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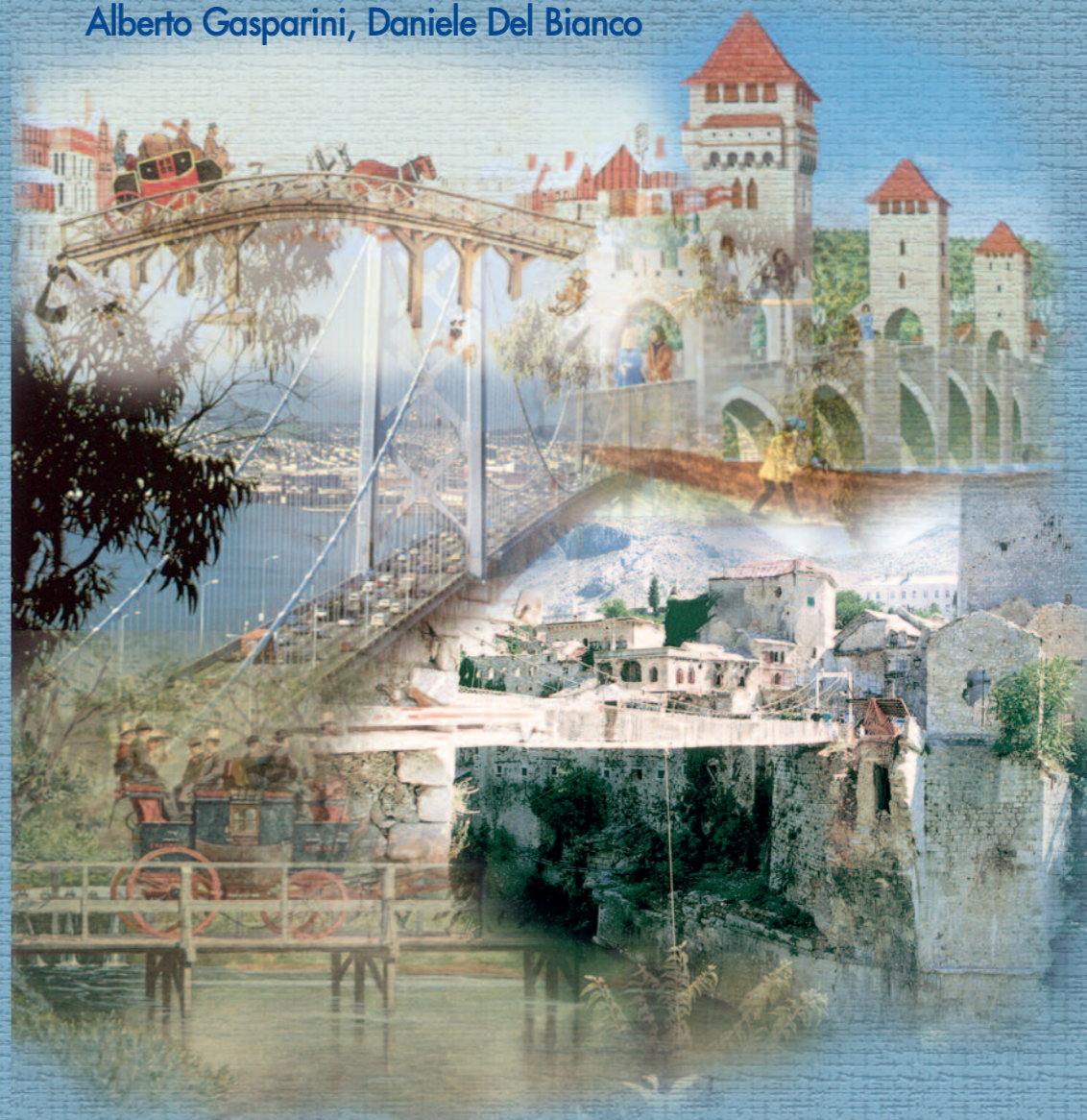
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STRATEGIES AND EUROREGIONS FOR CROSS-BORDER CO-OPERATION IN BALKAN AND DANUBE EUROPEAN COUNTRIES

An analysis of Strengths, Weaknesses, Opportunities and Threats

Alberto Gasparini, Daniele Del Bianco



STRATEGIES AND EUROREGIONS
FOR CROSS-BORDER
CO-OPERATION
IN BALKAN AND DANUBE
EUROPEAN COUNTRIES
An analysis of Strengths, Weaknesses,
Opportunities and Threats

This study is one in a series of three prepared by the Institute of International Sociology of Gorizia (ISIG). This is the updated version of the original SWOT report prepared at the request of the Council of Europe as a contribution to the Stability Pact for South-Eastern Europe and published in 2003 under the title: *Cross-border co-operation in the Balkan Danube area: An analysis of strenghts, weaknesses, opportunities and threats.*

The other two studies cover Central European countries (SWOT 1) and Northern European countries (SWOT 2).

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FOREWORD

This study, prepared by ISIG – Istituto di Sociologia Internazionale di Gorizia (Institute of International Sociology of Gorizia, Italy), is one in a series of three, covering Central European countries (Swot 1), Northern European countries (Swot 2), and Balkan-Danube countries. Its purpose is to provide a scientific assessment of the state of cross-border co-operation between European states in the geographical area of Balkan and Danube European countries. It applies the so-called SWOT methodology according to the specific parameters developed by ISIG to assess the extent and depth of cross-border co-operation thus giving both a quantitative and qualitative appraisal. This is followed by the identification of the most appropriate “strategy” recommended in order to achieve the best possible cross-border co-operation (removing obstacles, skipping threats, exploiting opportunities, healing weaknesses).

In the framework of the Stability Pact for South Eastern Europe, a first SWOT analysis of cross-border co-operation between Balkan-Danube states was prepared at the request of the Council of Europe and was published in 2003. Subsequently, it was felt appropriate to prepare similar studies of cross-border co-operation firstly between Central European states and later between Northern European states. These studies have been published by the Council of Europe and by ISIG.

The present report is a new and update version of the 2003 study, based on data collected and analysed between 2008 and 2010.

PART ONE

SWOT ANALYSIS
FOR THE FORECASTING
OF SCENARIOS

1. Introduction on the roots of SWOT analysis

SWOT analysis was born in those strategic planning offices created by enterprises in order to rationalise market reality, bringing together the elements that make it analytically functional, and identifying the most appropriate actions to be undertaken in order to limit the effects of negative elements, and to maximise the possible effects of positive elements. In the case at hand, SWOT analysis is crucial because it gathers sets of heuristically relevant indicators from cross-border co-operation processes. The elements of the up-to-date analytical scenario thus outlined can be modified so as to positively influence future scenarios. Cross-border co-operation is certain to benefit from careful strategic planning, as well as from practical actions organised by a Euroregion body for transfrontier areas.

Thus, the main function of SWOT analysis is to determine rationally a cross-border region's future prospects, set between an operational present (*current scenario*) and a future predominantly marked by cross-border co-operation fostering local development (*latent scenario*) (Gasparini 1988). The SWOT method involves both an analysis of what occurs and, above all, of how we want it to occur, between time t_0 and time t_1 .

These being the conditions, co-operation might well result from the ideology of empathic and expressive action, which commonly leads us to expect something more from a common effort in relations and networking. As true as this may be (*ideological matrix*), SWOT analysis, action and strategies within the Euroregion do in fact challenge the ideology itself, by assessing the capability of producing an ontological transformation of values and culture in practical terms. This could not in any case take place without a mixture of concrete action and ideological drive in order to reach the shared targets of the two co-operating regions on either side of the border.

SWOT analysis furthermore "unmasks" ideological interpretations of cross-border co-operation, given that it is based on a very concrete system of indicators: it can identify the factual processes by which a particular co-operation is carried out, and, above all, provide reliable relations between indicators and forecasts.

2. Cross-border co-operation: theoretical elements and internal/external functional aspects

Cross-border co-operation is the active outcome of the proximity of cultural diversity. That is, it stems from the differences between distinct sovereign areas. While these variations generally appear in legal, administrative and economic regulations, or in the cultural and linguistic reconstruction plans of those nation-states that favour the strengthening of stereotypes in relation policies, here instead, such factors are exploited with creativity, which in turn thrives on diversity itself, providing new opportunities to establish relations, and to benefit from advantages that would not exist in the absence of differences between sovereign areas.

Therefore, on either side of the border, the two sovereign areas have to partially sacrifice their autonomy and act pragmatically as regards concrete everyday economic, social or cultural issues (Gasparini 1996). In these cross-border regions, sovereignty concerns central national issues or national politics alone, while in regional matters, the sense of sovereignty has been lost (it is no longer possible to say “yes or no”, “all or nothing” with respect to this or the other region).

In this way, the cross-border region becomes a transition area, as the territory takes on a new meaning (Badie 1996) which differs from that of the national system, in such a way that national regulations are worth less than elsewhere in the country. Moreover, the transition is continuous, being based on the balance between the actions of the bordering population and the administrative, institutional and economic regulations, which must themselves be constantly adjusted according to this precarious equilibrium, made unstable by the passage of time and by changes taking place within the countries to which the two co-operating regions belong.

Cross-border co-operation is thus caught up in a perpetual instability, due to local internal factors, which constantly change and, remarkably, offer advantages which could not be possible without co-operation. Such co-operation is faced with endless challenges from the countries involved (which, as legal systems, fear impending self-determination, or that the national borders are to be redrawn into regional ones, etc.). These challenges put the will towards co-operation of the bordering population to the test, and may well lead to frustration.

Having thus defined cross-border co-operation, we can better understand its importance by distinguishing between its endogenous and exogenous dimensions (within and outside the cross-border area), evaluating above all those dimensions which extend beyond the regions involved, finding their *raison d'être* in the two or three nations themselves in their internal and bilateral policies.

Dimensions with operational implications:

1. Propensity towards cross-border co-operation
2. Level of training and co-ordination
3. Cross-border relations in each activity sector
4. Institutional obstacles for cross-border co-operation
5. Economic obstacles for cross-border co-operation
6. Socio-cultural obstacles for cross-border co-operation
7. Institutional factors for effective cross-border co-operation
8. Administrative factors for effective cross-border co-operation

9. Economic factors for effective cross-border co-operation
10. Linguistic, cultural and historical factors for effective cross-border co-operation.

2.1. *Internal dimensions and indicators*

The first endogenous (*internal*) dimensions concern the existence of a basic form of collaboration, based on products derived from *the active collaboration found in a civil society*: such collaboration is of great importance and it is considered essential, as it produces results otherwise impossible to obtain. As far as this research is concerned, there are two such dimensions:

1. *Propensity towards cross-border co-operation.*

This is defined by indicators which refer to operators in industry (1), commerce (2), culture (3), institutions (4). In short, a high propensity for cross-border co-operation in all four operator types means that there are realistic opportunities to develop stable co-operation.

3. *Cross-border relations in each activity sector*

These relations are illustrated by the indicators of relations among institutions (9), planning and environment (10), transport and telecommunications (11), work and economy (12), tourism (13), culture and education (14), everyday services (15). The indicators specify the connection among civil societies on either side of the border. Such aspects represent the structural (but local) side of the propensity towards co-operation indicated by Dimension 1. If there is already such a structural dimension (3), the following dimensions will be easier to obtain.

A less relevant *second level* of endogenous dimensions is represented by two other dimensions, concerning the *characteristics of institutions* and the *context*.

2. *Level of training and co-ordination.*

These indicators define the *characteristics of institutions* and their personnel. The indicators highlight the formation of local *élites* (5), the co-ordination among different local and national administration sectors (6), the co-ordination between local organisations and social and economic stakeholders (7), the co-ordination among central administrations (8).

9. *Economic factors for effective cross-border co-operation.*

This dimension describes the context in which cross-border co-operation should take place.

These indicators detect whether or not borders act as a “filter” (44), if the economies are integrable (45), if economic action is not exclusively oriented towards the centre of the national system (46), if there is a significant participation in programmes such as PHARE, Interreg, etc. (47), if roads, railways and waterways are in good conditions (48).

A *third level* of internal dimensions, less central than the previous ones, consists

of two further dimensions, which relate to the cultural *context* of the cross-border area. Such cultural dimensions are considered to be less relevant than economic policies, assuming that cross-border co-operation is predominantly linked to business interests and to basic services, rather than to cultural and linguistic attractions and values (which nevertheless play a remarkably positive role). The latter may form subsequently; in fact, stereotypes and linguistic matters can be developed or solved according to varied and complex modalities, as each of the national areas might have to deal with its own specific issues.

6. *Socio-cultural obstacles for cross-border co-operation*

These obstacles are evaluated according to their impact on cross-border co-operation. The indicators taken into account are as follows: negative national and/or regional stereotypes (31), language barriers (32), weak or no reaction to proposals for socio-cultural co-operation (33).

10. *Linguistic, cultural and historical factors for effective cross-border co-operation*

This is another cultural dimension of the *context*. Its indicators outline a specific situation, that is, the existence of a common historical *background*, free from stereotypes (49), a common language or widespread knowledge of each other's language (50), the ratification of the 1995 Framework Convention for the Protection of National Minorities (51), a tradition of co-operation (52), good trans-boundary transport routes (geomorphology, passes, types of transportation) (53).

List 1 - SWOT analysis indicators, according to conceptual dimensions

1. *Propensity towards cross-border co-operation*

1. of manufacturing industry operators
2. of commerce operators
3. of socio-cultural operators
4. of institutional operators

2. *Level of training and co-ordination*

5. Training of local bodies
6. Co-ordination between different national and local administration sectors
7. Co-ordination between local bodies and social and economic stakeholders
8. Co-ordination between central administrations

3. *Cross-border relations in each activity sector*

9. Institutional relations
10. Environment and territory planning
11. Transports and telecommunications
12. Economy and work
13. Tourism
14. Education and culture
15. Everyday services

4. *Institutional obstacles for cross-border co-operation*

16. State centralisation

17. Lack of adequate structures for cross-border co-operation
18. Differing competences on either side of the border
19. Restrictive regulations on cross-border relations
20. Lack of credibility from co-operation organisations
21. Low mutual knowledge and trust
22. Insufficient financial resources
23. Different political-ideological orientation
24. Weak or no reaction to opportunities for cross-border co-operation
5. *Economic obstacles for cross-border co-operation*
 25. Uneven development levels or rates
 26. Technology gap
 27. Business closures due to overwhelming competition
 28. Labour market protection
 29. Customs and fiscal issues
 30. Weak or no reaction to opportunities for cross-border co-operation
6. *Socio-cultural obstacles for cross-border co-operation*
 31. Presence of national/regional negative stereotypes
 32. Language barriers
 33. Weak or no reaction to opportunities for cross-border co-operation
7. *Institutional factors for effective cross-border co-operation*
 34. Signature of the European Outline Convention on Transfrontier Co-operation (Madrid, 21 May 1980)
 35. Signature of the additional 1995 Protocol to the Convention of Madrid
 36. Signature of the second 1998 Protocol to the Convention of Madrid
 37. Internationally recognised borders
 38. Good institutional and legal framework (EU requirements)
8. *Administrative factors for effective cross-border co-operation*
 39. Official definition of cross-border areas
 40. Non-centralised countries with relevant government powers devolved to local authorities
 41. Local authorities entrusted with external capacity
 42. Local authorities with competent management
 43. Local authorities with autonomous financial administration
9. *Economic factors for effective cross-border co-operation*
 44. Presence of positive “filter” borders in both countries
 45. Integral economies, characterised by complementary features
 46. Economic action not exclusively oriented towards or depending on the central administration
 47. Significant participation in Interreg/PHARE projects
 48. Efficient and well-connected roads, railways and waterways
10. *Linguistic, cultural and historical factors for effective cross-border co-operation*
 49. Common historical background and absence of stereotypes

50. Common language or widespread knowledge of the neighbouring country's language, at least on one side of the border
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities
52. Tradition of co-operation
53. Good transboundary transport routes (geomorphology, passes, transport)

2.2. *External dimensions and indicators*

The exogenous (external) dimensions of co-operation in cross-border areas concern national, European and international conditions, which may favour or not the development of co-operation in a cross-border area. There are four external dimensions, and they are thought to have a progressively lower gradient of direct influence on a specific co-operation process. Such a declining gradient does not result from the last dimension (in the presentation) being essential as a general (European) framework, but it implies that other dimensions are necessary in order to activate the specific mechanisms of co-operation.

5. *Economic obstacles for cross-border co-operation*

This dimension is based on countries' complementary development levels in a specific cross-border area. The selected indicators are: differing economic development levels/rates (25), technology gap (26), reluctance due to overwhelming competition (27), labour market protection (28), customs and fiscal issues (29), weak or no reaction to opportunities for economic co-operation. All of these obstacles are generated by the imbalance between the two cross-border areas.

4. *Institutional obstacles for cross-border co-operation*

These obstacles also result from the imbalance between cross-border areas. The indicators are: state centralisation (16), lack of adequate structures for cross-border co-operation (17), differing competences on either side of the border (18), restrictive regulations on cross-border co-operation (19), lack of credibility of co-operation agencies (20), low degree of mutual knowledge and trust (21), insufficient financial resources (22), different political-ideological orientation (23), weak or no reaction to opportunities for institutional co-operation (24).

8. *Administrative factors for effective cross-border co-operation*

This dimension concerns the relation between local border administrations and the powers yielded to them by central authorities. This is illustrated in the relations between the two bordering areas, and in the connotation of the area, which can be contiguous to the border or wider, to the point of including several regions in order to carry out special functions (for instance, macro infrastructures). The pertinent indicators for this dimension are: official definition of cross-border areas (39), non-centralised countries with local administrations which are granted extensive decisional powers (40), local authorities entrusted with external capacity (41), local authorities with competent management (42), local authorities with independent financial administration (43).

7. Institutional factors and international relations

This dimension concerns the accession of the two countries to conventions and international protocols, as well as clear acceptance of its status as a border region. The pertinent indicators are: signature of the 1980 Convention of Madrid (34), signature of the 1995 Additional Protocol to the Convention of Madrid (35), signature of the 1998 Protocol II to the Convention of Madrid (36), international recognition of borders (37), good institutional and legal framework (38).

2.3. Measurement of indicators

Swot analysis is based on two sets of evaluation variables: one set is concerned with positive variables (*Strengths and Opportunities* for the cross-border area) or negative variables (*Weaknesses and Threats*), while the other identifies variables as either internal or external to the cross-border area. In order to locate variables within a SWOT framework, it is necessary to first measure them, as SWOT only takes into account extreme values, either positive (SO: strengths, opportunities) or negative (WT: weaknesses, threats).

Measurement is carried out as follows: first of all, each indicator is evaluated according to “very high”, “high”, “medium”, “low”, “very low” values. The modalities of cross-border sector activities (Dimension 3) however are evaluated as: “co-operation” in a sector on either side of the border, “consultation”, “information exchange”, “no relations”, “competition”. A symbol is associated to each evaluation and modality: “++”, “+”, “±”, “-”, “--”; an ordinal scale, made up of the numbers “2”, “1”, “0”, “-1”, “-2”, is then applied as a convention to each of these symbols.

Measures of indicators:

| Evaluation of intensity and modality | | Symbol | Numerical value |
|--------------------------------------|----------------------|--------|-----------------|
| Very high | co-operation | ++ | 2 |
| High | consultation | + | 1 |
| Medium | information exchange | ± | 0 |
| Low | no relations | - | -1 |
| Very low | competition | -- | -2 |

2.4. SWOT analysis methodological process

Swot framework is based on detecting the *dimensions* and the *internal indicators* of a cross-border area, and the *external indicators* regarding central governments or Europe as a whole, in order to subsequently *measure* the indicators and then evaluate them as positive or negative according to the intensity of their presence. There are *variables*, self-explanatory in their (positive or negative) presence; “*noise*”, which consists of existing indicators with low intensity, and thus not capable of generating a context; and *neutrality*, in the presence of indicators of medium or poor relevance, which, as such, have no influence on cross-border co-operation *in the present scenario as outlined by SWOT analysis*.

It is finally possible to define SWOT variables, and redraw the previous table, in order to show a possible SWOT scenario outline:

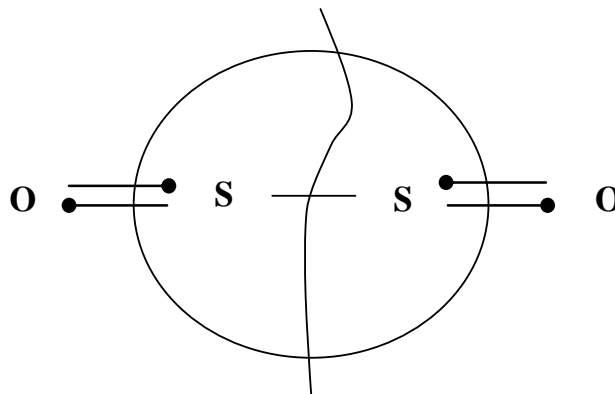
| Cross-border area for co-operation | | | |
|------------------------------------|----------------|-----------------------------|-----------------------------|
| Measure of indicators | | Dimensions | |
| | | <i>Internal</i> | <i>External</i> |
| + 2 | Swot variables | Strengths (S) | Opportunities (O) |
| + 1 | | positive context | positive context |
| 0 | | “neutral” (non-relevant) | “neutral” (non-relevant) |
| - 1 | | negative context | negative context |
| - 2 | Swot variables | Weaknesses (W) | Threats (T) |

As a result of this complex data processing, SWOT analysis allows us to define the conditions of cross-border co-operation in a specific area, and at the same time, helps to highlight any potential for co-operation by operating on the given elements so as to emphasise strengths (S) and opportunities (O), while limiting the negative effects of weaknesses (W) and threats (T).

2.5. Action strategies

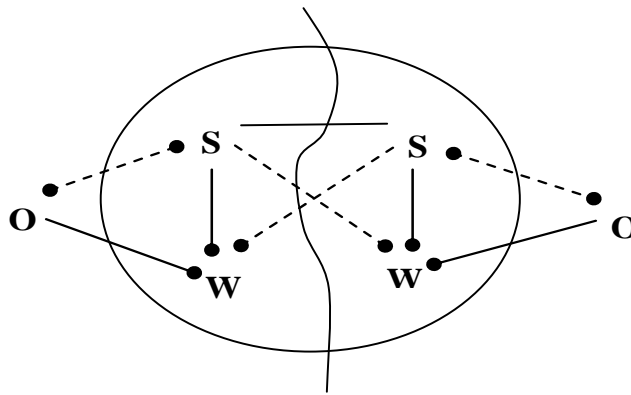
The action strategy needs to be rationalised within the framework of a scenario, outlining the future by which, starting from the present situation, the area can establish effective cross-border co-operation. The chosen *strategy*, the one considered to be the most appropriate for a specific future target, is the primary tool for action and the general framework within which decisions are made. On the other hand, when dealing with several realistic options for cross-border co-operation, it becomes necessary to devise differing action strategies. In this research, *fives types of strategies* are taken into account.

a) First strategy: Strengthening strategy. This strategy is based on the strengthening of positives, both internal and external to the cross-border area, assuming that by doing so, negatives will be critically abated and bypassed or absorbed by positives. This strategy is illustrated in the following diagram:



Such a strategy should be applied where it is possible to act on already considerable, strong, stable strengths (S) and opportunities (O), so as to stimulate the rest of the system, transforming or mitigating the weight of few and non-relevant weaknesses (W) and threats (T).

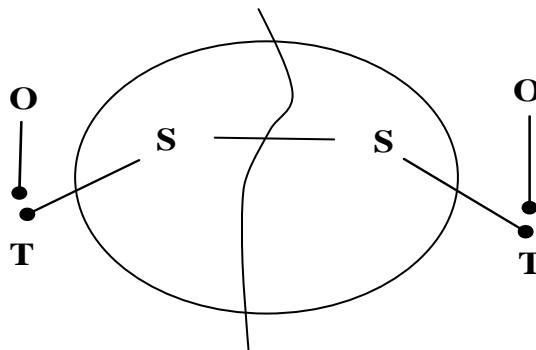
b) Second strategy: Overcoming strategy. This strategy is more cautious and systemic, and less expansionist than the first one. Applying a reverse logic, it acts on positives (strengths and opportunities), in order to decrease if not deactivate internal negatives (weaknesses). The aim of this strategy is to preserve and balance stakeholder participation, preventing major internal fractures. This strategy is illustrated in the following diagram:



Besides applying this strategy to a rational development plan backed up by political will, it is more generally appropriate where, together with clear and substantial obstacles, there are also enough widespread strengths (S) and opportunities (O) to overcome the existing weaknesses (W).

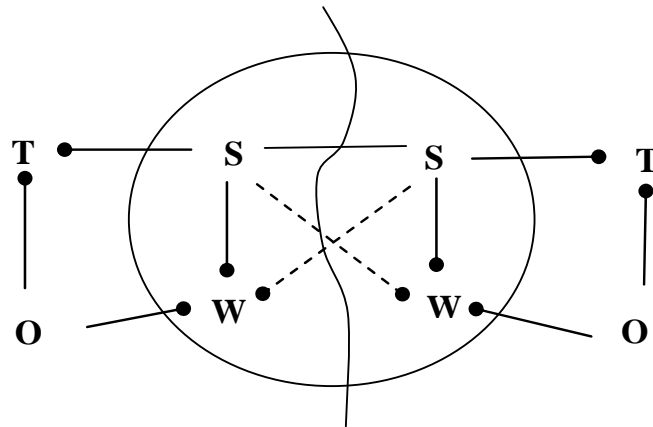
c) Third strategy: Mobilisation strategy for context control. This strategy emphasises the effect of strengths (S) and opportunities (O) on the negative (T) context, which poses serious challenges to the establishment of a positive system.

This strategy is illustrated in the following diagram:



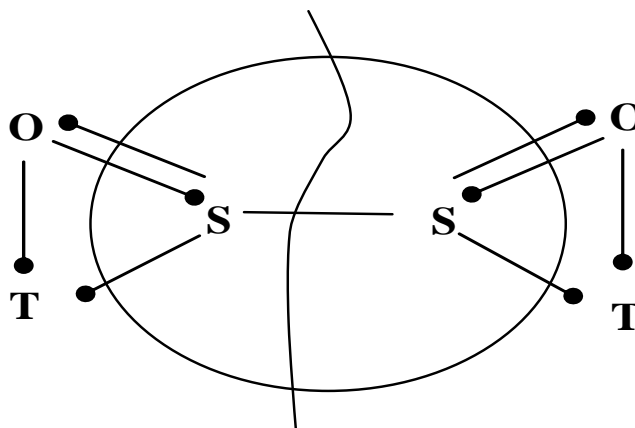
This strategy is appropriate where external threats (T) are so overwhelming or widespread, that it becomes necessary to exploit strengths and opportunities in order to limit the influence of external threats (T).

d) Fourth strategy (Combining the second and the third strategies): Negatives control strategy. This strategy is based on the joint action of strengths (S) and opportunities (O) to decrease weaknesses (W) and threats (T), therefore abating overall negatives. This strategy is illustrated in the following diagram:



This strategy is suitable where both weaknesses (W) and threats (T) are strong. In this markedly negative environment, all available resources, limited as they might be, have to be employed to tackle significant imbalance and counteract negatives.

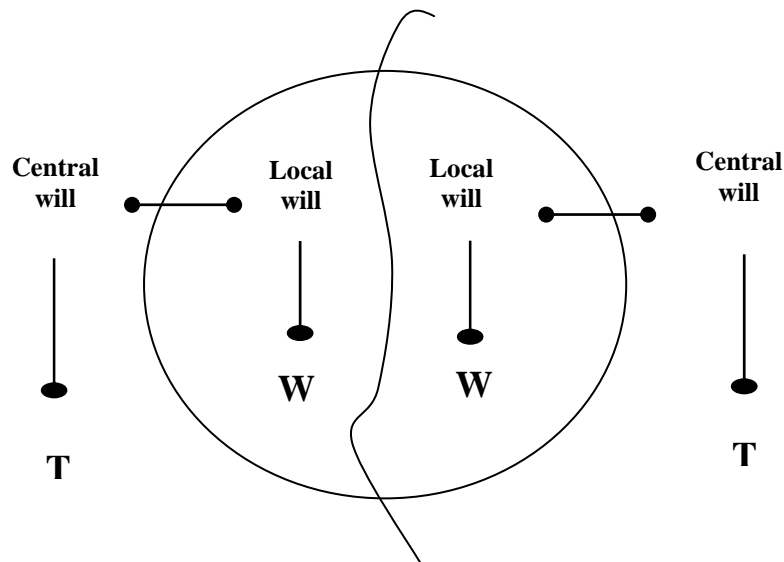
e) Fifth strategy (Combining the first and the third strategies): Joint internal-external coalition for context control. This strategy consists of employing available strengths (S) and opportunities (O) of a sufficient level in order to face consistent threats (T); this is made possible by the absence of relevant weaknesses (W) in the cross-border area. This strategy is illustrated in the following diagram:



This strategy is applied where there are plenty of positive strengths (S) and opportunities (O) (more specifically, if pro-activeness is widespread), and weaknesses (W) consist of non-relevant elements. In this case, the strategy focuses on decreasing those threats (T) which might affect the present positives.

f) Sixth strategy: recourse to local and central will due to lack of positive condition. This strategy consist from the recourse to the local and central “will”, that is created from nothing positive situations for establishing the bases of the cross-border cooperation in two divided/united border areas. The strategy is residual to the others, as there are no conditions for applying one of the first five strategies or a combination of those.

This strategy is presented in the following diagram:



The sixth strategy is applicable when there are no strengths (S) and opportunities (O), and instead there are only weaknesses (W) and threats (T). Naturally there can be *halo* positive variables and the local and central will can start from, emphasizing, this vague positive situation.

2.6. Euroregions and Egtc

The Euroregion is an action strategy framework involving a single institutional actor with a specific administration system. As such, it is *beyond* a network of connected relations consisting of many actors, operating according to a transparent context of action and planning, shared among and by the actors themselves.

While legal issues about the creation of actual Euroregions still remain, it has already been already shown how, according to their function, there can be three

Euroregion types, possibly one within the other. The *Cross-border Euroregion* carries out co-operation functions between contiguous border areas. The *Functional Network Euroregion* co-operates with distant actors who are linked by networks of resources and exchange of connections, and therefore includes wider areas than the former Euroregion. The *Macro Infrastructures Euroregion* is made up of several cross-border regions, and focuses on local enhancement by providing macro infrastructures for transport, technology and macro organisations for general social functions (schools, large enterprises, etc).

Our aim with regard to Euroregions is to assess to what extent the measurement of the 53 indicators of the 10 conceptual dimensions of cross-border co-operation offers insights for the creation of one, two or three cross-border area Euroregions, institutionalising the co-operations taken into account. The final number of Euroregions is going to be determined by which functions are most needed in order to implement overall co-operation.

Chapter Two

**Measurement of the conceptual dimensions of co-operation
in the 22 cross-border areas**

1. General measures of the conceptual dimensions

Each of the ten dimensions (both internal and external to the cross-border area) is intersected with each of the 22 cross-border areas, resulting in a numerical score (from 1 to 10) representing each of the ten dimensions.

Tables and diagrams provide the elements to understand the state of cross-border co-operation in the 22 Balkan-Danube Europe areas. Table 1 provides the scores obtained by intersecting conceptual dimensions and cross-border areas. This table allows us to create the graphic framework for inserting data. More specifically, diagram 1 indicates the score (1 to 10) of the ten dimensions, according to existing strengths and weaknesses (SW) within the cross-border area, presenting external opportunities and threats (OT) and the extent to which they can encourage the establishment of co-operation.

Diagram 2 ranks each area between 1 and 10. The scores in the two diagrams are dimensions and area averages. Finally, diagrams 3 to 12 set each of the 10 dimensions in a geographical framework which includes all 19 areas, highlighting the variables within each cross-border area (strengths and weaknesses, opportunities and threats).

Data analysis and geographical positioning allow us to develop multiple perspectives for cross-border co-operation in the Balkan Danube area. A few are listed here.

1) According to the scores of such a 1 to 10 scale, propensity towards cross-border co-operation regarding dimension 1 is positive (with a score of 6.7), implying a good distribution of industry, commercial, socio-cultural, and institutional operators. The same score (6.7) refers to economic, cultural and historical factors (dimension 10) – common historical background free from stereotypes, common language, tradition of co-operation, good transboundary transport routes. The third highest positive ranking (a score of 6.6) represents institutional factors (dimension 7) which concern accession to conventions and international protocols (first of all the 1980 Convention of Madrid).

The fourth positive (6.0) dimension (dimension 6) concerns the low concentration in the area of socio-cultural obstacles for cross-border co-operation, such as the absence of national/regional negative stereotypes, language barriers and scepticism *vis à vis* the opportunities stemming from cross-border co-operation.

The fifth positive (mean score 5.4) dimension (dimension 3) concerns the state of relations in cross-border activity among institutions, territorial planning, transport

and telecommunications, economy and work, tourism, education and culture and everyday services. Such positive dimensions comprise the mutual general knowledge (free from stereotypes) and the presence of a history of relations, as well as the willingness to co-operate and its practical results as regards everyday services. Furthermore, these criteria include the interest shown by the bordering countries in question in the opportunities provided by international law by signing and acceding to specific documents and regulations implemented by international organisations.

Almost all of the other dimensions are negative (scores of < 5 out of 10). The most negative dimension is the state of public administrations (dimension 8) (score 3.8), which means that there is little or no decision-making power delegated to local authorities by central governments, and conversely, poor relation-making skills at international level among local authorities, together with low administrative skills and scarce financial autonomy. Other negative scores concern the lack of economic factors promoting cross-border co-operation (dimension 9) (score 4.7). The level of training of local organisations and the co-ordination between the administration and social and economic stakeholders (dimension 2) represent another negative dimension (score 4.9), along with the significant economic (dimension 5) (score 4.9) and institutional (dimension 4) (score 4.8) obstacles to cross-border co-operation.

Across the 22 cross-border areas, scores vary considerably in the 10 dimensions of cross-border co-operation: the most significant gaps concern institutional factors for effective cross-border co-operation (dimension 7) ($\sigma=2.72$ in a scale from 0 to 4.4 as the highest variance), socio-cultural obstacles for cross-border co-operation (dimension 6) ($\sigma= 2.41$), propensity towards co-operation (dimension 1) ($\sigma= 2.24$), economic obstacles for co-operation (dimension 5) ($\sigma= 2.07$).

Diagram 1 – Scores for conceptual dimensions in cross-border areas. Spheres represent scores from 4 to 10

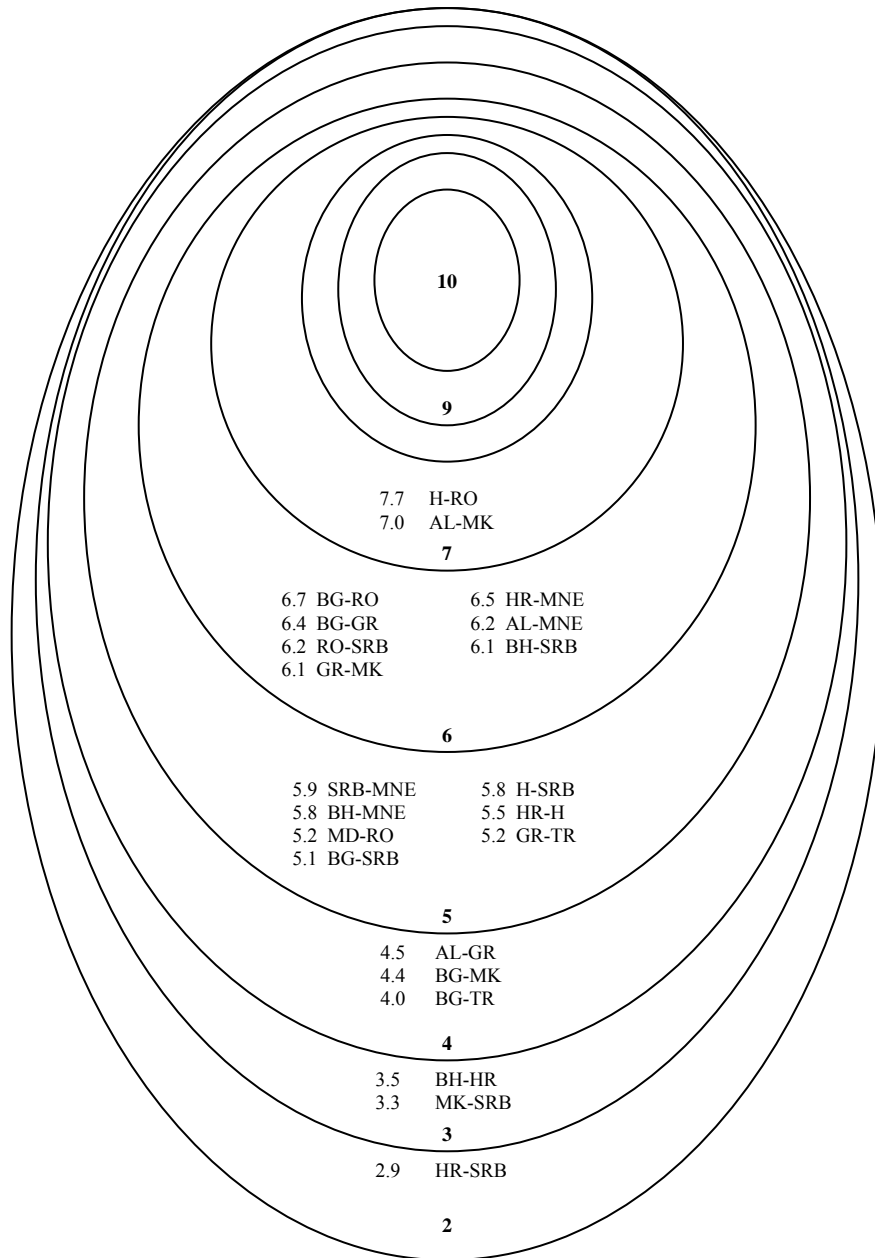
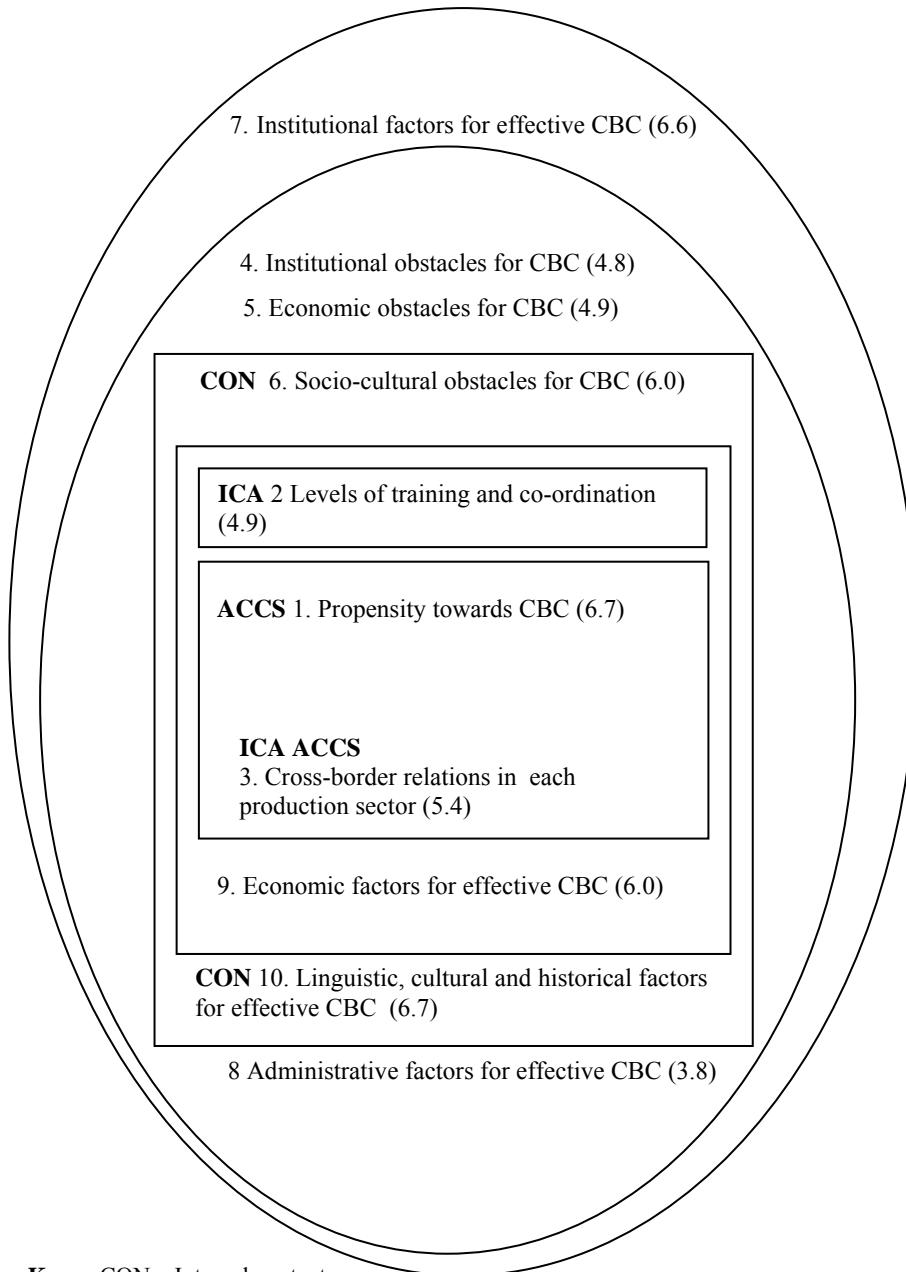


Table 1 – Scores (1 to 10) for conceptual dimensions of cross-border co-operation in cross-border areas

| Cross-border areas: | Conceptual dimensions of cross-border co-operation | | | | | | | | | | area means |
|---|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Internal | | | | | | External | | | | |
| | I | III | II | IX | VI | X | V | IV | VIII | VII | |
| 1. Albania-Greece | 8.8 | 6.0 | 2.9 | 3.8 | 3.8 | 3.8 | 2.8 | 1.9 | 5.7 | 5.7 | 4.5 |
| 2. Albania-“the former Yugoslav Republic of Macedonia” | <u>9.4</u> | <u>8.4</u> | <u>7.6</u> | 5.2 | <u>10</u> | 6.7 | <u>7.2</u> | 5.9 | 3.3 | 5.7 | <u>7.0</u> |
| 3. Albania-Montenegro | 6.5 | 5.7 | 5.3 | 4.3 | <u>9.2</u> | 7.1 | 6.0 | 4.6 | 3.8 | <u>9.5</u> | 6.2 |
| 4. Bosnia and Herzegovina-Croatia | 4.1 | 2.3 | 1.8 | 2.9 | 3.8 | 7.1 | 4.8 | 3.8 | 1.0 | 3.3 | 3.5 |
| 5. Bosnia and Herzegovina-Serbia | 8.2 | <u>7.4</u> | 5.9 | 5.2 | 7.7 | <u>8.6</u> | 6.8 | 4.3 | 2.9 | 4.3 | 6.1 |
| 6. Bosnia and Herzegovina-Montenegro | 4.7 | 4.4 | 4.7 | 3.3 | <u>10</u> | 7.6 | 5.2 | 4.9 | 3.8 | <u>9.5</u> | 5.8 |
| 7. Bulgaria-Greece | 7.6 | 5.4 | 6.5 | 5.7 | 6.9 | 5.2 | <u>7.2</u> | 6.2 | <u>6.7</u> | 6.7 | <u>6.4</u> |
| 8. Bulgaria-“the former Yugoslav Republic of Macedonia” | 5.3 | 5.4 | 4.1 | 4.3 | 4.6 | 6.2 | 1.6 | 4.1 | 2.9 | 5.2 | 4.4 |
| 9. Bulgaria-Romania | 7.6 | <u>7.7</u> | 5.9 | 5.2 | 6.2 | 7.1 | 5.2 | <u>7.6</u> | 4.8 | 10 | <u>6.7</u> |
| 10. Bulgaria-Turkey | 2.4 | 2.3 | 2.9 | 2.4 | 3.8 | 3.8 | <u>10</u> | 4.1 | 2.4 | 6.2 | 4.0 |
| 11. Bulgaria-Serbia | 7.1 | 5.7 | 5.3 | 4.8 | 6.2 | 5.7 | 2.8 | 3.5 | 3.3 | 7.1 | 5.1 |
| 12. Croatia-Hungary | 7.1 | 4.4 | 5.9 | 4.8 | 6.2 | 7.6 | 6.8 | 5.4 | 1.9 | 4.8 | 5.5 |
| 13. Croatia-Montenegro | 5.9 | 5.7 | 5.3 | <u>7.1</u> | <u>9.2</u> | 8.6 | 6.0 | 6.2 | 2.4 | 9.0 | <u>6.5</u> |
| 14. Croatia-Serbia | 2.4 | 1.0 | 2.4 | 3.3 | 4.6 | 4.8 | 3.6 | 3.5 | 1.0 | 2.9 | 2.9 |
| 15. Serbia-Montenegro | 6.5 | 4.7 | 3.5 | 4.3 | 9.2 | 7.6 | 5.6 | 4.9 | 3.3 | 9.0 | 5.9 |
| 16. Greece-“the former Yugoslav Republic of Macedonia” | <u>10</u> | 7.0 | 4.7 | 2.9 | 6.9 | 7.1 | 3.6 | <u>8.9</u> | <u>7.1</u> | 2.9 | 6.1 |
| 17. Greece-Turkey | 6.5 | 6.4 | <u>7.6</u> | 3.3 | 6.9 | 5.2 | 2.4 | 4.9 | 4.3 | 4.3 | 5.2 |
| 18. Hungary-Romania | <u>10</u> | <u>9.0</u> | 6.5 | <u>9.5</u> | 3.8 | 7.6 | 5.6 | <u>8.4</u> | <u>6.2</u> | <u>10</u> | <u>7.7</u> |
| 19. Hungary-Serbia | 7.6 | 6.7 | 5.9 | 5.7 | 4.6 | <u>8.6</u> | 2.0 | 4.3 | <u>8.8</u> | 7.6 | 5.8 |
| 20. “the former Yugoslav Republic of Macedonia”-Serbia | 5.3 | 3.4 | 2.4 | 3.3 | 1.5 | 6.2 | 3.2 | 3.8 | 1.9 | 1.9 | 3.3 |
| 21. Moldova-Romania | 5.3 | 4.7 | 4.1 | 3.8 | 3.8 | <u>8.6</u> | 4.8 | 2.7 | 4.3 | <u>10</u> | 5.2 |
| 22. Romania-Serbia | <u>10</u> | 5.7 | 5.9 | <u>8.1</u> | 3.8 | 7.1 | 3.6 | 3.0 | 5.2 | <u>10</u> | 6.2 |
| Mean by dimension (m) | 6.7 | 5.4 | 4.9 | 4.7 | 6.0 | 6.7 | 4.9 | 4.8 | 3.8 | 6.6 | 5.5 |
| Mean standard deviation (σ) | 2.24 | 1.98 | 1.67 | 1.76 | 2.41 | 1.46 | 2.07 | 1.77 | 1.73 | 2.72 | 1.24 |

Key: scores in bold indicate lowest means ($< m - 1\sigma$); scores in underlined italics indicate highest means ($> m + 1\sigma$)

Diagram 2 – *Internal □ and external o conceptual dimensions of cross-border co-operation according to their relevance for co-operation (high in central spheres, low in external spheres) and scores for the conceptual dimension*



Key: CON – Internal context
ICA – Institutional characteristics
ACCS – Active characteristics in civil society

Table 2 – Mean scores (1 to 10) of internal and external conceptual dimensions in cross-border areas and SW/OT ratio

| | Conceptual dimensions | | SW/OT ratio |
|---|-----------------------|---------------|-------------|
| | Internal (SW) | External (OT) | |
| 1. Albania-Greece | 4.9 | 4.0 | 1.2 |
| 2. Albania-“the former Yugoslav Republic of Macedonia” | <u>7.9</u> | 5.5 | 1.4 |
| 3. Albania-Montenegro | 6.4 | 6.0 | 1.1 |
| 4. Bosnia and Herzegovina-Croatia | 3.7 | 3.2 | 1.1 |
| 5. Bosnia and Herzegovina-Serbia | <u>7.2</u> | 4.6 | <u>1.6</u> |
| 6. Bosnia and Herzegovina-Montenegro | 5.8 | 5.8 | 1.0 |
| 7. Bulgaria-Greece | 6.2 | <u>6.7</u> | 0.9 |
| 8. Bulgaria-“the former Yugoslav Republic of Macedonia” | 5.0 | 3.4 | 1.4 |
| 9. Bulgaria-Romania | 6.6 | <u>6.9</u> | 1.0 |
| 10. Bulgaria-Turkey | 2.9 | 5.7 | 0.5 |
| 11. Bulgaria-Serbia | 5.8 | 4.2 | 1.4 |
| 12. Croatia-Hungary | 6.0 | 4.7 | 1.3 |
| 13. Croatia-Montenegro | 7.0 | 5.9 | 1.2 |
| 14. Croatia-Serbia | 3.1 | 2.7 | 1.1 |
| 15. Serbia-Montenegro | 6.0 | 5.7 | 1.0 |
| 16. Greece-“the former Yugoslav Republic of Macedonia” | 6.4 | 5.6 | 1.1 |
| 17. Greece-Turkey | 6.0 | 4.0 | 1.5 |
| 18. Hungary-Romania | <u>7.7</u> | <u>7.5</u> | 1.0 |
| 19. Hungary-Serbia | 6.5 | 4.7 | 1.4 |
| 20. “the former Yugoslav Republic of Macedonia”-Serbia | 3.7 | 2.7 | 1.4 |
| 21. Moldova-Romania | 5.1 | 5.4 | 0.9 |
| 22. Romania-Serbia | 6.8 | 5.5 | 1.2 |
| Mean by dimension (m) | 5.7 | 5.0 | 1.2 |
| Mean standard deviation (σ) | 1.40 | 1.32 | 0.24 |

Key: scores in bold indicate lowest means ($< m - 1\sigma$)

scores in underlined italics indicate highest means ($> m + 1\sigma$)

On the other hand, scores are quite even as regards common linguistic and cultural background in the cross-border areas (dimension 10) ($\sigma=1.46$), level of training and co-ordination ($\sigma=1.67$) economic factors (dimension 9) ($\sigma=1.76$) and administrative factors (dimension 8) ($\sigma=1.73$).

This varied landscape is easily explained by the simultaneous presence of traditional frontiers between empires (Austro-Hungarian and Ottoman), between tightly related ethnicities (Slavic) and between deeply differing ones (Hungarian-Romanian, Albanian-Slavic, Albanian-Greek, Slavic-Turkish, and Greek-Turkish).

From an overall point of view, dimension scores are generally positive, although not very high, in those areas which are linked by either common language (Bosnia and Herzegovina-Serbia and Hungary-Romania) or by common waterways (the Danube) (as

seen in Romania-Serbia and Romania-Bulgaria). The southernmost borders show similar characteristics - areas with a common language like Albania and “the former Yugoslav Republic of Macedonia” or areas connected by orography and proximity to the seacoast like “the former Yugoslav Republic of Macedonia”-Greece and Bulgaria-Greece.

The lowest scores (3 and 4) are found in border areas, like Croatia-Bosnia and Herzegovina and Croatia-Serbia, along the old Austrian-Ottoman border, as well as the recent war-stricken Yugoslav frontiers. The same thing can be said for “the former Yugoslav Republic of Macedonia”-Bulgaria, “the former Yugoslav Republic of Macedonia”-Serbia, Albania-Serbia and Albania-Greece border areas. Interconnected new and old claims seem to negatively influence cross-border co-operation.

Another aspect that can help to achieve a deeper understanding of co-operation dimensions concerns *the gap* among them, and specifically among those defining the internal sphere of the cross-border area. Table 2 illustrates a general overview.

2. The internal dimensions

The highest score (7.9) for internal dimensions refers to the Albania-“the former Yugoslav Republic of Macedonia” cross-border area, where there are not only (by decreasing order) no socio-cultural obstacles (dimension 6) (score 10), but in fact a very high propensity towards cross-border co-operation (dimension 1) (score 9.4) and relations in all production sectors (dimension 3) (score 8.4). Lower positive marks are in the fields of training and co-ordination levels in the two bordering areas (dimension 2) (score 7.6). These data show that co-operation is traditionally well-established in everyday life and deeply rooted in local culture.

On the other hand, the lowest scores for internal dimensions are found in the cross-border areas between Bulgaria and Turkey (2.9), Croatia and Serbia (3.1), Croatia and Bosnia and Herzegovina (3.7) and “the former Yugoslav Republic of Macedonia” and Serbia (3.7).

Negatives are mostly linked to the bordering areas of Serbia, with Croatia, Albania and “the former Yugoslav Republic of Macedonia” having issues at local level as regards co-operation. Relations between Croatia and Serbia and Bosnia and Herzegovina are also negative. These are quite significant problems, arising because of historical factors more recent events.

Nevertheless, this does not mean that improvement is not possible in these areas. In order to obtain a more detailed picture of the issues affecting the region, it is necessary to analyse in which dimensions each of the areas is most negative.

Between Bulgaria and Turkey, negatives stem from a lack of propensity towards co-operation and poor relations between individual production sectors, which in fact becomes a generalised inability to establish a positive economy. Similarly, the Croatia-Serbia cross-border area lacks effective relations between production sectors and propensity towards co-operation, and in addition there are also low administration training and cross-border co-ordination levels. Between “the former Yugoslav Republic of Macedonia” and Serbia, there are strong socio-cultural obstacles and low training and co-ordination levels. Thus, it becomes clear that the most negative dimensions in these four cross-border areas mainly concern existing co-operation

(propensity and everyday practical relations), which makes it difficult to generate a perception of co-operation as a positive value, mainly due to strong stereotypes on either side of the border. Moreover, the complete lack of professional training for cross-border co-ordination exacerbates these problems.

3. The external dimensions

Table 2 allows us to analyse *external dimensions* among cross-border areas. The highest scores belong to the north-south line between Hungary and Greece, crossing Bulgaria and Romania at its centre. The most positive regions are the cross-border areas between Hungary and Romania (score 7.5), Romania and Bulgaria (6.9), Bulgaria and Greece (6.7). These areas are external to the Slavic Balkans, except for Bulgaria. They feature positive scores mainly thanks to their participation in the Madrid Convention and its related Protocols (dimension 7), and thanks to minor institutional obstacles, as mild state centralisation allows them to tackle the lack of structures for co-operation and to improve mutual understanding and propensity towards co-operation (dimension 4).

The lowest external scores concern the Balkans core regions, i.e. Serbia, “the former Yugoslav Republic of Macedonia” and Bosnia and Herzegovina in their relations with Croatia and Bulgaria: the reference cross-border areas in this respect are Serbia-“the former Yugoslav Republic of Macedonia” and Serbia-Croatia, “the former Yugoslav Republic of Macedonia”-Bulgaria, and Bosnia and Herzegovina-Croatia. The common trait of these cross-border areas is that they are negatively influenced by central governments in administration (dimension 8) and by institutional (dimension 7) factors. Such negative aspects concern the definitions of official frontiers, limited local power devolution, especially in external matters, poor administrative skills and financial subordination: clearly, these conditions greatly hamper local government in its attempts to foster cross-border co-operation. Moreover, these countries have not signed the Madrid Convention, and therefore cannot benefit from a specific legal framework as a basis for co-operation.

4. The comparison between external and internal dimensions

Such comparison provides additional elements in the assessment of co-operation opportunities, and more precisely, it is useful to spot which are the possible goals of such co-operation. If internal dimensions prevail over external ones, and resources for co-operation are endogenous, the best policy would be to focus on local development; on the other hand, if external dimensions are stronger than internal ones, action regarding central governments should be emphasised, especially in traditionally centralised countries (as former socialist republics usually are). Finally, if the balance between internal and external dimensions is set at about 1 (an even situation), it can either mean that there is a stable relationship between high scores for external and internal dimensions (positive co-operation), or that the balance is between negative scores (a markedly negative state of co-operation).

Taking the scores in Table 2 as a starting point, the following Table (Table 3) provides a list in decreasing order of the relationship between internal and external dimensions:

| | Cross-border area | Int/Ext | Area Means |
|-----|--|----------------|-------------------|
| 5. | Bosnia and Herzegovina-Serbia | <u>1.57</u> | 6.1 |
| 17. | Greece-Turkey | <u>1.51</u> | 5.2 |
| 8. | Bulgaria-“the former Yugoslav Republic of Macedonia” | <u>1.45</u> | 4.4 |
| 2. | Albania-“the former Yugoslav Republic of Macedonia” | 1.42 | <u>7.0</u> |
| 19. | Hungary-Serbia | 1.39 | 5.8 |
| 11. | Bulgaria-Serbia | 1.38 | 5.1 |
| 20. | “the former Yugoslav Republic of Macedonia”- Serbia | 1.36 | 3.3 |
| 12. | Croatia-Hungary | 1.27 | 5.5 |
| 22. | Romania-Serbia | 1.24 | 6.2 |
| 1. | Albania-Greece | 1.21 | 4.5 |
| 13. | Croatia-Montenegro | 1.18 | 6.5 |
| 16. | Greece-“the former Yugoslav Republic of Macedonia” | 1.14 | 6.1 |
| 4. | Bosnia and Herzegovina-Croatia | 1.14 | 3.5 |
| 14. | Croatia-Serbia | 1.12 | 2.9 |
| 3. | Albania-Montenegro | 1.06 | 6.2 |
| 15. | Serbia-Montenegro | 1.05 | 5.9 |
| 18. | Hungary-Romania | 1.03 | <u>7.7</u> |
| 6. | Bosnia and Herzegovina-Montenegro | 0.99 | 5.8 |
| 9. | Bulgaria-Romania | 0.96 | <u>6.7</u> |
| 7. | Bulgaria-Greece | 0.93 | 6.4 |
| 21. | Moldova-Romania | 0.93 | 5.2 |
| 10. | Bulgaria-Turkey | 0.52 | 4.0 |
| | Mean by dimension (m) | 1.2 | 5.5 |
| | Mean standard deviation (σ) | 0.24 | 1.2 |

Key: scores in bold indicate lowest means ($< m - 1\sigma$)

scores in underlined italics indicate highest means ($> m + 1\sigma$)

The relationship between internal and external dimensions and the overall means of internal and external dimensions outline a straightforward pattern: those areas where the population is culturally homogeneous are also those where internal dimensions of co-operation are stronger and basically more effective. This is true for Bosnian Serbs (Republika Srpska) and Serbian Serbs, Hungarians in Hungary and Serbia (Vojvodina), Albanians in Albania and “the former Yugoslav Republic of Macedonia”, Bulgarians in Bulgaria and “the former Yugoslav Republic of Macedonia”. On the other hand, we know that the more positive co-operation is rooted in the daily life of the residents of the area and in balanced system of existing relations.

Where external dimensions prevail over internal ones, cross-border co-operation seems to be sought after more by central governments than by local authorities, which are somehow subject to mutual predominant stereotypes and traditional unwillingness to collaborate on either sides of the border. This happens more noticeably between Bulgaria and Turkey ($\Delta = 0.52$), two countries with a history of conflict, and to a lesser

degree between Moldova (former USSR) and Romania and between Bulgaria and Greece, where the memory of forced population switches across recently drawn frontiers still lingers. In this situation, it is understandable how central governments have to make up for the limited propensity towards co-operation of the local communities. In addition, it happens that besides low internal dimensions, external ones (which refer to relations with European or central authorities) may also be low: the average score for all dimensions in the Bulgaria-Turkey cross-border area is 4.0.

Of course, the balance between internal and external dimensions (ranging between 1.44 and 0.96) takes on a different meaning depending on whether the average score for all dimensions per area is high or low. If it is high, as for Hungary and Romania (7.7) and Romania and Bulgaria (6.7), this means that the balance is emphasising an increasingly stronger co-operation. If instead the relationship is medium-low, as for Croatia and Serbia (2.9), Croatia and Bosnia and Herzegovina (3.5) and “the former Yugoslav Republic of Macedonia” and Serbia (3.3), this means that there is poor or no local propensity towards co-operation, together with low interest of central authorities in developing cross-border areas, which thus become increasingly isolated. In other words, internal hindrances (caused by historical and present factors) are reinforced by central administrative issues in being an obstacle towards the establishment of cross-border co-operation.

5. Dimensions of differing relevance

Another aspect, connected to the dimensions of cross-border co-operation, is represented by their *differing relevance* both at internal and external level. Diagram 2 illustrates the relevance of each dimension compared to the others.

In paragraphs 1.1 and 1.2, dimensions were presented according to their relevance in the establishment of cross-border co-operation. Diagram 2 analyses dimensions from a centre-periphery point of view for each dimension, both internal (rectangles) and external (circles). The dimensions closest to the centre of the rectangles and circles are more relevant for cross-border co-operation, while their importance decreases as the dimensions they represent become more peripheral.

The most relevant and central dimensions concern propensity towards co-operation (dimension 1) and cross-border relations in each production sector (dimension 3): these two have positive scores in almost all of the 22 Balkan-Danube cross-border areas. Their score is 6.7 out of 10 for propensity towards co-operation (dimension 1) and 5.4 for relations in production sectors (dimension 3). This means that the theoretical relevance implied in co-operation strengthens empirical positives in the 22 areas taken into consideration. These two central and internal dimensions are followed by less relevant negative ones (dimension 2 with score 4.9, dimension 9 with score 4.7, dimension 6 with score 6.0).

Dimension 10 has great empirical relevance, with a score of 6.7, but the cultural, linguistic and historical factors it represents, although important as a background, have little influence on practical action for cross-border co-operation, which consists mainly of economic, legal, cultural and professional training implementation.

External dimensions are still more negative, because the most central ones (economic and institutional obstacles, administrative factors) are all rather negative, with the most positive dimension being dimension 7 (score 6.6), that is, the signature and ratification of the Madrid Convention (1980) and its related Protocols: although participating in these legal acts is important as a basis for cross-border co-operation, on its own it has scarce effectiveness on the practical level, where co-operation policies have to face political, social and economic will.

6. Homogeneous co-operation and border policies

The last aspect of co-operation dimensions has to do with the existence of *homogenous co-operation and border policies* between bordering countries.

The underlying concept is that there may be, apart from specific cross-border relations, a similar approach shared by more than one country towards one area or one country. Such interpretation, however, should also take into account the different significant history and cultural factors have.

Tables 3 and 4 and Diagrams 3 to 12 provide pertinent data.

The 22 cross-border areas include 12 countries, the core of which is former Yugoslavia, followed by Danube countries, and finally non-Yugoslav countries. Frontiers vary considerably, from Moldova with just one border, to Serbia with six, the middle position occupied by Bulgaria with five, and Montenegro, Romania, Greece and “the former Yugoslav Republic of Macedonia” with four. The remaining countries share two or three borders.

Conceptual dimensions are undoubtedly positive for Hungary, Romania and Greece, while they are markedly negative for Turkey and Croatia.

It is worth analysing some of these countries individually.

Hungary (6.3) and *Romania* (6.5) have positive dimensions and “cold” borders, i.e. the border is shared by a uniform Hungarian and Romanian population who follow consolidated central policies that have acknowledged specific rights for these peripheral communities.

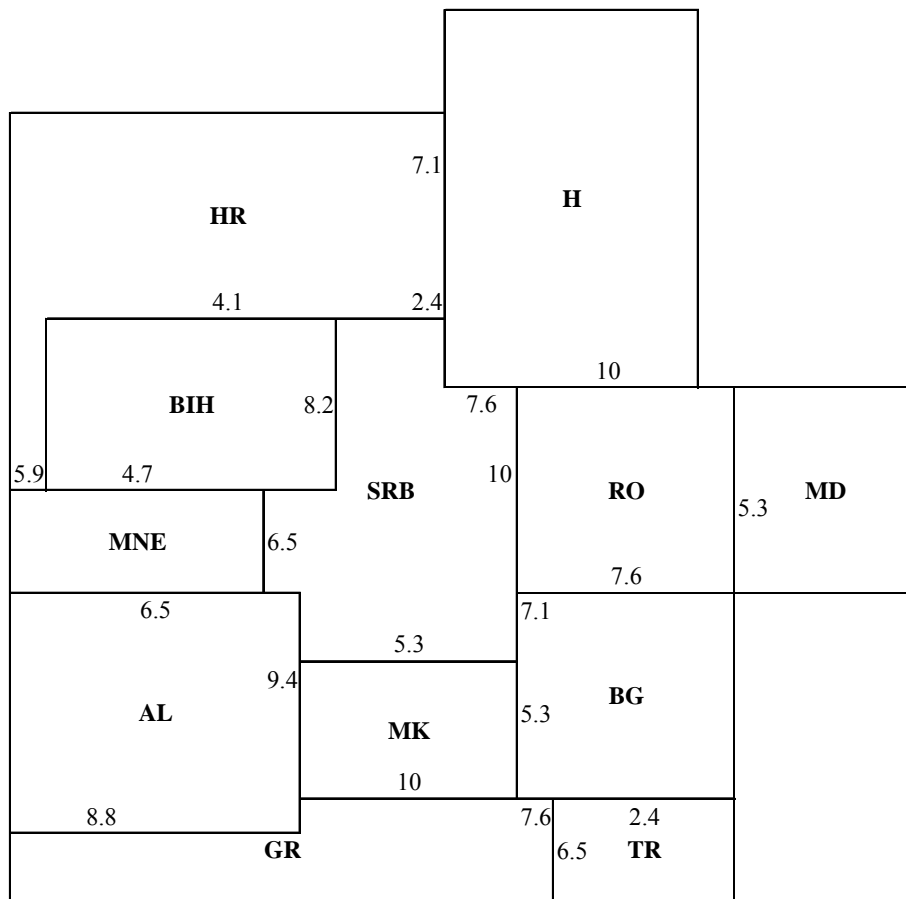
In the inner former Yugoslavia (“the former Yugoslav Republic of Macedonia”, Bosnia and Herzegovina, Serbia), there are mostly negative scores (with the sole exception of Montenegro) as far as co-operation is concerned, especially for external dimensions: this mirrors a propensity towards co-operation which becomes stronger in cross-border areas rather than within central institutional, administration and economic structures.

Finally, Turkish and Croatian borders have very poor co-operation scores. This is probably caused by the internal and external influence of historical boundaries: in Croatia, this factor dates back to the old Austro-Hungarian frontier with the rival Ottoman Empire, and in Bulgaria, it originates from the proximity with the former rulers of Turkey, and to a lesser extent with Greece.

