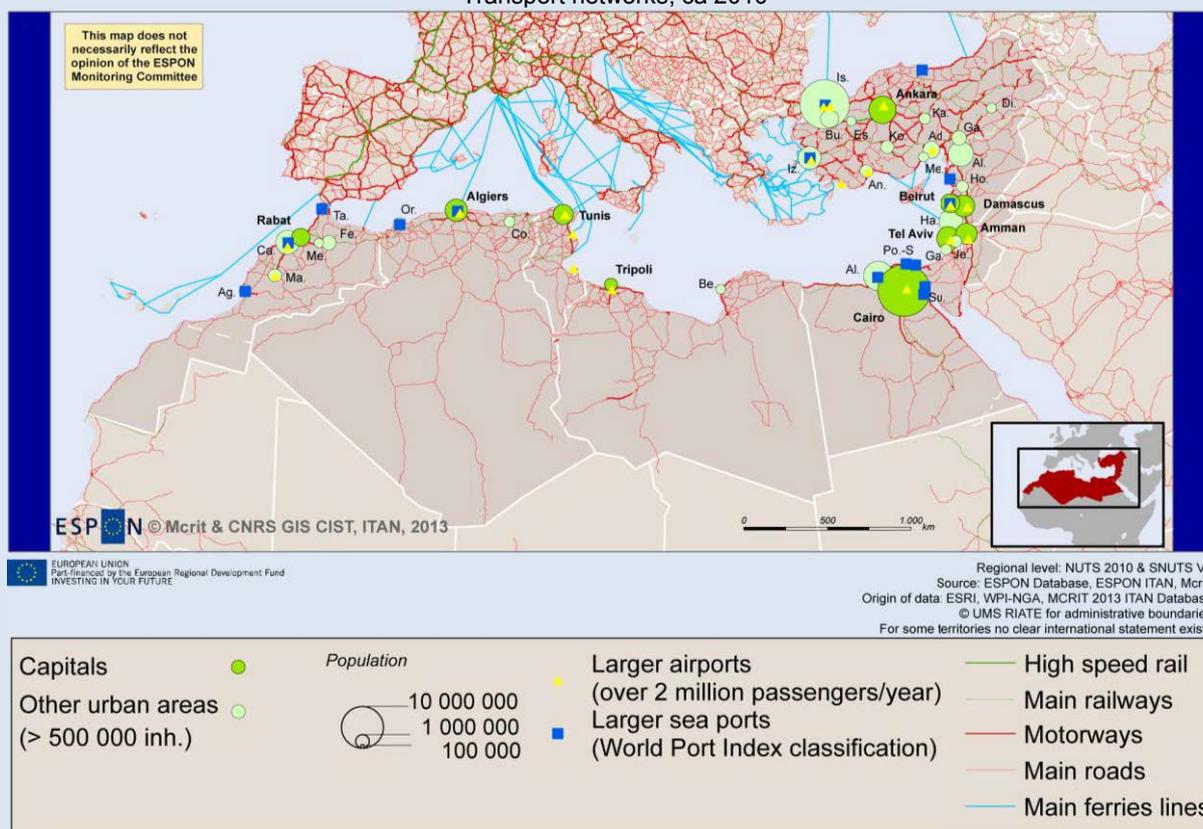
	1994 → 2011				1990 → 2011	2010
	Total population (million)	Population annual growth (%)	Share of world GDP at current prices (%)	GDP per capita (US \$)	Human Development Index (non demographically weighted average)	Greenhouse Gas emissions per capita (tons CO <sub>2</sub> equivalent)
All Neighbourhoods	470 → 525	0,7	3,4 → 5,9	1 965 → 7 834	0,589 → 0,719	7,8
Mediterranean Neighbourhood	215,7 → 284,6	1,6	1,5 → 2,5	1 869 → 6 244	0,565 → 0,698	4,4
E.U.	483,1 → 507,8	0,3	29,9 → 25,3	16 625 → 34 826	n/a → 0,877	8,7

Density of population, ca 2010



This Neighbourhood is the only one which share in the world's population and GDP is rising. The annual growth rate of its GDP is impressive even though still far from the growth rates that made the south-eastern Asian Dragons and Tigers key countries of the booming East Asian region. With 285 million inhabitants, the Mediterranean ENC is by far the first European Neighbourhood and it will be more and more so due to the demographic decline of the other Neighbourhoods. In 2025 the number could be over 340 million, and 460 with the Arabic peninsula and Iraq that is to say the Arabic immediate lengthening of the Mediterranean Neighbours. Another asset of this Neighbourhood is its natural resources namely energetic. The bad news are (i) the environmental sharp stakes, in particular the water issue thus the agricultural issue. (ii) The energetic transition, which is not granted. The business-as-usual scenarios foresee a Mediterranean energy mix largely dominated by hydrocarbons, with low energetic efficiency and poorly sustainable urban growth (urban sprawl, choice of car transport...). (iii) The economic and political transition, which is on its way but could take a very long time, with conflicts and wars. (iv) A Neighbourhood less and less connected to Europe, especially the East Mediterranean where the influence of the countries of the Gulf is growing, with declining common social, cultural and political references with Europe.

## Transport networks, ca 2010

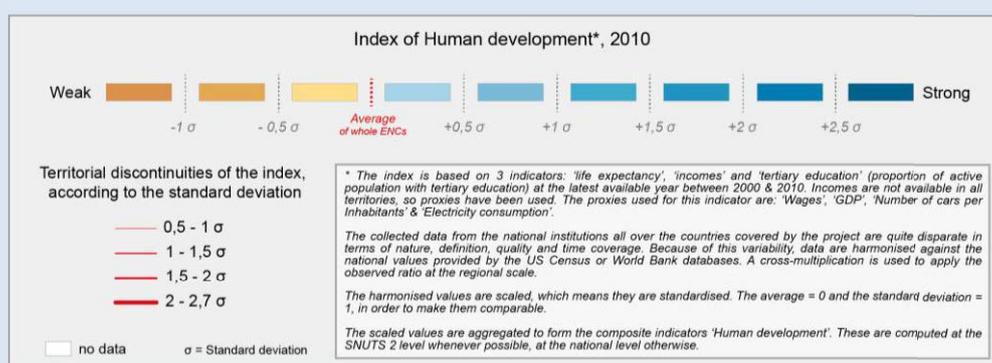
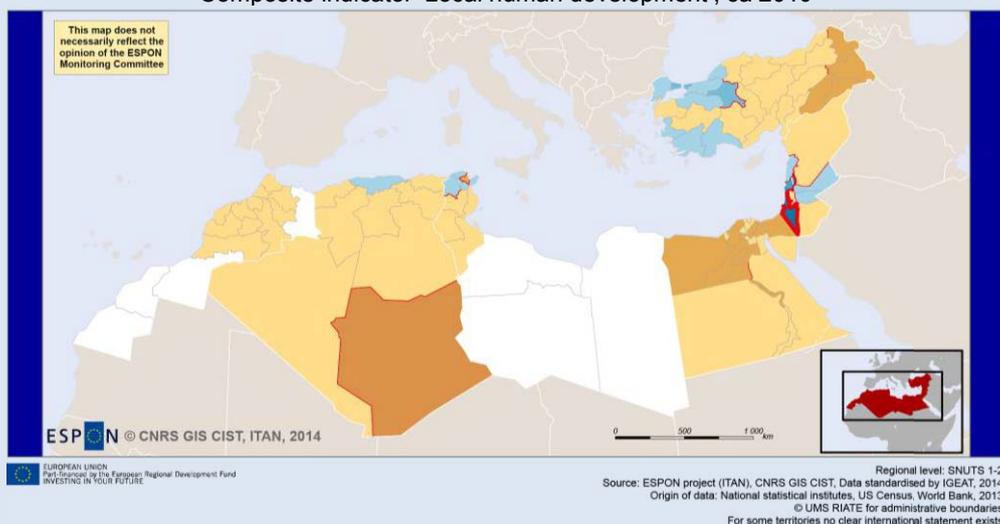


For climatic reasons, the organisation of space in the South and East of the Mediterranean is marked by the concentration of the settlements on a narrow littoral margin of the territory, including an important rural density – at least in the territories which fit for agriculture – and a rapid urban growth. This neighbourhood is experiencing, in the same time, major challenges in its rural areas (rising pressure on agricultural land, impact of the rainfall shortage, risks of a straight food trade liberalisation with Europe, high rural density), and major challenges in its urban areas. Today the Mediterranean partner countries' cities count 190 million inhabitants and four more million every year. The population's urban rate was 64% in 2004, it will be over 75% in 2025.

The contrast in demographic growth is impressive between south-eastern Europe and western Turkey but the contrast between the latter and central Anatolia is still sharper. This can be said of the whole Mediterranean Neighbourhood: the discontinuities are not that much with Europe (for instance the growth is quite alike between Morocco and south-western Spain) than within each Mediterranean neighbour country. In terms of living conditions, infrastructures, public services and social development, Southern Morocco, southern Algeria or southern Egypt are much more worrisome than the differences in demographic settlements and growth along the border between Europe and its Mediterranean neighbours.

The transport networks are incomplete. Despite on-going progress for example the Maghreb coastal motorway (without connection yet between Morocco and Algeria), huge infrastructures remain to be made, in particular in the railway networks. The map displays impressive contrasts – spectacular in Egypt – between the urbanised space and the arid lands. The only exception of this pattern is Turkey, where the inner Anatolia is occupied throughout an overall network of transport and cities that somehow meshes the territory, within the country and with the EU's neighbours thanks to the territorial continuity permitted by the Istanbul bridges – a major difference with the other countries of the Mediterranean Neighbourhood. The various political discrepancies entangle the transnational links between Morocco and Algeria, between Egypt, Israel and the occupied Palestinian territory, and, now, between Syria and its neighbours.

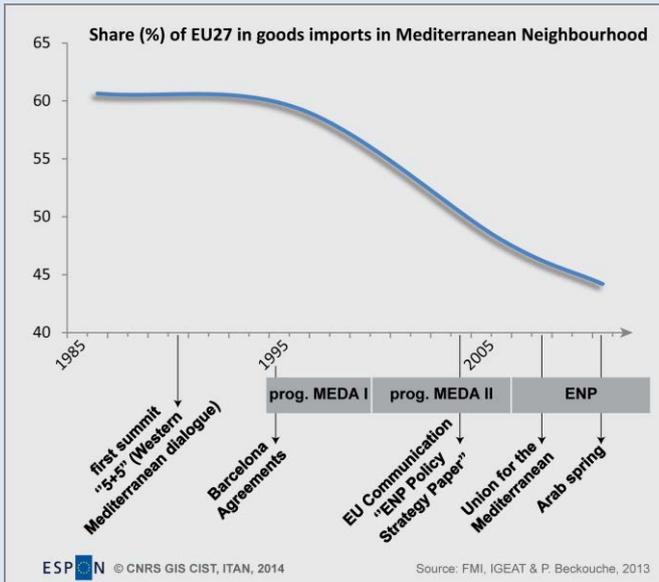
### Composite indicator 'Local human development', ca 2010



The map above depicts the Israeli specificity in this Neighbourhood (very positive components for life expectancy, education and income when compared to the Mediterranean average), as well as that of the western part of Turkey. However, some regions of the Arab countries benefit from a good local index: Algiers and the central urbanised coast of Algeria; the North-East of Tunisia (area of direct influence of the Tunis urban region) with a strong discontinuity vis-à-vis the rest of the country including the coastal part near Sousse or Sfax; Lebanon – but here we only have a national value; and more surprisingly north-western Jordan (yet with a low demographic density there). The lowest values are in south-eastern Algeria, with a life expectancy particularly low in the Mediterranean context. Several parts of Egypt show worrisome too, including governorates densely occupied such as in the Cairo area, which suggests also potential unrest. The most unequal country is Turkey.

The Mediterranean ENC's displays the highest rates in the world for the gender gap in activity (a very low percentage of women are officially active) and in employment (11 points between the two unemployment rates). This gender issue is of high significance, for two reasons: (i) the tangible situation of women proves difficult, with terribly low figures of the women's social status in the rural areas. The access of girls to education has dramatically improved in all the Mediterranean ENRs, but it will take a long time before their access to the labour market is equal to that of men. (ii) The status of the women vis-à-vis men has a lot to do with the cultural closeness vis-à-vis Europe where the equality between individuals, whatever their gender, is the very basement of the social contract.

Territories are hardly at the top of these countries' political agenda, because they are rarely seen as an asset for development. When the relation between territories and economy is taken into account, it is all too often according to the rent economy that characterises the Mediterranean Neighbours – were it tourism, real estates, hydrocarbons revenues, remittance or international aid, due to the lack of a modern productive system except in Turkey. When the first Tunisian revolutionary government took office in January 2011, they were stricken by the importance of the territorial divide that had been highlighted by the social unrest. The Tunisian themselves had not taken into account the dimension of the territorial inequality; hence it has become a critical issue of the on-going political transition.



Cooperation vs. real regional integration

The European aid received by the Mediterranean ENC is too much scattered to really impact territories positively, and it is decreasing. More important, the Euro-Mediterranean missing link is productive integration, whereas the economic future of the Med ENC relies on the modernisation of their production systems. The economic regional integration between the two sides of the Mediterranean is decreasing.

Nevertheless, the Mediterranean Neighbourhood policy has already had four positive outcomes. First is the practice taken up by the governments of interacting with one another. Second is openness to international commerce in the form of trade and FDI, thanks to the Agreements with the EU. Third is macroeconomic stabilisation. Fourth and not least is the steps taken towards deep integration in the following concerted regulations: financial markets, where

regulators have established a Euro-Mediterranean network; environment, where initiatives date as far as 1975 when the Unep Mediterranean Action Plan was launched; energy, since the Barcelona process ministers opted in 2003 to move towards integrated gas and electricity markets between the Mediterranean ENC and Europe, and since the UfM's decision in 2008 to launch the Mediterranean Solar Plan; transport, thanks to the EuroMed Transport Forum's master plan for infrastructures.

### Policy orientations of the territorial issues and cooperation

1°) *Avoiding water wars.* Notwithstanding the impact of global warming, the Mediterranean is already experiencing problems in access to water and sanitation that at times lead to water conflicts. Yet water could become the cornerstone of a high-level economic channel and an ambitious international cooperation program. The priorities are well known: efficient use of water and a water demand driven management; improved local and national governance in order to get clear contracts of water supply; pricing, that is economically appropriate, territorially efficient and socially fair; legal and financial security of investments to facilitate public-private partnerships, especially for sanitation.

2°) *A food security, rural and agricultural Mediterranean policy.* The issue of food will become a crucial problem owing to (i) growing population, (ii) rising nutritional imbalances linked to the gradual abort of the Mediterranean diet made of fruits, vegetables, olive oil and fish, (iii) deteriorating ecosystems, reduction of available farming land and water resources, with serious effects on the potential of local production which currently provides more than 25 million jobs. Avenues for European cooperation deal with (i) encouraging more local food production through significant investment in R&D and training and by setting up inter-professional channels; (ii) promoting the Mediterranean diet and developing geographic labels with a view to conquering world markets; (iii) creating a regional food security.

3°) *A "Euro-Mediterranean Energy Community"?* Energy has much to do with territories: local access to electricity, solar electricity for remote areas, energy saving by compact sustainable urbanism, cross-border cooperation thanks to shared energy transport facilities. Given the resources in the Mediterranean, energy is a field of obvious complementarity with Europe: (i) making both supplies and commercial markets secure in the region; (ii) enhancing the immense industrial and technological potential for the whole region (US\$200 billion are to be invested in energy in the Mediterranean ENC in the coming decades) and sharing the value chain; (iii) promoting together the energy transition.

4°) Such policy orientations suppose a real *professional mobility* in the region, instead of the counterproductive and humiliating hard visa regimes that prevail in the Euro-Mediterranean area.

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Maroc 2030	<a href="http://194.204.215.40/maroc2030/Default.aspx?tabid=36">http://194.204.215.40/maroc2030/Default.aspx?tabid=36</a>
Instituto Nacional de Estadística	<a href="http://www.ine.es">www.ine.es</a>
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World Bank	<a href="http://data.worldbank.org/">http://data.worldbank.org/</a>
International Monetary Found	<a href="http://www.imf.org">http://www.imf.org</a>
United Nations, Population Division	<a href="http://www.un.org/esa/population/">http://www.un.org/esa/population/</a>
Union pour la Méditerranée	<a href="http://www.ufmsecretariat.org/en">http://www.ufmsecretariat.org/en</a>
Commission Interméditerranéene	<a href="http://www.medregions.com/">http://www.medregions.com/</a>
Ministère de l'Équipement et du Transport	<a href="http://www.mtpnet.gov.ma">http://www.mtpnet.gov.ma</a>
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TourEspaña	<a href="http://www.tourspain.es/">http://www.tourspain.es/</a>
AENA Statistics	<a href="http://www.aena-aeropuertos.es/csee/Satellite?pagename=Estadisticas/Home">http://www.aena-aeropuertos.es/csee/Satellite?pagename=Estadisticas/Home</a>
Cross-Border cooperation in the Mediterranean	<a href="http://www.enpicbmed.eu/">http://www.enpicbmed.eu/</a>
Euro-Mediterranean free trade area (EMFTA)	<a href="http://www.sia-trade.org/emfta">http://www.sia-trade.org/emfta</a>
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SESRIC	<a href="http://www.sesric.org/">http://www.sesric.org/</a>
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## 7. THE BLACK SEA CASE STUDY

### 7.1. Introduction: Is there a Black Sea region?

This case study concerns territories included in 3 different neighbourhoods: the Eastern Neighbourhood (Moldova, Ukraine and Russia), the Caucasus Region (Georgia) and the Southern Neighbourhood (Turkey). It includes also two members of the European Union (EU) and of ESPON, Romania and Bulgaria. This region gathers the 7 Black Sea Countries (BSC) and Moldova<sup>39</sup>.

This document will be less interested in the Black Sea (BS) as a sea or as a maritime "territory" than to the territories that border it. The sea covers about 400 000 km<sup>2</sup> which is about the area of Finland, lightly bigger than Germany. We think it relevant to consider the cohesion capacity of the BSC or of the Black Sea Regions (BSR) and observe where the inclusion logics are visible and what are the discontinuities and the barriers.

Is the fact to border a same sea enough to build a region? It is a highly geographical question, with which we are not going to deal here. Let's say only that to border the same sea produces proximity between the BSC and between the BSR and necessary exchanges. The region was, and is still today, a strategic region at the crossroads between Europe, Russia and the Middle East. This first representation of the BSC leads to a perspective where barriers are more common than integration dynamics. This partition is mostly inherited from an old conception of the geopolitics in the area, which considers on the one hand the former Soviet world and its influence on Ukraine, Moldova and the Caucasian states, as the Eastern part of a European space, and on the other hand Turkey as the most western point of the Middle East. The Cold War reinforced this vision because the Iron Curtain divided the Northern and the Southern part of the sea between the two blocs. And even after 1990, this region has often been understood and observed with this partition in mind. As an example, the book entitled *The Clash of Civilisations and the Remaking of the New Order* by Samuel Huntington suggests that this region is still divided between different civilisations (Orthodox, Islamic and Western).

This report aims at observing if this image of division is still the most relevant way to understand the dynamics of the area. Does the Black Sea make a kind of common space shared around a maritime territory by all the countries that border it? Does the fact that 7 countries border a same sea impulse integration dynamics? What did the fall of the Iron Curtain and the development of the EU project on the European continent impulse in this area? Secondly, which role does the EU play in this region? What are the instruments of the integration?

### 7.2. Geopolitical dynamics in the BS region

#### 7.2.1. Global overview

If we consider the BSC as a geopolitical region, we take into account an area of 18,9 million km<sup>2</sup> and a population of about 300 million people, which is about the population size of the United States.

The Black Sea forms a semi-closed sea, linked to the global ocean through the narrow Bosphorus and Dardanelles straits. Its hydrological basin covers 2 million km<sup>2</sup>. More than two-thirds of the BS coastline is either Turkish or Ukrainian. For 4 BSC, the BS constitutes the only maritime access. Russia must also be added to them because the Russian coastline (with the exception of the Azov Sea) presents one of the only Russian coasts that never freeze.

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<sup>39</sup> Moldova will be integrated in our case study even if it does not border the Black Sea. Its territory is completely surrounded by two other BSC (Ukraine and Romania) and its territory is, as a result, included in the regional dynamics.

Table 58 - Repartition of the length of the BS coasts by state

<i>Coast shoreline (without the Azov Sea)</i>	<i>Length (km)</i>	<i>Percentage of BS shoreline</i>
Ukraine*	1 628	37,5
Turkey	1 400	32,2
Russia	475	10,9
Georgia*	310	5,3
Bulgaria*	300	7,1
Romania*	225	6,9

\* The BS represents the entire national coastline  
Source: Black Sea Commission

The BSC are not only maritime but also terrestrial neighbours. The Black Sea region can be delimited in different ways and by different criteria. The first and the most obvious criterion is a direct access to the coastline. Seven countries are facing the sea – Ukraine, Russia, Romania, Bulgaria, Turkey and Georgia, including the non-recognized (or partly recognized) secessionist Abkhazia (table 58). The political and economic cooperation implies also relations concerning borders. Moldova is the only state without borders with non-BSC but Georgia, Ukraine and Romania do have more than the half of their border length with other BSC. Without making any physical determinism, these considerations on border lengths have extremely concrete consequences on the relations between those countries in matter of transnational cooperation, border controls, military threat and economic dependence (table 59).

Table 59 - Length of the borders surrounding the BSC

<i>Terrestrial Borders</i>	<i>Total (km)</i>	<i>With BS Countries</i>
Moldova	1 620	100 %
Romania	2 476	73,5 %
Georgia	1 461	66,7 %
Ukraine	4 663	65,3 %
Bulgaria	1 839	48,8 %
Turkey	2 648	20,4 %
Russia	20 622	11,1 %

Source: Wikipedia. Articles in French concerning the states and the borders between these states (consulted on November 2013)

On the contrary, in the cases of Russia and Turkey, the BS is only one facade among wider territories. The role of the regions having direct access to the Black Sea in terms of territory, the number and the density of population in different countries can be seen in table 60.

Table 60 - Black Sea Region. Area and population of the states and regions, 2012

<i>BSEC member-states</i>	<i>Countries and their territorial units of the Black Sea region</i>	<i>Area, thous.km<sup>2</sup></i>	<i>Population, thous.</i>	<i>Population density, pers./km<sup>2</sup></i>
Azerbaijan	Azerbaijan Republic and Nagorny Karabakh	75,2	9 235,1	122,8
		11,4	146,6	12,9
Albania	Republic of Albania	28,8	2 815,8	97,8
Armenia	Republic of Armenia	29,7	3 274,3	110,2
Bulgaria	Republic of Bulgaria	110,9	7 327,2	66,1
	North-Eastern and South-Eastern regions	14,8	962,0	65,0
	(incl. Dobrich, Varna and Burgas regions)	19,8	1 072,9	54,2
		4,7	188,1	40,0
		3,8	474,3	124,8
Greece	Greek Republic	7,8	415,0	53,2
		132,0	11 123,0	84,3
Georgia	Georgia (incl.the regions of Samegrelo and Zemo-Svaneti, Guria, Autonomous Republic of Adzharia) and Republic of Abkhazia	57,1	4 497,6	78,7
		33,9	4 072,9	120,3
		30,4	3 559,5	117,2
		3,5	513,4	148,2
		17 098,2	143 056,4	8,4
Russia	Rostov region and Krasnodar territory, Republic of Adygeya	101,0	4 260,6	42,2
		75,5	5 284,5	70,0
		7,8	442,5	56,7
Romania	South-Eastern region (incl. Tulcea and Constanta)	238,4	21 355,9	89,5
		35,8	2 791,2	78,1
		8,5	243,3	28,6
Serbia	Republic of Serbia	7,1	724,8	102,5
		88,4	7 241,3	82,0
Turkey		782,0	74 724,3	95,6
	Istanbul, West-Black Sea and East-Black Sea regions	5,2	13 624,2	2 620,0
		74,0	4 477,1	60,5
		35,0	2 513,0	71,8
Ukraine		603,6	45 633,6	75,6
	Donetsk, Zaporozhzhia, Mikolaiv, Odesa, Kherson regions, Autonomous Republic of Crimea, Sevastopol	26,5	4 403,2	166,1
		27,2	1 791,7	65,9
		24,6	1 178,2	47,9
		33,3	2 388,3	71,7
		28,5	1 083,4	38,1
		26,1	1 963,0	75,3
Total	BSEC member-states	0,9	381,2	441,2
	territorial units of the Black Sea region	19 298,3	334 744,7	17,3
		590,9	53 944,1	91,3

Compiled by A.A. Herzen.

Source: National statistic committees

From the perspective of physical geography the Black Sea region embraces the basins of the rivers flowing into it. The largest of them are Danube, Dniester, Dnieper, Don, Kuban, Kizilirmak and Sakarya. However, these basins are rather large and include the areas and parts of countries located far from the sea. Land-locked Austria, Hungary, Czechia, Slovakia, Serbia, Belarus are situated in the heart of Europe, in different continental subregions and can be hardly considered Black seas countries. Albania, Germany, Italy, Switzerland and Poland possess small or tiny parts of Black Sea river basins and by no means belong to the Black Sea region.

At the same time the geographical location of such countries as Moldavia or Armenia, which have no coastline but are very close to it and are historically deeply involved in the affairs of this region allows including them in it.

The third criterion of the Black Sea region delimitation is institutional: membership of countries in the Organisation of the Black Sea Economic Cooperation (BSEC). So, finally we can speak about at least four “Black Sea regions” – formally understood. Countries of the Black Sea coast, physical-geographical Countries of the Black Sea basin, institutionally organized BSEC member-states and directly understood Countries and their territorial units of the Black Sea region (the last column in table 61).

Table 61 - The composition of the Black Sea Region

<i>Countries possessing the Black Sea coastline</i>	<i>Countries of the Black Sea basin</i>	<i>BSEC member-states</i>	<i>Countries of the Black Sea region and their territorial units</i>
Abkhazia	Abkhazia	-	Republic of Abkhazia
-	Austria	-	-
-	Albania	Albania	-
-	-	Armenia	-
-	-	Azerbaijan	-
-	Belarus	-	-
Bulgaria	Bulgaria	Bulgaria	North-Eastern and South-Eastern regions (inc. seaboard Dobrich, Varna and Burgas regions)
-	Bosnia and Herzegovina	-	-
-	Hungary	-	-
-	Germany	-	-
Georgia	Georgia	Georgia	Georgia (inc. seaboard regions of Samegrelo and Zemo-Svaneti, Guria and Autonomous Republic of Adzharia)
-	-	Greece	-
-	Italy	-	-
-	Moldavia	Moldavia	Republic of Moldova, Dniester Moldavian Republic
-	Poland	-	-
Romania	Romania	Romania	South-Eastern region (inc. seaboard counties of Tulcea and Constanța)
Russia	Russia	Russia	Rostov region, Krasnodar territory (krai), Republic of Adygeya
-	Serbia	Serbia	-
-	Slovakia	-	-
-	Slovenia	-	-
Turkey	Turkey	Turkey	Istanbul, West-Black Sea and East-Black Sea regions
Ukraine	Ukraine	Ukraine	Donetsk, Zaporozhe, Nikolayev, Odessa, Kherson regions, Autonomous Republic of Crimea, Sevastopol
-	Croatia	-	-
-	Montenegro	-	-
-	Czechia	-	-
-	Switzerland	-	-

Compiled by A.A. Herzen.

The countries of the region and their coastal parts differ a lot by area, population number, economic, technological and military-political potential. The region consists of large and small countries with a diverse internal ethnic and confessional structure which contributes to geopolitical competition of large powers for hegemony and to a complicated intertwining of their interests. The largest units by area are Russian regions of Rostov and Krasnodar and Turkish West-Black Sea statistical region (75 000 to 100 000 km<sup>2</sup> each). The Istanbul district (more than 13 million inhabitants) has the largest population. The same regions but also the Ukrainian region of Donetsk are also among the most populated (4 to 5 million each). The density of population along the coastline varies, too. The most densely populated regions the districts of Istanbul, Sevastopol, Donetsk, and also Adzharia (Georgia), Varna (Bulgaria), Moldavia, Constanța (Romania). The lowest density is observed in dry steppe areas (Dobrich region in Bulgaria, Mikolaiv and Kherson regions in Ukraine) and in the swamped Danube Delta in Tulcea county (Romania).

Globally, the boundaries of the Black Sea region like other “informal” regions are a social construct, a product of political discourse looking for all kinds of arguments. These boundaries are also a result of the strengthening multilateral and multi-faced relations between a group of countries. The functional approach to their delimitation is based on an analysis of foreign trade direct foreign investments, patterns of communications, treaties and agreements, different contacts. Intensification of such relations often precedes the emergence of a political discourse. Globalisation led to the enlargement of the Black Sea region and the growing involvement in its affairs of non-regional states and non-state actors like transnational corporations, ethnic movements (for instance, transnational Adyg and Armenian movements/communities), refugees, NGOs.

Historically, until the late 18<sup>th</sup> century the Black Sea was an internal Turkish sea. Since the incorporation into the Russian Empire of a number of coastal territories the situation in the region was determined by its opposition and rivalry with the Ottoman Empire/Turkey usually backed by England, France and other Western powers. Both empires conducted endless wars often involving also the Austro-Hungarian Empire. The Ottoman Empire was being gradually fragmented. New states like Greece, Bulgaria, Romania, Serbia and Montenegro were immediately included in the sphere of influence of great powers like Russia, France, Britain and Germany.

After World War Two Turkey became a member of NATO, while two other Black Sea countries – Romania and Bulgaria – were included in the Soviet sphere of influence and have for a long time been satellites of the USSR, as members of the Organisation of Warsaw Treaty. This opposition made the situation relatively stable. This stability was grounded on a great number of international treaties, controls and counterbalances. The Black Sea region was far the proscenium of world politics.

On the last two decades the situations became much more complicated which was related, on the one hand, with the disintegration of the Soviet Union, and on the other hand, with the processes of globalisation and the increasing controversial interdependence between countries and regions. New regional actors emerged on the scene, like former Soviet Union countries, including Georgia and particularly Ukraine having the longest coastline and controlling Crimea, this “unsinkable aircraft carrier” in the Black Sea.

The objective basis of the promotion of the Black Sea region to the main foci of world politics is the discovery of rich oil and gas fields on the shelf of the Caspian Sea, in Kazakhstan and Central Asia. The Black Sea region is critically important for transportation of energy between these areas, Europe and other parts of the world. The role of other resources of the Caspian Sea, Kazakhstan and Central Asia also increased, in particular, of labour force. Transit of energy now is one of the main sources of income and of new technologies for the Black Sea countries. Competition for investments and for the construction of pipelines, oil and gas terminals resulted in the fight for leadership between Russia and non-regional actors – the EU and USA interested in securing extraction and transit of hydrocarbons and in political stability, and in the increasing hopes to get rid from eternal isolation and to diversify their external relations in the countries of the region.

The main dynamics in the area are related to a geopolitical situation inherited from the Cold War, and which consider Russia and Turkey as regional powers and the other countries (Bulgaria, Romania, Moldova, Ukraine and Georgia) as living under to political and economic influences from regional powers. Russia and Turkey still appear the main players in the region considering their economic potential and historical influence. Other regional countries seem more in an in-between situation. The recent events in Ukraine (the pro-EU demonstrations) illustrate this position.

### 7.2.2. Geopolitical dynamics in the BS region

Despite of some trends of economic and political integration, Black Sea countries gravitate around the external centres of power. For Romania and Bulgaria which joined the EU in 2007<sup>40</sup> but also for Turkey, still remaining a candidate country, economic relations with the core EU countries are much more important than with their Black Sea neighbours. Moldova and Ukraine are the arena of the zero-sum geopolitical game between the EU and Russia which initiated the projects of the Custom Union and of the Eurasian Economic Community. Russia considers any success of these countries in the association with the EU as its geopolitical loss, while the EU is doing its best for making them to refuse from participating in any institutes under the auspices of Russia and to re-orient their economic relations. Moldova joined the CIS since 1994 – with a certain delay. Ukraine, being one of this organisation's founders in 1991, has never ratified its Charter and thus has only the status of the observer. Georgia like Moldova entered to the CIS in 1994 but officially left in August 2009 as a result of the conflict with Russia about break-away republics of Abkhazia and South Ossetia.

Both the EU and the CIS know present and deep mutations. The EU politicians are always wondering about future enlargements and developed for decades strategies for stable relations with EU's neighbouring countries. They want also to develop Free Trade Agreements (FTA) with the political ambiguity that nobody knows if it is rather a first step to an integration in the EU or to get good partnership conditions. This neighbourhood policy is realised through the so-called "Eastern Partnership" proposed in 2009: Moldova and Georgia signed in November-December 2013, Ukraine refused to ratify it.

Russia also wants to develop supranational institutions by gradually substituting the CIS by the Eurasian Union with deep integration processes. This Eurasian Union is still a project but the first step that was realized in 2010 with the Custom Union that links Russia, Belarus and Kazakhstan. In 2012 they created the Common Economic Space (CEC). Its objective is re-integration of a part of the Soviet economic space in liberalizing economic relations between its members and establishing a protectionist regime on its external borders. The country members engage in ensuring free movement of goods, capitals, services and labour force and coordinating their economic policy. Its members are Russia, Kazakhstan and Belarus. Armenia, Kirgizstan and Abkhazia<sup>41</sup> officially expressed their intention to enter to the CEC; the road map of Armenia's accession to this institution has been recently accepted. Russia is by far the strongest economic and political actor in the CEC. Fearing Russian dominance, a number of post-Soviet countries tried to promote their alternative project of economic cooperation and "the development of democracy" called GUAM, which recalls the initial letters of its initiators - Georgia, Ukraine, Azerbaijan and Moldova.

So, in both cases, the Black Sea countries are in an "in-between situation" in front of these logics. Though Ukraine, Georgia and Moldova declared integration to the EU their strategic objective, for the moment they are integrated neither in the European project nor in the Russian Eurasian one.

Soon after the collapse of the former USSR, Russia signed the treaties on military cooperation with its historical allies, in particular in the framework of the Collective Security Treaty Organisation that besides Russia includes Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan. Post-Soviet countries of the Black Sea region (Ukraine, Georgia and Moldova) have been always reluctant toward any military alliance with Russia.

Another key territorial dynamic is regionalism and separatism in this area. The disintegration of the Soviet Union led to the emergence of four break-away republics and protracted international conflicts around them. The Transnistrian Moldovan Republic (TMR) is de-facto separated from Moldova since 1990. The attempt of the Moldovan government to regain control of this secessionist region by force in June 1992 resulted in bloodshed and failed. Abkhazia and South Ossetia proclaimed their independence from Georgia and Nagorno Karabakh – from Azerbaijan as a result of long historical conflicts which provoked bloody wars. In course of complicated geopolitical games at different territorial levels Russia supported their claims for more autonomy. Trying to put the end to separatism, Georgia decided in August 2008 to attack South Ossetia which provoked its "five days" war with Russia<sup>42</sup>. Few weeks later it recognized independence of Abkhazia

<sup>40</sup> These countries do not make part of the Eurozone and of Schengen space.

<sup>41</sup> The Republic of Abkhazia is still not recognized as a sovereign state by the EU or by most countries in the world

<sup>42</sup> See the report on the EU investigation into the chain of events leading to the 2008 South Ossetia war between Russia and Georgia in Abkhazia and South Ossetia headed by Swiss diplomat Heidi Tagliavini.

and South Ossetia but was followed only by three other states (for more information, refer to "Contested Territories").

Despite of the extreme diversity of the Black Sea countries supranational initiatives are not absent there. We can observe in the area strong integration processes. But first of all, if we consider together the EU and the Commonwealth of Independent States (CIS), we can observe that the BSC are not initial members of these institutions and rather late-comers<sup>43</sup>. Bulgaria and Romania are among the last to integrate the EU (and do not belong yet neither to the Schengen area nor to the Eurozone) and Turkey remain a candidate member. Moldova and Georgia joined also lately to the CIS in 1994.

According to Julien Vercueil<sup>44</sup>, about 30 international organisations have the BSC or a part of the BSC as members. Some are totally inactive and most of them are not focused on the Black Sea as a regional space. The BSEC (organisation for the Black Sea Economic Cooperation) created in 1992 is the more successful and developed one. There are 12 member states in this organisation, including not only BSC but also some close states such as Armenia, Greece or Albania. BSEC encompasses the Black Sea littoral states, the countries of Balkans and Caucasus with the territory of nearly 20 million square kilometers and population of some 350 million people. The turnover of their foreign trade makes up over USD 300 billion annually. After the Persian Gulf region, it is the second-largest source of oil and natural gas along with its rich proven reserves of minerals and metals.

The main fields of its activity are environment, transport, health care, science, education, culture. Foreign and other Ministers of the member states meet regularly to discuss these issues. They established a public bank, the Black Sea Trade and Development Bank (BSTDB). The member states are also represented in the common Parliamentary Assembly of 75 MP's. The BSEC represents a unique and promising model of multilateral political and economic initiative aimed at fostering interaction and harmony among the member states, as well as to ensure peace, stability and prosperity encouraging friendly and good-neighbourhood in the Black Sea region. The BSEC Headquarters - the Permanent International Secretariat (PERMIS) was established in March 1994 in Istanbul. With the entry into force of its Charter on 1 May 1999, BSEC acquired international legal identity and was transformed into a full-fledged regional economic organisation. But there is no common strategy and significant achievements yet in the most important fields like energy or transport.

The permanent secretariat is hosted by Turkey in Istanbul. A member state is in charge of the presidency of the BSEC and it changes twice a year, like the Presidency of the European Union. For instance, Armenia hosts the presidency of the structure between July and December 2013. The permanence of its activity hides the fact the concrete realisations are not so important. There is no common strategy and realisations in matter of energy, economic integration or in the military sector.

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<sup>43</sup> If we except Russia

<sup>44</sup> Paper presented in Paris on November 13, 2013 at the INALCO (Conference entitled "La mer Noire entre Russie et Union européenne : un voisinage partagé ?")

Figure 80 - Main economic international organisations that include BSCs

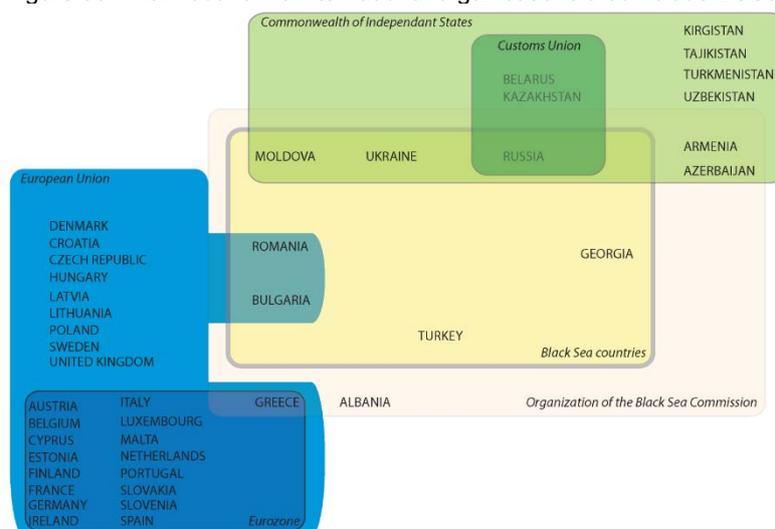
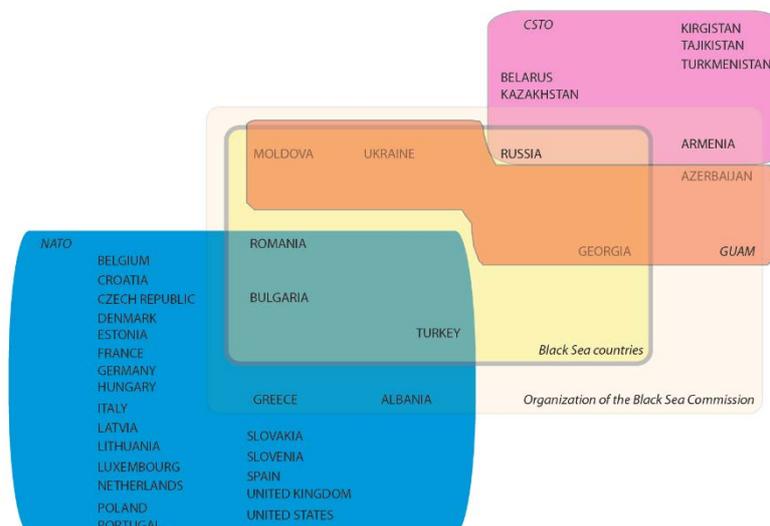


Figure 81 - Main military alliances that concern BSCs



### 7.2.3. Institutional partnerships between the BSC and the EU

The BS countries are linked to the other countries through the subventions and funds that they receive or have received in the past decades, especially to develop their economies and to improve the living conditions of the population (table 62).

The figures published by the OECD on the funds sent by national states or international organisations (like the United Nations or the European Union) as development funds. The figures show that about the half of the funds received by Georgia, Moldova, Turkey and Ukraine came from the ESPON members or from the European Union (45 % for Moldova to 59 % for Turkey). The share of the other neighbourhoods regarding this object is tiny. No money seem to come from the Eastern and the South-Eastern Neighbourhoods and in the Southern Neighbourhood, Turkey and Israel are the only contributors (respectively the 15<sup>th</sup> and the 19<sup>th</sup> place in the ranking of the main donators). The EU institutions themselves are the first fund contributors and represent about one third of the total money received by the four countries. Then, Japan, USA, Germany and France give more than 250 million US dollars per year for these countries. Turkey receives 43 % of the funds but gathers 58 % of the population of the four countries. Georgia receives 144 \$ per inhabitant whereas Ukraine receives 15 \$ per inhabitant.

Table 62 - Funds received by Georgia, Moldova, Turkey and Ukraine

	<i>Georgia</i>	<i>Moldova</i>	<i>Turkey</i>	<i>Ukraine</i>	
ESPO Members	23,9		14,4	32,5	31,0
EU Institutions	23,2		30,3	26,9	21,9
BSC	0,3		0,4	0,1	2,4
Other Neigh.	1,3		0,8	0	0,9

Source: OECD, average amounts 2011-2012

The Neighbourhood policy of the European Union had been developed after the collapse of the Soviet Union and the ratification of the Maastricht Treaty in 1992. In the 1990's, two programs were developed, TACIS and MEDA, dedicated to the Eastern and the Southern Neighbourhoods. Among the BSC, Moldova, Ukraine, Russia and Georgia belonged to the TACIS program and Turkey to the MEDA one. Both programs have known two periods that correspond to the budget mandates 1993-1999 and 2000-2006. Afterwards, the two programs were merged into the so-called "Neighbourhood Policy" in 2006.

The TACIS Program was created in 1991 and is applicable to the ex-Soviet states (without the Baltic States) and Mongolia after 2003. The funds target the public sector and reforms of the political institutions in a process of democratisation of the political life. They target to the private sector and the building of a competitive market and also sectors such as transport development, rural economy and privatisation of the arable land, the nuclear sector and the cross-border cooperation. The funds are directly given for the projects or given to the national states. That's why it is hard to know exactly how much the different BSC received from this program during the period between 1991 and 2006. Nevertheless, concerning the money given to the states, that represent more than the half of the total funds, Russia received 50% and about 70% of the money sent to the BSC.

The MEDA Program is supposed to lead to a free trade argument in a long-term perspective. That's a clear difference in the 1990's with the TACIS Program. As a result, Turkey received about 700 million euros between 1991 and 1999 and received about 150 million euros per year in the 2000's.

Table 63 - TACIS Funds between 1991 and 1996

	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
Armenia	2,3	9,6	17	0	6	14	0	10	0	58,9
Azerbaijan	0,4	12,5	8	8	6	16	0	26,8	9,5	87,2
Baltic States	15	0	0	0	0	0	0	0	0	15
Belarus	8,9	14,6	9	7	12	0	5	0	0	56,5
Georgia	5	9	6	8	6	16	0	16	0	66
Kazakhstan	7,7	20,6	14	14	15	0	24	0	16,6	111,9
Kirgizstan	0,7	9,2	10	0	8	0	13	0	8,6	49,5
Moldova	1,1	9	0	10	9	0	18	0	14,7	61,8
Mongolia	0	0	0	8	0	9,5	0	11	0	28,5
Uzbekistan	1,7	18,8	0	15	10	28	0	29	0	102,5
Russia	212	111	160,8	150	161,2	133	132,9	139,7	73,5	1 274,1
Tajikistan	0	0	0	4	4	0	0	0	0	8
Turkmenistan	0,9	8,8	0	8	4	0	11,5	0	6,7	39,9
Ukraine	28,7	48,3	43,3	50,5	72,5	76	59	44	38,6	460,9
Regional programs	106	88,6	172	131,5	124,5	152	135	155,8	129,4	1 194,8
Donator coordination	0	34,9	21	24,7	40	43	37	43	64,4	308
Support for implementation of the programs	6,2	24	11,1	21	23	37,5	34,5	31,9	65,6	254,8
Other	0	0	0	10	10	11	11,9	0	0	42,9
<b>Total Engaged Funds</b>	<b>396,6</b>	<b>418,9</b>	<b>472,2</b>	<b>469,7</b>	<b>511,2</b>	<b>536</b>	<b>481,8</b>	<b>507,2</b>	<b>427,6</b>	<b>4 221,2</b>

Source: European Commission, 2002

### 1°) Romania and Bulgaria

Romania and Bulgaria are EU Members since 2007. They are the two poorest members of the EU. Their national GDP per capita is lightly inferior to 50% of EU's average. This economic weakness is related to a very typical economic structure. These countries are the only one in the EU to present an economy where the tertiary sector is not the major one (the primary one is the most important in Romania and the secondary one in Bulgaria).

The two states are not in the Euro zone and are in a process for accession to the Schengen area. This accession was scheduled for 2014 and has been postponed.

Nevertheless, both countries have extremely strong relations with the other countries of the EU and take part in all the cohesion programs. The share of the other EU members in the trade exchanges of these countries are high and have tended to become higher in the last 2 decades (see economic part).

### 2°) Russia

Russia represents itself as a regional power and has nowadays the biggest part of the BSC population and the biggest part of the wealth produced in the area (56% of the GDP according to Teurtrie [2013]). It has often considered in the past the post-Soviet states as a sphere of its natural interests. Since Vladimir Putin came to power in 2000, Russia used its economic potential and the dependence of the neighbours on its natural resources (energy – gas and oil) and market to exert pressure for pursuing its political interests and in geopolitical games with the EU and NATO. For instance, in the early 2000s Russian officials blamed Georgia in providing assistance and offering asylum for Chechenian separatists. When under the pressure of the EU Moldova refused on the last moment to sign after long negotiations the plan of the settlement in Transnistria proposed by Russia, it banned its export of wine and agricultural products blaming it in non-respect of sanitary standards. Geopolitical reasons were also at the origin of the so called gas wars with Ukraine, though the pretext was the unauthorized use of gas from export pipelines and the price of gas. One of this wars provoked a crisis in the relations between Russia and the EU when Russia temporary closed in winter its export pipeline via Ukraine in order to make it paying its gas debts. In general, the distribution, the trade and the transit of this energy from Russia through the Eastern part of Europe was in the focus of political relations between Russia, its neighbours in the Black Sea region and the EU.

