



EUROPEAN POLICY BRIEF

**EU BORDER
REGIONS**

EU EXTERNAL BORDERS AND THE IMMEDIATE NEIGHBOURS.
ANALYSING REGIONAL DEVELOPMENT OPTIONS
THROUGH POLICIES & PRACTICES OF
CROSS-BORDER CO-OPERATION

TITLE

**Cross-Border Cooperation at the EU's External Borders –
Some Policy Considerations**

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INTRODUCTION

EUBORDERREGIONS is a four-year project that explores relationships between borders, cooperation and development at the European Union's external boundaries. One question that looms large is whether cross-border co-operation can emerge as a regional development resource as well as promote greater social interaction between the EU and its neighbours. Regions at the EU's outer borders will be directly affected – both positively and negatively – by increasing interaction with neighbouring states. As a result, the future development perspectives of and development options open to these regions will be crucial to addressing core-periphery contradictions, economic and demographic imbalances as well as general sustainability issues within the EU as a whole. In the context of assessing major obstacles and problems associated with the development of cross-border cooperation programmes some of the most pertinent policy-relevant conclusions generated by EUBORDERREGIONS are proposed below.

EVIDENCE AND ANALYSIS

1. Between the iron and the golden curtain

By its very definition, any border poses a barrier to various types of interactions. For many years, the external border of the EEC acted as an 'iron curtain' separating Western European countries from the 'people's democracies', i.e. countries which were in the orbit of the Soviet Union. The demise of the Soviet bloc and European integration processes moved the boundaries of the EU eastwards and created a new division which could be termed a 'golden curtain'. Since the disparities in the level of affluence play a considerable role in this division, this leads to differences in the prices of goods and services as well as salary levels and encourages cross-border interactions. It is also one of the reasons for 'sealing' the border as a defence against the smuggling of goods and influx

of illegal workforce. This situation also applies to the Northern African countries which experience similar problems on an even greater scale as the gap in the development levels is wider.

The development of border infrastructure is an answer to such problems, as it is intended to streamline the flow of people and goods across the border, while ensuring a satisfactory level of safety. The analyses and surveys conducted as part of EUBORDEREGIONS demonstrated that despite the significant outlays made, the external borders (and in particular the land borders) are still far from achieving the desirable efficiency. This is manifested by the often lengthy and unpredictable waiting times for customs and passport clearance. In addition, the standard of the border service in many cases leaves much to wish for. As a result, the external border poses a tangible barrier to many socio-economic interactions, hindering business relations, trade, development of tourism and some other forms of social contacts. In some cases, reduced 'capacity' of the border is caused by an attempt to restrict the inflow of excise goods to a Member State or, in case of some categories of products, to a neighbouring country. Restrictions in pedestrian or bicycle traffic found at several borders can serve as an example.

In this context, the basic challenge is how to balance the function of the external border, to find an equilibrium between streamlining the border interactions and maintaining border security. It is also particularly important in the context of the influx of refugees from North Africa and the Middle East. Addressing this challenge is particularly difficult as these objectives are in fact self-contradictory. Nevertheless, it seems necessary to shift the emphasis, first and foremost by increasing the openness of the borders for the citizens of the neighbouring countries, as this should help achieve the primary goals of the Neighbourhood Policy, i.e. enhancing prosperity, developing good neighbourly relations and promoting the European values and ideals.

2. Short-term nature and dependency of economic interactions

Economic cooperation between the EU Member States and the neighbouring countries has grown rapidly in the recent years, and has been manifested by a boost in the trade volumes. This, however, is the source of many problems for the border regions. The first such problem is the 'tunnelling effect', which refers to a faster expansion of economic cooperation between the main economic development centres of the neighbouring countries, bypassing the border regions (cf. e.g. Petrakos, Topaloglu 2008). This is due to a number of reasons, which include among others: a) a low economic potential of these regions; b) their decreased role as intermediaries in the trade with enterprises from the neighbouring countries; c) improved transport and telecommunication infrastructure reducing the barrier of distance in economic relations.

