



A Window of Green Opportunity

Report on German incentives to upscale regional collaboration on green growth and sustainable infrastructure development in Northern Europe

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Executive summary

In light of the recent German election, this report examines the current value-proposition for Germany to upscale cross-border collaboration on green growth as a regional development strategy in its northern territories. The report suggests that the time is ripe to seize momentum of the greening policies, which are a cornerstone of the current political roadmap, including taking steps to utilize regional development as a catalyst to position Northern Europe as a testbed for green tech and sustainable infrastructure. Bringing such advantages to the forefront of attention to the national level and converting the agglomeration benefits to local stakeholders outside the larger cities, are two crucial steps to strengthen the visibility of regional development initiatives on the national level to align regional and national interest; attract a skilled workforce and green investments; and strengthen local support for regional integration.

List of abbreviations

CDU	Christlich demokratische Union Deutschlands (Engl.: Christian democratic union of Germany)
EU	European Union
FDP	Freie Demokraten (Engl.: Free democratic party)
GDI	German-Danish Innovation
HAW	Energy Campus of Hamburg University of Applied Sciences
OECD	Organization for Economic Co-operation and Development
NABU	Naturschutzbund (Engl.: Nature and Biodiversity Union)
SDGs	Sustainable Development Goals
SPD	Sozialdemokratische Partei Deutschlands (Engl.: Social democratic party Germany)
STRING	South Western Baltic Sea Transregional Area – Implementing New Geography
UN	United Nations

About STRING (OECD, 2021, p.10)

“STRING is a political cross-border organisation spanning five cities (the Free and Hanseatic City of Hamburg, Copenhagen, Malmö, Gothenburg and Oslo) and eight regions (Schleswig-Holstein, Region of Southern Denmark, Region Zealand, Capital Region of Denmark, Region Skåne, Region Halland, Västra Götalandsregionen and Viken County) across the four countries of Germany, Denmark, Sweden and Norway. Initially founded in 1999 as an EU INTERREG collaboration to promote the Fehmarn Belt Fixed Link between Germany and Denmark, STRING broadened its vision towards developing the corridor from Hamburg to the Öresund, and the addition of six new members between 2018 and 2020 saw the STRING corridor expand northwards along the western part of Denmark and the western Swedish coast to Southern Norway and Oslo. STRING is now home to around 14 million inhabitants (STRING Network, n.d.[1]).”

Part I: Introduction

1.1. Main findings

Against the backdrop of the recent German election, this report looks closer at Germany's interests to upscale cross-border collaborations on issues of green growth, climate change mitigation, and sustainable transport infrastructure. Building on a thematic analysis of the coalition agreement, regional development initiatives, and interviews with experts and stakeholders, the report finds that the traffic light coalition's roadmap for this coming term presents an opportune moment to expand and consolidate existing initiatives that work towards upscaling binding collaborations between North Germany, Denmark, Sweden, and Norway. It also finds that regional development initiatives need to strengthen their visibility on national as well as the local levels to seize this momentum and gain more traction. Combining the Scandinavian countries' position as a leader in sustainable energy and green growth development with regional development trajectories across Schleswig-Holstein, Kiel, and the Free and Hanseatic City of Hamburg – positions this sub-area of the Baltic Sea region as an ideal testbed for interregional mobility, renewables, sustainable infrastructure transport, and, in light of the recent incentives to rethink Germany's reliance on Russian gas, also important steps towards regional energy independence.

The report is structured as follows: The introductory section sets the context for the report, examining how green growth has come to the forefront of national politics in Germany. Section 2 outlines central themes in the coalition agreement that directly align with initiatives to establish and strengthen cross-border collaboration on green growth in Northern Europe. Section 3 examines central barriers to advancing this agenda, highlighting priority areas for action.

