

**EXLINEA "Lines of Exclusion as Arenas of Co-operation:
Reconfiguring the External Boundaries of Europe –
Policies, Practices, Perceptions"**

FINAL PROJECT REPORT

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Policies, Practices and Perceptions

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Table of Contents

1 Abstract	3
2 Executive Summary	4
3 Background and objectives of the project	20
4 Scientific description of the project result and methodology	24
4.1 The Regional Context	27
4.1.1 Priority Areas of Cross-Border Cooperation	33
4.2 EU Policies: The Supranational Level	34
4.3 Case Study Summary Reports	38
4.3.1 Finnish-Russian Case Study	38
4.3.2 Estonian-Russian Case Study	49
4.3.3 Polish-Ukrainian Case Study	61
4.3.4 Romanian-Moldovan Case Study	71
4.3.5 Hungarian-Romanian/Ukrainian Case Studies	83
4.3.6 The Northern Greek Borders Case Studies	96
4.3.7 Background Reports	101
5 Synthesis, Policy Implications and Conclusions	105
6 Dissemination and exploitation of results	117
7 Acknowledgements and References	117

1. Abstract

Cross-border cooperation at the EU's external borders reflects both wider geopolitical issues as well as the EU's own development as a political community with an emerging sense of "supranational" identity. Assuming that the development of cross-border cooperation (CBC) mechanisms is a vital element in dealing with the political and socio-economic challenges of Europe's new geopolitical realities, EXLINEA has examined opportunities and constraints to local/regional CBC in Central and Eastern Europe. The core focus of this research has been to study CBC in relation to policies, practices and discourses operating at supranational, national and local levels. EXLINEA gives evidence of dramatic changes in cross-border relations in Central and Eastern Europe. With the last vestiges of the "Iron Curtain" vanishing, both between East and West as well as within the former Soviet Bloc, citizens, communities and regions have chosen to open new avenues of communication with their neighbours across state borders. Furthermore, in those contexts where states have (re)gained their independence (e.g. Baltic States, Ukraine, Moldova, Russia and the Balkans) and new borders have emerged, Euroregions, cross-border city partnerships and similar cooperation vehicles have also come into being. CBC deals with issues that include social affairs, economic development, minority rights, cross-border employment and trade, the environment, etc. CBC, however, has also been about attempts to use the border as a resource for economic and cultural exchange as well as for building political coalitions for regional development purposes.

However, these activities have taken place against the backdrop of considerable structural, financial, political and "cognitive" constraints. While CBC is generally welcomed, normal citizens have difficulty identifying with Euroregions or even understanding the goals of cross-border cooperation. Interviews revealed a popular perception that, in fact, no coherent policies of CBC, either at the EU or national level, exist. In addition, despite satisfaction with the opening of borders, the protective significance of boundaries is also important here: they are seen as guarantors of sovereignty, identity and as protection against a loss of control over local destinies. Notions of common, integrated border regions thus remain "elite" visions at present. Also, there is a lack of tangible/visible CBC results in the area of economic and regional development. The relative inability to exploit the possibilities of border synergies or project funding opportunities has much to do with the weakness of local and regional government and complexities of EU programmes. In addition, the regions under study are economic and political peripheries, poorly connected with the rest of Europe and still influenced by traditions of rigid borders and a lack of mutual knowledge. Different legal systems and political-administrative structures also make cooperation, both formal and informal, difficult. As a result, CBC remains a highly selective exercise, exploited by public officials and others with a clear political stake in CBC and closer relations with the EU.

Despite all criticisms levelled at the Commission, the assistance of the EU has been absolutely essential and the prospect of closer relations with the EU, either as "members" or "partners" of an economically robust and stable political community, has been a central motivating factor behind CBC. Much will therefore depend on how EU policies and policy discourses translates into political capital for local/regional cross-border cooperation. Our project results also suggest that CBC experiences should be scrutinised against a process of gradual institutional change. The removal of barriers does not guarantee a cross-border region. Only social practices and attitudes can make such a regional project reality. Abolishing economic, political and legal barriers, such as those inherent in labour market and foreign resident legislation, would allow for greater socio-economic mobility, innovation transfer and flexibility.

2. Executive Summary

2.1 Introduction

Perhaps it was no coincidence that EXLINEA's last project months in 2005 took place against the backdrop of terrible scenes at the borders between Ceuta, Melilla and Morocco. The dire situation of immigrants at this outermost border of the EU highlighted the difficulty of transcending the many divisions between EU-Europe and its immediate neighbours. As EXLINEA and its research agenda have borne out, the issue of cross-border co-operation at the EU's external borders will be increasingly dominated by attempts to negotiate a new quality of political community between the EU and its regional "neighbourhood". One problem – and this has been demonstrated by EXLINEA – is the discrepancy between discourses of security and selectivity that affect more general perceptions of cross-border cooperation and the overall positive perceptions of closer interaction voiced by local stakeholders.

Presently, notions of binational or cross-border "regionness" at these external boundaries region are an abstraction, but it is far from illusory that cross-border regional identities might at some time emerge. Many "overlaps" in terms of cultural relations, settlement networks, labour markets, schools, housing markets, for example, are in the making that could provide substance to a regional idea. Indeed, cross-border regionalism, at least in a functional and everyday sense, is taken seriously, but it is not an idealistic or romantic but rather a pragmatic notion of region that is taking hold. Pragmatic understandings of regionness are, above all, more concerned with enabling individuals to act in a concerted manner in specific areas of common concern rather than predicated upon overambitious goals of political or socio-cultural integration.

Our results indicate that in several cases, such as the Finnish-Russian, "hybridisation" is taking place through the development of new transnational communities. These communities form a link between localities on both sides of the border and help transcend the considerable barriers to interaction that exist between Finland and Russia. In other cases, such as the Hungarian-Romanian border region, European policies and concrete cooperation projects between cities are gradually helping to reduce historical animosities and resentment that have blocked interaction in the past. To an extent, the process of cross-border cooperation can be said to contribute to small-scale projects of interstate rapprochement in all case study regions – and this despite the very uneven quality of formal and informal cooperation that have emerged. Furthermore, cooperation experiences indicate that the search for "best" practices will prove elusive, but that good practices established in specific contexts can provide valuable insights into the means in which stakeholders develop *situationally* successful cooperation strategies.

EXLINEA explores in this final report consequences for future comparative research on borders and cross-border cooperation – both in Europe and beyond. As we have seen in the case of the EU's external boundaries, and as will be even more evident within the context of Wider Europe, the geopolitics of "bordering" (and thus of inclusion and exclusion) operate at many different levels and can be infinitely subtle. The results and policy implications of the EXLINEA project have provided the basis for numerous scientific publications, policy recommendations and university-level course materials. A major publication on cross-border cooperation at the EU's external borders is now ready for publication by Ashgate and will appear in 2006. Within the framework of the European Research Area and FP6, EXLINEA team members will continue to explore possibilities for transnational political community and civil society within an increasingly complex and problematic international environment.

2. 2 Research objectives and framework

The Finnish-Russian border region

During the three-year EXLINEA project, the Finnish-Russian team studied two cross-border case study regions – referred to here as “Northern” and “Southern” regions – on the Finnish-Russian border. The main research material regarding the project includes interviews of local and regional level cross-border interaction specialists in the two case study regions. Both cross-border case study regions under examination include international border crossing points, but the intensity of border crossings is much higher in the Southern case study region - 4.7 million crossings in 2004, while the respective number in the Northern one was 0.9 million. This contradiction is explained by denser population in the south, but more importantly by its’ position as a traffic corridor between southern Finnish and Russian cities and ports. The physical landscape of the Finnish-Russian border area is dominated by forests. This fact, together with a number of others, results in the preponderance of timber trade in cross-border economic relations, which is characterised by one-way raw material exports from Russia to Finland.

In terms of perceptions of our respondents, the Finnish-Russian border is seen as an opportunity, which has still institutional and mental obstacles to be overcome. Despite the harmful restrictive function of the border, the border has also a strong meaning in terms of national identity, which makes the border a necessary construct among the people. Although our respondents represent experts who are specialised in cross-border cooperation (CBC) and are working to promote it, nonetheless, they were not enthusiastic about abolishing all institutional barriers. For instance, visas and the present level of border control were generally accepted. This also contributes, however, to the observed absence of the feeling of a common cross-border region. Although CBC has facilitated cross-border interaction in many fields, a common sense of cross-border regionalism is lacking and the border remains a barrier. On both sides, however, cross-border regionalism is regarded as a desirable long-term aim.

Policy considerations

Existing CBC policies have largely targeted public-sector authorities and formal organizations, whereas real private stakeholders in Russian border communities have been sidelined and *de facto* excluded from active participation in CBC. Now the task should be to involve them into this process, and, moreover, to make them feel that constructive CBC can become a powerful instrument in revitalizing their communities. EU-sponsored CBC projects can be very helpful in accomplishing this task. The emerging trans-border community should thus also become an object of European CBC policies. Particular emphasis should be put on stimulating constructive cross-border activities of Russian migrants residing in Finland. A special programme supporting the study of Finnish should be launched in Russian border communities.

The EU should continue and expand its current CBC policies providing technical assistance, supporting modernization of vital infrastructural facilities, promoting small businesses, facilitating cultural contacts and strengthening civil society institutions in Russian border regions and communities. A simplification of the visa regime between the EU and Russia may also be a mid-term target.

The Estonian-Russian border region

Cross-border cooperation (CBC) has proved to be more efficient in the spheres of culture, education, and environment. The economic interaction appears relatively inefficient. Given that the economic benefit is perhaps the most important driving force for CBC in the Estonian-Russian cross-border region since the common historical-cultural identity is largely absent, cross-border initiatives largely depend on the existence of the EU funds.

The size of the market across the border is an understandably more important issue for the Estonian side, as it has always been a motivation factor for the economic interaction with Russia. In the Estonian-Russian cross-border region as a whole, CBC actors perceive the low consuming power of the population in the border regions, low capacity of the firms as well as the low differentiation of the local economy in the border regions to be obstacles to CBC.

In both countries, the legislation defining the powers of the local and regional levels in international cooperation are missing or are too vague. In Russia, all CBC agreements have to be approved by the central level authorities. Yet, the political interstate relations are seen as one of the most important obstacles for developing CBC, where the governments of both states are seen as unsupportive of CBC.

Our research reflects the perceptions of “the other” and “the border” indirectly with the Estonian respondents emphasis on emotional aspects (e.g. open, friendly, social, etc), and the Russian respondents pointing to the behavioural characteristics (e.g. hardworking, productive, etc). However, the differences appeared even more strongly when Estonians referred to civilisational fault lines and Russians made sense of economic development. When it comes to the perception of the border, the Russian side appears to have a much more negative perception of it than the Estonian side due to the difficulties of border crossing and the visa regime. The hindrances of economic nature (e.g. customs taxes) also contribute to the creation of the perception of the border as a “barrier”.

Our research findings indicate that regional (in Russia) and local (Estonia) level public administration is the most efficient in the development of CBC. Cultural organisations and private firms play an active role in CBC, while NGOs and industrial organisations appear not be sufficiently involved in CBC, thus supporting the evolving image of CBC as an “elitist project”.

Policy considerations

Whereas Estonian-Russian bilateral relations maintain inflexible positions in many questions (border treaty, minority issues, visa regime, etc), one still has to work in the name of de-politicisation of cross-border cooperation and provide the partners with certain confidence that mutual benefits and win-win game is possible.

Given the vertical and horizontal networks of actors, there should be a constant shift for Estonian-Russian CBC to become an example of multi-level governance, where the sub-national and supranational levels of governance play an important role in the development of CBC mechanisms. Considering the Euroregion ‘Pskov-Livonia’ largely as a ‘project-fabricating’ organisation not being able to consolidate as a territorial unit with a distinct identity, the institutional structure of the Euroregion should be much improved, and the administrative capacity raised. The lack of funding for the development of the administrative mechanisms is one of the main reasons for the relative standstill in the Euroregion’s activities.

In this regard, there should be a better definition of the goals of CBC in general and the Euroregion Pskov-Livonia', in particular. If it is to prioritise the development of the economic relations across the border, then industrial organisations, such as Chambers of Commerce, should be more involved in the Euroregion's activities. Moreover, the Euroregion as such should have more influence at the national level in order to be able to carry out the necessary changes. Finally, NGOs, their representative organisations, should be involved in the Euroregion's activities in order to provide idea and expertise in project writing as well as to contribute to the 'construction' of the Euroregional identity.

To sum up, as there is little impact of the historical-cultural cross-border identity on the CBC developments in the Estonian-Russian border region. One has to set the conditions for the 'top-down' approaches fostered by the Euroregion, which depends on the political relations between the local/regional as well as state authorities across the border and joined attempts in the new 'image-making' of such institutions.

The Polish – Ukrainian border region

The role of the European Union in the formation of cross border interactions in Polish – Ukrainian transborder area is significant to the extent that in order to obtain funds from support programmes it is necessary to find a partner from the other side of the border, but this concerns mainly to small Euroregion projects. Despite the absence of EU support and inspiration for business activities, entrepreneurs on both sides of the border expect a positive impact of Poland's accession to the EU on the cross border trade, mainly as a result of increased institutional, infrastructure and legal standards. Activities of a cross border nature have resulted mainly as an articulation of local and regional needs and have therefore been most prevalent at these levels. Cultural contacts appear to have been the most dynamic aspect of cooperation due to good working relationships between local authorities (characterised, for example, by numerous twin-city initiatives) but also because of a lack of funds for projects on a larger scale. It should be emphasised, however, that local actors on the Ukrainian side, despite the fact that they are the most interested in undertaking joint activities, do not have the same opportunities as their Polish partners. The system of administration in Ukraine is more centralised and the initiation of cross border activities requires the consent and approval of the state regional administration. There is a general observation, however, that the aim of the authorities at all levels on both sides of the border is not to transform the EU border into a new “golden curtain” but to create a bridge for partnership and cooperation.

The driving force of cooperation between Poland and Ukraine in the early 90s was a considerable difference in prices and incomes. Inhabitants of the border regions who got involved in trading, benefited from the situation (mainly visits of the Ukrainians to Poland). This type of cooperation is now being phased out. Moreover, the direction of commercial visits has been changing. Other spheres of the cooperation are still relatively weak. This is a result of a number of factors, mainly the fact that the cross border region is weakly developed in terms its economy in comparison to other regions of both countries and has no significant potential. Therefore, the priority for local and regional authorities on both sides of the border is to solve current social and economic issues.

Importantly, Poland and Ukraine recognise each other as strategic partners. The attitude has been reinforced by events leading up to and since the November 2004 Orange Revolution. However, this has not translated into any specific instruments promoting crossborder cooperation. Generally, the perception of the Ukrainians by the Poles has been quickly changing for the better. The Poles keep noticing that the Ukrainians are willing to cooperate and are ready to adopt Polish experience. On the other hand, the Ukrainians have a very good opinion about the Poles and consider them to be modern, an active and entrepreneurial persons from whom there is a lot to learn. The main outcome of the cross border cooperation is the above-mentioned improvement of the attitude to persons on the other side of the border, mainly as a result of reciprocal visits. Moreover, the Ukrainians believe that thanks to the cooperation they will able to acquire more information about of the European Union mechanisms, and at the same time the cooperation has changed their attitude towards the EU, has helped them to acquire experience, technologies, know-how, etc. The Poles, however, mainly highlight the importance of financial profits coming from the business exchange.

Policy considerations

There are three major objectives that should be met by policies implemented in relation to the cross-border co-operation between Poland and its eastern neighbours. The first one relates to the developmental chances for the border regions of Poland, Ukraine as well as Belarus, and the role, which the cross-border cooperation should play in increasing the developmental potential of these regions. This potential is not fully utilised at the moment due to several reasons. First of all, the policies should eliminate the barriers and increase the complementarity of the economic structures, existing on the two sides of the border.

The second objective relates to the role, which the cross-border co-operation may play in accelerating the pace of changes in the border regions of Ukraine and Belarus, and further – in the transformation process in these two countries. Cross-border co-operation may bring impulses not only in the economic sphere, but also in institution building, increasing general awareness of market economy and mature political democracy, as well as knowledge of the EU principles and rules. The third objective has the most far-reaching perspective and is related to the potential future membership of Ukraine and Belarus in the European Union. Cross-border co-operation with Poland should be a “school” for the EU principles and procedures in which local, regional and national authorities of Ukraine and Belarus could gather experience in collaborating with the EU, in the same way in which the Polish western regions have collected experiences useful after Poland assumed full membership in the EU.

The Moldovan-Romanian border region

The main findings and conclusions of the research pertaining to the Moldovan-Romanian border region can be summarised as follows:

Cross-border cooperation actors have assessed CBC as inefficient, where the existing opportunities are not being used to the maximum extent. Among the general obstacles to cross-border cooperation most often people have named cold political relations between the two countries, red tape connected to project implementation, as well as customs barriers and problems of border-crossing.

Common historical-cultural identity in the Romanian-Moldovan border region is a very strong incentive for CBC. Both sides perceive each other as one nation, with the same culture, history and language, despite of the political-administrative division and existence of “two Romanian states”.

It is too early to judge whether and how CBC has contributed to region-building or Europeanization of the neighbourhood, since the CBC with the use of the EU supporting funds is still a rather recent phenomenon, which appears bleak to the wider population in the border regions of Moldova and Romania. However, through a number of the few ongoing projects (e.g. projects on environmental protection, or the reconstruction of a historical bridge) potential CBC actors commence to realise the existing opportunities provided by the EU programmes (TACIS and PHARE CBC).

The representatives of the regional administration and certain NGOs are most apt to use the EU rhetoric and the EU logic to initiate various CBC projects, while the business sector appears rather sceptical as for attempts of the public authorities to animate CBC. What is important for businesses is the creation of the favourable conditions at the border-crossing, the elimination of corruption on the Romanian-Moldovan border, the reduction of taxes and the access to the information about the market conditions and firms on both sides of the border.

CBC has been most efficient in the spheres of culture, fighting against organised crime and promoting environmental protection. The representatives of business assess the economic interaction as highly insufficient due to the unfavourable trade conditions, emphasising the need of the creation of the free trade zone in the Euroregion ‘Upper Prut’. When it comes to CBC in culture and education, the interviewees evaluate it in positive terms praising the local and regional public authorities for initiating multiple CBC projects.

Policy considerations

Whereas the institutional templates for CBC such as Euroregions are by and large the only existing institutionalised forms for cross-border cooperation, they are neither sufficient nor sustainable. Within the context of national decentralisation, the local level should be empowered, and CBC mechanisms should be developed towards the model of multi-level governance.

Given the over-ambitious goals of the existing Euroregion with the emphasis on the development of economic relations and trade across the border, the local and regional authorities have limited decision-making power and implementation mechanisms as for the issues of customs regulations or the border-crossing regime. In order to prevent a complete standstill of the Euroregion's activities, it has to go through constant redefinition.

Given the institutional inefficiency of the Euroregion 'Upper-Prut' in terms of a lack of qualified human resources, the EU should provide financial incentives improving administrative capacity in the CBC institutions. Furthermore, considering the development of economic interaction in CBC then it is obvious that the state level should be encouraging these activities and providing support in terms of legislative framework. Again, the multi-level governance allowing for cooperation between different levels becomes more crucial. In this regard, CBC depends in large part on processes of political decentralisation in Moldova and an increase in the competences of the regional/local levels with regard to international relations. In order to boost the economic and social interaction across the border, a favourable border regime should be created in the Euroregion 'Upper Prut', where both sides should be able to carry out road-tax reductions.

To sum up, as there is much impact of the historical-cultural cross-border identity on the CBC developments in the Romanian-Moldovan border region, one has to tackle mainly with legal, bureaucratic and financial issues in setting more favourable conditions for the CBC in future.

Hungarian-Romanian and Hungarian-Ukrainian border regions

The Hungarian–Ukrainian and the Hungarian–Romanian border regions are burdened by problems of historical origin, coming from the distant past; the state borders designated in 1920 totally disregarded not only transportation networks and functional urban economic areas but ethnic relations as well. Consequently there is still a large ethnic Hungarian population on the Romanian and the Ukrainian sides of the border. This is an advantage for cross-border relations, on the one hand, because of the common language, similar mentality, common traditions and culture. On the other hand, however, nationalism reviving in the neighbour countries since the end of state socialism has brought to the surface formerly hidden problems, which have crystallised in the strengthening of fears of territorial shifts and changing borders.

Another consequence of the inconsiderate designation of the borders and the subsequent isolation for decades is the narrowing of the traffic connections between the two sides of the borders, and it is a serious bottleneck of the cross-border co-operations. It is true that several new border crossing stations were opened after the systemic change that took place at the turn of the years 1989/1990, but these are still too few to meet the demand. Nevertheless at the Hungarian–Ukrainian border it is not the physical permeability of the border crossing stations that causes a problem but the slow pace of work, bureaucracy and corruption that are present at the border crossing stations, and since Hungary's EU accession the customs control is very thorough and slow.

Co-operation at the sub-national level (regions, counties and micro-regions) in the past 15 years has not advanced beyond a rather formal/symbolic character, partly because the first Euroregions to be established are much too large and cumbersome to be operationally effective. The findings of the empirical research has also revealed that economic co-operation has emerged very slowly as a part of cross-border relations, although in the recent years we can witness some positive changes. One of the most promising vehicles for cooperation, and not only in economic terms, is the linking up of the truncated urban network in the regions and thus re-establishing functioning market areas for cities such as Arad, Debrecen, Gyula, Szeged, Nyiregyháza, etc. In fact, urban networks are emerging with the help of concrete project-based co-operation. Respondents indicate that this is partly due to EU resources (e.g. PHARE, INTERREG) available on a competitive basis for cooperative ventures. In the Hungarian–Romanian and Hungarian–Ukrainian border regions personal relations, very much limited before systemic change, play a very important role. In these relations, in addition to friendships and family ties and also shopping, subsistence tourism plays a very significant role, the most lucrative activity of which is illegal fuel and cigarette trade.

The Hungarian–Romanian and the Hungarian–Ukrainian border regions have similar problems and deficiencies, so the future development directions are more or less the same. However, there is a significant difference in the situation of the two border regions, namely that Romania is becoming a full right member of the European Union soon, and this will clear away most barriers of the co-operation. Despite of this the Hungarian-Ukrainian border will remain an external, Schengen border for a long time, and therefore this region stands before a longer and more difficult development path.

Policy considerations

The most important development priorities of the future are (still!) the improvement of border crossings and, more generally, of the accessibility of the border regions. In order to achieve this, considerable investment in infrastructure is needed in order to connect these peripheral regions with wider European networks and in order to create first-order logistic hubs and services. On the other hand, it is also crucial to revive more localised small-scale cross-border traffic. In economic terms both of these aims could be potentially achieved by projects such as the joint development of business services and business poles (industrial parks, business zones) together with joint tourism development programmes based on complementary endowments..

Non-economic areas of cooperation can play a very important role in cross-border relations. These include the development of long term institutional co-operation, despite initial disappointment with the Carpathian and other large Euroregions. The emergence of local level (microregional) Euroregions such as Bihar-Bihor as well as urban networks, indicates that a positive (rather than encumbering) institutional thickness can be achieved for these cross-border areas. However, a prerequisite for improved institutional cooperation across borders is also the improvement of the operational effectiveness of regional development agencies and other public bodies on all sides of the borders. This would result, among other things, in a better use of EU resources and would facilitate a process of mutual learning (exchanges of experience, training, harmonisation of development paradigms). The further development of co-operation in the field of environmental and natural area protection – water management in particular – is another important task. Joint efforts should be made for the preservation of the environment in the border region, including flood and high groundwater prevention, waste and sewage management, etc.

The Northern Greek border regions

The present case study report, refers to an area, which consists of the border zone between Greece on the one hand, and Albania, FYROM and Bulgaria on the other. The empirical work has been basically organised around standardised questionnaires, in depth interviews and local seminar, focus group and document collection. Four hundred standardised questionnaires have been gathered in total to assist the empirical analysis in 2004. Moreover, a total of fifty in-depth interviews have been carried out with experts on issues of cross-border collaboration during the period January-May 2005. Finally, a local seminar was held in July 2005, involving stakeholders and experts.

Cross-border economic interaction and cooperation: The basic characteristics of economic geography in the three cross-border regions could be summarised as follows: The level of cross-border interaction in trade and more specifically, in exports, is of a very low level, reflecting the weak border productive system and the regional character of specific border areas. Also, exports in other countries are rather extensive, something that shows that the export orientation of border regions has not changed substantially since 1989. The region does not appear to constitute either an important place of origin or an important location for investments.

Despite the general belief that infrastructure constitutes a decisive obstacle in interaction, the results do not confirm this statement. The visa procedures comprise the basic obstacle of crossing the borders for FYROM and Albania as well as (but to a lesser degree) passport and custom officers' attitudes and behaviours towards border crossers. The obstacles that concern conditions of trade are not important in the Greek-Bulgarian cross-border area due to Bulgaria's imminent European prospects. However, serious obstacles to trade transactions exist as a result of duties, quotas, bureaucratic procedures and technical requirements concerning the exports and imports at the border zones of Greece with Albania and FYROM. Corruption is flagged up as a serious obstacle that penetrates all regions, but differences in terms of religion, culture, and, language, do not represent obstacles. With regards to the nearby of economic geography conditions, the purchasing power and the insufficient size of the nearby markets on the other side of the borders is seen as a problem by the total Greek border zone.

With regard to migration and social aspects of co-operation we can conclude that migration flows of Albanians in the Greek border zone are of great importance, while there are also meaningful flows from Bulgaria. However, a specific concentration of Albanian immigrants is not observed to the border area in relation to the rest of Greece. Immigrants work mainly in the sector of agriculture as unskilled workers and a very small number of them work in industrial or services sectors. There is no significant level of labour mobility found on any side of the borders. The daily trade activities are recorded in all cases, to below average underlining the separating role of border in daily transactions. With regards to the visits of the local residents to the other side of the borders, the nearby destination trips explicitly surpass the long distance ones, stressing the important role that distance plays in social interaction.

Examining the "initial conditions", the images of the "others" and the perceptions concerning the impacts of greater cross border interaction we conclude that all sides face "initial conditions" in general as an advantage, with Albania presenting the highest scores. It is also important that the relationships among local, regional authorities and the governments are considered as an advantage. Religious differences and the existence of national minorities at the borders are also considered advantageous, although there are diffused opinions for the

opposite. The expectations from the potential greater interaction are very positive in general. However, in relative terms Greeks are more reserved towards Albania and Bulgaria, whereas less favourable are the people from FYROM towards Greece. Nevertheless, the cross-border collaboration in trade, investment, social interaction, and institutional co-operation is perceived as a process that will prove advantageous to all parties.

In examining the institutional initiatives of cross-border cooperation, the project team could conclude that the frequency of implementation of cross-border policies is of moderate level, while, systematically, the frequency of implementation of European policies is relatively higher to the corresponding national, regional and local policies. In terms of subject-matters, policies seem to focus on all border zones in the collaboration of local authorities and cultural exchanges.

The effectiveness of the cross border co-operation policies could be characterised as moderate as it appears values at a lower level in relation to the frequency of policies. The European level also, in this unit, obtains the highest values in all cases when compared to the national, regional, and, local level. However, the degree of activation of local actors is presented generally as moderate, with some differentiations. What should be noted that all sides believe that their own country as a whole will benefit more, their capital, however, will gain less than the capital of the neighbouring country. Another important finding is that the border regions are expected to benefit equally as a result of the cross-border interaction. We also found that generally positive expectations prevail for the anticipated benefits that will result from the EU enlargement.

Policy considerations

Establishing “an environment of trust”. Within this context, elimination of nationalism, phobic syndromes and suspicion should be among the first “good practices”. Furthermore, emphasis should be placed on low politics with evident results. Finally, local and national media could eliminate negative stereotypes in relation to the borders.

Establishing networking across the borders. Policies should aim at ‘creating’ a critical mass of networking between public, semi-public and private actors in order for a more coherent economic and technological environment to emerge. All activities in the field of CBC should generally be based on partnership, on subsidiarity and on the existence of a cross border “concept”. Finally, joint planning should be carried out from both sides of the borders.

Carrying out a series of “clever actions”.

- a) Learning from successful paradigm
- b) Forward looking “free” of a problematic past
- c) Creating cross border innovative environments across the borders
- d) Critical size of intervention and focusing on a particular area.
- e) Substantial cross border “twins” between cities.

2.3 Synthesis and conclusions

In this section we will summarise the main project results in a comparative and synthetic manner. We will see that results differ widely between the case study regions, logically reflecting specific regional contexts. Context-sensitivity is, nevertheless, conducive to responsive policy recommendations: while “good practices” are difficult to frame in terms of hard and fast rules, the .

In many case study regions, Greece’s northern border areas for example, there is a relatively low overall level of cross-border cooperation interaction and economic interaction. However, the Greek team could conclude that larger cities close to the borders tended perform better than smaller cities or rural communities in this regard. Urban networks based on exploitable complementarities are an important factor in developing cooperation; a condition that is not always present.

The institutionalisation of border contacts within a reliable administrative framework of administration seems to be a necessary prerequisite for successful CBC. The harmonisation of community administrative structures, including planning procedures and the establishment of favourable conditions for investment, seems to remain a major task – a finding that we could also confirm in our comparative background studies on cross border relations between Hungary/Austria, and Poland/Germany.

What can be said for all case study regions is that, on the level of perceptions of border region situations, CBC plays a significant role. In other words, CBC is seen to be an important political priority, even if the means by which better cooperation is to be achieved are not always clear and the work of CBC organisations are not well known. Living in relative harmony with neighbouring communities across national borders, even those of former “enemy” countries, appears to be a goal worth working for, not only in the interest of improved interstate relations, but also as a contribution to region-building and the development of mutual trust on various levels as well as to strengthen civil society and multilevel governance. It can be stated that helping to create a favourable environment for the growth of CBC remains one of most positive aspects of EU policy.

Despite the EU’s undisputed role of cooperation facilitator, the existing opportunities and instruments with which to enhance CBC are seen to be insufficient and/or not exploited to their full possible extent. This is especially in the case of Russia/Finland, Russia/Estonia, and Romania/Moldova. The vicissitudes of political relations between these respective countries, bureaucratic obstacles, political-administrative asymmetries – as well as more mundane issues such as a lack of border crossing points – have been named as principal concerns in these and other case study regions. However, a further contextual issue that affects cooperation here has much to do with a perception of “exclusion” on the part of stakeholders in non-EU neighbouring states. It is no coincidence that these countries are situated at the EU’s external borders: people in border regions with countries who do not have candidate status have the feeling that their region’s CBC performance suffers from the lack of vision, and development opportunities and direction. On the other hand, candidate status facilitates CBC to a great extent – a finding that is supported from evidence in the two Hungarian Case Study Regions (Hungary/Romania vs. Hungary/Ukraine).

A common historical and cultural/“ethnic” identity, however, is a strong incentive for CBC, and can be a fruitful basis for both formal and informal crossborder cooperation. We can see this particularly in the Russian-Estonian case study, and in the case of Romania and Hungary. EU policy should “use” these nuclei of trust and identity, and help to locate, unveil and support these sources of common past and present. This may contribute to region-building and the formation of regional, maybe even “cross-border” identities. Here, it is also important to take women organisations into focus, because women have, for various structural reasons, an even stronger tendency to organise themselves in informal networks rather than in the existing administrative and political structures. This is even more true for border regions, where families and ethnic “units” have been separated by political borders. These people seem to have a tendency to organise themselves in informal networks. We suggest, among other things, that EU and national and regional governments should continue to support NGOs and informal networks both structural and financially by suitable programs and visions.

We can only repeat from above that it seems too early to draw conclusions about possible region building and “Europeanisation” through CBC. But what can be said is that existing instruments and funds are seen having been improved; their harmonisation in joint programs has facilitated their implementation, and encouraged and supported potential CBC actors and enthusiasts. Until now, the major field of action of CBC has in the cultural and educational spheres, as well as in the promotion of environmental protection. Seemingly less important than “hard currency investments” at first sight, these areas of cooperative action fields can become assets for the future development as they address young and educated persons – the future actors in society and politics.

On the other hand, we have found that on the perception level people rely on short and medium term results when judging the effectiveness of Cross-Border Cooperation actions, and their perceived added value. The fight against organized crime, including trafficking of humans, has proven to contribute to the feeling of mutual trust and a secure climate both for investment and political development in all Case Study Regions. But judging not only from the dreadful experiences in Ceuta and Melilla, but also from the EU’s political past from its very beginning, we should not forget that Europe can never stay as it is, and it should not become a comfort zone for those who are “in” versus those who feel “left out”. Against the ongoing political rhetoric of “Bordering” versus “De-Bordering”, terms coined by the EXLINEA Nijmegen research team, our aim is to understand the delicate balance between neighbours, and to contribute to the successful management of different border regions - politically as well as socially. Today, Policies, Practices and Perceptions of Inclusion and Exclusion are on top of the political agenda, and in this respect, EXLINEA has also shown that EU Research in Social Sciences and Humanities not only has hit a nerve, but will remain a keystone for future academic and political discussion, and the decision-making process. Research on Cross-Border Cooperation, and the respective dialogue with the local stakeholders and other end users, proves, amid heterogeneous, and at places seemingly disappointing, results, that border regions can with considerable justification be seen to play a role as laboratories for a the development of a future – transnational – European society.

2.4 Summary policy considerations

The overall picture of local and regional cross-border cooperation along the EU's external boundaries offers a very complex and fragmented panorama that testifies to considerable political challenges. What are the goals of cross-border cooperation? These are none other than the establishment of conditions for social, economic, cultural and democratic/institutional co-development. The specific challenge of facing CBC is to create a "political space" between the EU, national capitals and subunits of the state *and* beyond national borders. If this is the essence of CBC, then the policy relevance of EXLINEA must be reflected against capacities for building communication between stakeholders in cooperation.

Explanations for the mixed results of cooperation in the case study regions can be (cautiously) inferred through EXLINEA results. These confirm the general dichotomy of pragmatic (e.g. issue and problem-oriented) co-operation and everyday (e.g. "emotional" and/or "opportunistic") practices of cross-border interaction: up to now there has been only partial evidence of a mutually beneficial integration of the two. Furthermore, a relative lack of resources (despite EU funding) and expertise as well as more structural hindrances continue to make the development, maintenance and expansion of cross-border networks and projects difficult. This is not to say that cross border cooperation (CBC) is merely a question of symbolic politics at the EU's external borders. Many of the actors interviewed see in CBC projects a gradual development of durable cooperative structures between local governments, public agencies, universities, NGOs and other organisations – cooperative structures that could form the basis for positive transnational social capital.

What then are EXLINEA's main policy messages? In these border regions we see a familiar governance quandary: most everyone perceives cooperation as beneficial, and not only in economic terms, *however it is quite something altogether to engender a general sense of identification with regional cooperation institutions*. What has to be taken into consideration? Some policy suggestions are outlined below. A more detailed set of policy considerations has been made available in EXLINEA's policy paper.

- The EU should provide financial support for setting up administrative mechanisms for CBC institutions. Especially in the case of Euroregions on the EU's external borders where funds and specialised knowledge in the development of cross-border networks are limited. Crucially, local authorities usually lack a strategy for using EU CBC funds. Instead local and regional governments will often more willingly use other structural funds. Moreover, the cooperation of local and regional bodies is often too formally structured and does not translate into specific projects.

- Clear geopolitical signals are needed that promote "Europeanisation" without a local backlash. Civilisational discourses that distinguish between the EU and a non-EU Europe in terms of a hierarchy of values and societal development should be avoided.

- Abolishing economic barriers, such as the mutual recognition of qualifications and restrictions on the freedom of business activities could greatly facilitate cross-border retailing and services. Under such conditions, competitiveness and economic growth could be achieved the exploitation of niche strategies.

