North Sea Region 2020

Towards Development of a strategy

Draft Framework document[1]

Final draft 310311

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[1] This is the first draft of a NSR 2020, which is intended to be used as a discussion paper at the ExCom on 7-8 April 2011. A full paper will be prepared following the approval of the framework document.

1 Introduction

The North Sea Region (NSR) includes a number of strong economies and is one of the most successful regions of the EU. The NSR has the potential to act as an engine for growth in Europe as well as share best practices developed in the NSR, acting as a centre of excellence for the wider EU issues such as climate change. Furthermore, large opportunities exist in the NSR which have to be unlocked, and it is therefore important to acknowledge that not only less advantaged regions need to catch up; also successful regions need to continue to succeed.

Although the NSR is a successful region with a lot to offer to others, the region is also struggling with a number of issues. The region is, for example, still not doing enough to meet all of the EU 2020 targets. Although large regional variations exist, some estimates say that the NSR as a whole is only on course to achieve a 9 % increase in energy efficiency. In order to address the EU 2020 challenges in the NSR, the NSR 2020 will set out the strategy for how the NSR will meet the objectives of the EU 2020 and thereby contribute to smart, green and inclusive growth for Europe.

By 2020, all citizens of the region should have an even more attractive and prosperous region to live and work in and visit. The ambition of the North Sea Region 2020 is to remain an attractive and international area for citizens and organisations. This would entail a better governed region with improved cooperation and coordination at all levels. Better, faster and cleaner transport taking the environment, the ecosystems and the energy needs into account would, for example, be key factors. Opportunities exist to improve the quality of living and economic development in a sustainable manner with due consideration to the consequences of climate change.

The North Sea Commission and its members have been developing the ideas for the NSR 2020 since the Executive meeting in Haarlem in June 2009. Extensive consultation carried out amongst the NSC members in 2010, as well as the work of the working groups of the NSC, resulted in a number of inputs, which have been used to prepare this paper. In addition, a number of external institutions and actors have been consulted and have provided input to the process first and foremost during the stakeholder conference in Newcastle in March 2010.

The main aim of this present paper is to provide arguments for and demonstrate the added value and benefits of having a strategy for the North Sea Region by identifying challenges, opportunities and priority strategic areas, as well as by defining targets and suggesting concrete actions to be implemented.

2 Purpose and objective

There is a need to develop the existing cooperation efforts, ideas and needs in the NSR. While many regional cooperation projects are individually excellent, they tend to arise in isolation rather than as important parts of a wider regional plan. To address this, the North Sea Commission has set out to prepare this strategy NSR 2020. It follows the inspiration from the EU Strategy for the Baltic Sea Region and Danube Region, now being implemented, underlining an integrated approach to sustainable development. The Baltic Sea Region experience demonstrates that a strategic approach and the actions of the priority can offer a framework for bringing together fragmented actions across levels and sectors.

A common strategy for the North Sea can assist in facilitating such an approach. The objectives of the strategy should be to focus on those issues which cross borders and where there is added value to working collaboratively. The strategy must focus on those areas of market failure where the intervention of the public sector at the macro-

regional scale would bring about accelerated advancement and improvement which otherwise would not be possible or would happen at a significantly slower pace, for example in the creation of a North Sea Energy Grid.

A NSR 2020 should promote the performance in selected target areas and promote integration of policies on international level. The NSR 2020 aims to tackle priorities for the development of the North Sea Region, supporting sustainable growth and aiming to reduce energy consumption, increase the use of renewable energies, modernise the transport sector by making it more environmentally friendly and more efficient, and to promote 'green' tourism. It will furthermore aim to remove internal market bottlenecks and improve the business environment.

3 Scope

The North Sea Region is a functional area defined by the North Sea. The North Sea Region is more than the North Sea Basin, which physically links the region together, and it is important that a strategy engage and benefit all the communities of the region[2]. Geographically, it concerns the North Sea Regions of Denmark, Sweden, Germany, the Netherlands, Belgium, UK, France and Norway[3]. The coverage within each state could vary based upon the issue being tackled (e.g., coastal defences would be an issue for coastal regions, whereas hinterland transport connections could go quite far inland).The strategy remains open to other partners in the region. Since the North Sea is connected to adjacent bodies of water, it should be coherent with perspectives in these relevant areas.