1.2. The greening of politics in Germany

Pathways towards a more sustainable future has come to the forefront of politics in Germany. Across the country, the younger generation is taking to the streets by the thousands voicing their concerns and pushing the climate change agenda. Demonstrating a strong support for international movements such as 'Fridays for Future' (FFF) and new critical voices i.e. German FFF's spokesperson, Luisa Neubauer, addresses the shortcomings of political leaders on issues of environmental degradation and climate change. But it is more than a generational gap. The greening of politics is anchored widely across political parties, factions, and age groups. Here, the dire consequences of the July 2021 floods played a key role as it required a prompt national response making climate change a key issue for voters in the upcoming German federal elections. And with the war in Ukraine and the subsequent political decision to phase out the reliance of Russian fossil fuels, the shift towards renewables has only become more urgent.

1.3. Forming the traffic light coalition

In September 2021, Germany had its 20th federal election. For the first time in sixteen years, Angela Merkel from the Christian democratic union of Germany (*Christlich Demokratische Union Deutschlands*, CDU) had refrained from running, and thus Germany was prone to assign a new chancellor, no matter the result. It came as a surprise to many observers that CDU did not receive the most votes, but instead the Social democratic party of Germany (*Sozialdemokratische Partei Deutschlands*, SPD) and their candidate Olaf Scholz won the election.

As neither the SPD nor the CDU got enough votes to be able to form a coalition on their own, both parties went into coalition negotiations with the two other parties who received the highest number of votes: The green party (*BÜNDNIS 90/DIE GRÜNEN*) and the free democratic party (*Freie Demokraten*, FDP). After some months of negotiations, the so-called “traffic light coalition” (*Ampel Koalition*) between the SPD, the Green party and the FDP announced they had successfully agreed upon a coalition agreement for the time of their ruling until autumn of 2025.

The agreement is titled ‘Dare more progress. Alliance for Freedom, Justice, and Sustainability’,¹ and has been held out for its’ ambitious plan to modernize the state and place climate policy at the very forefront of the national agenda.

Part II: Setting the agenda, towards a social-ecological market economy

“A European digital infrastructure, a common railway network, an energy infrastructure for renewable electricity and hydrogen, and world-class research and development are prerequisites for Europe's ability to act and compete in the 21st century.”²

The coalition agreement is a roadmap for the political direction of the new German government. A central aim is to establish what the coalition refers to as a “social-ecological market economy” in Germany.³ Conducive to this purpose, the traffic light coalition stresses the need for a push towards digitalisation and the promise for less bureaucracy enabling faster procedures.

The traffic light coalition commits to the idea and importance of a strong European Union (EU) and underlines that achieving the Paris agreement’s climate change targets is a top priority. In addition, the new government promises to follow the 1.5-degree path and the European Green Deal by enhancing Germany’s climate protection efforts, as well as the United Nations’ (UN) 17 Sustainable Development Goals (SDGs).

¹ SPD, BÜNDNIS 90/DIE GRÜNEN UND FDP, 2021.

² Ibid., p.133, own translation.

³ Ibid., p.5, own translation.

Of particular importance to the upscaling of cross-border collaboration in Northern Europe, the following four key topics are crucial in the agreement, both within a national and European context.

- *Infrastructural development and enhanced connectivity*
- *Renewable energy*
- *Green hydrogen production*
- *Knowledge hubs: cooperation, innovation, and start-ups*

2.1. Infrastructural development and enhanced connectivity

The coalition agreement aims to enhance mobility within Germany. To achieve this, there will be placed considerable investments in transport infrastructure, with a focus on rail transport. The electrified railway lines will be expanded,⁴ entailing that 75% of all railways should be electrified until 2030.⁵ Furthermore, the traffic light coalition aims to strengthen cross-border traffic,⁶ with a focus on railways rather than roads.

As part of an enhanced mobility, the traffic light coalition also wants to boost electromobility. In bettering the charging point infrastructure, Germany wants to make the transition to electric cars more attractive. Also, autonomous driving should be further developed. From 2035 on, only CO2 neutral vehicles will be licensed within the EU.⁷ Regarding air traffic, the traffic light government wants to push for CO2 neutral flying in Germany and by this initiative set a positive example to bring European aviation industries more in line with climate protection.⁸