- Abolishing political and legal barriers, such as those inherent in labour market and foreign resident legislation, would allow for greater socio-economic mobility, innovation transfer and flexibility.
- Different (and very legitimate) perceptions of the role of CBC have to be reconciled: roughly speaking, one view is that CBC is about the development of common (European) values and social modernisation through multilevel governance; the other view emphasises the regional development and economic aspect of cooperation. These perspectives are not mutually exclusive and should be applied flexibly, not in a “one size fits all” manner.
- The degree of institutionalisation must be negotiated and carefully considered. Institutional modernisation is an important goal but it should not mean an unnecessary complication of cooperation by overstressing administrative/legal capacities before these can be built up. It is perhaps best to build up open networks before formalising cooperation. EU CBC policies should reflect this.
- Short-term demands for visible results must be reconciled with the necessity of long-term strategies. Cooperation approaches should include both objectives, dedicating resources to a limited number of large projects that attract public attention and interest while promoting more complex initiatives that require longer preparation and programming periods. This should also be reflected in EU CBC policies, allowing for more flexible, multi-term programming of development projects and not limiting budgets to the life of individual Action Plans.
- Exploit where possible the economics of urban networks. This included developing political and functional relationships between public agencies, universities, firms, etc. Such networks could also participate in infrastructure investments and the promotion of economic development.
- Economic actors need to be more directly involved in CBC. Business opportunities are seen as essential to more responsive cross-border cooperation.

3. Background and objectives of the project

As enlargement of the European Union proceeds, prospects of a new and more decisive geopolitical role for the EU have been raised. The EU sees itself as an important stabilising element within the world system as a whole,¹ but its main political impact will doubtless be felt in those states and regions that can be considered immediate “neighbours”. With the Wider Europe initiative, formally announced in 2003, and the subsequent launching of the European Neighbourhood Policy, the EU envisages comprehensive co-operation agendas that cut across political, economic and cultural dividing lines. In other words, the objective of Wider Europe is to establish a coherent basis for political stability and economic growth within its immediate regional surroundings.²

The EU has extended its political community eastward to the former Soviet Union and southward towards Mediterranean and Middle Eastern regions. Inevitably, however, tensions due to simultaneous dynamics of inclusion and exclusion are very much in evidence. The idea of a Wider Europe is telling in itself: here, a sense of inclusion and belonging to a working political community is implied despite the fact that direct membership is not an immediate or probable option for several states that consider themselves very close to the EU. Furthermore, while the EU expresses a desire to avoid new political divisions, new visa regimes and other restrictions of cross-border interaction threaten to exacerbate development gaps between the EU-25 and non-EU states.

Within this context border regions are seen to play a strategic role, particularly as flexible vehicles for cross-border cooperation (CBC) regional governance with which to mobilise collective action in addressing social, economic and environmental issues. Within the wider context of European enlargement, regional cross-border co-operation has been advanced as an opportunity for enhanced social-spatial development in peripheral areas of Central and Eastern Europe. However, border regions are not mere “containers” of political and social space; they are conceptualised here as constructs of a legal/institutional and cognitive nature, products not only of history and geopolitics but also created by norms, attitudes and interests and in response to changes in external political environments. Far from being immutable, borders are subject to constant definition, construction and re- and de-construction (Paasi 1999).

The basic aim of this project, **EXLINEA “Lines of Exclusion as Arenas of Co-operation: Reconfiguring the External Boundaries of Europe – Policies, Practices, Perceptions”**, has been to examine capacities for “region-building” (that is, the development of co-operative structures and practices) across national borders in Central and Eastern Europe within the context of EU enlargement. As the EU’s external boundaries gradually shift, socio-economic and political transformations are taking place “at the border”. These transformations signify new regional development opportunities but often also problems and tensions. In some cases, the imposition of visa restrictions on non-EU citizens could pose new obstacles to co-

¹ See, for example, A. Guterres (2001) “The European Treaties Revisited: What Role for Europe in the Globalised World?”, speech delivered at the Conference at the Walter Hallstein-Institute for European Constitutional Law, Humboldt University, Berlin, 7 May 2001.

² See the following documents: Commission of the European Communities (2004) Communication from the Commission, European Neighbourhood Policy. Strategy Paper COM (2004) 373 final, Brussels: Commission of the European Communities; Commission of the European Communities (2003) Communication from the Commission to the Council and the European Parliament: Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours COM(2003) 104 final, Brussels: Commission of the European Communities.

operation, conjuring fears of an emerging “fortress Europe” that divides the continent. At the present and future external borders of the EU it will be necessary to find mechanisms that mediate between external pressures and local concerns and transcend socio-economic, political and systemic asymmetries.

Interconnected research and policy objectives of EXLINEA

Cross-border co-operation is seen as instrumental in promoting European integration and facilitating the process of enlargement. The European Union (as well as several member states) has been actively supportive of cross-border co-operation initiatives in order to foster good neighbourliness and cultural understanding, enhance economic networking, encourage regional and local participation in policy-making, and promote a sense of “Europeanness”. In terms of governance, cross-border region-building appears to signify new opportunities for the articulation of local and regional interests and the development of transnational alliances addressing a variety of policy issues. At first glance therefore, the policy aspect of transboundary regionalism in Europe appears rather straightforward. The apparent emergence of transboundary and transnational regionalisms — (not only within Europe) — has been interpreted as part and parcel of an ongoing “renaissance” of regional scale in areas of economic and political governance.

As the EU’s boundaries shift geographically, it will be necessary to investigate the extent to which meaningful forms of conflict prevention, problem-solving and other forms of collective action are emerging in Central and Eastern European border regions. In what ways can cross-border regionalisation in these countries contribute to European multilevel governance? Future enlargement presents a major political, economic and social challenge for the European Union. It will also have far-reaching effects on the acceding countries (and their regions) who, while striving to adopt the *acquis communautaire*, must deal with fundamental societal transformations and rapid structural change. In border regions diverse socio-economic conditions and practices increasingly confront each other, opening prospects for trade and co-operation but, at the same time, often encouraging undesirable and illegal activities and even resulting in misunderstanding and conflict. Furthermore, gradual enlargement eastward will result in new external borders with the former Soviet Union and other states and thus new possible tensions.

EXLINEA has aimed, on the one hand, to inform scientific debate over the political significance of cross-border regionalism within the context of European integration and enlargement. In doing so the project contributes to a new conceptualisation of borderlands as spaces created by social interactions, institutions and rules operating at different spatial levels. On the other hand, it seeks to enrich policy debate by critically discussing the experiences and lessons learned since 1990 in areas located on the EU’s external borders. Building on the wealth of available empirical research, the project will provide a sophisticated theoretical framework and research design with which to better understand the significance of cross-border regionalism as a process of socio-political transformation. Furthermore, the transferability of co-operation experiences to future external border regions borders and between regions with very different socio-economic and cultural contexts will be discussed.

At the centre of this project thus lies an innovative “institutionalist” approach to the analysis of cross-border co-operation and region-building. We depart from the assumption that transboundary interaction is conditioned by political opportunity structures operating at least three different levels (the supranational, the national and the local) that coalesce regionally. Political opportunity structures affect regionalisation processes by giving rise to specific

regimes or “set(s) of rules and institutions, formal and informal, that aim at and succeed in regularising neighbourhood (regional) behaviour” (Stokke 1997). At the ground level of regional cross-border co-operation this translates into a dual process of formal institutionalisation (characterised by more-or-less formal organisations and co-operation initiatives) and informal integration (as associated with processes of social interaction and the participation of civil society).

Empirical work has been based on the analysis of policies, political discourses, concrete co-operation practices, and perceptions of borders and cross-border co-operation as they have 1) configured specific governance contexts and 2) conditioned and re-conditioned cross-border regionalisation patterns. Significantly, the evolution of policies, practices and perceptions (P-P-P) has been addressed at three different spatial levels: the supranational, the national and the subnational (local and regional). Six case studies served to illustrate the conflicting challenges EU’s border policies will face as enlargement proceeds. Special attention will be focused on selected subareas of the Estonian-Russian, Finnish-Russian, Polish-Ukrainian, Hungarian-Ukrainian-Romanian, and Moldavian-Romanian and Northern Greek border regions. In addition, two background studies dealing with cross-border co-operation trends in present external boundaries of the EU, the German-Polish and Hungarian-Austrian border regions, were carried out. Using the P-P-P framework, these reports served as points of reference for the more involved case studies by reconstructing co-operation regimes that developed out of the political transformations of 1989/1990. A Cyprus case study was also elaborated (an additional deliverable to the agreed case studies) in order to discuss the effects of EU policy and the geopolitics of “Wider Europe” on bicommunal cooperation activities on the island. The full report is available in the Annex.

The project addressed several specific research questions, including:

- What are the principle socio-economic, political and environmental challenges that require cross-border collective action in contexts of EU enlargement? (Policies)
- How are policies that regulate the ‘permeability’ of borders compatible with pursuits to promote cross-border co-operation? (Policies)
- How do European, national and local policies and interests coalesce and/or clash with regard to the development of closer cross-border networks? (Policies)
- What have been the national, regional and local responses to EU border policies? (Practices)
- What strategies have been developed by local actors to promote region-building in terms of formal and informal integration processes? What governance functions can be realistically attributed to cross-border co-operation? (Practices)
- What results in terms of perceived added value have been achieved through cross-border co-operation? (Perceptions)
- How are state borders and the neighbouring “other” perceived in the regions under scrutiny? How has EU enlargement affected these perceptions? (Perceptions)
- Is cross-border region-building (e.g. in the form of Euroregions) helping instil a sense of common interest and European identity? (Perceptions)

The method mix employed here was composed of archival research and fieldwork. Extensive use of was made of interviews and questionnaires. In addition to qualitative analysis, structural characteristics of the regions under study were scrutinised in order to provide a more complete picture the contexts affecting the development of co-operation strategies. Such in-depth comparative research may be seen as an innovative attempt to enrich the ongoing and increasingly important debate on cross-border co-operation and governance at the shifting borders of the European Union. The empirical approach involved much interaction with practitioners at various spatial levels, this was a source not only of important primary data (interviews) but also of critical comment on results and conclusions of the consortium's research efforts. Indeed, the research programme involves an evaluation of the achievements and limitations of co-operation based on interviews with cross-border actors and their interpretations of the co-operation experience.

4. Scientific description of methodology and project results

Through nine major case studies (Estonian-Russian, Finnish-Russian, Polish-Ukrainian, Hungarian-Romanian, Hungarian-Ukrainian, Moldavian-Romanian, Greek-Albania, Greek-Macedonian (FYROM) and Greek-Bulgarian border regions), as well as the two background reports (German-Polish and Hungarian-Austrian border regions), this project has scrutinised the development of cross-border cooperation practices and their contingency upon EU policies and local contexts. In addition, A Cyprus case study was undertaken in order to focus on the impacts of EU policies on intercommunal cooperation on the island. This case study will not be dealt with here explicitly but is included in the Annex. Concretely, the consortium has scrutinised whether cross-border networks, “Euroregions” or similar co-operation arrangements are in fact helping to re-scale (by creating new and cohesive territorial contexts for action) and re-configure (by promoting new patterns of societal interaction) regional and local development policies within an expanding European Union. *Ultimately, EXLINEA has attempted to reveal how processes of cross-border region-building can be enhanced, either through policy innovations, new co-operation strategies or more effective mechanisms for gaining local support.* Thus, in addition to informing theoretical debate on shifts in regional governance in Europe, we have attempted to provide policy relevant insights into improving conditions for co-operation within border regions.

Work Content and Methodology

Ultimately, the objective of our research was to synthesise data compiled on case studies of regional transboundary co-operation in Central and Eastern Europe. The research **framework**, focused on **policies, practices and perceptions** as defined below. Furthermore, with regard to the case study regions and following the regionalisation logics depicted in Figure 1, policies, practices and perceptions were scrutinised from three different spatial levels: the European, the national and the subnational (local and regional). This was done for all case study regions (Workpackages 4 through 9), albeit in substantially reduced form for the background reports (Workpackage 3).

Empirical work was organised around: 1) **the collection and survey** of relevant official documents, political statements, press material, reports of debates, and archival work, 2) **in-depth interviews** and local seminars (meetings organised with policy-makers, network actor representatives and experts), 3) **semi-standardised questionnaires** with both multiple choice and open elements, and 4) the **compilation of regional structural data** in order to generate structural profiles of the areas under study. In total, 938 standardised questionnaires and 300 interviews were conducted. Particular attention was paid to the assessment of achievements and limitations of co-operation with local actors and their interpretations of the co-operation experience. Through triangulation (using questionnaires, interviews, focus groups, documents) we will verify the explanatory values of the various data sources as well as evaluate the analytical domain chosen. The interviews and meetings attempt to reconstruct and analyse the images and perceptions of these political actors involved, the analysis of ex-post criteria and assessments regarding the effectiveness of cross-border co-operation, the intentions and willingness of these political actors, which instruments and means are used in expressing these intentions and willingness, and why and at when certain images and intentions are invoked.

Eight potential groups of respondents for the case studies were identified:

- 1) actors directly involved in managing the activities of cross-border organisations,
- 2) representatives of the major city governments within the respective regions,
- 3) representatives of regional and local industrial and commercial associations,
- 4) businesses and other economic actors
- 5) representatives of nongovernmental organisations
- 6) representatives of state agencies involved in regional cross-border issues,
- 7) representatives of the EU and EU-affiliated agencies,
- 8) external experts and knowledgeable observers.

In pursuing the research questions outlined above, EXLINEA strived to balance attention to the manner in which cross-border co-operation mechanisms are developing with a keen awareness of the contextual heterogeneity of the border regions themselves. The following comparative framework, focusing on **policies**, **practices** and **perceptions** provided a basis through which to come to terms with the empirical diversity of the case studies.

Policies: are official (e.g. political) frameworks and norms that govern border permeability and give direction to cross-border co-operation by defining priorities, formal incentive structures as well as restrictions. The significance of policies concerning the EU's external borders is understood, firstly, as determined by **principles** defined by the Maastricht treaty, the Copenhagen European Council, Wider Europe and the New Neighbourhood Instrument, AGENDA 2000, etc., and in particular documents regarding borders and cross-border co-operation. Secondly, “policies” (e.g. Enlargement policies, Regional and Cohesion Policy, the development of a Common Foreign and Security Policy (CFSP) also include specific applications of EU principles during different phases of enlargement. Also important are geopolitical strategies involving regional co-operation with non-EU states such as the “Northern Dimension” and the EU’s Common Strategies on Russia, the Mediterranean, and other areas. At the national level, “policies” is understood in terms of continuities and changes in the border policies prevailing at present and future external borders of the EU. Finally, “policies” are also defined at the subnational level, where public officials voice specific interests and pursue concrete objectives with regard to cross-border co-operation. Very often local policies coalesce with overlying policies (EU, national) but can also be affected by the activities of NGOs and other organisations.

Perceptions: are cognitive and ideational elements that affect the manner in which the political roles of border regions and cross-border co-operation are interpreted. “Perceptions” include border discourses in the context of EU integration and enlargement, at the level of states and in actual border regions. Perceptions are influenced by official political discourse, by public discussion in the media and within civil society, by actors’ opinions and by local sentiment. In addition, state-society paradigms with respect to governance, regionalism and social capital are seen to play an important role in influencing policy decisions and the design of cross-border institutions.

Figure 1: Multilevel Analytical Framework

Level of Analysis (Work packages)	A Policies	B Perceptions	C Practices
1 Supranational (WP 2)	Legal frameworks; directives; institutions; programmes and policies and strategies developed at the EU and at bi- and multilateral levels targeted at the countries/regions under scrutiny	EU geopolitical and geoeconomic discourse regarding strategic significance of the regions; statements and debates regarding enlargement	Quality of relations between EU and involved countries; transnational state and non-state actors' activities with regard to the regions (where applicable: EU, UN, COR, Council of Europe, NGOs)
2 National (WP 4-9)	Legal frameworks; Directives; Institutions; Policies affecting or specifically addressing the border regions	Europeanising discourse and strategies; "Nationalising" discourses and strategies; Prevailing perceptions of the border regions and their strategic significance	National activities in the region related to cross-border interaction; Constellation of national actors involved; Co-operation strategies and initiatives
3 Local/Regional (WP 4-9)	Local policies and formal institutions (regional associations)	Europeanising discourse and strategies; "Nationalising" discourses and strategies; Prevailing perceptions of the border regions and their strategic significance	Regional and local actor constellations (public agencies, civil society, economic agents); Co-operation strategies and initiatives

Practices: refers to the various forms of regionally specific activities that contribute to cross-border region-building and governance. Practices are guided by border policies at different levels and informed by perceptions. Practices construct and reconstruct border regimes; as such they encompass formal and institutionalised forms of co-operation as well as the more informal, network-based interaction. Practices contextualise paradigms and translate them into action and influencing institutional form. In any given border regional context, the form, scope, scale of practices are very much dependent on the interests and security concerns of the actors involved (EU, national, regional-local). The case studies examine the extent to which local communities and social groups located in the periphery (on both sides of the external border) tend to be included and/or excluded from the decision-making processes regarding the rules of border and cross-border co-operation regimes.

Policies, practices and perceptions were scrutinised from three different spatial levels: the European, the national and the subnational (see Figure 1). This was done for all case study regions, including two background reports on the EU's former external border, albeit in substantially reduced form.

Overview of the Scientific Report

This report presents results of the EXLINEA project in a concise and summary form. It begins with a discussion of the regional contexts within which cross-border cooperation is developing at the EU's external borders. Socio-economic and other structural aspects will be presented that characterise the case study areas – all peripheral regions that, to varying degrees, have been negatively affected by the separating force of EU external boundaries. The EU's border policies, explicitly targeted at improving conditions in these regional peripheries and at promoting new forms of cross-border cooperation, will then be discussed in terms of both their inherent contradictions and their potentials. In the third section, empirical results of the case studies will be presented in systematic form, including summary conclusions with regard to the central questions posed by the EXLINEA consortium. The final section offers a general synthesis of the case studies and policy relevant conclusions. Policy considerations will be formulated in more detail in the EXLINEA policy paper.

4.1 The Regional Context

The main regions under study (see maps in the Annex) are, without exception, economic and political peripheries within the larger European context. Agriculture and extractive industries play an important role as providers of employment in these areas, even despite the more general crisis in the agricultural sector. Similarly, industrial development and investment are sparse and highly localised. In addition, the case study areas are regions where border conflicts and a decades-long legacy of rigid border regimes have made cross-border interaction difficult. The one major exception to this rule is the Estonian-Russian border area, where the re-establishment of state borders in 1991 (and the divergent European geopolitical trajectories of Estonia and Russia) have presented a complex set of challenges to cooperation stakeholders. Another important characteristic of the regions under study is that of asymmetry. Not only do state borders define a physical/legal separation of communities, they also reinforce the economic and political-administrative differences between EU member states and their neighbours. The pattern is one of West-East disparities, where standards of living, wages and general indicators of welfare appreciably decrease as one moves eastward; in the case of the Greek border regions, these differences are, of course, more of a South-North nature. Political asymmetries manifest themselves in differing degrees of political decentralisation, empowerment of local and regional governments and the resources available to local and regional governments. Under the influence of the EU and EU policies and as a result of political modernisation process in the EU member states, multilevel governance has begun to emerge as an important political fact of life. In Russia, Moldova, Ukraine and Balkan states, decentralisation is much more problematic, as sovereignty issues and political uncertainty appears to strengthen centralist tendencies.

As is typical of many international border regions, the EU's external borders are also areas where cultural overlap and minority issues loom large. The Finnish-Russian border is perhaps the one major exception to this rule. However, here an increasing movement of Russians to the Finnish border region is resulting in the development of incipient cross/border communities. In the other case study regions large Russian, Hungarian, Romanian and Greek communities can be found straddling both sides of state borders, providing, on the one hand, a vehicle for improved communications across state borders but, on the other, in some cases conjuring up fears of challenged national identities and revisionism. Perhaps one last major common characteristic of the case study regions is their lack of connectivity. Poor roads (except for major transeuropean corridors), a limited number of border crossing points, an

underdeveloped cross-border network of railway connections as well as other hindrances, new visa regulations in particular, make direct face-to-face contacts cumbersome.

If we look at the individual border regions in somewhat more detail, we can point out the following characteristics:

The Finnish-Russian Border region is characterised by considerable disparities in levels of economic development. On average, gross domestic product per capita in Finnish regions is 3-4 times larger than that in the Russian border regions. This disparity grew wider in the 1990s, but it has slightly decreased in recent years because the rates of economic growth in Russia have been higher than in Finland. Both parts of the region are, without doubt, national peripheries. As a whole, the relative share of eastern Finland of the country's population and economy has decreased considerably during the last one hundred years, making up less than 20 per cent of Finland's total population. Currently, the bulk of the population lives in urban regions of some size (30 000 to 100 000 inhabitants). Of the study regions, Joensuu, Imatra and Lappeenranta are typical urban communities in eastern Finland. Although the forests sector with its supporting industries still forms the backbone of the regional economy, the production base of urban centres has become more differentiated. A majority of these new industrial activities are parts of globalised corporations (e.g., in engineering), and local raw materials play no role in their activities. The public sector has been of major importance in the structural transformation of eastern Finland. As a result, the share of public services in occupational structure is particularly high here. More recently, this has made these regions particularly vulnerable to cuts in public budgets.

From a basic structural standpoint, Russia Karelia exhibits many of the "peripheral" characteristics of its Finnish counterpart. Low in population density and endowed with a weakly developed urban network, this region has a limited economic base (dependent on localised industries dedicated to wood and other industries) and lies rather distant from major national and European markets. The overall economic situation, coupled with problems in the allocation of responsibilities and financial resources between the layers of state power, has resulted in a serious deterioration of public sector services at municipal and regional levels. Two key problems should be named. Firstly, there is chronic under-investment in vitally important public infrastructure, including public housing, medical and educational facilities, water supply, sewage system, central heating, electric grids, public transport, and so on. This has been particularly characteristic for small and medium-sized peripheral communities, where the quality of public services is appalling. Secondly, during the last 15 years public-sector wages have grown well below the rate of inflation, which has led to a considerable deterioration of public-sector workforce, as well as to its widespread corruption. All of these problems are exacerbated in Russian Karelia.³ Never the site of important industrial investment – save in paper and other extractive industries – the region lacks a strong economic basis, local financial resources and appreciable GDP growth. Meanwhile, in the Leningrad region, the state border has in similar manner played a major role in the sense that the region has become strongly export-oriented. However, a key distinction from Russian Karelia has been that the Leningrad region has also become a major Russian national foreign trade gateway and a major industrial centre. The region has been a 'trump card' in Russia's geopolitical game: by constructing new transportation facilities here (e.g., the oil transport

³ From the viewpoint of economic geography, domestically oriented enterprises have been interested in locations closer to their markets – in the vicinity of Moscow, St Petersburg and Central Russia – in order to be less dependent on Russia's unreliable transport infrastructure. New manufacturing enterprises have been placed mainly in the inner parts of European Russia, close to major urban centres, while border areas have remained relatively neglected.

seaports in Primorsk, Vysotsk, Ust-Luga, expansion of St Petersburg's port; the North European Gas Pipeline, etc.)

The **Estonian-Russian border region** is a rather more densely populated area, particularly in the northeast section. The 200,000 inhabitants of the Ida-Viru County constitute 13 percent of Estonia's population (in 2000).⁴ The largest city is Narva with approximately 70,000 inhabitants, making it the third largest city in Estonia. The Northeast has been the core region of Estonian industry since World War II with its power plants and textile production in Narva, oil-shale mining and chemical industries in Kohtla-Järve, and rare earth-metal processing in Sillamäe. It is also the most urbanized (89 percent of population is urban) and the most "ethnically diverse" region in Estonia (more than 80 percent are Russophones)⁵. Ida-Virumaa is one of Estonia's poorest performing areas and is relatively isolated from the larger national markets. This Estonian county borders Kingisepp district in Leningrad Oblast which is sparsely populated with the exception of St. Petersburg's suburbs. Economic and social indicators place the region around the Russian regional average. The gap in the level of economic and human development between neighbouring Estonian and Russian areas is higher than between these countries as a whole.

Towards the southern sections of the border region, Põlvamaa (34,000 inhabitants) and Võrumaa (40,000 inhabitants) are two relatively small and ethnically homogeneous regions in Estonia. As urban centres they do not provide sufficient employment, agriculture remains the main occupation and supports the rural nature of these counties (in 1999 urbanization in Põlvamaa was only 29 percent). Other major economic sectors are forestry, food industry and tourism⁶. As in the Northeast of Estonia, there is a lack of qualified labour, and the net wages are much below Estonian average. Distance from the economic centres, small local market and purchase power might be the explanation for the low level of investment in the region. Among the major economic problems are an economically and socially passive population and a small number of new enterprises. On the Russian side, Pskov region is one of the poorest in Russia. Per capita GDP is well below the national average. Post-Soviet transition and privatisation of former state and collective farms lead to their almost total collapse; a number of them closed, the others hardly survive. Agriculture is almost abandoned and most industrial plants have been closed down. The demographic situation continues to be one of the worst in the Russian Federation. Both Gdov and Pechory districts are heavily dependent on subventions from the Oblast budget, as well as the Oblast as a whole depends on financial assistance from Moscow. Bordering three countries (Estonia, Latvia and Byelorussia), the Pskov region possesses unique geographical advantages that have not been realised. Cross-border trade and joint ventures are poorly developed.

The border region of Poland and Ukraine, comprising four administrative units: the Lublin and the Podkarpackie voivodships (provinces) in Poland, and the Volynska and the Lvivska Oblasts (provinces) in Ukraine, occupies an area of 85,018 km² and has a population of 8,060 300. The area is sparsely urbanised, with a low population density and a very high percentage of employment in agriculture - ca 40%. The agricultural sector is scattered, extremely labour-intensive and rather of subsistence than market-oriented character. The decrease in urban population is typical for the region and is related to a negative natural increase in the cities, and negative balances of internal and external migration. One of the main reasons for emigration is unemployment. On the Polish side of the border, in recent years, it has rocketed

⁴ Eesti piirkondlik statistika. 2001. Regional Statistics of Estonia (2002). Tallinn: Statistical Office of Estonia.

⁵ Population of Estonia by Population Census. Statistical Office of Estonia, Tallinn, 2001.

⁶ Statistical Office of Estonia, www.stat.ee

to unprecedented levels (reaching over 17%). Moreover, there is also some hidden (unregistered) unemployment in the agricultural sector. As regards Ukraine, where the level of unemployment has recently oscillated between 4.5% and 7%, the situation is currently improving and unemployment keeps decreasing. The border areas in the two countries are decidedly peripheral, which has specific consequences. The area on the Polish side of the border is developing at a slower rate than other regions in the country, while on the Ukrainian side the contribution of the Oblasts under research to the national added value is only slightly increasing. In terms of real values of gross value added per capita, it is lower by 30% and 20%, respectively, than the national average.

The Romanian-Moldavian border region is similar to many of the other case study areas in that it is predominantly rural and agricultural. The largest town of the Moldovan part of the border region is Balti (population of 146,500). On the Romanian side Botosani and Suceava counties are the administrative units with Iasi (population 820,000) as largest city. According to the National Development Plan 2004-2006, the relative GDP for Romania's North-East region was the lowest in the country at only 19.1% of the EU average.⁷ Regarding the per capita GDP, the North-East is only at 70% of the national average. This is compounded by the Romanian government's development priorities which channel infrastructure resources to the South of the country, rather than to its borders with Moldova and Ukraine.⁸ Moldova is even poorer. In 2003, Moldova's average per capita GDP was approximately 500 Euros. Unemployment is very high in the Moldavian side. At the same time, the majority of employed persons cannot cover basic needs with their salaries. While the Moldavian average salary is 543,70 Lei (or 34 Euros), the average wage in Balti judet in 2001 was 458,6 Lei and in Edineti – 361,8 Lei.

The Romanian-Moldavian border region has gone through dramatic economic change since 1990. This has resulted in a substantial loss of industrial employment and considerably decreased productivity in the agricultural sector, and a major decline was encountered in most of the economic activities. Strikingly, about 48% of the total working population is engaged in agriculture; similarly to the Polish-Ukrainian case this is often of a subsistence economy type that produces little or no surpluses. Most farms are less than 2 hectares, lack sophisticated machinery and are wholly uncompetitive in the wider European market. Among Romania's eight development regions of Romania, the North-East region is among the least privileged with only about 50 million Euros invested in 2003 (about 3.5% of the national total). While one-sided dependence on agriculture is a liability for the entire region service industries, such as tourism, could be a possible alternative. However, a basic lack of accessibility and the low level of quality of service industries as well as marketing know- presently limit development potentials.

The Hungarian-Romanian border region clearly manifests the development gaps between the two countries. While Hungary had a 2004 per capita GDP of just over 8,500 Euros, the figure for Romania was approximately 2,500 Euros. In the two Hungarian border regions, however, per capita GDP per capita was lower than 70% of the national average in terms of purchasing power parity. In the two Romanian border regions per capital GDP was more or less in line with the national average. Differences can be clearly seen in the breakdown of

⁷ According to the PHARE/TACIS Neighbourhood Programme, Romania Moldova Joint Programming Document 2004 – 2006 (revised June 2005).

⁸ See, for example, "ROMANIAN PROJECT PROPOSALS: The Budapest - Odessa Corridor at: www.mt.ro/traceca/engleza/eng_proiecte_propuse_romania.htm

employees by economic sectors. In the 1990s, the number of agricultural employees declined in both Hungarian regions and was especially pronounced during the first years of the decade. Industrial employment on the Hungarian side has increased after a long period of stagnation. On the Romanian side the share in total employment of agriculture and forestry is much higher, with 2002 figures indicating a share of 27,6% for the Western Region and 34% for the North-western Region. The share of industrial employment, on the other hand, has rapidly decreased, paralleling the general decline of Romanian industry. Finally, the inflow of Hungarian capital into Romania mostly favours the Hungarian-inhabited regions, the four Romanian counties along the state border and the inner Transylvanian territories (Cluj, Covasna, Mures and Harghita), and Bucharest, which stands out as an island with a high share from the investments.

With regard to the **Hungarian-Ukrainian border region**, socio-economic disparities are even greater than in the Hungarian-Romanian case. Similar to the other countries in the region, the **Ukrainian** economy fell into a deep crisis after the disintegration of the Soviet Union and from which the country is only starting to recover. GDP per capita fell from 1991 to 1999 by more than 60% (from 4300 to 1800 Euros at purchasing power parity), since then it has been rising again. Because the Transcarpathia region was situated at the western edge of the Soviet Union, it never was a target of large-scale industrial investment and agriculture dominates the economy. Trade relations are characterised by the large-scale import of energy and raw materials to Hungary. There is a general lack of investment in the region; FID data for Transcarpathia as of January 2004 indicated a total of 244.3 million USD, less than 5% of the Ukrainian total. Among the neighbouring countries, Hungarian investors and company co-owners predominate in Transcarpathia: there are more than 110 Ukrainian–Hungarian joint ventures here. Unemployment is a serious problem. In the Hungarian North Great Plain the unemployment rate is constantly above the national average, and the proportion of unskilled and long-term unemployed is high. Until 2003, the unemployment indices of Transcarpathia Oblast were among the worst in Ukraine (official data do not reflect the real number of the unemployed, as only every tenth jobless person registers at employment centres). The Hungarian–Ukrainian border is also characterised by a large number of people living from crossborder subsistence trade. The most frequent activity is the export to Hungary of cheap Ukrainian fuel and products falling within the Inland Revenues Act (mainly tobacco and spirits). Transcarpathia mostly imports food and technical devices from Hungary.

The Greek border regions with Albania, Macedonia (FYROM) and Bulgaria are characterised by lower than average levels of development. This is certainly the case for much of the Greek border zone (especially its western part), the western borders of Albania with FYROM, the eastern borders of FYROM with Albania and the western borders of FYROM with Bulgaria, the eastern borders of Bulgaria with FYROM, and the southern borders of Bulgaria with Greece. furthermore, significant differences among the four border regions exist, reflecting primarily national differences in development levels. The Greek border region has a GDP per capita that is more than seven times the Albanian or Bulgarian and more than six times the level of FYROM's. These differences in welfare and income levels have triggered East-West migration flows and West-East capital flows. Present GDP per capita on the non-EU side of the borders is very low (at about 10% of the EU-15 average in 2003). In addition, the majority of border zones manifest population densities and GDP per capita figures that are lower than the respective national averages. The only exception here is Albania.

The Greek border areas with Albania, FYROM and Bulgaria are still marked by the legacies of the pre-1989 period of economic and political closure and the post-socialist realities of societal and economic transformation. These regions continue to be considered of low economic opportunity (Dimitrov et al 2003) as severe declines in GDP (and especially industrial GDP) affected Albania, FYROM and Bulgaria for more than a decade. The economic structure of the region in general is still characterised by a relatively high dependence on agriculture (17% of GDP) and by labour-intensive industrial sectors. Services are still underdeveloped in these border regions while capital-intensive large-scale industry has to a large extent collapsed. Nevertheless, all border zones have improved their economic conditions in terms of 2002 GDP per capita and all have experienced positive GDP growth in the 1990-2001 period. However, this performance has been in general inferior to that of the national economy and, as a result, the relative position of the border regions has deteriorated in all countries.

4.1.1 Priority Areas of Cross-Border Cooperation

In general, the major areas requiring cross-border action are economic development, cultural understanding, and infrastructure, the strengthening of cross-border urban networks and the environment. A common task for all cooperation stakeholders in the case study areas is to work against the long-term effects of economic and political marginalisation. Few of the border regions studied by EXLINEA enjoyed development priority at their respective national levels; on the contrary, only a few major East-West transportation corridors have received much attention from government agencies. The establishment of effective crossborder governance is not an option but a necessity, if only to more effectively lobby national and European agencies for support.

At the same time, however, these urgent regional development (and political) challenges cannot be separated from border-related problems that necessitate effective security and border management policies. The illegal trafficking of humans, including an insidious cross-border prostitution trade that targets women in Ukraine, Moldova, Russia and other countries, the smuggling of harmful goods and more general cross-border activities of organised crime must be dealt with decisively. Dealing with the issue of refugees at the EU's external borders in a humane and effective fashion also requires effective coordination and sufficient resources.

According to interviewees and the surveys carried out, the main priority of CBC must be the development of a sense of mutual trust and knowledge, breaking down stereotypes and misconceptions about negative "Others". Only through a new sense of "Neighbourhood" that transcends historically motivated animosities and traditions of regional closure (i.e. traditional border mentalities) can the multifarious political, economic and social challenges that European integration and cooperation entail in fact be addressed.

4.2 EU Policies: The Supranational Level

Within this context of “border complexity” the EU research project EXLINEA has analysed how local transformation contexts at the borders interact with EU and national policies, thus conditioning cross-border regionalisation projects. This level of analysis involved the characterisation of perceptions, policies and practices of the EU with respect to its shifting external borders. Indeed, the EU plays a vital in determining overall political conditions and providing material incentives for cross-border cooperation.

Political exigencies of integration and enlargement as well as basic principles of EU policy, structural policy in particular, have decisively influenced the development of transboundary co-operation at Europe’s external borders. Over the last decades, structures of transboundary co-operation in Europe's border regions have been built up through a combination of local initiatives and supportive measures implemented by national and European Union (EU) institutions. This has resulted in a complex multilevel framework of formal institutions, political associations, lobbies and incentive programmes (Figure 3). In addition, the EU’s increasing emphasis of “regionalisation” and new forms of local and regional initiative, including the development of strategic alliances and “networks”, are programmatic aspects of regional policy that promote the concept of border regions as zones of co-operation and economic “synergies”. Cross-border cooperation in Europe is particularly in evidence in the area of regional development and spatial planning. The Council of Europe, the European Conference of Ministers Responsible for Spatial Planning (CEMAT), the Association of European Border Regions, various regional authorities and local governments in border regions as well as the European Commission itself have been deeply involved in promoting transnational cooperation in these areas.

Figure 2: European Transboundary Cooperation Frameworks

Norms	Imperatives	Institutions	Instruments
<ul style="list-style-type: none"> - national (and/or senior government)-mediation - synergy: exploitation of complementarities - partnerships: multilevel policy co-ordination, additionally through co-financing 	<ul style="list-style-type: none"> - cohesion - integration of new member states - decentralisation and regionalisation - promotion of regional and local initiative - development of competitive regional policies 	<ul style="list-style-type: none"> - intergovernmental commissions at the national and regional levels - informal parliamentary working groups Euroregions: locally-based institutions - European representation via advocacy groups (CEMAT, Council of Europe, AEBR) 	<ul style="list-style-type: none"> - structural policy incentives - crossborder regional development programmes - informational policies and transfers of co-operation know-how

Transboundary co-operation on the EU's borders with Central and Eastern Europe - possible since the seismic political changes of 1989/1990 – has become an important focus of EU policies. In recognition of the growing strategic importance of closer economic and political ties with these countries, co-operation attempts, for example with Poland, Hungary, the Czech Republic and Slovakia have been actively encouraged by the EU and West European advocates of transboundary regionalism (Baranyi 2005). The EXLINEA case studies showcase the central importance of EU discourses and practices in promoting notions of region-building at the EU's external borders. In general, and looking back on the history of cross-border co-operation within the EU, multilevel institutional mechanisms for transboundary co-operation in Europe appear to have contributed significantly to the development of new INTERREGional and transnational working relationships (Perkmann 2002). The empirical research has confirmed in fact the vital role of the EU is establishing new fora for interstate dialogue and cooperation. In difficult situations, such as the Romanian-Moldavian where cultural identity and national sovereignty issues have plagued binational relations, the presence of a “neutral” partner in the joint programming of action plans (PHARE/TACIS and the New Neighbourhood Initiative) has brought the two sides closer together (Skvortova 2006).

