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STRUCTURAL REFORMS IN DENMARK AND THE BALTIC SEA REGION: A Study of Transferable Experiences from the Danish Structural Reform. Third Report.

Kent Bentzen,
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Helen Carter and
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EXECUTIVE SUMMARY

This report is a part of the European Union funded LogOn Baltic project, a transnational project in the Baltic Sea Region. This report assesses what experiences from the Danish structural reform process, implemented in January 2007, and could be transferable to other Baltic Sea Region countries, in terms of the issues of goods transport and regional planning. In doing this it builds on two previous reports on the Danish structural reform, "Structural Changes and Transport Challenges" and "New Tasks and New Approaches".

The report addresses the Danish experiences of structural reform which are of more general use:

- 1. Ensure all sectors are heard during the initiating phase of making the structural reform.
- 2. Ensure that transport issues are a legally based part of regional planning.
- 3. Ensure that the Planning Act is clearly worded and not open to misinterpretation.
- 4. Include municipalities and local businesses in the making of plans on the regional level.
- 5. Municipalities should put greater thought into common development, rather than just development within their own borders.
- Regions should emphasise creating framework conditions for transport corridors and hubs, in order to be part of the global network.
- Regions should find a competence area where they have a competitive advantage in the form of knowledge and skilled staff, and then try to promote this branch of knowledge through planning.
- 8. Regions and municipalities should promote intermodal transport, ICT and ITS, in an attempt to decouple traffic increases and environmental problems.

The administrative structure and responsibilities for regional planning, as well as the plans for structural reform, in six Baltic Sea Region countries are described. These six countries are: Norway,

Sweden, Finland, Estonia, Latvia and Lithuania. All six of these countries are planning or already undertaking a structural reform of their public sector. The eight recommendations from the Danish case are then examined in the light of these descriptions, and a pyramid of transferable experiences is built up.

This report finally provides recommendations for undertaking the process of structural reform, as well as the process and strategy of regional planning after a structural reform. These recommendations are that:

- Goods transport planning is included as a clear responsibility at the regional level.
- Regions have the capacity to be active partners in international cooperation projects.
- Peripheral areas in particular should seek to promote a particular cluster or competence through regional planning.
- Coordination between different administrative levels should be clear, and the different levels (e.g. regional and municipal) should cooperate in their planning work.
- Participation of stakeholders, both public and private, should occur throughout the process of structural reform, and also in the system of planning created by a structural reform.

These recommendations are of relevance to those Baltic Sea Region countries which are currently planning or undertaking a structural reform, and for underlining the importance of goods transport at the regional level.

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1 INTRODUCTION

This report will build on two previous LogOn Baltic reports, "Structural Changes and Transport Challenges" (2006) and "New Tasks and New Approaches" (2007). This third report will continue the theme of the Danish structural reform of 2007, and its impact upon goods transport and spatial planning at the regional level. This report, however, will take a wider view of the theme in terms of the Baltic Sea Region (BSR), shown in Figure 1.

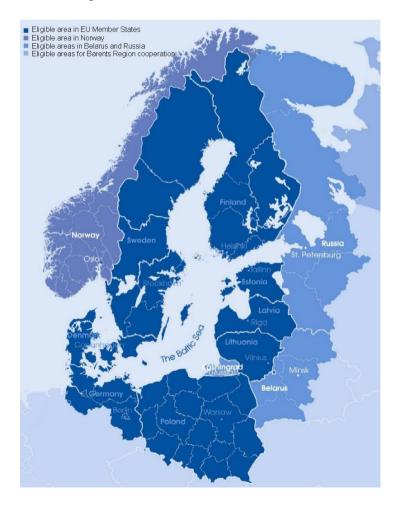


Figure 1 The Interreg IIIB Baltic Sea Region (BSR, 2007).

Many countries in the BSR have started down the road to undertake a structural reform. Therefore the experiences of Denmark, even at this early stage, could be of particular value to these other states. The Danish experience is also notable in terms of the depth and speed of the process, and hence it is of interest to other countries for these reasons too (Nordregio, 2007).

The 'problem' of small and ineffective administrative units is something many countries suffer from, and in an attempt to gain a more solid structure for both welfare provision and increasing economic development, consolidation of these piecemeal and inefficient structures is often considered. However changes as radical as these have an impact on the transport sector, and there is a question as to whether new authorities are able to manage transport planning, particularly for the goods transportation sector. This is where the importance of analysing the Danish case of structural reform arises.

1.1 Background on the Danish Experience

A brief overview of the Danish structural reform is necessary here, in order to set this report in its proper context. Greater detail on the Danish case is, however, presented within the first and second reports in this series.

The former administrative system in Denmark was more than 30 years old, and the Danish government stated that the restructuring process was undertaken so as to implement a system which was more suited to the needs of a modern welfare society (Ministry of Interior and Health, 2004, p.11). The process of reform began in late 2002. In October 2002 the Commission on Administrative Structure was formed to analyse potential different models of administrative structure, and then slightly over four years later, the reform was implemented. A point that should be highlighted here is that although a great amount of work went into the process of creating the new administrative structure, the majority of this happened behind closed doors.

The changes that occurred via the structural reform in Denmark should be laid out. In geographic terms, 271 municipalities were reduced to just 98, which each have more than 30000 inhabitants. The 14 counties, which existed previously, became 5 regions, each with between 0.6 and 1.6 million inhabitants. Therefore it was very much a process of consolidation, creating fewer and larger administrative units at both the municipal and regional scale.

In administrative terms, the role of the state has been strengthened as it gained a number of tasks which previously belonged to the counties. The role of the municipalities has also been strengthened in this way. The number of administrative levels with the ability to impose taxes was reduced from three (the state, the counties and the municipalities) to two (the state and the municipalities). A total of 49 new laws were implemented as a result of the new administrative structure.

The new regions are now in charge of hospitals, social and specialist care, and the coordination of regional development, with a total budget of approximately 87 billion DKK (Danish Kroner) (approx. 12 billion EUR). This breaks down to 80 billion DKK for hospitals (approx. 11 billion EUR), 5 billion DKK for social and specialist care (approx. 0.7 billion EUR), and 2 billion DKK for regional development (approx. 0.2 billion EUR). This shows that, financially, the overwhelming responsibility of the five new regions is healthcare.

Goods transportation is in no legal part of the new regions' portfolio of tasks, with only collective transport being explicitly covered. Goods transport is only considered under the responsibilities for infrastructure. It is, however, undeniably an important issue on the regional level, as for example is shown in the European Union's Trans-European Transport Networks (TEN-T), which link various European regions. This is due to the importance of securing accessibility to the urban centres of the regions, the need to reduce traffic accidents, and the national desire for more sustainable development in the transport sector. There is also the issue of transnational transport corridors, European initiatives that many of the counties were involved in prior to the reform. The lack of a legal base for transport planning, plus the small amount of money allocated to regional development and the absence of the possibility to raise more money from taxes, mean that the new regions face challenging times with regard to both general transport planning and the continuation of these Transportation planning is now one facet of regional development.

1.2 Structural Reform Elsewhere in the Baltic Sea Region

Within the BSR (Figure 1), the majority of the states are considering, or already engaged in, a similar programme of structural reform to that undertaken in Denmark. Therefore this makes the Danish experience all the more interesting in a comparative perspective. In this report six

countries, other than Denmark, which are engaged in a structural reform process will be addressed. These are shown on Figure 2: Norway, Sweden, Finland, Estonia, Latvia and Lithuania.



Figure 2 Six BSR countries under study.

Norway is considering a similar structural reform to that which has occurred in Denmark. Currently Norway has 431 municipalities and 19 counties, and more than half of these municipalities have fewer than 5000 inhabitants (Amdam, 2007; MLGRD, 2004). It is presently the plan that the number of regions will be reduced, and that these new regions will have responsibility for regional development issues (Nordregio, 2007). The Norwegian structural reform is planned to come into effect in January 2010.

Sweden is also currently considering reforming their 21 counties and 290 municipalities in terms of size and division of responsibility (Swedish Institute, 2007). Unlike Denmark, Sweden does not envisage undertaking a large-scale amalgamation of the municipalities. However the number of counties will likely be reduced to between 6 and 10, and the responsibilities of these new counties reviewed.

Finland has committed itself to a consolidation of its municipalities, due to be executed between 2009 and 2011 (Ministry of the Interior Finland, 2007a). Finland is currently the most decentralised country in the EU, with a total of 416 municipalities which hold the right to impose

income tax upon their residents (Local Finland, 2007). Finland is considering a structural reform for reasons similar to those that were cited by the Danish government, that is, the growing challenges of an ageing population, and the growing expenditure of local governments. The belief is that a reformed administrative structure would better be able to provide quality services for the future in an efficient manner (Local and Regional Government Finland, 2007).

Estonia, the country with the smallest population of those considered here, is presently divided into a structure of counties, each of which is then divided into rural municipalities and cities. The administrative structure is believed to need reform because of the low populations in many units, plus the fact that some units exist where the hinterland of a central settlement is administratively separated from it. A reform programme of mergers was planned early this decade, however was never completed. Voluntary municipal mergers are however still being promoted. (Estonica, 2007; Öunapuu, 2006)

Latvia has multiple small units of administration, with 530 municipalities in 2005, and the idea of the consolidation of these for a more effective provision of services has been raised. In their National Development Plan 2007-2013 (2006), Latvia recognises the need for such a structural reform, to create both larger local governments and also extend the responsibilities of the regional governments. These larger units are necessary because of the financial problems and the insufficient services provided by the smaller units. The aim is to complete the structural reform in Latvia by the municipal elections of 2009 (State Regional Development Agency, 2006).

Lithuania currently has mainly larger municipal units than its fellow states, and within this system there are 10 counties and 60 municipalities. Below the municipal level there are however over 500 small administrative units, called 'elderates'. Lithuania is considering various proposals for reform, involving fewer and larger regional units (Ministry of the Interior Lithuania, 2007).

Therefore the relevance of Denmark's undertaking to the rest of the BSR is indisputable. An overview of the six countries in question is shown on Table 1. Although findings from Denmark may still be sparse due to the young age of the new administrative structure, it is important that this knowledge is made available to other BSR states so that the may consider their positions on structural reform more fully, in the light of evidence from a neighbouring country. Many of these countries have already committed to a certain process of reform, but Denmark

can still provide lessons in terms of the finer details, and in terms of how to approach regional planning in the new structure.

Table 1 Overview of six BSR countries.