Cooperation is addressed in the region by cooperation bodies such as the North Sea Commission addressing specific issues. Other relevant bodies include Local Authorities International Environmental Organisation (Kommunenes Internasjonale Miljøorganisasjon, KIMO), the North Sea Regional Advisory Council (NSRAC) and OSPAR[4] Commission. North Sea Motorways of the Sea Task Force consisting of all member states, Norway and stakeholders related to ports and shipping[5] addresses specific issues. The Interreg IVB North Sea Region Programme is also an important actor in this respect.

As part of the discussion on macro-regions in the EU, the Committee of Regions (CoR) provided an opinion on the development of a strategy for the North Sea Region[6]. The CoR supports the development of regional strategies in general and the NSR in specific, as a new and innovative form of EU interregional cooperation which can contribute to consistency in actions in specific areas. It concludes that not all areas have to be covered, but that it is important to include the areas which the region shares. The opinion identified a number of challenges, opportunities and areas for action which have been included/reviewed when preparing this strategy.

4 Challenges and Opportunities

This strategy proposal follows an intensive period of identification of needs and possible cooperation areas in NSR, as described above. The main message to date has been that existing resources can be better used for common

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[2] The EU Commission said in Middelburg that the geographical scope would be flexible with the Sea as focus.

[3] The geographical scope could be primarily based on countries which border the North Sea, as the strategy would ideally be adopted by Member States and Norway.

[4] Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR) has been signed by (Belgium, Denmark, the European Community, Finland, France, Germany, Iceland, Ireland, the Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom of Great Britain and Northern Ireland) and by Luxembourg and Switzerland.

[5] The aim of the Task Force is to draw up a framework for the implementation of the Motorways of the Sea concept in the North Sea Region, and to prepare calls for proposals under TEN-T)

[6] Committee of the Regions, Opinion on A Strategy for the North Sea-Channels Area (CdR 99/2010). 5-6 October 2010

strategic objectives and that a strategy must deliver concrete improvement for the region and its people. It is furthermore paramount that this strategy receives the commitment of the NSR member states, the EU, and is based on the strong involvement of regional and local authorities as well as a wide spectrum of stakeholders.

Historically, there has been comprehensive exchange in the North Sea Region, particularly in trade and tourism. There is a common cultural heritage and a long history of intensive economic and human exchanges. The North Sea countries are stable democracies and can be characterised as research intensive knowledge economies. Nevertheless, the region faces some challenges which need to be tackled jointly:

4.1 Challenges

- **Mobility:** It is a challenge and a barrier to modal shift that sea-based intermodal transport is perceived as complicated and less reliable than road transport. There is furthermore a need to improve the framework conditions of maritime transport to make it more competitive compared to road transport. The efficiency and costs of freight transport are hampered by congestion in and around the biggest ports in the Hamburg – Le Havre range. On the other hand, the most peripheral parts of the North Sea Region suffer from poor accessibility due to low cargo volumes and long distances to the markets.

- **Energy:** As the extraction of oil and natural gas will continue to be promoted in the North Sea, stringent common safety standards and systems to counter and limit threats are required to reduce the risks as much as possible and to enable a swift and effective response when needed. Given the rapid expansion of offshore wind farms, standards for their construction, safety, noise and pollution must be agreed. A precondition for climate adapted utilisation of these energy resources will be an interconnected grid which can help switching to renewable sources and using these in an optimal manner. Large investments will be required to reach this target.

- **Environment:** Economic development and the increasing incursions of man have placed a great burden on the ecosystem and led to major environmental problems: the contamination of sea and beaches (including plastic waste contamination), increased pollution of waters with chemicals and heavy metals and from shipping and the extraction of natural gas and oil in the sea. Other problems include eutrophication of the coasts, breeding failure of birds, impacts of climate change (1-2° C). Further economic development will leave Nature 2000 sites in estuaries and costal zones conflicting with the need to increase capacity of the ports.

