

Annex 1

ESPON-INTERACT Thematic Study on Cross Border Cooperation

Case Study I

Finnish Cross Border Cooperation with Estonia and with Estonia and with Russian Karelia

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1 Finnish Cross-border Cooperation with Estonia and with Russian Karelia

1.1 Introduction

Since its inception, the EU Interreg IIIA programme has been specifically aimed at promoting cross-border cooperation (CBC) initiatives both on external and internal borders of the EU. It should be noted, however, that being an instrument of EU's internal regional policy, Interreg IIIA could financially support only projects within EU member states. For projects in East European neighbouring countries, the activity of Interreg IIIA has been supplemented by EU foreign policy instruments, such as Phare in Estonia (until its accession to the EU in May 2004) and Tacis in Russia (until the introduction of the New Neighbourhood Policy Instrument in 2005).

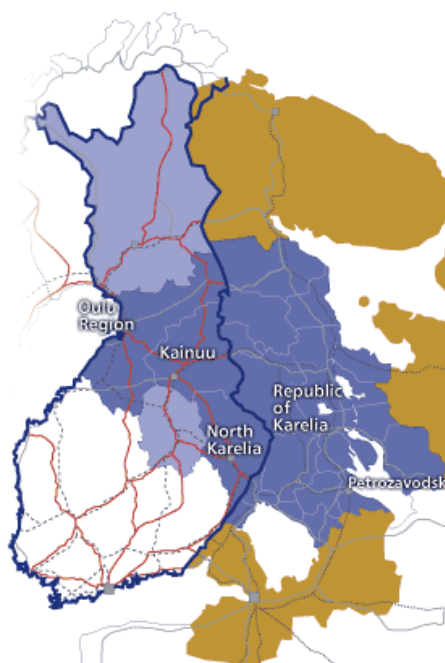
The work of Interreg IIIA has been also supplemented by various international (e.g. Nordic), national, regional and municipal programmes, as well as private initiatives, which have also provided financial support to CBC projects. As a result, it is possible to say that Interreg IIIA has become an organizing centre of a widespread multilayer network supporting and guiding the development of CBC.

During the last decade CBC along EU's eastern border has made substantial progress. Euregios and various inter- and intra-regional organizations have become the main pillars of institutionalization of cross-border ties. CBC has also been actively developed beyond formal frames of European institutions and instruments. For instance, a notable success has been achieved in the formation of informal private cross-border contacts, e.g. joint ventures, cross-border marriages, cultural exchanges, migrations, etc.

This brief report is devoted to an analysis of CBC progress in two programming areas, namely: (1) Southern Finland – Estonia and (2) Finland – Russian Karelia. Six Interreg IIIA projects (three for each programming area) have been selected for this purpose. The overall aim of this analysis is to reveal how Interreg IIIA projects contribute to cross-border learning processes, as well as to establish whether such projects result in longer-term follow-up activities setting up a new stage for CBC between these regions.

1.2 Basic characteristics of case study regions

CBC between Finland and Russian Karelia develops within the framework of Euregio Karelia (<http://www.karjala-interreg.fi/euregio>). Euregio Karelia was established in the year 2000 by the Russian Republic of Karelia and three Finnish regions: Pohjois-Pohjanmaa, Kainuu and Pohjois-Karjala (see Map 1). The total population of the Euregio is 1.4 million, and its area is 263,667 square kilometres. In terms of physical geography, this territory is a plain, mostly covered by forests with a large number of lakes and swamps. Urban centres are rather small (Petrozavodsk, Oulu, Joensuu and Kajaani) and are situated at considerable distances from each other. The density of the population is also quite low. This character of the system of human settlements decreases the intensity of cross-border flows, which somewhat slows down the development of CBC in this area. Finally, it should be mentioned that the bordering areas differ very significantly in terms of their economic development. Thus, according to different estimates, on the Finnish side GDP per capita is 4-6 times higher than that on the Russian side. The economy of Russian Karelia is based on exports of natural resources (timber and iron ore), whereas Finnish border regions possess a much more diversified and advanced economic structure.