	Area (km²)	Population (million)	Regions/counties	Municipalities
Norway	323 802	4.7	19	421
Sweden	449 964	9.1	21	290
Finland	338 145	5.3	19	416
Estonia	45 226	1.3	15	227
Latvia	64 589	2.3	33	530
Lithuania	65 200	3.6	10	60

1.3 Conclusions from the Previous Reports

The report "Structural changes and transport challenges" produced a number of initial recommendations for other countries considering a similar structural reform to Denmark. These were related to the Danish experiences in the period leading up to the implementation of the structural reform, and were as follows:

- 1. Ensure all sectors are heard during the initiating phase of making the structural reform.
- 2. Ensure that transport issues are a legally based part of regional planning.
- 3. Ensure that the Planning Act is clearly worded and not open to misinterpretation.
- 4. Include municipalities and local businesses in the making of plans on the regional level.
- 5. Municipalities should put greater thought into common development, rather than just development within their own borders.
- 6. Regions should emphasise creating framework conditions for transport corridors and hubs, in order to be part of the global network.
- 7. Regions should find a competence area where they have a competitive advantage in the form of knowledge and skilled staff, and then try to promote this branch of knowledge through planning.
- 8. Regions and municipalities should promote intermodal transport, ICT and ITS, in an attempt to decouple traffic increases and environmental problems.

This report will therefore build on these recommendations, as well as the concrete Danish experiences which have been discussed in the second report. These experiences were distilled from expert interviews, and include the positive and negative points and the challenges shown on Table 2. These points are mostly general, regarding the new regional units and the working processes within them.

Table 2 Advantages and disadvantage of the reform. Based on (Expert interviews, 2007).

Positive changes after the reform	Negative or less positive changes after the reform	Challenges in relation to the reform
Employees are happy about the more strategic focus of the regional plans.	The first Regional Development Plan would in some regions be very general and not as detailed as hoped.	The large geographical area of some regions can be a challenge.
Positive challenge to work with new people in the regional administration.	Different outlooks in the regions that were amalgamated of more than two former counties.	Getting to know people's different working processes.
In many cases easier for the public with only one entrance to the public sector.	Less regional responsibility, less influence.	Make an understandable and transparent split between responsibility areas.
Positive that employees are on the same level, so they in cooperation can form the regional policies.	Not the same possibilities to follow up on planning initiatives.	To create a common vision for the entire region.
More clear road administration.		Coordination between national and local administration levels.
		Justify the need of regional planning.
		Create visions that the municipalities associate with.

By looking at these recommendations and experiences in terms of other countries, it will be apparent what further experiences from the Danish case of structural reform could be transferable and of use elsewhere.

2 PROBLEM FORMULATION

It was shown in the introduction to this report how Denmark has recently instigated a new administrative structure, and that this is a broader trend throughout a number of countries in the Baltic Sea Region. Previous reports on the topic of the Danish structural reform produced analyses of the process of the reform, and the experiences in the areas of regional planning and goods transport planning during the first year of the new structure. Therefore this report will consider how other countries that are also in the process of a structural reform can use these Danish experiences. The problem formulation from which this report will approach the issues is as follows:

How can the Danish experiences of the structural reform in the area of regional goods transport and spatial planning be transferred to other countries in the Baltic Sea Region, which are also developing or undertaking a process of a structural reform?

In answering this question, first a description of the relevant Danish experiences will be laid out. This will take its point of departure in recommendations made in the first report, augmented with experiences gained in expert interviews from the second report. This description will constitute chapter four. After this, in chapter five, an analysis of the processes of structural reform in the six aforementioned countries (Norway, Sweden, Finland, Estonia, Latvia and Lithuania) will be undertaken. Chapter six will then consist of recommendations distilled from this analysis and the relevant Danish experiences, and chapter seven will conclude the report, answering the problem formulation.

2.1 Delimitation

This report will, for obvious reasons, have similar delimitations to the first and second reports. This is natural considering this report will use the work of these reports as its foundation.

Firstly, when considering the issue of structural reform, the focus will be on the issues of goods transport and planning, at the regional level.

These are the experiences that were collected in the Danish context, and hence they are the areas in which valid recommendations can be made. It is also important to note that the focus within the transport area is goods transport, and hence public transport will not be an issue that is considered here. Within the context of the Danish structural reform, the focus will be on the middle level, that of the five new regions.

Secondly, a geographical delimitation has also been made in this report, the scope of which has already been outlined in the introduction. Not all the countries of the Baltic Sea Region will be covered here, rather the report will be limited to the six countries mentioned above and in the introduction. This is due to the fact that these are the countries that are undertaking similar state-directed structural reforms to Denmark.

3 ANALYTICAL FRAMEWORK AND UNDERTAKEN METHODS

This report will assess how different countries in the Baltic Sea Region are undertaking structural reform, and what from the Danish experiences is potentially useful in these countries. In this way, this report will utilise and build on much of the work from the previous two reports. However, it will look at this work in a new perspective, that of the wider area, rather than just Denmark.

3.1 Structure of the Report

An overview of this report is shown in Figure 3. This overview explains the content of each chapter, as well as showing how the chapters link together to form the entire report.

The report analysis is mainly contained within chapters four and five. Chapter four analyses the interview material, from interviews with regional planners in Denmark, which was mainly used in the second report. In this case the analysis is done using the framework of recommendations made in the first report. Chapter five analyses the status and progression of structural reform in six Baltic Sea Region countries outside of Denmark. The analysis here is mainly of a descriptive nature.

Chapter six then proceeds from these two analyses to make general recommendations regarding structural reform, spatial planning and goods transport in the countries around the Baltic Sea.

Chapter 1: Introduction

A brief recap of the results and conclusions from the two previous reports in this series. It will show the importance of structural reform throughout the Baltic Sea Region, and introduce the six countries that will be covered in this report.

Chapter 2: Problem Formulation

How can the Danish experiences of structural reform in the area of goods transport and planning be transferred to other countries in the Baltic Sea Region, which are also planning or undertaking a process of structural reform?

Chapter 3: Analytical Framework and Undertaken Methods Outlines the structure of the report, and considers the different methods used in the report.

Chapter 4: Danish Experiences of Structural Reform

Reviews the Danish experiences of structural reform which may be relevant to the rest of the Baltic Sea Region. It will use the eight recommendations made in the first report as a vehicle for this, supplemented with the interview experiences from the second report. The chapter will conclude with a 'pyramid' of recommendations, which regard the foundation of structural reform, and the process and strategy of planning post structural reform

Chapter 5: Structural Reform and the Baltic Sea Regio n Describes the experiences of structural reform in six countries: Norway, Sweden, Finland, Estonia, Latvia and Lithuania. This will show the reasons for structural reform, the progress of structural reform, and the situation pre- and post-structural reform.

Chapter 6: Recommendations

Builds on chapters four and five. It will make general recommendations regarding structural reform, using the combination of the pyramid of recommendations from the Danish experience, and the experiences and situation so far of other countries with structural reform .

Chapter 7: Conclusions

Describes what can be concluded about structural reform in the wider context.

Figure 3 Overview of the structure of the report.

3.2 Methods

Like the previous two reports, this report is also based on qualitative, rather than quantitative data. In this case, the qualitative data collected were mainly of a secondary nature. This is due to the nature of much of the material in investigating structural reform in other BSR countries. In order to build a picture of structural reform in various countries, it was necessary to investigate a large amount of documentary evidence. Primary data were, however, also utilised in this report, in the form of the expert interviews with Danish regional planners.

This report has been based on both written sources, through literature studies and archival records, as well as the interviews. The literature review included the use of academic writings on structural reform, and documents and homepages produced by the particular countries. These were generally produced by the officials of the countries, through, among others, national departments of interior and finance. A number of conference papers delivered by state officials were also used. In terms of archival records, some legal documents and various plans and strategies from the countries in question were also used as data.

Expert interviews with regional planners from the five Danish regions were also used in this report, for which the interview guidelines can be viewed in chapter three of the previous report. These interviews, after more than half a year of experiences of the new administrative structure, gave insights into the benefits and challenges of the structural reform for regional goods transport planning. These experiences and the recommendations from the first report form a basis for the analysis of the six BSR countries in this report, and the further recommendations given.

3.3 Source Criticism

This report is mainly based on two different data collection methods, which are illustrated in Table 3. A particular criticism of the data collection for this report could be that the stakeholders in the six countries were not directly interviewed, instead relying on written sources for this information. However the aim of this report is to consider what experiences from the Danish context could be useful in these other places, and therefore it was deemed sufficient to

thoroughly research the contexts for which general recommendations will be made.

Table 3 Strengths and weaknesses of different data collection methods. Based on (Yin, 2003, p.86).

	Strengths	Weaknesses
Literature Studies	Stable – can be reviewed repeatedly Unobtrusive – not created specifically for the case study Exact – contains exact names, references, and details of an event. Broad coverage – long span of time, many events, and many settings.	Retrievability – can be low Biased selectivity, if collections is incomplete Reporting bias – reflects (unknown) bias of author Access – may be deliberately blocked
Archival records	Same as for documentation Precise and quantitative	Same as for documentation Accessibility due to private reasons
Interviews	Targeted – focuses directly on case study topic Insightful – provides perceived causal effects	Bias due to poorly constructed interview questions Response bias Reflexivity – The interviewed gives what interviewer wants to hear.

The written data sources have been used throughout the report. The literature in question has mainly been academic and conference papers, homepages and national publications. The archival records have included planning strategies, legal and state documents. These were used in describing and analysing the process and experiences of structural reform in the six BSR countries.

The interviews have been used when considering the relevant Danish experiences, in chapter four, and in making the recommendations in chapter six. These have provided insights from regional planners that could be transferable to the other contexts.

4 RELEVANT DANISH EXPERIENCES

This chapter will consider the eight recommendations, which were made in chapter seven of the first report, with the addition of the Danish experiences which formed part of the analysis in the second report. These eight recommendations, as shown in Table 4, were the major points which were considered to be transferable to countries "that are about to undertake a restructuring of their administrative sector and want to secure a coordinated planning for goods transport at the regional level" (Structural Changes and Transport Challenges, p.76).

- 1. Ensure all sectors are heard during the initiating phase of making the structural reform.
- 2. Ensure that transport issues are a legally based part of regional planning.
- 3. Ensure that the Planning Act is clearly worded and not open to misinterpretation.
- 4. Include municipalities and local businesses in the making of plans on the regional level.
- 5. Municipalities should put greater thought into common development, rather than just development within their own borders.
- 6. Regions should emphasise creating framework conditions for transport corridors and hubs, in order to be part of the global network.
- 7. Regions should find a competence area where they have a competitive advantage in the form of knowledge and skilled staff, and then try to promote this branch of knowledge through planning.
- 8. Regions and municipalities should promote intermodal transport, ICT and ITS, in an attempt to decouple traffic increases and environmental problems.

