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POLICY CONSEQUENCES

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Multi-dimensional governance

- The analysed flows are set by policy and legal frameworks at the EU and/or national levels, but only labour movement flows in the form of commuting patterns can be influenced at regional or local levels. The market nature of the analysed flows, their size and direction, and the policy's focus on cities, urban areas and MEGA have been governed by efficiency thinking and not by equity or levelling out inequalities in capabilities.
- Given the premise of a well-functioning market, the multi-dimensional governance will have little incentive to stimulate new conditions and provide goods and services unrelated to any type of territory. As the current framework conditions however favour cities, urban agglomerations and MEGAs, such a favouritism of big cities must be considered in the discussions on future territorial and sectoral policies at EU, national and regional levels.

Regional development strategies

- Regions are not passive receivers of the impacts of Green Deal but can be active agents in shaping it. However, funding eligibility is a key question.
- The regional development strategies should contain well-considered ideas on how to use this EU funding to develop the region economically.
- Cooperation with neighbouring regions should be stimulated. In case a neighbouring region is located in another ESPON country, cross-border cooperation should be encouraged in the regional development strategies.
- The regional development strategies should also try to market or brand their region. If nobody has heard of the region, few flows will be directed to/from this region.

Territorial cohesion

- The key challenge is to use the market dynamics generated in the bigger cities, urban agglomerations and MEGAs and enable the hinterlands and other regions to borrow size from these growth poles.
- The places labelled 'places that don't matter' all struggle with missing markets as well as with market failures and these places and regions are indifferent to the market.
- To increase the number of flows to/from 'the places that don't matter' requires a long-term commitment, a commitment that probably should be designed as a joint public-private partnership.
- Territorial Cohesion Cities (TCCs) serve as a sort of development hub and narrow the distance between the bigger cities with the functioning markets and the remote and lagging regions, regions termed the 'places that don't matter'.

Regional perspectives

- In the workshop organized by ESPON IRiE in Navarre, it was found that reshoring and shortened global value chains that are part of the New Globalization trend, bring challenges, but also opportunities for the Navarre:
 - Agri-food industry (fostered by Ukrainian conflict), and especially creation of R&D centres (in opposed to increasing production capabilities).
 - Regarding energy, there is potential to develop a biomass industry to reduce energy dependency levels, which is supported already strong renewable energy industry (esp. wind power), and potential development of new solar energy capabilities.
- However, It was also found that in scenarios, such as New Globalization interlinked with Brexit and Ukrainian conflict, the competences to address impacts and exploit opportunities that may arise, are at the EU level rather than at the Member State or regional level.