The agenda of enhancing mobility while pushing traffic from roads to rails and towards more sustainable ecologies of mobility, aligns directly with key areas of STRING: Enhancing regional connectivity, eliminating bottlenecks, and its ongoing efforts to decarbonise the EU transport system by advancing the necessary infrastructure for the employment of new hydrogen technologies. While not considered directly in the coalition agreement, the Fehmarn Belt Fixed Link is a stellar example of enhanced regional connectivity, creating closer ties between Scandinavian capitals, cities and regions in Northern Germany. Wolfgang Schmidt, Chairman of the Union of Baltic Cities Executive Committee, states:

“Living in Kiel means that you can be in Oslo, Norway, overnight, you can go to Gothenburg overnight, you can go to Berlin in three hours, and Copenhagen in four hours. And this might give young talents a reason to come and work– this was one reason for us to acknowledge that we have to be part of a bigger region [...] Given our relatively large population of students and with our collaboration across the Baltic Sea region and Scandinavia we have come to realize that the region has a very big potential: Democratic

⁴ Ibid., p.14.

⁵ Ibid., p.49.

⁶ Ibid.

⁷ Ibid., p.51.

⁸ Ibid., p.54.

countries, stability, environment, lots of universities, relatively good infrastructure, and a longstanding tradition of cooperation”

Wolfgang Schmidt, UBC Chairman

Increased interregional, cross-border mobility and smarter transport can benefit regions’ outside the larger metropolitan areas ability to attract the desired workforce. Common perceptions of a high quality of life in Scandinavia, high levels of digitalisation, and the perception of an inclusive political culture may therefore have positive spillover effects for local businesses in northern Germany.

2.2. Renewable energy

Another central aim of the traffic light coalition is to push the country’s transition towards renewable energy, the *Energiewende*.⁹ For this, German wind energy will be expanded by strengthening European offshore cooperation and cross-border projects in the North and Baltic Seas, which was initiated in May 2022 during the North Sea summit in Esbjerg entailing the joint agreement between Germany, Denmark, the Netherlands and Belgium.¹⁰ Another ambitious goal in the out-phasing of coal towards renewables is the upscaling of solar capacity, with an aim to reach 200 GW by 2030, amounting to three times current capacity.

The traffic light government will strengthen its focus on the areas of the European green belt, which stretches through Germany, follows the Baltic Sea, through Finland and ends in the Barents Sea. The coalition agreement states that these areas have high potentials for wind power, photovoltaic plants, as well as biodiversity. Pushing for an expansion of renewable energy in these areas can support development in rural areas and should be available for sustainable use.¹¹ Building on from successful pilots on cross-border energy procurement¹² and upscaling existing collaborations and initiatives on renewables in the northern region is central to push Germany’s energy transition ahead. A report commissioned by *Agora Energiewende* highlights the mutual benefits and importance of increased energy integration between Nordic countries and Germany: *“Increased interconnection facilitates renewable based electricity generation in the region and opens up greater cross-border balancing possibilities for integrating fluctuating levels of renewable energy”*¹³.

That the Scandinavian countries are taking on a pioneering role when it comes to climate protection, has also been underlined with the latest Climate Change Performance Index for 2022. In the ranking, “the top three places in the overall ranking remain empty”¹⁴ as “[n]o country is doing enough to prevent dangerous climate change”.¹⁵ However, the following three rankings are

⁹ The *Energiewende* is a term that was coined after the Fukushima nuclear disaster in 2011 to capture the German Government’s planned transition from fossil and nuclear energy generation towards renewable energy sources.

¹⁰ SPD, BÜNDNIS 90/DIE GRÜNEN UND FDP, 2021., p.57.

¹¹ Ibid., p.37.

¹² Integrated National Energy and Climate Plan, p.71.

¹³ Ea, DTU and DIW 2015, p.5.

¹⁴ Germanwatch, New Climate Institute & CAN, 2021, p.6.

¹⁵ Ibid., p.7.

taken by Denmark (4th), Sweden (5th) and Norway (6th).¹⁶ Germany ranks in 10th place and could have strong partners in these Scandinavian countries when it comes to European climate protection, and to improve its national performance.