Table 4 Recommendations for other countries from "Structural Changes and Transport Challenges" (2006).

The points can immediately be separated into recommendations for two different areas. Points 1-3 regard the process of initiating and forming a new administrative structure. Points 4-8 regard the processes of planning after a reform has been undertaken. Therefore for those countries that are already further down the road to reform, evidently only the latter of these recommendations will be of great interest. Each of these recommendations will now be outlined to clarify their meaning, and to show the evidence from the second report that ameliorates them. These points from the second report include those outlined in Table 1, in the introduction.

4.1 Initiating a Structural Reform

In Denmark, the structural reform was undertaken without the goods transport sector taking much of a role in the creation of the reform. The situation now in the new structure is that goods transport is not a legal part of regional planning. When the last structural reform was undertaken in Denmark, it was a 15-year process, and spatial planners were a key part of formulating the reform. Therefore the recommendations in this first section are with regard to creating an administrative structure which takes into account a large number of stakeholders, and which thus lays out clear responsibilities in the transport area, and particularly the goods transport area.

1. Ensuring All Sectors are heard during the Initiating Phase of the Structural Reform

In the first report, it was shown that the transport sector was not particularly involved in the creation of the new municipal structure. It is possible that this is what led, in turn, to the fact that goods transport is not a legal part of the new regional planning, which is the following point.

Therefore this experience has shown that it is important to hear from as many different sectors as possible when creating a new administrative structure, so that important issues such as goods transport are not neglected. This is particularly because transport planning and spatial planning should be integrated, as laid out in a number of European documents such as the ESDP. Transport both affects and is affected by the majority of areas in planning, both in

terms of goods and people, and hence neither type should be neglected.

Ensuring that Transport Issues are a Legally-Based Part of Regional Planning

From the experiences so far in the Danish regions, it seems that it is a valid recommendation to suggest that goods transport should have a legal standing in regional planning. The effects of the Danish situation can be seen in a comparison of the five Danish regions. In some regions, planners were adamant that they should stick to exactly the duties that were prescribed to them by law, which is understandable. The particular interpretation of the Planning Act is also relevant here, but it will be discussed in the next point. Therefore in regions where this was the case, goods transport was not an explicit priority, and was only considered in terms of infrastructure provision.

In other regions, goods transport was a greater priority, due to the belief of the particular planners that it was an issue of importance that required separate consideration. This can be seen in the be seen in the differing emphasis of the five regions on goods transport planning, however for all of the regions it is included in some way under their infrastructure section in the RDP.

Therefore these experiences prove that in other countries undertaking structural reform, if goods transport should be of importance in regional planning, it should have a legal status of being so. This means that all regional planners will take it into consideration, rather than just those who personally view it as a regional responsibility.

3. Ensuring the Intelligibility of the Planning Act

Creating a planning act that makes the responsibilities of the various levels of the planning system clear is of utmost importance. Here again, the Danish experiences have shown that if a planning act is not clearly worded and mutually understandable, then differing results will occur in different regions. This is related to the above point, in that again the differing approaches of the regions to goods transport show their differing interpretations of their responsibilities.

Therefore a clearly worded planning act is a must to any country undertaking a structural reform, and which wishes planning to consist

of clear responsibilities in the new structure. Clear wording that is not open to misinterpretation is essential for different regions to perform the same processes.

4.2 Regional and Municipal Planning

To briefly recap the Danish experience of structural reform, the regional level lost its hierarchical authority in physical planning, and gained the responsibility for producing a Regional Business Development Plan, the Local Agenda 21, and producing a RDP every four years. Whereas previously the Danish planning system had three hierarchical levels of state, county and municipality, where each level had to observe the level above, the planning system now consists of the state and the municipality, with the region as a level which simply 'guides' development in the municipalities.

The five recommendations which follow regard the situation in planning, and goods transport planning, post-structural reform. These recommendations therefore build on the foundation that the first three recommendations created, and should thus contribute to creating regions which optimise conditions for goods transport.

Inclusion of Municipalities and Local Businesses in the making of Regional Plans

This recommendation came about as it is considered that a strategy or plan will be followed more assiduously if there is an 'ownership interest' in the plan, and therefore it would be a benefit to include the affected interest parties in the making of a regional development plan. This is a hypothesis that was proven valid in the interviews with the Danish regions.

So far the Danish regions have all had good experiences of cooperating with municipalities in making the regional development plans. The partnership between the regions and all the municipalities in the region was in fact something that many of the regional planners were proud of. This was due to the process of creating a consensus among all the different municipalities, and producing a document that everyone approved and therefore which they hoped would be used as a common reference point. The involvement of the municipalities from the beginning of the process of regional planning was also something which the regions felt minimised comments and changes later on.

Therefore it is evident from the Danish experience that there is a lot to be gained through the involvement of municipalities in regional planning, and that it can be a very positive relationship for those involved.

However on the side of involving local businesses in making regional plans there was less experience in Denmark. Although many of the regions invited contributions from private actors, they found them less apt to take part. Only in one region, where specific workgroups for transport issues had been set up, were private actors really visibly taking part in the process.

Therefore this experience shows that a greater effort seems to be required in order to include local businesses in creating a RDP. Evidently the benefits of participating in such a process are unclear to businesses, or not as many are being invited to take part as was claimed. However it is also confirmed here that there are benefits to including municipalities in regional planning, and this has been particularly highlighted in the Danish experience.

5. Focus of Municipalities on Common Development

Recommendation five is inextricably linked with recommendation four. This recommendation is pointing out the importance that municipalities within a region do not plan in an insular manner. Rather municipal planning should also have an eye on the wider picture of the region. Through work and cooperation between the regions and municipalities, as outlined in recommendation four, this wider picture can be viewed.

In terms of whether the municipalities in Denmark placed too much focus on internal problems rather than a wider picture of development, one of the regions noted that some municipalities were more outward-thinking than others. Some municipalities were more preoccupied with their internal traffic issues than the regional view, however this is something viewed as 'only to be expected'. The region in question also felt that it was not really a great hindrance for them.

With the trend of ever-increasing distances travelled by goods, it is worth noting that goods transport is often at a scale above that at which the municipalities work. So it should be the regions' role to coordinate this area, working with the municipalities to try to ensure that within municipal planning common goals are also promoted. It is a balancing act of allowing the municipalities to work on their own internal issues,

but at the same time encouraging them to have policies that contribute to wider regional aims. The inclusion of the municipalities in the process of building a regional development plan, as outlined above, therefore seems to be of importance here.

6. Creating Conditions for Transport Corridors and Hubs in a Region

This recommendation stemmed from the idea that much development in the future will be centred on metropolitan areas, and those that are part of an international network. This is related to Castells' theoretical position on space of place and space of flows, which was discussed in chapter three of the first report. Therefore it pays to be well connected to these regions, and hence solidify your own particular position in the international network. This issue was addressed in the previous report, in the discussion of transport corridors in particular.

The Danish regions were all very aware of their positions in a wider national and international network, and of the particular transport corridors and hubs that were of relevance to them. However in terms of active planning of these corridors and hubs it was more difficult to see where and how the regions were involved. All the regions were particularly aware of their harbours as important transport hubs, and saw the need to plan for good accessibility to these. Several of the regions had created international strategies because of their awareness of the importance of the international dimension.

In terms of international projects, such as EU Interreg projects, although the regions were generally keen to continue these, they were often unsure as to how at this early stage. For a start, it was stated that regional actors in other countries sometimes found it difficult to understand the position of the Danish regions, as they do not have a large budget or any technical departments. Also there was the problem of the small budget in another way, that is, the difficulty of following up on the results of these projects with limited resources.

Therefore it was clear in the Danish experience that the regional planners were very aware of the need to view themselves in an international perspective, but it was much more difficult in terms of the concrete planning for this, as they seemed to lack some of the tools for effective participation in transnational projects on transport corridors and the like. It does seem clear that the consideration of transport corridors and hubs in a transnational perspective is important in

regions after a structural reform, but when undertaking a structural reform it is also important to consider what tools are necessary to allow these considerations to become something more solid.

7. Finding a Competence Area with a Competitive Advantage

This recommendation is of particular significance to more peripheral regions, which are not a natural part of the international network, and for whom the previous recommendation is therefore more difficult to achieve. It stems from the evidence in the first report that more peripheral regions should find a particular business area or skill competence that they can promote.

This was not a particularly significant issue for most of the Danish regions, several of whom saw the idea of supporting a specific business sector as outside their general responsibilities. Only one region mentioned wanting to actively support new technologies, ITS in particular, through promoting the region as a test area in international projects. This region was, unsurprisingly, North Jutland, generally considered the most peripheral of the Danish regions. Therefore it seems that peripheral regions are indeed the most likely to consider developing a special competitive advantage, as they are lacking the natural geographic advantages of other regions.

Although there were fewer experiences with regard to this recommendation in the Danish context, it is perhaps even more significant for other Baltic Sea Region countries, where there are large areas which are considered 'peripheral', and where connectivity alone is not sufficient to increase their competitiveness.

8. Promotion of Intermodal Transport, ICT and ITS

This recommendation is related to the European-wide priority of attempting to decouple traffic growth and growth in environmental problems. Promotion of co-modal transport, particularly rail and seabased transport, and greater utilisation of the newest transport technology, mean that regions could achieve greater sustainability in transport. These were issues that the Danish regions were not at all unfamiliar with.

As with the issue of transport corridors and hubs, intermodal transport, ICT and ITS were all issues which the regional planners in

Denmark were deeply aware of. The importance of promoting intermodal transport was very much recognised, especially in terms of the importance of the harbours. There was less consensus surrounding goods transport by train, with several of the regions believing it was unrealistic in Denmark, whereas other regions were keen to try and promote the use of rail for goods transport.

With regard to ITS, again all the regions were positive about this, although several had no concrete policies in the area and saw it as something which could be politically difficult to implement. However, two regions were much more positive about it being used in their regions, and one region in particular (linked to the point above) was keen to develop itself as a test region for these kinds of technologies.

Therefore with regard to the promotion of these areas, all the regions recognised their importance. However there is perhaps a need for clearer responsibilities in these areas, so as to encourage greater action. Presently the situation in some regions is that although the significance is recognised, there is scepticism as to the benefit to the region of particular technologies such as ITS, and also awareness of the limits of the region in promoting areas such as intermodal transport. In the end, with this issue, it is largely politicians and private actors who will decide the fate of intermodal transport and ITS.