Table 3 – Mean scores for conceptual dimensions of cross-border co-operation in cross-border areas for each country

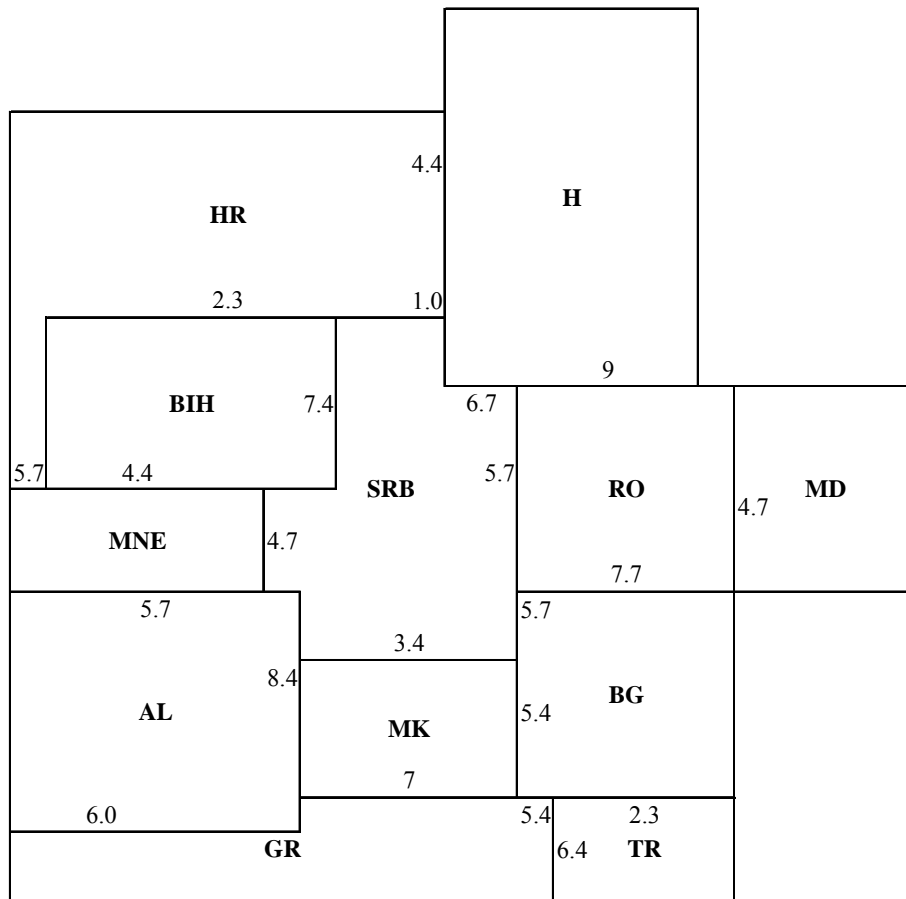
| Conceptual dimensions of cross-border co-operation: | | | | | | | | | | | | |
|--|-----------------|------------|-----------|-----------|-----------|----------|-----------------|-----------|-------------|------------|---------------------|--------------------------------|
| Mean marks for each country with bordering countries: | Internal | | | | | | External | | | | Country Mean | Internal/external ratio |
| | I | III | II | IX | VI | X | V | IV | VIII | VII | | |
| Albania | 8.2 | 6.7 | 5.3 | 4.4 | 7.7 | 5.9 | 5.3 | 4.1 | 4.3 | 7.0 | 5.9 | 1.2 |
| Bosnia and Herzegovina | 5.7 | 4.7 | 4.1 | 3.8 | 7.2 | 7.8 | 5.6 | 4.3 | 2.5 | 5.7 | 5.1 | 1.2 |
| Bulgaria | 6.0 | 5.3 | 4.9 | 4.5 | 5.5 | 5.6 | 5.4 | 5.1 | 4.0 | 7.0 | 5.3 | 1.0 |
| Croatia | 4.9 | 3.4 | 3.8 | 4.5 | 6.0 | 7.0 | 5.3 | 4.7 | 1.5 | 5.0 | 4.6 | 1.2 |
| Greece | 8.2 | 6.2 | 5.4 | 3.9 | 6.2 | 5.4 | 4.0 | 5.5 | 6.0 | 4.9 | 5.6 | 1.2 |
| Hungary | 8.2 | 6.7 | 6.1 | 6.7 | 4.9 | 7.9 | 4.8 | 6.0 | 4.3 | 7.5 | 6.3 | 1.2 |
| Moldova | 5.3 | 4.7 | 4.1 | 3.8 | 3.8 | 8.6 | 4.8 | 2.7 | 4.3 | 10.0 | 5.2 | 0.9 |
| Montenegro | 5.9 | 5.1 | 4.7 | 4.8 | 9.4 | 7.7 | 5.7 | 5.1 | 3.3 | 9.3 | 6.1 | 1.1 |
| “the former Yugoslav Republic of Macedonia” | 7.5 | 6.0 | 4.7 | 3.9 | 5.8 | 6.5 | 3.9 | 5.7 | 3.8 | 3.9 | 5.2 | 1.3 |
| Romania | 8.2 | 6.8 | 5.6 | 6.7 | 4.4 | 7.6 | 4.8 | 5.4 | 5.1 | 10.0 | 6.5 | 1.0 |
| Serbia | 6.7 | 4.9 | 4.5 | 5.0 | 5.4 | 6.9 | 3.9 | 3.9 | 3.2 | 6.1 | 5.1 | 1.3 |
| Turkey | 4.4 | 4.4 | 5.3 | 2.9 | 5.4 | 4.5 | 6.2 | 4.5 | 3.3 | 5.2 | 4.6 | 0.9 |
| Mean by dimension (m) | 6.6 | 5.4 | 4.9 | 4.6 | 6.0 | 6.8 | 5.0 | 4.8 | 3.8 | 6.8 | 5.5 | 1.1 |
| Mean standard deviation (σ) | 1.44 | 1.08 | 0.68 | 1.12 | 1.52 | 1.23 | 0.74 | 0.92 | 1.15 | 2.05 | 0.62 | 0.14 |

Diagram 3 – 1/internal dimension - Propensity towards cross-border co-operation



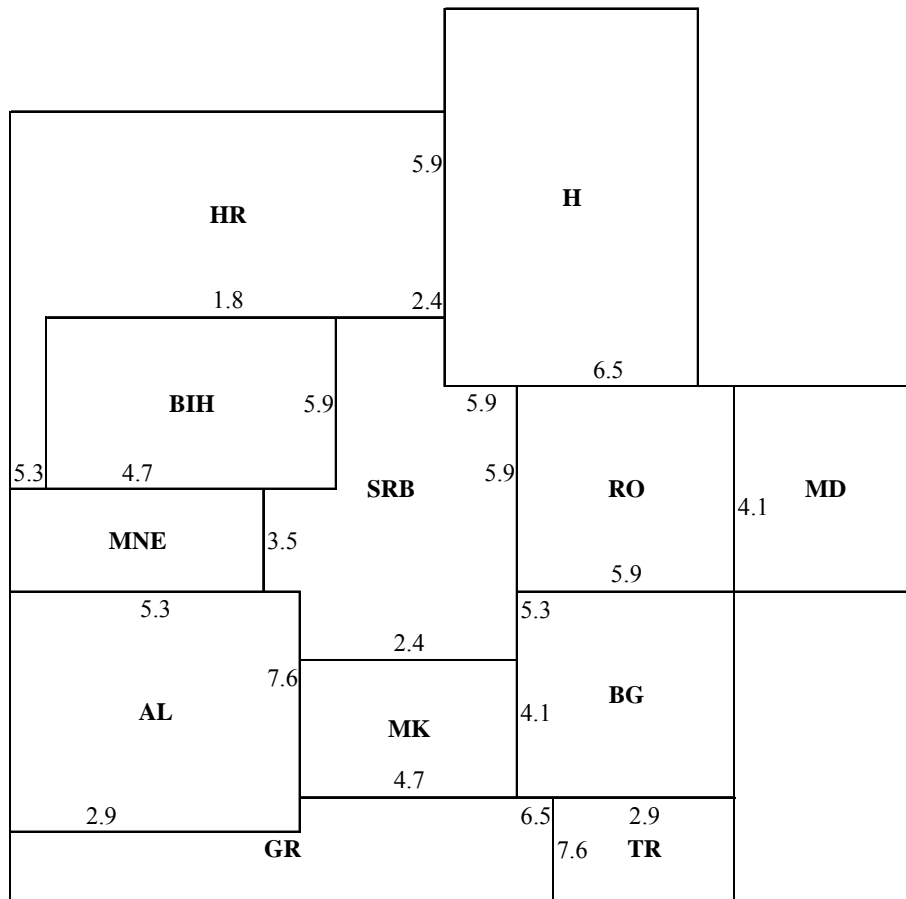
Mean = 6.7

Diagram 4 – 3/internal dimension - Cross-border relations for each production sector



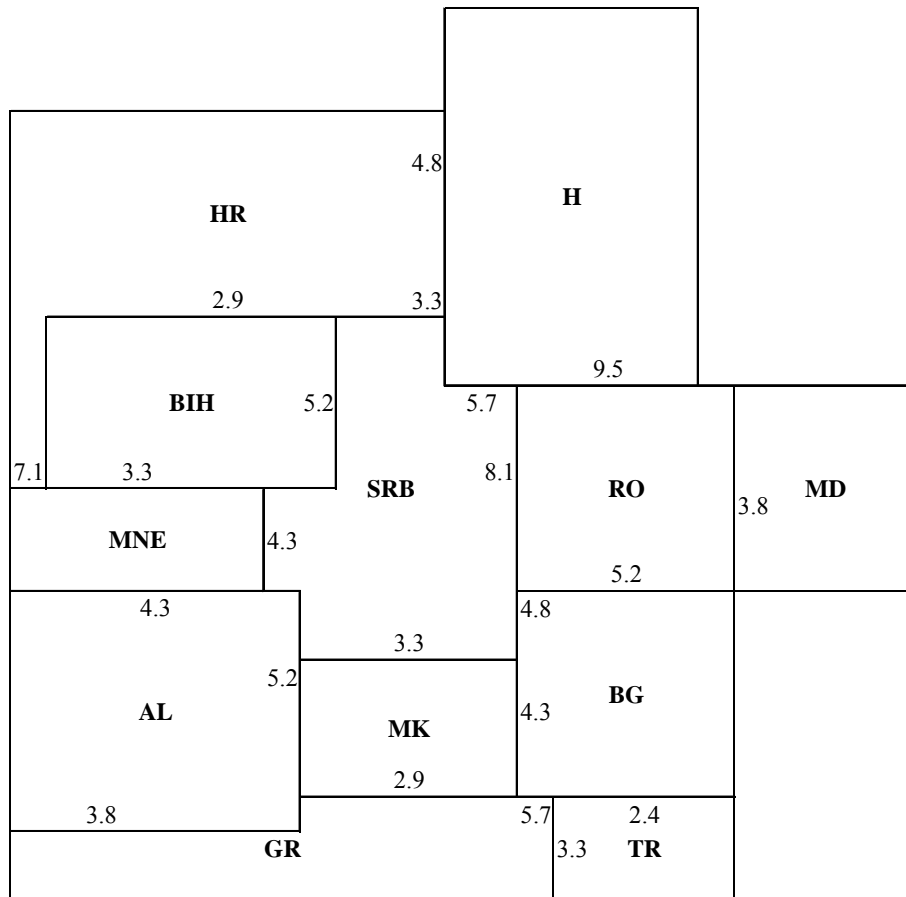
Mean = 5.4

Diagram 5 – 2/internal dimension - Levels of training and co-ordination



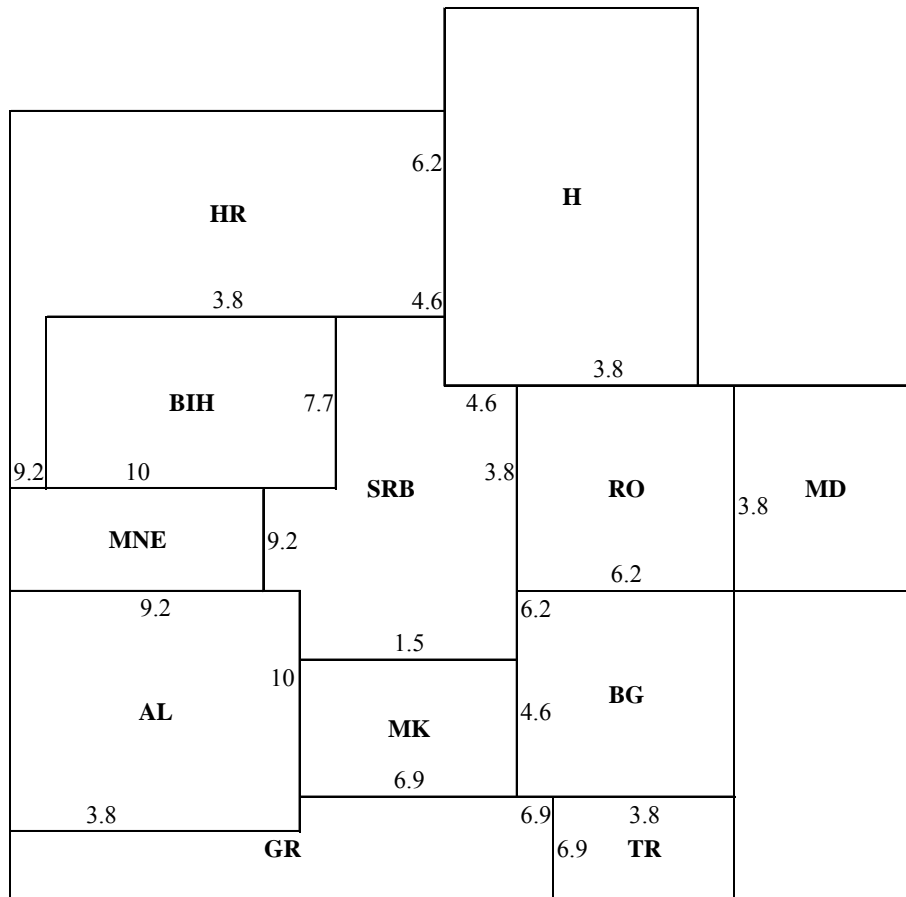
Mean = 4.9

Diagram 6 – 9/internal dimension - Economic factors for effective cross-border co-operation



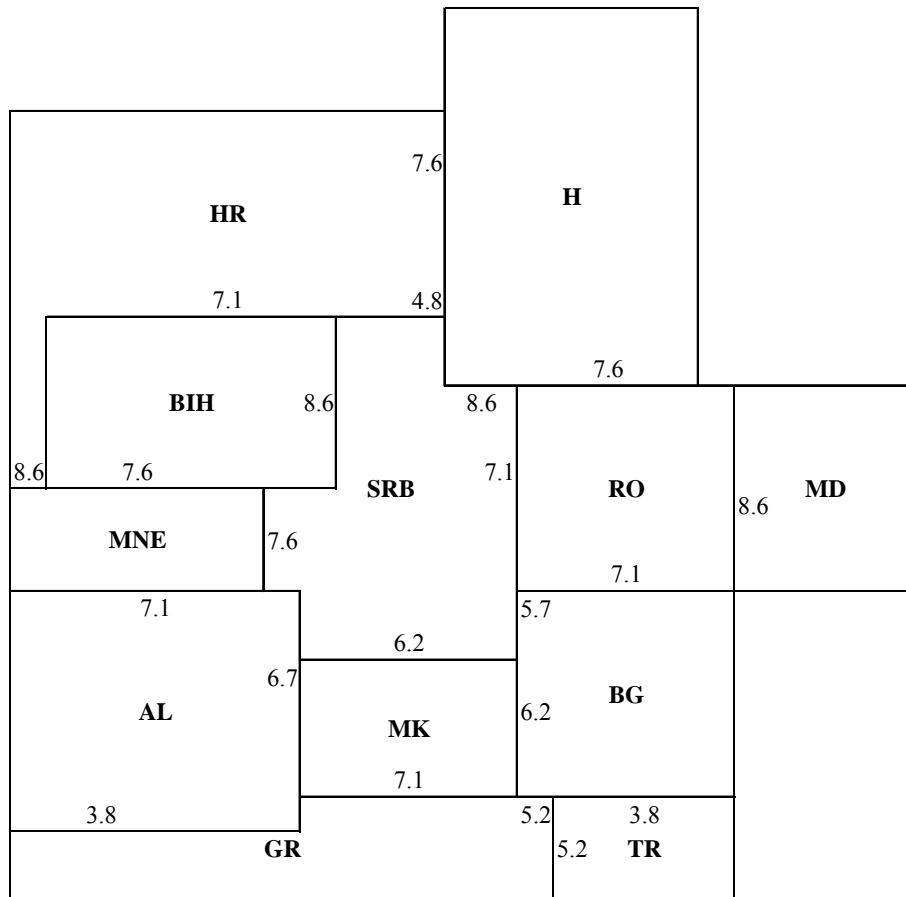
Mean = 4.7

Diagram 7 – 6/internal dimension - Socio-cultural obstacles for cross-border co-operation



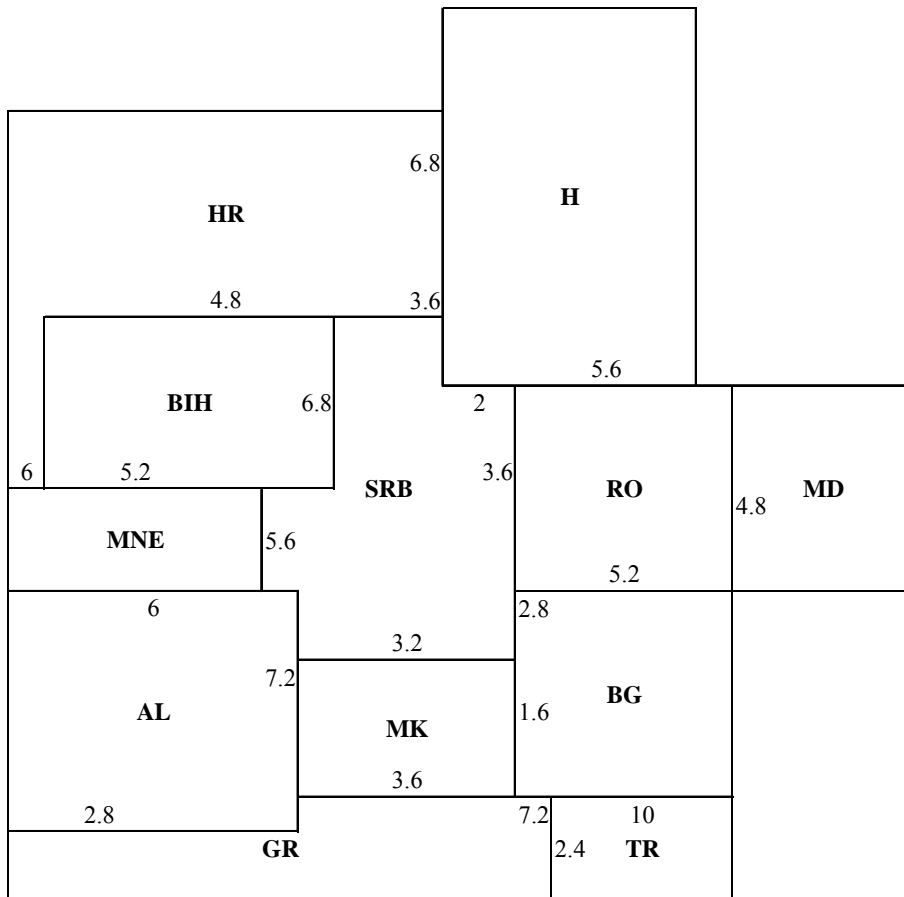
Mean = 6.0

Diagram 8 – 10/internal dimension - Linguistic, cultural and historical factors for effective cross-border co-operation



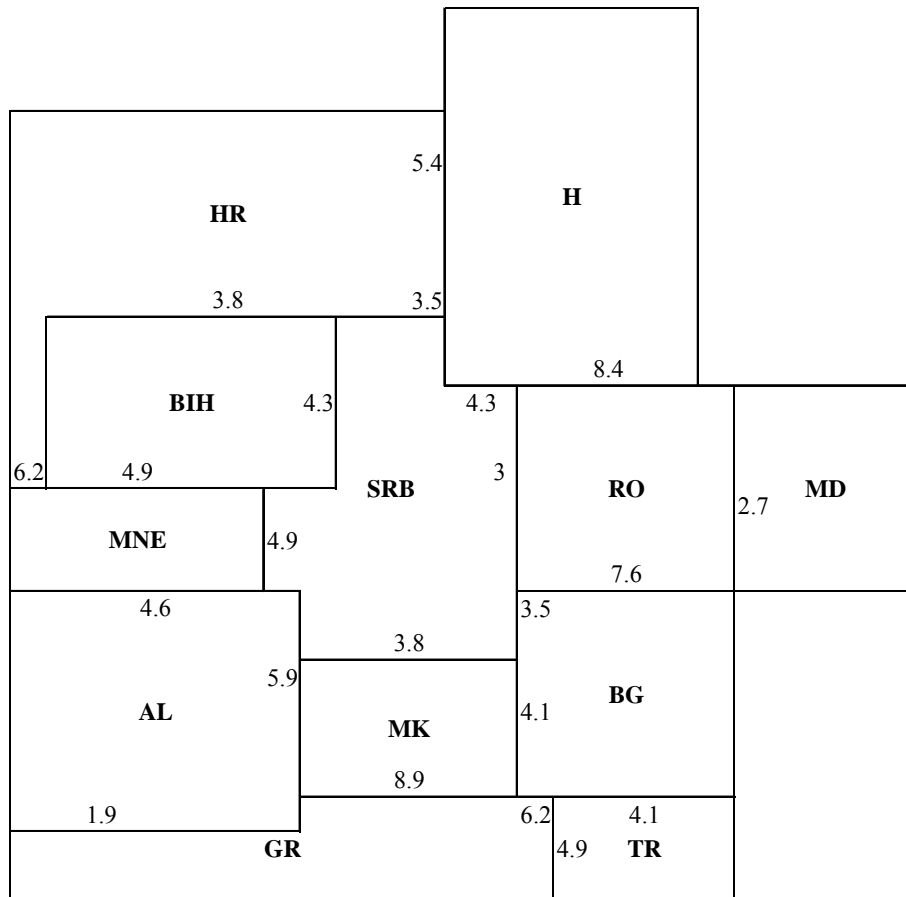
Mean = 6.7

Diagram 9 – 5/external dimension - Economic obstacles for cross-border co-operation



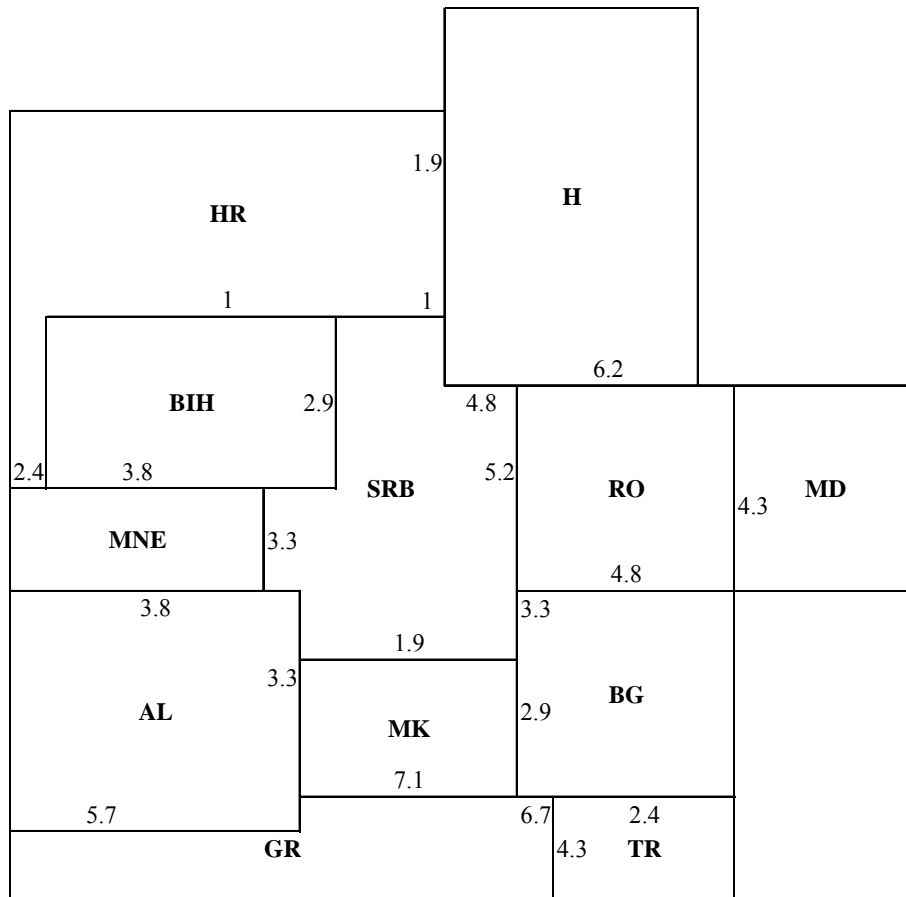
Mean = 4.9

Diagram 10 – 4/external dimension - Institutional obstacles for cross-border co-operation



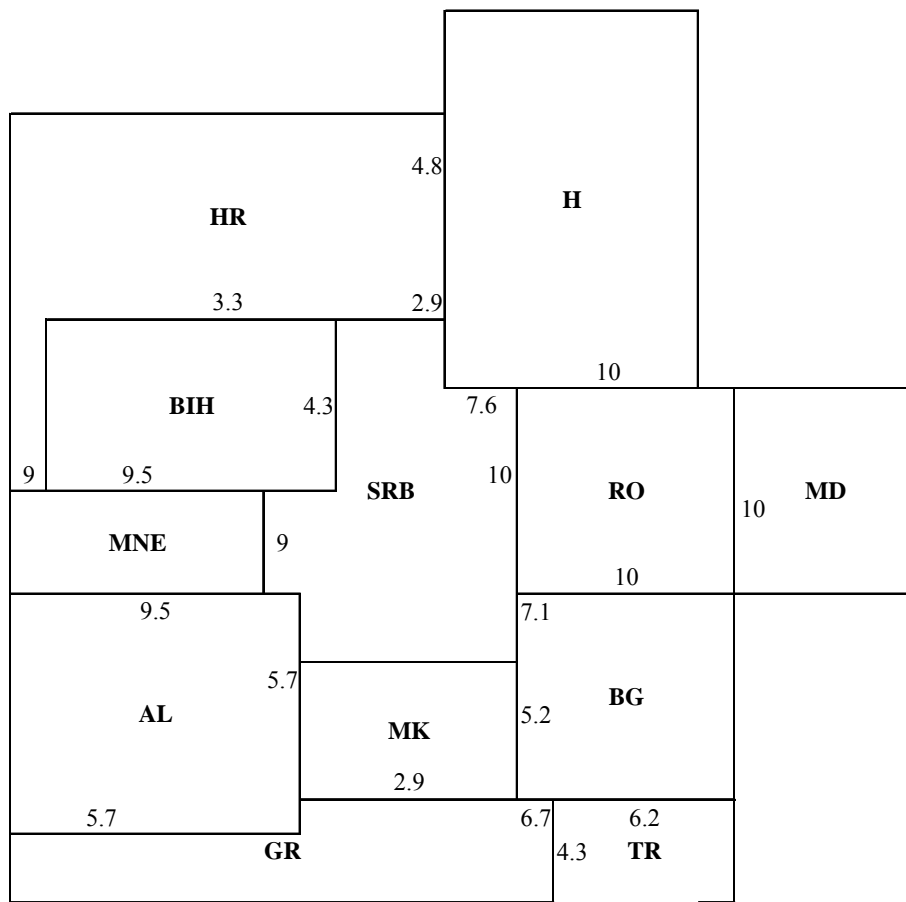
Mean = 4.8

Diagram 11 – 8/external dimension - Administrative factors for effective cross-border co-operation



Mean = 3.8

Diagram 12 – 7/OT dimension - Institutional obstacles for cross-border co-operation



Mean = 6.6

Chapter Three

SWOT variables for the 22 cross-border areas

After comparing cross-border co-operation dynamics in the 22 areas, so far analysed using 10 dimensions, it is now necessary to consider each area individually, describing in detail the co-operation parameters previously determined with SWOT analysis, in order to outline strategies and measures which are appropriate to the development of positive transboundary collaboration.

Area analysis takes into account whether the distribution of variables is: SWOT, *halo effect* (positive or negative), *non-relevant* for co-operation; in addition, it takes into account SWOT variables positive/negative and internal/external categories, and reports SWOT variables by their denomination.

Such data allows us to identify the most effective action strategy for each individual co-operation process.

1. Prospects for “good” cross-border co-operation between Albania-Greece

The 53 indicators of cross-border analysis listed by type:

| | | n. | % |
|----------------------|----|----|-------|
| Swot indicators | | 26 | 49.1 |
| <i>Halo positive</i> | 12 | | |
| <i>Halo negative</i> | 15 | 27 | 50.9 |
| Non-relevant | | 0 | 0.0 |
| | | 53 | 100.0 |

SWOT variables are then configured as follows:

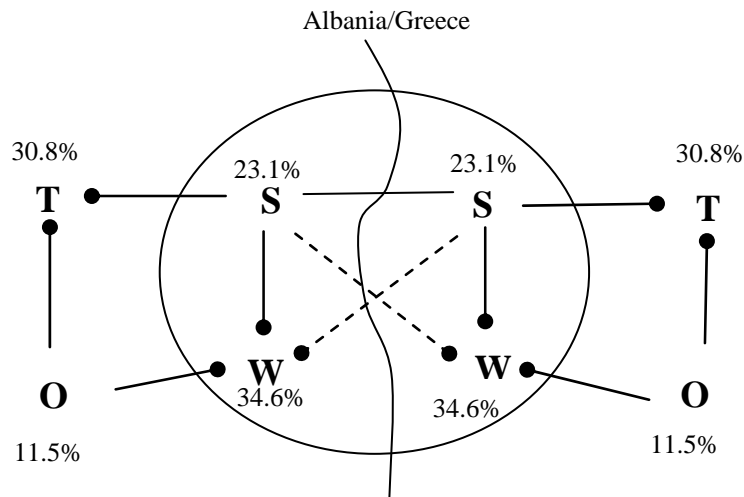
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------------|---------------------------------|-----------|--------------|
| Positive (SO) | 6 | 3 | 9 | 34.6 |
| Negative (WT) | 9 | 8 | 17 | 65.4 |
| Total | 15 | 11 | 26 | |
| % | 57.7 | 42.3 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 3. | Propensity towards cross-border co-operation of socio-cultural operators | +++ | 1 | x | | | |
| 4. | Propensity towards cross-border co-operation of institutional operators | +++ | 1 | x | | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | x | | | |
| 11. | Cross-border relations for transport and telecommunications | +++ | 3 | x | | | |
| 12. | Cross-border relations for economy and work | +++ | 3 | | x | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | | x | | |
| 5. | Training of local bodies | ++ | 2 | | x | | |
| 7. | Co-ordination between local bodies and social and economic stakeholders | ++ | 2 | | x | | |
| 44. | Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries | ++ | 9 | x | | | |
| 45. | Integral economies characterised by complementary features | ++ | 9 | | x | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | | x | | |
| 49. | Common historical context and absence of stereotypes | + | 10 | | x | | |
| 50. | Common language or widespread knowledge of the neighbouring country’s language, in at least one country | + | 10 | x | | | |
| 52. | Tradition of co-operation | + | 10 | | x | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | | x | | |
| | External variables | | | | | | |
| 25. | Uneven development levels or rates | +++ | 5 | | | | x |
| 26. | Technology gap | +++ | 5 | | | | x |
| 27. | Business closures due to overwhelming competition | +++ | 5 | | | | x |
| 30. | Weak or no response to opportunities for cross-border co-operation | +++ | 5 | | | | x |
| 18. | Differing competence on either side of the border | ++ | 4 | | | | x |

| | | | | | | | |
|-----|--|----|---|--|---|---|---|
| 19. | Restrictive regulations on cross-border relations | ++ | 4 | | | | x |
| 21. | Low mutual knowledge and trust | ++ | 4 | | | | x |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |
| 43. | Local authorities with autonomous financial administration | ++ | 8 | | | | x |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 38. | Good institutional and legal framework (EU requirements) | + | 7 | | | x | |
| | | | | | 6 | 9 | 3 |
| | | | | | | | 8 |

SWOT analysis shows this cross-border area to have a strong *halo* effect in half of its indicators (45.3%), specifically institutional obstacles (state centralisation, lack of structures for cross-border co-operation, poor credibility of co-operation organisations, scarce resources), but also in positive terms, as propensity towards co-operation, relations between production sectors, labour market protection and local administrative independence. SWOT variables are predominantly internal (57.7% internal vs. 42.3% external), and, more relevantly, they are more negative than positive (65.4% vs. 34.6%). Negative SWOT variables are generally linked to relations between economic sectors and everyday services, as well as the presence of institutional and economic obstacles. This scenario suggests the most appropriate strategy to be the *fourth* one, which focuses on the control of negative factors.



This strategy implements a set of specific actions aimed at overcoming several negatives, which can be more effective than others in fostering co-operation. The main guidelines are as follows:

1. Parallel training courses for administration staff on either sides of the border, in

- order to enhance the effectiveness of co-operation;
2. Implementing projects to support relations among stakeholders in sectors such as economy and everyday services;
 3. Planning of common policies, to mitigate gaps between bordering countries. There are indeed some threats to cross-border co-operation, which concern the uneven standards of competence and skills between adjacent countries, differing regulations about transboundary relations, differing levels and rates of development and available technology, reluctance to co-operate on one side due to excessive competition, or low mutual trust;
 4. Promoting communication infrastructures, such as transport routes and connections, which are appropriate to local geomorphology.

In order to support this strategy, the *Cross-border Euroregion* and the *Functional Network Euroregion* (and their related EGTC) represent essential tools for implementing the four sets of actions mentioned.

2. Prospects for “good” cross-border co-operation between Albania-“the former Yugoslav Republic of Macedonia”

The 53 indicators of cross-border analysis listed by type:

| | | n. | % |
|----------------------|----|----|-------|
| Swot indicators | | 22 | 41.5 |
| <i>Halo positive</i> | 17 | | |
| <i>Halo negative</i> | 14 | 31 | 58.5 |
| Non-relevant | | 0 | 0.0 |
| | | 53 | 100.0 |

SWOT variables are then configured as follows:

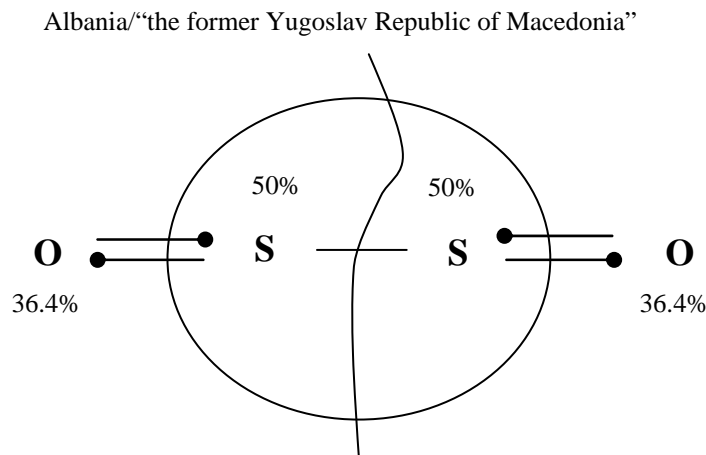
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|--------------|
| Positive (SO) | 11 | 8 | 19 | 86.4 |
| Negative (WT) | - | 3 | 3 | 13.6 |
| Total | 11 | 11 | 22 | |
| % | 50.0 | 50.0 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 1. | Propensity towards cross-border co-operation of manufacturing industry operators | +++ | 1 | x | | | |
| 2. | Propensity towards cross-border co-operation of commerce operators | +++ | 1 | x | | | |
| 3. | Propensity towards cross-border co-operation of socio-cultural operators | +++ | 1 | x | | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | x | | | |
| 13. | Cross-border relations for tourism | +++ | 3 | x | | | |
| 14. | Cross-border relations for education and culture | +++ | 3 | x | | | |
| 44. | Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries | ++ | 9 | x | | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | x | | | |
| 32. | Linguistic barriers | + | 6 | x | | | |
| 33. | Weak or no response to opportunities for cross-border co-operation | + | 6 | x | | | |
| 50. | Common language or widespread knowledge of the neighbouring country’s language, in at least one country | + | 10 | x | | | |
| | External variables | | | | | | |
| 29. | Customs and fiscal issues | +++ | 5 | | | x | |
| 18. | Differing competence on either side of the border | ++ | 4 | | | | x |
| 19. | Restrictive regulations on cross-border relations | ++ | 4 | | | x | |
| 21. | Low mutual knowledge and trust | ++ | 4 | | | x | |
| 24. | Weak or no response to opportunities for cross-border co-operation | ++ | 4 | | | x | |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |
| 40. | Non-centralised countries with relevant government powers devolved to local authorities | ++ | 8 | | | | x |
| 43. | Local authorities with autonomous financial administration | ++ | 8 | | | | x |

| | | | | | | | |
|-----|---|---|----|----|---|---|---|
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 38. | Good institutional and legal framework (EU requirements) | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 11 | 0 | 8 | 3 |

SWOT analysis shows that in this cross-border area over half (52.8%) of the indicators taken into account have a *halo effect* on SWOT variables, especially concerning relations between existing production sectors (dimension 3), co-ordination between administrations on either side of the border and between central administrations (dimension 2), moderate economic obstacles (dimension 5), poor economic integration, limited use of European projects and the low standards of roads and railways and infrastructures (dimension 9). Such a *halo effect* acts as the background for the SWOT variables, which in turn are fewer (41.5%) but of the same sign of the *halo* itself. The most relevant variables are mostly positive and generally internal (strength points); they concern the fundamental aspects of co-operation, like propensity towards co-operation (dimension 1), relations between production sectors (dimension 3), as well as available opportunities provided by secondary customs and fiscal issues (dimension 5), secondary economic obstacles, and positive administrative factors (dimension 8). Finally, it is remarkable how *non-relevant* indicators only amount to three, implying that the indicators taken into account thoroughly encompass cross-border co-operation dimensions. In this scenario, the best *strategy* to foster co-operation is the *first* one, which focuses on enhancing existing positives.



This strategy focuses mainly on overcoming negative *halo effects*. The main action guidelines are as follows:

1. Training courses for administration staff on either side of the border, in order to

- enhance co-operation policies;
2. Implementation of common policies aimed at creating a uniform institutional framework, so as to devolve powers and financial independence at local level;
 3. Improvement of road systems, connections, roads, railways and waterways.

Such goals can be better achieved with the support of the *Cross-border Euro-region* and the *Macro Infrastructures Euroregion*, which represent essential tools for these action strategies.

3. Prospects for “good” cross-border co-operation between Albania-Montenegro

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 26 | 49.1 |
| <i>Halo positive</i> 12 | | |
| <i>Halo negative</i> 11 | 23 | 43.4 |
| Non-relevant | 4 | 7.5 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 8 | 9 | 17 | 65.4 |
| Negative (WT) | 4 | 5 | 9 | 34.6 |
| Total | 12 | 14 | 26 | |
| % | 46.2 | 53.8 | | 100.0 |

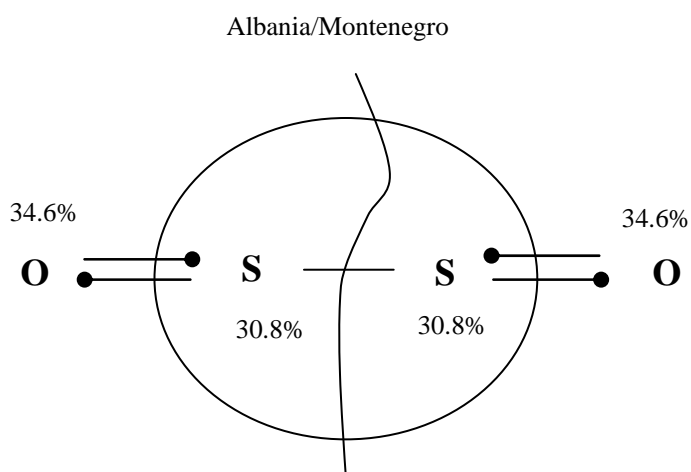
Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|--|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 2. | Propensity towards cross-border co-operation of economic trade operators | +++ | 1 | x | | | |
| 3. | Propensity toward cross-border co-operation of socio-cultural operators | +++ | 1 | x | | | |
| 12. | Cross-border relations in economy and labour | +++ | 3 | | x | | |
| 13. | Cross-border relations in tourism | +++ | 3 | x | | | |
| 5. | Training of local bodies | ++ | 2 | | x | | |
| 8. | Co-ordination between central administrations | ++ | 2 | x | | | |

| | | | | | | | |
|-----|---|-----|----|---|---|---|---|
| 47. | Strong degree of participation in Inter-reg, PHARE, etc. cross-border co-operation programmes | ++ | 9 | | x | | |
| 31. | Negative national and/or regional stereotypes | + | 6 | x | | | |
| 32. | Linguistic barriers | + | 6 | x | | | |
| 49. | Common historical background without stereotypes | + | 10 | x | | | |
| 50. | Common language or widespread knowledge of neighbouring language on at least one side of the border | + | 10 | x | | | |
| 52. | History of co-operation | + | 10 | | x | | |
| | External variables | | | | | | |
| 28. | Labour market protection | +++ | 5 | | | | x |
| 30. | Very weak or no reaction to cross-border collaboration proposals | +++ | 5 | | | x | |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 20. | Lack of credibility of co-operation agencies | ++ | 4 | | | | x |
| 22. | Inadequate financial resources | ++ | 4 | | | | x |
| 23. | Different political-ideological orientation | ++ | 4 | | | x | |
| 24. | Reaction to co-operation proposals | ++ | 4 | | | x | |
| 39. | Official definition of the border area | ++ | 8 | | | x | |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 35. | Signature of the 1995 additional Protocol to the Madrid Convention | + | 7 | | | x | |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | x | |
| 37. | Borders recognised by the states | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 8 | 4 | 9 | 5 |

SWOT analysis portrays a markedly positive (65.4%) situation for cross-border co-operation, both internal (30.8%) and external (34.6%). Positives concern mainly the propensity to co-operate by specific actors and a very positive socio-cultural environment. On the other hand, although *halo effect* indicators are not playing a significant role (12 positive vs. 11 negative), internal external positives refers only to few indicators (17 out of 53).

This scenario suggests the implementation of the *first strategy*, since it appears possible to rely on a sufficient number of strengths and opportunities for improvement.



Action strategies in this case aim at enhancing existing strengths in variables and indicators. The main guidelines are as follows:

1. Professional training courses for local economic and socio-cultural operators and for coordination between local and central sectors;
2. Planning of common policies to enhance co-operation in the tourism sector;
3. Common action to capitalise on the positive social continuity in the border area;
4. Planning of common policy enhancing infrastructure development improving cross-border crossing for economic purposes and daily trading.

The *Cross-border Euroregion* can effectively support this strategy, but subsequently, it will be necessary to rely on the *Functional Networks* and *Macro Infrastructures Euroregion*.

4. Prospects for “good” cross-border co-operation between Bosnia and Herzegovina-Croatia

The 53 indicators of cross-border analysis listed by type:

| | | n. | % |
|----------------------|----|----|-------|
| Swot indicators | | 16 | 30.2 |
| <i>Halo positive</i> | 4 | | |
| <i>Halo negative</i> | 18 | 22 | 41.5 |
| Non-relevant | | 15 | 28.3 |
| | | 53 | 100.0 |

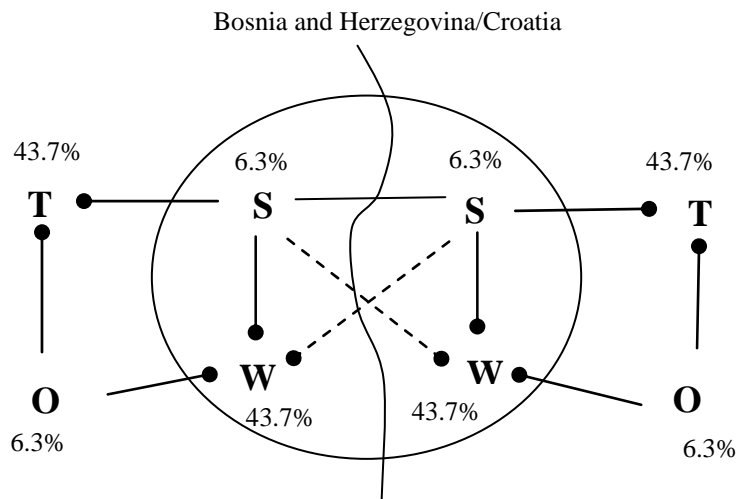
SWOT variables then are configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|------------------------------|------------------------------|-----------|--------------|
| Positive (SO) | 1 | 1 | 2 | 12.5 |
| Negative (WT) | 7 | 7 | 14 | 87.5 |
| Total | 8 | 8 | 16 | |
| % | 50.0 | 50.0 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | | x | | |
| 11. | Cross-border relations for transport and telecommunications | +++ | 3 | | x | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | | x | | |
| 5. | Training of local bodies | ++ | 2 | | x | | |
| 6. | Co-ordination between different national and local administration sectors | ++ | 2 | | x | | |
| 7. | Co-ordination between local bodies and social and economic stakeholders | ++ | 2 | | x | | |
| 46. | Economic action not exclusively "oriented towards" and "dependent on" central administration | ++ | 9 | | x | | |
| 50. | Common language or widespread knowledge of the neighbouring country's language, in at least one country | + | 10 | x | | | |
| | External variables | | | | | | |
| 18. | Differing competence on either side of the border | ++ | 4 | | | | x |
| 22. | Insufficient financial resources | ++ | 4 | | | | x |
| 40. | Non-centralised countries with relevant government powers devolved to local authorities | ++ | 8 | | | | x |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 42. | Local authorities with competent management | ++ | 8 | | | | x |
| 43. | Local authorities with autonomous financial administration | ++ | 8 | | | | x |
| 38. | Good institutional and legal framework (EU requirements) | + | 7 | | | | x |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 1 | 7 | 1 | 7 |

SWOT analysis outlines a generally negative situation in this cross-border area, with weak points and threats amounting to 87.5% of variables, and 81.8% of negative *halo effect* indicators. Moreover, negative variables concern both internal and external dimensions, and several indicators are *non-relevant*. These conditions imply that co-operation has to be established almost from scratch, bearing in mind, in addition, how historical and cultural issues have never subsided, negatively influencing the relations between Croatia and Bosnia and Herzegovina, first of all in the Serb majority areas located between Catholic Croatia and Muslim Bosnia and Herzegovina (the Kraine). Furthermore, SWOT variables are mostly non-relevant or fail to produce a *halo effect* (only 16, accounting for 30.2% of all indicators), illustrating that the level of co-operation is still very low. This situation requires the use of the *fourth strategy*, although it should be supported by an additional strategy focused on tackling such widespread negatives.



Action strategies should therefore aim at overcoming negatives in SWOT variables and *halo effect* indicators. The main guidelines are as follows:

1. Cultural planning to foster propensity towards co-operation, especially among socio-cultural and institutional operators;
2. Professional training courses for local organisation staff, for the co-ordination between local and central sectors, and for central administrations, so that they can effectively support co-operation processes;
3. Creation of links between production sectors;
4. Planning of common policies to mitigate gaps and to limit threats such as differing institutional competences, inadequate financial resources, as well as poor structures and political-ideological clashes;
5. Power devolution to local authorities in order to create a network of decentralised states, with more autonomy as regards international relations and financial independence;

6. Enhancement of connections, transport routes, roads, railways and waterways;
7. Prompt adjustment to EU requirements.

All three types of Euroregion are required for this area: Cross-border, Functional Networks and Macro Infrastructures.

5. Prospects for “good” cross-border co-operation between Bosnia and Herzegovina-Serbia

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|----------------------|----|-------|
| Swot indicators | 13 | 24.5 |
| <i>Halo positive</i> | 16 | |
| <i>Halo negative</i> | 13 | 54.7 |
| Non-relevant | 11 | 20.8 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 6 | 4 | 10 | 76.9 |
| Negative (WT) | - | 3 | 3 | 23.1 |
| Total | 6 | 7 | 13 | |
| % | 46.2 | 53.8 | | 100.0 |

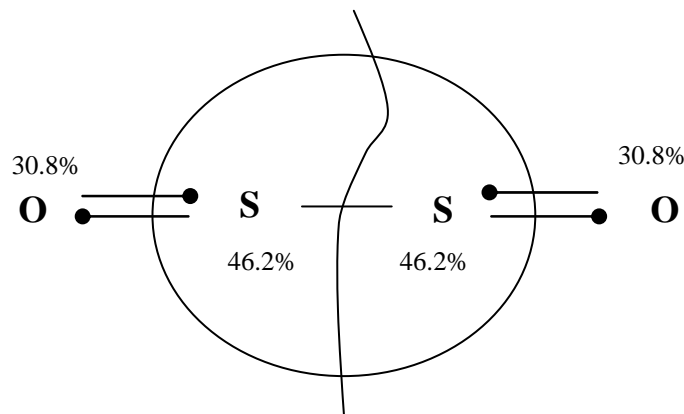
Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 3. | Propensity towards cross-border co-operation of socio-cultural operators | +++ | 1 | x | | | |
| 14. | Cross-border relations for education and culture | +++ | 3 | x | | | |
| 8. | Co-ordination between central administrations | ++ | 2 | x | | | |
| 32. | Linguistic barriers | + | 6 | x | | | |
| 50. | Common language or widespread knowledge of the neighbouring country's language, in at least one country | + | 10 | x | | | |
| 52. | Tradition of co-operation | + | 10 | x | | | |

| External variables | | | | | | | |
|---------------------------|---|-----|----|---|---|---|---|
| 29. | Customs and fiscal issues | +++ | 5 | | | x | |
| 16. | State centralisation | ++ | 4 | | | | x |
| 21. | Low mutual knowledge and trust | ++ | 4 | | | x | |
| 22. | Insufficient financial resources | ++ | 4 | | | | x |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 6 | 0 | 4 | 3 |

SWOT analysis indicates largely positive cross-border co-operation processes in this area, especially in its internal dimensions. 76.9% of variables are positive, with the remaining 23.1% negative. Positives concern common language, common historical background and limited mutual stereotypes, which is rather an obvious result since the population is Serb on either side of the border and speaks the same language and uses the Cyrillic alphabet. One flaw in such widespread positives is that they refer to few indicators (13 out of 53, 24.5% of the total). Nevertheless, the many *halo effect* indicators have positive scores also (16 vs. 13 indicators). This situation suggests the use of the *first strategy*, the most appropriate when it is possible to rely on several positives and on opportunities for improvement.

Bosnia and Herzegovina/Serbia



Action strategies in this case aim at enhancing existing strengths in variables and indicators. The main guidelines are as follows:

1. Professional training courses for local organisation staff and for co-ordination between local and central sectors;
2. Planning of common policies to mitigate differing competences between insti-

- tutions on either side of the border, restrictive regulations in matters of international relations, clashing ideological and political views hampering co-operation;
3. Common action to tackle development and technology gaps and exceeding competition.

The *Cross-border Euroregion* can effectively support this strategy, but subsequently it will be necessary to rely on the *Functional Networks* and *Macro Infrastructures Euroregion*.

6. Prospects for “good” cross-border co-operation between Bosnia and Herzegovina-Montenegro

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 29 | 54.7 |
| <i>Halo positive</i> 12 | | |
| <i>Halo negative</i> 10 | 22 | 41.5 |
| Non-relevant | 2 | 3.8 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 6 | 10 | 16 | 55.2 |
| Negative (WT) | 6 | 7 | 13 | 44.8 |
| Total | 12 | 17 | 29 | |
| % | 41.4 | 58.6 | | 100.0 |

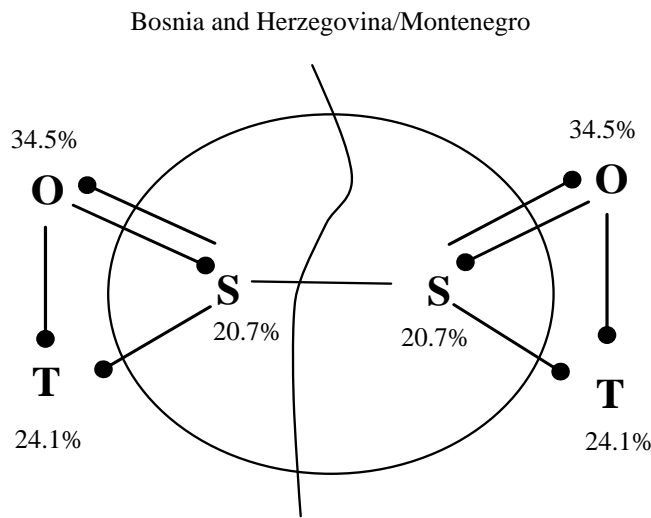
Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 3. | Propensity towards cross-border co-operation of institutional operators | +++ | 1 | | x | | |
| 9. | Institutional relations | +++ | 3 | | x | | |
| 10. | Lack of joint environmental and spatial planning | +++ | 3 | | x | | |
| 15. | Co-operation in everyday services | +++ | 3 | | x | | |
| 5. | Training of local bodies | ++ | 2 | | x | | |
| 8. | Co-ordination between central administration | ++ | 2 | x | | | |

| | | | | | | | |
|-----|---|-----|----|---|---|----|---|
| 31. | Negative national and/or regional stereotypes | + | 6 | x | | | |
| 32. | Linguistic barriers | + | 6 | x | | | |
| 33. | Reaction to cross-border co-operation proposals | + | 6 | x | | | |
| 48. | Condition and connections of road, river and rail infrastructures | + | 9 | | x | | |
| 49. | Common historical background without stereotypes | + | 10 | x | | | |
| 50. | Common language or widespread knowledge of the neighbouring country's language, in at least one country | + | 10 | x | | | |
| | External variables | | | | | | |
| 28. | Labour market protection | +++ | 5 | | | | x |
| 30. | Reaction to cross-border co-operation economic proposals | +++ | 5 | | | x | |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 18. | Different competencies on both sides of the border | ++ | 4 | | | x | |
| 19. | Restrictive legislation in matters of cross-border relations | ++ | 4 | | | | x |
| 20. | Lack of credibility of co-operation agencies | ++ | 4 | | | | x |
| 22. | Insufficient financial resources | ++ | 4 | | | | x |
| 23. | Different political-ideological orientation | ++ | 4 | | | x | |
| 24. | Reaction to institutional cross-border co-operation proposals | ++ | 4 | | | x | |
| 39. | Official definition of the border area | ++ | 8 | | | x | |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 42. | Local authorities with financial autonomy | ++ | 8 | | | | x |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | x | |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | x | |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 6 | 6 | 10 | 7 |

SWOT analysis indicates that the co-operation is generally positive, although negatives do exist (particularly external ones). Similarly, *halo effect* indicators are mostly positive. However, negatives both at the internal and external levels are still present in the area and similarly negate halo indicators. The negativities in the area mainly refer to co-ordination and co-operation – both in terms of actions undertaken and the capacity to undertake them – at the institutional level.

This being the situation, the most appropriate *strategy* to manage an effective development is the *fifth* one, which concentrates efforts on the control of threats by relying on existing strengths and opportunities within the cross-border area.



Action strategies should focus on the enhancement of opportunities and *halo effect* indicators. The main guidelines are as follows:

1. Harmonise competencies of local authorities on both sides of the border and promote a decentralisation of governance policies;
2. Take advantage of the existing international treaties promoting cross-border and interregional co-operation;
3. Promote the dialogue and co-operation among local authorities by enacting policies targeting socio-cultural operators;
4. Promote the participation of local authorities and economic and socio-cultural operators in regional programmes establishing financial instruments to support cross-border co-operation actions.

This set of action strategies can benefit from the support of the *Cross-border Euroregion* as well as the *Functional Networks* and *Macro Infrastructures Euroregions*.

7. Prospects for “good” cross-border co-operation between Bulgaria-Greece

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|--------------------------------|----|-------|
| Swot indicators | 16 | 30.2 |
| <i>Halo positive</i> <i>14</i> | | |
| <i>Halo negative</i> <i>1</i> | 15 | 28.3 |
| Non-relevant | 22 | 41.5 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|------------------------------|------------------------------|-----------|-------|
| Positive (SO) | 4 | 7 | 11 | 68.8 |
| Negative (WT) | 2 | 3 | 5 | 31.2 |
| Total | 6 | 10 | 16 | |
| % | 37.5 | 62.5 | | 100.0 |

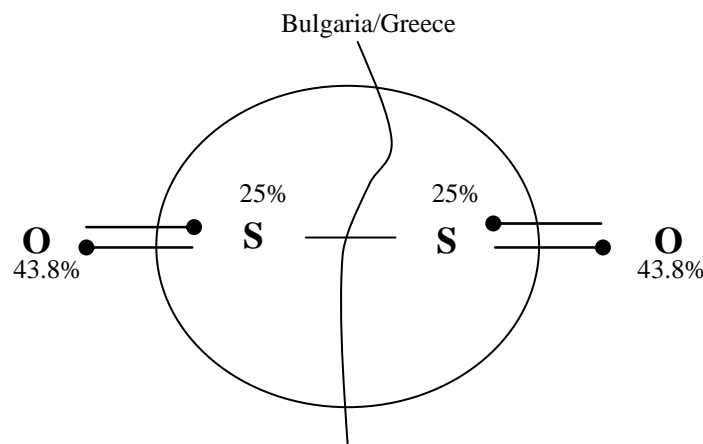
Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 2. | Propensity towards cross-border co-operation of commerce operators | +++ | 1 | x | | | |
| 45. | Integral economies, characterised by complementary features | ++ | 9 | | x | | |
| 47. | Significant participation in Interreg/-PHARE projects | ++ | 9 | x | | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | x | | | |
| 50. | Common language or widespread knowledge of the neighbouring country's language, in at least one country | + | 10 | | x | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | x | | | |
| | External variables | | | | | | |
| 28. | Labour market protection | +++ | 5 | | | x | |
| 16. | State centralisation | ++ | 4 | | | | x |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 22. | Insufficient financial resources | ++ | 4 | | | x | |
| 23. | Different political-ideological orientation | ++ | 4 | | | x | |
| 24. | Weak or no response to opportunities for cross-border co-operation | ++ | 4 | | | x | |

| | | | | | | | |
|-----|--|----|---|---|---|---|---|
| 39. | Official definition of cross-border areas | ++ | 4 | | | x | |
| 42. | Local authorities with competent management | ++ | 8 | | | x | |
| 43. | Local authorities with autonomous financial administration | ++ | 8 | | | | x |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| | | | | 4 | 2 | 7 | 3 |

SWOT analysis shows this area to have established generally positive co-operation dynamics, especially as far as external variables are concerned (37.5% internal vs. 62.5% external). *Halo effect* indicators are even more satisfying, with 14 out of 15 being positive. What partly diminishes the relevance of these positives is that they are mostly *non-relevant* for cross-border co-operation (41.5% of the 53 chosen indicators are not relevant).

This scenario suggests that the *first strategy* should be applied in order to organise positives into a rational action plan.



Action should focus on enhancing the existing strengths and opportunities of variables and *halo effect* indicators, whilst structuring *non-relevant* indicators into more effective development plans. The main guidelines are as follows:

1. Development plans to enhance relations between economic sectors, services, education and culture;
2. Planning of common policies to strengthen the co-ordination between local organisations and social and economic stakeholders as well as the co-ordination between central administrations;
3. Create professional training courses and more broadly cultural and information channels in order to increase the credibility of co-operation organisations and mutual knowledge and trust;
4. Development of practical action plans to improve roads, railways and waterways.

The support of all three types of Euroregion is required: Cross-border, Functional Networks and Macro Infrastructures.

8. Prospects for “good” cross-border co-operation between Bulgaria-“the former Yugoslav Republic of Macedonia”

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|----------------------|----|-------|
| Swot indicators | 27 | 50.9 |
| <i>Halo positive</i> | 6 | |
| <i>Halo negative</i> | 12 | 34.0 |
| Non-relevant | 8 | 15.1 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 3 | 7 | 10 | 37.0 |
| Negative (WT) | 2 | 15 | 17 | 63.0 |
| Total | 5 | 22 | 27 | |
| % | 18.5 | 81.5 | | 100.0 |

Denomination of SWOT variables:

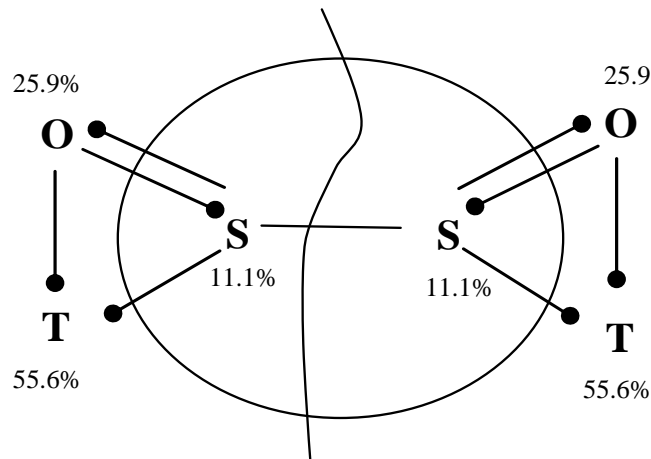
| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 47. | Significant participation in Interreg/-PHARE projects | ++ | 9 | x | | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | x | | | |
| 32. | Linguistic barriers | + | 6 | | x | | |
| 49. | Common historical context and absence of stereotypes | + | 10 | | x | | |
| 50. | Common language or widespread knowledge of the neighbouring country's language, in at least one country | + | 10 | x | | | |
| | External variables | | | | | | |
| 25. | Uneven development levels or rates | +++ | 5 | | | | x |
| 26. | Technology gap | +++ | 5 | | | | x |
| 27. | Business closures due to overwhelming competition | +++ | 5 | | | | x |
| 28. | Labour market protection | +++ | 5 | | | | x |
| 30. | Weak or no response to opportunities for cross-border co-operation | +++ | 5 | | | | x |
| 16. | State centralisation | ++ | 4 | | | x | |

| | | | | | | | |
|-----|---|----|----|---|---|---|----|
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 18. | Differing competences on either side of the border | ++ | 4 | | | | x |
| 19. | Restrictive regulations on cross-border relations | ++ | 4 | | | | x |
| 20. | Lack of credibility of co-operation organisations | ++ | 4 | | | x | |
| 22. | Insufficient financial resources | ++ | 4 | | | x | |
| 23. | Different political-ideological orientation | ++ | 4 | | | | x |
| 24. | Weak or no response to opportunities for cross-border co-operation | ++ | 4 | | | | x |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 42. | Local authorities with competent management | ++ | 8 | | | | x |
| 43. | Local authorities with autonomous financial administration | ++ | 8 | | | | x |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | | x |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | | x |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 38. | Good institutional and legal framework (EU requirements) | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 3 | 2 | 7 | 15 |

SWOT analysis indicates that the co-operation between Bulgaria and “the former Yugoslav Republic of Macedonia” is generally negative, with a prevalence of external factors. Similarly, *halo effect* indicators are mostly negative. This means that relevant energies for co-operation (SWOT variables) as well as obstacles are generated outside the area, and specifically in central administration and in its lack of co-ordination with the area, or between the two cross-border areas on either side of the border. Internal aspects do have a *halo effect*, but they are mainly latent and unexploited or uncontrolled, depending on whether they are positive or negative (16 *halo* internal indicators vs. 2 external ones).

This being the situation, the most appropriate *strategy* to manage an effective development is the *fifth* one, which concentrates efforts on the control of threats by relying on existing strengths within the cross-border area.

Bulgaria/"the former Yugoslav Republic of Macedonia"



Action strategies should focus on the enhancement of opportunities and *halo effect* indicators. The main guidelines are as follows:

1. Cultural planning to strengthen propensity towards co-operation, especially regarding socio-cultural, industry and institutional operators;
2. Professional training courses for local organisation staff and for better co-ordination between central and local administration and between local organisations and socio-economic stakeholders;
3. Implementation of connections and links between production sectors (especially institutional, economic and labour market, tourism and everyday services);
4. Planning of common policies to mitigate gaps related to threats such as differing competences between institutions, lack of structures for cross-border co-operation, restrictive regulations, clashing political-ideological views;
5. Economic planning to overcome development and technology gaps, differing regulations for labour market protection, uneven propensity towards co-operation;
6. Outlining policies aimed at improving local administrative skills (especially concerning international relations) and higher professional standards in local management;
7. Enhancement of roads, railways and waterways.

This set of action strategies can benefit from the support of the *Cross-border Euroregion* as well as the *Functional Networks* and *Macro Infrastructures Euroregions*.

9. Prospects for “good” cross-border co-operation between Bulgaria-Romania

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 17 | 32.1 |
| <i>Halo positive</i> 11 | | |
| <i>Halo negative</i> 5 | 16 | 30.2 |
| Non-relevant | 20 | 37.7 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

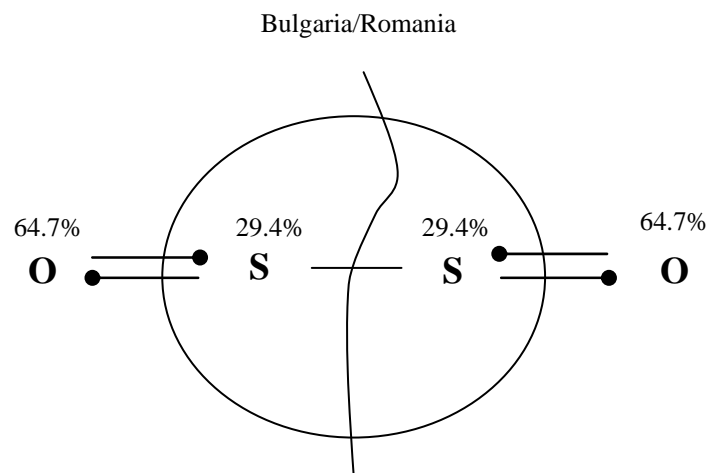
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 5 | 11 | 16 | 94.1 |
| Negative (WT) | - | 1 | 1 | 5.9 |
| Total | 5 | 12 | 17 | |
| % | 29.4 | 70.6 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 4. | Propensity towards cross-border co-operation of institutional operators | +++ | 1 | x | | | |
| 9. | Cross-border relations for institutions | +++ | 3 | x | | | |
| 11. | Cross-border relations for transport and telecommunications | +++ | 3 | x | | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | x | | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | x | | | |
| | External variables | | | | | | |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | x | |
| 18. | Differing competences on either side of the border | ++ | 4 | | | x | |
| 19. | Restrictive regulations on cross-border relations | ++ | 4 | | | x | |
| 23. | Different political-ideological orientation | ++ | 4 | | | x | |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |

| | | | | | | | |
|-----|---|----|----|---|---|----|---|
| 40. | Non-centralised countries with relevant government powers devolved to local authorities | ++ | 8 | | | | x |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 35. | Signature of the 1995 Additional 1995 Protocol to the Madrid Convention | + | 7 | | | x | |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | x | |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 38. | Good institutional and legal framework (EU requirements) | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 5 | 0 | 11 | 1 |

SWOT analysis outlines a highly positive landscape for cross-border co-operation between Bulgaria and Romania, with predominant opportunities (11 out of 17) and strengths (5 out of 17). Moreover, *halo effect* indicators show a similarly positive trend. What is striking is the presence of several *non-relevant* indicators (37.7% of the total). The best strategy for this area is doubtlessly the *first* one, which focuses on the enhancement of non-relevant indicators.



Among available action strategies to tackle negatives and strengthen positives, the main guidelines are as follows:

1. Cultural planning for language learning, mutual knowledge and relations between economic and professional sectors;

2. Training courses for local organisation staff and for co-ordination between local and national sectors and between local organisations and socio-economic stakeholders;
3. Planning of policies for power devolution and financial independence from central to local authorities;
4. Encouraging participation in European programmes such as Interreg and Objective 3.

This action framework can benefit from the support of the *Cross-border Euroregion*.

10. Prospects for “good” cross-border co-operation between Bulgaria-Turkey

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 28 | 52.8 |
| <i>Halo positive</i> 4 | | |
| <i>Halo negative</i> 16 | 20 | 34.0 |
| Non-relevant | 5 | 13.2 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 1 | 10 | 11 | 39.3 |
| Negative (WT) | 10 | 7 | 17 | 60.7 |
| Total | 11 | 17 | 28 | |
| % | 39.3 | 60.7 | | 100.0 |

Denomination of SWOT variables:

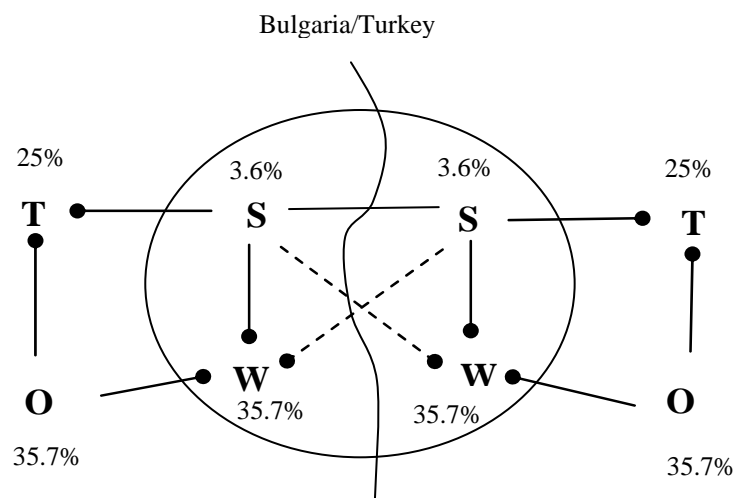
| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 4. | Propensity towards cross-border co-operation of institutional operators | +++ | 1 | | x | | |
| 13. | Cross-border relations for tourism | +++ | 3 | | x | | |
| 14. | Cross-border relations for education and culture | +++ | 3 | | x | | |
| 44. | Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries | ++ | 9 | | x | | |

| | | | | | | | |
|-----|---|-----|----|---|----|----|---|
| 45. | Integral economies, characterised by complementary features | ++ | 9 | | x | | |
| 46. | Economic action not exclusively “oriented towards” and “dependent on” central administration | ++ | 9 | | x | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | | x | | |
| 49. | Common historical context and absence of stereotypes | + | 10 | | x | | |
| 50. | Common language or widespread knowledge of the neighbouring country’s language, in at least one country | + | 10 | | x | | |
| 52. | Tradition of co-operation | + | 10 | | x | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | x | | | |
| | External variables | | | | | | |
| 25. | Uneven development levels or rates | +++ | 5 | | | x | |
| 26. | Technology gap | +++ | 5 | | | x | |
| 27. | Business closures due to overwhelming competition | +++ | 5 | | | x | |
| 28. | Labour market protection | +++ | 5 | | | x | |
| 29. | Customs and fiscal issues | +++ | 5 | | | x | |
| 30. | Weak or no response to opportunities for cross-border co-operation | +++ | 5 | | | x | |
| 16. | State centralisation | ++ | 4 | | | | x |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 22. | Insufficient financial resources | ++ | 4 | | | | x |
| 23. | Different political-ideological orientation | ++ | 4 | | | x | |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |
| 40. | Non-centralised countries with relevant government powers devolved to local authorities | ++ | 8 | | | | x |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 42. | Local authorities with competent management | ++ | 8 | | | | x |
| 43. | Local authorities with autonomous financial administration | ++ | 8 | | | | x |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| | | | | 1 | 10 | 10 | 7 |

SWOT analysis outlines a markedly flawed situation between Bulgaria and Turkey, with 60.7% negatives and 39.3% positives. External variables prevail (60.7%) over internal ones. Weaknesses concern 10 SWOT variables, while opportunities refer to 11 external ones.