- **Risks:** The rise in the sea level and the increased danger to coastal areas from flooding caused by climate change will have an effect on the countries bordering the North Sea. Climate change can also put a further burden on the marine ecosystem through warming, water acidification and the influx of new species. Also exhaustion of natural resources like oil, gas and fish poses an issue for the region and, e.g., over-fishing of many kinds in many regions has left many stocks below the biological limit. Furthermore, competing activities in the region, for example, the massive increase in the number and size of offshore wind farms expected over coming years means that wind turbines risk becoming a real obstruction for shipping, fisheries and other users of the sea.

- **Socio-economic:** NSR faces challenges in terms of demography as well as securing that the region continues to be an attractive place to live. The coastal regions in the North Sea area have been impacted by the economic decline, especially in shipbuilding and fishing. On the other hand, as the economic climate changes, key sectors such as maritime transport and offshore operations should again become more important which will lead to tougher international competition for highly skilled labour.

- **Safety:** Growth in offshore wind parks requires new focus on maritime safety and joint civil defence strategies to avoid risk scenarios. Furthermore, the sea bed of the North Sea is still littered with large amounts of munitions (estimated at 1 million tonnes) from the time of the Second World War, which present a significant danger to shipping, the environment and people.

These challenges are best addressed together, identifying priorities, agreeing and implementing actions. For example, developers and conservationists must find innovative solutions, resolving together the most difficult issues for the benefit of the whole region.

4.2 Opportunities

The North Sea Region has a number of opportunities and it has considerable resources and possibilities, innovation possibilities, human resources etc. There is an immense development potential as well as a potential for developing solutions which can be transferred to the rest of the EU. The region is characterised by:

- **Transport and trade links:** The comprehensive trade in the NSR and the availability of large ports constitute a significant potential for efficient and sustainable freight transport by sea. Short sea transport and motorways of the sea can be developed and better connected with inland waterways in the region; Planning for a North Sea grid – a comprehensive energy transport network – has been set in motion to realise the full potential of renewable forms of energy. Collaboration between Member States, regions and private partners could foster the necessary progress towards smart grids and the strengths of renewable energy generation, making the area a pilot region for e-Mobility;

- **Cultural and human resources:** Coastal regions around the North Sea have been intimately connected politically and culturally for two thousand years – through migration flows, close trade relations and through shared maritime traditions. The creative and cultural economy in many regions of the North Sea Region will assume increasing importance for growth and employment in this area, notably by cultural and academic exchange programmes and the link between culture and sustainable tourism across the area. Cross-thematic research initiatives for the region could be launched, geared to gather knowledge about the North Sea Region from all disciplines to underpin the innovation culture and the economic development.

- **Energy resources:** Because of the geographical conditions, the North Sea has great potential for renewable energy, the expansion of which is crucial to a successful climate policy and for future economic growth and jobs. Energy from wind, waves, tide and currents needs to be further developed, researched and promoted. It is important for the region that the economic operators adapt to the environmental goals and that other stakeholders contribute to their implementation.

- **Environmental assets:** The natural and territorial characteristics of the North Sea and the coastal areas have a huge potential. Prime among them are: a distinct and uniform ecosystem and the threats that beset it; climate and geology (use for renewable energies such as wind and tidal energy; new challenges for coastal protection). Issues such as exhaustion of natural resources like oil, gas and fish need to be tackled collectively in order to prepare the basis for a future sustainable development. Planned in a stable, transparent and predictable manner, the opportunity to provide a sustainable development will increase. A joint spatial planning can make sure that the space available is used in the best possible manner.

- **Innovation/economic development.** Innovation is a key feature of the region as the European Innovation scoreboard 2010 shows: all the EU countries of the NSR were among the 10 best performing[7] countries of the EU 27. With improved cooperation, this innovative feature of the North Sea can become a centre of excellence if combined to a larger extent, instead of regions investing separately in wave power and trials of other renewable energy sources. The future lies in knowledge sharing in order to lead on green industry and being the first to market new products.