Another problem is the peculiar feature of companies operating in the border region, as they will often go for a quick profit rather than focus on building more permanent relations. This is due to the rapid changes in the tide of the market depending on the applicable customs rates and trade regulations. In effect, enterprises in the border regions are normally more dependent on trade with partners in the neighbouring countries, but manifest a lower propensity to make capital expenditures. The latter is also hindered by many obstacles hindering an increase FDIs across the border which exist in the legislative and administrative sphere, as well concerns relating to corruption. In consequence, some of the companies operating in the border regions choose to expand their economic contacts within the existing areas of economic integration, which is particularly well visible on the EU side of the border. In view of the above considerations, the goal should be to give a desirable shape to the public policies, adopt clear and stable administrative and legal regulations (such as e.g. border or customs regulations), and improve the legal and administrative systems, which should help develop economic cooperation between the border regions.

3. The border - between a barrier and a bridge

In the majority of cases, the border is not only a barrier but also a bridge facilitating cooperation (cf. e.g. Newman 2001). The analysed case studies point to both the connecting functions and the separating functions that the EU external borders fulfil. The former are manifested by the development of socio-economic contacts, visible in the majority of the analysed cases, and the mutual benefits from such cooperation are widely recognised. Quite interestingly, the shared

problems which call for action on both sides of the border are hardly ever emphasised. Undoubtedly, there is a number of factors that support this function, associated with increased border permeability despite all the existing obstacles referred to above. It is also certainly enhanced by cross-border cooperation programmes (if they exist), and in some cases, also by proactive policies pursued by the central governments. Other facilitating factors include ease of communication (lack of the language barrier), acceptance of the European ideals and realistic prospects of EU membership.

At the same time, the border continues to perform a separating role between different administrative and legal systems. This is particularly important in a situation when a visa regime has been imposed by the Schengen Treaty. In addition, cultural differences can be a problem, so as the differences in the administrative and legal systems or historical resentments. At the end of the day, cultural differences still have a strong bearing on cross-border cooperation (although they are less acutely felt among the younger generation due to more prevalent pro-European attitudes). The voiced concerns are mainly associated with illegal immigration, reduced safety levels, petty smuggling and corruption. In effect, it is necessary to include the cultural differences and dissimilar legal and institutional systems in the planning and implementation of cross-border cooperation programmes and improving good neighbourly relations.

4. Close-to-border not cross-border

One characteristic feature of cross-border cooperation supported by the European Union is the prevalence of projects which are close to the border rather than reach across the border – that is those whose impact does not go beyond the border. This is due to at least three factors. The first is the frequently encountered asymmetry in development, that is a marked difference in the income levels (financial disparity), which, in many cases, and usually on the external side of the border, puts a constraint on the partners' capacity to undertake jointly many expensive projects. The financial means made available e.g. as part of the ENPI (or other assistance programmes) are insufficient to make up for this difference, whereas the disparities in the financial levels, associated with the presence of other European programmes on the EU side, only exacerbate this asymmetry and how it is felt on both sides of the border. Second, the division of competencies between the different administration tiers is also of some significance (institutional asymmetry): on the EU internal side, we usually see extensive decentralisation related to financing and competencies, whereas on the external side a high level of centralisation frequently poses a barrier to making joint 'cross-border' decisions. Last but not least, cross-border cooperation at the external borders of the EU, which has been accorded a special place in the Neighbourhood Policy and as such also given a specific role in the EU planning at national level, is not particularly prominently articulated in the strategic documents (the support areas close to the border have their own development programmes). In other words, in very many cases it is not regarded as a part of the development strategies in its own right.

As a result of such broadly understood asymmetries, unfavourable adjustment processes are taking place on both sides of the border. For the most part, they are manifested by a decreased number of joint projects (reduced mainly to cultural cooperation and the so-called small projects). Such projects are replaced by ones with no functional cross-border linkages but which fulfil the needs of one side only, to the extent allowed by its financial capability. Therefore, what we see are very often close-to-border rather than cross-border projects, which does not tally with the declared goals of EU cross-border cooperation, neither does it encourage a favourable perception of EU policies and practises in the adjacent countries. In light of our research, there can be little doubt that the dissimilarities between the institutional (including financial) systems and the administrative capability need to be taken more into account in designing the institutional dimension of cross-border cooperation if they are to make such cooperation effective and efficient in achieving its goals.

5. Insufficient ENPI funds and lack of significant support at national level

Finance forms a part of the institutional system (see above). Nevertheless, the volume and structure of financing is often an evidence of the priorities accorded to a given type of ventures or initiatives. In this context, it should be emphasised that a low level of expenditure allocated to the ENPI activities by the EU not only fails to reduce the asymmetry in the availability of funds to finance cooperation

on the external side of the border and makes undertaking joint pro-development projects more difficult, but also breeds a sense of disappointment in the border areas. The ENPI funds for cross-border cooperation are so modest that in fact they do not permit to attain the adopted objectives by the partners on the external side. In effect, they only perform a token role and hide the actual incapacity for, or the lack of genuine interest in, the development of cooperation and EU enlargement.