However, despite this sophisticated institutional framework, the successes of transboundary co-operation have been highly disjointed. For example, public-sector, NGO and community-level co-operation has been productive in most cases.. any areas, especially in questions of environmental protection, local services and cultural activities. In less successful cases, cross-border projects have merely served to enhance local budgets without stimulating true co-operation. Generally speaking, however, it has also been very difficult to stimulate private sector participation in cross-border regional development⁹. Explanations for these mixed results have been accumulated through numerous case studies, but it appears that border-transcending is a much more complex socio-spatial process than most empirical research has been able to capture¹⁰.

EXLINEA project results show, on the other hand, that the role of the EU is often difficult to define. While EU documents suggest a unified policy approach to CBC, in the matter of the border with Russia and the former member states of the Soviet Union, Europe clearly does not speak with one voice. This should not come as any surprise, of course. What is perhaps more interesting (and pressing) from a policy standpoint is the divergence of contending agendas at play in defining the nature and mode of governing Europe's newly minted external boundary, suggesting very real institutional tensions within the heart of the EU policy-making apparatus. In practice (although perhaps not in rhetoric) this discounts at once an EU “boiler plate” approach to the discrepant cross-border case-studies under examination subsequent to this study.

9 Critical observations of the results of cross-border co-operation are provided, for example, in: European Parliament (1997), Mønnesland (1999), Notre Europe (2001) as well as in evaluations of EU structural policies such as INTERREG (http://europa.eu.int/comm/regional_policy/sources/docoffic/official/reports/p3226_en.htm)

10 See, for example, Henk van Houtum's (2003) essay on “borders of comfort” and their effects on restricting cross-border economic networking.

As is evinced in EXLINEA's project results, no internal EU consensus exists on the question of the nature and timing of future membership. Beyond the rather technocratic terms used as benchmarks for EU accession, agreement on Turkey's membership threshold remains elusive, and, a breakthrough in Cyprus notwithstanding, ultimately political in nature. Even under the relative momentum of the "Wider Europe Communication" and more recent Balkan initiatives, the final definition regarding which states shall enter into Europe's 'Ring of Friends' remains a highly open-ended process contingent on an ensemble of strategically indeterminate variables. Currently, these would seem to favour active integration of the countries of the Western Balkans into European Community programs rather than nations of the former Soviet sphere of influence, but such priorities could easily shift in the face of alternate geopolitical imperatives.

The authors consider it significant that no official interviewed for this study ventured to conjecture on what form of territorial entity the European Union will or should be consequent upon enlargement. Given that an underlying cartographic bias would appear to guide much of the Commission's thinking regarding the direction and sequencing of enlargement, the absence of a vision for the new European polity-in-the-making should raise concerns that, at the heart of the Commission, functionalist economic criteria may be gaining the upper hand in visualising Europe's future territorial identity – and this to the detriment of issues germane to the continent's democratic development. For all the acuity of insight brought to bear by academic researchers into the imperial or post-Westphalian nature of the emergent European multi-level polity, it does no service to the inhabitants of the EU's future external border regions to have such debates cloistered within the confines of academia and out of earshot of policy-makers in Brussels.

In the absence of a *grand recite* governing the EU's future outward boundary line, it may be expected that judicious use of EU structural funds may facilitate "bottom-up" solutions for the cross-border regions that Europe shares with non-EU partners. As new cross-border funding programmes increasingly shift focus to Eastern European accession states and their neighbours, this matter could become more pressing if socio-economic inequalities are exacerbated by exclusionary dynamics mandated by the Schengen *acquis*. As the record of cross-border economic and political networking examined in this study indicates, however, much more remains to be done to ensure that a "fortress"-like boundary is attenuated in favour of more "fluid" and permeable transboundary governance structures. In reconciling the imperatives of Schengen and those of heightened transboundary institution-building across the future borders of Europe, closer co-ordination between the Commission's Directorate General of Justice and Home Affairs and that of its Directorate General of Regional Policy is surely warranted. With regard to the latter office, a step in this direction has been taken to harmonise the various funding schemes between member and non-member states. This is at least the stated intention of the New Neighbourhood Initiative. Against the backdrop of persistent co-ordination bottlenecks evident in this policy-making sphere, many parties involved in cross-border co-operation in Europe, in spite of its shortcomings and preliminary status, welcome the New Neighbourhood Instrument.

Illegal immigration and human trafficking remain issues which will require an especially intensified co-ordination between the present and new member states at a Europe-wide level. Notable in this respect has been a flurry of recent Community initiatives meant to establish capacity at the member-state level for the purpose of organising "joint return" operations. Lacking law enforcement competencies within the individual member states flanking non-member countries, however, it remains an open question to what extent newly created entities such as the "European Agency for the Management of Operational Co-operation at the

External Borders” can negotiate the various repatriation, visa and ‘flanking’ agreements on a more comprehensive basis than those grounded in more limited, ad hoc, bilateral agreements. This remains a major challenge for Europe’s “bordering” of undocumented immigrants. With respect to the actions of third countries, it would be unfortunate and ultimately counterproductive if the handling of the issue of undocumented migration were to be used as a *quid pro quo* for future development aid, as currently considered. Such “leverage” mechanisms could all too easily be manipulated according to volatile and unpredictable political conjunctures.

From the evidence, it would appear that the goal of an effective and coherent border regime targeting legal as well as illegal migrants remains contingent on the resolution of an existing ambiguity in the separation of powers within DG Justice and Home Affairs. At the very least, it would be expected that the allocation of competencies between the first and third pillars of DG JHA be clarified in favour of the former (“community level”) pillar, if only to provide supranational consistency to Europe’s future border migration regime in lieu of ad hoc nationally-oriented approaches in dealing with migration issues. With the contemporary rise in prominence in the Eastern European accession countries of populist groups which often operate on the basis of anti-immigrant political agendas, the question of such an institutional resolution has only become more urgent. It would be hoped that in the wake of the recent attacks in Madrid, and the co-ordinated response of European member states, the third pillar (competence retained at the national level) may be further diluted in the service of pan-European goals and objectives, thus providing a wider court of appeal to migrants affected by individual national legislation within accession home countries.

This research element in the EXLINEA project corroborates observations that, as regards the governance of its (future) external borders, the European Union, indeed, has no univocal “essence”. This insight should not serve as a pretext, however, for the Commission to absolve itself from “grand narratives” regarding its newly expanded boundary. As is well known, nature abhors a vacuum. In this context, it would be imprudent if Europe’s approach to the cross-border regions straddling non-member states were left to be determined by the external vagaries of ideology or history alone. Political leadership and intellectual courage will be required to craft just such a vision. EXLINEA is meant as a modest step in that direction.

4.3 Case Study Summary Reports

The case study reports focus “from the bottom-up” on the perceptions and practices of local and regional cooperation stakeholders. They also provide additional background information on the geopolitical contexts of the physical borders, including administrative aspects that characterise the border regions. The main empirical task has been to trace and explain trajectories of cooperation that have emerged since 1991. Cooperation patterns between border communities have been very much influenced by overlying opportunity structures as well as changing perceptions of “neighbours”, of Europe and the EU and of the significance of the borders themselves.

4.3.1 Finnish-Russian Case Study

Background

Historical-geopolitical context

The Finnish-Russian border acquired its present form in the aftermath of the Second World War (WWII). In geographical terms, this 1340-kilometre border does not follow any clear-cut natural barriers to human interaction. For the most part it runs through forests and sparsely populated rural areas. In a cultural and political sense, this region has formed a historical demarcation zone shaped by rivalries between eastern and western Christianity, the rise of the Swedish and Russian empires, the ideals of nation-state and Communist revolution, and most recently by European integration and post-Soviet change and the gradual shaping of relations between the European Union and the Russian Federation.¹¹

Between the two world wars, a hostile military border was established between Finland and Soviet Russia. During the WWII period, two wars were fought between Finland and Russia, and Finland lost about one-tenth of its territory, including the adjacent target areas of the present study on the Russian side of the border. The population of these ceded areas moved to Finland, and new settlers came from various parts of the Soviet Union. This created a clear-cut ethnic and cultural border. During the years of the Cold War, the Finnish-Russian border marked a dividing line between two rivalling political and economic systems, and the border was thoroughly militarised and heavily guarded on both sides. From a local and regional perspective, the border was a closed one. Yet the two countries had wide bilateral agreements, and the volume of trade was large.

The collapse of the Soviet Union led to the upheaval of this setting, and since then relations between the two countries and the border regime have been reconstituted as part of the wider geopolitical shifts in Europe. Concrete indications of the new situation include, for instance, new crossing-points and other infrastructures, abolition of travel restrictions on the Russian side, and co-operation programmes aiming at strengthening cross-border links. Finnish membership in the European Union (1995) has increased these border-spanning activities in various forms and at various spatial levels. Still, tight border control, visa regulations and the legacy of the past prevail as barriers to cross-border interaction. In comparison to Finland’s overall economic relations, the economic relations between Finland and Russia are based relatively more on trade and only to a limited degree on investments. In contrast to the situation during bilateral trade, Finnish exports to Russia are much more diversified, whereas the structure of imports has not changed considerably – energy and raw materials still

¹¹ For a thorough analysis of the Finnish-Russian border: see Paasi (1996).

dominate. Overall, Finland's position as a neighbour of Russia implies a relatively favourable logistical position, and thus compensates for the weak accessibility which characterises Finland's position with respect to western European markets. (Dudarev et al 2004)

Administrative aspects

Since the collapse of the Soviet Union interaction between the two countries has been conditioned by deepening European integration and globalisation, as well as the effects of Post-Soviet transformation on the Russian side. Adaptation to the institutionalisation of European Union administrative practices in Finland and constitution of new democratic and administrative institutions in the Russian Federation have led to continuous restructuring of administration on both sides, and in the Russian case to sharp political and administrative discontinuities.

On the Russian side, main administrative factors affecting cross-border interaction are connected to post-Soviet transition, the creation of democratic institutions and privatisation, which have been held back by entrenched political interests and new oligarchic structures. As part of reconstitution of the Russian state, the federal government has initialised organisational reforms on all levels of administration, but at times this has only exacerbated a lack of clarity with regard to administrative responsibilities and unbalanced power relations in Russian regions. Regional and local actors suffer from a weak resource base and inadequate coordination. Furthermore, the ongoing consolidation of a Russian nation-state is reflected in a drive for centralised administration of cross-border relations. All in all, problems connected to the collapse of the Soviet system and the slow and partial stabilisation of Russian economy and political and administrative structures have by large dominated the agenda of regional cross-border cooperation.

On the Finnish side, practices of cross-border cooperation have been shaped most notably by the gradual move from nation-state dominated foreign politics towards multi-level administrative structures and networks formed by independent actors. More recently, the development trajectory of eastern Finland has been characterised by globalisation and Finland's membership in the EU. The doctrine of regional development policies has been redefined, setting the emphasis on upgrading regional and local resources for competitiveness. In practice the relevant measures such as investments in R&D and education focus on the largest centres. In this context, the domestic regional policies have been largely merged into EU policies. As already mentioned, the country's membership in the EU has also led to the strengthening of administrative structures at an intermediate level. Regional councils currently coordinate regional development policies. In this capacity, they are also responsible for INTERREG programmes such as the three programmes towards Russian regions in eastern Finland in 2000-2006.

New actors, economic enterprises and civic organisations, have entered the field that was earlier controlled by bilateral agreements between the states. In an administrative sense, the regional councils (formed as confederations of municipalities in 1994) have been granted a major role in implementing EU programmes and administrating EU funds (see Kettunen and Kungla 2005). EU funded programmes, INTERREG and TACIS have thus become an important part of promoting cross-border interaction on the regional level.

This development has shaken Finnish administrative structures which traditionally have been characterised by a combination of strong central power and broad local self-government. The strengthening of the intermediate level in the administration of EU funds and programmes has

in this sense happened outside the boundaries of traditional Finnish politics. As a result, the institutional structures connected to cross-border cooperation are still marked to some degree by ongoing redefinition of duties between national, regional and local administrative levels. Traditionally, municipalities in Finland have been politically and economically independent actors with a broad taxation right and self-government. In contrast, regional level administration in Finland has traditionally not been under direct democratic control and its activities lack direct legitimacy based on elections. In regard to cross-border interaction, this means that the adaptation of new instruments of cross-border cooperation has for a large degree taken place outside the earlier institutionalised structures of Finnish politics and administration – and the ever watchful public eye.

Border regime and cross-border interaction since 1991

Since 1991, cross-border interaction between Finland and Russia has developed in a radically new geopolitical environment. With the collapse of the Soviet regime a partial opening of the border has taken place on the regional level with introduction of new crossing points and freedom of individual travel planning in the frame of new visa regulations. Since 1995, the Finnish EU membership has led to manifold Europeanisation of the border, and European multi-level governance of CBC has been introduced on the Finnish side as part of the structural fund policies. The implementation of e.g. the INTERREG programmes have been institutionally linked to the amalgamation of European and Finnish regional development policies. On the regional level, the challenges of new cross-border cooperation opportunities were thus closely linked to the introduction of new European policy frames and instruments to local civic and economic actors. Similarly, inclusion of Russian regional actors in cooperation projects became a problem of coordination between the INTERREG programmes on the Finnish side and the TACIS projects on the Russian side. In order to better facilitate CBC and better coordinate its financing on the Finnish-Russian border, Euregio Karelia was founded in 2000. At that point it was the first Euregio to be established on the land-border between the Russian Federation and the EU.

Naturally, cross-border interaction has received attention as a solution to the structural problems of Eastern Finland since the collapse of the Soviet Union. Recent development trends in Russia, that is, the relative stability of political conditions and economic growth, have led to a new wave of interest in cross-border activity in eastern Finland. Economic connections have grown and “Russian connections” are seen as a key strategy in regional development in eastern Finland where concrete measures have been prepared for their enhancement (Etelä-Savon maakuntaliitto 2005). This is supported by the creation of more permanent border-spanning institutional frames such as Euregio Karelia (see Cronberg 2003), as well as the improvement of language skills and other relevant human resources.

The Euregio Karelia covers 700 km of land border between the EU and Russia, and it consists of four regions: the provinces of North Karelia, Kainuu and North Ostrobothnia on the Finnish side and the Republic of Karelia on the Russian (Euregio Karelia; Our Common Border 2001-2006). In regard to the present study, it should, however, be noted that the Euregio Karelia covers geographically only the northern case study region, and there is no equivalent institutional frame for CBC in the southern case study region. Since Euregio Karelia was the first Euregio on land borders between the EU and the Russian Federation, the key figures behind the venture willingly promoted it from the beginning as a European model (Liikanen 2004). It was seen as a pilot project for future joint administrative structures between the EU and Russian regional authorities. The idea was that the structures developed in the Euregio Karelia region would with time gain broader European significance. From the

Finnish perspective, the institutional forms adopted on the Russian border were seen as exporting “border know-how”. They would generate a model or at least a set of experiences that could be useful for the elaboration of European border policies after the eastern enlargement (Cronberg 2000, 170-183). With the adaptation of the European Neighbourhood Policy framework, a crucial future question remains as to how to adapt regional perspectives of external relations to existing institutional models and how to bring Russian regional actors into the implementation and targeting of new policy instruments. In this setting, it is interesting to see if the concept of “Euregios” can be further elaborated as an arena of adjusting regional, national and supranational interests, policy frames and instruments.

In Russia, although the federal government has considerably liberalised the border-crossing regime, it has not been active in the field of CBC *per se*. The government has rarely provided public money for CBC projects. At best it has provided financial guarantees to the regions participating in CBC projects investing in Russian infrastructure. In addition, the government has supported the construction of new international border-crossing checkpoints (usually funded by the EU) and the roads leading to the checkpoints. In summer 2005 the Russian Parliament adopted a Law on Special Economic Zones, and the federal Ministry for Economic Development and Trade has begun to develop plans for setting up Free Trade Zones. It can be expected that a few of them will be set up in Russian border regions.

It should be mentioned here that cross-border interaction in the region is strongly influenced by Russian’s post-socialist modernisation project. Liberal reforms have not been completed in many respects. Bureaucratisation – the arbitrary power of public officials – has been a major problem. The weakness of the post-socialist state has led to widespread corruption: bureaucrats have *de facto* “privatised” their job functions, thus worsening Russia’s business climate. Likewise, liberal norms could not be implemented in the state with weak law enforcement and judicial systems. In an effort to maximize tax revenues, the taxation system, characterised by instability, incompetence and arbitrariness, has become a forceful brake on Russia’s economic development. It should be added that the situation with regulation of foreign trade has been exactly the same. Customs regulations have been unstable and applied arbitrarily. Finally, Russia’s administrative system remains highly centralised. Regional authorities have had almost no power to make important decisions, and entrepreneurs are frequently forced to deal simultaneously with regional and federal bureaucrats, which is costly and lengthy. In the past years regions have even lost the right to grant regional tax breaks to investors.

Empirical findings

Economic cooperation

Finnish-Russian border areas are sparsely populated and almost all of them experience demographic decline. The number of large settlements is low, and the distances between them are relatively long (e.g. almost 150 km between Sortavala and Joensuu in the northernmost case study region of the EXLINEA project). Correspondingly, the intensity of regional cross-border flows is bound to remain rather low. However, price and income differences generate daily short-term cross-border activity in Russian and Finnish border communities, which is confirmed by empirical findings of the present study. The location on the Finnish-Russian state border has played a crucial role in the development of the Karelian Republic and the Leningrad region since the early 1990s. However, if in Russian Karelia¹² the influence of the border has been the dominant factor, in the Leningrad region its influence has been combined with other powerful factors, such as the proximity to St Petersburg, direct access to the Gulf of Finland and generally more developed transport infrastructure and communications. In Russian Karelia the state border together with the aforementioned federal-level systemic reforms have largely determined the transformation of the regional economic system. The regional economy has become strongly export-oriented with the dominance of low-value-added products (round wood, aluminium, paper sacks, newsprint, cellulose and ferrous metals). The production of higher-value-added goods (e.g. tractors) has been curtailed: they have proved to be non-competitive both within Russia and abroad. Thus, Karelia has been ‘trapped’, as local economists argue, onto the unfavourable resource-export path (Druzhinin 2004). Correspondingly, the regional political regime has evolved towards a closed system protecting the limited quantity of available natural resources (timber) and redistributing them amongst local insiders. This development path is increasingly recognized as inefficient, and the regional administration has begun to try to stimulate inward investments into higher-value-added industries, such as wood-processing.

Regional authorities, both in Russian Karelia and in the Leningrad region, have been rather enthusiastic about CBC. But their initiatives in this field have been obstructed by reluctance or indifference of federal authorities, which have a final say in such matters. Finnish economic projects in Russian border regions have been rare.¹³ In the early 1990s it was widely believed that “the new democratic Russia” presented a golden opportunity for Finnish entrepreneurs. Under this euphoria, small Finnish companies were set up in Russian border regions. However, it soon became apparent that Russian business climate was too risky and unpredictable. Consequently, the number of Finnish companies operating in the border regions dropped dramatically. At present, the interest is growing anew. However, amongst noticeable companies with Finnish investments in adjacent border regions, it is possible to mention only Stora Enso’s saw mill, PKC Group’s automobile wiring plant, Helkama’s refrigerator plant and a number of timber-logging enterprises and subcontracting ventures in the clothing industry.

In sum, it is possible to note that Finnish-Russian economic CBC has failed to realise its full potential, largely because of Russia’s problematic business climate. As a result, Finnish-Russian CBC has developed mostly in the field of Finnish and EU’s assistance to Russian public-sector institutions, cultural exchanges, as well as in the form of informal private

¹² The term ‘Russian Karelia’ refers to the Republic of Karelia or Karelian Republic, a constituent part (or ‘subject’) of the Russian Federation. These terms are used interchangeably.

¹³ Here, St Petersburg is not regarded as a border region. In terms of the number of Finnish companies operating in the city, it outpaces even Moscow.

contacts. Regional policies and geographical features have also played very important roles in shaping opportunities for CBC: the more favourably located and open Leningrad region has been more successful in economic CBC than the more peripheral and more slowly changing Russian Karelia.

It can also be noted that at the local/municipal level the *intensity* of CBC has been closely related to the size of the communities, their distance from the border and availability of border checkpoints, their historical heritage and background, and their administrative status. At the same time, the *character* of CBC has been largely predetermined by national and regional factors. As a result, our case studies differ significantly from each other in terms of the intensity of CBC, whereas its character is quite similar in all of them.

Migration and social aspects of cooperation

Given the major difference in terms of the quality of life, the desire of numerous Russians to immigrate to Finland is not surprising. The research findings testify that, thanks to a less strict Finnish migration policy, the flow of migrants has significantly increased since the late 1980s. Three grounds for migration can be noted: ethnic background (“Russian Finns” or Ingrains), family ties (including quite popular cross-border marriages), and employment in Finland (temporary or permanent). Helsinki – the capital of Finland – has become the main destination for Russian migrants. However, it has been also established that Finnish border towns also have communities of migrants from Russia and from other countries of the former Soviet Union. The number of such migrants living in Finnish towns in the two case study areas is approximately three thousand or 1.4% of the total population. Since the late 1990s the flow of Russian migrants has declined, mostly on account of a drop in the number of migrants arriving on the basis of their Finnish ethnic origins. The Finnish state has begun to apply a more restrictive policy towards them, and today ethnic background is no longer regarded as a solely sufficient requirement for granting a residence permit in Finland.

Considering the low starting level in 1991, labour commuting from Russia to Finland and vice versa has become quite widespread. Typically, Russians fill seasonal vacancies in Finnish agriculture, while Finns come to Russia to be employed in timber-harvesting and construction, mostly by Finnish entrepreneurs operating in Russia. Likewise, small-scale shuttle-trade activities in both directions have been rather intensive. Given significant price differences (particularly on such goods as petrol, alcohol, tobacco and foodstuffs), the informal cross-border trade has been flourishing. Tourism has also gradually become a major growing industry. Cross-border visits for private purposes are also quite common for both Finnish and Russian respondents. It seems a certain part of residents of the border communities have established stable cross-border ties, and for them visits to the other side have become a daily routine. Cultural exchanges have been active. They have included cooperation in such fields as education, research and joint cultural events.

To a major extent, the CBC agenda has been shaped by the problems experienced by the Russian side. The study has revealed that the most common problems for Russian border communities have been the following: (1) crisis of municipal services and infrastructure, (2) unemployment and poverty, (3) alcoholism and drug abuse, (4) crime and lack of security, and (5) poor investment climate. Correspondingly, a significant number of CBC projects have addressed these problems with a varying degree of success. Amongst the most serious obstacles to CBC in the field of human contacts, the respondents have noted cultural and linguistic differences, high costs of Schengen visas and the lengthy procedure of obtaining them, lack of public cross-border transport links, and security problems on the Russian side.

Perceptions and attitudes towards the border and the neighbours

The study has revealed that mutual perceptions of Finns and Russians are quite different and that, to some extent, Russians regard Finns, as a role model (“a culturally different yet positive other”). However, a few Russians also believe that the Finnish interest in CBC is fuelled by the desire to eventually return the territories annexed by the USSR after the WWII. At the same time, Finns have a more reserved image of Russians. The answers of the experts are probably more often affected by considerations of official relations and political correctness. Indifference towards Russia and Russians can also be noted amongst Finnish respondents. Their perceptions resemble more that of sympathetic observers or far-away tourists with a distinct feel of superiority concealed in the endorsement of charity. This implies that on the Russian side the perceptions are more linked to images and rhetoric that serve as an incentive for CBC, while on the Finnish side the situation is observed on more technocratic-administrative grounds.

The study testifies that cross-border contacts allow both sides to gain basic knowledge about the living conditions of their neighbours, which fosters mutual understanding. Although the memories of Finnish-Russian confrontation during the WWII are still alive amongst the older generations of Finns, Russia is no longer perceived as an enemy, but rather as a needy neighbour. In this context CBC serves as a channel of assistance contributing to Finnish-Russian peaceful neighbourhood.

Both sides perceive the Finnish-Russian border as a necessary and useful institution. It is sufficiently transparent and serves as a bridge allowing two neighbouring nations to interact in a mutually beneficial manner. However, its barrier function is also highly valued, because it provides additional security. Without this barrier “the Russian disorder” would spread into Finland, which neither Finns nor Russians want. Without the barrier there would be no bridge. Similarly, many Finns saw joining in the EU very much in terms of a security solution. Accordingly, when perceiving the Finnish-Russian border as the external border of the EU (as in the EXLINEA questionnaire), the respondents typically stressed the role of supra-national regulation: “we have to follow the EU regulations here” (on the EU’s common customs regulations on external borders), or: “it is an EU-level issue, and we must follow the EU’s general line in this” (on visa-freedom).

The study has clearly shown that in the perceptions of the interviewed Finns and Russians there is little basis for a sense of common region.. Although CBC has facilitated cross-border interaction in many fields, a common sense of cross-border regionalism is lacking and the border remains very much as an institutional barrier. Although our respondents represent experts who are specialised in CBC (and work to promote cross-border interaction), they were not enthusiastic about abolishing all institutional barriers. For instance visas and the present level of border control were generally accepted. This might be interpreted as an indication that old mental borders are still strongly present.

On the other hand, joining the EU and identification with Europeanness has meant for many Finns a new type of security political solution which has moved old military enemy images to history. In the Finnish case, this new Europeanness has, however, probably more enforced a sense of cultural barrier than lowered it on the Finnish-Russian border. At the same time, the influence of EU-level institutions on border regime has had a clearly more positive effect: EU funds and instruments of CBC have promoted local and regional level projects and thus its de-bordering influence has been stronger than its re-bordering influence.

The respondents seem to oppose the idea of a common cross-border sense of Europeanness: “Everything doesn’t even need to be the one and the same EU.” This can be seen as an example of old images of “us” and “them” but it can be read also as a comment to above-steered policies of CBC which do not leave enough room for autonomous local action. Instead of a common identification, a much more crucial factor in the Finnish-Russian case seems to lie in everyday practices, in the opportunities for the citizen to enter joint activities and to experience oneself as an independent actor in the process.

In Russia, cross-border interaction has been an important factor contributing to the emergence of a noticeable stratum of people who lead a “cross-border lifestyle”: they spend weekends in Finland, have close friends and/or relatives there, possess real estate abroad and often run a business venture of cross-border nature. Our research has identified this group of people, a majority of who are Russians and former Russian citizens of Finnish (Ingrian) ethnicity, who have been allowed to migrate to Finland. For them the Finnish-Russian trans-border region has already become a reality. Their exposure to both cultures makes them bicultural, i.e. capable of efficiently utilizing the opportunities existing on both sides of the border. It is expected that under the present conditions this small stratum will grow and eventually become capable of political self-organization with the aim to defend their interests. In addition, this group will provide resource persons for growing cross-border interaction.

Institutional initiatives of cross-border cooperation

European and Finnish national-level policies have been the main driving force organizing and guiding official CBC with Northwest Russia. Without such instruments as TACIS and INTERREG, CBC would be limited to national initiatives, informal personal contacts and symbolically important municipal initiatives. These instruments have created necessary preconditions for the development of cross-border networks of Finnish and Russian professionals and organizations cooperating in the fields of their competence. They have also achieved certain success in developing new working relations between Finland and Russia. National level border treaties between Finland and Russia still regulate a whole set of policies on borders, as for instance the establishment of new border crossing points. Currently, the question of how bilateral state level relations with the Russian Federation should be coordinated with EU policies, as well as with regional authorities, is one of the crucial issues on the Finnish political agenda.

In Finland, the agenda of local and regional-level CBC projects has been strongly affected by regional level administrative organisations, regional councils and intermediate-level state administration, which together administer and allocate funding from EU instruments of CBC. In public-sector cooperation projects, state level agreements and strategies have played a vital role in shaping the CBC mechanisms. At the same time, new EU instruments have, however, opened opportunities for new kind of regional level cooperation in the field of education, health care, social work and environmental protection. On the municipal level, there were some, highly regulated CBC contacts with a para-diplomatic exchange of official delegations even in the Soviet times (Varkaus and Petrozavodsk were twin towns, Kuhmo and Kostamuksa developed links on the basis of a major construction project). These relations have continued, grown in number, become less formal, and started to utilise EU support. Still, in today’s Finland, there seems to be both positive and negative views on using municipal tax income to support CBC projects: “why to give money to the other side, we have already paid the war indemnity”. On the Russian side, given the lack of financial resources at the municipal level, the question of funding CBC from municipal sources is not even raised.

In the Finnish private sector and among the NGOs, local and individual initiatives play an important role. Getting EU support for local initiatives tends to be, however, difficult for groups and organisations not familiar with the workings of regional administration. Most successful actors are those involved in organisations, which have enough social and cultural capital to successfully apply and utilise EU funds and CBC instruments.

In a broader perspective, CBC strategies have been developed on Finnish-Russian border on the basis of three major components: (1) European and Finnish strategic priorities; (2) capability of Finnish local and regional actors to participate in implementation of these priorities; and (3) Russian demand for such assistance. In the frame of Euregio Karelia, regional authorities have created specific CBC strategies, which are integrated into broader regional socio-economic development programmes. Concrete priorities for CBC are mainly derived largely from regional development programmes. In the 1990s, Finnish neighbouring region cooperation (as a part of Finnish foreign policy), focused on forestry, agriculture and environmental projects, composing altogether 80 per cent of all project support. Priorities concerning the so-called "Near Areas" in 2004 were redefined; they are stabilising democracy, legislation, economy, environmental assistance, lowering nuclear risks, and security. Increasingly, the neighbouring region co-operation funding is seen as seed money for generating international (European) funding. On the level of CBC coordinated by Euregio Karelia, CBC funds (2001-2006) have been focused on business activity, transport and communication, as well as upgrading expertise and regional cooperation. The Finnish project design has been perceived in the first place as part of the structural funds administration of the EU.

Our respondents stated that cooperation between cultural associations, as well as education and research organisations has been very active in the border regions. On the regional level the role of humanitarian aid associations is also seen important in everyday cooperation. Their priorities derive from local level initiatives and from specific needs on the Russian side. In public discussion, humanitarian aid is accepted on both sides: in the conditions prevailing on the Russian side people accept the help with gratitude, and on the Finnish side public opinion is keen on the picture of the selfless benefactor. However, Finnish and Russian priorities do not necessarily coincide. Russians are usually interested in either long-term administrative cooperation or direct implementation of particular investment projects, while the EU and the Finnish side prefer to provide assistance in the form of educational projects, consulting, research and advice on the implementation of reforms on the level of regional public sector. In the Leningrad region these negotiations are carried out through the special Joint Finnish-Russian CBC Commission, while in Russian Karelia they are channelled through the Euregio Karelia and sectoral ministries of the Republican government. In most cases the European and Finnish approach prevails for obvious reasons.

In this respect, it seems that the practice of creating special institutions for CBC has thus far not been particularly successful from the point of view of Russian respondents. Since the inception of Euregio Karelia in 2000, its impact has remained largely invisible to the general public. Furthermore, by promoting the role of regional actors, it has even created tensions amongst different parts of the Russian state bureaucratic machine. Closing down the foreign ministry of the Karelian republic signals strive for centralised border policies which threatens to marginalize the elaboration of joint regional institutions of cross-border cooperation.

As a regional level CBC institution, the Euregio Karelia has played on the Finnish side a vital role in terms of a public relations organisation, as well as by defining regionally specific priorities for CBC programmes. But even in the eyes of Finnish respondents the role of

Euregio Karelia remains still somewhat unclear. Many of the respondents (although themselves CBC actors) do not recognise the role of Euregio Karelia in CBC.

There can be many explanations for why the role of the Euregio Karelia has remained unnoticed. For one it can be asked if it ever received the recognition and authority to play an independent role, or has this been over-shadowed by a streamlining of joint European border policies, the jealousy of state institutions of foreign affairs and their unwillingness to handle decision-making opportunities to lower authorities. Secondly, its relationship to popular politics on the Finnish side has remained unclear, because regional institutions are not principal units of the political system. In fact, the regional organizations are built only indirectly on local democratic institutions and their activities remain largely outside local political discussion and control.

Comments about the Imatra-Svetogorsk twin-city cooperation, which has also been promoted as an institutional model of CBC, were similar in the sense that in formal terms it was seen as the main local CBC institution, but in practical every-day cross-border interaction it was seldom visible to the respondents. The organizational problems here are, however, different: although the model is close to local politics (and the old para-diplomatic practices), it is aside from the new regional level administration and configuration of the EU's CBC instruments.

Conclusions

Under the present circumstances, Finnish-Russian CBC has developed in a particular fashion: mostly in the form of European and Finnish assistance to Russian public authorities and NGOs. Economic cooperation in the form of trade and investment flows has not been developed between adjacent border areas, primarily because of considerable difficulties in doing business in Russia. At the same time, private actors have become involved in informal small-scale cross-border activities, such as shuttle trade, migration, labour commuting, cultural exchanges, and so on. Yet, the intensity of these informal contacts cannot be characterized as particularly high. The agenda of CBC, furthermore, has been largely shaped by problems of Russian transformation and European and Finnish concerns about possible soft security threats emanating from the Russian side, as well as economic interests connected to them. Correspondingly, Finnish-Russian CBC has developed first of all in such fields as environment protection, forest management, environmental tourism, agriculture and the alleviation of unemployment. After Finnish EU-membership, promotion of democracy and civil society in Russia, humanitarian assistance to Russian social welfare institutions, as well as cultural and educational exchange have gained more importance.

In institutional terms, Finnish-Russian cross-border co-operation has become part of policy frames and administrative structures that originally served regional development and cooperation within the European Union. Problems connected to this have led to attempts to build coordinated regionally based institutional structures (e.g. the Northern Dimension initiative and Action plan) and, in the end, to ambitious administrative streamlining in form of the New Neighbourhood policy frame and instrument. However, the Russian Federation has not yet devised a CBC strategy. Russia has been generally supportive of CBC initiatives coming from abroad (e.g. Tacis CBC Programme and Finnish ministerial projects) but has rarely allocated funds to support cooperation initiatives. It thus appears that CBC is not a real priority of the Russian government and, in practice, the Russian federal government has been rather restrictive with respect to cross-border initiatives of Russian regions and municipalities.

The role of local and regional initiatives has been threefold. First, they have been the main objects of the EU's CBC policies and important objects in the national-level CBC policies. Local and regional actors have been the ultimate recipients of INTERREG funding, and thus their role has been to embody European policies in concrete CBC projects. Secondly, there has existed a backward linkage: local and regional actors have tried to influence upper-level CBC policies. For instance, one of the aims of the Euregio Karelia has been to influence the EU in order to harmonise its INTERREG and Tacis programmes in Finnish-Russian border regions. Likewise, the CBC experience of local and regional actors has been utilized in the development of Finnish national-level CBC policies. Thirdly, local and regional initiatives have also operated beyond official CBC programmes – in the form of uncoordinated private contacts, thus constituting the grass-root level of cross-border interactions.

Cross-border region building is still at its very early stage in the Finnish-Russian case. A small, but growing, community of people with “trans-border mentality” constitutes a material foundation for future region building. The study has shown that they already recognize the existence of a trans-border region, and desire to considerably simplify border controls. The majority on both sides, however, perceives the border as a necessary and useful institution. It is sufficiently transparent and serves as a bridge allowing two neighbouring nations to interact in a mutually beneficial manner. But its barrier function is also highly valued, because it provides additional security. Future prospects look uncertain. Russian border communities can become centres of prosperity and good neighbourly relations or, alternatively, major sources of soft security threats (particularly illegal migration and cross-border crime). In this regard, it is worth emphasising that border communities are not insulated from the rest of the country. In order to realise a positive scenario, it is necessary to apply concerted efforts at the national, regional and local levels.