Halo effect indicators make this ratio yet more evident. Negatives particularly concern institutions, administration and culture, while positives represent a well-developed economic landscape, acknowledged borders and transboundary routes in good condition (geomorphology, connections and transport).

The most appropriate strategy is the *fourth* one.



The fourth strategy includes actions aimed at tackling negative cultural, administration and institutional aspects, relying on economic opportunities and on the activation of new development channels. The main guidelines are as follows:

1. Cultural planning to train and enhance mutual knowledge and mitigate stereotypes;
2. Professional training for local organisation staff and for co-ordination between local and central sectors, and between local organisations and socio-economic stakeholders;
3. Implementation of links and connections between the two countries in tourism, education and culture, as well as institutions, transport, communications, economy, labour market and everyday services;
4. Planning of common policies to mitigate gaps related to negative aspects such as excessive state centralisation, lack of adequate structures for co-operation, poor financial resources;
5. Planning administration strategies to improve the competences of local authorities (especially in international relations), to enhance administrative skills and to increase financial independence in local organisations.

Cross-border and *Functional Networks Euroregions* can provide the most effective support for these action strategies.

11. Prospects for “good” cross-border co-operation between Bulgaria-Serbia

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 14 | 26.6 |
| <i>Halo positive</i> 17 | | |
| <i>Halo negative</i> 7 | 24 | 50.9 |
| Non-relevant | 15 | 22.6 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

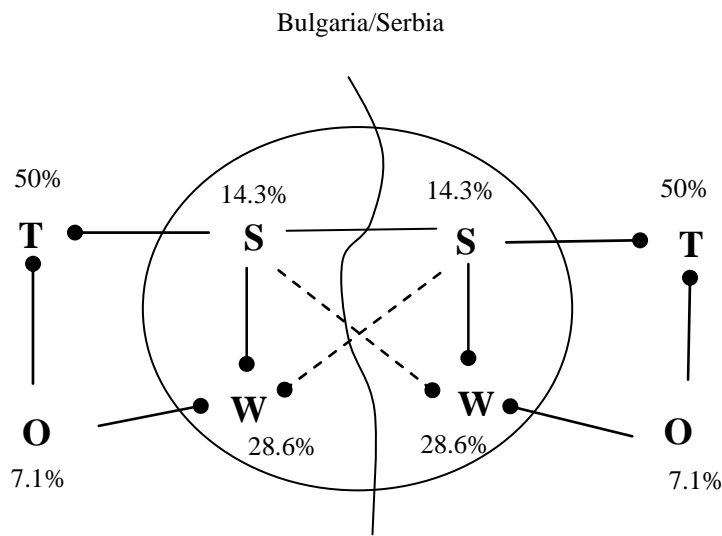
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 2 | 1 | 3 | 21.4 |
| Negative (WT) | 4 | 7 | 11 | 78.6 |
| Total | 6 | 8 | 14 | |
| % | 42.9 | 57.1 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|--|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 3. | Propensity towards cross-border co-operation of socio-cultural operators | +++ | 1 | x | | | |
| 12. | Cross-border relations for economy and work | +++ | 3 | | x | | |
| 13. | Cross-border relations for tourism | +++ | 3 | x | | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | | x | | |
| 46. | Economic action not exclusively “oriented towards” and “dependent on” central administration | ++ | 9 | | x | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | | x | | |
| | External variables | | | | | | |
| 28. | Labour market protection | +++ | 5 | | | | x |
| 29. | Customs and fiscal issues | +++ | 5 | | | | x |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 20. | Lack of credibility of co-operation organisations | ++ | 4 | | | | x |

| | | | | | | | |
|-----|---|----|----|---|---|---|---|
| 22. | Insufficient financial resources | ++ | 4 | | | | x |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 42. | Local authorities with competent management | ++ | 8 | | | | x |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 2 | 4 | 1 | 7 |

SWOT analysis shows an ambiguous situation in the state of co-operation dynamics between Bulgaria and Serbia: whilst on the one hand, SWOT variables are markedly negative (78.6%), on the other, positive *halo effect* indicators are definitely prevalent (17 out of 24). In other words, there is a contrast between actual reality represented by SWOT variables, and the context's potential, which is defined by the *halo effect*. As far as the improvement of co-operation is concerned, the *fourth strategy* seems to be the most appropriate, as it focuses on undeveloped potential.



Action strategies should focus on negatives deriving from poor co-ordination between the two countries, limited relations between production sectors and institutional and economic obstacles. The main guidelines are as follows:

1. Professional training for local organisation staff and for better co-ordination between local and central administrations;
2. Improvement of links between economic and labour market sectors on either side of the border;

3. Planning of common policies to mitigate gaps related to negatives such as lack of adequate structures for co-operation, poor credibility of co-operation organisations, limited financial resources for co-operation;
4. Economic programmes to overcome excessive labour market protection as well as fiscal and customs issues;
5. Outline administration policies to enhance local independence in international relations and financial autonomy.

Such action strategies can benefit from the support of the *Cross-border Euroregion* and the *Functional Network Euroregion*.

12. Prospects for “good” cross-border co-operation between Croatia-Hungary

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 15 | 28.3 |
| <i>Halo positive</i> 14 | | |
| <i>Halo negative</i> 12 | 26 | 49.1 |
| Non-relevant | 12 | 22.6 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

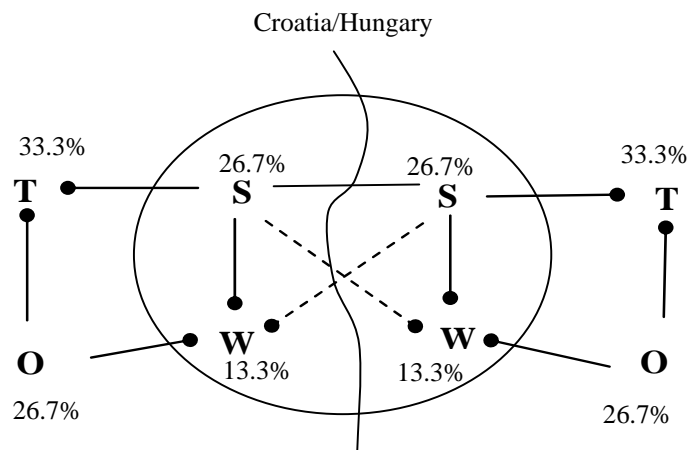
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 4 | 4 | 8 | 53.3 |
| Negative (WT) | 2 | 5 | 7 | 46.7 |
| Total | 6 | 9 | 15 | |
| % | 40.0 | 60.0 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|--|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 1. | Propensity towards cross-border co-operation of manufacturing industry operators | +++ | 1 | x | | | |
| 2. | Propensity towards cross-border co-operation of commerce operators | +++ | 1 | x | | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | | x | | |
| 12. | Cross-border relations for economy and work | +++ | 3 | x | | | |

| | | | | | | | |
|-----|---|-----|----|---|---|---|---|
| 15. | Cross-border relations for everyday services | +++ | 3 | | x | | |
| 52. | Tradition of co-operation | + | 10 | x | | | |
| | External variables | | | | | | |
| 26. | Technology gap | +++ | 5 | | | x | |
| 27. | Business closures due to overwhelming competition | +++ | 5 | | | x | |
| 40. | Non-centralised countries with relevant government powers devolved to local authorities | ++ | 8 | | | | x |
| 42. | Local authorities with competent management | ++ | 8 | | | | x |
| 43. | Local authorities with autonomous financial administration | ++ | 8 | | | | x |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 35. | Signature of the 1195 Additional Protocol to the Madrid Convention | + | 7 | | | | x |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | | x |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 4 | 2 | 4 | 5 |

SWOT analysis indicates a balanced ratio between strengths/opportunities and weaknesses/threats, mirrored by the *halo effect* indicators as well. This means that the applied strategy should not overlook negatives while enhancing positives: the most suitable choice is therefore the *fourth strategy*.



Action strategies should protect existing positives while tackling negatives. The possible guidelines are as follows:

1. Implementing environment planning and protection on either side of the border, and exploiting the cross-border users pool to extend everyday services;
2. Economic planning to overcome excessive labour market protection as well as fiscal and customs issues;
3. Accession of the central administration to two additional Protocols (1995 and 1998) of the Madrid Convention;
4. Outlining administration policies to enhance the competences of local administrations, their management skills and their financial autonomy;
5. Guarantee improved roads, railways and waterways between the two countries.

These action strategies require the support of all three types of *Euroregion*: *Cross-border*, *Functional Networks* and *Macro Infrastructures*.

13. Prospects for “good” cross-border co-operation between Croatia-Montenegro

The 53 indicators of cross-border analysis listed by type:

| | | n. | % |
|----------------------|----|----|-------|
| Swot indicators | | 22 | 41.5 |
| <i>Halo positive</i> | 13 | | |
| <i>Halo negative</i> | 10 | 23 | 43.4 |
| Non-relevant | | 8 | 15.1 |
| | | 53 | 100.0 |

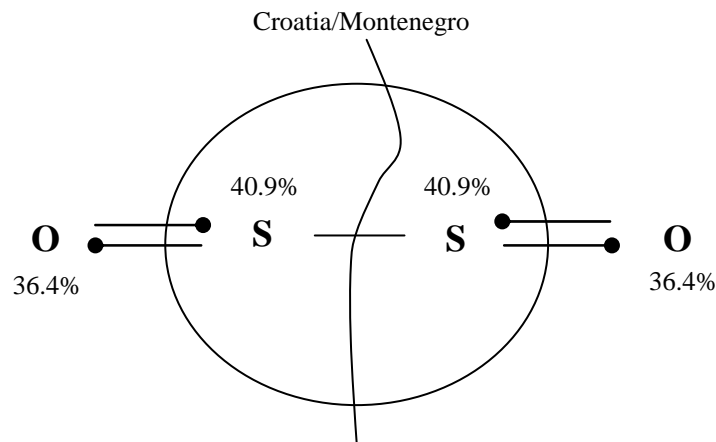
SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 9 | 8 | 17 | 77.3 |
| Negative (WT) | 1 | 4 | 5 | 22.7 |
| Total | 10 | 12 | 22 | |
| % | 45.5 | 54.5 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 2. | Propensity towards cross-border co-operation of commerce operators | +++ | 1 | x | | | |
| 13. | Cross-border relations for tourism sector development | +++ | 3 | x | | | |
| 5. | Training of local bodies | ++ | 2 | | x | | |
| 8. | Co-ordination between central administration | ++ | 2 | x | | | |
| 44. | Filter borders with positive effects on both sides of the border | ++ | 9 | x | | | |
| 31. | Negative national and/or regional stereotypes | + | 6 | x | | | |
| 32. | Linguistic barriers | + | 6 | x | | | |
| 49. | Common historical background without stereotypes | + | 10 | x | | | |
| 50. | Common language or widespread knowledge of neighbouring language | + | 10 | x | | | |
| 52. | Tradition of co-operation | + | 10 | x | | | |
| | External variables | | | | | | |
| 28. | Labour market protection | +++ | 5 | | | | x |
| 30. | Reaction to socio-cultural cross-border co-operation proposals | +++ | 5 | | | x | |
| 21. | Low degree of mutual knowledge and trust | ++ | 4 | | | x | |
| 22. | Inadequate financial resources | ++ | 4 | | | | x |
| 23. | Different political-ideological orientation | ++ | 4 | | | x | |
| 24. | Reaction to cross-border co-operation proposals | ++ | 4 | | | x | |
| 39. | Official definition of the border area | ++ | 8 | | | | x |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | x | |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 9 | 1 | 8 | 4 |

SWOT analysis in this area shows an overall well-established co-operation with positives representing 77.3% of all SWOT indicators. However, *halo effect* indicators prevail over SWOT indicators (43.4% and 41.5% respectively). In this case, positive *halo effect* indicators are more than the negative ones (13 vs 10). Positive SWOT indicators mainly refer to a proactive socio-cultural context backed up by favourable external opportunities. In this case, the *first strategy* appears the most efficient way to improve cross-border co-operation in the area.



This strategy focuses mainly on using positive strengths and opportunities to minimise existing weaknesses and threats. The main action guidelines are as follows:

1. Training courses for administration staff on either side of the border in order to enhance co-operation policies;
2. Implementation of common policies aimed at creating a uniform institutional framework, so as to devolve powers and financial independence at local level;
3. Development of local policies promoting a common labour market and abating protectionist tendencies.
4. Improvement of local authorities capacity in terms of participation in internationally financed cross-border co-operation projects.

Such goals can be better achieved with the support of the *Cross-border Euro-region* and the *Functional Networks Euroregion*, which represent essential tools for these action strategies.

14. Prospects for “good” cross-border co-operation between Croatia-Serbia

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 22 | 41.5 |
| <i>Halo positive</i> 5 | | |
| <i>Halo negative</i> 17 | 22 | 41.5 |
| Non-relevant | 9 | 17.0 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|------------------------------|------------------------------|-----------|-------|
| Positive (SO) | - | 1 | 1 | 4.5 |
| Negative (WT) | 12 | 9 | 21 | 95.5 |
| Total | 12 | 10 | 22 | |
| % | 54.5 | 45.5 | | 100.0 |

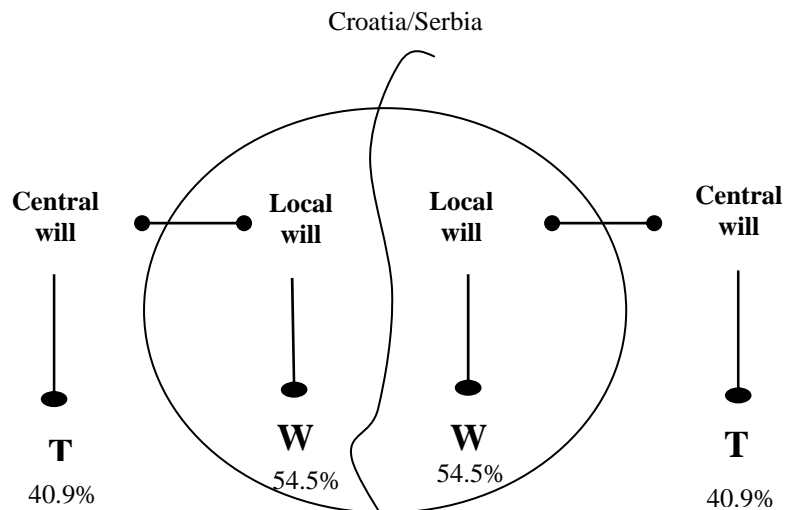
Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 3. | Propensity towards cross-border co-operation of socio-cultural operators | +++ | 1 | | x | | |
| 4. | Propensity towards cross-border co-operation of institutional operators | +++ | 1 | | x | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | | x | | |
| 11. | Cross-border relations for transport and telecommunications | +++ | 3 | | x | | |
| 13. | Cross-border relations for tourism | +++ | 3 | | x | | |
| 14. | Cross-border relations for education and culture | +++ | 3 | | x | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | | x | | |
| 6. | Co-ordination between different national and local administration sectors | ++ | 2 | | x | | |
| 44. | Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries | ++ | 9 | | x | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | | x | | |
| 49. | Common historical context and absence of stereotypes | + | 10 | | x | | |

| | | | | | | | |
|---------------------------|---|-----|----|---|----|---|---|
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | | x | | |
| External variables | | | | | | | |
| 29. | Customs and fiscal issues | +++ | 5 | | | | x |
| 21. | Low mutual knowledge and trust | ++ | 4 | | | | x |
| 24. | Weak or no response to opportunities for cross-border co-operation | ++ | 4 | | | | x |
| 40. | Non-centralised countries with relevant government powers devolved to local authorities | ++ | 8 | | | | x |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 42. | Local authorities with competent management | ++ | 8 | | | | x |
| 43. | Local authorities with good financial autonomy | ++ | 8 | | | | x |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | | x |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | | x |
| 51. | Ratification of the 1995 Framework Convention for the Protection of national minorities | + | 10 | | | x | |
| | | | | 0 | 12 | 1 | 9 |

SWOT analysis and *halo effect* indicators show how cross-border co-operation in this area needs to be established from scratch, as all basic conditions for its development are missing. The reconstruction of co-operation must begin from local and national willingness to adopt extraordinary measures.

None of the available strategies is suitable for this situation, and thus a *sixth strategy* is required, based on the local and central political and civil will.



This sixth strategy relies on the propensity of local and national stakeholders and decision-makers towards co-operation, and on their belief that co-operation may lead to better life conditions and improve cultural, institutional and economic standards. Action needs to achieve the following goals:

1. Establishment of a basic degree of propensity towards co-operation (especially among socio-cultural operators and institutions);
2. Encourage relations among production sectors on either side of the border (including territory planning, transport and telecommunications, tourism, education and culture, everyday services, as well as economy and labour market);
3. Planning of policies to mitigate institutional, economic and cultural obstacles;
4. Encourage central governments to sign the Madrid Convention Protocols;
5. Work on raising the awareness of how co-operation implies the devolution to local organisations of specific competences, especially in international relations, of higher administrative skills and satisfying financial independence;
6. Implementation of efficient transboundary connections and improvement of roads, railways and waterways.

These action strategies cannot be carried out without the fundamental support of all three types of *Euroregion: Cross-border, Functional Networks and Macro Infrastructures*.

15. Prospects for “good” cross-border co-operation between Serbia-Montenegro

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 26 | 49.1 |
| <i>Halo positive</i> 9 | | |
| <i>Halo negative</i> 11 | 20 | 37.3 |
| Non-relevant | 7 | 13.2 |
| | 53 | 100.0 |

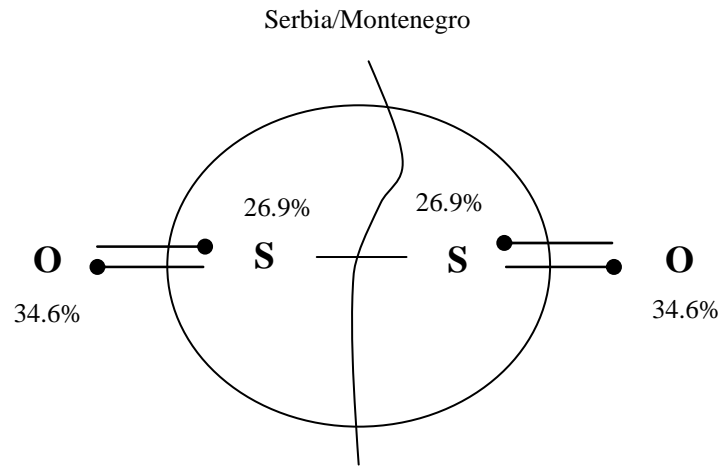
SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------------|---------------------------------|-----------|-------|
| Positive (SO) | 7 | 9 | 16 | 61.5 |
| Negative (WT) | 4 | 6 | 10 | 37.7 |
| Total | 11 | 15 | 26 | |
| % | 42.3 | 57.7 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|--|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 2. | Propensity towards cross-border co-operation of economic-trade operators | +++ | 1 | x | | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | | x | | |
| 13. | Cross-border relations for tourism | +++ | 3 | x | | | |
| 5. | Training of local bodies | ++ | 2 | | x | | |
| 7. | Co-ordination between local bodies and the socio-economic interlocutors | ++ | 2 | | x | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | x | | | |
| 32. | Linguistic barriers | + | 6 | x | | | |
| 49. | Common historical context and absence of stereotypes | + | 10 | x | | | |
| 50. | Common language or widespread knowledge of the neighbouring language, at least on one side of the border | + | 10 | x | | | |
| 52. | History of co-operation | + | 10 | x | | | |
| 53. | Good border crossing | + | 10 | | x | | |
| | External variables | | | | | | |
| 28. | Labour market protection | +++ | 5 | | | | x |
| 30. | Reaction to economic cross-border co-operation proposals | +++ | 5 | | | x | |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 20. | Lack of credibility of co-operation agencies | ++ | 4 | | | | x |
| 21. | Low mutual knowledge and trust | ++ | 4 | | | x | |
| 22. | Inadequate financial resources | ++ | 4 | | | | x |
| 23. | Different political-ideological orientation | ++ | 4 | | | x | |
| 24. | Weak or no response to opportunities for cross-border co-operation | ++ | 4 | | | x | |
| 39. | Official definition of the border area | ++ | 8 | | | x | |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 42. | Local authorities with competent management | ++ | 8 | | | | x |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | x | |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | x | |
| 37. | Borders recognised by states | + | 7 | | | x | |
| | | | | 7 | 4 | 9 | 6 |

SWOT analysis in this area shows the prevalence of SWOT variables over total indicators (49.1% of the total), these variables being markedly positive with a slight majority of external ones. Given this highly positive cultural, social and structural environment, the *first strategy* seems to be the most adequate one, as it relies on positive factors as a basis for development.



Action strategies should therefore focus on the further enhancement of existing positives (propensity towards co-operation, relations between production sectors, common language) and opportunities (positive institutional environment); at the same time, there should be a set of guidelines to mitigate other obstacles to co-operation, as follows:

1. Local authorities' capacity in terms of cross-border co-operation relations and co-ordination with the central level and credibility as core partners in cross-border co-operation processes at the local level;
2. Local authorities' capacity to manage cross-border co-operation actions in the field of international relations, both at the normative and financial level.

This set of action strategies can benefit from the support of the *Cross-border and Functional Networks Euroregions*.

16. Prospects for “good” cross-border co-operation between Greece-“the former Yugoslav Republic of Macedonia”

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|------------------------|----|-------|
| Swot indicators | 38 | 71.7 |
| <i>Halo positive</i> 2 | | |
| <i>Halo negative</i> 7 | 9 | 17.0 |
| Non-relevant | 6 | 11.3 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|--------------|
| Positive (SO) | 15 | 11 | 26 | 68.4 |
| Negative (WT) | 5 | 7 | 12 | 31.6 |
| Total | 20 | 18 | 38 | |
| % | 52.6 | 47.4 | | 100.0 |

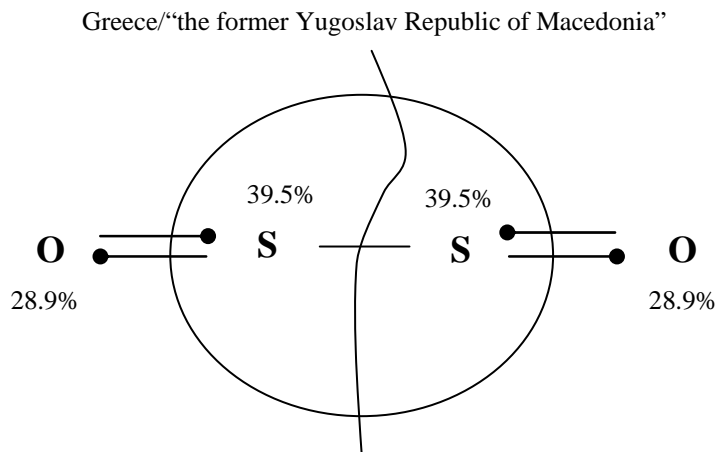
Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|--|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 1. | Propensity towards cross-border co-operation of manufacturing industry operators | +++ | 1 | x | | | |
| 2. | Propensity towards cross-border co-operation of commerce operators | +++ | 1 | x | | | |
| 3. | Propensity towards cross-border co-operation of socio-cultural operators | +++ | 1 | x | | | |
| 4. | Propensity towards cross-border co-operation of institutional operators | +++ | 1 | x | | | |
| 9. | Cross-border relations for institutions | +++ | 3 | x | | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | x | | | |
| 11. | Cross-border relations for transports and telecommunications | +++ | 3 | x | | | |
| 12. | Cross-border relations for economy and work | +++ | 3 | x | | | |
| 13. | Cross-border relations for tourism | +++ | 3 | x | | | |
| 14. | Cross-border relations for education and culture | +++ | 3 | | x | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | | x | | |
| 8. | Co-ordination between central administration | ++ | 2 | x | | | |

| | | | | | | | |
|-----|--|-----|----|---|---|---|---|
| 44. | Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries | ++ | 9 | | x | | |
| 45. | Integral economies, characterised by complementary features | ++ | 9 | | x | | |
| 46. | Presence of negative national economic action not exclusively “oriented towards” and “dependent on” central administration | ++ | 9 | | x | | |
| 47. | Significant participation in Interreg/-PHARE projects | ++ | 9 | x | | | |
| 32. | Linguistic barriers | + | 6 | x | | | |
| 50. | Common language or widespread knowledge of the neighbouring country’s language, in at least one country | + | 10 | x | | | |
| 52. | Tradition of co-operation | + | 10 | x | | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | x | | | |
| | External variables | | | | | | |
| 25. | Uneven development levels or rates | +++ | 5 | | | | x |
| 26. | Technology gap | +++ | 5 | | | | x |
| 29. | Customs and fiscal issues | +++ | 5 | | | | x |
| 30. | Weak or no response to opportunities for cross-border co-operation | +++ | 5 | | | x | |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | x | |
| 18. | Different competencies on both sides of the border | ++ | 4 | | | x | |
| 19. | Restrictive regulations on cross-border relations | ++ | 4 | | | x | |
| 20. | Lack of credibility of co-operation organisations | ++ | 4 | | | x | |
| 21. | Low mutual knowledge and trust | ++ | 4 | | | x | |
| 24. | Weak or absent response to opportunities for cross-border co-operation | ++ | 4 | | | x | |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |
| 40. | Non centralized states characterised by local authorities with a considerable amount of competencies | ++ | 8 | | | x | |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | x | |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | | x |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | | x |

| | | | | | | | |
|-----|---|---|----|----|---|----|---|
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | | x |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | | x |
| | | | | 15 | 5 | 11 | 7 |

SWOT analysis in this area shows the prevalence of variables over total indicators (71.7% of the total), these variables being markedly positive, with a slight majority of internal ones. Given this highly positive cultural, social and structural environment, the *first strategy* seems to be the most adequate one, as it relies on positive factors as a basis for development.



Action strategies should therefore focus on the further enhancement of existing positives (propensity towards co-operation, relations between production sectors, common language) and opportunities (absence of institutional obstacles); at the same time, there should be a set of guidelines to mitigate other obstacles to co-operation, as follows:

1. Economic planning to overcome development and technology gaps and excessive labour market protection, as well as fiscal and customs issues;
2. Accession of central governments to the 1980 Madrid Convention, its related Protocols, and ratification of the 1995 Framework Convention for the protection of national minorities;
3. Implementation of programmes to co-ordinate economic activity of the two border areas, while also granting business stakeholders greater independence from central administrations.

This set of action strategies can benefit from the support of the *Cross-border and Functional Networks Euroregions*.

17. Prospects for “good” cross-border co-operation between Greece-Turkey

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|------------------------|----|-------|
| Swot indicators | 27 | 50.9 |
| <i>Halo positive</i> 4 | | |
| <i>Halo negative</i> 6 | 10 | 18.9 |
| Non-relevant | 16 | 30.2 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

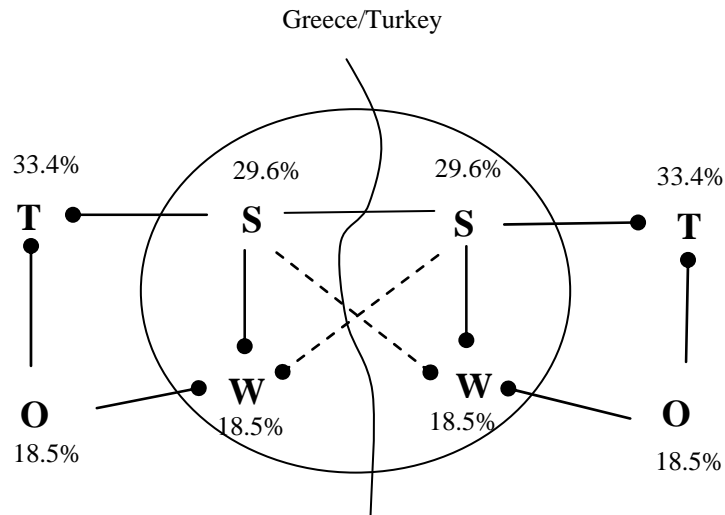
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|--------------|
| Positive (SO) | 8 | 5 | 13 | 48.1 |
| Negative (WT) | 5 | 9 | 14 | 51.9 |
| Total | 13 | 14 | 27 | |
| % | 48.1 | 51.9 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 1. | Propensity towards cross-border co-operation of manufacturing industry operators | +++ | 1 | | x | | |
| 2. | Propensity towards cross-border co-operation of commerce operators | +++ | 1 | x | | | |
| 4. | Propensity towards cross-border co-operation of institutional operators | +++ | 1 | x | | | |
| 9. | Cross-border relations for institutions | +++ | 3 | x | | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | x | | | |
| 14. | Cross-border relations for education and culture | +++ | 3 | x | | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | | x | | |
| 44. | Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries | ++ | 9 | | x | | |
| 48. | Good roads, railways and waterways and transport connections | ++ | 9 | | x | | |
| 33. | Weak or no response to opportunities for cross-border co-operation | + | 6 | x | | | |

| | | | | | | | |
|-----|---|-----|----|---|---|---|---|
| 50. | Common language or widespread knowledge of the neighbouring country's language, in at least one country | + | 10 | x | | | |
| 52. | Tradition of co-operation | + | 10 | x | | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | | x | | |
| | External variables | | | | | | |
| 25. | Uneven development levels or rates | +++ | 5 | | | | x |
| 29. | Customs and fiscal issues | +++ | 5 | | | | x |
| 16. | State centralisation | ++ | 4 | | | | x |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | x | |
| 18. | Differing competences on either side of the border | ++ | 4 | | | x | |
| 22. | Insufficient financial resources | ++ | 4 | | | | x |
| 24. | Weak or absent response to opportunities for cross-border areas | ++ | 4 | | | x | |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |
| 40. | Non-centralised countries with relevant government powers devolved to local authorities | ++ | 8 | | | | x |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | | x |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | | x |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the Protection of national minorities | + | 10 | | | | x |
| | | | | 8 | 5 | 5 | 9 |

SWOT analysis shows a balanced ratio between positive and negative variables (48.1% vs. 51.9%) and between internal and external ones (48.1% and 51.9%). Nevertheless, approximately one-third of the indicators taken into account is *non-relevant* (30.2%). The most appropriate *strategy* for this situation is the *fourth* one, which is based on positives to counteract negatives.



Action strategies should concentrate on mitigating the influence of weaknesses (W) and threats (T), relying on strengths (S) and opportunities (O). The main guidelines are as follows:

1. Implementation of specific programmes to increase the propensity towards co-operation regarding economic and industry operators;
2. Encourage relations between everyday services on either side of the border;
3. Planning institutional policies to decentralise decision-making powers and increase the financial resources available to local organisations within the cross-border area;
4. Outline economic policies to decrease development and economic gaps, as well as to tackle fiscal and customs issues;
5. Ratification by the two countries of the Madrid Convention Protocols and of the Framework Convention for the protection of national minorities;
6. Implementation of devolution policies in order to grant greater autonomy to local authorities, especially in international relations;
7. Encourage the improvement of transboundary connections and roads, railways and waterways.

The institutional endorsement of these action strategies require the support of all three types of *Euroregion: Cross-border, Functional Networks and Macro Infrastructures*.

18. Prospects for “good” cross-border co-operation between Hungary-Romania

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|--------------------------------|----|-------|
| Swot indicators | 28 | 52.8 |
| <i>Halo positive</i> <i>11</i> | | |
| <i>Halo negative</i> <i>4</i> | 15 | 28.3 |
| Non-relevant | 10 | 18.9 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

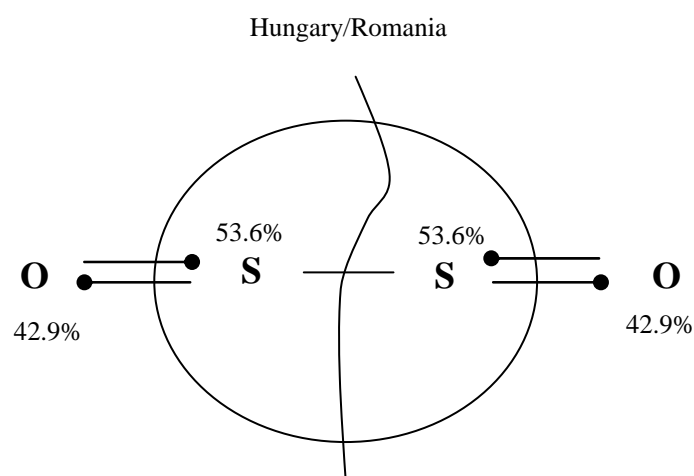
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|--------------|
| Positive (SO) | 15 | 12 | 27 | 96.4 |
| Negative (WT) | 1 | - | 1 | 3.6 |
| Total | 16 | 12 | 28 | |
| % | 57.1 | 42.9 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 1. | Propensity towards cross-border co-operation of manufacturing industry operators | +++ | 1 | x | | | |
| 2. | Propensity towards cross-border co-operation of commerce operators | +++ | 1 | x | | | |
| 3. | Propensity towards cross-border co-operation of socio-cultural operators | +++ | 1 | x | | | |
| 4. | Propensity towards cross-border co-operation of institutional operators | +++ | 1 | x | | | |
| 9. | Cross-border relations for institutions | +++ | 3 | x | | | |
| 12. | Cross-border relations for economy and work | +++ | 3 | x | | | |
| 13. | Cross-border relations for tourism | +++ | 3 | x | | | |
| 14. | Cross-border relations for education and culture | +++ | 3 | x | | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | x | | | |
| 44. | Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries | ++ | 9 | x | | | |

| | | | | | | | |
|-----|--|----|----|----|---|----|---|
| 45. | Integral economies, characterised by complementary features | ++ | 9 | x | | | |
| 46. | Economic action not exclusively “oriented towards” and “dependent on” central administration | ++ | 9 | x | | | |
| 48. | Good roads, railways and waterways and transport connections | ++ | 9 | x | | | |
| 32. | Linguistic barriers | + | 6 | | x | | |
| 49. | Common historical context and absence of stereotypes | + | 10 | x | | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | x | | | |
| | External variables | | | | | | |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | x | |
| 19. | Restrictive regulations on cross-border relations | ++ | 4 | | | x | |
| 20. | Lack of credibility of co-operation organisations | ++ | 4 | | | x | |
| 21. | Low mutual knowledge and trust | ++ | 4 | | | x | |
| 23. | Different political-ideological orientation | ++ | 4 | | | x | |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | x | |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | x | |
| 37. | Borders recognised by states | + | 7 | | | x | |
| 38. | Good institutional and legal framework (EU requirements) | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 15 | 1 | 12 | 0 |

SWOT analysis in this area shows a well-established co-operation, with all variables indicating strengths and opportunities, except for one. A similarly positive condition concerns *halo effect* indicators. This scenario suggests the use of the *first strategy*, focused on the enhancement of existing positives.



Action strategies should preserve existing positives and subsequently focus on the one remaining negative aspect:

1. Implementation of practical action to improve mutual knowledge of each other's language, in order to dispose of communication barriers.

In this very satisfying scenario, there is no need for the support of *Euroregions*.

19. Prospects for “good” cross-border co-operation between Hungary-Serbia

The 53 indicators of cross-border analysis listed by type:

| | | n. | % |
|----------------------|----|----|-------|
| Swot indicators | | 11 | 20.8 |
| <i>Halo positive</i> | 18 | | |
| <i>Halo negative</i> | 14 | 32 | 60.4 |
| Non-relevant | | 10 | 18.9 |
| | | 53 | 100.0 |

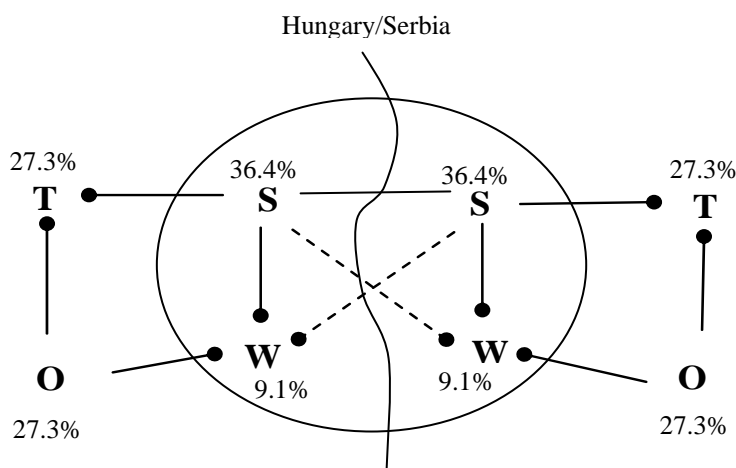
SWOT variables are then configured as follows:

| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------------|---------------------------------|-----------|-------|
| Positive (SO) | 4 | 3 | 7 | 63.6 |
| Negative (WT) | 1 | 3 | 4 | 36.4 |
| Total | 5 | 6 | 11 | |
| % | 45.5 | 54.5 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 11. | Cross-border relations for transport and Telecommunications | +++ | 3 | x | | | |
| 12. | Cross-border relations for economy and work | +++ | 3 | | x | | |
| 14. | Cross-border relations for education and culture | +++ | 3 | x | | | |
| 48. | Good roads, railways and waterways | ++ | 9 | x | | | |
| 53. | Good transboundary transport routes (geomorphology, passes, transport) | + | 10 | x | | | |
| | External variables | | | | | | |
| 25. | Uneven development levels or rates | +++ | 5 | | | | x |
| 26. | Technology gap | +++ | 5 | | | | x |
| 18. | Differing competences on either side of the border | ++ | 4 | | | | x |
| 21. | Low mutual knowledge and trust | ++ | 4 | | | x | |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 4 | 1 | 3 | 3 |

SWOT analysis concerns few variables (20.7% of indicators) which are mainly positive and evenly distributed between internal and external ones. The plentiful *halo effect* indicators is noteworthy, accounting for 60.4% of total indicators, with a prevalence of positive ones (18) over negatives (14). In this case, the most appropriate *strategy* for the development of co-operation is the *fourth* one.



Action strategy should tackle specific negative aspects. The main guidelines are as follows:

1. Enhancement of relations between economic and labour market sectors;
2. Planning of common policies to improve co-ordination between local and central administrations;
3. Planning of economic policies to improve the competences of local organisations on either side of the border, as well as to increase the credibility of co-operation organisations and access to financial resources;
4. Economic planning to mitigate development and technology gaps, excessive competition, excessive labour market protection, as well as fiscal and customs issues;
5. Planning of administration policies in order to improve international relations competences and financial independence in local authorities.

In order to achieve these goals, the support of at least two *Euroregions - Cross-border and Functional Networks* – is required.

20. Prospects for “good” cross-border co-operation between “the former Yugoslav Republic of Macedonia”-Serbia

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 18 | 34.0 |
| <i>Halo positive</i> 8 | | |
| <i>Halo negative</i> 13 | 21 | 39.6 |
| Non-relevant | 14 | 26.4 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

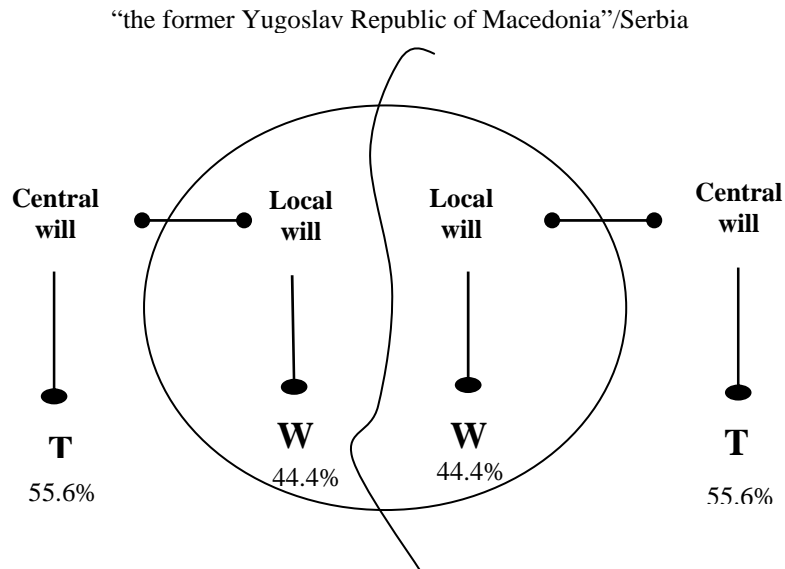
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------------|---------------------------------|-----------|-------|
| Positive (SO) | - | - | - | - |
| Negative (WT) | 8 | 10 | 18 | 100.0 |
| Total | 8 | 10 | 18 | |
| % | 44.4 | 55.6 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|--|-----------|-----------|---|---|---|----|
| | Internal variables | | | | | | |
| 10. | Cross-border relations for environment and territory planning | +++ | 3 | | x | | |
| 12. | Cross-border relations for economy and work | +++ | 3 | | x | | |
| 5. | Training of local bodies | ++ | 2 | | x | | |
| 6. | Co-ordination between different national and local administration sectors | ++ | 2 | | x | | |
| 45. | Integral economies, characterised by complementary features | ++ | 9 | | x | | |
| 46. | Economic action not exclusively "oriented towards" and "dependent on" central administration | ++ | 9 | | x | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | | x | | |
| 32. | Linguistic barriers | + | 6 | | x | | |
| | External variables | | | | | | |
| 25. | Uneven development levels or rates | +++ | 5 | | | | x |
| 26. | Technology gap | +++ | 5 | | | | x |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 22. | Insufficient financial resources | ++ | 4 | | | | x |
| 40. | Non-centralised countries with relevant government powers devolved to local authorities | ++ | 8 | | | | x |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |
| 42. | Local authorities with competent management | ++ | 8 | | | | x |
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | | x |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | | x |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | | x |
| | | | | 0 | 8 | 0 | 10 |

SWOT analysis and *halo effect* indicators outline the need for a complete reconstruction of co-operation dynamics for this area, as the very foundations for its establishment are missing. Reconstruction should begin with local and national willingness towards the adoption of extraordinary measures. None of the available

strategies appears to be appropriate for this situation, and a *sixth strategy* therefore needs to be developed, driven by the constructive will of local and central administrations.



The sixth strategy should focus on local and national propensity towards co-operation, and on the belief that such a process can effectively improve economic, cultural and institutional standards. Action strategies should follow the following guidelines:

1. Promote professional training for local administration staff and co-ordination among local and central administrations;
2. Promote mutual relations in territory planning, economy and labour market;
3. Implementation of adequate policies in order to mitigate institutional, economic and cultural obstacles to co-operation;
4. Accession by both countries' governments to the 1980 Madrid Convention and its related Protocols;
5. Implementation of policies to raise the awareness of how co-operation implies the devolution of specific competences to local organisations, especially in international relations, administrative skills and financial autonomy.

The sixth strategy needs the support of two *Euroregions*: *Cross-border* and *Functional Networks*.

21. Prospects for “good” cross-border co-operation between Moldova-Romania

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|-------------------------|----|-------|
| Swot indicators | 16 | 26.4 |
| <i>Halo positive</i> 4 | | |
| <i>Halo negative</i> 11 | 15 | 28.3 |
| Non-relevant | 22 | 41.5 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

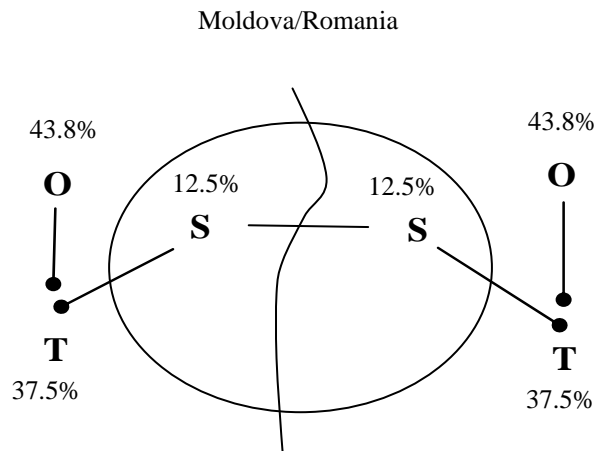
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|-------|
| Positive (SO) | 2 | 7 | 9 | 56.3 |
| Negative (WT) | 1 | 6 | 7 | 43.8 |
| Total | 3 | 13 | 16 | |
| % | 18.8 | 81.3 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|-----|---|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 31. | Presence of negative national and/or regional stereotypes | + | 6 | | x | | |
| 49. | Common historical context and absence of stereotypes | + | 10 | x | | | |
| 50. | Common language or widespread knowledge of the neighbouring country's language, in at least one country | + | 10 | x | | | |
| | External variables | | | | | | |
| 28. | Labour market protection | +++ | 5 | | | | x |
| 17. | Lack of adequate structures for cross-border co-operation | ++ | 4 | | | | x |
| 18. | Differing competences on either side of the border | ++ | 4 | | | | x |
| 19. | Restrictive legislation in matters of cross-border relations | ++ | 4 | | | | x |
| 23. | Different political-ideological orientation | ++ | 4 | | | | x |
| 39. | Official definition of cross-border areas | ++ | 8 | | | x | |
| 41. | Local authorities entrusted with external capacity | ++ | 8 | | | | x |

| | | | | | | | |
|-----|---|---|----|---|---|---|---|
| 34. | Signature of the 1980 Madrid Convention | + | 7 | | | x | |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | + | 7 | | | x | |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | + | 7 | | | x | |
| 37. | Internationally recognised borders | + | 7 | | | x | |
| 38. | Good institutional and legal framework (EU requirements) | + | 7 | | | x | |
| 51. | Ratification of the 1995 Framework Convention for the protection of national minorities | + | 10 | | | x | |
| | | | | 2 | 1 | 7 | 6 |

SWOT analysis and *halo effect* indicators show a generally balanced ratio of positives and negatives. Nevertheless, almost half of the indicators which characterise the co-operation between Moldova and Romania are *non-relevant*, preventing the establishment of an effective form of co-operation. Moreover, SWOT variables mainly refer to external factors (threats and opportunities), highlighting a rather poor capability of generating endogenous positives for cross-border co-operation. This scenario suggests following the *third strategy*.



Action strategies should aim at tackling specific negative factors concerning the (external) environment, and subsequently strengthen the internal and apparently *non-relevant* aspects of co-operation. The main guidelines are as follows:

1. Planning of common policies to mitigate gaps concerning threats such as lack of adequate structures for cross-border co-operation, differing competences of institutions on either side of the border, restrictive legislation in cross-border relations, clashing ideological and political views;

2. Economic planning aimed at overcoming excessive labour market protection in both countries;
3. Implementation of cultural policies to tackle regional and national negative stereotypes;
4. Devolution of broader competences to local administration in international relations;
5. Implementation of economic-cultural policies to enhance propensity towards cooperation;
6. Enhancement of relations between socio-economic stakeholders, especially regarding institutions, education and culture.

All three types of Euroregion are required: Cross-border, Functional Networks and Macro Infrastructures.

22. Prospects for “good” cross-border co-operation between Romania-Serbia

The 53 indicators of cross-border analysis listed by type:

| | n. | % |
|------------------------|----|-------|
| Swot indicators | 24 | 39.6 |
| <i>Halo positive</i> 7 | | |
| <i>Halo negative</i> 6 | 13 | 28.3 |
| Non-relevant | 16 | 32.1 |
| | 53 | 100.0 |

SWOT variables are then configured as follows:

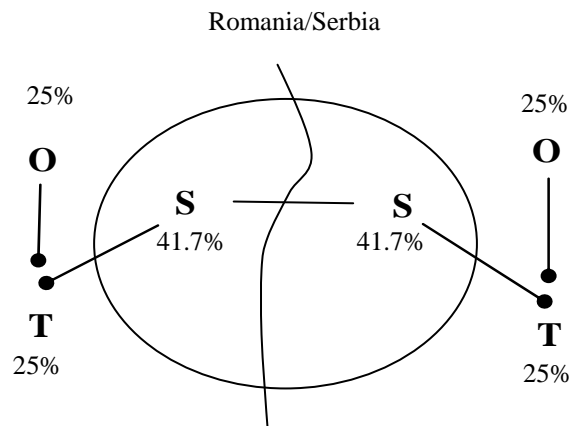
| | Internal to the area (SW) | External to the area (OT) | Total | % |
|---------------|---------------------------|---------------------------|-----------|--------------|
| Positive (SO) | 10 | 6 | 16 | 66.7 |
| Negative (WT) | 2 | 6 | 8 | 33.3 |
| Total | 12 | 12 | 24 | |
| % | 50 | 50 | | 100.0 |

Denomination of SWOT variables:

| | Denomination | Relevance | Dimension | S | W | O | T |
|----|--|-----------|-----------|---|---|---|---|
| | Internal variables | | | | | | |
| 1. | Propensity towards cross-border co-operation of manufacturing industry operators | + | 1 | x | | | |
| 2. | Propensity towards cross-border co-operation of commerce operators | + | 1 | x | | | |
| 3. | Propensity towards cross-border co-operation of socio-cultural operators | + | 1 | x | | | |

| | | | | | | | |
|-----|---|-----|----|----|---|---|---|
| 4. | Propensity towards cross-border co-operation of institutional operators | | 1 | x | | | |
| 15. | Cross-border relations for everyday services | +++ | 3 | x | | | |
| 44. | Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries | ++ | 9 | x | | | |
| 45. | Integral economies, characterised by complementary features | ++ | 9 | x | | | |
| 46. | Economic action not exclusively “oriented towards” and “dependent on” central administration | ++ | 9 | x | | | |
| 31. | Presence of negative national and/or regional stereotypes | ++ | 6 | | x | | |
| 32. | Linguistic barriers | ++ | 6 | x | | | |
| 33. | Weak or no response to opportunities for cross-border co-operation | + | 6 | | x | | |
| 52. | Tradition of co-operation | + | 10 | x | | | |
| | External variables | | | | | | |
| 27. | Business closures due to overwhelming competition | + | 5 | | | | x |
| 28. | Labour market protection | + | 5 | | | | x |
| 19. | Restrictive regulations on cross-border relations | + | 4 | | | | x |
| 20. | Lack of credibility of co-operation organisations | | 4 | | | | x |
| 21. | Low mutual knowledge and trust | | 4 | | | | x |
| 23. | Different political-ideological orientation | | 4 | | | | x |
| 39. | Official definition of cross-border areas | | 8 | | | x | |
| 34. | Signature of the 1980 Madrid Convention | | 7 | | | x | |
| 35. | Signature of the 1995 Additional Protocol to the Madrid Convention | | 7 | | | x | |
| 36. | Signature of the 1998 Protocol II to the Madrid Convention | | 7 | | | x | |
| 37. | Internationally recognised borders | | 7 | | | x | |
| 38. | Good institutional and legal framework (EU requirements) | | 7 | | | x | |
| | | | | 10 | 2 | 6 | 6 |

SWOT analysis shows a balanced ratio of positives and negatives, with positives consisting mainly of strengths (internal factors), and negatives consisting of threats (external factors). This scenario suggests the implementation of the *third strategy*.



Action strategies should aim at tackling specific negative factors concerning the (external) environment, and subsequently strengthen the internal and apparently *non-relevant* aspects of co-operation. The main guidelines are as follows:

1. Planning of common policies to mitigate gaps concerning threats such as lack of adequate structures for cross-border co-operation, restrictive legislation in cross-border relations, low credibility of the agencies for co-operation, low level of mutual trust, clashing ideological and political views;
2. Common economic planning to mitigate reluctance towards co-operation due to excessive competition, excessive labour market protection and technology gaps;
3. Implementation of common socio-cultural policies to mitigate mutual stereotypes and weak responses to national and foreign initiatives for cross-border co-operation;
4. Devolution of broader competences in international relations and financial autonomy to local organisations and enhancement of administrative skills;
5. Professional training courses for local organisation staff and co-ordination between local and central administrations;
6. Enhancement of relations between production sectors on either sides of the border, especially in territory planning, transport and telecommunications, economy and labour market, tourism, education and culture.

To implement and establish at institutional level this set of action strategies, the support of all three types of *Euroregion* is required: *Cross-border*, *Functional Networks* and *Macro Infrastructures*.

23. An overview of strategies and institutional policies leading to effective cross-border co-operation

The relationship between strategies and Balkan-Danube border areas shows a highly heterogeneous situation where, on the one hand, there is a strong predominance of weaknesses and threats over possible strengths and opportunities (11 areas out of 19) and, on the other hand, areas (9) characterised by an evident predominance of positive points (strengths and opportunities) over negative points.

As far as the former group is concerned, it appears clear that policies favouring positive variables and indicators hampering the effects of the negative ones (especially using alternative resources to tackle them) will be implemented. Therefore, the most widely spread strategy is the fourth strategy, which prevailed in 7 cross-border areas. The third strategy results are adequate in cross-border areas where there is a need to tackle external threats. Finally, it appears necessary to further strengthen the synergy among strengths and opportunities to tackle external threats by implementing the fifth strategy.

In the second group of border areas, it appears appropriate to implement policies prioritising the “capitalisation” of the existing positivity (*first strategy*), not only to improve cross-border co-operation but also to transform the *non-relevant* indicators into *halo* indicators or even into strengths and opportunities variables. This strategic line appears most feasible and relevant in the following cross-border areas: Bulgaria-Greece (41.5% of *non-relevant* indicators) and Bulgaria-Romania (37.7% of *non-relevant* indicators).

However, it appears useful to consider one more type of border area. In fact, besides the 11 border areas tackling negatives by using available strengths and opportunities (different from a situation of relatively easy cross-border co-operation), there are two cases where not a single strength or opportunity was found and where the existing SWOT variables were only negative. This has necessitated the introduction of a *sixth strategy*.

Residual with regard to the previous ones, this strategy may potentially be activated *ex novo* by local and central (i.e. respective national states) decisions. The *local and central will* may be enacted starting from the positive *halo* indicators and the *non-relevant* indicators in order to broaden the positive *halo* and/or even the positive SWOT variables.

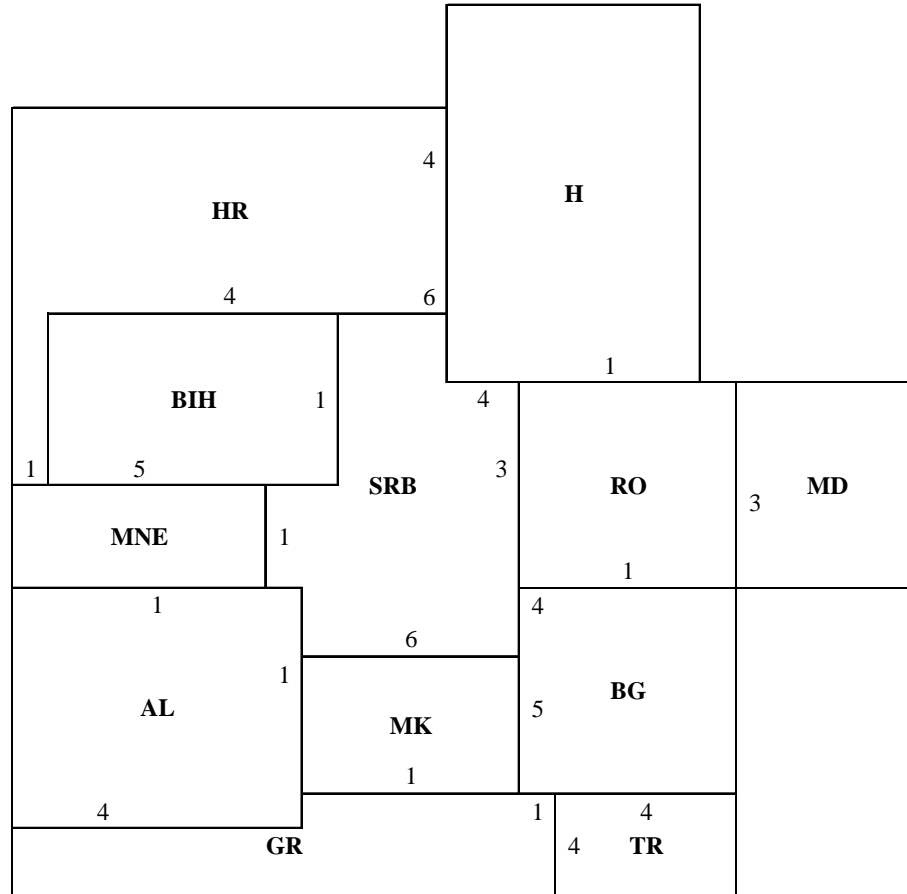
A further consideration emerging from the analysis of the Balkan-Danube border areas focuses on the possibility of activating Euroregions. Regardless of whether the strategy to implement aims at expanding or restraining negatives, almost all the areas (21 vs 22) imply the activation of a *Cross-border Euroregion*. Moreover, the necessity to enhance networking and transparency among institutions and organisations falling within the field of activity of the *Functional Networks Euroregion* appears similarly widespread (19 vs 22). Activating a *Macro Infrastructures Euroregion* appears, on the contrary, less vital, although Euroregions with such characteristics are activated in 12 border areas. The Hungary-Romania border area is the only one where the institutionalisation of some kind of Euroregion is less vital. Both internal and external scores for this area are well above all over average scores: 7.7 (out of a theoretical 10 maximum) for internal indicators and 7.5 for external indicators. The general data are illustrated in Table 5.

Table 5 – Summary of SWOT analysis data

| | Cross-border area | Strategy | Euroregion | | | Marks of internal indicators | Marks of external indicators | % of non-relevant indicators |
|-----|---|----------|--------------|--------------------|------------------------|------------------------------|------------------------------|------------------------------|
| | | | Cross-border | Functional network | Macro-infra-structures | | | |
| 2. | Albania-“the former Yugoslav Republic of Macedonia” | 1 | x | | x | <u>7.9</u> | 5.5 | 0 |
| 3. | Albania-Montenegro | 1 | x | x | x | 6.4 | 6.0 | 7.5 |
| 5. | Bosnia and Herzegovina-Serbia | 1 | x | x | x | <u>7.2</u> | 4.6 | <u>20.8</u> |
| 7. | Bulgaria-Greece | 1 | x | x | x | 6.2 | 6.7 | <u>41.5</u> |
| 9. | Bulgaria-Romania | 1 | x | | | 6.6 | <u>6.9</u> | <u>37.7</u> |
| 13. | Croatia-Montenegro | 1 | x | x | | <u>7.0</u> | 5.9 | 15.1 |
| 15. | Serbia-Montenegro | 1 | x | x | | 6.0 | 5.7 | 13.2 |
| 16. | Greece-“the former Yugoslav Republic of Macedonia” | 1 | x | x | | 6.4 | 5.6 | 11.3 |
| 18. | Hungary-Romania | 1 | | | | <u>7.7</u> | <u>7.5</u> | <u>18.9</u> |
| | Totals/Mean | 9 | 8 | 6 | 4 | 6.8 | 6.0 | 18.4 |
| 21. | Moldova-Romania | 3 | x | x | x | 5.1 | 5.4 | <u>41.5</u> |
| 22. | Romania-Serbia | 3 | x | x | x | <u>6.8</u> | <u>5.5</u> | 32.1 |
| | Totals/Mean | 2 | 2 | 2 | 2 | 5.9 | 5.4 | 36.8 |
| 1. | Albania-Greece | 4 | x | x | | 4.9 | 4.0 | 0 |
| 4. | Bosnia and Herzegovina-Croatia | 4 | x | x | x | 3.7 | 3.2 | <u>28.4</u> |
| 10. | Bulgaria-Turkey | 4 | x | x | | 2.9 | <u>5.7</u> | 13.2 |
| 11. | Bulgaria-Serbia | 4 | x | x | | <u>5.8</u> | 4.2 | <u>22.6</u> |
| 12. | Croatia-Hungary | 4 | x | x | x | <u>6.0</u> | <u>4.7</u> | <u>22.6</u> |
| 17. | Greece-Turkey | 4 | x | x | x | <u>6.0</u> | 4.0 | <u>30.2</u> |
| 19. | Hungary-Serbia | 4 | x | x | | <u>6.5</u> | <u>4.7</u> | 18.9 |
| | Totals/Mean | 7 | 7 | 7 | 3 | 5.1 | 4.3 | 19.4 |

| | Cross-border area | Strategy | Euroregion | | | Marks of internal indicators | Marks of external indicators | % of non-relevant indicators |
|-----|--|----------|--------------|--------------------|------------------------|------------------------------|------------------------------|------------------------------|
| | | | Cross-border | Functional network | Macro-infra-structures | | | |
| 6. | Bosnia and Herzegovina–Montenegro | 5 | x | x | x | <u>5.8</u> | <u>5.8</u> | 3.8 |
| 8. | Bulgaria-“the former Yugoslav Republic of Macedonia” | 5 | x | x | x | 5.0 | 3.4 | <u>15.1</u> |
| | <i>Totals/Mean</i> | 2 | 2 | 2 | 2 | 5.4 | 4.6 | 9.5 |
| 14. | Croatia–Serbia | 6 | x | x | x | 3.1 | 2.7 | 17 |
| 20. | “the former Yugoslav Republic of Macedonia”-Serbia | 6 | x | x | | <u>3.7</u> | 2.7 | <u>26.4</u> |
| | <i>Totals/Mean</i> | 2 | 2 | 2 | 1 | 3.4 | 2.7 | 21.7 |
| | OVERALL TOTALS/MEAN | | 21 | 19 | 12 | 5.3 | 4.6 | 21.2 |

Diagram 13 – Localisation of strategies for South-Eastern Europe



Key:

- Strategy 1: strengthening
- Strategy 2: overcoming
- Strategy 3: mobilisation for context control
- Strategy 4: control of negatives
- Strategy 5: joint internal-external coalition for context control
- Strategy 6: initial recourse of the local and central will

In conclusion, Diagram 13 identifies how the fourth strategy (but also the third and fifth strategies) appears appropriate, particularly for the border areas between countries in northern and Danube Balkans and among the southern Balkan regions of Turkey and Greece and Bulgaria and Albania. The same graph, however, also shows how the first strategy is predominantly appropriate for the Danube states from Hungary to Romania and then Bulgaria. The first strategy is also prevalent for the Adriatic and southern parts of the former Yugoslav Federation, starting from Bulgaria up to Albania passing through “the former Yugoslav Republic of Macedonia”. An apparently anomalous element is the positive level of co-operation between Bosnia and Herzegovina and Serbia (calling for the first strategy). All of this (namely, the Danube part of the area and the southern part of the former Yugoslav Federation) takes place in border areas which have experienced co-operation in relatively positive terms. This is the case between Hungary and Romania and between Romania and Bulgaria. For the other border areas, there is still positive co-operation as a result of the effect of similar ethnic configurations on both sides of the border and peaceful cohabitation of the populations: To sum up, the historical element of cohabitation, when the populations are different or there is an ethnic continuity on each side of the border, has favoured the consolidation of positive SWOT variables and halo indicators: this was the case in Balkan Europe and in the former Yugoslav Republics.

The last aspect of the localisation of the cross-border area in its relation with a single strategy is composed of two cases where a new, residual strategy needed to be introduced (the sixth strategy). This strategy foresees intervention and willingness at local and central levels to capitalise on the aspects which do not yet exist or are composed of just a few halo indicators or indicators which are still non-relevant. The areas where this strategy could play a substantial role are those characterised both in the past and (especially) in recent times by endemic wars or by attempted/“successful” wars of secession. This is the case for the border areas between Croatia and Serbia and between “the former Yugoslav Republic of Macedonia” and Serbia. These areas are characterised by a dramatic decrease in strengths and opportunities for cross-border co-operation. Within such contexts, cross-border co-operation necessitates intervention and political willingness, especially at local and national levels. This would in turn enable the establishment of local propensity towards constructive relations, and thus a strong determination to enhance reciprocal knowledge based on the revision of cultural interpretations, history and myths which need to be put into perspective.

PART TWO

CROSS-BORDER
CO-OPERATION IN
INDIVIDUAL BORDER AREAS

1. ALBANIA–GREECE



Geographical and historical background

The border between these two countries is 282 km long, running from the strait of Corfu, through the Ionian Sea, to Lake Prespa where it joins the border of “the former Yugoslav Republic of Macedonia”, south-west of the Veliki Grad Island. The border runs on water for 27 km of lakes and rivers (Sarandoporos), but it runs mainly through mountainous terrain (the Nemercka mountain chain and Mount Dhembel).

Up until 28 November 1912, Albania was under Turkey’s Ottoman rule, whilst the independent kingdom of Greece was established in 1830 within the area corresponding to present-day central Greece. In 1881, Greece gained possession of a portion of Epirus, thus extending the border to the Arakthos river. During the First Balkan War (1912-1913), the Greek, Montenegrin and Serb armed forces occupied the Adriatic coastal region and the Albanian territory was divided among them. In the peace negotiations, the Austro-Hungarian Empire, the main European power in the Balkan region, persuaded the other European powers to acknowledge Albania’s independence. Its boundaries were fixed in the 1913 Ambassadors’ Conference in London. In December of the same year, the Greek-Albanian border was fixed in the Florence Protocol, but a definitive demarcation was never agreed upon. In October 1914, Greece occupied the southern portion of Albania, the Austro-Hungarian forces occupied its northern and central parts and Italy occupied the Vlorë area.

The 1915 Treaty of London led to the division of the country between Greece (southern region), Serbia (northern region) and Italy (central region). Although Italy acknowledged Albania's independence and territorial integrity in 1920, the borders fixed in 1913 were finally agreed upon (with a few minor changes) only after the Great War, during the Paris Peace Conference. Between 1922 and 1925, an international committee set the boundaries and the final treaty was signed on 30 July 1926. In the interim between the two World Wars, the following events occurred: the Italian occupation in 1939, the conflict with Greece and the latter's request to annex northern Epirus in favour of Greece. Recognition of the borders fixed in 1921 came at the end of World War II.

In 1958, the Albanian Government rejected the Greek declaration of a persisting state of war between the two countries, and requested the establishment of regular relations (this request was met only on 23 August 1985). On more than one occasion, Albania pointed out the non-existence of a northern Epirus question, considering it an Albanian territory. The Greek-Albanian border re-opened to trade and cultural exchanges in the mid 1980s and in July 1987 a protocol was signed for the restoration of the border markings and the procedures for handling border disputes. In the past, the presence of Albanian inhabitants in Greece and Greek inhabitants in Albania posed problems that have been only partially overcome. There are no border disputes between the two countries.

The Gjirokaštër, Korçë and Vlorë (Saranda) prefectures border Greece. In detail, the Gjirokaštër region (Qark), which plays a key role, comprises three provinces (Rreth): Gjirokaštër, Tepelenë and Përmet. The Gjirokaštër and Korçë regions, along with the Sarandë province are inhabited by 13.4% of the population (3,5 million inhabitants in the 2005 population census). On the Greek side, there are the border areas of Ipeiros and Dytiki Makedonia, where 10.4% of the Greek population (1,087,000/10,645,000) lives in an area of 20,555 km² (15.6% of the national area) (Eurostat Nuts data).

