

ITAN

Integrated Territorial Analysis of the Neighbourhoods

Main Report

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List of abbreviations

AfDB	African Development Bank
Asean	Association of Southeast Nations
BSC	Black Sea Countries
BSR	Baltic Sea Region
CAP	Common Agricultural Policy
CEFTA	Central European Free Trade Agreement
CIS	Commonwealth of Independent States
CU	Coordination Unit
ENCs	European Neighbourhood Countries
ENP	European Neighbourhood Policy
ENPARD	European Neighbourhood Programme for Agriculture and Rural Development
ENPI	European Neighbourhood and Partnership Instrument
ENRs	European Neighbour Regions
ESPON	European Observation Network for Territorial Development and Cohesion
ESPON CU	ESPON Coordination Unit
ESPON space	EU28, Iceland, Liechtenstein, Norway, Switzerland
EU	European Union
EUSBSR	EU Strategy for the Baltic Sea Region
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FP7	Framework Programme
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross Domestic Product
GIS	Geographic Information System
HDI	Human Development Index
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
ITAN	Integrated Territorial Analysis of the Neighbourhoods
LAU	Local Administrative Unit
M4D	Multi-dimensional Data Design and Development
Nafta	North American Free Trade Agreement
NTA	Neighbourhood Territorial Agenda
NUTS	Nomenclature of Territorial Units for Statistics
OME	<i>Observatoire méditerranéen de l'Énergie</i>
oPt	Occupied Palestinian territory
PCAs	Partnership and Cooperation Agreements
PPP	Purchasing power parity
R&D	Research and Development
SNUTS	Similar to NUTS
SR	ITAN Scientific Report
TAIEX	Technical Assistance and Information Exchange instrument
TIGER	Territorial Impact of Globalization for Europe and its Regions
TPG	Transnational Project Group
TWh	TeraWatt hour
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USA	United States of America
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organisation

Glossary: ITAN main notions

Note. 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. Here, the number of notions is smaller and their definitions are shorter when compared to the glossary of the Scientific Report.

Region

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. The ITAN project also uses the term of region to speak of the infra-national subdivision of a country, which can be misleading.

Regionalism

The ITAN project uses REGIONALISM 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 word 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 cooperation through regional institutions and rules, that is to say "regionalism". The key issue is to measure the degree of such integration, which is generally made according to three approaches: the measure of the structural likeness of the constituting areas (e.g. level of development); the geography of their interaction (to check their preferential connexion); the measure of how far the composing areas met the nominal objectives of their political gathering. Another key question is to qualify the regionalisation integration: SHALLOW REGIONAL INTEGRATION is the reduction or elimination of tariffs, quotas and other barriers to trade in goods and services at the border; by contrast, DEEP REGIONAL INTEGRATION goes well beyond removal of formal barriers to trade, and includes various ways of reducing the international burden of differing national regulations, such as standards harmonisation.

Neighbourhoods

The term NEIGHBOURHOOD has been 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). Launched in 2007, the European Neighbourhood Policy seeks to tie developing surrounding countries who seek to become more closely integrated with the economy of the European Union. ITAN PROJECT'S NEIGHBOUR COUNTRIES differ slightly from the ENP's list. The Caucasian countries are covered but only for basic data and only at national scale, northern countries such as Faroe Islands are included, 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, and when we refer to the European Neighbourhood Policy.

Wider European region

The wider European region is the region which encompasses the ESPON countries (see its definition in the Glossary) and their neighbourhoods. We call it "European" because (western) Europe is the major pole of this area. But indeed, the "neighbour" countries would not easily accept to be considered as simple neighbours, and to belong to a common region which would be called "European". Thus, this notion of wider *European* region is centred in the mental framework of Europeans.

ESPON space

It encompasses 27 EU Member States, Iceland, Liechtenstein, Norway and Switzerland, that is to say the countries which contribute financially and politically to the ESPON gathering. We say "EU 27" because at the beginning of the ITAN project, Croatia was not yet EU member.

SNUTS

ITAN Neighbour countries have been subdivided following the same methodology as EU countries so as to perform comparable analyses of these territories. This methodology is called SNUTS for "Similar to NUTS". In the framework of the ESPON M4D project, a territorial division had been created for the European Neighbour Countries. It uses the same classification criteria than the NUTS (Nomenclature of Territorial Units for Statistics), the Eurostat hierarchical system for dividing up the EU space.

Standardised mortality

STANDARDISED MORTALITY is a proxy for life expectancy: we compare (i) the theoretical number of deaths according to the regional age structure of a local territory, 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.

Accessibility

The ACCESSIBILITY in ITAN is defined as the population that can be reached in a certain amount of time from each location in the EU and the Neighbourhoods. This indicator measures both how the population is distributed geographically and the quality of the transport networks that link the regions. The indicator is calculated by measuring all the population that can be reached from each SNUTS capital at less than x hours, by using road and rail transport as represented on the GIS developed in the ITAN project. Calculations take into account the existence of delays in some border crossings.

Connectivity

TERRITORIAL CONNECTIVITY is derived from the accessing time from any point on the territory to the main transportation network. This indicator is called ICON (Indicator of Spatial Connection to Transport Networks, used in several ESPON projects). ITAN team has specifically calculated ICON by measuring the time needed to get to the main transport network (main roads, railway stations and airports).

Local Human Development Index (HDI)

The LOCAL HUMAN DEVELOPMENT INDEX (HDI) is compliant with the meaning of the national HDI calculated by the United Nations, which derives from economic values (income per capita), educational values (mean years of schooling), and standard of living (life expectancy at birth). The available data in the Neighbourhoods necessitated choosing proxies for data needed at local level in several cases.

International openness

The local INTERNATIONAL OPENNESS index is based on three indicators of participation to international networks: (i) the number of *air seats available in international flights* from airport to airport; (ii) the volume of *international maritime flows* by port; (iii) the *FDI* inflows in dollars.

Territorial potential

In ITAN, the TERRITORIAL POTENTIAL is based on the social capital (here: tertiary education), the physical capital (here: transport accessibility), and the economic capital (here: international openness) of each Neighbour territory.

Territorial dynamics

The local TERRITORIAL DYNAMICS is based on the demographic and the economic evolutions during the 2000 decade.

Introduction. Can Europe regain by a territorial approach the economic influence it lost in its region?

This European Neighbour Regions (ENRs) ESPON project is the first one dedicated to the European neighbourhoods as such. This is of utmost importance, given the rising role of the neighbourhoods not only for Europe but in the other world regions namely the two leading ones: North America – that is, including Mexico since the North American free trade agreement – 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 or cultural exchanges.

The ITAN project is based on two hypotheses. The first is that Europe and its neighbourhoods constitute one world region – what we have called the “wider European region” due to the leading role of (Western) Europe in this vast area that stretches from the Sahara to Middle East, Western Balkans, European Russia and Arctic. The second hypothesis is that this region shows bigger opportunities than threats, contrarily to what European stakeholders all too often believe. To our view, neighbourhoods should be regarded as a driver for the European economic growth and a treasury for mutual cultural fertilization, rather than as territories where to control migration, prevent Europe from contagious unrest and buy oil. The chapter 2 says how the ITAN team intended to check these hypotheses. It also explains why setting up a local database was indispensable to provide geographical analysis and recommendations. Promoting a territorial approach is a competitive advantage for Europe in its Neighbourhoods. Asian importers can buy Ukrainian cereals, Emirati investors can develop a Mediterranean touristic resort, US businessmen can buy an IT Turkish enterprise, Chinese operators can build an Egyptian motorway; but none of them can help for an integrated planning, for a long term sharing of the value chain, for a common energy transition and cooperation in renewable energy related to rural development, and for deep exchanges of experiences in sustainable urbanism or access to sanitation – what is called a “regional *deep* integration”. That kind of broad multi-sectoral cooperation is proper to neighbours, who share multiple partnerships. The territorial approach of cooperation is an area where the proximity of Europe brings a decisive advantage in the neighbour countries vis-à-vis other global players.

The chapter 3 sums up the incredible barriers we met to set up this database: countless local geometries changes in a contentious recent history, and sometimes complete territorial changeover due to wars (the occupied Palestinian territory, Libya, Syria...); difficult access to data; changes in quality of data; insufficient data reliability (informal activity namely); impossibility to address the urban data issue; hardly possible data standardisation. Still, the ITAN TPG managed to harmonise some data so as to provide, for the first time, a complete cartography of the wider European region at local (NUTS 2-3) scale. Plus, we propose several “composite indicators”, on the International openness, on the local level of Human development, on Territorial dynamics, on Territorial potential, of all the neighbour local territories.

The chapter 4 summarises the main results of the project on territorial threats (environmental risks, territorial inequality and non-inclusive growth, markets fragmentation, political unrest); and on opportunities (labour forces – more and more skilled – and rising markets, natural resources namely energy). The project also assesses the degree of integration of this wider region, with rather bad news when it comes to the declining influence of the EU countries upon their neighbourhoods, and to the still prevailing core-periphery pattern between Europe and its neighbours. The project also provides the first results of a pioneer research based on media data.

The last chapter swiftly presents the policy orientations proposed in the Scientific Report: the utmost importance to promote the ENP and the notion of wider region Europe+Neighbourhoods; the need for reformulating the neighbourhoods vision thanks to the European cohesion policy and many other European policies: CAP, Transports, Environment, Energy – indispensable if European stakeholders want to master the Eastern Neighbourhood issue – and mobility (rather than “migration” policy). Two final overall recommendations are made: Europe could greatly benefit from a “Neighbourhoods Territorial Agenda”; the latter beforehand needs an international cooperation for compatible local data, that would associate Eurostat, neighbour national statistics offices, and researchers of the region dedicated to territorial issues.

1. THE RISE OF THE NEIGHBOURHOODS IN THE REGIONALISATION CONTEXT

1.1. The dialectic between globalisation and regionalisation

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 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 bigger the interaction with other players, the larger the new resources. Thus, neighbouring countries can more easily turn into strategic partners for investment and production (rather than for consumption [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 climate and natural resources’ concerns has indeed a global dimension, 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 the rising dialectic 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. Map 1 displays the European Neighbourhood agreements.

(ii) The confirmation of *de facto regionalisation* of migratory, 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 (Fig.1). The story changed in the 2000s due to the booming importance of a new global player: China, but the long run regionalisation pattern remains relevant. The assets of regional cooperation are particularly high when it associates neighbours of different levels of development with economic complementarity: know-how and technology in developed countries, rising markets, labour forces and low economic costs in their developing neighbours, the challenge being to manage going from a classic international division of labour to an intra-industry cooperation, as the East Asian countries impressively managed [Dupuch 2004]. Despite the globalisation of routs, migrants still mostly come from the neighbourhoods; in the USA, contrarily to what is often said due to the rapid growth of Asian newcomers, the bigger change over the last half century has been the replacement of European in-migrants by neighbour American in-migrants.

(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: “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. The Asian development bank (ADB) has published in 2011 a report which significant title is “Institutions for Regional Integration – Towards an Asian Economic Community”; regional integration is one of its three strategic axes along with inclusive and sustainable growth. Likewise, the strategy of the African development bank is now designed in a regional

framework, as expressed in the “AfDB Group Regional Integration Strategy” [AfDB 2009]; in 2012 the bank has published a book very much in favour of a North African integration; 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. The Institute for the integration of Latin America (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.

Map 1 - Contractual relations between European Union and Neighbourhoods

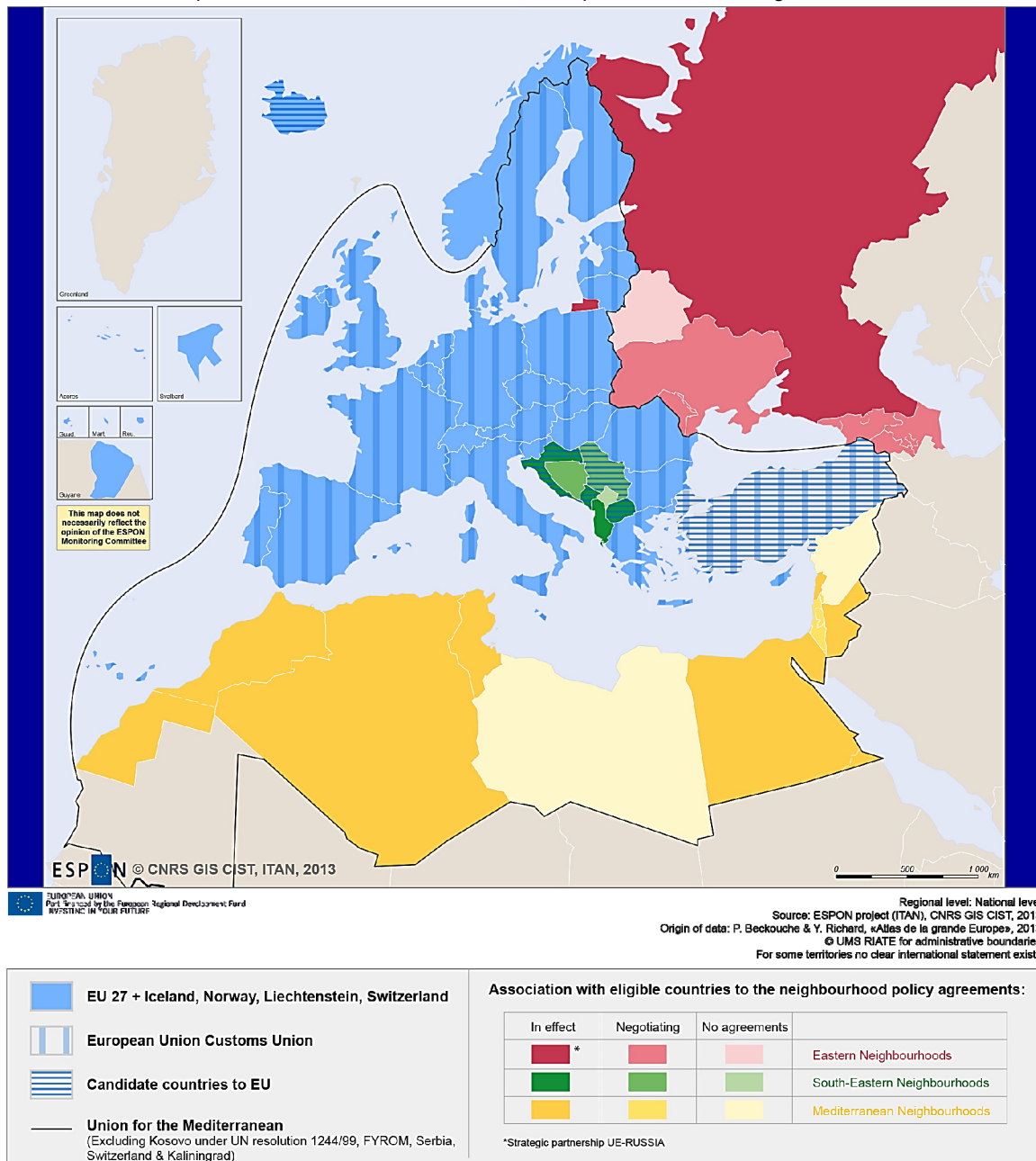
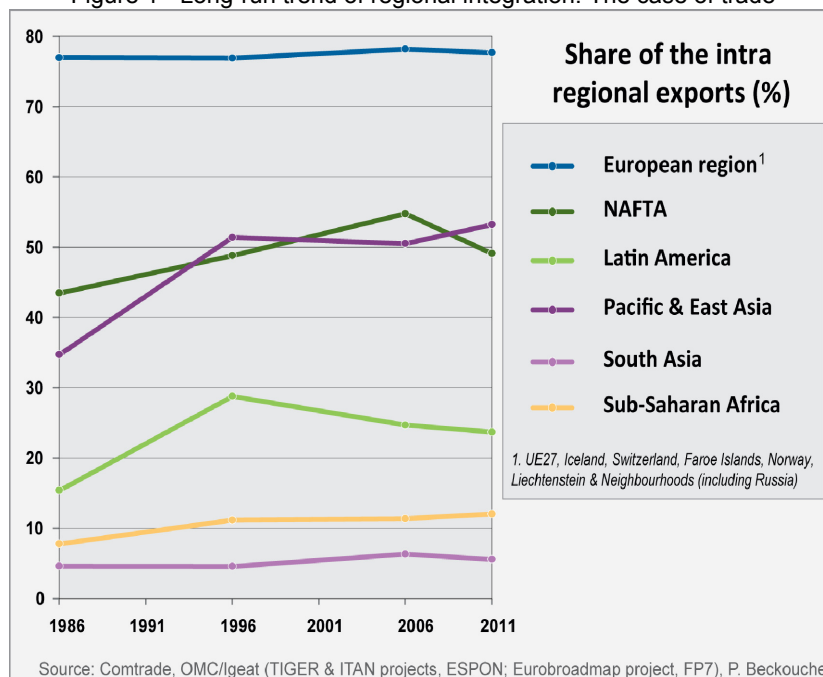


Figure 1 - Long-run trend of regional integration. The case of trade



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

1.2. How the neighbourhoods issue is addressed in the international scientific 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]).

The main impetus for academic publishing came from the rise of Regional trade agreements (RTAs) worldwide in the 1990s and what Hettne & Soderbaum [2004] 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), and involves States 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 ITAN Scientific Report (SR, section 1.1.5) shows that the territorial issue remains hardly taken into account.

1.3. ... and in the EU political framework

For Europe, the territorial approach of regionalisation is a way to speed up the functional integration with its neighbourhoods (transports, energy...). It is also a way to ease international relations, because territorial cooperation is often easier than diplomatic relations. Last, a territorial approach of regionalisation is a driver to mobilise the rising civil society in the European Neighbour Countries (ENCs). That is why the EU pays a sound attention to this neighbourhood issue in its strategic papers.

Cooperation with the neighbourhoods has long been a significant matter for the European Union. The rise of the regional integration in America (Nafta) and eastern Asia (Asean Plus Three), the European need for new markets since the beginning of the financial crisis, the Arab spring and the outburst of the regional crisis in Eastern Ukraine, have made this issue still more relevant. A large set of EU policies draw a favourable context for a renewal of the European territorial actions related to ENCs.

Launched in 2007, the *European Neighbourhood Policy* (ENP, plus the Strategic partnership with Russia) brings the general framework for cooperation, security and common development with the Neighbourhoods (defined as the countries sharing a border with EU), and provides a transversal financial instrument (ENPI) for a large set of actions.

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 2010 p.23].

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.

The *Territorial Agenda 2020* states that “*cohesion at the external borders is crucial, as disparities and differences in legal, social and political systems have important consequences especially in terms of migration and trade*” and that “*growing interdependence of regions generates demand for better connectivity*” [European Union 2011b p.5].

Nevertheless, the tools for a better cooperation with neighbouring territories are to be improved. As the update of 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*” [European Union 2011a p.25]. This means that a comprehensive vision of this wide region that encompasses Europe and the neighbouring countries is lacking. We rather have a juxtaposition of status, tools, programmes and visions. Launched by the EU and the Mediterranean partner countries in 1995, the Barcelona process itself is divided in an enormous amount of programmes – closer to an impressionist painting than to a coherent strategy.

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. The European Neighbourhood Instrument (ENI, which has replaced the ENPI since January 2014) benefits from a significant increase when compared to the budget of the previous ENPI instrument, with €15 billion for the period 2014-2020.

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 European external 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 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. ITAN has to be considered as a first and humble attempt to give such a comprehensive representation of the Neighbour regions. What is at stake is to build the foundation of a reliable local 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.

2. ITAN HYPOTHESIS, OBJECTIVES AND POLICY QUESTIONS

2.1. ITAN hypothesis

The ESPON European Neighbour Regions call's terms of reference raised two key questions: (i) what are the territorial structures, and what are the economic, social and environmental issues at stake 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.

2.1.1. Hypothesis one: the ESPON territory and its Neighbourhoods are one "region"

The validation of this first hypothesis is twofold:

- (i) *Regionalism*: the project had 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 works [Beckouche 2011] have shown how scattered is 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 countries. 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 (Western Balkans) the dominant trend would be convergence rather than divergence, but the results of the research shows a variety of degrees according to the considered country. The result for the Eastern Neighbourhood is highly complex, because Russia has resisted, in the last decade, the reorientation of the Eastern Neighbourhood's economic geography toward Europe that occurred in the 1990s, and recently managed regaining economic, energetic thus political influence upon its CIS's neighbours.

2.1.2. Hypothesis two: this wider 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 and also cooperation, etc.). We acknowledge that the assessment of threats is underestimated because ITAN does not deal with the geopolitics issues.

