

Cross-Border Cooperation of the EU and Russia for Innovative Development: The Case of Karelia

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Abstract—The article describes the specific character of cross-border cooperation in EU policy. The main focus is on cooperation between the EU and Russia in the field of innovation. Karelia Cross-border cooperation program as well as Karelia and Finland cross-border cooperation process are analyzed. The growing cross-border business cooperation is emphasized. Recommendations for deepening cooperation in the innovation industry are proposed.

Keywords: *innovation policy, regional policy, cross-border cooperation*

I. INTRODUCTION

Modern scientific activity is distinguished by the growth of scale, interdisciplinarity and the global nature of research as well as growing influence on global innovative development. One of the characteristic features of modern Europe is the rapid development of international cooperation of the regions as one of the effective driving forces of European integration and the unification of people. Co-operation between regions in Europe makes an important contribution to strengthening democratic and political stability in the EU member states and their economic, environmental, cultural and social development.

International cooperation of the regions is carried out as inter-territorial, cross-regional and cross-border one. With signing the "Protocol no 2 to the European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities Concerning Interterritorial Cooperation" the introduction of the conceptual framework for this area of activity was basically completed.

The Convention defines cross-border cooperation as «any concerted action designed to reinforce and foster neighbourly relations between territorial communities or authorities within the jurisdiction of two or more Contracting Parties and the conclusion of any agreement and arrangement necessary for this purpose».

This article is devoted to the study of both the specifics of cross-border cooperation in the EU and the experience of

cross-border cooperation between the EU and the Russian Federation taking Karelia as an example.

The results of the study not only contribute to the development of cross-border relations between the EU and the Russian Federation but can also serve as a theoretical basis for public authorities in the process of implementing policies to deepen cross-border cooperation.

II. METHODOLOGY

The theoretical basis of this study includes scientific papers both on cross-border cooperation and domestic and international regulatory documents governing cross-border cooperation, including cooperation programs.

The methodological basis of the study is an interdisciplinary approach, which has allowed us to combine general scientific and special political science methods. In particular, systemic and structural-functional analysis has made it possible to develop a system of international cross-border relations; the institutional approach has made it possible to consider the impact on the cross-border cooperation of created political institutions; the concrete historical method has made it possible to analyze cross-border cooperation in the context of the current political situation in the world; situational approach has allowed to correlate the development of cross-border cooperation with a specific political situation; a comparative analysis has made it possible to compare the processes of cross-border cooperation in Europe and Russia.

III. THEORETICAL FRAMEWORK

In the modern world, cross-border cooperation is influenced by such global processes as globalization, regionalization and integration. Globalization implies an increase in interconnectedness between different parts of the globe and can be achieved through a system of international relations, through regionalization and cross-border cooperation. Regionalization in its turn can become an institution for the preservation of regional identity in the context of globalization, on the one hand, and also an

instrument for erasing interstate borders, on the other, when it comes to cross-border cooperation. Integration can also manifest itself in blurring borders and combining the efforts of states and regions in solving certain problems. Based on this interconnection and interdependence, modern researchers (Milner, 1992; Verkholantseva, 2009) consider cross-border cooperation through different approaches.

Based on a political approach, many scientists, following R. Keohane (1972), define cross-border cooperation as a situation where some actors regulate their behavior in accordance with the actual or expected preferences of others through a process of mutual coordination of policies. Thus, cross-border cooperation implies the presence of three elements: the common goals of partner states, their expectation of benefits from the situation and the mutual nature of these benefits. Each actor does not necessarily help the other, but by doing this he expects an improvement in his own situation, which leads to mutual coordination of state policies.

The J.-P. Derriennic (1977) takes a slightly different position, according to which two actors are in a state of cooperation when each of them can be satisfied only if the other is satisfied, that is, when each of them can achieve its goal only when this can be achieved by another. A political outcome may be a situation in which either both actors are satisfied or neither of them is satisfied.

With a realistic approach, cross-border cooperation is reduced to interstate interactions on the basis of mutual recognition of the sovereignty and non-interference of the cooperating parties in each other's affairs. For realists, the most important incentive for states to cooperate is the anarchic nature of the international environment: cooperation is organized where there is a conflict or its threat. So, the main goal of cross-border cooperation is security, and its initial, simplest and most common form is a military (military-political) union.