Map 1 Euregio Karelia

(Source: <http://www.euregiokarelia.fi/EN/programme>)

Finnish-Estonian CBC develops across the shores of the Gulf of Finland (see Map 2). Administratively, on the Finnish side the area includes four Finnish regions (Varsinais-Suomi, Uusimaa, Itä-Uusimaa and Kymenlaakso) and the city of Helsinki. On the Estonian side it includes nine counties (Harjumaa, Järvamaa, Lääne-Virumaa, Raplamaa, Ida-Virumaa, Läänemaa, Pärnumaa and Saaremaa) and the city of Tallinn. In these areas CBC initiatives are supported by the Interreg IIIA Southern Finland and Estonia Programme. Two particular “umbrella” organizations of CBC should be mentioned: 3+3 and Helsinki-Tallinn Euregion.

3+3 is a cooperative network of three counties of the Northeast Estonia (Ida-Virumaa, Lääne-Virumaa and Jogeve) and three regions of Southeast Finland (Päijät-Häme, Itä-Uusimaa and Kymenlaakso). Their cooperation began in 1994, when the first cooperative agreement was signed. The total population of 3+3 is 780 thousand, and the combined area is 24,028 square kilometres. These regions share many common features. Geographically, both the Finnish and Estonian regions are located in the Eastern part of their countries and have a border with Northwest Russia. The Gulf of Finland divides them, but is also regarded as an important resource for the development of tourism, as well as for environmental projects. Economically, both sides experience the need in industrial restructuring and in finding a solution to the problem of unemployment, which is higher here than the national averages.

Helsinki-Tallinn Euroregion (<http://www.euregio-heltal.org>) was first set up in 1999. In 2003 it was transformed from a network into a non-profit association. Its combined population is 1.8 million, and the area is 10,699 square kilometres. It includes, on the Finnish side, the city of Helsinki and the Uusimaa region and, on the Estonian side, the city of Tallinn and the Harju county. The area as a whole is regarded as a “twin-region”. Helsinki and Tallinn are amongst the most developed and rich areas in their respective countries. They have well-developed transportation links across the Gulf of Finland and internationally. They possess diversified economic structure and substantial social and human capital. In their cooperation they put an emphasis on scientific research (Helsinki-Tallinn Science Twin-City Programme), as well as on education and on best practices in municipal administration.



Map 2 Finnish-Estonian CBC area (INTERREG IIIA Southern Finland – Estonia programme)

Source: <http://www.interreg-finest.net/?id=1348>

1.3 Finnish-Estonian and Finnish-Russian INTERREG IIIA CBC: top priorities

Finnish CBC with Estonia and with Russian Karelia has followed different paths, which is not surprising, given the dramatic differences in the development trajectories of Estonia and Russia since the collapse of the Soviet Union, as well as major geographic and cultural differences between them. Estonia has been much closer to Finland culturally and historically than Russia. Perhaps, this provides an explanation why cultural and social projects were relatively more popular in the Finnish-Russian case (see Table 1): they were aimed at overcoming cultural alienation, whereas in the Finnish-Estonian case that was not an issue. Likewise, social problems were apparently more acute on the Russian side than in Estonia. As a result, they got a much higher priority in the Finnish-Russian case.

The Finnish-Russian case also demonstrates high popularity of economic projects (Theme 3: "Growth, employment and competitiveness"). This is clearly a result of a major gap in the levels of economic development between Eastern Finland and Russian Karelia. This gap serves as an incentive for the development of cross-border business links. It should also be noted that both regions suffer from their peripheral geographic position, which leads to quite similar socio-economic problems, such as relatively high unemployment and relatively low competitiveness. Consequently, Eastern Finland and Russian Karelia both prioritise the third theme, while in the Finnish-Estonian case (where the bulk of projects are carried out between the capital metropolitan regions of Helsinki and Tallinn) these problems attract relatively less attention.