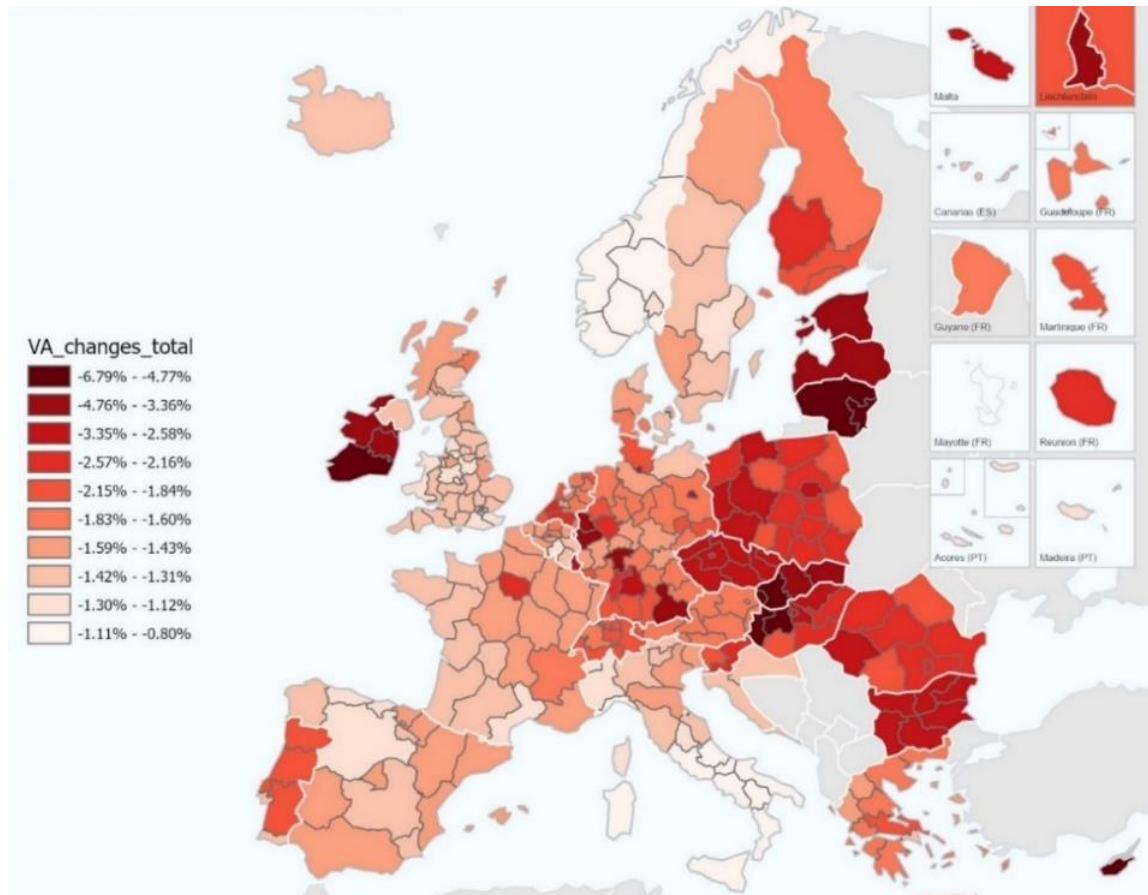
Energy transition

- The energy transition and changing energy prices will affect interregional flows of goods, capital, people, services and knowledge in Europe, and will have implications for regional futures.
- Some global supply chains are unsustainable, and so are some European. Increasing energy prices will make transport and production costlier, which will decouple some regions from many of the flows studied in the ESPON IRiE project.
- These decoupling trends for some regions have the potential to break path dependencies, generate new growth patterns for economic growth and catalyse circular economy transitions, helping regions become more sustainable.