Consolidating collaborations and facilitating knowledge sharing on the topic of renewable energy is also of importance to the European Green Deal that aims to decrease the emissions of greenhouse gas within the EU, with the objective to be the first CO₂ neutral continent until 2050. In an interview, Rasmus Andresen, newly appointed Spokesman for the Greens in the European Parliament, stresses that if the traffic light coalition keeps up the promises they make in the coalition agreement, this “could breathe new life into the European Green Deal and pursue real climate protection. The Scandinavian member states and the Benelux countries in particular are ready for this”.¹⁷

In conjunction with the European Green Deal, the traffic light coalition will push for a European industry solution allowing for the transformation of the economy regarding climate protection and digitalisation. With this, Germany aims to prevent carbon leakage through appropriate measures. Germany is in support of the introduction of a Europe-wide effective CO₂ compensation mechanism.¹⁸ With the advanced state of the Nordic countries on issues of renewables and the Green’s participation in the coalition government there are ample opportunities for an intensification of existing collaborations.

2.3 Green hydrogen production

Another important pillar within the coalition agreement is Germany’s sharpened focus on green hydrogen production. Here, a key objective is to advance low emission mobility with the expansion of filling and charging infrastructure and through the introduction of low-carbon heavy goods vehicles. Germany aims to become the lead market for hydrogen technologies by 2030 and develop an ambitious update of the national hydrogen strategy for this purpose. Furthermore, Germany will financially support investments in the development of a hydrogen network infrastructure.¹⁹ This will be of importance for central actors and green tech companies working towards this goal in a European and Nordic context, such as the Nordic Hydrogen Corridor, Copenhagen Infrastructure Partners, and STRING. The Federal Ministry for Economic Cooperation and Development declares:

“Green hydrogen is absolutely essential to a successful energy transition and to achieving international climate goals. It can be used, among other things, to produce climate-neutral fuels. They are called Power-to-X products (PtX). Green hydrogen can also be used to store energy”²⁰

¹⁶ Ibid.

¹⁷ Andresen, 2021, n.p., own translation.

¹⁸ SPD, BÜNDNIS 90/DIE GRÜNEN UND FDP, 2021, p.25.

¹⁹ Ibid., p.26.

²⁰ Federal Ministry for Economic Cooperation and Development, 2022.

The Cluster Renewable Energy Hamburg (EEHH) has recently stated that they plan to include hydrogen as part of their 'Cluster Strategy 2025'. EEHH's managing director explains: "*Our vision is to render the Hamburg Metropolitan Region a model of a networked energy transition in Germany using our new Cluster Strategy 2025*".²¹

2.4. Knowledge hubs: cooperation, innovation, and start-ups

Specifically mentioned in a European context is Germany's commitment to push for innovation.²² In part, this is to be achieved by strengthening start-ups and entrepreneurs.²³ Knowledge hubs for "world class research"²⁴ will receive further support and the establishment of new hubs incentivised. More than bringing national stakeholders together, cluster strategies work towards establishing strategic energy partnerships across Europe.

Knowledge hubs centered on renewables and sustainable energy transitions are currently undergoing dynamic development in Northern Germany, and many have already embarked on collaboration with Scandinavian knowledge institutions. With a base at the Hamburg University of Applied Sciences, major trans-state research initiatives are taking important steps to demonstrate the path to rapid decarbonisation focusing on energy efficient district power solutions and green hydrogen.²⁵ In an interview, Jörg Knieling, Professor and head of the Institute of Urban Planning and Urban Development, at HafenCity Universität Hamburg, highlights the benefits of recasting the STRING region as a "*positive blueprint*" for other German regions that are more challenged in the energy transition.

2.5. Central challenges for the traffic light coalition

Despite its ambitious outlook and strong sense of alignment of goals across parties in the formulation of the agreement, the traffic light coalition of the SPD, the Greens and the FDP has encountered considerable obstacles since forming government.

While the coalition wants to 'Dare more progress', the agreement has been criticised for failing to take measures that will allow Germany to achieve the 1.5-degree goal. Especially the 'Fridays for Future' (FFF) movement calls for more decisive action. Another potential obstacle for moving forward with the ambitious *Energiewende* is the broad political composition of the coalition itself. Recognising this, one commentator asks whether we'll see a "*green light or be stuck on amber?*"²⁶ Robert Habeck, vice chancellor and minister for economy and climate protection, nevertheless, remains convinced that the countenance of Germany will undergo essential transformations with the new government and the coalition agreement.²⁷

²¹ Spahrbieter, 2022, n.p.