In the Finnish-Estonian case CBC has been aimed at promoting "cognitive integration" of participating regions. The emphasis was put on networking, research, innovation, knowledge-sharing, institutional learning, education and training. Thus, by developing their social and human capital through CBC, the regions try to occupy a leading place in global information society. Estonia's accession to the EU was also a major factor affecting CBC. A major part of Finnish-Estonian projects had a knowledge-transfer component facilitating the adjustment of Estonian institutions to the requirements of the EU.

In sum, it can be said that if a majority of Finnish-Russian projects strived to overcome social, cultural and economic barriers for cross-border interaction and to alleviate negative consequences of peripherality, a majority of Finnish-Estonian projects contributed to the development of a post-industrial zone of global innovative leadership and Estonia's integration in the EU. This is the principal difference between these cases.

Table 1 Thematic structure of Interreg IIIA projects, %*

	Euregio Karelia	Southern Finland – Estonia	Interreg IIIA as a whole
1. Knowledge-sharing, innovation and research	33.6	57.9	38.3
2. Environment and quality of life	29.2	35.8	37.6
3. Growth, employment and competitiveness	55.8	38.9	37.2
4. Cultural and cross-border social interaction	70.8	37.9	35.7
5. Education and training	29.2	46.3	23.1
6. Transport	17.0	1.0	8.5
7. Remote and rural development	0.9	1.1	5.0
8. ICT	8.0	11.6	3.8
9. Hazards	1.8	4.2	2.6
10. Energy	0.9	0.0	1.6
Total number of projects (absolute number)	113	95	3495

* This table was calculated on the basis of a database of Interreg IIIA projects. Although this database is incomplete, it can be treated as statistically representative (it contains approximately 80% of Interreg IIIA projects). NB: Each project may address up to 3 themes. Thus, the percentages if added up come to more than 100%.

Source: ESPON database of approved Interreg III projects (11.07.2005)

2 Overview of selected Finnish-Russian INTERREG IIIA Projects

2.1 Barents business, trade and investment development

Goals: The project focuses on the study of problems faced by Finnish enterprises doing business in the Russian part of the Barents region (BEAR). The main aim is to identify and prioritise these problems, and to urge Finnish and Russian governments to alleviate them. The project is divided into three working groups: (1) customs and border crossing; (2) legislation and investments; and (3) logistics. The project also aims at establishing fruitful long-term cooperation between Finnish and Russian chambers of commerce.

Partners: two Finnish and five Russian chambers of commerce

Mode of interaction: regular meetings of the working groups and joint research activities

Results:

Each working group has published a list of prioritised problems, and public officials (both Finnish and Russian) have been informed about these problems;

In a few cases the problems have been solved;

Good contacts with Russian public authorities (especially with Customs and Road Maintenance Administration) have been established;

A network of Finnish and Russian chambers of commerce has been set up: it is used for regular information exchanges and for organization of joint commercial and non-commercial events (e.g. Finnish-Russian Business Forum)

Follow-ups: The project has de facto created a monitoring system providing on-going gathering and analysis of data on regulation of foreign trade and investments in Russia. This activity occurs within the framework of information exchanges among the chambers of commerce.

Special features: Business Forums provide the much-needed institutional platform (and a channel of communication) organising forward and backward linkages between Russian public authorities and Finnish business community, which helps to solve identified problems.

2.2 Border research: EU and Russia

Goals: (1) to develop cooperation between Joensuu (capital of Finnish North Karelia) and Petrozavodsk (capital of Russian Karelia) and promote their status as centres of expertise in border research; (2) to create and promote new border-related research, development and educational projects; and (3) to produce publications for the use of teachers and university staff working in this field.

Partners: Finnish and Russian universities and research institutes

Mode of interaction: joint research projects, exchange visits, workshops and publications

Results:

A number of joint Finish-Russian research projects in the field of border studies have been carried out;

A study course on border issues and on Northwest Russia (with an e-learning component) has been organized at the University of Joensuu;

A number of PhD research projects focusing on border issues have been started;

Border-related research has been intensified in Russian Karelia and has become one of priority areas at the Petrozavodsk Institute of Economy and at the Faculty of Geography of the Petrozavodsk Pedagogical University.