4.3.2 Estonian-Russian Case Study

Background

Historical-geopolitical context

After the collapse of the Soviet Union in 1991, Estonia and the Russian Federation again became sovereign states and questions regarding territory and population resurfaced. In the state building process border areas have been of extreme importance to the two states that often tend to view the border differently.¹⁴ During the interwar period 1920-1940 Estonia's eastern border was defined and demarcated according to the Tartu Peace Treaty; this document served as a "birth certificate" for the re-established Republic of Estonia in 1991. Post-Soviet Russia refused to recognise the validity of the treaty because it entailed a loss of territory and would have obliged Russia to resettle persons who had migrated to Estonia after World War II (i.e. they would have become "illegal immigrants"). Furthermore, Russia would have been required to compensate Estonia economically for damages incurred during the occupation (Zhuryari, Surgailis and Prikulis, 1994). Estonian policy during 1991-1994 called for a complete restoration of Estonian independence, including the full recognition of the Tartu treaty borders. Russia, operating from a complex set of historical, ethnic and strategic considerations, proposed that border negotiations depart from the *status quo* and be based on an agreement on interstate relations signed in 1991. It was not until 1994 that Estonia gave up its claim for the "eastern territories", and in 1996 Estonia agreed not to demand mention of the Tartu Peace Treaty as a legal basis for mutual relations. Following Estonia's accession to the EU, the eastern border of Estonia became a EU-Russian border.¹⁵ To date no border treaty has been signed between the two countries.

Another point of contention was the abolition of the simplified border-crossing regime on January 25, 2000 and the introduction of a full visa regime between Estonia and Russia in accordance with Schengen regulations (Berg 2002). A *de facto* (if not *de jure*) simplified border-crossing regulation devised in 1991 for the population of Narva-Vanguard and Southeast Estonia thus ended. This arrangement involved approximately 17-20,000 people living in the border regions concerned, who received border-crossing passes on the grounds of the existence of relatives or their graves, real estate, employment or studies, and places of worship on the other side of the border. When the regime was finally abolished in 2000, in order to alleviate the situation, 4000 one-year multiple entry visas were issued for free to the people with vital needs to cross the border, living in the border regions concerned. The number of visas was determined through the Estonian-Russian negotiations, but until today it remains disputable whether the number is adequate (Berg, Boman. and Kolossov 2004).

¹⁴ See more about this issue in: Berg, E. and S. Oras (2000). Writing Post-Soviet Estonia on to the World Map. *Political Geography*. Vol. 19, No. 5, pp. 601-625.

¹⁵ About the consequences of Estonia's EU accession, see e.g. Ehin, P. and E. Berg (2004). EU Accession, Schengen, and the Estonian-Russian Border Regime, in A. Kasekamp (ed) *The Estonian Foreign Policy Yearbook 2004*. The Estonian Foreign Policy Institute, Tallinn, pp. 45-61.

Administrative aspects

Estonia is a small unitary state with two administrative levels – central and local authorities. County government serves a mediating position between these two levels while being a state representative in the locality and local voice in the centre. Russia is a huge federation with rather complex administrative structure. Although subjects of Russian Federation have the same degree of sovereign rights in their internal and external relations, they are too large to be fully involved in cross-border contacts. Though the regional administrative level is now the most important in support of bottom-up initiatives in border cooperation, it is necessary to consider border territories at two levels – of regions (*oblasts*) and districts (*rayons*) stretched along the boundary. What we define as the Estonian-Russian border region are the Ida-Viru, Põlva and Võru counties on the Estonian side and Kingisepp (Leningrad oblast), Gdov and Pechory districts (Pskov oblast) on the Russian side. Estonian-Russian border is all together 294 km, and more than half of it runs along Lake Peipsi.

When it comes to the competences of the regional/local authorities in the spheres of cross-border in both Estonia and Russia, neither side has established detailed normative acts to this effect. In Estonia, the passing of the Law on Foreign Relations that describes the competences of the state subjects (e.g. counties, or regions) in their foreign relations is being postponed in the Parliament. However, it is expected that, the Local Government Act, which is drafted in accordance with the European Local Government Charter, will be passed by the middle of May 2005. So far, both Estonian regional and local levels were able to cooperate with Russian cross-border stakeholders, despite the fact that the legal framework for such cooperation was missing.¹⁶

In Russia the situation is similar, as both federal laws on the competencies of the regional and local governments do not include detailed norms regarding international activities of the regional, and even more so of the local levels of governance (Shlosberg et al 2004, p. 23).¹⁷ Furthermore, according to Gavrilov et al (2004) and Shlosberg et al (2004) the situation in Russia is even more complicated due to multiple bureaucratic barriers. Regional authorities have to submit all projects of agreements for the approval of the Federal Government, the Ministry of Foreign Relations, etc., as well as then register all agreements in the Ministry of Justice, which significantly slows down the process.¹⁸ The position of the local authorities is even less enviable, as there are no established procedures as for the realisation of their activities in the sphere of cross-border cooperation. Cross-border cooperation has therefore been based to a large extent on the formal and informal practices of the local and regional authorities on both sides of the Estonian-Russian border.

¹⁶ Telephone interview with I. Ligemaa, The Estonian Ministry of Internal Affairs, April 25, 2005.

¹⁷ Shlosberg et al, p. 23.

¹⁸ See Gavrilov, A., Golikov, M, Malov, A., Chesnokov, B (2004) *The Threshold of Europe: Influence of the European Trans-Boundary Cooperation on the Regional Economic Development of Pskov Oblast*, Ed. L. Shlosberg, Centre “Vozrozhdenije”, p. 202; and in Shlosberg et al, p.26.

Border regime and cross-border interaction since 1989

The legal-institutional context for the Estonian-Russian cross-border cooperation can be considered rather weak. One obvious reason for this is the non-ratification of a border treaty between Russia and Estonia formalising the present-day boundaries. Furthermore, Estonia has not ratified the Madrid Outline Convention on Transfrontier Cooperation, which serves as the basis for inter-state treaties governing cross-border cooperation between local/regional authorities. Estonia has also failed to produce documents elaborating goals and strategies for cross-border cooperation with Russian regional and local authorities. According to the Estonian Ministry of Internal Affairs, the first Estonian-Russian programme for cross-border cooperation is to be prepared only by 2007.¹⁹ This programme is to be prepared with the participation of the Russian side under the larger framework of the EU New Neighbourhood Program, which encourages among other things, cross-border cooperation at the EU external borders with the non-member neighbouring states. The Estonian-Russian program should contain the strategy and goals of cross-border cooperation, based on the ongoing harmonisation process between the supporting funding mechanisms INTERREG (for the EU members) and TACIS CBC (for the EU non-members).²⁰

The Russian Federation follows the general principles of the Madrid Convention, according to which signatories are obliged to encourage cross-border cooperation initiatives spurring from the regional/local levels as well as from other juridical persons recognised by all cooperating sides (Sloshberg at al, *ibid*). All agreements are to be concluded in accord with the national legislation of each contracting state. One such form of institutionalised cross-border cooperation is the Euroregion 'Pskov-Livonia' has as its basis three juridical persons – in Estonia, Russia and Latvia. Another important document, setting priorities and rules for CBC in Russia is the *Concept of Trans-Boundary Cooperation* in the Russian Federation (February, 2001), which is also the only legal act describing the goals, types and actors, as well as their rights, for cross-border cooperation. The main cooperating actors are federal subjects (Oblasts), local governments, as well as juridical and physical persons in accordance with national legislation. The goals of CBC have a complex nature, including socio-economic development of the border regions as well as cultural exchange; however it is argued that, theoretically, Russian actors could in fact deal with most CBC issues.²¹

In the Northeast of Estonia and in Leningrad oblast of Russia conflicting interests have outweighed cooperative initiatives during the last decade.²² There are, for example, issues with Narva's reservoir; Russia would prefer it to be 2 meters lower than it is now, since the current level is lowest possible for the normal operation of Estonia's hydroelectric power station, while at the same time the level is too high to the phosphate mines on the Russian side. Thirdly, the financial situation of the municipalities hinders new cooperative initiatives, as Narva is four times larger in population than Ivangorod, and has a municipal budget 28 times than that of its twin-town over the border. Last but not least, mutual cooperation has been blocked by several obstacles such as the lack of a cooperative body for the Northern border region, the lack of communication and personal interest, as well as a passive mood on the part of both sides to lobby ministries and higher authorities. Some of the latest issues (since 2000) in the cross-border cooperation involve negotiations between the town authorities of the Ida-Virumaa and St. Petersburg about the future prospects of tourism

¹⁹ Telephone interview with Nelle Ivask, The Estonian Ministry of Internal Affairs, April 25, 2005.

²⁰ Telephone interview with Krista Kampus, The Estonian Ministry of Internal Affairs, April 20, 2005.

²¹ *Ibid*, p. 19.

²² See more about this issue in Berg, E. (2000). De-constructing Border Practices in the Estonian-Russian Borderland. *Geopolitics*, Vol. 5 (3), pp. 78-98. (published in 2001)

development. Besides, the “growth triangle” cooperation project involving the Ida-Viru and Harju counties, southern Finland, St. Petersburg and the Leningrad oblast is being launched and elaborated upon.²³

In the Southeast of Estonia and Pskov Oblast in Russia, by contrast, cross-border cooperation is seen as a mechanism for regional development. Within this particular context, the Council for Cooperation of Border Regions was founded in 1996 with the aim of enhancing living conditions in the border regions, supporting the local population, promoting rational border management practices and facilitating border crossings for local residents.²⁴ The establishment of a Euroregion became necessary in order to promote a number of cross-border initiatives: border trade, cooperation and investments in traditional branches and in small business, to attract investments from private foundations and European agencies, to provide businessmen with updated information, to solve environmental problems, to develop a common tourism strategy for Pskov and Peipsi lakes, to shape an international transportation corridor, etc.²⁵ Although institutionalisation is still in process, these kinds of joint activities have already laid the foundations for a zone of cooperation. Since 2001-2002, Tartu county administration has cooperated with the Novgorod oblast in the framework of the employment research project between Estonia, Finland and Russia.²⁶

Many local and regional officials in both Estonia and Russia explain the low level of cross-border cooperation through political factors. In their view, the problems come from a lack of political will to improve bilateral relations and thereby set the question of mutually beneficial relations in a better light. At the regional level in Estonia, this will is visible. However, very often it does not materialise since CBC institutions lack political influence (Berg 2000). On the Russian side, the development of contemporary forms of border cooperation is slowed mainly by traditional political centralisation. As it has been pointed out by a number of authors, federal power is often guided by considerations of “hard security” and “high geopolitics”, thus disfavouring the regions’ growing activity on the international scene.²⁷ But the income gap and differences in socio-economic development of Estonia and Russia discourage cooperation in the bordering regions as well. According to the view of Russian experts, the prospects for cross-border cooperation will not improve until Russia succeeds in achieving political and economic stability – in the country as a whole and in this border region in particular.²⁸ What local and regional administrators in Estonia long for is a stable border regime with certain rules established with a long-term perspective. They would also like de-politicisation of border issues, which could favour cross-border cooperation.

There are multiple programmes offering support for the cross-border cooperation in the Estonian-Russian cross-border region, where the EU programmes such as INTERREG for Estonia and TACIS CBC for Russia, represent the major sources of financial support. On the Russian side, cross-border cooperation has been until 2004 supported by TACIS CBC Small Project Facility and one of the examples of such projects is the one supporting the private sector and providing assistance for economic development between the Municipalities in the Leningrad Oblast in Russia and Ida-Viru county in Estonia, whose budget is approximately 190,000EUR.²⁹ According to Repetoun, the number of projects has been increasing and their

²³ Interview with Mihhail Bedjukov, the Narva Business Center, 2004.

²⁴ Council for Cooperation of Border Regions. Quarterly report No 1, 2000

²⁵ See Pskov Region’s official site at http://www.pskov.ru/en/economics/external_constraint

²⁶ Ibid.

²⁷ See the website of “Research Center ‘Vozrozhdenje’” at: www.navigator.pskovregion.org

²⁸ Ibid.

²⁹ Interview with Ekaterina Repetoun, TACIS Local Support Office, St. Petersburg, May 27, 2005.

quality improving with each year.³⁰ One of the most important mechanisms for the support of cross-border cooperation currently since 2004 is Estonian-Latvian-Russian INTERREG IIIA Priority, or Priority North, which is a part of the Baltic Sea Region INTERREG IIIB Neighbourhood Programme. It supports projects aimed at minimising the effects of the physical border and promoting cooperation between the people and institutions in the border regions.³¹ Priority North covers, on the Russian side, the Leningrad Oblast, Pskov Oblast and St. Petersburg municipality; the eligible regions in Estonia include Ida-Viru, Põlva, and Võru counties, among others. The first call for proposals was on October 1, 2004 with the deadline for project submission on November 15, 2004. However, out of the total 21 project proposals for the first round, only four concerned Estonian-Russian cross-border cooperation, and none of them were approved.³²

Empirical Findings

Economic cooperation

In general, we can paint a rather bleak picture of economic development and cross-border interaction in the Estonian-Russian borderlands. The questionnaires and in-depth interviews have shown that the level of economic interaction between the Estonian and Russian border regions appears very low, where both sides, and especially so Estonia, have more interaction with other countries rather than the immediate neighbour.

Being literally at the crossroads between the East and the West, close to large important cities, such as St. Petersburg, Tallinn or Pskov, the geographical location of the Estonian-Russian border regions is perceived as an important asset for CBC. However, as our research has shown, the benefits of such valuable geographical location are far from being realised. Both when it comes to local exports and imports, as well as local investments the role of other countries is seen as more important than that of Estonia or Russia. This is so especially for Estonian border regions, which enjoy more foreign investment per capita and imports from other countries than the Russian border regions.

Despite the negative assessment of existing economic interaction, the belief in mutual benefits from increasing economic CBC remains strong. When asked about which country benefits more from increasing cross-border cooperation, businessmen on the Estonian side appear to agree that Estonia benefits more than Russia due to the large size of the Russian market. With the reference of the 'good old days' when the Estonian agricultural production was exported to the vast St. Petersburg markets, on the Russian side many interviewees confirm the prevailing perception about the division of benefits. At the same time, one may still notice the emerging opposite argumentation, according to which Estonia as a more developed country and a mediator between the East and the West can share its experience with the Russian partners. The majority of the interviewees on the Estonian side, however, believe that the benefits are or at least should be mutual. When it comes to cross-border projects, as an official at the Võru municipality explains, the benefits are always equally divided between the partners on two sides of the border. Increasing cultural exchange and cooperation between universities across the border appears to be more valuable practice comparing with the cross-border economic activities.

³⁰ Ibid.

³¹ See the INTERREG III A North and South Newsletter, No. 1, 10, 2004; Baltic Sea Region INTERREG IIIB

³² Interview with Peeter Unt, the Riga Office of the BSR INNTERREG III B Joint Secretariat, April 19, 2005.

According to the questionnaires and interviews the most serious obstacles to economic interaction are of two sorts: structural economic and what one may call “political-economic”. The structural obstacles include the low purchase power of the nearby markets and the limited product differentiation of their local economy on the Russian side as well as the insufficient size of the nearby markets on the Estonian side. Both sides consider low quality and productivity of local firms also as a serious obstacle to economic CBC. The “political-economic” obstacles refer to the trade conditions such as the required bureaucratic procedures in exports and imports as well as tariffs and duties on exports. Albeit to a lesser extent, the border crossing procedures also hinder economic interaction between Russian and Estonian businessmen for whom the border is most often associated with long lines at border-crossing points. Visa requirements appear not to hinder economic cross-border cooperation as much, as the majority of the interviewed businessmen involved in cross-border cooperation are able to get one-year visas. The visa requirements remain a more significant problem for the interpersonal communication and the cross-border cooperation between NGOs and universities across the border.

To conclude, economic interaction is important for both sides, offering prospects of increased Estonian exports to the nearby Russian markets and as increasing level of foreign investment in the peripheral Russian regions. Yet the Russian side, contrary to the Estonian, considers economic interaction as the main and only goal of CBC. Moreover, there are differences in CBC definitions: while the Estonian side, in concord with the EU policy discourse, views CBC as institutional cooperation at the local and regional levels of governance across the border often supported by the EU level mechanisms, the Russian side views CBC as the promotion of investment and economic interaction. This may explain why the respondents on the Russian side are in general more pessimistic when assessing CBC.

Migration and social aspects of cooperation

Similarly to economic interaction, cross-border migration in the Estonian-Russian borderlands is very low. However, petty trade across the border flourishes, providing a poor local population with additional sources of income. Simplified rules promote this; 4000 free visas are issued to persons in the Estonian and Russian border regions with vital needs to cross the border (e.g. close kinship ties, the graves of relatives, etc); yet, from many respondents one could gather that these visas are often used more for petty trade. Respondents on the Estonian side are eager to see more such Russian entrepreneurs crossing the border for sporadic trade events than vice versa. Usual goods traded across the border include cigarettes, alcoholic beverages, and petrol due to the price differences, but also specific goods found only on the Russian side. The interviewees in the southern-eastern part of Estonia appear to welcome ‘rare’ quality products from the Russian side, while in Narva people are rather hostile towards petty traders perhaps keeping in mind the devastating impact petty trade had on Narva shopkeepers during Russia’s economic crisis in 1998.

Social interaction remains important, especially for Russians and Russian-speaking Estonians. Here, most important are trips for personal reasons to the nearby cities and regions across the border; visits to the capital or other more distant regions of the bordering country are less frequent. Here, the visa regime remains by far the most serious problem for most of the Russian as well as the Estonian NGOs, universities and culture associations. When asked about various aspects of border crossing as possible obstacles to cross-border cooperation, the visa procedures were evaluated as a much more serious obstacle than for instance the

insufficient number of check points.³³ Further on, the respondents from both sides seem to agree that it is more difficult to get the Estonian visa, than vice versa.³⁴ The questionnaires also confirm that visa procedures as well as the insufficient number of checkpoints present a much more serious obstacle to the Russian side. Likewise, the Russian side has evaluated the state of railways, roads, telecommunications and public transport in more negative terms than the Estonian side.

To conclude, the communication between the Estonian and Russian border regions mostly involves interpersonal interaction and links between NGOs or universities, as well as petty trade. Migration and labour commuting appear almost non-existent. Visa regime, however, remains a very serious obstacle for social interaction, especially for the Russian side. The main problem is not the cost for the visas, but rather the bulky bureaucratic procedures at the Estonian Consulates.

Perceptions and attitudes towards the border and the neighbours

In the Estonian-Russian borderlands the border is seen as a “barrier” rather than as a “bridge”. first of all due to the difficulties in border crossing. For the interviewees on the Estonian side, the border is sometimes perceived in less rigid terms, yet mostly these are the associations with the borders in the borderless Europe, not with the East. The border has even a clearer separating effect in case of Narva and Ivangorod, formerly one administrative unit, now separated in two by the border. Although the border has been institutionalised for over a decade, the people in Ivangorod still seem not to have come to terms with this fact.

Most of the interviewees in Narva, both Estonian and Russian-speakers, have pointed to the increasing differences between the Russians in Estonia, and the Russians in Russia, pointing out that these differences are becoming more obvious.³⁵ The Estonian interviewees in Narva also make a distinction between the Russian people on both sides of the border: *When talking about Narva’s Russians, they seem to me more Estonised or Europeanised.*³⁶ The closeness of the border is troubling for many interviewees on the Russian side. The unpleasant feeling of fear and of being separated as if by a wall, is contrasted with the desire to join the Schengen Agreement, although many realise it is unrealistic at present. For the interviewees on the Estonian side, on the contrary, the border is more often perceived as protection. Furthermore, respondents indicate that, for many people, the border separates and negatively affects perceptions of “the other”. Thus, one may say that the border separates rather than unites the Estonian and Russian border regions, even where cross-border cooperation should be flourishing due to ethnic and cultural reasons. In the southern part of the Estonian-Russian cross-border region, there seems to be no common historical-cultural identity except for the

³³ One professor from the Pskov Pedagogical University explains: “When the contacts are lost, any stereotype can be forced. It is sad, but almost none of our students have been to the Baltic countries, they cannot get in. It is paradoxical that France or Spain has become closer than Estonia and Latvia. We are cut off as if there was an ocean between us”.

³⁴ A businessman from Narva also criticises the Estonian consulates: “People from the eastern parts of Russia can only get a visa in Moscow. My relatives cannot come and visit me easily – have to sign up for the line a week before. So, when I come back from Russia, I can definitely perceive the border as a barrier, but not when I go there”.

³⁵ “The Russians living on our side of the border are more Baltic; they are more reserved and more polite. There are differences in mentality. Until the last year I have always felt comfortable when visiting Moscow, but the last time I felt as if with all this intensive economic development, people in Russia and especially in Moscow forget about values like politeness. ... To live in Russia, you have to know whom to bribe and how to respond in the same rude manner, which I cannot do after living in Estonia” (from an interview with a Russian-speaking representative of the Eurecontre, Narva)

³⁶ From the interview with a representative of the Narva Town Library

Setu; yet, being a culturally closed people, they don't really contribute to the cross-border regional identity formation. Furthermore, the people on the Russian side see the border as a scary and separating wall, while as a protection by the Estonians. Border-crossing procedures account for negative images of the border on both sides.

While the questionnaires have shown that the respondents on the Estonian side perceive people on the Russian side as more similar to themselves than vice versa, the in-depth interviews indicated the contrary. While the interviewees on the Russian side rather explained the existing differences in terms of higher economic development (where 'European' is largely taken to mean 'more developed' and 'more ordered'), the Estonian interviewees referred to the deep cultural 'civilisational' differences between Estonians and Russians: *They are definitely different. I have worked with Russians in the past, therefore I know.*³⁷ *Their different cultural background makes them better communicators and more emotional persons.*³⁸ *As we have a German culture and religion they are deeply rooted in the Russian Orthodox Church.*³⁹ On the personal level, both sides have a neutral attitude towards each other, where the answers were devoid of stereotypes: 'people are people' or that 'people are more or less similar everywhere'. The media representatives, businessmen, and NGOs tend to prioritise the social identity connected to profession and interests over the primordial, historical-cultural identity.

Only three interviewees on the Estonian side had an outright positive assessment of the people across the border, while the rest have neutral or even negative perceptions of the people across the border. An Estonian representative of the Euroregion 'Pskov-Livonia' differentiated, for example, between the Russian and Soviet 'nationalities': *Russians are very nice people. Another nationality, that lives there, is the Soviet nationality. These are people who still have the old Soviet mentality and culture, but without their own state and national identity.* The interviewees on the Russian side on the whole demonstrate a wider range of both positive and negative perceptions of Estonians, with the positive images still dominating the discourse. The majority of the interviewees point out the 'Europeanness' of the Estonian national culture and character, voluntarily and involuntarily contrasting it with their national character and culture. Estonians are perceived as "accurate", "hardworking", and "obedient", "reserved" and "unemotional". Many interviewees have emphasised a disciplined and rational attitude to work, as well as the knowledge of foreign languages. The Europeanness of the Estonian culture also seems to be associated with the sense of order, tidiness and politeness.

Most of the businessmen on the Estonian side mention differences in business culture, saying that the business in Russia is often a matter of personal contacts and that there are no guarantees when conducting the business with the Russian partners. The businessmen on the Russian side point out that the Estonian businessmen fear to do business with Russian partners because of the lack of trust. In the meantime, The officials on the Estonian side often highlight the differences when it comes to the people's attitudes to the authority: *Our mentality is more westernised; they still think in hierarchical terms. "They" are not that active, they prefer to listen to orders from above. It is hard to work with them since they don't take much initiative.*⁴⁰

Thus, one may say that even in the culturally similar, northern part of the Estonian-Russian cross-border region, there now exists a clear mental border between "us" and "the other".

³⁷ From the interview with a representative of business, Võru county

³⁸ From the interview with a representative of the Võru county government

³⁹ From the interview with a businessman, Põlva

⁴⁰ From the interview with an official from the Võru municipality

Both questionnaires and interviews demonstrate that people in the Estonian and Russian border regions view “the other” as different, but in a different way. While the Estonian respondents and interviewees view people across the border as culturally different (e.g. different religion, mentality, temperament), the Russian respondents and interviewees focus more on differences in the level of socio-economic development. Thus, they view people in the Estonian border region, both ethnic Estonians and Russians, as “more European”, where “European” means not a “civilisational” distinction but rather a degree of development (e.g. more ordered, disciplined, better work ethics, honest).

Institutional initiatives of cross-border cooperation

In the case of Estonian-Russian CBC, the multi-level cross-border mechanisms are not yet sufficiently developed due to the obstacles generated mainly at the state level. The following section is divided into three parts, which address institutional initiatives (and hindrances) for CBC at three main levels of governance.

EU-level policies appear to be crucial for the development of CBC between Russia and Estonia. However, the pace with which the two countries appear to adopt EU policies is rather slow, as cold political relations between the two countries hinder the process. The EU provides legal and institutional templates for CBC as well as mechanisms of financial support. The questionnaires have demonstrated that the success of CBC has established strong correlations with the indicators for the efficiency of CBC policies at the European level (**Question 524**, $R = .44$). While CBC policies at the European level appear insufficient, their effectiveness is seen to be high compared with existing local, regional and national policies. Here, it is important to note that Estonian respondents rate the efficiency of the European institutional context much higher than Russian respondents. ($R = -.19$). Furthermore, EU policies can be said to push the development of CBC between Estonia and Russia in the context of cold political relations between the two countries. The first Estonian-Russian program for cross-border cooperation is to be prepared only by 2007 and this within the larger framework of the Strategic Partnership (a counterpart to the ENP), which encourages cross-border cooperation with Russia in specific strategic areas. In addition, the EU plays not only the role of the financial supporter, but also provides institutional blueprints for the creation of the only existing Euroregion on the Estonian-Russian-Latvian border, Euroregion “Pskov-Livonia” (2003), which was first formed in 1996 under the name of the Council for Cooperation of Border Regions. The majority of the interviewees on both Estonian and Russian sides underline the role of the EU in promoting cross-border identity by creating financial incentives to cooperate in the otherwise uninterested sides.

One of the most important mechanisms for the support of cross-border cooperation since 2004 has been the Estonian-Latvian-Russian INTERREG IIIA Priority, or Priority North, which is a part of the Baltic Sea Region INTERREG IIIB Neighbourhood Programme. It supports projects aimed at minimising the effects of the physical border and promoting cooperation between the people and institutions in the border regions. However, Russia could not participate as a full partner in the first round of project proposals as it did not sign the TACIS Financial Agreement 2004 in time. Instead of waiting for Russia, Estonia and Latvia were quick to use the EU funds for the Estonian-Latvian CBC. The Russian side, represented by the Pskov Oblast administration, believes that it is largely left out from the coordination process of Priority North, as its centre is located in Riga and the procedures are not sufficiently transparent. The Russian side accuses the Estonian and Latvian partners of unfair play and believes that Russian delegations are not sufficiently coordinated to counterbalance the Estonian-Latvian side. It seems that the tough competition over the EU funds between

Russian border regions on one side, and the Estonian and Latvian border regions on the other, has led to poor implementation of the goals of CBC instruments, where the majority of approved projects are between the Estonian and Latvian sides, and only very few involve the Eastern neighbour.

The **national level** is associated with obstacles rather than opportunities for cross-border cooperation. In Estonia, the major problem involves cold political relations between Estonia and Russia. This has led to an over-politicisation of CBC, and as a consequence, unfavourable trade conditions, visa regulations and a lack of legal bases for CBC. In Russia there are serious bureaucratic obstacles at the state level that limit the freedom of action of regional, and especially local, authorities in the use of financial mechanisms provided by the EU. So far, however, both Estonian regional and local levels have been able to cooperate with Russian partners, despite missing legal frameworks for such cooperation.⁴¹ In Russia, similarly, the Federal Laws on the competences of the regional and local governments do not include detailed norms as for the international activities of the regional, and even more so of the local levels of governance.⁴² Furthermore, according to Gavrilov et al, and Shlosberg et al, the situation in Russia is even more complicated due to the multiple bureaucratic barriers as the regional authorities have to submit all projects of agreements for the approval of the Federal Centre (Federal Government, the Ministry of Foreign Relations, etc.), as well as then register all agreements in the Ministry of Justice, which significantly slows down the process⁴³. When asked about the state level and its role in CBC, most interviewees on both sides mention the negative impact of the Estonian-Russian political relations on cross-border cooperation. Many interviewees on the Estonian side blame their Government for its “Eastern policy”.

Politicisation appears to be one of the biggest obstacles to **regional cross-border cooperation**. To use an expression of the representative of the Euroregion “Pskov-Livonia” on the Estonian side: “cross-border cooperation still remains a part of domestic politics in Russia being for instance connected to the governor elections, while it is a part of international politics in Estonia – of the Estonian-Russian interstate relations and the Estonian foreign policy”. The state level thus appears as the least efficient link in the emerging multi-level CBC governance, where visa regime, trade conditions as well as the lack of legal framework for CBC are all being explained as consequences of political tensions between Estonia and Russia.

Cross-border cooperation involves vertical and horizontal networks of actors, where the former include actors at the local, regional, state and European levels, and the latter refers to various actors at the local/regional level such as public authorities, business, NGOs and universities. There has been a certain move for Estonian-Russian CBC to become an example of multi-level governance, where the sub-national level of governance plays an important role in the development of CBC mechanisms. However, as for the involvement of NGOs or business in CBC, both Estonia and Russia could do better. Further, especially in Russia, CBC remains over-politicised with the central level constraining the local level in its attempts to promote CBC.

⁴¹ Telephone interview with I. Ligemaa, The Estonian Ministry of Internal Affairs, April 25, 2005.

⁴² Shlosberg et al, Modelling of Euroregion for Pskov Oblast, Centre “Vozrozhdenije”, 2004, p. 23.

⁴³ See Gavrilov, A., Golikov, M, Malov, A., Chesnokov, B. (2004) The Threshold of Europe: Influence of the European Trans-Boundary Cooperation on the Regional Economic Development of Pskov Oblast, Ed. L. Shlosberg, Centre “Vozrozhdenije”, p. 202 and Shlosberg et al, p.26.

The Euroregion ‘Pskov-Livonia’ is by and large the only CBC institution on the Estonian-Russian border. However, the majority of CBC actors, including the representatives of the Euroregion, have assessed its work as inefficient. The poor record of cross-border cooperation is also attributed to the poor performance of the Euroregional structures, where the obstacles included the impossibility of Russia to be a full partner in the first round of the INTERREG IIIA programme as well as the lack of the well-qualified staff to prepare cross-border projects and promote the idea of the Euroregion. Thus, the Euroregion could benefit from EU support in establishing a working administrative structure with specialists and consultants in project writing.

The activities of the Euroregion “Pskov-Livonia” remain an “elite” project, involving mostly regional authorities on the Russian side and local authorities on the Estonian side of the border and lacking transparency as for its financial activities. The dominant role of the authorities in the development of the Euroregion, and the modest role of other actors of cross-border cooperation, may result in the failed institutional efficiency and identity of the Euroregion, poor quality of projects, and failed horizontal networks across the border and with the European partners. NGOs have a great potential to promote cross-border cooperation, but according to the representative of the NGO ‘Chudskoye Project’ (‘Lake Peipsi Project’), out of 1000 registered NGOs in Pskov, only 10-50 are active, and only about 20 of them can be involved in the cross-border cooperation. However, a representative of the Pskov oblast administration contends that their experience when it comes to cross-border projects is invaluable and should be used more by the regional and local authorities. On the Estonian side, the main problem is that NGOs are not united in any way under the same roof, but act separately, which weakens their potential in the Euroregional institution building. The fact that the Euroregion does not include the representatives of business, engaging mostly in ‘soft’ projects, contributes to its perception as an inefficient organisation: *One goes to meetings, eats, drinks and leaves. There are no obligations.*⁴⁴

In the in-depth interviews, the Russian as well as the Estonian respondents emphasised the constraining role of the state level for CBC. Since political relations as well as weak historical-cultural identity are hindering CBC, the role of the EU support becomes even more significant in the development of CBC between Estonia and Russia in order to even out the disparities along the border. However, competitive rather than cooperative relations between the local and regional authorities across the border in the use of the EU funds, as well as the centralised mode of governance in CBC (especially in Russia) significantly reduce the impact of the EU policies.

⁴⁴ From the interview with a representative of the Pechory administration

Conclusions

Based on our findings we may conclude that CBC has proved most efficient in the spheres of culture, education, and environment. Economic interaction, on the other hand, seems to be relatively ineffective. The size of the market across the border is an understandably more important issue for the Estonian side, as it has always been a motivation factor for the economic interaction with Russia. In the Estonian-Russian cross-border region as a whole, CBC actors perceive the low consuming power of the population in the border regions, low capacity of the firms as well as the low differentiation of the local economy in the border regions to be obstacles to CBC.

In both countries, legislation defining the powers of local and regional levels with regard to international cooperation is missing or too vague. In Russia, all CBC agreements have to be approved by the central level authorities. Yet, the political interstate relations are seen as one of the most important obstacles for developing CBC, where the governments of both states are seen as unsupportive of CBC.

Our research indirectly correlates perceptions of ‘the other’ and ‘the border’ with the Estonian respondents emphasis on emotional aspects (e.g. open, friendly, social, etc), and the Russian respondents pointing to the behavioural characteristics (e.g. hardworking, productive, etc). However, the differences appeared even more strongly when Estonians referred to civilizational fault lines and Russians made sense of economic development. When it comes to the perception of the border, the Russian side appears to have a much more negative perception of the border than the Estonian side due to the difficulties of border crossing and the visa regime. The hindrances of economic nature (e.g. customs taxes) also contribute to the creation of the perception of the border as a ‘barrier’.

Given that a common historical-cultural identity is largely absent economic benefits are perhaps the most important driving force for CBC in the Estonian-Russian cross-border region. This also means that cross-border cooperation initiatives largely depend on the existence of the EU funds. Our research findings indicate that regional (in Russia) and local (Estonia) level public administration is the most efficient in the development of CBC. Cultural organisations and private firms play an active role in CBC, while NGOs and industrial organisations appear not be sufficiently involved in CBC, thus supporting the evolving CBC image as ‘elitist project’.

4.3.3 Polish – Ukrainian Case Study

Background

Historical -geopolitical context

For centuries, the border areas of Poland and Ukraine have shared a common history. In the course of the 20th century, the region witnessed as many as five shifts of state borders and eventually, in 1945, the entire area was split into two separate parts, one belonging to Poland and the other to the Soviet Union, which resulted in the severing of the existing geographic, social and economic ties. The administrative structure was transformed, while the regional centres lost their influence, as some areas found themselves on the other side of the new state border. This is particularly true in the case of Lviv, the biggest urban centre of pre-war Southeast Poland that became a Soviet, and then a Ukrainian city. On the Polish side of the new border, the role of the main administrative centre was taken over by other cities, especially Rzeszów and Przemyśl as well as Lublin. As a result, the areas on both sides of the border have become provincial and peripheral. Such changes were further consolidated by the fact that the new borders were of a closed nature and a very low permeability. Contacts between these two adjacent areas have also been hampered by underdeveloped transport and poor border infrastructure.

In 1991, after the collapse of the Soviet Union and the proclamation of independence of Ukraine (24 August 1991), Poland was the first country to recognise Ukraine as an independent state and to recognise its borders. Hence, this moment can be seen as the starting point for the development of mutual relationships and cross border cooperation of both countries. On the level of state authorities, the mutual relations were very good at that time, yet since they were not supported by any specific vision or experience of cooperation, they remained within the sphere of high-level symbolic declarations. Moreover, Poland has turned its attention to and focussed its politics on relations with the West and eventually on prospects of NATO membership and integration with the EU.

Administrative aspects

Ukraine as a state is more centralised than Poland and has not as yet developed effective local government mechanisms. Local governments in Ukraine have limited competences and scopes of responsibility; the provision of public services, for example, remains unregulated and highly fragmented. There are no officially delineated municipal boundaries (!). The local administrative level relating to oblasts and rayons (corresponding to Polish voivodships and poviats, respectively) is part of the central state administration, reporting to the President of the country. The head of the local administration is appointed and dismissed by the President of the country, at the request of the Ukrainian government. Local administration is responsible for the implementation of state and regional social and economic programmes. Taking into account the nature of the cross border cooperation, which usually draws on initiative and actions originated at the lower levels – local or regional, the centralised system of decision-making adversely affects such cooperation.