Making the most of these opportunities also requires increased cooperation, planning and investing together, and developing crucial links.

5 Response: Priority strategic areas[8]

Four priority strategic areas address the major challenges and opportunities identified. Each comprises focus areas and distinct fields of action. In addition, promotion of innovation and excellence will function as a horizontal priority running through all the identified areas. These are:

1) Managing Maritime Space

- Maritime spatial planning
- Exploitation of marine resources

2) Increasing accessibility

- Facilitate modal shift from road to sea
- Clean shipping

3) Tackling climate change

- Climate change adaption
- Renewable energy and NS energy grid
- Low-carbon technologies

4) Attractive and Sustainable liveable communities

- Competiveness of sectors and enterprises
- Demographic change
- Development of skills and employability

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[7] http://www.proinno-europe.eu/inno-metrics/page/innovation-union-scoreboard-2010

[8] The descriptions of the sectors and the focus areas are preliminary and will require additional data collection, analysis and identification.

As a fifth **horizontal priority**, promoting innovations and excellence throughout all sector and policy areas is key to the strategic objectives of this strategy. An integrated approach is therefore at the heart of the proposed strategy and emphasises a better and more intelligent connection for mobility, trade and energy with focus on actions on environment and risk management.

5.1 Managing Maritime Space

The North Sea is a very complex and open marine ecosystem, providing a nursery for fish and a migratory and wintering area for many species of birds. It is also one of the most heavily-used seas, supporting fishing, shipping, trade, energy, sand mining, defence and recreation. Increasing economic activity in the sea, such as growing shipping traffic and the development of offshore wind farms, leads to increasing competition between users of the sea. A key challenge here is the management of conflicts between competing and potentially conflicting activities like renewable energy, fishing and shipping, and time for securing a sustainable development for the environment and recreational activities.

Particular concerns exist regarding the impacts of offshore energy infrastructure, such as cables, pipelines, wind and CO_2 (Carbon capture and storage - CCS) sites, on safe shipping and the ecosystem. Understanding the risks and an improvement of safety in the North Sea will become more and more important given the increasing pressure on space. There is a need to think environmental issues into all policy decisions and much more consistently than is done today when investment in new infrastructure in coastal areas is exposed to flood risks. Spatial planning is extended to integrated maritime planning, and a holistic approach to the activities and the impact of irreversible climate changes is necessary[9].

A key objective of the NSR is to contribute to the EU 2020. The focus areas and actions proposed under this priority are especially relevant for EU 2020 Flagships "Resource efficient Europe" and "Innovative Union".

Main issues and focus:

- The need for **Maritime Spatial Planning** (MSP) and comprehensive resource management is therefore urgent due to the intensive use of the North Sea, in order to reduce the increasing potential for conflicts between users of the sea as the North Sea. Harmonised plans[10] and policies would lead to more effective use of space and the available resources. In order for the North Sea Region to fully exploit the sea without affecting the fragile ecosystem, while also preserving the economic and socio-economic importance of fisheries to the region, a coordinated approach is needed which will take cross-border issues into account and ensure effectiveness of national and EU policies[11] and reduce the cost of regulation.

- **Exploitation of marine resources**: The Common Fisheries Policy has so far fallen short of its targets and is up against considerable challenges: over-fishing of many kinds and in many regions, too high fishing capacities, and illegal and unregulated fishing which has so far not been effectively curbed. Fishing areas need to be studied and assessed to ascertain which form of management best suits the sea region, the kinds of fish caught and the type of fleet. The revision of the Common Fisheries Policy offers a real possibility to include MSP in the sustainable management of the maritime resources in the North Sea.

Targets:

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[9] Maritime Spatial Planning in the EU - Achievements and Future Development. COM (2010) 771. 17.12.2010

[10] At the moment, four countries in the NSR have a framework for MSP or are developing one.