### 3°) Ukraine

Not depending on the president and government at power, Ukraine keeps its strategic orientation to integrate the EU, though in the foreseeable future it can hardly become a candidate country. Poland tries to play the role of the main intermediary between Ukraine and the EU and actively supports this intention.

Ukraine is a country with the deep economic, cultural and political gaps between its parts, particularly between a number of its Western regions which have never been parts of a common state with Russia before it was joined in 1939 to the USSR as a result of Molotov-Ribbentrop secret negotiations and then after Soviet victory in World War Two, and some highly urbanized and industrialized mostly Russian speaking regions of Eastern Ukraine. Before the disintegration of the Soviet Union Ukrainian experience of statehood was very limited. Though the share of EU countries in Ukrainian foreign trade grew up between 1996 and 2003 from 24 to 36%, Ukrainian economy still is closely related with Russia and other CIS countries which also account approximately to 37% of its export and import turnover. Moreover, in 2010-2012 Ukrainian trade with Russia has significantly increased, partly because the Ukrainian consumption of energy changed slowly and partly because of the change of the government in Ukraine. Ukrainian labour emigration is almost evenly distributed between EU countries and Russia.

According to representative mass surveys, the pro-EU feelings in the public opinion tended to decrease during the 2000s. But the demonstrations against Yanukovitch in December 2013 show that positive image of the EU is widely shared in the society, especially among its most successful and educated part, in the capital, Western and Central regions. However, a large part of public opinion does not make difference between an association agreement and an official candidature to membership. A large part of population does not wish the boundary with Russia to close. This dual situation explains to a certain degree hesitations

of President Yanukovich who postponed in November 2013 the conclusion of the agreement on association with the EU fearing the loss of Russian markets and economic assistance. Both sides – Russia and the EU – put Ukraine in face of a very difficult choice. The EU declares that the membership in these organisations is not compatible with the association with it. Russia wants Ukraine to join the Customs Union and the CEC, which is a critical condition of their success, and proposes to improve the conditions of trade and a better access to Russian markets. When Ukraine postponed the conclusion of the agreement on association with the EU, Russia gave it the loan of 15 billion euros and reduced the price of gas.

#### 4°) Georgia

Georgia was also to sign the Eastern Partnership with the EU at the beginning of December 2013. Georgia is considered as a potential candidate country. But the economic and political situation in Georgia is difficult: the post-Soviet economic decline was there particularly long. The country lost the bulk of industry.

Georgia joined Russia at the end of the 18<sup>th</sup> century and was a relatively rich part of the former Soviet Union. But anti-Russian feelings are now quite strong because of its support (“occupation”) of Abkhazia and South Ossetia considered as indigenous Georgian lands. It was one of the reasons why the pro-EU and pro-American president M. Saakashvili with his irreconcilable position toward Russia has been for a certain time so popular. His successors keep a more balanced position but by no means refuse from the European strategic perspective. According to Minassian, the EU underestimates the obsession of this country with security. The country signed the Association Agreement with the EU after long hesitations concerning such an agreement with Russia.

#### 5°) Moldova

It is the only country in this case study not which has no the Black Sea coastline. Its small area and its position between Romania and Ukraine totally include it in the territorial dynamics of the BS region. In the Soviet period had a diversified industrial-agricultural economy, producing not only fruits and vegetables, canned goods and wines, but also different electronic devices, agricultural machines and other industrial products. As a result of the collapse of the Soviet Union the country's per capita GDP dropped in 1991-1994 by the ratio of almost 33 times! Despite of favourable developments in the 2000s, the Soviet level is not achieved yet. The retail trade turnover heavily depends on remittances from abroad, and import is twice as large as export. Since the mid-1990s about one quarter of Moldovan labour force (now between 500 000 and 600 000 persons) is involved in international migrations; hundreds thousands of Moldovans work in Russia and EU countries. Moldova is one of the poorest countries in the post-Soviet space and the poorest in Europe.

Since 1990 Transnistria, the most urbanized and industrialized part of Moldova, is de-facto separated from Moldova. This is a multi-ethnic region: Moldovans, Ukrainians and Russians account for one third of population each. About at least 150 000 citizens of Transnistria of more than 500 000 have Russian passports, and many people are bearers of Transnistrian, Moldovan, Russian and Ukrainian passports using them for travelling and other purposes. Gagauzians (a Turkic-speaking people confessing Orthodoxy) form an important and compact minority in the south of the country, and profit of territorial autonomy. Like Transnistria, in response to the policy of “Romanisation”, until 1994 Gagauzia was not recognizing the sovereignty of Moldova and declared its intention to secede. Though Romanian-speaking population dominates in properly Moldova, Ukrainian and Russian minorities are also important, particularly in large cities and its northern part, totalling about 21% of population. According to surveys, most people support the idea of the Moldovan independent statehood while the coalition at power is in favour of reunification with Romania. It is strongly supported by incumbent Romanian authorities which distributed to Moldovan citizens Romanian passports used for travels to the EU countries. In future the country can be considered as a candidate to the EU's membership.

#### 6°) Turkey

Turkey has a long and rich history of relations with the European Union and its construction. This country is since 1999 an official candidate to the EU membership after 40 years of demands. A first demand occurred in 1959, after a long movement for Turkey of integration in new Western supranational institutions like the

Marshall Plan, the NATO and the OECD. The candidature of Turkey has been postponed, especially because of the hesitations of the Western Europe's governments and because of the political instability of Turkey. The country knew 3 coup d'états between 1960 and 1980. The membership is officially newly demanded in 1987 and accepted in 1999.

A first agreement had been signed in 1963 (even if it entered fully into force in 1996) and started a long process for integrating the future EU. The country managed to produce efforts to give a democratic image, by normalizing its relations with the Kurd autonomist parties, by abolishing the death penalty in 2004 or by making easier with the United Nations the cross-border relations between the Republic of Cyprus and the territory designed in Turkey as the Turkish Republic of Northern Cyprus.

The violent reaction of the Turkish government after the demonstrations of June 2013 around the Taksim square got worse between governments of some EU members and the Turkish government. The country has still a lot to do to get a democracy. Turkey is badly rated in matter of press freedom. For instance, the NGO "Reporters sans frontières" rated the country in 2013 as the 154<sup>th</sup> in the world (on 179 ranked states) in matter of press freedom. The country was 148<sup>th</sup> on 179 states ranked in 2012.

Less Turkish people consider positively an integration in the European Union and at the same time, the diplomatic role of the country seem to be more important in the Middle East, Central Asia and in North Africa. Turkey played a mediation role during the Gaza crisis in 2008 and then was considered as a moderate model after the Arab Spring for the political future of Egypt and Tunisia.

As a candidate country, Turkey receives from the EU, the Instrument for Pre-adhesion Assistance (IPA), "to ensure targeted, effective and coherent action" (Europa.eu, consulted on Dec 10, 2013). These subventions target **five components** [Source: Europa.eu]:

- the "**support for transition and institution-building**" component
- the "**cross-border cooperation**" component (it concerns the borders with Greece and Bulgaria)
- the "**regional development**" component, aimed at supporting the countries' preparations for the implementation of the Community's cohesion policy, and in particular for the European Regional Development Fund and the Cohesion Fund
- the "**human resources development**" component, which concerns preparation for participation in cohesion policy and the European Social Fund
- the "**rural development**" component, which concerns preparation for the common agricultural policy and related policies and for the European Agricultural Fund for Rural Development (EAFRD).

### 7.3. Demographic and economic structures

#### 7.3.1. A demographic divide: Turkey and the others

The BSC gather about 300 million people, but of course, the biggest part of this population lives far from the BS. If we consider the NUTS 2 regions that border the Black Sea, 59,6 million people live in them in 2012 on an area of 624 700 km<sup>2</sup> (about the size of Ukraine). This area seems to be more relevant for an analysis than the whole national territories, especially if we consider the case of Russia (the Russian BSR represent 1% of the territory). The BSR never cover more than one third of the territory of the surrounding countries. The main part of this population lives in the Turkish BSR and especially in the Western part. The metropolitan region of Istanbul gathers about one fourth of the population in the BSR.

In Ukraine, Russia and Turkey, the BSR have a higher density than the national average. It is a relatively common structure where coastal regions are more populated than the continental ones. If we look at the intra-national situation, it is absolutely not a universal parameter. The figures are particularly high in Turkey because of the presence of the metropolitan region of Istanbul but does not seem that high for the Eastern Turkish regions. And then, in Romania and Bulgaria, the density is lower in the coastal regions than the national average, especially because the main city areas are not in these regions. Even if important cities can be included in the area (Istanbul, Rostov on the Don, Sebastopol, Batumi, Constanța), they are often not the biggest metropolitan areas of their national countries and never the only ones. Secondly, if there are very populated areas around the BS, no capital city border it. By comparison, 5 capital cities and 1 former capital

city border the Baltic Sea on 9 bordering countries. If we except the seat of the BSC, no high political urban function is supported by a BS-bordering city.

If we consider the demographic evolution of the BSC and BSR since 1990, we can firstly see that there is a big difference between Turkey and the other BSC. The post-Soviet and the post-socialist states have supported a strong demographic decline in the 1990's and then a stagnation or a light growth. At the same time, Turkey had a dynamic growth of its population due to a still high fertility rate and an increasing life expectancy. Even if the fertility rate is constantly decreasing in Turkey between 1990 and 2012, the share of the Turkish BSR on the total population of the BSR augmented.

The fertility rates in the regions surrounding the Black Sea present a discrepancy between Turkey and the other BSC. Romania, Bulgaria and all the former Soviet states had a fertility rate between 1,8 and 2,4 children per woman in 1990 and supported a decline until about 1 child per woman in 2000. The fertility rates in these states have lightly risen in the last decade and reach now about 1,4 children per woman. These levels are far under the 2,1 children per woman, which are necessary to maintain by natural increase the total population. This phenomenon, added to high emigration rates, leads to a decline of the total population in the area. In Turkey, the situation is totally different. We observe there a continuous decline between 1990 and 2010 of the fertility rates, which used to be very high (over 4 children per woman) at the beginning of the period. The BSR are inferior to the national average, particularly in Istanbul.

Table 64 - Population and demography evolution of the BSR

Country concerned	Region (NUTS or SNUTS 2)	Population 1990	Population 2012	Annual Growth (1990-2012)	Area (thsd km <sup>2</sup> )	Density
Russia	Krasnodar kray	4 638 102	5 284 464	0,63	75,5	69
	Rostov oblast	4 307 956	4 260 643	-0,05	101,0	42
	Adygea republic	434 788	442 451	0,08	7,8	57
Ukraine	Donetsk	5 317 798	4 403 178	-0,78	26,5	166
	Zaporizhya oblast	2 081 836	1 791 668	-0,63	27,1	66
	Autonomous Republic of Crimea	2 071 246	1 963 008	-0,24	26,0	76
	Odesa oblast	2 624 245	2 388 297	-0,41	33,3	72
Turkey	Mykolayiv oblast	1 333 458	1 178 223	-0,53	24,5	48
	Istanbul	7 309 190	13 255 685	4,07	5,1	2 599
	Tekirdag, Edirne, Kirklareli	1 521 328	1 182 952	-1,11	18,6	64
	Izmir	2 694 770	3 948 848	2,33	12,0	329
	Kocaeli	2 156 093	3 246 147	2,53	20,1	161
	Zonguldak	1 073 560	1 035 071	-0,18	9,4	110
	Kastamonu	967 891	743 029	-1,16	26,4	28
	Samsun	2 844 705	2 740 686	-0,18	37,5	73
Bulgaria	Trabzon	2 686 650	2 516 167	-0,32	35,1	72
	Severoiztochen	1 067 409	964 100	-0,48	14,4	67
	Yugoiztochen	1 271 646	1 075 100	-0,77	19,7	55
Romania	Sud Est	2 993 423	2 791 190	-0,31	35,7	78
Georgia	Georgia	5 424 400	4 483 000	-0,79	69,0	65
Russia	Total BSR	9 380 846	9 987 558	-0,29	184,3	54
Ukraine	Total BSR	13 428 583	11 724 374	-0,57	137,4	85
Turkey	Total BSR	21 254 187	28 668 585	1,58	164,2	175
Bulgaria	Total BSR	2 399 055	2 039 200	-0,75	34,1	60
Romania	Total BSR	2 993 423	2 791 190	-0,31	35,7	78
Georgia	Total BSR	5 424 400	4 483 000	-0,79	69,0	65
Total BS Regions		60 304 894	59 693 907	-0,05	624,7	96

If we compare the demographic situation of the BSR related to their national contexts, we can observe that there is no big difference, except for Russia. In this country, the territory (*krai*) of Krasnodar grew relatively rapidly (while Russia as a whole was depopulating). This *krai* is Russia's main and most efficient agricultural region. Its GRP also grows due to the fast development of its sea ports, including the largest Russian port of Novorossiisk. The territory is known for its resorts, in particular Sochi, the venue of the 2014 Winter Olympics which has recently received large investments. Actually, the loss of population observed in the two neighbouring regions cannot in itself demonstrate a growth related to local migrations.

In Ukraine, Romania and Bulgaria, the Black Sea regional context is very close to the national average. In Turkey, on the contrary, the BSR support a slower growth than the other Turkish region, and in fact, a huge part of the growth is drawn by the Istanbul region that grew by 4% per year between 1990 and 2010. Large parts of the Turkish BS coast have a declining population, especially in the rural regions in the eastern part of the country. The fertility rates show too often more national logics than regional (in contrary to the evolution of the total population). The figures observed in the BSR are close to the national ones.

### 7.3.2. Economic Cooperation with the EEC and EU

#### 1°) Economic situation and overview

The BSC present different levels of wealth but all of them are under EU's average and often the World's average. Romania and Bulgaria gather the poorest region in the EU. Moldova and Georgia are not poorer. In Turkey, there are a lot of regional discontinuities. If Istanbul appears relatively rich, it is absolutely not the case of rural regions in the Eastern part of the country.

If we consider the wealth as the wealth produced per capita, Russia appears as the richest country in this region. If we consider the foreign trade of these countries, the internal market forms between 13% (Turkey) to 50% (Moldova). The biggest wealth producers are Russia and Turkey.

The ESPON members or the EU is one of the main destination or origin of the trade exchanges of the BSC. If the EU were a national state, it would be ranked first for all the BSC except Ukraine. At the same time, the trade internal to the BSC is quite high for most of the BSC. Everywhere except in Moldova and Georgia the exchanges are more turned towards the ESPON members than to the other BSC. Russia plays a key role in these rankings and the first trade partner for Bulgaria and Ukraine. Turkey is the first trade partner of Georgia. Even between the two biggest economies of the area, the relations are important. Turkey is the 5th trade partner of Russia. Russia is the 3rd Turkey's trade partner.

Table 65 - Main trade partners of the BSC

<i>Main trade partners (value of imports + value of exports, 2012)</i>	<i>Turkey</i>	<i>Romania</i>	<i>Bulgaria</i>	<i>Ukraine</i>	<i>Russia</i>	<i>Georgia</i>	<i>Moldova</i>
1	Germany	Germany	Russia	Russia	China	Turkey	Russia
2	Russia	Italy	Germany	China	Germany	Azerbaijan	Germany
3	China	Hungary	Italy	Germany	Netherlands	Ukraine	Italy
4	Iran	France	Turkey	Belarus	Ukraine	China	Romania
5	Italy	Turkey	Romania	Poland	Italy	Germany	Turkey
6	France	Russia	Greece	Turkey	Turkey	Russia	Greece
7	UK	Poland	France	Kazakhstan	Belarus	USA	China
8	Spain	Austria	Spain	USA	USA	Bulgaria	France
9	Netherlands	Bulgaria	China	India	Japan	Armenia	Spain
10	India	Netherlands	Netherlands	Egypt	France	Italy	Belgium

Source: National Statistical Institutes, 2012

Table 66 - Percentage of different regions in the trade exchanges (exports and imports) of the BSC

<i>Trade partners</i>	<i>Turkey</i>	<i>Bulgaria</i>	<i>Romania</i>	<i>Moldova</i>	<i>Ukraine</i>	<i>Russia</i>	<i>Georgia</i>
BS Countries	13,2	28,5	13,8	50,7	34,2	16,9	43,9
Customs Union	9,5	11,6	6,0	25,2	31,3	7,7	10,0
ESPOON Members*	41,2	59,8	73,2	34,6	37,3	51,1	36,6
Eastern N.*	10,3	13,2	6,0	33,1	30,8	11,7	10,6
Southern N.*	5,0	8,2	9,9	6,8	6,0	10,5	1,3
South-Eastern N.	0,6	3,1	1,6	0,4	0,7	N/A	0,1
Other*	42,9	15,7	9,3	25,1	25,2	N/A	51,4

Source: National Statistical Institutes, 2012      \*including eventual Black Sea countries

Russia is the main energy producer among the BSC because of the first natural gas reserves located in this country. The political Russian pressure on its neighbours uses energy as a weapon. Even if the share of Russia in the external trade of its neighbours is not extremely high (never more than one third of the total), this country sells essential and strategic products such as energy. It is particularly the case for the Ukraine, which is totally dependent from the Russian gas. On the other hand, Russia wants to control the tube through which the gas transits to reach the West-European markets. That's why the gas-pipelines in Armenia and Belarus already belong to Gazprom and it is also a subject of conflict between Russia and Ukraine.

The ESPON members, especially the Central European states are dependent from the Russian gas and oil. The pipelines between Central Europe and Russia were built between the 1940s and the 1960s, when these territories were totally under Moscow's rule. These pipelines are the biggest in the world and they go through Ukraine and Belarus [Radvanyi 2002; Vercueil 2007]. The economic crisis between Russia and Ukraine have jeopardized the Central European states towards their energy supply and that's why the European states tried in the last years to suggest other energy routes that would avoid Ukraine and sometimes Russia. At the beginning of the 2000's, a lot of EU members imported still between 80% and 100% of their gas imports from Russia. That's why the Black Sea area became strategic. A route called Nabucco that would have joined the Caspian Sea to Italy through Turkey and Greece had been imagined and given up.

Ukraine itself tries to reduce the share of gas to come from Russia and imports more from Slovakia and Poland.

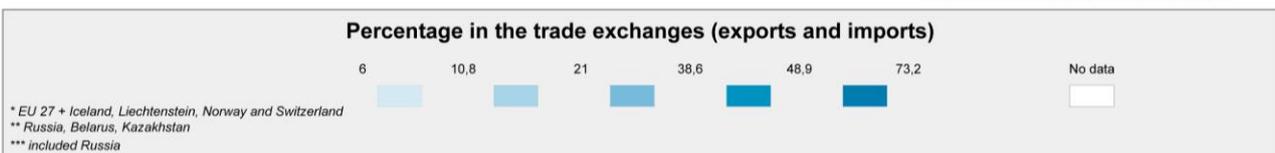
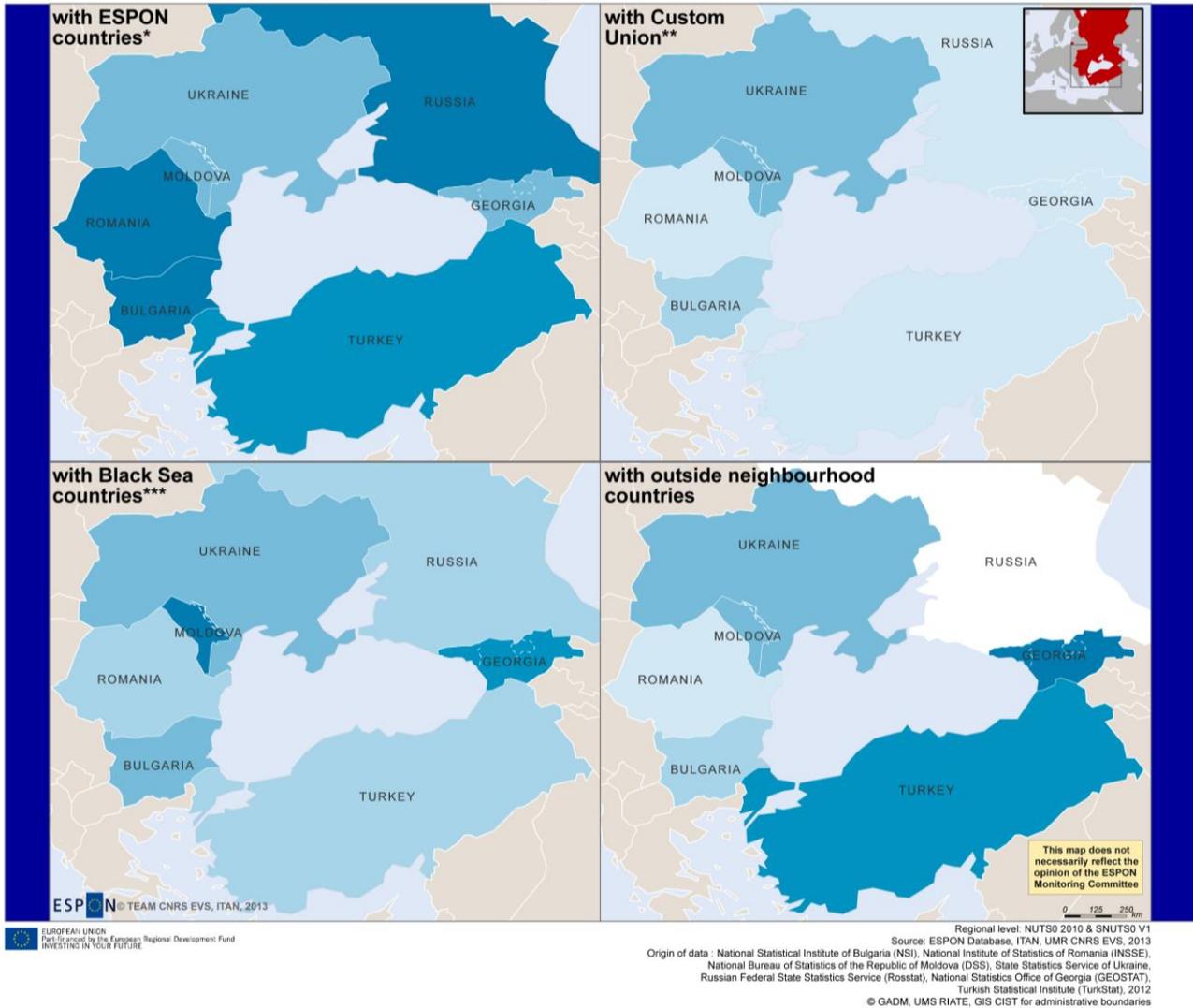
These figures do not illustrate an economic integration that would concern a totally integrated market for the BSC. For instance, the high percentages of exchanges in the Ukrainian economy are massively turned to Russia. Those of Moldova are turned to Romania. There is a strong relation between the global production of wealth and the specialisation in the BSC. In a country, higher is the production of wealth and lower will be the dependency to its Black Sea neighbours. It means that in spite of big values for some countries, it concerns the small part of the total production of wealth in the BSC. It means also as a consequence that the BSC countries are far more turned to other part of the world than in the Black Sea area.

Table 67 - Relation between the share of the BSC in the exchanges and GDP of the BSC

	<i>Share of the other BSC in the exchanges (exports + imports) (percentage)</i>	<i>GDP (in billion \$)</i>	<i>GDP per capita (\$)</i>
Moldova	51	7	2 038
Georgia	44	15	3 508
Ukraine	34	176	3 867
Bulgaria	29	51	6 986
Russia	17	2 014	14 037
Romania	14	169	7 943
Turkey	13	789	10 666

Source: National statistical institutes (2012-2013), World Bank (2012)

Map 221 - Trade exchanges in the Black Sea Region in 2012



## 2°) GDP discrepancies at regional level

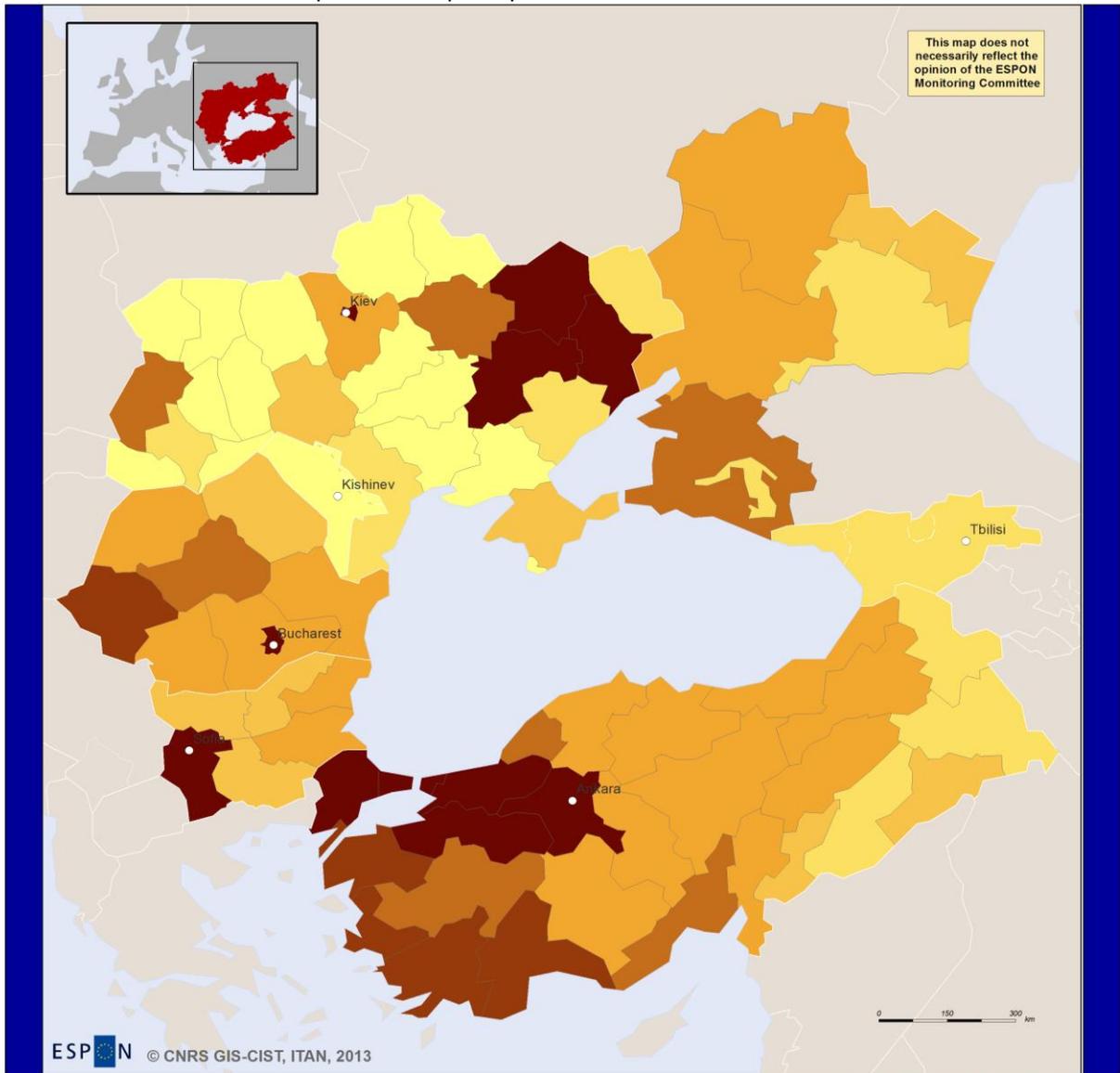
In terms of per capita GDP the proportions in the economic potential between the countries of the region are constantly changing, though over two post-Soviet decades the most important gaps between them have only rarely decreased (table 67). Russia and Turkey have always had the largest per capita GDP with respectively 23,5 and 18,3 \$ thousand (corrected by the purchasing capacity). However, it is necessary to take into consideration internal differences within the major countries. Russian Black Sea regions are among the relatively richest in the country. But they neighbour North Caucasian republics suffer from internal conflicts and economically very weak; their foreign economic relations are rather weak.

The poorest countries of the Black Sea region are former Soviet republics of Georgia, Armenia and Moldavia. In 2000, per capita GDP in these republics was 3 to 6 times lower than in Russia and Turkey. By 2012, the gap remained almost the same – 2,2 to 6,9 times. At the same time, thanks to oil revenues Azerbaijan has made a significant leap ahead of Georgia, Armenia and Moldova. New EU members – Bulgaria and Romania - also demonstrated a spectacular progress. On the contrary, Ukraine "slipped" to the level of outsiders and is far behind its western Black Sea neighbours (except for Moldova).

The capacity of the BSC to get involved in a global market is of course related to their production of wealth. Once again, the two biggest wealth producers are Russia and Turkey. Georgia, Romania, Bulgaria and Moldova appear poorer either with absolute figures or related to their population.

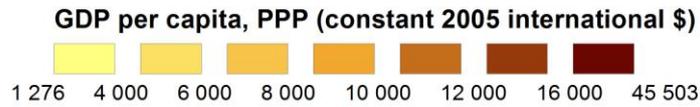
The inequalities can also be observed at a regional level. The international boundaries are not the only economic borders. We can observe also in the BSC strong regional discrepancies like between the North-Western part of Turkey and the other regions, or between the Eastern part of Ukraine and the rest of the country. Generally, the capital city regions are richer, but never border the Black Sea. The only exception would be Istanbul, as former Turkish capital city and first Turkish economic metropolis. Anyway, the Black Sea never appears as a factor of production of wealth. With NUTS 2 or SNUTS 2 divisions of space, an eventual concentration of wealth along the coast is not visible. The only exception would be the Krasnodar region in Russia.

Map 222 - GDP per capita in 2010 in the Black Sea area

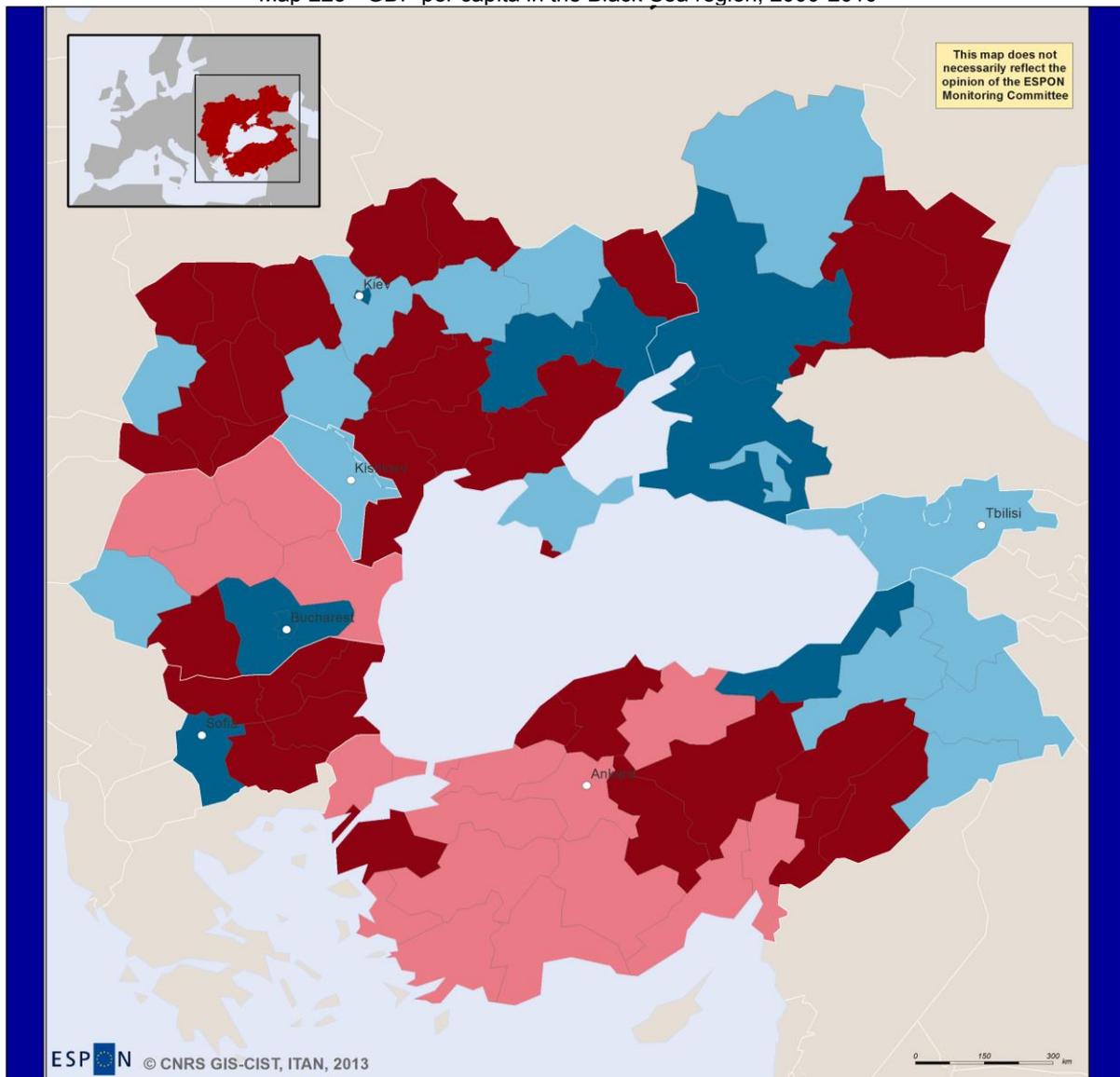


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Regional level: NUTS2 2010 & SNUIS0/2/3 V1  
Source: ESPON Database, ITAN, CNRS GIS-CIST 2013  
Origin of data: Biroul National de Statistică al Republicii Moldova, CPI Sheriff, Eurostat,  
National Statistical Service of the Ministry of Economy of the TMR, Russian Federal State Statistics Service,  
State Statistics Service of Ukraine, TurkStat, World Bank  
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Map 223 - GDP per capita in the Black Sea region, 2000-2010



This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

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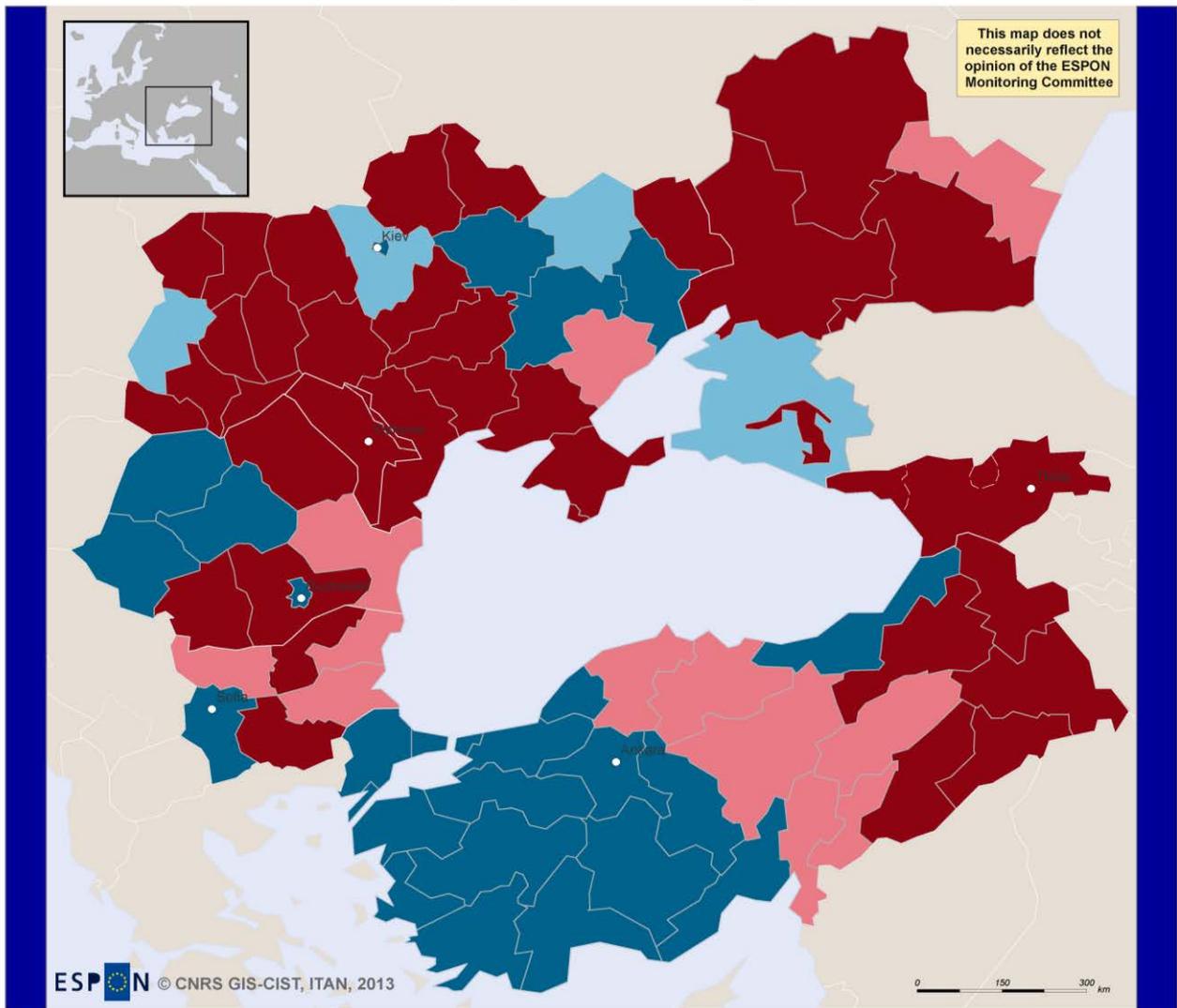
Regional level: NUTS2 2010 & SNUTS0/2/3 V1  
Source: ESPON Database, ITAN, CNRS GIS-CIST 2013  
Origin of data: Biroul National de Statistică al Republicii Moldova, CPI Sheriff, Eurostat, National Statistical Service of the Ministry of Economy of the TMR, Russian Federal State Statistics Service, State Statistics Service of Ukraine, TurkStat, World Bank  
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- Above 2000\* average and above 2000\* - 2010 Compound annual growth rate (CAGR)
- Below 2000\* average and above 2000\* - 2010 CAGR
- Above 2000\* average and below 2000\* - 2010 CAGR
- Below 2000\* average and below 2000\* - 2010 CAGR

**CAGR in the Black Sea area : 4.1%**

(\*) except Ukraine : 2005

Map 224 - GDP per capita in the Black Sea region, 2000-2010



This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

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Regional level: NUTS2 2010 & SNUTS0/2/3 V1  
 Source: ESPON Database, ITAN, CNRS GIS-CIST 2013  
 Origin of data: Biroul National de Statistică al Republicii Moldova, CPI Sheriff, Eurostat, National Statistical Service of the Ministry of Economy of the TMR, Russian Federal State Statistics Service, State Statistics Service of Ukraine, TurkStat, World Bank  
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	Above 2000* average and above 2010 average
	Below 2000* average and above 2010 average
	Above 2000* average and below 2010 average
	Below 2000* average and below 2010 average

(\*) except Ukraine : 2005

GDP per capita, PPP (constant 2005 international \$) : 2000 average = 6492.37  
 GDP per capita, PPP (constant 2005 international \$) : 2010 average = 9484.94

The BSR are often in an economic situation related to their national context. The Turkish BSR knew the most active GDP increase in the 2000s, in relation to the growth observed in Turkey. On the contrary, the Ukrainian, the Bulgarian or the Georgian BSR knew the same economic difficulties than Ukraine, Bulgaria and Georgia. Very often, the international borders are the main economic discontinuities in the area.

### 3°) Maritime traffic in the Black Sea and the case of the Russian ports

Thank to the work of Cesar Ducruet in the UMR Géographie-Cités in Paris, we were able to measure the traffic from the ports of the Black Sea and the destination of the ships that leave them in 2004 and 2011.

In the database, 46 ports reported border the Black Sea (14 in Ukraine, 9 in both Russia and Turkey, 6 in Romania, 5 in Bulgaria and 3 in Georgia). The biggest ports are Istanbul (on the Marmara Sea), Novorossisk, Odessa and Constanța.

The global traffic present in the Black Sea ports decreased between 2004 and 2011 from 169 million GRT<sup>45</sup> to 159 million GRT but at the same time, the importance of these ports in the global volume of goods in the ESPON members and the Neighbourhoods became bigger. This proportion increased from 2 to 3,4 % in 7 years. The diminution of the port traffic in the Black Sea area hides a discrepancy between the Turkish Black Sea, where the traffic volume was multiplied by 3 and the other BSC that endured a decrease of their port activity.

In Turkey and in Russia, the two countries that have a Black Sea coastline and other maritime facades the share of the Black Sea port in the global maritime traffic of the country is increasing. Between 2004 and 2011, the share of the maritime traffic in the Black Sea for Turkey has increased from 9.6% to 45.7% and the Russian one from 32,1 % to 37,6 %. This element shows, once again, how strategic the Black Sea became in the last years.

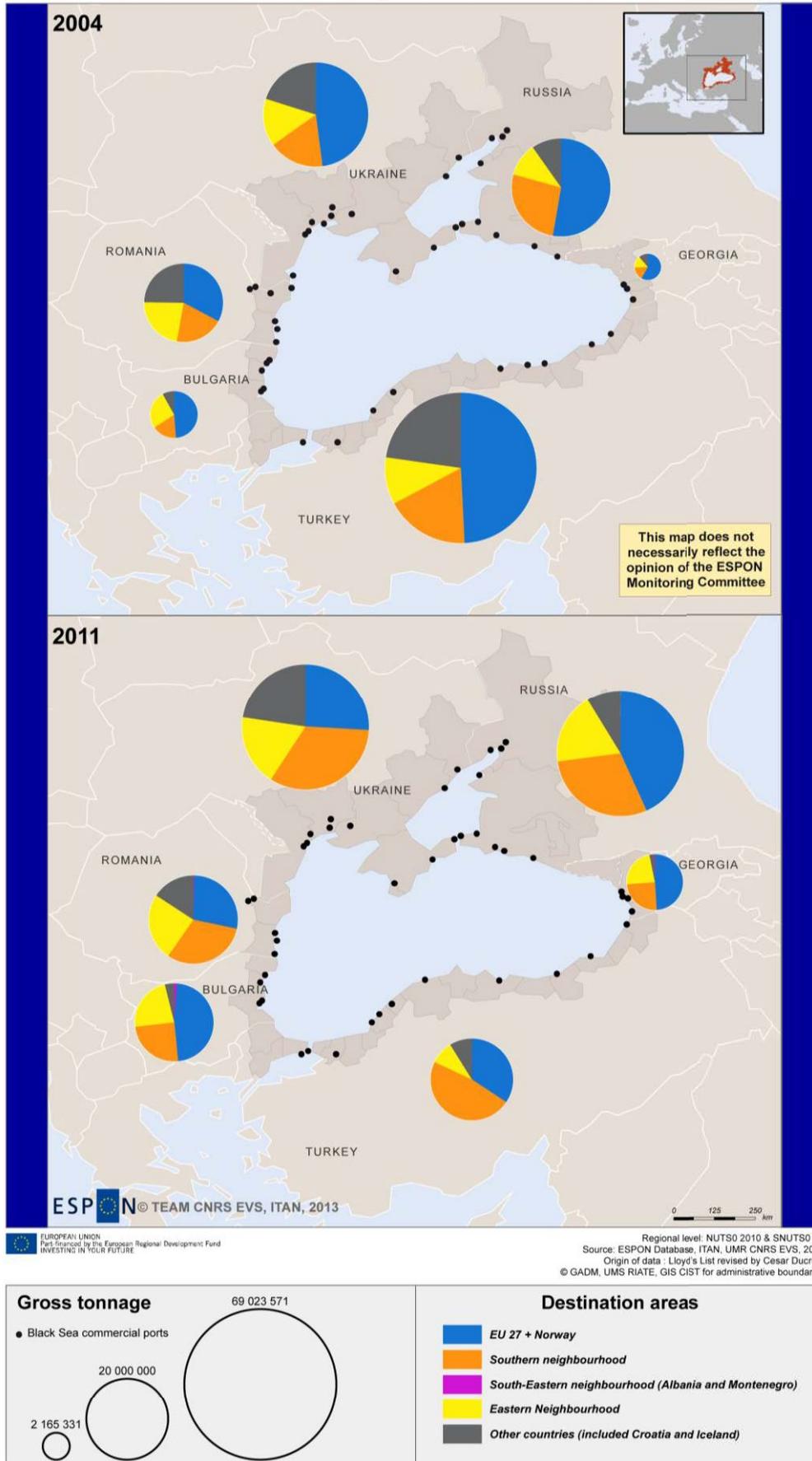
The database we used did not make possible to isolate the BSC from the region they belonged.<sup>46</sup> As a consequence, it was impossible for us to measure the part of the good transport between the BSC and to measure if the Black Sea makes an integrated market and what the part of traffic exactly is to ship through the Bosphorus strait.