2.2. ITAN objectives and policy questions

In order to check these hypotheses, the ITAN team adopted four strategic objectives.

2.2.1. Objective one: bringing to European stakeholders a comprehensive view of the wider region

The first objective was humble: bringing to European stakeholders a comprehensive view of the ENRs. It is a preliminary step for any regional perspective for 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, and all too often fantasy rather than sound knowledge. A multi Neighbourhoods (Northern, Eastern, South-Eastern and Mediterranean), multi-level approach addresses this need. Moreover, the goal was to give an insight of the large array of European policies, tools and programmes which have a direct impact on these territories. Such a comprehensive view is necessary, given the general lack of political integrated strategy in the Neighbourhoods.

2.2.2. Objective two: assessing the territorial integration between Europe and its Neighbourhood

The second objective was assessing the regional integration between the ESPON space and the European Neighbour Countries, through a territorial analysis. Can we more and more speak of “one region”? Do trends rather show convergence or divergence? There are varied answers according to the related Neighbourhoods. ITAN analyses discontinuities between ESPON territory and the ENRs (structural analysis), and flows between them. The project aimed at qualifying the regional integration: on-going integration or de-integration, “shallow” (simple free trade) or “deep” integration.

2.2.3. Objective three: building a sustainable local database compliant with European databases

ITAN aimed at building a database that should show sustainable, so as to feed long term research programmes and scientific partnerships between European and ENC’s researchers. Hence, the importance of metadata, and our choice of a small number of consistent data (“core data”) rather than of an extensive collection. Our objective was to firmly build the very first level of a long-run process.

2.2.4. Objective four: providing policy orientations toward a deeper regional integration

The fourth objective was to support policy orientations in order to reduce risks and foster opportunities throughout the regional integration. 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 sectoral EU policies (CAP, regional policy, environment, TEN...); promoting territorial planning in the ENRs – which is a key issue for many of these countries, especially in the South Mediterranean as the Arab spring has shown. The overarching policy recommendation would be to share a common vision of the wider European region (ESPON + ENCs) that would not only deal with energy supply but also with transports, rural development, urban planning, water service, thrifty use of natural resources etc. We assume that such a territorial vision could help fostering a deep regional integration.

Table 1 - The territorial approach of the Neighbour countries: many fields of interest, for many stakeholders

<i>fields</i>	<i>examples</i>
international “on-the-ground” cooperation when diplomacy is stalling	e.g. decentralised cooperation
cross-border cooperation	opportunities for the peripheral European local authorities
promotion of territorial planning, decentralisation & local democracy in European Neighbour Countries (ENCs)	see the strong demand for inclusive growth in Mediterranean partner countries since the Arab Spring
common policies and projects (EU + Neighbour countries)	e.g. environment : EU Strategy for the Baltic Sea Region (EUSBSR) ; the Northern Dimension policy ; sanitation and de-pollution of the Mediterranean...
monitoring of European policies in the Neighbour regions	e.g. rural development: ENPARD project (ENPARD = CAP 2nd pillar + European Neighbourhood Policy)
extension of the European networks to ENCs	e.g. transport: market extension, norms extension....
identification of dynamic territories in ENCs	opportunities for investors (infrastructures, clusters...)

3. ITAN SCOPE, GEOMETRIES, DATABASE AND METHODOLOGICAL CHALLENGES

3.1. ITAN geographic scope and choice of the case studies

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 they are 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). Georgia, Armenia and Azerbaijan are covered but only for basic data and only at national scale;
- South-Eastern Neighbourhood, that is to say Western Balkans: Croatia¹, Bosnia and Herzegovina, Serbia, Montenegro, Kosovo (under the UN Security Council resolution 1244/99), The Former Yugoslav Republic of Macedonia, and Albania;
- Southern, that is to say 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 geographical scope 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 EU, Ukraine and south-western Russia, the ITAN project chose among its case studies that of the Black Sea.

All the case studies (one per Neighbourhood) were chosen to study, at varied scales, the convergence vs. divergence issue between EU and Neighbourhoods: Gibraltar, where this issue reaches a paroxysmal height; the cross-border relations between the FYROM, Albania and Greece, so as to understand the on-the-ground actual and potential (when the FYROM becomes an EU member state) local interaction; the European Arctic, focusing on climate change and its impact on this common goods confronted to rising international eagerness; the Baltic Sea as a standpoint for analysing the relationship between ESPON space and Russian territories.

Sticking to a strict definition of the "neighbourhood", the ITAN project, with the agreement of the ESPON CU, does not cover the central and eastern parts of Russia nor the American areas neighbour to European overseas (only the northern Canada is taken into account in the Arctic case study).

3.2. Drawing "Similar to NUTS" delineations in the Neighbourhoods

The ITAN database building process had to deal with the geometries of the targeted countries that do not have the same system of territorial divisions, and to collect data according to these territorial divisions. The ITAN TPG closely worked with the ESPON M4D team, in charge within ESPON with geometries and database nomenclature. As the goal was to make it comparable to the ESPON space so as to permit an integrated geography (ESPON + Neighbourhoods), M4D and ITAN set up "similar to NUTS" (SNUTS) geometries at the scale of all the Neighbourhoods, that is to say territorial delineation stemming from administrative local divisions (Oblast in Russia, Governorates in many Arab countries, etc.) and comparable to the European NUTS. As a first step, the ITAN targeted scale has been SNUTS 2 or 3. That means that we could not go further down, thus we could not address the urban issue since it would have needed to collect data at very local scale – an impossible task in the project's timeline given the absolute incomparability of very local data in the various ENCs. The 1.3.9 section of the Scientific Report (SR) details this difficult urban data issue in the Neighbourhoods.

¹ 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 set. Thus Croatia is included in the South-Eastern Neighbourhood in all ITAN analysis and maps.

3.3. Barriers for ITAN implementation: the hard geometries and data issue

The project has been confronted to an unexpected amount of difficulties to set its database. We anticipated some of the difficulties, for instance the fact that the on-going (Syria) or recent wars in the Neighbourhoods (Libya, Georgia, Western Balkans...) had or have strong impact on the territories, the geometries and the feasibility of data collection. Almost all the ENCs have experienced a contentious recent history, with numerous geometry changes.

Indeed, we faced problems in all the fields of data: access to data, change in quality of data, data reliability in particular the expected issue of the informal activity, sources reliability, etc. We were confronted to the great variety of indicators' definition'. A whole section of the Scientific Report [SR 1.3] is dedicated to this matter of data difficulties.

3.4. Data harmonisation as a way to cope with these barriers

Given the large heterogeneity of sources and collection methods, the ITAN TPG was put on the need for building, downstream, a data harmonisation it could not find at the upstream moment of data collection. A shortcoming of the ENCs' statistics system is that in several of these countries, the national body in charge is very recent – e.g. the Palestinian Central Bureau of Statistics which 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 make comparable series and maps, the ITAN TPG harmonised the data by keeping the geographical 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, out of World Bank data in that case. We assume that the final result is an approximation, but such approximation allows comparison throughout all the ENRs.

Sometimes the approximation was necessarily rough. Many ENCs do not provide any local data on life expectancy nor on infant mortality. For the former we had to calculate a standardised mortality. But such standardisation is difficult when the local age data does not provide the same brackets; and it is impossible when no local data exist at all for the local number of deaths, which is sometimes the case...

Furthermore the data collection 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 in all projects; unfortunately these files proved to be pretty inappropriate for such a huge harmonisation task. All together, the TPG 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 one by one. This led the TPG to accomplish an enormous work, without which it would not have been 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. This is why ITAN's output on data and cartography covering all the ENRs for the harmonised data, should be considered as a very valuable first step.

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

Thanks to harmonised data, we could elaborate composite indicators, so as to address our needs: a better knowledge of the ENRs, an assessment of their shortcomings and potential, and an analysis of their interaction with the ESPON territories. Given the high challenge of collected data's heterogeneity,

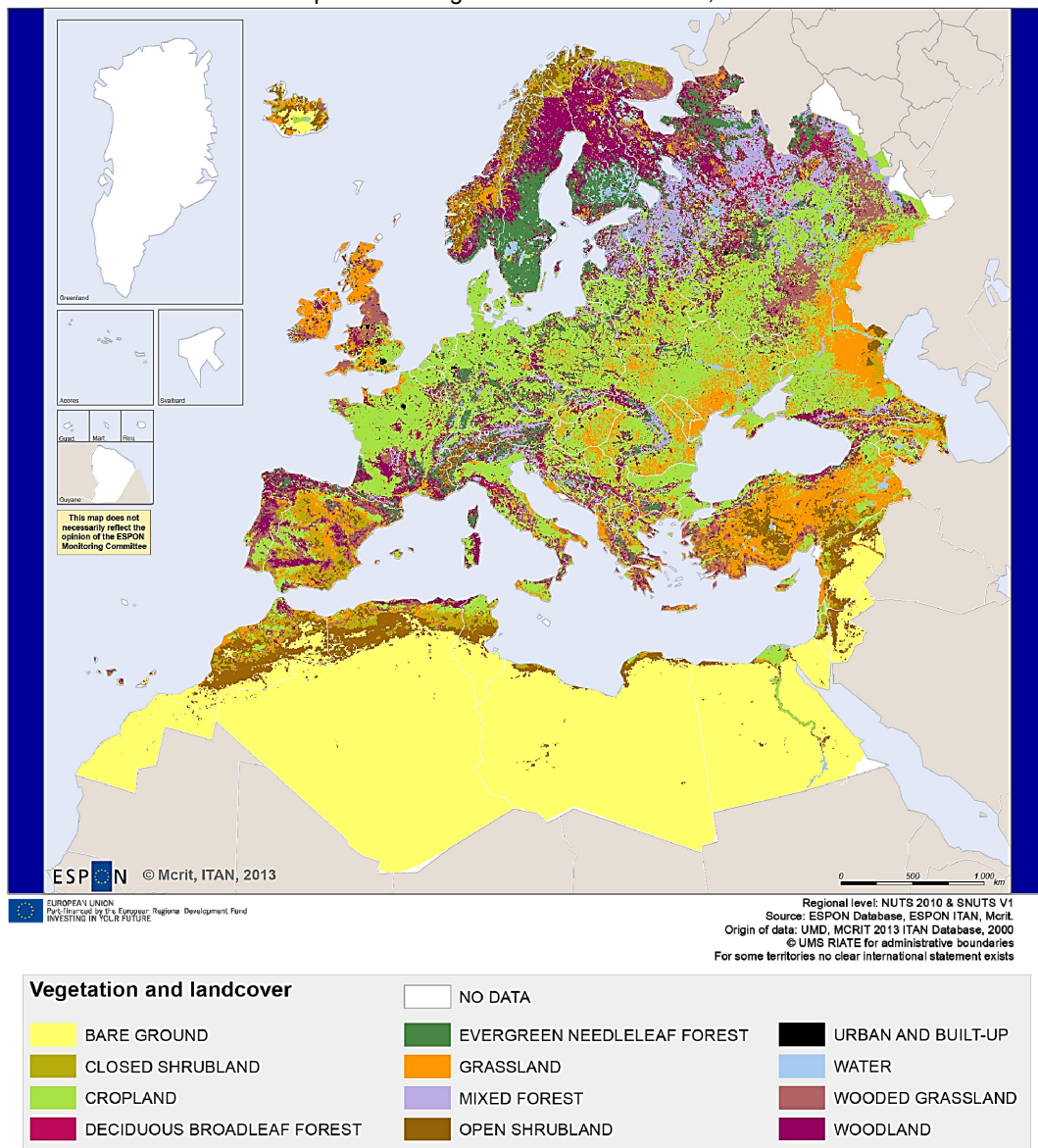
we consider these composite indicators as a major asset of the territorial integrated analysis of all the Neighbourhoods. On the basis of harmonised data, the TPG set up four composite indicators, according a methodology which is thoroughly described in the Scientific Report [SR 1.3.13]:

- “Local HDI”, taking into account income, life expectancy and education, in order to analyse the social disparities at the SNTUTS 2-3 scale;
- “Territorial dynamism” through the demographic evolution and the economic evolution in the 2000s (which, by the way, means that we also had to make time series harmonisation so as to be able to have data for 2000 and 2010 for all ENRs);
- “International openness index”, stemming from data on international port, international airport and presence of Foreign Direct Investment (FDI) at local scale, so as to address the question of the regional international integration;
- “Territorial potential index”, based on tertiary education, transport accessibility and international openness.

4. ITAN MAIN RESULTS

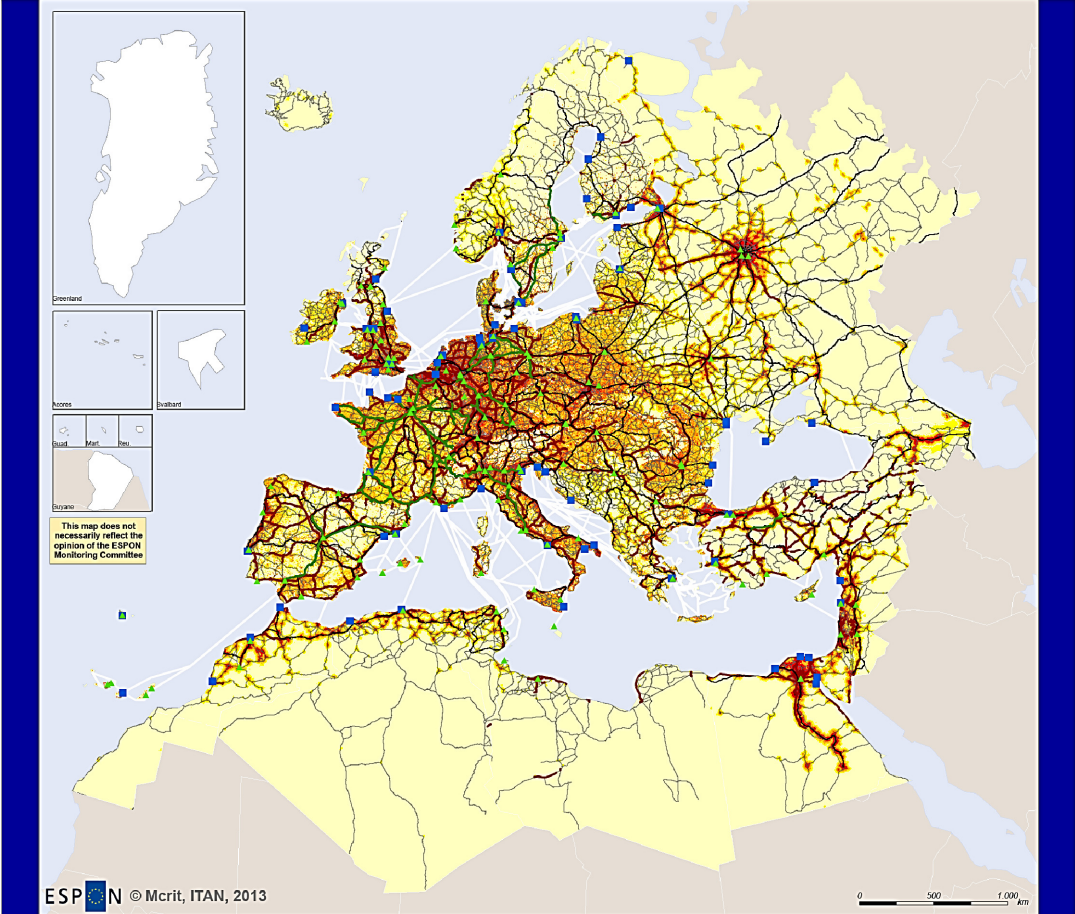
4.1. Providing stakeholders with a comprehensive view. An overview of the Neighbourhoods

Map 2 - The Neighbourhoods' land cover, 2000



The European Neighbour Countries (here at national scale that is to say with the whole of 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. Due to the large geographic coverage, the land cover (Map 2) displays the many types of land areas, from harsh climatic regions in the North and South extremes with tundra and desert, to temperate ones with croplands and forests.

Map 3 - Transport network and demographic density in the wider region, ca 2010



ESPON © Mcrit, ITAN, 2013

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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/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
 - 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

The desert is the biggest feature of all the area with about 30% of the entire surface, croplands being second with 20%. 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 subject at stake common to Europe and its Neighbours.

The settlement is largely explained by climatic constraints, with low density in the northernmost and southernmost territories. 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 Cyrenaica, 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; and of course in the very large cities of the ENCs: Moscow, Istanbul and its Marmara's urban region, at a much lower extend the Maghreb large cities. But no place in the ENRs displays bigger demographic concentration than the Nile valley, from Luxor to the Mediterranean coast (Map 3).

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 GDP has been rising in the last fifteen years, thanks to the recovery of the former Soviet countries, 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, though, to create the jobs they urgently need. 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 those of the EU.

4.2. The threats

The threats are many. The ITAN TPG stresses on the territorial inequalities, the gender issue in the South, political unrest, the manifold environmental problems, and the market fragmentation.

4.2.1. Territorial inequality, non-inclusive growth

1°) Non-inclusive growth

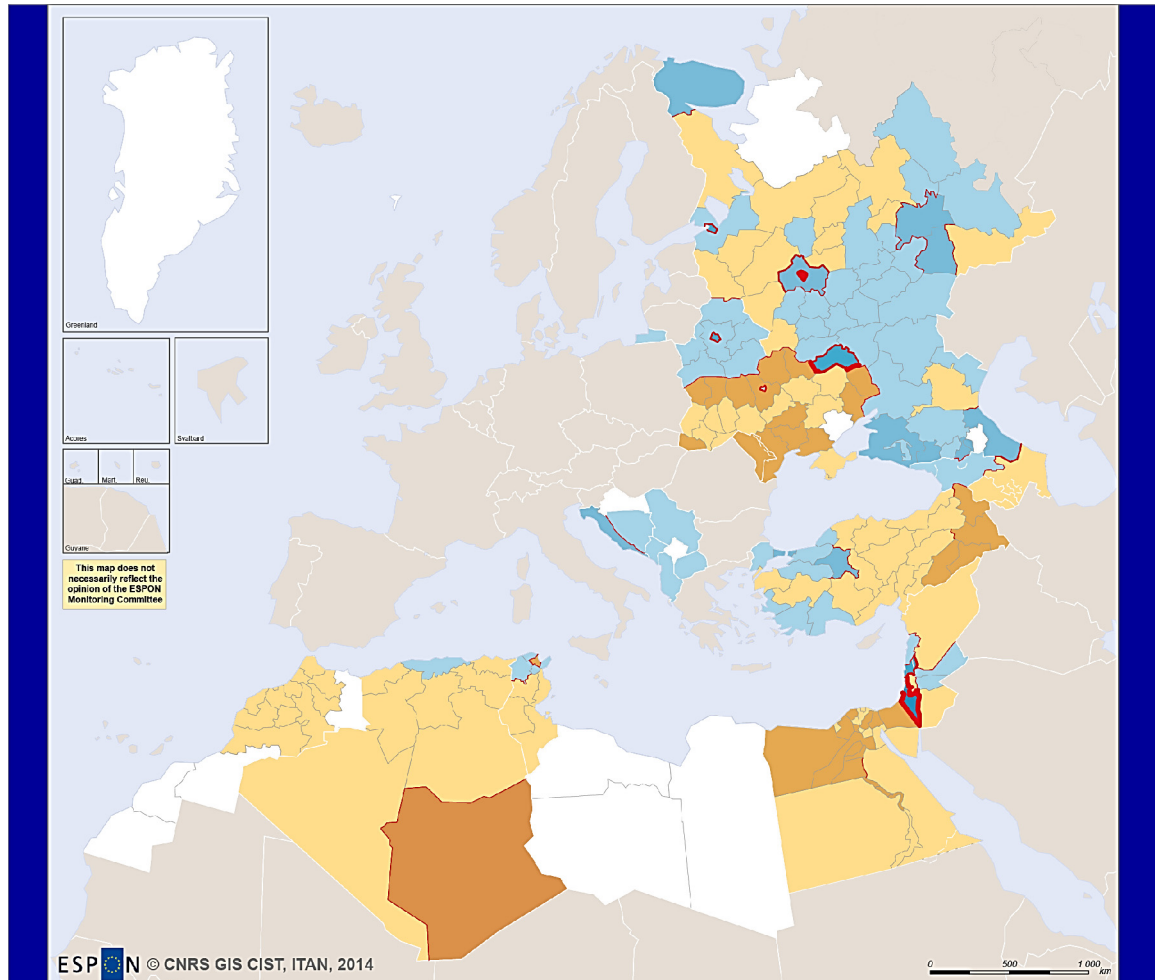
The issue of inclusive growth is a challenge at many scales:

- locally because of the poor quality of development and low people participation in the ENCs in particular in the poorest;
- at national scale because the regional disparities are rising in particular in countries such as Tunisia (the SR explains why the revolution began in Sidi Bouzid, see section 6.2.3 on Tunisia) and still more Turkey [SR 6.2.11];
- at the scale of the wider European region, where discontinuities are not sustainable. When one compares the GDP per capita (PPP) in the three first world regions, the worst situation is in our region. In East Asia, the Dragons clearly caught up with Japan, and the developing countries (including China) are progressively bridging the gap. In the Americas, the emerging 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 since the Arab Mediterranean ENCs hardly reach a level of 20 (Eurozone=100).