[11] Roadmap for Maritime Spatial Planning: Achieving Common Principles in the EU. COM (2008) 791. 25.11.2008

Targets could come from: CFP, MFSD, Natura 2000, ICZM, Habitat and birds directive *(to be further discussed and developed).*

Examples of actions (from current Interreg and other EU funded programmes):

BLAST, Efficiensea, Plancoast, Balance, Mesna (FP7), MASPNOSE (DG Mare), Aquarius, NS Maritime Stakeholder Forum.

5.2 Increasing Accessibility

The countries around the North Sea constitute a potential market of over 252 million consumers. Industry and consumer demand create large traffic flows of both imports and exports which increasingly use the North Sea. Road congestion in Europe and the established benefits of short sea shipping as a sustainable part of the logistics chain create a demand for the extension of the North Sea short sea network. As such, improvements must be made to multi-modal logistics chains to facilitate more and better trans-European movement of people and goods. It will be vital to develop a coordinated transport strategy incorporating the above mentioned issues and principles, and in particular to facilitate modal shift, connecting land to sea in an integrated manner.

The North Sea is one of the busiest maritime regions[12] in the world and central to this activity is short sea shipping. Short sea shipping in the North Sea Region totalled some 600 million tonnes. Regular liner services and ferries operate fast, reliable and flexible connections that carry a wide range of cargos in a wide range of vessels. North Sea ports are important hubs for the export/import of goods and provide access to business locations and Europe's hinterland, stimulating economic development in NSR. Further globalization of the economy and an increase in the global population are likely to increase traffic. It is essential to ensure free passage in the North Sea and a good flow to the hinterland.

Innovation is required to develop and deploy intelligent land and waterborne transport management systems which are vital in achieving the ambitious aim of improving mobility and cutting emissions at the same time. These kinds of systems refer to rail traffic management systems (ERTMS), intelligent transport systems for road, River information Services, EU's maritime information systems SafeSeaNet and Long Range Identification and Tracking of vessels. Intelligent transport systems would exploit the capacity of the transport system in a better way. Devices to track the location of vessels and cargo would also improve transparency and reduce perceived barriers to use of maritime transport. Integrated ticketing and traffic information systems across various forms of public transport, i.e. buses, trains, vessels and planes, would furthermore simplify combined transport and contribute to increasing patronage. Research and the effective deployment of new technologies on fuels (i.e. LNG, Hydrogen, Shore side electricity) and vehicles will be key to lowering transport emissions from all modes of transport. Innovation could in various ways also help expanding the financial tool box (financial engineering) through new ways of combining different funding sources like grants, user charges and loans.

A key objective of the NSR is to contribute to the EU 2020. The focus areas and actions proposed under this priority are especially relevant for EU 2020 Flagships "Resource efficient Europe" and "Innovative Union".

Main issues and focus:

[12] 260,000 ship movements per year (and estimated to grow by 14-31 % in the coming years)

- **Facilitate Modal shift from road to sea**: Ensure good access to the future TEN-T network for peripheral and maritime regions with weaker transport flows, fewer route and service options and higher transport costs. It would provide a focus on maritime transport and Motorways of the Sea, and also make this instrument simpler and more user-friendly in the future TEN-T guidelines[13]. It would counteract the uneven playing field between transport modes, currently disfavouring maritime transport. A superior, simpler and fairer policy mechanism could be to focus on the internalization of external costs for road transport, aiming at greater cost recovery of infrastructure costs through user charging mechanisms. Investments in the development of supplementary infrastructure measures such as Intelligent Transport Systems (ITS) and innovations in vehicles and green fuels technologies with a potential for optimising the capacity and decarbonising the transport system[14].

- **Clean shipping**: It is important that shipping becomes more sustainable and environmentally friendly so that it remains a reliable and cost-effective mode of transport. Particular support, measures and incentives are needed to take forward strategies such as Clean Shipping, the Zero Emissions Ship and Green Harbour. The North Sea is a prime location for maritime pilot projects with global implications to improve environmental and safety standards of maritime transport and the promotion of Short Sea Shipping. With its network of ports and commercial shipping, as well as public agencies operating in national contexts, it is an ideal testing ground for solutions which can be applied world-wide through collaboration with shipping institutes such as the International Maritime Organization (IMO).