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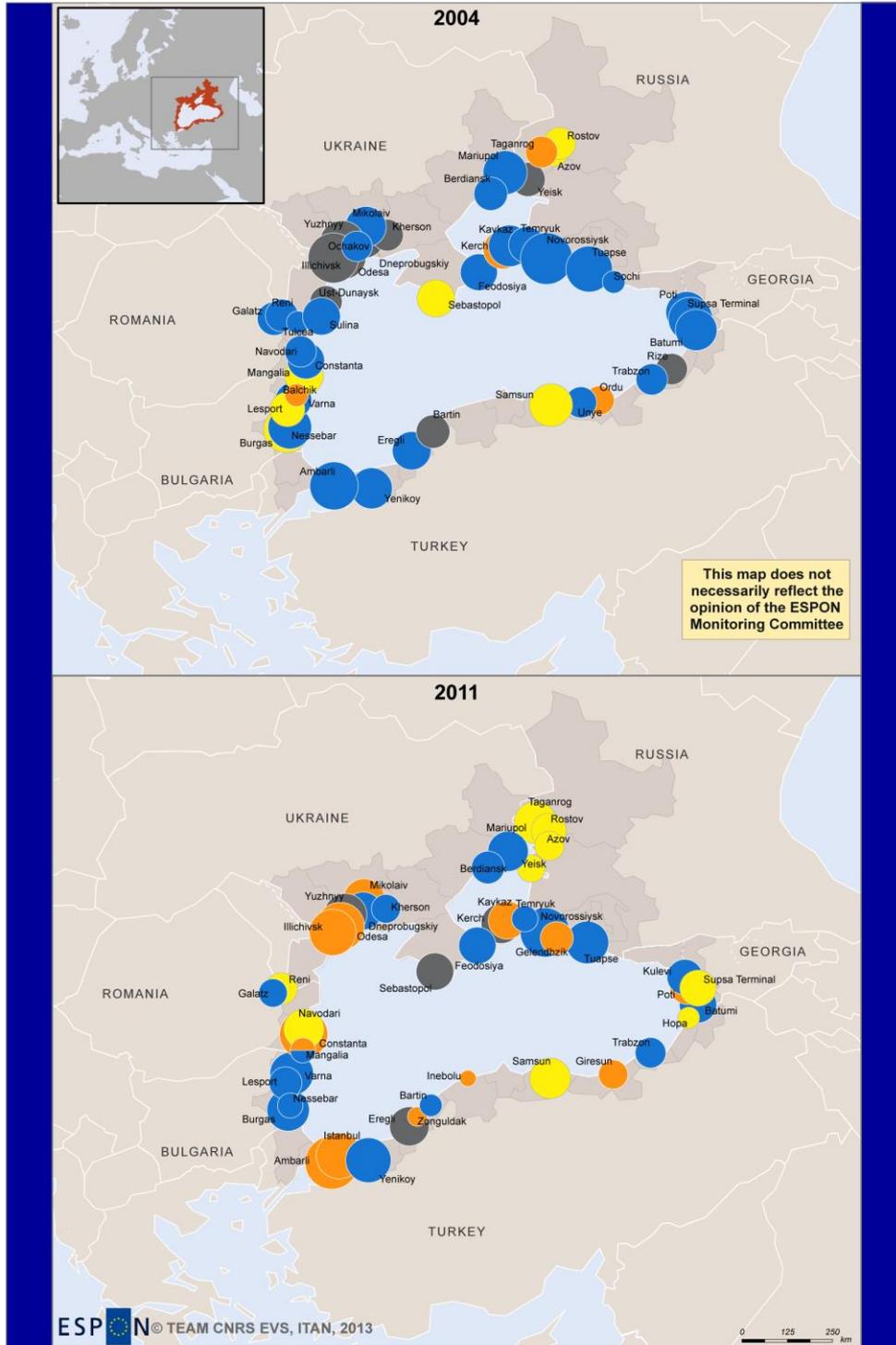
<sup>45</sup> Gross Tonnage

<sup>46</sup> The database used here was not supplied with a data distributed by country but by world region. The categories are: ESPON members (without Croatia), Eastern Partnership, Mediterranean Neighbourhood, Balkan countries (Albania and Montenegro), other countries.

Map 225 - Destination of shipping traffic from Black Sea ports by country



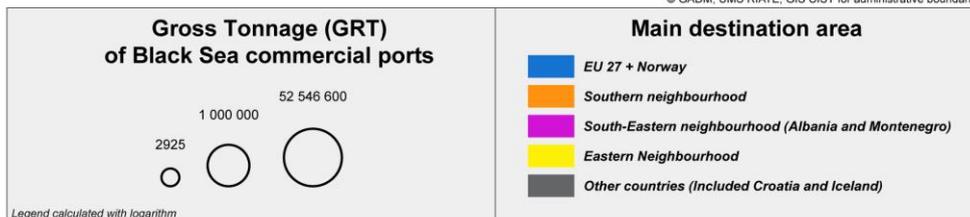
Map 226 - Destination of shipping traffic from Black Sea ports by seaport



ESPON TEAM CNRS EVS, ITAN, 2013

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Regional level: NUTS0 2010 & SNUTS0 V1  
Source: ESPON Database, ITAN, UMR CNRS EVS, 2013  
Origin of data : Lloyd's List revised by Cesar Ducruet  
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The question is particularly accurate for Russian Black Sea ports; The Black Sea is in the middle of transport strategies if we consider the world scale. For Russia, this maritime openness is clearly vital, because the country imports always more industry products from Asia. The polar route and the Transsiberian railway route do not have absolutely the capacity to carry these exportations. The trains through Siberia are too slow and vulnerable to technical and meteorological fatalities. The route through the Arctic Ocean cannot become a real alternative maritime route because the ships must follow powerful ice-breakers, even during summers, and are obliged to ship very slowly.

The Baltic Sea is for the moment the main Russian maritime facade concerning exportations by ship. The Russian port of Kaliningrad is free of ice all year long but its region is separated from the Russian "main land" by Lithuania (NATO & EU member). This separation implies problems in the transport conditions with long cross-border procedures.

The port of Saint-Petersbourg remain the main Russian port. Russia is still developing this area and the seaport structures around the city to follow the increase of the maritime traffic but also to compensate the lost of the ports located in the Baltic States after their independence in 1991. A planning project plans that the port of Saint Petersburg should welcome by 2030 all types of containers and make possible the transit of 115 MT of containers per year.<sup>47</sup>

In spite of it, the port of Saint Petersburg is quite far from Asia because it needs to go through the Danish straits, which limit the capacity of the ships and go around the whole European continent. Massive port structures on the Black Sea are very important from an economical point of view. They reduce the length of the routes between Russia and Asia (especially through the Suez Canal). And once again, these waters are always free of ice.

That's why the Russian Black Sea ports have known a strong development in the last decades (Temriuk, Novorossisk as well as the seaports of the Sea of Azov). The new port of Taman, through which only 2,2 MT were transported in 2012<sup>48</sup> is supposed to reach a capacity of 360 MT by 2030. Because of its recent birth, the development of the port can't be observed in a database.

The main problems with the ports in this Black Sea region are that the hinterland is absolutely not industrial. The main industry regions are far (for ex. distance of 1 075 km between Moscow and Rostov) and the transport ways (by road or through channels to the Don and Volga rivers) can't carry at all an increase in freight transport.

Another strategic problem is related to the limited capacities of the Bosphorus straits. This maritime route has got already strong congestion problems and the biggest ships particularly (oil-tankers for instance) have often to wait a long time before being allowed to enter in the strait. And the situation won't be improved in the next years if Russia reorients its maritime exchanges towards the Black Sea and if Turkey knows the same development that in the past years.

Turkey has a project of a channel to double the capacity of the Bosphorus but this solution will need at least a decade to become real. Even if the diplomatic relations between Turkey and Russia have been relatively stable and good in the last years, the technical conditions related to the route crossing the Turkish part of the Black Sea and the Bosphorus reduce the perspectives in the development of the Russian Black Sea ports.

#### 4°) Migrant's remittances

The figures of the World Bank on these economic flows show that the remittances of migrants outside of their country of origin can represent a significant part of the wealth in some BSC, like in Moldova. In this country, the remittances represent 24,4 % of the GDP.

The BSC receive far more from the migration remittances that they donate, because most of them are territories crossed by a long tradition of emigration. The so-called *Gastarbeiter* migrants who left Turkey

<sup>47</sup> <http://transport.spb.ru/en/tlk/278>

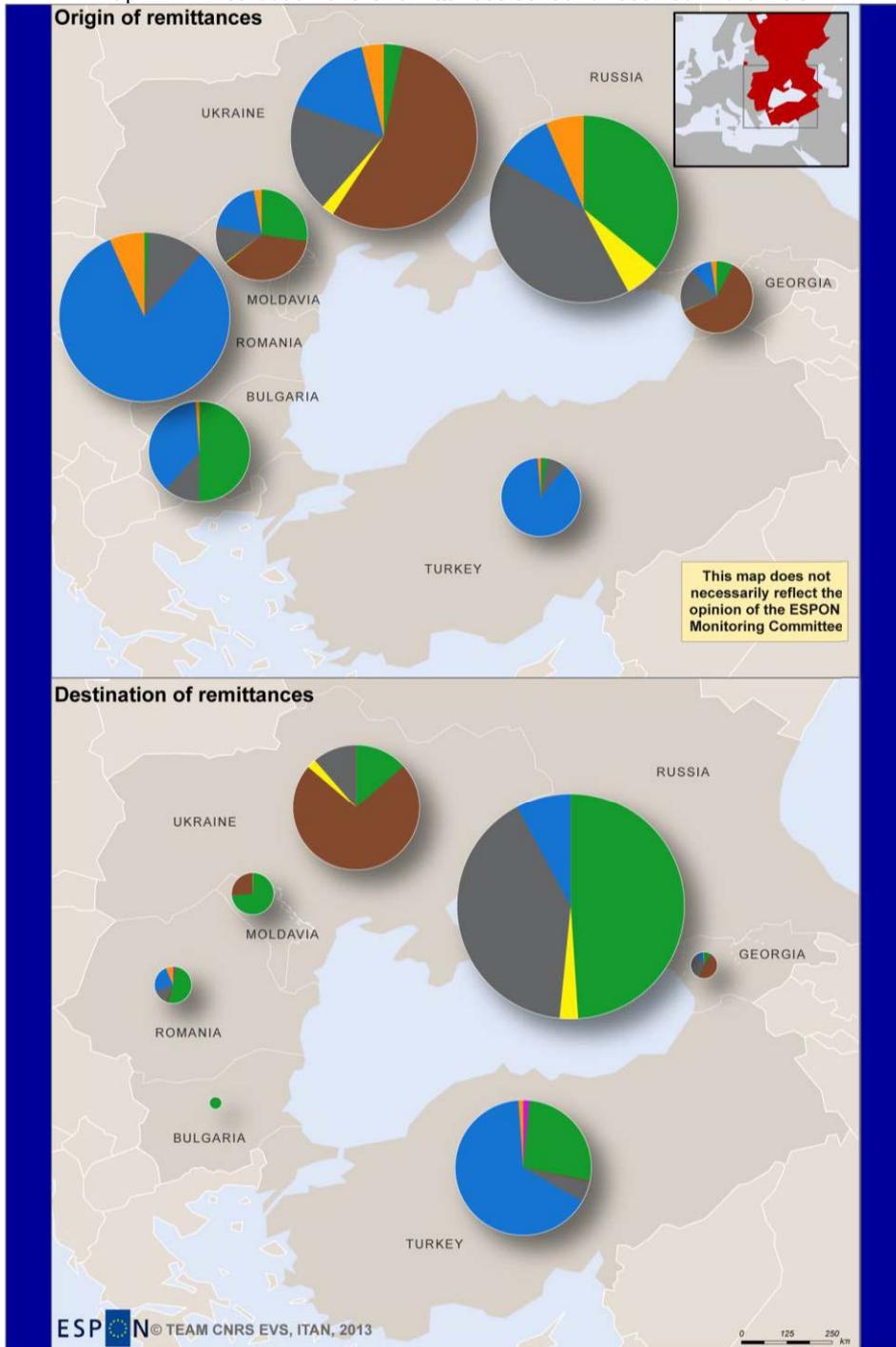
<sup>48</sup> <http://www.finmarket.ru/news/3191425/>

during 1960s and 1970s to work in Germany or the migrations that followed the fall of the Iron Curtain are examples of this kind of mobility in the area. As global amount, the BSC received about 20 billion US dollars in 2012 from its migrants abroad but also sent through intern foreign migrants 14 billion US dollars. Of course, differences must be noted. In Russia and Turkey, the share of the remittances in the economy is not important and both countries house now a lot of migrants that send far more remittances abroad than Russian and Turkish migrants outside their respective country. If we except Moldova, the remittances in Georgia, Bulgaria, Romania and Ukraine represent between 2,1 and 6,7 % of the local GDP and are not compensated by the remittances sent abroad.

A large part of the remittance flows are related to another BSC. If we add the remittances received and those donated, the BSC constitute the main destination/origin (from 43,5 % in Russia to 70,5 % in Moldova) except for Romania and Turkey that are mainly linked to the ESPON members (with respectively 78,5 and 71,1 % of the remittances). The figures illustrate strong and well-known migration logics between the BSC. 56% of the remittances in Georgia and 61% in Ukraine come from Russia, 46% of the remittances in Bulgaria come from Turkey. Russia is the main donor for Moldova, Georgia and Ukraine.

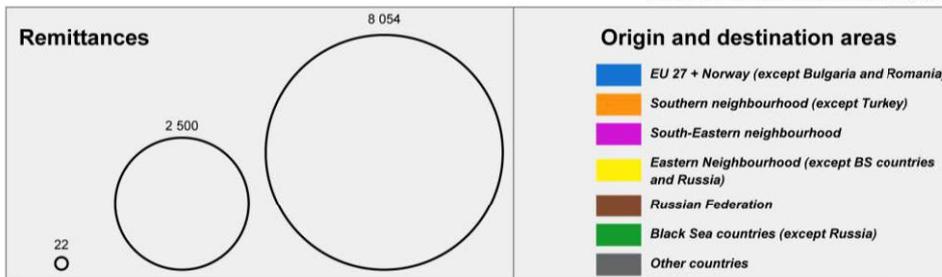
The share of the remittances that come from the ESPON members is still high, especially for Romania and Bulgaria. The distribution of the origin of the remittances among the ESPON members reflects of course well-known migration routes. In the case of Romania, the remittances come mainly from Italy, Spain and Hungary. In the case of Turkey, they come from Germany, France and the Netherlands. In Ukraine, they come rather from Poland.

Map 227 - Distribution of the remittances sent and received in the BSC



This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

ESPON © TEAM CNRS EVS, ITAN, 2013  
 Regional level: NUTS0 2010 & SNUTS0 V1  
 Source: ESPON Database, ITAN, UMR CNRS EVS, 2013  
 Origin of data: Lloyd's List revised by Cesar Ducruet  
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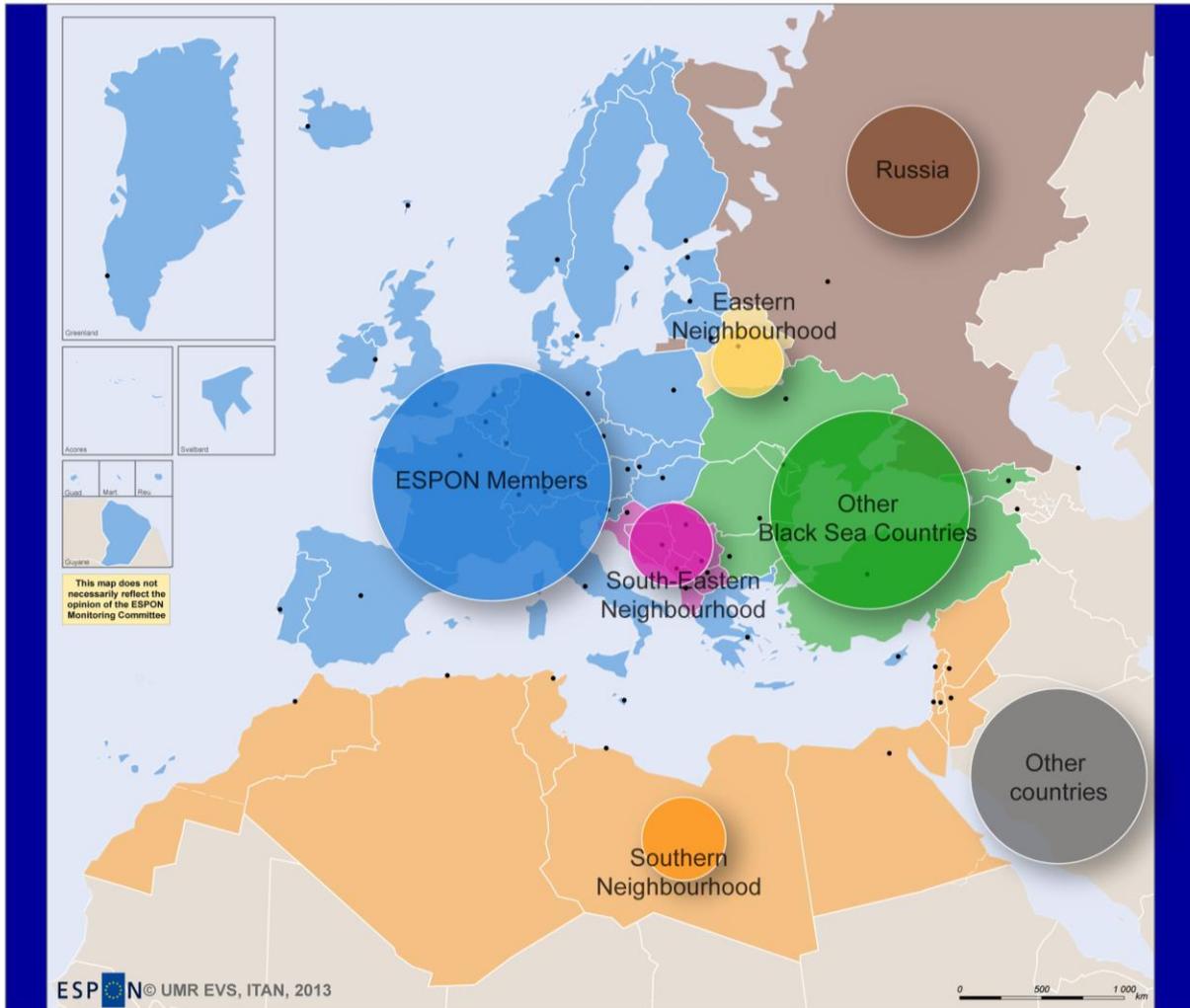
#### 7.4. Twinning partnerships

This study aims to look at the cooperation processes in the area. We already watched the dynamics related to the integration movements between the BSC states. It is also relevant to look at the cooperation at a local level, and observe if the cities that border the Black Sea are keen to collaborate together or not.

A database had been compiled for 102 cities located in the NUTS 2 BSR and the country of location of the cities with which they concluded twinning agreements. A first analysis of the results has been made in Descamps [2013]

207 partnerships (34 % of the total) are destined to BSC. The 3 main destinations of the twinning cities are among the BSC (Russia, Bulgaria and Turkey). The figure (207) is also exactly the same for the partnerships destined to the ESPON members (not including Romania and Bulgaria), with Italy, Germany and Greece as main destinations.

Map 228 - Location of the twinings of the Black Sea cities



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Regional level: NUTS0 2010 & SNUTS0 V1  
Source: ESPON Database, ITAN, CNRS EVS, 2013  
Origin of data: twinings database, UMR CNRS EVS, 2013  
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For some territories no clear international statement exists

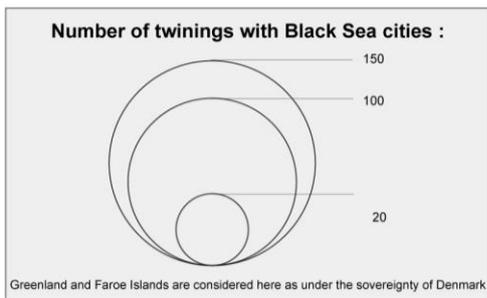


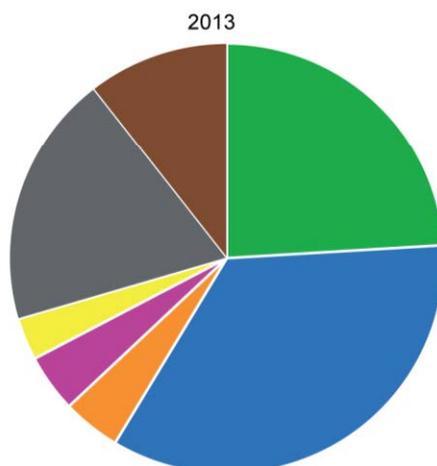
Table 68 - Main destinations of the twinnings of Black Sea cities

Before 1980	1980-1989	1990-1999	After 2000
France 7	USA 7	Germany 11	Russia 27
Italy 5	Germany 4	Russia 10	Bulgaria 24
Finland 5	Italy 4	USA 7	Turkey 17
UK 4	France 3	Turkey 7	Italy 16
Germany 3	Spain 3	China 6	Greece 13
Japan 3		Greece 5	China 10
		Ukraine 5	Germany 9
		Georgia 3	Poland 9
		Belarus 3	Ukraine 9
		Cyprus 3	Belarus 8
		Poland 3	FYROM* 6
			Moldova 6
			Netherlands 5
			Romania 5
			Armenia 5
			Iran 5
			USA 5
			France 4
			Cyprus 3
			Hungary 3
			Austria 3
			Bosnia and Herzegovina 3
			Morocco 3
			Israel 3
			Mexico 3
			Azerbaijan 3

**European neighbourhoods :**

- EU 27 + Iceland, Liechtenstein, Norway and Switzerland\*
- Southern neighbourhood\*
- South-Eastern neighbourhood
- Eastern neighbourhood\*
- Black sea countries
- Russian Federation
- Other countries

\* without countries included in the Black sea region

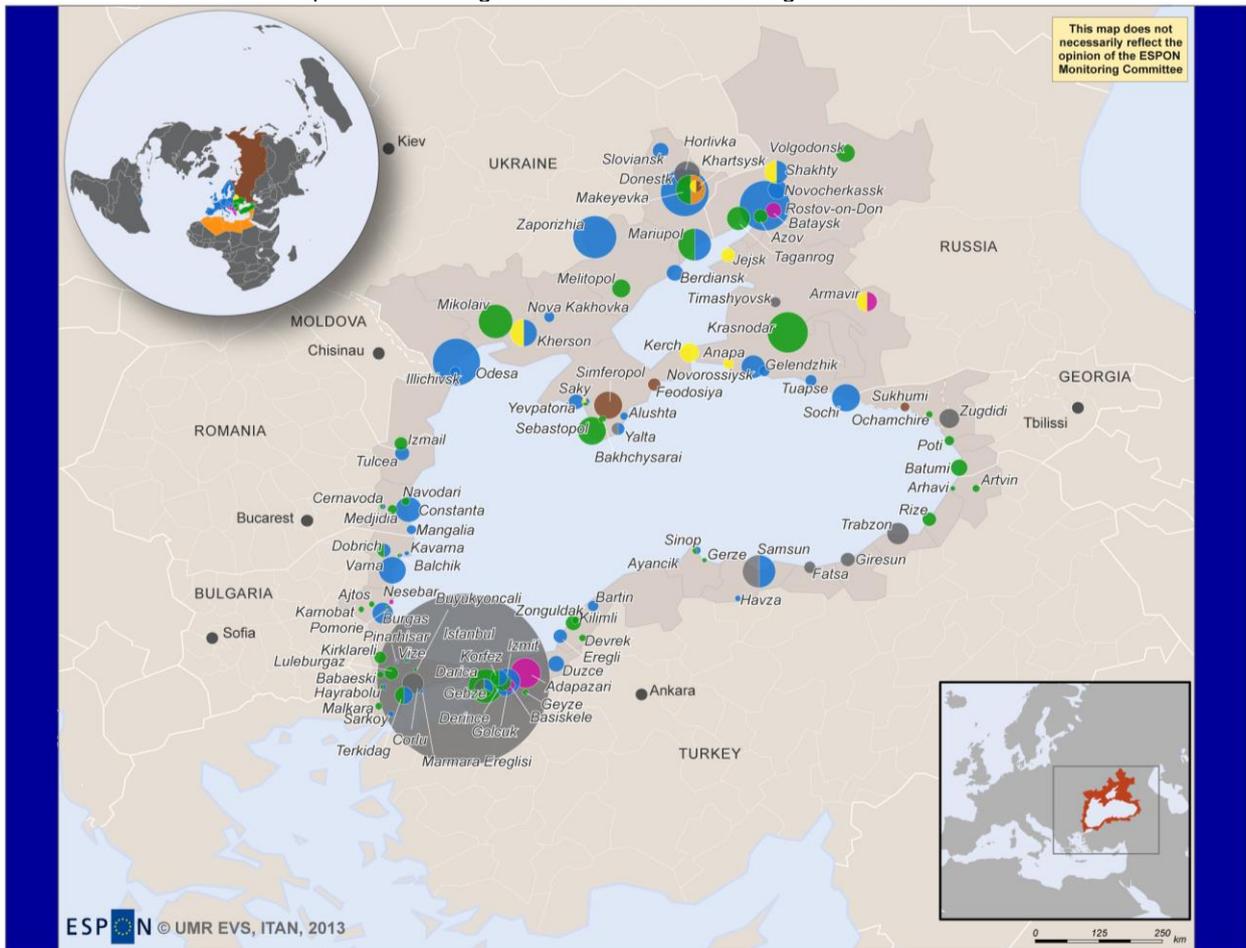


(\*) Former Yugoslav Republic of Macedonia

The main destinations of the partnerships have changed a lot before and after 1990. Before the collapse of the Soviet Union, they were massively destined to the ESPON countries whereas in the 1990s they were more destined to other BSC, the USA and Asian countries. It is the consequence of a more free openness on a political level and also of the creation of international borders between Russia and the post-Soviet states, because a lot of international partnerships have created between these countries. Recently, in the 2000s, new areas for twinning partnerships emerged such as the other European Neighbourhoods (the Southern and the South-Eastern ones).

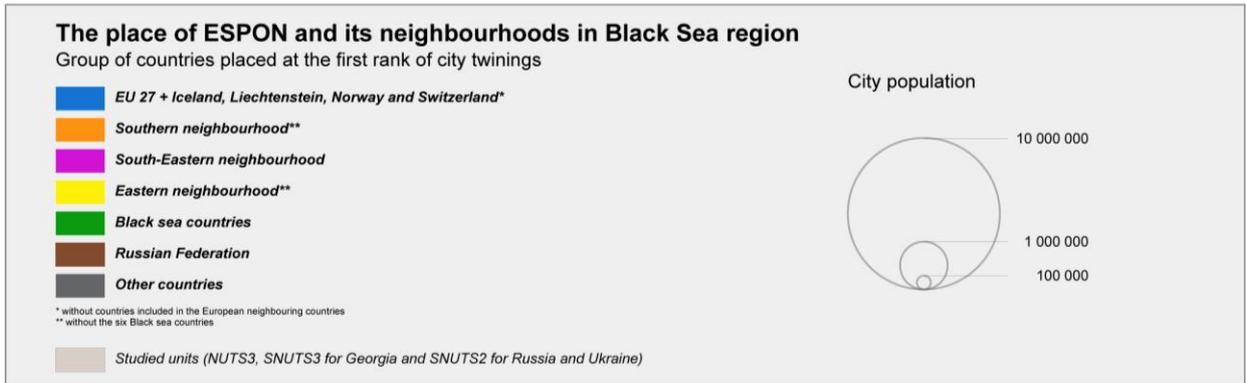
If we consider the main destinations of the twinning partnerships for the Black Sea cities, it is interesting to observe some specialisations. In the post-Soviet states, the partnerships are often in other parts of the former Soviet Union (Russia, Ukraine and Belarus). In Georgia, Eastern Turkey and Istanbul region, the twinning partnerships are destined to Asia. In Romania and Bulgaria, the partner cities are mainly located in the EU.

Map 229 - Twinnings of the Black Sea cities: regional breakdown



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Regional level: NUTS3 2010 & SNUTS2/3 V1  
Source: UMR CNRS EVS 2013  
Origin of data: twinnings database UMR CNRS EVS, 2013  
City population in 2010 (except for Georgia 2003, Ukraine 2001)  
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### 7.5. Diplomacy networks in the BSC

The influence in this region can also be measured through embassy networks. We compiled the addresses of resident and non-resident embassies in the region.

The database compiled the information included in the diplomatic lists for the different states for each ESPON member, country situated in a neighbourhood considered by the ITAN project and Georgia (for more information on the construction of the database, refer to scientific appendix). This database gives the diplomatic structure of each state of the world, establishing with which countries they have got regular diplomatic relations, in which capital cities they have a resident embassy and in which capital cities they

have not these embassies, even if they have diplomatic relations with the country. In this case, the diplomatic relations are supported by a corresponding embassy situated in another country, and which is, as a consequence, competent for more than one state.

For example, Iceland has got only 11 embassies in the area studied by ITAN but has got diplomatic relations with 43 countries. It means that the diplomatic relations of Iceland with 32 countries are made through the competence of a non-resident embassy. For its relations with Italy, Iceland uses the Icelandic embassy in Paris for this work. The Parisian embassy is said to be the corresponding embassy of the non-resident embassy in Italy.

In this study, we worked on these relations between non-resident embassies and their corresponding resident embassies, in order to know where are the important capital cities, that gather a lot of embassies, competent not only for the country in which they are housed but also for other national territories.

Table 69 - Number of embassies in the capital cities of the BSC

	<i>Number of resident embassies</i>	<i>Rank among ESPON countries and Neighbourhoods</i>	<i>Number of non-resident embassies</i>	<i>Share of non-resident embassies among total number of embassies (resident + non-resident)</i>
Moscow, Russia	139	5	0	0
Ankara, Turkey	108	11	37	25,5
Bucharest, Romania	82	22	51	38,3
Sofia, Bulgaria	69	26	74	51,7
Kiev, Ukraine	68	28	59	46,4
Tbilisi, Georgia	28	47	45	61,6
Chisinau, Moldova	20	52	50	71,4

The diplomatic structures in the capital cities of BSC are very unequal. Moscow and Ankara are among the European cities with the highest number of embassies. It reveals the importance of the diplomacy of these countries and also their power (present or past, Turkey and Russia inherits long histories as states and empires). According to our sources, there is no non-resident embassies located in Russia. 100% of the countries, that have diplomatic relations in Russia, do have an embassy located in Moscow. On the contrary, Tbilisi and Chisinau are narrow diplomatic places in matter of number of embassies. In general, only the most powerful countries in the world, that can afford to build and maintain embassies even in small states (such as the USA, China, Russia, France, United Kingdom) or neighbour states (such as Armenia in Georgia for instance).

In general, the share of non-resident is inversely related to the number of resident embassies. That's why most of the BSC, which are middle-sized or small-sized diplomatic places, have a lot of non-resident embassies. If we consider them and look where their corresponding resident embassies are, we will be able to measure dependence relations of these countries to other states.

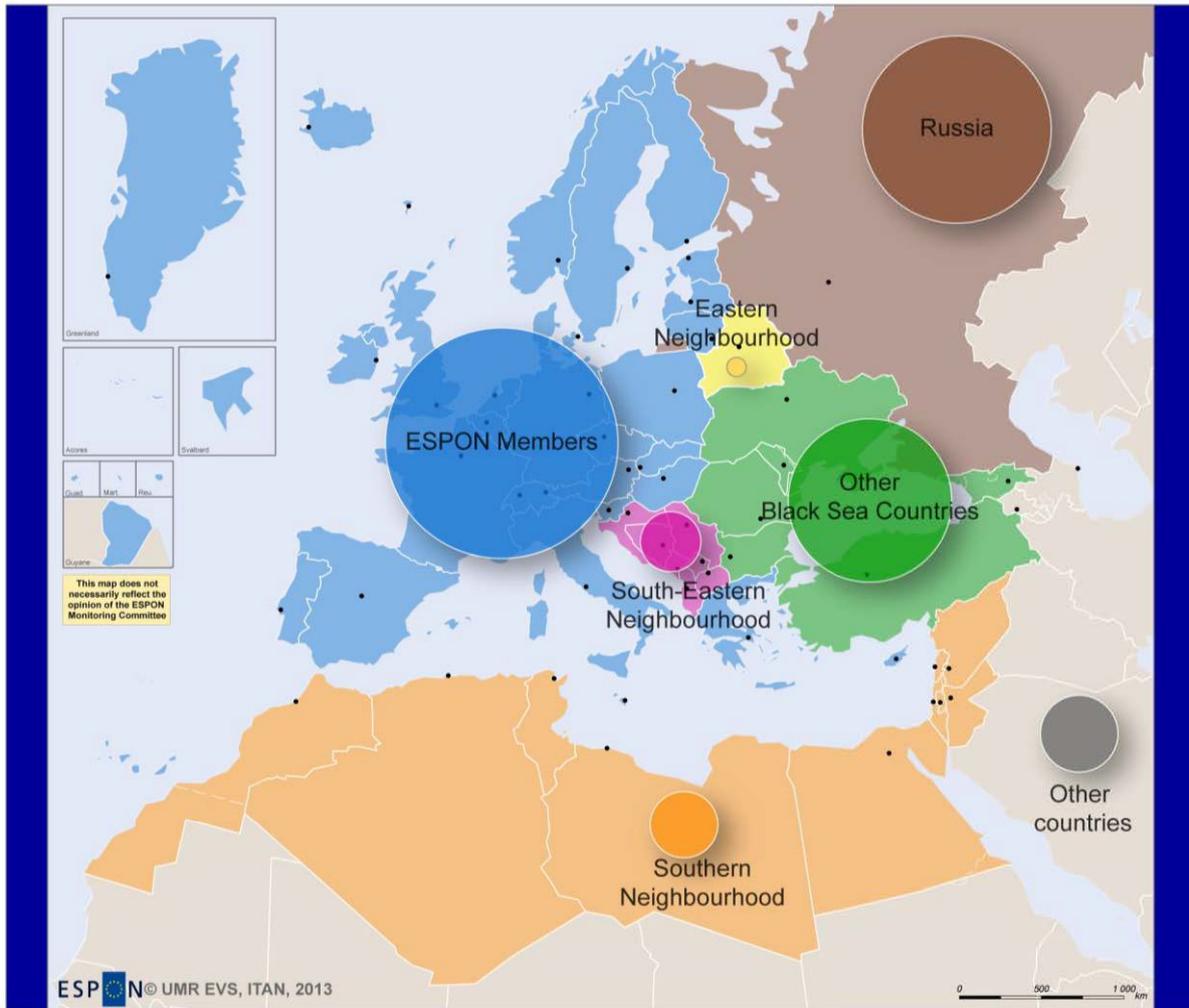
Table 70 - Distribution of the location of corresponding resident embassies (CRE)

	<i>Non-resident embassies</i>	<i>CRE located in the BSC</i>	<i>CRE not located in the BSC</i>	<i>CRE located in ESPON members*</i>	<i>CRE located in Neighbourhoods*</i>	<i>CRE located in other countries</i>
Bulgaria	74	22	52	45	5	2
Ukraine	59	43	16	15	1	0
Romania	51	8	43	38	4	1
Moldova	50	44	6	4	2	0
Georgia	45	34	11	3	0	8
Turkey	37	0	37	25	9	3
Russia	0	0	0	0	0	0
Total	316	151	165	130	21	14

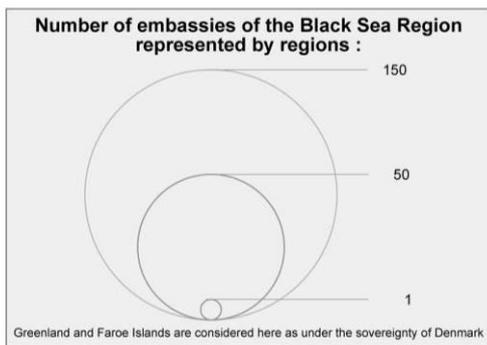
\*without BSC countries

A general trend, which is not specific but also true for the BSC, is that the links between non-resident embassies and their corresponding embassies privilege capital cities that have a large number of embassies, and very often the capital city is located in a close country which is a little bit bigger and powerful than the studied state. It means that a country like Moldova will send links to Ukraine and Romania, and those countries send themselves their links to Germany or Russia.

Map 230 - Location of the resident embassies not directly housed in the BSC



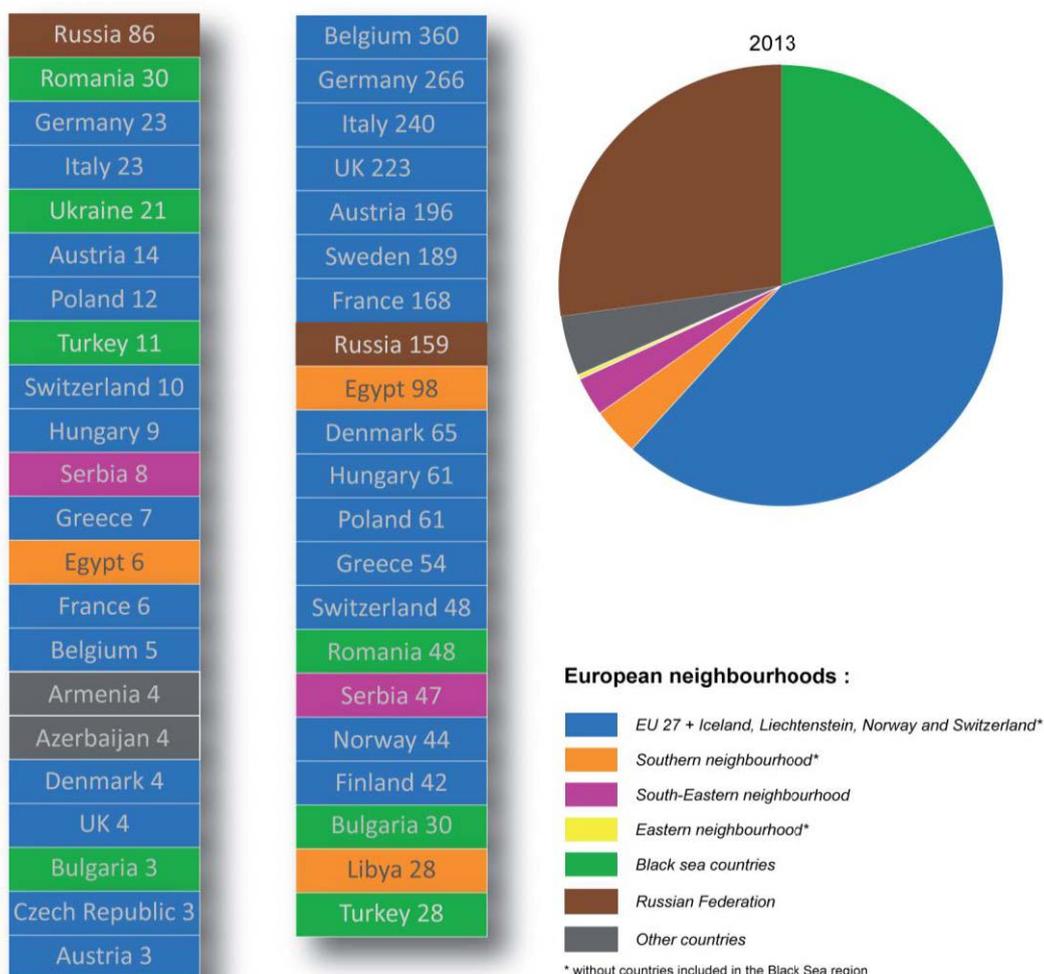
ESPON © UMR EVS, ITAN, 2013  
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 Regional level: NUTSO 2010 & SNUTSO V1  
 Source: ESPON Database, ITAN, CNRS EVS, 2013  
 Origin of data: diplomatic database, UMR CNRS EVS, 2013  
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 For some territories no clear international statement exists



47,8 % of the links between non-resident embassies in the BSC and their corresponding embassies are internal links. It means that there is not any absolute polarisation of the links to one BSC capital city or one ESPON capital city. Very often, for the BSC, the powerful neighbour is also a BSC, like for example, once again, Romania for Moldova, Turkey and Russia for Georgia. This argument explains why for Turkey and Romania, the links are precisely not sent to a BSC but to more remote countries that are bigger like Italy, Austria or Germany.

Table 71 - Location of the resident embassies not directly housed in the BSC

Main links for BS countries : Main links for all countries :



If we make a more precise analysis, we can see that a large part of the links from the BSC (especially from the Ukraine, Bulgaria and Georgia) is destined to Moscow. Bucharest and Ankara are secondary centers. The other main receiver capital cities are situated in the EU and especially to capitals more “specialized” in the representations of the South-Eastern and the Eastern Neighbourhoods such as Berlin, Roma and Vienna. In the details, there is an opposition between the countries completely turned to one external capital like the Ukraine or Georgia (to Moscow) or Moldova (to Bucharest and Kiev) and the countries that are origins of links to a lot of different countries. 23 different capital cities have at least one embassy also competent for Bulgaria, 16 for Romania and 14 for Turkey.

These links are one-way links. It means that the high proportion of links destined to ESPON members is a real dependency axis. Only 2,8 % of the links from the capital cities of the ESPON members are destined to the BSC. The relations between the different neighbourhoods can be different. The Southern Neighbourhood is not actively linked with the BSC. The Balkan states are more linked to the BSC, especially because Bucharest and Sofia host a lot of embassies competent also for Serbia, the Former Yugoslav Republic of Macedonia and Albania.

Table 72 - Share of links from and to BSC

	<i>Share of links from BSC</i>	<i>Share of links to BSC</i>
ESPON Members*	41,1	2,8
Southern Neighbourhood*	3,4	2,5
South-Eastern Neighbourhood	2,8	15,1
Belarus**	0,3	87,5

\*without BSC countries

\*\*Belarus is the only country that is not a BSC to belong to the Eastern Neighbourhood

## 7.6. Concluding remarks

The Black Sea can still be considered as a complex and fragmented area. The initiatives to create some political integration as a supranational level are for the moment relatively shy. The economic and political interests of the different BSC are too divergent for a rapid development of such initiatives. The economic and demographic logics are also quite divergent and divide the Black Sea area between Turkey, where a rapid growth of the economic activity can be observed and the other BSC that still know low fertility rates and a rather big diplomatic and economic dependence towards the EU members or Russia.

The global relations to the ESPON countries are quite important but tend to be slightly weaker. The European Union is the main trade partner of the BSC and the main destination of city twinnings, diplomatic links or port traffic. It is particularly the case for Romania and Bulgaria as EU-member but also to the others. We can nevertheless notice a reorientation of the Turkish economy to the Southern Neighbourhood. The economies of Ukraine, Moldova, Georgia and Russia are still very connected in terms of migrations, international cooperation or energy trade.

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## 8. SYNTHESIS AND POLICY ORIENTATIONS

[to be completed → FR]

The “Elements for a Common Strategic Framework 2014 to 2020” published by the European Commission [2013] provides a starting point toward policy orientations on the Neighbourhoods. First because the text, in line with the recent re-orientation of the ENP, acknowledges that the Neighbourhoods need further subsidies, with a substantial increase of the European Neighbourhood Instrument (which replaced the ENPI in January 2014). But this is far to be the only reason. The text also recommends a better combination of EU’s financial funds for cohesion, social, regional, rural and maritime policies. This is of great significance for territorial issues, which are, as such, transversal issues. The territorial approach is very relevant when it comes to better articulate different funds and sectoral approaches. Given the declining economic integration between Europe and Its Neighbours, given the very small level of awareness among the Neighbour public opinion about the contribution of the EU to their development, given the rising promotion in these ENC’s of non-European models and norms, and given the rising feeling within the EU that we would better protect ourselves against any kind of foreigners including neighbours, it is of utmost importance that the European’s actions in the Neighbourhoods could be *efficient* and *visible*. The territorial approach helps giving consistence to a wide set of sectoral and financial tools which the local people hardly identify.

This supposes to give concrete targets to European funds dedicated to the ENRs, in order to avoid the scattering and lowly mobilising effects of the previous ones. The “Elements” text demands to “focus cooperation on key policy objectives”, which is good – but all official donors’ texts always recommend that. Problem is that the text opens a wide range of possible targets: human rights, fundamental freedoms, stronger growth, inclusive growth, economic integration into the EU internal market, prevention of conflicts, sectoral cooperation such as in energy and climate change, support to civil society exchanges... We hope the coming lines could contribute to select some key objectives.

We hope too that these lines will help getting out of the dominant “subsidies” view of the ENP. Europe’s action on its neighbourhoods has long been marked by (i) a dissymmetrical manner of designing and implementing the politics, whereas the ITAN report stresses on the henceforward necessarily partnerial approach; and by (ii) subsidies as the key mean to fulfil the ENP’s objectives. Yes the ENRs need amounts of subsidies to bridge the gap of basic infrastructure equipment for the poorest territories – and they are many. Yes a country like Tunisia needs a strategic immediate and very large financial support (promised by the Deauville Partnership) in order to make its transition a success, because it would have a profound impact in the other Arab neighbour countries. But other financial means should be promoted, not only because they could bring complementary resources but because they suppose a renewed partnership:

- Public Private Partnership;
- mobilisation of the local savings (there is a lot a money in “poor” Neighbour countries, and this money could be invested in local projects based on local confidence rather than in national banks in which the nationals do not always trust);
- international funds including sovereign funds from Arab States for instance, which suppose a way to label projects with a credible governance and which add value to the regional integration between EU and its neighbours (e.g. major transnational transport network);
- innovating funds, such as fees on Mediterranean maritime transit so as to find the necessary funding for sanitation in the Mediterranean partner countries;
- stressing on the higher importance of the productive system and participation of SMEs, so as to cope with what happening in North America and East Asia. A way to promote it would be to dramatically enhance the European granted loans as the best financial tool for territorial development in the ENRs. Most of the ENC’s have economic actors that perfectly fit with loans rather than with subsidies, yet EIB and EDRB’s granted loans are not sufficient, in particular in the Mediterranean Neighbourhood because their boards remain far from the Mediterranean culture, realities and needs.

This last chapter also relies on the “Elements” assumption that it is necessary to promote closer links with EU internal instruments and policies. With regard to this, the creation of the Partnership Instrument dedicated to supporting the external dimension of internal policies is very relevant – not because of its (very limited) amount but because of what it implies on the mind-sets. The section of the ITAN report devoted to European media data analyses has shown that a lot remained to be done to promote a better knowledge and

interaction with the ENCs. This begins with the proper EU's tools. The envisaged themes of the Partnership Instrument are good: competitiveness, migration (indeed nothing of the ENP's goals will be really achieved as long as the Europeans will keep the old "migration" pattern instead of the "professional mobility" pattern which the chapters 5 and 6 have so much insisted on), and what the text relevantly calls "common major global challenges such as energy security, climate change and environment". Again, we hope the coming section will give concrete ideas of possible common action on the field of these global challenges.

Last but not least, the 'Elements' reminds that Russia's eligibility is retained in the new European Neighbourhood Instrument. The chapters on the Northern, the Eastern and South-Eastern Neighbourhoods have stressed on the key role of Russia. This major Neighbour, which is reconstructing more than an area of influence but a region of control upon some of its former Soviet partners, has, in the same time, to be highly associated in common regional neighbourhood (as it has very positively begun to be in the Baltic Sea area), *and* to be held at a distance in some specific sensitive issues. Of course this is geopolitics – but the chapter on the Northern Neighbourhood has shown that territories issues were never far from Russian geopolitics. Generally speaking, anyway, the Neighbourhood issue will not succeed as long as the EU has not taken the option of behaving as a geopolitical player in its own region. The chapter on the Mediterranean Neighbourhood as shown that Europe had already almost lost its influence upon the Near-East; it would not be good news if this would become the pattern for the other Neighbourhoods...

## 8.1. Synthesis of the relations between the ESPON territory and the whole ENR

### 8.1.1. The core-periphery pattern still prevails

European Neighbourhoods can be considered as peripheries of Europe. Relation between Europe and its Neighbourhoods are characterised by imbalances in many aspects. Europe is more important for Neighbourhoods than the reverse. Neighbours countries, except Turkey and Russia, play a minor and dominated role in the international relations of the European countries. They constitute a circle strongly linked to Europe but not very integrated to this very cohesive area. Second, the relation between Neighbourhoods and Europe is imbalanced in its nature: high level services and products vs primary or low added value manufacturing goods; tourist flows vs migratory flows including highly qualified labour; etc.