²² SPD, BÜNDNIS 90/DIE GRÜNEN UND FDP, 2021, p.133.

²³ Ibid., p.30.

²⁴ Ibid., p.133, own translation.

²⁵ <https://www.haw-hamburg.de/detail/news/news/show/groesstes-energiewende-projekt-norddeutschlands-startet/>

²⁶ Bofinger, 2021, n.p.

²⁷ Habeck, 2021, n.p.

Within the first 100 days in office not only the Covid19 pandemic, but not least the occurrence of the first major war in Europe since WWII, has put the government under pressure. Russia's invasion of Ukraine did not allow much time for the new coalition to embark on the ambitious path laid out in the agreement. On the contrary, the war has effectively meant considerable reversals of security and energy policy across Europe and a turnaround on former Chancellor Merkel's position that gas energy infrastructures between Russia and Germany was above all a matter of trade relations.

Effectively, this has pushed Germany to put the North Stream 2 pipeline on pause, stressing the need to become independent of Russia's fossil fuels.²⁸ As Robert Habeck stated in a recent interview: "*This requires the energy transition.*"²⁹ Even the FDP – who has been the least progressive part in the climate protection plans, is now labeling renewable energy as "*freedom energy*".³⁰ While the balance between long-term strategic action and short-term solutions to cover national shortages and escalating prices is still to be determined,³¹ the coalition is taking steps towards increased energy independence and decarbonisation by removing bureaucratic barriers, fast tracking the licensing for necessary infrastructure projects, and by earmarking funds to "*boost the expansion of e-car charging infrastructure, hydrogen production, lower power prices and the construction of more renewable power sources.*"³²

Part III: Priority areas for action

In this final section we identify two areas that each address opportunities to upscale binding cross-border collaborations in the STRING region: First, the *national outlook* and priorities of the German government, and second, the topic of encompassing *regional differences* and making the benefits of infrastructural development outside larger metropolitan regions visible.

To scale up conversations on green growth and sustainable mobility in Northern Europe the report has identified a need to cater directly to central decisionmakers in Berlin who has extensive knowledge of development potentials in the region. Second, to mitigate local skepticism, we see potential in utilizing ongoing infrastructural projects as the Femern Belt Fixed Link as a driver to strengthen local innovation ecologies and green start-ups outside the larger cities.

3.1. National outlook

Despite a strong correlation between central priorities of the coalition agreement and northern Germany's potential to become a development model for a shift towards inter-regional mobility and the transition to renewables, the lack of emphasis on collaboration with Scandinavian countries in the agreement may be indicative of the government's limited attention towards its northern frontiers.

²⁸ Amelang, S., Appunn, K. & Wehrmann, B., 2022, n.p.

²⁹ Habeck, 2022, n.p., own translation.

³⁰ Ibid., n.p., own translation.

³¹ Amelang, S., Appunn, K. & Wehrmann, B., 2022, n.p.

³² Wehrmann, 2022 n.p.

This national outlook has both disadvantages and advantages: First, this makes it more challenging to draw attention to the development potential in the region and the general benefits of infrastructural investments in Germany's northern parts. It could further complicate increased fiscal support for international projects. On the other hand, it attests to an unused potential for upscaling collaboration, bringing more attention to the advantages of the region in a time where politics are greening. Therefore, it is important to increase the visibility of the STRING region, bringing forth the advantages of the region's resources and strategic alignment with the newly set national priorities of green growth. Professor and head of the Institute of Urban Planning and Regional Development at HafenCity Universität Hamburg, Jörg Knieling, sees potential in becoming a national model region on issues of green economy, sustainable energy, and sustainable models for regional development.