In the intra-Community dimension, the ENPI funds available to the border regions are much smaller and less attractive owing to their decision-making structure than the regionally-managed regional operational programmes (ROP) within Cohesion Policy. The separate sources of financing (of the programmes, their institutional systems and decision-making procedures) lead to their isolation and poor coordination. This can be said about the national, centrally-managed, operational programmes (which in many countries also include regional activities). It also applies to the low availability of national funds earmarked for cross-border cooperation, as they are relatively seldom expended as part of multi-annual programmes. All this results in a tendency to reject the border as an opportunity to drive development. Therefore, at the general level, we can observe a certain inconsistency between the declared political objectives and the actual role of cross-border cooperation in the Cohesion, Neighbourhood and national policies. Recommendations would be to work out policy solutions that better support complementarity and drive synergy in attaining the goals of all the above policies.

6. Lack of development-oriented policies in the border regions (from amenities to development tools)

One of the undesirable phenomena that can be observed not only in cross-border cooperation but also in Cohesion Policy programmes, at least in the 'convergence' regions (i.e. less developed regions within or outside the EU), is the prevalent tendency to rely on the industrial era paradigm instead of the post-industrial one, even in its version expounded in the Europe 2020 Strategy (cf. Kozak 2014). This has a negative effect on the structure of projects and initiatives preferred by the border communities, which are as a rule related to infrastructure and above all aim to improve the standards of living (construction or modernisation of sewage networks and water supply systems, municipal infrastructure, bicycle paths, pavements and roads, etc.). Very few projects are development-oriented (with development understood as creating jobs and sources of income); even less so in the cross-border dimension. What we see instead are attempts to satisfy the social needs voiced by the local communities and enhance the quality of life rather than undertake pro-development activities. In this context, it should be emphasised however that so-called small and soft projects, implemented also by the Euroregions, could provide a very effective tool for building good neighbourly relations and disseminating a new, more development-oriented approach to cross-border cooperation. Even if such projects do not produce direct benefits in the form of jobs and incomes, they can lay the foundations for closer cooperation. Such cross-border institutions as the Euroregions should be used more extensively. To make it possible, coordination between the different, currently often competing policies must be improved and the financial asymmetry relating to the ENPI and Cohesion policy in the cross-border dimension needs to be reduced.

POLICY IMPLICATIONS AND RECOMMENDATIONS

In terms of balancing the barrier effects of the Schengen border (1) key recommendations include:

- 1) To streamline the operation of the borders not only through the development of 'hard' infrastructure but also through improving the organisation of work and cooperation between the border services at the border crossings. In particular, efforts should be made to eliminate the uncertainty as to the time needed to cross the border both in passenger and cargo traffic.
- 2) To disseminate and expand the areas covered by local border traffic agreements, as this could significantly foster the development of the local communities living near the border.

3) To improve the quality of customer service at the border crossings and make efforts to provide an equal status to the different types of border traffic (pedestrians, bicycles and motor vehicles).

With regard to short-termism and dependency issue (2) some key recommendations could be:

1) To stabilise the conditions for cross-border cooperation, and in particular not to introduce any sudden and unexpected changes in the customs tariffs and border regulations.

2) To create favourable conditions for investing, in the form of industrial parks and zones governed by stable regulations and with effective anti-corruption measures in place.

3) To support the creation of cross-border chambers of commerce and industry and to reinforce the role of economic cooperation as part of the activity of the existing Euroregions.

As part of dealing with and managing asymmetry across borders (3) we suggest, among others:

1) Increased school youth exchanges should be a notable component of good neighbourly and cultural relations in the cross-border regions. A separate programme dedicated to such cooperation and modelled on Comenius should be established for the external borders of the EU.

2) To concentrate activities not only on solving common problems but also on making a shared use of the existing opportunities (also in a dimension reaching beyond a given cross-border region – this especially applies to sea basins). Besides, it is necessary to appreciate the role of ‘soft’ cross-border cooperation instruments and Euroregional cooperation.

