

Cross-border cooperation – benefiting from borders



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Foreword

Cross-border cooperation has the potential to transform a border into a possibility for development. This is particularly important in the case of regions on the external borders of the European Union. By working together, these regions can jointly identify and address the specific challenges and opportunities presented by the border between them.

Benefiting from the existing potential often requires outside funding, both from the EU and from governments. Why should funding be provided for this cooperation?

Firstly, the European Union and the Member States both have a primary interest in promoting regional development in areas located by the EU's external borders.

Secondly, cross-border cooperation in general leads to better relations between the participating countries. EU funding for such cooperation contributes to stability and prosperity on the Union's borders.

Thirdly, cross-border cooperation fosters people-to-people contacts as well as networks between local communities. It contributes to the establishment of a common border-region identity. It also facilitates the generation of social capital, trust and mutual understanding among the communities on both sides of the borders. This is an important element in building the 21st century Europe.

As we prepare for the next budgetary period of the European Union, it is useful to elaborate on the concept of cross-border cooperation and to examine the role and motives of various stakeholders: the EU and the Member States, partner countries, regional players and local operators.

It is our shared responsibility to translate this innovative and unique form of cooperation into an even greater success in the future.

Finland has actively contributed to the preparatory process, e.g. by making suggestions concerning future implementation models.

This brochure gives an overview of the cross-border cooperation taking place on the EU's external borders at present and in the past. It is my hope that it also paves the way ahead for the future.



Alexander Stubb

Minister for European Affairs and Foreign Trade of Finland



Why do we need cross-border cooperation?

- A border can be a barrier but it can also be a gateway, an opportunity and a resource.

State borders in their present form came into being in Europe in consequence of the First World War, after the dissolution of multinational empires into a large number of nation-states. A new wave of fragmentation resulted from the collapse of the Soviet Union in early 1990s. Very few European countries today have same borders as a century ago. Because borders in Europe have usually been redrawn subsequent to wars, invasions and coercion, they do not necessarily follow traditional ethnic divisions. On the one hand this has caused the displacement of millions of people and, on the other hand, it has created borders separating communities.

A border has several functions and sometimes they conflict with one another. The most visible function of a border is to act as a *barrier* and an instrument to be applied for controlling illegal immigration, human trafficking, drugs and weapons and for collecting duties on legal goods. This is the rationale for the infrastructure at a border, which consists of border crossing points and land border installations.

Borders enable differences in prices, wages, working conditions, the availability of labour, taxation, public subsidies, business environment



Photo: Meeri Niiloja/Tekes

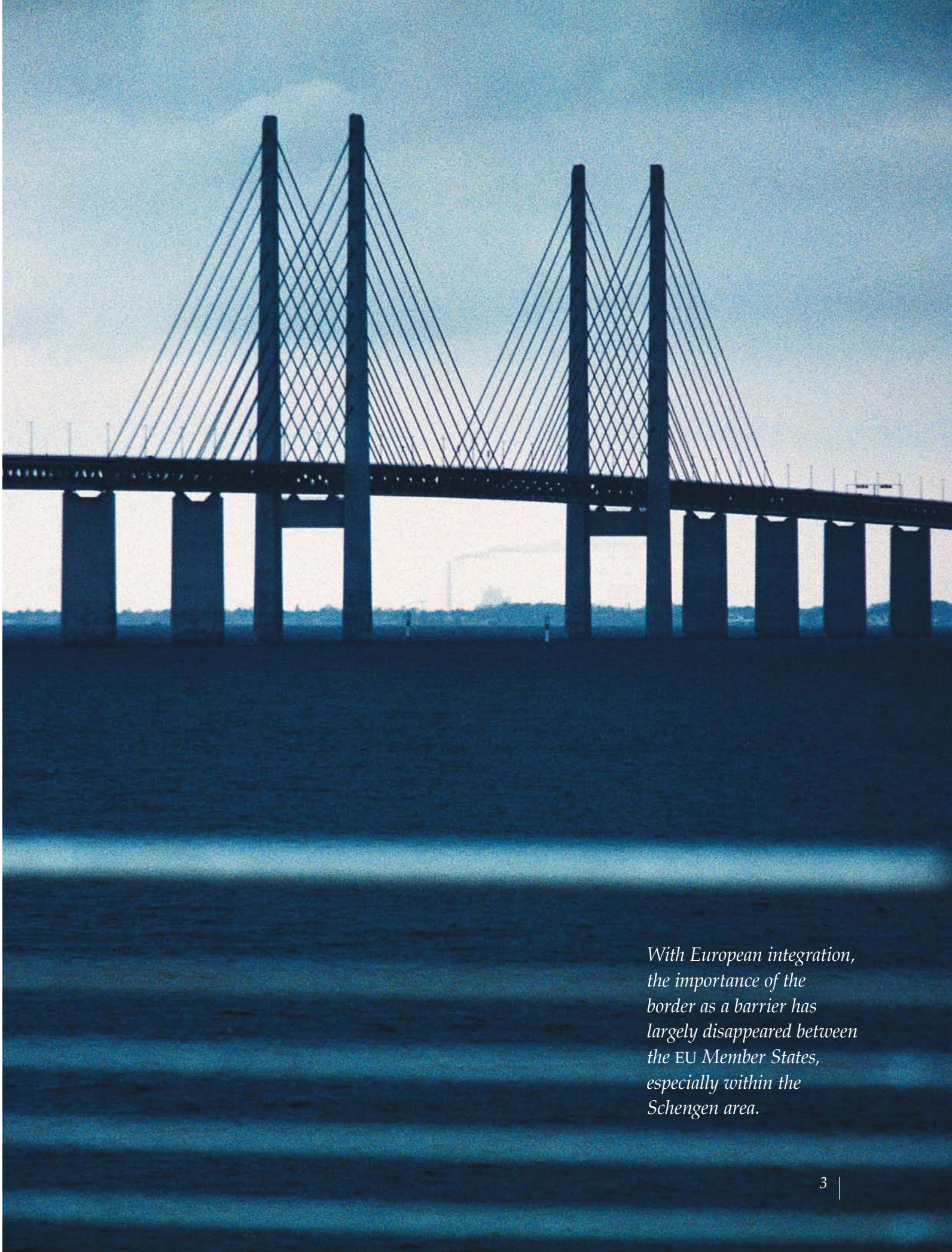
and the enforcement of legislation. Operating across the border – using borders as *gateways* – creates possibilities for arbitrage. On the negative side, the cross-border smuggling of drugs into a country where there is demand and purchasing power causes major problems on both sides of the border.