Targets:

Targets could come from: Europe 2020; TEN-T *(to be further discussed and developed, EU White paper on transport.*

Examples of actions (from current Interreg and other EU funded programmes)):

- StratMos, Dryport, Food port, Lo Pinod, NS Frits,

- Clean NS Shipping, Rotterdam Climate Initiative and the Clean Shipping Index.

5.3 Tackling Climate Change

One of the main challenges facing the North Sea Region is climate change, with adaptation and mitigation measures required. Increased precipitation and flooding in the North, coupled with increased temperatures and aridity in the South will cause significant changes to both physical and human geography in Europe. With challenges come opportunities, and the NSR can position itself to adapt to a new climate and build industries around this.

While all the countries in the NSR have or are planning to adopt a national climate strategy as foreseen by the UNFCCC, there will be a need for coordination and development of a common approach to climate change in the NSR as a shared common resource. Developing the knowledge base through common research, sharing of data,

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[13] Cohesion objective of MoS under TEN-T, which in practice is inferior to the modal shift objective and disfavours applications from peripheral regions.

[14] The text on accessibility should be updated after the publication of the new EU White Paper on Transport form on 28 March, and the launch of the revised TEN-T guidelines this summer.

cross-border studies etc. will be paramount to the development of a common and innovative approach to adaptation. Dealing with climate change also mean investing in the development of a low-carbon economy promoting innovative ideas within energy efficiency and green technologies.

Taking advantage of a natural shift towards renewable energy as fossil resources become depleted, the North Sea region is ideal for large-scale wind, wave and tidal energy projects given its natural assets and technological expertise. The region could therefore substantially contribute to the reduction of greenhouse gases and other pollutants. Depleted oil and gas fields may also have the potential to be used to store greenhouse gases. A co-ordinated approach in the North Sea Region in response to the growth and demand for renewable energy could lead to economies of scale, making renewable energy more accessible to all of Europe. The cost of renewable energy technologies remains high and a joint strategy could boost their development and competitiveness. A joint and cross-sectoral approach could help to ensure that developments such as wind parks can complement and enhance, rather than threaten other maritime activities.

A key objective of the NSR is to contribute to the EU 2020. The focus areas and actions proposed under this priority are especially relevant for EU 2020 Flagships "Resource efficient Europe" and "Innovative Union".

Main issues and focus:

- **Climate change adaption**. Identification of the vulnerable areas in the NSR, including scenario for climate and socio-economic scenarios, assessment of vulnerability of key economic sectors, and prioritisation of risks and possibilities related to climate and climate adaption. Development of a catalogue and action plan for climate adaption in the NSR (mainstreaming of programmes in relation to national and EU programmes)[15].

- **Low-carbon technologies and energy efficiency/green technologies**. Climate change is influenced by and influences more or less every aspect of life in an industrialised society. There are climate aspects to the food, travel, living and jobs. Focus should be on promoting innovations in low-carbon technologies in sectors such as transport, energy efficiency, climate-proofing land use and planning regulations, community capacity building and green procurement. An important aspect of this is to promote solutions across borders, e.g., that "one can plug the car in the same way as at home".

- **Renewable energy and NS energy grid**. Planning for a North Sea grid[16] – a comprehensive energy transport network – to realise the full potential of renewable forms of energy. This brings with it a pressing need for collaboration between Member States, regions and private partners on energy and major power generation infrastructure[17]. If the necessary progress towards smart grids takes place, the strengths of renewable energy generation could make the NSR a pilot region for e-Mobility.

Targets:

Targets could come from: EU Directive on renewable energy, EU 2020 energy and climate targets, national climate plans, and national renewable energy action plans *(to be further discussed and developed).*

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[15] White Paper. Adapting to climate change: Toward a European framework for action. COM (COM 2009) 01.04.2009.
[16] Energy infrastructure priorities for 2020 and beyond - A Blueprint for an integrated European energy network. COM (2010) 677/4.
[17] The North Seas Countries' Offshore Grid Initiative. Memorandum of Understanding. February 2010.