During the early 1990s - and notwithstanding years of exposure to a centralised system - local self-government was introduced in Poland. Local governments at the gmina (municipal) level have been entrusted with specific tasks, competences and funds needed for their implementation. Since 1999, following the reform of the state administration system, yet another, middle level of the local government has been introduced – the powiat (county). To

this we must add the regional level (the voivodships), which since 1999 is of a dual, local and state government character. Local authorities at all these levels are elected in general elections. Additionally, the state administration is present at the regional level where it is responsible for the implementation of government policies within the voivodship as well as for the coordination and control of services, inspections and guards, which are in charge of ensuring security and stability.

Border regime and crossborder interaction since 1991

The driving force of the cooperation between the countries in the early 90s was a considerable difference in prices and incomes. Inhabitants of the border regions often engaged in barter trade. This type of cooperation is being phased out. Moreover, the direction of commercial visits has been changing. In 2004, the Poles accounted for almost half of the number of people crossing the border, while earlier they did not exceed 15%. Apart from the visa-free regime, it was caused by profitable purchasing of duty-free goods as well as an increased sense of security, and increased feelings of affinity for Ukrainians. There was also a sentimentality factor, with many Poles wishing to visit Lviv and other tourist attractions. Additionally, the interest of Polish entrepreneurs in direct foreign investments in Ukraine has been gradually increasing to replace the weakening trade exchange due to lack of proper instruments, among other things. However the statistical data on foreign trade suggest that the ties between Polish and Ukrainian economies are rather weak and trade contacts have developed mainly between central Poland and western Ukraine.

A visa free regime was introduced at the Polish – Ukrainian border after Ukrainian independence in 1991. The lifting of visa requirements was definitely a positive factor in the further development of not only mutual cooperation, but also of regional and local contacts between various partners from Poland and Ukraine. Since then, the number of people crossing the border – mostly Ukrainians – increased dramatically. Such movement was mainly motivated by the desire to take advantage of the differences in the level of development between the two countries. This visa-free system available to citizens of both countries ceased to operate on 1 October 2003 when Poland, as a future EU Member State, was obliged to introduce visas for citizens of the adjacent non-EU countries. Both governments agreed to a compromise solution –free-of-charge visas for Ukrainians and no visa requirement for Poles to simplify the procedures to the bare minimum. The introduction of visas had a relatively small impact on the border crossing lasted only for few months. The change in visa regime had the most significant negative impact on semi-wholesale trade, as confirmed by entrepreneurs involved in this form of business activity.

Border traffic is an important indicator of regional cross-border interaction. Individual border traffic between Poland and Ukraine reached its first peak in 1991 – the year of Ukraine's independence when close to 7.4 million persons crossed the border in both directions. The price increase in Poland, which was the effect of the transition to a market economy, caused the flourishing of petty border trade consisting in bringing into Poland cheap products of the disintegrating Soviet economy and their sale on the Polish markets. In 2000-2003, there was an essential change in the character of border traffic. The number of incoming foreigners dropped dramatically, while at the same time trips to Ukraine became unexpectedly extremely popular among the Poles. This is related to the introduction of visa requirement for the citizens of Ukraine as of 1 October 2003, and additionally, to a drastic increase in the price of petrol in Poland. Not without significance are also customs limitations, which have been gradually, introduced by the Ukrainian authorities and which considerably diminished the attractiveness of shopping in Poland. The date of 1 May 2004 (Poland's accession to the

European Union) has not had any impact on the existing tendencies in individual traffic on the Polish-Ukrainian border.

The number of border crossings is too low for efficient handling of border traffic. Currently, along the Polish-Ukrainian border (528 km in length), 14 crossing points are in place: 6 railroad and 8 road ones (on the other hand, at the Polish-German border which is 467 km long, there are 21 road and 6 railway crossings). Moreover, two border crossings (Dołhobyczów-Novoukrainka and Malhowice-Nizhankovichi) handle only simplified border traffic and do not play any significant role in the general statistics of border traffic.

Empirical findings

Economic co-operation

There are no barriers of a geographical nature in the analysed area, which would have an impact on the cross border interaction. The border and the road infrastructures, despite their generally unsatisfactory condition, especially on the Ukrainian side of the border, are nevertheless sufficiently developed to facilitate the present flows of goods and people. Furthermore, the urban settlement structure in the analysed region is conducive to the development of interaction of both social and economic nature. It results from the near-border location of the Lviv metropolitan area with the population exceeding 1 million. The urban settlement structure on the Polish side of the border is more balanced, with cooperation centres including Przemyśl (70 thousand), Lublin (360 thousand) and Rzeszów (160 thousand). The location of bigger urban centres combined with a relatively high population density is definitely a factor that can contribute to cross border interactions.

The value of the flow of commodities between two countries is the best measure of the strength of links between their economies. On this basis, it can be observed that the ties between Polish and Ukrainian economies are rather weak, especially when we take into account the demographic potential of those countries, and, though to a lesser degree, their economic potential. In 2003, Ukraine was the 15th largest partner of Poland in terms of foreign trade turnover (USD 2.3 billion in 2003). At the same time, it was one of the few countries with which Poland had a definitely positive balance of commodities exchange (USD 0.8 billion), and was Poland's second largest trade partner in Eastern Europe, after Russia. The surveys conducted in the border cities⁴⁵ and the collected statistical data clearly indicate that at the current stage of economic cooperation it is difficult to talk about any crossborder manufacturing cooperation. In addition, on the basis of observations from the past three years, this situation is not likely to change in the near future.

In the cities surveyed on the Polish side of the border, production activity was not well developed, and local entrepreneurs preferred to engage in trade and services (e.g. repairs, hotels and restaurants, transport, warehousing and communication). What is more, the range of activity of the surveyed production enterprises was relatively seldom broader than the local market. If this was the case, enterprises looked for partners in Western Europe rather than behind the eastern border. The exporting trade enterprises were in a different situation. For the local warehouses, which mostly bought their merchandise in Central Poland, Ukrainian purchasers of clothes, footwear, furniture and building materials were very important partners. At this point, the almost complete lack of interest of trade enterprises in investments in

⁴⁵ The survey involved: a) questionnaire surveys of enterprises in over 200 entities on the Polish side of the border and about 40 in Ukraine; b) surveys of people who had stalls in open-air markets; c) surveys of the accommodation base, and d) in-depth interviews and questionnaires.

production should be emphasised; their strategies usually assumed a flexible adaptation to changes in the structure of demand in Ukraine.

A comparison of the supply and sales markets of Polish and Ukrainian enterprises clearly points to an asymmetry between cross border flows of goods and services between the two countries. In the light of the conducted surveys, the flows from Poland to Ukraine were dominant, with only incidental flows in the other direction. It should also be pointed out that the role of foreign supplies, including those from Poland, was higher in the case of Ukrainian enterprises. Ukrainian enterprises operating in the border region bought the bulk of their supplies from Polish partners. However, the situation with regard to sales was different. Exports had a similar share on both sides of the border, but exporting Polish companies directed their foreign sales mainly to Ukraine, whereas Ukrainian companies preferred other than Polish markets. This phenomenon distinctly showed a competitive advantage of Polish enterprises operating in the border region, which was mainly founded on trade in goods manufactured in Central Poland, and to a lesser extent, on the utilisation of local resources. The diminishing significance of this trade exchange was probably due to the “squeezing” effect (Smełkowski 2002): after launching the production of a given product in Ukraine using modern technology, the demand for this particular product imported in Poland would diminish. This is attributable to the lower labour costs in Ukraine, as a result of which the products which are manufactured in this country are usually offered at competitive prices.

In addition to various types of obstructions and obstacles to crossing the border in individual and passenger traffic, the entrepreneurs listed corruption, public safety, bureaucracy and instability of regulations as the major barriers hindering trade exchange. The perception of such problems considerably differed between Polish and Ukrainian entrepreneurs. In Ukraine, the problem of corruption was regarded as the most serious barrier hampering trade exchange, on a par with bureaucracy, but was evaluated by Ukrainian entrepreneurs less critically than by Polish ones. The evaluation of the state of public safety was similar on the Ukrainian side – it was also less critically viewed by Ukrainian entrepreneurs than by Polish ones. However, just as was the case with the opinions expressed by Polish respondents, the scale of the problem was similar to that of obstructions related to crossing the border in individual and cargo traffic. Ukrainian entrepreneurs were as moderate in their opinions about bureaucracy, unclear and unstable regulations and corruption on the Polish side of the border, and tended to play these problems down and underestimate various obstacles of a financial nature. On the other hand, they were much more critical in their opinions about the development of the transport infrastructure, particularly when compared to the condition of such infrastructure in Poland.

The border location should provide a stimulus for the development of services related to servicing border traffic, such as shops, bars, restaurants, hotels, filling stations, currency exchange outlets, passenger transport, etc. The research demonstrated that many diverse factors affect the development of this particular sector in the border areas. Apart from the volume of border traffic, they include the propensity of travellers to make use of such services, which depends – among other things – on their purchasing power and the purpose of the journey (both in spatial and materials terms). In all the cases under research, travellers crossing the border areas in transit showed little interest in the available service offer. On the one hand, the share of foreigners in the volume of turnover generated by trade outlets and eateries was small (Smełkowski 2001), and on the other – the border location proved to be a driver for the development of the hotel sector. Nevertheless, it should be pointed out that

hotels are mainly oriented to serve Polish guests⁴⁶. Similarly, on the Ukrainian side of the border, Polish travellers very seldom stayed for the night in other locations than the capitals of the two border regions, Lviv and Lutsk, or other popular tourist destinations.

Migration and social aspects of cooperation

There is no phenomenon of permanent migration in the transborder region. Immigration of the population of Lviv and Volyn regions and other Ukrainian regions to the Polish border region is very weak. Likewise the immigration of people from other countries is hardly noticeable. This is because of the relatively worse economic situation of this part of Poland in comparison to the rest of the country. At the same time immigration of Polish citizens and the inflow of population from other countries to the Ukraine is non-existent. The similar situation is being observed in case of daily commuters. Poles do not work in Ukraine because of the higher salaries in Poland. On the other hand most of the Ukrainians working in Poland are illegal workers; therefore they do not commute daily. Most of Ukrainian temporary immigrants work in agriculture and constructions taking up odd jobs or seasonal work, however, because they work illegally, it is difficult to define the scale of the phenomenon with any precision.

One of the measure and indicator of the social interactions between two regions may be the flows of persons through the border. This has fluctuated with the trials and tribulations of Ukrainian transformation, Russian economic crisis and the effects of Polish membership in the EU. Since 2000 new characteristics have appeared in border traffic – the number of Poles travelling to Ukraine considerably increased. On the one hand, this was a result of an accelerated economic growth and introduction of reforms in Ukraine, which improved both the country's image and the climate for conducting business activity⁴⁷, and on the other hand – an increased interest of Polish tourists in travels and trips to places connected with the history of Poland or making use of cheaper recreation and rehabilitation in Ukrainian spas, e.g. Truskawiec. In 2003 the share of Polish citizens crossing the Polish-Ukrainian border reached a level of 28.5%, in the first half of the 2005 almost 50%. In addition, The majority of travellers crossing the border between Poland and Ukraine are residents living within an area situated at a distance of not more than 100 km from the border.

There is a dominating opinion that people living in the neighbourhood should get to know one another. It is the best way to put aside any stereotypes, prejudices and inhibitions. It is particularly important in case of young people whose memory and experience are not burdened with painful events from the common past. A deeper involvement of youth, cultural organisations, particularly from smaller towns should certainly contribute towards getting to know each other. Apart from that, an idea to improve cooperation between higher education institutions also appeared on the Polish side. It would result in bigger youth exchange programmes and joint implementation of research projects and studies by scientists from Poland and Ukraine. Church and church organisations could also contribute towards getting to know the culture and customs of inhabitants from the neighbouring region. Churches are an important institution in an every day life both for Poles and Ukrainians, being the symbol of permanent values and especially the Greek Orthodox Church is the sign of "Ukrainism" for inhabitants of western Ukraine

⁴⁶ For example, in 2001 in Przemyśl, Ukrainians had a 25% share in the number of guests, generating only 15% turnover in this sector (Smętkowski 2001). In 2004, their share did not exceed 12%. The situation in the other surveyed cities was similar

⁴⁷ Up to 2004, Polish companies invested about USD 60 million in the Lviv oblast (339 Polish businesses altogether), thus becoming the key foreign investor in this area, with a 18,6% share in the invested foreign capital. The vast majority of these investments were started after 2000.

Perceptions and attitudes towards the border and the neighbours

Based on our survey results, the Polish-Ukrainian border appears to be perceived mainly as a barrier to social and economic interaction. This perception, however, is not so much related to visa requirements for Ukrainian citizens, but rather with the technical aspect of crossing the border – and especially with long queues at the border and inefficiency of the border guards on both sides. Interestingly enough, Ukrainians more frequently expressed a traditional opinion that the border should serve the purpose of demarcation and separating different state organisms. However, both parties would like the border to be “a genuine bridge linking both nations, facilitating an efficient economic and social cooperation”. Thus, while the border is seen as something that divides, this does not necessarily result in negative attitudes towards the border. Ukrainians emphasised the significance of the state border as a guarantee of security and sovereignty for various cultures, ethnic and social groups. Poles declared that the “border as a bridge” is an idea that should be developed, but unfortunately, impractical at the present time. It is nevertheless important to note that problems connected with crossing the border are seen to arise because of long waits rather than as a result of mental barriers or manifestations of “closure”.

The Poles and the Ukrainians perceive each other differently. The Ukrainians’ image of the Poles is better than the Poles’ image of Ukrainians. Poles take notice of and favourably assess the changes that have taken place in Ukraine since the 1990s. They highlight an “evolution” in the attitudes towards learning, in being open to innovations, to cooperation and to adaptation of certain western solutions into local companies. Nevertheless, differences are also experienced, e.g. greater Ukrainian attachment to centralised structures, both in government and business, attachment to excessive bureaucracy, arbitrariness in the interpretation of laws and regulations and a lack of a sense of urgency. Poles involved in economic cooperation still stress, although less frequently, that the cooperation is burdened with risks resulting from a lack of trust and different priorities of Polish and Ukrainian entrepreneurs.

There is a general opinion that average Ukrainians are similar to Poles, but with a lower standard of living. It is very important that in the eyes of Poles that their neighbours have a good attitude towards them and that Polish entrepreneurs operating in Ukraine stay satisfied with Ukrainian employees. On the other hand, according to Ukrainians, Poland is mainly a country of law and social order, where the authorities act for the benefit of the citizens and not against them, providing a social welfare system as well as favourable conditions for entrepreneurial activity. Poles themselves are perceived as active and entrepreneurial and the type of people one may learn a lot from. According to the Ukrainians, the following characteristics of the inhabitants of Eastern Poland ranked above the average: efficient, friendly and peace-oriented.

Poles and Ukrainians differ also in their perception of the main outcomes of cooperation. Representatives of Ukrainian authorities and institutions regard CBC as a process intended to familiarise citizens with the idea of a shared Europe, EU rules and mechanisms, and create an awareness of opportunities brought about by European integration. Therefore, apart from a purely economic aspect, cross border cooperation would be aimed to effect a change in the perception of the current meaning of the border – a dividing line, ensuring the sovereignty of the state – to a line connecting areas on both sides of the border. Representatives of Polish authorities and institutions do not consider this particular issue as very important and look at cross border cooperation in practical terms rather than in terms of economic gains.

Despite a common history, cultural affinities, similar languages and a general awareness of these similarities, it is difficult to talk about a feeling of identification with the cross border region. This type of order transcending idea does not exist in the consciousness of the inhabitants, neither on the Polish nor on the Ukrainian side of the border. It may be connected with the fact that after the Second World War many persons were displaced from this region, and new inhabitants were brought to replace them. The notion of Galicia, however, is to some extent present in Poles' and Ukrainians' consciousness of a region of identification.

Institutional initiatives of cross-border co-operation

Local government institutions on the Polish side of the cross border region were the first ones to become involved in the establishment of cross-border contacts. Initially, these contacts were of a symbolic nature (which is still true in some cases) and were limited to signing bilateral partnership agreements and courtesy visits. Despite their superficial character, such activity of local governments facilitated establishment and development of cooperation by other local and community institutions. Currently, at the Polish side of the border (and significantly more so than on the Ukrainian side), institutions, which are not connected with local authorities, are regarded as active actors in such cooperation. It should be stressed, however, that the activity of the Euroregions does not have a broad regional audience. The operation of the Carpathian Euroregion in the southern part of the cross border region is definitely less noticeable – very many people have never heard about it. The activity of the second of the two Euroregions at the Polish-Ukrainian border – Euroregion Bug - is more favourably viewed. Critical opinions about the involvement of the Euroregions, institutions which by definition should actively promote and develop cross border cooperation can be mainly explained by the few supports they receive from the European Union and lack of funds for their statutory activities. The situation slightly changed in 1998, when the Phare Small Projects Fund (SPF) was launched, creating possibilities for the co-financing of euroregional initiatives. EU funds allocated to this border are very small, however, and allowed to co-finance only a dozen or so joint small euroregional projects (Krok 2004).

In the case of a definite majority of cross border ventures, the situation varies: in the northern part of the Polish border region (the former Lublin Voivodship), the local representatives were not able to indicate any completed project and/or claimed that no joint activities were implemented or went beyond planning stages due to a shortage of funds or programmes which would provide a framework for such actions. The situation in the Podkarpackie Voivodship and on the Ukrainian side of the border is more favourable; there, some successful joint activities were listed.

Cooperation projects that were identified projects were almost exclusively of a "soft nature" and referred, first of all, to tourism, culture, environmental protection, media, history and research and education. Both limited funding and centralised decision-making procedures are named as reasons for a lack of large-scale projects. Still, local events and festivals addressed to the people from the region have brought about some positive effects such as a chance of getting to know the neighbours, their lives, customs and problems. Thanks in part to these activities, local people, especially those living on the Polish side of the border, have begun to change their attitudes towards their neighbours. More frequent contacts have seen to have increased a sense of security and contributed to the decline of negative stereotypes and mutual resentment, especially in the border region itself.

The role of the European Union in the formation of cross border interactions appears significant to the extent that in order to obtain funds it is necessary to find a partner from the other side of the border, but this concerns mainly small Euroregion projects. For more substantial business cooperation projects the EU is not seen as playing an important role. Despite an absence of EU support and inspiration for business activities, entrepreneurs on both sides of the border expected a positive impact of Poland's accession to the European Union on the cross border trade, mainly as a result of increased institutional, infrastructure and legal standards. National authorities are also seen not to be eager to give much stimulating support for the cross border cooperation. Nevertheless, the conditions of cooperation shaped by contacts at the highest level have been very good. Poland and Ukraine recognise each other as a strategic partners. The attitude has been reinforced after the Orange Revolution. It does not translate, however, into any specific instruments promoting cross border cooperation.

Activities of a cross border nature have resulted mainly through the articulation of local and regional needs. Therefore, cooperation initiatives have been undertaken mainly at this level. Cultural contacts were the liveliest due to friendly relationships of the local authorities (numerous twin cities). It should be emphasised, however, that local actors on the Ukrainian side, despite the fact they are the most interested in undertaking joint activities, do not have the kind of possibilities that Polish partners do. The system of administration in Ukraine is more centralised and initiation of cross border activities requires the consent and approval of the state regional administration. There is a general observation, however, that the aim of the authorities at all levels on both sides of the border is not to transform the EU border into a new "golden curtain" but to create a bridge for partnership and cooperation.

Polish representatives of local authorities and community institutions regarded private entrepreneurs as the most active group in cooperation with Ukrainian partners. However, those entrepreneurs surveyed very seldom indicated that they had used instruments fostering trade cooperation between Poland and Ukraine. It can be assumed that there was a negative correlation between market opportunities in the two countries and the availability of the applied instruments intended to support Polish-Ukrainian cooperation. The fundamental question is to what extent the small scale of trade exchange was a result of the lack of economic profitability and/or other negative external factors.

The development of the existing cross border cooperation has been somewhat chaotic, spontaneous and lacked proper planning. The people involved in it have had no ready-made models to follow and have been learning from their own mistakes; they use their personal contacts and networks when something has to be done. Apart from that, many other factors have had an impact on the present situation, such as absence of policy and programmes focusing on the border areas in both countries, lack of efficient institutions concerned with cross border issues, which was indirectly caused by Poland's focussing on issues relating to European integration and its need to adapt to EU requirements.

Conclusions

The most successful examples of CBC have developed in the area of culture and tourism as these do not have large funding requirements. Nevertheless, the number of joint projects is still relatively low, and interest in these projects is often greater among their initiators and persons responsible for implementation than among local citizens, although there are a few exceptions to this rule. Crucially, local authorities usually lack a strategy for using EU CBC funds. Instead, Polish local and regional governments more willingly use other structural funds. Moreover, the cooperation of local and regional bodies is often too formally structured and does not translate into specific projects. An earlier lack of cooperation and development strategies makes it impossible to identify development priorities of the border region. Some activities are taken on an ad hoc basis to prevent current threats or to solve a specific issue.

Opinions concerning the institutions established to support and promote cross border cooperation are very diverse. The activities of the oldest ones, the Carpathian and Bug Euroregions, are hardly noticed by both entrepreneurs and inhabitants. To a large extent, their operations in the 90s were of a formal nature, since the Euroregions did not have significant financial resources at their disposal. The situation has been slowly changing since 1999 when the Euroregions were given access to funds for implementation of the so-called Small Euroregion Projects. Negative opinions indicate a weak involvement and an insignificant role of the Euroregions in the initiation, implementation and coordination of the cooperation. This is the effect of their extremely large geographical coverage. Therefore, alternative ideas to create smaller Euroregions are emerging. The new regions might be better tailored to the local needs, while the local actors, including first of all local self-governments, could get more involved.

In general, the opening of the Polish-Ukrainian border and the emerging regional/local cooperation between the two states has contributed to a change in the attitudes of both nations towards each other. In the 90s, there were conflicts between the Polish and Ukrainian nations. The disputes have been addressed and the conflicts resolved. The orange revolution where Poles provided a strong support for Ukrainians has been very helpful in overcoming the existing stereotypes. At present, there are no significant conflicts and both parties declare their full openness and willingness to co-operate. Generally, the perception of the Ukrainians by the Poles has been quickly changing for the better. The Poles keep noticing that the Ukrainians are willing to cooperate and are ready to adopt Polish experience. On the other hand, the Ukrainians have a very good opinion about the Poles and consider them to be modern, active and entrepreneurial people from whom there is a lot to learn.

The main outcome of the cross border cooperation is the improvement of mental attitudes with regard to the “other”. This is largely due to personal contacts and tourism. Other spheres of the cooperation are still relatively weak. This is a result of a number of factors, mainly the fact that the cross border region is weakly developed in terms its economy in comparison to other regions of both countries and has no significant potential. Therefore, the priority for local and regional authorities on both sides of the border is to solve current social and economic issues. Nevertheless, the benefits are noticed by both parties. The Ukrainians believe that thanks to the cooperation they will be able to acquire more information about of the European Union mechanisms, and at the same time the cooperation has changed their attitude towards the EU, has helped them to acquire experience, technologies, know-how, etc. The Poles, however, mainly highlight the importance of financial profits coming from the business exchange.

People in the cross border region have not developed a sense of belonging to the area. This may be caused by a number of factors: first of all, there were massive displacements of people on both sides of the border and persons living on the two sides have not had frequent contacts. On both sides of the border, national and local identities are deeply entrenched. It is particularly understandable in the case of the Ukrainians who gained their statehood as late as in 1991. However, the issue of the sense of belonging to Europe and of European identity appears to be a different matter. For the Ukrainians, CBC is a means to move closer to the European Union and a help in building the European consciousness. The Ukrainians consider the cross border cooperation to be a lesson in rules and mechanisms applicable in the EU, which, in the longer run, could change their own attitudes. For the Poles from eastern parts of Poland, EU accession signified a process of learning how to benefit from EU programmes, particularly from those dedicated to cross border cooperation. It definitely had an impact on an increased sense of belonging to the European Union and a stronger support for the idea of the European Community.

4.3.4 Romanian-Moldovan Case Study

Background

Historical-geopolitical context

Today's Romanian-Moldovan borderland once belonged to the same state, the Moldovan Principality that existed between 1389 and 1812. After the Russian-Turkish War of 1806-1812 the eastern part of the Moldovan Principality situated between the Prut and Dniestr rivers became part of the Russian Empire (Bessarabia) while, territories west of the river Prut became a part of the Kingdom of Romania. Only in 1918, after the Revolution in Russia, was Bessarabia incorporated into the Romanian state where it remained until the 1940 Molotov-Ribbentrop Pact (Chinn 1997). From 1940 to 1991, Moldova was part of the Soviet Union.

Whereas the Romanian part of the border region was always a part of Romania, cultural policies of both Russian Empire and the USSR considerably affected the identity of the Moldovan population and it grew more and more apart from the ethnic kin group across the Prut River. While the categorical differentiation between the Romanian and Moldovan peoples seems far-fetched, it should be noted that the Russian/Soviet influences may have contributed to the creation of somewhat different traditions, different usages of the language and different identities. The Moldovan nation is thus believed to be a distinct historical nation that emerged from a cultural inter-mix of the two groups: the Romanised indigenous tribes in the region between the rivers Prut and Dniestr, and the Slavs.

Contemporary ideas of "Moldovianness" began to dominate Moldovan political discourse in 1994 after the initial pro-Romanian national awakening in the late 1980s and early 1990s. While the majority of the population seems to embrace the idea of Moldova's independence and nationhood, there are still certain groups who support "pan-Romanianism". Because of the strong influence of the educational and cultural elites on the socialisation of the future generations as well as because of the high level of informal connection between Moldova and Romania, the cultural affinity between the two states is likely to persist behind the dominant rhetoric of the current Moldovan political leaders.⁴⁸

Political relations between Romania and Moldova have had ups and downs since Moldovan independence in 1991. Then Moldovan Parliament condemned the Soviet annexation of Moldova in 1940 but also declared adherence to the principles of the Paris Charter for a New Europe and of the Final Act of Helsinki. The main principle of these two documents is to preserve the stability of borders, on the basis of which Moldova has not attempted to modify the ex-USSR-Romanian border.⁴⁹ On the other hand, the question of Moldova's possible reunification with Romania figured prominently on the political agenda in Chisinau until 1994: the Popular Front and its successor, the current Christian-Democratic Party, view Moldova and the Moldovan people as simply part of Romania and Romanian culture, illegally annexed by the Soviet Union in 1940 and artificially created as a separate nation by means of Soviet propaganda in order to justify its territorial claims (King 2003). The rhetoric of "special relations" between Romania and Moldova and of the "two Romanian states" was

⁴⁸ See Chinn (ibid); King, Ch. (2003) "Marking Time in the Middle Ground: Contested Identities and Moldovan Foreign Policy", in *Journal of Communist Studies and Transition Politics*, Vol. 19, Issue 3, p. 66.

⁴⁹ See Revenco, E. (2002) "Juridical Aspects of Border Organisation", in *New Borders in South Eastern Europe: The Republic of Moldova, Ukraine, Romania*, (Eds.) A. Barbarosie and V. Gheorghiu, Institute of Public Policy, pp. 101-110.

widely used in the political circles on both sides of the border to foster the re-unification of the two countries (Tomescu-Hatto 2004).

In 1994, Moldovan President Snegur re-installed the official line on Moldovan history, largely similar to the former Soviet interpretation, declaring that Moldova would remain an independent state and that the re-unification with Romania was no longer on the political agenda, which Romania perceived as a legitimisation of the Molotov-Ribentrop pact.⁵⁰ ‘The Treaty of Fraternity and Integration’ between Romania and Moldova initiated in 1992 was therefore left in standstill. Here, Moldova wished for a simple bilateral treaty assuring the inviolability of the common border, while Romania stressed the “special” nature of the treaty between the two kin states with the idea of “the same culture and common language”.⁵¹ Bilateral relations were negatively affected after the Communist party gained a majority in the Moldovan Parliament. Despite the mass demonstrations Voronin implemented cultural and linguistic policies propagating a distinct Moldovan identity in 2002, which became the biggest obstacle to signing the basic treaty with Romania. Another issue to cause tensions in bilateral relations is the nature of border-crossing regime. Since the beginning of 1991, Moldovan citizens have been allowed to travel to Romania with their ID cards or the old Soviet passports (Gheorghiu 2002) however, under the pressure of the EU accession conditions, Romania had to change the previous border-crossing practice, according to which the international passport became a traveller’s necessity.⁵²

Due to Romania’s accession to the EU in 2007, Schengen visas will be introduced between Moldova and Romania, which is expected to have a severe impact on the border areas of the two countries, linked through multiple kinship ties, since the people in the border regions would have to travel to the consulates that would be located in the capital and deal with the relatively high costs and more complicated procedures for the Schengen visa.⁵³ In the anticipation of these changes, many Moldavians are applying for the Romanian citizenship, similarly to many representatives of the Russian-speaking minority in Estonia, who opt for the Russian citizenship in order to cross the border easier. Unlike Estonia, however, Moldova allows for dual citizenship in accordance with the change of the Constitution in 2000, and since the change was introduced approximately 300,000 Moldavians have applied for the Romanian citizenship (Haukkala and Moshes 2004). This creates a unique situation on the EU external borders, where a large number of people from a non-EU country would be allowed to move and eventually work freely in the EU after Romania’s accession and joining the Schengen zone.

Administrative aspects

Regional level authorities in Moldova have limited competencies when it comes to addressing the issues of cross-border cooperation. Moreover, the local government reforms carried out in 2003, reduced the powers of the local governments even more, curbing their financial autonomy and reorganising the territorial units, replacing 10 entities (*judets*) with 31 smaller territorial districts (*rayons*).⁵⁴ The administrative reform has led to the temporary slow-down

⁵⁰ Ibid. p. 22.

⁵¹ Ibid. p.23

⁵² This measure has served as a restriction of the border traffic largely due to the relatively high cost of the international passport (approximately USD 30) for the local population, which almost equalled the average monthly salary in the Moldovan border regions in 2001 (USD 35 in Balti county and USD 27.6 in Edinet county); also, see Skvortova, A. The regional Profile, www.exlinea.org, for more details

⁵³ See, for example, Gheorghiu.(ibid, p. 93).

⁵⁴ Commission of the European Communities (2004) Commission Staff Working Paper, “European Neighbourhood Policy, Country Report: Moldova”, {COM(2004)373 final}, Brussels, xxx SEC(2004) 567, p. 6.

in the activities of the Euroregion Upper Prut on the Moldovan side, as instead of the two *judets* – Edinet and Balti – the Moldovan members of the Euroregion now included 6 smaller districts: Briceni, Glodeni, Edinet, Falesti, Riscani and Ocnita.

Romania on the contrary has shown a tendency to decentralisation and the growing powers of the regional and local levels. Similarly to Moldova, Romania has a two-tier administrative system: the regional, or county, level represented by *judets*, and the local level represented by communes, towns and municipalities. According to the Romanian Constitution (Articles 120 and 121), underlying the principles of decentralisation, local and county councils are publicly elected, and the local councils represent autonomous local structures responsible for solving public affairs at the local level, while the county level coordinates the activities of the local councils ensuring public services at the county level.⁵⁵ The relationship between the local and county levels is not subordinate but cooperative in character. However, there still remains a presence of the state in the form of the county prefect, who is appointed by the central government and can challenge any document issued by the county or local council if they are deemed illegal.⁵⁶ The county level can thus be characterised as a combination of self-government and devolved state administration, where the county council has slightly more powers than the prefect.⁵⁷

On the basis of the interstate agreements, the regional authorities (Botosani and Suceava *judets* of Romania, Balti and Edinet *judets* of Moldova, and Chernivitsi region of Ukraine) signed the agreement on the creation of the Euroregion Upper Prut (Botosani, September 2000) and the Statute of ‘Upper Prut’ Euroregion, authorised by the decision of the Council of the Euroregion (Edinet, November 2000). Gakman explains the centralised mode of the establishment of the Euroregion by the fact that neither the respective administrative-territorial units nor the Euroregion per se are the subjects of international law, and therefore, a certain degree of paternalism on the part of the central authorities provides the necessary legal basis for the Euroregion as well as allows to render its activities more efficient.⁵⁸ The Euroregional activities can be thus considered as a component of the interstate relations between Romania and Moldova, where the projects of all documents and agreements need to be approved and co-signed by the central authorities.

In case of Romanian-Moldovan cross-border cooperation, the Euroregional cooperation boasts the highest level of institutionalisation (Gakman 2000). Upper Prut Euroregion is about 29 thousand square kilometres large with the population of 2,9 million.⁵⁹ The main towns are situated at 40-50 kilometres from the border. The administrative units composing the region have similar status within their countries, which significantly limits their competencies and powers in addressing the local problems and the issues of cross-border cooperation.

⁵⁵ Committee of the Regions (2002) A Europe of Regions and Cities: Strategies and Prospects for EU Enlargement (Part II on Bulgaria, Latvia, Lithuania, Malta, Romania, Slovakia and Turkey), European Communities, p. 174.

⁵⁶ Ibid.

⁵⁷ According to the Romanian Act on Local Public Administration (215/2001), p. 180.

⁵⁸ Ibid. p. 4.

⁵⁹ See Skvortova, Alla (2003). Romania-Moldova Border Region, see www.exlinea.org

Border regime and cooperation experiences since 1991

As for European level institutions, cross-border cooperation is supported through different instruments: PHARE CBC on the Romanian side and TACIS CBC on the Moldovan side. In the context of the EU Neighbourhood Policy the two programmes are to be harmonised both when it comes to funding and the application processes. The CBC (cross-border cooperation) Neighbourhood Programme between Romania and Moldova for the period 2004-2006 has as its goal “to achieve the sustainable socio-economic development of the eligible area in Romania and Moldova by developing the principle of cross-border cooperation”.⁶⁰ The Programme has the total budget of for 2004 is 5 mill Euro of PHARE funds, and foresees the setting-up of the necessary institutions on the Romanian side, which in the advent of Romania’s accession to the EU, already mirror those of INTERREG in the EU countries: the Joint Co-operation Committee, Joint Steering Committee, and Joint Technical Secretariat, representing the local, regional and national authorities, NGOs, Chambers of Commerce, etc. from both Romania and Moldova as well as the representatives the European Commission. Both sides are supposed to contribute to the joint annual progress reports for PHARE CBC and TACIS activities.

Among the ongoing cross-border cooperation projects contracted in 2002 based on SPF, several could be named: Upper Prut – a new tourist market offer for Moldova and Romania, Setting-up of Lower Prut Euroregion information network, Restoration and maintenance of Manta lakes ecosystem and Sustainable regional development through creation of the an agency for cross-border cooperation. One of the largest CBC projects on the territory of the Euroregion Upper-Prut has been the development of the ecological database in the national reserve Emil Racovita, which has been completed. Altogether in Moldova, there have been four projects (ongoing or completed) under TACIS CBC since 2000 and twenty projects under TACIS Small Project Facility since 2001. Each of the SPF projects has a budget below 200,000 EUR while TACIS CBC allows for much more substantial support (e.g. the budget for the building of the Radauti-Lipcani Border Crossing and Approach Road is 2,863,000 EUR). Most of the projects concern the environmental protection and the development of the economic relations across the border. Since TACIS CBC SPF has been the major source of support for cross-border cooperation in Moldova, it seems obvious that SPF should be increased significantly, especially since the PHARE CBC funds in the framework of the New Neighbourhood Program would be a lot higher.

Esanu points out a number of institutional obstacles to cross-border cooperation in Moldova, which include the absence of governmental structures that would promote the regional policy and support Euroregional activities; the absence of regional development strategies; the small economic potential and political weakness of the recently created territorial-administrative units; as well as their small access to external funding (Esanu 2002). As a result, there has been little progress in developing the Euroregion. The exact competencies of the Euroregion are not defined yet and the common interests of its members are not formulated. The main prerequisite for the effective functioning of the Euroregion is the establishment of relevant functional structures and defining of the authorities being delegated to the Euroregion by the participating Governments.