However, borders also constitute an *opportunity*. A border is more than an obstacle to contacts; a border also creates “friction” which can offer business possibilities. Differing conditions across the border can therefore also be utilised to benefit regional development. Utilisation of a border as a gateway – legally or illegally – means that the border is a *resource* for those operating across it. It generates benefits that would not be available without the border.

The European Union without borders

With European integration, the importance of the border as a barrier has largely disappeared between the EU Member States, especially within the Schengen area. This development began in the late 1980s, when trade and other contacts between the Member States of the then European Community increased significantly as an outcome of the Single Market programme. It became easier to cross the Community’s internal borders. The transformation of internal borders from barriers into gateways became a central tool in European policy. The abolition of internal border controls created the need to secure the barrier function of the common external borders. The EU Member States (except the United Kingdom and Ireland) have joined the Schengen area along with Norway, Iceland and Switzerland. Subsequent to the enlargement of the European Union in 2004 and 2007 and of the Schengen area in 2007, the Schengen border and visa regime was introduced on the EU’s new external borders, which had previously been relatively relaxed and permeable.

Photo: Magnus Prodenberg/Norden



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What is cross-border cooperation?

- *Cross-border cooperation brings together the communities on both sides of the border. It helps to transform the border into a possibility for development.*

Traditionally, the border between States has been perceived as an obstacle to development in border regions. These regions are often peripheral because day-to-day contacts across the border are not possible for historical and security reasons. Hence there is a recognised need to transform the border into a possibility for development at both the internal and external borders of the EU.

European cross-border cooperation at regional level was developed from the 1950s onwards in the Rhine Basin, which involved border areas in France, Germany, Switzerland, Luxembourg, Belgium and the Netherlands. The intensive cooperation involved municipalities, universities

and consultative committees of central and local government officials; even private business interests were often involved. This cooperation, especially that bringing together regions of France and Germany, was one of the cornerstones of the European Economic Community.



Photo:Anton Kalland/Tekes

There is a recognised need to transform the border into a possibility for development at both the internal and external borders of the EU.

