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Øresund Regionalisation
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Purpose

The purpose of this article is to analyse and describe the Øresund Region building theoretically and applied in order to provide the reader with actual knowledge about the Øresund Regionalisation and to present the reader for learning about modern regionalisation.

Historical background

Back in the Middle-age, Denmark was a medium-sized power in Europe. It included the dukedoms of Schleswig, Holstein and Lauenburg. In the war between Denmark and Prussia/Austria, 1864 the dukedoms became part of Prussia and from 1870 of the new Germany. After World War I, the Northern half of Schleswig again became a part of Denmark after a referendum resulting in the present border between Denmark and Germany. In the Middle-age: the Southern part of Sweden (Scania, Blekinge and Halland), Norway and Iceland were also part of the Danish Kingdom. The peace between Denmark and Sweden after the war in 1658, resulted in the mentioned Southern parts of Sweden became a part of Sweden. In the Napoleon Wars, Denmark was allied with France. During this war, Copenhagen was bombed in 1807 by United Kingdom and the entire Danish fleet was lost. In 1814 at the Kiel-Peace treaty, Denmark had to cede Norway to Sweden, and in 1905 Norway became a sovereign state. In 1944 Iceland became a sovereign state as well after a referendum.
The history has implied that Denmark today is a small state with 5.6 million inhabitants (DST, 2014) with a territory of 42,972 thousand square kilometre (land), excluding Greenland with a population of 56,000 thousand inhabitants and a territory of 2166,086 thousand square kilometres of which the ice-free territory is 343,776 thousand square kilometres or roughly 8 times the size of Denmark.

The Danish political reaction to the history has been to focus on domestic development of human resources (education and research as well as on establishment of a well-fare society) and on infrastructure and transportation.

Denmark is still famous for agriculture, but today industry and service production count for the major part of GDP (gross domestic product). GDP amounted to 314 billion USD, 2013. The weight on service as transportation is for instance seen in shipping with the Danish corporation A. P. Moller-Maersk Group with a turnover of 47 billion USD in 2013 (The Maersk Group, 2014) and in regionalisation. The starting point and the basic idea have been the “Missing Links of Europe” (1984), including the connections over the Great Belt, Øresund and the Fehmern-Belt, see Figure 1.

Figure 1: The Øresund Region and its surroundings with transportation gateways
What is the Øresund Region?

The Øresund Region is a “final” result of a dynamic region building process, linking and transforming different territories into a single region bearing in mind that a region is not a sovereign entity but an entity with integrated networks and governance systems.

The Øresund Region is situated around the Øresund Belt between Denmark and Sweden. From a formal point of view the territories can be defined by the municipalities included but from a dynamic perspective, it is a region building without a formal external border.

For historical reasons as mentioned above, the regionalisation has started late because Sweden – as often seen after wars – replaced the original population in higher positions in the society with a new leading class consisting of a Swedish-born upper-class. It implied that although the distance between Sweden and Denmark over the Øresund Belt is small (between 4 and 27 kilometres), ferries for long periods of time were seen as the only mean of transportation between Sweden and Denmark although Nordic co-operation has been successful from World War II and onwards, as for example formalized in the Nordic Council and the Nordic Council of Ministers since 1952 when it was founded.

The idea of a fixed connection between Sweden and Denmark was for the first time really approached by the Round table of European Industrialists under the EU Commission report on: “Missing Links of Europe” (1984).
Fixed links will, if established based on an efficient decision making always result in increased integration and mobility as known from traditional regional economics.

**Characteristics of region building**


“It has often been discussed what a region is. Many researchers and practitioners have contributed with definitions and many end up with an imprecise and loose concept. In my opinion it is worth going back to the old Roman way of looking at regions and supplement this with the way regions are discussed in political science literature, in economic literature and in (economic) geographic literature as regions are a term of reference mainly in those scientific disciplines. Based on these findings I have developed the following definitions that have been useful for analytical purposes:

A **region** is a territory over which the inhabitants have **no sovereignty** in the constitutional meaning of the word, i.e. a region is not a state.

The territory can be defined in relation to different rationales. It can be a geographic distinction related to nature (the most common and direct understanding of the region concept), but it can also be of a functional character including people and their activities in a specific territory.