⁶⁰ See Annex C3: RO-Phare 2004/016-940 CBC Neighbourhood Programme between Romania and Moldova, www.infoeuropa.ro

Empirical findings

Economic cooperation

The present state of economic relations between Romania and Moldova according to statistical data can only be described as stagnant, where Moldova appears to be on the losing side. The trade balance between the two countries is negative for Moldova, and there are abundant trade barriers imposed on the Moldovan agricultural goods. While the Moldovan border regions under study are among Moldova's first regions by the amount of industrial output, it is their agriculture that brings losses.⁶¹ Economic cross-border interaction thus could potentially develop first of all in agricultural sector. Since on the Moldovan side of the border, the average wage in 2001 was only around 30 USD,⁶² it is understandable that the Moldovan farmers look in hope towards the Romanian larger market with higher purchasing power. When asked about possible impact of increasing Moldovan exports to Romania, the Romanian side also appears not to mind. Furthermore, the respondents on the Romanian side also welcomed the increase in the number of Moldovan immigrants working in the local Romanian economy.

However, both sides have assessed the exports and imports relations with other countries to be better developed than between Moldova and Romania. Romania has oriented its economy towards the EU, while for Moldova main trading partners remain the CIS. Most of the interviewed cross-border actors on the Moldovan side realise that the relations with the CIS and especially Russia should not be broken off, as now they constitute an important market for Moldova's predominantly agricultural products as well as the suppliers of energy. However, at the same time people believe almost unanimously that their future also lies in Europe, where Romania is seen as an important collaborator. Romania is expected to help Moldova to integrate to the EU because of the historical-cultural links between the countries. However, several Moldovan interviewees expressed scepticism regarding Romanian commitments to providing assistance along these lines.

People on the Moldovan side in general believe that it is their region that will benefit more from increasing CBC, and they are also much more optimistic as for the size of benefits than their counterparts on the Romanian side. Moldova is expected to benefit from the increasing exports to Romanian markets and from gaining access to other European companies. However, in the case of Moldova and Romania, politics, and especially the hostility of the Moldovan Government towards Romania, definitely stands in the way of economic cooperation. When asked about three main national problems or about the Moldovan foreign policy, a majority of Moldovan businessmen referred to the poor interstate relations between Moldova and Romania. While the Moldovan Government has recently underlined Moldova's desire to be a part of Europe without breaking off economic ties to the CIS, many of our interviewees considered such policies either "two-faced" or poorly defined.

Interviewees on both sides stated that in order to booster economic and social interaction across the border, a more favourable border-crossing and free trade regime should be created in the Euroregion Upper Prut. Trade conditions between the two countries remain the most serious obstacles to CBC, where both sides especially criticise the quotas and tariffs imposed on exports, and bureaucratic procedures in both exports and imports.

⁶¹ Anuarul Statistic Republicii Moldova. 2002. Chisinau: Departamentul Statistica si sociologie, 2002. P. 277, 279, 313.

⁶² Anuarul Statistic Republicii Moldova. 2002. Chisinau: Departamentul Statistica si sociologie, 2002. P. 111.

Migration and social aspects of cooperation

Judging from our respondents' perceptions, migration between the Romanian and Moldovan border regions is almost non-existent. The emigration of the Moldovan population to more distant regions in Romania, and more so to other countries, appear much higher. In Moldova, emigration to other countries in search for a better life has been named as one of the main national problems. As a farm owner in the Glodeni district has explained, there persists a feeling of being "closed, isolated, with practically no other option but to leave". When it comes to our respondents' evaluations of labour commuting, here, the one-day trade activities are by far the most common reason to cross the border. It is the Moldovan farmers who engage in petty trade most often, as for them the nearby Romanian markets provide an important and often the main source of income.

According to our questionnaires, the majority of respondents on both sides have crossed the Moldovan-Romanian border at least once. As for the intensity of border crossings, the Moldovan respondents cross the border either "very frequently", or "rarely"; the majority of Romanian respondents cross the border "frequently". Moldovans mostly visit the nearby cities and regions, while Romanians visit the capital of Moldova, Chisinau. For Moldovans, as a businessman from Glodeni explained, the restrictions on border crossings have led to the more pragmatic reasons to cross the border, primarily business oriented. Romanians on the contrary support social interaction across the border on cultural grounds.⁶³

During in-depth interviews, the people on both sides expressed their apprehension about the introduction of the visa regime that will be established between Romania and Moldova once Romania joins the EU. There is a prevailing fear on the Moldovan side that the country will be isolated from Romania and from Europe. According to various cross-border actors, in the framework of the Euroregion, the officials who are actively involved in cross-border cooperation have managed to attain special permits facilitating their travel across the border. In the light of the future visa restrictions, many officials expressed a desire to establish a simplified border-crossing regime for the people living in the Euroregion, where visas would be issued for free. On the whole, most Romanian interviewees had a very negative assessment of the future visa regime mostly due to the cultural reasons, but realised that it is the condition they have to accept if they wish to join the EU. Romanians in general support the continuation of the "special relations" with Moldova, saying that it is Moldova's eastern borders that should be strengthened, but not the border between Moldova and Romania.

Perceptions and attitudes towards the border and the neighbours

The border regions of Moldova and Romania constituting the territory of the Euroregion 'Upper Prut' used to be part of historical 'Moldova', and therefore, share the same history, culture and traditions. Despite the years of separation, with Moldova being a part of the Soviet Union, there is still a sense of region, which is felt stronger on the Moldovan side of the border. On the Romanian side, people do not distinguish this cross-border region from the rest of the country; to them Romanians and Moldovans constitute the same nation, where regional distinctions are less important. CBC may have simply contributed to the strengthening, or 'reactivating', of these perceptions, having brought a European regional dimension into the

⁶³ To quote from interviews with a director of a company, Suceava county and a representative of Botosani County Council: "The social factor is most important – we are the same nation and it unites us and gets us closer to each other. There are many relatives on both banks of the Prut. We speak the same language and share the same cultural traditions."

discourse. To be noted, the vast majority of the Romanian and Moldovan interviewees were hopeful that in some time both Romania and Moldova would become the EU members.

Common culture and language are very strong incentives for cross-border cooperation in the Romanian-Moldovan cross-border region. However, perhaps because of such strong cultural links between the two regions and countries on the whole, the border *per se* is perceived as a severe and unnatural barrier, even after years of political separation. When asked about their perceptions of the border, most of the interviewees on both sides expressed negative feelings. Only a few entertain “European” notions of the border – “as a modern customs checkpoint, just a place through which one crosses the border although before it was associated with a barbed wire” (quoting a journalist from a local newspaper, Botosani). Most often the border is associated with “a wall that separates”, “sometimes only an imaginary line”, “a place with many soldiers where everybody has to stand upright, get out of buses and cars ... which hurts one’s dignity through attitude and behaviour”, “a hurdle track...with hindrances, fences, formal procedures”.

Images of the “other” confirm a strong basis for common identity among the people in the Romanian-Moldovan borderland, where Moldovans tend to view the people on the other side more positively than the Romanians do. The efficiency of cross-border cooperation on the local level appears to correlate most strongly with the perceptions of the ‘other’ as ‘having a positive attitude towards us’ and as ‘being a part of the European culture’. Where all other evaluations are above the neutral 4 on the scale from 1 to 7, two of them fall below 4. The latter demonstrate that Romanians perceive Moldovans as not so peaceful and as not having such a positive attitude towards Romanians, but at the same time as productive, honest or disciplined. Moldovans in their turn consider Romanians less honest, powerful or disciplined but rather friendly, peaceful, similar to Moldovans and belonging to European culture.

The in-depth interviews have confirmed that both sides of the border almost unanimously view each other as belonging to the same nation – with the common history, culture and language. However, many Romanian interviewees also view the people on the Moldovan side as having a slightly different mentality due to the prolonged Soviet influence. Thus, although being the same people, Moldavians are perceived to have developed minor differences in mentality or behaviour because of being isolated in a different political and social environment. The resulting differences in the Moldovan mentality and behaviour were said to be the fear of authorities, as “the partisans of the centralised system” and “the prisoners of the ideological system”.⁶⁴ Finally, the differences were also explained through a metaphor of a ‘poor relative’, or in other words, by the lower level of development and living conditions comparing with that in Romania.

On the Moldovan side, the interviewees view the people across the border as more developed, more cultured and more ordered. For example, the Moldovan businessmen from Glodeni district underline that the business culture is more developed in Romania, based on trust and the respect of law. Certain interviewees seemed to feel uncomfortable about the disparities in development between Moldova and Romania, and Romania’s tendency to prioritise its relations with the EU over its Eastern neighbour.⁶⁵ Similarly, a representative of the Glodeni

⁶⁴ From an interview with a representative of the Botosani municipality

⁶⁵ As a businessman in Moldova stated: “Now after you cross the border, you already feel uncomfortable, because a Moldovan is viewed as somebody who represents a barrier in their economic development. This separates us. Romanians are very interested in being accepted by the EU, and they are doing everything necessary for that, even if they have to give up some of their wishes or principles”.

district administration referred to a certain disloyalty of Romanians, for the sake of material profit.⁶⁶

To conclude, both our questionnaires and interviews have shown that people in the Romanian and Moldovan border regions perceive each other as belonging to the same nation – with similar traditions, language and culture. Only one person out of fifty interviewees, a representative of the Communist Party in Edinet district administration, considers himself a Moldovan, and not a Romanian. While Romanians believe that people across the border are honest and productive, they also think that the years under the Soviet indoctrination have changed Moldovans' mentality rendering them more passive and obedient to the ideological system and authority. While Moldovans in general have a rather friendly image of Romanians considering them very similar to Moldovans, they also think that Romanians could be more loyal and honest, referring to Romania's orientation towards the EU, while forgetting about its Eastern neighbour.

Institutional initiatives of cross-border cooperation

The role of **EU level policies** cannot be underestimated in the creation of opportunity structures for cross-border cooperation actors at the local and regional level. CBC largely relies on the EU financial support mechanisms such as TACIS CBC for Moldova and PHARE CBC/INTERREG for Romania, although several problems may be underlined. TACIS CBC SPF/NPF has been the major source of support for cross-border cooperation in Moldova, yet its funds should be increased significantly, in order to mirror INTERREG/PHARE funding across the border, especially since the PHARE CBC funds in the framework of the New Neighbourhood Program would be a lot higher. Furthermore, the management of the NPF is to be decentralised and well coordinated with the INTERREG and PHARE CBC counterparts.

As our questionnaires have shown, the existence of EU-level CBC policies correlates strongly with the success of cross-border cooperation. The Moldovan side assessed the lack of assistance from the European level as a more serious obstacle to CBC than the Romanian side. Therefore, one may say that Moldovan CBC actors rely mostly on the EU level policies to develop CBC, while Romanians consider CBC to be a matter of all levels of governance: national, regional and local. Moldovans have, however, assessed the implementation and efficiency of the EU level CBC policies more positively than Romanians and more positively than the implementation of the local, regional, and state CBC policies. One can hardly conclude that in Moldova the EU-level policies are more efficient than in Romania. Rather, CBC in Moldova remains mostly a 'European thing', where other levels of governance are less supportive. There is risk therefore that CBC would remain a rather 'alien' notion to the majority of local people, concerning only a few representatives of the regional authorities.

The Euroregion 'Upper Prut' has been mentioned by the CBC actors as the main institutional initiative for CBC. **It is mostly regional and to a lesser extent local level public administration that represent the main actors of cross-border cooperation.** However, as for the effects of its activities on the border communities, they are largely invisible to the public. At the same time, the Moldovan media have not published information about the Euroregion's activities since the summer of 2002, and public awareness of the opportunities it could provide is extremely low. Most of the authors mentioning the Euroregion point out the

⁶⁶ To quote: "Romanians are more cunning than we are, this could be seen even from the history. ...they go sometimes with ones, sometimes with others, only to be better off, and Moldavians are more trustful, naïve and more calm and open".

low level of efficiency, and even in the reports of the European Commission and the AEBR there is practically no information as to the results of the Euroregion's activities. So far, it seems, the activities of the Euroregion have evolved around the organisation of trilateral meetings of the local and regional representatives across the border. The issues discussed included the coordination in the field of environmental protection, facilitation of the small traffic in the border zones and searching for the opportunities to attract external funding.

The main goal of the Euroregion has been defined as the development of economic relations and trade across the border. However, the local and regional authorities, especially in Moldova, have few decision-making powers as regards customs regulations or the border-crossing regime, both central to the development of trade. The goals of the Euroregion appear too ambitious: this results in an almost complete standstill of Euroregion activities as decisions undertaken by the local/regional authorities across the border are not implemented. Thus, the Euroregion has not been successful realising its major goal – establishing more favourable economic conditions or a free trade zone on the territory of the Euroregion due to insufficient powers of the local and regional levels.

The Euroregion Upper Prut, has even been assessed as “non-participatory”: namely, both representatives of NGOs and Chambers of Commerce have criticised the lack of transparency and desire for cooperation on the part of the public administration. The poor coordination and collaboration between the public administration and the Chambers of Commerce might explain why cross-border cooperation has been focused predominantly on the cultural field, and not on the economic interaction. Yet, both business representatives and administration underline the priority of the development of economic cross-border relations, which would eventually lead to the establishment of the free trade zone in the Euroregion.

In the case of the Romanian-Moldovan cross-border cooperation, **the state level** remains crucial. The 2003 administrative reform in Moldova that divided the country into smaller districts, or rayons as used to be the case in the Soviet times, has contributed even more to the centralization of the country. In Moldova, the local/regional level is much less powerful – both politically and especially financially, where all initiatives have to be coordinated and approved by the central level. Romania on the contrary has shown a tendency to decentralisation and the growing powers of the regional and local levels. Unlike in Moldova, local interests are represented in the Romanian national Parliament, where the deputies are elected on the basis of electoral districts coinciding with 41 judets, as well as in the central government thanks to the associations such as the Federation of the Local Authorities founded in 2001. When it comes to cross-border cooperation, local and county administration authorities can and do cooperate with their counterparts across the border. Furthermore, the state level in Romania appears to encourage the development of cross-border cooperation and cooperates with the sub-national levels in the development of policy frameworks (e.g. the Good Neighbourhood Programme is developed in coordination between the Ministry of European Integration and the representatives of the County Councils involved in cross-border cooperation). Arguably, cross-border cooperation in Romania seems to be on its way to develop according to a multi-level governance model.

The state of political relations between the Governments of Moldova and Romania are seen as the most serious obstacle to CBC. The relations between the two countries have run hot and cold since the Republic of Moldova became independent in 1991. The major reasons behind this fact include the lack of the bilateral frontier treaty and the base political treaty between Moldova and Romania. Besides, Romania's future accession to the EU would imply the introduction of the Schengen visa between the two states and the strengthening of the border

control. In this context, the Moldovan communist government is usually blamed for its outright hostility towards Romania. The Romanian Government, on the other hand, is blamed for its lack of desire to develop cooperation with Moldova and focusing on developing ties with the EU.

Both Romanian and Moldovan respondents believe the lack of central level support to be an obstacle to CBC. Both sides have assessed the efficiency of the state level CBC policies slightly lower than that of the regional and local levels. While our research and in-depth interviews demonstrate that in Moldova, the central level provides more obstacles than support for CBC, the questionnaires indicate that Moldovans more than Romanians assess their Government as efficient in the implementation of CBC policies. This inconsistency between the results of questionnaires and interviews can be explained by the fact that Moldovans perhaps are too careful about giving negative evaluations to the work of their authorities.

In Moldova, **the regional level** is more active in the development of CBC than the local due to the lack of funding and few specialists at the local level. Besides, Moldovan interviewees underlined the primary importance of the central level: the local/regional level in Moldova is believed to come up with ideas and initiate projects, but is seen as powerless or inefficient when it comes to their implementation. In Moldova, however, the regions are much poorer than in Romania, and various officials have pointed out that fiscal autonomy from the centre might even be undesirable. The Romanian officials at the county level, however, consider the fiscal dependence of the Moldovan district administration on the central level as an obstacle to cross-border cooperation. On the Romanian side, many officials have noted that the regional level in Romania enjoys much more autonomy in its international and cross-border relations than their Moldovan counterparts, who need the approval of the central authorities about the cross-border initiatives.

According to a representative of the Botosani County Council, the counties in Romania are also active members of a number of international bodies, for instance, the Association of the European Border Regions, which helps them to 'establish and maintain contacts with other regions in Europe, as well as to provide and receive information and expertise'. This seems not to be a case in Moldova where NGOs, Chambers of Commerce and other local actors are not involved in CBC and do not have the access to information about the ongoing projects and their results. In the view of local actors, the European Commission should elaborate more projects on information and education of population, and the projects should be more publicised. Partly, the poor involvement of the NGOs in cross-border cooperation may be explained by their own inactivity and partly by the limited opportunity structure.

Administrative reform in Moldova in 2003 has contributed to the slow-down of Euroregional activities. In the light of this reform, the competitive nature of relations between the district authorities in Moldova has become evident. Following administrative reforms, the Moldovan side has failed to come up with two representatives of the six new districts, either out of lack of agreement between the regional authorities or lack of motivation for CBC. The institutional inefficiency of the Euroregion Upper-Prut is also explained by a lack of funds for building up institutional structures as well as by a lack of specialists and information. Similarly to the Euroregion Pskov-Livonia on the Estonian-Russian border, public servants must engage in cross-border cooperation on a more or less voluntary basis and in addition to pressing everyday concerns. It certainly is reflected in the lower number of project proposals as well as in their quality. Cooperation with NGOs, who often have expertise when it comes to project writing, is hindered by the lack of funds for the administrative costs of the Euroregions. In

Moldova, the situation with specialists is considerably worse than in Romania; most of the interviewees point out that Romanians are more experienced in project writing and hope to learn from them through cross-border cooperation. Therefore, especially in case of the Euroregions on the EU external borders, where often regions lack the funding and specialists, the EU should provide financial support for setting up administrative mechanisms for CBC institutions.

Conclusions

To conclude, local and regional level CBC initiatives in the Romanian-Moldovan cross-border region are rather limited due to a number of obstacles. The Euroregion has been the only institutionalised form of CBC in the region, yet, either its goals should be redefined, or the powers of the local and regional level should be significantly increased, especially so in Moldova. Otherwise, such initiatives as the reduction of local taxes in the Euroregion are simply put on the shelf. While in Romania, the central government appears to encourage CBC and the regional level is financially and politically sufficiently independent, in Moldova, the regions lack financial capacity to engage in CBC. On top of that, the hostility of the Moldovan Government to Romania does not provide a favourable context for CBC. Furthermore, the Euroregion “Upper Prut” lacks funds for developing its administrative capacity and for attracting specialists who could consult and inform people about existing opportunities as well as prepare and carry out CBC projects.

The interviews demonstrate that CBC largely depends on the existing EU support mechanisms and programmes for the development of CBC relations. The main problems with the efficient implementation of these programmes involve the centralised mode of the management of TACIS CBC and PHARE CBC programmes, cold interstate relations between Romania and the Republic of Moldova, poor access to information about existing possibilities for the local/regional actors, and poor involvement of the local interest groups (NGOs, business) in CBC. CBC actors have assessed CBC as inefficient as existing opportunities are not being used to the maximum extent. Among the general obstacles to cross-border cooperation interviewees have most often mentioned: cold political relations between the two countries, red tape connected to project implementation, as well as customs barriers and problems of border-crossing. The representatives of the regional administration and certain NGOs are most apt to use the EU rhetoric and the EU logic to initiate various CBC projects, while the business sector appears rather sceptical as for attempts of the public authorities to animate CBC. What is important for businesses is the creation of the favourable conditions at the border crossing, the elimination of corruption on the Romanian-Moldovan border, the reduction of taxes and the access to the information about the market conditions and firms on both sides of the border.

CBC has been most efficient in the spheres of culture, combating organised crime and promoting environmental protection. The representatives of business interests assess economic interaction as highly insufficient due to unfavourable trade conditions, emphasising the need for free trade zone in the Euroregion ‘Upper Prut’. When it comes to CBC in culture and education, the interviewees evaluate it in positive terms, praising the local and regional public authorities for initiating multiple CBC projects.

It is too early to judge whether and how CBC has contributed to region building or Europeanisation of the neighbourhood, since CBC, with the use of the EU supporting funds, is still a rather recent phenomenon. However, through a number of the few ongoing projects (e.g. in environmental protection, or the reconstruction of a historical bridge) potential CBC actors commence to realise the existing opportunities provided by the EU programmes (TACIS and PHARE CBC). Finally, common historical-cultural identity in the Romanian-Moldovan border region is a very strong incentive for CBC. Both sides perceive each other as one nation, with the same culture, history and language, despite of the political-administrative division and existence of “two Romanian states”.

4.3.5 Hungarian-Romanian/Ukrainian Case Studies

Background

Historical-geopolitical context

The present Hungarian–Romanian and Hungarian-Ukraine borderlands are of relatively recent geopolitical creation, resulting from the peace treaty signed in the Grande Trianon Palace of Versailles on 4 June 1920. As much as 103 thousand square kilometres of territory and a population of 3.5 million population (about half of whom declared themselves Hungarians) were transferred from Hungary to Romania and the future Ukraine. This situation inevitably led to debates and assumed or real ethnic conflicts, the mutual lack of trust caught hold in the thinking of the two nations (mostly of the leading elite). The dominant principle behind the designation of the border was the principle of “reorganisation”, which aimed at the creation of viable successor states by the acquisition of the necessary macro-infrastructure, above all the transportation system and key railway networks. The result was a distorted spatial structure on both sides, and in Hungary a truncated urban network, peripheral in both the economic and structural sense, was born. These territories had always been a socio-economic periphery within the historical Hungary, as border regions they have evolved into “peripheries of the periphery”.

Transcarpathia county on the Ukrainian side of the Hungarian–Ukrainian border region is situated in the southwestern part of the Ukraine. It has a territory of 12 800 square kilometres. Transcarpathia in the present sense became a reality only in 1944, when during Soviet occupation a part of the territory was separated from Ung, Bereg, Ugocsa and Máramaros counties, and this territory was named Zakarpatskaya Ukraina, a year later Trans-Carpathian Territory. One must mention, however, that the same area also belonged to Czechoslovakia after World War I, under the name Podkarpastka Rus, as determined by the Treaty of Trianon.

Administrative aspects

Official cross-border relations in the Hungarian-Romanian border region are complicated by the fact that while in Hungary micro-regions compatible with NUTS IV level structures have been created, in Romania there is no formal counterpart at this level. CBC is made difficult not only by administrative mismatches, but also by a lack of clarity in the designation of public agency resources and responsibilities. This comes from the fact that in both countries the system of regional development is still evolving. In Romania, for example, financial and institutional frameworks were completely reformed in 2001. A new ministry was created, local governments were given new responsibilities, and co-ordinating authority was delegated to prefects, local representatives of the central government.

Formerly centralised (and very much “top-down”) decision-making powers have undergone a process of decentralisation in Hungary. Local self-government, especially at the municipal level, was given a significant policy role. This process has begun in the Ukraine as well but public administration there is still strongly concentrated and socio-economic transformation has progressed slowly. The acts and decrees concerning the self-governments have been changed and amended many times in the Ukraine. In July 1995, the county and local administration was centralised, by which the municipal and county government rights were taken over by the state administration.

The development of crossborder relations is an important objective in both countries, but similar to the Hungarian-Romanian case it is made difficult by political-administrative

mismatches. While the municipal governments have broad self-governance rights in Hungary, in the Ukraine their independence is rather restricted. In the Ukraine the district level in public administration exists (there are 13 districts in the Transcarpathia), while in Hungary the micro-regions compatible with the NUTS IV level have been established. In both countries there are counties compatible with the NUTS III level, but while these are the highest sub-national administrative tiers in the Ukraine, in Hungary NUTS II level regions have already been established.

Border regime and cross-border interaction since 1989

During the 1950s, the Hungarian-Romanian border was basically closed, sometimes mined blockades were located along the borders of these two “friendly socialist countries”. The gradual easing of the political climate allowed bilateral border traffic (that is, border crossings for the citizens of the two countries) only after 1969, although with significant restrictions. Since 1989 the border has been re-opened to general crossborder traffic. In addition to agreements on border defence and border traffic, other interstate agreements directly influence progress in cross-border relations. The most important is the Hungarian–Romanian Treaty (Act No. XLIV. of 1997), which basically determine the frameworks of co-operation. The primary task of the inter-governmental special committees set up in accordance with the Treaty is to promote and supervise co-operation concerning “common issues” of cross-border significance affecting Hungary and Romania. The legal frameworks of border defence and border traffic have significantly changed due to the introduction of Schengen norms. However, as the Romanian citizens can travel without visa to the member states of the European Union since 2002, the main difficulty will be not the more strict legal regulations but the proof of the adequate financial means.

The Hungarian–Ukrainian border (formerly Hungarian–Czechoslovakian and Hungarian–Soviet border) has always been one of the most closed in Europe since it was designated in 1920. Following the division of Hungary after World War I, the relation between the successor states was rather hostile; the “wall” role was dominant. From 1944, this border section was the western gate of the Soviet Union, where the Soviets made their best not to allow Western culture to enter the Soviet Union. In socialist times an alarm system was constructed on the Ukrainian side of the border. It is still there, although it is no more in use.

Hungary was one of the first countries to recognise the sovereignty of the Ukraine, gained in 1991 – before the disintegration of the Soviet Union –, but the establishment of the good neighbourhood and trustful relations had already started before that, and the diplomatic relations were officially established on 3 December 1991. The Hungarian consulate in Kiev became an Embassy, and the Ukraine also opened its Embassy in Budapest on 26 March 1992. The Hungarian representative office opened in Uzhgorod on 8 August 1991 was given the chief consulate status on 2 June 1993. As one of the first steps in the establishment of the relations, the ministers of foreign affairs of Hungary and the Ukraine signed a declaration on 31 May 1991 on the protection of the rights of the minorities, followed later by the signing of border agreements.

Since 1991, border crossing formalities have been simplified, for both sides, but Hungary’s EU membership and the concomitant introduction of Schengen norms present a challenge. Hungarian citizens still can enter the Ukraine for a duration of 30 days without a visa. However, Ukrainians now face considerable financial and logistical constraints in applying for visas to the Schengen area.

Empirical findings

Economic cooperation

Although co-operation of an economic character has increased in the past few years, it is still the cultural, educational, training and youth co-operations that play the most significant role, but most actors of CBC agree that this situation must change in the future. Many of the economic actors of the border regions have cross-border interests, especially Hungarian investors with financial resources. The important role of Romanian and the Ukrainian economic co-operation is indicated by the fact that the Ukraine Department of the Hungarian Chamber of Commerce and Industry operates in Nyíregyháza, the Romanian division in Békéscsaba. In these places Hungarian entrepreneurs can obtain detailed information on investment opportunities in the neighbouring countries. On the other hand, the empirical findings revealed that the economic cooperation has developed very slowly. One of the reasons for this is the economic crisis that followed disintegration of the COMECON, political transformation and “post-industrial” structural change. Another reason is the fact that for economic policy and military reasons no significant industry was located in the border region during the period of state socialism.

Our research confirmed that cross-border co-operation at subnational levels (of regions, counties and micro-region) are usually of protocol and formal character, despite the fact that a decade and a half have passed since the systemic change. This circumstance is visible in both the quantity and the character and depth of the co-operations. Within the co-operations the proportion and weight of economic and trading relations is still relatively low. However, in the recent years we can witness some positive changes, the relationships have developed towards concrete, operational and often project-based co-operations in several cases. In all probabilities this is partly due to the EU resources (e.g. Phare, INTERREG) available in an application system.

On the **Romanian** side of the border, the almost equivocal opinion of the interviewees was that economic co-operations should be developed in the first place. The reason for this is that Romania means a huge market, and the opportunities in this field are not utilised yet, on the one hand; on the other, the demand was stated that the Romanian party should learn as much as possible from the Hungarians, as Hungary has much more experiences in this respect. Several people mentioned the results of the Hungarian-Austrian cross-border co-operation, and it seems from the interviews that the respondents think that the transfer of these experiences could be one of the most important achievements of the cross-border relations. The need for infrastructure developments is partly connected to the issue of economic development, and the Romanian respondents said the cross-border relations might play a significant role in this. Among the possible joint projects, the acceleration of motorway constructions was mentioned on both sides, the restoration of railway connections that existed before 1923, including the re-opening of the Debrecen-Oradea (Nagyvárad) line. The tender resources can play an important role in the future in increasing the number of border crossing stations, too.

On the basis of the opinions stated on the **Ukrainian** side, crossborder relations are in their initial phase and need to be developed in each sector. Nevertheless, similarly to the Romanian interviewees, the respondents mentioned the need to intensively develop the economic relations in the first place, as this has the biggest effect on the other sectors. In addition, training and education would be very important (transfer of up-to-date curricula, educational tools and methods), but the co-operations in the field of agriculture (mainly import of expertise and trainings), flood prevention and sewage treatment, and waste management should also be made more intensive.

According to our investigation in the field of cross-border exports in the Hungarian-Romanian border region it is clearly identifiable that the respondents from the Romanian side take the level of exports from their side to the Hungarian side for higher than the exports to the opposite direction. The results differ conditionally on the territory where the export is directed (larger regional city, other regional market etc.). The difference is relatively slight if the question referred to the nearest city on the other side or the larger regional city: the respondents considered the export into these areas relatively high.

Exports to other countries are considered more significant than those to the other side of the border in both Hungary and Romania; this shows that, according to the opinions of those interviewed, the neighbouring border regions are not the most important partners for local firms. The answers, especially on the Hungarian side reflect the peripheral situation of the border region, the economic problems and the low level of direct investments, since the results show that the respondents absolutely do not consider the actual level of export as satisfying. The more optimistic estimation of the Romanian side is presumably ascribable to the significant foreign (mostly Italian) investments in the southern areas of the Hungarian-Romanian border region, in Timis and Arad counties, but export from this area is directed to Western-Europe for the most part, and not to Hungary.

Answers given in the Hungarian-Ukrainian border region concerning the cross-border exports are very similar to the answers presented in connection with the Hungarian-Romanian border. In this area the Ukrainian respondents assumed that the level of exports from the Ukraine is higher than the export from the Hungarian side, and the difference between the results in the two countries is bigger than in the Romanian case. The level of export to the larger regional city on the Hungarian side is considered prominently high, but the other, more distant regions are target areas for the export as well.

In the Hungarian-Ukrainian border region the answers in reference to cross-border investments were slightly different. Remarkably the respondents in the Ukraine consider the level of investments by local firms in the neighbouring country almost as high as the Hungarian respondents, moreover in the larger regional cities on the other side and in the more distant markets they take the firms from their side more active than the Hungarians. The role of the capital cities seems to be very similar to the other case study region, only Budapest can be considered as a target area for the investors from the Ukraine, the local firms in the Hungarian border region do not esteem Kiev as a possible target for investments. Even more similarities with the Hungarian-Romanian border can be observed in the case of investments in the local economy by firms originating on the other side. In this case the Ukrainian respondents unequivocally submitted that the level of investment by Hungarian firms is relatively high, while the Hungarian respondents did not consider the investments from the Ukraine for significant.

In the Ukraine insufficient size of the market cannot be a problem, rather the low purchasing power, which is a barrier that almost cannot be overcome in the respondents' opinion. In Hungary the situation is reverse; the relatively small market has a relatively high purchasing power (especially in comparison with the Ukraine). Geographical factors are not considered as a severe barrier in any side, but the low productivity and the limited product differentiation was mentioned by most of the respondents as a problem.

Migration and social aspects of co-operation

As regards migration processes, the Hungarian border regions have been characterised by a migration loss for decades, the major part of that being internal migration towards more prosperous Hungarian regions, the number of those leaving Hungary is negligible. In the Hungarian regions along the Hungarian–Romanian border, the combined share of foreign citizens of any nationality is less than 1% from the total population. Most of them are immigrants (38%) and Hungarians moving back to Hungary (23%). In Romania there are only national level data, which show that the main actors in the international migrations, apart from the Romanians, have been the Hungarian and the German minority since 1990. As regards the destinations of the migrations, a considerable change occurred during the last decade, the emigration from political and ethnic reasons in the early 1990s was replaced by a migration because of economic reasons.

Since the late 1980s, outmigration has characterised the Hungarian-Ukrainian border region as well. In the North Great Plain, the main destinations of the migrations are the western regions of Hungary and Budapest, only a few moves abroad. In this context we must highlight that migration is an exceptionally serious problem in the Ukrainian side up to the present. Many respondents emphasised here that in Transcarpathia the biggest problem was the lack of intellectuals and young experts with adequate skills. Using the liberalisation that started in 1985 with “Perestroika”, the outmigration of the intellectuals started and this process is still going on. The problems of the local Hungarian intellectuals are even worse, as they, together with other ethnic minorities, had lost practically all that they had after the Soviet nationalisation, but they were not able to participate in the creation of the new Ukrainian state.

If we analyse the empirical data concerning the immigration either in the Hungarian-Romanian, or the Hungarian-Ukrainian border region, we will find that the results are significantly different between the Hungarian and the other side. According to the opinions of the respondents in Hungary a large number of immigrants arrive from the neighbouring countries, especially from the nearby regions, but from other, farther regions as well. The main reason of this phenomenon is the existence of the Hungarian minority in the Romanian and Ukrainian side of the border; for the most part they leave their countries to settle down in Hungary. Migration in the opposite direction is rare; it is reflected by the results of our research project too. The number of immigrants from other countries to Romania and the Ukraine is slightly higher, primarily from Moldavia to Romania and from the east to the Ukraine.

Only in Hungary was it worthwhile to analyse questionnaire results concerning the occupational composition of immigrants, as the number of immigrants in the other two countries is too low. According to the respondents’ opinion the majority of the immigrants work in agriculture. These opinions may be influenced by the fact that during the most important harvesting periods a large number of guest workers arrive at this region from the other sides, who are welcomed by the Hungarian farmers since they are ready to perform the same work for significantly lower wages. The target area of labour commuting in both the Hungarian-Romanian and the Hungarian-Ukrainian border regions is the Hungarian side. Not only the respondents from the Hungarian but from both other countries agreed that the flow of commuters is unidirectional at the moment, in the direction of Hungary. If we compare the situation in the labour markets and the rate of wages in Romania and Transcarpathia, it is understandable that for many people it is worth engaging themselves to work in Hungary even for a short period and even if it is illegal. However, a significant dissimilarity can be found between the situation in Romania and the Ukraine as well, since the results in Transcarpathia show that the level of commuting is much higher there than in Romania, although this level is rather high too. In view of the economic situation and the living standards in the Ukraine it is

not surprising. If we compare the result of the questionnaire from another point of view, it is perceivable that from permanent and occasional commuting the latter is considered to be more typical in all three countries, simply because this form of commuting usually means short term illegal employment in the other country.

One-day trade can be considered as a special form of commuting in this area. Respondents from the Hungarian side considered this form of trade very typical, more typical than either the Romanian or the Ukrainian respondents. After comparing the two case study regions it is clear that this form of cross-border co-operation has the most significant role in Transcarpathia. This may be led back to the extremely difficult economic situation of the border region, where in many instances one-day trade is the only source of income. On the other hand the difference between the price levels in Hungary and the Ukraine is significantly higher than in the case of Hungary and Romania, and this difference keeps cross-border trade going. Our questions concerning social interaction showed that interviewees on both sides of the Hungarian-Romanian and the Hungarian-Ukrainian borders consider the level of personal connections of local inhabitants as really high, they frequently visit friends and relatives or do the shopping etc. on the other side. Most inhabitants of the Hungarian border region have relatives on the other side. This is one of the main reasons of the high level of social interactions in this area, but another reason can be the shopping tourism, in the last few years Hungarians who live near the border “discovered” this opportunity. While earlier mostly Romanian and Ukrainian citizens travelled to Hungary to do some shopping, by now the situation changed radically. Clearly in most of the cases cities near the border and the nearby regions are affected by this process; it is rare that these people visit farther areas.

Perceptions and attitudes towards the border and the neighbours

Interviews, newspaper screenings and the questionnaire survey carried out in both regions tried to expose what image the respondents had of the border and those who live on the other side. Results from the Hungarian side showed that the people on the other side of the border are “just like us”. A basic factor from this aspect is the fact that both sides of the border are peripheries, which bears a socio-economic backwardness; in addition, the mentality of the people, their responses to the challenges of the world are similar, so we cannot really differentiate between the two sides. Of course, when asking opinions about the economic situation, in connection with the Ukrainian side everybody said that the huge poverty was the biggest difference, whereas this was less typical in connection with Romania. Cultural differences were only mentioned in a few interviews, especially because the people on the other sides usually meant the Hungarians living in the neighbour countries for most answerers. As regards the Ukraine, the major part of the answerers emphasised the political differences, too.