Economic and infrastructural characteristics

The main activities in the border provinces with Greece are those related to agriculture; provinces in the border area are well-known at national level for the production of alcoholic and non-alcoholic beverages, cultivation of tobacco, livestock breeding, etc. The Kakavijë customs point is also very important for this province, being a major transit point for goods and persons, as well as a source of employment for the local population. The main activities in the Tepelenë province are animal farming, the cultivation of fruit and the production of tiles and roof tiles. The beginning of construction work on the Kalivaci hydro-electric plant has increased the development potential of the province and the region. The Përmet province is important for the cultivation of fruit and vegetables; its large forest areas supply the wood industry also. The opening of the new border crossing in Tri Urat has had a positive impact on employment and trade and the road linking it to the city is fostering the area's development potential.

Gjirokaštër's infrastructures play an important role in the development of the region. New roads are being constructed. The segment roads Kakavijë-Gjirokaštër

Permete-Tri Urat, Gjirokaster-Tepelenë-Fier and Konispol-Sarandë will soon be completed. This will bring about the take-off and consolidation of small and large trade. Telecommunications are also extremely important, this being a growing sector in both fixed and mobile telephony.

Reconstruction of local airports near Gjirokastra and Saranda are very important for future development in those districts, taking into consideration the fact that Gjirokastra and Saranda are very important points for cross road links with Greece and tourism orientation, as well as very strategic for the southern part of Albania.

On the Greek side, a relatively high unemployment rate must be pointed out: 11.2% in the Ipeiros area and 8.6 % in the Dytiki Makedonia area. Female unemployment is especially high: respectively 19.8% and 15%. The population of Ipeiros is employed mainly in the services sector (50.9%), while the Dytiki Makedonia population is mainly employed in the agricultural sector (42.4%). Only 18.6% and 16.9% of the population is employed in industry.

Since 1994, the area has benefitted from EU Interreg/PHARE-CBC funding for the development of various infrastructure and communications projects (56% of the financing). Among these are the improvement of the Ioannina-Kakavijë and Siatista-Krystallopigi motorways and the opening of the Krystallopigi border crossings.

On the whole, the border area is characterised by a qualified workforce, a young population (aged 18-35) and its proximity to the main national road network, linking the area with the cities both in and outside the system. The area also has a strong agricultural tradition: cultivation of fruit, olives and citrus fruit and livestock breeding. However, the following points must also be noted: a high unemployment rate (13%), disproportion between production and services, fragile relations between the associations of producers and vendors, lack of a strong banking system able to provide financial transactions and able to finance small and medium sized private enterprises or the agricultural sector and the lack of regulated contractual relations (marketing infrastructure) between producers and vendors, the nature of which, in most cases, is spontaneous.

Cross-border declarations and agreements

A considerable number of agreements, protocols and memoranda of Understanding, aiming at cross-border collaboration and good neighbourly relations have been signed on various aspects of social, economic and political life, laying the basis for co-operation and integration in both the Balkan and European regions.

Numerous exchange and information visits of political, state, central and local personalities has led to these co-operation agreements between Greece and Albania.

The Convention of Good Neighbourhood Collaboration was signed by the two countries on 21 March 1996.

The bilateral agreements and co-operation protocols to be mentioned are those concerning: the transport of people and goods, seasonal employment, social insurance, Euro-Atlantic integration assistance, collaboration as regards technology and defence equipment, education, science and culture, joint control of the coastline border, co-operation regarding tourism, the elimination of double tax, the 2000-2006 joint development programme, the reconstruction and supply of equipment for the military hospital in Gjirokastra by the Greek side, collaboration in the field of postal

and electronic telecommunications, collaboration regarding the fire services, etc.

In the framework of the permanent strengthening of collaborative activities between the two countries, new agreements are in the process of approval, such as:

- Small business co-operation for the promotion and bilateral defence of foreign investments,
- The negotiation and signing of a collaborative agreement between the Albanian Electro-Energy Corporation and the PCC (the Greek partner),
- A new SEE transport agreement and a new collaboration protocol for emigration and employment,
- The renewal of the bilateral employment agreement and an agreement for collaboration in fighting money laundering.

These practical co-operation activities between the two countries are driven steamed by the very good social and political situation in the border area of the countries. In the south of Albania, the ethnic Greece minorities (the largest number in the country) enjoy the same social and political rights as Albanians.

However, it is necessary to point out the lack of adequate structures and infrastructures for cross-border co-operation and the low implementation of programmes, which is mainly due to uncertainties about regional and local competences and the lack of structural funds. Overall, legal texts on the subject is extensive. In 1992, approval decrees were signed concerning the agreement on implementing measures for the prevention of border incidents, the agreement on the reconstruction of border signs and the law ratifying consular relations between the two countries. The agreement on co-operation between customs administrations was ratified in 1993; the approval decree concerning the opening of new border crossings with Greece (Qafë Bote, Dhrimadh, Tri Urat) and the EU financial memorandum for the cross-border co-operation programme date back to 1995.

The parties favour trade in the following sectors: military, economic, industrial, banking, tourist, technological, scientific, environmental, water, energy, transport and communications (duration: 20 years). In recent years, a project agreement was approved by the two Governments concerning assistance in the Euro-Atlantic integration of Albania (1998); a co-operation protocol was ratified by the Albanian Ministry of Interior and the Greek Mercantile Marine Ministry on joint border patrolling (involving the Albanian Border Police and the Greek Navy Troops for Harbour Defence) (1999); and an agreement was signed for the construction of the cross-border bridge in Tri Urat-Metzani (1999).

At international level, the following initiatives must be pointed out: the agreement on co-operation and prevention of cross-border crime (1999) involving other countries from south-eastern Europe; the friendship, co-operation and development agreement for the creation of a network of cities in the Balkan region (2000) involving the mayors of the main cities in the Balkans. Co-operation and joint action of cities leads not only to better information flow, exchange of know-how and development of friendship, culture and trade, but also to greater involvement in important issues such as reorganisation and development programmes taking advantage of the opportunities provided by the European Union.

Propensity towards cross-border co-operation

Increasingly, visible tendency and indicators have been evident in the last few years between local authorities in cross-border areas .

Indicators are showing the increasingly good co-operation between local authorities in cross-border areas. The decentralisation strategy of the governance strongly supported this co-operative framework. Despite the partiality of indicators, co-operation is stronger in those areas where the Greek minorities live.

In general terms, the actors' propensity towards cross-border co-operation is considered to be insufficient. The Greek counterpart seems interested in investing principally in those areas where Greek minorities are present .

Also at a cultural level, co-operation is sporadic. Cultural exchanges have been established between universities on bilingual projects (Tempus programme). At institutional level, in the year 2000, the decentralisation of powers from state to regions was introduced, and it was reflected by particularly interesting figures

However, there are signs of good relations between local administrations in border areas. Consultations take place in the institutional, economic, tourism and cultural sectors and with regard to territorial planning and transport (where decisions are made at central level). A positive example of co-operation is the Euroregion "Ohrid-Prespa", implemented with the support of local actors from both sides of the border and also from "the former Yugoslav Republic of Macedonia". The Stability Pact and the East/West Institute were also involved.

Under the EU programme, a new professional training programme in the border area between Gjirokastra and Yoanina will be established.

Implemented projects

The construction and renovation of motorways and roads, the renovation and modernisation of cross-border points (customs) – mainly using EU PHARE funds – are the most significant projects which have been implemented, creating the possibility for intensive collaborative and integrative action in the cross-border areas between the two countries and even beyond the border areas. Given the extensive production of norms concerning matters of cross-border co-operation, several projects have been implemented: in the transport sector, the regional development project (1995-1998) for road improvements and for the creation of urban commerce structures in border areas should be mentioned as well as the project for opening new border crossings in Tri Urat, Konispol, Kapshticë and links to the major motorways (1994) Gjirokaster-Kakavijë, Korce-Kapshtice, Permet-Tri Urat.

As to environmental and territorial management, the following initiatives are worth mentioning: the integrated plan (environmental, urban and tourism) for the management of the Pogradec-Prespë protected area (1999) with the participation of the Albanian Committee for Tourism Development, the German Foundation Euronature and the respective institutions from Greece and "the former Yugoslav Republic of Macedonia"; and the assistance programme for urban and rural infrastructures for the construction of new housing for the homeless resulting from the so-called "pyramid investment schemes" (1997).

Considerable governmental funds from the Albanian side will improve the rural network roads in the border area with Greece, “the former Yugoslav Republic of Macedonia” and Montenegro. The project for the development of mutual assistance on labour and welfare matters was implemented in 1997, and vocational training courses were launched in several sectors; Greek investors are active in Korçë, Gjirokastër and Saranda, predominantly in the tourism, construction, food and clothing sectors.

In the tourism sector, the Albanian Committee for Tourism Development, the Greek Tourist State Organisation and the Ministry for Economic Development of “the former Yugoslav Republic of Macedonia” launched a pilot project for the development of agro-tourism on lake Prespa in 1999. This activity was supposed to involve not only the agricultural sector but also the Prespa agro-tourism association of women from Albania, Greece and “the former Yugoslav Republic of Macedonia” in an effort to qualify its members and to promote the area as an opportunity to solve women’s unemployment. Mention should also be made of the assistance project in the education sector (1997), aimed at reorganising secondary schools and providing school supplies; and the assistance project in the health sector (1997-1998) involving the supply of medical equipment and medicines.

Lastly, within the European Union intervention programme, in addition to the cross-border co-operation programmes for technical assistance and training for public administrations (1998-2000) and the renewal of the cities’ electrical system (1997), mention should be made of the management plan for the archaeological and natural national Park of Butrint (2000) in the tourism and archaeological sectors, and the project “From rural to cultural tourism”.

As to the coastal area a case study “Himara, Qeparoi, Dhermiu” (2000) has been designed to exploit local traditions and cultural heritage.

The Municipality of Kozani, in co-operation with the Municipal Corporation of Culture and Athletics of Kozani (DEPAK) and the Centre for Inter-Balkan Co-operation, organised a conference entitled “Balkans, our Neighbourhood” in September 2002 in which a number of important personalities from the Balkans participated. This conference aimed at contributing to the promotion of further development of trans-frontier co-operation, highlighting issues of common interest. It was also organised with a view to illustrating the role of local self-government, with the possibility of becoming a cross-border forum where actors have the opportunity to learn from each other and to discuss ideas and proposals for common action and problem solution.

Significant initiatives promoting cross-border relations, such as the protocol for co-operation among the municipalities of Korca, Kozani and Bitola and the co-operation and agreements between the local Chambers of Commerce, were undertaken during the last several years. In addition, the Municipality of Bilisht has demonstrated its willingness to establish relations and co-operate with local government organs of the neighbouring countries in the economic, social, cultural and environmental sectors. Contacts have been made with leaders from Greece for the implementation of the Interreg III programme in the area of Devolli.

Regarding this programme, discussions have been initiated in Bilisht with the authorities from the Kastoria Prefecture and the Deputy of Kozani. Several cultural exchange visits to the regions of Kastoria and Devolli have taken place, including a school visit to Kastoria. These kinds of contacts have been frequent.

Cross-border co-operation has a big impact on promoting the role and potential of local self-government through contacts and exchanges between the respective municipalities, and particularly through mutual projects and activities, which strengthens the potential of the municipalities and unites people.

Elements of Swot analysis

Strengths: A Greek community living in the border area between the two countries (in the districts of Gjirokastra and Saranda) represents a positive outcome of co-operation as a result of the good relations demonstrated by the Albanian majority towards them. The considerable number of Albanians living and working in Greece (approximately 600,000) are also a foundation for good neighbourly and friendly collaborative relations between Albania and Greece. Thus, among the strengths are: the favourable geographical position (a natural outlet into the Adriatic and the neighbouring markets), an abundance of natural resources and highly-trained professionals in the labour force. The basis for relations is the respect of sovereignty and territorial integrity and the respect of human rights, including those of national minorities.

Greece has supported efforts for the reconstruction and development of Albania by financing educational, health, infrastructure and many other projects. There are hundreds of joint ventures confirming the close relations between the two countries.

Weaknesses: There are however several weak points in the area: the high unemployment rate due to a weak economy leads to migration; inadequate infrastructures and lack of funds hamper the exercise of regional competences; the lack of a strong banking system impedes the financing of small and medium-sized private enterprises and agricultural projects; the insufficient propensity towards cross-border co-operation between local actors (also due to the lack of adequate structures) leads to excessive labour market control. It seems appropriate to promote the organisation of cross-border management training courses and a banking system in order to harmonise regulations with those in force in EU countries, thus facilitating access to financing instruments for private citizens, especially for those intending to launch activities with partners across the border.

Opportunities: The geographical position on a historical trade route, the rich natural resources, the special ecosystem and the rich ethnic composition of the population with several common cultural characteristics provide the area with the potential to become a model region of cross-border co-operation in South-Eastern Europe. A good road network leading to the border and the modernisation of customs points contribute to the development of the border area and have created a positive impact on employment and trade. The development of telecommunications and of highway system and the construction of the hydro-electric plant in Kalivaci are also of strategic importance for the Gjirokastër region. The border area could certainly count on considerable financing, not only from the European Union, but also from individual state contributions, such as Italy and Greece. Lastly, the greatest opportunity comes from the reform of the Albanian administrative system: the decentralisation of power from state to regions will allow greater financial and cross-border co-operation autonomy.

Risks and threats: The greatest risk is posed by the possible increase in production competition between the border areas as a result of the reduced number of Albanian farmers and workers willing to work in Greece. The intervention of the European Union, the World Bank and other international organisations could reduce this risk by promoting co-operation on the basis of mutual interest, raising people's awareness about the fact that they are part of the same system.

There are practical examples in the area of cross-border co-operation, but in order to go beyond the initiative level, this co-operation should not be spontaneous. It should be developed around institutional bases with a continuous exchange of information, specialists and experiences, combined with the appropriate financial support.

2. ALBANIA–“THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA”



Geographical and historical background

The border between Albania and “the former Yugoslav Republic of Macedonia” runs for 151 km, from the junction with the Serbian border to the border with Greece. There are land borders and lake and river borders. From the north, the border runs through the valley between Mount Korab and Mount Deshat, then through the Drin plain, and finally heads south through the Jablanika mountains to Lake Ohrid. The border divides the lake, two thirds of which belong to “the former Yugoslav Republic of Macedonia” and the remaining third to Albania. The border line runs along the Galicica mountains, and then descends to Lake Prespa.

The present border between Albania and “the former Yugoslav Republic of Macedonia” is exactly the same as the old border between the Yugoslav Socialist Federal Republic and Albania. The first border definition was fixed in 1913 by the authorities of Albania (which had just gained independence) and the Serb Kingdom (which had just extended its sovereignty to the present-day “former Yugoslav Republic of Macedonia”). After the Great War, the border thus established divided Albania from the Serb, Croatian and Slovenian Kingdom, as specified in greater detail during the Ambassadors’ Conference of November 1921.

In 1925, an international committee finalised the border demarcations, which were definitively ratified in 1926. In the 1947 Treaty of Paris, the same border line was chosen as the demarcation between Albania and Serbia and Montenegro. In 1991, when “the former Yugoslav Republic of Macedonia” declared its independence, the border remained unchanged.

The Albanian border area encompasses the provinces (Rrethi) of Dibër (43 municipalities), Bulqizë (33 municipalities), Librazhd (13 municipalities), Pogradec (12 municipalities) and Korçë (10 municipalities) with a population of 416,048

inhabitants (8.4% of the total population which is 3,5 million). Within the area of “the former Yugoslav Republic of Macedonia” area there are four major centres (50,000-100,000 inhabitants) – Tetovo, Gostivar, Kicevo and Prilep – and the towns (25,000-50,000 inhabitants) of Grupchin and Krusevo.

Economic and infrastructural characteristics

The independence Declaration of “the former Yugoslav Republic of Macedonia” as a new and independent state created new perspectives for socio-economic development. When the state gained its independence, it was the least developed of the Yugoslav Republics (5% of the Federation’s entire output). With Yugoslavia’s downfall, money transfers from central Government ceased, as did the benefits resulting from the country’s de facto inclusion in a free trade area. Development was hampered until 1996 by the absence of infrastructures, by UN sanctions against the Yugoslav market and the Greek embargo. That year, “the former Yugoslav Republic of Macedonia” was included in the EU PHARE programmes (designed to ease the economic and social transition to a market economy) in order to bring the country closer to European democratic standards and principles and to strengthen the actors’ roles and the administrative capabilities of the state. Since then, GDP has increased from year to year reaching almost 5% growth in the year 2000, with a 1.7 % increase every year.

The leadership paid great attention to the economic reform, the privatisation process, free trade and regional integration. The EU contributed to the construction of the South East Europe University in Tetovo, the first university to provide courses in Albanian, Macedonian and English. Albania has also made considerable progress, especially since 1999, in the trade sector (in the same year the country became a WTO member) and in the privatisation of small and medium-sized enterprises. Progressive steps are of course being made in the administrative, judicial and economic sectors (the consolidation of the economy and the fight against the submerged economy).

Significant advanced steps have been taken as regards infrastructure projects for building new roads which link Albania and “the former Yugoslav Republic of Macedonia” and Bulgaria, as well as for the reconstruction and construction of the Pan-European Transport Corridor VIII and the motorways to Kosovo (Qafe Morina) and “the former Yugoslav Republic of Macedonia” (Debar). The road segments of the Librazhd-Qafe Thane border area have been constructed with funds from Kuwait and the Government of Albania) and the renovation of the segment road Qafe Thane-Pogradec is in progress.

Cross-border declarations and agreements

The two Governments and states, Albania and “the former Yugoslav Republic of Macedonia”, have demonstrated their willingness for cross-border co-operation through establishing agreements.

The production of norms in both countries has been extensive in recent years. In 1998, the agreement for the reconstruction and maintenance of signs and the maintenance of the demarcation line between the countries was ratified. The parties regulate all matters concerning the maintenance and repair of existing signs as well

as the maintenance of the demarcation line with agreements. This demarcation line was fixed in the 1926 Florence Protocol and, on the basis of the agreement signed in 1953 between Albania and Yugoslavia with the aim of avoiding border incidents, was clearly marked between 1954 and 1955 with floating luminous signs. With a view to strengthening good neighbourly relations, the parties agreed on the following: the Albanian Government agreed to maintain the Albanian-Macedonian-Yugoslav demarcation line, while the Government of “the former Yugoslav Republic of Macedonia” agreed to maintain the Albanian-Macedonian-Greek demarcation line on Lake Prespa.

Also in 1998, the agreement regulating local traffic for the inhabitants of the above-mentioned border areas was ratified. In this agreement, “border area” is to be understood as the territory extending for up to 10 km in both directions from the border line. Citizens living in the border areas may cross twice a month with special documents and without a visa. Both entry and exit must take place within the same day and people may import/export the following duty-free items: new and used personal items required for travel (with the obligation to bring them back), items with a value of up to USD50, calculated on the basis of the daily exchange rate for the currencies of both parties in the agreement.

Moreover, in the same year, agreements were ratified regarding prevention measures for cross-border incidents and the resolution of such incidents if they occur, the suppression of visa requirements for holders of diplomatic and service passports, extradition procedures and the abolition of the double income tax. The production of norms is also significant in the transport sector. The following measures are worthy of mention: the agreement concerning rail links between the two countries (1991), the protocol for opening new border crossings (1992), the memorandum and study regarding the construction of the East-West transport corridor between Albania, “the former Yugoslav Republic of Macedonia” and Bulgaria (1993) and the agreement for opening the Pogradec-Ohër international passenger service line on Lake Ohër (1999).

Lastly, both countries repeatedly stated their intention to co-operate in matters of trade and economy on the basis of equal and mutual interest, with full respect for international legislation for the creation of joint ventures, the development of tourism, the organisation of trade fairs, the creation of trade delegations and the organisation of long-term co-operation in the industry, agriculture, energy, transport and telecommunications sectors (trade and economic co-operation agreement, 1996).

A considerable number of agreements, memoranda and protocols have been signed in the last few years between the two Governments in the framework of friendly neighbourhood collaboration, such as: the memorandum of collaboration for the process of European integration (2004); the memorandum for the sustainable development Lake Ohrid Lake and its basin (2004); the agreement for collaboration regarding the fight against terrorism, organised crime, illegal traffic and illegal migration (2004); the protocol for collaboration between the respective Ministries of Justice (2005); the memorandum of understanding regarding training performance activity (Adriatic Engagement, 2005-2006); the agreement for air services (2005); the agreement for collaboration in cultural activities (2005); the agreement for collaboration in the area of tourism (2005); the agreement for opening a new cross-

border point between the two countries in Xhepisht-Trebisht (2005); the agreement for employment and professional training (2005); the agreement for collaboration between the General Directorate of Patents and Marks and the Public Entity of Industrial Property (2005); the agreement for establishing a regular passenger transport line on Lake Ohrid (2005).

Propensity towards cross-border co-operation

The reform of the decentralisation of local governance in both Albania and “the former Yugoslav Republic of Macedonia” enhanced the good will and initiatives of local operators at institutional, economic and socio-cultural level. More still needs to be done regarding the level of training of institutional actors and regarding the co-ordination between centres and suburbs. This is evident in the lack of training in the planning of cross-border operations, the lack of co-ordination, not only between state and local authorities, but also between the two countries, and the authorities’ inability to involve socio-economic organisations in the planning phases. Notwithstanding these indicators (which can easily be overcome in time and with the assistance of international organisations, especially the European Union), co-operation between the parties takes place in the form of consultation and actual co-operation, especially in the environmental, tourist, labour, transport and culture sectors, thus demonstrating the willingness of both sides to speed up the cross-border development process.

A good case in point is the Euroregion “Ohrid-Prespa”, the establishment of which has been undertaken by local actors (economic, social, cultural and institutional) on both sides of the border and also in Greece, with the support of the Stability Pact and Swedish governmental funds (SIDA).

Implemented projects

The reconstruction of roads on the Albanian side in order to link it to “the former Yugoslav Republic of Macedonia” is very important for the infrastructure between the two countries. Also of importance is the renovation and modernisation of the Qafë Thana customs, which has been carried out with the support of EU funds. There have been significant attempts by both sides to establish rail links between Albania and “the former Yugoslav Republic of Macedonia” along the coast of Lake Ohrid.

In addition to the above-mentioned programmes and agreements, when analysing the countries’ cross-border relations, mention should be made of the important role played by tourism planning. The following projects are worthy of note:

- 1) Tourism projects within the Stability Pact involving the local community (especially women) for the development of agro-tourism and the exploitation of the area’s tourism potential to reduce unemployment, with the participation of the Albanian Committee for Tourism Development, the Greek Ministry of Development and the Ministry for Economic Development of “the former Yugoslav Republic of Macedonia”. This project was initiated in 1999 with the voluntary contribution of the Women of Prespa Agro-tourism Association.
- 2) The integrated management plan for Pogradec-Prespë whose goal is to protect and preserve the ecosystem of the Ohër-Prespë natural reserve, with the participation of

the Albanian Committee for Tourism Development, the Pogradec and Korçë district councils, the German Foundation Euronature, the European Natural Heritage Fund and the respective government institutions of “the former Yugoslav Republic of Macedonia” and Greece. The World Bank and the Global Environmental Facility also support a project for the protection of Lake Ohër (1996).

- 3) The project to harmonise legislation concerning matters of tourism and the operation of tourism structures and facilities in the Balkan region (Albania, Bosnia and Herzegovina, Croatia and “the former Yugoslav Republic of Macedonia”).

Concrete steps have been taken in the process of institutionalising productive co-operation and partnership between the border communities of “the former Yugoslav Republic of Macedonia”, Albania and Greece, eg the GTZ-supported micro-project managed by the Centre for Inter-Balkan Co-operation. This project aims to involve the local self-government institutions of the Prespa/Ohrid Triangle of Co-operation, which includes the regions of West Macedonia (Kozani, Florina, Kastoria, Grevena), Greece and Korca (the districts of Korça, Pogradec, Kolonja and Devoll), Albania, as well as the municipalities of Bitola, Resen, Ohrid and Prilep from “the former Yugoslav Republic of Macedonia”.

The cross-border co-operation between Ohrid and the neighbouring municipalities of Albania (Pogradec) is commendable. This is particularly emphasised by the decision for twinning between the two municipalities, and these two towns represent a unique example of bordering municipalities which are at the same time twinned. Moreover, there are many initiatives for cross-border co-operation. Some of these initiatives have already been implemented, whilst others remain at the initiative stage, mainly due to a lack of financial resources. In the field of economy, the Municipality of Ohrid, through its support agencies in the small business sector, have established contacts between entrepreneurs in order to identify common interests and goals.

The Municipality of Korça has demonstrated continuous cross-border co-operation and practices through conferences and meetings in the biggest towns of the Balkans and South East Europe countries. These practices have proved very productive resulting in common projects to achieve the main goal, which is to improve the lives of citizens. These meetings have been organised in Edessa and Thessaloniki in Greece and in “the former Yugoslav Republic of Macedonia”.

Following a period of intensive bilateral consultation meetings on each side of the borders, representatives of local and regional authorities, Chambers of Commerce, small businesses and Business/Regional Development Agencies, universities and private businesses from the border regions of Albania, “the former Yugoslav Republic of Macedonia” and Greece, along with representatives of national Governments, met in Bitola for a day-long Round Table on the formal establishment of the Economic Task Force for the long-term strategic economic development in the Prespa/Ohrid cross-border region.

Elements of Swot analysis

Strengths: The good will of the central and local institutions and actors to collaborate in cross-border initiatives and visible actions. Legislation is particularly extensive in matters of demarcation (reconstruction and maintenance of signs,

regulation of local traffic, prevention of border incidents, etc.) and transport (construction of the Pan-European Corridor VIII, opening of the Pogradec-Ohër line on Lake Ohër, etc.). On several occasions, both Governments manifested their intention to co-operate on the basis of equal and mutual interest (organisation of fairs, creation of joint ventures, etc.). Ethnic groups in both countries are a prominent factor in co-operation and in a friendly social context.

Weaknesses: Both border areas, but mainly on the Albanian side, suffer from low economic development rates: the region of “the former Yugoslav Republic of Macedonia” indicates its marginal position of the past within the Yugoslav Federation (welfare-dependence) and as a result of the Balkan crisis, while the Albanian region counts a large number of families who live well below the poverty line. Nevertheless, great progress has been made recently, thanks to EU intervention in the privatisation of small and medium-sized enterprises, boosting local trade, and thanks also to the involvement of civil society in the decision-making process.

Opportunities: Along with the other countries of the Western Balkans, Albania and “the former Yugoslav Republic of Macedonia” participate in the Stabilisation and Association Process (SAP). They benefit from autonomous trade preferences, national and regional financial assistance under the Community Assistance for Reconstruction, Development and Stabilisation (CARDS) programme and the prospect for an enhanced, far-reaching contractual relationship with the EU through a Stabilisation and Association Agreement (SAA). Regional dialogue and co-operation are also important elements of this process. Following the EU decision in June 2001 to proceed with SAA negotiations with Albania and the adoption by the European Council in October 2002 of the European Commission negotiating mandate, the negotiations for an SAA were officially opened on 31 January 2003 and started in February 2003. At national and local level, there is a willingness to co-operate, not only on the part of local institutional operators, but also on the part of economic and socio-cultural operators, even if their knowledge of cross-border procedures (planning, local actors’ involvement in projects, co-ordination between centres and suburbs, etc.) is insufficient and in need of formative support. In this respect, the European organisations play a key role in terms of structural and formative investments.

Risks and threats: There are no concrete risks in the border areas of the two countries as a result of the collaborative spirit demonstrated by the political and governmental leadership at all levels over the last few years. Nevertheless, specific attention should be paid to when considering the ethnic issues of the last decade in “the former Yugoslav Republic of Macedonia”. Practical examples in the area of cross-border co-operation exist, but in order to go beyond the initiative stage, this co-operation should not be spontaneous. It should be developed around institutional bases with a continuous exchange of information, specialists and experiences, combined with the appropriate financial support. To this end, the intervention of the Council of Europe and EU programmes in fostering the principles of democratic and civil life could prove useful. Transborder programmes are of a great importance to this end also.

3. ALBANIA–MONTENEGRO



Geographical and historical background

After the First World War, Montenegro became part of the Yugoslav Federation and remained in the Federation with Serbia even after the collapse of Yugoslavia in 1991-1992. Up until the outbreak of the Balkan Wars (1912-1913), present-day Albania and most of the Yugoslav border areas were under Ottoman rule. During the First Balkan War, Montenegro and Serbia were able to expand their territories, whilst Albania declared its independence (acknowledged at the Conference of London in 1913). The international committee in charge of establishing the new borders omitted the Albanians in Kosovo from the newly-formed State. After the Great War, the border was confirmed as the border between Albania and the Serb, Croatian and Slovenian Kingdom (later known as Yugoslavia). The Ambassadors' Conference of 1921 fixed the Albanian border, increasing the 1913 dimension and granting Yugoslavia the area surrounding Prizren. In 1925, the demarcation line was completed. It was later confirmed in 1926 and again in 1947 in Paris after the Second World War. The independent status of Montenegro was voted by referendum on 21 May 2006 and then declared by the Parliament of Montenegro. On 28 June 2006, Montenegro became the 192nd member state of the United Nations.

Albania entered onto the path of democratic reforms in 1991 after 50 years of totalitarian communist regime. Rebounding from the financial collapse of 1997, Albania performed very well in sustaining high rates of economic growth. The average annual growth at the rate of 7% over the period from 1997 to 2005 is amongst the highest of transition economies. Successful macro-economic management has been an important contributor to growth, which has been a critical factor in reducing the level of poverty in the country and enhancing overall economic development.

Albania has the status of candidate country to EU. The country has been a member of NATO since 2009. Montenegro is also a potential EU candidate country.

The border line runs east to the Tropoja, Shkoder and Malesi e Madhe districts, and west to the Adriatic Sea near the outlet of the Bojana River, for a total length of 211 km, 173 km of which are land border and 38 km water borders of the Adriatic Sea, the Shkodra Lake and mountainous rivers. The border area between Albania and Montenegro is positioned in South-Eastern Europe close to the southern end of the eastern shore of the Adriatic Sea. The area extends across mountains, fields, valleys and lakes. The lowlands in the Shkodra region, together with the valley of Zeta, are the most extensive and fertile lowlands in the area. Other fertile agricultural land, particularly suitable for the cultivation of vegetables and fruits, lies along the valleys of the Drini and Moraca rivers.

The mountains are rich in water, timber and mineral resources. Differences in slope, altitude and temperature allow for the existence of numerous and diverse ecosystems. Some of the most rugged terrain in Europe, on average higher than 2,000 m above sea level, are found in this mountainous region. In the middle of the border area, the massif of the Albanian Alps (south-eastern Montenegro and northern Albania) reaches its highest peak in Jezerca with an altitude of 2,642 m.

The Shkodër and Kukës (Qarku) region borders Montenegro and comprises the provinces (Rrethe) of Shkodër, Malesi e Madhe and Tropoja: the Montenegrin correspondents (counterparts?) of these towns are Podgorica, Ulqin and Viri Pazar. The Albanian border area's population accounts for 13% of the country's total population (257,018 inhabitants out of 3,5 million).

The border areas exhibit many common features, as well as diversities, regarding demographic developments. It has a sparse population and a limited number of big towns (over 50,000 inhabitants). The area is characterised by strong trends of uncontrolled migration over the last decade, directed mainly towards urban centres with higher economic potential. The area has a low urbanisation level (particularly the Kukësi region). The town of Shkodër town is the biggest urban centre with around 83,000 inhabitants. The significant migratory movements since the fall of the communist regime have negatively affected the population's growth and structure in the area. Despite high birth rates and positive natural growth, the population on the Albanian side of the border has been reduced by a third due to internal and external population migratory movements. The population living in the Montenegrin area is located mostly in economically developed urban centres (like Podgorica and Ulqin). Inter-regional migration has affected population growth trends. Positive population growth, which somehow hinders the negative trend of natural growth, occurs in the most economically developed districts. The opposite takes place in less developed areas. The bordering area has a relatively low population density – around 59 inhabitants per km². Both areas have nearly the same average population density – around 57 inhabitants per km². On the Montenegrin side, due to a concentration of towns, the population density is closer to the Montenegrin national average - 68 inhabitants per km², while in the Albanian border region, the population density is twice lower than the national average (109 inhabitants per km²).

There are ethnic groups living in the border area, particularly on the Montenegrin side. Population heterogeneity exhibits a variety of cultural and social norms in different locations. These ethnic minorities comprise Serbs, Albanians and Bosnians.

The largest ethnic group is Serbian, which makes up 27.9% of the total population. The second largest minority group is Albanian, which counts for 9.4% of the total population, while Bosnians make up around 8.9% of the total population. On the Albanian side, on the other hand, a very small minority (less than 1% of the region's population) of ethnic Montenegrins lives in the Shkoder region. This makes the Albanian part more ethnically homogeneous as it is mostly inhabited by Albanians.

Economic and infrastructural characteristics

The cross-border rail customs points of Hani i Hotit, Murriqan, Bashkim and Bajza, as well as the Buna river crossing point, are very significant in the open and collaborative market which has developed between Albania and Montenegro. The construction and renovation of the new roads Lezhe-Shkoder and Buna Bridge-Murriqan have also had a great social and economic impact on the border area between Albania and Montenegro. The Tirana-Shkodër motorway is of great importance as part of the North-South corridor linking Greece, Albania and Montenegro all the way to Trieste. Shkoder connects with Kosovo via the Shkodër Pukë-Kukës road.

The Adriatic-Ionian Transportation corridor of the European road network crosses the territory, consequently enhancing the value of the geographical location of the border area. The road infrastructure stretches for 10,0537 km. The road density of 866.6 km per 1,000 km² is far less than the EU average of 1,253 km. The border area infrastructure in both countries has suffered greatly from a lack of investments, although the Albanian side has paid great attention to road infrastructure in the last few years. In order to fully harness their potential, both sides must make significant improvements to their infrastructure, especially in the areas with potential for tourism. This includes guaranteeing uninterrupted power supplies and restoring and modernising the water supply and sanitation. An adequate water supply and waste treatment system are the basis to start developing tourism infrastructures.

Albania and Montenegro participate in the SEETO, the technical secretariat to develop the Memorandum of Understanding on the South East Europe Core Regional Transport Network. The most important route in this area is the road Shkoder-Podgorica segment, which is linked through Hani i Hotit. This route is part of the European Core Roads Network. Road infrastructures are being upgraded with the reconstruction of Shkoder-Murriqan road segment and the renovation of the Shkoder-Zogaj road segment.

Other improvements in transport infrastructure are planned for the future. They include the construction of a ferry route through the Lake of Shkodra and a new bridge over the Buna River, which will significantly shorten the connection between the two sides of the border. Despite ongoing improvements, the connections between the two sides remain incomplete and limited. The transport infrastructure is far from meeting contemporary technical requirements. It still needs substantial intervention, particularly on the Albanian side. Furthermore, uneven distribution throughout the territory and insufficient development to meet the requirements of intense traffic hamper the economic development and the optimal use of the otherwise strategic geographical location. A functioning road transport network is es-

essential for the area's further economic development and increased tourism.

Three rail sections operate in the area: one in Albania and two in Montenegro. The Albanian section connects Tirana with Shkodra via Lezha and crosses the border, continuing all the way to Podgorica. Since the infrastructure development focuses on roads, the rail network has received little attention from the two Governments, which has led to its deterioration over the years. The main airport is the international airport of Podgorica. There is also an airport in Berane, mostly used for general aviation and not equipped to handle larger aircrafts. The new airports in Kukes (Albania) will in the near future extend civil aviation services to domestic flights.

Both countries participate in the Central European Free Trade Agreement (CEFTA), which aims at improving export capacities for the following products: agricultural and agro-industrial products like fresh and processed fruits, vegetables, fish, dairy products, honey, medicinal and aromatic plants, spices, wood products, textile and leather.

An unbalanced overall economic development exists along the border. On the Albanian side, economic development is lower than in the rest of the country and lower than on the Montenegrin side. GDP per capita in the Montenegrin border area is 33% higher than the national average, whilst in Albania, there are no official figures for GDP per capita at regional level.

On the Albanian side, the agriculture sector, based on limited agricultural land (on average 0,2213 ha per capita), represents 68% of total employment, compared with 41.15% registered on the Montenegrin side. On the Albanian side, out of 2,600 private non-agriculture enterprises, 65% operate in trade (44%) and services (21%) and only 14 % in light industry. Taking into account the employment data, the most relevant sectors are trade (15.3%) and the processing industry (14.1%). Agricultural land, totalling 227,000 ha (Albania: 76,000 ha, Montenegro: 151,000 ha), represents an important economic asset for the area. The overall agricultural land per capita is 0.33 ha (Albanian: 0.23 ha per capita, Montenegrin: 0.42 ha per capita). Agricultural land is not adequately exploited. This is a consequence of the topography and the geological composition which leads to poor soil fertility. Coastal areas on the Montenegrin side and areas around the Shkoder Lake (the Zeta valley and the lowlands of Shkodra) are suitable for fruit (subtropical fruits and olives) and crops.

Electricity, steel, aluminium, coal, forestry management, wood processing, textiles and leather are the main industrial activities of the area. The industrial sector is more developed in Montenegro where the agro-industry and the manufacture of cigarettes and confectionery are of relevance. Industry on the Albanian side, on the other hand, is underdeveloped. The copper industry, once very important for the area's and the country's economy, has today become insignificant. The Montenegrin region of Berane is rich in coal, while the copper mines of the Albanian towns of Gjegjan and Nimce (the Kukes district), Golaj (the Has district) and Kam (Tropoje) are currently closed. Attempts are being made to re-open them through concession processes.

The great natural and cultural resources and historical sites on both sides of the border allow for many growth possibilities in the tourism sector. Beautiful coasts and lakes, national parks, historical sites and possibilities for developing mountain sports and village tourism are only part of the great potential of this area. Shkoder is an ancient town with a rich historical background. There are numerous attractive

sites for developing tourism. In the vicinity of Shkodra are the Velipoja beach, Shkodra Lake, Rozafa Castle, the Church of Shirqji, Mes Bridge, the Illyrian ruins of Gajtan and the medieval city of Sarda. Shkodra is also a good starting point for hikes into the Albanian Alps. The wilderness of the Kukes region is renowned for its rugged beauty and could be of great interest to mountain tourists. The numerous lakes and rivers provide an excellent backdrop for resort and adventure tourism in this area.

Tourism infrastructures in the Montenegrin area are more developed than those on the Albanian side. The beautiful sea coast lies along the western part with Ulcinj/Velika Plaža (13 km long) and Bar and Budva (21 km long with 17 beaches). 30,540 tourists from Albania visited Montenegro in 2008 and 154,229 overnight stays were recorded. In 2007, 37,801 tourists from Albania visited Montenegro and 188,572 overnight stays were recorded.

The average unemployment rate is very high in the border areas of both countries at around 15.6% on the Montenegrin side and 28.8% on the Albanian side. The unemployment rate in the Albanian border region is twice higher than the national average, and counts for about a quarter of the total unemployment figure for the country.

The area is rich in natural reserves and protected areas: two national parks (Skadar Lake and Lovćen) on Montenegro's side; and seven national parks, natural reserves and protected landscape sites (Thethi, Tropoja, Shkoder, Buna-Velipoje) in the Albanian border region. The Shkoder Lake basin is very important for the area due to its biological, scientific, cultural, health, recreational and touristic values. The lake is one of the most important nesting areas for birds of South-Eastern Europe with about 270 recorded species, including rare pelicans. Industrial and agricultural waste and insufficient sewage treatment facilities are leading to the pollution of Shkodra Lake. The aluminium company in Podgorica is Montenegro's biggest single polluter. There is no proper filtering process in the conversion of bauxite to aluminium. High levels of fine dust particles, solvents and fluorides are the result defective air filters or no air filters at all. The soil is polluted with PCBs and the ground water is polluted with PCBs and fluorides. The deposit of agricultural pesticides (selinon) in the Kukes Region in Albania is turning out to be particularly toxic to humans, even carcinogenic.

Cross-border declarations and agreements

The independence of Montenegro has created new perspectives for co-operation with neighbouring countries. The overall objective of the state and governmental policies through cross-border agreements and declarations aim at promoting co-operation between people, communities and institutions in the bordering areas of Montenegro and Albania, establishing good neighbourly relations, sustainable development, stability and prosperity in the mutual interests of the two countries. Some agreements and memoranda of understanding have been signed by Albania and Montenegro. There are collaborative agreements between respective Ministries, such as: The agreement between the Ministry of Public Order of Albania and the Ministry of Public Order of Montenegro for the movement of goods and people through the border in Murriqan; the agreement for economic water resources between the Governments of the two countries; the agreements for the management

of international road transport for people and goods between the two countries; and the agreement for the establishment of the international lake transport route for passengers through Shkoder-Virpazar.

The countries' co-operation is based on the following existing protocols and agreements: 1) the free-trade agreement between two countries; 2) the road transport agreements for people and goods – some transport companies operate in the passenger transport area; 3) the protocol for co-operation between the two countries has created a positive impact on cross-border co-operation. According to this protocol, both parts agree to develop joint activities to promote tourism, to open other border points and to modernise the existing ones in order to ensure more facilities for the transport of people and goods, to develop a convention for co-operation in the tourism sector, to work together for the development of Shkodra Lake and to promote the signing of contracts between tourism firms and hotel companies in both countries. The Regional Co-operation Forum between Shkodra and Montenegro aims to promote co-operation between the two regions Representatives of local government and the private sector participates in the forum which should organise joint meetings three to four times a year; and the Navigation Agreement of November 2004, according to which the parts agree to operate of an international navigation line for Shkodra-Virpazar was signed.

In March 2007, a Strategic Action Plan for Shkodra Lake was signed by the Ministry of Tourism and Environment of Montenegro and the Ministry of Environment, Forests and Water Administration of Albania.

The representatives of the two Governments decided to establish a committee to deal with Lake Shkoder's environmental challenges. The Office for Sustainable Development, under the authority of the Montenegrin Prime Minister's cabinet, was created with the assistance of the UNDP. Both Albania and Montenegro have given priority to environmental issues. Joint programmes, although limited, aim to enhance the protection of the environment in the area. In Montenegro, the Ministry of Environmental Protection established systems for monitoring air and soil quality a few years ago, whilst the Ministry of Agriculture, Forestry and Water Management has the a legal obligation to monitor water quality. However, there is a need for improving the monitoring systems in order to address environmental issues adequately in both countries.

Propensity towards cross-border co-operation

Both Governments have established their national strategies to improve the management of the border. This is a very important step towards creating short- and long-term perspectives for co-operation and to prepare for EU integration of both Montenegro and Albania.

According to the Montenegrin foreign policy goals, strengthening bilateral co-operation with Albania represents a long-term interest and orientation of the Government. Relations between the two countries are not encumbered by any outstanding issues. Albania has strongly supported Montenegrin independence, and has recognised the new state of Montenegro since the beginning. These relations are significantly strengthened by the joint European and Euro-Atlantic prospects and

represent a positive example of good neighbourly co-operation in the region.

The propensity of the economic and institutional actors towards cross-border co-operation is increasing according to several indicators, whilst that of socio-cultural operators is satisfactory. The authorities from the Shkodër municipality regret the one-way direction of commerce: Podgorica, Ulqin and Shkodër blame the different price levels, and justify their insufficient activity at institutional level on political grounds. From the point of view of cultural activities on the other hand, several traditional festivals take place between the regions of Podgorica and Ulqin.

In 2008, Albania and Montenegro exchanged goods for 25,86 million € (exports: 5,9 million €, imports: 19,92 million €), whilst in 2007, their overall exchange was higher, 26,71 million € (exports: 16,26 million €, imports: 10,45 million €).

In 2008, Albania directly invested 1 million €, and in 2007 192,770 €. Diaspora plays a significant role as a linking bridge between the two neighbouring countries. Approximately 30,000 Montenegrins live in Albania. They are organised into two associations (“Rozafa-Morača” and “Alba-Montenegro”) and are committed to the preservation of their cultural identity and the promotion of co-operation between the two countries. 10% of the whole Montenegrin population belongs to the Albanian minority.

Albania officially recognised Montenegro on 12 July 2006, and diplomatic relations were established on 1 August 2006. Intense contacts with the highest state representatives of Albania mark the period following Montenegrin independence. An informal meeting of the Presidents of both countries took place in Vlora during the Presidents’ Regional Meeting at the initiative of Albanian.

The Speaker of Parliament of Albania, Ms Josefina Topalli, paid an official visit to Montenegro on 27 January 2009; the official visit of the Prime Minister of Montenegro, Mr Milo Đukanović, to Albania took place on 25 November 2008; the Minister of Foreign Affairs of Montenegro, Mr Milan Roćen, paid an official visit to Albania in November 2007, whilst the Minister of Foreign Affairs of Albania, Mr Lulzim Basha, paid an official visit to Montenegro on 5 June 2007.

Implemented projects

A significant project is the joint cross-border point of Sukobin-Murićani, an EU-funded project which will be the first joint border crossing in the Western Balkans.

According to the bilateral project, since 15 January 2009 the 220 km border line between Albania and Montenegro is patrolled jointly by both Montenegro and Albanian staff.

Joint efforts directed at enhancing co-operation in the area of tourism include plans to re-open the ferry routes of Bar-Durres and Virpazar-Skhodra. The possibility for co-operation also includes utilising the potential of Skadar Lake in order to develop tourism opportunities.

There are numerous initiatives underway which aim at intensifying co-operation as regards the transport infrastructure (the Tirana-Podgorica-Sarajevo road; the Adriatic-Ionian motorway; Podgorica-Plav through Albania; Skhodra-Bar through Vladimir; ferry routes Bar-Durres and Virpazar-Skhodra; navigation along the river Bojana; etc.).

As regards co-operation in the field of energy, the construction of the power

transmission line Podgorica-Tirana (400 kV) is an important project since it will strengthen the regional power grid through better control of voltage and an improved safety system in Albania, Montenegro and other adjacent countries. Of particular significance is the completion of the 2001 resolution establishing the Regional Co-operation Forum between Shkodër and Montenegro which will meet three to four times a year. The parties pledge to strengthen co-operation between local authorities in the fields of economy, trade, culture, arts, environment and folklore.

In the tourism sector, there is a project on the Montenegrin side for the improvement of Lake Shkodër's tourist potential, designed to boost nautical tourism and develop fishing trips. Lastly, a project carried out by the Italian internal navigation agency proposes to improve the Buna River and its navigability and to establish lake regulations, thus enhancing the tourism potential of the area.

"Shkodra Lake Day" was celebrated on 18 June 2006. It was a very significant day in the relations between Montenegro and Albania. Other joint projects aim at improving the environment and cultural heritage in the border areas through common actions of neighbouring communities.

Elements of Swot analysis

Strengths: Many indicators point to the strengths which might be generated from cross-border co-operation between the countries. The protocol of co-operation between Albania and Montenegro, the existence of the Regional Co-operation Forum between the Shkoder region and Montenegro, the free-trade agreement between the two countries, the implementation of the joint agreements and programmes for the conservation of Shkoder Lake and its basin area; developing the natural resources, Shkoder Lake and the cultural heritage for tourism; and other economic activities. The cross-border context, due to the favourable overall legal and institutional frameworks, seems to attract a good level of FDIs. Another factor contributing to the attractiveness of the area is the quality of the education, both at university level and for business development. Governments intend to invest in infrastructures to support the development of tourism industry in the areas surrounding Shkoder Lake. Being part of a regional transport network gives access to Corridors X and VIII, thus enabling traffic to flow from the inner Balkans to Central Europe. There has been an increase in traffic flow at cross-border points in the last few years. The border area is rich in natural resources and parks for eco-tourism development. Shkoder Lake and forests are of major environmental importance, rich in medicinal plants and numerous endemic plant species in a pleasant Mediterranean climatic belt. There are public research institutions and universities in Shkodra and Podgorica, new private education and research institutes, a vocational training network to improve employees' qualifications. Moreover, there is a common propensity towards implementing international accredited education programmes (especially at university level). The area has a relatively young and active population, with multicultural diversity, rich in cultural resources and heritage, creating a potential base for the future.

Weaknesses: There is an imbalance among the local administrative units in the field of social and economic development, limited capacities of the local-self govern-

ment authorities, a poor information and communication infrastructure, significant inequality between urban and rural development, insufficient experience for identifying and implementing joint programmes and cross-border projects, a lack of awareness of international standards to improve access to regional and EU markets. The poor condition of the secondary road network, together with unfavourable weather conditions in winter and under-equipped border crossing points for transport of goods are an obstacle to transport and communication. The technology sector, the labour intensive industries and agriculture are not adequately developed to European standards. Environmental standards are very low. There is a lack of proper waste water treatment and sewerage facilities which leads to increased pollution of water and soil. Although many particularly sensitive ecosystems when require a high level of protection exist in the area, the natural resources have yet to be recognised as a significant source of benefits that need protection. EU environmental legislation is insufficiently implemented in the area. There is lack of a skilled workers for specific industry and agro-processing needs due to demographic deterioration (ageing population) and increased labour migration to other countries. There are insufficient capacities to absorb and implement human and natural resources for the benefit of society. Consequently, there is a lack of practical exposure and a low level of technical knowledge which leads to the creation of a labour force that does not meet the standards of the new market. Also, the inability to develop the shared cultural heritage with the other side of the border, the insufficient protection and preservation of historical and archaeological sites, inadequate service delivery, such as continuity and quality of water and electricity supply, hamper the development of a potentially successful touristic area.

Opportunities: Many opportunities exist as a result of cross-border co-operation in the area of both countries. These opportunities are: the creation and development of integrated tourism in lake, coastal and mountain areas; the development of various mechanisms and instruments to facilitate the establishment of partnerships for cross-border initiatives; the increase in the capacity of civil society organisations to participate in joint programmes and the development of public-private partnership initiatives; co-operation among agencies supporting small businesses, urban centres and development agencies, the fostering of economic connections between Albanian and Montenegrin enterprises. Infrastructures also create great opportunities for development and improvement of the quality of life in the border area. Better use of the existing communications and transportation networks creates opportunities for improving the movement of people and goods, whilst the Adriatic-Ionian main road could mean that Albania and Montenegro become part of the modern European transport routes. Environmental protection creates opportunities through increased investments in water supply services and sewage systems as the area is rich in natural resources that have been relatively well preserved as a result of the lack of developed industries. The opportunity for expanding national parks and reserves and for cross-border management of natural resources should develop as a result of increased public awareness of environment protection needs and the development of local capacities (local self-government units and non governmental organisations) to undertake proper

environmental impact assessments before permits for investment activities are issued. Education and professional training also generate enormous opportunities. The improvement in the level of vocational education has a direct impact on the qualifications of the labour market, as it makes it more attractive for foreign enterprises to settle in the area. Implementation of different courses for upgrading present qualifications, existing opportunities for increasing employment potential in the private sector and market demand-driven entrepreneurial initiatives are also opportunities to be developed. Opportunities also come from the development of cultural and natural tourism, through joint strategies and programmes for their development. These require the protection and promotion of historical and cultural heritage, the creation of facilities, the development of specialised lake and mountain tourism, the planning of city visits, as well as the strengthening of local institutional capacities related to cultural and tradition issues.

Threats: The mountainous geography and low quality of road and rail infrastructure have a negative impact on local economic development. Delays in the adoption and enforcement of adequate legal frameworks hamper the implementation of strategic regional and local development programmes. Insufficient local financial resources for reconstruction and maintenance of poor infrastructure and illegal construction work in protected coastal areas represent a threat to cross-border cooperation. The under equipped local-self government administrations, the lack of incentives and capacities of public sector employees to keep up with demanding reform programmes, delays in solving property issues and insufficient electrical infrastructures are also significant obstacles to the development of the area. Environmental issues: there are no solid waste landfills built to EU standards and no proper environmental impact assessment carried out before activities are started. There is lack of control over and indeed excessive exploitation of the natural resources, which lead to environmental damage (of native species and biodiversity) and a negative impact quality of life and welfare of the population. The concentration of economic activity and opportunities for employment solely in the major cities causes depopulation of the rural settlements and, as a result of rigid labour regulation, non-registered labour forces exist. Along the border area, the social infrastructure exhibits many weaknesses, with the rural and mountain regions being particularly affected. Little attention is paid to the protection and preservation of cultural and historical heritage, due to a lack of economic resources to this end. Local authorities are not aware of the benefits that cultural and historical heritage can bring to the local communities.

4. BOSNIA AND HERZEGOVINA–CROATIA



Geographical and historical background

The 842 km border separating Croatia from Bosnia and Herzegovina runs from east to west and then south, from the junction with the border with Serbia on the Sava river to the border with Montenegro south-east of Dubrovnik. The border first runs along the Sava river, then along the Una river until it reaches Bosanski Novi; it then veers south-west and afterwards heads back near Bihac. It then veers south-east along the Dinaric Alps, cutting across the Dalmatian hinterland (Zagora) and the Herzegovinian Karst area towards the Neretva valley. The demarcation line breaks north-west of Dubrovnik cutting a strip of coast from the Croatian territory, thus leaving a small coastal outlet for Bosnia and Herzegovina. The border starts again after a few kilometres running parallel to the Adriatic coast; it finally ends on mount Orjen at the junction with Montenegro. The current border is the result of the demarcation line dating back to the 17th and 18th centuries; it was acknowledge by Austro-Hungarian Croatia, Ottoman Bosnia, Venetian Dalmatia and the Independent Republic of Ragusa (Dubrovnik). The northern demarcation was established following the Karlowitz Treaty in 1699, with two subsections drawn up later in the Passarowitz Treaty. The portion extending from Bihac to the Dinaric Alps is the result of the 1791 Sistova Treaty. Most of the border that divides the present-day Croatian Dalmatia from Bosnia and Herzegovina runs along the “Mocenigo Line”, Venetian Dalmatia, dating back to 1718. Lastly, the Bosnian coastal outlet dates back to a demarcation created in 1700, the southernmost section running along the border of the Independent Republic of Ragusa (Dubrovnik) established in the 14th and 15th centuries. Throughout the 18th century until 1918, this demarcation traced the

border of the Austrian provinces of Croatia-Slavonia, Dalmatia and Bosnia-Herzegovina, which rejoined the empire in 1878 after a long period of Ottoman rule. In 1945, this border divided the Socialist Republics of Croatia and Bosnia-Herzegovina, with the only change involving a group of Croatian villages which were handed over to Bosnia and Herzegovina, thus bringing the borderline to Mount Pljesevica near Bihac. Apart from a few minor changes in the 1950s, the border remained the same until 1991, when it became an international border (no longer an administrative division) between the two post-Yugoslav Republics of Croatia and Bosnia and Herzegovina. Although the border was internationally recognised in 1992, there have been serious objections since the beginning of the 1990s, beginning with the establishment of two independent Serbian states on both sides of the border which basically controlled the entire border area: the Serb Republic of Krajina (dissolved in 1995) and the Serb Republic of Bosnia and Herzegovina. Both Republics made a clear attempt to merge into one single state. On the Croatian side, the border area was under UN control as a protected zone from 1992 to 1998 (UNPA). Afterwards, Croatia gained full territorial sovereignty and today the border area on the Croatian side is divided into nine administrative unions called *zupanje* (counties): Vukovarsko-Srijemska, Brodsko-Posavska, Sisacko-Moslavacka, Karlovačka, Licko-Senjska, Zadarska, Šibenjsko-Kninska, Splitsko-Dalmatinska and Dubrovacko-Neretvanska. On the Bosnian side, the border area is firstly divided into two sub-national units called the Federation and Republika Srpska. Then there are further administrative divisions and in the Federation, the area is divided into the following counties: Buzim, Bosanska Krupa, Velika Kladusa, Cazin, Bihac, Drvar, Livno, Bosansko Grahovo, Tomislavgrad, Posusje, Ljubuski, Čapljina, Neum, Ravno and Orasje. As for Republika Srpska, the administrative units are: Bosanski Novi/Novi Grad, Bosanska/Srpska Kostanjica, Bosanska Dubica/Kosarska Dubica, Bosanska Gradiska, Srbac, Derвента, Bosanski/Srpski Brod, Odsak/Vukosavlje, Srpsko Orasje, Brčko and Bijeljina.

Economic and infrastructural characteristics

From the dissolution of Yugoslavia onwards, several problems have arisen in the southernmost part of the border between Croatia and the region of Herzegovina, which is under Bosnia and Herzegovina's sovereignty. In fact, some political parties, both in Croatia and in Bosnia and Herzegovina, considered Herzegovina as a sort of integral part of Croatia for ethnic and political ties. Thus, an implicit system of free movement for people and goods was in force on this border, which led not only to smuggling but also to drug trafficking and illegal immigration throughout the 1990s. However, the progressive normalisation of the Croatian-Bosnian relations laid foundations for closer and more structured cross-border co-operation between the two countries. The state border agreement, signed in 1999, allowed for the development of transnational interactions under the umbrella of international law. In particular, some sections of the border between Croatia and Bosnia and Herzegovina, which is the longest in the western Balkans, do not enjoy a clear legal status and for this reason, the everyday practice of border crossing and transits can sometimes be complicated. For instance, sections of the Una river and villages at the base of Mount Plješevica are cadastrally part of Croatia, while some are part of

Bosnia and Herzegovina, which causes an excessive number of border crossings on a single route and impedes any serious development in the region. The Zagreb-Bihać-Split railway line is still closed to major traffic for this reason. The Karlovac-Bihać-Knin road, which is on the European route E71, is increasingly becoming disused because Croatia has constructed a separate motorway to the west of it. Also, the border on the Sava river, between Hrvatska Kostajnica on the northern, Croatian side of the river and Bosanska Kostajnica on the southern, Bosnian side, is under discussion. A river island between the two towns cadastrally belongs to Croatia but is controlled by Bosnia. The countries have been discussing the construction of an international border crossing on this river island. Close to the Adriatic coast, the Herzegovinian municipality of Neum in the south makes the southernmost part of Croatia an exclave, and the two countries are negotiating special transit rules through Neum to compensate for this. Recently, Croatia has opted to build a bridge to connect the Croatian mainland to the southernmost Croatian territory (exclave), but Bosnia and Herzegovina has protested and announced that it will close access to the international waters (even though the Croatian territory and territorial waters surround Bosnian-Herzegovinian ones completely) and has suggested that the bridge must be higher than 55 m to allow for free passage of all types of ships. Negotiations are still underway.

Cross-border declarations and agreements

The infrastructure problems and the above-mentioned border issues, which are also due to the fact that the border is physically very long in a geographically uneven territory, have been addressed by a number of treaties signed by the two state Governments. First of all, the Treaty on border traffic and co-operation (2003), which has five annexes covering “mutual locations at border crossings” – the zone of mutual locations at the border crossings of Metkovic-Doljani, Klek-Neum, Zaton Doli-Neum, Licko Petrovo Selo-Izacic and Maljevac-Velika Kladusa. Croatia and Bosnia and Herzegovina have also signed treaties which are quite relevant for cross-border relations because they have settled sensitive international issues and enhanced the implementation of more structured transnational activities. Among them, the Protocol on the establishment of tri-border points between Croatia, Bosnia and Herzegovina and Serbia and Montenegro (2003), the Treaty between the Government of Croatia and the Council of Ministers of Bosnia and Herzegovina on the mutual abolition of visa requirements (2003), the Agreement between the Government of Croatia and the Council of Ministers of Bosnia and Herzegovina on the inland waterway traffic – marking and preservation (2004) and the Agreement between the Government of Croatia and the Government of Bosnia and Herzegovina on the joint financing of the maintenance of the regional drainage system of the Komarna-Neum-Mljetski Canal (2004). Most recently, Croatia and Bosnia and Herzegovina have signed an important agreement which defines the standard operating procedure of the Croatian State Directorate for Protection and Rescue and the Ministry of Security of Bosnia and Herzegovina for offering cross-border assistance in open space fire fighting. Such rules strengthen the perspective for joint operations and allow closer co-operation in the field of civil protection.

Propensity towards cross-border co-operation

To date, specific analysis of this border area indicates that an efficient cross-border co-operation activity between actors operating at formal, organisational and institutional levels has not yet fully developed. The planning and signing of some important bilateral agreements between Croatia and Bosnia and Herzegovina concerning cross-border traffic, co-operation and joint efforts in fighting organised crime has taken place, but the quality and volume of cross-border co-operation remain low up to now. Factors delaying the development of stronger cross-border co-operation are the problems arising from the democratic stabilisation process which is still under way in Bosnia and Herzegovina and include the multilateral issues of refugees return and civil society support. Moreover, a complete reform of public administration is necessary in both countries, including justice and home affairs related areas which are crucial for the establishment of good governance and the institution-building process in post-conflict society.

Implemented projects

There is no considerable evidence of cross-border co-operation between Croatia and Bosnia and Herzegovina, particularly during the 1990s. However, the situation has been changing quite rapidly. One of the reasons for this is that the nature and the quantity of implemented projects at the border between Croatia and Bosnia and Herzegovina are strongly influenced by the special status enjoyed by Bosnia and Herzegovina since most of the cross-border co-operation in Bosnia and Herzegovina relies greatly on support from EU programmes and funds. Since the start of the war in 1991, European Community assistance to Bosnia and Herzegovina has totalled more than 2.5 billion €. After the end of the war in 1995, the PHARE, OBNOVA and CARDS programmes have provided about half of that sum. Since 2001, the main source of EU assistance for Bosnia and Herzegovina has been the CARDS programme, which is clearly orientated towards cross-border relations. With the CARDS programme, the focus is somehow shifting from post-war assistance to institutional capacity-building and economic development. In the period 2001-2006, the European Community has supported Bosnia and Herzegovina to the tune of over 500 million €. Currently, CARDS assistance mainly supports the implementation of the priorities identified by the European Partnership – establishing stronger cross-border ties with a view to overall regional stabilisation. The following core areas were identified in the framework of the 2006 CARDS annual programme. “Democratic Stabilisation”, support to Bosnia and Herzegovina for the completion of the return and re-integration of refugees and internally displaced persons and for the continuation of the political and institutional reform of the media sector. “Good Governance and Institution Building, including Justice and Home Affairs and Public Administration Reform” – the improvement of the performance of Bosnia and Herzegovina in the justice, freedom and security sectors and in the strengthening of capabilities of the public administration to perform its public and policy-making functions. “Economic and Social Development, including the Environment” – support

to improve the investment climate and to promote trade, to enhance transport and environment-related infrastructure, to strengthen Bosnia and Herzegovina's capacity in the area of the environment and to reform the education and employment sectors. Finally, "Community Programmes" – the need to assist Bosnia and Herzegovina when it starts to participate in Community programmes. Bosnia and Herzegovina has remained a focus country for the European Initiative for Democracy and Human Rights and benefits from the LIFE environmental programme and the 6th Framework Programme for Research and Development. Support in de-mining has continued under the Anti-Land Mines Action Programme. A new Instrument for Pre-accession Assistance (IPA) covering the period 2007-2013 will streamline all pre-accession assistance in a single framework. Bosnia and Herzegovina, as a potential candidate country, will benefit from its transition assistance and institution building and cross-border co-operation components. The IPA regulation entered into force in August 2006.

Elements of Swot analysis

Strengths: Intense cross-border informal networks, a high level of mutual cultural knowledge, integrated markets, EU and international interests in stabilising and developing the border area.

Weaknesses: The length of the border and material difficulties in performing police activities, inter-ethnic tensions, national antagonism, low technological and economic levels, weakness of institutions, lack of integrated management, public administration still to be reformed.

Opportunities: Improved democratisation process, higher institutional stabilisation, boost to public administration reforms, higher participation in EU affairs.

Risks and threats: Nationalism, institutional collapse, proliferation of organised crime, institutionalisation of bad governance practices.

5. BOSNIA AND HERZEGOVINA–SERBIA



Geographical and historical background

The border between Bosnia and Herzegovina and Serbia runs south for approximately 300 km from the triple junction with the Croatian border on the Sava river to the other triple junction with the Montenegrin border.

The border was established in its present form in the 19th century during the Ottoman rule. At one time, the border separated Bosnia from the principality of Serbia, and gradually evolved between 1815 and 1833. It remained unchanged after the Berlin Congress (1878) when Bosnia passed under Austrian sovereignty and Serbia was recognised as an independent state. Only the stretch south of the Lim river (towards the Tara river) was fixed after the 1912-1913 Balkan War, when Serbia expanded into the Turkish province of Novi Pazar. Both Ottoman and Austrian Bosnia had a narrow seafront outlet (Sutorina) near the Kotor Straits.

After 1995, the border between Bosnia and Yugoslavia, though unchanged, became the border between the Federal Republic of Yugoslavia and Bosnia and Herzegovina (Republika Srpska).

The Serbian municipalities bordering Bosnia and Herzegovina are Pribos, Cajetina, Uzice, Bajina Basta, Ljubovija, Mali Zvornik, Loznica, Sabac and Bogatic. On the Bosnian side are the municipalities of Bjelina, Zvornik, Bratunac, Srebrenica, Višegrad, Rudo, Cajnice and Srbinje (Foca). The total population in the border area is approximately 370,000 inhabitants on the Serb side, and on the Bosnian side it is 322,876 inhabitants (1991 census) minus the refugees whose number is still uncertain (for example, Srebrenica counts 37,211 inhabitants, of which 8,023 are refugees). The population on the Bosnian side accounts for 19.9% of the total population of Republika Srpska, as calculated in 1991 (1,623,842 inhabitants) but 22% based on the year 2000 estimate (1,449,000); and it accounts for 8.1% of Bosnia and Herzegovina's total population (3,972,000 inhabitants). The ethnic composition in the Serb municipalities

in the border area presents a Serb majority and a 2.7% Muslim minority (Source: University of Beograd; elaborated from local data).

Economic and infrastructural characteristics

The border area between Serbia and Bosnia and Herzegovina has great industrial and agricultural development potential, being an area where the industrialisation process had already begun. Tourism is a very important resource, especially in the Slatibor mountain area, which is also very well served by the road system. A disadvantage in this respect is the lack of highways and motorways. Travelling times also pose a problem on the railways, especially on the Bar-Belgrade line (550 km), which is of fundamental importance for Serbia but where the average travelling time is 12 hours (the average speed being 30-40 km p/h.). River connections are also problematic: it is still impossible to navigate the Drina river. There are, however, ten useful border crossings to ensure a good links between the two countries.

Economic activities in the Serbian border areas may be divided up as follows: mining industry, 34%, with the highest percentage concentration in the Priboj municipality (65.4%); agriculture and fishery, 33.8%, with the highest percentage concentration in Bogatic (79.6%); transport, 6.6%, with the highest percentage concentration in Uzice (15.6%); tourism and hotel industry, 3.1%, with the highest percentage concentration in Cajetina (14.3%); wood industry, 0.7%, only in Uzice (1.7%) and in Loznica (4.7%).

Cross-border declarations and agreements

Relations between the Federal Republic of Yugoslavia (now Serbia) and Bosnia and Herzegovina were for the most part set down in the 1995 Dayton Agreement. According to this Agreement, Yugoslavia could establish special relations with Republika Srpska (special institutional co-operation agreements already being in force) on the basis of mutual interests and especially given the presence of a Serb majority in both countries. Cross-border co-operation is therefore satisfactory. As to territorial and environmental planning, the function of the Drina river as a border demarcation goes hand in hand with its potential as a water reservoir, an energy source and a tourist resource. The opening of new river ports on the Serbian side and the construction of the new rail segment Valjevo-Zvornik in Bosnia foster relations between the parties.

Cross-border mobility is very intense and the border may be crossed without a passport. This fosters small border trade as well as joint associative and sports initiatives (for example, friendly football matches, tournaments, etc.).

Co-operation in the sectors of education and culture is more problematic because the two systems differ greatly. For example, in Bosnia and Herzegovina, education is differentiated on the basis of religion. As such, there is little co-operation in this field, just a mutual exchange of information, which recently led to the introduction of Serbian textbooks in Republika Srpska.