Functional regions can be identity/ culture based, religiously based, economically based or administratively based. The different rationales can be in harmony or in mutual conflict.
**Macro regions** include the territories of two or more than two sovereign states. EU is an example of a region of this kind.¹

**Micro regions** include part of the territory of a sovereign state, i.e. they are domestic.

**Trans-border or cross-border regions** include part of the territory of at least two sovereign states.

**Quasi regions** include a sovereign state plus part of the territory of at least one other sovereign state. This type of regions are rare, as sovereign states are reluctant to participate in this kind of regional activity, and many states veto this type of region in international fora.

**Regionalisation or region building** are processes that intend over time to establish new territorial structures resulting in new regions.

Regionalisation can be based on top-down processes and design or on bottom-up processes and design. The purpose is primarily political (peace-keeping, integrative, resource, administrative) or economic (economic growth related).

In our time there is an increasing world focus on regions and regionalisation. Regions and regionalisation are to be understood in a coherent social, economic and historical context. This implies an understanding of social and historical development as interlinked with the role of regions in a mutual interplay. This point of view influences a study on how the core relation in social development between state and market unfolds in the ongoing political and economic processes of the society.”

Other things that characterize region building are the political and organizational structure. The political structure deals with the initiator role of the regionalisation process. Is the initiator the public sector or the private sector? And if it is the public sector, is it the government or governance level that is the starting point? It also deals with establishing a network to develop and facilitate region

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¹ A further understanding of the concept of macro regions has lately been introduced in the EU including landscapes. The Danupe and the Baltic Sea Region are new macro regions of this type.
building. Furthermore, is the process started domestically or from abroad? Finally, how is the process financed?

To conclude, the Øresund Region is a trans-border region building. It started as a top-down process based on laws adopted in the Danish- and the Swedish Parliament, i.e. at the government level. Later it has changed into a more governance driven process involving especially the municipalities of Copenhagen (the capital of Denmark) and the municipality of Malmö (the third largest city in Sweden). In this way the trans-border process is unusual as trans-border processes normally unite smaller cities situated in the outskirts of countries. This unusual feature is also why the Øresund regionalisation was chosen by the EU as a model region, looking into the possibility of integrating densely populated urban areas to a metropolitan position with 3.5 m. inhabitants.

The Øresund region building has mainly been initiated by the politicians and the public sector and from the EU, supported by international private sector interests expressed by the Round table of European Industrialists.

Theories on modern region building

Regions and the regionalisation are topics dealt with in geography, economics, political science and philosophy/learning. The classical perception of regions is rooted in geography in a rather static spatial frame with a focus on territories included or not included, see for example Lefabre (1991). In economics the regional discussion has been centred on the industries and the development including also a stakeholder perspective. It has been the tradition since Marshall (1920), and later – among others - Storper (1989). The geographical and economic thinking have been united in the theory on economic geography where it is combined with the dimension of density (see Krugman, 1991). In political science the main discussion has been on federalism with Tiebout (1956) as main author. In philosophy/learning it has mainly been a discussion on identity and on what constitutes identity in relation to citizenship. Furthermore on experimental learning, see Kolb (1983).

After World War 2 the dominating model was the assimilation model. It meant that peripheral regions wanted to have the same position as the centre of the leading states. Regions were mainly considered
a practical form for decentralization from an administrative point of view. The first oil crisis in 1973 and the development in Europe in direction of a higher degree of integration implied the start of a new regionalisation paradigm during the 1990’s. This development cannot be understood without taking the globalization into account. It means that concepts as flexibility, dynamics and coordination of initiatives have become central due to the increased mobility of goods, capital and labour, setting focus on production as a less bounded spatial phenomenon and paying more attention to competitiveness.

The implications for regional policy is seen in 1) increased focus on the frames and infrastructure for economic development, 2) a positive perception of the EU as a political and economic project, 3) the perception of the traditional sovereign state as an inefficient form for organization, see Fernández (2000).

In modern regionalisation focus has been devoted to the drivers of the regionalisation building. Three different types of drivers can be identified. It can be 1) a market driven process, 2) a policy driven process, 3) a concept driven process. A concept driven process is based on one or more abstract ideas or general notions and often expressed in images.

1) It is driven by corporations, factor prices, profit earning, rationality in decision making, heterogeneous factor markets and low institutional barriers
2) It is a top driven process, based on law making, political decision making processes and dominating institutions
3) It is a concept driven process, often a bottom-up process with many stakeholders, with more visions and images, with weak market integrating forces and based on a strong citizen ownership and perception

It is recognized that region building is a time demanding process, especially if it is a type 2 regionalisation, because the distance to the many needed stakeholders that shall make the regionalisation a reality can be extremely time demanding. A type 3 regionalisation includes many different learning cycles, see Kolb (1983), because the different kinds of stakeholders have different
types of expectations and desires causing a mixed process of regionalisation. A type 1 regionalisation is normally the fastest because the goal and the instruments are closely connected to main business interests.