According to the findings of the interviews, the image of those “on the other side” is quite varied with the Romanian respondents. The majority said that the people on the Hungarian side of the border were just like them. They (and not only the Hungarians) usually referred to the formerly mentioned common historical roots, the difference, according to the respondents, is more among the individual people, whichever country they live in. A smaller part of the interviewees said that there were tangible differences between the inhabitants of the two countries. They too admitted that there were many similarities, but they saw differences in a few aspects. It was usually the better financial situation of those living on the Hungarian side of the border that was mentioned, but some respondent considered the Hungarians more disciplined, more open, referring in the first place to the differences between the two socialist systems before 1989.

Given the fact that the regions had been deeply integrated for centuries, the majority of the respondents in Transcarpathia thought that from a cultural and mental perspective there was no real difference between the people on the two sides of the border and they depend on each other. Nevertheless it was stated that the Transcarpathian people are more hospitable and less materialistic than those living in Hungary. The rejection of the issue raised at the referendum of 5 December 2004 (whether the Hungarians living outside the borders should be given a Hungarian citizenship) – especially by the Szabolcs-Szatmár-Bereg inhabitants, many of whom “live from Transcarpathia” – was a great shock for the Transcarpathians, they feel now that they are not welcome on the other side, consequently the judgement of the Hungarians of the mother country worsened.

As regards the image of the “others”, the answers received from the questionnaire survey in the Hungarian-Romanian and the Hungarian-Ukrainian border regions were rather similar, most of them agreed with the mostly positive statements listed in this group of questions. There were a few questions where the respondents did not differ in opinion, the results were alike on both sides of the border, e.g. in case of the statements that people on the other side are honest, peaceful, open minded, have “European” culture and have good feelings towards us. It is to be remarked that last of the statements, which refers to the feelings of the other side, was accepted by the respondents the least. If we take the history of the Hungary and Romania and the centuries-old mistrust into consideration, this finding cannot surprise us.

Another important element of the cross-border relations can be how much the citizens can identify themselves with the idea of a region – or if such an identity can be born in the future. The majority opinion of the respondents in Hungary, Romania and Transcarpathia was that the border region can already definitely be seen as a separate region; some elements of the common identity can be seen, mostly due to the common historical past, but also because of the common problems – and now because of the intensity of the cross-border co-operations. From the economic perspective, however, the relationships is seen to need considerable strengthening so that this territory can be treated as a really single region. A sort of common identity of the people living here can be created by the formerly mentioned peripheral situation, as the difficulties are the same, as are the attempts for the solution of these problems. Outside the border region it is difficult to imagine anywhere else shopping tourism and fuel smuggling as a source of living for many. This also strengthens the birth of a common mentality, world view on the two sides of the border, even if the roles occasionally change.

The issue of the identity of the inhabitants with their region was more difficult to measure, as there is no sense of identity whatsoever with the development regions created in Hungary so far. On both sides of the Hungarian-Romanian border, it is much more the spatial units of the historical past, i.e. with the counties that people identify themselves with (e.g. there is a Szatmár identity, and even more so a Bihar identity), as are the respective settlements. At the same time, the people are much more capable of the reception and creation of such an identity in issues related to their everyday lives and problems: the people living here are mostly interested in whether they can cross the border to visit their relatives and friends or to do some shopping; if these relationships are established, the people can identify themselves with the notion of a cross-border region.

Because of the several hundred years of common history and Hungarian public administration, in Transcarpathia too there is a kind of regional (Bereg or Ung) identity connected to some historical counties, but the border that has been there for 85 years now also

created a special “us” identity, which was further strengthened by politics (e.g. the recent referendum on the Hungarian citizenship of the Hungarians living in the neighbour countries), separating the formerly single sense of identity of the Hungarian ethnic group. This statement, however, is not only valid for the Hungarians but also for the other nations living in Transcarpathia, from the Rusins registered as Ukrainians to the Slovaks (e.g. many people in Transcarpathia set their clocks according to the Central European time that they call local time – “our time” –, although the official time is the Kiev time zone, one hour ahead).

Institutional initiatives of cross-border co-operation

There was a consensus of the respondents in the three countries in our survey that the most effectively operating level of the co-operation is the local level. In most cases these are daily relations, especially where technical obstacles (i.e. the lack of a nearby border crossing station) do not prevent them. The most spectacular part of the co-operations is connected to this level; the cultural and sports events of the settlements in the vicinity of the border can be mentioned in this place. The respondents often mentioned the municipal associations in the border region that have been successful in the last few years and make one of the most important pillars of cross-border relations now. Many respondents mentioned that the local level is the most interested in the promotion of co-operation, the motivation is the strongest here, as everybody would like to build and develop their own settlement in the first place. Also, several advantages are provided by the physical proximity, either in matters of social or economic problems. Finally, the possibilities are biggest at this level, relationships are the best here, and the existence of personal contacts is an important asset. In the most recent times, in cross-border co-operations not only local governments but also inhabitants, the economic and non-governmental organisations have played an initiating role.

In addition to the local level, the respondents mentioned the county level; in their opinion this is the level of co-operation where a regular personal touch can still be kept. In addition, the traditions of the co-operations have the longest history at this level, some counties kept in touch with their counterparts already in the decades before the systemic change, even if these relations did not go beyond the formal, protocol level. Several counties are trying to build on these existing foundations, in many cases successfully. The interviewees also agreed that the state level has been the least active in this respect so far (especially in Transcarpathia many respondents criticised the Hungarian economic policy for not concentrating on the Ukraine seriously enough, as opposed to Slovakia e.g.).

Despite the deficiencies described above, the Hungarian respondents usually have a positive view of the attitude of the Hungarian and the European authorities. They said that according to their experiences their request were usually positively accepted, if they turned to these authorities with well established requests and recommendations. A successful lobbying activity is nevertheless inevitable, but not everybody is capable of this; usually the lower the administrative level, the less opportunities they have for lobbying. In their view especially the EU level could assist much more efficiently the establishment of cross-border relations, but they are far from the everyday practice, so they have a “hunger” for information on the programmes financed by them and place a great emphasis on feedbacks in each case.

In Romania the representatives of organisations that do not operate from central state budget had a rather pessimistic opinion about the assistance they got from the central level, some said that the Bucharest government definitely held back information or was only willing to assist them in return for little “services”. The local level is much more supportive, although the level of this support is far from the desirable, as the respondents said. The situation is similar in

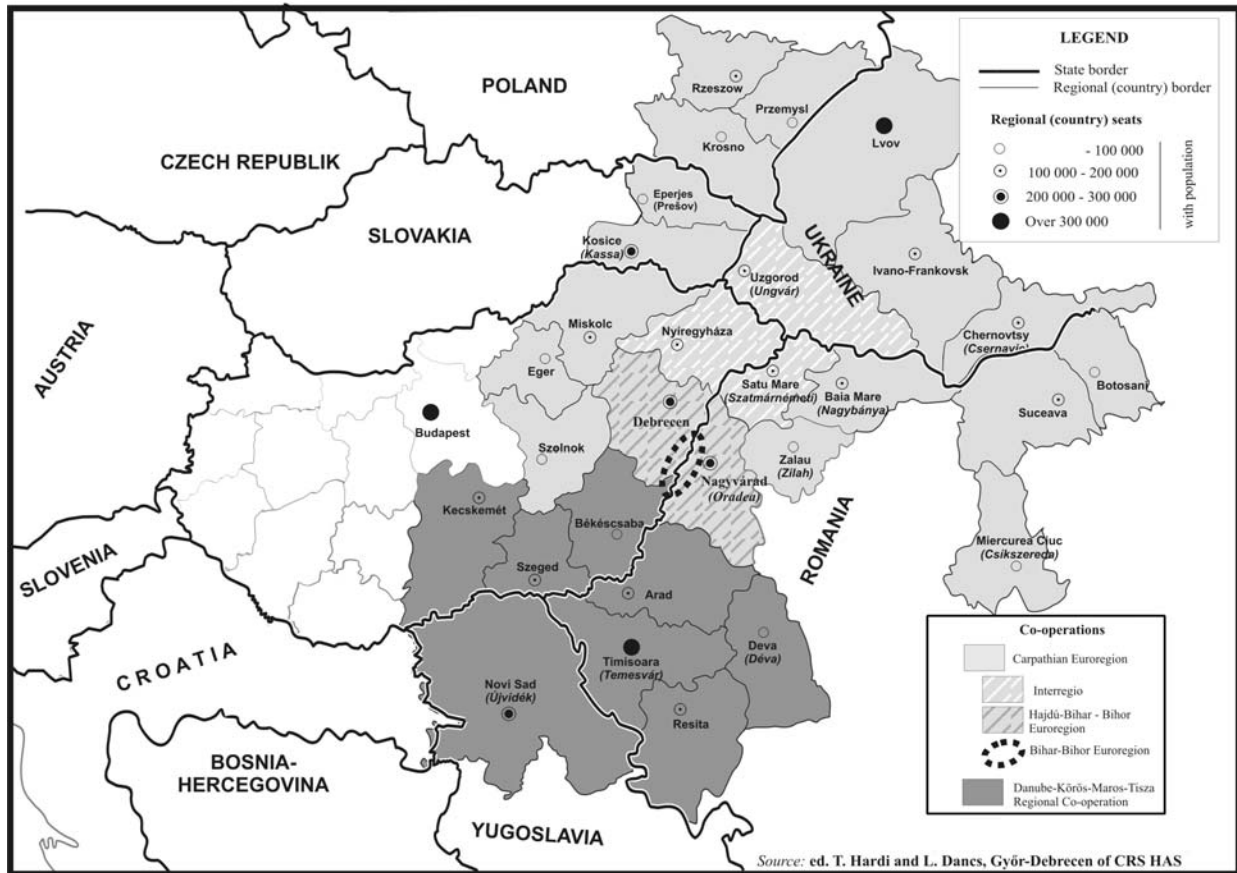
Transcarpathia, where nobody gets state support apart from the municipalities and other budgetary organisations.

As regards the financial resources of the European Union, the situation in Romania and the Ukraine is significantly different from that of Hungary, already being an EU member. In Romania the EU resources are only partially available; the order of magnitude of the money is too little in the respondents' view to have a real effect on cross-border co-operations. This statement is even more valid for Transcarpathia. The respondents working for the organisations maintained by the trans-border Hungarians usually mentioned the help coming from Hungary, the scale of which is less than desirable; nevertheless it is indispensable in some cases for the maintenance of the organisation.

Most respondents had already heard about the Euroregions working in their territory (Figure 4), but they usually could not inform us about much personal experience. In many cases we heard that the territory these organisations involved was too large, both in the geographical and the professional sense. They are considered as political organisations, operating in territories too large to be integrated. Also, they involve territories that have nothing in common with the other side, which makes practical co-operation impossible. Many respondents accepted that the Euroregions can be useful for political purposes, they can contribute to the strengthening of trust, but no concrete achievement is expected of them.

The majority of the respondents in Romania could not inform us about any continuously existing organisation, despite the fact that there are two large Euroregional organisations along the western part of the country, the Carpathians Euroregion and the Danube-Körös-Maros-Tisza Euroregion. These are two organisations that the interviewees almost never mentioned; when they did, they usually emphasised their excessive size, the dominance of the formal elements and the low level of social embeddedness. In addition to those directly involved in the work of the Euroregions, it was only the Danube-Körös-Maros-Tisza Euroregion to which some Romanian respondents attributed a positive role; the assessment of the Carpathians Euroregion was even more negative. Also rarely mentioned were smaller-scale, county level co-operation organisations, such as the Hajdú-Bihar-Bihar Euroregion or the Bihar-Bihar Euroregion, but the evaluation of these was much better. Many respondents were optimistic about the future of the county level co-operations; on the basis of the experiences of the recent past they thought it might be a breakout possibility to stimulate the presently not enough effective cross-border co-operations.

Figure 3: Euroregions in the Hungarian border region



In Transcarpathia the majority of the interviewees had already heard about the Carpathians Euroregion, in fact, some had even applied to the Carpathians Foundation operating in its territory. Nevertheless, similarly to the Hungarian and Romanian respondents, they too thought that this organisation was too large to be effective; in the future, smaller organisations will become more important. In addition to the Euroregion, several organisations were mentioned that are active in developing cross-border relations: e.g. the Transcarpathian Business Development Centre, The Four Borders Entrepreneurs Association (in Beregovo), the Upper Tisza Business Club, and the Transcarpathian Hungarian Farmers Association. Furthermore, the non-governmental organisations with the mission to promote the development of cross-border relations are just being established, and they wish to have access to EU resources.

The interviews revealed that in all three countries it was the larger-scale organisations, i.e. the Euroregions operating at higher administrative levels where the use of the previous experiences and models was possible, but the interviewees do not attribute great significance even in this case to the following of the patterns. In their opinion it was much more important to have sound local background knowledge, the better information on the special local needs at county level or maybe micro-regional level co-operations. As regards the models taken over, in Transcarpathia only those who were directly involved in the Carpathians Euroregion had information. They said that at the creation of the Carpathians Euroregion, Western European patterns had been followed, but many respondents knew it was not a real cross-border initiative; the establishment of the Carpathians Euroregion and the joining of some members were decided by central political will.

At local level co-operations the role of the Western models was considered even less important, these co-operations had almost exclusively been built on own initiatives and own experiences, both in Hungary, and in Romania and the Ukraine. It is typical, on the other hand, that in Romania many respondents referred to Western European experiences when asked where models could be imported from. The experiences of Hungary (e.g. Hungarian-Austrian cross-border co-operation) were only mentioned by the interviewees of Hungarian nationality.

Although the Euroregions in both case study regions have had and still have indisputable role in the recognition of the advantages of partnership based on mutual benefits, they still have not been able to fulfil their objectives, but for different reasons. The establishment of really intensive multilateral relations is blocked by the excessive size of the Euroregions in the first place, as the Danube–Körös–Maros–Tisza Euroregion covers a territory of 77.000 km², that of the Carpathians Euroregion equals to 161.000 km², and they are home to a population of 6 million and 16 million people, respectively. In addition to their too large territory, co-operation is blocked, especially in the Carpathians Euroregion, by historical–territorial–ethnic and other problems inherited from the past. Recognising this problem, the local stakeholders thought of establishing smaller and thus more effective euroregional organisations. The ideas were followed by action and now there are three Interregional organisations of micro-regional character operating in the border region (Interregional, Hajdú-Bihar–Bihar Euroregion and the Bihar–Bihar euroregional Organisation).

Another indicator of the institutionalisation of transboundary cooperation is the fact that crossborder planning documents going beyond protocol and cultural co-operations have been made over the recent years. These include the Common Development Concept of the Hungarian–Ukrainian Border Region, completed in 2003, and a development concept and programme for the Hungarian-Romanian region. The priorities of this document are similar to the ones in the document made for the Hungarian–Ukrainian border region.

Conclusions

Several results of interviews and questionnaires can be highlighted. Importantly, the existence of Hungarian minorities in the neighbouring countries has a significant influence on the cross-border connections of Hungary and on several aspects of cross-border interaction in this region in general. As regards cross-border migration, the fact that the migrants from the neighbouring countries do not arrive to an unfamiliar cultural and linguistic environment if they leave their land of birth may have an encouraging effect on those ethnic Hungarians who live in Romania or the Ukraine. The large number of ethnic Hungarians may also be an explanation for the great importance of cultural and educational co-operation on behalf of Hungary, since the aid coming from the “mother country” is essential for the Hungarian national minority in Romania and the Ukraine. On the other hand, the questionnaire results also showed that the Hungarian, Romanian and Ukrainian ethnic minorities in the neighbouring countries are considered as one of the main connecting links between the three countries.

The development of more active cross-border co-operation is hindered by different factors in case of the two case study regions, in the Ukraine for example the role of the visa regime and the slowness of border crossing. On the other hand there are factors, which raise problems in all three countries. The differences of self-governmental system, primarily the limited scope of action of the Romanian and Ukrainian local governments and the centralised character of the administrative system in these countries make co-operation more difficult. Bureaucratic

procedures and frequent and unforeseeable changing of the laws also hinder the development of deeper connections. Finally the behaviour of passport and customs officers must be mentioned as a barrier of co-operation.

The role of the European Union in the local co-operation mechanisms is not really significant yet, but its importance is expected to increase markedly with European integration processes. In future the European Union can have a catalytic role with EU policies and resources promoting regional integration. Along the Hungarian–Romanian border, where some EU resources for cross-border relations were available as soon as in the middle of the 1990s, the effects of this support are more visible than in the Hungarian–Ukrainian border area.

During the interviews conducted and the local seminars, several actors complained about the fact that very few EU resources are available for concrete economic co-operation, less in fact than for bilateral discussions, conferences and exchanges of experience. Since the resources are rather scarce in the region, projects that involve applications for grants are the most popular, despite their administrative complexity. This is especially true for projects with large investment requirements (e.g. transport infrastructure, environmental investments). A problem is that calls for tenders are often announced with significant delay, often the fault of national authorities. In Transcarpathia it was mentioned as well that it is very difficult to get information necessary for applying for EU money, and that there are too few experts with adequate professional and language skills to write successful applications and/or successfully manage cooperation projects. It was also mentioned on the Ukrainian side that since there are significant EU resources only on the Hungarian side at the moment, the Transcarpathian partners are only needed for their Hungarian counterparts to make them eligible for supports; accordingly the real benefits are too few on the Ukrainian side. It is also true, on the other hand, that the acquisition of financial means by tendering, available for the development of cross-border co-operations, has been a strong motivating factor since Hungary's accession to the European Union.

In Hungarian–Romanian and Hungarian–Ukrainian CBC a bottom-up approach is most typical, i.e. personal relations play a significant role not only in the personal but also in the economic and other co-operations. We can see that the municipalities and the municipal associations are much more active in the initiation and organisation of cross-border relations than the regional or national level, although the opinion of the citizens and the private sector is rarely asked. Formerly the state level was rather an obstacle to the intensification of relations with Romania and the Ukraine, they often refused the establishment of cross-border co-operation organisations. A traditionally active administrative level in the countries in question is the county level; the counties are the leaders in the establishment of cross-border co-operation strategies. In addition, different professional bodies with competence in the respective areas (environment and water management directorates, chambers of commerce, national parks etc.) are active in the development of the relations, involving the actors of the economic and the civil sector and the municipalities. Although the reason behind the establishment of the large-scale Euroregions (Carpathians Euroregion, Danube-Körös-Maros-Tisza Euroregion), organised on “committee basis” and often not free from politics, was definitely the development of the cross-border co-operation and the improvement of the population living here, they have not been able to achieve considerable results in the region. The future lies much more in the smaller, “project type” organisations (as opposed to the “committee type” ones), more suitable for an operational co-operation (e.g. the Hajdú-Bihar–Bihar Euroregion operating in the Hungarian–Romanian border region, involving two neighbour counties, is a good example; in this Euroregion a number of projects have been successfully implemented from tourism through training to the different conferences).

As regards cross-border relations, both in the Hungarian–Romanian and the Hungarian–Ukrainian border regions a number of positive changes have taken place over the last few years, structures and practices to be followed and further developed have been made to which the resources of the European Union made a significant contribution: The joint development concepts of the Hungarian–Romanian and the Hungarian–Ukrainian border region have been made with the use of EU supports; parallel to this the ad-hoc character of the co-operations has decreased, the participants continuously communicate to each other and think more and more in project-oriented concrete developments.

An institutional network of experts has been created in order to more effectively apply for and utilise EU resources in the implementation of different projects. EU resources are also used to train Hungarian, Ukrainian and Romanian experts, entrepreneurs, local government officials, non-governmental organisations etc.. Through training these persons acquire insights into the policies and tender systems of the European Union and are also to learn from practical experiences and methods of CBC stakeholders from other regions.

In one particularly positive move, the Hungarian Chamber of Commerce and Industry has established its Romanian and Ukrainian sections in Hungary (in Békéscsaba and Nyíregyháza, respectively), and they naturally have their partner organisations in the neighbour countries. This way the entrepreneurs, companies and those with investment goals can get very important information on the investment possibilities in the neighbour countries and they can also get assistance as regards the legal regulations, taxation, banks etc. in the respective country. In this respect we also have to mention the business development centres operated by the Hungarian state in the primarily Hungarian inhabited regions of the neighbouring countries; these centres also play a very important role (e.g. tender information, partner mediation for businesses etc.).

In the last decade the infrastructure conditions of the border crossing stations have significantly improved, but this has not improved the speed of border crossing to the necessary extent – due to the increased traffic and strict border control (especially at the Hungarian–Ukrainian border). In addition, the accessibility of the border crossing stations has slightly improved.

4.3.6 The Northern Greek Borders Case Studies

Background

Historical-geopolitical context

The present summary case study report, refers to an area, which consists of the border zone Between Greece on the one hand, and Albania, FYROM (former Yugoslavian Republic of Macedonia) and Bulgaria on the other.

The present Greek-Albanian, Greek-FYROM and Greek-Bulgarian cross border regions (in short: AFBG border region) compose an integral part of the historical process in the Balkans. The whole area was part of the Ottoman Empire for almost four centuries. The 19th century is a significant period for the area, as the Ottoman Empire starts to disintegrate. The 1st Balkan War in 1912 played a decisive role for the allied Balkan countries that liberated from Turkish occupation. The establishment of NATO in 1949 and the Warsaw Pact in 1955 within the framework of the “Cold War” imposed the “iron curtain” regime from the one hand and a unique long term peaceful consistence in the wider region on the other. The borderline was a dividing line cutting the region in two camps with virtually no interaction with each other. The post-1989 period has been associated with dramatic changes that had an asymmetric in space and time character and have affected significantly, development levels, population balances and future prospects. The experience of 15 years shows that the Balkans have been a clear under performer in the process of transition (Petraikos, 2001). Unfavourable initial conditions, ethnic tensions, and unfavourable geographic conditions, such as distance from the more developed part of Europe, have affected their adjustment to the new conditions.

The region of our focus is one of the most fragmented economic, social and political spaces in Europe. It hosts small states having a low level of interaction (Petraikos 2001) and until recently a mosaic of policies and restrictions to interaction towards each other. In addition, all countries have ethnic minorities usually living in border regions that have triggered friction or conflict in the past and continue in some cases to be a source of suspicion and tension. Even their relations with the EU are different. Greece is an EU-15 member since 1981, Bulgaria is expected to join the EU in 2007, while the other two countries do not have yet a clear road map or a date that will become members of the EU.

The borderline constitutes now the external border of EU until the accession of Bulgaria. The inter-Balkan collaboration has been revived over the last years, while cross border collaboration has been an issue of great importance. EU regional policy at first by means of the INTERREG initiative and later by Phare CBC and CARDS, firmly accelerated cross border development and supported the elaboration of CBC programs. At the same time, cross-border structures as a long term organisation have been established.

Administrative background

The AFBG border region, refers to an area which consists of 28 NUTS III level administrative units (Greece-15, Albania-6, FYROM-3, Bulgaria-4) covering an area of 62.509 km² Taking into account that the Greek borders act as a common geographical denominator, the Albanian border zone represents 13% of its national territory, FYROM 21,6%, whereas the smallest participation is displayed in Bulgaria (12,1%). The Greek-Albanian border section is 246 kilometres long, the Greek-FYROM 256,31 kilometres and the Greek-Bulgarian 474,70 kilometres.

In Greece there are two levels of local government. Municipalities and communities (NUTS IV) form the first level and the prefectural administration (NUTS III) the second level of self governing local authorities. The Regional Administration is the lowest level (NUTS II) of de-centralised administration. Local Authorities in Greece may develop collaboration with organisations in other countries while twinning with foreign local authorities take place after the positive opinion the Ministry of Foreign Affair. In Albania, communes and municipalities comprise the basic level of local government. Regions comprise the second level of local government whereas districts appear to be subdivisions of the regions. The representative organ of region is the Regional Council. Local governments may collaborate with similar units of local government in other countries and are represented in international organisations of local governments, in accordance with special legislation in force. In Bulgaria, the territory is divided into municipalities and regions. The municipality is the basic administrative territorial unit at the level of which self-government is practised. A region is an administrative territorial unit with the authority for regional policy, the implementation of state policies at the local level, and the ensuring of harmony of national and local interests. The region is an administrative division of central government and no elected bodies of local self-government are participating. In FYROM, the units of local self-government are the municipalities and the City of Skopje. The municipalities may cooperate with the local communities of other countries, as well as with international organisations of local communities, and have a right to membership in international organisations of local governments.

Border regime and cross-border interaction since 1989

In total, there are seven crossing points in action along the borderline between Greece with Albania (2), FYROM (2) and Bulgaria (3). The movement of people and goods between Greece on the one hand and Albania and FYROM on the other is subject to many obstacles. Albania was literally a “closed border” country until the beginning of the 90s, when a mass exodus of populations in search of working and living conditions took place. As far as FYROM is concerned, although relations were traditionally good between Greece and Yugoslavia, the split of the latter into many new countries created insecurity, and, in the case of the FYROM, has led to a political crisis over the use of the name of Macedonia. The situation has become even “worse” with the Schengen agreement under which all members of the European Union are committed to open the borders among themselves, and at the same time, secure external borders against all non-EU citizens.

The procedure for obtaining a visa is a complicated one. Many conditions are imposed, many documents are required, and it is usually necessary to pay high consular fees (duties). The waiting period is a relatively lengthy one and the procedure often takes about 10 days for a visa that is valid for only a short period. In addition, Greece does not recognise Schengen visas for FYROM passport holders. The visa issued to them by the Greek Consular Offices is not valid for the rest of the Schengen countries. In effect, this means that the citizens of FYROM receive a national visa with validity for Greece only, which is expensive (25 USD) and takes 10-20 days to obtain. As far as the Bulgarian side is concerned, despite the fact that several limitations in mobility across the border are imposed such as visa requirement, mobility regime is not very strict due to Bulgaria’s imminent accession to the EU.

Poor border management is also a problem for CBC. There is a lack of harmonised legal regulations and no standardised and coordinated procedures for crossing the state border. While documents are inspected and verified for security, a bottleneck is very often created. However, the imminent opening of one more crossing point between Greece and Bulgaria and the modernisation of infrastructure is expected to improve the situation.

As far as the legal status of immigrants is concerned, the Greek government in 1997 and 2001, it has provided the opportunity illegal or unregistered immigrants to acquire a “white card” which is a temporary residence permit. This, in turn, gave them time to submit the complementary documents necessary to acquire a “green card” which is a work and residence permit. To qualify for the “white card” they had to live in Greece for at least one year, and submit documents testifying for their good health, a clean court and police record, and proof of having paid national social insurance (Kassimis and Kassimi, 2004). A similar procedure is repeated in 2005.

Empirical findings

Economic interaction

Difficult terrain and physical geography do not constitute a major intervening factor in influencing cross border interaction patterns. However, the peripheral location in the wider European economic space influences to a large extent both the prospects for development and pattern of specialisations in these border regions. It can also be noted that geographical proximity stimulates mutual contacts and social interaction and also enhances the networking between the two sides of borders. In terms of regional “images”, it is worth noting divergent perceptions with respect to the geographical locations of Greece and its northern neighbours. More specifically, in the northern borders of Greece a sense of isolation prevails while, on the other side of the border, residents find themselves to be located in a favourable place. Team results lead to the conclusion that there is a special role for the large urban centre close to the borders as this could operate, under certain conditions, as a hub for all sorts of economic activities.

The basic characteristics of economic interaction in the three cross-border regions can be summarised as follows: a) The level of cross-border interaction in trade and more specifically in exports, is very low, reflecting a weak industrial sector and the regional character of specific border areas (i.e. small market areas); b) The region does not appear to constitute an important place of origin nor an important destination for investments despite the fact that Greece is an important investor in the neighbouring countries. However, in the Bulgarian border zone, Greek border enterprises invest in the nearby region because of fabric manufacturing, which mainly requires low labour costs ; c) Examining the degree to which size and distance of cities from the borders determines the form and the intensity of cross-border interaction, we identified a systematic correlation. In particular, it was realised, that, under certain conditions larger cities close to the borders could absorb much labour and economic potential released with the opening up of borders; d) No evidence of significant relocation tendencies were found in the three cross-border areas as a whole. However, the existing relocation of Greek enterprises mainly concerns the big cities near the Bulgarian borders and less those near the borders of FYROM.

Migration and social aspects of cooperation

With regard to migration and social aspects of co-operation we can conclude that migration flows of Albanians in the Greek border zone are of great importance, while there are also meaningful flows from Bulgaria. However, a specific concentration of Albanian immigrants is not observed to the border area in relation to the rest of Greece. Immigrants work mainly in the sector of agriculture as unskilled workers and a very small number of them work in industrial or services sectors. There is no significant level of labour mobility found on any side of the borders. The daily trade activities are recorded in all cases, to below average

underlining the separating role of border in daily transactions. With regards to the visits of the local residents to the other side of the borders, the nearby destination trips explicitly surpass the long distance ones, stressing the important role that distance plays in social interaction.

Perceptions and attitudes towards the border and the neighbours

Borders as “bridges” versus “barriers”: The new EU and South-eastern European geographic map is accompanied with a new “mentality map”. A set of contradictions are associated with the new “mentality map” in the area of our focus such as, “iron curtain” versus “meeting point”, “insider” versus “outsider”, “border interaction versus “tunnel”, “totally opened” versus “filter”, “symbolic line” vs “real fence” etc. Generally borders are dominated by negative perceptions and views. A different agenda in CBC is detected between Greece and the three transition countries. CBC, from the Greek side is dealt mainly as opportunity for economic expansion and crime prevention while the transition countries pay more attention in labour mobility, democratisation and legal adaptation. However, there is a common agenda, which consists of topics such as stabilisation, competitiveness, development, disaster prevention etc. Generally speaking however, borders seem to be a “bridge” from the cultural perspective, but a “barrier” from the economic and political perspectives.

Institutional initiatives of cross-border co-operation

The role of the European Union appears to be crucial in the CBI patterns in the area of our focus. The fact that Greece is a member of EU and the imminent accession of Bulgaria in 2007, constitute positive factors and generate high expectation regarding the future. Furthermore, EU CBC policies provide an impetus to initiatives in order to reinforce or deepen existing co-operation. However, EU funds are a catalyst rather than a reason per se for co-operation. EU CBC projects do not perform a critical size, while a differentiated funding regime exists among the countries of our study. Moreover, heterogeneity in legal and administrative structures between the neighbouring countries constrain policy effectiveness. If we take into account that the specific area refers to three transition countries with harsh initial conditions, this requires a much stronger financial and a more efficient legislative framework. National policies referring to border issues are strongly influenced by the prevailing agenda at a national level. As a result CBC does not seem to be a high political priority from the State point of view. However, central governments often play an essential and overlapping role in CBC.

In terms of the role of local actors, regional/local stakeholder often comprise the driving force, which stimulates the states to go ahead with cross border cooperation. Local actors' initiatives are usually in line with EU's framework while the EU agenda is dominant in co-operation initiatives. CBC among local authorities seems to be the most effective policy. Our findings suggest that there is “room in policy making” from the local actors as long as they obtain the respective decentralised competencies. Two basic types of CBC are recorded. a) The CBC at a strategic level where the institution of long term structures such as Euroregions are found. More specifically, three Euroregions are already established in the area. b) CBC at a project level with specific purposes, implemented through ad-hoc structures. The most common CBC mechanisms which are registered are i) Multilateral framework treaties and conventions concluded at an international level ii) Bilateral or trilateral agreement and protocols concluded between national states iii) Formal agreement, working protocols, conventions or contracts concluded by regional or local authorities iv) Other legal instruments based on Community law or national law that facilitate CBC at a project level.

Areas of cooperation and definition of priorities: CBC in the perspective area covers a broad range of issues such as economy, environment, education, culture, infrastructure, etc. However, there is an absence of critical sized projects, as “soft” interventions prevail. CBC agenda is strongly influenced by INTERREG and other EU programs such as PHARE, CARDS etc. The planning regime of each side determines to a large extent the CBC priorities. EU funds in particular in the case of Greece play a decisive role in the development of priorities in Greek border regions. However, experience shows that cooperative strategies and priorities constitutes a rather national matter even with low policy issues.

Local and regional authorities, chambers of commerce, universities and non governmental organisations comprise the main active institutions in CBI. Three Euroregions operate in the region that form permanent CBC institutions. It is worth noting that the establishment of an additional Euroregion, Prespa/Ohrid, has been postponed due to a problematic bilateral relation between Greece and FYROM regarding the inclusion of “Macedonia” in FYROM’s official name. Until then, the Greek government has withdrawn its support of an official inauguration. The Euroregion “Mesta-Nestos” which is located at the border between Bulgaria and Greece is seen to be to be the most active Euroregion in the area. Generally however, a low awareness from the local society is recorded in relation to the activities initiated by CBC institutions.

Conclusions

CBC can be said to work in the case study regions as a “complementary form of national foreign relations”. Moreover, CBC contributes to the elimination of prejudices phobic syndromes between the two sides of the borders. It is also considered that the prospect of mutual benefit due to CBC, constitutes a strong incentive to overcome conflicts. Besides, greater interaction due to CBC increase the “opportunity cost” of not dealing with the conflicts occurring in the case study area. Our findings also suggest that CBC enhances trust building, sets up new grounds for resolution of conflicts and redefines to a certain extent perceptions of “us” and “others” in the broader arena of conflicts.

Hindrances to and motivators of CBC: The general motivation for CBC is to initiate joint activities in all aspects of daily life. Within this context, “exchange of experience” and “transfer of know-how” could consist the regional add value. Moreover, the high degree of “geographic proximity” between local actors and the availability of funding programs seem to be significant motivators towards CBC. On the other hand, the main hindrances to CBC in the respective area seem to be the following. a) Low involvement of the public, private and other civil society actors b) Lack of political will to remove existing constraints c) Public limitation on local/regional actors imposed by national legislation d) Differences in structures and powers of administrative levels e) Lack of coordination and compatibility between different EU-funding instruments supporting CBC f) mentalities of separation and g) a limited availability of funding programs.

CBC and a sense of regional “Europeanness”: The information derived from our research as well as the existing literature shows that CBC between EU border regions with external regions contributes to a new regional and Europeanness identity. More specifically, CBC on socio-economic matters influence regional identities while CBC in the context of EU-funding instruments influences European identity. In the area of our focus “initial conditions” affect CBC for the formation of a regional/European identity. Consequently, the different type of institutional affiliation of each country with the EU reflects on regional and a sense of “Europeanness”. Thus, for Greeks, borders separate something, which is „different“, while for their northern neighbours borders separate something, which is the “same”.

4.3.7 Background Reports on the Hungarian-Austrian and German-Polish Cases: Two Regionalisation Experiences at Former EU External Borders

Introduction: Background

At one level, the situation facing the German-Polish and the Hungarian-Austrian border regions is similar. Core-periphery relationships, socio-economic polarisation between urban and rural areas, lack of accessibility, a weak economic base in terms of innovation and high-tech sectors, large income and GDP differences and very different administrative structures are both characteristic of the German-Polish (Barjak and Heimpold 2000, Bürkner and Matthiessen 2002, Guz-Vetter 2002) and Hungarian-Austrian border regions (Jensen and Myszlivetz 2000, Mecca Consulting 2002). Additionally, a culture of dependence on central or other senior governments characterises the attitudes of many local authorities in Poland, Hungary and other post-socialist states, thus slowing the development of local initiative and the intensification of “horizontal” working relationships with other communities. These hindrances to cooperation are compounded by large socio-economic disparities and imbalances in financial resources available to local governments in the EU and Central and Eastern European countries. On the other hand, looking from the EU perspective down to the local level, the policy and funding frameworks within which the two regions are developing greater internal coherence is basically the same. The same rules apply, the bureaucratic procedures and complexity of managing EU funds are common to both cases.

And yet, both regions have developed very different institutional systems and routines for the promotion of cross-border co-operation. The main reasons for these divergent trajectories is the historical/cultural basis for region-building. The existence of common historical roots and ties can help create a sense of shared space and to reduce mistrust and animosity. West Pannonia resonates as a regional idea within the consciousness of the population; German-Polish Euroregions, such as the Pro Europa Viadrina or Pomerania, appear contrived and thus do not.