Follow-ups: The Education and CBC Project has been recently launched with the aim to broaden the existing cooperation between Eastern Finland and Russian Karelia to include also educational research. The project aims to generate ideas how to match educational courses to the needs of labour markets. Within the project a proposal for action is going to be made in how to respond to structural changes that are in progress in the educational sector.

Special features: One of CBC initiatives being implemented in this field is the Cross-Border University. This is an innovative network of Finnish and Russian universities providing harmonised educational post-graduate courses. This project promotes integration of Finnish and Russian educational systems at the tertiary level. In addition, through studying at this University, students are exposed to a wider variety of study options than if they would study only at a national university.

2.3 Development towards sustainable nature tourism in Oulanka – Paanajärvi region

Goals: (1) to secure the sustainable development of nature tourism in the Oulanka and Paanajärvi national parks; (2) to raise the value of the places of interest inside the parks; and (3) to keep up the dynamic dialogue between administrations of the parks

Partners: Finnish Oulanka and Russian Paanajärvi national parks, and Finnish Forest and Park Administration (NUTS 0)

Mode of interaction: exchange visits, workshops, training and field-trips

Results:

Completed development of tourist trails;

Several park guidebooks in Finnish, Russian and English have been published;

Historical research of the area has been completed;

Camping sites and roads leading to them have been improved;

Training of personnel of the Paanajärvi park in the field of sustainable nature tourism has been carried out

Follow-ups: It is planned to launch a joint marketing campaign aiming to raise the number of international visitors to the parks.

Special features: Both the parks have been entered into the UNESCO World Heritage List as an integrated whole – this is a unique case of joint cross-border action on the global arena, and of international recognition of their unity, which underlines the high level of their integration.

3 Overview of Selected Finnish-Estonian INTERREG IIIA Projects

3.1 E-Trainer project

Goals: (1) to enhance willingness to develop e-learning in the educational institutes and teacher education institutes in the target area; (2) to help in creating common e-learning study modules to be used in the organizations taking part in the project

Partners: Finnish and Estonian universities and colleges from Helsinki, Porvoo, Tartu and Pärnu (and a few participants from Latvia, Lithuania and Russia)

Mode of interaction: seminars and exchange research visits

Results:

Skills of arranging e-learning in educational institutes have increased;

Routines of arranging continuing education to personnel of educational institutes have developed;

Attitudes of teachers towards e-learning have become more positive;

Teachers who have taken part in the training have developed better skills in using ICT;

Such e-learning study modules have been developed that are in the future free to use to every organization that has taken part in the study module development of E-Trainer;

Cooperation network of Finnish, Estonian, Latvian, Lithuanian and Russian (Kaliningrad) educational institutes for future e-learning development has been created.

Follow-ups: E-Trainer has enabled teachers of the participating institutions to develop their own e-learning courses. Eight such courses have already been developed and offered to students: Business English, Accounting, International Marketing, Business Management, Customer Marketing, Basics of Law, National and Regional Economics, and IT and Economics.

Special features: E-learning per se represents a powerful and accessible instrument stimulating cross-border interaction. E-learning study courses provide the opportunity to create genuinely diversified "virtual classes" of students from different countries, which may eventually evolve into interesting milieus for cross-border integration.

3.2 FinEst MetNet – sectoral networking development in the metal-machine industry

Goals: (1) to build up know-how in networking in order to increase competitiveness and efficiency of firms participating in the project; (2) to support internationalisation by helping the companies in partner search and in their marketing efforts; (3) to rise vocational competence and to support innovations through the development of networking-based strategies, and through tailor-made personnel training; (4) to establish sustainable Finnish-Estonian networks in the metal industry; and (5) to rise attractiveness of the metal industry and relevant education for prospective employees via creating innovative training schemes in cooperation between schools and companies operating in the metal industry (tailor-made schemes)

Partners: educational and development institutions, and industrial associations from Finland and Estonia, as well as Estonian municipal authorities (NUTS 4)