That being said, grouped together, Neighbourhoods are important partners for Europe, reaching 7,5% in the trade of goods, 7% of European air connections, absorbing 15% of the European aid of development, providing 30% of immigration toward Europe and providing a third of energy supply of the European market. Moreover, we assess to 11% the share of Neighbourhoods in the potential growth market of Europe in the next decade. These figures nevertheless pointed to the importance of Neighbourhoods for energy supply and as a source of labour force (or migratory threat depending on the perspective adopted) for Europe rather than assumed major economic partners.

Although European Union remains a major actor at global scale and for its Neighbours, its influence has been shrinking in the last decades and its dominance has been more and more reduced to its Neighbourhood. However, even in the Neighbourhoods, our analyses highlight the declining influence of Europe in most countries, especially the Near East.

Finally, our analyses of Neighbourhoods have highlighted the diversity in terms of relations to the world. Several Neighbourhoods can thus be identified:

- Former USSR is the only part of the Neighbourhood which forms a cohesive area, with declining though important interrelations. As a result, Russian neighbours such as the Ukraine, Moldavia or Belarus are equally polarised toward Russia and the European Union;
- Western Balkans, though keeping quite important internal relations, is nearly exclusively turned toward Europe, mainly Central Eastern Europe but also, in relative terms, toward Nordic countries;
- The Maghreb remains highly polarised toward Europe, mainly south-western Europe. Unlike the former USSR, countries of the Maghreb have poor internal relations, each country being strongly polarised toward Europe;
- Turkey is strongly though decreasingly oriented toward Europe in its external relations but does not belong to any cohesive regional area;

- The Near East, including Egypt, is less and less oriented toward Europe and has seen the influence of the Gulf oil powers increased in the last decade.

### 8.1.2. Transport and energy flows prospects

The main result of the ITAN work on networks is that we now have at our disposal a thorough cartography and network up to date database of the transport network of the European region. This gives (i) a comprehensive view of this greater region today, and tomorrow given the role of transport network in territorial development, (ii) new possibilities for researchers to integrate social, economic and environmental data to these wide network data, so as to compute indicators of connexity, accessibility and any other socio-economic potential at this wider scale; (iii) in-depth analyses at a sub-regional scale, since this database is compliant with the overall ITAN database at SNUTS scale, which allows specific treatments for any territory of the area; (iv) further cooperation between the European stakeholders and their Neighbour counterparts, in particular in the field of energy which is one of the major stakes of the region, and also in the field of investment in transport infrastructure with regard to the needs of the ENCs.

The transport networks display two types of opposition. The first is about demographic density, and reflects the climatic hard constraints on the northernmost, southernmost but also eastern parts of the Neighbourhood. The second is about the network density: all the European territory is meshed, at various degrees but anyhow meshed, including Eastern Europe up to Moscow and including Turkey on its European territory up to central Anatolia. In the Arab Neighbour countries, the network is much more limited, for geo-climatic reasons as well as economic reasons. The road network is especially weak in most remote Russian regions and in the desert areas in North Africa and eastern Mediterranean. The *quality* of the networks is also quite different, as the number of high capacity roads with lane separation is much smaller in all the Neighbourhoods.

The ENCs' rail network is more sparse and patchy than the road network, and of worse quality than in ESPON area. There are important discontinuities between countries due to missing links and closed borders. Especially noticeable is the absence of rail network in most of Libya. High speed rail is right now non-existent throughout all the Neighbourhoods, although several projects are designed. One of those is to launch a high level transport infrastructure (high-speed rail and motorway) linking the Maghreban coast from Casablanca to Tripoli in Libya.

The number of accessible persons in a span of time of three hours displays a harsh opposition between Western Europe and its outskirts. A striking feature is that the northern part of Maghreb is linked to the European territory in terms of accessibility. At the other extremity of the Mediterranean Neighbourhood, the connection is also strong in Turkey. Another area of important demographic accessibility is the Nile valley but due to local high demographic density and without any connection to Europe. The Western Balkans and the Eastern Neighbourhoods display medium to quite low accessibility areas, due to local limited density and/or remote access to the Western Europe.

The contrast between Europe and its Mediterranean Neighbours is particularly spectacular in the field of energy, including with those countries which are energy important providers such as Algeria and Libya, which confirms that their role, at the greater region's scale, remains basically that of raw material suppliers with locally low territorial development. The contrast is particularly striking when it comes to the electricity network.

### 8.1.3. Lessons from the Neighbourhoods

#### *Northern Neighbourhood and Arctic*

The Northern Neighbourhood hosts large deposits of oil and gas, but also rare materials and timber. Due to climate change and the resulting melting of arctic ice (inland ice and sea ice), the access to oil, gas and mineral reserves will become more pronounced. In addition the possibilities of increased transport with the opening of the Northwest Passage and the Northeast Passage will facilitate greater exploitation of these resources, thus making the Arctic an important geopolitical territory for both Europe and the rest of the world. At the same time this huge potential territorial capital also means that a very unique and vulnerable

environment may be at risk of increased pollution and threatened by the risk of increased shipping and potential oil spills.

The Northern Neighbourhood shows that processes of *regionalisation* (actual or potential flows) are specifically increasing the need for greater *regionalism* (in terms of increased cooperation) as countries outside of the Arctic region are vying for access to a type of territorial capital that has traditionally been a common good, rather than a strict jurisdictional territory. This implies both opportunities and threats for the region. Cooperation on Arctic issues becomes even more important as the Northern Neighbourhood in a wide sense becomes a strategic neighbourhood not only for Europe but for other key world players.

### *Eastern Neighbourhood*

The key policy messages of coming from the Eastern Neighbourhood are that cooperation remains important, particularly territorial cooperation around the Baltic Sea Region. As the Baltic Sea itself is a special eco-system, one that is highly threatened by eutrophication, over-fishing and other environmental hazards, it is vital that all countries around the sea, including the neighbours participate in order to preserve the sea as a common resource. But territorial cooperation between the EU and its Neighbours is not always straight-forward, due largely to the differences in governance and political priorities. Nevertheless one simple message is to continue the work on developing strategic visions together with neighbouring regions, such as VASAB.

Another message is the necessary promotion of both regionalisation and regionalism as an integrative process is the building-out of energy and transport infrastructure. Despite the relatively low population density in especially the northern areas of the EU and the Eastern Neighbourhood, transport and energy infrastructure will be vital in order to capitalise on further trade in oil and gas resources as a force in further regionalisation. Anyhow, energy will remain the linchpin of the relationship between Europe and its Eastern Neighbours.

### *South-Eastern Neighbourhood*

Here the messages are, first, that the South-Eastern Neighbourhood is shifting from “Western Balkans” to “South-East Europe”, that is to say that after the 1990 decade of wars, political and economic unrest, the Neighbourhood converges in many ways with the general trends observed in Europe.

The second message is that there are still more territorial discontinuities than continuities within this Neighbourhood and with regards to the ESPON countries. The Neighbourhood’s countries are in process of borders creation of (what we called “re-bordering”), both internal and external, and the external border control with EU’s countries have been strengthened by the EU following the Enlargement of the EU in 2004 and 2007. The internal Balkans markets are insufficiently integrated. The transport networks suffer from strong discontinuities. The position at the crossroads of the South-Eastern Neighbourhood is of utmost importance for gas and oil trade to Europe but many projects have aborted or have been delayed due to numerous bilateral agreements rather than a clear European energy policy. Last, the discrepancies of GDP per capita levels vis-à-vis EU’ neighbouring territories are high, except for Croatia which is close to European averages. Within the South-Eastern Neighbourhood internal disparities are quite low, except when it comes to the capital areas (Zagreb, Belgrade, Tirana and Skopje). The Neighbourhood will face the classic dilemma between territorial equity and competitiveness to compete in a globalised Europe.

The third message is about the core-periphery pattern between Europe and the Neighbourhood (in terms of trade, FDI and public aid), which confirms the above analysis. The last message stresses on the internal diversity of national assets, standpoints and strategies, namely vis-à-vis the membership issue, which adds to the fragmentation pattern of this Neighbourhood.

### *Southern Neighbourhood*

Four messages stem from the analysis of the Mediterranean Neighbourhood. The first one is that in spite of the efforts made by the EU, the previous Euro-Mediterranean policy did not meet its objectives. The

European aid received by the Mediterranean ENCs has been decreasing, and was too much scattered to really impact territories and population positively. The re-orientation of the European Mediterranean policy is too recent to draw conclusions, even though the awareness is growing that this Neighbourhood could no longer be considered as a territory where to control migration, buy oil and gas. The fact that this is the only Neighbourhood whose share in the world's GDP and population is rising, along with the on-going political and economic transition, make it a strategic area. Besides, the European newspaper pays a growing attention to it when compared to the other Neighbourhoods.

The second message is that the Euro-Mediterranean missing link is productive integration. It has become clear that the economic future of the Mediterranean ENCs more and more relies on the modernisation of their production systems, which is lagging (except in Turkey and of course in Israel). Yet, as we said, the economic integration between these countries and Europe is declining, so as to speak of an on-going regional de-integration, whereas these ENRs would need a higher technical, institutional and financial support from Europe.

In spite of all this, this is the third message, the Mediterranean Neighbourhood policy has already had four positive outcomes: (i) the practice taken up by the governments of countries within the region of interacting with one another either at a ministerial level or between experts, which should be enhanced namely at local level thanks to a decentralised cooperation; (ii) the openness to international commerce in the form of both trade and FDI, thanks to the Agreements with the European Union; (iii) a remarkable macroeconomic stabilisation of the ENCs; (iv) the steps taken towards deep integration between the two Mediterranean sides: financial market regulation (very first steps), environment (for decades but with low results), energy (with the ministerial 2003 decision to go to an Euro-Mediterranean integration of electricity and gas markets), Transport (thanks to the EuroMed Transport Forum since 1999).

Last, the success of the further partnership depends on the implementation of four necessary cooperations, in the field of: professional mobility; energy, indispensable for all the territories of the Neighbourhood which are experiencing a booming of the energy demand; water, due to the water shortage and the need for better access to sewage; agriculture, food security and rural development.

#### 8.1.4. Cross-cutting lessons

They are about:

- Environment and energy, as the overarching issues of all the Neighbourhoods
- A clear demand from all Neighbourhoods: easing visa regime could have a greater contribution to regional integration than any other form of cooperation.
- The urban stake – for better knowledge and exchange of experiences and better management
- Local governance empowerment
- Importance of the gender issue, which has a territorial dimension.

[to be completed → FR]

#### 8.2. Policy orientations

##### 8.2.1. Regional policy

- The great usefulness of European regional policy's methods and tools for the Neighbour regions
- Cross-border cooperation: how to bring coherence between numerous tools and countries types

##### 8.2.2. Technical Assistance (TAIEX, Directorate-General Enlargement)

- The decentralisation issue, but also the state de-concentration issue as an indispensable counterpart to the decentralisation

- The modernisation of the state and of the governance *via* local territories and national planning; role of territories in the rising participation of the civil society
- The role of territories in the public-private cooperation
- The rising importance of geographic indication, short supply circuits and local development
- The promotion of the decentralised cooperation and the necessary emphasis to put on ENRs
- The promotion of international networks of territorial actors in the framework of the Neighbourhood policy.

#### 8.2.3. The Common Agricultural Policy

- The link between climate change and agriculture issue
- The food security issue
- The rural development issue
- The Europe-ENCs trade issue: going beyond the free trade agreements

#### 8.2.4. Transports

- Increasing accessibility is identified as a key challenges for the regional integration between Europe and the ENRs
- Significant deficits in the quality and efficiency of transport infrastructure, within each Neighbourhood and with regard to the ESPON territory
- The need for a long term perspective in order to mobilise the actors on the long run and to ease the funding of the projects

#### 8.2.5. Energy policy

- The key policy of the Neighbourhoods (North, Eastern, Black Sea, Mediterranean)
- The on-going policy is spot market-oriented. This hampers long term trading, technological and industrial deep cooperation namely with Mediterranean suppliers
- The need of a more balanced procurement policy (*vis-à-vis* Russia)
- The necessity for a shared vision of the energy transition
- A “Euro-Mediterranean Energy Community”?
- Energy cooperation with the Neighbour can help a desirable but too long overdue European energy policy

#### 8.2.6. Environment

- A key issue at all scale for all the Neighbourhoods: impossible to address the Neighbourhood issue if one does not take into account the environmental dimension; impossible to address the European environment issue if one does not take into account the Neighbourhoods.
- Key importance of the water issue

#### 8.2.7. Migration policy

- Visa-free cross-border movement would further contribute to strengthening the economic and cultural exchanges.
- Challenges of migrations and security border control should be more differentiated between nationals of considered Neighbour countries, and illegal migrants.
- Turning the high level of working age population of the Neighbourhoods as a resource for labour markets in enhancing training, skills, professional and student mobility
- Replacing the “migration” pattern by the “professional mobility” pattern

[to be completed → FR]

### 8.3. Overall recommendation: towards a “Neighbourhoods Territorial Agenda 2020”

[to be completed → FR]

#### 8.3.1. Why

The EU has hitherto financed a great amount of studies and programmes in the ENCs, but their global vision is lacking. A territorially integrated perspective could take advantage of these scattered initiatives on trade, energy, transport and environment. It could be a relevant tool for cooperation, driving to a common vision that might be shared by ESPON and ENCs.

The European territorial vision (former ESDP) is more than fifteen year old. Is not it time to update it? It certainly would be relevant to take into account (i) the recent membership of countries that have further connexion to the neighbourhoods, like the eastern and central European Countries, Cyprus and Malta, Romania and Bulgaria; (ii) the 2011 renewal of the European Neighbourhood Policy; (iii) the progressive integration of the Western Balkans to the ESPON space; (iv) the rise of contemporary concerns such as environmental protection which change the European relationship with the bordering territories.

Along with the Four Freedoms, an NTA could be a useful complement. It could promote (i) the infrastructural linkage of the vast territory encompassing the ESPON countries and the ENCs, in order to facilitate economic and cultural exchanges and to secure the energy procurements (regional integration issue); (ii) territorial policies in the ENCs, derived – but locally adapted – from the EU policies such as the Regional policy or the rural development side of the CAP’s second pillar, and (iii) common governance of common goods’ such as the Mediterranean waters or a coordinated civil protection confronted to natural and industrial hazards (deep integration).

#### 8.3.2. Potential contents

### 8.4. Issues for further investigation on the Neighbour territories

#### 8.4.1. Topics

- Fuzzy borders, contested territories, minorities
- SNUTS / LAU and the urban issue in the ENRs
- Territorial capital of the Arctic, not only from an economic/natural resources point of view, but also in terms of preserving the social capital of the area as well as the environmental viability of the region
- Follow-up of the *regionalisation* process (flows between Europe and Neighbours) in the Eastern and in the Mediterranean Neighbourhoods, vis-à-vis the *regionalism* process, and how this is affected by the governance processes
- Energy and territories in the Mediterranean area
- Cooperation in water and sanitation in the Mediterranean territories
- Impact of the actual and foreseeable climate change on the ENRs (extension of the Black Sea ENVIROGRID project)

#### 8.4.2. Upgrading the ENRs database

- Data gaps to overcome
- Database to enrich (FDI, water data, health, environment...)

#### 8.4.3. International cooperation for compatible local data

- What cooperation with the ENCs’ statistical national offices?
- Promote a “MedStat 4” and make it focus on local data.

[to be completed → FR]

## **Annexes to the Scientific report**

### Contents

1. The ITAN Work Packages
2. Mapping guide
3. List of indicators developed and dataset provided
4. List of missing data, solutions set up and data harmonisation
5. Administrative maps of the ENCs (Oblasts, Governorates, Districts, Regions ...)
6. Additional analyses
  - 6.1. International flows
  - 6.2. Anima database
  - 6.3. Factiva database
  - 6.4. Northern Neighbourhood
  - 6.5. South-Eastern Neighbourhood
7. Country reports
8. ITAN Glossary
9. List of maps, figures and tables
  - 9.1. List of maps
  - 9.2. List of figures
  - 9.3. List of tables
  - 9.4. List of boxes
10. List of abbreviations
11. References
12. List of the publications of the ITAN TPG members

# ANNEXES

## 1. The ITAN Work Packages

Work Packages	Contents	Team in charge	Other involved teams	Secondary participation	External experts
<b>WP0 Networking and support</b>		<b>LP-CIST</b>	<b>all</b>		
WP 0.1.	administrative & financial coordination	LP-CIST	all		
WP 0.2.	scientific coordination and support	LP-CIST	all		
WP 0.3.	reporting	LP-CIST	all		
WP 0.4.	communication and dissemination	LP-CIST	all		
<b>WP1 Data base &amp; overall analysis</b>		<b>IGEAT</b>	<b>LP-CIST</b>		
WP 1.1.	data harmonisation	IGEAT	all		all experts
WP 1.2.	data on territorial structures	IGEAT	all		
WP 1.3.	data on flows	IGEAT	all		
WP 1.4.	data on cooperation	IGEAT	all		
WP 1.5.	mapping and overall analysis	IGEAT	all		
<b>WP2 Networks, transports &amp; accessibility</b>		<b>MCRIT</b>			
WP 2.1.	networks infrastructures & mapping	MCRIT	LP-CIST	all	all experts
WP 2.2.	accessibility and connexity	MCRIT	LP-CIST		
<b>WP3 Northern Neighbourhood</b>		<b>Nordregio</b>			
WP 3.1.	territorial structures	Nordregio	IGEAT	LP-CIST	
WP 3.2.	flows	Nordregio	IGEAT	LP-CIST	
WP 3.3.	territorial cooperation	Nordregio	IGEAT		
WP 3.4.	case study - European Arctic	Nordregio			eastern Neighbourhood Expert
WP 3.5.	recommendations	Nordregio			
<b>WP4 Eastern Neighbourhood (Ukraine incl.)</b>		<b>Nordregio</b>			
WP 3.1.	territorial structures	Nordregio	IGEAT	LP-CIST	eastern Neighbourhood expert
WP 3.2.	flows	Nordregio	IGEAT	LP-CIST	eastern Neighbourhood expert
WP 3.3.	territorial cooperation	Nordregio	IGEAT		eastern Neighbourhood expert
WP 3.4.	case study - Baltic Sea	Nordregio			eastern Neighbourhood expert
WP 3.5.	recommendations	Nordregio			
<b>WP5 South-Eastern Neighbourhood (incl. Albania)</b>		<b>LP-EVS</b>			
WP 4.1.	territorial structures	LP-EVS	IGEAT	LP-CIST	
WP 4.2.	flows	LP-EVS	IGEAT	LP-CIST	

Work Packages	Contents	Team in charge	Other involved teams	Secondary participation	External experts
WP 4.3.	territorial cooperation	LP-EVS	IGEAT		
WP 4.4.	1) case study - Western Balkans	LP-EVS			Western Balkans expert
WP 4.5.	2) transversal case study - Black Sea*	LP-EVS	Nordregio	LP-CIST	eastern Neighbourhood expert
WP 4.6.	recommendations	LP-EVS			

**WP6 Mediterranean Neighbourhood (incl. Turkey)**

**LP-CIST**

WP 5.1.	territorial structures	LP-CIST	IGEAT		Mediterranean countries experts
WP 5.2.	flows	LP-CIST	IGEAT		Mediterranean countries experts
WP 5.3.	territorial cooperation	LP-CIST	IGEAT		Mediterranean countries experts
WP 5.4.	case study - Gibraltar	MCRIT	LP-CIST		Mediterranean countries experts
WP 5.5.	recommendations	LP-CIST			

**WP7 Synthesis LP-A 4,2**

WP 7.1.	synthesis of WP1-2, Neighbourhoods' analysis & case studies	LP-CIST	all		
WP 7.2.	policy recommendation (all Neighbourhoods)	LP-CIST	all		
WP 7.3.	towards a "Neighbourhood SPD"	LP-CIST	all		

\* This case study will be coordinated by LP-EVS, involving the eastern, Mediterranean and South-eastern Neighbourhoods' teams.

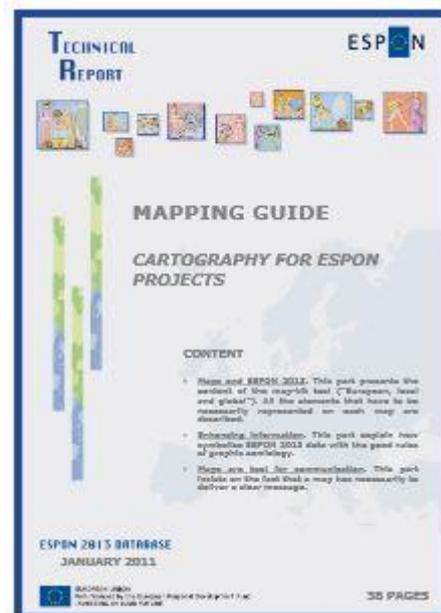
## 2. Mapping guide

### Introduction

This document presents all the mapping recommendation for the ITAN project. Adhere to these rules will allows to create coherence & harmonisation between all the cartographic production.

This guide also allows to be sure each members of the project respect the mapping recommendation of ESPON express in the response to the Interim Report.

This mapping guide presents only the mapping characteristics particular to ITAN project. Concerning all information or help about cartography method and general mapping rules of ESPON, refer to the ESPON mapping guide.



Link to download the ESPON mapping guide:

[http://w.espon.eu/export/sites/default/Documents/ToolsandMaps/ESPON2013Database/2.7a\\_TR\\_Mapping\\_guide\\_\\_internal.pdf](http://w.espon.eu/export/sites/default/Documents/ToolsandMaps/ESPON2013Database/2.7a_TR_Mapping_guide__internal.pdf)

The mapping production will be certainly important and eclectic. We are aware that sometimes the rules can become difficult to follow. That's why you can transgress the rules if necessary.

### 1. MAPKIT

#### 1.1 General rules

ITAN project has 6 official MAPKIT. You have to use this MAPKIT and do not forget some details:

Do not use Old version of MAPKIT

All the MAPKIT should always display a localisation zoom (except for general MAPKIT). Ex:

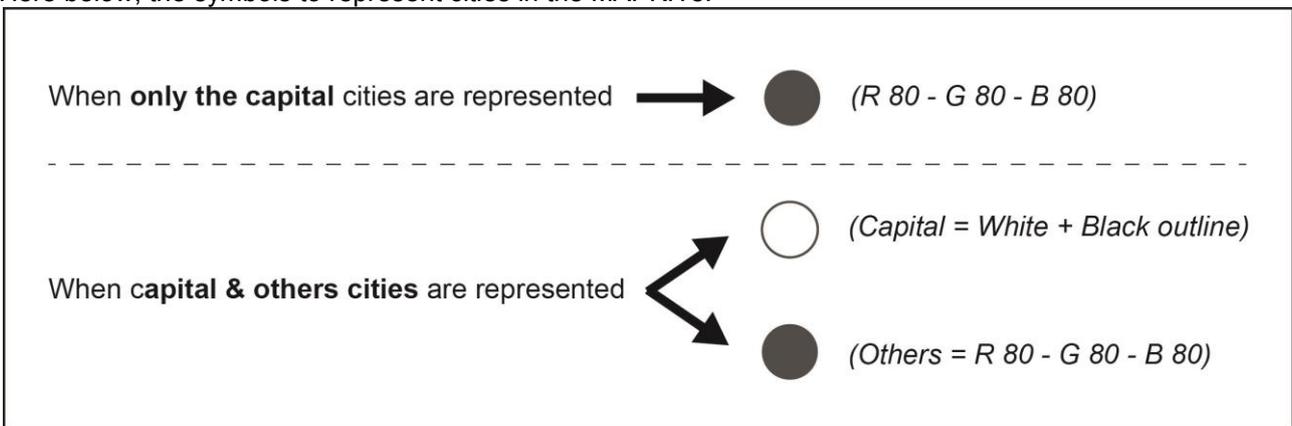


You can specify the analyzed territories with a dark red as in this example.

You have to represent the fuzzy borders as they are described in this guide.

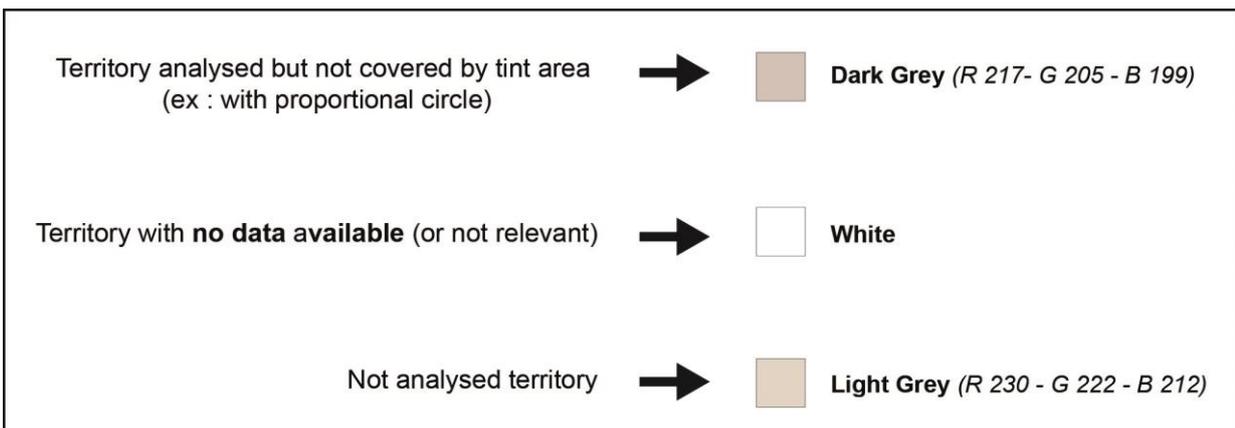
In the MAPKIT, we have added a base map of capital cities. Try most of the time to indicate the localisation of the capital cities in the maps, especially in the “neighbourhood” MAPKITs and the case study MAPKITs to help the readers.

Here below, the symbols to represent cities in the MAPKITs:

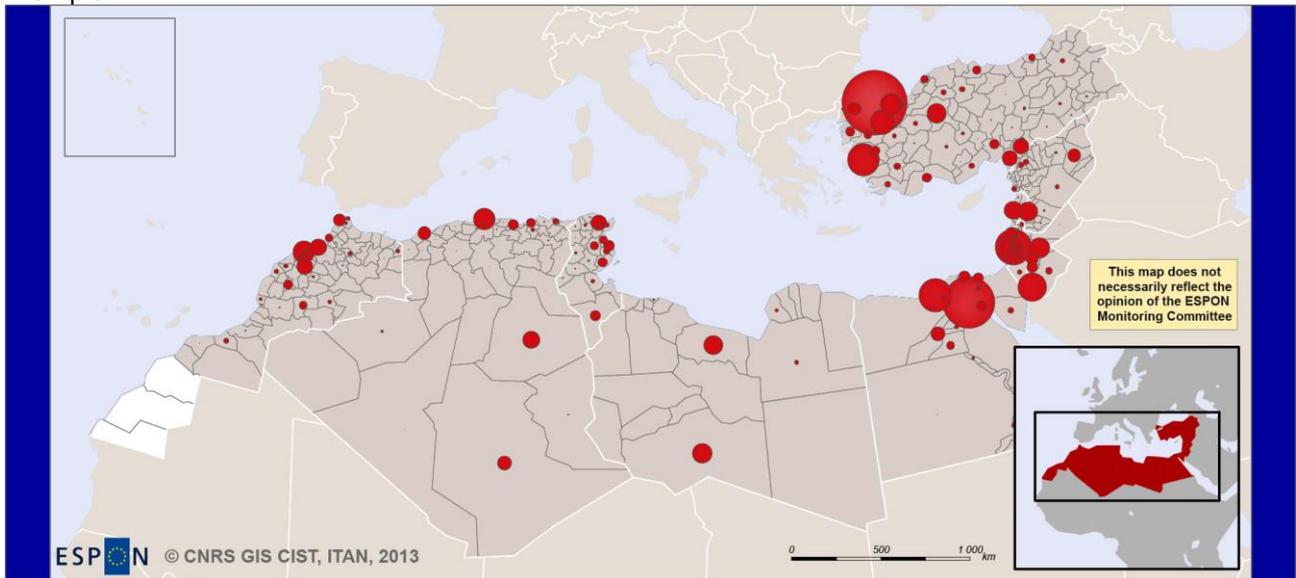


The circle size dependence, of course, of zoom level and represented data

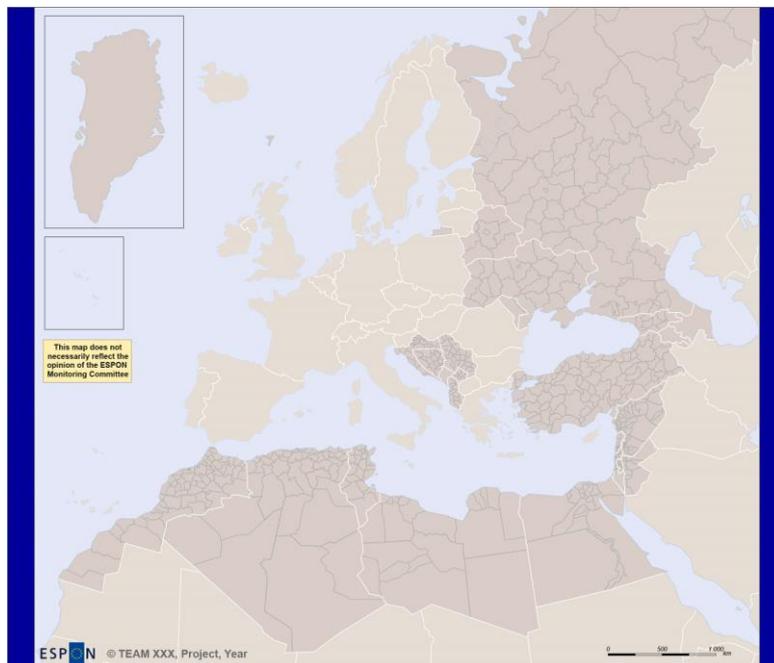
The territories without colors graduation have to be represented as here below:



Example:



*(This is only an example, that's why the fuzzy borders are not represented)*



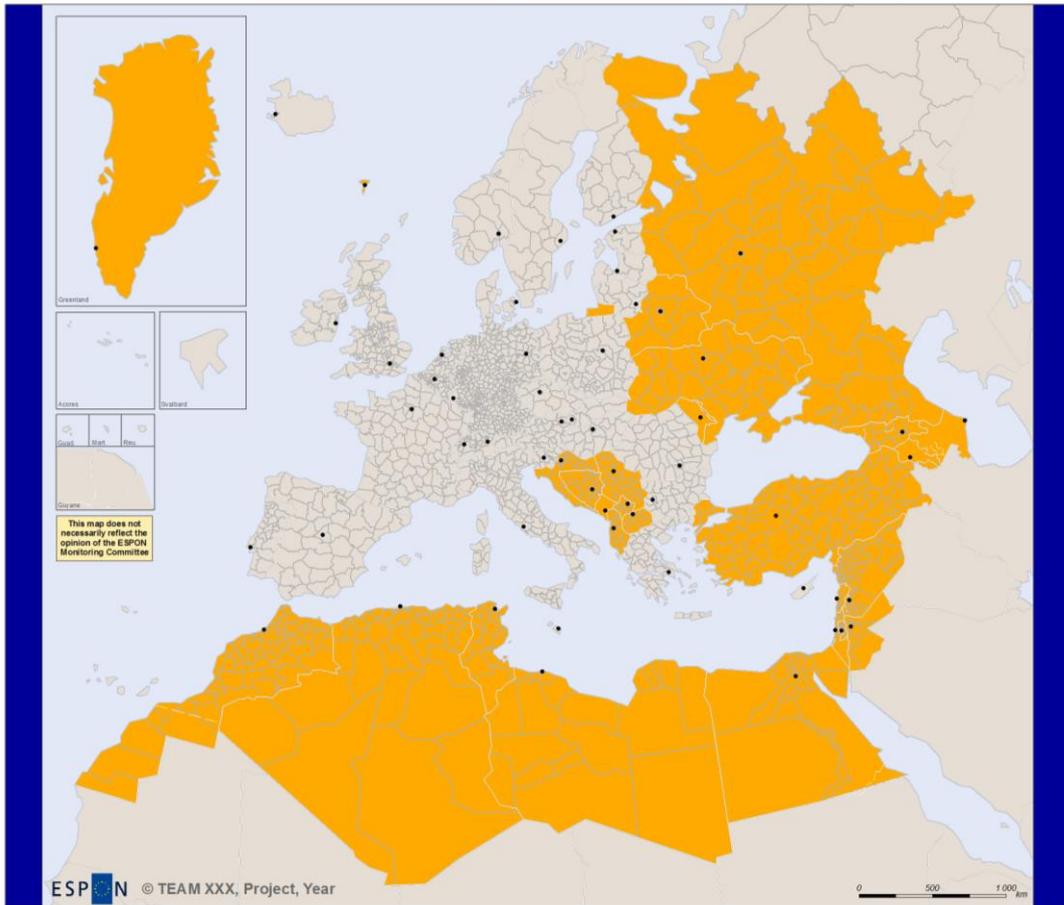
ITAN area - & other territories

All maps shall include information requested in the ESPON map templates (last version) :



For the case studies or other zoom, you have to create your MAPKIT (see 1.8)

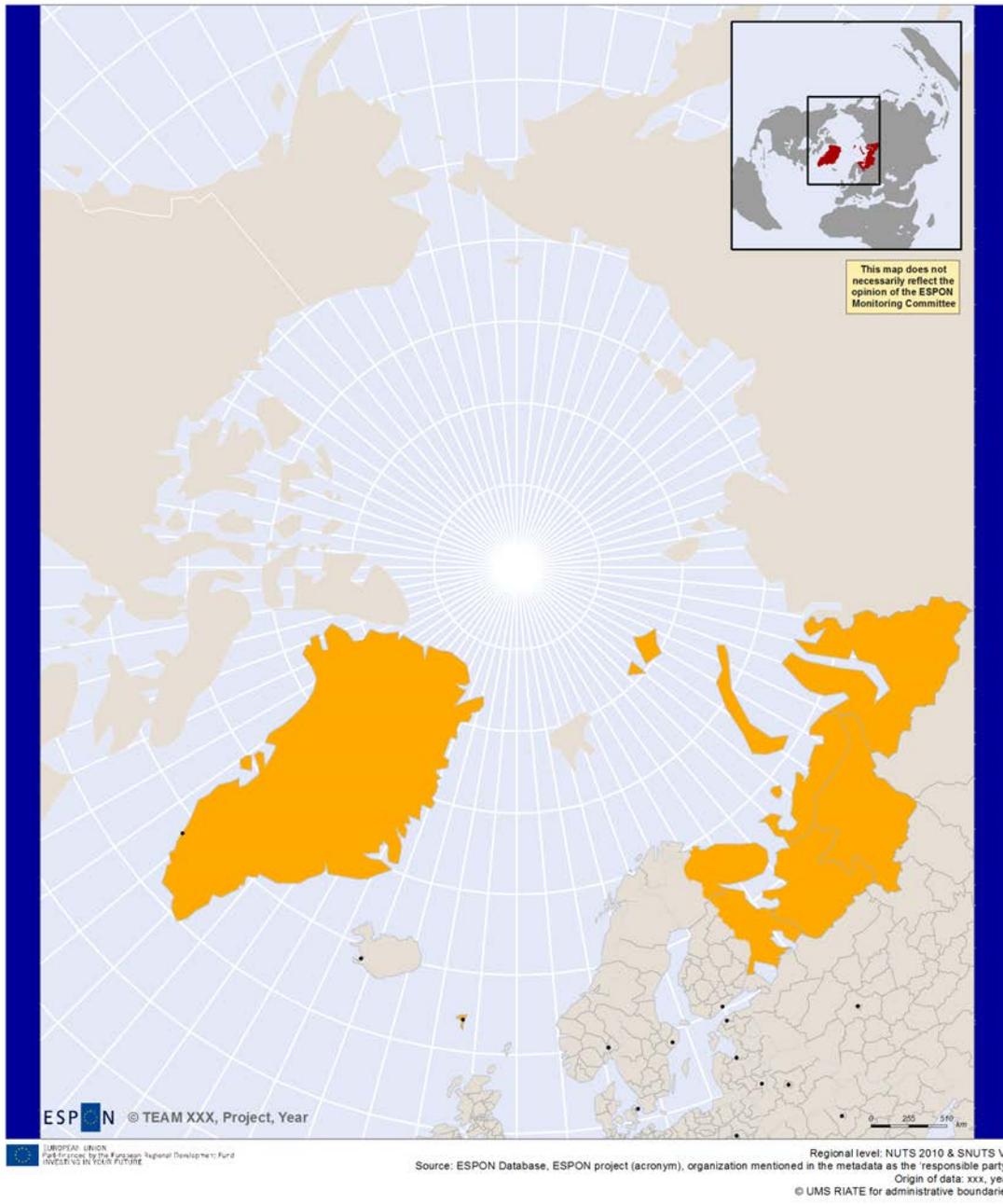
# Title



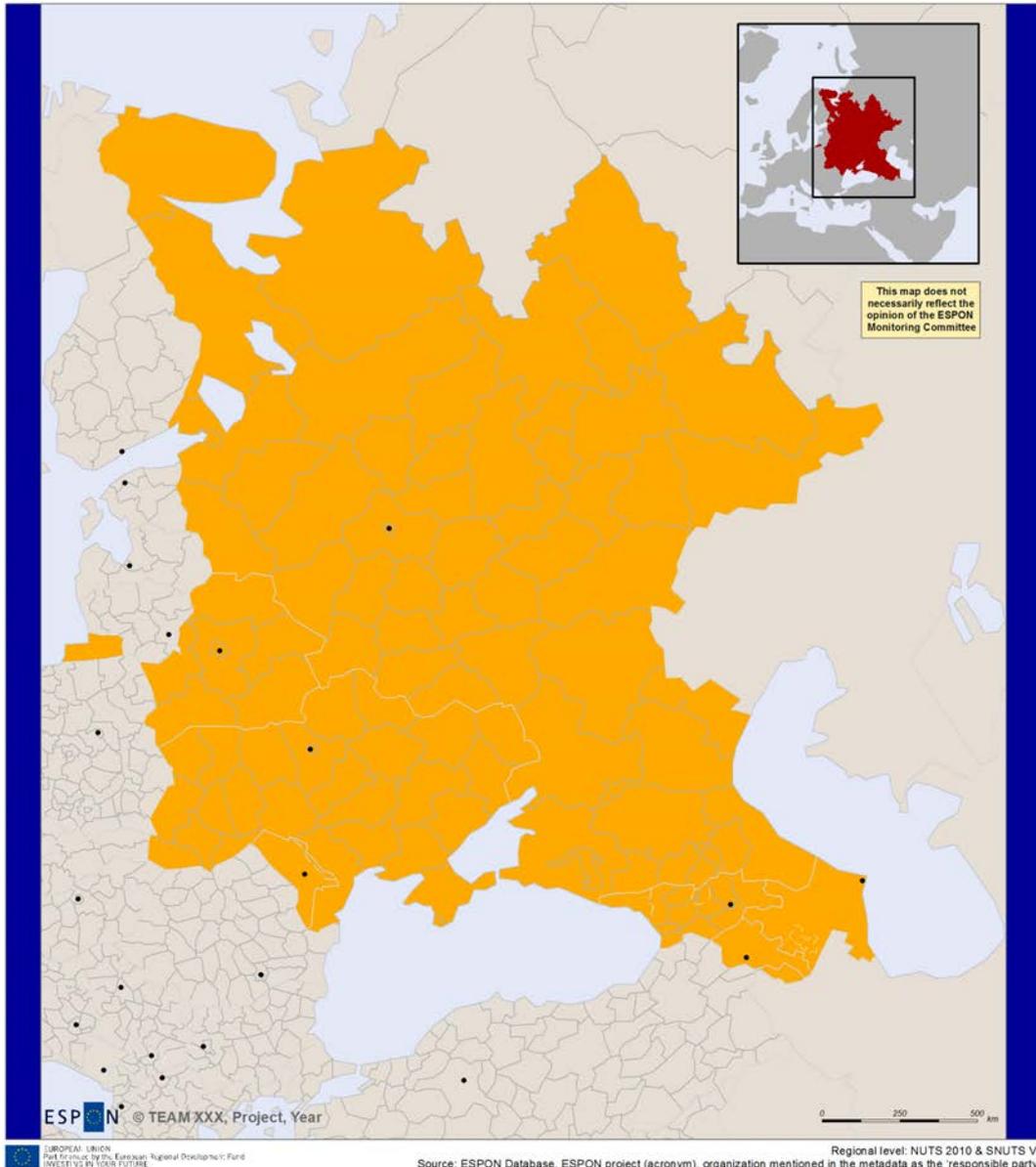
EUROPEAN UNION  
Part financed by the European Regional Development Fund  
INVESTING IN YOUR FUTURE

Regional level: NUTS 2010 & SNUTS V1  
Source: ESPON Database, ESPON project (acronym), organization mentioned in the metadata as the 'responsible party'.  
Origin of data: xxx, year  
© UMS RIATE for administrative boundaries  
For some territories no clear international statement exists

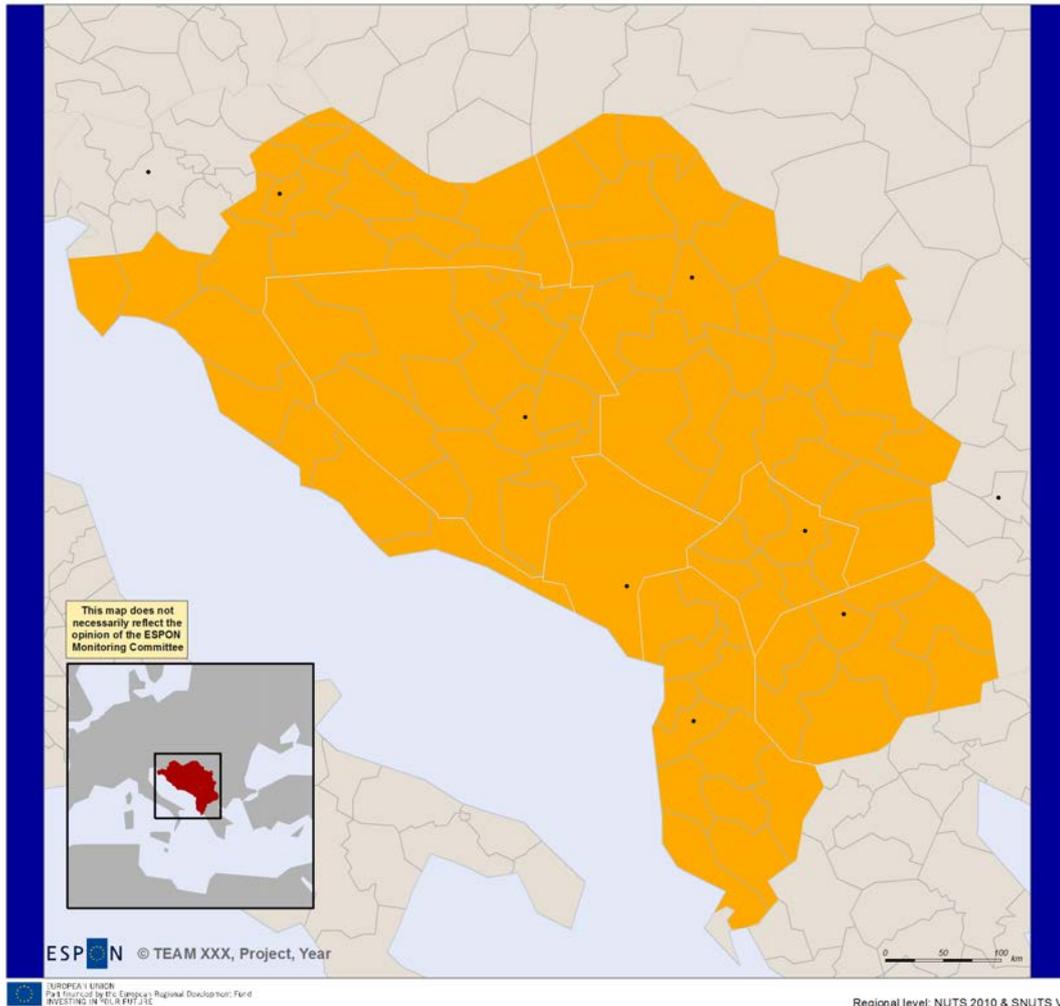
# Title



# Title

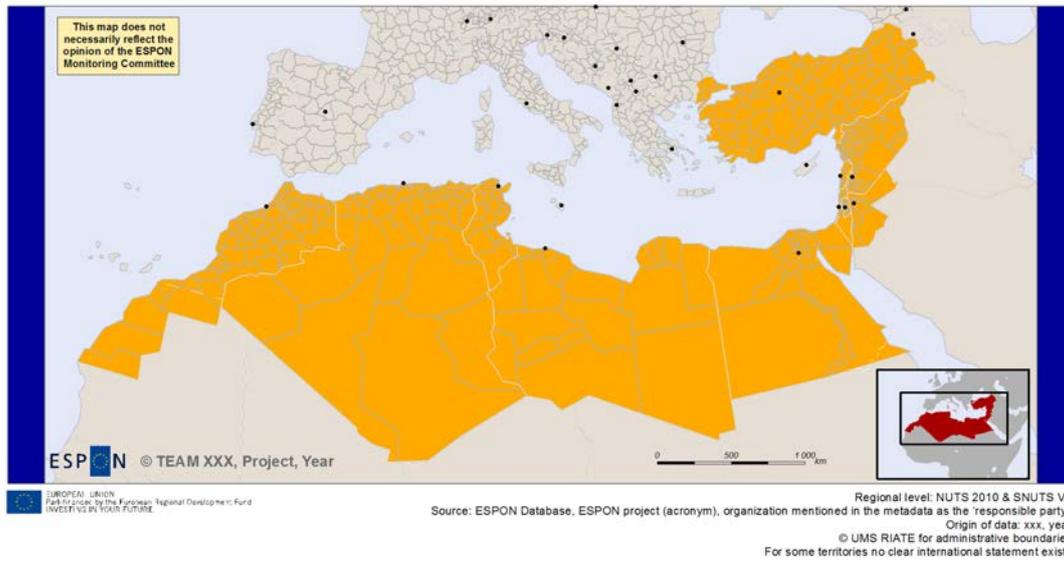


# Title



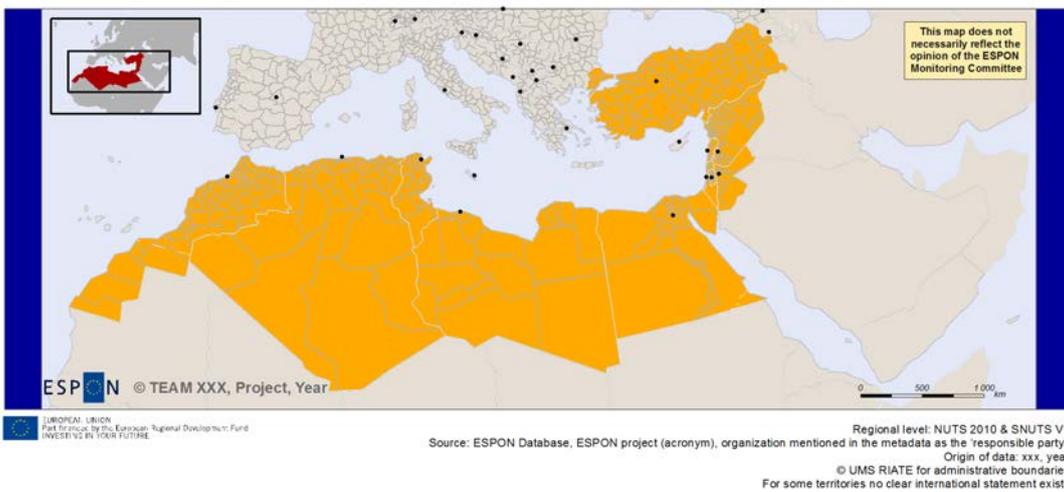
### 1.6 MAPKIT zoom South-narrow

## Title



### 1.7 MAPKIT zoom Wide

## Title



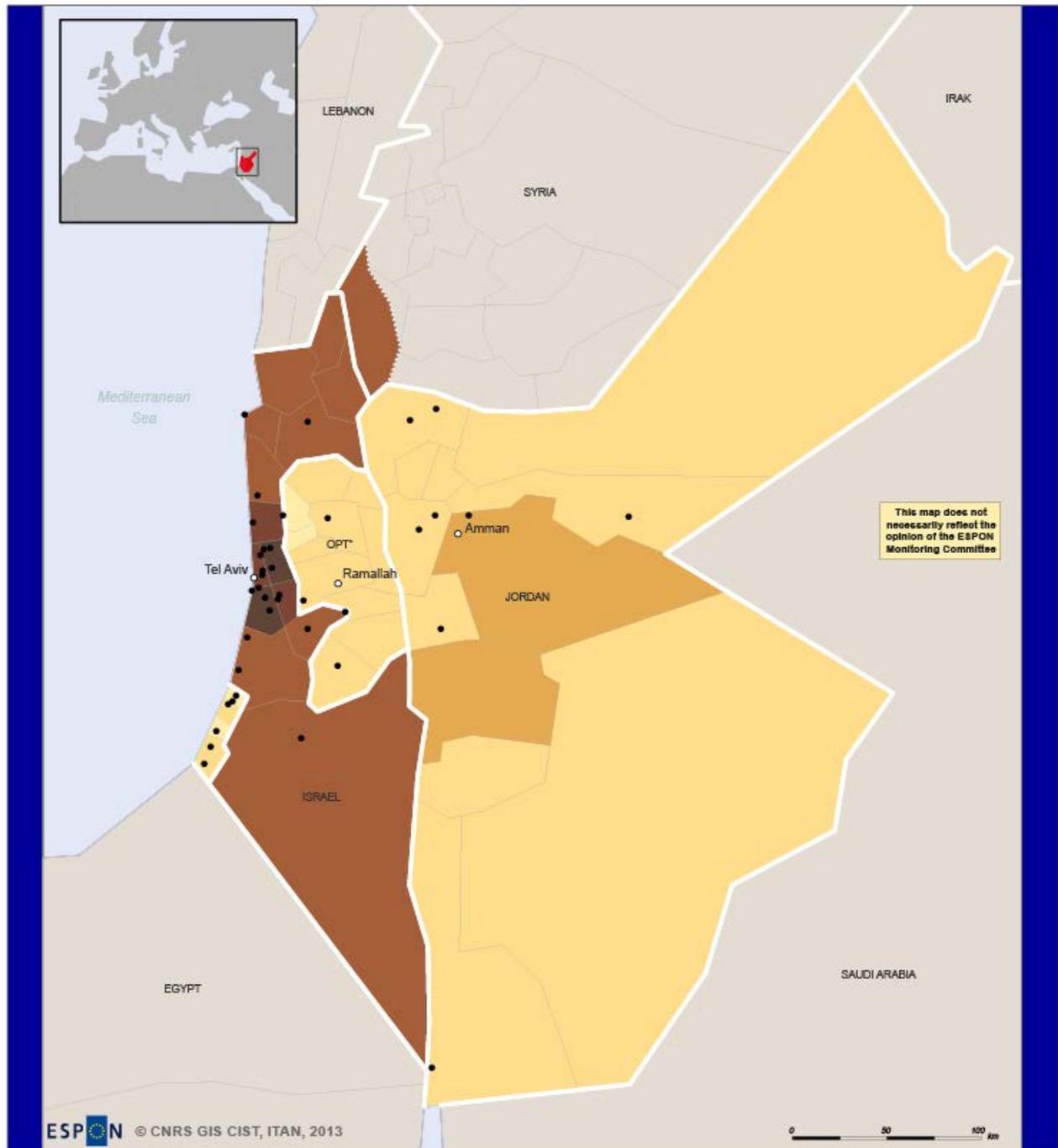
## 1.8 MAPKIT of case study (and other zoom)