An important feature of a realistic approach to the problem of cross-border cooperation is that one of the elements of the national interest of any state is the need for a favorable international environment. Based on this, according to Arnold Wolfers (1962), the main meaning of cooperation is defined as "a necessary condition for the successful implementation of a balance of power policy".

The integration approach defines cross-border cooperation as a form of world economic integration that promotes the free movement of goods, services, capital and people (Dergachev, 2004).

Lobach (2004) represents a regional approach and defines cross-border cooperation as a special form of foreign economic, environmental and cultural education carried out at the regional level in all its general and particular manifestations.

Representatives of the sociological approach emphasize that in the new reality, an analysis of cross-border cooperation will be inadequate if it is not carried out on a wider scale of global transnational ties and interactions (Tsygankov P.A. and Tsygankov A.L., 1999)

Despite the multiplicity of approaches to the definition of cross-border cooperation, the world community has managed to develop its definition and uncover the essence of cross-border cooperation. This concept is presented in Art. 2 the European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities, also called the Madrid Convention 1980. In the Convention, cross-border cooperation refers to «any concerted action designed to reinforce and foster neighbourly relations between territorial communities or authorities within the jurisdiction of two or more Contracting Parties and the conclusion of any agreement and arrangement necessary for this purpose». Cross-border cooperation is carried out within the framework of territorial-administrative units or within the powers of regional authorities in accordance with local legislation. This definition is taken as the basis in this study.

IV. EU-RUSSIA CROSS-BORDER COOPERATION

According to ENI Cross-Border Cooperation Programming document (2014-2020) Cross-border cooperation (CBC) on the external borders of the EU is a key priority both in the European Neighbourhood Policy and in the EU's strategic partnership with Russia.

CBC is developed on the principles of the EU territorial cooperation model, but adapted to the features of the EU external cooperation. The European Commission marks the EU cross-border cooperation programs as a unique cooperation mechanism based on:

- balanced partnership between the participating countries on either side of a border. It means that Member States and neighbouring countries have an equal say in the programme decisions and projects receive funding only if implemented by partners on both sides;
- management entrusted to a local – or national – authority in a member state, jointly selected by all countries participating in the programme;
- common legal framework and implementation rules: for the future ENI period, rules established for the ENPI CBC have been simplified and adapted based on the previous experience.

The experience of Russia's participation in the transboundary spaces of Europe has a relatively short history. Five regions of the Russian Federation have borders with EU countries (the Republic of Karelia has a state border in the north with Finland; the Leningrad region has state borders in the west with Estonia, in the north-west with Finland; the Murmansk region borders with Norway and Finland; the Kaliningrad region borders in the north and in the east - with Lithuania, in the south - with Poland). Cross-border cooperation projects with the constituent entities of the Russian Federation are carried out within the framework of the following programs: Kolarik, Karelia, Southeast Finland - Russia, Estonia - Latvia - Russia, Poland - Lithuania - Russia. Consider the Russian Federation cooperation with its European neighbors in the case of CBC Karelia.

V. THE CASE OF KARELIA

Karelia CBC core region consists of three regions in Finland (Kainuu, North Karelia and Oulu Regions) and of the Republic of Karelia on the Russian side. These regions share a joint border of approximately 700 km in the Programme area. The geographical coverage of the programme area is 263 667 km², of which the Republic of Karelia represents 180 500 km (CBC Programme, 2014-2020).

Since 1996, Russia and Finland have been participating in regional cross-border cooperation programs. The first cooperation programs were funded by the EU and Finland; Russia began to take part in co-financing in the ENPI CBC Program, emphasizing the equal rights of all partners. Cooperation in the neighboring regions of Russia and Finland began even earlier and was based on an intergovernmental agreement signed in 1992.

However, only the first Cross-Border Cooperation Program, the Interreg IIA Karelia Program 1996-1999, allowed the regions to fully participate in the cooperation. This Program laid the foundation for the implementation of the next Cross-Border Cooperation Program, and also partially contributed to the creation of the Euroregio Karelia (the agreement was signed in 2000). To deepen cross-border cooperation based on programs and projects, and develop a strategic line of cooperation in the long term, the Euroregio Karelia Board was founded. The members of the Board are key regional figures, both politicians and civil servants, representing regions on both sides of the border.

The Interreg III A Karelia 2000-2006 program was based on the experience of the previous Program and in 2004 was transformed into the Euroregio Karelia Neighborhood Program. This program made it possible for the first time to finance activities on both sides of the border.