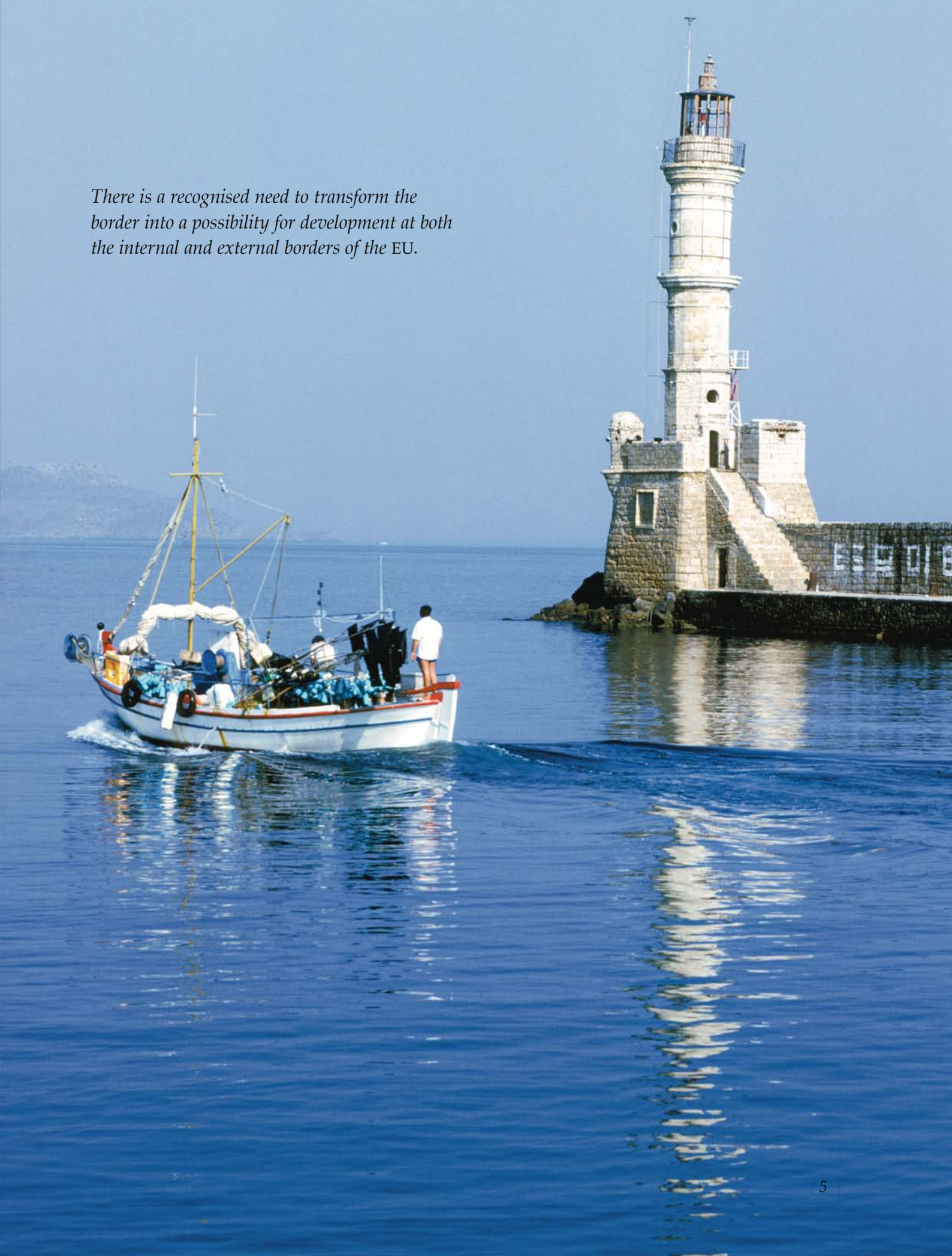


Photo: Chad Ehlers/Lehtikura

Evolution of cross-border cooperation

Cooperation across borders marking large structural disparities can be divided into three separate development phases.

In the first phase, the lesser developed party has hardly any capability for real cooperation with the Member State regions across the border. The Member State regions involved offer expertise and training, organise study visits to the Member State, and conduct feasibility and other studies on the development potential of the border area. This creates important networks between the Member State and partner country actors.

In the second phase, plans are drawn up with a view to social and economic convergence between the border regions. Convergence is promoted, among other things, through planning of investment projects that rarely attract outside financing and have little in the true nature of cross-border cooperation.

In the third phase, the regions genuinely jointly recognise the potential for regional development provided by the border. The differences between regions are exploited with a view to bringing benefits on both sides of the border. Eventual investments are focused on border infrastructure in order to facilitate border crossing. Joint projects are developed by regional bodies. In addition, direct contacts between the citizens and communities across the border are supported.

The nature of cross-border cooperation on the EU's external borders has been a topic of discussion since the early 2000s. Besides the important regional development dimension, this cooperation also has a very strong external policy dimension, and constitutes a broad reflection of the goals and activities of different policy processes.