2°) Local HDI: the results

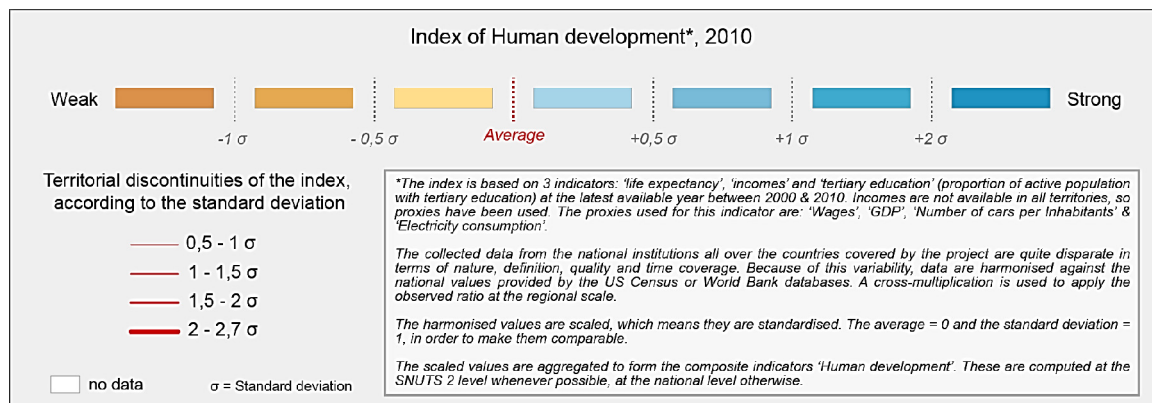
Map 4 shows the added value of ITAN local Human development index. It confirms that local realities rely on national structures, especially in human development where (national) public policies are determinant for health and education. In Russia, Ukraine, Egypt, local records are more or less national values, despite peculiarities such as Belgorod Russian oblast at the north-eastern periphery of Ukraine (nuclear activities, high salaries). But in some countries, internal disparities are confirmed. The opposition between littoral and inner Tunisia is obvious; territorial disparities are wide in Turkey.

Map 4 - Human development level in the Neighbourhoods, ca 2010



ESPON © CNRS GIS CIST, ITAN, 2014

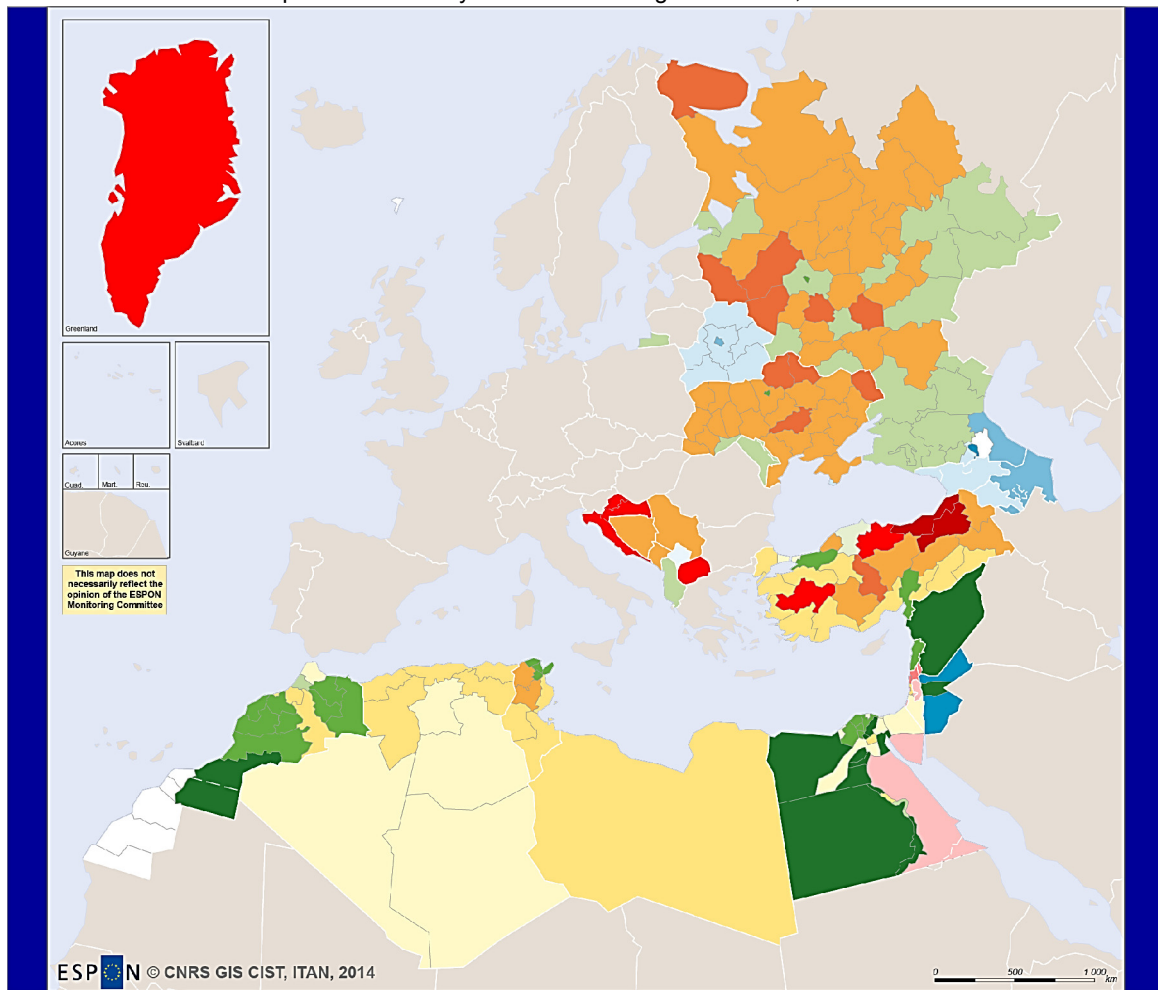
Regional level: SNUTS 1-2
 Source: ESPON project (ITAN), CNRS GIS CIST, Data harmonised by IGEAT, 2014
 Origin of data: National statistical Institutes, US Census, World Bank, 2013
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 For some territories no clear international statement exists



3°) Territorial dynamics: a contrasted pattern between ENC's and inside ENC's (e.g. Turkey)

Map 5 gives the cartographic output of the second ITAN composite indicator: the territorial dynamics. The typology set up keeps the distinction between the demographic evolution (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 worrisome trends in some Mediterranean ENRs because their strong dynamic is demographically driven and not economically sustained (see southern Algeria for instance). The situation of greater Cairo in Egypt, not easily readable given the delineation of the Egyptian governorates, is detailed in the Scientific Report [6.2.5].

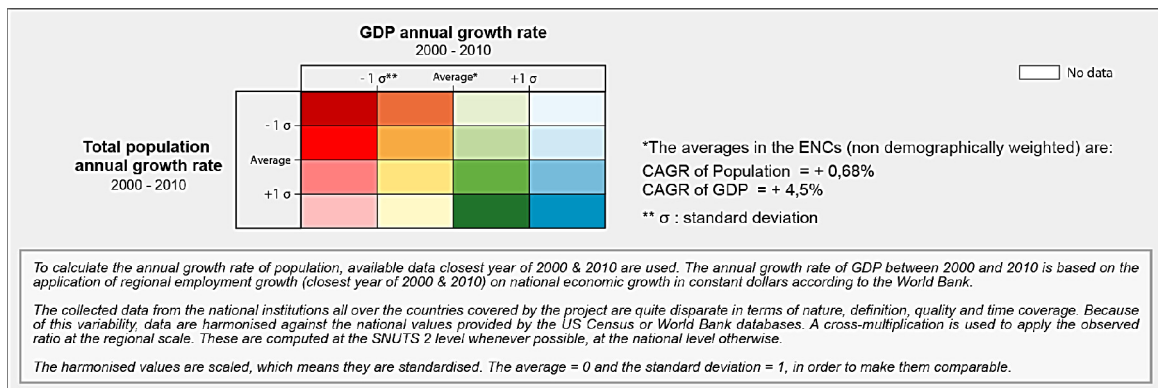
Map 5 - Territorial dynamics in the Neighbourhoods, 2000-2010



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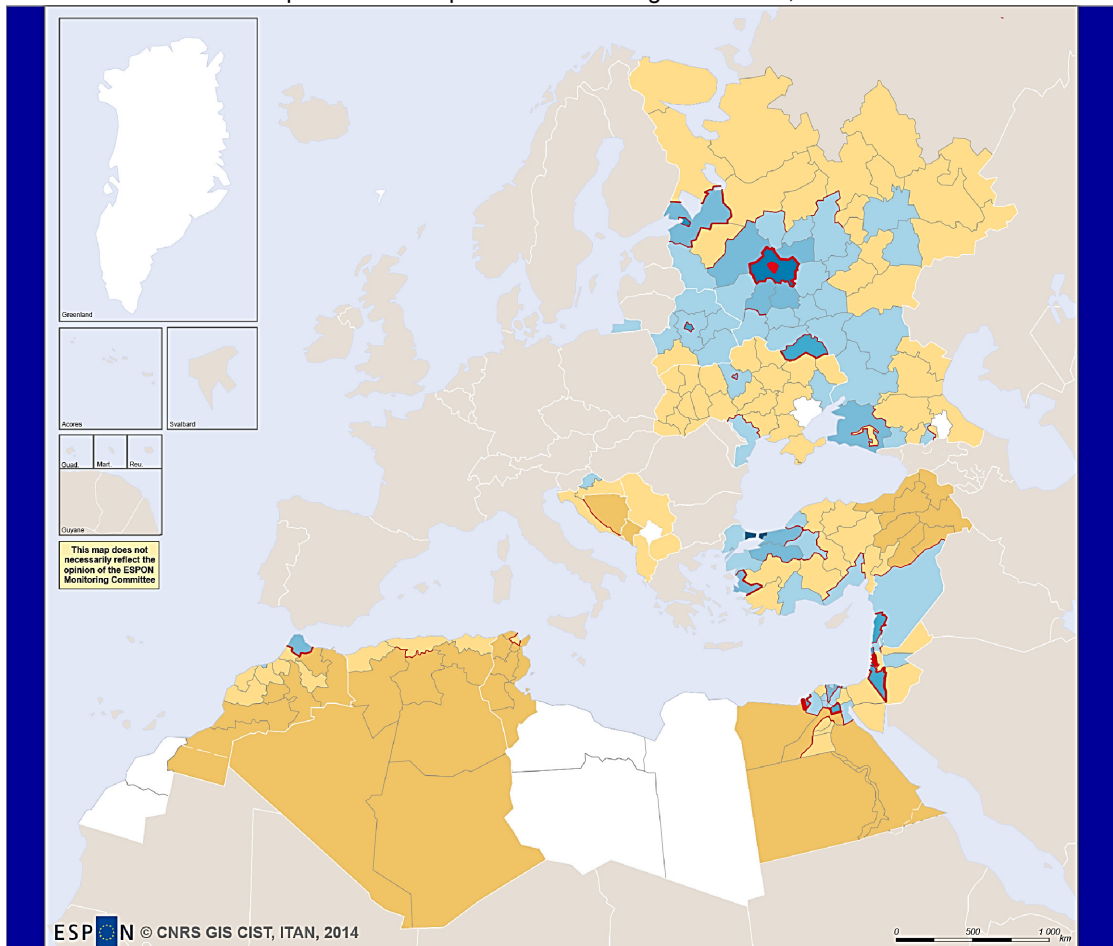
Regional level: SNUTS 0-1-2-3
Source: ESPON project (ITAN), CNRS GIS CIST, Data harmonised by IGEAT, 2014
Origin of data: National statistical institutes, US Census, World Bank, 2013
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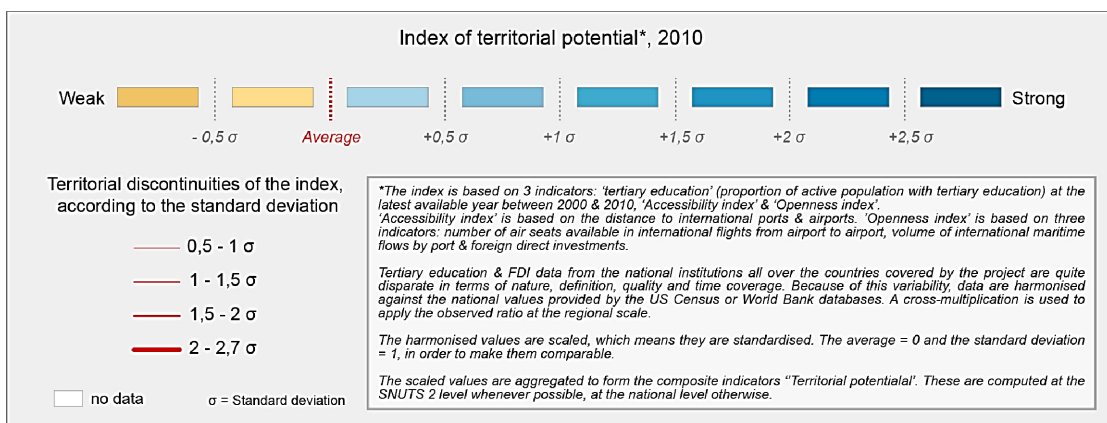
4°) Inequalities in territorial potential

Here assets seem in the East – read Russia and not Ukraine – rather than in the South; Turkey is in an intermediate position with internal great heterogeneity again. Moscow and Israeli territories are far ahead, but several territories in Egypt show up. Maghreb is lagging behind. The contrast in Tunisian territorial potential suggests the territorial divide, which had been one of the first concerns stated by the new government after the 2011 revolution, seems there for long. When this government took office, it called for an ambitious territorial planning policy based on an independent statistical national institute to disseminate data and territorial analyses. This remains to be done.

Map 6 - Territorial potential in the Neighbourhoods, ca 2010



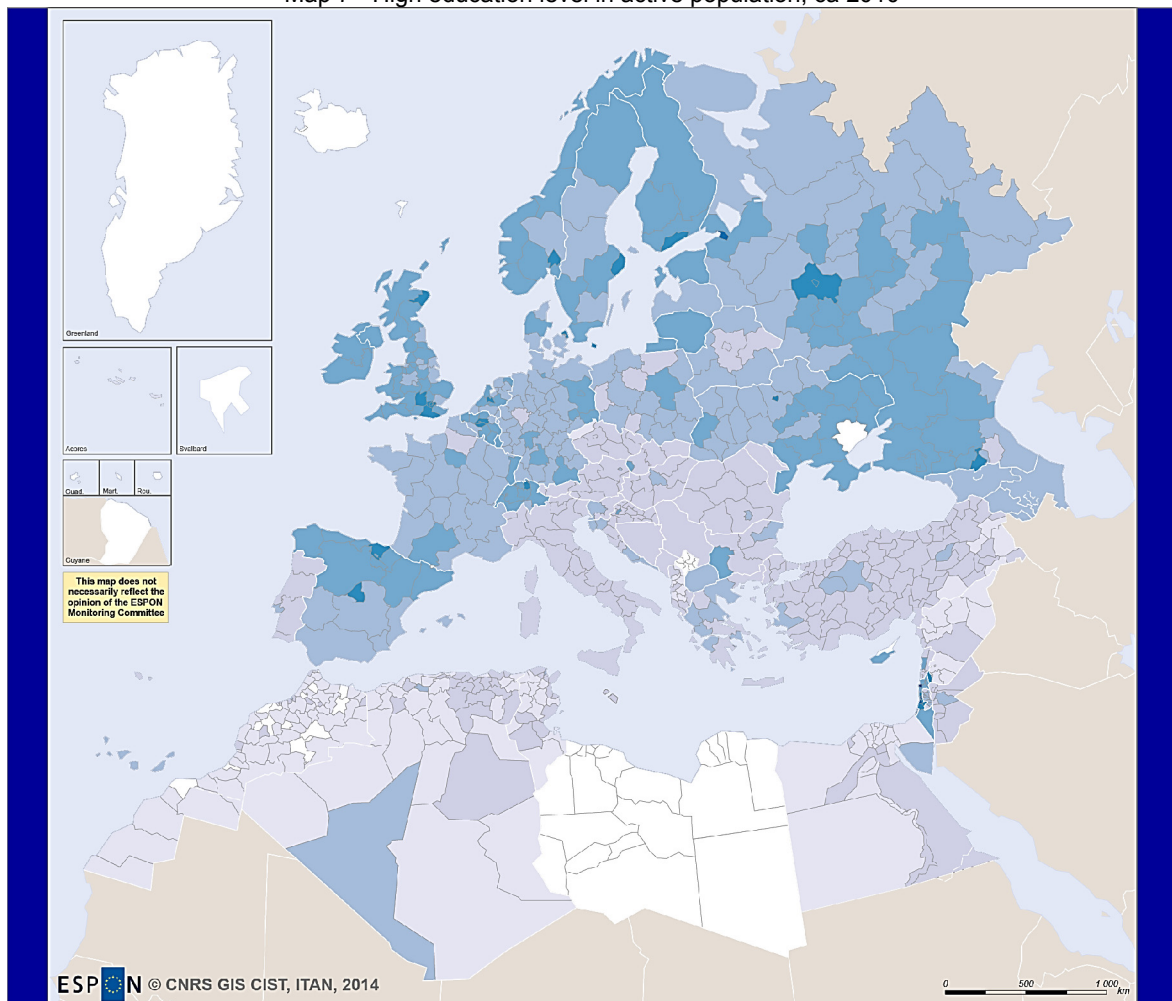
Regional level: SNUTS 0-1-2
 Source: ESPON project (ITAN), CNRS GIS CIST, Data calculated by MCRIT & standardised by IGEAT, 2014.
 Origin of data: National statistical institutes, US Census, World Bank, MCRIT, 2013
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 For some territories no clear international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



4.2.2. Education and gender issue in the Mediterranean

Another issue at stake of the wider region is education. 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. The Scientific Report [chap.6.2] shows an unexpected concern for young girls: in secondary school, they happen to be much more enrolled than their elder but also than their masculine counterparts, because at this stage boys all too often drop out. The contrast is incredibly high between over-representation of girls in secondary school and under-representation of women on the labour market, in particular out of the metropolitan areas. This suggests a coming rising concern of South Mediterranean women, namely in the non-metropolitan areas, when these now very numerous educated girls will have become young women looking for – lacking – jobs.

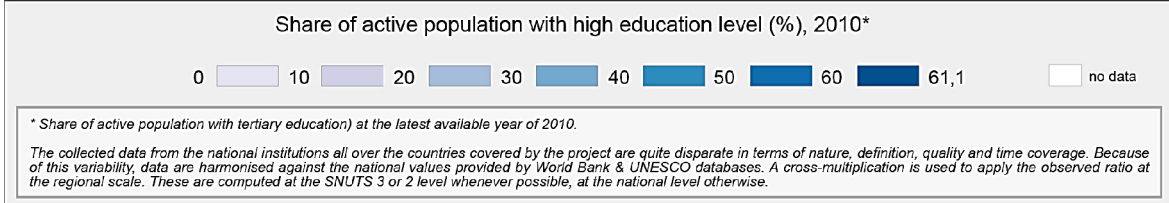
Map 7 - High education level in active population, ca 2010



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EUROPEAN UNION
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INVESTING IN YOUR FUTURE

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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4.2.3. Market fragmentation

The fragmentation of the economic space in the Mediterranean Neighbourhood goes as far as a border closure between Morocco and Algeria. What chances do have local actors to attract Foreign Direct Investment with so small and fragmented markets? The sub-regional integration of Maghreb is not only at stake for local people, it is also at stake for an easier presence of European interests in each of the Maghreb countries, whose market would then be enlarged. This situation characterises the other Neighbourhoods. Here we give the example of the Eastern Neighbourhood (Box 1), and the concrete case of the distribution of milk in Western Balkans (Box 2).