Propensity towards cross-border co-operation

In order to understand the evaluation of the propensity to co-operate of these countries, it must be kept in mind that practically the whole border between Serbia and Bosnia and Herzegovina covers the area between Serbia and Republika Srpska as a specific entity of Bosnia and Herzegovina. Some variables are therefore delicate since some issues relate to two states (Bosnia and Herzegovina), but border co-operation could be on the ground only between state of Serbia and entity (Republika Srpska). Training and co-ordination of the Serbian and Bosnian institutional actors in cross-border co-operation are considered insufficient as regards both planning and implementation. There are serious shortcomings in the business approach and a lack of trust (due to recent events) in the co-ordination of the different agencies. Furthermore, the recent establishment of political borders, often contested and not perceived as such by the local population, translates into insufficient cross-border initiatives simply because the concept of "cross-border planning" is unclear to the inhabitants. Lastly, the limited knowledge of customs laws and provisions poses yet another obstacle. Consequently, there is virtually no concrete activity other than national and international planning, which often offers no financial contribution to local activities. Therefore, even in those areas where a mild propensity towards cross-border co-operation is present, it does not translate into concrete activities.

The greatest obstacles to cross-border co-operation can be seen in the strong centralisation of the administrative structures and in the low financial and decisional autonomy of the municipalities. Furthermore, on the Bosnian side, the two tiers of political power with Republika Srpska overlapping Bosnia and Herzegovina's central state cause some decisional ambiguity.

Taking into consideration the variables listed in the SWOT analysis, the following changes and processes deserve a special mention. Republika Srpska uses educational curricula and textbooks from Serbia at all educational levels except at university level. For the third time, in October 2006, a special contract for special and parallel relationships between Serbia and Republika Srpska was signed. This kind of relationship is permitted and foreseen by the Dayton Agreement. It opens up methods of exchange and has a positive influence on cross-border co-operation. Common action includes anti-pollution measures for the Drina from the Bosnian-Herzegovinian side, which is exposed to pollution from industrial plants on its banks. Belgrade Airport is assisting in the reconstruction of Banja Luka Airport. Taking into consideration only the Serbian majority in the border area, the level of trust and knowledge is high and positive. If the variable takes into consideration Muslims living on the Bosnian-Herzegovinian side of border, the level of trust and knowledge is definitely lower. The left bank of the Drina river is agricultural with almost no industry. On the other hand, the Serbian side has many industrial plants. Electricity plants on the Drina river are in joint property. It is worth noting that according to the bilateral agreement between Serbia and Bosnia and Herzegovina, customs do not exist. The same applies to Republika Srpska. From time to time however, Bosnia and Herzegovina has looked to introduce taxes and customs on agricultural products because the foreign exchange balance sheet is in Serbia's favour. Bosnia and Herzegovina as a state signed the Madrid Convention has signed

and ratified the Madrid Convention. On the other hand, neither Serbia nor its predecessors have signed documents related to these variables. Greater financial independence of municipalities is foreseen in the new Serbian Constitution which only went to referendum on 28 October 2006. There is no direct rail link between the border areas. The existing railway goes through Croatia. A project for a direct line to Bjeljina is underway. Nearly all the bridges on the Drina river are old and unsafe, but reconstruction has begun. Roads connecting both sides via these bridges are also under construction.

Implemented projects

As a result of the above-mentioned difficulties, only five projects have been implemented in this border area. Three of them involve the entire border area, whilst the other two involve the Serb municipalities of Uzice and Banja-Basta. The projects "City for democracy" and "School for democracy" belong to the first group and were both launched in the year 2000. Their impact was however limited, whereas the project "Energy for democracy" was effective. In the second group are two identical projects named "School for democratic Serbia" (2000) which were launched separately in the above-mentioned municipalities.

In May 2001, a bilateral agreement was signed, designed to establish an International Co-operation Council between the Federal Republic of Yugoslavia and Bosnia-Herzegovina. This agreement enables relations develop based on friendship, collaboration, trust and respect. This Council will facilitate mutual consultations and will co-ordinate activities of common interest in all sectors.

A second agreement, dated March 2001 and ratified in May, concerns the special relations between the Federal Republic of Yugoslavia and Republika Srpska. This agreement promotes the principles of the Dayton Agreement and those of the Constitutions of Bosnia and Herzegovina and Republika Srpska. It involves co-operation in the economic, legislative, educational, cultural, sports and medical sectors.

Elements of Swot analysis

Strengths: Strong points in the border area are demonstrated by its industrialisation, bauxite production and the ten easily accessible border crossings which guarantee good links between the two countries. Besides these aspects, there is also good cross-border co-operation between the two political bodies based on the presence of a Serb majority and shared interests; the Dayton Agreement (1995) also contributed to this, establishing provisions for the relations between Yugoslavia and Republika Srpska.

Weaknesses: The main weak point is in the inadequate infrastructures: lack of motorways, slow rail travel times (the Bar-Belgrade line) and problematic navigation of the Drina river.

Opportunities: The border area has good industrial and agricultural development potential thanks to the Serbian privatisation process. It also has good tourism potential thanks to the Slatibor mountain area, which is an important resource and well-served by the road system. The Stability Pact plays an important role in

the area's development through the immediate and considerable resources it mobilises.

Risks and threats: Bosnia is in danger of losing its human resources due to the population flow towards Serbia. Furthermore, mention must be made of the high centralisation of administrative structures and the low financial and decisional autonomy of municipalities. Finally, decisions are hampered by the complexity of the institutional settings and the existence of several tiers of government.

6. BOSNIA AND HERZEGOVINA–MONTENEGRO



Geographical and historical background

Relations between Montenegro and Bosnia and Herzegovina have formed part of common history during its ancient, medieval and modern period. The area was initially inhabited by the Illyrians; then the period between the 5th and 7th centuries saw the occupation from the Slavic tribes which dominated the area until the 14th century when the Turkish Empire overruled the Serbian power over the Balkan territory.

After the Balkans War, the new territorial map of the Balkans was drawn up and after 1945, Bosnia and Montenegro were part of the Socialist Republic of Yugoslavia Federations, enjoying the status of the Republic. As a result of the internal and external political situation, in 1989, the Yugoslav Federal Republic dissolved. The Serb-Bosnian War of 1992 led to the creation of the new multi-ethnic state of Bosnia and Herzegovina, while Montenegro became part of the Federal Republic of Yugoslavia until 3 June 2006, when it declared its independence. After that, on 26 June, it became the 192nd member of the United Nations.

Bosnia and Herzegovina recognised Montenegro as an independent state on 21 June 2006, and diplomatic relations at ambassadorial level were established as of 14 September 2006.

The cross-border area between Montenegro and Bosnia is located in the south-eastern part of Bosnia and Herzegovina and in the north-western part of the Republic of Montenegro. The area is mostly mountainous, with an average altitude of more than 2,000 m. The rivers flow into either the Adriatic Sea or the Black Sea basin. In the mountains, the rivers flow in deep canyons, such as the Tara River Canyon, the deepest in Europe, 78 km long and 1,300 m high. There are around 40 natural and seven artificial lakes in the area. This region is rich in water and forests that cover 32% of the territory. The northern part of the region is characterised by a

continental climate, with cold winters and hot, humid summers, with well distributed rainfall patterns and heavy inland snowfall. The southern part enjoys a more Adriatic climate with hot, dry summers and autumns and cold winters. Differences in elevation and proximity to the Adriatic Sea, as well as exposure to the winds, account for variations in climatic conditions.

Economic and infrastructural characteristics

Bosnia and Herzegovina and Montenegro are members of the Central European Free Trade Agreement, which complements the EU Stabilisation and Association Agreement for the two countries, providing a good framework for economic development and regional co-operation. The economy of the cross-border region is mainly based on agriculture and agro-industry. The economic sectors with the biggest potential in the cross-border region are agriculture, tourism, light industry and energy production. Economic co-operation between Montenegro and Bosnia and Herzegovina is marked by positive trends. In 2008, direct investments from Bosnia and Herzegovina in Montenegro amounted to 6.53 million €, whilst in 2007 they amounted to 5.13 million €. The overall foreign trade exchange between Montenegro and Bosnia and Herzegovina is increasing from year to year. In 2008, foreign trade between Montenegro and Bosnia and Herzegovina amounted to 167.38 million € (import from Bosnia and Herzegovina was 140.89 million €, whilst export was 26.49 million €). In 2007 foreign trade with Bosnia and Herzegovina amounted to a total of 102.1 million €. The Montenegro National Tourism Organisation opened its office in Sarajevo on 5 May 2009. In 2008, 98,822 tourists from Bosnia and Herzegovina visited Montenegro and 805,919 overnight stays were recorded. 101,394 tourists from Bosnia and Herzegovina visited Montenegro in 2007, with a total number of 703,472 overnight stays.

It should be pointed out that the economic development indicators of the cross-border area are relatively low compared to the national level. Average GDP per capita in Bosnia and Herzegovina was 2,100 € in 2006, while in Montenegro it amounted to 1,809.37 € in the border area.

The infrastructures in the border area are in a poor condition as a result of lack of investments, which were directed instead towards the development of the more industrial regions of the two countries. The roads and the railways are in a very poor condition as a result of a low level of investment for maintenance and expansion during the period of crisis, as well as due to the overall distance of the cross-border area from the strategic national axes and corridors of both countries. No highway passes through the border area. The largest part of the road network consists of class 1 roads and local, class 2 roads. The main class 1 transport routes going through the area are: Sarajevo-Foca-Niksic-Podgorica and Mostar-Trebinje-Niksic-Podgorica. There are no rail border crossings between the two countries. The small Bosnian and Herzegovinian rail network is in poor condition. It is underdeveloped and not fully electrified, limiting its potential for providing effective transport. In the Montenegrin part of the area. Only one minor rail link, mainly used for cargo transport, stretches from Niksic, outside the border area, towards Podgorica and Bar. There are three international airports near the region – Tivat, Mostar and Sarajevo. One small air-

port for general aviation is located in Niksic. Hydro plants are favoured by the geography of the area. As a result, energy supply is more than sufficient on both sides of the border. The rivers make up 50% of the hydro-potential in both countries. In Bosnia and Herzegovina, there are five hydro-power plants on the river Neretva and three more on the river Trebisnjica. The average annual power production in the eight hydro-power plants amounts to 4.918 GWh and the average annual production in the thermal power plant of Gacko is 2.153 GWh. This makes for a substantial part of this kind of energy production in Bosnia and Herzegovina. The Perucica hydro-power plant near Niksic is being modernised with an investment of 3.6 million €, with the potential to provide the entire country with an uninterrupted power supply, reducing the dependency on foreign suppliers.

Electricity, coal mining, forestry and wood processing and the textile and leather industry are the main industrial activities. Both countries have a good basis for the industrial processing of agricultural products (medicinal herbs, manufacture of confectionery, meat, beer and juice, grain mills with silos, dairy farming plants, bakeries, fruit processing factories, grape processing and wine-making).

Apart from tourism, services are currently not statistically considered as a separate sector in the economies of Bosnia and Herzegovina and Montenegro – the figures are usually included with other sectors. A variety of services such as administration, banking, education and social and health care are mainly available in urban areas, and in short supply in rural areas. Administrative services are linked to legally-defined administrative units, i.e. municipalities, and thus located within them.

Tourism in Montenegro is in a phase of rapid expansion. In 2005, 820,000 tourists visited Montenegro, of which 272,000 were foreigners. This represents nearly a 17% increase compared to the previous year. There were 856,932 visitors to Bosnia and Herzegovina and 820,457 to Montenegro in 2005.

There is a well-developed education system. In the majority of cities, less than 2% of the inhabitants are illiterate. Secondary schools are located in every city of this area. The educational systems of Bosnia and Herzegovina and Montenegro are similar, with compulsory primary education and non-obligatory secondary and higher education, which takes place mainly in public schools.

From a natural, geographical and environmental point of view, the Bosnia and Herzegovina and Montenegro border area is fairly homogeneous and is characterised by a well-preserved natural environment with low pollution levels. However, the area has some “pollution hot spots” that create serious problems. There are three National Parks (Durmitor, Biogradska Gora and Sutjeska) and five protected areas.

Cross-border declarations and agreements

Both Governments intend to push ahead with the cross-border collaboration on a legal basis.

An agreement on international road transport of passengers and goods between the Government of Montenegro and the Council of Ministers of Bosnia and Herzegovina was initiated on 12 September 2008. To further develop relations between the two countries, particular attention is paid by the two Governments to the reconstruction of the railway route Podgorica-Nikšić-Šćepan Polje-Sarajevo (18km

long) and the restoration of rail transport between Nikšić and Čapljina. This is envisaged by the Memorandum on drafting project documentation on joint activities signed by the two states on 4 March 2008.

Common use of the river basins of Trebješnjica, Piva, Tara and Drina and the Bilećko Lake create good co-operation possibilities between Montenegro and Bosnia and Herzegovina in the field of hydro-energy production. There are seven border crossings along the border. Only four of these, however, are considered international border crossings.

Propensity towards cross-border co-operation

Permanent dialogue and good will as regards collaboration have led to very good relations between Montenegro and Bosnia and Herzegovina.

The President of Montenegro, Mr. Filip Vujanović, paid an official visit to Bosnia and Herzegovina from 22 to 23 May 2009, while the Prime Minister of Montenegro, Mr. Milo Đukanović, paid an official visit to Bosnia and Herzegovina on 1 December 2008.

Furthermore, the Minister of Foreign Affairs of Montenegro, Mr. Milan Roćen paid an official visit to Bosnia and Herzegovina on 12 November 2008.

On the other side, the President of Republika Srpska, Mr. Rajko Kuzmanović, paid an official visit to Montenegro on 10 October 2008, while the President of the Government of Republika Srpska, Mr. Milorad Dodik, and the Speaker of the Parliament, Mr. Igor Radojičić, paid an official visit to Montenegro on 3 July 2008.

The Speaker of the Montenegrin Parliament, Mr. Ranko Krivokapić, paid an official visit to Bosnia and Herzegovina on 18 and 19 February 2008. The Speaker of the Parliament of Republika Srpska, Mr. Igor Radojičić, visited Montenegro on 4 February 2008. The Chairman of the Presidency of Bosnia and Herzegovina, Mr. Željko Komšić, paid an official visit to Montenegro on 10 December 2007. On this occasion, the Embassy of Bosnia and Herzegovina in Montenegro was officially opened. A member of the Presidency of Bosnia and Herzegovina, Mr. Nebojsa Radmanović, paid an official visit to Montenegro on 10 April 2007.

These bilateral visits demonstrate the good will to advance the collaboration between the two countries in the long-term.

Implemented projects

Starting in 2004, Bosnia and Herzegovina stakeholders participated in 17 projects within the Interreg III A programme (with “in kind” contributions mainly). Most of them were only formally included in the CBC projects with Italian lead partners, but the experience gained in that period and the connections established with partners from Italy represented a good basis for the subsequent co-operation. The first real experience with the CBC and transnational co-operation projects was gained through the last Call for Proposals of the two New Neighbourhood Programmes, in which Bosnia and Herzegovina participated in the period 2004-2006: Interreg III A Adriatic NNP and Interreg III B CADSES transnational programme. The last Call for Proposals of the CADSES programme resulted in two projects which

included Bosnia and Herzegovina partners, financed from the Regional CARDS funds 2004-2006. Out of 93 projects approved within the Adriatic NNP, 28 projects included Bosnia and Herzegovina partners. The number of projects submitted proved that there was a significant interest by Bosnia and Herzegovina partners in this kind of programme. However, the understanding of requirements related to NNP modalities was limited and the quality and size of projects to be implemented in Bosnia and Herzegovina remained low. Until 2006, Montenegro was part of the Union of States with Serbia and therefore experience regarding cross-border and transnational co-operation was mainly related to programmes where these two countries participated together. The first experience of Montenegro was participation in the Interreg III A Adriatic Programme and the Interreg III B CADSES transnational programme. The last Call for Proposals of the Adriatic NNP resulted in 93 approved projects, 12 of which included Montenegrin partners; whilst within the CADSES Programme, Montenegrin partners participated in two projects financed from the Regional CARDS funds 2004-2006. Through those initial cross-border and transnational projects, Montenegrin partners started to increase their awareness of cross-border and transnational programmes and to gain knowledge and skills from their partners. Several municipalities and civil society organisations located in the southern and central parts have been partners in the implementation of projects within the programme. Although steps have been made, it is necessary to continue with to creation of adequate structures for intensive communication and provision of information in order to establish operational and sustainable partnerships.

Elements of Swot analysis

Strengths: Many factors and indicators highlight strong points regarding economic aspects. The CEFTA agreement has been signed. The textile and chemical industries, energy production and supply and metal and food processing industries already exist and are undergoing a restructuring process towards more competitive economic development. The area has a well-developed craft industry, a suitable climate for wine-making and the cultivation of fruit, vegetables, tobacco, medicinal plants and herbs. In this area there is a tradition in the processing of certain agricultural products recognized in foreign markets, and there are favourable natural and cultural conditions for tourism. Good support structures transform the diverse and well-preserved natural environment (natural parks and protected areas) into benefits for society in the border area. There is a mountainous area with an abundance of forests and water resources, such as lakes, clean rivers, mineral and thermal springs and a coastal region with good quality beaches with the subtropical Mediterranean and continental climate. Other strengths are the cultural similarities and the absence of language barriers and the shared history of both countries which create a solid basis for cultural understanding, confidence-building and cross-border co-operation and good neighbourly relations. Clean water energy resources come from fast-flowing rivers. There is a basic transport infrastructure in the form of class 1 roads and three international airports that function as main gateways to Europe. Educational and research activities are a strength for the border area: the presence of universities

and centres for higher education, research institutions and well-developed primary and secondary education are the tangible signs of this. The rich biodiversity of the area, the favourable conditions for diversified tourism and agriculture, the rich cultural heritage of history, architecture, tradition and folklore, cultural similarity and social coherence are strong points regarding the collaborative activity of communities in the border area. Legislation on local self-government and the ongoing decentralisation process, good bilateral relations and the existence of co-operation agreements and experience in implementing common programmes indicate potential for good cross-border cooperation..

Weaknesses: Natural conditions generate weaknesses regarding cross-border co-operation between the two countries. The border area is located in a place which is difficult to reach from the major economic centres of the two countries as the topography of the region hampers the development of transport infrastructure, while some areas remain closed due to presence of land mines. The demographic trends also offer negative indicators in the border area. There are low living standards and an ageing rural population. The internal migration of young people and the skilled workforce to urban centres and foreign countries deplete the labour force of the area. Even though some infrastructure improvements have been made, the quality of transport in general is low and there is poor planning and maintenance of the road network. There are also secondary or tertiary roads which are insufficiently developed and maintained. Local governments provide inadequate communal infrastructures and public utility management, especially as regards water services, sewage and waste management. There is no policy framework for local economic development and a low level of co-operation between small businesses. Market information flow is limited, development of business infrastructure is insufficient, as are national, local and direct foreign investments. This holds back the modernisation and restructuring of the border areas' obsolete and uncompetitive industrial and agricultural sectors and the development of the capacity for tourism. As regards education and professional training in the border area, it should be mentioned that there are insufficient research institutions and consultancy services, while the natural potential and resources are not sufficiently exploited. 'Brain drain' and migration are serious issues in the border area. Unbalanced development generates a growing trend for a relatively high unemployment rate in the rural areas, low mobility of the labour force, low income and therefore low quality of life for the majority of the population. Other indicators demonstrate weak points in the propensity towards cross border co-operation, such as limited cross-border experience, the absence of coherent policies and programmes for development, insufficient links between the academic and business environments, a shortage of modern vocational and educational services, little development regarding tourism, inefficient utilisation of cultural and leisure facilities, a lack of co-ordination and information centres (except in large urban centres), limited partnerships for the programming and implementation of regional development policy, seasonally-conditioned development of tourism, a limited administrative and absorption capacity at local level, insufficient financial autonomy at local level and a lack of public funds.

Opportunities: Opportunities come from exploiting the benefits of the Central Euro-

pean Free Trade Agreement (CEFTA) – to increase export potential, developing and exploiting networking links between local economic sectors in order to profit from supply chains and clusters so as to improve competitiveness and further economic growth, the improvement of entrepreneurship and product quality through cross-border initiatives, the creation of economic co-operation for the processing of organic products, increasing cross-border co-operation between business support structures in industry and service sectors, the branding of regional products, the well-developed and growing banking sector that could support local development, available industrial premises and facilities and the development of potential renewable energy sources. Being part of joint agreements and co-operation memoranda like CEFTA, SEETO, etc. will further enhance co-operation between the neighbour countries, whilst the adoption of EU regulations will help to preserve the ecological environment and protect geographical features in the border area. Cultural tourism and education activities could contribute to the promotion of the region as a multi-ethnic European location. The reconstruction, extension and integration of the road infrastructure and the improvement of waste and sewage disposal services will increase the economic potential of the area, as will the presence of river transport facilities and local water routes for domestic shipping, the use of alternative energy sources, the increase in the number of internet connections and more efficient border crossing points to cope with increased traffic flow. Even if there are no well-defined action plans to protect the environment in border areas, great opportunities could come from environmentally friendly services and technologies (alternative forms of tourism and organic farming) to preserve the natural resources. Natural parks and protected areas are internationally recognised and there is a willingness to explore the use of renewable energy sources in border areas. There is a strong link between education and the economy, based on education and training programmes adapted to the needs of the labour market and the new economic demand. Tourism resources in the border area will be utilised in a modern manner in response to the increasing demand for healthy and eco-tourism, based on the demand for new “active” holidays. This will be undertaken jointly by the two countries exploiting the tourism potential of cultural facilities and harmonising the administration of such activities through the implementation of the EU legislation. Opportunities also arise from possible partnerships between civil society stakeholders and public administration in decision-making processes regarding services and tourism, in order to support the continuous maintenance of the natural, cultural and historical heritage.

Threats: There is an unstable political ‘map’ in the region with legal and political obstacles continuing to hold back the implementation of regional plans. The demographic trends show the increase of depopulation, especially in rural areas, and the ageing of the population. The implementation of the main transport projects is lagging behind, whilst the poor condition of infrastructures causes increased transport costs. Poor quality waste water treatment and sewage and solid waste disposal facilities bring about a threat to public health and contribute to slow economic development of rural areas. The infrastructure investments adversely affect the environment. Unsustainable economic development may cause

problems as regards the air, water and soil quality as a result of increasing uncontrolled pollution, cutting down forests and abandoning the cultivation of arable land. Globalisation processes themselves pose threats to the area since its infrastructure and productive capacities still relegate it to a peripheral position *vis-à-vis* the global market. Other threats to cross-border co-operation are the informal economy and the lack of full transparency, the lack of financial capacity and interest in co-operation among local businesses, the fragmentation of the rural economy and the closure of mines and tobacco industries. National and regional human resources are not equally distributed and labour policies are not responding to the changing economic and labour market situation. Lack of education and poor unemployment opportunities marginalise border areas and hamper economic development, while low transition of secondary education systems increase the gap between labour market supply and demand. There is a lack of sustainability in political commitment at central and local level, an isolation of the general education system and closure of schools. There is a high turnover of administration staff due to political changes, and the different speeds of the EU accession process and in implementing the legal frameworks increases the compatibility issues between the two countries.

7. BULGARIA–GREECE



Geographical and historical background

The 494 km border between Bulgaria and Greece runs in an east-west direction. The demarcation line runs from Mount Tumba (1,883 m above sea level and the meeting point of the borders of three states - Greece, “the former Yugoslav Republic of Macedonia” and Bulgaria) to the junction with the Turkish-Bulgarian border. Bulgaria and Greece became independent states during the 19th century. Greece gained its independence in 1830 and Bulgaria in 1878, but soon after, under the pressure of the big powers during the Berlin Congress, the so-called Eastern Rumelia territory of the Bulgarian state south of the Balkans was reverted to complete Ottoman control. The province remained under Turkish rule, but with a Christian governor. As a result, Bulgaria and Greece did not share a common border, because they were separated by territories under the direct sovereignty of the Ottoman Empire.

In 1885, Bulgaria united the two parts of its territory and in 1908 proclaimed its complete independence. In 1912, Bulgaria formed an alliance with the other independent Balkan states (Greece, Montenegro and Serbia) against the Ottoman Empire. After the First Balkan War (1912-1913), the Ottoman border was withdrawn to a few kilometres to the west of the capital, thus creating a Greek-Bulgarian border line. The conflicting interests of the victors of the First Balkan War (especially involving the definition of the border) led to the outbreak of the Second Balkan War (in the summer of 1913), during which Bulgaria lost most of the previously conquered territories. With the Peace Treaty of Bucharest (10 August 1913), the demarcation line between Greece and Bulgaria was established. At that time, the border ran from the Strymos river basin to the east, and then veered south towards the Aegean Sea, reaching it near Nestos.

Bulgaria's border thus included a 113 km stretch of the Aegean Coast. During the First World War, while Greece fought with the Allies, Bulgaria joined the Central Powers (Germany, Austria and Turkey) and was defeated in October 1918.

Consequently, a new border between Greece and Bulgaria was established in the Treaty of Neuilly (27 November 1919), and Bulgaria lost its coastal outlet on the Aegean. The border was established in 1922 and the junction with the Turkish-Bulgarian border was established later, in the Treaty of Lausanne (24 July 1923). After the Second World War, several of the pre-conflict borders were confirmed by treaties (1947). Since then, there have been no border disputes.

The Bulgarian municipalities directly bordering Greece are: Svilengrad, Lybimez, Ivaylovgrad, Kromovgrad, Kirkovo, Zlatograd, Rodozem, Smolyan, Devin, Borino, Dospat, Satovcha, Hadjidimovo, Sandanski and Petrich. These are enclosed within regions that take their names from their main towns: Haskovo (266,073 inhabitants), Kardzhali (158,541) Smolyan (131,010) and Blagoevgrad (333,577). The Greek border regions are Central Macedonia and Eastern Macedonia-Thrace and the border prefectures within them are Evros (143,752), Kavala (135,937), Xanthi (91,063), Rodopi (103,190), Drama (96,544), Serres (192,828), Kilkis (81,710) and Thessaloniki (946,846). The main cities in the area are Komotini (Rodopi), Xanthi (Xanthi), Orestias and Alexandroupolis (Evros), Thessaloniki (Thessaloniki), Drama (Drama), Serres (Serres) and Kilkis (Kilkis). The population living in the Bulgarian border area accounts for 11.5% of the total population. Its ethnic composition indicates a Bulgarian majority (73.7%), and significant Turkish (15.5%) and Roma (5%) minorities. These minorities are unevenly distributed in the border area, especially the Turks who, in some municipalities, are the majority. The population in the Greek border area is 22% of the total population. The ethnic composition of the population in this area is the subject of strong disagreement. (Source: Economy Policy Institute; elaborated from local data).

Economic and infrastructural characteristics

Economic characteristics of the Bulgarian side of the border region. Unemployment – only the unemployment rate in the Blagoevgrad Region (8.13%) is below the average for the country (10.49%). The rates for the other regions are as follows: Kardzhali – 11.51%, Smolyan – 14.04% and Haskovo – 12.21%. The development of the tourism sector has accelerated greatly in the last three years. The leading resort in the region is Bansko. It is very attractive as regards investment in hotel construction and is situated 130 km south of Sofia. Bansko was also involved in Sofia's bid for the Winter Olympics of 2014 (which was rejected in 2006). The main resorts are as follows: Pamporovo, Rodopi Mountain (1650 m above sea level, 50 km from the border, Smolyan Region); Bansko, Pirin Mountain (925-950 m above sea level, 70 km from the border, Blagoevgrad Region); Sandansky, Pirin Mountain, Strymos river basin (220-240 m above sea level, 26 km from the border, Blagoevgrad Region); Melnik, Pirin Mountain (430-450 m above sea level, 25 km from the border, Blagoevgrad Region); Razlog, Pirin Mountain (810-830 m above sea level, 70 km from the border, Blagoevgrad Region); Dospat, Rodopi Mountain, Reservoir Dospat (1350-1370 m above sea level, 20 km from the border, Smolyan Region). The Haskovo region is also rich in mineral and thermal springs which provide fruitful opportunities to develop this kind of tourism.

Agricultural sector: Tobacco cultivation – the major buyer, processor and exporter of tobacco cultivated in Bulgaria, Bulgartabac, has a good tradition of collaboration with tobacco farmers from the four regions near the border. The oriental tobaccos demonstrate the biggest production quota. Due to favourable agro-climatic conditions, tradition, experience and skill of the producers in the area, the world-renowned Oriental varieties are produced: Djebel, Krumovgrad, Nevrokop, Dupniza, Topolovgrad, Harmanli and Melnik. Through its affiliates, the Bulgartabac Holding Group supports tobacco farmers throughout the whole season, from planting to harvesting. The company supplies tobacco seeds free of charge and gives agro-technical advice. Bulgartabac also provides farmers with fertilizers, polyethylene, etc. To facilitate farmers, tobacco-buying stations are located in the villages where experts of the Holding Group assess the tobaccos. Tobacco manipulation and storage houses are built according to international standards and customers' requirements for the production of high-quality tobacco in bales and strips. The company is one of the biggest cigarette manufacturers in the world. One of its four cigarette factories in Bulgaria is situated in Blagoevgrad. Fruit Production – there are fruit-tree plantations with a total territory of more than 6,000 km² in the Regions of Blagoevgrad, Smolyan, Kardzhali and Haskovo (approximately 30% of all fruit-tree plantations in the state). The total fruit production from the four regions is 35,000 tons. Wine production – the soft climate in the region of Melnik provides an excellent opportunity for local wine producers. Their products are familiar on the world market (Poland, Germany, Great Britain, Finland, Russia, Czech Republic, Latvia, Slovakia, Japan and USA). The French Holding Group Belvedere invested in a winery situated in the City of Lubimez, Haskovo region. Damianitza is another major winery in Bulgaria. It takes advantage of the climate in the basin of the Strymos river, near the city of Sandansky. Brewery – one of the most distinguished brewers in Bulgaria is situated near the city of Blagoevgrad. In 2002, Carlsberg became a 94.5% owner in Pirinsko Pivo. Since then, brewers receive financial support through the MEEP programme of USAID for electric power effectiveness. The Haskovo region is famous for beer and wine production. The Kamenitza Brewery, with a branch in Haskovo, is one of the main beer producers in country.

Economic characteristics of the Greek side of the border region. Unemployment – the unemployment rate in the region of Eastern Macedonia and Thrace (Drama, Xanthi, Kavala, Evros, Rodopi) was 13.2% in 2004, whilst it was 12.1% in Impact Zone IV and 10.5% in Greece. In 1999-2004, the unemployment rate increased by 4.8%, whilst in Greece it decreased by 13.2% during the same period. The employment structure indicates a great dependence on the primary sector. In 2003, the primary sector comprised 33% of those employed in the region, 20.8% in the secondary sector and 46.3% in the tertiary sector. Compared with Greece, the region focuses on agriculture, with low percentages in the secondary and especially the tertiary sector. The region of East Macedonia and Thrace contains the prefectures of Drama, Evros, Kavala, Xanthi and Rodopi. With Komotini as its centre, 5.6% of the population is concentrated in the region and produces 4.4% of GDP. The region produces 10% of the country's agricultural produce, 4.3% of manufacturing and 3.5% of services. It takes the penultimate place in the regional ranking

based on the product per capita. With the product per capita of Greece equal to 69% of the European Union average, the region's GNP per inhabitant was equal to 54% of the EU average in 2004. The Region accounts for 5.2% of taxpayers (+6.7% in 2000), 4.2% of the national declared income (+6.6%) and 3.1% of personal income tax (+0.4%). Businesses based in the region account for 2.7% of the turnover of the national manufacturing and construction sector and 2.9% of trade. The region accounted for 11% of the country's cultivated land, 14% of total cotton production, 24% of wheat production, 12% of potato production and 11.6% of tobacco production in 2004. This north-eastern region of Greece is characterised by fertile plains lying between the coast and the mountains, with a milder climate than the surrounding landlocked areas. It has a sizeable Turkish population as a result of the region's exemption from the 1923 population exchange. About 223,000 residents are employed in public and/or private enterprises, 36% in agriculture, 21% in mining, food and drink industry and the manufacture of clothing and textiles and 43% in tourism. The region provides great opportunities for archaeological sightseeing, religious tourism, coastal resorts tourism and mountain tourism. The tourism sector has developed significantly in recent years. The region provides easy access to Bulgaria and Turkey through good road and rail networks. Large ports connect to Greek and foreign harbours for easy transfer of goods and people.

The unemployment rate in the region of Central Macedonia in 2004 reached 12.2%. In 1999-2004, this rate increased by 2.5%. In 2004, the workforce percentage was 43.8%, compared to and 44.1% for Greece. In 1999-2004, the workforce percentage of the population over the age of 15 increased by 1.3% (1.5% for Impact Zone IV and 2.4% for Greece).

Manufacturing is well-developed in Central Macedonia, representing 23.5% of the gross regional product. The region is the centre of a new, but dynamic industrial complex, with 2,700 small and medium-sized enterprises in the sectors of food and drink, textile and clothing, furniture, and other larger companies in the industrial sectors of metal, chemicals and plastics. This new complex has demonstrated that it is capable of internationalisation in the European market, and includes most of the 2,800 Greek firms which have invested in the Balkans. In Thessaloniki, main employment is in the tertiary sector, whilst in all the other prefectures, agriculture predominates, with a wide variety of crops and good prospects for growth. The emerging industries belong to the tertiary sector, including medicines and health services, software, international retail chains, business services and tourism services.

Central Macedonia has a strong education and research base, with the Aristotle University of Thessaloniki and the University of "the former Yugoslav Republic of Macedonia", totalling 4,000 staff members and 70,000 students. There are also two Technical Educational Institutes and the Thessaloniki Technology Park, which support the local industry. The region produces 18% of the national agricultural produce (the largest and increasing contributor), 20% of manufacturing and 17% of services (the second largest contributor after Attica in both cases). With the national product per capita equivalent to 69% of the EU average in 2005, its inhabitants account for 70% of the Community average. The region accounts for 16.8% of taxpayers (+6.4% in 2004), 15.2% of the national declared income (+5.2%) and 13% of personal income tax (+0.2%). Unemployment in the region remained at 10.9% of

the workforce in 2004 (10.5% being the national total). According to 'Eurostat', the region's workforce is predicted to rise by 6.1% in the period 2000-2010, a rise higher than that predicted for Greece as a whole (4.3%). In the five-year period from 1995-1999, 541 licensing permits for new industries were granted (13% of the total). Businesses based in the area account for 14% of the turnover of the manufacturing and construction sectors and 13% of trade. The region accounted for 20% of the country's cultivated land, 84% of total rice production, 37% of total tobacco production (first), 30% of wheat production, 15% of cheese production (first), 24% of milk production (first), 18% of meat production (first), 16% of egg production (second), 27% of cotton production (second), 19% of tomato production (second), almost all the total peach production (93%) and 38% of apple production (first) in 2004.

Infrastructures on the Bulgarian side of the border. Blagoevgrad region – the international highway E79 goes through Blagoevgrad following the outline of the European transport Corridor IV, running south to Greece. The cross-border point Kulata/Promahon is 86 km away. To the north, the corridor goes to Romania, Hungary and North West Europe. The cross-border point Vidin/Kalafat is 313 km away. In Sofia (100 km away), the highway E79 crosses the international highway E80, following the European transport Corridor VIII. This highway is the European connection with Turkey (direction south-east) and with the countries from the near east. The cross-border point Kapitan Andreevo is 353 km away. To the north-west, the highway E80 goes to Belgrade and the countries from western Europe. The cross-border point Kalotina is 157 km away. A turn-off from the highway E79 goes to the "the former Yugoslav Republic of Macedonia" at Blagoevgrad. The cross-border point Stanke Lisitchkovo is 25 km away. Blagoevgrad is situated on the railway line Sofia-Kulata-Athens which is a part of the national and European rail network. Nearest airports: Sofia – 110 km away, Thessaloniki/Greece – 200km away. Navigable waterways: Sea ports: Thessaloniki/Aegean Sea – 200 km away, Varna/Black Sea- ferryboat Varna/Ilitchovsk – 592 km away; Burgas/Black Sea – 487km away; River Ports: Vidin/Danube river – ferryboat Vidin/Kalafat – 313 km away, Lom/Danube river – 260 km away.

The Smolyan region is situated in the central southern part of Bulgaria, in the heart of the Rhodope Mountains. The centre of the municipality – the City of Smolyan – is 250 km away from the capital Sofia and 100 km from the second largest town in the country – Plovdiv. The highway A1 is located near Plovdiv and connects Sofia and Burgas. It provides rapid access to the Sea Port of Burgas in the east (308 km away) and to the Sea Port of Varna (402 km away). Nearest airport: Plovdiv Airport is located 10 km south-east of Plovdiv on the main motorway Plovdiv-Assenovgrad. It specialises in passenger charter flights for Bulgarian ski resorts. Pamporovo is situated about 60 km from the airport. There are no class 1 roads in the region. Primarily, the road system consists of class 3 and 4 roads. Smolyan is not connected to the railway system of Bulgaria.

The Kardzhali region is situated in the south-eastern part of Bulgaria. The capital city of the Kardzhali region has become a real administrative, trade, cultural and industrial centre that belongs not only to the municipality of Kardzhali, but also to the whole Rhodopes. The town is 259 km from Sofia and 90 km from Plovdiv. For

the time being, the nearest checkpoint (“Captain Andreevo”) is 132 km from the town and it connects Bulgaria to Turkey and Greece. Considerable amounts of investment have been attracted to this town in order to establish many industrial, building and trade companies.

The Haskovo region is situated in the central part of South Bulgaria and its territory extends over 5,543 km² (or 5% of the territory of Bulgaria). A favourable factor of the region is the regional and national border with two neighbouring countries - Greece and Turkey. Two key transcontinental roads cross the territory of the Haskovo region. The first road connects West and Central Europe with Istanbul and Asia, the second one connects North Europe with the Mediterranean. The distance from Haskovo to the Greek and Turkish border is about 60 km, to Sofia it is 230 km, and the entire road network is 1,882 km. The Haskovo region is characterised by a favourable mild climate, beautiful nature and unique flora and fauna. The topography is varied; the territory of the region includes parts of the Upper-Thracian lowland, as well as East Rhodope and Sakar Mountain. The water resources of the Haskovo region come mainly from the Maritsa River and its feeders – the Harmanliyska, Varbitsa and Byala rivers. The Arda river passes through part of the region. It is the biggest river in the Rhodope Mountains. A large part of the region’s territory (about 38%) is made up of forests.

Infrastructures on the Greek side of the border. East Macedonia and Thrace - the region has two airports in Kavala and Alexandroupoli with daily flights from and to Athens. It has an extensive rail network of passenger and commercial trains, the latter of which transported 150,000 tons of merchandise in 2004. The harbours of Kavala and Alexandroupoli are the two main commercial ports, and there are ferry connections to mainland Greece, the Greek islands and Turkey. An extensive network of intercity buses serves the towns of the region. The telecommunications network is 97% digital. In addition to electrical power, there is also a supply of natural gas as Thrace is the Greek point of entry for this fuel.

Central Macedonia – the region has one airport, Thessaloniki’s international airport, with daily connections throughout Greece and to Europe and the Balkans. The rail network to Thessaloniki connects daily with Kozani, Florina, Larissa and Volos, and there are five express intercity services to Athens. The harbour in Thessaloniki is the main commercial port, and there are ferry connections to mainland Greece, the Greek islands and Turkey.

The 670km Egnatia Odos motorway is widely accepted as one of the largest and most ambitious civil engineering projects in Europe at the current time. The motorway will run across northern Greece from its starting-point at Igoumenitsa, across the prefectures of Thesprotia, Ioannina, Grevena, Kozani, Imathia, Thessaloniki, Kavala, Xanthi, Rodopi and Evros, to the village of Kipi on the Turkish border.

It follows (approximately) the route of the old Roman road, the Via Engatia. Designed to the specifications of the Trans-European Road Network, it is a 24.5 m-wide dual carriageway with two lanes of traffic and an emergency lane in each direction. Nine major vertical axes connect the motorway with Albania, “the former Yugoslav Republic of Macedonia”, Bulgaria and Turkey.

50% of the Egnatia Odos’s total 3.4 billion € cost will be spent on just 90 km of

the finished route: the bridges and tunnels. Over 1,700 structures will be dotted along the road, comprising 76 tunnels with a combined single bore length of 99 km and 1,650 bridges with a combined length of 40 km.

On top of this, there will also be 43 river crossings, 11 rail crossings and 50 interchanges with existing roads. The whole project is divided into three sectors (western, central and eastern), with a construction manager and three international consultant companies overseeing the construction of each.

In the period from February 2000 to early 2006, 446 km of the motorway had been opened. A further 34 km of motorway will be opened before the end of 2006, with 165 km of motorway sections still under construction. The final date for completion is late 2007/early 2008.

The sections still under construction are as follows: Epirus 48km, Western Macedonia 31 km, Central Macedonia 14km and Eastern Macedonia and Thrace 72km. These final sections are being constructed under 19 contracts budgeted at 2,098 million €.

In addition, work is still underway on the vertical axes (Siatista-Kristalopigi, Thessaloniki-Serres-Promahonas, Thessaloniki-Moudania and Ardanio-Ormenio) and on the cross-border links under eight contracts budgeted at 511 million €.

Contractors working on the final sections of the motorway include: Aktor ATE, Mechanikh AE, Mesochoritis Bros ATE, Atti-Kat ATE, Klearhos G. Routsis AE, Alpine Mayreder Bau, Ionios AE, Gantzoylas ATE, J&P Avax AE, Italimprese Società Consortile a Responsabilità Limitata, Aegek ATE.

Highway intersections and links. The finished Egnatia Odos will form the backbone of northern Greece's transport system and will link the country to other Balkan countries (Albania, "the former Yugoslav Republic of Macedonia", Bulgaria and Turkey) through nine major vertical axes. It will also connect four of the country's major ports (Igoumenitsa, Volos, Thessaloniki, Kavala and Alexandroupoli) and six of its airports (Ioannina, Kastoria, Kozani, Thessaloniki, Kavala and Alexandroupoli). 49.5 km of the entire Egnatia Odos will be underground in twin-bore tunnels.

As part of the European Intercontinental Transportation Network, the Egnatia Odos motorway will also be a collector route for the Balkan and south-eastern European transport system.

Trans-European Corridors X (Berlin-Sofia-Thessalonika), IX (Helsinki-Alexandroupolis) and IV (Vienna-Belgrade-Thessalonika) all end at the Egnatia Road.

49.5km of the entire Egnatia Odos will be underground in a total of 69 twin-bore tunnels, a necessity that is consuming 30% of the project's total cost. The majority of the tunnels will be bored, with the rest (just 4.5%) constructed using the cut and cover method. Of the 76, only 15 are longer than 800 m with the longest (the Driskos Twin-Bore Tunnel) measuring 4.7 km.

Most of the tunnels are located in Epirus and in Central and Western Macedonia where the road passes through the Pindus Mountains. The Western Region comprises a total of 26.6 km of road tunnels, the Central Region 19.6 km and the Eastern Region 3.3 km.

The standard tunnel design employed along the Egnatia Odos provides for two traffic lanes, each 3.75m wide with a maximum clearance of 5m. Underground emergency parking and turn-around points vary according to the length of the tunnel

and the anticipated traffic volume, but virtually all tunnels will feature cross passages between the eastbound and westbound tunnel bores every 350m in case of a fire or other emergency. Reinforced concrete provides the final tunnel lining which is separated from the rock by a drainage system that will keep the tunnels dry.

Costs for the tunnel construction depend on the geological conditions. This ranges from \$8,000 per metre in good conditions to \$32,000 per metre in poor conditions, and the average cost for the smaller tunnels is \$11,000 per meter

Advanced air-quality sensing and ventilation systems have been installed both to monitor and maintain general air quality and extract smoke in the event of a fire. A highway-wide telematics system is also operational in the tunnels to ensure their safe and economic functioning.

By the time of its completion in 2007-2008, the Egnatia motorway will have 1,650 bridges and small structures along its length, totalling 40 km and 20% of the total project cost. These structures will feature many different designs as there are a large variety of structures being built: 205 bridges 100 over bridges, 235 underpasses and 1,110 culverts.

Along the Greek-Bulgarian border, there are five international border crossings (Kulata, Svilengrad, Ilinden, Zlatograd and Ivaylovgrad). The third border crossing (Ilinden-Exoki) was opened on 9 December 2005. It was part of a project financed by the PHARE Programme for the transport corridor “Gotze Delchev-Drama” for an amount of approximately 15 million €. The project was approved in 1995. The fourth border crossing (Zlatograd - Thermes) was opened on 15 January 2010 and the fifth border crossing (Ivaylovgrad - Kyprinos) was opened on 9 September 2010.

It also includes the construction of another two check-points on the border between Bulgaria and Greece: “Kardjali-Komotini” and “Rudozem-Xanti”. In order to get the projects off the ground, the Bulgarian and Greek local authorities renovated some of the most heavily-used parts of the road system in the region. Experts believe that the implementation of the two projects is more advanced in Bulgaria.

Border crossings: Ilinden-Sofia (220 km); Ilinden-Plovdiv (175 km); Ilinden-Burgas (440 km); Kulata-Sofia (177 km); Kulata-Plovdiv (326 km); Kulata – Burgas (555 km); Svilengrad – Sofia (287 km); Svilengrad – Plovdiv (140 km); Svilengrad-Burgas (220 km). Disadvantages stem from the level of socio-economic development, its peripheral location and the legacy of past events. It is evident that a great part of this area experiences economic problems. Eastern Thrace and Macedonia are among the least developed regions in Greece. Due to the tourism industry, the Bulgarian municipalities of Smolyan and Blagoevgrad are economically more developed compared with the national average, but there is still a lot of unused potential to be explored in this region.

The problems are due to low salaries (although this could translate into an advantage in terms of the area’s attractiveness for investment) and to an insufficient workforce with adequate training.

Cross-border declarations and agreements

At government level. The production of legal agreements in the 1990s was very pertinent. Prior to that, there had been the 1980 agreement concerning co-operation

in the judicial field. Then in 1992, the two countries signed an agreement on good neighbourly relations. In 1994, a programme on scientific co-operation was launched, as the result of a bilateral agreement, involving the mobility of university students between the two countries. In 1996, a bilateral agreement settled an old dispute concerning the exploitation of the water of the Nestos river. In 1999, a customs agreement was signed, the results of which are still below expectations. In 1999, an agreement was concluded explicitly concerning border areas. The programme's objective was the development of infrastructures (transport and telecommunications) in the Greek-Bulgarian border area. In 2001, agreements on border area issues were elaborated: on co-operation in the tourist sector, which did not produce concrete results; on the protection of investments, which encouraged mainly Greek investments in Bulgaria (to the point that Greece ranked second for capital invested) but not in the border area; on the opening of three new border crossings, served by an adequate road system, which has not yet been implemented, awaiting EU funding.

At local level. An agreement between the Smolyan and Xanthi municipalities was elaborated which does not contain binding clauses, but testifies to the good will of the two Governments to co-operate in several sectors; an agreement for the establishment of the Rhodope Euroregion (2001) is added to that of the Mesta-Nestos Euroregion (1997); as concerns the villages of Momchilovci (Smolyan region) and Avdera (East Macedonia and Thrace, Prefecture of Xanthi), co-operation began with preliminary visits by representatives of both municipalities with the purpose of preparing twinning activities (in 1991, a statement of intentions for twinning the villages and co-operation between the municipalities was signed; in 1992, an agreement on twinning between the two municipalities was signed in the following main areas: mutual support, culture and history, administration, sport and tourism, exchanges for children and participants in youth camps and small and medium-size enterprises). In the most difficult years of the of the transition process, the inhabitants of Avdera organised assistance (food and flour) for the inhabitants of Momchilovtsi. These actions helped to overcome the crisis period. Exchanges of views related to local self-government: exchange of experience in the field of the practical application of EU programmes – the municipality of Avdira showed the way when applying for such programme assistance and looking for opportunities to implement joint projects and programmes involving both communities; the adoption of the Joint Programming Document (December 2001) within the Interreg III A/PHARE-CBC programme (the first attempt to conceive cross-border co-operation from a strategic point of view). According to the European Commission, each country is too focused on its own border area and fails to consider the two areas as one single body.

Cross-border co-operation in the Greek-Bulgarian area seems mainly oriented towards the improvement of infrastructures (using EU funding to this end) aimed at creating preconditions for economic development in the area.

Propensity towards cross-border co-operation

Economic operators in the Bulgarian productive sectors have shown an interest in cross-border co-operation, but at present, this has not led to a very high level of activity (also due to the absence of a deeply-rooted business mentality as a result of

the old economic system and the lack of funds). Greek businessmen take advantage of the lower cost of labour in Bulgaria. But even they do not seem directly interested in stimulating cross-border co-operation in the strict sense of the word. There are also other intervening factors like cross-border commuting which is hampered by the Greek legislation regulating workers' permits. In trade relations, the situation is slightly better whilst in the cultural sector, linguistic barriers tend to considerably slow down the promotion and exploitation of common cultural resources. At institutional level, cross-border co-operation is negatively influenced by the high degree of administrative centralisation in Greece. There is a lack of agencies dedicated to planning and supporting this type of activity. The situation on the Greek side of the border is, at least potentially, better. Greek propensity towards cross-border co-operation is satisfactory, although there seems to be an exclusive interest in a rather unsophisticated economic cycle involving the export of textile products and then the import of clothing. From a socio-cultural point of view, there is a rather consistent flow of Greek students to Bulgarian universities, but this type of mobility is not of a cross-border nature. On the Greek side, most of the projects financed by national Government or by the EU in this part of Greece do not produce any effects across the border. The same applies also to the Bulgarian side, posing credibility problems. In Bulgaria, at local level, there is a serious lack of information, which translates into a reduced, but not altogether absent, cross-border planning capacity of the local institutions. The level of training appears to be better in Greece, though it must be noted that cross-border co-operation is an issue more of national than local interest. In Bulgaria, co-ordination between central and local administrations has improved. There is a regional development plan for 2000-2006, and the development of infrastructures is a priority in the Bulgarian southern region area (transport and telecommunications). In the Greek border area, there have been several information campaigns and meetings between central and local authorities. However, they involve for the most part non cross-border activities. Involvement of socio-economic organisations in cross-border initiatives in Bulgaria is insufficient due to a lack of experience, the absence of human and institutional resources and inadequate information. In Greece, on the contrary, involvement is satisfactory thanks to the experience gained through local development projects, promoted at national and European level.

Co-ordination between the two countries: at central administration level, co-ordination was satisfactory (also in the drafting of the Joint Programming Document). At local level, the two administrations are not sufficiently co-ordinated, not only because of the lack of resources, but also because of the high degree of centralisation.

Main inter-state agreements signed over the past 15 years: avoidance of double taxation on income and capital (Athens, 15 February 1991); police co-operation covering clandestine immigration, terrorism, organised crime and police training (Athens, 8 July 1991); Co-operation between Ministries of Defence and Armed Forces (Athens, 28 November 1991); agreement on seasonal workers (Athens, 15 December 1995); agreement on the waters of the Nestos river (Sofia, 22 December 1995); agreement on the opening of three new border posts and arterial road links between the two countries (Sofia, 22 December 1995); military and technical co-operation (March 1998); scientific, educational and cultural Agreement (Sofia, 12 June 2002) in application of Article 13 of the Bilateral Cultural Agreement (Athens,

31 May 1973); the five-year development co-operation agreement within the framework of the HIBERB (development aid to Bulgaria of 54.29 million €) (28 August 2002); bilateral environmental protection agreement (Athens, 1 November 2002); aviation agreement (Athens, 1 November 2002); scientific and technological co-operation protocol (Athens, December 2002).

Implemented projects

The common desire to obtain EU financing required the adoption of a co-operation, consultation and exchange of information strategy. Since territorial and environmental planning (transport and telecommunications included) fall under the authority of public institutions, the same type of approach was also adopted in this field. In the economic sector, there is a certain competition between Bulgarian and Greek enterprises in the employment of manpower and presence on the markets. However, many contracts have been signed between enterprises from both countries. In tourism, a priority sector for both countries, no concrete steps have been taken, though the 2001 Joint Programming Document expressly envisages co-operation between tourism agencies in both countries and the harmonisation of planning for tourism infrastructures. In the sectors of education and culture, many exchanges take place and are encouraged, involving not only students (with scholarships for Bulgarian students in Greece), but also providers (artists, actors, singers) and users (tourists) of cultural events. In everyday services, relations have been non-existent, as a result of the fact that the possible EU funding of health, welfare sports and free-time activities is insufficient to make up for the complete lack of funds at local level. In territorial and environmental planning and in transport and telecommunications, there are a significant number of projects. Fewer projects have been established in the sector of economic co-operation. Many of the cross-border projects or projects that have had a positive impact are often the result of a partnership between a single state and the EU, instead of the result of co-operation between the two countries. Between 1997 and 2000, a project for the promotion and support of economic activities was based on multinational support. A series of agencies (including local Bulgarian agencies) contributed to this: the Employment Offices of Razlog, Vidin, Blagoevgrad and Gotse Delchev, the Canadian Government, ILO, Barda, UNDP and National Trac. As regards the environment, in 1994, the first two projects were launched by the EU and Bulgaria regarding the conservation of the Arda and Luda rivers. In 1998, two more projects were launched involving the Nestos and Strymos rivers (entailing not only the creation of a system for the prevention of floods, but also measures for preserving water quality, such as the construction of water purifiers for the Razlog and Blavoevgrad sewage system). In 1999, a project was launched for the closure of the uranium mines in Eleshniza and Dospat. In transport and telecommunications, in 1999, the first project was the result of direct collaboration between the two national Governments, and it involved the construction of the Ilinden customs point structures. Within Corridor IV (and therefore financed by both the PHARE-CBC programme and the Bulgarian Government) there is a series of wide ranging projects: electrification of the Dupnica-Kulata rail segment, reconstruction of a few main thoroughfares, i.e. the E80, E79 and E85. The modernisation

of the telecommunications network along the Vidin-Sofia-Kulata rail segment was carried out between 2002-2008. The reconstruction and electrification of the Plodvin-Svilengrad segment on the Turkish-Greek border was also undertaken. Within the co-operation between the EU and Bulgaria, several projects were launched in 1999: the sub-programme for transport infrastructures was financed by PHARE-CBC and the sub-programme for the installation of an optical fibre cable from Haskovo in Bulgaria to Kavala in Greece. In 2000, projects for the construction of an access road to the new Bulgarian-Greek border crossing (Podkova-Makaza near Komotini in Greece) and for the construction of a tunnel on the Gotse-Delchev-Drama border were launched.

Four main projects were launched under the “Bulgaria-Greece” cross-border co-operation programme.

The following are examples of currently implemented projects. In 2005, the “PHARE Cross-Border Co-operation Programme between Bulgaria and Greece – 2005/017-454” was established. The contract between the European Commission and the two states was signed in February 2006. The project will last until 30 November 2007, and the maximum financial grant which could be received from the European Community is 20 million €. Objectives and description of the Programme: to promote good neighbourliness and stability between the CEEC countries and the member states by funding projects which will bring tangible benefits to the regions and communities on both sides of the border; to promote co-operation with the CEEC regions bordering the European Union, helping these regions to overcome the specific development problems which may arise; to develop the economy of the border regions by enhancing the trade and the economic co-operation with special environmental consideration. The specific programme objectives are the following: to continue to facilitate the movement of goods and people by renovating the access roads and infrastructure to the border crossings; to address local environmental problems that affect both sides of the border, such as (but not limited to) the management of liquid waste disposal and the integrated water management of the shared river basins (Struma) that will improve the quality of the life and the safety of the local population and protect the natural environment; to facilitate the cross-border co-operation of regional actors and agencies in the areas of civil society, culture, education, business (especially tourism) and the environment; to provide technical assistance through Project Preparation Facilities projects.

The EU has had positive results with the PHARE-CBC programmes from 1994 to 2001 and with Interreg (duration six years, but the Interreg III A/PHARE-CBC programme was deferred due to lack of co-ordination between the Bulgarian and Greek Governments). The range of action of Interreg was focused mainly on infrastructures (such as border-crossing equipment), the environment, economic development, employment, culture and tourism.

Elements of Swot Analysis

Strengths: As Bulgaria has become a member of the EU in 2007, co-operation between the two states will be strengthened. There will be further prospects for increasing the implementation of joint projects between Bulgaria and Greece.

The two countries will have an equal base for applying for grants from the EU institutions. The border area enjoys the positive long-term effects of business from companies from other EU member countries other than Greece (Germany, Italy). These companies are doing business on the both sides of the border in textile, clothing and shoe manufacturing in particular. They are not only creating jobs, but also imposing normal business culture and a respect for working conditions, thus eliminating the opposite type of business that the Bulgarian side experienced at the end of the 1990s. There are already three border crossings along the border which provide great opportunities for developing the regional transport network. Two more check-points are also due to open.

Weaknesses: Large areas of the border region are depopulated. On the Bulgarian side, this tendency is peculiar not only to the villages but also the biggest towns in the region. Local authorities need to find appropriate solutions to this major problem. A large part of the border area suffers as a result of insufficient infrastructures, in particular insufficient border crossings, poor training of human resources, underdevelopment of the private sector and the need for new and renovated roads in order to modernise border control. Therefore, the active involvement of all actors and stakeholders (local governments, economic agents, police forces) in joint bilateral projects is necessary.

Opportunities: Good potential exists in the tourism sector (a great variety of climatic conditions combined with low cost transportation). However, greater co-ordination is needed between tourism agencies and national authorities in order to elaborate strategies for the area. The low cost of labour, especially in Bulgaria, is an opportunity for foreign investors. Therefore, it is important to convince agencies for local development, Governments, banks and small and medium-sized enterprises to reduce bureaucratic procedures and construct more modern infrastructures.

Threats: There is a big asymmetry in economic activity on both sides of the border. Greek operators are interested in taking advantage of the lower cost of labour in Bulgaria (Greece being the second largest foreign direct investor in the country), whereas Bulgarian economic operators are not present in the Greek part of the region. Cross-border co-operation between economic agents is also underdeveloped. There are insufficient local agencies to support exchange of information on economic initiatives due to the high degree of centralisation in both countries, and this creates difficulties for local institutions to manage cross-border initiatives directly. The projects launched are the result of agreements between each individual state and the EU (Interreg III/PHARE-CBC was deferred due to a lack of co-ordination between the two Governments). These projects do not often produce the desired effects across the border, leading to credibility problems.

8. BULGARIA–“THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA”



Geographical and historical background

The border between Bulgaria and “the former Yugoslav Republic of Macedonia” runs for 165 km along a series of mountains, from the junction with Serbia in the north to the junction with Greece on Mount Tumba in the south. This border line is the southern section of the old border between Bulgaria and Yugoslavia and was established in 1919.

The current border area has been the object of century-long disputes among Bulgarians, Greeks, Turks and Macedonians. With the 1878 San Stefano Treaty, Bulgaria was recognised as an independent state whose territory also included a vast region of the present-day “former Yugoslav Republic of Macedonia”. In the same year, following the Berlin Congress, Bulgaria lost many of the territories acquired in the west and became an autonomous province within the Ottoman Empire; it held this status until 1908. In the summer of 1912, a secret treaty between Bulgaria and Serbia led to the agreement with Greece and Montenegro to form an alliance aimed at the expulsion of the Turks from the Balkans. This alliance was later successful against the common enemy, but very soon the different territorial interests of the allies led to numerous disputes. Serbia demanded most of Macedonia (in the Vardar Valley), Greece claimed the southern part of it and Bulgaria attempted to take back the regions assigned to it in the pre-war agreements. Bulgaria attacked Serbia and Greece in 1913, setting off the brief but intense Second Balkan War. Bulgaria lost and in the Bucharest peace treaty of 1913, most of Macedonia went to Serbia. Only a small portion (the Strumica valley, between the Struma and the Vadar) was left to Bulgaria.

The 1919 Neuilly Peace Treaty retraced the border between Bulgaria and the new Serb, Croat and Slovene Kingdom and, between 1920 and 1922, an international

commission established its demarcation line. During the Second World War, Bulgaria became Germany's ally, in the hope of obtaining a large area of Macedonia, but the 1947 Paris Peace Treaty reconfirmed the 1919 demarcation. Macedonia, which had never been an independent state, became, at the end of the war, a Republic within the Yugoslav Federation. Its eastern border thus became the international border with Bulgaria. After the break-up of the Socialist Federal Republic of Yugoslavia in 1990, it became an independent state in 1992, and the southern section of the old border between Yugoslavia and Bulgaria became the international border between Bulgaria and "the former Yugoslav Republic of Macedonia". Currently, there are no border disputes; both countries accept the 1919 demarcation.

There are three districts that make up the Bulgarian border region - Blagoevgrad (total population of 333,577), Kyustendil (152,714) and Pernik (140,981) – and are part of the south-western planning region. The main municipalities are Blagoevgrad, Bobovdol, Boboshevo, Dupnitsa, Kocherinovo, Kresna, Kyustendil, Nevestino, Petrich, Sandanski, Sapreva Banya, Simitli, Struyani, Radomir and Rila. Among these, Blagoevgrad, Dupnitsa, Kyustendil, Petrich and Sandanski are the most important cities. In the border region of "the former Yugoslav Republic of Macedonia" are the municipalities of Berovo, Blatets, Bossilovo, Delchevo, Kamenitsa, Kriva Palanka, Kochani, Kuklish, Muratino, Novo Selo, Orizari, Pehchevo, Rankovitse, Strumitsa, Vassilevo and Vinitza. Berovo, Kochani, Kriva Palanka, Strumitsa and Vinitza are the main cities.

The territory of Bulgaria is 111,910 km². The population in 2005 was 7,718,750 with a total birth rate of 9.2/1000. The capital of Bulgaria is Sofia, the largest city in the state with at about 1,174,664 inhabitants.

The Bulgarian population living in the border area accounts for 5% of the country's population. The majority of the population is Bulgarian (92.8%) with Turks accounting for 0.3% and Roma 2.5%. The population on the side of "the former Yugoslav Republic of Macedonia" accounts for 11% of the total population (2,024,000 inhabitants). The majority of the population is Macedonian (66.4%) with Albanians accounting for 23.1%. (Source: Economy Policy Institute; elaborated from local data).

Dividing the regions into main districts which constitute the Bulgarian frontier territory, the following important information on each of the big municipalities deserves attention:

The region of the Blagoevgrad district is characterised by diversified economic branch structure: food and tobacco processing industries, agriculture, tourism, transport and communications, textile industry, timber and furniture industries, iron processing and machinery industry and construction materials industry, as well as pharmaceuticals, plastics, paper and shoe production. Approximately 10% of the population is unemployed (close to the national average).

With its railway line and road connection, the region forms the heart of the land-based trading route. Since the early 2000s, the province has enjoyed a mini trade boom as a result of thousands Greek day-trippers from across the border. The region has also attracted Greek manufacturers who moved their production line from Greece (to Petrich in particular). Petrich was an important tourist destination during the communist years for East Germans and is slowly picking up again. The unique town of Melnik is now a centre for wine production and offers eco-tourism.

Infrastructure remains relatively underdeveloped, especially regarding road and rail communications. It remains an important target for potential EU funding.

The Kyustendil Province is the district neighbouring “the former Yugoslav Republic of Macedonia” and Serbia. It borders the Regions of Sofia, Pernik and Blagoevgrad, and to the west its limits coincide with the state borders between Bulgaria and “the former Yugoslav Republic of Macedonia”. The northern and western parts of the territory form the so-called “Kyustendilsko kraishte” (Kyustendil Cornerland), and include parts of the cross-border Milevska, Chudinska, Zemenska and – to the east – Konyavska mountains. To the south, the Kyustendilsko kraishte reaches as far as the valleys of the Dragovishtitsa and Bistritsa rivers and the Lisets mountain. The southern part of the region includes the massifs of the Osogovo, Vlahina and North-Western Rila mountains, embracing the Kamenitsa, Kyustendil and Dupnitsa lowerlands.

The region is abundant in granite, clay, fossils and ores. Polymetal ores are excavated in Osogovo and brown coals in the famous Bobov dol mines. Clay deposits are located in the villages of Chetirtsi, Yahinovo and Dragovishtitsa. The region is most famous however for its numerous mineral water springs (hot mineral water springs in Kyustendil, Sapareva banya and the villages of Nevestino and Chetirtsi). A marvel of nature found in the region is the Stobski piramidi (Stob pyramids).

The Region of Kyustendil includes nine municipalities: Kyustendil, Dupnitsa, Bobov dol, Sapareva banya, Rila, Kocherinovo, Nevestino, Boboshevo and Treklyano with a total of 182 settlements. One of the main transport routes passing through Kyustendil is the Skopje-Sofia highway which connects Bulgaria with “the former Yugoslav Republic of Macedonia”.

As far as the municipalities of “the former Yugoslav Republic of Macedonia” in the border region with Bulgaria are concerned:

Berovo is a small city near the Maleševo Mountains, 161 km from Skopje, 47 km from Strumica and 52 km from Kočani. Sustained by the Bregalnica river, Berovo stands at 830-900 m above sea level and can be reached by car using a single asphalt road leading to the city. Berovo lake and the forest of the Malsevo mountains are two popular sites for tourists, and Berovo craftsmen are well-known for their skill in traditional wood crafts. Berovo cheese is also a well-known commodity.

The municipality of Kocani is only 120 km away from Skopje, situated in the eastern part of “the former Yugoslav Republic of Macedonia”. The main road which connects Kocani with Stip (30 km), Veles (70 km) and then links to Skopje-Gevgelija highway goes through the town. Kocani is a crossroads where many regional main roads meet. The connection to the neighbouring towns is very good: Vinica (10 km), Makedonska Kamenica (30 km), Delcevo (55 km), Berovo (60 km), the border to Bulgaria (65 km) to the east and to Probistip (36 km), and Kratovo (48 km) to the west. There is also a railway (built in 1926) which connects Kocani to Stip, Veles and Skopje. The municipality of Kocani spreads over an area of 382 km² and has population of 38,092 inhabitants and 28 settlements (census of 2002) which makes it the third regional centre in the eastern part of the country.

The town’s economy depends on farming and agriculture, mainly because of the very favourable climate and rich soil of alluvial origin. Most of the fields are irrigated by a very well-planned irrigation system of nearly 280 km. Rice is the most represented agricultural product with a century-long tradition and very high quality.

Every year, over 3500 ha of rice are cultivated in the area.

Today, Kocani is a town with developed industry and agriculture. Most of the industrial facilities are located in the area known as the “industrial zone” in the east part of the town (accessible by the road to Vinica).

Kriva Palanka is a municipality in the eastern part of “the former Yugoslav Republic of Macedonia”. The village of Kriva Palanka also houses the municipal headquarters. The municipality borders Serbia and Montenegro in the north, Bulgaria in the east, the Rankovce municipality in the west and the Makedonska Kamenica, Kratovo and Kocani municipalities in the south. It is made up of an area of 480.81 km² with a population of 10,441 inhabitants.

Strumica is a city of about 55,000 people in the south-eastern part of “the former Yugoslav Republic of Macedonia”. There are about 150,000 people living in the region surrounding the city. The municipality is the main agricultural centre in the country. It has many textile factories and a developed trade network. A large percentage of goods produced in Strumica are for export to other cities and to some European Union countries. Strumica is developing into a modern city and has been expanding its infrastructure in the last few years. The improvement of infrastructures is also determined also by Strumica’s geographical position (20 km from Bulgaria and 45 km from Greece).

The population of Strumica consists mainly of Macedonians (about 93%), Roma (about 2%), Turks (about 3%) and others (about 2%). The city of Strumica has four primary schools, three high schools, one faculty (an agricultural faculty that is part of the Sveti Kiril and Metodij University in Skopje).

Vinica is a municipality in the eastern part of “the former Yugoslav Republic of Macedonia”. Vinica also houses the municipal headquarters. The municipality borders the Kocani municipality and the Makedonska Kamenica municipality in the north, the Delčevo municipality in the east, the Radoviš municipality and the Berovo municipality in the south and the Zrnovci municipality in the west.

The Vinica municipality is made up of an area of 432,67 km² with a population 19,938 inhabitants.

Economic and infrastructural characteristics

The general economic characteristics could be summed up as follows:

Industry prevails on both sides of the border. The following activities are typical for the Bulgarian side of the border: coal mining and energy production in Bobovdol; steel and mining industries in Simtli; mechanical engineering and mining industries in several centres (Radomir, Kyustendil, Sapareva Banya, Dupnitsa, Blagoevgrad, Kresna and Sandanski); electrical engineering and electronics industries (Rila, Blagoevgrad, Sandanski, Petrich, Kyustendil, Radomir and Dupnitsa); chemical industries (Radomir, Dupnitsa, Kocherinovo, Sandanski and Petrich); wood industries for construction (Kyustendil, Nevestino, Rila, Simitli, Strumiani and Petrich); textile industries (Kyustendil, Blagoevgrad); and food industries (Radomir, Kyustendil, Dupnitsa, Boboshevo, Blagoevgrad and Petrich). Agriculture is the main economic activity in Nevestino, Strumiani and Petrich.