For the case studies and other zoom map, you have to create your own MAPKIT.  
Here below, all the rules to make your own MAPKIT:

All the analyzed area has to be entirely represented in the MAPKIT, no more. Territory covered should never reach the map border (e.g. example here below)

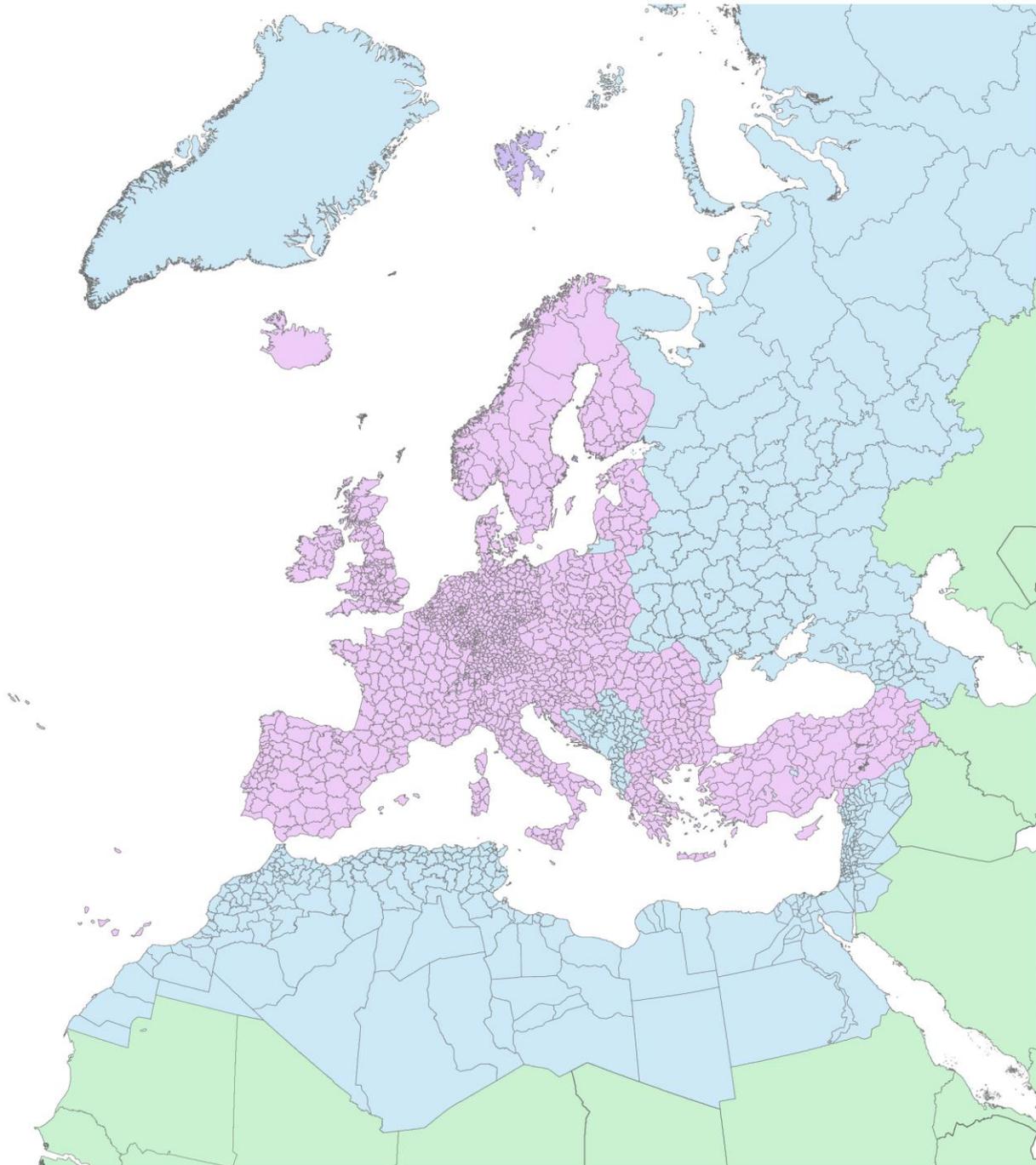
You have to add a localisation box (e.g. example here below) - It's mandatory

Add some geographic names in the map (cities, Countries, Sea...) to help the readers, because it's the first ESPON map on these areas. (e.g. example here below)



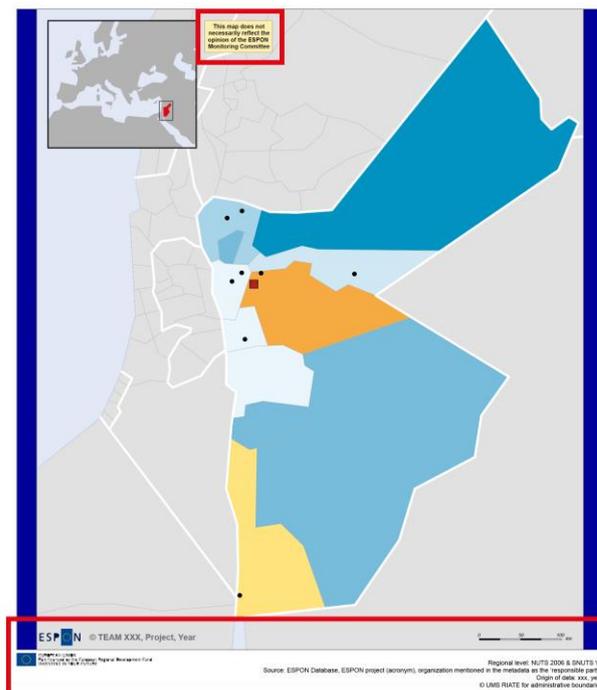
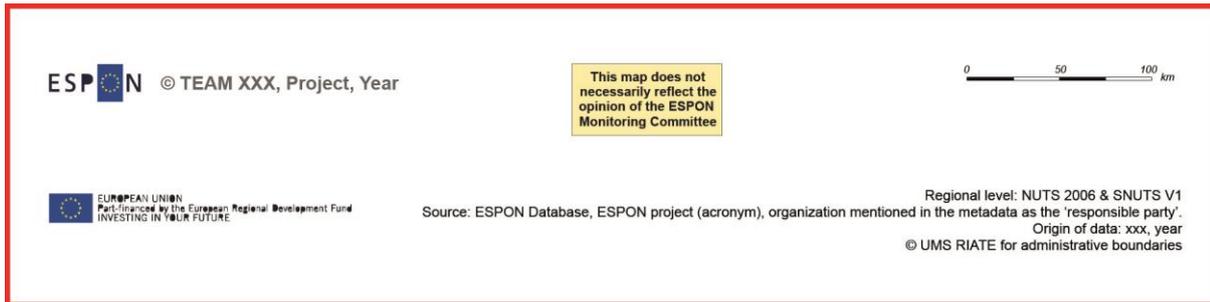
A base map of the NUTS, SNUTS and neighbourhood countries will be provided to all the ITAN team. If necessary, you can use this shape to make your own MAPKIT for case studies. But be careful, this base map is really not generalized, so you can't use it on a small scale.

Base map (not generalized) of NUTS & SNUTS



Both sources of the base map are: Eurogeographics & GADM (Global Administrative Boundary).

All your own MAPKITs have to include information requested in the ESPON map templates:



## 2. Specific ITAN mapping

### 2.1 Fuzzy borders

There are several kinds of fuzzy borders in the ITAN study area. In the following table, we have listed all the fuzzy borders in the ITAN area. We precise: who control the problematic territory? Who claim this territory? What kind of conflict is it? And the international position (EU or UNO or International Court of Justice):

**A base map of fuzzy borders (with the associated style) is including in the MAPKITs**

Here below, the choices of fuzzy borders representation:

Fuzzy Border	Territory controlled by ...	Claim by...	Type of issue	International position :		Representation in ITAN maps		
<b>Kosovo</b>	Kosovo	Serbia	Secession	Kosovo	<b>ICJ</b>	<b>ESPON Rule</b>	_____	<b>0,15 pts</b>
<b>Abkhazia</b>	Republic of Abkhazia	Georgia	Secession	Georgia	<b>EU</b>	White dotted line (long dash)	-----	0,30 pts
<b>Nagorno-Karabakh</b>	Nagorno-Karabakh	Azerbaijan	Secession	Azerbaijan	<b>EU</b>	White dotted line (long dash)	-----	0,30 pts
<b>South Ossetia</b>	Republic of South Ossetia	Georgia	Secession	Georgia	<b>EU</b>	White dotted line (long dash)	-----	0,30 pts
<b>Transnistria</b>	Pridnestrovian Moldavian Rep.	Moldova	Secession	Moldova	<b>EU</b>	White dotted line (long dash)	-----	0,30 pts
<b>Western Sahara</b>	Morocco	Sahrawi Arab Democratic Rep.	Secession claimed	"undetermined"		White dotted line (long dash)	-----	0,30 pts
<b>Golan Heights</b>	Israel	Syria	Occupied territory	Syria	<b>UNO</b>	White, Thin, dotted line (dot)	.....	0,20 pts
<b>Bir Tawil</b>	Not claimed	Not claimed	Countries conflict	"undetermined"		White dotted line (long dash, two dots...)	-----	0,30 pts
<b>Hala'ib Triangle</b>	Egypt	Sudan	Countries conflict	"undetermined"		White dotted line (long dash, two dots...)	-----	0,30 pts

Localisation of fuzzy borders & the different kinds of representation of the fuzzy borders



## 2.2 Typographic rules

To create a good coherence between the maps, we need to have typographic rules. Here below, all the characteristics to follow for the text that appears in the map:

Object	Font family	Size	Font type	Color
<b>Map Title</b>	<i>Not title inside the map - It has to be added in the report</i>			
<b>Countries name</b>	Arial	5 - 6 pts	Normal block letters	Black (80%)
<b>Sea Name</b>	Arial	7 - 8 pts	Italic	Blue (R=120 - V=170 - B=210)
<b>Capital Name</b>	Arial	6 pts	Normal	Black (80%)
<b>Other cities name</b>	Arial	6 pts	Italic	Black (80%)
<b>Other text in the map</b>	Arial	Free choice	Free choice	free
<b>Scale bar</b>	Arial	4 pts	Italic	Black (100%)
<b>Title legende</b>	Arial	9 - 10 pts	Bold	Black (100%)
<b>Subtitle legend</b>	Arial	8 pts	Normal	Black (100%)
<b>Other text in legend</b>	Arial	6 - 7 pts	Italic (Italic -Bold)	Black (100%) or free

It will be difficult to respect perfectly these topologic standards. So in term of the map, you can adapt as you want these characteristics. But please, respect as possible the ITAN standard (Font family, hierarchical size, color...), to keep coherence.

### 2.3 Capitals and towns representation

We delivered a base map with capital cities. But, we will provide also another base map with all cities of more than 10 000 peoples in some neighbourhood countries.

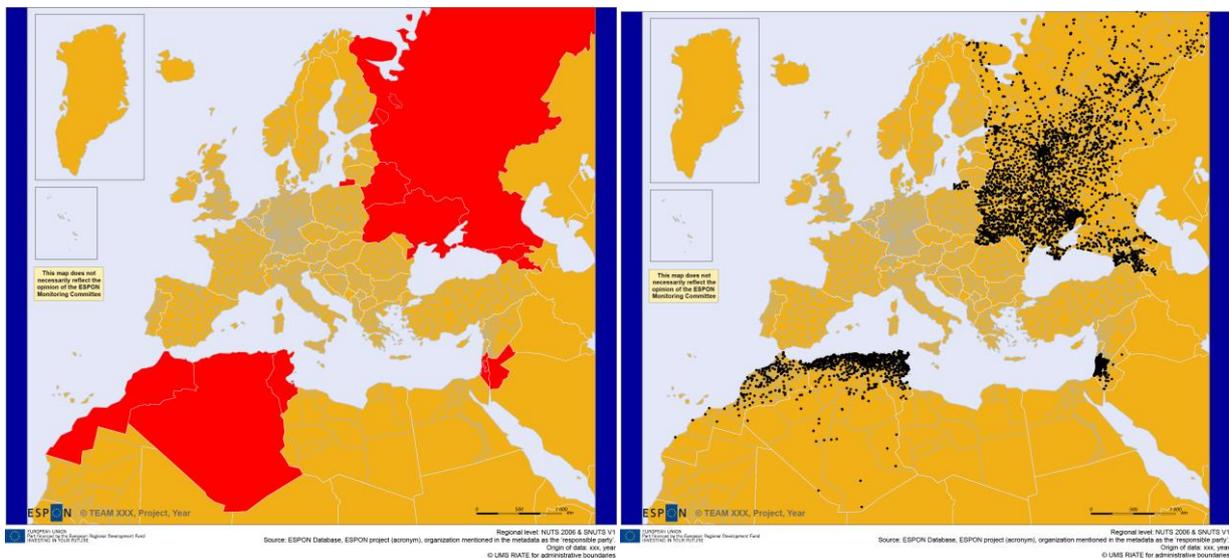
This shape file has been created in the framework of M4D ESPON project (realized by the research laboratory “Geographie Cités”). To know they built this database, refer to the report provided: “TR\_European\_Neighbouring-cities\_V10\_Draft.pdf”

In this database, each city of more than 10 000 had been named, localized, and have population mass. The countries covered by this database are:

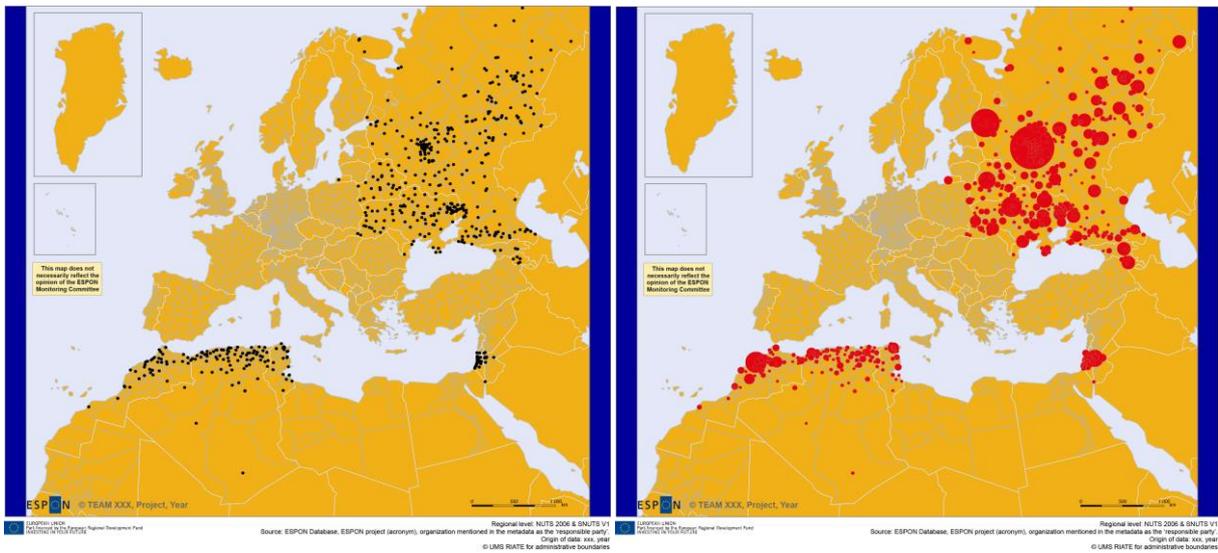
REGION	COUNTRY	DATA
<b>MAGHREB</b>	<i>Algeria</i>	<i>2008</i>
	<i>Morocco</i>	<i>2004</i>
	<i>Tunisia</i>	<i>2004</i>
<b>Middle EAST</b>	<i>Armenia</i>	<i>2004</i>
	<i>Georgia</i>	<i>2002</i>
	<i>Israel</i>	<i>2004</i>
	<i>Jordan</i>	<i>2004</i>
	<i>Palestine</i>	<i>2007</i>
<b>Eastern Countries</b>	<i>Belarus</i>	<i>2009</i>
	<i>Russia</i>	<i>2010</i>
	<i>Ukraine</i>	<i>2001</i>

Coverage of the database

Cities localised in the database



Cities > 50 000 Inhabitants (Localisation and population mass)



*So this shape file is uncompleted concerning the ITAN area. But it can be very interesting to make some regional analyses or simply interesting to enrich the map.*

## 2.4 Legend

There are two possibilities to make a legend:  
 Either, you indicate the legend below the map. Ex:



The background colours are predefined:

**Outside emplate** →

Background = Grey (R 239 - G 239 - B 239)

Outline = Grey (R 100 - G 100 - B 100)

*Thickness of the outline = 0,5 pts*

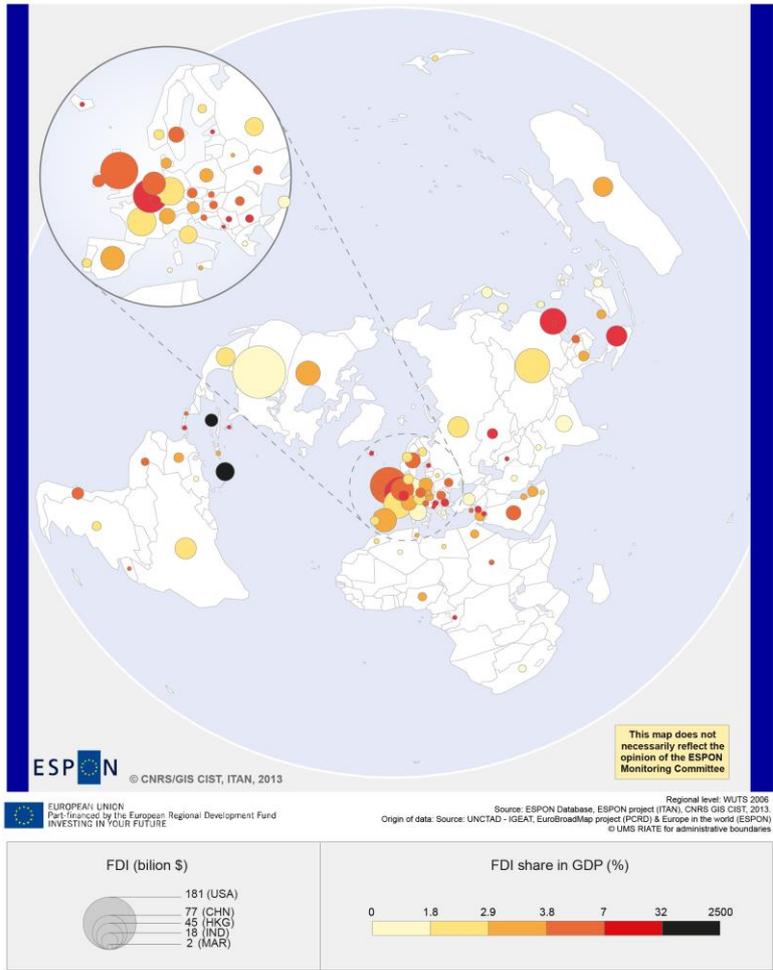
**Inside template** →

Background = Grey (R 190 - G 190 - B 190)

Outline = Black (R 0 - G 0 - B 0)

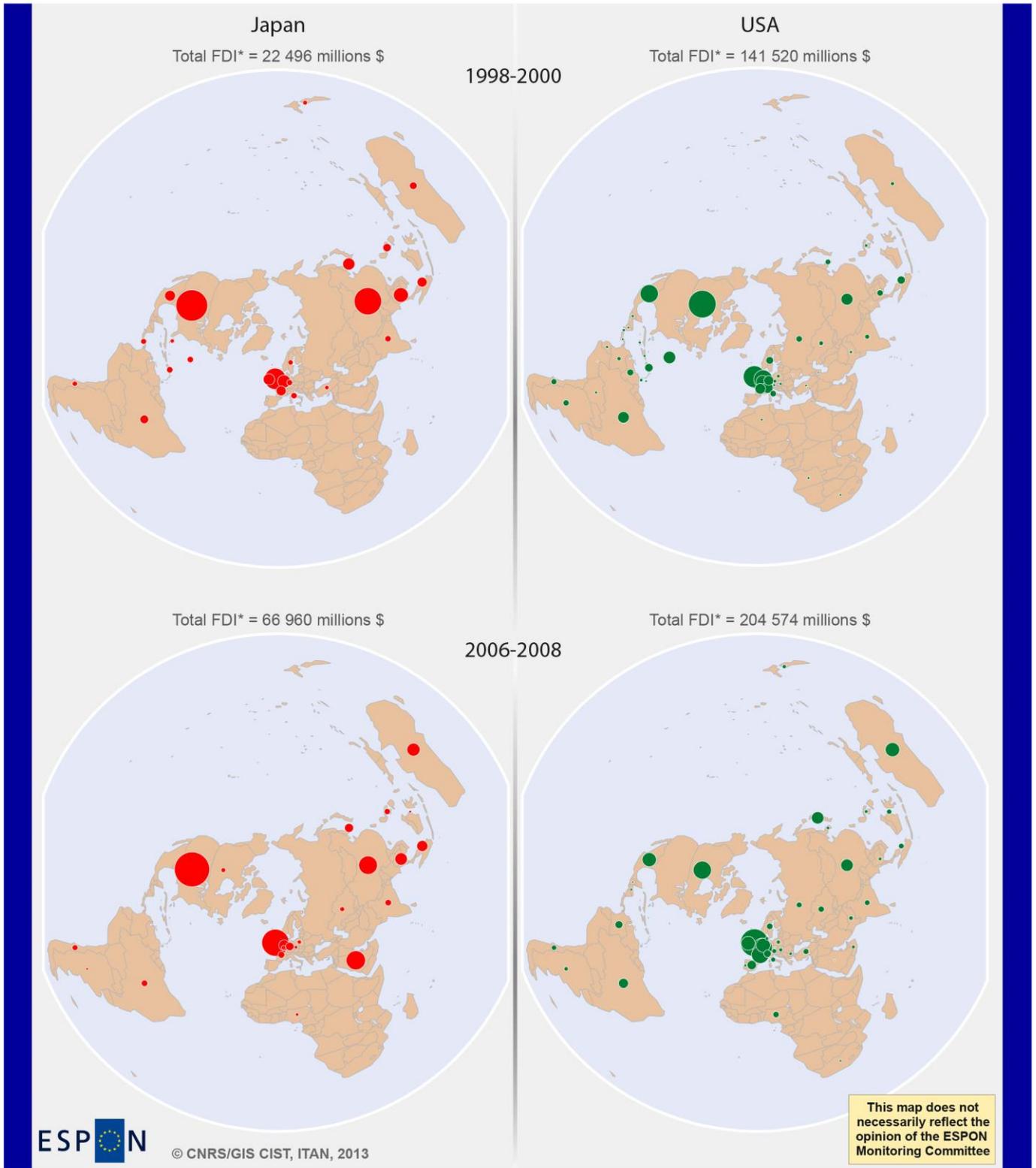
Some examples:

**Foreign Direct Investment and share of the GDP between 2000-2010**  
 Annual average of FDI (more than \$ 1 million) between 2000-2010



# Repartition of the Foreign Direct Investment between 1998-2008

Annual average of FDI (flows over 100 million \$)



EUROPEAN UNION  
Part-financed by the European Regional Development Fund  
INVESTING IN YOUR FUTURE

Regional level: WUTS 2010  
Source: ESPON Database, ESPON project (ITAN), CNRS GIS CIST, 2013  
Origin of data: Source: IGEAT (ULB) - "Europe in the world" project (ESPON)  
© UMS RIATE for administrative boundaries



## 2.5 Sources

ESPON made some recommendation about map sources in the response to the interim report:

The sources have to be really precise. You can't write a source as "various" or "diverse", but you have to enumerate all the sources.

You can't use general term like "ESPON SPACE", but you have to write : "EU 27, Iceland, Liechtenstein, Norway and Switzerland" "

If you use a region name as "USSR", you have to precise the list of the countries targeted

Do not forget to indicate which territorial subdivision is used in the map (ex : NUTS 2 2010 & SNUTS 2-3 2013)

## 3. Colors, color gradients and symbol predefined by ESPON

The colors intensity, color gradients & symbol are provided by ESPON. We have to use it. Here below, the list of color intensity, & color gradient extract from the MAPPING GUIDE ESPON.

### 3.1 Colors intensity to use

### COLOUR INTENSITY

Blue	Green	Red	Brown
<b>4 classes</b>			
 rgb(0,147,193)	 rgb(31,115,42)	 rgb(235,107,57)	 rgb(126,70,53)
 rgb(118,188,218)	 rgb(100,175,64)	 rgb(246,170,65)	 rgb(195,118,70)
 rgb(208,232,244)	 rgb(191,217,159)	 rgb(255,227,125)	 rgb(229,170,81)
 rgb(235,246,252)	 rgb(230,239,207)	 rgb(255,249,200)	 rgb(255,237,170)
<b>5 classes</b>			
 rgb(0,147,193)	 rgb(18,94,39)	 rgb(229,53,64)	 rgb(126,70,53)
 rgb(118,188,218)	 rgb(60,145,60)	 rgb(235,107,57)	 rgb(195,118,70)
 rgb(167,212,233)	 rgb(129,188,96)	 rgb(246,170,65)	 rgb(229,170,81)
 rgb(208,232,244)	 rgb(191,217,159)	 rgb(255,227,125)	 rgb(255,221,139)
 rgb(235,246,252)	 rgb(230,239,207)	 rgb(255,249,200)	 rgb(255,237,170)
<b>6 classes</b>			
 rgb(0,124,176)	 rgb(18,94,39)	 rgb(229,53,64)	 rgb(97,68,55)
 rgb(0,147,193)	 rgb(60,145,60)	 rgb(235,107,57)	 rgb(126,70,53)
 rgb(118,188,218)	 rgb(107,178,76)	 rgb(246,170,65)	 rgb(195,118,70)
 rgb(167,212,233)	 rgb(151,197,110)	 rgb(255,227,125)	 rgb(229,170,81)
 rgb(208,232,244)	 rgb(200,218,140)	 rgb(255,249,200)	 rgb(255,221,139)
 rgb(235,246,252)	 rgb(239,241,199)	 rgb(255,253,238)	 rgb(255,237,170)
<b>8 classes</b>			
 rgb(0,98,140)	 rgb(11,82,34)	 rgb(173,26,34)	 rgb(97,68,55)
 rgb(0,124,176)	 rgb(31,115,42)	 rgb(207,54,65)	 rgb(126,70,53)
 rgb(0,147,193)	 rgb(62,146,44)	 rgb(229,53,64)	 rgb(165,94,57)
 rgb(68,170,207)	 rgb(100,175,64)	 rgb(235,107,57)	 rgb(195,118,70)
 rgb(118,188,218)	 rgb(145,191,91)	 rgb(246,170,65)	 rgb(219,145,73)
 rgb(167,212,233)	 rgb(180,209,121)	 rgb(255,227,125)	 rgb(229,170,81)
 rgb(208,232,244)	 rgb(200,218,140)	 rgb(255,249,200)	 rgb(255,221,139)
 rgb(235,246,252)	 rgb(239,241,199)	 rgb(255,253,238)	 rgb(255,237,170)

### GREY VALUE

4 classes	5 classes	6 classes	8 classes	10 classes
 n95	 n95	 n95	 n95	 n100
 n75	 n75	 n75	 n75	 n80
 n40	 n60	 n60	 n60	 n60
 n10	 n35	 n40	 n40	 n50
	 n10	 n20	 n30	 n40
		 n10	 n20	 n30
			 n15	 n20
			 n5	 n15
				 n10
				 n3

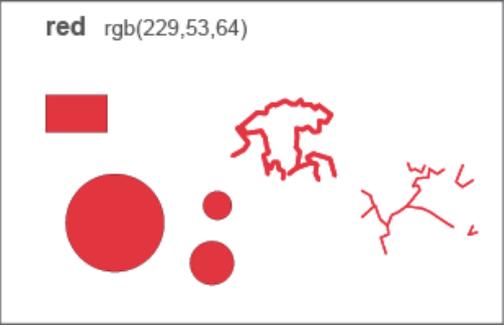
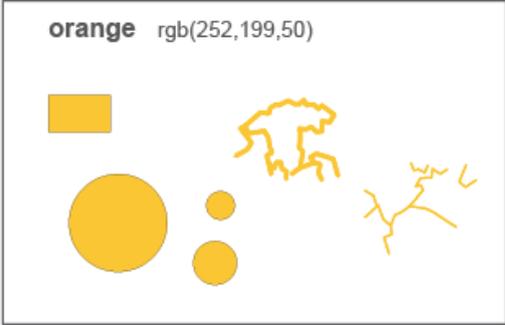
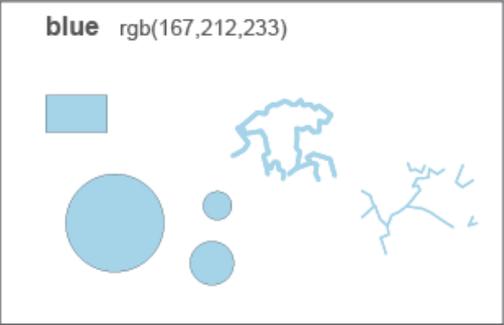
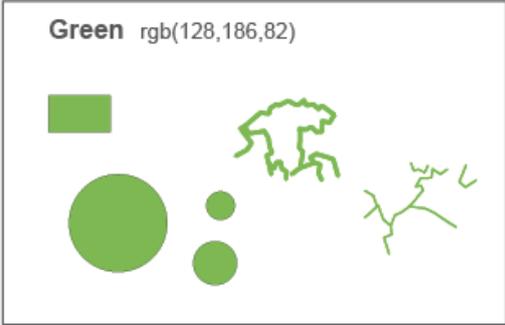
### 3.2 Opposite colors graduation to use

OPPOSITE COLOURS					
	rgb(0,98,140)		rgb(90,93,122)		rgb(32,115,43)
	rgb(0,147,193)		rgb(114,118,159)		rgb(66,145,44)
	rgb(118,188,218)		rgb(147,153,199)		rgb(145,191,92)
	rgb(235,246,252)		rgb(196,200,226)		rgb(222,229,157)
	rgb(252,208,211)		rgb(249,230,239)		rgb(247,229,196)
	rgb(234,122,133)		rgb(240,184,210)		rgb(250,210,147)
	rgb(196,55,79)		rgb(236,141,181)		rgb(244,171,42)
	rgb(142,3,17)		rgb(226,2,128)		rgb(175,110,22)

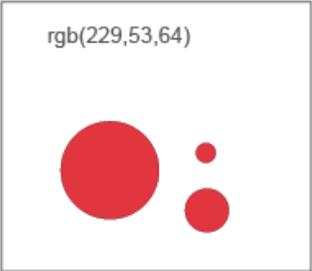
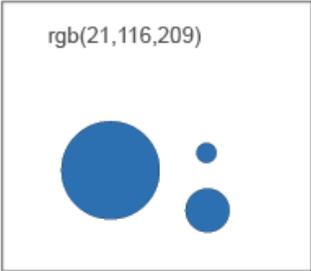
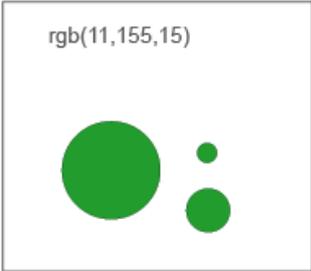
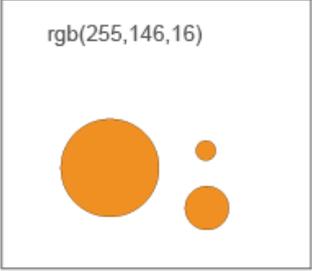
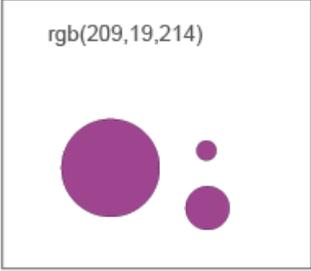
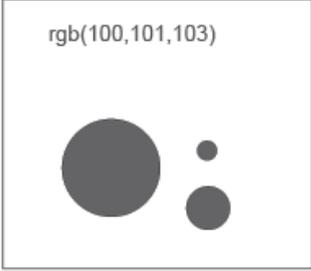
3.3 Colors & symbols to use for qualitative values

**QUALITATIVE VALUES**

*(circles and discontinuities)*

<p><b>red</b> rgb(229,53,64)</p> 	<p><b>orange</b> rgb(252,199,50)</p> 
<p><b>blue</b> rgb(167,212,233)</p> 	<p><b>Green</b> rgb(128,186,82)</p> 

*(circles)*

<p>rgb(229,53,64)</p> 	<p>rgb(21,116,209)</p> 	<p>rgb(11,155,15)</p> 
<p>rgb(255,146,16)</p> 	<p>rgb(209,19,214)</p> 	<p>rgb(100,101,103)</p> 

Indicators to map & colors to use

To create coherence between the same kinds of map, you have to follow (as often as possible) the color associated to each “family” of data: Never forget that in ESPON maps. **BLUE** means *very much* and/or *Good* & **RED** means *low* and/or *not good*. In terms of this rules, choose the good color intensity.

TOPIC	FILE	DATASET	DATA NAME	Colors to use					
				Colors intensity		Opposite Colors graduation			
Demography EMO	A	Population	Total population, by sex and age...	RED	or	RED	RED	BLUE	
			Urban population, by sex and age...	BROWN	or	GREEN	BROWN	GREEN	
			rural population, by sex and age...	GREEN	or	BROWN	BROWN	GREEN	
	B	Large cities	Major cities' population	BROWN	or	GREEN	RED	BLUE	
			Deaths	Death, by sex and age...	RED	or	BLUE	RED	BLUE
	C	Life expectancy	Human Life expectancy, by sex and age...	BLUE	or	RED	RED	BLUE	
			Births	Births, by sex and age...	BLUE	or	RED	RED	BLUE
			Fertility rate / Number of childbearing age...	RED	or	BLUE	RED	BLUE	
			Infant mortality	Infant mortality, by sex and age...	RED	or	BLUE	RED	BLUE
	D	Migration	Domestic migration, by sex and age...	RED	or	BLUE	RED	BLUE	
International migration, by sex and age...			RED	or	BLUE	RED	BLUE		
Society SOC	E	Education	Education level, by sex and age...	RED	or	BLUE	RED	BLUE	
			School enrolment	Total School enrolment, by sex and age...	RED	or	BLUE	RED	BLUE
	F	Unemployment	Total number of unemployed, by sex and age...	RED	or	BLUE	RED	BLUE	
			Income	household income (by quintiles or deciles...)	BLUE	or	RED	RED	BLUE
				Gross or net salary by (quintiles or deciles...)	BLUE	or	RED	RED	BLUE
				Number of cars	BLUE	or	RED	RED	BLUE
				retail trade turnover	BLUE	or	RED	RED	BLUE
	G	Minorities	Total number of minority groups' population (for each minority)	BROWN	or	GREEN	BROWN	GREEN	
Economy ECO	H	Active population	Total number of active population	BLUE	or	RED	RED	BLUE	
			Employment	Total number of working population	BLUE	or	RED	RED	BLUE
	J	GDP	GDP total	BLUE	or	RED	RED	BLUE	
			Added Value	BLUE	or	RED	RED	BLUE	
Other data OTH		Environnement		GREEN	or	BROWN	BROWN	GREEN	
		Water		BLUE	or	RED	RED	BLUE	
		Waste		BROWN	or	GREEN	BROWN	GREEN	
		FDI		BLUE	or	RED	RED	BLUE	
		Tourisme		BLUE	or	RED	RED	BLUE	
		Agriculture		GREEN	or	BROWN	BROWN	GREEN	

In ESPON maps with opposite colours, it is decided to have the following principle as guideline:  
 When combining red (warm colours) and blue or green (cold colours), **BLUE** is 'very much' and/or 'good' and **RED** is 'low' and/or 'not good'.

#### 4. Final deliveries

You have to provide the maps in two formats:

Image (PNG, JPEG... in high resolution, 300 dpi minimum)

Vector (AI, PDF...)

It's really important to name correctly both files (and with the same name!). Please, name the image as in these example:

ITAN\_WorkPackage\_Team\_Number OfTheMap\_TextDesc1\_TextDesc2\_DateOfData

Ex : ITAN\_WP6\_CIST\_3\_FDI\_EGYPT\_2008-2012

ITAN\_WP5\_EVS\_6\_CaseStudy\_BoatFlows\_1995

ITAN\_WP2\_MCRIT\_2\_Accessibility\_transport\_2013

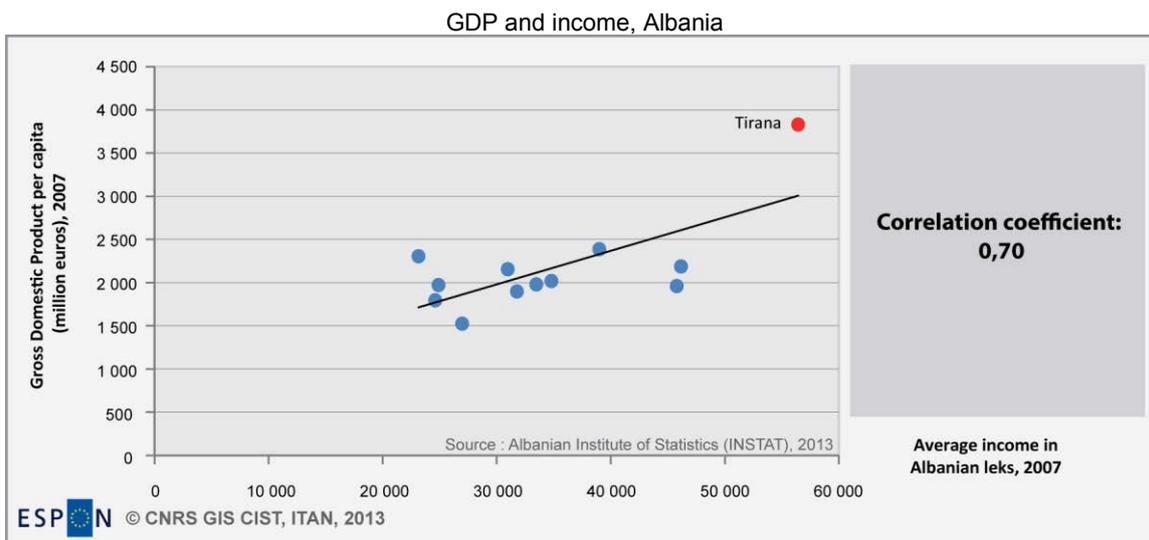
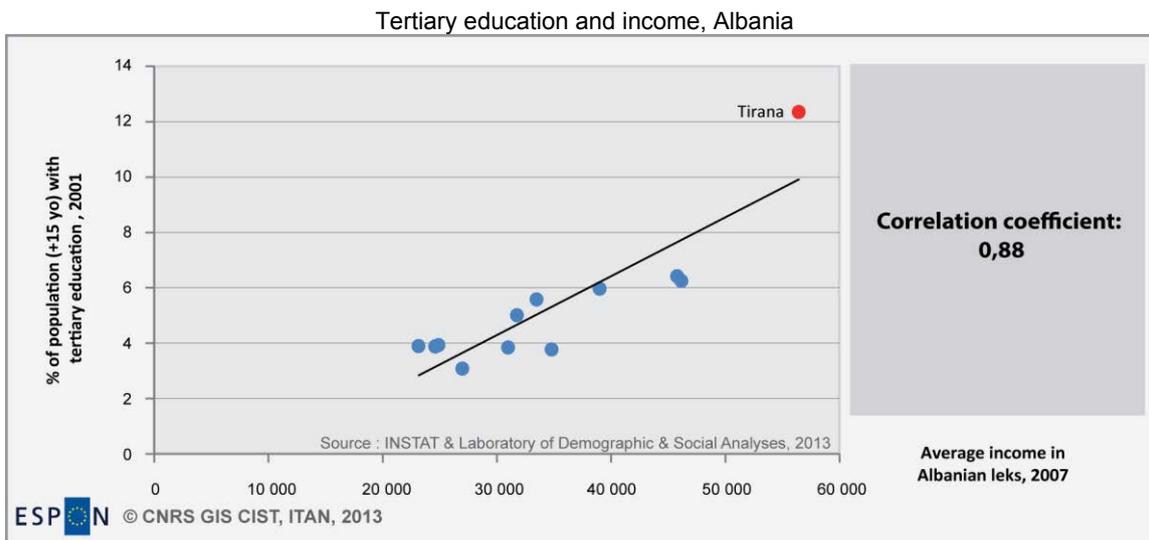
If possible, every map shall be accompanied by a short description (3 to 4 lines), with the possibility of an additional longer description of app. 1500 characters. It's an ESPON recommendation.