Box 1 - Commercial and physical difficulties to cross the borders in the Eastern Neighbourhood

A limited number of institutional agreements between the EU and the Eastern Neighbourhood countries exist today regarding physical and commercial border crossings. The bilateral partnership and cooperation agreements (PCAs) between the EU and the Eastern Neighbour countries (except Belarus) aim at fostering trade but they do not envisage a free trade regime. The Eastern Neighbourhood countries' level of protection against imports from the EU is considerably higher than EU import tariffs for imports from the Eastern Neighbour countries. In the case of Russia, import tariffs will go down in coming years due to implementation of country's WTO-related obligations. A negotiation on more comprehensive free trade agreements, which are seen as part of broader PCAs, was initiated by the EU aiming at the integration of the Eastern Partnership countries into the EU single market.

Regarding physical border crossings, the citizens of the Eastern Neighbourhood have to submit their international passport (valid for no less than three months) with a valid Schengen visa when crossing the EU countries' borders. Some restrictions apply regarding import of alcohol, cigarettes and other goods. Time needed for border formalities varies within a wide range depending on the location of the crossing point, on the season and on a day of the week. Some countries of the Eastern Neighbourhood have simplified border crossing regimes with the EU for the citizens of border regions.

Box 2 - Fragmentation of food markets in Western Balkans: the case of milk

Food markets are relevant examples of the relative distortion introduced by the EU in the countries of its Neighbourhood. In the case of Balkan countries, food markets used to be quite integrated during the time of Yugoslavia. Even if the Yugoslav wars disturbed international trade, the integration of non-EU Western Balkans countries in the Central European Free Trade Agreement (Cefta) in 2006 showed their will to create a common space for trade.

Croatia is one strong trade partner of Bosnia and Herzegovina. In 2012, Croatia exported dairy products for a total value of 34 million euros to Bosnia and Herzegovina and imported for 22 million. The integration of Croatia in the EU (2013) reconfigured each free-trade zone (EU and Cefta). Trilateral meetings between Croatia, Bosnia and Herzegovina and the EU did not help solving all the issues:

- On July 1st 2013, Bosnia and Herzegovina was not able to export dairy products to Croatia because none of the producers were on the list of "Third Country Establishments" approved by the Food and Veterinary Office in the "Food-Section IX" (due to the slow transformation of Bosnian control over food production);
- Croatia, while leaving Cefta for joining EU, asked Bosnia and Herzegovina to maintain its free-trade regime by raising the quota of some products (such as milk and dairy products) imported from EU by Bosnia and Herzegovina without tariff. The Bosnian government refused, pleading that it needed to protect its national market in a situation where Bosnian producers cannot export dairy products to Croatia.

This led to a multifaceted crisis between the two countries: (i) it accelerated the adoption of veterinary and organisational measures concerning food safety in Bosnia and Herzegovina; (ii) it slowed down the opening of an additional third Border Inspection Point between Bosnia and Herzegovina and Croatia; (iii) It forced Bosnian milk industry to find new outlet for their products in the Balkans and eventually in Turkey.

4.2.4. Political threats

In the Neighbourhoods the political threats are many. They sometimes have direct territorial impacts or origin. In its section 2.2.3 the Scientific Report gives a quite comprehensive view of the contested territories in the Neighbourhoods. A major threat is related to the minority issue; cultural diversity is a treasure of the wider region of course, but undoubtedly the minority issue is a component of many contested territories. We began to map minorities (cultural, religious, "ethnic"...), namely in the Mediterranean Neighbourhood, but due to the lack of reliable information, we could not proceed very far: this would require a whole ESPON project per se to gather the needed data.

Among others examples, Libya, where the civil war in 2011 caused around 30 000 deaths and provoked the outmigration of hundreds of thousands in the neighbouring countries (Egypt and Tunisia in particular), now faces a chaos. Some of the places have been destroyed almost completely and in some cases, all the population was compelled to flee abroad or to other parts of Libya. In Syria, the conflict that has overwhelmed the country since 2011 has not only caused many casualties (perhaps 200 000 to-day), but also disrupted health systems that are essential for the nation's future and heavily damaged the economy. The country 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 2014 figures of the UN-HCR were around 900 000), and more than 6 million within Syria in search of a safe refuge. One can imagine the potential impact of such deep unrest at the gates of Europe, for example with booming asylum seekers.

4.2.5. Environmental threats

The vast Neighbourhoods encompass all existing types of environmental shortcomings and threats, of natural or human origin. Here we stress on the earthquake issue, because it raises the question of a common Euro-Mediterranean civil protection policy; and on the water issue, because the Mediterranean (southern side but also northern) is, according to the IPCC, the place in the world, along with north-western India, where the scenarios of rainfall shortage are the most converging. Then we address the environment issue for the Northern Neighbourhood, because the ice melting is turning the Arctic into a hot spot in every sense of the word.

1°) 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 calls 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 actual crisis management; (iii) post-crisis reconstruction.

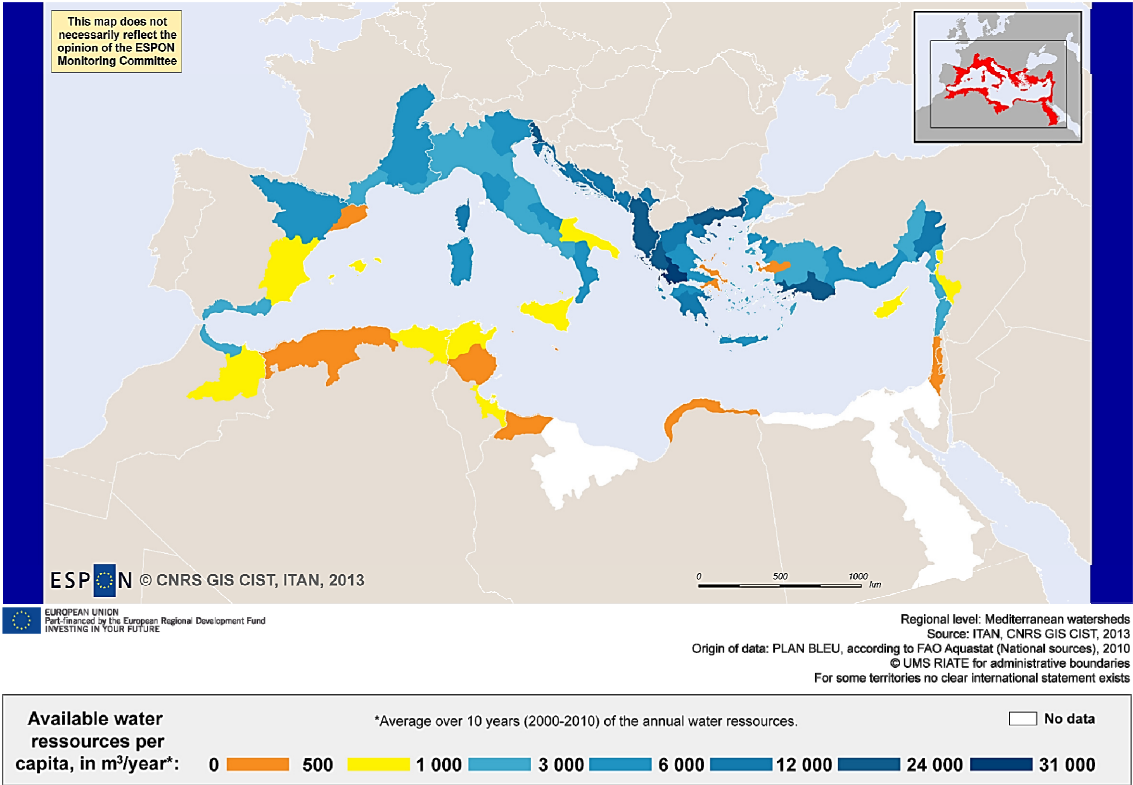
2°) The key water issue

Climate change will strongly impact the ENCs, especially in the Black Sea area and in the Mediterranean. The water shortage will particularly impact Egypt, where the available resource per capita is already 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, with rising disputes vis-à-vis the Nile upstream countries. The water exploitation index is high in the water basins of the Mediterranean: 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: the water issue is not only a Neighbour concern. In the 2000s the pressure seems to have lowered but anyhow the withdrawals are not sustainable in the South, because they rely a lot on groundwater. The problem is that the per capita available water is already under the hydric stress threshold in many of the Mediterranean water basins (Map 8 and [SR 6.1.6]).

The current solutions are hardly sustainable. As an example in Tunisia, which is one of the Arab countries most efficient in the field of water service, improvement in sewage and drinkable water 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 of the delivery of the service. (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 littoral where the major cities are located, Tunis to begin with. Water is, at the same time, one of the major threats of the Euro-Mediterranean area, and one of the most important fields of possible cooperation between Europe and its Neighbours.

Map 8 - Water resources per capita in Mediterranean watersheds, 2000s



3°) Environmental threats in the Northern Neighbourhood

The Arctic region is an important part of this Neighbourhood. It has a complex environment and is mostly an uncharted territory. The Arctic region is going through a vast transformation that will have significant impacts, not only on the region itself, but also the rest of the world. Climate change is the main driver behind this mass transformation as the effects of global warming in the Arctic has increased twice as much as the global average since 1980. The temperature increases twice as fast as in the rest of the world while creating negative effects, through sea level rise and increased ocean acidity, on the livelihoods and ecosystems. There is an extraordinary increase in the sea surface temperature over the last three decades [IPCC 2013] and [SR 3.3].

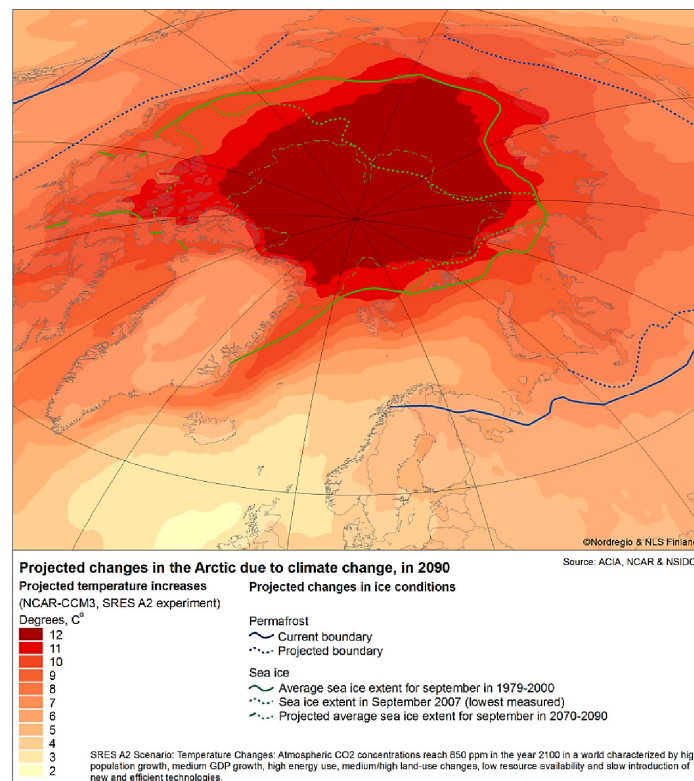
Dramatic changes in the Arctic risk crossing the tipping points (environmental thresholds) and can result in irreversible consequences for future development of the Northern Neighbourhood. Due to the decline in the sea ice, a darker land surface will appear and amplify warming by absorbing more of the sun’s energy and creating a self-reinforcing feedback loop. The projected disappearance in sea ice will intensify regional and global warming by reducing the reflectivity of the ocean surface. Melting of the Arctic glaciers and the Greenland ice sheet would likely contribute to the rising sea levels. Permafrost thawing would challenge infrastructure and shorelines in northern Alaska, Canada and Russia, while terrestrial ecosystems could change character significantly [Mega Trends 2011].

Impacts of environmental change in the Arctic would extend far beyond the Arctic region such as release of carbon dioxide and methane as a result of thawing permafrost. Forest productivity may change in some areas which can affect the water flow from forests into rivers, streams and reservoirs as forests play a major role in the water cycle. In areas where forest ecosystems are affected by increased disturbances, one of the consequences may be water quality as it can be affected by increased soil erosion and contamination.

The migration of fish will affect the whole food chain in the polar North as species which are endemic to the Arctic are depending on each other to survive. Invasion of new species will create a disruption in the biodiversity that will affect the entire livelihoods by almost restructuring the ecosystem. As the Arctic ice melts, technological developments will be on the forefront for the utilization of petroleum resources on the Arctic continental shelf, which could hold roughly one third of the world's remaining reserves of natural gas, and almost 13% of the world's remaining reserves of oil. Melting polar ice is also creating opportunities to open up new transport routes due to the opening of new shipping lanes across the Arctic Ocean.

If the climate changes continue, the projections in 2090 might look similar to what is presented in Map 9. Sea ice has already declined considerably over the past half century and additional declines of roughly 10–50% in annual average sea-ice extent are projected by 2100. Declines in the sea ice extent are projected to be greater during summer with more than a 50% decline by 2100. Human accessibility will increase and begin to exploit the natural resources of the region. While this will bring new economic opportunities to the region such as increased potential for maritime transport, exploitation of natural resources (hydrocarbons, oil and gas, minerals, fisheries as well as tourism as a growing sector for the region's economy), it will be essential for the sustainability of the region that the process of exploration is managed in a responsible way, benefiting the region as a "common good". Oil and mining companies will also need to consider the interests of the indigenous people when evaluating potential projects in the Arctic region [Ebinger and Zambetakis 2009].

Map 9 - The projected changes in the Arctic due to climate change in 2090



Source: Megatrends 2011

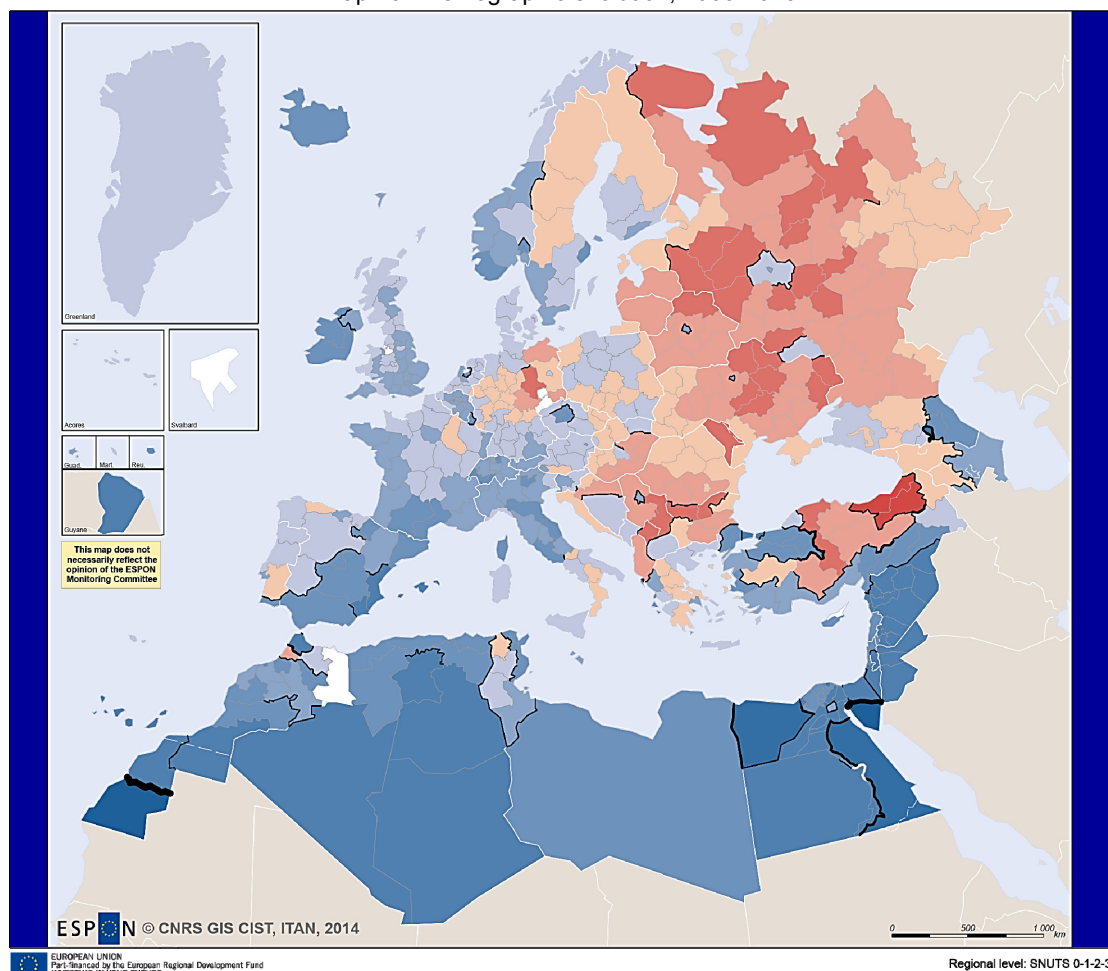
4.3. Still, more opportunities than threats

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

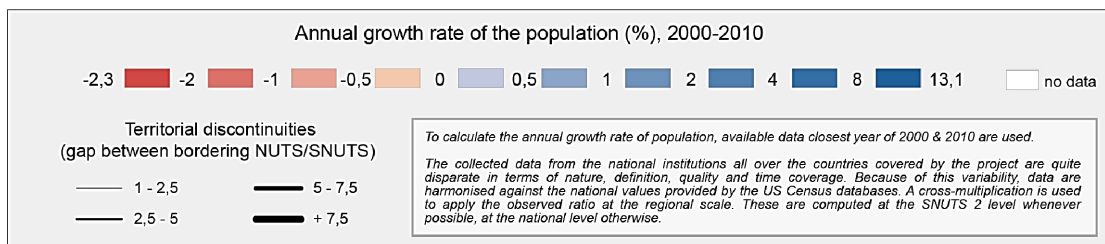
4.3.1. Demographics and labour forces

The people of the ENCs 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 small part of their 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.

Map 10 - Demographic evolution, 2000-2010

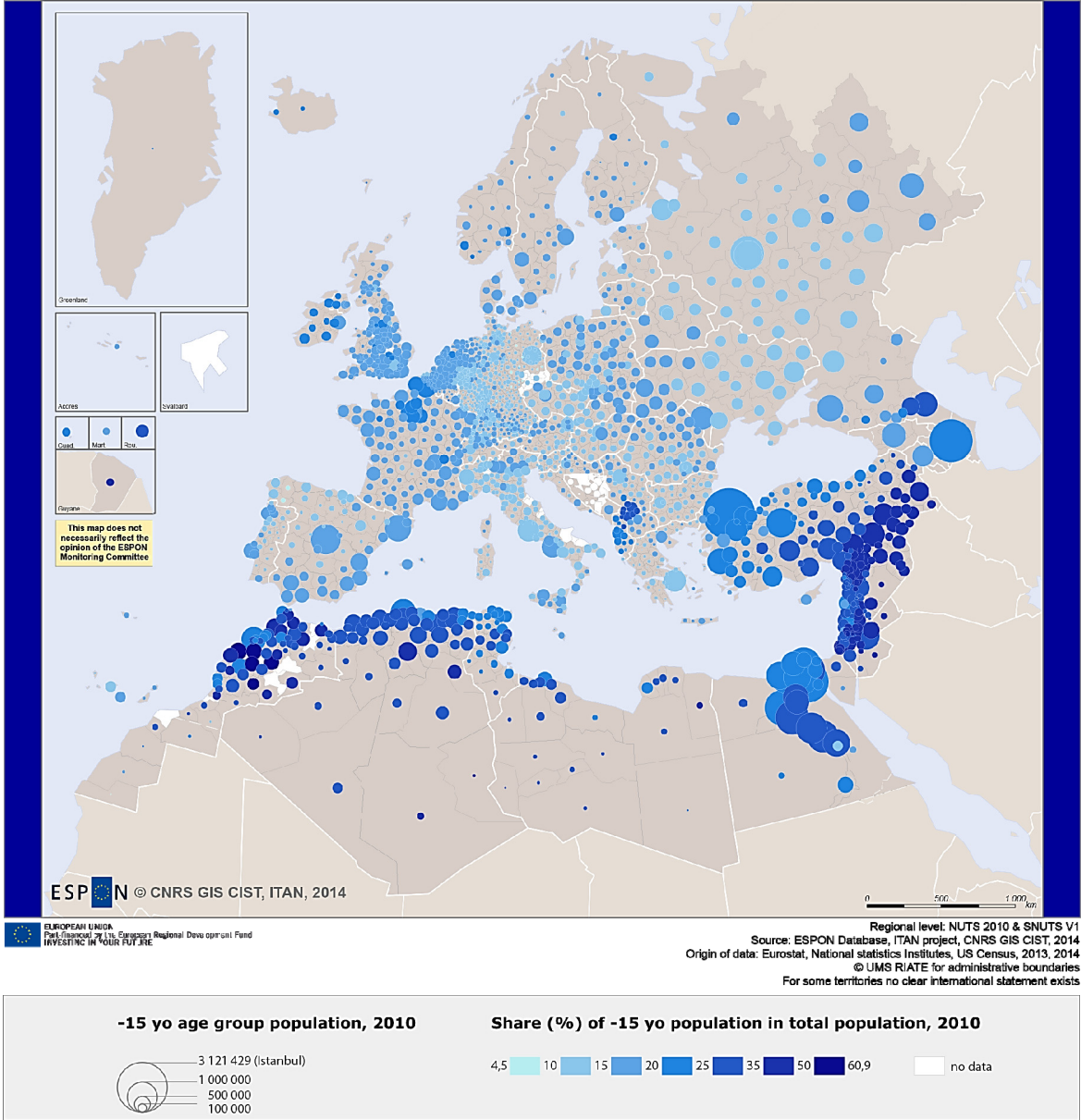


Regional level: SNUTS 0-1-2-3
 Source: ESPON project (ITAN), CNRS GIS CIST, Data harmonised by IGEAT, 2014
 Origin of data: National statistical institutes, US Census, 2013
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The map of children under 15 in the wider region (Map 11) depicts a striking view of tomorrow's dynamics. Such a number and a proportion of youths in the Mediterranean, especially in the Near-East, could be seen as a potential pressure and threat for Europe. Properly managed, this demographic complementarity with Europe could become the engine of a high economic growth.