4.3 Summary

This chapter has outlined the eight recommendations for transferable experiences to other regions, which were named in the report "Structural Changes and Transport Challenges". The actual experiences of the Danish regions, taken from interviews, have been added to highlight the nuances of these recommendations. This has allowed the recommendations to be refined somewhat, and an idea of the relationship between them to be produced.

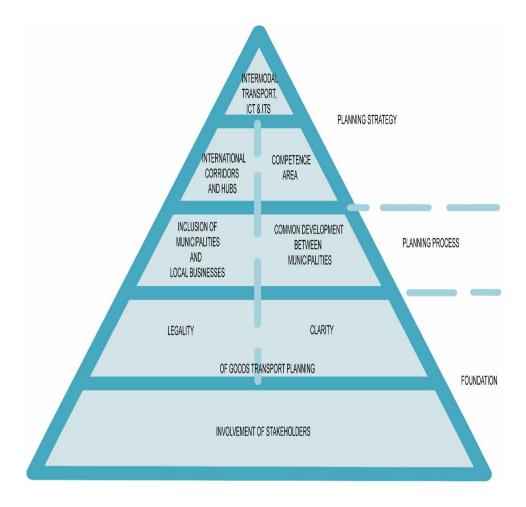


Figure 4 Pyramid of recommendations from the Danish experiences of structural reform.

A relationship between the recommendations can now be illustrated in a pyramid form, as shown on Figure 4. The first three recommendations, as was stated at the outset, regard the process of creating a public sector structural reform. These recommendations hence provide the foundation of a new administrative structure which will be able to tackle the issues further up the pyramid.

The remaining five recommendations were all related to planning within the new structure. The recommendations in the middle of the pyramid regard the process of planning, and the fact that municipalities and businesses should be included in regional planning, as well as municipalities placing emphasis on common, regional development, instead of just development within their particular municipal boundaries. These recommendations for the planning process build on

the foundation, creating conditions for transport and spatial planning where issues such as goods transport will also be on the table.

The final three recommendations form the tip of the pyramid, and these are related to strategies of regional planning. The strategies place sustainable transport and regional recommended competitiveness as priorities in a region. The development of international corridors and hubs in a region through involvement in transnational projects will promote regions in these times of increasing Alongside the strategy of developing a special goods transport. competence or cluster in a region, the creation of transport corridors and hubs will help increase the competitiveness of a region, and particularly peripheral regions. The final recommendation, at the very top of the pyramid, is that regions should promote the use of intermodal transport, ICT and ITS in their spatial and transport planning. These transport perspectives and technologies will contribute to more sustainable and efficient transport of goods.

5 STRUCTURAL REFORMS IN THE BALTIC SEA REGION

This chapter will consider six countries in the Baltic Sea Region outside of Denmark. These are Norway, Sweden, Finland, Estonia, Latvia and Lithuania. Each of these countries is already undertaking, or is considering, some kind of reform of their administrative structure, usually for similar reasons to that already undertaken in Denmark. Here the character and extent of these structural reforms will be analysed. This information will then be used in later chapters to consider where the recommendations from the Danish experiences are of particular use, and if there are any other areas in which Denmark can provide useful transferable experiences. Firstly, however, a brief overview of transport and infrastructure planning in the BSR will be given, along with a rationale for the necessity of this at the regional level.

5.1 Transport and Infrastructure Planning in the BSR

The BSSSC (Baltic Sea States Subregional Co-operation), in their 2006 "Survey on the Transport Infrastructure Planning in the Baltic Sea Region", state that the "regions in the Baltic Sea Area – beside national and European bodies – have an important responsibility in the planning and implementation of improvements in the transport system. It is important that these activities and measures are discussed and coordinated between regions and in relation to other pan-Baltic organisations" (BSSSC, 2006, p.4).

BSSSC also outline three important impacts of infrastructure on economic development:

- Infrastructure contributes to economic growth by reducing costs of production
- Infrastructure contributes to raising quality of life by creating amenities, providing consumption goods and contributing to macroeconomic stability
- 3. Infrastructure develops economic potential where appropriate conditions exist (BSSSC, 2006, p.4)

Therefore these reasons, which also emphasise the points made in Figure 5 in the second report, show the benefits the regions of the BSR can gain from infrastructure development. Thus the importance for a competence in transport and infrastructure planning is all the more important at the regional scale, where much of this work should be carried out.

In a transnational perspective, there are many important infrastructure projects in the Baltic Sea Region. In terms of the TEN-T priority projects, the Baltic Sea Region is involved in seven of the thirty current priority axes and projects (EC, 2005). In the previous report, the Øresund Fixed Link, the Fehmarn Belt Railway Axis and the Motorways of the Sea were all mentioned, as these specifically affect Denmark, as well as other BSR countries. Aside from these three, the BSR is also affected by the Nordic Triangle Railway/Road Axis, the 'Rail Baltica' Axis, the Railway axis Gdansk–Warsaw–Brno/Bratislava–Vienna, and the Motorway axis Gdansk–Brno/Bratislava–Vienna. (The final two are however outside of the countries covered in this report.)

Aside from these high-profile projects and axes, there are also many other transnational cooperation projects in spatial and transport planning throughout the region. Among many others, these include the Coinco corridor, the Nordic Link corridor, Baltic Gateway, Baltic Tangent, BASIM, as well as LogOn Baltic, which this report is a part of. These projects are numerous, and always changing, and in their survey the BSSSC looked at no less than 29 interregional transport and infrastructure projects.

Therefore for the success of projects such as these, effective regional planning is necessary. This was shown in the second report, in the short discussion of the Nordic Link project in Denmark. This concept is thus applicable to the wider BSR with its multitude of transport and infrastructure projects.

It is therefore pertinent to examine the cases of possible structural reforms throughout the BSR. By looking at the administrative structures and the plans for structural reform which these six countries have, it will be possible to see the pertinency of the recommendations and Danish experiences outlined in the previous chapter. The following chapter will then be able to further expand on these recommendations, in the light of the knowledge gained about the wider BSR.

5.2 Norway



Figure 5 Norway's 19 counties (MLGRD 2004).

Norway, with a population of 4.7 million, currently has 431 municipalities and 19 counties (Amdam, 2007), which are shown on Figure 5. More than half of the municipalities have under 5,000 inhabitants, and eight have over 50,000 inhabitants. All these different municipalities presently have the same rights and responsibilities. (MLGRD, 2004) The Ministry of Local Government and Regional Development states that the "large number of municipalities in our country, and especially the large number of very small municipalities, represent a special challenge" (MLGRD, 2004). The present set-up of the state, counties and municipalities is shown in Table 5, along with

some of the responsibilities at each level in the areas of transport and planning.

Table 5 Current administrative levels in Norway and responsibilities with regard to planning and transport (Adapted from: BSSSC, 2007a).

STATE	19 COUNTIES	431 MUNICIPALITIES
National roads	Regional/spatial planning	Town planning
Rail	Regional development	Municipal roads
Airports	Regional roads	Ports
	Regional public	Planning and
	transport	construction

Norway is planning to undertake a structural reform which will come into effect on the 1st January 2010. The major goal of this reform is to achieve a well-functioning public sector on three levels. This will consist of stronger municipalities and regions which can utilise local and regional advantages to the maximum for residents, businesses, and society in general. (MLGRD, 2007) The four specific goals of the reform are:

- Strengthening local control and democracy at the local and regional levels through the decentralisation of power and authority, and a clear division of responsibility between the administrative levels.
- Production and employment based on using local and regional advantages and conditions in the best manner for residents and businesses, and to secure the future foundations of welfare in society.
- A more co-ordinated and effective public sector where different sectors exist in connection with each other in the one region.
- Effective instigation of national goals, such as equality of service provision. (MLGRD, 2007)

The arguments for a change in the administrative structure to a smaller number of municipalities and counties are usually that the small municipalities are not capable of delivering welfare services efficiently, and that it is not possible to develop sustainable residential and labour market regions because of the lack of political empowerment at this

level (Amdam, 2007). There are also similar arguments for reducing the number of counties, along with the idea that there is a need to coordinate some activities below the level of the state, but above the present county level (Amdam, 2007).

"The focus here is on both local and regional development and planning – the role of the municipalities and counties as 'leading partners' and responsible planners and the role that municipalities and counties have as important welfare producers in Norway. Structural changes like these will certainly have an influence on such activities and on the role of local and regional politicians and administrators." (Amdam, 2007, p.2)

The current plan in Norway is to have a new structure ready for implementation in January 2010. Three alternatives are currently being discussed:

- 1. County Further development and merging of counties.
- 2. Sub-national regions with direct election of council 7 regions with delegated power from the state with regard to communications, universities, health, regional development (similar to the Danish model).
- 3. Two-level state model Only state and municipalities, with these having direct elections (similar to a model nearly chosen in Denmark).

The structure which is presently envisaged is that of fewer regions at the administrative level between the state and the local municipalities. These regions will still be responsible for regional development issues, "though the specific issues to be included in the regional development 'toolbox' remain as yet to be determined" (Nordregio, 2007). The Norwegian Association of Local and Regional Authorities has recommended that Norway should develop strong regions which hold more responsibility than the counties currently possess, and they naturally have influence in achieving more responsibility for the regional level (Nordregio, 2007).

After the reform it is expected that the state and the municipalities will be the central service providers, whereas the regions will have the responsibility for regional development. Within this the regions will have the responsibility for creating synergy between existing and new tasks, as well as working with all the relevant actors in regional development, such as municipalities, businesses and other actors. Thus the new regions will have a role both as a strong regional

development actor with decision-making authority, and as the initiator and leader of partnership and cooperation. (MLGRD, 2006)

The Norwegian government has also suggested the creation of a regional planning strategy, which would be a new element in Norwegian planning law. This would lay out the important regional development strengths and challenges, the long-term development possibilities, and the questions which should be taken further in regional planning. This strategy would be prepared with the cooperation of state regional institutions, municipalities, and other important actors in the sustainable development of a region. (MLGRD, 2006)

In an international perspective, it is believed that the new roles of the regions will strengthen the regions' roles in international cooperation, as well as making the regions a resource for municipalities that wish to place a focus on the international dimension. (MLGRD, 2006)

5.3 Sweden

Sweden, with a population of 9.1 million (Statistika Centralbyrån, 2006), currently has 290 municipalities and 21 counties, the latter of which are shown on Figure 6. The municipalities vary greatly in size, from Stockholm with about 760000 inhabitants, to the smallest with only 2500 inhabitants. The counties also vary in size but not to such a large extent. (Hort, 2006)



Figure 6 Sweden's current counties.