**Overview of the factual Øresund Regionalisation**

The Øresund regionalisation is a modern region building. It cannot be understood without taking into account that both Denmark and Sweden have become members of the EU and both are deeply involved in globalization to achieve economic growth.

The Øresund regionalisation is primarily a policy driven regionalisation (see above). It relies on a well-developed Nordic cooperation where politicians have met regularly and have developed a mutual learning on the institutional developments in their respective countries as well as in the other Nordic countries. It has created an atmosphere and context for regionalisation that made the construction of the Øresund Bridge a reality. Furthermore, the Øresund Bridge is from a start financed by the two sovereign states Sweden and Denmark based on the idea that people crossing the bridge later will take over the financing expenditures by paying fees for crossing the bridge.
The Øresund Belt has always been heavily congested both North and South and opposite and East and West and opposite because it is a gateway from the Baltic Sea to the Atlantic Sea and also a connection from Western Europe to Russia and Asia.

The Øresund Regionalisation has turned out to be very successful. It can be seen based on the integration index calculated by the Øresund Committee (2013). It has been calculated since the opening of the bridge till now and the 2012 figures were published in 2013. The integration index includes 5 indices with sub-indices. All indices with a value of more than 100 show a positive development since 2000. In 2012 the total index reached 169. The highest level was in 2008 where the index was 180. The reason for the decrease from 2008 to 2012 has been that the price drivers based on fixed property values in Sweden and Denmark and the difference in exchange rate have diminished. The index for the labour market has in 2012 a value of 252 implying that the labour market has become more integrated. Especially, it has been attractive for many Swedes to work in
Denmark as the wages in Denmark are higher than in Sweden. The index for business is at the level of 161 in 2012. It means that the market driven regionalisation has increased, but not so much. The only index that has decreased is the index for culture which in 2012 was at the level of 71. Included in this index are transnational marriages and mutual language understanding; both variables have relatively low values. It is also the case for watching Swedish respective Danish television, where the present level is 24, implying that Swedes and Danes mainly watch their many national channels and international/global channels.

It is a fact that more people from Southern Sweden visit Denmark as tourists than Danes go to Southern Sweden. The main reasons are that Copenhagen is a capital and that the population in Copenhagen is extremely satisfied by living in Copenhagen, see Lyck (2013).

The local Øresund regionalisation will need implementation of new drivers if the regionalisation shall continue with the same speed until 2008 as the former difference in exchange rates as well as the price differences on fixed property cannot be expected to be re-established. New drivers can be investment in local transportation (an Øresund metro), see Lyck (2013). Another kind of drivers can be developed by investment in culture and tourism, see Lyck (2013).

From July 1999 to the end of June 2000 (the last year before the opening of the fixed connection) 19.5 million persons crossed the Øresund Belt. From July the 1th 2000 till the end of June 2001 (the first year after the opening of the bridge) the number of persons crossing the Øresund Belt increased to 26.9 million (figures from the Øresund Consortium). Concerning vehicles the corresponding figures were respectively 2.7 million and 4.6 million, i.e. and increase of 73%.

Table 1 shows the development in crossing the Øresund Belt 2006 to 2013.

The number of persons as well as vehicles passing the Øresund Belt has increased; for passengers from 32.8 to 37.1 million with a maximum in 2008 before the economic and financial crisis. The number of vehicles has increased from 5.7 million in 2006 to 7.6 million in 2013.
As seen the number of passengers crossing the Øresund Belt is now at a level of 37 million passengers yearly compared to 26,9 million the first year after the opening of the bridge. The number of vehicles has increased to 7,6 million from 2,7 million the first year after the opening of the bridge.

The construction cost of the Øresund Bridge was 4,06 billion EUR (1st of July 2000). The Øresund Committee calculated the social surplus created by the Øresund Bridge to 57 billion DKK, corresponding to 7,63 billion EUR (March, 2013). It implies that it has been a beneficial investment seen from a social perspective.

Learning from the Øresund Regionalisation Case

The learning from the Øresund Regionalisation is that it has already been a highly profitable investment seen from a social perspective although it is an example of a policy driven regionalisation process which is normally expected to demand a longer time period to give a positive payoff.