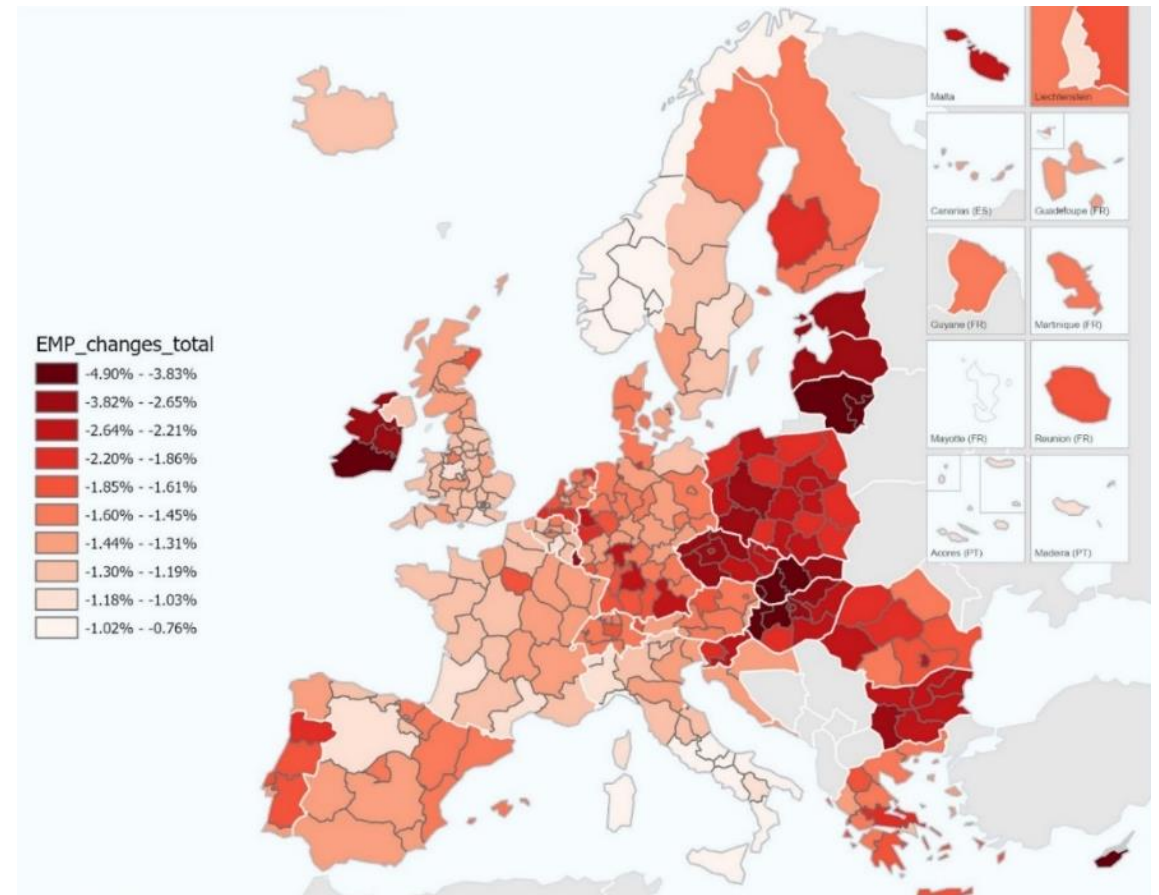
The energy crisis and its consequences

- In a short-term perspective the green transition as well as economic growth for most EU Member States will suffer negatively, but in a medium- to long-term perspective the energy crisis will trigger both the green transition and a green economic growth.
- Countries such as Hungary, Slovakia, the Baltic countries, Cyprus and Ireland are very dependent on Russian energy, and this will hit their economies hard.
- At a regional level, the adverse supply shock of energy display a very multifaceted pattern, both in terms of impact on GDP and employment.

GDP



Employment



Long-term economic impact

