ESPON

EUROPEAN UNION

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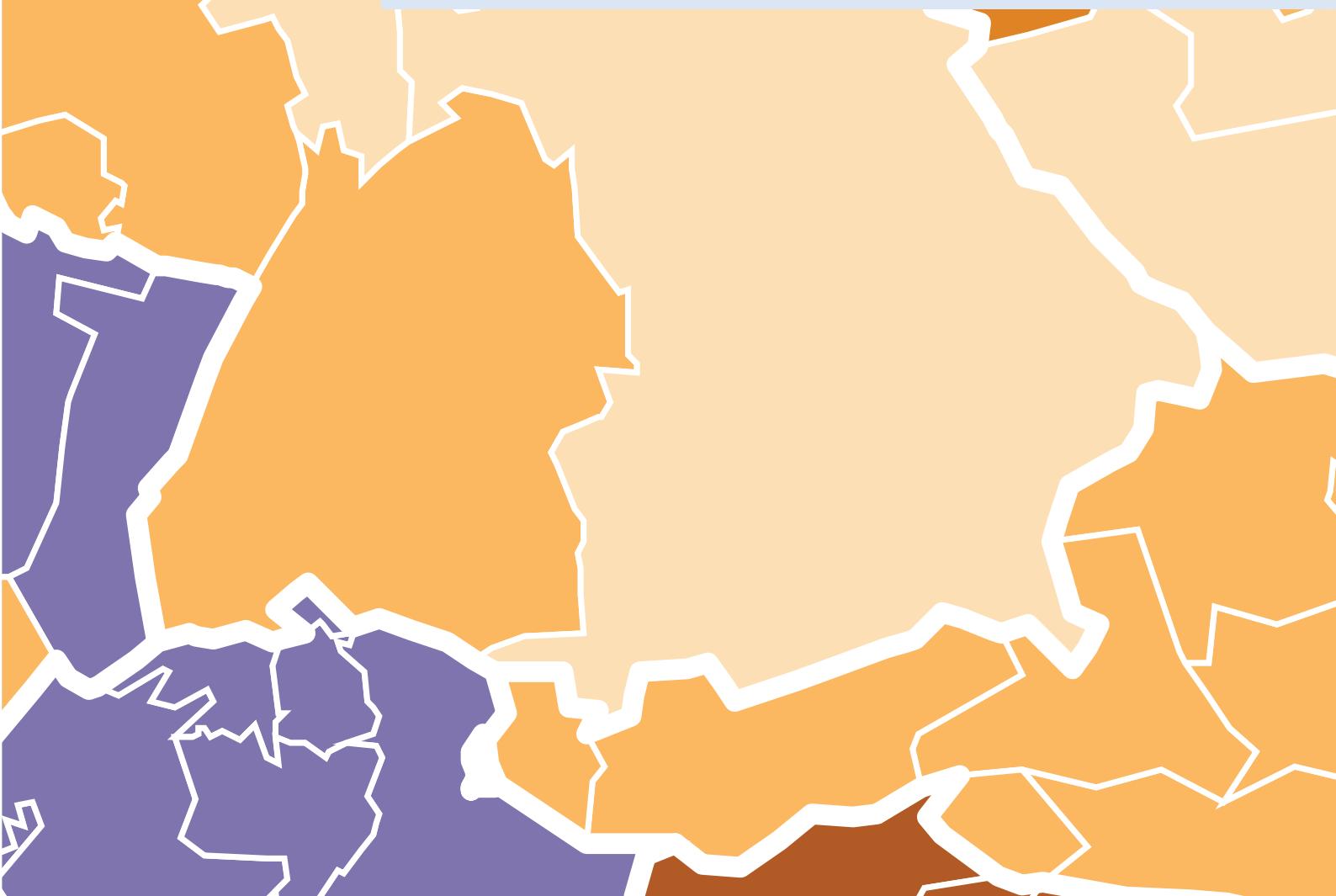
Inspire Policy Making with Territorial Evidence

PRE-EVENT BRIEF

ESPON Conference on Sustainable Development and Regional Restructuring in the Baltic Sea Region

Virtual

13th October 2021, 10.00-16.50 (EEST)



Introduction

The Green Deal aims to ensure just and inclusive decarbonisation. The paths towards decarbonisation differ widely between regions and can have substantial socio-economic consequences. In order to overcome these consequences, today's political uncertainties must be translated into regional strategy. Policymakers at territorial governance tiers, from the EU to municipalities, seek ways to ensure softer structural change: a just transition.