It is worth to notice that the regionalisation has been part of an ongoing globalization process and that although it has been a trans-border regionalisation it has benefitted from the well-functioning cooperation among the Nordic countries and in the Council of Nordic Ministers, since 1952.
The learning also tells the story on the strengths of the drivers in modern regionalisation. It is seen that combining a labour market is the most important element contributing with both large scale economics and value of differentiation on the labour market. Furthermore, a learning experience has been that price differences are strong drivers for regionalisation. Although two different sovereign states are involved in the regionalisation, culture and language differences have not contributed positively to the regionalisation. It is also a learning that the drivers have to be adjusted over time to secure that they are dynamic and active in promoting regionalisation.

New transport investments carried out based on efficient planning have shown to be essential for the economic outcome of the regionalisation.

The mentioned advantages of the regionalisation can easily be applied to regionalisation in other parts of the world, i.e. the experiences from the Øresund Regionalisation can be a showcase for other regions and politicians having plans for regionalisation. As a consequence a visit to the Øresund Region can be recommended as a case study before entering a regionalisation investment.

**Conclusion**

All region building includes a specific part as well as some general factors based on regionalisation theory and on experiences from other region building cases. The specific part is presented in this article in the section called *historical background*. It tells a story about a sovereign state in need for finding new solutions for creating economic growth based on a reduction of the territory and of the population. It also tells about the understanding of mobility and transportation infrastructure as well as the need for close cooperation with other sovereign states. Furthermore, the needed focus has been on human resources in form of education, research and welfare state development.

The Øresund Region is a region building taking place around the Øresund Belt that is and has always been characterized as a busy transportation hub both North-South as a gateway from the Baltic Sea to the Atlantic Sea, and West-East as a connection between Western Europe and Russia/Asia.
It is always to be taken into account that a region is a territory over which the inhabitants have no sovereignty in the constitutional meaning of the word. The territory can be defined by different rationalities i.e. in relation to geography or to functions and demography.

The Øresund Region is a trans-border region i.e. including territories of at least two sovereign states, in this case Sweden and Denmark.

Modern region building theories reject the old traditional spatial dimensions and replace it by focusing on mobility, flexibility, dynamics and coordination initiatives, for example in networks and governance systems. The modern region building focusses on the establishment of 1) frames for economic development, 2) a positive perception of political and economic projects relating to bigger entities such as for instance the EU and 3) a perception of the traditional sovereign state as being an inefficient form of organization for economic development.

Focus has been devoted to drivers for regionalisation building. Three different types of drivers can be identified. It can be: 1) a market-driven process, 2) a policy-driven process and 3) a concept-driven process. All kinds of regionalisation takes time, and the fastest is expected to be the market-driven regionalisation while the slowest will be the policy driven regionalisation as it takes time to engage all stakeholders to act. Also the concept-driven regionalisation process can be slow due to the process taking different directions over time.

The Øresund Regionalisation has started as a policy-driven process based on laws adopted in the Danish and Swedish Parliaments and urged by the EU-network of the round table of the Industrialists.

The regionalisation process has been unfolded in relation to the importance of decision making on construction of the Øresund Bridge and of the activities after the opening of the bridge. It is characteristic that the process over the last years has mainly been driven at the governance level involving especially the municipalities of Copenhagen in Denmark and of Malmö in Sweden.

The development of the regionalisation process has been measured since the start by calculations of an index for regionalisation made by the Øresund Commission. It consists of five main indices and
several sub-indices. The latest figures from 2011 shows that the index has now increased to a level of 170 and the index with the strongest development has been the labour market index that has risen to 300. It also shows that the only index that has not increased is the index for culture. It is due to the fact that it includes sub-indices for marriages between Danes and Swedes as well as the respective rates of watching Swedish and Danish television. The latter have fallen drastically due to the many national channels as well as the access to international channels as for instance BCC and CNN. The number of marriages has not increased.

The number of passengers crossing the Øresund Belt has increased from 26.9 million (2000) to 37 million (2013), while the number of vehicles has increased from 2.7 million to 4.6 million.

The construction cost of the Øresund Bridge was 4.03 billion EUR (2000). The social surplus created by the Øresund Bridge has been calculated to be 7.6 billion EUR in March 2013. It implies that it has been a highly beneficial investment seen from a social perspective.

It is possible to extract a general learning from the Øresund Regionalisation that can make the Øresund Regionalisation a show-case for other regions and politicians to study and consider before a initiating a start-up of a regionalisation process. Among the main learnings is the importance of recognizing the globalization process and a focus on the labour market as well as on common value based context. Furthermore, it is quite clear that price differences are strong drivers for regionalisation.

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