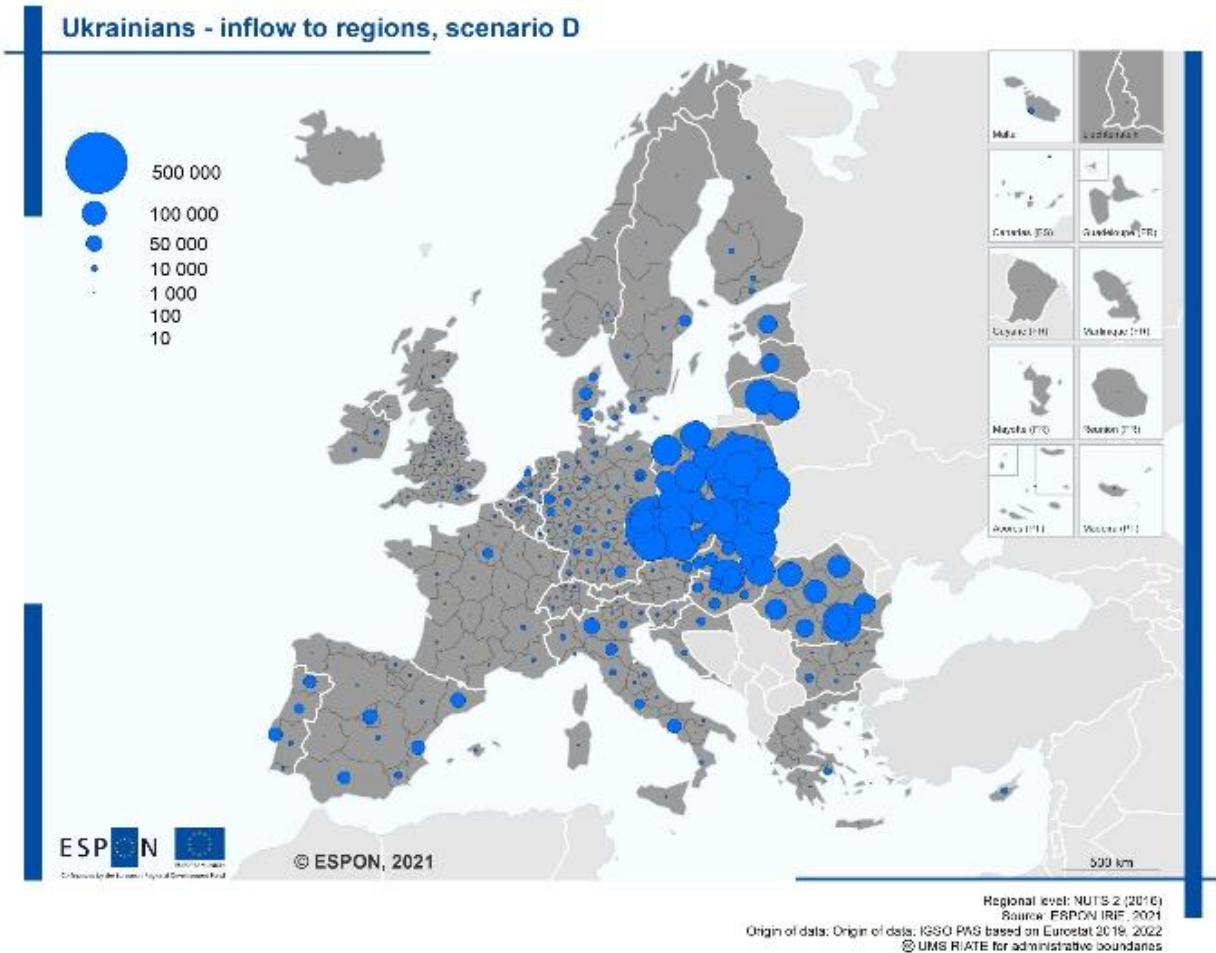
- Transport costs will increase, which makes it economically favourable to backsource production from Asia to the EU. New jobs will be created in the EU.
- Private consumption will decrease as energy related consumption will be more expensive. Mass-consumption is not sustainable, so this may be positive.
- Taxes will increase as governments need to finance support packages.
- Economically weak regions, lagging regions, peripheral and remote regions will most likely be losers while bigger cities, urban agglomerations and metropolitan areas will benefit. Population density and transport costs disfavour regions beyond the cities.