The main industrial activities in the border area of “the former Yugoslav Re-

public of Macedonia” are the following: Energy production (Kochani, Vinita and Kriva Palanka); mining and steel industries (Pehchevo); mechanical and metal processing industries (Strumitsa, Vinita and Kochani); wood industries for the production of furniture and paper (Berovo, Kochani, Pehchevo, Delchevo and Kriva Palanka); construction materials industries (Strumitsa and Berovo); textile industries (Strumitsa, Vinita, Berovo, Delchevo and Kriva Palanka); and food industries (Strumitsa). Agriculture is prevalent in the municipalities of Berovo, Delchevo, Kriva Palanka and Strumitsa.

The following general infrastructure and communications characteristics could be summed up as follows:

The Bulgarian border area is served by a road system 2,275 km. Along the Struma valley (parallel to the border) is the Sofia-Pernik-Blagoevgrad-Sandanski-Kulata section of the international Corridor IV. Corridor VIII (Pernik-Kyustendil-Gyueshevo-Kriva Palanka-Skopje) is used as a cross-border road link with “the former Yugoslav Republic of Macedonia”. There is also the class C road Petrich-Strumitsa. As of December 2005, the total length of the road network in Bulgaria was 37,300 km, of which more than 19,276 km are state roads. The road categories are the following: 1) Motorways – 331 km; 2) Class 1 roads – 2961 km; 3) Class 2 roads – 4012 km; 4) Class 3 roads – 11,730 km; 5) Road connections and nodes – 242 km. The Pan-European Transport Corridor VIII deserves special attention. It crosses the territories of Bulgaria and “the former Yugoslav Republic of Macedonia” and outlines a new trans-continental East-West transport link, which will restore the famous “silk route” that used to connect Europe and Asia. Corridor VIII is planned to connect Duras-Tirana-Skopje-Sofia-Plovdiv-Burgas-Varna. International traffic flow from and to the Balkans and to and from central and western Europe will be conducted via the section on Bulgarian territory of Gyueshevo’s border-crossing point Kyustendil-Sofia-Plovdiv-Burgas-Varna. The Burgas and Varna port complexes perform the functions of complex border-crossing points even now, while in the western end of the country, Sofia-Gyueshevo is serviced by a road connection only. The absence of a suitable infrastructure to the west of the Bulgarian frontier gives rise to some concern as to whether Pan-European Transport Corridor VIII could become operative in the near future, although the road infrastructure Plovdiv-Bourgas is in the process of rapid upgrading.

The three bordering districts with “the former Yugoslav Republic of Macedonia” (Blagoevgrad, Kyustendil and Pernik) are part of Bulgarian south-western planning region. As a result of the location of the capital within this planning area, the region has enjoyed rapid development in the high-class transport infrastructure – 36% of the highway network has been built in this region.

Notwithstanding the fact that extensive construction work has been implemented in the territory of the three districts over the last few years, a number of road sections of the three trans-European transport corridors (Corridors IV, VIII and X) still need further development. The “Struma” highway is under construction. The regional road network is insufficiently developed, its relative share (77.6%) being the smallest among the regions. The national road network density (161,4 km/1000 km²) is one of the lowest among the regions, and this is due to the mountainous topography of the south-western region. The local road network is well developed.

Access to the western parts of the districts of Sofia, Pernik and Kyustendil has definitely been obstructed. Unfortunately, the roads adjacent to the cross-border checkpoints of local importance along the western border are in poor condition. On the whole, the most serious problems in the road network can be observed in the Blagoevgrad district, which is largely due to the specificity of the mountainous terrain.

The rail system in Bulgaria is in good condition. By the end of 2005, the total rail line length was 4316 km, of which 2915 km are main rail lines. The total railway track is 7326 km in length, of which 4904 km (or 67%) are electrified. However, the Bulgarian rail connections with neighbouring countries are not adequate. The rail link between Bulgaria and “the former Yugoslav Republic of Macedonia” is still not constructed. Of course, this leads to limited opportunities for development of business activities with neighbouring countries and particularly to limited cross-border co-operation between the border regions.

In the Blagoevgrad region, there is a modern telecommunications system and a well-developed transport system. A gas pipeline also runs through the region. The international Corridors IV and VIII run through the Kyundestil region; this region benefits from communications and infrastructures of international importance.

Parts of the following roads run through the border area of “the former Yugoslav Republic of Macedonia” M2 (Skopje-Kumanovo-Kriva Palanka-Kyustendil-Sofia), M5 (Veles-Shtrip-Kochani-Delchevo-Blagoevgrad), M6 (Shtrip-Strumitsa-Petrich), R208 (Uzem-Macedonsko-Kamenitsa-Delchevo), R527 (Kochani-Vinitsa-Berovo-Klepalo), R523 (Delchevo-Pehchevo-Berovo-Strumitsa), R525 (Pehchevo-Haydushki Kladenets) and R603 (Berovo-Podaresh-Radovish).

The road network in “the former Yugoslav Republic of Macedonia” totals 8,216 km, of which 4,900 km (about 60%) have been modernised and 3,300 km still have earth surfacing. Roads are classified as arterial, regional or local. Of the total network, 915 km are arterial, 2,611 km are regional and 4,690 km are local. In addition to the national classification, about 520 km of the arterial roads are part of the European road network (“E” roads). One of the most important arterial roads serving international and national traffic is the east-west corridor. The 302 km road runs from the Bulgarian border at Deve Bair through Skopje, Gostivar and Ohrid to the Albanian border and connects Skopje with Sofia (capital of Bulgaria) and Tirana (capital of Albania), as well as linking the country with ports on the Black Sea. The third most important corridor is also in the east-west direction and is served by a 330 km arterial road which runs from the Bulgarian border near Delcevo through Veles, Bitola and Ohrid to the Albanian and Greek borders. It passes through the central region of the Republic but, because of very difficult terrain and poor geometric standards, does not serve international traffic well. There is also the so-called central route of Corridor VIII, with the Ohrid-Bitola link between the two corridors and the Veles-Kocani-Delcevo link towards Bulgaria and branch b of Corridor IV. The above two links consist partly of standard two-lane highways and partly of substandard roads (mostly east of Kocani). The traffic nevertheless comprises 4,000 vehicles a day.

The rail system in “the former Yugoslav Republic of Macedonia” is to be further developed. The rail network of “the former Yugoslav Republic of Macedonia” consists of 696 km of open line that includes 226 km of direct (through) station track. The entire network is single track and 233 km are electrified. The Government

considers the completion of the 55 km line from Beljakovci to the Bulgarian border as a high strategic priority. The Kumanovo-Beljakovce line in the network is near the Bulgarian border to the east. This last line may be the first section of the link between the railways of “the former Yugoslav Republic of Macedonia” and the Bulgarian railways on Corridor VIII. Shtip-Kocani is the only segment which is not electrified.

Strengths in the border area of Bulgaria and “the former Yugoslav Republic of Macedonia” are the average to good education level and development of human resources, a wide range of competences, the high-level of training of the workforce, the absence of linguistic barriers and the common historical and cultural background of its inhabitants. Many students of “the former Yugoslav Republic of Macedonia” attend Bulgarian universities.

Although the economic potential in the border area is basically diversified, with good perspectives in the long term for tourism and services, there are several negative factors: low salaries and low standards of living, lack of infrastructures (for example, there has never been a rail system linking Sofia and Skopje), insufficient development of the private sector (especially in services), lack of marketing advertisement activities (especially in tourism), destruction of the agricultural productive potential and insufficient industrial efficiency.

Cross-border declarations and agreements

Even though there have been no regional agreements, legislative production in matters of cross-border co-operation has been extensive, especially up to the beginning of 2000. The bilateral agreement (1999-2003) between “the former Yugoslav Republic of Macedonia” and Bulgaria establishes the framework for the Programme of cross-border co-operation between the two countries. The Programme is aimed at developing economic and trade ties between the two border areas, improving education and vocational training of human resources, fostering small and medium-sized enterprises and lowering the unemployment rate.

The following important bilateral agreements and programmes were signed between Bulgaria and “the former Yugoslav Republic of Macedonia”:

- The Agreement for the abolition of the double taxation of income and property, and the Agreement on free trade between the two countries (1999),
- The Agreement between the two Governments on trade co-operation, rail connections between the two countries and international road transport (1999),
- The Agreement on co-operation in the medical field including medical aid and scientific development (2001),
- The Agreement on the prescribed timeframe for infrastructure projects,
- The Framework Agreement “2004 Cross-Border Co-operation Programme between Bulgaria and ‘the Former Yugoslav Republic of Macedonia’ ” – BG 2004/016-786 – where the financial contribution within the framework of this cross-border memorandum is fixed at a maximum of 2 million € (duration until 30 November 2006 by which date all contracts must be signed),
- The Framework Agreement “Cross Border Co-operation Programme/Neighbourhood Programme between of Bulgaria and ‘the former Yugoslav Republic of Ma-

cedonia' ” – BG 2005/017-456 – where the proposed projects were approved at the Joint Co-operation Committee meeting in Skopje in June 2005. This Agreement will finance grant schemes for sustainable development and people-to-people actions,

- The Agreement on Mutual Travel of Citizens between Bulgaria and Macedonia was signed on 3 November 2006 in Sofia. The Foreign Ministers of Bulgaria (Mr Ivaylo Kalfin) and “the former Yugoslav Republic of Macedonia” (Mr Antonio Miloshoski) signed this bilateral document,
- The Agreement for co-ordination of construction in the field of electrical power and the Agreement for electrical power supply were signed in November 2003 in Skopje,
- The Memorandum of Understanding for the Burgas-Vlora pipeline between Bulgaria, Albania and “the former Yugoslav Republic of Macedonia” (AMBO) was signed in 2004.

Bilateral co-operation in the field of education and science is based on the following signed agreements:

- The Culture Co-operation Agreement,
- The Agreement for co-operation in the field of education and science,
- The Agreement for mutual recognition of diplomas and academic ranks,
- The Programme for co-operation in the field education and science,
- The Agreement for the opening of cultural information centres.

These bilateral documents establish the priorities for cross-border co-operation development. In spite of the favourable framework set up, there are no sufficient applications for implementation of concrete projects. Comprehensive analyses of each sector of interest have not been undertaken in order to help to elaborate a joint strategy on entrepreneurship for both sides of the border.

There is however more potential to be explored for strengthening regional economic links, especially new opportunities for growth, exchange of information, joint economic activities and trade exchange.

Propensity towards cross-border co-operation

While operators in “the former Yugoslav Republic of Macedonia” seem less inclined towards co-operation in the economic sector (as a result of the underdevelopment of the region), the propensity is definitely greater among Bulgarian operators (as a result of the significant number of enterprises along the border area and its more advanced position and experience in economic integration into the internal EU market). Competition also exists because of similarities and overlap of the productive structures on both sides of the border.

Tourism (seen as a growing economic potential) suffers from a lack of relations between the different national agencies.

In the trade sector, the propensity seems satisfactory on both sides, thanks to the Free Trade Agreement. Two-way trade has reached \$ 320 million and there is still unused potential in this field. On the basis of the data on the development of bilateral trade relations for the last decade (increased trade between the two countries over the nine-year period in question), the following conclusions regarding propensity towards could be drawn.

In the infrastructure sector, information exchanges, consultations and co-opera-

tion are frequent because this sector is seen as a priority in the region.

In the socio-cultural field, the border region of “the former Yugoslav Republic of Macedonia” is more inclined towards co-operation, since common traditions of co-operation and the low level of linguistic barriers work as a strong incentive. On the Bulgarian side, there are two important universities in the Blagoevgrad region.

NGO activity is regarded as extremely limited and activity in the sector of civil associations and organisations is still in its early stages; there are good development opportunities but they must still be built upon.

Relations between institutions are seen as one of the main objectives of cross-border co-operation. The attitudes of the countries however diverge slightly: whilst “the former Yugoslav Republic of Macedonia” is sufficiently pro cross-border co-operation, Bulgaria insists on the need to standardise border and customs police control procedures to consolidate control methods.

The training of local bodies suffers from a lack of co-ordination in the information system (in Bulgaria) and from an underdeveloped marketing potential (in “the former Yugoslav Republic of Macedonia”).

Obstacles are basically due to the high degree of state centralisation, though reforms are increasing the decentralisation and self-government of local bodies, different institutional competences of the countries’ agencies, fiscal problems, customs policy problems (limited harmonisation between the two countries), lack of funds and information for the co-operating structures and limited knowledge of the other’s national laws. With the involvement of “the former Yugoslav Republic of Macedonia” in the SAP and particularly after signing the SAA, many of these problems have been solved through better understanding. The problem of lack of funds in cross-border co-operation is leading to more and more common efforts to put the issue of fund-raising under the EU as a common denominator. There is no restrictive legislation in matters of taxation which could hamper foreign direct investments; it is rather the matter of the economic and technological gap between the two regions (“the former Yugoslav Republic of Macedonia” ’s lower rate of development due to poor infrastructures) which could cause this.

Implemented projects

Co-operation within the Initiative for the Development of the Southern Balkans. Within the Initiative for the Development of the Southern Balkans, involving Albania, Bulgaria and “the former Yugoslav Republic of Macedonia”, the following projects were completed:

- Instrumentation (a mobile laboratory on the regional motorway) for the analysis of regional traffic volume set up in the autumn of the year 2000; a study on the economic feasibility of Corridor VIII; the project to be completed (1998-2004) with EU assistance to construct a 2,5 km rail segment between Gueshevo and the border of “the former Yugoslav Republic of Macedonia”; the project for the reconstruction of the rail and road networks, instrumental in the reconstruction of the Durres-Tirana-Kafesan connection (sponsored by Bulgaria and the American Trade and Development Agency),
- Co-operation between Bulgaria and “the former Yugoslav Republic of Mace-

donia” in the framework of Corridor VIII (E-65 east-west: Durres-Tirana-Skopje-Sofia-Varna). Corridor VI-II, connecting the Black Sea with the Adriatic Sea, is a key infrastructure project. The common desire of the Governments to the implement this project was set down in an intergovernmental bilateral agreement signed in 1999. This Agreement provided for the construction of a new rail link along the route Gueshevo-Beliakovtsi-Kumanovo. It was decided that Gueshevo would be the joint railway station of Bulgaria and “the former Yugoslav Republic of Macedonia”. In September 2001, Ministers of Transport and Communications of Bulgaria and “the former Yugoslav Republic of Macedonia” agreed to propose the project for inclusion in the Stability Pact Quick Start Package List with a view to providing the necessary financial resources for its implementation.

At present, the challenge for the Governments from the two sides of the border is to develop the rail system through the construction of a line between Beljakovce and the Bulgarian border. This line represents part of Corridor VIII and would connect Bulgaria with “the former Yugoslav Republic of Macedonia”, forming a link which would bring benefits to both countries in terms of freight and passenger transport. In the past decade, 201.98 million € of state money has been invested in this rail line. However, the line is still not finished as an additional 150 million € is needed.

The latest activities activated are the following:

- Corridor VIII road experts meeting in Bari (May 2006) – the meeting brought together top experts from the two neighbouring countries, together with road specialists from Italy and Albania (the other states concerned in the construction of the Corridor VIII Road and Port Network). The main aim of the meeting was to identify priority initiatives for the current road connecting the Adriatic Sea to the Black Sea. The next meeting of the Corridor VIII Motorways Working Group will take place in Skopje in mid-July 2006,
- Co-operation between Bulgaria and “the former Yugoslav Republic of Macedonia”:
 - 1) The interconnection of the power grids. In June 2006, the Bulgarian Prime Minister, Mr Sergei Stanishev, paid an official visit to “the former Yugoslav Republic of Macedonia”. The first section for a 400kV power line facility, interconnecting the national power grids of the two countries via Chervena Mogila (Bulgaria) and Stip (“the former Yugoslav Republic of Macedonia”), was laid. The bilateral project is of great importance for the development of economic relations between Bulgaria and “the former Yugoslav Republic of Macedonia”. The interconnecting power line will open up the electrical power market in “the former Yugoslav Republic of Macedonia” and will be able to supply the common energy market in south-eastern Europe. This project is of particular importance for Corridor VIII (it is actually part of Corridor VIII) and vital for both states’ economies. The two Governments believe that the planned interconnection of the two power grids could be completed by the winter of 2007-2008. The first power line interconnecting power grids of Bulgaria and “the former Yugoslav Republic of Macedonia” will be 150 km long, 70 km of which will pass across the territory of “the former Yugoslav Republic of Macedonia” and 80 km across Bulgarian territory. The preparatory works for constructing the facilities took almost ten years;
 - 2) Bilateral co-operation in the framework of the power line infrastructure project will definitely have a positive impact on “the former Yugoslav Republic

of Macedonia”, especially when considering the accession of Bulgaria to the European Union (1 January, 2007). The practical implementation of the project was awarded to Germany’s SAG, chosen in accordance with the rules and requirements of the European Bank for Reconstruction and Development (EBRD). The project will cost nearly 50 million € of which the EBRD will provide 45 million €. Slightly more than 25 million € is designated for the part of the project in “the former Yugoslav Republic of Macedonia”, the rest is for construction work in Bulgaria;

3) There are no projects in the economic sector, and the existing statistical data on tourism do not allow for the configuration of long-term trends for the development of tourism exchange between the two regions;

4) In the culture and education sector, mention should be made of another initiative involving the educational and training development of human resources, supported by both border areas. The effectiveness of this project however is estimated as average;

5) Bulgarian companies are interested in the insurance and banking businesses in “the former Yugoslav Republic of Macedonia”). About \$ 300 million dollars has been invested in the energy sector in “the former Yugoslav Republic of Macedonia” and other industries.

Forthcoming projects for the near future are the following:

- The project for the construction of approach road Strumiani-Berovo (border with “the former Yugoslav Republic of Macedonia” within the framework of the PHARE-CBC programme. The project envisages the renovation of the class 3 road for a length of 15 km and the construction of a new road with a length of 15 km. The total cost of the project is 6.768 million €.
- The Struma motorway project envisages the construction of the following sections: Lot 1 Dolna Dikanya-Dupnitsa (22 km), Lot 2 Dupnitsa-Simitly (37 km), Lot 3 Sandanski-Kulata (49 km).

Elements of Swot analysis

Strengths: The infrastructure, transport system and communications of the border area are of regional and European importance, particularly International Corridors IV (Sofia-Pernik-Blagoevgrad-Sandanski-Kulata) and VIII (Pernik-Kyustendil-Gyeshovo-Kriva Palanka-Skopje). The following strengths of the two neighbouring countries are to be considered: 1) favourable geographical location on transport crossroads allowing the states to be an important part of the common European transport corridors; 2) a good level of political stability on the two sides of the border; 3) a satisfactory level of free transport market. There is a good potential for entrepreneurship along the border area based on strong similarities in mentality, characteristics of the economic and productive structures of the two countries, the high level of training of the workforce, the foreign direct investments on the Bulgarian side of the border and the low level of linguistic barriers. The educational level is also good thanks to the two universities in Blagoevgrad).

Weaknesses: The area is characterised by low salaries and a low standard of living. The agricultural potential has suffered and a low industrial efficiency persists.

While privatisation is complete in Bulgaria, there is still much to be done in restructuring and privatisation on the side of “the former Yugoslav Republic of Macedonia”. Marketing is also lacking (in the tourism sector). The importance of stimulating the exchange of experiences and formative activities with the economic and institutional actors of the EU must be pointed out. This should involve all stakeholders in elaborating strategies for the area, facilitating investments and modernising the productive structures. The transport sector and infrastructure face the following challenges: 1) unsatisfactory technical conditions and level of maintenance of the current transport infrastructure, unfinished construction of important parts of European corridors (Sofia-Skopje railway) and outdated transport technology and equipment; 2) insufficient traffic flow which leads to a lack of funds for standard maintenance of the infrastructure; 3) the existence of “tight spots” in the transport infrastructure; 4) insufficient level of co-ordination between the different types of transport; 5) The chronic lack of investment leading to safety problems and risks of accidents.

Opportunities: A good way to boost cross-border co-operation is to put pressure on central authorities to integrate the communications networks along Corridor VIII. The development of the Pan-European Transport Corridor is of mutual interest for strengthening economic co-operation and cultural relations. Central Governments of both countries must realise that well-prepared initiatives at local level can be only implemented at higher costs because of the lack of a normal physical infrastructure. The opportunities in the transport system and infrastructure could be summarised as follows: 1) Bulgaria and “the former Yugoslav Republic of Macedonia” are crossing points of Corridors IV and VIII; 2) there is a significant increase in EU financial support for the development and modernisation of the transport infrastructure; 3) the opening up of the transport sector to attractive public-private partnership projects; 4) attracting more international transit traffic in order to fully utilise the crossroads location of the states; 5) the development of exchanges with other neighbouring countries; 6) the development of tourism; 7) attracting foreign investors and operators. Actors in the border area of “the former Yugoslav Republic of Macedonia” are willing to co-operate in the socio-cultural sector thanks to shared traditions and culture and the low level of linguistic barriers. The tourism sector still needs to be strengthened in order to increase the tourist flow by disseminating information about the resources and facilitating faster border crossing.

Threats: Risk of a more long-term nature are associated with the lack of effort at central level to implement Memoranda on developing the physical infrastructure which would enable normal communication between not only the border areas, but also the two countries. Other threats faced by “the former Yugoslav Republic of Macedonia” and Bulgaria are the following: 1) delayed completion of priority infrastructure projects; 2) the detour of international transit traffic around Bulgaria and “the former Yugoslav Republic of Macedonia”; 3) delayed renovation, restructuring and modernisation of the transport sector or some of its divisions; 4) the increase in fuel and energy prices.

9. BULGARIA–ROMANIA



Geographical and historical background

The border between Bulgaria and Romania runs for 608 km from the junction with Serbia in the west, to the Black Sea in the east. The border, for the most part (473 km), runs along the Danube river.

The Ottoman Empire ruled in the Balkan area after the battle of Kosovo in 1389. In the 19th century, the nationalist aspiration for independence grew, supported by the increasing czarist influence in the Balkans. Several political events led to the 1877-1878 conflict between Russia and Turkey. When the Russian army positioned itself near Istanbul, Great Britain and Austria-Hungary forced the Russians to stop their advance, and on 3 March 1878, the San Stefano Treaty was signed. With this Treaty, Bulgaria's territories expanded, spanning from the Danube to the Aegean Sea. This Treaty also established Romania's independence. The Great Powers, however, forced Russia to alter the San Stefano Treaty, and the Berlin Congress led to a substantial reduction of Bulgaria's territory. The latter thus became a compact state, extending from the Timok river in the Balkans to the Danube. The border between Bulgaria and Romania was defined as "a line that starts east of Silistra and ends on the Black Sea, south of Mangalia". This line was established in December 1878, and was later modified in 1880 in favour of Bulgaria, which maintained the Silistra-Karaorman road within its boundary.

After the Second Balkan War, in 1913, the southern area of Dobruja was transferred to Romania. At the end of the conflict, Bulgaria and the Allies signed the Neuilly Treaty (27 November 1919) and the border with Romania was fixed along the 1913 demarcation line. After the Second World War, Bulgaria's borders of 1 January 1914 were confirmed in the Paris Peace Treaty (10 February 1947). The 1878 border area has remained unchanged, and it is one of the oldest European borders. Currently there are no disputes or claims.

The Bulgarian provinces (oblasti) and main cities in the border area are: Vidin (Vidin), Montana (Lom), Vratsa (Oriahova), Pleven (Belen), Veliko-Turnovo (Svistov), Ruse (Ruse), Silistra (Silistra) and Dobrich (Shalba). The counties and major cities on the Romanian side are: Mehedinți (Drobeta Turnu Severin), Dolj (Craiova), Olt (Slatina), Teleorman (Alexandria), Giurgiu (Giurgiu), Calarași (Calarași) and Constanta (Constanta). The Bulgarian population living in this area is 15% of the total population (8,225,000 inhabitants) and its ethnic composition is Bulgarians (85%) and Roma (1%). The Romanian population in the border area is 15% of the country's total (22,327,000 inhabitants) with the following composition: Romanians (89%), Bulgarians, Turks and Roma (respectively 1%). (Source: University of Cluj-Napoca; elaborated from local data). The Romania-Bulgaria border still qualifies for almost the same conditions as those underlined by the previous Swot analysis, except the opportunities which look even more promising as Romania and Bulgaria have become EU members. The cross-border co-operation between the two countries could be stimulated by a more substantial participation of civil society agents (such as NGOs) and economic actors.

Economic and infrastructural characteristics

Agriculture is one of the main activities on both sides of the border, but on the Bulgarian side there are also mechanical and energy production industries. With regard to infrastructures, in the Bulgarian-Romanian border area there are the very important river ports on the Danube of Ruse, Lom, Svishtov and Vidin in Bulgaria and Drobeta Turnu Severin, Giurgiu and Cernavodă in Romania. However, there is only one bridge across the Danube between the two countries: the Giurgiu-Ruse Bridge. Varna and Bourgos are two important Bulgarian harbours on the Black Sea; Constanta, Mangalia and Sulina are important Romanian ports. There is also a ferry route from Vidin to Calafat.

The Bulgarian airports are in Sofia, Bourgos, Rouse, Varna and Plovdiv; the Romanian airports are in Bucharest-Otopeni, Băneasa, and Constanta-M. Kogălniceanu. The border crossings are: Bechet (RO)-Oriahova (BG), Calafat (RO)-Vidin (BG), Giurgiu (RO)-Ruse (BG), Ostrov (RO)-Silistra (BG). The strong points in the Bulgarian-Romanian border region are: agriculture, ship building, the mechanical industry and trade. Negative factors, however, include strong migratory tendencies, illegal trafficking, organised crime, an inadequate transport system and a poor environmental situation.

Cross-border declarations, agreements and propensity towards cross-border co-operation

Since 2002, the cross-border co-operation between Romania and Bulgaria has grown exponentially. The two countries are currently involved in three Euroregions: Danube 21, Giurgiu-Rouse and Danubius.

Moreover, the cross-border co-operation between Romania and Bulgaria has been sponsored by the EU since 1999. The PHARE-CBC Programme Romania-Bulgaria has a budget ranging from 5-8 million € as a result of EU financing and at least

2.6 million € of co-financing from the two Governments. The main measures of this CBC programme are: infrastructure, the environment and regional socio-economic sustainable development (with a component for funds for small projects). However, the specific objectives have also addressed issues directly related to accession negotiations with the EU, like the reduction of administrative and institutional obstacles for the free cross-border movement of people, goods and services.

The implementation of the PHARE-CBC Romania-Bulgaria has entered a new phase since 2004. The new budget for the years 2004-2006 is the last one under this framework. After 1 January 2007 (after the accession of the two countries), the cross-border co-operation between Romania and Bulgaria will be co-financed under Interreg III. The PHARE-CBC Romania-Bulgaria programme's evolution since 2001 is indeed interesting. The four Romanian-Bulgarian Euroregions are relatively small and less developed than those along the Romanian-Hungarian border. A less centralised approach, both from the Romanian and the Bulgarian sides, could make these Euroregions work, not only in less significant matters, but in the sustainable development of the border area.

Implemented projects

There are many cross-border co-operation projects involving environmental protection in particular, the development of new border crossings and infrastructure connections. The projects, at institutional level, are not numerous due to socio-economic discrepancies between the two countries, so there is simply a mutual exchange of information. Projects concerning the economic sector (due to the conditions of the respective national economies), the tourist sector (due to the lack of a communications network) and the cultural-education sector (due to linguistic barriers and ethnic and cultural differences) are of little relevance.

All implemented projects are recent and may be differentiated on the basis of their characteristics. As to institutional relations, mention should be made of the following Community programmes: CREDO (1999 and 2000) involving Bulgaria, Romania and the EU (their effectiveness was average), PHARE (1999-2000) involving Bulgaria, Romania and the EU (their effectiveness was average) and the Cross-Border Co-operation Programme (1999-2000) which was deemed to be moderately effective. In the year 2000, a representative committee for environmental issues was established between the Bulgarian municipality of Ruse and the Romanian municipality of Giurgiu. In 1999, a programme was launched by the Ohriva municipality, the Chamber of Commerce and Industry of Vratza and the Chamber of Commerce and Industry of Oltenia for the construction of a new bridge (also with the involvement of the EU).

The Danube 21 Euroregion (the exact name being "The Association for Cross-Border Co-operation Danube 21") was established on 18 January 2002 in Vidin by the Mayors of Calafat (Romania), Vidin (Bulgaria) and Zaicear (Serbia). This cross-border association involves the urban and rural areas of the three countries, not larger administrative units. Its activity is based on working committees aiming to investigate the strategic development of the region, culture and education, economic development, sport, tourism and youth activities, ecology, agriculture, health and

social protection. The trilateral committees analyses some shared problems of these areas: they are relatively remote from the administrative centres, they lack economic and transport infrastructure, they are dependent on agriculture and have a decreased level of economic development and an increased level of unemployment.

Current projects are the following. Construction of a gas pipe linking Calafat, Vidin and Zaicear; environmental projects; the opening of business information centres; the establishment of a free trade area; the organisation of exhibitions; the renovation of roads, thermal energy supply systems, sewerage and water supply systems.

The Giurgiu-Russe Euroregion, established in 2001, involves the local governments of the two cities plus an NGO and addresses more limited objectives, such as environmental protection and community health, having as a subsequent objective the sustainable development of the region. The Euroregion also endeavours to gain access to non-reimbursable funds from the PHARE-CBC project. The increasing level of cross-border co-operation between Giurgiu and Russe is illustrated by another cross-border initiative: the Danubius Euroregion which involves the districts of Russe (Bulgaria) and Giurgiu (Romania). However, the two Euroregions are still lagging behind as compared to other cross-border initiatives of the same profile.

Current projects financed by the European Commission are the following: The checkpoint and cross-border check point and ferry at Turnu Magurele (Romania)-Nikopol (Bulgaria); the renovation of NR 3B between the crossroads with NR3 and Calarasi, from km 0+000 to km 3+020; the Joint Small Project Fund; The development of a control system for air emissions from traffic and stationary sources in the Bulgarian-Romanian boundary region; the Project Preparation Facility (mirror projects).

The "Danube 21" initiative, supported by local NGOs, will receive an additional boost following the construction of the "Danube Bridge II" (to be funded by the Stability Pact for South Eastern Europe). The bridge will link the towns of Vidin and Calafat, increasing their importance along the northbound route to the heart of Europe. The construction of the second Bulgarian-Romanian bridge over the Danube (which is more brown than blue here) should begin mid-2003.

Elements of Swot analysis

Strengths: With regard to infrastructures, the border area has several important river ports on the Danube (Ruse, Lom, Sishtov and Vidin in Bulgaria and Drobeta Turnu Severin, Giurgiu and Cernavodă in Romania). Consequently the ship building industry is also developed. The creation of a free trade area in Sinaia must be pointed out, though the economic flow is still not particularly significant. National and local authorities will have to foster these elements, creating specific structures for co-operation, facilitating dialogue between the actors along the border and establishing business services to attract foreign investors. The future membership of both countries of the EU.

Weaknesses: Weak points may be identified in the lack of information exchange and in the linguistic barriers that hamper the planning and implementation of cross-border activities. The propensity for co-operation economic actors is low and is conditioned by the different development rates and by inadequate infrastructure connections between the two countries. The absence of a communica-

tions network holds back development in the tourism sector where training activities for operators are needed and hampers the development of cultural, business and agro-environmental tourism. However, this would imply upgrading the areas at the risk of the environment thus creating the need for research centres for environmental problems and sustainable development.

Opportunities: Development opportunities may be identified by the opening (with EU funds) of a new bridge across the Danube (the only other bridge is the Giurgiu-Russe Bridge). The investment opportunities resulting from EU and non-EU programmes (PHARE, USAid), considered only moderately incisive for the creation of infrastructures. The promotion of new productive activities or the re-organisation of existing ones, at least making up for the scarce financial resources invested by the two countries due to evident difficulties in their economic development. The Governments will have to reduce customs formalities, encourage border relations, stimulate cross-border activities and create common development agencies.

Threats: Changes not only to the demographic structure but especially the professional structure of the area. Local agencies are hindered by state centralisation and bureaucracy in launching new forms of cross-border co-operation. Organised crime must be added to these risk aspects, as should illegal trafficking - more effective border controls should reduce illegality activity such as smuggling, corruption, etc. and should facilitate cross-border transport, trade and transparent relations between the countries.

10. BULGARIA–TURKEY



Geographical and historical background

The border between Bulgaria and Turkey runs for 259 km, from the Black Sea to the border with Greece on the Maritsa river, in the south-eastern end of the Balkan peninsula. The border runs on land for 136 km and on water (rivers) for 102 km.

Bulgaria was under Ottoman rule from 1389 until the 1877-1878 Russian-Turkish war, after which the San Stefano Treaty provided for an autonomous Bulgarian state within its former ethnic and religious territories. However, as a result of the decisions of the Berlin Congress of 13 June 1878, the Bulgarian state was reduced to about one third of the size prescribed by the Treaty of San Stefano and was divided in two parts: the Principality of Bulgaria and Eastern Rumelia (which remained under the rule of the Ottoman Empire, but with a Christian governor). Large populations of Bulgarians remained outside, in Macedonia, Eastern Rumelia and Thrace.

The Principality of Bulgaria and Eastern Rumelia were united in 1885. In 1908, Ferdinand I proclaimed the independence of Bulgaria. During the war in 1912 the Bulgarian army reached Edirne (the ancient Adrianopolis) in the western part of Turkey. A year later, the war ended with the Treaty of London, and a new demarcation line was established from Enes on the Aegean Sea to Midye on the Black Sea. One month after the Treaty, in June 1913, the Second Balkan War broke out between Bulgaria and all the other Balkan States (Turkey included). Turkey regained possession of Edirne and an armistice was signed in July. On 29 September 1913, a Peace Treaty was signed in Istanbul. The border was moved towards the Maritsa river and Turkey kept Edirne.

Bulgaria and Turkey became allies of the German Empire during the First World War and, in September 1915, the Treaty of Sofia was signed, whereby Bulgaria acquired an area near Uskudar (present-day Shtit), and the remainder of the border, established in 1913, was shifted by 1,6 km east of the Maritsa river. The defeat of

both countries at the end of the war brought no changes to the border they shared, and in the Peace Treaty between the allies and Bulgaria, signed in Neuilly in November 1919, the border was definitively confirmed on the basis of the 1913 and 1915 agreements. The entire border area was marked out by the Greek-Bulgarian Border Demarcation Committee in 1921, while the junction with the Greek border was set on the Maritsa river by a specific committee in 1926.

Currently, there are no border demarcation disputes.

The municipalities in the Bulgarian border area are Tzarevo, Malko Tarnovo, Sredez, Bolyarovo, Elhovo, Topolovgrad and Svilengrad belonging to the three regions of Bourgas, Yambol and Haskovo. On the Turkish side, the border corresponds to the Marmara region and, more specifically, to the municipalities of Edirne (Edirne, Enez, Havsa, Ipsala, Kesan, Lala Pasha, Meric, Suloglu and Uzunkopu) and Kirklareli. The population living in the Bulgarian border area is 4.3% of the country's total (8,225,000 inhabitants), consisting mainly of Bulgarians (93%). The other groups are Roma 6% and Turkish 1% while the population on the Turkish border area is 11% of the country's total (65,997,000 inhabitants) consisting mainly of Turks (83%). Source: Economy Policy Institute; elaborated from local data.

Dividing the regions into the main districts that constitute the Bulgarian frontier territory, the following important information on each of the big municipalities deserves attention.

The Burgas region is one of the most developed regions in Bulgaria. It is the second largest in area (next to the Sofia region) and the fourth most populated region of the country. The Burgas region is an important entry to and exit from Bulgaria. About 74 % of the annual import/export of the country passes exclusively through the Port of Burgas. The Burgas region provides 5.22% of the country's GDP and has the following transport and market infrastructure: 1) the Burgas Port complex, oil and fishing ports, the ports of Sozopol, Nessebar and Tsarevo; 2) Burgas Airport including a cargo terminal; 3) a triple railway and extended railway stations in Burgas and Karnobat; 4) major auto-traffic enterprises in Burgas and Karnobat.

Industry, with its multi-branch specificity, is a leading sector of the economic structure of the Burgas region. Most important are the petrochemical industry and petroleum refining, metallurgy, the transport and machine construction industry; the food, wine and tobacco industry, the tailoring and textile industry, the mining industry, the wood product industry.

The municipalities that belong to the Burgas region are Aytos, Burgas, Kameno-vo, Karnobat, Malko Tarnovo, Nesebar, Pomorie, Primorsko, Ruen, Sozopol, Sredets, Sungurlare and Tsarevo.

Malko Tarnovo is a town situated 5 km from the Turkish border. It borders the municipalities of Sredets, Sozopol, Primorsko and Tsarevo to the south of Turkey. The municipality is the third largest city in the Bourgas region. It is crossed by an international road which is the shortest connection to European countries and countries from the near east.

The Yambol district is a province in south-eastern Bulgaria, neighbouring Turkey to the south. It has an area of 4,162 km² and, according to the 2001 census, a population of 156,631. The current population is estimated at 141,157. Its main city is Yambol, while other towns include Straldzha, Bolyarovo and Elhovo.

An important municipality, bordering with Turkey, is Elhovo. It borders the Topolovgrad municipality (region of Haskovo) to the south-west, the Bolyarovo municipality to the east, Turkey to the south-east and the Tounja municipality to the north. The total territory of the Elhovo municipality is 708 km². 20,270 people live in the Elhovo municipality, including 13,119 in the town of Elhovo (64.72 % of the municipality's total population).

The roads in the territory of the Elhovo municipality belong to the republican road network (class 1, 2 and 3 roads) or to the municipal road network (class 4 roads). The class 1 road I7 has the highest level of transport services in the municipality. Its main purpose is to carry transit traffic for large distances, mostly between state borders, and to carry the traffic from neighbouring municipalities through the municipality's territory. This road is of considerable economic importance for the region. After the opening of the Lessovo check point, a Turkey-Bulgaria-Romania connect will begin to operate along the I7; a connection with the Trakia highway will also be possible. In order to be able to serve the international routes or freight transportation, some sections of that road need to be renovated and reconstructed in order to bring them up to the European standards.

The roads of the town of Elhovo are provisionally classified into two main groups: first-grade road network and second-grade road network. The first-grade road network includes all entry and exit arteries and the main roads of the town; and the second-grade road network includes all other roads. The total length of the road network is 43 km. The length of the rail network in the settlement system is 13 km, represented by branch line n° 84 Yambol-Elhovo which connects the settlement system with the state rail network. The loading and unloading of freight takes place at the Boyanovo and Elhovo railway stations.

The branches of the municipality's economy are industry, farming, commerce and transport with three sub-branches – machinery construction, light industry and food, tobacco and beverage industries. The trading services in the municipality are carried out by five co-operatives and 735 sole proprietors. There are 236 trading objects in the municipality, 37 of which are places of public catering. The private sector is prevalent. The repair services for the population are also mostly performed by the private sector with 270 people employed.

Haskovo municipality is located in the central part of southern Bulgaria and occupies the most western part of Haskovo region. It is located on a territory of 737m², which is 13% of the territory of Haskovo region. Its geographical location is extremely favourable and important. It is a transport crossroads between Europe, the Near East and the Middle East, which is a good prerequisite for international commercial and cultural exchange.

Important automobile and transportation major roads cross the municipality. The length of its road network is 238,57 km which comprises 12.7% of the total road network of the Haskovo region. Haskovo is one of the few municipalities that have succeeded in finding appropriate solutions to the problem of taking the transit automobile traffic outside the town. There are no highways and secondary roads crossing the territory of the municipality. The class 1 road network occupies 30.12% of the road network of the municipality, the class 3 roads comprise 19.26% and the class 4 roads 50.61% of the total road network of the municipality. The telecommunications

services are provided by the regional Automatic Telephone Exchange and the subsidiary telephone exchanges in residential areas. All residential areas in the municipality have automatic dialing. The mass consumers of telecommunications services are households.

Svilengrad is a municipality in the Haskovo Province situated at the border of Turkey and Greece. The population is approximately 20,000. Svilengrad is supposedly one of the largest road customs in Europe. Svilengrad is located south of Varna and Burgas, western of Edirne and north of the nearest Greek community Ormeni and Alexandroupolis.

On the Turkish side of border, the following information on some of the bordering districts and municipalities is of importance: Edirne is the westernmost province of Turkey, located in Eastern Thrace along the Greek border. It is named for its capital, Edirne. The province has a population of 402,606 (2000).

The city of Edirne is situated in the westernmost part of Turkey, close to the borders with Greece and Bulgaria. Its estimated population in 2002 was 128,400 (up from 119,298 in 2000).

Kırklareli is a district in north-western Turkey on the west coast of the Black Sea. The province neighbours Bulgaria to the north. Kırklareli is the capital city of the region. The north and north-eastern parts of the district are some of the least populated parts of Turkey. The municipalities to the south and west are more populated because the land is better suited to agriculture and industrial development. The northern and eastern parts of the province are dominated by forests. Forestry is therefore very important in these areas. Fishing is done along the Black Sea coast.

The Kırklareli border region includes the following municipalities: Kırklareli, Babaeski, Demirköy, Kofçaz, Lüleburgaz, Pehlivan köy, Pınarhisar and Vize.

Economic and infrastructural characteristics

In the Bourgas border region – the country's main harbour – there are oil refineries, mechanical industries and food industries. The specific location of the region is of great importance for the future extension of oil and gas pipelines, connecting Europe with the resources of Russia and the countries of the Middle East region. It therefore plays a key geostrategic role in this part of the world as the main resource supplier for Europe and thus determining its future energy (in)dependence. The Bourgas border region is also known for the manufacture of cables and its ship building industry. Also, since 1989, it is a free trade zone. In the Elhovo municipality, Yambol region, which was well-known in the past as one of the main textile production centres, there are mechanical and food industries. The municipality of Bolyarovo's main economic activity, on the other hand, is agriculture. The region is also famous for its orchards, vineyards and for the cultivation of wheat; in the western part, in Haskovo, the cultivation of tobacco is dominant. Telecommunications and transport are only developed on the outskirts of larger cities. The international motorway and rail network E80 go through Haskovo and Svilengrad (part of the railway was transformed into motorway). Most of the roads are class 2, 3 and 4 and are in need of massive renovation. Rail transport is developed and the system is electrified, but it lacks maintenance due to a shortage of funds.

In the Bourgas region, the communications network is developed and the region stands a good chance of becoming an economic and financial centre. However, in the Yambol region (the Elhovo and Bolyarovo municipalities), the transport system is in extremely poor condition. The Turkish population in the Marmara region is employed in industry, commerce, tourism and agriculture. Agriculture, tourism and light industry are especially developed in the Edirne and Kırklareli. The industrial goods produced in this region are food, textiles, clothing, cement and paper. Agriculture is especially developed in the cultivation of sunflowers, wheat, fruit and vegetables. The region's infrastructures which prior to the fall of the Berlin Wall were devised solely for military purposes, are developed only between the two main centres of Edirne and Istanbul.

The strengths in the Bulgarian-Turkish border area are the levels of education, productivity and human development, which are comparable to both countries' national averages. The border area can also rely on a relatively young population. However, mention should be made of the high unemployment rate (in the Bulgarian areas of Malko Tarnovo: 12.4%; Svilengrad: 17.9%; Topolovgrad: 23.3%; Tzarevo: 25.9%; Elhovo: 27.9%; Sredez: 28.0%; Bolyarovo: 29.9%), the widespread technological obsolescence, the progressive depopulation and the consequent loss of specialisation and financial power for private enterprises, municipalities and other organisations. The proximity to the centres of Istanbul (Turkey) and Bourgas (Bulgaria) and the corridor linking Europe to the Middle-East are further points of strength for this area. These elements should ease past tensions in this area caused for the most part by a strong military presence.

Cross-border declarations and agreements

Though no specific legislation on cross-border co-operation exists in the form of binding clauses for both parties, joint legislative production is extensive (particularly starting in the 1990s). Previously, international agreements had been signed by Bulgaria and Turkey on co-operation in the tourism sector (1964) and on legal support in criminal and civil lawsuits (1978). Both agreements are out of date.

In the 1990s, co-operation between the two countries led to several agreements and declarations: in the energy and infrastructure sectors (1999) to ensure the supply of electricity from Bulgaria to the Turkish economy, in exchange for investments in infrastructures in the regions populated by Turks and in the free trade sector (1998). This yielded good results and gave rise to a constant flow of cross-border workers.

The declaration for the mutual support and defence of investments (1997) which encouraged several Turkish investments in Bulgaria, although not in the border area, and the institution of a Black Sea Bank for commerce and development (1996), although Bulgaria showed little interest in this institution, viewing it as a distraction from its clear pro-European orientation.

Both countries signed agreements: on the abolition of the double taxation of income (1995) based upon a valid economic premise (however, this did not yield any tangible results); on co-operation in the tourism sector (1998) (however this did not produce the expected results since both countries are "by nature" competitors on this market).

Bulgaria and Turkey concluded an Agreement on the Determination of the Boundary in the Mouth of the Rezovska/Mutludere River and Delimitation of the Maritime Areas between the two States in the Black Sea (4 December 1997). The Agreement has settled the following issues: establishment of the terminal land boundary point and starting point of the maritime boundaries between the two countries; delimitation of the territorial sea between Bulgaria and Turkey up to a distance of 12 nautical miles; and delimitation of the continental shelf and exclusive economic zone between the two countries up to the existing Turkish-Russian Federation continental shelf/exclusive economic zone boundary.

The joint statement highlights that the above-mentioned issues had been pending for over 40 years between Bulgaria and Turkey and had been the subject of many bilateral meetings since 1964.

The agreement for multinational peace-keeping forces in South-Eastern Europe (1999) is based on an innovative approach for long-term stability in the region (putting an end to fears of military intervention); the agreement for co-operation and mutual help in customs activities (1998) proved very important in an area recognised as one of the drug trafficking routes towards Europe; the agreement on visas (1993) regulating the sensitive issue of massive emigration of Turks from Bulgaria who seek better employment opportunities (the economic and political effects of this agreement have a positive impact on cross-border co-operation); the extradition of convicts (1993); the operational notification of nuclear risks, the exchange of information on nuclear equipment and co-operation in the training of military personnel; an agreement between the Ministry of Interior of Bulgaria and the Ministry of Interior of Turkey on co-operation in the fight against the illegal drug trafficking, terrorism and organised crime (1993).

The development of Bulgarian-Turkish relations at the beginning of the 21st century received a new impetus as a result of the resolution of the long-standing boundary dispute. Bilateral agreements were signed on the removal or destruction of anti-personnel landmines within the boundary regions (1999) and on the amendment of the agreement on visas from 1993, facilitating the boundary crossing by people owning official passports (2004). The two countries also came to agreements on co-operation in the fields of the coast-guard (2002), merchant shipping, air transport, searching and saving operations in the Black Sea coast area and environmental protection (2004).

Propensity towards cross-border co-operation

Bulgarian economic operators show a good propensity towards cross-border co-operation. Bourgas is one of the most developed regions with about 35 industries; furthermore it is a free trade area and its main objective is to attract and diversify foreign investments, which would otherwise be tied only to tourism activities. Socio-cultural and institutional operators are less inclined towards cross-border co-operation. Although the region has always been open to the world economy and culture, no favourable cross-border co-operation initiatives in these sectors were launched until the beginning of the 21st century due to excessive centralisation of power, lack of training of the local institutional agencies and lack of funds to finance cross-border projects. At present, the situation has undergone changes as a result of

the Bulgarian Government's desire to push ahead with a strategy for decentralisation and the financial European assistance for cross-border co-operation through increasing the administrative capacity of local authorities.

In Turkey, the situation is less favourable. In the Marmara region, even though it is one of the most developed regions in the country, the low income level and lack of capacity in local administrations have delayed the promotion of the border area, kept for so long in isolation. On this issue, the lack of bilateral training of local agencies in both countries in managing cross-border planning should be highlighted. This is due to insufficient financial conditions, lack of contacts at local level, lack of fact-finding studies on the region and lack of experience in co-operation.

Co-ordination between local and national administrations is still inadequate due to scarce financial resources and the non-existence of a communications and feedback system of Governments on cross-border co-operation initiatives. By contrast, the involvement in cross-border projects of socio-economic organisations is satisfactory. In Bulgaria, local enterprises undertake common projects with their counterparts across the border. Co-ordination between the central administrations of the two countries is also satisfactory. Information exchange and consultation take place at local level (between Haskovo and Edirne), although, in general terms, the low level of training of the actors involved must be pointed out.

Lastly, a number of obstacles to cross-border co-operation must be mentioned: excessive state centralisation reducing the freedom of initiative of local agencies; the absence of adequate structures for cross-border co-operation; linguistic and cultural differences occasionally viewed as stereotypes.

Implemented projects

In spite of difficulties linked to inadequate financing and administration's limited ability to plan and manage cross-border initiatives, there are procedures that could bring about the exchange of information and consultation at institutional level (even if there are no agreements for regional co-operation), in the environmental and territorial planning sector (there is an agreement on the exchange of information concerning the nuclear sector), in the transport and telecommunications sector (both countries have an interest in developing infrastructures in the border regions to boost local trade) and in the economic and employment sector (even if results are far from being achieved).

There are no relations (or their nature is competitive) in the tourism sector (competition) since both regions have similar tourist attractions, in the education and cultural sector and in the everyday services sector, where financing is scarce.

In the environmental and territorial planning sector, there is the motorway project "Gorna Arda-Martitsa" (1999). In the transport and telecommunications sector, there are projects for the electrification and reconstruction of the Plovdiv-Svilengrad rail segment (150 km) (1998-2000) and for the opening of the border crossing between Lesovo (Bulgaria) and Hamsam Bayly (Turkey); the first was entirely financed and carried out by Bulgaria (the Bulgarian Ministry of Transport and State Railway).

Meanwhile, as a result of the European Union's financial assistance, other cross-border projects of common concern for both countries have been implemented since

2004. The PHARE-CBC Programme (Road I9 (E-87), the construction of the Malko Tarnovo road – border crossing check point with Turkey, including the Malko Tarnovo bypass) was launched at that time. The new road is to facilitate the movement of goods and people between Bulgaria and Turkey through the existing border crossing at Malko Tamovo in order to reduce the isolation of the border regions, encourage investments and cross-border trade and support intensified development of both regional and national economic co-operation.

This 2.5 million € project aims not only to improve cross-border infrastructure, but also to assist the border regions to overcome specific development problems resulting from their relative isolation in the framework of national economics. People-to-people actions are necessary to encourage and support the establishment or further development of sustainable co-operation networks between local and regional stakeholders in the border region in order to increase personnel and institutional capabilities for co-operation and participation in future development programmes.

2005 saw a wider variety of projects concerning Bulgaria and Turkey. The PHARE-CBC Programme between Bulgaria and Turkey has financed activities in the protection, improvement and management of the environment as well as people-to-people actions. The objectives within this framework are the improvement of security and quality of life through the improvement of the management of flood hazards in the border region and increasing the effectiveness of flood mitigation measures. Another related project aims at strengthening the cross-border co-operation between Bulgaria and Turkey through the protection and co-ordinated management of the unique environment and natural resources in the Strandja/Yýldýz mountain area.

Special emphasis has been put on the “People-to-people actions” which aim at encouraging and supporting the establishment or further development of sustainable co-operation networks between local and regional stakeholders in the border region in order to increase personnel and institutional capabilities for co-operation and participation in future development programmes.

Having in mind the common future of the Bulgarian-Turkish border region, cross-border co-operation between the two countries has been forged through the support for the programming process, increasing potential for absorption of EU financial support. The project provides technical assistance for strengthening the capacity for generating, preparing and implementing adequate projects for the next CBC Programme and supporting the relevant central, regional and local authorities in their efforts to establish future joint technical bodies and manage future projects after EU accession.

In conclusion, despite the fact that some project have already been implemented, cross-border co-operation is still in its initial stages and strategic awareness of the opportunities offered by co-operation is still limited. The interest of both countries has been gradually shifting from national to cross-national level. Integration efforts have been made in the energy and infrastructure sectors originally, then in promoting sustainable development by establishing local capacity and networks. Recently, due to the EU membership of Bulgaria and the candidate country status of Turkey, the cross-border co-operation between the countries has received a significant impetus, which can be seen in the increasing number of joint initiatives in the last few years.

The ongoing and forthcoming regional cross-border transport system projects deserve special attention. Ongoing projects are the following: "Preparation of detailed design for the renovation and partial reconstruction of road I7 Yambol-Elhovo, including the bypass of the town of Jambol" (start date: November 2005; end date: November 2006; cost: 0.103 million.€; activities; detailed design for renovation and reconstruction of Road I7 Jambol-Elhovo: 67 km long). Forthcoming projects are the following: "Construction of the road Malko Tarnovo – BCCP with Turkey, including completion of the Malko Tarnovo".

Elements of Swot analysis

Strengths: Strengths in the Bulgarian-Turkish border area are in the fields of education, productivity and human development, which are comparable to both countries' national averages. Both countries can also rely on a relatively young population. Furthermore, the area benefits from its proximity to Istanbul (Turkey) and Bourgas (Bulgaria) and from the presence of the corridor linking Europe to the Middle East. Another important point for the region is its key position in the future projects for the construction of the oil and gas pipeline crossing its area. On the whole, the economic operators show a willingness to co-operate, confirmed also by the volume of trade and by the economic agreements between the two countries. However, communication between large enterprises on both sides should be increased, with the involvement of trade associations.

Weaknesses: Weaknesses can be identified in the technological obsolescence, the consequent loss of skilled labour and the financial capacity of private enterprises, in the high unemployment rate (12-30%), in the lack of road infrastructures and in institutional co-ordination (both countries are still more focused on the national rather than the cross-national level). Socio-cultural and institutional operators are not particularly inclined towards cross-border co-operation: excessive centralisation of decisional power, insufficient level of training for local institutional agencies and lack of funds to finance cross-border projects do not favour the co-operation process.

Opportunities: The Bourgas region (one of the most developed regions in Bulgaria and a free trade zone) has the opportunity to become an economic and financial centre and to attract and diversify foreign investments, which would otherwise be tied to tourism activities alone. Besides this, the gradual integration of both countries into the EU must be pointed out; this would imply, in the initial phase, the possibility of obtaining sizeable funding to renovate and boost the local economies and to increase the administrative capacity on both sides of the border.

Threats: There is no specific legislation on cross-border co-operation containing binding clauses for both parties; however, the joint legislative production is sufficiently extensive and detailed. Very little decisional power is granted to local authorities and consequently there is a low level of training of local agencies in both countries in the management of cross-border planning due to lack of funds, contacts and regional fact-finding studies. The further development of the EU-Turkey relations will be of significant importance for the joint initiatives of both countries. The creation of research and training centres to carry out studies

on mutual awareness and to develop cross-border management courses would contribute to increasing the operator training and to identifying and fostering meaningful forms of collaboration for both countries.

11. BULGARIA–SERBIA



Geographical and historical background

The border between Serbia and Bulgaria runs for 341 km. It starts from the confluence of the Danube and Timok rivers, which is also the junction with Romania, and it ends on the border of “the former Yugoslav Republic of Macedonia”, at about 10 km north-west of the road linking Palanka (“the former Yugoslav Republic of Macedonia”) with Kyustendil (Bulgaria), at 1,333 m above sea level.

The Berlin Congress of 1878 originated in the modern states of Bulgaria and Serbia, but while the latter obtained complete independence from the beginning, the former only gained the status of autonomous region and was still under the rule of the Ottoman empire. The border between the two new countries ran along the Timok river for over 30 years, until the beginning of the Balkan War in 1912, when both countries joined Greece and Macedonia to drive the Turkish empire out of the Balkan region. Serbia and Bulgaria had already signed an agreement for the future partition of Macedonia: the northern part was to be annexed to Serbia and the southern part to Bulgaria. The Balkan states actually managed to drive the Turks east, but their alliance did not last; by 1913, Bulgaria, Serbia and Greece were already at war. Bulgaria attacked Serbia and Greece, but was forced to accept an armistice and sign the Bucharest Peace Treaty on 10 August 1913. With this treaty, Bulgaria was given only a small part of Macedonia (the Strumica valley). This disappointing outcome drove Bulgaria to join the Central Powers during the First World War; but the Neuilly treaty of 27 November 1919 sanctioned a further loss of territory for Bulgaria along the Serb border, which was moved east, near the Timok river and the cities of Dimitrovgrad and Bosilegrad.

The demarcation line was fixed by a special international commission between 1920 and 1922. This new setback drove Bulgaria to join Germany once again during

the Second World War. In 1947 however, the Treaty of Paris did not acknowledge Bulgaria's great territorial conquests at Yugoslavia's expense during the war. Therefore, the 1919 demarcation was maintained and is still current. At present, there are no disputes or official claims from either side.

The Bulgarian municipalities directly bordering directly Serbia are Bregovo, Bojnica, Kula, Makres, Belgradozic, Kjustendil, Cubrene, Ciprovc, Georgi Damjanovo, Godec, Dragoman, Tran and Trekljano. The population in the Bulgarian border area is 134,924 inhabitants, accounting for 1.6% of the total population (8,225,000). The Serbian municipalities directly bordering Bulgaria are Negotin, Zajecar, Knjazevac, Pirot, Dimitrovgrad, Babusnica, Cana Trava, Surdulica and Bosilegrad. The population in the Serbian border area is 317,055 inhabitants, accounting for 3% of the total population (10,645,000). There is a Bulgarian minority of 15,133 inhabitants, accounting for 6% of the border area population, living in the municipalities of Bosilegrad (73% of the population) and Dimitrovgrad (52%).

Economic and infrastructural characteristics

The economic structure in the Bulgarian border area is characterised by a substantial depopulation, especially in the mountainous areas. The primary sector centres mainly on traditional agricultural activities (sheep farming, forestry) but farming techniques have not been modernised in recent years. There are also few opportunities for industrial development due to scarce mineral resources in the area. Development in the Serbian border area is well below average. The development potential in the primary sector is greatly hampered by the pollution of the Timok river, the Negotin area and beyond. Consequently, there is little land suitable for cultivation; only in the southern part of the border area are there fruit cultivation and sheep farming. The mineral development of the region is also a thing of the past.

In Serbia, 31% of the working population is employed in agriculture and fishery, 33% in the industrial sector, 6.2% in trade and transport and 2.9% in tourism. As to infrastructures, two main road networks run through the border area: in the north, there is the road between Niš and Sofia, and in the south the road between Dimitrovgrad and Dragoman. There are three border crossings, the main one being Zajecar-Kula, and the others local border crossings. On the Serbian side, there are three motorway networks for a total of 300 km, and two rail lines. The projects for the extension of the road network drafted by the authorities of both countries are also worthy of mention in this sector. Three different road construction projects are due to begin involving a bypass on the road linking Trnsky Odorovci (Serbia) with Tran (Bulgaria), a bypass on the M12 road between Donja Nevlja (Serbia) and Nese (Bulgaria) and a road passing under the Stara Planina mountain.

Cross-border declarations and agreements

In the forty years between the end of the Second World War and the fall of the Socialist Federal Republic of Yugoslavia, at least twenty bilateral agreements and protocols were signed by the two countries, ranging from co-operation in the health sector, to air traffic border management, movement of goods and people, fishery,

infrastructure maintenance and others.

Mention should be made of the proceedings from the different meetings held in recent years by the joint Bulgarian-Yugoslav Commission. This Commission was established on 4 October 1991 to rebuild, demarcate and maintain the border. The Commission met on 26 December 1991, 31 March 1993, 11 November 1993, and held a closing session on 14 October 1994. At each meeting, the year's activities were laid down, and finally in October 1994 the border demarcation was complete. There is also the 4 June 1997 agreement on customs co-operation and mutual aid and also the minutes from the 25th meeting of the joint Commission (central) concerning the examination and resolution procedures for border violations.

Propensity towards cross-border co-operation

In general terms, the limited cross-border co-operation between Serbia and Bulgaria is not due so much to political-administrative obstacles (though present) or to historical and cultural tensions, as to the simple delay in the area's economic development. The main obstacles then are not the lack of credibility of local actors, mutual distrust or ethnic and religion-based stereotypes. Rather, the recurring problems are due to excessive centralisation of the administrative structure and bureaucracy and lack of funds, aggravated in this case by a rather restrictive national legislation in matters of cross-border co-operation. There is also a series of other factors, such as the absence of technological diversity and labour market protection and the fact that the economic growth rates and structures are compatible: these elements should foster greater interaction.

In detail, the positive points are: at institutional level, the re-launching of the Stara Planina mountain area; at economic level, the first local contracts between businessmen from both sides, even if co-operation for the moment is limited to small daily trade; in the field of territorial planning, the project for the opening of a new municipal dump in Pirot (Serbia) as a first step towards the much needed environmental upgrading of the area; in the education field, the presence of minorities and the absence of linguistic barriers foster cultural exchanges, as in the case of the Dimitrovgrad students who attend schools in Bulgaria; in the services sector, the hospital on the Bulgarian side which serves patients from both sides of the border; and lastly, in the so-called everyday services field, cross-border sports events can be mentioned.

A case in point is the Euroregion around Niš, Skopje and Sofia, to be established between the three major cities and other local authorities, with the active involvement of social, economic and educational institutions, such as the three universities.

Taking into consideration the variables listed in the SWOT analysis, the following changes and processes which took place in the past deserve special attention. Everything will depend on laws and rules which will be established in Bulgaria after 1 January 2007 when this country becomes a member of the EU. There are good political relations among the two Governments. A last example is joint investment in the railway station of Dimitrovgrad (Serbia) to serve as a common customs check point. There is no regular bilateral co-operation in the field, but both countries are in the Danube Commission and must jointly ensure that the river is not polluted. After accession to the EU, Bulgaria will introduce visa controls for citizens of

Serbia. This will have negative impact on cross-border labour and economy. On both sides of the border, high schools will operate under the Bologna principles. Some changes will take place in Bulgaria after entering the EU, and on the Serbian side, a new Constitution will bring about a higher level of decentralisation. Bulgaria will apply EU laws and regulations to which the Serbian side is not complementary. Serbia has not signed the Madrid Convention. Bulgaria signed it in 1998 and it has been applied since 1999. Disparity is evident because Bulgaria is entering the EU and Serbia is still in the process of synchronisation with EU prerequisites. Bulgarian companies are participating in the privatisation process in Serbia. Serbia was not eligible for any of above-mentioned projects for 10 years because of sanctions. The Bulgarian language in schools and in the mass media is used in Serbia because a significant Bulgarian national minority lives in border areas. Both sides have supported the initiative to increase the number of cross-border points to five.

Implemented projects

Among the projects set up in the border area in recent years, mention should be made of those drafted at local level and those financed by the EU. The initiative of the Zajecar and Bor municipalities for the establishment of the NGO "Timok 21" belongs to the first group. This NGO operates within the sphere of regional development, and in recent months, it has broadened its range of action within the Euro-region project by means of contacts with other associations in Bulgaria and Romania. Also at local level, there is collaboration in several sectors between the Belgradozik (Bulgaria) and Knjazevac (Serbia) municipalities.

Lastly, mention should be made of the cultural contacts and exchanges between the Dimitrovgrad (Serbia) municipality and those of Godec, Dragoman and Belogradovic.

Elements of Swot analysis

Strengths: Regarding infrastructures, Niš-Sofia and Dimitrovgrad-Dragoman are the two major motorway networks in this area. At economic level, the absence of technological diversity, the similar economic growth rates and the absence of labour market protection are positive elements for the development of the area. The extensive and significant legislative tradition, since the end of the Second World War, demonstrates the will and the interest to develop co-operation policies, confirmed by the projects implemented so far (even if they are relatively few).

Weaknesses: At economic level, there are several weak points in the area: depopulation, obsolescence of cultivation techniques, scarcity of mineral resources, pollution of the Timok river and of the Negotin area. These may be overcome only with adequate investments and the acquisition of know-how of the political leadership and of the economic and socio-cultural operators. In addition, the situation will worsen because of the implementation of EU rules within a member state (Bulgaria) and another non-member, neighbouring state (Serbia).

Opportunities: Great opportunities have been offered by international organisations, especially the EU and OSCE. The Stability Pact proved to be a valuable instru-

ment for setting up contacts, gaining knowledge and activating the process of development in human and structural terms.

Threats: There are no particular risks, apart from those ensuing from international economic trends or political instability. Obviously, the poverty of the area and the lack of infrastructures slow down the growth process, in spite of the absence of linguistic barriers, which usually fosters contacts and exchanges along the borders.

12. CROATIA–HUNGARY



Geographical and historical background

The 329 km border between Hungary and Croatia runs on a south-west axis. The demarcation line begins from the junction with the Slovenian border in the north east and ends at the junction with Serbia in the south west. From the junction with Slovenia, the border follows the Mura river through the Pannonian plain until it reaches the Drava river. The latter demarcates most of the border, even though parts of Hungarian territory are south of it and parts of Croatian territories are north of it. The eastern part of the border is marked by the Danube river, which flows in the direction of the border with Serbia.

The border between Croatia and Hungary has not changed since 1920, when it was traced as the border between the newly-established Republic of Hungary and the Kingdom of Serbs, Croats and Slovenes. This is one of the oldest borders in Europe since the Drava has been the demarcation line between the two countries for hundreds of years.

Croatia and Hungary experimented since 1102 (when the Pacta Conventa were signed) with several forms of association and union without interruption until 1918, when the Austro-Hungarian Empire dissolved. During this period, the Drava river however always marked the border between the two countries. The western side of the border on the Mara river is also the northernmost point of the Medimurje Croatian region, which, over the centuries, was sometimes under Hungarian sovereignty. However, in 1918 this region was once and for all annexed to Croatia. The easternmost section of the border was established for the first time during the Paris Peace Conference at the end of the Great War. This border demarcation was confirmed by the Yugoslav-Hungarian Trianon Treaty (1920) and divided the historical region of Baranja between the two countries. The 1947 treaty between the Hungary and the Socialist Federal Republic of Yugoslavia, after the Second World War, confirmed

this demarcation, which was not disputed by Croatia following its declaration of independence in 1991. Currently, the Croatian-Hungarian border is not the object of disputes and it is recognised as an international border.

On the Croatian side there are four administrative divisions (Zupanije) bordering on Hungary: Medjumska, Koprivnicko-Krizevacka, Viroviticko-Podravaska and Osijecko-Baranjska. Cakovec (36,000 inhabitants) is the administrative centre of the Medjumska Zupanja. The other cities in this division are Murko Spedisce and Prelog. Koprivnica (34,000 inhabitants) is the administrative centre of the Koprivnicko-Krizevacka Zupanja, the second largest city of which is Krizevci (28,000 inhabitants). In the Viroviticko Podravaska Zupanja, the major cities are Virovitica (37,000 inhabitants and the administrative centre), Orahovica and Slatina. Lastly, in the Osijecko Baranjska Zupanja, in addition to the administrative centre of Osijek (124,000 inhabitants), there are the cities of Beli Manastir, Belisce, Donji Miholjac, Djakovo, Nasice and Valpovo. The population in this border region is 721,081, accounting for 15% of the total population (4,784,000) and it is divided as follows: Medimurska 119,866 (2.5%), Koprivnicko Krizevacka 129,397 (2.7%), Viroviticko Podravaska 104,625 (2.2%), Osijecko Baranjska 367,193 (7.6%).

There are no official statistics at regional level on the ethnic composition of the population, but since most of the Hungarian minority lives in this area, it is legitimate to presume that 22,355 Hungarians (3.1%) reside in these four border regions. In this area, there are also Czechs (13,086) (1.8%), Slovaks (5,606) (0.9%), Roma (0.6%), Ruthenians and Ukranians (3,754) (0.5%). It is impossible to provide official data on the Serb minority due to the large number of refugees following the 1995 Croatian military operations. For information, in 1991, 115,345 Serbs (15.2%) lived in the geographic area in question (Source: Institute for International Relations; elaborated from local data). On the Hungarian side, three of the 19 regional administrative divisions border on Croatia: Zola's administrative centre is Zalaegerszeg, Kaposvar is the administrative centre of Somogy and Pecs is the administrative centre of Brany.