The present structure of the Swedish system, along with some of the key responsibilities in the areas of transport and planning, are shown in Table 6. The municipalities are relatively autonomous and have taxraising powers. All the municipalities have the same tasks, regardless of their size, and these are mainly welfare services such as social services, education, physical planning and building matters. The counties are mainly responsible for health care, which accounts for around 80% of their expenditure (BSSSC, 2007b). (Hort, 2006)

At the county level there are county councils, which are directly elected by the people of the county, but also county administrative boards, which are state government bodies. County administrative boards mainly have the task of co-ordinating state activities at the

county level and the responsibility for aspects of regional development. (BSSSC, 2007b)

In recent years the counties' duties have been supplemented by more responsibility in terms of regional development and growth policy issues. A pilot project was undertaken in 1997-2002 by which responsibility for regional transport infrastructure and regional development were transferred to the county councils in four counties. In two of the counties, Skåne and Västra Götaland, this was then prolonged up to 2006 and then 2010. From 2003 county councils and local councils were able to form regional cooperation councils, which can take a larger responsibility for regional development strategies and transportation planning. In 2007 13 of these 'regional development councils' have been established. (Nordregio, 2007; BSSSC 2007b)

Table 6 Current administrative levels in Sweden and responsibilities with regard to planning and transport (Adapted from: BSSSC, 2007b).

STATE	21 COUNTIES	290 MUNICIPALITIES
Rail transport	Public transport	Town planning
Ports	Regional development (pilot regions and regional development councils)	Urban roads
Airports	Regional transport and infrastructure (pilot regions and regional development councils)	
	Regional planning carried out by County Administrative Board	

The Swedish Committee on Public Sector Responsibilities (*Ansvarskommittén*) has since 2003 been analysing and assessing what kind of changes might be necessary in the structure and division of responsibilities.

In terms of the municipal sector, it is not expected that there will be any proposal for reform involving creating larger municipalities. This is because of the relatively large degree of autonomy that Swedish municipalities possess, thereby meaning that any changes in structure should be instigated by the municipalities rather than the state. Also, merging of municipalities is not seen to be a solution to the problems of all small municipalities, especially in the cases of municipalities with a small population but a large geographic area, as is the case in the north of Sweden. (Hort, 2006)

In terms of the counties, it is expected that they will be amalgamated to form 6-10 in future. It is also likely that it will be suggested that counties take over the main responsibilities for regional development, which has previously been a responsibility of a state regional agency. The responsibility of the counties for healthcare is likely to go unchanged. (Hort, 2006)

Although any territorial structure reform of municipalities is unlikely to be dictated from state-level, the Swedish government is encouraging municipalities to consider whether this is a good option for them. Subsidies will be provided to municipalities who wish to analyse the potential that amalgamation has to improve their ability to provide welfare services. (Hort, 2006)

5.4 Finland

Finland, with a population of 5.3 million (Statistics Finland, 2007), is currently the most decentralised country in the EU, with 416 municipalities (January 2007) which hold the right to impose income tax upon their residents. These municipalities vary in size from over a half million people in Helsinki, to just under 200 inhabitants in the smallest municipality. The welfare state in Finland is based mainly upon municipally-provided services. The municipalities are in control of primary and specialised healthcare, social services and education. (Local Finland, 2007) The current municipal divisions are based on mid-19th century parishes and towns. Finland is facing an ageing population, and thus is expecting an increased expenditure on healthcare and social services for the elderly by 2020. (Ministry of the Interior Finland, 2007a)

Currently the size of the municipalities in Finland is "insufficient to cope with issues such as out-migration, ageing and the increased costs of health service provision" (Nordregio, 2007, p.45). Increasingly local authorities are providing services collaboratively through joint municipal boards. This desire for a viable provision of services is the main driver behind Finnish structural reform, and the issue of the municipal structure has been the major one. The PARAS project (Project to

Restructure Municipalities and Services) has set about investigating the restructuring of municipalities and services in Finland, and has attempted to identify the 'best' and politically feasible structure for this. (Nordregio, 2007)

PARAS ran from October 2006 to May 2007, with the objective of achieving "a sound structural and financial basis for the services that municipalities are currently responsible for in order to secure the organisation and provision of such services in the future with due regard to the required standard of quality, effectiveness, availability, efficiency, and technological advancement" (Ministry of the Interior Finland, 2007b). The reform in Finland has three stages – planning, preparation of implementation and implementation. The planning stage took place from May 2005 – September 2006, the preparation of implementation stage is taking place from October 2006 – December 2008, and finally the implementation stage will take place from January 2009 – December 2012 (Local and Regional Government Finland, 2007).

The municipalities are the "change leaders" (Local and Regional Government Finland, 2007) in this project, as they may decide the magnitude of reform to undertake. It is even possible, although not advised, to choose not to undertake reform, or to take less than the minimum level of reform recommended. The restructuring of local government and services aims to achieve three things:

- 1. Strengthening of municipal structures
 - a. Merging municipalities
 - b. Incorporating parts of some municipalities into other municipalities.
- 2. Strengthening of service structures
 - a. Forming larger catchment areas for services
 - b. Increasing cooperation between municipalities
- 3. Improving operational productivity
 - a. Making organisation and production of municipal services more efficient
 - Strengthening operating prerequisites in built-up regions with problematic urban structures (e.g. Helsinki Metropolitan Area)

(Local and Regional Government Finland, 2007)

Therefore in Finland, unlike in Norway, Sweden and Denmark, there has not been the same emphasis on creating functional regions in the structural reform. Currently, prior to the reform, Finland has 228 'regional joint municipal authorities', which provide services to more than one municipality. These are the major 'regional' level in the country. The services provided are usually healthcare and education, although there can be others. These joint municipal authorities have a general assembly, which is the platform for the member municipalities to make decisions. (Ministry of Finance, 2007a)

- 1. Uusimaa
- South-West Finland
- 3. Itä-Uusimaa
- 4. Satakunta
- 5. Häme
- 6. Tampere Region
- 7. Päijät-Häme
- 8. Kymenlaakso
- 9. South Karelia
- 10. Southern Savo
- 11. Northern Savo
- 12. North Carelia
- 13. Central Finland
- 14. South Ostrobothnia
- 15. Ostrobothnia
- 16. Central Ostrobothnia
- 17. Northern Ostrobothnia
- 18. Kainuu
- 19.Lapland
- 20. Åland

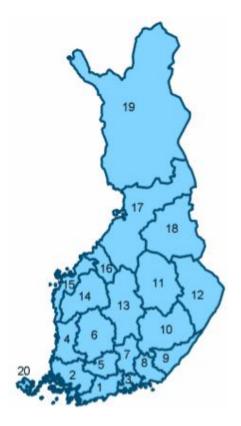


Figure 7 Finnish regional councils (Regional Councils 2007a)

However, beyond these joint municipal authorities there are also 19 regional councils (shown on Figure 7), which are statutory bodies, and "responsible for regional development and supervision of the interests of regional players" (Ministry of Finance, 2007a). An exception to this is the region of Kainuu, which is subject to an experiment with self-governance from 2005 to 2012. Kainuu is the only region in Finland with a directly elected regional assembly (Ministry of Finance, 2007a).

The aim of the self-governance experiment is to "gain experience in relation to the effects of the imposition of regional self-governance on regional development work, basic services, citizen activity, and the relationship between the regional and the state central government as well as the municipal and the state local government" (Nordregio, 2007, p.48). This experiment will form the basis for developing these kind of administrations in other parts of Finland at a later stage (Ministry of Finance, 2007a). Kainuu is primarily responsible for social welfare and health care, as well as some responsibility for education (former municipal services), and also general industrial policy and regional planning (Nordregio, 2007).

Finland's Regional Development Act dictates that regional councils function as the regional development authorities, with tasks including the general planning of regional policy and regional development programmes. The Land Use and Building Act also places the regional council in charge of regional planning, with three legal planning tools at its disposal: the regional plan, the regional development programme, and the regional land use plan. (Kainuu Region, 2006)

The regional plan sets guidelines for long term regional development, a period of 20-30 years, and is the document on which all other development plans and programmes in the region are based. The regional land use plan considers all land use planning in the region, and informs planning in the region's municipalities. (Central Finland, 2007)

Table 7 Current administrative levels in Finland and responsibilities with regard to planning and transport (Information from Ministry of Finance, 2007b; Regional Councils, 2007a/b; and Leskinen, 2006)

STATE	19 REGIONAL COUNCILS	446 MUNICIPALITIES
National transport policy and legislation	Regional development	Planning and building
Road management (through state regional administration)	Objectives for development of regional infrastructure	
Traffic management centres (through state regional administration)	Promoting the regional economy	
,	Regional planning	

5.5 Estonia

Estonia is a small country with a population of just 1.3 million (CIA, 2007a). However despite this small population the territory of Estonia is divided into counties, rural municipalities and cities. There are 15 counties (CIA, 2007a), which are shown on Figure 8. Each of these counties is subdivided further into rural municipalities and cities – the administrative structure, along with the transport and planning responsibilities at each level, are shown on Table 8. In 2005 there were 227 local governments in Estonia, consisting of 194 rural municipalities and 33 cities. The size of these municipalities varies greatly, the largest being Tallinn with approximately 402000 inhabitants, and the smallest being Ruhnu with just 66 inhabitants (BSSSC, 2004a). In total four-fifths of these units have populations less than 2500. (Estonica, 2007)



Figure 8 County divisions of Estonia (Estonica 2007).

The counties of Estonia are regional units of the state administration, and are therefore financed by the state budget. The county government has mainly supervisory and advisory functions. (BSSSC, 2004a)

STATE	15 COUNTIES	227 MUNICIPALITIES
Regional policy and planning	Regional policy and economic planning	Municipal roads
National roads	Environmental management	Local public transport
Rail transport	Spatial planning	Local spatial planning
Airports		

Table 8 Current levels of administration in Estonia and responsibilities with regard to planning and transport (Adapted from: BSSSC, 2004a; and Estonica, 2007)

An administrative territorial reform has been under consideration in Estonia for some time. In 1998 the Association of Local Authorities in Denmark was contracted "to carry out pilot investigations in different areas of Estonia in order to generate more knowledge about facts, problems, opportunities and attitudes towards territorial reform in selected municipalities and towns" (NALAD, 1998, p.4). This study concluded, among other things, that the Estonian municipalities had limited financial and administrative capacity to fulfil the tasks which were assigned to them, that some municipal tasks went unfulfilled, and that municipalities with larger populations tended to carry out more tasks than those with smaller populations. There are also some units where the central settlement is administratively separated from its hinterland (Estonica, 2007), as is illustrated in Figure 9. Therefore it seems that an administrative territorial reform in Estonia is necessary, at least in terms of the municipal structure. (NALAD, 1998)



Figure 9 Administrative separation of a central settlement and its hinterland.