Map 11 - Today and tomorrow demographic growth: children under 15 in the wider region



4.3.2. Markets opportunities

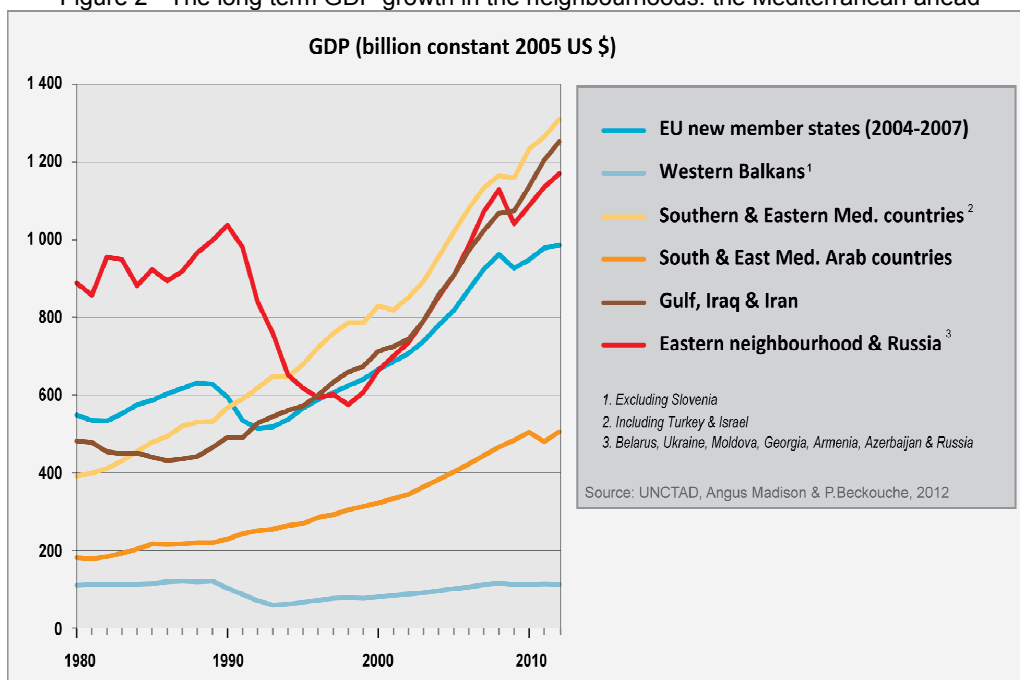
1°) Neighbourhoods are 11% of Europe's potential growth market of the coming decade

Figure 2 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 enlargements) because prior to 2004 they were former European neighbours. The first lesson is that almost all these neighbourhoods witness an impressive economic growth, expressed in constant

currency; this is undeniably an asset for Europe. Moreover, the economic hierarchy has 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 lagging behind.

This analysis has to be tempered in several ways: (i) the huge transition experienced by the former Eastern Socialist countries, namely Russia, 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. That being said, the TPG assesses to 11% the share of ITAN Neighbourhoods in the potential growth market of Europe in the coming decade.

Figure 2 - The long term GDP growth in the neighbourhoods: the Mediterranean ahead



2°) Investment

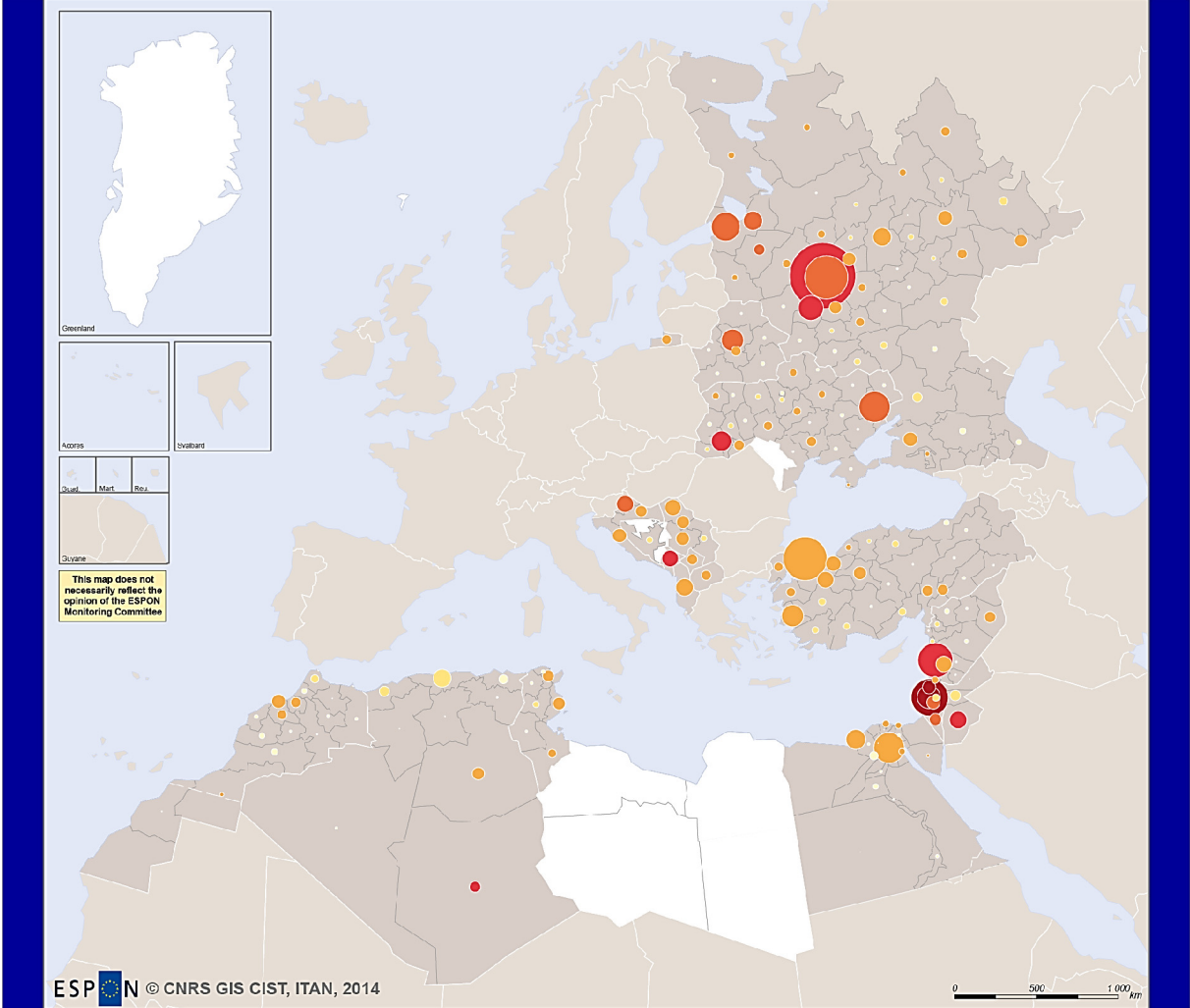
The East Asian boom is based on the complementary between its national economies: highly developed (Japan), developed (Dragons), and developing (China...). The developed countries have found growth drivers in their developing neighbourhood. This is what the investment rates in the region prove – lowering in Japan, booming in its developing neighbours. In the wider European 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 has diminished; it remains modest, especially in Maghreb (Map 12).

The Scientific Report [SR 2.2.1] gives an idea of the usefulness of the indicators developed by ITAN: we can cross FDI inflows at local 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 dramatically changed since then). But many local territories, mostly of the Mediterranean Neighbourhood and namely in Egypt, show dynamic which means they need further equipment and services with potentially rising purchasing power, but they show little or not at all attractive for FDI. That kind of tool can be of interest to detect

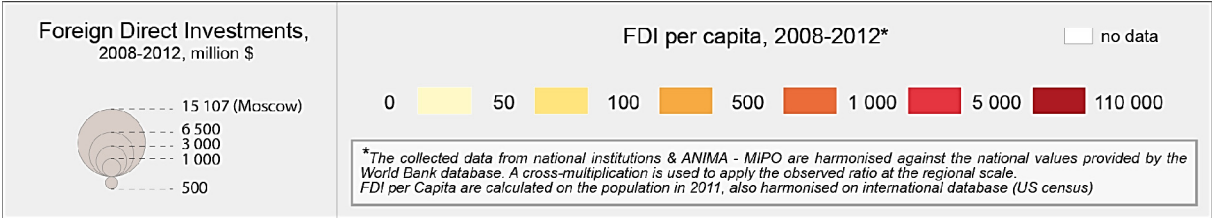
territorial potential vis-à-vis foreign – namely European – investors. In a field where information is sensitive and where a “good” or a “bad” image can change the financial figures, such a tool can help providing a more objective assessment.

Furthermore, the Scientific Report [SR 6.1.5] gives another example of what can be derived from the ITAN database: in the case of the Mediterranean Neighbourhood, it shows that the FDI, contrarily to what is often said, are quite territorially inclusive in the sense that they are not limited to capital cities.

Map 12 - Foreign Direct Investment inflows, 2008-2012



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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4.3.3. Energy in the wider European region: a strategic complementarity

1°) Potential cooperation in a region that gathers consumer countries and provider countries

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: 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 possess 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: the vast majority of North Africa's hydrocarbons 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.

Map 14 provides a striking 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 ENC's are confronted to deficits: Western Balkans, Morocco, Tunisia, Near-East except Syria, Moldova and Ukraine.

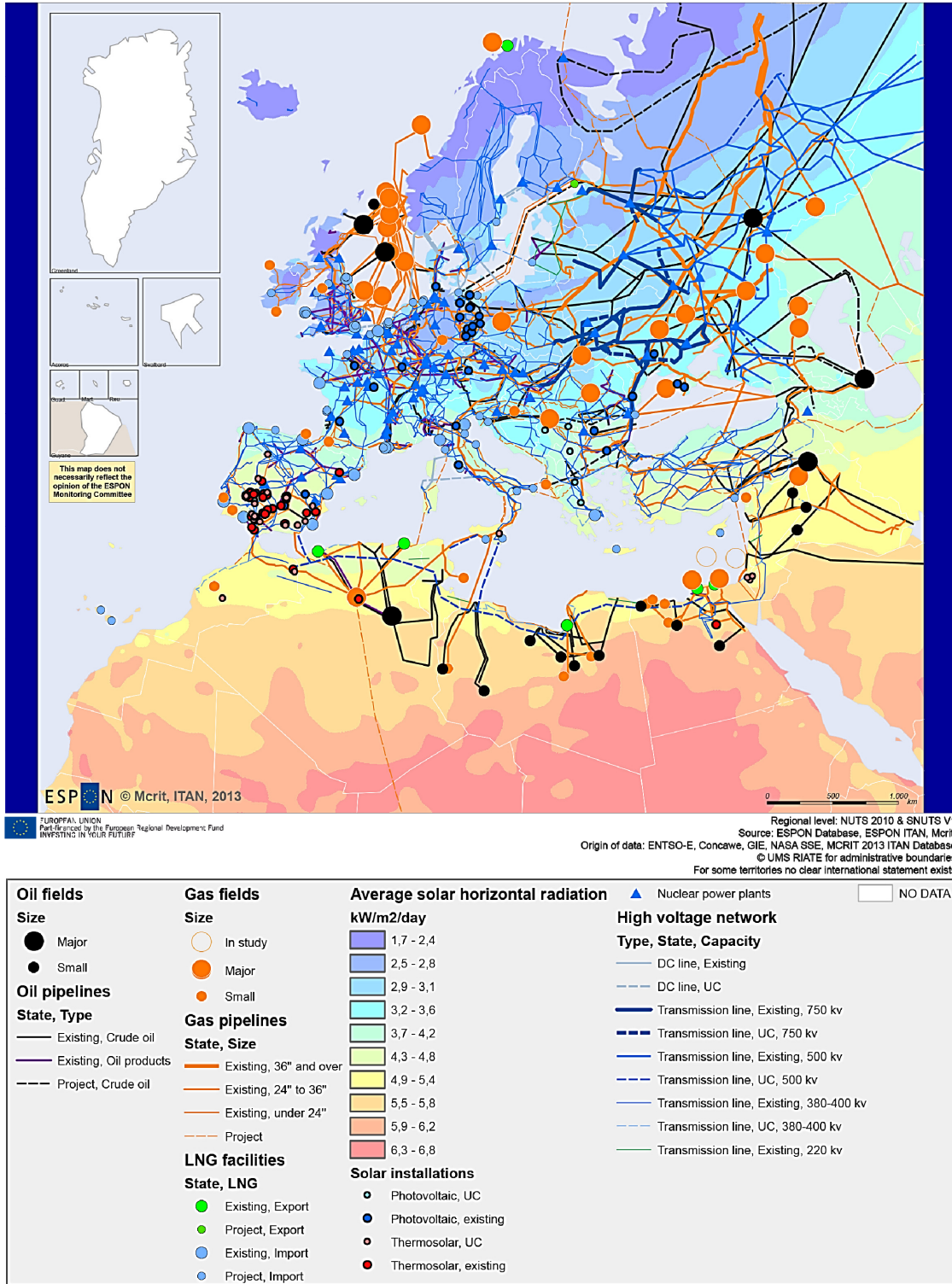
In the coming decade there will be a huge rise of the energy demand in the southern neighbourhoods. This means at the same time, (i) huge potential markets for European enterprises which could find opportunities to build energy facilities in these booming countries, since US\$200 billion are to be invested in energy in the coming decades (see Map 15); and (ii) a threat if this boom is managed with low energy efficiency and high greenhouse gas emissions. Indeed, these booming southern neighbours highly depend on hydrocarbons. As it is the case also in the Eastern Neighbourhood, the Neighbourhoods as a whole display a striking contrast vis-à-vis the ESPON space where the energy transition has really begun. Greenhouse gas emissions are high in the Eastern Neighbourhood and have been booming in the Southern neighbour countries, which had a low level of emission (especially when emissions are divided per capita) but are clearly catching up.

The conclusion of the Scientific Report [section 2.2.2] is that Europe would find four key advantages in an in-depth cooperation with the ENC's in the field of energy: one is the security of its procurements. Two is a common policy in favour of the energy transition and fight against the greenhouse gas. Three is related to the rising business opportunities in the field of energy in the Southern Neighbourhood. Four is the opportunity to set up an ambitious technological and industrial partnership in the field of energy with these Southern Neighbours and contribute to their general development and stabilisation.

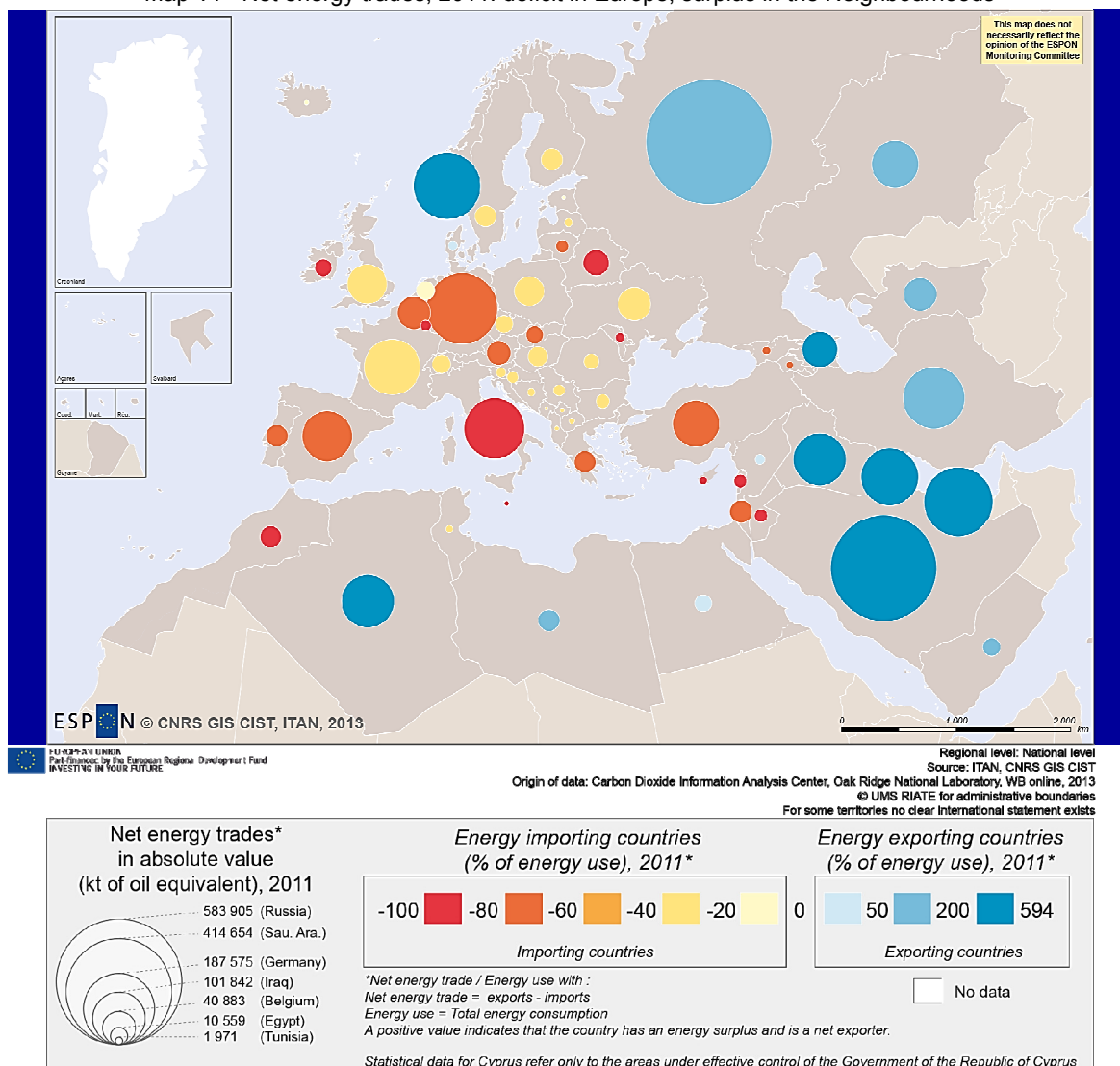
Moreover, energy has much to do with territories: local access to electricity – a key condition for development, solar electricity for remote areas, energy saving by compact sustainable urbanism, cross-border cooperation thanks to shared energy transport facilities, etc. This could pave the way for cooperation between Europe and its Neighbours for a multi-sectoral integrated planning policy.

However, 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 the *Observatoire Méditerranéen de l'Energie* (OME)'s "Mediterranean Energy Perspectives" say in its Proactive scenario that the two major solar players in this Mediterranean region will be Spain and Italy (foreseen production of 46 TWh); far after could come Turkey (18), then France (13). Algeria's figure would also be 13 TWh if this country manages launching an industrial and technological initiative to become a lead country in the entire energy field – but will it succeed without strong trans-Mediterranean cooperation? Morocco (6 TWh) would come much behind, not to cite Jordan (2,3) nor Tunisia (0,6).