Spatial planning, including land use planning, has been shown to possess the potential to bring the spatial/territorial dimension into policies that tend to be led by sectoral thinking (Faludi, 2018; Asprogerakas and Zachari, 2020) and can thereby contribute to reaching societies' sustainable development goals (SDGs), including environmental goals. However, empirical studies have shown that spatial/land use planning does not meet the potential in reaching environmental goals on its own – it has either supported the energy transition, reached climate goals or promoted sustainable transport. Looking at the link between spatial and land use planning as essentially local activities, and often supra-nationally agreed environmental goals, the hindered contribution from the sub-national side has been linked to lack of political commitment on the local level, capacity issues, other goals prevailing over environmental goals, and the false notion that either the local or the national level is the one responsible. Also, the evidence from ESPON studies and recent research stress frictions between holistic sustainability concepts, territorial trends, and urban planning.

The ESPON Conference on Sustainable Development and Regional Restructuring in the Baltic Sea Region summarises and synthesises the evidence gathered from recent ESPON studies on the restructuring of the regional economy, especially in the context and challenges of declining regions. The conference is aiming to enhance understanding of the connections between spatial planning and SDGs.

The efforts to decarbonise European economies entail a wave of **structural and social consequences**. The discussions during the conference will bear the following policy questions:

1. What is the specific nature and magnitude of the consequences of decarbonisation in the Baltic Sea Region?
2. How are these challenges spatially distributed?
3. What are the different regional approaches to structural change?
4. How do these approaches translate to SDGs and how are they integrated in different planning levels?
5. What are the factors hampering the smooth involvement of SDGs in spatial planning?
6. Are there success stories where SDGs guide the planning process and the implementation of the plan?

The policy questions raised are intended to initiate a debate among researchers, government officials, and institutional stakeholders, helping them to set priorities, implement better policies, and ensure the long-term future of Europe.

Regional Restructuring in the Baltic Sea Region

The energy transition in European regions has been emerging as a policy priority in promoting sustainability, fighting climate change, and delivering the Green Deal. The EU's next budget cycle, the Multiannual Financial Framework (MFF 2021-2027), plays a critical role in the fight against climate change. Achieving climate neutrality means revolutionary changes in the region's economy and energy production, and the know-how that can be transferable from region to region is needed more than ever.

The current climate change-driven shift to green energy production combined with the COVID-19 pandemic and Western trade war with China has created unprecedented pressure for regional economic restructuring since World War 2. In particular, old coal mining and low-cost energy-dependent industrial regions are under pressure. There is extensive literature addressing regional economic restructuring: e.g. Smart Specialisation and Entrepreneurial Discovery (Foray, 2015), Open Innovation (Chesborough, 2006), Innovation Commons (Allen and Potts, 2016), Branching (Boschma, 2017), New Path Creation (Isaksen, 2015), and others. According to the

Kondratieff long cycles theory, the world economy is facing another major technological change associated with the recent crisis period(s) and will follow an expected growth driven by new green energy and some other (ICT, health) technologies. There is a long list of resources, e.g. battery metals, that will benefit new regions.

Economic restructuring creates new production geographies and visual landscapes. Considering contemporary planning practices, setting up new wind and solar parks as well as industrial complexes requires extremely smart mobilisation of existing industries and communication with local communities. First of all, the rising economic uncertainty, the fact that a transition is not only a matter of transition funds and investments, but should consider social issues and provide a "soft landing" for people, creates a need for massive reskilling and re-employment of workers. Also, restructuring requires complementary new knowledge that can be most effectively generated through international collaborations between researchers and practitioners, and simultaneously the building up of local and regional competence and technology centres guaranteeing inflow and creation of new knowledge. Such smart specialisation strategies (Foray, 2015), supported by the Commission RIS3 initiative have been chosen by several industrial regions who have targeted knowledge-based economic transformation. For example, the coal dependent region Silesia in Poland (ESPON, 2020a) and the North-East Estonian oil shale mining and extracting region.

The Baltic Sea Region has already been profoundly influenced by the ongoing EU integration process and has targeted the concept of smart specialisation. Developing and testing different tools and methods, gaining valuable insights on how to support innovation capacities requires cooperation between companies, researchers, and the public sector but also cooperation between regions and countries. This ESPON Conference has focused on studying and testing how actors from different kinds of innovation communities, and across different countries, can work together and generate new ideas, partnerships, and innovation opportunities.

ESPON Evidence

ESPON has recently produced data which could help to find answers for policy questions raised.

LOCATE - Territories and low-carbon economy

ESPON LOCATE investigates the territorial dimension of the transition to a low-carbon economy. It first defines the potential for alternatives to existing energy production. Regions in the areas of the North and Baltic Seas, in Denmark, in the Baltic countries, and Southern Scandinavia have a privileged location with high wind energy potential. Sweden and Baltic countries could benefit from long and deeply rooted tradition of using biomass for heating and domestic hot water production (ESPON, 2018).