For reasons of geography, the character of cooperation varies in the different borders of the Union. In the Mediterranean area, external border cooperation is implemented largely in the form of economic and other development assistance to the Southern neighbouring countries. Member State and partner country regions are separated by the sea and their common interests are less easily identifiable. Recent developments on the Southern coast of the Mediterranean have changed the picture. With the emergence of democracy and civil society, there appears to be more demand for regional-level cooperation.

On the EU's new Eastern external border areas, state borders have undergone major changes in the last century. Before enlargement of the EU in 2004 and 2007, these borders were relatively lightly controlled and there was no visa requirement for citizens of the neighbouring countries. Accession to the European Union required the harmonisation of the border controls with Schengen standards and the adoption of the EU's common visa and customs rules. This complicated contacts across the border and endangered the development of the border regions, which had been largely based on small-scale undeclared trade. The new external border regions considered that they were entitled to compensation from the Union for the obstacles to regional development posed by the effective border controls, as well as assistance for re-establishing contacts across the border.



Photo: Mikko Stig/Lehtikuva



Photo: Anton Kalland/Tekes

The case of Finnish-Russian border

Finnish border regions initiated intensive cooperation with their Russian counterparts in the early 1990s after the collapse of the Soviet Union. Cooperation was funded by the Finnish regions and by the Finnish Ministry for Foreign Affairs through the 1992 bilateral Neighbouring Area Cooperation Agreement. Finnish-Russian cooperation served as an example for the EU's cross-border cooperation.

After the accession of Finland to the European Union, cooperation between Finnish regions and Russian regions was also financed from INTERREG funds and corresponding Finnish State co-financing through multiannual programmes. The successful INTERREG-Tacis neighbourhood programmes between Finnish and Russian regions in 2004–2006 provided inspiration for the development of the ENPI CBC concept.

Over the years this cooperation has developed into a truly equal partnership. The border regions have created extensive cooperation networks that can be utilised for regional development. Finnish and Russian regions have managed to identify their common interests and to create joint strategies also in the Southern part of the border, where the Russian regions involved (St. Petersburg and Leningrad Region) are larger than their Finnish neighbouring regions. Since 1996, funding from the European Union has significantly strengthened this cooperation and has provided it with a European dimension.

How does the EU support external cross-border cooperation?

- *Merging of the EU's internal and external funding into a single instrument marked the beginning of a new era in cross-border cooperation on the EU's external borders.*

The European Community has used funding from the European Regional Development Fund to finance cross-border and other territorial cooperation at the borders between the Member States since 1990. Funds have also been allocated for external border cooperation, but their use has largely been limited to the Member State side. Norway, Iceland and Switzerland, all of which are not Member States, participate in the EU's INTERREG programmes. Partners from those countries, however, do not receive any Community funding.

Coordination of regional development and external relations funding for external border cooperation has always presented a particular challenge for the EU. Promoting external cross-border cooperation was one of the priorities of the Northern Dimension policy promoted by Finland ever since it joined the EU.

In preparing for enlargement in 2004, the need to intensify cooperation at the external borders and to coordinate the use of EU funding allocated inside and outside EU territory, was recognised. In July 2003 the European Commission proposed the adoption of a new instrument for the Neighbourhood Policy that would be based on the positive experience of promoting cross-border cooperation through the INTERREG, PHARE and Tacis programmes.

The initial model for 2004–2006, combining INTERREG and Tacis/MEDA funding in the Neighbourhood Programmes, was based on the modalities already in use on the Finnish–Russian border. The Neighbourhood Programmes implemented in 2004–2006 introduced joint project

selection and joint programme bodies for the first time. These programmes had a single application process covering both sides of the border. They were prepared and managed in the border areas by partnerships involving the national, regional and local level of the countries concerned.

For the budgetary period 2007–2013, cross-border cooperation at the EU's external borders was incorporated into the new European Neighbourhood and Partnership Instrument (ENPI). In the framework of the EU regulatory system, the ENPI CBC was a new type of cooperation. The objective was to combine the EU external relations policy framework with the tested management procedures of the internal cross-border programmes. Funding for this cooperation, obtained from the ENPI and the ERDF, was pooled and is managed under uniform ENPI CBC rules. In addition, some Member States are co-financing cooperation from national funds. The responsibility for implementation of the cooperation lies with the regional development authorities.

Thirteen ENPI CBC programmes were established. They consisting of ten land border programmes and three sea basin programmes (Baltic Sea, Mediterranean, and Black Sea). The ENPI Cross-border Cooperation has four objectives: 1) to promote economic and social development in border areas, 2) to address common challenges, 3) to ensure efficient and secure borders and 4) to promote people-to-people cooperation. ENPI CBC programmes are potential instruments in the important EU external policy processes, including the Northern Dimension and the Eastern Partnership, as well as in the EU's macro-regional strategies, the EU Baltic Sea Strategy and the EU Danube Strategy, which both have an external dimension.