Map 13 - The energy networks as a strategic driver of the economic regional integration, ca 2010



Map 14 - Net energy trades, 2011: deficit in Europe, surplus in the Neighbourhoods

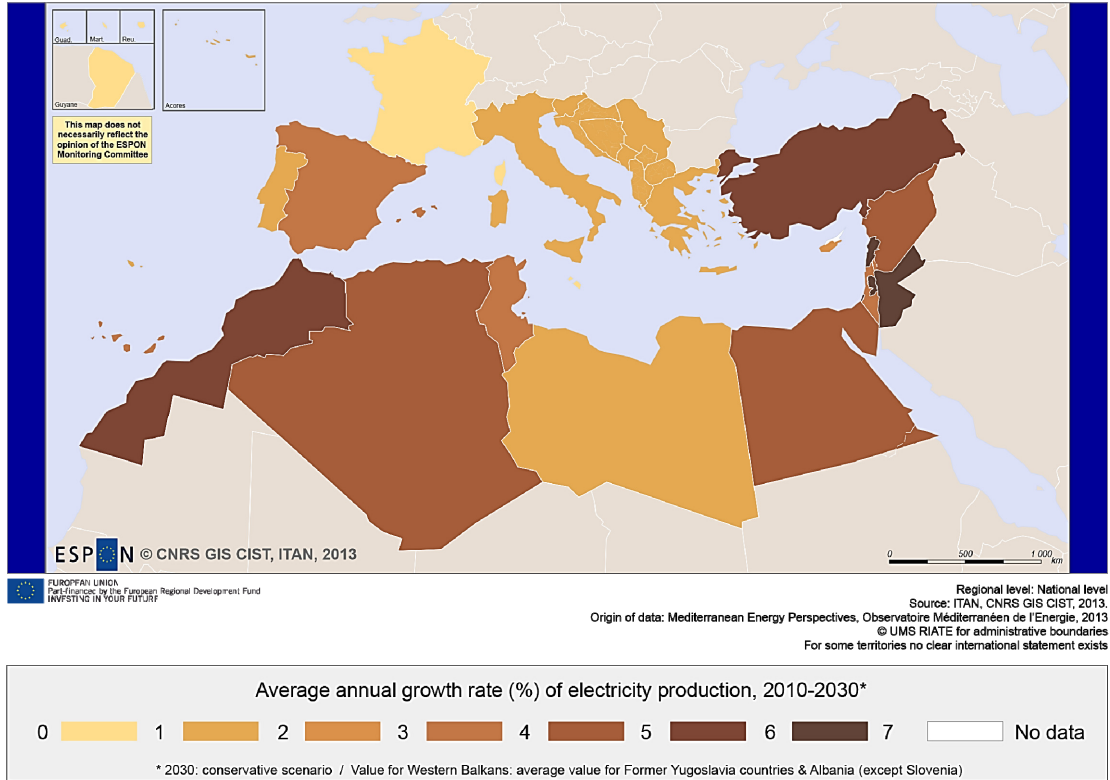


2°) No area in the world will experience a bigger electricity demand growth than the Mediterranean

The major information about the energy demand of the twenty-four countries of the Mediterranean rim is its impressive rise: +40% between 2010 and 2030 (Conservative scenario), +20% if robust energy savings policies are put in place (Proactive scenario). The major fact is that, anyhow, 75% of the increase will come from the Southern shore.

The electricity grids will hold a rising role 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, at all scales; within Neighbour countries, between them (importance of electricity grids for Maghreb or Near-East integration), and throughout the trans-Mediterranean connection.

Map 15 - Electricity production (TWh), 2010-2030: the booming Mediterranean partner countries



4.4. "One region"? Yes but

4.4.1. Connectivity, accessibility: assessment and prospects of the regional integration by networks

The main result of the ITAN report on networks [SR 2.1.2] is that we now have at our disposal a thorough cartography and up to date database of the transport network of the European region. This gives (i) a comprehensive view of this wider 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 network data, so as to compute indicators of connectivity, 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 the field of energy and also in the field of investment in transport infrastructure with regard to the needs of the ENC.

The transport networks display two types of opposition (see above Map 3). As aforementioned, the first is about demographic density: it reflects the climatic constraints on the northernmost, southernmost and 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 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 a high level transport infrastructure (high-speed rail and motorway) linking the Maghreb coast from Casablanca to Tripoli in Libya.

Accessibility: number of accessible people thanks to transport networks

This comprehensive database on the transport network makes it possible to calculate the accessibility – a key indicator for cohesion and access to markets – in the entire region (Map 16). The number of accessible persons in a span of time of three hours displays a harsh opposition between Western Europe and its outskirts. The northern Maghreb is linked to the European territory in terms of accessibility; the connection is also strong in Turkey. Another area of important accessibility is the Nile valley but due to local high demographic density but without any connection to Europe. Western Balkans and the Eastern Neighbourhood display medium to quite low accessibility areas, due to local limited density and/or weak transport access to Western Europe.

Connectivity of territories thanks to transport networks

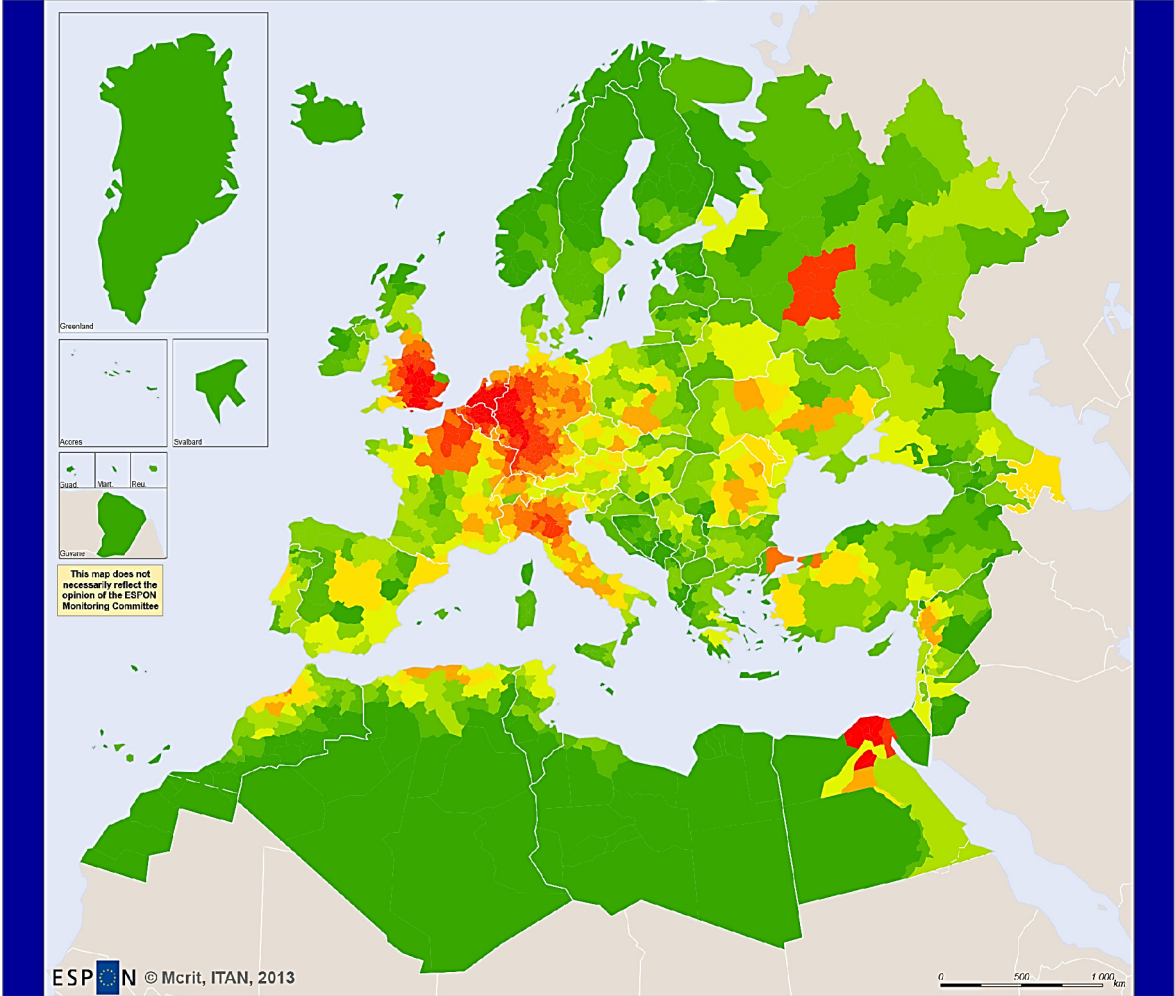
Maps on territorial connectivity have been produced using an indicator of the accessing time from any point on the territory to the main transportation network (main roads, railway stations and airports). This indicator is called ICON (Indicator of Spatial Connection to Transport Networks), calculated for each one of the 5x5km cells of the grid. Map 17 shows a high connectivity in the centre of Europe that worsens as we get near the periphery. In the Neighbourhoods, the patchy and low quality networks result in a bad connectivity except for some specific zones. Northern Maghreb has a rather good road and rail network; despite the border crossing difficulties, its connectivity is similar to that of the Iberian Peninsula or of the eastern EU members. Similar high connectivity corridors occur along the Nile River, the Near-East Mediterranean coast, between Ankara and Istanbul, or around Moscow. Beyond these specific zones the connectivity drops, especially in the most eastern Russian regions and in Sahara desert; in these remote peripheries, a meagre connectivity relates to small airports. Networks linking eastern EU with the Eastern Neighbourhood do not have discontinuities. The link in the Bosphorus strait gives a good connection of Europe to Turkey, but then moving by land to the Near East becomes increasingly difficult. Connectivity of the farthest regions on the neighbouring countries will not improve much in the future, as there are no plans to massively develop transport infrastructures in such sparsely populated areas. The development of new oil and gas fields in the Sahara might encourage the connectivity improvement of selected areas around these places and along their connection with the distribution ports. However, the southern and eastern Mediterranean coast will experience improvements due to future planned high speed roads and rails, leading to a high connectivity ring around the Mediterranean, with a performance similar to that of the networks of the EU members. It is expected that as cooperation between ENCs increases, the existing borders would become more permeable and transport networks more efficient.

Maritime traffic

In maritime connections, there has been a relative stability in the distribution of Europe (ESPON)-related maritime flows across ENRs during the 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 and the Black Sea/Russian Baltic areas realised rather moderate volumes in absolute terms but the share of Europe in their total traffic is the highest compared with other world regions. This share has, however, reduced from over 50% to 30-50% between 1996 and 2006 thereby suggesting important shifts mainly caused by the import of manufactured goods from Asian countries. A similar pattern is 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 importance of liquid bulk traffics such as natural gas, crude oil and refined oil. Data for 2011 (containers and bulks) confirm the drastic shrink of Europe's external influence globally yet with a maintained dominance in its nearest Neighbourhoods (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/Reunion). The pattern in 2006 is highly similar, notwithstanding, again, a drastic shrink of this estimated European influence around North/West Africa and the Mediterranean basin for the aforementioned reason of trade reorientation towards Asia.

Map 16 - Accessible population at 3 hours in the wider European region, 2010



ESPON © Mcrit, ITAN, 2013

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

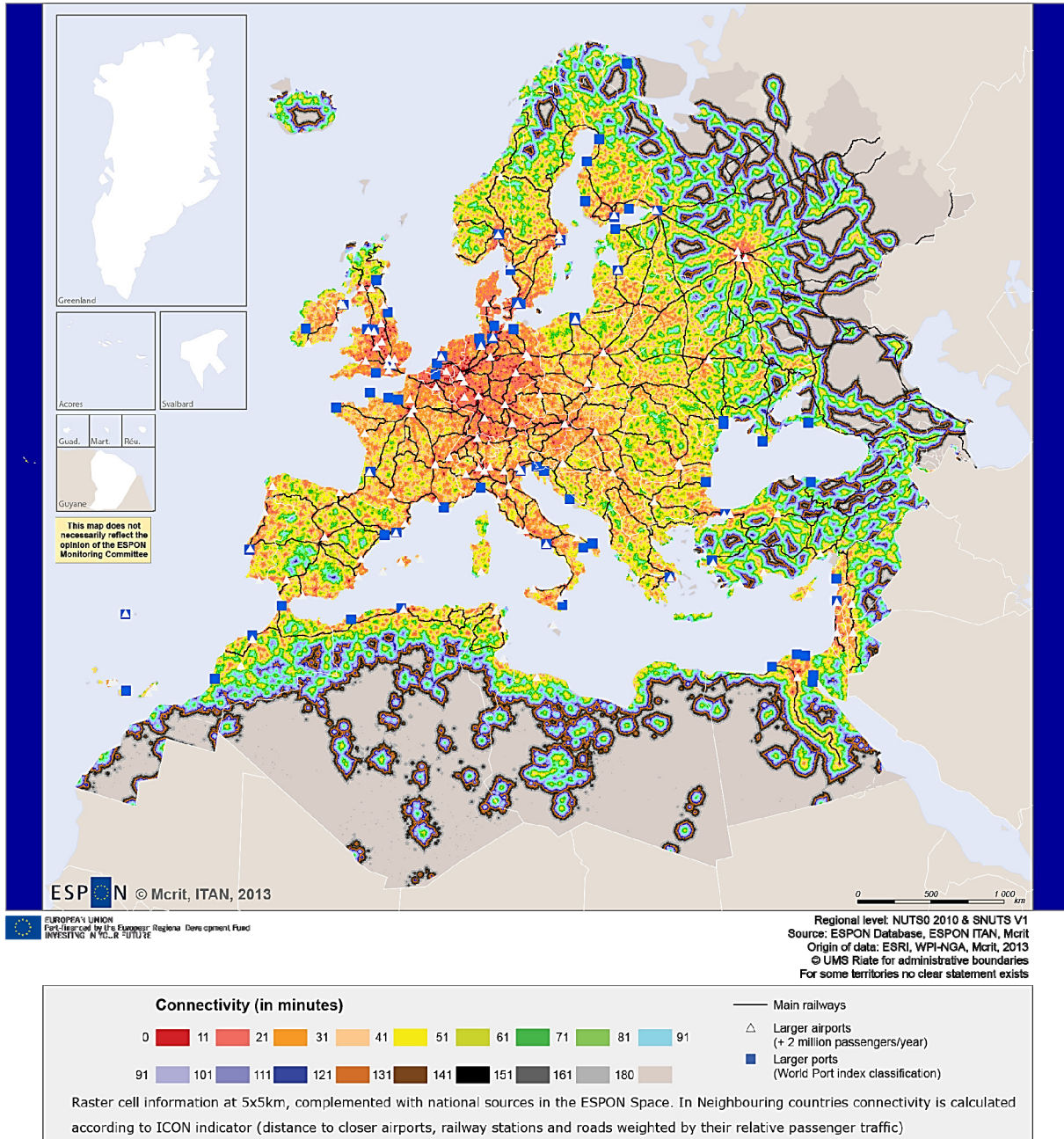
Legend

Accessible population

2.642 - 775.000
775.001 - 2.090.400
2.090.401 - 3.485.300
3.485.301 - 5.190.300
5.190.301 - 7.034.700
7.034.701 - 9.700.752
9.700.753 - 13.281.913
13.281.914 - 18.228.800
18.228.801 - 24.471.500
24.471.501 - 138.705.488

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

Map 17 - Territorial connectivity to road, rail and airports transport in the wider region, ca 2010



4.4.2. Assessing the international openness of the ENRs

The International openness' methodology (see [SR 1.3.13]) is based on the presence of / access to international flights, international port traffics, and Foreign Direct Investments (FDI). The Scientific Report proposes two different international openness indexes: the first is related to the *presence of* international ports and airports in a territory. The second is related to *access to* international ports and airports, considering the time-distance to these major infrastructures. This approach weighted by time-distance of each SNUTS 2-3 of the wider region to international transport facilities, highlights accessibility, whereas the first approach (non-weighted) highlights the agglomeration effects, that is to say the assets due to the presence of international transport facilities in a city.

Map 18 shows (non-weighted) international openness of the ENRs. Bigger and/or more developed countries have in general higher internationalisation. 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 particular, Istanbul benefits from a high index. This synthesis map also takes into account the demographic size of the territorial units. This highlights the international openness of Israeli territories and the low international openness of the Maghreb territories although we saw that their potential accessibility to the European territory is high. This suggests important avenues for territorial development there, to take better advantage of these Maghreb territories' situation.

The Scientific Report [2.2.4] displays also the weighted index. Results are quite different. 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 Damiette and Alexandria ports, but also from the proximities to major European infrastructures in some parts of the Neighbourhoods, notably the Western Balkans.

4.4.3. Between the ESPON countries and the ENC's the core-periphery pattern still prevails

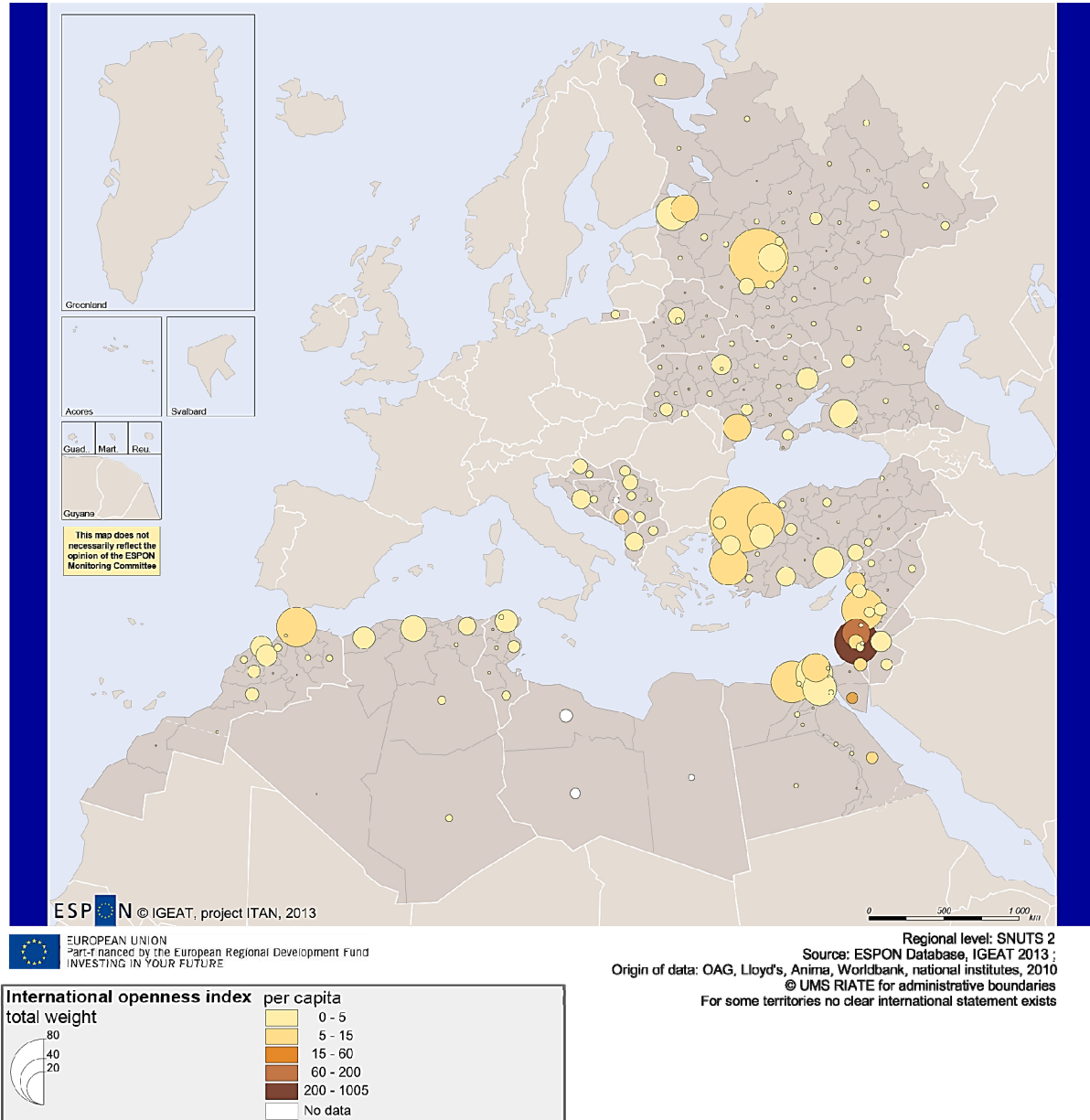
European Neighbourhoods can still be considered as peripheries. Relation between Europe and its Neighbourhoods are characterised by imbalances in many aspects. Europe is more important for Neighbourhoods than the reverse. Neighbours countries, except Turkey and Russia, play a minor and dominated role 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. In an annex dedicated to the Ukrainian case, the Scientific Report shows that Ukraine is economically a periphery of both the EU and Russia – hence its narrow leeway in the actual crisis.