The Karelia ENPI CBC 2007-2013 Programme was a continuation of cross-border cooperation in the region and was the first Programme that combined the financial resources of the parties (EU, Russia and Finland) to support jointly selected and implemented projects on both sides of the border. This was implemented for the period 2014-2020 in the European Neighbourhood Instrument (ENI) regulation adopted in March 2014.

To develop cross-border cooperation, the following three interrelated strategic objectives were identified in ENI Cross-Border Cooperation Programming document (2014-2020):

- promote economic and social development in regions on both sides of common borders;
- address common challenges in environment, public health, safety and security;
- promote better conditions and modalities for ensuring the mobility of persons, goods and capital.

CBC Karelia contributes to the fulfillment of all these tasks, but for our research the most important is the first component, one of the priority areas of which is to support education, research, technological development and innovation.

The legal framework for EU-Russia science and technology (S&T) cooperation is set by the following documents:

- Agreement on cooperation in science and technology between the European Community and the Russian Federation (2000);
- Agreement for cooperation between the European Atomic Energy Community and the Government of the Russian Federation in the field of nuclear safety (2001);
- Agreement for cooperation between the European Atomic Energy Community and the Government of the Russian Federation in the field of controlled nuclear fusion (2001);
- EU-Russia Partnership & Cooperation Agreement (chapter on science & technology - article 62).

Institutionally, S&T cooperation is coordinated by the Joint S&T Cooperation Committee and several EU-Russia thematic S&T working groups established under the Agreement on cooperation in science and technology.

Since 2014, the EU's Framework Programme for Research and Innovation "Horizon 2020" has been the main instrument of cooperation in the areas of research and innovation at the EU level. Horizon 2020 is the biggest EU's Research and Innovation programme ever, with a budget of nearly € 80 billion for seven years (2014 to 2020). It aims to foster innovation through collaboration, bringing together researchers, innovators and industry from the European Union and beyond (EEAS).

Another key area of Russia-EU S&T cooperation involves the development of global research infrastructures, including the large-scale "mega-science" projects. Russia and the EU actively collaborate on a number of research infrastructure initiatives, for example the EU X-ray Free-Electron Laser (XFEL) and the Facility for Antiproton and Ion Research (FAIR); the International Thermonuclear Experimental Reactor (ITER); the European Organisation for Nuclear Research (CERN); and others.

CBC Karelia supports cooperation between science parks, educational institutions, technology parks, small and medium enterprises and public sector institutions (cooperation between the three sectors). The development of innovations and modernization contributes to the solution of one of the most important tasks stated in the "Strategy for the Long-Term Innovative Development of the Russian Federation until 2020" to promote innovation and increase business innovation activity.

The development of small and medium-sized businesses in the national and regional strategies of Russia and Finland plays a key role. Three Finnish regions and the Republic of Karelia of the Russian Federation have similar characteristics for the development of cross-border cooperation. Forestry, tourism, mining, metals, bioenergy, electronics, food processing and the ICT sector are economic sectors that play an important role on both sides of the border (CBC Karelia).

TABLE I. THE MOST IMPORTANT INNOVATIVE PROJECTS OF CBC KARELIA 2014-2020

Project	Objective	Lead partner
Innovative forest road data for improving economic accessibility of Boreal forest resources (KA1024)	Identifying the potential solutions to solve the bottlenecks and barriers of forest road network harming the cross-border wood trade	Arbonaut Ltd
Innovations, research and education for roads and transports as an engine for growing cross-border business cooperation (KA1029)	Improving prerequisites to launch educational programmes for road professionals	Karelian Regional Institute of Continuing Professional Education of Petrozavodsk State University
Cross Border Business Opportunities Creation Empowered by Modern IT and IoT Technologies (KA4033)	Creating cross-border business opportunities for Aqua-Culture (AC) SMEs through adaptation of innovative IoT and Modern Information Technologies (mIT)	Institute of Applied Mathematical Research of Karelian Research Centre Russian Academy of Sciences
Cross-border Investment Navigator for Monocities (KA4032)	Reinforcing cross border investment opportunities resulting from the diversification of monocities and global industrial modernisation trends	Karelian Regional Institute of Continuing Professional Education of PetrSU
Promoting Cross-Border Wood Construction Business (KA1021)	Strengthening the business opportunities, markets and expertise in wood construction businesses across the border applying both B2B and U2B approaches bridging the key players together to work for the shared goal	Karelia University of Applied Sciences Ltd.
Joensuu-Petrozavodsk "Highway for Growth" (KA4017)	Improving working models for the development of cross-border business between Joensuu region and Petrozavodsk city	Joensuu Regional Development Company JOSEK Ltd
Boosting Forest Cluster SME Business in two Karelias (KA4002)	Increasing cross-border business activities and cooperation of SMEs in forest sector	Natural Resources Institute Finland
Cross-border tools for biodiversity hotspots preservation via monitoring and prevention of forest fires along Russian-Finnish border (KA5051)	Improving preservation of cross-border forest biodiversity	Natural Resources Institute Finland
Advanced forest nursery (KA4011)	Developing an innovative model of the forest nursery business in Karelia based on the best Finnish practices	University of Eastern Finland