A new refugee crisis

- At the end of World War II, the Red Army pushed approximately seven million refugees westwards.
- The last refugee camps in West-Germany closed in 1960.
- The refugee crisis in 2015 included about one million refugees. Many countries still struggle to handle the impacts of that refugee crisis.
- Greece, Italy and Spain were common target countries, while e.g., Germany and Sweden have hosted most refugees per capita.
- No agreement on redistribution of refugees to other Member States.

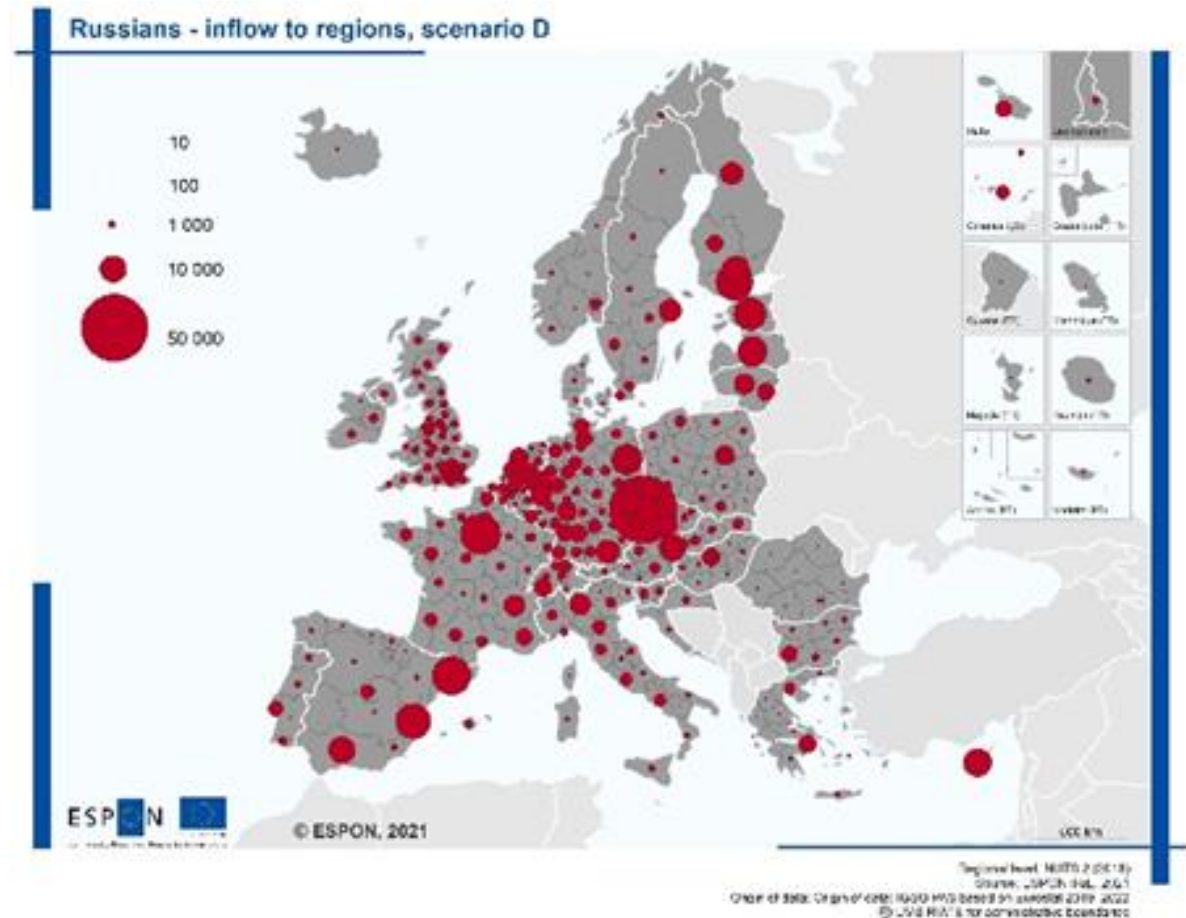
The refugee flows from Ukraine

- More than 7.8m Ukrainians have entered the EU since 24 February.
- About 6.9m are internally displaced in Ukraine.
- An estimated 2.5m have been deported by force to Russia.
- Poland, Romania, Hungary and Slovakia are target countries.
- Existing migration and diaspora networks are important; the bigger city, the more Ukrainians.
- This is the biggest refugee crises ever in Europe.



What about the Russian refugees?

- Unconfirmed numbers: more than 500,000 Russians have left Russia since the mobilisation order; more than 1 m have left since 24 February.
- Since 2010, ca 10 m have left Russia
- Relatively young and well-educated
- Georgia, Kazakhstan and Turkey are the target countries for 'normal' Russians; Gulf-states for well-off's.