The circumstances at the beginning of the reform are as follows:

- The number of local governments is too large and some of them are too small to be able to undertake the administrative duties they legally have to.
- Increasing the efficiency of the public sector requires local governments with a larger population and higher economic potential, which also means a considerable reduction in the number of local governments is necessary.
- Between a third and a half of Estonian local governments cannot currently meet their legal obligations.
- There are many negative points surrounding local governments, such as dissolving councils, single-list elections, bankruptcy and crisis, that show "insufficient administrative aptitude and management shortcomings in the existing local governments" (Ministry of Internal Affairs Estonia, 2001, p.14).

The criteria of the administrative-territorial reform in Estonia were as follows:

- 1. Minimum population of a local government unit should be 3500 residents.
- 2. A rural municipality in the vicinity of a city should have at least 4500 residents.
- 3. Cities and settlements with under 10000 residents must be part of a rural municipality.
- 4. A local government should form a whole unit with one or several closely interrelated centres.
- 5. If a part of a local government is more tightly linked to a neighbouring local government, it should be incorporated into this local government.
- 6. If the hinterland of the centre of a local government with a population over 3500 contains smaller local governments or parts of other local governments, then they should be merged into a new local government.

(Ministry of Internal Affairs Estonia, 2001)

The aim of the administrative-territorial reform is to "create such a local government administrative system that ensures a maximum balance acceptable to local people between two principles – communal independent decision-making and effectiveness based on scale-effect" [Ministry of Internal Affairs Estonia, 2001, p.14].

This means that local governments should be able to guarantee sustainable development, fulfil all the tasks imposed on them by the state, offer their population high-quality public services, have close relations to the people, and be able to do this in a rational and effective way.

An Administrative Reform Programme based on these criteria was approved by the Government of Estonia in 2001. A variety of studies of territorial arrangements were undertaken, and it was decided to instigate a reform that would have created just 101 rural municipalities and cities, however the Government at that time was unable to complete the merger process. Voluntary mergers have continued since then however this has not been at the same scale as those the state had proposed. (Öunapuu, 2006)

In 2004 the Promotion of Local Government Merger Act was passed, which promotes the merging of local government units through providing for the payment of merger aids to local government units

which merge before the start of 2010. The benefits of the merging of small government units is expected to include the "harmonisation of the region and more compact direction of its development, improvement of the competence of administrative apparatus, rise of normal competition between officials, harmonisation and improvement of public service quality, enhancement of the role of local government councils upon direction of local development, significant increase in own revenues received, decrease in administrative expenditures, increase in investments into infrastructure development, etc." (Öunapuu, 2006).

Building on the issue of local government units, there is the importance of achieving an "optimal division of functions between municipalities/towns and the regional level" (Öunapuu, 2006). All the levels should work together to create common and balanced county development.

Therefore although local government units are the focus of the administrative reform in Estonia, there is an awareness of the importance of the county level as well, and also of regional development. The Government of Estonia has approved a Regional Development Strategy for the years 2005-2015, and a draft Regional Development Direction Act has also been created (Öunapuu, 2006). Regional Development Strategy emphasises development across Estonia's regions, making them all attractive places to live and work. It is also stated in the Regional Development Strategy that the initiative for regional development should come from the local and regional level mainly, and that the national level will be an active partner supporting these initiatives. (Ministry of Internal Affairs Estonia, 2005)

The national regional policy measures have several objectives, which come under the general objective of "ensuring sustainable development of all regions, based on the development advantages and features inherent to the regions and qualitative development of the competitive ability of the capital region and other urban regions" (Ministry of Internal Affairs Estonia, 2005, p.18). The three sub-objectives are:

- 1. Improved meeting of the basic needs of the people everywhere in Estonia.
- 2. Lasting competitive ability of different regions.
- 3. Enhancement of ties of Estonian regions with cross-border regions and the rest of Europe. (Ministry of Internal Affairs Estonia, 2005, p.18-19)

The county level is of importance in the action plan for this Regional Development Strategy, in that the current County Development Strategies should be developed on the basis of the national Regional Development Strategy for 2005-2015.

5.6 Latvia

Latvia has a population of approximately 2.3 million (CIA, 2007b). The Latvian administrative structure consists of local municipalities and regions/counties. There were 530 municipalities and 33 districts/cities (as shown on Figure 10) in January 2005 (MRDLG, 2007). This structure, along with the responsibilities of each level in terms of planning and transport infrastructure, is shown in Table 9.



Figure 10 Latvia's districts and regions (MRDLG, 2006)

Table 9 Current levels of administration in Latvia and responsibilities with regard to planning and transport (Adapted from: BSSSC, 2004b)

STATE	33 DISTRICTS	530 LOCAL GOVERNMENTS
Long distance	Public transport	Planning
communications		

The Latvian National Development Plan 2007-2013 states 'good governance' as one of the prerequisites of national development, and a part of this good governance is the creation of functional local governments and regions. Larger local governments than exist currently are necessary to handle the problems of finance and insufficient services provided by the present small administrative units. Regional reform is also envisaged to extend the functions of regional governments and to set a more stable basis for financial measures. The reforms of both these levels are seen as particularly essential with regard to regional development and planning. (MRDLG, 2006)

The local governments have 17 permanent functions. These are mainly related to municipal services, education, health and social care, and construction in compliance with development plans. The regional governments have 4 permanent functions. These are civil defence, public transport, further education, and representation in the regional Sickness Insurance Fund. Cooperation between self-governments usually occurs in terms of implementing cooperation projects, and the creation of cooperation associations occurs for the tasks of development planning, attraction of investments, the establishment of common institutions, and the establishment of common enterprises. (ULRGL, 2004)

From as early as 1993 there was an idea about reform of self-government, which would consist of three parts. Firstly, in 1994, legal reform, followed by financial reform in 1995-1998. Administrative territorial reform would finally follow in the period 1998-2004. A law on administrative territorial reform was adopted in 1998, however the government failed to follow through on the reform as planned and it has still not taken place. (Kučinskis, 2006)

In 2002 Latvia adopted a Law on Regional Development. This law established five 'planning regions' (as shown on Figure 10) but did not stipulate a legal entity for these planning regions. The councils of the planning regions form deputies of local government councils.

(Kučinskis, 2006) The planning regions are a cooperation between local and regional governments for the planning of the development of major regions. They prepare regional development plans and strategies, activity programmes, and establish regional development agencies. They should also be involved in the administration of EU structural funds (Kučinskis, 2006). (ULRGL, 2004)

The targets of the planning regions are:

- 1. Planning of regional development
- Coordination of local government cooperation and coordination of joint activities with central government institutions. (Kučinskis, 2006)

At the regional level, the government intends to establish directlyelected regional self-government in the period 2007-2009, using the basis of the existing districts and planning regions. Finally, there should be a harmonization of boundaries of administrative territories of self-government and service territories of regional institutions of state administration. (Kučinskis, 2006)

In Latvia there have been some problems in the development policy of the public administration, such as the following:

- 1. Lack of a uniform vision of state development
- 2. Legal form and capacity of the planning regions
- 3. The halt of the administrative territorial reform of local and regional self-government
- 4. Various service territories of regional institutions of state administration
- Insufficient coordination among activities of state, regional and local level institutions
- 6. Lack of regional development aspect in sectoral development programmes. (Kučinskis, 2006)

5.7 Lithuania

Lithuania is the largest of the Baltic States, with a population of approximately 3.6 million (CIA, 2007c). The administrative structure of Lithuania has three tiers below the state level – counties, municipalities and elderates. There are 10 counties, 60 municipalities, and over 500 elderates. These levels and their responsibilities in terms of spatial and transport planning are shown in Table 10. 'Elderates' are parts of a municipal territory consisting of neighbourhoods, and these do not

have the status of a territorial administrative unit (BSSSC, 2004c). It is aimed to transfer as many functions as possible to the elderates, therefore putting the provision of services as close to the people as possible. The Lithuanian system is criticised for being overly bureaucratic and ineffective, particularly with regard to the number of counties, which do not hold much power. (Ministry of the Interior Lithuania, 2007)

Table 10 Current administrative levels of Lithuania and responsibilities with regard to planning and transport (Adapted from: BSSSC, 2004c)

STATE	10 COUNTIES	60 MUNICIPALITIES
Regional/spatial planning	Regional development	Town planning
Roads	Land management reform and spatial planning	Regional/spatial planning
Ports	County development plans	Urban roads
Airports	Co-ordination of regional programmes of the municipalities	

The lay-out of Lithuania's 60 municipalities and 10 counties is shown on Figure 11. Municipalities are independent self-governing authorities with their own budget, which is partly financed by the state. Some of the main areas for which the municipalities have responsibility are social services, health care, education and environmental services (BSSSC, 2004c). The largest municipality in Lithuania is Vilnius city municipality, which has a population of over 550000, whereas the smallest municipality, Neringa, has only 2400 inhabitants. However in Lithuania the most common municipal size is between 30000 and 50000. Therefore compared to municipal units in many other European countries, the municipalities of Lithuania are large and perform a great range of functions. (Ministry of the Interior Lithuania, 2007)

The co-operation of municipalities in Lithuania is mainly based on two laws: the Law on Local Self-government which establishes a possibility for joint activities of municipalities, and the Law on Regional Development, which institutes regional development councils. In 2002 a resolution was passed by the Lithuanian government regarding the preparation and renewal of regional development plans. Following this regional development plans were prepared and renewed for all the Lithuanian counties. (Ministry of the Interior Lithuania, 2007)



Figure 11 Lithuania's current counties and municipalities (Statistics Lithuania, 2007).

Counties are not independent, and implement state policy in several areas. These include social services, education, health care, regional development, county development plans and the co-ordination of the regional programmes of the municipalities. (BSSC, 2004c)

In June 2003 the Lithuanian government adopted the "Concept of Deconcentration and Decentralisation of Certain Functions of the Central Government". This is an initiative to implement regional self-government, and provides for the establishment of the County Council, a self-governing regional body, which will have decision-making rights in some areas.