Mode of interaction: joint seminars, research activities and study visits

Results:

“Basis for network-building” training scheme for company directors has been launched;

Expert services in partner search and study/fair/marketing trips have been started;

Estonian partner-companies personnel training has been upgraded to meet Finnish standards;

Sustainable Finnish-Estonian network in the metal industry has been set up;

Tailor-made scheme for training cooperation between schools and companies has been developed

Follow-ups: The resulting improvements in quality and professionalism of Estonian employees in the metal industry have allowed Finnish companies to increase their international competitiveness through subcontracting/outsourcing of some technological operations to their Estonian counterparts. Better knowledge about existing opportunities on the other side of the border has stimulated realisation of a number of new cross-border business projects.

Special features: Cross-border industrial networking can act as a means improving international competitiveness on both sides of the border, and as a source of inspiration for new projects, which otherwise could not be conceived. It seems that acquaintance with the situation across the border opens up new horizons of thinking, thus stimulating creativity.

3.3 Ecosense: agro-environment and organic farming

Goals: The main goal of the project was to raise the knowledge level of Estonian, Latvian and Lithuanian advisors in agro-environmental issues and build up a long-term cooperation between Finnish and Baltic agricultural advisors.

Partners: Finnish agricultural and rural advisory and research centres and Estonian Centre for Ecological Engineering, Estonian Ministry of Agriculture (NUTS 0), and Estonian state agriculture advisory organization in Jäneda, as well as a number of similar partners from Latvia and Lithuania.

Mode of interaction: regular meetings of the working group, seminars and field trips

Results:

The project issued two guidebooks on farm management and organic farming, which have been distributed among agricultural advisors in the Baltic states;

Successful popularisation of the WISU software in the Baltic states (the WISU software package for Windows OS has been developed in Finland and is used at most Finnish farms for planning crop production and rotation);

Long-term network of Finnish and Baltic agricultural advisors has been set up

Follow-ups: It is proposed to begin a new project dealing with deterioration of water quality because the nutrient leakage from agriculture is still a serious problem, particularly in the Baltic states. Other suggested areas for continuing cooperation are fish-farming, rural tourism, and compliance with EU agricultural and environmental requirements. These topics attract great interest in the Baltic states, while the Finnish side is able and willing to provide assistance in these fields.

Special features: By establishing common operational environment for agricultural advisors (e.g. the WISU software and other Finnish agricultural technologies), the project has created a broader basis for further cooperation. Through its learning activities the project has fostered positive interdependencies, thus promoting European integration.

4 Conclusions

During the last decade CBC has become a well-organized and institutionalised field. It is quite typical when Interreg IIIA projects are follow-ups of their predecessors from the Interreg II programme. Likewise, in their turn, Interreg IIIA projects are followed by a new wave of CBC initiatives. It seems the process of CBC as a whole has become self-sustaining, because it is based on the understood need in and real benefits of cross-border interaction.

Cross-border cooperation at its core represents a meeting of two different cultures. Their interaction naturally leads to mutual learning and integration. This milieu of inter-cultural dialogue is the place where societal innovations are bound to appear. And they do appear, as the aforementioned cases aptly demonstrate. It has not yet been fully understood whereto this process leads our societies. But it is quite clear that Finnish-Estonian CBC has reached a far more advanced stage than Finnish-Russian one. Cultural similarities play a decisive role in this outcome. Nonetheless, as this paper shows, there are innovative CBC projects in the both case study regions.

Cross-border interaction (CBI) is a powerful force affecting spatial socio-economic structures of neighbouring regions. Some border communities reap benefits of their geographical position, while others are left behind. It has become clearer that state border represents not only a liability, but also an asset, when different conditions (social, economic, cultural, political and regulatory) on both sides of the border can be capitalised and exploited for the benefit of local actors. Those communities that are capable of "taming" the border potential have already been turned into centres of growth. The linkages between CBI and spatial regional structure should become a subject for further research (e.g. within the framework of ESPON II).