Hungary-Austria: West Pannonia

In the Hungarian-Austrian case, cross-border regionalisation has been privileged by context, geopolitical events and favourable economic trends. EU enlargement and the opening of borders have brought tangible gains and growth for both sides. There is also a lack of background binational conflict. Many inhabitants of the region are aware that Burgenland was once known as “German West-Hungary”. Insecurity and fears of decreased living standards generated by the opening of borders to the East have certainly been problematic but not insurmountable.

Other conditions that favour the development of cross-border co-operation between Burgenland and West Pannonia include: 1) the promotion of a generally positive climate of “neighbourliness” despite “threat scenarios” elicited by the opening of border, 2) establishment of working relationships already during the “Cold War” period, 3) relatively minor gaps in socio-economic indicators and living standards, 4) economic dynamism and attractive labour markets (especially on the Hungarian side), 5) potential geographical advantages within the context of European enlargement and 6) well developed project-oriented co-operation.

The attitude towards the region is one that is “realistic” and based on general consensus with regard to its objectives. West Pannonia is not seen as an idealistic or romantic project but rather as something pragmatic. Pragmatic definitions of region are characterised by the fact that they are more concerned with enabling individuals to act in a concerted manner in specific areas rather than predicated upon pre-defined principles. Furthermore, networking regional stakeholders and responding to local concerns is the objective, not the (perhaps utopian) achievement of broad socio-cultural integration. As a result, the scepticism and pessimism that pervades the German-Polish region-building project has vastly diminished here.

The construction of West Pannonia has proceeded pragmatically as well. It is a region constituted of working relationships and networks that have developed over the last two decades and that only gradually has assumed a certain institutional character or “corporate identity”. A Euroregion was only established in 1998, basically a quasi formalisation of existing working relationships within the binational area. Only in 2002 was a Transboundary Development Concept (Mecca Consulting 2002) submitted on behalf of the Euregio West Pannonia for a INTERREG/PHARE small projects grant. In other words, the overall development vision had time to emerge from the experiences gained through several years of bilateral project development rather than the other way around.

The region of West Pannonia has thus been developing “organically” and its future institutional shape has not been pre-determined. Furthermore, most actors involved in co-operation have indicated a preference for uncomplicated organisational structures rather than institutional complexity. This strategy has proven successful. Admittedly, however, region-building in West Pannonia has been supported by a high level of private sector cross-border activity, commuting, cross-border shopping and cultural activities.

The German-Polish Case (Region Brandenburg-Lubuskie/Euroregion Viadrina)

Region-building in the German-Polish case has achieved much in terms of bringing together regional stakeholders. It has also served as hands-on experience for Polish and German communities in exploiting the opportunity structures provided by the EU and helping prepare the Polish side for membership. At the same time, the German-Polish regional project has also been a victim of its own complexity. In contrast to the Hungarian-Austrian case, institutionalisation, co-operation principles and regional strategies came first, effective working relationships and networks developed only later. Multilevel governance was a strategy aimed at creating avenues of communication where very few previously existed. In this respect it was a logical response to the transformations occurring both in terms of Polish-German relations and East Germany's integration into a market-oriented, federalist democracy.

In fact, the rapidity with which institutions of German-Polish planning co-operation were created as well as the motivation of politicians, businesspeople and other citizens involved in the Euroregion "movement" indicated an auspicious start to German-Polish cross-border regionalism. Transboundary planning co-operation was especially productive; development concepts were drawn up at the local/regional level during the first years of co-operation (1993-1995). These concepts embraced the ambitious objective of creating integrated economic and ecological areas through a wide variety of measures aimed, among other things, at combating unemployment, promoting a positive sense of common border region identity, economic co-operation and good neighbourliness. Through EU funding mechanisms anchored in the INTERREG and PHARE initiatives, local projects were to assume a key role in implementing these ambitious schemes. However, as concrete results proved elusive, particularly when weighed against the objectives of economic cohesion and "pre-integration", disillusionment rapidly set in. Aversion to the EU on the German side grew considerably, contrasting with the enthusiastic pro-Europe stance of Polish municipalities.

There are many reasons that explain the shortcomings of cross-border co-operation as managed by Euroregions and typified by the experiences of the Pro Europa Viadrina (and Brandenburg-Lubuskie in general). Obviously, the challenges here dwarf the problems faced in West Pannonia. The socio-cultural, linguistic and "Schengen" related dimensions of German-Polish regional co-operation have been already discussed. What seems important to emphasise here is the fact that multilevel governance has also encumbered co-operation and made the implementation of European regional policies and instruments difficult - contributing as well to local disenchantment with Brussels.

In sum, German-Polish transboundary co-operation problems are insufficiently addressed by present forms of co-operation, characterised by administrative complexity, public sector dominance and local dependence on co-operation incentives. Subject to pressures from "below" (the municipalities) and "above" (ministries and EU agencies) the Euroregions have struggled to assume a more commanding role in strategically co-ordinating projects submitted for INTERREG/PHARE support. Resources and energy have tended to be concentrated on a plethora of small projects and initiatives rather than on key projects with high visibility. Administrative complexities have also discouraged community partnerships, promoting unilateral rather than truly binational projects. These problems dog efforts to fully exploit opportunities for joint action in planning and regional development. Ironically, despite the generally positive aspects of INTERREG and other initiatives, local governments have experienced considerable difficulty in managing projects supported through EU and national programmes.

Because of the lack of previous interaction and the basic uncertainties underlying post-socialist transformation and EU enlargement, the achievement of integrated regional development strategies has not panned out. Only through a more concerted and inclusive effort to select and/or initiate projects relevant to existing development concepts can a certain strategic coherence be achieved. In this is way, communities involved in German-Polish cross-border project development might avoid paternalistic senior government intervention in areas that, theoretically, are part of project-oriented institution-building at the local and regional levels of cross-border co-operation.

5. Synthesis, Policy Implications, Conclusions

EXLINEA gives evidence of dramatic changes in cross-border relations in Central and Eastern Europe. With the last vestiges of the “Iron Curtain” vanishing, both between East and West as well as within the former Soviet Bloc itself, citizens, communities and regions have chosen to open new avenues of communication with their neighbours across state borders. Furthermore, in those contexts where states have (re)gained their independence (e.g. Baltic States, Ukraine, Moldova, Russia and the Balkans) and new borders have emerged, Euroregions, cross-border city partnerships and similar cooperation vehicles have also come into being. CBC in the case study areas we have observed has developed as a means to communicate and manage issues that transcend the confines of individual communities – issues that include social affairs, economic development, minority rights, cross-border employment and trade, the environment, etc. CBC, however, has also been about attempts to exploit, using the border as a resource for economic and cultural exchange as well as for building political coalitions for regional development purposes.

Furthermore, EXLINEA has confirmed the European Union’s considerable impact on the nature of cross-border relations in Eastern and Central Europe. The EU’s influence has been felt at a geopolitical level but also at a more basic societal level. On the one hand, prospective benefits of closer relations with the EU (including hopes of membership) have provided a context for rapprochement and development. On the other hand, concrete material incentives provided by the EU have been used to begin developing local and regional cooperation initiatives. It also appears that prospects of more inclusive political and economic cooperation within Europe are affecting how borders themselves are perceived; although the clear demarcation of state sovereignty is not at stake, borders in Central and Eastern Europe are losing their negative image as barriers to communication and development. It is, therefore, the European dimension that will remain incentive number one for the CBC stakeholders in these regions. Much will therefore depend on how EU policies and policy discourse translates into political capital for local/regional cross-border cooperation.

As EXLINEA and its research agenda have borne out, the issue of cross-border co-operation at the EU’s external borders will be increasingly dominated by attempts to negotiate a new quality of political community between the EU and its regional “neighbourhood”. One problem – and this has been demonstrated by EXLINEA – is the discrepancy between discourses of security and selectivity that affect more general perceptions of cross-border cooperation and the overall positive perceptions of closer interaction voiced by local stakeholders.

Presently, notions of binational or cross-border “regionness” at these external boundaries region are an abstraction, but it is far from illusory that cross-border regional identities might at some time emerge. Many “overlaps” in terms of cultural relations, settlement networks, labour markets, schools, housing markets, for example, are in the making that could provide substance to a regional idea. Indeed, cross-border regionalism, at least in a functional and everyday sense, is taken seriously, but it is not an idealistic or romantic but rather a pragmatic notion of region that is taking hold. Pragmatic understandings of regionness are, above all, more concerned with enabling individuals to act in a concerted manner in specific areas of common concern rather than predicated upon overambitious goals of political or socio-cultural integration.

Our results indicate that in several cases, such as the Finnish-Russian, “hybridisation” is taking place through the development of new transnational communities. These communities form a link between localities on both sides of the border and help transcend the considerable barriers to interaction that exist between Finland and Russia. In other cases, such as the Hungarian-Romanian border region, European policies and concrete cooperation projects between cities are gradually helping to reduce historical animosities and resentment that have blocked interaction in the past. To an extent, the process of cross-border cooperation can be said to contribute to small-scale projects of interstate rapprochement in all case study regions – and this despite the very uneven quality of formal and informal cooperation that have emerged. Furthermore, cooperation experiences indicate that the search for “best” practices will prove elusive, but that good practices established in specific contexts can provide valuable insights into the means in which stakeholders develop *situationally* successful cooperation strategies.

Nevertheless, despite some positive indications of change, the overall picture of local and regional cross-border cooperation along the EU’s external boundaries offers a very complex and fragmented panorama. The problems discussed at length in the case study reports testify to considerable political challenges facing the establishment of effective and broadly based cooperation mechanisms. These confirm the general dichotomy of pragmatic (e.g. issue and problem-oriented) co-operation and everyday (e.g. “emotional” and/or “opportunistic”) practices of cross-border interaction: up to now there has been only partial evidence of a mutually beneficial integration of the two. Indeed in these border regions we see a familiar governance quandary: most of the persons interviewed perceived cooperation as beneficial, and not only in economic terms, however it is quite something altogether to engender a general sense of identification with regional cooperation institutions. National orientations and localism predominate even though CBC is seen as something positive, even necessary.

The principal cooperation problems identified by our interviewees mirror those of many border regions. To begin with, local and regional governments in the areas we have studied are generally weak and/or very different in their legal and administrative makeup. In only one case, that of the Finnish-Russian border region, can a truly strong regional administration participate in the development and promotion of Euroregions. The weakness of local/regional levels is compounded by severe financial constraints that often tend to reinforce dependence on central government agencies. In fact, the development of cross-border governance structures is not always welcomed by national governments. Particularly in the Russian case, little support is given to the institutionalisation of CBC. The lack of financial resources also hinders participation in EU funded programmes as local governments have not yet found a way to pool, engage and/or develop expertise in the development, management and monitoring of cross-border projects. In addition to these issues hindrances of more typically structural nature (a lack of interregional connectivity, few border crossing points, etc.) and new visa regimes mandated by Schengen have made the development, maintenance and expansion of cross-border networks and projects difficult.

Cooperation activities on the EU’s external borders have thus taken place against a backdrop of considerable structural, financial, political and “cognitive” constraints. For this reason, and despite all criticisms levelled at the Commission, the assistance of the EU will remain absolutely essential. This is not merely a case of concrete monetary resources. The prospect of closer relations with the EU, either as “members” or “partners” of an economically robust and stable political community, has been a central motivating factor behind CBC. This has been borne out by the interviews and questionnaires carried out with local stakeholders. Of course, the frustration of EU membership aspirations of some neighbouring states could produce

political tensions and this must be addressed in timely and effective fashion. Cross border cooperation (CBC) is not merely a question of symbolic politics at the EU's external borders. Many of the actors interviewed see in CBC projects a gradual development of durable cooperative structures between local governments, public agencies, universities, NGOs and other organisations – cooperative structures that could form the basis for positive transnational social capital.

Addressing initial research questions

With reference to the research questions defined by the EXLINEA consortium we can summarise results as follows:

i) What are the principle socio-economic, political and environmental challenges that require cross-border collective action in contexts of EU enlargement? (Policies)

These are of an economic, social-cultural and, in several cases, environmental nature. In all of the case study areas CBC is seen as a means of promoting development and counterbalancing peripherality with prospects of “Europeanisation”. The co-development notion is supported by the belief that synergy effects created by economic networks will both strengthen the economic role and political weight of the border regions. In addition, joint solutions are being sought for the problems of ethnic groups affected by state borders (for example, Russian speaking groups in Estonia and Russians with family ties in Estonia, the large Hungarian minority in Romania, ethnic communities in Greek/Albanian/FYROM/Bulgarian border areas). Environmental issues are a latent problem in all of the case study areas, primarily because of industrial pollution. The management and protection of Lake Peipsi on the Russian-Estonian border is the most visible example of an environmental cooperation project that forms the backbone of a larger regional CBC initiative.

ii) How are policies that regulate the ‘permeability’ of borders compatible with pursuits to promote cross-border co-operation? (Policies)

The situation is symptomatic of the “Schengen dilemma”. Passports are necessary to cross these borders and customs controls can be very thorough. There are relatively few major crossing points and almost no border crossing stations that discriminate in favour of local traffic. Border communities must “compete” with interregional East-West traffic flows that congest the existing cross points. Furthermore, there is no cross-border public transportation to speak of. Interestingly, while border controls have been mentioned in interviews and in the literature as a negative element they seem to accept with a degree of stoicism. The problem lies in expanding the range of CBC within the present context of border regulation. Potentially damaging, even if of a transitory nature, would be a resurgence in perceptions of threats that the EU border (as a “border of security”) has symbolised in the case study regions. These are related to fears that the elimination of trade barriers and labour market restrictions will negatively impact on wages and the quality of life on the more wealthy side. On the other hand, our respondents have signalled that CBC has done much to break down resentment, mistrust and other mental barriers to interaction.

There are certain contradictions between the cooperation policies being promoted by the EU and the increasing importance of border management and security, on the one hand, and protectionist measures, on the other. Visa requirements and the costs of obtaining visas, both monetary and terms and in terms of time, are without doubt, relative hindrances. The differentiation between visas to neighbouring EU countries (such as Hungary, Poland and

Estonia) and full-fledged Schengen visas furthermore suggests in the eyes of those interviewed a form of discrimination according to national citizenship. However, visa restrictions appear to have less of an impact than at first supposed; less at least that institutional, legal and financial constraints. As is also mentioned below, the desire for well-regulated borders is shared (or generally perceived) by most interviewees in both EU, accession and neighbouring states. Only in the case of the Hungarian-Romanian border, scheduled to be an internal EU border after 2007/2008, were wishes of a “spiritualisation” of the state boundaries openly voiced, primarily by respondents of Hungarian origin.

One area where border regulations most clearly affect cross-border interaction is in the economic sphere. The transactions costs of anything beyond barter trade or small-scale import-export activities (often only semi-legal) are rather high even without customs and visa restrictions. This has limited the degree to which joint ventures, direct investments or other entrepreneurial activities have taken place. Labour restrictions do not allow for the development of more dynamic cross-border job markets; interestingly these are not always seen as a threat at the local/regional level as welfare policies and the complementarities of labour and investment demand often dampen competition for low paying jobs. A good example of the possibility of this scenario actually occurring is the Hungarian-Austrian border, since 2004 an internal EU border region. Despite years of populist political discourses invoking threat scenarios, especially concerning “wage dumping”, a synergistic market for labour, goods and many services has in fact emerged.

More importantly, however, special “transition” period regulations apply to Hungarians before they can enjoy the full benefits of European Union membership, including employment and residence rights. In addition to the two-year period defined in the EU agreements, the Austrian government has negotiated an additional five-year period, although the possibility of reducing the duration of this interim period is being discussed.

EU enlargement is not regarded as a current topic in the case study areas. However, it is evident that the future of cross-border interaction will be closely linked to discussions on what defines European identity and what are the geographical limits of the EU as a political community. The EU border, as a border of a political community with a considerable projection of geopolitical power, has symbolised, both intentionally and unintentionally, difference and exclusion. Measures to counteract exclusion could include border regimes that allow persons living in the border regions, regardless of within EU member states or neighbouring countries, to cross freely and engage in various activities on the other side of the border. In addition, a critical question concerns the consolidation of political and administrative practices in the enlarged Europe. Much will rely on the EU’s ability to reform its political and administrative institutions in a way that allows national and regional level actors to more actively participate in the management of matters that concern their immediate surroundings. In addition, it will be essential for local and regional actors in neighbouring states to participate in the process of defining the agenda and adaptation of future CBC programmes.

iii) How do European, national and local policies and interests coalesce and/or clash with regard to the development of closer cross-border networks? (Policies)

The confluence of policies generated at different levels that operate locally on the EU's external borders presents a picture of opportunity structures co-existing with considerable constraints. However, the level of this type of multilevel interaction varies greatly from case to case. Complex structures of cross-border cooperation have emerged on the Hungarian-Romanian border as Hungarian geopolitical and domestic regionalisation strategies have complemented local initiatives. Thus, and even despite political-administrative asymmetries that exist between Hungary and Romania, macro, meso and microregional cooperation associations have been established to provide a comprehensive framework for regional development. These organisations of course still need to prove themselves in terms of actual results.

Furthermore, in all case study regions the evolution of cross-border co-operation has been and remains heavily influenced by developments in European structural and regional policies and, more generally, by regionalisation trends within the EU. Hence, there potentially exists a strong incentive to "regionalise" both domestically (and thus, among other things, satisfy NUTS criteria and structural funding requirements within EU member states) and in terms of developing cross-border co-operation. Similarly, cross-border planning frameworks now in place in some of the regions form part of an *overall geopolitical strategy*, promulgated by the EU and supported by EU member states, to cope with complex processes of Central European post-socialist transformation. The aim here is to assure political stability, promote environmental security and enhance regional initiative and competitiveness within the greater European context (see, for example the objective defined in the European Spatial Development Concept).

In general, and given the general circumstances, there appears to be satisfactory multilevel interaction between the EU, states (both EU members and neighbours) and regions/local governments in terms of the CBC policies that have been established to date. One reason for this is the general consensus that co-development is a key to stability and economic development within the wider European context. As such, there appears to be general agreement on major cooperation priorities as expressed in joint programming documents of INTERREG, PHARE and TACIS initiatives. However, in most cases EXLINEA has studied, divergent regionalisation trajectories (e.g. in Russia and Ukraine) have a significant effect on the structure and workings of CBC associations. Here, a relative lack of regional autonomy (partially due to recentralisation tendencies), unstable party political landscapes and a low level of local government resources, severely restrict the effectiveness and continuity in the operations of Euroregions. Direct support from Finnish, Polish and Hungarian state agencies is often necessary to move projects forward.

Furthermore, conflicts of interest do exist. While the EU is promoting with ENP a notion of post-Wesphalian political community held together by a set of common values and practices, several neighbouring states are involved in internal struggles to assert national sovereignty and identity. The challenges of economic and political transformation in Russia, Ukraine and Moldova, for example are seen by many national elites to threaten territorial integrity and capacities for effective governance. In these contexts, regionalisation and cross-border cooperation initiatives are either closely regulated or often withheld support in order to prevent centrifugal forces from generating (perceived) threats to central authority. This does not mean, however, that the sovereignty imperative is of necessity irreconcilable with European Union objectives. Many interviewees have warned against a resurgence of

“civilisational discourses” and argued instead for a dialogue on regional development issues that include all stakeholders (national and regional) in order to minimise mistrust. If CBC is seen in the EU to be a larger project of societal modernisation, democratisation and economic renewal, cross-border cooperation is seen in Russia and Ukraine mainly as a vehicle for economic and structural development. This should be taken into consideration when defining Action Plans with the framework of the ENP and the Strategic Partnership.

Euroregions and other local cross-border actors have voiced frustration over the complexities of INTERREG, TACIS, PHARE CBC and other EU programmes. One issue is the manner in which senior governments have administered structural policy with project review processes reinforcing paternalistic relationships between senior governments and local and regional authorities. Particularly annoying in their view is the fact that Euroregions on the EU’s external borders have been subject to constant criticism from several different quarters (such as state governments), often receiving unwelcome guidance and/or instruction with regard to their Cross-border Development Concepts and their realisation via EU supported projects. In addition to these problems are the well-known idiosyncrasies of co-financing projects between EU and non-member states, where regional development funds (INTERREG) must be combined with funds made available through EU’s External Relations Directorate (PHARE and TACIS). The processing of INTERREG/PHARE-CBC/TACIS applications has been time consuming - averaging from 1 1/2 to 2 years. And, as a subordinate initiative to general EU structural policy, INTERREG is based on rather narrow definitions of regional development; planning and capital investment projects with a clear economic, infrastructural or environmental orientation are favoured. While this has worked to the benefit of co-operation in spatial planning, other activities central to the development of cross-border regionalism, such as information exchanges, binational education and cultural development have received relatively little support within the INTERREG/PHARE-CBC framework. Admittedly, however, the INTERREG programme and its PHARE counterpart have progressed considerably since their initiation, due to reforms in programming modalities that require closer international co-ordination. Furthermore, with the ENP these operational complexities should be considerably reduced.

iv) What have been the national, regional and local responses to EU border policies? (Practices)

Sensitivity to a “Fortress Europe” phenomenon has occasioned EU and non-member states on the external borders to adapt local policies facilitating border crossing and short-term visits. Before the imposition of Schengen criteria to Hungary’s, Poland’s, and Estonia’s eastern borders, for example, visa-free travel was a daily reality. This has changed with the EU membership of these states. Procedures for Schengen visas are often complex, particularly for those only seeking short-term visits to destinations within borders areas. As a means of counterbalancing this phenomenon, the affected EU states offer free visas valid only for travel within their territories. Ukraine and Moldavia have chosen not to introduce visa requirements for citizens of neighbouring states. At present considerable negotiation is underway for a simplified visa procedure for local residents of border regions.

v) What strategies have been developed by local actors to promote region building in terms of formal and informal integration processes? What governance functions can be realistically attributed to cross-border co-operation? (Practices)

As in the whole European Union, cross-border cooperation on the external borders is characterised by the adaptation of existing institutional structures to new opportunities and problems set by recent geopolitical changes. Given the long track record of cross-border cooperation in Western Europe it is not surprising that cooperation stakeholders in Central and Eastern Europe have emulated many of the institutions and projects pioneered within the EU. The strategies and mechanisms employed to create a sense of cross-border region therefore include: 1) institutionalisation, 2) joint implementation of European regional development programmes, 3) the employment of Europeanising discourses of integration, cohesion and competitiveness, 4) “visioning” exercises and “bottom-up” project development involving local communities as well as, 5) publicity initiatives and regional events meant to instil a sense of belonging to Euroregions. These are among a long list of region-building measures that have been employed since 1989/1991. More subtly, the generation of “geographic knowledge” supporting a sense of region has also been a focus of project-oriented co-operation. Cartographic depictions of Euroregions are frequently used to familiarise local citizens with the “borders” of “their” binational regions as well as to produce a territorial identity that can be used in grant-seeking initiatives and in promoting and marketing campaigns.

The most important cooperation vehicle that has emerged has been the Euroregion, a semi-formal association of local and/or regional governments, occasionally with the participation of state representatives. The rationale behind Euroregions is to establish a reliable and stable platform for cooperation in which public agencies commit themselves to developing common projects. Several of the Euroregions are very large in territorial extension. These were created during the first years of post-socialist transformation, a time characterised in most countries by weak local and only partly existent regional governments. Only later were small-scale Euroregions created, partly out of disappointment with the inflexibility and cumbersome decision-making processes of large organisations. The most successful of the smaller Euroregions can be found on the Hungarian-Romanian border, where communities with similar development problems and of similar ethnic/cultural composition cooperate in order to exploit EU incentives. In addition to Euroregions, more loosely organised urban networks have emerged, primarily in cities located in close proximity to state borders.

The general experience of Euroregions is rather mixed. They have, on the one hand, established routines of cooperation, “regularised” contacts between public agencies and promoted common regional ideas. They are also very valuable organisations for the exchange of information and ready solution of local problems. The major problem of Euroregions, however, has been to translate cooperation ideas into reality through projects with visible regional impacts and that enjoy popular interest. Many of the regional strategies and political projects developed by Euroregions are much too ambitious and complex, overtaxing local capacities for action. In a wider sense, however, cooperation problems of Euroregions are similar to the broader questions of democracy and effective administration that are connected to “Europeanisation” processes: the continuous redefinition of responsibilities between different levels of government, the various policy frames and instruments coordinated by competing administrative units, and, finally, the problem of democracy deficits and a lack of popular interest in European governance issues. In this sense, the challenges to supra-national, national and regional institutions are closely linked together, and answering them requires well balanced solutions on all levels.

As a result, the governance functions of cross-border co-operation are admittedly limited. INTERREG/PHARE CBC/TACIS has, in theory, provided a framework for transboundary policy-making, but given the fact that “multilevel governance” dilutes local and regional inputs and that INTERREG/PHARE/TACIS remains an intensely complex programme, co-operation organisations (e.g. Euroregions) remain heavily dependent on outside assistance. There also remains the question as to whether cross-border project development as presently managed by Euroregions can progress within the ENP framework. Where governance capacities have been achieved are in the areas of networking (primarily between NGOs and between government agencies), cultural work, youth exchanges and, to an extent, the elaboration of regional development strategies. Project development has at times been facilitated through working groups recruited from Euroregion municipalities, planning agencies, economic development bodies, business circles, research institutes, universities and NGOs.

vi) What results in terms of perceived added value have been achieved through cross-border co-operation? (Perceptions)

The added value of CBC is seen to be more than its direct (relatively meagre) project-oriented results; it has established an atmosphere of rapprochement and dialogue and promoted cross-cultural learning. Interviewees were basically unanimous in stating that the primary beneficial effect of cross-border co-operation has been to make interaction in various fields “second-nature”. Cooperation has helped delineate a much more differentiated picture of the consequences of open borders and counteracted the negativity of the early 1990s as “threat scenarios” began to work their way into the popular consciousness. Co-operation has also diminished resentment and fear of economic “domination” by the EU and the West. Cooperation has also helped put the border in a more positive perspective, diminishing negative stereotypes and resentment against communities on the other sides of the border (see below). Even though overall expectations of its prospects are rather muted, learning processes have taken place that include: greater knowledge of the EU and its workings, understanding the ground rules of competitive grant-seeking, and a certain degree of expertise in strategic regional development practise (for example in the Polish-Ukrainian case). As the number of successful project applications increases, CBC will contribute to knowledge of the complexities of project management.

vii) How are state borders and the neighbouring “other” perceived in the regions under scrutiny? How has EU enlargement affected these perceptions? (Perceptions)

This is perhaps one of the most interesting “revelations” of EXLINEA. Since the geopolitical changes of 1989-1991 borders have lost much of their foreboding, “fortress-like” quality. Along with this, the isolation of border communities has been effectively terminated. There is no doubt that EU enlargement and the promotion of cross-border cooperation have had a considerable effect on how communities and individuals view themselves within the wider European context. The “foreignness” of the “other” has abated as visits abroad have increased and economic activity has spread across borders. While Russia with its own geopolitical ambitions is perhaps a partial exception, the EU has had a powerful influence on the geopolitics and domestic policies of countries formerly part of the Soviet Union. Here, mention of the EU’s (and Poland’s) role in supporting Ukraine’s Orange Revolution or in bringing Moldova and Romania closer together should suffice in underlining the significance of the EU as a new geopolitical player within a continental context.

Despite questions regarding potential membership of countries such as Ukraine and Moldova, the prospect of closer political relations with a stable and prosperous political community represent a powerful incentive to accept the EU as a partner and to adopt (at least to an extent) its practices and values.

The borders themselves play an interesting dual role. While the new openness of the border was generally praised, almost all interviewees, regardless whether from EU member or neighbouring states, emphasised the protective and stabilising function of the border. Borders were seen to regulate flows and to offer some degree of security (for example, against organised crime and illegal immigration). Borders were also seen to provide certainty within “chaotic” times of change; they are perceived as an organising element in the environment that clearly demarcates national spaces and guarantees national sovereignties. Despite this desire for borders that are well regulated but permeable, there was wide agreement, particularly among respondents from Russia and Ukraine that the border-crossing ritual itself was often experienced in negative terms and associated with long waits, corruption of customs officials and humiliation.

viii) Is cross-border region building (e.g. in the form of Euroregions) helping instil a sense of common interest and European identity? (Perceptions)

Identification with cross-border cooperation projects, and Euroregions in particular, is nebulous at best. Because CBC lacks resources and is perceived to only have limited political significance, there appears to be very little public interest in getting involved in or following cooperation activities. As a result, region-building process have more to do with the selective networking of CBC stakeholders who work largely, but not exclusively, within the public sector. Local identities are overwhelmingly national in character, even though sensitivity to the EU and its policies has increased. Furthermore, the private sector has been rather hesitant to participate and/or has not felt sufficiently included in co-operation agendas. In terms of identification with the EU, cross-border co-operation has done much to familiarise local communities with the European Union, its institutions and its structural initiatives. However, the development of a “European” sense of identity has been similarly limited to specific regional stakeholders.

Policy Considerations

The goals of cross-border cooperation are none other than the establishment of conditions for social, economic, cultural and democratic/institutional co-development. The specific challenge facing CBC is to create a “political space” between the EU, national capitals and subunits of the state *and* beyond national borders. If this is the essence of CBC, then the policy relevance of EXLINEA must be reflected against capacities for building communication between stakeholders in cooperation. Indeed, the strength of CBC depends on the incentives that exist to co-operate as well as the disincentives and constraints that discourage interaction. For this reason, EXLINEA project results suggest that CBC experiences should be scrutinised against a process of gradual institutional change. Regional and local-level CBC is taking place in regions that, without exception, are economic and political peripheries – regions that geographically speaking are poorly connected with the rest of Europe.

The removal of barriers does not in and of itself guarantee the emergence of cross-border region. Only social practices and attitudes can make such a regional project reality. The results gathered within the scope of the EXLINEA research project thus highlight the value of open-ended, project-oriented and somewhat less rule-based co-operation. Cross-border co-operation and region-building is a learning process and the more it is based on well-established links and working relationships, rather than on grand regional development schemes, the more it will be perceived as a realistic undertaking.

Future governance capacities of cross-border co-operation will, no doubt, lie in networking rather than formal policies. Cognitive regionalisation could be enhanced through a better co-ordination (rather than laborious integration) of policies at the local and regional level. Given the multilevel nature of cross-border co-operation, vertical and horizontal communication would, however, need to be vastly improved. Senior governments could have a vital role in providing a supportive framework for co-operation; far from necessitating the creation of new formal institutions this could be achieved by co-coordinating available resources and the cross-border links established by individual agencies (e.g. economic development, environment, transportation and infrastructure, spatial planning) within the context of selected co-operation initiatives. The first activities along these lines have begun to materialise in the shape of cross-border regional conferences and informal interorganisational networks of planning and economic development agencies. In bringing together actors responsible for spatial planning and regional development, these informal “networks” focus attention on specific issues and, in particular, on the identification, financing and management of so-called key projects.

Some policy suggestions are outlined below. A more detailed set of policy considerations has been made available in EXLINEA's policy paper.

- The EU should provide financial support for setting up administrative mechanisms for CBC institutions, especially in the case of Euroregions on the EU's external borders where funds and specialised knowledge in the development of cross-border networks are limited. Crucially, local authorities usually lack a strategy for using EU CBC funds. Instead local and regional governments will often more willingly use other structural funds. Moreover, the cooperation of local and regional bodies is often too formally structured and does not translate into specific projects.
- Clear geopolitical signals are needed that promote "Europeanisation" without a local backlash. Civilisational discourses that distinguish between the EU and a non-EU Europe in terms of a hierarchy of values and societal development should be avoided.
- Abolishing economic barriers, such as the mutual recognition of qualifications and restrictions on the freedom of business activities could greatly facilitate cross-border retailing and services. Under such conditions, competitiveness and economic growth could be achieved the exploitation of niche strategies.
- Abolishing political and legal barriers, such as those inherent in labour market and foreign resident legislation, would allow for greater socio-economic mobility, innovation transfer and flexibility.
- Different (and very legitimate) perceptions of the role of CBC have to be reconciled: roughly speaking, one view is that CBC is about the development of common (European) values and social modernisation through multilevel governance; the other view emphasises the regional development and economic aspect of cooperation. These perspectives are not mutually exclusive and should be applied flexibly, not in a "one size fits all" manner.
- The degree of institutionalisation must be negotiated and carefully considered. Institutional modernisation is an important goal but it should not mean an unnecessary complication of cooperation by overstressing administrative/legal capacities before these can be built up. It is perhaps best to build up open networks before formalising cooperation. EU CBC policies should reflect this.
- Short-term demands for visible results must be reconciled with the necessity of long-term strategies. Cooperation approaches should include both objectives, dedicating resources to a limited number of large projects that attract public attention and interest while promoting more complex initiatives that require longer preparation and programming periods. This should also be reflected in EU CBC policies, allowing for more flexible, multi-term programming of development projects and not limiting budgets to the life of individual Action Plans.
- Exploit where possible the economics of urban networks. This included developing political and functional relationships between public agencies, universities, firms, etc. Such networks could also participate in infrastructure investments and the promotion of economic development.
- Economic actors need to be more directly involved in CBC. Business opportunities are seen as essential to more responsive cross-border cooperation.

Conclusion

These case studies also highlight the selective nature of cross-border region building. If anything has become clear in comparing the various cases, it is that cross-border regionalisation is inherently a process of socio-political construction and, in many, ways highly artificial. Cross-border regions do not create “monolithic” communities of interest, where citizens, political actors and the private sector participate equally in promoting co-operation. Instead, regionalisation in this case is a project of linking together actor groups and institutions with a stake in improved co-operation. The simultaneity of inclusion and exclusion, of “opening” and “closure” and/or “nationalising” and “Europeanising” discourses at the border characterises all our case study areas. These contradictions are the point of departure for any serious contemplation of cross-border region-building.

Given the simultaneity of inclusion and exclusion in borderlands contexts, the quality of co-operation will to a great extent depend on the role political elites assume in promoting a regional idea and bridging cultural difference. The quality of the political message, however, is not only a local issue, it is subject to practices and discourses that operate at several different spatial levels and societal realms. With the ENP a powerful geopolitical rationale is in operation that provides both a discursive platform as well as a series of policy-centred practices that will potentially establish a new quality of political relationship with former Soviet states. It can only be hoped that in the negotiations leading up to Action Plans cross-border cooperation at the regional and local level receives explicit support. Furthermore, in the regulation of its external borders a positive discrimination of border regions residents should be taken into consideration.

With regard to the lamentable developments on the US-Mexican border, where new walls are being erected, new technologies will make the ubiquitous control of individuals reality and protectionist policies are being increasing championed, the EU could set an excellent geopolitical counterexample with a more inclusive border. This would of course be contingent on policies that do not exclude Ukrainians, Russians, Moldavians (as well as Turks) from labour markets in the EU.

In closing: CBC in general and EU cross-border co-operation policies in particular will not quickly reverse the economic and political marginality of regions on the EU’s external borders. Indeed, on the level of day-to day politics, differences in paths of economic transformation and institutional modernisation have tended to inhibit greater co-ordination of policies; while supporting cross-border interaction EU member states and their neighbours are (logically) striving to establish conditions that will be most beneficial to their own respective regional and local constituents. And yet, despite obvious limitations, and considering very difficult initial conditions, cross-border regionalism has made considerable progress since its appearance – virtually without historical precedents – since 1991.

6. Dissemination and/or Exploitation of Results

EXLINEA was very much involved in the larger scientific discussion about the changing significance of borders and cross-border cooperation. To this end, consortium members were very active in disseminating information about the project and its results within the framework of international conferences, workshops and seminars; these were presented at: Association of Borderlands Scholars meetings, the KOLI Border Forum in Finland, the International Association of Central and Eastern European Studies conference in Berlin, Border Regions in Transition (BRIT) conferences in Hungary and Israel, the European University Institute (Florence) as well as to graduate classes in Finland, the Netherlands and Germany.

During its 36-months as an FP5 project EXLINEA also pursued objectives that were explicitly “product-oriented”. Recognising the importance of circulating knowledge of cross-border co-operation practices and experiences, end-user oriented dissemination was a central activity accompanying all phases of the project. Dissemination activities included a project website, newsletters, policy papers, local seminars and the production of material for university-level courses. The dissemination activities have been communicated to the Commission on a regular basis. Workshops and a final conference conveyed policy relevant information whereas project results will be made available to the wider scientific community through a series of articles and conference papers.

A book documenting results of EXLINEA case studies (EU Enlargement, Region-Building and Shifting Borders of Inclusion and Exclusion, edited by James Scott) is presently under preparation for publication by Ashgate and will appear in 2006.

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