“Developing the Green hub initiative as a regional modernization path and making this into a blueprint for other German regions could be a model project financed from the Habeck ministry, and put on the agenda directly by the Minister. This would mean a strong backing from the federal level [...] and it would be a way to enter cooperation with Copenhagen, Oslo, Malmö and so on. It could also become a driver for the green agenda, not only in Germany, but moreover in Europe with its Green Deal.”

Jörg Knieling, Universität Hamburg

Robert Habeck's, Vice Chancellor and Federal Minister for Economic Affairs, background as former Minister for the Environment in Schleswig-Holstein provides new incentives to raise visibility around the benefits of increased collaboration in the STRING region. In an interview with the FAZ [*Frankfurter Allgemeine Zeitung*], Habeck stated his aim of further bridging the national and the federal level to create better synergies for tackling the challenges of the future.³³ Habeck and his connections to Schleswig-Holstein presents new opportunities to bring the regional agenda to Berlin. This momentum is further confirmed by the former Danish Ambassador in Berlin [2015-2020], Friis Arne Petersen, who states:

“I don't think we've ever seen an equally high level of interest, knowledge and engagement towards its northern frontiers at this level of politics in Germany. Modern infrastructure, transportation and sustainability are seen in a new and advanced strategic way by the leaders of the new German government, not least by chancellor Scholz and by deputy chancellor Habeck. This coincides with the Femern Belt entering a crucial and final stage.”

Friis Arne Petersen

Increased attention to the benefits of upscaling binding cross-border collaborations, however, is not a given, but demands efforts on several points. In an interview, Stefan Seidler, Member of Germany's Federal Parliament, the Bundestag, and representative of the South Schleswig Voters Association (SSV), explains:

³³ Habeck, 2021, n.p.

“With the new German Government, Denmark and Nordic countries have a large window of opportunity at this moment. German Vice Chancellor and Federal Minister for Economic Affairs, Robert Habeck, is very interested in Nordic cooperation, foreign minister Annalena Baerbock similarly takes a great interest in the north. In addition, we now have a Chancellor and the chancellery Chief of Staff from Hamburg that are oriented north, and who are familiar with STRING’s work and the collaborations in the Nordic countries. [...] our challenge is that the attention of politicians is elsewhere now, and that this window of opportunity can be lost with the effect that Germany would fall back into more traditional and well known pathways and forget to look north.”

Stefan Seidler

Seizing this momentum now is imperative. To this purpose, and despite the volatile and turbulent geopolitics, the new political landscape in Berlin offers an unprecedented opportunity to bring more national attention to the benefits of regional agglomeration economies around green growth in Northern Europe.

3.2. Regional traits and interests

Northern Germany plays a central role in the country’s energy transition. With strong research networks such as Hamburg’s ‘Renewable Energy Cluster’ and leading institutions as ‘Energy Campus of Hamburg University of Applied Sciences’ (HAW), the port city aims to become a central node in a new ‘Silicon Valley of Renewable Energies’.³⁴ Schleswig-Holstein has already attained a model status in Germany’s nuclear phase out, spearheading the broader energy transition. In addition to expanding renewable energies for the last two decades, Schleswig-Holstein was the first state to found a ministry for the energy transition, encompassing issues of agriculture, environment, and rural development.

Yet, despite the pioneering role of Northern Germany in the transition, public and private stakeholders in both Germany and Denmark express concerns that the potential of regional development is not given adequate priority from central governments. In an interview, Stefan Seidler, Member of Germany’s Federal Parliament, the Bundestag, and representative of the South Slesvig Voters Association (SSV), states:

“Our region [Schleswig-Holstein] is often neglected from a national perspective. This is the case on infrastructure, on health, and on the energy issue, still with inadequate compensation schemes. We produce green energy for a large part of the country, for example, pure hydrogen. We have changed our energy sector so that we can produce wind energy for the rest of Germany. But still, citizens and consumers in Schleswig-Holstein are stuck with the additional costs for pushing the transition”

Although large infrastructural developments such as the Femern Belt Fixed Link attests to increased regional integration, several stakeholders on the Danish side are equally critical of the level of political interest on the national level. Stig Rømer Winther, Managing Director of the

³⁴ Preuß, 2021. n.p.