Economic and infrastructural characteristics

The main economic activities in the border region are concentrated in the major cities and they are mainly agriculture, the food and textile industry and commerce. Cross-border economy and trade are favoured by a long-standing tradition of contacts and communication between the socio-economic actors, operating on both sides of the border. This tradition evolved historically, since the area was a border region within the Austro-Hungarian Empire. The main thoroughfares run in a north-south direction, facilitating contacts between Croatia and Hungary. There is a small and fairly developed border commerce, involving both the agricultural and the manufacturing sectors. Thanks to this socio-economic situation, living standards here are higher than in any other region of the country, with the exception of the areas of Zagreb and Istria and the city of Rijeka.

This basically positive situation is jeopardised by a low degree of cross-border institutional communication, especially among the institutions in the field of education which do not communicate sufficiently with their Hungarian counterparts, with the exception of the schools for Hungarian minorities.

The main economic institutions in the Medjmurjskija Zupanija are the Chamber of Commerce of Cakovec (Zupanijska Komora Cakovec), the Craft Chamber of Commerce and the business centre of Medjimurje. In the Koprivnicko Krizevacka Zupanija, there is the Chamber of Commerce of Koprivnica (Zupanijska Komora Koprivnica) and in the Virovitcko Podravska Zupanija, there are the Chamber of Commerce of Virovitica (Zupanijska Komora Virovitica) and the Craft Chamber of Commerce of Obrtnicka Komora. Lastly, in the Osijecko Baranja Zupanija, there are the Chamber of Commerce of Osijek (Zupanijska Komora Osijek), the University of Osijek “Josipa Juraja Strossmayera” and the Pozega polytechnic.

Cross-border declaration and agreements

On 15 January 1992, when the EU recognised Slovenia and Croatia at international level, Hungary simultaneously recognised the independent Republic of Croatia. Diplomatic relations between Croatia and Hungary were officially established on 18 January 1992, and Hungary recognised the international border with Yugoslavia as the new Croatian border. In this respect there were never any disputes. In 1992, the President of Hungary, while on a visit to Croatia, signed a bilateral agreement regulating relations between the two countries. Then in 1993, a Croatian-Hungarian trade agreement was signed confirming all the instruments for financing cultural and educational institutions for the Hungarian minority in Croatia (especially the eight schools for the minority) and for the Croatian minority in Hungary. Furthermore, a mixed Croatian-Hungarian committee for minorities was formed, designed to facilitate the fund-raising process. The difficulty of this task was due to the lack of direct contacts between Croatian and Hungarian banks.

Cross-border co-operation has a long-standing tradition on this border. In 1967, the cities of Osijek (at the time capital of the Slavonian municipalities) and Pecs (capital of the Baranja region in Hungary) established co-operation with one another and signed an agreement. In 1973, the cities were twinned and the co-operation was extended to the two regions of Slavonia and Baranja by the signing of a co-operation agreement in the same year. During the Serbo-Croatian conflict of 1991-1995, the Baranja region assisted its counterpart (present-day Osijecko-Baranjska) by extending its hospitality to about 20,000 Croatian refugees (material aid, food supplies, etc.).

In 1995, a new co-operation agreement was signed involving new forms of collaboration in the fields of infrastructures, commerce and culture. To date, this is the broadest and most meaningful cross-border co-operation agreement ever signed by Croatia, and it is the platform for the establishment of a multilateral form of co-operation launched in 1998 by Hungary. In detail, an international association of regions, districts, cities and Chambers of Commerce was created; it was founded by the Baranja region, the city of Pecs and its Chamber of Commerce (Baranja), the Osijecko Baranjska region, the city of Osijek and its Chamber of Commerce and the city of Tuzla and its Chamber of Commerce (Bosnia and Herzegovina). In 1999, this organisation was named the “Danube-Drava-Sava Euroregion”, taken from the names of the rivers that mark the region’s borders. In the same year, new members joined this organisation: the Hungarian city of Barcs and the regional capital of Szekszard.

At the end of the year 2000, other actors on the Croatian side of the border area

joined the association: the regions of Viroviticko-Podravska, Koprivničko-Krizevačka, Međimurska, as well as their respective Chambers of Commerce. The only addition on the Hungarian side is the Somogy region, which is also active in the cross-border co-operation association between Slovakia, Austria and Hungary. In 2001, other Croatian members joined: the Vukovarsko-Srijemska region and its Chamber of Commerce, the city of Vukovar and the Bosnian administrative district of Brčko. This association does not yet have an internationally established legal status and it is open to other members who may want to sign the agreement. The main reason behind the creation of this association is the European motorway project that will run along the European Corridor Vc (Tem Project), linking all the regions involved with the rest of central Europe and with the Adriatic Sea.

There are six main objectives in the Danube-Drava-Sava Euroregion statute: 1) the development of economic and cultural relations among the regions involved; 2) the co-ordination and harmonisation of development programmes; 3) the promotion of the region to attract foreign investments; 4) the formalisation of relations between the educational, scientific and research institutions in the region; 5) the introduction and promotion of joint environmental protection programmes; 6) the strengthening of multicultural understanding and development in the area, thus preparing the regions for the European and Euro-Atlantic integration processes. The structure of this Euroregional co-operation implies: a presidency with the leaders of the members and a chairman; a secretary and 12 working groups in the fields of economy, infrastructures and logistics, tourism, computerisation, agriculture, science and technological innovation, culture and sports, education, ethnic minorities, environmental protection, health and social services and administration.

Croatia is also a member of the association of the regions in the area of the Danube created in 1991. Croatia held the presidency of the international committee for the safeguard of the Danube river and the Danube co-operation process in 2002. Since the structure of the first organisation is based on regions, the status of membership will gradually pass from the national to the regional level of the Osiječko-Baranjska e Vukovarsko-Srijemska regions.

Croatia and Hungary have 60 bilateral agreements in effect between them, of which 30 were concluded after Croatia became independent. Cross-border co-operation with Hungary also resulted in the agreement between Croatia and Hungary on crossing the state border with identity cards only.

More recent bilateral agreements, which have an impact on cross-border co-operation between Croatia and Hungary have been signed at national level. In particular, the agreement between the Government of Croatia and the Government of Hungary on building the border crossing bridge on the river Mura on the Letenya-Goričani highway of pan-European Corridor Vb (2004); the Treaty between the Government of Croatia and the Government of Hungary on the establishment of a common border crossing Goričan-Letenye II for controlling the traffic of people at a common location on the highway (2005); the Agreement on Co-operation between the Government of Croatia and the Government of Hungary in the field of Environmental Protection and Nature Conservation (2006); and the Joint Declaration of Intent concerning the co-operation between Croatia and Hungary for common approaches to the national development and regional policies (2006).

Propensity towards cross-border co-operation

There is very good propensity towards cross-border integration in the manufacturing and trade sectors and business opportunities across the border, and occasional joint ventures are increasing. Socio-cultural co-operation suffers from a low degree of intercultural communication and linguistic factors.

At a strictly political level, there is instead a good propensity towards the establishment of institutional ties. In Croatia, Hungary is not perceived as a “capitalist” western country *par excellence* like Austria or Italy. However, Croatian participation in CEFTA (Central European Free Trade Area) is indicative of the Croatian policy’s desire to regain a central European propensity in the attempt to break away from the period of isolation towards neighbouring countries.

The level of training of local government agencies for cross-border co-operation is satisfactory, considering the almost total lack of specialised knowledge in the field. Great efforts have been made in this area, such as the establishment of Agencies for Local Democracy sponsored by the Council of Europe. There are also great problems in the co-ordination between the local and the state administrative spheres because centralised administration, especially in Croatia, does not sufficiently stimulate cross-border initiatives, always linking them to national interests. However, in the Osijek area, there is good co-ordination between local administrations and the socio-economic border organisations. Outside this specific area by contrast, there is an almost complete lack of communication between local institutions, and it is matched by the lack of documentation on cross-border initiatives, which is also concentrated in the Osijek area.

Overall, there is a good propensity towards cross-border co-operation both in principle and at the level of national policies, but against this, there are limited competencies and lack of contacts, especially in the territorial planning and telecommunications sectors, where cross-border relations based on co-operation have not yet developed. In the cultural and sports sectors, there is a good propensity towards co-operation; however, this only translates into consultation practices and mutual exchange of information. The same applies to tourism: the tourist flows from Hungary head mainly towards the Adriatic Sea, and those from Croatia to Lake Balaton, or they simply indicate brief movements across the border for shopping purposes. In conclusion, among the major obstacles to cross-border co-operation is the high degree of centralisation of state administration first and foremost. Protection measures, difficulties linked to tax regulation and customs procedures, within a generalised context of scarce specialisation of the socio-economic and political actors, also prove extremely detrimental. Moreover, cultural and linguistic barriers also have a negative impact. These obstacles however do not wipe out the basically good disposition towards cross-border co-operation; indeed there is a good degree of reciprocal trust and a lack of political or ideological grounds which would counter collaboration.

Elements of Swot analysis

Strengths: The long-standing tradition of contacts fosters cross-border trade; the desire of economic operators to co-operate is satisfactory, with an increase in

business volume and the establishment, though occasional, of joint ventures; a well-developed cross-border trade involves both the agricultural and the manufacturing sectors. Overall, living standards in the Croatian border area are higher than in other regions of the country, with the exception of Zagreb, Istria and the city of Rijeka. The entry of Hungary in the EU.

Weaknesses: Though there are agreements regulating the presence of the Hungarian minority in Croatia and the Croatian minority in Hungary, forms of intolerance towards other groups (the Roma and Serbs), along with poor inter-cultural communication (due to linguistic problems), can still be detected. The involvement of European institutions would foster the development of relations based on the principles and values of civil society, so often quoted in the agreements.

Opportunities: The establishment of the Danube-Drava-Sava Euroregion is a good opportunity to develop economic and cultural relations among the regions involved, to co-ordinate cross-border planning, to attract foreign investments and to promote a multicultural climate in the area. The Euroregion would thus contribute to reducing the productivity gap along the border and the political instability and to increasing cohesion within civil society.

Threats: The Croatian state administration has only recently recognised the value of cross-border initiatives for the country's interests. Also, the lack of experts on cross-border relations, as well as the lack of co-ordination between local and state administrative levels, poses a threat to the consolidation and expansion of existing forms of co-operation. Mention should be made of the difficulties linked with tax regulation and customs procedures. European institutions and national Governments should take an active part in training operators of the public administration on matters of cross-border co-operation and European policies, also with a view to the accession of Croatia to European Union.

13. CROATIA–MONTENEGRO



Geographical and historical background

The border between Croatia and Montenegro (25 km) retraces the one between the coastal possessions of the Republic of Venice and the ancient Republic of Ragusa (Dubrovnik); it was established between 1419 and 1426. In 1700, the same demarcation line was the border between the Republic of Ragusa and Ottoman Bosnia's narrow access to the sea. In 1815, this border and the Republic of Ragusa were annexed to the Austrian region of Dalmatia. The bay of Kotor (Cattaro) remained under Ottoman rule until 1878, when it was annexed to Bosnia and Herzegovina in the Austro-Hungarian Empire. After the Second World War, this border became an internal and administrative demarcation line between the Socialist Republics of Croatia and Montenegro. In 1991-1992, at the time of the inter-Yugoslav wars, this border was a hot spot for the presence of the Yugoslavian army on the hills and mountains surrounding the city of Dubrovnik. As a matter of fact, the siege of Dubrovnik and the bombing of the old town were among the most tense episodes of the "patriotic war", as the Croats called it. The land border remained fairly closed to international traffic for a quite long time, and the maritime border was also undetermined for a number of years, mostly because of the Prevlaka peninsula issue. In late 2002, Croatia and Serbia and Montenegro adopted an interim agreement to settle the dispute over the Prevlaka peninsula at the entrance of the Bay of Kotor, allowing the withdrawal of the UN monitoring mission. Full demilitarisation of the area is pending.

The area is ethnically mixed, especially on the Montenegrin side of the border. There, Slavic populations of orthodox (Montenegrins) and catholic (Croats) faiths co-exist, with Serbian refugees mostly settled in the municipality of Herceg Novi. In Dubrovnik, there was a Serb community as part of the cosmopolitan urban population, but both the city and its province (Dubrovacko-Neretvanska) are mostly inhabited by Croats.

Economic and infrastructural characteristics

The main challenges of the cross-border area are: the impacts of globalisation on regional economy, the introduction of new quality and legal standards as part of the EU accession process, the extremely competitive global economy, requiring knowledge and new technologies necessary to work on international markets, environmental issues and challenges related to the re-establishment of social and cultural connections between two countries, which were destroyed during the war in the 1990s. The cross-border co-operation between communities and institutions for the development of environmental and socio-economic conditions must be rooted in the improvement of good neighbourly relations and collaboration in chosen sectors of activity. Trade between Montenegro and Croatia has increased in the last few years: the import in 2006 was 60.4 million € (4.07%), while in 2007, it was 134.9 million € (5.82%). The export in 2006 was 8.8 million € (1.40%), while in 2007, it was 11.2 million € (1.87%).

Agriculture, forestry, fishing, food, drink and tobacco industry, construction, transport, communication and trade are the main economic activities in the border area. Croatia is one of the emerging tourist destinations in the Mediterranean, with a long tourism tradition and big development prospects. In the last couple of years, Croatia became one of the European destinations with the highest rate of growth. The law on incentives for investments, tax and customs benefits to local and foreign investors has also stimulated the development of the area.

Currently, Croatia enjoys the status of European Union candidate country and is a member of North Atlantic Treaty Organisation (NATO). In 2008, 18,624 Croatian tourists visited Montenegro and 82,365 overnight stays were recorded. 12,809 Croatian tourists visited Montenegro in 2007 and 44,717 overnight stays were recorded. Regular flights between Zagreb and Podgorica have been in place since 17 June 2008. In January 2007, the Ministry of Economy, Labour and Entrepreneurship, in co-operation with the association of Croatian exporters, Croatian Chamber of Economy, Croatian Chamber of Trades and Crafts, Croatian Employers' Association and Croatian Bank for Reconstruction and Development, presented the "Croatian Export Offensive" (Hrvatska Izvozna Ofenziva-HIO). The main objectives of the strategy are directed towards solving crucial issues for export growth, such as small capacities, production fragmentation and insufficient competitiveness. The strategy created six export clusters, namely: water, small ship building, textile and clothing, ICT solutions, wood and furniture and aquaculture of Croatian fish. The legal framework for international transactions has been fully harmonised with WTO rules. Harmonisation with the *acquis communautaire* has been in progress since Croatia's accession negotiations with the EU started at the end of 2005. A series of laws (in particular the Trade Act, Customs Act, Customs Tariff Act and Foreign Exchange Act) have brought about significant trade liberalisation and facilitated trade in goods and services. As a rule, the import and export of goods are free. Only exceptionally, quantitative restrictions (quotas) or protective levies may be introduced in accordance with the WTO. Croatia achieved its greatest recognition at international level on 4 October 2005 by starting EU accession negotiations, after a positive opinion from the Council of the European Union. The screening process is

currently in progress. The importance of transport, storage and communications is shown by the fact that in 2007, the share of this sector in GDP amounted to 8.7% and to 6.8% in total number of employees.

Considering Croatia's favourable position in terms of geography and traffic, transport and its infrastructure play an important part in the overall economic and social development of the country.

Road and rail infrastructure are not evenly developed across all parts of Croatia due to the events of the last decade: war destruction, historical legacies and lack of development strategy. Therefore, in addition to the current investments, further work is needed on infrastructures to connect coastal and inland parts of Croatia.

The total length of Croatian roads is 28,436 km (main roads – 6,725 km, regional roads – 10,544 km and local roads – 10,375 km: data for 2005). Of these, there are 792 km of motorways and 2,037 km of E roads.

The overall exchange of goods between Montenegro and Croatia in 2008 amounted to 142.02 million € (import 136.82 million € and export 5.2 million €). Overall exchange of goods between Montenegro and Croatia in 2007 amounted to 95.8 million € (import to Croatia amounted to 83.4 million €, whilst export amounted to 12.4 million €). In 2008, direct investments from Croatia amounted to 11.96 million €. In 2007, direct investments from Croatia amounted to 5.96 million €.

On the Montenegrin side of the border, in the north-west part of the country, is the Herceg Novi Riviera which is 15 km long and comprises seven towns, each one with unique features.

Two international airports, Tivat (23 km away) and Čilipi, near Dubrovnik in Croatia (30 km away), connect Herceg Novi with domestic and international destinations. The Podgorica airport (112 km away from Herceg Novi) may also be used sometimes. The most significant connection for the Herceg Novi tourism is the ferry traffic operated from Kamenari to Lepetane and vice versa.

Road traffic runs from Herceg Novi to cities all over Europe going to Kotor, Budva, Bar, ulcin, Podgorica, Niksic and Plejvlja over Mojlkovac, Niksic and Zabljak, Belgrade over Novi Pazar, Novi Sad, Subotica, Dubrovnik, Split, Saarajevo, Banj Luka, Zagreb, Pula, etc. The road traffic operates via the main route Bar-Podgorica-Beograd (with a side road Podgorica-Nikšić) and through the Bar-Podgorica-Niš route. In the south of Croatia is the Dubrovnik district which borders the northern area of Montenegro. It has an international airport of its own. It is located approximately 20 km away from Dubrovnik city centre, near Čilipi. The A1 highway between Zagreb and Ravča extends all the way to Dubrovnik.

Cross-border declarations and agreements

The establishment of diplomatic relations between Montenegro and Croatia on 7 July 2006 created the opportunity for a series of agreements and protocols of collaboration between the two Adriatic coastal countries.

As the Governments decided that the issue of permanent demarcation between Montenegro and Croatia had to be referred to the International Court of Justice in the Hague, the Intergovernmental Committee for Demarcation, co-presided by the

Ministers of Foreign Affairs, was established. The first meeting took place on 14 January 2009 in Zagreb. The Joint Committee for the settlement of property and other pertaining issues between Montenegro and Croatia was also established. The first session took place on 17 December 2008 in Podgorica.

There are many agreements which promote and support co-operation between the two countries, such as: the Agreement between the Government of Montenegro and the Government of Croatia on Mutual Relations in the Field of Water Management (signed 4 September 2007, entry into force December 2008); the Agreement between the Government of Montenegro and the Government of Croatia on Reciprocal Aid in Customs Matters (signed 9 December 2005); the Memorandum of Acceptance between the Ministry of Education and Science of Montenegro and the Ministry of Science, Education and Sport of Croatia on Co-operation in the Field of Education (signed 18 June 2008); the Agreement between the Government of Montenegro and the Government of Croatia on Co-operation in Protection from Natural and Civilisation Catastrophes. There are also other agreements and protocols of co-operation in progress, designed to foster collaboration between the two countries.

Propensity towards cross-border co-operation

The two neighbouring countries have further enhanced overall co-operation following the independence of Montenegro and the establishment of diplomatic relations between Montenegro and Croatia. Bilateral relations between the two countries are based on principles of good neighbourly co-operation, understanding and mutual respect. Montenegro and Croatia share common European and Euro-Atlantic goals that contribute to further strengthening friendly relations between Podgorica and Zagreb. Political relations are marked by frequent exchange visits at the highest level. The Prime Minister of Croatia, Mr. Ivo Sanader, paid an official visit to Montenegro on 22 June 2009, the Minister of Foreign Affairs of Montenegro, Mr Milan Roćen, paid an official visit to Croatia on 14 January 2009, the Speaker of the Croatian Parliament, Mr. Luka Bebić, visited Montenegro on 27-28 October 2008 and on 8 February 2009, the President of Croatia, Mr. Stjepan Mesić, paid an official visit to Montenegro on 7-8 July 2008. The President of Montenegro, Mr. Filip Vujanović, paid an official visit to Croatia on 8-10 March 2007. The cross-border area between Croatia and Montenegro is recognised as a region of high quality of life and one of the most successful European tourist destinations because of its unique and preserved natural resources, cultural and historical heritage and quality of services, as well as a region in which socio-economic partners are empowered to achieve and manage the optimal development potential of the area.

Implemented projects

Both countries actively participate in joint projects related to the Free Trade Agreement, CEFTA, the Adriatic-Ionian Initiative, SEETO, ECMT and ECRC. European Union, IPA cross-border projects will further foster the implementation of cross-border co-operation projects. Consequently, the first session of the Council for the Economic Co-operation of the Ministry for Economic Development of Monte-

negro and the Ministry of Economy, Labour and Entrepreneurship of Croatia took place on 1 July 2008 in Podgorica. It represents an important impetus for the future co-operation of the two countries. The presence of Croatian companies in Montenegro is increasing in the fields of infrastructure development, energy, tourism, maritime economy, industry, agriculture, food, water resources management and insurance and banking.

The Montenegrin Chamber of Commerce opened its branch office in Zagreb in September 2008. The first session of the Permanent Montenegrin-Croatian Commission for Joint Water Management took place in June 2008 in Herceg Novi.

Minority groups have been the focus of projects for the implementation of international standards in terms of human rights. There are two associations of Montenegrins in Croatia: the National Community of Montenegrins of Croatia and the Union of Montenegrin Associations of Croatia, both committed to the preservation of the cultural identity and the co-operation between Montenegro and Croatia. Furthermore, the Croatian-Montenegrin Inter State Council played an important role in establishing co-operation between the two countries in the period preceding the establishment of diplomatic relations between the two countries.

The Constitution of Montenegro adopted in 2007 reaffirmed the high standards of minority rights and Croatian became one of the official languages in the country. Towards the end of 2007, the Council for the Croatian National Minority was formed in Montenegro. On 14 January 2009, the Agreement on the Protection of National Minorities between Montenegro and Croatia was signed.

Elements of Swot analysis

Strengths: In the border area, a very similar language is spoken in both countries.

There is a long tradition of internationally recognised cultural events and many cultural and natural resources suitable for tourism (the cities of Dubrovnik and Kotor, under UNESCO protection, and national parks). There is also an internationally accredited education programme (according to the Bologna declaration), especially at university level. Roads, airports and the improved development of accommodation and catering are fostering the capacity of the area to become an international tourist destination.

Weaknesses: Even if it is a well-known tourist area, some weaknesses are evident in the border area. It is relatively isolated due to bad road infrastructure and connections between the islands and the mainland. The electrical infrastructure is insufficient for the needs of the area, and there is a lack of cross-border co-operation and proper equipment for fire fighting activities. There are environmental problems caused by the lack of waste water treatment, solid waste landfills and recycling practices. These become an issue particularly during the tourist season. Also, there are no joint protection programmes or actions to regulate the transport of dangerous materials through the region. Regarding demographic phenomena, it should be stressed that old town centres are depopulating, determining a regional gap between the regions and municipalities in terms of social and economic development rates. Such a widening gap dramatically determines a rise in the urban-rural divide which, in turn, undermines the traditional relational

networks. There is a lack of specialised educational programmes in tourism and an underdeveloped civil society sector.

Opportunities: Both countries intend to become members of the EU political map, so plenty of opportunities are being generated due this common perspective. There are accessible funds for cross-border co-operation programmes and projects for the Croatian area as a candidate country and for Montenegro as a potential candidate country, pre-accession funds for the development of initiatives and social services and people of the two border areas will soon be able to move free of visas in the EU territory. There will be the opportunity to create and develop integrated tourism in both coastal and mountain areas, facilitated by the transport network of the Adriatic-Ionian corridor and Corridor V.

Threats: Threats in this border area consist of demographic trends which demonstrate the negative migration trends and the environmental issues created by the new roads, pollution of the Mediterranean sea and rivers and inadequate waste management.

14. CROATIA-SERBIA



Geographical and historical background

The border between Croatia and Serbia is 239 km long and runs south from the junction with Croatia, Hungary and Serbia to the junction with the Bosnian border. The central stretch along the Danube is the oldest border section between Serbia and Croatia: this demarcation was established in the Karlowitz Treaty between the Austrian and the Ottoman Empires in 1699, while the northern stretch was set in 1954 as the border between the Yugoslav Republics of Croatia and Serbia on the basis of indications provided by a special federal committee for borders (the Djilas committee). Given its large Croatian ethnic community, the Baranja region, on the right riverbank of the Danube, was assigned to Croatia. Other deviations from the river course are based on ancient municipal rights. The committee also proposed to trace a border line between the Danube and the Sava rivers; as a result, the region of Srijem, once Croatian, was divided according to the ethnic distribution of Serbs and Croats. The border dividing Croatia and Serbia became international since the recognition of Croatia in 1992. Osječko-Baranjska and Vukovarsko-Srijemska are the two *zupanje* that constitute the administrative units of the border area on the Croatian side. On the Serbian side are the three districts of the autonomous and multi-ethnic province of Vojvodina: West Backa, South Backa and Sremski.

Economic and infrastructural characteristics

The E-70 road represents the most important infrastructure axis, which connects Serbia and Croatia. It is a motorway that is utilised daily by thousands of people who cross the border between Serbia and Croatia for business, leisure and family reasons, often travelling further east. As a matter of fact, the busy E-70 motorway is part of the backbone of transport Corridor X, linking Croatia and Serbia to the

European Union as part of a longer connection that goes from Slovenia in the north to Greece in the far south. The two parts of the border crossing – Bajakovo on the Croatian side and Batrovci on the Serbian side – have been quite difficult transit points for many years. Recently, this border crossing has enjoyed a smoother passage and even the physical condition has improved, for example the advantages as a result of the reduction in waiting times and the new shelters from bad weather. Such improvements reflect stronger economic ties and the need for better connections between the two countries, which have joint commercial interests and a strong tradition of co-operation between their two markets. Although the events of the 1990s partly weakened the reciprocal attraction, economic and entrepreneurial aspects have recently been experiencing renewed interest.

Cross-border declarations and agreements

So far, no agreements have been signed that address cross-border co-operation specifically. However, both Ministries and local authorities are conducting preparatory and co-ordination activities. In the last few years, the cross-border co-operation between Serbia and Croatia has depended quite significantly on the relevance of the main regional issues and the international obligations of the two countries. Among the most important treaties: the protocol on the method of identification and determination of borders and the preparations for the Treaty on state borders between Croatia and the Federal Republic of Yugoslavia (2002); the protocol on the establishment of tri-border points between Croatia, Bosnia and Herzegovina and Serbia and Montenegro (2003); and the Agreement between the Croatian Government and the Serbian Government on mutual assistance in customs issues (2005). There are also local initiatives of co-operation, for instance, local authorities have tried to settle common problems by acting locally and across ethnic-national divides. However, because of the harsh war years and the partially unresolved issue of refugees, cross-border co-operation is still largely influenced by the national level. Consequently, after a period of cold relations between the two countries (where cross-border activity was negatively influenced), in more recent years, relations have improved and have grown consistently, as demonstrated by the Free Trade Agreement between Croatia and the Federal Republic of Yugoslavia (2002), and the Agreement between the Government of Croatia and the Serbia and Montenegro Council of Ministers on the combined international cargo transportation (2005). While the issues of reconstruction and repossession have generally been well addressed, the implementation of housing programmes for former tenancy rights holders wishing to return to Croatia is particularly weak; no progress has been made on validating pension rights. Efforts to create the economic and social conditions necessary for the sustainability of refugee returns need to be accelerated. Therefore, there has been continued general progress in the area of regional co-operation, even though this progress needs to be sustained. However, little progress has been made towards finding definitive solutions to various pending bilateral issues with Croatia's neighbours, particularly as regards border demarcation. This issue is a key Accession Partnership priority and efforts are needed to further develop co-operation and good neighbourly relations.

Propensity towards cross-border co-operation

The political relations between Croatia and Serbia are progressively returning to normal, and important steps have been taken in the last years. The participation in common initiatives like the Stability Pact, the Central European Initiative, the Partnership for Peace and other similar multinational bodies, has certainly boosted the propensity towards co-operation. However, the actual cross-border co-operation activity between the two countries, which is desired and necessary, is slowed down by lack of funds, low economic and technological development rates, extreme labour market protection and tax-customs restrictions. Nevertheless, it is a good sign that cross-border co-operation is usually expected and welcomed by local populations inhabiting the border area, with special regard to economic and cultural issues. A specific analysis of this area has indicated that an efficient cross-border co-operation between actors co-operating at formal, organisational and institutional level is not yet taking place, at least in a consistent way. Several meetings between economic delegations have been recorded, but this is not bringing about a structured framework for co-operation action co-operating in the border area. Certainly, a reform of the judiciary, the development of integrated border management of the border area and the strengthening of trade and the private sector are prerequisites for the next stage.

Implemented projects

There are a number of projects that have been implemented within the Euroregion Danube-Drave-Save, as well as others including local communities, towns and possibly counties, but insufficient precise information on this topic was received. Recently, CARDS has been supporting the return of refugees and internally displaced persons through housing reconstruction, renovation of public, social and economic infrastructure, de-mining and support to small and medium-sized enterprises. Within this framework, special attention is also being paid to the restitution of property. Training is being provided to prosecutors and the court system is being modernised. New efforts are being supported to combat money laundering and the fight against organised crime. Moreover, the EU is helping to retrain unemployed and redundant workers and has introduced new programmes to re-organise the civil service and boost the capacities of certification and standards agencies. In the justice and home affairs area, efforts are directed towards upgrading the court system and developing coherent police and judiciary services. The customs and taxation authorities are being helped via the EU Customs and Fiscal Assistance Office (CAFAO) to implement a programme of modernisation to bring practices and standards in line with those of the EU. In other sectors, among the recently implemented projects, a special mention goes to the reconstruction and expansion of the facilities on both sides of the border (E-70 motorway). The project was financed by the European Union from the CARDS programme and actually consisted of two projects that were managed separately, though in co-ordination with each other. On the Croatian side (Bajakovo), the project was managed by the Delegation of the European Commission to Croatia. The Serbian project (Batrovci) has been divided into two phases.

The first has been managed by the European Agency for Reconstruction. The second phase, which provides for additional customs inspection equipment and facilities, is being financed by the Serbian Government. Other forms of cross-border co-operation and transnational initiatives come from NGOs, such as the Centre of non-violent action. They organised training aimed at underlining the importance of cross-border co-operation and at promoting the processes of elimination of prejudice and establishment of mutual confidence.

Elements of Swot analysis

Strengths: Potentially good infrastructure cross-border connections, high level of mutual cultural knowledge, integrated markets, geopolitical collaboration (i.e. across Corridor X).

Weaknesses: Inter-ethnic tensions, national antagonism, low technological and economic level, weak attraction for foreign investment, lack of integrated management, public administration still to be reformed.

Opportunities: Improved democratisation process, higher institutional stabilisation, boost to public administration reforms, higher participation in EU affairs.

Threats: Infrastructure shortcomings and lack of joint transport strategy, proliferation of organised crime, institutionalisation of bad governance practices, lack of political strategy.

15. SERBIA-MONTENEGRO



Geographical and historical background

Montenegro and Serbia were under the common state since the First World War. After the Second World War, Serbia and Montenegro were states of the Socialist Federal Republic of Yugoslavia, which ceased to exist in 1992. From 1992 to 2002, Serbia and Montenegro created the Federal Republic of Yugoslavia. In 2002, an agreement was reached to redefine relations between the two Republics, so the Belgrade Declaration was signed and the new Constitution was adopted, establishing the State Union of Serbia and Montenegro. Montenegro held a referendum seeking its full independence on 21 May 2006. The State Union effectively came to an end after Montenegro's declaration of independence on 3 June 2006 (recognised on 8 June 2006). On 6 June 2006, the Parliament of Serbia declared Serbia the successor to the State Union. After the end of the State Union, Montenegro and Serbia established the policy of good and open neighbourly collaboration.

According to official data, the state border of Montenegro with Serbia consists of 168,5 km, of which 161,7 km are land border and 6,8 km are river border. From a geographical point of view, the border area between Montenegro and Serbia is predominantly a mountainous one and is divided by a part of the Dinaric Alps – a mountain chain which connects Croatia, Bosnia and Herzegovina, Serbia and Montenegro. The mountains in this area include some of the most rugged terrain in Europe and they average more than 2,000 m in height. The area is rich in canyons, fast mountain rivers, forests and relatively inaccessible regions, with economic centres located in the largest towns at some distance from the border. Its western part is a protected natural area.

The climate of the border area differs from north to south. The northern part is characterised by a continental climate, with cold winters and hot, humid summers, with well-distributed rainfall patterns. In the southern part, there is a more Mediterranean climate with hot, dry summers and autumns and cold winters with heavy

inland snowfall. The Adriatic Sea influences the climatic conditions on the western part of the border area. On the Serbian side of the border, the Zlatibor Mountain over the Zlatiborski County covers 300 km² at an altitude of approximately 1,000 m with its highest peak of 1,496 m. There are national parks in Biogradska Gora, Durmitor and Lovcen on the Montenegrin side. The Durmitor National Park is under UNESCO protection. The town of Zabljak, located on Durmitor, is 1,456 m above sea level, which makes it a town situated at the highest altitude in the Balkans. Some locations are polluted by the coal power plant in Pljevlja, the smelter in Niksic, the coal mines in Pljevlja and Berane and the red bauxite mine in Niksic, which cause waste and groundwater problems. Montenegrin natural resources are mostly well-preserved.

This area is one of the most culturally diverse in Europe. It is ethnically (Serbs, Montenegrins, Bosnians, Albanians,) and religiously (Christian, Muslim) varied, but at the same time, as a result of the similarity of administrative and political systems, has been very homogeneous throughout history. Cross-border relations are therefore closer and the cultural unity higher than on many other borders of the former Yugoslavia. There are no linguistic barriers in the area, even if many different religious beliefs and traditions co-exist.

The bordering municipalities between Montenegro and Serbia are Pljevlja, Bijelo Polje, Berane and Rožaje on the Montenegrin side, and Zlatiborski and Raski on the Serbian side.

Pljevlja is a city and municipality located in the northern part of Montenegro (43.36° North, 19.36° East). The municipality borders Žabljak, Bijelo Polje and Mojkovac in Montenegro, as well as Serbia and Bosnia and Herzegovina. With a total area of 1,346 km², it is the third largest municipality in Montenegro. The municipality has a majority of Serbs. The 2003 figures of 2003 give the following ethnic composition of the municipality: 21,972 Serbs (59.52%); 7,750 Montenegrins (20.99%); 3,088 Muslims (8.36%); 2,023 Bosniaks (5.48%); 17 Croats (0.05%) and 11 Albanians (0.03%). Bijelo Polje is a town in northern Montenegro. It has a population of 15,883 (2003 census). Bijelo Polje is the centre of the municipality of the same name (population of 50,284) which is part of the geographical region of Sandžak. It is the unofficial centre of the north-eastern region of Montenegro. According to the 2003 figures for ethnicity, there were 20,743 Serbs (36.31%); 14,409 Bosniaks (25.22%); 9,896 Muslims (17.18%); 9,214 Montenegrins (16.13%); 146 Rom (0.26%); 49 Croats (0.09%); 35 Albanians (0.06%). Berane is the administrative centre of Berane municipality, which in 2003 had a population of 35,068. The town of Berane itself has 11,776 citizens. According to the 2003 figures for ethnicity, there were 16,939 Serbs (41.43%); 9,282 Montenegrins (22.70%); 8,994 Bosniaks (22%); 2,994 Muslims (7.32%); 133 Rom (0.33%); 50 Croats (0.12%) and 41 Albanians (0.10%). Rožaje is administrative centre of Rožaje municipality, which has 22,693 residents. The town of Rožaje itself has a population of 9,121. Rožaje is considered the centre of Bosniak community in Montenegro. Bosniaks form an absolute majority in Rožaje. The 2003 figures give the following ethnicity composition of the municipality: 81.68% Bosniaks; 6.06% Muslims; 4.32% Albanians; 3.32% Serbs; and 1.64% Montenegrins.

Economic and infrastructural characteristics

Natural resources, agriculture, forestry and mineral extraction are the main resources for economic activity in the area. The average GDP per capita in the Serbian area was 1,720 € (national average 4,000 € in 2006), while on the Montenegrin side, it amounted to 1,294 € (national average 2,521 €).

The processes of privatisation and restructuring of the state-owned enterprises is complete. Fragmented land ownership, weak land registration systems and unresolved property issues, together with the informal labour market, present an obstacle for attracting more investments. New legislation on land ownership and property issues has been introduced in both countries.

Foreign direct investments play an important role in restructuring and boosting the economies of both countries, in particular those concentrated along the coast line of Montenegro and the two capitals of Beograd and Podgorica. In the border areas, the local development in economic terms is lagging behind national levels. However, Plevlja is one of the main economic engines in Montenegro. The only thermal power plant in Montenegro, which provides 45% of the electric power supply of the country, is just outside Pljevlja. The biggest coal mine, which alone satisfies the needs of the whole country, is near Pljevlja. Zinc and lead can be found in the Šuplja stijena mine. The richest municipality in Montenegro, with its forests and timber industry, is Pljevlja. Agriculture is widespread in the whole municipality. The main administrative centres of the border area are linked with national and international transport networks.

Bijelo Polje is connected to the rest of Montenegro by two motorways. It is situated on the main road connecting Montenegro's coast and Podgorica with northern Montenegro and Serbia (E65, E80). Bijelo Polje is also the last station in Montenegro for trains leaving for Belgrade, on the Bar-Belgrade line. Podgorica Airport is 130 km away, and has regular flights to major European destinations.

The municipality of Berane is one of the poorest in Montenegro. Many small private companies have been set up recently, mostly in the commerce sector and the catering industry. However, small businesses in the manufacturing and production sectors are still insufficient. Workers in these new companies have no insurance or health service, so there is no overall positive impact on the community. The total number of employed people in the municipality is 3,000. Berane is connected with rest of Montenegro by two-lane motorways. Bijelo Polje, the major junction (rail and road) towards Podgorica and the coast is 35 km away. Berane is on the corridor of the future Beograd-Bar motorway. Podgorica Airport is round 150 km away. The municipality of Rozaje is on the main road connecting Montenegro with Serbia, known as the Rožaje-Kula-Peć road. It also has a link with Novi Pazar in central Serbia. It is connected with inland Montenegro by a two-lane highway via Berane.

The transport network on both sides of the border is insufficient and the quality of the roads is considerably low.

The largest part of the road network consists of local roads, most of which are two-lane. In the north, the road from Podgorica to Kolasin through the Moraca canyon to Serbia is considered as one of the most dangerous routes in Europe, especially during winter. Preparatory work has started to bypass the canyon. This

project is of strategic importance for Montenegro, as this corridor is currently the weak link in its road network.

There are two main transport routes going through the border area: Pozega-Uzice-Prijepolje-Bijelo Polje-Mojkovac-Kolasin-Podgorica and Kraljevo-Raska-Novi Pazar-Rozaje-Berane-Andrijevica-Podgorica.

The most important rail line is the Belgrade-Bar line, which connects Serbia and Montenegro. About one-third of the Montenegrin part of the railway runs through tunnels or on viaducts which makes it a unique construction in Europe. Apart from this corridor, there are a few minor rail links passing through area, such as Kraljevo-Raska-Pec as well as Kraljevo-Cacak-Pozega. The majority of the rail infrastructures need substantial upgrading. Both countries are participating in the work of the ECMT (European Conferences of Ministers of Transport) and SEETO (South East Europe Transport Observatory) which co-ordinates the policies and the development of core regional infrastructure networks including roads, railways and ports.

There is no international airport in this border area. The closest one is in Podgorica, in the adjacent area, and this airport is the main international entrance port for Montenegro. Still, due to the topography of the region, it takes a very long time to reach Belgrade Airport, Podgorica, Tivat (Montenegro coast), Dubrovnik (Croatian coast) or Sarajevo (Bosnia and Herzegovina).

The telecommunications network in both states is very well developed. There are 643,681 (as of October 2006) cell phones in Montenegro (more than 1 cell phone per inhabitant). Services in mobile telephony are provided by three GSM operators in each country. These providers have national coverage and provide advanced services.

On both sides of the border, there is much agricultural land and traditional agricultural production. A large part of the land consists of pasture and meadows, mainly used for animal feeding. There are slight differences in the two areas: breeding of large cattle makes up a relatively large percentage of livestock production in Montenegro, while on the Serbian side of the border, sheep and pig breeding is predominant. Industrial production in the border area is concentrated around a few larger towns and cities. The main economic centres are Prijepolje (Serbia) with textiles, chemicals and timber industries, and Bijelo Polje (Montenegro), a significant agricultural centre of the area. There is light industrial production in sectors such as forestry and timber (wood processing, furniture), textiles (fur and leather), the food processing industry (grain mills, bakeries, beer and fruit production), especially in the rural areas. The number of small businesses on both sides of the border has increased over the past few years, but is still not sufficient to make a significant contribution to the overall economic development. A variety of services, such as administration, banking, education and social and health care, is mainly available in urban areas, and inadequate in the rural areas. Administrative services are related to legally-defined administrative units (municipalities, towns and counties).

Both countries are characterised by an unbalanced regional development, lower in the border area than in the rest of the country. There are significant differences between urban centres and rural areas, between different geographical locations, as well as between the centre and the outskirts. In Montenegro, municipalities are much more dependent on the Government and co-operate only on an unofficial basis. However, a Union of Municipalities exists in Montenegro, with the key role of

facilitating regional development initiatives. Regional development plans do not exist for the border area. Some local development plans (LED) have been developed and approved in some regions on the Serbian side of the border.

The border area has abundant natural resources such as vast forests, ski resorts, and a large number of spas. This makes it one of the most important tourism areas for Serbia, as well as an important inland tourist area for Montenegro – even if the latter has a more developed and focused tourism industry along the Adriatic coast.

The level of education of the population in the border area is lower than the national level of both countries. On the Montenegrin side of the border, the average unemployment rate is 15.45% and is a little higher than the country's average of 15.05% (according to the 2003 census). Moreover, a dramatically high rate of unemployment in the region especially affects workers with secondary education (69% in the Montenegrin part). The age group between 24-29 years has the largest percentage of unemployment – 63%.

Cross-border declarations and agreements

There is a total of six border crossings along the border. Only two of these (Gostun and Jabuka) are recognised as multi-functional border crossings, while the other four are mainly for civil border crossing. Traditionally, there has been no vertical co-operation between municipalities, but in Serbia, new laws have recently made this possible through the district boards. Municipalities are much more dependent on the Government in Montenegro and co-operate only on an unofficial basis.

The Cross-border Programme Serbia-Montenegro under the Instrument for Pre-Accession Assistance (IPA) Component II was published on 25 June 2009. It will facilitate cross-border co-operation in the area through the enhancement of institutions, economic and trade co-operation, education and professional training.

The population living in the border area in Montenegro is diminishing, except for the coastal area where the population works in tourism. Industry is poorly developed. Some residents living in the northern part are employed in Serbia with poor prospects of generating any significant income.

Propensity towards cross-border co-operation

Diplomatic relations between Montenegro and Serbia were established on 22 June 2006 by the Protocol on the establishment of diplomatic relations between Serbia and Montenegro. The visit by the Minister of Foreign Affairs of Montenegro, Mr. V. Vlahovic, to Serbia on 22 June 2006 and the visit by the President of the Serbia, Mr. Boris Tadic, to Montenegro on 26 June 2006 are the main of many meetings at the highest level between the two states. Both countries have signed joint regional and international agreements. It is expected that in the mid- and long-term, significant funds will be channelled to this area – on both sides of the border – to level out the imbalances in regional development. It is also expected that the main problem in this regard will be the capacity of local stakeholders to agree on project ideas, link them with existing strategic operational plans and finally implement them, as there

is currently no experience in such activities. Cross-border opportunities can be found for the economic and social development of the region by focusing on: ensuring higher levels of accessibility of goods; increasing possibilities for the inclusion of disadvantaged groups such as ethnic minorities, people with disabilities and children; improving mutual confidence by establishing relations grounded in common traditions, culture, language, history; providing support for alternative methods of production and reinforcing traditional production methods, in particular in agriculture; enabling the branding of local and traditional products for tourists in the area; supporting development trends; increasing the number of small businesses in the area by creating qualitative and visible support structures and framework conditions; creating a sustainable tourism sector, based on alternative tourism opportunities (not mass tourism), taking into consideration the unique characteristics of the area; ensuring that the natural resources of the area remain mainly untouched in the future and preserving the status of the unique natural beauty in Europe through environmental protection activities which would at the same time generate more jobs in the area.

Implemented projects

There are some small cross-border projects implemented between communities in the border area. The IPA cross-border programme is the latest initiative for extending the EU policy to promote co-operation between countries in border regions of South-Eastern Europe and adjacent regions of the Community. Both Serbia and Montenegro gained experience through the CBC Neighbourhood Programmes with member states (Serbia-Hungary, Italy-Adriatic) and with candidate countries (Serbia-Romania, Serbia-Bulgaria). However, specific CBC experience as such has not been gained by Montenegro since independence. In addition, experience was gained through involvement in Strand B of Interreg III, which promotes territorial integration and social cohesion within large groups of European regions, as well as CADSES (Central European Adriatic Danube South Eastern Space), an Interreg III B programme whose objective is to achieve greater territorial and economic integration and promote balanced development of the European space. Working in four priority areas (social and economic development, transport, culture and heritage and the environment), CADSES involves 18 countries, including all the Western Balkan nations and nine member states. From 2007, as a single integrated Instrument for Pre-Accession, IPA replaced the various former instruments like PHARE, ISPA, SAPARD, the Turkey Pre-Accession Instruments and CARDS. As Component II of IPA, Cross-border Co-operation is intended to prepare candidate and potential candidate countries for the future management of EU structural funds. Accordingly, this component will be implemented by means of Multi-Annual Cross-Border Programmes. These programmes are coherent with both EU and national programmes. Experience in border region co-operation so far indicates that a solid preparatory phase is the base for launching specific activities. In order for border region co-operation to be effective, it is crucial that there is a good understanding of the rules and procedures, adequate capacity and functioning management bodies.

Elements of Swot analysis

Strengths: There is an active population strongly oriented to minimising the effects of the economic underdevelopment in the border area by using historical and cultural links. The absence of linguistic barriers provides a solid basis for cultural and cross-border co-operation, and there is a basic transport network which facilitates and supports communication and trade. There is a rail link between Bar Port and Belgrade which passes through both sides of the border. Basic skiing and other types of tourism infrastructures exist in the border area. Natural resources are coupled with transformation industries (wood and food processing, mining). A long-lasting agricultural tradition with growth potential exists in the area. Electricity is produced through thermal and hydro energy. There are vocational and teacher training faculties which prepare human resources and several institutions working to improve living standards of people with special needs. The rising awareness of environmental protection issues is positively paralleled by the establishment of national parks and protected areas.

Weaknesses: The development differences between national level and the border area have created the perception of this region as one of little innovation and limited co-operation between faculties and local business. The lack of fast highways through the area, the need for most roads and railways to be modernised and linked in a good regional network are further weaknesses of this area. The only airport, three hours away from the border area, is Podgorica. The industrial and agricultural infrastructures are obsolete. The isolated location of the area does not encourage private investments. The migration phenomenon has deprived the area of the young, educated – and fertile – part of the population. There is a gap between education and the needs of the labour market. This creates high unemployment levels and a lack of sector-specialised workers. The rural population has limited access to the formal educational system due its geographic isolation, and poor public transport and the limited range of business opportunities keep investments away from these isolated areas. The bad winter weather conditions adversely affect the accessibility of the area also. There are environmental and pollution problems in the border area. There is low level of implementation of EU environmental regulations in both the public and the private sectors, a lack of communication and co-operation among different environmental and nature protection initiatives and between local authorities, a lack of spatial and town planning regulations, in particular in tourist areas, which thus develop in a chaotic and non-sustainable way. The pollution hot-spots are threatening sustainable economic development in the areas of natural parks. Rural and urban areas do not have recycling systems in place, nor efficient structures for waste management and waste water treatment.

Opportunities: Both countries showed a common affiliation towards EU standards, regional integration and good neighbour policy. The new policy of regional development creates opportunities to develop joint economic strategies which could significantly improve the infrastructure network, access to selected border crossing points, economic co-operation and which could favour the development of a positive regional image. This cycle will then encourage economic and social

programmes to attract and keep young people in the area. The multi-ethnic population has potential for promoting intensive cultural and social links, using the common language to develop local media networks and promoting cross-border links in the area. Access to Podgorica international airport and Bar Port can become major regional development assets for transportation of goods and people to and from the border area. There are joint opportunities for stakeholders and actors to develop sustainable energy resources (solar, wind, hydro power), to co-ordinate small business development, including training, networking, innovation, marketing and ICT, to meet EU standards of production, to intensify promotion and common “branding” of the cross border area’s unique products, characteristics and services and to diversify production structures. There are opportunities to motivate and promote public-private co-operation and partnerships, joint development of business clusters and to increase numbers of small businesses on both sides of the border in the tourism and service sectors. It is also important to pilot alternative learning and teaching methods because of poor access to education institutions. Also, it is crucial to increase the use of national and private employment services – and co-operation of such institutions – across the border, to the inclusion of vulnerable groups (women, ethnic minorities and disabled people) in the education system and labour market through activities adapted to their special needs, the common planning of education and employment services and the development of new curricula in vocational education institutions to support the introduction of EU regulations affecting production, sales and exports of goods. There are great opportunities in the common development of environmentally friendly strategies and services to protect the natural resources, in the joint development of local and regional environmental action plans and in the exchange of environmental knowledge and best practices in the cross-border area to identify and control the main polluters. The establishment of joint management of national and natural Parks, the promotion and use of renewable sources of energy (in particular in towns in the area), the exploration of ideas to revitalise existing and to construct new modern solid waste disposal and waste water treatment facilities are also key opportunities to develop.

Threats: The different demographic trends in the density of population on both sides of the border undermines the possibilities for co-operation, whilst the lack of regional development programmes will lead to complete depopulation of some rural settlements. Consequently, further isolation and marginalisation will undermine any positive economic, social and cultural development of the area. An unbalanced regional development in the area will lead to joint strategic approaches to infrastructure investment becoming impossible, while the lack of spatial plans plus a new legal framework for construction and land ownership will cause a delay in infrastructure projects. Local communities do not have the capacity to manage assets and liabilities in an efficient way. The mountainous terrain dominant in the area restricts the potential for infrastructure construction projects and adds to their cost. Also, the new border regime will increase the administrative procedures necessary to cross the border, whilst the introduction of EU regulations will further increase costs of free movement of goods and people (visas, transportation, different standards, etc.). The slow implementation of na-

tional and regional development strategies for the area, lack of capacity of local stakeholders to plan, prepare and implement projects and lack of co-ordination and co-operation in the tourism sector between services, marketing, agriculture and the public sector could restrict the development of attractive tourist facilities and products. In the border area, low standards of decentralisation not adequately followed up by training and capacity-building prevent the rapid development of the cross-border region. The continued dependence of local authorities on central level budgets and lack of tax incentives for the development of local communities, linked to the scarce availability of funds, make municipalities highly vulnerable to allocation decisions made at national government level, preventing effective joint co-operation. The brain drain will be stimulated by the isolation of the area, the national employment services not sufficiently developed and adapted to special conditions of the cross-border area. This will thus accelerate migration of educated or skilled young people, while the poor education possibilities will hamper further economic development. Environmental issues could affect the growth of the tourism economy: slow investments in infrastructure to protect the environment may have an adverse impact on the natural attractiveness of the region, and investment in agriculture may cause further pollution of the environment, slow down implementation of national strategies for environmental protection and lower investment capacities in the business sector. Other threats with regard to environmental issues: waste management techniques which are still undeveloped in the cross-border area, increase of tourism which may cause intensified pollution of the area, lack of education programmes on sustainable development, etc.

16. GREECE–“THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA”



Geographical and historical background

The border between Greece and “the former Yugoslav Republic of Macedonia” runs on an east-west axis for 246 km (21 km of which is on lakes) through the middle of the Balkan Peninsula. The border begins on Lake Prespa and runs to the Tumba/Beles/Pole mountain (1,452 m above sea level), which is the junction with Greece, Bulgaria and “the former Yugoslav Republic of Macedonia”.

The current border line, between “the former Yugoslav Republic of Macedonia” and Greece, traces the old line between the former Socialist Federal Republic of Yugoslavia and Greece. This border demarcation dates back to the 20th century, when historical Macedonia was divided up among the southern Balkan kingdoms, following the 1912-1913 conflicts. In June 1912, Serbia and Greece peacefully traced their common border. A year later, in 1913, Bulgaria attacked Greece and Serbia along the Macedonian border. This is when the anti-Bulgarian coalition was formed (including, besides the countries attacked, Romania, Montenegro and the Ottoman Empire itself); the coalition won. In the 10 October 1913 Bucharest Treaty, the demarcation line was set and since then, it has basically remained unchanged. The demarcation was traced in December 1913, with a minor controversy lasting until 1927 concerning the Vardar/Axios river valley. In relation to this specific area, there was a different interpretation of the sentence in the agreement “immediately north of the Sechevo village”. Since then, there have been no border disputes.

Immediately following “the former Yugoslav Republic of Macedonia”’s declaration of independence, a revision of the Bucharest Treaty was briefly discussed, but Greece immediately rejected this hypothesis (1 March 1993). Greece opposed the use by the former Yugoslav Republic of the name “Macedonia” and of any other Hellenic symbol. This led to a diplomatic crisis in the early months of 1994. Greece refused to recognise the new state, enacted an embargo (17 February 1994) and

closed its border (20 February). Tensions eased the following autumn, but the border only re-opened on 13 October 1995 after an agreement was reached between Skopje and Athens. At the beginning of 1998, there was a brief period of tensions concerning the visa regulation between the two countries.

The border area of “the former Yugoslav Republic of Macedonia”, defined according to the PHARE criteria, includes 24 municipalities, with a population of 313,737 inhabitants, accounting for 16% of total population (2,024,000). More than half of the border population is concentrated in the centres of Gevgelija, Prilep and Bitola. The largest ethnic group is Macedonian; in the Bitola area there are also Serbs, Turks, Roma and Walachians, and in the Resen area there is a relatively large Albanian minority (about 10% of the population). Serbs account for 4% of the inhabitants of the Bogdanci municipality. In the Star Dojran municipality, Turks are the second largest ethnic group (13%) after Macedonians (77%). Only in Novo Selo are there no ethnic minorities. The Greek prefectures in the border area are Kilkis, Florina, Seres and Pela with a population of 466,446 inhabitants (in 1991). With the addition of the Salonika residents, the total reaches 1,413,446, accounting for 15% of the population in Greece (10,645,000). The ethnic composition of the population in this area, which is well-known, is the object of strong divergences. The main border crossings are Bogorodica (near Gevgelija), Medzitlija (near Bitola) and Mrdaja (near Star Dojran). “The former Yugoslav Republic of Macedonia”’s bilateral relations with Greece have significantly improved over the last few years. Greece is today one of the most important investors in the country (57% of the total foreign investments), and trade has been constantly increasing. Amongst other things, this has led to increasing transfrontier co-operation between the countries. All new inputs in this direction should also be seen in the broader context of “the former Yugoslav Republic of Macedonia” achieving full membership of the European Union and NATO, which is the country’s highest strategic interest and priority. “The former Yugoslav Republic of Macedonia” is the first country in the region to have signed the Stabilisation and Association Agreement with the European Communities and their member states (9 April 2001). Following its candidate status, it has been comprehensively preparing for accession to the European Union with an increased political commitment and intensified reform processes in all relevant fields which are a direct and/or an indirect influence on the very process of improving the overall cross-border co-operation between the two countries. The latter includes in particular the development and full implementation of the National Strategy of “the former Yugoslav Republic of Macedonia” for Integrated Border Management, which has already been fully implemented as concerns this border area, as well as the process of building and reinforcing local democracy in the country. In the context of the latter point, the first Euroregions including relevant entities from both sides of the border between “the former Yugoslav Republic of Macedonia” and Greece are emerging, including the Euroregions “Ohrid-Lake” and “Belasica”, as well as the “Prespa Park-Initiative”.

Economic and infrastructural characteristics

The growing presence of Greek businesses and significant investment activity in the border area (i.e. the growing economic and trade relations between the two

countries) constitutes a very solid basis for the creation and reinforcement of the preconditions for permanent transfrontier co-operation between all stakeholders on both sides of the border.

Transport infrastructure has significantly improved during the last few years, taking into account both the resources already allocated to it through Interreg II and CSF I and those yet to be allocated through CSF III and the Neighbourhood Programme. The most important transport projects under construction are: Egnatia Odos, which crosses the border region at national level from end to end on a 123 km-long axis, the construction of vertical axes, such as “Kristallopigi-Siatista” and the “Niki-Florina-Kozani” road axis. Further improvements of cross-border transport (road and rail) infrastructures are expected to provide the region with the necessary impetus to reinforce its position as a gateway towards the Western Balkans so as to transport both passengers and goods with increased safety and speed.

As to the energy sector, the border area is a significant source of electrical energy production. The border area on the side of “the former Yugoslav Republic of Macedonia” is a major producer of energy covering 80% of the country’s production, whilst the Greek side of the border area is the energy centre of the country covering 80% of its domestic needs. The border area is also endowed with a rich and unique natural environment, such as cross-border rivers, lakes and forests of major ecologic importance. The fact that the area’s water resources are impure has created serious problems, which have a negative impact on the eco-systems of the area. This phenomenon, along with the lack of relevant infrastructure on “the former Yugoslav Republic of Macedonia” side of the area (waste management systems, etc.) aggravates the already critical condition of the area. In the sector of tourism, alternative forms of tourism are being developed. The tertiary sector is not developed on “the former Yugoslav Republic of Macedonia” side of the border area and natural resources have not yet been recognised as a source of economic development.

In the area of human resources, one may notice that the significant presence of research institutes and universities in the whole border area provides for a highly-qualified workforce. There are tertiary education institutions on the “the former Yugoslav Republic of Macedonia” side of the border area, but the level of co-operation between the two sides is still low. In this regard, there is also the limited co-operation between the research-education institutes of the two sides.

In the above context, and as seen from an economic point of view, the role still to be played by the two offices established under the “Memorandum For Mutual Opening of Offices for Consular, Economic And Trade Related Issues in Bitola And Thessaloniki” (signed on 22 January 2004) should be emphasised.

Cross-border declarations and agreements

Most recent relevant developments include the Agreement on the establishment of a modern rail network among the South-East Europe Co-operation Process (SEEC) countries, which was also signed by “the former Yugoslav Republic of Macedonia” (4 June 2006 in Thessaloniki) and which enables the country to further participate in the activities related to the transport network of South-East Europe. This also includes the “Memorandum of Understanding of the South-East Europe

Core Regional Transport Network”, which was signed in June 2004. In this regard, both countries signed a Protocol for cross-border co-operation along the Pan-European Corridor X on 16 June 2006, which is intended to facilitate the flow of people and goods throughout the corridor by strengthening co-operation and co-ordination with regard to the border crossings between the two countries.

Against the above background, the formal establishment of the Euroregion “Belasica” (24 February 2003) in Kilkis should be mentioned. The signing of the trilateral protocol formally establishing the Prespa/Ohrid Euroregion has been postponed until the primary stumbling blocks to positive bilateral relations between Greece and “the former Yugoslav Republic of Macedonia” have been removed.

Propensity towards cross-border co-operation

The propensity towards cross-border co-operation of operators in the key relevant sectors on both sides has been significantly improved over the last few years. This is result of the general increase in “the former Yugoslav Republic of Macedonia’s” bilateral relations with Greece over the last few years. Other inputs in this direction have also been provided by the state decentralisation-related process in “the former Yugoslav Republic of Macedonia” and the country’s efforts towards its full membership of the EU. This increased propensity is also well reflected (amongst other things) in the establishment and functioning of the above-mentioned Euroregions, involving relevant actors from both sides of this border area. In this regard, further qualitative and encouraging inputs have been provided by both the establishment of the Offices for Consular, Economic and Trade issues (in Bitola and Thessaloniki) and the Neighbourhood Programme on Cross-Border Co-operation (CARDS/Interreg) between the two countries. As to the latter, the need to assist and support the smaller municipalities of “the former Yugoslav Republic of Macedonia” (i.e. those with lower capacities) in their efforts to properly participate in the implementation of the Programme should be emphasised. This also includes the need to develop capacities for all municipalities in “the former Yugoslav Republic of Macedonia” in project preparation and management in accordance with the EU’s Structural and Cohesion Funds.

Implemented projects

Recent cross-border co-operation projects implemented in this border area include (amongst others) those under the Interreg III A Programme involving the two countries (2000-2004), which has included two regions on the Greek side (Central Macedonia and Western Macedonia), and the municipalities of Ohrid, Resen, Bitola Mogila, Novaci, Prilep, Kavadarci, Demir Kapija, Valandovo, Gevgelija, Bogdanci, Dojran, Strumica, Bosilovo, Novo Selo, Struga, Debarca, Vevchani, Demir Hisar, Dolneni, Krivogashtani, Krushevo, Negotino, Rosoman, Debar, Centar Zupa and Vasilevo on the “the former Yugoslav Republic of Macedonia” side. The main objective of the Programme was to support cross-border co-operation along the external borders of the EU and enable the implementation and financing of projects supporting common goals.

In addition to the above, the large number of specific projects implemented in relation to and/or within the context of the Euroregions covering this border area should be mentioned, including the Prespa Ohrid Euroregion, the Project Prespa Park and the Euroregion Belasica.

The deadline for the Hellenic Plan for the Economic Reconstruction of the Balkans has been extended by five years: from 2006 to 2011. The total budget is 550 million €, financed by Greece's national budget. The six beneficiary countries also include "the former Yugoslav Republic of Macedonia". As was agreed by both sides (in 2006), the Plan is expected to fund important projects in "the former Yugoslav Republic of Macedonia", including the completion of the Pan-European Corridor X, the completion of the parts of the roads in "the former Yugoslav Republic of Macedonia" that are not motorways: Demir Kapija-Udovo and Udovo-Smokivica for the total length of 33 km. The start of the construction project for a water treatment plant in Gevgelija was announced with a budget of 5.5 million €. The next priority is a system of water treatment plants in Strumica (after the Gevgelija project).

Elements of Swot analysis

Strengths: Strengths come from the fact that Greece is a member of the EU and from the clear EU membership perspective of "the former Yugoslav Republic of Macedonia"; the constant expansion of bilateral trade; the co-operation of the two countries in the financial sector; the significant presence and investment activity of Greek enterprises in the other country; trans-European transport networks; the modern telecommunications network (Greece); major energy centre (Greece); the communications infrastructures on "the former Yugoslav Republic of Macedonia" side of the border has been modernised; the rich and unique natural environment of the whole border area; cross-border rivers, lakes and woodlands in the area which are of great ecological significance; the existence of organs actively protecting/developing the environment; the existence of rich cultural resources; and research institutes and universities on both sides of the border.

Weaknesses: These include (amongst others) the following: the vast difference in levels of financial development between the countries as well as in the levels of financial development at an interregional level on both sides of the border; the high level of dependency on the primary sector; the specialisation in traditional branches and the low level of technological modernisation of businesses in the secondary sector; extensive mountainous terrain that creates severe access/isolation problems; significant deficiencies in the secondary road network in the border area; the quality of the primary road network is poor and in need of considerable investment for improvement and upgrading; the poor quality rail network infrastructure; the highly-sensitive eco-systems; the low level of services in respect of the quality of life for the inhabitants of rural areas (solid waste, industrial pollution effluents and primary sector waste disposal systems); natural resources have not yet been identified as a major source of income; the limited touristic cross-border traffic; the limited degree of maintenance and promotion of (mainly Byzantine) monuments; the limited promotion of common characteristics pertaining to cultural heritage; the limited co-operation between research-

education institutes of the two areas; the high unemployment rates; the decreasing population; the low level of services in respect of the quality of life for the inhabitants of rural areas (education, culture, health care). Neither country has yet signed or ratified the Council of Europe's Madrid Convention.

Opportunities: The cross-border region is characterised by significant cultural and tourism resources which can be a significant source of economic development. Further upgrading of existing infrastructure and the enhancement of cultural resources may turn the border area into an important tourism centre. There are possibilities for the development of alternative types of tourism, especially in "the former Yugoslav Republic of Macedonia". This cross-border region is also characterised by extraordinary natural resources which constitute an asset for the qualitative upgrading of the area. In addition to the EU Neighbourhood Programme (2004-2006) between the two countries, the EU pre-accession funds and other international donors, further opportunities are also to be seen in relation to both the Hellenic Plan for the Economic Reconstruction of the Balkans and the above-mentioned existing Euroregions active in this border area. In this regard, the establishment of both the Offices for Consular, Economic and Trade Issues (in Bitola and Thessaloniki) and the Joint Technical Secretariat of the Neighbourhood Programme should also be mentioned.

Threats: The economic base of the cross-border region is structured around national development planning, which is given priority, rather than the regional development of the local economies. This fact may lead to the degradation of the planned common economic activity of the region. The low level of cross-border cooperation and integration of local economies. The economic basis is structured around "national development planning" and not regional cross-border integration. The following aspects should also be added under this sub-topic: the persistent concentration of financial activity in the urban centers; the depopulation of the countryside and the mountainous areas, with the population migrating to large urban centres; the environmental damage due to infrastructure projects; the low levels of tourism development and absence of infrastructures; the low levels of tourism development in terms of alternative forms (as far as "the former Yugoslav Republic of Macedonia" is concerned; the threat of pollution in joint eco-systems due to insufficient protection; the irresponsible exploitation of natural resources; the threat of pollution caused by waste; the high unemployment rate; and the long border which can lead to smuggling and illegal migration.

17. GREECE–TURKEY



Geographical and historical background

The land border between these two countries is 206 km long, running mostly southwards along the Maritza (Evros/Meriç) river, from the meeting point of their borders with Bulgaria to the river flowing into the Aegean Sea.

Several European and Asian civilisations inhabited today's border area. The Turkish-Ottoman empire was the last to rule over (and preserve the stability of) the Thracian region, first conquering the city of Andrinople (1361) and thus most of the Balkan area. The slow decline of the Ottoman empire was characterised by the progressive erosion of the imperial territory. The "Peace of Andrinople", ending the 1821-1829 war, marked the independence of Greece. However, the Thracian region and the Eastern part of Macedonia remained for the most part under Turkish-Ottoman rule until the end of the First Balkan war, but was invaded by Russia during the 1877-1878 battles. The Treaty of London (1913), signed after the First Balkan conflict, established Bulgarian rule over the region. A year later however, the Second Balkan war and the resulting Treaty of Bucharest partially reversed the London Agreement and returned the territory to the Ottomans. However, the disputes over the territorial control of the area worsened after the First World War. The Grand National Assembly of Turkey – where, after 1920, a raging revolt took place against the occupying power captained by Mustafa Kemal Pasciâ Atatürk – had not accepted the Sèvres Treaty resolution, interpreting it as a hindering factor for the rising Turkish Republic.

Thus, hostilities between Greece and Turkey began increasing until October 1922, when the Mudanya Armistice was finally signed. Meanwhile, having once occupied the Dardanelli Strait, the Anglo-French allies started negotiations to put an end to the main local geopolitical issues which were still open. The peace conference marking the origin of the Lausanne Treaty was opened on 20 November 1922. The negotiations lasted for more than eight months. Finally, a document was pro-

duced ratifying the border line separating Greece from Turkey, and vice versa. Furthermore, a bilateral commission continued to work for four more years on the geographical details of the frontier area adjacent to the border line. The border line drawn up at that time is still the border today.

The Lausanne Treaty moreover laid down the principles for the exchange of national populations under the monitoring of the other western powers. Religion was the discriminating factor for transfers of populations from one state to another. Almost 1.5 million Orthodox Christians left the Turkish territory to settle in Greece, whilst approximately 800,000 Muslims moved from Greece to Turkey (Castellan, 1999). Two groups were exempt from the exchange: the Greeks in Istanbul and the Turks of Western Trace.

The land border between Greece and Turkey was therefore stabilised until the Second World War, when Bulgaria, joining the Axis powers, invaded the Greek Thracian region so as to gain access to the Aegean Sea. From 1941 to 1944 therefore, this territory once more became once more a violent battlefield. In 1947, the signing of the Paris Treaty made it possible to re-establish the previous balance of power, thus leading to a peaceful situation which still endures today.

The land border area is characterised by two territorial sub-areas. The prefecture of Evros, located on the Greek side and belonging to the Eastern Macedonian and Thracian region, extends for 4,242 km with 149,354 inhabitants (representing 3.5% of the national total) almost equally distributed in rural (43.2%) and urban (56.8%) areas, with a density of 34 inhabitants per square km. Alexandroupolis (52,720 inhabitants), Orestiada (21,730 inhabitants) and Didimoticho (18,948 inhabitants) are the main cities of the region (Source: Prefecture of Evros, 2001). The Edirne province, located on the Turkish side and belonging to the region of Marmara, extends for 6,276 km. It has 402,617 inhabitants distributed in rural (43%) and urban (57%) areas and the main cities are: Edirne (119,316 inhabitants), Keşan (42,755 inhabitants), Havsa, Uzunköprü, Ipsala and Enez (Source: Turkish Statistical Institution, 2001).