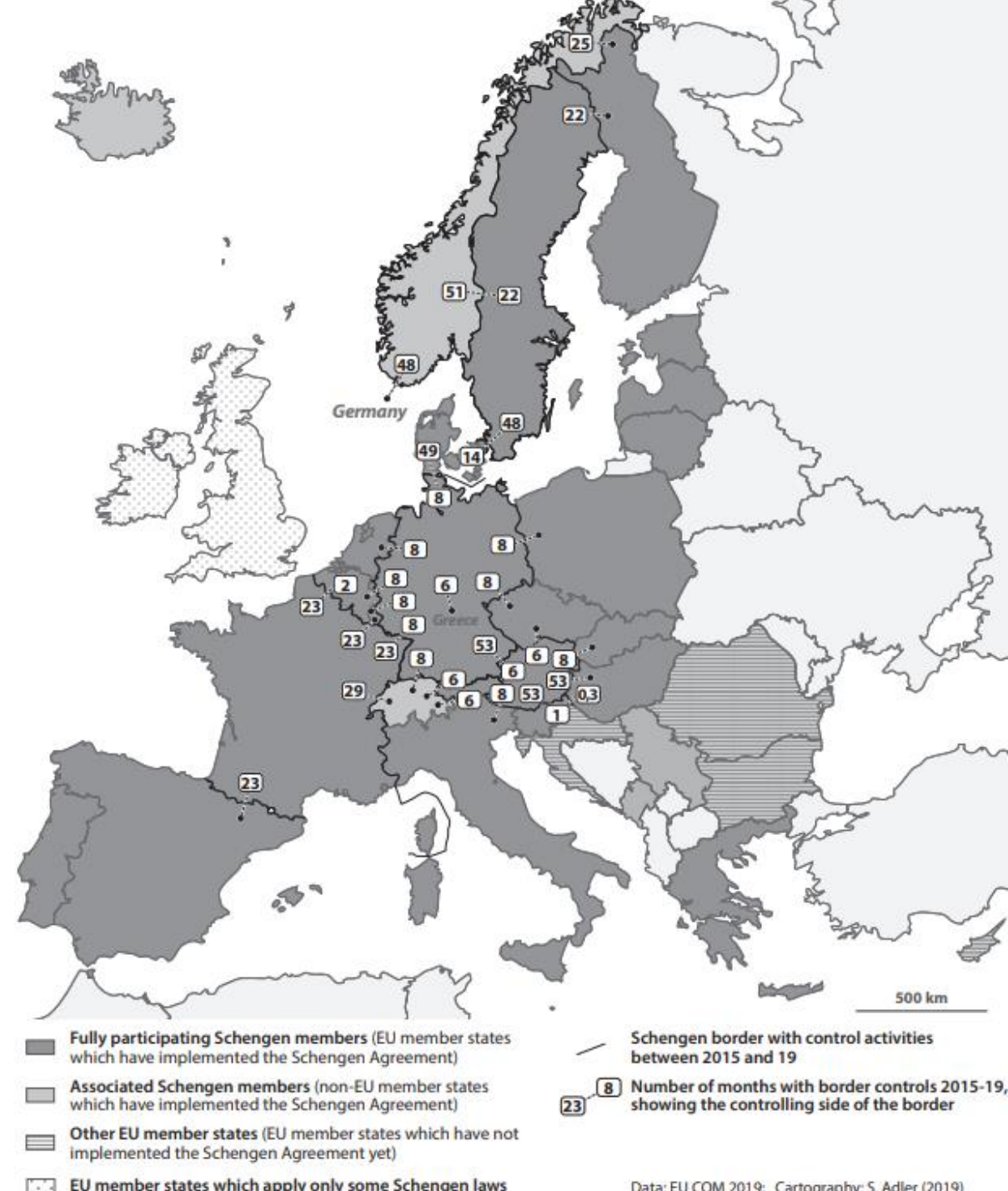


Long-term policy challenges

- The Ukrainian refugees will be simpler to integrate than the refugees in the 2015 refugee crisis (higher human capital, culturally closer).
- It is not possible for any country to shoulder the enormous logistic, organizational and financial challenges alone for the many Ukrainian refugees.
- New forms for cooperation and coordination are needed:
 - Renegotiate the competences regarding refugees and immigrant integration between the EU and the Member States;
 - Voluntary bilateral or multilateral agreements between Member States
- Such a massive refugee flow as the Ukrainians and Russians escaping the war will have significant impact for a significant period of time. Together they may constitute about 15m people.

Re-bordering EU

- The 'refugee crisis' in 2015/2016 made a number of European governments to reintroduce internal border controls limiting the mobility and flows of people between the EU Member States.
- By March 2020, 16 EU Member States have imposed internal border controls in the name of Covid-19.



More examples

- The internal re-bordering in 2004-2011. When Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovenia and Slovakia became EU-members in 2004 they were subject to transition rules which aimed at limiting the mobility from these countries to the EU15 countries. On 1 May 2011, these restrictions were lifted.
- To stop the outflow of young academics from Hungary, a law was passed in 2011 and implemented in 2012. This law states that newly graduated students must remain and work in Hungary for a period twice as long as it took to study for the degree. If this rule is broken the student must repay 50% of the studying costs to the Hungarian government.
- Sweden and Finland have revoked their tax treaties with Greece and Portugal to stop the outflow of people to Greece and Portugal.
- France has imposed an extra tax on the Portuguese labour migrants who return to their native country after retirement.
- Brexit as a response to the lack of control of the country's borders.

Policy consequences of re-bordering

- Re-bordering is not only about internal border controls, but about all kinds of obstacles explicitly aiming to reduce the flow of goods, services, people and capital between the EU Member States.
- Due rebordering processes worsened by COVID-19 pandemic, Ukrainian crisis and BREXIT there is a need to revise the regulation framework to mitigate the presence of non-tariff barriers to trade between countries and sub-national entities.
- The Member States re-bordering initiatives regarding internal border controls puts the finger at issues related to the distribution of competences between the EU and the Member States, in this case problems with controlling the external borders.
- In a medium- to long-term perspective, the re-bordering initiatives by single Member States jeopardise the key pillars of the EU Treaty (free mobility of goods, services, people and capital) and the very idea of the European Union.

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Gracias por su atención 😊

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