Femern Belt Development, express his concerns that insufficient investment and political interest will not bring about the desired effects of infrastructural developments:

“You can’t just put a piece of asphalt between two points and expect development to happen by itself. You need strong political support and economic investments”

A related concern can be found among skeptics of the Femern Belt Fixed Link. Particularly citizens in rural and more remote regions have expressed doubts about the local gains of enhanced connectivity and the transition toward low emission mobility. Interviews with representatives from environmental organisations such as NABU (*Naturschutzbund*, Nature and Biodiversity Union) in Schleswig Holstein and local critics attest to a general preoccupation that less densely populated areas will become but transit points between metropolitan regions while suffering the economic and negative environmental impacts of large-scale construction.

Local skepticism towards the Fixed Link, points to the necessity of speaking directly to the demographics and structural challenges of individual regions. A critical challenge that cuts across many rural and peripheral regions in Europe are populations’ rising frustration with the politics of the central state. Analysis points to long-term economic and industrial decline in rural and peripheral regions as being a central catalyst for the feeling of being left-behind, often resulting in increased anti-system voting, low election rates, and a growing disenchantment with the EU.³⁵ German-Danish journalist and political observer, Sven Fechner, addresses this necessity in calling for a joint conversation about the strategic development of the less densely populated areas outside the metropolitan regions.

“We see similar challenges across Europe. This also goes for areas in Germany and the Nordic countries. How do we develop these areas? And what benefits can we bring to them from the green transition? Also, what is needed politically to bring back life to many of the depopulated areas? Digitalisation is a key topic in the new coalition. We need to find ways to make the transition benefit these areas, raise livability in the villages, create remote worksites, bring back schools, education, and create better infrastructure for commuting through affordable, high-frequency collective transport.”

Fechner underlines the importance of public investments across administrative levels, but also the potential of strengthening ways in which transnational and European regions as the STRING region can support local development through, for example, creating environments conducive for startups, multi-function houses for sports and cultural activities, shared workspaces or by exploring synergies across gastronomy, sustainable agriculture, and tourism initiatives. *“We need to think about developing these areas in new ways. We need to be visionary, think ahead and outside of the box.”*

In sum, large infrastructure projects as Femern Belt Fixed Link generate opportunities for local development and regional growth. But they cannot stand alone. While increased digitalization and enhanced infrastructural connectivity are key to attract a qualified workforce, strong transnational and European regions as the STRING region may play a key role in fostering local entrepreneurial

³⁵ Dijkstra, Poelman and Rodríguez-pose, 2018.

ecosystems that support sustainable growth, give priority to green job creation and contributing to a stronger branding of the region.

Conclusion

In the context of the recent German election and changes in the political climate, this report has examined incentives for Germany to upscale cross border collaborations around issues of green growth, climate change mitigation, and sustainable transport infrastructure. We have found that the coalition's path towards establishing a 'social ecological market economy' presents an opportune moment to expand and consolidate existing initiatives that work towards upscaling binding collaborations between North Germany, Denmark, Sweden, and Norway. Of particular importance to cross-border collaborations on green growth initiatives are:

- a) *Infrastructural development and enhanced connectivity in the wider region*
- b) *Renewables and market integration between Germany and the Nordics*
- c) *Green hydrogen production*
- d) *Expanding knowledge generation and cooperation across borders*

Through interviews with central public and private stakeholders, the report further finds that regional development initiatives need to strengthen their visibility on national as well as the local level in order to seize this momentum. Combining the Scandinavian countries' position as a leader in sustainable energy, green tech, and high levels of digitalisation with regional development trajectories across Schleswig-Holstein, Kiel, and the Free and Hanseatic City of Hamburg – positions this sub-area of the Baltic Sea region as an ideal testbed for interregional mobility, renewables, and sustainable infrastructure transport. Finally, the securitisation of energy infrastructures as a consequence of Russia's recent aggression in Ukraine has further pushed the coalition to speed up the *Energiewende* through investments, and by easing licensing procedures for the transition's needed infrastructure. In sum, there is a window of opportunities to accelerate the green transition in Northern Europe through strong cross-border collaboration if we act now.

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