Examples of actions (from current Interreg and other EU funded programmes):

- ASTRA (example from the BSR programme),
- Power Cluster, IFP, Enercoast, Cradle-to-cradle.

5.4 Attractive and Sustainable communities

The North Sea Region needs to be equipped to respond to the global economic crisis to allow the industries and communities to prosper. The fisheries and shipping sectors have been affected by decreasing demand for goods and services, putting jobs at risk, and it is therefore important to strengthen these sectors. The potential of emerging sectors such as tourism, renewable energy, research and innovation could also be strengthened through a common approach. By increasing the diversity and knowledge-base of our economy, the North Sea Region can better compete globally.

Europe 2020 identifies the maritime sector as one of Europe's strengths to contribute to sustainable economic growth. The North Sea has numerous opportunities for economic growth with highly specialised maritime clusters with cutting edge technology in various fields, notably geared to the environment and favouring green growth. One of the weaknesses of the region has been its reliance on traditional sectors such as fisheries and agriculture in large parts. On the other hand, some parts of the region are top performers with regard to highly educated people, and expenditures on R&D and innovation are also key features of the region. These factors could be better developed, better connected and made more mobile throughout the region, making the region a thoroughly innovative region, a centre for excellence and best practices.

The NSR has a very diverse and complex democratic pattern, covering some of most sparse and densely populated areas in the EU. Despite this diversity, the regions in the NSR share many of the same pressing challenges with regard to general demographic trends, falling and ageing populations, migration to metropolitan areas, and rapidly rising immigration. The changing population structure brings with it a shift in demands which impacts the vitality and sustainability of communities. One challenge will be to continue to support and enhance the strengths of urban and rural areas and their mutual links on the macro regional level. In this way, economic growth and attractiveness of the regions communities need to be promoted to sustain liveability.

A key objective of the NSR is to contribute to the EU 2020. The focus areas and actions proposed under this priority are especially relevant for EU 2020 Flagships "Youth on the move", "An industrial policy for the globalised era", "An agenda for new skills and jobs" and "European Platform against Poverty".

Main issues and focus:

- **Competiveness of sectors and enterprises.** In potential growth sectors (energy, marine, transport and logistics, tourism (and experience economy), food and drink etc.) and traditional sectors (agriculture and fish etc), collaborative working, innovation and education/skills development should be targeted. Sectors such as energy and tourism can become a reliable production and distribution centre. A developed tourism sector offering: historical/cultural importance, ancestral tourism, regeneration; defence against water and business tourism. Also, a better understanding of the culture and history will help strengthen NSR identity and profiling the region.

- **Demography**. In order to manage the challenges of ageing populations and managing migration likely to increase by 2020 relating to rural urban divide, different requirements of service for different groups (aging population, families, etc.), there will be a need to address issues relating to social integration and access to the labour marked.

- **Development of skills and employability**. In order to develop both skills and increase employability in the region, a number of factors have to be addressed. Mobility in the labour force is important to make innovation possible, but to increase mobility it is necessary to take away barriers (bringing EU policy on this field into action). The barriers concern accreditation of national degrees and securing transferable skills, but also capitalising knowledge and supporting entrepreneurship and self-employment.

Targets:

Targets could come from: Europe 2020: employment rate, poverty, education etc. *(to be further discussed and developed)*

Examples of actions (from current Interreg and other EU funded programmes):

DC Noise, Creative City Challenge, CLimaFruit, E-CLic, Northern Maritime University.

5.5 Promoting innovation and excellence - a horizontal priority

Promoting innovation and excellence are horizontal/cross cutting themes and are therefore in this strategy a horizontal priority. This entails that innovation and excellence run as a common theme through all strategic priorities and areas for actions, whether the sectors concerned are economic, environmental, social or governance.