### 3. List of indicators developed and dataset provided

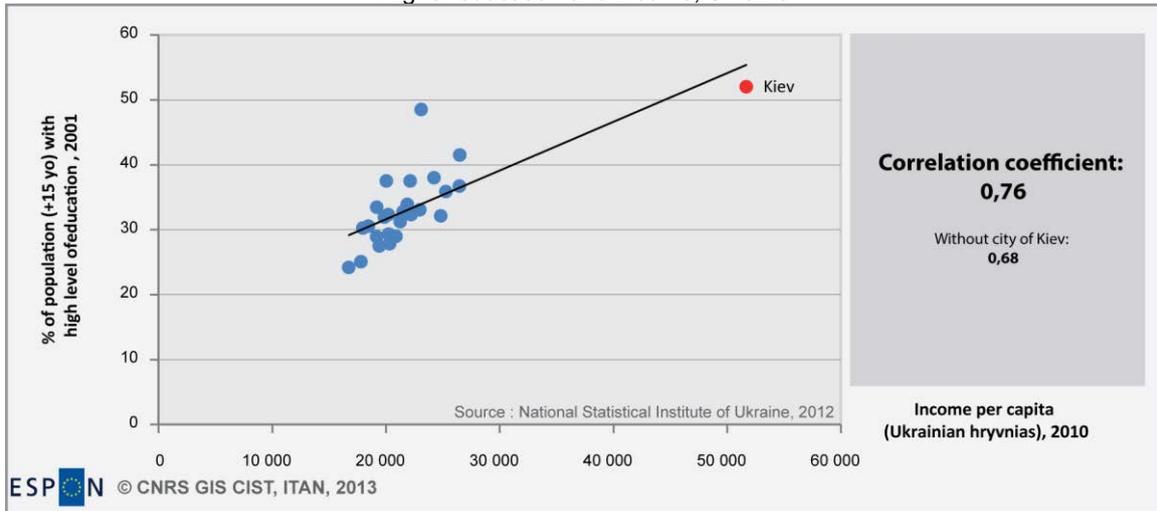
I. TERRITORY	II. SOCIETY	III. ECONOMY	IV. MOBILITY	V. ENVIRONMENT
<b>Surface</b> 1. A useful denominator for further indexes 2. Will be given at birds-eyes and not according to the real land (mainly in mountainous areas)	<b>Demographics</b> 1. Population, by sex and age (a basic denominator) 2. Deaths and births (not always easy to collect!) Data by sex and age could help us calculating local life expectancy <b>Health</b> 1. Life expectancy, by sex 2. Infant mortality (a synthetic data on the level of development) 3. Fertility 4. Main diseases 5. Number of medical staff <b>Education</b> 1. Goals: a major information for the economic issue, but also for the social analysis namely the gender issue (female education is a key index of Mediterranean neighbours' social modernisation) 2. Breakdown of the population by level of education, by sex and age 3. School enrolment by sex and age <b>Social categories</b> 1. Breakdown of the population by social classes or categories	<b>Active population</b> 1. By age and sex 2. At working place (if possible) <b>Employment</b> 1. Employment (at working place if possible) 2. Unemployment (pb of international definitions and comparison; pb of illegal jobs, which are very high in the ENRs especially in the Mediterranean area) <b>Production</b> 1. Turnover (GDP – are such data really reliable at local scale?) 2. Employment by sectors 3. Agriculture output by sub-sector (we might look for this detail information because agriculture is a major stake of neighbouring countries from Georgia and Turkey to Morocco, and a key issue for the rural depopulation and a sustainable urban growth) 4. Tourism as an economic sector (very important in the Mediterranean neighbours): employment, beds, number of nights, turnover <b>Quality</b> 1. Productivity (better to calculate it ourselves out of production data and number of workers, but we could find directly calculated productivity data); by sector (agriculture...) 2. Mean salary by sector (available in Russia, where else?)	<b>Domestic</b> 1. Population flows (transports; commuters data available?) 2. Internal migration 3. Domestic tourism (a good indicator of the national space integration and mobility) 4. Trade (inter-regional trade marines available? credible?) <b>International</b> 1. Passengers flows (network flows data; ports data; airports data; only seats and not actual flows unfortunately) 2. International tourism (number of international tourists; if possible by country of origin) 3. International trade (merchandise; services ?), total, and by partner country (export and import) 4. International transport flows of merchandises (network flows data) 5. International migration 6. Energy, by source of energy, a major issue of the ESPOM / ENMP's interaction (gas – liquefied and pipes; oil ; electricity), origin / destination 7. Foreigners or foreign born people (depend on available data), by nationalities and/or place of birth - remittances, by country of origin 8. FDI, by country of origin (an available data base for the Mediterranean neighbours; and in the East?) 9. International congresses and fairs (for large cities only?) 10. Decentralised cooperation (with foreign local authorities)	<b>Waste management</b> 1. Any available data at local scale? (may be for large cities) <b>Arable land</b> 1. Critical in the Mediterranean area, gorgeous in Ukraine and South Russia (possible complementarities). Sources: national census? FAO? <b>Water issue</b> 1. A major stake of the region; actual and potential high conflicts; possible cooperation 2. Resources (rainfall...) 3. Access to drinkable water 4. Access to sanitation / to the sewage system <b>Climate</b> 1. Climate change scenarios in the Black sea region (out of "Envirogrid" FP7 project; methodological innovation to 60 km cells in the Danube basin and Black sea) 2. Other item and sources?
<b>Altitude</b> 1. Useful information for environment (slopes, submersion risks...) and economic issues (difficulty for infrastructures) 2. Only a methodological try, could be collected for some NUTS2 areas				
<b>Infrastructures</b> 1. Asphalted roads (is it really relevant?) 2. Structure of networks' data (transports, energy)				
<b>Urbanisation</b> 1. Density (out of statistical data; better to calculate it ourselves) 2. Cities over 1 million inhabitants (we need to build a specific data base on such cities) 3. "Urban" / "rural" population* (administrative definition of the census)				
<b>Land</b> 1. Land cover and use (wide categories: urban, rural, infrastructures...)				
	<b>Income</b> 1. Income (are these data available at local scale? reliable?); at international prices, and at PPP prices 2. Salaries (available for Russia, Where else?) 3. Indirect estimation of incomes: retail trade turnover, number of cars by household... (available in Russian territories; in other countries?)	<b>Innovation</b> 1. Investment in R&D (available at local scale?) 2. Patents <b>Investment :</b> 1. Local investment (total amount, and if possible breakdown by sector) 2. Foreign Direct Investment (total amount, and if possible breakdown by sector)		--> Core data --> Others data

4. List of missing data, solutions set up and data harmonisation

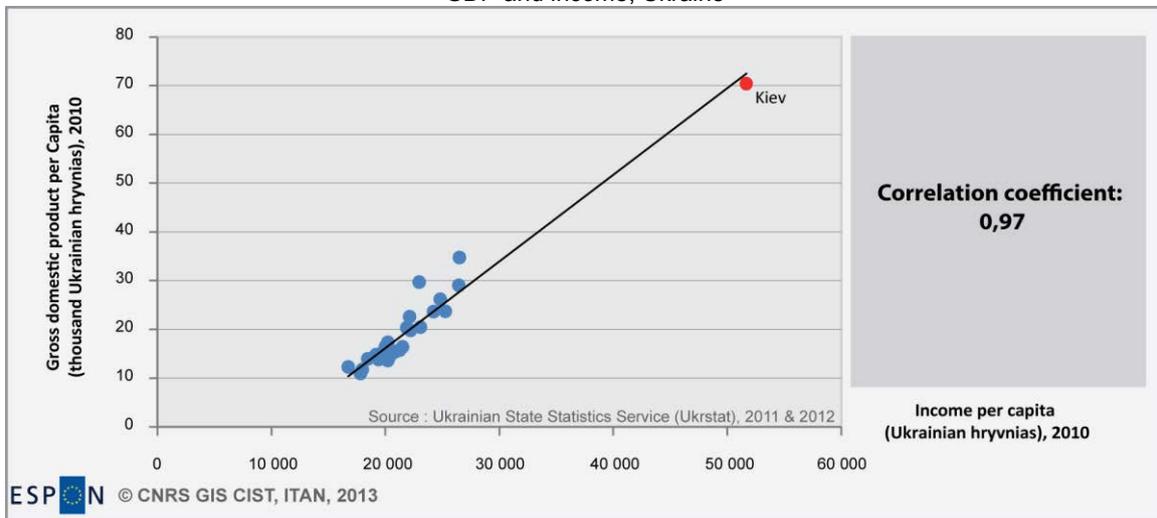
**Finding good proxies. The case of incomes**



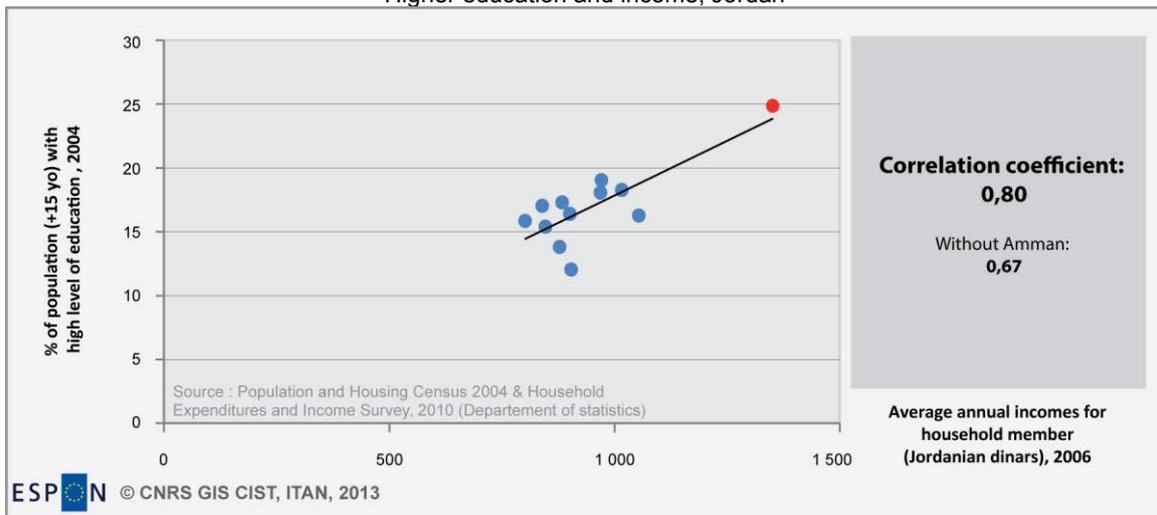
Higher education and income, Ukraine



GDP and income, Ukraine

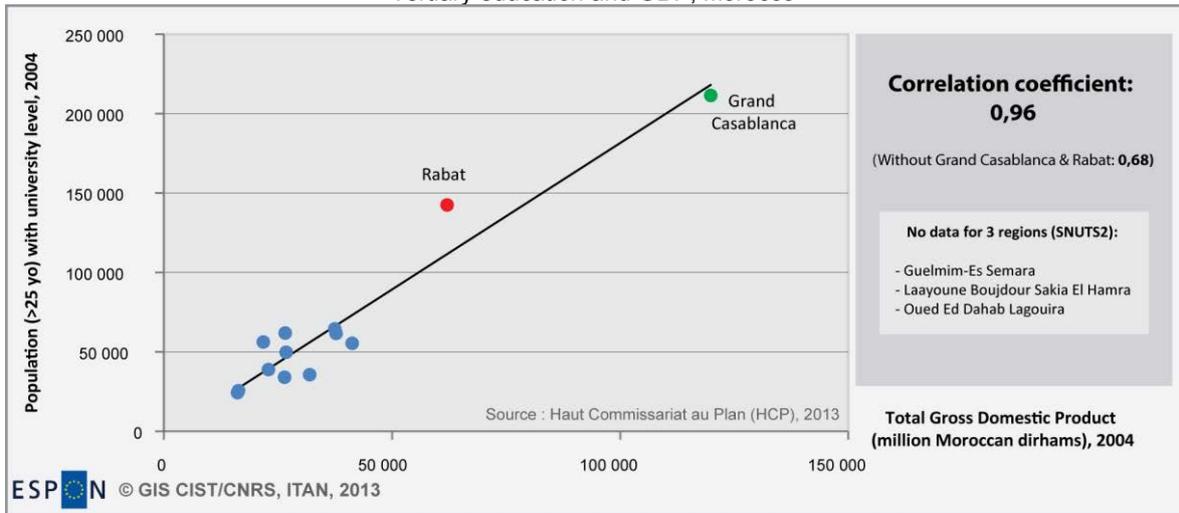


Higher education and income, Jordan

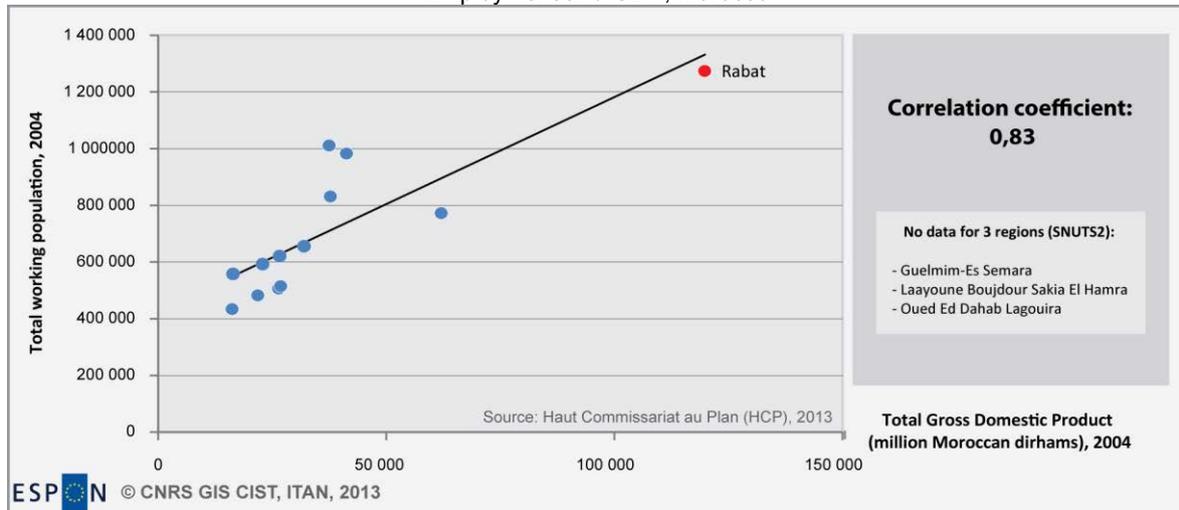


## Finding good proxies. The case of GDP

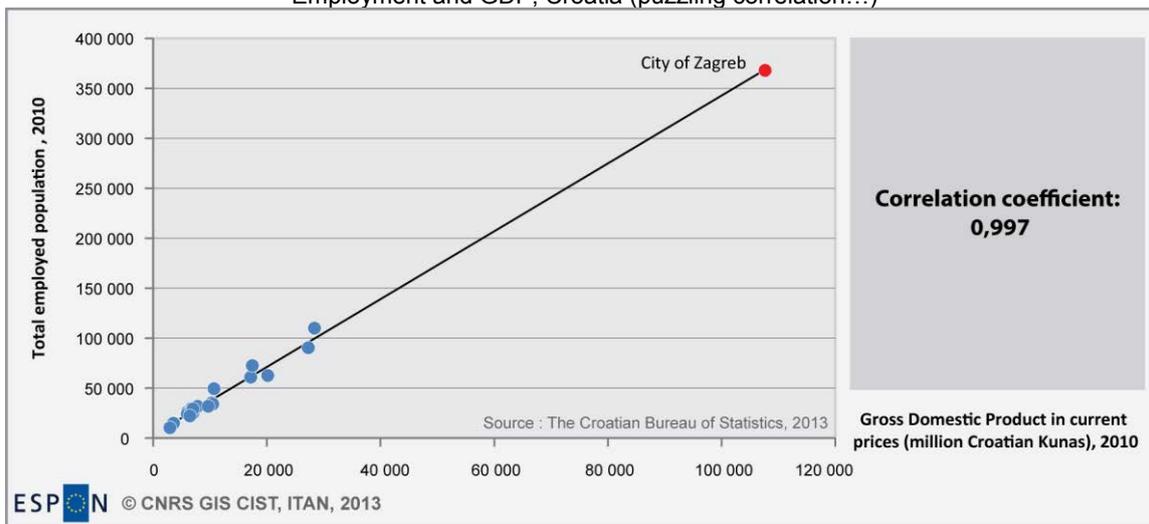
Tertiary education and GDP, Morocco



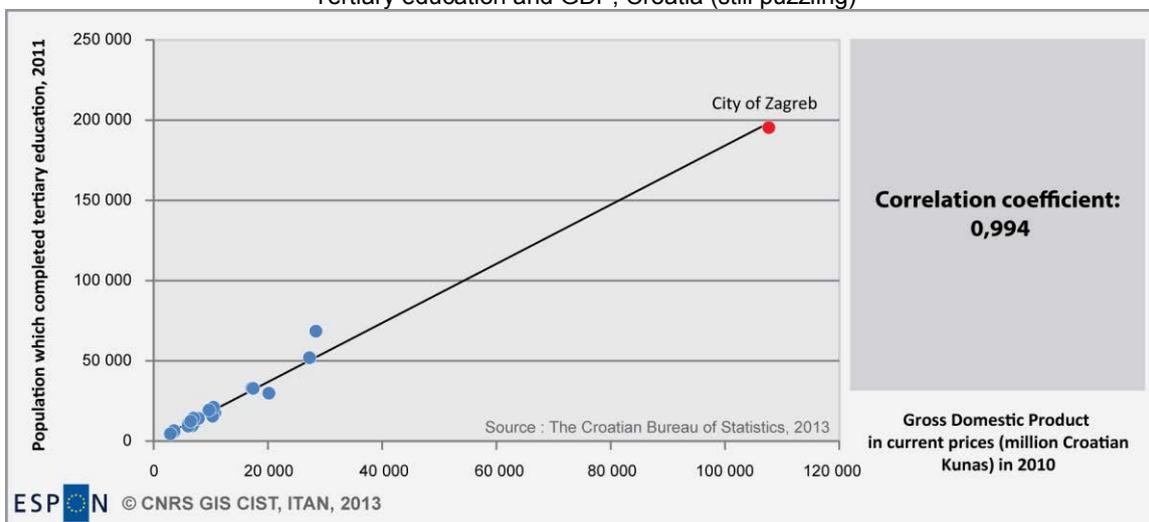
Employment and GDP, Morocco



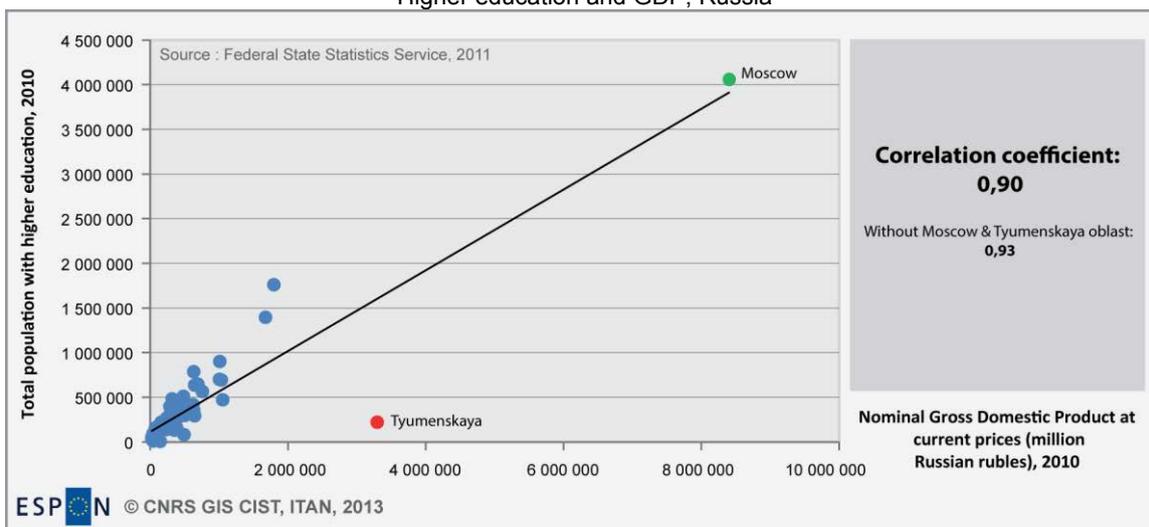
Employment and GDP, Croatia (puzzling correlation...)



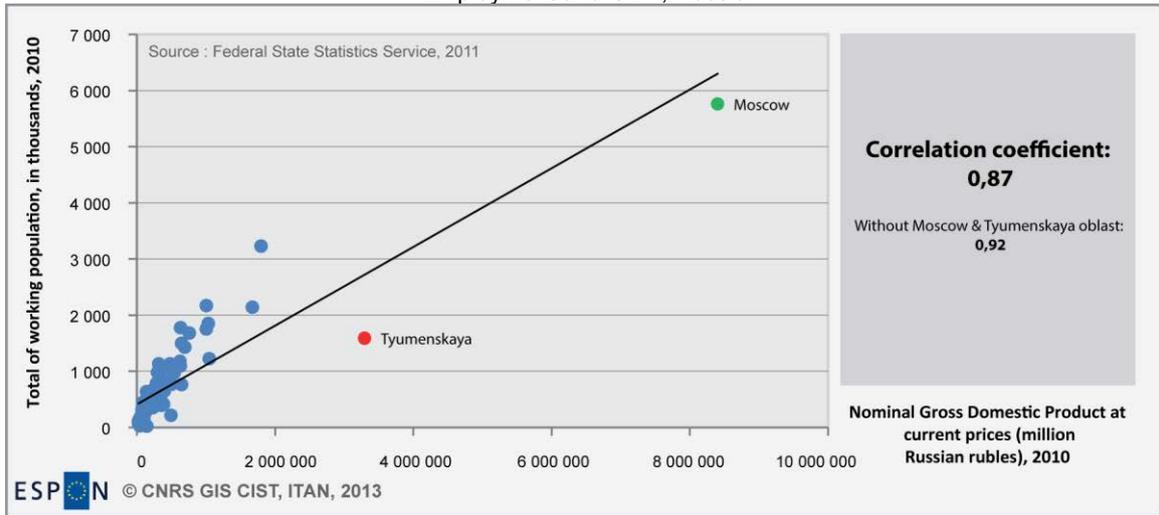
Tertiary education and GDP, Croatia (still puzzling)



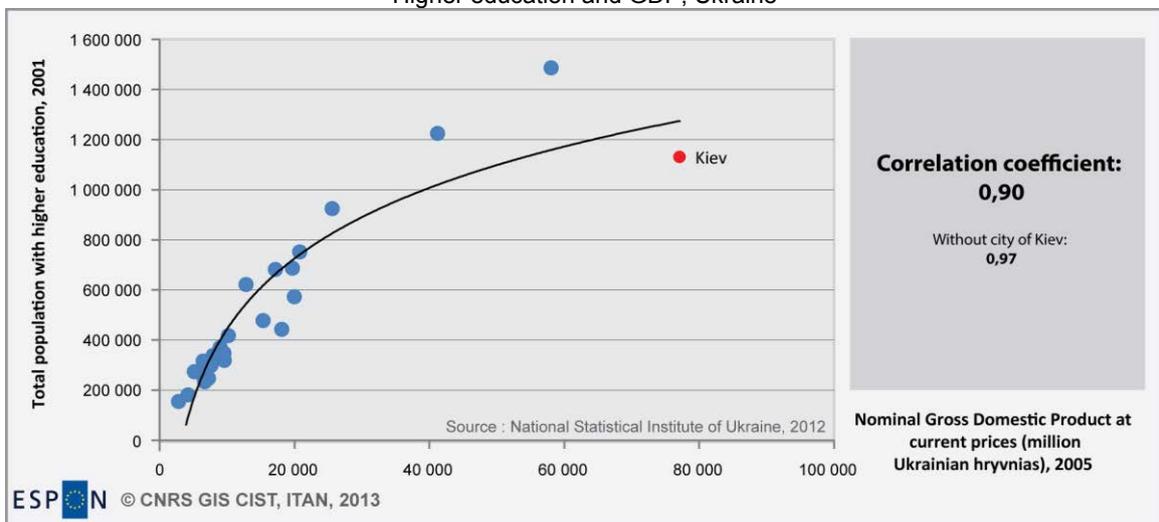
Higher education and GDP, Russia



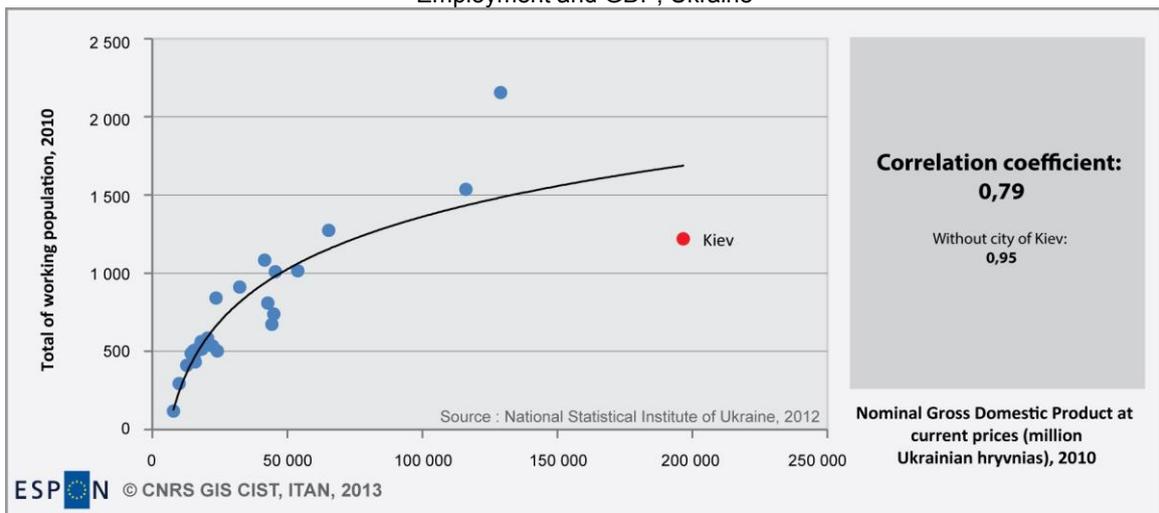
### Employment and GDP, Russia



### Higher education and GDP, Ukraine



### Employment and GDP, Ukraine





Years and proxies used in the construction of the indicators.

Country	Life expectancy	POP_start	POP_end	pop2000_us_census	pop2010_uscensus	Evolution_00-10	pop_0-5_2010_uscensus	pop_15-60_2010_uscensus	pop_above_60_2010_us_census	Somtot_age_uscensus	Income/ inh	Men/Women employment	GDP_00_10	Tert_2010
AL	2010	2001	2011	2000	2010	2001-2011	2011	2011	2011	2011	2007	2001	2000-2009 (GDP)	2001 (nb tertiary)
AM	2010	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	2010
AZ	2010	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	2010
BA	2010	2000	2010	2000	2010	2000-2010	2011	2011	2011	2011	2009 (GDP)	2012	2006-2012	2010
BY	2011	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2011	2009	2000-2010	2009 (high education)
DZ	2012(ICM)	1998	2008	2000	2010	1998-2008	2012	2012	2012	2012	2008 (cars/inh)	2008	1998-2008	2008 (superior)
EG	2007	2001	2011	2000	2010	2001-2011	2006	2006	2006	2006	2008 (DIP)	2010	2000-2008 (RGDP)	2006 (nb of university graduates and +)
FO	2010	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	
GE	2010	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	2010
GL	2010	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	
HR	2008	2001	2011	2000	2010	2001-2011	2011	2011	2011	2011	2010 (GDP)	2010	2000-2010	2011 (nb tertiary)
IL	2005-2009	2000	2012	2000	2010	2000-2012	2012	2012	2012	2012	2010	2011	2000-2011	2011 (iscd 5a, 5b and 6)
JO	2010	1994	2012	2000	2010	1994-2012	2004	2004	2004	2004	2010	2004	1994-2004	2004 (magister, bachelorr, doctorate, hig diploma)
LB	2007(ICM)	1996	2007	2000	2010	1996-2007	2007	2007	2007	2007	2004 (wage)	2007	2000-2010	2009 (university)

LY	2010	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	
MA	2004(ICM)	2004	2011	2000	2010	2004-2011	2004	2004	2004	2004	2009 (GDP)	2011	2004-2011	2010
MD	2010	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	2010
ME	2010	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	2010
MK	2011(ICM)	2002	2011	2000	2010	2002-2011	2002	2002	2002	2002	2010	2002	2000-2010	2010
PS	2011	2000	2010	2000	2010	2000-2010	2007	2007	2007	2007	2011 (wage)	2007	1997-2007	2007 (master, high education, doctotate, bachelor, associated diploma)
RS	2011	2002	2011	2000	2010	2002-2011	2011	2011	2011	2011	2010	2010	2000-2010	2010
RU	2009	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2010	2010	2000-2010	2010 (high educ and +)
SY	2010	2004	2013	2000	2010	2004-2013	2004	2004	2004	2004	2010	2010	2000-2010	2009 (university)
TN	2010(ICM)	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2009 (electric consumption)	2010	1999-2010	2010 (university)
TR	2010(ICM)	2000	2010	2000	2010	2000-2010	2010	2010	2010	2010	2006 (GDP)	2010	2000-2010	2010 (doctoratr, tertiary, high school, master)
UA	2010	2000	2010	2000	2010	2000-2010					2010	2010	2000-2010	2010
XK	2010	1991	2011	2000	2010	1991-2011	2011	2011	2011	2011	2010	2011	2000-2010	

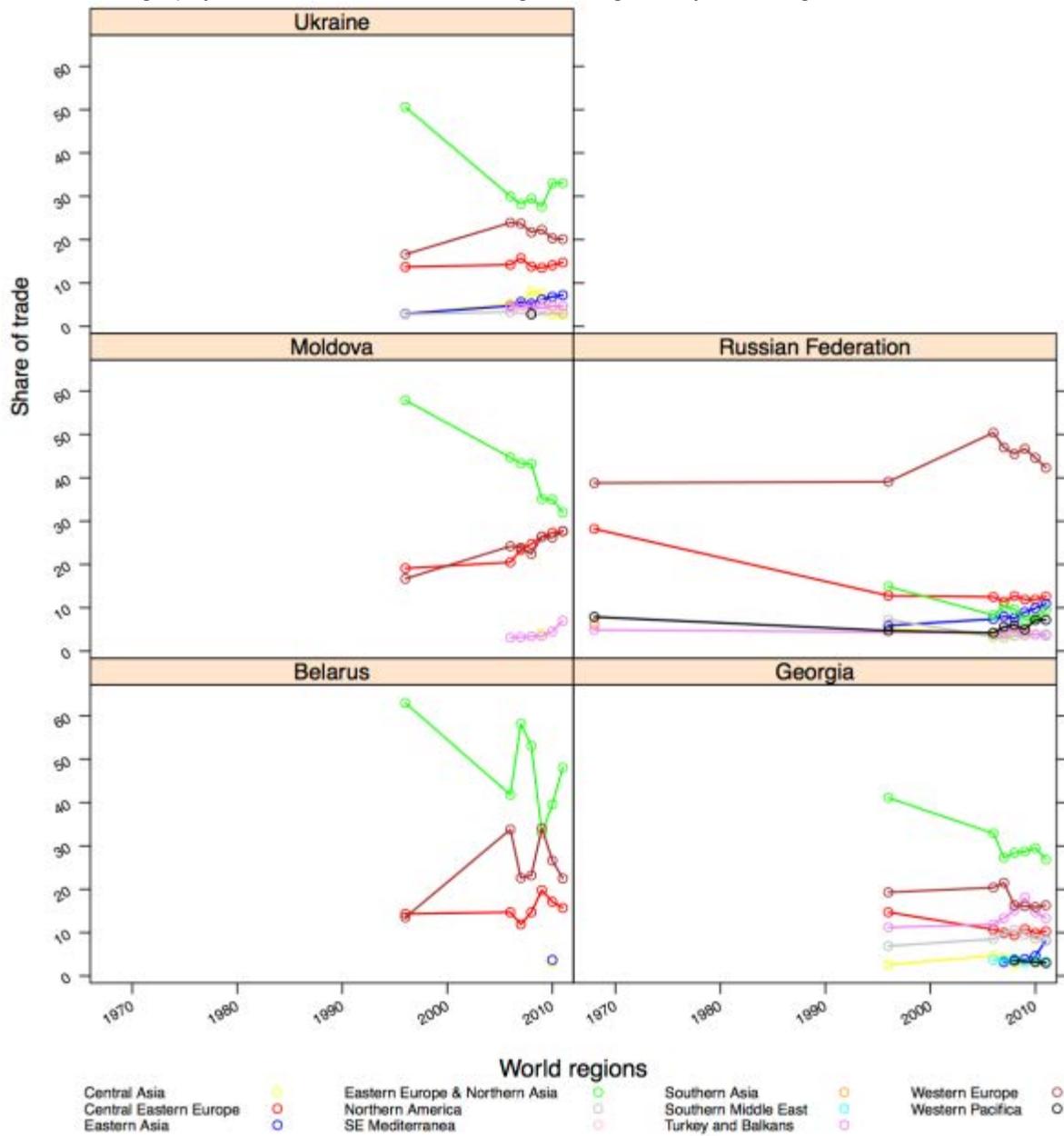
5. Administrative maps of the ENC's (Oblasts, Governorates, Districts, Regions ...)

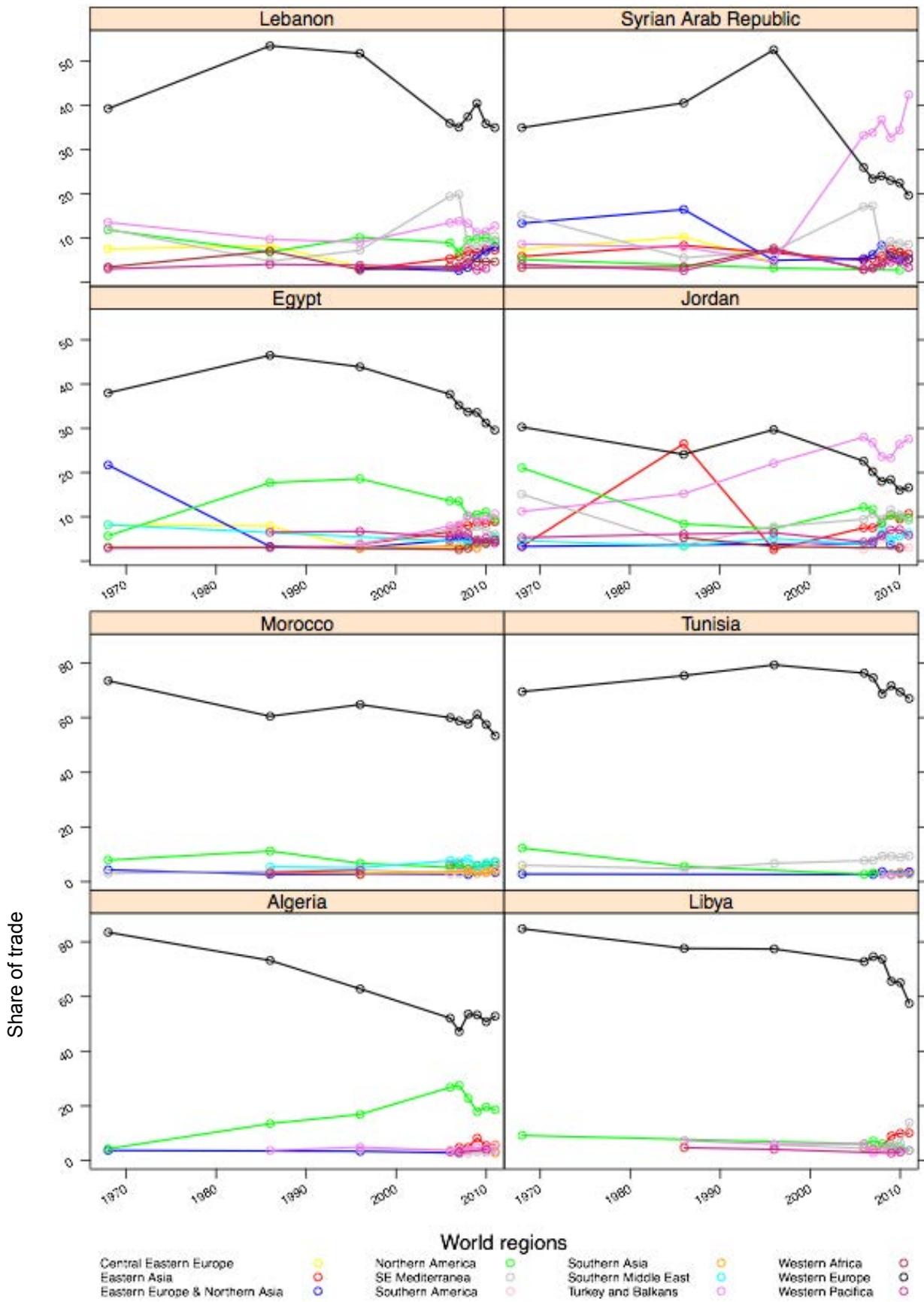
## 6. Additional analyses

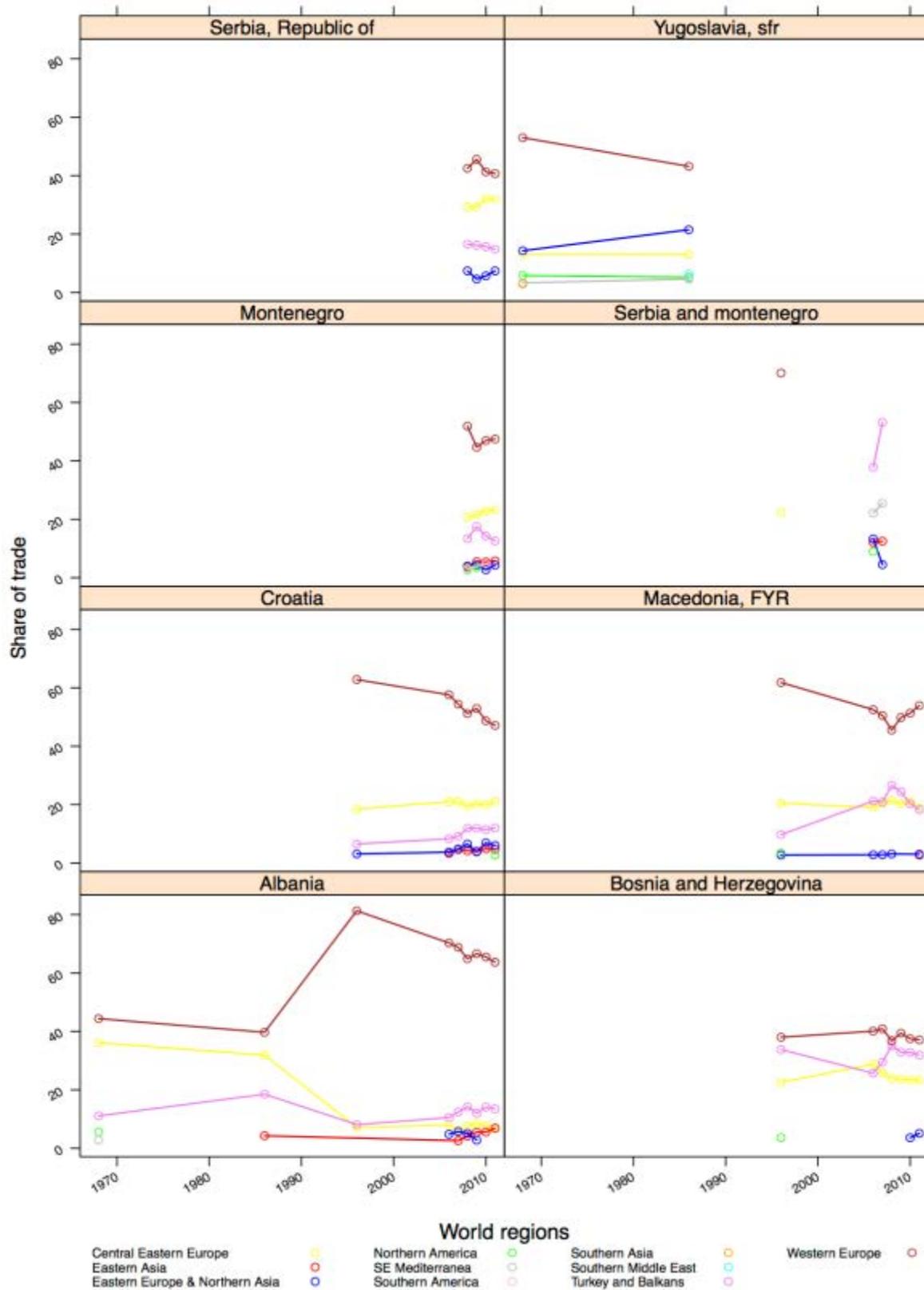
### 6.1. International flows

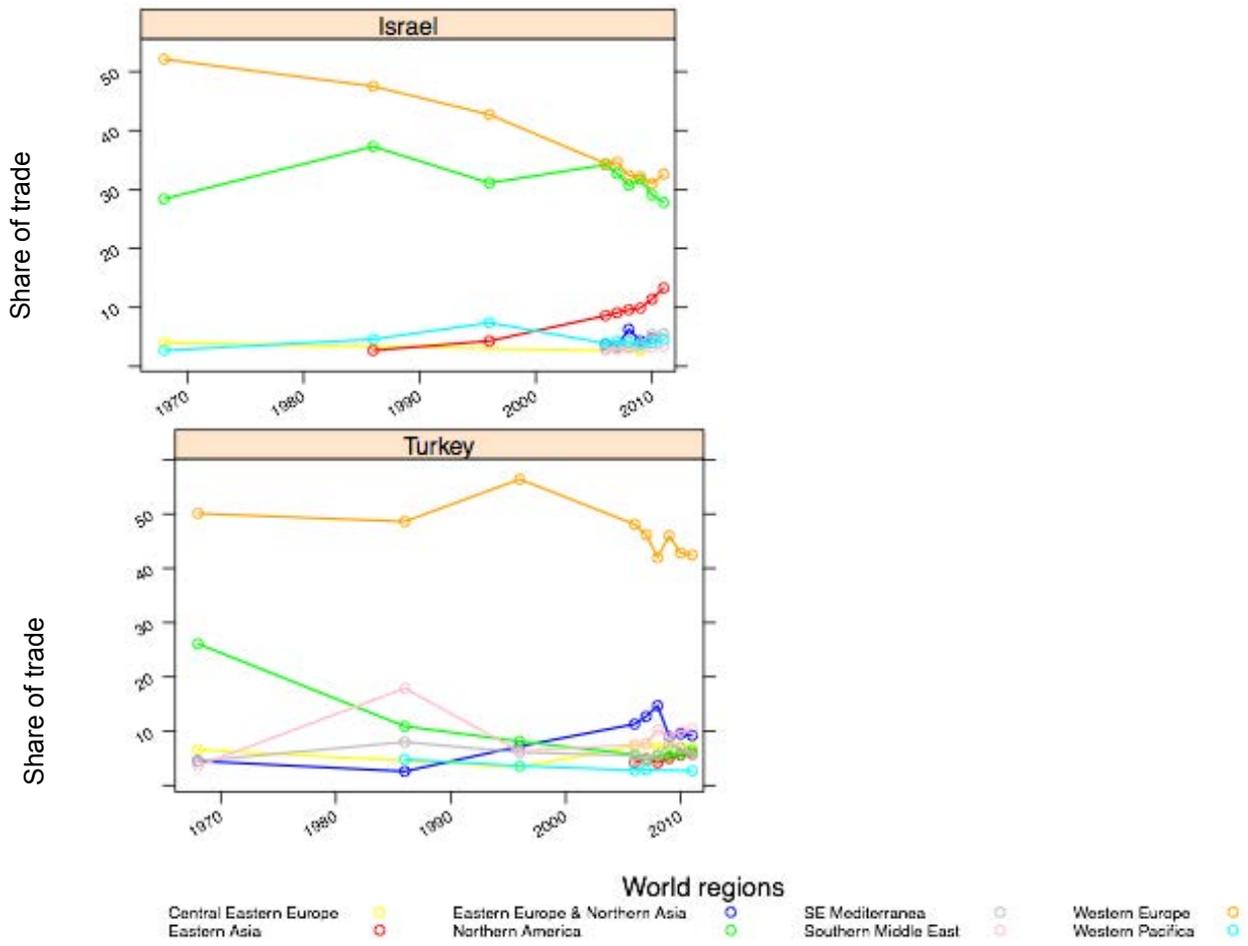
#### Trade of goods

Geography of trade of the countries neighbouring EU, by world regions, 1967 – 2011.