The SR 2.1.3 section demonstrates that some (rare) ENC's 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. Moreover, after Turkey, Tunisia and Morocco have recently benefited from FDI inflows in high level industry: car and aerospace sectors. This means that economic transition is possible and on-going in the ENC's. Europe should strongly back this productive transformation up, because it is profitable for it, and because it is a structural driver for political and social change in these countries. Economic transition and political transition are always intertwined.

4.4.4. The high but declining share of ESPON countries in the ENC's international exchanges

That being said, grouped together, Neighbourhoods are important partners for Europe, reaching 7,5% in its 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 (Table 2). As said, the ITAN Scientific Report identifies the share of the Neighbourhoods with 11% in the potential growth market of Europe in the next decade. These figures nevertheless point to the importance of ENC's 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. It has to be emphasised that, for decades, political relations of Europe vis-à-vis its Neighbours focus on these energy and migration matters as well as on security issues. This has little to do with any regional "deep" integration.

Map 18 - International openness index in the Neighbourhoods, ca 2010 (non-weighted approach)



In reverse, the European Union is the main partner by far for nearly all ENC's, except Russian neighbour and some Near-East countries, whatever the flows considered. Although EU remains a major actor at global scale, its influence has been shrinking in the last decades and its dominance has been reduced to its Neighbourhood [Van Hamme et al. 2012]. And even in the Neighbourhood, ITAN Scientific Report [2.3.1] states the declining influence of Europe in most Neighbour countries, especially the Near-East.

In trade flows, the declining role of Europe also holds true in sub-Saharan Africa and in the Gulf. 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 it means a wider insertion of these countries in the global economy. This can also be regarded as bad news for Europe's influence even though it remains high upon its neighbourhoods.

The comparison to the other major world regions is relevant: at the end of the 2000s, their neighbour emerging and developing countries attracted 21% of Japan FDI outflows, 10% of US FDI outflows, but only 4% of European FDI outflows.

Table 2 - Share (%) of Neighbourhoods and other parts of the world in EU's relations and flows

	<i>Trade of goods: exports plus imports (2011)</i>	<i>FDI in and out (2006- 2008)</i>	<i>Cooperation (2010)</i>	<i>Air flows (2012)</i>	<i>(Im)igrations (2010)</i>	<i>Energy supply</i>
EU27 + (1)	70,0	71,8	0,0	80,4	37,9	42,4
Eastern neighbours (2)	3,8	2,2	1,8	1,9	5,7	21,1
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
<u>Maghreb</u>	1,1	0,2	4,6	1,5	8,7	10,3
<u>Σ Neighbourhoods</u>	<u>7,5</u>	<u>3,4</u>	<u>14,8</u>	<u>7,1</u>	<u>29,8</u>	<u>32,5</u>
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
<u>rest of the world</u>				0,4	0,3	1,8
<u>Total</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Notes.

"FDI": Foreign Direct Investment. "Cooperation": international agreements for cooperation and development.

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

(2) Russia, Belarus, Ukraine, Moldavia

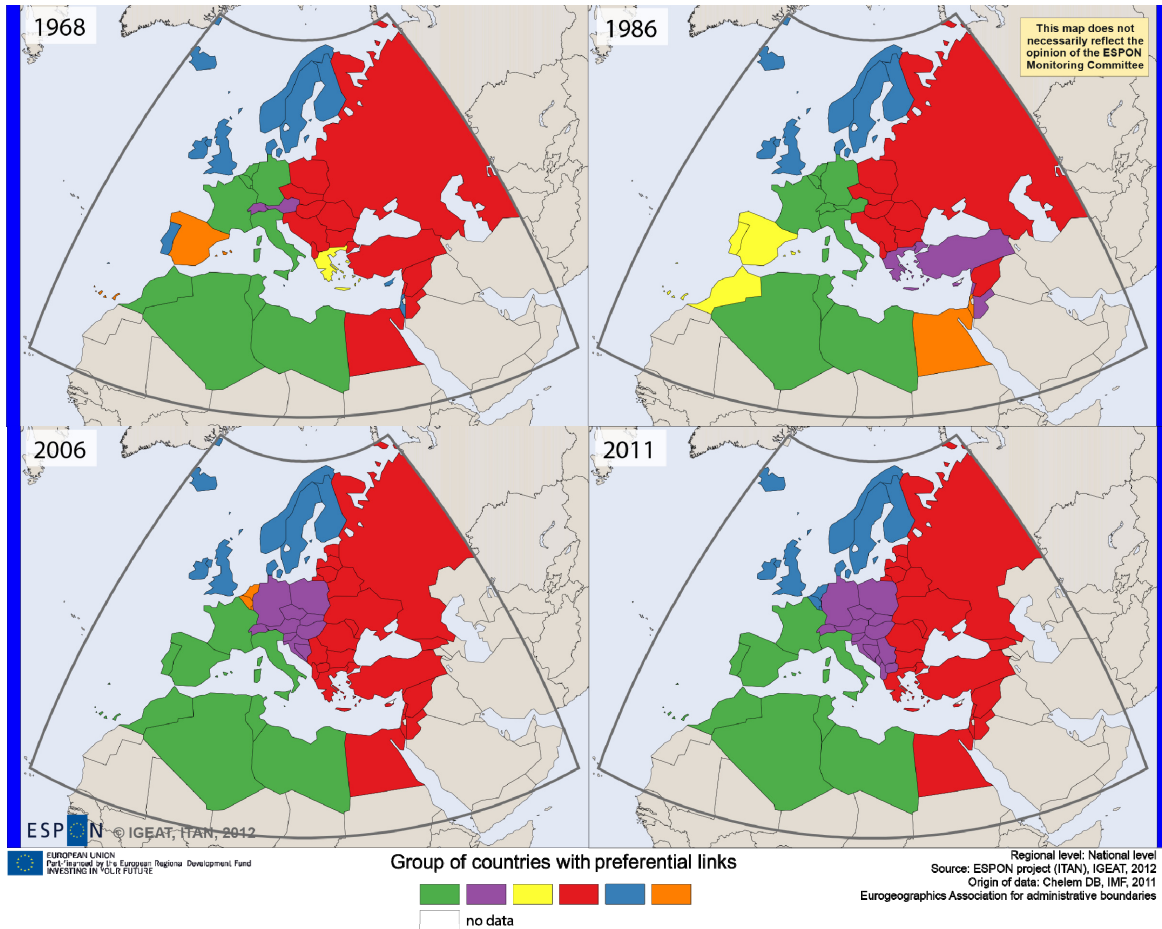
(3) here Egypt included

Our analyses of Neighbourhoods highlight their diversity in terms of relations to the world. One cannot speak of the Neighbourhoods as a whole consistent and integrated area. Several Neighbourhoods can be identified:

- Former USSR is the only part of the Neighbourhoods which forms a cohesive area, with declining though important interrelations. As a result, Russian neighbours such as Ukraine, Moldavia or Belarus are equally polarised toward Russia and the European Union;
- Western Balkans, though keeping important internal relations, are nearly exclusively turned toward Europe (western, central-eastern, and Nordic Europe). Their internal relation have diminished since the Yugoslavian wars;
- 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;
- Near East, including Egypt, is clearly less and less oriented toward Europe and has seen the influence of the Gulf powers increase in the last decade.

At the interface between Eastern, South-Eastern and Southern neighbourhoods, Boxes 3 and 5 show the declining influence of Europe in the Black Sea area.

Map 19 - Preferential relations in trade: groupings of countries according to their good trade exchanges



Note: countries of Europe and ENCs 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 χ^2 , and then group countries according to the intensity of these relations.

NB: For analyses before 1990, Germany is considered as a whole, which of course affects its relations with other countries, notably in Eastern Europe.

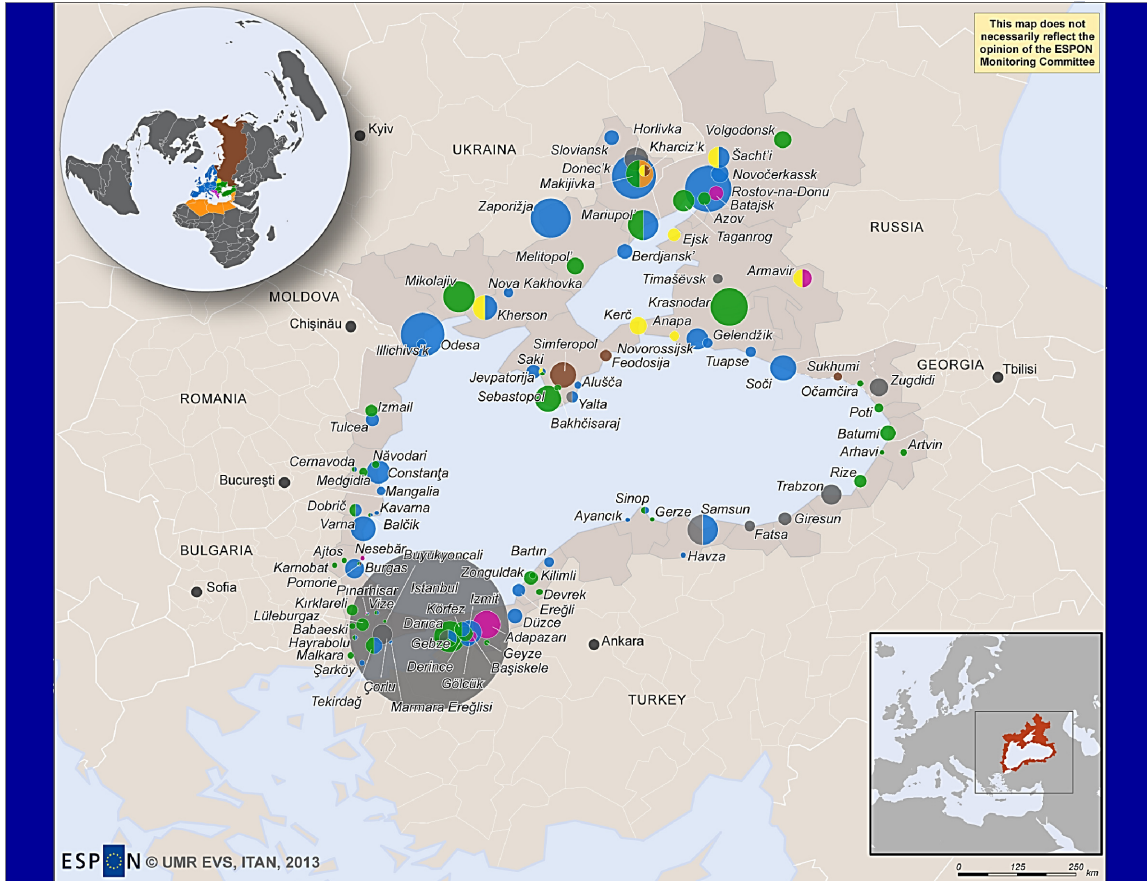
Box 3 - Measuring the EU's local influence: city twinning in the Black Sea region

In the framework of the Black Sea case study [SR chap.7], the ITAN TPG looked at the cooperation processes in the area. In order to cope with cooperation at local level, we studied the twinning of the cities bordering the Black Sea to check if they were keen to collaborate together, so as to confirm or disconfirm the regional integration hypothesis, and measure the influence of Russia upon this area. A database has been compiled for 102 cities located in the NUTS 2 Black Sea area, with the country of location of the cities with which they have twinning agreements.

207 partnerships (34 % of the total) are linked to other Black Sea Countries (BSC); the three main links of the twinning cities are with Russia, Bulgaria and Turkey. The figure is exactly the same (207) for the partnerships with ESPON members (out of the Black Sea area that is to say not including Romania and Bulgaria), with Italy, Germany and Greece as main destinations.

The partnerships have changed a lot after 1990. Before the collapse of the Soviet Union, they were massively with the ESPON countries whereas in the 1990s they were more destined to other BSC, the US and Asian countries. It is the consequence of a larger openness on a political level and also of the creation of international borders between Russia and the post-Soviet states. In the 2000s, new areas for twinning partnerships emerged such as the other European Neighbourhoods (the Southern and the South-Eastern ones). Things have changed also within the Black Sea region: the post-Soviet states cities are often linked to other parts of the former Soviet Union (Russia, Ukraine and Belarus). In Georgia, eastern Turkey and Istanbul region, the twinning partnerships are rather linked to Asia. Only for Romania and Bulgaria cities the partner cities are mainly located in the EU. All of this confirms the declining influence of the EU on its Neighbouring territories.

Map 20 - Twinning of the Black Sea cities: partnerships' regional breakdown gives one third to EU, 2013



ESPON © UMR EVS, ITAN, 2013

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)
 © GDAM, UMS RIATE, GIS CIST



4.4.5. Lessons learnt from each Neighbourhood

The Scientific Report dedicates one chapter per Neighbourhood [SR chap. 3, 4, 5 and 6]. We summarise here the main features on the relationship between the ESPON space and each of the Neighbourhoods.

1°) Northern Neighbourhood and Arctic

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. The possibilities of increased transport with

the opening of the North-West passage and the North-East 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. This implies both opportunities and threats for the region.

2°) Eastern Neighbourhood

An East-West divide with regard to economic development extends as a poor area, on both parts of the external border of the EU. In this Neighbourhood, the challenges are (i) the demographic decline, (ii) poverty on a large part of central-Eastern Europe from Belarus to Caucasian countries, and (iii) the necessary interaction between the EU and Russia, so as to avoid a confrontation which would be at the expense of the other Eastern Neighbours – which the on-going Ukrainian crisis proves.

Russia is the strongest power in the Eastern Neighbourhood, but also the EU's biggest neighbour and third biggest trading partner. In addition, Russia is an important supplier of oil and gas to the EU member states. Evidence confirmed by the ITAN project is that energy will remain the linchpin of the relationship between Europe and its Eastern Neighbours.

Concerning the Baltic Sea, a special eco-system 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. One simple message is to continue the work on developing strategic visions together with neighbouring regions, such as VASAB (Vision and Strategy around the Baltic Sea). ITAN Baltic Sea case study [SR 4.3] gives details on progress and shortcomings of the cooperation between Europe and Russia in this area.

Box 4 - Cross-border flows in the Baltic Sea Region: integration of Kaliningrad, current status and challenges

Kaliningrad oblast is a Russian exclave located in the heart of Europe, which was one of the most militarised and closed territory in the Soviet Union. Today it continues to be of a great strategic importance to Moscow being the westernmost border of Russia. Kaliningrad oblast hosts the Russian Baltic Fleet and Russia's only ice-free European port. As one can expect the location of the exclave presents both opportunities and challenges for the oblast. On the one hand, human mobility has increased substantially since the early 1990s. Today, the residents of Kaliningrad tend to travel to the EU countries considerably more often than the residents of other Russian regions – both for shopping and leisure [Rogoza et al. 2012]. A bilateral local border traffic agreement between Kaliningrad and Poland signed in 2011 also contributed to increased human mobility and territorial integration.

The cooperation has increased in a number of areas during the last decades. The establishment of the Nordic Council of Ministers' Information Office in 2005, launching of the Euro-Faculty 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. The residents of Kaliningrad also emphasise their strong cultural and social ties with the European neighbours and a strong sense of belonging to the Baltic Sea Region.

On the other hand, there are considerable differences in the spatial structures with regard to overall socio-economic characteristics and accessibility between the exclave and neighbouring EU regions, which are impeding the integration. As to economic integration, the full potential of Kaliningrad oblast as a gateway to Russian, Baltic and wider European markets, has not been utilised. Despite the benefits associated with special economic status of the exclave and granted tax advantages, the share of foreign investments did not grow as fast as expected. A number of barriers related to customs and visa regime and a different institutional framework hinder greater integration of the exclave in the BSR. Moreover, a deeper integration of Kaliningrad oblast in the European space poses a challenge to Russia's integrity and is therefore not favoured by the central government. Hence certain limits to the extent of integration and cross-border cooperation with the European neighbours are most likely to remain in future.

3°) South-Eastern Neighbourhood

Here the messages are, first, that this Neighbourhood is shifting from “Western Balkans” to “South-East Europe”. This means 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 EU countries. The Neighbourhood’s countries are in process of border creation of (what we called “re-bordering”), both internal and external. The external border control with EU’s countries has been strengthened by the EU following the Enlargement of 2004 and 2007. The internal Balkans markets are insufficiently integrated. The transport networks suffer from strong discontinuities. The position at a crossroad of gas and oil routs to Europe is hampered because many projects have aborted or have been delayed due to numerous bilateral agreements rather than a clear European energy policy. Within the South-Eastern Neighbourhood, internal GDP per capita disparities are quite low, except when it comes to the capital areas (Zagreb, Belgrade, Tirana and Skopje): the Neighbourhood faces the classic dilemma between territorial equity and metropolitan competitiveness to compete in a globalised Europe.

The third message is about the core-periphery pattern between Europe and this 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.

Box 5 - Black Sea region: discontinuities, challenging influence of EU and Russia, tomorrow Turkey?

The countries that border the Black Sea constitute a complex and heterogeneous area, that mixes Romania and Bulgaria as EU members, Turkey as EU candidate and emerging economy, Moldova, Georgia and Ukraine as former territories of the USSR and parts of the current ENP, and Russia. The EU membership makes the main political rupture in this area because the regional cooperation processes, like those that led to the Organisation of the Black Sea Economic Cooperation, do not have so strong implications on the region.

No major discontinuities show up between EU members and non-EU members when it comes to GDP per capita and demographic indicators. Throughout the Black Sea countries, the richest areas are metropolitan regions like the north-western parts of Turkey and capital cities of Romania, Bulgaria and Ukraine. The geography of wealth is extremely related to density and to the respective location of rural and urban areas. In terms of demographic dynamics, the discontinuity is related to national figures; it opposes Turkey, where the fertility rate and the natural growth are high, to the other Black Sea countries where the fertility rate is low and the population declines.

If we consider both political and economic networks, the Black Sea countries do not shape an integrated space; they are rather oriented to different regions. Romania and Bulgaria are totally integrated in the EU-market. Turkey is in the same situation but the share of the European market tends to be less important than a decade ago. Georgia, Ukraine, Moldova and Russia create a more integrated market where Russia plays the key role. The Black Sea ports, especially the Turkish and the Russian ones, are less oriented, in terms of shipping traffic, to the European Union than they used to be; they are more linked to countries of the Southern Neighbourhood or outside the wider European region. The decline of the share of the ESPON countries in the traffic and economic exchanges can also be measured if we consider non-economic indicators such as migrants’ remittances or twinning partnerships contracted by Black Sea cities and ports (Box 3).

Nevertheless, the regional powers’ influence, that is to say EU and Russia, remain strong in the area. Turkey appears as an emerging political and economic power, with an inherited strong cooperation with Black Sea European countries that tends to be weaker. Russia remains also a key political stakeholder and a very important trade partner for Ukraine, Moldova and Georgia.

4°) Southern Neighbourhood

Three messages derive from the analysis of the Mediterranean Neighbourhood [SR 6]. 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. Since the Arab spring, 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 benefit from cheap tourism costs. 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. Furthermore, the European newspapers pay a growing attention to it when compared to the other Neighbourhoods.

The second message is that the Euro-Mediterranean missing link is productive integration, including agriculture. 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, it 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 further 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 these ENCs; (iv) the steps taken towards deep integration between the two Mediterranean sides: financial market regulation (very first steps), environment (agreements and statements for decades but with low results), energy (with the ministerial 2003 decision to go toward an Euro-Mediterranean integration of electricity and gas markets), Transport (thanks to the EuroMed Transport Forum since 1999).

Box 6 - Cross-border flows in the Gibraltar Strait: growing integration or competition?

Increased trade between Morocco and the EU. Trade between Morocco and the EU increased by 50% in 1999-2007. Negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) were launched on March 2013, aimed to extend cooperation significantly beyond the scope of the existing Association Agreement, advancing gradually towards a full integration of the Moroccan economy into the EU single market in the long-term.