3) To counteract a sense of being excluded from the European Community by the neighbouring countries, also by conducting activities aimed to balance the benefits from cross-border programmes on both sides of the border and expanding the scope of technical assistance to partners in the neighbouring countries.

The problem of virtual or ‘alibi versus genuine forms cross-border cooperation (4) must also be addressed. Some recommendations that have emerged include:

1) To take into account the dissimilarities in the institutional systems in structuring the decision-making processes for cross-border cooperation.

2) To place greater emphasis on the cross-border character of projects approved for financing (taking also into account local context related to the character of the border esp. land or sea borders).

3) To grant preferences to cross-border projects that foster economic development on both sides of the border and in this way help reduce the existing asymmetries.

In addressing the issue of insufficient ENPI funds and lack of significant support at the national level (5) the following actions should help attain this overarching goal:

1) To increase the funding at the European level and oblige the national governments (particularly in the EU Member States) to ensure greater additionality.

2) To decentralise and furnish the border regions with competencies in the sphere of cross-border cooperation, and provide the funds for their implementation.

3) If the funds prove to be insufficient (given the fact that the EU is still experiencing the negative effects of the economic crisis), more emphasis should be placed on the concentration of activities on selected priorities and pro-development initiatives.

And finally, in terms of the lack of development-oriented policies (6) we suggest:

- 1) To increase the share of development-oriented investment projects, which means that more stringent procedures in this regard should be put in place for project selection.
- 2) To step up the transfer of knowledge and know-how to partners on the external side of the border, and also from the core to the border regions.
- 3) To develop transport infrastructure only where it is absolutely necessary (bottlenecks, low capacity or absence of border crossings).
- 4) To increase the role of 'soft' initiatives, undertaken with a greater involvement of the Euroregions.

SCENARIOS

In the majority of cases, border regions are poorly developed, peripheral and in need of specific measures to boost development, which should be tailored to the local conditions, be reconcilable with the globalisation processes and rely on modern development factors. This might be the origin of what is perhaps the key problem related to cross-border cooperation scenarios, and the dilemmas analysed here: a) going global (including multimodal transport accessibility, influx of foreign capital, transfer of technology and know-how, endogenous growth potential through good condition for development of human capital and creative class) vs. b) towards neighbours (including good neighbourhoods relations and common strategies, cultural exchange and transfers, development of institutional capacity and harmonisation of legal and administrative systems) (not to mention more detailed issues) only serve to show what a daunting task it is to choose an optimum strategy at the local/regional level.

Every decision on the choice of an alternative produces specific positive and negative results. On top of that, these results can be short- or long-lived. For this very reason, finding an optimum scenario for cross-border cooperation which will be best suited to the local conditions is a complicated process, often coming under the pressure of political, social and economic interests represented at the local, regional and national/European levels. There is no single ready-made solution which would be suitable for all the border areas. In this case, definitely 'one size does not fit all'.

It seems beyond doubt that an extreme version of the scenario, wholly embracing one of the weigh the proportions between the alternatives which will best suit the goals of the cross-border policy (particularly CBC programmes) and the development conditions of the border areas, viewed in the context of globalisation and the relevant paradigm involved. For this reason, any decisions on the scenario (strategy) cannot be reduced to a straightforward analysis of the needs perceived by the local communities, as this carries the risk that the hidden, although potentially no longer valid, paradigm will be unconsciously adopted.

Regardless of what choice is made at the local/regional level, attention should be given to the potential impact of the European Union on the effective implementation of the selected strategy. Undoubtedly, the choice of a progressive option, which in this case seeks to strengthen the EU's involvement in issues related to the development of the border areas on both sides, will enhance the effectiveness of the local strategies irrespective of the adopted scenario, on the condition however that such strategies are properly formulated. On the other hand, maintaining involvement at the existing level may, in the long term, lead to no visible integration in the cross-border dimension or may even clearly obstruct it, due to the adoption of a regressive scenario. In this context, the overarching goals of the Neighbourhood Policy should be highlighted; in its implementation, the role of the cross-border areas should be preserved if not strengthened, as they are crucial for the demonstration effects and for showing the full extent of the intentions of the European Community.

RESEARCH PARAMETERS

A main policy objective of EUBORDERREGIONS is to analyse perceptions of local and regional actors in cross-border contexts regarding the significance and effectiveness of cross-border cooperation, both as an EU-funded initiative as well as a locally driven activity. The main methods used are surveys, interviews and stakeholder seminars--

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