According to the Lithuanian Government Programme 2006-2008, the county administrations will be reorganised. Functions related to agriculture, land-planning, social security, health care, education, culture, public order and other functions, except objects of regional

importance will be transferred to counties' responsibility. (Ministry of the Interior, Lithuania, 2007)

5.8 Summary

Table 11 Summary of the responsibilities of current regional level in the six countries.

	Planning/Transport Authority	Taxation Powers
Norway	Planning and development; roads; public transport.	Yes
Sweden	Planning and development; infrastructure; public transport.	Yes
Finland	Planning and development; infrastructure.	No
Estonia	Regional policy; spatial planning; environmental management.	No
Latvia	Public transport.	No
Lithuania	Planning and development; land management reform.	No

Table 11 shows the responsibilities that each of the six countries which have been analysed in this chapter currently have at the regional level, and also shows whether or not there are presently tax-raising powers at this level. Only Norway and Sweden currently have the power of taxation at the regional level, although this may change in other countries if a system of regional self-government is introduced. All the countries presently have some kind of planning and development responsibility at the regional level, however often there are limiting responsibilities in the transport area. These issues will all

be raised again for further discussion in the next chapter. Now the possible processes of structural reform in each of the six countries will be briefly summarised.

Norway is undertaking a very similar process to that which has occurred in Denmark, which they have also committed to implementing at the start of 2010. However, in Norway, the regional level will have authority, and also more tasks, than the Danish regional level. Also the importance of international cooperation has been recognised, and it is stated that the changes which are being made in Norway should strengthen the ability of regions to participate in international cooperation such as Interreg projects, and also the ability of municipalities that wish to.

Sweden is undertaking a structural reform in a much more 'flexible' way to both Denmark and Norway. The structural reform in Sweden will not necessarily reduce the number of municipalities, at least not in the same way as in of Denmark. It is expected that the counties will, however, be reduced in number, and potentially will gain the responsibility for regional development from the state.

Finland is a different case again. Firstly, the pre-reform administrative structure of Finland is dissimilar to the other Nordic Countries, in that there is no clear local-regional-state structure. Rather Finland is a largely decentralised country, with the municipalities as the key service-providers, and with larger-scale tasks taken on by cooperating groups of municipalities. Therefore the question of structural reform in Finland has centred on these municipalities, and furthermore they are the 'change leaders' in the reform. At the regional level there are regional councils, consisting of representatives from all the municipalities in the particular region, which are responsible for regional development. Finland also has one region which is experimenting with self-governance, and in future this could be developed elsewhere in Finland.

Therefore this shows the heterogeneity within just the Nordic Countries. Although there are similarities, each of the countries is coming from a particular starting point, and is taking their own perspective of how to go about reform. However it is also evident that reform is a well-developed concept in Norway, Sweden and Finland.

Both Estonia and Latvia have a very large number of administrative units at both the local and regional levels. In Estonia there were initially plans for an ambitious reform of all the levels, however currently there is concentration on voluntary municipal mergers. Therefore the

Estonian case is more similar to the Swedish case, where reform is centring on the municipal level.

The Latvian case is also similar to Estonia, in that an administrative territorial reform planned in the 1990s has not yet been instigated. Currently in Latvia there is however a system of planning regions which are responsible solely for regional development and planning. These planning regions constitute a cooperation between the municipalities and regions.

In Lithuania there are significantly fewer regional and municipal units already than in the other Baltic States. Recent changes in Lithuania plan to introduce self-government at the regional level as well as the local level, and thus this will bring more decision-making responsibilities to the regional level.

This chapter has mainly just described the current administrative systems in these six BSR countries, their various plans for structural reform, and any particular issues they might have. The next chapter will go into more depth on commenting on these different cases, and this will be done by relating them to the pyramid of recommendations and experiences from chapter four.

6 RECOMMENDATIONS

The last two chapters have reviewed the relevant Danish experiences of structural reform, and the structural reforms in six other countries of the Baltic Sea Region. Here it is now useful to bring these together, as the foundation for making some further recommendations as to the procession of structural reforms throughout the Baltic Sea Region.

The Danish experiences in chapter four were considered in terms of the eight recommendations that the first report in this series made, with regard to the pre-reform experiences in Denmark. These recommendations were then grouped into a pyramid, Figure 12, showing their relevance to both the creation of a new administrative structure and to the process and strategies of regional planning in a new structure.

Therefore now it is of interest to look at the information from chapter four surrounding these recommendations again, but this time in the light of the structural reforms elsewhere in the Baltic Sea Region.

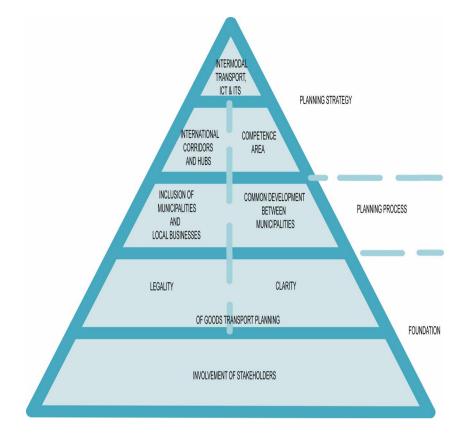


Figure 12 Pyramid of recommendations from the Danish experiences of structural reform.

6.1 The Foundation

The experiences of Denmark regarding the 'foundation' of structural reform are the first which will be considered here. Every country that was looked at in chapter five is building its own unique foundation, which is unsurprising as every country is beginning the process of structural reform from a different point, and has different administrative traditions. However the foundation of the Danish experience can still be of use in a general way.

Firstly there is the layer at the bottom of the pyramid, showing the necessity of participation of stakeholders in the making of a new administrative structure. The participation of stakeholders in planning is widely recognised as desirable, and thus it is also beneficial to include various actors in the making of a new administrative and planning structure. It has been argued in the first report that the non-

inclusion of stakeholders from the goods transport area may have led to the lack of goods transport and infrastructure issues at the regional level in the new structure.

Amdam (2007) has highlighted the importance of the inclusion of stakeholders when discussing the Norwegian case of municipal structure reform. He describes the creation of a new structure as a strategic planning process, and views a "process of alliance building for 'all stakeholders'" (Amdam, 2007, p.21) as an important factor at the very beginning of this process. This process involves discussions about interests and priorities, as well as more general trust and confidence building. Such a process, involving as full a range as possible of stakeholders, should mean that the structural reform process provides for these stakeholders' interests, and that the new structure is more likely to have the support of a majority of sectors. Gaining support is particularly important when it comes to structural reform processes, as reform of any kind is often unpopular.

Beyond the importance of participation of stakeholders, the bottom layers of the pyramid also refer to the need for a legal basis for goods transport and clarity in planning laws. Throughout all three of this series of reports, the issue of goods transport planning at the regional level has been paramount. It was a central concern of the second report that in the new Danish structure, goods transport is not a legal element of regional planning. In the BSR, where transport planning is undertaken at the regional level, it is generally restricted to public or collective transport planning.

Norway, Sweden and Latvia all have public transport planning as a regional responsibility. In Norway and Sweden there is also some responsibility for roads/infrastructure at the regional level (in Sweden this is within the regional cooperation boards and the pilot regions). Therefore some transport responsibilities do exist in some places at the regional level, just not in the goods transport area. The inclusion of some infrastructure responsibility at the regional level in Norway and Sweden is however a positive point. As was shown in the second report, in Denmark the necessity of the regions to work on inputs for the national Infrastructure Commission led to the consideration of some goods transport issues. Therefore via regional work on infrastructure in Norway and Sweden, there may also be consideration of goods transport planning there.

However throughout the countries in question, it seems that goods transport planning is entirely lacking at the regional level. With the importance of the mobility of goods to economic growth, and the trend

of rising goods transport across Europe, this is an issue which regions need to be in a position to plan for. The review of some of the Baltic Sea Region countries in this report has shown that regions often have, or will gain, regional planning and development responsibilities. Transport and infrastructure should be a part of this, as promoted in documents such as the ESDP. This follows from the argument thoroughly laid out in the second report.

6.2 The Process

The middle and top layers of the pyramid regard regional planning after a structural reform. The middle layer is related to the process of planning, more specifically the cooperation between the municipalities in a region and the region itself. This is in many ways a similar position to the comments made on participation above, in the emphasis on the positive benefits of the inclusion of the municipalities in regional planning.

The inclusion of municipalities at the regional level was found to be particularly worthwhile in the Danish experience. A number of the regions commented specifically on the success of their cooperation with the municipalities. This was particularly with regard to creating a common perspective on infrastructure development in the regions. There was a belief that through early cooperation with the municipalities, the comments that were received on the document were thus minimised at later stages. Therefore through successful cooperation from the beginning, the later process was made smoother. Therefore the inclusion of municipalities in making regional strategies and transport planning documents seems very valuable.

It is therefore positive that several of the other countries have already undertaken cooperation with the municipalities in regional planning, or intend to, post-structural reform. This is most obviously the case where the country has/will structure their regions around the municipalities, with municipal representatives comprising the county councils and the like. This is the case with the Swedish regional development cooperations. These require agreement from all municipalities to take part, and hence could be viewed as a way of ensuring municipal cooperation within a region.

The experimental self-governing region of Kainuu in Finland is another example here. Kainuu has a joint municipal board consisting of members directly elected from the municipal populations. This board holds the responsibility for regional development, including the making of the Regional Plan, Regional Development Programme and Regional Land Use Plan. Therefore through the elected representatives, the municipalities are directly connected to the regional level.

Therefore in ways such as this there can be integration between the administrative units of the municipality and the region, whilst at the same time they are separate entities. This should help create coherency and cooperation in regional planning, as well as help municipalities consider the regional picture in their planning.

With regard to local businesses, it was hypothesised in the first report that these should also be included in regional planning. The second report found that this was generally attempted by regional planners in Denmark, but with little success as businesses seldom seemed to respond to invitations to be involved in regional planning. Throughout the BSR, there seemed to be a desire to include stakeholders such as businesses in regional planning. The Danish experience should however serve as a warning that the will alone to include business actors is not sufficient.

Efficient goods transport is of immense relevance to businesses, and actions such as the promotion of intermodal transport require input from and cooperation with businesses. Therefore it seems that alongside a greater emphasis placed on goods transport planning at the regional level, greater cooperation with businesses must also be attempted, including ways to involve them in regional planning through the issues that matter to them.

6.3 The Strategy

The top layers of the pyramid are related to the strategy of regional planning. This encompasses international cooperation, the creation of competence clusters, and the promotion of intermodal transport and transport technologies.