Photo: Christian Lambiotte/European Community

Russia and the ENPI CBC: equal partnership

Today Russia participates in five ENPI CBC programmes (Kolarctic, Karelia, South-East Finland – Russia, Estonia – Latvia – Russia, and Lithuania – Poland – Russia). In contrast to other EU external border cooperation partner countries, the Russian Federation is not a recipient of official development assistance (ODA), nor does the Russian Federation fall within the scope of the EU Neighbourhood policy. For the programming period 2007–2013, the Russian Federation decided to grant 105 million Euros to co-finance the EU external border cooperation programmes.

The Russian co-financing for ENPI CBC programmes reflects genuine and equal partnership, and sets a good model for future cooperation. Besides promoting cooperation across the borders, these programmes also underpin the broad Northern Dimension policy including, among others, the activities of the Council of the Baltic Sea States and the Barents Euro-Arctic Council.

At present, three ENPI CBC programmes are implemented at the Finnish-Russian border with total funding of 190 million Euros during years 2007–2013. The programmes support cooperation of border regions through projects that cover the different aspects of four ENPI CBC general objectives. Joint projects of cities, universities, businesses and non-governmental organisations bring communities closer to each other and foster economic and social development on both sides of the border.

One of the common challenges in the Programme region is heavy traffic on roads and at border-crossing points. ENPI CBC programmes include funding for infrastructure investment (Large Scale Projects) which can be used e.g. for developing border infrastructure.

Perspectives for the years ahead

The ENPI CBC programmes, together with the previous Neighbourhood Programmes, have marked a new era for cross-border cooperation at the EU's external borders. Combining internal and external EU funding into a single financing instrument for external border cooperation was an innovative and far-reaching reform. Implementation of the new programmes has required the joint efforts of all stakeholders. The full benefits of this intensive cooperation will materialise only in the coming years and much potential still remains untapped.

All ENPI CBC programmes are different. The objectives of different partners in external border cooperation can differ significantly from each other. In particular, cross-border cooperation between border regions across land borders is different from transnational sea basin cooperation.

A cross-border cooperation partnership takes a long time to mature. Setting up the relevant structures and implementing the programmes are a learning process for all of the participants; this in itself constitutes a valuable result of the cooperation. Cooperation based on multiannual programming, introduced by the EU, requires a wide range of contacts among the parties involved. This enhances both the continuity of cooperation and the quality of long-term partnerships.

In spite of the various challenges involved, ENPI CBC programmes can already be considered a success story. They can be expected to reach their full potential during the next budgetary period.

Photo: Antti Sarajä /www.letku.fi/ Finnish Tourist Board

Future potential of cooperation between Finnish and Russian regions

The cooperation between regions of South-East Finland, St. Petersburg and Leningrad region is one example of how cross-border cooperation can successfully support economic and social development. Although different in size, these regions have much in common: geographical proximity, the Baltic Sea, and history.

The increase in trade between Finland and Russia has been of particular benefit to the border areas. Passenger traffic across the Finnish-Russian border has been increasing steadily, and Russian tourism is an important source of revenue for South-East Finland. Increased tourism leads to investment in services and more jobs. Finnish companies are among the leading foreign investors in St. Petersburg.

There are ample opportunities for Finnish and Russian companies to invest and trade. Cooperation between businesses, universities, cities and local communities is intensifying and will create positive synergies.

The effects of structural changes to regions can be alleviated by regional strategy and efficient funding instruments. The previously implemented cross-border programmes have already resulted in a number of new networks and partnerships, and they have led to improved ways of cooperation. All of this benefits the participating regions and both countries. The ENPI CBC plays an important role in supporting cooperation and enhancing potential for development.

Photo: Brian Rabeck /iStockphoto



A faint, light blue map of Europe serves as the background for the top half of the page. It shows the outlines of the continents and major bodies of water.

Annex: Abbreviations

<i>CBC</i>	Cross-Border Cooperation
<i>ENPI</i>	European Neighbourhood and Partnership Instrument
<i>ERDF</i>	European Regional Development Fund
<i>INTERREG</i>	European territorial cooperation financed from European Regional Development Fund
<i>MEDA</i>	Euro-Mediterranean Partnership
<i>ODA</i>	Official Development Assistance
<i>PHARE</i>	Action Plan for coordinated aid to the Central and East European countries
<i>Tacis</i>	Technical Assistance to the Commonwealth of Independent States

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