The progression towards a knowledge based society and a strong research base have enabled excellence in sectors such as ICT, renewable energies, marine technologies and creative industries. The future challenges in this context will be to capitalise on the regions excellence and to promote and maintain innovation in existing and upcoming sectors. This means stimulating knowledge and experiences between regions, developing innovative clusters (of knowledge and excellence). A focus should be on co-innovation[18] where innovation across regions at a transnational level is supported and promoted.

6 Implementation and Governance[19]

North Sea 2020 is an acknowledgement that none of the existing cooperation tools are completely adequate to all of these challenges. To address these issues and implement the strategy, the following is necessary:

- Improve regional co-operation in NSR

- Strong regional role in multi-level governance framework

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[18] The Pull of the True North. Professor dr. Frank M. Go. North Sea Commission Conference, Middelburg, 10th March 2011.

[19] This section needs to be further developed after discussions in ExCom.

- Enhanced INTERREG co-operation
- Promote consultations with and engagement of relevant stakeholder at all levels.

Sustainable framework for cooperation

Governance mechanisms should satisfy the concerns for cross-sectoral coordination (in particular with regards to the challenges related to managing maritime space) and multilevel governance, also allowing for bottom-up involvement. A "North Sea Maritime Stakeholder Forum" in line with the project proposal under development was regarded as a suitable governance mechanism in this respect. (*To be further discussed and agreed*)

Coordination at policy level

Introduction of priority area coordinators to strengthen links between policies and a wide range of stakeholders as BSR and Danube strategies. (*To be further discussed agreed)*

Implementation

In order to implement this, it will be necessary to develop an action plan with specific actions and identification of flagship projects. This action plan will need strong commitment from all stakeholders. The plan will be a rolling plan where actions are replaced as they are completed. The action plan should include actions/projects which: demonstrate direct and visible benefits for the people in the region, or have an impact on the macro-region (or a significant part of it). Projects/actions should therefore promote sustainable development and cover several regions and countries; be coherent and mutually supportive, creating a win-win solution; and be realistic (technically feasible and with credible funding).

Funding

The strategy is based on the principle that no new EU funds, no new EU legislation, no new EU Structures are needed, but that the strategy itself might attract international, national, regional or private funds, although better use of existing funds is emphasised. The implementation is through existing bodies, whose complementarity must be maximised. The Strategy requires no changes to EU legislation, since the EU legislates for the EU27 and not for a macro-region alone. If agreed, there could be changes at national or other levels, to address specific objectives.

Reporting and measuring

In order to be able to monitor the implementation of the strategy, a number of overall targets[20] have been initially identified. Further and more detailed targets will have to be developed in consultation with stakeholders and in connection with the development of a detailed action plan.

7 Links to EU policies and international cooperation

To reinforce the integration of the whole Region, the Strategy aims to strengthen EU policies and legislation implementation in the area. It aims at providing political support to current initiatives and raise their visibility. In addition,

[20] For this version of the strategy only idea to where the targets could be taken from has been included.

- **Europe 2020** is the key EU commitment to jobs and smart, sustainable, inclusive growth, which the strategy will support the implementation of. It has five headline targets: promoting employment; improving the conditions for innovation, research and development; meeting climate change and energy objectives; improving education levels; and promoting social inclusion in particular through the reduction of poverty, and addressing the challenges of ageing.

- **Consistency with EU legislation** and policies is at the core of the NSR 2020 such as:

  - Strategy for the Single Market (Single Market Act) and the Digital Agenda;

  - TENT (currently under revision), White Paper on Transport, energy (TEN-E) networks;

  - The EU post-2010 biodiversity target and strategy, with its 2050 vision and a 2020 target, is also reinforced; Water Framework Directive;

  - Marine Strategy Framework Directive; Common Fisheries Policy;

  - Energy policy: Renewable Energy Directive; Communication on Offshore Wind Energy; CCS.

- **Other international cooperation** such as OSPAR, IMO (to be developed)

8 Conclusion[21]

This draft strategy provides a sustainable framework for policy integration and coherent development of the North Sea Region. It sets out priority actions in order to achieve EU 2020.

[21] To be further developed if included.