International cooperation projects are important in any region, as they create networks of contacts and provide a different viewpoint on challenges and solutions for the region. This was a point which all the Danish regions were in agreement upon. Creating conditions for transport corridors and hubs was found to be an uncertain matter. Although the regions had enthusiasm for transnational projects, and were still taking part in these, it was unclear what they would be able to

do with the results of these projects. In other countries it seems the possibilities for transnational transport projects at the regional level were just as uncertain. In Norway, it was believed that the structural reform would strengthen the ability of regions to take part in international cooperation, although it was not explicitly stated how this would occur. In Norway and Sweden both the counties and the municipalities can currently impose taxes. Therefore if this continues it will provide an income source through which the regional level can choose to finance international cooperation, and to follow through on In all of the Baltic States the regional level does not the results. currently have the power to impose taxes, although this may change if regional self-government is introduced. Self-controlled finances are one way that capacity to take part in international projects could be built.

It was stated above that Norway specifically mentions that their structural reform will boost possibilities for international cooperation. Perhaps this will be the case, as the future regions in Norway will most likely have regional development as one of their major responsibilities. This is contrary to the case in Denmark, and in other countries such as healthcare is the overwhelmingly responsibility. In Norway healthcare is dealt with in separate functional regions. Latvia currently has five specified 'planning regions', cooperations between local and regional governments, which are again another way of approaching the prioritising of regional planning and Therefore it seems possible that another way to development. encourage the prioritisation of international projects surrounding transport corridors and hubs at the regional level is to place regional planning and development as a core responsibility.

In a survey of transport infrastructure planning in the BSR, the BSSSC (Baltic Sea States Sub-regional Co-operation) looked at no less than 29 different interregional transport and infrastructure projects in the BSR. The vast majority of these projects involved some regional authorities among their partners. Therefore this is evidence that the regional level is very much involved in international projects and cooperation already. The Danish regions proved this point as well, showing that international cooperation projects can continue after a structural reform.

Therefore the evidence shows that regions have the will to be involved in international cooperation projects, and the recognition of the benefits of these projects exists. However regions need the funds and tools to be able to give and gain the highest possible benefits from

these projects. This is particularly the case when it comes to following up on the results of strategic projects, which can provide concrete regional development benefits.

The idea that regions should find a competence area to promote through planning can be viewed as complementary to the promotion of corridors and hubs. In Denmark this was found to predominantly be the case in one region, Northern Jutland. Geographically this is the most peripheral of Denmark's five regions. Therefore the idea of developing a competence was particularly important to Northern Jutland as a way of creating a special attractiveness for the area, and making it a connected region rather than an edge region.

This recommendation is perhaps particularly pertinent for the other countries in question. Norway, Sweden and Finland all have significant northern peripheries, and in these regions it could be very beneficial to use regional planning to promote a particular competency or cluster. Through promoting a particular 'identity' for a region, it could to some extent counteract the difficulties of peripherality and competitiveness.

The final recommendation that was made in the first report and then assessed in the Danish context was regarding the promotion of intermodal transport, ICT and ITS in the regions. In Denmark again it was shown that the approaches to this varied, although all the regions were aware of the importance of intermodal transport and the potential benefits of ICT and ITS.

There are also the issues of intermodality, ICT and ITS, which the first report also recommended were followed up at the regional level. These are areas of immeasurable importance in the context of rising goods transport, as they can help improve the efficiency of goods transport, and thus contribute to decoupling rising volumes of transported goods from negative environmental effects. It was promising that in the Danish case the regions were very aware of these issues, however at the same time it is imperative that regions have the transport planning competence and ability to carry out solid action in these areas. This could be much related to the issue of cooperating with businesses, which was outlined above.

6.4 Summary

This chapter has reviewed the pyramid of recommendations which was set out in chapter four, in light of the analysis of structural reforms in the BSR in chapter five. This has therefore highlighted the general issues which should be considered in structure reform in the BSR, in the areas of the setting up of a new structure, and the processes and strategies of planning in the new structure. A 'revised' pyramid can now be set up, as shown in Figure 13.

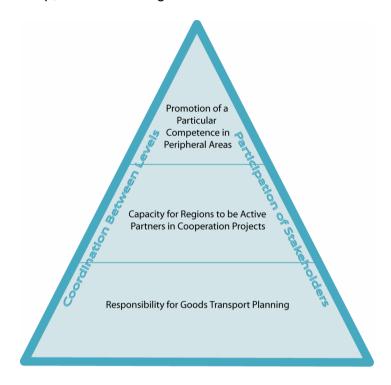


Figure 13 Revised pyramid of recommendations.

Clear responsibility for goods transport planning at the regional level

The importance of effective goods transport to a region has been stated time and again in this series of reports, and the analyses of other BSR countries has shown that it is more often than not excluded as a regional responsibility. Therefore it is important that regions have a responsibility for goods transport, so that more than just public transport is dealt with at the regional level.

Capacity for regions to be active partners in international cooperation projects

Regions should have the capacity – that is, the time and resources – to take part in international projects. Moreover, regions should be able to follow up on results of projects and thus gain solid benefits from them. In the transport and infrastructure area, international cooperation projects can help regions become more connected and accessible, and therefore aid their competitiveness, which is also a key issue in the Lisbon Strategy.

Peripheral areas in particular should seek to promote a particular competence or cluster through regional planning

Regions should use their regional planning as a way of promoting knowledge competencies or clusters in their region, which alongside transport and infrastructure projects, can create a special attractiveness for the region. This is a particularly pertinent recommendation for the extensive peripheral regions of the BSR, where connectivity needs to be side-by-side with other attractions for the region.

Throughout the entire process, both of structural reform itself and of planning after a structural reform, there are two properties that should be pursued. The first of these is the coordination between different structural levels, such as between a region and its constituent municipalities. Cooperation and coordination between region and municipalities can be both a satisfying and fruitful exercise. This appears to already be occurring in a number of the countries in the BSR, and its importance is being underlined here for those countries that do not have a framework of cooperation and coordination between these two levels.

The second of these properties is the participation of stakeholders, both public and private. This is as important in the process of creating a reform, when key responsibilities are being decided, as it is in the system of planning post-reform. Stakeholder participation in the making of a structural reform allows for the creation of a new structure which takes into account the interests of many different business sectors and other groups. This should help create a new structure which is widely supported, as well as create a planning structure in which issues such as goods transport and infrastructure planning are not marginalised.

These general recommendations should help produce regions which have both a responsibility and a capacity to act on transport planning and infrastructure issues, particularly in the area of goods transport. These regions should function with sound cooperation with stakeholders, including the municipalities within them, and should also have the capacity to both take part in and follow up on international cooperation projects, for example transnational spatial planning and transport corridor projects. Furthermore regions, and in particular the significant peripheral regions of the BSR, should be able to use regional planning to promote particular areas of competence and knowledge, and transport planning is also evidently a part of this.

7 CONCLUSIONS

This report concludes a series of three reports, within the framework of the BSR Interreg IIIB project LogOn Baltic. These reports have covered the topics of structural reform, goods transport and spatial planning, firstly in Denmark, and then in this final report in the wider BSR.

This final report began with the following problem formulation:

How can the Danish experiences of the structural reform in the area of regional goods transport and spatial planning be transferred to other countries in the Baltic Sea Region, which are also developing or undertaking a process of a structural reform?

The report has reviewed the Danish experiences, analysed the progress of structural reform in six BSR countries, and recommended ways in which structural reform and regional planning could progress. It has been shown that goods transport is an area which is generally not considered to be of great importance at the level of regional planning, although there could be benefits to regional development if goods transport were to be conscientiously planned for. Mobility of goods is essential to the business life of a region, and hence the competitiveness of that region. An effort should therefore be made to include business stakeholders in regional goods transport planning, as they can both contribute to and gain from this, as well as being valuable partners in the promotion of intermodal transport and transport technologies. This could contribute to a greater modal shift. The distance over which goods are transported is also increasing today, meaning that the transnational aspect of goods transport planning should also be considered.

The Danish experience has shown the valuable benefits of having coordination between the various levels of an administrative structure, something which seems to be being reproduced in other areas of the BSR. Coordination and cooperation between structural units at different levels can ensure that aims at the local, regional and higher levels work together, and that lower-level structural units are able to consider the development of the greater region.

The idea of promoting a cluster or a particular competence area for a region through spatial planning was suggested. In the context of the BSR it was stated that this could be most valuable for the more peripheral regions, however it is a point worth remembering for all regions. This is because it highlights the fact that infrastructure and efficient transport systems alone cannot increase the competitiveness of a region, and it is necessary to have other regional growth strategies to maximise the usefulness of a region's connectivity.

7.1 The Series of Reports

This report has concluded a series of three, centring around the topic of the Danish structural reform, and its impacts on goods transport planning. These first of these reports considered what impacts the structural reform might have, the second of these reports assessed the situation in the first months after the structural reform, and this third report has looked at the transferability of the Danish experiences to the rest of the Baltic Sea Region.

In making these reports, a number of interviews with Danish regional planners were held. These highlighted the different approaches of these planners, even though they all held the same planning responsibilities. For some, the promotion of efficient goods transportation was a high priority which had been carefully considered, whereas for others it was seen as outside their sphere of influence. However all those who were interviewed in conjunction with this research were very interested and open to the ideas which were being discussed.

Perhaps the most important effect the research for these three reports has had is the raising the awareness of the issues of planning for goods transport in Denmark, especially among those planners who were not so familiar with the ideas presented here.

7.2 Regional Competence in Goods Transport Planning

As a final thought, it is worth revisiting one of the comments that was made by a Danish regional planner, which can be used to highlight the usefulness of these reports to the entire BSR.

In the interviews, one regional planner mentioned that there were sometimes difficulties in cooperating in projects with partners from outside Denmark, when these foreign partners misapprehended the structure and capacity of the Danish regions. They often did not understand that the Danish regions do not have large budgets for regional development, and do not have technical planning departments. In their own countries regions are set up differently, and hence this natural misunderstanding.

This report recommends a general need for goods transport planning issues to exist on the regional level throughout the BSR. Throughout these three reports, goods transport planning has been shown to be an issue which must be considered on this level, especially as it is forecast to increase even further in the future.

It is obvious that with different traditions and administrative issues, there will be at least some differences between administrative structures in the countries of the BSR after structural reforms. However if goods transport planning were to exist as a responsibility at the regional level across the BSR, it would allow different sub-national regions to cooperate more efficiently in this area, in transport corridor and other transnational transport planning projects. This could contribute to making the sub-national regions, and hence the entire BSR, more competitive, with more effective systems of goods transport and infrastructure to allow the mobility of goods for both businesses and consumers.

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