Economic and infrastructural characteristics

The economy of the border area, although sufficiently developed, does suffer from its peripheral position to its national territories. The Marmara region is one of Turkey's most developed regions. However, the Edirne province, adjoining the border, is characterised by a significantly lower level of economic development. In contrast, the Evros prefecture is distinguished from other administrative units of the Eastern Macedonian and Thracian region by its economy which performs very well. The whole cross-border area is characterised by the importance of the agricultural sector. Wheat, fruit, vegetables and grapevines represent the main products of the area, and cattle breeding is also important. Moreover, on the Greek side, sugar-cane, cotton and, in the Soufli city area, silk worm production represent further typical products. The flatlands of the Edirne Province are characterised by several paddy fields and sunflowers cultivations. One of the main problems characterising the cross-border area are related to those intrinsic to the primary sector, thus, mainly to animal epidemics which can spread very quickly on account of the presence of many wild species, especially birds, in the area adjacent to the Maritza river.

The secondary sector of the cross-border area is mainly constituted of textile (clothing and shoes) industries, severely competing with one another. Moreover, various productive units are active in the timber, marble processing and steel industries. The Greek side is characterised by sugar refineries and energy plants; whilst, on the Turkish side, there are several firms in the food, cement and concrete processing and paper mill industries. The rare tendency to enter into research and innovation strategies seems to be hampering further development of the cross-border area economy. However, such behaviour is partially explained by the management rationales typically underlying small and medium-sized enterprises, which however represent the predominant productive model. Cross-border synergies and relations among the economic actors are not favoured, especially in the northern part, as a result of the lack of appropriate communication infrastructures. Some projects aimed at overcoming such obstacles are being implemented, but do not seem sufficient to establish a permanent solution.

The tertiary sector represents an important source of employment in the southern part of the cross-border area, especially for those activities linked to tourism (along the coasts) and services (in the two main urban centres of Alexandroupolis and Edirne). Besides the economic potential linked to tourism, the area is characterised by various prestigious environmental sites. The delta of the river marking the border between the two countries represents an important nesting area for many species of migrating birds, and an ideal ecosystem for several plant species. Although this heritage should be further protected, local authorities are beginning to design strategies to exploit the tourism potential of the area. Cross-border co-operation in such a context could represent a key element for development.

In order to exploit the potential linked to cross-border co-operation however, it is still necessary to overcome various structural obstacles linked to the transport and communications infrastructures. There are two border crossings between Greece and Turkey. One is located in the northern part (Kastanies-Pazarkule), while the other is situated in the southern part (Kipi-Ipsala) of the border. The first is hampered significantly owing to the poor road conditions on both sides of the border which is a major obstacle to car traffic for tourism and especially for commerce. The latter, however, is interesting because of the “Egnatia Odos” project which led to the construction of a modern highway linking the Ionic Sea (from Igoumenitsa) to the Greek-Turkish border. The highway will then link the border area to Istanbul, and further projects should also be designed in order to improve the existing bridge over the Maritza river. The internal road next to the border, between the cities of Alexandroupolis and Orestiada (134 km), and between Keşan and Edirne (approximately 100 km) is being restructured and enlarged, thus giving hope to positive influences for cross-border co-operation. The rail network however is still very limited and scarcely developed.

Cross-border declarations and agreements

The diplomatic relations between Greece and Turkey have been characterised by various (positive and negative) phases over the past two centuries. Long periods of proactive dialogue were often interrupted by periods of high political tension. After

the Lausanne Treaty in the 1930s, Greece and Turkey started a gradual process of reconciliation. In 1933, the two countries signed a “friendship pact” to protect themselves from possible hostility from fascist Italy. At the end of the Second World War, together with Yugoslavia, the two countries drew up a treaty for reciprocal defence and assistance, followed by a first (tentative) Balkan Pact. At that time, relations intensified in order to overcome the past hostilities and tensions. However, in 1955, because of the dispute over Cyprus, Greek-Turkish relations started to deteriorate. After the intervention in Cyprus by the Turkish army in 1974, there were two main steps to the reconciliation process: the Davos meetings in 1988 and the Madrid NATO conference in 1997. However, the turning point for cross-border co-operation between the two countries was the creation of the Turkish-Greek Steering Committee and its Sub-Committees by the two Ministries of Foreign affairs (Mr George Papandreu and Mr Ismail Cem) for managing a number of cross-border matters jointly. The peak of this initiative was the two meetings in Ankara and Athens, in 1999, where nine bilateral agreements were signed. The first concerns cross-border co-operation in the tourism sector and is aimed at developing ecologically sustainable tourism (4 May 2001); the second concerns economic co-operation and became operative on 24 November 2001; the third aims at the development of scientific and technological research. Other agreements were signed to cover several aspects of the Greek-Turkish relations in maritime transport (19 August 2001), cultural co-operation, environmental policies, sea pollution, renewable resources and policies hampering the desertification process, co-operation between the two administrative systems, and finally, crime prevention (November 2001).

As a result of the renewed co-operative relations between the two countries, the Ministries of Agriculture of the two countries signed various protocols establishing policies protecting the cattle breeding and agricultural sectors. In 2001, a memorandum of co-operation between the diplomatic academies of the two countries was signed and has been in operation since 2003. At the same time, various joint documents were prepared for joint and mutual action in case of national and international emergencies and natural catastrophes, which since 2002 have been developed under the auspices of the UN. On 2 December 2003, an important agreement to avoid “double taxation” was signed by the Greek and Turkish Ministries for economic activities. In August 2005 in Athens, a further memorandum of co-operation in the commercial and trade sector was signed. It aimed at intensified co-operation and trading between the two countries, which will lead to more agreements than the 25 agreements concluded in the last five years. In particular, it looked at patents and standardisation in conjunction with exchanging know-how between agencies, decreasing the trade gap through bilateral financial relationships, the creation of a second bridge at the Kipi-Ipsala border and ferry lines in the north-east Aegean. It also contains a reference to an agreement between the two telephone providers (OTE and Turk Telecom); and the two rail networks (Hellenic Railways and Turkish Rail) for improving the Thessaloniki-Istanbul route (Source: Athens News Agency).

As far as military co-operation is concerned, within the NATO, the two countries have adhered to certain common initiatives (confidence-building measures – CBMs) aimed at exchanges of personnel, meetings and joint training. As far as regional co-operation between Greece and Turkey is concerned, they have both joined various

international organisations devoted to the development of cross-border relations. Both countries have in fact become members of the Stability Pact for South-Eastern Europe and the Southeast European Co-operative Initiative (SECI).

Propensity towards cross-border co-operation

The land border between Greece and Turkey has always represented a meeting point for the populations inhabiting the border area. The only exception to these continued relations occurred during the 1974 crisis, when relations became tense along the Evros/Meriç river.

In 1998, a forum for the local chambers of commerce and economic councils was established in order to legitimise cross-border co-operation, exchanges and contacts. A few years later, this initiative was developed into a permanent Business Council involving political institutions as well as economic actors.

Although cross-border economic co-operation is a recent phenomenon for local Greek and Turkish economic actors, it has rapidly increased in the last five years. In 1999, cross-border trading still seemed limited and only 30 Greek firms were operating in the Turkish market for a total bilateral trade volume of \$ 709.8 million (Source: DEIK – Foreign Economic Relations Board, 1999). More recently, this figure has undergone a very high rate of increase, and in 2004 reached \$ 1,765.2 million (Source: DEIK – Foreign Economic Relations Board, 2005). There are more than 229 Greek firms operating in Turkey, and more than 10 Turkish firms present in the Greek market. (Source: Permanent Representation of Turkey to the Council of Europe, 2006). The latter operate in the tourism and transport sectors. In 2000, some joint ventures were undertaken, merging Greek and Turkish companies. They operated mainly in the technology-related sector: e-trading, hardware and software trading, energy plants (Source: ACCI Athens Chambers of Commerce and Industry, 2003). Their market was to be found in the two countries and in other countries too. In cross-border terms, both the tourism and finance sector are important. There are already some forms of co-operation in this sector. In 2005, for instance, 584,952 Greek tourists crossed the border into Turkey; more than ever before (Source: Permanent Representation of Turkey to the Council of Europe). Moreover, Turkish nationals increasingly seem to cross the border into Greece for touristic purposes. However, the costs and lengthy procedures needed to obtain an entry visa still represent a big obstacle.

As far as culture and cultural events are concerned, there is a strong tendency to co-operate, and various initiatives are to be noted. There have been numerous activities linked to music, drama, art and training, and it is important to stress that they date back considerably, preceding the agreements between central Governments. Similarly, symposia, forums and student exchange programmes at university level are increasingly taking place within a cross-border co-operation framework.

Two main factors could be seen as proactive in improving the relations between Greece and Turkey since 1999. First of all, the improved national political context as a result of the co-operation agreements signed by the two Ministries of Foreign Affairs. Secondly, the earthquake tragically unifying the two countries in August and September 1999. Although this was indeed a tragedy, the experience brought the

two national communities closer together and they responded jointly in this emergency situation. This led to direct contacts between the two populations and helped to overcome some of the stereotypes present in people's minds.

Overall, cross-border co-operation has increased consistently, but there is still considerable room for improvement. The high degree of state centralisation does indeed hamper the tendency of local authorities and civil society to co-operate.

NGOs operating on both sides of the border still find it difficult to initiate proactive and financially sustainable programmes, especially those aimed at monitoring the protection of ethnic minorities. Such programmes however will gain momentum through EU funding when the negotiations for Turkey's accession to the European Union begin. Widespread information, promotion and understanding may provide more opportunities for developing co-operation between private actors at "everyday life" level, and bring a decisive involvement of civil society in the co-operative process, with or without institutional intervention. Successful cross-border co-operation is based on mutual trust. The civil society, NGOs and the media have a unique role to play and should be associated with any initiative aimed at fostering reciprocal understanding and effective co-operation.

Daily life at cross-border level is characterised by the frequent border crossing of Greeks for shopping-related activities due to the relatively low prices in Turkish shops. Crossing the border for Turks, however, is made difficult by the existing visa regime and by the wage discrepancies between the two national labour markets.

Implemented projects

The most recent joint project is the construction of a joint system for natural gas distribution originating in Azerbaijan and connecting the Turkish city of Karacabey to Komotini in Greece. This infrastructure was inaugurated in 2005 by the Greek and Turkish Prime Ministers.

Further projects have been set up within the university education context. Resources for these projects were made available by the EU, and they range from cultural exchange programmes within the AEGEE framework to inter-university conferences to joint conflict resolution research projects (designing policies to enhance peace) to projects concerning ethnic minorities. There are several NGOs managing such projects as the Turkish-Greek Civil Dialogue. This project was developed from November 2002 to November 2004 and was financed by the European Civil Society Development Programme. Another such project was WINPEACE dealing with peace and women's rights in education, and is managed by members of the two countries.

Since 2003, Interreg III A funds have been devoted to projects aiming at improving the cross-border area infrastructure so as to enhance the economic development, the quality of life and the socio-economic co-operation of the area. Within this perspective, specific projects are being designed in order to establish joint protocols for handling future natural catastrophes such as river floods and earthquakes.

A Greek-Turkish forum has been financed through the CORDIS project in order to involve the local Information Society in promoting joint initiatives for technological research and forms of e-government.

An important project devoted to improving the communications infrastructures

of the area was started in 2004. Co-financed by the EU, the project is based on a memorandum outlining the importance of building the “Egnatia Odos”, a highway linking the most eastern part of Mediterranean Greece to Istanbul and the Black Sea. Parts of the highway are already in place reaching the southern part of the Greek-Turkish border (Kipi village area).

Elements of Swot analysis

Strengths: One of the most important strengths in the cross-border area is the possibility of integrating the two economies in a complementary fashion. Special attention should be paid to the potential offered by the tourism sector. The volume of economic contact has been steadily improving over the last few years, but should improve further. New infrastructures are needed in order to integrate the two economies further. The morphological characteristics of the cross-border area, especially in the northern part, favour the agricultural sector. Co-operative relations could enhance the technological development of agricultural practices.

Weaknesses: Little investment in technological innovation and research, together with the outdated instruments used in agricultural (and industrial) practices, seems to be the most counterproductive factors to the economic development of the area. Moreover, the lack of concrete assistance by central Governments to the cross-border area on a continuous basis hampers co-operation among public and private actors operating in the area. Socio-cultural operators and NGOs are often not proactive enough to co-operate in a cross-border perspective, reflecting the institutional views and positions. The northern border-crossing (Kastanies-Pazar-kule) presents various infrastructure shortcomings, thus hampering people crossing and commercial exchanges.

Opportunities: The Maritza (Evros/Meriç) river delta and the Mediterranean beaches represent several opportunities for the further development of tourism as well as other economic sectors. The pre-accession process of Turkey, if correctly carried out/if successful, could offer important financial aid to the cross-border area. Moreover, adequate infrastructures, and particularly the implementation of the Egnatia Odos motorway (Turkey), could lead to a new transport and communications corridor at European level.

Threats: The costs and the lengthy procedures of the existing visa regime hamper the private and commercial crossing of the border from the Turkish side. The Greek economic actors operating in Turkey seem to be more interested in lower production costs rather than reciprocal cross-border co-operation. State centralisation on both sides of the border still represents an important obstacle to the promotion of a cross-border mentality. Corruption also seems to be a factor hampering possible co-operation and access to international funds. Finally, the lack of a legal framework within which cross-border activities could be organised represents a strongly detrimental factor to the feasibility of stable cross-border relations and actions.

18. HUNGARY–ROMANIA



Geographical and historical background

The border between Hungary and Romania runs in a south-south-west direction for 443 km. The border line begins at the junction with Ukraine, near the Batar river and east of the Halumen village, and it ends at the junction with Serbia and Montenegro near the Muresul river.

Before the Great War, Hungary, as part of the Austro-Hungarian Empire, also ruled over a vast region east of the Hungarian territory proper, including all of Transylvania. Romania achieved its independence in 1877 and it was later recognised in 1878 in the Berlin Congress; its territories extended from Walachia and Moldova to the Black Sea. After the Second Balkan War in 1913, Romania expanded south, but about 3 million Romanians were still under Hungarian authority. The condition imposed by Romania for joining the Triple Alliance in the war was its claim to these territories east of the Tisza river. For this reason, as established in the 1920 Trianon Treaty, Hungary had to relinquish to Romania 100,000 km² of its territory, inhabited by more than 5 million people, 2 million of whom were Hungarian. More than 4,500 new demarcation signs were placed along the border.

In the interim between the two wars, Hungary continued to peacefully claim Transylvania, until it joined the Axis Powers, and on 30 August 1940 with the Dictate of Vienna obtained once again 40% of the disputed area. But at the end of the war, the Dictate of Vienna was annulled and the border was once again drawn on the basis of the Trianon Treaty. As to the current situation, neither country makes any border claims.

The Romanian municipalities directly bordering Hungary belong to the four province of Satu-Mare, Bihor, Arad and Timis, the main cities of which are Satu-Mare, Oradea, Arad and Timisoara. The Hungarian provinces on the border are

Szabo-Szatner Bereg, Hajdu-Bihar, Bekes and Csongrad, and the respective main cities are Nyiregyhaza, Debrecen, Bekescsaba and Szeged. The Romanian population in the border area accounts for 9.7% of the country's total (22,327,000 inhabitants), while the Hungarian population accounts for 18.5% of the total (10,044,000).

Economic and infrastructural characteristics

As to the economic structure in the border area, it is important to point out that the border region on the Hungarian side is still referred to as the “granary of the country”. Besides the traditional development of the grain sector and its industry, in the secondary sector there is also the production of industrial machinery, the processing of raw materials from local quarries (sand, gravel, clay) for the production of bricks, roof tiles and cement structures. On the Romanian side, the secondary sector is particularly developed in construction and textile manufacturing (in the Timis district) and in the production of beverages (Oradea) and beer (Satu Mare). Recently, the packaging industry for goods to be shipped to the western markets has greatly developed.

With regard to infrastructures on the Hungarian side, the road network is in good condition and the rail system is in excellent condition. On the Romanian side, there are 9,000 km of roads in the border area, but only 1,800 km are in good condition; there are also 2,000 km of railway. There are three border crossings by road and one by rail. In conclusion, positive aspects are the large number of businesses and enterprises which have recently opened on both sides of the border area, the high agricultural potential pending full exploitation, the availability of a labour force, i.e. Romanians (mainly belonging to the Hungarian ethnic group) who find employment across the border in Hungary, a common cross-border market as a result of the low prices of products – on the Hungarian side as well, and the level of openness and the amount of contacts with the outside that the Hungarian economy was able to achieve, thus stimulating competition in Romanian enterprises.

However, there are several factors hampering the economic take-off of the area: the centralisation of states and bureaucratic procedures hampering cross-border co-operation, the oversized trade sector, the high percentage of roads in need of modernisation, differences in the educational and health care systems and a lack of co-operation on environmental issues. It is important to point out that in some economic sectors, such as transport and telecommunications, where Hungary has a definite advantage, the different policies and priorities of the Governments end up fostering strategic competition.

Cross-border declarations and agreements

After the fall of the communist regimes, the democratic leaderships of both countries gave new impetus to the production of agreements and documents on co-operation and partnership. Already in 1991, they signed agreements to establish an “open skies” regime and to open a new border crossing. An agreement on extradition was signed in 1992, and an agreement on the protection of investments and the abolition of double taxation was signed in 1993. After the new agreement on air traffic in 1995, a framework treaty was signed on 16 September 1996 on mutual understanding, co-operation, good neighbourly relations and the renewed exchange of information.

Following this treaty, a series of other agreements were implemented between 1996 and 1999 on a wide range of subjects (co-operation regarding public records, the fight against terrorism, organised crime and drug trafficking, privatisation, the development of military relations within the framework of the Vienna 1994 OSCE Document, the establishment of a joint committee in the economic field, immediate notification in the event of nuclear incidents, environmental protection, the establishment of a joint peacekeeping force and co-operation in the fields of education and research).

Shifting the attention from national to regional level, mention should be made of the 1992 bilateral co-operation agreement between the Timis and Csongrad provinces, the 1997 regional co-operation protocol "Danube-Mures-Tisa" and the 2000 bilateral co-operation agreement between the Satu-Mare and the Szebolcz-Szatmar Bereg provinces. In conclusion, the strong points emerging from this analysis are the informal relations in the region, the good quality of databases on official relations between the two countries, the availability of general reports drafted by the prefectures and the creation of web sites on the subject, as well as the circulation of local press.

Propensity towards cross-border co-operation

There are considerable economic relations between the two sides which can be explained by the economic dynamics of the two countries, but also by the EU integration factor. Hungary and Romania are both members of the EU. This will further increase the propensity for economic co-operation in manufacturing and trade along the border. The pattern is suggested by the current dynamics and also by previous experiences in western Europe cross-border co-operation. The closest example is co-operation between Austria and Hungary before and after the accession of Hungary. As regards the environment and spatial planning, there are many good examples of positive co-operation between the two sides. One concerns is the floods of 2005 which severely affected Romania, with Hungary being one among the first to help. Another is the Hungarian nuclear plant issue. There are some socio-cultural conditions between Romania and Hungary which might impede cross-border co-operation (such as historical aspects). Although some critical problems have arisen that could be resolved in a joint manner (like the Rosia Montana mining project co-operation and linguistic barriers), the general trend is favourable for intensified contacts at this level. The examples come from the many initiatives of the Carpathian Euroregion, DKMT, or of the local bodies both from Romania and Hungary. In fact, these Euroregions began to increasingly develop their own projects in cross-border co-operation outside European and international programmes. The existence of a Hungarian minority in Romania is no longer a factor for serious disagreement between the two sides. The situation of minorities has greatly improved in both countries. In fact, the strong socio-cultural ties between the Hungarian minority in Romania and Hungary will improve the general outlook in this field in the context of EU integration. The propensity level towards cross-border co-operation is high at institutional level as a result of the same conditions outlined above. The financial incentives for regional co-operation are extremely important in the European Union. Labour market protection could be a problem after the accession of Romania due to the fact that the wages in Hungary might attract workers

from Romania. However, it will not be as incisive as perceived. In fact, the labour force has diminished in Hungary in many fields since accession due to labour migration from Hungary to the other EU states.

The Romania-Hungary border is one of the most active in the central and south-eastern European region. The two countries have developed strong cross-border ties, both at local and regional levels. They are involved in two of the most active and developed Euroregions of Europe: The Carpathian Euroregion and Danube-Kris-Mures-Tisza (DKMT), which are actually the most successful Euroregions in the Balkan-Danube area.

Moreover, Romania and Hungary have benefited from constant international financial assistance. The PHARE-CBC Programme for the two countries is financed with an average of 5 million € and co-financed by the Governments of the two countries with a similar sum each year. Generally speaking, the measures of this programme envisage: the renovation and construction of infrastructures, economic development, environmental protection and the common fund for small projects – a facility stimulating the development of small businesses.

Implemented projects

The Carpathian Euroregion was established in 1993. Romania joined in 1997. It includes five countries, and currently there are seven Romanian provinces which are members. Since April 2002, the International Secretariat of the Euroregion has its headquarters in Maramures County Council. This Euroregion is a powerful case-study for cross-border co-operation. As the structure of the Carpathian Euroregion began to promote intergovernmental co-operation, it became clear that there was a real need for a co-ordinating body to promote co-operation amongst citizens through the NGO sector. As they looked for alternative approaches, the Carpathian leaders were drawn to the community foundation model in the US. They believed this model to be adaptable to a multi-ethnic regional foundation. They set out to create the Carpathian Foundation (initially known as the Fund for the Development of the Carpathian Euroregion). After providing a planning grant for the project to IEWS and realising that the prospects were good for building an indigenous philanthropic organisation in the region, the Charles Stewart Mott Foundation committed to a grant of more than \$ 4 million over a five-year period. The Carpathian Euroregion has developed in the last year into an Integrated Rural Development Programme, offering grants to applicants resident in the border area of the five countries, both for NGOs and for local authorities. Currently, there are 70 grants which have received a positive assessment. Moreover, the Euroregion co-operates with other Euroregions, such as the Maas-Rhine Euroregion in Western Europe (Holland-Germany-Belgium).

The cross-border co-operation between Romania and Hungary is not sustained at only institutional level. An important place is occupied by NGO-level co-operation, or what is known as civil society level. Many NGOs mitigate further co-operation between the two countries. Some of these NGOs are involved in much larger projects, also involving Serbia and Montenegro or more extensively the south-eastern European region.

The Euroregional centre has been situated in Timisoara (Romania) since 2003 and it is called The Euroregional Centre for Democracy. DKMT is composed of

Romanian, Hungarian and Serbian provinces.

Current projects are the following: the construction of the infrastructure of the frontier crossing-point Cenad-Kiszombor (the Romanian-Hungarian frontier); the renovation of the Bega Channel; the renovation of the Szeged (Ungaria)-Kikinda (Serbia and Montenegro)-Timișoara (România) railway; the environmental protection in the Surduc Lake area, the rural restoration and the introduction of the area onto the international tourist circuit; the renovation of the Buzias centre for spa treatment and spa leisure activities; the renovation of the Lugoj-Timisoara-Nadlac-Szeged road connecting western Romania to the Pan-European Corridor IV; the opening of a new frontier crossing-point at Triplex Confinium – the location where the frontiers between Romania, Hungary and Serbia and Montenegro meet.

Elements of Swot analysis

Strengths: In the border area, there are three border crossings by road and one by rail; the road and rail networks are in good condition on the Hungarian side, but they both need to be modernised on the Romanian side. At economic level, there is a cross-border common market thanks to the low prices of products, the availability of a work force, the large number of new enterprises along the border and agricultural potential. The presence of minorities on both sides fosters co-operation in the fields of education and culture.

Weaknesses: The elements hampering the economic take-off of this area can be detected in state centralisation, the policies and strategies that fuel a certain competition, the development gap (to Hungary's advantage), the different treatment of national minorities and the differences in the educational and health care systems. As to minorities, institutional authorities should conform to indications given by the European institutions and also better involve civil society in order to manage their common historical and cultural heritage, while maintaining ethnic specificity. Lastly, cross-border co-operation should not be viewed as if it were international co-operation, and the competent local administrative authorities should be given greater autonomy to manage it.

Opportunities: From the institutional standpoint, the production of agreements and documents on collaboration and partnership must be pointed out; the two countries demonstrated their willingness to normalise relations after the fall of the communist regimes on the basis of mutual interest. EU funds make up for the difficulties in finding resources for cross-border projects due to the development gap between Hungary and Romania, since the latter has been unable to attract foreign investments to finance its modernisation and technological recovery.

Threats: Although the propensity to co-operate is considerable in both countries, there is a risk that the bureaucratic apparatus and the limited competences of peripheral bodies may simply lead to relations based on consultation and information exchange. The operators regret the lack of transparency in cross-border planning and insufficient publication of statistics on co-operation. European institutions should better disseminate their cross-border co-operation models, while national authorities should harmonise legal procedures in this field and create a database covering also local and not only national initiatives.

19. HUNGARY–SERBIA



Geographical and historical background

The border between Serbia and Hungary runs in an east-north-east direction for 166 km. The border line begins on the Danube, near the junction with Croatia between the cities of Mohacs (Hungary) and Batina (Serbia and Montenegro), and it extends until it reaches Romania, 5 km south-west of Kissonbar.

After almost 500 years of Ottoman rule, Serbia became an autonomous Principality of the Ottoman Empire in 1817. At the time, there was a military zone governed by the Austrian Empire, between the Ottoman territory and Hungary. Hungary obtained self-government within the newly re-organised Austro-Hungarian Empire in 1867, and Serbia gained its independence in 1878. Until the First World War, the border ran along the Sava and the Danube, slightly north of Belgrade. After the war, Serbia became part of the newly-established Kingdom of Serbs, Croats and Slovenes (December 1918) later (1929) renamed Yugoslavia, while Hungary's borders were reduced with the Treaty of Trianon. The border in fact ran slightly south of Szeged. Thus, all of Vojvodina, inhabited mostly by Hungarians and non-Serbs, was under the sovereignty of the Kingdom of Serbs, Croats and Slovenes. Hungarian claims over the region were only temporarily appeased during the course of the Second World War (1941-1944) as a consequence of its alliance with Germany.

After the war, however, the border definition was once again fixed on the basis of the Trianon Treaty. In 1989, Vojvodina's autonomy within the Socialist Federal Republic of Yugoslavia was abolished, the province was divided between Serbia and Croatia and the territories east of the Danube went to the former. The fall of the Yugoslav Republic in 1991 did not lead to any further boundary disputes.

The Serbian municipalities directly bordering Hungary are Sambo, Subotica,

Kanjiza and Novi Knezevac, all belonging to the autonomous administrative district of Vojvodina. On the Hungarian side, there are the municipalities of Mohac, Bacalues, Szeged and Baja, and they belong to the Csongrad administrative region. The population living in the border area accounts for 2.7% of the population in Serbia (291,123 out of 10,640,000 inhabitants), and for 2.2% on the Hungarian side (221,450 out of 10,044,000 inhabitants). The ethnic composition of the population is 38.3% Hungarian in the four Serbian municipalities, but there is also a small Croatian minority (3%) (Source: University of Beograd; elaborated from local data).

Economic, environmental and infrastructural characteristics

Although the municipalities in the border area are among the most developed in all of Serbia, there is however a gap in comparison with the economic and infrastructure situation in Hungary. There are two reasons for this gap: in the first place, Hungary, unlike Serbia, had already initiated the privatisation process in the 1990s; secondly, the gap is more specifically technological in the sense that while Serbian industry is obsolete, given its ten-year time lag in the modernisation process, Hungarian industry could rely on significant foreign investments to meet this challenge.

In detail, in the primary sector (although threatened by the ageing of the population in the countryside), Serbia employs 29.5% of the work force in wine and dairy production; whilst in the secondary sector, the relative majority of the work force (43.8%) is employed in light industry as well as the mining industry. In the tertiary sector, retail (large shopping centres) must be mentioned on the Hungarian side, and on the Serbian side there is transport (4.7%) and tourism (1.5%), which is both thermal- (there are three spas, the most important being in Kanjiza) and hunting-based. There is also a great deal of cross-border commerce on a daily basis, since several services attract clients from across the border: besides supermarkets, petrol (Yugoslav citizens used to go to Hungary when the embargo was in force, today it is the other way round), there are also private services (for example, dental care is less expensive in Serbia).

As to infrastructures, there are good connections in the transport sector (the Belgrade-Budapest motorway and the navigable rivers of the Danube and the Tissa). There are plans for a massive expansion of infrastructures, with the creation of nine new transport lines, the reopening of the Szeged-Timisoara railway crossing Vojvodina, the recognition of the Tissa river as a level IV European navigable line and the opening of a new border crossing between Asothalom and Backi-Vinogradi. It is exactly the competitive nature between the Belgrade-Budapest line and the Zagreb-Ljubljana line that makes the authorities of both countries foster transport co-operation.

Cross-border declarations and agreements

There is a long-standing tradition of bilateral agreements between the two countries, beginning in the 1960s. These agreements involve two basic issues: the regulation of the movement of people and goods by road and rail; and the regulation of the control and demarcation of the border line. Legislative production on both issues has continued up to the present. In 1996, a protocol was signed on the opening of a new

border crossing between Djala and Tisesigi and the categorisation and modernisation of the existing border crossings. In 1998, an agreement was signed on co-operation and reciprocal assistance in customs issues.

At regional and local level (besides the twinning of the cities of Kanjiza and Roszke), the Vojvodina administrative district signed a protocol for regional co-operation in the Danube-Kris-Mures-Tisza river area on 23 May 2001. This document is by far the most important cross-border agreement in this area and it was also signed by the Hungarian region of Csongrad and the Romanian region of Timis.

Propensity towards cross-border co-operation

From the data, it is possible to detect positive and negative factors. As to the propensity to co-operate, the willingness and availability of both sides is undeniable. They are aware of the economic development opportunities that cross-border co-operation offers for both. The fields in which the economic structure leads to competition are fewer than those in which it is conducive to co-operation. In a way, Serbia sees the reforms carried out in Hungary as its own desirable future. There is a complementarity to take advantage of, all the while being aware of the obstacles this may pose, such as workers' permits. At the level of political and administrative personnel, there are no barriers to contacts because of historical stereotypes or prejudice, nor are there problems of credibility or trust, especially in view of the strong presence of ethnic Hungarians on the Serbian side. The levels of training, expertise and the ability to plan are also high.

The two main obstacles that have been detected, and which have been previously mentioned, are state centralisation and lack of adequate resources, especially in Serbia. Both countries are still in a transition phase, and their national budgets follow very strictly the financial orthodoxy advocated by international financial authorities. This obviously limits the resources available to local authorities for development projects.

In the sector of socio-cultural co-operation, the existence of educational institutions for the Hungarian minority in Serbia reduces their influx Hungary (besides the fact that Hungarian universities are nowadays more expensive than they were in the past).

Taking into consideration the variables listed in the SWOT analysis, the following changes and process which took place in the past year deserve a special mention. The two countries co-operate in environmental matters as members of the Danube Commission. They also co-operate bilaterally in matters concerning the rivers Tisza and Tamis, the latter flowing from Romania and thus leading to the inclusion of this country in co-operation too. Co-operation in the economy and labour sectors could have taken place to a greater extent in the border area if it had not been for obstacles caused by EU rules and norms (a ban on employing foreign workers, import quotas, quality standards, etc.) Education and culture in northern Vojvodina at the border with Hungary is carried out in the Hungarian language from primary to university level. It enables many citizens of Serbia to attend school and to study in Hungary. Everyday services used to be extremely developed before Hungary entered the EU. People on both sides of border were able to enjoy comparative advantages by paying less (or tax-free) for goods (food, petrol) and services (dental care, for

example). Nowadays, this comparative advantage does not exist. The first step in improving structures for better cross-border cooperation is the establishment of a macro Euroregion among local entities (the province of Vojvodina, Zupania Csongrad and the province of Arad in Romania). Only few years ago, these criteria could have been less important. After Hungary became a member of the EU, levels of economy and technology changed in favour of Hungary, with Serbia lagging behind. Labour market protection, taxes and customs are EU policy, not the will of Hungary. Again, membership of EU illustrates a decrease in cross-border co-operation if the other partner is not a member. There is a huge linguistic barrier between Serbia and Hungary because the two languages belong to two different linguistic families of Europe. On the other hand, there is almost no barrier if only the border strip is taken into consideration because both sides are populated overwhelmingly by Hungarians. Hungary signed the Madrid Convention in 1992 and ratified it 1994. This country also applies additional protocols. On the other hand, neither Serbia nor its predecessors have signed these documents concerning Euroregions. Serbia is still a very centralised state. The economies of the two countries are not complementary. They compete in the same fields – the food industry, agriculture, transport and tourism, with the great advantage on the Hungarian side because of its membership of the EU thus giving it better access to the Union market. Hungary benefited greatly from all the EU projects mentioned. On the contrary, Serbia was not eligible for any of these projects during the ten-year sanctions.

Implemented projects

At institutional level, the co-operation between Vojvodina, Csongrad and Timis is very significant. It already functions as an “interlocutor” for the national Governments, but in the future, this collaboration should lead to the establishment of a new Euroregion, and should thus have the opportunity to come into direct contact and co-operate with crucial institutions like the EU.

In the environmental sector, projects for the environmental restoration of the Begeja and Karas rivers were drawn up, but EU funding is needed for their implementation. The same also applies to other initiatives mentioned earlier (the opening of the Szeged-Timisoara railway, the new Szeged-Novi Sad-Timisoara navigable channel and the new border crossing). As for sports activities, Hungarian teams often go to the spas in the Vojvodina area for their training camps. Lastly, it is important to point out the wide range of cross-border activities involving everyday services for citizens of the border area, even though they are not verifiable in terms of projects.

Elements of Swot analysis

Strengths: The road (Belgrade-Budapest motorway) and river (Danube and Tisza) connections in the border area are good. There are no historical stereotypes or prejudices, nor are there problems of credibility and trust, given the large number of ethnic Hungarians on the Yugoslav side, which translates into educational activities in the mother tongue. There is also a daily cross-border trade. Lastly, there is a long-standing tradition of agreements (since the 1960s) between the

two countries, aimed at regulating the movement of people, goods and capital across the border.

Weaknesses: The border areas are characterised by a different level and pace of economic and technological development, due to the obsolescence of Serbian industry and to the fact that, in Hungary, the privatisation process had already begun in the 1990s. Besides these elements, there are the lack of adequate financial resources and the high rate of ageing of the population in the countryside due to migration.

Opportunities: As to infrastructures, the re-opening of the Szeged-Timisoara railway near Vojvodina, the environmental restoration of the Tisza river as a navigable channel and the opening of the border crossing between Asothalom and Backy-Vinogradi are all great opportunities for the border area. Vojvodina, by signing the protocol for regional co-operation in the Danube-Mures-Tisza river area, was able to become an interlocutor of the national Governments and to open itself up to contacts and collaborations with the EU. Greater international support would be instrumental in carrying out the necessary legislative and administrative reforms.

Threats: Both countries' budgets are very tight and subject to limits and control by international authorities. This translates into limits on deficits and controls on the budgets of local bodies. Serbia, in particular, will have to come up with its own system of development, taking into consideration requests for democracy and delegation of competences, designed to reduce administrative centralisation which hampers cross-border co-operation. The accession of Hungary to the EU entailed the establishment of a Schengen border with Serbia, forcing a regime of visas, with the consequent difficulties for trade and the estrangement of the Hungarian communities on both sides.

20. “THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA”–SERBIA



Geographical and historical background

The border between the Serbia and “the former Yugoslav Republic of Macedonia” consists of two separate stretches (for a total of 240 km). The first stretch separates “the former Yugoslav Republic of Macedonia” from Kosovo¹, and the second from Serbia proper. The second border segment begins south-west of Presevo, runs through the valley where the Moravica (a minor tributary of the Danube) and the Pcinja (a tributary of the Vardar/Axios) flow together, and proceeds along the watershed to the Biljin mountains on the Bulgarian border.

The present-day “former Yugoslav Republic of Macedonia” coincides almost exactly with the part of historical Macedonia assigned to Serbia after the Balkan Wars in the early 20th century. After the Second World War, an internal border was traced within the Socialist Federal Republic of Yugoslavia on the basis of ethnic and geographical criteria. When Socialist Yugoslavia broke up in 1991, there were moments of tension along the border area due also to “the former Yugoslav Republic of Macedonia”’s claims over the Prohor Pcinjski monastery and the tendency of a certain Serb nationalism to consider the latter “Southern Serbia”.

In 1999, following the intensification of the crisis in Kosovo, hundreds of thousands of Kosovar refugees escaped to “the former Yugoslav Republic of Macedonia”, while border incidents escalated. After the military intervention in Kosovo, Albanian armed groups (the Presevo, Medveja and Bujanovac liberation army:

1. “All reference to Kosovo, whether to the territory, institutions or population, in this text should be understood in full compliance with United Nations Security Council Resolution 1244 and without prejudice to the status of Kosovo”.

UCPMB) extended the conflict to the demilitarised strip between Kosovo, Serbia and “the former Yugoslav Republic of Macedonia” (Presevo valley). Tensions and skirmishes intensified throughout the year 2000. The involvement of the international community led to the conclusion on 13 August 2001 of the “Ohrid framework agreement” that paved the way to disarmament, substantial constitutional and legislative reforms and the gradual re-establishment of peaceful and constructive dialogue between all the communities.

The Serb municipalities in the border area are Presevo, Bujanovac and Trgoviste with a population in 1991 of 95,325 inhabitants, accounting for 0.9% of the total population in Serbia (10,640,000 inhabitants). Along with the Albanian majority (particularly prevalent in Presevo and Bujanovac: respectively 90% and 60%), there is also a minority in “the former Yugoslav Republic of Macedonia” (less than 200 people). The population is concentrated mainly in the first two municipalities (respectively 39,943 and 49,238 inhabitants). The “the former Yugoslav Republic of Macedonia” municipalities in the border area are Kriva Palanca, Lipkovo, Aracinovo, Staro Nagoricane and Rankovce. The population in 1997 was 64,271 inhabitants, accounting for 3.1% of the total population in “the former Yugoslav Republic of Macedonia” (2,024,000). The major municipalities are Lipkovo (24,193) and Kriva Palanca (20,764). Aracinovo is characterised by an Albanian majority (80%) (Source: University of Beograd; elaborated from local data).

Economic and infrastructural characteristics

From the economic point of view, both Serb and Albanian municipalities are at a disadvantage within their respective countries. Macro-economic data for 1999 indicated a GDP per capita below Serb average, ranging from -47.4% in Trgoviste and -20.9% in Presevo to -42.7% in Bujanovac. In absolute terms, the GDP per capita in these three municipalities in 1999 equalled 6,002 dinars, with an absolute minimum of 3,395 in Trgoviste.

Overall, the Serb municipalities have a homogenous productive system, characterised by a slight prevalence of the industrial and mineral sectors (50.2%), next to a strong agricultural-forestry sector (30.9%), involving mainly livestock breeding. The services sector (transport, communications and tourism) overall does not exceed 5%. Tourism is especially weak; its development potential is not very high in itself (the monasteries of Sv. Nikola, Sv. Arcangeli and Matejce in “the former Yugoslav Republic of Macedonia” and Prohor Pcinjski in Serbia) and cannot be exploited given the absence of the very basic prerequisites of peace and security in the area. Traditionally, this area, on both sides, is characterised by a high rate of emigration for economic reasons and high unemployment. Privatisation in Serbia is in its early stages, and in “the former Yugoslav Republic of Macedonia”, although the process may be said to be concluded, it did not have particularly positive effects in the predominantly agricultural border area.

When economic sanctions were in force, which further compromised the economy of the Southern Serb municipalities, “the former Yugoslav Republic of Macedonia” border area benefited from informal economic relations, outside of institutional channels. A good opportunity for the border areas could come from marketing

and enhancing the profile of the local agricultural products, having on their side both the high quality of the produce and the fact that the production methods are natural. The same could apply to meat from local livestock, provided adequate slaughtering infrastructures are constructed.

As for infrastructures, Corridor X goes through this area, but on the Serb side of the border there is not an adequate motorway and rail system to benefit from it. On “the former Yugoslav Republic of Macedonia” side, there is the E870 motorway from Kumanovo to the Bulgarian border. Rail transport is still hampered by the inadequacy of the Belgrade-Skopje line. The border crossing along the Skopje-Belgrade motorway was renovated recently. The only existing border crossings along the border between Serbia and “the former Yugoslav Republic of Macedonia”, fixed in 1992, are the motorway and rail line in Presovo and the motorway in Prohor. In the border area with Kosovo are the Djeneral, Jankovic and Globocica motorways and the Kacanik rail line.

Cross-border declarations and agreements

Serbia’s long period of international isolation prevented it from signing cross-border agreements with “the former Yugoslav Republic of Macedonia”. The Yugoslav Federal Government and “the former Yugoslav Republic of Macedonia” signed a series of agreements concerning cross-border relations. Three of them were signed in Skopje on 4 September 1996. The first was aimed at developing economic relations and a gradual liberalisation of trade, with the abolition of quantity limitations and the ban on introducing new duties. The second agreement was aimed at standardising customs procedures and promoting the joint training of customs personnel. The third agreement was designed to discipline rail traffic between the two countries, including a regulation on customs inspections of people and goods.

The implementation of these agreements was problematic due to the events that took place in the area between 1996 and 2001. Only on 23 February 2001, after the 1993 territorial disputes, was another intergovernmental agreement signed in Skopje on border demarcation, which was the logical precondition for the development of other forms of co-operation.

Taking into consideration the variables listed in the SWOT analysis, the following changes and processes which took place in the past year deserve a special mention: there is an absence of economic manufacturing operators since areas on both sides of the border are highly underdeveloped and overwhelmingly rural. A great deal of transport and communications facilities are supported by the EU since they are part of the so-called European Corridor X. On both sides of the border, there are a considerable number of historical monuments and many monasteries. On both sides of the border, besides Serbs and Macedonians, there are many Albanians with different educational and cultural aspirations. Both sides have accepted the possibility of establishing a macro-region Sofija-Nis-Skopje. However, few practical achievements have been accomplished so far. Negative stereotypes and linguistic barriers result from the presence of large Albanian minority groups on both side of the border. Neither Serbia nor “the former Yugoslav Republic of Macedonia” has so far signed the Madrid Convention.

Implemented projects

No major cross-border co-operation projects have been implemented so far. In the future, the Belgrade and Skopje Governments could decide on joint actions in order to benefit from Corridor X. The actual control of this corridor is of geo-strategic interest for both countries and its importance is emphasised by the instability in the area, with the consequent territorial considerations. Cross-border co-operation centred on the cities of Niš, Skopje and Sofia is however making little progress.

Elements of Swot analysis

Strengths: Strong points are identifiable in a series of agreements signed by both Governments having repercussions on the cross-border situation (liberalisation of trade, normalisation of customs procedures, regulation of rail traffic and the movement of people and goods) and on Corridor X, although this is not sustained by adequate road and rail systems.

Weaknesses: The border area municipalities are at an economic disadvantage with high unemployment rates and below average per capita income accentuating worker emigration. The privatisation process is still in its early stages in Serbia, while in “the former Yugoslav Republic of Macedonia” it did not have particularly positive repercussions in the border area, where agriculture is prevalent. The lack of security weakened the tourist sector; its development potential, however, is not very high. Therefore, the involvement of the EU, the European Bank for Development and Reconstruction, the Stability Pact, etc. can be instrumental in expanding the local communications systems, re-organising the productive sector (technological obsolescence and managerial training) and supporting the privatisation process.

Opportunities: The exploitation and marketing of agricultural products, thanks to their high quality and the fact that the production methods are natural, is a great opportunity for the border area, and the same is true for the local livestock, subject to the construction of adequate slaughtering structures. Also, EU intervention (which already exists in the form of education programmes and humanitarian aid) can translate into development opportunities for the area, not only from the economic standpoint but in the dissemination of democratic values. Therefore, it is important to stimulate the local and national authorities and the actors of civil society to respond to requests to meet European standards.

Threats: The economic development suffers from the inadequacy of the Belgrade-Skopje rail segment, which is not electrified in parts and was damaged in the war; from the low level of competences in matters of cross-border co-operation of the local and national agencies, whose attention was focused elsewhere; from the lack of specific structures for cross-border planning; from the underdevelopment of the area and the homogeneity of the economic structures that make cross-border trading unattractive; and from cultural stereotypes and linguistic barriers.

21. MOLDOVA–ROMANIA



Geographical and historical background

The border between Romania and Moldova is 450 km long and runs between two junctions with Ukraine. The border runs in a north-south direction along the Prut river. The border begins in the Ukrainian city of Lipkany. After running south-south-west and then south-east, the border ends where the Prut river touches once again the Ukrainian border.

The border area over the centuries fell under the many sovereignties that followed one another in the region. In the 17th century, the two Principalities of Walachia and Moldova first fell under Turkish sovereignty and later under Russian sovereignty. In 1814, Russia succeeded in annexing Bessarabia, while Bucovina was left to Austria. In 1861, after the Crimean war, the two principalities gave origin to Romania, while Southern Bessarabia (delta of the Danube) remained with Russia. When the Russian Empire fell (1918), Romania annexed Bessarabia once again, but the newly-established Soviet Union never recognised this deed, and finally, on 28 June 1940, regained the contested region. In that 50,000 km² area, the Soviets established the Soviet Republic of Moldova. This border was recognised in the 1947 Treaty of Paris. In 1991, when the USSR disintegrated, what had once been the border between Romania and the USSR became the undisputed border between Romania and Moldova.

The Romanian municipalities directly bordering Moldova are Dorobani and Saveni, Pascani and Harlau, Barlad and Husi and Tecuci and Targu-Bujor. They

respectively belong to the provinces of Botosani, Iasi, Vaslui, and Galati, forming the Province of Moldova. The Moldovan municipalities directly bordering Romania are Lipicani and Briceni (Edineti), Basarabesca and Cimislia (Lapusna), Calarasi and Cornesti (Ungheni), Canetemir and Taraclia (Cahul) and Rascani and Costesti (Balti). The Romanian population living along the border is 10.6% of the total population of Romania (22,327,000 inhabitants) and its ethnic composition is 95% Romanians, 2.2% Ukrainians and 3% Jews. The Moldovan population in the border area accounts for 40% of the total population in Moldova (4,380,000 inhabitants), and its ethnic composition is 69% Moldovans, 13.8% Ukrainians, 13% Russians and 4.2% Bulgarians, Jews, Belarusians, Germans, Poles, Turks and Roma. (Source: University of Cluj-Napoca; elaborated from local data).

Economic and infrastructural characteristics

In general terms, the economic structure of the border area is in a phase of stagnation that keeps it frozen half way between transition and decline, and this applies not only to the Moldovan side, but also to Romania, since the Romanian border area (called Moldova) is the poorest in the country. This is evident in the weakness of industrial apparatus, the high unemployment rate, scarce investments, insufficient environmental protection and the intense activity of organised crime. Paradoxically, this common weakness makes these two border economies highly compatible. Indeed there is not a great technological gap, nor are there protection measures in trade or the labour market, and competition is far lower than interdependence.

With regard to the primary sector, there is traditional wine production on both sides, awaiting better exploitation. In the secondary sector, on the Moldovan side, there is the wood industry and other activities depending on it. In the services sector, the landscape and the artistic treasures of the area foster tourism, but this also needs to be developed. Lastly, the famous academic institutions of the region are also worthy of mention.

As to infrastructures, on the Romanian side, the road network is 8,000 km long, while the rail system covers a little over 1,000 km. There are also the Iasi and Galati airports, the river port of Galati, the border crossings (basically bridges on the Prut river) of Iasi, Falciu (Vaslui) and again Galati. On the Moldovan side on the other hand, there are no river ports or airports, and even the roads and railways are in poor condition.

Cross-border declarations and agreements

When the USSR broke up in 1991, Moldova became an independent state, this led to the development of new diplomatic relations with Romania, and, over the last decade, to a number of bilateral co-operation agreements, treaties and protocols. An co-operation agreement in the fields of science, education and culture was signed on 19 May 1992; on 14 August of the same year an economic agreement was signed for the mutual promotion and protection of investments; and on 28 October an agreement on road transport was signed. Mention should also be made of an agreement on air traffic services signed in 1993 (28 June), an agreement on free trade in 1994 (15

February) and an economic agreement aimed at avoiding double taxation and preventing tax evasion in 1995 (21 February). The most important treaty between the two countries however is the political treaty signed on 28 April 2000, in which the problem of Moldova's debt towards Romania is addressed and the co-operation between the two Republics is strengthened.

Until 2002, Romania and Moldova signed two Euroregional agreements, together with Ukraine, in 1997: the Upper Prut and Lower Danube Euroregions. Even though there are positive trends in terms of declarations and agreements, cross-border co-operation between Romania and Moldova is still precarious (even after 2002). The conditions underlined in the SWOT analysis have improved since 2002, but not to a great extent, notwithstanding Romania's accession to the EU.

Propensity towards cross-border co-operation

In general terms, cross-border co-operation between Romania and Moldova takes place in precarious conditions due to the economic and transport structures and the bureaucratic and centralised political systems (so that not even the absence of linguistic barriers can be positive). As to the level of training of the actors involved, there is a lack of specialisation on both sides, although recently, the Romanian local authorities have made great strides in this respect. Furthermore, in both countries, the lack of funds and the lack of support from central authorities are great limitations.

The level of co-ordination between political and economic actors in Romania is satisfactory, whilst in Moldova, only the cultural projects have achieved considerable results. As to the level of institutional co-ordination between the two countries, besides the above mentioned problems, in recent months a decrease in political will has been registered on the Moldovan side due to the outcome of the presidential elections held in the year 2000. The new leadership seems less interested in strengthening co-operation with Romania in the short term.

The obstacles to co-operation at institutional level are also evident in the lack of a common database, so that many cross-border initiatives are undertaken without reference or links to previously existing programmes. At economic level, the lack of funds can be traced back to spending priorities in each country, and cross-border co-operation is often considered merely optional. Lastly, at cultural level, an obstacle can be identified in the proliferation of stereotypes regarding Romania's desire to annex Moldova, undermining the reciprocal trust of the actors involved in the exchanges. In conclusion, it must unfortunately be recognised that, at present, the above-mentioned obstacles cast a shadow even on strong points, like the same ethnic origin, favourable historical conditions, cultural exchanges, religious tolerance and common language. Several scenarios are foreseeable in the future. However, one thing that must be pointed out is that even the best scenario (i.e. Romania's rapid entry into the EU) could create, at local level, new problems and new barriers in the co-operation with Moldova.

Opportunities look promising for the cross-border co-operation between the two countries (and maybe in conjunction with Ukraine) in the context of Romania's EU membership. It is enough to look at the Romanian-Hungarian model of cross-border co-operation. However, the development of cross-border co-operation between Ro-

mania and Moldova depends on two major elements: the involvement of the EU and the democratisation of Moldova. These elements can provide the basis for future common projects that must involve NGOs and economic actors from the two sides. Some strengths, such as the lack of linguistic barriers, can be exploited.

Since 2004, Romania and Moldova have signed the financing memorandum of the Neighbourhood Programme PHARE-CBC Romania-Moldova. The PHARE budget amounts to 5 million €, and the co-financing budget made available by the Romanian and Moldovan Governments is 1.5 million €. The priority scheme is in general terms the same as for the Neighbourhood Programme PHARE-CBC Romania-Serbia.

Implemented projects

The main cross-border co-operation project at institutional level implemented in this border area was the establishment, on the part of Romania, of the governmental office for management of relations with Moldova in January 2000. As to co-operation in the educational-cultural field, there is the Carti pentru Basarabia (Books for Bessarabia) project, launched in June of the year 2000 and sponsored by several governmental and non-governmental agencies on the Romanian side and by numerous educational and academic institutions in Moldova. So far, it has led to the donation of more than 50,000 books.

An even greater impact was achieved by the Romanian Government's initiative to award over 2,000 scholarships to secondary school, university and post graduate students in the academic year 2000-2001. The project involved several Romanian and Moldovan schools and universities. Lastly, it is important to point out the opening of departments of Romanian State Universities in Moldova. To date, a whole university and a department have been established.

Elements of Swot analysis

Strengths: The absence of a technological gap and protection measures in trade and the labour market and the different development rates mitigate competition and accentuate interdependence. Cultural co-operation is especially strong because of the shared ethnic background. Numerous agreements were signed and their repercussions were also felt also in the border area. In this phase, outside intervention (the EU, foreign investors, etc.) but also NGO intervention can only foster these positive elements and favour effective cross-border co-operation.

Weaknesses: The border areas of both countries are among the poorest; this poverty shows in the weakness of industrial apparatus, in the high unemployment rate and in the lack of investments. These weaknesses are accentuated by lack of funds, specialists and support from central authorities. The creation of co-ordination agencies and the development of infrastructures and marketing policies would favour investments in the area.

Opportunities: The landscape and cultural treasures of the area should be exploited for the development of tourism. The wine production – another important local resource – must also be boosted and improved in order to access international

markets. In this respect, policies for the re-organisation of the economies must be activated, involving not only the national and local institutional actors, but also the small and medium-sized enterprises and the trade associations, through training programmes and legislative revision.

Threats: There are three risks to be pointed out: the diminished Moldovan political will to co-operate with Romania, the stereotypes due to the fear in Moldova of being annexed to Romania and organised crime due to high unemployment and poverty in the area. These elements undermine the trust of the institutional and local economic actors and drive national and local administrative agencies to act with greater incisiveness, in collaboration with the police forces and with the support of the EU.

22. ROMANIA–SERBIA



Geographical and historical background

The border between Romania and Serbia runs on a south-east axis for 476 km. The border line starts from the junction with Hungary on the Muresul river and it ends where the Timok flows into the Danube, near the border with Bulgaria.

Since the 14th century, both Romania and Serbia were under Ottoman rule. The province of Walachia, north of the Danube, became autonomous following the 1829 Adrianopolis Treaty between Russia and the Ottoman Empire. In 1859, Walachia joined the autonomous province of Moldova, and in 1864 they formed Romania. Serbia had become an autonomous province of the Ottoman empire in 1817. The Russian-Turkish war of 1877 led to Serbia's independence, ratified with the Treaty of San Stefano (3 March 1878), while Romania's independence was ratified a few months later in the Congress of Berlin. At the time, the border ran along the Danube, tracing the eastern portion of the current border.

The Treaty of Trianon (4 June 1920), at the end of the Great War, assigned the region of Transylvania to Romania, and Vojvodina to the newly-established Kingdom of Serbs, Croats and Slovenes (since 1929: Yugoslavia). The border was thus extended to the north-east, all the way to Hungary. The changes that took place during the course of the Second World War were later annulled in the Treaty of Paris. When the Socialist Federal Republic of Yugoslavia broke up in 1991, the border with Romania was maintained, even without an official agreement. Although the border demarcation on the Serbian side is somewhat in disarray, there are no border disputes on either side.

The Romanian municipalities bordering Serbia are in the three districts of Timis, Caras-Severin and Mehedinti. The border prefectures are respectively Timisoara,

Resita and Drobeta-Turnu Severin. The municipalities on the Serbian side are in the provinces of Vojvodina and central Serbia. The Vojvodina counties are northern, central and southern Banat, while the border counties in central Serbia are Branicevo and Bor. The main cities are respectively Kikinda, Zrenjanin, Pancevo, Poznarevac and Bor. The population living in the Romanian border area is 6% of the total population (22,327,000). Its ethnic composition reveals a Romanian majority (83%) and a Hungarian minority (9%) in the district of Timis. The population on the Serbian side is 10% of the total population (10,640,000 inhabitants). The majority is Serb (80% in central Serbia and 57% in Vojvodina) but there are also sizeable Hungarian (17%) and Slovak (3%) minorities in Vojvodina. (Source: University of Cluj-Napoca; elaborated from local data).

Economic, environmental and infrastructural characteristics

In general terms, the economic structures on both sides of the border are compatible and share the same problems. The level of interdependence is much greater than that the level of competition. The agricultural sector is predominant in the Romanian border area, being one of the two main suppliers of foodstuffs in the country.

In the industrial sector, the metallurgical and chemical (polyethylene, vinyl polychlorinated, polystyrene fibres) industries stand out, along with prefabricated constructions, textile products, detergents and foodstuffs. Recently the electronics and technology sectors have been gaining ground. Small and medium-sized enterprises account for a little over 40% of the total number of enterprises. In the tertiary sector are tourism, banks and trade, especially in the Caras-Severin district. On the Serbian side, the agricultural sector experienced a drastic loss of workforce immediately after the war, declining from 520,000 (61% of the workforce in the area) to 200,000 (25.7%). The industrial sector employs about 30% of the workforce and the trade sector about 9%. The main employment fields are construction, education, transport, postal services, communications, social services, catering and the tourism industry. The greatest increase in employment was registered in the constructions sector.

As for infrastructures, it must be pointed out that the Serbian side suffered great damage in this sector following the 1999 NATO bombings. On the Romanian side, there are 1,315 km of railways, with the Bucharest-Timisoara-Jimbolia and the Bucharest-Timisoara-Starona Moravita international lines, the European motorways E4 and E70 (Trieste-Belgrade-Portile de Fier), four border crossings, the Timisoara international airport, access to the system of channels on the Danube and Bega rivers and the harbours of Moldova Vecha, Drobeta-Tarnu Severin and Orsova. Obviously, Serbia is also involved in river transport and the main harbours are Novi Sad and Pancevo.

The economic situation of the border region may be summarised by listing amongst the strong points the high level of training of human resources, the high level of urbanisation, the relatively low unemployment rate and the great investment potential in the agricultural, tourism and services sectors. Among the weak points, it is important to point out the destruction caused by the war, the disappearance of several cross-border micro-businesses due to the embargo, illegal trafficking, the

population decrease (especially in Romania) and the reduction of industrial production due to the economic re-organisation.

Cross-border declarations and agreements

Since the 1963 agreement on the exploitation of the hydro-electric potential of the Danube, many agreements and documents on international partnership have been signed involving the Romanian-Yugoslav/Serbia border area at all levels. At national level, mention should be made of the framework treaty of friendship, border relations and co-operation between the two countries, signed in Belgrade on 19 September 1996; the agreement on collaboration in the fields of research and technology signed in Belgrade on 28 November 1995; and the Programme of collaboration in education, science and culture for the years 1998/2000 signed in Bucharest on 20 March 1998.

At the broader intergovernmental level, there is the Sofia statement on good neighbourly relations, stability, security and co-operation in the Balkans signed on 7 July 1996. This document is important because it was not only signed by the two countries in question, but also by Hungary, Croatia, Bulgaria, Slovenia, Italy, France, Germany, Russia, the United Kingdom and the United States, as well as representatives of the EU, OSCE, CEI, UN, EBRD, the World Bank, UNECE and BSEC.

At regional level, there is the creation of the Danube-Mures-Tisza Euroregion. Its protocol was signed in 1994 by the Romanian District of Timis, the province of Vojvodina and the Hungarian region of Csongrad. In 1996 and 1997, implementation documents followed this protocol, and eventually its name was changed to "Danube-Kris-Mures-Tisza Regional Co-operation", following the entry of the Romanian districts of Arad, Huneodara and Caras-Severin. Lastly, at local level, the "Network for the education and intercultural citizenship of Banato" must be pointed out. It was established in 2001 and its members are the Intercultural Institute, the Diaspora Foundation, the Timisoara European Club plus District 0230 (an NGO from Kilinda, Serbia) and the Summer University of Szeged.

There is thus a large number of wide-ranging agreements involving quite a few local actors who reacted positively and actively, identifying a wide range of prospective fields of co-operation for the future. This was possible because there is a longstanding tradition in the area for ethnic tolerance and good neighbourly relations, as well as fruitful economic exchanges, even though not all linguistic barriers have been overcome.

Propensity towards cross-border co-operation

With regard to propensity towards cross-border co-operation, the situation is positive (i.e. there is real consultation) in the field of trade, which has recovered from the limitations imposed by the embargo, and in the socio-cultural field, where the good ethnic relations in the area prevented prejudices and negative stereotypes from cropping up, and better still, fostered a series of encounters and co-operation activities between citizens from both countries, thanks also to the linguistic minorities which proved useful in overcoming linguistic barriers. In the economic-indu-

strial field, trade fairs and exhibitions were organised, mostly on the Romanian side of the border.

As to the level of training of the political-administrative structures, it is important to point out the excessive state centralisation in both countries and the subsequent lack of resources for local initiatives, and also the lack of specialised personnel which, in the case of Serbia, can be easily traced back to the inexperience of a country opening up to the outside world after years of isolation. Positive signals come from several fields like environmental management (where in recent years the customary reticence to information exchange in this sector was overcome), transport and everyday services.

In conclusion, the main obstacles to cross-border co-operation can be identified in the centralised bureaucracy, but also into a lack of crucial instruments like an up-to-date database for all joint initiatives, so that even the projects for which financing is found end up being carried out in too small a context. Another obstacle is corruption, which finds an unintentional ally in the passive attitude of the public opinion. The divergence of strategic interests between Belgrade and Vojvodina is specifically a Serbian problem. Opportunities at economic level however do exist: low cost of labour, a good level of consumption, tourism potential, etc.

The cross-border co-operation between Romania and Serbia (at that time Yugoslavia) intensified after the resolution of the Kosovo crisis and the establishment of the Stability Pact for South-Eastern Europe. An important role was played once again by the Council of Europe, which co-ordinated a number of projects promoting regional co-operation, and hence the stabilisation and democratisation of the area.

The economic dynamics across the two borders is a positive factor for developing cross-border co-operation between the two countries. Even though the volume of trade between the two sides is not yet particularly significant, it has increased by more than 70% from 2005 to 2006. The level of co-ordination between the Romanian and Serbian administrations has improved in the last few years, although there are still many things to be done. The administrative capacity of both countries concerning cross-border cooperation should still be improved. During the last few years, a significant improvement in the movement of people and goods since the days of the Yugoslav wars was witnessed. With Romania joining the EU, this trend will steadily continue as it is supported by strong cross-border ties, economic and socio-cultural affinity and the incentives for prospective integration for Serbia. The border infrastructures are still not adequate enough by European standards, even though they have improved considerably. Regarding the cultural-linguistic factors, there is a problem that might hamper co-operation: the Serbian human rights record is not very impressive. Serbian authorities recognise the Romanians from Vojvodina as a national minority. This is not the case for the Romanians living in the Timoc valley, who are labelled Vlachs and who are not yet considered a national minority. Moreover, the co-operation in the environmental field is still inconsistent due to a lack of information and communication between the parties.

Implemented projects

At institutional level, the major project implemented was the establishment of the Danube-Kris-Mures-Tisza Euroregion. The impact of this initiative however was average for two reasons: the first is ascribable to the war in Yugoslavia, namely, to the embargo that paralysed one of the founding members of the Euroregion for years. When this impasse was overcome, other factors intervened and the full potential of this partnership was once again hampered by frictions affecting the bilateral relationship between Belgrade and Budapest and between Bucharest and Budapest. These frictions caused a reduction in the effectiveness of the Euroregional co-operation. The potential for co-operation is high however.

In the field of education and culture, the Bannet network can be considered a good example of cross-border co-operation. The project launched by the Serbian NGO, Distrikt 0230 in Kikinda, co-ordinated by the Timisoara Intercultural Institute and supported by the Stability Pact for South-Eastern Europe, involves representatives of the majorities and minorities living in the three parts of Banat, currently divided among three countries (Romania, Serbia and Hungary). This network promotes collaboration between schools and civil society, as well as the use of new technologies as an instrument for intercultural education and citizenship.

In the field of tourism, a project is being studied by both countries aimed at launching ecological parks along the Danube.

Apart from the international assistance, the main role was played by the civil society, represented by many NGOs from Romania, Serbia, Hungary and other countries (some not from south-eastern Europe). Below are some of the outcomes of these projects, reflected especially from the point of view of the Romanian NGOs. Two projects have resulted from the partnerships of the Inter-Cultural Institute of Timisoara with independent NGOs from Serbia:

- The first project is supported by the Confidence-Building Measures Programme of the Council of Europe and involving representatives of civil society and minority organisations from Vojvodina, Sandjak, South of Serbia and Belgrade.
- The second project, BANNET, is partially supported by the Stability Pact for South-East Europe and aims at developing cross-border partnerships and at promoting intercultural citizenship education in neighbouring regions of Romania, Hungary and Serbia by involving the minority communities living here.

The project aims at reinforcing cross-border co-operation between regions of Romania, Hungary and Yugoslavia and parts of the historical Banat region in the field of education for intercultural citizenship. The project's target group is formed by civic, education and youth NGOs representing different cultural communities living in the Banat region; teachers interested in citizenship and intercultural education; and children and young people (pupils and students) from the different cultural communities in the region.

This project is developed in collaboration with Distrikt 0230 Kikinda (Yugoslavia), Szeged Summer University (Hungary), Diaspora Foundation Timisoara (Romania) and the European Club Timisoara (Romania).

The BANNET project is developed in the framework of the Stability Pact for South-East Europe, with the financial support of the United States of America.

Elements of Swot analysis

Strengths: The border area is characterised by the high level of training of the labour force. The regions are well-developed when compared with the other regions of the two countries. The unemployment rate is not high and the figures for consumption are encouraging. The border areas are characterised by a similar pace of economic development and a good propensity of operators in the trade sector, which recovered from the effects of the past embargo on Yugoslavia, especially on the Serbian side. Lastly, there is the long-standing tradition of ethnic tolerance in the area, indeed there are no prejudices or negative stereotypes to hamper encounters and forms of co-operation along the border. The actions that must be initiated to boost the area's strong points are tax reductions (especially duties) and a more permissive economic legislation with incentives for the creation of new small and medium-sized enterprises, that will strengthen the area and modernise enterprises, especially on the Serbian side. The governmental authorities of the two countries should be involved in this process (at legislative level), as well as trade associations and economic actors, who need to create networks and/or initiate joint ventures.

Weaknesses: The analysis basically identified two weak points: the slow reconstruction of infrastructures damaged by the NATO bombings in Serbia and the low level of training and co-ordination of institutional actors. The development of infrastructures is hampered by the deficit of financial resources and by the inefficient use of resources, due mainly to bureaucracy. The application of the subsidiarity principle, entrusting the direct management of infrastructures to local authorities, would optimise the management of resources. Obviously, this should be matched by the training of institutional actors both at national and local levels. Therefore, the training of the political-administrative leadership both at central and local levels is a priority, and should aim at illustrating the advantages of cross-border co-operation, the modern techniques for managing public life and mutual awareness.

Opportunities: The following represent the main opportunities of the cross-border area at the infrastructure level: two pan-European Corridors (V and IX) cross the border regions. At the environmental level: increased effectiveness of environmental and nature protection initiatives as a result of co-ordinated actions. At the economic level: increased efficiency in public spending due to the application of EU procedures, accession of Romania to the EU, increase of funds available for developing cross-border co-operation, increasing interest of potential investors and tourists as a result of the improvement of the infrastructure (roads, border crossings), improving economic performance of the countries which can contribute to the strengthening of cross-border co-operation, common management system of EU funds which opens up new relationship opportunities and can improve the efficiency of co-operation. At the socio-cultural level: the improving connections of the two states which have a positive impact on the border regions, Stable relations between the two states, the process of EU accession which strengthens co-operation (the *acquis communautaire* will contribute to the harmonisation of administration systems).

Threats: Threats to the development of the cross-border area are posed by illegal trafficking, organised crime (due to the absence of training and specific institutions to counter this phenomenon), the divergence of strategic interests between Belgrade and Vojvodina, the absence of co-operation structures, excessive state bureaucratisation (translating into inefficiency, slowness and loss of opportunities), environmental problems caused by pollution (especially on the Danube) and population decrease. Therefore, the Ministries of Interior, local police forces and international institutions (EU, INTERPOL, etc.) need to develop training activities and common strategies to counter crime. The Ministries for the environment need to develop joint projects and information campaigns (conferences, seminars, etc.) aimed at limiting pollution risks. The central and local governments should establish structures designed to plan and co-ordinate cross-border initiatives.

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