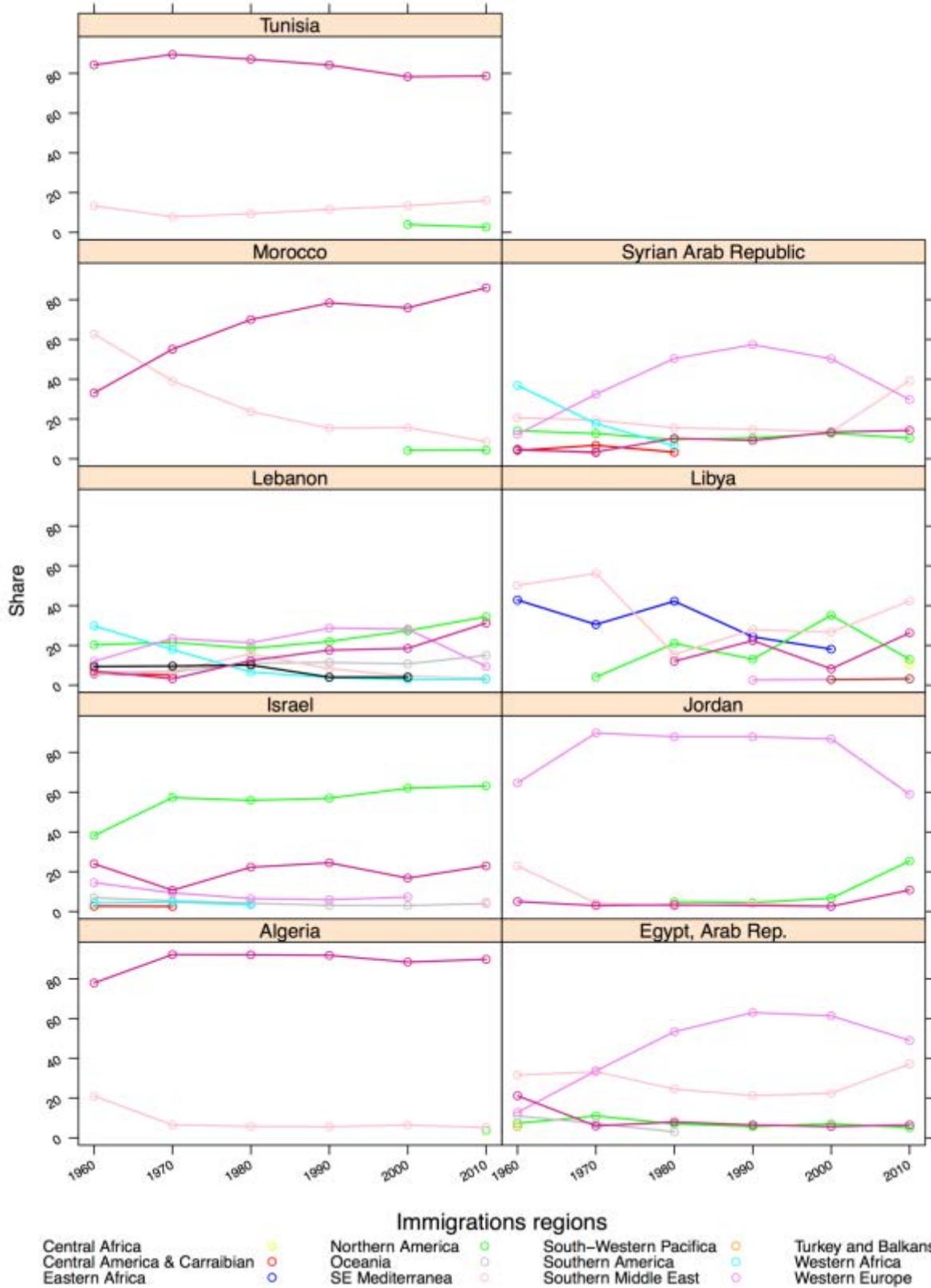




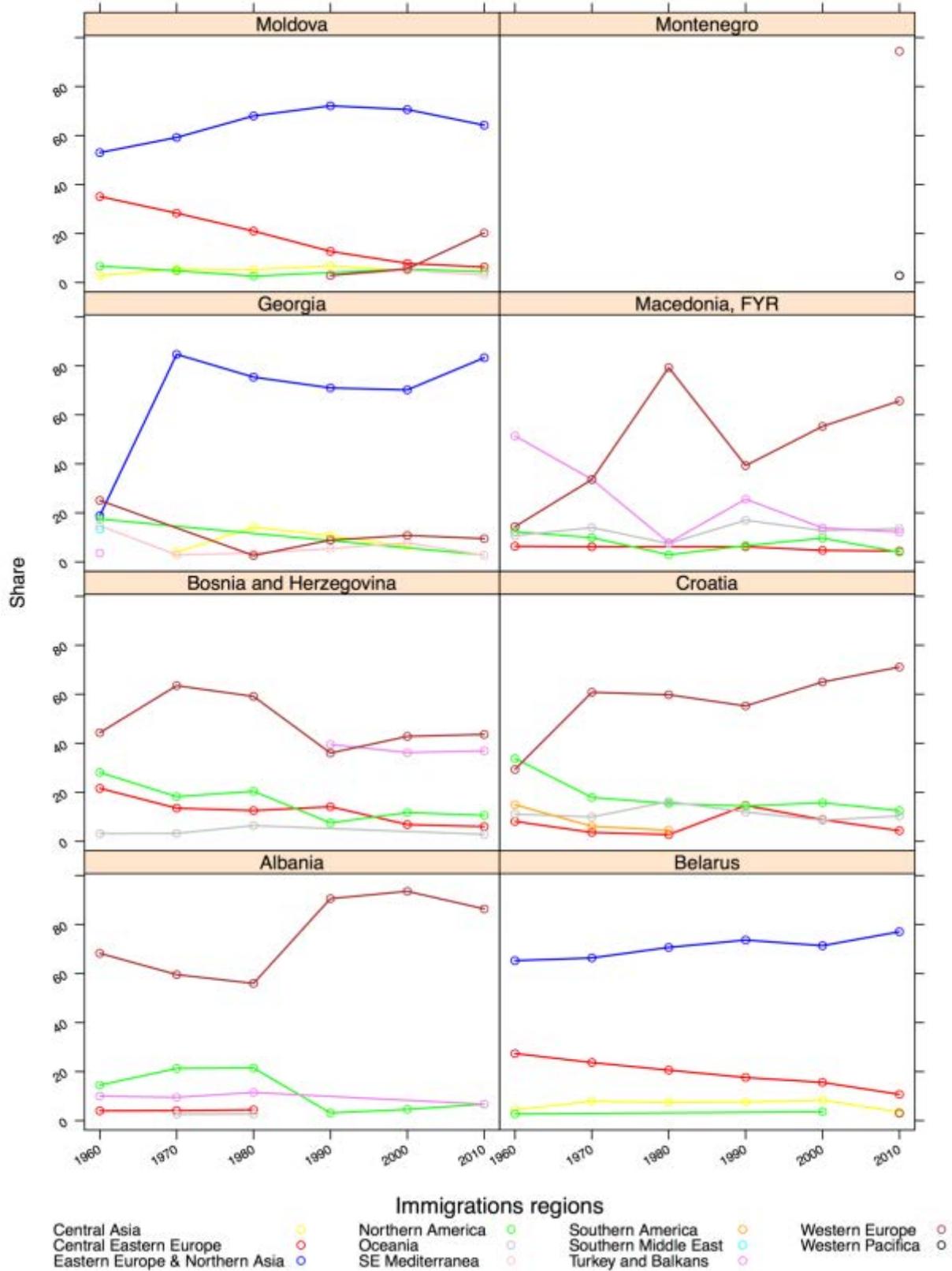


# Migration stocks

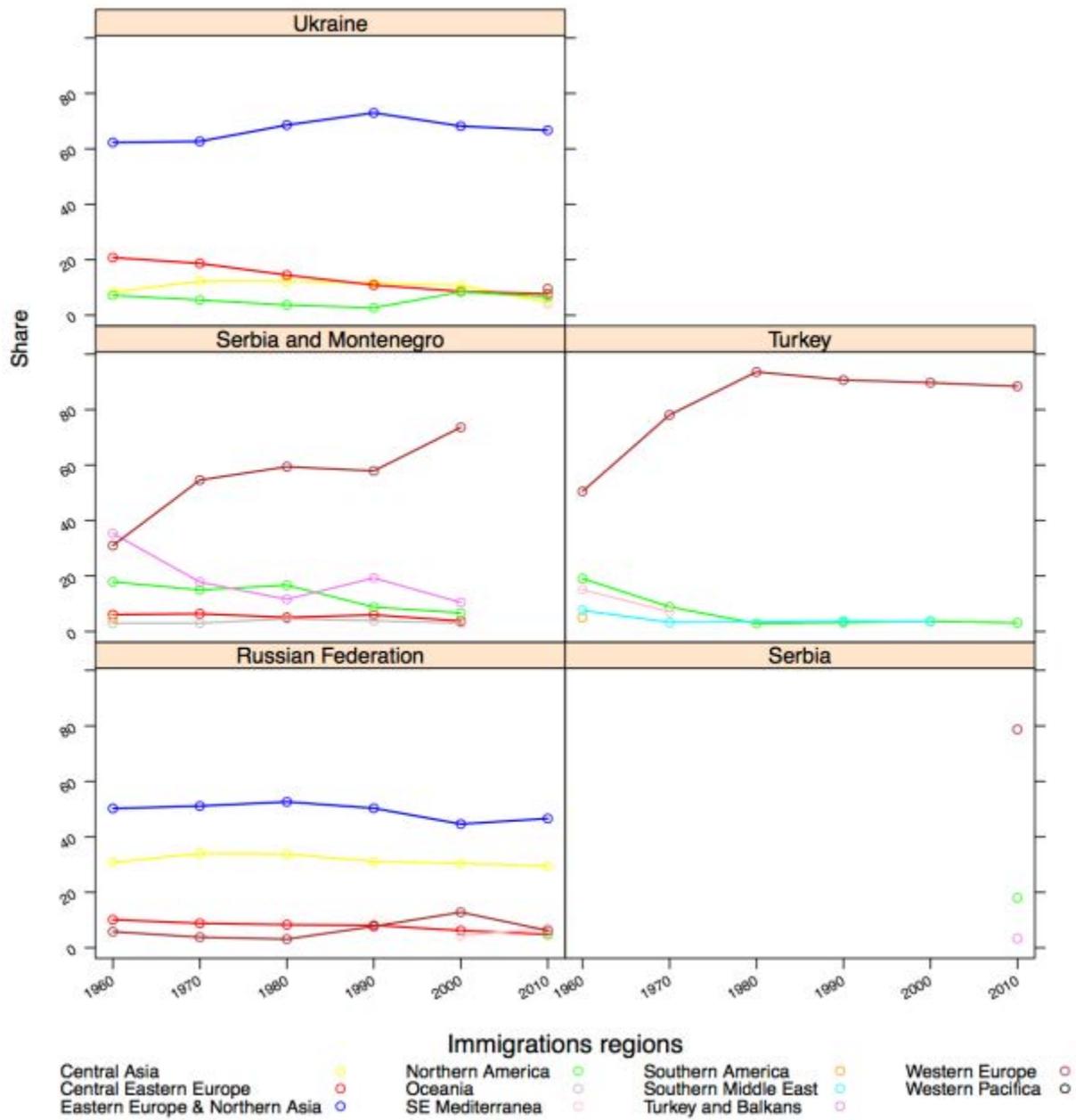
Evolution of the migrants stocks from countries neighbouring EU in SE Mediterranea



Evolution of the migrants stocks from countries neighbouring EU in Eastern Europe & Northern Asia

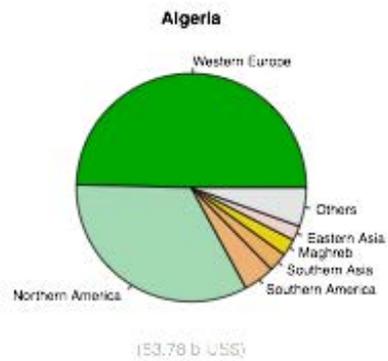
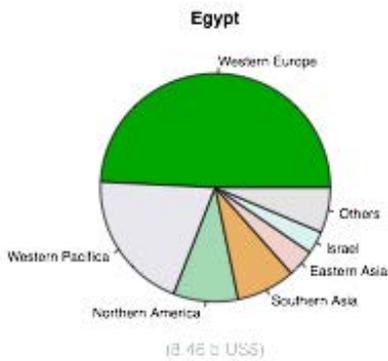


Evolution of the migrants stocks from countries neighbouring EU in Eastern Europe & Northern Asia

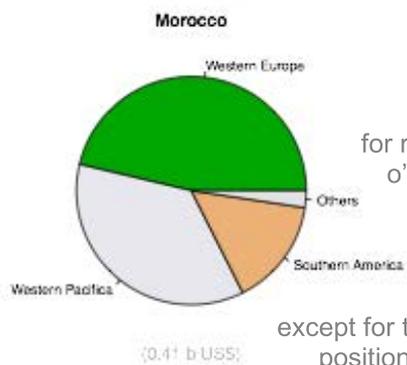
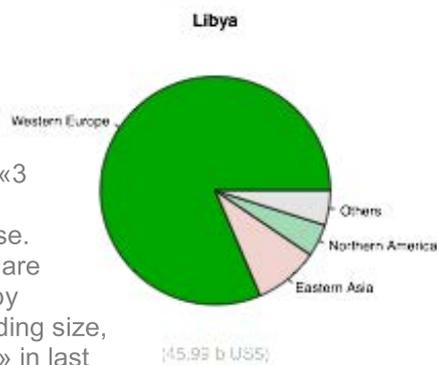


# Energy

## Geography of energy export from the neighbours of EU, by world regions, 2010.

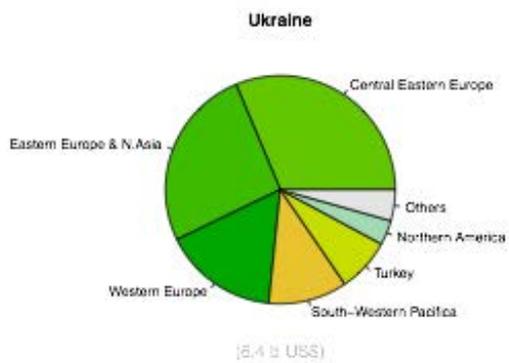
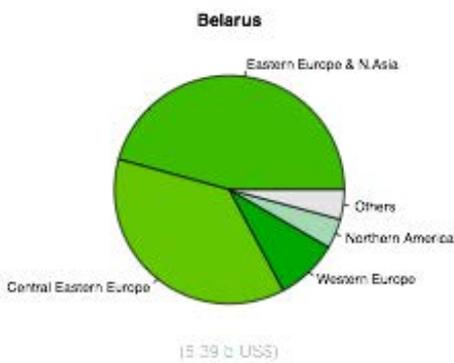
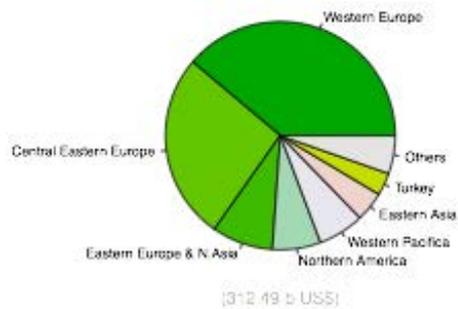
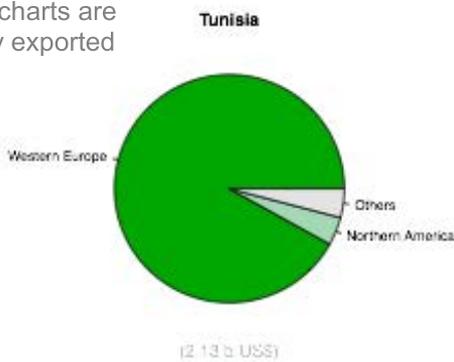


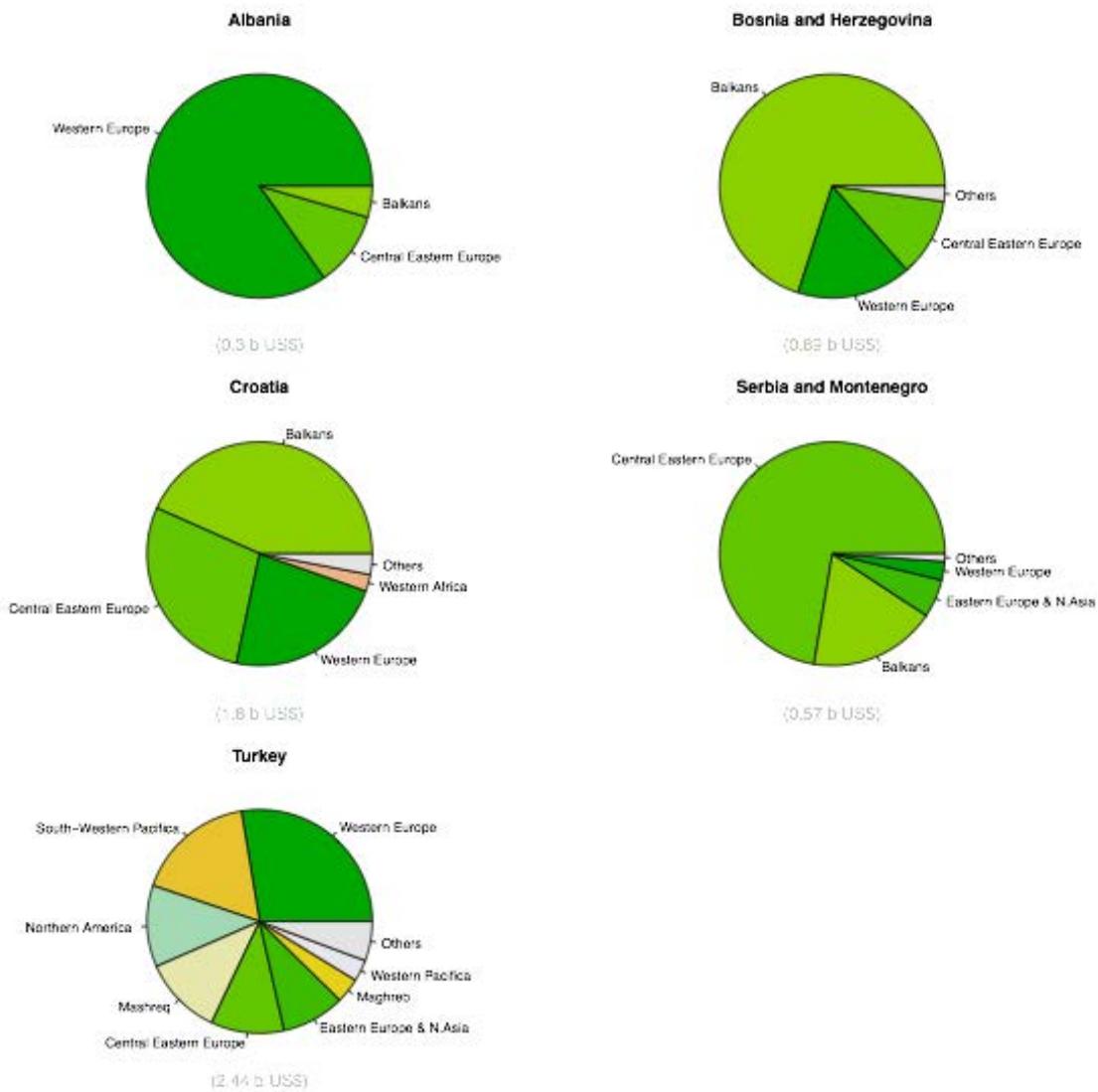
Tips  
start at «3  
rotate  
clockwise.  
sectors are  
sorted by  
descending size,  
«others» in last  
under charts are  
energy exported



for reading :  
o'clock»,  
counter  
The

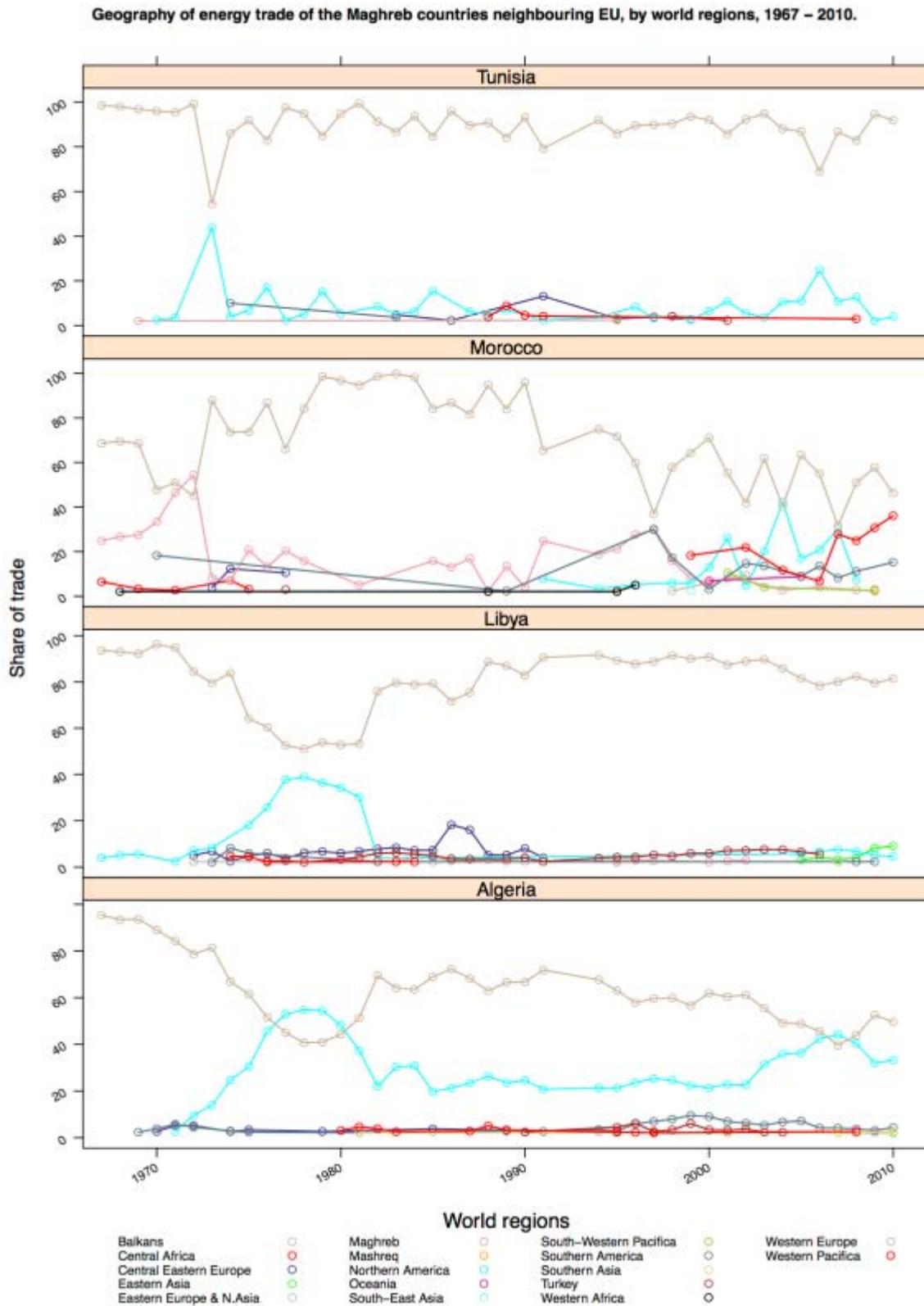
except for the  
position. Values  
total value of  
by country.

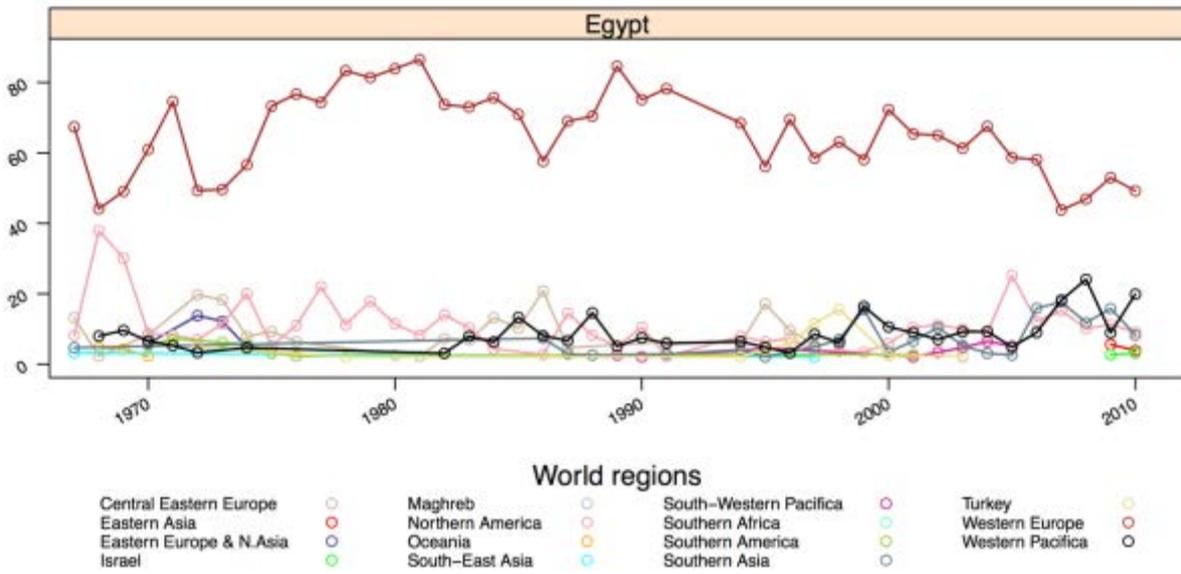




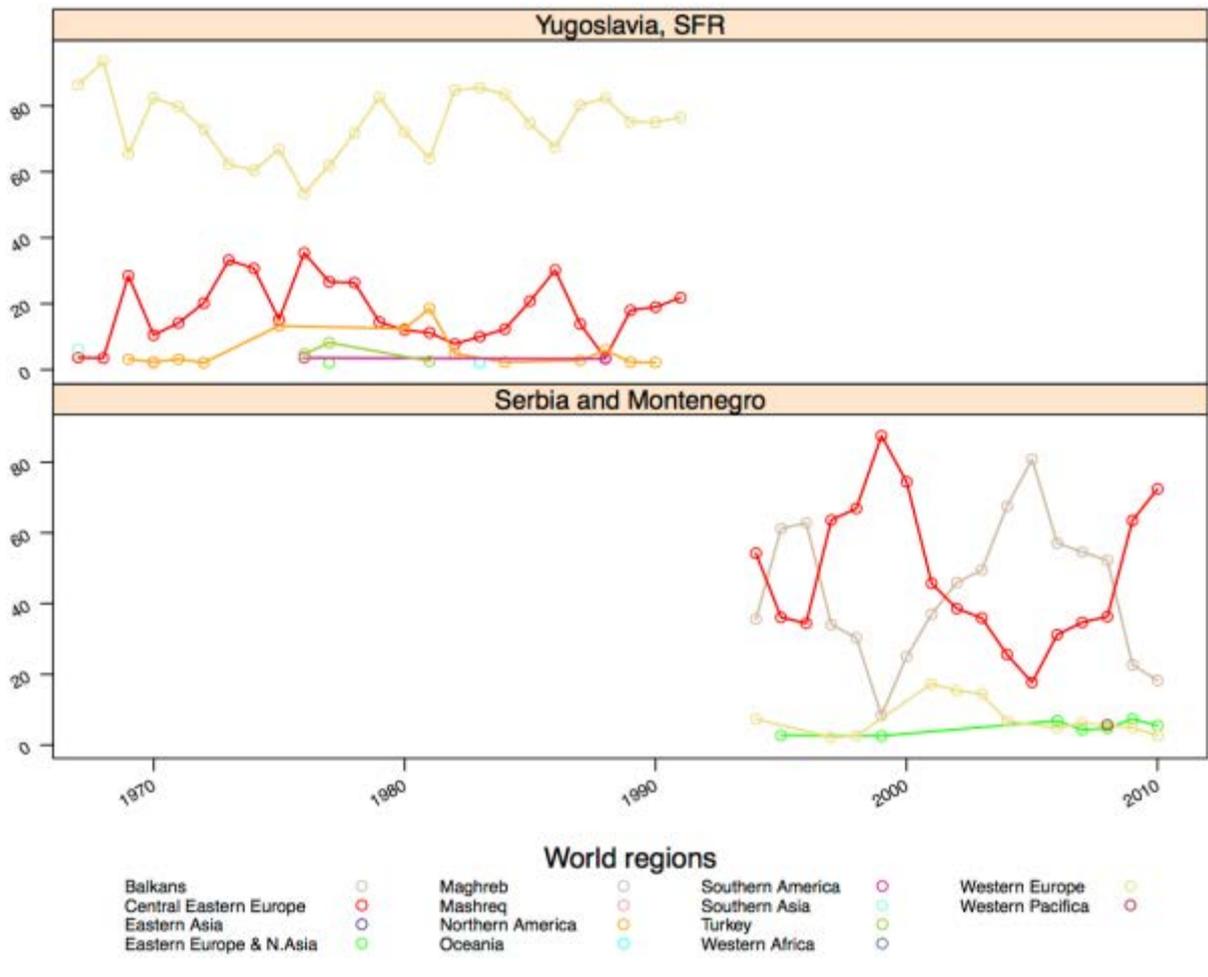
Tips for reading : start at «3 o'clock», rotate counter clockwise. The sectors are sorted by descending size, except for the «others» in last position.Values under charts are total value of energy exported by country.

Evolution of energy trade from the neighbours of EU, by world regions, 1967 - 2010.

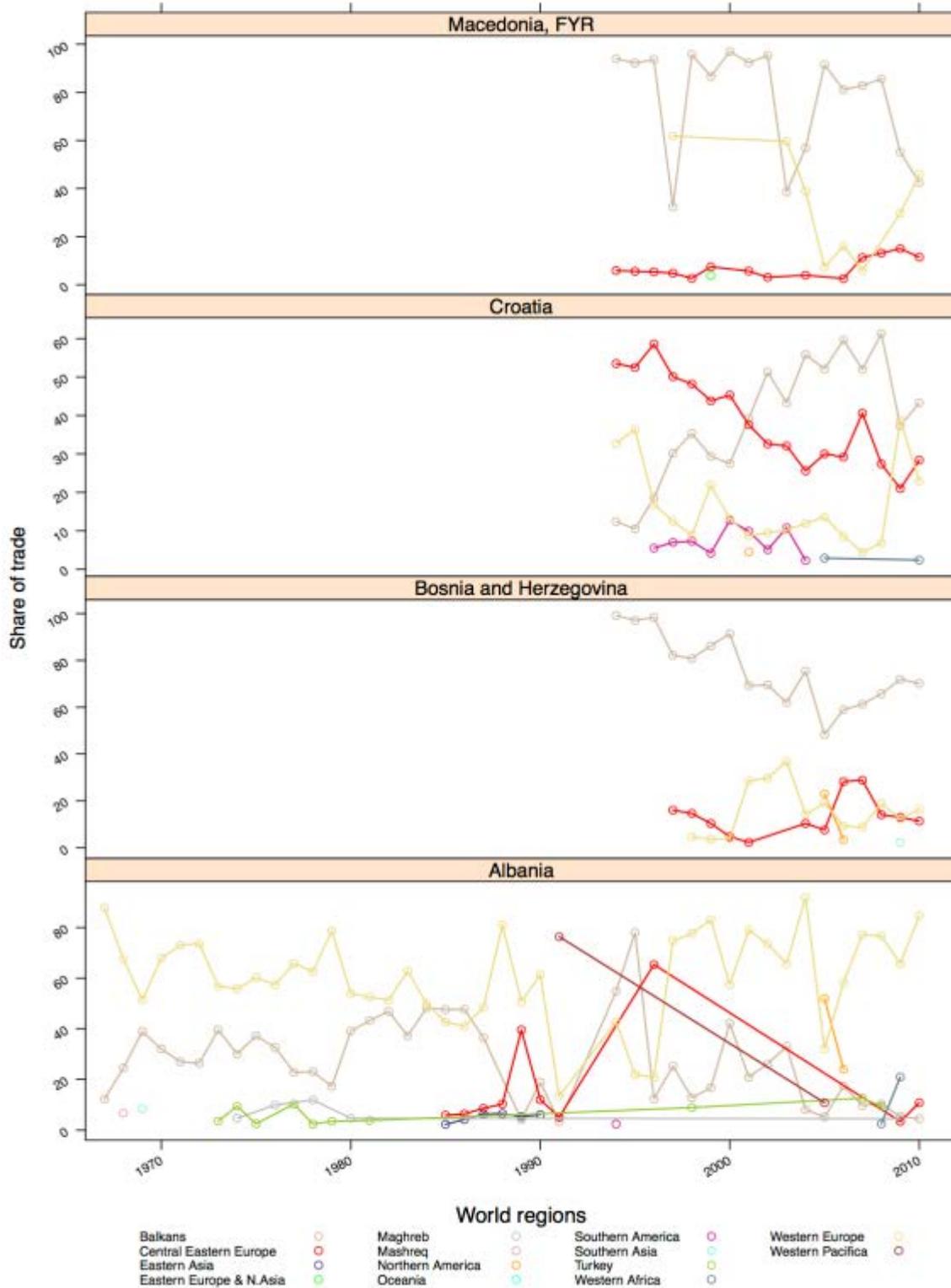




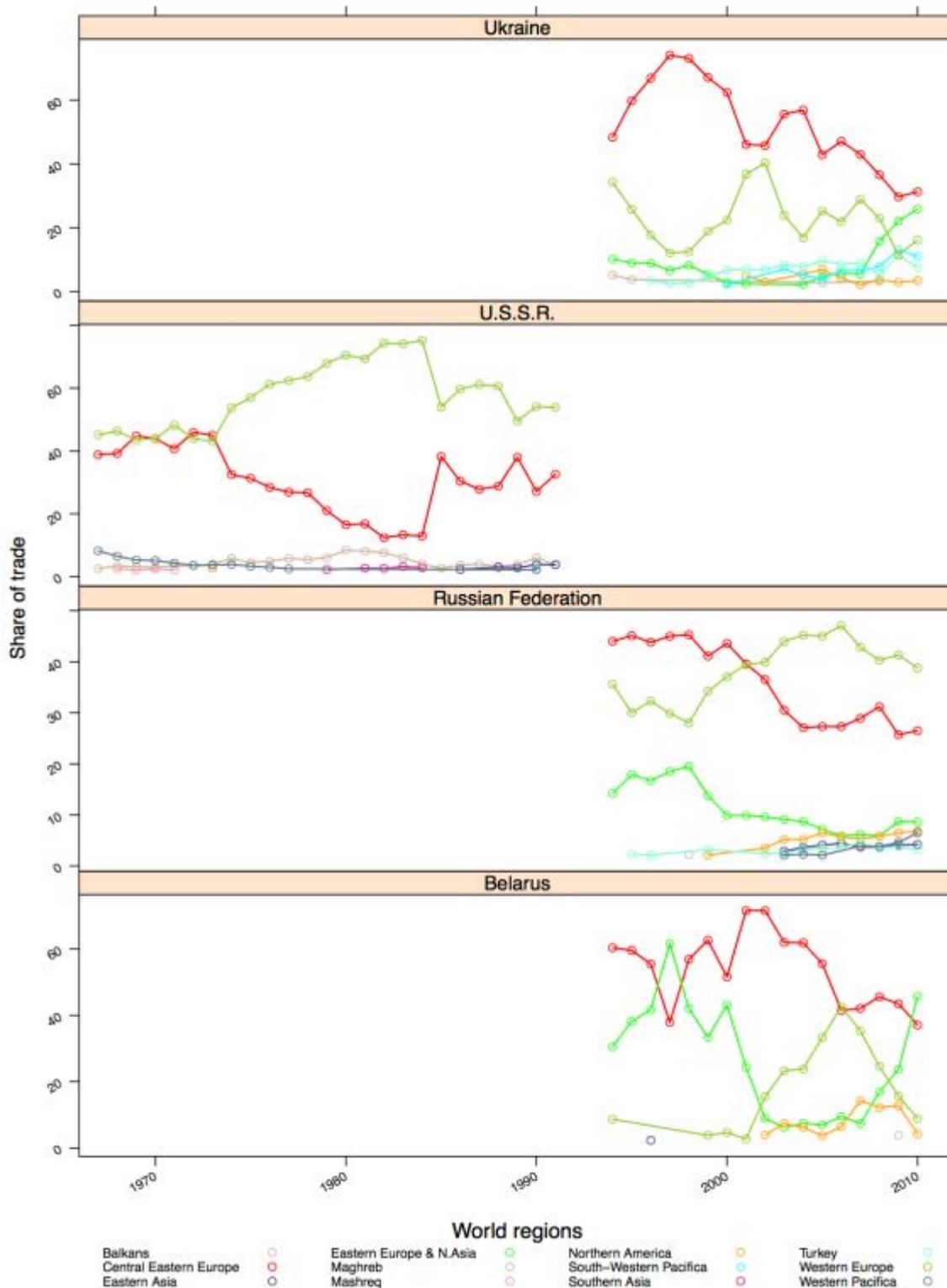
Geography of energy trade of the Balkans countries neighbouring EU, by world regions, 1967 – 2010



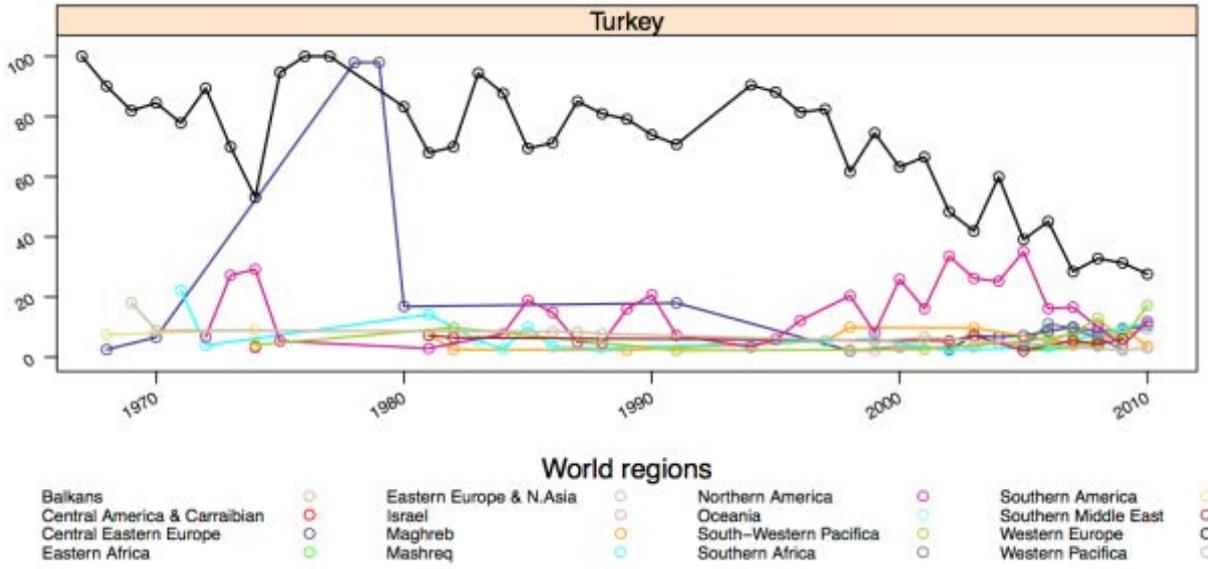
Geography of energy trade of the Balkans countries neighbouring EU, by world regions, 1967 – 2010.



Geography of energy trade of the Eastern Europe & N.Asia countries neighbouring EU, by world regions, 1967 – 2010.



**Geography of energy trade of the Turkey countries neighbouring EU, by world regions, 1967 – 2010**



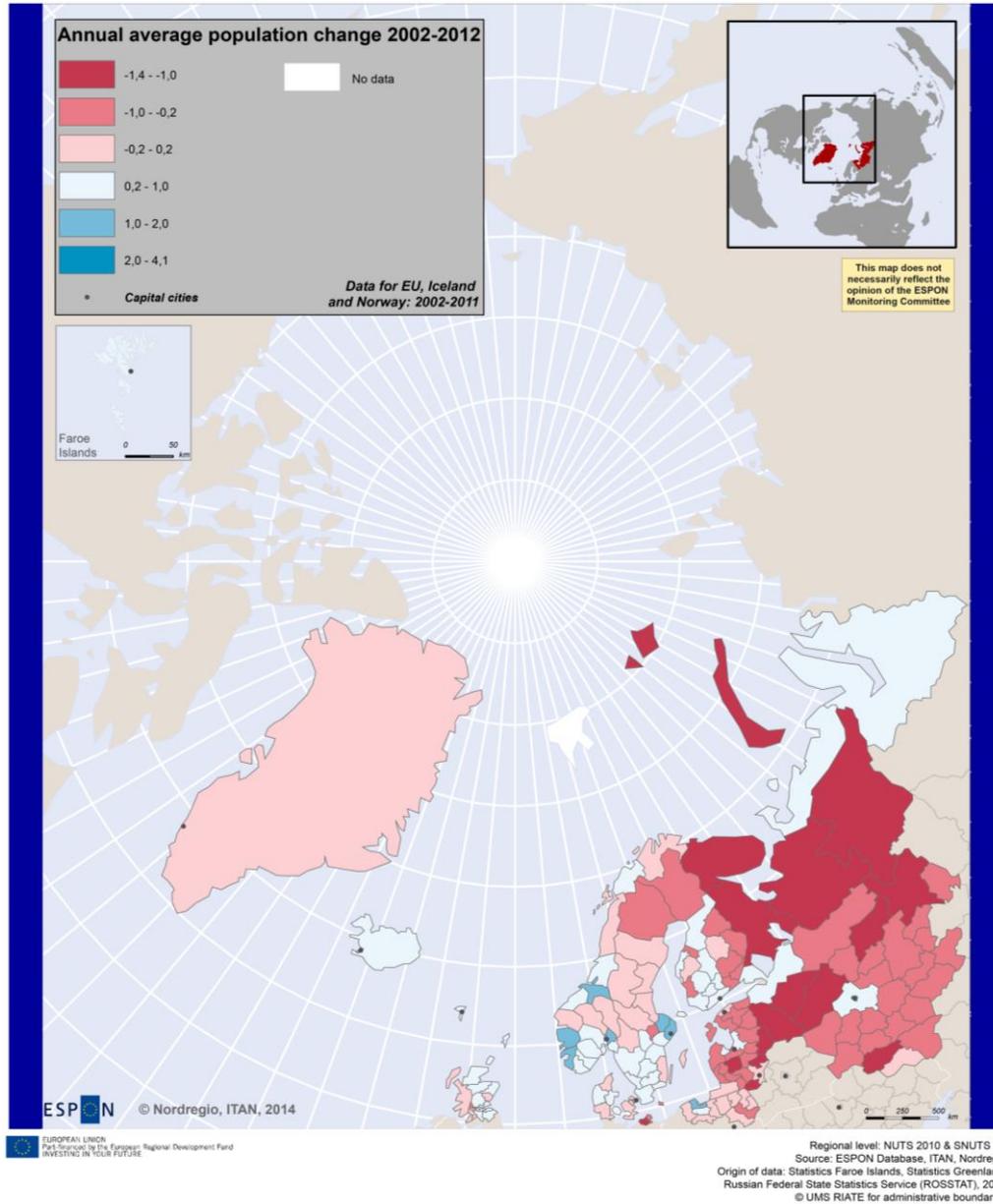
## 6.2. Anima database

### 6.3. Factiva database

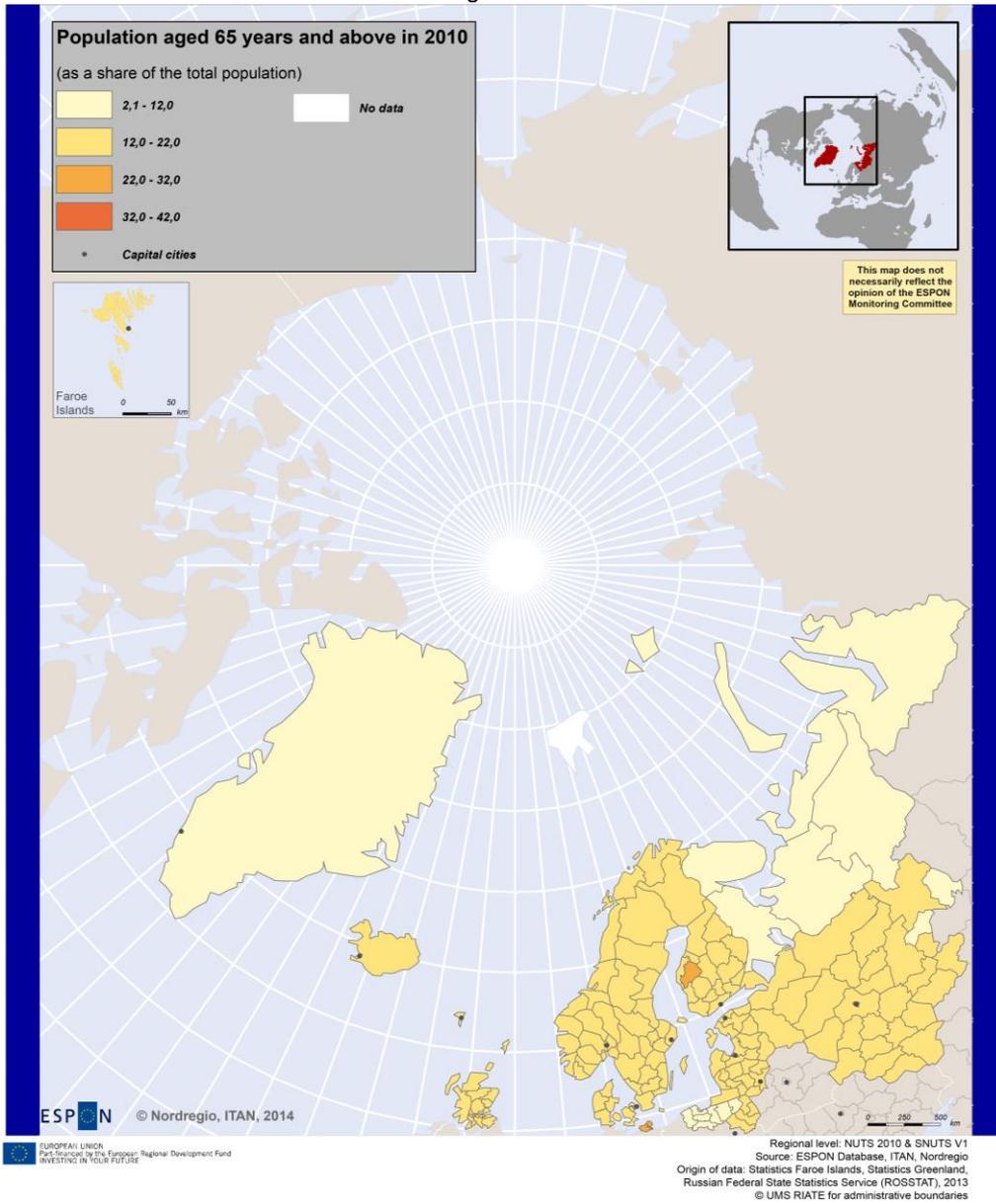
## 6.4. Northern Neighbourhood

### Relations with ESPON territory

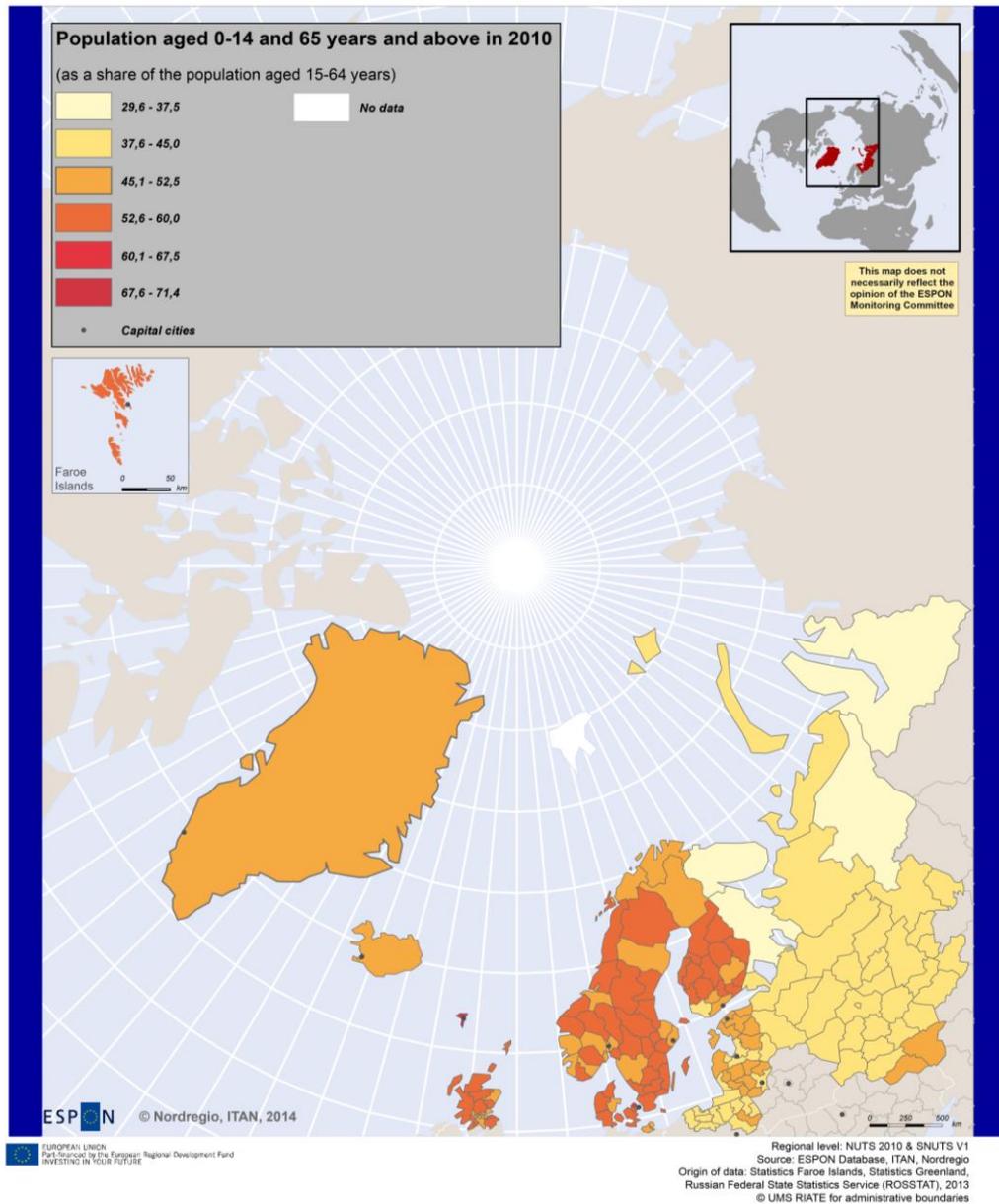
Annual average population change in the ESPON countries and the Northern Neighbourhood 2002-2012



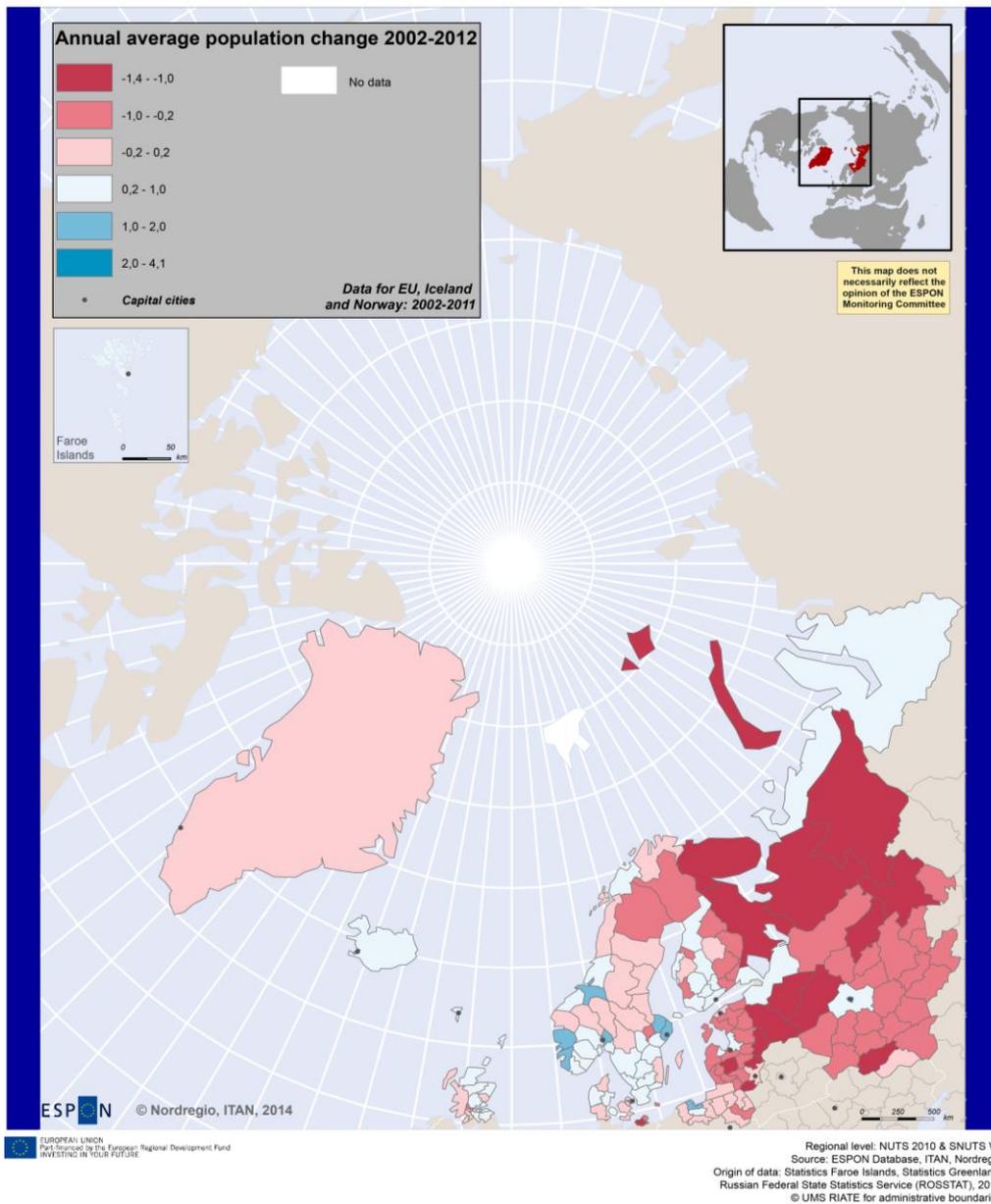
Share of population aged 65 years and more (as a share of total population) in the ESPON countries and the Northern Neighbourhood in 2010



Dependency ratio (as a share of population of working age) in the ESPON countries and the Northern Neighbourhood



Gross domestic product per capita in the ESPON countries and the Northern Neighbourhood in 2010



## 6.5. South-Eastern Neighbourhood

### Main features about the national statistical system on territories

For the seven states of the South-Eastern Neighbourhood, the context to understand the national statistical systems is threefold:

- The collapse of the socialist system after 1989 and the split of the Socialist Federal Republic of Yugoslavia after 1991 induced deep administrative reforms which have had consequences on national statistical systems. It raises the question of the reliability of data provided by statistical institutes currently under reform or construction.
- For all these countries, the process of transition from a centralized economy to a market one and the emergence of new States in the Western Balkans were conducted through strong economic difficulties, political unrest and wars. The political and socio-economic instability sets challenges to the collection, quality and availability of data.
- All the countries have the status of candidate or potential candidate countries regarding EU accession. Hence, Eurostat follows the progress of these States in complying with the *acquis communautaire* in the field of statistics. The adoption of European and international statistical standards increases the reliability of the data but also induces changes in the definitions of indicators and discrepancies in time series.