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. Since 2000, the region of Tanger-Tétouan has become a priority for industrial and logistic development, due to its proximity to Europe and due to being strategically located on the global shipping route between Asia and Europe. The clarification of rules, the aperture of the country to the international sphere, and the modernisation of infrastructure is attracting an increasing number of foreign industries, with a relevant role of France and Spain.

Cooperation on the tourism sector? The potentialities of the tourist sector of Morocco are their geographical location and connections; the morphological characteristics specific to the Mediterranean coast, very similar to the "Costa del Sol" of the Spanish neighbour. In 2006, the Moroccan government approved the Plan Azur, which was at the core of the Vision 2010's tourism strategy. Spanish companies are investing strongly on the sector. Possible synergies seem likely in the area of the Strait.

Global logistics hub in Gibraltar. The initial competition between Tanger-MED port and its twin transshipment hub in Algeciras on the Spanish coast of the Strait, resulted in traffics in Algeciras dropping by almost 25% in the first three years of operation of Tanger-MED. Cooperation initiatives between both ports in the recent years have returned growth on both shores, and the pole is now twice as big as it was in 2007 when Tanger-MED entered in service.

Open skies agreement. 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.

Fixed link of the Gibraltar Strait. Spain and Morocco explore the possibility of constructing an undersea rail tunnel under the Strait of Gibraltar – another sign of increased bindings between both countries.

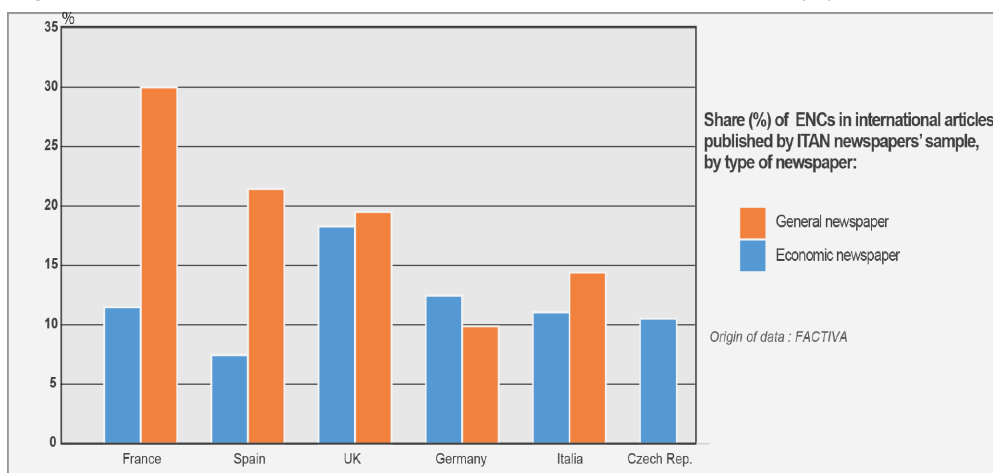
Numerous governance arrangements. With the aim of promoting the economic and commercial cooperation between EU Mediterranean Countries and Morocco, several cross-border agreements have been signed: Coastal Zone Policy (1978), Inter-Mediterranean Commission (1990), the Barcelona Process (1995), the Euro-Mediterranean Free Trade Area (1995-2005), the Union for the Mediterranean (2008), Integrated Maritime Policy in the Mediterranean (2011), the Mediterranean Sea Basin Programme (2007-2013), EU-Morocco Action Plan (2013-2017), Trans-Mediterranean transport network and Regional Transport Action Plan.

4.4.6. Do European mind about their Neighbourhoods? An analysis of the European media data

The 2.3 section of the Scientific Report analyses the European representation about the ENC's as seen by the European press. It gives a first overview of the tremendous advantage that researchers can take from the integrated media database such as Factiva Dow Jones, and their geographical treatment. This provides a robust picture of spatial representation and mental images – a tricky field, all too often analysed through a limited number of information. This large media data treatment, beginning with the Neighbourhood issue, provides first promising results. The ITAN team worked on a panel of five general and six business newspapers of different European countries: France, Spain, UK, Germany, Italy and Czech Republic.

Over two studied periods (between 1998 and 2000, so as to catch the Eastern Neighbourhood's transition period, and between 2010 and 2012 for Arab transition period), 15% of the 2,4 million analysed international articles focused on at least one Neighbour country. 17% of the articles in general newspapers include a reference to these countries, whilst the percentage is only 13% for the economic newspapers. It confirms that the European business milieu pays rather scant attention to the Neighbourhoods. The contrast is particularly striking in the case of French and Spanish newspapers, whereas British and German seem to have better perceived the economic potential of the Neighbourhoods (fig.3).

Figure 3 - Share (%) of the ENC's in ITAN international articles sample's, by type of newspaper



5. POLICY ORIENTATIONS

Here we swiftly summarise the last chapter of the Scientific Report on policy orientations.

5.1. Policy orientations: reducing risks and fostering opportunities in the Neighbourhoods

5.1.1. Promoting the notion of “wider European region”, reformulating the ENP

1°) Stakeholders should better understand that globalisation & regionalisation are going hand in hand

One of the main lessons of the ITAN project is that regional integration and global exchanges develop simultaneously. However, over the three last decades, the European new member states have drastically reoriented their economic links towards western Europe, whereas it was the reverse way for all the European neighbourhoods. The ITAN project draws the following lesson: EU membership is a driver to economic regional integration, while a Neighbourhood status comes down to declining integration with Europe. This calls for a reformulated ENP.

2°) Strategic orientations by Neighbourhood (selected features)

Northern Neighbourhood: the need for a more unified EU strategy

There are strong strategic visions of the European links with the region. A difficulty comes out from the fact that the European part of the Northern Neighbourhood belongs to various European Territorial Cooperation programmes: the Cross Border Cooperation, the Northern Periphery and Arctic Programme 2014-2020 for the Westnorden, the Northern Dimension policy. This calls for a more unified EU strategy on this Neighbourhood. See detailed proposals in SR, section 3.4.

Eastern Neighbourhood:

The exclusion of Russia in the developing process of the EUSBSR is a significant deficit of the Strategy. On the other hand, since the November 2013 Eastern Partnership Summit and the contest between the EU and the Russian influence upon Ukraine, an increasing geopolitical tension related to the recent crisis in Ukraine is among the main threats to the territorial cooperation between the EU and its Eastern Neighbourhood. Due to the central role of energy in this Neighbourhood, a European Energy policy is an indispensable prerequisite for a genuine partnership between the EU member states and Russia, instead of the actual dispersed member states' gas agreements with Russia. See detailed proposals in SR, section 4.4.4.

South-Eastern Neighbourhood (Western Balkans)

The first orientation is an integrated Western Balkans' market as a prerequisite to a better integration with the EU. The second is addressing territorial discontinuities: (i) connecting places through transports is a condition for better integration, both within this fragmented Neighbourhood and vis-à-vis the EU's territory; (ii) challenges of migration and security border control could be more differentiated between illegal migrants and nationals of South-Eastern Neighbour countries – all the more that there is no risk of major migration to the EU from these nationals, contrarily to what was feared during the collapse of former Yugoslavia. See detailed proposals in SR, section 5.4.4.

Mediterranean Neighbourhood

The first orientation is avoiding water wars. Notwithstanding the impact of global warming, the Mediterranean is already experiencing problems in access to water and sanitation that could rapidly lead to water conflicts. Yet water could become the cornerstone of a high-level economic channel and an ambitious international cooperation program. The second orientation would drive to a food security, rural and agricultural Euro-Mediterranean policy. The third orientation is related to the need for a Euro-Mediterranean Energy Community for the energy. Last but not least, 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. See detailed proposals in SR, section 6.4.4.

5.1.2. Reformulating the Neighbourhoods vision thanks to the European cohesion policy...

A renewed Neighbourhood vision should radically end with dissymmetrical relationships vis-à-vis our Neighbours. It would also be promising to lower the cooperation driven by aid and budgetary support, rather promote productive economic issues, and focus on a few key topics: mobility, energy, agriculture, water, climate change and environment. It should cross-cut Cohesion and Neighbourhood policies, in order to better address the inclusive growth concern, the urbanisation concern, the minority concern (see how the Moroccan regional policy helps solving the "Western Sahara" issue) thanks to exchanges of experiences to be multiplied in the wider European region.

Among many others, the Technical Assistance (TAIEX) is an accurate tool for territorial cooperation in the following fields: decentralisation but also state de-concentration as an indispensable counterpart to the decentralisation; modernisation of the state and of governance *via* local territories and national planning, and rising participation of the civil society; role of territories in public-private cooperation; rising importance of Geographic Indications in agriculture and for short supply circuits; promotion of the decentralised cooperation and necessary emphasis to better focus on ENRs in the European important but scattered decentralised cooperation.

5.1.3. ... to the Common Agricultural Policy...

The food security issue is one of the most sensitive in the Mediterranean. Yet, the SR's chapter 6 shows that it has been poorly addressed by the Euromed partnership, and that the perspective of a straight Euro-Mediterranean liberalisation of food trade could generate short-term profit for European stakeholders but long term threats for the entire region. Avenues for European cooperation stem from the CAP methods. They 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 rural development, in the spirit of the "LEADER" methodology as the ENPARD programme has begun doing in Tunisia; (iii) promoting the Mediterranean diet and developing geographic labels with a view to conquering world markets; (iv) re-allocating some production between the North and the South of the Mediterranean (wheat would better grow on the northern side, whereas the three-quarters of Moroccan farmers grow wheat; fruits would better grow on the southern side); (v) creating a regional food security. Such a regional food security would take advantage to embrace the wider region so as to benefit from the Ukrainian and Russian production.

5.1.4. ... the Transport policy...

Increasing accessibility is a condition for the regional integration between Europe and the ENRs and market enlargements. All SR's chapters dealing with a Neighbourhood regard transport as a bottleneck for local development and better interaction with the EU's territories. Moreover, transport is typically a long term perspective. It happens that all the ENC's, at a different degree, are lacking long term vision. A perspective of a common transport network in the wider region would spread in these countries the culture and the practice of prospective, instead of the prevailing short term action.

5.1.5. ... an Energy policy...

A European Energy policy is the overarching condition for better territorial cooperation at all scale between the EU and the Eastern Neighbours. In all Neighbourhoods, addressing territorial energy issues supposes a European energy policy to be set up. Its scope should straightaway take the Neighbourhoods into account, which would make things easier because several Neighbours are energy producers. The ITAN TPG fully considers that such an ambitious prospect will never come into force if Europe keeps a simple spot market trading approach of the energy issue.

5.1.6. ... the Environment policy...

As a first systematic analysis of the ENRs, the ITAN project could not address the environmental issues at stake in the broad way it would deserve. Issues are much diversified in such a vast area: climate change, floods and droughts, pollution, energy transition... The ENP should particularly pay attention to the water issue.

5.1.7. ... and a policy that would not be dedicated to "migration" but to "mobility"

This is another issue encountered in all the Neighbourhoods. Replacing the "migration" pattern (driven by administrative concern) by the "professional mobility" pattern (driven by economic growth) could follow the path (i) of visa-free cross-(EU)border movement of local communities and labelled people, for instance people who belong to transnational professional networks recognised by European bodies (Euromed Postal, business organisations...); and the path (ii) of a win-win brain gain between the ENC's and Europe so as to avoid losing skilled workers who more and more believe that they are better welcome in Canada, in the US and now in the large emerging countries than in Europe. Given the growing role of diasporas in economy and culture, 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 that their education level is rising.

5.2. Overall recommendation for a deeper integration: a “Neighbourhoods Territorial Agenda”

5.2.1. Why?

The EU has hitherto financed a great amount of studies and programmes in the ENCAs, but a global vision is lacking. A territorially integrated perspective could take advantage of these scattered initiatives on trade, transport, energy, agriculture, environment, etc. It could be a relevant tool for cooperation, driving to a common vision that might be shared by the ESPON countries and the ENCAs. A “Neighbourhood Territorial Agenda” (NTA), would meet several needs:

- a need for an up-to-date *territorial multi-actors governance*, detailed in the SR (see fig. 8-1 which highlights the possible role of different actors, at local, national, international scale);
- a need for a *cross-cutting approach of the various European policies and funds*, fulfilling the requirements of “Elements for a Common Strategic Framework 2014 to 2020” [European Commission 2013], which a territorial approach perfectly fits with;
- a need for better interaction between policies and funds dedicated to the EU’s territory and those dedicated to Neighbour regions, in line with the Partnership Instrument’s goals to support the *external dimension of internal policies*;
- for each Neighbour country a need (i) to *design a long term vision* (since territorial development necessarily means long term) instead of their usual short-terminability, and (ii) to improve the coordination between the various public producers of data on local territories (a national prerogative for sure, but which sometimes can better be implemented in the framework of an international cooperation);
- for EU and member states, a need to *implement on the long term, for real, a Neighbourhood Policy* which discourses are inversely proportional to its on-the-ground achievements.

5.2.2. Potential contents

A NTA could highlight:

1°) *Territorial policies in the ENCAs*, common to, or derived from, the EU policies (regionalism issue)
We need a synthetic view of all the policies launched by the EU and each of its member states, which have a significant impact on the Neighbour territories. Nowhere, except maybe in the field of Mediterranean transport thanks to the Euromed Transport Forum, are the policies of France, Spain, Germany etc. analysed through their territorial impact in the Neighbourhoods. Even at the EU’s level, for the moment it is difficult to know how much money, according to what policies, in which precise territory, the different European bodies have spent on the Neighbourhoods.

2°) *The infrastructural projects* so as to facilitate economic and cultural exchanges (regionalisation)
This would be the central part of the NTA. It would promote all projects of interest for the wider region. If we take the case of transport, this is what the Euromed Transport Forum did for the Mediterranean. This work should be reactivated, and further implemented for all the Neighbourhoods. If we take the example of water and sanitation, the NTA should remind the main common principles of the resource-conserving demand management, the need for good governance; again, the main projects of interest for the region should be identified, financially supported, mapped and widely released. Some of these things already exist but not all of them, and they are scattered throughout a great deal of documents, web sites, database, hardly release and never cross-cut.

3°) *Common governance of common goods* (deep regional integration)
The quality of water of the common seas, the preservation of the Northern resources, civil protection issue related to natural and industrial hazards, and other transnational common goods of key interest for the wider region’s territories, would be the third piece of the NTA.

5.2.3. What field should the NTA begin with? Energy for sure

Energy should be the focus of the first NTA, for several reasons developed in the ITAN SR [2.2.2]:

- energy is a strategic issue, in which the wider region displays in the meantime clear complementarity and potential shortcomings (see Ukraine);
- energy means a broad array of issues: securisation of energy procurements and sales, transition toward energy efficiency and renewable, technological partnership with the ENCs, massive investment, etc. Setting up a Neighbourhood Energy Territorial Agenda would address all these challenges in a concrete way (energy for rural development, sustainable urbanism, areas of production of solar energy and North-South cooperation in that field, link between solar electricity and sea water desalination...);
- as said, an energy partnership with the ENCs would be a driver for a European Energy Policy;
- it would enhance the EU/Russia partnership on a sound basis, which would be highly profitable to the whole Eastern Neighbourhood;
- it would prove the paritarian philosophy of the reformulated European Neighbourhood Policy vis-à-vis the Mediterranean Neighbours, who would be associated to the common strategy (common blueprint for energy pipes and lines building, cooperation in energy transition, etc.).

6. WHAT FURTHER INVESTIGATION ON THE NEIGHBOUR TERRITORIES?

6.1. Ten research topics

1°) Fuzzy borders, contested territories, minorities

One of the main characteristics of the ENRs is the importance of sensitive issues, difficult to document, even though their knowledge is indispensable for any further European cooperation. They are related (i) to fuzzy borders and contested territories, which should be analysed in-depth in order to provide the European decision-makers with on-the-ground data, as well as territorial drivers for diplomatic solutions; (ii) to minorities, an item without which it is hardly possible to understand most of the territorial challenges of the Neighbourhoods in particular in the Near-East.

2°) SNUTS / LAU and the urban issue

In the ENCs, heterogeneity in indicators definition, in basic territorial categories and difficulty in data access are particularly high when it comes to “urban” data. All the ENCs 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. Defining valuable definitions of the “urban space” for all ENCs would need an entire ESPON project per se.

3°) Deepening the ITAN composite indicators

The ITAN project has laid the basis for composite indicators valuable for the entire region (Europe + Neighbourhoods). For instance, our first proposal about local Human development index or about International openness should be further discussed and applied in a more precise territorial analysis. Among many others, one driving question could be to better understand the link between demographic transition and territorial dynamics (impact of the demographic decline on local development in the Eastern Neighbourhood, coming effect of the oldies boom in the South Mediterranean territories, etc.).

4°) Territorial analysis of regionalisation and regionalism

Given the importance of the regionalisation issue, further researches should follow-up the regionalisation process (flows between Europe and Neighbours), vis-à-vis the regionalism process and how this affects the governance processes. What are the on-the-ground territorial impacts of the Greater Arab Free Trade Agreement, of the CEFTA in the Western Balkans, of the Eurasian Custom Union in the CIS, vs. impacts of the free trade agreements of the Neighbourhoods with the EU? Other researches of great relevance could compare the territorial aspects of the regional integration in other major world regions (North America including Mexico, East Asia, sub-Saharan Africa...).

5°) Energy and territories in the Mediterranean area

Energy is the first priority of any deepening of the European cooperation with the ENRs. As we have seen, its territorial aspects are many. This should define a wide set of researches, on the long run, for instance on energy efficiency: its potential is very important (10% of the regional energy demand can be saved by 2030 in the Mediterranean neighbourhood, where the further investment needed for that

would be of €260bn and could create two millions jobs, the Plan Bleu estimates). Such an enormous challenge could be highlighted thanks to a territorial analysis: what territories concerned, what impact on urbanism and planning etc.

6°) Territorial capital of the Arctic

This issue should be further studied, 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 thanks to a transnational governance of this territorial common good.

7°) Impact of the actual and foreseeable climate change on the ENRs

A FP7 project (Envirogrid) has been dedicated to the climate change prospects at very local scale in the Black Sea area. The lesson learnt on temperature, rainfall, agriculture, at a local scale can drive to very concrete policies. This is typically the type of research that should be extended to other European Neighbourhoods – the Mediterranean, to begin with, given its heavy exposure to climate change.

8°) Cooperation in water and sanitation in the Neighbour territories

Like energy, interaction between water issue and territorial development, particularly in the Mediterranean Neighbourhood, should be studied throughout a wide set of researches, on the long run. Water and sanitation are one of the most important fields of possible cooperation between Europe and its Neighbours.

9°) Media and territorial representations

The under-estimation of the Neighbourhoods (e.g. Maghreb), notably in terms of economic opportunities, can be explained by mechanisms which shed an unfavourable light on these economies (rating agencies, media as the ITAN project has begun to show.) Better understanding the way European media report on the ENRs would bring beginning information about that kind of biases.

10°) Gender, education and job issue

The potential cooperation in the education field seems boundless between Europe and Neighbours. One major approach could be the incredible contrast highlighted by the ITAN project, between the over-representation of Mediterranean girls over boys in secondary education, and their under-representation in the labour market. This rising explosive situation should be better analysed.

6.2. "ITAN 2": an international cooperation for compatible local data

This project has just laid the basis of a long term analysis of the Neighbour territories. The follow up can take two complementary directions. The first direction would be to upgrade the actual ITAN database. For instance, further projects could complete the data collection in the fields of environment in particular water, of access to health, etc. As said, more local data collection could positively address the urban issue.

The second direction would be much more ambitious. Rather than one more research project, it would be some sort of mix between a research project and an inter-institutional project dedicated to local data. The enormous barriers in Neighbour local data collection cannot be overcome by simple academic teams. If one wants to cope with the complex issue of geometries changes, local documentation of informal activity, better cooperation between different public data producers of a same country, stability in data reliability, and, above all, in comparability of data, an ambitious partnership should be set up between Eurostat and several national statistics bodies. What is at stake is avoiding the exhausting work of data harmonisation downstream, by addressing it upstream thanks to such a partnership.

Due to the manifold dimensions of such cooperation, a good gathering would be to involve a reasonable number of statistics bodies of the ENCs (two or three to begin with) along with Eurostat, and a network of researchers able to enrich the reflexion of the local data issue. This platform would (i) work on a better knowledge of local data metadata, (ii) harmonisation process (of indicators and of their definition), (iii) monitoring of the geometries change, (iv) collaborative tools in GIS and interactive cartography, (v) capacity building in the field of local data production and collection.

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