In regard to the implementation of the energy transition, the regional level plays an important role on the ground. LOCATE summarises that active and well-resourced regions make a difference in terms of the scope and speed of such a transition using a holistic, cross-sectional, and integrated perspective. Transitional and dynamic regions cooperate with the municipal level by pooling resources, finding synergies, and providing important linkages between all territorial governance tiers from the central government to local actors. Evidence of strengthening and supporting the regional level as an active transition promoter is found from the policy analysis.

ESCAPE - European Shrinking Rural Areas Challenges, Actions and Perspectives for Territorial Governance

ESPON ESCAPE focuses on European rural regions experiencing or threatened by demographic decline. It aims to understand the processes driving shrinkage, map the heterogeneity within this group of regions, and devise intervention logic for more appropriate integrated policy approaches. The project provides knowledge and evidence on the causes and consequences of socio-economic change in Europe's rural regions and offers recommendations for the better coordination and effectiveness of policy interventions (ESPON, 2020b).

ESPON Policy Brief: Structural change in coal phase-out regions

The regional economic ecosystems of coal regions are traditionally linked to coal extraction and coal-based energy production. Following the Green Deal objectives, these regions have become particularly vulnerable. This policy brief presents recommendations for a Just Transition Fund regulation based on extant literature, recent research, and ESPON territorial evidence. Based on this territorial evidence, it explores potential interventions by taking advantage of the knowledge and entrepreneurial stock in currently coal-dependent localities (ESPON, 2020a).

Agenda (Estonian Time)

10:00 - 10:20 **Welcome and Introduction**

Welcome and instruction by **Mr. Martin Gauk** (Moderator of the conference, ESPON EGTC)

Conference opening and welcome by **Mr. Eedi Sepp** (Member of ESPON Monitoring Committee, Estonian Ministry of Finance, Regional Policy Unit)

Introduction by **Dr. Wiktor Szydarowski** (ESPON EGTC Director)

10:20 - 11:15 **Keynote presentation**

"Regional development, labour market dynamics and the public sector in a Nordic perspective" – **Dr. Høgni Kalsø Hansen** (Copenhagen University, Associate Professor)

11:15 - 11:30 **Break**

11:30 - 13:00 **Session 1: The specific nature and magnitude of structural and social consequences of decarbonisation** (Moderator: Dr. Antti Roose, Tartu Regional Energy Agency)

- "The role of Upper Silesian Industrial Region in Polish energy transition" – **Ms. Marta Koreniecka** (University of Bialystok)
- "Just transition in North-Eastern Estonia" – **Mr. Ivan Sergejev** (Estonian Ministry of Finance, Regional Development Department, Coordinator Estonia's Just Transition Plan)
- "Energy efficiency in industrial region" – **Mr. Marton Leander Vølstad** (Nordic Energy Research)
- **Panel discussion**

13:00 - 13:50 **Lunch break**

13:50 - 15:10 **Session 2: Localisation of SDG goals** (Moderator: Dr. Pille Metspalu, University of Tartu, Estonian Planners Association)

- "Integration of SDGs in Swedish spatial planning" – **Mr. Daniel André** (Swedish National Board of Housing, Building and Planning, Project manager and Swedish MC member of ESPON)
- "Recognition of supranational environmental goals in subnational land use planning by Finnish and Estonian planners" – **Mr. Tiit Oidjärv** (Estonian Ministry of Finance, Planning Department, Deputy Head of Department)
- "Tendencies of sustainable regional development in the context of SDG: the situation in Latvia" – **Mrs. Elita Jermolajeva** (Latvia University of Life Sciences and Technologies, Leading Researcher) and **Mrs. Inese Trusina** (Latvia University of Life Sciences and Technologies, Ph.D student)

- "Seinäjoki city-region and SDGs for future development" – **Mr. Mika Raunio** (Migration Institute of Finland, Senior Researcher)

15:10 - 15:20 **Break**

15:20 - 16:10 **Session 3: The role of the ESPON programme in decarbonisation and SDGs**
(Moderator: Mr. Martin Gauk, ESPON EGTC)

- "Demographic trends in rural Europe" – **Dr. Andrew Copus (**The James Hutton Institute, Honorary Associate and ESPON ESCAPE - European Shrinking Rural Areas Challenges)
- **"**Potential for renewable energy and its exploitation at a regional level" – **Dr. Lukas Kranzl** (Vienna University of Technology and ESPON LOCATE – Territories and low-carbon economy)

16:10 - 16:50 **Closing and wrap-up comments by Dr. Antti Roose and Dr. Pille Metspalu**

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