The following analyses are based on the technical reports provided by the experts' team.

#### 1°) Sources and coordination between them

For the seven countries of the South-Eastern neighbourhood, the common sources of data collection, namely censuses, civil status registration systems, surveys mostly provided by the national statistical institutes should be carefully taken into consideration due to the political and socio-economic context of instability. A significant number of surveys were undertaken by the institutes of statistics or international actors such as UNICEF, World Bank, mostly during the 2000s, when countries started to stabilise after a decade of wars and political and socio-economic crises. In Albania, their sampling strategy was based on the 2001 census and tried to present a regional representativeness (urban/rural areas, distinction of mountain, central and coastal areas). On the contrary, surveys held in Bosnia and Herzegovina have a rather weak representativeness at regional level (SNUTS 3) due to the disorganisation of the country.

Vital statistics are collected through disparate civil status registration systems from country to country. In Albania, civil registries and a "fundamental register", legacy of the communist regime, record information for each family residing legally in the corresponding administrative unit (Wanner and alii, 2010). But due to the lack and loss of data, vital statistics are of low reliability. The changes in the definitions of the enumerated population (see below) in censuses have impact on the registration of births and deaths. Concerning data on migration, internal migration are often taken into account in censuses. Data concerning external migration are provided through censuses but due to the changes of the definition of the total population and the issue of refugees and displaced populations, they need to be crossed with international surveys, such as UNHCR registers of refugees and war-afflicted persons held for some post-Yugoslav countries.

Population estimates are produced by national statistical institutes. For all the countries, the population estimates of the intercensal period (1990-2000) are corrected on the basis of the censuses held in the 2000s (1994 for Former Yugoslav Republic of Macedonia). For vital statistics (births and deaths) or migrations, the estimations are based on observed data for the 1990 decade in Montenegro, in Serbia. After the 2000s censuses, vital statistics, age and sex structures, and migrations are revised following the census results (Montenegro, Serbia). In Croatia, population estimates from 1991 to 1999 are calculated on the basis of the 1991 census data, natural growth, net migration and data on refugees and displaced persons taken over from the Government Office for Displaced Persons and Refugees. The population estimate for the period from 2000 to 2011 was only calculated on the basis of the 2001 census data, natural change and net migration. In Albania, for the period of 1990-2007, the population

estimates are based on the censuses of 1989 and 2001. For the period of 1995-2000 estimates have been calculated only for the total population by sex and urban-rural areas. For the rest of the period (2001-2007), population estimates are in fact projections based on 2001 census, due to the absence of accurate data for population emigration according to sex and age group.

Concerning socio-economic data, data on education and school enrolment are provided by censuses (Montenegro, Serbia). Data on employment and unemployment are collected through labour force surveys (LFS) in compliance with international standards. In the same way, household budget surveys (HBS) deliver data about incomes, expenditures and consumption mostly by households. For all the countries of the South-Eastern neighbourhood, data on foreign direct investment (FDI) have been collected through database provided by the national banks or national agencies for promoting investment. But for all these topics of data, the compliance with international standards which permits comparability between countries begins during the 2000s and it is not completely achieved.

## 2°) Date of censuses

Dates of censuses in the South-Eastern Neighbourhood countries

<i>Decade of census</i>	<i>Albania</i>	<i>Bosnia and Herzegovina</i>	<i>Croatia</i>	<i>Former Yugoslav Republic of Macedonia</i>	<i>Kosovo under UN resolution 1244/99</i>	<i>Montenegro</i>	<i>Serbia</i>
2010-2013	October 2011	October 2013 October 2010 (postponed)	March 2011	October 2011 (Cancelled)	April 2011	March 2011	September 2011
2000-2009	2001		March 2001	October 2002 1994	March 2001 (postponed)	October 2003	March 2002
1989-1999	1989	March 1991	March 1991	March 1991 (stopped)	March 1991	March 1991	March 1991

The censuses held around 1990 were the first that approached the international standards. For Albania and the Former Yugoslav Republic of Macedonia, the census includes for the first time characteristics of dwellings and households (and sometimes agricultural topics). For the countries of the former Yugoslavia, the 1991 census was held on the eve of wars. Yet the general context that prevailed hinders its final quality. Many municipalities escaped the survey (Bujanovac and Preševo in central Serbia, Kosovo and Metohija in Serbia) and it was stopped and postponed in the Former Yugoslav Republic of Macedonia. In the Serbian part, Albanian and Roma population were called to boycott. But estimations have been obtained, so that 1991 census results being reported in this project are in fact the sum of the census data and the estimated number of population who refused to take part in the survey. In Montenegro and Croatia, the census was totally carried out with a rather good reliability checked by a post-enumeration sample. The 1989 Albanian census is considered of high quality with very good age declaration but also with a highly probability of female under-enumeration.

Censuses during the 2000s were conducted according to International and European recommendations and received sometimes foreign technical assistance (Kosovo, Montenegro, FYROM) in order to improve the comparability and reliability of data. They focused on individuals, households and, dwellings. In Albania, the 2001 census was exhaustive but two major problems emerged concerning its quality. Firstly, the definition of the relationship between reference person and household members was not clear, due to extended Albanian families; it was resolved by INSTAT, using a deterministic approach during census data processing. Secondly, given the mass external migration flows mostly to Greece and Italy, the 2001 Census failed to reach any coherent conclusions or even to approximate the true extent of external migration. For the successor States of the former Republic of Yugoslavia, censuses are mostly post-war surveys and raise difficulties in implementation. In Serbia and Montenegro, the census was not carried out in Kosovo and Metohija due to the local conflict. In Kosovo (under UN resolution 1244/99) it was postponed, census in Former Yugoslav

Republic of Macedonia was also postponed three times before being carried out. In Croatia and Montenegro the territorial coverage was complete.

The censuses held in the 2010 decade have followed Eurostat recommendations and regulations proposed by European institutions to achieve international and European comparability of data. In Albania, the 2011 census was exhaustive and a post enumeration survey was conducted. The survey first showed a population undercount of 3.7% in urban areas and of 1.7% in rural areas. Secondly, it revealed a highly probable overestimation of resident population in 2001 census resulting of failure to capture external migration flows. In Serbia, the coverage of the municipalities of Bujanovac and Preševo is incomplete due to the boycott of Albanian ethnic community. The 2011 census results are published without the estimated number of population who refused to take part in the census. In Kosovo, due to the boycott of the ethnic Serbs, the enumeration could not be carried out in the northern Kosovo and was under a low coverage in other municipalities. The published results do not take into account the estimated number of the population who boycotted the survey. In Croatia and Montenegro the territorial coverage was complete. In FYROM, the census was stopped 4 days prior to the official end, after the resignation of the State Census Commission. In Bosnia and Herzegovina, the census was held in October 2013, some preliminary data concerning the amount of the population have been included in the ITAN database.

When comparing census data with international database, such as that of World Bank, discrepancies appear, especially for Croatia, Former Yugoslav Republic of Macedonia and Kosovo under UN resolution 1244/99, most of the time in overestimations. They are probably due to a standardised definition of the population by the World Bank to estimate populations. Though, changes in the definitions of the total population for each census are not taken into account and figures provided by experts are more reliable for the ITAN project.

### 3°) Main problems: quality, reliability, availability

Experts draw attention to the issue of the comparability of censuses held in the South-Eastern neighbourhood countries since 1989-1990. For the majority of countries, three censuses have been carried out (about 1991, about 2001, about 2011) but refer to different definitions of the total population, to be in compliance with international and European standards. For all the successors States of the former Republic of Yugoslavia, the definition of the total population changes for each census. In 1991 census, the total population of a place corresponds to the definition *de jure*: it includes persons who reside in that place, regardless of whether they were in that place at the census moment or were temporarily absent. According to this methodology, all the citizens of Yugoslavia working abroad and their family who reside with them abroad are included in the total population. The 1994 and 2002 censuses in FYROM refer to another definition, that of legal resident population. In Albania, the definition of the usual resident population is used for 1989, 2001 and 2011 censuses. In censuses held at the beginning of the 2000s, the concept of "resident population" or *de facto* definition was used. In accordance with the UN Economic Commission for Europe and Eurostat criteria, the total population includes residents whose work and/or stay abroad was for less than one year as well as foreigners who work or reside in the country for a year or more. The refugees from the former Republics of Yugoslavia are included in the total population. The internally displaced persons (IDPs) from the autonomous province of Kosovo and Metohija are excluded from the total population in Serbia and Montenegro. Finally, the last censuses held in the 2010 decade, introduce a third definition of the total population in line with European recommendations which regulate censuses of population and housing in the European Union. According to the concept of the "place of usual residence", a person is considered as to be a resident of the place in which he/she alone or with members of his/her household spends most of the time, irrespective of where this person has his/her residence registered or short-term absence. Thus, it includes the persons who live in that place for at least one year but also persons who live in that place for less than 12 months but have the intention to stay there for at least one year. Refugees and displaced persons are included following the same rules.

These changes of the definition for the total population have impact on all the fields of data (demography but also education, employment...). Four main issues can be addressed for the Western Balkans concerning quality, reliability and availability of data.

- A bias to compare data of the overall period due to the changes of definitions reflects both difficulties to build up statistical systems after conflicts and crisis and, efforts to fulfil the international recommendations. For example, in Croatia, until 1997, data on live-born children and deaths were processed according to the mother's or deceased person's permanent residence respectively. Since 1998, data on births and deaths have been collected and processed in line with the definition of the usual residence. In Albania, regarding the civil status registration system, there is a convergence between the corresponding definitions of family and household, but the families are defined through their legal residence, on the contrary to that of the census which uses "usual" residence concept. Differentiation among family and household definitions, which was evident particularly in 2001 census, was due to the extended family model.
- The difficulty to estimate internal mobility and international migrations remains a major issue for all the Western Balkans countries. In Albania, according to the aggregated 2001 census results, the number of individuals that were abroad at the time of the census was estimated at approximately 34.000 individuals and at the same time, in Greek census of 2001 the estimated number of Albanians (usual residents) was almost 450.000. The census failed to enumerate emigration. Ten years later, the 2011 census results revealed a highly probable overestimation of resident population recorded in 2001 census resulting from the failure to capture external migration flows. In the States of former Yugoslavia, although the "place of usual resident population" was used in order to improve international comparisons for the 2001-2003 census and that of 2011, the concept of intention of staying introduced in 2011 was not used in the previous censuses. Moreover, the 1991-1994 censuses include the population temporarily working abroad and their relatives, irrespective of the duration of stay outside the country and thus cannot be directly comparable to the 2001-2003 census results which exclude persons whose stay abroad was longer than one year.
- The enumeration of minorities and the definition of nationalities (to be distinguished for that of citizenship) remain a very sensitive question in the South-Eastern neighbourhood countries. Questions on ethnic affiliation are not considered as core topics in censuses, according to the international recommendations. So, each country decides whether such data will be collected. Calls for a boycott during census period, as still shown during the October 2013 census campaign in Bosnia and Herzegovina, shows the high sensitivity of this question in Balkan countries. And further analyses are needed, especially on the political impacts when legislation provides rules of representation in compliance with the definition and enumeration of minorities.
- For socio-economic data, the reliability and availability of the datasets are limited due to the socio-political unrest, conflicts and successive economic crisis (especially for Albania) in the 1990 decade. After 2000, the statistical systems are improving in terms of quality, availability and dissemination of data. For Albania, data concerning socio-economic dynamics do not cover the initial transitional years (1990-2001), even for education or employed and active population. For the successors States of former Yugoslavia, some social data are available thanks to the 1991 census results, i.e. education, migrations, minorities and, active population for Croatia, Montenegro and Serbia only. For all the countries of the South-Eastern neighbourhood, Gross Domestic Product (GDP) is only available since 2000, when international standards were applied. The part of the grey economy that escapes the calculation of GDP needs further analyses.

All these limits have to be kept in mind when comparing and mapping data.

### **Geometries changes**

The Socialist Federal Republic of Yugoslavia (SFRY) has been divided into 6 countries which have all carried out territorial reforms in the framework of the new State-building. Besides, the end of the socialist system and the crises of the so-called transition period have provoked political instability also in Albania. The trends of administrative reforms have consequences on the delineation of statistical units, mostly based on administrative units.

In Serbia, the continuity of the territorial division of municipalities and cities allows the comparability of data from 1990 and onwards. The introduction of 24 districts (*okrug*) in 1992 and a special status for the City of Belgrade form the NUTS 3 level, on the basis of the aggregation of municipalities and cities. At the NUTS 2 level, 7 statistical regions were created in 2009 and then reduced to 4 two years later by merging of units. Hence, for Serbia, no territorial changes hinder the comparability of data. For Montenegro, the all country is equivalent to NUTS 0, 1, 2 and 3 level. As no change of boundaries occurred since the independence in 2008, there is no specific barrier concerning the territorial division for the ITAN project's implementation. In Albania, there were changes in the administrative division of the country which raise comparability issues between 1989 census and those of 2001 and 2011. In 1989 the administrative division of Albania was composed of 26 districts and 536 localities. After the fall of the communist regime, two administrative levels, 12 prefectures and 373 local units (of two types: communes and municipalities), were introduced. The 26 districts of 1989 were fragmented into 36 units. Between 2001 and 2011, no major changes in administrative levels are known, although minor changes within the communal level had taken place in 2008. In our project, SNUTS 3 level needs to be recomposed on the basis of local level. For Croatia, the introduction of the county level (NUTS 3) in 1992 and the changes of their delimitations up till now raise a problem of comparability of data between the three dates of censuses: 1991, 2001 and, 2011. For most of the indicators, the Central Bureau of statistics proceeded to a reconstruction of the data corresponding to the same territorial division. However, the minor territorial change in 1997 between Zadar County and Šibenik-Knin County hinders the comparability of the data series between 1990-1997 and 1997-2011 at NUTS level. Inversely, the merging of the Zagreb City county with the Zagreb County between 1995 and 1997 introduces a temporary lack of data in time series for the Capital City County. For Bosnia and Herzegovina, After the Dayton Peace Agreement (1995), following the Inter-Entity Boundary Line (IEBL), the territorial structure of municipalities was reformed with no continuity with the previous situation, assigning former municipalities or part of former municipalities to each entity: Republika Srpska, Federation of Bosnia and Herzegovina, and Brčko district since 2000. The amount of municipalities has considerably increased: from 109 to 159. On the basis of this new territorial division, all the upper levels have been reformed. Thus, the ITAN database begins in 1996. For small countries, such as Kosovo and former Republic of Macedonia, the territorial division of municipalities has been deeply changed. In Kosovo, the fragmentation of the number of municipalities (from 28 to 36 between 1990 and 2009) was conducted by the United Nations Interim Administration Mission in Kosovo (UNMIK) on the principle of a better representation of minorities in elections. However, at the upper level (7 SNUTS 3 statistical regions) the aggregation of local data is possible in the framework of their territorial delineation. In FYROM, The same method can be applied. The aggregation of the data gathered at the municipal level allows time series comparisons at the NUTS 3 level (8 statistical regions since 2007), despite the fact that the number of municipalities has been sharply reduced (from 123 to 84 municipalities since 2004) by merging of entities or drawing new limits to the municipalities.

### **Data difficulties**

Concerning the South-Eastern Neighbourhood, a first attempt to identify the availability and the quality of data for the Western Balkans and Turkey was made in the framework of the ESPON database (ESPON 2013 DATABASE, 2011). It refers to the EUROSTAT database and to the national statistical offices database in a lesser extent. According to the authors, only a 'set of basic data' has been included in ESPON database mostly at the NUTS 0 level, sometimes at the NUTS 3 level for demographic data. Moreover, time series only cover the period 2000-2007. The ITAN project aims at providing complements to this database through an enlargement of indicators, an extension of time series (from 1990 to 2011, including last census results) and, a focus on NUTS 3 level data availability. However, some difficulties remain.

The lack of data is still a problem, even for some indicators considered as basic indicators, such as life expectancy or deaths by age structure. Both indicators are missing for Bosnia and Herzegovina and Kosovo. For Albania and Croatia, life expectancy has been calculated by the experts to complete time series. Data on migrations are very sensitive ones. Concerning domestic migrations and international migrations, data are rarely available before 2000, nonetheless the context of wars and deep political unrest during the 1990s raises the issue of their reliability. Moreover, the availability of data on migrations at NUTS 3 level raises a new difficulty. Finally, despite the fact that dissemination through Internet has truly been improved, data on migrations are not updated (concerning international

migrations, the last publication for Albania was in 2001 and was in 2002 for Serbia) or not available (for Kosovo and in a large extent for Bosnia and Herzegovina). In general, surveys conducted since 2000 (labour force surveys, living standards surveys...) provide more accurate data on employment and living conditions.

A second point concerns the problems of definitions of indicators and the changes occurred during the last two decades in order to fulfil the international and European recommendations. As candidate countries or potential candidate countries, the Western Balkans States have adopted or currently adopt EUROSTAT recommendations. We have already mentioned the problem of the definition of the total population in censuses. The compliance with the nomenclature of economic activities in the EU (NACE) for active population or sectorial breakdown of foreign direct investments (FDI) hinders the comparability of time series for each country, but allows better comparison between all the countries for a given year. For all the South-Eastern neighbouring countries, the Gross Domestic Product (GDP) is now available from 2000 and onwards at NUTS 3 or NUTS 2 level. Regarding the field of education, definitions are still unharmonised: Albania and Croatia use the UNESCO ISCED-97 classification. Serbia and Montenegro rely on the long tradition of collecting data on educational attainment held in the Yugoslav censuses. In order to provide data comparability, which was difficult to obtain due to the change in the educational system and different classifications being used, in the ITAN project, data are shown for larger educational groups, as follows: without educational attainment and incomplete primary education, primary education, secondary education, tertiary education (high or higher education especially education at the college or university level). The changes of definitions may create discontinuities and scarcity of time series.

Finally, the recent implementation of NUTS 3 level (or similar to NUTS 3) combined with the changes of definitions or with new calculated indicators reduces the availability of data at this level. For example, in the field of socio-economic data, such as internet connections or number of vehicles, data are collected at the national level and appear in international databases (World Bank, EUROSTAT...) but national statistical offices rarely provide such data at NUTS 3 level. For Bosnia and Herzegovina, due to the aforementioned complex structure of the statistical system, data collection concerns only a part of SNUTS 3 which corresponds to the units belonging to the Federation of Bosnia and Herzegovina. However, national statistical systems have recently experienced considerable development in order to improve NUTS 3 database.

### **Political instability and contested territories**

In the South-Eastern neighbourhood, the 1990s has endured the dismantling of the Socialist Federal Republic of Yugoslavia through independence proclaims of the Republics, internal tensions and, wars in Croatia (1990-1995), Bosnia and Herzegovina (1992-1995) and, Kosovo (1999). Ethnic cleansing and war crimes have shocked the international community. In Albania, the end of the socialist regime led to a political unrest and successive socio-economic crisis, such as the collapse of the pyramid financial scheme in 1997. After 2001, the country began to stabilise. For all these countries seeking for stability was conditioned by:

- The judgment of war criminals especially by the International Court of Justice and Peace agreements such as the Dayton Agreement for Bosnia and Herzegovina (1995), the Ohrid Agreement in Former Yugoslav Republic of Macedonia (2001)
- The political stabilisation through opened elections, state of rights and political alternative
- The openness of the economy through a tough transition process
- The international recognition as New states

Concerning this last point, there is still a contested territory in the Western Balkans. After the dismantling of the Socialist Federal Republic of Yugoslavia, the limits of the republics became the borders of the new States, except for the Kosovo which is considered by Serbia as an internal Autonomous Province. After the Kosovo war in 1999, Kosovo is placed under a transitional United Nations Administration Mission in Kosovo (UNMIK) joined in 2008 by the European Union Rule of Law Mission in Kosovo (EULEX), both are international supervisions. An international steering group (ISG) supervised the International Civilian Office (ICO) in charge with the implementation of the Ahtisaari plan for Kosovo, after Kosovo declared independence from Serbia in 2008. However, its independence has partial international recognition. As of 26 September 2013, 106 UN member states

have recognized Kosovo as independent state. In the European Union, Cyprus, Greece, Romania, Slovakia and Spain did not recognize the country. Among the neighbouring countries, it is also the case for Algeria, Armenia, Belarus, Morocco, Moldova, Russia, Tunisia, Serbia, and Ukraine. The ICO's mandate ended in September 2012 and the EULEX's mandate was extended to 2014. The European Union position is based on the United Nations resolution 1244/99 and on the International Court of Justice opinion in 2010 which states that Kosovo's declaration of independence did not violate general international law or the UN resolution 1244/99. The ITAN project refers as Kosovo under the UN resolution 1244/99.

#### References:

EEA 2010, European Environment Agency, Report N°1:2010, *Environmental trends and perspectives in the Western Balkans: future production and consumption patterns*.

## Territorial, statistical and administrative systems in the South-Eastern Neighbouring countries in 2009-2010 (NUTS 0 to NUTS 3)

COUNTRY	territorial units		legal status			data collection status			date of creation
	Name (english)	Number of entities	administrative unit	self-government unit	since	statistical unit	official NUTS level	Similar to NUTS level	
CROATIA	country	1	✓		1991	✓	0		2007
	country	1	✓		1991	✓	1		
	regions	2				✓	2		
	counties	21	✓	✓	1992	✓	3		
FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Country	1	✓		1991	✓	0		2007
	Country	1	✓		1991	✓	1		
	Country	1	✓		1991	✓	2		
	Statistical regions	8				✓	3		
SERBIA	Country	1	✓			✓	0		2010 2009
	regions	2				✓	1		
	statistical regions	4		Vojvodina*		✓	2		
	Districts	24	✓		1992	✓	3		
MONTENEGRO	country	1	✓		2006	✓	0		
	country	1	✓		2006	✓	1		
	country	1	✓		2006	✓	2		
	country	1	✓		2006	✓	3		
KOSOVO Under UN resolution 1244/99	country	1	✓		2008	✓		0	2008
	country	1	✓		2008	✓		1	
	country	1	✓		2008	✓		2	
	regions	7				✓		3	
ALBANIA	country	1	✓		1912	✓		0	
	country	1	✓		1912	✓		1	
	country	1	✓		1912	✓		2	
	counties	12	✓		1938	✓		3	
BOSNIA AND HERZEGOVINA	country	1	✓		1992	✓		0	
	country	1	✓		1992	✓		1	
Federation of Bosnia and Herzegovina	political entity	1	✓		1995	✓		2	
	cantons	10	✓	✓	1995	✓		3	
Republika Srpska	political entity	1	✓		1995	✓		2	1996
	regions	7				✓		3	
Brčko district	district	1	✓	✓	2000	✓		3 and 2	

\* Vojvodina has a special status of Autonomous Province.

## 7. Country reports

## 8. ITAN Glossary

This section sums up the available definition of the main notions used in ITAN. It is not an academic discussion on the various meaning mobilised by the authors, but a simple description of the sense in which we use the term in the project to make it clear for the reader.

### ***Region***

In the social sciences, a REGION is a cohesive area that is homogeneous in selected criteria, and is a part of a greater set (a part of the Earth, in geography). A region is distinguished from an area, which is usually a broader concept designating a portion of the surface of the Earth: area boundaries are arbitrary, established for convenience, whereas regional boundaries are determined by the cohesiveness of the section. The criteria can be related to the actual set and interaction of activities ("functional region"), or to the institutional boundaries ("institutional region") or a mix. Defining functional region is controversial: how establishing where a region ends or what criteria (cultural, commercial, historical...) forms a region? For instance Samuel Huntington's work dramatically divides Europe and the Arab-Muslim world, whereas many researches including former ESPON projects consider that the two sides of the Mediterranean belong to the same world region. In ITAN's sense, a region is a grouping of countries sharing common stakes and projects in the same geographically specified area. The question raised is to know up to what neighbouring territories the "European region" goes.

### ***Regionalism***

REGIONALISM has several meanings in social sciences. It can be the system of dividing a city, a state or another territory into separate administrative regions. It can be the expression peculiar to a area, or even a devotion to the interests of one's own region. In political science it means a political ideology that focuses on the interests of a particular region. The ITAN project uses it in the meaning of international relations, where it means a common purpose combined with the implementation of institutions that express a particular identity and shape collective action within a geographical region. In particular, we consider it through the Regional Trade Agreements that shape the world regions since the 1990s when there has been an surge of new and reinvigorated existing regional organisations (EU, Nafta, Mercosur, the Arab League, Asean, many groupings within Africa and so on).

### ***Regionalisation***

Globalisation and REGIONALISATION are two key defining features of the contemporary world geography. They are not completely new processes, but it can be said there was a (re)emergence of both processes in relevance and intensity since the 1980s and especially during the 1990s after the end of the Cold War. Regionalisation is the tendency to form regions, due to the specific advantages of proximity. It is often used in opposition to globalisation, and then means a world that is less widely connected and homogenous, with a stronger regional focus.

### ***Regional integration***

REGIONAL INTEGRATION is a twofold process: (i) the process by which several countries get relatively more and more linked (culturally, commercially, financially...) to one another, compared to their relation with the rest of the world, that is to say the regionalisation process; (ii) the process in which States enter into a regional agreement in order to enhance regional cooperation through regional institutions and rules, that is to say regionalism. The key issue is to measure such integration, and to qualify it as a "shallow" or as a "deep" integration.

SHALLOW REGIONAL INTEGRATION is the reduction or elimination of tariffs, quotas and other barriers to trade in goods and services at the border, such as trade-limiting customs procedures. It contrasts with deep integration.

DEEP REGIONAL INTEGRATION refers to economic integration that goes well beyond removal of formal barriers to trade, and includes various ways of reducing the international burden of differing national regulations, such as mutual recognition and standards harmonisation.

### **Neighbourhoods**

In social sciences and in geography in particular, a NEIGHBOURHOOD is the area or region around some place, often with an idea of making an actual or potential community since neighbourhoods are often territories or social communities with considerable face-to-face interaction among members. The term has been highly enhanced since the rise of the regionalisation, generally speaking in the sense of the periphery of the prominent poles of the Triad (USA, Western Europe, Japan). In each of these regions, the geographical definition of the region, thus of the neighbourhoods, is at stake; for instance in what is called the East Asian project, should Australia and New Zealand be considered as exterior to the region, as neighbours, or as a part of the industrialised pole along with Japan (and Korea, Taiwan and Singapore) surrounded by developing neighbour countries? The “Asean plus Five” process (that is, plus China, Korea, Japan, and now New Zealand and Australia) substantiate the last option.

Launched in 2007, the EUROPEAN NEIGHBOURHOOD POLICY (ENP) seeks to tie developing surrounding countries who seek to become more closely integrated with the economy of the European Union. The official list of the European Neighbour Countries (from Russia to Morocco, Caucasian States included but Turkey excluded since it became officially a candidate country in 2005) is given on the European commission’s web site ([http://ec.europa.eu/world/enp/index\\_en.htm](http://ec.europa.eu/world/enp/index_en.htm)).

ITAN PROJECT’S NEIGHBOUR COUNTRIES differ slightly from the ENP’s list. The Caucasian countries are not included (yet Georgia is taken into account in the Black Sea case study), northern countries such as Faroe Islands are included (yet not analysed in the same way as Russia or South Mediterranean neighbour countries), Turkey is a part of the Mediterranean Neighbourhood, Western Balkans countries make up the South-eastern Neighbourhood (yet they are actual or potential candidate countries). In the project we write Neighbourhood with a capital “N” when we consider ITAN’s geographical breakdown between northern, eastern, South-eastern, and southern (or Mediterranean) Neighbourhoods (see Appendix 3), and when we refer to the European Neighbourhood Policy; in all the other cases, we write the word without a capital letter.

To be continued in the further steps of the project, for the following categories:

- **Local territories** of the ITAN project: overall definition of the main local institutional catchments: Wilayas, Gouvernorat, Oblast, Raion...
- **Indicators**: a technical description has to be given of ITAN’s approach of accessibility, discontinuity etc. ITAN might propose indexes such as a “level of territorial development” index, a “territorial dynamics” index, an “international openness” index of the European neighbour regions (ENRs) which will have to be defined.
- **Cooperation**: inter-governmental (public aid, trade agreements ...), local (twin cities, decentralized cooperation, cross-border cooperation...), private or professional (professional networks, exchanges of experience, joint-ventures...).
- **Regional strategies**: inter-governmental (Vasab, Union for the Mediterranean, Union du Maghreb Arabe, Gulf Cooperation Council...), and Macro region strategies (Black Sea Strategy...)
- **EU policies and instruments with territorial impact on the Neighbourhoods**: ENP, and thematic policies (CAP, TEN, Integrated maritime policy, Energy, Migration and visa issue, Trade...).

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## 10. List of abbreviations

ACAP	Arctic contaminants action program
ACIA	Arctic climate impact assessment
ADB	Asian development bank
AEARU	Association of East Asian research universities
AfDB	African development bank
AMAP	Arctic monitoring and assessment program
AMBO	Albania Macedonia Bulgaria oil
ANFLO	Anaptixiaki florinas, regional development agency of Florina
ARIJ	Applied research institute Jerusalem
ARTS	Assessment of regional and territorial sensitivity
ASA	Association and stabilisation agreement
Asean-ISIS	Asean Institutes of strategic and International studies network
ASK	Statistical office of Kosovo
BEA	Barents Euro-Arctic council
BRC	Barents regional council
BSNCs	Black Sea neighbouring countries
BSR	Baltic sea region
BSR-TEMO	Territorial monitoring for the Baltic Sea region
BSSSC	Baltic Sea states subregional co-operation
CAFF	Conservation of Arctic flora and fauna
CAP	Common agricultural policy
CARDS	Community assistance for reconstruction, development and stabilisation
CBC	Cross border cooperation
CBSS	Council of the Baltic Sea states
CC	Candidate countries
CCME	Council of Moroccan community abroad
CCR	Commission consultative de la régionalisation
CCSS	Committee for the coordination of statistical studies
CEE	Central and Eastern Europe
CEEC	European council of construction economists
CEFTA	Central European free trade agreement
CETMO	Centre d'études des transports pour la Méditerranée occidentale
CGDR	General commissariat for regional development
CIHEAM	Centre des hautes études agronomiques méditerranéennes
CIST	Collège international des sciences du territoire
CNRS	Centre national pour la recherche scientifique
CNSS	Social security fund (Tunisia)
CPMR	Conference of peripheral maritime regions
CS	Case study
CST	Collège international des sciences du territoire
DAT	Data Assessment Table
DAT	Direction d'aménagement du territoire
DB	Data base
DCFTA	Deep and comprehensive free trade area
EARN	Europe Africa research network
ECES	Egyptian center for economic studies
EDRB	Economic development revenue bond
EEA	European economic area
EFTA	European free trade association
EFZ	Export free zone
EGTC	European grouping of territorial cooperation
EIB	European investment bank
ENC	European Neighbourhood country
ENCs	European neighbour countries

ENP	European neighbourhood policy
Enpard	European neighbourhood programme for agriculture and rural development
ENPI	European neighbourhood and partnership instrument
ENPI	European neighbourhood and partnership instrument
ENRs	European neighbour regions
ENTSO-E	European network of transmission system operators for electricity
EPPR	Emergency prevention, preparedness and response working group
EPT	Territorial planning areas' master plans
ERDF	European regional development fund
ERIA	Economic research institute for Asean and East Asia
ESATDOR	European seas territorial development opportunity and risks
ESDP	European spatial development perspective
ESPON CU	ESPON coordination unit
ESPON	European observation network, territorial development and cohesion
ET 2050	Territorial scenarios and visions for Europe
EU	European Union
EULEX	European Union rule of law mission in Kosovo
EUSAIR	Adriatic-Ionian macro-region strategy
EUSBSR	European Union strategy for the Baltic sea region
EUSDR	European Union strategy for the Danube region
EVS	Environnement, ville, société
FDI	Foreign direct investment
FDI	Foreign direct investment
FEMISE	Forum euroméditerranéen des instituts de sciences économiques
FIPA	Foreign investment promotion agency
FYROM	Former Yugoslav republic of Macedonia
FZS	Federation of Bosnia and Herzegovina
GDP	Gross domestic product
GHG	Greenhouse gas
GIS	Groupement d'intérêt scientifique
GPP	Gaza strip power plant
GVA	Gross added value
HBS	Households budget survey
HCP	Haut-commissariat au plan
HELCOM	Helsinki commission, Baltic marine environment protection commission
IAP	Ionian Adriatic gas pipeline
ICPRD	International commission for the protection of the river Danube
IDB	Inter-American development bank
IDPs	Internally displaced persons
IEBL	Inter-entity boundary line
IEC	Israeli electric company
IFPO	Institut français du Proche-Orient
IGEAT	Institut de gestion de l'environnement et d'aménagement du territoire
IMC	Inter-Mediterranean commission
IMF	International monetary fund
INALCO	Institut national des langues et civilisations orientales
INS	National institute of statistics (Tunisia)
INStat	Instituti i statistikave (Albania)
INTAL	Institute for the integration of Latin America and the Caribbean
IOM	International organisation for migration
IPA	Pre accession instrument
IPAK	Investment promotion agency of Kosovo
IPCC	Intergovernmental panel on climate change
ISCED	International standard classification of education
ISG	International steering group
ITAN	Integrated territorial analysis of the neighbourhoods'
JDP	Justice and development party (Turkey)
LAU	Local administrative units

LFS	Labour force survey
LNG	Liquefied natural gas
LP	Lead partner
LTP	Long term perspective
M4D	Multi-dimensional database design and development
MCRIT	Multicriteria S.L.
MENA	Middle East and North Africa
MIP	Maritime integrated policy
MPCs	Mediterranean partner countries
MRE	Moroccan diaspora (Marocains résidants à l'étranger)
NAFTA	North American free trade agreement
NAT	Net aid transfer
NCC	North calotte council
NGO	Non-governmental organisation
NTA	Neighbourhood Territorial Agenda 2020
NUTS	Nomenclature of territorial units for statistics
OAG	Official airline guide
ODA	Official development assistance
OECD	Organisation for economic co-operation and development
OFID	OPEC fund for international development
OME	Observatoire méditerranéen de l'énergie
ONCF	Moroccan national railways office
ONDA	National office of airports
ONS	National statistic office (Algeria)
Opec	Organisation of the petroleum exporting countries
OPT	Occupied Palestinian territories
Pam	Parliamentary assembly of the Mediterranean
PCA	Partnership and cooperation agreement
PCC	Potential candidate countries
PHARE	Poland and Hungary: assistance for restructuring their economies
PNA	Palestinian national authority
PPP	Public-private partnership
PPS	Purchasing power standard
PREDA	Pelagonia regional development agency
PTM	Technical and managerial workers
QIZ	Qualifying industrial zones
RIATE	Réseau interdisciplinaire pour l'aménagement du territoire européen
RTA	Regional trade agreement
RTAP	Regional transport action plan
RZSRS	Institute for statistics of the Republika Srpska
SAA	Stabilisation and association agreements
SAPARD	Special accession programme for agriculture and rural development
SDWG	Sustainable development working group
SEZ	Special economic zone
SFRY	Socialist federal republic of Yugoslavia
Sida	Swedish international development co-operation agency
Snat	National territorial planning master plan
SNUTS	Similar nomenclature of territorial units for statistics
SPP	Society for the protection of Prespa
STEG	Tunisian company of electricity and gas
TAP	Trans-Adriatic gas pipeline
TDHS	Turkey demography and health survey
TEN	Trans European networks
TEN-T	Trans-European transport network
TERCO	European territorial cooperation as a factor of growth, jobs and quality of life
TEU	Twenty-foot equivalent unit
TFR	Total fertility rate
TIGER	Territorial impact of globalisation for Europe and its regions

TMR	Transnistrian Moldavian republic
TPG	Transnational project group
UAA	Utilized agricultural area
UfM	Union for the Mediterranean
UN DESA	United Nations department of economic and social affairs
UNCTAD	United Nations conference on trade and development
UNDP	United Nations development programme
UNECA	UN economic commission for Africa
Unep	United Nations environment programme
Unesco	United Nations educational, scientific and cultural organisation
UNFCCC	United Nations framework convention on climate change
UNHCR	Office of the United Nation high commissioner for refugees
Unicef	United nation international children's emergency fund
Unmik	United Nations administration mission in Kosovo
UNO	United Nation organisation
UNRWA	United Nation relief and works agency for Palestine refugees in the Near East
Urmis	Unité de recherche migration et société
Usf	Greenlandic institution of education
USSR	Union of Soviet Socialist Republics
VASAB	Vision and strategies around the Baltic Sea
VMRO	Internal Macedonian revolutionary organisation
WP	Work package
WTO	World trade organisation
WUTS	World unified territorial system

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- Barents Sea: <http://www.barentsinfo.org/Content-by-Category/Environment--Nature/Barents-Sea>
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- <http://www.sep.gov.mk/data/file/Pred%20Pristapna%20podrska/IPA/Komponenta%202/angliska%20verzija%20-%20AL.pdf>
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- Sustainable Development Working Group (SDWG): <http://www.sdwg.org/>
- The Arctic Contaminants Action Program (ACAP): <http://www.arctic-council.org/index.php/en/acap-home/283-about-acap>
- The Conservation of Arctic Flora and Fauna (CAFF): <http://www.caff.is/>
- The Emergency Prevention, Preparedness and Response Working Group (EPPR): <http://www.arctic-council.org/eppr/>
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Office des changes, Royaume du Maroc	<a href="http://www.oc.gov.ma">http://www.oc.gov.ma</a>
Royaume du Maroc	<a href="http://www.hcp.ma/">http://www.hcp.ma/</a>
Maroc 2030	<a href="http://194.204.215.40/maroc2030/Default.aspx?tabid=36">http://194.204.215.40/maroc2030/Default.aspx?tabid=36</a>
Instituto Nacional de Estadística	<a href="http://www.ine.es">www.ine.es</a>
Ministerio de Fomento, Gobierno de España	<a href="http://www.fomento.gob.es">http://www.fomento.gob.es</a>
African Economic Outlook	<a href="http://www.africaneconomicoutlook.org">http://www.africaneconomicoutlook.org</a>
World Bank	<a href="http://data.worldbank.org/">http://data.worldbank.org/</a>
International Monetary Found	<a href="http://www.imf.org">http://www.imf.org</a>
United Nations, Population Division	<a href="http://www.un.org/esa/population/">http://www.un.org/esa/population/</a>
Union pour la Méditerranée	<a href="http://www.ufmsecretariat.org/en">http://www.ufmsecretariat.org/en</a>
Commission Interméditerranéene	<a href="http://www.medregions.com/">http://www.medregions.com/</a>
Ministère de l'Équipement et du Transport	<a href="http://www.mtpnet.gov.ma">http://www.mtpnet.gov.ma</a>
COMEXT	<a href="http://epp.eurostat.ec.europa.eu/portal/page/portal/external_trade/data/database">http://epp.eurostat.ec.europa.eu/portal/page/portal/external_trade/data/database</a>
TourEspaña	<a href="http://www.tourspain.es/">http://www.tourspain.es/</a>
AENA Statistics	<a href="http://www.aena-aeropuertos.es/csee/Satellite?pagename=Estadisticas/Home">http://www.aena-aeropuertos.es/csee/Satellite?pagename=Estadisticas/Home</a>
Cross-Border cooperation in the Mediterranean	<a href="http://www.enpicbcmed.eu/">http://www.enpicbcmed.eu/</a>
Euro-Mediterranean free trade area (EMFTA)	<a href="http://www.sia-trade.org/emfta">http://www.sia-trade.org/emfta</a>
Euro-Mediterranean Information System on know-how in the Water sector (EMWIS)	<a href="http://www.semide.net/">http://www.semide.net/</a>
EuroMed Transport Project	<a href="http://www.euromedtransport.org/En/home_4_46">http://www.euromedtransport.org/En/home_4_46</a>
European Institute of the Mediterranean (IEMed)	<a href="http://www.iemed.org/">http://www.iemed.org/</a>
EUROSTAT	<a href="http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/themes">http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/themes</a>
Horizon 2020	<a href="http://www.h2020.net/">http://www.h2020.net/</a>
Institut de Prospective Économique du Monde Méditerranée	<a href="http://www.ipemed.coop/">http://www.ipemed.coop/</a>
Integrated Coastal Zone Management (ICZM) Protocol to the Barcelona Convention	<a href="http://ec.europa.eu/environment/iczm/barcelona.htm">http://ec.europa.eu/environment/iczm/barcelona.htm</a>
Marseille Centre of Mediterranean Integration	<a href="http://www.cmimarseille.org/Resources.php">http://www.cmimarseille.org/Resources.php</a>
OECD	<a href="http://www.oecd.org">http://www.oecd.org</a>
Plan Bleu	<a href="http://www.planbleu.org/">http://www.planbleu.org/</a>
Programme Med	<a href="http://www.programmemed.eu/index.php?id=5175&amp;L=1">http://www.programmemed.eu/index.php?id=5175&amp;L=1</a>
SESRIC	<a href="http://www.sesric.org/">http://www.sesric.org/</a>
United Nations Environment Programme. Mediterranean Action Plan for the Barcelona Convention	<a href="http://www.unepmap.org/">http://www.unepmap.org/</a>
UNCTAD	<a href="http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx">http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx</a>

12. List of the publications of the ITAN TPG members

[www.espon.eu](http://www.espon.eu)

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