^a Source: Author's own work

Education, science and innovation are the strong points of the region and can produce added value in the business sector, especially with regard to intersectoral collaboration and joint action in the field of innovation, for example, environmentally friendly technologies.

Three universities operate in the region: University of Eastern Finland, University of Oulu and Petrozavodsk State University. Each university has its own strong points: information technology in Oulu, forest and the environment in Eastern Finland, computer programming and information technology in Petrozavodsk. A number of other important research institutions also operate in the region: the European Forest Institute and the Karelian Scientific Center of the Russian Academy of Sciences.

Development in the field of ICT, innovation and R&D is certainly beneficial from the point of view of cross-border cooperation. Table 1 presents the most important from our point of view innovative projects of CBC Karelia 2014-2020.

VI. CONCLUSION

CBC Karelia programme identified the following four priorities in EU-Russian Federation cooperation on the basis of the Karelia region:

- Development of business, small and medium enterprises
- Supporting local culture and preserving historical heritage
- Environmental protection, adaptation to climate change
- Border management development and border security

Education, research and innovation are an integral part of cross-border cooperation. In the Karelia program, these topics are not identified as independent areas of cooperation, but are horizontal topics for all priorities. In practice, this means that education, research and innovation are used to develop cooperation in each of the areas of interaction.

As a result of the research, we have found that, on the basis of CBC Karelia, 57 research joint projects are being implemented, almost all of them are related to the innovation industry. The most popular are business, forestry, ecology, culture, education, environment and tourism areas. Moreover, business projects prevail over the rest, what makes the program region attractive for starting and running a business.

Besides large universities and research institutes CBC Karelia, regional companies, science parks and foundations form a good base for the development of cross-border

cooperation. They have competent specialists in various fields of knowledge that are in demand by international projects.

The main advantage of CBC Karelia is a system component of many projects that stimulates the development of the integration of the neighboring regions. However, a significant drawback of the considered cooperation program is the lack of reporting on the joint work done, at least on the program's official website. The lack of reporting information does not allow us to evaluate the effectiveness and efficiency of the program.

Based on the considered indicators, we can conclude that CBC Karelia successfully deals with the objectives and priorities. In addition, it is important to note a major achievement in the framework of cross-border cooperation between the EU and the Russian Federation. Five years ago, some researchers (Lavrova, 2016) pointed out the presence of significant shortcomings in this area, such as a weak regulatory framework, institutional inconsistencies, and the underdeveloped financial and organizational-economic mechanisms of the supranational component of regulating cross-border relations. To date many of weak points have been improved or eliminated.

In order for the progressive line of cross-border cooperation continues to move in the right direction, we offer recommendations for deepening the EU and the Russian Federation cross-border cooperation.

- Based on the study of CBC Karelia, we have come to the conclusion that it is necessary to provide greater transparency and accessibility of data on issues and results of cooperation. This measure will not only provide more information to stakeholders, but also attract new participants and partners.
- The innovative development of the region in the context of digitalization is an important component of cross-border cooperation. Moreover, this industry is attractive for investment and may attract additional financial investments in the development of the region and contribute to increased competition, which is the main driving force of innovative development. We believe that more attention should be paid to this issue: to highlight cooperation as a separate priority area and work on its effective implementation.
- It is necessary to identify and cover difficulties and obstacles in cross-border cooperation based on research and sectoral analyzes results of already implemented programs. Negative experience will allow other participants in cooperation to improve the quality of ongoing projects at the development stage.

The results of the study can be used in the formation and implementation of the state policy of cross-border cooperation, as well as individual strategic development programs. The proposed recommendations are tools to improve the effectiveness of cross-border cooperation, both for public authorities, supranational organizations and other subjects of cross-border cooperation.

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